

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-39050

**OPORTUN FINANCIAL CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

Delaware _____ State or Other Jurisdiction of Incorporation or Organization	45-3361983 _____ I.R.S. Employer Identification No.
2 Circle Star Way San Carlos, CA _____ Address of Principal Executive Offices	94070 _____ Zip Code

(650) 810-8823

Registrant's Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	OPRT	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Smaller reporting company

Accelerated filer

Emerging growth company

Non-accelerated filer

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of shares of registrant's common stock outstanding as of July 31, 2020 was 27,331,162.

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## GLOSSARY

Terms and abbreviations used in this report are defined below.

Term or Abbreviation	Definition
30+ Day Delinquency Rate <sup>(1)</sup>	Unpaid principal balance for our owned loans that are 30 or more calendar days contractually past due as of the end of the period divided by Owned Principal Balance as of such date
Access Loan Program	A program intended to make credit available to select borrowers who do not qualify for credit under Oportun's core loan origination program
Active Customers <sup>(1)</sup>	Number of customers with an outstanding loan serviced by us at the end of a period. Active Customers includes customers whose loans are owned by us and loans that have been sold that we continue to service. Customers with charged-off accounts are excluded from Active Customers
Adjusted EBITDA	Adjusted EBITDA is a non-GAAP financial measure calculated as net income (loss), adjusted for the impact of our election of the fair value option and further adjusted to eliminate the effect of the following items: income tax expense (benefit), COVID-19 expenses, stock-based compensation, depreciation and amortization, litigation reserve, origination fees for Fair Value Loans, net and fair value mark-to-market adjustment
Adjusted Earnings Per Share ("EPS")	Adjusted EPS is a non-GAAP financial measure calculated by dividing Adjusted Net Income by adjusted weighted-average diluted common shares outstanding. Weighted-average diluted common shares outstanding have been adjusted to reflect the conversion of all preferred shares as of the beginning of each annual period
Adjusted Net Income	Adjusted Net Income is a non-GAAP financial measure calculated by adjusting our net income (loss), for the impact of our election of the fair value option, and further adjusted to exclude income tax expense (benefit), COVID-19 expenses, stock-based compensation expense and litigation reserve, net of tax
Adjusted Operating Efficiency	Adjusted Operating Efficiency is a non-GAAP financial measure calculated by dividing total operating expenses (excluding COVID-19 expenses, stock-based compensation expense and litigation reserve) by Fair Value Pro Forma Total Revenue
Adjusted Return on Equity ("ROE")	Adjusted Return on Equity is a non-GAAP financial measure calculated by dividing annualized Adjusted Net Income by Average Fair Value Pro Forma total stockholders' equity
Adjusted Tangible Book Value	Fair Value Pro Forma total stockholders' equity, excluding intangible assets and system development costs
Adjusted Tangible Book Value Per Share	Adjusted Tangible Book Value divided by common shares outstanding at period end. Common shares outstanding at period end have been adjusted to reflect the conversion of all preferred shares as of the beginning of each annual period.
Aggregate Originations <sup>(1)</sup>	Aggregate amount disbursed to borrowers during a specific period. Aggregate Originations excludes any fees in connection with the origination of a loan
Annualized Net Charge-Off Rate <sup>(1)</sup>	Annualized loan principal losses (net of recoveries) divided by the Average Daily Principal Balance of owned loans for the period
AOCI	Accumulated other comprehensive income (loss)
APR	Annual Percentage Rate
Average Daily Debt Balance	Average of outstanding debt principal balance at the end of each calendar day during the period
Asset-Backed Notes at Fair Value (or "Fair Value Notes")	All asset-backed notes issued by Oportun on or after January 1, 2018
Average Daily Principal Balance <sup>(1)</sup>	Average of outstanding principal balance of owned loans at the end of each calendar day during the period
Board	Oportun's Board of Directors
Book Value	Total assets less total liabilities, or equal to total stockholders' equity
Book Value Per Share	Book Value divided by common shares outstanding at period end
Cost of Debt	Annualized interest expense divided by Average Daily Debt Balance
Customer Acquisition Cost <sup>(1)</sup>	Sales and marketing expenses, which include the costs associated with various paid marketing channels, including direct mail, digital marketing and brand marketing and the costs associated with our telesales and retail operations divided by number of loans originated to new and returning customers during a period
Emergency Hardship Deferral	Any receivable that has had one or more payments deferred and added at the end of the loan payment schedule in connection with a local or wide-spread emergency declared by local, state or federal government such as a natural disaster, government shutdown or pandemic
Fair Value Loans (or "Loans Receivable at Fair Value")	All loans receivable held for investment that were originated on or after January 1, 2018
Fair Value Pro Forma	In order to facilitate comparisons to periods prior to January 1, 2018, certain metrics included in this presentation have been shown on a pro forma basis, or the Fair Value Pro Forma, as if we had elected the fair value option since our inception for all loans originated and held for investment and all asset-backed notes issued
Fair Value Pro Forma Total Revenue	Fair Value Pro Forma Total Revenue is calculated as the sum of Fair Value Pro Forma interest income and non-interest income. Fair Value Pro Forma interest income includes interest on loans and fees; origination fees are recognized upon disbursement. Non-interest income includes gain on sales, servicing fees and other income. The Company adopted ASU 2019-05 as of January 1, 2020 and as a result Fair Value Pro Forma Total Revenue and GAAP Total Revenue are equal for all prospective reporting periods.
Fair Value Notes (or "Asset-Backed Notes at Fair Value")	All asset-backed notes issued by Oportun on or after January 1, 2018
FICO® score or FICO®	A credit score created by Fair Isaac Corporation
First Payment Defaults	Calculated as the principal balance of any loan whose first payment becomes 30 days past due, divided by the aggregate principal balance of all loans originated during that same period
GAAP	Generally Accepted Accounting Principles

Term or Abbreviation	Definition
Initial Fair Value Loans	All loans receivable held for investment that were originated on or after January 1, 2018
Leverage	Average Daily Debt Balance divided by Average Daily Principal Balance
Loans Receivable at Amortized Cost	Loans held for investment that were originated prior to January 1, 2018. Upon the adoption of ASU 2019-05 as of January 1, 2020 this line item has been eliminated for all prospective reporting periods.
Loans Receivable at Fair Value (or "Fair Value Loans")	All Initial Fair Value Loans, together with the Subsequent Fair Value Loans
Managed Principal Balance at End of Period <sup>(1)</sup>	Total amount of outstanding principal balance for all loans, including loans sold, which we continue to service, at the end of the period
Net Revenue	Net Revenue is calculated by subtracting interest expense and provision (release) for loan losses from total revenue and adding the net increase (decrease) in fair value.
Operating Efficiency	Total operating expenses divided by total revenue
Owned Principal Balance at End of Period <sup>(1)</sup>	Total amount of outstanding principal balance for all loans, excluding loans sold, at the end of the period
Portfolio Yield <sup>(1)</sup>	Annualized interest income as a percentage of Average Daily Principal Balance
Principal Balance	Original principal balance reduced by principal payments received to date
Return on Equity	Annualized net income divided by average stockholders' equity for a period
Subsequent Fair Value Loans	All loans receivable held for investment, previously measured at amortized cost for which the Company elected the fair value option upon adoption of ASU 2019-05, effective January 1, 2020
TDR Finance Receivables	Troubled debt restructured finance receivables. This is only applicable to Loans Receivable at Amortized Cost. Debt restructuring in which a concession is granted to the borrower as a result of economic or legal reasons related to the borrower's financial difficulties. Upon the adoption of ASU 2019-05 as of January 1, 2020 this line item has been eliminated for all prospective reporting periods.
Secured Financing	Asset-backed revolving debt facility
VIEs	Variable interest entities
Weighted Average Interest Rate	Annualized interest expense as a percentage of average debt

<sup>(1)</sup> Credit card data has been excluded from these metrics for the three and six months ended June 30, 2020 because they are de minimis.

PART I - FINANCIAL INFORMATION

*Item 1. Financial Statements*

**OPORTUN FINANCIAL CORPORATION**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
**(in thousands, except share and per share data)**

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 139,218	\$ 72,179
Restricted cash	58,742	63,962
Loans receivable at fair value	1,635,684	1,882,088
Loans receivable at amortized cost	—	42,546
Less:		
Unamortized deferred origination costs and fees, net	—	(103)
Allowance for loan losses	—	(3,972)
Loans receivable at amortized cost, net	—	38,471
Loans held for sale	368	715
Interest and fees receivable, net	20,206	17,185
Right of use assets - operating	48,253	50,503
Other assets	72,151	76,771
<b>Total assets</b>	<b>\$ 1,974,622</b>	<b>\$ 2,201,874</b>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Secured financing	\$ 96,175	\$ 60,910
Asset-backed notes at fair value	1,097,929	1,129,202
Asset-backed notes at amortized cost	199,793	359,111
Amount due to whole loan buyer	31,119	33,354
Lease liabilities	51,221	53,357
Other liabilities	44,053	77,174
<b>Total liabilities</b>	<b>1,520,290</b>	<b>1,713,108</b>
<b>Stockholders' equity</b>		
Preferred stock, \$0.0001 par value - 100,000,000 shares authorized at June 30, 2020 and December 31, 2019; 0 shares issued and outstanding at June 30, 2020 and December 31, 2019	—	—
Preferred stock, additional paid-in capital	—	—
Common stock, \$0.0001 par value - 1,000,000,000 shares authorized at June 30, 2020 and December 31, 2019; 27,602,823 shares issued and 27,330,800 shares outstanding at June 30, 2020; 27,262,639 shares issued and 27,003,157 shares outstanding at December 31, 2019	6	6
Common stock, additional paid-in capital	426,944	418,299
Common stock warrants	—	63
Accumulated other comprehensive loss	(274)	(162)
Retained earnings	33,965	76,679
Treasury stock at cost, 272,023 and 259,482 shares at June 30, 2020 and December 31, 2019	(6,309)	(6,119)
<b>Total stockholders' equity</b>	<b>454,332</b>	<b>488,766</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,974,622</b>	<b>\$ 2,201,874</b>

See Notes to the Condensed Consolidated Financial Statements.

**OPORTUN FINANCIAL CORPORATION**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited)**  
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Revenue</b>				
Interest income	\$ 136,086	\$ 129,760	\$ 286,786	\$ 256,506
Non-interest income	6,621	12,836	19,349	24,418
<b>Total revenue</b>	<b>142,707</b>	<b>142,596</b>	<b>306,135</b>	<b>280,924</b>
Less:				
Interest expense	15,110	14,633	31,471	29,252
Provision (release) for loan losses	—	(2,963)	—	(3,329)
Decrease in fair value	(81,482)	(28,812)	(147,951)	(54,228)
<b>Net revenue</b>	<b>46,115</b>	<b>102,114</b>	<b>126,713</b>	<b>200,773</b>
<b>Operating expenses:</b>				
Technology and facilities	31,512	24,436	62,286	46,077
Sales and marketing	20,060	23,101	44,887	44,367
Personnel	27,681	18,900	53,263	37,777
Outsourcing and professional fees	11,123	13,207	24,741	26,756
General, administrative and other	2,640	3,572	6,453	6,930
<b>Total operating expenses</b>	<b>93,016</b>	<b>83,216</b>	<b>191,630</b>	<b>161,907</b>
<b>Income (loss) before taxes</b>	<b>(46,901)</b>	<b>18,898</b>	<b>(64,917)</b>	<b>38,866</b>
Income tax expense (benefit)	(12,653)	5,106	(17,368)	10,460
<b>Net income (loss)</b>	<b>(34,248)</b>	<b>13,792</b>	<b>(47,549)</b>	<b>28,406</b>
Change in post-termination benefit obligation	5	(41)	(112)	(44)
<b>Total comprehensive income (loss)</b>	<b>(34,243)</b>	<b>13,751</b>	<b>(47,661)</b>	<b>28,362</b>
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ (34,248)</b>	<b>\$ 1,542</b>	<b>\$ (47,549)</b>	<b>\$ 3,230</b>
<b>Share data:</b>				
Earnings (loss) per share:				
Basic	\$ (1.26)	\$ 0.52	\$ (1.75)	\$ 1.10
Diluted	\$ (1.26)	\$ 0.52	\$ (1.75)	\$ 1.08
Weighted average common shares outstanding:				
Basic	27,233,394	2,942,833	27,125,054	2,940,164
Diluted	27,233,394	2,955,914	27,125,054	2,987,143

See Notes to the Condensed Consolidated Financial Statements.

**OPORTUN FINANCIAL CORPORATION**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)**  
(in thousands, except share data)

For the Six Months Ended June 30, 2020

	Convertible Preferred Stock			Common Stock Warrants		Common Stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value	Additional Paid-in Capital	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital				
<b>Balance – January 1, 2020</b>	—	\$ —	\$ —	23,512	\$ 63	27,003,157	\$ 6	\$ 418,299	\$ (162)	\$ 76,679	\$ (6,119)	\$ 488,766
Issuance of common stock upon exercise of stock options	—	—	—	—	—	3,161	—	20	—	—	—	20
Stock-based compensation expense	—	—	—	—	—	—	—	4,151	—	—	—	4,151
Vesting of restricted stock units, net	—	—	—	—	—	137,479	—	(813)	—	—	—	(813)
Cumulative effect of adoption of ASU 2019-05	—	—	—	—	—	—	—	—	—	4,835	—	4,835
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	(117)	—	—	(117)
Net loss	—	—	—	—	—	—	—	—	—	(13,301)	—	(13,301)
<b>Balance – March 31, 2020</b>	—	\$ —	\$ —	23,512	\$ 63	27,143,797	\$ 6	\$ 421,657	\$ (279)	\$ 68,213	\$ (6,119)	\$ 483,541
Issuance of common stock upon exercise of stock options	—	\$ —	\$ —	—	\$ —	22,407	\$ —	\$ 79	\$ —	\$ —	\$ —	\$ 79
Stock-based compensation expense	—	—	—	—	—	—	—	4,972	—	—	—	4,972
Issuance of common stock upon exercise of warrants	—	—	—	(23,512)	(63)	10,972	—	253	—	—	(190)	—
Vesting of restricted stock units, net	—	—	—	—	—	153,624	—	(17)	—	—	—	(17)
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	5	—	—	5
Net loss	—	—	—	—	—	—	—	—	—	(34,248)	—	(34,248)
<b>Balance – June 30, 2020</b>	—	\$ —	\$ —	—	\$ —	27,330,800	\$ 6	\$ 426,944	\$ (274)	\$ 33,965	\$ (6,309)	\$ 454,332

See Notes to the Condensed Consolidated Financial Statements.

**OPORTUN FINANCIAL CORPORATION**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)**  
(in thousands, except share data)

For the Six Months Ended June 30, 2019

	Convertible Preferred Stock			Convertible Preferred and Common Stock Warrants		Common Stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value	Additional Paid-in Capital	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital				
<b>Balance – January 1, 2019</b>	14,043,977	\$ 16	\$ 257,887	24,959	\$ 130	2,935,249	\$ 3	\$ 44,411	\$ (132)	\$ 52,662	\$ (8,428)	\$ 346,549
Issuance of common stock upon exercise of stock options	—	—	—	—	—	7,317	—	142	—	—	—	142
Stock-based compensation expense	—	—	—	—	—	—	—	1,980	—	—	—	1,980
Cumulative effect of adoption of ASC 842	—	—	—	—	—	—	—	—	—	(125)	—	(125)
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	(3)	—	—	(3)
Net income	—	—	—	—	—	—	—	—	—	14,614	—	14,614
<b>Balance – March 31, 2019</b>	<u>14,043,977</u>	<u>\$ 16</u>	<u>\$ 257,887</u>	<u>24,959</u>	<u>\$ 130</u>	<u>2,942,566</u>	<u>\$ 3</u>	<u>\$ 46,533</u>	<u>\$ (135)</u>	<u>\$ 67,151</u>	<u>\$ (8,428)</u>	<u>\$ 363,157</u>
Issuance of common stock upon exercise of stock options	—	—	—	—	—	2,216	—	4	—	—	—	4
Stock-based compensation expense	—	—	—	—	—	—	—	2,035	—	—	—	2,035
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	(41)	—	—	(41)
Net income	—	—	—	—	—	—	—	—	—	13,792	—	13,792
<b>Balance – June 30, 2019</b>	<u>14,043,977</u>	<u>\$ 16</u>	<u>\$ 257,887</u>	<u>24,959</u>	<u>\$ 130</u>	<u>2,944,782</u>	<u>\$ 3</u>	<u>\$ 48,572</u>	<u>\$ (176)</u>	<u>\$ 80,943</u>	<u>\$ (8,428)</u>	<u>\$ 378,947</u>

See Notes to the Condensed Consolidated Financial Statements.



**OPORTUN FINANCIAL CORPORATION**  
**Condensed Consolidated Statements of Cash Flow (Unaudited)**  
(in thousands)

	Six Months Ended June 30,	
	2020	2019
<b>Cash flows from operating activities</b>		
<b>Net income (loss)</b>	\$ (47,549)	\$ 28,406
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,761	6,067
Fair value adjustment, net	147,951	54,228
Origination fees for loans receivable at fair value, net	4,816	(986)
Gain on loan sales	(9,524)	(15,796)
Stock-based compensation expense	9,123	4,015
Provision (release) for loan losses	—	(3,329)
Deferred tax provision, net	(22,402)	6,836
Other, net	7,067	3,611
Originations of loans sold and held for sale	(94,732)	(153,253)
Proceeds from sale of loans	104,604	166,315
Changes in operating assets and liabilities:		
Interest and fee receivable, net	(5,228)	(1,390)
Other assets	4,953	(37,746)
Amount due to whole loan buyer	(2,235)	1,672
Other liabilities	(12,588)	40,038
<b>Net cash provided by operating activities</b>	<b>94,017</b>	<b>98,688</b>
<b>Cash flows from investing activities</b>		
Originations of loans	(434,015)	(641,827)
Repayments of loan principal	541,890	498,998
Purchase of fixed assets, net	(3,175)	(3,767)
Capitalization of system development costs	(11,126)	(6,704)
<b>Net cash provided by (used in) investing activities</b>	<b>93,574</b>	<b>(153,300)</b>
<b>Cash flows from financing activities</b>		
Borrowings under secured financing	235,000	40,000
Repayments of secured financing	(199,806)	(10,000)
Repayments of asset-backed notes	(160,001)	—
Repayments of capital lease obligations	(29)	(74)
Payments of deferred financing costs	(205)	—
Net payments related to stock-based activities	(731)	146
<b>Net cash provided by (used in) financing activities</b>	<b>(125,772)</b>	<b>30,072</b>
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>61,819</b>	<b>(24,540)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>136,141</b>	<b>129,175</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 197,960</b>	<b>\$ 104,635</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash and cash equivalents	\$ 139,218	\$ 45,701
Restricted cash	58,742	58,934
Total cash and cash equivalents and restricted cash	\$ 197,960	\$ 104,635
Cash paid for income taxes, net of refunds	\$ 720	\$ 731
Cash paid for interest and prepayment fees	\$ 31,034	\$ 27,980
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 7,904	\$ 6,151
<b>Supplemental disclosures of non-cash investing and financing activities</b>		
Right of use assets obtained in exchange for operating lease obligations	\$ 3,683	\$ 45,267
Non-cash investments in capitalized assets	\$ 569	\$ 445

See Notes to the Condensed Consolidated Financial Statements.

**1. Organization and Description of Business**

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Oportun Financial Corporation (together with its subsidiaries, "Oportun" or the "Company") is a technology-powered and mission-driven provider of inclusive, affordable financial services to customers who do not have a credit score, known as credit invisibles, or who may have a limited credit history and are "mis-scored," meaning that the Company believes that traditional credit scores do not properly reflect such customers' credit worthiness. The Company's primary product offerings are small dollar, unsecured installment loans that are affordably priced and that help customers establish a credit history. The Company has begun to expand beyond its core offering into other financial services that a significant portion of its customers already use, such as auto loans and credit cards. The Company has developed a proprietary lending platform that enables the Company to underwrite the risk of low-to-moderate income customers that are credit invisible or mis-scored, leveraging data collected through the application process and data obtained from third-party data providers, and a technology platform for application processing, loan accounting and servicing. The Company is headquartered in San Carlos, California. The Company has been certified by the United States Department of the Treasury as a Community Development Financial Institution ("CDFI") since 2009.

The Company uses securitization transactions, warehouse facilities and whole loan sales, to finance the principal amount of most of the loans it makes to its customers.

**Segments**

Segments are defined as components of an enterprise for which discrete financial information is available and evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's Chief Executive Officer and the Company's Chief Financial Officer are collectively considered to be the CODM. The CODM reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company's operations constitute a single reportable segment.

**Initial Public Offering**

On September 30, 2019, the Company completed its initial public offering ("IPO"), in which it issued and sold 4,873,356 shares of common stock and selling stockholders sold 2,314,144 shares of common stock, including the underwriters' over-allotment, at a price of \$15.00 per share with net proceeds to the Company of approximately \$60.5 million, after deducting underwriting discounts and commissions of \$5.1 million and offering expenses paid by the Company of approximately \$7.5 million. In connection with the IPO, all 14,043,977 shares of the Company's outstanding redeemable convertible preferred stock automatically converted into 19,075,167 shares of common stock. Additionally, on September 26, 2019, 3,969 shares of common stock were issued in connection with the cashless exercise of 9,090 Series F-1 convertible preferred stock warrants.

On September 9, 2019, the Company effected a one-for-eleven reverse stock split of its issued and outstanding shares of common stock and convertible preferred stock. The par value of the common and convertible preferred stock was not adjusted as a result of the reverse stock split. Accordingly, all share and per share amounts for all periods presented in the accompanying condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this reverse stock split.

**2. Summary of Significant Accounting Policies**

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**Basis of Presentation** - The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These statements are unaudited and reflect all normal, recurring adjustments that are, in management's opinion, necessary for the fair presentation of results. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain prior-period financial information has been reclassified to conform to current period presentation. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 ("the Annual Report"), filed with the Securities and Exchange Commission ("SEC") on February 28, 2020. All share and per share amounts for all periods presented in the accompanying condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the Company's one-for-eleven reverse stock split. See "Initial Public Offering" above for additional information.

**Use of Estimates** - The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the condensed consolidated financial statements; therefore, actual results could differ from those estimates and assumptions.

**Accounting Policies** - There have been no changes to the Company's significant accounting policies from those described in Part II, Item 8 - Financial Statements and Supplementary Data in the Annual Report, except for the new accounting pronouncements subsequently adopted as noted below.

#### **Recently Adopted Accounting Standards**

**Allowance for Loan Losses and Fair Value Option** - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*. This guidance significantly changes the way entities are required to measure credit losses. Under the new standard, estimated credit losses are based upon an expected credit loss approach rather than an incurred loss approach that was previously required. In May 2019, the FASB issued ASU 2019-05, *Financial Instruments-Credit Losses (Topic 326): Targeted Transition*. This ASU provides an option to irrevocably elect the fair value option applied on an instrument-by-instrument basis for certain financial assets upon the adoption of Topic 326. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Loss (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*, which deferred the effective date for public filers that are considered smaller reporting companies as defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted in fiscal years beginning after December 15, 2018, including interim periods in those fiscal years. The Company elected to early adopt ASU 2016-13 and ASU 2019-05 effective January 1, 2020.

The Company previously elected the fair value option for all loans originated after January 1, 2018. Upon adoption of ASU 2019-05, the Company elected the fair value option on all loans receivable originated prior to January 1, 2018 that were previously measured at amortized cost. As a result, adoption of ASU 2016-13 did not have impact on the Company's condensed consolidated financial statements and disclosures. The Company made an accounting policy election not to measure an allowance for credit losses on accrued interest receivable amounts as the Company writes off the uncollectible accrued interest receivable balance in a timely manner and makes relevant disclosures.

The adoption of ASU 2019-05 and fair value election resulted in (i) the release of the remaining allowance for loan losses on Loans Receivable at Amortized Cost as of December 31, 2019; (ii) recognition of the unamortized net originations fee income as of December 31, 2019; and (iii) measurement of the remaining loans originated prior to January 1, 2018 at fair value. These adjustments resulted in an increase to opening retained earnings as of January 1, 2020 of approximately \$4.8 million. ASU 2019-05 does not allow for the fair value option to be elected on the Company's asset-backed notes carried at amortized cost.

**Fair Value Disclosures** - In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which amends ASC 820, *Fair Value Measurement*. This ASU simplifies the disclosure requirements for fair value measurements. The Company adopted this ASU effective January 1, 2020. The simplified disclosure requirements included a new disclosure for the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty. These new disclosure requirements were applied prospectively.

**Cloud Computing Arrangements** - In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use-Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted the amendments of this ASU effective January 1, 2020 on a prospective basis with no impact upon adoption. All eligible implementation costs related to cloud computing arrangements are now recorded as part of "prepaid expenses" within "Other assets" on the Condensed Consolidated Balance Sheets (Unaudited). The amortization expense is presented in the same line on the income statement as the fees for the associated hosted service within "Operating expenses" on the Company's Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited), and the cash payments related to implementation of cloud computing arrangements are classified as "cash flows from operating activities" within the Condensed Consolidated Statements of Cash Flow (Unaudited).

#### **Accounting Standards to be Adopted**

**Income Taxes** - In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles of accounting for income taxes and to improve the consistent application of GAAP for other areas of accounting for income taxes by clarifying and amending existing guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the effect that the new guidance will have on its consolidated financial statements and disclosures.

**Reference rate reform** - In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this ASU provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform if certain criteria are met. An entity may elect to apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020. The amendments in this ASU must be applied prospectively for all eligible contract modifications. The Company has evaluated the effect of the new guidance and determined it will not have a material impact on its consolidated financial statements and disclosures.

### 3. Earnings (Loss) per Share

Basic and diluted earnings (loss) per share are calculated as follows:

(in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (34,248)	\$ 13,792	\$ (47,549)	\$ 28,406
Less: Net income allocated to participating securities <sup>(1)</sup>	—	(12,250)	—	(25,176)
Net (loss) income attributable to common stockholders	\$ (34,248)	\$ 1,542	\$ (47,549)	\$ 3,230
Basic weighted-average common shares outstanding	27,233,394	2,942,833	27,125,054	2,940,164
Weighted average effect of dilutive securities:				
Stock options	—	—	—	32,669
Restricted stock units	—	1,326	—	2,565
Warrants	—	11,755	—	11,745
Diluted weighted-average common shares outstanding	27,233,394	2,955,914	27,125,054	2,987,143
Earnings (loss) per share:				
Basic	\$ (1.26)	\$ 0.52	\$ (1.75)	\$ 1.10
Diluted	\$ (1.26)	\$ 0.52	\$ (1.75)	\$ 1.08

<sup>(1)</sup>In a period of net income, both earnings and dividends (if any) are allocated to participating securities. In a period of net loss, only dividends (if any) are allocated to participating securities.

The following common share equivalent securities have been excluded from the calculation of diluted weighted-average common shares outstanding because the effect is anti-dilutive for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock options	4,509,662	—	4,297,895	—
Restricted stock units	2,271,515	—	2,014,262	—
Warrants	18,086	—	20,799	—
Convertible preferred stock	—	17,201,639	—	17,201,639
Total anti-dilutive common share equivalents	6,799,263	17,201,639	6,332,956	17,201,639

Restricted stock units granted with performance criterion were not reflected in the computation of diluted earnings (loss) per share for the three and six months ended June 30, 2019 as the performance condition was not considered probable. The performance criterion of such restricted stock units was considered probable on the effective date of the IPO completed in September 2019. Per the provisions of ASC Topic 260, *Earnings Per Share*, diluted earnings (loss) per share only reflects those shares that would be issued if the reporting period were at the end of the contingency period. Accordingly, total outstanding restricted stock units of 0 and 0 for three and six months ended June 30, 2020, respectively; and 452,912 and 452,912 for the three and six months ended June 30, 2019, respectively, were not reflected in the denominator in the computation of diluted (loss) earnings per share for such period.

The income available to common stockholders, which is the numerator in calculating diluted earnings per share, does not include any compensation cost related to these restricted stock unit awards for the three and six months ended June 30, 2019.

### 4. Variable Interest Entities

As part of the Company's overall funding strategy, the Company transfers a pool of designated loans receivable to wholly owned special-purpose subsidiaries ("VIEs") to collateralize certain asset-backed financing transactions. The Company has determined that it is the primary beneficiary of these VIEs because it has the power to direct the activities that most significantly impact the VIEs' economic performance and the obligation to absorb the losses or the right to receive benefits from the VIEs that could potentially be significant to the VIEs. Such power arises from the Company's contractual right to service the loans receivable securing the VIEs' asset-backed debt obligations. The Company has an obligation to absorb losses or the right to receive benefits that are potentially significant to the VIEs because it retains the residual interest of each asset-backed financing transaction either in the form of an asset-backed certificate or as an uncertificated residual interest. Accordingly, the Company includes the VIEs' assets, including the assets securing the financing transactions, and related liabilities in its consolidated financial statements.

Each VIE issues a series of asset-backed securities that are supported by the cash flows arising from the loans receivable securing such debt. Cash inflows arising from such loans receivable are distributed monthly to the transaction's noteholders and related service providers in accordance with the transaction's contractual priority of payments. The creditors of the VIEs above have no recourse to the general credit of the Company as the primary beneficiary of the VIEs and the liabilities of the VIEs can only be settled by the respective VIE's assets. The Company retains the most subordinated economic interest in each financing transaction through its ownership of the respective residual interest in each VIE. The Company has

no obligation to repurchase loans receivable that initially satisfied the financing transaction's eligibility criteria but subsequently became delinquent or a defaulted loans receivable.

The following table represents the assets and liabilities of consolidated VIEs recorded on the Company's Condensed Consolidated Balance Sheets (Unaudited):

(in thousands)	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Consolidated VIE assets</b>		
Restricted cash	\$ 25,614	\$ 28,821
Loans receivable at fair value	1,560,362	1,745,465
Loans receivable at amortized cost	—	41,747
Interest and fee receivable	19,428	15,874
<b>Total VIE assets</b>	<b>1,605,404</b>	<b>1,831,907</b>
<b>Consolidated VIE liabilities</b>		
Secured financing <sup>(1)</sup>	97,194	62,000
Asset-backed notes at fair value	1,097,929	1,129,202
Asset-backed notes at amortized cost <sup>(1)</sup>	200,000	360,001
<b>Total VIE liabilities</b>	<b>\$ 1,395,123</b>	<b>\$ 1,551,203</b>

<sup>(1)</sup> Amounts exclude deferred financing costs. See Note 8, *Borrowings* for additional information.

## **5. Loans Receivable at Amortized Cost, Net**

Upon adoption of ASU 2019-05, effective January 1, 2020, the Company elected the fair value option on all loans receivable previously measured at amortized cost as of December 31, 2019. Accordingly, for the three and six months ended June 30, 2020, the Company did not have any loans receivable measured at amortized cost. Therefore, the relevant disclosures related to loans receivable at amortized cost, net, such as credit quality information, past due loans receivable, troubled debt restructurings, and allowance for loan losses are not applicable for the six months ended June 30, 2020. As of December 31, 2019, loans receivable at amortized cost, net, of \$38.5 million consisted of loans receivable at amortized cost of \$42.5 million; deferred origination costs and fees, net, of \$(0.1) million, and an allowance for loan losses of \$(4.0) million.

## **6. Loans Held for Sale**

The originations of loans sold and held for sale during the three months ended June 30, 2020 was \$20.2 million and the Company recorded a gain on sale of \$2.0 million and servicing revenue of \$4.0 million. The originations of loans sold and held for sale during the three months ended June 30, 2019 was \$82.5 million and the Company recorded a gain on sale of \$8.5 million and servicing revenue of \$3.7 million.

The originations of loans sold and held for sale during the six months ended June 30, 2020 was \$94.7 million and the Company recorded a gain on sale of \$9.5 million and servicing revenue of \$8.5 million. The originations of loans sold and held for sale during the six months ended June 30, 2019 was \$153.3 million and the Company recorded a gain on sale of \$15.8 million and servicing revenue of \$7.2 million.

**Whole Loan Sale Program** - In November 2014, the Company entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. The term of the current agreement expires on November 10, 2020. Pursuant to this agreement, the Company has committed to sell at least 10% of its unsecured loan originations, with an option to sell an additional 5%, subject to certain eligibility criteria and minimum and maximum volumes.

In addition, in July 2017, the Company entered into a separate whole loan sale arrangement with an institutional investor, which agreement has been amended from time to time, providing for a commitment to sell 100% of the Company's loans originated under its Access Loan Program.

## 7. Other Assets

Other assets consist of the following:

(in thousands)	June 30, 2020	December 31, 2019
<b>Fixed assets</b>		
Computer and office equipment	\$ 10,947	\$ 10,432
Furniture and fixtures	11,093	10,768
Purchased software	4,926	4,527
Vehicles	79	171
Leasehold improvements	29,347	27,701
<b>Total cost</b>	<b>56,392</b>	<b>53,599</b>
Less: Accumulated depreciation	(35,657)	(30,765)
<b>Total fixed assets, net</b>	<b>\$ 20,735</b>	<b>\$ 22,834</b>
<b>System development costs:</b>		
System development costs	\$ 47,851	\$ 36,795
Less: Accumulated amortization	(23,151)	(18,456)
<b>Total system development costs, net</b>	<b>\$ 24,700</b>	<b>\$ 18,339</b>
Servicer fee and whole loan receivables	2,469	6,621
Prepaid expenses	13,998	12,217
Deferred tax assets	1,269	1,563
Tax assets and other	8,980	15,197
<b>Total other assets</b>	<b>\$ 72,151</b>	<b>\$ 76,771</b>

### Fixed Assets

Depreciation and amortization expense for the three months ended June 30, 2020 and 2019 was \$2.6 million and \$2.2 million, respectively, and for the six months ended June 30, 2020 and 2019 it was \$5.1 million, and \$3.9 million, respectively.

### System Development Costs

Amortization of system development costs for the three months ended June 30, 2020 and 2019 was \$2.5 million and \$1.0 million, respectively, and for the six months ended June 30, 2020 and 2019 they were \$4.7 million and \$1.9 million, respectively. System development costs capitalized in the three months ended June 30, 2020 and 2019, were \$5.7 million and \$4.5 million, respectively, and for the six months ended June 30, 2020 and 2019 they were \$11.1 million and \$7.1 million, respectively.

## 8. Borrowings

The following table presents information regarding the Company's Secured Financing facility:

Variable Interest Entity	June 30, 2020			
	Current Balance	Commitment Amount	Maturity Date	Interest Rate
(in thousands)				
Oportun Funding V, LLC	\$ 96,175	\$ 400,000	October 1, 2021	LIBOR (minimum of 0.00%) + 2.45%
Variable Interest Entity	December 31, 2019			
	Current Balance	Commitment Amount	Maturity Date	Interest Rate
(in thousands)				
Oportun Funding V, LLC	\$ 60,910	\$ 400,000	October 1, 2021	LIBOR (minimum of 0.00%) + 2.45%

The Company elected the fair value option for all asset-backed notes issued on or after January 1, 2018. The following table presents information regarding asset-backed notes:

June 30, 2020						
Variable Interest Entity	Initial note amount issued <sup>(1)</sup>	Initial collateral balance <sup>(2)</sup>	Current balance <sup>(1)</sup>	Current collateral balance <sup>(2)</sup>	Weighted average interest rate <sup>(3)</sup>	Original revolving period
(in thousands)						
<b>Asset-backed notes recorded at fair value:</b>						
Oportun Funding XIII, LLC (Series 2019-A)	\$ 279,412	\$ 294,118	\$ 245,093	\$ 298,997	3.22 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	171,038	187,283	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	270,183	294,326	4.39 %	3 years
Oportun Funding IX, LLC (Series 2018-B)	225,001	236,854	212,609	240,814	4.09 %	3 years
Oportun Funding VIII, LLC (Series 2018-A)	200,004	222,229	199,006	225,944	3.83 %	3 years
<b>Total asset-backed notes recorded at fair value</b>	<b>\$ 1,154,419</b>	<b>\$ 1,226,888</b>	<b>\$ 1,097,929</b>	<b>\$ 1,247,364</b>		
<b>Asset-backed notes recorded at amortized cost:</b>						
Oportun Funding VII, LLC (Series 2017-B)	\$ 200,000	\$ 222,231	\$ 199,793	\$ 226,159	3.51 %	3 years
<b>Total asset-backed notes recorded at amortized cost</b>	<b>\$ 200,000</b>	<b>\$ 222,231</b>	<b>\$ 199,793</b>	<b>\$ 226,159</b>		
December 31, 2019						
Variable Interest Entity	Initial note amount issued <sup>(1)</sup>	Initial collateral balance <sup>(2)</sup>	Current balance <sup>(1)</sup>	Current collateral balance <sup>(2)</sup>	Weighted average interest rate <sup>(3)</sup>	Original revolving period
(in thousands)						
<b>Asset-backed notes recorded at fair value:</b>						
Oportun Funding XIII, LLC (Series 2019-A)	\$ 279,412	\$ 294,118	\$ 251,090	\$ 299,813	3.22 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	178,980	187,447	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	280,852	294,380	4.39 %	3 years
Oportun Funding IX, LLC (Series 2018-B)	225,001	236,854	216,306	241,000	4.09 %	3 years
Oportun Funding VIII, LLC (Series 2018-A)	200,004	222,229	201,974	225,945	3.83 %	3 years
<b>Total asset-backed notes recorded at fair value</b>	<b>\$ 1,154,419</b>	<b>\$ 1,226,888</b>	<b>\$ 1,129,202</b>	<b>\$ 1,248,585</b>		
<b>Asset-backed notes recorded at amortized cost:</b>						
Oportun Funding VII, LLC (Series 2017-B)	\$ 200,000	\$ 222,231	\$ 199,413	\$ 225,925	3.51 %	3 years
Oportun Funding VI, LLC (Series 2017-A)	160,001	188,241	159,698	191,223	3.36 %	3 years
<b>Total asset-backed notes recorded at amortized cost</b>	<b>\$ 360,001</b>	<b>\$ 410,472</b>	<b>\$ 359,111</b>	<b>\$ 417,148</b>		

<sup>(1)</sup> Initial note amount issued includes notes retained by the Company as applicable. The current balances are measured at fair value for asset-backed notes recorded at fair value and measured at carrying amount for asset-back notes recorded at amortized cost.

<sup>(2)</sup> Includes the unpaid principal balance of loans receivable, cash, cash equivalents and restricted cash pledged by the Company.

<sup>(3)</sup> Weighted average interest rate excludes notes retained by the Company.

The Company's wholly-owned subsidiary Oportun Funding VII, LLC, the issuer under the 2017-B asset backed securitization transaction, provided notice on June 23, 2020 to the trustee that it had elected to redeem all \$200.0 million of outstanding 2017-B Notes on July 8, 2020 and satisfy and discharge Oportun Funding VII, LLC's obligations under the 2017-B Notes and the indenture. The redemption was funded by drawing upon the Company's Secured Financing facility for \$149.0 million and using \$51.0 million of unrestricted cash. On March 9, 2020, the Company redeemed its Series 2017-A asset-backed notes. Advances under the Company's Secured Financing facility were the primary source of funds for the redemption.

As of June 30, 2020, and December 31, 2019, the Company was in compliance with all covenants and requirements of the Secured Financing facility and asset-backed notes.

## 9. Other Liabilities

Other liabilities consist of the following:

(in thousands)	June 30,		December 31,	
	2020		2019	
Accounts payable	\$	3,872	\$	5,919
Accrued compensation		17,975		22,226
Accrued expenses		12,188		12,965
Accrued interest		3,257		3,842
Deferred tax liabilities		2,172		24,868
Current tax liabilities and other		4,589		7,354
Total other liabilities	\$	44,053	\$	77,174

## 10. Stockholders' Equity

**Convertible Preferred Stock** - Immediately prior to the completion of the IPO, all 14,043,977 shares of convertible preferred stock were converted into 19,075,167 shares of the Company's common stock. The conversion of all of the Company's convertible preferred stock included an additional 1,873,355 shares of common stock issued for the conversion of the Series G convertible preferred stock to reflect the conversion rate of the Series G convertible preferred stock. The additional 1,873,355 shares issued to Series G convertible preferred stock holders resulted in a \$37.5 million reduction to retained earnings and a corresponding increase to additional paid-in capital. There were no shares of convertible preferred stock issued or outstanding as of June 30, 2020 or December 31, 2019.

**Preferred Stock** - The Board has the authority, without further action by the Company's stockholders, to issue up to 100,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by the Board. There were no shares of undesignated preferred stock issued or outstanding as of June 30, 2020 or December 31, 2019.

**Common Stock** - As of June 30, 2020 and December 31, 2019, the Company was authorized to issue 1,000,000,000 shares of common stock with a par value of \$0.0001 per share. As of June 30, 2020, 27,602,823 and 27,330,800 shares were issued and outstanding, respectively, and 272,023 shares were held in treasury stock. As of December 31, 2019, 27,262,639 and 27,003,157 shares were issued and outstanding, respectively, and 259,482 shares were held in treasury stock.

**Warrants** - On September 26, 2019, 3,969 shares of convertible preferred stock were issued in connection with the cashless exercise of 9,090 Series F-1 convertible preferred stock warrants. All 3,969 of these convertible preferred shares were converted to common stock in connection with the IPO. On June 9, 2020, 10,972 shares of common stock were issued in connection with the cashless exercise of the outstanding common stock warrants. No warrants were outstanding as of June 30, 2020.

## 11. Equity Compensation and Other Benefits

The Company's stock-based plans are described and informational disclosures are provided in the Notes to the Consolidated Financial Statements included in the Annual Report.

**Stock-based Compensation** - Total stock-based compensation expense included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) is as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Technology and facilities	\$ 931	\$ 429	\$ 1,683	\$ 758
Sales and marketing	30	32	60	52
Personnel	4,011	1,574	7,380	3,205
Total stock-based compensation	\$ 4,972	\$ 2,035	\$ 9,123	\$ 4,015

As of June 30, 2020, and December 31, 2019, the Company's total unrecognized compensation cost related to nonvested stock-based option awards granted to employees was \$12.6 million and \$10.1 million, respectively, which will be recognized over a weighted-average vesting period of approximately 2.9 years and 2.4 years, respectively. As of June 30, 2020 and December 31, 2019, the Company's total unrecognized compensation cost related to nonvested restricted stock unit awards granted to employees was \$34.0 million and \$21.2 million, respectively, which will be recognized over a weighted average vesting period of approximately 2.9 years and 3.0 years, respectively.

The Company capitalized compensation expense related to stock-based compensation of \$0.3 million and \$0.4 million for the three and six months ended June 30, 2020, respectively, and capitalized \$0.2 million and \$0.3 million for the three and six months ended June 30, 2019, respectively.



Cash flows from the tax benefits for tax deductions resulting from the exercise of stock options in excess of the compensation expense recorded for those options (excess tax benefits) are required to be classified as cash from financing activities. The total income tax expense (benefit) recognized in the income statement for share-based compensation arrangements for the three and six months ended June 30, 2020 was \$0.4 million and \$1.1 million, respectively. The Company had no realized excess tax benefits from share-based compensation arrangements for the three and six months ended June 30, 2019.

## 12. Revenue

**Interest Income** - Total interest income included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) is as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest income				
Interest on loans	\$ 134,335	\$ 128,077	\$ 282,857	\$ 252,301
Fees on loans	1,751	1,683	3,929	4,205
Total interest income	136,086	129,760	286,786	256,506

**Non-interest Income** - Total non-interest income included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) is as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Non-interest income				
Gain on loan sales	\$ 1,992	\$ 8,484	\$ 9,524	\$ 15,796
Servicing fees	4,037	3,669	8,488	7,217
Other income	592	683	1,337	1,405
Total non-interest income	\$ 6,621	\$ 12,836	\$ 19,349	\$ 24,418

## 13. Income Taxes

Income tax benefit for the three and six months ended June 30, 2020 was \$12.7 million and \$17.4 million, respectively, representing an effective tax rate of 27.0% and 26.8%, respectively. Income tax expense for the three and six months ended June 30, 2019 was \$5.1 million and \$10.5 million, respectively, representing an effective income tax rate of 27.0% and 26.9%, respectively.

Interest and penalties related to the Company's unrecognized tax benefits accrued at June 30, 2020 were not material. The Company's policy is to recognize interest and penalties associated with income taxes in income tax expense. The Company does not expect its uncertain tax positions to have material impact on its consolidated financial statements within the next 12 months.

## 14. Fair Value of Financial Instruments

### Financial Instruments at Fair Value

The Company previously elected the fair value option to account for all loans receivable held for investment that were originated on or after January 1, 2018 (the "Initial Fair Value Loans"), and for all asset-backed notes issued on or after January 1, 2018 (the "Fair Value Notes"). Upon adoption of ASU 2019-05, effective January 1, 2020, the Company elected the fair value option on all loans receivable previously measured at amortized cost (the "Subsequent Fair Value Loans" and together with the Initial Fair Value Loans, the "Fair Value Loans"). Accordingly, for the six months ended June 30, 2020, the Company did not have any loans receivable measured at amortized cost. Asset-backed notes issued prior to January 1, 2018 are accounted for at amortized cost, net. Loans that the Company designates for sale will continue to be accounted for as held for sale and recorded at the lower of cost or fair value until the loans receivable are sold.

The table below compares the fair value of loans receivable and asset-backed notes to their contractual balances for the periods shown:

(in thousands)	June 30, 2020		December 31, 2019	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Assets				
Loans receivable	\$ 1,645,307	\$ 1,635,684	\$ 1,800,418	\$ 1,882,088
Liabilities				
Asset-backed notes	1,113,165	1,097,929	1,113,165	1,129,202

The Company calculates the fair value of the Fair Value Notes using independent pricing services and broker price indications, which are based on quoted prices for identical or similar notes, which are Level 2 input measures.

The Company primarily uses a discounted cash flow model to estimate the fair value of Level 3 instruments based on the present value of estimated future cash flows. This model uses inputs that are inherently judgmental and reflect management's best estimates of the assumptions a market participant would use to calculate fair value. With the market impacts of COVID-19, the Company has included some expected market degradation in its model to reflect the possibility of delinquency rates increasing in the near term (and the corresponding increase in charge-offs and decrease in payments), deviating from what historical trends would suggest. The impact of COVID-19 on the economy continues to be a fluid situation and the Company will continue to adapt accordingly. The following tables present quantitative information about the significant unobservable inputs used for the Company's Level 3 fair value measurements:

	June 30, 2020			December 31, 2019		
	Minimum	Maximum	Weighted Average <sup>(2)</sup>	Minimum <sup>(3)</sup>	Maximum <sup>(3)</sup>	Weighted Average
Remaining cumulative charge-offs <sup>(1)</sup>	8.44%	64.29%	12.73%	—	—	9.61%
Remaining cumulative prepayments <sup>(1)</sup>	—%	32.75%	22.68%	—	—	34.95%
Average life (years)	0.15	1.20	0.80	—	—	0.81
Discount rate	—	—	8.84%	—	—	7.77%

(1) Figure disclosed as a percentage of outstanding principal balance.

(2) Unobservable inputs were weighted by outstanding principal balance, which are grouped by risk (type of customer, original loan maturity terms).

(3) The Company adopted ASU 2018-13 on a prospective basis, effective January 1, 2020, therefore, these disclosures are not required as of December 31, 2019.

Fair value adjustments related to financial instruments where the fair value option has been elected are recorded through earnings for the six months ended June 30, 2020 and 2019. Certain unobservable inputs may (in isolation) have either a directionally consistent or opposite impact on the fair value of the financial instrument for a given change in that input. When multiple inputs are used within the valuation techniques for loans, a change in one input in a certain direction may be offset by an opposite change from another input.

The Company developed an internal model to estimate the Fair Value Loans. To generate future expected cash flows, the model combines receivable characteristics with assumptions about borrower behavior based on the Company's historical loan performance. These cash flows are then discounted using a required rate of return that management estimates would be used by a market participant.

The Company tested the fair value model by comparing modeled cash flows to historical loan performance to ensure that the model was complete, accurate and reasonable for the Company's use. The Company also engaged a third party to create an independent fair value estimate for the Fair Value Loans, which provides a set of fair value marks using the Company's historical loan performance data and whole loan sale prices to develop independent forecasts of borrower behavior. Their model generates expected cash flows which were then aggregated and compared to the Company's within an acceptable range.

The Company's internal valuation committee provides governance and oversight over the fair value pricing calculations and related financial statement disclosures. Additionally, this committee provides a challenge of the assumptions used and outputs of the model, including the appropriateness of such measures and periodically reviews the methodology and process to determine the fair value pricing. Any significant changes to the process must be approved by the committee.

The table below presents a reconciliation of loans receivable at fair value on a recurring basis using significant unobservable inputs:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Balance – beginning of period	\$ 1,760,481	\$ 1,364,953	\$ 1,882,088	\$ 1,227,469
Adjustment upon adoption of ASU 2019-05	—	—	43,323	—
Principal disbursements	149,440	402,241	520,873	757,355
Principal payments from customers	(286,284)	(232,455)	(621,292)	(429,510)
Gross charge-offs	(51,008)	(27,796)	(97,238)	(51,046)
Net increase (decrease) in fair value	63,055	6,470	(92,070)	9,145
Balance – end of period	\$ 1,635,684	\$ 1,513,413	\$ 1,635,684	\$ 1,513,413

As of June 30, 2020, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$2.0 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$16.3 million. As of December 31, 2019, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$3.6 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$15.8 million.

## Financial Instruments Disclosed But Not Carried at Fair Value

The following table presents the carrying value and estimated fair values of financial assets and liabilities disclosed but not carried at fair value and the level within the fair value hierarchy:

(in thousands)	June 30, 2020				
	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
<b>Assets</b>					
Cash and cash equivalents	\$ 139,218	\$ 139,218	\$ 139,218	\$ —	\$ —
Restricted cash	58,742	58,742	58,742	—	—
Loans receivable at amortized cost, net (Note 5)	—	—	—	—	—
Loans held for sale (Note 6)	368	368	—	—	368
<b>Liabilities</b>					
Accounts payable	3,872	3,872	3,872	—	—
Secured financing (Note 8)	97,194	93,426	—	93,426	—
Asset-backed notes at amortized cost (Note 8)	199,793	198,421	—	198,421	—
<b>December 31, 2019</b>					
(in thousands)	Estimated fair value				
	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
<b>Assets</b>					
Cash and cash equivalents	\$ 72,179	\$ 72,179	\$ 72,179	\$ —	\$ —
Restricted cash	63,962	63,962	63,962	—	—
Loans receivable at amortized cost, net (Note 5)	38,471	43,482	—	—	43,482
Loans held for sale (Note 6)	715	772	—	—	772
<b>Liabilities</b>					
Accounts payable	5,919	5,919	5,919	—	—
Secured financing (Note 8)	62,000	62,000	—	62,000	—
Asset-backed notes at amortized cost (Note 8)	359,111	360,668	—	360,668	—

The Company uses the following methods and assumptions to estimate fair value:

- *Cash, cash equivalents, restricted cash and accounts payable* - The carrying values of certain of the Company's financial instruments, including cash and cash equivalents, restricted cash and accounts payable, approximate Level 1 fair values of these financial instruments due to their short-term nature.
- *Loans receivable* - The fair value of loans receivable recorded at amortized cost were estimated by discounting the future expected cash flows using a required rate of return that management estimates would be used by a market participant.
- *Loans held for sale* - The fair values of loans held for sale are based on a negotiated agreement with the purchaser.
- *Secured financing and asset-backed notes* - The fair values of secured financing and asset-backed notes recorded at carrying value have been calculated using discount rates equivalent to the weighted-average market yield of comparable debt securities. The Company's asset-backed notes are valued by independent pricing services and brokers using quoted prices for identical or similar notes, which are Level 2 input measures.

There were no transfers in or out of Level 3 assets and liabilities for the three and six months ended June 30, 2020 and 2019 and the year ended December 31, 2019.

## 15. Leases, Commitments and Contingencies

**Leases** - The Company's leases are primarily for real property consisting of retail locations and office space and have remaining lease terms of 10 years or less.

The Company has elected the practical expedient to keep leases with terms of 12 months or less off the balance sheet as no recognition of a lease liability and a right-of-use asset is required. Operating lease expense is recognized on a straight-line basis over the lease term in "Technology and facilities" in the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited).

Most of the Company's existing lease arrangements are classified as operating leases. At the inception of a contract, the Company determines if the contract is or contains a lease. At the commencement date of a lease, the Company recognizes a lease liability equal to the present value of the

lease payments and a right-of-use asset representing the Company's right to use the underlying asset for the duration of the lease term. The Company's leases include options to extend or terminate the arrangement at the end of the original lease term. The Company generally does not include renewal or termination options in its assessment of the leases unless extension or termination for certain assets is deemed to be reasonably certain. Variable lease payments and short-term lease costs were deemed immaterial. The Company's leases do not provide an explicit rate. The Company uses its contractual borrowing rate to determine lease discount rates.

As of June 30, 2020, maturities of lease liabilities, excluding short-term leases and leases on a month-to-month basis, were as follows:

(in thousands)	<b>Operating Leases</b>
Lease expense	
2020 (remaining six months)	\$ 7,897
2021	13,663
2022	10,771
2023	9,307
2024	8,405
2025	6,390
Thereafter	1,412
Total lease payments	57,845
Imputed interest	(5,766)
Total leases	\$ 52,079
Sublease income	
2020 (remaining six months)	\$ (869)
2021 and thereafter	—
Total lease payments	(869)
Imputed interest	11
Total sublease income	\$ (858)
Net lease liabilities	\$ 51,221
Weighted average remaining lease term	4.7 years
Weighted average discount rate	4.48 %

As of December 31, 2019, maturities of lease liabilities, excluding short-term leases and leases on a month-to-month basis, were as follows:

(in thousands)	<b>Operating Leases</b>
Lease expense	
2020	15,227
2021	12,439
2022	9,663
2023	8,340
2024	7,488
Thereafter	7,293
Total lease payments	60,450
Imputed interest	(6,240)
Total leases	\$ 54,210
Sublease income	
2020	(861)
2021 and thereafter	—
Total lease payments	(861)
Imputed interest	8
Total sublease income	\$ (853)
Net lease liabilities	\$ 53,357
Weighted average remaining lease term	5.0 years
Weighted average discount rate	4.49 %

Rental expenses under operating leases for the three and six months ended June 30, 2020, were \$5.1 million, and \$10.3 million, respectively, and for the three and six months ended June 30, 2019, were \$4.4 million, and \$8.7 million, respectively.

**Purchase Commitment** - The Company has commitments to purchase information technology and communication services in the ordinary course of business, with various terms through 2023. These amounts are not reflective of the Company's entire anticipated purchases under the related agreements; rather, they are determined based on the non-cancelable amounts to which the Company is contractually obligated. The Company's purchase obligations are \$4.4 million for the remainder of 2020, \$10.0 million in 2021, \$6.2 million in 2022, \$0.6 million in 2023, and \$0.0 million thereafter.

**Whole Loan Sale Program** - The Company has a commitment to sell to a third-party financial institution 10% of its unsecured loan originations that satisfy certain eligibility criteria, and an additional 5% at the Company's sole option. For details regarding the whole loan sale program, refer to Note 6, *Loans Held for Sale*.

**Access Loan Sale Program** - In July 2017, the Company entered into a whole loan sale transaction with a financial institution with a commitment to sell 100% of the originations pursuant to the Company's Access Loan Program and service the sold loans. For details regarding the Access Loan Sale Program, refer to Note 6, *Loans Held for Sale*.

**Unfunded Loan and Credit Card Commitments** - Unfunded loan and credit card commitments at June 30, 2020 and December 31, 2019 were \$5.0 million and \$2.3 million, respectively.

**Litigation** - On January 2, 2018, a complaint, captioned *Opportune LLP v. Oportun, Inc. and Oportun, LLC*, Civil Action No. 4:18-cv-00007 (the "Opportune Lawsuit"), was filed by plaintiff Opportune LLP in the United States District Court for the Southern District of Texas, against the Company and its wholly-owned subsidiary, Oportun, LLC. The complaint alleged various claims for trademark infringement, unfair competition, trademark dilution and misappropriation against the Company and Oportun, LLC and called for injunctive relief requiring the Company and Oportun, LLC to cease using its marks, as well as monetary damages related to the claims. In addition, on January 2, 2018, the plaintiff initiated a cancellation proceeding, Proceeding No. 92067634, before the Trademark Trial and Appeal Board seeking to cancel certain of the Company's trademarks, (the "Cancellation Proceeding" and, together with the Opportune Lawsuit, the "Opportune Matter"). On March 5, 2018, the Trademark Trial and Appeal Board granted the Company's motion to suspend the Cancellation Proceeding pending final disposition of the Opportune Lawsuit. On April 24, 2018, the District Court granted the Company's motion to partially dismiss the complaint, dismissing the plaintiff's misappropriation claim. On February 22, 2019, the plaintiff filed an amended complaint adding an additional claim under the Anti-Cybersquatting Protection Act to the remaining claims in the original complaint. On August 30, 2019, the Company filed a motion for summary judgment on all of the plaintiff's claims. On January 22, 2020, the District Court issued its decision denying the Company's motion for summary judgment. No trial date has been set. In connection with discussions regarding settlement of the Opportune Matter, the Company has recorded a liability of \$1.9 million within Other liabilities and a corresponding insurance recovery receivable of \$1.0 million within Other assets on the Condensed Consolidated Balance Sheets as of December 31, 2019. The income statement impact of \$0.9 million was recorded through General, administrative and other on the Condensed Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2019. Actual results could differ from these estimates.

See Part II, Item 1. Legal Proceedings for additional information regarding legal proceedings in which the Company is involved.

## 16. Subsequent Events

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On July 8, 2020, the Company's wholly-owned subsidiary Oportun Funding VII, LLC, the issuer under the Series 2017-B asset-backed securitization transaction, redeemed all \$200.0 million of outstanding Series 2017-B Notes and satisfied and discharged Oportun Funding VII, LLC's obligations under the Series 2017-B Notes and the indenture. The redemption was funded by drawing upon the Company's Secured Financing facility for \$149.0 million and using \$51.0 million of unrestricted cash.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

An index to our management's discussion and analysis follows:

<b>Topic</b>	
<a href="#">Forward-Looking Statements</a>	<a href="#">22</a>
<a href="#">Overview</a>	<a href="#">23</a>
<a href="#">COVID-19 Update</a>	<a href="#">25</a>
<a href="#">Key Financial and Operating Metrics</a>	<a href="#">28</a>
<a href="#">Historical Credit Performance</a>	<a href="#">30</a>
<a href="#">Results of Operations</a>	<a href="#">31</a>
<a href="#">Fair Value Estimate Methodology for Loans Receivable at Fair Value</a>	<a href="#">38</a>
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<a href="#">Critical Accounting Policies and Significant Judgments and Estimates</a>	<a href="#">48</a>
<a href="#">Recently Issued Accounting Pronouncements</a>	<a href="#">48</a>

*You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and the related notes and other financial information included elsewhere in this report and the audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended December 31, 2019 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, on February 28, 2020. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### **Forward-Looking Statements**

This report contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would," and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These forward-looking statements include, but are not limited to, statements about:

- our ability to increase the volume of loans we make;
- our ability to manage our net charge-off rates;
- our ability to successfully manage the potential adverse impact of the COVID-19 pandemic on our business, results and operations;
- our plans and timing for new product launches;
- our ability to successfully adjust our proprietary credit risk models and products in response to changing macroeconomic conditions and fluctuations in the credit market, including as a result of the COVID-19 pandemic;
- our expectations regarding our costs and seasonality;
- our ability to successfully build our brand and protect our reputation from negative publicity;
- our ability to expand our capabilities for mobile loan and online origination and increase the volume of loans originated through our mobile and online channels;
- our ability to increase the effectiveness of our marketing efforts;
- our ability to expand our presence in states in which we operate, as well as expand into new states;
- our plans and ability to enter into new markets and introduce new products and services;
- our ability to continue to expand our demographic focus;
- our ability to maintain the terms on which we lend to our customers;
- our plans for and our ability to successfully maintain our diversified funding strategy, including loan warehouse facilities, whole loan sales and securitization transactions;
- our ability to successfully manage our interest rate spread against our cost of capital;

- our ability to manage fraud risk;
- our ability to efficiently manage our Customer Acquisition Cost;
- our expectations regarding the sufficiency of our cash to meet our operating and cash expenditures;
- our ability to effectively estimate the fair value of our Fair Value Loans and Fair Value Notes;
- our ability to effectively secure and maintain the confidentiality of the information provided and utilized across our systems;
- our ability to successfully compete with companies that are currently in, or may in the future enter, the business of providing consumer loans to low-to-moderate income customers underserved by traditional, mainstream financial institutions;
- our ability to attract, integrate and retain qualified employees;
- our ability to effectively manage and expand the capabilities of our contact centers, outsourcing relationships and other business operations abroad; and
- our ability to successfully adapt to complex and evolving regulatory environments

Forward-looking statements are based on our management's current expectations, estimates, forecasts, and projections about our business and the industry in which we operate and on our management's beliefs and assumptions. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate we have conducted exhaustive inquiry into, or review of, all potentially available relevant information. We anticipate that subsequent events and developments may cause our views to change. Forward-looking statements do not guarantee future performance or development and involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the heading "Risk Factors" and elsewhere in this report. We also operate in a rapidly changing environment and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. As a result, any or all of our forward-looking statements in this report may turn out to be inaccurate. Furthermore, if the forward-looking statements prove to be inaccurate, the inaccuracy may be material.

You should read this report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect, particularly given the uncertainties caused by the COVID-19 pandemic.

These forward-looking statements speak only as of the date of this report. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. We qualify all of our forward-looking statements by these cautionary statements.

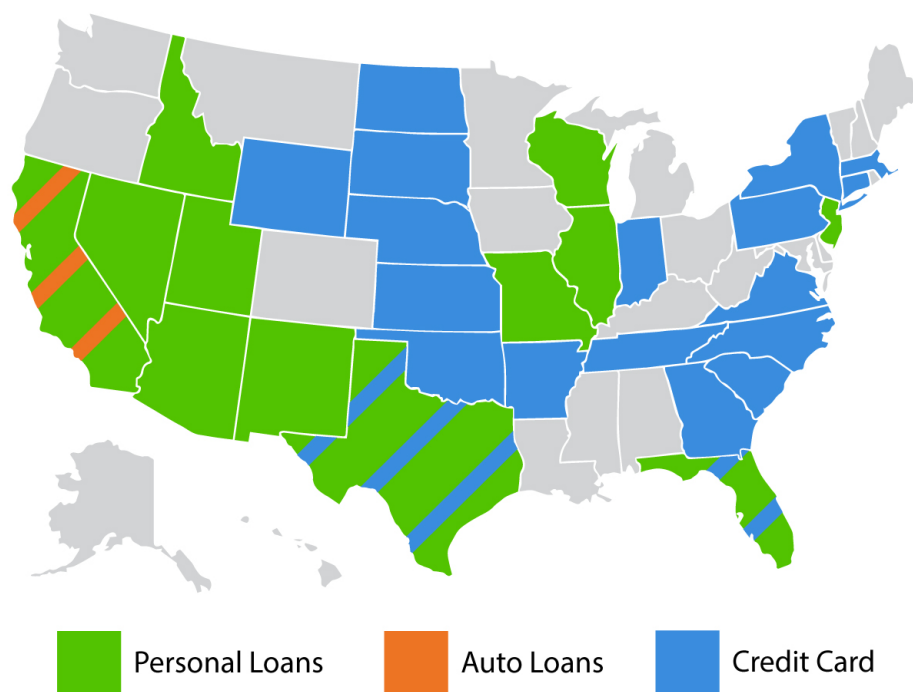
## Overview

We are a mission-driven Community Development Financial Institution ("CDFI"). We provide inclusive, affordable financial services powered by a deep, data-driven understanding of our customers and advanced proprietary technology. Our proprietary lending platform and application of machine learning to our unique alternative data set enable us to provide loans at a fraction of the price of other providers. Using methodology provided in a study commissioned by us and conducted by the Financial Health Network we estimate that, as of June 30, 2020, our customers have saved more than \$1.7 billion in aggregate interest and fees compared to alternative products available to them. Our customers include those who either do not have a credit score, known as credit invisibles, or who may have a limited credit history and are "mis-scored," meaning that traditional credit scores do not properly reflect their credit worthiness. By lending money to hardworking, low-to-moderate-income individuals, we help them move forward in their lives, demonstrate their creditworthiness, and establish the credit history they need to access new opportunities. In our 14-year history, we have originated more than 3.8 million loans, representing over \$9.0 billion of credit extended, to more than 1.8 million customers.

Our core offering is a simple-to-understand, affordable, unsecured, fully amortizing personal installment loan with fixed payments and fixed interest rates throughout the life of the loan. Our personal loans do not have prepayment penalties or balloon payments and range in size from \$300 to \$10,000 with terms ranging from six to 48 months. As part of our commitment to be a responsible lender, we verify income for 100% of our personal loan customers and only make loans to customers that our ability-to-pay model indicates should be able to afford a loan after meeting their other debts and regular living expenses. We execute our sales and marketing strategy through a variety of acquisition channels including our retail locations, direct mail, broadcast and digital marketing, as well as other channels. We also benefit from customers learning about Oportun from friends or family members and other word-of-mouth referrals. Our omni-channel network provides our customers with flexibility to apply for a loan at one of over 330 retail locations, over the phone, or via mobile or online.

As part of our strategy, we have begun to expand beyond our core offering of unsecured installment loans into other financial services that a significant portion of our customers already use and have asked us to provide, such as auto loans and credit cards. In 2019, we began offering direct auto loans and an auto refinance product that enables customers to refinance an existing secured auto loan or to consolidate an existing secured auto loan with an unsecured Oportun loan. We launched the pilot of personal loans secured by a vehicle in the second quarter of 2020. Currently, our auto loans range from \$5,000 to \$35,000 with terms from 24 to 72 months. In December 2019, we launched the Oportun® Visa® Credit Card, issued by WebBank, Member FDIC, to a limited number of potential customers. Currently, the range of credit lines extended on our credit cards is from \$300 to \$1,500 and we have credit card customers in 19 states as of June 30, 2020.

The map below show the states in which we offer our products as of June 30, 2020.



On July 28, 2020, we announced the implementation of an "all-in" APR cap of 36% for all newly originated loans—nationwide. The “all-in” nature of the 36% APR cap means that we would not be adopting the common industry practice of charging a reduced nominal APR but seeking to collect additional fees from customers by selling ancillary products like credit insurance, which we have never offered. We anticipate that the 36% APR cap on our newly originated loans will be fully implemented by mid-August. While there may be a potential impact on our yield, we believe there may be a positive impact on our volume as we have access to incremental marketing opportunities. We also announced changes to our legal collections practices which will be effective immediately.

To fund our growth at a low and efficient cost, we have built a diversified and well-established capital markets funding program, which allows us to partially hedge our exposure to rising interest rates or credit spreads by locking in our interest expense for up to three years. Over the past six years, we have executed 14 bond offerings in the asset-backed securities market, the last 11 of which include tranches that have been rated investment grade. We issued two- and three-year fixed rate bonds which have provided us committed capital to fund future loan originations at a fixed Cost of Debt. In November 2014, we entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. The term of the current agreement expires on November 10, 2020. Pursuant to this agreement, we have committed to sell at least 10% of our unsecured loan originations, with an option to sell an additional 5%, subject to certain eligibility criteria and minimum and maximum volumes. In addition, in July 2017, we entered into a separate whole loan sale arrangement with an institutional investor, which agreement has been amended from time to time, providing for a commitment to sell 100% of the Company’s loans originated under its Access Loan Program. In addition to our whole loan sale programs, we also have a \$400.0 million Secured Financing facility committed through October 2021, which also helps to fund our loan portfolio growth.

We closely manage our operating expenses, which consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expenses, with the goal of increasing our investment in our technology platform and development of new capabilities.

We previously elected the fair value option to account for all loans receivable held for investment that were originated on or after January 1, 2018 (the "Initial Fair Value Loans"), and for all asset-backed notes issued on or after January 1, 2018 (the "Fair Value Notes"). As compared to the loans held for investment that were originated prior to January 1, 2018 (the "Loans Receivable at Amortized Cost"), we believe the fair value option enables us to report GAAP net income that more closely approximates our net cash flow generation and provides increased transparency into our profitability and asset quality. Loans Receivable at Amortized Cost issued prior to January 1, 2018 are accounted for in our 2019 financial statements at amortized cost, net. Upon adoption of ASU 2019-05 effective January 1, 2020, we elected the fair value option on all remaining loans receivable



previously measured at amortized cost (the "Subsequent Fair Value Loans," and together with the Initial Fair Value Loans, the "Fair Value Loans"). Upon the adoption of ASU 2019-05 effective January 1, 2020, we (i) released the remaining allowance for loan losses on Loan Receivables at Amortized Cost as of December 31, 2019; (ii) recognized the unamortized net originations fee income as of December 31, 2019; and (iii) measured the remaining loans originated prior to January 1, 2018 at fair value. Loans that we designate for sale are accounted for as held for sale and recorded at the lower of cost or fair value until the loans receivable are sold. Asset-backed notes issued prior to January 1, 2018 are accounted for in our financial statements at amortized cost, net. We estimate the fair value of the Fair Value Loans using a discounted cash flow model, which considers various factors such as the price that we could sell our loans to a third party in a non-public market, credit risk, net charge-offs, customer payment rates and market conditions such as interest rates. We estimate the fair value of our Fair Value Notes based upon the prices at which our or similar asset-backed notes trade. We reevaluate the fair value of our Fair Value Loans and our Fair Value Notes at the close of each measurement period.

