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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020

or

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

Commission File Number 001-39050

OPORTUN FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	45-3361983
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
2 Circle Star Way San Carlos, CA	94070
Address of Principal Executive Offices	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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the common stock held by non-affiliates of the registrant, based on the closing price of a share of common stock on June 30, 2020 as reported by the Nasdaq Global Select Market on such date was approximately $186.1 million. Shares of the registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

The number of shares of registrant's common stock outstanding as of February 16, 2021 was 27,702,889.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III (Items 10, 11, 12, 13, and 14) is incorporated by reference from the registrant's Definitive Proxy Statement for its 2020 Annual Meeting to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

TABLE OF CONTENTS

GLOSSARY		
Forward-Looking Statements		5
PART I		
Item 1.	Business	8
Item 1A.	Risk Factors	16
Item 1B.	Unresolved Staff Comments	44
Item 2.	Properties	44
Item 3.	Legal Proceedings	44
Item 4.	Mine Safety Disclosures	44
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	45
Item 6.	Selected Financial Data	45
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	46
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	72
Item 8.	Financial Statements and Supplementary Data	75
	Report of Independent Registered Public Accounting Firm	75
	Consolidated Balance Sheets	77
	Consolidated Statements of Operations and Comprehensive Income	78
	Consolidated Statements of Changes in Stockholders' Equity	79
	Consolidated Statements of Cash Flow	80
	Notes to the Consolidated Financial Statements	81
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	101
Item 9A.	Controls and Procedures	101
Item 9B.	Other Information	102
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	103
Item 11.	Executive Compensation	103
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters	103
Item 13.	Certain Relationships and Related Transactions, and Director Independence	103
Item 14.	Principal Accounting Fees and Services	103
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	104
Item 16.	Form 10-K Summary	104
Exhibit Index		105
Signatures		108

GLOSSARY

Terms and abbreviations used in this report are defined below.

Term or Abbreviation	Definition
30+ Day Delinquency Rate	Unpaid principal balance for our owned loans and credit card receivables that are 30 or more calendar days contractually past due as of the end of the period divided by Owned Principal Balance as of such date
Active Customers	Number of customers with an outstanding loan or an active credit card serviced by us at the end of a period. Active Customers includes customers whose loans are owned by us and loans that have been sold that we continue to service. Customers with charged-off accounts are excluded from Active Customers
Adjusted EBITDA	Adjusted EBITDA is a non-GAAP financial measure calculated as net income (loss), adjusted for the impact of our election of the fair value option and further adjusted to eliminate the effect of the following items: income tax expense (benefit), COVID-19 expenses, stock-based compensation expense, depreciation and amortization, impairment charges, litigation reserve, origination fees for Fair Value Loans, net and fair value mark-to-market adjustment
Adjusted Earnings Per Share ("EPS")	Adjusted EPS is a non-GAAP financial measure calculated by dividing Adjusted Net Income by adjusted weighted-average diluted common shares outstanding. Weighted-average diluted common shares outstanding have been adjusted to reflect the conversion of all preferred shares as of the beginning of each annual period
Adjusted Net Income	Adjusted Net Income is a non-GAAP financial measure calculated by adjusting our net income (loss), for the impact of our election of the fair value option, and further adjusted to exclude income tax expense (benefit), COVID-19 expenses, stock-based compensation expense, impairment charges and litigation reserve, net of tax
Adjusted Operating Efficiency	Adjusted Operating Efficiency is a non-GAAP financial measure calculated by dividing total operating expenses (excluding COVID-19 expenses, stock-based compensation expense, impairment charges and litigation reserve) by Fair Value Pro Forma Total Revenue
Adjusted Return on Equity ("ROE")	Adjusted Return on Equity is a non-GAAP financial measure calculated by dividing annualized Adjusted Net Income by Average Fair Value Pro Forma total stockholders' equity
Adjusted Tangible Book Value	Fair Value Pro Forma total stockholders' equity, excluding intangible assets and system development costs
Adjusted Tangible Book Value Per Share	Adjusted Tangible Book Value divided by common shares outstanding at period end. Common shares outstanding at period end have been adjusted to reflect the conversion of all preferred shares as of the beginning of each annual period.
Aggregate Originations	Aggregate amount disbursed to borrowers and purchases and cash advances, net of returns, on credit cards during a specific period. Aggregate Originations excludes any fees in connection with the origination of a loan
Annualized Net Charge-Off Rate	Annualized loan and credit card principal losses (net of recoveries) divided by the Average Daily Principal Balance of owned loans and credit card receivables for the period
AOCI	Accumulated other comprehensive income (loss)
APR	Annual Percentage Rate
Average Daily Debt Balance	Average of outstanding debt principal balance at the end of each calendar day during the period
Asset-Backed Notes at Fair Value (or "Fair Value Notes")	All asset-backed notes issued by Oportun on or after January 1, 2018
Average Daily Principal Balance	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
Book Value	Total assets less total liabilities, or equal to total stockholders' equity
Book Value Per Share	Book Value divided by common shares outstanding at period end
Cost of Debt	Annualized interest expense divided by Average Daily Debt Balance
Customer Acquisition Cost (or "CAC")	Sales and marketing expenses, which include the costs associated with various paid marketing channels, including direct mail, digital marketing and brand marketing and the costs associated with our telesales and retail operations divided by number of loans originated and new credit cards activated to new and returning customers during a period
Emergency Hardship Deferral	Any receivable that currently has one or more payments deferred and added at the end of the loan payment schedule in connection with a local or wide-spread emergency declared by local, state or federal government such as a natural disaster, government shutdown or pandemic
Fair Value Loans (or "Loans Receivable at Fair Value")	All loans receivable held for investment that were originated on or after January 1, 2018. Upon the adoption of ASU 2019-05 as of January 1, 2020 all loans receivable held for investment are reported in this line item for all prospective reporting periods
Fair Value Pro Forma	In order to facilitate comparisons to periods prior to January 1, 2018, certain metrics included in this presentation have been shown on a pro forma basis, or the Fair Value Pro Forma, as if we had elected the fair value option since our inception for all loans originated and held for investment and all asset-backed notes issued
Fair Value Pro Forma Total Revenue	Fair Value Pro Forma Total Revenue is calculated as the sum of Fair Value Pro Forma interest income and non-interest income. Fair Value Pro Forma interest income includes interest on loans and fees; origination fees are recognized upon disbursement. Non-interest income includes gain on sales, servicing fees and other income. We adopted ASU 2019-05 as of January 1, 2020 and as a result Fair Value Pro Forma Total Revenue and GAAP Total Revenue are equal for all prospective reporting periods
Fair Value Notes (or "Asset-Backed Notes at Fair Value")	All asset-backed notes issued by Oportun on or after January 1, 2018
FICO® score or FICO®	A credit score created by Fair Isaac Corporation
First Payment Defaults	Calculated as the principal balance of any loan whose first payment becomes 30 days past due, divided by the aggregate principal balance of all loans originated during that same period
GAAP	Generally Accepted Accounting Principles

Term or Abbreviation	Definition
Initial Fair Value Loans	All loans receivable held for investment that were originated on or after January 1, 2018
Leverage	Average Daily Debt Balance divided by Average Daily Principal Balance
Loans Receivable at Amortized Cost	Loans held for investment that were originated prior to January 1, 2018. Upon the adoption of ASU 2019-05 as of January 1, 2020 this line item has been eliminated for all prospective reporting periods
Loans Receivable at Fair Value (or "Fair Value Loans")	All Initial Fair Value Loans, together with the Subsequent Fair Value Loans
Managed Principal Balance at End of Period	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
Net Revenue	Net Revenue is calculated by subtracting interest expense and provision (release) for loan losses from total revenue and adding the net increase (decrease) in fair value.
Operating Efficiency	Total operating expenses divided by total revenue
Owned Principal Balance at End of Period	Total amount of outstanding principal balance for all loans and credit card receivables, excluding loans sold, at the end of the period
Portfolio Yield	Annualized interest income as a percentage of Average Daily Principal Balance
Principal Balance	Original principal balance reduced by principal payments received to date for our personal loans. Purchases and cash advances, reduced by returns and principal payments received to date for our credit cards
Return on Equity	Annualized net income divided by average stockholders' equity for a period
Subsequent Fair Value Loans	All loans receivable held for investment, previously measured at amortized cost for which we elected the fair value option upon adoption of ASU 2019-05, effective January 1, 2020
Secured Financing	Asset-backed revolving debt facility
VIEs	Variable interest entities
Weighted Average Interest Rate	Annualized interest expense as a percentage of average debt

