

**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, 2021

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

(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 <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
Accelerated filer <input checked="" type="checkbox"/>	Emerging growth company <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	

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 30, 2021 was 28,047,193.

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GLOSSARY

Terms and abbreviations used in this report are defined below.

Term or Abbreviation	Definition
30+ Day Delinquency Rate	Unpaid principal balance for our owned loans and credit card receivables 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
Active Customers	Number of customers with an outstanding loan or an active credit card serviced by us at the end of a period. Active Customers include customers whose loans are owned by us or loans and accounts that were originated under an Oportun affiliated program and that we 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), stock-based compensation expense, depreciation and amortization, certain non-recurring charges, origination fees for Fair Value Loans, net and fair value mark-to-market adjustments
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
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), stock-based compensation expense, and certain non-recurring charges
Adjusted Operating Efficiency	Adjusted Operating Efficiency is a non-GAAP financial measure calculated by dividing adjusted total operating expenses (excluding stock-based compensation expense and certain non-recurring charges) by 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 total stockholders' equity
Aggregate Originations	Aggregate amount disbursed to borrowers and credit granted on credit cards during a specific period. Aggregate Originations exclude any fees in connection with the origination of a loan
Annualized Net Charge-Off Rate	Annualized loan and credit card principal losses (net of recoveries) divided by the Average Daily Principal Balance of owned loans and credit card receivables for the period
AOCI	Accumulated other comprehensive income (loss)
APR	Annual Percentage Rate
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 Debt Balance	Average of outstanding debt principal balance at the end of each calendar day during the period
Average Daily Principal Balance	Average of outstanding principal balance of owned loans and credit card receivables at the end of each calendar day during the period
Board	Oportun's Board of Directors
Cost of Debt	Annualized interest expense divided by Average Daily Debt Balance
Customer Acquisition Cost (or "CAC")	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 and new credit cards activated to new and returning customers during a period
Emergency Hardship Deferral	Any receivable that currently has 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
Fair Value Loans (or "Loans Receivable at Fair Value")	All loans receivable held for investment that were originated on or after January 1, 2018. Upon the adoption of ASU 2019-05 as of January 1, 2020 all loans receivable held for investment are reported in this line item for all prospective reporting periods
Fair Value Pro Forma	In order to facilitate comparisons to periods prior to January 1, 2018, certain metrics included in this document 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 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
GAAP	Generally Accepted Accounting Principles
Leverage	Average Daily Debt Balance divided by Average Daily Principal Balance
Loans Receivable at Fair Value (or "Fair Value Loans")	All loans receivable held for investment that were originated on or after January 1, 2018. Upon the adoption of ASU 2019-05 as of January 1, 2020 all loans receivable held for investment are reported in this line item for all prospective reporting periods
Managed Principal Balance at End of Period	Total amount of outstanding principal balance for all loans and credit card receivables, including loans and receivables sold, which we continue to service, at the end of the period
Net Revenue	Net Revenue is calculated by subtracting interest expense 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	Total amount of outstanding principal balance for all loans and credit card receivables, excluding loans and receivables sold, at the end of the period

Term or Abbreviation	Definition
Portfolio Yield	Annualized interest income as a percentage of Average Daily Principal Balance
Principal Balance	Original principal balance reduced by principal payments received and principal charge-offs to date for our personal loans. Purchases and cash advances, reduced by returns and principal payments received and principal charge-offs to date for our credit cards
Return on Equity	Annualized net income divided by average stockholders' equity for a period
Secured Financing	Asset-backed revolving debt facility
VIes	Variable interest entities
Weighted Average Interest Rate	Annualized interest expense as a percentage of average debt

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, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 138,429	\$ 136,187
Restricted cash	219,540	32,403
Loans receivable at fair value	1,726,914	1,696,526
Interest and fees receivable, net	13,049	15,426
Right of use assets - operating	35,968	46,820
Other assets	87,583	81,689
Total assets	\$ 2,221,483	\$ 2,009,051
Liabilities and stockholders' equity		
Liabilities		
Secured financing	\$ —	\$ 246,385
Asset-backed notes at fair value	1,613,649	1,167,309
Lease liabilities	45,682	49,684
Other liabilities	77,820	79,306
Total liabilities	1,737,151	1,542,684
Stockholders' equity		
Common stock, \$0.0001 par value - 1,000,000,000 shares authorized at June 30, 2021 and December 31, 2020; 28,305,947 shares issued and 28,033,924 shares outstanding at June 30, 2021; 27,951,286 shares issued and 27,679,263 shares outstanding at December 31, 2020	6	6
Common stock, additional paid-in capital	444,183	436,499
Accumulated other comprehensive loss	(249)	(261)
Retained earnings	46,701	36,432
Treasury stock at cost, 272,023 shares at June 30, 2021 and December 31, 2020	(6,309)	(6,309)
Total stockholders' equity	484,332	466,367
Total liabilities and stockholders' equity	\$ 2,221,483	\$ 2,009,051

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,	
	2021	2020	2021	2020
Revenue				
Interest income	\$ 128,589	\$ 136,086	\$ 255,780	\$ 286,786
Non-interest income	9,665	6,621	17,787	19,349
Total revenue	<u>138,254</u>	<u>142,707</u>	<u>273,567</u>	<u>306,135</u>
Less:				
Interest expense	12,163	15,110	25,667	31,471
Net decrease in fair value	(5,902)	(81,482)	(17,470)	(147,951)
Net revenue	<u>120,189</u>	<u>46,115</u>	<u>230,430</u>	<u>126,713</u>
Operating expenses:				
Technology and facilities	33,124	31,512	66,048	62,286
Sales and marketing	23,748	20,060	47,641	44,887
Personnel	28,546	27,681	55,373	53,263
Outsourcing and professional fees	14,789	11,123	27,414	24,741
General, administrative and other	10,179	2,640	20,176	6,453
Total operating expenses	<u>110,386</u>	<u>93,016</u>	<u>216,652</u>	<u>191,630</u>
Income (loss) before taxes	9,803	(46,901)	13,778	(64,917)
Income tax expense (benefit)	2,553	(12,653)	3,509	(17,368)
Net income (loss)	<u>\$ 7,250</u>	<u>\$ (34,248)</u>	<u>\$ 10,269</u>	<u>\$ (47,549)</u>
Change in post-termination benefit obligation	6	5	12	(112)
Total comprehensive income (loss)	<u>\$ 7,256</u>	<u>\$ (34,243)</u>	<u>\$ 10,281</u>	<u>\$ (47,661)</u>
Net income (loss) attributable to common stockholders	<u>\$ 7,250</u>	<u>\$ (34,248)</u>	<u>\$ 10,269</u>	<u>\$ (47,549)</u>
Share data:				
Earnings (loss) per share:				
Basic	\$ 0.26	\$ (1.26)	\$ 0.37	\$ (1.75)
Diluted	\$ 0.24	\$ (1.26)	\$ 0.34	\$ (1.75)
Weighted average common shares outstanding:				
Basic	28,004,699	27,233,394	27,888,029	27,125,054
Diluted	30,050,847	27,233,394	29,836,089	27,125,054

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, 2021

	Common Stock Warrants		Common Stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital				
Balance – January 1, 2021	—	\$ —	27,679,263	\$ 6	\$ 436,499	\$ (261)	\$ 36,432	\$ (6,309)	\$ 466,367
Issuance of common stock upon exercise of stock options	—	—	33,526	—	307	—	—	—	307
Stock-based compensation expense	—	—	—	—	5,088	—	—	—	5,088
Vesting of restricted stock units, net	—	—	261,794	—	(2,794)	—	—	—	(2,794)
Change in post-termination benefit obligation	—	—	—	—	—	6	—	—	6
Net income	—	—	—	—	—	—	3,019	—	3,019
Balance – March 31, 2021	—	\$ —	27,974,583	\$ 6	\$ 439,100	\$ (255)	\$ 39,451	\$ (6,309)	\$ 471,993
Issuance of common stock upon exercise of stock options	—	—	10,114	—	159	—	—	—	159
Stock-based compensation expense	—	—	—	—	5,366	—	—	—	5,366
Vesting of restricted stock units, net	—	—	49,227	—	(442)	—	—	—	(442)
Change in post-termination benefit obligation	—	—	—	—	—	6	—	—	6
Net income	—	—	—	—	—	—	7,250	—	7,250
Balance – June 30, 2021	—	\$ —	28,033,924	\$ 6	\$ 444,183	\$ (249)	\$ 46,701	\$ (6,309)	\$ 484,332

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, 2020

	Convertible Preferred and Common Stock Warrants		Common Stock			Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital				
Balance – January 1, 2020	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)
Balance – March 31, 2020	<u>23,512</u>	<u>\$ 63</u>	<u>27,143,797</u>	<u>\$ 6</u>	<u>\$ 421,657</u>	<u>\$ (279)</u>	<u>\$ 68,213</u>	<u>\$ (6,119)</u>	<u>\$ 483,541</u>
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)
Balance – June 30, 2020	<u>—</u>	<u>\$ —</u>	<u>27,330,800</u>	<u>\$ 6</u>	<u>\$ 426,944</u>	<u>\$ (274)</u>	<u>\$ 33,965</u>	<u>\$ (6,309)</u>	<u>\$ 454,332</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,	
	2021	2020
Cash flows from operating activities		
Net income (loss)	\$ 10,269	\$ (47,549)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,701	9,761
Fair value adjustment, net	17,470	147,951
Origination fees for loans receivable at fair value, net	(6,677)	4,816
Gain on loan sales	(9,755)	(9,524)
Stock-based compensation expense	10,454	9,123
Deferred tax provision, net	8,484	(22,402)
Other, net	20,758	7,067
Originations of loans sold and held for sale	(75,023)	(94,732)
Proceeds from sale of loans	84,474	104,604
Changes in operating assets and liabilities:		
Interest and fee receivable, net	902	(5,228)
Other assets	(7,787)	4,953
Amount due to whole loan buyer	1,732	(2,235)
Other liabilities	(16,164)	(12,588)
Net cash provided by operating activities	<u>53,838</u>	<u>94,017</u>
Cash flows from investing activities		
Originations of loans	(595,849)	(434,015)
Repayments of loan principal	552,675	541,890
Purchase of fixed assets, net	(1,845)	(3,175)
Capitalization of system development costs	(12,132)	(11,126)
Net cash provided by (used in) investing activities	<u>(57,151)</u>	<u>93,574</u>
Cash flows from financing activities		
Borrowings under secured financing	150,000	235,000
Borrowings under asset-backed notes	867,462	—
Repayments of secured financing	(396,994)	(199,806)
Repayments of asset-backed notes	(425,005)	(160,001)
Repayments of capital lease obligations	—	(29)
Payments of deferred financing costs	—	(205)
Net payments related to stock-based activities	(2,771)	(731)
Net cash provided by (used in) financing activities	<u>192,692</u>	<u>(125,772)</u>
Net increase in cash and cash equivalents and restricted cash	189,379	61,819
Cash and cash equivalents and restricted cash, beginning of period	168,590	136,141
Cash and cash equivalents and restricted cash, end of period	<u>\$ 357,969</u>	<u>\$ 197,960</u>
Supplemental disclosure of cash flow information		
Cash and cash equivalents	\$ 138,429	\$ 139,218
Restricted cash	219,540	58,742
Total cash and cash equivalents and restricted cash	<u>\$ 357,969</u>	<u>\$ 197,960</u>
Cash paid for income taxes, net of refunds	\$ 1,809	\$ 720
Cash paid for interest	\$ 25,588	\$ 31,034
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 9,520	\$ 7,904
Supplemental disclosures of non-cash investing and financing activities		
Right of use assets obtained in exchange for operating lease obligations	\$ 5,187	\$ 3,683
Non-cash investments in capitalized assets	\$ 806	\$ 569

See Notes to the Condensed Consolidated Financial Statements.

1. Organization and Description of Business

Oportun Financial Corporation (together with its subsidiaries, "Oportun" or the "Company") provides 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," primarily because they have a credit history that is too limited to be accurately scored by credit bureaus. The Company's primary product offerings are 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 personal loans secured by a vehicle and credit cards. The Company uses models that are developed with Artificial Intelligence ("A.I.") and built on over 15 years of proprietary consumer insights and billions of data points. The Company's proprietary scoring model and continually evolving data analytics have enabled it to underwrite the risk of the hardworking customers that it serves. 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.

2. Summary of Significant Accounting Policies

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, 2020 ("the Annual Report"), filed with the Securities and Exchange Commission ("SEC") on February 23, 2021.

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

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 adopted this ASU effective January 1, 2021 with no impact on its condensed 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,	
	2021	2020	2021	2020
Net income (loss)	\$ 7,250	\$ (34,248)	\$ 10,269	\$ (47,549)
Net (loss) income attributable to common stockholders	\$ 7,250	\$ (34,248)	\$ 10,269	\$ (47,549)
Basic weighted-average common shares outstanding	28,004,699	27,233,394	27,888,029	27,125,054
Weighted average effect of dilutive securities:				
Stock options	1,327,358	—	1,301,088	—
Restricted stock units	718,790	—	646,972	—
Diluted weighted-average common shares outstanding	30,050,847	27,233,394	29,836,089	27,125,054
Earnings (loss) per share:				
Basic	\$ 0.26	\$ (1.26)	\$ 0.37	\$ (1.75)
Diluted	\$ 0.24	\$ (1.26)	\$ 0.34	\$ (1.75)

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,	
	2021	2020	2021	2020
Stock options	2,268,423	4,509,662	2,545,604	4,297,895
Restricted stock units	—	2,271,515	22,653	2,014,262
Warrants	—	18,086	—	20,799
Total anti-dilutive common share equivalents	2,268,423	6,799,263	2,568,257	6,332,956

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 condensed 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)	June 30, 2021	December 31, 2020
Consolidated VIE assets		
Restricted cash	\$ 204,895	\$ 23,726
Loans receivable at fair value	1,579,458	1,580,061
Interest and fee receivable	11,752	14,191
Total VIE assets	1,796,105	1,617,978
Consolidated VIE liabilities		
Secured financing ⁽¹⁾	—	246,994
Asset-backed notes at fair value	1,613,649	1,167,309
Total VIE liabilities	\$ 1,613,649	\$ 1,414,303

⁽¹⁾ Amounts exclude deferred financing costs. See Note 7, *Borrowings* for additional information.

5. Loans Held for Sale

The originations of loans sold and held for sale during the three months ended June 30, 2021 was \$41.6 million and the Company recorded a gain on sale of \$5.3 million and servicing revenue of \$3.0 million. 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 six months ended June 30, 2021 was \$75.0 million and the Company recorded a gain on sale of \$9.8 million and servicing revenue of \$6.0 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.

Whole Loan Sale Program - In November 2014, the Company entered into a whole loan sale agreement with an institutional investor, which agreement was amended in March 2021 in which the term of the current agreement is set to expire on March 4, 2022. Pursuant to the agreement, the Company sells 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, from July 2017 to August 2020, the Company was party to a separate whole loan sale arrangement with an institutional investor providing for a commitment to sell 100% of the Company's loans originated under its Access Loan Program. The Company chose not to renew the arrangement and allowed the agreement to expire on its terms on August 5, 2020.

6. Other Assets

Other assets consist of the following:

(in thousands)	June 30, 2021	December 31, 2020
Fixed assets		
Computer and office equipment	\$ 12,043	\$ 11,182
Furniture and fixtures	8,892	11,019
Purchased software	2,025	1,992
Vehicles	53	53
Leasehold improvements	20,114	29,543
Total cost	43,127	53,789
Less: Accumulated depreciation	(32,899)	(37,939)
Total fixed assets, net	\$ 10,228	\$ 15,850
System development costs:		
System development costs	\$ 68,354	\$ 55,943
Less: Accumulated amortization	(35,879)	(28,524)
Total system development costs, net	\$ 32,475	\$ 27,419
Loans held for sale	1,463	1,158
Prepaid expenses	16,458	17,241
Deferred tax assets	1,921	1,716
Tax assets and other	25,038	18,305
Total other assets	\$ 87,583	\$ 81,689

Fixed Assets

Depreciation and amortization expense for the three months ended June 30, 2021 and 2020 was \$3.9 million and \$2.6 million, respectively, and for the six months ended June 30, 2021 and 2020 it was \$7.3 million, and \$5.1 million, respectively. As of June 30, 2021, the Company retired \$ 11.6 million of fixed assets associated with retail locations that were closed as a result of the retail network optimization plan.

System Development Costs

Amortization of system development costs for the three months ended June 30, 2021 and 2020 was \$3.9 million and \$2.5 million, respectively, and for the six months ended June 30, 2021 and 2020 they were \$7.4 million and \$4.7 million, respectively. System development costs capitalized in the three months ended June 30, 2021 and 2020, were \$6.6 million and \$5.7 million, respectively, and for the six months ended June 30, 2021 and 2020 they were \$12.4 million and \$11.1 million, respectively.

7. Borrowings

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

Variable Interest Entity	June 30, 2021				Interest Rate
	Current Balance	Commitment Amount	Maturity Date		
(in thousands)					
Oportun Funding V, LLC	\$ —	\$ 400,000	October 1, 2021		LIBOR (minimum of 0.00%) + 2.45%
Variable Interest Entity	December 31, 2020				Interest Rate
	Current Balance	Commitment Amount	Maturity Date		
(in thousands)					
Oportun Funding V, LLC	\$ 246,385	\$ 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, 2021						
Variable Interest Entity	Initial note amount issued ⁽¹⁾	Initial collateral balance ⁽²⁾	Current balance ₍₁₎	Current collateral balance ⁽²⁾	Weighted average interest rate ⁽³⁾	Original revolving period
<i>(in thousands)</i>						
Asset-backed notes recorded at fair value:						
Oportun Issuance Trust (Series 2021-B)	\$ 500,000	\$ 512,759	\$ 502,435	\$ 519,757	2.05 %	3 years
Oportun Funding XIV, LLC (Series 2021-A)	375,000	383,632	375,965	392,701	1.79 %	2 years
Oportun Funding XIII, LLC (Series 2019-A)	279,412	294,118	284,144	300,251	3.46 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	175,899	188,106	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	275,206	295,723	4.39 %	3 years
Total asset-backed notes recorded at fair value	<u>\$ 1,604,414</u>	<u>\$ 1,664,196</u>	<u>\$ 1,613,649</u>	<u>\$ 1,696,538</u>		
December 31, 2020						
Variable Interest Entity	Initial note amount issued ⁽¹⁾	Initial collateral balance ⁽²⁾	Current balance ₍₁₎	Current collateral balance ⁽²⁾	Weighted average interest rate ⁽³⁾	Original revolving period
<i>(in thousands)</i>						
Asset-backed notes recorded at fair value:						
Oportun Funding XIII, LLC (Series 2019-A)	\$ 279,412	\$ 294,118	\$ 283,299	\$ 299,237	3.46 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	178,182	187,570	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	279,171	294,710	4.39 %	3 years
Oportun Funding IX, LLC (Series 2018-B)	225,001	236,854	226,653	241,237	4.18 %	3 years
Oportun Funding VIII, LLC (Series 2018-A)	200,004	222,229	200,004	226,242	3.83 %	3 years
Total asset-backed notes recorded at fair value	<u>\$ 1,154,419</u>	<u>\$ 1,226,888</u>	<u>\$ 1,167,309</u>	<u>\$ 1,248,996</u>		

⁽¹⁾ 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.

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

⁽³⁾ Weighted average interest rate excludes notes retained by the Company.

On February 18, 2021, the Company's wholly-owned subsidiary, Oportun Funding VIII, LLC, the issuer under the 2018-A asset-backed securitization transaction, provided notice to the trustee that it had elected to redeem all \$200.0 million of outstanding 2018-A Notes. The redemption was completed on March 8, 2021 and satisfied and discharged Oportun Funding VIII, LLC's obligations under the 2018-A Notes and the indenture.

On March 8, 2021, the Company issued \$375.0 million of two-year fixed-rate asset-backed notes by Oportun Funding XIV, LLC, a wholly-owned subsidiary of the Company and secured by a pool of its unsecured personal installment loans (the "2021-A Securitization"). The 2021-A Securitization included four classes of fixed-rate notes: Class A, Class B, Class C and Class D notes, which were priced with a weighted average interest rate of 1.79% per annum.

On March 24, 2021, the Company's wholly-owned subsidiary, Oportun Funding IX, LLC, the issuer under the Series 2018-B asset-backed securitization transaction, provided notice to the trustee that it had elected to redeem all \$225.0 million of outstanding 2018-B Notes, plus the accrued and unpaid interest. The redemption was completed on April 8, 2021 and satisfied and discharged Oportun Funding IX, LLC's obligations under the 2018-B Notes and the indenture.

On May 10, 2021, the Company issued \$500.0 million of three-year fixed-rate asset-backed notes by Oportun Issuance Trust 2021-B, a wholly-owned subsidiary of the Company and secured by a pool of its unsecured and secured personal installment loans (the "2021-B Securitization"). The 2021-B Securitization included four classes of fixed-rate notes: Class A, Class B, Class C and Class D notes, which were priced with a weighted average fixed interest rate of 2.05% per annum.

As of June 30, 2021, and December 31, 2020, the Company was in compliance with all covenants and requirements of the Secured Financing facility and asset-backed notes.

8. Other Liabilities

Other liabilities consist of the following:

(in thousands)	June 30, 2021	December 31, 2020
Accounts payable	\$ 2,155	\$ 1,819
Accrued compensation	23,449	32,681
Accrued expenses	14,518	17,830
Accrued interest	3,106	3,430
Amount due to whole loan buyer	8,513	6,781
Deferred tax liabilities	19,245	10,557
Current tax liabilities and other	6,834	6,208
Total other liabilities	\$ 77,820	\$ 79,306

9. Stockholders' Equity

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, 2021 or December 31, 2020.

Common Stock - As of June 30, 2021 and December 31, 2020, 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, 2021, 28,305,947 and 28,033,924 shares were issued and outstanding, respectively, and 272,023 shares were held in treasury stock. As of December 31, 2020, 27,951,286 and 27,679,263 shares were issued and outstanding, respectively, and 272,023 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 shares of convertible preferred stock 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, 2021.

10. 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,	
	2021	2020	2021	2020
Technology and facilities	\$ 1,000	\$ 931	\$ 1,972	\$ 1,683
Sales and marketing	37	30	69	60
Personnel	4,329	4,011	8,413	7,380
Total stock-based compensation	<u>\$ 5,366</u>	<u>\$ 4,972</u>	<u>\$ 10,454</u>	<u>\$ 9,123</u>

As of June 30, 2021, and December 31, 2020, the Company's total unrecognized compensation cost related to nonvested stock-based option awards granted to employees was \$9.9 million and \$9.5 million, respectively, which will be recognized over a weighted-average vesting period of approximately 2.5 years and 2.6 years, respectively. As of June 30, 2021 and December 31, 2020, the Company's total unrecognized compensation cost related to nonvested restricted stock unit awards granted to employees was \$37.9 million and \$37.2 million, respectively, which will be recognized over a weighted average vesting period of approximately 2.7 years and 2.9 years, respectively.

The Company capitalized compensation expense related to stock-based compensation of \$0.2 million and \$0.5 million for the three and six months ended June 30, 2021, respectively, and capitalized \$0.3 million and \$0.4 million for the three and six months ended June 30, 2020, 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 stock-based compensation arrangements for the three and six months ended June 30, 2021 was insignificant. The total income tax expense (benefit) recognized in the income statement for stock-based compensation arrangements for the three and six months ended June 30, 2020 was \$0.4 million and \$1.1 million, respectively.

11. 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,	
	2021	2020	2021	2020
Interest income				
Interest on loans	\$ 127,280	\$ 134,335	\$ 252,962	\$ 282,857
Fees on loans	1,309	1,751	2,818	3,929
Total interest income	<u>128,589</u>	<u>136,086</u>	<u>255,780</u>	<u>286,786</u>

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,	
	2021	2020	2021	2020
Non-interest income				
Gain on loan sales	\$ 5,321	\$ 1,992	\$ 9,755	\$ 9,524
Servicing fees	2,963	4,037	6,041	8,488
Other income	1,381	592	1,991	1,337
Total non-interest income	<u>\$ 9,665</u>	<u>\$ 6,621</u>	<u>\$ 17,787</u>	<u>\$ 19,349</u>

12. Income Taxes

For the three and six months ended June 30, 2021 and 2020, the Company calculates its year-to-date income tax expense (benefit) by applying the estimated annual effective tax rate to the year-to-date income from operations before income taxes and adjusts the income tax expense (benefit) for discrete tax items recorded in the period.

During the three and six months ended June 30, 2021, the Company recorded income tax expense (benefit) of \$2.6 million and \$3.5 million, respectively, related to continuing operations, representing an effective tax rate of 26.0% and 25.5%, respectively. Income tax expense (benefit) for the three and six months ended June 30, 2020 was \$(12.7) million and \$(17.4) million, respectively, representing an effective income tax rate of 27.0% and 26.8%, respectively. Our effective tax rates for the three and six months ended June 30, 2021 and 2020 differ from the statutory tax rates primarily due to the impacts of the R&D tax credit.

13. Fair Value of Financial Instruments

Financial Instruments at Fair Value

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, 2021		December 31, 2020	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Assets				
Loans receivable	\$ 1,630,644	\$ 1,726,914	\$ 1,639,626	\$ 1,696,526
Liabilities				
Asset-backed notes	1,604,414	1,613,649	1,154,419	1,167,309

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. The following tables present quantitative information about the significant unobservable inputs on its unsecured personal loan portfolio (which is the primary driver of fair value) used for the Company's Level 3 fair value measurements:

	June 30, 2021			December 31, 2020		
	Minimum	Maximum	Weighted Average ⁽²⁾	Minimum	Maximum	Weighted Average
Remaining cumulative charge-offs ⁽¹⁾	5.15%	50.93%	7.59%	7.83%	61.26%	10.03%
Remaining cumulative prepayments ⁽¹⁾	—	44.54%	35.07%	—	38.92%	31.11%
Average life (years)	0.17	1.25	0.77	0.17	1.29	0.80
Discount rate	—	—	6.54%	—	—	6.85%

⁽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).

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, 2021 and 2020. 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 actual cash flows 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,	
	2021	2020	2021	2020
Balance – beginning of period	\$ 1,670,251	\$ 1,760,481	\$ 1,696,526	\$ 1,882,088
Adjustment upon adoption of ASU 2019-05	—	—	—	43,323
Principal disbursements	379,463	149,440	688,472	520,873
Principal payments from customers	(308,371)	(286,284)	(624,258)	(621,292)
Gross charge-offs	(32,238)	(51,008)	(73,197)	(97,238)
Net increase (decrease) in fair value	17,809	63,055	39,371	(92,070)
Balance – end of period	\$ 1,726,914	\$ 1,635,684	\$ 1,726,914	\$ 1,635,684

As of June 30, 2021, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$1.7 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$9.4 million. As of December 31, 2020, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$2.3 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$14.8 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, 2021				
	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 138,429	\$ 138,429	\$ 138,429	\$ —	\$ —
Restricted cash	219,540	219,540	219,540	—	—
Loans held for sale (Note 5)	1,463	1,463	—	—	1,463
Liabilities					
Accounts payable	2,155	2,155	2,155	—	—
December 31, 2020					
(in thousands)	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 136,187	\$ 136,187	\$ 136,187	\$ —	\$ —
Restricted cash	32,403	32,403	32,403	—	—
Loans held for sale (Note 5)	1,158	1,158	—	—	1,158
Liabilities					
Accounts payable	1,819	1,819	1,819	—	—
Secured Financing (Note 7)	246,994	245,077	—	245,077	—

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 held for sale* - The fair values of loans held for sale are based on a negotiated agreement with the purchaser.
- *Secured Financing* - The fair value of the Secured Financing has been calculated using discount rates equivalent to the weighted-average market yield of comparable debt securities, which is a Level 2 input measure.

There were no transfers in or out of Level 3 assets and liabilities for the three and six months ended June 30, 2021 and 2020 and the year ended December 31, 2020.

14. 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.

As a result of the retail network optimization plan, for the three and six months ended June 30, 2021, we incurred \$4.9 million and \$11.1 million in expenses, respectively, related to retail location closures of which \$1.3 million and \$5.3 million, respectively, relate to the accelerated amortization of right-of-use assets and the renegotiation of lease liabilities.

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, 2021, maturities of lease liabilities, excluding short-term leases and leases on a month-to-month basis, were as follows:

(in thousands)	Operating Leases	
Lease expense		
2021 (remaining six months)	\$	7,526
2022		13,416
2023		11,621
2024		9,541
2025		7,554
2026		1,682
Thereafter		278
Total lease payments		51,618
Imputed interest		(4,210)
Total leases	\$	47,408
Sublease income		
2021 (remaining six months)	\$	(870)
2022		(896)
2023 and thereafter		—
Total lease payments		(1,766)
Imputed interest		40
Total sublease income	\$	(1,726)
Net lease liabilities	\$	45,682
Weighted average remaining lease term		4.1 years
Weighted average discount rate		4.18 %

As of December 31, 2020, maturities of lease liabilities, excluding short-term leases and leases on a month-to-month basis, were as follows:

(in thousands)	Operating Leases	
Lease expense		
2021		15,788
2022		12,967
2023		10,881
2024		9,069
2025		6,989
Thereafter		1,641
Total lease payments		57,335
Imputed interest		(5,247)
Total leases	\$	52,088
Sublease income		
2021		(1,594)
2022		(896)
2023 and thereafter		—
Total lease payments		(2,490)
Imputed interest		86
Total sublease income	\$	(2,404)
Net lease liabilities	\$	49,684
Weighted average remaining lease term		4.3 years
Weighted average discount rate		4.42 %

Rental expenses under operating leases for the three and six months ended June 30, 2021, were \$6.2 million, and \$15.6 million, respectively, and for the three and six months ended June 30, 2020, were \$5.1 million, and \$10.3 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 2026. 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 \$3.4 million for the remainder of 2021, \$9.4 million in 2022, \$1.9 million in 2023 and \$0.1 million in 2024 and thereafter.

Credit Card Program and Servicing Agreement - On February 5, 2021, the Company entered into a Receivables Retention Facility Agreement, an Amended and Restated Credit Card Program and Servicing Agreement and other related documents with WebBank, a Utah-chartered industrial bank, providing it with additional funding to expand its credit card product (the "Retention Facility"). Under the Retention Facility agreements, WebBank will originate, fund and retain credit card receivables up to \$25.0 million. The Company will purchase any excess receivables originated above the \$25.0 million amount, in addition to certain ineligible receivables and charged-off receivables. The Retention Facility commenced on February 9, 2021 and has a two-year term. At the end of this term, the Company will purchase any remaining receivables from WebBank. The Company is required to maintain a cash collateral account with WebBank pursuant to this agreement. As of June 30, 2021, the cash collateral balance was \$4.9 million and was included in the restricted cash line item on the Condensed Consolidated Balance Sheets (Unaudited). On July 28, 2021, to provide additional funding for the Company's credit card product, WebBank and the Company agreed to temporarily increase the size of the Retention Facility by \$10.0 million through, the earlier of, the closing of a new credit facility or September 30, 2021.

Whole Loan Sale Program - The Company has a commitment to sell to a third-party institutional investor 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 5, *Loans Held for Sale*.

Access Loan Sale Program - From July 2017 to August 2020, the Company was party to a separate whole loan sale arrangement with an institutional investor with a commitment to sell 100% of the originations pursuant to the Company's loan program for customers who do not meet the qualifications of its core loan origination program and service the sold loans. For details regarding this program, refer to Note 5, *Loans Held for Sale*.

Unfunded Loan and Credit Card Commitments - Unfunded loan and credit card commitments at June 30, 2021 and December 31, 2020 were \$2.1 million and \$3.5 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 in the Condensed Consolidated Balance Sheets (Unaudited) as of June 30, 2021. The income statement impact of \$0.9 million was recorded through "General, administrative and other" in the 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.

15. Subsequent Events

On July 8, 2021, the Company's wholly-owned subsidiary Oportun Funding X, LLC, the issuer under the Series 2018-C asset-backed securitization transaction, completed the redemption of all \$275.0 million of outstanding Series 2018-C Notes, plus the accrued and unpaid interest. In connection with the redemption, all obligations of Oportun Funding X, LLC under the 2018-C Notes and the indenture were satisfied and discharged. The redemption was funded by drawing upon the Company's Secured Financing facility, utilizing funds from the Company's 2021-B securitization transaction and using unrestricted cash.

On July 28, 2021, to provide additional funding for the Company's credit card product, WebBank and the Company agreed to temporarily increase the size of the facility by \$10.0 million through, the earlier of, the closing of a new credit facility or September 30, 2021.

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

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

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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, 2020 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, on February 23, 2021. 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, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 to consolidate a number of our retail locations and estimated future expenses associated with our retail network optimization plan;
- 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 digital capabilities origination and increase the volume of loans originated through our digital 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, including through the successful development and execution of strategic partnerships, bank partnerships or by obtaining a national bank charter;
- 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- and 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.