### **Seasonality**

Our quarterly results of operations may not necessarily be indicative of the results for the full year or the results for any future periods. Our business is highly seasonal, and the fourth quarter is typically our strongest quarter in terms of loan originations. We have historically experienced a seasonal decline in credit performance in the fourth quarter primarily attributable to competing demand of our customers' available cash flow around the holidays. General increases in our customers' available cash flow in the first quarter, including from cash received from tax refunds, temporarily reduces our customers' borrowing needs. We experienced this seasonal trend in 2019, consistent with prior years. The economic impact of COVID-19 has disrupted these seasonal trends in March and for the second quarter of 2020 which may have been mitigated in part due to government stimulus measures. The disruption to our typical seasonal trends may continue to occur in subsequent periods.

### **COVID-19 Update**

We continue to monitor and proactively navigate the COVID-19 pandemic, taking actions to manage our business in a thoughtful and conservative manner throughout this fluid situation, while ensuring the health and safety of our employees and customers. The actions taken over the last quarter have resulted in improving credit trends, steadily increasing originations, and a continued strong balance sheet. We believe we remain well-positioned strategically and financially in the current environment, however, factors such as economic conditions, the unemployment rate, and further stimulus measures may impact our future performance. As of June 30, 2020, 98% of our retail locations were open to serve customers. Customers can also apply for a loan directly over the phone or complete the entire lending process online via their mobile device through our end-to-end mobile solution.

### **Improving Credit Trends**

Deferrals We believe that our rapid implementation of emergency hardship programs and reduced payment plans have been effective in providing impacted customers sufficient time to return to repayment status. We may consider Emergency Hardship Deferrals, granted one month at a time, for borrowers who continue to be impacted by the pandemic. As of June 30, 2020, 5.0% of our Owned Principal Balance at End of Period was in active deferral status under the Emergency Hardship Deferral program, down from 14.6% at the end of April, 7.6% as of the end of May and 6.1% as of the end of March. We believe that our customers are currently managing through the crisis and returning to repayment status. As of July 31, 2020, 3.9% of our Owned Principal Balance at End of Period was in active deferral status under the Emergency Hardship Deferral program. Further, 61.1% of customers with an Emergency Hardship Deferral made a payment in July.

Delinquencies We ended the second quarter of 2020 with a 30+ Day Delinquency Rate of 3.7%, down from 4.0% at the end of both April and May and 3.8% at the end of the first quarter of 2020. Borrowers who are less than 30 days delinquent when they received an Emergency Hardship Deferral are counted at zero days delinquent, and customers that were more than 30 days delinquent continue to be in the same delinquency status as they were prior to receiving an Emergency Hardship Deferral. As a standard practice, we offer a grace period ranging between 7 and 15 days before a late fee is assessed, allowing customers extra time to make a payment if needed. We monitor our early stage delinquencies very closely and attempt to contact delinquent customers before the grace period expires to provide them with payment options. We have seen a decrease in early-stage delinquencies, with 8 to 14 day delinquencies and 15 to 29 day delinquencies of 1.8% and 1.9%, respectively, as of June 30, 2020 as compared to 1.9% and 2.8%, respectively, as of May 31, 2020. Further, as of July 31, 2020, we have seen our early stage delinquencies continue to stabilize, and our 8-14 day and 15-29 day delinquencies were at 1.5% and 1.8%, respectively. In addition, our 30+ Day Delinquency Rate as of July 31, 2020 was 3.4%.

**Delinquencies and Deferrals**  
(Percentage of Outstanding Principal Balance of Owned Receivables)

Days Delinquent	As of 3/31/2020	As of 4/30/2020	As of 5/31/2020	As of 6/30/2020	As of 7/31/2020	Trend from 6/30 to 7/31
0	88.9%	90.2%	87.8%	89.5%	90.8%	↑
1-7	3.3	2.6	3.5	3.2	2.6	↓
8-14	2.2	1.6	1.9	1.8	1.5	↓
15-29	1.8	1.6	2.8	1.9	1.8	↓
30-59	1.7	1.8	1.7	1.7	1.6	↓
60-89	1.2	1.3	1.3	1.0	1.0	→
90-119	0.9	1.0	1.0	1.0	0.8	↓
120+ <sup>(1)</sup>	—	—	—	—	—	—
30+	3.8	4.0	4.0	3.7	3.4	↓
Emergency Hardship Deferrals <sup>(2)</sup>	6.1	14.6	7.6	5.0	3.9	↓

<sup>(1)</sup> The 120+ delinquent balances are excluded from the 30+ delinquency rate and percent current rate calculations because these balances are charged off on the last day of a given month.

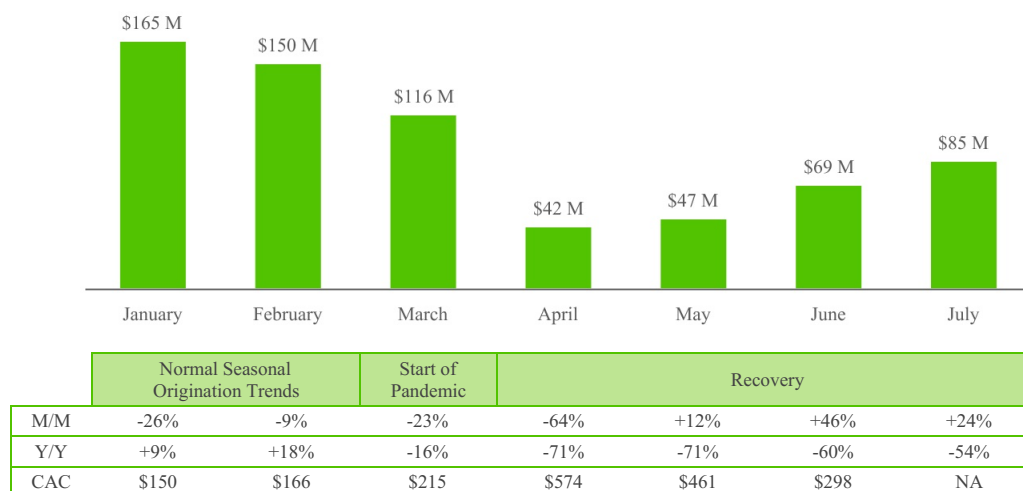
<sup>(2)</sup> Emergency hardship deferrals excluded from delinquent balances.

**Net Charge-Offs.** Our Annualized Net Charge-Off Rate for the second quarter ended June 30, 2020 was 10.6%, up from 8.9% for the first quarter ended March 31, 2020. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in higher charge-offs. This led to \$4.1 million of additional charge-offs in June, which increased the Annualized Net Charge-Off Rate by 96 basis points and 46 basis points for the three months and six months ended June 30, 2020, respectively. We expect to continue to see higher charge-offs from some loans impacted by the pandemic that are deemed unlikely to be collectible. Our Annualized Net Charge-Off Rate for the month of July was 11.92% as compared to 12.5% for the month of June 2020. July included \$4.0 million of additional charge-offs on loans deemed uncollectible prior to becoming 120 days contractually past due, which increased our annualized net charge-off rate for the month of July by 290 basis points.

**Steadily Increasing Originations**

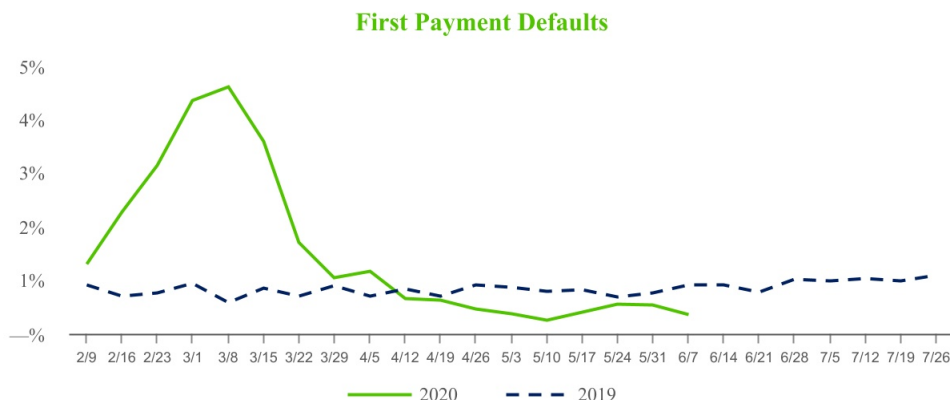
Our originations increased in June due to the refinement of our marketing efforts, including increased digital initiatives and optimization of direct mail, and by maintaining the availability of our omni-channel network. These efforts resulted in loan originations increasing 46% as compared to May and 64% as compared to April. While we have started to see a rebound in originations following the decline in April, originations for the month of June were down 60% year over year, which is an improvement relative to the earlier months in the quarter. Loan originations were \$85.3 million in July 2020, a 24.2% increase compared to June, and down 54.4% year over year, which was also an improvement relative to June.

**Monthly Origination Trends**



### Credit Trends of New Originations

Due to our credit tightening in mid-March, First Payment Defaults on newly-originated loans through June 7th, 2020 trended below pre-pandemic and 2019 levels. Based upon this performance, we prudently increased our approval rates in mid-June and have focused on increasing approval rates for our returning customers. We calculate First Payment Defaults, shown below, as the principal balance of any loan whose first payment becomes 30 days past due, divided by the aggregate principal balance of all loans originated during that same week. We regard First Payment Defaults to be an early indicator of credit performance as the outstanding principal balance of loans that have their first payment past due are regarded as more likely to default and result in a charge off. We continue to monitor the external environment and intend to continue to adjust approval rates, verification procedures and loan sizes accordingly.



### Owned Principal Balance

Owned Principal Balance at June 30, 2020 was \$1.64 billion, which was down from \$1.83 billion at March 31, 2020. Our Owned Principal balance at July 31, 2020 was \$1.60 billion. The decrease is primarily driven by a decrease in number of loans originated attributable to the proactive measures we implemented to tighten our lending criteria and underwriting practices given the current COVID-19 pandemic. Average Daily Principal Balance for the three months ended June 30, 2020 and March 31, 2020 was \$1.74 billion and \$1.86 billion, respectively. We anticipate that our lower Average Daily Principal Balance will continue to have a corresponding impact on revenue.

### Impact on net change in fair value

Our net increase or decrease in fair value, or net change in fair value, includes our current period principal net charge-offs and mark-to-market adjustments on our Fair Value Loans and our Fair Value Notes. Our net change in fair value for the second quarter of 2020 has been impacted by the macroeconomic changes associated with the COVID-19 pandemic.

The fair value of our Loans Receivable at Fair Value increased \$63.1 million in the second quarter of 2020 driven by an increase in the fair value price of our loans from 96.0% as of March 31, 2020 to 99.4% as of June 30, 2020. The increase in the fair value price of our loans is due to (a) a decrease in the discount rate from 12.78% as of March 31, 2020 to 8.84% as of June 30, 2020 caused by declining interest rates and credit spreads, (b) a decrease in remaining cumulative charge-offs from 14.56% as of March 31, 2020 to 12.73% as of June 30, 2020, and (c) offset by a decrease in average life from 0.90 years as of March 31, 2020 to 0.80 years as of June 30, 2020.

The fair value of our Asset-Backed Notes at Fair Value increased \$98.8 million in the second quarter of 2020 driven by an increase in the weighted average price of our asset-backed notes from 89.75% at March 31, 2020 to 98.63% as of June 30, 2020. This increase was due to the improvement in liquidity in the asset backed-market and increased investor risk appetite during the second quarter of 2020.

### Investment in new products

We ended the second quarter of 2020 with \$4.6 million in auto loans and \$2.7 million of credit card receivables issued through a partner bank. Our credit card product is now available in 19 states. In addition, we launched the pilot of personal loans secured by a vehicle in the second quarter of 2020. We are still in the very early stages of testing the product, and are gathering valuable data and feedback based on preliminary results. For the time being, however, we have pushed back our timetable for auto expansion to allow our technology and operations team to focus on improving our customer service and collection tools, as well as push forward other growth initiatives. We continue to be very committed to auto, and our roadmap for the year includes enhancements based on our preliminary results. We continue to believe that secured personal loans will be an excellent complement to our unsecured product and will provide us with the opportunity to serve more customers and offer larger loans.

## COVID-19 expenses

Our top priority throughout the crisis has been protecting the health, safety and welfare of our employees and customers. As a result, the three and six months ended June 30, 2020 includes approximately \$2.4 million and \$3.0 million, respectively, in COVID-19 expenses for items and services including sanitation kits, facilities equipment, contingency call center, payment option flyers, childcare relief, special medical enrollment, sick leave, emergency assistance fund and charitable contributions, among other things. The COVID-19 expenses were separable from our normal business operations and are not expected to recur once the pandemic subsides.

## Capital and liquidity

Our balance sheet is characterized by relatively low leverage, and our term securitizations and warehouse line are non-recourse to Oportun Financial Corporation and our operating subsidiaries. Our term securitizations allow us to fund new loan originations for the remainder of each securitization's revolving period. To provide sufficient collateral to maintain our outstanding low-cost securitization bonds, on June 23, 2020, the issuer notified the trustee of its election to redeem all \$200.0 million of outstanding Series 2017-B asset-backed notes on July 8, 2020. The revolving periods for the remaining securitizations have end dates which range from February 2021 to July 2022.

As of June 30, 2020, we had \$198.0 million of cash, cash equivalents and restricted cash with \$429.8 million of Adjusted Tangible Book Value. Additionally, our business generated \$94.0 million of cash from operations in the six months ended June 30, 2020. As of June 30, 2020, we had \$302.8 million undrawn capacity on our \$400.0 million warehouse line that is committed through October 2021. Following the redemption of the Series 2017-B notes on July 8, 2020, we had \$153.8 million of undrawn capacity on the warehouse line. As of July 31, 2020, we had cash of \$165.8 million, of which \$110.5 million was cash equivalents and \$55.3 million was restricted cash, with \$176.4 million of undrawn capacity on the warehouse line. Taking into account the securitization redemption and based upon our recent projections, we have determined that we continue to have more than 12 months of liquidity runway.

See Item 1A. Risk Factors included elsewhere in this report for further discussion of the risks and uncertainties relating to the COVID-19 pandemic. See "Results of Operations" included elsewhere in this report for further discussion of how certain trends and conditions impacted the three and six months ended June 30, 2020.

## Key Financial and Operating Metrics

We monitor and evaluate the following key metrics in order to measure our current performance, develop and refine our growth strategies, and make strategic decisions.

See the next section, "Non-GAAP Financial Measures", included in this Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for a presentation of the actual impact of the election of the fair value option for the periods presented in the financial statements included elsewhere in this report.

(in thousands of dollars, except CAC)	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2020	2019	2020	2019
Aggregate Originations <sup>(1)</sup>	\$ 157,642	\$ 473,199	\$ 590,401	\$ 889,028
Number of Loans Originated <sup>(1)</sup>	48,193	169,593	191,343	320,415
Active Customers <sup>(1)</sup>	676,830	710,816	676,830	710,816
Customer Acquisition Cost <sup>(1)</sup>	\$ 413	\$ 136	\$ 232	\$ 138
Owned Principal Balance at End of Period <sup>(1)</sup>	\$ 1,642,564	\$ 1,584,078	\$ 1,642,564	\$ 1,584,078
Managed Principal Balance at End of Period <sup>(1)</sup>	\$ 1,938,383	\$ 1,887,386	\$ 1,938,383	\$ 1,887,386
Average Daily Principal Balance <sup>(1)</sup>	\$ 1,736,474	\$ 1,551,277	\$ 1,799,308	\$ 1,539,097
Charge-offs, Net of Recoveries <sup>(1)</sup>	\$ 45,721	\$ 29,666	\$ 87,152	\$ 60,938
30+ Day Delinquent Principal Balance at End of Period <sup>(1)</sup>	\$ 60,290	\$ 54,380	\$ 60,290	\$ 54,380
30+ Day Delinquency Rate <sup>(1)</sup>	3.7 %	3.4 %	3.7 %	3.4 %
Annualized Net Charge-Off Rate <sup>(1)</sup>	10.6 %	7.7 %	9.8 %	8.0 %
Operating Efficiency	65.2 %	58.4 %	62.6 %	57.6 %
Adjusted Operating Efficiency	60.0 %	57.1 %	58.6 %	56.5 %
Return on Equity	(29.4)%	14.9 %	(20.3)%	15.7 %
Adjusted Return on Equity	(29.9)%	11.7 %	(15.3)%	11.1 %

<sup>(1)</sup> Credit card data has been excluded from these metrics for the three and six months ended June 30, 2020 because they are de minimis.

See "Glossary" at the beginning of this report for formulas and definitions of our key performance metrics.

## Aggregate Originations

Aggregate Originations decreased to \$157.6 million for the three months ended June 30, 2020 from \$473.2 million for the three months ended June 30, 2019, representing a 66.7% decrease. The decrease is primarily driven by a decrease in number of loans originated attributable to the proactive measures we implemented to tighten our lending criteria and underwriting practices given the current COVID-19 pandemic. Further, the

decrease is due to the reduced number of applications which we believe is attributable both to increased economic uncertainty as well as a redirection of our marketing efforts. We originated 48,193 and 169,593 loans for the three months ended June 30, 2020 and 2019, respectively, representing a decrease of 71.6%. The decrease in Aggregate Originations was partially offset by an increase in average loan size, as our updated underwriting criteria favors returning customers who generally receive larger loans.

Aggregate Originations decreased to \$590.4 million for the six months ended June 30, 2020 from \$889.0 million for the six months ended June 30, 2019, representing a 33.6% decrease. The decrease is primarily driven by a decrease in number of loans originated attributable to the proactive measures we implemented to tighten our lending criteria and underwriting practices given the current COVID-19 pandemic. Further, the decrease is due to the reduced number of applications which we believe is attributable both to increased economic uncertainty as well as a redirection of our marketing efforts. We originated 191,343 and 320,415 loans for the six months ended June 30, 2020 and 2019, respectively, representing a 40.3% decrease. The decrease in Aggregate Originations was partially offset by an increase in average loan size, as our updated underwriting criteria favors returning customers who generally receive larger loans.

#### ***Active Customers***

As of June 30, 2020, Active Customers decreased by 4.8% from June 30, 2019 due lower originations as a result of tightening of our lending criteria and underwriting practices due to the COVID-19 pandemic and a reduction in application volume which we believe is attributable to both customers abiding by shelter-in-place orders, as well as a redirection in marketing efforts.

#### ***Customer Acquisition Cost***

For the three months ended June 30, 2020 and 2019, our Customer Acquisition Cost was \$413 and \$136, respectively, an increase of 203.7%. For the six months ended June 30, 2020 and 2019, our Customer Acquisition Cost was \$232 and \$138, respectively, an increase of 68.1%. The increase is primarily due to the decline in number of loans originated period over period due to the COVID-19 pandemic. The increase is partially offset by the lower sales and marketing expenses due to redeployment of retail employees to assist with customer service and the reduction in direct mail volume due to the redirection of our marketing efforts.

#### ***Managed Principal Balance at End of Period***

Managed Principal Balance at End of Period as of June 30, 2020 increased by 2.7% from June 30, 2019 despite the impact of the COVID-19 pandemic in the first and second quarter of 2020. The increase is due to growth in originations over the last twelve months prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic.

#### ***Average Daily Principal Balance***

Average Daily Principal Balance increased by 11.9% from \$1.55 billion for the three months ended June 30, 2019 to \$1.74 billion for the three months ended June 30, 2020. These increases are driven by increases in average loan size and growth in originations prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic. These increases are partially offset by a decrease in the Aggregate Originations, which has declined 66.7% from the three months ended June 30, 2019 compared to the same period in 2020.

Average Daily Principal Balance increased by 16.9% from \$1.54 billion for the six months ended June 30, 2019 to \$1.80 billion for the six months ended June 30, 2020. These increases are driven by increases in average loan size and growth in originations prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic. These increases are partially offset by a decrease in the Aggregate Originations, which has declined 33.6% from the six months ended June 30, 2019 compared to the same period in 2020.

#### ***30+ Day Delinquency Rate***

Our 30+ Day Delinquency Rate was 3.7% and 3.4% as of June 30, 2020 and 2019, respectively. We monitor early stage delinquencies very closely and attempt to contact delinquent customers before the grace period expires to provide them with payment options. Borrowers who are less than 30 days delinquent when they received an Emergency Hardship Deferral are counted at zero days delinquent, and customers that were more than 30 days delinquent continue to be in the same delinquency status as they were prior to receiving an Emergency Hardship Deferral. As of June 30, 2020, 5.0% of our Owned Principal Balance at End of Period was in active deferral status under our Emergency Hardship Deferral program.

#### ***Annualized Net Charge-Off Rate***

Annualized Net Charge-Off Rate for the three months ended June 30, 2020 and 2019 was 10.6% and 7.7%, respectively. Annualized Net Charge-Off Rate for the six months ended June 30, 2020 and 2019 was 9.8% and 8.0%, respectively. Net charge-offs increased due to additional charge-offs in June 2020 for some loans impacted by the pandemic deemed unlikely to be collectible. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in higher charge-offs. This led to \$4.1 million of additional charge-offs in June, which increased the Annualized Net Charge-Off Rate by 96 basis points and 46 basis points for the three months and six months ended June 30, 2020, respectively. Management expects to continue to see higher charge-offs due to the impact of the pandemic. Further, the increase in Annualized Net Charge-Off Rate is due to the decline in our portfolio late in March and the second quarter of 2020 as a result of the current COVID-19 pandemic.

### Operating Efficiency and Adjusted Operating Efficiency

For the three months ended June 30, 2020 and 2019, Operating Efficiency was 65.2% and 58.4% respectively, and Adjusted Operating Efficiency for the same period was 60.0% and 57.1%, respectively. For the six months ended June 30, 2020 and 2019, Operating Efficiency was 62.6%, and 57.6%, respectively and Adjusted Operating Efficiency was 58.6% and 56.5%, respectively. Adjusted Operating Efficiency excludes COVID-19 expenses for the three and six months ended June 30, 2020 of approximately \$2.4 million and \$3.0 million, respectively. For more information on COVID-19 expenses, see "COVID-19 Update" above. The increases in Operating Efficiency and Adjusted Operating Efficiency are due to operating expenses growing faster than total revenue. The increase in operating expenses is driven by \$4.0 million and \$8.2 million in investments in new products, for the three and six months ended June 30, 2020, respectively, as well as additional investments in technology, engineering, and data science. For a reconciliation of Operating Efficiency to Adjusted Operating Efficiency, see "Non-GAAP Financial Measures—Fair Value Pro Forma."

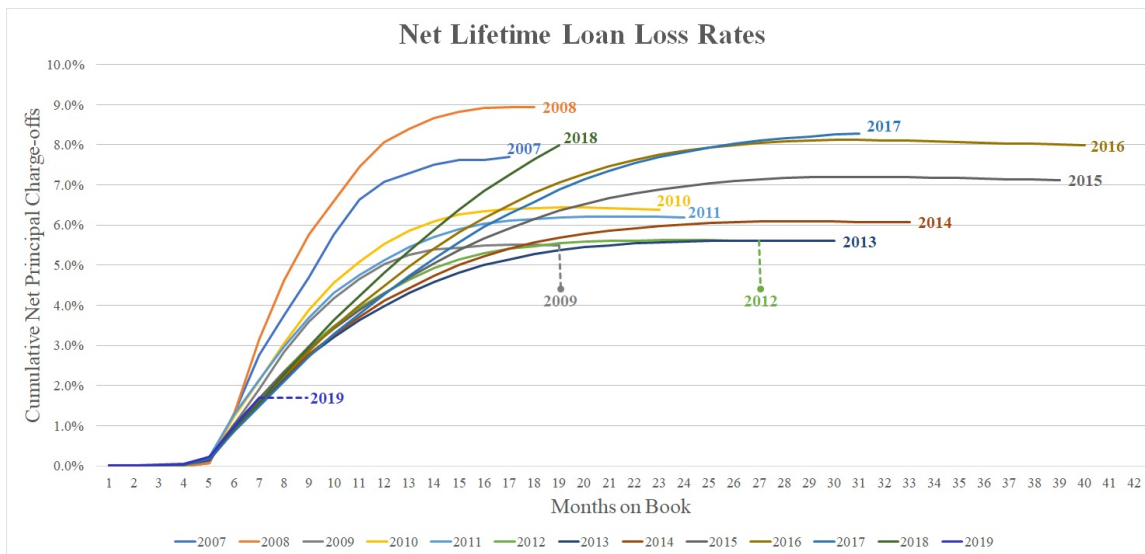
### Return on Equity and Adjusted Return on Equity

For the three months ended June 30, 2020 and 2019, Return on Equity was (29.4)% and 14.9%, respectively, and Adjusted Return on Equity was (29.9)% and 11.7%, respectively, for the six months ended June 30, 2020 and 2019, Return on Equity was (20.3)% and 15.7%, respectively, and Adjusted Return on Equity was (15.3)% and 11.1%, respectively. The decreases in Return on Equity and Adjusted Return on Equity are primarily due to lower net income. Net income was lower due to the decrease in fair value of our loan portfolio as a result of macroeconomic changes associated with the COVID-19 pandemic. For a reconciliation of Return on Equity to Adjusted Return on Equity, see "Non-GAAP Financial Measures—Fair Value Pro Forma."

### Historical Credit Performance

In addition to monitoring our loss and delinquency performance on an owned portfolio basis, we also monitor the performance of our loans by the period in which the loan was disbursed, generally years or quarters, which we refer to as a vintage. We calculate net lifetime loan loss rate by vintage as a percentage of original principal balance. Net lifetime loan loss rates equal the net lifetime loan losses for a given year through June 30, 2020 divided by the total origination loan volume for that year. Loans are charged off no later than after becoming 120 days contractually delinquent.

The below table shows our net lifetime loan loss rate for each annual vintage since we began lending in 2006. We have managed to stabilize cumulative net lifetime loan losses since the financial crisis that started in 2008. Our proprietary, centralized credit scoring model and continually evolving data analytics have enabled us to maintain consistent net lifetime loan loss rates ranging between 5.5% and 8.3% since 2009. We even achieved a net lifetime loan loss rate of 5.5% during the peak of the recession in 2009. The evolution of our credit models has allowed us to increase our average loan size and commensurately extend our average loan terms. Cumulative net lifetime loan losses for the 2015, 2016, 2017, and 2018 vintages increased partially due to the delay in tax refunds in 2017 and 2019, the impact of natural disasters such as Hurricane Harvey, and the longer duration of the loans. The chart below includes all personal loan originations by vintage, excluding loans originated under the Access Loan Program. At this time the 2019 vintage is not yet matured enough to show the impact of the COVID-19 pandemic.



	Year of Origination												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net lifetime loan losses as of June 30, 2020 as a percentage of original principal balance	7.7%	8.9%	5.5%	6.4%	6.2%	5.6%	5.6%	6.1%	7.1%	8.0%*	8.3%*	8.0%*	1.7%*
Outstanding principal balance as of June 30, 2020 as a percentage of original amount disbursed	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.1%	1.9%	24.9%	74.7%
Dollar weighted average original term for vintage in months	9.3	9.9	10.2	11.7	12.3	14.5	16.4	19.1	22.3	24.2	26.3	29.0	30.0

\* Vintage is not yet fully mature from a loss perspective.

## Results of Operations

The following tables and related discussion set forth our Condensed Consolidated Statements of Operations (Unaudited) for each of the three and six months ended June 30, 2020 and 2019.

(in thousands of dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Revenue</b>				
Interest income	\$ 136,086	\$ 129,760	\$ 286,786	\$ 256,506
Non-interest income	6,621	12,836	19,349	24,418
Total revenue	142,707	142,596	306,135	280,924
<b>Less:</b>				
Interest expense	15,110	14,633	31,471	29,252
Provision (release) for loan losses	—	(2,963)	—	(3,329)
Total decrease in fair value	(81,482)	(28,812)	(147,951)	(54,228)
Net revenue	46,115	102,114	126,713	200,773
<b>Operating expenses:</b>				
Technology and facilities	31,512	24,436	62,286	46,077
Sales and marketing	20,060	23,101	44,887	44,367
Personnel	27,681	18,900	53,263	37,777
Outsourcing and professional fees	11,123	13,207	24,741	26,756
General, administrative and other	2,640	3,572	6,453	6,930
Total operating expenses	93,016	83,216	191,630	161,907
Income before taxes	(46,901)	18,898	(64,917)	38,866
Income tax expense (benefit)	(12,653)	5,106	(17,368)	10,460
Net income (loss)	\$ (34,248)	\$ 13,792	\$ (47,549)	\$ 28,406

## Total revenue

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
<b>Revenue</b>								
Interest income	\$ 136,086	\$ 129,760	\$ 6,326	4.9 %	\$ 286,786	\$ 256,506	\$ 30,280	11.8 %
Non-interest income	6,621	12,836	(6,215)	(48.4)%	19,349	24,418	(5,069)	(20.8)%
Total revenue	\$ 142,707	\$ 142,596	\$ 111	0.1 %	\$ 306,135	\$ 280,924	\$ 25,211	9.0 %
<b>Percentage of total revenue:</b>								
Interest income	95.4 %	91.0 %			93.7 %	91.3 %		
Non-interest income	4.6 %	9.0 %			6.3 %	8.7 %		
Total revenue	100.0 %	100.0 %			100.0 %	100.0 %		

*Total Revenue.* Total revenue increased by \$0.1 million, or 0.0%, from \$142.6 million for the three months ended June 30, 2019 to \$142.7 million for the three months ended June 30, 2020. Total revenue increased by \$25.2 million, or 9.0%, from \$280.9 million for the six months ended June 30, 2019 to \$306.1 million for the six months ended June 30, 2020.

**Interest Income.** Total interest income increased by \$6.3 million, or 4.9%, from \$129.8 million for the three months ended June 30, 2019 to \$136.1 million for the three months ended June 30, 2020. This growth was primarily attributable to higher Average Daily Principal Balance, which grew from \$1.55 billion for the three months ended June 30, 2019 to \$1.74 billion for the three months ended June 30, 2020, an increase of 11.9%. The increase is due to growth in our portfolio over the last twelve months prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic. This was offset by a decrease in portfolio yield of 208 basis points due to returning customers receiving lower interest rates. We anticipate that the 36% APR cap we announced on July 28, 2020 may have a potential impact on our yield, but we believe there may be an offsetting positive impact on our volume as we have access to incremental marketing opportunities.

Total interest income increased by \$30.3 million, or 11.8%, from \$256.5 million for the six months ended June 30, 2019 to \$286.8 million for the six months ended June 30, 2020. This growth was primarily attributable to higher Average Daily Principal Balance, which grew from \$1.54 billion for the six months ended June 30, 2019 to \$1.80 billion for the six months ended June 30, 2020, an increase of 16.9%. The increase is due to growth in our portfolio over the last twelve months prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic. This was offset by a decrease in portfolio yield of 159 basis points as we reward our returning customers with lower interest rates.

**Non-interest income.** Total non-interest income decreased by \$6.2 million, or 48.4%, from \$12.8 million for the three months ended June 30, 2019 to \$6.6 million for the three months ended June 30, 2020. Under our whole loan sale programs, gain on loans sold decreased by \$6.5 million, or 76.5% due to a decline in loans sold resulting from lower originations as a result of the impact of the COVID-19 pandemic and our decision to sell 10% versus 15% of originated loans. This decrease was partially offset by increased servicing fees of \$0.4 million for the three months ended June 30, 2020, or 10.0%, reflecting growth in our serviced portfolio of sold loans.

Total non-interest income decreased by \$5.1 million, or 20.8%, from \$24.4 million for the six months ended June 30, 2019 to \$19.3 million for the six months ended June 30, 2020. Under our whole loan sale programs, gain on loans sold decreased by \$6.3 million, or 39.7% due to a decline in loans sold resulting from lower originations as a result of the impact of the COVID-19 pandemic and our decision to sell 10% versus 15% of originated loans. This decrease was partially offset by increased servicing fees of \$1.3 million for the six months ended June 30, 2020, or 17.6%, reflecting growth in our serviced portfolio of sold loans.

See Note 2, *Summary of Significant Accounting Policies*, and Note 12, *Revenue*, of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for further discussion on the Company's interest income, non-interest income and revenue.

#### Interest expense

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Interest expense	\$ 15,110	\$ 14,633	\$ 477	3.3 %	\$ 31,471	\$ 29,252	\$ 2,219	7.6 %
Percentage of total revenue	10.6 %	10.3 %			10.3 %	10.4 %		
Cost of Debt	4.1 %	4.4 %			4.1 %	4.4 %		
Leverage as a percentage of Average Daily Principal Balance	86.1 %	84.9 %			84.8 %	85.6 %		

**Interest Expense.** Interest expense increased by \$0.5 million, or 3.3%, from \$14.6 million for the three months ended June 30, 2019 to \$15.1 million for the three months ended June 30, 2020. We financed approximately 86.1% of our loans receivable through debt for the three months ended June 30, 2020, as compared to 84.9% for the three months ended June 30, 2019, and our Average Daily Debt Balance increased from \$1.32 billion for the three months ended June 30, 2019 to \$1.49 billion for the three months ended June 30, 2020, an increase of 13.5%. While interest expense has increased in aggregate as we have grown loans receivable, our Cost of Debt has decreased as we have become a more established issuer and have been able to refinance and increase the size of our securitizations.

Interest expense increased by \$2.2 million, or 7.6%, from \$29.3 million for the six months ended June 30, 2019 to \$31.5 million for the six months ended June 30, 2020. We financed approximately 84.8% of our loans receivable through debt for the six months ended June 30, 2020, as compared to 85.6% for the six months ended June 30, 2019, and our Average Daily Debt Balance increased from \$1.32 billion for the six months ended June 30, 2019 to \$1.53 billion for the six months ended June 30, 2020, an increase of 15.8%. While interest expense has increased in aggregate as we have grown loans receivable, our Cost of Debt has decreased as we have become a more established issuer and have been able to refinance and increase the size of our securitizations.

#### Provision (release) for loan losses

Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on all loans receivable previously measured at amortized cost as of December 31, 2019. There is no provision for loan losses for the Fair Value Loans because lifetime loan losses are incorporated in the measurement of fair value for loans receivable. Accordingly, for the three and six months ended June 30, 2020, we did not have any loans receivable measured at amortized cost and, therefore, the provision (release) for loan losses is not applicable for the three and six months ended June 30, 2020.

The provision (release) for loan losses for the three and six months ended June 30, 2019 represents a provision to maintain an allowance for loan losses adequate to provide for losses over the next 12 months for our Loans Receivable at Amortized Cost. Our allowance for loan losses represents



our estimate of the credit losses inherent in our loans and is based on a variety of factors, including current economic conditions, our historical loan loss experience, recent trends in delinquencies and loan seasoning.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Charge-offs, net of recoveries on loans receivable at amortized cost	\$ —	\$ 3,135	\$ (3,135)	*	\$ —	\$ 11,903	\$ (11,903)	*
Excess provision on loans receivable at amortized cost	—	(6,098)	6,098	*	—	(15,232)	15,232	*
Provision (release) for loan losses	\$ —	\$ (2,963)	\$ 2,963	*	\$ —	\$ (3,329)	\$ 3,329	*
Allowance for loan losses rate on amortized cost portfolio	— %	8.54 %			— %	8.54 %		
Percentage of total revenue	— %	(2.1)%			— %	(1.2)%		

\* Not meaningful

**Total net increase (decrease) in fair value**

Net increase (decrease) in fair value reflects changes in fair value of Fair Value Loans and Fair Value Notes on an aggregate basis and is based on a number of factors, including benchmark interest rates, credit spreads, remaining cumulative charge-offs and customer payment rates. Increases in the fair value of loans increase Net Revenue. Conversely, decreases in the fair value of loans decrease Net Revenue. Increases in the fair value of asset-backed notes decrease Net Revenue. Decreases in the fair value of asset-backed notes increase Net Revenue.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Fair value mark-to-market adjustment:								
Fair value mark-to-market adjustment on Loans Receivable at Fair Value	\$ 63,055	\$ 6,470	\$ 56,585	*	\$ (92,070)	\$ 9,145	\$ (101,215)	*
Fair value mark-to-market adjustment on asset-backed notes	(98,815)	(8,751)	(90,064)	*	31,274	(14,338)	45,612	*
Total fair value mark-to-market adjustment	(35,760)	(2,281)	(33,479)	*	(60,796)	(5,193)	(55,603)	*
Charge-offs, net of recoveries on loans receivable at fair value <sup>(1)</sup>	(45,722)	(26,531)	(19,191)	*	(87,155)	(49,035)	(38,120)	*
Total decrease in fair value	\$ (81,482)	\$ (28,812)	\$ (52,670)	*	\$ (147,951)	\$ (54,228)	\$ (93,723)	*
Percentage of total revenue:								
Fair value mark-to-market adjustment	(25.1)%	(1.6)%			(19.9)%	(1.8)%		
Charge-offs, net of recoveries on loans receivable at fair value	(32.0)%	(18.6)%			(28.5)%	(17.5)%		
Total net increase (decrease) in fair value	(57.1)%	(20.2)%			(48.4)%	(19.3)%		
Discount rate	8.84 %	8.38 %			8.84 %	8.38 %		
Remaining cumulative charge-offs	12.73 %	10.05 %			12.73 %	10.05 %		
Average life in years	0.80	0.79			0.80	0.79		

\* Not meaningful

<sup>(1)</sup> The loan related balances are not comparable between 2020 and 2019 as a result of the adoption of ASU 2019-05 effective January 2020.

**Net increase (decrease) in fair value.** Net decrease in fair value for the three months ended June 30, 2020 was \$81.5 million. This amount represents a total fair value mark-to-market decrease of \$35.8 million, and \$45.7 million of charge-offs, net of recoveries on Fair Value Loans. The total fair value mark-to-market adjustment consists of a \$63.1 million mark-to-market adjustment on Fair Value Loans due to (a) a decrease in the discount rate from 12.78% as of March 31, 2020 to 8.84% as of June 30, 2020 caused by declining interest rates and credit spreads, (b) a decrease in remaining cumulative charge-offs from 14.56% as of March 31, 2020 to 12.73% as of June 30, 2020, and (c) offset by a decrease in average life from 0.90 years as of March 31, 2020 to 0.80 years as of June 30, 2020, due to fewer expected emergency hardship deferrals. The \$98.8 million mark-to-market adjustment on Fair Value Notes is due to the improvement in liquidity in the asset-backed market and increased investor risk appetite during the second quarter of 2020.

Net decrease in fair value for the six months ended June 30, 2020 was \$148.0 million. This amount represents a total fair value mark-to-market decrease of \$60.8 million, and \$87.2 million of charge-offs, net of recoveries on Fair Value Loans. The total fair value mark-to-market adjustment consists of a \$92.1 million mark-to-market adjustment on Fair Value Loans due to (a) an increase in the discount rate from 7.77% as of December 31, 2019 to 8.84% as of June 30, 2020 caused by increasing credit spreads offset by declining interest rates, and (b) an increase in remaining cumulative charge-offs from 9.61% as of December 31, 2019 to 12.73% as of June 30, 2020, partially offset by a slight decrease in average life from 0.81 years as of December 31, 2019 to 0.80 years as of June 30, 2020. The \$31.3 million mark-to-market adjustment on Fair Value Notes is due to a widening of credit spreads due to illiquidity and increase in risk premiums in the secondary market for asset-backed notes due to the pandemic.

### Charge-offs, net of recoveries

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Charge-offs, net of recoveries on loans receivable at amortized cost	\$ —	\$ 3,135	\$ (3,135)	*	\$ —	\$ 11,903	\$ (11,903)	*
Charge-offs, net of recoveries on loans receivable at fair value <sup>(1)</sup>	45,722	26,531	19,191	72.3 %	87,155	49,035	38,120	77.7 %
Total charge-offs, net of recoveries	\$ 45,722	\$ 29,666	\$ 16,056	54.1 %	\$ 87,155	\$ 60,938	\$ 26,217	43.0 %
Average Daily Principal Balance	\$ 1,736,474	\$ 1,551,277	\$ 185,197	11.9 %	\$ 1,799,308	\$ 1,539,097	\$ 260,211	16.9 %
Annualized Net Charge-Off Rate	10.6 %	7.7 %			9.8 %	8.0 %		

\* Not meaningful

<sup>(1)</sup> The loan related balances are not comparable between 2020 and 2019 as a result of the adoption of ASU 2019-05, effective January 2020.

*Charge-offs, net of recoveries.* Our Annualized Net Charge-Off Rate increased to 10.6% and 9.8% for the three months and six months ended June 30, 2020, respectively, from 7.7% and 8.0% for the three and six months ended June 30, 2019, respectively. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in higher charge-offs. This led to \$4.1 million of additional charge-offs in June, which increased the Annualized Net Charge-Off Rate by 96 basis points and 46 basis points for the three months and six months ended June 30, 2020, respectively. We expect our charge-offs to increase due to the impact of the COVID-19 pandemic.

### Operating expenses

Operating expenses consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expenses. For Fair Value Loans, we no longer capitalize direct loan origination expenses, instead expensing them in operating expenses as incurred. For Fair Value Notes, we no longer capitalize financing expenses, instead including them within operating expenses as incurred.

### Technology and facilities

Technology and facilities expenses are the largest component of our operating expenses, representing the costs required to build our omni-channel network and technology platform, and consist of three components. The first component is comprised of costs associated with our technology, engineering, information security, cybersecurity, platform development, maintenance, and end user services, including fees for software licenses, consulting, legal and other services as a result of our efforts to grow our business, as well as personnel expenses. The second includes rent for retail and corporate locations, utilities, insurance, telephony costs, property taxes, equipment rental expenses, licenses and fees, and depreciation and amortization. Lastly, this category also includes all software licenses, subscriptions, and technology service costs to support our corporate operations, excluding sales and marketing.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Technology and facilities	\$ 31,512	\$ 24,436	\$ 7,076	29.0 %	\$ 62,286	\$ 46,077	\$ 16,209	35.2 %
Percentage of total revenue	22.1 %	17.1 %			20.3 %	16.4 %		

*Technology and facilities.* Technology and facilities expense increased by \$7.1 million, or 29%, from \$24.4 million for the three months ended June 30, 2019 to \$31.5 million for the three months ended June 30, 2020. The increase is primarily due to \$1.9 million higher compensation expense and benefits and \$1.0 million higher depreciation on leasehold improvements and rent expense due to the increased number of retail locations as we have continued to build our omni-channel network. Our retail locations grew from 323 at June 30, 2019 to 342 at June 30, 2020, or 6%. We also had a \$2.1 million increase in service costs related to higher usage of software and cloud services, \$1.5 million related to depreciation of additions related to internally developed software and \$0.9 million increase in professional services and other related costs to supplement staffing.

Technology and facilities expense increased by \$16.2 million, or 35%, from \$46.1 million for the six months ended June 30, 2019 to \$62.3 million for the six months ended June 30, 2020. The increase is primarily due to \$5.7 million higher compensation expense and benefits and \$2.3 million higher depreciation on leasehold improvements and rent expense due to the increased number of retail locations as we have continued to build our omni-channel network. Our retail locations grew from 323 at June 30, 2019 to 342 at June 30, 2020, or 6%. We also had a \$3.8 million increase in service costs related to higher usage of software and cloud services, \$2.8 million related to depreciation of additions related to internally developed software and \$1.4 million increase in professional services and other related costs to supplement staffing.

### Sales and marketing

Sales and marketing expenses consist of two components and represent the costs to acquire our customers. The first component is comprised of the expense to acquire a customer through various paid marketing channels including direct mail, radio, television, digital marketing and brand marketing. The second component is the costs associated with our telesales, lead generation and retail operations, including personnel expenses, but excluding costs associated with retail locations.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Sales and marketing	\$ 20,060	\$ 23,101	\$ (3,041)	(13.2)%	\$ 44,887	\$ 44,367	\$ 520	1.2 %
Percentage of total revenue	14.1 %	16.2 %			14.7 %	15.8 %		
Customer Acquisition Cost (CAC)	\$ 413	\$ 136	\$ 277	203.7 %	\$ 232	\$ 138	\$ 94	68.1 %

*Sales and marketing.* Sales and marketing expenses to acquire our customers decreased by \$3.0 million, or 13%, from \$23.1 million for the three months ended June 30, 2019 to \$20.1 million for the three months ended June 30, 2020. As a result of the COVID-19 pandemic, we had a \$1.5 million decrease related to a 27% decline in direct mail volume and a decrease of \$2.0 million in personnel-related costs due to the redeployment of retail employees to assist with customer service, which was partially offset by an increase of \$0.9 million in other personnel-related costs primarily attributable to certain COVID-19 expenses on behalf of our retail employees. Further, we had \$0.8 million savings due to discontinued use of radio media buys in 2020. These savings were partially offset by \$0.2 million of increased expenses related to the purchase of masks, gloves and hand sanitizers attributed to the COVID-19 pandemic not present in the prior period. As a result of our 71.6% decline in number of loans originated during the period due to the COVID-19 pandemic, our CAC has increased by 204% from the three months ended June 30, 2019 to the three months ended June 30, 2020. Our sales-related costs decreased from \$13.2 million for the three months ended June 30, 2019 to \$12.5 million for the three months ended June 30, 2020. We were also able to reduce our marketing-related costs from \$9.9 million for the three months ended June 30, 2019 to \$7.5 million for the three months ended June 30, 2020.

Sales and marketing expenses to acquire our customers increased by \$0.5 million, or 1%, from \$44.4 million for the six months ended June 30, 2019 to \$44.9 million for the six months ended June 30, 2020. The increase is attributable to \$2.2 million of increased personnel-related costs year over year primarily due to certain COVID-19 expenses on behalf of our retail employees as a result of the COVID-19 pandemic and \$0.2 million of increased expenses related to the purchase of masks, gloves and hand sanitizers attributed to the COVID-19 pandemic not present in the prior period. Prior to the pandemic we had increased our investment in marketing initiatives across various marketing channels, including direct mail, digital advertising channels, lead aggregators, and brand marketing, which resulted in increased marketing spend of \$1.5 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. These increases were partially offset by \$2.0 decrease in personnel-related costs due to the redeployment of retail employees to assist with customer services and \$1.6 million in savings due to discontinued use of radio media buys in 2020. As a result of our 40.3% decline in number of loans originated during the period due to the COVID-19 pandemic, our CAC has increased by 68% from the six months ended June 30, 2019 to the six months ended June 30, 2020. Our sales-related costs increased from \$26.0 million for the six months ended June 30, 2019 to \$26.7 million for the six months ended June 30, 2020. However, we were able to reduce our marketing-related costs from \$18.3 million for the six months ended June 30, 2019 to \$18.2 million for the six months ended June 30, 2020.

### Personnel

Personnel expenses represent compensation and benefits that we provide to our employees and include salaries, wages, bonuses, commissions, related employer taxes, medical and other benefits provided and stock-based compensation expense for all of our staff with the exception of our telesales, lead generation, retail operations and technology which are included in sales and marketing expenses and technology and facilities, respectively.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Personnel	\$ 27,681	\$ 18,900	\$ 8,781	46.5 %	\$ 53,263	\$ 37,777	\$ 15,486	41.0 %
Percentage of total revenue	19.4 %	13.3 %			17.4 %	13.4 %		

*Personnel.* Personnel expense increased by \$8.8 million, or 46%, from \$18.9 million for the three months ended June 30, 2019 to \$27.7 million for the three months ended June 30, 2020, primarily driven by a 18.0% increase in corporate employee headcount associated with risk management, data analytics and finance, \$2.4 million in increased stock compensation expense related to equity incentive awards for our 2019 annual review and \$2.0 million increase due to redeployment of retail employees to assist with customer service during the COVID-19 pandemic.

Personnel expense increased by \$15.5 million, or 41%, from \$37.8 million for the six months ended June 30, 2019 to \$53.3 million for the six months ended June 30, 2020, primarily driven by a 18.0% increase in corporate employee headcount associated with risk management, data analytics and finance, \$4.2 million in increased stock compensation expense related to equity incentive awards for our 2019 annual review, \$2.0 million increase due to redeployment of retail employees to assist with customer service attributed to COVID-19 and \$0.5 million in severance pay related to the corporate reorganization of auto in January 2020.

### Outsourcing and professional fees

Outsourcing and professional fees consist of costs for various third-party service providers and contact center operations, primarily for the sales, customer service, collections and store operation functions. Our contact centers located in Mexico and our third-party contact centers located in Colombia and Jamaica provide support for the business including application processing, verification, customer service and collections. We utilize third parties to operate the contact centers in Colombia and Jamaica and include the costs in outsourcing and other professional fees. Professional fees also include the cost of legal and audit services, credit reports, recruiting, cash transportation, collection services and fees and consultant expenses. For Fair Value Loans, direct loan origination expenses related to application processing are expensed when incurred. In addition, outsourcing and professional fees include any financing expenses, including legal and underwriting fees, related to our Fair Value Notes.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Outsourcing and professional fees	\$ 11,123	\$ 13,207	\$ (2,084)	(15.8)%	\$ 24,741	\$ 26,756	\$ (2,015)	(7.5)%
Percentage of total revenue	7.8 %	9.3 %			8.1 %	9.5 %		

*Outsourcing and professional fees.* Outsourcing and professional fees decreased by \$2.1 million, or 16%, from \$13.2 million for the three months ended June 30, 2019 to \$11.1 million for the three months ended June 30, 2020. This decrease resulted primarily from \$1.1 million of lower legal fees, \$0.8 million decrease in credit reports due to lower application volume attributed to COVID-19 and an \$1.5 million decrease of professional services primarily due to lower usage of temporary contractors to supplement staffing. These decreases were partially offset by a \$1.3 million increase due to 31% growth in call center outsourced full-time equivalents and a \$0.3 million increase due to additional outsourced full-time equivalents at a temporary Mexico contact center used to provide increased collections capacity during COVID-19.

Outsourcing and professional fees decreased by \$2.0 million, or 8%, from \$26.8 million for the six months ended June 30, 2019 to \$24.7 million for the six months ended June 30, 2020. This decrease resulted primarily from lower professional services of \$3.1 million to support public company readiness in 2019 and \$1.0 million of lower legal fees. The decrease was partially offset by a \$1.8 million increase due to 20% growth in call center outsourced full-time equivalents and a \$0.3 million increase due to additional outsourced full-time equivalents at a temporary Mexico contact center used to provide increased collections capacity during COVID-19.

### General, administrative and other

General, administrative and other expenses include non-compensation expenses for employees, who are not a part of the technology and sales and marketing organization, which include travel, lodging, meal expenses, office supplies, printing and shipping. Also included are franchise taxes, bank fees, foreign currency gains and losses, transaction gains and losses, debit card expenses and litigation reserve.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
General, administrative and other	\$ 2,640	\$ 3,572	\$ (932)	(26.1)%	\$ 6,453	\$ 6,930	\$ (477)	(6.9)%
Percentage of total revenue	1.8 %	2.5 %			2.1 %	2.5 %		

*General, administrative and other.* General, administrative and other expense decreased by \$0.9 million, or 26%, from \$3.6 million for the three months ended June 30, 2019 to \$2.6 million for the three months ended June 30, 2020, primarily due to decreases in travel expenses and postage/printing costs due to the travel restrictions and remote work arrangements resulting from the COVID-19 pandemic.

General, administrative and other expense decreased by \$0.5 million, or 7%, from \$6.9 million for the six months ended June 30, 2019 to \$6.5 million for the six months ended June 30, 2020, primarily due to decreases in travel expenses and postage/printing costs due to travel restrictions and remote working arrangements resulting from the COVID-19 pandemic. These decreases were partially offset by increases in foreign exchange losses due to the decline in the value of the Mexican Peso as a result of the COVID-19 pandemic.

### Income taxes

Income taxes consist of U.S. federal, state and foreign income taxes, if any. For the periods ended June 30, 2020 and 2019, we recognized tax expense (benefit) attributable to U.S. federal, state and Mexico income taxes.

(in thousands of dollars)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2020	2019	\$	%	2020	2019	\$	%
Income tax expense (benefit)	\$ (12,653)	\$ 5,106	\$ (17,759)	(347.8)%	\$ (17,368)	\$ 10,460	\$ (27,828)	(266.0)%
Percentage of total revenue	(8.9)%	3.6 %			(5.7)%	3.7 %		
Effective tax rate	27.0 %	27.0 %			26.8 %	26.9 %		

*Income tax expense (benefit).* Income tax expense decreased by \$17.8 million or 348%, from an expense of \$5.1 million for the three months ended June 30, 2019 to a benefit of \$12.7 million for the three months ended June 30, 2020, primarily as a result of a pretax loss for the three months ended June 30, 2020.

Income tax expense decreased by \$27.8 million or 266%, from an expense of \$10.5 million for the six months ended June 30, 2019 to a benefit of \$17.4 million for the six months ended June 30, 2020, primarily as a result of a pretax loss for the six months ended June 30, 2020.

See Note 2, *Summary of Significant Accounting Policies*, and Note 13, *Income Taxes*, of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for further discussion on our income taxes.

## Fair Value Estimate Methodology for Loans Receivable at Fair Value

### Election of Fair Value Option

We previously elected the fair value option to account for loans receivable held for investment that were originated on or after January 1, 2018 (the "Initial Fair Value Loans"), and for all asset-backed notes issued on or after January 1, 2018 (the "Fair Value Notes"). We believe the fair value option for loans held for investment and asset-backed notes is a better fit for us given our high growth, short duration, high quality assets and funding structure. We believe the fair value option enables us to report GAAP net income that more closely approximates our net cash flow generation and provides increased transparency into our profitability and asset quality. Loans Receivable at Amortized Cost issued prior to January 1, 2018 are accounted for in our 2019 financial statements at amortized cost, net. Upon adoption of ASU 2019-05 effective January 1, 2020, we elected the fair value option on all remaining loans receivable previously measured at amortized cost (the "Subsequent Fair Value Loans," and together with the Initial Fair Value Loans, the "Fair Value Loans"). Upon the adoption of ASU 2019-05 effective January 1, 2020, we (i) released the remaining allowance for loan losses on Loan Receivables at Amortized Cost as of December 31, 2019; (ii) recognized the unamortized net originations fee income as of December 31, 2019; and (iii) measured the remaining loans originated prior to January 1, 2018 at fair value. Loans that we designate for sale will continue to be accounted for as held for sale and recorded at the lower of cost or fair value until the loans receivable are sold. Asset-backed notes issued prior to January 1, 2018 are accounted for in our financial statements at amortized cost, net.

### Summary

Fair value is an electable option under GAAP to account for any financial instruments, including loans receivable and debt. It differs from amortized cost accounting in that loans receivable and debt are recorded on the balance sheet at fair value rather than on a cost basis. Under the fair value option credit losses are recognized through income as they are incurred rather than through the establishment of an allowance and provision for losses. The fair value of instruments under this election is updated at the end of each reporting period, with changes since the prior reporting period reflected in the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) as net increase (decrease) in fair value which impacts Net Revenue. Changes in interest rates, credit spreads, realized and projected credit losses and cash flow timing will lead to changes in fair value and therefore impact earnings. These changes in the fair value of the Fair Value Loans may be partially offset by changes in the fair value of the Fair Value Notes, depending upon the relative duration of the instruments.

### Comparison of Fair Value and Amortized Cost Accounting

The primary differences between fair value and amortized cost accounting are:

- Loans and notes are recorded at their fair value, not their principal balance or cost basis;
- The fair value of the loans takes into consideration net charge-offs for the remaining life of the loans, thus no separate allowance for loan loss is required;
- Upfront fees and expenses of loans and notes are no longer deferred but recognized at origination in income or expense, respectively;
- Changes in the fair value of loans and notes impact Net Revenue; and
- Net charge-offs are recognized as they occur as part of the change in fair value for loans.

### Fair Value Estimate Methodology for Loans Receivable at Fair Value

We calculate the fair value of Fair Value Loans using a model that projects and discounts expected cash flows. The fair value is a function of:

- Portfolio yield;
- Average life;
- Prepayments;
- Remaining cumulative charge-offs; and
- Discount rate.

Portfolio yield is the expected interest and fees collected from the loans as an annualized percentage of outstanding principal balance. Portfolio yield is based upon (a) the contractual interest rate, reduced by expected delinquencies and interest charge-offs and (b) late fees, net of late fee charge-offs based upon expected delinquencies. Origination fees are not included in portfolio yield since they are generally capitalized as part of the loan's principal balance at origination.

Average life is the time-weighted average of expected principal payments divided by outstanding principal balance. The timing of principal payments is based upon the contractual amortization of loans, adjusted for the impact of prepayments, Good Customer Program refinances, and charge-offs.

Prepayments are the expected remaining cumulative principal payments that will be repaid earlier than contractually required over the life of the loan, divided by the outstanding principal balance.

Remaining cumulative charge-offs is the expected net principal charge-offs over the remaining life of the loans, divided by the outstanding principal balance.

Discount rate is the sum of the interest rate and the credit spread. The interest rate is based upon the interpolated LIBOR/swap curve rate that corresponds to the average life. The credit spread is based upon the credit spread implied by the whole loan purchase price at the time the flow sale agreement was entered into, updated for changes in credit spreads on our Fair Value Notes, which serve as a proxy for how a whole loan buyer would adjust their yield requirements relative to the originally agreed price.

Our internal valuation committee provides governance and oversight over the fair value pricing and related financial statement disclosures. Additionally, this committee provides a challenge of the assumptions used and outputs of the model, including the appropriateness of such measures and periodically reviews the methodology and process to determine the fair value pricing. Any significant changes to the process must be approved by the committee.

It is also possible to estimate the fair value of our loans using a simplified calculation. The table below illustrates a simplified calculation to aid investors in understanding how fair value may be estimated using the last six quarters:

- Subtracting the servicing fee from the weighted average portfolio yield over the remaining life of the loans to calculate net portfolio yield;
- Multiplying the net portfolio yield by the weighted average life in years of the loans receivable, which is based upon the contractual amortization of the loans and expected remaining prepayments and charge-offs, to calculate net cash flow;
- Subtracting the remaining cumulative charge-offs from the net portfolio yield to calculate the net cash flow;
- Subtracting the product of the discount rate and the average life from the net cash flow to calculate the gross fair value premium as a percentage of loan principal balance; and
- Subtracting the accrued interest and fees as a percentage of loan principal balance from the gross fair value premium as a percentage of loan principal balance to calculate the fair value premium as a percentage of loan principal balance.

The table below reflects the application of this methodology for the six quarters since January 1, 2019, on loans held for investment effective as of January 1, 2018. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans, which were previously measured at amortized cost. Accordingly, for the three and six months ended June 30, 2020, we did not have any loans receivable measured at amortized cost, and as a result, there are no Fair Value Pro Forma adjustments related to loans receivable and the results below only reflect Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

	Three Months Ended					
	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
<b>Weighted average portfolio yield over the remaining life of the loans</b>	<b>30.78 %</b>	<b>30.74 %</b>	<b>31.45 %</b>	<b>32.08 %</b>	<b>32.43 %</b>	<b>32.59 %</b>
Less: Servicing fee	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %
<b>Net portfolio yield</b>	<b>25.78 %</b>	<b>25.74 %</b>	<b>26.45 %</b>	<b>27.08 %</b>	<b>27.43 %</b>	<b>27.59 %</b>
Multiplied by: Weighted average life in years	0.797	0.903	0.814	0.781	0.792	0.804
<b>Pre-loss cash flow</b>	<b>20.54 %</b>	<b>23.25 %</b>	<b>21.53 %</b>	<b>21.13 %</b>	<b>21.67 %</b>	<b>22.07 %</b>
Less: Remaining cumulative charge-offs	(12.73) %	(14.56) %	(9.61) %	(9.87) %	(10.05) %	(10.00) %
<b>Net cash flow</b>	<b>7.81 %</b>	<b>8.69 %</b>	<b>11.92 %</b>	<b>11.26 %</b>	<b>11.62 %</b>	<b>12.07 %</b>
Less: Discount rate multiplied by average life	(7.04) %	(11.54) %	(6.33) %	(6.19) %	(6.62) %	(7.09) %
<b>Gross fair value premium (discount) as a percentage of loan principal balance</b>	<b>0.77 %</b>	<b>(2.85) %</b>	<b>5.59 %</b>	<b>5.07 %</b>	<b>5.00 %</b>	<b>4.98 %</b>
Less: Accrued interest and fees as a percentage of loan principal balance	(1.35) %	(1.11) %	(1.05) %	(0.97) %	(0.93) %	(0.97) %
<b>Fair value premium (discount) as a percentage of loan principal balance</b>	<b>(0.58) %</b>	<b>(3.96) %</b>	<b>4.54 %</b>	<b>4.10 %</b>	<b>4.07 %</b>	<b>4.01 %</b>
Discount Rate	8.84 %	12.78 %	7.77 %	7.93 %	8.38 %	8.86 %

The table below reflects the application of this methodology for the six quarters since January 1, 2019 under Fair Value Pro Forma, as if we had elected the fair value option since inception. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans, which were previously measured at amortized cost. Accordingly, for the three and six months ended June 30, 2020, we did not have any loans receivable measured at amortized cost and as a result there are no Fair Value Pro Forma adjustments related to loans receivable and the results below only reflect Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

	Three Months Ended					
	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
<b>Weighted average portfolio yield over the remaining life of the loans</b>	<b>30.78 %</b>	<b>30.74 %</b>	<b>31.47 %</b>	<b>31.89 %</b>	<b>32.37 %</b>	<b>32.45 %</b>
Less: Servicing fee	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %
<b>Net portfolio yield</b>	<b>25.78 %</b>	<b>25.74 %</b>	<b>26.47 %</b>	<b>26.89 %</b>	<b>27.37 %</b>	<b>27.45 %</b>
Multiplied by: Weighted average life in years	0.797	0.903	0.804	0.765	0.764	0.754
<b>Pre-loss cash flow</b>	<b>20.54 %</b>	<b>23.25 %</b>	<b>21.28 %</b>	<b>20.71 %</b>	<b>20.80 %</b>	<b>20.59 %</b>
Less: Remaining cumulative charge-offs	(12.73) %	(14.56) %	(9.51) %	(9.83) %	(9.94) %	(9.83) %
<b>Net cash flow</b>	<b>7.81 %</b>	<b>8.69 %</b>	<b>11.77 %</b>	<b>10.88 %</b>	<b>10.86 %</b>	<b>10.76 %</b>
Less: Discount rate multiplied by average life	(7.04) %	(11.54) %	(6.25) %	(6.11) %	(6.37) %	(6.65) %
<b>Gross fair value premium (discount) as a percentage of loan principal balance</b>	<b>0.77 %</b>	<b>(2.85) %</b>	<b>5.52 %</b>	<b>4.77 %</b>	<b>4.49 %</b>	<b>4.11 %</b>
Less: Accrued interest and fees as a percentage of loan principal balance	(1.35) %	(1.11) %	(1.04) %	(0.96) %	(0.92) %	(0.96) %
<b>Fair value premium (discount) as a percentage of loan principal balance</b>	<b>(0.58) %</b>	<b>(3.96) %</b>	<b>4.48 %</b>	<b>3.81 %</b>	<b>3.57 %</b>	<b>3.15 %</b>
Discount Rate	8.84 %	12.78 %	7.77 %	7.93 %	8.38 %	8.86 %

The illustrative tables included above are designed to assist investors in understanding the impact of our election of the fair value option. For a presentation of the actual impact of the election of the fair value option for the periods presented in the financial statements included elsewhere in this report, please see the next section, "Non-GAAP Financial Measures." The Fair Value Pro Forma information is presented in that section because they are non-GAAP presentations, as they show the impact of Fair Value Pro Forma adjustment as if we had elected the fair value option since inception.

#### Non-GAAP Financial Measures

We believe that the provision of non-GAAP financial measures in this report, including Fair Value Pro Forma information, Adjusted EBITDA, Adjusted Net Income, Adjusted Tangible Book Value Per Share, Adjusted Operating Efficiency and Adjusted Return on Equity, can provide useful measures for period-to-period comparisons of our core business and useful information to investors and others in understanding and evaluating our operating results. However, non-GAAP financial measures are not calculated in accordance with United States generally accepted accounting principles, or GAAP, and should not be considered as an alternative to any measures of financial performance calculated and presented in accordance with GAAP. There are limitations related to the use of these non-GAAP financial measures versus their most directly comparable GAAP measures, which include the following:

- Other companies, including companies in our industry, may calculate these measures differently, which may reduce their usefulness as a comparative measure.
- These measures do not consider the potentially dilutive impact of stock-based compensation.
- Adjusted Net Income and Adjusted EBITDA do not include COVID-19 expenses not expected to recur once the pandemic subsides.
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements.
- Although excess provision represents the portion of provision for loan losses not attributable to net principal charge-offs occurring in the current period, it is expected that net principal charge-offs in the amount of the excess provision will occur in future periods.
- Although the fair value mark-to-market adjustment is a non-cash adjustment, it does reflect our estimate of the price a third party would pay for our Fair Value Loans or our Fair Value Notes.
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us.

#### Fair Value Pro Forma

We have elected the fair value option to account for all Initial Fair Value Loans held for investment and all Fair Value Notes issued on or after January 1, 2018. In order to facilitate comparisons to prior periods, we have provided below unaudited financial information for the three and six months ended June 30, 2020 and 2019 on a pro forma basis, or the Fair Value Pro Forma, as if we had elected the fair value option since our inception for all loans originated and held for investment and all asset-backed notes issued. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans which were previously measured at amortized cost. Accordingly, for the



three and six months ended June 30, 2020, we did not have any loans receivable measured at amortized cost. Therefore, there are no Fair Value Pro Forma adjustments related to assets or revenue as of and for the three and six months ended June 30, 2020.