Forward-Looking Statements

This Annual Report on Form 10-K, including the documents referenced herein, 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, 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;
- our ability to successfully manage the potential adverse impact of the COVID-19 pandemic on our business, results and operations;
- our plans to consolidate a number of our retail locations
- our plans and timing for new product launches;
- our ability to successfully adjust our proprietary credit risk models and products in response to changing macroeconomic conditions and fluctuations in the credit market, including as a result of the COVID-19 pandemic;
- our expectations regarding our costs and seasonality;
- our ability to successfully build our brand and protect our reputation from negative publicity;
- our ability to expand our digital capabilities 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 expand our presence in states in which we operate, as well as expand into new states, including through the successful development and execution of strategic partnerships, bank partnerships or by obtaining a national bank charter;
- our plans and ability to enter into new markets and introduce new products and services;
- our ability to continue to expand our demographic focus;
- our ability to maintain the terms on which we lend to our customers;
- our plans for and our ability to successfully maintain our diversified funding strategy, including loan warehouse facilities, whole loan sales and securitization transactions;
- our ability to successfully manage our interest rate spread against our cost of capital;
- our ability to manage fraud risk;
- our ability to efficiently manage our Customer Acquisition Cost;
- our expectations regarding the sufficiency of our cash to meet our operating and cash expenditures;
- our ability to effectively estimate the fair value of our Fair Value Loans and Fair Value Notes;
- our ability to effectively secure and maintain the confidentiality of the information provided and utilized across our systems;
- our ability to successfully compete with companies that are currently in, or may in the future enter, the business of providing consumer loans to low- and moderate-income customers underserved by traditional, mainstream financial institutions;
- our ability to attract, integrate and retain qualified employees;
- our ability to effectively manage and expand the capabilities of our contact centers, outsourcing relationships and other business operations abroad; and
- our ability to successfully adapt to complex and evolving regulatory environments

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

combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. As a result, any or all of our forward-looking statements in this report may turn out to be inaccurate. Furthermore, if the forward-looking statements prove to be inaccurate, the inaccuracy may be material.

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

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

Summary of Risk Factors

Investing in our common stock involves risks. See Item 1A. "Risk Factors" in this Annual Report on Form 10-K for a discussion of the following principal risks and other risks that make an investment in our common stock speculative or risky:

- The global COVID-19 pandemic has and may continue to adversely impact our business operations, financial performance and results of operations.
- We have incurred net losses and may incur net losses in the future.
- Our quarterly results are likely to fluctuate significantly and may not fully reflect the underlying performance of our business.
- We have experienced rapid growth in recent periods and our recent growth rates may not be indicative of future growth. If we fail to manage our growth effectively, our results of operations may suffer.
- Our risk management efforts may not be effective, which may expose us to market risks that harm our results of operations.
- We rely extensively on models in managing many aspects of our business. If our models contain errors or are otherwise ineffective, our business could be adversely affected.
- Our business may be adversely affected by disruptions in the credit markets, including reduction in our ability to finance our business.
- We have elected the fair value option and we use estimates in determining the fair value of our loans and our asset-backed notes. If our estimates prove incorrect, we may be required to write down the value of these assets or write up the value of these liabilities, which could adversely affect our results of operations.
- If we are unable to collect payment and service the loans we make to customers, our net charge-off rates may exceed expected loss rates, our business and results of operations may be harmed.
- Our results of operations and financial condition and our customers' willingness to borrow money from us and ability to make payments on their loans have been, and may in the future be, adversely affected by economic conditions and other factors that we cannot control.
- Negative publicity or public perception of our company or our industry could adversely affect our reputation, business and results of operations.
- If we do not compete effectively in our target markets, our results of operations could be harmed.
- Our success and future growth depend on our Oportun brand and our successful marketing efforts across channels, and if we are unable to attract or retain customers, our business and financial results may be harmed.
- If we are unable to effectively execute our retail optimization strategy, our business and results of operations may be adversely affected.
- We could experience a decline in repeat customers.
- We are, and intend in the future to continue, developing new financial products and services, and our failure to accurately predict their demand or growth could have an adverse effect on our business.
- We may change our strategy or underwriting and servicing practices, which may adversely affect our business.
- We are, and intend in the future to continue, expanding into new geographic regions, and our failure to comply with applicable laws or regulations, or accurately predict demand or growth, related to these geographic regions could have an adverse effect on our business.
- Our proprietary credit risk models rely in part on the use of third-party data to assess and predict the creditworthiness of our customers, and if we lose the ability to license or use such third-party data, or if such third-party data contain inaccuracies, it may harm our results of operations.
- If we are unable to collect payment on and service the loans we make to our customers, our business would be harmed.
- We are exposed to geographic concentration risk.
- Changes in immigration patterns, policy or enforcement could affect some of our customers, including those who may be undocumented immigrants, and consequently impact the performance of our loans, our business and results of operations.
- Our current level of interest rate spread may decline in the future. Any material reduction in our interest rate spread could adversely affect our results of operations.
- Fraudulent activity could negatively impact our business, operating results, brand and reputation and require us to take steps to reduce fraud risk.
- Security breaches of customers' confidential information that we store may harm our reputation, adversely affect our results of operations, and expose us to liability.
- Our ability to collect payment on loans and maintain accurate accounts may be adversely affected by computer viruses, physical or electronic break-ins, technical errors and similar disruptions.

- Any significant disruption in our computer systems could prevent us from processing or posting payments on loans, reduce the effectiveness of our credit risk models and result in a loss of customers.
- We may not be able to make technological improvements as quickly as demanded by our customers, including to address their needs during the COVID-19 pandemic, which could harm our ability to attract customers and adversely affect our results of operations, financial condition and liquidity.
- Because we receive a significant amount of cash in our retail locations through customer loan repayments, we may be subject to theft and cash shortages due to employee errors.
- A deterioration in the financial condition of counterparties, including financial institutions, could expose us to credit losses, limit access to liquidity or disrupt our business operations.
- Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business.
- If we lose the services of any of our key management personnel, our business could suffer.
- Competition for our highly skilled employees is intense, and we may not be able to attract and retain the employees we need to support the growth of our business.
- We are dependent on hiring an adequate number of hourly bilingual employees to run our business and are subject to government regulations concerning these and our other employees, including minimum wage laws.
- Our mission to provide inclusive, affordable financial services that empower our customers to build a better future may conflict with the short-term interests of our stockholders.
- Our international operations and offshore service providers involve inherent risks which could result in harm to our business.
- It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection.
- We have been, and may in the future be, sued by third parties for alleged infringement of their proprietary rights.
- Our credit risk models and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected.
- Some aspects of our business processes include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.
- Financial regulatory reform relating to asset-backed securities has not been fully implemented and could have a significant impact on our ability to access the asset-backed securities market.
- Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.
- Internet-based and electronic signature-based loan origination processes may give rise to greater risks than paper-based processes.
- The CFPB is a relatively new agency which has sometimes taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency's actions or the actions of any other new agency could impact our business.
- The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of existing or new governmental regulation, conflicting legal requirements or differing views of personal privacy rights.
- We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act.
- Our bank sponsorship products may lead to regulatory risk and may increase our regulatory burden.
- We are pursuing a national bank charter which could subject us to significant new regulation.
- We have incurred substantial debt and may issue debt securities or otherwise incur substantial debt in the future, which may adversely affect our financial condition and negatively impact our operations.
- A breach of early payment triggers or covenants or other terms of our agreements with lenders could result in an early amortization, default, and/or acceleration of the related funding facilities.
- Our securitizations and whole loan sales may expose us to certain risks, and we can provide no assurance that we will be able to access the securitization or whole loan sales market in the future, which may require us to seek more costly financing.
- In connection with our securitizations, Secured Financing facility, and whole loan sales, we make representations and warranties concerning these loans. If those representations and warranties are not correct, we could be required to repurchase the loans. Any significant required repurchases could have an adverse effect on our ability to operate and fund our business.

PART I

Item 1. Business

Our Mission

Our mission is to provide inclusive, affordable financial services that empower our customers to build a better future.

Overview

We leverage our digital platform to provide responsible consumer credit to hardworking people. Using models that are developed with Artificial Intelligence ("A.I.") and built on over 15 years of proprietary consumer insights and billions of data points, we have extended more than $9.8 billion in affordable credit, providing our customers with alternatives to payday and auto title loans. In recognition of our responsibly designed products, which help consumers build their credit history, and our service to the community, we have been certified as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury, since 2009. CDFIs must have a primary mission of promoting community development, providing financial products and services, serving one or more defined low-income target markets, and maintaining accountability to the communities they serve.

Since our founding in 2005, we have empowered more than 1.8 million customers, through more than 4.1 million loans, saving them more than an estimated $1.8 billion in aggregate interest and fees compared to alternative products available to them, based on a study commissioned by us and conducted by the Financial Health Network (formerly known as the Center for Financial Services Innovation). We have helped over 890,000 customers who came to us without a FICO® score begin establishing a credit history. In addition, our proprietary credit scoring model and continually evolving data analytics have enabled us to maintain strong absolute and relative performance through varying stages of an economic cycle with net charge-off rates ranging between 7% and 9% from 2011 to 2019 and a 9.8% net charge-off rate for 2020.

Our Market Opportunity

We estimate that there are 100 million people living in the United States who find themselves outside the credit mainstream. According to a December 2016 study by the Consumer Financial Protection Bureau ("CFPB"), an estimated 45 million people in the United States are unable to access affordable credit options because they do not have credit scores. We believe there are another 55 million people in the United States who are "mis-scored," primarily because they have a credit history that is too limited to be accurately scored by the credit bureaus. Mainstream financial services such as banks typically rely on credit records maintained by nationwide credit bureaus and credit scores such as FICO® when making credit decisions. Online marketplace lenders, which have emerged as alternatives to banks, often are focused on customers with credit scores and robust credit histories. Other non-bank finance companies, including national and regional branch-based installment loan businesses, may serve those with damaged credit, but also place significant emphasis on credit scores and credit history. These lenders may also sell products such as credit insurance, which we believe may be ill-suited to meet the needs of our target customers.