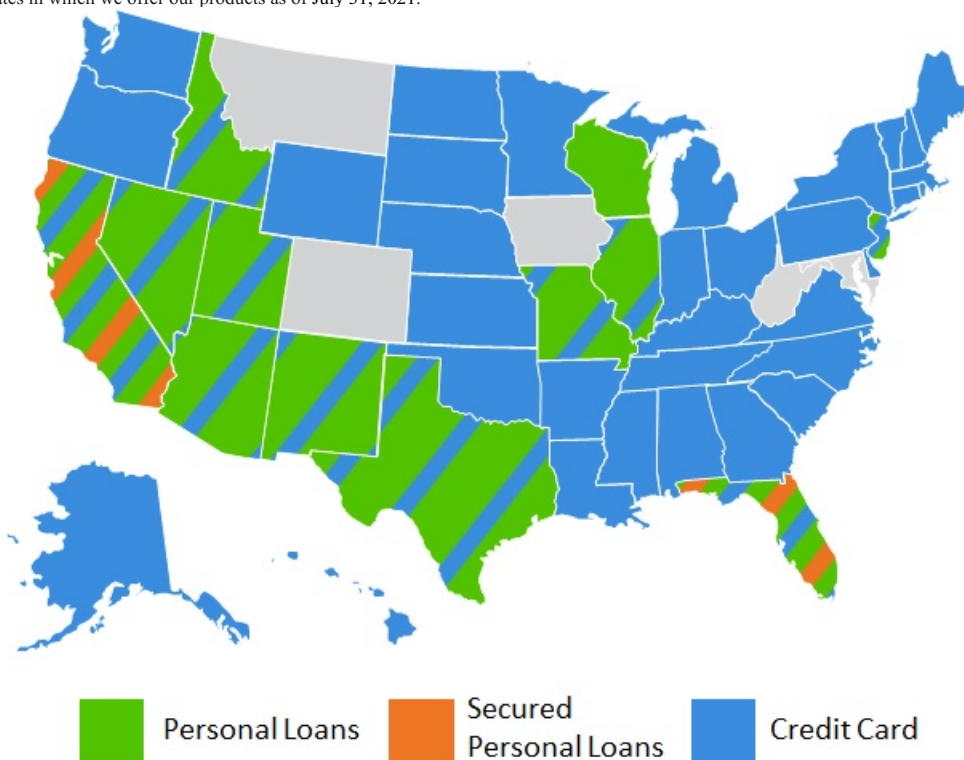
Overview

We offer responsible consumer credit through our A.I.-driven digital platform. Our products provide a lower cost alternative to individuals that are not well served by the financial mainstream. In our 15-year lending history, we have originated more than 4.3 million loans, representing over \$10.5 billion of credit extended, to more than 1.9 million customers. We have developed a deep data-driven understanding of our customers' needs through a combination of the rigorous application of machine learning, the use of alternative data sets and continuous customer engagement. We have been certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury since 2009.

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 with APRs capped at 36%. Our unsecured personal loans do not have prepayment penalties or balloon payments and range in size from \$300 to \$10,000 with terms ranging from 7 to 51 months. We have begun expanding 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. We launched the Oportun Visa Credit Card, issued by WebBank, Member FDIC, in 2019 and offered credit cards in 44 states as of June 30, 2021. In April 2020, we launched a personal installment loan product secured by an automobile, which we refer to as secured personal loans. Our secured personal loans range in size from \$2,525 to \$20,000 with terms ranging from 19 to 64 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 digital platform, retail locations, direct mail and digital marketing, and partnerships. We also benefit from customers learning about Oportun from friends, family members and through social media. Our omni-channel network enables us to serve our customers in the way they prefer and when it is convenient for them, online, over-the-phone, and in person. We have seen our customers' usage and preference for our digital channels accelerate during 2020 and 2021 and we are continuing to invest in our digital origination and servicing platform, as well as building out customer self-service capabilities. Our product offerings serve as an alternative to high-cost installment, auto title, payday and pawn lenders. According to the Financial Health Network study that we commissioned, we estimate that, as of June 30, 2021, our customers have saved more than \$1.9 billion in aggregate interest and fees compared to alternative products available to them.

The map below shows the states in which we offer our products as of July 31, 2021.



Through our partnership with MetaBank, N.A, a national bank ("MetaBank"), pursuant to which MetaBank will originate unsecured personal loans in certain states outside of our current state-licensed footprint, we will be able to offer a uniform product across the nation, while minimizing operational complexity and generating cost savings that can be passed on to our customers. Through MetaBank, we plan to offer loan products that are the same as our unsecured personal loans with APRs capped at 36%. We are anticipating the rollout of our MetaBank partnership in the coming weeks. In November 2020, we filed our application to obtain a national bank charter. If approved, Oportun Bank, N.A. will seek to serve customers in all 50 states with consumer lending and deposit services.

Beyond our core direct-to-consumer lending business, we believe that our proprietary credit scoring and underwriting model can be offered as a service to other companies. This Lending as a Service model is currently being piloted with our strategic partner, DolEx. In this partnership, DolEx will market loans and enter customer applications into Oportun's system, and Oportun will underwrite, originate and service the loans. If successful, we believe we will be able to offer Lending as a Service to additional partners and thereby expand our reach into new consumer markets.

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 eight years, we have executed 16 bond offerings in the asset-backed securities market, the last 13 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. We are also party to a whole loan sale program whereby we sell a percentage of our loans to a third-party financial institution. In addition to our whole loan sale program, we also have a \$400.0 million Secured Financing committed through October 2021, which also helps to fund our loan portfolio growth. Further, we have entered into a separate agreement with another institution which provides us with additional funding to expand our credit card product.

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 investments in our data analytics, technology and mobile-first experiences, and our digital marketing capabilities.

Retail Network Optimization

Consistent with our retail network optimization plan, during the first quarter of 2021, we closed 136 retail locations and reduced a portion of the employee workforce who managed and operated these retail locations. In addition, for the three and six months ended June 30, 2021, we incurred \$4.9 million and \$11.1 million, respectively, in expenses related to the retail location closures and we don't expect any significant additional expenses to be incurred. In the first quarter of 2021, we recognized \$1.6 million related to severance and benefits related to the store closures which represents all severance and benefits related costs to be incurred related to the retail network optimization plan. The income statement impact for the three and six months ended June 30, 2021 was \$4.9 million and \$12.7 million, respectively, and was recorded through General, administrative and other on the Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited).

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,	
	2021	2020	2021	2020
Key Financial and Operating Metrics				
Aggregate Originations	\$ 433,039	\$ 157,642	\$ 768,277	\$ 590,401
Active Customers	684,843	676,830	684,843	676,830
Customer Acquisition Cost	\$ 153	\$ 413	\$ 177	\$ 232
Managed Principal Balance at End of Period	\$ 1,872,841	\$ 1,938,383	\$ 1,872,841	\$ 1,938,383
30+ Day Delinquency Rate	2.5 %	3.7 %	2.5 %	3.7 %
Annualized Net Charge-Off Rate	6.4 %	10.6 %	7.5 %	9.8 %
Operating Efficiency	79.8 %	65.2 %	79.2 %	62.6 %
Adjusted Operating Efficiency	70.0 %	60.0 %	69.5 %	58.6 %
Return on Equity	6.1 %	(29.4)%	4.4 %	(20.3)%
Adjusted Return on Equity	14.2 %	(29.9)%	12.4 %	(15.3)%
Other Useful Metrics				
Number of Loans Originated	154,994	48,193	269,664	191,343
Average Daily Principal Balance	\$ 1,596,320	\$ 1,736,474	\$ 1,610,471	\$ 1,799,308
Owned Principal Balance at End of Period	\$ 1,630,644	\$ 1,642,564	\$ 1,630,644	\$ 1,642,564

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

Aggregate Originations

Aggregate Originations increased to \$433.0 million for the three months ended June 30, 2021 from \$157.6 million for the three months ended June 30, 2020, representing a 174.7% increase. The increase is primarily driven by an increased number of applications due to higher demand and higher application approval rates as we have returned to our pre-pandemic underwriting practices. We originated 154,994 and 48,193 loans for the three months ended June 30, 2021 and 2020, respectively, representing an increase of 221.6%. The increase in Aggregate Originations was partially offset by a decrease in average loan size, as our underwriting criteria implemented at the start of the COVID-19 pandemic favored returning customers who generally receive larger loans and now we have returned to our pre-pandemic underwriting practices which enable more new customers to qualify for our loans, but generally with smaller loan sizes.

Aggregate Originations increased to \$768.3 million for the six months ended June 30, 2021 from \$590.4 million for the six months ended June 30, 2020, representing a 30.1% increase. The increase is primarily driven by an increased number of applications due to higher demand and application approval rates remain comparable between the two periods. We originated 269,664 and 191,343 loans for the six months ended June 30, 2021 and 2020, respectively, representing a 40.9% increase. The increase in Aggregate Originations was partially offset by a decrease in average loan size, as our underwriting criteria at the start of the COVID-19 pandemic favored returning customers who generally receive larger loans and now we have returned to our pre-pandemic underwriting practices which enable more new customers to qualify for our loans, but generally with smaller loan sizes.

Active Customers

Active Customers increased by 1.2% from June 30, 2020 to June 30, 2021 due to higher originations as a result of an increase in application volume and the growth of our credit card and unsecured personal loan products.

Customer Acquisition Cost

For the three months ended June 30, 2021 and 2020, our Customer Acquisition Cost was \$153 and \$413, respectively, a decrease of 62.9%. For the six months ended June 30, 2021 and 2020, our Customer Acquisition Cost was \$177 and \$232, respectively, a decrease of 23.7%. The decrease is primarily due to the increase in number of loans originated period over period as a result of an increase in application volume due to higher demand. The decrease is partially offset by the higher sales and marketing expenses due to growth in direct mail volume, digital marketing and our customer referral programs.

Managed Principal Balance at End of Period

Managed Principal Balance at End of Period as of June 30, 2021 decreased by 3.4% from June 30, 2020, driven by the decline in originations since the onset of the COVID-19 pandemic in March 2020. This decline was a result of a reduced number of applications attributable both to a reduced demand for loans as a result of COVID-19 governmental stimulus measures and the proactive measures we implemented to tighten our lending criteria and underwriting practices in response to the COVID-19 pandemic. The decrease in Managed Principal Balance at End of Period was also attributable to higher payment rates from consumers due to governmental stimulus measures. While our Managed Principal Balance at End of Period has decreased year-over-year, we have seen an increase in the number of originations in the second quarter of 2021 due to higher demand and our return to our pre-pandemic underwriting practices.

30+ Day Delinquency Rate

Our 30+ Day Delinquency Rate was 2.5% and 3.7% as of June 30, 2021 and 2020, respectively. The decrease is due to the overall improvement in the economy, COVID-19 stimulus measures that our customers have used to stay current on their payments, as well as the effectiveness of our A.I.-driven underwriting models, collections tools and payment options that have helped our customers manage through the pandemic.

Annualized Net Charge-Off Rate

Annualized Net Charge-Off Rate for the three months ended June 30, 2021 and 2020 was 6.4% and 10.6%, respectively. Annualized Net Charge-Off Rate for the six months ended June 30, 2021 and 2020 was 7.5% and 9.8%, respectively. Net charge-offs decreased due to the overall improvement in the economy, the impact of stimulus payments to consumers as well as the effectiveness of our A.I.-driven underwriting models, collections tools and payment options that have helped our customers manage through the pandemic, partially offset by a decrease in our Average Daily Principal Balance.

Operating Efficiency and Adjusted Operating Efficiency

For the three months ended June 30, 2021 and 2020, Operating Efficiency was 79.8% and 65.2% respectively, and Adjusted Operating Efficiency for the same period was 70.0% and 60.0%, respectively. For the six months ended June 30, 2021 and 2020, Operating Efficiency was 79.2%, and 62.6%, respectively, and Adjusted Operating Efficiency was 69.5% and 58.6%, respectively.

The change in Operating Efficiency for the three and six months ended June 30, 2021 is primarily due to year-over-year increases in operating expenses driven by \$10.2 million and \$17.1 million in investments in new products and channels for the three and six months ended June 30, 2021, respectively. The change in Operating Efficiency was also driven by additional investments in technology, data and digital capabilities. The increase in operating expenses year-over-year included \$4.9 million and \$12.7 million of expenses related to our retail network optimization plan in the three and six months ended June 30, 2021, respectively. The increase in operating expenses was also attributable to a \$3.3 million impairment charge related to our right-of-use asset recognized due to management's decision to move toward a remote-first work environment.

Adjusted Operating Efficiency excludes COVID-19 expenses prior to January 1, 2021, stock-based compensation expense, and expenses associated with our retail network optimization plan and impairment charges. 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, 2021 and 2020, Return on Equity was 6.1% and (29.4)%, respectively, and Adjusted Return on Equity was 14.2% and (29.9)%, respectively. For the six months ended June 30, 2021 and 2020, Return on Equity was 4.4% and (20.3)%, respectively, and Adjusted Return on Equity was 12.4% and (15.3)%, respectively. The increases in Return on Equity and Adjusted Return on Equity were primarily due to higher net income. Net income was higher due to lower credit losses and increased fair value of our loan portfolio due to improved credit outlook. For a reconciliation of Return on Equity to Adjusted Return on Equity, see "Non-GAAP Financial Measures—Fair Value Pro Forma."

Average Daily Principal Balance

Average Daily Principal Balance decreased by 8.1% from \$1.74 billion for the three months ended June 30, 2020 to \$1.60 billion for the three months ended June 30, 2021. The decrease is primarily driven by decreased Aggregate Originations since the onset of the COVID-19 pandemic in March 2020 and a decrease in average loan size. We have seen an increase in Aggregate Originations for the three months ended June 30, 2021 due to higher application volume and approval rates as we have returned to our pre-pandemic underwriting practices.

Average Daily Principal Balance decreased by 10.5% from \$1.80 billion for the six months ended June 30, 2020 to \$1.61 billion for the six months ended June 30, 2021. The decrease is primarily driven decreased Aggregate Originations since the onset of the COVID-19 pandemic in March 2020 and a decrease in average loan size. We have seen an increase in Aggregate Originations for the six months ended June 30, 2021 due to higher application volume and as we have returned to our pre-pandemic underwriting practices.

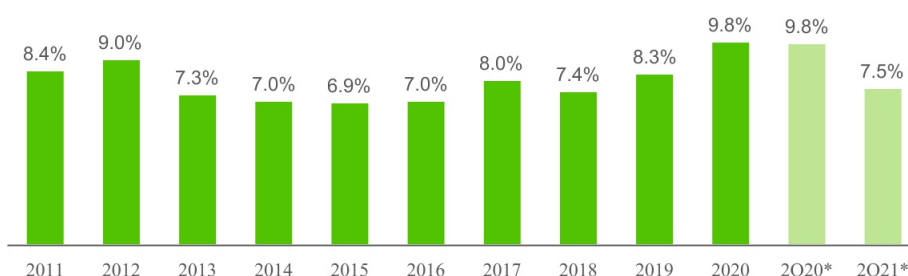
Owned Principal Balance at End of Period

Owned Principal Balance at End of Period as of June 30, 2021 decreased by 0.7% from June 30, 2020, driven by the decline in originations as a result of the COVID-19 pandemic. This decline was a result of a reduced number of applications attributable both to a reduced demand for loans as a result of COVID-19 governmental stimulus measures and the proactive measures we implemented to tighten our lending criteria and underwriting practices in response to the COVID-19 pandemic. The decrease in Owned Principal Balance at End of Period was also attributable to higher payment rates from consumers due to governmental stimulus measures. While our Owned Principal Balance at End of Period has decreased year-over-year, we have seen an increase in the number of applications in the second quarter of 2021 due to higher demand and our return to our pre-pandemic underwriting practices.

Historical Credit Performance

Our A.I.-driven credit models enable us to originate loans with low and stable loss rates. Our Annualized Net Charge-off Rate ranged between 7% and 9% from 2011 to 2019 and was 9.8% in 2020, a modest variance above this range during the pandemic. 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 or 180 days contractually past due in the case of credit cards.

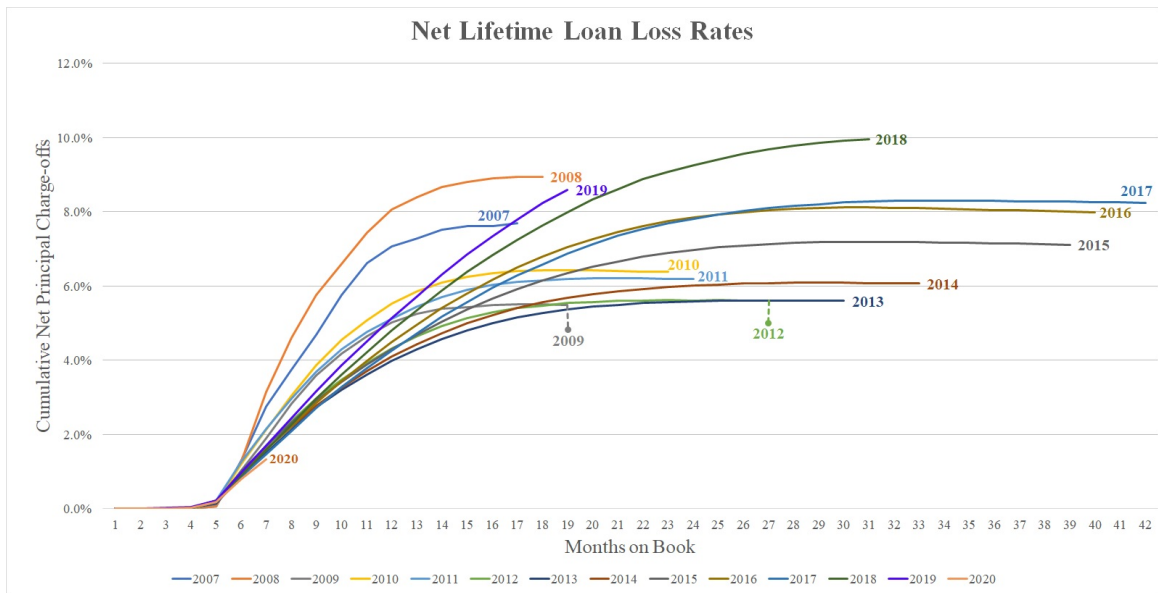
Annualized Net Charge-Off Rate



**Numbers shown reflect year-to-date amounts for the six months ended June 30, 2021.*

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, 2021 divided by the total origination loan volume for that year.

The below table shows our net lifetime loan loss rate for each annual vintage since we began lending in 2006. We were able to stabilize cumulative net loan losses after the financial crisis that started in 2008. 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 2018 and 2019 vintages are increasing due to the COVID-19 pandemic. The chart below includes all personal loan originations by vintage, excluding loans originated from July 2017 to August 2020 under a loan program for customers who did not meet the qualifications for our core loan origination program. 100% of those loans were sold pursuant to a whole loan sale arrangement.



	Year of Origination													
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net lifetime loan losses as of June 30, 2021 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%	8.2%	10.0%*	8.6%*	1.3%*
Outstanding principal balance as of June 30, 2021 as a percentage of original amount disbursed	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.2%	4.7%	29.4%	75.9%
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	32.0

* 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, 2021 and 2020.

(in thousands of dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Interest income	\$ 128,589	\$ 136,086	\$ 255,780	\$ 286,786
Non-interest income	9,665	6,621	17,787	19,349
Total revenue	138,254	142,707	273,567	306,135
Less:				
Interest expense	12,163	15,110	25,667	31,471
Total net decrease in fair value	(5,902)	(8,482)	(17,470)	(147,951)
Net revenue	120,189	46,115	230,430	126,713
Operating expenses:				
Technology and facilities	33,124	31,512	66,048	62,286
Sales and marketing	23,748	20,060	47,641	44,887
Personnel	28,546	27,681	55,373	53,263
Outsourcing and professional fees	14,789	11,123	27,414	24,741
General, administrative and other	10,179	2,640	20,176	6,453
Total operating expenses	110,386	93,016	216,652	191,630
Income before taxes	9,803	(46,901)	13,778	(64,917)
Income tax expense (benefit)	2,553	(12,653)	3,509	(17,368)
Net income (loss)	\$ 7,250	\$ (34,248)	\$ 10,269	\$ (47,549)

Total revenue

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Revenue								
Interest income	\$ 128,589	\$ 136,086	\$ (7,497)	(5.5)%	\$ 255,780	\$ 286,786	\$ (31,006)	(10.8)%
Non-interest income	9,665	6,621	3,044	46.0%	17,787	19,349	(1,562)	(8.1)%
Total revenue	\$ 138,254	\$ 142,707	\$ (4,453)	(3.1)%	\$ 273,567	\$ 306,135	\$ (32,568)	(10.6)%
Percentage of total revenue:								
Interest income	93.0%	95.4%			93.5%	93.7%		
Non-interest income	7.0%	4.6%			6.5%	6.3%		
Total revenue	100.0%	100.0%			100.0%	100.0%		

Interest Income. Total interest income decreased by \$7.5 million, or 5.5%, from \$136.1 million for the three months ended June 30, 2020 to \$128.6 million for the three months ended June 30, 2021. This decrease was primarily attributable to lower Average Daily Principal Balance, which declined from \$1.74 billion for the three months ended June 30, 2020 to \$1.60 billion for the three months ended June 30, 2021. The decrease is due to shrinkage in our portfolio as a result of lower originations due to economic uncertainty following the onset of the COVID-19 pandemic. This decrease was partially offset by an increase in portfolio yield of 84 basis points.

Total interest income decreased by \$31.0 million, or 10.8%, from \$286.8 million for the six months ended June 30, 2020 to \$255.8 million for the six months ended June 30, 2021. This decrease was primarily attributable to lower Average Daily Principal Balance, which declined from \$1.80 billion for the six months ended June 30, 2020 to \$1.61 billion for the six months ended June 30, 2021. The decrease is due to shrinkage in our portfolio as a result of lower originations due to economic uncertainty following the onset of the COVID-19 pandemic.

Non-interest income. Total non-interest income increased by \$3.0 million, or 46.0%, from \$6.6 million for the three months ended June 30, 2020 to \$9.7 million for the three months ended June 30, 2021. Under our whole loan sale programs, gain on loans sold increased by \$3.3 million, or 167.1% due to an increase in loans sold resulting from higher origination volume. The increase in non-interest income is also due to increased credit card fees. This increase was partially offset by decreased servicing fees of \$1.1 million for the three months ended June 30, 2021, or 26.6%, related to a reduction in the serviced portfolio of sold loans due to lower loan sale volume in 2020 due to the impact of the COVID-19 pandemic.

Total non-interest income decreased by \$1.6 million, or 8.1%, from \$19.3 million for the six months ended June 30, 2020 to \$17.8 million for the six months ended June 30, 2021. This decrease was primarily attributable to decreased servicing fees of \$2.4 million for the six months ended June 30, 2021, or 28.8%, related to the reduction in the serviced portfolio of sold loans due to lower loan sale volume since the onset of the COVID-19 pandemic and our decision to sell 10% versus 15% of originated loans. This decrease was partially offset by increased gain on loans sold due to loans sold with higher loan balances and increased credit card fees.

See Note 2, *Summary of Significant Accounting Policies*, and Note 11, *Revenue*, of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for further discussion on our interest income, non-interest income and revenue.

Interest expense

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Interest expense	\$ 12,163	\$ 15,110	\$ (2,947)	(19.5)%	\$ 25,667	\$ 31,471	\$ (5,804)	(18.4)%
Percentage of total revenue	8.8 %	10.6 %			9.4 %	10.3 %		
Cost of Debt	3.3 %	4.1 %			3.6 %	4.1 %		
Leverage as a percentage of Average Daily Principal Balance	93.2 %	86.1 %			90.1 %	84.8 %		

Interest Expense. Interest expense decreased by \$2.9 million, or 19.5%, from \$15.1 million for the three months ended June 30, 2020 to \$12.2 million for the three months ended June 30, 2021. We financed approximately 93.2% of our loans receivable through debt for the three months ended June 30, 2021, as compared to 86.1% for the three months ended June 30, 2020, and our Average Daily Debt Balance remained flat at \$1.49 billion for the three months ended June 30, 2020 and June 30, 2021. Our leverage as a percentage of Average Daily Debt Balance was elevated due to the prefunding account on our 2021-B securitization. Adjusting for this restricted cash amount, our leverage ratio would have been 85.5% and 86.2% for the three and six months ended June 30, 2021, respectively. We have continued to improve our Cost of Debt as we have been able to refinance and increase the size of our securitizations.

Interest expense decreased by \$5.8 million, or 18.4%, from \$31.5 million for the six months ended June 30, 2020 to \$25.7 million for the six months ended June 30, 2021. We financed approximately 90.1% of our loans receivable through debt for the six months ended June 30, 2021, as compared to 84.8% for the six months ended June 30, 2020, and our Average Daily Debt Balance decreased from \$1.53 billion for the six months ended June 30, 2020 to \$1.45 billion for the six months ended June 30, 2021, an decrease of 4.8%. We have continued to improve our Cost of Debt as we have been able to refinance and increase the size of our securitizations.

Total net decrease in fair value

Net 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. We also have a derivative instrument related to our credit card funding facility and servicing agreement with WebBank. Changes in the fair value of the derivative asset are reflected in the total fair value mark-to-market adjustment below.

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Fair value mark-to-market adjustment:								
Fair value mark-to-market adjustment on Loans Receivable at Fair Value	\$ 17,809	\$ 63,055	\$ (45,246)	*	\$ 39,371	\$ (92,070)	\$ 131,441	*
Fair value mark-to-market adjustment on asset-backed notes	2,013	(98,815)	100,828	*	3,537	31,274	(27,737)	*
Fair value mark-to-market adjustment on credit card derivative	(250)	—	(250)	*	(296)	—	(296)	*
Total fair value mark-to-market adjustment	19,572	(35,760)	55,332	*	42,612	(60,796)	103,408	*
Charge-offs, net of recoveries on loans receivable at fair value	(25,651)	(45,722)	20,071	*	(60,259)	(87,155)	26,896	*
Excess interest - credit card performance fee	177	—	177	*	177	—	177	*
Total net decrease in fair value	\$ (5,902)	\$ (81,482)	\$ 75,580	*	\$ (17,470)	\$ (147,951)	\$ 130,481	*
Percentage of total revenue:								
Fair value mark-to-market adjustment	14.2 %	(25.1)%			15.6 %	(19.9)%		
Charge-offs, net of recoveries on loans receivable at fair value	(18.6)%	(32.0)%			(22.0)%	(28.5)%		
Total net decrease in fair value	(4.4)%	(57.1)%			(6.5)%	(48.3)%		
Discount rate	6.54 %	8.84 %			6.54 %	8.84 %		
Remaining cumulative charge-offs	7.59 %	12.73 %			7.59 %	12.73 %		
Average life in years	0.77	0.80			0.77	0.80		

* Not meaningful

Net increase (decrease) in fair value. Net decrease in fair value for the three months ended June 30, 2021 was \$5.9 million. This amount represents a total fair value mark-to-market increase of \$19.6 million, and \$25.7 million of charge-offs, net of recoveries on Fair Value Loans. The total fair value mark-to-market adjustment consists of a \$17.8 million mark-to-market adjustment on Fair Value Loans due to (a) a decrease in the discount rate from 6.65% as of March 31, 2021 to 6.54% as of June 30, 2021 caused by declining interest rates and credit spreads, and (b) a decrease in remaining cumulative charge-offs from 8.60% as of March 31, 2021 to 7.59% as of June 30, 2021 due to improving credit trends, partially offset by (c) a slight decrease in average life from 0.78 years as of March 31, 2021 to 0.77 years as of June 30, 2021. The \$2.0 million mark-to-market adjustment on Fair Value Notes is due to the tendency for asset-backed security prices to trend toward par as they approach their call date, partially offset by tightening in longer-dated asset-backed notes.

Net decrease in fair value for the six months ended June 30, 2021 was \$17.5 million. This amount represents a total fair value mark-to-market increase of \$42.6 million, and \$60.3 million of charge-offs, net of recoveries on Fair Value Loans. The total fair value mark-to-market adjustment consists of a \$39.4 million mark-to-market adjustment on Fair Value Loans due to (a) an increase in the discount rate from 6.85% as of December 31, 2020 to 6.54% as of June 30, 2021 caused by declining interest rates and credit spreads, and (b) an increase in remaining cumulative charge-offs from 10.03% as of December 31, 2020 to 7.59% as of June 30, 2021 due to improving credit trends, partially offset by (c) a slight decrease in average life from 0.80 years as of December 31, 2020 to 0.77 years as of June 30, 2021. The \$3.5 million mark-to-market adjustment on Fair Value Notes is due to the tendency for asset-backed security prices to trend toward par as they approach their call date, partially offset by tightening in longer-dated asset-backed notes.

Charge-offs, net of recoveries

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Total charge-offs, net of recoveries	\$ 25,651	\$ 45,722	\$ (20,071)	(43.9)%	\$ 60,259	\$ 87,155	\$ (26,896)	(30.9)%
Average Daily Principal Balance	\$ 1,596,320	\$ 1,736,474	\$ (140,154)	(8.1)%	\$ 1,610,471	\$ 1,799,308	\$ (188,837)	(10.5)%
Annualized Net Charge-Off Rate	6.4 %	10.6 %			7.5 %	9.8 %		

Charge-offs, net of recoveries. Our Annualized Net Charge-Off Rate decreased to 6.4% and 7.5% for the three months and six months ended June 30, 2021, respectively, from 10.6% and 9.8% for the three and six months ended June 30, 2020, respectively. Net charge-offs for the three months and six months ended June 30, 2021 decreased due to the overall improvement in the economy and the impact of stimulus payments to consumers, partially offset by a decrease in our Average Daily Principal Balance. 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 or 180 days contractually past due in the case of credit cards. 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 \$2.2 million and \$5.4 million of additional charge-offs for the three and six months ended June 30, 2021, respectively, compared to \$4.1 million of additional charge-offs for the three and six months ended June 30, 2020.

Operating expenses

Operating expenses consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expenses. Operating expenses include \$10.2 million and \$17.1 million related to new products for the three and six months ended June 30, 2021, respectively. Operating expenses include \$4.0 million and \$8.2 million related to new products for the three and six months ended June 30, 2020, respectively.

Technology and facilities

Technology and facilities expense is 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, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Technology and facilities	\$ 33,124	\$ 31,512	\$ 1,612	5.1 %	\$ 66,048	\$ 62,286	\$ 3,762	6.0 %
Percentage of total revenue	24.0 %	22.1 %			24.1 %	20.3 %		

Technology and facilities. Technology and facilities expense increased by \$1.6 million, or 5%, from \$31.5 million for the three months ended June 30, 2020 to \$33.1 million for the three months ended June 30, 2021. The increase is primarily due to a \$1.0 million increase in service costs related to higher usage of software and cloud services and \$0.8 million of increased depreciation commensurate with growth in internally developed software.

Technology and facilities expense increased by \$3.8 million, or 6%, from \$62.3 million for the six months ended June 30, 2020 to \$66.0 million for the six months ended June 30, 2021. The increase is primarily due to a \$2.0 million increase in service costs related to higher usage of software and cloud services, \$1.5 million of increased depreciation commensurate with growth in internally developed software and a \$0.5 million increase in usage of India off-shoring services and other temporary contractors to supplement staffing related to new product investment.

Sales and marketing

Sales and marketing expense consists of two components and represents 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, digital marketing and brand marketing. The second component is comprised of the costs associated with our telesales, lead generation and retail operations, including personnel expenses, but excluding costs associated with retail locations.

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Sales and marketing	\$ 23,748	\$ 20,060	\$ 3,688	18.4 %	\$ 47,641	\$ 44,887	\$ 2,754	6.1 %
Percentage of total revenue	17.2 %	14.1 %			17.4 %	14.7 %		
Customer Acquisition Cost (CAC)	\$ 153	\$ 413	\$ (260)	(62.9)%	\$ 177	\$ 232	\$ (55)	(23.6)%

Sales and marketing. Sales and marketing expenses to acquire our customers increased by \$3.7 million, or 18.4%, from \$20.1 million for the three months ended June 30, 2020 to \$23.7 million for the three months ended June 30, 2021. To grow our loan originations, we increased our investment in marketing initiatives by \$6.3 million across various marketing channels, including direct mail, digital advertising, lead aggregators and brand marketing. This increase was partially offset by \$2.3 million lower personnel-related costs as we implemented our retail network optimization plan in the first quarter of 2021. As a result of our increased number of loans originated during the three months ended June 30, 2021, our CAC decreased by 62.9% as compared to the three months ended June 30, 2020.

Sales and marketing expenses to acquire our customers increased by \$2.8 million, or 6%, from \$44.9 million for the six months ended June 30, 2020 to \$47.6 million for the six months ended June 30, 2021. To grow our loan originations, we increased our investment in marketing initiatives by \$7.6 million across various marketing channels, including direct mail, digital advertising, lead aggregators and brand marketing. This increase was partially offset by \$4.2 million lower personnel-related costs as we implemented our retail network optimization plan in the first quarter of 2021. As a result of our increased number of loans originated during the six months ended June 30, 2021, our CAC decreased by 23.7% as compared to the six months ended June 30, 2020.

Personnel

Personnel expense represents compensation and benefits that we provide to our employees and includes 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 which are included in sales and marketing expenses and technology which is included technology and facilities.

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Personnel	\$ 28,546	\$ 27,681	\$ 865	3.1 %	\$ 55,373	\$ 53,263	\$ 2,110	4.0 %
Percentage of total revenue	20.6 %	19.4 %			20.2 %	17.4 %		

Personnel. Personnel expense increased by \$0.9 million, or 3.1%, from \$27.7 million for the three months ended June 30, 2020 to \$28.5 million for the three months ended June 30, 2021, primarily driven by a \$0.4 million higher bonus accrual due to a 3.8% increase in eligible headcount associated with risk management, data analytics and finance, \$0.3 million in increased stock compensation expense and \$0.2 million in increased benefit expense.

Personnel expense increased by \$2.1 million, or 4.0%, from \$53.3 million for the six months ended June 30, 2020 to \$55.4 million for the six months ended June 30, 2021, primarily driven by \$1.0 million in increased stock compensation expense, a \$0.5 million higher bonus accrual due to a 3.8% increase in eligible headcount associated with risk management, data analytics and finance and \$0.5 million in increased benefit expense.