*Fair Value Pro Forma Condensed Consolidated Statements of Operations Data:*

(in thousands)	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019			Period-to-period Change in FVPP	
	As Reported	FV Adjustments	FV Pro Forma	As Reported	FV Adjustments	FV Pro Forma	\$	%
<b>Revenue:</b>								
Interest income	\$ 136,086	\$ —	\$ 136,086	\$ 129,760	\$ (420)	\$ 129,340	\$ 6,746	5.2 %
Non-interest income	6,621	—	6,621	12,836	—	12,836	(6,215)	(48.4)%
Total revenue	142,707	—	142,707	142,596	(420)	142,176	531	0.4 %
<b>Less:</b>								
Interest expense	15,110	(190)	14,920	14,633	(351)	14,282	638	4.5 %
Provision (release) for loan losses	—	—	—	(2,963)	2,963	—	—	— %
Net decrease in fair value	(81,482)	(9,409)	(90,891)	(28,812)	(2,920)	(31,732)	(59,159)	186.4 %
Net revenue	46,115	(9,219)	36,896	102,114	(5,952)	96,162	(59,266)	(61.6)%
<b>Operating expenses:</b>								
Technology and facilities	31,512	—	31,512	24,436	—	24,436	7,076	29.0 %
Sales and marketing	20,060	—	20,060	23,101	—	23,101	(3,041)	(13.2)%
Personnel	27,681	—	27,681	18,900	—	18,900	8,781	46.5 %
Outsourcing and professional fees	11,123	—	11,123	13,207	—	13,207	(2,084)	(15.8)%
General, administrative and other	2,640	—	2,640	3,572	—	3,572	(932)	(26.1)%
Total operating expenses	93,016	—	93,016	83,216	—	83,216	9,800	11.8 %
Income (loss) before taxes	(46,901)	(9,219)	(56,120)	18,898	(5,952)	12,946	(69,066)	(533.5)%
Income tax expense (benefit)	(12,653)	(2,570)	(15,223)	5,106	(1,608)	3,498	(18,721)	(535.2)%
Net income (loss)	\$ (34,248)	\$ (6,649)	\$ (40,897)	\$ 13,792	\$ (4,344)	\$ 9,448	\$ (50,345)	(532.9)%

(in thousands)	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019			Period-to-period Change in FVPP	
	As Reported	FV Adjustments	FV Pro Forma	As Reported	FV Adjustments	FV Pro Forma	\$	%
<b>Revenue:</b>								
Interest income	\$ 286,786	\$ —	\$ 286,786	\$ 256,506	\$ (1,325)	\$ 255,181	\$ 31,605	12.4 %
Non-interest income	19,349	—	19,349	24,418	—	24,418	(5,069)	(20.8)%
Total revenue	306,135	—	306,135	280,924	(1,325)	279,599	26,536	9.5 %
<b>Less:</b>								
Interest expense	31,471	(682)	30,789	29,252	(699)	28,553	2,236	7.8 %
Provision (release) for loan losses	—	—	—	(3,329)	3,329	—	—	— %
Net decrease in fair value	(147,951)	2,246	(145,705)	(54,228)	(10,834)	(65,062)	(80,643)	123.9 %
Net revenue	126,713	2,928	129,641	200,773	(14,789)	185,984	(56,343)	(30.3)%
<b>Operating expenses:</b>								
Technology and facilities	62,286	—	62,286	46,077	—	46,077	16,209	35.2 %
Sales and marketing	44,887	—	44,887	44,367	—	44,367	520	1.2 %
Personnel	53,263	—	53,263	37,777	—	37,777	15,486	41.0 %
Outsourcing and professional fees	24,741	—	24,741	26,756	—	26,756	(2,015)	(7.5)%
General, administrative and other	6,453	—	6,453	6,930	—	6,930	(477)	(6.9)%
Total operating expenses	191,630	—	191,630	161,907	—	161,907	29,723	18.4 %
Income (loss) before taxes	(64,917)	2,928	(61,989)	38,866	(14,789)	24,077	(86,066)	(357.5)%
Income tax expense (benefit)	(17,368)	1,057	(16,311)	10,460	(3,977)	6,483	(22,794)	(351.6)%
Net income (loss)	\$ (47,549)	\$ 1,871	\$ (45,678)	\$ 28,406	\$ (10,812)	\$ 17,594	\$ (63,272)	(359.6)%

*Fair Value Pro Forma Condensed Consolidated Balance Sheet Data:*

(in thousands)	June 30, 2020			December 31, 2019			Period-to-period Change in FV PF	
	As Reported	FV Adjustments	FV Pro Forma	As Reported	FV Adjustments	FV Pro Forma	\$	%
Cash and cash equivalents	\$ 139,218	\$ —	\$ 139,218	\$ 72,179	\$ —	\$ 72,179	\$ 67,039	92.9 %
Restricted cash	58,742	—	58,742	63,962	—	63,962	(5,220)	(8.2)%
Loans receivable <sup>(1)</sup>	1,635,684	—	1,635,684	1,920,559	5,011	1,925,570	(289,886)	(15.1)%
Other assets	140,978	—	140,978	145,174	(6,579)	138,595	2,383	1.7 %
Total assets	1,974,622	—	1,974,622	2,201,874	(1,568)	2,200,306	(225,684)	(10.3)%
Total debt <sup>(2)</sup>	1,393,897	(1,372)	1,392,525	1,549,223	1,557	1,550,780	(158,255)	(10.2)%
Other liabilities	126,393	1,057	127,450	163,885	(1,621)	162,264	(34,814)	(21.5)%
Total liabilities	1,520,290	(315)	1,519,975	1,713,108	(64)	1,713,044	(193,069)	(11.3)%
Total stockholder's equity	454,332	315	454,647	488,766	(1,504)	487,262	(32,615)	(6.7)%
Total liabilities and stockholders' equity	\$ 1,974,622	\$ —	\$ 1,974,622	\$ 2,201,874	\$ (1,568)	\$ 2,200,306	\$ (225,684)	(10.3)%

<sup>(1)</sup> The information included in the As Reported figure for December 31, 2019 includes loans receivable at fair value and loans receivable at amortized cost, net of unamortized deferred origination costs and fees and allowance for loan losses.

<sup>(2)</sup> The information included in the As Reported figure includes asset-backed notes at fair value and asset-backed notes at amortized cost, net of deferred financing costs. As Reported and FV Pro Forma figures include our Secured Financing measured under amortized cost accounting.

**Adjusted EBITDA**

Adjusted EBITDA is a non-GAAP financial measure defined as our net income (loss), adjusted for the impact of our election of the fair value option and further adjusted to eliminate the effect of certain items as described below. We believe that Adjusted EBITDA is an important measure because it allows management, investors and our Board to evaluate and compare our operating results, including our return on capital and operating efficiencies, from period-to-period by making the adjustments described below. In addition, it provides a useful measure for period-to-period comparisons of our business, as it removes the effect of taxes, certain non-cash items, variable charges and timing differences.

- We believe it is useful to exclude the impact of income tax expense (benefit), as reported, because historically it has included irregular income tax items that do not reflect ongoing business operations.
- We believe it is useful to exclude the impact of depreciation and amortization and stock-based compensation expense because they are noncash charges.
- We believe it is useful to exclude the impact of the litigation reserve, if any, and COVID-19 expenses because these items do not reflect ongoing business operations.
- We also reverse origination fees for Fair Value Loans, net. As a result of our election of the fair value option for our Fair Value Loans, we recognize the full amount of any origination fees as revenue at the time of loan disbursement in advance of our collection of origination fees through principal payments. As a result, we believe it is beneficial to exclude the uncollected portion of such origination fees, because such amounts do not represent cash that we received.
- We also reverse the fair value mark-to-market adjustment because it is a non-cash adjustment as shown in the table below.

Components of Fair Value Mark-to-Market Adjustment - Fair Value Pro Forma (in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Fair value mark-to-market adjustment on Fair Value Loans	\$ 63,055	\$ 8,545	\$ (92,070)	\$ 13,412
Fair value mark-to-market adjustment on asset-backed notes	(108,226)	(10,610)	33,519	(17,535)
Total fair value mark-to-market adjustment - Fair Value Pro Forma	<u>\$ (45,171)</u>	<u>\$ (2,065)</u>	<u>\$ (58,551)</u>	<u>\$ (4,123)</u>

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the three and six months ended June 30, 2020 and 2019 as if the fair value option had been in place since inception for all loans held for investment and all asset-backed notes:

Adjusted EBITDA (in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	\$ (34,248)	\$ 13,792	\$ (47,549)	\$ 28,406
Adjustments:				
Fair Value Pro Forma net income adjustment	(6,649)	(4,344)	1,871	(10,812)
Income tax expense (benefit)	(15,223)	3,498	(16,311)	6,483
COVID-19 expenses	2,437	—	3,041	—
Depreciation and amortization	5,103	3,188	9,761	6,067
Stock-based compensation expense	4,972	2,035	9,123	4,015
Litigation reserve	—	—	—	—
Origination fees for Fair Value Loans, net	3,274	(355)	4,816	469
Fair value mark-to-market adjustment	45,171	2,065	58,551	4,123
Adjusted EBITDA <sup>(1)</sup>	<u>\$ 4,837</u>	<u>\$ 19,879</u>	<u>\$ 23,303</u>	<u>\$ 38,751</u>

<sup>(1)</sup> For the three and six months ended June 30, 2020, Adjusted EBITDA includes a pre-tax impact of \$(3.2) million and \$(6.6) million, respectively, related to the launch of new products and services (such as auto and credit card). For the three and six months ended June 30, 2019, Adjusted EBITDA includes a pre-tax impact of \$(2.5) million and \$(4.9) million, respectively, related to the launch of new products and services (such as auto and credit card).

#### Adjusted Net Income (Loss)

We define Adjusted Net Income (Loss) as our net income (loss), adjusted for the impact of our election of the fair value option, and further adjusted to exclude income tax expense (benefit), COVID-19 expenses, stock-based compensation expenses and litigation reserve. We believe that Adjusted Net Income (Loss) is an important measure of operating performance because it allows management, investors, and our Board to evaluate and compare our operating results, including our return on capital and operating efficiencies, from period to period.

- We believe it is useful to exclude the impact of income tax expense (benefit), as reported, because historically it has included irregular tax items that do not reflect our ongoing business operations.
- We believe it is useful to exclude the impact of the litigation reserve, if any, and COVID-19 expenses because these items do not reflect ongoing business operations.
- We believe it is useful to exclude stock-based compensation expense because it is a non-cash charge.
- We include the impact of normalized income tax expense by applying the income tax rate noted in the table.

The following table presents a reconciliation of net income (loss) to Adjusted Net Income (Loss) for the three and six months ended June 30, 2020 and 2019 as if the fair value option had been in place since inception for all loans held for investment and all asset-backed notes:

Adjusted Net Income (Loss) (in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (34,248)	\$ 13,792	\$ (47,549)	\$ 28,406
Adjustments:				
Fair Value Pro Forma net income adjustment	(6,649)	(4,344)	1,871	(10,812)
Income tax expense (benefit)	(15,223)	3,498	(16,311)	6,483
COVID-19 expenses	2,437	—	3,041	—
Stock-based compensation expense	4,972	2,035	9,123	4,015
Litigation reserve	—	—	—	—
Adjusted income (loss) before taxes	(48,711)	14,981	(49,825)	28,092
Normalized income tax expense (benefit)	(13,584)	4,046	(13,917)	7,562
Adjusted Net Income (Loss) <sup>(1)</sup>	\$ (35,127)	\$ 10,935	\$ (35,908)	\$ 20,530
Income tax rate <sup>(2)</sup>	27.9 %	27.0 %	27.9 %	26.9 %

<sup>(1)</sup> For the three and six months ended June 30, 2020, Adjusted Net Income includes an after-tax impact of \$(2.3) million and \$(5.3) million, respectively, related to the launch of new products and services (such as auto and credit card). For the three and six months ended June 30, 2019, Adjusted Net Income includes an after-tax impact of \$(2.0) million and \$(3.7) million, respectively, related to the launch of new products and services (such as auto and credit card).

<sup>(2)</sup> Income tax rate is based on the effective tax rate before discrete items which is primarily the excess tax benefit from restricted stock units.

#### Adjusted Earnings Per Share ("Adjusted EPS")

Adjusted Earnings Per Share is a non-GAAP financial measure that allows management, investors and our Board to evaluate the operating results, operating trends and profitability of the business in relation to diluted adjusted weighted-average shares outstanding post initial public offering. In addition, it provides a useful measure for period-to-period comparisons of our business, as it considers the effect of conversion of all convertible preferred shares as of the beginning of each annual period.

The following table presents a reconciliation of Diluted EPS to Diluted Adjusted EPS for the three and six months ended June 30, 2020 and 2019. For the reconciliation of net income (loss) to Adjusted Net Income (Loss), see the immediately preceding table "Adjusted Net Income (Loss)."

(in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Diluted earnings (loss) per share	\$ (1.26)	\$ 0.52	\$ (1.75)	\$ 1.08
<b>Adjusted EPS</b>				
Adjusted Net Income (Loss)	\$ (35,127)	\$ 10,935	\$ (35,908)	\$ 20,530
Basic weighted-average common shares outstanding	27,233,394	2,942,833	27,125,054	2,940,164
Weighted-average common shares outstanding based on assumed convertible preferred conversion	—	19,075,000	—	19,075,000
Weighted average effect of dilutive securities:				
Stock options	—	—	—	32,669
Restricted stock units	—	1,326	—	2,565
Warrants	—	11,755	—	11,745
Diluted adjusted weighted-average common shares outstanding	27,233,394	22,030,914	27,125,054	22,062,143
Adjusted Earnings (Loss) Per Share	\$ (1.29)	\$ 0.50	\$ (1.32)	\$ 0.93

#### Adjusted Tangible Book Value Per Share ("Adjusted TBVPS")

Adjusted Tangible Book Value Per Share is a non-GAAP financial measure that provides management, investors and our Board with an assessment of value that is more conservative than Book Value Per Share in order to evaluate the financial position, capitalization, and valuation of the business in relation to total shares outstanding at the end of the period. We believe it is important to exclude intangibles, as these would not have standalone value outside the context of the business. In addition, it provides a useful measure for period-to-period comparisons of our business, as it considers the effect of fair value adjustments made to both our asset-backed notes at amortized cost and Loans Receivable at Amortized Cost, net as if they were carried at fair value.

The following table presents a reconciliation of stockholders' equity to Adjusted TBVPS as of June 30, 2020 and December 31, 2019 as if the fair value option had been in place since inception for all loans held for investment and all asset-backed notes:

Adjusted TBVPS (in thousands, except share and per share data)	June 30,		December 31,	
	2020		2019	
Stockholders' equity	\$	454,332	\$	488,766
Adjustments:				
Fair Value Pro Forma stockholders' equity adjustment		315		(1,504)
Intangible assets, net <sup>(1)</sup>		(24,815)		(18,455)
Adjusted Tangible Book Value	\$	429,832	\$	468,807
Total common shares outstanding		27,330,800		27,003,157
Book Value Per Share	\$	16.62	\$	18.10
Adjusted Tangible Book Value Per Share	\$	15.73	\$	17.36

<sup>(1)</sup> Intangible assets, net consists of trademarks and internally developed software, net.

#### Adjusted Return on Equity

We define Adjusted Return on Equity as annualized Adjusted Net Income divided by average Fair Value Pro Forma total stockholders' equity. Average Fair Value Pro Forma stockholders' equity is an average of the beginning and ending Fair Value Pro Forma stockholders' equity balance for each period. We believe Adjusted Return on Equity is an important measure because it allows management, investors and our Board to evaluate the profitability of the business in relation to equity and how well we generate income from the equity available.

The following table presents a reconciliation of Return on Equity to Adjusted Return on Equity for the three and six months ended June 30, 2020 and 2019. For the reconciliation of net income (loss) to Adjusted Net Income (Loss), see the immediately preceding table "Adjusted Net Income (Loss)."

(in thousands)	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2020	2019	2020	2019
Return on Equity	(29.4)%	14.9 %	(20.3)%	15.7 %
<b>Adjusted Return on Equity</b>				
Adjusted Net Income (Loss)	\$ (35,127)	\$ 10,935	\$ (35,908)	\$ 20,530
Fair Value Pro Forma average stockholders' equity	\$ 472,576	\$ 374,037	\$ 470,955	\$ 368,983
Adjusted Return on Equity	(29.9)%	11.7 %	(15.3)%	11.1 %

#### Adjusted Operating Efficiency

We define Adjusted Operating Efficiency as Fair Value Pro Forma total operating expenses (excluding COVID-19 expenses, stock-based compensation expense and litigation reserve, if any) divided by Fair Value Pro Forma Total Revenue. We believe Adjusted Operating Efficiency is an important measure because it allows management, investors and our Board to evaluate how efficient we are at managing costs relative to revenue.

The following table presents a reconciliation of Operating Efficiency to Adjusted Operating Efficiency for the three and six months ended June 30, 2020 and 2019:

(in thousands)	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2020	2019	2020	2019
Operating Efficiency	65.2 %	58.4 %	62.6 %	57.6 %
<b>Adjusted Operating Efficiency</b>				
Total revenue	\$ 142,707	\$ 142,596	\$ 306,135	\$ 280,924
Fair Value Pro Forma Total Revenue adjustments	—	(420)	—	(1,325)
Fair Value Pro Forma Total Revenue	142,707	142,176	306,135	279,599
Total operating expense	93,016	83,216	191,630	161,907
COVID-19 expenses	(2,437)	—	(3,041)	—
Stock-based compensation expense	(4,972)	(2,035)	(9,123)	(4,015)
Litigation reserve	—	—	—	—
Total Fair Value Pro Forma adjusted operating expenses	\$ 85,607	\$ 81,181	\$ 179,466	\$ 157,892
Adjusted Operating Efficiency	60.0 %	57.1 %	58.6 %	56.5 %

## Liquidity and Capital Resources

### Sources of liquidity

To date, we have funded our lending activities and operations primarily through private issuances of debt, equity issuances, cash from operating activities, and the sale of loans to a third-party financial institution. We anticipate issuing additional securitizations, entering into additional secured financings and continuing whole loan sales.

### Current debt facilities

The following table summarizes our current debt facilities available for funding our lending activities and our operating expenditures as of June 30, 2020:

Debt Facility	Scheduled Amortization Period Commencement Date	Interest Rate	Principal (in thousands)
Secured Financing	10/1/2021	LIBOR (minimum of 0.00%) + 2.45%	\$ 97,194
Asset-Backed Securitization-Series 2019-A Notes	8/1/2022	3.22%	250,000
Asset-Backed Securitization-Series 2018-D Notes	12/1/2021	4.50%	175,002
Asset-Backed Securitization-Series 2018-C Notes	10/1/2021	4.39%	275,000
Asset-Backed Securitization-Series 2018-B Notes	7/1/2021	4.09%	213,159
Asset-Backed Securitization-Series 2018-A Notes	3/1/2021	3.83%	200,004
Asset-Backed Securitization-Series 2017-B Notes	10/1/2020	3.51%	200,000
			<u>\$ 1,410,359</u>

On July 8, 2020, we redeemed all \$200.0 million of our asset-backed notes (Series 2017-B) and satisfied and discharged Oportun Funding VII, LLC's obligations under the 2017-B Notes and the indenture. The redemption was funded by drawing upon the Company's Secured Financing facility for \$149.0 million and using \$51.0 million of unrestricted cash. The outstanding amounts set forth in the table above are consolidated on our balance sheet whereas loans sold to a third-party financial institution are not on our balance sheet once sold.

Lenders do not have direct recourse to Oportun Financial Corporation or Oportun, Inc.

### Debt

Our ability to utilize our Secured Financing facility as described herein is subject to compliance with various requirements, including:

- *Eligibility Criteria.* In order for our loans to be eligible for purchase by Oportun Funding V, they must meet all applicable eligibility criteria;
- *Concentration Limits.* The collateral pool is subject to certain concentration limits that, if exceeded, would reduce our borrowing base availability by the amount of such excess; and
- *Covenants and Other Requirements.* The Secured Financing facility contains several financial covenants, portfolio performance covenants and other covenants or requirements that, if not complied with, may result in an event of default and/or an early amortization event causing the accelerated repayment of amounts owed. The Secured Financing facility also requires us to get lender consent prior to making material changes to our credit and collection policies.

As of June 30, 2020, we were in compliance with all covenants and requirements per the debt facility.

For more information regarding our Secured Financing facility, see Notes 4 and 8 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report. We entered into a material definitive agreement with Wilmington Trust, National Trustee, the Eighth Amendment to the Base Indenture, the Fifth Amendment to the Series 2015 Supplement and other related documents to our Secured Financing facility in order to, among other things, assist in the implementation of the Emergency Hardship Deferral program. Refer to the Current Report on Form 8-K filed on May 28, 2020.

Our ability to utilize our asset-backed securitization facilities as described herein is subject to compliance with various requirements including:

- *Eligibility Criteria.* In order for our loans to be eligible for purchase by our wholly owned special purpose subsidiaries they must meet all applicable eligibility criteria; and
- *Covenants and Other Requirements.* Our securitization facilities contain pool concentration limits, pool performance covenants and other covenants or requirements that, if not complied with, may result in an event of default, and/or an early amortization event causing the accelerated repayment of amounts owed.

As of June 30, 2020, we were in compliance with all covenants and requirements of all our asset-backed notes.

For more information regarding our asset-backed securitization facilities, see Notes 4, 8 and 16 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

#### **Whole loan sales**

In November 2014, we initially entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. Pursuant to this agreement, we have committed to sell at least 10% of our loan originations, subject to certain eligibility criteria, with an option to sell an additional 5%. We retain all rights and obligations involving the servicing of the loans and earn servicing revenue of 5% of the daily average principal balance of loans sold each month. The term of the current agreement expires on November 10, 2020. If either party decides not to renew the agreement and we are unable or we choose not to replace the agreement with an alternate whole loan sale opportunity, our revenue and liquidity may be negatively impacted in the short term by the loss of the gain on sale generated by our whole loan sales. This could have an impact on our financial condition.

We will continue to evaluate additional loan sale opportunities in the future and have not made any determinations regarding the percentage of loans we may sell.

The loans are randomly selected and sold at the pre-determined contractual purchase price above par and we recognize a gain on the loans. We sell loans twice per week. We have not repurchased any of the loans sold related to this agreement and do not anticipate repurchasing loans sold in the future. We therefore do not record a reserve related to our repurchase obligations from the whole loan sale agreement.

In addition, we entered into a separate whole loan sale arrangement with an institutional investor with a commitment to sell 100% of our loans originated under our Access Loan Program. We recognize servicing revenue of 5% of the daily average principal balance of sold loans for the month. The term of the whole loan sale arrangement with respect to the Access Loan Program expired on August 5, 2020. We chose not to renew the arrangement and allowed the agreement to expire on its terms.

#### **Cash, cash equivalents, restricted cash and cash flows**

The following table summarizes our cash and cash equivalents, restricted cash and cash flows for the periods indicated:

(in thousands)	Six Months Ended June 30,	
	2020	2019
Cash, cash equivalents and restricted cash	\$ 197,960	\$ 104,635
Cash provided by (used in)		
Operating activities	94,017	98,688
Investing activities	93,574	(153,300)
Financing activities	(125,772)	30,072

Our cash is held for working capital purposes and originating loans. Our restricted cash represents collections held in our securitizations and is applied currently after month-end to pay interest expense and satisfy any amount due to whole loan buyer with any excess amounts returned to us.

#### **Cash flows**

##### *Operating Activities*

Our net cash provided by operating activities was \$94.0 million and \$98.7 million for the six months ended June 30, 2020 and 2019, respectively. Cash flows from operating activities primarily include net income or losses adjusted for (i) non-cash items included in net income or loss, including depreciation and amortization expense, fair value adjustments, net, origination fees for loans at fair value, net, gain on loan sales, stock-based compensation expense and deferred tax provision, net, (ii) originations of loans sold and held for sale, and proceeds from sale of loans and (iii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of various payments.

##### *Investing Activities*

Our net cash provided by (used in) investing activities was \$93.6 million and \$(153.3) million for the six months ended June 30, 2020 and 2019, respectively. Our investing activities consist primarily of loan originations and loan repayments. We currently do not own any real estate. We invest in purchases of property and equipment and incur system development costs. Purchases of property and equipment, and capitalization of system development costs may vary from period to period due to the timing of the expansion of our operations, the addition of employee headcount and the development cycles of our system development. The change in our net cash provided by (used in) investing activities is due to the decrease in the number of loans originated for the six months ended June 30, 2020. The decrease in number of loans originated is attributable to the proactive measures we implemented to tighten our lending criteria and underwriting practices given the current COVID-19 pandemic. Further, the decrease is due to the reduced number of applications which we believe is attributable both to increased economic uncertainty as well as a redirection of our marketing efforts.

## *Financing Activities*

Our net cash provided by (used in) financing activities was \$(125.8) million and \$30.1 million for the six months ended June 30, 2020 and 2019, respectively. During those time periods, net cash provided by financing activities was primarily driven by borrowings and repayments on our Secured Financing and repayments on asset-backed notes. On March 9, 2020, we redeemed our Series 2017-A asset-backed notes. An advance under our Secured Financing facility was the primary source of funds for the redemption.

### ***Operating and capital expenditure requirements***

We believe that our existing cash balance, anticipated positive cash flows from operations and available borrowing capacity under our credit facilities will be sufficient to meet our anticipated cash operating expense and capital expenditure requirements through at least the next 12 months. We believe our liquidity position at June 30, 2020 remains strong as we continue to navigate through a period of uncertain economic conditions related to COVID-19, and we will continue to closely monitor our liquidity as economic conditions change. If our available cash balances are insufficient to satisfy our liquidity requirements, we will seek additional debt or equity financing. If we raise additional funds through the issuance of additional debt, the agreements governing such debt could contain covenants that would restrict our operations and such debt would rank senior to shares of our common stock. The sale of equity may result in dilution to our stockholders and those securities may have rights senior to those of our common stock. We may require additional capital beyond our currently anticipated amounts and additional capital may not be available on reasonable terms, or at all.

### **Off-Balance Sheet Arrangements**

As of June 30, 2020, we had no off-balance sheet financing arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, total revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes in our critical accounting policies from those disclosed in our Annual Report on Form 10-K dated December 31, 2019, filed with the Securities and Exchange Commission on February 28, 2020 ("2019 Form 10-K"), under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations. For additional information about our critical accounting policies and estimates, see the disclosure included in our 2019 Form 10-K.

### **Recently Issued Accounting Pronouncements**

See Note 2 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for a discussion of recent accounting pronouncements and future application of accounting standards.



### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risk from changes in credit performance, market rates, prepayments, interest rates, credit spreads and foreign exchange currency rates. The COVID-19 pandemic has increased market volatility and the impact from changes in the market on our financial results. While we expect the pandemic to continue to have a negative impact on our credit losses, the resulting decrease in the fair value of our loans and asset-backed notes rebounded somewhat in the second quarter of 2020. The specific impact is difficult to assess, and may differ materially from the sensitivity analyses provided in our 2019 Form 10-K. Our election of the fair value option on our loans and asset-backed notes generally results in a natural offset of the related market risks; however, we cannot be certain that these changes will offset each other, particularly during the current period of market uncertainty and disruption.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

As of June 30, 2020, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objective, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on our evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of June 30, 2020, our disclosure controls and procedures were effective to provide the reasonable assurance described above.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act) during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Our disclosure controls and procedures and our internal controls over financial reporting have been designed to provide reasonable assurance of achieving their objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

On June 13, 2017, a complaint, captioned Atinar Capital II, LLC and James Gutierrez v. David Strohm, et. al., CGC 17-559515, or the Atinar Lawsuit, was filed by plaintiffs James Gutierrez and Atinar Capital II, LLC (an LLC controlled by Gutierrez) (the "Gutierrez Plaintiffs"), in the Superior Court of the State of California, County of San Francisco, against certain of our current and former directors and officers, and certain of our stockholders alleging that the defendants breached their fiduciary duties to our common stockholders in their capacities as officers, directors and/or controlling stockholders by approving certain of our convertible preferred stock financing rounds that diluted the ownership of our common stockholders, and that certain defendants allegedly aided and abetted such breaches. On October 17, 2019, after being given leave by the court to amend its complaint, the plaintiffs filed a second amended complaint that added Gutierrez Family Holdings, LLC (another entity controlled by Gutierrez) as an additional plaintiff, and pleading the case in the alternative as a derivative shareholder suit. As part of the derivative shareholder suit, Oportun Financial Corporation was added as a nominal defendant only. The second amended complaint seeks unspecified monetary damages and other relief. On November 18, 2019, we filed a demurrer of the second amended complaint. On April 1, 2020, the Court issued an order sustaining our demurrer in part, by dismissing Gutierrez Family Holdings, LLC from the case, and denying it in part. We are indemnifying the current and former directors and officers to whom we have indemnification obligations for fees incurred in defending this matter, and if such directors and officers incur any losses in connection with this matter, we may be required to indemnify them for such losses.

We believe that the Atinar Lawsuit is without merit and we intend to vigorously defend the actions. However, the final outcome with respect to the claims in the lawsuit, including our liability, if any, is uncertain. Furthermore, we cannot be certain that any claims in the Atinar Lawsuit would be resolved in our favor. An adverse finding could cause us to incur substantial expense, could be a distraction to management and could result in reputational harm.

On January 2, 2018, a complaint, captioned Opportune LLP v. Oportun, Inc. and Oportun, LLC, Civil Action No. 4:18-cv-00007, or the Opportune Lawsuit, was filed by plaintiff Opportune LLP in the United States District Court for the Southern District of Texas, against Oportun, Inc. and our wholly-owned subsidiary, Oportun, LLC. The complaint alleged various claims for trademark infringement, unfair competition, trademark dilution and misappropriation against us and Oportun, LLC and called for injunctive relief requiring us and Oportun, LLC to cease using its marks, as well as monetary damages related to the claims. In addition, on January 2, 2018, the plaintiff initiated a cancellation proceeding, Proceeding No. 92067634, before the Trademark Trial and Appeal Board seeking to cancel certain of our trademarks, or the Cancellation Proceeding and, together with the Opportune Lawsuit, the Opportune Matter. On March 5, 2018, the Trademark Trial and Appeal Board granted our motion to suspend the Cancellation Proceeding pending final disposition of the Opportune Lawsuit. On April 24, 2018, the District Court granted our motion to partially dismiss the complaint, dismissing the plaintiff's misappropriation claim. On February 22, 2019, the plaintiff filed an amended complaint adding an additional claim under the Anti-Cybersquatting Protection Act to the remaining claims in the original complaint. On August 30, 2019, we filed a motion for summary judgment on all of the plaintiff's claims. On January 22, 2020, the District Court issued its decision denying our motion for summary judgment. No trial date has been set.

We believe that the Opportune Matter is without merit. We intend to vigorously defend the Opportune Matter. The final outcome with respect to the claims in the lawsuits, including our liability, if any, is uncertain. Furthermore, we cannot be certain that any claims by the plaintiff would be resolved in our favor. For example, an adverse litigation ruling against us could result in a significant damages award against us, could result in injunctive relief, could result in a requirement that we make substantial royalty payments, and could result in the cancellation of certain Oportun trademarks which would require that we rebrand. Moreover, an adverse finding could cause us to incur substantial expense, could be a distraction to management, and any rebranding as a result may not be well received in the market.

We may experience additional delays in resolving these and other pending litigation matters as a result of COVID-19-related temporary court and administrative body closures and postponements. At this stage in these litigation matters, any possible monetary loss or range of monetary loss cannot be estimated. The outcome of litigation is inherently uncertain. If one or more of these legal matters were resolved against us in a reporting period, or settled on unfavorable terms, our consolidated financial statements for that reporting period could be materially adversely affected.

From time to time, we may bring or be subject to other legal proceedings and claims in the ordinary course of business, including legal proceedings with third parties asserting infringement of their intellectual property rights and shareholder claims. Other than as described above, we are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or taken together have a material adverse effect on our business, financial condition, cash flows or results of operations.

See Note 15, Leases, Commitments and Contingencies, in the accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited) for additional information regarding litigation reserves, if any, for legal proceedings in which we are involved.

### Item 1A. Risk Factors

*Investing in our common stock involves a high degree of risk. Any of the following risks could have an adverse effect on our business, results of operations and financial condition. The following risks could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. You should carefully consider these risks, all of the other information in this report and general economic and business risks before making a decision to invest in our common stock. While we believe the risks described below include all material risks currently known by us, it is possible that these may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.*

We have marked with an asterisk (\*) those risks described below that reflect substantive changes from the risks described under Part I, Item 1A "Risk Factors" included in our 2019 Form 10-K.

#### **Risks Relating to Our Business**

##### ***The global COVID-19 pandemic has and may continue to adversely impact our business operations, financial performance and results of operations.\****

The ongoing COVID-19 pandemic has spread across the globe and is significantly impacting worldwide economic activity and increasing economic uncertainty. Concerns over the economic impact of the COVID-19 pandemic have caused extreme volatility in financial and other capital markets which has and may continue to adversely impact our stock price as well as our ability to access capital markets. If funds become unavailable, we cannot be sure that we will be able to maintain the necessary levels of funding to retain current levels of originations without incurring higher funding costs, a reduction in the term of funding instruments or increasing the rate of whole loan sales or be able to access funding at all. If we are unable to arrange financing on favorable terms, we may not be able to grow our business as planned and we may have to further curtail our origination of loans, which could result in volatility in our results of operations, financial condition and cash flows.

Many of our customers have been and may continue to become impacted by recommendations and/or mandates from federal, state, and local authorities to stay home ("shelter in place" or "safer at home" orders). These events have caused and may continue to cause a significant increase in unemployment, decreased consumer spending and economic deterioration. In addition, the COVID-19 pandemic and corresponding shelter in place orders have adversely affected our business in a number of ways, including a decreased demand for our products, which, combined with our credit tightening, has decreased originations, which could negatively impact our liquidity position and our growth strategy. This crisis has left some of our customers unable to make payments and has resulted in increased delinquencies and charge-offs and may cause other unpredictable and adverse events. If the pandemic continues or worsens, there may be continued or heightened impact on demand for our loans and on our customers' ability to repay their loans.

Similar to relief options we have previously offered to customers impacted by natural disasters such as hurricanes and wildfires, we are offering payment relief options to customers impacted by the COVID-19 pandemic, including emergency hardship programs, reduced payment plans, late fee waivers and other customer accommodations. Unlike the relief options offered for natural disasters, which were limited to the affected geographies, COVID-19 related relief is being offered in all states in which we do business and may adversely affect our business, financial condition, results of operations, and cash flows. Legal, regulatory and media concerns about the lending industry in general, or our practices, during the COVID-19 pandemic could result in additional restrictions affecting the conduct of our business in the future either due to regulatory requirements or made voluntarily due to reputational or other pressures. These changes could include, but not limited to, requirements that we waive or lower interest, payments, or otherwise alter our collection practices or forgive debt for those impacted by COVID-19. If we implement any of these changes, such changes could adversely affect our income and other results of operations in the near term, make collection of our personal loans more difficult, reduce income received from such loans or negatively affect our ability to comply with our current financing arrangements or obtain financing with respect to such loans.

We have incurred COVID-19 related expenses for items and services including sanitation kits, facilities equipment, contingency call center, payment option flyers, childcare relief, special medical enrollment, sick leave, emergency assistance fund and charitable contributions, among other things. Until the COVID-19 pandemic subsidies, we expect to continue to incur such expenses and may incur additional COVID-19 related expenses, which may adversely affect our results of operations, financial condition and cash flows.

The majority of our retail locations remain open subject to local health orders. If one or more of our retail locations becomes unavailable, our ability to attract new customers, conduct business and collect payments from customers may be adversely affected, which could result in increased delinquencies and losses. In addition, changes in consumer behavior and health concerns may continue to impact demand for our loans and customer traffic at our retail locations. We are taking precautions to protect the safety and well-being of our employees and customers. However, no assurance can be given that the steps being taken will be deemed to be adequate or appropriate, nor can we predict the level of disruption which will occur to our employee's ability to provide customer support and service. We may also face claims related to the pandemic, including claims from employees or customers who allege that they contracted COVID-19 at our retail locations or offices. Any such allegations of exposure or illness could result in litigation and harm to our reputation, which could negatively affect our business, results of operations and financial condition.

Substantially all of our corporate non-retail employees in the United States are subject to shelter-in-place requirements which have resulted in most of the team being required to work remotely. Our contact centers (either owned or through our outsourcing partners) are also located in various jurisdictions within three countries, all of which have varying shelter in place and social distancing orders in place. While we have been successful thus far in complying with these orders and keeping the contact centers operational, predominately by moving the majority of our contact center employees to home working environments, our ability to continue to originate loans and service our customers is highly dependent on the ability of contact center staff to continue to work, either in the contact center or remotely. If a significant percentage of our workforce is unable to work effectively as a result of the COVID-19 pandemic, including because of illness, quarantines, ineffective remote work arrangements or technology, utility or other failures or limitations, our operations may be adversely impacted. The increase in remote working may also result in consumer or employee privacy, IT security and fraud concerns as well as increase our exposure to potential regulatory or civil claims. Additionally, if any of our critical vendors are adversely impacted by the COVID-19 pandemic and unable to deliver services to us, our operations may be adversely impacted.

The duration and scope of the pandemic, and our ability to make necessary adjustments from it, is highly uncertain. The ultimate extent of the impact of the COVID-19 pandemic on our business and results of operations will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, timing of global recovery and economic normalization and responses taken by governmental authorities and other third parties due to the COVID-19 pandemic, including economic assistance programs and stimulus efforts.

To the extent the COVID-19 pandemic continues to adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to our losses, liquidity, our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

***We have incurred net losses and may incur net losses in the future.\****

For the year ended December 31, 2019, we generated net income of \$61.6 million. However, for the six months ended June 30, 2020, we experienced a net loss of \$47.5 million and for the year ended December 31, 2017, we experienced a net loss of \$10.2 million. In addition, we have experienced a net loss in years prior to 2017. As of June 30, 2020, our retained earnings were \$34.0 million. We will need to generate and sustain increased revenue and net income levels in future periods in order to achieve and increase profitability, and, even if we do, we may not be able to maintain or increase our level of profitability over the long term. We intend to continue to expend significant funds to grow our business, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this report, and unforeseen expenses, difficulties, complications and delays, and other unknown events. We have implemented measures to reduce operating costs, and we continuously evaluate other opportunities to reduce costs further. If we are unable to achieve or sustain profitability, our business would suffer, and the market price of our common stock may decrease.

***Our quarterly results are likely to fluctuate significantly and may not fully reflect the underlying performance of our business.\****

Our quarterly results of operations are likely to vary significantly in the future and period-to-period comparisons of our results of operations may not be meaningful, especially as a result of our election of the fair value option as of January 1, 2018 and now as a result of the COVID-19 pandemic. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Our quarterly financial results may fluctuate due to a variety of factors, some of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include:

- loan volumes, loan mix and the channels through which our loans are originated;
- the effectiveness of our direct marketing and other marketing channels;
- the timing and success of new products and origination channels;
- the amount and timing of operating expenses related to acquiring customers and the maintenance and expansion of our business, operations and infrastructure;
- net charge-off rates;
- adjustments to the fair value of our Fair Value Loans and Fair Value Notes;
- our cost of borrowing money and access to the capital markets; and
- general economic, industry and market conditions, including those stemming from the COVID-19 pandemic.

In addition, we experience significant seasonality in demand for our loans, which is generally lower in the first quarter. The seasonal slowdown is primarily attributable to high loan demand around the holidays in the fourth quarter and the general increase in our customers' available cash flows in the first quarter, including cash received from tax refunds, which temporarily reduces their borrowing needs. While our growth has obscured this seasonality from our overall financial results, we expect our results of operations to continue to be affected by such seasonality in the future. However, the impact of the COVID-19 pandemic has and may continue to disrupt the seasonal trends our business has consistently experienced.

***We have experienced rapid growth in recent periods and our recent growth rates may not be indicative of future growth. If we fail to manage our growth effectively, our results of operations may suffer.\****

We have recently experienced rapid growth in our business and operations. Our revenue was \$361.0 million, \$497.6 million and \$600.1 million in 2017, 2018 and 2019, respectively, representing annual growth rates of 38% and 21%, respectively. We believe our revenue growth depends on a number of factors, including but not limited to our ability to:

- increase the volume of loans originated through our various origination channels, including retail locations, direct mail marketing, contact centers and online, which includes our mobile origination solution;
- increase the effectiveness of our direct mail marketing, radio advertising, digital advertising and other marketing strategies;
- efficiently manage and expand our presence and activities in states in which we operate, as well as expand into new states;
- successfully build our brand and protect our reputation from negative publicity;
- manage our Annualized Net Charge-Off Rate;
- maintain the terms on which we lend to our customers;
- protect against increasingly sophisticated fraudulent borrowing and online theft;
- enter into new markets and introduce new products and services;
- continue to expand our customer demographic focus from our original customer base of Spanish-speaking customers;

- successfully maintain our diversified funding strategy, including loan warehouse facilities, whole loan sales and securitization transactions;
- successfully manage our interest rate spread against our cost of capital;
- successfully adjust our proprietary credit risk models, products and services in response to changing macroeconomic conditions and fluctuations in the credit market;
- effectively manage and expand the capabilities of our contact centers, outsourcing relationships and other business operations abroad;
- effectively secure and maintain the confidentiality of the information provided and utilized across our systems;
- successfully compete with companies that are currently in, or may in the future enter, the business of providing consumer financial services to low-to-moderate income customers underserved by traditional, mainstream financial institutions;
- attract, integrate and retain qualified employees; and
- successfully adapt to complex and evolving regulatory environments.

If we are unable to accomplish these tasks, our revenue growth may be harmed. In addition, our historical rapid growth has placed, and our future growth will continue to place significant demands on our management and our operational and financial resources. We will need to improve our operational, financial and management controls and our reporting systems and procedures as we continue to grow our business and add more personnel. If we cannot manage our growth effectively, our results of operations will suffer.

Further, many economic and other factors outside of our control, including general economic and market conditions, global pandemics, consumer and commercial credit availability, inflation, unemployment, consumer debt levels and other challenges affecting the global economy, may adversely affect our ability to sustain revenue growth consistent with recent history. For example, since the onset of the COVID-19 pandemic in March 2020, we have experienced a slowdown in our loan originations and it is uncertain how long this slowdown may continue. If our loan originations and revenue growth continue to slow due to the COVID-19 pandemic or other factors outside of our control, our results of operations, financial condition and cash flows will suffer.

*Our risk management efforts may not be effective, which may expose us to market risks that harm our results of operations.*

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, monitor and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk and liquidity risk, as well as operational risks. Our risk management policies, procedures and models, may not be sufficient to identify all of the risks we are exposed to, mitigate the risks we have identified or identify additional risks that arise in the future.

As our loan mix changes and as our product offerings evolve, our risk management strategies may not always adapt to such changes. Some of our methods of managing risk are based upon our use of observed historical market behavior and management's judgment. Other of our methods for managing risk depend on the evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible to us. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. If our risk management efforts are ineffective, we could suffer losses that could harm our business, financial condition and results of operations.

*We rely extensively on models in managing many aspects of our business. If our models contain errors or are otherwise ineffective, our business could be adversely affected.\**

Our ability to attract customers and to build trust in our loan products is significantly dependent on our ability to effectively evaluate a customer's creditworthiness and likelihood of default. In deciding whether to extend credit to prospective customers, we rely heavily on our proprietary credit risk models, which are statistical models built using third-party alternative data, credit bureau data, customer application data and our credit experience gained through monitoring the performance of our customers over time. Some of these models are built using forms of artificial intelligence, or AI, such as machine learning. If our credit risk models fail to adequately predict the creditworthiness of our customers or their ability to repay their loans due to programming or other errors, or if any portion of the information pertaining to the prospective customer is incorrect, incomplete or becomes stale (whether by fraud, negligence or otherwise), and our systems do not detect such errors, inaccuracies or incompleteness, or any of the other components of our credit decision process described herein fails, we may experience higher than forecasted loan losses. Also, if we are unable to access certain third-party data used in our credit risk models, or access to such data is limited, our ability to accurately evaluate potential customers may be compromised. Credit and other information that we receive from third parties about a customer may also be inaccurate or may not accurately reflect the customer's creditworthiness, which may adversely affect our loan pricing and approval process, resulting in mispriced loans, incorrect approvals or denials of loans. In addition, this information may not always be complete, up-to-date or properly evaluated. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures or available information indicate.

Our reliance on our credit risk models and other models to manage many aspects of our business, including valuation, pricing, collections management, marketing targeting models, fraud prevention, liquidity and capital planning, direct mail and telesales, may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately in a timely manner, or the use of AI). We rely on our credit risk models and other models to develop and manage new products and services with which we have limited development or operating experience as well as new geographies where we have not historically operated. Our assumptions may be inaccurate, and our models may not be as predictive as expected for many reasons, in particular because they often involve matters that are inherently difficult to predict and beyond our control, such as

macroeconomic conditions, credit market volatility and interest rate environment, particularly in light of the COVID-19 pandemic, and they often involve complex interactions between a number of dependent and independent variables and factors. In particular, even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. The errors or inaccuracies in our models may be material and could lead us to make wrong or sub-optimal decisions in managing our business, and this could harm our business, results of operations and financial condition.

Additionally, if we make errors in the development, validation or implementation of any of the models or tools we use to underwrite the loans that we then securitize or sell to investors, those investors may experience higher delinquencies and losses. We may also be subject to liability to those investors if we misrepresented the characteristics of the loans sold because of those errors. Moreover, future performance of our customers' loans could differ from past experience because of macroeconomic factors, policy actions by regulators, lending by other institutions or reliability of data used in the underwriting process. To the extent that past experience has influenced the development of our underwriting procedures and proves to be inconsistent with future events, delinquency rates and losses on loans could increase. Errors in our models or tools and an inability to effectively forecast loss rates could also inhibit our ability to sell loans to investors or draw down on borrowings under our warehouse and other debt facilities, which could limit originations of new loans and could hinder our growth and harm our financial performance. Additionally, the use of AI in credit models is relatively new and its impact from a regulatory standpoint is unproven, and any negative regulatory action based upon this could have an adverse impact on our financial performance.

***Our business may be adversely affected by disruptions in the credit markets, including reduction in our ability to finance our business.\****

We depend on securitization transactions, loan warehouse facilities and other forms of debt financing, as well as whole loan sales, in order to finance the principal amount of most of the loans we make to our customers. See more information about our outstanding debt in Note 8 to the Notes to the Condensed Consolidated Financial Statements (Unaudited). However, there is no assurance that these sources of capital will continue to be available in the future on terms favorable to us or at all, particularly in light of capital markets volatility stemming from the COVID-19 pandemic. The availability of debt financing and other sources of capital depends on many factors, some of which are outside of our control. The risk of volatility surrounding the global economic system, including due to the COVID-19 pandemic and other disruptions, as well as uncertainty surrounding the future of regulatory reforms such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, continue to create uncertainty around access to the capital markets. Events of default or breaches of financial, performance or other covenants, as a result of the underperformance of certain pools of loans underpinning our securitizations or other debt facilities, could reduce or terminate our access to funding from institutional investors, including investment banks, traditional and alternative asset managers and other entities. Such events could also result in default rates at a higher interest rate and therefore increase our cost of capital. In addition, our ability to access future capital may be impaired because our interests in our financed pools of loans are "first loss" interests and so these interests will only be realized to the extent all amounts owed to investors or lenders and service providers under our securitizations and debt facilities are paid in full. In the event of a sudden or unexpected shortage or restriction on the availability of funds, we cannot be sure that we will be able to maintain the necessary levels of funding to retain current levels of originations without incurring higher funding costs, a reduction in the term of funding instruments or increasing the rate of whole loan sales or be able to access funding at all. If we are unable to arrange financing on favorable terms, we may not be able to grow our business as planned and we may have to curtail our origination of loans. In addition, in July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. It is not possible to predict whether LIBOR will cease to exist after calendar year 2021, whether additional reforms to LIBOR may be enacted, or whether alternative reference rates will gain market acceptance, and any of these outcomes could increase our interest rate risk related to our Secured Financing which is currently tied to LIBOR. Changes in interest rates or foreign currency exchange rates could affect our interest expense, which could result in volatility in our results of operations, financial condition and cash flows.

***We have elected the fair value option and we use estimates in determining the fair value of our loans and our asset-backed notes. If our estimates prove incorrect, we may be required to write down the value of these assets or write up the value of these liabilities, which could adversely affect our results of operations.\****

Our ability to measure and report our financial position and results of operations is influenced by the need to estimate the impact or outcome of future events on the basis of information available at the time of the issuance of the financial statements. We use estimates, assumptions, and judgments when certain financial assets and liabilities are measured and reported at fair value. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and/or other observable inputs provided by independent third-party sources, when available. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain assets if trading becomes less frequent or market data becomes less observable. In such cases, certain asset valuations may require significant judgment, and may include inputs and assumptions that require greater estimation, including credit quality, liquidity, interest rates and other relevant inputs. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Management has processes in place to monitor these judgments and assumptions, including review by our internal valuation and loan loss allowance committee, but these processes may not ensure that our judgments and assumptions are correct.

We use estimates and assumptions in determining the fair value of our Fair Value Loans and Fair Value Notes. Our Fair Value Loans represented 83% of our total assets and Fair Value Notes represented 72% of our total liabilities as of June 30, 2020. Our Fair Value Loans are determined using Level 3 inputs and Fair Value Notes are determined using Level 2 inputs. Changes to these inputs could significantly impact our fair value measurements. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. In addition, a variety of factors such as changes in the interest rate environment and the credit markets, changes in average life, higher than anticipated delinquency and default levels or financial market illiquidity, may ultimately affect the fair values of our loans receivable and asset-backed notes. Material differences in these ultimate values from those determined based on management's

estimates and assumptions may require us to adjust the value of certain assets and liabilities, including in a manner that is not comparable to others in our industry, which could adversely affect our results of operations.

***If net charge-off rates are in excess of expected loss rates, our business and results of operations may be harmed.\****

Our unsecured personal loans are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. We are therefore limited in our ability to collect on these loans if a customer is unwilling or unable to repay them. A customer's ability to repay us can be negatively impacted by increases in his or her payment obligations to other lenders under mortgage, credit card and other loans, or loss of employment due to economic turmoil, particularly in light of the COVID-19 pandemic. These changes can result from increases in base lending rates or structured increases in payment obligations and could reduce the ability of our customers to meet their payment obligations to other lenders and to us. In addition, the success of any economic assistance program or stimulus legislation due to COVID-19 is unknown, and we cannot determine the impact of any such program has had, or will have on our net charge-off rates.

At the end of July 2020, we announced a change in our small claims filing practices, which includes the dismissal of all pending small claims court filings, suspension of all new small claims filings and the commitment to reduce court filings by 60% in the future. If we are unable to employ alternative means of engaging severely delinquent customers the effectiveness of our efforts to collect on defaulted loans may be impacted. Because our net charge-off rate depends on the collectability of the loans, if we experience an unexpected significant increase in the number of customers who fail to repay their loans or an increase in the principal amount of the loans that are not repaid, our revenue and results of operations could be adversely affected. Furthermore, personal unsecured loans are dischargeable in bankruptcy. If we experience an unexpected, significant increase in the number of customers who successfully discharge their loans in a bankruptcy action, our revenue and results of operations could be adversely affected.

We incorporate our estimate of lifetime loan losses in our measurement of fair value for our Fair Value Loans. To estimate the appropriate level of allowance for loan losses, we consider known and relevant internal and external factors that affect loan receivable collectability, including the total amount of loans receivable outstanding, historical loan losses, our current collection patterns and economic trends. While this evaluation process uses historical and other objective information, the classification of loans and the forecasts and establishment of loan losses and fair value are also dependent on our subjective assessment based upon our experience and judgment. Given the unprecedented nature of the COVID-19 pandemic and the rapid impact it has had on the economy, the amount of subjective assessment and judgment applied to develop our forecasts has increased materially, since no directly corresponding historical data set exists. Our methodology for establishing our fair value is based on the guidance in Accounting Standards Codification, 820 and 825, and, in part, on our historic loss experience. If customer behavior changes as a result of economic conditions and if we are unable to predict how the unemployment rate and general economic uncertainty may affect our estimate of lifetime loan losses, the fair value may be reduced for our Fair Value Loans, which will decrease Net Revenue. Our calculations of fair value are estimates, and if these estimates are inaccurate, our results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our calculations of fair value, and unlike traditional banks, we are not subject to periodic review by bank regulatory agencies of our loss estimates or our calculations of fair value. In addition, because our debt financings include delinquency triggers as predictors of losses, increased delinquencies or losses may reduce or terminate the availability of debt financings to us.

***Our results of operations and financial condition and our customers' willingness to borrow money from us and ability to make payments on their loans have been, and may in the future be, adversely affected by economic conditions and other factors that we cannot control.\****

Uncertainty and negative trends in general economic conditions in the United States and abroad, historically have created a difficult operating environment for our business and other companies in our industry. Many factors, including factors that are beyond our control, may impact our results of operations or financial condition, our customers' willingness to incur loan obligations and/or affect our customers' willingness or capacity to make payments on their loans. These factors include: unemployment levels, housing markets, immigration policies, gas prices, energy costs, government shutdowns, delays in tax refunds, significant tightening of credit markets and interest rates, as well as events such as natural disasters, acts of war, terrorism, catastrophes, epidemics and pandemics, including COVID-19.

In addition, major medical expenses, divorce, death or other issues that affect our customers could affect our customers' willingness or ability to make payments on their loans. Further, our business currently is heavily concentrated on consumer lending and, as a result, we are more susceptible to fluctuations and risks particular to U.S. consumer credit than a company with a more diversified lending portfolio. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted towards consumer credit. If the United States experiences an economic downturn, or if we become affected by other events beyond our control, we may experience a significant reduction in revenue, earnings and cash flows. If our customers default under a loan receivable held directly by us, we will experience loss of principal and anticipated interest payments, which could adversely affect our cash flow from operations. The cost to service our loans may also increase without a corresponding increase in our interest on loans. We may also become exposed to increased credit risk from our customers and third parties who have obligations to us. For example, since the beginning of January 2020, the COVID-19 pandemic has caused disruption and volatility in the global financial markets and the continued spread of COVID-19 has led to an economic slowdown. In addition, the pandemic has resulted in all states and the federal government declaring a state of emergency and in many locations, schools, bars and restaurants, gyms and other non-essential businesses have been ordered closed at a county, city or state level. Jurisdictions have issued shelter in place or similar orders, restricting movement of most citizens for other than to/from essential activities. These developments have caused an increase in unemployment levels and affect our customers' ability to satisfy their obligations. In addition, the cost to service our loans has and may continue to increase without a corresponding increase in our interest on loans. As a result of the COVID-19 pandemic, we have and may continue to be exposed to increased credit risk from our customers and third parties who have obligations to us.

If aspects of our business, including the quality of our loan portfolio or our customers' ability to pay, are significantly affected by economic changes or any other conditions in the future, we cannot be certain that we will adequately adapt our business to such changes, so our business would be adversely affected.

***Negative publicity or public perception of our industry or our company could adversely affect our reputation, business and results of operations.\****

Negative publicity about our industry or our company in the media, even if inaccurate, could adversely affect our reputation and the confidence in our brand and business model. The proliferation of social media may increase the likelihood that negative public opinion will impact our reputation and business. Our reputation is very important to attracting new customers and retaining existing customers. While we believe that we have a good reputation and that we provide customers with a superior experience, there can be no assurance that we will continue to maintain a good relationship with customers.

Consumer advocacy groups, politicians and certain government and media reports have, in the past, advocated governmental action to prohibit or severely restrict the dollar amount, interest rate, or other terms of consumer loans, particularly "small dollar" loans and those with short terms. The consumer groups and media reports typically focus on the cost to a consumer for this type of loan, which may be higher than the interest typically charged by issuers to consumers with more historical creditworthiness; for example, some groups are critical of loans with APRs greater than 36%. The consumer groups, public officials and government and media reports frequently characterize these short-term consumer loans as predatory or abusive toward consumers. While we recently announced the implementation of an "all-in" APR cap of 36% for all newly originated loans, until such previously originated loans are paid-off, a portion of our portfolio will consist of loans with APRs greater than 36%. If the negative characterization of short-term consumer loans becomes associated with this remaining portion of our portfolio, our business model or loan terms, even if inaccurate, demand for our consumer loans could significantly decrease, and it could be less likely that investors purchase our loans or our asset-backed securities, or our lenders extend or renew lines of credit to us, any of which could adversely affect our results of operations and financial condition.

Negative perception of our consumer loans, our loan origination, servicing and collections processes or other activities may also result in us being subject to more restrictive laws and regulations and potential investigations, enforcement actions and lawsuits. If there are changes in the laws affecting any of our consumer loans, or our marketing and servicing of such loans, or if we become subject to such investigations, enforcement actions and lawsuits, our financial condition and results of operations would be adversely affected.

Harm to our reputation can also arise from many other sources, including employee or former employee misconduct, misconduct by outsourced service providers or other counterparties, failure by us or our partners to meet minimum standards of service and quality, and inadequate protection of customer information and compliance failures and claims. Our reputation may also be harmed if we fail to maintain our certification as a Community Development Financial Institution, or CDFI. Since the onset of the COVID-19 pandemic, we have been working with certain customers to waive fees and offer deferrals of loan payments and reduced payment plans. We believe our actions are consistent with our mission and regulatory guidance, but we cannot be certain that our approaches to servicing our customers will not lead to criticism which could harm our reputation. For instance, we recently announced changes to our small claims court filing practices following inquiries from consumer advocates and the media regarding the scale of such program.

***If we do not compete effectively in our target markets, our results of operations could be harmed.***

The consumer lending market is highly competitive and increasingly dynamic as emerging technologies continue to enter into the marketplace. Technological advances and heightened e-commerce activities have increased consumers' accessibility to products and services, which has intensified the desirability of offering loans to consumers through digital-based solutions. We primarily compete with other consumer finance companies, credit card issuers, financial technology companies and financial institutions, as well as payday lenders and pawn shops focused on low-to-moderate income customers. Many of our competitors operate with different business models, such as lending as a service, lending through partners or point-of-sale lending, have different cost structures or participate selectively in different market segments. We may also face competition from companies that have not previously competed in the consumer lending market for customers with little or no credit history. Many of our current or potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. We face competition in areas such as compliance capabilities, financing terms, promotional offerings, fees, approval rates, speed and simplicity of loan origination, ease-of-use, marketing expertise, service levels, products and services, technological capabilities and integration, customer service, strategic partnerships, brand and reputation. Our competitors may also have longer operating histories, lower financing costs or costs of capital, more extensive customer bases, more diversified products and customer bases, operational efficiencies, more versatile technology platforms, greater brand recognition and brand loyalty and broader customer and partner relationships than we have. Our competitors may be better at developing new products, responding more quickly to new technologies and undertaking more extensive marketing campaigns. Furthermore, our existing and potential competitors may decide to modify their pricing and business models to compete more directly with our model. If we are unable to compete with such companies or fail to meet the need for innovation in our industry, the demand for our products could stagnate or substantially decline, or our products could fail to maintain or achieve more widespread market acceptance.

***Our success and future growth depend on our Oportun brand and our successful marketing efforts across channels, and if we are unable to attract or retain customers, our business and financial results may be harmed.\****

In connection with COVID-19, we have reduced our marketing spend. This decrease in marketing, in addition to the COVID-19 pandemic and corresponding shelter in place orders has resulted in a decreased demand for our products, which, we believe combined with our credit tightening, has decreased originations. Our business model relies on our ability to scale rapidly, and if our limited marketing efforts are not successful or if we are unsuccessful in developing our brand marketing campaigns, it could continue to have an adverse effect on our ability to attract customers. If we fail to successfully promote and maintain our brand or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may lose existing customers to our competitors or be unable to attract new customers, which in turn would harm our business, results of operations



and financial condition. Even if our marketing efforts result in increased revenue, we may be unable to recover our marketing costs through increases in loan volume. Any incremental increases in Customer Acquisition Cost could have an adverse effect on our business, results of operations and financial condition. Furthermore, increases in marketing and other Customer Acquisition Costs may not result in increased loan originations at the levels we anticipate or at all, which could result in a higher Customer Acquisition Cost per account.

In the future, we intend to continue to dedicate significant resources to our marketing efforts, particularly as we develop our brand. Our ability to attract qualified customers depends in large part on the success of these marketing efforts and the success of the marketing channels we use to promote our products. In the past, we marketed primarily through word of mouth at our retail locations and direct mail, and more recently, through radio and digital advertising, such as paid and unpaid search, e-mail marketing and paid display advertisements. Our future marketing programs may include direct mail, radio, television, print, online display, video, digital advertising, search engine optimization, search engine marketing, social media, events and other grassroots activities, as well as retail and digital sources of leads, such as lead aggregators and retail referral partners. The marketing channels that we employ may become more crowded and saturated by other lenders or the methodologies, policies and regulations applicable to marketing channels may change, which may decrease the effectiveness of our marketing campaigns and increase our Customer Acquisition Costs, which may in turn adversely affect our results of operations.

As we continue to expand our loan origination and acquisition channels, introduce new products and services and enter into new states, we also face the risks that our mobile and other channels could be unprofitable, increase costs, decrease operating margins or take longer than anticipated to achieve our target margins due to: difficulties with user interface or disappointment with the user experience; defects, errors or failures in our mobile service; negative publicity about our financial products and services or our mobile service's performance or effectiveness; delays in releasing to the market new mobile service enhancements; uncertainty in applicable consumer protection laws and regulations to the mobile loan environment; and increased risks of fraudulent activity associated with our mobile channel.

***Our current and future business growth strategy involves expanding into new markets with new retail location openings, and we may not effectively integrate or manage new retail locations we open or acquire.\****

Opening new retail locations and increasing originations at existing retail locations are important elements of our growth strategy. We opened 34, 50 and 42 new retail locations in 2019, 2018, and 2017, respectively. New retail location openings may impose significant costs on us and subject us to numerous risks, including:

- identification of new locations and negotiation of acceptable lease terms; and
- incurrence of additional indebtedness (if necessary to finance new retail locations).

Our continued growth is dependent upon a number of factors, including the availability of suitable retail locations, the ability to obtain any required government permits and licenses, zoning and occupancy requirements, hiring qualified management and customer service personnel, and other factors, some of which are beyond our control. If we fail to anticipate customers' needs or market dynamics related to the region or neighborhood of a new retail location, such retail location may not deliver the expected financial results. A recent trend among some municipalities has been to enact zoning restrictions in certain markets. These zoning restrictions may limit the number of non-bank lenders that can operate in an area or require certain distance requirements between competitors, residential areas or highways. Depending on the way a zoning restriction may be drafted, such restriction may restrict our ability to operate within those zoned areas. We may not be able to continue to expand our business successfully through new retail location openings in the future. Additionally, due to economic impact of COVID-19 and shelter-in-place orders, we have paused the opening of new retail locations until such time as economic activity recovers, which may reduce our opportunity for growth.

***We could experience a decline in repeat customers.\****

As of December 31, 2019, 2018, and 2017, returning customers comprised 80%, 80% and 78%, respectively, of our Owned Principal Balance at End of Period. In order for us to maintain or improve our operating results, it is important that we continue to extend loans to returning customers who have successfully repaid their previous loans. Our repeat loan rates may decline or fluctuate as a result of pricing changes, our expansion into new products and markets or because our customers are able to obtain alternative sources of funding based on their credit history with us, and new customers we acquire in the future may not be as loyal as our current customer base. If our repeat loan rates decline, including due to COVID-19 related issues, we may not realize consistent or improved operating results from our existing customer base.

***We are, and intend in the future to continue, developing new financial products and services, and our failure to accurately predict their demand or growth could have an adverse effect on our business.***

We are, and intend in the future to continue, developing new financial products and services, such as credit cards and auto loans. We intend to continue investing significant resources in developing new tools, features, services, products and other offerings. New initiatives are inherently risky, as each involves unproven business strategies and new financial products and services with which we have limited or no prior development or operating experience.

We can provide no assurance that we will be able to develop, commercially market and achieve acceptance of our new products and services. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of revenue actually originated from these new products and services. Product or service introductions may not always be successful. For example, we invested resources in development, marketing, and support for the pilot launch of OportunPath to a limited number of customers but decided in the fourth quarter of 2019 to discontinue the service in order to strategically realign our resources to focus on other products. In addition, the borrower profile of customers using our new products and services may not be as attractive as the customers that we currently serve, which may lead to higher

levels of delinquencies or defaults than we have historically experienced. Failure to accurately predict demand or growth with respect to our new products and services could adversely impact our business, and there is always risk that these new products and services will be unprofitable, will increase our costs or will decrease operating margins or take longer than anticipated to achieve target margins. Additionally, due to the economic impact of COVID-19, we expect the growth of revenue from new products to be much slower than previously anticipated in the near term. Coupled with the fact that as newer initiatives the majority of the expenses associated with new products are fixed, so any potential future profitability of such new products will be delayed. Further, our development efforts with respect to these initiatives could distract management from current operations and will divert capital and other resources from our existing business.

***We may change our strategy or underwriting and servicing practices, which may adversely affect our business.\****

We may change our strategy or any of our underwriting guidelines at any time without notice or the consent of our stockholders. For example, given the economic crisis resulting from the COVID-19 pandemic, in late March 2020, we significantly tightened our underwriting criteria. In addition, we recently announced that we were implementing a nationwide 36% APR cap for newly originated loans which may have unanticipated impacts that could adversely affect our results of operations and financial condition. We may also decide to retain more loans rather than sell them to third parties. We continue to evaluate our business strategies and underwriting and servicing practices and in the future, may make additional changes, including due to to changing economic conditions, regulatory requirements and industry practices. Any of these changes could result in us holding a loan portfolio with a different risk profile from our current risk profile. Additionally, a change in our strategy or underwriting and servicing practices may reduce our credit spread and may increase our exposure to interest rate risk, default risk and liquidity risk, all of which could adversely affect our business, results of operations and financial condition.

***We are, and intend in the future to continue, expanding into new geographic regions, and our failure to comply with applicable laws or regulations, or accurately predict demand or growth, related to these geographic regions could have an adverse effect on our business.***

We intend to continue expanding into new geographic regions. We can provide no assurance that we will achieve similar levels of success, if any, in the new geographic regions where we do not currently operate. In addition, each of the new states where we do not currently operate may have different laws and regulations that apply to our products and services. As such, we expect to be subject to significant additional legal and regulatory requirements, including various federal and state consumer lending laws. We have limited experience in managing risks and the compliance requirements attendant to these additional legal and regulatory requirements in new geographies. The costs of compliance and any failure by us to comply with such regulatory requirements in new geographies could harm our business.

***Our proprietary credit risk models rely in part on the use of third-party data to assess and predict the creditworthiness of our customers, and if we lose the ability to license or use such third-party data, or if such third-party data contain inaccuracies, it may harm our results of operations.\****

We rely on our proprietary credit risk models, which are statistical models built using third-party alternative data, credit bureau data, customer application data and our credit experience gained through monitoring the payment performance of our customers over time. If we are unable to access certain third-party data used in our credit risk models, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations. Third-party data sources include credit bureau data and other alternative data sources. Such data is electronically obtained from third parties and is aggregated by our risk engine to be used in our credit risk models to score applicants and make credit decisions and in our verification processes to confirm customer reported information. Data from consumer reporting agencies and other information that we receive from third parties about a customer may be inaccurate or may not accurately reflect the customer's creditworthiness, which may cause us to provide loans to higher risk customers than we intend through our underwriting process and/or inaccurately price the loans we make. In response to the economic impact of COVID-19, regulators may require banks and other lenders to not report negative performance data to the credit bureaus. As a result, credit bureau data may prove less reliable in predicting credit risk for borrowers. We use numerous third-party data sources and multiple credit factors within our proprietary credit risk models, which helps mitigate, but does not eliminate, the risk of an inaccurate individual report. In addition, there are risks that the costs of our access to third-party data may increase or our terms with such third-party data providers could worsen. In recent years, well-publicized allegations involving the misuse or inappropriate sharing of personal information have led to expanded governmental scrutiny of practices relating to the safeguarding of personal information and the use or sharing of personal data by companies in the U.S. and other countries. That scrutiny has in some cases resulted in, and could in the future lead to, the adoption of stricter laws and regulations relating to the use and sharing of personal information. These types of laws and regulations could prohibit or significantly restrict our third-party data sources from sharing information, or could restrict our use of personal data when developing our proprietary credit risk models, or for fraud prevention purposes. These restrictions could also inhibit our development or marketing of certain products or services, or increase the costs of offering them to customers or make the models less effective at predicting credit outcomes or preventing fraud.

We follow procedures to verify each customer's identity, income, and address, which are designed to minimize fraud. These procedures may include visual inspection of customer identification documents to ensure authenticity, review of paystubs or bank statements for proof of income and employment, and review of analysis of information from credit bureaus, fraud detection databases and other alternative data sources for verification of employment, income and other debt obligations. If any of the information that is considered in the loan review process is inaccurate, whether intentional or not, and such inaccuracy is not detected prior to loan funding, the loan may have a greater risk of default than expected. If any of our procedures are not followed, or if these procedures fail, fraud may occur. Additionally, there is a risk that following the date of the loan application, a customer may have defaulted on, or become delinquent in the payment of, a pre-existing debt obligation, taken on additional debt, lost his or her job or other sources of income or experienced other adverse financial events. Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact our results of operations, brand and reputation and require us to take additional steps to reduce fraud risk, which could increase our costs.

***If we are unable to collect payment on and service the loans we make to our customers, our business would be harmed.\****

Our ability to adequately service our loans is dependent upon our ability to grow and appropriately train our customer service and collections staff, our ability to expand existing and open new contact centers as our loans increase, and our ability to reach our customers via phone, text, or email when they default. Additionally, our customer service and collections staff are dependent upon our maintaining adequate information technology, telephony and internet connectivity such that they can perform their job functions. If we fail to adequately leverage these technologies to service and collect amounts owed in respect of our loans, or if consumers opt to block us from calling, texting, emailing or otherwise contacting them when they are in default, then payments to us may be delayed or reduced.

At the end of July 2020, we announced a change in our legal collections filing practices, which includes the dismissal of all pending small claims court filings, suspension of all new small claims filings and the commitment to reduce court filings by 60% in the future. If we are unable to employ alternative means of engaging severely delinquent customers the effectiveness of our efforts to collect on defaulted loans may be impacted. Additionally, our contact centers, either owned or through our outsourcing partners, are located in various jurisdictions within three countries, all of which have varying shelter-in-place and social distancing orders in place. While we have been successful thus far in complying with these orders and keeping contact centers operational, predominantly by moving the majority of our contact center employees to home working environments, our ability to perform collections activities is highly dependent on the ability of contact center staff to continue to work, either in the contact center or remotely. If a significant percentage of our contact center workforce is unable to work effectively as a result of the COVID-19 pandemic, including because of illness, quarantines, ineffective remote work arrangements or technology, utility or other failures or limitations. Because our net charge-off rate depends on the collectability of the loans, if we experience an unexpected significant increase in the number of customers who fail to repay their loans or an increase in the principal amount of the loans that are not repaid, our financing arrangements, revenue and results of operations could be adversely affected.

***Because we receive a significant amount of cash in our retail locations through customer loan repayments, we may be subject to theft and cash shortages due to employee errors.***

Since our business requires us to receive a significant amount of cash in each of our retail locations, we are subject to the risk of theft (including by or facilitated by employees) and cash shortages due to employee errors. Although we have implemented various procedures and programs to reduce these risks, maintain insurance coverage for theft and provide security measures for our facilities, we cannot make assurances that theft and employee error will not occur. We have experienced theft and attempted theft in the past.