Consequently, people outside the credit mainstream have to turn to alternatives with high rates and opaque payment terms ill-suited to their needs. These alternative lenders include high-cost installment, auto title, payday and pawn lenders. According to the Financial Health Network study that we commissioned, those products are on average more than four times more expensive with some options ranging up to eight times more expensive, than the cost of our offerings. These products may also be less transparent and structured with balloon repayments or carry fees that make the loan costly and difficult for the borrower to repay without rolling over into a subsequent loan. These lenders typically do not perform any ability-to-pay analysis to make sure that the borrower can repay the loan and often do not report the loans to the nationwide credit bureaus to help the customer establish a credit history. Establishing a credit history is important—it extends beyond just access to capital to various aspects of day-to-day life, such as credit checks by potential employers, landlords, internet and cell phone providers and beyond.

We also believe a significant portion of our customers proactively avoid many traditional and alternative financial service providers due to their distrust resulting from lack of pricing transparency and impersonal service; inability to provide service and loan disclosures in their preferred language; and inability to service customers through the channel of their choice. At Oportun, we strive to build strong, long-term relationships with our customers based on transparency and superior service across our convenient omni-channel platform.

In 2019, the U.S. market for consumers underserved by mainstream financial services was estimated by the Financial Health Network to be $196 billion. We believe our opportunity for future growth remains substantial, as our estimated share of the total market in 2019 was less than one percent based on our total revenue of $583.7 million for 2020 compared to an estimated $196 billion market for consumers underserved by mainstream financial services.

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

Our Solution

Consistent with our mission of financial inclusion, we design our products and services to be financially responsible and lower cost compared to market alternatives. We take a holistic approach to solve the needs of our customers and view it as our purpose to responsibly meet their current capital needs, help grow our customer's financial profile, increase their financial awareness and put them on a path to establish a credit score.

Our application of A.I., specifically machine learning, to our unique alternative data set, allows us to rapidly build, test and develop our underwriting, pricing, marketing, fraud and servicing models across our business. This provides us with a strong competitive advantage and unique credit performance which allows us to offer a lower cost option to millions of customers. The current versions of our credit and fraud models were developed using 8.4 billion data points, and our targeted marketing models were developed making use of over 100 billion data points. Our solution delivers the following benefits:

- *Expands access to affordable credit*—Our A.I-driven technology platform is central to our business and we ingest billions of data points into our risk model development using traditional (e.g., credit bureau data) and alternative (e.g., transactional information, public records) data. This helps us to score 100% of the applicants who come to us, enabling us to serve more customers while minimizing risk. In comparison, incumbent financial institutions relying on traditional credit bureau-based and in some cases qualitative underwriting and/or legacy systems and processes either decline or inaccurately underwrite loans due to their inability to credit score our customers accurately.
- *Quick and easy lending process*—Our fully centralized and automated digital underwriting platform powers our ability to successfully preapprove borrowers in seconds after they complete an application process that typically takes as little as 8-10 minutes. Customers who are approved can receive their loan proceeds the same day.
- *Transparent and trustworthy*—Our loans are transparent, simple to understand, and are designed for customer success. We cap the APR for all newly originated loans at 36%, and our loans do not have prepayment penalties or balloon payments. As part of our responsible lending philosophy, we verify income for 100% of our personal loan customers, and we only make loans that our ability-to-pay model indicates customers should be able to afford after meeting their other debts and regular living expenses. To make sure a customer is comfortable with his or her repayment terms, the customer has the option to choose a lower loan amount or alternative repayment terms prior to the execution of the loan documents.
- *Significant savings compared to alternatives*—According to a study commissioned by us and conducted by the Financial Health Network, we save our customers an estimated $1,000 on their first loan with us compared to typically available alternative credit products, which are on average more than four times the cost of our loans, and some options range up to more than eight times the cost of our loans. For a typical new customer of ours, this equates to approximately one-third of their monthly net take-home pay. These savings create substantial benefits for our customers, allowing them access to liquidity during times of need, such as to help cover unexpected medical bills, repair their car that they rely upon to drive to work or to help pay off more expensive debt.
- *Superior customer experience*—We are available to work with our customers in the way they prefer and when it is convenient for them, online, over-the-phone, and in person seven days a week. In addition, our customers can make their loan payments via ACH, debit card or can pay online and in cash at Oportun retail locations, our partner locations, and at more than 55,000 third-party payment sites across the nation. Our employees embody our mission-driven approach, and, along with the speed and ease of use of our digital platform allows us to maintain a strong Net Promoter® Score, ("NPS") that places us among the top consumer companies and is exceptional compared to legacy financial services companies.
- *Rewarding* customers *when they demonstrate successful repayment behavior*—We report payment history on every loan we make to nationwide credit bureaus, and since inception, have helped over 890,000 customers who came to us without a FICO® score begin establishing a credit history. In addition, we generally are able to offer customers who repay their loan and return to us for a subsequent loan a new loan that is on average, approximately $1,200 larger than their previous loan.

Our Lending Platform

Over the last 15 years of lending, we have developed a deep data-driven understanding of our customers' needs through a combination of the rigorous application of A.I., the use of alternative data sets and continuous customer engagement, allowing us to continuously refine and tailor our platform and product set to our customers. Our technology is crucial to our approach and provides us a competitive advantage, unique credit performance, and a lower cost option to millions of consumers.

In response to the COVID-19 pandemic, we initiated a series of refinements to our scoring and decisioning platform based on real-time data and analysis. This serves as a testament to the adaptability and nimbleness of our scoring and decisioning platform. In response to changing macroeconomic conditions, we are able to respond, implement, and test the updates to our model quickly due to the adaptability of our underwriting, risk management, and fraud models. As a result, our 2020 annualized net charge-off rate rose to only 9.8% which was above our targeted range of 7 to 9% which we had maintained since 20.

Our lending platform has the following key attributes:

- *Unique, large and growing data set that fuels our risk scoring models*—In developing our risk scoring models, we leverage billions of data points derived from our research and development of alternative data sources and our proprietary data accumulated from more than 9.5 million customer applications, 4.1 million loans and 88.7 million customer payments to score 100% of the applicants who come to us, enabling us to serve millions of consumers others cannot.
- *Virtuous cycle of risk model improvement*—Our lending platform leverages machine learning processes large amounts of alternative along with traditional credit bureau data to assess creditworthiness across over 1,000 end nodes. The speed at which we can incorporate new data sources, test, learn, and implement changes into our scoring and decisioning platform allows for highly managed risk outcomes and timely

adjustments to changes in consumer behavior or economic conditions. As our data set grows, our proprietary risk models can more accurately assess, price and manage risk, so we can diversify our product offerings, and grow our customer base.

- *Scalable and rapidly evolving*—Powered by A.I., our automated model development workflows enable us to develop and deploy a new credit risk model in as little as 25 days. We believe this is a process that can typically take 6-12 months for traditional lenders with legacy technology platforms. This quick turnaround time for a new scoring model allows us to quickly incorporate new data sources into our models or to react to changes in consumer behavior or the macroeconomic environment. We use this platform to rapidly build and test strategies across the customer lifecycle, including through direct mail and digital marketing targeting, underwriting, pricing, fraud and customer servicing.
- *Refined fraud management*—Our A.I.-driven fraud model helps us prevent fraud and manage risk. Our technology enables our model to learn how to deal with fraudulent and unusual activity by ingesting extensive data points including customer information as well as information from credit bureaus, fraud detection databases and other alternative data sources. Based on our calculations, early results indicate that our fraud model performs twice as effectively than commercially available alternatives.
- *100% automated and centralized decision making*—Fully automated and centralized decision making that does not allow any manual intervention enables us to achieve highly predictable credit performance and rapid, efficient scaling of our business.

Our Products

Personal Loans

Our personal loan serves as a responsible alternative to payday loans; a simple-to-understand, affordable, unsecured, fully amortizing personal 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 December 31, 2020, for all active loans in our portfolio and at time of disbursement, the weighted average term and APR at origination was 34 months and 32.7%, respectively. The average loan size for loans we originated in 2020 was $3,058. Our loans do not have prepayment penalties or balloon payments, and range in size from $300 to $10,000 with terms of six to 51 months. Generally, loan payments are structured on a bi-weekly or semi-monthly basis to coincide with our customers' receipt of their wages. As part of our underwriting process, we verify income for all applicants and only approve loans that meet our ability-to-pay criteria.

We fully re-underwrite all loans to returning customers and require all customers to have successfully repaid their previous loan before disbursing their new loan, with the exception of our "Good Customer Program." Under our Good Customer Program, for certain of our best performing, low-risk customers, we will extend a new loan prior to receiving full repayment of their existing loan. In accordance with our policy to allow a customer to have only one personal loan outstanding, the new loan proceeds are used to pay off the prior loan and the excess amount is disbursed to the customer. Customers qualify for the Good Customer Program if they have made substantial progress in repaying their current loan, meaning they have repaid at least 40% of the original principal balance of the loan, are current on their loan and have made timely payments throughout the term of the loan. In recognition of good payment behavior, we typically grant returning customers, whether under the Good Customer Program or not, a lower rate on subsequent loans. As of December 31, 2020, returning customers, including Good Customer Program customers as well as customers who pay us off and return later for another loan, comprised 85% of our owned principal balance outstanding at the end of the period.

