

**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 March 31, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-39050

OPORTUN FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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

(650) 810-8823

Registrant's Telephone Number, Including Area Code

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

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

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

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

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

Large accelerated filer

Smaller reporting company

Accelerated filer

Emerging growth company

Non-accelerated filer

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

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

The number of shares of registrant's common stock outstanding as of May 3, 2022 was 32,814,113.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 109,864	\$ 130,959
Restricted cash	60,694	62,001
Loans receivable at fair value	2,450,987	2,386,807
Interest and fees receivable, net	22,823	20,916
Capitalized software and other intangibles, net	133,093	131,181
Goodwill	104,162	104,014
Right of use assets - operating	36,689	38,403
Other assets	74,239	72,344
Total assets	\$ 2,992,551	\$ 2,946,625
Liabilities and stockholders' equity		
Liabilities		
Secured financing	\$ 473,311	\$ 393,889
Asset-backed notes at fair value	1,593,435	1,651,706
Acquisition financing	103,869	114,092
Lease liabilities	44,959	47,699
Other liabilities	127,041	135,358
Total liabilities	2,342,615	2,342,744
Stockholders' equity		
Common stock, \$0.0001 par value - 1,000,000,000 shares authorized at March 31, 2022 and December 31, 2021; 33,078,916 shares issued and 32,806,893 shares outstanding at March 31, 2022; 32,276,419 shares issued and 32,004,396 shares outstanding at December 31, 2021	7	6
Common stock, additional paid-in capital	526,729	526,338
Retained earnings	129,509	83,846
Treasury stock at cost, 272,023 shares at March 31, 2022 and December 31, 2021	(6,309)	(6,309)
Total stockholders' equity	649,936	603,881
Total liabilities and stockholders' equity	\$ 2,992,551	\$ 2,946,625

See Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2022	2021
Revenue		
Interest income	\$ 192,237	\$ 127,191
Non-interest income	22,483	8,122
Total revenue	<u>214,720</u>	<u>135,313</u>
Less:		
Interest expense	13,677	13,504
Net increase (decrease) in fair value	3,971	(11,568)
Net revenue	<u>205,014</u>	<u>110,241</u>
Operating expenses:		
Technology and facilities	49,189	32,924
Sales and marketing	34,541	23,893
Personnel	35,926	26,827
Outsourcing and professional fees	14,327	12,625
General, administrative and other	13,361	9,997
Total operating expenses	<u>147,344</u>	<u>106,266</u>
Income before taxes	57,670	3,975
Income tax expense	12,007	956
Net income	<u>\$ 45,663</u>	<u>\$ 3,019</u>
Net income attributable to common stockholders	\$ 45,663	\$ 3,019
Share data:		
Earnings per share:		
Basic	\$ 1.42	\$ 0.11
Diluted	\$ 1.37	\$ 0.10
Weighted average common shares outstanding:		
Basic	32,216,641	27,770,063
Diluted	33,323,134	29,620,034

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 Three Months Ended March 31, 2022

	Common Stock					Total Stockholders' Equity
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock	
Balance – January 1, 2022	32,004,396	\$ 6	\$ 526,338	\$ 83,846	\$ (6,309)	\$ 603,881
Issuance of common stock upon exercise of stock options	505,945	1	(4,749)	—	—	(4,748)
Stock-based compensation expense	—	—	7,467	—	—	7,467
Vesting of restricted stock units, net of shares withheld	296,552	—	(2,327)	—	—	(2,327)
Net income	—	—	—	45,663	—	45,663
Balance – March 31, 2022	<u>32,806,893</u>	<u>\$ 7</u>	<u>\$ 526,729</u>	<u>\$ 129,509</u>	<u>\$ (6,309)</u>	<u>\$ 649,936</u>

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 Three Months Ended March 31, 2021

	Common Stock					Total Stockholders' Equity
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock	
Balance – January 1, 2021	27,679,263	\$ 6	\$ 436,499	\$ 36,432	\$ (6,309)	\$ 466,628
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)
Net income	—	—	—	3,019	—	3,019
Balance – March 31, 2021	<u>27,974,583</u>	<u>\$ 6</u>	<u>\$ 439,100</u>	<u>\$ 39,451</u>	<u>\$ (6,309)</u>	<u>\$ 472,248</u>

See Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities		
Net income	\$ 45,663	\$ 3,019
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,697	6,957
Fair value adjustment, net	(3,971)	11,568
Origination fees for loans receivable at fair value, net	(4,685)	(1,422)
Gain on loan sales	(5,715)	(4,434)
Stock-based compensation expense	6,773	5,088
Other, net	20,226	15,325
Originations of loans sold and held for sale	(48,665)	(33,464)
Proceeds from sale of loans	54,872	38,372
Changes in other assets and other liabilities	(36,630)	(22,853)
Net cash provided by operating activities	38,565	18,156
Cash flows from investing activities		
Originations of loans	(707,108)	(263,148)
Proceeds from structured loan sale	245,019	—
Repayments of loan principal	351,324	278,659
Capitalization of system development costs	(10,641)	(5,651)
Other, net	(1,090)	(873)
Net cash provided by (used in) investing activities	(122,496)	8,987
Cash flows from financing activities		
Borrowings under secured financing	699,000	—
Borrowings under asset-backed notes and acquisition financing	—	371,719
Repayments of secured financing	(620,000)	(181,780)
Repayments of asset-backed notes and acquisition financing	(10,395)	(200,004)
Net payments related to stock-based activities	(7,076)	(2,487)
Net cash provided by (used in) financing activities	61,529	(12,552)
Net increase (decrease) in cash and cash equivalents and restricted cash	(22,402)	14,591
Cash and cash equivalents and restricted cash, beginning of period	192,960	168,590
Cash and cash equivalents and restricted cash, end of period	\$ 170,558	\$ 183,181
Supplemental disclosure of cash flow information		
Cash and cash equivalents	\$ 109,864	\$ 140,416
Restricted cash	60,694	42,765
Total cash and cash equivalents and restricted cash	\$ 170,558	\$ 183,181
Cash paid for income taxes, net of refunds	\$ 328	\$ 240
Cash paid for interest	\$ 13,816	\$ 13,625
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 4,238	\$ 4,292
Supplemental disclosures of non-cash investing and financing activities		
Right of use assets obtained in exchange for operating lease obligations	\$ 1,064	\$ 1,093
Non-cash investments in capitalized assets	\$ 565	\$ 625

See Notes to the Condensed Consolidated Financial Statements.

1. Organization and Description of Business

Oportun is a financial technology company and digital banking platform driven by its mission to provide inclusive, affordable financial services that empower its members to build a better future. Oportun Financial Corporation (together with its subsidiaries, "Oportun" or the "Company") takes a holistic approach to serving its members and views as its purpose to responsibly meet their current capital needs, help grow its members' financial profiles, increase their financial awareness and put them on a path to a financially healthy life. With its acquisition of Hello Digit, Inc. ("Digit") on December 22, 2021, the Company can now offer access to a comprehensive suite of digital banking products, offered either directly or through partners, including lending, savings and investing powered by A.I. and tailored to each member's goals to make achieving financial health automated. The Company's credit products include personal loans, secured personal loans and credit cards. The Company's digital banking products include digital banking, automated savings, long-term investing and retirement savings. 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.

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, 2021 (the "Annual Report"), filed with the Securities and Exchange Commission ("SEC") on March 1, 2022.

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

None.

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 March 31,	
	2022	2021
Net income	\$ 45,663	\$ 3,019
Net income (loss) attributable to common stockholders	\$ 45,663	\$ 3,019
Basic weighted-average common shares outstanding	32,216,641	27,770,063
Weighted average effect of dilutive securities:		
Stock options	733,503	1,274,818
Restricted stock units	372,990	575,153
Diluted weighted-average common shares outstanding	33,323,134	29,620,034
Earnings per share:		
Basic	\$ 1.42	\$ 0.11
Diluted	\$ 1.37	\$ 0.10

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 March 31,	
	2022	2021
Stock options	2,723,777	2,822,785
Restricted stock units	1,692,599	45,306
Total anti-dilutive common share equivalents	4,416,376	2,868,091

4. Variable Interest Entities

Variable interest entities ("VIEs") are legal entities that either have an insufficient amount of equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the holders of equity investment at risk lack the ability to direct the entity's activities that most significantly impact economic performance through voting or similar rights, or do not have the obligation to absorb the expected losses or the right to receive expected residual returns of the entity.

For all VIEs in which we are involved, we assess whether we are the primary beneficiary of the VIE on an ongoing basis. In circumstances where we have both the power to direct the activities that most significantly impact the VIEs performance and the obligation to absorb losses or the right to receive the benefits of the VIE that could be significant, we would conclude that we are the primary beneficiary of the VIE, and we consolidate the VIE. In situations where we are not deemed to be the primary beneficiary of the VIE, we do not consolidate the VIE and only recognize our interests in the VIE.

Consolidated VIEs

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. For these VIEs where the Company has determined that it is the primary beneficiary 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 the VIEs assets and related liabilities are consolidated with the results of the Company. 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 in the form of an asset-backed certificate. Accordingly, the Company includes the VIEs' assets, including the assets securing the financing transactions, and related liabilities in its condensed consolidated financial statements.

Each consolidated 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 lenders 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)	March 31, 2022	December 31, 2021
Consolidated VIE assets		
Restricted cash	\$ 33,246	\$ 41,803
Loans receivable at fair value	2,344,635	2,267,205
Interest and fee receivable	20,767	19,869
Total VIE assets	<u>2,398,648</u>	<u>2,328,877</u>
Consolidated VIE liabilities		
Secured financing ⁽¹⁾	477,000	398,000
Asset-backed notes at fair value	1,593,435	1,651,706
Acquisition financing ⁽¹⁾	105,605	116,000
Total VIE liabilities	<u>\$ 2,176,040</u>	<u>\$ 2,165,706</u>

⁽¹⁾ Amounts exclude deferred financing costs. See Note 9, *Borrowings* for additional information.

5. Loans Held for Sale and Loans Sold

Structured Loan Sales - On March 31, 2022, the Company participated in a securitization whereby the Company and funds managed by Ellington Management Group both contributed collateral and were co-sponsors of the transaction, which totaled \$400.0 million in issued asset-backed notes. As part of the securitization, the Company sold loans to OPTN Funding Grantor Trust 2022-1 ("Grantor Trust") through the issuance of amortizing asset-backed notes secured by a pool of its unsecured and secured personal installment loans. The Company also sold its share of the residual interest in the pool. The Company's continued involvement in the unconsolidated VIEs is in the form of servicer of these loans. The Company does not have variable interest in the Grantor Trust or the issuer established for this transaction. The sold loans were accounted for under the fair value option and at the point they were designated as held for sale had an aggregate unpaid principal balance of approximately \$227.6 million, a cumulative fair value mark of \$15.9 million and unpaid interest of \$1.5 million. The Company received \$245.0 million of net proceeds and by selling both its notes and residual interest, the Company derecognized these loans from its Consolidated Balance Sheets.

Whole Loan Sale Program - In November 2014, the Company entered into a whole loan sale agreement with an institutional investor. Pursuant to the agreement, the Company sold 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. The Company chose not to renew the arrangement and allowed the agreement to expire on its terms on March 4, 2022.

The originations of loans sold and held for sale during the three months ended March 31, 2022 related to our whole loan sale program was \$48.7 million and the Company recorded a gain on sale of \$5.7 million and servicing revenue of \$4.0 million. The originations of loans sold and held for sale during the three months ended March 31, 2021 was \$33.5 million and the Company recorded a gain on sale of \$4.4 million and servicing revenue of \$3.1 million.

6. Acquisition

On December 22, 2021, the Company completed its acquisition of all the voting interests of Hello Digit, Inc. (or "Digit"). Digit is a digital banking platform that provides automated savings, banking and investing tools. Digit members can keep and integrate their existing bank accounts into the platform, or they can make Digit their primary banking relationship by opening new accounts via Digit's bank partner. By acquiring Digit, Opportun further expanded its A.I. and digital banking capabilities, adding to its services to provide its members a holistic offering built to address their financial needs. The total consideration the Company provided for Digit, which consisted of cash and equity, was approximately \$205.3 million.

The Company recognized acquisition and integration related costs of approximately \$7.3 million in the three months ended March 31, 2022 which are included in the General, administrative and other expense in the Condensed Consolidated Statements of Operations (Unaudited).

7. Capitalized Software, Other Intangibles and Goodwill

Capitalized software, net consists of the following:

(in thousands)	March 31, 2022	December 31, 2021
Capitalized software, net:		
System development costs	\$ 95,800	\$ 84,550
Acquired developed technology	48,500	48,500
Less: Accumulated amortization	(52,864)	(45,433)
Total capitalized software, net	<u>\$ 91,436</u>	<u>\$ 87,617</u>

Capitalized software, net

Amortization of system development costs and acquired developed technology for three months ended March 31, 2022 and 2021 was \$7.4 million and \$3.5 million, respectively. System development costs capitalized in the three months ended March 31, 2022 and 2021 were \$11.2 million and \$5.8 million, respectively. Acquired developed technology was \$48.5 million and is related to the acquisition of Digit on December 22, 2021.

Intangible Assets

The gross carrying amount and accumulated amortization, in total and by major intangible asset class are as follows:

(in thousands)	March 31,		December 31,	
	2022		2021	
Intangible assets:				
Member relationships	\$	34,500	\$	34,500
Trademarks		6,426		6,364
Other		3,000		3,000
Less: Accumulated amortization		(2,269)		(300)
Total intangible assets, net	\$	41,657	\$	43,564

Amortization of intangible assets for the three months ended March 31, 2022 was \$2.0 million. There were no intangible assets subject to amortization for the three months ended March 31, 2021. Expected future amortization expense for intangible assets as of March 31, 2022 is as follows:

(in thousands)	Fiscal Years	
2022 (remaining nine months)	\$	(5,980)
2023		(7,949)
2024		(7,798)
2025		(4,929)
2026		(4,929)
2027		(4,929)
Thereafter		(4,779)
Total	\$	(41,293)

Goodwill

The Company recorded goodwill of \$104.0 million arising from the acquisition of Digit on December 22, 2021. During the three months ended March 31, 2022, the Company recorded a \$0.1 million adjustment to goodwill. There was no impairment for the periods presented.

8. Other Assets

Other assets consist of the following:

(in thousands)	March 31,		December 31,	
	2022		2021	
Fixed assets				
Total fixed assets	\$	44,955	\$	44,100
Less: Accumulated depreciation		(35,370)		(34,185)
Total fixed assets, net	\$	9,585	\$	9,915
Other Assets				
Loans held for sale		—		491
Prepaid expenses		26,244		25,355
Deferred tax assets		3,565		3,923
Current tax assets		17,235		13,330
Other		17,610		19,330
Total other assets	\$	74,239	\$	72,344

Fixed Assets

Depreciation and amortization expense for the three months ended March 31, 2022 and 2021 was \$1.3 million and \$3.5 million, respectively.

9. Borrowings

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

Variable Interest Entity	Facility Amount	Maturity Date ⁽¹⁾	Interest Rate	March 31, 2022 Balance	December 31, 2021 Balance
(in thousands)					
Oportun CCW Trust ⁽¹⁾⁽²⁾	\$ 150,000	December 1, 2023	Variable ⁽¹⁾	\$ 59,223	\$ 40,108
Oportun PLW Trust	600,000	September 1, 2024	LIBOR (minimum of 0.00%) + 2.17%	414,088	353,781
Total secured financing	<u>\$ 750,000</u>			<u>\$ 473,311</u>	<u>\$ 393,889</u>

⁽¹⁾ The interest rate on the Secured Financing - CCW facility is LIBOR (minimum of 1.00%) plus 6.00% on the first \$18.8 million of principal outstanding and LIBOR (minimum of 0.00%) plus 3.41% on the remaining outstanding principal balance.

⁽²⁾ The Credit Card Warehouse has an aggregate borrowing capacity of up to \$150.0 million; comprised of \$75.0 million committed purchase amount and \$75.0 million uncommitted purchase amount.

The following table presents information regarding asset-backed notes:

Variable Interest Entity	March 31, 2022					
	Initial note amount issued ^(a)	Initial collateral balance ^(b)	Current balance ^(a)	Current collateral balance ^(b)	Weighted average interest rate ^(c)	Original revolving period
(in thousands)						
Asset-backed notes recorded at fair value:						
Oportun Issuance Trust (Series 2021-C)	\$ 500,000	\$ 512,762	\$ 472,972	\$ 519,735	2.48 %	3 years
Oportun Issuance Trust (Series 2021-B)	500,000	512,759	475,772	520,594	2.05 %	3 years
Oportun Funding XIV, LLC (Series 2021-A)	375,000	383,632	364,808	390,705	1.79 %	2 years
Oportun Funding XIII, LLC (Series 2019-A)	279,412	294,118	279,883	299,832	3.46 %	3 years
Total asset-backed notes recorded at fair value	<u>\$ 1,654,412</u>	<u>\$ 1,703,271</u>	<u>\$ 1,593,435</u>	<u>\$ 1,730,866</u>		

Variable Interest Entity	December 31, 2021					
	Initial note amount issued ^(a)	Initial collateral balance ^(b)	Current balance ^(a)	Current collateral balance ^(b)	Weighted average interest rate ^(c)	Original revolving period
(in thousands)						
Asset-backed notes recorded at fair value:						
Oportun Issuance Trust (Series 2021-C)	\$ 500,000	\$ 512,762	\$ 497,774	\$ 525,436	2.48 %	3 years
Oportun Issuance Trust (Series 2021-B)	500,000	512,759	498,487	521,174	2.05 %	3 years
Oportun Funding XIV, LLC (Series 2021-A)	375,000	383,632	374,363	391,325	1.79 %	2 years
Oportun Funding XIII, LLC (Series 2019-A)	279,412	294,118	281,082	299,310	3.46 %	3 years
Total asset-backed notes recorded at fair value	<u>\$ 1,654,412</u>	<u>\$ 1,703,271</u>	<u>\$ 1,651,706</u>	<u>\$ 1,737,245</u>		

^(a) 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.

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

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

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

Variable Interest Entity	Original Balance	Maturity Date	Interest Rate	March 31, 2022 Balance	December 31, 2021 Balance
(in thousands)					
Oportun RF, LLC	\$ 116,000	October 1, 2024	LIBOR (minimum of 0.00% + 8.00%)	\$ 103,869	\$ 114,092

As of March 31, 2022, and December 31, 2021, the Company was in compliance with all covenants and requirements of the Secured Financing and Acquisition Financing facilities and asset-backed notes.

10. Other Liabilities

Other liabilities consist of the following:

(in thousands)	March 31, 2022	December 31, 2021
Accounts payable	\$ 4,253	\$ 8,343
Accrued compensation	18,824	36,417
Accrued expenses	28,946	36,464
Accrued interest	2,714	3,276
Amount due to whole loan buyer	17,289	14,062
Deferred tax liabilities	43,415	28,424
Current tax liabilities and other	11,600	8,372
Total other liabilities	\$ 127,041	\$ 135,358

11. 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 March 31, 2022 or December 31, 2021.

Common Stock - As of March 31, 2022 and December 31, 2021, 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 March 31, 2022, 33,078,916 and 32,806,893 shares were issued and outstanding, respectively, and 272,023 shares were held in treasury stock. As of December 31, 2021, 32,276,419 and 32,004,396 shares were issued and outstanding, respectively, and 272,023 shares were held in treasury stock.

12. 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 (Unaudited) is as follows:

(in thousands)	Three Months Ended March 31,	
	2022	2021
Technology and facilities	\$ 1,870	\$ 728
Sales and marketing	31	32
Personnel	4,872	4,067
Total stock-based compensation ⁽¹⁾	\$ 6,773	\$ 4,827

⁽¹⁾ Amounts shown are net of \$0.7 million of capitalized stock-based compensation for the three months ended March 31, 2022 and net of \$0.3 million of capitalized stock-based compensation for the three months ended March 31, 2021.

As of March 31, 2022, and December 31, 2021, the Company's total unrecognized compensation cost related to unvested stock-based option awards granted to employees was \$9.5 million and \$6.9 million, respectively, which will be recognized over a weighted-average vesting period of approximately 2.8 years and 2.2 years, respectively. As of March 31, 2022 and December 31, 2021, the Company's total unrecognized compensation cost related to unvested restricted stock unit awards granted to employees was \$72.2 million and \$54.1 million, respectively, which will be recognized over a weighted average vesting period of approximately 3.1 years and 2.6 years, 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 recognized in the income statement for stock-based compensation arrangements for the three months ended March 31, 2022 was \$0.7 million. The total income tax expense recognized in the income statement for the stock-based compensation arrangements for the three months ended March 31, 2021 was insignificant.

13. Revenue

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

(in thousands)	Three Months Ended March 31,	
	2022	2021
Interest income		
Interest on loans	\$ 187,387	\$ 125,682
Fees on loans	4,850	1,509
Total interest income	<u>192,237</u>	<u>127,191</u>

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

(in thousands)	Three Months Ended March 31,	
	2022	2021
Non-interest income		
Gain on loan sales	\$ 5,715	\$ 4,434
Servicing fees	3,957	3,078
Other income	12,811	610
Total non-interest income	<u>\$ 22,483</u>	<u>\$ 8,122</u>

14. Income Taxes

For the three months ended March 31, 2022 and 2021, 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 months ended March 31, 2022 and 2021, the Company recorded income tax expense of \$12.0 million and \$1.0 million, respectively, related to continuing operations. The Company's reported effective tax rates were 20.8% and 24.1% for the three months ended March 31, 2022 and 2021, respectively. Our effective tax rates for the three months ended March 31, 2022 and 2021 differ from the statutory tax rates primarily due to the impacts of the R&D tax credit and a one-time exercise of stock-based awards.

15. 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)	March 31, 2022		December 31, 2021	
	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Assets				
Loans receivable	\$ 2,353,981	\$ 2,450,987	\$ 2,272,864	\$ 2,386,807
Liabilities				
Asset-backed notes	1,654,412	1,593,435	1,654,412	1,651,706

The Company calculates the fair value of the asset-backed 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 used for the Company's Level 3 fair value measurements for Loans Receivable at Fair Value.

	March 31, 2022			December 31, 2021		
	Minimum	Maximum	Weighted Average ⁽³⁾	Minimum	Maximum	Weighted Average
Remaining cumulative charge-offs ⁽¹⁾	6.14%	47.89%	10.37%	6.75%	51.86%	9.60%
Remaining cumulative prepayments ⁽¹⁾	—	41.11%	33.16%	—	44.25%	32.47%
Principal payment rate ⁽¹⁾⁽²⁾	—%	—%	16.55%	—%	—%	18.07%
Average life (years)	0.20	1.51	0.85	0.22	1.51	0.86
Discount rate	6.69	8.79	6.76%	6.90	8.35	6.94%

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

⁽²⁾ Remaining cumulative prepayments are estimated to calculate fair value on the unsecured and secured loan receivables and principal payment rates are estimated on the credit card receivables.

⁽³⁾ 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 three months ended March 31, 2022 and 2021. 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 internal models to estimate the fair value of loans receivable held for investment. To generate future expected cash flows, the models combine 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 models by comparing modeled cash flows to historical loan performance to ensure that the models were 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 Loans Receivable at Fair Value, 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 March 31,	
	2022	2021
Balance – beginning of period	\$ 2,386,807	\$ 1,696,526
Principal disbursements	779,719	309,009
Principal payments from customers ⁽¹⁾	(636,044)	(315,887)
Gross charge-offs	(62,558)	(40,959)
Net increase (decrease) in fair value ⁽¹⁾	(16,937)	21,562
Balance – end of period	\$ 2,450,987	\$ 1,670,251

⁽¹⁾ The principal payment from customers shown for the three months ended March 31, 2022 includes \$ 227.6 million of unpaid principal balance of loans sold in the 2022-1 transaction. The net increase (decrease) in fair value shown for the three months ended March 31, 2022 includes \$15.9 million related to the cumulative fair value mark on the loans sold in the 2022-1 transaction. For details regarding the 2022-1 transaction, refer to Note 5, *Loans Held for Sale and Loans Sold*.

As of March 31, 2022, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$3.7 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$23.0 million. As of December 31, 2021, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was \$3.5 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was \$20.7 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)	March 31, 2022				
	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 109,864	\$ 109,864	\$ 109,864	\$ —	\$ —
Restricted cash	60,694	60,694	60,694	—	—
Liabilities					
Accounts payable	4,253	4,253	4,253	—	—
Secured financing (Note 9)	477,000	467,430	—	467,430	—
Acquisition financing (Note 9)	105,605	105,605	—	105,605	—
December 31, 2021					
(in thousands)	Carrying value	Estimated fair value	Estimated fair value		
			Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 130,959	\$ 130,959	\$ 130,959	\$ —	\$ —
Restricted cash	62,001	62,001	62,001	—	—
Loans held for sale (Note 5)	491	547	—	—	547
Liabilities					
Accounts payable	8,343	8,343	8,343	—	—
Secured financing (Note 9)	398,000	396,081	—	396,081	—
Acquisition financing (Note 9)	116,000	116,000	—	116,000	—

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 facilities has been calculated using discount rates equivalent to the weighted-average market yield of comparable debt securities, which is a Level 2 input measure.
- *Acquisition financing* - The fair value of the acquisition financing is estimated to equal carrying value due to it being a floating rate facility.

There were no transfers in or out of Level 3 assets and liabilities for the three months ended March 31, 2022 and 2021 and the year ended December 31, 2021.

16. 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.

During the first quarter of 2022, we made the decision to close an additional 27 retail locations in April 2022 and we have incurred \$0.2 million in expenses in the first quarter of 2022 related to the accelerated amortization of right of use assets.

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 (Unaudited).

All 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 March 31, 2022, 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		
2022 (remaining nine months)	\$	11,228
2023		13,347
2024		11,264
2025		9,301
2026		3,427
2027		604
Thereafter		9
Total lease payments		49,180
Imputed interest		(3,776)
Total leases	\$	45,404
Sublease income		
2022 (remaining nine months)	\$	(448)
2023 and thereafter		—
Total lease payments		(448)
Imputed interest		3
Total sublease income	\$	(445)
Net lease liabilities	\$	44,959
Weighted average remaining lease term		3.7 years
Weighted average discount rate		3.98 %

As of December 31, 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		
2022		14,927
2023		13,214
2024		11,142
2025		9,238
2026		3,387
Thereafter		706
Total lease payments		52,614
Imputed interest		(4,030)
Total leases		48,584
Sublease income		
2022		(896)
2023 and thereafter		—
Total lease payments		(896)
Imputed interest		11
Total sublease income		(885)
Net lease liabilities		47,699
Weighted average remaining lease term		3.9 years
Weighted average discount rate		4.01 %

Rental expenses under operating leases for the three months ended March 31, 2022 and 2021, was \$4.4 million and \$9.4 million, respectively.

Purchase Commitments - 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 \$14.9 million for the remainder of 2022, \$12.9 million in 2023, \$4.2 million in 2024, \$1.4 million in 2025 and \$0.0 million in 2026 and thereafter.

Bank Partnership Program and Servicing Agreement - The Company entered into a bank partnership program with MetaBank, N.A. on August 11, 2020. In accordance with the agreements underlying the bank partnership program, Oportun has a commitment to purchase an increasing percentage of program loans originated by MetaBank based on thresholds specified in the agreements. Lending under the partnership was launched in August of 2021 and as of March 31, 2022, the Company has a commitment to purchase an additional \$3.4 million of program loans based on originations through March 31, 2022.

Whole Loan Sale Program - Through March 4, 2022, the Company had 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. The Company chose not to renew the arrangement and allowed the agreement to expire on its terms on March 4, 2022. For details regarding the whole loan sale program, refer to Note 5, [Loans Held for Sale and Loans Sold](#).

Unfunded Loan and Credit Card Commitments - Unfunded loan and credit card commitments at March 31, 2022 and December 31, 2021 were \$56.0 million and \$39.8 million, respectively. WebBank has a direct obligation to borrowers to fund such credit card commitments subject to the respective account agreements with such borrowers; however, pursuant to the Receivables Purchase Agreement between WebBank and Oportun, Inc., the Company has the obligation to purchase receivables from WebBank representing these unfunded amounts.

Litigation

Legal Proceedings Resolved in 2021

For legal proceedings resolved in 2021, please refer to Note 16 of the Notes to the Consolidated Financial Statements in the Company's Form 10-K filed on March 1, 2022.

Regulatory Proceedings

On March 3, 2021, the Company received a Civil Investigative Demand (CID) from the CFPB. The stated purpose of the CID is to determine whether small-dollar lenders or associated persons, in connection with lending and debt-collection practices, have failed to comply with certain federal consumer protection laws over which the CFPB has jurisdiction. The Company has received additional information requests related to the CID. The information requests are focused on the Company's legal collection practices from 2019 to 2021 and hardship treatments offered to members during the COVID-19 pandemic.

Digit received a CID from the CFPB in June 2020. The CID was disclosed and discussed during the acquisition process. The stated purpose of the CID is to determine whether Digit, in connection with offering its products or services, misrepresented the terms, conditions, or costs of the products or services in a manner that is unfair, deceptive, or abusive.

The Company, including Digit, are cooperating fully with the CFPB with respect to both of these matters and, although the Company believes that the business practices of the Company, including Digit, have been in full compliance with applicable laws, because the CFPB has broad authority to determine what it views as potential unfair, deceptive or abusive acts or practices, at this time, the Company is unable to predict the outcomes of these CFPB investigations.

From time to time, the Company 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, consumer litigation, and regulatory proceedings. The Company is not presently a party to any other legal proceedings that, if determined adversely to the Company, would individually or taken together have a material adverse effect on its business, financial condition, cash flows or results of operations.

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

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, 2021 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, on March 1, 2022. 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 the Private Securities Litigation Reform Act of 1995, 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 are 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;
- the successful integration of Hello Digit, Inc. ("Digit") with our business;
- our expectations and management of future growth, including expanding our markets served, member base and product and service offerings, including our digital banking services;
- our ability to successfully adjust our proprietary credit risk models and products in response to changing macroeconomic conditions and fluctuations in the credit market;
- 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 for 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 grow market share in existing markets or any new markets we may enter;
- our ability to continue to expand our demographic focus;
- our ability to maintain or expand our relationships with our current partners, including bank partners, and our plans to acquire additional partners using our Lending as a Service model;
- our ability to successfully manage our interest rate spread against our cost of capital;
- our ability to maintain the terms on which we lend to our borrowers;
- our plans for and our ability to successfully maintain our diversified funding strategy, including warehouse facilities, loan sales and securitization transactions;

- our ability to manage fraud risk;
- 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 loans receivable held for investment and our asset-backed 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 markets in which we operate;
- our ability to attract, integrate and retain qualified employees;
- the impact of macroeconomic conditions on our business, including the impact of the COVID-19 pandemic;
- 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.

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

Overview

We are a financial technology company and digital banking platform driven by our mission to provide inclusive, affordable financial services that empower our members to build a better future. By intentionally designing our products with our members in mind, we are focused on realizing our vision to deliver a complete set of financial solutions that meet the needs of hardworking people, from borrowing and banking to savings, investing and more. We take a holistic approach to serving our members and view it as our purpose to responsibly meet their current capital needs, help grow our members' financial profiles, increase their financial awareness and put them on a path to a financially healthy life. In our 16-year lending history, we have extended more than \$13.0 billion in responsible credit through more than 5.2 million loans and credit cards. We have been certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury since 2009.

With our recent acquisition of Hello Digit, Inc. ("Digit"), we believe we now have a strong competitive advantage over other fintechs and neobanks. As a combined company, we can now offer access to a comprehensive suite of digital banking products, offered either directly or through partners, including lending, savings and investing powered by A.I. and tailored to each member's goals.

Our financial products allow us to meet our members where they are and assist them with their overall financial health, resulting in opportunities to present multiple relevant products to our members. Our credit products include personal loans, secured personal loans and credit cards. Our digital banking products include digital banking, automated savings, long-term investing and retirement savings. Consumers are able to become members and access our products through our digital banking app—the Digit app—and the Oportun.com website, which are our primary channels for onboarding and serving members. Our personal loan products are also available over the phone or through over 500 retail locations, which includes 284 of our Lending as a Service partner locations.

Credit Products

Personal Loans - Our personal loan is a simple-to-understand, affordable, unsecured, fully amortizing installment loan with fixed payments throughout the life of the loan. We charge fixed interest rates on our loans, which vary based on the amount disbursed and applicable state law, with a cap of 36% annual percentage rate ("APR") in all cases. As of March 31, 2022, for all active loans in our portfolio and at time of disbursement, the weighted average term and APR at origination was 35 months and 32.3%, respectively. The average loan size for loans we originated during the three months ended March 31, 2022 was \$3,893. Our loans do not have prepayment penalties or balloon payments, and typically range in size from \$300 to \$11,000 with terms of 6 to 61 months. Generally, loan payments are structured on a bi-weekly or semi-monthly basis to coincide with our members'

receipt of their income. As part of our underwriting process, we verify income for all applicants and only approve loans that meet our ability-to-pay criteria. As of March 31, 2022, we originate unsecured personal loans in 12 states through state licenses and in 27 through our partnership with MetaBank, N.A.

Secured Personal Loans - 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 21 to 64 months. The average loan size for secured personal loans we originated during the three months ended March 31, 2022 was \$8,394. As of March 31, 2022, for all active loans in our portfolio and at time of disbursement, the weighted average term and APR at origination was 47 months and 29.1%, respectively. As part of our underwriting process, we evaluate the collateral value of the vehicle, verify income for all applicants and only approve loans that meet our ability-to-pay criteria. Our secured personal loans are currently offered in California, Texas and Florida. In April 2022 we launched our secured personal loans in Arizona and we are in the process of considering expansion into other states.

Credit Cards - We launched Oportun® Visa® Credit Card, issued by WebBank, Member FDIC, in December 2019, and offer credit cards in 45 states as of March 31, 2022. Credit lines on our credit cards range in size from \$300 to \$3,000 with an APR between 24.9% to 29.9%. The average APR of the outstanding credit card receivables was 29.8% as of March 31, 2022. The average credit line for credit cards activated during the three months ended March 31, 2022 was \$944.

Digital Banking Products

Digit Savings – Our Digit Savings product is designed to understand a member’s cash flows and save a calculated amount on a regular basis to effortlessly achieve savings goals. Digit’s savings product utilizes machine learning to analyze a member’s transaction activity and build forecasts of the member’s future cash flows to make small, frequent savings decisions according to the member’s financial goals in a personalized manner. Members integrate their existing bank accounts into the platform or they can make Digit their primary banking relationship through a bank partner. After one year using the automated savings product, members have been able to increase their liquid savings by approximately 50%. Since 2015 Digit has helped members save more than \$7.6 billion and pay down more than \$330.0 million in debt. The funds in these saving accounts are owned by Digit members and are not the assets of the Company. Therefore, these funds are not included in the Condensed Consolidated Balance Sheets (Unaudited).

Digit Direct – Our Digit Direct product offers a full checking account, through a bank partner, that intelligently organizes and budgets a member’s money across bills, savings, and spending. The bank account with a brain™, Digit Direct leverages the same A.I. engine used for our savings product to automatically identify and organize recurring bills and guides spending to ensure members’ savings goals are met, and that members know exactly what they can safely spend. This is on top of what members can expect from a traditional checking account, including a physical and virtual debit card to use for purchases and ATM withdrawals and checks.

Digit Investing and Digit Retirement – Our Digit investment and retirement products are a longer-term savings solution via an A.I.-driven portfolio allocation into low-cost investments based upon risk-tolerance. Our long-term investment solutions automatically allocates our members’ savings into low-cost risk-adjusted portfolios held in brokerage accounts or tax-advantaged IRAs. Since 2020, our members have invested \$45 million into long-term goals through low-cost ETF portfolios. The investment products include a general investing account and a retirement account for our members’ longer term goals, utilizing smart recommendations to invest savings in risk-adjusted portfolios.

Lending as a Service

Beyond our core direct-to-consumer lending business, we believe that we can leverage our proprietary credit scoring and underwriting model to partner with other consumer brands and expand our member base. With our Lending as a Service model, our partner markets loans and enters borrower applications into our system and Oportun underwrites, originates, and services the loans. Our first Lending as a Service strategic partner was DolEx Dollar Express, Inc. (“DolEx”) with an initial launch in December 2020. In October of 2021, we launched another Lending as a Service partnership with Barri Financial Group in select locations. In January 2022, we announced our first all-digital Lending as a Service partnership with Sezzle, a leading provider of Buy Now Pay Later (“BNPL”) financing options. When deployed, Oportun will be available as a checkout option, through Sezzle, for larger purchases of goods and services on a BNPL basis, which we believe will allow us to reach more new members.

Capital Markets Funding

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 17 bond offerings in the asset-backed securities market, the last 14 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. Through March 4, 2022, we were also party to a whole loan sale program whereby we sold a percentage of our loans to a third-party financial institution. We allowed the whole loan sale program agreement to expire on its own terms. In March 2022, we participated in a securitization and sold loans through the issuance of amortizing asset-backed notes secured by a pool of our unsecured and secured personal installment loans. We also sold our share of the residual interest in the pool. The sold loans had an aggregate unpaid principal balance of approximately \$227.6 million. In addition to possible future whole loan or structured loan sales, we also have a \$600.0 million Personal Loan Warehouse facility with a term through September 2024 and a \$150.0 million Credit Card Warehouse facility with a term through December, 2023 which also helps to fund our receivables growth.

Digit Acquisition

On December 22, 2021, we acquired Digit and it became our wholly-owned subsidiary. Digit is a digital banking platform that provides automated savings, banking and investing tools. With Digit, members can keep and integrate their existing bank accounts into the platform, or with Digit, they can make Oportun their primary banking relationship by opening new accounts via a bank partner. By acquiring Digit, we further expanded our A.I. and digital capabilities and added additional service offerings to provide members a comprehensive suite of digital banking products, either directly or through our partners. The total consideration we provided for Digit was approximately \$205.3 million, comprised of \$73.2 million in equity and \$132.1 million in cash. The cash consideration was funded with a \$116.0 million Acquisition Financing facility.