***We are exposed to geographic concentration risk.\****

The geographic concentration of our loan originations may expose us to an increased risk of loss due to risks associated with certain regions. Certain regions of the United States from time to time will experience weaker economic conditions and higher unemployment and, consequently, will experience higher rates of delinquency and loss than on similar loans nationally. In addition, natural, man-made disasters or health epidemics or pandemics such as the current outbreak of the COVID-19 pandemic in specific geographic regions may result in higher rates of delinquency and loss in those areas. A significant portion of our outstanding receivables is originated in certain states, and within the states where we operate, originations are generally more concentrated in and around metropolitan areas and other population centers. Therefore, economic conditions, natural, man-made disasters, health epidemics or pandemics or other factors affecting these states or areas in particular could adversely impact the delinquency and default experience of the receivables and could adversely affect our business. Further, the concentration of our outstanding receivables in one or more states would have a disproportionate effect on us if governmental authorities in any of those states take action against us or take action affecting how we conduct our business.

As of June 30, 2020, 58%, 25%, 5%, and 5% of our Owned Principal Balance at End of Period related to customers from California, Texas, Illinois, and Florida, respectively. If any of the events noted in these risk factors were to occur in or have a disproportionate impact in regions where we operate or plan to commence operations, it may negatively affect our business in many ways, including increased delinquencies and loan losses or a decrease in future originations.

***Changes in immigration patterns, policy or enforcement could affect some of our customers, including those who may be undocumented immigrants, and consequently impact the performance of our loans, our business and results of operations.***

Some of our customers are immigrants and some may not be U.S. citizens or permanent resident aliens. We follow appropriate customer identification procedures as mandated by law, including accepting government issued picture identification that may be issued by non-U.S. governments, as permitted by the USA PATRIOT Act, but we do not verify the immigration status of our customers, which we believe is consistent with industry best practices and is not required by law. While our credit models look to approve customers who have stability of residency and employment, it is possible that a significant change in immigration patterns, policy or enforcement could cause some customers to emigrate from the United States, either voluntarily or involuntarily, or slow the flow of new immigrants to the United States. Immigration reform is a priority of the current administration, which could lead to changes in laws that make it more difficult or less desirable for immigrants to work in the United States, resulting in increased delinquencies and losses on our loans or a decrease in future originations due to more difficulty for potential customers to earn income. In addition, if we or our competitors receive negative publicity around making loans to undocumented immigrants, it may draw additional attention from regulatory bodies or consumer advocacy groups, all of which may harm our brand and business. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action.

***Our current level of interest rate spread may decline in the future. Any material reduction in our interest rate spread could adversely affect our results of operations.\****

We earn over 90% of our revenue from interest payments on the loans we make to our customers. Financial institutions and other funding sources provide us with the capital to fund a substantial portion of the principal amount of our loans to customers and charge us interest on funds that we borrow. In the event that the spread between the interest rate at which we lend to our customers and the rate at which we borrow from our lenders decreases, our Net Revenue will decrease. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including our ability to access capital markets, the volume of loans we make to our customers, loan mix, competition and regulatory limitations. See “Part I, Item 1 Quantitative and Qualitative Disclosures About Market Risk.”

Market interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, recession, the state of the credit markets, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies. Interest rate changes may require us to make adjustments to the fair value of our Fair Value Loans or Fair Value Notes, which may in turn adversely affect our results of operations. For instance, interest rates recently declined significantly. When interest rates fall, the fair value of our Fair Value Loans increases, which increases Net Revenue. In addition, decreasing interest rates also increase the fair value of our Fair Value Notes, which reduces Net Revenue. Because the duration and fair value of our loans and asset-backed notes are different, the respective changes in fair value did not fully offset each other resulting in a negative impact on Net Revenue. Any reduction in our interest rate spread could have an adverse effect on our business, results of operations and financial condition. We recently announced that we are implementing a nationwide 36% APR cap for newly originated loans, which we expect will reduce our interest rate spread and may have an adverse effect on our business, results of operations and financial condition. We do not currently hedge our interest rate exposure associated with our debt financing or fair market valuation of our loans.

***In connection with our securitizations, Secured Financing facility, and whole loan sales, we make representations and warranties concerning these loans. If those representations and warranties are not correct, we could be required to repurchase the loans. Any significant required repurchases could have an adverse effect on our ability to operate and fund our business.***

In our asset-backed securitizations, our Secured Financing facility and our whole loan sales, we make numerous representations and warranties concerning the characteristics of the loans we transfer and sell, including representations and warranties that the loans meet the eligibility requirements of those facilities and investors. If those representations and warranties are incorrect, we may be required to repurchase the loans. Failure to repurchase so-called ineligible loans when required would constitute an event of default under our securitizations, our Secured Financing facility and our whole loan sales and a termination event under the applicable agreement. We can provide no assurance, however, that we would have adequate cash or other qualifying assets available to make such repurchases.

***Fraudulent activity could negatively impact our business, operating results, brand and reputation and require us to take steps to reduce fraud risk.\****

Fraud is prevalent in the financial services industry and is likely to increase as perpetrators become more sophisticated, as well as during the COVID-19 crisis. We are subject to the risk of fraudulent activity associated with customers and third parties handling customer information. Also, we continue to develop and expand our mobile origination channel, which involves the use of internet and telecommunications technologies (including mobile devices) to offer our products and services. These new mobile technologies may be more susceptible to the fraudulent activities of organized criminals, perpetrators of fraud, hackers, terrorists and others. Our resources, technologies and fraud prevention tools may be insufficient to accurately detect and prevent fraud. If the level of our fraud losses increases, our results of operations could be harmed, our brand and reputation may be negatively impacted, we may be subjected to higher regulatory scrutiny and our costs may increase as we attempt to reduce such fraud.

***Security breaches of customers’ confidential information that we store may harm our reputation, adversely affect our results of operations, and expose us to liability.\****

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, process, transmit and store large amounts of sensitive information, including the personal information, credit information and other sensitive data of our customers and potential customers. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such sensitive information. We also have arrangements in place with certain of our third-party vendors that require us to share consumer information. We have also outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result, we manage a number of third-party vendors who may have access to our computer networks or our confidential information. In addition, many of those third parties may in turn subcontract or outsource some of their responsibilities to third parties. As a result, our information technology systems, including the functions of third parties that are involved or have access to those systems, is very large and complex. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the size, complexity, accessibility and distributed nature of our information technology systems, and the large amounts of sensitive information stored on those systems, make such systems potentially vulnerable to unintentional or malicious, internal and external attacks on our technology environment. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third-party vendors, business partners, or by malicious third parties. Attacks of this nature are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, “hacktivists,” nation states and others. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information and systems. In addition, the prevalent use of mobile devices increases the risk of data security incidents. Significant disruptions of our, our third-party vendors’ and/or business partners’ information technology systems or other similar data security incidents could adversely affect our

business operations and result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive information, which could result in financial, legal, regulatory, business and reputational harm to us.

Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we and our third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many governments have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation and we could lose customers.

We also face indirect technology, cybersecurity and operational risks relating to the customers, clients and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including vendors, payment processors, and other parties who have access to confidential information due to our agreements with them. In addition, any security compromise in our industry, whether actual or perceived, or information technology system disruptions, natural disasters, terrorism, war and telecommunication and electrical failures, could interrupt our business or operations, harm our reputation, erode customer confidence, negatively affect our ability to attract new customers, or subject us to third-party lawsuits, regulatory fines or other action or liability.

Like other financial services firms, we have been and continue to be the subject of actual or attempted unauthorized access, mishandling or misuse of information, computer viruses or malware, and cyber-attacks that could obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, distributed denial of service attacks, data breaches and other infiltration, exfiltration or other similar events. On August 24, 2019, we identified an incident involving unauthorized access to a small number of company email accounts. Forensic investigation indicated that a small amount of consumer and employee sensitive information was contained in these email accounts, which resulted in breach notices sent and credit monitoring provided to approximately 700 consumers.

Our retail locations also process physical customer loan documentation that contain confidential information about our customers, including financial and personally identifiable information. We retain physical records in various storage locations outside of our retail locations. The loss or theft of customer information and data from our retail locations or other storage locations could subject us to additional regulatory scrutiny, possible civil litigation and possible financial liability and losses.

While we regularly monitor data flow inside and outside the company, attackers have become very sophisticated in the way they conceal access to systems, and many companies that have been attacked are not aware that they have been attacked. Any event that leads to unauthorized access, use or disclosure of personal information, including but not limited to personal information regarding our customers, loan applicants or employees, could disrupt our business, harm our reputation, compel us to comply with applicable federal and/or state breach notification laws and foreign law equivalents, subject us to litigation, regulatory investigation and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs to us, and result in significant legal and financial exposure and/or reputational harm. In addition, any failure or perceived failure by us or our vendors to comply with our privacy, confidentiality or data security-related legal or other obligations to third parties, or any security incidents or other inappropriate access events that result in the unauthorized access, release or transfer of sensitive information, which could include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others, and could cause third parties, to lose trust in us or we could be subject to claims by third parties that we have breached our privacy- or confidentiality- related obligations, which could harm our business and prospects. Moreover, data security incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Cybersecurity experts are warning about a growing use of COVID-19-related themes by malicious cyber actors. At the same time, the surge in teleworking has increased the use of potentially vulnerable services, such as virtual private networks, amplifying the threat to individuals and organizations. Cybercriminals are targeting individuals and organizations with COVID-19-related scams and phishing emails. There can be no assurance that our security measures intended to protect our information technology systems and infrastructure will successfully prevent service interruptions or security incidents.

We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will continue to be available on economically reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

***Our ability to collect payment on loans and maintain accurate accounts may be adversely affected by computer viruses, physical or electronic break-ins, technical errors and similar disruptions.***

The automated nature of our business may make us attractive targets for hacking and potentially vulnerable to computer malware, physical or electronic break-ins and similar disruptions. Despite efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, in which case there would be an increased risk of fraud or identity theft, and we may experience losses on, or delays in the collection of amounts owed on, a fraudulently induced loan.

In addition, the software that we have developed to use in our daily operations is highly complex and may contain undetected technical errors that could cause our computer systems to fail. Because each loan that we make involves our proprietary automated underwriting process and depends on the efficient and uninterrupted operation of our computer systems, and all of our loans are underwritten using an automated underwriting process that does not require manual review, any failure of our computer systems involving our automated underwriting process and any technical or other

errors contained in the software pertaining to our automated underwriting process could compromise our ability to accurately evaluate potential customers, which would negatively impact our results of operations. Our computer systems may encounter service interruptions at any time due to system or software failure, natural disasters, severe weather conditions, health epidemics or pandemics, terrorist attacks, cyber-attacks, power outages or other events, and any failure of our computer systems could cause an interruption in operations and result in disruptions in, or reductions in the amount of, collections from the loans we make to our customers. While we have taken steps to prevent such activity from affecting our systems, if we are unable to prevent such activity, we may be subject to significant liability, negative publicity and a loss of customers, all of which may negatively affect our business.

*Any significant disruption in our computer systems could prevent us from processing or posting payments on loans, reduce the effectiveness of our credit risk models and result in a loss of customers.*

In the event of a system outage and physical data loss, our ability to service our loans, process applications or make loans available would be adversely affected. We also rely on facilities, components, and services supplied by third parties, including data center facilities and cloud storage services. Any interference or disruption of our technology and underlying infrastructure or our use of our third-party providers' services could materially and adversely affect our business, relationships with our customers and our reputation. Also, as our business grows, we may be required to expand and improve the capacity, capability and reliability of our infrastructure. If we are not able to effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and infrastructure to reliably support our business, our results of operations may be harmed.

Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing or posting payments on the loans, damage our brand and reputation, divert our employees' attention, subject us to liability and cause customers to abandon our business, any of which could adversely affect our business, results of operations and financial condition.

*It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection.*

Our ability to lend to our customers depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively which would allow competitors to duplicate our products and adversely affect our ability to compete with them. We rely on a combination of copyright, trade secret, trademark laws and other rights, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, processes and other intellectual property and do not have patent protection. However, the steps we take to protect our intellectual property rights may be inadequate. For example, a third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and there can be no guarantee that any such efforts would be successful. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business.

*We have been, and may in the future be, sued by third parties for alleged infringement of their proprietary rights.*

Our proprietary technology, including our credit risk models, may infringe upon claims of third-party intellectual property, and we may face intellectual property challenges from such other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. If we are unsuccessful, such claim or litigation could result in a requirement that we pay significant damages or licensing fees, which would negatively impact our financial performance. We may also be obligated to indemnify parties or pay substantial legal settlement costs, including royalty payments, and to modify applications or refund fees. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations.

For example, in January 2018, we received a complaint by a third party alleging various claims for trademark infringement, unfair competition, trademark dilution and misappropriation against us. The complaint calls for monetary damages and injunctive relief requiring us to cease using our trademarks. We believe this claim is without merit and intend to vigorously defend this matter. The final outcome with respect to the claims in the lawsuits, including our liability, if any, is uncertain. Furthermore, we cannot be certain that any of these claims would be resolved in our favor. For example, an adverse litigation ruling against us could result in a significant damages award against us, could result in injunctive relief, could result in a requirement that we make substantial royalty payments, and could result in the cancellation of certain Oportun trademarks which would require that we rebrand. Moreover, an adverse finding could cause us to incur substantial expense, could be a distraction to management, and any rebranding as a result may not be well received in the market. To the extent that we reach a negotiated settlement, the settlement could require that we pay substantial compensation and could require that we make modifications to our name, branding, marketing materials and advertising that may not be well received in the market. See "Legal Proceedings" for more information regarding these proceedings.

Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant.

***Our credit risk models and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.\****

Our credit risk models and internal systems rely on internally developed software that is highly technical and complex. In addition, our models and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors, bugs or other defects, which risk may be heightened in light of the numerous changes we have implemented to our systems in a short amount of time in reaction to the COVID-19 pandemic. Some errors may only be discovered after the code has been released for external or internal use. Errors, bugs or other defects within the software on which we rely may result in a negative experience for our customers, result in errors or compromise our ability to protect customer data or our intellectual property. Specifically, any defect in our credit risk models could result in the approval of unacceptably risky loans. Such defects could also result in harm to our reputation, loss of customers, loss of revenue, adjustments to the fair value of our Fair Value Loans or Fair Value Notes, challenges in raising debt or equity, or liability for damages, any of which could adversely affect our business and results of operations.

***Some aspects of our business processes include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.***

We incorporate open source software into processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of our systems and negatively affects our business operations.

Some open source licenses contain requirements that we make source code available at no cost for modifications or derivative works we create based upon the type of open source software we use. We may face claims from third parties claiming ownership of, or demanding the release or license of, such modifications or derivative works (which could include our proprietary source code or credit risk models) or otherwise seeking to enforce the terms of the applicable open source license. If portions of our proprietary credit risk models are determined to be subject to an open source license, or if the license terms for the open source software that we incorporate change, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our model or change our business activities, any of which could negatively affect our business operations and our intellectual property rights.

In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software.

***We may not be able to make technological improvements as quickly as demanded by our customers, including to address their needs during the COVID-19 pandemic, which could harm our ability to attract customers and adversely affect our results of operations, financial condition and liquidity.\****

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial and lending institutions to better serve customers and reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers by using technology, such as mobile and online services, to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology-driven products and services as quickly as competitors or be successful in marketing these products and services to our customers. Furthermore, our technology may become obsolete or uncompetitive, and there is no guarantee that we will be able to successfully develop, obtain or use new technologies to adapt our models and systems. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to attract customers and adversely affect our results of operations, financial condition and liquidity. Additionally, the economic impact of the COVID-19 has required and continues to require us to make rapid changes to our systems in order to be able to offer our customers appropriate reduced payment plans and alternative payment options. If we are not able to implement these changes quickly enough, it could impact our credit performance.

***A deterioration in the financial condition of counterparties, including financial institutions, could expose us to credit losses, limit access to liquidity or disrupt our business operations.\****

We have entered into, and may in the future enter into, financing and derivative transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds, and other financial institutions. Furthermore, the operations of U.S. and global financial services institutions are interconnected, and a decline in the financial condition of one or more financial services institutions, or the perceived lack of creditworthiness of such financial institutions, may expose us to credit losses or defaults, limit access to liquidity or otherwise disrupt the operations of our business. As such, our financing and derivative transactions expose us to credit risk in the event of a default by the counterparty, which can be exacerbated during periods of market illiquidity, such as is currently being experienced due to the COVID-19 pandemic.

***Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business.***

We have vendors that, among other things, provide us with key services, including financial, technology and other services to support our loan servicing and other activities. The CFPB issued guidance stating that institutions under its supervision may be held responsible for the actions of the

companies with which they contract. Accordingly, we could be adversely impacted to the extent our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. Our use of third-party vendors is subject to increasing regulatory attention.

The CFPB and other regulators have issued regulatory guidance that has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third-party vendor relationships, thus increasing the scope of management involvement and decreasing the benefit that we receive from using third-party vendors. Moreover, if our regulators conclude that we have not met the heightened standards for oversight of our third-party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions.

In some cases, third-party vendors are the sole source, or one of a limited number of sources, of the services they provide to us. Most of our vendor agreements are terminable on little or no notice, and if our current vendors were to stop or were unable to continue providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner on acceptable terms or at all. If any third-party vendor fails to provide the services we require, due to factors outside our control, we could be subject to regulatory enforcement actions, suffer economic and reputational harm and incur significant costs to resolve any such disruptions in service.

***If we lose the services of any of our key management personnel, our business could suffer.***

Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense and we may not be able to replace, attract and retain key personnel. We do not maintain key-man insurance for every member of our senior management team. The loss of the service of our senior management team or key team members, and the process to replace any of them, or the inability to attract additional qualified personnel as needed, all of which would involve significant time and expense, could harm our business.

***Competition for our highly skilled employees is intense, and we may not be able to attract and retain the employees we need to support the growth of our business.\****

Competition for highly skilled personnel, including engineering and data analytics personnel, is extremely intense, particularly in the San Francisco Bay Area where our headquarters is located. We have experienced and expect to continue to face difficulty identifying and hiring qualified personnel in many areas, especially as we pursue our growth strategy. We may not be able to hire or retain such personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In particular, employee candidates, specifically in high-technology industries, often consider the value of any equity they may receive in connection with their employment so significant volatility or a decline in the price of our stock may adversely affect our recruitment strategies. Additionally, changes to U.S. immigration policies, as well as restrictions on global travel due to public health crises requiring quarantines or other precautions to limit exposure to infectious diseases, may limit our ability to hire and/or retain talent.

In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements and the quality of our services and our ability to serve our customers could be adversely affected.

***We are dependent on hiring an adequate number of hourly bilingual employees to run our business and are subject to government regulations concerning these and our other employees, including minimum wage laws.***

Our workforce is comprised primarily of bilingual employees who work on an hourly basis. In certain areas where we operate, there is significant competition for hourly bilingual employees and the lack of availability of an adequate number of hourly bilingual employees could adversely affect our operations. In addition, we are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, health benefits, unemployment and sales taxes, overtime and working conditions and immigration status. We are from time to time subject to employment-related claims, including wage and hour claims. Further, legislated increases in minimum wage, as well as increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, compliance costs and fines would increase our labor costs, which could have an adverse effect on our business.

***Our mission to provide inclusive, affordable financial services that empower our customers to build a better future may conflict with the short-term interests of our stockholders.***

Our mission is to provide inclusive, affordable financial services that empower our customers to build a better future. Therefore, we have made in the past, and may make in the future, decisions that we believe will benefit our customers and therefore provide long-term benefits for our business, even if our decision negatively impacts our short-term results of operations. For example, we constrain the maximum interest rates we charge in order to further our goal of making our loans affordable for our target customers. Our decisions may negatively impact our short-term financial results or not provide the long-term benefits that we expect and may decrease the spread between the interest rate at which we lend to our customers and the rate at which we borrow from our lenders.

***If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus on the mission that contribute to our business.***

We believe that a critical component of our success is our corporate culture and our deep commitment to our mission. We believe this mission-based culture fosters innovation, encourages teamwork and cultivates creativity. Our mission defines our business philosophy as well as the emphasis



that we place on our customers, our people and our culture and is consistently reinforced to and by our employees. As we develop the infrastructure of a public company and continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture and our long-term mission. Any failure to preserve our culture, including a failure due to the growth from becoming a public company, could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork, and effectively focus on and pursue our mission and corporate objectives.

***Misconduct by our employees could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny and reputational harm.\****

Our reputation is critical to maintaining and developing relationships with our existing and potential customers and third parties with whom we do business. There is a risk that our employees, including our employees that are working from their homes due to COVID-19 related shelter-in-place orders, could be accused of or engage in misconduct that adversely affects our business, including fraud, theft, the redirection, misappropriation or otherwise improper execution of loan transactions, disclosure of personal and business information and the failure to follow protocol when interacting with customers that could lead us to suffer direct losses from the activity as well as serious reputational harm. Employee misconduct could also lead to regulatory sanctions and prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could harm our reputation and our business.

***Our international operations and offshore service providers involve inherent risks which could result in harm to our business.\****

As of June 30, 2020, we had 1,609 employees in three contact centers in Mexico. These employees provide certain English/Spanish bilingual support related to customer-facing contact center activities, administrative and technology support of the contact centers and back-office support services. We have also engaged outsourcing partners in the United States that provide offshore customer-facing contact center activities in Colombia, Jamaica and Mexico, and may in the future include additional locations in other countries. In addition, we have engaged vendors that utilize employees or contractors based outside of the United States. As of June 30, 2020, our business process outsourcing partners have provided us, on an exclusive basis, the equivalent of 690 full-time equivalents in Mexico, Colombia and Jamaica. Additionally, in 2019, we began utilizing outsourcing partners in the United States to provide offshore technology delivery services in India. These activities in Mexico, Colombia, Jamaica, India and other future locations are subject to inherent risks that are beyond our control, including:

- risks related to government regulation or required compliance with local laws;
- local licensing and reporting obligations;
- difficulties in developing, staffing and simultaneously managing a number of varying foreign operations as a result of distance, language and cultural differences;
- different, uncertain, overlapping or more stringent local laws and regulations;
- political and economic instability, tensions, security risks and changes in international diplomatic and trade relations;
- state or federal regulations that restrict offshoring of business operational functions or require offshore partners to obtain additional licenses, registrations or permits to perform services on our behalf;
- geopolitical events, including natural disasters, public health issues, epidemics or pandemics, acts of war and terrorism;
- the impact of, and response of local governments to, the COVID-19 pandemic;
- compliance with applicable U.S. laws and foreign laws related to consumer protection, intellectual property, privacy, data security, corruption, money laundering and export/trade control;
- misconduct by our outsourcing partners and their employees or even unsubstantiated allegations of misconduct;
- risks due to lack of direct involvement in hiring and retaining personnel; and
- potentially adverse tax developments and consequences.

Violations of the complex foreign and U.S. laws, rules and regulations that apply to our international operations and offshore activities of our service providers may result in heightened regulatory scrutiny, fines, criminal actions or sanctions against us, our directors, our officers or our employees, as well as restrictions on the conduct of our business and reputational damage.

***If we discover a material weakness in our internal control over financial reporting that we are unable to remedy or otherwise fail to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to report our financial results on a timely and accurate basis and the market price of our common stock may be adversely affected.***

The Sarbanes-Oxley Act requires, among other things, that, as a public company, we maintain effective internal control over financial reporting and disclosure controls and procedures including implementation of financial systems and tools. In 2017, we implemented a company-wide integrated financial reporting and human capital management system, which resulted in identification of significant deficiencies and delays in closing the accounting records for 2017 and the first quarter of 2018 and required significant remediation efforts in 2017 and 2018. If our remediation measures in 2017 and 2018 or future remediation measures are not fully successful, we may identify errors related to prior periods that could require a restatement of our financial statements and which may result in delays in filing our periodic reports. Any failure to maintain effective disclosure

controls and procedures or internal control over financial reporting could have an adverse effect on our ability to accurately report our financial information on a timely basis and result in material misstatements in our consolidated financial statements.

To comply with Section 404A of the Sarbanes-Oxley Act, we may incur substantial cost, expend significant management time on compliance-related issues and hire additional accounting, financial and internal audit staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404A in a timely manner or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, we could be subject to sanctions or investigations by the Securities and Exchange Commission, or the SEC, or other regulatory authorities, adversely affect our ability to access the credit markets and sell additional equity and commit additional financial and management resources to remediate deficiencies.

***Our business is subject to the risks of natural disasters, public health crises and other catastrophic events, and to interruption by man-made problems.\****

A significant natural disaster, such as an earthquake, fire, hurricanes, flood or other catastrophic event (many of which are becoming more acute and frequent as a result of climate change), or interruptions by strikes, crime, terrorism, cyber-attacks, pandemics or other public health crises, power outages or other man-made problems, could have an adverse effect on our business, results of operations and financial condition. Our headquarters is located in the San Francisco Bay Area, and our systems are hosted in multiple data centers across Northern California, a region known for seismic activity and wildfires and related power outages. Additionally, certain of our contact centers and retail locations are located in areas prone to natural disasters, including earthquakes, tornadoes and hurricanes, and certain of our retail locations and our contact centers may be located in areas with high levels of criminal activities.

Our IT systems are backed up regularly to highly available, alternate data centers in a different region, and we have conducted disaster recovery testing of our mission critical systems. Despite any precautions we may take, however, the occurrence of a natural disaster or other unanticipated problems at our data centers could result in lengthy interruptions in our services. In addition, acts of war, terrorism and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays or loss of critical data.

In addition, a large number of customers make payments and apply for loans at our retail locations. If one or more of our retail locations becomes unavailable for any reason, including as a result of the COVID-19 pandemic or other public health crisis, localized weather events or natural or man-made disasters, our ability to conduct business and collect payments from customers on a timely basis may be adversely affected, which could result in lower loan originations, higher delinquencies and increased losses. For example, from time to time we have temporarily closed a few of our retail locations due to public health orders or other concerns relating to the COVID-19 pandemic, which we believe partially contributed to the decrease in Aggregate Originations in the three and six months ended June 30, 2020 as compared to the corresponding periods ending June 30, 2019. We may have to close retail locations as necessary due to public health orders or other concerns relating to the COVID-19 pandemic. The closure of additional retail locations would further adversely affect our loan originations, results of operations and financial condition.

All of the aforementioned risks may be further increased if our business continuity plans prove to be inadequate and there can be no assurance that both personnel and non-mission critical applications can be fully operational after a declared disaster within a defined recovery time. If our personnel, systems or primary data center facilities are impacted, we may suffer interruptions and delays in our business operations. In addition, to the extent these events impact our customers or their ability to timely repay their loans, our business could be negatively affected.

We may not maintain sufficient business interruption or property insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions in our ability to provide our financial products and services.

***Unfavorable outcomes in legal proceedings may harm our business and results of operations.***

We are, and may in the future become, subject to litigation, claims, investigations, legal and administrative cases and proceedings, whether civil or criminal, or lawsuits by governmental agencies or private parties, which may affect our results of operations. In 2018, we settled a class action with common stockholders alleging that certain of our directors, officers, former directors and officers, and certain of our convertible preferred stockholders breached their fiduciary duties to our common stockholders in their capacities as officers, directors and/or controlling stockholders by approving certain of our convertible preferred stock financing rounds that diluted the ownership of our common stockholders and that certain defendants allegedly aided and abetted such breaches. In June 2017, certain plaintiffs that were previously part of the class action in the lawsuit described above, filed suit alleging the same claims, but covering a more limited series of financings. See “Legal Proceedings” for more information regarding this and other proceedings.

If the results of any pending or future legal proceedings are unfavorable to us or if we are unable to successfully defend against third-party lawsuits, we may be required to pay monetary damages or fulfill our indemnification obligations or we may be subject to fines, penalties, injunctions or other censure. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third-party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues.

## **Risks Related to our Industry and Regulation**

***The lending industry is highly regulated. Changes in regulations or in the way regulations are applied to our business could adversely affect our business.***

Our business is subject to numerous federal, state and local laws and regulations. Following the financial crisis that began in 2008, supervisory efforts to enact and apply relevant laws, regulations and policies have become more intense. Statutes, regulations and policies affecting lending

institutions are continually under review by Congress, state legislatures and federal and state regulatory agencies. Further changes in laws or regulations, or the regulatory application or interpretation of the laws and regulations applicable to us, could adversely affect our ability to operate in the manner in which we currently conduct business. Such changes in, and in the interpretation and enforcement of, laws and regulations may also make it more difficult or costly for us to originate additional loans, or for us to collect payments on our loans to customers or otherwise operate our business by subjecting us to additional licensing, registration and other regulatory requirements in the future. For instance, in 2019, competing bills were introduced in the Senate, one bill which would create a national usury cap of 36% APR, the other which would create a national cap of the lesser of 15% APR or the maximum rate permitted by the state in which the consumer resides. Although there is no evidence that such bills would ever be enacted into law, if such a bill were to be enacted, it would greatly restrict profitability for us.

Furthermore, judges or regulatory agencies could interpret current rules or laws differently than the way we do, leading to such adverse consequences as described above. A failure to comply with any applicable laws or regulations could result in regulatory actions, loss of licenses, lawsuits and damage to our reputation, any of which could have an adverse effect on our business and financial condition and our ability to originate and service loans and perform our obligations to investors and other constituents. It could also result in a default or early amortization event under our debt facilities and reduce or terminate availability of debt financing to us to fund originations.

***Our failure to comply with the regulations in the jurisdictions in which we conduct our business could harm our results of operations.***

Federal and state agencies have broad enforcement powers over us, including powers to periodically examine and continuously monitor our operations and to investigate our business practices and broad discretion to deem particular practices unfair, deceptive, abusive or otherwise not in accordance with the law. All of our operations are subject to regular examination by state regulators and, in the future, may be subject to regular examination by federal regulators. These examinations may result in requirements to change our policies or practices, and in some cases, we may be required to pay monetary fines or make reimbursements to customers.

State attorneys general have stated their intention to fill any void left by diminished CFPB enforcement and have a variety of tools at their disposal to enforce state and federal consumer financial laws. First, Section 1042 of the Dodd-Frank Act grants state attorneys general the ability to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority and to secure remedies provided in the Dodd-Frank Act against entities within their jurisdiction. State attorneys general also have enforcement authority under state law with respect to unfair or deceptive practices. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi-state actions or settlements. Finally, several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general. Should the CFPB decrease its enforcement activity under the Trump administration, we expect to see an increase in actions brought by state attorneys general.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable federal, state and local regulations, but we may not be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have an adverse effect on our operations. There is also a chance that a regulator will believe that we or our service providers should obtain additional licenses above and beyond those currently held by us or our service providers, if any. Changes in laws or regulations applicable to us could subject us or our service providers to additional licensing, registration and other regulatory requirements in the future or could adversely affect our ability to operate or the manner in which we conduct business, including restrictions on our ability to open retail locations in certain counties, municipalities or other geographic locations.

A failure to comply with applicable laws and regulations could result in additional compliance requirements, limitations on our ability to collect all or part of the principal of or interest on loans, fines, an inability to continue operations, regulatory actions, loss of our license to transact business in a particular location or state, lawsuits, potential impairment, voiding, or voidability of loans, rescission of contracts, civil and criminal liability and damage to our reputation.

A proceeding relating to one or more allegations or findings of our violation of law could also result in modifications in our methods of doing business, including our servicing and collections procedures. It could result in the requirement that we pay damages and/or cancel the balance or other amounts owing under loans associated with such violation. It could also result in a default or early amortization event under certain of our debt facilities and reduce or terminate availability of debt financing to us to fund originations. To the extent it is determined that the loans we make to our customers were not originated in accordance with all applicable laws as we are required to represent under our securitization and other debt facilities and in loan sales to investors, we could be obligated to repurchase for cash, or swap for qualifying assets, any such loan determined not to have been originated in compliance with legal requirements. We may not have adequate liquidity and resources to make such cash repurchases or swap for qualifying assets.

For more information with respect to the regulatory framework affecting our businesses, see "Business - Regulations and Compliance" included in our 2019 Form 10-K.

***Financial regulatory reform relating to asset-backed securities has not been fully implemented and could have a significant impact on our ability to access the asset-backed securities market.***

We rely upon asset-backed financing for a significant portion of our funds with which to carry on our business. Asset-backed securities and the securitization markets were heavily affected by the Dodd-Frank Act and have also been a focus of increased regulation by the SEC. For example, the Dodd-Frank Act mandates the implementation of rules requiring securitizers or originators to retain an economic interest in a portion of the credit risk for any asset that they securitize or originate. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain. Rules relating to

securitizations rated by nationally-recognized statistical rating agencies require that the findings of any third-party due diligence service providers be made publicly available at least five business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization.

However, some of the regulations to be implemented under the Dodd-Frank Act relating to securitization have not yet been finalized. Additionally, there is general uncertainty regarding what changes, if any, may be implemented with regard to the Dodd-Frank Act. Any new rules or changes to the Dodd-Frank Act (or the current rules thereunder) could adversely affect our ability and our cost to access the asset-backed securities market.

***Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.***

In the ordinary course of business, we have been named as a defendant in various legal actions, including class actions and other litigation. Generally, this litigation arises from the dissatisfaction of a consumer with our products or services; some of this litigation, however, has arisen from other matters, including claims of violation of do-not-call, credit reporting and collection laws, bankruptcy and practices. All such legal actions are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time-consuming, disruptive to our operations and resources, and distracting to management. In addition, certain of those actions include claims for indeterminate amounts of damages. Our involvement in any such matter also could cause significant harm to our reputation and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. If resolved against us, legal actions could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. We have in the past chosen to settle (and may in the future choose to settle) certain matters in order to avoid the time and expense of litigating them. Although none of the settlements has been material to our business, there is no assurance that, in the future, such settlements will not have a material adverse effect on our business.

In addition, a number of participants in the consumer financial services industry have been the subject of putative class action lawsuits, state attorney general actions and other state regulatory actions, federal regulatory enforcement actions, including actions relating to alleged unfair, deceptive or abusive acts or practices, violations of state licensing and lending laws, including state usury laws, actions alleging discrimination on the basis of race, ethnicity, gender or other prohibited bases, and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans and other consumer financial services and products. The current regulatory environment, increased regulatory compliance efforts, and enhanced regulatory enforcement have resulted in significant operational and compliance costs and may prevent us from providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business or adversely affect our business. In particular, legal proceedings brought under state consumer protection statutes or under several of the various federal consumer financial services statutes subject to the jurisdiction of the CFPB may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities.

Some of our consumer financing agreements include arbitration clauses. If our arbitration agreements were to become unenforceable for any reason, we could experience an increase to our consumer litigation costs and exposure to potentially damaging class action lawsuits.

In addition, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted customers. These self-identified issues and voluntary remediation payments could be significant, depending on the issue and the number of customers impacted, and could generate litigation or regulatory investigations that subject us to additional risk.

***Internet-based and electronic signature-based loan origination processes may give rise to greater risks than paper-based processes.***

We use the internet and internet-enabled mobile phones to obtain application information, distribute certain legally required notices to applicants for, and borrowers of, the loans, and to obtain electronically signed loan documents in lieu of paper documents with tangible borrower signatures. In addition, we have introduced the use of electronic signature-based loan origination processes with a tablet in our retail locations. These processes may entail greater risks than would paper-based loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that borrowers may challenge the authenticity of their signature or of the loan documents, risks that a court of law may not enforce electronically signed loan documents and risks that, despite controls, unauthorized changes are made to the electronic loan documents. If any of those factors were to cause any loans, or any of the terms of the loans, to be unenforceable against the borrowers, our ability to service these loans could be adversely affected.

***The CFPB is a relatively new agency which has sometimes taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency's actions or the actions of any other new agency could impact our business.***

The CFPB, which commenced operations in July 2011, has broad authority to create and modify regulations under federal consumer financial protection laws and regulations, such as the Truth in Lending Act and Regulation Z, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act, the Electronic Funds Transfer Act and Regulation E, and to enforce compliance with those laws. The CFPB is charged with the examination and supervision of certain participants in the consumer financial services market, including short-term, small dollar lenders, and larger participants in other areas of financial services. The CFPB is also authorized to prevent "unfair, deceptive or abusive acts or practices" through its regulatory, supervisory and enforcement authority. To assist in its enforcement, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including our loan products and our prepaid debit card program. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. The CFPB may also request reports

concerning our organization, business conduct, markets and activities and conduct on-site examinations of our business on a periodic basis if the CFPB were to determine, through its complaint system, that we were engaging in activities that pose risks to consumers.

There continues to be uncertainty about the future of the CFPB and as to how its strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward. Actions by the CFPB could result in requirements to alter or cease offering affected financial products and services, making them less attractive and restricting our ability to offer them. The CFPB could also implement rules that restrict our effectiveness in servicing our financial products and services.

Future actions by the CFPB (or other regulators) against us or our competitors that discourage the use of our or their services or restrict our business activities could result in reputational harm and adversely affect our business. If the CFPB changes regulations that were adopted in the past by other regulators and transferred to the CFPB by the Dodd-Frank Act, or modifies through supervision or enforcement past regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer certain of our products or that require us to make significant changes to our business practices, and if we are unable to develop compliant alternatives with acceptable returns, our business could be adversely affected.

***As a prepaid debit card provider, we are subject to extensive and complex federal and state regulations, and new regulations, as well as changes to or inadvertent noncompliance with existing regulations, that could adversely affect our business.***

We offer our customers a reloadable debit card marketed under the trade name “Ventiva” in six states in which we operate. Since March 2012, we are registered with the Financial Crimes Enforcement Network as a Money Services Business in relation to our reloadable debit card. Although we do not currently allow the Ventiva card to be reloaded with cash at our retail locations, in connection with our role as program manager for the issuer of our reloadable debit cards, we are required to be compliant with a variety of federal and state statutes and regulations which impact the manner in which we conduct our reloadable debit card business. These include, but are not limited to state money transmitter laws, the USA PATRIOT Act, the Office of Foreign Asset Control, the Bank Secrecy Act, Anti-Money Laundering laws, and Know-Your-Customer requirements, collectively referred to as AML Laws, indirect regulation and direct audit and examination by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. Although we have committed resources to our AML Laws compliance program to ensure compliance with these various requirements, there could be heightened liability and reputational risk for us, our officers and our Board members if a regulatory agency were to deem our compliance program to be deficient or there were to be a break-down in compliance controls related to these regulations or heightened enforcement in this area.

Additionally, each state in which we offer a prepaid debit card has regulations governing money transmitters which could apply to the Ventiva card activities we conduct, or previously conducted, in that particular state. These regulations could require us to obtain a money transmitter license in a particular state. Although we believe that our activities in our states of operation do not require such licensing, the laws applicable to our debit card business or the interpretation thereof change frequently, are often unclear and may differ or conflict between jurisdictions. As a result, ensuring compliance has become more difficult and costly. Any failure, or perceived failure, by us to comply with all applicable statutes and regulations could result in fines, penalties, regulatory enforcement actions, civil liability, criminal liability, and/or limitations on our ability to operate our business.

***The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of existing or new governmental regulation, conflicting legal requirements or differing views of personal privacy rights.\****

We receive, transmit and store a large volume of personally identifiable information and other sensitive data from customers and potential customers. There are federal, state and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, cybersecurity and data privacy issues, particularly with respect to personally identifiable information are increasingly subject to legislation and regulations to protect the privacy and security of personal information that is collected, processed and transmitted. For example, in June 2018, California enacted the California Consumer Privacy Act, or the CCPA, which broadly defines personal information and took effect on January 1, 2020. The CCPA gives California residents expanded privacy rights and protections and provides for civil penalties for CCPA violations, in addition to providing for a private right of action for data breaches. Additionally, a new privacy law, the California Privacy Rights Act, or the CPRA, recently was certified by the California Secretary of State to appear on the ballot for the November 3, 2020 election. If this initiative is approved by California voters, the CPRA would significantly modify the CCPA, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses to comply. Whereas we have implemented the CCPA, compliance with other current and future customer privacy data protection and information security laws and regulations could result in higher compliance, technical or operating costs. Further, any violations of these laws and regulations may require us to change our business practices or operational structure, address legal claims and sustain monetary penalties and/or other harms to our business. We could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or require changes to our business practices or privacy policies.

***We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act.***

The Investment Company Act of 1940, as amended, or the Investment Company Act, contains substantive legal requirements that regulate the manner in which “investment companies” are permitted to conduct their business activities. We believe we have conducted, and we intend to continue to conduct, our business in a manner that does not result in our company being characterized as an investment company, including by relying on certain exemptions from registration as an investment company. We rely on guidance published by the SEC staff or on our analyses of such guidance to determine our qualification under these and other exemptions. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our business operations accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could inhibit our ability to conduct our business operations. There can be no assurance that the laws and

regulations governing our Investment Company Act status or SEC guidance regarding the Investment Company Act will not change in a manner that adversely affects our operations. If we are deemed to be an investment company, we may attempt to seek exemptive relief from the SEC, which could impose significant costs and delays on our business. We may not receive such relief on a timely basis, if at all, and such relief may require us to modify or curtail our operations. If we are deemed to be an investment company, we may also be required to institute burdensome compliance requirements and our activities may be restricted.

***Our bank sponsorship products may lead to regulatory risk and may increase our regulatory burden.***

We are currently in two bank sponsorship programs, one with MetaBank for our prepaid debit card and one with WebBank for our credit card product. In addition, we are undertaking an effort to evaluate different options, including a bank sponsorship program, to offer standard, uniform installment loan products on a nationwide basis. State and federal agencies have broad discretion in their interpretation of laws and their interpretation of requirements related to such programs and may elect to alter standards or the interpretation of the standards applicable to these programs. Therefore, our efforts to enter into a bank sponsorship related to our installment loan product may not ultimately be successful. Furthermore, federal regulation of the banking industry, along with tax and accounting laws, regulations, rules and standards may limit the business activity of banks and affiliates under these structures and control the method by which we can conduct business. Regulation by a federal banking regulator may also subject us to increased compliance, legal and operational costs, and could subject our business model to scrutiny or limit our ability to expand the scope of our activities in a manner that could have a material adverse effect on us.

***Anti-money laundering, anti-terrorism financing and economic sanctions laws could have adverse consequences for us.***

We maintain a compliance program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U.S. economic sanctions laws administered by the Office of Foreign Assets Control. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries persons and entities. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. No assurance is given that our programs and controls will be effective to ensure compliance with all applicable anti-money laundering and anti-terrorism financing laws and regulations, and our failure to comply with these laws and regulations could subject us to significant sanctions, fines, penalties and reputational harm.

***We are subject to governmental export and import controls that could subject us to liability, impair our ability to compete in international markets and adversely affect our business.***

Although our business does not involve the commercial sale or distribution of hardware, software or technology, in the normal course of our business activities we may from time to time ship general commercial equipment outside the United States to our subsidiaries or affiliates for their internal use. In addition, we may export, transfer or provide access to software and technology to non-U.S. persons such as employees and contractors, as well as third-party vendors and consultants engaged to support our business activities. In all cases, the sharing of software and/or technology is solely for the internal use of the company or for the use by business partners to provide services to us, including software development. However, such shipments and transfers may be subject to U.S. and foreign regulations governing the export and import of goods, software and technology. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to significant sanctions, fines, penalties and reputational harm. Further, any change in applicable export, import or economic sanctions regulations or related legislation, shift in approach to the enforcement or scope of existing regulations or change in the countries, persons or technologies targeted by these regulations could adversely affect our business.

**Risks Related to our Indebtedness**

***We have incurred substantial debt and may issue debt securities or otherwise incur substantial debt in the future, which may adversely affect our financial condition and negatively impact our operations.***

We have in the past incurred, and expect to continue to incur, substantial debt to fund our loan activities. We depend on securitization transactions, warehouse facilities, whole loan sales and other forms of debt financing in order to finance the growth of our business and the origination of most of the loans we make to our customers. The incurrence of debt could have a variety of negative effects, including:

- default and foreclosure on our and our subsidiaries' assets if asset performance and our operating revenue are insufficient to repay debt obligations;
- mandatory repurchase obligations for any loans conveyed or sold into a debt financing or under a whole loan purchase facility if the representations and warranties we made with respect to those loans were not correct when made;
- acceleration of obligations to repay the indebtedness (or other outstanding indebtedness to the extent of cross default triggers), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios with respect to us or the loan portfolio securing our indebtedness or the maintenance of certain reserves or tangible net worth and do not obtain a waiver for such breach or renegotiate our covenant;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to obtain necessary additional financing if changes in the characteristics of our loans or our collection and other loan servicing

activities change and cease to meet conditions precedent for continued or additional availability under our debt financings;

- diverting a substantial portion of cash flow to pay principal and interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions and other general corporate purposes;
- creating limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- defaults based on loan portfolio performance or default in our collection and loan servicing obligations could result in our being replaced by a third-party or back-up servicer and notification to our customers to redirect payments;
- downgrades or revisions of agency ratings for our debt financing; and
- monitoring, administration and reporting costs and expenses, including legal, accounting and other monitoring reporting costs and expenses, required under our debt financings.

In addition, our Secured Financing carries a floating rate of interest linked to LIBOR. In July 2017, the U.K. announced the discontinuation of LIBOR which could result in interest rate increases on our Secured Financing which could adversely affect our results of operations.

*A breach of early payment triggers or covenants or other terms of our agreements with lenders could result in an early amortization, default, and/or acceleration of the related funding facilities.\**

The primary funding sources available to support the maintenance and growth of our business include, among others, asset-backed securitization, revolving debt facilities (including the Secured Financing facility) and whole loan sale facilities. Our liquidity would be adversely affected by our inability to comply with various conditions precedent to availability under these facilities (including the eligibility of our loans), covenants and other specified requirements set forth in our agreements with our lenders which could result in the early amortization, default and/or acceleration of our existing facilities. Such covenants and requirements include financial covenants, portfolio performance covenants and other events. For example, our securitizations contain collateral performance threshold triggers related to the three-month average annualized gross charge-off or net charge-off rate which, if exceeded, would lead to early amortization. We expect the economic impact of the COVID-19 pandemic to cause our charge-offs to increase; depending upon how high charge-offs increase, the thresholds on our securitizations could be exceeded leading to an early amortization event. In addition, in response to the COVID-19 pandemic, we implemented certain credit tightening measures. Those measures, combined with lower customer demand, have led to lower originations. As such, to support our collateral requirements under our financing agreements, we have been using a random selection process to take loans off our warehouse line to pledge to our securitizations. An inability to originate enough loans to meet the collateral requirements in our financing arrangements, could result in the early amortization, default and/or acceleration of our existing facilities. Moreover, we currently act as servicer with respect to the unsecured consumer loans held by our subsidiaries. If we default in our servicing obligations or fail to meet certain financial covenants, an early amortization event or event of default could occur, and/or we could be replaced by our backup servicer or another replacement servicer. If we are replaced as servicer to these loans, there is no guarantee that the backup services will be adequate. Any disruptions in services may cause the inability to collect and process repayments. For more information on covenants, requirements and events, see Note 8 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

During an early amortization period or if an event of default exists, principal and interest collections from the loans in our asset-backed facilities would be applied to repay principal under such facilities and principal collections would no longer be available on a revolving basis to fund purchases of newly originated loans. If an event of default exists under our revolving debt or loan sale facilities, the applicable lenders' or purchasers' commitments to extend further credit or purchase additional loans under the related facility would terminate. If loan collections were insufficient to repay the amounts due under our securitizations and our revolving debt facility, the applicable lenders, trustees and noteholders could seek remedies, including against the collateral pledged under such facilities.

An early amortization event or event of default would negatively impact our liquidity, including our ability to originate new loans, and require us to rely on alternative funding sources. This may increase our funding costs or alternative funding sources might not be available when needed. If we were unable to arrange new or alternative methods of financing on favorable terms, we might have to curtail the origination of loans, and we may be replaced by our backup servicer or another replacement servicer.

*Our securitizations and whole loan sales may expose us to certain risks, and we can provide no assurance that we will be able to access the securitization or whole loan sales market in the future, which may require us to seek more costly financing.*

We have securitized, and may in the future securitize, certain of our loans to generate cash to originate new loans or pay our outstanding indebtedness. In each such transaction and in connection with our warehouse facilities, we sell and convey a pool of loans to a special purpose entity ("SPE"). Concurrently, each SPE issues notes or certificates pursuant to the terms of an indenture. The securities issued by the SPE are secured by the pool of loans owned by the SPE. In exchange for the sale of a portion of the pool of loans to the SPE, we receive cash, which are the proceeds from the sale of the securities. We also contribute a portion of the pool of loans in consideration for the equity interests in the SPE. Subject to certain conditions in the indenture governing the notes issued by the SPE (or the agreement governing the SPE's revolving loan), the SPE is permitted to purchase additional loans from us or distribute to us residual amounts received by it from the loan pool, which residual amounts are the cash amounts remaining after all amounts payable to service providers and the noteholders have been satisfied. We also have the ability to swap pools of loans with the SPE. Our equity interest in the SPE is a residual interest in that it entitles us as the equity owner of the SPE to residual cash flows, if any, from the loans and to any assets remaining in the SPE once the notes are satisfied and paid in full (or in the case of a revolving loan, paid in full and all commitments terminated). As a result of challenging credit and liquidity conditions, the value of the subordinated securities we retain in our securitizations might be reduced or, in some cases, eliminated.

During the financial crisis that began in 2008, the securitization market was constrained, and we can give no assurances that we will be able to complete additional securitizations in the future. Similar to 2008, there is no assurance that sources of capital will continue to be available in the future on terms favorable to us or at all, particularly in light of capital markets volatility stemming from the COVID-19 pandemic. The availability of debt financing and other sources of capital depends on many factors, some of which are outside of our control. The risk of volatility surrounding the global economic system, including due to other disruptions and uncertainty surrounding the COVID-19 pandemic, continue to create uncertainty around access to the capital markets. Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions holding asset-backed securities, could result in decreased investor demand for securities issued through our securitization transactions, or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements may affect the type of securitizations that we are able to complete.

If it is not possible or economical for us to securitize our loans in the future, we would need to seek alternative financing to support our operations and to meet our existing debt obligations, which may not be available on commercially reasonable terms, or at all. If the cost of such alternative financing were to be higher than our securitizations, we would likely reduce the fair value of our Fair Value Loans, which would negatively impact our results of operations.

The gain on sale generated by our whole loan sales and servicing fees earned on sold loans also represents a significant source of our earnings. Demand for our loans at the current premiums may be impacted by factors outside our control, including availability of loan pools, demand by investors for whole loan assets and attractiveness of returns offered by competing investment alternatives offered by other loan originators with more attractive characteristics than our loan pools and loan purchaser interest.

Our results of operations are affected by our ability to sell our loans for a premium over their net book value. Potential loan purchasers might reduce the premiums they are willing to pay, or even require a discount to principal balance, for the loans that they purchase during periods of economic slowdown or recession to compensate for any increased risks. A reduction in the sale price of the loans we sell under our whole loan sale program would likely result in a reduction in the fair value of our Fair Value Loans, which would negatively impact our results of operations. Any sustained decline in demand for our loans or increase in delinquencies, defaults or foreclosures may reduce the price we receive on future loan sales below our loan origination cost.

### **Risks Related to Ownership of Our Common Stock**

*You may be diluted by the future issuance of additional common stock in connection with our equity incentive plans, acquisitions or otherwise.*

Our amended and restated certificate of incorporation authorizes us to issue shares of common stock authorized but unissued and rights relating to common stock for the consideration and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved 8,819,821 shares for issuance under our 2019 Equity Incentive Plan and 996,217 shares for issuance under our 2019 Employee Stock Purchase Plan, subject to adjustment in certain events. Any common stock that we issue, including under our 2019 Equity Incentive Plan, our 2019 Employee Stock Purchase Plan or other equity incentive plans that we may adopt in the future, could dilute your percentage ownership.

*The price of our common stock may be volatile, and you could lose all or part of your investment.\**

The trading price of our common stock has been and may continue to be volatile and will depend on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock, because you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include the following:

- failure to meet quarterly or annual guidance with regard to revenue, margins, earnings or other key financial or operational metrics;
- fluctuations in the trading volume of our share or the size of our public float;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of similar companies;
- failure of financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- public reaction to our press releases, other public announcements and filings with the SEC;
- any major change in our management;
- sales of shares of our common stock by us or our stockholders;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- changes in prevailing interest rates;
- quarterly fluctuations in demand for our loans;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;



- litigation, government investigations and regulatory actions;
- developments or disputes concerning our intellectual property or other proprietary rights;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- widespread public health crises such as the COVID-19 pandemic; and
- other general market, political and economic conditions, including any such conditions and local conditions in the markets in which our customers, employees, and contractors are located.

***If financial or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.***

The trading market for our common stock is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. Because we are a new public company, the analysts who publish information about our common stock have had relatively little experience with our company, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. If any of the analysts who cover us issue an adverse or misleading opinion regarding our stock price, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***Our directors, officers and principal stockholders have substantial control over our company, which could limit your ability to influence the outcome of key transactions, including a change of control.***

Our directors, executive officers and each of our 5% stockholders and their affiliates, in the aggregate, beneficially own a significant number of the outstanding shares of our common stock. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours, and they may vote in a way with which you disagree or which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

***We may need to raise additional funds in the future, including through equity, debt or convertible debt financings, to support business growth and those funds may not be available on acceptable terms, or at all.***

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new loan products, enhance our risk management model, improve our operating infrastructure, expand to new retail locations or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity, debt or convertible debt financings to secure additional funds. If we raise additional funds by issuing equity securities or securities convertible into equity securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders.

If we are unable to obtain adequate financing or on terms satisfactory to us when we require it, we may be unable to pursue certain opportunities and our ability to continue to support our growth and to respond to challenges could be impaired.

***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified Board members.***

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing standards of the Nasdaq Stock Market and other applicable securities rules and regulations, including changes in corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. We cannot predict or estimate the amount of additional costs we may incur as a result of being a public company or the timing of such costs.

Being a public company also makes it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage, incur substantially higher costs to obtain coverage or only obtain coverage with a significant deductible. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our Board, particularly to serve on our audit and risk committee and compensation and leadership committee.

In addition, changing laws, regulations and standards or interpretations thereof relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention. If our efforts to comply with new laws, regulations and standards differ

from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us.

***Certain of our market opportunity estimates, growth forecasts, and key metrics could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.***

Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts relating to the size and expected growth of our target market may prove to be inaccurate. It is impossible to offer every loan product, term or feature that every customer wants, and our competitors may develop and offer loan products, terms or features that we do not offer. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the individuals covered by our market opportunity estimates will generate any particular level of revenues for us. Even if the markets in which we compete meet our size estimates and growth forecasts, our business could fail to grow at similar rates, if at all, for a variety of reasons outside of our control, including competition in our industry. Furthermore, in order for us to successfully address this broader market opportunity, we will need to successfully expand into new geographic regions where we do not currently operate. Our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be adversely affected.

***Certain provisions in our charter documents and under Delaware law could limit attempts by our stockholders to replace or remove our Board, delay or prevent an acquisition of our company, and limit the market price of our common stock.***

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our Board. These provisions include the following:

- a classified Board with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our Board;
- our Board has the right to elect directors to fill a vacancy created by the expansion of the Board or the resignation, death or removal of a director, which prevents stockholders from being able to fill Board vacancies;
- our stockholders may not act by written consent or call special stockholders' meetings;
- our amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the Board or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of our company; and
- our Board may issue, without stockholder approval, shares of undesignated preferred stock, which may make it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board has approved the transaction. Such provisions could allow our Board to prevent or delay an acquisition of our company.

Certain of our executive officers may be entitled, pursuant to the terms of their employment arrangements, to accelerated vesting of their stock options following a change of control of our company under certain conditions. In addition to the arrangements currently in place with some of our executive officers, we may enter into similar arrangements in the future with other officers. Such arrangements could delay or discourage a potential acquisition.

Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a potential acquisition could limit the opportunity for our stockholders to receive a premium for their shares of our common stock in connection with such acquisition, and could also affect the price that some investors are willing to pay for our common stock.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware or the U.S. federal district courts will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.\****

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, (4) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws, or (5) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or the rules and regulations thereunder.

However, this provision applies to Securities Act claims and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a provision, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act of 1933, as amended (“Securities Act”), creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Our amended and restated certificate of incorporation further provides that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the Delaware of the enforceability of such exclusive forum provision. If a court were to find either exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Unregistered Sale of Equity Securities**

None.

**Use of Proceeds**

On September 30, 2019, we completed our initial public offering, or the IPO. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-232685), which was declared effective by the SEC on September 25, 2019. There has been no material change in the use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) of the Securities Act and other periodic reports previously filed with the SEC.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibit Index**

Exhibit	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Amended and Restated Certificate of Incorporation</a>	8-K	001-39050	3.1	September 30, 2019	
3.2	<a href="#">Amended and Restated Bylaws</a>	8-K	001-39050	3.2	September 30, 2019	
10.1 <del>¶</del>	<a href="#">Amendment No. 4 to Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of January 31, 2020</a>	10-K	001-39050	10.2	February 28, 2020	
10.2	<a href="#">Ninth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of June 22, 2020.</a>					x
10.3	<a href="#">Sixth Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of June 22, 2020.</a>					x
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certifications of the Chief Executive Officer and Director of Oportun Financial Corporation</a>					x
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certifications of the Chief Financial Officer and Chief Administrative Officer of Oportun Financial Corporation</a>					x
32.1*	<a href="#">Section 1350 Certifications</a>					x
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements					
104	Cover Page Interactive Data File in Inline XBRL format (Included in Exhibit 101).					

¶ Portions of this exhibit have been omitted from the exhibit because they are both not material and would be competitively harmful if publicly disclosed.

\* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.

**Signature**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the date set forth below.

OPORTUN FINANCIAL CORPORATION  
(Registrant)

Date: August 7, 2020

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By: /s/ Jonathan Coblentz

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Jonathan Coblentz  
Chief Financial Officer and Chief Administrative Officer  
(Principal Financial and Accounting Officer and duly authorized signatory of the Registrant)

**Oportun Funding V, LLC**

NINTH AMENDMENT TO THE BASE INDENTURE

This NINTH AMENDMENT TO THE BASE INDENTURE, dated as of June 22, 2020 (this "Amendment"), is entered into among Oportun Funding V, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the "Issuer"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee (in such capacity, the "Trustee"), as securities intermediary (in such capacity, the "Securities Intermediary") and as depositary bank (in such capacity, the "Depositary Bank").

RECITALS

WHEREAS, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have previously entered into that certain Base Indenture, dated as of August 4, 2015 (as amended, modified or supplemented prior to the date hereof, the "Base Indenture");

WHEREAS, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have previously entered into that certain Series 2015 Supplement, dated as of August 4, 2015 (as amended, modified or supplemented prior to the date hereof, the "Series Supplement"); together with the Base Indenture, collectively, the "Indenture";

WHEREAS, concurrently herewith, (i) the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank are entering into that certain Sixth Amendment to the Series 2015 Supplement, dated as of the date hereof, (ii) the Issuer, as purchaser, and Oportun, Inc. ("Oportun"), as seller, are entering into that certain Tenth Amendment to the Purchase and Sale Agreement, dated as of the date hereof, and (iii) the Issuer, Oportun, the Servicer, each Noteholder and the Back-up Servicer are entering into that certain Consent, dated as of the date hereof; and

WHEREAS, in accordance with Section 13.2 of the Base Indenture, the Issuer desires to amend the Base Indenture as provided herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each party hereto agrees as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms Not Defined Herein. All capitalized terms used herein that are not defined herein shall have the meanings assigned to them in, or by reference in, the Indenture.

## ARTICLE II

### AMENDMENTS TO THE BASE INDENTURE

SECTION 2.01. Amendments. The Base Indenture is hereby amended to incorporate the changes reflected on the marked pages of the Base Indenture attached hereto as Schedule I, with a conformed copy of the amended Base Indenture attached hereto as Schedule II.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Representations and Warranties. The Issuer hereby represents and warrants to the Trustee, the Securities Intermediary, the Depository Bank and each of the other Secured Parties that:

(a) Representations and Warranties. Both before and immediately after giving effect to this Amendment, the representations and warranties made by the Issuer in the Indenture and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. This Amendment and the Indenture, as amended hereby, constitute the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(c) No Defaults. No Rapid Amortization Event, Event of Default, Servicer Default or Block Event has occurred and is continuing.

## ARTICLE IV

### MISCELLANEOUS

SECTION 4.01. Ratification of Base Indenture. As amended by this Amendment, the Base Indenture is in all respects ratified and confirmed and the Base Indenture, as amended by this Amendment, shall be read, taken and construed as one and the same instrument.

SECTION 4.02. Counterparts. This Amendment may be executed in any number of counterparts, and by different parties in separate counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.03. Recitals. The recitals contained in this Amendment shall be taken as the statements of the Issuer, and none of the Trustee, the Securities Intermediary or the Depository Bank assumes any responsibility for their correctness. None of the Trustee, the

Securities Intermediary or the Depository Bank makes any representations as to the validity or sufficiency of this Amendment.

SECTION 4.04. Rights of the Trustee, the Securities Intermediary and the Depository Bank. The rights, privileges and immunities afforded to the Trustee, the Securities Intermediary and the Depository Bank under the Indenture shall apply hereunder as if fully set forth herein.

SECTION 4.05. GOVERNING LAW; JURISDICTION. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 4.06. Effectiveness. This Amendment shall become effective as of the date hereof upon:

- (a) receipt by the Trustee of an Issuer Order directing it to execute and deliver this Amendment;
- (b) receipt by the Trustee of an Officer's Certificate of the Issuer stating that the execution of this Amendment is authorized and permitted by the Indenture and all conditions precedent to the execution of this Amendment have been satisfied;
- (c) receipt by the Trustee of an Opinion of Counsel stating that the execution of this Amendment is authorized and permitted under the Indenture and all conditions precedent to the execution of this Amendment have been satisfied;
- (d) receipt by the Trustee of evidence of the consent of each Noteholder to this Amendment;
- (e) receipt by the Trustee of counterparts of this Amendment, duly executed by each of the parties hereto; and
- (f) receipt by the Trustee of such other instruments, documents, agreements and opinions reasonably requested by the Trustee prior to the date hereof.

*(Signature page follows)*



IN WITNESS WHEREOF, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

**Oportun Funding V, LLC,**  
as Issuer

By: /s/ Jonathan Coblentz  
Name: Jonathan Coblentz  
Title: Treasurer

Ninth Amendment to  
Base Indenture (OF V)

---

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Trustee

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Securities Intermediary

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Depository Bank

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

Ninth Amendment to  
Base Indenture (OF V)

---

**SCHEDULE I**

**Amendments to the Base Indenture**

4162-8255-0309.3

---

**SCHEDULE II**

**Conformed Copy of Amended Base Indenture**

4162-8255-0309.3

---

OPORTUN FUNDING V, LLC,  
as Issuer

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee, as Securities Intermediary and as Depositary Bank

---

BASE INDENTURE

Dated as of August 4, 2015

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Variable Funding Asset Backed Notes  
(Issuable in Series)

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Exhibit C: Form of Permitted Takeout Release

Exhibit D: Form of Intercreditor Agreement

Exhibit E: Form of Asset Repurchase Demand Activity Report

Schedule 1 Perfection Representations, Warranties and Covenants

-5-

4140-8886-1733.4

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BASE INDENTURE, dated as of August 4, 2015, between OPORTUN FUNDING V, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the “Issuer”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers validly existing under the laws of the United States, as Trustee, as Securities Intermediary and as Depository Bank.

WITNESSETH:

WHEREAS, the Issuer has duly executed and delivered this Indenture to provide for the issuance from time to time of one or more Series of Notes, issuable as provided in this Indenture; and

WHEREAS, all things necessary to make this Indenture a legal, valid and binding agreement of the Issuer, enforceable in accordance with its terms, have been done, and the Issuer proposes to do all the things necessary to make the Notes, when executed by the Issuer and authenticated and delivered by the Trustee hereunder and duly issued by the Issuer, the legal, valid and binding obligations of the Issuer as hereinafter provided;

NOW, THEREFORE, for and in consideration of the premises and the receipt of the Notes by the Holders, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

GRANTING CLAUSE

The Issuer hereby grants to the Trustee on the Closing Date, for the benefit of the Trustee, the Noteholders and any other Person to which any Secured Obligations are payable (the “Secured Parties”), to secure the Secured Obligations, a continuing Lien on and security interest in all of the Issuer’s right, title and interest in, to and under the following property whether now owned or hereafter acquired, now existing or hereafter created and wherever located (a) all Contracts and all Receivables that have been or may from time to time be conveyed, sold and/or assigned to the Issuer pursuant to the Purchase Agreement; (b) all Collections thereon received after the applicable Cut-Off Date; (c) all Related Security; (d) the Collection Account and any other account maintained by the Trustee for the benefit of the Secured Parties of any Series of Notes as trust accounts (each such account, a “Trust Account”), all monies from time to time deposited therein and all investments and other property from time to time credited thereto; (e) all certificates and instruments, if any, representing or evidencing any or all of the Trust Accounts or the funds on deposit therein from time to time; (f) all investments made at any time and from time to time with moneys in the Trust Accounts; (g) the Servicing Agreement and the Purchase Agreement; (h) all additional property that may from time to time hereafter (pursuant to the terms of any Series Supplement or otherwise) be subjected to the grant and pledge made by the Issuer or by anyone on its behalf; (i) all present and future claims, demands, causes and choses in action and all payments on or under the foregoing and (j) all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of all of the foregoing and the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel

paper, checks, deposit accounts, insurance proceeds, investment property, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the “Trust Estate”).

The foregoing Grant is made in trust to secure the payment of principal of and interest on, and any other amounts owing in respect of, the Secured Obligations, equally and ratably without prejudice, priority or distinction except as set forth herein, and to secure compliance with the provisions of this Indenture, all as provided in this Indenture.

The Issuer hereby assigns to the Trustee all of the Issuer’s power to authorize an amendment to the financing statement filed with the Delaware Secretary of State relating to the security interest granted to the Issuer by the Seller pursuant to the Purchase Agreement; provided, however, that the Trustee shall be entitled to all the protections of Article 11, including Sections 11.1(g) and 11.2(k), in connection therewith, and the obligations of the Issuer under Sections 8.2(i) and 8.3(j) shall remain unaffected.

The Trustee, for the benefit of the Secured Parties, hereby acknowledges such Grant, accepts the trusts under this Indenture in accordance with the provisions of this Indenture and the Lien on the Trust Estate conveyed by the Issuer pursuant to the Grant, declares that it shall maintain such right, title and interest, upon the trust set forth, for the benefit of all Secured Parties, subject to Sections 11.1 and 11.2, and agrees to perform its duties required in this Indenture to the best of its ability to the end that the interests of the Secured Parties may be adequately and effectively protected.

## ARTICLE 1.

### DEFINITIONS AND INCORPORATION BY REFERENCE

#### Section 1.1. Definitions

. Certain capitalized terms used herein (including the preamble and the recitals hereto) shall have the following meanings:

“Access Loan Receivable” means each of the consumer loans that were (i) originated by the Seller, the Nevada Originator or any of their Affiliates pursuant to its “Access Loan” program (formerly known as the Seller’s “Starter Loan” program) intended to make credit available to select borrowers who do not qualify for credit under the Seller’s principal loan origination program, (ii) identified on the Seller’s, the Servicer’s or, if applicable, the Nevada Originator’s books as an Access Loan Receivable as of the date of origination, and (iii) identified by the Seller from time to time in writing to the Noteholders on a schedule of Access Loan Receivables, substantially in the form of Exhibit B to the Purchase Agreement.

“Active Emergency Hardship Deferment Receivable” means any Receivable with respect to which (i) one or more payments has been deferred and added to the end of the loan payment schedule related to such Receivable, (ii) such deferment was as a result of an Emergency and (iii)

such deferment was otherwise in accordance with the Credit and Collection Policies; provided that such Receivable shall no longer be considered an Active Emergency Hardship Deferment Receivable upon the earlier to occur of (a) the payment by the related Obligor of the equivalent of one full monthly payment (if on a monthly payment schedule) or two full semi-monthly or bi-weekly payments (if on a semi-monthly or bi-weekly payment schedule) during the period beginning on the date such deferment was granted and ending fifteen (15) days after the expiration of such deferment for a monthly payment schedule loan and thirty (30) days after the expiration of such deferment for a semi-monthly or bi-weekly schedule loan and (b) such Receivable becoming a Re-Written Receivable or a Defaulted Receivable. For the avoidance of doubt, an Active Emergency Hardship Deferment Receivable is not a Re-Aged Receivable.

“ADS Score” means the credit score for an Obligor referred to as the “Alternative Data Score” determined by the Seller in accordance with its proprietary scoring method.

“Adverse Claim” means a Lien on any Person’s assets or properties in favor of any other Person (including any UCC financing statement or any similar instrument filed against such Person’s assets or properties), other than a Permitted Encumbrance.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting stock, by contract or otherwise.

“Agent” means any Transfer Agent and Registrar or Paying Agent.