Credit Cards and Auto Loans

Since we launched the Oportun® Visa® Credit Card, issued by WebBank, in December 2019, we now offer our credit card product in 33 states. In addition, in April 2020, we launched personal loans secured by an automobile ("secured personal loan") on a limited basis in California and expect to expand into additional states. In order to focus our resources on our secured personal loan product, we shifted our strategy away from purchase money auto loans. Due to the recent introduction of our credit card and secured personal loan products, the percentage of our principal balance attributable to these products is minimal compared to our core personal loan product.

Our Business Model

Our A.I.-driven technology platform derives data-driven customer insights to deliver a low cost of acquisition, enabling customer loan growth with low levels of credit losses and high risk-adjusted yields. Low and stable losses allow us to access capital at an attractive cost of funds, and our technology-driven approach generates improvements in our operating efficiency. Growing our high risk-adjusted yielding portfolio at low cost of funds, with improving operating efficiency, drives our profitability and enables increased investment in technology which only furthers our mission-aligned growth.

Components of the business model include:

Efficient customer acquisition—Through the application of A.I., we aim to increase our brand awareness, penetrate a greater percentage of our serviceable market and acquire customers at a low cost. Similar to our lending platform, our marketing engine applies machine learning and ingests billions of data points derived from millions of customer interactions, which enables us to rapidly build and test strategies across the customer lifecycle and drastically shorten processing time for campaigns across various marketing channels, including targeted digital and direct mail marketing.

We believe our Customer Acquisition Cost of $134 and $199 in 2019 and 2020, respectively, compares favorably to other lenders. We are applying our experience and use of A.I. and alternative data from our direct marketing campaigns to leverage aggregators like Credit Karma. We are enabling new marketing and acquisition channels, such as partnership channels, and intend to continue investing in marketing capabilities that can be applied to increase the volume and effectiveness of our targeted digital campaigns. We believe that utilizing these new marketing capabilities will allow us to efficiently scale the partnership with MetaBank, N.A. and to drive origination growth in all states. In addition, our exceptional NPS and success with customer referrals should help accelerate our brand recognition.

High Risk Adjusted Yields—Our A.I.-driven credit models enable us to originate loans with low and stable loss rates. Our 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. Because the borrowing options typically available to our customers are on average four times the rates we charge, our loans with an average APR of 32.7% provide our customers with significant savings while providing us with an attractive risk adjusted yield in the mid-20's.

Low-cost term funding—Our consistent and strong credit performance has enabled us to build a large, scalable and low-cost debt funding program to support the growth of our loan originations. To fund our growth at a low and efficient Cost of Debt, we have built a diversified and well-established capital markets funding program which allows us to partially hedge our exposure to rising interest rates by locking in our interest expense for up to three years. Over the past seven years, we have executed 14 bond offerings in the asset-backed securities market, the last 11 of which include tranches that have been rated investment grade. We also have a committed three-year, $400 million secured line of credit, which funds our loan portfolio growth. Additionally, we sell between 10% to 15% of our core personal loan originations to an institutional investor under a forward commitment at a fixed price to demonstrate the value of our loans, increase our liquidity and further diversify our sources of funding. For the year ended December 31, 2020, our Cost of Debt was 4.1%. As of December 31, 2020, over 80% of our debt was at a fixed cost.

Operating Efficiency—To build our business, we have made, and will continue to make, significant investments in A.I., our proprietary digital platform, technology infrastructure, compliance and controls. We believe those investments will continue to enhance our Operating Efficiency and will improve our profit margins as we grow. Prior to the pandemic, we drove consistent improvements in operating efficiency from 2016 to 2019, as we scaled our business. We had Operating Efficiency of 67.4% and 60.4% for the years ended December 31, 2020 and 2019, respectively. We had Adjusted Operating Efficiency of 61.1% and 57.2% for the years ended December 31, 2020 and 2019, respectively. For more information about the non-GAAP financial measures discussed above, and for a reconciliation of these non-GAAP financial measures to their corresponding GAAP financial measures, see "Non-GAAP Financial Measures."

Our Growth Strategy

Our virtuous cycle centers around our customers, with A.I. and our digital platform accelerating our momentum and ability to efficiently, responsibly, and responsively serve even more customers. By improving each of our competitive advantages, we are able to grow our addressable market and increase customer satisfaction and loyalty.

Grow our loyal customer base

We leverage machine learning to rapidly build and test strategies across the customer lifecycle, including through targeted digital and direct mail marketing, underwriting, pricing, fraud and customer servicing. We plan to invest in technology and mobile-first experiences to further simplify the loan process for returning customers. We are also investing in our targeted digital marketing capabilities in 2021 to drastically shorten the processing time for campaigns and leveraging these capabilities in partnerships. In 2020, we enhanced our mobile platform, which is our fastest growing channel, to add additional features that simplified and expedited the origination and payment processes, including focusing on automated verification, touchless loans and increasing approval rates, in order to improve the customer experience. We also believe that as we scale new products and services, such as secured personal loans and credit cards, we will further improve customer loyalty and increase customer lifetime value. All of these new capabilities will be important in scaling the MetaBank partnership, and we expect that the partnerships with both MetaBank and DolEx will enhance our ability to attract new customers in our expanding geographic footprint.

Build on our data and technology strengths

We expect to continue to invest significantly in our credit, data analytics and technology capabilities. The evolution of our proprietary risk model enables us to underwrite more customers and make more credit available to new and returning customers, while maintaining consistent credit quality, which we believe benefits our direct-to-consumer lending as well as our ability to offer partners our Lending as a Service capability. The continuous development and rapid deployment of our credit models enabled by machine learning creates a virtuous cycle that increases our customer base and our alternative data set, improving our underwriting tools and ability to grow profitably.

We also intend to invest further in our digital origination and servicing platform as these capabilities give us a path for continued growth in a capital efficient manner. A shift to mobile preference among our customers was occurring gradually prior to 2020. The pandemic further accelerated the adoption of our digital channels, and we believe that for many of our customers, this shift will be permanent. We believe we can increase conversion rates in our fastest growing channel, mobile, by further developing our automatic verification and touchless loan capabilities. In addition, we utilize the application of machine learning to our proprietary data set identify ways to increase approval rates while keeping risk stable.

Along with enhancing our origination capabilities, we are planning to further expand our digital self-service processes. During the pandemic, we have built out a robust communications engine that delivers solutions such as hardship deferrals and rewrites to customers through multiple channels. Customers can self-serve on a mobile device for easy payments with a few clicks, execute a hardship restructure or an Emergency Hardship Deferral. Clearly communicated benefits, along with customized offers and the ability to self-serve, have improved contact rates and customer outcomes. In 2021, we plan on further leveraging A.I. to determine the best communication channel for reaching a customer and offering them a solution that best fits their situation to further drive improved customer outcomes.

Use our technology to power our channel ecosystem

Our digital platform enables end-to-end process management, from loan application through disbursement, to servicing and collections, allowing our customers to interact with us and seamlessly move between online, over-the-phone, and in person experiences seven days a week. With 65% of our new applications initiated online in the fourth quarter of 2020, we will continue to enhance our digital capabilities to simplify and expedite the origination and payment processes which we believe will improve the customer experience and increase customer lifetime value.

In addition, we believe we can drive additional customer growth by enabling new marketing and acquisition channels. For example, we will leverage our underwriting capabilities through our strategic partnership with DolEx, where DolEx will provide certain loan origination services, including marketing, using Oportun-approved materials; collecting information and assisting consumers with Oportun’s loan application and loan document execution; and certain customers can receive loan proceeds at a DolEx location. Oportun will underwrite, originate and service all loans made pursuant to this partnership, which started with an initial launch in stores in Florida in December 2020 and will be expanding to other states soon. As a pilot for our Lending as a Service offering, the DolEx relationship represents a new channel for growth in Oportun’s business, and we believe this initial offering can serve as the foundation for signing up additional strategic partners.

Expand our geographic reach

We are continuing to expand our geographic presence in existing states and enter new states. We currently offer our personal loan product in 12 states and offer our Oportun® Visa® Credit Card in 33 states. Our secured personal loans are currently available in California and we plan to expand the product into additional states. In addition through a partnership with MetaBank, N.A., a national bank, we are working to offer our personal loans in 30 additional states around mid-2021, initially through our mobile channel. Our intention is to offer loan products that are the same as our state-licensed, unsecured personal loans, with APRs capped at 36%. We estimate that by expanding across the nation through the MetaBank partnership we can nearly double our serviceable addressable market. In November 2020, we began the application process to obtain a national bank charter. If approved, we will be able to provide service to customers in all 50 states.