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. 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, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Outsourcing and professional fees	\$ 14,789	\$ 11,123	\$ 3,666	33.0 %	\$ 27,414	\$ 24,741	\$ 2,673	10.8 %
Percentage of total revenue	10.7 %	7.8 %			10.0 %	8.1 %		

Outsourcing and professional fees. Outsourcing and professional fees increased by \$3.7 million, or 33%, from \$11.1 million for the three months ended June 30, 2020 to \$14.8 million for the three months ended June 30, 2021. The increase is primarily attributable to a \$4.2 million increase in debt financing fees and expenses related to an asset-backed securitization, \$1.7 million increase in credit report expense due to higher application volume and \$1.7 million of higher professional service costs related to credit card and bank partnership programs and a bank deposit platform. These increases were partially offset by \$1.7 million decrease related to ceasing legal collection on defaulted loans since August 2020, \$1.5 million lower outsourced service costs due to the reduced contact center outsourced headcount as compared to prior year as a result of the uncertainty around the COVID-19 pandemic and a \$0.3 million decrease in legal fees.

Outsourcing and professional fees increased by \$2.7 million, or 11%, from \$24.7 million for the six months ended June 30, 2020 to \$27.4 million for the six months ended June 30, 2021. The increase is primarily attributable to a \$7.5 million increase in debt financing fees and expenses related to asset-backed securitizations, \$1.2 million increase in credit report expense due to higher application volume and \$1.7 million of higher professional service costs related to credit card and bank partnership programs and expenses associated with our bank charter application. These increases were partially offset by \$4.4 million decrease related to ceasing legal collection on defaulted loans beginning in August 2020, \$1.8 million lower outsourced service costs due to the decline in contact center outsourced headcount that was needed in prior year as a result of the uncertainty around the COVID-19 pandemic and \$1.3 million of lower legal fees.

General, administrative and other

General, administrative and other expense includes non-compensation expenses for employees, who are not a part of the technology and sales and marketing organizations, which include travel, lodging, meal expenses, political and charitable contributions, office supplies, printing and shipping. Also included are franchise taxes, bank fees, foreign currency gains and losses, transaction gains and losses, debit card expenses, litigation reserve and expenses associated with our retail network optimization plan.

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
General, administrative and other	\$ 10,179	\$ 2,640	\$ 7,539	285.6 %	\$ 20,176	\$ 6,453	\$ 13,723	212.7 %
Percentage of total revenue	7.4 %	1.8 %			7.4 %	2.1 %		

General, administrative and other. General, administrative and other expense increased by \$7.5 million, or 286%, from \$2.6 million for the three months ended June 30, 2020 to \$10.2 million for the three months ended June 30, 2021, primarily due to our retail network optimization expenses of \$4.9 million related to the retail location closures. The increase was also attributable to a \$3.3 million impairment charge recognized on a right-of use asset related to our leased office space in San Carlos, California due to management's decision to move toward a remote-first work environment.

General, administrative and other expense increased by \$13.7 million, or 213%, from \$6.5 million for the six months ended June 30, 2020 to \$20.2 million for the six months ended June 30, 2021, primarily due to our retail network optimization expenses of \$11.1 million related to the retail location closures and \$1.6 million related to severance and benefits related to the retail location closures. The increase was also attributable to a \$3.3 million impairment charge recognized on a right-of use asset related to our leased office space in San Carlos, California due to management's decision to move toward a remote-first work environment. These increases were partially offset by decreases in travel expenses and postage and printing costs due to the travel restrictions and remote work arrangements resulting from 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, 2021 and 2020, we recognized tax expense (benefit) attributable to U.S. federal, state and foreign income taxes.

(in thousands, except percentages)	Three Months Ended June 30,		Period-to-period Change		Six Months Ended June 30,		Period-to-period Change	
	2021	2020	\$	%	2021	2020	\$	%
Income tax expense (benefit)	\$ 2,553	\$ (12,653)	\$ 15,206	120.2 %	\$ 3,509	\$ (17,368)	\$ 20,877	120.2 %
Percentage of total revenue	1.8 %	(8.9)%			1.3 %	(5.7)%		
Effective tax rate	26.0 %	27.0 %			25.5 %	26.8 %		

Income tax expense (benefit). Income tax expense increased by \$15.2 million or 120%, from a benefit of \$12.7 million for the three months ended June 30, 2020 to an expense of \$2.6 million for the three months ended June 30, 2021, primarily as a result of having pretax income for the three months ended June 30, 2021 compared to a pretax loss for the three months ended June 30, 2020.

Income tax expense increased by \$20.9 million or 120%, from a benefit of \$17.4 million for the six months ended June 30, 2020 to an expense of \$3.5 million for the six months ended June 30, 2021, primarily as a result of having pretax income for the six months ended June 30, 2021 compared to a pretax loss for the six months ended June 30, 2020.

See Note 2, *Summary of Significant Accounting Policies*, and Note 12, *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

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.

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 observable changes in the fixed income markets, 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 includes members from our risk, legal, finance, capital markets and operations departments and 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 pre-loss 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, 2020, on loans held for investment. The data in the table below represents our unsecured personal loan portfolio which is the primary driver of fair value.

	Three Months Ended					
	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
Weighted average portfolio yield over the remaining life of the loans	30.28 %	30.25 %	30.17 %	30.50 %	30.78 %	30.74 %
Less: Servicing fee	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %
Net portfolio yield	25.28 %	25.25 %	25.17 %	25.50 %	25.78 %	25.74 %
Multiplied by: Weighted average life in years	0.769	0.778	0.796	0.775	0.797	0.903
Pre-loss cash flow	19.43 %	19.64 %	20.03 %	19.75 %	20.54 %	23.25 %
Less: Remaining cumulative charge-offs	(7.59) %	(8.60) %	(10.03) %	(10.61) %	(12.73) %	(14.56) %
Net cash flow	11.84 %	11.04 %	10.00 %	9.14 %	7.81 %	8.69 %
Less: Discount rate multiplied by average life	(5.03) %	(5.17) %	(5.45) %	(6.07) %	(7.04) %	(11.54) %
Gross fair value premium (discount) as a percentage of loan principal balance	6.81 %	5.87 %	4.55 %	3.07 %	0.77 %	(2.85) %
Less: Accrued interest and fees as a percentage of loan principal balance	(0.87) %	(0.92) %	(1.06) %	(1.15) %	(1.35) %	(1.11) %
Fair value premium (discount) as a percentage of loan principal balance	5.94 %	4.95 %	3.49 %	1.92 %	(0.58) %	(3.96) %
Discount Rate	6.54 %	6.65 %	6.85 %	7.84 %	8.84 %	12.78 %

The illustrative table included above is designed to assist investors in understanding the impact of our election of the fair value option.

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 EPS, 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.
- 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 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.

Reconciliations of non-GAAP to GAAP measures can be found below.

Fair Value Pro Forma

We previously elected the fair value option to account for all 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 provided unaudited financial information for the three and six months ended June 30, 2020 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 all remaining loans that had previously been measured at amortized cost. Accordingly, for the three and six months ended June 30, 2021 and 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, 2021 and 2020. As of January 1, 2021, we no longer have any Fair Value Pro Forma adjustments as there are no longer any amortized cost balances. However, on a Fair Value Pro Forma basis, the three and six months ended June 30, 2020 include Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

Fair Value Pro Forma Condensed Consolidated Statements of Operations Data:

(in thousands)	Three Months Ended June 30, 2021 ⁽¹⁾	Three Months Ended June 30, 2020			Period-to-period Change in FVFP ⁽¹⁾	
	As Reported	As Reported	FV Adjustments	FV Pro Forma	\$	%
Revenue:						
Interest income	\$ 128,589	\$ 136,086	\$ —	\$ 136,086	\$ (7,497)	(5.5)%
Non-interest income	9,665	6,621	—	6,621	3,044	46.0%
Total revenue	138,254	142,707	—	142,707	(4,453)	(3.1)%
Less:						
Interest expense	12,163	15,110	(190)	14,920	(2,757)	(18.5)%
Net decrease in fair value	(5,902)	(81,482)	(9,409)	(90,891)	84,989	(93.5)%
Net revenue	120,189	46,115	(9,219)	36,896	83,293	225.8%
Operating expenses:						
Technology and facilities	33,124	31,512	—	31,512	1,612	5.1%
Sales and marketing	23,748	20,060	—	20,060	3,688	18.4%
Personnel	28,546	27,681	—	27,681	865	3.1%
Outsourcing and professional fees	14,789	11,123	—	11,123	3,666	33.0%
General, administrative and other	10,179	2,640	—	2,640	7,539	285.6%
Total operating expenses	110,386	93,016	—	93,016	17,370	18.7%
Income (loss) before taxes	9,803	(46,901)	(9,219)	(56,120)	65,923	117.5%
Income tax expense (benefit)	2,553	(12,653)	(2,570)	(15,223)	17,776	116.8%
Net income (loss)	\$ 7,250	\$ (34,248)	\$ (6,649)	\$ (40,897)	\$ 48,147	117.7%

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value. Therefore, the three months ended June 30, 2021 is presented on a GAAP basis and the three months ended June 30, 2020 includes Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

(in thousands)	Six Months Ended June 30, 2021 ⁽¹⁾	Six Months Ended June 30, 2020			Period-to-period Change in FVFP ⁽¹⁾	
	As Reported	As Reported	FV Adjustments	FV Pro Forma	\$	%
Revenue:						
Interest income	\$ 255,780	\$ 286,786	\$ —	\$ 286,786	\$ (31,006)	(10.8)%
Non-interest income	17,787	19,349	—	19,349	(1,562)	(8.1)%
Total revenue	273,567	306,135	—	306,135	(32,568)	(10.6)%
Less:						
Interest expense	25,667	31,471	(682)	30,789	(5,122)	(16.6)%
Net decrease in fair value	(17,470)	(147,951)	2,246	(145,705)	128,235	88.0%
Net revenue	230,430	126,713	2,928	129,641	100,789	77.7%
Operating expenses:						
Technology and facilities	66,048	62,286	—	62,286	3,762	6.0%
Sales and marketing	47,641	44,887	—	44,887	2,754	6.1%
Personnel	55,373	53,263	—	53,263	2,110	4.0%
Outsourcing and professional fees	27,414	24,741	—	24,741	2,673	10.8%
General, administrative and other	20,176	6,453	—	6,453	13,723	212.7%
Total operating expenses	216,652	191,630	—	191,630	25,022	13.1%
Income (loss) before taxes	13,778	(64,917)	2,928	(61,989)	75,767	122.2%
Income tax expense (benefit)	3,509	(17,368)	1,057	(16,311)	19,820	121.5%
Net income (loss)	\$ 10,269	\$ (47,549)	\$ 1,871	\$ (45,678)	\$ 55,947	122.5%

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value. Therefore, the six months ended June 30, 2021 is presented on a GAAP basis and the six months ended June 30, 2020 includes Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

Fair Value Pro Forma Condensed Consolidated Balance Sheet Data:

(in thousands)	June 30, 2021 ⁽¹⁾		December 31, 2020			Period-to-period Change in FVPP ⁽¹⁾	
	As Reported	As Reported	As Reported	FV Adjustments	FV Pro Forma	\$	%
Cash and cash equivalents	\$ 138,429	\$ 136,187	\$ —	\$ —	\$ 136,187	\$ 2,242	1.6 %
Restricted cash	219,540	32,403	—	—	32,403	187,137	577.5 %
Loans receivable ⁽¹⁾	1,726,914	1,696,526	—	—	1,696,526	30,388	1.8 %
Other assets	136,600	143,935	—	—	143,935	(7,335)	(5.1)%
Total assets	2,221,483	2,009,051	—	—	2,009,051	212,432	10.6 %
Total debt ⁽²⁾	1,613,649	1,413,694	—	—	1,413,694	199,955	14.1 %
Other liabilities	123,502	128,990	682	682	129,672	(6,170)	(4.8)%
Total liabilities	1,737,151	1,542,684	682	682	1,543,366	193,785	12.6 %
Total stockholder's equity	484,332	466,367	(682)	(682)	465,685	18,647	4.0 %
Total liabilities and stockholders' equity	\$ 2,221,483	\$ 2,009,051	\$ —	\$ —	\$ 2,009,051	\$ 212,432	10.6 %

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value. Therefore, the balances as of June 30, 2021 are presented on a GAAP basis and the balances as of December 31, 2020 include Fair Value Pro Forma adjustments related to our asset-backed notes at amortized cost.

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 non-cash charges.
- We believe it is useful to exclude the impact of certain non-recurring charges, such as expenses associated with our retail network optimization plan and impairment charges, because these items do not reflect ongoing business operations. During the last three quarters of 2020 we excluded COVID-19 related expenses in our adjustments to derive Adjusted EBITDA. As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted EBITDA because our business practices have been updated to operate in the current environment.
- We also reverse origination fees for Fair Value Loans, net. 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 (in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Fair value mark-to-market adjustment on Fair Value Loans	\$ 17,809	\$ 63,055	\$ 39,371	\$ (92,070)
Fair value mark-to-market adjustment on asset-backed notes	2,013	(108,226)	3,537	33,519
Fair value mark-to-market adjustment on credit card derivative	(250)	—	(296)	—
Total fair value mark-to-market adjustment	\$ 19,572	\$ (45,171)	\$ 42,612	\$ (58,551)

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the three and six months ended June 30, 2021 and 2020 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,	
	2021	2020	2021	2020
Net income (loss)	\$ 7,250	\$ (34,248)	\$ 10,269	\$ (47,549)
Adjustments:				
Fair Value Pro Forma net income adjustment ⁽¹⁾	—	(6,649)	—	1,871
Income tax expense (benefit)	2,553	(15,223)	3,509	(16,311)
COVID-19 expenses ⁽²⁾	—	2,437	—	3,041
Depreciation and amortization	5,970	5,103	11,302	9,761
Stock-based compensation expense	5,366	4,972	10,454	9,123
Retail network optimization expenses	4,874	—	12,673	—
Impairment ⁽³⁾	3,324	—	3,324	—
Origination fees for Fair Value Loans, net	(5,255)	3,274	(6,677)	4,816
Fair value mark-to-market adjustment	(19,572)	45,171	(42,612)	58,551
Adjusted EBITDA ⁽⁴⁾	\$ 4,510	\$ 4,837	\$ 2,242	\$ 23,303

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value.

⁽²⁾ As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted EBITDA because our business practices have been updated to operate in the current environment.

⁽³⁾ Impairment charge recognized on a right-of-use asset related to our leased office space in San Carlos, California due to management's decision to move toward a remote-first work environment.

⁽⁴⁾ For the three and six months ended June 30, 2021, Adjusted EBITDA included a pre-tax impact of \$7.9 million and \$13.7 million, respectively, related to the launch of new products and services (such as secured personal loans, credit card, bank partnership and expenses associated with our bank charter application). For the three and six months ended June 30, 2020, Adjusted EBITDA included 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).

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), stock-based compensation expenses and certain non-recurring charges. 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 certain non-recurring charges, such as expenses associated with our retail network optimization plan and impairment charges, because these items do not reflect ongoing business operations. During the last three quarters of 2020 we excluded COVID-19 related expenses in our adjustments to derive Adjusted Net Income. As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted Net Income because our business practices have been updated to operate in the current environment.
- We believe it is useful to exclude stock-based compensation expense because it is a non-cash charge.
- We include the impact of normalized statutory 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, 2021 and 2020 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,	
	2021	2020	2021	2020
Net income (loss)	\$ 7,250	\$ (34,248)	\$ 10,269	\$ (47,549)
Adjustments:				
Fair Value Pro Forma net income adjustment ⁽¹⁾	—	(6,649)	—	1,871
Income tax expense (benefit)	2,553	(15,223)	3,509	(16,311)
COVID-19 expenses ⁽²⁾	—	2,437	—	3,041
Stock-based compensation expense	5,366	4,972	10,454	9,123
Retail network optimization expenses	4,874	—	12,673	—
Impairment ⁽³⁾	3,324	—	3,324	—
Adjusted income (loss) before taxes	23,367	(48,711)	40,229	(49,825)
Normalized income tax expense (benefit)	6,403	(13,584)	11,023	(13,917)
Adjusted Net Income (Loss) ⁽⁴⁾	\$ 16,964	\$ (35,127)	\$ 29,206	\$ (35,908)
Income tax rate ⁽⁵⁾	27.4 %	27.9 %	27.4 %	27.9 %

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value.

⁽²⁾ As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted Net Income because our business practices have been updated to operate in the current environment.

⁽³⁾ Impairment charge recognized on a right-of-use asset related to our leased office space in San Carlos, California due to management's decision to move toward a remote-first work environment.

⁽⁴⁾ For the three and six months ended June 30, 2021, Adjusted Net Income includes an after-tax impact of \$5.9 million and \$10.3 million, respectively, related to the launch of new products and services (such as secured personal loans, credit card, bank partnership and expenses associated with our bank charter application). 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).

⁽⁵⁾ Income tax rate for the three and six months ended June 30, 2021 is based on a normalized statutory rate and the three and six months ended June 30, 2020 is based on the effective tax rate.

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, 2021 and 2020. 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,	
	2021	2020	2021	2020
Diluted earnings (loss) per share	\$ 0.24	\$ (1.26)	\$ 0.34	\$ (1.75)
Adjusted EPS				
Adjusted Net Income (Loss)	\$ 16,964	\$ (35,127)	\$ 29,206	\$ (35,908)
Basic weighted-average common shares outstanding	28,004,699	27,233,394	27,888,029	27,125,054
Weighted average effect of dilutive securities:				
Stock options	1,327,358	—	1,301,088	—
Restricted stock units	718,790	—	646,972	—
Diluted adjusted weighted-average common shares outstanding	30,050,847	27,233,394	29,836,089	27,125,054
Adjusted Earnings (Loss) Per Share	\$ 0.56	\$ (1.29)	\$ 0.98	\$ (1.32)

Adjusted Return on Equity

We define Adjusted Return on Equity as annualized Adjusted Net Income divided by average stockholders' equity. Average stockholders' equity is an average of the beginning and ending stockholders' equity balance for each period. Before January 1, 2021, we previously defined 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 as of and for the three and six months ended June 30, 2021 and 2020. 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,	
	2021	2020	2021	2020
Return on Equity	6.1 %	(29.4)%	4.4 %	(20.3)%
Adjusted Return on Equity				
Adjusted Net Income (Loss)	\$ 16,964	\$ (35,127)	\$ 29,206	\$ (35,908)
Fair Value Pro Forma average stockholders' equity ⁽¹⁾	\$ 478,163	\$ 472,576	\$ 475,350	\$ 470,955
Adjusted Return on Equity	14.2 %	(29.9)%	12.4 %	(15.3)%

⁽¹⁾ Beginning in 2021 we are no longer including any Fair Value Pro Forma adjustments because all loans originated and held for investment and asset-backed notes issued are recorded at fair value. Therefore, the average stockholders' equity amount as of June 30, 2021 reflects the average of the GAAP stockholders' equity account as of December 31, 2020 and the GAAP stockholders' equity account as of June 30, 2021.

Adjusted Operating Efficiency

We define Adjusted Operating Efficiency as total operating expenses adjusted to exclude stock-based compensation expense and certain non-recurring charges such as expenses associated with our retail network optimization plan and impairment charges divided by total revenue. During the last three quarters of 2020 we excluded COVID-19 related expenses in our adjustments to derive Adjusted Operating Efficiency. As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted Operating Efficiency because our business practices have been updated to operate in the current environment. 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, 2021 and 2020:

(in thousands)	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2021	2020	2021	2020
Operating Efficiency	79.8 %	65.2 %	79.2 %	62.6 %
Adjusted Operating Efficiency				
Total revenue	138,254	142,707	273,567	306,135
Total operating expense	110,386	93,016	216,652	191,630
COVID-19 expenses ⁽¹⁾	—	(2,437)	—	(3,041)
Stock-based compensation expense	(5,366)	(4,972)	(10,454)	(9,123)
Retail network optimization expenses	(4,874)	—	(12,673)	—
Impairment ⁽²⁾	\$ (3,324)	\$ —	\$ (3,324)	\$ —
Total adjusted operating expenses	\$ 96,822	\$ 85,607	\$ 190,201	\$ 179,466
Adjusted Operating Efficiency	70.0 %	60.0 %	69.5 %	58.6 %

⁽¹⁾ As of January 1, 2021, COVID-19 expenses are no longer being excluded from Adjusted Operating Efficiency because our business practices have been updated to operate in the current environment.

⁽²⁾ Impairment charge recognized on a right-of-use asset related to our leased office space in San Carlos, California due to management's decision to move toward a remote-first work environment.

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 institutional investor. 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, 2021:

Debt Facility	Scheduled Amortization Period Commencement Date	Interest Rate	Principal (in thousands)
Secured Financing	10/1/2021	LIBOR (minimum of 0.00%) + 2.45%	\$ —
Asset-Backed Securitization-Series 2021-B Notes	5/1/2024	2.05%	500,000
Asset-Backed Securitization-Series 2021-A Notes	3/1/2023	1.79%	375,000
Asset-Backed Securitization-Series 2019-A Notes	8/1/2022	3.46%	279,412
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
			<u>\$ 1,604,414</u>

The outstanding amounts set forth in the table above are consolidated on our balance sheet whereas loans sold to a third-party institutional investor are not on our balance sheet once sold.

On March 24, 2021, our wholly-owned subsidiary, Oportun Funding IX, LLC, the issuer under the Series 2018-B asset-backed securitization transaction, provided notice to the trustee that we elected to redeem all \$225.0 million of outstanding 2018-B Notes, plus the accrued and unpaid interest, on April 8, 2021 and satisfy and discharge Oportun Funding IX, LLC's obligations under the 2018-B Notes and the indenture. The redemption price was funded by drawing upon our Secured Financing facility and using unrestricted cash.

On May 10, 2021, the Company announced the issuance of \$500.0 million three-year fixed-rate asset-backed notes by Oportun Issuance Trust 2021-B, a wholly-owned subsidiary of the Company and secured by a pool of its unsecured and secured personal installment loans (the "2021-B Securitization"). The 2021-B Securitization included four classes of fixed-rate notes: Class A, Class B, Class C and Class D notes, which were priced with a weighted average fixed interest rate of 2.05% per annum.

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, 2021, 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 7 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

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, 2021, 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 and 7 of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

Credit card receivables retention facility and servicing

On February 5, 2021, we entered into a Receivables Retention Facility Agreement, a Servicing Agreement and other related documents with WebBank, providing us with additional funding to expand our credit card product (the "Retention Facility"). Under the Retention Facility agreements, WebBank will originate, fund and retain credit card receivables up to \$25.0 million. We will purchase any excess receivables originated above the \$25.0 million amount, in addition to certain ineligible receivables and charged-off receivables. The Retention Facility commenced on February 9, 2021 and has a two-year term. On July 28, 2021, to provide additional funding for our credit card product, WebBank and the Company agreed to temporarily increase the size of the Retention Facility by \$10.0 million through, the earlier of, the closing of a new credit facility or September 30, 2021. We will provide certain marketing, processing and accounting processing services to WebBank in connection with our credit card funding facility. WebBank will pay us a servicing fee of 5% to service the accounts and certain excess collections on a monthly basis.

Whole loan sales

In November 2014, we entered into a whole loan sale agreement with an institutional investor. This agreement was amended in March 2021 to extend the term to March 4, 2022. Pursuant to the agreement, we are obligated 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. 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.

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.

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,	
	2021	2020
Cash, cash equivalents and restricted cash	\$ 357,969	\$ 197,960
Cash provided by (used in)		
Operating activities	53,838	94,017
Investing activities	(57,151)	93,574
Financing activities	192,692	(125,772)

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. Our restricted cash balance is elevated as of June 30, 2021 due to \$171.3 million of cash in the prefunding account of our 2021-B securitization, which we expect to use to purchase new loans that we originate this year.

Cash flows

Operating Activities

Our net cash provided by operating activities was \$53.8 million and \$94.0 million for the six months ended June 30, 2021 and 2020, 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 \$(57.2) million and \$93.6 million for the six months ended June 30, 2021 and 2020, 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 increase in the number of loans originated for the six months ended June 30, 2021. The increase in number of loans originated is attributable to increased number of applications due to higher demand and higher application approval rates as we have returned to our pre-pandemic underwriting practices. We originated 154,994 and 48,193 loans for the three months ended June 30, 2021 and 2020, respectively, representing an increase of 221.6%.

Financing Activities

Our net cash provided by (used in) financing activities was \$192.7 million and \$(125.8) million for the six months ended June 30, 2021 and 2020, respectively. For the six months ended June 30, 2021, net cash provided by financing activities was primarily driven by the issuance of our Series 2021-A and Series 2021-B asset-backed notes securitizations, partially offset by redemptions of our Series 2018-A and 2018-B asset-backed notes and repayments of borrowings on our Secured Financing facility. For the six months ended June 30, 2020, net cash used in financing activities was primarily driven by repayments of borrowings on our Secured Financing facility and redemption of our Series 2017-A asset-backed notes, partially offset by borrowings on our Secured Financing facility.

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. 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

On February 5, 2021, we entered into an off-balance sheet arrangement under the Receivables Retention Facility Agreement, an Amended and Restated Credit Card Program and Servicing Agreement and other related documents with WebBank, a Utah-chartered industrial bank, providing us with additional funding to expand our credit card product (the "Retention Facility"). Under the Retention Facility agreements, WebBank will originate, fund and retain credit card receivables up to \$25.0 million. We will purchase any excess receivables originated above the \$25.0 million amount, in addition to certain ineligible receivables. The Retention Facility commenced on February 9, 2021 and has a two-year term. On July 28, 2021, to provide additional funding for our credit card product, WebBank and the Company agreed to temporarily increase the size of the facility by \$10.0 million through, the earlier of, the closing of a new credit facility or September 30, 2021. We will provide certain marketing, processing and accounting processing services to WebBank in connection with our credit card program. As of June 30, 2021, \$18.4 million of the \$25.0 million has been utilized.

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, 2020, filed with the Securities and Exchange Commission on February 23, 2021 ("2020 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 2020 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

There have been no material changes to our market risk as previously disclosed in our 2020 Form 10-K. The COVID-19 pandemic could continue to have an impact on market volatility which could impact our financial results.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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, as of the end of the period covered by this Quarterly Report on Form 10-Q. 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. Based on our evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective at the reasonable assurance level.

Inherent Limitations on Effectiveness of Controls

There are inherent limitations to the controls and effectiveness of any system of disclosure controls and procedures. These limitations include the possibility of human error, the circumvention or overriding of the controls and procedures and reasonable resource constraints. In addition, because we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, our system of controls may not achieve its desired purpose under all possible future conditions. Accordingly, our disclosure controls and procedures provide reasonable assurance, but not absolute assurance, of achieving their objectives.

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 Rules 13a-15(d) and 15d-15(d) of the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a description of legal proceedings, see Note 14, Leases, Commitments and Contingencies, in the accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited). 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 consumer litigation. Other than as described in this report, 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.

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, including our consolidated financial statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," including our consolidated financial statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," 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.

Summary of Risk Factors

Investing in our common stock involves a high degree of risk. If any of the factors enumerated in this section occurs, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected. In that case, the market price of our common stock could decline, and you may lose some or all of your investment. Some of the more significant risks relating to an investment in our common stock include:

Risks Related to Our Business

- The global COVID-19 pandemic has and may continue to adversely impact our business operations, financial performance and results of operations.
- We have incurred net losses and may incur net losses in the future.
- Our quarterly results are likely to fluctuate significantly and may not fully reflect the underlying performance of our business.
- 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.
- Our risk management efforts may not be effective, which may expose us to market risks that harm our 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 business may be adversely affected by disruptions in the credit markets, including reduction in our ability to finance our business.
- 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.
- If we are unable to collect payment and service the loans we make to customers, our net charge-off rates may exceed expected loss rates, our business and results of operations may be harmed.
- 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.
- Negative publicity or public perception of our company or our industry could adversely affect our reputation, business and results of operations.
- If we do not compete effectively in our target markets, our results of operations could be harmed.
- 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.
- If we are unable to effectively execute our retail optimization strategy, our business and results of operations may be adversely affected.
- We could experience a decline in repeat customers.
- 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 may change our strategy or underwriting and servicing practices, which may adversely affect our business.
- We may evaluate, and potentially consummate, acquisitions, which could require significant management attention, consume our financial resources, disrupt our business, and adversely affect our financial results.
- 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.
- 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.
- If we are unable to collect payment on and service the loans we make to our customers, our business would be harmed.
- We are exposed to geographic concentration risk.

- 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.
- 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.
- Fraudulent activity could negatively impact our business, operating results, brand and reputation and require us to take steps to reduce fraud risk.
- Security breaches and incidents impacting customers' confidential information that we store may harm our reputation, adversely affect our results of operations, and expose us to liability.
- We have limited experience underwriting, originating and servicing secured personal loans.
- 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.
- 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.
- We may not be able to make technological improvements as quickly as demanded by our customers which could harm our ability to attract customers and adversely affect our results of operations, financial condition and liquidity.
- 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.
- 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.
- 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.
- If we lose the services of any of our key management personnel, our business could suffer.
- 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.
- 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 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 international operations and offshore service providers involve inherent risks which could result in harm to our business.

Risks Related to Our Intellectual Property

- It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection.
- We have been, and may in the future be, sued by third parties for alleged infringement of their proprietary rights.
- 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.
- 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.

Risks Related to Our Industry and Regulation

- 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.
- Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.
- Internet-based and electronic signature-based loan origination processes may give rise to greater risks than paper-based processes.
- 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 collection, storage, use, disclosure, and other processing of personal information 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 may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act.
- Our bank partnership products may lead to regulatory risk and may increase our regulatory burden.
- We are pursuing a national bank charter which could subject us to significant new regulation.

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.
- 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.
- 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.
- 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.

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 2020 Form 10-K.

Risks Related 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 COVID-19 pandemic and health measures taken by governments and private industry in response to the pandemic, including shelter-in-place orders, restrictions on business operations, and travel restrictions, have significantly impacted worldwide economic activity and continues to create economic uncertainty. The extent to which the spread of COVID-19 (including its variant strains) impacts our business, results of operations, and financial condition will depend on developments that continue to be highly uncertain and difficult to predict, including the spread of the pandemic, its severity, the actions to contain the virus or treat its impact, the availability, distribution and efficacy of vaccines, and how quickly and to what extent normal economic conditions can resume. 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. Even after the COVID-19 pandemic has subsided, our business may be adversely affected as a result of the virus' global economic impact.

The COVID-19 pandemic has adversely affected our business in a number of ways, including a decreased demand for our products, which, 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. Governmental stimulus may have favorably impacted some of our customers and helped them to meet their loan obligations. If these benefits are not reinstated, or are reinstated at a reduced level than otherwise expected, or if other stimulus measures benefiting such customers are not enacted in the near term, the effect may materially and adversely impact the ability of customers to make timely payments and may result in an increase in loan delinquencies. In addition, governmental stimulus may result in reduced demand for our products, and any further economic relief or stimulus payment provided by the government in the future may cause demand for our products to remain depressed from prior levels.

Similar to relief options we have previously offered to customers impacted by natural disasters such as hurricanes and wildfires, we have and are continuing to offer 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 has and may continue to adversely affect our business, financial condition, results of operations, and cash flows. While the percentage of our owned portfolio balance in active deferral status under the Emergency Hardship Deferral program has declined since early 2020, there can be no assurance that customer inquiries related to relief options will not increase in the future, either as a result of COVID-19 or a future emergency or disruption in the economy. 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 subsides, 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.

While the majority of our retail locations remained open during the COVID-19 pandemic, we have had to temporarily alter our operations during parts of the pandemic to comply with local health orders, including reducing opening hours or closing certain retail locations. These alterations have at times negatively affected, and if we are required to reinstate them in the future, could negatively affect our ability to attract new customers, conduct business and collect payments from customers, 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.

The rollout of vaccines is currently underway in the United States and abroad. As a result of the distribution of the vaccines, various federal, state and local governments have begun to ease certain COVID-19 restrictions previously imposed while continuing to adhere to enhanced safety measures, such as physical distancing and face mask protocols. However, the severity and duration of the pandemic, the resurgence of infection rates from COVID-19 (including its variant strains), the efficacy of the vaccines against COVID-19 and its variant strains, and when "herd immunity" will be achieved, if at all. 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, social distancing orders in place, and vaccine availability. 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. 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. While there have recently been vaccines developed and administered, and the spread of COVID-19 may eventually be contained or mitigated, we cannot predict the timing of the vaccine roll-out or the efficacy of such vaccines, and we do not yet know how our business, or our partners will operate in a post COVID-19 environment. There may be additional costs or impacts to our business and operations, including when we are able to return to our offices and resume in-person activities, travel, and events. In addition, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will fully recover. The ultimate impact of the COVID-19 pandemic or a similar health epidemic on our business, operations, or the global economy as a whole remains highly uncertain.

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, 2020, we had a net loss of \$45.2 million and we have experienced net losses in the past. As of June 30, 2021, our retained earnings were \$46.7 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 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 experienced rapid growth in our business and operations in recent periods, and our recent growth rates may not be indicative of our future growth rates. 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 mobile, retail locations, direct mail marketing, contact centers, and partnerships;
- 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, including successfully developing our bank partnerships and if approved, our *de novo* national bank ("Opportun Bank");
- 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, new channels 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- and 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. While we have seen some increase in loan originations since the start of the COVID-19 pandemic, our originations have not yet returned to pre-pandemic levels. If our loan originations and revenue growth do not return to pre-pandemic levels or we experience additional slowdown in our loan origination 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. These models are built using forms of artificial intelligence ("A.I."), 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 A.I.). 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 A.I. 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 (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. Regulators in certain jurisdictions including the United Kingdom and the United States have announced the desire to phase out the use of LIBOR by the end of 2021, though the ICE Benchmark Administration, the administrator of LIBOR, announced plans to consult to extend the timeline for ceasing publication for certain tenors of U.S. dollar LIBOR to June 30, 2023. The transition from LIBOR to a new replacement benchmark is uncertain at this time and the consequences of such developments cannot be entirely predicted, but 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 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 78% of our total assets and Fair Value Notes represented 93% of our total liabilities as of June 30, 2021. 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 we are unable to collect payment and service the loans we make to customers, our net charge-off rates may exceed expected loss rates, and our business and results of operations may be harmed.**

Our unsecured personal loans, which comprise a significant portion of our overall portfolio, 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 additional economic assistance program or stimulus legislation is unknown, and we cannot determine the impact of any such program has had or will have on our net charge-off rates.