“Aggregate Class A Note Principal” has, with respect to any Series of Notes, the meaning specified in the related Series Supplement.

“Amortization Period” has, with respect to any Series of Notes, the meaning specified in the related Series Supplement.

“Applicants” has the meaning specified in Section 4.2(b).

“Back-Up Servicer” has the meaning specified in the Servicing Agreement.

“Back-Up Servicing Agreement” has the meaning specified in the Servicing Agreement.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 et seq.

“Base Indenture” means this Base Indenture, dated as of the Closing Date, between the Issuer and the Trustee, as amended, restated, modified or supplemented from time to time, exclusive of Series Supplements.

“Benefit Plan Investor” mean an “employee benefit plan” as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, a “plan” as described in Section 4975 of the Code,

which is subject to Section 4975 of the Code, or an entity deemed to hold plan assets of any of the foregoing.

“Borrowing Base Amount” means, on any date of determination, the Outstanding Receivables Balance of all Eligible Receivables (other than any Eligible Receivables that would cause the Concentration Limits to be exceeded).

“Borrowing Base Shortfall” means, on any date of determination, the excess, if any, of (i) the sum of the Aggregate Class A Note Principal plus the Required Overcollateralization Amount, over (ii) the Borrowing Base Amount.

“Business Day” unless otherwise specified in a Series Supplement, means any day that DTC is open for business at its office in New York City and any day other than a Saturday, Sunday or other day on which banking institutions or trust companies in the States of California, Florida, Illinois, Missouri, New York or Texas are authorized or obligated by Law to be closed.

“Capital Stock” means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

“Capitalized Lease” of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

“Change in Control” means any of the following:

(a) with respect to Oportun Financial Corporation (f/k/a Progreso Financiero Holdings, Inc.):

(i) any “person” or “group” (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of fifty percent (50%) or more of the voting power of the then outstanding Capital Stock of Oportun Financial Corporation entitled to vote generally in the election of the directors of Oportun Financial Corporation; or

(ii) Oportun Financial Corporation consolidates with or merges into another corporation (other than a Subsidiary of Oportun Financial Corporation or conveys, transfers or leases all or substantially all of its property to any person (other than a Subsidiary of Oportun Financial Corporation), or any corporation (other than a Subsidiary of Oportun Financial Corporation) consolidates with or merges into Oportun Financial Corporation, in either event pursuant to a transaction in which the outstanding Capital Stock of Oportun Financial

Corporation is reclassified or changed into or exchanged for cash, securities or other property;

(b) the failure of Oportun Financial Corporation (f/k/a Progreso Financiero Holdings, Inc.) to, directly or indirectly through its Subsidiaries, own 100% of the equity interest of the Seller free and clear of any Lien; or

(c) the failure of the Seller to, directly or indirectly through its Subsidiaries, own 100% of the equity interest of the initial Servicer, the Nevada Originator and the Issuer, in each case free and clear of any Lien.

“Class” means, with respect to any Series, any one of the classes of Notes of that Series as specified in the related Series Supplement.

“Closing Date” means August 4, 2015.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and Treasury Regulations promulgated thereunder.

“Collateral Trustee” means initially Wilmington Trust, National Association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor collateral trustee appointed in accordance with the provisions of the Intercreditor Agreement.

“Collection Account” has the meaning specified in Section 5.3(a).

“Collections” means, with respect to any Receivable, all cash collections and other cash proceeds of such Receivable made by or on behalf of Obligors, including, without limitation, all principal, Finance Charges and cash proceeds of Related Security with respect to such Receivable and any Deemed Collections in each case, received after the Cut-Off Date; provided, however, that, if not otherwise specified, the term “Collections” shall refer to the Collections on all the Receivables collectively together with any Investment Earnings and any other funds received with respect to the Trust Estate.

“Commission” means the U.S. Securities and Exchange Commission, and its successors.

“Concentration Limits” shall be deemed exceeded if any of the following is true on any date of determination (unless otherwise specified below, “weighted average” refers to an average weighted by Outstanding Receivables Balance):

(i) the aggregate Outstanding Receivables Balance of all Re-Written Receivables and Re-Aged Receivables that are Eligible Receivables exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(ii) the weighted average fixed interest rate of all Eligible Receivables is less than 28.0%;

(iii) the weighted average term to maturity of all Eligible Receivables exceeds forty-one (41) months;

(iv) the weighted average credit score of the related Obligor of all Eligible Receivables (excluding any Eligible Receivables the Obligor of which has no (or a zero) credit score) is less than: (x) ADS Score: 700, (y) PF Score: 640 and (z) VantageScore: 600;

(v) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which have credit scores within the following credit score bucket: ADS Score: less than or equal to 560 (the "ADS Score Threshold"), exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(vi) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which have credit scores within the following credit score bucket: PF Score: less than or equal to 500 (the "PF Score Threshold"), exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(vii) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which have credit scores within the following credit score bucket: VantageScore: less than or equal to 520 (the "VantageScore Threshold"), exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(viii) the sum (with duplication) of (x) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which do not exceed the ADS Score Threshold, plus (y) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which do not exceed the PF Score Threshold, plus (z) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligor of which do not exceed the VantageScore Threshold, exceeds 9.75% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(ix) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of less than \$800 exceeds 10.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(x) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of greater than \$6,000 is less than 20.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(xi) the aggregate Outstanding Receivables Balance of all Eligible Receivables that are not Renewal Receivables exceeds 40.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(xii) the aggregate Outstanding Receivables Balance of all Eligible Receivables that have an annual percentage rate greater than or equal to 60.0% exceeds 5% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;



(xiii) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligors of which do not reside in Arizona, California, Florida, Illinois, Nevada, Texas or Utah at the time of loan originations exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(xiv) the aggregate Outstanding Receivables Balance of all Eligible Receivables that are On-line Receivables exceeds 4.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(xv) the aggregate Outstanding Receivables Balance of all Deferral Receivables that are Eligible Receivables and have received a payment deferral during the Monthly Period preceding such date of determination exceeds 1.0% of the aggregate Outstanding Receivable Balance of all Eligible Receivables; or

(xvi) the aggregate Outstanding Receivables Balance of all Active Emergency Hardship Deferral Receivables that are Eligible Receivables exceeds (a) at any time prior to March 31, 2021, 15.0%, or (b) at any time on or after March 31, 2021, 5.0%, of the aggregate Outstanding Receivable Balance of all Eligible Receivables at such time.

“Consolidated Parent” means initially, Oportun Financial Corporation (f/k/a Progreso Financiero Holdings, Inc.), a Delaware corporation, and any successor to Oportun Financial Corporation as the indirect or direct parent of Oportun, the financial statements of which are for financial reporting purposes consolidated with Oportun in accordance with GAAP, or if there is none, then Oportun.

“Contract” means any promissory note or other loan documentation originally entered into (i) between the Seller and an Obligor in connection with consumer loans made by the Seller to such Obligor in the ordinary course of its business or (ii) between the Nevada Originator and an Obligor in connection with consumer loans made by the Nevada Originator to such Obligor in the ordinary course of its business and subsequently acquired by the Seller.

“Contractual Obligation” means, with respect to any Person, any provision of any security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

“Control Agreement” means the Deposit Account Control Agreement, dated as of June 28, 2013, among the initial Servicer, Deutsche Bank Trust Company Americas, as collateral trustee, Oportun and Bank of America, N.A., as supplemented by the Notice of Assignment, dated as of December 7, 2018, among Bank of America, N.A., Deutsche Bank Trust Company Americas, as outgoing collateral trustee, and the Collateral Trustee, and as the same may be further amended or supplemented from time to time.

“Corporate Trust Office” means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the

execution of this Base Indenture is located at 1100 North Market Street, 3rd Floor, Wilmington, Delaware 19890, Attention: Corporate Trust Administration – Oportun V Funding.

“Coverage Test” has the meaning specified in Section 5.4(c).

“Credit and Collection Policies” means the Seller’s and the Servicer’s credit and collection policy or policies relating to Contracts and Receivables and referred to in Exhibit C to the Servicing Agreement, as the same is amended, supplemented or otherwise modified and in effect from time to time in accordance with Section 2.12(c) of the Servicing Agreement; provided, however, if the Servicer is any Person other than the initial Servicer, “Credit and Collection Policies” shall refer to the collection policies of such Servicer as they relate to receivables of a similar nature to the Receivables.

“Cut-Off Date” shall have the meaning set forth in the Series Supplement.

“Decrease” shall have the meaning set forth in the applicable Series Supplement.

“Deemed Collections” means in connection with any Receivable, all amounts payable (without duplication) with respect to such Receivable, by (i) the Seller pursuant to Section 2.4 of the Purchase Agreement, and/or (ii) the initial Servicer pursuant to Section 2.02(f) or Section 2.08 of the Servicing Agreement.

“Default” means any occurrence that is, or with notice or lapse of time or both would become, an Event of Default, a Servicer Default or a Rapid Amortization Event.

“Defaulted Receivable” means a Receivable (i) as to which any scheduled payment, or part thereof, remains unpaid for 120 days or more past the due date for such payment determined by reference to the contractual payment terms, as amended, of such Receivable, (ii) the Obligor thereon has died or is suffering or has suffered an Event of Bankruptcy or (iii) which (a) consistent with the Credit and Collection Policies, would be written off the Issuer’s, the Seller’s, the Nevada Originator’s or the Servicer’s books as uncollectible or (b) has been charged off or otherwise written off the Issuer’s, the Seller’s, the Nevada Originator’s or the Servicer’s books as uncollectible.

“Deferment Receivable” means any Receivable that has had one or more payments deferred and added at the end of the loan payment schedule in accordance with the Credit and Collection Policy, provided however, that Deferment Receivable shall not include any Active Emergency Hardship Deferment Receivable. For the avoidance of doubt, a Deferment Receivable is not a Re-Aged Receivable.

“Definitive Notes” has the meaning specified in Section 2.16(f).

“Delaware LLC” means any limited liability company organized or formed under the laws of the State of Delaware.

“Delaware LLC Division” means the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act.

“Delinquent Receivable” means a Receivable (other than a Defaulted Receivable) as to which all or any part of a scheduled payment remains unpaid for thirty (30) days or more from the due date for such payment.

“Depository Bank” has the meaning specified in Section 5.3(f) and shall, as of the Trustee Replacement Date, be Wilmington Trust, National Association.

“Determination Date” means, unless otherwise specified in the related Series Supplement, the third Business Day prior to each Payment Date.

“Dollars” and the symbol “\$” mean the lawful currency of the United States.

“Eligible Receivable” means each Receivable:

(a) that was originated by the Seller or the Nevada Originator, as applicable, in compliance with all applicable Requirements of Law (including without limitation all Laws relating to truth in lending, fair credit billing, fair credit reporting, fair debt collection practices, privacy and any applicable usury laws) and which, along with the related Contract, complies with all applicable Requirements of Law (other than non-compliance that has no adverse effect on the obligations of the Obligor and creates no financial liability or other loss, cost or expense for the Issuer and does not have any other Material Adverse Effect);

(b) with respect to which all consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given by the Seller or the Nevada Originator in connection with the creation or the execution, delivery and performance of such Receivable, or by the Issuer in connection with its ownership of, or the administration or servicing of, such Receivable and the related Contract have been duly obtained, effected or given and are in full force and effect (including with respect to the Issuer, without limitation, the Texas License and the Illinois License, in each case if applicable to such Receivable) (other than non-compliance that has no adverse effect on the obligations of the Obligor and creates no financial liability or other loss, cost or expense for the Issuer and does not have any other Material Adverse Effect);

(c) as to which, at the time of the sale of such Receivable (x) to the Issuer, the Seller was the sole owner thereof and had good and marketable title thereto free and clear of all Liens and (y) if applicable, to the Seller by the Nevada Originator, the Nevada Originator was the sole owner thereof and had good and marketable title thereto free and clear of all Liens;

(d) that is, and the related Contract of which is, the legal, valid and binding payment obligation of the Obligor thereof enforceable against such Obligor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, receivership, conservatorship or other Laws now or hereafter in effect, affecting the rights of creditors generally and except as such enforcement may be limited by general principles of equity (whether considered in a proceeding at law or in equity), and is not subject to any right of rescission, setoff, counterclaim or defense (including the defense of usury) or to any repurchase obligation or return right;

(e) that constitutes a “general intangible”, “instrument” or “account,” in each case under and as defined in Article 9 of the UCC of all applicable jurisdictions;

(f) that was established in accordance with the Credit and Collection Policies in the regular and ordinary course of the business of the Seller or the Nevada Originator, as applicable;

(g) that is denominated and payable in Dollars, is only payable in the United States of America and each Obligor in respect of which are residents of, and have provided a billing address in, the United States of America;

(h) that is not a Delinquent Receivable;

(i) that has an original and remaining term to maturity of no more than fifty-one (51) months;

(j) that has an Outstanding Receivables Balance equal to or less than (i) if such Receivable is a Renewal Receivable, \$11,250, or (ii) otherwise, \$7,200;

(k) that has (x) a fixed interest rate that is greater than or equal to 15.0% and (y) an annual percentage rate that does not exceed 66.9%;

(l) that is not evidenced by a judgment or has been reduced to judgment;

(m) that is not a Defaulted Receivable;

(n) that is not a revolving line of credit;

(o) the terms of which have not been modified or waived except as permitted under the Credit and Collection Policies or the Transaction Documents;

(p) that has no Obligor thereon that is either (x) a Governmental Authority or (y) a Person subject to Sanctions;

(q) that has no Obligor thereon that is the Obligor of a Defaulted Receivable;

(r) the assignment of which (x) to the Issuer does not contravene or conflict with any Law or any contractual or other restriction, limitation or encumbrance, and the

sale or assignment of which does not require the consent of the Obligor thereof and (y) if applicable, to the Seller from the Nevada Originator does not contravene or conflict with any Law or any contractual or other restriction, limitation or encumbrance, and the sale or assignment of which does not require the consent of the Obligor thereof;

(s) the related Contract provides for repayment in full of the principal balance thereof in equal installments not less frequently than monthly;

(t) the proceeds of the related Contract are fully disbursed, there is no requirement for future advances under such Contract and neither the Seller nor the Nevada Originator has any further obligations under such Contract;

(u) as to which (1) the Sub-Custodian is in possession of a full and complete Receivable File in physical or electronic format within a reasonable time following the date that such Receivable File was transferred to the Issuer pursuant to the Purchase Agreement and (2) prior to delivery to the Sub-Custodian, the Custodian is in possession of a full and complete Receivable File in physical or electronic format;

(v) that represents the undisputed, bona fide transaction created by the lending of money by the Seller or the Nevada Originator, as applicable, in the ordinary course of business and completed in accordance with the terms and provision contained in the related Contract;

(w) as to which a Concentration Limit would not be exceeded at the time of the sale, transfer or assignment of such Receivable to the Issuer or, in connection with Re-Written Receivables involving the modification of a Receivable, at the time of such modification;

(x) as to which the related Obligor has not brought any claim, litigation or action against the Seller, the Servicer, the Nevada Originator or any Affiliate thereof with respect to such Receivable or the related Contract;

(y) with respect to which none of the Seller, the Nevada Originator or the Issuer is maintaining a specific and separate reserve for credit losses on such Receivable (other than any general reserve that is maintained by any such Person in accordance with its policies in accordance with GAAP);

(z) that if originated by the Nevada Originator, the Obligor in respect of which is a resident of, and has provided the Servicer a billing address in, the State of Nevada;

(aa) that is not an Access Loan Receivable unless each Noteholder has consented in writing to the purchase by the Issuer of Access Loan Receivables;

(bb) that is not and has not previously been an Active Emergency Hardship Deferment Receivable with respect to which (i) more than three (3) monthly payments

have been deferred (if on a monthly payment schedule) or more than six (6) semi-monthly or bi-weekly payments have been deferred (if on a semi-monthly or bi-weekly payment schedule) during any 12 month period or (ii) more than six (6) monthly payments have been deferred (if on a monthly payment schedule) or more than twelve (12) semi-monthly or bi-weekly payments have been deferred (if on a semi-monthly or bi-weekly payment schedule) during the life of the related Receivable; and

(cc) that, if sold by the Seller to the Issuer pursuant to the Purchase Agreement on or after June 19, 2020, is not a Re-Written Receivable with respect to which the related Obligor has not made its first full monthly payment (if on a monthly payment schedule) or first two full semi-monthly or bi-weekly payments (if on a semi-monthly or bi-weekly payment schedule), in either case following the origination of such Re-Written Receivable.

“Emergency” means a local or wide-spread emergency declared by local, state or federal government, owing to, without limitation, a natural disaster, a government shutdown or a pandemic.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person, (i) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as such Person; (ii) any trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Code) with such Person; or (iii) any member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as such Person.

“ERISA Event” means any of the following: (i) the failure to satisfy the minimum funding standard under Section 302 of ERISA or Section 412 of the Code with respect to any Pension Plan; (ii) the filing by the Pension Benefit Guaranty Corporation or a plan administrator of any notice relating to an intention to terminate any Pension Plan or Pension Plans or an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or grounds to appoint a trustee to administer any Pension Plan; (iii) the complete withdrawal or partial withdrawal by any Person or any of its ERISA Affiliates from any Multiemployer Plan; (iv) any “reportable event” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than an event for which the 30-day notice period is waived), (v) the commencement of proceedings by the Pension Benefit Guaranty Corporation to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the termination of any Pension Plan (vi) the receipt by the Issuer, the Seller, the initial Servicer, or any ERISA Affiliate of any notice concerning a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (vii) the imposition of any liability under Title IV of ERISA, other than for Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, upon any Person or any of its ERISA Affiliates with respect to a Pension Plan or Multiemployer Plan.

“Event of Bankruptcy” shall be deemed to have occurred with respect to a Person if:

(a) a Proceeding shall be commenced, without the application or consent of such Person, before any Governmental Authority, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or adjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any Law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and in the case of any Person, such Proceeding shall continue undismissed, or unstayed and in effect, for a period of sixty (60) consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy Laws or other similar Laws now or hereafter in effect; or

(b) such Person shall (i) consent to the institution of (except as described in the proviso to clause (a) above) any Proceeding or petition described in clause (a) of this definition, or (ii) commence a voluntary Proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar Law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

“Event of Default” has the meaning specified in Section 10.1.

“Exit Fee” has the meaning specified in Section 2.16(b).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FATCA” means the Foreign Account Tax Compliance Act provisions, sections 1471 through to 1474 of the Code (including any regulations or official interpretations issued with respect thereof or agreements thereunder and any amended or successor provisions).

“FATCA Withholding Tax” means any withholding or deduction required pursuant to FATCA.

“FDIC” means the Federal Deposit Insurance Corporation.

“Fee Letter” shall have the meaning set forth in the Series Supplement.

“Field Collections” has the meaning specified in the Servicing Agreement.

“Finance Charges” means any finance, interest, late, servicing or similar charges or fees owing by an Obligor pursuant to the Contracts plus all Recoveries.

“Fiscal Year” means any period of twelve consecutive calendar months ending on December 31.

“Fitch” means Fitch, Inc.

“GAAP” means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended, and with respect to determinations or calculations to be made by a Person other than a successor Servicer, applied on a basis consistent with the most recent audited financial statements of Consolidated Parent before the Closing Date.

“Governmental Authority” means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of any such government or political subdivision, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“Grant” means the Issuer’s grant of a Lien on the Trust Estate as set forth in the Granting Clause of this Base Indenture.

“Holder” means the Person in whose name a Note is registered in the Note Register or such other Person deemed to be a “Holder” in any related Series Supplement.

“Illinois License” a license issued by the Illinois Department of Financial & Professional Regulation to own consumer loans made to Illinois residents.

“In-Store Payments” has the meaning specified in the Servicing Agreement.

“Indebtedness” means, with respect to any Person, such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property other than accounts payable arising in the ordinary course of such Person’s business on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens on or payable out of the proceeds or production from, property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) Capitalized Lease obligations and (vi) obligations of another Person of a type described in clauses (i) through (v) above, for which such Person is obligated pursuant to a guaranty, put or similar arrangement.

“Indenture” means the Base Indenture, together with all Series Supplements, as the same maybe amended, restated, modified or supplemented from time to time.

“Indenture Termination Date” has the meaning specified in Section 12.1.

“Independent” means, when used with respect to any specified Person, that such Person (a) is in fact independent of the Issuer, any other obligor upon the Notes, the initial Servicer, the Seller and any Affiliate of any of the foregoing Persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the initial



Servicer, the Seller or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the initial Servicer, the Seller or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

“Independent Certificate” means a certificate or opinion to be delivered to the Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 15.1, prepared by an Independent appraiser or other expert appointed by an Issuer Order and approved by the Trustee in the exercise of reasonable care, and such opinion or certificate shall state that the signer has read the definition of “Independent” in this Indenture and that the signer is Independent within the meaning thereof.

“Independent Director” has the meaning specified in Section 8.2(p).

“Intercreditor Agreement” means the Nineteenth Amended and Restated Intercreditor Agreement, substantially in the form of Exhibit D hereto, as such agreement may be amended, modified, waived, supplemented or restated from time to time.

“Interest Period” means, with respect to any Series of Notes, the period specified in the applicable Series Supplement.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Investment Earnings” means all interest and earnings (net of losses and investment expenses) accrued on funds on deposit in the Trust Accounts.

“Issuer” has the meaning specified in the preamble of this Base Indenture.

“Issuer Distributions” has the meaning specified in Section 5.4(c).

“Issuer Order” and “Issuer Request” means a written order or request signed in the name of the Issuer by any one of its Responsible Officers and delivered to the Trustee.

“Law” means any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority.

“Legal Final Payment Date” is defined, with respect to any Series of Notes, in the applicable Series Supplement.

“Lien” means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing) (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable Law of any jurisdiction).

“Loan Loss Reserve Amount” means, on any date of determination, the product of (i) the Outstanding Receivables Balance of all Eligible Receivables at such time, times (ii) 12.0%, times (iii) a fraction, expressed as a percentage, (a) the numerator of which is equal to the number of days remaining in the current Monthly Period and (b) the denominator of which is equal to 360.

“Material Adverse Effect” means any event or condition which would have a material adverse effect on (i) the collectability of any material portion of the Receivables, (ii) the condition (financial or otherwise), businesses or properties of the Issuer, the Servicer, the Nevada Originator or the Seller, (iii) the ability of the Issuer, the Nevada Originator or the Seller to perform its respective obligations under the Transaction Documents or the ability of the Servicer to perform its obligations under the Servicer Transaction Documents or (iv) the interests of the Trustee or any Secured Party in the Trust Estate or under the Transaction Documents.

“Membership Interest” means an equity interest in the Issuer.

“Monthly Period” means, unless otherwise defined in any Series Supplement, the period from and including the first day of a calendar month to and including the last day of a calendar month; provided, however, that the first Monthly Period shall be the period from and including the Closing Date to and including August 31, 2015.

“Monthly Servicer Report” means a report substantially in the form attached as Exhibit A-1 to the Servicing Agreement or in such other form as shall be agreed between the Servicer (with prior consent of the Back-Up Servicer and the Required Noteholders) and the Trustee; provided, however, that no such other agreed form shall serve to exclude information expressly required by this Base Indenture or any Series Supplement.

“Monthly Statement” means, with respect to any Series of Notes, a statement substantially in the form attached in the relevant Series Supplement, with such changes as the Servicer (with prior consent of the Back-Up Servicer and the Required Noteholders) may determine to be necessary or desirable; provided, however, that no such change shall serve to exclude information expressly required by this Base Indenture or any Series Supplement.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA with respect to which the Seller, the Issuer, the Servicer or any of their respective ERISA Affiliates is making, is obligated to make, or has made or been obligated to make, contributions.

“Net Third Party Purchase Price” has the meaning specified in Section 2.02(k) of the Servicing Agreement.

“Nevada Originator” means Oportun, LLC, a limited liability company established under the laws of Delaware.

“Note Principal” means the principal payable in respect of the Notes of any Series pursuant to Article 5.

“Note Purchase Agreement” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Note Rate” means, with respect to any Series of Notes (or, for any Series with more than one Class, for each Class of such Series), the annual rate at which interest accrues on the Notes of such Series of Notes (or formula on the basis of which such rate shall be determined) as stated in the applicable Series Supplement, if any.

“Note Register” has the meaning specified in Section 2.6(a).

“Noteholders” means the Holders of the Notes.

“Notes” means any one of the variable funding notes issued by the Issuer, executed and authenticated by the Trustee substantially in the form of the note attached to the related Series Supplement or such other obligations of the Issuer deemed to be a “Note” in any related Series Supplement.

“Notice Person” means, with respect to any Series of Notes, the Person identified as such in the applicable Series Supplement.

“Obligor” means, with respect to any Receivable, the Person or Persons obligated to make payments with respect to such Receivable, including any guarantor thereof.

“Officer’s Certificate” means a certificate signed by any Responsible Officer of the Person providing the certificate.

“On-Line Receivable” has the meaning specified in the Purchase Agreement.

“Opinion of Counsel” means one or more written opinions of counsel to the Issuer, the Seller or the Servicer who (except in the case of opinions regarding matters of organizational standing, power and authority, conflict with organizational documents, conflict with agreements other than Transaction Documents, qualification to do business, licensure and litigation or other Proceedings) shall be external counsel, satisfactory to the Trustee, which opinions shall comply with any applicable requirements of Section 15.1 and TIA Section 314, if applicable, and shall be in form and substance satisfactory to the Trustee, and shall be addressed to the Trustee. An Opinion of Counsel may, to the extent same is based on any factual matter, rely on an Officer’s Certificate of the Issuer as to the truth of such factual matter.

“Oportun” means Oportun, Inc. (f/k/a Progress Financial Corporation), a Delaware corporation.

“Original Receivables Balance” means, with respect to any Receivable, an amount equal to the original principal balance of such Receivable at origination.

“Outstanding Receivables Balance” means, as of any date with respect to any Receivable, an amount equal to the outstanding principal balance for such Receivable; provided, however,

that if not otherwise specified, the term “Outstanding Receivables Balance” shall refer to the Outstanding Receivables Balance of all Receivables collectively.

“Overcollateralization Test” has the meaning specified in Section 5.4(c).

“Parent” means Oportun Financial Corporation (f/k/a Progreso Financiero Holdings, Inc.).

“Paying Agent” means any paying agent appointed pursuant to Section 2.7 and shall initially be the Trustee.

“Payment Date” means, with respect to each Series, the dates specified in the related Series Supplement.

“Pension Plan” means an “employee pension benefit plan” as described in Section 3(2) of ERISA (excluding a Multiemployer Plan) that is subject to Title IV of ERISA or Section 302 of ERISA or 412 of the Code, and in respect of which the Issuer, the Seller, the initial Servicer or any ERISA Affiliate thereof is, or at any time during the immediately preceding six (6) years was, an “employer” as defined in Section 3(5) of ERISA, or with respect to which the Issuer, the Seller, the initial Servicer or any of their respective ERISA Affiliates has any liability, contingent or otherwise.

“Perfection Representations” means the representations, warranties and covenants set forth in Schedule 1 attached hereto.

“Performance Guaranty” means the Performance Guaranty, dated as of the Closing Date, between Oportun and the Trustee, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

“Permissible Uses” means the use of funds by the Issuer to (a) pay the Seller for Subsequently Purchased Receivables that are Eligible Receivables, (b) solely in connection with Issuer Distributions pursuant to Section 5.4(c) and subject to the limitations therein, make distributions to the Issuer, or (c) pay amounts payable to Noteholders in connection with a Decrease.

“Permitted Encumbrance” means (a) with respect to the Issuer, any item described in clause (i), (iv) or (vi) of the following, and (b) with respect to the Seller, any item described in clauses (i) through (vi) of the following:

- (i) Liens for taxes and assessments that are not yet due and payable or that are being contested in good faith and for which reserves have been established, if required in accordance with GAAP;
- (ii) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which the Seller shall at any time in good faith be prosecuting an appeal or proceeding for a review

and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(iii) Liens incidental to the conduct of business or the ownership of properties and assets (including mechanics', carriers', repairers', warehousemen's and statutory landlords' liens and liens to secure the performance of leases) and Liens to secure statutory obligations, surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money, provided in each case, the obligation secured is not overdue, or, if overdue, is being contested in good faith by appropriate actions or Proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;

(iv) Liens in favor of the Trustee, or otherwise created by the Issuer, the Seller or the Trustee pursuant to the Transaction Documents, and the interests of mortgagees and loss payees under the terms of any Contract;

(v) Liens that, in the aggregate do not exceed \$250,000 (such amount not to include Permitted Encumbrances under clauses (i) through (iv) or (vi)) and which, individually or in the aggregate, do not materially interfere with the rights under the Transaction Documents of the Trustee or any Noteholder in any of the Receivables; and

(vi) any Lien created in favor of the Issuer or the Seller in connection with the purchase of any Receivables by the Issuer or the Seller and covering such Receivables, the related Contracts with respect to which are sold by the Seller to the Issuer pursuant to the Purchase Agreement.

"Permitted Investments" means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form and that evidence:

(a) direct obligations of, and obligations fully guaranteed as to the full and timely payment by, the United States;

(b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the Laws of the United States or any state thereof or the District of Columbia (or any domestic branch of a foreign bank) and subject to supervision and examination by federal or state banking or depository institution authorities (including depository receipts issued by any such institution or trust company as custodian with respect to any obligation referred to in clause (a) above or a portion of such obligation for the benefit of the holders of such depository receipts); provided that at the time of the investment or contractual commitment to invest therein (which shall be deemed to be made again each time funds are reinvested following each Payment Date), the commercial paper or other short-term senior unsecured debt obligations (other than such obligations the rating of which is based on the credit of a person other than such depository institution or trust company) of such depository institution or trust company shall have a credit rating from any Rating Agency in the highest investment category granted thereby;

(c) commercial paper (having maturities of not more than 30 days) of any corporation incorporated under the laws of the United States or any State thereof having, at the time of the investment or contractual commitment to invest therein, a rating from Fitch of “F2” or the equivalent thereof from Moody’s or Standard & Poor’s; or

(d) only to the extent permitted by Rule 3a-7 under the Investment Company Act, investments in money market funds having a rating from Fitch of “AA” or, to the extent not rated by Fitch, rated in the highest rating category by Moody’s, Standard & Poor’s or another nationally recognized statistical rating agency;

provided, however, that no such instrument will be a Permitted Investment if such instrument evidences either (i) a right to receive only interest payments with respect to the obligations underlying such instrument, or (ii) both principal and interest payments derived from obligations underlying such instrument and the principal and interest payments with respect to such instrument provide a yield to maturity of greater than 120% of the yield to maturity at par of such underlying obligations. Permitted Investments may be purchased by or through the Trustee or any of its Affiliates.

“Permitted Takeout” has the meaning specified in Section 2.16.

“Permitted Takeout Release” means an agreement in substantially the form of Exhibit C and entered into in connection with a Permitted Takeout.

“Person” means any corporation, limited liability company, natural person, firm, joint venture, partnership, trust, unincorporated organization, enterprise, government or any department or agency of any government.

“PF Score” means the credit score for an Obligor referred to as the “PF Score” determined by the Seller in accordance with its proprietary scoring method.

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“Purchase Agreement” means the Purchase and Sale Agreement, dated as of the Closing Date, between the Seller and the Issuer, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

“Purchase Date” has the meaning specified in the Purchase Agreement.

“Purchase Price” has the meaning specified in Section 2.16(d).

“Purchase Report” has the meaning specified in the Purchase Agreement.

“Qualified Institution” means a depository institution or trust company:

(a) whose commercial paper, short-term unsecured debt obligations or other short-term deposits have a rating commonly regarded as “investment grade” by at least one Rating Agency, if the deposits are to be held in the account for 30 days or less, or

(b) whose long-term unsecured debt obligations have a rating commonly regarded as “investment grade” by at least one Rating Agency, if the deposits are to be held in the account more than 30 days.

“Rapid Amortization Event” has the meaning specified in the related Series Supplement.

“Rating Agency” means any nationally recognized statistical rating organization.

“Re-Aged Receivable” means any Receivable, the contractual delinquency of which has been modified by the Servicer in accordance with the Credit and Collection Policy without changing the original periodic payment amounts of such Receivable. For the avoidance of doubt, neither a Deferment Receivable nor an Active Emergency Hardship Deferment Receivable is a Re-Aged Receivable.

“Re-Written Receivable” means (i) any Receivable which replaces an existing Receivable due and (ii) any Receivable which is modified using criteria consistent with the re-write provisions of the Credit and Collection Policies, and in either case, which does not involve the receipt of any new funds by such Obligor.

“Receivable” means the indebtedness of any Obligor under a Contract that is listed on the Receivables Schedule or identified on a Purchase Report, whether constituting an account, chattel paper, an instrument, a general intangible, payment intangible, promissory note or otherwise, and shall include (i) the right to payment of such indebtedness and any interest or finance charges and other obligations of such Obligor with respect thereto (including, without limitation, the principal amount of such indebtedness, periodic finance charges, late fees and returned check fees), and (ii) all proceeds of, and payments or Collections on, under or in respect of any of the foregoing. Notwithstanding the foregoing, upon release from the Trust Estate pursuant to Section 2.14 or Section 2.16 of a Removed Receivable or a Takeout Receivable, as applicable, such Receivable shall no longer constitute a Receivable. If a Contract is refinanced, the original Receivable shall be deemed collected and cease to be a Receivable for purposes of the Transaction Documents upon payment in accordance with Section 2.5 of the Purchase Agreement with respect thereto.

“Receivable File” has the meaning specified in the Purchase Agreement.

“Receivables Schedule” has the meaning specified in the Purchase Agreement.

“Record Date” means, with respect to any Payment Date, the last Business Day of the preceding Monthly Period.

“Records” means all Contracts and other documents, books, records and other information in physical or electronic format (including, without limitation, computer programs,

tapes, disks, punch cards, data processing software and related property and rights) maintained with respect to Receivables and the related Obligors.

“Recoveries” means, with respect to any period, all Collections (net of expenses) received during such period in respect of a Receivable after it became a Defaulted Receivable.

“Redemption Date” means the Payment Date specified by the initial Servicer or the Issuer pursuant to Section 14.1.

“Redemption Price” has the meaning specified in the Series Supplement for the redemption of the Notes.

“Registered Notes” has the meaning specified in Section 2.1.

“Related Rights” has the meaning stated in the Purchase Agreement.

“Related Security” means, with respect to any Receivable, all guaranties, indemnities, insurance and other agreements (including the related Receivable File) or arrangement and other collateral of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable.

“Removed Receivables” means any Receivable which is purchased or repurchased (i) by the initial Servicer (or its Affiliate) pursuant to Section 2.02(k) of the Servicing Agreement, (ii) by the initial Servicer pursuant to the last paragraph of Section 2.08 of the Servicing Agreement, (iii) by the Seller pursuant to the terms of the Purchase Agreement or (iv) by any other Person pursuant to Section 5.8 of the Indenture.

“Renewal Receivable” means a Receivable that satisfies the following conditions: (i) the Obligor was previously an obligor on another receivable originated by the Seller or the Nevada Originator, as applicable (the “Prior Receivable”), and (ii) the Obligor paid the Prior Receivable in cash in full or by net funding the Renewal Receivable proceeds (whether pursuant to the Seller’s or the Nevada Originator’s “Good Customer” program or otherwise) and such payment in full or net funding was not made in connection with the conversion of such Prior Receivable into a Re-Aged Receivable or a Re-Written Receivable.

“Repurchase Event” has the meaning specified in the Purchase Agreement.

“Required Monthly Payments” means, on any date of determination, (I) if such date of determination in any month is prior to the Payment Date occurring in such month, the sum of (a) the aggregate amount reasonably estimated by the Issuer in good faith to be distributable on the next Payment Date under clauses (i)-(iv) of Section 5.15 of the related Series Supplement, plus (b) the aggregate amount reasonably estimated by the Issuer in good faith to be distributable on the second following Payment Date under clauses (i)-(iii) of Section 5.15 of the related Series Supplement that either (i) has accrued on or prior to such date of determination or (ii) will accrue during the fourteen day period beginning on (but excluding) such date of determination, plus (c) the aggregate amount reasonably estimated by the Issuer in good faith to be distributable on the



second following Payment Date under clause (iv) of Section 5.15 of the related Series Supplement and (II) if such date of determination in any month is on or after the Payment Date occurring in such month, the sum of (a) the aggregate amount reasonably estimated by the Issuer in good faith to be distributable on the following Payment Date under clauses (i)-(iii) of Section 5.15 of the related Series Supplement that either (i) has accrued on or prior to such date of determination or (ii) will accrue during the period beginning on (but excluding) such date of determination and ending on the earlier of (x) the last day of the current Monthly Period and (y) the date occurring fourteen days following such date of determination, plus (b) the aggregate amount reasonably estimated by the Issuer in good faith to be distributable on the following Payment Date under clause (iv) of Section 5.15 of the related Series Supplement, plus (c) if such date of determination is a Payment Date, the aggregate amount distributable on such Payment Date under clauses (i)-(iv) of Section 5.15 of the related Series Supplement; provided, however, that in estimating such amount, (i) the Issuer shall assume that the Class A Note Rate as of such date of determination shall continue unchanged thereafter, (ii) the Issuer shall take into account any Increases anticipated to occur during the remainder of the current Monthly Period, (iii) for purposes of calculating the Servicing Fee, the Issuer shall assume that the Outstanding Receivables Balance of Eligible Receivables shall continue unchanged thereafter until the next anticipated Increase and then shall be adjusted upward to reflect each such anticipated Increase and (iv) for purposes of calculating the amounts distributable under clause (iv) of Section 5.15 of the related Series Supplement, the Issuer shall calculate the greater of (A) the amount reasonably estimated by the Issuer in good faith to be distributable thereunder on the applicable Payment Date and (B) the Borrowing Base Shortfall on such date of determination (or solely with respect to clause (I)(a) above, the end of the prior Monthly Period).

“Required Noteholders” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Required Overcollateralization Amount” has the meaning specified in the related Series Supplement.

“Requirements of Law” means, as to any Person, the organizational documents of such Person and any Law applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Responsible Officer” means (i) with respect to any Person, the member, the Chairman, the President, the Controller, any Vice President, the Secretary, the Treasurer, or any other officer of such Person or of a direct or indirect managing member of such Person, who customarily performs functions similar to those performed by any of the above-designated officers and also, with respect to a particular matter any other officer to whom such matter is referred because of such officer’s knowledge of and familiarity with the particular subject and (ii) with respect to the Trustee, in any of its capacities hereunder, a Trust Officer.

“Retained Notes” means any Notes, or interests therein, retained by the Issuer or a Person that is considered the same Person as the Issuer for United States federal income tax purposes.

“Revolving Credit Agreement” has the meaning specified in the Purchase Agreement.

“Revolving Period” means, with respect to any Series of Notes, the period specified in the applicable Series Supplement.

“Rule 15Ga-1” has the meaning specified in Section 11.23(a).

“Rule 15Ga-1 Information” has the meaning specified in Section 11.23(a).

“Sale Agreement” means the Purchase and Sale Agreement, dated as of June 19, 2015, between the Nevada Originator and the Seller, as the same may be amended or supplemented from time to time.

“Sanctions” means sanctions administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority.

“Secured Obligations” means (i) all principal and interest, at any time and from time to time, owing by the Issuer on the Notes (including any Note held by the Seller, the Servicer, the Parent or any Affiliate of any of the foregoing) and (ii) all costs, fees, expenses, indemnity and other amounts owing or payable by, or obligations of, the Issuer to any Person (other than any Affiliate of the Issuer) under the Indenture or the other Transaction Documents.

“Secured Parties” has the meaning specified in the Granting Clause of this Base Indenture.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” has the meaning specified in Section 5.3(e) and shall, as of the Trustee Replacement Date, be Wilmington Trust, National Association.

“Seller” means Oportun.

“Series of Notes” or “Series” means any Series of Notes issued and authenticated pursuant to the Base Indenture and a related Series Supplement, which may include within any Series multiple Classes of Notes, one or more of which may be subordinated to another Class or Classes of Notes.

“Series Supplement” means a supplement to the Base Indenture complying with the terms of Section 2.2 of this Base Indenture.

“Series Termination Date” means, with respect to any Series of Notes, the date specified as such in the applicable Series Supplement.

“Servicer” means initially PF Servicing, LLC and its permitted successors and assigns and thereafter any Person appointed as successor pursuant to the Servicing Agreement to service the Receivables.

“Servicer Default” has the meaning specified in Section 2.04 of the Servicing Agreement.

“Servicer Transaction Documents” means collectively, the Base Indenture, any Series Supplement, the Servicing Agreement, the Back-Up Servicing Agreement, the Control Agreement (in respect of any successor Servicer, solely to the extent such successor Servicer has become a “successor servicer” pursuant to the Control Agreement) and the Intercreditor Agreement, as applicable.

“Servicing Agreement” means the Servicing Agreement, dated as of the Closing Date, among the Issuer, the Servicer and the Trustee, as the same may be amended or supplemented from time to time.

“Servicing Fee” means (A) for any Monthly Period during which PF Servicing, LLC or any Affiliate acts as Servicer, an amount equal to the product of (i) 5.00%, (ii) 1/12 and (iii) the average daily Outstanding Receivables Balance of all Eligible Receivables for the prior Monthly Period (provided, that the Servicing Fee for the first Payment Date shall be based upon the actual number of days in the first Monthly Period) and (B) for any Monthly Period during which any other successor Servicer acts as Servicer, the Servicing Fee shall be an amount equal to (i) if SST acts as successor Servicer, the amount set forth pursuant to the SST Fee Schedule as set forth in the Back-Up Servicing Agreement or (ii) if any other successor Servicer acts as Servicer, the Servicing Fee shall be an amount equal to the product of (a) the current market rate for servicing receivables similar to the Receivables, (b) 1/12 and (c) the aggregate Outstanding Receivables Balance of all Eligible Receivables as of the last day of the immediately prior Monthly Period.

“Servicing Officer” means any officer of the Servicer involved in, or responsible for, the administration and servicing of the Receivables whose name appears on a list of servicing officers furnished to the Trustee by the Servicer, as such list may from time to time be amended.

“Similar Law” means applicable Law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code.

“SST” means Systems & Services Technologies, Inc.

“SST Fee Schedule” means Schedule I to the Back-Up Servicing Agreement.

“Standard & Poor’s” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business.

“Sub-Custodian” means DataSafe, Inc. or any successor document storage company selected in accordance with Section 2.02(a)(ii)(A) of the Servicing Agreement.

“Subsequently Purchased Receivables” has the meaning set forth in the Purchase Agreement.

“Subsidiary” of a Person means any other Person more than 50% of the outstanding voting interests of which shall at any time be owned or controlled, directly or indirectly, by such

Person or by one or more other Subsidiaries of such Person or any similar business organization which is so owned or controlled.

“Supplement” means a supplement to this Base Indenture complying with the terms of Article 13 of this Base Indenture.

“Takeout Assets” has the meaning specified in Section 2.16(a)(i).

“Takeout Date” has the meaning specified in Section 2.16(a)(ii).

“Takeout Notice” has the meaning specified in Section 2.16(a).

“Takeout Receivables” has the meaning specified in Section 2.16(a)(i).

“Takeout Transaction” means any securitization of the Trust Estate (or any portion thereof) entered into by any Affiliate of the Issuer (other than the Issuer or under the Transaction Documents), pursuant to which such Affiliate sells or otherwise allocates an interest in all or any portion of the Trust Estate owned by it to secure or provide for the payment of amounts owing by such Affiliate in respect of securities (x) issued by such Affiliate and (y) backed by the Trust Estate (or any portion thereof).

“Tax Information” means information and/or properly completed and signed tax certifications and/or documentation sufficient to eliminate the imposition of or to determine the amount of any withholding of tax, including FATCA Withholding Tax.

“Tax Opinion” means with respect to any action or event, an Opinion of Counsel to the effect that, for United States federal income tax purposes (x) in connection with the initial issuance of a Series of Notes, if so specified in the related Series Supplement, such Notes constitute debt and (y) (a) such action or event will not adversely affect the tax characterization of Notes of any outstanding Series or Class of Notes issued to investors as debt, (b) such action or event will not cause any Secured Party to recognize gain or loss and (c) such action or event will not cause the Issuer to be classified as an association or publicly traded partnership, in each case, taxable as a corporation.

“Term Indenture” means any Base Indenture and the Series Supplement to that Base Indenture, entered into by and between any Affiliate of Oportun, as issuer, and Wilmington Trust, National Association or any other Person, as trustee.

“Texas License” means a license issued by the Texas Office of the Consumer Credit Commissioner to own consumer loans with an interest rate in excess of 10% made to Texas residents.

“Transaction Documents” means, collectively, this Base Indenture, the Series Supplement, the Fee Letter, the Notes, the Servicing Agreement, the Back-Up Servicing Agreement, the Purchase Agreement, the Sale Agreement, the Note Purchase Agreement, the Performance Guaranty, the Intercreditor Agreement, the Revolving Credit Agreement, the

Control Agreement, any agreements of the Issuer relating to the issuance or the purchase of any of the Notes and all other agreements executed in connection with this Indenture.

“Transfer Agent and Registrar” has the meaning specified in Section 2.6 and shall initially, and so long as Wilmington Trust, National Association is acting as Trustee, be the Trustee.

“Transition Costs” means all reasonable costs and expenses incurred by the Back-Up Servicer in connection with a transfer of servicing.

“Trust Account” has the meaning specified in the Granting Clause to this Base Indenture, which accounts are under the sole dominion and control of the Trustee.

“Trust Estate” has the meaning specified in the Granting Clause of this Base Indenture.

“Trust Indenture Act” or “TIA” means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

“Trust Officer” means any officer within the Corporate Trust Office (or any successor group of the Trustee), including any Vice President, any Director, any Managing Director, any Assistant Vice President or any other officer of the Trustee customarily performing functions similar to those performed by any individual who at the time shall be an above-designated officer and is directly responsible for the day-to-day administration of the transactions contemplated herein.

“Trustee” means, as of the Trustee Replacement Date, Wilmington Trust, National Association, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee appointed in accordance with the provisions of this Base Indenture.

“Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses” means, for any Payment Date, (i) the amount of accrued and unpaid fees (including, without limitation, the Servicing Fee of any successor Servicer), indemnity amounts and reasonable out-of-pocket expenses (but, as to expenses and indemnity amounts (other than amounts paid to the bank holding the Servicer Account (as defined in the Servicing Agreement)), not in excess of (A) \$100,000 per calendar year for the Trustee (including in its capacity as Agent), the Collateral Trustee, the Securities Intermediary and the Depository Bank (or, if an Event of Default has occurred and is continuing, without limit) and (B) \$50,000 per calendar year (or, if an Event of Default has occurred and is continuing, without limit) for the Back-Up Servicer and successor Servicer (including, without limitation, SST as successor Servicer)) of the Trustee (including in its capacity as Agent), the Collateral Trustee, the Securities Intermediary, the Depository Bank, the Back-Up Servicer and any successor Servicer (including, without limitation, SST as successor Servicer) and (ii) the Transition Costs (but not in excess of \$100,000), if applicable.

“Trustee Replacement Date” means August 1, 2017.

“UCC” means, with respect to any jurisdiction, the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in such jurisdiction.

“U.S.” or “United States” means the United States of America and its territories.

“VantageScore” means the credit score for an Obligor referred to as a “VantageScore 3.0” calculated and reported by Experian plc.

“written” or “in writing” means any form of written communication, including, without limitation, by means of e-mail, telex, telecopier device, telegraph or cable.

#### Section 1.2. Incorporation by Reference of Trust Indenture Act

. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture, except to the extent that the Trustee has been advised by an Opinion of Counsel that the Indenture does not need to be qualified under the TIA or such provision is not required under the TIA to be applied to this Indenture in light of the outstanding Notes. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the Securities and Exchange Commission.

“indenture securities” means the Notes.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meaning assigned to them by such definitions.

#### Section 1.3. Cross-References

. Unless otherwise specified, references in this Indenture and in each other Transaction Document to any Article or Section are references to such Article or Section of this Indenture or such other Transaction Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

#### Section 1.4. Accounting and Financial Determinations: No Duplication

. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any accounting computation is required to be made, for the purpose of this Indenture, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in this Indenture, in accordance with GAAP. When used herein, the term “financial statement” shall include the notes and schedules thereto. All accounting determinations and computations hereunder or under any other Transaction Documents shall be made without duplication.

#### Section 1.5. Rules of Construction

. In this Indenture, unless the context otherwise requires:

(i) “or” is not exclusive;

(ii) the singular includes the plural and vice versa;

(iii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Indenture, and reference to any Person in a particular capacity only refers to such Person in such capacity;

(iv) reference to any gender includes the other gender;

(v) reference to any Requirement of Law means such Requirement of Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time;

(vi) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and

(vii) with respect to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding.”

#### Section 1.6. Other Definitional Provisions.

(a) All terms defined in any Series Supplement or this Base Indenture shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. Capitalized terms used but not defined herein shall have the respective meaning given to such term in the Servicing Agreement.

(b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Base Indenture or any Series Supplement shall refer to this Base Indenture or such Series Supplement as a whole and not to any particular provision of this Base Indenture or any Series Supplement; and Section, subsection, Schedule and Exhibit references contained in this Base Indenture or any Series Supplement are references to Sections, subsections, Schedules and Exhibits in or to this Base Indenture or any Series Supplement unless otherwise specified.

(c) Terms used herein that are defined in the New York Uniform Commercial Code and not otherwise defined herein shall have the meanings set forth in the New York Uniform Commercial Code, unless the context requires otherwise. Any reference herein to a “beneficial interest” in a security also shall mean, unless the context requires otherwise, a security entitlement with respect to such security, and any reference herein to a “beneficial owner” or “beneficial holder” of a security also shall mean, unless the context requires otherwise, the holder of a security entitlement with respect to such security. Any reference herein to money or other property that is to be deposited in or is on deposit in a securities account shall also mean that such money or other property is to be credited to, or is credited to, such securities account.

## ARTICLE 2.

### THE NOTES

#### Section 2.1. Designation and Terms of Notes

. The Notes of each Series and any Class thereof shall be issued in fully registered form (the “Registered Notes”), and shall be substantially in the form of exhibits with respect thereto attached to the applicable Series Supplement, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such restrictions, legends or endorsements placed thereon and shall bear, upon their face, the designation for such Series to which they belong so selected by the Issuer, all as determined by the Responsible Officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. All Notes of any Series shall, except as specified in the related Series Supplement, be *pari passu* and equally and ratably entitled as provided herein to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Base Indenture and the related Series Supplement. Each Series of Notes shall be issued in the minimum denominations set forth in the related Series Supplement.

#### Section 2.2. New Series Issuances

. The Notes will be issued in only one Series. The Series of Notes shall be created by a Series Supplement. The Issuer shall effect the issuance of such one Series of Notes on the Closing Date. No additional Series shall be issued pursuant to this Base Indenture after the Closing Date without the prior written consent of each of the Noteholders. Any new Series so issued will require notice from the Issuer to the Trustee at least one (1) day in advance of the issuance date stating the designation of the Series (and each Class thereof, if applicable) to be issued on the Closing Date and, with respect to such Series: (a) the initial investor interest and (b) the aggregate initial outstanding principal amount or par value of the Notes thereof. On the new Series issuance date, the Issuer shall execute and the Trustee shall authenticate and deliver any such Series of Notes only upon delivery to it of the following:



(i) an Issuer Order authorizing and directing the authentication and delivery of the Notes of such new Series by the Trustee and specifying the designation of such new Series and the aggregate principal amount or par value of Notes of such new Series (and each Class thereof) to be authenticated with respect to such new Series;

(ii) a Series Supplement executed by the Issuer and the Trustee and specifying the principal terms of such new Series;

(iii) an Opinion of Counsel as to the Trustee's Lien in and to the Trust Estate;

(iv) evidence (which, in the case of the filing of financing statements on form UCC-1, may be in the form of a written confirmation) that the Issuer has delivered the Trust Estate to the Trustee and the Issuer and has caused all filings (including filing of financing statements on form UCC-1) and recordings to be accomplished as may be reasonably required by Law to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers and security interest of the Trustee in the Trust Estate for the benefit of the Secured Parties;

(v) any consents required pursuant to Section 13.2 or otherwise;

(vi) an Officer's Certificate of the Issuer (upon which the Trustee shall be entitled to conclusively rely), stating that all conditions precedent to the issuance of such Series of Notes (including but not limited to those set forth in clauses (i)-(v) above) have been satisfied and such issuance is authorized and permitted under the Indenture and any other Transaction Documents; and

(vii) such other documents, instruments, certifications, agreements or other items as the Trustee may reasonably require.

Upon satisfaction of such conditions, the Trustee shall authenticate and deliver, as provided above, such Series of Notes.

Section 2.3. [Reserved].

Section 2.4. Execution and Authentication.

(a) Each Note shall be executed by manual or facsimile signature by the Issuer. Notes bearing the manual or facsimile signature of the individual who was, at the time when such signature was affixed, authorized to sign on behalf of the Issuer shall not be rendered invalid, notwithstanding that such individual has ceased to be so authorized prior to the authentication and delivery of such Notes or does not hold such office at the date of such Notes. Unless otherwise provided in the related Series Supplement, no Notes shall be entitled to any benefit under this Indenture, or be valid for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein, duly executed by or on behalf of the Trustee by the manual signature of a duly authorized signatory, and such certificate

upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

(b) Pursuant to Section 2.2, the Issuer shall execute and the Trustee shall authenticate and deliver a Series of Notes having the terms specified in the related Series Supplement, upon the receipt of an Issuer Order, to the purchasers thereof, the underwriters for sale or to the Issuer for initial retention by it.

(c) All Notes shall be dated and issued as of the date of their authentication.

Section 2.5. Authenticating Agent.

(a) The Trustee may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of the Trustee in authenticating the Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Indenture to the authentication of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Trustee by an authenticating agent and a certificate of authentication executed on behalf of the Trustee by an authenticating agent. Each authenticating agent must be acceptable to the Issuer.

(b) Any institution succeeding to the corporate agency business of an authenticating agent shall continue to be an authenticating agent without the execution or filing of any paper or any further act on the part of the Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an authenticating agent shall cease to be acceptable to the Trustee or the Issuer, the Trustee promptly may appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent.

(d) The Issuer agrees to pay each authenticating agent from time to time reasonable compensation for its services under this Section 2.5; subject to the prior written consent of each Noteholder.

(e) Pursuant to an appointment made under this Section 2.5, the Notes may have endorsed thereon, in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the notes described in the Indenture.

**[Name of Authenticating Agent],**

as Authenticating Agent  
for the Trustee,

By: \_\_\_\_\_  
Responsible Officer

Section 2.6. Registration of Transfer and Exchange of Notes.

(a) (i) The Trustee shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the “Transfer Agent and Registrar”), in accordance with the provisions of Section 2.6(c), a register (the “Note Register”) in which, subject to such reasonable regulations as it may prescribe, the Transfer Agent and Registrar shall provide for the registration of the Notes of each Series (unless otherwise provided in the related Series Supplement) and registrations of transfers and exchanges of the Notes as herein provided. The Trustee is hereby initially appointed Transfer Agent and Registrar for the purposes of registering the Notes and transfers and exchanges of the Notes as herein provided. If a Person other than the Trustee is appointed by the Issuer as Transfer Agent and Registrar, the Issuer will give the Trustee and the Noteholders prompt written notice of the appointment of such Transfer Agent and Registrar and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Trustee shall have the right to rely upon a certificate executed on behalf of the Transfer Agent and Registrar by a Responsible Officer thereof as to the names and addresses of the Holders of the Notes and the principal amounts or par values and number of such Notes. The Trustee shall be permitted to resign as Transfer Agent and Registrar upon thirty (30) days’ written notice to the Servicer, the Noteholders and the Issuer. In the event that the Trustee shall no longer be the Transfer Agent and Registrar, the Issuer shall appoint, with the consent of the Required Noteholders, a successor Transfer Agent and Registrar.

(ii) Upon surrender for registration of transfer of any Note at any office or agency of the Transfer Agent and Registrar, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute, subject to the provisions of Section 2.6(b), and the Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholder shall obtain from the Trustee, in the name of the designated transferee or transferees, one or more new Notes in authorized denominations of like aggregate principal amount or aggregate par value, as applicable.

(iii) All Notes issued upon any registration of transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the

same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

(iv) At the option of any Holder of Registered Notes, Registered Notes may be exchanged for other Registered Notes of the same Series of the same Class in authorized denominations of like aggregate principal amounts or aggregate par values in the manner specified in the Series Supplement for such Series, upon surrender of the Registered Notes to be exchanged at any office or agency of the Transfer Agent and Registrar maintained for such purpose.

(v) Whenever any Notes of any Series are so surrendered for exchange, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute and the Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholders shall obtain from the Trustee, the Notes of such Series of the same Class that which the Noteholder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in a form satisfactory to the Issuer duly executed by the Noteholder thereof or his attorney-in-fact duly authorized in writing.

(vi) The preceding provisions of this Section 2.6 notwithstanding, the Trustee or the Transfer Agent and Registrar, as the case may be, shall not be required to register the transfer of or exchange any Note of any Series for a period of five (5) Business Days preceding the due date for any payment with respect to the Notes of such Series or during the period beginning on any Record Date and ending on the next following Payment Date.

(vii) Unless otherwise provided in the related Series Supplement, no service charge shall be made for any registration of transfer or exchange of Notes, but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(viii) All Notes surrendered for registration of transfer and exchange shall be cancelled by the Transfer Agent and Registrar and disposed of.

(ix) Upon written request, the Issuer shall deliver to the Trustee or the Transfer Agent and Registrar, as applicable, Registered Notes in such amounts and at such times as are necessary to enable the Trustee to fulfill its responsibilities under this Indenture and the Notes.

(x) Prior to due presentment for registration of transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered (as of the day of determination) as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Note and for all

other purposes whatsoever, whether or not such Note is overdue, and neither the Trustee, any Agent nor the Issuer shall be affected by notice to the contrary.

(xi) Notwithstanding anything to the contrary set forth in this Indenture, no sale or transfer of a beneficial interest in a Class A Note shall be permitted (including, without limitation, by participation, pledge or hypothecation), and no such sale or transfer shall be registered by the Transfer Agent and Registrar to be effective hereunder, if the sale or transfer thereof (i) increases the total number of beneficial owners of the Class A Notes to more than ninety-five (95), or (ii) would be to a Person that is not a United States person as defined in Section 7701(a)(30) of the Code. For purposes of determining the total number of beneficial owners of Class A Notes, a beneficial owner of an interest in a partnership, grantor trust, S corporation or other flow-through entity that owns, directly or through other flow-through entities, a beneficial interest in a Class A Note is treated as a holder of a beneficial interest in a Class A Note if more than 50% of the value of the beneficial owner's interest (directly or indirectly) in the flow-through entity is attributable to the flow-through entity's interest in all Class A Notes.

(xii) Unless otherwise provided in the related Series Supplement, by its acceptance of a Note, each Noteholder shall be deemed to have represented and warranted that, with respect to the Notes, either (i) it is not a Benefit Plan Investor or a governmental or other plan subject to Similar Law, or (ii) (a) the purchase and holding of the Note (or any interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law and (b) it acknowledges and agrees that the Notes are not eligible for acquisition by Benefit Plan Investors at any time that the Notes have been characterized as other than indebtedness for applicable local law purposes.

(b) Unless otherwise provided in the related Series Supplement, registration of transfer of Registered Notes containing a legend relating to the restrictions on transfer of such Registered Notes (which legend shall be set forth in the Series Supplement relating to such Notes) shall be effected only if the conditions set forth in such related Series Supplement are satisfied.

Whenever a Registered Note containing the legend set forth in the related Series Supplement is presented to the Transfer Agent and Registrar for registration of transfer, the Transfer Agent and Registrar shall promptly seek instructions from the Issuer regarding such transfer. The Transfer Agent and Registrar and the Trustee shall be entitled to receive written instructions signed by a Responsible Officer of the Issuer prior to registering any such transfer or authenticating new Registered Notes, as the case may be. The Issuer hereby agrees to indemnify the Transfer Agent and Registrar and the Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by them in reliance on any such written instructions furnished pursuant to this Section 2.6(b).

(c) The Transfer Agent and Registrar will maintain an office or offices or an agency or agencies where Notes of such Series may be surrendered for registration of transfer or exchange.

(d) Any Retained Notes may not be transferred to another Person (other than a Person that is considered the same Person as the Issuer for United States federal income tax purposes) unless the transferor shall cause an Opinion of Counsel to be delivered to the Seller and the Trustee at such time stating that either (x) such Notes will be characterized as debt for United States federal income tax purposes or (y) the sale of such Notes to a Person unrelated to the Issuer will not cause the Issuer to be treated as an association or publicly traded partnership taxable as a corporation for United States federal income tax purposes. With respect to any transfer for which the Opinion of Counsel provided pursuant to the preceding sentence is as described in clause (y), the sale or transfer of such Notes (A) must be to a Person who is a United States person (within the meaning of Section 7701(a)(30) of the Code), (B) may not be to a Special Pass-Through Entity and (C) such Notes and the beneficial interest in the Issuer (including any Membership Interests and other equity interests in the Issuer) may at no time be held by more than 95 Persons, directly or indirectly, unless such Opinion of Counsel also states that such Notes will be debt for United States federal income tax purposes. In addition, if for tax or other reasons it may be necessary to track such Notes (e.g., if the Notes have original issue discount), tracking conditions may be required by the Issuer as a condition to such transfer. For the purposes of this Section 2.6, "Special Pass-Through Entity" means a (i) grantor trust, S corporation, or partnership or (ii) a disregarded entity the sole owner of which is an entity described in prong (i), where more than 50% of the value of a beneficial owner's interest in such pass through entity is attributable to the pass-through entity's interest (including through a disregarded entity) in such Notes. In addition, the Retained Notes will not be registered under the Securities Act.

#### Section 2.7. Appointment of Paying Agent

(a) The Paying Agent shall make payments to the Secured Parties from the appropriate account or accounts maintained for the benefit of the Secured Parties as specified in this Base Indenture or the related Series Supplement for any Series pursuant to Articles 5 and 6. Any Paying Agent shall have the revocable power to withdraw funds from such appropriate account or accounts for the purpose of making distributions referred to above. The Trustee (or the Issuer or the initial Servicer if the Trustee is the Paying Agent) may, with the prior written consent of the Required Noteholders, revoke such power and remove the Paying Agent, if the Paying Agent fails to perform its obligations under this Indenture in any material respect or for other good cause. The Paying Agent shall initially be the Trustee. The Trustee shall be permitted to resign as Paying Agent upon thirty (30) days' written notice to the Issuer and the Noteholders, with a copy to the Servicer; provided, however, that no such resignation by the Trustee shall be effective until a successor Paying Agent has assumed the obligations of the Paying Agent hereunder. In the event that the Trustee shall no longer be the Paying Agent, the Issuer or the initial Servicer shall, with the prior written consent of the Required Noteholders,

appoint a successor to act as Paying Agent (which shall be a bank or trust company). If a successor Paying Agent does not take office within thirty (30) days after the retiring Paying Agent provides written notice of its resignation or is removed, the retiring Paying Agent may petition any court of competent jurisdiction for the appointment of a successor paying agent.

(b) The Issuer shall cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent will hold all sums, if any, held by it for payment to the Secured Parties in trust for the benefit of the Secured Parties entitled thereto until such sums shall be paid to such Secured Parties and shall agree, and if the Trustee is the Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding of payments in respect of federal income taxes due from Secured Parties (including in respect of FATCA and any applicable tax reporting requirements).

#### Section 2.8. Paying Agent to Hold Money in Trust

(a) The Issuer will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Secured Obligations in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as provided herein (including pursuant to Section 2.8(c)) and in the applicable Series Supplement and pay such sums to such Persons as provided herein and in the applicable Series Supplement;

(ii) give the Trustee and the Noteholders written notice of any default by the Issuer (or any other obligor under the Secured Obligations) of which it (or, in the case of the Trustee, a Trust Officer) has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Secured Obligations if at any time it ceases to meet the standards required to be met by a Trustee hereunder; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Secured Obligations of any applicable withholding taxes imposed thereon, including FATCA Withholding Tax (including obtaining and retaining from Persons entitled to payments with respect to the Notes any Tax Information and making any withholdings with respect to the Notes as required by the Code (including FATCA) and paying over such withheld amounts to the appropriate

Governmental Authority), comply with respect to any applicable reporting requirements in connection with any payments made by it on any Secured Obligations and any withholding of taxes therefrom, and, upon request, provide any Tax Information to the Issuer.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable Laws with respect to escheat of funds, any money held by the Trustee or any Paying Agent in trust for the payment of any amount due with respect to any Secured Obligation and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request; and the holder of such Secured Obligation shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee or such Paying Agent with respect to such trust money shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in New York City, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than thirty (30) days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment.

#### Section 2.9. Private Placement Legend

(a) Unless otherwise provided for in a Series Supplement, each Note shall bear a legend in substantially the following form:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES THAT SUCH NOTE IS BEING ACQUIRED NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE NOTE PURCHASE AGREEMENT, THE INDENTURE AND ALL APPLICABLE SECURITIES



LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE HOLDER OF THIS NOTE WILL, AND EACH SUBSEQUENT HOLDER OF THIS NOTE IS REQUIRED TO, NOTIFY ANY PURCHASER OF SUCH NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), WHICH IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DESCRIBED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR A GOVERNMENTAL OR OTHER PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) (A) ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR A VIOLATION OF SIMILAR LAW, AND (B) IT ACKNOWLEDGES AND AGREES THAT THIS NOTE IS NOT ELIGIBLE FOR ACQUISITION BY BENEFIT PLAN INVESTORS AT ANY TIME THAT THE NOTES HAVE BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS FOR APPLICABLE LOCAL LAW PURPOSES.

Section 2.10. Mutilated, Destroyed, Lost or Stolen Notes.

(a) If (i) any mutilated Note is surrendered to the Transfer Agent and Registrar, or the Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Transfer Agent and Registrar, the Trustee, and the Issuer such security or indemnity as may, in their sole discretion, be required by them to hold the Transfer Agent and Registrar, the Trustee, and the Issuer harmless then, in the absence of written notice to the Trustee that such Note has been acquired by a protected purchaser, and provided that the requirements of Section 8-405 of the UCC (which generally permit the Issuer to impose reasonable requirements) are met, then the Issuer shall execute and the Trustee shall, upon receipt of an Issuer Order, authenticate and (unless the Transfer Agent and Registrar is different from the Trustee, in which case the Transfer Agent and Registrar shall) deliver (in compliance with applicable Law), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of like tenor and aggregate principal balance or aggregate par value; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven (7) days shall be due and payable or shall have been called for redemption, instead of issuing a replacement Note, the

Issuer may pay such destroyed, lost or stolen Note when so due or payable without surrender thereof.

If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section 2.10, the Transfer Agent and Registrar or the Trustee may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee and the Transfer Agent and Registrar) connected therewith.

(c) Every replacement Note issued pursuant to this Section 2.10 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional Contractual Obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(d) The provisions of this Section 2.10 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

#### Section 2.11. Temporary Notes.

(a) Pending the preparation of Definitive Notes, the Issuer may request and the Trustee, upon receipt of an Issuer Order, shall authenticate and deliver temporary Notes of such Series. Temporary Notes shall be substantially in the form of Definitive Notes of like Series but may have variations that are not inconsistent with the terms of this Indenture as the officers executing such Notes may determine, as evidenced by their execution of such Notes.

(b) If temporary Notes are issued pursuant to Section 2.11(a) above, the Issuer will cause Definitive Notes to be prepared without unreasonable delay. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at the office or agency of the Issuer to be maintained as provided in Section 8.2(b), without charge to the Noteholder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer shall execute and at the Issuer's request the Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes.

#### Section 2.12. Persons Deemed Owners

. Prior to due presentation of a Note for registration of transfer, the Issuer, the Servicer, the Trustee, the Paying Agent, the Transfer Agent and Registrar and any agent of any of them may treat a Person in whose name any Note is registered (as of any date of determination) as the owner of the related Note for the purpose of receiving payments of principal and interest, if any, on such Note and for all other purposes whatsoever whether or not such Note be overdue, and neither the Issuer, the Servicer, the Trustee, the Paying Agent, the Transfer Agent and Registrar nor any agent of any of them shall be affected by any notice to the contrary; provided, however, that in determining whether the requisite number of Holders of Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder (including under any Series Supplement), Notes owned by any of the Issuer, the Seller, the Parent, the initial Servicer or any Affiliate controlled by or controlling Oportun shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Trust Officer in the Corporate Trust Office of the Trustee actually knows to be so owned shall be so disregarded. The foregoing proviso shall not apply if there are no Holders other than the Issuer or its Affiliates.

#### Section 2.13. Cancellation

. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided that such Issuer Order is timely and the Notes have not been previously disposed of by the Trustee. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment.