Expand product and service offerings

In line with our mission, we are constantly evaluating the needs of our customers. Our data indicates that approximately 50% of our customers who come to us initially without a credit score eventually take out a revolving credit card and approximately 30% take out an auto secured loan. To meet this demand, we are leveraging our unique business model, including our technology and risk models, to develop additional consumer financial services and products, including secured personal loans and credit cards. In December 2019, we launched the Oportun® Visa® Credit Card, issued by WebBank, Member FDIC, and currently offer this product in 33 states states. In addition, in April 2020, we launched personal loans secured by an automobile ("secured personal loans") on a limited basis in California and expect to expand into additional states. Over time, we expect to continue to evaluate opportunities both organically and through acquisition to provide a broader suite of products and services that address our customers’ financial needs in a cost effective and transparent manner, leveraging the efficiency of our existing business model. For example, if our application to obtain a national bank charter is approved, in addition to our consumer lending offerings, we intend to provide customers with FDIC-insured deposit services.

Giving at Oportun

We understand that our long-term success is linked to the success of our customers and the communities we serve. That is why we annually dedicate one percent of our net profits to support charitable programs and nonprofit partnerships that help strengthen the communities in which we operate, and in which our employees live and work. Our employee volunteer program enables global team members to donate their time to support charitable organizations and the Company matches employee contributions to eligible non-profit organizations.

Our Competition

We primarily compete with other consumer finance companies, credit card issuers, financial technology companies and financial institutions, as well as other nonbank lenders serving credit-challenged consumers, including online marketplace lenders, point-of-sale lending, payday lenders, and auto title lenders and pawn shops focused on low-and-moderate income customers. We may also face competition from companies that have not previously competed in the consumer lending market for customers with little or no credit history. For example, it is possible that the companies commonly referred to as “challenger banks” offering low-cost digital only deposit accounts may also begin to offer lending products catered to low- and middle-income customers. In addition, it is possible that, in competitive reaction to the challenger banks, traditional banks may introduce new approaches to small-dollar lending. While the consumer lending market is competitive, we believe that we can serve our target market with products that lead to better outcomes for consumers because they help establish credit and accelerate their entrance into the mainstream financial system. On the contrary, the offerings of payday, auto title and pawn lenders, for example, are provided at rates that are too expensive relative to the borrowers’ ability to pay, are often structured in a way that forces borrowers to become overextended, and typically lack the personalized touch that is essential to cultivating the trust of our target customer base. Few banks or traditional financial institutions lend to individuals who do not have a credit score. Those individuals that do have a credit score, but have a relatively limited credit history, also typically face constrained access and low approval rates for credit products.

The principal competitive factors in our sector include customer approval parameters (often described informally as “credit box”), price, flexibility of loan terms offered, customer convenience and customer satisfaction. We believe our technology, responsible construction of our products, omni-channel network and superior customer value proposition allow us to compete favorably on each of these factors. Going forward, however, our competition could include large traditional financial institutions that have more substantial financial resources than we do, and which can leverage established distribution and infrastructure channels. Additionally, new companies are continuing to enter the financial technology space and could deploy innovative solutions that compete for our customers. See “Risk Factors - If we do not compete effectively in our target markets, our results of operations could be harmed” and “Risk Factors - 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.”

Regulations and Compliance

The U.S. consumer lending industry is highly regulated under state and federal law. We are subject to examination, supervision and regulation by each state in which we are licensed. We are also currently, and expect in the future, to be regulated by the Consumer Financial Protection Bureau, (CFPB). In addition to the CFPB, other state and federal agencies have the ability to regulate aspects of our business. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), as well as many state statutes provide a mechanism for state attorneys general to investigate us. In addition, the Federal Trade Commission has jurisdiction to investigate aspects of our business. Federal consumer protection laws that these regulators may enforce include laws related to the use of credit reports and credit reporting accuracy, data privacy and security, disclosure of applicable loan terms, anti-discrimination laws, laws protecting members of the military, laws governing payments, including recurring ACH payments and laws regarding electronic signatures and disclosures.

We are also subject to inspections, examinations, supervision and regulation by applicable agencies in each state in which we do business. Many states have laws and regulations that are similar to the federal consumer protection laws referred to above, but the degree and nature of such laws and regulations vary from state to state. State laws also further dictate what state licenses we need to conduct business and also regulate how we conduct our business activities.

We are compliant with the USA PATRIOT Act, Office of Foreign Assets Control, Bank Secrecy Act, Anti-Money Laundering laws, and Know-Your-Customer requirements and certain state money transmitter laws.

We review our consumer contracts, policies and procedures and processes to ensure compliance with applicable laws and regulations. We have built our systems and processes with controls in place in order to ensure compliance with these laws on a consistent basis. In addition to ensure proper controls are in place, we have a compliance management system that leverages the four key control components of governance, compliance program risk assessments, customer complaint monitoring and internal compliance audits.

For more information with respect to the regulatory framework affecting our business, see "Risk Factors – Risks Related to our Industry and Regulation."

Information Technology, Infrastructure and Security

Our applications, including our proprietary workflow management system that handles loan application, document verification, loan disbursement and loan servicing, are architected to be highly available, resilient, scalable and secure. Supporting systems are deployed in a hybrid cloud environment hosted in industry-leading data center and cloud service providers that are N+1 compliant.

We deploy our information technology services and applications across multiple data centers using best of breed network, telephony, server, storage, database and end user services, hardware and operating systems. We design our infrastructure to be load balanced across multiple sites and automatically scale up and down to meet peaks in demand and maintain good application performance.

We have fully redundant data centers in place. Disaster recovery and business continuity plans and tests have been completed, which help to ensure our ability to recover in the event of a disaster or other unforeseen event. We back up our mission critical applications and production databases daily and retain them in compliance with our policies. In the event of a catastrophic disaster affecting one of our hosting facilities, we can restore production databases from a backup to minimize disruption of service. Furthermore, additional measures for operational recovery include

real-time replication of production databases for quick failover. In the event of database restores, we perform data consistency checks to validate the integrity of the data recovery process.

We believe that operating a secure business must span people, process, and technology. We build security awareness into our corporate communications and training efforts, and we routinely hold security roundtables with our department leads.

We have deep experience with deploying secure environments and have partnered with industry-leading cloud service providers to host, manage and monitor our mission-critical systems. If required, sensitive data at rest is encrypted with industry standard advanced encryption standards, using keys that we manage. We ensure our network security with redundant multi-protocol label switching, circuits and site-to-site virtual private networks that provide a secure, private cloud network and allow us to monitor our sites behind our secure firewalls. Because we collect and store large amounts of customer personally identifiable information, we have invested in industry-proven methods of information security and we take our obligations to protect that information and avoid data breaches very seriously. These activities are supplemented with real-time monitoring and alerting for potential intrusions.

Seasonality

Our quarterly results of operations may not necessarily be indicative of the results for the full year or the results for any future periods. Our business is highly seasonal, and the fourth quarter is typically our strongest quarter in terms of loan originations. For the three months ended December 31, 2020, our business exhibited growth in originations and revenue, normalization of our credit performance, and improved profitability. However, prior to the pandemic, we historically experienced a seasonal decline in credit performance in the fourth quarter primarily attributable to competing demand of our customers' available cash flow around the holidays. General increases in our customers' available cash flow in the first quarter, including from cash received from tax refunds, temporarily reduces our customers' borrowing needs. We experienced this seasonal trend in 2019, consistent with prior years. The economic impact of COVID-19 has disrupted these seasonal trends in March and for the remainder of 2020. The disruption to our typical seasonal trends may continue to occur in subsequent periods.

Our Intellectual Property

We protect our intellectual property through a combination of trademarks, trade dress, domain names, copyrights and trade secrets, as well as contractual provisions, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements and other contractual rights. We currently have no patent applications on our proprietary risk model, underwriting process or loan approval decision making process because applying for a patent would require us to publicly disclose such information, which we regard as trade secrets. We may pursue such protection in the future to the extent we believe it will be beneficial.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the United States and many other jurisdictions around the world. We will pursue additional trademark registrations to the extent we believe it will be beneficial. We also have registered domain names for websites that we use in our business. We may be subject to third party claims from time to time with respect to our intellectual property. See "Item 3. Legal Proceedings" for more information.

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and intellectual property rights agreements with our employees, consultants, contractors and business partners. Under such agreements, our employees, consultants and contractors are subject to invention assignment provisions designed to protect our proprietary information and ensure our ownership in intellectual property developed pursuant to such agreements.

Our People

At Oportun, we are building a community of employees, partners, and customers who support each other on the path to new opportunities, because we believe that when we work together, we can make life better. To this end, below are some of the initiatives in which we are engaged:

- *Employee Engagement* – We conduct an annual engagement survey as a means of measuring employee engagement and satisfaction, as well as a tool for improving our people strategies for the year ahead. Approximately 73% of our employees participated in our 2020 employee engagement survey, of which 78% reported that they were satisfied with Oportun as a place to work and 82% reported that they were proud to work at Oportun. In addition, in response to the COVID-19 pandemic, we also conducted company-wide pulse surveys throughout 2020 to assess how employees were feeling, what support they needed from Oportun, and the progress of initiatives adopted by Oportun. In response to employee responses, we enhanced our internal communications efforts, such as opening an employee hotline for pandemic-related questions and sending out daily briefings to customer-facing teams. We also adopted measures focused on promoting employee health and providing additional safety and mental wellness, and other wellness topics.