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

In August 2020, we changed our small claims filing practices, which included 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 or 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 contact center staff to home working environments, our ability to perform collections activities is highly dependent on the ability of our 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 as a result of the COVID-19 pandemic, including because of illness, quarantines, ineffective remote work environments or technology, utility, or other failures or limitations, our ability to collect payment may be adversely affected. 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. 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, social unrest, 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 led to an economic slowdown that increased unemployment levels and affected 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.

An economic downturn may also be accompanied by decreased consumer demand for automobiles, and declining values of vehicles securing outstanding secured personal loans, which would weaken collateral coverage for secured personal loans and increase the amount of loss in the event of default. Significant increases in the inventory of used vehicles during periods of economic slowdown or recession may also depress the prices at which repossessed vehicles may be sold or delay the timing of these sales. Consequently, if a vehicle securing a secured personal loan is repossessed while the used car auction market is depressed, the sale proceeds for such vehicle may be lower than expected, resulting in higher than expected losses.

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 company or our industry could adversely affect our reputation, business, and results of operations.*

Negative publicity about our industry or our company, including the terms of the consumer loans, effectiveness of the proprietary credit risk model, privacy and security practices, originations, marketing, servicing and collections, other business practices or initiatives, litigation, regulatory compliance and the experience of customers, even if inaccurate, could adversely affect our reputation and the confidence in our brand and business model or lead to changes in our business practices. For example, on July 28, 2020 we published a press release and a blog post announcing, among other things, changes to our legal collections practices to better align with our mission. In the blog post, we acknowledged that this move was partially the result of inquiries we received from certain consumer advocates and media outlets. Despite our responsiveness to the inquiries, certain media outlets and consumer advocates chose to highlight and have continued to highlight the very past practices that we had already modified. 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 on occasion 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. In August 2020, we implemented an APR cap of 36% for all newly originated loans, however, 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, or there are critiques of our business practices 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, marketing, servicing and collections practices, 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. Entry into new products, as well as into new origination channels, such as bank partnerships, other partnerships or Oportun Bank, could lead to negative publicity or draw additional scrutiny.

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 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.

*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. Our current and potential future competition primarily includes other consumer finance companies, credit card issuers, financial technology companies, technology platforms, and financial institutions, as well as payday lenders and pawn shops focused on low- and 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. For example, it is possible that the companies commonly referred to as "challenger banks" offering low-cost digital only deposit accounts may also begin to offer lending products catered to our target customers. In addition, it is possible that traditional banks may introduce new approaches to small-dollar lending. 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.**

Our business model relies on our ability to scale rapidly, and if our 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 increased 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.

If we are unable to effectively execute our retail optimization plan, our business and results of operations may be adversely affected.*

Our future growth strategy depends in part on our ability to optimize the mix of our channel ecosystem and serve our customers in their preferred channel. Based on current customer trends and the increased adoption of our mobile channel, as well as our new partners channel, we executed a retail optimization plan and closed 136 retail locations in March 2021 and reduced a portion of the employee workforce who managed and operated these retail locations. If we are unable to optimize our channel mix, our ability to serve and attract customers may be harmed and our profit margins may decline. Further, our brand and reputation may be harmed in connection with these location closings. If we are unsuccessful in transitioning customers from the closed locations to other retail locations or to out-of-store alternatives, our results of operations could be adversely affected. We will continue to assess our growth strategy and our channel mix will continue to evolve and may change as the business grows.

We could experience a decline in repeat customers.*

As of December 31, 2020 and 2019, returning customers comprised 85% and 80%, 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 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 secured personal 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 and we have previously invested resources to develop and launch new products and services and subsequently decided to discontinue these products and services in order to strategically realign our resources. 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. We have limited experience with new products such as credit cards or secured personal loans. There can be no assurances that these new products will have the same delinquency and default rates as we have historically experienced with our unsecured personal loans. Failure to accurately predict demand or growth with respect to our new products and services could adversely impact our business, and these new products and services may be unprofitable, which would increase our costs or decrease operating margins or increase the time it takes us to achieve target margins. Additionally, the growth of revenue from new products may be much slower than previously anticipated in the near term. New products and services may not become profitable, and even if they are profitable, operating margins of some new products may not be as high as the margins we have experienced historically. 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, in late March 2020, we significantly tightened our underwriting criteria. In addition, in August 2020, we implemented a nationwide 36% APR cap for newly originated loans which may have a potential impact on our yield or other 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 changing economic conditions, regulatory requirements and industry practices. For example, on July 28, 2020, we published a press release and a blog post announcing, among other things, changes to our legal collections practices to better align with our mission, including a reduction in future case filings. In addition, if we receive the “preliminary conditional approval” to obtain a national bank charter from the Office of the Comptroller of the Currency (OCC) to establish Oportun Bank, such approval may be conditioned on, among other things, substantial changes to our origination, servicing or collection practices, policies and procedures or other business practices or initiatives and in the future, if Oportun Bank is approved and formed, we would be subject to additional federal supervision and regulation, which may require additional changes to our origination, servicing or collection practices, policies and procedures or other business practices or initiatives. Any changes in strategy, underwriting or servicing practices 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 may evaluate, and potentially consummate, acquisitions, which could require significant management attention, consume our financial resources, disrupt our business, and adversely affect our financial results.*

Our success will depend, in part, on our ability to grow our business. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be

difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. We have previously acquired, and in the future, may acquire, assets or businesses. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- utilization of our financial resources for acquisitions or investments that may fail to realize the anticipated benefits;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- coordination of technology, product development and sales and marketing functions and integration of administrative systems;
- transition of the acquired company's customers to our systems;
- retention of employees from the acquired company;
- regulatory risks, including maintaining good standing with existing regulatory bodies or receiving any necessary approvals, as well as being subject to new regulators with oversight over an acquired business;
- attractive financing;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;
- potential write-offs of loans or intangibles or other assets acquired in such transactions that may have an adverse effect on our results of operations in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, security weaknesses and incidents, tax liabilities and other known and unknown liabilities;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property or increase our risk for liability; and
- litigation, claims or other liabilities in connection with the acquired company.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the write-off of goodwill, any of which could harm our 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, including through strategic partnerships and, if approved and formed, Oportun Bank. 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 or related to strategic partnerships. The costs of compliance and any failure by us to comply with such regulatory requirements in new geographies could harm our business. If our partners decide to or are no longer able to provide their services, we could incur temporary disruptions in our loan transactions or we may be unable to do business in certain states or certain locations.

*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. 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 identity, 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.

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 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, 2021, 54.5%, 26.8%, 5.3% and 5.3% of our Owned Principal Balance at End of Period related to customers from California, Texas, Florida, and Illinois, 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. Changes to current laws or the adoption of new laws could 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 3. 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. In August 2020, we implemented 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.

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 pandemic due to fraud with COVID-19 related themes. 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. We expect that originations in states where we do not currently operate, will likely initially occur on a "mobile-first" basis without physical locations, increasing reliance on mobile technologies which may be more susceptible to the fraudulent activities of organized criminals, perpetrators of fraud, hackers, terrorists and others. Additionally, expanding into other products may introduce opportunities for fraudulent activity that we have not previously experienced. 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 and incidents impacting 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 and cloud-based technologies, to operate our business. In the ordinary course of our business, we collect, store, transmit and otherwise process large amounts of sensitive information relating to customers and potential customers, including non-public personal information, credit information and other sensitive information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such sensitive information. We also collect, store, transmit and otherwise process certain sensitive, proprietary, and other information in the operation of our business, including personal data and personal information relating to employees, trade secrets, intellectual property, confidential business information, and other confidential data. We have arrangements in place with certain of our third-party vendors that require us to share this information as permitted by law. 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 the information that we collect, process, transmit, and store. 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.

There have been and may continue to be significant supply chain attacks, and we cannot guarantee that our or our third-party providers' systems and networks have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our products and services. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, contractors, 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 unauthorized access to, or loss, extraction, disclosure, or other misuse of personal information, confidential information, or other 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. Several large organizations recently have been affected by "ransomware" attacks and these highly publicized events may embolden individuals or groups to target our systems or the third-party systems on which we rely. 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, personal information, confidential information, or other sensitive information, which could result in financial, legal, regulatory, business, and reputational harm to us. 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 and the third parties who support our business and operations may not be able to anticipate or to implement effective preventive measures against all security breaches and incidents, 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.

While we regularly monitor data flow inside and outside the company, techniques used to obtain unauthorized access or to sabotage systems change frequently and are difficult to detect. As a result, we, our third-party hosting facilities and other service providers may be unable to anticipate these techniques or to implement adequate preventative measures. Any event that leads, or is believed to have led, to unauthorized access, to, or use, access, loss, corruption, disclosure or other processing of personal information, including but not limited to personal information regarding our customers, potential customers, loan applicants, and 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 for us, and result in significant legal and financial exposure and/or reputational harm. In particular, 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. 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 breaches or incidents or other inappropriate access events that result in the unauthorized access, release or transfer of personal or 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 or subject us to claims by third parties that we have breached our privacy- and confidentiality-related obligations, which could harm our business and prospects. The COVID-19 pandemic has increased attack opportunities available to criminals, as they attempt to profit from disruptions and the resulting shift in companies and individuals working remotely and online, as well as the increase in electronic transfers and other online activity.

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. The establishment of bank partnerships could leave us exposed to additional information security risks arising as a result of the interaction between our and any partners' information technology infrastructure, and the sharing between us of confidential customer information. 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 claims, lawsuits, regulatory investigations, proceedings, fines or other action or liability.

We incur significant costs in an effort to detect and prevent security breaches and other security-related incidents, and we expect our costs will increase as we work to continuously improve our systems and processes to prevent future breaches and incidents. In the event of an actual or perceived breach or incident, we could be required to expend additional significant capital and other resources in an effort to prevent further breaches or incidents. Moreover, we could be required to expend significant capital and other resources to address the incident and any future security breach or incident.

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, security breaches and incidents, and other infiltration, exfiltration or other similar events.

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, or other unauthorized access to or use 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.

Further, any belief by customers or others that a security breach or other incident has affected us or any of our service providers, even if a security breach or other incident has not affected us or any of our service providers or has not actually occurred, could have any or all of the foregoing impacts on us, including damage to our reputation. Even the perception of inadequate security may damage our reputation and negatively impact our ability to win new customers and retain existing customers.

We cannot ensure that any provisions in our agreements with customers, contracts with service providers and other contracts relating to limitations of liability, including those in connection with a security lapse or breach or other privacy- or security-related incident, would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim. 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.

*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, including any outage involving and any loss or corruption of data, 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.

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 and other computer systems used in our business, including those provided by third-party service providers, 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, computer viruses, physical or electronic break-ins, technical errors, 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 claims and liability, negative publicity and a loss of customers, all of which may negatively affect our business.

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.

We may not be able to make technological improvements as quickly as demanded by our customers 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. If we are not able to implement these changes quickly enough, it could impact our credit performance.

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.

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. Our expansion into new channels, products or markets may introduce additional third-party service providers, strategic partners and other third parties on which we may become reliant. For example, in connection with the secured personal loan product, we work with third parties that provide information and/or services in connection with valuation, title management and title processing, repossessions, and remarketing. The CFPB issued guidance stating that institutions under its supervision may be held responsible for the actions of the companies with which they contract. Additionally, the OCC has issued similar guidance for institutions under its supervision, which will apply to bank partners and to Oportun Bank, if approved and formed. 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, the OCC, 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 continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture and our long-term mission. We recently adopted a remote-first policy that permits most of our employees to work remotely should their particular positions allow. While we believe that most of our operations can be performed remotely, there is no guarantee that we will be as effective while working remotely because our team is dispersed and many employees may have additional personal needs to attend to or distractions in their remote work environment. Any failure to preserve our culture 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 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, 2021, we had 1,517 employees related to 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 Mexico, Colombia, and Jamaica, and may in the future include additional locations in other countries. In addition, we opened a technology development center in India in 2019. We have engaged vendors that utilize employees or contractors based outside of the United States. As of June 30, 2021, our outsourcing partners have provided us, on an exclusive basis, the equivalent of 519 full-time equivalents in Colombia, Jamaica, and India. These international activities 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.

We have developed our disclosure controls, internal control over financial reporting and other procedures to ensure information required to be disclosed by us in the reports that we will file with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended and anticipate we will continue to expend significant resources, including accounting-related costs, and provide significant management oversight. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. If our internal controls are perceived as inadequate or we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and our stock price could decline. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

Section 404 of the Sarbanes-Oxley Act requires our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We are also required to have our independent registered public accounting firm attest to, and issue an opinion on, the effectiveness of our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or if, when required, our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could subject us to sanctions or investigations by 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, social unrest, 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, during parts of the COVID-19 pandemic, 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 resulted in lower Aggregate Originations. While all of our retail locations are currently open, it is possible that we will have to temporarily close retail locations as necessary due to public health orders or other concerns relating to COVID-19 or other highly contagious disease. The closure of retail locations could further adversely affect our loan originations, customer experience, 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. See Item 1. 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.

The enactment of tax reform legislation could adversely impact our financial position and results of operations.*

Legislation or other changes in U.S. and international tax laws could increase our liability and adversely affect our after-tax profitability. For example, the Biden administration has proposed to increase the U.S. corporate income tax rate to 28% from 21%, increase the U.S. taxation of our international business operations and impose a global minimum tax. Such proposed changes, as well as regulations and legal decisions interpreting and applying these changes, may have significant impacts on our effective tax rate, cash tax expenses and net deferred tax assets in future periods.

Risks Related to Our Intellectual Property

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. The expansion of our product suite and our potential expansion into banking services may create additional trademark risk. 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 Item 1. 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.

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. Statutes, regulations and policies affecting lending institutions are continually under review by Congress, state legislatures and federal and state regulatory agencies. 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, bills have been introduced in Congress and in several states in recent years proposing various usury caps and other provisions that could otherwise greatly restrict the rates and fees that lenders can charge customers for late and returned payments. If such a bill were to be enacted, it could 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 a variety of legal mechanisms at their disposal to enforce state and federal consumer financial laws. For example, 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. Also, the California Consumer Financial Protection Law expands the jurisdiction of and reorganizes the existing state regulator to have broad authority over providers of financial services and products and gives the regulator broad enforcement authority against covered persons with respect to unfair, deceptive or abusive act and discrimination violations. 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.

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 or strategic partners 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" in our 2020 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. The complexity of the laws related to secured personal loans regarding vehicle titling and repossession may enhance the risk of consumer litigation. Further, the origination of loans through bank partnerships may increase the risk of litigation or regulatory scrutiny including based on the "true lender" theory that seeks to recharacterize a lending transaction. All such legal and regulatory actions are inherently unpredictable and, regardless of the merits of the claims, legal and regulatory actions are 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 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 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. In addition, if at any point Oportun Bank holds over \$10 billion in assets, which is not expected initially, the CFPB would be its primary regulator for consumer compliance purposes. 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 the lending products we offer. 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.

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.

*The collection, storage, use, disclosure, and other processing of personal information 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, store, and otherwise process a large volume of personally identifiable information and other sensitive data from customers and potential customers, and otherwise collect, store, use, disclose, and process other personal information, including that relating to employees. 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, transmitted, stored or otherwise processed.

For example, in June 2018, California enacted the California Consumer Privacy Act (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. In addition, a new ballot initiative, the California Privacy Rights Act (the "CPRA") was passed in November 2020. Effective starting on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates the California Privacy Protection Agency to enforce the laws. Some observers have noted the CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could also increase our potential liability and adversely affect our business. For example, the CCPA has encouraged "copycat" or other similar laws to be considered and proposed in other states across the country, such as in Virginia, New Hampshire, Illinois and Nebraska. On March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act ("CDPA"), a comprehensive privacy statute that becomes effective on January 1, 2023 and shares similarities with the CCPA, CPRA, and legislation proposed in other states. Whereas we have implemented measures designed to comply with applicable obligations under the CCPA and other applicable laws and regulations relating to privacy, data protection and information security, several other states are working to pass comprehensive privacy laws and compliance with these and other current and future laws and regulations relating to privacy, data protection and information security could result in higher compliance, technical or operating costs, require significant changes to our operations or prevent us from providing our products and services or certain features. Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection and information security, it is possible that our interpretations of the law, practices or our products and services could be inconsistent with or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Our failure, or the failure by our third-party providers or others with whom we do business, to comply with applicable laws or regulations or any other obligations relating to privacy, data protection or information security, or the perception that any of the foregoing has occurred, could damage our reputation and market reputation, harm our ability to obtain market adoption, discourage new and existing customers and prospective customers from using our products and services, require us to change our business practices or operational structure or result in fines, investigations, or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect our business, financial condition and results of operations.

In addition, an increase in third-party arrangements, including, for example, with lead aggregators and retail referral partners, could lead to increased complexity around our compliance obligations with respect to these laws or regulations. 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, products or services or require changes to our business practices or policies relating to privacy, data protection, or information security. Even if not subject to legal challenge, the perception of concerns relating to privacy, data protection and information security, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition, and results of operations. For example, on April 21, 2021, the United States Court of Appeals for the Eleventh Circuit issued an opinion in *Hunstein v. Preferred Collection and Management Services, Inc.*, holding that a

debt collector's transmittal of the plaintiff's personal information to the vendor used to generate and send collection letters violated the federal Fair Debt Collections Practices Act's (the "FDCPA") provision which generally prohibits a debt collector from communicating with anyone other than the debtor in connection with the collection of any debt without the debtor's consent. Although we do not utilize third-party debt collectors and collect our own debts, and as a result are not directly subject to the requirements of the FDCPA, including those at issue in *Hunstein*, certain states in which we operate have state laws that either incorporate the FDCPA's provisions and apply them to lenders collecting their own debts, or include similar provisions which apply to lenders collecting their own debts. None of the states in the Eleventh Circuit have such provisions in their laws. However, if other courts were to decide cases in a similar manner to *Hunstein*, we could determine that changes to our business practices, policies, and procedures are necessary, including the arrangements we have in place with certain of our third-party vendors that require us to share consumer information. These changes could adversely affect our ability to collect and as a result, our results of operations and financial condition could be negatively impacted.

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 (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 partnership products may lead to regulatory risk and may increase our regulatory burden.*

We currently have a bank partnership program with WebBank for our credit card product. On November 10, 2020, we announced that we had entered into a bank partnership program agreement with MetaBank, N.A. to offer unsecured installment loans, currently anticipated to launch in the coming weeks.

State and federal agencies have broad discretion in their interpretation of laws and their interpretation of requirements related to bank partnership programs and may elect to alter standards or the interpretation of the standards applicable to these programs. There has been state legislative action, litigation, and regulatory enforcement that has challenged, or is currently challenging, the contention that a bank acting as a loan's lender is the true lender and asserting that the party providing the source of loan financing or marketing, purchasing and servicing the loan, is instead the true lender. In the event of any recharacterization of the applicable originator's status as a true lender, any affected customer loans may not be enforceable, could be subject to offset and may further result in fines, penalties, damages, compliance costs or related operational burdens. Additionally, the OCC and FDIC recently issued "Valid when made" rules for which both regulators were sued by various states. The "true lender" rule issued by the OCC and effective as of December 2020 was recently repealed under the Congressional Review Act. The uncertainty of the federal and state regulatory environments around bank partnership programs means that our efforts to launch an installment loan product through a bank partner may not ultimately be successful, or it may be challenged by federal legislation or regulatory action, or by one or more states in which we have or intend to launch such a program. Our business may also be adversely affected if we are unable to continue our bank partnership programs in existing states or expand into new states due to legislative or regulatory changes, court decisions or other governmental action that challenge the use of bank partnership programs. 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.

We are pursuing a national bank charter which could subject us to significant new regulation.*

We recently applied to obtain a national bank charter through the establishment of a *de novo* bank to, among other things, allow us to offer additional products and services, provide us with new sources of lower cost funding and give our business regulatory clarity. If approved and formed, Oportun Bank may directly originate loans in all 50 states, although it would initially focus its origination activities in states where we previously originated loans under state licenses and in states where loans are not originated under any bank partnership agreements. Based upon the OCC's typical timeframe of granting "preliminary conditional approval" for *de novo* bank applications within 120 days of receipt, we believe a response from the OCC on our application could be received at any time. If received, the OCC's approval may be conditioned on requirements that we enhance our governance, compliance, controls and management infrastructure and capabilities in order to be compliant with all applicable regulations and operate to the satisfaction of the banking regulators. Additionally, such conditions may require substantial changes to our origination, servicing or collection practices, policies and procedures or other business practices or initiatives. If a preliminary conditional approval is received, we would have 12 months to capitalize Oportun Bank and 18 months to begin bank operations. During this time, we would continue ongoing discussions with the OCC concerning those conditions, and it is anticipated that we would be required, as a condition, to apply for and receive approval on our FDIC insurance application and our application with the Federal Reserve to become a bank holding company. Preliminary conditional approval does not guarantee that Oportun Bank will receive final approval from the OCC or will commence operations within that time frame or at all.

If we were to obtain a national bank charter, we would be subject to supervision and regulation by the OCC under the National Bank Act, by the Federal Deposit Insurance Corporation (the "FDIC") and by the Board of Governors of the Federal Reserve System (the "Federal Reserve") under the

Bank Holding Company Act which could be subject to certain restrictions and requirements, including capital requirements and shareholder requirements. In addition, if at any point Oportun Bank holds over \$10 billion in assets, which is not expected initially, the CFPB would be its primary regulator for consumer compliance purposes. Due to their broad authority to regulate compliance, as well as safety and soundness, examinations by such federal regulators may involve more scrutiny or cover a broader range than those examinations conducted by our current regulators.

In addition, as a bank holding company, we would generally be prohibited from engaging, directly or indirectly, in any activities other than those permissible for bank holding companies. This restriction might limit our ability to pursue future business opportunities which we might otherwise consider but which might fall outside the scope of permissible activities.

If we are able to obtain a national bank charter, certain of our stockholders may need to comply with applicable federal banking statutes and regulations, including the Change in Bank Control Act and the Bank Holding Company Act. Specifically, stockholders holding 10.0% or more of our voting interests may be required to provide certain information and/or commitments on a confidential basis to, among other regulators, the Federal Reserve. This requirement may deter certain existing or potential stockholders from purchasing shares of our common stock, which may suppress demand for the stock and cause the price to decline.

Our efforts to comply with such additional regulation may require substantial time and monetary commitments. If any new regulations or interpretations of existing regulations to which we are subject impose requirements on us that are impractical or that we cannot satisfy, our financial performance may be adversely affected.

If we are unable to obtain or decide not to pursue a national bank charter, our ability to grow, improve our capital efficiency, or funding resilience, may be adversely affected. Without a national bank charter, we would be required to continue to maintain several state licenses and our business, including our ability to offer a broader range of products and services, may be adversely affected.

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 continue 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. In addition, currently 100% of our whole loan sales are to one third-party institutional investor. If this institutional investor were unable or unwilling to continue to purchase loans during the term of our agreement, we may choose not to or may be unable to replace the agreement with a favorable alternate whole loan sale opportunity. In that event, our revenue and liquidity may be negatively impacted, which may adversely affect our financial condition.

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.

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.

General Risk Factors

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 authorized 8,152,800 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;
- actual or perceived data security breaches or incidents impacting us or our third-party service providers;
- 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 (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. 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 U.S. federal district courts 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.

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

Unregistered Sale of Equity Securities

None.

Use of Proceeds

None.

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	
10.1	Indenture by and between Oportun Issuance Trust 2021-B, and Wilmington Trust, National Association, dated as of May 10, 2021.					x
10.2 [¶]	Letter Agreement to Retention Facility Agreement by and between WebBank and Oportun, Inc., dated as of July 28, 2021.					x
31.1	Rule 13a-14(a)/15d-14(a) Certifications of the Chief Executive Officer and Director of Oportun Financial Corporation					x
31.2	Rule 13a-14(a)/15d-14(a) Certifications of the Chief Financial Officer and Chief Administrative Officer of Oportun Financial Corporation					x
32.1*	Section 1350 Certifications					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 6, 2021

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

OPORTUN ISSUANCE TRUST 2021-B,
as Issuer

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Indenture Trustee, as Securities Intermediary and as Depository Bank

INDENTURE

Dated as of May 10, 2021

1.47% Asset Backed Fixed Rate Notes, Class A

1.96% Asset Backed Fixed Rate Notes, Class B

3.65% Asset Backed Fixed Rate Notes, Class C

5.41% Asset Backed Fixed Rate Notes, Class D

Exhibits A-M and Schedules 1-2 to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

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Exhibits:

- Exhibit A: Form of Release and Reconveyance of Trust Estate
- Exhibit B: [Reserved]
- Exhibit C: Form of Lien Release
- Exhibit D: Form of Transfer Certificate for Transfers of PTP Transfer Restricted Interests (or interests therein)
- Exhibit E: [Reserved]
- Exhibit F: Form of Intercreditor Agreement
- Exhibit G: [Reserved]
- Exhibit H: Form of Asset Repurchase Demand Activity Report
- Exhibit I: Form of Class A Restricted Global Note
- Exhibit J: Form of Class B Restricted Global Note
- Exhibit K: Form of Class C Restricted Global Note
- Exhibit L: Form of Class D Restricted Global Note

Exhibit M: Form of Monthly Statement

Schedule 1 Perfection Representations, Warranties and Covenants

Schedule 2 List of Proceedings

INDENTURE, dated as of May 10, 2021, between OPORTUN ISSUANCE TRUST 2021-B, a Delaware statutory trust, as issuer (the “Issuer”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association with trust powers, as Indenture Trustee, as Securities Intermediary and as Depositary Bank.

WITNESSETH:

WHEREAS, the Issuer has duly executed and delivered this Indenture to provide for the issuance 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 Indenture Trustee hereunder and duly issued by the Issuer, the legal, valid and binding obligations of the Issuer as hereinafter provided;

WHEREAS, simultaneously with the delivery of this Indenture, the Issuer is entering into the Transfer Agreement pursuant to which the Depositor and the Depositor Loan Trustee for the benefit of the Depositor will convey to the Issuer all of their respective right, title and interest in, to and under certain Loans and Related Rights.

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 Indenture Trustee at the Closing Date, for the benefit of the Indenture 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 Loans and all Receivables existing after the Cut-Off Date that have been or may from time to time be conveyed, sold and/or assigned, directly or indirectly, to the Depositor and the Depositor Loan Trustee for the benefit of the Depositor pursuant to the Purchase Agreement, and, in turn, by the Depositor and the Depositor Loan Trustee for the benefit of the Depositor to the Issuer pursuant to the Transfer Agreement; (b) all Collections thereon received after the applicable Cut-Off Date; (c) all Related Security; (d) the Collection Account, the Reserve Account, the Payment Account and any other account maintained by the Indenture Trustee for the benefit of the Secured Parties as trust accounts (each such account, a “Trust Account”), all monies from time to time deposited therein and all money, instruments, investment property and other property from time to time credited thereto or on deposit therein; (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, the Purchase Agreement and the Transfer Agreement; (h) all accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas and other minerals, (i) all additional property that may from time to time hereafter be subjected to the grant and pledge made by the Issuer or by anyone on its behalf; (j) all present and future claims, demands, causes and choses in action and all payments on or under the foregoing; and (k) 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 Indenture 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 (i) the Issuer by the Depositor and the Depositor Loan Trustee for the benefit of the Depositor pursuant to the Transfer Agreement and (ii) the Depositor and the Depositor Loan Trustee for the benefit of the Depositor by the Seller pursuant to the Purchase Agreement; provided, however, that the Indenture 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 Indenture 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.

DESIGNATION

(a) There are hereby created notes to be issued pursuant to this Indenture and such notes shall be substantially in the form of Exhibit I, J, K, L and M hereto, executed by or on behalf of the Issuer and authenticated by the Indenture Trustee and designated generally 1.47% Asset Backed Fixed Rate Notes, Class A, Series 2021-B (the “Class A Notes”), 1.96% Asset Backed Fixed Rate Notes, Class B, Series 2021-B (the “Class B Notes”), 3.65% Asset Backed Fixed Rate Notes, Class C, Series 2021-B (the “Class C Notes”) and 5.41% Asset Backed Fixed Rate Notes, Class D, Series 2021-B (the “Class D Notes” and, together with the Class A Notes, the Class B Notes and the Class C Notes, the “Notes”). The Class A Notes, the Class B Notes and the Class C Notes shall be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, and the Class D Notes shall be issued in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof.

(b) The Class B Notes shall be subordinate to the Class A Notes to the extent described herein.

(c) The Class C Notes shall be subordinate to the Class A Notes and the Class B Notes to the extent described herein.

(d) The Class D Notes shall be subordinate to the Class A Notes, the Class B Notes and the Class C Notes to the extent described herein.

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:

“Additional Interest” has the meaning specified in Section 5.12(d).

“Additional Originator” shall have the meaning specified in the Transfer Agreement.

“Administrator” shall mean the Person acting in such capacity from time to time pursuant to and in accordance with the Trust Agreement, which shall initially be PF Servicing, LLC.

“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.

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

“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.

“Amortization Period” means the period commencing on the date on which the Revolving Period ends and ending on the Series 2021-B Termination Date.

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

“Available Funds” means, with respect to any Monthly Period, the sum of the following, without duplication: (a) 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; (b) any remaining portion of the Pre-Funding Amount deposited into the Collection Account on the Closing Date; (c) any amounts on deposit in the Reserve Account in excess of the Reserve Account Requirement; (d) other amounts in the Reserve Account, but only to the extent necessary (after giving effect to clauses (a)–(c) above) to increase the balance of Available Funds to an amount sufficient to pay the amounts required to be paid or distributed pursuant to Section 5.15(a)(i)–(viii); (e) on any Payment Date after the occurrence and during the continuance of an Event of Default, all amounts in the Reserve Account, and (f) all other amounts held in the Reserve Account on the earliest of (i) the date on which there is an optional redemption of the Notes, (ii) the Legal Final Payment Date for any class of Notes then outstanding, or (iii) a Payment Date on which such amounts, together with all other Available Funds, would be sufficient to pay the entire outstanding amount of the Notes when applied as provided in Section 5.15 hereof.

“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.*

“Beneficiary” has the meaning specified in the Trust Agreement.

“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.

“Book-Entry Notes” means Notes in which beneficial interests are owned and transferred through book entries by a Clearing Agency or a Foreign Clearing Agency as described in Section 2.16; provided that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Notes are issued to the Note Owners, such Definitive Notes shall replace Book-Entry Notes.

“Business Day” 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.

“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.

“Certificateholder” means a Holder of a Certificate.

“Certificates” means the trust certificates issued by the Issuer pursuant to the Trust Agreement, representing the beneficial interest in the Issuer.

“Class” any one of the classes of Notes .

“Class A Additional Interest” has the meaning specified in Section 5.12(a).

“Class A Deficiency Amount” has the meaning specified in Section 5.12(a).

“Class A Monthly Interest” has the meaning specified in Section 5.12(a).

“Class A Note Rate” means, with respect to each Interest Period, a fixed rate equal to 1.47% per annum with respect to the Class A Notes.

“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(a)(iii).

“Class B Additional Interest” has the meaning specified in Section 5.12(b).

“Class B Deficiency Amount” has the meaning specified in Section 5.12(b).

“Class B Monthly Interest” has the meaning specified in Section 5.12(b).

“Class B Note Rate” means, with respect to each Interest Period, a fixed rate equal to 1.96% per annum with respect to the Class B Notes.

“Class B Noteholder” means a Holder of a Class B Note.

“Class B Notes” has the meaning specified in paragraph (a) of the Designation.

“Class B Required Interest Distribution” has the meaning specified in Section 5.15(a)(iv).

“Class C Additional Interest” has the meaning specified in Section 5.12(c).

“Class C Deficiency Amount” has the meaning specified in Section 5.12(c).

“Class C Monthly Interest” has the meaning specified in Section 5.12(c).

“Class C Note Rate” means, with respect to each Interest Period, a fixed rate equal to 3.65% per annum with respect to the Class C Notes.

“Class C Noteholder” means a Holder of a Class C Note.

“Class C Notes” has the meaning specified in paragraph (a) of the Designation.

“Class C Required Interest Distribution” has the meaning specified in Section 5.15(a)(v).

“Class D Additional Interest” has the meaning specified in Section 5.12(d).

“Class D Deficiency Amount” has the meaning specified in Section 5.12(d).

“Class D Monthly Interest” has the meaning specified in Section 5.12(d).

“Class D Note Rate” means, with respect to each Interest Period, a fixed rate equal to 5.41% per annum with respect to the Class D Notes.

“Class D Noteholder” means a Holder of a Class D Note.

“Class D Notes” has the meaning specified in paragraph (a) of the Designation.

“Class D Required Interest Distribution” has the meaning specified in Section 5.15(a)(vi).

“Clearing Agency” means an organization registered as a “clearing agency” pursuant to Section 17A of the Exchange Act or any successor provision thereto.

“Clearing Agency Participant” means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency or Foreign Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency or Foreign Clearing Agency.

“Clearstream” means Clearstream Banking, société anonyme.

“Closing Date” means May 10, 2021.