Retail Network Optimization

During the first quarter of 2021, pursuant to our retail network optimization plan 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 months ended March 31, 2021, we incurred \$6.2 million in expenses related to the retail location closures and \$1.6 million related to severance and benefits related to the store closures which represented all severance and benefits related costs to be incurred in connection with the retail network optimization plan. The income statement impact for the three months ended March 31, 2021 was \$7.8 million and was recorded through General, administrative and other on the Condensed Consolidated Statements of Operations (Unaudited). During the first quarter of 2022, we made the decision to close an additional 27 retail locations in April 2022 and reduce a portion of the workforce who manage and operate these retail locations. In the first quarter of 2022, we incurred \$0.2 million in expenses related to these additional retail location closures and estimate remaining expenses of \$1.5 million to be recognized in the second quarter of 2022. In addition we have also recognized \$0.4 million related to severance and benefits related to the store closures in the first quarter of 2022 which represents all severance and benefit related costs to be incurred as a result of the additional store closures. The income statement impact of \$0.6 million was recorded through General, administrative and other on the Condensed Consolidated Statements of Operations (Unaudited) for the three months ended March 31, 2022.

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.

(in thousands of dollars)	As of or for the Three Months Ended March 31,	
	2022	2021
Key Financial and Operating Metrics		
Members ⁽¹⁾	1,676,754	643,967
Products ⁽¹⁾	1,757,339	643,967
Aggregate Originations	\$ 800,115	\$ 335,239
30+ Day Delinquency Rate	4.5 %	3.0 %
Annualized Net Charge-Off Rate	8.6 %	8.6 %
Return on Equity	29.5 %	2.6 %
Adjusted Return on Equity	34.1 %	10.6 %
Other Useful Metrics		
Managed Principal Balance at End of Period	\$ 2,842,943	\$ 1,832,556
Owned Principal Balance at End of Period	\$ 2,353,981	\$ 1,591,789
Average Daily Principal Balance	\$ 2,412,997	\$ 1,624,753

⁽¹⁾ The 643,967 Members and Products reported as of March 31, 2021 reflect our previously defined and disclosed "Active Customer" metric. Products presented as of March 31, 2021 represents one product per member as we did not have members with multiple products at that time. Effective January 1, 2022, Active Customers is no longer a Key Financial and Operating Metric. See the definition of Members and Products in the Glossary at the end of Part II.

See "[Glossary](#)" at the end of Part II of this report for formulas and definitions of our key performance metrics.

Members

Reflecting our acquisition of Digit and its users, we define Members as borrowers with an outstanding or successfully paid off loan, originated by us or under a bank partnership program that we service, or individuals who have been approved for a credit card issued under a bank partnership program. Members also include individuals who have signed-up to use or are using any of our Digit Savings, Digit Direct, Digit Investing and/or Digit Retirement products. We view Members as an indication of growth of our business and our ability to establish long term relationships with the users of our products. Member growth is generally an indicator of future revenue, but is not directly correlated with revenues, since not all Members who sign up for one of our products fully utilize or continue to use our products.

Members were 1.7 million as of March 31, 2022, and include members acquired in connection with the acquisition of Digit on December 22, 2021. Active Customers were 0.6 million as of March 31, 2021. Effective January 1, 2022, Active Customers is no longer a Key Financial and Operating Metric and the year over year change is not directly comparable due to the difference in the metric.

Products

Products refers to the aggregate number of personal loans and/or credit card accounts that our Members have had or been approved for that have been originated by us or through one of our bank partners. Products also include the aggregate number of digital banking products we offer as a result of our acquisition of Digit, including Digit Savings, Digit Direct, Digit Investing and Digit Retirement, that our Members use or have signed-up to use. We view Products as an indicator of the effectiveness of our member acquisition efforts and multiproduct adoption.

Products as of March 31, 2022 were 1.8 million.

Aggregate Originations

Aggregate Originations increased to \$800.1 million for the three months ended March 31, 2022 from \$335.2 million for the three months ended March 31, 2021, representing a 138.7% increase. The increase is primarily driven by an increase in the number of loans originated. We originated 228,728 and 114,670 loans for the three months ended March 31, 2022 and 2021, respectively. The increase is primarily driven by an increased number of applications due to higher demand. Aggregate Originations for the three months ended March 31, 2021 were lower due to tightened underwriting practices as a result of the pandemic.

30+ Day Delinquency Rate

Our 30+ Day Delinquency Rate was 4.5% and 3.0% as of March 31, 2022 and 2021, respectively. The increase reflects the higher mix of first-time borrowers and the return to pre-pandemic underwriting criteria later in 2021. However, had we not sold \$227.6 million of loans, or approximately 8.8% of our owned portfolio, at the end of the quarter, the 30+ Day Delinquency Rate would be 4.1%, as compared to 3.9% as of December 31, 2021.

Annualized Net Charge-Off Rate

Annualized Net Charge-Off Rate for the three months ended March 31, 2022 and 2021 remained relatively flat at 8.6%. Net charge-offs remained flat due to the overall improvement in the economy, as well as the effectiveness of our A.I.-driven underwriting models, collections tools and payment options that have helped our borrowers manage through the pandemic.

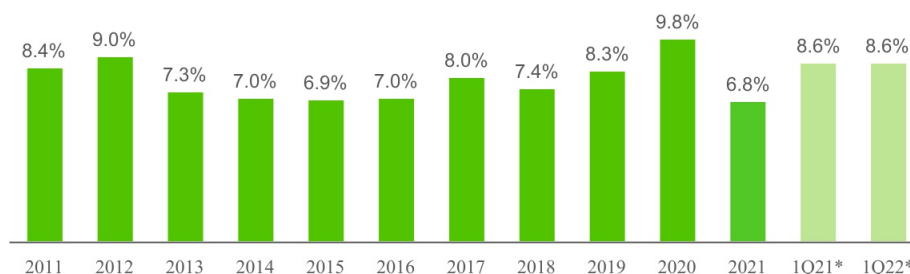
Return on Equity and Adjusted Return on Equity

For the three months ended March 31, 2022 and 2021, Return on Equity was 29.5% and 2.6%, respectively and Adjusted Return on Equity was 34.1% and 10.6% 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 increased interest rates reducing the prices of our asset-backed notes which led to a net increase in fair value. For a reconciliation of Return on Equity to Adjusted Return on Equity, see "Non-GAAP Financial Measures."

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. Due to credit tightening in response to the COVID-19 pandemic and government stimulus payments our Annualized Net Charge-Off Rate decreased to 6.8% in 2021. However, we anticipate this rate will return to levels consistent with performance in pre-pandemic years. 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.

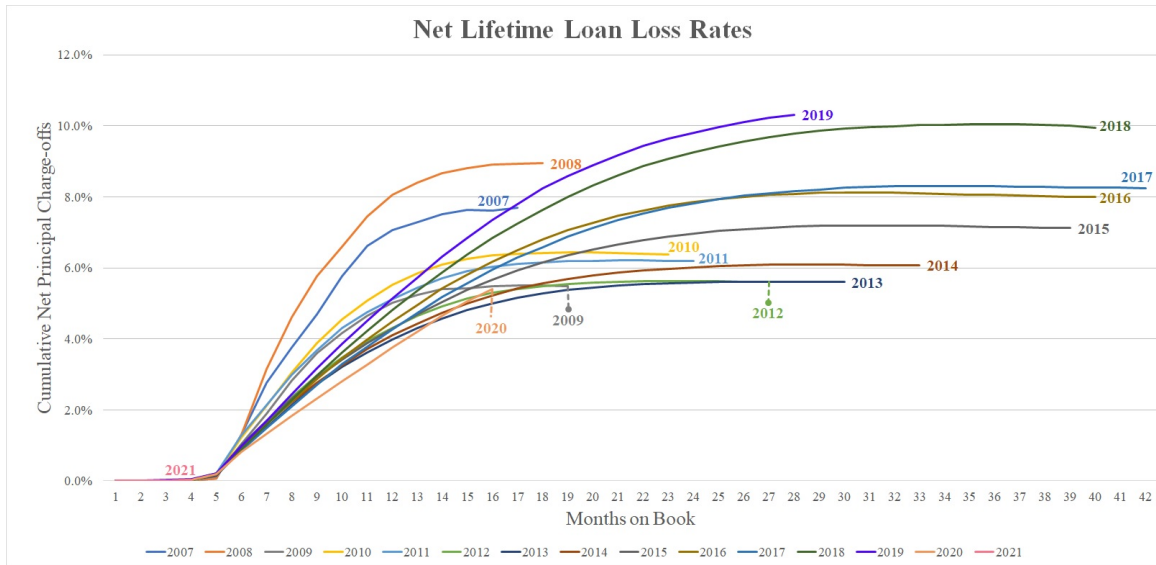
Annualized Net Charge-Off Rate



**Numbers shown reflect year-to-date amounts for the three months ended March 31, for the indicated fiscal year.*

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 March 31, 2022 divided by the total origination loan volume for that year.

The below chart and table shows our net lifetime loan loss rate for each annual vintage of our personal loan product since we began lending in 2006, excluding loans originated from July 2017 to August 2020 under a loan program for borrowers who did not meet the qualifications for our core loan origination program. 100% of those loans were sold pursuant to a whole loan sale agreement. 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.



	Year of Origination														
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	33.3
Net lifetime loan losses as of March 31, 2022 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%	10.3%*	5.4%*	0.0%*
Outstanding principal balance as of March 31, 2022 as a percentage of original amount disbursed	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%	0.1%	0.9%	9.4%	40.6%	89.0%

* 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 months ended March 31, 2022 and 2021.

(in thousands of dollars)	Three Months Ended March 31,	
	2022	2021
Revenue		
Interest income	\$ 192,237	\$ 127,191
Non-interest income	22,483	8,122
Total revenue	214,720	135,313
Less:		
Interest expense	13,677	13,504
Total net increase (decrease) in fair value	3,971	(11,568)
Net revenue	205,014	110,241
Operating expenses:		
Technology and facilities	49,189	32,924
Sales and marketing	34,541	23,893
Personnel	35,926	26,827
Outsourcing and professional fees	14,327	12,625
General, administrative and other	13,361	9,997
Total operating expenses	147,344	106,266
Income before taxes	57,670	3,975
Income tax expense	12,007	956
Net income	\$ 45,663	\$ 3,019

Total revenue

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Revenue				
Interest income	\$ 192,237	\$ 127,191	\$ 65,046	51.1 %
Non-interest income	22,483	8,122	14,361	176.8 %
Total revenue	\$ 214,720	\$ 135,313	\$ 79,407	58.7 %
Percentage of total revenue:				
Interest income	89.5 %	94.0 %		
Non-interest income	10.5 %	6.0 %		
Total revenue	100.0 %	100.0 %		

Interest income. Total interest income increased by \$65.0 million, or 51.1%, from \$127.2 million for the three months ended March 31, 2021 to \$192.2 million for the three months ended March 31, 2022. The increase is primarily attributable to growth in our Average Daily Principal Balance from \$1.6 billion for the three months ended March 31, 2021 to \$2.4 billion for the three months ended March 31, 2022, an increase of 48.5%. The increase is due to growth in our portfolio as a result of higher application volume due to increased demand and due to first quarter 2021 originations being depressed as a result of the COVID-19 pandemic. Interest income was also favorably impacted by an increase in portfolio yield of 55 basis points in the three months ended March 31, 2022 compared to the three months ended March 31, 2021 due to growth in originations to new members who generally receive higher APRs than returning members.

Non-interest income. Total non-interest income increased by \$14.4 million, or 176.8%, from \$8.1 million for the three months ended March 31, 2021 to \$22.5 million for the three months ended March 31, 2022. This increase is primarily due to \$9.3 million attributable to Digit subscription income, \$1.6 million of increased fees related to our credit card portfolio, \$1.2 million increase related to MetaBank, N.A. documentation fees, \$0.9 million increase in servicing revenue and increased gain on loans sold of \$0.8 million under our whole loan sale programs due to an increase in loans sold resulting from higher origination volume.

See Note 2, [Summary of Significant Accounting Policies](#), and Note 13, [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 March 31,		Period-to-period Change	
	2022	2021	\$	%
Interest expense	\$ 13,677	\$ 13,504	\$ 173	1.3 %
Percentage of total revenue	6.4 %	10.0 %		
Cost of Debt	2.6 %	3.9 %		
Leverage as a percentage of Average Daily Principal Balance	89.5 %	87.0 %		

Interest expense. Interest expense increased by \$0.2 million, or 1.3%, from \$13.5 million for the three months ended March 31, 2021 to \$13.7 million for the three months ended March 31, 2022. We financed approximately 89.5% of our loans receivable through debt for the three months ended March 31, 2022, as compared to 87.0% for the three months ended March 31, 2021, and our Average Daily Debt Balance increased from \$1.4 billion to \$2.2 billion for the three months ended March 31, 2022, an increase of 52.7%. We have continued to improve our Cost of Debt as we have been able to refinance at lower interest rates and increase the size of our securitizations. In 2022, we expect our interest expense to increase as we borrow to fund our portfolio growth and interest rates increase.

See Note 9, [Borrowings](#), in the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for further information on our Interest expense and our Secured Financing and asset-backed notes.

Total net increase (decrease) in fair value

Net increase (decrease) in fair value reflects changes in fair value of loans receivable held for investment and asset-backed notes on an aggregate basis and is based on a number of factors, including benchmark interest rates, credit spreads, remaining cumulative charge-offs and borrower 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 derivative instruments related to our bank partnership program with MetaBank, N.A. Changes in the fair value of the derivative instrument are reflected in the total fair value mark-to-market adjustment below.

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Fair value mark-to-market adjustment:				
Fair value mark-to-market adjustment on Loans Receivable at Fair Value	\$ (16,937)	\$ 21,562	\$ (38,499)	*
Fair value mark-to-market adjustment on asset-backed notes	58,271	1,524	56,747	*
Fair value mark-to-market adjustment on derivatives	(393)	—	(393)	*
Total fair value mark-to-market adjustment	40,941	23,086	17,855	*
Charge-offs, net of recoveries on loans receivable at fair value	(51,350)	(34,608)	(16,742)	*
Net settlements on derivative instruments	(1,477)	69	(1,546)	*
Cumulative mark on loans sold in structured loan sale	15,857	—	15,857	*
Total net increase (decrease) in fair value	\$ 3,971	\$ (11,453)	\$ 15,424	*
Percentage of total revenue:				
Fair value mark-to-market adjustment	19.1 %	17.0 %		
Charge-offs, net of recoveries on loans receivable at fair value	(23.9)%	(25.6)%		
Total net increase (decrease) in fair value	(4.8)%	(8.6)%		
Discount rate	6.76 %	6.65 %		
Remaining cumulative charge-offs	10.37 %	8.60 %		
Average life in years	0.85	0.78		

* Not meaningful

Net increase (decrease) in fair value. Net increase in fair value for the three months ended March 31, 2022 was \$4.0 million. This amount represents a total fair value mark-to-market increase of \$40.9 million on Loans Receivable at Fair Value and asset-backed notes, and \$51.4 million of charge-offs, net of recoveries on Loans Receivable at Fair Value. The total fair value mark-to-market adjustment consists of a \$16.9 million mark-to-market reduction on Loans Receivable at Fair Value due to (a) an increase in remaining cumulative charge-offs from 9.60% as of December 31, 2021 to 10.37% as of March 31, 2022, (b) a decrease in average life from 0.86 years as of December 31, 2021 to 0.85 years as of March 31, 2022, partially offset by (c) a decrease in the discount rate from 6.94% as of December 31, 2021 to 6.76% as of March 31, 2022. The \$58.3 million mark-to-market adjustment on asset-backed notes is due to rising rates and widening asset-backed securitization spreads. The total net increase (decrease) in fair value also includes a \$15.9 million adjustment related to the cumulative mark on the loans sold as part of the structured loan sale completed in the first quarter of 2022. In 2022, we expect to continue to see volatility in the fair value as a result of macro economic conditions.

Charge-offs, net of recoveries

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Total charge-offs, net of recoveries	\$ 51,350	\$ 34,608	\$ 16,742	48.4 %
Average Daily Principal Balance	\$ 2,412,997	\$ 1,624,753	\$ 788,244	48.5 %
Annualized Net Charge-Off Rate	8.6 %	8.6 %		

Charge-offs, net of recoveries. Our Annualized Net Charge-Off Rate remained flat at 8.6% for the three months ended March 31, 2022 and 2021, respectively, primarily 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 borrowers manage through the pandemic; partially offset by growth in new loan originations leading to higher charge-offs. 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.

Operating expenses

Operating expenses consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expense.

Technology and facilities

Technology and facilities expense is the largest segment of our operating expenses, representing the costs required to build our A.I.-enabled digital platform, and consisting of three components. The first component comprises 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, the third category 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 March 31,		Period-to-period Change	
	2022	2021	\$	%
Technology and facilities	\$ 49,189	\$ 32,924	\$ 16,265	49.4 %
Percentage of total revenue	22.9 %	24.3 %		

Technology and facilities. Technology and facilities expense increased by \$16.3 million, or 49.4%, from \$32.9 million for the three months ended March 31, 2021 to \$49.2 million for the three months ended March 31, 2022. The increase is primarily due to \$6.8 million of service costs related to higher usage of software and cloud services, a \$6.4 million increase in salaries and benefits due to the increase in headcount, \$3.0 million in usage of India off-shoring services and other temporary contractors to supplement staffing related to new product investment and \$2.0 million of increased depreciation commensurate with growth in internally developed software. These increases were partially offset by \$1.5 million lower expense due to higher capitalization of internally developed software in 2022 compared to 2021 and \$1.1 million lower office rent associated with retail locations that were closed in early 2021.

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 and CAC)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Sales and marketing	\$ 34,541	\$ 23,893	\$ 10,648	44.6 %
Percentage of total revenue	16.1 %	17.7 %		
Customer Acquisition Cost (CAC)	\$ 151	\$ 208	\$ (57)	(27.4)%

Sales and marketing. Sales and marketing expense to acquire our customers increased by \$10.6 million, or 44.6%, from \$23.9 million for the three months ended March 31, 2021 to \$34.5 million for the three months ended March 31, 2022. To grow our Aggregate Originations, we increased our investment in marketing initiatives by \$9.8 million across various marketing channels, including direct mail, digital advertising, lead aggregators and our referral programs. As a result of our increased number of loans originated during the three months ended March 31, 2022, our CAC decreased by 27.4%, from \$208 the three months ended March 31, 2021 to \$151 for the three months ended March 31, 2022.

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 in technology and facilities.

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Personnel	\$ 35,926	\$ 26,827	\$ 9,099	33.9 %
Percentage of total revenue	16.7 %	19.8 %		

Personnel. Personnel expense increased by \$9.1 million, or 33.9%, from \$26.8 million for the three months ended March 31, 2021 to \$35.9 million for the three months ended March 31, 2022, primarily driven by a \$9.1 million increase in compensation expense due to a 41.5% increase in U.S. headcount.

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, Jamaica and the Philippines provide support for the business including application processing, verification, customer service and collections. We utilize third parties to operate the contact centers in Colombia, Jamaica and the Philippines and include the costs in outsourcing and 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 asset-backed notes.

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Outsourcing and professional fees	\$ 14,327	\$ 12,625	\$ 1,702	13.5 %
Percentage of total revenue	6.7 %	9.3 %		

Outsourcing and professional fees. Outsourcing and professional fees increased by \$1.7 million, or 13.5%, from \$12.6 million for the three months ended March 31, 2021 to \$14.3 million for the three months ended March 31, 2022. The increase is primarily attributable to \$2.3 million of higher professional service costs related to credit card and bank partnership programs and \$2.1 million increase in credit report expense due to higher application volume. These increases were partially offset by a \$3.2 million decrease in debt financing fees and expenses incurred in March 2021 related to an asset-backed securitization that were not present in the three months ended March 31, 2022.

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 organization, 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, expenses associated with our retail network optimization plan and acquisition and integration related expenses in connection with the Digit acquisition.

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
General, administrative and other	\$ 13,361	\$ 9,997	\$ 3,364	33.7 %
Percentage of total revenue	6.2 %	7.4 %		

General, administrative and other. General, administrative and other expense increased by \$3.4 million, or 33.7%, from \$10.0 million for the three months ended March 31, 2021 to \$13.4 million for the three months ended March 31, 2022, primarily due to \$7.3 million of transaction and integration related expenses as a result of the Digit acquisition and \$4.0 million increase in postage and printing expenses, travel expenses and other general and administrative expenses due to new products and services and the continuing growth of the business. These increases were partially offset by a \$7.6 million decrease in retail network optimization expenses incurred in the three months ended March 31, 2022 compared to March 31, 2021. In the first quarter of 2022, we incurred \$0.2 million in expenses related to the retail location closures and estimate remaining expenses of \$1.5 million to be recognized in the second quarter of 2022.

Income taxes

Income taxes consist of U.S. federal, state and foreign income taxes, if any. For the three months ended March 31, 2022 and 2021, we recognized tax expense attributable to U.S. federal, state and foreign income taxes.

(in thousands, except percentages)	Three Months Ended March 31,		Period-to-period Change	
	2022	2021	\$	%
Income tax expense	\$ 12,007	\$ 956	\$ 11,051	1,156.0 %
Percentage of total revenue	5.6 %	0.7 %		
Effective tax rate	20.8 %	24.1 %		

Income tax expense. Income tax expense increased by \$11.1 million or 1,156.0%, from \$1.0 million for the three months ended March 31, 2021 to \$12.0 million for the three months ended March 31, 2022, primarily as a result of higher pretax income for the three months ended March 31, 2022.

See Note 2, [Summary of Significant Accounting Policies](#), and Note 14, [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 (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 Loans Receivable at Fair Value may be partially offset by changes in the fair value of the asset-backed 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 Loans Receivable at Fair Value using a model that projects and discounts expected cash flows. The fair value is a function of:

- Portfolio yield;
- Average life;
- Prepayments (or principal payment rate for our credit card receivables);
- 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. For credit card receivables we estimate principal payment rates which are the expected amount and timing of principal payments over the life of the receivable.

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 loan purchase price at the time loans are sold, updated for observable changes in the fixed income markets, which serve as a proxy for how a potential 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 five 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 five quarters since January 1, 2021, on loans held for investment. The data for the three months ended March 31, 2022 and December 31, 2021 in the table below represents all of our credit products. The data for the three months ended September 30, 2021 in the table below represents our secured and unsecured loan portfolio. For prior quarters, the data in the table below represents only our unsecured personal loan portfolio which was the primary driver of fair value during those periods.

	Three Months Ended									
	Mar 31, 2022		Dec 31, 2021		Sep 30, 2021		Jun 30, 2021		Mar 31, 2021	
Weighted average portfolio yield over the remaining life of the loans	30.15	%	30.14	%	30.35	%	30.28	%	30.25	%
Less: Servicing fee	(5.00)	%	(5.00)	%	(5.00)	%	(5.00)	%	(5.00)	%
Net portfolio yield	25.15	%	25.14	%	25.35	%	25.28	%	25.25	%
Multiplied by: Weighted average life in years	0.847		0.859		0.761		0.769		0.778	
Pre-loss cash flow	21.30	%	21.60	%	19.29	%	19.43	%	19.64	%
Less: Remaining cumulative charge-offs	(10.37)	%	(9.60)	%	(7.53)	%	(7.59)	%	(8.60)	%
Net cash flow	10.93	%	12.00	%	11.76	%	11.84	%	11.04	%
Less: Discount rate multiplied by average life	(5.73)	%	(5.96)	%	(4.96)	%	(5.03)	%	(5.17)	%
Gross fair value premium as a percentage of loan principal balance	5.21	%	6.04	%	6.80	%	6.81	%	5.87	%
Less: Accrued interest and fees as a percentage of loan principal balance	(1.09)	%	(1.03)	%	(0.90)	%	(0.87)	%	(0.92)	%
Fair value premium as a percentage of loan principal balance	4.12	%	5.01	%	5.90	%	5.94	%	4.95	%
Discount Rate	6.76	%	6.94	%	6.52	%	6.54	%	6.65	%

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 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 loans receivable held for investment or our asset-backed 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.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure defined as our net income, 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, 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 a litigation reserve, our retail network optimization plan and acquisition and integration related expenses because these items do not reflect ongoing business.

operations.

- We also reverse origination fees for Loans Receivable at Fair Value, 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 March 31,	
	2022	2021
Fair value mark-to-market adjustment on loans receivable at fair value	\$ (16,937)	\$ 21,562
Fair value mark-to-market adjustment on asset-backed notes	58,271	1,524
Fair value mark-to-market adjustment on derivatives	(393)	(46)
Total fair value mark-to-market adjustment	<u>\$ 40,941</u>	<u>\$ 23,040</u>

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the three months ended March 31, 2022 and 2021:

Adjusted EBITDA (in thousands)	Three Months Ended March 31,	
	2022	2021
Net income	\$ 45,663	\$ 3,019
Adjustments:		
Income tax expense	12,007	956
Depreciation and amortization	7,312	5,332
Stock-based compensation expense	6,773	5,088
Litigation reserve	300	—
Retail network optimization expenses, net	210	7,799
Acquisition and integration related expenses	7,287	—
Origination fees for loans receivable at fair value, net	(4,685)	(1,422)
Fair value mark-to-market adjustment	(40,941)	(23,040)
Adjusted EBITDA	<u>\$ 33,926</u>	<u>\$ (2,268)</u>

Adjusted Net Income

We define Adjusted Net Income as our net income, adjusted to exclude income tax expense, stock-based compensation expenses and certain non-recurring charges. We believe that Adjusted Net Income 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, 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 a litigation reserve, our retail network optimization plan and acquisition and integration related expenses, because these items do not reflect ongoing business operations.
- We believe it is useful to exclude stock-based compensation expense because it is a non-cash charge.
- We include the impact of normalized statutory income tax expense by applying the income tax rate noted in the table.

The following table presents a reconciliation of net income to Adjusted Net Income for the three months ended March 31, 2022 and 2021:

Adjusted Net Income (in thousands)	Three Months Ended March 31,	
	2022	2021
Net income	\$ 45,663	\$ 3,019
Adjustments:		
Income tax expense	12,007	956
Stock-based compensation expense	6,773	5,088
Litigation reserve	300	—
Retail network optimization expenses, net	210	7,799
Acquisition and integration related expenses	7,287	—
Adjusted income before taxes	72,240	16,862
Normalized income tax expense	19,505	4,620
Adjusted Net Income	\$ 52,735	\$ 12,242
Income tax rate ⁽¹⁾	27.0 %	27.4 %

⁽¹⁾ Income tax rate for the three months ended March 31, 2022 and 2021 is based on a normalized statutory 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 Adjusted EPS for the three months ended March 31, 2022 and 2021. For the reconciliation of net income to Adjusted Net Income, see the immediately preceding table “Adjusted Net Income.”

(in thousands, except share and per share data)	Three Months Ended March 31,	
	2022	2021
Diluted earnings per share	\$ 1.37	\$ 0.10
Adjusted EPS		
Adjusted Net Income	\$ 52,735	\$ 12,242
Basic weighted-average common shares outstanding	32,216,641	27,770,063
Weighted average effect of dilutive securities:		
Stock options	733,503	1,274,818
Restricted stock units	372,990	575,153
Diluted adjusted weighted-average common shares outstanding	33,323,134	29,620,034
Adjusted Earnings Per Share	\$ 1.58	\$ 0.41

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. 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 months ended March 31, 2022 and 2021. For the reconciliation of net income to Adjusted Net Income, see the immediately preceding table “Adjusted Net Income.”

(in thousands)	As of or for the Three Months Ended March 31,	
	2022	2021
Return on Equity	29.5 %	2.6 %
Adjusted Return on Equity		
Adjusted Net Income	\$ 52,735	\$ 12,242
Average stockholders' equity	\$ 626,909	\$ 469,180
Adjusted Return on Equity	34.1 %	10.6 %

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 a litigation reserve, our retail network optimization plan and acquisition and integration related expenses divided by total revenue. We believe Adjusted Operating Efficiency is an important measure because it allows management, investors and our Board to evaluate how efficient we are at managing costs relative to revenue.

The following table presents a reconciliation of Operating Efficiency to Adjusted Operating Efficiency for the three months ended March 31, 2022 and 2021:

(in thousands)	As of or for the Three Months Ended March 31,	
	2022	2021
Operating Efficiency	68.6 %	78.5 %
Adjusted Operating Efficiency		
Total revenue	214,720	135,313
Total operating expense	147,344	106,266
Stock-based compensation expense	(6,773)	(5,088)
Litigation reserve	(300)	—
Retail network optimization expenses, net	(210)	(7,799)
Acquisition and integration related expenses	(7,287)	—
Total adjusted operating expenses	\$ 132,774	\$ 93,379
Adjusted Operating Efficiency	61.8 %	69.0 %

Liquidity and Capital Resources

To date, we fund the majority of our operating liquidity and operating needs through a combination of cash flows from operations, securitizations, secured borrowings and whole loan sales. We may utilize these or other sources in the future. Our material cash requirements relate to funding our lending activities, our debt service obligations, our operating expenses, and investments in the long-term growth of the company.

During the three months ended March 31, 2022, available liquidity increased primarily due to increased borrowing capacity under Secured Financings, partially offset by a decrease in cash and cash equivalents. We generally target liquidity levels to support at least twelve months of our expected net cash outflows, including new originations, without access to new debt financing transactions or other capital markets activity. Inflation, rising interest rates, credit trends and other macroeconomic conditions could continue to have an impact on market volatility which could adversely impact our business, liquidity, and capital resources. Future decreases in cash flows from operations resulting from delinquencies, defaults, losses, would decrease the cash available for the capital uses described above. We may incur additional indebtedness or issue equity in order to meet our capital spending and liquidity requirements, as well as to fund growth opportunities that we may pursue.

Cash and cash flows

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

(in thousands)	Three Months Ended March 31,	
	2022	2021
Cash, cash equivalents and restricted cash	\$ 170,558	\$ 183,181
Cash provided by (used in)		
Operating activities	38,565	18,156
Investing activities	(122,496)	8,987
Financing activities	61,529	(12,552)

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.

Operating Activities

Our net cash provided by operating activities was \$38.6 million and \$18.2 million for the three months ended March 31, 2022 and 2021, 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 \$(122.5) million and \$9.0 million for the three months ended March 31, 2022 and 2021, respectively. Our investing activities consist primarily of loan originations and loan repayments. Our net cash provided by (used in) investing activities for the three months ended March 31, 2022, includes \$245.0 million of proceeds related to a structured loan sale. 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 disbursements on originations of loans increasing by \$444.0 million while repayments of loan principal increased by \$72.7 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

Financing Activities

Our net cash provided by (used in) financing activities was \$61.5 million and \$(12.6) million for the three months ended March 31, 2022 and 2021, respectively. For the three months ended March 31, 2022, net cash provided by financing activities was primarily driven by the borrowings under our Secured Financing facilities, partially offset by repayments of borrowings on our Secured Financing facilities and scheduled amortization payments on our Acquisition Financing facility. For the three months ended March 31, 2021, net cash used in financing activities was primarily driven by the redemption of our Series 2018-A asset-backed notes and repayments on our Secured Financing facility. The issuance of our Series 2021-A asset-backed notes securitization was the primary source of funds for the redemption and repayments.

Sources of Funds

Debt and Available Credit

Asset-Backed Securitizations

As of March 31, 2022, we had \$1.59 billion of outstanding asset-backed notes. Our securitizations utilize special purpose entities (SPEs) which are also variable interest entities (VIEs). For VIEs where we have determined we are the primary beneficiary, the financial results of the VIE are consolidated in our financial statements. For VIEs where we have determined we are not the primary beneficiary, the financial results of the VIE are not consolidated in our financial statements. For more information regarding our VIEs and asset-backed securitizations, see Note 4, [Variable Interest Entities](#) and Note 9, [Borrowings](#), respectively, 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 for the loan collateral and covenants and other requirements. As of March 31, 2022, we were in compliance with all covenants and requirements of all our asset-backed notes.

Secured Financings

As of March 31, 2022, we had Secured Financing facilities with warehouse lines of \$750.0 million in the aggregate with undrawn capacity of \$273.0 million. Our ability to utilize our Secured Financing facilities as described herein is subject to compliance with various requirements, including eligibility criteria for collateral, concentration limits for our collateral pool, and covenants and other requirements.

Acquisition Financing

On December 20, 2021, Oportun RF, LLC, a wholly-owned subsidiary of the Company issued a \$116.0 million asset-backed floating rate variable funding note, and an asset-backed residual certificate, both of which are secured by certain residual cash flows from the Company's securitizations and guaranteed by Oportun, Inc. The note was used to fund the cash consideration paid for the acquisition of Digit and bears interest at a rate of one-month LIBOR plus 8.00%. The Acquisition Financing is structured to pay down based on an amortization schedule, with a final payment in October 2024.

As of March 31, 2022, we were in compliance with all covenants and requirements per the Secured Financing facilities and Acquisition Financing. For more information regarding our Secured Financing facilities and Acquisition Financing, see Note 9, [Borrowings](#) of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

Structured loan sales

In March 2022, we participated in a securitization and sold loans through the issuance of amortizing asset-backed notes secured by a pool of our unsecured and secured personal installment loans. We also sold our share of the residual interest in the pool. The sold loans had an aggregate unpaid principal balance of approximately \$227.6 million. For further information on the whole loan sale transactions, see Note 5, [Loans Held for Sale and Loans Sold](#) of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

Whole loan sales

Through March 4, 2022, the Company had 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% subject to certain eligibility criteria and minimum and maximum volumes. The Company

chose not to renew the arrangement and allowed the agreement to expire on its terms on March 4, 2022. The originations of loans sold and held for sale during the three months ended March 31, 2022 was \$48.7 million. For further information on the whole loan sale transactions, see Note 5, [Loans Held for Sale and Loans Sold](#) of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report.

Bank Partnership Program and Servicing Agreement

We entered into a bank partnership program with MetaBank, N.A. on August 11, 2020. In accordance with the agreements underlying the bank partnership program, Oportun has a commitment to purchase an increasing percentage of program loans originated by MetaBank based on thresholds specified in the agreements. Lending under the partnership was launched in August of 2021.

Contractual Obligations and Commitments

The material cash requirements for our contractual and other obligations primarily include those related our outstanding borrowings under our asset-backed notes, Acquisition Financing and Secured Financing, corporate and retail leases, and purchase commitments for technology used in the business. See Note 9, [Borrowings](#) and Note 16, [Leases, Commitments and Contingencies](#) of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report for more information.

Liquidity Risks

We believe that our existing cash balance, anticipated positive cash flows from operations and available borrowing capacity under our credit facilities will be sufficient to meet our anticipated cash operating expense and capital expenditure requirements through at least the next 12 months. We do not have any significant unused sources of liquid assets. If our available cash balances are insufficient to satisfy our liquidity requirements, we will seek additional debt or equity financing. In a rising interest rate environment, our ability to issue additional equity or incur debt may be impaired and our borrowing costs may increase. 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.

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, 2021, filed with the Securities and Exchange Commission on March 1, 2022 ("2021 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 2021 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 2021 Form 10-K. Inflation, rising interest rates, credit trends and other macroeconomic conditions 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 16, [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", 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 risks. 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

- 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 results of operations and future prospects depend on our ability to retain existing, and attract new, members.
- 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.
- The success and growth of our business depends upon our ability to continuously innovate and develop new products and technologies.
- If we do not compete effectively in our target markets, our results of operations could be harmed.
- 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 and changes to interest rates on our borrowings.
- 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 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.
- If we are unable to collect payment and service the loans we make to members, our net charge-off rates may exceed expected loss rates, and our business and results of operations may be harmed.
- Our quarterly results are likely to fluctuate significantly and may not fully reflect the underlying performance of our business.
- The ongoing COVID-19 pandemic has and may continue to adversely impact our business operations, financial performance and results of operations.
- Our results of operations and financial condition have been and may 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.
- 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.
- If we lose the services of any of our key management personnel, our business could suffer.
- Our success and future growth depend on our branding and marketing efforts.
- We may fail to realize all of the anticipated benefits of the Digit acquisition, and the merger or those benefits may take longer to realize than expected.
- Any acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures, and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business, and negatively impact 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 members' confidential information that we store may harm our reputation, adversely affect our results of operations, and expose us to liability.

- Any significant disruption in our computer systems may impair the availability of our websites, applications, products or services, or otherwise harm our business.
- We may change our corporate strategies or underwriting and servicing practices, which may adversely affect our business.
- 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 are exposed to geographic concentration risk.
- Our proprietary credit risk models rely in part on the use of third-party data to assess and predict the creditworthiness of our members, 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
- 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.
- Our mission to provide inclusive, affordable financial services that empower our members to build a better future may conflict with the short-term interests of our stockholders.
- 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.
- 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, A.I. capabilities, 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

- The financial services industry is highly regulated. Changes in regulations or in the way regulations are applied to our business could adversely affect our business.
- 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 has broad 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.
- Our business is subject to the regulatory framework applicable to registered investment advisers, including regulation by the SEC.
- Our bank partnership products may lead to regulatory risk and may increase our regulatory burden.
- Anti-money laundering, anti-terrorism financing and economic sanctions laws could have adverse consequences for us.

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 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 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 2021 Form 10-K.

Risks Related to 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.

We have experienced rapid growth in our business and operations in recent periods, and our recent growth rates, which has placed significant demands on our management, operational, risk management, technology, marketing, compliance and finance and accounting infrastructure, and has resulted in increased expenses, a trend that we expect to continue as our business continues to grow. In addition, we are required to continuously develop and adapt our systems and infrastructure in response to the increasing sophistication of the consumer financial services market, evolving fraud and information security landscape, and regulatory developments relating to existing and planned business operations. Overall revenue growth depends on a number of factors, including on our ability to increase the origination volume of our products and services, attract new and retain existing members, build our brand, achieve the anticipated benefits and synergies from the Digit acquisition, expand our workforce, while managing our business systems and operations to support future growth. If we are unable to accomplish these tasks, our revenue growth may be harmed.

Further, many economic and other factors outside of our control, including general economic and market conditions, pandemics, consumer and commercial credit availability, inflation, unemployment, and consumer debt levels, may adversely affect our ability to sustain revenue growth consistent with recent history.

Our results of operations and future prospects depend on our ability to retain existing, and attract new, members.*

We operate in a rapidly changing and highly competitive industry and our results of operations and future prospects depend on, among other things, continued growth of our member base, our ability to increase the activity of our members, including by using additional products or services we offer, and our ability to attract members in a cost-effective manner. Our member retention rates may decline or fluctuate due to pricing changes, our expansion into new products and markets, our members' ability to obtain alternative funding sources based on their credit history with us, and new members we acquire in the future may be less loyal than our current member base.