- *Diversity and Inclusion* – The vast majority of Oportun employees identify as people of color or women and the majority of each level of Oportun's leadership team[(1)] identifies as either women or people of color. We strive to promote and maintain a diverse and inclusive workforce that both enables us to better understand and serve the communities that we serve. In 2020, we launched a global diversity, equity, and inclusion (DEI) initiative to actively assess and build on the progress we have made as an organization, including establishing a DEI council comprising a representative group of employees. Our team members have also organized and launched several employee resource groups to support diversity initiatives that are each supported by senior Oportun leaders.

- *Employee Health and Safety* – As we continue to monitor the global spread of COVID-19, we have quickly implemented company-wide measures to create a "culture of safety," and we will continue to adapt our efforts to prioritize the safety of our employees and our

customers. Our health and safety management system incorporates processes to proactively assess risks to the health and safety of our employees and the community, as well as tracking compliance, incidents, inspections, and corrective actions and we require employees to conduct extensive training every year on health and safety topics.

- *Employee Hardship Support* – Our Oportun Employee Assistance Fund is available to help employees who were experiencing hardships apply for cash support for emergency needs like food, rent and mortgage relief. Oportun matches any employee donations to this fund.

- *Community Outreach and Engagement* – Our community activities are focused on improving the communities of our customers and employees. We team with community and nonprofit partners to provide employees with opportunities to contribute directly to our local communities through our annual volunteer events, volunteer paid-time off and employee gift matching program.

During 2020, to address the safety and health of our employees due to the COVID-19 pandemic, we implemented the following, among other steps:

- Provided a meaningful short-term increase in the take-home pay of our hourly retail employees. We also offered supplemental pay of up to 14 days if that employee's retail location was forced to close due to the COVID-19 pandemic and related governmental responses and that employee was unable to work from home due to the nature of their job.

- Provided supplemental childcare expense reimbursements for our essential employees who worked in retail locations for a limited amount of time; and

- Transitioned more than 800 of our contact center employees to work remotely and implemented employee screening and social distancing requirements in contact centers that remained open.

We had 2,725 full-time and 424 part-time employees worldwide as of December 31, 2020. This includes 577 corporate employees in the United States, of which 278 employees are dedicated to technology, risk, analytics, A.I., and data science.

(1) Leadership is defined as Directors, Senior Directors, Vice Presidents and above, inclusive of the Board of Directors. People of color is defined using the self-reported EEOC classifications of Black or African American, Hispanic or Latino, Asian, American Indian/Alaskan Native, Native Hawaiian or Other Pacific Islander, and Two or More Races.

Available Information

Our website address is www.oportun.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Section 13(a) and 15(d) of the Exchange Act, are filed with the SEC. The SEC's website, www.sec.gov, contains these reports and other information that registrants (including OPRT) file electronically with the SEC.

These reports are also available free of charge through our website, www.investor.oportun.com, as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

We announce material information to the public through a variety of means, including filings with the SEC, press releases, public conference calls, our website (www.oportun.com), the investor relations section of our website (investor.oportun.com), as well as social media, including our LinkedIn page (https://www.linkedin.com/company/oportun/) and Twitter account (@Oportun). The information on our website is not incorporated by reference into this report. The website addresses listed above are provided for the information of the reader and are not intended to be active links.

Item 1A. Risk Factors

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

Risks Related to Our Business

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

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

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

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

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

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

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

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

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

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

For the year ended December 31, 2020, we had a net loss of $45.1 million and we have experienced net losses in the past. As of December 31, 2020, our retained earnings were $36.4 million. We will need to generate and sustain increased revenue and net income levels in future periods in order to achieve and increase profitability, and, even if we do, we may not be able to maintain or increase our level of profitability over the long term. We intend to continue to expend significant funds to grow our business, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this report, and unforeseen expenses, difficulties, complications and delays, and other unknown events. We have implemented measures to reduce operating costs, and we continuously evaluate other opportunities to reduce costs further. If we are unable to achieve or sustain profitability, our business would suffer, and the market price of our common stock may decrease.

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

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

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

In addition, we experience significant seasonality in demand for our loans, which is generally lower in the first quarter. The seasonal slowdown is primarily attributable to high loan demand around the holidays in the fourth quarter and the general increase in our customers' available cash flows in the first quarter, including cash received from tax refunds, which temporarily reduces their borrowing needs. While our growth has obscured this

seasonality from our overall financial results, we expect our results of operations to continue to be affected by such seasonality in the future. However, the impact of the COVID-19 pandemic has and may continue to disrupt the seasonal trends our business has consistently experienced.

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

We have recently experienced rapid growth in our business and operations, and our recent growth rates may not be indicative of our future growth rates. Our revenue was $583.7 million and $600.1 million in 2020 and 2019, respectively. We believe our revenue growth depends on a number of factors, including but not limited to our ability to:

- increase the volume of loans originated through our various origination channels, including mobile, retail locations, direct mail marketing, contact centers, and partnerships;
- increase the effectiveness of our direct mail marketing, radio advertising, digital advertising and other marketing strategies;
- efficiently manage and expand our presence and activities in states in which we operate, as well as expand into new states;
- successfully build our brand and protect our reputation from negative publicity;
- manage our Annualized Net Charge-Off Rate;
- maintain the terms on which we lend to our customers;
- protect against increasingly sophisticated fraudulent borrowing and online theft;
- enter into new markets and introduce new products and services;
- continue to expand our customer demographic focus from our original customer base of Spanish- speaking customers;
- successfully maintain our diversified funding strategy, including loan warehouse facilities, whole loan sales, and securitization transactions;
- successfully manage our interest rate spread against our cost of capital;
- successfully adjust our proprietary credit risk models, products, and services in response to changing macroeconomic conditions and fluctuations in the credit market;
- effectively manage and expand the capabilities of our contact centers, outsourcing relationships, and other business operations abroad;
- effectively secure and maintain the confidentiality of the information provided and utilized across our systems;
- successfully compete with companies that are currently in, or may in the future enter, the business of providing consumer financial services to low- and moderate-income customers underserved by traditional, mainstream financial institutions;
- attract, integrate, and retain qualified employees; and
- successfully adapt to complex and evolving regulatory environments.

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

Further, many economic and other factors outside of our control, including general economic and market conditions, global pandemics, consumer and commercial credit availability, inflation, unemployment, consumer debt levels and other challenges affecting the global economy, may adversely affect our ability to sustain revenue growth consistent with recent history. For example, since the onset of the COVID-19 pandemic in March 2020, we have experienced a slowdown in our loan originations and it is uncertain how long this slowdown may continue. While we have seen some increase in loan originations since the start of the COVID-19 pandemic, our originations have not yet returned to pre-pandemic levels. If our loan originations and revenue growth do not return to pre-pandemic levels or we experience additional slowdown in our loan origination due to the COVID-19 pandemic or other factors outside of our control, our results of operations, financial condition, and cash flows will suffer.

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

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

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

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

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

Our reliance on our credit risk models and other models to manage many aspects of our business, including valuation, pricing, collections management, marketing targeting models, fraud prevention, liquidity and capital planning, direct mail and telesales, may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately in a timely manner, or the use of AI). We rely on our credit risk models and other models to develop and manage new products and services with which we have limited development or operating experience as well as new geographies where we have not historically operated. Our assumptions may be inaccurate, and our models may not be as predictive as expected for many reasons, in particular because they often involve matters that are inherently difficult to predict and beyond our control, such as macroeconomic conditions, credit market volatility and interest rate environment, particularly in light of the COVID-19 pandemic, and they often involve complex interactions between a number of dependent and independent variables and factors. In particular, even if the general accuracy of our valuation models is validated, valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of the models. The errors or inaccuracies in our models may be material and could lead us to make wrong or sub-optimal decisions in managing our business, and this could harm our business, results of operations and financial condition.

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

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

We depend on securitization transactions, loan warehouse facilities and other forms of debt financing, as well as whole loan sales, in order to finance the principal amount of most of the loans we make to our customers. See more information about our outstanding debt in Note 8 to the Notes to the Consolidated Financial Statements. However, there is no assurance that these sources of capital will continue to be available in the future on terms favorable to us or at all, particularly in light of capital markets volatility stemming from the COVID-19 pandemic. The availability of debt financing and other sources of capital depends on many factors, some of which are outside of our control. The risk of volatility surrounding the

global economic system, including due to the COVID-19 pandemic and other disruptions, as well as uncertainty surrounding the future of regulatory reforms such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") continue to create uncertainty around access to the capital markets. Events of default or breaches of financial, performance or other covenants, as a result of the underperformance of certain pools of loans underpinning our securitizations or other debt facilities, could reduce or terminate our access to funding from institutional investors, including investment banks, traditional and alternative asset managers and other entities. Such events could also result in default rates at a higher interest rate and therefore increase our cost of capital. In addition, our ability to access future capital may be impaired because our interests in our financed pools of loans are “first loss” interests and so these interests will only be realized to the extent all amounts owed to investors or lenders and service providers under our securitizations and debt facilities are paid in full. In the event of a sudden or unexpected shortage or restriction on the availability of funds, we cannot be sure that we will be able to maintain the necessary levels of funding to retain current levels of originations without incurring higher funding costs, a reduction in the term of funding instruments or increasing the rate of whole loan sales or be able to access funding at all. If we are unable to arrange financing on favorable terms, we may not be able to grow our business as planned and we may have to curtail our origination of loans. In addition, the United Kingdom Financial Conduct Authority is planning to phase out the use of LIBOR by the end of 2021. It is not possible to predict whether LIBOR will cease to exist after calendar year 2021, whether additional reforms to LIBOR may be enacted, or whether alternative reference rates will gain market acceptance, and any of these outcomes could increase our interest rate risk related to our Secured Financing which is currently tied to LIBOR. Changes in interest rates or foreign currency exchange rates could affect our interest expense, which could result in volatility in our results of operations, financial condition, and cash flows.