“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 Obligor, 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 breached if any of the following is true on any date of determination:

- (i) the aggregate Outstanding Receivables Balance of all Rewritten 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 27.0%;
 - (iii) the weighted average life of all Eligible Receivables exceeds forty-three (43) months;
 - (iv) the aggregate Outstanding Receivables Balance of all Eligible Receivables that are not Renewal Receivables exceeds 35.0% of the Outstanding Receivables Balance of all Eligible Receivables;
 - (v) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of less than or equal to \$800 exceeds 5.0% of the Outstanding Receivables Balance of all Eligible Receivables;
 - (vi) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of less than or equal to \$1,600 exceeds 10.0% of the Outstanding Receivables Balance of all Eligible Receivables;
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(vii) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of less than or equal to \$3,000 exceeds 25.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(viii) the aggregate Outstanding Receivables Balance of all Eligible Receivables with Original Receivables Balances of less than or equal to \$6,000 exceeds 65.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(ix) the aggregate Outstanding Receivables Balance of all Eligible Receivables that are not Renewal Receivables with Original Receivables Balances of greater than \$6,000 exceeds 5.0% of the Outstanding Receivables Balance of all Eligible Receivables;

(x) the weighted average credit score of the related Obligors 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;

(xi) the aggregate Outstanding Receivables Balance of all Eligible Receivables the Obligors of which have credit scores within the following respective credit score buckets: (x) ADS Score: less than or equal to 560, (y) PF Score: less than or equal to 500 and (z) VantageScore: less than or equal to 520 exceeds 5.0% of the aggregate Outstanding Receivables Balance of all Eligible Receivables;

(xii) the aggregate Outstanding Receivables Balance of all Eligible Receivables relating to Secured Personal Loans exceeds 10.0% of the Outstanding Receivables Balance of all Eligible Receivables; or

(xiii) the aggregate Outstanding Receivables Balance of all Eligible Receivables subject to a Temporary Reduction in Payment Plan (excluding Loans subject to an Emergency Temporary Reduction in Payment Plan) exceeds 5.0% of the Outstanding Receivables Balance of all Eligible Receivables.

“Consolidated Parent” means initially, Oportun Financial Corporation, 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.

“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.

“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 Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at 1100 N. Market Street, Wilmington, DE 19890, Attention: Corporate Trust Administration.

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

“Credit and Collection Policies” means the Seller’s (or, if applicable, an Additional Originator’s) and the Servicer’s credit and collection policy or policies relating to Loans and Receivables and, with respect to the Seller and Servicer, 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” means (i) with respect to the Receivables purchased by the Issuer on the Closing Date, the close of business on May 5, 2021 and (ii) with respect to Subsequently Purchased Receivables, the related Purchase Date.

“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 as to which any of the following has occurred: (i) 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) if relating to a Secured Personal Loan where the Titled Asset has been repossessed, the earlier of the month-end when the sale proceeds are received or the end of the month in which the repossession collateral has been in inventory for more than 90 days has occurred, (iii) the Servicer has been notified that the Obligor thereon has died or is suffering or has suffered an Event of Bankruptcy or (iv) consistent with the Credit and Collection Policies, such Receivable would be written off the Issuer's, the Depositor's, the Seller's or the Servicer's books as uncollectible.

“Deficiency Amount” has the meaning specified in Section 5.12(d).

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

“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 initially be Wilmington Trust, National Association.

“Depositor” means Oportun Depositor, LLC, a special purpose limited liability company established under the laws of Delaware.

“Depositor Loan Trust Agreement” means the Depositor Loan Trust Agreement, dated as of the Closing Date, between the Depositor and the Depositor Loan Trustee, as the same may be amended or supplemented from time to time.

“Depositor Loan Trustee” means Wilmington Savings Fund Society, FSB, a federal savings bank.

“Depositor Repurchase Event” has the meaning specified in the Transfer Agreement.

“Depository” means the Clearing Agency or Foreign Clearing Agency, as applicable.

“Depository Agreement” means the agreement among the Issuer and the Clearing Agency or Foreign Clearing Agency.

“Determination Date” means the third Business Day prior to each Note Transfer Date.

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

“DTC” means The Depository Trust Company.

“Eligible Receivable” means each Receivable:

(a) that was originated 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 and privacy) and which 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 Depositor, the Depositor Loan Trustee or the Issuer as their assignee 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, Oportun, LLC, PF Servicing, LLC or the applicable Additional Originator in connection with the creation or the execution, delivery, performance and servicing of 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 Depositor, the Depositor Loan Trustee or the Issuer as their assignee and does not have any other Material Adverse Effect);

(c) as to which, at the time of the sale of such Receivable (i) by the Seller to the Depositor and the Depositor Loan Trustee for the benefit of the Depositor, (ii) by Oportun, LLC to the Seller, (iii) by MetaBank, as an Additional Originator, to the Seller or Oportun Bank, or (iv) by Oportun Bank, as an Additional Originator, to the Seller or the Depositor and the Depositor Loan Trustee for the benefit of the Depositor, in each case as applicable, the party selling such Receivable was the sole owner thereof and had good and marketable title thereto free and clear of all Liens and, following such sale, good and marketable title to such Receivables was vested in the party purchasing such Receivable free and clear of all Liens of the selling party;

(d) that 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) the related Loan of which is an Unsecured Loan or a Secured Personal Loan;

(f) that is not secured by any Titled Asset that is in the process of being repossessed;

(g) the related Loan of which constitutes a “general intangible,” “instrument,” “chattel paper,” “promissory note” or “account”, in each case under and as defined in Article 9 of the UCC of all applicable jurisdictions;

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

(i) 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;

(j) that is not, on the applicable Purchase Date, a Delinquent Receivable;

(k) that has an original and remaining term to maturity of no more than fifty-four (54) months (in the case of Unsecured Loans) or sixty-six (66) months (in the case of Secured Personal Loans);

(l) that has an Outstanding Receivables Balance less than or equal to \$11,400 (in the case of Unsecured Loans) or \$20,500 (in the case of Secured Personal Loans);

(m) that has a fixed interest rate that is greater than or equal to 15.0%;

(n) that has an annual percentage rate that is less than or equal to 36.0%;

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

(p) that is not a Defaulted Receivable;

(q) that was not obtained under fraudulent circumstances or circumstances involving identity theft, in each case as verified in accordance with the Credit and Collection Policies;

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

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

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

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

(v) the assignment of which (i) by the Seller to the Depositor and the Depositor Loan Trustee for the benefit of the Depositor, (ii) by Oportun, LLC to the Seller, (iii) by MetaBank, as an Additional Originator, to the Seller or Oportun Bank, (iv) by Oportun Bank, as an Additional Originator, to the Seller or the Depositor and the Depositor Loan Trustee for the benefit of the Depositor or (v) by the Depositor and the Depositor Loan Trustee for the benefit of the Depositor to the Issuer, in each case as applicable, 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;

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

(x) as to which the proceeds of the related Loan are fully disbursed, there is no requirement for future advances under such Loan and none of the Seller, Oportun, LLC or the applicable Additional Originator has any further obligations under such Loan;

(y) as to which the Servicer (as Custodian (as defined in the Servicing Agreement)) is in possession of a full and complete Receivable File in physical or electronic format; with respect to Receivable Files in electronic format, such possession may be through use of an electronic document repository provided by a third-party vendor;

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

(aa) as to which a Concentration Limit would not be breached on the applicable Purchase Date by the sale, transfer or assignment of such Receivable to the Issuer or, in connection with Rewritten Receivables involving the modification of a Receivable, at the time of such modification; and

(bb) that was not originated by MetaBank in Colorado, Connecticut, Georgia (unless the original loan amount was greater than \$3,000), Iowa, New York, Vermont, West Virginia or the District of Columbia.

“Emergency” means a local or wide-spread emergency such as a natural disaster, government shutdown or pandemic.

“Emergency Temporary Reduction in Payment Plan” means a Temporary Reduction in Payment Plan sought by an Obligor as a result of being impacted by an Emergency.

“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 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.

“Euroclear” means the Euroclear System, as operated by Euroclear Bank S.A./N.V.

“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.

“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 or any successor thereto.

“FDIC Safe Harbor” means 12 C.F.R. §360.6, as it may be amended from time to time and subject to such clarifications and interpretations as may be provided by the FDIC or by the FDIC’s staff from time to time.

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

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

“Fitch” means Fitch, Inc.

“Flow-through Entity” has the meaning specified in Section 2.6(e)(iii).

“Foreign Clearing Agency” means Clearstream and Euroclear.

“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.

“Global Note” has the meaning specified in Section 2.19.

“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 Indenture.

“Holder” means the Person in whose name a Note is registered in the Note Register.

“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 this Indenture dated as of the Closing Date, between the Issuer and the Indenture Trustee, Securities Intermediary and Depository Bank, as amended, restated, modified or supplemented from time to time.

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

“Indenture 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 trustee appointed in accordance with the provisions of this Indenture.

“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 Indenture 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 or an Administrator Order and approved by the Indenture 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.

“Initial Purchasers” means Jefferies LLC, Goldman Sachs & Co. LLC and Natixis Securities Americas LLC, as initial Class A Noteholders, initial Class B Noteholders, initial Class C Noteholders and initial Class D Noteholders.

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

“Interest Period” means, with respect to any Payment Date, the period from and including the Payment Date immediately preceding such Payment Date (or, in the case of the first Payment Date, from and including the Closing Date) to but excluding such Payment Date.

“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 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 Indenture 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” means May 8, 2031.

“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 (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” means any promissory note or other loan documentation originally entered into between an Originator and an Obligor in connection with consumer loans made by such Originator to such Obligor in the ordinary course of such Originator’s business and acquired, directly or indirectly, by the Depositor and the Depositor Loan Trustee for the benefit of the Depositor for further transfer by the Depositor and the Depositor Loan Trustee for the benefit of the Depositor to the Issuer.

“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 Depositor, the Servicer, Oportun, LLC, the Seller or, if approved and formed and designated as an Additional Originator, Oportun Bank, (iii) the ability of the Issuer, the Depositor, Oportun, LLC, the Seller or, if approved and formed and designated as an Additional Originator, Oportun Bank 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 Indenture Trustee or any Secured Party in the Trust Estate or under the Transaction Documents.

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

“MetaBank” means MetaBank, National Association

“MetaBank Program” means the partnership between the Seller and MetaBank where Seller provides marketing, underwriting, and other services in connection with the origination by

MetaBank of unsecured personal loans meeting certain eligibility criteria established by MetaBank.

“Minimum Collection Account Balance” means, on and as of any date of determination, the excess, if any, of (i) the sum of the outstanding principal amount of the Notes plus the Required Overcollateralization Amount, over (ii) the Outstanding Receivables Balance of all Eligible Receivables; provided, however, that once an amount has been transferred to the Payment Account which is sufficient to pay the Noteholders in full (including all interest accrued, or to accrue to the next Payment Date, and the outstanding principal balance of the Notes), the “Minimum Collection Account Balance” shall be zero.

“Monthly Interest” has the meaning specified in Section 5.12(d).

“Monthly Loss Percentage” means the fraction, expressed as a percentage, equal to (i) twelve (12) times the aggregate Outstanding Receivables Balance of all Receivables that became Defaulted Receivables during the previous Monthly Period, less Recoveries received during such previous Monthly Period, over (ii) the aggregate Outstanding Receivables Balance of all Eligible Receivables at the beginning of such Monthly Period.

“Monthly Period” means 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 May 31, 2021; provided further, however, that, solely for purposes of allocating Collections received on the Receivables, the first Monthly Period shall be deemed to commence on the Cut-Off Date.

“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 Indenture Trustee; provided, however, that no such other agreed form shall serve to exclude information expressly required by this Indenture.

“Monthly Statement” means a statement substantially in the form attached hereto as Exhibit M, with such changes as the Servicer (with prior consent of the Back-Up Servicer) may determine to be necessary or desirable; provided, however, that no such change shall serve to exclude information expressly required by this Indenture.

“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(i) of the Servicing Agreement.

“Note Owner” means, with respect to a Book-Entry Note, the Person who is the beneficial owner of such Book-Entry Note, as reflected on the books of the Clearing Agency or Foreign Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency or Foreign Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency or Foreign Clearing Agency).

“Note Principal” means on any date of determination the then outstanding principal amount of the Notes.

“Note Purchase Agreement” means the agreement by and among the Initial Purchasers, Oportun and the Depositor, dated April 28, 2021, pursuant to which the Initial Purchasers agreed to purchase an interest in the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, respectively from the Depositor, subject to the terms and conditions set forth therein, as amended, supplemented or otherwise modified from time to time.

“Note Rate” means the Class A Note Rate, the Class B Note Rate, the Class C Note Rate and the Class D Note Rate, as applicable.

“Note Register” has the meaning specified in Section 2.6(a).

“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.

“Note Transfer Date” means the Business Day immediately prior to each Payment Date.

“Obligor” means, with respect to any Receivable, the Person or Persons obligated to make payments with respect to such Receivable, including any guarantor thereof.

“Offering Memorandum” means the Offering Memorandum, dated April 30, 2021, relating to the Notes.

“Officer’s Certificate” means a certificate signed by any Responsible Officer of the Person providing the certificate.

“Opinion of Counsel” means one or more written opinions of counsel to the Issuer, the Depositor, the Seller, Oportun Bank 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 Indenture 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 Indenture Trustee, and shall be addressed to the Indenture Trustee. An Opinion of Counsel may, to the extent same is based on any factual matter, rely on an Officer’s Certificate as to the truth of such factual matter.

“Oportun” means Oportun, Inc., a Delaware corporation.

“Oportun Bank” means a *de novo* national bank formed and established through a national bank charter in connection with the application submitted by Parent to the Office of the Comptroller of the Currency in November 2020.

“Oportun Bank Agreement” means the agreement by which Oportun Bank, if approved and formed and designated as an Additional Originator pursuant to the Transfer Agreement, sells Loans to the Seller or the Depositor and the Depositor Loan Trustee for the benefit of the Depositor, which agreement meets the requirements of Section 2.5 of the Transfer Agreement.

“Oportun, LLC” means Oportun, LLC, a limited liability company established under the laws of Delaware.

“Original Receivables Balance” means, with respect to any Receivable, an amount equal to the original principal balance of such Receivable at origination.

“Originator” means (i) initially, each of the Seller and Oportun, LLC and (ii) each Additional Originator designated as such in accordance with the Transfer Agreement.

“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).

“Owner Trustee” means Wilmington Savings Fund Society, FSB, a federal savings bank.

“Parent” means Oportun Financial Corporation.

“Paying Agent” means any paying agent appointed pursuant to Section 2.7 and shall initially be the Indenture Trustee.

“Payment Account” means the account established as such for the benefit of the Secured Parties of this Series 2021-B pursuant to Section 5.3(c).

“Payment Date” means June 8, 2021 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.

“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 Indenture 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 pay the Depositor for Subsequently Purchased Receivables that are Eligible Receivables.

“Permitted Encumbrance” means (a) with respect to the Issuer or the Depositor, any item described in clause (i), (iv), (vi) or (vii) of the following, and (b) with respect to the Seller, any item described in clauses (i) through (vii) 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 Indenture Trustee, or otherwise created by the Issuer, the Depositor, the Seller or the Indenture Trustee pursuant to the Transaction Documents, and the interests of mortgagees and loss payees under the terms of any Loan;

(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 Indenture Trustee or any Noteholder in any of the Receivables;

(vi) any Lien created in favor of the Issuer, the Depositor or the Seller in connection with the purchase of any Receivables by the Issuer, the Depositor or the Seller and covering such Receivables, the related Loans with respect to which are sold to the Seller, the Depositor or the Issuer pursuant to the Transaction Documents; and

(vii) any Lien created in favor of the Seller or an Affiliate of the Seller in connection with the purchase of any Receivables by the Seller or such Affiliate and covering such Receivables, the related Loans with respect to which are sold by MetaBank to the Seller or such Affiliate under the MetaBank Program.

“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 a Rating Agency in the highest investment category granted thereby;

(c) commercial paper 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 Rating Agency.

Permitted Investments may be purchased by or through the Indenture Trustee or any of its Affiliates.

“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.

“Pre-Funding Amount” equals \$281,312,261.97.

“Pre-Funding Shortfall Date” has the meaning specified in Section 3.4(b).

“Proceeding” means any suit in equity, action at law or other judicial or administrative proceeding.

“PTP Transfer Restricted Interest” means any Note, other than a Note for which an Opinion of Counsel states that such Note will be characterized as debt for U.S. federal income tax purposes; provided, for the avoidance of doubt, each Class D Note (other than any Retained Notes) shall constitute a “PTP Transfer Restricted Interest,” and each Class A Note, Class B Note and Class C Note (other than any Retained Notes) shall not constitute a “PTP Transfer Restricted Interest.”

“Purchase Agreement” means the Receivables Purchase Agreement, dated as of the Closing Date, among the Seller, the Depositor and the Depositor Loan Trustee, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

“Purchase Date” means the Closing Date and each date thereafter on which the Depositor and the Depositor Loan Trustee for the benefit of the Depositor purchase Loans and Related Rights from the Seller (or, if applicable, Oportun Bank) and transfer such Loans and Related Rights to the Issuer pursuant to the Transfer Agreement.

“QIB” has the meaning specified in Section 2.16(a)(i).

“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 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.

“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.

“Receivable” means the indebtedness of any Obligor under a Loan that is listed on the applicable Receivables Schedule, 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, a Removed Receivable shall no longer constitute a Receivable. If a Loan 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” means, with respect to a Receivable, the Loans or other records and the note related to such Receivable; provided that such Receivable File may be created in electronic format, or converted to microfilm or other electronic media.

“Receivables Schedule” means the schedule of Loans attached to the Purchase Agreement and the schedule of Loans attached to the Transfer Agreement, in each case reflecting the Loans sold thereunder, as supplemented from time to time in connection with the sale of Subsequently Purchased Receivables.

“Record Date” means, with respect to any Payment Date, the last Business Day of the preceding Monthly Period.

“Records” means all Loans 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 in the case of a redemption of the Notes, the Payment Date specified by the initial Servicer or the Issuer pursuant to Section 14.1.

“Redemption Price” means an amount as set forth in Section 14.1(b) for the redemption of the Notes.

“Registered Notes” has the meaning specified in Section 2.1.

“Related Rights” means, with respect to any Loan, (i) all Receivables related thereto and all Collections received thereon after the applicable Cut-Off Date, (ii) all Related Security, (iii) all products of the foregoing, (iv) all Recoveries relating thereto, and (v) all proceeds of the foregoing.

“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(i) 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, (iv) by the Depositor pursuant to the terms of the Transfer Agreement or (v) by any other Person pursuant to Section 5.8.

“Renewal Receivable” means a Receivable that satisfies the following conditions: (i) the Obligor was previously an obligor of a prior personal loan receivable originated by the Seller, Oportun, LLC or applicable Additional 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 Oportun, LLC’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 Rewritten Receivable.

“Repurchase Event” has the meaning specified in the Purchase Agreement.

“Required Certificateholders” means the holders of Certificates representing a percentage interest in excess of 50% of the Certificates outstanding.

“Required Interest Distribution” has the meaning specified in Section 5.15(a)(vi).

“Required Monthly Payments” has the meaning specified in Section 5.4(c).

“Required Noteholders” means the holders of the most senior class of Notes outstanding, voting together, representing in excess of 50% of the aggregate principal balance of such class of Notes outstanding (or, if the Notes have been paid in full, the Required Certificateholders).

“Required Overcollateralization Amount” equals \$11,508,951.

“Required Principal Distribution” has the meaning specified in Section 5.15(a)(vii).

“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.

“Reserve Account” has the meaning specified in Section 5.3(b).

“Reserve Account Requirement” means an amount equal to 0.25% of the aggregate initial principal balance of the Notes.

“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 Indenture Trustee, in any of its capacities hereunder, a Trust Officer.

“Restricted Global Notes” has the meaning specified in Section 2.16(a)(i).

“Retained Notes” means any Notes, or interests therein, beneficially owned by the Issuer or an entity which, for U.S. federal income tax purposes, is considered the same Person as the Issuer, until such time as such Notes are the subject of an opinion pursuant to Section 2.6(d) hereof.

“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.

“Rewritten Receivable” means (i) any Receivable which replaces an existing Receivable due and (ii) any Receivable which is modified using criteria consistent with the rewrite provisions of the Credit and Collection Policies, and in either case, which does not involve the receipt of any new funds by such Obligor.

“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).

“Rule 144A” has the meaning specified in Section 2.16(a)(i).

“Sale Agreement” has the meaning specified in the Purchase Agreement.

“Scheduled Amortization Period Commencement Date” means May 1, 2024.

“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 Depositor, 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 Indenture.

“Secured Personal Loan” means a Loan that is, as of the date of the origination thereof, at least partially secured by a lien on one or more Titled Assets.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Intermediary” has the meaning specified in Section 5.3(e) and shall initially be Wilmington Trust, National Association.

“Seller” means Oportun.

“Series 2021-B” means the Asset Backed Notes represented by the Notes.

“Series 2021-B 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.

“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 Indenture, the Servicing Agreement, the Back-Up Servicing 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 Indenture 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 aggregate Outstanding Receivables Balance as of the last day of the immediately 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 assuming a 30-day month), 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 as of the last day of the immediately prior Monthly Period.

“Similar Law” means applicable Law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code.

“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.

"Specified Monthly Loss Percentage" means 19.0%.

"SST" means Systems & Services Technologies, Inc.

"SST Fee Schedule" means Schedule I to the Back-Up Servicing Agreement.

"Standard & Poor's" means S&P Global Ratings.

"Subsequently Purchased Receivables" means additional Eligible Receivables that are (or the related Loans which are) identified on written reports prepared by the Seller (or, if applicable Oportun Bank) and sold to the Depositor (or with respect to legal title, the Depositor Loan Trustee for the benefit of the Depositor) and, in turn, sold by the Depositor (or with respect to legal title, the Depositor Loan Trustee for the benefit of the Depositor) to the Issuer from time to time after the Closing Date.

"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 Indenture complying with the terms of Article 13 of this Indenture.

"Target Receivables Balance" equals \$511,508,951.41.

"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, (a) such action or event will not adversely affect the tax characterization of the 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.

“Temporary Reduction in Payment Plan” means a short-term modification option under the Credit and Collection Policy pursuant to which the Servicer may make temporary payment reductions of up to six months’ worth of payments through a combination of a temporary reduction in interest rate and an extended term.

“Titled Asset” means an automobile, light-duty truck, SUV or van for which, under applicable state law, a certificate of title is issued and any security interest therein is required to be perfected by notation on such certificate of title or recorded with the relevant Governmental Authority that issued such certificate of title.

“Transaction Documents” means, collectively, this Indenture, the Notes, the Servicing Agreement, the Back-Up Servicing Agreement, the Purchase Agreement, the Transfer Agreement, the Trust Agreement, the Depositor Loan Trust Agreement, the Sale Agreement, the Oportun Bank Agreement, the Note Purchase Agreement, the Performance Guaranty, the Intercreditor Agreement, the Control Agreement and any agreements of the Issuer relating to the issuance or the purchase of any of the Notes.

“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 Indenture Trustee, be the Indenture Trustee.

“Transfer Agreement” means the Receivables Transfer Agreement, dated as of the Closing Date, among the Issuer, the Depositor, and the Depositor Loan Trustee, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

“Transfer Report” has the meaning specified in the Transfer Agreement.

“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 Indenture, which accounts are under the sole dominion and control of the Indenture Trustee.

“Trust Agreement” means the Amended and Restated Trust Agreement, dated as of the Closing Date, among the Depositor, the Owner Trustee and the Administrator, as the same may be amended or supplemented from time to time.

“Trust Estate” has the meaning specified in the Granting Clause of this 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 Indenture Trustee), including any Vice President, any Director, any Managing Director, any Assistant Vice President or any other officer of the Indenture 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, Back-Up Servicer and Successor Servicer Fees and Expenses” means, for any Note Transfer 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) \$90,000 per calendar year for the Indenture Trustee (including in its capacity as Agent), the Securities Intermediary and the Depository Bank (or, if an Event of Default has occurred and is continuing, without limit), (B) \$10,000 per calendar year for the Collateral Trustee (or, if an Event of Default has occurred and is continuing, without limit), (C) \$150,000 per calendar year for the Owner Trustee and the Depositor Loan Trustee (or, if an Event of Default has occurred and is continuing, without limit), and (D) \$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 Indenture Trustee (including in its capacity as Agent), the Securities Intermediary, the Depository Bank, the Collateral Trustee, the Owner Trustee, the Depositor Loan Trustee, 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.

“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.

“Unsecured Loan” means a Loan that is, as of the date of the origination thereof, not secured by any collateral pursuant to the terms of the applicable loan agreement.

“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 or telecopier device.

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 Indenture 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 Indenture 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 this 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 Indenture shall refer to this Indenture as a whole and not to any particular provision of this Indenture; and Section, subsection, Schedule and Exhibit references contained in this Indenture are references to Sections, subsections, Schedules and Exhibits in or to this Indenture 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. Subject to Sections 2.16 and 2.19, the Notes shall be issued in fully registered form (the “Registered Notes”), and shall be substantially in the form of exhibits with respect thereto attached hereto, 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.

Section 2.2. [Reserved].

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. 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 Indenture 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) The Issuer shall execute and the Indenture Trustee shall authenticate and deliver the Notes having the terms specified herein, upon the receipt of an Issuer Order or an Administrator Order, to the purchasers thereof, the underwriters for sale or to the Issuer for initial retention by it. The Issuer shall execute and the Indenture Trustee shall authenticate and deliver each Global Note that is issued upon original issuance thereof, upon the receipt of an Issuer Order or an Administrator Order, to the Depository against payment of the purchase price therefor. The Issuer shall execute and the Indenture Trustee shall authenticate Book-Entry Notes that are issued upon original issuance thereof, upon the receipt of an Issuer Order or an Administrator Order, to a Clearing Agency or its nominee as provided in Section 2.16 against payment of the purchase price thereof.

(c) All Notes shall be dated and issued as of the date of their authentication.

Section 2.5. Authenticating Agent.

(a) The Indenture Trustee may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of the Indenture 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 Indenture Trustee or the Indenture Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Indenture Trustee by an authenticating agent and a certificate of authentication executed on behalf of the Indenture 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 Indenture Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to the Indenture Trustee and to the Issuer. The Indenture 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 Indenture Trustee or the Issuer, the Indenture 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.

(e) Pursuant to an appointment made under this Section 2.5, the Notes may have endorsed thereon, in lieu of the Indenture 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 Indenture Trustee,

By: _____
Responsible Officer

Section 2.6. Registration of Transfer and Exchange of Notes.

(a) (i) The Indenture 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 and registrations of transfers and exchanges of the Notes as herein provided. The Indenture 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 Indenture Trustee is appointed by the Issuer as Transfer Agent and Registrar, the Issuer will give the Indenture Trustee 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 Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Indenture 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. If any form of Note is issued as a Global Note, the Indenture Trustee may appoint a co-transfer agent and co-registrar in a European city. Any reference in this Indenture to the Transfer Agent and Registrar shall include any co-transfer agent and co-registrar unless the context otherwise

requires. The Indenture Trustee shall be permitted to resign as Transfer Agent and Registrar upon thirty (30) days' written notice to the Servicer and the Issuer. In the event that the Indenture Trustee shall no longer be the Transfer Agent and Registrar, the Issuer shall appoint 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 Indenture Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Indenture Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholder shall obtain from the Indenture 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 Class in authorized denominations of like aggregate principal amounts or aggregate par values in the manner specified herein, 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 are so surrendered for exchange, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute and the Indenture Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Indenture Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholders shall obtain from the Indenture Trustee, the Notes 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 its attorney-in-fact duly authorized in writing.

(vi) The preceding provisions of this Section 2.6 notwithstanding, the Indenture Trustee or the Transfer Agent and Registrar, as the case may be, shall not be required to register the exchange of any Global Note for a Definitive Note or the transfer of or exchange any Note for a period of five (5) Business Days preceding the due date for any payment with respect to the Notes or during the period beginning on any Record Date and ending on the next following Payment Date.

(vii) 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. The Indenture Trustee shall cancel and destroy any Global Note upon its exchange in full for Definitive Notes and shall deliver a certificate of destruction to the Issuer. Such certificate shall also state that a certificate or certificates of each Foreign Clearing Agency to the effect referred to in Section 2.19 was received with respect to each portion of the Global Note exchanged for Definitive Notes.

(ix) Upon written request, the Issuer shall deliver to the Indenture Trustee or the Transfer Agent and Registrar, as applicable, Registered Notes in such amounts and at such times as are necessary to enable the Indenture Trustee to fulfill its responsibilities under this Indenture and the Notes.

(x) [Reserved].

(xi) Notwithstanding any other provision of this Section 2.6, the typewritten Note or Notes representing Book-Entry Notes may be transferred, in whole but not in part, only to another nominee of the Clearing Agency or Foreign Clearing Agency for such Notes, or to a successor Clearing Agency or Foreign Clearing Agency for such Notes selected or approved by the Issuer or to a nominee of such successor Clearing Agency or Foreign Clearing Agency, only if in accordance with this Section 2.6.

(xii) By its acceptance of a Class A Note, Class B Note, or Class C Note, each Noteholder and Note Owner shall be deemed to have represented and warranted that, with respect to the Class A Notes, Class B Notes or Class C 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 Class A Note, Class B Note or Class C 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, the Class B Notes or the Class C Notes, as applicable, are not eligible for acquisition by Benefit Plan Investors or governmental or other plans subject to Similar Law at any time that the Class A Notes, the Class B Notes or the Class C Notes, as applicable, have been characterized as other than indebtedness for applicable local law purposes or are rated below investment grade. By the acceptance of a Class D Note, each such Noteholder and Note Owner shall be deemed to have represented and warranted that it is not a Benefit Plan Investor or a governmental or other plan subject to Similar Law.

(xiii) By its acceptance of a Note, each Noteholder and Note Owner shall be deemed to have represented and warranted that, with respect to the PTP Transfer Restricted Interests, it is not a Benefit Plan Investor or a governmental plan or other plan subject to Similar Law.

(b) Registration of transfer of Registered Notes containing a legend relating to the restrictions on transfer of such Registered Notes (which legend is set forth in Section 2.16(d) of this Indenture relating to such Notes) shall be effected only if the conditions set forth in Section 2.6 have been satisfied.

Whenever a Registered Note containing the legend set forth in Section 2.16(d) 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 Indenture Trustee shall be entitled to receive written instructions signed by a Responsible Officer of the Issuer or the Administrator 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 Indenture 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 may be surrendered for registration of transfer or exchange.

(d) Any Retained Notes may not be transferred to another Person for United States federal income tax purposes unless the transferor shall cause an Opinion of Counsel to be delivered to the Issuer, the Depositor and the Indenture Trustee at such time stating that in the case of Class A Notes or Class B Notes, such Notes will be characterized as debt for United States federal income tax purposes, in the case of Class C Notes, although not free from doubt, such Notes will be characterized as debt for United States federal income tax purposes, and in the case of Class D Notes, such Notes should be characterized as 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 such as requiring that such Notes be in definitive registered form may be required by the Issuer as a condition to such transfer.

(e) Prior to any sale or transfer of any PTP Transfer Restricted Interest (or any interest therein) (except for any Retained Notes that will continue to be Retained Notes immediately after such sale or transfer), unless the Issuer shall otherwise consent in writing, each prospective transferee of such PTP Transfer Restricted Interest (or any interest therein) (other than any Retained Notes that will continue to be Retained Notes) shall be deemed to have represented and agreed that:

(i) The PTP Transfer Restricted Interests will bear the legend(s) substantially similar to those set forth in this Section 2.6(e) unless the Issuer determines otherwise in compliance with applicable Law.

(ii) It will provide notice to each Person to whom it proposes to transfer any interest in the PTP Transfer Restricted Interests of the transfer restrictions and representations set forth in this Indenture, including the Exhibits hereto.

(iii) Either (a) it is not and will not become, for U.S. federal income tax purposes, a partnership, subchapter S corporation or grantor trust (each such entity a “Flow-through Entity”) or (b) if it is or becomes a Flow-through Entity, then (I) none of the direct or indirect beneficial owners of any of the interests in such Flow-through Entity has or ever will have more than 50% of the value of its interest in such Flow-through Entity attributable to the beneficial interest of such flow-through entity in the PTP Transfer Restricted Interests, other interest (direct or indirect) in the Issuer, or any interest created under the Indenture and (II) it is not and will not be a principal purpose of the arrangement involving the flow-through entity’s beneficial interest in any PTP Transfer Restricted Interest to permit any entity to satisfy the 100-partner limitation of Section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity not to be classified as a publicly traded partnership for U.S. federal income tax purposes.

(iv) It is not acquiring any beneficial interest in a PTP Transfer Restricted Interest through an “established securities market” or a “secondary market (or the substantial equivalent thereof),” each within the meaning of Section 7704(b) of the Code.

(v) It will not cause any beneficial interest in the PTP Transfer Restricted Interest to be traded or otherwise marketed on or through an “established securities market” or a “secondary market (or the substantial equivalent thereof),” each within the meaning of Section 7704(b) of the Code, including, without limitation, an interdealer quotation system that regularly disseminates firm buy or sell quotations.

(vi) Its beneficial interest in the PTP Transfer Restricted Interest is not and will not be in an amount that is less than the minimum denomination for the PTP Transfer Restricted Interests set forth in the Indenture, and it does not and will not hold any beneficial interest in the PTP Transfer Restricted Interest on behalf of any Person whose beneficial interest in the PTP Transfer Restricted Interest is in an amount that is less than the minimum denomination for the PTP Transfer Restricted Interests set forth in the Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the PTP Transfer Restricted Interest or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any PTP Transfer Restricted Interest, in each case, if the effect of doing so would be that the beneficial interest of any Person in a PTP Transfer Restricted Interest would be in an amount that is less than the minimum denomination for the PTP Transfer Restricted Interests set forth in the Indenture.

(vii) It will not transfer any beneficial interest in the PTP Transfer Restricted Interest (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee of such beneficial interest shall have executed and delivered to the Transfer Agent and Registrar, and any of their respective successors or assigns, a transferee certification in the form of Exhibit D as required in the Indenture.

(viii) It will not use the PTP Transfer Restricted Interest as collateral for the issuance of any securities that could cause the Issuer to become subject to taxation as a

corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, provided that it may engage in any repurchase transaction (repo) the subject matter of which is a PTP Transfer Restricted Interest, provided the terms of such repurchase transaction are generally consistent with prevailing market practice and that such repurchase transaction would not cause the Issuer to be otherwise classified as a corporation or publicly traded partnership for U.S. federal income tax purposes.