In particular, it is important that we continue to ensure that our members with loans remain loyal to us and we continue to extend loans to members who have successfully repaid their previous loans. As of March 31, 2022 and 2021, members with repeat loans comprised 73% and 76%, respectively, of our Owned Principal Balance at End of Period. If our repeat loan rates decline, we may not realize consistent or improved operating results from our existing member 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. 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, including products offered by Digit. Our development efforts with respect to these initiatives could distract management from current operations and could divert capital and other resources from other growth initiatives important to our business. In addition, our investment of resources to develop new products and services may either be insufficient, result in expenses that are excessive considering revenue originated from these new products and services, or may not be able to attract new members or retain existing members. 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. If we are not able to effectively implement new technology-driven products and services as quickly as our competitors or be successful in marketing these products and services to our members and strategic partners, demand for our products and services may decrease and our business, results of operations and future prospects could be materially and adversely affected. In addition, the borrower profile of members using our new products and services may not be as attractive as existing members with credit products, which may lead to higher levels of delinquencies or defaults than we have historically experienced. Failure to accurately predict demand or growth with respect to our new products and services could adversely impact our business, and these 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 or we may not be able to achieve target margins.

The success and growth of our business depends upon our ability to continuously innovate and develop new products and technologies.*

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. Developing and incorporating new technologies, including A.I., into our products and services may require significant investment, take considerable time, and ultimately may not be successful. 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 members. 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.

As with many disruptive innovations, new technologies present risks and challenges that could affect their adoption, and therefore our business. A.I. and related technologies are subject to public debate and heightened regulatory scrutiny. Any negative publicity or negative public perception of A.I. could negatively impact demand for our products and services or hinder our ability to attract new members and strategic partners. The regulatory framework for A.I. and machine learning technologies is evolving and remains uncertain. It is possible that new laws and regulations will be adopted, or existing laws and regulations may be interpreted in new ways, that would affect our business, products and services and the way in which we use A.I., including with respect to fair lending laws. Our success will depend on our ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards. If we are unable to do so in a timely or cost-effective manner, our business could be harmed.

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

The industries in which we compete are highly competitive, continuously changing, highly innovative, and increasingly subject to regulatory scrutiny and oversight. Our current and potential future competition primarily includes other consumer finance companies, credit card issuers, financial technology companies, technology platforms, neobanks, challenger banks, and financial institutions, as well as payday lenders and pawn shops. We may compete with others in the market who may in the future provide offerings similar or are competitive with ours, particularly companies who may provide lending, money management and other services through a platform similar to our platform.

Many of our current or potential competitors have significantly more financial, technical, marketing, access to low-cost capital, 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. As such, many of our competitors can leverage their size, robust networks, financial wherewithal, brand awareness, pricing power and technological assets to compete with us. To the extent new entrants gain market share, the use of our products and services would decline. Our long-

term success depends on our ability to compete effectively against existing and potential competitors that seek to provide banking and financial technology products and services. If we fail to compete effectively against these competitors, our revenues, results of operations, prospects for future growth and overall business will be materially and adversely affected.

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, including by the addition of the Digit products, 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, members 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 members and to build trust in our credit products is significantly dependent on our ability to effectively evaluate a member's creditworthiness and likelihood of default. In deciding whether to extend credit to prospective members, we rely heavily on our proprietary credit risk models, which are statistical models built using third-party alternative data, credit bureau data, application data and our credit experience gained through monitoring the performance of our members over time. These models are built using forms of A.I., such as machine learning. If our credit risk models fail to adequately predict the creditworthiness of our members or their ability to repay their loans due to programming or other errors, or if any portion of the information pertaining to the potential member 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 members may be compromised. Credit and other information that we receive from third parties about a member may also be inaccurate or may not accurately reflect the member'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 in other aspects of our business, including valuation, pricing, collections management, marketing targeting models, fraud prevention, liquidity and capital planning, direct mail and telesales, and savings and investing algorithms 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). We rely on our credit risk models and other models to develop and manage new products and services, including our digital banking platform, with which we have limited development or operating experience, as well as new geographies. 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, and human behavior, 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.

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 members' 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 new origination growth and harm our financial performance. Additionally, the use of A.I. is relatively new and the regulatory framework is evolving and remains uncertain. Any negative regulatory or public scrutiny based upon this could adversely affect our business, reputation, and financial performance.

Our business may be adversely affected by disruptions in the credit markets and changes to interest rates on our borrowings.*

We depend on securitization transactions, loan warehouse facilities and other forms of debt financing, as well as whole loan and structured loan sales, in order to finance the principal amount of most of the loans we make to our members. See more information about our outstanding debt in Note 9, [Borrowings](#) to the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report. 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. The availability of debt financing and other sources of capital depends on many factors, some of which are outside of our control. Further, current market conditions may

make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital available to us in the future, if available at all, may bear a higher interest rate and may be available only on terms and conditions less favorable than those of our existing debt and such debt may need to be incurred in a rising interest rate environment. 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. 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 new originations and reduce credit lines to cardholders.

In July 2017, the United Kingdom’s Financial Conduct Authority, which regulates the London Interbank Offered Rate (“LIBOR”), announced that it will no longer persuade or compel banks to submit LIBOR rates after 2021. At the end of 2021, the ICE Benchmark Administration, the administrator for LIBOR, ceased publishing one-week and two-month U.S. dollar LIBOR and will cease publishing all remaining U.S. dollar LIBOR tenors in mid-2023. Other regulators have suggested reforming or replacing other benchmark rates. These may be replaced by the Secured Overnight Financing Rate or other benchmark rates over the next several years. Uncertainty as to the nature of such phase out and selection of an alternative reference rate, together with disruption in the financial markets, could increase in the cost of our credit facilities which are currently tied to LIBOR. Changes in interest rates on our variable rate debt could adversely affect our interest expense, results of operations, 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 loans receivable held for investment and asset-backed notes. Our Loans Receivable at Fair Value represented 82% of our total assets and our asset-backed notes represented 68% of our total liabilities as of March 31, 2022. The fair value of our loans receivable held for investment are determined using Level 3 inputs and the fair value of our asset-backed 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.

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 85% of our revenue from interest payments on the loans we make to our members. Financial institutions and other funding sources provide us with the capital to fund a substantial portion of the principal amount of our loans to members 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 members and the rate at which we borrow from our lenders decreases, our Net Revenue will decrease. We have capped the APR for newly originated loans at 36% since August 2020. The interest rates we charge to our members 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 members, product mix, competition and regulatory limitations.

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 loans receivable held for investment or our asset-backed notes, which may in turn adversely affect our results of operations. In a rising interest rate environment, the fair value of our loans receivable held for investment decreases, which decreases Net Revenue. In addition, increasing interest rates also decrease the fair value of our asset-backed notes, which increases 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, cash flows, and financial condition. We do not currently hedge our interest rate exposure associated with our debt financing or fair market valuation of our loans.

*If we are unable to collect payment and service the loans we make to members, our net charge-off rates may exceed expected loss rates, and our business and results of operations may be harmed.**

Our unsecured personal loans and credit card receivables, 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 member is unwilling or unable to repay them for any reason.

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, our ability to contact our members when they default, and our ability to leverage technologies to service and collect amounts owed with respect to loans. 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. Since the onset of the pandemic, we have moved the majority of our contact center staff to remote working environments and continue to operate the contact centers in this manner. If a significant percentage of our contact center workforce is unable to work 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.

In November, 2021 we voluntarily implemented the call limitations set forth in Regulation F, 12 CFR Part 1006 (“Regulation F”), which is not applicable to creditors such as us who are collecting their own debts. If we did not correctly estimate the impact of a reduced calling strategy, the effectiveness of our efforts to collect on defaulted loans may be impacted. Additionally, in August 2020, we changed our small claims filing practices, we dismissed all pending small claims court filings and suspended all new legal collection actions and have not restarted legal collections programs. If we are unable to employ alternative means of engaging severely delinquent members and collecting on defaulted loans, the effectiveness of our efforts to collect on defaulted loans may be impacted. Because our net charge-off rate depends on the collectability of the loans, if we experience an unexpected significant increase in the number of members 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 and credit card debt are generally dischargeable in bankruptcy. If we experience an unexpected, significant increase in the number of members who successfully discharge their debt 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 loans receivable held for investment. 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 its impact 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 member 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 Loans Receivable at Fair Value, 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 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, due to factors such as our election of the fair value option and the evolving and uncertain duration 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 and capital expenditures, including those related to member acquisition, development of new products and services, and maintenance and expansion of our business, operations and infrastructure;
- net charge-off rates;
- adjustments to the fair value of our loans receivable held for investment and our asset-backed notes;
- our cost of borrowing money and access to the capital markets; and
- general economic, industry, and market conditions.

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 members’ 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 otherwise consistently experienced.

The ongoing 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 and safety measures taken by governments and private industry in response to the pandemic significantly impacted worldwide economic activity and continue to create economic uncertainty. The ultimate extent of the impact of the COVID-19 pandemic on our business, results of operations, and financial condition will depend on future developments that continue to be highly uncertain and difficult to predict, including the scope and duration of the pandemic, resurgence of infection rates from COVID-19 (including its variant strains), and timing of the global recovery. 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.

Our results of operations and financial condition have been and may 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 have historically created a difficult operating environment for our business and can negatively impact demand for our products and services. Many factors, including factors that are beyond our control, may impact our results of operations or financial condition, demand for our products and services, the quality of our loan portfolio, and/or affect our members' willingness or capacity to make payments on their loans with us. Such factors may also result in higher default rates by our members, a decline in the demand for our products, and potentially impact our ability to make accurate credit assessments or lending decisions. These factors include: general economic conditions, unemployment levels, housing markets, immigration patterns and policies, energy costs, inflation, 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, pandemics or adverse health developments, social unrest, and catastrophes. Our business was adversely impacted by the COVID-19 pandemic and we recorded a net loss of \$45.1 million for the year ended December 31, 2020. We also experienced net losses prior to 2017. As our business grows and we increase our product and service offerings, we intend to continue to expend significant funds, and we may not be able to generate sufficient revenue to offset our higher operating expenses.

In particular, our members with credit products may be particularly negatively impacted by worsening economic conditions that place financial stress on these members resulting in loan defaults or charge-offs. In addition, major medical expenses, divorce, death, or other issues that affect our members could affect our members' willingness or ability to make payments on their loans. Our business is currently 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. If our members 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.

Decreases in consumer demand for automobiles and declining values of vehicles securing outstanding secured personal loans 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 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 members' 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, use of A.I. and other business practices or initiatives, litigation, regulatory compliance and the experience of members, even if inaccurate, could adversely affect our reputation and the confidence in our brands and business model or lead to changes in our business practices. We regularly engage with media outlets and consumer advocates and have previously, and in the future, may respond to inquiries by modifying our business practices or policies to better align with our mission. Despite our responsiveness to the inquiries, certain media outlets and consumer advocates chose to 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 members and retaining existing members. While we believe that we have a good reputation and that we provide members with a superior experience, there can be no assurance that we will continue to maintain a good relationship with members.

In addition, negative perception may result in our 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 products, or our marketing and servicing, 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 the banking business or new origination channels, such as bank partnerships and other partnerships 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 member information and compliance failures and claims. Our reputation may also be harmed if we fail to maintain our certification as a Community Development Financial Institution (CDFI).

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, particularly engineering and data analytics personnel, is extremely intense across the country and is likely to continue to increase, as more companies are offering remote or hybrid working arrangements. 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 members could be adversely affected.

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.

Our success and future growth depend on our branding and marketing efforts.

If our marketing efforts are not successful or if we are unsuccessful in developing our brand marketing campaigns, our ability to attract and retain members, attract new strategic partners and grow our business may be negatively impacted. In the future, we intend to continue to dedicate significant resources to our marketing efforts, particularly as we develop our brands. If any of our current marketing channels becomes less effective, if we are unable to continue to use any of these channels, if the cost of using these channels significantly increases or if we are not successful in generating new channels, we may not be able to attract new members in a cost-effective manner or increase the activity of our existing members, including by using additional products or services we offer. If we are unable to recover our marketing costs through increases in the size, value or overall number of credit products we originate, or other product selection and utilization, it could have a material adverse effect on our business, financial condition, results of operations, and future prospects.

We may fail to realize all of the anticipated benefits of the Digit acquisition, and the merger or those benefits may take longer to realize than expected.

We believe that there are significant benefits and synergies that may be realized through combining the platform, product and service offerings of Oportun and Digit. However, the efforts to realize these benefits and synergies will be a complex process and may disrupt both companies' existing operations if not implemented in a timely and efficient manner. The full benefits of the acquisition, including anticipated growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all. Failure to achieve the anticipated benefits of the acquisition could adversely affect our results of operations or cash flows, cause dilution to our earnings per share, decrease or delay any accretive effect of the acquisition and negatively impact the price of our common stock.

In addition, as we integrate the businesses post-closing we will continue to be required to devote significant attention and resources to successfully align our business practices and operations. This process may disrupt the businesses and, if ineffective, would limit the anticipated benefits of the acquisition.

Any acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures, and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business, and negatively impact our results of operations.

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, complementary 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 members 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;
- acquisitions could result in dilutive issuances of equity securities or the incurrence of debt;
- 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.

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

Third parties have, and we expect that they will likely continue to attempt to commit fraud by, among other things, fraudulently obtaining loans or creating fictitious accounts using stolen identities or personal information and making transactions with stolen financial instruments. Third parties may also seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical transactions. Risks associated with each of these include theft of funds and other monetary loss, the effects of which could be compounded if not detected quickly. Fraudulent activity may not be detected until well after it occurs and the severity and potential impact may not be fully known for a substantial period of time after it has been discovered. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous monitoring and enhancements, and may not be effective in detecting and preventing fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures do not succeed, our business could be materially adversely impacted.

Despite our efforts, the possibility of fraudulent or other malicious activities and human error or malfeasance cannot be eliminated entirely and will evolve as new and emerging technology is deployed, including the increasing use of personal mobile and computing devices that are outside of our network and control environments. Additionally, increasing our product and service offerings may introduce opportunities for fraudulent activity that we have not previously experienced. Numerous and evolving fraud schemes and misuse of our products and services could subject us to significant costs and liabilities, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of member confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the operation of our business, result in litigation (including class action litigation), and lead to increased regulatory scrutiny and possibly regulatory investigations and intervention, all of which could have a material adverse impact on our business.

Security breaches and incidents may harm our reputation, adversely affect our results of operations, and expose us to liability.*

In the ordinary course of our business, we collect, store, transmit and otherwise process large amounts of sensitive information relating to members and potential members, including non-public personal, bank account, and credit 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, 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. 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.

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. We have seen, and will continue to see, industry-wide vulnerabilities, such as the Log4j vulnerability reported in December 2021, which could affect our or other parties’ systems. 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. Our adoption of remote working arrangements for our corporate and many of our contact center employees may result in increased consumer or employee privacy, IT security, and fraud concerns arising from the increased electronic transfer and other online activity. 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 members, potential members, 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. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our members 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.

We also face indirect technology, cybersecurity and operational risks relating to the members, clients and other third parties with whom we do business or upon whom we rely on 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 from the interaction between our and any partners’ information technology infrastructure, and the sharing between us of confidential member 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 public confidence, negatively affect our ability to attract new members, or subject us to third-party claims, lawsuits, regulatory investigations, proceedings, fines or other action or liability. Also, due to the geopolitical unrest associated with Russia’s invasion of Ukraine, we and our service providers may be vulnerable to heightened risks of cybersecurity incidents and security and privacy breaches.

We incur significant costs 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.

Our retail locations also process physical member loan documentation that contain confidential information about our members, 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, member 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 members 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 attract new members and retain existing members.

We cannot ensure that any provisions in our agreements with members 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 may impair the availability of our websites, applications, products or services, or otherwise harm our business.

Our computer systems, including those provided by third-party service providers and partners, 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, insider threats, power outages or other events. Any of these occurrences may interrupt the availability, or reduce or adversely affect the functionality of our websites, applications, products or services, including our ability to service our loans, process loan applications, and provide digital banking services to Digit members. 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 members 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. For example, 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 members, which would negatively impact our results of operations. 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 members, 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 members to abandon our business, any of which could adversely affect our business, results of operations and financial condition.

We may change our corporate strategies or underwriting and servicing practices, which may adversely affect our business.

As our business grows and evolves, we have, and may in the future, change certain aspects of our corporate strategies or any of our underwriting guidelines without notice to our stockholders. Any changes in strategy, underwriting or servicing practices could impact our business in any number of ways, including impacting our member mix, product and service offerings, risk profile of our loan portfolio, and operational and regulatory compliance requirements.

For example, in August 2020, we implemented a nationwide 36% APR cap for newly originated loans. We may also decide to modify our strategy with respect to whole loan sales, including increasing or decreasing the number of loans sold. We continue to evaluate our business strategies and underwriting and servicing practices and will continue to make additional changes to adapt to changing economic conditions, regulatory requirements and industry practices. Additionally, a change in our underwriting and servicing practices may reduce our credit spread and may increase our exposure to interest rate risk, default risk and liquidity risk, all of which could adversely affect our business, results of operations and financial condition.

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

We intend to continue expanding into new geographic regions, including through strategic partnerships or a national bank charter. 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.

*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 in specific geographic regions may result in higher rates of delinquency and loss in those areas. A significant portion of our outstanding receivables 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 March 31, 2022, 46.1%, 26.1%, 8.0% and 5.4% of our Owned Principal Balance at End of Period related to members 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.

Our proprietary credit risk models rely in part on the use of third-party data to assess and predict the creditworthiness of our members, 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, application data and our credit experience gained through monitoring the payment performance of our members 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 members 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 member reported information. Data from consumer reporting agencies and other information that we receive from third parties about a member may be inaccurate or may not accurately reflect the member's creditworthiness, which may cause us to provide loans to higher risk members 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 members or make the models less effective at predicting credit outcomes or preventing fraud.

We follow procedures to verify member's identity and address which are designed to minimize fraud. These procedures may include visual inspection of applicant 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 member 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.

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.

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. These types of third-party relationships are subject to increasingly demanding regulatory requirements and attention by our partner banks' federal bank regulators (the Federal Reserve Board, the OCC and the FDIC) and our consumer financial services regulators, including state regulators and the CFPB, which could increase the scope of management involvement and decreasing the benefit that we receive from using third-party vendors. We could be adversely impacted to the extent our vendors and partners fail to comply with the legal requirements applicable to the particular products or services being offered. Moreover, if our bank partners or their 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.

Our mission to provide inclusive, affordable financial services that empower our members 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 members to build a better future. Therefore, we have made and will continue to make decisions that we believe will benefit our members 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 members. Our decisions may negatively impact our short-term financial results or not provide the long-term benefits that we expect and may adversely impact our business operations, results of operations, and financial condition.

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 members, our people and our culture and is consistently reinforced to and by our employees. As we continue to grow, including from the integration of employees and businesses acquired in connection with previous or future acquisitions, 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 roles 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.

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, and compliance costs and fines, would increase our labor costs, which could have an adverse effect on our business.

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 members 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, redirection, misappropriation of member funds, improper execution of loan transactions, embezzlement and theft, disclosure of personal and business information and the failure to follow protocol when interacting with members 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 March 31, 2022, we had 1,583 employees related to three contact centers in Mexico. These employees provide certain English/Spanish bilingual support related to member-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 member-facing contact center activities in Colombia, Jamaica, and the Philippines, and may in the future include additional locations in other countries. In addition, our technology development center in India is staffed through outsourcing partners and our own employees. We have engaged vendors that utilize employees or contractors based outside of the United States. As of March 31, 2022, our outsourcing partners have provided us, on an exclusive basis, the equivalent of 763 full-time equivalents in Colombia, Jamaica, Philippines 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. 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.

Because we receive a significant amount of cash in our retail locations through member 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.

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. For example, a significant natural disaster in Northern California or any other location in which we have offices or facilities or employees working remotely, could adversely affect our business operations, financial condition and future prospects, and our insurance coverage may be insufficient to compensate us for losses that may occur.

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 members make payments and apply for loans at our retail locations. If one or more of our retail locations becomes unavailable for any reason or other public health crisis, localized weather events, or natural or man-made disasters, our ability to conduct business and collect payments from members 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 temporarily closed a few of our retail locations due to public health orders or other concerns, 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, member experience, results of operations and financial condition.

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 members 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 have been, 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.

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 levy a financial statement minimum tax, 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 taxes in the future.

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 offer our products and services to our members depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively which would 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 and A.I. algorithms, may infringe upon claims of third-party intellectual property, and we may face intellectual property challenges from such other parties. The expansion of our suite of financial products and 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.

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, A.I. capabilities, 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, A.I. capabilities, and internal systems rely on internally developed software that is highly technical and complex. In addition, our models, A.I. capabilities, 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. 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 members, result in errors or compromise our ability to protect member 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 members, loss of revenue, adjustments to the fair value of our loans receivable held for investment or our asset-backed 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 financial services industry is highly regulated. Changes in regulations or in the way regulations are applied to our business could adversely affect our business.

We are subject to various federal, state and local regulatory regimes related to the financial services that we provide. The principal policy objectives of these regulatory regimes are to provide meaningful disclosures to consumers, to protect against unfair and deceptive practices and to prevent discrimination. Laws and regulations, among other things, impose licensing and qualifications requirements; require various disclosures and consents; mandate or prohibit certain terms and conditions for various financial products; prohibit discrimination based on certain prohibited bases; prohibit unfair, deceptive or abusive acts or practices; require us to submit to examinations by federal, state and local regulatory regimes; and require us to maintain various policies, procedures and internal controls.

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. 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 Wall Street Reform and Consumer Protection Act (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 a variety of legal mechanisms at their disposal to enforce state and federal consumer financial laws with enforcement authority under state law with respect to unfair or deceptive practices. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi-state actions or settlements. Finally, several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general.

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 and operate in certain states, and may also make it more difficult or costly

for us to originate additional loans, or for us to collect payments on our loans to members or otherwise operate our business by subjecting us, our service providers, or strategic partners, to additional licensing, registration and other regulatory requirements in the future.

Failure to comply with applicable laws and regulations could result in additional compliance requirements, limitations on our ability to collect or retain all or part of the principal of or interest on loans, fines or penalties, an inability to continue operations, modification in business practices, regulatory actions, loss of required licenses or registrations, potential impairment, voiding, or voidability of loans, rescission of contracts, civil and criminal liability and damage to our reputation. 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 any loan we make was 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.

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 claims of violation of do-not-call, credit reporting and collection laws, bankruptcy and unfair practices. The complexity of the laws related to secured personal loans regarding vehicle titling, lien placement 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. State legislation requiring licensure and state restrictions including fee and rate limits on bank partner loans may also reduce profitability and/or increase regulatory and litigation risk. Additionally, platforms offering banking services and products through partners have also been challenged by federal and state regulators on a variety of claims. 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 violations of the Americans with Disabilities Act, 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 members. These self-identified issues and voluntary remediation payments could be significant, depending on the issue and the number of members 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 broad 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 recent publications, the CFPB has indicated that the agency is significantly increasing its oversight and scrutiny over consumer finance and on April 25, 2022, the CFPB announced that it was invoking a previously unused legal provision to examine nonbank financial companies that pose risk to consumers, subject to a 30-day comment period. While historically, we have not been subject to CFPB examination and supervisory authority, it is possible that we may become subject to additional regulatory scrutiny and compliance costs going forward.

In addition, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the credit products we offer. The CFPB also may issue requests for public input in certain areas of concern that may lead to increased regulatory scrutiny on us, our products and consumer finance industry. For example, in March 2022, it requested public input on fees for financial products and has indicated that it plans to ramp up enforcement actions against lenders that illegally charge credit card late-payment fees and may rewrite its rules that set thresholds for such fees. 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 that we were engaging in activities that pose risks to consumers.

On March 3, 2021, we received a Civil Investigative Demand (CID) from the CFPB. The stated purpose of the CID is to determine whether small-dollar lenders or associated persons, in connection with lending and debt-collection practices, have failed to comply with certain federal consumer protection laws over which the CFPB has jurisdiction. We have received additional information requests related to the CID. The information requests are focused on our legal collection practices from 2019 to 2021 and hardship treatments offered to members during the COVID-19 pandemic.

Digit received a CID from the CFPB in June 2020. The CID was disclosed and discussed during the acquisition process. The stated purpose of the CID is to determine whether Digit, in connection with offering its products or services, misrepresented the terms, conditions, or costs of the products or services in a manner that is unfair, deceptive, or abusive.

We are cooperating fully with the CFPB with respect to both of these matters and, although we believe that ours and Digit's business practices have been in full compliance with applicable laws, because the CFPB has broad authority to determine what it views as potential unfair, deceptive or abusive acts or practices, at this time, we are unable to predict the outcomes of these CFPB investigations.

Other federal or state regulators could launch similar investigations or join the CFPB in its investigations. In addition, 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 members and potential members, 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.

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. In November 2021, federal banking regulators, including the Office of Comptroller of the Currency, Federal Reserve Board and the Federal Deposit Insurance Corporation, jointly announced a final rule that will require banking organizations to give notice to the regulators within 36 hours of a cyber incident. The rule extends to a bank's service providers, requiring us to notify our bank partners in the event of such an incident. The California Consumer Privacy Act (the "CCPA"), went into effect in January 2020, and the California Privacy Rights Act of 2020 (the "CPRA"), which replaces the CCPA and goes into effect in January 2023 but has a one-year look back period, place additional requirements on the handling of personal data for us and our third-party providers. The CCPA and CPRA also provide for civil penalties for violations, as well as a private right of action for data breaches, which may increase the likelihood and cost of data breach litigation. The potential effects of this legislation, including any regulations implemented by the legislation, are far-reaching, uncertain, and evolving, and may require us to modify our data processing practices and policies, restrict our products and services or certain features, and incur substantial costs and expenses in an effort to comply. Other state, federal, and foreign legislative and regulatory bodies have also implemented or may implement similar legislation regarding the handling of personal data. For example, the Commonwealth of Virginia enacted the Consumer Data Protection Act and the State of Colorado enacted the Colorado Privacy Act, both of which take effect January 1, 2023 and may impose obligations similar to or more stringent than those we may face under other data protection laws. 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 members and prospective members 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, bank partners, Lending as a Service partners and affiliate relationships including our acquisition of Digit could lead to increased complexity around our compliance obligations with respect to privacy, data protection and information security 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 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. The *Hunstein* case resulted in a significant amount of litigation against debt collectors and creditors collecting their own debt. A bench hearing was held in February 2022 and the Eleventh Circuit court has not yet issued a decision. Depending on the outcome of the hearing, 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.

Our business is subject to the regulatory framework applicable to registered investment advisers, including regulation by the SEC.

We offer investment management services through Digit Advisors, LLC which provides automated investment advice regarding the selection of a portfolio of exchange traded funds through the Digit app. Digit Advisors is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and is subject to regulation by the SEC.

Investment advisers are subject to the anti-fraud provisions of the Advisers Act and to fiduciary duties derived from these provisions, which apply to our relationships with our members who are advisory clients, as well as the funds we manage. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our members, including for example restrictions on transactions with our affiliates. Our investment adviser has in the past and will in the future be subject to periodic SEC examinations. Our investment adviser is also subject to other requirements under the Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate to matters including maintaining effective and comprehensive compliance programs, record-keeping and reporting and disclosure requirements. The Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment adviser from conducting advisory activities in the event such investment adviser fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with applicable requirements include the prohibition of individuals from associating with an investment adviser, the revocation of registrations and other censures and fines. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing members or fail to gain new members.

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

We provide our credit card products through a bank partnership program with WebBank and we have bank partnership programs with Metabank, N.A., to offer unsecured installment loans and provide deposit accounts, debit card services and other transaction services to our members. 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. In addition, as a result of our bank partnerships, prudential bank regulators with supervisory authority over our partners have the ability to regulate aspects of our business. There has also been significant recent government enforcement action and litigation challenging the validity of such arrangements for lending products, including disputes seeking to recharacterize lending transactions on the basis that the non-bank party rather than the bank is the "true lender" or "de facto lender", and in case law upholding the "valid when made" doctrine, which holds that federal preemption of state interest rate limitations are not applicable in the context of certain bank-non-bank partnership arrangements.

The uncertainty of the federal and state regulatory environments around bank partnership programs means that our efforts to launch products and services through bank partners may not ultimately be successful, or may be challenged by legislation or regulatory action. If the legal structure underlying our relationship with our bank partners were to be successfully challenged, we may be found to be in violation of state licensing requirements and state laws regulating interest rates. In the event of such a challenge or if our arrangements with our bank partners were to change or end for any reason, we would need to rely on an alternative bank relationship, find an alternative bank relationship, rely on existing state licenses, obtain new state licenses, pursue a national bank charter, and/or be subject to the interest rate limitations of certain states. In addition, adverse orders or regulatory enforcement actions against our bank partners, even if unrelated to our business, could impose restrictions on their ability to continue to extend credit or on current terms. Regulation by federal and state regulators may also subject us to increased compliance, legal and operational costs, and could subject our business model to scrutiny and otherwise increase our regulatory burden, or may limit our ability to expand the scope of our activities in a manner that could have a material adverse effect on us.

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

We maintain a compliance program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U.S. economic sanctions laws administered by the Office of Foreign Assets Control. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries persons and entities. These controls include procedures and processes to detect and report suspicious transactions, perform member 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 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 way "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. 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.

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 and structured 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 members. 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 members 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, some of our credit facilities currently utilize 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 under our credit facilities and 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 facilities) and whole loan sale facilities. If we are unable 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, this 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. To support our collateral requirements under our financing agreements, we use 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 back-up servicer or another successor servicer. If we are replaced as servicer to these loans, there is no guarantee that the back-up 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 9, [Borrowings](#) 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 collections were insufficient to repay the amounts due under our securitizations and our revolving debt facilities, the applicable lenders, trustees and noteholders could seek remedies, including against the collateral pledged under such facilities. Any of these events would negatively impact our liquidity, including our ability to originate new loans, and require us to rely on alternative funding sources. 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 back-up servicer or another successor servicer.

Our securitizations and loan sales may expose us to certain risks, and we can provide no assurance that we will be able to conduct such transactions 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.

The securitization market is subject to changing market conditions, and we may not be able to access this market when we would otherwise deem appropriate. 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.

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. In addition, some of the regulations to be implemented under the Dodd-Frank Act relating to securitization have not yet been finalized. 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.

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 loans receivable held for investment, which would negatively impact our results of operations.

The gain on sale generated by our whole loan sales or structured loan sales and servicing fees earned on sold loans 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 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 March 2022, we participated in a securitization through which we issued amortizing asset-backed notes secured by a pool of its unsecured and secured personal installment loans and may do additional structured loan sales in the future. See Note 5 [Loans Held for Sale and Loans Sold](#) of the Notes to the Condensed Consolidated Financial Statements (Unaudited) included elsewhere in this report. If we are unable to sell additional loans or obtain other financing, our revenue and liquidity may be negatively impacted and we may not be able to grow our business as planned and we may have to further curtail our originations.

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 any future whole loan sale program would likely result in a reduction in the fair value of our Loans Receivable at Fair Value, 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.

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 9,531,534 shares for issuance under our 2019 Equity Incentive Plan, 1,593,052 shares for issuance under our 2019 Employee Stock Purchase Plan, and 655,000 shares for issuance under our 2021 Inducement Equity Incentive Plan, each 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 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;
- speculation in the press or investment community
- any major change in our management;
- sales of shares of our common stock by us or our stockholders;
- actual or anticipated 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;
- developments or disputes concerning our intellectual property or other proprietary rights;
- litigation, government investigations and regulatory actions;

- passage of legislation or other regulatory developments that adversely affect us or our industry; and
- other general market, political and economic conditions.

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. 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 financial products and services, enhance our risk management model, improve our operating infrastructure, 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 do not have sufficient capital, 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.

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 member 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 adversely affect 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.

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
Adjusted EBITDA	Adjusted EBITDA is a non-GAAP financial measure calculated as net income (loss), 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 Loans Receivable at Fair Value, net and fair value mark-to-market adjustments
Acquisition Financing	Asset-backed floating rate variable funding note and asset-backed residual certificate secured by certain residual cash flows of the Company's securitizations. The Acquisition Financing was used to fund the cash consideration for the Digit acquisition
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) 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 specified period, including amounts originated by us through our Lending as a Service partners or under our bank partnership programs. 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
APR	Annual Percentage Rate
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
Credit Card Warehouse (or "CCW")	Revolving credit card warehouse debt facility, collateralized by credit card accounts. Included as "Secured Financing" on the Consolidated Balance Sheets
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 borrowers 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
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	All loans receivable held for investment. Loans Receivable at Fair Value include loans receivable on our unsecured and secured personal loan products and credit card receivable balances
Managed Principal Balance at End of Period	Total amount of outstanding principal balance for all loans and credit card receivables, including loans sold, which we continue to service, at the end of the period. Managed Principal Balance at End of Period also includes loans and accounts originated under a bank partnership program that we service
Members	Members include borrowers with an outstanding or successfully paid off loan, originated by us or under a bank partnership program that we service, or individuals who have been approved for a credit card issued under a bank partnership program. Members also include individuals who have signed-up to use or are using any of our Digit Savings, Digit Direct, Digit Investing and/or Digit Retirement products
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 or loans retained by a bank partner, at the end of the period
Personal Loan Warehouse (or "PLW")	Revolving personal loan warehouse debt facility, collateralized by unsecured personal loans and secured personal loans that replaced the VFN facility. Included as "Secured Financing" on the Consolidated Balance Sheets
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

Term or Abbreviation	Definition
Products	Products refers to the aggregate number of personal loans and/or credit card accounts that our Members have had or been approved for that have been originated by us or through one of our bank partners. Products also include the aggregate number of digital banking products we offer as a result of our acquisition of Digit, including Digit Savings, Digit Direct, Digit Investing and Digit Retirement, that our Members use or have signed-up to use
Return on Equity	Annualized net income divided by average stockholders' equity for a period
Secured Financing	Asset-backed revolving debt facilities, including (1) the VFN facility which was collateralized by unsecured personal loans, terminated September 8, 2021 and replaced with the PLW facility that is collateralized by unsecured personal loans and secured personal loans and (2) the CCW facility that is collateralized by credit card accounts
Variable Funding Note Warehouse (or "VFN")	Asset-backed revolving debt facility, collateralized by unsecured personal loans, terminated on September 8, 2021. Formerly defined solely as "Secured Financing" on the Consolidated Balance Sheets
VIEs	Variable interest entities
Weighted Average Interest Rate	Annualized interest expense as a percentage of average debt

Item 6. Exhibit Index

Exhibit	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1+	Oportun Financial Corporation 2021 Inducement Equity Incentive Plan and Form of Award Notice and Agreement.	S-8	333-26196	4.3	1/3/2022	
10.2.1‡	Base Indenture by and between Oportun Funding 2022-1, LLC and Wilmington Trust, National Association, dated as of March 31, 2022.					x
10.2.2‡	Series 2022-1 Supplement to Base Indenture by and between Oportun Funding 2022-1, LLC and Wilmington Trust, National Association, dated as of March 31, 2022.					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).					

+ Management contract or compensatory plan.

‡ 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: May 10, 2022

By: /s/ Jonathan Coblentz

Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer

(Principal Financial Officer and duly authorized signatory of the Registrant)

OPORTUN FUNDING 2022-1, LLC,
as Issuer

and

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

—

BASE INDENTURE

Dated as of March 31, 2022

—

Asset Backed Notes
Asset Backed Certificates
(Issuable in Series)

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

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Exhibit C:	Form of Lien Release
Exhibit D:	Form of Transfer Certificate for Transfers of Certificates (or interests therein)
Exhibit E:	[Reserved]
Exhibit F:	Form of Intercreditor Agreement
Exhibit G:	[Reserved]
Exhibit H:	Form of Asset Repurchase Demand Activity Report
Schedule 1:	Perfection Representations, Warranties and Covenants

BASE INDENTURE, dated as of March 31, 2022, between OPORTUN FUNDING 2022-1, LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the “Issuer”) and WILMINGTON TRUST, NATIONAL ASSOCIATION (“WTNA”), a national banking association with trust powers, as Trustee, as Securities Intermediary and as Depository Bank.

W I T N E S S E T H:

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

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

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

GRANTING CLAUSES

The Issuer and, solely with respect to GRANTING CLAUSE SECOND below, the Grantor Trust, hereby grants to the Trustee at the Closing Date, for the benefit of the Trustee, the Noteholders, the Certificateholders 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 (and, solely with respect to GRANTING CLAUSE SECOND below, all of the Grantor Trust’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:

GRANTING CLAUSE FIRST

(a) The Grantor Trust Certificate (and related rights, title and interest of the Issuer in, to and under the Loans and Related Rights that have been conveyed, sold and/or assigned to the Grantor Trust (and, with respect to legal title, to the Owner Trustee on behalf of the Grantor Trust) pursuant to the Purchase Agreements, including, without limitation, all obligations of the Obligors thereunder including all moneys paid thereunder on or after the Cut-Off Date and loan documents and other rights related to such Loans and Related Rights) and the related rights, title, interest and privileges of the Issuer in, to and under the Grantor Trust Agreement and the Grantor Trust; (b) the Collection Account, the Reserve Account, any Payment Account, any Series Account and any other account maintained by the Trustee for the benefit of the Secured Parties of any Series of Notes as a trust account (each such account, a “Trust Account”), all monies from time to time deposited therein and all investments and other property from time to time credited thereto; (c) 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; (d) all investments made at any time and from time to time with moneys in the Trust Accounts; (e) the Purchase Agreements, the Administration Agreement, the Back-Up Servicing Agreement, the Representations and Warranties Agreement and the Servicing Agreement; (f) all additional property that may from time to time hereafter (pursuant to the terms of any Series Supplement or otherwise) be subjected to the grant and pledge made by the Issuer or by anyone on its behalf; (g) all present and future claims, demands, causes and choses in action and all payments on or under the foregoing; and (h)

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, together with all of the collateral in which a security interest is granted pursuant to GRANTING CLAUSE SECOND, the “Trust Estate”).

GRANTING CLAUSE SECOND

All of the Grantor Trust’s right, title and interest in, to and under the Loans and Related Rights that have been conveyed, sold and/or assigned to the Grantor Trust (and, with respect to legal title, to the Owner Trustee on behalf of the Grantor Trust) pursuant to the Purchase Agreements, including, without limitation, all obligations of the Obligors thereunder, all moneys paid thereunder on or after the Cut-Off Date and loan documents and other rights related to such Loans and Related Rights, and the proceeds thereof.

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 and the Grantor Trust hereby authorizes the Trustee, but the Trustee shall not be obligated, to file financing statements describing the collateral covered thereby as “all of the debtor’s personal property and assets” or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Indenture. The Issuer and the Grantor Trust hereby assign to the Trustee all of the Issuer’s and Grantor Trust’s respective power to authorize an amendment to the financing statement filed with the Delaware Secretary of State relating to the security interest granted to the Grantor Trust by the Sellers pursuant to the Purchase Agreements; provided, however, that the Trustee shall be entitled to all the protections of Article 11, including Sections 11.1(g) and 11.2(k), in connection therewith, and the obligations of the Issuer under Sections 8.2(i) and 8.3(j) shall remain unaffected.