#### Section 2.14. Release of Trust Estate

. The Trustee shall (a) in connection with any removal of Removed Receivables from the Trust Estate, release the portion of the Trust Estate constituting or securing the Removed Receivables from the Lien created by this Indenture upon receipt of an Officer's Certificate of the Issuer certifying that the Outstanding Receivables Balance plus Finance Charges thereon (or such other amount required in connection with the disposition of such Removed Receivables as provided by the Transaction Documents) with respect thereto has been deposited into the Collection Account and such release is authorized and permitted under the Transaction Documents, (b) in connection with the redemption of all Notes of any Series, release the Trust Estate from the Lien created by this Indenture upon receipt of an Officer's Certificate of the Issuer certifying that (i) the Redemption Price and all other amounts due and owing on the Redemption Date have been

deposited into a Trust Account that is within the sole control of the Trustee and (ii) such release is authorized and permitted under the Transaction Documents, (c) on or after the Indenture Termination Date, release any remaining portion of the Trust Estate from the Lien created by this Indenture and in each case deposit in the Collection Account any funds then on deposit in any other Trust Account upon receipt of an Issuer Request accompanied by an Officer's Certificate of the Issuer, and Independent Certificates (if this Indenture is required to be qualified under the TIA) in accordance with TIA Sections 314(c) and 314(d)(1) meeting the applicable requirements of Section 15.1 and (d) in connection with any removal of Takeout Receivables from the Trust Estate in accordance with a Permitted Takeout, release its security interest in the Takeout Receivables upon (i) receipt of an Officer's Certificate of the Issuer specifying the amount of the Purchase Price with respect thereto calculated in accordance with Section 2.16(d), certifying that such Purchase Price has been deposited into the Collection Account and such release is authorized and permitted under the Transaction Documents, and specifying the respective addresses and e-mail addresses of the Noteholders and the Issuer, and (ii) immediately following receipt by the Trustee of the Issuer's Officer's Certificate referenced in clause (i) above, written confirmation by the Trustee (which may be by email or such other method as acceptable to the Trustee) to the Noteholders and the Issuer (solely to the extent their respective addresses and e-mail addresses are provided to the Trustee in such Officer's Certificate) that an amount equal to such Purchase Price has been deposited into the Collection Account.

Section 2.15. Payment of Principal, Interest and Other Amounts.

(a) The principal of each Series of Notes shall be payable at the times and in the amounts set forth in the related Series Supplement and in accordance with Section 8.1.

(b) Each Series of Notes shall accrue interest as provided in the related Series Supplement and such interest shall be payable at the times and in the amounts set forth in the related Series Supplement and in accordance with Section 8.1.

(c) Any installment of interest, principal or other amounts, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in whose name such Note is registered at the close of business on any Record Date with respect to a Payment Date for such Note and such Person shall be entitled to receive the principal, interest or other amounts payable on such Payment Date notwithstanding the cancellation of such Note upon any registration of transfer, exchange or substitution of such Note subsequent to such Record Date, by wire transfer in immediately available funds to the account designated by the Holder of such Note, except for the final installment of principal payable with respect to such Note on a Payment Date or on the Legal Final Payment Date (and except for the Redemption Price for any Note called for redemption pursuant to Section 14.1) which shall be payable as provided herein; except that, any interest payable at maturity shall be paid to the Person to whom the principal of such Note is payable. The funds represented by any such checks returned undelivered shall be held in accordance with Section 2.8.

Section 2.16. Takeouts.

Solely in connection with any Takeout Transaction, the Issuer may from time to time transfer directly or indirectly certain Receivables and the Related Security with respect thereto designated by the Issuer on the following terms and subject to the following conditions (any such transfer pursuant to this Section 2.16, a “Permitted Takeout”):

(a) The Issuer shall deliver to each Noteholder, the Trustee, the Agent, the Collateral Trustee, the Back-Up Servicer and the Servicer, not less than three (3) Business Days’ prior written notice of such Takeout Transaction (such notice, a “Takeout Notice”), which Takeout Notice shall be executed by the Issuer, and without limiting the generality of the foregoing, shall:

(i) identify in reasonable detail the Receivables to be transferred in connection with such Takeout Transaction (such Receivables with respect to any Takeout Transaction, the “Takeout Receivables” and, together with the Related Security with respect to such Takeout Receivables, the “Takeout Assets” for such Takeout Transaction), which Receivables, unless otherwise consented to in writing by the Required Noteholders, shall include all or substantially all outstanding Receivables;

(ii) specify the date on which such Takeout Transaction is contemplated to occur (such date with respect to any Takeout Transaction, the “Takeout Date”), which Takeout Date shall be a Business Day and may be extended with one Business Day prior notice to each Noteholder; and

(iii) include a *pro forma* Monthly Statement for each Series attached thereto after giving effect to such Takeout Transaction.

(b) In connection with each Takeout Transaction (other than a Takeout Transaction relating to the U.S. Department of the Treasury’s Community Development Financial Institutions Fund (CDFI Fund), its CDFI Bond Guarantee Program or similar entities or programs), the Issuer shall pay the Noteholders a fee (such fee, an “Exit Fee”) on the Takeout Date in immediately available funds equal to 0.50% (or 0.15% to the extent such Takeout Transaction involves the issuance of immediately amortizing securities) of the Outstanding Receivables Balance of all Receivables subject to such Takeout Transaction at such time. Each such Exit Fee shall be payable to the Noteholders ratably, based on such Noteholders portion of the Aggregate Class A Note Principal at such time; provided, however, that the amount of the Exit Fee paid hereunder for each Takeout Transaction shall be credited against the aggregate amount of underwriting or similar fees payable to one or more of the purchasers, that are Noteholders or Affiliates thereof, under any note purchase agreement or other similar agreement entered into by one or more of such purchasers and an Affiliate of the Issuer in connection with such Takeout Transaction.

(c) Unless otherwise waived by the Required Noteholders, no Permitted Takeout shall occur on any date if (i) any Rapid Amortization Event, Servicer Default, Event of Default or Default would exist after giving effect to such Takeout Transaction, (ii) such Takeout Transaction could reasonably be expected to have a Material Adverse Effect on (x) the Issuer, the Seller, the Servicer, the Parent, the Trustee, the Agent, the Collateral Trustee, any Noteholder

or any other Secured Party or (y) the bankruptcy remoteness of the Issuer or any of the transfers contemplated by the Transaction Documents or (iii) such Takeout Transaction would violate any assumption set forth in any bankruptcy opinion delivered under or in connection with any Transaction Document.

(d) The purchase price to be paid in connection with any Takeout Transaction shall be an amount (such amount, the “Purchase Price”) not less than the sum, without duplication, of (i) the aggregate Class A Note Principal related to the Takeout Assets; provided, however, that such amount shall not be less than the amount necessary to cure any Borrowing Base Shortfall that exists or would exist as a result of such Takeout Transaction, (ii) the accrued interest owing under each Note, (iii) all accrued and unpaid Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses, (iv) all accrued and unpaid Servicing Fees and (v) all other accrued and outstanding obligations owing to the Noteholders and any other Secured Party under the Transaction Documents (including the Exit Fee). The Purchase Price, as computed by PF Servicing, LLC if it is at that time the Servicer hereunder (and confirmed in writing by the Required Noteholders), shall be set forth in a Permitted Takeout Release, which shall, among other things, release the Trustee’s security interest in the applicable Takeout Assets upon receipt of the Purchase Price in the Collection Account. On the Takeout Date for a Permitted Takeout, the Issuer, the Trustee (upon receipt of an Officer’s Certificate of the Issuer pursuant to Section 2.14(d)) and the Required Noteholders shall execute and deliver a Permitted Takeout Release and the Issuer shall cause the Purchase Price for such Permitted Takeout to be deposited in immediately available funds into the Collection Account and distributed to the Noteholders and any other Secured Party (to the extent of funds owing to them) on such day.

Section 2.17. [Reserved].

Section 2.18. Definitive Notes.

(a) Issuance of Definitive Notes. The Notes shall be issued in definitive, fully registered form (“Definitive Notes”).

(b) Transfer of Definitive Notes. Subject to the terms of this Indenture (including the requirements of any relevant Series Supplement), the holder of any Definitive Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering at the office maintained by the Transfer Agent and Registrar for such purpose in Wilmington, Delaware, such Note with the form of transfer endorsed on it duly completed and executed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Transfer Agent and Registrar by, the holder thereof and, if applicable, accompanied by a certificate substantially in the form required under the related Series Supplement. In exchange for any Definitive Note properly presented for transfer, the Issuer shall execute and the Trustee shall promptly authenticate and deliver or cause to be executed, authenticated and delivered in compliance with applicable Law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Definitive Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Definitive Note in part, the Issuer shall execute and the Trustee shall promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at

such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Definitive Notes for the aggregate principal amount that was not transferred. No transfer of any Definitive Note shall be made unless the request for such transfer is made by the Holder at such office. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of transfer instructions and each may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes for such Series, the Trustee shall recognize the Holders of the Definitive Notes as Noteholders of such Series.

Section 2.19. [Reserved].

Section 2.20. Tax Treatment

. The Notes have been (or will be) issued with the intention that, the Notes will qualify under applicable tax Law as debt for U.S. federal income tax purposes and any entity acquiring any direct or indirect interest in any Note by acceptance of its Notes agrees to treat the Notes for purposes of federal, state and local and income or franchise taxes and any other tax imposed on or measured by income, as debt. Each Noteholder agrees that it will cause any Noteholder acquiring an interest in a Note through it to comply with this Indenture as to treatment as debt for such tax purposes.

Section 2.21. Duties of the Trustee and the Transfer Agent and Registrar

Notwithstanding anything contained herein or a Series Supplement to the contrary, neither the Trustee nor the Transfer Agent and Registrar shall be responsible for ascertaining whether any transfer of a Note complies with the terms of this Base Indenture or a Series Supplement, the registration provision of or exemptions from the Securities Act, applicable state securities Laws, ERISA or the Investment Company Act; provided that if a transfer certificate or opinion is specifically required by the express terms of this Base Indenture or a Series Supplement to be delivered to the Trustee or the Transfer Agent and Registrar in connection with a transfer, the Trustee or the Transfer Agent and Registrar, as the case may be, shall be under a duty to receive the same.

### ARTICLE 3.

[ARTICLE 3 IS RESERVED AND SHALL BE SPECIFIED IN ANY  
SUPPLEMENT WITH RESPECT TO ANY SERIES OF NOTES]

### ARTICLE 4.

#### NOTEHOLDER LISTS AND REPORTS

Section 4.1. Issuer To Furnish To Trustee Names and Addresses of Noteholders

. The Issuer will furnish or cause the Transfer Agent and Registrar to furnish to the Trustee (a) not more than five (5) days after each Record Date a list, in such form as the Trustee may reasonably require, of the names and addresses of the Noteholders as of such Record Date, (b) at

such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that so long as the Trustee is the Transfer Agent and Registrar, no such list shall be required to be furnished. The Issuer will furnish or cause to be furnished by the Transfer Agent and Registrar to the Paying Agent (if not the Trustee) such list for payment of distributions to Noteholders.

#### Section 4.2. Preservation of Information; Communications to Noteholders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to the Trustee as provided in Section 4.1 and the names and addresses of Noteholders received by the Trustee in its capacity as Transfer Agent and Registrar. The Trustee may destroy any list furnished to it as provided in such Section 4.1 upon receipt of a new list so furnished.

(b) Noteholders may communicate (including pursuant to TIA Section 312(b) (if this Indenture is required to be qualified under the TIA)) with other Noteholders with respect to their rights under this Indenture or under the Notes. Unless otherwise provided in the related Series Supplement, if holders of Notes evidencing in aggregate not less than 20% of the outstanding principal balance of the Notes of any Series (the "Applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such Applicant has owned a Note for a period of at least 6 months preceding the date of such application, or, if less than 6 months have elapsed from the Closing Date, from the Closing Date to the date of such application, and if such application states that the Applicants desire to communicate with other Noteholders of any Series with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Trustee, after having been indemnified by such Applicants for its costs and expenses, shall within five (5) Business Days after the receipt of such application afford or shall cause the Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by the Trustee and shall give the Issuer notice that such request has been made within five (5) Business Days after the receipt of such application. Such list shall be as of the most recent Record Date, but in no event more than forty-five (45) days prior to the date of receipt of such Applicants' request.

(c) The Issuer, the Trustee and the Transfer Agent and Registrar shall have the protection of TIA Section 312(c) (if this Indenture is required to be qualified under the TIA). Every Noteholder, by receiving and holding a Note, agrees with the Issuer and the Trustee that neither the Issuer, the Trustee, the Transfer Agent and Registrar, nor any of their respective agents shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders in accordance with this Section 4.2, regardless of the source from which such information was obtained.

#### Section 4.3. Reports by Issuer



(a) (i) The Issuer or the initial Servicer shall deliver to the Trustee and the Noteholders, on the date, if any, the Issuer is required to file the same with the Commission, hard and electronic copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Issuer is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act;

(ii) the Issuer or the initial Servicer shall file with the Trustee and the Commission in accordance with rules and regulations prescribed from time to time by the Commission such additional information, documents and reports, if any, with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(iii) the Issuer or the initial Servicer shall supply to the Trustee and the Noteholders (and the Trustee shall transmit by mail or make available on via a website to all Noteholders) such summaries of any information, documents and reports required to be filed by the Issuer (if any) pursuant to clauses (i) and (ii) of this Section 4.3(a) as may be required by rules and regulations prescribed from time to time by the Commission; and

(iv) the Servicer shall prepare and distribute any other reports required to be prepared by the Servicer (except, if a successor Servicer is acting as Servicer, any reports expressly only required to be prepared by the initial Servicer or Oportun) under any Servicer Transaction Documents.

(b) The fiscal year of the Issuer shall end on December 31 of each year.

#### Section 4.4. Reports by Trustee

. If this Indenture is required to be qualified under the TIA, within sixty (60) days after each April 1, beginning with April 1, 2016, the Trustee shall mail to each Noteholder as required by TIA Section 313(c) a brief report dated as of such date that complies with TIA Section 313(a). If this Indenture is required to be qualified under the TIA, the Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Noteholders shall be filed by the Trustee with the Commission and each stock exchange, if any, on which the Notes are listed. The Issuer shall notify the Trustee if and when the Notes are listed on any stock exchange.

#### Section 4.5. Reports and Records for the Trustee and Instructions.

(a) Unless otherwise stated in the related Series Supplement with respect to any Series, on each Determination Date the Servicer shall forward to the Trustee and the Noteholders a Monthly Servicer Report prepared by the Servicer.

(b) Unless otherwise specified in the related Series Supplement, on each Payment Date, the Trustee or the Paying Agent shall make available in the same manner as the Monthly Servicer Report to each Noteholder of record of each outstanding Series, the Monthly Statement with respect to such Series.

## ARTICLE 5.

### ALLOCATION AND APPLICATION OF COLLECTIONS

#### Section 5.1. Rights of Noteholders

. Each Series of Notes shall be secured by the entire Trust Estate, including the right to receive the Collections and other amounts at the times and in the amounts specified in this Article 5 to be deposited in the Trust Accounts or to be paid to the Noteholders of such Series. In no event shall the grant of a security interest in the entire Trust Estate be deemed to entitle any Noteholder to receive Collections or other proceeds of the Trust Estate in excess of the amounts to be applied pursuant to Article 5 and Article 6.

#### Section 5.2. Collection of Money

. Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture. The Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may, but shall not be obligated to, take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article 10.

#### Section 5.3. Establishment of Accounts.

(a) The Collection Account. The Trustee, for the benefit of the Secured Parties, shall establish and maintain in the city in which the Corporate Trust Office is located, with a Qualified Institution, in the name of the Trustee for the benefit of the Secured Parties, a non-interest bearing segregated trust account (the "Collection Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Secured Parties. Pursuant to authority granted to it pursuant to Section 2.02(a) of the Servicing Agreement, the Servicer shall have the authority to direct the Trustee to make deposits into or withdrawals and payments from the Collection Account for the purposes of carrying out its duties thereunder; provided, however, that the Servicer shall not be authorized to withdraw any amounts from the Collection Account other than any withdrawals permitted pursuant to Section 2.02(f) of the Servicing Agreement. The Trustee shall be the entitlement holder of the Collection Account, and shall possess all right, title and interest in all moneys, instruments, securities and

other property on deposit from time to time in the Collection Account and the proceeds thereof for the benefit of the Secured Parties. Initially, the Collection Account will be established with the Securities Intermediary. Funds on deposit in the Collection Account that are not both deposited and to be withdrawn on the same day shall be invested in Permitted Investments, in accordance with a direction from the Issuer pursuant to Section 5.4(e).

(b) [Reserved].

(c) [Reserved].

(d) [Reserved].

(e) Administration of the Collection Account. Funds on deposit in the Collection Account that are not both deposited and to be withdrawn on the same date shall be invested in Permitted Investments. Any such investment shall mature and such funds shall be available for withdrawal on or prior to the Business Day immediately preceding the Payment Date immediately following the Monthly Period in which such funds were received or deposited. Wilmington Trust, National Association is hereby appointed as the initial securities intermediary hereunder (the "Securities Intermediary") and accepts such appointment. The Securities Intermediary represents, warrants, and covenants, and the parties hereto agree, that at all times prior to the termination of this Indenture: (i) the Securities Intermediary shall be a bank that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity hereunder; (ii) the Collection Account shall be an account maintained with the Securities Intermediary to which financial assets may be credited and the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise such financial assets; (iii) each item of property credited to the Collection Account shall be treated as a financial asset; (iv) the Securities Intermediary shall comply with entitlement orders originated by the Trustee without further consent by the Issuer or any other Person; (v) the Securities Intermediary waives any Lien on any property credited to the Collection Account, and (vi) the Securities Intermediary agrees that its jurisdiction for purposes of Section 8-110 and Section 9-305(a)(3) of the UCC shall be New York. The Securities Intermediary shall maintain for the benefit of the Secured Parties, possession or control of each other Permitted Investment (including any negotiable instruments, if any, evidencing such Permitted Investments) not credited to or deposited in a Trust Account (other than such as are described in clause (b) of the definition thereof); provided that no Permitted Investment shall either (x) be disposed of prior to its maturity date if such disposition would result in a loss or (y) be purchased for a purchase price in excess of the principal amount of such Permitted Investment. Nothing herein shall impose upon the Securities Intermediary any duties or obligations other than those expressly set forth herein and those applicable to a securities intermediary under the UCC. The Securities Intermediary shall be entitled to all of the protections available to a securities intermediary under the UCC. At the end of each month, all interest and earnings (net of losses and investment expenses) on funds on deposit in the Collection Account shall be treated as Investment Earnings. If at the end of a month losses and investment expenses on funds on deposit in the Collection Account exceed interest and earnings on such funds during such month, losses and expenses to the extent of such excess will be allocated, with respect to any Series, among the Noteholders of such Series and

the Issuer as provided in the related Series Supplement. Subject to the restrictions set forth above, the Issuer, or a Person designated in writing by the Issuer, of which the Trustee shall have received written notification thereof, shall have the authority to instruct the Trustee with respect to the investment of funds on deposit in the Collection Account.

(f) Wilmington Trust, National Association shall be the depositary bank hereunder with respect to certain deposit accounts as may be established from time to time (the “Depository Bank”). For the avoidance of doubt, there currently is no such deposit account established hereunder.

(g) Qualified Institution. If, at any time, the institution holding any account established pursuant to this Section 5.3 ceases to be a Qualified Institution, the Trustee shall, within ten (10) Business Days, establish a new account or accounts, as the case may be, meeting the conditions specified above with a Qualified Institution, and shall transfer any cash or any investments to such new account or accounts, as the case may be.

(h) Each of the Securities Intermediary and the Depository Bank shall be entitled to all the same rights, privileges, protections, immunities and indemnities as are contained in Article 11 of this Indenture, all of which are incorporated into this Section 5.3 *mutatis mutandis*, in addition to any such rights, privileges, protections, immunities and indemnities contained in this Section 5.3; provided, however; that nothing contained in this Section 5.3 or in Article 11 shall (i) relieve the Securities Intermediary of the obligation to comply with entitlement orders as provided in Section 5.3(e) or (ii) relieve the Depository Bank of the obligation to comply with instructions directing disposition of the funds as provided in Section 5.3(f).

#### Section 5.4. Collections and Allocations.

(a) Collections in General. Until this Indenture is terminated pursuant to Section 12.1, the Issuer shall cause, or shall cause the Servicer under the Servicing Agreement to cause, all Collections due and to become due, as the case may be, to be paid into the Collection Account as promptly as possible after the date of receipt of such Collections, but in no event later than the second Business Day (or, with respect to In-Store Payments or Field Collections, the third Business Day) following such date of receipt. All monies, instruments, cash and other proceeds received by the Servicer in respect of the Trust Estate pursuant to this Indenture shall be deposited in the Collection Account as specified herein and shall be applied as provided in this Article 5 and Article 6.

The Servicer shall allocate such amounts to each Series of Notes and to the Issuer in accordance with this Article 5 and shall instruct the Trustee to withdraw the required amounts from the Collection Account or pay such amounts to the Issuer in accordance with this Article 5, in both cases as modified by any Series Supplement. The Servicer shall make such deposits on the date indicated therein by wire transfer or as otherwise provided in the Series Supplement for any Series of Notes with respect to such Series.

(b) [Reserved].

(c) Issuer Distributions. During the Revolving Period, amounts on deposit in the Collection Account may be paid to the Issuer no more than two (2) times during any calendar week (“Issuer Distributions”), except for Issuer Distributions to acquire Subsequently Purchased Receivables, which Issuer Distributions may occur on any Business Day, provided that (i) the Coverage Test is satisfied after giving effect to any such payment to the Issuer, (ii) any such payment to the Issuer shall be limited to the extent used by the Issuer for Permissible Uses and (iii) such Issuer Distribution occurs on a Purchase Date. The Issuer (or the initial Servicer) shall provide the Trustee with a Purchase Report as to the amount of Issuer Distributions for any Business Day, and delivery of such Purchase Report shall be deemed to be a certification by the Issuer that the foregoing conditions were satisfied. Upon receipt of such certification, together with the related Purchase Report, which shall set forth the specific amounts to be distributed and their related recipients (along with the calculations of each of the criteria set forth in this clause (c)), by 2:00 p.m. (New York time) on such Business Day, the Trustee shall forward such Issuer Distributions directly to (w) in the case of Issuer Distributions to be used for clause (a) of the definition of “Permissible Uses,” the Seller, (x) in the case of Issuer Distributions to be used for clause (b) of the definition of “Permissible Uses,” the Issuer, and (y) in the case of Issuer Distributions to be used for clause (c) of the definition of “Permissible Uses,” the Noteholders.

The Issuer will meet the “Coverage Test” on any date of determination if:

(i) the Overcollateralization Test is satisfied;

(ii) the amount remaining on deposit in the Collection Account is no less than the sum of (x) the Required Monthly Payments, plus (y) the Loan Loss Reserve Amount, plus (z) all accrued and unpaid expenses and indemnity amounts payable pursuant to the Transaction Documents; provided, however, that clause (y) shall not apply for Issuer Distributions to acquire Subsequently Purchased Receivables;

(iii) the Amortization Period has not commenced;

(iv) there shall not exist on such Business Day, and such application thereof shall not result in the occurrence of, a Rapid Amortization Event, a Servicer Default, an Event of Default or a Default (in each case determined by the Issuer taking into account any increases, decreases and status changes of the Receivables and any increases or decreases in the Notes and the amount on deposit in the Collection Account including those scheduled to occur on such date);

(v) [Reserved];

(vi) [Reserved]; and

(vii) the representations and warranties of the Issuer, the initial Servicer and the Seller that are made in this Base Indenture and the other Transaction Documents as of any Purchase Dates are true and correct as of the date of such Issuer Distribution (except to the extent they relate to an earlier or later date, and then as of such earlier or later date).

The Issuer will meet the “Overcollateralization Test” on any date of determination if the Outstanding Receivables Balance of all Eligible Receivables (other than any Eligible Receivables that would cause the Concentration Limits to be exceeded), equals or exceeds an amount equal to (i) the outstanding principal amount of the Notes, plus (ii) the Required Overcollateralization Amount, minus (iii) the amount remaining on deposit in the Collection Account representing the portion of Required Monthly Payments that will be distributed on the following Payment Date in reduction of the Aggregate Class A Note Principal.

(d) [Reserved].

(e) Disqualification of Institution Maintaining Collection Account. Upon and after the establishment of a new Collection Account with a Qualified Institution, the Servicer shall deposit or cause to be deposited all Collections as set forth in Section 5.3(a) into the new Collection Account, and in no such event shall deposit or cause to be deposited any Collections thereafter into any account established, held or maintained with the institution formerly maintaining the Collection Account (unless it later becomes a Qualified Institution or qualified corporate trust department maintaining the Collection Account).

#### Section 5.5. Determination of Monthly Interest

. Monthly interest with respect to each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Series Supplement.

#### Section 5.6. Determination of Monthly Principal

. Monthly principal and other amounts with respect to each Series of Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Series Supplement. However, all principal or interest with respect to any Series of Notes shall be due and payable no later than the Legal Final Payment Date with respect to such Series.

#### Section 5.7. General Provisions Regarding Accounts

. Subject to Section 11.1(c), the Trustee shall not in any way be held liable by reason of any insufficiency in any of the Trust Estate resulting from any loss on any Permitted Investment included therein except for losses attributable to the Trustee’s failure to make payments on such Permitted Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

#### Section 5.8. Removed Receivables

. Upon satisfaction of the conditions and the requirements of any of (i) Section 8.3(a) and Section 15.1 hereof, (ii) Section 2.02(k) or Section 2.08 of the Servicing Agreement or (iii) Section 2.4 of the Purchase Agreement, as applicable, the Issuer shall execute and deliver and, upon receipt of an Issuer Order, the Trustee shall acknowledge an instrument in the form attached hereto as Exhibit B evidencing the Trustee’s release of the related Removed Receivables and Related Security, and the Removed Receivables and Related Security shall no

longer constitute a part of the Trust Estate. No party relying upon an instrument executed by the Trustee as provided in this Article 5 shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

[THE REMAINDER OF ARTICLE 5 IS RESERVED AND SHALL BE SPECIFIED IN ANY SERIES SUPPLEMENT WITH RESPECT TO ANY SERIES.]

ARTICLE 6.

[ARTICLE 6 IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES]  
ARTICLE 7.

[ARTICLE 7 IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES]  
ARTICLE 8.

COVENANTS

Section 8.1. Money for Payments To Be Held in Trust

. At all times from the date hereof to the Indenture Termination Date, unless the Required Noteholders of each Series shall otherwise consent in writing, all payments of amounts due and payable with respect to any Notes that are to be made from amounts withdrawn from the Collection Account shall be made on behalf of the Issuer by the Trustee or by another Paying Agent, and no amounts so withdrawn from the Collection Account for payments of such Notes shall be paid over to the Issuer except as provided in this Indenture.

Section 8.2. Affirmative Covenants of Issuer

. At all times from the date hereof to the Indenture Termination Date, unless each Noteholder shall otherwise consent in writing, the Issuer shall:

(a) Payment of Notes. Duly and punctually pay or cause to be paid principal of (and premium, if any), interest and other amounts on and with respect to the Notes pursuant to the provisions of this Base Indenture and any applicable Series Supplement. Principal, interest and other amounts shall be considered paid on the date due if the Trustee or the Paying Agent holds on that date money designated for and sufficient to pay all principal, interest and other amounts then due. Amounts properly withheld under the Code by any Person from a payment to any Noteholder of interest, principal and/or other amounts shall be considered as having been paid by the Issuer to such Noteholder for all purposes of this Indenture.

(b) Maintenance of Office or Agency. Maintain an office or agency (which may be an office of the Trustee, Transfer Agent and Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange, where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served, and where, at any time when the Issuer is obligated to make a payment of principal and premium upon the Notes, the Notes may be surrendered for payment. The Issuer hereby initially appoints the Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Trustee and the Noteholders of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee and the Noteholders of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer.

(c) Compliance with Laws, etc.

(i) Comply with all applicable Laws, a breach of any of which, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect;

(ii) Obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of the Receivables and its other properties or to the conduct of its business, the violation or failure to obtain which would be reasonably likely to have a Material Adverse Effect; and

(iii) Ensure that all Governmental Actions of all Governmental Authorities required with respect to the transactions contemplated by the Transaction Documents and the other documents related thereto have been obtained or made.

(d) Preservation of Existence. Preserve and maintain its existence rights, franchises and privileges in the jurisdiction of its incorporation or organization, and qualify and remain qualified in good standing as a foreign entity in the jurisdiction where its principal place of business and its chief executive office are located and in each other jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualifications would have a Material Adverse Effect.

(e) Performance and Compliance with Receivables. Timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Receivables and all other agreements related to such Receivables.



(f) Collection Policy. Comply in all material respects with the Credit and Collection Policies in regard to each Receivable.

(g) Reporting Requirements of The Issuer. Until the Indenture Termination Date, furnish to the Noteholders:

(i) Financial Statements.

(A) as soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year of the Issuer, a copy of the annual unaudited report for such Fiscal Year of the Issuer including a copy of the balance sheet of the Issuer, in each case, as at the end of such Fiscal Year, together with the related statements of earnings and cash flows for such Fiscal Year;

(B) as soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year of Consolidated Parent, a balance sheet of Consolidated Parent as of the end of such year and statements of income and retained earnings and of source and application of funds of Consolidated Parent, for the period commencing at the end of the previous Fiscal Year and ending with the end of such year, in each case setting forth comparative figures for the previous Fiscal Year, certified without material qualification by Deloitte & Touche LLP or other nationally recognized independent public accountants with expertise in the preparation of such reports, together with a certificate of such accounting firm stating that in the course of the regular audit of the business of Consolidated Parent, which audit was conducted in accordance with GAAP (as then in effect), such accounting firm has obtained no knowledge that an Event of Default, Default or Rapid Amortization Event has occurred and is continuing, or if, in the opinion of such accounting firm, such an Event of Default, Default or Rapid Amortization Event has occurred and is continuing, a statement as to the nature thereof; and

(C) as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter, quarterly balance sheets and quarterly statements of source and application of funds and quarterly statements of income and retained earnings of Consolidated Parent, certified by a Responsible Officer of Consolidated Parent (which certification shall state that such balance sheets and statements fairly present the financial condition and results of operations for such fiscal quarter, subject to year-end audit adjustments), delivery of which balance sheets and statements shall be accompanied by an Officer's Certificate of the Issuer to the effect that no Event of Default, Default or Rapid Amortization Event has occurred and is continuing.

For so long as Consolidated Parent is subject to the reporting requirements of Section 13(a) of the Exchange Act, its filing of the annual and quarterly reports required under the Exchange Act, on a timely basis, shall be deemed compliance with this Section 8.2(g)(i).

(ii) Notice of Default, Event of Default, Rapid Amortization Event or Block Event. Immediately, and in any event within one (1) Business Day after the Issuer obtains knowledge of the occurrence of each Default, Event of Default, Rapid Amortization Event or Block Event (as defined in the Note Purchase Agreement) a statement of a Responsible Officer of the Issuer (which statement shall also be delivered to the Back-Up Servicer and any successor Servicer) setting forth details of such Default, Event of Default, Rapid Amortization Event or Block Event (as defined in the Note Purchase Agreement) and the action which the Issuer proposes to take with respect thereto;

(iii) Change in Credit and Collection Policies.

(A) Within fifteen (15) Business Days after the date of any material change in or amendment to the Credit and Collection Policies is made (which change or amendment, to the extent made to the Credit and Collection Policies of the Seller or initial Servicer, shall not be made without the prior written consent of each of the Noteholders), a copy of the Credit and Collection Policies then in effect indicating such change or amendment;

(B) No later than five (5) Business Days prior to the effective date of any proposed material change in or amendment to the Credit and Collection Policies, a copy of the proposed change or amendment; and

(C) Within fifteen (15) Business Days after the date any material version change in the Seller's proprietary credit risk decisioning model, a written summary of such change.

(iv) ERISA. Promptly after the filing or receiving thereof, copies of all reports and notices with respect to any ERISA Event which either (i) the Issuer, the Seller, the initial Servicer or any of their respective ERISA Affiliates files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or (ii) the Issuer, the Seller, the initial Servicer or any of their respective ERISA Affiliates receives from the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor. The Issuer shall give the Trustee and each Noteholder prompt written notice of any event that could result in the imposition of a Lien on the assets of the Issuer or any of its ERISA Affiliates under Section 430(k) of the Code or Section 303(k) or 4068 of ERISA;

(v) If a Responsible Officer of the Issuer shall have actual knowledge of the occurrence of a Servicer Default, notice thereof to the Trustee and the Noteholders, which notice shall specify the action, if any, the Issuer is taking in respect of such default. If a Servicer Default shall arise from the failure of the Servicer to perform any of its duties or obligations under the Servicing Agreement, the Issuer shall take all reasonable steps available to it to remedy such failure, including any action reasonably requested by the Trustee or the Noteholders; and

(vi) On or before April 1, 2016 and on or before April 1 of each year thereafter, and otherwise in compliance with the requirements of TIA Section 314(a)(4) (if this Indenture is required to be qualified under the TIA), an Officer's Certificate of the Issuer stating, as to the Responsible Officer signing such Officer's Certificate, that:

(A) a review of the activities of the Issuer during such year and of performance under this Indenture has been made under such Responsible Officer's supervision; and

(B) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a Default, Event of Default or Rapid Amortization Event specifying each such Default, Event of Default or Rapid Amortization Event known to such Responsible Officer and the nature and status thereof.

(h) Use of Proceeds. Use the proceeds of the Notes solely in connection with the acquisition or funding of Receivables and other Permissible Uses.

(i) Protection of Trust Estate. At its expense, perform all acts and execute all documents necessary and desirable at any time to evidence, perfect, maintain and enforce the title or the security interest of the Trustee in the Trust Estate and the priority thereof. The Issuer will prepare, deliver and authorize the filing of financing statements relating to or covering the Trust Estate sold to the Issuer and subsequently conveyed to the Trustee (which financing statements may cover "all assets" of the Issuer).

(j) Inspection of Records. Permit the Trustee, the Noteholders, any one or more of the Notice Persons or their duly authorized representatives, attorneys or auditors to inspect the Receivables, the Receivable Files and the Records at such times as such Person may reasonably request. Upon instructions from the Trustee, the Required Noteholders or their duly authorized representatives, attorneys or auditors, the Issuer shall release any document related to any Receivables to such Person.

(k) Furnishing of Information. Provide such cooperation, information and assistance, and prepare and supply the Trustee and the Noteholders with such data regarding the performance by the Obligors of their obligations under the Receivables and the performance by the Issuer and Servicer of their respective obligations under the Transaction Documents, as may be reasonably requested by the Trustee, the Noteholders, or any Notice Person from time to time.

(l) Accounts. Not maintain any bank accounts other than the Trust Accounts. Except as set forth in the Servicing Agreement the Issuer shall not make, nor will it permit the Seller or Servicer to make, any change in its instructions to Obligors regarding payments to be made to the Servicer Account (as defined in the Servicing Agreement). The Issuer shall not add any additional Trust Accounts unless the Trustee (subject to Section 15.1 hereto) shall have consented thereto and received a copy of any documentation with respect thereto. The Issuer shall not terminate any Trust Accounts or close any Trust Accounts unless the Trustee and the

Noteholders shall have received at least thirty (30) days' prior notice of such termination and (subject to Section 15.1 hereto) shall have consented thereto.

(m) Performance and Compliance with Receivables and Contracts. At its expense, timely and fully perform and comply with all material provisions, covenants and other promises, if any, required to be observed by the Issuer under the Contracts related to the Receivables.

(n) Collections Received. Hold in trust, and immediately (but in any event no later than two (2) Business Days following the date of receipt thereof) transfer to the Servicer for deposit into the Collection Account (subject to Section 5.4(a)) all Collections, if any, received from time to time by the Issuer.

(o) Enforcement of Transaction Documents. Use commercially reasonable efforts to enforce all rights held by it under any of the Transaction Documents, shall not amend, supplement or otherwise modify any of the Transaction Documents and shall not waive any breach of any covenant contained thereunder without the prior written consent of each Noteholder. The Issuer shall take all actions necessary and desirable to enforce the Issuer's rights and remedies under the Transaction Documents. The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Seller of their respective duties under the Transaction Documents if the effect thereof would adversely affect any of the Secured Parties.

(p) Separate Legal Entity. The Issuer hereby acknowledges that the Trustee and the Noteholders are entering into the transactions contemplated by this Base Indenture and the other Transaction Documents in reliance upon the Issuer's identity as a legal entity separate from any other Person. Therefore, from and after the date hereof, the Issuer shall take all reasonable steps to continue the Issuer's identity as a separate legal entity and to make it apparent to third Persons that the Issuer is an entity with assets and liabilities distinct from those of any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the covenant set forth herein, the Issuer shall take such actions as shall be required in order that:

(i) The Issuer will be a limited purpose limited liability company whose primary activities are restricted in its operating agreement to owning financial assets and financing the acquisition thereof and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(ii) At least two directors of the Issuer (the "Independent Directors") shall be individuals who (A) for the five-year period prior to his or her appointment as Independent Director has not been, and during the continuation of his or her service as Independent Director is not: (i) an employee, director, stockholder, member, manager, partner or officer of the Issuer, Oportun or any of their respective Affiliates (other than his or her service as an Independent Director of the Issuer or any Affiliate that is a special purpose entity); (ii) a customer or supplier of the Issuer, Oportun or any of their respective Affiliates (other than his or her service as an Independent Director of the

Issuer or any Affiliate that is a special purpose entity); or (iii) any member of the immediate family of a person described in (i) or (ii), and (B) has, (i) prior experience as an Independent Director for a corporation or limited liability company whose charter documents required the unanimous consent of all Independent Directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (ii) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. The limited liability company agreement of the Issuer shall provide that (i) the Issuer shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Issuer unless the Independent Directors shall approve the taking of such action in writing prior to the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Directors;

(iii) any employee, consultant or agent of the Issuer will be compensated from funds of the Issuer, as appropriate, for services provided to the Issuer;

(iv) the Issuer will allocate and charge fairly and reasonably overhead expenses shared with any other Person. To the extent, if any, that the Issuer and any other Person share items of expenses such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered;

(v) the Issuer's operating expenses will not be paid by any other Person except as permitted under the terms of this Indenture or otherwise consented to by the Noteholders or the Trustee, at the direction of the Required Noteholders;

(vi) the Issuer's books and records will be maintained separately from those of any other Person;

(vii) all audited financial statements of any Person that are consolidated to include the Issuer will contain notes clearly stating that (A) all of the Issuer's assets are owned by the Issuer, and (B) the Issuer is a separate entity;

(viii) the Issuer's assets will be maintained in a manner that facilitates their identification and segregation from those of any other Person;

(ix) the Issuer will strictly observe appropriate formalities in its dealings with all other Persons, and funds or other assets of the Issuer will not be commingled with those of any other Person, other than temporary commingling in connection with servicing the Receivables to the extent explicitly permitted by this Indenture and the other Transaction Documents;

(x) the Issuer shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any insurance policy with respect to any amounts payable due to occurrences or events related to any other Person;

(xi) any Person that renders or otherwise furnishes services to the Issuer will be compensated thereby at market rates for such services it renders or otherwise furnishes thereto. Except as expressly provided in the Transaction Documents, the Issuer will not hold itself out to be responsible for the debts of any other Person or the decisions or actions respecting the daily business and affairs of any other Person; and

(xii) comply with all material assumptions of fact set forth in each opinion with respect to certain bankruptcy matters delivered by Orrick, Herrington & Sutcliffe LLP pursuant to the Transaction Documents, relating to the Issuer, its obligations hereunder and under the other Transaction Documents to which it is a party and the conduct of its business with the Seller, the Servicer or any other Person.

(q) Minimum Net Worth. Have a net worth (in accordance with GAAP) of at least 1% of the aggregate outstanding principal amount of the Notes.

(r) Servicer's Obligations. Cause the Servicer to comply with Section 2.02(c) and Sections 2.09 and 2.10 of the Servicing Agreement.

(s) Income Tax Characterization. For purposes of U.S. federal income, state and local income and franchise taxes, unless otherwise required by the relevant Governmental Authority, the Issuer will treat the Notes as debt.

### Section 8.3. Negative Covenants

. So long as any Notes are outstanding, the Issuer shall not, unless each Noteholder shall otherwise consent in writing:

(a) Sales, Liens, etc. Except pursuant to, or as contemplated by, the Transaction Documents, the Issuer shall not sell, transfer, exchange, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist voluntarily or involuntarily any Adverse Claims upon or with respect to any of its assets, including, without limitation, the Trust Estate, any interest therein or any right to receive any amount from or in respect thereof.

(b) Claims, Deductions. Claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes (other than amounts properly withheld from such payments under the Code or other applicable Law) or assert any claim against any present or former Noteholder by reason of the payment of the taxes levied or assessed upon any part of the Trust Estate.

(c) Mergers, Acquisitions, Sales, Subsidiaries, Delaware LLC Divisions, etc. The Issuer shall not:

(i) be a party to any merger or consolidation, or directly or indirectly purchase or otherwise acquire all or substantially all of the assets or any stock of any class of, or any partnership or joint venture interest in, any other Person, except for Permitted Investments, or sell, transfer, assign, convey or lease any of its property and assets (or any interest therein) other than pursuant to, or as contemplated by, this Indenture or the other Transaction Documents;

(ii) make, incur or suffer to exist an investment in, equity contribution to, loan or advance to, or payment obligation in respect of the deferred purchase price of property from, any other Person, except for Permitted Investments or pursuant to the Transaction Documents;

(iii) create any direct or indirect Subsidiary or otherwise acquire direct or indirect ownership of any equity interests in any other Person other than pursuant to the Transaction Documents;

(iv) enter into any transaction with any Affiliate except for the transactions contemplated by the Transaction Documents and other transactions upon fair and reasonable terms materially no less favorable to the Issuer than would be obtained in a comparable arm's length transaction with a Person not an Affiliate; or

(v) enter into any Delaware LLC Division.

(d) Change in Business Policy. The Issuer shall not make any change in the character of its business which would impair in any material respect the collectability of any Receivable.

(e) Other Debt. Except as provided for herein, the Issuer shall not create, incur, assume or suffer to exist any Indebtedness whether current or funded, other than (i) the Notes, (ii) Indebtedness of the Issuer representing fees, expenses and indemnities arising hereunder or under the Purchase Agreement for the purchase price of the Receivables under the Purchase Agreement and (iii) other Indebtedness permitted pursuant to Section 8.3(h).

(f) Certificate of Formation and LLC Agreement. The Issuer shall not amend its certificate of formation or its operating agreement unless the Trustee has agreed to such amendment and each Noteholder has consented to such amendment (which consent shall not be unreasonably withheld).

(g) Financing Statements. The Issuer shall not authorize the filing of any financing statement (or similar statement or instrument of registration under the Laws of any jurisdiction) or statements relating to the Trust Estate other than the financing statements authorized and filed in connection with and pursuant to the Transaction Documents.

(h) Business Restrictions. The Issuer shall not (i) engage in any business or transactions, or be a party to any documents, agreements or instruments, other than the Transaction Documents or those incidental to the purposes thereof, or (ii) make any expenditure

for any assets (other than Receivables) if such expenditure, when added to other such expenditures made during the same calendar year would, in the aggregate, exceed Ten Thousand Dollars (\$10,000); provided, however, that the foregoing will not restrict the Issuer's ability to pay servicing compensation as provided herein and, so long as no Default, Event of Default or Rapid Amortization Event shall have occurred and be continuing, the Issuer's ability to make payments or distributions legally made to the Issuer's members with amounts distributed to the Issuer in accordance with this Base Indenture and the related Series Supplement.

(i) ERISA Matters.

(i) To the extent applicable, the Issuer will not (A) engage or permit any of its respective ERISA Affiliates, over which the Issuer has control, to engage in any prohibited transaction (as defined in Section 4975 of the Code and Section 406 of ERISA) for which an exemption is not available or has not previously been obtained from the U.S. Department of Labor; (B) fail to make, or permit any of its ERISA Affiliates, over which the Issuer has control, to fail to make, any payments to any Multiemployer Plan that the Issuer, the Seller, the initial Servicer or any of their respective ERISA Affiliates is required to make under the agreement relating to such Multiemployer Plan or any Law pertaining thereto; (C) terminate, or permit any of its ERISA Affiliates, over which the Issuer has control, to terminate, any Benefit Plan so as to result in any liability to the Issuer, the initial Servicer, the Seller or any of their ERISA Affiliates; or (D) permit to exist any occurrence of any reportable event described in Title IV of ERISA with respect to a Pension Plan, if such prohibited transactions, failures to make payment, terminations and reportable events described in clauses (A), (B), (C) and (D) above would in the aggregate have a Material Adverse Effect.

(ii) The Issuer will not permit to exist any failure to satisfy the minimum funding standard (as described in Section 302 of ERISA and Section 412 of the Code) with respect to any Pension Plan.

(iii) The Issuer will not cause or permit, nor permit any of its ERISA Affiliates over which the Issuer has control, to cause or permit, the occurrence of an ERISA Event with respect to any Pension Plans that could result in a Material Adverse Effect.

(j) Name; Jurisdiction of Organization. The Issuer will not change its name or its jurisdiction of organization (within the meaning of the applicable UCC) without prior written notice to the Trustee and the Noteholders. Prior to or upon a change of its name, the Issuer will make all filings (including filings of financing statements on form UCC-1) and recordings necessary to maintain the perfection of the interest of the Trustee in the Trust Estate pursuant to this Indenture. The Issuer further agrees that it will not become or seek to become organized under the Laws of more than one jurisdiction. In the event that the Issuer desires to so change its jurisdiction of organization or change its name, the Issuer will make any required filings and prior to actually making such change the Issuer will deliver to the Trustee and the Noteholders (i) an Officer's Certificate and an Opinion of Counsel confirming that all required



filings have been made to continue the perfected interest of the Trustee in the Trust Estate in respect of such change and (ii) copies of all such required filings with the filing information duly noted thereon by the office in which such filings were made.

(k) Tax Matters. The Issuer will not take any action that could cause, and will not omit to take any action, which omission could cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes.

(l) Trustee Fee. The Issuer will not increase the amount of compensation payable to the Trustee (including in its capacity as Agent), the Collateral Trustee, the Securities Intermediary and the Depositary Bank without the prior written consent of the Required Noteholders (which consent shall not be unreasonably withheld).

#### Section 8.4. Further Instruments and Acts

. The Issuer will execute and deliver such further instruments, furnish such other information and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

#### Section 8.5. Appointment of Successor Servicer

. If the Trustee has given notice of termination to the Servicer of the Servicer's rights and powers pursuant to Section 2.01 of the Servicing Agreement, as promptly as possible thereafter, the Trustee, with the consent of the Required Noteholders of each Series, shall appoint a successor servicer in accordance with Section 2.01 of the Servicing Agreement.

#### Section 8.6. Perfection Representations

. The parties hereto agree that the Perfection Representations shall be a part of this Indenture for all purposes.

### ARTICLE 9.

[ARTICLE 9 IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES OF NOTES]

### ARTICLE 10.

### REMEDIES

#### Section 10.1. Events of Default

. Unless otherwise specified in a Series Supplement, an "Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to

any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of any interest, principal, indemnity payment or other amount when due and owing by the Issuer, the Seller, the initial Servicer or any Affiliate thereof under any Transaction Document, and such default shall continue (and shall not have been waived by each Noteholder) for a period of two (2) Business Days after receipt of notice thereof;

(ii) default in the payment of the principal of or any installment of the principal of any Class of Notes when the same becomes due and payable on the Legal Final Payment Date;

(iii) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer, the Seller, the Nevada Originator, the Servicer or any part of the Trust Estate in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar Law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or ordering the winding-up or liquidation of the Issuer's, the Seller's, the Nevada Originator's or the Servicer's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days;

(iv) the commencement by the Issuer, the Seller, the Nevada Originator or the Servicer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar Law now or hereafter in effect, or the consent by the Issuer, the Seller, the Nevada Originator or the Servicer to the entry of an order for relief in an involuntary case under any such Law, or the consent by the Issuer, the Seller, the Nevada Originator or the Servicer to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any part of the Trust Estate, or the making by the Issuer, the Seller, the Nevada Originator or the Servicer of any general assignment for the benefit of creditors, or the failure by the Issuer, the Seller, the Nevada Originator or the Servicer generally to pay its debts as such debts become due, or the taking of action by the Issuer in furtherance of any of the foregoing;

(v) the failure to deliver any Monthly Servicer Report, Monthly Statement or any other report or certificate required to be delivered under this Indenture or any other Transaction Document by the Issuer, the Seller, the Nevada Originator or the Servicer (or any of their Affiliates) on the applicable date when due under this Indenture or any other Transaction Document and such failure shall continue unremedied for a period of ten (10) Business Days after receipt of notice of such failure;

(vi) either (x) a failure on the part of the Issuer duly to observe or perform any other covenants or agreements of the Issuer set forth in this Indenture or any other Transaction Document to which it is a party, (y) a failure on the part of the Seller duly to

observe or perform any other covenants or agreements of the Seller set forth in the Purchase Agreement or any other Transaction Document to which it is a party or (z) a failure on the part of the Servicer duly to observe or perform any other covenants or agreements of the Servicer set forth in the Servicing Agreement or any other Transaction Document to which it is a party, which failure, in either case, solely to the extent capable of cure and so long as it relates other than to any negative covenant (except for the negative covenant set forth in Section 8.3(a)), continues unremedied for a period of fifteen (15) Business Days after receipt of notice;

(vii) either (x) any representation, warranty or certification made by the Issuer in this Indenture or in any other Transaction Document or in any certificate delivered pursuant to this Indenture or any other Transaction Document to which it is a party shall prove to have been inaccurate when made or deemed made or (y) any representation, warranty or certification made by the Seller in the Purchase Agreement or in any other Transaction Document to which it is a party or in any certificate delivered pursuant to the Purchase Agreement or any other Transaction Document shall prove to have been inaccurate when made or deemed made and, in either case, to the extent such representation, warranty or certification is capable of cure, such inaccuracy continues unremedied for a period of fifteen (15) Business Days after receipt of notice;

(viii) the Trustee shall cease to have a first-priority perfected security interest in the Trust Estate;

(ix) the Issuer shall either (x) have become subject to regulation by the Commission as an “investment company” under the Investment Company Act or (y) be a “covered fund” as defined in the final regulations issued December 10, 2013 implementing the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act);

(x) the Issuer shall become taxable as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes;

(xi) a lien shall be filed pursuant to Section 430 or Section 6321 of the Code with regard to the Issuer except for any lien set forth in clause (i) of the definition of Permitted Encumbrance;

(xii) the Issuer shall fail at any time to have an Independent Director who satisfies each requirement and qualification specified in Section 8.2(p) of this Indenture for Independent Directors; provided, however, that any such failure resulting from the death, resignation or other unforeseeable departure of an Independent Director shall not constitute an Event of Default if the related vacancy is filled as required under the limited liability company agreement of the Issuer;

(xiii) Oportun shall fail to perform any of its obligations under the Performance Guaranty;

(xiv) any material provision of this Indenture or any other Transaction Document shall cease to be in full force and effect or any of the Issuer, the Seller, the Nevada Originator or the Servicer (or any of their respective Affiliates) shall so state in writing;

(xv) (w) the Issuer shall fail to pay any principal of or premium or interest on any of its Indebtedness when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Indebtedness (whether or not such failure shall have been waived under the related agreement); (x) the Seller, the Servicer, the Nevada Originator or any of their respective Subsidiaries, individually or in the aggregate, shall fail to pay any principal of or premium or interest on any of its Indebtedness that is outstanding in a principal amount of at least \$2,500,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Indebtedness (whether or not such failure shall have been waived under the related agreement); (y) any other event shall occur or condition shall exist under any agreement, mortgage, indenture or instrument relating to any such Indebtedness (as referred to in clause (w) or (x) of this paragraph and shall continue after the applicable grace period (not to exceed 30 days), if any, specified in such agreement, mortgage, indenture or instrument (whether or not such failure shall have been waived under the related agreement), if the effect of such event or condition is to give the applicable debtholders the right (whether acted upon or not) to accelerate the maturity of such Indebtedness (as referred to in clause (w) or (x) of this paragraph) or to terminate the commitment of any lender thereunder, or (z) any such Indebtedness (as referred to in clause (w) or (x) of this paragraph) shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Indebtedness shall be required to be made or the commitment of any lender thereunder terminated, in each case before the stated maturity thereof;

(xvi) the occurrence of an “Event of Default” or similar event or condition under the terms of any Term Indenture;

(xvii) one or more judgments or decrees shall be entered against the Issuer, the Seller, the Nevada Originator or the Servicer, or any Affiliate of any of the foregoing involving in the aggregate a liability (not paid or to the extent not covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 10 Business Days, and the aggregate amount of all such judgments equals or exceeds \$2,500,000 (or solely with respect to the Issuer, \$0) over the course of any twelve month period;

- (xviii) the Overcollateralization Test is not satisfied for more than five (5) Business Days;
- (xix) the breach of any Financial Covenant;
- (xx) the occurrence of a Servicer Default;
- (xxi) [Reserved];
- (xxii) the occurrence of a Change in Control; or
- (xxiii) the failure to pay the Borrowing Base Shortfall in full on any Payment Date.

Section 10.2. Rights of the Trustee Upon Events of Default.

(a) If and whenever an Event of Default (other than in clause (iii) and (iv) of Section 10.1) shall have occurred and be continuing, the Trustee may, and, at the written direction of the Required Noteholders shall, cause the principal amount of all Notes of all Series outstanding to be immediately due and payable at par, together with interest thereon. If an Event of Default with respect to the Issuer specified in clause (iii) or (iv) of Section 10.1 shall occur, all unpaid principal of and accrued interest on all the Notes of all Series outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholder. If an Event of Default shall have occurred and be continuing, the Trustee may exercise from time to time any rights and remedies available to it under applicable Law and Section 10.4. Any amounts obtained by the Trustee on account of or as a result of the exercise by the Trustee of any right shall be held by the Trustee as additional collateral for the repayment of the Secured Obligations and shall be applied as provided in Article 5 hereof. If so specified in the applicable Series Supplement, the Trustee may agree to limit its exercise of rights and remedies available to it as a result of the occurrence of an Event of Default to the extent set forth therein.

(b) If an Event of Default shall have occurred and be continuing, then at any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article 10 provided, all Noteholders, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid to or deposited with the Trustee a sum sufficient to pay

(A) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(B) all sums paid by the Trustee hereunder and the reasonable compensation, expenses, disbursements of the Trustee and its agents and counsel; and

(ii) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 10.6.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

(c) Additional Remedies. In addition to any rights and remedies now or hereafter granted hereunder or under applicable Law with respect to the Trust Estate, the Trustee shall have all of the rights and remedies of a secured party under the UCC as enacted in any applicable jurisdiction.

Section 10.3. Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any amount payable by the Issuer when the same becomes due and payable, and such default continues for a period of two (2) Business Days or (ii) default is made in the payment of the principal of any Note on the Legal Final Payment Date, the Issuer will pay to it, for the benefit of the Noteholders, the whole amount then due and payable on such Notes for principal, interest and other amounts, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the applicable Note Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Trustee may (in its discretion) and, at the written direction of the Required Noteholders, shall proceed to protect and enforce its rights and the rights of the Secured Parties by such appropriate Proceedings to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by Law; provided, however, that the Trustee shall sell or otherwise liquidate the Trust Estate or any portion thereof only in accordance with Section 10.4(d).

(c) In any Proceedings brought by the Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture), the Trustee shall be held to represent all the Secured Parties, and it shall not be necessary to make any such Person a party to any such Proceedings.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate, Proceedings under Title 11 of the United States Code or any other applicable federal or state

bankruptcy, insolvency or other similar Law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal or other amount of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, interest and other amounts owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Secured Parties allowed in such Proceedings;

(ii) unless prohibited by applicable Law, to vote on behalf of the Secured Parties in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Secured Parties and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or the Secured Parties allowed in any judicial Proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Secured Parties to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to such Secured Parties, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence, bad faith or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Secured Party any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Secured Party or to authorize the Trustee to vote in respect of the claim of any Secured Party in any such Proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any Proceedings relative thereto, and any such action or Proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the Secured Parties.

#### Section 10.4. Remedies

. If an Event of Default shall have occurred and be continuing, the Trustee may and, at the written direction of the Required Noteholders, shall do one or more of the following:

(a) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable under the Transaction Documents, enforce any judgment obtained, and collect from the Issuer and any other obligor under the Transaction Documents moneys adjudged due;

(b) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;

(c) subject to the limitations set forth in clause (d) below, exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Secured Parties; and

(d) sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by Law; provided, however, that the Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless:

(i) the Required Noteholders direct such sale and liquidation,

(ii) the proceeds of such sale or liquidation distributable to the Noteholders of each Series are sufficient to discharge in full all amounts then due and unpaid with respect to all outstanding Notes for principal and interest and any other amounts due Noteholders, or

(iii) the Trustee determines that the proceeds of the Trust Estate will not continue to provide sufficient funds for the payment of principal of and interest on all outstanding Notes as such amounts would have become due if such Notes had not been declared due and payable and the Required Noteholders direct such sale and liquidation.

In determining such sufficiency or insufficiency with respect to clauses (d)(ii) and (d)(iii), the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Receivables in the Trust Estate for such purpose.



The Trustee may maintain a Proceeding even if it does not possess any of the Notes or does not produce any of them in the Proceeding, and any such Proceeding instituted by the Trustee shall be in its own name as trustee. All remedies are cumulative to the extent permitted by Law.

Section 10.5. [Reserved].

Section 10.6. Waiver of Past Events

. If an Event of Default shall have occurred and be continuing, prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 10.2(a), all Noteholders may waive any past Default or Event of Default and its consequences except a Default in payment of principal of any of the Notes. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 10.7. Limitation on Suits

. No Noteholder shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Base Indenture and related Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) such Noteholder previously has given written notice to the Trustee of a continuing Event of Default;

(ii) the Holders of not less than 25% of the outstanding principal amount of all Notes of all affected Series have made written request to the Trustee to institute such Proceeding in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Noteholder has offered and provided to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(iv) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and

(v) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by all Noteholders;

it being understood and intended that no one or more Noteholder shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholder or to obtain or to seek to obtain priority or preference over any other Noteholder or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Secured Parties, each representing less than all Noteholders, the Trustee shall proceed in accordance with the request of the greater majority of the outstanding principal amount or par value of the Notes, as determined by reference to such requests.

Section 10.8. Unconditional Rights of Holders to Receive Payment; Withholding Taxes.

(a) Notwithstanding any other provision of this Indenture except as provided in Section 10.8(b) and (c), the right of any Noteholder to receive payment of principal, interest or other amounts, if any, on the Note, on or after the respective due dates expressed in the Note or in this Indenture (or, in the case of redemption, on or after the Redemption Date), or to bring suit for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of the Noteholder.

(b) Promptly upon request, each Noteholder shall provide to the Trustee and/or the Issuer (or other person responsible for withholding of taxes, including but not limited to FATCA Withholding Tax, or delivery of information under FATCA) with the Tax Information.

(c) The Paying Agent shall (or if the Trustee is not the Paying Agent, the Trustee shall cause the Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent shall) comply with the provisions of this Indenture applicable to it, comply with all requirements of the Code with respect to the withholding from any payments to Noteholders, including FATCA Withholding Tax (including obtaining and retaining from Persons entitled to payments with respect to the Notes any Tax Information and making any withholdings with respect to the Notes as required by the Code (including FATCA) and paying over such withheld amounts to the appropriate Governmental Authority), comply with respect to any applicable reporting requirements in connection with any payments to Noteholders, and, upon request, provide any Tax Information to the Issuer.

Section 10.9. Restoration of Rights and Remedies

. If any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Noteholder, then and in every such case the Issuer, the Trustee, the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, the Noteholders shall continue as though no such Proceeding had been instituted.

#### Section 10.10. The Trustee May File Proofs of Claim

. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Noteholders allowed in any judicial Proceedings relative to the Issuer (or any other obligor upon the Notes), its creditors or its property, and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claim and any custodian in any such judicial Proceeding is hereby authorized by each Noteholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 11.6 and 11.17. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 11.6 and 11.17 out of the estate in any such Proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, notes and other properties which the Noteholders may be entitled to receive in such Proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Noteholder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such Proceeding.

#### Section 10.11. Priorities

. Following the declaration of an Event of Default or a Rapid Amortization Event pursuant to Section 9.1 or 10.2, all amounts in the Collection Account, including any money or property collected pursuant to Section 10.4 (after deducting the reasonable costs and expenses of such collection), shall be applied by the Trustee on the related Payment Date in accordance with the provisions of Article 5 and the applicable Series Supplement.

The Trustee may fix a record date and payment date for any payment to Secured Parties pursuant to this Section. At least fifteen (15) days before such record date the Issuer shall mail to each Secured Party and the Trustee a notice that states the record date, the payment date and the amount to be paid.

#### Section 10.12. Undertaking for Costs

. All parties to this Indenture agree, and each Secured Party shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good

faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Noteholder, or group of Noteholders, in each case holding in the aggregate more than 10% of the aggregate outstanding principal balance of the Notes on the date of the filing of such action or (c) any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on or after the respective due dates expressed in such Note and in this Indenture (or, in the case of redemption, on or after the Redemption Date).

Section 10.13. Rights and Remedies Cumulative

. No right or remedy herein conferred upon or reserved to the Trustee or to the Secured Parties is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by Law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 10.14. Delay or Omission Not Waiver

. No delay or omission of the Trustee or any Secured Party to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article 10 or by Law to the Trustee or to the Secured Parties may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Secured Parties, as the case may be.

Section 10.15. Control by Noteholders

. The Required Noteholders, acting together, shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee; provided that:

(i) such direction shall not be in conflict with any Law or with this Indenture;

(ii) subject to the express terms of Section 10.4, any direction to the Trustee to sell or liquidate the Receivables shall be by the Required Noteholders;

(iii) the Trustee shall have been provided with indemnity satisfactory to it; and

(iv) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

provided, however, that, subject to Section 11.1, the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

#### Section 10.16. Waiver of Stay or Extension Laws

. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension Law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such Law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such Law had been enacted.

#### Section 10.17. Action on Notes

. The Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Trustee or the Secured Parties shall be impaired by the recovery of any judgment by the Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate or upon any of the assets of the Issuer.

#### Section 10.18. Performance and Enforcement of Certain Obligations.

(a) The Issuer agrees to take all such lawful action as is necessary and desirable to compel or secure the performance and observance by the Seller, the Parent and the Servicer, as applicable, of each of their obligations to the Issuer under or in connection with the Transaction Documents in accordance with the terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer under or in connection with the Transaction Documents, including the transmission of notices of default on the part of the Seller, the Parent or the Servicer thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance by the Seller, the Parent or the Servicer of each of their obligations under the Transaction Documents.

(b) If an Event of Default has occurred and is continuing, the Required Noteholders or the Trustee may, and, at the direction (which direction shall be in writing) of the Required Noteholders, the Trustee shall, subject to Section 10.2(b), exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Parent or the Servicer under or in connection with the Transaction Documents, including the right or power to take any action to compel or secure performance or observance by the Seller, the Parent or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Transaction Documents, and any right of the Issuer to take such action shall be suspended.

#### Section 10.19. Reassignment of Surplus

. Promptly after termination of this Indenture and the payment in full of the Secured Obligations, any proceeds of all the Receivables and other assets in the Trust Estate received or held by the

Trustee shall be turned over to the Issuer and the Receivables and other assets in the Trust Estate shall be released to the Issuer by the Trustee without recourse to the Trustee and without any representations, warranties or agreements of any kind.

ARTICLE 11.

THE TRUSTEE

Section 11.1. Duties of the Trustee.

(a) If an Event of Default has occurred and is continuing, and of which a Trust Officer of the Trustee has written notice, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and any related document, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs; provided, however, that the Trustee shall have no liability in connection with any action or inaction taken, or not taken, by it upon the deemed occurrence of an Event of Default of which a Trust Officer has not received written notice; and provided, further that the preceding sentence shall not have the effect of insulating the Trustee from liability arising out of the Trustee's negligence or willful misconduct.

(b) Except during the occurrence and continuance of an Event of Default of which a Trust Officer of the Trustee has written notice:

(i) the Trustee undertakes to perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture or any related document against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely (without independent confirmation, verification, inquiry or investigation of the contents thereof), as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture and, if applicable, the Transaction Documents to which the Trustee is a party, provided, further, that the Trustee shall not be responsible for the accuracy or content of any of the aforementioned documents and the Trustee shall have no obligation to verify or recompute any numeral information provided to it pursuant to the Transaction Documents.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct except that:

(i) this clause does not limit the effect of clause (b) of this Section 11.1;

(ii) the Trustee shall not be personally liable for any error of judgment made in good faith by a Trust Officer or Trust Officers of the Trustee, unless it is conclusively determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the terms of the Indenture or the Transaction Documents;

(iv) the Trustee shall not be charged with knowledge of any failure by the Servicer referred to in clauses (a)-(g) of Section 2.04 of the Servicing Agreement unless a Trust Officer of the Trustee obtains actual knowledge of such failure or the Trustee receives written notice of such failure from the Servicer or any Holders of Notes evidencing not less than 10% of the aggregate outstanding principal balance or par value of the Notes of any Series adversely affected thereby.

(d) Notwithstanding anything to the contrary contained in this Indenture or any of the Transaction Documents, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights and powers, if there is reasonable ground (as determined by the Trustee in its sole discretion) for believing that the repayment of such funds or adequate indemnity against such risk is not reasonably assured to it by the security afforded to it by the terms of this Indenture.

(e) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the TIA (if this Indenture is required to be qualified under the TIA).

(f) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Servicing Agreement.

(g) Without limiting the generality of this Section 11.1 and subject to the other provisions of this Indenture, the Trustee shall have no duty (i) to see to any recording, filing or depositing of this Indenture or any agreement referred to herein, or to see to the maintenance of any such recording or filing or depositing or to any recording, refiling or redepositing of any thereof or to see to the validity, perfection, continuation, or value of any lien or security interest created herein, (ii) to see to the payment or discharge of any tax, assessment or other governmental Lien owing with respect to, assessed or levied against any part of the Issuer, (iii) to confirm or verify the contents of any reports or certificates delivered to the Trustee pursuant to this Indenture or the Servicing Agreement believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties, (iv) to determine whether any Receivables is an Eligible Receivable or to inspect the Receivables at any time or ascertain or inquire as to the performance or observance of any of the Issuer's, the Seller's, the Parent's or the Servicer's representations, warranties or covenants or the Servicer's duties and obligations as Servicer and as Custodian of the Receivable Files under the Servicer Transaction Documents, (v)

the acquisition or maintenance of any insurance, or (vi) to determine when a Repurchase Event occurs. The Trustee shall be authorized to, but shall in no event have any duty or responsibility to, file any financing or continuation statements or record any documents or instruments in any public office at any time or times or otherwise perfect or maintain any security interest in any portion of the Trust Estate.

(h) Subject to Section 11.1(d), in the event that the Paying Agent or the Transfer Agent and Registrar (if other than the Trustee) shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent or the Transfer Agent and Registrar, as the case may be, under this Indenture, the Trustee shall be obligated as soon as practicable upon written notice to a Trust Officer thereof and receipt of appropriate records and information, if any, to perform such obligation, duty or agreement in the manner so required.

(i) No provision of this Indenture shall be construed to require the Trustee to perform, or accept any responsibility for the performance of, the obligations of the Servicer hereunder until it shall have assumed such obligations in accordance with this Section 11.1 and the provisions of the Servicing Agreement.

(j) Subject to Section 11.4, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by Law or the Transaction Documents.

(k) Except as otherwise required or permitted by the TIA (if this Indenture is required to be qualified under the TIA), nothing contained herein shall be deemed to authorize the Trustee to engage in any business operations or any activities other than those set forth in this Indenture. Specifically, the Trustee shall have no authority to engage in any business operations, acquire any assets other than those specifically included in the Trust Estate under this Indenture or otherwise vary the assets held by the Issuer. Similarly, the Trustee shall have no discretionary duties other than performing those ministerial acts set forth above necessary to accomplish the purpose of this Indenture.

(l) The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any Default or Event of Default unless a Trust Officer of the Trustee shall have received written notice thereof. In the absence of receipt of such notice, the Trustee may conclusively assume that there is no Default or Event of Default.

(m) [Reserved].

(n) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, the Servicer and/or a specified percentage of Noteholders under circumstances in which such direction is required or permitted by the terms of this Base Indenture, a Series Supplement or other Transaction Document.



(o) The enumeration of any permissive right or power herein or in any other Transaction Document available to the Trustee shall not be construed to be the imposition of a duty.

(p) The Trustee shall not be liable for interest on any money received by it except as the Trustee may separately agree in writing with the Issuer.

(q) Every provision of the Indenture or any related document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(r) The Trustee shall not be responsible for or have any liability for the collection of any Contracts or Receivables or the recoverability of any amounts from an Obligor or any other Person owing any amounts as a result of any Contracts or Receivables, including after any default of any Obligor or any other such Person.