(ix) It 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.

(x) It acknowledges that the Depositor, the Issuer and the Indenture Trustee will rely on the truth and accuracy of the foregoing representations and warranties and agrees that if it becomes aware that any of the foregoing made by it or deemed to have been made by it are no longer accurate it shall promptly notify the Issuer.

(xi) The provisions of this Section and of the Indenture generally are intended to prevent the Issuer from being characterized as a “publicly traded partnership” within the meaning of Section 7704 of the Code, in reliance on Treasury Regulations Sections 1.7704-1(e) and (h).

Notwithstanding anything to the contrary herein or any agreement with a Depository, unless the Issuer shall otherwise consent in writing, no subsequent transfer (after the initial issuance) of a beneficial interest in a PTP Transfer Restricted Interest shall be effective, and any attempted transfer shall be void ab initio, unless, prior to and as a condition of such transfer, the prospective transferee of the beneficial interest in a PTP Transfer Restricted Interest, represents and warrants, in writing, substantially in the form of a transferee certification that is attached as Exhibit D hereto, to the Transfer Agent and Registrar and any of their respective successors or assigns.

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 Indenture 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 Indenture Trustee (or the Issuer or the initial Servicer if the Indenture Trustee is the Paying Agent) may 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 Indenture Trustee. The Indenture Trustee shall be permitted to resign as Paying Agent upon thirty (30) days’ written notice to the Issuer with a copy to the Servicer. In the event that the Indenture Trustee shall no longer be the Paying Agent, the Issuer or the initial Servicer shall appoint a successor to act as Paying Agent (which shall be a bank or trust company).

(b) The Issuer shall cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture 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 Indenture 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 Note Owners or other 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 Indenture Trustee to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee (and if the Indenture 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 and pay such sums to such Persons as provided herein;

(ii) give the Indenture Trustee 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 Indenture 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 Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture 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 an Indenture 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, cause to be delivered an Issuer Order or an Administrator Order directing any Paying Agent to pay to the Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by the Indenture 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 Indenture 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 Indenture Trustee, any Paying Agent or any Clearing Agency 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 Order or Administrator Order; 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 Indenture Trustee, such Paying Agent or such Clearing Agency with respect to such trust money shall thereupon cease; provided, however, that the Indenture Trustee, such Paying Agent or such Clearing Agency, 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 and, if the related Notes have been listed on the Luxembourg Stock Exchange, and if the Luxembourg Stock Exchange so requires, in a newspaper customarily published on each Luxembourg business day and of general circulation in Luxembourg City, Luxembourg, 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 Indenture 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) In addition to any legend required by Section 2.16, each Class A Note, Class B Note and Class C 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 THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR TRANSFERRED ONLY TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN TRANSACTIONS MEETING THE REQUIREMENTS OF RULE 144A, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE SELLER'S PROPERTY OR THE PROPERTY OF AN INVESTMENT ACCOUNT OR ACCOUNTS BE AT

ALL TIMES WITHIN THE SELLER'S OR ACCOUNT'S CONTROL. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A 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 OR GOVERNMENTAL OR OTHER PLANS SUBJECT TO SIMILAR LAW AT ANY TIME THAT THIS NOTE HAS BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS FOR APPLICABLE LOCAL LAW PURPOSES OR IS RATED BELOW INVESTMENT GRADE.

(b) In addition to any legend required by Section 2.16, each PTP Transfer Restricted Interest 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 THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR TRANSFERRED ONLY TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN TRANSACTIONS MEETING THE REQUIREMENTS OF RULE 144A, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE SELLER'S PROPERTY OR THE PROPERTY OF AN INVESTMENT ACCOUNT OR ACCOUNTS BE AT

ALL TIMES WITHIN THE SELLER'S OR ACCOUNT'S CONTROL. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR TRANSFEREE) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT 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, 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.

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 Depositor, the Indenture 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 Depositor, the Indenture Trustee, and the Issuer harmless then, in the absence of written notice to the Indenture 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 Indenture Trustee shall, upon receipt of an Issuer Order or an Administrator Order, authenticate and (unless the Transfer Agent and Registrar is different from the Indenture 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 Indenture 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 Indenture Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section 2.10, the Transfer Agent and Registrar or the Indenture 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 Indenture 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 or the Administrator may request and the Indenture Trustee, upon receipt of an Issuer Order or an Administrator Order, shall authenticate and deliver temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes 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 request of the Issuer or the Administrator the Indenture 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 Depositor, the Servicer, the Indenture 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 Depositor, the Servicer, the Indenture 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, 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 Indenture 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 Indenture 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 Indenture Trustee, be delivered to the Indenture Trustee and shall be promptly cancelled by the Indenture Trustee. The Issuer may at any time deliver to the Indenture 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 Indenture 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 Indenture Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Administrator shall direct by an Administrator Order that they be destroyed or returned to the Issuer; provided that such Administrator Order is timely and the Notes have not been previously disposed of by the Indenture Trustee. The Registrar and Paying Agent shall forward to the Indenture Trustee any Notes surrendered to them for registration of transfer, exchange or payment.

Section 2.14. Release of Trust Estate. The Indenture 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 Administrator certifying that the Outstanding Receivables Balance (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 any redemption of the Notes, release the Trust Estate from the Lien created by this Indenture upon receipt of an Officer's Certificate of the Administrator 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 Indenture Trustee, (ii) the distribution on the Certificates if and as required by Section 14.1(c) has been made in full, and (iii) such release is authorized and permitted under the Transaction Documents and (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 the Reserve Account or any other Trust Account upon receipt of an Issuer Order or an Administrator Order accompanied by an Officer's Certificate of the Administrator, 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.

Section 2.15. Payment of Principal, Interest and Other Amounts.

(a) The principal of each of the Notes shall be payable at the times and in the amounts set forth in Section 5.15 and in accordance with Section 8.1.

(b) Each of the Notes shall accrue interest as provided in Section 5.12 and such interest shall be payable at the times and in the amounts set forth in Section 5.12 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 that, unless Definitive Notes have been issued pursuant to Section 2.18, with respect to Notes registered on the Record Date in the name of the nominee of the Clearing Agency (initially, such nominee to be Cede & Co.), payment will be made by wire transfer in immediately available funds to the account designated by such nominee and 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. Book-Entry Notes.

(a) The Notes shall be delivered as Registered Notes representing BookEntry Notes as provided in subsection (a)(i). For purposes of this Indenture, the term "Global Notes" refers to the Restricted Global Notes, as defined below.

(i) Restricted Global Notes. The Notes to be sold will be issued in book-entry form and represented by one permanent global Note for each Class in fully registered form without interest coupons (the "Restricted Global Notes"), substantially in the form attached hereto as Exhibit I, J, K, or L, as applicable, and will be either (x) retained by the Depositor or an Affiliate thereof or (y) offered and sold, only (1) by the Depositor to an institutional "accredited investor" within the meaning of Regulation D under the Securities Act in reliance on an exemption from the registration requirements

of the Securities Act and (2) thereafter only to a Person that is a qualified institutional buyer (“QIB”) as defined in Rule 144A under the Securities Act (“Rule 144A”) in accordance with subsection (c) hereof, and shall be deposited with a custodian for, and registered in the name of a nominee of DTC, duly executed by the Issuer and authenticated by the Indenture Trustee as provided in this Indenture for credit to the accounts of the subscribers at DTC. The initial principal amount of the Restricted Global Notes may from time to time be increased or decreased by adjustments made on the records of the custodian for DTC, DTC or its nominee, as the case may be, as hereinafter provided.

(b) The Class A Notes, the Class B Notes and the Class C Notes will be issuable and transferable in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof, the Class D Notes will be issuable and transferable in minimum denominations of \$500,000 and in integral multiples of \$1,000 in excess thereof.

(c) The Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Definitive Notes except in the limited circumstances described in Section 2.18 of this Indenture. Beneficial interests in the Global Notes may be transferred only (i) to a Person that is a QIB in a transaction meeting the requirements of Rule 144A and whom the transferor has notified that it may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A, in compliance with the Indenture and all applicable securities Laws of any state of the United States or any other applicable jurisdiction, subject to any Requirement of Law that the disposition of the seller’s property or the property of an investment account or accounts be at all times within the seller’s or account’s control. Each transferee of a beneficial interest in a Global Note shall be deemed to have made the acknowledgments, representations and agreements set forth in subsection (d) hereof. Any such transfer shall also be made in accordance with the following provisions:

(i) Transfer of Interests Within a Global Note. Beneficial interests in a Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Global Note in accordance with the transfer restrictions set forth in the foregoing paragraph of this subsection 2.16(c) and the transferee shall be deemed to have made the representations contained in subsection 2.16(d).

(d) Each transferee of a beneficial interest in a Global Note or of any Definitive Notes shall be deemed to have represented and agreed that:

(i) it (A) is a QIB, (B) is aware that the sale to it is being made in reliance on Rule 144A and (C) is acquiring the Notes for its own account or for the account of a QIB;

(ii) the Notes have not been and will not be registered under the Securities Act, and that, if in the future it decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, sold, pledged or otherwise transferred only to a Person that is a QIB in a transaction meeting the requirements of Rule 144A and whom

the transferor has notified that it may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A, in compliance with the Indenture and all applicable securities Laws of any state of the United States or any other jurisdiction, subject to any Requirement of Law that the disposition of the seller's property or the property of an investment account or accounts be at all times within the seller's or account's control and it will notify any transferee of the resale restrictions set forth above;

(iii) the following legend will be placed on the Class A Notes, the Class B Notes and the Class C Notes unless the Issuer determines otherwise in compliance with applicable Law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR TRANSFERRED ONLY TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) IN TRANSACTIONS MEETING THE REQUIREMENTS OF RULE 144A, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE SELLER'S PROPERTY OR THE PROPERTY OF AN INVESTMENT ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN THE SELLER'S OR ACCOUNT'S CONTROL. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A 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 OR GOVERNMENTAL OR OTHER PLANS SUBJECT TO SIMILAR LAW AT ANY TIME THAT THIS NOTE HAS BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS FOR APPLICABLE LOCAL LAW PURPOSES OR IS RATED BELOW INVESTMENT GRADE.

(iv) the following legend will be placed on the Class D Notes unless the Issuer determines otherwise in compliance with applicable Law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE MAY BE OFFERED, SOLD, PLEDGED OR TRANSFERRED ONLY TO A PERSON THAT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) IN TRANSACTIONS MEETING THE REQUIREMENTS OF RULE 144A, IN COMPLIANCE WITH THE INDENTURE AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE SELLER’S PROPERTY OR THE PROPERTY OF AN INVESTMENT ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN THE SELLER’S OR ACCOUNT’S CONTROL. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY TRANSFEREE FROM IT OF THE RESALE RESTRICTIONS SET FORTH ABOVE.

BY ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN), EACH PURCHASER OR TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR TRANSFEREE) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT 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.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NO TRANSFER OF A BENEFICIAL INTEREST IN THIS NOTE SHALL BE EFFECTIVE, AND ANY ATTEMPTED TRANSFER SHALL BE VOID AB INITIO, UNLESS, PRIOR TO AND AS A CONDITION OF SUCH TRANSFER, THE PROSPECTIVE TRANSFEREE OF THE BENEFICIAL INTEREST (INCLUDING THE INITIAL TRANSFEREE OF THE BENEFICIAL INTEREST) AND ANY SUBSEQUENT TRANSFEREE OF THE BENEFICIAL INTEREST IN THIS NOTE, REPRESENT AND WARRANT, IN WRITING, SUBSTANTIALLY IN THE FORM OF A TRANSFEREE CERTIFICATION THAT IS ATTACHED AS AN EXHIBIT TO THE INDENTURE, TO THE TRUSTEE AND THE TRANSFER AGENT AND REGISTRAR AND ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS THAT:

(I) EITHER (A) IT IS NOT AND WILL NOT BECOME FOR U.S. FEDERAL INCOME TAX PURPOSES A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST (EACH SUCH ENTITY A “FLOW-THROUGH ENTITY”) OR (B) IF IT IS OR BECOMES A FLOW-THROUGH ENTITY, THEN (I) NONE OF THE DIRECT OR INDIRECT BENEFICIAL OWNERS OF ANY OF THE INTERESTS IN SUCH FLOW-THROUGH ENTITY HAS OR EVER WILL HAVE MORE THAN 50% OF THE VALUE OF ITS INTEREST IN SUCH FLOW-THROUGH ENTITY ATTRIBUTABLE TO THE BENEFICIAL INTEREST OF SUCH FLOW-THROUGH ENTITY IN THIS NOTE, OTHER INTEREST (DIRECT OR INDIRECT) IN THE ISSUER, OR ANY INTEREST CREATED UNDER THE INDENTURE AND (II) IT IS NOT AND WILL NOT BE A PRINCIPAL PURPOSE OF THE ARRANGEMENT INVOLVING THE FLOW-THROUGH ENTITY’S BENEFICIAL INTEREST IN THIS NOTE TO PERMIT ANY ENTITY TO SATISFY THE 100-PARTNER LIMITATION OF SECTION 1.7704-1(h)(1)(ii) OF THE TREASURY REGULATIONS NECESSARY FOR SUCH ENTITY NOT TO BE CLASSIFIED AS A PUBLICLY TRADED PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES.

(II) IT IS NOT ACQUIRING ANY BENEFICIAL INTEREST IN THIS NOTE THROUGH AN “ESTABLISHED SECURITIES MARKET” OR A “SECONDARY MARKET (OR THE SUBSTANTIAL

EQUIVALENT THEREOF),” EACH WITHIN THE MEANING OF SECTION 7704(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER.

(III) IT WILL NOT CAUSE ANY BENEFICIAL INTEREST IN THIS NOTE TO BE TRADED OR OTHERWISE MARKETED ON OR THROUGH AN “ESTABLISHED SECURITIES MARKET” OR A “SECONDARY MARKET (OR THE SUBSTANTIAL EQUIVALENT THEREOF),” EACH WITHIN THE MEANING OF SECTION 7704(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER, INCLUDING, WITHOUT LIMITATION, AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS.

(IV) ITS BENEFICIAL INTEREST IN THIS NOTE IS NOT AND WILL NOT BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THIS NOTE SET FORTH IN THE INDENTURE, AND IT DOES NOT AND WILL NOT HOLD ANY BENEFICIAL INTEREST IN THIS NOTE ON BEHALF OF ANY PERSON WHOSE BENEFICIAL INTEREST IN THIS NOTE IS IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THIS NOTE SET FORTH IN THE INDENTURE. IT WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, OR OTHERWISE DISPOSE OF ANY BENEFICIAL INTEREST IN THIS NOTE OR ENTER INTO ANY FINANCIAL INSTRUMENT OR CONTRACT THE VALUE OF WHICH IS DETERMINED BY REFERENCE IN WHOLE OR IN PART TO THIS NOTE, IN EACH CASE, IF THE EFFECT OF DOING SO WOULD BE THAT THE BENEFICIAL INTEREST OF ANY PERSON IN THIS NOTE WOULD BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THIS NOTE SET FORTH IN THE INDENTURE.

(V) IT WILL NOT TRANSFER ANY BENEFICIAL INTEREST IN THIS NOTE (DIRECTLY, THROUGH A PARTICIPATION THEREOF, OR OTHERWISE) UNLESS, PRIOR TO THE TRANSFER, THE TRANSFEREE OF SUCH BENEFICIAL INTEREST SHALL HAVE EXECUTED AND DELIVERED TO THE TRUSTEE AND THE TRANSFER AGENT AND REGISTRAR, AND ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, A TRANSFEREE CERTIFICATION SUBSTANTIALLY IN THE FORM ATTACHED AS AN EXHIBIT TO THE INDENTURE.

(VI) IT WILL NOT USE THIS NOTE AS COLLATERAL FOR THE ISSUANCE OF ANY SECURITIES THAT COULD CAUSE THE ISSUER TO BECOME SUBJECT TO TAXATION AS A CORPORATION OR A PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION FOR U.S. FEDERAL INCOME TAX PURPOSES, PROVIDED THAT IT MAY ENGAGE IN ANY REPURCHASE TRANSACTION (REPO) THE SUBJECT MATTER OF WHICH IS THIS NOTE, PROVIDED THE TERMS OF SUCH REPURCHASE TRANSACTION ARE GENERALLY CONSISTENT WITH PREVAILING MARKET PRACTICE AND THAT SUCH REPURCHASE TRANSACTION WOULD NOT CAUSE THE ISSUER TO BE OTHERWISE CLASSIFIED AS A CORPORATION OR PUBLICLY TRADED PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES.

(VII) IT 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.

(VIII) IT ACKNOWLEDGES THAT THE ISSUER AND TRUSTEE WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND WARRANTIES, AND AGREES THAT IF IT BECOMES AWARE THAT ANY OF THE FOREGOING MADE BY IT OR DEEMED TO HAVE BEEN MADE BY IT ARE NO LONGER ACCURATE, IT SHALL PROMPTLY NOTIFY THE ISSUER.

(v) (A) in the case of Global Notes, the foregoing restrictions apply to holders of beneficial interests in such Notes (notwithstanding any limitations on such transfer restrictions in any agreement between the Issuer, the Indenture Trustee and the holder of a Global Note) as well as to Holders of such Notes and the transfer of any beneficial interest in such a Global Note will be subject to the restrictions and certification requirements set forth herein and (B) in the case of Definitive Notes, the transfer of any such Notes will be subject to the restrictions and certification requirements set forth herein.

(vi) the Indenture Trustee, the Issuer, the Initial Purchasers or placement agents for the Notes 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 or placement agents for the Notes in writing;

(vii) 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;

(viii) with respect to the Class A Notes, the Class B Notes and the Class C Notes, either (A) it is not a Benefit Plan Investor or a governmental or other plan subject to Similar Law, or (B) (1) 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 (2) it acknowledges and agrees that the Class A Notes, the Class B Notes or the Class C Notes, as applicable, are not eligible for acquisition by Benefit Plan Investors or governmental or other plans subject to Similar Law at any time that the Class A Notes, the Class B Notes or the Class C Notes, as applicable, have been characterized as other than indebtedness for applicable local law purposes or are rated below investment grade; and

(ix) with respect to the Class D Notes, it is not a Benefit Plan Investor or a governmental or other plan subject to Similar Law.

In addition, such transferee shall be responsible for providing additional information or certification, as reasonably requested by the Indenture 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.

(e) For each of the Notes to be issued in registered form, the Issuer shall duly execute, and the Indenture Trustee shall, in accordance with Section 2.4 hereof, authenticate and deliver initially, one or more Global Notes that shall be registered on the Note Register in the name of a Clearing Agency or Foreign Clearing Agency or such Clearing Agency's or Foreign Clearing Agency's nominee. Each Global Note registered in the name of DTC or its nominee shall bear a legend substantially to the following effect:

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC"), A NEW YORK CORPORATION, TO OPORTUN ISSUANCE TRUST 2021-B OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. ("CEDE") OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE, HAS AN INTEREST HEREIN.

So long as the Clearing Agency or Foreign Clearing Agency or its nominee is the registered owner or holder of a Global Note, the Clearing Agency or Foreign Clearing Agency or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for purposes of this Indenture and such Notes. Members of, or

participants in, the Clearing Agency or Foreign Clearing Agency shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Clearing Agency or Foreign Clearing Agency, and the Clearing Agency or Foreign Clearing Agency may be treated by the Issuer, the Servicer, the Indenture Trustee, any Agent and any agent of such entities as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Servicer, the Indenture Trustee, any Agent and any agent of such entities from giving effect to any written certification, proxy or other authorization furnished by the Clearing Agency or Foreign Clearing Agency or impair, as between the Clearing Agency or Foreign Clearing Agency and its agent members, the operation of customary practices governing the exercise of the rights of a holder of any Note.

(f) Subject to Section 2.6(a)(xi), the provisions of the “Operating Procedures of the Euroclear System” and the “Terms and Conditions Governing Use of Euroclear” and such procedures governing the use of such Clearing Agencies as may be enacted from time to time shall be applicable to a Global Note insofar as interests in such Global Note are held by the agent members of Euroclear or Clearstream. Account holders or participants in Euroclear and Clearstream shall have no rights under this Indenture with respect to such Global Note and the registered holder may be treated by the Issuer, the Servicer, the Indenture Trustee, any Agent and any agent of the Issuer or the Indenture Trustee as the owner of such Global Note for all purposes whatsoever.

(g) Title to the Notes shall pass only by registration in the Note Register maintained by the Transfer Agent and Registrar pursuant to Section 2.6.

(h) Any typewritten Note or Notes representing Book-Entry Notes shall provide that they represent the aggregate or a specified amount of outstanding Notes from time to time endorsed thereon and may also provide that the aggregate amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect exchanges. Any endorsement of a typewritten Note or Notes representing Book-Entry Notes to reflect the amount, or any increase or decrease in the amount, or changes in the rights of Note Owners represented thereby, shall be made in such manner and by such Person or Persons as shall be specified therein or in the Issuer Order or the Administrator Order to be delivered to the Indenture Trustee pursuant to Section 2.4(b). The Indenture Trustee shall deliver and redeliver any typewritten Note or Notes representing Book-Entry Notes in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Issuer Order or Administrator Order. Any instructions by the Issuer with respect to endorsement or delivery or redelivery of a typewritten Note or Notes representing the Book-Entry Notes shall be in writing but need not comply with Section 13.3 hereof and need not be accompanied by an Opinion of Counsel.

(i) Unless and until definitive, fully registered Notes of any Class thereof (“Definitive Notes”) have been issued to Note Owners initially issued as Book-Entry Notes pursuant to Section 2.18:

(i) the provisions of this Section 2.16 shall be in full force and effect with respect to each of the Notes;

(ii) the Issuer, the Depositor, the Seller, the Servicer, the Paying Agent, the Transfer Agent and Registrar and the Indenture Trustee may deal with the Clearing Agency or Foreign Clearing Agency and the Clearing Agency Participants for all purposes of this Indenture (including the making of payments on the Notes and the giving of instructions or directions hereunder) as the authorized representatives of such Note Owners;

(iii) to the extent that the provisions of this Section 2.16 conflict with any other provisions of this Indenture, the provisions of this Section 2.16 shall control;

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of such Notes evidencing a specified percentage of the outstanding principal amount of such Notes, the Clearing Agency or Foreign Clearing Agency, as applicable, shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Note Owners and/or their related Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in such Notes and has delivered such instructions to the Indenture Trustee;

(v) the rights of Note Owners shall be exercised only through the Clearing Agency or Foreign Clearing Agency and their related Clearing Agency Participants and shall be limited to those established by Law and agreements between such Note Owners and the related Clearing Agency or Foreign Clearing Agency and/or the Clearing Agency Participants. Pursuant to the Depository Agreement, unless and until Definitive Notes are issued pursuant to Section 2.18, the applicable Clearing Agencies or Foreign Clearing Agencies will make book-entry transfers among their related Clearing Agency Participants and receive and transmit payments of principal and interest on such Notes to such Clearing Agency Participants; and

(vi) Note Owners may receive copies of any reports sent to Noteholders pursuant to this Indenture, upon written request, together with a certification that they are Note Owners and payments of reproduction and postage expenses associated with the distribution of such reports, from the Indenture Trustee at the Corporate Trust Office.

Section 2.17. Notices to Clearing Agency. Whenever notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.18, the Indenture Trustee shall give all such notices and communications specified herein to be given to Holders of the Notes to the applicable Clearing Agency or Foreign Clearing Agency for distribution to the Holders of the Notes.

Section 2.18. Definitive Notes.

(a) Conditions for Exchange. If with respect to any of the Book-Entry Notes (i) (A) the Issuer advises the Indenture Trustee in writing that the Clearing Agency or Foreign Clearing Agency is no longer willing or able to discharge properly its responsibilities under the

applicable Depository Agreement and (B) the Issuer is not able to locate a qualified successor, (ii) to the extent permitted by Law, the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or Foreign Clearing Agency with respect to any of the Notes or (iii) after the occurrence of a Servicer Default or Event of Default, Note Owners representing beneficial interests aggregating not less than a majority of the portion of outstanding principal amount of the Notes advise the Indenture Trustee and the applicable Clearing Agency or Foreign Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system through the applicable Clearing Agency or Foreign Clearing Agency is no longer in the best interests of the Note Owners, the Indenture Trustee shall notify all Note Owners, through the applicable Clearing Agency Participants, of the occurrence of any such event and of the availability of Definitive Notes to Note Owners. Upon surrender to the Indenture Trustee of the typewritten Note or Notes representing the Book-Entry Notes by the applicable Clearing Agency or Foreign Clearing Agency, accompanied by registration instructions from the applicable Clearing Agency or Foreign Clearing Agency for registration, the Indenture Trustee shall issue the Definitive Notes of such Class. Neither the Issuer nor the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes and upon the issuance of any Class of Notes in definitive form in accordance with this Indenture, all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency or Foreign Clearing Agency shall be deemed to be imposed upon and performed by the Indenture Trustee, to the extent applicable with respect to such Definitive Notes, and the Indenture Trustee shall recognize the Holders of the Definitive Notes of such Classes as Noteholders of such Classes hereunder.

(b) Transfer of Definitive Notes. Subject to the terms of this Indenture, 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 Corporate Trust Office, 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 of Exhibit D. In exchange for any Definitive Note properly presented for transfer, the Issuer shall execute and the Indenture 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 Indenture 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 Indenture 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, the Indenture Trustee shall recognize the Holders of the Definitive Notes as Noteholders .

Section 2.19. Global Note. As specified in Section 2.16, (i) the Notes may be initially issued in the form of a single temporary global note (the “Global Note”) in registered form, without interest coupons, in the denomination of the initial aggregate principal amount of the Notes and (ii) a Class of Notes may be initially issued in the form of a single temporary Global Note in registered form, in the denomination of the portion of the initial aggregate principal amount of the Notes represented by such Class, each substantially in the form of Exhibit I, J, K and L, as applicable. The provisions of this Section 2.19 shall apply to such Global Note. The Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Notes. The Global Note may be exchanged in the manner described herein.

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 (or, in the case of a Note Owner, by virtue of such Note Owner’s acquisition of a beneficial interest therein) agrees to treat the Notes (or beneficial interests therein) for purposes of federal, state and local income and franchise taxes and any other tax imposed on or measured by income, as debt. Each Noteholder agrees that it will cause any Note Owner acquiring an interest in a Note through it to comply with this Indenture as to treatment as debt for such tax purposes. Notwithstanding the foregoing, to the extent the Issuer is treated as a partnership for federal, state or local income or franchise purposes and a Noteholder (or Note Owner, as applicable) is treated as a partner in such partnership, the Noteholders (and Note Owners, as applicable) agree that any tax, penalty, interest or other obligation imposed under the Code with respect to the income tax items arising from such partnership shall be the sole obligation of the Noteholder (or Note Owner, as applicable) to whom such items are allocated and not of such partnership.

Section 2.21. Duties of the Indenture Trustee and the Transfer Agent and Registrar. Notwithstanding anything contained herein to the contrary, neither the Indenture Trustee nor the Transfer Agent and Registrar shall be responsible for ascertaining whether any transfer of a Note complies with the terms of this Indenture, 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 Indenture to be delivered to the Indenture Trustee or the Transfer Agent and Registrar in connection with a transfer, the Indenture Trustee or the Transfer Agent and Registrar, as the case may be, shall be under a duty to receive the same.

ARTICLE 3.

ISSUANCE OF NOTES; CERTAIN FEES AND EXPENSES; PRE-FUNDING

Section 3.1. Issuance.

(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, in accordance with Section 2.16 hereof, the Class A Notes, the Class B Notes, the Class C Notes and the Class D

Notes in the aggregate initial principal amount equal to \$340,153,000, \$71,611,000, \$52,430,000 and \$35,806,000, respectively.

(b) The Notes will be issued on the Closing Date pursuant to subsection (a) above, only upon satisfaction of each of the following conditions with respect to such initial issuance:

(i) the amount of each Class A Note, Class B Note and Class C Note shall be equal to or greater than \$100,000 (and in integral multiples of \$1,000 in excess thereof), the amount of each Class D Note shall be equal to or greater than \$500,000 (and in integral multiples of \$1,000 in excess thereof);

(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; and

(iii) 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.

(c) Upon receipt of the proceeds of such issuance by or on behalf of the Issuer, the Indenture Trustee shall, or shall cause the Transfer Agent and Registrar to, indicate in the Note Register the amount thereof.

(d) The Issuer shall not issue additional Notes.

Section 3.2. Certain Fees and Expenses. 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 Indenture Trustee, Collateral Trustee, Securities Intermediary, Depository Bank, Owner Trustee, Depositor Loan Trustee, Back-Up Servicer and successor Servicer shall be paid by the cash flows from the Trust Estate and in no event shall the Indenture Trustee be liable therefor. The foregoing amounts shall be payable to the Indenture Trustee, Collateral Trustee, Securities Intermediary, Depository Bank, Owner Trustee, Depositor Loan Trustee, Back-Up Servicer and successor Servicer, as applicable, solely to the extent amounts are available for distribution in respect thereof pursuant to subsections 5.15(a)(i), (a)(ii) and (a)(viii), as applicable.

Section 3.3. Initial Funding of Reserve Account. On the Closing Date, the Issuer shall deposit, or cause to be deposited, into the Reserve Account a portion of the proceeds from the sale of the Notes in an amount equal to \$1,250,000.

Section 3.4. Prefunding.

(a) On the Closing Date, the Issuer shall deposit, or cause to be deposited, into the Collection Account a portion of the proceeds from the sale of the Notes in an amount equal to the Pre-Funding Amount. The Pre-Funding Amount, together with any additional amounts deposited into the Collection Account on or after the Closing Date, may be paid to the Issuer on any Business Day for certain Permissible Uses in accordance with Section 5.4(c) so long as the Coverage Test is satisfied.

(b) So long as no Rapid Amortization Event has occurred, if the Outstanding Receivables Balance of all Eligible Receivables at the close of business on July 31, 2021 is less than the Target Receivables Balance, as determined by the Servicer, such date shall constitute the “Pre-Funding Shortfall Date.” If the Outstanding Receivables Balance of all Eligible Receivables equals or exceeds the Target Receivables Balance prior to the close of business on July 31, 2021, the Pre-Funding Shortfall Date shall not occur.

(c) On the Payment Date immediately following the Pre-Funding Shortfall Date, if any, (i) the Required Overcollateralization Amount shall be reduced to equal 2.25% of the Outstanding Receivables Balance of all Eligible Receivables as of the Pre-Funding Shortfall Date, (ii) a payment of principal shall be made on the Notes in accordance with Section 5.15(e)(v) in order to reduce the aggregate outstanding principal amount of the Notes to 97.75% of the Outstanding Receivables Balance of all Eligible Receivables as of the Pre-Funding Shortfall Date, and (iii) funds on deposit in the Collection Account in an amount equal to the amount by which the Required Overcollateralization Amount is reduced on such Payment Date shall be released to the Issuer in accordance with Section 5.15(e)(vii).

ARTICLE 4.

NOTEHOLDER LISTS AND REPORTS

Section 4.1. Issuer To Furnish To Indenture Trustee Names and Addresses of Noteholders and Certificateholders. The Issuer will furnish or cause the Transfer Agent and Registrar to furnish to the Indenture Trustee (a) not more than five (5) days after each Record Date a list, in such form as the Indenture Trustee may reasonably require, of the names and addresses of the Noteholders and Certificateholders as of such Record Date, (b) at such other times as the Indenture 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 Indenture 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 Indenture Trustee) such list for payment of distributions to Noteholders and Certificateholders.

Section 4.2. Preservation of Information; Communications to Noteholders and Certificateholders.

(a) The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders and Certificateholders contained in the

most recent list furnished to the Indenture Trustee as provided in Section 4.1 and the names and addresses of Noteholders and Certificateholders received by the Indenture Trustee in its capacity as Transfer Agent and Registrar. The Indenture 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 and Certificateholders may communicate (including pursuant to TIA Section 312(b) (if this Indenture is required to be qualified under the TIA)) with other Noteholders and Certificateholders with respect to their rights under this Indenture or under the Notes. If holders of Notes evidencing in aggregate not less than (i) 20% of the outstanding principal balance of the Notes or (ii) a percentage interest in the Certificates of at least 15% (the “Applicants”) apply in writing to the Indenture Trustee, and furnish to the Indenture 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, and if such application states that the Applicants desire to communicate with other Noteholders or Certificateholders 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 Indenture 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 and Certificateholders held by the Indenture 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 Indenture 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 and Certificateholder, by receiving and holding a Note, agrees with the Issuer and the Indenture Trustee that neither the Issuer, the Indenture 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 and Certificateholders 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 Indenture Trustee, 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 Indenture 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 Indenture Trustee (and the Indenture Trustee shall transmit by mail or make available on via a website to all Noteholders and Certificateholders) 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) Unless the Issuer otherwise determines, the fiscal year of the Issuer shall end on December 31 of each year.

Section 4.4. Reports by Indenture Trustee. If this Indenture is required to be qualified under the TIA, within sixty (60) days after each April 1, beginning with April 1, 2022 the Indenture 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 Indenture Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Noteholders and Certificateholders shall be filed by the Indenture Trustee with the Commission and each stock exchange, if any, on which the Notes are listed. The Issuer shall notify the Indenture Trustee if and when the Notes are listed on any stock exchange.

Section 4.5. Reports and Records for the Indenture Trustee and Instructions.

(a) On each Determination Date the Servicer shall forward to the Indenture Trustee a Monthly Servicer Report prepared by the Servicer.

(b) On each Payment Date, the Indenture Trustee or the Paying Agent shall make available in the same manner as the Monthly Servicer Report to each Noteholder and Certificateholder of record of the outstanding Notes or Certificates, the Monthly Statement with respect to such Notes or Certificates.

ARTICLE 5.

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.1. Rights of Noteholders. The 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 Notes. 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 described in Article 5.

Section 5.2. Collection of Money. Except as otherwise expressly provided herein, the Indenture 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 Indenture Trustee pursuant to this Indenture. The Indenture 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 Indenture 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 9.