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall well and truly pay, or cause to be paid, the principal of the Notes and the interest due and to become due thereon, or provide fully for payment thereof as herein provided, and shall make all required distributions with respect to the Certificates, at the times and in the manner mentioned in the Notes, according to the true intent and meaning thereof, and shall make the payments into the Trust Accounts as required hereunder, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise, this Indenture shall be and remain in full force and effect.

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

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:

“Administration Agreement” means the Administration Agreement dated as of the Closing Date among the Administrator, the Issuer, the Trustee, and the Grantor Trust, as supplemented and amended or otherwise modified from time to time.

“Administrator” means CILO Administrator Services LLC, or any permitted successor or assign.

“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.

“Affiliates” means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing. A Person shall not be deemed to be an Affiliate of any specified Person solely because such other Person has the contractual right or obligation to manage such specified Person or act as servicer with respect to the financial assets of such specified Person unless such other Person controls the specified Person through equity ownership or otherwise.

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

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

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

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

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

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

“Benefit Plan Investor” mean an “employee benefit plan” as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code or an entity whose underlying assets include or are deemed to include 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” unless otherwise specified in a Series Supplement, means any day that DTC is open for business at its office in New York City and any day other than a Saturday, Sunday or other day on which banking institutions or trust companies in the States of California, Delaware, 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.

“Certificate” means any certificate, issued by the Issuer, representing the residual interest in the Trust Estate.

“Certificateholders” means the Holders of the Certificates.

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

“Class A Notes” has the meaning specified in the Series Supplement.

“Class B Notes” has the meaning specified in the Series Supplement.

“Class C Notes” has the meaning specified in the Series Supplement.

“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 March 31, 2022.

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

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

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

“Collections” means, with respect to any Receivable, all cash collections and other cash proceeds of such Receivable made by or on behalf of Obligors, including, without limitation, all principal, Finance Charges and cash proceeds of Related Security with respect to such Receivable and any Deemed Collections received from Obligors, in each case, received on or after the Cut-Off Date, other than Excluded Fees; *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.

“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.

“Controlling Person” means a person or entity that has discretionary authority or control with respect to the assets of the Issuer or provides investment advice for a fee (direct or indirect) with respect to the assets of the Issuer.

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

“Credit and Collection Policies” means the Oportun Sponsor/Seller’s and the Servicer’s credit and collection policy or policies relating to Loans and Receivables and referred to in Exhibit C to the Servicing Agreement, as the same is amended, supplemented or otherwise modified and in effect from time to time in accordance with Section 2.12(c) of the Servicing Agreement; provided, however, if the Servicer is any Person other than the initial Servicer, “Credit and Collection Policies” shall refer to the collection policies of such Servicer as they relate to receivables of a similar nature to the Receivables; provided that such successor Servicer shall be subject to the same restrictions and limitations applicable to the initial Servicer in Sections 2.02(b)(i), 2.12(d) and 7.01(c) of the Servicing Agreement.

“Cumulative Default Amount” means, with respect to any Payment Date, the sum of the Outstanding Receivables Balance of all Receivables that became Defaulted Receivables from the Cut-Off Date through the end of the related Monthly Period, less the sum of the aggregate amount of all Recoveries received with respect to the Defaulted Receivables from the Cut-Off Date through the end of the related Monthly Period.

“Cumulative Default Ratio” means, with respect to any Payment Date, the fraction, expressed as a percentage, the numerator of which is the Cumulative Default Amount for such Payment Date and the denominator of which is the Initial Outstanding Receivables Balance.

“Cumulative Default Ratio Amortization Event” shall have occurred on any Payment Date if the Cumulative Default Ratio for such Payment Date specified in any Series Supplement exceeds the percentage set forth opposite such Payment Date in the Series Supplement.

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

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

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

“Defaulted Receivable” means a Receivable (i) as to which any scheduled payment, or part thereof, remains unpaid for one hundred twenty (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 month-end when the sale proceeds are received, (iii) the Obligor thereon has died or is suffering or has suffered an Event of Bankruptcy or (iv) which, consistent with the Credit and Collection Policies, would be written off in the Grantor Trust’s, the Oportun Sponsor/Seller’s or the Servicer’s books as uncollectible.

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

“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.

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

“Depository Agreement” means, with respect to each Series, the agreement among the Issuer and the Clearing Agency or Foreign Clearing Agency, or as otherwise provided in the related Series Supplement.

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

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

“DTC” means The Depository Trust Company.

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

“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.

“Excluded Fees” means origination fees (if not capitalized), late fees, returned check fees, credit investigation fees, any ACH fees and, with respect to any Secured Personal Loan, repossession fees and auction fees paid by an Obligor.

“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.

“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 Ratings, 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, applied on a consistent basis.

“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 Clauses of this Base Indenture.

“Grantor Trust” has the meaning specified in the applicable Series Supplement with respect to any Series of Notes.

“Grantor Trust Agreement” has the meaning specified in the applicable Series Supplement with respect to any Series of Notes.

“Grantor Trust Certificate” means, with respect to a Grantor Trust, the Grantor Trust Certificate issued by such Grantor Trust representing the entire beneficial ownership interest in such Grantor Trust.

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

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

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

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

“Independent” means, when used with respect to any specified Person, that such Person (a) is in fact independent of the Issuer, any other obligor upon the Notes, the Sellers 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 Sellers or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Sellers or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

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

“Independent Manager” has the meaning specified in Section 8.2(o)(ii).

“Initial Outstanding Receivables Balance” means, with respect to any Series, the Outstanding Receivables Balance as of the Cut-Off Date specified in the applicable Series Supplement.

“Intercreditor Agreement” means the Twenty-Seventh 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 Series of Notes, the period specified in the applicable Series Supplement.

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

“Investment Earnings” means all interest and earnings (net of losses and investment expenses) accrued on funds on deposit in the Trust Accounts (except if otherwise provided with respect to any Series Account in the Series Supplement).

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

“Issuer Custodial Account” has the meaning specified in the Series Supplement, if applicable.

“Issuer LLC Agreement” means the Issuer’s Amended and Restated Limited Liability Company Agreement, dated as of the Closing Date, as the same may be amended, restated, supplemented or otherwise modified from time to time.

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

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

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

“Lien” means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (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 (i) between the Oportun Sponsor/Seller and an Obligor in connection with consumer loans made by the Oportun Sponsor/Seller to such Obligor in the ordinary course of its business or (ii) between Oportun, LLC and an Obligor in connection with consumer loans made by Oportun, LLC to such Obligor in the ordinary course of its business and subsequently acquired by the Oportun Sponsor/Seller.

“Material Adverse Effect” means, with respect to any specified Person making a representation, warranty, certification or covenant, 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 such specified Person, (iii) the ability of such specified Person to perform its respective obligations under the Transaction Documents to which it is a party (or, with respect to the Servicer, the Servicer Transaction Documents) or (iv) the interests of the Trustee or any Secured Party in the Trust Estate or under the Transaction Documents.

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

“Monthly Issuer Report” means a report substantially in the form attached as an exhibit to the applicable Series Supplement or in such other form as shall be agreed between the Issuer (or the Administrator on behalf of the Issuer) and the Trustee; provided, however, that no such other agreed form shall serve to exclude information expressly required by this Base Indenture or any Series Supplement.

“Monthly Period” means, unless otherwise defined in any Series Supplement, the period from and including the first day of a calendar month to and including the last day of such calendar month; provided, however, that the first Monthly Period shall be the period from and including the Closing Date to and including April 30, 2022; 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 the Servicer (with prior consent of the Back-Up Servicer) may determine to be necessary, desirable or advisable; provided, however, that no such other agreed form shall serve to exclude information expressly required by this Base Indenture, any Series Supplement or the Servicing Agreement.

“Monthly Statement” means, with respect to any Series of Notes, a statement substantially in the form attached in the relevant Series Supplement, with such changes as the Administrator on behalf of the Issuer (based in part on the related Monthly Servicer Report) (with the prior written consent of the Trustee) may determine to be necessary or desirable; provided, however, that no such change shall serve to exclude information expressly required by this Base Indenture or any Series Supplement.

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

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

“New Series Issuance” means any issuance of a new Series of Notes pursuant to Section 2.2.

“New Series Issuance Date” has the meaning, with respect to any Series issued pursuant to a New Series Issuance, specified in Section 2.2.

“New Series Issuance Notice” has the meaning, with respect to any Series issued pursuant to a New Series Issuance, specified in Section 2.2.

“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 the principal payable in respect of the Senior Notes of any Series pursuant to Article 5.

“Note Purchase Agreement” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Note Rate” means, with respect to any Series of Notes (or, for any Series with more than one Class, for each Class of such Series), the annual rate at which interest accrues on the Senior

Notes of such Series of Notes (or formula on the basis of which such rate shall be determined) as stated in the applicable Series Supplement, if any.

“Note Rating Agency” means, collectively, DBRS, Inc. and Kroll Bond Rating Agency, LLC.

“Note Register” has the meaning specified in [Section 2.6\(a\)\(i\)](#).

“Noteholders” means the Holders of the Senior Notes.

“Notes” means any one of the notes or certificates (including, without limitation, the Global Notes or the Definitive Notes) issued by the Issuer, executed and authenticated by the Trustee substantially in the form (or forms in the case of a Series with multiple Classes) of the note or certificate attached to the related Series Supplement or such other obligations of the Issuer (such as certificates) deemed to be a “Note” in any related Series Supplement.

“Notice Person” means, with respect to any Series of Notes, the Person identified as such in the applicable Series Supplement.

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

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

“Opinion of Counsel” means one or more written opinions of counsel to the Issuer or an Affiliate of the Issuer who (except in the case of opinions regarding matters of organizational standing, power and authority, conflict with organizational documents, conflict with agreements other than Transaction Documents, qualification to do business, licensure and litigation or other Proceedings) shall be external counsel, satisfactory to the Trustee, which opinions shall comply with any applicable requirements of [Section 15.1](#) and TIA Section 314, if applicable, and shall be in form and substance satisfactory to the Trustee, and shall be addressed to the Trustee. An Opinion of Counsel may, to the extent same is based on any factual matter, rely on an Officer’s Certificate of the Issuer as to the truth of such factual matter.

“Oportun” or “Oportun Sponsor” or “Oportun Sponsor/Seller” means Oportun, Inc., a Delaware corporation.

“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.

“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.

“Owner Trustee” means the owner trustee of the Grantor Trust specified in the Series Supplement with respect to a Series of Notes.

“Paying Agent” means any paying agent appointed pursuant to [Section 2.7](#) and shall initially be the Trustee.

“Payment Account” has the meaning specified in Section 5.3(c).

“Payment Date” means, with respect to each Series, the dates specified in the related Series Supplement.

“Perfection Representations” means the representations, warranties and covenants set forth in Schedule 1 attached hereto.

“Performance Guaranty” means the Performance Guaranty, dated as of the Closing Date, between Oportun and the Trustee, as such agreement may be amended, supplemented or otherwise modified and in effect from time to time.

“Permitted Encumbrance” means (i) with respect to the Grantor Trust or the Issuer, any item described in clause (a), (d) or (f) of the following, and (ii) with respect to the Sellers, any item described in clauses (a) through (f) of the following:

(a) 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;

(b) 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 Sellers 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;

(c) 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;

(d) Liens in favor of the Trustee, or otherwise created by the Issuer, the Grantor Trust, the Sellers or the Trustee pursuant to the Transaction Documents, and the interests of mortgagees and loss payees under the terms of any Loan;

(e) Liens that, in the aggregate do not exceed \$250,000 (such amount not to include Permitted Encumbrances under clauses (a) through (d) or (f)) and which, individually or in the aggregate, do not materially interfere with the rights under the Transaction Documents of the Trustee or any Noteholder or Certificateholder in any of the Receivables; and

(f) any Lien created in favor of the Issuer, the Grantor Trust or the Sellers in connection with the purchase of any Loans and Related Rights by the Grantor Trust (or, with respect to legal title, the Owner Trustee on behalf of the Grantor Trust) or the Sellers and covering such Loans and Related Rights, with respect to Receivables which are sold or otherwise transferred by the Sellers to the Grantor Trust (and, with respect to legal title, to the Owner Trustee on behalf of the Grantor Trust) pursuant to the Purchase Agreements.

“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 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.

“Placement Agreement” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Plan” means a Benefit Plan Investor, a governmental plan (as defined by Section 3(32) of ERISA), a church plan (as defined by Section 3(33) of ERISA) or any other employee benefit plan that is subject to Similar Law.

“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 Certificate 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 Agreements” has the meaning specified in the applicable Series Supplement with respect to any Series of Notes.

“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 thirty (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 thirty (30) days.

“Rapid Amortization Event” has the meaning specified in Section 9.1.

“Rating Agency” means any nationally recognized statistical rating organization.

“Receivable” means the indebtedness of any Obligor under a Loan that is listed on the 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 by such Obligor with respect thereto (including, without limitation, the principal amount of such indebtedness, periodic finance charges and any applicable origination fee if capitalized) but excluding Excluded 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.

“Receivable File” has the meaning specified in the Purchase Agreements.

“Receivables Schedule” has the meaning specified in the Purchase Agreements.

“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 (a) in the case of a redemption of the Notes pursuant to Section 14.1, the Payment Date specified by the initial Servicer or the Issuer pursuant to Section 14.1 or (b) the date specified for a Series pursuant to redemption provisions of the related Series Supplement.

“Redemption Price” means in the case of a redemption of the Notes pursuant to Section 14.1, an amount as set forth in the Series Supplement for the redemption of the Notes.

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

“Related Rights” has the meaning stated in the Purchase Agreements.

“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 (including the other Related Rights and the related Loan) 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 a Seller pursuant to the terms of the Purchase Agreements (iv) by the Oportun Sponsor/Seller pursuant to the terms of the Representations and Warranties Agreement or (v) by any other Person pursuant to Section 5.8 of the Indenture.

“Representations and Warranties Agreement” means the Representations and Warranties Agreement, dated as of the Closing Date, by and among the Oportun Sponsor/Seller, the Grantor Trust and the Trustee.

“Repurchase Event” has the meaning specified in the Purchase Agreements or the Representations and Warranties Agreement, as applicable.

“Required Certificateholders” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Required Credit Risk” has the meaning set forth in the definition of U.S. Risk Retention Rules.

“Required Noteholders” has, with respect to any Series of Notes, the meaning stated in the related Series Supplement.

“Required Overcollateralization Amount” has the meaning specified in the related Series Supplement.

“Requirements of Law” means, as to any Person, the organizational documents of such Person and any Law applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

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

“Responsible Officer” means (i) with respect to any Person, the member, a manager, 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, manager or administrator of such Person (including, with respect to the Issuer, the Administrator), 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, (ii) with respect to the Grantor Trust, shall mean an Authorized Officer (as defined in the Grantor Trust Agreement) and (iii) with respect to the Trustee, in any of its capacities hereunder, or the Owner Trustee, a Trust Officer.

“Retained Notes” means any Senior Notes, or interests therein, beneficially owned (for U.S. federal income tax purposes) by a single beneficial owner (for U.S. federal income tax purposes) of the Certificates, until such time as such Senior Notes are the subject of an opinion pursuant to Section 2.6(d) hereof.

“Risk Retention Letter” has the meaning specified in the applicable Series Supplement with respect to any Series of Notes.

“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).

“Secured Obligations” means (i) all principal and interest, at any time and from time to time, owing by the Issuer on the Senior Notes (including any Senior Note held by the Sellers, the Sponsors, the Servicer, or any Affiliate of any of the foregoing), (ii) all amounts distributable to the Certificateholders and (iii) 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 this Indenture or the other Transaction Documents.

“Secured Parties” has the meaning specified in the Granting Clauses of this Base 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, acting in such capacity under this Indenture.

“Sellers” has the meaning specified in the applicable Series Supplement with respect to any Series of Notes.

“Senior Notes” means each of the Notes, other than any Certificates.

“Series Account” has the meaning specified in Section 5.3(d).

“Series of Notes” or “Series” means any Series of Notes issued and authenticated pursuant to the Base Indenture and a related Series Supplement, which may include within any Series multiple Classes of Notes, one or more of which may be subordinated to another Class or Classes of Notes.

“Series Supplement” means a supplement to the Base Indenture complying with the terms of Section 2.2 of this Base Indenture.

“Series Termination Date” means, with respect to any Series of Notes, the date specified as such in the applicable Series Supplement.

“Servicer” means initially PF Servicing, LLC and its permitted successors and assigns and thereafter any Person appointed as successor pursuant to the Servicing Agreement to service the Receivables.

“Servicer Default” has the meaning specified in Section 2.04 of the Servicing Agreement.

“Servicer Transaction Documents” means collectively, the Base Indenture, any Series Supplement, the Servicing Agreement, the Back-Up Servicing Agreement and the Intercreditor Agreement, as applicable.

“Servicing Agreement” means the Servicing Agreement, dated as of the Closing Date, among the Issuer, the Grantor Trust, the Servicer and the Trustee, as the same may be amended or supplemented from time to time.

“Servicing Fee” means (A) for any Monthly Period during which PF Servicing, LLC or any Affiliate acts as Servicer, an amount equal to the product of (i) 5.00%, (ii) 1/12 and (iii) the 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.

“Servicing Officer” means any officer of the Servicer involved in, or responsible for, the administration and servicing of the Receivables whose name appears on a list of servicing officers furnished to the Trustee by the Servicer, as such list may from time to time be amended.

“Signature Law” has the meaning specified in Section 15.14.

“Similar Law” means applicable Law that is similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code.

“Sponsors” means the Oportun Sponsor and the Affiliate of the Issuer identified in a Series Supplement with respect to a Series of Notes that is responsible for compliance with the U.S. Risk Retention Rules with respect thereto.

“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.

“Subsidiary” of a Person means any other Person more than 50% of the outstanding voting interests of which shall at any time be owned or controlled, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or any similar business organization which is so owned or controlled.

“Supplement” means a supplement to this Base Indenture complying with the terms of Article 13 of this Base Indenture.

“Tax Information” means information and/or properly completed and signed tax forms (including Internal Revenue Service Form W-8 or W-9, as applicable), certifications and/or documentation sufficient to eliminate the imposition of or to determine the amount of any withholding of tax, including FATCA Withholding Tax.

“Titled Asset” shall mean 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 Base Indenture, any Series Supplement, the Grantor Trust Agreement, the Issuer LLC Agreement, the Servicing Agreement, the Administration Agreement, the Back-Up Servicing Agreement, the Purchase Agreements, the Note Purchase Agreement, the Placement Agreement, the Performance Guaranty, the Intercreditor Agreement, the Control Agreement, the Risk Retention Letter, the Representations and Warranties Agreement and any agreements of the Issuer relating to the issuance or the purchase of any of the Notes.

“Transaction Fees and Expenses” means, for any Payment Date, (i) the amount of accrued and unpaid fees (including, without limitation, the Servicing Fee of any successor Servicer), indemnity amounts and reasonable out-of-pocket expenses (but, as to expenses and indemnity amounts (other than amounts paid to the bank holding the Servicer Account (as defined in the Servicing Agreement)), not in excess of (A) \$150,000 per calendar year for the Trustee (including in its capacity as Agent), the Owner Trustee, 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) \$50,000 per calendar year (or, if an Event of Default has occurred and is continuing, without limit) for the Back-Up Servicer (unless they have become the successor Servicer) and (D) \$100,000 per calendar year (or, if an Event of Default has occurred and is continuing, without limit) for the successor Servicer (including, without limitation, SST as successor Servicer)), of the Trustee (including in its capacity as Agent), the Securities Intermediary, the Depository Bank, the Owner Trustee, the Collateral Trustee, the Administrator, the Back-Up Servicer, the Independent Manager 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.

“Transfer Agent and Registrar” has the meaning specified in Section 2.6(a) and shall initially, and so long as Wilmington Trust, National Association is acting as Trustee, be the Trustee.

“Transition Costs” means all reasonable costs and expenses incurred by the Back-Up Servicer in connection with a transfer of servicing.

“Trust Account” has the meaning specified in the Granting Clause to this Base Indenture, which accounts are under the sole dominion and control of the Trustee.

“Trust Estate” has the meaning specified in the Granting Clauses of this Base Indenture.

“Trust Indenture Act” or “TIA” means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

“Trust Officer” means any officer within the Corporate Trust Office (or any successor group of the Trustee), including any Vice President, any Director, any Managing Director, any Assistant Vice President or any other officer of the Trustee or the Owner Trustee, as applicable, customarily performing functions similar to those performed by any individual who at the time shall be an above-designated officer and is directly responsible for the day-to-day administration of the transactions contemplated herein.

“Trustee” means initially Wilmington Trust, National Association, acting in such capacity under this Indenture, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee appointed in accordance with the provisions of this Base Indenture.

“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.

“U.S. Risk Retention Rules” means the final rules contained in Regulation RR, 17 C.F.R. §246.1, et seq. implementing the credit risk retention requirements of Section 15G of the Exchange Act requiring a “sponsor” of a securitization transaction (or “majority-owned affiliate” of the sponsor, each as defined in the U.S. Risk Retention Rules) to retain a portion of the credit risk of the asset-backed securities transaction (the “Required Credit Risk”).

“written” or “in writing” means any form of written communication, including, without limitation, by means of e-mail, telex, telecopier device, telegraph or cable.

Section 1.2. Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture, except to the extent that the Trustee has been advised by an Opinion of Counsel that the Indenture does not need to be qualified under the TIA or such provision is not required under the TIA to be applied to this Indenture in light of the outstanding Notes. The following TIA terms used in this Indenture have the following meanings:

“Commission” means the Securities and Exchange Commission.

“indenture securities” means the Notes.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meaning assigned to them by such definitions.

Section 1.3. Cross-References. Unless otherwise specified, references in this Indenture and in each other Transaction Document to any Article or Section are references to such Article or Section of this Indenture or such other Transaction Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

Section 1.4. Accounting and Financial Determinations; No Duplication. Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any accounting computation is required to be made, for the purpose of this Indenture, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in this Indenture, in accordance with GAAP. When used herein, the term “financial statement” shall include the notes and schedules thereto. All accounting

determinations and computations hereunder or under any other Transaction Documents shall be made without duplication.

Section 1.5. Rules of Construction. In this Indenture, unless the context otherwise requires:

- (a) “or” is not exclusive;
- (b) the singular includes the plural and vice versa;
- (c) 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;
- (d) reference to any gender includes the other gender;
- (e) 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;
- (f) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term; and
- (g) with respect to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding.”

Section 1.6. Other Definitional Provisions.

- (a) All terms defined in any Series Supplement or this Base Indenture shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. Capitalized terms used but not defined herein shall have the respective meaning given to such term in the Purchase Agreements or, if not defined therein, in the Servicing Agreement.
- (b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Base Indenture or any Series Supplement shall refer to this Base Indenture or such Series Supplement as a whole and not to any particular provision of this Base Indenture or any Series Supplement; and Section, subsection, Schedule and Exhibit references contained in this Base Indenture or any Series Supplement are references to Sections, subsections, Schedules and Exhibits in or to this Base Indenture or any Series Supplement unless otherwise specified.
- (c) Terms used herein that are defined in the New York Uniform Commercial Code and not otherwise defined herein shall have the meanings set forth in the New York Uniform Commercial Code, unless the context requires otherwise. Any reference herein to a “beneficial interest” in a security also shall mean, unless the context requires otherwise, a security entitlement with respect to such security, and any reference herein to a “beneficial owner” or “beneficial holder” of a security also shall mean, unless the context requires otherwise, the holder of a security entitlement with respect to such security. Any reference herein to money or other property that is to be deposited in or is on deposit in a securities account shall also mean that such money or other property is to be credited to, or is credited to, such securities account.

ARTICLE 2.

THE NOTES

Section 2.1. Designation and Terms of Notes. Subject to Sections 2.16 and 2.19, the Notes of each Series and any Class thereof shall be issued in fully registered form (the “Registered Notes”), and shall be substantially in the form of exhibits with respect thereto attached to the applicable Series Supplement, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such restrictions, legends or endorsements placed thereon and shall bear, upon their face, the designation for such Series to which they belong so selected by the Issuer, all as determined by the Responsible Officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. All Notes of any Series shall, except as specified in the related Series Supplement, be *pari passu* and equally and ratably entitled as provided herein to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Base Indenture and the related Series Supplement. Each Series of Notes shall be issued in the minimum denominations set forth in the related Series Supplement.

Section 2.2. New Series Issuances. The Notes may be issued in one Series. The Series of Notes shall be created by a Series Supplement. The Issuer may effect the issuance of one Series of Notes on the Closing Date (a “New Series Issuance”) by notifying the Trustee in writing at least one (1) day in advance (a “New Series Issuance Notice”) of the date upon which the New Series Issuance is to occur (a “New Series Issuance Date”) and shall not effect any future issuances. The New Series Issuance Notice shall state the designation of the Series (and each Class thereof, if applicable) to be issued on the New Series Issuance Date and, with respect to such Series: (i) the initial investor interest and (ii) the aggregate initial outstanding principal amount or par amount of the Notes thereof. On the New Series Issuance Date, the Issuer shall execute and the Trustee shall authenticate and deliver any such Series of Notes only upon delivery to it of the following:

(a) an Issuer Order authorizing and directing the authentication and delivery of the Notes of such new Series by the Trustee and specifying the designation of such new Series and the aggregate principal amount or par amount of Notes of such new Series (and each Class thereof) to be authenticated with respect to such new Series;

(b) a Series Supplement executed by the Issuer and the Trustee and specifying the principal terms of such new Series;

(c) an Opinion of Counsel as to the Trustee’s Lien in and to the Trust Estate;

(d) evidence (which, in the case of the filing of financing statements on form UCC-1, may be in the form of a written confirmation) that the Issuer has delivered the Trust Estate to the Trustee and the Issuer and has caused all filings (including filing of financing statements on form UCC-1) and recordings to be accomplished as may be reasonably required by Law to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers and security interest of the Trustee in the Trust Estate for the benefit of the Secured Parties; provided, however, that the filing of any financing statements described in this clause (d) within the time required pursuant to the Perfection Representations will be sufficient to satisfy this clause (d) with respect to such financing statements;

- (e) any consents required pursuant to Section 13.1 or otherwise;
- (f) confirmation from the Issuer that the Issuer has been notified in writing by each Note Rating Agency to the effect that such issuance, in and of itself, will not result in a reduction or withdrawal of its ratings on any outstanding Notes of any Series or Class;
- (g) an Officer's Certificate of the Issuer (upon which the Trustee shall be entitled to conclusively rely), stating that all conditions precedent to the issuance of such Series of Notes (including but not limited to those set forth in clauses (a)-(f) above) have been satisfied and such issuance is authorized and permitted under the Indenture and any other Transaction Documents; and
- (h) such other documents, instruments, certifications, agreements or other items as the Trustee may reasonably require.

Upon satisfaction of such conditions, the Trustee shall authenticate and deliver, as provided above, such Series of Notes.

Section 2.3. [Reserved].

Section 2.4. Execution and Authentication.

(a) Each Note shall be executed by manual or facsimile signature by the Issuer. Notes bearing the manual or facsimile signature of the individual who was, at the time when such signature was affixed, authorized to sign on behalf of the Issuer shall not be rendered invalid, notwithstanding that such individual has ceased to be so authorized prior to the authentication and delivery of such Notes or does not hold such office at the date of such Notes. Unless otherwise provided in the related Series Supplement, no Notes shall be entitled to any benefit under this Indenture, or be valid for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein, duly executed by or on behalf of the Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

(b) Pursuant to Section 2.2, the Issuer shall execute and the Trustee shall authenticate and deliver a Series of Notes having the terms specified in the related Series Supplement, upon the receipt of an Issuer Order, to the purchasers thereof, the underwriters for sale or to the Issuer for initial retention by it. If specified in the related Series Supplement for any Series, the Issuer shall execute and the Trustee shall authenticate and deliver the Global Note that is issued upon original issuance thereof, upon the receipt of an Issuer Order, to the Depository against payment of the purchase price therefor. If specified in the related Series Supplement for any Series, the Issuer shall execute and the Trustee shall authenticate Book-Entry Notes that are issued upon original issuance thereof, upon the receipt of an Issuer 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 Trustee may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of the Trustee in authenticating the

Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Indenture to the authentication of Notes by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of the Trustee by an authenticating agent and a certificate of authentication executed on behalf of the Trustee by an authenticating agent. Each authenticating agent must be acceptable to the Issuer.

(b) Any institution succeeding to the corporate agency business of an authenticating agent shall continue to be an authenticating agent without the execution or filing of any paper or any further act on the part of the Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Issuer. The Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to the Issuer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an authenticating agent shall cease to be acceptable to the Trustee or the Issuer, the Trustee promptly may appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent.

(d) The Issuer agrees to pay each authenticating agent from time to time reasonable compensation for its services under this Section 2.5.

(e) Pursuant to an appointment made under this Section 2.5, the Notes may have endorsed thereon, in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the notes (or certificates) described in the Indenture.

[Name of Authenticating Agent],

as Authenticating Agent
for the Trustee,

By: __
Responsible Officer

Section 2.6. Registration of Transfer and Exchange of Notes.

(a) (i) The Trustee shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the "Transfer Agent and Registrar"), in accordance with the provisions of Section 2.6(c), a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Transfer Agent and Registrar shall provide for the registration of the Notes of each Series (unless otherwise provided in the related Series Supplement) and registrations of transfers and exchanges of the Notes as herein provided. The Trustee is hereby initially appointed Transfer Agent and Registrar for the purposes of registering the Notes and transfers and exchanges of the Notes as herein provided. If a Person other than the Trustee is appointed by the Issuer as Transfer Agent and Registrar, the Issuer will give the Trustee prompt written notice of the appointment of such Transfer Agent and Registrar and of the location, and any change in the location, of the Note Register, and the Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and the Trustee shall have

the right to rely upon a certificate executed on behalf of the Transfer Agent and Registrar by a Responsible Officer thereof as to the names and addresses of the Holders of the Notes and the principal amounts or par amounts and number of such Notes. If any form of Note is issued as a Global Note, the 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 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 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 Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholder or Certificateholder shall obtain from the Trustee, in the name of the designated transferee or transferees, one or more new Notes in authorized denominations of like aggregate principal amount or aggregate par amount, as applicable.

(iii) All Notes issued upon any registration of transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

(iv) At the option of any Holder of Registered Notes, Registered Notes may be exchanged for other Registered Notes of the same Series of the same Class in authorized denominations of like aggregate principal amounts or aggregate par amounts in the manner specified in the Series Supplement for such Series, upon surrender of the Registered Notes to be exchanged at any office or agency of the Transfer Agent and Registrar maintained for such purpose.

(v) Whenever any Notes of any Series are so surrendered for exchange, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute and the Trustee shall authenticate and (unless the Transfer Agent and Registrar is different than the Trustee, in which case the Transfer Agent and Registrar shall) deliver and the Noteholders or Certificateholders, as applicable, shall obtain from the Trustee, the Notes of such Series of the same Class that which the Noteholder or Certificateholder 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 or Certificateholder thereof or its attorney-in-fact duly authorized in writing.

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

(vii) Unless otherwise provided in the related Series Supplement, no service charge shall be made for any registration of transfer or exchange of Notes, but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

(viii) All Notes surrendered for registration of transfer and exchange shall be cancelled by the Transfer Agent and Registrar and disposed of. The 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 Trustee or the Transfer Agent and Registrar, as applicable, Registered Notes in such amounts and at such times as are necessary to enable the Trustee to fulfill its responsibilities under this Indenture and the Notes.

(x) With respect to the Notes that constitute the Required Credit Risk that are retained by the “sponsor” of the “securitization transaction” (each such term as defined in the U.S. Risk Retention Rules), such Sponsor, by its acceptance thereof, will make the representations, covenants, acknowledgments and agreements set forth in the Risk Retention Letter with respect to restrictions on sale, transfer, hedging and related matters required by the U.S. Risk Retention Rules. Any sale or transfer of such Notes that constitute the Required Credit Risk shall be subject to the U.S. Risk Retention Rules and the Risk Retention Letter.

(xi) Notwithstanding any other provision of this Section 2.6, the typewritten Note or Notes representing Book-Entry Notes for any Series may be transferred, in whole but not in part, only to another nominee of the Clearing Agency or Foreign Clearing Agency for such Series, or to a successor Clearing Agency or Foreign Clearing Agency for such Series 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) Unless otherwise provided in the related Series Supplement, 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, (i) either (a) it is not acquiring such Note (or any interest therein) with the assets of a Benefit Plan Investor or a Plan subject to Similar Law, or (b) the acquisition and holding of such Notes (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 any Similar Law and (ii) 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 Plans subject to Similar Law at any time that such Notes are rated below investment grade.

(xiii) Unless otherwise provided in the related Series Supplement, by the 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, either (I) it is not acquiring the PTP Transfer Restricted Interest with the assets of a Benefit Plan Investor or Plan subject to Similar Law; or (II) (i) the

assets used by such purchaser or transferee to acquire a PTP Transfer Restricted Interest (or any interest therein) constitute assets of an “insurance company general account” as defined in Prohibited Transaction Class Exemption 95-60; (ii) for the entire period during which such purchaser or transferee holds its interest in a PTP Transfer Restricted Interest, less than 25% of the assets of such insurance company general account will constitute “plan assets” of Benefit Plan Investors; (iii) neither such purchaser or transferee nor any affiliate of such purchaser or transferee is a Controlling Person; and (iv) the acquisition and holding of a PTP Transfer Restricted Interest by such purchaser or transferee will satisfy the requirements of Prohibited Transaction Class Exemption 95-60.

(b) Unless otherwise provided in the related Series Supplement, registration of transfer of Registered Notes containing a legend relating to the restrictions on transfer of such Registered Notes (which legend shall be set forth in the Series Supplement relating to such Notes) shall be effected only if the conditions set forth in such related Series Supplement are satisfied.

Whenever a Registered Note containing the legend set forth in the related Series Supplement is presented to the Transfer Agent and Registrar for registration of transfer, the Transfer Agent and Registrar shall promptly seek instructions from the Issuer regarding such transfer. The Transfer Agent and Registrar and the Trustee shall be entitled to receive written instructions signed by a Responsible Officer of the Issuer prior to registering any such transfer or authenticating new Registered Notes, as the case may be. The Issuer hereby agrees to indemnify the Transfer Agent and Registrar and the Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by them in reliance on any such written instructions furnished pursuant to this [Section 2.6\(b\)](#).

(c) The Transfer Agent and Registrar will maintain an office or offices or an agency or agencies where Notes of such Series may be surrendered for registration of transfer or exchange.

(d) Any Retained Notes may not be transferred to another Person for U.S. federal income tax purposes unless the transferor shall cause an Opinion of Counsel to be delivered to the Issuer and the Trustee at such time stating that in the case of Class A Notes, Class B Notes or the Class C Notes, such Notes will be characterized as debt for U.S. 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) With respect to the Certificates, 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) If such PTP Transfer Restricted Interest is a Certificate, it is a “United States person,” as defined in Section 7701(a)(30) of the Code, and will not transfer to, or cause such Certificate to be transferred to, any person other than a “United States person,” as defined in Section 7701(a)(30) of the Code.

(xi) It acknowledges that the Issuer and Trustee will conclusively 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 and the Trustee in writing.

(xii) 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 Certificate 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 Certificate 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 Base Indenture or the related Series Supplement for any Series pursuant to Articles 5 and 6. Any Paying Agent shall have the revocable power to withdraw funds from such appropriate account or accounts for the purpose of making distributions referred to above. The Trustee (or the Issuer or the initial Servicer if the Trustee is the Paying Agent) may 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, unless the Series Supplement with respect to any Series states otherwise, shall initially be the Trustee. The 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 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 Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent will hold all sums, if any, held by it for payment to the Secured Parties in trust for the benefit of the Secured Parties entitled thereto until such sums shall be paid to such Secured Parties and shall agree, and if the Trustee is the Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding of payments in respect of federal income taxes due from 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 Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee (and if the Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Secured Obligations in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as provided herein and in the applicable Series Supplement and pay such sums to such Persons as provided herein and in the applicable Series Supplement;

(ii) give the Trustee written notice of any default by the Issuer (or any other obligor under the Secured Obligations) of which it (or, in the case of the Trustee, a Trust Officer) has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Trustee all sums held by it in trust for the payment of the Secured Obligations if at any time it ceases to meet the standards required to be met by a Trustee hereunder; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Secured Obligations of any applicable withholding taxes imposed thereon, including FATCA Withholding Tax (including obtaining and retaining from Persons entitled to payments with respect to the Notes any Tax Information and making any withholdings with respect to the Notes as required by the Code (including FATCA) and paying over such withheld amounts to the appropriate Governmental Authority), comply with respect to any applicable reporting requirements in connection with any payments made by it on any Secured Obligations and any withholding of taxes therefrom, and, upon request, provide any Tax Information to the Issuer.

(b) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which the sums were held by such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

(c) Subject to applicable Laws with respect to escheat of funds, any money held by the Trustee, 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 Request; and the holder of such Secured Obligation shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Trustee, such Paying Agent or such Clearing Agency with respect to such trust money shall thereupon cease; provided, however, that the 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 Series of Notes has 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 Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment.

Section 2.9. Private Placement Legend.

(a) Unless otherwise provided for in a Series Supplement, in addition to any legend required by Section 2.16, each Class A Note, Class B Notes 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 (A) EITHER (I) IT IS NOT ACQUIRING THIS NOTE (OR ANY INTEREST HEREIN) WITH THE ASSETS OF 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 PLAN (AS DEFINED BY SECTION 3(32) OF ERISA), A CHURCH PLAN (AS DEFINED BY SECTION 3(33) OF ERISA) OR ANY OTHER EMPLOYEE BENEFIT PLAN (COLLECTIVELY WITH BENEFIT PLAN INVESTORS, “PLANS”) THAT IS SUBJECT TO ANY LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (II) ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) 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 ANY SIMILAR LAW, AND (B) IT ACKNOWLEDGES AND AGREES THAT THIS NOTE IS NOT ELIGIBLE FOR ACQUISITION BY BENEFIT PLAN INVESTORS OR PLANS SUBJECT TO SIMILAR LAW AT ANY TIME THAT THIS NOTE IS RATED BELOW INVESTMENT GRADE.