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

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

We use estimates and assumptions in determining the fair value of our Fair Value Loans and Fair Value Notes. Our Fair Value Loans represented 84% of our total assets and Fair Value Notes represented 76% of our total liabilities as of December 31, 2020. Our Fair Value Loans are determined using Level 3 inputs and Fair Value Notes are determined using Level 2 inputs. Changes to these inputs could significantly impact our fair value measurements. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. In addition, a variety of factors such as changes in the interest rate environment and the credit markets, changes in average life, higher than anticipated delinquency and default levels or financial market illiquidity, may ultimately affect the fair values of our loans receivable and asset-backed notes. Material differences in these ultimate values from those determined based on management’s estimates and assumptions may require us to adjust the value of certain assets and liabilities, including in a manner that is not comparable to others in our industry, which could adversely affect our results of operations.

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

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

Our ability to adequately service our loans is dependent on our ability to grow and appropriately train our customer service and collections staff, our ability to expand our servicing capabilities as the number of our loans increase, and our ability to contact our customers when they default. Additionally, our customer service and collections staff are dependent upon maintaining adequate information technology, telephony, and internet

connectivity such that they can complete their job functions. If we fail to adequately leverage these technologies to service and collect amounts owed in respect of our loans, or if our customers opt to block us from calling, texting, emailing or otherwise contacting them, then payments to us may be delayed or reduced.

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

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

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

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

In addition, major medical expenses, divorce, death, or other issues that affect our customers could affect our customers' willingness or ability to make payments on their loans. Further, our business currently is heavily concentrated on consumer lending and, as a result, we are more susceptible to fluctuations and risks particular to U.S. consumer credit than a company with a more diversified lending portfolio. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted towards consumer credit. If the United States experiences an economic downturn, or if we become affected by other events beyond our control, we may experience a significant reduction in revenue, earnings and cash flows. If our customers default under a loan receivable held directly by us, we will experience loss of principal and anticipated interest payments, which could adversely affect our cash flow from operations. The cost to service our loans may also increase without a corresponding increase in our interest on loans. We may also become exposed to increased credit risk from our customers and third parties who have obligations to us. For example, since the beginning of January 2020, the COVID-19 pandemic has caused disruption and volatility in the global financial markets and the continued spread of COVID-19 has led to an economic slowdown resulting in an increase in unemployment levels and affecting our customers' ability to satisfy their obligations. In addition, the cost to service our loans has and may continue to increase without a corresponding increase in our interest on loans. As a result of the COVID-19 pandemic, we have and may continue to be exposed to increased credit risk from our customers and third parties who have obligations to us.

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

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

Negative publicity about our industry or our company, including the terms of the consumer loans, effectiveness of the proprietary credit risk model, privacy and security practices, originations, marketing, servicing and collections, other business practices or initiatives, litigation, regulatory compliance and the experience of customers, even if inaccurate, could adversely affect our reputation and the confidence in our brand and business model or lead to changes in our business practices. For example, on July 28, 2020 we published a press release and a blog post announcing, among other things, changes to our legal collections practices to better align with our mission. In the blog post, we acknowledged that this move was partially the result of inquiries we received from certain consumer advocates and media outlets. Despite our responsiveness to the inquiries, certain media outlets and consumer advocates chose to highlight and have continued to highlight the very past practices that we had already modified. The proliferation of social media may increase the likelihood that negative public opinion will impact our reputation and business. Our reputation is very important to attracting new customers and retaining existing customers. While we believe that we have a good reputation and that we provide customers with a superior experience, there can be no assurance that we will continue to maintain a good relationship with customers.

Consumer advocacy groups, politicians, and certain government and media reports have on occasion advocated governmental action to prohibit or severely restrict the dollar amount, interest rate, or other terms of consumer loans, particularly "small dollar" loans and those with short terms. The consumer groups and media reports typically focus on the cost to a consumer for this type of loan, which may be higher than the interest typically charged by issuers to consumers with more historical creditworthiness; for example, some groups are critical of loans with APRs greater than 36%. The consumer groups, public officials and government and media reports frequently characterize these short-term consumer loans as predatory or abusive toward consumers. In August 2020, we implemented an APR cap of 36% for all newly originated loans, however, until such previously originated loans are paid-off, a portion of our portfolio will consist of loans with APRs greater than 36%. If the negative characterization of short-term consumer loans becomes associated with this remaining portion of our portfolio, or there are critiques of our business practices or loan terms, even if inaccurate, demand for our consumer loans could significantly decrease, and it could be less likely that investors purchase our loans or our asset-backed securities, or our lenders extend or renew lines of credit to us, any of which could adversely affect our results of operations and financial condition.

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

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

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

The consumer lending market is highly competitive and increasingly dynamic as emerging technologies continue to enter into the marketplace. Technological advances and heightened e-commerce activities have increased consumers' accessibility to products and services, which has intensified the desirability of offering loans to consumers through digital-based solutions. We primarily compete with other consumer finance companies, credit card issuers, financial technology companies and financial institutions, as well as payday lenders and pawn shops focused on low- and moderate-income customers. Many of our competitors operate with different business models, such as lending as a service, lending through partners or point-of-sale lending, have different cost structures or participate selectively in different market segments. We may also face competition from companies that have not previously competed in the consumer lending market for customers with little or no credit history. For example, it is possible that the companies commonly referred to as "challenger banks" offering low-cost digital only deposit accounts may also begin to offer lending products catered to our target customers. In addition, it is possible that, in competitive reaction to the challenger banks, traditional banks may introduce new approaches to small-dollar lending. Many of our current or potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. We face competition in areas such as compliance capabilities, financing terms, promotional offerings, fees, approval rates, speed and simplicity of loan origination, ease-of-use, marketing expertise, service levels, products and services, technological capabilities and integration, customer service, strategic partnerships, brand and reputation. Our competitors may also have longer operating histories,

lower financing costs or costs of capital, more extensive customer bases, more diversified products and customer bases, operational efficiencies, more versatile technology platforms, greater brand recognition and brand loyalty, and broader customer and partner relationships than we have. Our competitors may be better at developing new products, responding more quickly to new technologies and undertaking more extensive marketing campaigns. Furthermore, our existing and potential competitors may decide to modify their pricing and business models to compete more directly with our model. If we are unable to compete with such companies or fail to meet the need for innovation in our industry, the demand for our products could stagnate or substantially decline, or our products could fail to maintain or achieve more widespread market acceptance.

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

In connection with COVID-19, we have reduced our marketing spend. This decrease in marketing, in addition to the impact of the COVID-19 pandemic has resulted in a decreased demand for our products, which, we believe combined with our credit tightening, has decreased originations. Our business model relies on our ability to scale rapidly, and if our limited marketing efforts are not successful or if we are unsuccessful in developing our brand marketing campaigns, it could continue to have an adverse effect on our ability to attract customers. If we fail to successfully promote and maintain our brand or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may lose existing customers to our competitors or be unable to attract new customers, which in turn would harm our business, results of operations and financial condition. Even if our marketing efforts result in increased revenue, we may be unable to recover our marketing costs through increases in loan volume. Any incremental increases in Customer Acquisition Cost could have an adverse effect on our business, results of operations and financial condition. Furthermore, increases in marketing and other Customer Acquisition Costs may not result in increased loan originations at the levels we anticipate or at all, which could result in a higher Customer Acquisition Cost per account.

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

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

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

Our future growth strategy depends in part on our ability to optimize the mix of our channel ecosystem and serve our customers in their preferred channel. Based on current customer trends and the increased adoption of our mobile channel, as well as our new partners channel, we are executing a retail optimization strategy and planning to close 136 retail locations as well as implementing a workforce reduction of certain employees who manage and operate the impacted retail locations. For additional information, see Note 16, Subsequent Events, to the Notes to the Consolidated Financial Statements included elsewhere in this report. If we are unable to optimize our channel mix, our ability to serve and attract customers may be harmed and our profit margins may decline. Further, our brand and reputation may be harmed in connection with these location closings. If we are unsuccessful in transitioning customers from the closed locations to other retail locations or to out-of-store alternatives, our results of operations could be adversely affected. We will continue to assess our growth strategy and our channel mix will continue to evolve and may change as the business grows.

We could experience a decline in repeat customers.