Section 5.3. Establishment of Accounts.

(a) The Collection Account. The Indenture 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 Indenture 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 revocable power to withdraw funds from the Collection Account for the purposes of carrying out its duties thereunder. The Indenture 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 5.3(e).

(b) The Reserve Account. The Indenture 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 Issuer on behalf of the Indenture Trustee for the benefit of the Secured Parties, a non-interest bearing segregated trust account (the "Reserve Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Secured Parties. The Indenture Trustee shall be the entitlement holder of the Reserve 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 Reserve Account and the proceeds thereof for the benefit of the Secured Parties. Initially, the Reserve Account will

be established with the Securities Intermediary. Funds on deposit in the Reserve 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 5.3(e).

That portion of the proceeds of the Notes set forth in Section 3.3 shall be deposited into the Reserve Account. In addition, on any Monthly Payment Date, the Indenture Trustee shall transfer Available Funds to the Reserve Account as and to the extent provided in Article 5 hereof. Moneys in the Reserve Account that constitute Available Funds shall be applied on any Monthly Payment Date as provided in Article 5 hereof.

(c) The Payment Account. The Indenture Trustee, for the benefit of the Secured Parties, shall establish and maintain in the State of New York or in the city in which the Corporate Trust Office is located, with a Qualified Institution, in the name of the Indenture Trustee for the benefit of the Secured Parties, a non-interest bearing segregated trust account (the "Payment Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Secured Parties. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Payment Account and in all proceeds thereof. The Payment Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Secured Parties. The initial Payment Account shall be established with the Depository Bank.

(d) [Reserved].

(e) Administration of the Collection Account and the Reserve Account. Funds on deposit in the Collection Account or the Reserve 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 Note Transfer Date related to the Monthly Period in which such funds were received or deposited immediately preceding a Payment Date. 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 and the Reserve Account each shall be an account maintained with the Securities Intermediary to which financial assets may be credited and the Securities Intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise such financial assets; (iii) each item of property credited to the Collection Account or the Reserve Account shall be treated as a financial asset; (iv) the Securities Intermediary shall comply with entitlement orders originated by the Indenture 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 or the Reserve 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 be disposed of prior to its maturity date if such disposition would result in a loss. 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 and on deposit in the Reserve Account, respectively, 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 or the Reserve Account exceed interest and earnings on such funds during such month, losses and expenses to the extent of such excess will be allocated among the Noteholders and the Issuer as provided in Section 5.15. Subject to the restrictions set forth above, the Issuer, or a Person designated in writing by the Issuer, of which the Indenture Trustee shall have received written notification thereof, shall have the authority to instruct the Indenture Trustee with respect to the investment of funds on deposit in the Collection Account or the Reserve Account.

(f) Wilmington Trust, National Association is hereby appointed as the initial depositary bank hereunder (the “Depositary Bank”) and accepts such appointment. The Depositary Bank represents, warrants, and covenants, and the parties hereto agree, that at all times prior to the termination of this Indenture: (i) the Depositary Bank shall be a bank; (ii) the Payment Account shall be a deposit account maintained with the Depositary Bank; (iii) the Depositary Bank shall comply with instructions originated by the Indenture Trustee directing disposition of the funds in the Payment Account without further consent by the Issuer or any other Person; (iv) the Depositary Bank waives any Lien on the Payment Account and the money on deposit therein, and (v) the Depositary Bank agrees that its jurisdiction for purposes of Section 9-304(b) of the UCC shall be New York. Nothing herein shall impose upon the Depositary Bank any duties or obligations other than those expressly set forth herein and those applicable to a depositary bank under the UCC. The Depositary Bank shall be entitled to all of the protections available to a bank under the UCC.

(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 Indenture 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 Depositary 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 Depositary 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 transferred to the Collection Account as promptly as possible after the date of receipt by the Servicer of such Collections, but in no event later than the second Business Day (or, with respect to In-Store Payments, 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 the Issuer in accordance with this Article 5 and shall withdraw the required amounts from the Collection Account or pay such amounts to the Issuer in accordance with this Article 5. The Servicer shall make such deposits or payments on the date indicated therein by wire transfer.

(b) [Reserved].

(c) Issuer Distributions. During the Revolving Period, all amounts on deposit in the Collection Account (including any remaining portion of the Pre-Funding Amount deposited on the Closing Date) in excess of the Required Monthly Payments may be paid to the Issuer on each Business Day ("Issuer Distributions") provided that (i) the Coverage Test is satisfied after giving effect to any such payment to the Issuer; and (ii) any such payment to the Issuer shall be limited to the extent used by the Issuer for Permissible Uses. The Issuer (or the initial Servicer) shall provide the Indenture Trustee with a Transfer Report as to the amount of Issuer Distributions for any Business Day, and delivery of such Transfer Report shall be deemed to be a certification by the Issuer that the foregoing conditions were satisfied. Upon receipt of such certification, the Indenture Trustee shall forward the Issuer Distributions directly to the Depositor (to pay for Subsequently Purchased Receivables that are Eligible Receivables) to the account specified thereby. The Issuer will meet the "Coverage Test" if, on any date of determination, (i) the Overcollateralization Test is satisfied, (ii) the amount remaining on deposit in the Collection Account equals or exceeds the amount distributable on the next Payment Date under clauses (a)(i)-(vi) of Section 5.15 (the "Required Monthly Payments"), (iii) the Amortization Period has not commenced and (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 Servicer 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). The Issuer will meet the "Overcollateralization Test" if, on any date of determination, (i) the sum of the Outstanding Receivables Balance of all Eligible Receivables plus the amount on deposit in the Collection Account and the Reserve

Account equals or exceeds (ii) the sum of the outstanding principal amount of the Notes plus the Required Overcollateralization Amount.

(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 of the Notes shall be determined, allocated and distributed in accordance with the procedures set forth in Section 5.12.

Section 5.6. Determination of Monthly Principal. Monthly principal and other amounts with respect to each of the Notes shall be determined, allocated and distributed in accordance with the procedures set forth in Section 5.15. However, all principal or interest with respect to any of the Notes shall be due and payable no later than the Legal Final Payment Date with respect to Notes.

Section 5.7. General Provisions Regarding Accounts. Subject to Section 11.1(c), the Indenture 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 Indenture Trustee's failure to make payments on such Permitted Investments issued by the Indenture 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(i) or 2.08 of the Servicing Agreement, (iii) Section 2.4 of the Purchase Agreement or (iv) Section 3.4 of the Transfer Agreement, as applicable, the Issuer shall execute and deliver and, upon receipt of an Issuer Order or an Administrator Order, the Indenture Trustee shall acknowledge an instrument in the form attached hereto as Exhibit C evidencing the Indenture 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 Indenture Trustee as provided in this Article 5 shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

Section 5.9. [Reserved].

Section 5.10. [Reserved].

Section 5.11. [Reserved].

Section 5.12. Determination of Monthly Interest.

(a) The amount of monthly interest payable on the Class A Notes on each Payment Date will be determined as of each Determination Date and will be an amount equal to the product of (i) (A) for the initial Payment Date, a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, and (B) for any Payment Date thereafter, one-twelfth, times (ii) the Class A Note Rate, times (iii) the outstanding principal balance of the Class A Notes as of the immediately preceding Payment Date (after giving effect to any payments of principal on such preceding Payment Date) or, with respect to the first Payment Date, as of the Closing Date (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 equal to the product (such product being herein called the "Class A Additional Interest") of (A) one-twelfth, times (B) a rate equal to the Class A Note Rate, 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. 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.

(b) The amount of monthly interest payable on the Class B Notes on each Payment Date will be determined as of each Determination Date and will be an amount equal to the product of (i)(A) for the initial Payment Date, a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, and (B) for any Payment Date thereafter, one-twelfth, times (ii) the Class B Note Rate, times (iii) the outstanding principal balance of the Class B Notes as of the immediately preceding Payment Date (after giving effect to any payments of principal on such preceding Payment Date) or, with respect to the first Payment Date, as of the Closing Date (the "Class B Monthly Interest").

In addition to the Class B Monthly Interest, an amount equal to the sum of (i) the amount of any unpaid Class B Deficiency Amount, as defined below, plus (ii) an amount equal to the product (such product being herein called the "Class B Additional Interest") of (A) one-twelfth, times (B) a rate equal to the Class B Note Rate, times (C) any Class B Deficiency Amount, as defined below (or the portion thereof which has not theretofore been paid to the Class B Noteholders), will also be payable to the Class B Noteholders. The "Class B Deficiency Amount" for any Determination Date shall be equal to the excess, if any, of (x) the sum of (i) the Class B Monthly Interest and the Class B Additional Interest, in each case for the Interest Period ended immediately prior to the preceding Payment Date, plus (ii) any Class B 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 B Deficiency Amount on the first Determination Date shall be zero.

(c) The amount of monthly interest payable on the Class C Notes on each Payment Date will be determined as of each Determination Date and will be an amount equal to the product of (i)(A) for the initial Payment Date, a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, and (B) for any Payment Date thereafter, one-twelfth, times (ii) the Class C Note Rate, times (iii) the outstanding principal balance of the Class C Notes as of the immediately preceding Payment Date (after giving effect to any payments of principal on such preceding Payment Date) or, with respect to the first Payment Date, as of the Closing Date (the "Class C Monthly Interest").

In addition to the Class C Monthly Interest, an amount equal to the sum of (i) the amount of any unpaid Class C Deficiency Amount, as defined below, plus (ii) an amount equal to the product (such product being herein called the "Class C Additional Interest") of (A) one-twelfth, times (B) a rate equal to the Class C Note Rate, times (C) any Class C Deficiency Amount, as defined below (or the portion thereof which has not theretofore been paid to the Class C Noteholders), will also be payable to the Class C Noteholders. The "Class C Deficiency Amount" for any Determination Date shall be equal to the excess, if any, of (x) the sum of (i) the Class C Monthly Interest and the Class C Additional Interest, in each case for the Interest Period ended immediately prior to the preceding Payment Date, plus (ii) any Class C 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 C Deficiency Amount on the first Determination Date shall be zero.

(d) The amount of monthly interest payable on the Class D Notes on each Payment Date will be determined as of each Determination Date and will be an amount equal to the product of (i)(A) for the initial Payment Date, a fraction, the numerator of which is the actual number of days in the related Interest Period and the denominator of which is 360, and (B) for any Payment Date thereafter, one-twelfth, times (ii) the Class D Note Rate, times (iii) the outstanding principal balance of the Class D Notes as of the immediately preceding Payment Date (after giving effect to any payments of principal on such preceding Payment Date) or, with respect to the first Payment Date, as of the Closing Date (the "Class D Monthly Interest" and, together with the Class A Monthly Interest, the Class B Monthly Interest and the Class C Monthly Interest, the "Monthly Interest").

In addition to the Class D Monthly Interest, an amount equal to the sum of (i) the amount of any unpaid Class D Deficiency Amount, as defined below, plus (ii) an amount equal to the product (such product being herein called the "Class D Additional Interest" and, together with the Class A Additional Interest, the Class B Additional Interest and the Class C Additional Interest, the "Additional Interest") of (A) one-twelfth, times (B) a rate equal to the Class D Note Rate, times (C) any Class D Deficiency Amount, as defined below (or the portion thereof which has not theretofore been paid to the Class D Noteholders), will also be payable to the Class D Noteholders. The "Class D Deficiency Amount" for any Determination Date shall be equal to the excess, if any, of (x) the sum of (i) the Class D Monthly Interest and the Class D Additional

Interest, in each case for the Interest Period ended immediately prior to the preceding Payment Date, plus (ii) any Class D 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 D Deficiency Amount on the first Determination Date shall be zero. The Class D Deficiency Amount together with the Class A Deficiency Amount, the Class B Deficiency Amount and the Class C Deficiency Amount are collectively referred to as the “Deficiency Amount.”

Section 5.13. [Reserved].

Section 5.14. [Reserved].

Section 5.15. Monthly Payments. On or before each Note Transfer Date, the Servicer shall instruct the Indenture 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 Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Note Transfer Date or the related Payment Date, as applicable, to the extent of the funds credited to the relevant accounts, the amounts required to be withdrawn from the Collection Account, the Reserve Account and the Payment Account as follows:

(a) An amount equal to the Available Funds for the related Monthly Period shall be distributed on each Note Transfer Date in the following priority to the extent of funds available therefor:

(i) *first*, an amount equal to the Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses for such Note Transfer Date (plus the Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses due but not paid on any prior Payment Date) shall be set aside and paid to the Indenture Trustee, the Collateral Trustee, the Securities Intermediary, the Depository Bank, the Owner Trustee, the Depositor Loan Trustee, the Back-Up Servicer, and the successor Servicer, if any (distributed on a *pari passu* and *pro rata* basis) on the related Payment Date;

(ii) *second*, if PF Servicing, LLC is the Servicer, an amount equal to the Servicing Fee for such Note Transfer Date (plus any Servicing Fee due but not paid on any prior Payment Date) shall be set aside and paid to the Servicer on the related Payment Date;

(iii) *third*, an amount equal to the Class A Monthly Interest for such Note Transfer Date, plus the amount of any Class A Deficiency Amount for such Note Transfer Date, plus the amount of any Class A Additional Interest for such Note Transfer Date shall be deposited by the Indenture Trustee into the Payment Account on such Note Transfer Date (the “Class A Required Interest Distribution”);

(iv) *fourth*, an amount equal to the Class B Monthly Interest for such Note Transfer Date, plus the amount of any Class B Deficiency Amount for such Note Transfer Date, plus the amount of any Class B Additional Interest for such Note Transfer

Date shall be deposited by the Indenture Trustee into the Payment Account on such Note Transfer Date (the “Class B Required Interest Distribution”);

(v) *fifth*, an amount equal to the Class C Monthly Interest for such Note Transfer Date, plus the amount of any Class C Deficiency Amount for such Note Transfer Date, plus the amount of any Class C Additional Interest for such Note Transfer Date shall be deposited by the Indenture Trustee into the Payment Account on such Note Transfer Date (the “Class C Required Interest Distribution”);

(vi) *sixth*, an amount equal to the Class D Monthly Interest for such Note Transfer Date, plus the amount of any Class D Deficiency Amount for such Note Transfer Date, plus the amount of any Class D Additional Interest for such Note Transfer Date shall be deposited by the Indenture Trustee into the Payment Account on such Note Transfer Date (the “Class D Required Interest Distribution” and, together with the Class A Required Interest Distribution, the Class B Required Interest Distribution and the Class C Required Interest Distribution, the “Required Interest Distribution”);

(vii) *seventh*, (A) on the Note Transfer Date immediately following the Pre-Funding Shortfall Date, an amount equal to the excess of (a) the outstanding principal amount of the Notes over (b) 97.75% of the Outstanding Receivables Balance of all Eligible Receivables as of the Pre-Funding Shortfall Date and (B) during the Amortization Period, an amount equal to the excess of (x) the Note Principal over (y) the difference of the Outstanding Receivables Balance of all Eligible Receivables minus the Required Overcollateralization Amount (each determined as of the end of such Monthly Period) shall be deposited by the Indenture Trustee into the Payment Account on such Note Transfer Date (the “Required Principal Distribution”);

(viii) *eighth*, an amount equal to the lesser of (A) the excess of the remaining Available Funds over the Minimum Collection Account Balance (each determined as of the end of such Monthly Period) and (B) any unreimbursed fees, expenses and indemnity amounts (including, without limitation, any Transition Costs not paid pursuant to clause (i) above) of the Indenture Trustee, the Owner Trustee, the Depositor Loan Trustee, the Back-Up Servicer, and any successor Servicer, shall be set aside and paid thereto (distributed on a *pari passu* and *pro rata* basis) on the related Payment Date;

(ix) *ninth*, so long as no Rapid Amortization Event or Event of Default has occurred and is continuing, an amount equal to the lesser of (A) the excess of the remaining Available Funds over the Minimum Collection Account Balance (each determined as of the end of such Monthly Period) and (B) the amount, if any, necessary to increase the amounts credited to the Reserve Account to the Reserve Account Requirement for such Payment Date shall be set aside and deposited into the Reserve Account on the related Payment Date; and

(x) *tenth*, the excess, if any, of the remaining Available Funds over the Minimum Collection Account Balance (each determined as of the end of such Monthly

Period but, following the Pre-Funding Shortfall Date, taking into account the related reduction in the Required Overcollateralization Amount and the related reduction in the aggregate outstanding principal amount of the Notes) shall be deposited into the Payment Account on such Note Transfer Date (and such Minimum Collection Account Balance shall remain on deposit in the Collection Account).

(b) [Reserved].

(c) [Reserved].

(d) [Reserved].

(e) On each Payment Date, the Indenture Trustee, acting in accordance with instructions from the Servicer (substantially in the form of the Monthly Servicer Report attached as Exhibit A-1 to the Servicing Agreement), shall pay the amount deposited into the Payment Account from the Collection Account pursuant to Section 5.15(a) on the immediately preceding Note Transfer Date to the following Persons in the following priority to the extent of funds available therefor:

(i) *first*, to the Class A Noteholders, an amount equal to the Class A Required Interest Distribution;

(ii) *second*, to the Class B Noteholders, an amount equal to the Class B Required Interest Distribution;

(iii) *third*, to the Class C Noteholders, an amount equal to the Class C Required Interest Distribution;

(iv) *fourth*, to the Class D Noteholders, an amount equal to the Class D Required Interest Distribution;

(v) *fifth*, (a) during the Amortization Period (including on the Payment Date immediately following the Pre-Funding Shortfall Date), so long as no Rapid Amortization Event has occurred, *pari passu* and *pro rata*, to the Class A Noteholders, to the Class B Noteholders, to the Class C Noteholders and to the Class D Noteholders, the lesser of (I) the Required Principal Distribution and (II) the Note Principal or (b) if a Rapid Amortization Event has occurred, *first*, to the Class A Noteholders, all remaining amounts until the outstanding principal amount of the Class A Notes has been reduced to zero, *second*, to the Class B Noteholders, all remaining amounts until the outstanding principal amount of the Class B Notes has been reduced to zero, *third*, to the Class C Noteholders, all remaining amounts until the outstanding principal amount of the Class C Notes has been reduced to zero, and *fourth*, to the Class D Noteholders, all remaining amounts until the outstanding principal amount of the Class D Notes has been reduced to zero;

(vi) *sixth*, to the Noteholders, any other amounts (excluding the Note Principal) payable thereto pursuant to the Transaction Documents;

(vii) *seventh*, on the Payment Date immediately following the Pre-Funding Shortfall Date, an amount equal to the amount by which the Required Overcollateralization Amount is reduced on such Payment Date shall be released to the Issuer, free and clear of the Lien of the Indenture; and

(viii) *eighth*, the balance, if any, shall be released to the Issuer, free and clear of the Lien of the Indenture, for distribution on the Certificates pursuant to the Trust Agreement and in accordance with the Servicer's instructions in the applicable Monthly Servicer Report.

Section 5.16. Servicer's Failure to Make a Deposit or Payment. The Indenture 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 this Indenture (including applicable grace periods), the Indenture Trustee shall make such payment, deposit or withdrawal from the applicable Trust Account without instruction from the Servicer. The Indenture Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that the Indenture Trustee has sufficient information to allow it to determine the amount thereof. The Servicer shall, upon reasonable request of the Indenture Trustee, promptly provide the Indenture Trustee with all information necessary and in its possession to allow the Indenture Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by the Indenture Trustee in the manner in which such payment or deposit should have been made (or instructed to be made) by the Servicer.

ARTICLE 6.

DISTRIBUTIONS AND REPORTS

Section 6.1. Distributions.

(a) On each Payment Date, the Indenture Trustee shall distribute (in accordance with the Monthly Servicer Report delivered by the Servicer on or before the related Note Transfer 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 Note Principal held by such Noteholder) of the amounts on deposit in the Payment Account that are payable to the Noteholders of the applicable Class pursuant to Section 5.15 by wire transfer to an account designated by such Noteholders, except that, with respect to Notes registered in the name of the nominee of a Clearing Agency, such distribution shall be made in immediately available funds.

(b) Notwithstanding anything to the contrary contained in this Indenture, 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 Payment Date, the Indenture Trustee shall make available electronically to each Noteholder and Certificateholder, a statement in substantially the form of Exhibit M hereto (a "Monthly Statement") prepared by the Servicer and delivered to the Indenture 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 on deposit in the Collection Account and, if applicable, the Reserve Account on the related Note Transfer Date;

(iii) the amount of Trustee, Back-Up Servicer and Successor Servicer Fees and Expenses, Monthly Interest, Deficiency Amounts and Additional Interest, respectively;

(iv) the Reserve Account Requirement and the balance in the Reserve Account on the related Payment Date;

(v) the amount of the Servicing Fee for such Payment Date;

(vi) the total amount to be distributed to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders on such Payment Date;

(vii) the outstanding principal balance of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as of the end of the day on the Payment Date;

(viii) the aggregate amount of Receivables that became Defaulted Receivables during the related Monthly Period; and

(ix) 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.

On or before each Payment Date, to the extent the Servicer provides such information to the Indenture Trustee, the Indenture Trustee will make available the monthly Servicer statement via the Indenture 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 Indenture Trustee may have in its possession, but only with the use of a password provided by the Indenture Trustee;

provided, however, the Indenture 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 or Certificateholder has completed the information necessary to obtain a password from the Indenture Trustee. The Indenture Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor.

(b) The Indenture Trustee's internet website shall be initially located at "www.wilmingtontrustconnect.com" or at such other address as shall be specified by the Indenture Trustee from time to time in writing to the Noteholders and Certificateholders. In connection with providing access to the Indenture Trustee's internet website, the Indenture Trustee may require registration and the acceptance of a disclaimer. The Indenture Trustee shall not be liable for information disseminated in accordance with this Indenture.

(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 Indenture Trustee shall distribute to each Person who at any time during the preceding calendar year was a Noteholder or a Certificateholder, a statement prepared by the Servicer containing the information required to be contained in the regular monthly report to Noteholders and Certificateholders, as set forth in subclauses (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 Indenture Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Code as from time to time in effect.

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 Indenture 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. Within the time required pursuant to the Perfection Representations, 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, the Depositor, the Depositor Loan Trustee 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 Indenture 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 Indenture 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 Indenture 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 1:

(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; Covered Fund. 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), as amended.

(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 Indenture 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 Depositor, 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 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 Indenture 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, 2020, other than as disclosed in the Offering Memorandum, 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 Depositor and the Depositor Loan Trustee shall have been effected under, and in accordance with the terms of, the Purchase Agreement, including the payment by the Depositor 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 Depositor to such Seller.

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).

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 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 applicable Payment Account shall be made on behalf of the Issuer by the Indenture Trustee or by another Paying Agent, and no amounts so withdrawn from such Payment 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 the Required Noteholders 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 Indenture. Principal, interest and other amounts shall be considered paid on the date due if the Indenture 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 Indenture 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 Indenture Trustee to serve as its agent for the foregoing purposes. The Issuer will give prompt written notice to the Indenture Trustee 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 Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture 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 Indenture Trustee 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 Indenture Trustee as one such office or agency of the Issuer.

(c) Compliance with Laws, etc. Comply in all material respects with all applicable Laws (including those which relate to the Receivables).

(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 Indenture Trustee:

(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 Administrator 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 or Rapid Amortization 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 or Rapid Amortization Event a statement of a Responsible Officer of the Issuer setting forth details of such Default, Event of Default or Rapid Amortization Event and the action which the Issuer proposes to take with respect thereto;

(iii) Change in Credit and Collection Policies. Within fifteen (15) Business Days after the date any material change in or amendment to the Credit and Collection Policies is made, a copy of the Credit and Collection Policies then in effect indicating such change or amendment;

(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 Depositor, the Seller, the 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 Depositor, the Seller, the 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 Indenture 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 Indenture Trustee, 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 Indenture Trustee; and

(vi) On or before April 1, 2022 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 Administrator 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 (including by depositing the Pre-Funding Amount into the Collection Account), funding any initial deposit to the Reserve Account as specified in Section 3.3 and payment of costs of issuance of the Notes.

(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 Indenture 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 Indenture Trustee (which financing statements may cover "all assets" of the Issuer).

(j) Inspection of Records. Permit the Indenture Trustee, 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 Indenture 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 Indenture Trustee with such data regarding the performance by the Obligor 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 Indenture Trustee or any Notice Person from time to time.

(l) Performance and Compliance with Receivables and Loans. 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 Loans related to the Receivables.

(m) 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.

(n) 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 the Required

Noteholders. 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, the Depositor or the Seller of their respective duties under the Transaction Documents if the effect thereof would adversely affect any of the Secured Parties.

(o) Separate Legal Entity. The Issuer hereby acknowledges that the Indenture Trustee and the Noteholders are entering into the transactions contemplated by this 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 to remain in compliance with Section 2.02 of the Trust Agreement:

(p) Minimum Net Worth. Have a net worth (in accordance with GAAP) of at least 1% of the outstanding principal amount of the Notes.

(q) Servicer's Obligations. Cause the Servicer to comply with Sections 2.02(c), 2.09 and 2.10 of the Servicing Agreement.

(r) 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.

(s) PTP Transfer Restricted Interest. Promptly (i) notify the Indenture Trustee of the existence of each Note that constitutes a PTP Transfer Restricted Interest and (ii) following a request from the Indenture Trustee, confirm to the Indenture Trustee if any Note specified by the Indenture Trustee constitutes a PTP Transfer Restricted Interest.

Section 8.3. Negative Covenants. So long as any Notes are outstanding, the Issuer shall not, unless the Required Noteholders 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, for a period in excess of thirty (30) days, 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, 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; or

(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.

(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 Transfer Agreement for the purchase price of the Receivables under the Transfer Agreement and (iii) other Indebtedness permitted pursuant to Section 8.3(h).

(f) Certificate of Trust and Trust Agreement. The Issuer shall not amend its certificate of trust or the Trust Agreement unless the Required Noteholders have agreed to such amendment or as authorized by the Trust Agreement.

(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 beneficiaries.

(i) ERISA Matters.

(i) To the extent applicable, the Issuer will not (A) engage or permit any of its respective ERISA Affiliates, in each case 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 the Seller, the Depositor, the initial Servicer or any of their respective ERISA Affiliates, in each case over which the Issuer has control, to fail to make, any payments to any Multiemployer Plan that the Issuer, the Depositor, 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 the Seller, the Depositor, the initial Servicer or any of their respective ERISA Affiliates, in each case over which the Issuer has control, to terminate, any Pension Plan so as to result in any liability to the Issuer, the initial Servicer, the Depositor, 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 Indenture Trustee. 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 Indenture 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 Indenture Trustee (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 Indenture 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) Accounts. The Issuer shall not maintain any bank accounts other than the Trust Accounts; provided, however, that the Issuer may maintain a general bank account to, among other things, receive and hold funds distributed to it, and to pay ordinary-course operating expenses, as applicable. 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 Obligor 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 Indenture 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 Indenture Trustee shall have received at least thirty (30) days' prior notice of such termination and (subject to Section 15.1 hereto) shall have consented thereto.

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 Indenture 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 Indenture Trustee 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.

RAPID AMORTIZATION EVENTS AND REMEDIES

Section 9.1. Rapid Amortization Events. If any one of the following events shall occur during the Revolving Period (each, a "Rapid Amortization Event"):

- (a) on any Determination Date during the Revolving Period, the average annualized Monthly Loss Percentage over the previous three (3) Monthly Periods is greater than the Specified Monthly Loss Percentage;
- (b) a breach of any Concentration Limit for three (3) consecutive months during the Revolving Period;
- (c) the Overcollateralization Test is not satisfied for more than five (5) Business Days; or
- (d) the occurrence of a Servicer Default or an Event of Default;

then, in the case of any event described in clause (a) through (d) above, a Rapid Amortization Event shall occur unless, without any notice or other action on the part of the Indenture Trustee or the affected Holders immediately upon the occurrence of such event. The Required Noteholders may waive any Rapid Amortization Event and its consequences.

ARTICLE 10.

REMEDIES

Section 10.1. Events of Default. 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 on the Notes on any Payment Date, and such default shall continue (and shall not have been waived by the Required Noteholders) for a period of five (5) Business Days after receipt of notice thereof from the Indenture Trustee;

(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 Depositor, Oportun, LLC, the Seller, the Servicer or any substantial 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 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 Depositor, Oportun, LLC, the Seller 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 to the entry of an order for relief in an involuntary case under any such Law, or the consent by the Issuer to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or for any substantial part of the Trust Estate, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer 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) either (w) 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, (x) a failure on the part of the Depositor duly to observe or perform any other covenants or agreements of the Depositor set forth in the Transfer Agreement, (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 (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, which failure, in any such case, has a material adverse effect on the interests of the Noteholders (as reasonably determined by the Required Noteholders) and which continues unremedied for a period of thirty (30) days after the date on which notice of such failure, requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer, the Depositor, the Seller or the Servicer, as applicable, by the Indenture Trustee, or to the Issuer, the Depositor, the Seller or the Servicer, as applicable, and the Indenture Trustee by the Required Noteholders;

(vi) either (w) any representation, warranty or certification made by the Issuer in this Indenture or in any certificate delivered pursuant to this Indenture shall prove to have been inaccurate when made or deemed made, (x) any representation, warranty or certification made by the Depositor in the Transfer Agreement or in any certificate delivered pursuant to the Transfer Agreement 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 certificate delivered pursuant to the Purchase Agreement shall prove to have been inaccurate when made or deemed made and, in any such case, such inaccuracy has a material adverse effect on the Noteholders (as reasonably determined by the Required Noteholders) and which continues unremedied for a period of thirty (30) days after the date on which a notice specifying such incorrect representation or warranty and requiring the same to be remedied, shall have been given by registered or certified mail to the Issuer, the Depositor, or the Seller, as applicable, by the Indenture Trustee, or to the Issuer, the Depositor, or the Seller, as applicable, and the Indenture Trustee by the Required Noteholders;

(vii) the Indenture Trustee shall cease to have a first-priority perfected security interest in all or a material portion of the Trust Estate;

(viii) the Issuer shall have become subject to regulation by the Securities and Exchange Commission as an “investment company” under the Investment Company Act;

(ix) the Issuer shall become taxable as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes; or

(x) a lien shall be filed pursuant to Section 430 or Section 6321 of the Code with regard to the Issuer and such lien shall not have been released within thirty (30) days.

Section 10.2. Rights of the Indenture 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 Indenture Trustee may, and at the written direction of the Required Noteholders shall, cause the principal amount of all Notes 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 outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any Noteholder. If an Event of Default shall have occurred and be continuing, the Indenture 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 Indenture Trustee on account of or as a result of the exercise by the Indenture Trustee of any right shall be held by the Indenture Trustee as additional collateral for the repayment of the Secured Obligations and shall be applied in accordance with Article 5 hereof.

(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 Indenture Trustee as hereinafter in this Article 10 provided, the Required Noteholders, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid to or deposited with the Indenture 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 Indenture Trustee hereunder and the reasonable compensation, expenses, disbursements of the Indenture 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 Indenture 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 Indenture Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of five (5) days, or (ii) default is made in the payment of the principal of any Note when the same becomes due and payable 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 Indenture Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Indenture 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 Indenture Trustee by this Indenture or by Law; provided, however, that the Indenture 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 Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture), the Indenture 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 Indenture 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 Indenture 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 Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture 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 Indenture 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 Indenture 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 Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Secured Parties, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence, bad faith or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture Trustee, each predecessor Indenture 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 Indenture 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 Indenture 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 Indenture Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless:

(i) the Holders of 100% of the outstanding Notes direct such sale and liquidation,

(ii) the proceeds of such sale or liquidation distributable to the Noteholders 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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), the Required 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 Indenture 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 have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (i) such Noteholder or Certificateholder previously has given written notice to the Indenture Trustee of a continuing Event of Default;
- (ii) the Holders of not less than 25% of the outstanding principal amount of all Notes have made written request to the Indenture Trustee to institute such Proceeding in respect of such Event of Default in its own name as Indenture Trustee hereunder;
- (iii) such Noteholder has offered and provided to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;
- (iv) the Indenture 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 Indenture Trustee during such sixty (60) day period by the Required 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 Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Secured Parties, each representing less than the Required Noteholders, the Indenture 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 Indenture 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 Indenture Trustee is not the Paying Agent, the Indenture Trustee shall cause the Paying Agent to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture 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 Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture 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 Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 10.10. The Indenture Trustee May File Proofs of Claim. The Indenture 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 Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture 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 Indenture Trustee and, in the event that the Indenture Trustee shall consent to the making of such payments directly to the Noteholders to pay the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture Trustee under Section 11.6 and 11.17. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due the Indenture 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 Indenture 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 Indenture 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 any Payment 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 Indenture Trustee on the related Payment Date in accordance with the provisions of Article 5.

The Indenture 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 Indenture 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 Indenture Trustee for any action taken, suffered or omitted by it as Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture Trustee or to the Secured Parties may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Secured Parties, as the case may be.

Section 10.15. Control by Noteholders. The Required Noteholders shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture 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 Indenture Trustee to sell or liquidate the Receivables shall be by the Holders of Notes representing not less than 100% of the aggregate outstanding principal balance of all the Notes;
 - (iii) the Indenture Trustee shall have been provided with indemnity satisfactory to it; and
 - (iv) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction;
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provided, however, that, subject to Section 11.1, the Indenture 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 Indenture 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 Indenture 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 Indenture Trustee or the Secured Parties shall be impaired by the recovery of any judgment by the Indenture 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 Depositor, the Depositor Loan Trustee, 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 Depositor, the Depositor Loan Trustee, 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 Depositor, the Depositor Loan Trustee, 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 Indenture Trustee may, and, at the direction (which direction shall be in writing) of the Required Noteholders 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.