(b) Unless otherwise provided for in a Series Supplement, 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 CERTIFICATE 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 CERTIFICATE 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 CERTIFICATE (OR ANY INTEREST HEREIN), EACH PURCHASER AND TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR TRANSFEREE) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT SUCH PURCHASER OR TRANSFEREE IS EITHER (I) NOT ACQUIRING THIS CERTIFICATE (OR ANY INTEREST HEREIN) WITH THE ASSETS OF AN “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) THAT IS SUBJECT TO TITLE I OF ERISA, A “PLAN” (AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”)), AN ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING (EACH, A “BENEFIT PLAN INVESTOR”), A GOVERNMENTAL PLAN (AS DEFINED BY SECTION 3(32) OF ERISA), A CHURCH PLAN (AS DEFINED BY

SECTION 3(33) OF ERISA) OR ANY OTHER EMPLOYEE BENEFIT PLAN (COLLECTIVELY WITH BENEFIT PLAN INVESTORS, "PLANS") THAT IS SUBJECT TO ANY LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) (A) THE ASSETS USED TO ACQUIRE THIS CERTIFICATE (OR ANY INTEREST HEREIN) CONSTITUTE ASSETS OF AN "INSURANCE COMPANY GENERAL ACCOUNT" (AS DEFINED IN SECTION V(e) OF U.S. DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 ("PTE 95-60")), AND THE ACQUISITION AND HOLDING OF THE CERTIFICATE WILL BE EXEMPT UNDER PTE 95-60, (B) IT IS NOT (NOR IS ANY AFFILIATE OF SUCH PURCHASER OR TRANSFEREE) A PERSON OR ENTITY THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, AND (C) FOR THE ENTIRE PERIOD DURING WHICH SUCH PURCHASER OR TRANSFEREE HOLDS ITS INTEREST IN THIS CERTIFICATE, LESS THAN 25% OF THE INSURANCE COMPANY GENERAL ACCOUNT CONSTITUTES "PLAN ASSETS" OF BENEFIT PLAN INVESTORS.

Section 2.10. Mutilated, Destroyed, Lost or Stolen Notes.

(a) If (i) any mutilated Note is surrendered to the Transfer Agent and Registrar, or the Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Transfer Agent and Registrar, the Trustee, and the Issuer such security or indemnity as may, in their sole discretion, be required by them to hold the Transfer Agent and Registrar, the Trustee, and the Issuer harmless then, in the absence of written notice to the Trustee that such Note has been acquired by a protected purchaser, and provided that the requirements of Section 8-405 of the UCC (which generally permit the Issuer to impose reasonable requirements) are met, then the Issuer shall execute and the Trustee shall, upon receipt of an Issuer Order, authenticate and (unless the Transfer Agent and Registrar is different from the Trustee, in which case the Transfer Agent and Registrar shall) deliver (in compliance with applicable Law), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of like tenor and aggregate principal balance or aggregate par amount; provided, however, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven (7) days shall be due and payable or shall have been called for redemption, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable without surrender thereof.

If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer or the Trustee in connection therewith.

(b) Upon the issuance of any replacement Note under this Section 2.10, the Transfer Agent and Registrar or the Trustee may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee and the Transfer Agent and Registrar) connected therewith.

(c) Every replacement Note issued pursuant to this Section 2.10 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute an original additional Contractual Obligation of the Issuer, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

(d) The provisions of this Section 2.10 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.11. Temporary Notes.

(a) Pending the preparation of Definitive Notes, the Issuer may request and the Trustee, upon receipt of an Issuer Order, shall authenticate and deliver temporary Notes of such Series. Temporary Notes shall be substantially in the form of Definitive Notes of like Series but may have variations that are not inconsistent with the terms of this Indenture as the officers executing such Notes may determine, as evidenced by their execution of such Notes.

(b) If temporary Notes are issued pursuant to Section 2.11(a) above, the Issuer will cause Definitive Notes to be prepared without unreasonable delay. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at the office or agency of the Issuer to be maintained as provided in Section 8.2(b), without charge to the Noteholder or Certificateholder. Upon surrender for cancellation of any one or more temporary Notes, the Issuer shall execute and at the Issuer's request the Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes.

Section 2.12. Persons Deemed Owners. Prior to due presentation of a Note for registration of transfer, the Issuer, the Servicer, the Trustee, the Paying Agent, the Transfer Agent and Registrar and any agent of any of them may treat a Person in whose name any Note is registered (as of any date of determination) as the owner of the related Note for the purpose of receiving payments of principal and interest, if any, on such Note and for all other purposes whatsoever whether or not such Note be overdue, and neither the Issuer, the Servicer, the Trustee, the Paying Agent, the Transfer Agent and Registrar nor any agent of any of them shall be affected by any notice to the contrary; provided, however, that in determining whether the requisite number of Holders of Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder (including under any Series Supplement), Notes owned by any of the Issuer, a Seller or any Affiliate thereof shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Trust Officer in the Corporate Trust Office of the Trustee actually knows to be so owned shall be so disregarded. The foregoing proviso shall not apply if there are no Holders other than the Issuer or its Affiliates.

Section 2.13. Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes may be held or disposed of by the Trustee in accordance with its standard retention or disposal policy as in effect at the time unless the Issuer shall direct by an Issuer Order that they be destroyed or returned to it; provided that such Issuer Order is timely and the Notes have not been previously disposed of by the Trustee. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment.

Section 2.14. Release of Trust Estate. The Trustee shall (a) in connection with any removal of Removed Receivables from the Grantor Trust (and therefore from the Trust Estate as the holder of the Grantor Trust Certificate), release the portion of the Trust Estate constituting or securing the Removed Receivables from the Lien created by this Indenture upon receipt of an Officer's Certificate of the Issuer certifying that the Outstanding Receivables Balance (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 of any Series, release the Trust Estate from the Lien created by this Indenture upon receipt of an Officer's Certificate of the Issuer certifying that (i) the Redemption Price and all other amounts due and owing on the Redemption Date have been deposited into a Trust Account that is within the sole control of the Trustee, (ii) each Certificate has been redeemed in full in accordance with the terms of the applicable Series Supplement 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 and any other Trust Account upon receipt of an Issuer Request accompanied by an Officer's Certificate of the Issuer, and Independent Certificates (if this Indenture is required to be qualified under the TIA) in accordance with TIA Sections 314(c) and 314(d)(1) meeting the applicable requirements of Section 15.1.

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

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

(b) Each Series of Senior Notes shall accrue interest as provided in the related Series Supplement and such interest shall be payable at the times and in the amounts set forth in the related Series Supplement and in accordance with Section 8.1. The payments of amounts payable with respect to the Certificates shall be made at the times and in the amounts set forth in the related Series Supplement and in accordance with Section 8.1.

(c) Any installment of interest, principal or other amounts, if any, payable on any Note which is punctually paid or duly provided for by the Issuer on the applicable Payment Date shall be paid to the Person in whose name such Note is registered at the close of business on any Record Date with respect to a Payment Date for such Note and such Person shall be entitled to receive the principal, interest or other amounts payable on such Payment Date notwithstanding the cancellation of such Note upon any registration of transfer, exchange or substitution of such Note subsequent to such Record Date, by

wire transfer in immediately available funds to the account designated by the Holder of such Note, except 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) If provided in the related Series Supplement, the Notes of such Series, upon original issuance, shall be issued in the form of Book-Entry Notes, to be delivered to the depository specified in such Series Supplement (the “Depository”), which shall be the Clearing Agency or Foreign Clearing Agency. The Notes of each Series issued as Book-Entry Notes shall, unless otherwise provided in the related Series Supplement, initially be registered on the Note Register in the name of the nominee of the Clearing Agency or Foreign Clearing Agency. Unless otherwise provided in a related Series Supplement, no Note Owner of Notes issued as Book-Entry Notes will receive a definitive note representing such Note Owner’s interest in the related Series of Notes, except as provided in Section 2.18.

(b) For each Series of Notes to be issued in registered form, the Issuer shall duly execute, and the Trustee shall, in accordance with Section 2.4 hereof, authenticate and deliver initially, unless otherwise provided in the applicable Series Supplement, 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/CERTIFICATE] IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”), A NEW YORK CORPORATION, TO OPORTUN FUNDING 2022-1, LLC OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY [NOTE/CERTIFICATE] 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.

TRANSFERS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS [NOTE][CERTIFICATE] SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO 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 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 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.

(c) 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 Trustee, any Agent and any agent of the Issuer or the Trustee as the owner of such Global Note for all purposes whatsoever.

(d) 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.

(e) 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 to be delivered to the Trustee pursuant to Section 2.4(b). The 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. 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.

(f) Unless and until definitive, fully registered Notes of any Series or any Class thereof (“Definitive Notes”) have been issued to Note Owners with respect to any Series of Notes initially issued as Book-Entry Notes pursuant to Section 2.18 or the applicable Series Supplement:

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

(ii) the Issuer, the Sellers, the Administrator, the Servicer, the Paying Agent, the Transfer Agent and Registrar and the 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 of each such Series 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 Series of Notes evidencing a specified percentage of the outstanding principal amount of such Series of 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 Series of Notes and has delivered such instructions to the Trustee;

(v) the rights of Note Owners of each such Series 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 applicable to a Series, unless and until Definitive Notes of such Series 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 Series of Notes to such Clearing Agency Participants; and

(vi) Note Owners may receive copies of any reports sent to Noteholders and Certificateholders of the relevant Series generally pursuant to the 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 Trustee at the Corporate Trust Office.

Section 2.17. Notices to Clearing Agency. Whenever notice or other communication to the Noteholders and Certificateholders is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.18 or the applicable Series Supplement, the 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 Series of Book-Entry Notes (i) (A) the Issuer advises the 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 Trustee in writing that it elects to terminate the book-entry system

through the Clearing Agency or Foreign Clearing Agency with respect to any Series of Notes or (iii) after the occurrence of a Servicer Default or Event of Default, Note Owners of a Series representing beneficial interests aggregating not less than a majority (or such other percent specified in a related Series Supplement) of the portion of outstanding principal amount of the Notes represented by such Series advise the 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 of such Series, the Trustee shall notify all Note Owners of such Series, through the applicable Clearing Agency Participants, of the occurrence of any such event and of the availability of Definitive Notes to Note Owners of such Series. Upon surrender to the Trustee of the typewritten Note or Notes representing the Book-Entry Notes of such Series 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 Trustee shall issue the Definitive Notes of such Series or Class. Neither the Issuer nor the 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 of such Series and upon the issuance of any Series of Notes or any Class thereof in definitive form in accordance with the related Series Supplement, 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 Trustee, to the extent applicable with respect to such Definitive Notes, and the Trustee shall recognize the Holders of the Definitive Notes of such Series or Classes as Noteholders or Certificateholders, as applicable, of such Series or Classes hereunder.

(b) Transfer of Definitive Notes. Subject to the terms of this Indenture (including the requirements of any relevant Series Supplement), the holder of any Definitive Note may transfer the same in whole or in part, in an amount equivalent to an authorized denomination, by surrendering at the 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 required under the related Series Supplement. In exchange for any Definitive Note properly presented for transfer, the Issuer shall execute and the Trustee shall promptly authenticate and deliver or cause to be executed, authenticated and delivered in compliance with applicable Law, to the transferee at such office, or send by mail (at the risk of the transferee) to such address as the transferee may request, Definitive Notes for the same aggregate principal amount as was transferred. In the case of the transfer of any Definitive Note in part, the Issuer shall execute and the Trustee shall promptly authenticate and deliver or cause to be authenticated and delivered to the transferor at such office, or send by mail (at the risk of the transferor) to such address as the transferor may request, Definitive Notes for the aggregate principal amount that was not transferred. No transfer of any Definitive Note shall be made unless the request for such transfer is made by the Holder at such office. Neither the Issuer nor the Trustee shall be liable for any delay in delivery of transfer instructions and each may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes for such Series, the Trustee shall recognize the Holders of the Definitive Notes as Noteholders or Certificateholders, as applicable, of such Series.

Section 2.19. Global Note. If specified in the related Series Supplement for any Series, (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 attached to the related Series Supplement. Unless otherwise specified in the related Series Supplement, the provisions of this Section 2.19 shall apply to such Global Note. The Global Note will be authenticated by the 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 in the related Series Supplement for Registered Notes in definitive form.

Section 2.20. Tax Treatment. The Senior Notes have been (or will be) issued with the intention that, the Senior Notes will be treated as debt for U.S. federal, state and local income and franchise tax purposes at any time during which such Senior Notes are beneficially owned by a beneficial owner for U.S. federal income tax purposes other than a single beneficial owner of the Certificates for U.S. federal income tax purposes. Any entity acquiring any direct or indirect interest in any Senior Note by acceptance of its Senior 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 Senior Notes (or beneficial interests therein) as debt for U.S. federal, state and local income and franchise tax purposes at any time during which such Senior Notes are beneficially owned by a beneficial owner for U.S. federal income tax purposes other than a single beneficial owner of the Certificates for U.S. federal income tax purposes. Each Noteholder agrees that it will cause any Note Owner acquiring an interest in a Senior 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. The Certificates have been (or will be) issued with the intention that the Certificates will be treated as equity interests in the Issuer for U.S. federal, state and local income tax purposes. Any entity acquiring any direct or indirect interest in any Certificate by acceptance of its Certificate (or, in the case of a Note Owner, by virtue of such Note Owner's acquisition of a beneficial interest therein) agrees (i) to treat the Certificates (or beneficial interests therein) as equity interests in the Issuer for U.S. federal, state and local income tax purposes and (ii) that the tax provisions relating to the Certificates set forth in the Issuer LLC Agreement will apply to the Certificates.

Section 2.21. Duties of the Trustee and the Transfer Agent and Registrar. Notwithstanding anything contained herein or a Series Supplement to the contrary, neither the Trustee nor the Transfer Agent and Registrar shall be responsible for ascertaining whether any transfer of a Note complies with the terms of this Base Indenture or a Series Supplement, the registration provision of or exemptions from the Securities Act, applicable state securities Laws, ERISA or the Investment Company Act; provided that if a transfer certificate or opinion is specifically required by the express terms of this Base Indenture or a Series Supplement to be delivered to the Trustee or the Transfer Agent and Registrar in connection with a transfer, the Trustee or the Transfer Agent and Registrar, as the case may be, shall be under a duty to receive the same.

ARTICLE 3.

[ARTICLE 3 IS RESERVED AND SHALL BE SPECIFIED IN ANY
SUPPLEMENT WITH RESPECT TO ANY SERIES OF NOTES]

ARTICLE 4.

NOTEHOLDER AND CERTIFICATEHOLDER LISTS AND REPORTS

Section 4.1. Issuer To Furnish To Trustee Names and Addresses of Noteholders and Certificateholders. The Issuer will furnish or cause the Transfer Agent and Registrar to furnish to the Trustee (a) not more than five (5) days after each Record Date a list, in such form as the Trustee may reasonably require, of the names and addresses of the Noteholders and Certificateholders as of such Record Date, and (b) at such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided, however, that so long as the Trustee is the Transfer Agent and Registrar, no such list shall be required to be furnished. The Issuer will furnish or cause to be furnished by the Transfer Agent and Registrar to the Paying Agent (if not the Trustee) such list for payment of distributions to Noteholders and Certificateholders.

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

(a) The 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 Trustee as provided in Section 4.1 and the names and addresses of Noteholders and Certificateholders received by the Trustee in its capacity as Transfer Agent and Registrar. The Trustee may destroy any list furnished to it as provided in such Section 4.1 upon receipt of a new list so furnished.

(b) Noteholders 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. Unless otherwise provided in the related Series Supplement, if holders of Notes evidencing in aggregate not less than (i) 20% of the outstanding principal balance of the Notes of any Series or (ii) 15% of the aggregate par amount of the Certificates (the "Applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such Applicant has owned a Note for a period of at least 6 months preceding the date of such application, and if such application states that the Applicants desire to communicate with other Noteholders or Certificateholders of any Series with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Trustee, after having been indemnified by such Applicants for its costs and expenses, shall within five (5) Business Days after the receipt of such application afford or shall cause the Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders and Certificateholders held by the Trustee and shall give the Issuer notice that such request has been made within five (5) Business Days after the receipt of such application. Such list shall be as of the most recent Record Date, but in no event more than forty-five (45) days prior to the date of receipt of such Applicants' request.

(c) The Issuer, the Trustee and the Transfer Agent and Registrar shall have the protection of TIA Section 312(c) (if this Indenture is required to be qualified under the TIA). Every Noteholder and Certificateholder, by receiving and holding a Note, agrees with the Issuer and the Trustee that neither the Issuer, the Trustee, the Transfer Agent and Registrar, nor any of their respective agents shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders 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 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 Trustee and the Commission in accordance with rules and regulations prescribed from time to time by the Commission such additional information, documents and reports, if any, with respect to compliance by the Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations;

(iii) the Issuer or the initial Servicer shall supply to the Trustee (and the 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 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 Trustee shall mail to each Noteholder as required by TIA Section 313(c) a brief report dated as of such date that complies with TIA Section 313(a). If this Indenture is required to be qualified under the TIA, the Trustee also shall comply with TIA Section 313(b).

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

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

(a) Unless otherwise stated in the related Series Supplement with respect to any Series, on each Determination Date the Servicer shall forward to the Administrator, the Issuer and the Trustee a Monthly Servicer Report prepared by the Servicer.

(b) Unless otherwise specified in the related Series Supplement with respect to any Series, on the Business Day following each Determination Date, the Administrator shall forward to the Trustee a Monthly Issuer Report prepared by the Administrator on behalf of the Issuer.

(c) Unless otherwise specified in the related Series Supplement, on each Payment Date, the Trustee or the Paying Agent shall make available in the same manner as the Monthly Servicer Report and the Monthly Issuer Report to each Noteholder and Certificateholder of record of each outstanding Series, the Monthly Statement with respect to such Series.

ARTICLE 5.

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.1. Rights of Noteholders and Certificateholders. Each Series of Notes shall be secured by the entire Trust Estate, including the right to receive the Collections and other amounts at the times and in the amounts specified in this Article 5 to be deposited in the Trust Accounts or to be paid to the Noteholders or Certificateholders of such Series. In no event shall the grant of a security interest in the entire Trust Estate be deemed to entitle any Noteholder or Certificateholder 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 Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture. The Trustee shall apply all such money received by it as provided in this Indenture. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Trust Estate, the Trustee may, but shall not be obligated to, take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and any right to proceed thereafter as provided in Article 9.

Section 5.3. Establishment of Accounts.

(a) The Collection Account. The Trustee, for the benefit of the Secured Parties, shall establish and maintain in the city in which the Corporate Trust Office is located, with a Qualified Institution, in the name of the Issuer on behalf of the Trustee for the benefit of the Secured Parties, a non-interest bearing segregated trust account (the "Collection Account") bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Secured Parties. The Trustee shall be the entitlement holder of the Collection Account, and shall possess all right, title and interest in all moneys, instruments, securities and other property on deposit from time to time in the Collection Account and the proceeds thereof for the benefit of the Secured Parties. Initially, the Collection Account will be established with the Securities Intermediary. Funds on deposit in the Collection Account that are not both deposited and to be withdrawn on the same day shall be invested in Permitted Investments, in accordance with a direction from the Issuer pursuant to Section 5.3(e).

(b) The Reserve Account. The Trustee, for the benefit of the Secured Parties, shall establish and maintain in the city in which the Corporate Trust Office is located, with a Qualified Institution, in the name of the Issuer on behalf of the 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 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, if any, set forth in the applicable Series Supplement shall be deposited into the Reserve Account. In addition, on any Monthly Payment Date, the Trustee shall transfer, at the direction of the Administrator, 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 or as otherwise provided in the applicable Series Supplement.

(c) The Payment Accounts. If so provided in the related Series Supplement, the Trustee, for the benefit of the Secured Parties of such Series, shall establish and maintain in the State of New York or in the city in which the Corporate Trust Office is located, with one or more Qualified Institutions, in the name of the Issuer on behalf of the Trustee for the benefit of the Secured Parties of such Series, a non-interest bearing segregated trust account (each, a “Payment Account” and collectively, the “Payment Accounts”) bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Secured Parties of such Series. The Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Payment Accounts and in all proceeds thereof. The Trustee shall be the sole entitlement holder of the Payment Accounts, and the Payment Accounts shall be under the sole dominion and control of the Trustee for the benefit of the Secured Parties of such Series. The initial Payment Account for each Series shall be established with the Depository Bank.

(d) Series Accounts. If so provided in the related Series Supplement, the Trustee or the Servicer, for the benefit of the Secured Parties of such Series, shall cause to be established and maintained, in the name of the Issuer on behalf of the Trustee for the benefit of the Secured Parties of such Series, one or more accounts (each, a “Series Account” and, collectively, the “Series Accounts”). Each such Series Account shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of the Secured Parties of such Series. Each such Series Account will have the features and be applied as set forth in the related Series Supplement.

(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 at the written direction of the Issuer (or the Administrator on its behalf). Any such investment shall mature and such funds shall be available for withdrawal on or prior to the Payment Date related to the Monthly Period in which such funds were received or deposited, or if so specified in the related Series Supplement, 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 a separate account maintained with the Securities Intermediary to which financial assets may be credited and the Securities Intermediary shall treat the Trustee as entitled to exercise the rights that comprise such financial assets; (iii) each item of property credited to the Collection

Account or the Reserve Account shall be treated as a financial asset; (iv) the Securities Intermediary shall comply with entitlement orders originated by the Trustee without further consent by the Issuer or any other Person; (v) the Securities Intermediary waives any Lien on any property credited to the Collection Account 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, with respect to any Series, among the Noteholders and Certificateholders of such Series and the Issuer as provided in the related Series Supplement. Subject to the restrictions set forth above, the Issuer, the Administrator or any other Person designated in writing by the Issuer, of which the Trustee shall have received written notification thereof, shall have the authority to instruct the Trustee with respect to the investment of funds on deposit in the Collection Account or the Reserve Account. Notwithstanding anything herein to the contrary, if the Issuer (or its designee) has not provided such direction, the funds in the Collection Account and the Reserve Account will remain uninvested. Neither the Trustee nor the Securities Intermediary shall have any responsibility or liability for any loss which may result from an investment or sale of investment made pursuant to this Indenture. Wilmington Trust, National Association (in any capacity hereunder) is hereby authorized, in making or disposing of any investment permitted by this Indenture, to deal with itself (in its individual capacity) or with any one or more of its Affiliates, whether it or any such Affiliate is acting as agent of Wilmington Trust, National Association (acting in any capacity hereunder) or for any third-person or dealing as principal for its own account. The parties to the Transaction Documents acknowledge that Wilmington Trust, National Association (individually and in any capacity hereunder) is not providing investment supervision, recommendations, or advice.

(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) each Payment Account shall be a deposit account maintained with the Depositary Bank; (iii) the Depositary Bank shall comply with instructions originated by the Trustee directing disposition of the funds in any Payment Account without further consent by the Issuer or any other Person; (iv) the Depositary Bank waives any Lien on each 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 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 and shall provide notice of the same to the Issuer, the Administrator and the Servicer.

(h) Each of the Securities Intermediary and the Depository Bank shall be entitled to all the same rights, privileges, protections, immunities and indemnities as are contained in Article 11 of this Indenture, all of which are incorporated into this Section 5.3 *mutatis mutandis*, in addition to any such rights, privileges, protections, immunities and indemnities contained in this Section 5.3; provided, however; that nothing contained in this Section 5.3 or in Article 11 shall (i) relieve the Securities Intermediary of the obligation to comply with entitlement orders as provided in Section 5.3(e) or (ii) relieve the Depository Bank of the obligation to comply with instructions directing disposition of the funds as provided in Section 5.3(f).

Section 5.4. Acquisition and Enforcement of Grantor Trust Certificate and Grantor Trust Agreement; Remittances to Replacement Collection Account.

(a) With respect to each Series, the Issuer shall acquire the Grantor Trust Certificate with the proceeds of the Notes of such Series and other amounts available therefor. The Issuer shall diligently cause to be collected all distributions to be made to the Issuer, as the owner of the Grantor Trust Certificate, under the Grantor Trust Agreement.

(b) The Issuer shall cause to be diligently enforced, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of the Grantor Trust Agreement. The Issuer shall take no action to cause or permit the termination of the Grantor Trust Agreement. The Issuer shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Issuer under or with respect to the Grantor Trust Certificate and the trust estate under the Grantor Trust (including, without limitation, restrictions on the transfer of the Loans and Related Rights, including the Receivables under the Grantor Trust Agreement). The Issuer shall not enter into or consent to any amendment or modification of the Grantor Trust Agreement which will in any manner materially adversely affect the rights or security of any of the Holders.

(c) [Reserved].

(d) Disqualification of Institution Maintaining Collection Account. Upon and after the establishment of a new Collection Account with a Qualified Institution in accordance with Section 5.3(g), the Servicer shall deposit or cause to be deposited all Collections as set forth in Section 5.3(a) into the new Collection Account, and in no such event shall deposit or cause to be deposited any Collections thereafter into any account established, held or maintained with the institution formerly maintaining the Collection Account (unless it later becomes a Qualified Institution or qualified corporate trust department maintaining the Collection Account).

Section 5.5. Determination of Monthly Interest. Monthly interest with respect to each Series of Senior Notes shall be determined, allocated and distributed in accordance with the procedures set forth in the applicable Series Supplement.

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

Section 5.7. General Provisions Regarding Accounts. Subject to Section 11.1(c), the Trustee shall not in any way be held liable by reason of any insufficiency in any of the Trust Estate resulting from any loss on any Permitted Investment included therein except for losses attributable to the Trustee's failure to make payments on such Permitted Investments issued by the Trustee, in its commercial capacity as principal obligor and not as trustee, in accordance with their terms.

Section 5.8. Removed Receivables. Upon satisfaction of the conditions and the requirements of any of (i) Section 8.3(a) and Section 15.1 hereof, (ii) Section 2.02(i) or 2.08 of the Servicing Agreement, (iii) Section 2.4 of the Purchase Agreement or (iv) the Representations and Warranties Agreement, as applicable, the Issuer shall execute and deliver and, upon receipt of an Issuer Order, the Trustee shall acknowledge an instrument in the form attached hereto as Exhibit C evidencing the Trustee's release of the related Removed Receivables, and the Removed Receivables shall no longer constitute a part of the Trust Estate. No party relying upon an instrument executed by the Trustee as provided in this Article 5 shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

[THE REMAINDER OF ARTICLE 5 IS RESERVED AND SHALL BE SPECIFIED IN ANY SERIES SUPPLEMENT WITH RESPECT TO ANY SERIES.]

ARTICLE 6.

[ARTICLE 6 IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES]

ARTICLE 7.

[ARTICLE 7 IS RESERVED AND SHALL BE SPECIFIED IN ANY SUPPLEMENT WITH RESPECT TO ANY SERIES]

ARTICLE 8.

COVENANTS

Section 8.1. Money for Payments To Be Held in Trust. At all times from the date hereof to the Indenture Termination Date, unless the Required Noteholders of each Series shall otherwise consent in writing, all payments of amounts due and payable with respect to any Notes that are to be made from amounts withdrawn from the Collection Account, Reserve Account or applicable Payment Account shall be made on behalf of the Issuer by the 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 of each Series shall otherwise consent in writing, the Issuer shall:

(a) Payment of Notes. Duly and punctually pay or cause to be paid principal of (and premium, if any), interest and other amounts on and with respect to the Notes pursuant to the provisions of this Base Indenture and any applicable Series Supplement. Principal, interest and other amounts shall be considered paid on the date due if the Trustee or the Paying Agent holds on that date money designated for and sufficient to pay all principal, interest and other amounts then due. Amounts properly withheld under the Code by any Person from a payment to any Noteholder or Certificateholder of interest, principal and/or other amounts shall be considered as having been paid by the Issuer to such Noteholder or Certificateholder for all purposes of this Indenture.

(b) Maintenance of Office or Agency. Maintain an office or agency (which may be an office of the Trustee, Transfer Agent and Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange, and where, at any time when the Issuer is obligated to make a payment of principal and premium upon the Notes, the Notes may be surrendered for payment. The Issuer hereby initially appoints the Trustee to serve as its agent for the purposes of the surrender for registration, transfer, exchange or payment of the Notes. The Issuer hereby initially appoints the Trustee to serve as its agent for the purposes of the service of notices and demands. The Issuer will give prompt written notice to the 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 Trustee with the address thereof, such presentations and surrenders may be made at the Corporate Trust Office of the Trustee, for the purposes described in the initial appointments above, and the Issuer hereby appoints the Trustee as its agent for such purposes.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer.

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

(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) [Reserved].

(f) [Reserved].

(g) Reporting Requirements of the Issuer. Until the Indenture Termination Date, furnish to the Trustee:

(i) [Reserved].

(ii) Notice of Default, Event of Default or Rapid Amortization Event. Immediately, and in any event within one (1) Business Day after a Responsible Officer of 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) [Reserved].

(iv) [Reserved].

(v) Solely to the extent that the Indenture is required to be qualified under the TIA, 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), an Officer's Certificate of the Issuer stating, as to the Responsible Officer signing such Officer's Certificate, that:

(A) a review of the activities of the Issuer during such year and of performance under this Indenture has been made under such Responsible Officer's supervision; and

(B) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a Default, Event of Default or Rapid Amortization Event specifying each such Default, Event of Default or Rapid Amortization Event known to such Responsible Officer and the nature and status thereof.

(h) Use of Proceeds. Use the proceeds of the Notes solely in connection with the acquisition of the Grantor Trust Certificate, funding any initial deposits to the Collection Account, the Reserve Account, any Payment Account or any other Trust Account as may be specified in the applicable Series Supplement 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 Trustee in the Trust Estate and the priority thereof. The Issuer will prepare, deliver and authorize the filing of financing statements relating to or covering the Trust Estate sold to the Issuer and subsequently conveyed to the Trustee (which financing statements may cover "all assets" of the Issuer as described following the Granting Clauses herein).

(j) Inspection of Records. Permit the Trustee, any one or more of the Notice Persons or their duly authorized representatives, attorneys or auditors to inspect the books and records and account of the Issuer relating to the Grantor Trust Certificate and the Trust Estate at such times as such Person may reasonably request. Upon instructions from the Trustee, the Required Noteholders or their duly authorized representatives,

attorneys or auditors, the Issuer shall release any document related to the Grantor Trust Certificate to such Person.

(k) Furnishing of Information. Provide such cooperation, information and assistance, and prepare and supply the Trustee with such data regarding the performance of the Grantor Trust Certificate, as may be reasonably requested by the Trustee or any Notice Person from time to time.

(l) [Reserved].

(m) Collections Received. Hold in trust, and immediately (but in any event no later than two (2) Business Days following the date of receipt of identifiable funds in respect thereof) transfer to the Servicer for deposit into the Collection Account all Collections, if any, received from time to time by the Issuer.

(n) Enforcement of Transaction Documents. (1) Use commercially reasonable efforts to enforce all rights held by it under any of the Transaction Documents, (2) shall not amend, supplement or otherwise modify any of the Transaction Documents and shall not waive any breach of any covenant contained thereunder except with respect to this clause (2) in accordance with the amendment and waiver provisions thereof, including, if applicable without the prior written consent of the Required Noteholders for each applicable Series. The Issuer shall take all actions necessary and desirable to enforce the Issuer's rights and remedies under the Transaction Documents. The Issuer agrees that it will not waive timely performance or observance by the Servicer or the Sellers 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 Trustee, the Certificateholders and the Noteholders are entering into the transactions contemplated by this Base Indenture and the other Transaction Documents in reliance upon the Issuer's identity as a legal entity separate from any other Person. Therefore, from and after the date hereof, the Issuer shall take all reasonable steps to continue the Issuer's identity as a separate legal entity and to make it apparent to third Persons that the Issuer is an entity with assets and liabilities distinct from those of any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the covenant set forth herein, the Issuer shall take such actions as shall be required in order that:

(i) The Issuer will be a limited purpose limited liability company whose primary activities are restricted in the Issuer LLC Agreement to owning financial assets and financing the acquisition thereof and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(ii) At least one manager of the Issuer (the "Independent Manager") shall be a natural person who, (A) for the five-year period prior to his or her appointment as an Independent Manager has not been, and during the continuation of his or her service as an Independent Manager is not: (i) an employee, director, stockholder, partner or officer of the Issuer or any of its Affiliates (other than his or her service as an Independent Manager or similar capacity of the Issuer or any of its Affiliates); (ii) a customer or supplier of the Issuer or any of its Affiliates (other than an Independent Manager provided by a corporate services company that provides independent directors/managers in the ordinary course of its business); or (iii) any member of the immediate family of a person described in clause (i) or (ii) above; and (B) is employed by a nationally

recognized entity that provides, in the ordinary course of its business, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. The Issuer LLC Agreement shall provide that (i) the Issuer shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Issuer unless the Independent Manager shall approve the taking of such action in writing prior to the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Manager;

(iii) any employee, consultant or agent of the Issuer will be compensated from funds of the Issuer, as appropriate, for services provided to the Issuer;

(iv) the Issuer will allocate and charge fairly and reasonably overhead expenses shared with any other Person. To the extent, if any, that the Issuer and any other Person share items of expenses such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered;

(v) the Issuer's operating expenses will not be paid by any other Person except as permitted under the terms of this Indenture or otherwise consented to by the Trustee, at the direction of the Required Noteholders;

(vi) the Issuer's books and records will be maintained separately from those of any other Person;

(vii) all audited financial statements of any Person that are consolidated to include the Issuer will contain notes clearly stating that (A) all of the Issuer's assets are owned by the Issuer, and (B) the Issuer is a separate entity;

(viii) the Issuer's assets will be maintained in a manner that facilitates their identification and segregation from those of any other Person;

(ix) the Issuer will strictly observe appropriate formalities in its dealings with all other Persons, and funds or other assets of the Issuer will not be commingled with those of any other Person, other than temporary commingling in connection with servicing the Receivables to the extent explicitly permitted by this Indenture and the other Transaction Documents;

(x) the Issuer shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any insurance policy with respect to any amounts payable due to occurrences or events related to any other Person;

(xi) any Person that renders or otherwise furnishes services to the Issuer will be compensated thereby at market rates for such services it renders or otherwise furnishes thereto. Except as expressly provided in the Transaction Documents, the Issuer will not hold itself out to be responsible for the debts of any other Person or the decisions or actions respecting the daily business and affairs of any other Person; and

(xii) comply with all material assumptions of fact set forth in the opinion with respect to certain bankruptcy matters delivered by Kutak Rock LLP

on the date hereof, relating to the Issuer, its obligations hereunder and under the other Transaction Documents to which it is a party and the conduct of its business with certain of its Affiliates.

(p) [Reserved].

(q) Servicer's Obligations. Cause the Servicer to comply with Section 2.02(c) and Sections 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 (i) the Senior Notes as debt at any time during which such Senior Notes are beneficially owned by a beneficial owner for U.S. federal income tax purposes other than a single beneficial owner of the Certificates for U.S. federal income tax purposes and (ii) the Certificates as equity interests in the Issuer.

(s) PTP Transfer Restricted Interest. Promptly (i) notify the Trustee of the existence of each Note that constitutes a PTP Transfer Restricted Interest and (ii) following a request from the Trustee, confirm to the Trustee if any Note specified by the 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 of each Series 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 or Certificateholder 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 the Grantor Trust Certificate and 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 the Grantor Trust Certificate and Permitted Investments or pursuant to the Transaction Documents;

(iii) create any direct or indirect Subsidiary other than the Grantor Trust or otherwise acquire direct or indirect ownership of any equity interests in any

other Person other than the Grantor Trust Certificate or 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 the Grantor Trust Certificate.

(e) Other Debt. Except as provided for herein or in any Series Supplement, the Issuer shall not create, incur, assume or suffer to exist any Indebtedness whether current or funded, other than (i) the Notes, (ii) Indebtedness of the Issuer representing fees, expenses and indemnities arising hereunder or under the Purchase Agreements for the purchase price of the Loans and Related Rights paid by the Grantor Trust under the Purchase Agreements in connection with the Issuer's ownership of the Grantor Trust Certificate and (iii) other Indebtedness permitted pursuant to Section 8.3(h).

(f) Certificate of Formation and LLC Agreement. The Issuer shall not amend its certificate of formation or the Issuer LLC Agreement unless the Required Noteholders have agreed to such amendment.

(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 the Grantor Trust Certificate) 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 Transaction Fees and Expenses as provided herein and, so long as no Default, Event of Default or Rapid Amortization Event shall have occurred and be continuing, the Issuer's ability to make payments or distributions legally made to the Issuer's members or Affiliates.

(i) [Reserved].

(j) Name; Jurisdiction of Organization. The Issuer will not change its name or its jurisdiction of organization (within the meaning of the applicable UCC) without prior written notice to the Trustee. Prior to or upon a change of its name, the Issuer will make all filings (including filings of financing statements on form UCC-1) and recordings necessary to maintain the perfection of the interest of the Trustee in the Trust Estate pursuant to this Indenture. The Issuer further agrees that it will not become or seek to become organized under the Laws of more than one jurisdiction. In the event that the Issuer desires to so change its jurisdiction of organization or change its name, the Issuer will make any required filings and prior to actually making such change the Issuer will deliver to the Trustee (i) an Officer's Certificate and an Opinion of Counsel confirming

that all required filings have been made to continue the perfected interest of the Trustee in the Trust Estate in respect of such change and (ii) copies of all such required filings with the filing information duly noted thereon by the office in which such filings were made.

(k) Tax Matters. The Issuer will not take any action that could cause, and will not omit to take any action, which omission could cause, the Issuer to become taxable as a corporation for U.S. federal income tax purposes or that would result in or cause the Grantor Trust to be classified, for U.S. federal income tax purposes, as other than as a fixed investment trust described in Treasury Regulation section 301.7701-4(c) that is treated as a grantor trust under subpart E, Part I of subchapter J of the Code.