#### Section 11.2. Rights of the Trustee

. Except as otherwise provided by Section 11.1:

(a) The Trustee may conclusively rely on and shall be protected in acting upon or refraining from acting upon and in accord with, without any duty to verify the contents or recompute any calculations therein, any document (whether in its original or facsimile form), including the Monthly Servicer Report, the annual Servicer's certificate, the monthly payment instructions and notification to the Trustee, the Monthly Statement, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document, believed by it to be genuine and to have been signed by or presented by the proper Person. Without limiting the Trustee's obligations to examine pursuant to Section 11.1(b)(ii), the Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, the Trustee may require an Officer's Certificate or an Opinion of Counsel or consult with counsel of its selection and the Officer's Certificate or the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, custodians and nominees and the Trustee shall not be liable for any misconduct or negligence on the part of, or for the supervision of, any such agent or attorneys, custodian or nominee so long as such agent, custodian or nominee is appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by

this Indenture; provided, however, that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Base Indenture or any Series Supplement, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Noteholders, pursuant to the provisions of this Base Indenture or any Series Supplement, unless such Noteholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee (in its sole discretion) against the costs, expenses (including attorneys' fees and expenses) and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligations, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Base Indenture or any Series Supplement, and to use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(f) The Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document (including, the Monthly Servicer's Report, the annual Servicer's certificate, the monthly payment instructions and notification to the Trustee or the Monthly Statement), unless requested in writing so to do by the Holders of Notes evidencing not less than 10% of the aggregate outstanding principal balance or par value of Notes of any Series, but the Trustee may, but is not obligated to, make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity satisfactory to it against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request.

(g) The Trustee shall have no liability for the selection of Permitted Investments and shall not be liable for any losses or liquidation penalties in connection with Permitted Investments, unless such losses or liquidation penalties were incurred through the Trustee's own willful misconduct or negligence. The Trustee shall have no obligation to invest or reinvest any amounts except as directed by the Issuer (or the initial Servicer) in accordance with this Indenture. Notwithstanding the foregoing, if the initial Servicer is removed or replaced, the selected Permitted Investment for investment or reinvestment as provided in this Indenture shall be as in effect on the date of such removal or replacement.

(h) The Trustee shall not be liable for the acts or omissions of any successor to the Trustee so long as such acts or omissions were not the result of the negligence, bad faith or willful misconduct of the predecessor Trustee.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee (a) in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder and (b) in each document to which it is a party whether or not specifically set forth herein.

(j) Except as may be required by Sections 11.1(b)(ii), 11.1(i), 11.2(a) and 11.2(f), the Trustee shall not be required to make any initial or periodic examination of any documents or records related to the Trust Estate for the purpose of establishing the presence or absence of defects, the compliance by the Seller, the Parent or the Servicer with their respective representations and warranties or for any other purpose.

(k) Without limiting the Trustee's obligation to examine pursuant to Section 11.1(b)(ii), the Trustee shall not be bound to make any investigation into (i) the performance or observance by the Issuer, any Servicer or any other Person of any of the covenants, agreements or other terms or conditions set forth in this Indenture or in any related document, (ii) the occurrence of any default, or the validity, enforceability, effectiveness or genuineness of this Indenture, any related document or any other agreement, instrument or document, (iii) the creation, perfection or priority of any Lien purported to be created by this Indenture or any related document, (iv) the value or the sufficiency of any collateral or (v) the satisfaction of any condition set forth in this Indenture or any related document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or any Servicer, personally or by agent or attorney, and shall incur no liability of any kind by reason of such inquiry or investigation.

(l) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Trustee may, from time to time, request that the Issuer and any other applicable party deliver a certificate (upon which the Trustee may conclusively rely) setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture or any related document together with a specimen signature of such authorized officers; provided, however, that from time to time, the Issuer or such other applicable party may, by delivering to the Trustee a revised certificate, change the information previously provided by it pursuant to the Indenture, but the Trustee shall be entitled to conclusively rely on the then current certificate until receipt of a superseding certificate.

(n) The right of the Trustee to perform any discretionary act enumerated in this Indenture or any related document shall not be construed as a duty.

(o) Except for notices, reports and other documents expressly required to be furnished to the Holders by the Trustee hereunder, the Trustee shall not have any duty or responsibility to provide any Holder with any other information concerning the Issuer, the servicer or any other parties to any related documents which may come into the possession of the Trustee or any of its officers, directors, employees, agents, representatives or attorneys-in-fact.

(p) If the Trustee requests instructions from the Issuer or the Holders with respect to any action or omission in connection with this Indenture, the Trustee shall be entitled (without incurring any liability therefor) to refrain from taking such action and continue to refrain from acting unless and until the Trustee shall have received written instructions from the Issuer or the Holders, as applicable, with respect to such request.

(q) In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering (“Applicable Law”), the Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Trustee. Accordingly, each of the parties agrees to provide to the Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee to comply with Applicable Law.

(r) In no event shall the Trustee be liable for any failure or delay in the performance of its obligations under this Indenture or any related documents because of circumstances beyond the Trustee’s control, including, but not limited to, a failure, termination, or suspension of a clearing house, securities depository, settlement system or central payment system in any applicable part of the world or acts of God, flood, war (whether declared or undeclared), civil or military disturbances or hostilities, nuclear or natural catastrophes, political unrest, explosion, severe weather or accident, earthquake, terrorism, fire, riot, labor disturbances, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like (whether domestic, federal, state, county or municipal or foreign) which delay, restrict or prohibit the providing of the services contemplated by this Indenture or any related documents, or the unavailability of communications or computer facilities, the failure of equipment or interruption of communications or computer facilities, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other causes beyond the Trustee’s control whether or not of the same class or kind as specified above.

(s) The Trustee shall not be liable for failing to comply with its obligations under this Indenture in so far as the performance of such obligations is dependent upon the timely receipt of instructions and/or other information from any other Person which are not received or not received by the time required.

(t) The Trustee shall be fully justified in failing or refusing to take any action under this Indenture or any other related document if such action (A) would, in the reasonable opinion of the Trustee, in good faith (which may be based on the advice or opinion of counsel), be contrary to applicable Law, this Indenture or any other related document, or (B) is not provided for in the Indenture or any other related document.

(u) The Trustee shall not be required to take any action under this Indenture or any related document if taking such action (A) would subject the Trustee to a tax in any jurisdiction where it is not then subject to a tax, or (B) would require the Trustee to qualify to do business in any jurisdiction where it is not then so qualified.

Section 11.3. Trustee Not Liable for Recitals in Notes

. The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Notes (other than the signature and authentication of the Trustee on the Notes). Except as set forth in Section 11.16, the Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes (other than the signature and authentication of the Trustee on the Notes) or of any asset of the Trust Estate or related document. The Trustee shall not be accountable for the use or application by the Issuer or the Seller of any of the Notes or of the proceeds of such Notes, or for the use or application of any funds paid to the Seller or to the Issuer in respect of the Trust Estate or deposited in or withdrawn from the Collection Account by the Servicer.

Section 11.4. Individual Rights of the Trustee

. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or an Affiliate of the Issuer with the same rights it would have if it were not Trustee. Any Paying Agent, Transfer Agent and Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 11.9 and 11.11.

Section 11.5. Notice of Defaults

. If a Default, Event of Default or Rapid Amortization Event occurs and is continuing and if a Trust Officer of the Trustee receives written notice or has actual knowledge thereof, the Trustee shall promptly provide notice thereof to each Noteholder and Notice Person, to the extent possible by email or facsimile, and, otherwise, by first class mail at their respective addresses appearing in the Note Register.

Section 11.6. Compensation.

(a) To the extent not otherwise paid pursuant to the Indenture, the Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, such compensation as the Issuer and the Trustee shall agree in writing from time to time (which compensation shall not be limited by any provision of Law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trust hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, and, the Issuer will pay or reimburse the Trustee (without reimbursement from the Collection Account or otherwise) all reasonable expenses, disbursements and advances (including legal fees and costs and costs of persons not regularly employed by the Trustee) incurred or made by the Trustee in accordance with any of the provisions of this Indenture except

any such expense, disbursement or advance as may arise from its own willful misconduct or negligence.

(b) The obligations of the Issuer under this Section 11.6 shall survive the termination of this Base Indenture and the resignation or removal of the Trustee.

Section 11.7. Replacement of the Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 11.7.

(b) The Trustee may, after giving sixty (60) days' prior written notice to the Issuer, the Noteholders and the Servicer, resign at any time and be discharged from the trust hereby created; provided, however, that no such resignation of the Trustee shall be effective until a successor trustee has assumed the obligations of the Trustee hereunder. The Issuer may, with the prior written consent of the Required Noteholders, remove the Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee if:

(i) the Trustee fails to comply with Section 11.9;

(ii) a court or federal or state bank regulatory agency having jurisdiction in the premises in respect of the Trustee shall have entered a decree or order granting relief or appointing a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or similar official) for the Trustee or for any substantial part of the Trustee's property, or ordering the winding-up or liquidation of the Trustee's affairs;

(iii) the Trustee consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or other similar official) for the Trustee or for any substantial part of the Trustee's property, or makes any assignment for the benefit of creditors or fails generally to pay its debts as such debts become due or takes any corporate action in furtherance of any of the foregoing;

(iv) the Trustee fails in any material respect to duly observe or perform any covenants, obligations or agreements of the Trustee set forth in this Indenture or any other Transaction Document, which failure, solely to the extent capable of cure, continues unremedied for a period of ten (10) Business Days after the earlier of discovery by the Trustee or the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Trustee; or

(v) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer shall promptly appoint a successor Trustee, acceptable to the Required

Noteholders by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning and one copy to the successor trustee.

(c) If a successor Trustee does not take office within thirty (30) days after the retiring Trustee provides written notice of its resignation or is removed, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring or removed Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of the Trustee under this Base Indenture and any Series Supplement. The successor Trustee shall mail a notice of its succession to Noteholders. The retiring Trustee shall, at the expense of the Issuer, promptly transfer to the successor Trustee all property held by it as Trustee and all documents and statements held by it hereunder; provided, however, that all sums owing to the retiring Trustee hereunder (and its agents and counsel) have been paid, and the Issuer and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Trustee all such rights, powers, duties and obligations. Notwithstanding replacement of the Trustee pursuant to this Section 11.7, the Issuer's obligations under Sections 11.6 and 11.17 shall continue for the benefit of the retiring Trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor Trustee pursuant to any of the provisions of this Section 11.7 shall not become effective until acceptance of appointment by the successor Trustee pursuant to this Section 11.7 and payment of all fees and expenses owed to the retiring Trustee.

(e) No successor Trustee shall accept appointment as provided in this Section 11.7 unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 11.9 hereof.

#### Section 11.8. Successor Trustee by Merger, etc

Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Person shall be eligible under the provisions of Section 11.9 hereof, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the

successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

Section 11.9. Eligibility: Disqualification

. The Trustee shall at all times satisfy the requirements of TIA Section 310(a) (if this Indenture is required to be qualified under the TIA).

The Trustee hereunder shall at all times be organized and doing business under the Laws of the United States of America or any State thereof authorized under such Laws to exercise corporate trust powers, having a long-term unsecured debt rating of at least BBB- (or the equivalent thereof) by the Rating Agency or, if not rated by the Rating Agency, by another rating agency, having, in the case of an entity that is subject to risk-based capital adequacy requirements, risk-based capital of at least \$50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, having a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to Law, then for the purpose of this Section 11.9, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee shall comply with TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9) (if this Indenture is required to be qualified under the TIA); provided, however, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 11.9, the Trustee shall resign immediately in the manner and with the effect specified in Section 11.7.

Section 11.10. Appointment of Co-Trustee or Separate Trustee

(a) Notwithstanding any other provisions of this Base Indenture or any Series Supplement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power and may execute and deliver all instruments to appoint one or more persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section 11.10 such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 11.9 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 11.7. No co-trustee shall be appointed without the consent of the Issuer unless such appointment is required



as a matter of Law or to enable the Trustee to perform its functions hereunder. The appointment of any co-trustee or separate trustee shall not relieve the Trustee of any of its obligations hereunder.

(b) Every separate trustee and co-trustee shall, to the extent permitted by Law, be appointed and act subject to the following provisions and conditions:

(i) the Notes of each Series shall be authenticated and delivered solely by the Trustee;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any Law (whether as Trustee hereunder or as successor to the Servicer under the Servicing Agreement), the Trustee shall be incompetent or unqualified to perform, such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(iii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustees, hereunder, including acts or omissions of predecessor or successor trustees;

(iv) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(v) the Trustee shall remain primarily liable for the actions of any co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article 11. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Base Indenture and any Series Supplement, specifically including every provision of this Base Indenture or any Series Supplement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Servicer.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by Law, to do any lawful act under or in respect to this Base Indenture or any Series Supplement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be

exercised by the Trustee, to the extent permitted by Law, without the appointment of a new or successor Trustee.

Section 11.11. Preferential Collection of Claims Against the Issuer

. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b) (if this Indenture is required to be qualified under the TIA). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated (if this Indenture is required to be qualified under the TIA).

Section 11.12. Taxes

. Neither the Trustee nor (except to the extent the initial Servicer breaches its obligations or covenants contained in the Servicing Agreement) the Servicer shall be liable for any liabilities, costs or expenses of the Issuer or the Noteholders arising under any tax Law, including without limitation federal, state, local or foreign income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalty with respect thereto or arising from a failure to comply therewith).

Section 11.13. Trustee May Enforce Claims Without Possession of Notes

. All rights of action and claims under this Base Indenture or any Series of Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any Proceeding relating thereto, and any such Proceeding instituted by the Trustee shall be brought in its own name as trustee. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of any Series of Noteholders in respect of which such judgment has been obtained.

Section 11.14. Suits for Enforcement

. If an Event of Default shall occur and be continuing, the Trustee, may (but shall not be obligated to) subject to the provisions of Section 2.01 of the Servicing Agreement, proceed to protect and enforce its rights and the rights of any Secured Party under this Indenture or any other Transaction Document by a Proceeding, whether for the specific performance of any covenant or agreement contained in this Indenture or such other Transaction Document or in aid of the execution of any power granted in this Indenture or such other Transaction Document or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or any Secured Party.

Section 11.15. Reports by Trustee to Holders

. The Trustee shall deliver to each Noteholder such information as may be expressly required by the Code.

Section 11.16. Representations and Warranties of Trustee

. The Trustee represents and warrants to the Issuer and the Secured Parties that:

(i) the Trustee is a national banking association with trust powers duly organized, existing and authorized to engage in the business of banking under the Laws of the United States;

(ii) the Trustee has full power, authority and right to execute, deliver and perform this Base Indenture and any Series Supplement issued concurrently with this Base Indenture and to authenticate the Notes, and has taken all necessary action to authorize the execution, delivery and performance by it of this Base Indenture and any Series Supplement issued concurrently with this Base Indenture and to authenticate the Notes;

(iii) this Indenture has been duly executed and delivered by the Trustee; and

(iv) the Trustee meets the requirements of eligibility hereunder set forth in Section 11.9.

#### Section 11.17. The Issuer Indemnification of the Trustee

. The Issuer shall fully indemnify, defend and hold harmless the Trustee (and any predecessor Trustee) and its directors, officers, agents and employees from and against any and all loss, liability, claim, expense, damage or injury suffered or sustained of whatever kind or nature regardless of their merit, demanded, asserted, or claimed directly or indirectly relating to any acts, omissions or alleged acts or omissions arising out of the activities of the Trustee pursuant to this Base Indenture or any Series Supplement and any other Transaction Document to which it is a party or any transaction contemplated hereby or thereby, including but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, Proceeding or claim; provided, however, that the Issuer shall not indemnify the Trustee or its directors, officers, employees or agents if such acts, omissions or alleged acts or omissions constitute negligence or willful misconduct by the Trustee. The indemnity provided herein shall (i) survive the termination of this Indenture and the resignation and removal of the Trustee, (ii) apply to the Trustee (including (a) in its capacity as Agent and (b) Wilmington Trust, National Association, as Securities Intermediary and Depository Bank) and (iii) apply to Wilmington Trust, National Association, in its capacity as Collateral Trustee.

#### Section 11.18. Trustee's Application for Instructions from the Issuer

. Any application by the Trustee for written instructions from the Issuer or the initial Servicer may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. Subject to Section 11.1, the Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than thirty (30) days after the date any Responsible Officer of the Issuer or the initial Servicer actually

receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

Section 11.19. [Reserved].

Section 11.20. Maintenance of Office or Agency

. The Trustee will maintain an office or offices, or agency or agencies, where notices and demands to or upon the Trustee in respect of the Notes and this Indenture may be served. The Trustee initially appoints its Corporate Trust Office as its office for such purposes. The Trustee will give prompt written notice to the Issuer, the Servicer and the Noteholders of any change in the location of the Note Register or any such office or agency.

Section 11.21. Concerning the Rights of the Trustee

. The rights, privileges and immunities afforded to the Trustee in the performance of its duties under this Indenture shall apply equally to the performance by the Trustee of its duties under each other Transaction Document to which it is a party.

Section 11.22. Direction to the Trustee

. The Issuer hereby directs the Trustee to enter into the Transaction Documents.

Section 11.23. Repurchase Demand Activity Reporting.

(a) To assist in the Seller's compliance with the provisions of Rule 15Ga-1 under the Exchange Act ("Rule 15Ga-1"), subject to paragraph (b) below, the Trustee shall provide the following information (the "Rule 15Ga-1 Information") to the Seller in the manner, timing and format specified below:

(i) No later than the fifteenth (15th) day following the end of each calendar quarter in which any Series is outstanding, the Trustee shall provide information regarding repurchase demand activity during the preceding calendar quarter related to the underlying assets for each such Series in substantially the form of Exhibit E hereto.

(ii) If (x) the Trustee has previously delivered a report described in clause (i) above indicating that, based on a review of the records of the Trustee, there was no asset repurchase demand activity during the applicable period, and (y) based on a review of the records of the Trustee, no asset repurchase demand activity has occurred since the delivery of such report, the Trustee may, in lieu of delivering the information as is requested pursuant to clause (i) above substantially in the form of Exhibit E hereto, and no later than the date specified in clause (i) above, notify the Seller that there has been no change in asset repurchase demand activity since the date of the last report delivered.

(iii) The Trustee shall provide notification, as soon as practicable and in any event within five (5) Business Days of receipt, of all demands communicated to the Trustee for the repurchase or replacement of the underlying assets for any Series.

(b) The Trustee shall provide Rule 15Ga-1 Information subject to the following understandings and conditions:

(i) The Trustee shall provide Rule 15Ga-1 Information only to the extent that the Trustee has Rule 15Ga-1 Information or can obtain Rule 15Ga-1 Information without unreasonable effort or expense; provided that the Trustee's efforts to obtain Rule 15Ga-1 Information shall be limited to a review of its internal written records of repurchase demand activity for the applicable Series and that the Trustee is not required to request information from any other parties.

(ii) The reporting of repurchase demand activity pursuant to this Section 11.23 is subject in all cases to the best knowledge of the Trust Officer responsible for the applicable Series.

(iii) The reporting of repurchase demand activity pursuant to this Section 11.23 is required only to the extent such repurchase demand activity was not addressed to the Seller, the Issuer, the initial Servicer or any Affiliate of the Seller, the Issuer or the initial Servicer or previously reported to the Seller, the Issuer, the initial Servicer or any Affiliate of the Seller, Issuer or initial Servicer by the Trustee. For purposes hereof, the term "demand" shall not include (x) repurchases or replacements made pursuant to instruction, direction or request from the Seller or its affiliates or (y) general inquiries, including investor inquiries, regarding asset performance or possible breaches of representations or warranties.

(iv) The Trustee's reporting pursuant to this Section 11.23 is limited to information that the Trustee has received or acquired solely in its capacity as Trustee for the applicable Series and not in any other capacity. In no event shall Wilmington Trust, National Association (individually or as Trustee) have any responsibility or liability in connection with (i) the compliance by any Person which is a securitizer (as defined in Rule 15Ga-1) of the Series, or any other Person, with Rule 15Ga-1 or any related rules or regulations or (ii) any filing required to be made by a securitizer (as defined in Rule 15Ga-1) under Rule 15Ga-1 in connection with the Rule 15Ga-1 Information provided pursuant to this Section 11.23. Other than any express duties or responsibilities as Trustee under the Transaction Documents, the Trustee has no duty or obligation to undertake any investigation or inquiry related to repurchase demand activity or otherwise to assume any additional duties or responsibilities in respect of any Series, and no such additional obligations or duties are implied. The Trustee is entitled to the full benefit of any and all protections, limitations on duties or liability and rights of indemnity provided by the terms of the Transaction Documents in connection with any actions pursuant to this Section 11.23.

(v) Unless and until the Trustee is otherwise notified in writing, any Rule 15Ga-1 Information provided pursuant to this Section 11.23 shall be provided in electronic format via e-mail and directed as follows: [john.foxgrover@progressfin.com](mailto:john.foxgrover@progressfin.com).

(vi) The Trustee's obligation pursuant to this Section 11.23 continue until the earlier of (x) the date on which such Series is no longer outstanding and (y) the date the Seller notifies the Trustee that such reporting no longer is required.

## ARTICLE 12.

### DISCHARGE OF INDENTURE

#### Section 12.1. Satisfaction and Discharge of Indenture

. This Indenture shall cease to be of further effect with respect to the Notes except as to (i) rights of Noteholders to receive payments of principal thereof and interest thereon and any other amount due to Noteholders, (ii) Sections 8.1, 11.6, 11.12, 11.17, 12.2, 12.5(b), 15.16 and 15.17, (iii) the rights, obligations and immunities of the Trustee hereunder (including the rights of the Trustee under Sections 11.6 and 11.17 and the obligations of the Trustee under Section 12.2) and (iv) the rights of Noteholders as beneficiaries hereof with respect to the property deposited with the Trustee as described below payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes (and their related Secured Parties), on the Payment Date with respect to any Series (the "Indenture Termination Date") on which the Issuer has paid, caused to be paid or irrevocably deposited or caused to be irrevocably deposited in the Collection Account funds sufficient to pay in full all Secured Obligations, and the Issuer has delivered to the Trustee an Officer's Certificate, an Opinion of Counsel and, if required by the TIA (if this Indenture is required to be qualified under the TIA), an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 15.1(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

After any irrevocable deposit made pursuant to Section 12.1 and satisfaction of the other conditions set forth herein, the Trustee promptly upon request shall acknowledge in writing the discharge of the Issuer's obligations under this Indenture except for those surviving obligations specified above.

#### Section 12.2. Application of Issuer Money

. All moneys deposited with the Trustee pursuant to Section 12.1 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Base Indenture and the related Series Supplement, to the payment, either directly or through any Paying Agent to the Noteholder of the particular Notes for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal, interest and other amounts; but such moneys need not be segregated from other funds except to the extent required herein or in the other Transaction Documents or required by Law.

The provisions of this Section 12.2 shall survive the expiration or earlier termination of this Indenture.

Section 12.3. Repayment of Moneys Held by Paying Agent

. In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Paying Agent other than the Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Trustee to be held and applied according to Section 8.1 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 12.4. [Reserved]

Section 12.5. Final Payment with Respect to Any Series.

(a) Written notice of any termination, specifying the Payment Date upon which the Noteholders of any Series may surrender their Notes for final payment with respect to such Series and cancellation, shall be given (subject to at least two (2) Business Days' prior notice from the Issuer to the Trustee) by the Trustee to Noteholders of such Series mailed not later than five (5) Business Days preceding such final payment (or in the manner provided by the Series Supplement relating to such Series) specifying (i) the Payment Date (which shall be the Payment Date in the month (x) in which the deposit is made as may be specified in the related Series Supplement, or (y) in which the related Series Termination Date occurs) upon which final payment of such Notes will be made upon presentation and surrender of such Notes at the office or offices therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of the Notes at the office or offices therein specified. The Issuer's notice to the Trustee in accordance with the preceding sentence shall be accompanied by an Officer's Certificate setting forth the information specified in Article 6 of this Base Indenture covering the period during the then current calendar year through the date of such notice and setting forth the date of such final distribution. The Trustee shall give such notice to the Transfer Agent and the Paying Agent at the time such notice is given to such Noteholders.

(b) Notwithstanding the termination or discharge of the trust of the Indenture pursuant to Section 12.1 or the occurrence of the Series Termination Date with respect to any Series, all funds then on deposit in the Collection Account shall continue to be held in trust for the benefit of the Noteholders of the related Series and the Paying Agent or the Trustee shall pay such funds to the Noteholders of the related Series upon surrender of their Notes. In the event that all of the Noteholders of any Series shall not surrender their Notes for cancellation within six (6) months after the date specified in the above-mentioned written notice, the Trustee shall give second written notice to the remaining Noteholders of such Series upon receipt of the appropriate records from the Transfer Agent and Registrar to surrender their Notes for cancellation and receive the final distribution with respect thereto. If within one and one-half years after the second notice with respect to a Series, all the Notes of such Series shall not have been surrendered for cancellation, the Trustee may take appropriate steps or may appoint an agent to take appropriate steps, to contact the remaining Noteholders of such Series concerning surrender

of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account held for the benefit of such Noteholders. The Trustee and the Paying Agent shall pay to the Issuer upon request any monies held by them for the payment of principal or interest which remains unclaimed for two (2) years. After such payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property Law designates another Person.

(c) All Notes surrendered for payment of the final distribution with respect to such Notes and cancellation shall be cancelled by the Transfer Agent and Registrar and be disposed of in a manner satisfactory to the Trustee and the Issuer.

#### Section 12.6. Termination Rights of Issuer

. Upon the termination of the Lien of the Indenture pursuant to Section 12.1, and after payment of all amounts due hereunder on or prior to such termination, the Trustee shall execute a written release and reconveyance substantially in the form of Exhibit A hereto pursuant to which it shall release the Lien of the Indenture and reconvey to the Issuer (without recourse, representation or warranty) all right, title and interest in the Trust Estate, whether then existing or thereafter created, all moneys due or to become due with respect to such Trust Estate and all proceeds of the Trust Estate, except for amounts held by the Trustee or any Paying Agent pursuant to Section 12.5(b). The Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested by the Issuer or the Servicer to vest in the Issuer all right, title and interest in the Trust Estate.

#### Section 12.7. Repayment to the Issuer

. On or after the Indenture Termination Date, the Trustee and the Paying Agent shall promptly pay to the Issuer upon written request any excess money or, pursuant to Sections 2.10 and 2.13, return any Notes held by them at any time.

### ARTICLE 13.

#### AMENDMENTS

Section 13.1. [Reserved].

#### Section 13.2. Supplemental Indentures

. The Issuer and the Trustee, when authorized by an Issuer Order, may, with the consent of each Noteholder (which consent shall not be unreasonably withheld) and, if the Servicer's or the Back-Up Servicer's (including as successor Servicer) rights and/or obligations are materially and adversely affected thereby, the Servicer or the Back-Up Servicer, as applicable, from time to time enter into one or more indenture supplements or amendments hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Notes of any Series under this Indenture; provided, however, that no such indenture supplement or amendment shall,



without the consent of each Noteholder (and in the case of clause (iii) below, the consent of each Secured Party):

(i) change the date of payment of any installment of principal of or interest on, or any premium payable upon the redemption of, any Note or reduce in any manner the principal amount thereof, the interest rate thereon or the Redemption Price with respect thereto, modify the provisions of this Base Indenture or any Series Supplement relating to the application of Collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of, or interest on, the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable;

(ii) change the Noteholder voting requirements with respect to any Transaction Document;

(iii) impair the right to institute suit for the enforcement of the provisions of this Indenture requiring the application of funds available therefor, as provided in Article 9, to the payment of any such amount due on the Notes on or after the respective due dates thereof (or, in the case of redemption, on or after the Redemption Date);

(iv) reduce the percentage of the aggregate outstanding principal amount of the Notes, the consent of the Holders of which is required for any such indenture supplement or amendment, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture;

(v) modify or alter the provisions of this Indenture regarding the voting of Notes held by the Issuer, the Seller or an Affiliate of the foregoing;

(vi) reduce the percentage of the aggregate outstanding principal amount of the Notes, the consent of the Holders of which is required to direct the Trustee to sell or liquidate the Trust Estate pursuant to Section 10.4 if the proceeds of such sale would be insufficient to pay the principal amount and accrued but unpaid interest on the outstanding Notes;

(vii) modify any provision of this Section 13.2, except to increase any percentage specified herein or to provide that certain additional provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby;

(viii) modify any of the provisions of this Indenture in such manner as to affect in any material respect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date (including the calculation of any of the individual components of such calculation), to alter the application of "Collections" or to affect the rights of the Holders of Notes to the benefit of any provisions for the mandatory redemption of the Notes contained in this Indenture;

(ix) permit the creation of any Lien ranking prior to or on a parity with the Lien of this Indenture with respect to any part of the Trust Estate for the Notes (except for Permitted Encumbrances) or, except as otherwise permitted or contemplated in this Indenture, terminate the Lien of this Indenture on any such collateral at any time subject hereto or deprive any Secured Party of the security provided by the Lien of this Indenture; or

(x) provide for the issuance of any Series of Notes or the creation of any Class of Notes, in each case, at any time after the Closing Date;

provided, further, that no amendment will be permitted if it would cause any Noteholder to recognize gain or loss for U.S. federal income tax purposes, unless such Noteholder's consent is obtained as described above.

The Trustee may, but shall not be obligated to, enter into any such amendment or supplement that affects the Trustee's rights, duties or immunities under this Indenture or otherwise.

The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Note shall be subject to such reasonable requirements as the Trustee may prescribe.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture or amendment to this Base Indenture or any Series Supplement pursuant to this Section, the Trustee shall mail to each Holder of the Notes of all Series (or with respect to an amendment or supplemental indenture of a Series Supplement, to the Noteholders of the applicable Series), the Back-Up Servicer and the Servicer a copy of such supplemental indenture or amendment. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or amendment.

#### Section 13.3. Execution of Supplemental Indentures

. In executing any amendment or supplemental indenture permitted by this Article 13 or the modifications thereby of the trust created by this Indenture, the Trustee shall be entitled to receive, and subject to Section 11.1, shall be fully protected in relying upon, an Officer's Certificate of the Issuer and an Opinion of Counsel stating that the execution of such amendment or supplemental indenture is authorized, permitted or not prohibited (as the case may be) by this Indenture and all conditions precedent to the execution of such amendment or supplemental indenture have been satisfied. Such Opinion of Counsel may be subject to reasonable qualifications and assumptions of fact. The Trustee may, but shall not be obligated to, enter into any such amendment or supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

#### Section 13.4. Effect of Supplemental Indenture

. Upon the execution of any amendment or supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to the Notes affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Holders of the Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such amendment or supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

#### Section 13.5. Conformity With TIA

. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article 13 shall conform to the requirements of the TIA as then in effect so long as this Indenture shall then be required to be qualified under the TIA.

#### Section 13.6. Reference in Notes to Supplemental Indentures

. Notes authenticated and delivered after the execution of any amendment or supplemental indenture pursuant to this Article 13 may bear a notation as to any matter provided for in such amendment or supplemental indenture. If the Issuer shall so determine, new Notes so modified as to conform to any such amendment or supplemental indenture may be prepared, executed, authenticated and delivered by the Trustee (upon receipt of an Issuer Order) in exchange for outstanding Notes.

#### Section 13.7. Series Supplements

. Notwithstanding anything in Section 13.2 to the contrary but subject to Section 13.11, the Series Supplement with respect to any Series may be amended with respect to the items and in accordance with the procedures provided in such Series Supplement and in the event the form of Notes to any Series Supplement is amended, each Holder shall surrender its Notes to the Trustee and the Trustee shall, following receipt of such Note and an Issuer Order directing the Trustee with respect to the authentication of such replacement Notes, issue a replacement Note containing such changes.

#### Section 13.8. Revocation and Effect of Consents

. Until an amendment, supplemental indenture or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his Note or portion of a Note if the Trustee receives written notice of revocation before the date the amendment, supplemental indenture or waiver becomes effective. An amendment, supplemental indenture or waiver becomes effective in accordance with its terms

and thereafter binds every Holder. The Issuer may fix a record date for determining which Holders must consent to such amendment, supplemental indenture or waiver.

Section 13.9. Notation on or Exchange of Notes Following Amendment

. The Trustee may place an appropriate notation about an amendment, supplemental indenture or waiver on any Note thereafter authenticated. If the Issuer shall so determine, new Notes so modified as to conform to any such amendment, supplemental indenture or waiver may be prepared and executed by the Issuer and authenticated and delivered by the Trustee (upon receipt of an Issuer Order) in exchange for outstanding Notes. Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplemental indenture or waiver.

Section 13.10. The Trustee to Sign Amendments, etc

. The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 13 if the amendment or supplemental indenture does not adversely affect in any material respect the rights, duties, liabilities or immunities of the Trustee. If any amendment or supplemental indenture does have such a materially adverse effect, the Trustee may, but need not, sign it. In signing such amendment or supplemental indenture, the Trustee shall be entitled to receive, if requested, an indemnity reasonably satisfactory to it and to receive and, subject to Section 11.1, shall be fully protected in relying upon, an Officer's Certificate of the Issuer and an Opinion of Counsel as conclusive evidence that such amendment or supplemental indenture is authorized, permitted or not prohibited (as the case may be) by this Indenture and that it will be valid and binding upon the Issuer in accordance with its terms and all conditions precedent to the execution of such amendment or supplemental indenture have been satisfied.

Section 13.11. Back-Up Servicer Consent

. No amendment or indenture supplement hereto (including pursuant to Section 2.2 hereof) shall be effective if such amendment or supplement shall adversely affect the rights, duties or obligations of the Back-Up Servicer (including in its capacity as successor Servicer) without its prior written consent, notwithstanding anything to the contrary.

ARTICLE 14.

REDEMPTION AND REFINANCING OF NOTES

Section 14.1. Redemption and Refinancing

. The Notes of any Series are subject to redemption on any Payment Date on which the Issuer exercises its option to redeem the Notes for the Redemption Price; provided, however, that the Issuer has available funds sufficient to pay the Redemption Price. If the Notes of any Series are to be redeemed pursuant to this Section 14.1, the Issuer shall furnish notice of such election to the Trustee and the Noteholders not later than fifteen (15) days prior to the Redemption Date and the Issuer shall deposit with the Trustee in a Trust Account that is within the sole control of the

Trustee no later than 10:00 a.m. New York time on the Redemption Date the Redemption Price of the Notes of such Series to be redeemed whereupon all such redeemed Notes shall be due and payable on the Redemption Date upon the furnishing of a notice complying with Section 14.2 to each Holder of such Notes.

Section 14.2. Form of Redemption Notice

. Notice of redemption under Section 14.1 shall be given by the Trustee by facsimile or by first-class mail, postage prepaid, transmitted or mailed prior to the applicable Redemption Date to each Holder of Notes of the Series to be redeemed, as of the close of business on the Record Date preceding the applicable Redemption Date, at such Holder's address appearing in the Note Register.

All notices of redemption shall state:

(i) the Redemption Date;

(ii) the Issuer's good faith estimate of the Redemption Price;

(iii) that the Record Date otherwise applicable to such Redemption Date is not applicable and that payments shall be made only upon presentation and surrender of such Notes and the place where such Notes are to be surrendered for payment of the Redemption Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 8.2); and

(iv) that interest on the Notes shall cease to accrue on the Redemption Date.

Notice of redemption of the Notes shall be given by the Trustee in the name and at the expense of the Issuer. For the avoidance of doubt, the Issuer shall provide the Trustee with the actual Redemption Price prior to the applicable Redemption Date. Failure to give notice of redemption, or any defect therein, to any Holder of any Note to be redeemed shall not impair or affect the validity of the redemption of any other Note.

Section 14.3. Notes Payable on Redemption Date

. The Notes of any Series to be redeemed shall, following notice of redemption as required by Section 14.2 (in the case of redemption pursuant to Section 14.1), on the Redemption Date become due and payable at the Redemption Price and (unless the Issuer shall default in the payment of the Redemption Price) no interest shall accrue on the Redemption Price for any period after the date to which accrued interest is calculated for purposes of calculating the Redemption Price.

ARTICLE 15.

MISCELLANEOUS

Section 15.1. Compliance Certificates and Opinions, etc

(a) Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee if requested thereby (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel (subject to reasonable assumptions and qualifications) stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with and (iii) (if this Indenture is required to be qualified under the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any Receivables or other property or securities (other than cash) with the Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 15.1(a) or elsewhere in this Indenture, furnish to the Trustee upon the Trustee's request an Officer's Certificate certifying or stating the opinion of each individual signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the Receivables or other property or securities to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, the Issuer shall also deliver to the Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or

release since the commencement of the then-current Fiscal Year of the Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is 10% or more of the aggregate outstanding principal amount or par value of all the Notes of all Series issued by the Issuer, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than \$25,000 or less than 1% percent of the aggregate outstanding principal amount or par value of all the Notes of all Series issued by the Issuer of the Notes.

(iii) Other than with respect to the release of any cash (including Collections) in accordance with the Series Supplements, Removed Receivables or liquidated Receivables (and the Related Security therefor), and except for discharges of this Indenture as described in Section 12.1, whenever any property or securities are to be released from the Lien of this Indenture, the Issuer shall also furnish to the Trustee an Officer's Certificate certifying or stating the opinion of each individual signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such individual the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iii) above, the Issuer shall also furnish to the Trustee an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property other than cash (including Collections) in accordance with the Series Supplements, Removed Receivables and Defaulted Receivable, or securities released from the Lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10% or more of the aggregate outstanding principal amount or par value of all Notes of all Series issued by the Issuer, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than \$25,000 or less than 1% percent of the then aggregate outstanding principal amount or par value of all Notes of all Series issued by the Issuer of the Notes.

#### Section 15.2. Form of Documents Delivered to Trustee

. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless

such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the initial Servicer, the Seller or the Issuer, stating that the information with respect to such factual matters is in the possession of or known to the initial Servicer, the Seller or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article 10.

### Section 15.3. Acts of Noteholders.

(a) Wherever in this Indenture a provision is made that an action may be taken or a notice, demand or instruction given by Noteholders, such action, notice or instruction may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders. Notwithstanding anything in this Indenture to the contrary, so long as any other Person is a Noteholder, none of the Seller, the Issuer or any Affiliate controlled by Oportun or controlling Oportun shall have any right to vote with respect to any Note.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 11.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.



(c) The fact and date of the execution by any Person of any such instrument or writing may be proved in any customary manner of the Trustee.

(d) The ownership of Notes shall be proved by the Note Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any such Notes shall bind such Noteholder and the Holder of every Note and every subsequent Holder of such Notes issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee, the Servicer or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

#### Section 15.4. Notices

. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, sent by facsimile to, sent by courier (overnight or hand-delivered) at or mailed by registered mail, return receipt requested, to (a) in the case of the Issuer, to 2 Circle Star Way, Room 119, San Carlos, California 94070, Attention: Secretary, (b) in the case of the Servicer or Oportun, to 2 Circle Star Way, San Carlos, California 94070, Attention: General Counsel and (c) in the case of the Trustee, to the Corporate Trust Office. Unless otherwise provided with respect to any Series in the related Series Supplement or otherwise expressly provided herein, any notice required or permitted to be mailed to a Noteholder shall be given by first class mail, postage prepaid, at the address of such Noteholder as shown in the Note Register. Any notice so mailed within the time prescribed in this Indenture shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such notice.

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications; provided, however, the Issuer may not at any time designate more than a total of three (3) addresses to which notices must be sent in order to be effective.

Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given five (5) days after the date that such notice is mailed, (iii) delivered by telex or telecopier shall be deemed given on the date of confirmation of the delivery of such notice by e-mail or telephone, and (iv) delivered by overnight air courier shall be deemed delivered one (1) Business Day after the date that such notice is delivered to such overnight courier.

Notwithstanding any provisions of this Indenture to the contrary, the Trustee shall have no liability based upon or arising from the failure to receive any notice required by or relating to this Indenture or the Notes.

If the Issuer mails a notice or communication to Noteholders, it shall mail a copy to the Trustee at the same time.

#### Section 15.5. Notices to Noteholders: Waiver

. Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given if sent in accordance with Section 15.4 hereof. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice that is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

#### Section 15.6. Alternate Payment and Notice Provisions

. Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Trustee on behalf of the Issuer may enter into any agreement with any Holder of a Note providing for a method of payment, or notice by the Trustee or any Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are consented to by the Issuer (which consent shall not be unreasonably withheld). The Trustee will cause payments to be made and notices to be given in accordance with such agreements.

#### Section 15.7. Conflict with TIA

. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control (if this Indenture is required to be qualified under the TIA).

The provisions of TIA Sections 310 through 317 that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein (if this Indenture is required to be qualified under the TIA). Notwithstanding the foregoing, and regardless of whether the Indenture is required to be qualified under the TIA, the provisions of Section 316(a)(1) of the TIA shall be excluded from this Indenture.

#### Section 15.8. Effect of Headings and Table of Contents

. The Article and Section headings herein and the Table of Contents and Cross-Reference Table are for convenience of reference only, are not to be considered a part hereof, and shall not affect the meaning or construction hereof.

Section 15.9. Successors and Assigns

. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors.

Section 15.10. Separability of Provisions

. If any one or more of the covenants, agreements, provisions or terms of this Indenture or Notes shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Indenture and shall in no way affect the validity or enforceability of the other provisions of this Indenture or of the Notes or rights of the Holders thereof.

Section 15.11. Benefits of Indenture

. Except as set forth in this Indenture, nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Secured Parties, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 15.12. Legal Holidays

. In any case where the date on which any payment is due to any Secured Party shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) any such payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 15.13. GOVERNING LAW; JURISDICTION

. THIS INDENTURE AND THE NOTES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS INDENTURE AND EACH SECURED PARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENT THEREOF. EACH OF THE PARTIES AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE

AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

Section 15.14. Counterparts

. This Indenture may be executed in any number of counterparts, and by different parties on separate counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15.15. Recording of Indenture

. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the protection of the Noteholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

Section 15.16. Issuer Obligation

. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) the Seller, the Servicer or the Trustee or (ii) any partner, owner, incorporator, member, manager, beneficiary, beneficial owner, agent, officer, director, employee, shareholder or agent of the Issuer, the Seller, the Servicer or the Trustee, except (x) as any such Person may have expressly agreed and (y) nothing in this Section shall relieve the Seller or the Servicer from its own obligations under the terms of any Servicer Transaction Document. Nothing in this Section 15.16 shall be construed to limit the Trustee from exercising its rights hereunder with respect to the Trust Estate.

Section 15.17. No Bankruptcy Petition Against the Issuer

. Each of the Secured Parties and the Trustee by entering into the Indenture, any Series Supplement or any Note Purchase Agreement, and in the case of a Noteholder by accepting a Note, hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of the latest maturing Note and the termination of the Indenture, it will not institute against, or join with any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation Proceedings, or other Proceedings, under any United States federal or state bankruptcy or similar Law in connection with any obligations relating to the Notes, the Indenture or any of the Transaction Documents. In the event that any such Secured Party or the Trustee takes action in violation of this Section 15.17, the Issuer shall file an answer with the bankruptcy court or otherwise properly contesting the filing of such a petition by any such Secured Party or the Trustee against the Issuer or the commencement of such action and raising the defense that such Secured Party or the Trustee has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 15.17 shall survive

the termination of this Indenture, and the resignation or removal of the Trustee. Nothing contained herein shall preclude participation by any Secured Party or the Trustee in the assertion or defense of its claims in any such Proceeding involving the Issuer.

Section 15.18. No Joint Venture

. Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of the Servicer shall be rendered as an independent contractor and not as agent for the Trustee or the Issuer.

Section 15.19. No Waiver: Cumulative Remedies

. No failure to exercise and no delay in exercising, on the part of the Trustee, any Secured Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by Law.

Section 15.20. Third-Party Beneficiaries

. This Indenture will inure to the benefit of and be binding upon the parties hereto, the Noteholders, the Secured Parties, and their respective successors and permitted assigns. Except as otherwise provided in this Article 15, no other Person will have any right or obligation hereunder.

Section 15.21. Merger and Integration

. Except as specifically stated otherwise herein, this Indenture sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Indenture.

Section 15.22. Rules by the Trustee

. The Trustee may make reasonable rules for action by or at a meeting of any Secured Parties.

Section 15.23. Duplicate Originals

. The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

Section 15.24. Waiver of Trial by Jury

. To the extent permitted by applicable Law, each of the Secured Parties irrevocably waives all right of trial by jury in any action or Proceeding arising out of or in connection with this Indenture or the Transaction Documents or any matter arising hereunder or thereunder.

Section 15.25. No Impairment

. Except for actions expressly authorized by this Indenture, the Trustee shall take no action reasonably likely to impair the interests of the Issuer in any asset of the Trust Estate now existing or hereafter created or to impair the value of any asset of the Trust Estate now existing or hereafter created.

Section 15.26. Intercreditor Agreement

. The Trustee shall, and is hereby authorized and directed to, execute and deliver the Intercreditor Agreement, and perform the duties and obligations, and appoint the Collateral Trustee, as described in the Intercreditor Agreement. Upon receipt of (a) an Issuer Order, (b) an Officer's Certificate of the Issuer stating that such amendment or replacement intercreditor agreement, as the case may be, will not cause a Material Adverse Effect, (c) evidence of the written consent of the Required Noteholders to such amendment or replacement intercreditor agreement, as the case may be, which consent shall not be unreasonably withheld, and (d) an Opinion of Counsel stating that all conditions precedent to the execution of such amendment or replacement intercreditor agreement, as the case may be, provided for in this Section 15.26 have been satisfied, the Trustee shall, and shall thereby be authorized and directed to, execute and deliver, and direct the Collateral Trustee to execute and deliver, (x) one or more amendments to the Intercreditor Agreement and/or (y) one or more replacement intercreditor agreements and such documentation as is required to terminate the Intercreditor Agreement then in effect, in each case to accommodate additional financings entered into by Affiliates of the Issuer.

**[THIS SPACE LEFT INTENTIONALLY BLANK]**

IN WITNESS WHEREOF, the Trustee, the Issuer, the Securities Intermediary and the Depositary Bank have caused this Base Indenture to be duly executed by their respective duly authorized officers as of the day and year first written above.

**OPORTUN FUNDING V, LLC,**

as Issuer

By:  
Name:  
Title:

**WILMINGTON TRUST, NATIONAL ASSOCIATION,** not in its individual capacity, but solely as Trustee

By:  
Name:  
Title:

**WILMINGTON TRUST, NATIONAL ASSOCIATION,** not in its individual capacity, but solely as Securities Intermediary

By:  
Name:  
Title:

**WILMINGTON TRUST, NATIONAL ASSOCIATION,** not in its individual capacity, but solely as Depositary Bank

By:  
Name:  
Title:

RELEASE AND RECONVEYANCE OF TRUST ESTATE

RELEASE AND RECONVEYANCE OF TRUST ESTATE, dated as of \_\_\_\_\_, \_\_\_\_\_, between Oportun Funding V, LLC (the "Issuer") and Wilmington Trust, National Association, a national banking association with trust powers organized and existing under the laws of the United States (the "Trustee") pursuant to the Base Indenture referred to below.

WITNESSETH:

WHEREAS, the Issuer and the Trustee are parties to the Base Indenture dated as of August 4, 2015 (hereinafter as such agreement may have been, or may from time to time be, amended, supplemented or otherwise modified, the "Base Indenture");

WHEREAS, pursuant to the Base Indenture, upon the termination of the Lien of the Base Indenture pursuant to Section 12.1 of the Base Indenture and after payment of all amounts due under the terms of the Base Indenture on or prior to such termination, the Trustee shall at the request of the Issuer reconvey and release the Lien on the Trust Estate;

WHEREAS, the conditions to termination of the Base Indenture pursuant to Sections 12.1 and 12.6 have been satisfied;

WHEREAS, the Issuer has requested that the Trustee terminate the Lien of the Indenture on the Trust Estate pursuant to Section 12.6;  
and

WHEREAS, the Trustee is willing to execute such release and reconveyance subject to the terms and conditions hereof;

NOW, THEREFORE, the Issuer and the Trustee hereby agree as follows:

1. Defined Terms. All terms defined in the Base Indenture and used herein shall have such defined meanings when used herein, unless otherwise defined herein.

2. Release and Reconveyance. (a) The Trustee does hereby release and reconvey to the Issuer, without recourse, representation or warranty, on and after \_\_\_\_\_, \_\_\_\_\_ (the "Reconveyance Date") all right, title and interest in the Trust Estate whether then existing or thereafter created, all monies due or to become due with respect thereto and all proceeds of such Trust Estate, except for amounts, if any, held by the Trustee or any Paying Agent pursuant to Section 12.5 of the Base Indenture.

(b) In connection with such transfer, the Trustee does hereby release the Lien of the Indenture on the Trust Estate and agrees, upon the reasonable request and at the expense of the



Issuer, to authorize the filing of any necessary or reasonably desirable UCC termination statements in connection therewith.

3. Return of Lists of Receivables. The Trustee shall deliver to the Issuer, not later than five (5) Business Days after the Reconveyance Date, each and every computer file or microfiche list of Receivables delivered to the Trustee pursuant to the terms of the Base Indenture.

4. Counterparts. This Release and Reconveyance may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

5. **Governing Law.** **THIS RELEASE AND RECONVEYANCE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

IN WITNESS WHEREOF, the undersigned have caused this Release and Reconveyance of Trust Estate to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

Oportun Funding V, LLC, as Issuer

By:  
Name:  
Title:

Wilmington Trust, National Association, not in its individual capacity, but solely as  
Trustee

By:  
Name:  
Title:

EXHIBIT B  
TO BASE INDENTURE  
*Form of Lien Release*

[ ]

[ ]

[ ]

[, 20]

Wilmington Trust, National Association

[ ]

[ ]

Ladies and Gentlemen:

Reference is made to that certain Base Indenture dated as of August 4, 2015 (hereinafter as such agreement may have been, or may be from time to time, amended, supplemented, or otherwise modified, the “Base Indenture”), by and between Oportun Funding V, LLC (the “Issuer”) and Wilmington Trust, National Association, as trustee (the “Trustee”), as securities intermediary and as depositary bank pursuant to which the Issuer has granted to the Trustee for the benefit of the Secured Parties a lien on and security interest in all of the Issuer’s right, title and interest in, to and under the Contracts and related Receivables and certain assets and rights of the Issuer more particularly described therein (the “Trust Estate”). Capitalized terms used but not otherwise defined herein have the meanings given such terms in the Base Indenture.

[Reference is further made to Section 5.8 of the Base Indenture and Section 2.02(k) of the Servicing Agreement dated as of August 4, 2015, by and between the Issuer, PF Servicing, LLC, as servicer (in such capacity, the “Servicer”), and the Trustee, pursuant to which the Servicer (or its Affiliate) has deposited into the Collection Account an amount equal to the aggregate Net Third Party Purchase Price with respect to those Receivables set forth on Schedule I hereto (such Receivables, “Removed Receivables”).]

[Reference is further made to Section 5.8 of the Base Indenture and Section 2.08 of the Servicing Agreement dated as of August 4, 2015, by and between the Issuer, PF Servicing, LLC, as servicer (in such capacity, the “Servicer”), and the Trustee, pursuant to which the Servicer has deposited into the Collection Account an amount equal to the Outstanding Receivables Balance of those Receivables set forth on Schedule I hereto (such Receivables, “Removed Receivables”), together with accrued and unpaid interest thereon.]

[Reference is further made to Section 5.8 of the Base Indenture and Section 2.4 of the Purchase and Sale Agreement dated as of August 4, 2015, by and between the Issuer and Oportun, Inc., as seller (the “Seller”), pursuant to which the Seller has deposited into the Collection Account an amount equal to the Outstanding Receivables Balance of those

Receivables set forth on Schedule I hereto (such Receivables, "Removed Receivables"), together with accrued and unpaid interest thereon.]

In connection with the Issuer's sale, transfer and assignment of the Removed Receivables, the Issuer hereby certifies that the conditions precedent to the release of the Removed Receivables have been satisfied and requests that the Trustee, and the Trustee by acknowledging this Lien Release Request does, irrevocably and unconditionally release the Removed Receivables and the related Related Security (the "Released Assets") from the lien granted to the Trustee pursuant to the Base Indenture, and the Released Assets shall no longer constitute a part of the Trust Estate under the Base Indenture, any related security agreement or financing statement.

Very truly yours,

OPORTUN FUNDING V, LLC

By: \_\_\_  
Name: \_\_\_  
Title: \_\_\_

Acknowledged as of the  
above date:

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual  
capacity, but solely as Trustee

By: \_\_\_  
Name: \_\_\_  
Title: \_

**SCHEDULE I**

**Removed Receivables**

B-3 Base Indenture  
4140-8886-1733.4

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EXHIBIT C  
TO BASE INDENTURE  
*Form of Permitted Takeout Release*

[\_\_\_\_], 20[\_\_]

Oportun Funding V, LLC  
2 Circle Star Way, Room 119  
San Carlos, California 94070  
Attention: General Counsel

Wilmington Trust, National Association,  
not individually but solely in its capacity as Trustee  
1100 North Market Street, 3rd Floor  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration – Oportun V Funding

Re: Release of Security Interest in Certain Receivables

Ladies and Gentlemen:

Reference is made to that certain Base Indenture, dated as of August 4, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the “Base Indenture”), among Oportun Funding V, LLC (the “Issuer”), and Wilmington Trust, National Association, as trustee (the “Trustee”), as supplemented by that certain Series 2015 Supplement, dated as of August 4, 2015 (the “Series Supplement” and together with the Base Indenture, the “Indenture”). Capitalized terms used in this letter agreement and not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Issuer has advised the Noteholders and the Trustee that it desires to enter into a Permitted Takeout and in connection therewith requests that the Secured Parties release any security interest, liens or other rights which they have in the Receivables listed on Exhibit A hereto and the Related Security to the extent directly related thereto (collectively, the “Released Assets”).

The aggregate amount attributable to the Released Assets due to the Secured Parties under the Transaction Documents in accordance with Section 2.16(c) of the Base Indenture, if paid in immediately available funds by 12:00 p.m. (New York time), on [\_\_\_\_], 20[\_\_] (the “Purchase Time”), will be the amount specified on Schedule I (such amount, in the aggregate, the “Purchase Price”). Payment of the Purchase Price shall be made by wire transfer to the Collection Account.

In consideration of the payment in full of the Purchase Price by the Purchase Time, each of the Noteholders and the Trustee (on behalf of the other Secured Parties), upon receipt of the

Purchase Price in immediately available funds in the Collection Account, hereby acknowledges and agrees that, with respect to the Released Assets:

- (i) all security interests, liens or other rights which the Secured Parties may have on or in the Released Assets shall be terminated and shall be of no further force and effect (it being understood that no other security interests, liens or other rights under or in connection with the Transaction Documents are being terminated or released); and
- (ii) the Trustee (on behalf of the Secured Parties) hereby (a) authorizes and requests the Issuer to prepare and file, at the expense of the Issuer, UCC amendments with respect to all UCC financing statements covering the Released Assets in order to exclude from the description of collateral thereon all of the Released Assets, and all other appropriate documents deemed necessary or desirable by the Issuer to terminate the security interests, liens and other rights on or in the Released Assets under the Transaction Documents in a form reasonably acceptable to the Required Noteholders and (b) agrees to promptly deliver to the Issuer (or such other Person designated by the Issuer) all possessory collateral to the extent directly related to the Released Assets held by the Trustee.

The Issuer hereby represents and warrants as of the date hereof and immediately after the release of the security interest pursuant to this letter that:

- (i) no-Rapid Amortization Event, Servicer Default, Event of Default or Default would exist after giving effect to the transactions contemplated hereby;
- (ii) the transactions contemplated hereby could not reasonably be expected to have a Material Adverse Effect on (x) the Issuer, the Seller, the Servicer, the Parent, the Trustee, the Agent, the Collateral Trustee, any Noteholder or any other Secured Party or (y) the bankruptcy remoteness of the Issuer or any of the transfers contemplated by the Transaction Documents;
- (iii) the transactions contemplated hereby will not violate any assumption set forth in any bankruptcy opinion delivered under or in connection with any Transaction Document;
- (iv) upon effectiveness of this letter agreement and the transactions contemplated hereby, this agreement and the transactions contemplated hereby shall collectively constitute a Permitted Takeout; and

(v) upon effectiveness of this letter agreement and the transactions contemplated hereby, the Overcollateralization Test will be satisfied.

Notwithstanding anything in this letter agreement to the contrary, if all or any portion of the Purchase Price is rescinded or must otherwise be returned for any reason under any state or federal bankruptcy or other law, then all obligations of the Issuer under the Indenture and all other Transaction Documents in respect of the Purchase Price (or any portions thereof) so rescinded or returned shall be automatically and immediately revived (without any further action or consent by any of the parties hereto or any other Person) and shall continue in full force and effect as if such amounts had not been paid, and this letter agreement shall in no way impair the claims of any Person with respect to such revived obligations.

THIS LETTER AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS LETTER AGREEMENT AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENT THEREOF. EACH OF THE PARTIES TO THIS LETTER AGREEMENT HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

This letter agreement may be executed in counterparts and by separate parties hereto on separate counterparts, each of which shall constitute an original but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart to this letter agreement by facsimile, “.pdf” file or similar electronic means shall constitute, and shall be effective as, delivery of a manually signed counterpart hereto.

[signature pages follow]

Very truly yours,

C-3 Base Indenture  
4140-8886-1733.4

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[Required Noteholders],

By:  
Name:  
Title:

OPORTUN FUNDING V, LLC,  
as Issuer

*C-4 Base Indenture*  
4140-8886-1733.4

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By:\_\_\_\_  
Name:\_\_\_\_  
Title:\_\_\_\_

WILMINGTON TRUST, NATIONAL ASSOCIATION,  
not in its individual capacity, but solely as Trustee

By:\_\_\_\_  
Name:\_\_\_\_  
Title:\_\_\_\_

*C-5 Base Indenture*  
4140-8886-1733.4

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EXHIBIT D  
TO BASE INDENTURE  
*Form of Intercreditor Agreement*

D-1 *Base Indenture*  
4140-8886-1733.4

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EXHIBIT E  
TO BASE INDENTURE  
*Form of Asset Repurchase Demand Activity Report*

Reporting Period: [ \_\_\_\_\_ ]  
Issuer: Oportun Funding V, LLC  
Reporting Entity: Wilmington Trust, National Association

Activity During Reporting Period <sup>1</sup>		
Date of Reputed Demand	Party Making Reputed Demand	Date of Withdrawal of Reputed Demand

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<sup>1</sup> The Trustee should forward any applicable information or documentation relating to any reputed demands to the Seller.

PERFECTION REPRESENTATIONS, WARRANTIES  
AND COVENANTS

In addition to the representations, warranties and covenants contained in the Indenture, the Issuer hereby represents, warrants, and covenants to the Trustee as follows on the Closing Date:

General

1. The Indenture creates a valid and continuing security interest (as defined in the applicable UCC) in the Trust Estate in favor of the Trustee, which security interest is prior to all other Liens, and is enforceable as such as against creditors of and purchasers from the Issuer.
2. The Contracts evidencing the Receivables constitute “general intangibles”, “accounts”, “instruments”, “electronic chattel paper” or “tangible chattel paper” within the meaning of the UCC as in effect in the State of New York.
3. Each of the Trust Accounts and all subaccounts thereof constitute either a deposit account or a securities account.

Creation

4. The Issuer owns and has good and marketable title to the Receivables free and clear of any Lien, claim or encumbrance of any Person, excepting only Liens for taxes, assessments or similar governmental charges or levies incurred in the ordinary course of business that are not yet due and payable or as to which any applicable grace period shall not have expired, or that are being contested in good faith by proper Proceedings and for which adequate reserves have been established, but only so long as foreclosure with respect to such a lien is not imminent and the use and value of the property to which the Lien attaches is not impaired during the pendency of such proceeding.
5. The Seller has received all consents and approvals, if any, to the sale of the Receivables under the Purchase Agreement to the Issuer required by the terms of the Receivables that constitute instruments or payment intangibles.

Perfection:

6. The Issuer has caused or will have caused, by the effective date of the Indenture, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable Law in order to perfect the sale of the Contracts and Related Rights from the Seller to the Issuer, and the security interest in the Trust Estate granted to the Trustee hereunder; and the Servicer or the Custodian has in its possession the original copies of such instruments, certificated securities or tangible chattel paper that constitute or evidence the

Receivables, and all financing statements referred to in this paragraph contain or will contain when filed a statement that: “A purchase of or security interest in any collateral described in this financing statement will violate the rights of the secured party.”

7. With respect to Receivables that constitute an instrument or tangible chattel paper, either:

- (i) All original executed copies of each such instrument have been delivered to the Servicer or the Custodian;
- (ii) Such instruments or tangible chattel paper are in the possession of the Servicer or the Custodian and the Trustee has received a written acknowledgment from the Servicer or the Custodian that the Servicer or the Custodian is holding such instruments or tangible chattel paper solely on behalf and for the benefit of the Trustee; or
- (iii) The Servicer or the Custodian received possession of such instruments after the Trustee received a written acknowledgment from the Servicer or the Custodian that the Servicer or the Custodian is acting solely as agent of the Trustee.

8. With respect to Receivables that constitute electronic chattel paper, either:

(i) The Issuer has caused, or will have caused by the effective date of the Indenture, the filing of financing statement against the Issuer in favor of the Trustee in connection herewith describing such Receivables and containing a statement that: “A purchase of or security interest in any collateral described in this financing statement will violate the rights of the secured party”; or

(ii) All of the following are true:

(A) Only one authoritative copy of each such loan agreement exists; and each such authoritative copy (A) is unique, identifiable and unalterable (other than with the participation of the Trustee in the case of an addition or amendment of an identified assignee and other than a revision that is readily identifiable as an authorized or unauthorized revision), (B) has been marked with a legend to the following effect: “Authoritative Copy” and (C) has been communicated to and is maintained by the Servicer or a custodian who has acknowledged in writing that it is maintaining the authoritative copy of each electronic chattel paper solely on behalf of and for the benefit of the Trustee, or is acting solely as its agent; and

(B) Issuer has marked the authoritative copy of each loan agreement that constitutes or evidences the Receivables with a legend to the following effect: “Oportun Funding V, LLC has pledged all its rights and interest herein to Wilmington Trust, National Association, as Trustee.” Such loan agreements or leases do not have any other marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Trustee or the Purchaser; and

(C) Issuer has marked all copies of each loan agreement that constitute or evidence the Receivables other than the authoritative copy with a legend to the following effect: "This is not an authoritative copy"; and

(D) The records evidencing the Receivables have been established in a manner such that (a) all copies or revisions that add or change an identified assignee of the authoritative copy of each such electronic chattel paper must be made with the participation of the Trustee and (b) all revisions of the authoritative copy of each such electronic chattel paper must be readily identifiable as an authorized or unauthorized revision.

9. With respect to each of the Trust Accounts and all subaccounts that constitute deposit accounts, either:

(i) The Issuer has delivered to the Trustee a fully executed agreement pursuant to which the bank maintaining the deposit accounts has agreed to comply with all instructions originated by the Trustee directing disposition of the funds in the Trust Accounts without further consent by the Issuer; or

(ii) The Issuer has taken all steps necessary to cause the Trustee to become the account holder of the Trust Accounts.

10. With respect to each of the Trust Accounts or subaccounts thereof that constitute securities accounts or securities entitlements, either:

(i) The Issuer has delivered to the Trustee a fully executed agreement pursuant to which the securities intermediary has agreed to comply with all instructions originated by the Trustee relating to the Trust Accounts without further consent by the Issuer; or

(ii) The Issuer has taken all steps necessary to cause the securities intermediary to identify in its records the Trustee as the person having a security entitlement against the securities intermediary in each of the Trust Accounts.

Priority

11. Other than the transfer of the Receivables to the Issuer under the Purchase Agreement and the security interest granted to the Trustee pursuant to this Indenture, none of the Issuer or the Seller have pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables or the Trust Accounts. Neither the Issuer nor the Seller has authorized the filing of, or is aware of any financing statements against the Issuer or the Seller that include a description of collateral covering the Receivables or the Trust Accounts or any subaccount thereof other than those that have been released or any financing statement relating to the security interest granted to the Trustee hereunder or that has been terminated.

12. No judgment, ERISA or tax lien filings have been made against the Issuer.

13. Neither Issuer nor a custodian holding any collateral that is electronic chattel paper has communicated an authoritative copy of any loan agreement that constitutes or evidences the Receivables to any Person other than the Trustee or the Servicer.

14. None of the instruments, certificated securities, tangible chattel paper or electronic chattel paper that constitute or evidence the Receivables has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Issuer or Trustee.

15. None of the Trust Accounts nor any subaccount thereof are in the name of any Person other than the Trustee. The Issuer has not consented to the bank maintaining the Trust Accounts that constitute deposit accounts to comply with instructions of any person other than the Trustee. The Issuer has not consented to the securities intermediary of any Trust Account that constitutes a securities account to comply with entitlement orders of any Person other than the Trustee.

16. Survival of Perfection Representations. Notwithstanding any other provision of the Indenture or any other Transaction Document, the Perfection Representations contained in this Schedule shall be continuing, and remain in full force and effect (notwithstanding any replacement of the Servicer or termination of Servicer's rights to act as such) until such time as the Secured Obligations under the Indenture have been finally and fully paid and performed.

17. Issuer to Maintain Perfection and Priority. The Issuer covenants that, in order to evidence the interests of the Trustee under this Indenture, the Issuer shall take such action, or execute and deliver such instruments (other than effecting a Filing (as defined below), unless such Filing is effected in accordance with this paragraph) as may be necessary or advisable (including, without limitation, such actions as are requested by the Trustee) to maintain and perfect, as a first priority interest, the Trustee's security interest in the Trust Estate. The Issuer shall, from time to time and within the time limits established by Law, prepare and present to the Trustee for the Trustee to authorize the Issuer to file, all financing statements, amendments, continuations, initial financing statements in lieu of a continuation statement, terminations, partial terminations, releases or partial releases, or any other filings necessary or advisable to continue, maintain and perfect the Trustee's security interest in the Trust Estate as a first-priority interest (each a "Filing").



**Oportun Funding V, LLC**

SIXTH AMENDMENT TO THE SERIES 2015 SUPPLEMENT

This SIXTH AMENDMENT TO THE SERIES 2015 SUPPLEMENT, dated as of June 22, 2020 (this "Amendment"), is entered into among Oportun Funding V, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the "Issuer"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee (in such capacity, the "Trustee"), as securities intermediary (in such capacity, the "Securities Intermediary") and as depositary bank (in such capacity, the "Depositary Bank").

RECITALS

WHEREAS, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have previously entered into that certain Base Indenture, dated as of August 4, 2015 (as amended, modified or supplemented prior to the date hereof, the "Base Indenture");

WHEREAS, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have previously entered into that certain Series 2015 Supplement, dated as of August 4, 2015 (as amended, modified or supplemented prior to the date hereof, the "Series Supplement"; together with the Base Indenture, collectively, the "Indenture");

WHEREAS, concurrently herewith, (i) the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank are entering into that certain Ninth Amendment to the Base Indenture, dated as of the date hereof, (ii) the Issuer, as purchaser, and Oportun, Inc. ("Oportun"), as seller, are entering into that certain Tenth Amendment to the Purchase and Sale Agreement, dated as of the date hereof, and (iii) the Issuer, Oportun, the Servicer, each Noteholder and the Back-up Servicer are entering into that certain Consent, dated as of the date hereof; and

WHEREAS, in accordance with Section 13.2 of the Base Indenture, the Issuer desires to amend the Series Supplement as provided herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each party hereto agrees as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms Not Defined Herein. All capitalized terms used herein that are not defined herein shall have the meanings assigned to them in, or by reference in, the Indenture.

ARTICLE II

AMENDMENTS TO THE SERIES SUPPLEMENT

SECTION 2.01. Amendments. The Series Supplement is hereby amended to incorporate the changes reflected on the marked pages of the Series Supplement attached hereto as Schedule I, with a conformed copy of the amended Series Supplement attached hereto as Schedule II.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Representations and Warranties. The Issuer hereby represents and warrants to the Trustee, the Securities Intermediary, the Depository Bank and each of the other Secured Parties that:

(a) Representations and Warranties. Both before and immediately after giving effect to this Amendment, the representations and warranties made by the Issuer in the Indenture and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. This Amendment and the Indenture, as amended hereby, constitute the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and by general principles of equity.

(c) No Defaults. No Rapid Amortization Event, Event of Default, Servicer Default or Block Event has occurred and is continuing.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Ratification of Series Supplement. As amended by this Amendment, the Series Supplement is in all respects ratified and confirmed and the Series Supplement, as amended by this Amendment, shall be read, taken and construed as one and the same instrument.