(c) The Issuer may contract with other Persons, including the Administrator, to assist it in performing its duties under this Indenture, and any performance of such duties by the Administrator or another Person identified to the Indenture Trustee in an Officer's Certificate of the Administrator shall satisfy the obligations of the Issuer with respect thereto. Initially, the Issuer has contracted with the Administrator, and the Administrator has agreed, to the extent specified in the Trust Agreement, to assist the Issuer in performing its duties under this Indenture.

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 Indenture 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 Indenture Trustee without recourse to the Indenture Trustee and without any representations, warranties or agreements of any kind.

ARTICLE 11.

THE INDENTURE TRUSTEE

Section 11.1. Duties of the Indenture Trustee.

(a) If an Event of Default has occurred and is continuing, and of which a Trust Officer of the Indenture Trustee has written notice, the Indenture 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 person would exercise or use under the circumstances in the conduct of such person's own affairs; provided, however, that the Indenture 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 Indenture Trustee from liability arising out of the Indenture 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 Indenture Trustee has written notice:

(i) the Indenture 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 Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture 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 Indenture 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 Indenture Trustee, the Indenture 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 Indenture Trustee is a party, provided, further, that the Indenture Trustee shall not be responsible for the accuracy or content of any of the aforementioned documents and the Indenture 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 Indenture 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 Indenture Trustee shall not be personally liable for any error of judgment made in good faith by a Trust Officer or Trust Officers of the Indenture 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 Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture 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 Indenture 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 Indenture Trustee obtains actual knowledge of such failure or the Indenture 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 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture Trustee pursuant to this Indenture or the Servicing Agreement believed by the Indenture 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 or a Depositor Repurchase Event occurs. The Indenture 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 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture Trustee to engage in any business operations or any activities other than those set forth in this Indenture. Specifically, the Indenture 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

Indenture 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 Indenture 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 Indenture Trustee shall have received written notice thereof. In the absence of receipt of such notice, the Indenture Trustee may conclusively assume that there is no Default or Event of Default.

(m) [Reserved].

(n) The Indenture 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 Indenture or other Transaction Document.

(o) The enumeration of any permissive right or power herein or in any other Transaction Document available to the Indenture Trustee shall not be construed to be the imposition of a duty.

(p) The Indenture Trustee shall not be liable for interest on any money received by it except as the Indenture 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 Indenture Trustee shall be subject to the provisions of this Article.

(r) The Indenture Trustee shall not be responsible for or have any liability for the collection of any Loans or Receivables or the recoverability of any amounts from an Obligor or any other Person owing any amounts as a result of any Loans or Receivables, including after any default of any Obligor or any other such Person.

Section 11.2. Rights of the Indenture Trustee. Except as otherwise provided by Section 11.1:

(a) The Indenture 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 Indenture 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 Indenture Trustee's obligations to examine pursuant to Section 11.1(b)(ii), the Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, the Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, 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 Indenture, unless such Noteholders shall have offered to the Indenture Trustee security or indemnity satisfactory to the Indenture 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 Indenture 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 Indenture, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(f) The Indenture 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 Indenture Trustee or the Monthly Statement), unless requested in writing so to do by the Holders of Notes evidencing not less than 25% of the aggregate outstanding principal balance or par value of the Notes, but the Indenture 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 Indenture 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 Indenture 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 Indenture Trustee, not assured to the Indenture Trustee by the security afforded to it by the terms of this Indenture, the Indenture 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 Indenture Trustee, shall be reimbursed by the Person making such request.

(g) The Indenture 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 Indenture Trustee's own willful misconduct or negligence. The Indenture 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 Indenture Trustee shall not be liable for the acts or omissions of any successor to the Indenture Trustee so long as such acts or omissions were not the result of the negligence, bad faith or willful misconduct of the predecessor Indenture Trustee.

(i) The rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture 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 Indenture 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 Indenture Trustee's obligation to examine pursuant to Section 11.1(b)(ii), the Indenture 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 Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture 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 Indenture 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 Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Indenture Trustee may, from time to time, request that the Issuer and any other applicable party deliver a certificate (upon which the Indenture 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 Indenture Trustee a revised certificate, change the information previously provided by it pursuant to the Indenture, but the Indenture Trustee shall be entitled to conclusively rely on the then current certificate until receipt of a superseding certificate.

(n) The right of the Indenture 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 Indenture Trustee hereunder, the Indenture 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 Indenture Trustee or any of its officers, directors, employees, agents, representatives or attorneys-in-fact.

(p) If the Indenture Trustee requests instructions from the Issuer, the Administrator or the Holders with respect to any action or omission in connection with this Indenture, the Indenture 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 Indenture Trustee shall have received written instructions from the Issuer, the Administrator 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 Indenture Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Indenture Trustee. Accordingly, each of the parties agrees to provide to the Indenture 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 Indenture Trustee to comply with Applicable Law.

(r) In no event shall the Indenture 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 Indenture 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 Indenture Trustee's control whether or not of the same class or kind as specified above.

(s) The Indenture 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 Indenture 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 Indenture 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 Indenture Trustee shall not be required to take any action under this Indenture or any related document if taking such action (A) would subject the Indenture Trustee to a tax in any jurisdiction where it is not then subject to a tax, or (B) would require the Indenture Trustee to qualify to do business in any jurisdiction where it is not then so qualified.

Section 11.3. Indenture Trustee Not Liable for Recitals in Notes. The Indenture 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 Indenture Trustee on the Notes). Except as set forth in Section 11.16, the Indenture 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 Indenture Trustee on the Notes) or of any asset of the Trust Estate or related document. The Indenture 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 or the Reserve Account by the Servicer.

Section 11.4. Individual Rights of the Indenture Trustee. The Indenture 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 Indenture Trustee. Any Paying Agent, Transfer Agent and Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Indenture 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 Indenture Trustee

receives written notice or has actual knowledge thereof, the Indenture Trustee shall promptly provide each Notice Person (and, with respect to any Event of Default or Rapid Amortization Event, each Noteholder), 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 Indenture Trustee from time to time, and the Indenture Trustee shall be entitled to receive, such compensation as the Issuer and the Indenture 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 Indenture Trustee, and, the Issuer will pay or reimburse the Indenture Trustee (without reimbursement from the Collection Account, any Payment Account or otherwise) all reasonable expenses, disbursements and advances (including legal fees and costs and costs of persons not regularly employed by the Indenture Trustee) incurred or made by the Indenture 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 Indenture and the resignation or removal of the Indenture Trustee.

Section 11.7. Replacement of the Indenture Trustee.

(a) A resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee shall become effective only upon the successor Indenture Trustee's acceptance of appointment as provided in this Section 11.7.

(b) The Indenture Trustee may, after giving sixty (60) days' prior written notice to the Issuer and the Servicer, resign at any time and be discharged from the trust hereby created; provided, however, that no such resignation of the Indenture Trustee shall be effective until a successor trustee has assumed the obligations of the Indenture Trustee hereunder. The Issuer may remove the Indenture Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the Indenture Trustee so removed and one copy to the successor trustee if:

(i) the Indenture 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 Indenture 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 Indenture Trustee or for any substantial part of the Indenture Trustee's property, or ordering the winding-up or liquidation of the Indenture Trustee's affairs;

(iii) the Indenture Trustee consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or other similar official) for the Indenture Trustee or for any substantial part of the Indenture 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; or

(iv) the Indenture Trustee becomes incapable of acting.

If the Indenture Trustee resigns or is removed or if a vacancy exists in the office of the Indenture Trustee for any reason, the Issuer shall promptly appoint a successor Indenture Trustee 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 Indenture Trustee does not take office within thirty (30) days after the retiring Indenture Trustee provides written notice of its resignation or is removed, the retiring Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring or removed Indenture Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of the Indenture Trustee under this Indenture. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The retiring Indenture Trustee shall, at the expense of the Issuer, promptly transfer to the successor Indenture Trustee all property held by it as Indenture Trustee and all documents and statements held by it hereunder; provided, however, that all sums owing to the retiring Indenture Trustee hereunder (and its agents and counsel) have been paid, and the Issuer and the predecessor Indenture 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 Indenture Trustee all such rights, powers, duties and obligations. Notwithstanding replacement of the Indenture 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 Indenture Trustee.

(d) Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee pursuant to any of the provisions of this Section 11.7 shall not become effective until acceptance of appointment by the successor Indenture Trustee pursuant to this Section 11.7 and payment of all fees and expenses owed to the retiring Indenture Trustee.

(e) No successor Indenture Trustee shall accept appointment as provided in this Section 11.7 unless at the time of such acceptance such successor Indenture Trustee shall be eligible under the provisions of Section 11.9 hereof.

Section 11.8. Successor Indenture Trustee by Merger, etc. Any Person into which the Indenture 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 Indenture Trustee shall be a party, or any Person succeeding to the corporate trust business of the Indenture Trustee, shall be the successor of the Indenture 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 Indenture 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 Indenture Trustee may adopt the certificate of authentication of any predecessor Indenture 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 Indenture Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Indenture 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 Indenture Trustee shall have.

Section 11.9. Eligibility: Disqualification. The Indenture 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 Indenture 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 a 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 Indenture 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 Indenture Trustee shall cease to be eligible in accordance with the provisions of this Section 11.9, the Indenture Trustee shall resign immediately in the manner and with the effect specified in Section 11.7.

Section 11.10. Appointment of Co-Indenture Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, 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 Indenture 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 Indenture 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 Indenture Trustee to perform its functions hereunder. The appointment of any co-trustee or separate trustee shall not relieve the Indenture 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 shall be authenticated and delivered solely by the Indenture Trustee or an authenticating agent appointed by the Indenture Trustee;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture 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 Indenture Trustee joining in such act), except to the extent that under any Law (whether as Indenture Trustee hereunder or as successor to the Servicer under the Servicing Agreement), the Indenture 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 Indenture 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 Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(v) the Indenture Trustee shall remain primarily liable for the actions of any co-trustee.

(c) Any notice, request or other writing given to the Indenture 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 Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee and a copy thereof given to the Servicer.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture 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 Indenture 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 Indenture Trustee, to the extent permitted by Law, without the appointment of a new or successor Indenture Trustee.

Section 11.11. Preferential Collection of Claims Against the Issuer. The Indenture 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). An Indenture 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 Indenture 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, the Noteholders nor the Note Owners 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. [Reserved].

Section 11.14. Suits for Enforcement. If an Event of Default shall occur and be continuing, the Indenture 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 Indenture Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Indenture Trustee or any Secured Party.

Section 11.15. Reports by Indenture Trustee to Holders. The Indenture Trustee shall deliver to each Noteholder such information as may be expressly required by the Code.

Section 11.16. Representations and Warranties of Indenture Trustee. The Indenture Trustee represents and warrants to the Issuer and the Secured Parties that:

- (i) the Indenture 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 Indenture Trustee has full power, authority and right to execute, deliver and perform this Indenture and to authenticate the Notes, and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and to authenticate the Notes;
- (iii) this Indenture has been duly executed and delivered by the Indenture Trustee; and
- (iv) the Indenture Trustee meets the requirements of eligibility hereunder set forth in Section 11.9.

Section 11.17. The Issuer Indemnification of the Indenture Trustee. The Issuer shall fully indemnify, defend and hold harmless the Indenture Trustee (and any predecessor Indenture 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 Indenture Trustee pursuant to this Indenture 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 Indenture Trustee or its directors, officers, employees or agents if such acts, omissions or alleged acts or omissions constitute negligence or willful misconduct by the Indenture Trustee. The indemnity provided herein shall (i) survive the termination of this Indenture and the resignation and removal of the Indenture Trustee, (ii) apply to the Indenture 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. Indenture Trustee's Application for Instructions from the Issuer. Any application by the Indenture Trustee for written instructions from the Issuer, the Administrator or the initial Servicer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture 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 Indenture Trustee shall not be liable for any

action taken by, or omission of, the Indenture 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, the Administrator 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 Indenture 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 Indenture Trustee will maintain an office or offices, or agency or agencies, where notices and demands to or upon the Indenture Trustee in respect of the Notes and this Indenture may be served. The Indenture Trustee initially appoints its Corporate Trust Office as its office for such purposes. The Indenture 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 Indenture Trustee. The rights, privileges and immunities afforded to the Indenture Trustee in the performance of its duties under this Indenture shall apply equally to the performance by the Indenture Trustee of its duties under each other Transaction Document to which it is a party.

Section 11.22. Direction to the Indenture Trustee. The Issuer hereby directs the Indenture 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 Indenture Trustee shall provide the following information (the "Rule 15Ga-1 Information") to the Seller and the Depositor 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 the Notes are outstanding, the Indenture Trustee shall provide information regarding repurchase demand activity during the preceding calendar quarter related to the Trust Estate in substantially the form of Exhibit H hereto.

(ii) If (x) the Indenture Trustee has previously delivered a report described in clause (i) above indicating that, based on a review of the records of the Indenture Trustee, there was no asset repurchase demand activity during the applicable period, and (y) based on a review of the records of the Indenture Trustee, no asset repurchase demand activity has occurred since the delivery of such report, the Indenture Trustee may, in lieu of delivering the information as is requested pursuant to clause (i) above substantially in the form of Exhibit H hereto, and no later than the date specified in

clause (i) above, notify the Seller and the Depositor that there has been no change in asset repurchase demand activity since the date of the last report delivered.

(iii) The Indenture 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 Indenture Trustee for the repurchase or replacement of the assets of the Trust Estate.

(b) The Indenture Trustee shall provide Rule 15Ga-1 Information subject to the following understandings and conditions:

(i) The Indenture Trustee shall provide Rule 15Ga-1 Information only to the extent that the Indenture Trustee has Rule 15Ga-1 Information or can obtain Rule 15Ga-1 Information without unreasonable effort or expense; provided that the Indenture Trustee's efforts to obtain Rule 15Ga-1 Information shall be limited to a review of its internal written records of repurchase demand activity relating the Trust Estate and that the Indenture 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 Indenture.

(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 Depositor, the Issuer, the initial Servicer or any Affiliate of the Seller, the Depositor, the Issuer or the initial Servicer or previously reported to the Seller, the Depositor, the Issuer, the initial Servicer or any Affiliate of the Seller, the Depositor, Issuer or initial Servicer by the Indenture Trustee. For purposes hereof, the term "demand" shall not include (x) repurchases or replacements made pursuant to instruction, direction or request from the Seller, the Depositor or its respective affiliates or (y) general inquiries, including investor inquiries, regarding asset performance or possible breaches of representations or warranties.

(iv) The Indenture Trustee's reporting pursuant to this Section 11.23 is limited to information that the Indenture Trustee has received or acquired solely in its capacity as Indenture Trustee under the Indenture and not in any other capacity. In no event shall Wilmington Trust, National Association (individually or as Indenture 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 Trust Estate, 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 Indenture Trustee under the Transaction Documents, the Indenture 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 the Trust Estate, and no

such additional obligations or duties are implied. The Indenture 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 Indenture 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.

(vi) The Indenture Trustee's obligation pursuant to this Section 11.23 continue until the earlier of (x) the date on which the Notes are no longer outstanding and (y) the date the Seller or the Depositor notifies the Indenture 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 Indenture Trustee hereunder (including the rights of the Indenture Trustee under Sections 11.6 and 11.17 and the obligations of the Indenture Trustee under Section 12.2) and (iv) the rights of Noteholders as beneficiaries hereof with respect to the property deposited with the Indenture Trustee as described below payable to all or any of them, and the Indenture 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 (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 applicable Payment Account funds sufficient to pay in full all Secured Obligations, and the Issuer has delivered to the Indenture 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 Indenture 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 Indenture 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 Indenture, 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 Indenture 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 Indenture Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Indenture 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.

(a) Written notice of any termination, specifying the Payment Date upon which the Noteholders may surrender their Notes for final payment and cancellation, shall be given (subject to at least two (2) Business Days' prior notice from the Issuer to the Indenture Trustee) by the Indenture Trustee to Noteholders mailed not later than five (5) Business Days preceding such final payment specifying (i) the Payment Date (which shall be the Payment Date in the month in which the Series 2021-B 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 Indenture Trustee in accordance with the preceding sentence shall be accompanied by an Officer's Certificate of the Administrator setting forth the information specified in Article 6 of this 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 Indenture 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 2021-B Termination Date, all funds then on deposit in the Payment Account shall continue to be held in trust for the benefit of the Noteholders and the Paying Agent or the Indenture Trustee shall pay such funds to the Noteholders upon surrender of their Notes. In the event that all of the Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the above-

mentioned written notice, the Indenture Trustee shall give second written notice to the remaining Noteholders 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 all the Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps or may appoint an agent to take appropriate steps, to contact the remaining Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Payment Account held for the benefit of such Noteholders. The Indenture 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 Indenture 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 Indenture 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 Indenture Trustee or any Paying Agent pursuant to Section 12.5(b). The Indenture 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. The Indenture 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. Supplemental Indentures without Consent of the Noteholders. Without the consent of the Holders of any Notes, and, if the Servicer's, the Administrator's or the Back-Up Servicer's (including as successor Servicer) rights and/or obligations are materially and adversely affected thereby, with the consent of the Servicer, the Administrator or the Back-Up Servicer, as applicable, the Issuer and the Indenture Trustee, when authorized by an Issuer Order or an Administrator Order, at any time and from time to time, may enter into one or more indenture supplements or amendments hereto (which shall

conform to any applicable provisions of the TIA as in force at the date of execution thereof), in form satisfactory to the Indenture Trustee for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien of this Indenture, or to subject to the Lien of this Indenture additional property;

(b) to evidence the succession, in compliance with the applicable provisions hereof, of another Person to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes;

(c) to add to the covenants of the Issuer for the benefit of any Secured Parties or to surrender any right or power herein conferred upon the Issuer;

(d) to convey, transfer, assign, mortgage or pledge to the Indenture Trustee any property or assets as security for the Secured Obligations and to specify the terms and conditions upon which such property or assets are to be held and dealt with by the Indenture Trustee and to set forth such other provisions in respect thereof as may be required by this Indenture or as may, consistent with the provisions of this Indenture, be deemed appropriate by the Issuer and the Indenture Trustee, or to correct or amplify the description of any such property or assets at any time so mortgaged, pledged, conveyed and transferred to the Indenture Trustee;

(e) to cure any ambiguity, or correct or supplement any provision of this Indenture which may be inconsistent with any other provision of this Indenture or the final offering memorandum for the Notes;

(f) to make any other provisions of this Indenture with respect to matters or questions arising under this Indenture; provided, however, that such action shall not adversely affect the interests of any Holder of the Notes in any material respect without consent being provided as set forth in Section 13.2;

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Indenture Trustee with respect to the Notes or to add to or change any of the provisions of this Indenture as shall be necessary and permitted to provide for or facilitate the administration of the trusts hereunder by more than one trustee pursuant to the requirements of Article 11; or

(h) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA;

provided, however, that no amendment or supplement shall be permitted unless a Tax Opinion is delivered to the Indenture Trustee.

Upon the request of the Issuer, the Indenture Trustee shall join with the Issuer in the execution of any supplemental indenture or amendment authorized or permitted by the terms of this Indenture and shall make any further appropriate agreements and stipulations that may be therein contained, but the Indenture Trustee shall not be obligated to enter into such supplemental indenture or amendment that affects its own rights, duties or immunities under this Indenture or otherwise.

In addition, if Oportun Bank shall be designated as an Additional Originator in accordance with the Transfer Agreement, this Indenture may be amended, by a supplemental indenture or otherwise, to incorporate provisions required by, or reasonably necessary to be consistent with, the FDIC Safe Harbor, in each case without the consent of the Noteholders, subject to the delivery to the Depositor Loan Trustee, the Issuer and the Indenture Trustee of an officer's certificate of the Seller certifying that such provisions or amendments, as applicable, are not reasonably expected to have a Material Adverse Effect.

Section 13.2. Supplemental Indentures with Consent of Noteholders. The Issuer and the Indenture Trustee, when authorized by an Issuer Order or an Administrator Order, also may, with the consent of the Required Noteholders and, if the Servicer's, the Administrator's or the Back-Up Servicer's (including as successor Servicer) rights and/or obligations are materially and adversely affected thereby, the Servicer, the Administrator or the Back-Up Servicer, as applicable, 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 under this Indenture; provided, however, that no such indenture supplement or amendment shall, without the consent of the Required Noteholders and without the consent of the Holder of each outstanding Note affected thereby (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 Indenture 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 Indenture 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; or

(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;

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 Indenture Trustee may, but shall not be obligated to, enter into any such amendment or supplement that affects the Indenture Trustee's rights, duties or immunities under this Indenture or otherwise.

It shall not be necessary for any consent of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof. Additionally, with respect to a Book-Entry Note, such consent may be provided directly by the Note Owner or indirectly through a Clearing Agency or Foreign Clearing Agency.

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 Indenture Trustee may prescribe.

Promptly after the execution by the Issuer and the Indenture Trustee of any supplemental indenture or amendment to this Indenture pursuant to this Section, the Indenture Trustee shall mail to each Holder of the Notes (or with respect to an amendment, to the Noteholders), the Back-Up Servicer and the Servicer a copy of such supplemental indenture or amendment. Any failure of the Indenture 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 Indenture 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 Administrator 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 Indenture Trustee may, but shall not be obligated to, enter into any such amendment or supplemental indenture that affects the Indenture 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 Indenture 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. [Reserved].

Section 13.7. [Reserved].

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 such Holder's Note or portion of a Note if the Indenture 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 Indenture 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 Indenture Trustee (upon receipt of an Issuer Order or an Administrator 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 Indenture Trustee to Sign Amendments, etc. The Indenture 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 Indenture Trustee. If any amendment or supplemental indenture does have such a materially adverse effect, the Indenture Trustee may, but need not, sign it. In signing such amendment or supplemental indenture, the Indenture 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 Administrator 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 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.

(a) The Notes are subject to redemption by the Issuer, at its option, in accordance with the terms of this Article 14 on any Payment Date on or after the sixth Payment Date immediately preceding the Scheduled Amortization Period Commencement Date; provided,

however, that the Issuer has available funds sufficient to pay the Redemption Price. If the Notes are to be redeemed pursuant to this Section 14.1, the Issuer shall furnish notice of such election to the Indenture Trustee not later than fifteen (15) days prior to the Redemption Date and the Issuer shall deposit with the Indenture Trustee in a Trust Account that is within the sole control of the Indenture Trustee no later than 10:00 a.m. New York time on the Redemption Date the Redemption Price of the Notes 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.

(b) The redemption price for the Notes will be equal to the sum of (i) the Note Principal determined without giving effect to any Notes owned by the Issuer, plus (ii) accrued and unpaid interest on such Notes through the day preceding the Payment Date on which the redemption 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 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 Payment Account, the Collection Account and the Reserve Account for the payment of the foregoing amounts.

(c) Unless otherwise consented to by the Holders of 100% of the Certificates outstanding, concurrent with any redemption of any Notes by the Issuer, the Issuer shall make a distribution on the Certificates in accordance with this Article 14 in an amount equal to the sum of (i) the amount by which the Outstanding Receivables Balance of the Receivables as of the Cut-Off Date exceeds the aggregate principal amount of the Notes (calculated as though the Notes were not redeemed on such Payment Date), (ii) the amount distributable on the Certificates on the Payment Date on which the redemption occurs (calculated as though the Notes were not redeemed on such Payment Date), plus (iii) any other amounts due and owing by the Issuer or the Servicer to the Holders of the Certificates pursuant to the Transaction Documents, in each case, without duplication and net of any amounts payable in connection with the redemption of the Notes.

Section 14.2. Form of Redemption Notice. Notice of redemption under Section 14.1 shall be given by the Indenture Trustee by facsimile or by first-class mail, postage prepaid, transmitted or mailed prior to the applicable Redemption Date to each Holder of Notes 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
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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 Indenture Trustee in the name and at the expense of the Issuer. For the avoidance of doubt, the Issuer shall provide the Indenture 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 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 Indenture Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Indenture 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;
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(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 Indenture 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 Indenture Trustee upon the Indenture 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 Indenture 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 Indenture 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 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 issued by the Issuer of the Notes.

(iii) Other than with respect to the release of any cash (including Collections), 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 Indenture 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 Indenture 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 Indenture 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), 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 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 issued by the Issuer of the Notes.

Section 15.2. Form of Documents Delivered to Indenture 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 a 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, the Administrator 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, the Administrator 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 c/o Wilmington Savings Fund Society, FSB, 500 Delaware Avenue, 11th Floor, Wilmington, Delaware 19801 Attention: Devon Reverdito, with a copy to the Administrator, to 2 Circle Star Way, 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 Indenture Trustee, to the Corporate Trust Office. Unless 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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 Indenture 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; Electronic Execution. 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. Each of the parties hereto agrees that the transaction consisting of this Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Indenture using an electronic signature, it is signing, adopting, and accepting this Indenture and that signing this Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Indenture in a usable format.

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 Indenture Trustee or any other counsel reasonably acceptable to the Indenture Trustee) to the effect that such recording is necessary either for the protection of the Noteholders, the Certificateholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under this Indenture.

Section 15.16. Issuer Obligation. Neither any trustee nor any Beneficiary of the Issuer nor any of their respective officers, directors, employers or agents will have any liability with respect to this Indenture, and no recourse may be had solely to the assets of the Issuer respect thereto. In addition, no recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer, the Depositor Loan Trustee for the benefit of the Depositor, the Owner Trustee or the Indenture Trustee on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) any assets of the Issuer other than the Trust Estate, (ii) the Seller, the Servicer, the Administrator, the Depositor Loan Trustee for the benefit of the Depositor, the Owner Trustee or the Indenture Trustee in their respective individual capacities, (iii) any Beneficiary or (iv) any partner, owner, incorporator, member, manager, beneficiary, beneficial owner, agent, officer, director, employee, shareholder or agent of the Issuer, any Beneficiary, the Seller, the Administrator, the Depositor Loan Trustee, the Owner Trustee, the Servicer or the Indenture 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 Indenture 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 Indenture Trustee by entering into the Indenture or any Note Purchase Agreement, and in the case of a Noteholder and Note Owner, 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 Indenture 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 Indenture Trustee against the Issuer or the commencement of such action and raising the defense that such Secured Party or the Indenture 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 Indenture Trustee. Nothing contained herein shall preclude participation by any Secured Party or the Indenture 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 Indenture Trustee or the Issuer.

Section 15.19. Rule 144A Information. For so long as any of the Notes of any Class are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer agrees to reasonably cooperate to provide to any Noteholders and to any prospective purchaser of Notes designated by such Noteholder upon the request of such Noteholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act and the Servicer agrees to reasonably cooperate with the Issuer and the Indenture Trustee in connection with the foregoing.

Section 15.20. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Indenture Trustee or 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 15.21. Third-Party Beneficiaries. This Indenture will inure to the benefit of and be binding upon the parties hereto, 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 15.22. 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 15.23. Rules by the Indenture Trustee. The Indenture Trustee may make reasonable rules for action by or at a meeting of any Secured Parties.

Section 15.24. Duplicate Originals. The parties may sign any number of copies of this Indenture. One signed copy is enough to prove this Indenture.

Section 15.25. 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 15.26. No Impairment. Except for actions expressly authorized by this Indenture, the Indenture 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 15.27. Intercreditor Agreement. The Indenture 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 or an Administrator Order, (b) an Officer's Certificate of the Administrator stating that such amendment or replacement intercreditor agreement, as the case may be, (i) does not materially and adversely affect any Noteholder and (ii) will not cause a Material Adverse Effect and (c) 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 15.27 have been satisfied, the Indenture 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.

Section 15.28. Owner Trustee Limitation of Liability. It is expressly understood and agreed by the parties hereto that (i) this Indenture is executed and delivered by Wilmington Savings Fund Society, FSB, not individually or personally but solely as Owner Trustee of the

Issuer, in the exercise of the powers and authority conferred and vested in it, (ii) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by the Owner Trustee but made and intended for the purpose of binding only the Issuer, (iii) nothing herein contained shall be construed as creating any liability on the Owner Trustee, individually or personally, to perform any covenants, either expressed or implied, contained herein, all personal liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, (iv) the Owner Trustee has made no investigation as to the accuracy or completeness of any representations and warranties made by the Issuer in this Indenture and (v) under no circumstances shall the Owner Trustee be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Indenture or any other related document.

[THIS SPACE LEFT INTENTIONALLY BLANK]

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

OPORTUN ISSUANCE TRUST 2021-B,

as Issuer

By: **Wilmington savings fund society, fsb**, not in its individual capacity, but solely as Owner Trustee of the Issuer

By: /s/ Devon C. A. Reverdito

Name: Devon C. A. Reverdito

Title: Assistant Vice President

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

Certain information identified with brackets ([****]) has been excluded from this exhibit because such information is both (i) not material and (ii) competitively harmful if publicly disclosed

Execution Version

WebBank
215 S. State Street, Suite 1000
Salt Lake City, Utah 84111

July 28, 2021

Oportun, Inc.
Two Circle Star Way
San Carlos, California 94070

Re: Temporary Adjustments to Program Arrangements

Ladies and Gentlemen:

This letter agreement (this "Letter") dated and effective as of the date first set forth above between WebBank ("Bank") and Oportun, Inc. ("Company") amends and supplements the (i) Amended and Restated Credit Card Program and Servicing Agreement between Bank and Company dated as of February 5, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Program Agreement"), (ii) Receivables Sale Agreement between Bank and Company dated as of November 5, 2019, as amended by the First Amendment to Receivables Sale Agreement dated as February 5, 2021 (as further amended, restated, supplemented or otherwise modified from time to time, the "Sale Agreement"), and (iii) Receivables Retention Facility Agreement between Bank and Company dated as of February 5, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Retention Agreement"). Any capitalized terms used in this Letter but not defined herein shall have the respective meanings set forth in the Program Agreement. Bank and Company are executing this Letter for the purpose of making certain modifications to the Program Documents.

1. Relation to the Agreements.

- a. Except as otherwise expressly stated in this Letter, nothing in this Letter shall alter, amend or waive any provision, term or condition of any of the Program Documents.
 - b. The performance by Company of any obligation in this Letter shall be deemed to be performance with respect to participation in the Program. The rules of construction set forth in the Program Agreement shall apply to this Letter.
-

c. The terms of this Letter shall remain in effect until the earlier of (i) September 30, 2021, or (ii) the closing of the new warehouse credit facility related to the Receivables (such earlier date, the “Letter Expiration Date”). The period between the date first set forth above and the Letter Expiration Date is referred to as the “Letter Effective Period.”

2. **Threshold Amount.** During the Letter Effective Period, the “Threshold Amount” as defined in the Program Agreement is Thirty-Five Million Dollars (\$35,000,000). Following the Letter Expiration Date, the Threshold Amount is [****]. Following the Letter Expiration Date, Bank will designate Accounts as Transferable Excess Accounts in order to reduce the total Receivables held by Bank (other than Receivables already designated as Transferable Excess Receivables) to an amount less than the Threshold Amount, using a methodology mutually agreed by the Parties.

3. **Base Rate.** During the Letter Effective Period:

a. the term “Overage Base Rate” shall mean the sum of (a) one month London Interbank Offered Rate as published by the St. Louis Federal Reserve Bank’s FRED (Federal Reserve Economic Database) online database (available at: <https://fred.stlouisfed.org/series/USD1MTD156N>) (the “LIBOR Rate”) and expressed as an annual percentage rate, on the last calendar day of the month with respect to which the Overage Base Rate is being calculated, plus (b) [****]%; provided that, if the LIBOR Rate shall be less than [****], such rate shall be deemed [****] for purposes of this Agreement; and

b. the definition of “Base Rate Amount” in Section (j) of Schedule 14 to the Program Agreement is revised to state as follows:

“(j) The “Base Rate Amount” is equal to the sum of:

- (i) the product of (A) the Base Rate calculated for the month that had most recently ended on or before the Thursday of the preceding week, multiplied by (B) [****], multiplied by (C) seven divided by three hundred sixty-five (7/365); plus
- (ii) the product of (A) the Overage Base Rate calculated for the month that had most recently ended on or before the Thursday of the preceding week, multiplied by (B) [****] multiplied by (C) seven divided by three hundred sixty-five (7/365).

For the avoidance of doubt, any Transferable Receivables (other than Transferable Excess Receivables) that are sold by Bank during any week shall be considered in calculating the Weekly Receivables Balance for the days that such Receivables were owned by Bank.”

Following the Letter Expiration, the definition of “Base Rate Amount” will revert to the definition in effect prior to the Letter Effective Period.

4. **Collateral Account.** During the Letter Effective Period, the subsection captioned “Interest” in Section 27 of the Retention Agreement is revised to state as follows:

“*Interest.* The Collateral Account shall be a money market deposit account and shall bear interest as follows: (i) for the amounts held in the Collateral Account up to the sum of the Tier 1 Required Balance and the Tier 2 Required Balance, less the amount of any Letter of Credit (the “Level One Amount”), [****], and (ii) for the amounts held in the Collateral Account in excess of the Level One Amount in an amount no greater than the Tier 3 Required Balance (the “Level Two Amount”), at [****] and (iii) for the amounts in excess of the sum of the Level One Amount and the Level Two Amount (the “Level Three Amount”), at [****] interest rate. Interest shall be computed based on the average daily balance of the Collateral Account during a month and credited to the Collateral Account, as property of Company, promptly following each month end.”

Following the Letter Expiration, the terms of the subsection will revert to the terms in effect prior to the Letter Effective Period.

[Signatures on following page]

Please sign below where indicated to confirm your review of and agreement with this Letter. By signing below, you represent that you have authority to bind Company to the terms of this Letter.

Very truly yours,

WebBank

By: /s/ Jason Lloyd

Name: Jason Lloyd

Title: President

Accepted and Agreed:

Oportun, Inc.

By: /s/ John Foxgrover

Name: John Foxgrover

Title: Senior Vice President

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. 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
 - d. 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 6, 2021

/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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. 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
 - d. 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 6, 2021

/s/ Jonathan Coblentz

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 Coblenz, 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, 2021, 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 6, 2021

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 6th day of August 2021.

/s/ Raul Vazquez

Raul Vazquez

Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Jonathan Coblenz

Jonathan Coblenz

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.