(l) Accounts. The Issuer shall not maintain any bank accounts other than the Trust Accounts; provided, however, that the Issuer may maintain (x) the Issuer Custodial Account and (y) a general bank account to, among other things, receive and hold funds distributed to it or its Affiliates as a Holder of the Certificates, if applicable, 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 Grantor Trust or the 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 Trustee (subject to Section 15.1 hereto) shall have consented thereto and received a copy of any documentation with respect thereto. The Issuer shall not terminate any Trust Accounts or close any Trust Accounts unless the Trustee 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 Trustee has given notice of termination to the Servicer of the Servicer's rights and powers pursuant to Section 2.01 of the Servicing Agreement, as promptly as possible thereafter, the Trustee 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 with respect to any Series of Notes (each, a "Rapid Amortization Event"):

- (a) a Cumulative Default Ratio Amortization Event; or
- (b) the occurrence of a Servicer Default or an Event of Default;

then, in the case of any event described in clause (a) or (b) above, a Rapid Amortization Event with respect to all Series of Notes shall occur unless otherwise specified in a related Series Supplement, without any notice or other action on the part of the 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. Unless otherwise specified in a Series Supplement, an “Event of Default”, wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on the Senior Notes of the most senior Class of Notes then outstanding 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 Trustee;

(b) default in the payment of the principal of or any installment of the principal of any Class of Senior Notes when the same becomes due and payable on the Legal Final Payment Date;

(c) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of the Issuer 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;

(d) the commencement by the Issuer 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;

(e) 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, which failure 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, by the Trustee, or to the Issuer and the Trustee by the Required Noteholders;

(f) 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 and, in either 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 by the Trustee, or to the Issuer and the Trustee by the Required Noteholders;

- (g) the Trustee shall cease to have a first-priority perfected security interest in all or a material portion of the Trust Estate;
- (h) the Issuer shall have become subject to regulation by the Securities and Exchange Commission as an “investment company” under the Investment Company Act;
- (i) the Issuer shall become taxable as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes;
- (j) 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; or
- (k) if the Senior Notes have been paid in full, default in the payment of any amounts on the Certificates on any Payment Date, and such default shall continue (and shall not have been waived by the Certificateholders) for a period of five (5) Business Days after receipt of notice thereof from the Trustee.

Section 10.2. Rights of the Trustee Upon Events of Default.

(a) If and whenever an Event of Default (other than in clauses (c) and (d) of Section 10.1) shall have occurred and be continuing, the Trustee may, and at the written direction of the Required Noteholders shall, cause (x) the principal amount of all Senior Notes of all Series outstanding to be immediately due and payable at par, together with interest thereon and (y) the par amount of all Certificates to be immediately due and payable at par. If an Event of Default with respect to the Issuer specified in clause (c) or (d) of Section 10.1 shall occur, all unpaid principal of and accrued interest on all the Senior Notes of all Series outstanding and the par amount of all Certificates shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholder or Certificateholder. If an Event of Default shall have occurred and be continuing, the Trustee may exercise from time to time any rights and remedies available to it under applicable Law and Section 10.4. Any amounts obtained by the Trustee on account of or as a result of the exercise by the Trustee of any right shall be held by the Trustee as additional collateral for the repayment of the Secured Obligations and shall be applied in accordance with Article 5 hereof. If specified in the applicable Series Supplement, the Trustee may agree to limit its exercise of rights and remedies available to it as a result of the occurrence of an Event of Default to the extent set forth therein.

(b) If an Event of Default shall have occurred and be continuing, then at any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article 10 provided, the Required Noteholders, by written notice to the Issuer and the Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid to or deposited with the Trustee a sum sufficient to pay:

(A) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(B) all sums paid by the Trustee hereunder and the reasonable compensation, expenses, disbursements of the Trustee and its agents and counsel; and

(ii) all Events of Default, other than the nonpayment of the principal of the Senior Notes and par amount of the Certificates that has become due solely by such acceleration, have been cured or waived as provided in Section 10.6.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

(c) Additional Remedies. In addition to any rights and remedies now or hereafter granted hereunder or under applicable Law with respect to the Trust Estate, the Trustee shall have all of the rights and remedies of a secured party under the UCC as enacted in any applicable jurisdiction.

Section 10.3. Collection of Indebtedness and Suits for Enforcement by Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Senior Note when the same becomes due and payable, and such default continues for a period of five (5) days, (ii) default is made in the payment of any amounts on any Certificates when the same becomes due and payable, and such default continues for a period of five (5) days or (iii) default is made in the payment of the principal of any Senior 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 and Certificateholders, the whole amount then due and payable on such Notes for principal, interest and other amounts, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the applicable Note Rate and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

(b) If an Event of Default occurs and is continuing, the Trustee may (in its discretion) and, at the written direction of the Required Noteholders, shall proceed to protect and enforce its rights and the rights of the Secured Parties by such appropriate Proceedings to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Trustee by this Indenture or by Law; provided, however, that the Trustee shall sell or otherwise liquidate the Trust Estate or any portion thereof only in accordance with Section 10.4(d).

(c) In any Proceedings brought by the Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture), the Trustee shall be held to represent all the Secured Parties, and it shall not be necessary to make any such Person a party to any such Proceedings.

(d) In case there shall be pending, relative to the Issuer or any other obligor upon the Notes or any Person having or claiming an ownership interest in the Trust Estate, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar Law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings

relative to the Issuer or other obligor upon the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal or other amount of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal, interest and other amounts owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or willful misconduct) and of the Secured Parties allowed in such Proceedings;

(ii) unless prohibited by applicable Law, to vote on behalf of the Secured Parties in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Secured Parties and of the Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee or the Secured Parties allowed in any judicial Proceedings relative to the Issuer, its creditors and its property;

and any trustee, receiver, liquidator, custodian or other similar official in any such Proceeding is hereby authorized by each of such Secured Parties to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to such Secured Parties, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Secured Party any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Secured Party or to authorize the Trustee to vote in respect of the claim of any Secured Party in any such Proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any Proceedings relative thereto, and any such action or Proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the Secured Parties.

Section 10.4. Remedies. If an Event of Default shall have occurred and be continuing, the Trustee may and, at the written direction of the Required Noteholders, shall do one or more of the following:

- (a) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable under the Transaction Documents, enforce any judgment obtained, and collect from the Issuer and any other obligor under the Transaction Documents moneys adjudged due and give such directions and take such actions under the Grantor Trust Agreement as may be given or taken, as the case may be, by the holder of the Grantor Trust Certificate;
- (b) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate;
- (c) subject to the limitations set forth in clause (d) below, exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Trustee and the Secured Parties; and
- (d) sell the Trust Estate or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by Law; provided, however, that the Trustee may not sell or otherwise liquidate the Trust Estate following an Event of Default unless:
 - (i) the Holders of 100% of the outstanding Senior Notes direct such sale and liquidation,
 - (ii) the proceeds of such sale or liquidation distributable to the Noteholders of each Series are sufficient to discharge in full all amounts then due and unpaid with respect to all outstanding Senior Notes for principal and interest and any other amounts due Noteholders, or
 - (iii) the Trustee determines that the proceeds of the Trust Estate will not continue to provide sufficient funds for the payment of principal of and interest on all outstanding Senior Notes as such amounts would have become due if such Senior Notes had not been declared due and payable and the Required Noteholders direct such sale and liquidation.

In determining such sufficiency or insufficiency with respect to clauses (d)(ii) and (d)(iii), the Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Receivables in the Trust Estate for such purpose.

The Trustee may maintain a Proceeding even if it does not possess any of the Notes or does not produce any of them in the Proceeding, and any such Proceeding instituted by the Trustee shall be in its own name as trustee. All remedies are cumulative to the extent permitted by Law.

Section 10.5. [Reserved].

Section 10.6. Waiver of Past Events. If an Event of Default shall have occurred and be continuing, prior to the declaration of the acceleration of the maturity of the Notes as provided in Section 10.2(a), 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 Senior Notes. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Notes shall be restored to their

former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereto.

Upon any such waiver, such Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereto.

Section 10.7. Limitation on Suits. No Noteholder or Certificateholder shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Base Indenture and related Series Supplement, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (a) such Noteholder or Certificateholder previously has given written notice to the Trustee of a continuing Event of Default;
- (b) the Holders of not less than 25% of the outstanding principal amount of all Senior Notes (or, if all Senior Notes have been paid in full, Certificateholders representing 25% of the aggregate par amount of all Certificates) of all affected Series have made written request to the Trustee to institute such Proceeding in respect of such Event of Default in its own name as Trustee hereunder;
- (c) such Noteholder or Certificateholder has offered and provided to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;
- (d) the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity has failed to institute such Proceedings; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Required Noteholders;

it being understood and intended that no one or more Noteholder or Certificateholder 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 Certificateholder or to obtain or to seek to obtain priority or preference over any other Noteholder or Certificateholder or to enforce any right under this Indenture, except in the manner herein provided.

In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of Secured Parties, each representing less than the Required Noteholders, the Trustee shall proceed in accordance with the request of the greater majority of the outstanding principal amount or par amount 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 or Certificateholder 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 or Certificateholder.

(b) Promptly upon request, each Noteholder and Certificateholder shall provide to the Trustee and/or the Issuer (or other person responsible for withholding of taxes, including but not limited to FATCA Withholding Tax, or delivery of information under FATCA) with the Tax Information.

(c) The Paying Agent shall (or if the Trustee is not the Paying Agent, the Trustee shall cause the Paying Agent to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that such Paying Agent shall) comply with the provisions of this Indenture applicable to it, comply with all requirements of the Code with respect to the withholding from any payments to Noteholders or Certificateholders, including FATCA Withholding Tax (including obtaining and retaining from Persons entitled to payments with respect to the Senior Notes or Certificates any Tax Information and making any withholdings with respect to the Senior Notes or Certificates 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 or Certificateholders, and, upon request, provide any Tax Information to the Issuer.

Section 10.9. Restoration of Rights and Remedies. If any Noteholder or Certificateholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Noteholder or Certificateholder, then and in every such case the Issuer, the Trustee, the Noteholders and Certificateholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, the Noteholders and Certificateholders shall continue as though no such Proceeding had been instituted.

Section 10.10. The Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Noteholders and Certificateholders 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 and Certificateholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders and Certificateholders, to pay the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 11.6 and 11.17. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 11.6 and 11.17 out of the estate in any such Proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, notes and other properties which the Noteholders and Certificateholders may be entitled to receive in such Proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder or Certificateholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Noteholder or Certificateholder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder or Certificateholder in any such Proceeding.

Section 10.11. Priorities. Following the declaration of an Event of Default or a Rapid Amortization Event that is continuing pursuant to Section 9.1 or 10.2, all amounts in the Collection Account or 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 Trustee on the related Payment Date in accordance with the provisions of Article 5 and the applicable Series Supplement.

The Trustee may fix a record date and payment date for any payment to Secured Parties pursuant to this Section. At least fifteen (15) days before such record date the Issuer shall mail to each Secured Party and the Trustee a notice that states the record date, the payment date and the amount to be paid.

Section 10.12. Undertaking for Costs. All parties to this Indenture agree, and each Secured Party shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to (a) any suit instituted by the Trustee, (b) any suit instituted by any Noteholder, or group of Noteholders, in each case holding in the aggregate more than 10% of the aggregate outstanding principal balance of the Notes on the date of the filing of such action, (c) any suit instituted by any Certificateholder, or group of Certificateholders, in each case holding in the aggregate more than 10% of the aggregate par amount of the Certificates on the date of the filing of such action, (d) 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) or (e) any suit instituted by any Certificateholder for the enforcement of the payment of any amount on any Certificate on or after the respective due dates expressed in such Certificate and in this Indenture.

Section 10.13. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Secured Parties is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by Law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 10.14. Delay or Omission Not Waiver. No delay or omission of the Trustee or any Secured Party to exercise any right or remedy accruing upon any Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article 10 or by Law to the Trustee or to the Secured Parties may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Secured Parties, as the case may be.

Section 10.15. Control by Noteholders. The Required Noteholders shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee; provided that:

- (a) such direction shall not be in conflict with any Law or with this Indenture;

(b) subject to the express terms of Section 10.4, any direction to the Trustee to sell or liquidate the Grantor Trust Certificate and the other assets in the Trust Estate shall be by the Holders of Senior Notes representing not less than 100% of the aggregate outstanding principal balance of all the Senior Notes of all Series;

(c) the Trustee shall have been provided with indemnity satisfactory to it; and

(d) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction;

provided, however, that, subject to Section 11.1, the Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

Section 10.16. Waiver of Stay or Extension Laws. The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension Law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such Law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such Law had been enacted.

Section 10.17. Action on Notes. The Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the Lien of this Indenture nor any rights or remedies of the Trustee or the Secured Parties shall be impaired by the recovery of any judgment by the Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Trust Estate or upon any of the assets of the Issuer.

Section 10.18. Performance and Enforcement of Certain Obligations.

(a) The Issuer agrees to take all such lawful action as is necessary and desirable to compel or secure the performance and observance by the Sellers, the Oportun Sponsor/Seller 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 Sellers, the Oportun Sponsor/Seller or the Servicer thereunder and the institution of legal or administrative actions or Proceedings to compel or secure performance by the Sellers, the Oportun Sponsor/Seller or the Servicer of each of their obligations under the Transaction Documents.

(b) If an Event of Default has occurred and is continuing, the 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 Sellers, the Oportun Sponsor/Seller 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 Sellers, the Oportun Sponsor/Seller or the Servicer of each of their obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Transaction Documents, and any right of the Issuer to take such action shall be suspended.

Section 10.19. Reassignment of Surplus. Promptly after termination of this Indenture and the payment in full of the Secured Obligations, any proceeds of all the Grantor Trust Certificate and other assets in the Trust Estate received or held by the Trustee shall be turned over to the Issuer and the Grantor Trust Certificate and other assets in the Trust Estate shall be released to the Issuer by the Trustee without recourse to the Trustee and without any representations, warranties or agreements of any kind.

ARTICLE 11.

THE TRUSTEE

Section 11.1. Duties of the Trustee.

(a) If an Event of Default has occurred and is continuing, and of which a Trust Officer of the Trustee has written notice, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and any related document, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs; provided, however, that the Trustee shall have no liability in connection with any action or inaction taken, or not taken, by it upon the deemed occurrence of an Event of Default of which a Trust Officer has not received written notice; and provided, further that the preceding sentence shall not have the effect of insulating the Trustee from liability arising out of the Trustee's negligence or willful misconduct.

(b) Except during the occurrence and continuance of an Event of Default of which a Trust Officer of the Trustee has written notice:

(i) the Trustee undertakes to perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture or any related document against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely (without independent confirmation, verification, inquiry or investigation of the contents thereof), as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture and, if applicable, the Transaction Documents to which the Trustee is a party, provided, further, that the Trustee shall not be responsible for the accuracy or content of any of the aforementioned documents and the Trustee shall have no obligation to verify or recompute any numeral information provided to it pursuant to the Transaction Documents.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct except that:

(i) this clause does not limit the effect of clause (b) of this Section 11.1;

(ii) the Trustee shall not be personally liable for any error of judgment made in good faith by a Trust Officer or Trust Officers of the Trustee, unless it is conclusively determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the terms of this Indenture or the Transaction Documents; and

(iv) the Trustee shall not be charged with knowledge of any failure by the Servicer referred to in clauses (a)-(g) of Section 2.04 of the Servicing Agreement unless a Trust Officer of the Trustee obtains actual knowledge of such failure or the Trustee receives written notice of such failure from the Servicer or any Holders of Notes evidencing not less than 10% of the aggregate outstanding principal balance or par amount of the Notes of any Series adversely affected thereby.

(d) Notwithstanding anything to the contrary contained in this Indenture or any of the Transaction Documents, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights and powers, if there is reasonable ground (as determined by the Trustee in its sole discretion) for believing that the repayment of such funds or adequate indemnity against such risk is not reasonably assured to it by the security afforded to it by the terms of this Indenture.

(e) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article and to the provisions of the TIA (if this Indenture is required to be qualified under the TIA).

(f) The Trustee shall, and hereby agrees that it will, perform all of the obligations and duties required of it under the Servicing Agreement.

(g) Without limiting the generality of this Section 11.1 and subject to the other provisions of this Indenture, the Trustee shall have no duty (i) to see to any recording, filing or depositing of this Indenture or any agreement referred to herein, or to see to the maintenance of any such recording or filing or depositing or to any recording, refiling or redepositing of any thereof or to see to the validity, perfection, continuation, or value of any lien or security interest created herein, (ii) to see to the payment or discharge of any tax, assessment or other governmental Lien owing with respect to, assessed or levied against any part of the Issuer, (iii) to confirm or verify the contents of any reports or certificates delivered to the Trustee pursuant to this Indenture or the Servicing Agreement believed by the Trustee to be genuine and to have been signed or presented by the proper party or parties, (iv) to determine whether any Receivable is an Eligible Receivable (as defined in the applicable Purchase Agreement and/or the Representations and Warranties Agreement) 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 Sellers', the Opportun Sponsor/Seller's or the Servicer's representations, warranties or covenants or the Servicer's duties and obligations as Servicer and as Custodian of the Receivable Files under the Servicer Transaction Documents, (v) the acquisition or maintenance of any insurance, or (vi) to determine when a Repurchase Event occurs. The Trustee shall be authorized to, but shall in no event have any duty or responsibility to, file any financing or continuation statements or record any documents or instruments in any public office at

any time or times or otherwise perfect or maintain any security interest in the Trust Estate.

(h) Subject to Section 11.1(d), in the event that the Paying Agent or the Transfer Agent and Registrar (if other than the Trustee) shall fail to perform any obligation, duty or agreement in the manner or on the day required to be performed by the Paying Agent or the Transfer Agent and Registrar, as the case may be, under this Indenture, the Trustee shall be obligated as soon as practicable upon written notice to a Trust Officer thereof and receipt of appropriate records and information, if any, to perform such obligation, duty or agreement in the manner so required.

(i) No provision of this Indenture shall be construed to require the Trustee to perform, or accept any responsibility for the performance of, the obligations of the Servicer hereunder.

(j) Subject to Section 11.4, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by Law or the Transaction Documents.

(k) Except as otherwise required or permitted by the TIA (if this Indenture is required to be qualified under the TIA), nothing contained herein shall be deemed to authorize the Trustee to engage in any business operations or any activities other than those set forth in this Indenture. Specifically, the Trustee shall have no authority to engage in any business operations, acquire any assets other than those specifically included in the Trust Estate under this Indenture or otherwise vary the assets held by the Issuer. Similarly, the Trustee shall have no discretionary duties other than performing those ministerial acts set forth above necessary to accomplish the purpose of this Indenture.

(l) The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any Default or Event of Default unless a Trust Officer of the Trustee shall have received written notice thereof. In the absence of receipt of such notice, the Trustee may conclusively assume that there is no Default or Event of Default.

(m) [Reserved].

(n) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, the Servicer and/or a specified percentage of Noteholders or Certificateholders under circumstances in which such direction is required or permitted by the terms of this Base Indenture, a Series Supplement or other Transaction Document.

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

(p) The Trustee shall not be liable for interest on any money received by it except as the Trustee may separately agree in writing with the Issuer.

(q) Every provision of this Indenture or any related document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(r) The Trustee shall not be responsible for or have any liability for the collection of any 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 Trustee. Except as otherwise provided by Section 11.1:

(a) The Trustee may conclusively rely on and shall be protected in acting upon or refraining from acting upon and in accord with, without any duty to verify the contents or recompute any calculations therein, any document (whether in its original or facsimile form), including the Monthly Servicer Report, the annual Servicer's certificate, the monthly payment instructions and notification to the Trustee, the Monthly Statement, any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document, believed by it to be genuine and to have been signed by or presented by the proper Person. Without limiting the Trustee's obligations to examine pursuant to Section 11.1(b)(ii), the Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, the Trustee may require an Officer's Certificate or an Opinion of Counsel or consult with counsel of its selection and the Officer's Certificate or the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, custodians and nominees and the Trustee shall not be liable for any misconduct or negligence on the part of, or for the supervision of, any such agent or attorneys, custodian or nominee so long as such agent, custodian or nominee is appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture; provided, however, that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Base Indenture or any Series Supplement, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Noteholders or Certificateholders, pursuant to the provisions of this Base Indenture or any Series Supplement, unless such Noteholders or Certificateholders shall have offered to the Trustee security or indemnity satisfactory to the Trustee (in its sole discretion) against the costs, expenses (including attorneys' fees and expenses) and liabilities which may be incurred therein or thereby; nothing contained herein shall, however, relieve the Trustee of the obligations, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Base Indenture or any Series Supplement, and to use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(f) The Trustee shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document (including, the Monthly Servicer's Report, the annual Servicer's certificate, the monthly payment instructions and notification to the Trustee or the Monthly Statement), unless requested in writing so to do by the Holders of Notes evidencing not less than 25% of the aggregate outstanding principal balance or par amount of Notes of any Series, but the Trustee may, but is not obligated to, make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require indemnity satisfactory to it against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request, or, if paid by the Trustee, shall be reimbursed by the Person making such request.

(g) The Trustee shall have no liability for the selection of Permitted Investments and shall not be liable for any losses or liquidation penalties in connection with Permitted Investments, unless such losses or liquidation penalties were incurred through the Trustee's own willful misconduct or negligence. The Trustee shall have no obligation to invest or reinvest any amounts except as directed by the Issuer (or the initial Servicer) in accordance with this Indenture. Notwithstanding the foregoing, if the initial Servicer is removed or replaced, the selected Permitted Investment for investment or reinvestment as provided in this Indenture shall be as in effect on the date of such removal or replacement.

(h) The Trustee shall not be liable for the acts or omissions of any successor to the Trustee so long as such acts or omissions were not the result of the negligence or willful misconduct of the predecessor Trustee.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee and the entity serving as Trustee (a) in each of its capacities hereunder, and under the Transaction Documents, and to each agent, custodian and other Person employed to act hereunder or thereunder and (b) in each document to which it is a party (in any of the capacities in which it is engaged under this Indenture) whether or not specifically set forth herein or therein.

(j) Except as may be required by Sections 11.1(b)(ii), 11.1(i), 11.2(a) and 11.2(f), the Trustee shall not be required to make any initial or periodic examination of any documents or records related to the Trust Estate for the purpose of establishing the presence or absence of defects, the compliance by the Sellers, the Sponsors or the Servicer with their respective representations and warranties or for any other purpose.

(k) Without limiting the Trustee's obligation to examine pursuant to Section 11.1(b)(ii), the Trustee shall not be bound to make any investigation into (i) the performance or observance by the Issuer, any Servicer or any other Person of any of the covenants, agreements or other terms or conditions set forth in this Indenture or in any related document, (ii) the occurrence of any default, or the validity, enforceability, effectiveness or genuineness of this Indenture, any related document or any other

agreement, instrument or document, (iii) the creation, perfection or priority of any Lien purported to be created by this Indenture or any related document, (iv) the value or the sufficiency of any collateral or (v) the satisfaction of any condition set forth in this Indenture or any related document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or any Servicer, personally or by agent or attorney, and shall incur no liability of any kind by reason of such inquiry or investigation.

(l) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Trustee may, from time to time, request that the Issuer and any other applicable party deliver a certificate (upon which the Trustee may conclusively rely) setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture or any related document together with a specimen signature of such authorized officers; provided, however, that from time to time, the Issuer or such other applicable party may, by delivering to the Trustee a revised certificate, change the information previously provided by it pursuant to the Indenture, but the Trustee shall be entitled to conclusively rely on the then current certificate until receipt of a superseding certificate.

(n) The right of the Trustee to perform any discretionary act enumerated in this Indenture or any related document shall not be construed as a duty.

(o) Except for notices, reports and other documents expressly required to be furnished to the Holders by the Trustee hereunder, the Trustee shall not have any duty or responsibility to provide any Holder with any other information concerning the Issuer, the servicer or any other parties to any related documents which may come into the possession of the Trustee or any of its officers, directors, employees, agents, representatives or attorneys-in-fact.

(p) If the Trustee requests instructions from the Issuer or the Holders with respect to any action or omission in connection with this Indenture, the Trustee shall be entitled (without incurring any liability therefor) to refrain from taking such action and continue to refrain from acting unless and until the Trustee shall have received written instructions from the Issuer or the Holders, as applicable, with respect to such request.

(q) In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering ("Applicable Law"), the Trustee is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Trustee. Accordingly, each of the parties agrees to provide to the Trustee upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee to comply with Applicable Law.

(r) In no event shall the Trustee be liable for any failure or delay in the performance of its obligations under this Indenture or any related documents because of circumstances beyond the Trustee's control, including, but not limited to, a failure, termination, or suspension of a clearing house, securities depository, settlement system or

central payment system in any applicable part of the world or acts of God, flood, war (whether declared or undeclared), civil or military disturbances or hostilities, nuclear or natural catastrophes, political unrest, pandemics or epidemics or other health crises, explosion, severe weather or accident, earthquake, terrorism, fire, riot, labor disturbances, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like (whether domestic, federal, state, county or municipal or foreign) which delay, restrict or prohibit the providing of the services contemplated by this Indenture or any related documents, or the unavailability of communications or computer facilities, the failure of equipment or interruption of communications or computer facilities, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other causes beyond the Trustee's control whether or not of the same class or kind as specified above.

(s) The Trustee shall not be liable for failing to comply with its obligations under this Indenture in so far as the performance of such obligations is dependent upon the timely receipt of instructions and/or other information from any other Person which are not received or not received by the time required.

(t) The Trustee shall be fully justified in failing or refusing to take any action under this Indenture or any other related document if such action (A) would, in the reasonable opinion of the Trustee, in good faith (which may be based on the advice or opinion of counsel), be contrary to applicable Law, this Indenture or any other related document, or (B) is not provided for in this Indenture or any other related document.

(u) In no event will the Trustee have any responsibility to monitor compliance with or enforce compliance with the U.S. Risk Retention Rules or other rules or regulations relating to risk retention. The Trustee will not be charged with knowledge of such rules, nor will it be liable to any Holder, Certificateholder, the Issuer, the Servicer or any other Person for violation of such rules now or hereinafter in effect. The Trustee will not be required to monitor, initiate or conduct any proceedings to enforce the obligations of the Issuer, the Servicer or any other Person with respect to any breach of representation or warranty under any Transaction Document.

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

(w) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any agreement, instrument or document other than this Indenture, any other Transactions Documents to which it is or becomes a party or that it acknowledges in writing, whether or not an original or a copy of such agreement has been provided to the Trustee.

Section 11.3. Trustee Not Liable for Recitals in Notes. The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Notes (other than the signature and authentication of the Trustee on the Notes). Except as set forth in Section 11.16, the Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes (other than the signature and authentication of the Trustee on the Notes) or of any asset of the Trust Estate or related document. The Trustee shall not be accountable for the use or application by the Issuer or the Sellers of any of the Notes or of the proceeds of such Notes, or for the use or application of any funds paid to the Sellers, to the Servicer or to the Issuer in respect of the Trust Estate or deposited in or withdrawn from the Collection Account, the Reserve Account or any Series Account by the Servicer or at the

direction of the Servicer, the Administrator or any other Person pursuant to the Transaction Documents.

Section 11.4. Individual Rights of the Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or an Affiliate of the Issuer with the same rights it would have if it were not Trustee. Any Paying Agent, Transfer Agent and Registrar, co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 11.9 and 11.11.

Section 11.5. Notices. If a Default, Event of Default, Servicer Default or Rapid Amortization Event occurs and is continuing and if a Trust Officer of the Trustee receives written notice or has actual knowledge thereof, the Trustee shall promptly provide written notice to the Administrator and each Notice Person (and, with respect to any Event of Default or Rapid Amortization Event, each Noteholder and Certificateholder), to the extent possible by email or facsimile, and, otherwise, by first class mail at their respective addresses appearing in the Note Register. The Issuer or the Administrator shall provide any such notice and, if it receives written notice or has actual knowledge thereof, of any resignation or appointment of a successor with respect to the Administrator, the Owner Trustee, the Trustee or the Servicer, it shall provide notice of the same to each Note Rating Agency and shall provide notice of the occurrence and continuance of a Rapid Amortization Event to the Back-Up Servicer.

Section 11.6. Compensation.

(a) To the extent not otherwise paid pursuant to the Indenture, the Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to receive, such compensation as the Issuer and the Trustee shall agree in writing from time to time (which compensation shall not be limited by any provision of Law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trust hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, and, the Issuer will pay or reimburse the Trustee (without reimbursement from the Collection Account, the Reserve Account, any Payment Account, any Series Account or otherwise) all reasonable expenses, disbursements and advances (including legal fees and costs and costs of persons not regularly employed by the Trustee) incurred or made by the Trustee in accordance with any of the provisions of this Indenture except any such expense, disbursement or advance as may arise from its own willful misconduct or negligence.

(b) The obligations of the Issuer under this Section 11.6 shall survive the termination of this Base Indenture and the resignation or removal of the Trustee.

Section 11.7. Replacement of the Trustee.

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

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

- (i) the Trustee fails to comply with Section 11.9;

(ii) a court or federal or state bank regulatory agency having jurisdiction in the premises in respect of the Trustee shall have entered a decree or order granting relief or appointing a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or similar official) for the Trustee or for any substantial part of the Trustee's property, or ordering the winding-up or liquidation of the Trustee's affairs;

(iii) the Trustee consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, conservator, sequestrator (or other similar official) for the Trustee or for any substantial part of the Trustee's property, or makes any assignment for the benefit of creditors or fails generally to pay its debts as such debts become due or takes any corporate action in furtherance of any of the foregoing; or

(iv) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer shall promptly appoint a successor Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning and one copy to the successor trustee.

(c) If a successor Trustee does not take office within thirty (30) days after the retiring Trustee provides written notice of its resignation or is removed, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring or removed Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers and duties of the Trustee under this Base Indenture and any Series Supplement. The successor Trustee shall mail a notice of its succession to Noteholders and Certificateholders. The retiring Trustee shall, at the expense of the Issuer, promptly transfer to the successor Trustee all property held by it as Trustee and all documents and statements held by it hereunder; provided, however, that all sums owing to the retiring Trustee hereunder (and its agents and counsel) have been paid, and the Issuer and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Trustee all such rights, powers, duties and obligations. Notwithstanding replacement of the Trustee pursuant to this Section 11.7, the Issuer's obligations under Sections 11.6 and 11.17 shall continue for the benefit of the retiring Trustee.

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

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

Section 11.8. Successor Trustee by Merger, etc. Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person

succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Person shall be eligible under the provisions of Section 11.9 hereof, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

Section 11.9. Eligibility: Disqualification. The Trustee shall at all times satisfy the requirements of TIA Section 310(a) (if this Indenture is required to be qualified under the TIA).

The Trustee hereunder shall at all times be organized and doing business under the Laws of the United States of America or any State thereof authorized under such Laws to exercise corporate trust powers, having a long-term unsecured debt rating of at least BBB- (or the equivalent thereof) by 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 Trustee shall comply with TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9) (if this Indenture is required to be qualified under the TIA); provided, however, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 11.9, the Trustee shall resign immediately in the manner and with the effect specified in Section 11.7.

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

(a) Notwithstanding any other provisions of this Base Indenture or any Series Supplement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Trustee shall have the power and may execute and deliver all instruments to appoint one or more persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such Person or Persons, in such capacity and for the benefit of the Secured Parties, such title to the Trust Estate, or any part thereof, and, subject to the other provisions of this Section 11.10 such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 11.9 and no notice to Noteholders or Certificateholders of the appointment of any co-trustee or separate trustee shall be required under Section 11.7.

No co-trustee shall be appointed without the consent of the Issuer unless such appointment is required as a matter of Law or to enable the Trustee to perform its functions hereunder. The appointment of any co-trustee or separate trustee shall not relieve the Trustee of any of its obligations hereunder.

(b) Every separate trustee and co-trustee shall, to the extent permitted by Law, be appointed and act subject to the following provisions and conditions:

(i) the Notes of each Series shall be authenticated and delivered solely by the Trustee or an authenticating agent appointed by the Trustee;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any Law (whether as Trustee hereunder or as successor to the Servicer under the Servicing Agreement), the Trustee shall be incompetent or unqualified to perform, such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Trust Estate or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee;

(iii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustees, hereunder, including acts or omissions of predecessor or successor trustees;

(iv) the Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

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

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article 11. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Base Indenture and any Series Supplement, specifically including every provision of this Base Indenture or any Series Supplement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Servicer.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by Law, to do any lawful act under or in respect to this Base Indenture or any Series Supplement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by Law, without the appointment of a new or successor Trustee.

Section 11.11. Preferential Collection of Claims Against the Issuer. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b) (if this Indenture is required to be qualified under the TIA). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated (if this Indenture is required to be qualified under the TIA).

Section 11.12. Taxes. Neither the Trustee nor (except to the extent the initial Servicer breaches its obligations or covenants contained in the Servicing Agreement) the Servicer shall be liable for any liabilities, costs or expenses of the Issuer, the Noteholders, the Certificateholders 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. Multiple Capacities. It is expressly acknowledged, agreed and consented to that WTNA will be acting in the capacities of Owner Trustee, Trustee, Collateral Trustee, Securities Intermediary and Depository Bank. It is acknowledged and agreed that WTNA may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles, duty of loyalty principles or other breach of fiduciary duties to the extent that any such conflict or breach arises from the performance by WTNA of express duties set forth in this Indenture and the Grantor Trust Agreement, in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the Issuer, the Holders and any other Person having rights pursuant hereto or thereto.

Section 11.14. Suits for Enforcement. If an Event of Default shall occur and be continuing, the Trustee, may (but shall not be obligated to) subject to the provisions of Section 2.01 of the Servicing Agreement, proceed to protect and enforce its rights and the rights of any Secured Party under this Indenture or any other Transaction Document by a Proceeding, whether for the specific performance of any covenant or agreement contained in this Indenture or such other Transaction Document or in aid of the execution of any power granted in this Indenture or such other Transaction Document or for the enforcement of any other legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or any Secured Party.

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

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

- (i) the Trustee is a national banking association with trust powers duly organized, existing and authorized to engage in the business of banking under the Laws of the United States;
- (ii) the Trustee has full power, authority and right to execute, deliver and perform this Base Indenture and any Series Supplement issued concurrently with this Base Indenture and to authenticate the Notes, and has taken all necessary action to authorize the execution, delivery and performance by it of this Base Indenture and any Series Supplement issued concurrently with this Base Indenture and to authenticate the Notes;
- (iii) this Indenture has been duly executed and delivered by the Trustee; and

(iv) the Trustee meets the requirements of eligibility hereunder set forth in Section 11.9.

Section 11.17. The Issuer Indemnification of the Trustee. The Issuer shall fully indemnify, defend and hold harmless the Trustee (and any predecessor Trustee) and its directors, officers, agents and employees from and against any and all loss, liability, claim, expense, damage or injury suffered or sustained of whatever kind or nature regardless of their merit, demanded, asserted, or claimed directly or indirectly relating to any acts, omissions or alleged acts or omissions arising out of the activities of the Trustee pursuant to this Base Indenture or any Series Supplement and any other Transaction Document to which it is a party or any transaction contemplated hereby or thereby, including but not limited to any judgment, award, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action, Proceeding or claim; provided, however, that the Issuer shall not indemnify the Trustee or its directors, officers, employees or agents if such acts, omissions or alleged acts or omissions constitute negligence or willful misconduct by the Trustee. The indemnity provided herein shall (i) survive the termination of this Indenture and the resignation and removal of the Trustee, (ii) apply to the Trustee (including (a) in its capacity as Agent and (b) Wilmington Trust, National Association, as Securities Intermediary and Depository Bank) and (iii) apply to Wilmington Trust, National Association, in its capacity as Collateral Trustee.

Section 11.18. Trustee's Application for Instructions from the Issuer. Any application by the Trustee for written instructions from the Issuer or the initial Servicer may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. Subject to Section 11.1, the Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than thirty (30) days after the date any Responsible Officer of the Issuer or the initial Servicer actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

Section 11.19. [Reserved].

Section 11.20. Maintenance of Office or Agency. The Trustee will maintain an office or offices, or agency or agencies, where notices and demands to or upon the Trustee in respect of the Notes and this Indenture may be served. The Trustee initially appoints its Corporate Trust Office as its office for such purposes. The Trustee will give prompt written notice to the Issuer, the Servicer, the Noteholders and the Certificateholders of any change in the location of the Note Register or any such office or agency.

Section 11.21. Concerning the Rights of the Trustee. The rights, privileges and immunities afforded to the Trustee in the performance of its duties under this Indenture shall apply equally to the performance by the Trustee of its duties under each other Transaction Document to which it is a party.

Section 11.22. Direction to the Trustee. The Issuer hereby directs the Trustee to enter into the Transaction Documents.

Section 11.23. Repurchase Demand Activity Reporting.

(a) To assist in the securitizer's (as defined in Rule 15Ga-1) compliance with the provisions of Rule 15Ga-1 under the Exchange Act ("Rule 15Ga-1"), subject to paragraph (b) below, the Trustee shall provide the following information (the "Rule 15Ga-1 Information") to the Issuer and the Administrator in the manner, timing and format specified below:

(i) No later than the fifteenth (15th) day following the end of each calendar quarter in which any Series is outstanding, the Trustee shall provide information regarding repurchase demand activity during the preceding calendar quarter related to the underlying assets for each such Series in substantially the form of Exhibit H hereto.

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

(iii) The Trustee shall provide notification, as soon as practicable and in any event within five (5) Business Days of receipt, of all demands communicated to the Trustee for the repurchase or replacement of the underlying assets for any Series.

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

(i) The Trustee shall provide Rule 15Ga-1 Information only to the extent that the Trustee has Rule 15Ga-1 Information or can obtain Rule 15Ga-1 Information without unreasonable effort or expense; provided that the Trustee's efforts to obtain Rule 15Ga-1 Information shall be limited to a review of its internal written records of repurchase demand activity for the applicable Series and that the Trustee is not required to request information from any other parties.

(ii) The reporting of repurchase demand activity pursuant to this Section 11.23 is subject in all cases to the best knowledge of the Trust Officer responsible for the applicable Series.

(iii) The reporting of repurchase demand activity pursuant to this Section 11.23 is required only to the extent such repurchase demand activity was not addressed to the Sellers, the Issuer, the Administrator or any Affiliate of the Sellers, the Issuer or the Administrator or previously reported to the Sellers, the Issuer, the Administrator or any Affiliate of the Sellers, the Issuer or the Administrator by the Trustee. For purposes hereof, the term "demand" shall not include (x) repurchases or replacements made pursuant to instruction, direction or request from the Sellers or their affiliates or (y) general inquiries, including investor inquiries, regarding asset performance or possible breaches of representations or warranties.

(iv) The Trustee's reporting pursuant to this Section 11.23 is limited to information that the Trustee has received or acquired solely in its capacity as Trustee for the applicable Series and not in any other capacity. In no event shall Wilmington Trust, National Association (individually or as Trustee) have any responsibility or liability in connection with (i) the compliance by any Person which is a securitizer (as defined in Rule 15Ga-1) of the Series, or any other Person, with Rule 15Ga-1 or any related rules or regulations or (ii) any filing required to be made by a securitizer (as defined in Rule 15Ga-1) under Rule 15Ga-1 in connection with the Rule 15Ga-1 Information provided pursuant to this Section 11.23. Other than any express duties or responsibilities as Trustee under the Transaction Documents, the Trustee has no duty or obligation to undertake any investigation or inquiry related to repurchase demand activity or otherwise to assume any additional duties or responsibilities in respect of any Series, and no such additional obligations or duties are implied. The Trustee is entitled to the full benefit of any and all protections, limitations on duties or liability and rights of indemnity provided by the terms of the Transaction Documents in connection with any actions pursuant to this Section 11.23.