SECTION 4.02. Counterparts. This Amendment may be executed in any number of counterparts, and by different parties in separate counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 4.03. Recitals. The recitals contained in this Amendment shall be taken as the statements of the Issuer, and none of the Trustee, the Securities Intermediary or the Depository Bank assumes any responsibility for their correctness. None of the Trustee, the

Securities Intermediary or the Depository Bank makes any representations as to the validity or sufficiency of this Amendment.

SECTION 4.04. Rights of the Trustee, the Securities Intermediary and the Depository Bank. The rights, privileges and immunities afforded to the Trustee, the Securities Intermediary and the Depository Bank under the Indenture shall apply hereunder as if fully set forth herein.

SECTION 4.05. GOVERNING LAW; JURISDICTION. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 4.06. Effectiveness. This Amendment shall become effective as of the date hereof upon:

- (a) receipt by the Trustee of an Issuer Order directing it to execute and deliver this Amendment;
- (b) receipt by the Trustee of an Officer's Certificate of the Issuer stating that the execution of this Amendment is authorized and permitted by the Indenture and all conditions precedent to the execution of this Amendment have been satisfied;
- (c) receipt by the Trustee of an Opinion of Counsel stating that the execution of this Amendment is authorized and permitted under the Indenture and all conditions precedent to the execution of this Amendment have been satisfied;
- (d) receipt by the Trustee of evidence of the consent of each Noteholder to this Amendment;
- (e) receipt by the Trustee of counterparts of this Amendment, duly executed by each of the parties hereto; and
- (f) receipt by the Trustee of such other instruments, documents, agreements and opinions reasonably requested by the Trustee prior to the date hereof.

*(Signature page follows)*

IN WITNESS WHEREOF, the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

**Oportun Funding V, LLC,**  
as Issuer

By: /s/ Jonathan Coblentz  
Name: Jonathan Coblentz  
Title: Treasurer

Sixth Amendment to  
Series 2015 Supplement

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**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Trustee

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Securities Intermediary

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

**WILMINGTON TRUST, NATIONAL ASSOCIATION,**  
not in its individual capacity but solely as Depository Bank

By: /s/ Drew H. Davis  
Name: Drew H. Davis  
Title: Vice President

**SCHEDULE I**

**Amendments to the Series Supplement**

4127-9315-1525.3

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**SCHEDULE II**

**Conformed Copy of Amended Series Supplement**

4127-9315-1525.3

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OPORTUN FUNDING V, LLC,

as Issuer

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Trustee, as Securities Intermediary and as Depositary Bank

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**SERIES 2015 SUPPLEMENT**

**Dated as of August 4, 2015**

**to**

**BASE INDENTURE**

**Dated as of August 4, 2015**

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**Variable Funding Asset Backed Notes**



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SERIES 2015 SUPPLEMENT, dated as of August 4, 2015 (as amended, modified, restated or supplemented from time to time in accordance with the terms hereof, this "Series Supplement"), by and among OPORTUN FUNDING V, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer ("Issuer"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association validly existing under the laws of the United States, as trustee (together with its successors in trust under the Base Indenture referred to below, the "Trustee"), as securities intermediary (together with its successors under the Base Indenture referred to below, the "Securities Intermediary") and as depositary bank (together with its successors under the Base Indenture referred to below, the "Depositary Bank"), to the Base Indenture, dated as of August 4, 2015, between the Issuer, the Trustee, the Securities Intermediary and the Depositary Bank (as amended, modified, restated or supplemented from time to time, exclusive of this Series Supplement, the "Base Indenture").

Pursuant to this Series Supplement, the Issuer shall create a new Series of Notes and shall specify the principal terms thereof.

#### PRELIMINARY STATEMENT

WHEREAS, Section 2.2 of the Base Indenture provides, among other things, that Issuer and the Trustee may enter into a series supplement to the Base Indenture for the purpose of authorizing the issuance of this Series of Notes.

NOW, THEREFORE, the parties hereto agree as follows:

#### DESIGNATION

(a) There is hereby created a Series of notes with one Class to be issued pursuant to the Base Indenture and this Series Supplement and such Series of notes shall be substantially in the form of Exhibit A hereto, executed by the Issuer and authenticated by the Trustee and designated generally Variable Funding Asset Backed Notes, Class A, Series 2015 (the "Class A Notes" or the "Notes"). The Notes shall be issued in minimum denominations of \$500,000 and integral multiples of \$10,000 in excess thereof.

(b) Series 2015 (as defined below) shall not be subordinated to any other Series.

(c) The Class A Notes will be variable funding notes.

SECTION 1. Definitions. In the event that any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Base Indenture, the terms and provisions of this Series Supplement shall govern. All Article, Section or subsection references herein mean Articles, Sections or subsections of this Series Supplement, except as otherwise provided herein. All capitalized terms not otherwise defined herein are defined in the Base Indenture. Each capitalized term defined herein shall relate only to the Notes.

“Access Loan Receivable” has the meaning specified in the Base Indenture.

“Aggregate Class A Note Principal” means, on any date of determination, the outstanding principal amount of all Class A Notes, which shall equal the Class A Initial Principal Amount, plus the aggregate amount of any Increases made prior to such date, minus the aggregate amount of principal payments (including, without limitation, any Decreases) made to Noteholders prior to such date.

“Alternative Rate” means, for any day, the sum of a per annum rate equal to (i) the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, “H.15(519)”) for such day opposite the caption “Federal Funds (Effective)” and (ii) 0.50%. If on any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the “Composite 3:30 p.m. Quotations”) for such day under the caption “Federal Funds Effective Rate.” If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Required Noteholders of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Required Noteholders.

“Amortization Period” means the period commencing on the date on which the Revolving Period ends and ending on the Series 2015 Termination Date.

“Applicable Margin” has the meaning specified in the Fee Letter, as notified by the Issuer to the Back-Up Servicer and the Servicer in writing.

“Assignment Agreement” has the meaning specified in the Note Purchase Agreement.

“Available Funds” means, with respect to any Monthly Period, any Collections received by the Servicer during such Monthly Period and deposited into the Collection Account no later than the third Business Day following the end of such Monthly Period.

“Base Indenture” is defined in the preamble of this Series Supplement.

“Borrowing Base Amount” means, on any date of determination, the Outstanding Receivables Balance of all Eligible Receivables (other than any Eligible Receivables that would cause the Concentration Limits to be exceeded).

“Borrowing Base Shortfall” means, on any date of determination, the excess, if any, of (i) the sum of the Aggregate Class A Note Principal plus the Required Overcollateralization Amount, over (ii) the Borrowing Base Amount.

“Calculation Agent” means the party designated as such by the Issuer from time to time, with the written consent of the Required Noteholders; initially, the initial Servicer.

“Cash Equivalents” means (a) securities with maturities of one hundred twenty (120) days or less from the date of acquisition issued or fully guaranteed or insured by the United States government or any agency thereof, (b) certificates of deposit and eurodollar time deposits with maturities of one hundred twenty (120) days or less from the date of acquisition and overnight bank deposits of any commercial bank having capital and surplus in excess of \$500,000,000, (c) repurchase obligations of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than seven (7) days with respect to securities issued or fully guaranteed or insured by the United States government, (d) commercial paper of a domestic issuer rated at least A-1 or the equivalent thereof by Standard and Poor’s or P-1 or the equivalent thereof by Moody’s and in either case maturing within ninety (90) days after the day of acquisition, (e) securities with maturities of ninety (90) days or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by Standard & Poor’s or A by Moody’s, (f) securities with maturities of ninety (90) days or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the requirements of clause (b) of this definition or, (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

“Class A Additional Interest” has the meaning specified in Section 5.12.

“Class A Deficiency Amount” has the meaning specified in Section 5.12.

“Class A Initial Principal Amount” means the aggregate initial principal amount of the Class A Notes on the Closing Date, which was \$10,000,000.

“Class A Maximum Principal Amount” means \$400,000,000.

“Class A Monthly Interest” has the meaning specified in Section 5.12.

“Class A Note Principal” means, on any date of determination and with respect to any Class A Note, the outstanding principal amount of such Class A Note.

“Class A Note Rate” means, with respect to any day, a variable rate per annum equal to the sum of (i) the LIBOR Floor on such day (or if the Alternative Rate applies on such day pursuant to Section 5.17, the Alternative Rate), plus (ii) the Applicable Margin, plus, if applicable, (iii) (x) during the Amortization Period or if a Rapid Amortization Event has occurred (so long as an Event of Default has not occurred), 1.00%, or (y) if an Event of Default has occurred, 3.00%.

“Class A Noteholder” means a Holder of a Class A Note.

“Class A Notes” has the meaning specified in paragraph (a) of the Designation.

“Class A Required Interest Distribution” has the meaning specified in Section 5.15(iii).

“Closing Date” means August 4, 2015.

“Commitment” has the meaning specified in the Note Purchase Agreement.

“Contingent Liability” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person’s obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum outstanding principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

“Cut-Off Date” means (i) with respect to Receivables purchased by the Issuer on the Closing Date, August 2, 2015 and (ii) with respect to Subsequently Purchased Receivables, the related Purchase Date.

“Decrease” means a reduction in the Aggregate Class A Note Principal in accordance with Section 3.2.

“Default Percentage” means, for any Monthly Period, the aggregate Outstanding Receivables Balance of all Receivables that became Defaulted Receivables during such Monthly Period, less Recoveries received during such Monthly Period, expressed as an annualized percentage of the aggregate Outstanding Receivables Balance of all Eligible Receivables as of the last day of such Monthly Period.

“Default Rate” the sum of (i) the Class A Note Rate (determined without regard to clause (iii) thereof), plus (ii) 3.00%.

“Defaulted Pool Receivable” means a Pool Receivable (i) as to which any scheduled payment, or part thereof, remains unpaid for 120 days or more past the due date for such payment determined by reference to the contractual payment terms, as amended, of such Pool Receivable, (ii) the obligor thereon has died or is suffering or has suffered an Event of Bankruptcy or (iii) which (a) consistent with the Credit and Collection Policies, would be written off the Issuer’s, the Seller’s, the Nevada Originator’s or the Servicer’s books as uncollectible or (b) has been charged off or otherwise written off the Issuer’s, the Seller’s, the Nevada Originator’s or the Servicer’s books as uncollectible.

“Defaulted Pool Receivable Percentage” means, for any Monthly Period, the aggregate outstanding principal balance of all Pool Receivables that became Defaulted Pool

Receivables (including, without duplication, the principal portion of any Pool Receivable that has been partially charged off or otherwise partially written off) during such Monthly Period, less Recoveries received during such Monthly Period, expressed as an annualized percentage of the aggregate outstanding principal balance of all Pool Receivables as of the last day of such Monthly Period.

“Delinquency Percentage” means, for any Monthly Period, the aggregate Outstanding Receivables Balance of all Delinquent Receivables as of the last day of such Monthly Period as a percentage of the aggregate Outstanding Receivables Balance of all Eligible Receivables as of the last day of such Monthly Period.

“Delinquent Pool Receivable” means a Pool Receivable (other than a Defaulted Pool Receivable) as to which all or any part of a scheduled payment remains unpaid for thirty (30) days or more from the due date for such payment.

“Delinquent Pool Receivable Percentage” means, for any Monthly Period, the aggregate outstanding principal balance of all Delinquent Pool Receivables as of the last day of such Monthly Period as percentage of the aggregate outstanding principal balance of all Pool Receivables as of the last day of such Monthly Period.

“Distributable Funds” means, with respect to any Payment Date, an amount equal to the sum of (i) the Available Funds for the related Monthly Period, plus (ii) the amount of funds deposited into the Collection Account pursuant to Section 3.2 since the prior Payment Date.

“Excess Spread Rate” means, for any Monthly Period, an amount equal to (a) the weighted average fixed interest rate of all Eligible Receivables as of the beginning of such Monthly Period, minus (b) the product of (x) the average Class A Note Rate for each day in such Monthly Period and (y) 85%, minus (c) 5.00%.

“Fee Letter” means the letter agreement, dated as of December 10, 2018, among the Issuer and the Purchasers.

“Financial Covenants” means each of the Leverage Ratio Covenant, the Tangible Net Worth Covenant and the Liquidity Covenant.

“Increase” has the meaning specified in Section 3.1(b).

“Indebtedness” means, with respect to any Person as of any day, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, including, but not limited to, any securitization, (c) all obligations of such Person under each lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee, (d) all obligations of such Person in respect of

letters of credit, acceptances or similar obligations issued or created for the account of such Person and (e) all obligations and liabilities secured by any lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof, each as of such day.

“Interest Period” means, with respect to any Payment Date, the prior Monthly Period.

“Issuer” is defined in the preamble of this Series Supplement.

“Legal Final Payment Date” means the date 365 days after the commencement of the Amortization Period.

“Leverage Ratio” means, on any date of determination, the ratio of (i) Liabilities to (ii) Tangible Net Worth.

“Leverage Ratio Covenant” means that the Parent will have a maximum Leverage Ratio of 6:1.

“Liabilities” means, on any date of determination, the total liabilities which would appear on the balance sheet of the Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“LIBOR Floor” means, as of any date of determination, the greater of (i) One-Month LIBOR and (ii) 0.00%.

“LIBOR Termination Date” has the meaning specified in Section 5.17(d).

“Liquidity Covenant” means that the Seller will have a minimum liquidity of \$10,000,000, equal to unrestricted cash or Cash Equivalents.

“London Banking Day” means, for the purpose of determining One-Month LIBOR, any day that banking institutions in London, England are open for business other than a Saturday, Sunday or other day on which banking institutions in London, England trading in Dollar deposits in the London interbank market are authorized or obligated by law or executive order to be closed.

“Monthly Collateral Performance Tests” shall be deemed satisfied with respect to any Monthly Period if each of the following is true as of the last day of such Monthly Period:

(i) the Three-Month Average Delinquency Percentage for such Monthly Period shall not exceed 9.5%;

(ii) the Three-Month Average Default Percentage for any Monthly Period shall not exceed 17.0%;

(iii) the Three-Month Average Excess Spread Rate for such Monthly Period shall not be less than 15.0%; provided, however, that the Monthly Collateral Performance

Test provided for in this clause (iii) shall not apply to a Monthly Period if the Class A Note Principal as of the beginning of such Monthly Period is less than \$15,000,000; provided further, however, that the exclusion set forth in the immediately prior proviso shall not apply for more than two successive Monthly Periods;

(iv) the Three-Month Average Delinquent Pool Receivable Percentage for such Monthly Period shall not exceed 9.5%; and

(v) the Three-Month Average Defaulted Pool Receivable Percentage for such Monthly Period shall not exceed 17.0%.

“Monthly Period” has the meaning specified in the Base Indenture.

“Monthly Statement” has the meaning specified in Section 6.2.

“Note Purchase Agreement” means the agreement by and among Morgan Stanley Bank, N.A., as a Class A Noteholder, Goldman Sachs Bank USA, as a Class A Noteholder, Jefferies Funding LLC, as a Class A Noteholder, Natixis, New York Branch, as a Class A Noteholder, each of the other Class A Noteholders from time to time party thereto, Oportun, Inc. (f/k/a Progress Financial Corporation) and the Issuer, dated August 4, 2015, as amended, supplemented or otherwise modified from time to time, pursuant to which each of the Class A Noteholders have agreed to purchase an interest in the Class A Note from the Issuer, subject to the terms and conditions set forth therein.

“Noteholder” means with respect to any Note, the holder of record of such Note.

“Notes” has the meaning specified in paragraph (a) of the Designation.

“Notice Person” means each Purchaser.

“One-Month LIBOR” means, with respect to any day of determination, the composite London interbank offered rate for one-month Dollar deposits determined by the Trustee for such day in accordance with the provisions of Section 5.17 (or if such day is not a London Banking Day, then the immediately preceding London Banking Day).

“Payment Date” means September 8, 2015 and the eighth (8th) day of each calendar month thereafter, or if such eighth (8th) day is not a Business Day, the next succeeding Business Day.

“Pool Receivable” means each of the consumer loans that were originated by the Seller, the Nevada Originator or any of their Affiliates, excluding any Access Loan Receivables.

“Purchaser” has the meaning specified in the Note Purchase Agreement.

“Rapid Amortization Date” means the date on which a Rapid Amortization Event is deemed to occur.



“Rapid Amortization Event” has the meaning specified in Section 9.1.

“Redemption Price” means the sum of (i) the Aggregate Class A Note Principal plus (ii) accrued and unpaid interest on such Notes through the day preceding the Payment Date on which the purchase occurs, plus (iii) any other amounts payable to such Noteholders pursuant to the Transaction Documents, plus (iv) any other amounts due and owing by the Issuer or the initial Servicer to the other Secured Parties pursuant to the Transaction Documents, minus (v) the amounts, if any, on deposit on such Payment Date in the Collection Account for the payment of the foregoing amounts.

“Reference Banks” means those banking institutions selected by the Required Noteholders of each Series and notified to the Trustee.

“Required Noteholders” means, at any time of determination, the holders of the Class A Notes outstanding, voting together, representing (i) in excess of 50% of the Aggregate Class A Note Principal at such time or (ii) if no amount is then outstanding under the Class A Notes, Commitments in excess of 50% of the Class A Maximum Principal Amount; provided, however, that at any time that two or more Persons are then holders of the Class A Notes outstanding, then “Required Noteholders” shall in addition to the above require at least two unaffiliated Noteholders.

“Required Overcollateralization Amount” equals, at any time, the sum of (a) 40% times the Outstanding Receivables Balance of all Active Emergency Hardship Deferment Receivables that are Eligible Receivables plus (b) 15% times the Outstanding Receivables Balance of all Eligible Receivables (other than Active Emergency Hardship Deferment Receivables), excluding in the case of clauses (a) and (b) any Eligible Receivables that would cause any of the Concentration Limits to be exceeded.

“Residual Payments” has the meaning specified in subsection 5.15(viii).

“Revolving Period” means the period from and including the Closing Date to, but not including, the earlier of (i) the Scheduled Amortization Period Commencement Date and (ii) the Rapid Amortization Date.

“Scheduled Amortization Period Commencement Date” means October 1, 2021 (as such date may be extended pursuant to Section 2.4 of the Note Purchase Agreement).

“Series 2015” means the Series of the Variable Funding Asset Backed Notes represented by the Notes.

“Series 2015 Termination Date” means the earliest to occur of (a) the Payment Date on which the Notes, plus all other amounts due and owing to the Noteholders, are paid in full, (b) the Legal Final Payment Date and (c) the Indenture Termination Date.

“Series Report Date” means, with respect to any Payment Date, the date that is two (2) Business Days prior to such Payment Date.

“Series Supplement” is defined in the preamble of this Series Supplement.

“Solvent” means with respect to any Person that as of the date of determination both (A)(i) the then fair saleable value of the property of such Person is (y) greater than the total amount of liabilities (including Contingent Liabilities) of such Person and (z) not less than the amount that will be required to pay the probable liabilities on such Person’s then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Person; (ii) such Person’s capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (iii) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (B) such Person is “solvent” within the meaning given that term and similar terms under applicable Laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any Contingent Liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Tangible Net Worth” means, on any date of determination, the total shareholders’ equity (including capital stock, additional paid-in capital and retained earnings after deducting treasury stock) which would appear on the balance sheet of the Parent and its Subsidiaries determined on a consolidated basis in accordance with GAAP, less the sum of (a) all notes receivable from officers and employees of the Parent and its Subsidiaries and from affiliates of the Parent, and (b) the aggregate book value of all assets which would be classified as intangible assets under GAAP, including, without limitation, goodwill, patents, trademarks, trade names, copyrights, and franchises.

“Tangible Net Worth Covenant” means that the Parent will have a minimum Tangible Net Worth of \$100,000,000.

“Third Party Financing Agreement” means (i) any Term Indenture, (ii) any instrument, agreement or undertaking referenced or otherwise referred to in the Intercreditor Agreement or (iii) any other instrument, agreement or undertaking governing or entered into in connection with any securitization, any whole-loan sale or similar transaction or any other financing, in each case with respect to this clause (iii), entered into by the Seller, the initial Servicer, Oportun or any Affiliate of any of the foregoing.

“Three-Month Average Default Percentage” means, for any Monthly Period, the average Default Percentage for the three most recent Monthly Periods (which may include such Monthly Period), excluding any Monthly Period during which a Takeout Transaction occurred.

“Three-Month Average Defaulted Pool Receivable Percentage” means, for any Monthly Period, the average Defaulted Pool Receivable Percentage for such Monthly Period and the two prior Monthly Periods.

“Three-Month Average Delinquency Percentage” means, for any Monthly Period, the average Delinquency Percentage for the three most recent Monthly Periods (which may

include such Monthly Period), excluding any Monthly Period during which a Takeout Transaction occurred.

“Three-Month Average Delinquent Pool Receivable Percentage” means, for any Monthly Period, the average Delinquent Pool Receivable Percentage for such Monthly Period and the two prior Monthly Periods.

“Three-Month Average Excess Spread Rate” means, for any Monthly Period, the average Excess Spread Rate for such Monthly Period and the two prior Monthly Periods.

“Unused Fee” has the meaning specified in the Fee Letter, as notified by the Issuer to the Back-Up Servicer and the Servicer in writing.

“Utilization Percentage” means, for any day of determination, a fraction, expressed as a percentage, (i) the numerator of which is the Aggregate Class A Note Principal on such day, and (ii) the denominator of which is the Class A Maximum Principal Amount on such day.

SECTION 2. [Reserved.]

SECTION 3. Article 3 of the Base Indenture. Article 3 of the Indenture solely for the purposes of Series 2015 shall be read in its entirety as follows and shall be applicable only to the Notes:

### ARTICLE 3

#### **INITIAL ISSUANCE OF NOTES AND INCREASES AND DECREASES OF THE PRINCIPAL BALANCE**

##### Section 3.1. Initial Issuance: Procedure for Increases.

(a) Subject to satisfaction of the conditions precedent set forth in subsection (b) of this Section 3.1, on the Closing Date, the Issuer will issue the Class A Notes in accordance with Section 2.2 of the Base Indenture and Section 6 hereof in an aggregate initial principal amount of \$10,000,000. The Notes will be issued on the Closing Date pursuant to this subsection (a) only upon satisfaction of each of the following conditions with respect to such initial issuance:

(i) [Reserved];

(ii) Such issuance and the application of the proceeds thereof shall not result in the occurrence of (1) a Servicer Default, a Rapid Amortization Event or an Event of Default, or (2) an event or occurrence, which, with the passing of time or the giving of notice thereof, or both, would become a Servicer Default, a Rapid Amortization Event or an Event of Default;

(iii) The representations and warranties of the Issuer, the initial Servicer and the Seller set forth in this Agreement and the other Transaction Documents are true and

correct as of the Closing Date (except to the extent they relate to an earlier or later date, and then as of such earlier or later date);

(iv) All required consents have been obtained and all other conditions precedent to the purchase of the Notes under the Note Purchase Agreement shall have been satisfied;

(v) [Reserved];

(vi) A certification (in form and substance satisfactory to the Required Noteholders) from the initial Servicer that the Overcollateralization Test is satisfied (after giving effect to such issuance); and

(vii) The proceeds of such Issuance shall be used solely in connection with the acquisition of Receivables and other Permissible Uses.

(b) On any Business Day during the Revolving Period (but no more than two (2) times during any calendar week), the Issuer may increase the Aggregate Class A Note Principal upon one (1) Business Day's prior notice to the Trustee, the Back-Up Servicer, any successor Servicer and the Noteholders (each such increase referred to as an "Increase"). Upon each Increase, the Trustee shall indicate in the Note Register such Increase. Any such Increase will be effective only upon satisfaction of each of the following conditions:

(i) The amount of each such Increase shall be equal to or greater than \$1,000,000 (and in integral multiples of \$10,000 in excess thereof);

(ii) After giving effect to such Increase, the Aggregate Class A Note Principal shall not exceed the Class A Maximum Principal Amount;

(iii) A certification (in form and substance satisfactory to the Required Noteholders) from the initial Servicer that the Overcollateralization Test is satisfied (after giving effect to such Increase);

(iv) Such Increase and the application of the proceeds thereof shall not result in the occurrence of (1) a Rapid Amortization Event, a Servicer Default or an Event of Default or (2) an event or occurrence, which, with the passing of time or the giving of notice thereof, or both, would become a Rapid Amortization Event, a Servicer Default or an Event of Default;

(v) A certification of the initial Servicer (in form and substance satisfactory to the Trustee) to the Trustee that all conditions precedent for Increases under the Transaction Documents have been satisfied and that such Increase is authorized and permitted under the Transaction Documents; and

(vi) The representations and warranties of the Issuer, the initial Servicer and the Seller set forth in this Agreement and the other Transaction Documents are true and correct as of the date of such Increase (except to the extent they relate to an earlier or later date, and then as of such earlier or later date); and

(vii) All required consents, if any, have been obtained and all other conditions precedent for Increases under the Note Purchase Agreement have been satisfied.

No additional Notes may be issued by the Issuer without the consent of each Noteholder. For this purpose, an Increase pursuant to this Section 3.1(b) shall not constitute the issuance of additional Notes.

(c) Upon receipt of the proceeds of each such Increase by or on behalf of the Issuer, the Trustee shall, or shall cause the Transfer Agent and Registrar to, indicate in the Note Register the amount thereof.

(d) Each Increase shall comply with the terms and conditions set forth in the Note Purchase Agreement in addition to those set forth herein.

Section 3.2. Procedure for Decreases. On any Business Day, the Issuer may upon written notice to the Trustee, the Servicer, the Back-Up Servicer, any successor Servicer and the Noteholders (in accordance with the terms of the Note Purchase Agreement) deposit or cause to be deposited into the Collection Account amounts otherwise payable to the Issuer or other amounts so designated and distribute to the Class A Noteholders in respect of principal on the Class A Notes on the next Payment Date (in accordance with the priorities set forth in Section 5.15), an amount equal to the amount of such Decrease; provided, that, no Decrease shall reduce the Aggregate Class A Note Principal to less than \$2,500,000 unless the Aggregate Class A Note Principal is reduced to zero. Each such Decrease shall be on a pro rata basis for all Class A Notes and shall be in a minimum principal amount of \$1,000,000 (and in integral multiples of \$10,000 in excess thereof), unless such Decrease reduces the Aggregate Class A Note Principal to zero. Upon such Decrease, the Servicer shall reflect such Decrease in the Monthly Statement.

Section 3.3. Servicing Compensation. The Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses (and, in the case of the initial Servicer, the Servicing Fee) and other fees, expenses and indemnity amounts owed to the Trustee, Collateral Trustee, Securities Intermediary, Depository Bank, Back-Up Servicer and successor Servicer shall be paid by the cash flows from the Trust Estate and in no event shall the Trustee be liable therefor. The portion of the foregoing amounts allocable to Series 2015 shall be payable to the Trustee, Servicer and Back-Up Servicer, as applicable, solely to the extent amounts are available for distribution in respect thereof pursuant to Section 5.15.

#### SECTION 4. Optional Redemption.

(a) Other than as set forth in Section 3.2, the Notes shall be subject to redemption by the Issuer in whole but not in part, at its option, in accordance with the terms specified in Article 14 of the Base Indenture, on any Payment Date on or after the Scheduled Amortization Period Commencement Date.

(b) The redemption price for the Notes will be equal to the Redemption Price as of the applicable Payment Date.

SECTION 5. Delivery and Payment for the Notes. The Trustee shall execute, authenticate and deliver the Notes in accordance with Section 2.4 of the Base Indenture and Section 6 below.

SECTION 6. Form of Delivery of the Notes; Depository; Denominations; Transfer Provisions.

(a) The Notes shall be delivered as Registered Notes in definitive form as provided in the Base Indenture. The Class A Notes shall initially be registered in the names of Jefferies Funding LLC, Goldman Sachs Bank USA and Morgan Stanley Bank, N.A.

(b) [Reserved].

(c) The Notes will be issuable and transferable in minimum denominations of \$500,000 and in integral multiples of \$10,000 in excess thereof.

(d) During the Revolving Period, any purchaser of the Notes shall be required to sign the Note Purchase Agreement or an Assignment Agreement.

(e) Each Holder of the Notes shall be deemed to have represented and agreed that:

(1) it is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act and is aware that the resale or transfer is being made pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with the Note Purchase Agreement and all applicable securities laws of any state of the United States or any other jurisdiction;

(2) the Notes have not been and will not be registered under the Securities Act;

(3) in addition to the legend set forth in Section 2.9 of the Base Indenture, the following legend will be placed on the Class A Notes unless the Issuer determines otherwise in compliance with applicable law:

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9, W-8BEN, W-8BEN-E OR W-8ECI, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE.

EACH HOLDER OF THIS NOTE WILL NOT TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN EXCEPT TO A

PURCHASER WHO CAN MAKE THE ABOVE REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING.

(4) the Trustee, the Issuer, the initial purchasers and their Affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of such Notes cease to be accurate and complete, it will promptly notify the Issuer and the initial purchasers in writing;

(5) if it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements with respect to each such account; and

(6) either (i) it is not a Benefit Plan Investor or a governmental or other plan subject to Similar Law, or (ii) (a) the purchase and holding of the Note (or any interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law and (b) it acknowledges and agrees that the Class A Notes are not eligible for acquisition by Benefit Plan Investors at any time that the Class A Notes have been characterized as other than indebtedness for applicable local law purposes.

In addition, such transferee, unless it is a party to the Note Purchase Agreement, shall be responsible for providing additional information or certification, as reasonably requested by the Trustee or the Issuer, to support the truth and accuracy of the foregoing representations and agreements, it being understood that such additional information is not intended to create additional restrictions on the transfer of the Notes.

SECTION 7. Article 5 of the Base Indenture. Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 and 5.8 of the Base Indenture shall be read in their entirety as provided in the Base Indenture. The following provisions, however, shall constitute part of Article 5 of the Indenture solely for purposes of Series 2015 and shall be applicable only to the Notes.

## ARTICLE 5

### ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.9. [Reserved].

Section 5.10. [Reserved].

Section 5.11. [Reserved].

Section 5.12. Determination of Monthly Interest. The amount of monthly interest payable on the Class A Notes on each Payment Date will be determined by the Servicer as of

each Determination Date and will be an amount for each day during the related Interest Period equal to the product of (i) 1/360, times (ii) the Class A Note Rate in effect on such day, times (iii) the Aggregate Class A Note Principal on such day (the “Class A Monthly Interest”).

In addition to the Class A Monthly Interest, an amount equal to the sum of (i) the amount of any unpaid Class A Deficiency Amount, as defined below, plus (ii) an amount for each day during the related Interest Period equal to the product of (A) 1/360, times (B) the Class A Note Rate in effect on such day, times (C) any Class A Deficiency Amount, as defined below (or the portion thereof which has not theretofore been paid to the Class A Noteholders), will also be payable to the Class A Noteholders (such aggregate amount for any Interest Period being herein called the “Class A Additional Interest”). The “Class A Deficiency Amount” for any Determination Date shall be equal to the excess, if any, of (x) the sum of (i) the Class A Monthly Interest and the Class A Additional Interest, in each case for the Interest Period ended immediately prior to the preceding Payment Date, plus (ii) any Class A Deficiency Amount for the preceding period, over (y) the amount actually paid in respect thereof on the preceding Payment Date; provided, however, that the Class A Deficiency Amount on the first Determination Date shall be zero.

Section 5.13. [Reserved].

Section 5.14 [Reserved].

Section 5.15. Monthly Payments. On or before the Business Day immediately preceding each Payment Date, the Servicer shall instruct the Trustee in writing (which writing shall be substantially in the form of the Monthly Servicer Report attached as Exhibit A-1 to the Servicing Agreement) to withdraw, and the Trustee, acting in accordance with such instructions, shall withdraw on such Payment Date, from the Collection Account an amount equal to the Distributable Funds for such Payment Date and such amount shall be distributed by the Trustee on such Payment Date in the following priority to the extent of funds available therefor:

(i) *first*, to the Trustee, the Collateral Trustee, the Securities Intermediary, the Depository Bank, the Back-Up Servicer, and any successor Servicer (distributed on a *pari passu* and *pro rata* basis), an amount equal to the accrued and unpaid Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses for such Payment Date (plus the Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses due but not paid on any prior Payment Date);

(ii) *second*, if PF Servicing, LLC is the Servicer, to the Servicer an amount equal to the accrued and unpaid Servicing Fee for such Payment Date (plus any Servicing Fee due but not paid on any prior Payment Date);

(iii) *third*, (A) to the Class A Noteholders, an amount equal to the sum of (I) the Class A Monthly Interest for such Payment Date, plus (II) the amount of any Class A Deficiency Amount for such Payment Date, plus (III) the amount of any Class A Additional Interest for such Payment Date (collectively, the “Class A Required Interest”



Distribution”), and (B) to the Purchasers, an amount equal to the aggregate accrued and unpaid Unused Fees during the prior Monthly Period;

(iv) *fourth*, to the Class A Noteholders, the Borrowing Base Shortfall, if any;

(v) *fifth*, to the Class A Noteholders, any other amounts payable thereto (excluding the Aggregate Class A Note Principal but including any unreimbursed fees, expenses and indemnity amounts) pursuant to the Transaction Documents;

(vi) *sixth*, during the Amortization Period and at any time on or after the Legal Final Payment Date, to the Class A Noteholders, all remaining amounts until the Class A Notes have been paid in full;

(vii) *seventh*, to the Trustee, the Collateral Trustee, the Securities Intermediary, the Depositary Bank, the Back-Up Servicer, and any successor Servicer (distributed on a *pari passu* and *pro rata* basis), an amount equal to any unreimbursed fees, expenses and indemnity amounts (including, without limitation, any Transition Costs not paid pursuant to clause (i) above) of the Trustee, the Collateral Trustee, the Securities Intermediary, the Depositary Bank, the Back-Up Servicer, and any successor Servicer;

(viii) *eighth*, during the Revolving Period and so long as no Rapid Amortization Event, Servicer Default, Event of Default or Block Event (as defined in the Note Purchase Agreement) has occurred the balance, if any, shall be distributed to the Issuer (“Residual Payments”).

Section 5.16. Servicer’s Failure to Make a Deposit or Payment. The Trustee shall not have any liability for any failure or delay in making the payments or deposits described herein resulting from a failure or delay by the Servicer to make, or give instructions to make, such payment or deposit in accordance with the terms herein. If the Servicer fails to make, or give instructions to make, any payment, deposit or withdrawal required to be made or given by the Servicer at the time specified in the Base Indenture or this Series Supplement (including applicable grace periods), the Trustee shall make such payment, deposit or withdrawal from the applicable Trust Account without instruction from the Servicer. The Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that the Trustee has sufficient information to allow it to determine the amount thereof. The Servicer shall, upon reasonable request of the Trustee, promptly provide the Trustee with all information necessary and in its possession to allow the Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by the Trustee in the manner in which such payment or deposit should have been made (or instructed to be made) by the Servicer.

Section 5.17. Determination of One-Month LIBOR.

(a) On each Business Day, the Calculation Agent shall determine One-Month LIBOR on the basis of the rate for Dollar deposits for a period equal to one month which appears on Reuters Page LIBOR01 as of 11:00 a.m. (London time) on such Business Day (or such other page as may replace such page on that service or other service or services as may be nominated

by ICE Benchmark Administration Limited or any successor organization for the purpose of displaying London interbank offered rates of U.S. dollar deposits for a one-month period) and shall send to the Servicer and the Issuer, by facsimile or e-mail, notification of One-Month LIBOR for such Business Day.

(b) If on any Business Day such rate does not appear on Reuters Page LIBOR01 (or such other page), then the Class A Note Rate shall be determined by the Calculation Agent by reference to the Alternative Rate and communicated to the Servicer and the Issuer, by facsimile or e-mail.

(c) On each Determination Date related to a Payment Date, prior to 3:00 p.m. (New York time), the Calculation Agent shall send to the Servicer, the Issuer and the Noteholders, by facsimile or e-mail, notification of One-Month LIBOR or the Alternative Rate for each day during the prior Interest Period.

(d) If the Required Noteholders provide notice in writing to the Issuer and the Servicer of their determination (which determination shall be final and conclusive, absent manifest error) that either (i) (A) the circumstances set forth in Section 5.17(b) have arisen and are unlikely to be temporary, or (B) the circumstances set forth in Section 5.17(b) have not arisen but the applicable supervisor or administrator (if any) of One-Month LIBOR or a Governmental Authority having jurisdiction over any Class A Noteholder has made a public statement identifying the specific date after which One-Month LIBOR shall no longer be used for determining interest rates for loans (either such date, a “LIBOR Termination Date”), or (ii) a rate other than One-Month LIBOR has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market, then the Required Noteholders and the Issuer shall endeavor to establish a replacement index for One-Month LIBOR and make adjustments to applicable margins and related amendments to this Series Supplement as referred to below such that, to the extent practicable, the all-in Class A Monthly Interest based on the replacement index will be substantially equivalent to the all-in Class A Monthly Interest based on One-Month LIBOR in effect prior to its replacement.

Subject to Section 13.2 of the Base Indenture, the Issuer and the Indenture Trustee shall enter into an amendment to this Series Supplement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, as determined by the Required Noteholders and the Issuer, for the implementation and administration of the replacement index-based rate.

Selection of the replacement index, adjustments to the applicable margins, and amendments to this Series Supplement (i) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a rate based on One-Month LIBOR to a replacement index-based rate, and (ii) may also reflect adjustments to account for (A) the effects of the transition from One-Month LIBOR to the replacement index and (B) yield- or risk-based differences between One-Month LIBOR and the replacement index.

Following the occurrence of a LIBOR Termination Date, until an amendment reflecting a new replacement index in accordance with this Section 5.17(d) is effective, the Class A Note Rate shall be determined by the Calculation Agent by reference to the Alternative Rate and communicated to the Servicer and the Issuer, by facsimile or e-mail.

Section 5.18. Series Termination. On the Series 2015 Termination Date, the unpaid principal amount of the Class A Notes shall be due and payable.

SECTION 8. Article 6 of the Base Indenture. Article 6 of the Base Indenture shall read in its entirety as follows and shall be applicable only to the Noteholders:

## ARTICLE 6

### DISTRIBUTIONS AND REPORTS

#### Section 6.1. Distributions.

(a) On each Payment Date, the Trustee shall distribute (in accordance with the Monthly Servicer Report delivered by the Servicer on or before the related Series Report Date pursuant to subsection 2.09(a) of the Servicing Agreement) to each Noteholder of record on the immediately preceding Record Date (other than as provided in Section 12.5 respecting a final distribution), such Noteholder's pro rata share (based on the Class A Note Principal held by such Noteholder) of the amounts that are payable to the Noteholders pursuant to Section 5.15 by wire transfer to an account designated by such Noteholders.

(b) Notwithstanding anything to the contrary contained in the Base Indenture or this Series Supplement, if the amount distributable in respect of principal on the Notes on any Payment Date is less than one dollar, then no such distribution of principal need be made on such Payment Date to the Noteholders.

#### Section 6.2. Monthly Statement.

(a) On or before each Series Report Date, the Trustee shall make available electronically to each Noteholder and each Notice Person, a statement in substantially the form of Exhibit B hereto (a "Monthly Statement") prepared by the Servicer (with respect to clause (xiii), (xiv) and (xv) below, solely so long as PF Servicing, LLC is Servicer) and delivered to the Trustee on the preceding Determination Date and setting forth, among other things, the following information:

(i) the amount of Collections (including a breakdown of Finance Charges vs. principal Collections) received during the related Monthly Period;

(ii) the amount of Available Funds and Distributable Funds on deposit in the Collection Account on the related Determination Date;

(iii) the amount of Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses, Class A Monthly Interest, Class A Deficiency Amount, Class A Additional Interest and Unused Fee, respectively;

(iv) the amount of the Servicing Fee for such Payment Date;

(v) the total amount to be distributed to each Class A Noteholders on such Payment Date;

(vi) (a) the Aggregate Class A Note Principal and (b) the Class A Note Principal of each Purchaser, in each case, as of the end of the day on the Payment Date;

(vii) the amount of any Increases and Decreases in the Notes during the related Monthly Period;

(viii) One-Month LIBOR for each day during the related Interest Period;

(ix) the aggregate amount of Receivables that became Defaulted Receivables during the related Monthly Period;

(x) the date on which the Amortization Period commenced, if applicable;

(xi) [Reserved];

(xii) the aggregate Outstanding Receivables Balance of Receivables which were 1-29 days, 30-59 days, 60-89 days, and 90-119 days delinquent, respectively, as of the end of the preceding Monthly Period;

(xiii) the (a) Liabilities, (b) Tangible Net Worth and (c) Leverage Ratio, in each case, of the Parent as of the end of the second preceding Monthly Period (including, in each case, each of the components thereof);

(xiv) the aggregate amount of cash and Cash Equivalents of the Seller as of the end of the second preceding Monthly Period;

(xv) whether any of the Financial Covenants as of the end of the second preceding Monthly Period or Monthly Collateral Performance Tests as of the end of the preceding Monthly Period, in each case have been breached;

(xvi) the aggregate Outstanding Receivables Balance of all Delinquent Receivables as of the end of the preceding Monthly Period;

(xvii) the aggregate Outstanding Receivables Balance of all Receivables that became Defaulted Receivables during the preceding Monthly Period;

(xviii) the aggregate outstanding principal balance of all Delinquent Pool Receivables as of the end of the preceding Monthly Period;

(xix) the aggregate outstanding principal balance of all Pool Receivables that became Defaulted Pool Receivables during the preceding Monthly Period;

(xx) the Excess Spread Rate for the preceding Monthly Period;

(xxi) the aggregate Outstanding Receivables Balance of all Eligible Receivables as of the end of the preceding Monthly Period;

(xxii) the aggregate outstanding principal balance of all Pool Receivables as of the end of the preceding Monthly Period; and

(xxiii) the amount and calculation of each excess concentration set forth in the definition of “Concentration Limits” as of the end of the preceding Monthly Period.

On or before each Series Report Date, to the extent the Servicer provides such information to the Trustee, the Trustee will make available the monthly Servicer statement via the Trustee’s Internet website and, with the consent or at the direction of the Issuer, such other information regarding the Notes and/or the Receivables as the Trustee may have in its possession, but only with the use of a password provided by the Trustee; provided, however, the Trustee shall have no obligation to provide such information described in this Section 6.2 until it has received the requisite information from the Issuer or the Servicer and the applicable Noteholder has completed the information necessary to obtain a password from the Trustee. The Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor.

(b) The Trustee’s internet website, as of the Trustee Replacement Date, shall be located at “www.wilmingtontrustconnect.com” or at such other address as shall be specified by the Trustee from time to time in writing to the Noteholders. In connection with providing access to the Trustee’s internet website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for information disseminated in accordance with this Series Supplement.

(c) Annual Tax Statement. To the extent required by the Code or the Treasury regulations thereunder, on or before January 31 of each calendar year, the Trustee shall distribute to each Person who at any time during the preceding calendar year was a Noteholder, a statement prepared by the Servicer containing the information required to be contained in the regular monthly report to Noteholders, as set forth in subclauses (iii), (v) and (vi) above, aggregated for such calendar year, and a statement prepared by the initial Servicer or the Issuer with such other customary information (consistent with the treatment of the Notes as debt) required by applicable tax Law to be distributed to the Noteholders. Such obligations of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee pursuant to any requirements of the Code as from time to time in effect.

Section 6.3. Issuer Payments. The Issuer agrees to pay, and the Issuer agrees to instruct the Servicer and the Trustee to pay, all amounts payable by it with respect to the Notes, this Indenture and each of the other Transaction Documents to the applicable account designated by

the Person to which such amount is owing. All such amounts to be paid by the Issuer shall be paid no later than 3:00 p.m. (New York time) on the day when due as determined in accordance with this Indenture and each of the other Transaction Documents, in lawful money of the United States in immediately available funds. Amounts received after that time shall be deemed to have been received on the next Business Day and shall bear interest at the Default Rate, which interest shall be payable on demand.

SECTION 9. [Reserved].

SECTION 10. Article 7 of the Base Indenture. Article 7 of the Base Indenture shall read in its entirety as follows:

## ARTICLE 7

### **REPRESENTATIONS AND WARRANTIES OF THE ISSUER**

SECTION 7.1. Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Trustee and each of the Secured Parties that:

(a) Organization and Good Standing, etc. The Issuer has been duly organized and is validly existing and in good standing under the Laws of the State of Delaware, with power and authority to own its properties and to conduct its respective businesses as such properties are presently owned and such business is presently conducted. The Issuer is not organized under the Laws of any other jurisdiction or Governmental Authority. The Issuer is duly licensed or qualified to do business as a foreign entity in good standing in the jurisdiction where its principal place of business and chief executive office is located and in each other jurisdiction in which the failure to be so licensed or qualified would be reasonably likely to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization. The Issuer has (a) all necessary power, authority and legal right to (i) execute, deliver and perform its obligations under this Indenture and each of the other Transaction Documents to which it is a party and (b) duly authorized, by all necessary action, the execution, delivery and performance of this Indenture and the other Transaction Documents to which it is a party and the borrowing, and the granting of security therefor, on the terms and conditions provided herein.

(c) No Violation. The consummation of the transactions contemplated by this Indenture and the other Transaction Documents and the fulfillment of the terms hereof will not (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under, (i) the organizational documents of the Issuer or (ii) any indenture, loan agreement, pooling and servicing agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument to which the Issuer is a party or by which it or its properties is bound, (b) result in or require the creation or imposition of any Adverse Claim upon its properties pursuant to the terms of any such indenture, loan agreement, pooling and servicing agreement, receivables purchase agreement, mortgage, deed of trust, or other agreement or instrument, other than pursuant to the terms of the

Transaction Documents, or (c) violate any Law applicable to the Issuer or of any Governmental Authority having jurisdiction over the Issuer or any of its respective properties.

(d) Validity and Binding Nature. This Indenture is, and the other Transaction Documents to which it is a party when duly executed and delivered by the Issuer and the other parties thereto will be, the legal, valid and binding obligation of the Issuer enforceable in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Law affecting creditors' rights generally and by general principles of equity.

(e) Government Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority required for the due execution, delivery or performance by the Issuer of any Transaction Document to which it is a party remains unobtained or unfiled, except for the filing of the UCC financing statements.

(f) [Reserved].

(g) Margin Regulations. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds with respect to the sale of the Notes, directly or indirectly, will be used for a purpose that violates, or would be inconsistent with, Regulations T, U and X promulgated by the Federal Reserve Board from time to time.

(h) Perfection. (i) On and after the Closing Date and each Payment Date, the Issuer shall be the owner of all of the Receivables and Related Security and Collections and proceeds with respect thereto, free and clear of all Adverse Claims. On or prior to the Closing Date and each Payment Date, all financing statements and other documents required to be recorded or filed in order to perfect and protect the assets of the Trust Estate against all creditors (other than Secured Parties) of, and purchasers (other than Secured Parties) from, the Issuer and the Seller will have been duly filed in each filing office necessary for such purpose, and all filing fees and taxes, if any, payable in connection with such filings shall have been paid in full;

(ii) the Indenture constitutes a valid grant of a security interest to the Trustee for the benefit of the Secured Parties in all right, title and interest of the Issuer in the Receivables, the Related Security and Collections and proceeds with respect thereto and all other assets of the Trust Estate, now existing or hereafter created or acquired. Accordingly, to the extent the UCC applies with respect to the perfection of such security interest, upon the filing of any financing statements described in Article 8 of the Indenture and the execution of the Transaction Documents, the Trustee shall have a first priority perfected security interest in such property and the proceeds thereof (to the extent provided in Section 9-315), subject to Permitted Encumbrances and, to the extent the UCC does not apply to the perfection of such security interest, all notices, filings and other actions required by all applicable Law have been taken to perfect and protect such security interest or lien against and prior to all Adverse Claims with respect to the relevant Receivables, Related Security and Collections and proceeds with respect thereto and all other assets of the Trust Estate. Except as otherwise specifically provided in the

Transaction Documents, neither the Issuer nor any Person claiming through or under the Issuer has any claim to or interest in the Collection Account; and

(iii) immediately prior to, and after giving effect to, the initial purchase of the Notes, the Issuer will be Solvent.

(i) Offices. The principal place of business and chief executive office of the Issuer is located at the address referred to in Section 15.4 (or at such other locations, notified to the Trustee in jurisdictions where all action required thereby has been taken and completed).

(j) Tax Status. The Issuer has filed all tax returns (federal, state and local) required to be filed by it and has paid or made adequate provision for the payment of all taxes (including all state franchise taxes), assessments and other governmental charges that have become due and payable (including for such purposes, the setting aside of appropriate reserves for taxes, assessments and other governmental charges being contested in good faith).

(k) Use of Proceeds. No proceeds of any Notes will be used by the Issuer to acquire any security in any transaction which is subject to Section 13 or 14 of the Exchange Act.

(l) Compliance with Applicable Laws; Licenses, etc.

(i) The Issuer is in compliance with the requirements of all applicable Laws of all Governmental Authorities, a breach of any of which, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect.

(ii) The Issuer has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would be reasonably likely to have a Material Adverse Effect.

(m) No Proceedings. Except as described in Schedule I:

(i) there is no order, judgment, decree, injunction, stipulation or consent order of or with any court or other government authority to which the Issuer is subject, and there is no action, suit, arbitration, regulatory proceeding or investigation pending, or, to the knowledge of the Issuer, threatened, before or by any Governmental Authority, against the Issuer that, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect; and

(ii) there is no action, suit, proceeding, arbitration, regulatory or governmental investigation, pending or, to the knowledge of the Issuer, threatened, before or by any Governmental Authority (A) asserting the invalidity of this Indenture, the Notes or any other Transaction Document, (B) seeking to prevent the issuance of the Notes pursuant hereto or the consummation of any of the other transactions contemplated by this Indenture or any other Transaction Document or (C) seeking to adversely affect the federal income tax attributes of the Issuer.



(n) Investment Company Act, etc. The Issuer is not an “investment company” within the meaning of the Investment Company Act and the Issuer relies on the exception from the definition of “investment company” set forth in Rule 3a-7 under the Investment Company Act, although other exceptions or exclusions may be available to the Issuer. The Issuer is not a “covered fund” as defined in the final regulations issued December 10, 2013 implementing the “Volcker Rule” (Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

(o) Eligible Receivables. Each Receivable included as an Eligible Receivable in any Monthly Servicer Report shall be an Eligible Receivable as of the date so included. Each Receivable, including Subsequently Purchased Receivables, purchased by the Issuer on any Purchase Date shall be an Eligible Receivable as of such Purchase Date unless otherwise specified to the Trustee in writing prior to such Purchase Date.

(p) Receivables Schedule. The most recently delivered schedule of Receivables reflects, in all material respects, a true and correct schedule of the Receivables included in the Trust Estate as of the date of delivery.

(q) ERISA. (i) Each of the Issuer, the Seller, the Servicer and their respective ERISA Affiliates is in compliance in all material respects with ERISA unless any failure to so comply could not reasonably be expected to have a Material Adverse Effect and (ii) no Lien exists in favor of the Pension Benefit Guaranty Corporation on any of the Receivables. No ERISA Event has occurred with respect to any Pension Plan or Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect.

(r) Accuracy of Information. All information heretofore furnished by, or on behalf of, the Issuer to the Trustee or any of the Noteholders in connection with any Transaction Document, or any transaction contemplated thereby, was, at the time it was furnished, true and accurate in every material respect (without omission of any information necessary to prevent such information from being materially misleading).

(s) No Material Adverse Change. Since December 31, 2014, there has been no material adverse change in the collectability of the Receivables or the Issuer’s (i) financial condition, business, operations or prospects or (ii) ability to perform its obligations under any Transaction Document.

(t) Subsidiaries. The Issuer has no Subsidiaries and does not own or hold, directly or indirectly, any equity interest in any Person, other than Permitted Investments.

(u) Notes. The Notes have been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture, and delivered to and paid for in accordance with the Note Purchase Agreement, will be duly and validly issued and outstanding and will be entitled to the benefits of the Indenture.

(v) Sales by the Seller. Each sale of Receivables by the Seller to the Issuer shall have been effected under, and in accordance with the terms of, the Purchase Agreement, including the

payment by the Issuer to the Seller of an amount equal to the purchase price therefor as described in the Purchase Agreement, and each such sale shall have been made for “reasonably equivalent value” (as such term is used under Section 548 of the Federal Bankruptcy Code) and not for or on account of “antecedent debt” (as such term is used under Section 547 of the Federal Bankruptcy Code) owed by the Issuer to such Seller.

(w) Texas Licensing. The Issuer has been issued a Texas License.

(x) Illinois Licensing. The Issuer has been issued an Illinois License.

SECTION 7.2. Reaffirmation of Representations and Warranties by the Issuer. On the Closing Date and on each Business Day thereafter, the Issuer shall be deemed to have certified that all representations and warranties described in Section 7.1 hereof are true and correct on and as of such day as though made on and as of such day (except to the extent they relate to an earlier or later date, and then as of such earlier or later date).

SECTION 11. Article 9 of the Base Indenture. Article 9 of the Base Indenture shall read in its entirety as follows:

## ARTICLE 9

### RAPID AMORTIZATION EVENTS AND REMEDIES

SECTION 9.1. Rapid Amortization Events. If any one of the following events shall occur during the Revolving Period with respect to the Notes (each, a “Rapid Amortization Event”):

(a) any Monthly Collateral Performance Test is not satisfied with respect to a Monthly Period;

(b) the occurrence of a Servicer Default or an Event of Default; or

(c) the occurrence of a “Rapid Amortization Event” under any Term Indenture caused by the Monthly Loss Percentage (as defined in the related Term Indenture) being greater than the Specified Monthly Loss Percentage (as defined in the related Term Indenture) over a specified period.

then, in the case of the events described in clauses (a) and (b) above, a Rapid Amortization Event with respect to the Notes shall occur, without any notice or other action on the part of the Trustee or the affected Holders immediately upon the occurrence of such event. Any Rapid Amortization Event and its consequences may be waived with the written consent of each Noteholder.

SECTION 12. Amendments and Waiver. Any amendment, waiver or other modification to this Series Supplement shall be subject to the restrictions thereon in the Base Indenture.

SECTION 13. Counterparts. This Series Supplement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 14. Governing Law. THIS SERIES SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS SERIES SUPPLEMENT AND EACH NOTEHOLDER HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HERETO AND EACH NOTEHOLDER HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

SECTION 15. Waiver of Trial by Jury. To the extent permitted by applicable Law, each of the parties hereto and each of the Noteholders irrevocably waives all right of trial by jury in any action, proceeding or counterclaim arising out of or in connection with this Series Supplement or the Transaction Documents or any matter arising hereunder or thereunder.

SECTION 16. No Petition. The Trustee, by entering into this Series 2015 Supplement and each Noteholder, by accepting a Note, hereby covenant and agree that they will not, prior to the date which is one year and one day after payment in full of the last maturing Note and the termination of the Indenture, institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any United States federal or state bankruptcy or similar Law in connection with any obligations relating to the Notes, the Indenture or the Transaction Documents.

SECTION 17. Rights of the Trustee. The rights, privileges and immunities afforded to the Trustee, the Securities Intermediary and the Depositary Bank under the Base Indenture shall apply hereunder as if fully set forth herein.

SECTION 18. More Favorable Terms. The Issuer, the Seller and the initial Servicer agree to provide the Trustee and each Noteholder with at least ten (10) Business Days' prior written notice of the execution of any Third Party Financing Agreement or any amendment, supplement, waiver or other modification of any Third Party Financing Agreement, which notice shall include a copy of such Third Party Financing Agreement, amendment, supplement, waiver or other modification. If and to the extent that any Third Party Financing Agreement (as amended, supplemented or otherwise modified from time to time) contains (in the good faith determination of the Required Noteholders) any financial covenant (however denominated or

referenced, including any financial covenant denominated as an event of default or similar event) with respect to the Seller, the initial Servicer, the Nevada Originator or any Affiliate of any of the foregoing that is more favorable to any purchaser, lender, creditor or similar Person thereunder than the related, parallel provisions in favor of the Noteholders set forth herein and in the other Transaction Documents or contains any financial covenant (however denominated or referenced, including any financial covenant denominated as an event of default or similar event) with respect to the Seller, the initial Servicer, the Nevada Originator or any Affiliate of any of the foregoing that is not contained in this Agreement or any other Transaction Document (any such provision, a “More Favorable Provision”), then this Agreement and each of the other applicable Transaction Documents shall be deemed to be amended to incorporate such More Favorable Provisions as of the effectiveness date of the related More Favorable Provision; provided that the Issuer, the Seller and the initial Servicer shall promptly enter into amendments to this Agreement and each of the other applicable Transaction Documents to incorporate such More Favorable Provisions within thirty (30) days after the Required Noteholders’ request for such an amendment, which amendment shall be effective as of the effectiveness date of the related More Favorable Provision; provided further, however, that the application of this Section 18 shall not alter the terms of any transfer of any Contracts and Related Rights by the Seller to the Purchaser that has already occurred. Notwithstanding anything to the contrary contained herein, no More Favorable Provisions deemed to be incorporated herein or in any other Transaction Document shall modify the Back-Up Servicer’s or any successor Servicer’s duties or obligations or adversely affect the Back-Up Servicer’s or any successor Servicer’s rights, protections or indemnities.

**[signature page follows]**

IN WITNESS WHEREOF, the parties hereto have caused this Series Supplement to be duly executed by their respective officers as of the day and year first above written.

**Oportun Funding V, LLC,**

as Issuer

By: \_\_\_\_\_

Name:

Title:

**Wilmington Trust, National Association,** not in its individual capacity, but solely as Trustee

By: \_\_\_\_\_

Name:

Title:

**Wilmington Trust, National Association,** not in its individual capacity, but solely as Securities Intermediary

By: \_\_\_\_\_

Name:

Title:

**Wilmington Trust, National Association,** not in its individual capacity, but solely as Depository Bank

By: \_\_\_\_\_

Name:

Title:

[Oportun 2015 – Indenture Supplement]

4163-0444-0101.3

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Solely with respect to Section 18:

**PF SERVICING, LLC**

By: \_\_\_\_\_

Name:  
Title:

**OPORTUN, INC.**

By: \_\_\_\_\_

Name:  
Title:

EXHIBIT A

FORM OF CLASS A NOTE

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES THAT SUCH NOTE IS BEING ACQUIRED NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE NOTE PURCHASE AGREEMENT, THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THE HOLDER OF THIS NOTE WILL, AND EACH SUBSEQUENT HOLDER OF THIS NOTE IS REQUIRED TO, NOTIFY ANY PURCHASER OF SUCH NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) IT IS NOT AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), WHICH IS SUBJECT TO TITLE I OF ERISA, A “PLAN” AS DESCRIBED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), WHICH IS SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING (EACH OF THE FOREGOING, A “BENEFIT PLAN INVESTOR”), OR A GOVERNMENTAL OR OTHER PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (II) (A) ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR A VIOLATION OF SIMILAR LAW, AND (B) IT ACKNOWLEDGES AND AGREES THAT THIS NOTE IS NOT ELIGIBLE FOR ACQUISITION BY BENEFIT PLAN INVESTORS AT ANY TIME THAT THE NOTES HAVE BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS FOR APPLICABLE LOCAL LAW PURPOSES.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES THAT IN ALL CASES IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND IF REQUESTED BY THE TRUSTEE, AGREES TO FURNISH A TAXPAYER IDENTIFICATION CERTIFICATION ON FORM W-9, W-8BEN, W-8BEN-E OR W-8ECI, AS APPLICABLE, FOR THE PROPOSED TRANSFEREE.



EACH HOLDER OF THIS NOTE WILL NOT TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN EXCEPT TO A PURCHASER WHO CAN MAKE THE ABOVE REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING.

THE INDENTURE (AS DEFINED BELOW) CONTAINS FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS NOTE. EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS NOTE, SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY. IN ADDITION, EACH TRANSFEREE OF THIS NOTE, BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE INDENTURE.

BY ACCEPTANCE HEREOF, THE HOLDER OF THIS NOTE AGREES TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE AND HEREIN.

EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

No. 1 \$[\_\_\_\_\_]

**SEE REVERSE FOR CERTAIN DEFINITIONS**

THE PRINCIPAL OF THIS CLASS A NOTE MAY BE INCREASED AND DECREASED AS SPECIFIED IN THE SERIES 2015 SUPPLEMENT AND IS PAYABLE IN INSTALLMENTS AS SET FORTH IN THE INDENTURE DEFINED HEREIN. ACCORDINGLY, THE CLASS A NOTE PRINCIPAL AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF.

**OPORTUN FUNDING V, LLC**

**NOTES, CLASS A, SERIES 2015**

**Oportun Funding V, LLC**, a limited liability company organized and existing under the laws of the State of Delaware (herein referred to as the “Issuer”), for value received, hereby promises to pay [\_\_\_\_\_], or registered assigns, the principal sum of \$[\_\_\_\_\_], or if less is due in whole or in part, the unpaid principal amount of all outstanding amounts borrowed by the Issuer when due as shown on the reverse hereof or an attachment hereto and recorded in the Note Register by the Transfer Agent and Registrar, payable on each Payment Date after the end of the Revolving Period (as defined in the Series 2015 Supplement), in accordance with the Series 2015 Supplement, dated as of August 4, 2015 (as amended, supplemented or otherwise modified from time to time, the “Series 2015 Supplement”), between the Issuer and the Trustee to the Base

Indenture (described below); provided, however, that the entire unpaid principal amount of this Note shall be due and payable on the Legal Final Payment Date (as defined in the Series 2015 Supplement. Principal on this Class A Note may be paid on any Business Day during the Revolving Period upon a Decrease as defined in the Series 2015 Series Supplement. The Issuer will pay interest on this Class A Note on each Payment Date until the principal of this Class A Note is paid, which interest will accrue on the outstanding principal balance of this Class A Note on each day during the related Interest Period (as defined in the Series 2015 Supplement) at the applicable Class A Note Rate (as defined in the Series 2015 Supplement) on such day. Interest will be computed on the basis set forth in the Indenture. Such principal of and interest on this Class A Note shall be paid in the manner specified on the reverse hereof.

The Class A Notes are subject to optional redemption in accordance with the Indenture by the Issuer on any Payment Date on or after the Scheduled Amortization Period Commencement Date (as defined in the Series 2015 Supplement).

The principal of and interest on this Class A Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

The Issuer hereby irrevocably authorizes the Trustee to enter on the reverse hereof or on an attachment hereto the date and amount of each borrowing and principal payment under and in accordance with the Indenture. Issuer agrees that this Class A Note, upon each such entry being

duly made, shall evidence the indebtedness of Issuer with the same force and effect as if set forth in a separate Class A Note executed by Issuer; provided that such entry is recorded by the Transfer Agent and Registrar in the Note Register.

Reference is made to the further provisions of this Class A Note set forth on the reverse hereof and to the Indenture, which shall have the same effect as though fully set forth on the face of this Class A Note.

Unless the certificate of authentication hereon has been executed by the Trustee whose name appears below by manual signature, this Class A Note shall not be entitled to any benefit under the Indenture referred to on the reverse hereof, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer, has caused this instrument to be signed, manually or in facsimile, by its Authorized Officer as of the date set forth below.

**OPORTUN FUNDING V, LLC**

By: \_\_\_\_\_  
Authorized Officer

Attested to:

By: \_\_\_\_\_  
Authorized Officer

*A-4 Series 2015 Supplement*  
4163-0444-0101.3

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**CERTIFICATE OF AUTHENTICATION**

This is one of the Class A Notes referred to in the within mentioned Series 2015 Supplement.

**WILMINGTON TRUST, NATIONAL ASSOCIATION**, not in its individual capacity, but solely as Trustee

By: \_\_\_\_\_  
Authorized Officer

**[REVERSE OF NOTE]**

This Class A Note is one of a duly authorized issue of Class A Notes of the Issuer, designated as its Series 2015 Variable Funding Asset Backed Notes, Class A, Series 2015 (herein called the “Class A Notes”), all issued under the Series 2015 Supplement to the Base Indenture dated as of August 4, 2015 (such Base Indenture, as supplemented by the Series 2015 Supplement and supplements and amendments relating to other series of notes, as supplemented or amended, is herein called the “Indenture”), between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee,” which term includes any successor Trustee under the Indenture), as securities intermediary and as depositary bank, to which Indenture reference is hereby made for a statement of the respective rights and obligations thereunder of the Issuer, the Trustee and the Class A Noteholders. The Class A Notes are subject to all terms of the Indenture. All terms used in this Class A Note that are defined in the Indenture shall have the meanings assigned to them in or pursuant to the Indenture.

Principal of the Class A Notes will be payable on each Payment Date, and may be prepaid, in each case, as set forth in the Indenture. “Payment Date” means the eighth day of each calendar month, or, if any such date is not a Business Day, the next succeeding Business Day, commencing on September 8, 2015.

All principal payments on the Class A Notes shall be made pro rata to the Class A Noteholders entitled thereto.

Subject to certain limitations set forth in the Indenture, payments of interest on this Class A Note due and payable on each Payment Date, together with the installment of principal, if any, to the extent not in full payment of this Class A Note, shall be made by wire transfer in immediately available funds to the Person whose name appears as the Class A Noteholder on the Note Register as of the close of business on the immediately preceding Record Date without requiring that this Class A Note be submitted for notation of payment. Any reduction in the principal amount of this Class A Note effected by any payments made on any Payment Date or date of prepayment shall be binding upon all future Class A Noteholders and of any Class A Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not noted on Schedule A attached hereto.

On any redemption, purchase, exchange or cancellation of any of the beneficial interests represented by this Note, details of such redemption, purchase, exchange or cancellation shall be entered by the Paying Agent in Schedule A hereto recording any such redemption, purchase, exchange or cancellation and shall be signed by the Issuer. Upon any such redemption, purchase, exchange or cancellation, the principal amount of this Note and the beneficial interests represented by the Note shall be reduced or increased, as appropriate, by the principal amount so redeemed, purchased, exchanged or cancelled.

Each Class A Noteholder, by acceptance of a Class A Note, covenants and agrees that by accepting the benefits of the Indenture that such Class A Noteholder will not prior to the date which is one year and one day after the payment in full of the last maturing note of any Series and the termination of the Indenture institute against the Issuer or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any United States federal or state bankruptcy or similar Law in connection with any obligations relating to the Notes, the Indenture or the Transaction Documents.

Each Class A Noteholder, by acceptance of a Class A Note, covenants and agrees that by accepting the benefits of the Indenture that such Noteholder will treat such Note as debt for all federal, state and local income and franchise tax purposes.

Prior to the due presentment for registration of transfer of this Class A Note, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Class A Note (as of the date of determination or as of such other date as may be specified in the Indenture) is registered as the owner hereof for all purposes, whether or not this Class A Note be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

As provided in the Indenture, no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Indenture, including this Class A Note, against any Seller, the Servicer, the Trustee or any partner, owner, incorporator, beneficiary, beneficial owner, agent, officer, director, employee, shareholder or agent of the Issuer, any Seller, the Servicer or the Trustee except as any such Person may have expressly agreed.

The term "Issuer" as used in this Class A Note includes any successor to the Issuer under the Indenture.

The Class A Notes are issuable only in registered form as provided in the Indenture in denominations as provided in the Indenture, subject to certain limitations therein set forth.

This Class A Note and the Indenture shall be construed in accordance with the Laws of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such Laws.

No reference herein to the Indenture and no provision of this Class A Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Class A Note.

**ASSIGNMENT**

Social Security or taxpayer I.D. or other identifying number of assignee

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

**(name and address of assignee)**

the within Class A Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer said Class A Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_ -<sup>1</sup>

Signature Guaranteed:

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE A**

**SCHEDULE OF INCREASES AND DECREASES**

The following Increases or Decreases in principal amount of this Note or redemptions, purchases or cancellation of this Note have been made:

Date of redemption or purchase or cancellation	Increase or decrease in principal amount of this Note due to redemption or purchase or cancellation of this Note	Remaining principal amount of this Note following such redemption or purchase or cancellation	Notation made by or on behalf of the Issuer
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

<sup>1</sup> NOTE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

\_\_\_\_\_

EXHIBIT B  
**FORM OF MONTHLY STATEMENT**

(attached)

*B-1 Series 2015 Supplement*  
4163-0444-0101.3

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**SCHEDULE 1**  
**LIST OF PROCEEDINGS**

None

*Series 2015 Supplement*  
4163-0444-0101.3



**CERTIFICATIONS**

I, Raul Vazquez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oportun Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2020

/s/ Raul Vazquez

Raul Vazquez

Chief Executive Officer and Director  
(Principal Executive Officer)

**CERTIFICATIONS**

I, Jonathan Coblentz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oportun Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2020

/s/ Jonathan Coblentz

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Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATIONS**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Raul Vazquez, Chief Executive Officer of Oportun Financial Corporation (the “Company”), and Jonathan Coblentz, Chief Financial Officer and Chief Administrative Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2020, to which this Certification is attached as Exhibit 32.1 (the “Quarterly Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2020

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 7<sup>th</sup> day of August, 2020.

/s/ Raul Vazquez

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Raul Vazquez

Chief Executive Officer and Director  
(Principal Executive Officer)

/s/ Jonathan Coblentz

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Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer  
(Principal Financial and Accounting Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Oportun Financial Corporation, under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.