(v) Unless and until the Trustee is otherwise notified in writing, any Rule 15Ga-1 Information provided pursuant to this Section 11.23 shall be provided in electronic format via e-mail and directed as follows: wmessmore@ELLINGTON.com.

(vi) The Trustee's obligation pursuant to this Section 11.23 continue until the earlier of (x) the date on which such Series is no longer outstanding and (y) the date the Sellers notify the Trustee that such reporting no longer is required.

ARTICLE 12.

DISCHARGE OF INDENTURE

Section 12.1. Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect with respect to the Notes except as to (i) rights of Noteholders to receive payments of principal thereof and interest thereon and any other amount due to Noteholders, (ii) rights of Certificateholders to receive payments of amount distributable to Certificateholders, (iii) Sections 8.1, 11.6, 11.12, 11.17, 12.2, 12.5(b), 15.16 and 15.17, (iv) the rights and immunities of the Trustee hereunder (including the rights of the Trustee under Sections 11.6 and 11.17) and the obligations of the Trustee under Section 12.2 and (v) the rights of Noteholders and Certificateholders as beneficiaries hereof with respect to the property deposited with the Trustee as described below payable to all or any of them, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes (and their related Secured Parties), on the Payment Date with respect to any Series (the "Indenture Termination Date") on which the Issuer has paid, caused to be paid or irrevocably deposited or caused to be irrevocably deposited in the Collection Account, applicable Payment Account and any applicable Series Account funds sufficient to pay in full all Secured Obligations and all distributions on the Grantor Trust Certificate have been made, and the Issuer has delivered to the Trustee an Officer's Certificate, an Opinion of Counsel and, if required by the TIA (if this Indenture is required to be qualified under the TIA), an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 15.1(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

After any irrevocable deposit made pursuant to Section 12.1 and satisfaction of the other conditions set forth herein, the Trustee promptly upon request shall acknowledge in writing the discharge of the Issuer's obligations under this Indenture except for those surviving obligations specified above.

Section 12.2. Application of Issuer Money. All moneys deposited with the Trustee pursuant to Section 12.1 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Base Indenture and the related Series Supplement, to the payment, either directly or through any Paying Agent to the Noteholder or Certificateholder of the particular Notes for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal, interest and other amounts; but such moneys need not be segregated from other funds except to the extent required herein or in the other Transaction Documents or required by Law.

The provisions of this Section 12.2 shall survive the expiration or earlier termination of this Indenture.

Section 12.3. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to the Notes, all moneys then held by any Paying Agent other than the Trustee under the provisions of this Indenture with respect to such Notes shall, upon demand of the Issuer, be paid to the Trustee to be held and applied according to Section 8.1 and thereupon such Paying Agent shall be released from all further liability with respect to such moneys.

Section 12.4. [Reserved].

Section 12.5. Final Payment with Respect to Any Series.

(a) Written notice of any termination, specifying the Payment Date upon which the Noteholders or Certificateholders of any Series may surrender their Notes for final payment with respect to such Series and cancellation, shall be given (subject to at least two (2) Business Days' prior notice from the Issuer to the Trustee) by the Trustee to Noteholders or Certificateholders of such Series mailed not later than five (5) Business Days preceding such final payment (or in the manner provided by the Series Supplement relating to such Series) specifying (i) the Payment Date (which shall be the Payment Date in the month (x) in which the deposit is made as may be specified in the related Series Supplement, or (y) in which the related Series Termination Date occurs) upon which final payment of such Notes will be made upon presentation and surrender of such Notes at the office or offices therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of the Notes at the office or offices therein specified. The Issuer's notice to the Trustee in accordance with the preceding sentence shall be accompanied by an Officer's Certificate setting forth the information specified in Article 6 of this Base Indenture covering the period during the then current calendar year through the date of such notice and setting forth the date of such final distribution. The Trustee shall give such notice to the Transfer Agent and the Paying Agent at the time such notice is given to such Noteholders or Certificateholders.

(b) Notwithstanding the termination or discharge of the trust of the Indenture pursuant to Section 12.1 or the occurrence of the Series Termination Date with respect to any Series, all funds then on deposit in the Collection Account, the Reserve Account or applicable Payment Account and owing to the Noteholders or Certificateholders shall continue to be held in trust for the benefit of the Noteholders or Certificateholders of the related Series and the Paying Agent or the Trustee shall pay such funds to the

Noteholders or Certificateholders of the related Series upon surrender of their Notes. In the event that all of the Noteholders or Certificateholders of any Series shall not surrender their Notes for cancellation within six (6) months after the date specified in the above-mentioned written notice, the Trustee shall give second written notice to the remaining Noteholders or Certificateholders of such Series upon receipt of the appropriate records from the Transfer Agent and Registrar to surrender their Notes for cancellation and receive the final distribution with respect thereto. If within one and one-half years after the second notice with respect to a Series, all the Notes of such Series shall not have been surrendered for cancellation, the Trustee may take appropriate steps or may appoint an agent to take appropriate steps, to contact the remaining Noteholders or Certificateholders of such Series concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account, the Reserve Account, the applicable Payment Account or any Series Account held for the benefit of such Noteholders. The Trustee and the Paying Agent shall pay to the Issuer upon request any monies held by them for the payment of principal or interest which remains unclaimed for two (2) years. After such payment to the Issuer, Noteholders or Certificateholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property Law designates another Person.

(c) All Notes surrendered for payment of the final distribution with respect to such Notes and cancellation shall be cancelled by the Transfer Agent and Registrar and be disposed of in a manner satisfactory to the Trustee and the Issuer.

Section 12.6. Termination Rights of Issuer. Upon the termination of the Lien of the Indenture pursuant to Section 12.1, and after payment of all amounts due hereunder on or prior to such termination, the Trustee shall execute a written release and reconveyance substantially in the form of Exhibit A hereto pursuant to which it shall release the Lien of the Indenture and reconvey to the Issuer (without recourse, representation or warranty) all right, title and interest in the Trust Estate, whether then existing or thereafter created, all moneys due or to become due with respect to such Trust Estate and all proceeds of the Trust Estate, except for amounts held by the Trustee or any Paying Agent pursuant to Section 12.5(b). The Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested by the Issuer or the Servicer to vest in the Issuer all right, title and interest in the Trust Estate.

Section 12.7. Repayment to the Issuer. The Trustee and the Paying Agent shall promptly pay to the Issuer upon written request any excess money or, pursuant to Sections 2.10 and 2.13, return any Notes held by them at any time.

ARTICLE 13.

AMENDMENTS

Section 13.1. Supplemental Indentures without Consent of the Noteholders. Without the consent of the Holders of any Notes, and, if the Certificateholders', the Servicer's, the Administrator's, the Owner Trustee'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 Required Certificateholders, the Servicer, the Administrator, the Owner Trustee or the Back-Up Servicer, as applicable, the Issuer and the Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indenture supplements or amendments hereto or amendments to any Series Supplement (which shall conform to any applicable provisions of the TIA as in force at the date of execution thereof), in form satisfactory to the Trustee, unless otherwise provided in a Series Supplement, 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 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 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 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 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 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 any Series of 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 Trustee with respect to the Notes of one or more Series 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;

(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; or

(i) for any other purpose expressly provided for in the Series Supplement for any Series;

provided, however, that no amendment or supplement shall be permitted if it would adversely affect the tax characterization of any outstanding Notes or result in a taxable event to any Noteholder unless such Noteholder's consent is obtained.

Upon the request of the Issuer and upon receipt by the Trustee of the documents described in Section 2.2 and further subject to Section 13.3, the Trustee shall join with the Issuer in the execution of any supplemental indenture or amendment authorized or permitted by the terms of this Base Indenture and shall make any further appropriate agreements and stipulations that may be therein contained.

Section 13.2. Supplemental Indentures with Consent of Noteholders. The Issuer and the Trustee, when authorized by an Issuer Order, also may, and unless otherwise provided in any Series Supplement, with the consent of the Required Noteholders and, if the Certificateholders', the Servicer's, the Administrator's, the Owner Trustee's or the Back-Up Servicer's (including as successor Servicer) rights and/or obligations are materially and adversely affected thereby, the Required Certificateholders, the Servicer, the Administrator, the Owner Trustee 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 of any Series 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 (c) below, the consent of each Secured Party):

- (a) change the date of payment of any installment of principal of or interest on, or any premium payable upon the redemption of, any Note or reduce in any manner the principal amount thereof, the interest rate thereon or the Redemption Price with respect thereto, modify the provisions of this Base Indenture or any Series Supplement relating to the application of Collections on, or the proceeds of the sale of, the Trust Estate to payment of principal of, or interest on, the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable;
- (b) change the Noteholder voting requirements with respect to any Transaction Document;
- (c) 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);
- (d) 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;
- (e) modify or alter the provisions of this Indenture regarding the voting of Notes held by the Issuer, the Sellers or an Affiliate of the foregoing;
- (f) reduce the percentage of the aggregate outstanding principal amount of the Notes, the consent of the Holders of which is required to direct the Trustee to sell or liquidate the Trust Estate pursuant to Section 10.4 if the proceeds of such sale would be insufficient to pay the principal amount and accrued but unpaid interest on the outstanding Notes;
- (g) 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;
- (h) 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

(i) 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 or Certificateholder to recognize gain or loss for U.S. federal income tax purposes, unless such Noteholder's or Certificateholder's consent is obtained as described above.

Section 13.3. Additional Restrictions on Supplemental Indentures and Other Matters.

(a) Notwithstanding anything herein to the contrary, no supplement or other amendment to the Indenture shall be made that would result in or cause the Grantor Trust or the Issuer (or any part thereof) to be classified, for U.S. federal income tax purposes, as an association (or a publicly traded partnership) taxable as a corporation or that would result in or cause the Grantor Trust to be classified, for U.S. federal income tax purposes, as other than a fixed investment trust described in Treasury Regulation section 301.7701-4(c) that is treated as a grantor trust under subpart E, Part I of subchapter J of the Code.

(b) The Trustee may, but shall not be obligated to, enter into any such amendment or supplement that affects the Trustee's rights, duties or immunities under this Indenture or otherwise. No amendment or supplemental indenture may adversely affect the rights, duties, immunities, protections or indemnification rights of any Paying Agent, the Owner Trustee, the Depository Bank, the Collateral Trustee or the Securities Intermediary without its consent.

(c) It shall not be necessary for any consent of Noteholders or Certificateholders under this Article 13 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.

(d) The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Note shall be subject to such reasonable requirements as the Trustee may prescribe.

(e) Promptly after the execution by the Issuer and the Trustee of any supplemental indenture or amendment to this Base Indenture or any Series Supplement pursuant to this Article 13, the Trustee shall mail to each Holder of the Notes of all Series (or with respect to an amendment or supplemental indenture of a Series Supplement, to the Noteholders or Certificateholders of the applicable Series), the Back-Up Servicer and the Servicer a copy of such supplemental indenture or amendment. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or amendment.

Section 13.4. Execution of Supplemental Indentures. In executing any amendment or supplemental indenture permitted by this Article 13 or the modifications thereby of the trust created by this Indenture, the Trustee shall be entitled to receive, and subject to Section 11.1, shall be fully protected in relying upon, an Officer's Certificate of the Issuer and an Opinion of Counsel stating that the execution of such amendment or supplemental indenture is authorized, permitted or not prohibited (as the case may be) by this Indenture and all conditions precedent to the execution of such amendment or supplemental indenture have been satisfied. Such Opinion of Counsel may be subject to reasonable qualifications and assumptions of fact. The execution of any supplemental Indenture shall be subject to Section 13.3.

Section 13.5. Effect of Supplemental Indenture. Upon the execution of any amendment or supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith with respect to the Notes affected thereby, and the respective rights, limitations of rights, obligations, duties, liabilities and immunities under this Indenture of the Trustee, the Issuer and the Holders of the Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such amendment or supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 13.6. 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 13.7. [Reserved].

Section 13.8. Series Supplements. Notwithstanding anything in Sections 13.1 and 13.2 to the contrary but subject to Section 13.11, the Series Supplement with respect to any Series may be amended with respect to the items and in accordance with the procedures provided in such Series Supplement and in the event the form of Notes to any Series Supplement is amended, each Holder shall surrender its Notes to the Trustee and the Trustee shall, following receipt of such Note and an Issuer Order directing the Trustee with respect to the authentication of such replacement Notes, issue a replacement Note containing such changes.

Section 13.9. Revocation and Effect of Consents. Until an amendment, supplemental indenture or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his or her Note or portion of a Note if the Trustee receives written notice of revocation before the date the amendment, supplemental indenture or waiver becomes effective. An amendment, supplemental indenture or waiver becomes effective in accordance with its terms and thereafter binds every Holder. The Issuer may fix a record date for determining which Holders must consent to such amendment, supplemental indenture or waiver.

Section 13.10. Notation on or Exchange of Notes Following Amendment. The Trustee may place an appropriate notation about an amendment, supplemental indenture or waiver on any Note thereafter authenticated. If the Issuer shall so determine, new Notes so modified as to conform to any such amendment, supplemental indenture or waiver may be prepared and executed by the Issuer and authenticated and delivered by the Trustee (upon receipt of an Issuer Order) in exchange for outstanding Notes. Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplemental indenture or waiver.

Section 13.11. The Trustee to Sign Amendments, etc. The Trustee shall sign any amendment or supplemental indenture authorized pursuant to this Article 13 if the amendment or supplemental indenture does not adversely affect in any material respect the rights, duties, liabilities or immunities of the Trustee. If any amendment or supplemental indenture does have such a materially adverse effect, the Trustee may, but need not, sign it. In signing such amendment or supplemental indenture, the Trustee shall be entitled to receive, if requested, an indemnity reasonably satisfactory to it and to receive and, subject to Section 11.1, shall be fully protected in relying upon, an Officer's Certificate of the Issuer and an Opinion of Counsel as conclusive evidence that such amendment or supplemental indenture is authorized, permitted or not prohibited (as the case may be) by this Indenture and that it will be valid and binding upon the Issuer in accordance with its terms and all conditions precedent to the execution of such amendment or supplemental indenture have been satisfied.

Section 13.12. Back-Up Servicer Consent. No amendment or indenture supplement hereto (including pursuant to Section 2.2 hereof) shall be effective if such amendment or supplement shall adversely affect the rights, duties or obligations of the Back-Up Servicer (including in its capacity as successor Servicer) without its prior written consent, notwithstanding anything to the contrary.

ARTICLE 14.

REDEMPTION AND REFINANCING OF NOTES

Section 14.1. Redemption and Refinancing. If specified in a Series Supplement, the Notes of any Series are subject to redemption as may be specified in the related Series Supplement, on any Payment Date on which the Issuer exercises its option to redeem the Notes for the Redemption Price; provided, however, that the Issuer has available funds sufficient to pay the Redemption Price. If the Notes of any Series are to be redeemed pursuant to this Section 14.1, the Issuer shall furnish notice of such election to the Trustee not later than fifteen (15) days prior to the Redemption Date and the Issuer shall deposit with the Trustee in a Trust Account that is within the sole control of the Trustee no later than 10:00 a.m. New York time on the Redemption Date the Redemption Price of the Notes of such Series to be redeemed whereupon all such redeemed Notes shall be due and payable on the Redemption Date upon the furnishing of a notice complying with Section 14.2 to each Holder of such Notes.

Section 14.2. Form of Redemption Notice. Notice of redemption under Section 14.1 shall be given by the Trustee by facsimile or by first-class mail, postage prepaid, transmitted or mailed prior to the applicable Redemption Date to each Holder of Notes of the Series to be redeemed, as of the close of business on the Record Date preceding the applicable Redemption Date, at such Holder's address appearing in the Note Register.

All notices of redemption shall state:

- (a) the Redemption Date;
- (b) the Issuer's good faith estimate of the Redemption Price;
- (c) that the Record Date otherwise applicable to such Redemption Date is not applicable and that payments shall be made only upon presentation and surrender of such Notes and the place where such Notes are to be surrendered for payment of the Redemption Price (which shall be the office or agency of the Issuer to be maintained as provided in Section 8.2); and
- (d) that interest on the Notes shall cease to accrue on the Redemption Date.

Notice of redemption of the Notes shall be given by the Trustee in the name and at the expense of the Issuer. For the avoidance of doubt, the Issuer shall provide the Trustee with the actual Redemption Price prior to the applicable Redemption Date. Failure to give notice of redemption, or any defect therein, to any Holder of any Note to be redeemed shall not impair or affect the validity of the redemption of any other Note.

Section 14.3. Notes Payable on Redemption Date. The Notes of any Series to be redeemed shall, following notice of redemption as required by Section 14.2 (in the case of redemption pursuant to Section 14.1), on the Redemption Date become due and payable at the Redemption Price and (unless the Issuer shall default in the payment of the Redemption Price) no interest shall accrue on the Redemption Price for any period after the date to which accrued interest is calculated for purposes of calculating the Redemption Price.

ARTICLE 15.

MISCELLANEOUS

Section 15.1. Compliance Certificates and Opinions, etc.

(a) Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee if requested thereby (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, (ii) an Opinion of Counsel (subject to reasonable assumptions and qualifications) stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with and (iii) (if this Indenture is required to be qualified under the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with.

(b) (i) Prior to the deposit of any property or securities (other than cash) with the Trustee that is to be made the basis for the release of any property or securities subject to the Lien of this Indenture, the Issuer shall, in addition to any obligation imposed in Section 15.1(a) or elsewhere in this Indenture, furnish to the Trustee upon the Trustee's

request an Officer's Certificate certifying or stating the opinion of each individual signing such certificate as to the fair value (within ninety (90) days of such deposit) to the Issuer of the property or securities (other than cash) to be so deposited.

(ii) Whenever the Issuer is required to furnish to the Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, the Issuer shall also deliver to the Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current Fiscal Year of the Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is 10% or more of the aggregate outstanding principal amount or par amount of all the Notes of all Series issued by the Issuer, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than \$25,000 or less than 1% percent of the aggregate outstanding principal amount or par amount of all the Notes of all Series issued by the Issuer of the Notes.

(iii) Other than with respect to the release of any cash (including Collections) in accordance with the Series Supplements, Removed Receivables or liquidated Receivables (and the Related Security therefor), and except for discharges of this Indenture as described in Section 12.1, whenever any property or securities are to be released from the Lien of this Indenture, the Issuer shall also furnish to the Trustee an Officer's Certificate certifying or stating the opinion of each individual signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such individual the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever the Issuer is required to furnish to the Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iii) above, the Issuer shall also furnish to the Trustee an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property other than cash (including Collections) in accordance with the Series Supplements, Removed Receivables and Defaulted Receivable, or securities released from the Lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10% or more of the aggregate outstanding principal amount or par amount of all Notes of all Series issued by the Issuer, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than \$25,000 or less than 1% percent of the then aggregate outstanding principal amount or par amount of all Notes of all Series issued by the Issuer of the Notes.

Section 15.2. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of 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 Sellers or the Issuer (or the Administrator on its behalf), stating that the information with respect to such factual matters is in the possession of or known to the initial Servicer, the Sellers or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article 10.

Section 15.3. Acts of Noteholders and Certificateholders.

(a) Wherever in this Indenture a provision is made that an action may be taken or a notice, demand or instruction given by Noteholders or Certificateholders, such action, notice or instruction may be taken or given by any Noteholder or Certificateholder, unless such provision requires a specific percentage of Noteholders or Certificateholders. Notwithstanding anything in this Indenture to the contrary, so long as any other Person is a Noteholder or Certificateholder, none of the Sellers, the Issuer or any Affiliate thereof 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 or Certificateholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders or Certificateholders in person or by agents duly appointed in writing; and except as herein otherwise expressly provided such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders or Certificateholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 11.1) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(c) The fact and date of the execution by any Person of any such instrument or writing may be proved in any customary manner of the Trustee.

(d) The ownership of Notes shall be proved by the Note Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any such Notes shall bind such Noteholder or Certificateholder and the Holder of every Note and every subsequent Holder of such Notes issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee, the Servicer or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 15.4. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at, sent by facsimile to, sent by courier (overnight or hand-delivered) at or mailed by registered mail, return receipt requested, to (a) in the case of the Issuer or the Administrator, to c/o CILO Administrator Services LLC, as Administrator, 53 Forest Avenue, Old Greenwich, Connecticut 06870, Attention: William Messmore, (b) in the case of the Servicer or the Opportun Sponsor/Seller, to 2 Circle Star Way, San Carlos, California 94070, Attention: General Counsel and (c) in the case of the Trustee, to the Corporate Trust Office. Unless otherwise provided with respect to any Series in the related Series Supplement or otherwise expressly provided herein, any notice required or permitted to be mailed to a Noteholder or Certificateholder shall be given by first class mail, postage prepaid, at the address of such Noteholder or Certificateholder 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 or Certificateholder receives such notice.

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications; provided, however, the Issuer may not at any time designate more than a total of three (3) addresses to which notices must be sent in order to be effective.

Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given five (5) days after the date that such notice is mailed, (iii) delivered by telex or telecopier shall be deemed given on the date of confirmation of the delivery of such notice by e-mail or telephone, and (iv) delivered by overnight air courier shall be deemed delivered one (1) Business Day after the date that such notice is delivered to such overnight courier.

Notwithstanding any provisions of this Indenture to the contrary, the Trustee shall have no liability based upon or arising from the failure to receive any notice required by or relating to this Indenture or the Notes.

If the Issuer mails a notice or communication to Noteholders or Certificateholders, it shall mail a copy to the Trustee at the same time.

Section 15.5. Notices to Noteholders and Certificateholders: Waiver. Where this Indenture provides for notice to Noteholders or Certificateholders 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 or Certificateholders is given by mail, neither the failure to mail such notice nor any defect in any notice so mailed to any particular Noteholder or Certificateholder shall affect the sufficiency of such notice with respect to other Noteholders and Certificateholders, 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 or

Certificateholders shall be filed with the Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such a waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders or Certificateholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 15.6. Alternate Payment and Notice Provisions. Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Trustee on behalf of the Issuer may enter into any agreement with any Holder of a Note providing for a method of payment, or notice by the Trustee or any Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices, provided that such methods are consented to by the Issuer (which consent shall not be unreasonably withheld). The Trustee will cause payments to be made and notices to be given in accordance with such agreements.

Section 15.7. Conflict with TIA. If any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control (if this Indenture is required to be qualified under the TIA).

The provisions of TIA Sections 310 through 317 that impose duties on any Person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein (if this Indenture is required to be qualified under the TIA). Notwithstanding the foregoing, and regardless of whether the Indenture is required to be qualified under the TIA, the provisions of Section 316(a)(1) of the TIA shall be excluded from this Indenture.

Section 15.8. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents and Cross-Reference Table are for convenience of reference only, are not to be considered a part hereof, and shall not affect the meaning or construction hereof.

Section 15.9. Successors and Assigns. All covenants and agreements in this Indenture and the Notes by the Issuer shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successors.

Section 15.10. Separability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Indenture or Notes shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Indenture and shall in no way affect the validity or enforceability of the other provisions of this Indenture or of the Notes or rights of the Holders thereof.

Section 15.11. Benefits of Indenture. Except as set forth in this Indenture, nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Secured Parties, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 15.12. Legal Holidays. In any case where the date on which any payment is due to any Secured Party shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) any such payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on

which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 15.13. GOVERNING LAW; JURISDICTION. THIS INDENTURE AND THE NOTES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN §§5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS INDENTURE AND EACH SECURED PARTY HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENT THEREOF. EACH OF THE PARTIES AND EACH SECURED PARTY HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

Section 15.14. Counterparts. This Indenture may be executed in any number of counterparts, and by different parties on separate counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. This Indenture shall be valid, binding, and enforceable against a party when executed and delivered by an authorized individual on behalf of the party by means of (a) an original manual signature, (b) a faxed, scanned, photocopied, or other electronically imaged manual signature, or (c) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"), in each case to the extent applicable. Each faxed, scanned, photocopied, or other electronically imaged manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, photocopied, or other electronically imaged manual signature, or other electronic signature, of any other party (whether such signature is with respect to this Indenture or any notice, officer's certificate or other ancillary document (but not any Notes) delivered pursuant to or in connection with this Indenture) and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For the avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 15.15. Recording of Indenture. If this Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel (which may be counsel to the Trustee or any other counsel reasonably acceptable to the Trustee) to the effect that such recording is necessary either for the protection of the Noteholders, the Certificateholders or any other Person secured hereunder or for the enforcement of any right or remedy granted to the Trustee under this Indenture.

Section 15.16. Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) any assets of the Issuer other than the Trust Estate, (ii) the Sellers, the Servicer or the Trustee or (iii) any partner, owner, incorporator, member, manager, beneficiary, beneficial owner, agent, officer, director, employee, shareholder

or agent of the Issuer, the Sellers, the Servicer or the Trustee, except (x) as any such Person may have expressly agreed and (y) nothing in this Section shall relieve the Sellers or the Servicer from its own obligations under the terms of any Transaction Document to which they are a party. Nothing in this Section 15.16 shall be construed to limit the Trustee from exercising its rights hereunder with respect to the Trust Estate.

Section 15.17. No Bankruptcy Petition Against the Issuer. Each of the Secured Parties and the Trustee by entering into the Indenture, any Series Supplement, any Note Purchase Agreement or any Placement Agreement, and in the case of a Noteholder, Certificateholder 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 U.S. federal or state bankruptcy or similar Law in connection with any obligations relating to the Notes, this Indenture or any of the Transaction Documents. In the event that any such Secured Party or the Trustee takes action in violation of this Section 15.17, the Issuer shall file an answer with the bankruptcy court or otherwise properly contesting the filing of such a petition by any such Secured Party or the Trustee against the Issuer or the commencement of such action and raising the defense that such Secured Party or the Trustee has agreed in writing not to take such action and should be estopped and precluded therefrom and such other defenses, if any, as its counsel advises that it may assert. The provisions of this Section 15.17 shall survive the termination of this Indenture, and the resignation or removal of the Trustee. Nothing contained herein shall preclude participation by any Secured Party or the Trustee in the assertion or defense of its claims in any such Proceeding involving the Issuer.

Section 15.18. No Joint Venture. Nothing herein contained shall be deemed or construed to create a co-partnership or joint venture between the parties hereto and the services of the Administrator or the Servicer shall be rendered as an independent contractor and not as agent for the Trustee or the Issuer.

Section 15.19. Rule 144A Information. For so long as any of the Notes of any Series or 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 or Certificateholder of such Series or Class and to any prospective purchaser of Notes designated by such Noteholder or Certificateholder upon the request of such Noteholder, Certificateholder 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 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 Trustee, any Secured Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by Law.

Section 15.21. 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 Trustee. The 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 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 Trustee shall, and is hereby authorized and directed to, execute and deliver the Intercreditor Agreement, and perform the duties and obligations, and appoint the Collateral Trustee, as described in the Intercreditor Agreement. Upon receipt of (a) an Issuer Order, (b) an Officer's Certificate of the Issuer stating that such amendment or replacement intercreditor agreement, as the case may be, (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 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 or by the Oportun Sponsor/Seller or any of its Affiliates; provided that, in connection with any such additional financing entered into by the Oportun Sponsor/Seller or any of its Affiliates, the Opinion of Counsel required by clause (c) above may be delivered by counsel to the Issuer or an Affiliate of the Issuer or by counsel to the Oportun Sponsor/Seller.

Section 15.28. Concerning the Owner Trustee. By executing a signature page to this Indenture, the Grantor Trust is agreeing solely to GRANTING CLAUSE SECOND of this Indenture. WTNA is executing on behalf of the Grantor Trust solely in its capacity as Owner Trustee of the Grantor Trust and not in its individual or personal capacity. The parties hereto hereby acknowledge and agree that (a) this Indenture is executed and delivered by WTNA, not individually or personally but solely as owner trustee of the Grantor Trust, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Grantor Trust or the Owner Trustee is made and intended not as a personal representation, undertaking and agreement by WTNA but is made and intended for the purpose of binding only the Grantor Trust, (c) nothing herein contained shall be construed as creating any liability on WTNA, individually or personally, to perform any covenant either expressed or implied contained herein of the Grantor Trust or the Owner Trustee, all such liability, if any, being expressly waived by each party hereto on behalf of itself and by any Person claiming by, through or under it, (d) WTNA has made no investigation as to the accuracy or completeness of any representations and warranties made by the Grantor Trust or the Owner Trustee in this Indenture and (e) under no circumstances shall WTNA be personally liable

for the payment of any indebtedness or expenses of the Grantor Trust or the Owner Trustee or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Grantor Trust or the Owner Trustee under this Indenture or any other related documents.

Section 15.29. Patriot Act. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, charity, trust or other legal entity, the Trustee or the Paying Agent may ask for documentation to verify its formation and existence as a legal entity. The Trustee or Paying Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. Each party hereby agrees that it shall provide the Trustee and the Paying Agent with such information in its possession as the Trustee or the Paying Agent may reasonably request from time to time in order to comply with any such applicable requirements.

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

OPORTUN FUNDING 2022-1, LLC,
as Issuer

By: Ellington Management Group, L.L.C., its Manager

By: /s/ Laurence Penn
Name: Laurence Penn
Title: Vice Chairman

[Base Indenture (OF 2022-1)]

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Trustee, Securities Intermediary and Depositary Bank

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

AGREED TO (SOLELY WITH RESPECT TO GRANTING CLAUSE SECOND OF THIS INDENTURE):

OPTN FUNDING GRANTOR TRUST 2022-1

By: WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity but solely as Owner Trustee

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

[Base Indenture (OF 2022-1)]

OPORTUN FUNDING 2022-1, LLC,
as Issuer
and
WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee, as Securities Intermediary and as Depositary Bank

SERIES 2022-1 SUPPLEMENT

Dated as of March 31, 2022

to

BASE INDENTURE

Dated as of March 31, 2022

3.25% Asset Backed Fixed Rate Notes, Class A
4.75% Asset Backed Fixed Rate Notes, Class B
6.00% Asset Backed Fixed Rate Notes, Class C
Asset Backed Certificates

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

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SERIES 2022-1 SUPPLEMENT, dated as of March 31, 2022 (as amended, modified, restated or supplemented from time to time in accordance with the terms hereof, this “Series Supplement”), by and among **OPORTUN FUNDING 2022-1, LLC**, a special purpose limited liability company established under the laws of Delaware, as issuer (“Issuer”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association with trust powers, as trustee (together with its successors in trust under the Base Indenture referred to below, the “Trustee”), as securities intermediary (together with its successors under the Base Indenture referred to below, the “Securities Intermediary”) and as depository bank (together with its successors under the Base Indenture referred to below, the “Depository Bank”), to the Base Indenture, dated as of March 31, 2022, between the Issuer, the Trustee, the Securities Intermediary and the Depository Bank (as amended, modified, restated or supplemented from time to time, exclusive of this Series Supplement, the “Base Indenture”).

Pursuant to this Series Supplement, the Issuer shall create a new Series of Notes and shall specify the principal terms thereof.

PRELIMINARY STATEMENT

WHEREAS, Section 2.2 of the Base Indenture provides, among other things, that the Issuer and the Trustee may enter into a series supplement to the Base Indenture for the purpose of authorizing the issuance of this Series of Notes.

NOW, THEREFORE, the parties hereto agree as follows:

DESIGNATION

(a) There is hereby created a Series of notes and subordinate residual certificates to be issued pursuant to the Base Indenture and this Series Supplement and such Series of notes and subordinate residual certificates shall be substantially in the form of Exhibit A, B, C and D hereto, executed by or on behalf of the Issuer and authenticated by the Trustee and designated generally 3.25% Asset Backed Fixed Rate Notes, Class A, Series 2022-1 (the “Class A Notes”), 4.75% Asset Backed Fixed Rate Notes, Class B, Series 2022-1 (the “Class B Notes”), 6.00% Asset Backed Fixed Rate Notes, Class C, Series 2022-1 (the “Class C Notes” and, together with the Class A Notes and the Class B Notes, the “Senior Notes”) and the Asset Backed Certificates, Series 2022-1 (the “Certificates” and, together with the Senior Notes, the “Notes”). The Senior Notes shall be issued in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, and the Certificates shall be issued in minimum denominations of \$2,500 par amount and integral multiples of \$1 (par amount) in excess thereof.

(b) Series 2022-1 (as defined below) shall not be subordinated to any other Series.

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

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

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

SECTION 1. Definitions. In the event that any definition, term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Base Indenture, the definitions, terms and provisions of this Series Supplement shall govern. All

Article, Section or subsection references herein mean Articles, Sections or subsections of this Series Supplement, except as otherwise provided herein. All capitalized terms not otherwise defined herein are defined in the Base Indenture. Each capitalized term defined herein shall relate only to the Notes.

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

“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 amounts on deposit in the Reserve Account in excess of the Reserve Account Requirement; (c) other amounts in the Reserve Account, but only to the extent necessary (after giving effect to clauses (a) and (b) 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(i) – (viii); (d) all amounts held in the Reserve Account on any Payment Date after the occurrence and during the continuance of an Event of Default; and (e) all other amounts held in the Collection Account and the Reserve Account (in that order) commencing on the earliest of (i) the date on which there is an optional redemption of the Notes pursuant to Section 4 of this Series Supplement, (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. Any mistaken deposits into the Collection Account shall not constitute Available Funds.

“Certificateholder” means a Holder of a Certificate.

“Certificates” has the meaning specified in paragraph (a) of the Designation.

“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).

A Notes. “Class A Note Rate” means, with respect to each Interest Period, a fixed rate equal to 3.25% per annum with respect to the Class

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

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

“Class A Required Interest Distribution” has the meaning specified in Section 5.15(iii).

“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).

B Notes. “Class B Note Rate” means, with respect to each Interest Period, a fixed rate equal to 4.75% per annum with respect to the Class

“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(v).

“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 6.00% 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(vii).

“Closing Date” means March 31, 2022.

“Code” means the Internal Revenue Code of 1986, as amended.

“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.

“Cumulative Default Amount” means, with respect to any Payment Date, the sum of the Outstanding Receivables Balance of all Receivables that became Defaulted Receivables from the Cut-Off Date through the end of the related Monthly Period, less the sum of the aggregate amount of all Recoveries received with respect to the Defaulted Receivables from the Cut-Off Date through the end of the related Monthly Period.

“Cumulative Default Ratio” means, with respect to any Payment Date, the fraction, expressed as a percentage, the numerator of which is the Cumulative Default Amount for such Payment Date and the denominator of which is the Initial Outstanding Receivables Balance.

“Cumulative Default Ratio Amortization Event” shall have occurred on any Payment Date if the Cumulative Default Ratio for such Payment Date specified in Exhibit H attached hereto exceeds the percentage set forth opposite such Payment Date on Exhibit H hereto.

“Cut-Off Date” means March 28, 2022.

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

“Domestic Corporation” means an entity that is treated as a corporation for United States federal income tax purposes and is a United States person under Section 7701(a)(30) of the Code.

“ECO Seller” means ECO CH LLC, a Delaware limited liability company.

“EF Seller” means EF CH LLC, a Delaware limited liability company.

“Eligible Horizontal Residual Interest” means the Certificates with an initial par amount of \$38,902, representing no less than 5% of the fair value of all of the Notes and the Certificates issued on the Closing Date, retained by the EPOB2 Sponsor/Seller or any of its majority-owned affiliates to comply with the requirements of the U.S. Risk Retention Rules.

“EPOB2 Sponsor/Seller” means EPO II (B) CH LLC, a Delaware limited liability company, who has agreed in the Risk Retention Letter to comply with the requirements of the U.S. Risk Retention Rules with respect to the transactions contemplated by the Transaction Documents.

“First Priority Principal Distribution Amount” has the meaning specified in Section 5.15(iv).

“Global Note” has the meaning specified in Section 6(a).

“Grantor Trust” means OPTN Funding Grantor Trust 2022-1, a Delaware statutory trust.

“Grantor Trust Agreement” means the Amended and Restated Trust Agreement, dated as of the Closing Date, among the Issuer, the Administrator and the Owner Trustee, as amended, restated, supplemented or otherwise modified from time to time.

“Grantor Trust Certificate” means the trust certificate issued to the Issuer by the Grantor Trust pursuant to the Grantor Trust Agreement, evidencing a 100% beneficial ownership interest in the Grantor Trust and the trust estate held thereunder.

“Initial Purchaser” means Goldman Sachs & Co. LLC.

“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.

“Issuer” is defined in the preamble of this Series Supplement.

“Legal Final Payment Date” means June 15, 2029; provided, that with respect to the Certificates it shall mean the Payment Date after the final distribution is made on the Grantor Trust Certificate.

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

“Monthly Issuer Report” has the meaning specified in Section 6.3.

“Monthly Period” has the meaning specified in the Base Indenture.

“Monthly Statement” has the meaning specified in Section 6.2(a).

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

“Note Purchase Agreement” means the agreement by and among the Initial Purchaser, the Sponsors, the Sellers, Ellington Private Opportunities Master Fund II (A) LP and Ellington Private Opportunities Master Fund II (B) LP, Ellington Credit Opportunities, Ltd., Ellington Financial Operating Partnership LLC and the Issuer, dated March 24, 2022, pursuant to which the Initial Purchaser agreed to purchase an interest in certain Notes from the Issuer, subject to the terms and conditions set forth therein, as amended, supplemented or otherwise modified from time to time.

“Noteholder” means with respect to any Senior Note, the holder of record of such Senior Note.

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

“Offering Memorandum” means the Offering Memorandum, dated March 24, 2022, relating to the Senior Notes.

“Oportun Sponsor/Seller” means Oportun, Inc., a Delaware limited liability company.

“Owner Trustee” means Wilmington Trust, National Association, not in its individual capacity but solely as owner trustee of the Grantor Trust.

“Payment Date” means May 16, 2022 and the fifteenth (15th) day of each calendar month thereafter, or if such fifteenth (15th) day is not a Business Day, the next succeeding Business Day.

“Placement Agent” means Goldman Sachs & Co. LLC.

“Placement Agreement” means the agreement by and among the Placement Agent, Ellington Private Opportunities Master Fund II (A) LP and Ellington Private Opportunities Master Fund II (B) LP, Ellington Credit Opportunities, Ltd., Ellington Financial Operating Partnership LLC, the Sponsors, ECO CH LLC, EF CH LLC and the Settlor, dated March 25, 2022, pursuant to which the Placement Agent agreed to place certain of the Certificates acquired by the Oportun Sponsor/Seller, subject to the terms and conditions set forth therein, as amended, supplemented or otherwise modified from time to time.

“Purchase Agreements” means, collectively, (a) the Purchase and Sale Agreement, dated as of the Closing Date, by and among the Oportun Sponsor/Seller, as seller, the Grantor Trust and the Owner Trustee on behalf of the Grantor Trust, (b) the Purchase and Sale Agreement, dated as of the Closing Date, by and among the EPOB2 Sponsor/Seller, as seller, the Grantor Trust as purchaser and, for the limited purposes set forth therein, Deutsche Bank National Trust Company, not in its individual capacity but solely in its capacity as owner trustee (the “Participation Trust Owner Trustee”) on behalf of ECL Funding 2016-OPTN Master Participation Trust (the “Participation Trust”) and the Owner Trustee on behalf of the Grantor Trust, (c) the Purchase and Sale Agreement, dated as of the Closing Date, by and among the ECO Seller, as seller, the Grantor Trust as purchaser and, for the limited purposes set forth therein, the Participation Trust Owner Trustee on behalf of the Participation Trust and the Owner Trustee on behalf of the Grantor Trust and (d) the Purchase and Sale Agreement, dated as of the Closing Date, by and among the EF Seller, as seller, the Grantor Trust as purchaser and, for the

limited purposes set forth therein, the Participation Trust Owner Trustee on behalf of the Participation Trust and the Owner Trustee on behalf of the Grantor Trust, each as may be amended, supplemented, restated or otherwise modified from time to time.

“QIB” has the meaning specified in Section 6(a)(i).

“Rapid Amortization Event” means the occurrence of (a) a Cumulative Default Ratio Amortization Event or (b) a Servicer Default or an Event of Default (in each case whatever the reason for such Rapid Amortization Event and whether it shall be voluntary or involuntary).

“Regular Principal Distribution Amount” has the meaning specified in Section 5.15(x).

“Required Certificateholders” means the holders of Certificates representing in excess of 50% of the aggregate par amount of the Certificates outstanding.

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

“Required Overcollateralization Amount” means as of any date of determination, the greater of (a) 12% of the Outstanding Receivables Balance as of the end of the related Monthly Period and (b) \$4,210,546, which equals 1% of the Initial Outstanding Receivables Balance.

“Reserve Account Requirement” means (a) on the initial Payment Date, the amount deposited in the Reserve Account pursuant to Section 3.3 hereof, and (b) on any Payment Date thereafter while Notes remain outstanding (after giving effect to any repayment of principal on such Payment Date), 0.25% of the aggregate outstanding amount of the Notes.

“Residual Payments” has the meaning specified in Section 5.15(xii).

“Restricted Global Certificate” has the meaning specified in Section 6(a)(ii).

“Restricted Global Notes” has the meaning specified in Section 6(a)(ii).

“Restricted Global Senior Notes” has the meaning specified in Section 6(a)(i).

“Risk Retention Letter” means the letter agreement, dated as of the Closing Date (as may be amended, supplemented or replaced in accordance with the U.S. Risk Retention Rules), by the EPOB2 Sponsor/Seller and, if applicable, its majority-owned affiliate that will hold the Required Credit Risk, in favor of the Trustee pursuant to which the EPOB2 Sponsor/Seller and, if applicable, the majority-owned affiliate of the EPOB2 Sponsor/Seller has made certain undertakings in relation to the Required Credit Risk.

“Rule 144A” has the meaning specified in Section 6(a)(i).

“Second Priority Principal Distribution Amount” has the meaning specified in Section 5.15(vi).

“Section 385 Controlled Partnership” has the meaning set forth in Treasury Regulation Section 1.385-1(c)(1) for a “controlled partnership”.

“Section 385 Expanded Group” has the meaning set forth in Treasury Regulation Section 1.385-1(c)(4) for an “expanded group”.

“Sellers” means the Oportun Sponsor/Seller, the EPOB2 Sponsor/Seller, the ECO Seller and the EF Seller.

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

“Series 2022-1” means the Series of the Asset Backed Notes and the Asset Backed Certificates represented by the Notes.

“Series 2022-1 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 (and, with respect to the Certificates, the final distribution on the Grantor Trust Certificate has been made), (b) the Legal Final Payment Date and (c) the Indenture Termination Date.

“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.

“Sponsors” means the Oportun Sponsor/Seller and the EPOB2 Sponsor/Seller.

“Third Priority Principal Distribution Amount” has the meaning specified in Section 5.15(viii).

SECTION 2. [Reserved]

SECTION 3. Article 3 of the Base Indenture. Article 3 of the Indenture solely for the purposes of Series 2022-1 shall be read in its entirety as follows and shall be applicable only to the Notes:

ARTICLE 3

INITIAL ISSUANCE OF NOTES; CERTAIN FEES AND EXPENSES; APPLICATION OF PROCEEDS

Section 3.1. Initial Issuance.

(a) Subject to satisfaction of the conditions precedent set forth in Section (b) of this Section 3.1, on the Closing Date, the Issuer will issue, in accordance with Section 2.2 of the Base Indenture and Section 6 hereof, (i) the Class A Notes, the Class B Notes and the Class C Notes in the aggregate initial principal amount equal to \$348,633,000, \$30,316,000 and \$21,051,000, respectively, and (ii) the Certificates with

an aggregate par amount of \$100,000. No additional Notes may be issued by the Issuer without the consent of Holders of 100% of the Notes.

(b) The Notes will be issued on the Closing Date pursuant to Section 3.1(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 integral multiples of \$1,000 in excess thereof) and the amount of each Certificate shall be equal to or greater than \$2,500 par amount (and integral multiples of \$1 (par amount) 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 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 of this Series.

(e) There shall be no Payment Account initially established with respect to this Series.

Section 3.2. Certain Fees and Expenses. The Transaction Fees and Expenses (and, in the case of the initial Servicer, the Servicing Fee) and other fees, expenses and indemnity amounts owed to the Trustee, the Owner Trustee, the Collateral Trustee, the Securities Intermediary, the Depository Bank, the Administrator, the Back-Up Servicer, the Independent Manager and the successor Servicer shall be paid by the cash flows from the Trust Estate and in no event shall the Trustee or any of the other Persons listed above be liable therefor. The portion of the foregoing amounts allocable to Series 2022-1 shall be payable to the Trustee, Owner Trustee, Collateral Trustee, Securities Intermediary, Depository Bank, Administrator, Servicer, successor Servicer, if any, Independent Manager and the Back-Up Servicer, as applicable, solely to the extent amounts are available for distribution in respect thereof pursuant to Sections 5.15(i), (ii) and (xi), as applicable.

Section 3.3. Application of Proceeds. On the Closing Date, the Trustee shall apply the proceeds received by it for the account of the Issuer from the sale of the Senior Notes (\$398,852,371.82) in accordance with an Issuer Order, as follows:

(i) for deposit to the Reserve Account, an amount equal to \$1,000,000; and

(ii) the remainder (\$397,852,371.82) shall be transferred to the Persons and in the manner described in the Issuer Order.

On the Closing Date, the Trustee shall also apply the proceeds received by it for the account of the Issuer from the resale of certain of the Certificates in the amount specified and in accordance with an Issuer Order.

SECTION 4. Optional Redemption.

(a) The Senior Notes shall be subject to redemption by the Issuer, at the direction of the Holders of 100% of the membership interests in the Issuer, in accordance with the terms specified in Article 14 of the Base Indenture, on any Payment Date on or after the date of which the Outstanding Receivables Balance is less than 10% of the Initial Outstanding Receivables Balance.

(b) The redemption price for the Senior Notes will be equal to the sum of (i) the Note Principal determined without giving effect to any Senior Notes owned by the Issuer, plus (ii) accrued and unpaid interest on such Senior 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 (other than the Certificateholders) pursuant to the Transaction Documents, minus (v) the amounts, if any, on deposit on such Payment Date in 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 Senior Notes by the Issuer, the Issuer shall redeem in full all of the Certificates in accordance with Article 14 of the Base Indenture.

(d) The redemption price for the Certificates will be equal to the sum of (i) the aggregate par amount of the Certificates (calculated as though the Senior Notes were not redeemed on such Payment Date), (ii) the percentage of the Residual Payments for such Payment Date distributable to the Holders of the Certificates or 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 5. Delivery and Payment for the Notes. The Trustee shall execute, authenticate and deliver the Notes in accordance with Section 2.4 of the Base Indenture and Section 6 below.

SECTION 6. Form of Delivery of the Notes; Depository; Denominations; Transfer Provisions.

(a) The Senior Notes shall be delivered as Registered Notes representing Book-Entry Notes as provided in Section 6(a)(i). The Certificates shall be delivered as Registered Notes representing Book-Entry Notes as provided in Section 6(a)(ii). For purposes of this Series Supplement, the term “Global Notes” refers to the Restricted Global Notes, as defined below.

(i) Restricted Global Senior Notes. The Senior 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 Senior Notes”), substantially in the form attached hereto as Exhibit A, B or C, as applicable, and

will be either (x) retained by the Issuer or an Affiliate thereof or (y) offered and sold, only (1) by the Issuer 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 Section 6(d) 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 Trustee as provided in the Base Indenture for credit to the accounts of the subscribers at DTC. The initial principal amount of the Restricted Global Senior 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.

(ii) Restricted Global Certificates. The Certificates to be sold will be issued in book-entry form and represented by one permanent global Note in fully registered form without interest coupons (the “Restricted Global Certificate” and, together with the Restricted Global Senior Notes, the “Restricted Global Notes”), substantially in the form attached hereto as Exhibit E, and will be either (x) retained by the Issuer or an Affiliate thereof or (y) offered and sold, only (1) by the Issuer to a QIB in reliance on an exemption from the registration requirements of the Securities Act and (2) thereafter only to a Person that is a QIB as defined in Rule 144A in a transaction meeting the requirements of Rule 144A, 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 Trustee as provided in the Base Indenture for credit to the accounts of the subscribers at DTC.

(b) [Reserved].

(c) 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 integral multiples of \$1,000 in excess thereof, and the Certificates will be issuable and transferable in minimum denominations of \$2,500 par amount and integral multiples of \$1 (par amount) in excess thereof.

(d) 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 the Base 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 Section 6(e) 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 Section 6(d) and the transferee shall be deemed to have made the representations contained in Section 6(e).

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

(1) it (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A, (iii) is acquiring the Notes for its own account or for the account of a QIB and (iv) solely with respect to the Certificates, it is a "United States person" as defined in Section 7701(A)(30) of the Code;

(2) 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;

(3) 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 (A) EITHER (I) IT IS NOT ACQUIRING SUCH NOTE (OR ANY INTEREST THEREIN) WITH THE ASSETS OF 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 PLAN (AS DEFINED BY SECTION 3(32) OF ERISA), A CHURCH PLAN (AS DEFINED BY SECTION 3(33) OF ERISA) OR ANY OTHER EMPLOYEE BENEFIT PLAN (COLLECTIVELY WITH BENEFIT PLAN INVESTORS, "PLANS") THAT IS SUBJECT TO ANY LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) 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 ANY SIMILAR LAW, AND (B) IT ACKNOWLEDGES AND AGREES THAT THIS NOTE IS NOT ELIGIBLE FOR ACQUISITION BY BENEFIT PLAN INVESTORS OR PLANS SUBJECT TO SIMILAR LAW AT ANY TIME THAT THIS NOTE IS RATED BELOW INVESTMENT GRADE.

(4) the following legend will be placed on the Certificates unless the Issuer determines otherwise in compliance with applicable Law:

THIS CERTIFICATE 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 CERTIFICATE 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 CERTIFICATE (OR ANY INTEREST HEREIN), EACH PURCHASER AND TRANSFEREE (AND ANY FIDUCIARY ACTING ON BEHALF OF A PURCHASER OR TRANSFEREE) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT SUCH PURCHASER OR TRANSFEREE IS EITHER (I) NOT ACQUIRING THIS CERTIFICATE (OR ANY INTEREST HEREIN) WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" (AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE

“CODE”)), AN ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING (EACH, A “BENEFIT PLAN INVESTOR”), A GOVERNMENTAL PLAN (AS DEFINED BY SECTION 3(32) OF ERISA), A CHURCH PLAN (AS DEFINED BY SECTION 3(33) OF ERISA) OR ANY OTHER EMPLOYEE BENEFIT PLAN (COLLECTIVELY WITH BENEFIT PLAN INVESTORS, “PLANS”) THAT IS SUBJECT TO ANY LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”) OR (II) (A) THE ASSETS USED TO ACQUIRE THIS CERTIFICATE (OR ANY INTEREST HEREIN) CONSTITUTE ASSETS OF AN “INSURANCE COMPANY GENERAL ACCOUNT” (AS DEFINED IN SECTION V(e) OF U.S. DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 95-60 (“PTE 95-60”)), AND THE ACQUISITION AND HOLDING OF THIS CERTIFICATE WILL BE EXEMPT UNDER PTE 95-60, (B) IT IS NOT (NOR IS ANY AFFILIATE OF SUCH PURCHASER OR TRANSFEREE) A PERSON OR ENTITY THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO THE ASSETS OF THE ISSUER, AND (C) FOR THE ENTIRE PERIOD DURING WHICH SUCH PURCHASER OR TRANSFEREE HOLDS ITS INTEREST IN THIS CERTIFICATE, LESS THAN 25% OF THE INSURANCE COMPANY GENERAL ACCOUNT CONSTITUTES “PLAN ASSETS” OF BENEFIT PLAN INVESTORS.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NO TRANSFER OF A BENEFICIAL INTEREST IN THIS CERTIFICATE 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 CERTIFICATE, 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 CERTIFICATE, 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 CERTIFICATE 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 CERTIFICATE 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, AND THE TREASURY REGULATIONS PROMULGATED THEREUNDER.

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

(V) IT WILL NOT TRANSFER ANY BENEFICIAL INTEREST IN THIS CERTIFICATE (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 CERTIFICATE 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 CERTIFICATE, 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.

(5) The following legend will be placed on the Certificates unless the Issuer determines otherwise in compliance with applicable Law:

(VIII) IT IS A "UNITED STATES PERSON," AS DEFINED IN SECTION 7701(A)(30) OF THE CODE, AND WILL NOT TRANSFER TO, OR CAUSE THIS NOTE TO BE TRANSFERRED TO, ANY PERSON OTHER THAN A "UNITED STATES PERSON," AS DEFINED IN SECTION 7701(A)(30) OF THE CODE.

(IX) IT ACKNOWLEDGES THAT THE ISSUER AND TRUSTEE WILL CONCLUSIVELY 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 AND THE TRUSTEE IN WRITING.

(X) IT WILL PROVIDE NOTICE TO EACH PERSON TO WHOM IT PROPOSES TO TRANSFER ANY INTEREST IN THE CERTIFICATES OF THE TRANSFER RESTRICTIONS AND REPRESENTATIONS SET FORTH IN THE INDENTURE, INCLUDING THE EXHIBITS THERETO.

(6) The following legends will be placed on the Notes and the Certificates unless the Issuer determines otherwise in compliance with applicable Law:

THE INDENTURE (AS DEFINED BELOW) CONTAINS FURTHER RESTRICTIONS ON THE TRANSFER AND RESALE OF THIS [NOTE][CERTIFICATE]. EACH TRANSFEREE OF THIS [NOTE][CERTIFICATE], BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE ACCEPTED THIS CERTIFICATE, SUBJECT TO THE FOREGOING RESTRICTIONS ON TRANSFERABILITY. IN ADDITION, EACH TRANSFEREE OF THIS [NOTE][CERTIFICATE], BY ACCEPTANCE HEREOF, IS DEEMED TO HAVE MADE THE

REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE INDENTURE.

BY ACCEPTANCE HEREOF, THE HOLDER OF THIS [NOTE][CERTIFICATE] AGREES TO THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE AND HEREIN.

EACH PURCHASER OF THIS [NOTE][CERTIFICATE] IS HEREBY NOTIFIED THAT THE SELLER OF THIS [NOTE][CERTIFICATE] MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

(7) (i) 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 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 in the Base Indenture and (ii) in the case of Definitive Notes, the transfer of any such Notes will be subject to the restrictions and certification requirements set forth herein and in the Base Indenture.

(8) the Trustee, the Issuer, the Initial Purchaser or Placement Agent for the Notes and their Affiliates and others will conclusively 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 Purchaser or Placement Agent for the Notes in writing;

(9) 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;

(10) with respect to the Class A Notes, the Class B Notes and the Class C Notes, either (i) it is not acquiring such Note (or any interest therein) with the assets of a Benefit Plan Investor or a Plan subject to Similar Law, or (ii) (a) the acquisition 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 any 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 Plans subject to Similar Law at any time that such Notes are rated below investment grade; and

(11) with respect to the Certificates, either (I) it is not acquiring the Certificates with the assets of a Benefit Plan Investor or a Plan subject to Similar Law; or (II) (i) the assets used by such purchaser or transferee to acquire a Certificate (or any interest therein) constitute assets of an "insurance company general account" as defined in Prohibited Transaction Class Exemption 95-60; (ii) for the entire period during which such purchaser or transferee holds its interest in a Certificate, less than 25% of the assets of such insurance company general account will constitute "plan assets" of Benefit Plan Investors; (iii) neither such purchaser or transferee nor any affiliate of such purchaser or transferee is a Controlling Person; and (iv) the acquisition and holding of a Certificate by

such purchaser or transferee will satisfy the requirements of Prohibited Transaction Class Exemption 95-60.

In addition, such transferee shall be responsible for providing additional information or certification, as reasonably requested by the Trustee or the Issuer, to support the truth and accuracy of the foregoing representations and agreements, it being understood that such additional information is not intended to create additional restrictions on the transfer of the Notes.

(f) With respect to compliance with the U.S. Risk Retention Rules, the EPOB2 Sponsor/Seller shall execute and deliver the Risk Retention Letter and comply with the transfer restrictions on the set forth therein with respect to the Required Credit Risk, which Required Credit Risk shall consist of those Certificates that are included in the Eligible Horizontal Residual Interest.

SECTION 7. Article 5 of the Base Indenture. Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 and 5.8 of the Base Indenture shall be read in their entirety as provided in the Base Indenture. The following provisions, however, shall constitute part of Article 5 of the Indenture solely for purposes of Series 2022-1 and shall be applicable only to the Notes.

ARTICLE 5

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.9. [Reserved].

Section 5.10. [Reserved].

Section 5.11. [Reserved].

Section 5.12. Determination of Monthly Interest.

(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 amount 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 amount 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 amount 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” and, together with the Class A Monthly Interest and the Class B Monthly Interest, the “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” and, together with the Class A Additional Interest and the Class B Additional Interest, the “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. The Class A Deficiency Amount together with 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. No later than the third Business Day prior to each Payment Date, the Administrator on behalf of the Issuer shall instruct (based in part upon information provided by the Servicer pursuant to the Servicing Agreement) the Trustee in writing (which writing shall be substantially in the form of the Monthly Issuer Report attached hereto Exhibit G) to withdraw, and the Trustee, acting in accordance with and conclusive reliance on such instructions, shall withdraw on such Payment Date, to the extent of the funds credited to the relevant accounts, the amounts required to be withdrawn from the Collection Account and the Reserve Account (if applicable) as follows:

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

(i) *first*, an amount equal to the Transaction Fees and Expenses for such Payment Date (plus the Transaction Fees and Expenses due but not paid on any prior Payment Date) shall be paid (A) first, to the Trustee, the Owner Trustee, the Collateral Trustee, the Securities Intermediary, the Depository Bank, the Back Up Servicer, the Independent Manager and the successor Servicer, if any (distributed on a *pari passu* and *pro rata* basis) on such Payment Date and (B) second, to the Administrator on such Payment Date;

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

(iii) *third*, an amount equal to the Class A Monthly Interest for such Payment Date, plus the amount of any Class A Deficiency Amount for such Payment Date, plus the amount of any Class A Additional Interest for such Payment Date (the “Class A Required Interest Distribution”) shall be paid to the Class A Noteholders on such Payment Date;

(iv) *fourth*, an amount equal to (a) on any Payment Date prior to the Legal Final Payment Date of the Class A Notes, the lesser of (x) the remaining Available Funds and (y) an amount not less than zero equal to the excess of (I) the outstanding principal amount of the Class A Notes prior to any payments on such Payment Date over (II) the Outstanding Receivables Balance as of the end of the related Monthly Period; and (b) on any Payment Date on or after the Legal Final Payment Date of the Class A Notes, the outstanding principal amount of the Class A Notes (the “First Priority Principal Distribution Amount”) shall be paid to the Class A Noteholders on such Payment Date;

(v) *fifth*, an amount equal to the Class B Monthly Interest for such Payment Date, plus the amount of any Class B Deficiency Amount for such Payment Date, plus the amount of any Class B Additional Interest for such Payment Date (the “Class B Required Interest Distribution”) shall be paid to the Class B Noteholders on such Payment Date;

(vi) *sixth*, an amount equal to (a) on any Payment Date prior to the Legal Final Payment Date of the Class B Notes, the lesser of (x) the remaining Available Funds and (y) an amount not less than zero equal to the excess of (I) the outstanding principal amount of the Class A Notes and the Class B Notes prior to any payments on such Payment Date, less the First Priority Principal Distribution Amount over (II) the Outstanding Receivables Balance as of the end of the related Monthly Period; and (b) on any Payment Date on or after the Legal Final Payment Date of the Class B Notes, the outstanding principal amount of the Class B Notes (the “Second Priority Principal”

Distribution Amount”) shall be paid to the Class A Noteholders (until paid in full) and any remaining amounts shall be paid to the Class B Noteholders on such Payment Date;

(vii) *seventh*, an amount equal to the Class C Monthly Interest for such Payment Date, plus the amount of any Class C Deficiency Amount for such Payment Date, plus the amount of any Class C Additional Interest for such Payment Date (the “Class C Required Interest Distribution”) shall be paid to the Class C Noteholders on such Payment Date;

(viii) *eighth*, an amount equal to (a) on any Payment Date prior to the Legal Final Payment Date of the Class C Notes, the lesser of (x) the remaining Available Funds and (y) an amount not less than zero equal to the excess of (I) the outstanding principal amount of the Class A Notes, the Class B Notes and the Class C Notes prior to any payments on such Payment Date, less the sum of the First Priority Principal Distribution Amount and the Second Priority Principal Distribution Amount over (II) the Outstanding Receivables Balance as of the end of the related Monthly Period; and (b) on any Payment Date on or after the Legal Final Payment Date of the Class C Notes, the outstanding principal amount of the Class C Notes (the “Third Priority Principal Distribution Amount”) shall be paid to the Class A Noteholders (until paid in full), then to the Class B Noteholders (until paid in full) and then to the Class C Noteholders on such Payment Date;

(ix) *ninth*, to the Reserve Account, the amount, if any, necessary to increase the amounts credited thereto to the Reserve Account Requirement for such Payment Date;

(x) *tenth*, an amount equal to (a) so long a Rapid Amortization Event has not occurred and is then continuing, an amount, not less than zero, equal to the excess of (x) lesser of (a) the remaining Available Funds and (b) the excess of (A) the outstanding principal amount of the Series 2022-1 Notes prior to any payments on such Payment Date, less the sum of the First Priority Principal Distribution Amount, the Second Priority Principal Distribution Amount and the Third Priority Principal Distribution Amount over (B) 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) and (b) if a Rapid Amortization Event shall have occurred and be continuing, all remaining Available Funds (the “Regular Principal Distribution Amount”) shall be paid to the Class A Noteholders (until paid in full), then to the Class B Noteholders (until paid in full) and then to the Class C Noteholders (until paid in full);

(xi) *eleventh*, an amount equal to the lesser of (A) the remaining Available Funds (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 Trustee, the Owner Trustee, the Back-Up Servicer, the Administrator, the Independent Manager and any successor Servicer, shall be paid thereto (distributed in the priority set forth in clause (i) above) on such Payment Date; and

(xii) *twelfth*, the balance, if any, shall be distributed to the Certificateholders (the “Residual Payments”).

Section 5.16. Servicer’s or Administrator’s Failure to Make a Deposit or Payment. The Trustee shall not have any liability for any failure or delay in making the payments or deposits described herein resulting from a failure or delay by the Servicer or the Administrator, as applicable, to make or give instructions to make, such payment or deposit in accordance with the

terms herein. If the Servicer or the Administrator, as applicable, fails to make or give instructions to make any payment, deposit or withdrawal required to be made or given by the Servicer or the Administrator at the time specified in the Base Indenture or this Series Supplement (including applicable grace periods), the Trustee shall make such payment, deposit or withdrawal from the applicable Trust Account without instruction from the Administrator or, solely with respect to mistaken deposits into the Collection Account, the Servicer. The Trustee shall be required to make any such payment, deposit or withdrawal hereunder only to the extent that the Trustee has sufficient information to allow it to determine the amount thereof. The Administrator shall, upon reasonable request of the Trustee, promptly provide the Trustee with all information necessary and in its possession to allow the Trustee to make such payment, deposit or withdrawal. Such funds or the proceeds of such withdrawal shall be applied by the Trustee in the manner in which such payment or deposit should have been made by the Servicer (or instructed to be made by the Administrator).

SECTION 8. Article 6 of the Base Indenture. Article 6 of the Base Indenture shall read in its entirety as follows and shall be applicable only to the Noteholders and the Certificateholders:

ARTICLE 6

DISTRIBUTIONS AND REPORTS

Section 6.1. Distributions.

(a) On each Payment Date, the Trustee shall distribute (in accordance with the Monthly Issuer Report delivered by the Administrator on behalf of the Issuer on or before the third Business Day prior to the related Payment Date pursuant to Section 6.3) 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 Collection 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) On each Payment Date, the Trustee shall distribute (in accordance with the Monthly Issuer Report delivered by the Administrator on behalf of the Issuer on or before the third Business Day prior to the related Payment Date pursuant to Section 6.3) to each Certificateholder of record on the immediately preceding Record Date (other than as provided in Section 12.5 respecting a final distribution), such Certificateholder's pro rata share (based on the percentage that the par amount of the Certificates held by such Certificateholder set forth in the related Certificate represents to 100% of the par amount of all of the Certificates) of the amounts on deposit in the Collection Account that are payable to the Certificateholders pursuant to Section 5.15(xii) by wire transfer to an account designated by such Certificateholders. No distribution on the Certificates shall reduce the nominal par amount of any Certificate, except the final distribution of the Trust Estate shall be deemed to repay the aggregate nominal par amount of the Certificates in full.

(c) Notwithstanding anything to the contrary contained in the Base Indenture or this Series Supplement, if the amount distributable in respect of principal on the Senior Notes or the Certificates 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 or Certificateholders, as applicable.

Section 6.2. Monthly Statement.

(a) On or before each Payment Date, the Trustee shall make available electronically to each Noteholder and Certificateholder, a statement in substantially the form of Exhibit F hereto (a “Monthly Statement”) prepared by the Administrator on behalf of the Issuer (based in part on the related Monthly Servicer Report substantially in the form attached as Exhibit A-1 to the Servicing Agreement that is delivered to the Issuer, the Administrator and the Trustee by the Servicer pursuant to the Servicing Agreement) and delivered to the Trustee on the preceding Determination Date and setting forth, among other things, the following information:

- (i) the amount of Collections (including a breakdown of Finance Charges vs. principal Collections) received during the related Monthly Period;
- (ii) the amount of Available Funds on deposit in the Collection Account and, if applicable, the Reserve Account on the related Payment Date;
- (iii) the amount of the Transaction 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 Certificateholders on such Payment Date;
- (vii) the outstanding principal amount of the Class A Notes, the Class B Notes and the Class C Notes and the outstanding par amount of the Certificates 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 Administrator provides such information to the Trustee, the Trustee will make available the Monthly Statement via the Trustee’s Internet website and, with the consent or at the direction of the Issuer, such other information regarding the Notes and/or the Loans and Related Rights, including the Receivables as the Trustee may have in its possession, but only with the use of a password provided by the Trustee; provided, however, the Trustee shall have no obligation to provide such information described in this Section 6.2 until it has received the requisite information from the Issuer, the Administrator or the Servicer and the applicable Noteholder or Certificateholder has completed the information necessary to obtain a password from the Trustee. The Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor. With respect to the Monthly Statement required to be delivered with respect to any Payment Date, to the extent that the Administrator delivers the Monthly Issuer Report to the Trustee and such Monthly Issuer Report contains all of the information required to be included in the Monthly Statement, such Monthly Issuer Report shall constitute the Monthly Statement for all purposes hereunder and under the Transaction Documents.

(b) The Trustee’s internet website shall be initially located at “www.wilmingtontrustconnect.com” or at such other address as shall be specified by the Trustee

from time to time in writing to the Noteholders and Certificateholders. In connection with providing access to the Trustee's internet website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee shall not be liable for information disseminated in accordance with this Series Supplement.

(c) Annual Tax Statement. To the extent required by the Code or the Treasury regulations thereunder, on or before January 31 of each calendar year, the Trustee shall distribute to each Person who at any time during the preceding calendar year was a Noteholder or a Certificateholder, a statement prepared by the Administrator on behalf of the Issuer containing the information required to be contained in the regular monthly report to Noteholders and Certificateholders, as set forth in Section 6.2(a)(vi) and (vii) above, aggregated for such calendar year, and a statement prepared by the Administrator or the Issuer with such other customary information (consistent with the treatment of the Senior Notes as debt and the Certificates as equity for tax purposes) required by applicable tax Law to be distributed to the Noteholders or the Certificateholders. Such obligations of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee pursuant to any requirements of the Code as from time to time in effect.

Section 6.3. Monthly Issuer Report. On or before the third Business Day prior to each Payment Date, the Administrator on behalf of the Issuer shall provide to the Trustee a report substantially the form of Exhibit G hereto (a "Monthly Issuer Report"), or in such other form that is agreed to by the Issuer (or the Administrator on behalf of the Issuer) and the Trustee, instructing the Trustee with respect to the payments and distributions to be made on the next occurring Payment Date. The Monthly Issuer Report shall be based in part on the related Monthly Servicer Report substantially in the form attached as Exhibit A-1 to the Servicing Agreement that is delivered to the Issuer, the Administrator and the Trustee by the Servicer pursuant to the Servicing Agreement).

SECTION 9. [Reserved].

SECTION 10. Article 7 of the Base Indenture. Article 7 of the Base Indenture shall read in its entirety as follows:

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Section 7.1. Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Trustee and each of the Secured Parties as of the Closing Date 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 the 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 the 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) The Grantor Trust Certificate constitutes either a "certificated security," other "investment property" or a "general intangible," as those terms are defined in the UCC.

(ii) The Issuer owns and has good and marketable title to the Grantor Trust Certificate free and clear of all Adverse Claims.

(iii) The Issuer has delivered the original, executed Grantor Trust Certificate to the Trustee, together with an endorsement sufficient to cause the Trustee to have "control" within the meaning of Article 8 of the UCC to the extent the Grantor Trust Certificate is a "certificated security" within the meaning of such Article 8.

(iv) The Grantor Trust Certificate has no marks or notations indicating that it has been pledged, assigned, or otherwise conveyed to any Person other than the Trustee.

(v) 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 and the Sellers 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.

(vi) The Indenture constitutes a valid grant of a security interest to the Trustee for the benefit of the Secured Parties in all right, title and interest of the Issuer in the Trust Estate.

(vii) Other than (A) the security interest granted to the Trustee pursuant to this Indenture and (B) the deposit of assets in trust under the Grantor Trust, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed the Grantor Trust Certificate or any other portion of the Trust Estate. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of collateral covering the Trust Estate other than any financing statement relating to the security interest granted to the Trustee hereunder.

(viii) Immediately prior to, and after giving effect to, the initial purchase of the Notes, the Issuer will be Solvent.

(i) Offices. The principal place of business and chief executive office of the Issuer is located at the address referred to in Section 15.4 (or at such other locations, notified to the Trustee in jurisdictions where all action required thereby has been taken and completed).

(j) Tax Status. The Issuer has filed all tax returns (federal, state and local) required to be filed by it and has paid or made adequate provision for the payment of all taxes (including all state franchise taxes), assessments and other governmental charges that have become due and payable (including for such purposes, the setting aside of appropriate reserves for taxes, assessments and other governmental charges being contested in good faith).

(k) Use of Proceeds. No proceeds of any Notes will be used by the Issuer to acquire any security in any transaction which is subject to Section 13 or 14 of the Exchange Act.

(l) Compliance with Applicable Laws; Licenses, etc.

(i) The Issuer is in compliance with the requirements of all applicable Laws of all Governmental Authorities, a breach of any of which, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect.

(ii) The Issuer has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would be reasonably likely to have a Material Adverse Effect.

(m) No Proceedings. Except as described in Schedule 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).

(o) Subsidiaries. The Issuer has no Subsidiaries other than the Grantor Trust and does not own or hold, directly or indirectly, any equity interest in any Person, other than the Grantor Trust Certificate, Permitted Investments and the Certificates.

(p) Notes. The Senior 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. The Certificates have been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Indenture and delivered and paid for, will be duly and validly issued and outstanding and will be entitled to the benefits of the Indenture.

Section 7.2. Reaffirmation of Representations and Warranties by the Issuer. On the Closing Date, 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 such day (except to the extent they relate to an earlier or later date, and then as of such earlier or later date).

SECTION 11. Amendments and Waiver. Any amendment, waiver or other modification to this Series Supplement shall be subject to the restrictions thereon in the Base Indenture.

SECTION 12. Counterparts. This Series Supplement may be executed in any number of counterparts, and by different parties in separate counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. This Series Supplement shall be valid, binding, and enforceable against a party when executed and delivered by an authorized individual on behalf of the party by means of (a) an original manual signature, (b) a faxed, scanned, photocopied, or other electronically imaged manual signature, or (c) any other electronic signature permitted by Signature Law, in each case to the extent applicable. Each faxed, scanned, photocopied, or other electronically imaged manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, photocopied, or other electronically imaged manual signature, or other electronic signature, of any other party (whether such signature is with respect to this Series Supplement or any notice, officer’s certificate or other ancillary document (but not any Notes or Certificates) delivered pursuant to or in connection with this Series Supplement) and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. For the avoidance of doubt, original manual signatures shall be used for execution or

indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

SECTION 13. Governing Law. THIS SERIES SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN §§5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS SERIES SUPPLEMENT AND EACH NOTEHOLDER AND CERTIFICATEHOLDER HEREBY AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HERETO AND EACH NOTEHOLDER AND CERTIFICATEHOLDER 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 14. Waiver of Trial by Jury. To the extent permitted by applicable Law, each of the parties hereto and each of the Noteholders and Certificateholders irrevocably waives all right of trial by jury in any action, proceeding or counterclaim arising out of or in connection with this Series Supplement or the Transaction Documents or any matter arising hereunder or thereunder.

SECTION 15. No Petition. The Trustee, by entering into this Series 2022-1 Supplement and each Noteholder and Certificateholder, by accepting a Note, hereby covenant and agree that they will not, prior to the date which is one year and one day after payment in full of the last maturing Senior Note and the termination of the Indenture, institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings, under any United States federal or state bankruptcy or similar Law in connection with any obligations relating to the Notes, the Indenture or the Transaction Documents.

SECTION 16. Tax Matters. Each Certificateholder, by acceptance of a Certificate, represents that it understands that no transfer of a Certificate (or interest therein) is permitted (nor shall a Certificate be so held) if (i) it causes the Issuer to be a Section 385 Controlled Partnership (i.e., 80 percent or more of the Issuer's ownership interests are owned, directly or indirectly, by one or more members of a Section 385 Expanded Group) that has an expanded group partner (within the meaning of Treasury Regulation section 1.385-3(g)(12)) which is a Domestic Corporation and (ii) either (x) a member of such Section 385 Expanded Group owns any Senior Notes or (y) a Section 385 Controlled Partnership of such Section 385 Expanded Group owns any Senior Notes (in the case of clause (x), unless such member, or in the case of clause (y), unless each member of the Section 385 Expanded Group that is a partner in the Section 385 Controlled Partnership, is a member of the consolidated group (as described in Treasury Regulation section 1.1502-1(h)) which includes such Domestic Corporation). Each Certificateholder, by acceptance of a Certificate, represents that it understands that no transfer of a Certificate (or interest therein) shall be permitted (nor shall a Certificate be so held) if (i) it results in the Issuer becoming an entity disregarded as separate from a Domestic Corporation for U.S. federal income tax purposes and (ii) either (x) a member of a Section 385 Expanded Group that includes such Domestic Corporation owns any Senior Notes or (y) a Section 385 Controlled Partnership of such Section 385 Expanded Group owns any Senior Notes (in the case of clause (x), unless such member, or in the case of clause (y), unless each member of the Section 385

Expanded Group that is a partner in such Section 385 Controlled Partnership) is a member of the consolidated group (as described in Treasury Regulation section 1.1502-1(h)) which includes such Domestic Corporation). For purposes of determining the Issuer's ownership interests in this paragraph, any PTP Transfer Restricted Interests (other than the Certificates) shall be taken into account either as debt interests or ownership interests based on whichever treatment, if any, would result in the Issuer being treated as a Section 385 Controlled Partnership or a disregarded entity for purposes of applying this paragraph's restriction (it being understood that if PTP Transfer Restricted Interests are taken into account as ownership interests for this purpose then such PTP Transfer Restricted Interest are not also considered Senior Notes for the Senior Note ownership restriction of this paragraph).

SECTION 17. Rights of the Trustee, the Securities Intermediary and the Depositary Bank. The rights, privileges and immunities afforded to the Trustee, the Securities Intermediary and the Depositary Bank under the Base Indenture shall apply hereunder as if fully set forth herein.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Series Supplement to be duly executed by their respective officers as of the day and year first above written.

OPORTUN FUNDING 2022-1, LLC

By: Ellington Management Group, L.L.C., its Manager

By: /s/Laurence Penn
Name: Laurence Penn
Title: Vice Chairman

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Trustee, Securities Intermediary and Depository Bank

By: /s/Drew H. Davis
Name: Drew H. Davis
Title: 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: May 10, 2022

/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: May 10, 2022

/s/ Jonathan Coblentz

Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer
(Principal Financial Officer)

CERTIFICATIONS

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Raul Vazquez, Chief Executive Officer of Oportun Financial Corporation (the “Company”), and Jonathan Coblentz, Chief Financial Officer and Chief Administrative Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2022, 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: May 10, 2022

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 10th day of May 2022.

/s/ Raul Vazquez

Raul Vazquez

Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Jonathan Coblentz

Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer
(Principal Financial 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.