As of December 31, 2020 and 2019, returning customers comprised 85% and 80%, respectively, of our Owned Principal Balance at End of Period. In order for us to maintain or improve our operating results, it is important that we continue to extend loans to returning customers who have successfully repaid their previous loans. Our repeat loan rates may decline or fluctuate as a result of pricing changes, our expansion into new products and markets or because our customers are able to obtain alternative sources of funding based on their credit history with us, and new customers we acquire in the future may not be as loyal as our current customer base. If our repeat loan rates decline, including due to COVID-19 related issues, we may not realize consistent or improved operating results from our existing customer base.

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

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

We can provide no assurance that we will be able to develop, commercially market and achieve acceptance of our new products and services. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of revenue actually originated from these new products and services. Product or service introductions may not always be successful and we have previously invested resources to develop and launch new products and services and subsequently decided to discontinue these products and services in order to strategically realign our resources. For example, in order to focus our resources on our secured personal loan product we have shifted our strategy away from purchase money auto loans. In addition, the borrower profile of customers using our new products and services may not be as attractive as the customers that we currently serve, which may lead to higher levels of delinquencies or defaults than we have historically experienced. Failure to accurately predict demand or growth with respect to our new products and services could adversely impact our business, and these new products and services may be unprofitable, which would increase our costs or decrease operating margins or increase the time it takes us to achieve target margins. Additionally, due to the economic impact of COVID-19, we expect the growth of revenue from new products to be much slower than previously anticipated in the near term. New products and services may not become profitable, and even if they are profitable, operating margins of some new products may not be as high as the margins we have experienced historically. Further, our development efforts with respect to these initiatives could distract management from current operations and will divert capital and other resources from our existing business.

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

We may change our strategy or any of our underwriting guidelines at any time without notice or the consent of our stockholders. For example, given the economic crisis resulting from the COVID-19 pandemic, in late March 2020, we significantly tightened our underwriting criteria. In addition, in August 2020, we implemented a nationwide 36% APR cap for newly originated loans which may have a potential impact on our yield or other unanticipated impacts that could adversely affect our results of operations and financial condition. We may also decide to retain more loans rather than sell them to third parties. We continue to evaluate our business strategies and underwriting and servicing practices and in the future, may make additional changes, including due to changing economic conditions, regulatory requirements and industry practices. For example, on July 28, 2020, we published a press release and a blog post announcing, among other things, changes to our legal collections practices to better align with our mission, including a reduction in future case filings. Any of these changes could result in us holding a loan portfolio with a different risk profile from our current risk profile. Additionally, a change in our strategy or underwriting and servicing practices may reduce our credit spread and may increase our exposure to interest rate risk, default risk and liquidity risk, all of which could adversely affect our business, results of operations and financial condition.

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

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

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

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

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

We are exposed to geographic concentration risk.

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

As of December 31, 2020, 55.9%, 26.2%, 5.2%. and 5.0% of our Owned Principal Balance at End of Period related to customers from California, Texas, Florida, and Illinois, respectively. If any of the events noted in these risk factors were to occur in or have a disproportionate impact in regions where we operate or plan to commence operations, it may negatively affect our business in many ways, including increased delinquencies and loan losses or a decrease in future originations.

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

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

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

We earn over 90% of our revenue from interest payments on the loans we make to our customers. Financial institutions and other funding sources provide us with the capital to fund a substantial portion of the principal amount of our loans to customers and charge us interest on funds that we borrow. In the event that the spread between the interest rate at which we lend to our customers and the rate at which we borrow from our lenders decreases, our Net Revenue will decrease. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including our ability to access capital markets, the volume of loans we make to our customers, loan mix, competition and regulatory limitations. See "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk".

Market interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, recession, the state of the credit markets, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies. Interest rate changes may require us to make adjustments to the fair value of our Fair Value Loans or Fair Value Notes, which may in turn adversely affect our results of operations. For instance, interest rates recently declined significantly. When interest rates fall, the fair value of our Fair Value Loans increases, which increases Net Revenue. In addition, decreasing interest rates also increase the fair value of our Fair Value Notes, which reduces Net Revenue. Because the duration and fair value of our loans and asset- backed notes are different, the respective changes in fair value did not fully offset each other resulting in a negative impact on Net Revenue. Any reduction in our interest rate spread could have an adverse effect on our business, results of operations and financial condition. In August 2020, we implemented a nationwide 36% APR cap for newly originated loans, which we expect will reduce our interest rate spread and may have an adverse effect on our business, results of operations and financial condition. We do not currently hedge our interest rate exposure associated with our debt financing or fair market valuation of our loans.

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

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

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

We are increasingly dependent on information technology systems and infrastructure, including mobile and cloud-based technologies, to operate our business. In the ordinary course of our business, we collect, process, transmit and store large amounts of sensitive information, including the personal information, credit information and other sensitive data of our customers and potential customers. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such sensitive information. We also have arrangements in place with certain of our third-party vendors that require us to share consumer information. We have also outsourced elements of our operations (including elements of our

information technology infrastructure) to third parties, and as a result, we manage a number of third-party vendors who may have access to our computer networks or our confidential information. In addition, many of those third parties may in turn subcontract or outsource some of their responsibilities to third parties. As a result, our information technology systems, including the functions of third parties that are involved or have access to those systems, is very large and complex. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the size, complexity, accessibility and distributed nature of our information technology systems, and the large amounts of sensitive information stored on those systems, make such systems potentially vulnerable to unintentional or malicious, internal and external attacks on our technology environment. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third-party vendors, business partners, or by malicious third parties. Attacks of this nature are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, "hacktivists," nation states and others. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information and systems. In addition, the prevalent use of mobile devices increases the risk of data security incidents. Significant disruptions of our, our third-party vendors' and/ or business partners' information technology systems or other similar data security incidents could adversely affect our business operations and result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive information, which could result in financial, legal, regulatory, business and reputational harm to us. The automated nature of our business may make us attractive targets for hacking and potentially vulnerable to computer malware, physical or electronic break-ins and similar disruptions. Despite efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, in which case there would be an increased risk of fraud or identity theft, and we may experience losses on, or delays in the collection of amounts owed on, a fraudulently induced loan.

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 and our third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. Any event that leads to unauthorized access, use or disclosure of personal information, including but not limited to personal information regarding our customers, loan applicants, and employees, could disrupt our business, harm our reputation, compel us to comply with applicable federal and/or state breach notification laws and foreign law equivalents, subject us to litigation, regulatory investigation and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs for us, and result in significant legal and financial exposure and/or reputational harm. In particular, these mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures. In addition, any failure or perceived failure by us or our vendors to comply with our privacy, confidentiality, or data security-related legal or other obligations to third parties, or any security incidents or other inappropriate access events that result in the unauthorized access, release or transfer of sensitive information, which could include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others and could cause third parties, to lose trust or we could be subject to claims by third parties that have breached our privacy- and confidentiality-related obligations, which could harm our business and prospects. Moreover, cybersecurity experts are warning about a growing use of COVID-19-related themes by malicious cyber actors. At the same time, the surge of in teleworking has increased the use of potentially vulnerable services, such as virtual private networks, amplifying the threat to individuals and organizations. Cybercriminals are targeting individuals and organizations with COVID-19-related cyberattacks.

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

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

Our retail locations also process physical customer loan documentation that contain confidential information about our customers, including financial and personally identifiable information. We retain physical records in various storage locations outside of our retail locations. The loss or

theft of customer information and data from our retail locations or other storage locations could subject us to additional regulatory scrutiny, possible civil litigation and possible financial liability and losses.

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

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

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

In addition, the software that we have developed to use in our daily operations is highly complex and may contain undetected technical errors that could cause our computer systems to fail. Because each loan that we make involves our proprietary automated underwriting process and depends on the efficient and uninterrupted operation of our computer systems, and all of our loans are underwritten using an automated underwriting process that does not require manual review, any failure of our computer systems involving our automated underwriting process and any technical or other errors contained in the software pertaining to our automated underwriting process could compromise our ability to accurately evaluate potential customers, which would negatively impact our results of operations. Our computer systems may encounter service interruptions at any time due to system or software failure, natural disasters, severe weather conditions, health epidemics or pandemics, terrorist attacks, cyber-attacks, computer viruses, physical or electronic break-ins, technical errors, power outages or other events, and any failure of our computer systems could cause an interruption in operations and result in disruptions in, or reductions in the amount of, collections from the loans we make to our customers. While we have taken steps to prevent such activity from affecting our systems, if we are unable to prevent such activity, we may be subject to significant liability, negative publicity and a loss of customers, all of which may negatively affect our business.

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

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

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

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

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

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

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

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

We have vendors that, among other things, provide us with key services, including financial, technology and other services to support our loan servicing and other activities. The CFPB issued guidance stating that institutions under its supervision may be held responsible for the actions of the companies with which they contract. Accordingly, we could be adversely impacted to the extent our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. Our use of third-party vendors is subject to increasing regulatory attention.

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

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

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

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

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

Competition for highly skilled personnel, including engineering and data analytics personnel, is extremely intense, particularly in the San Francisco Bay Area where our headquarters is located. We have experienced and expect to continue to face difficulty identifying and hiring qualified personnel in many areas, especially as we pursue our growth strategy. We may not be able to hire or retain such personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In particular, employee candidates, specifically in high-technology industries, often consider the value of any equity they may receive in connection with their employment so significant volatility or a

decline in the price of our stock may adversely affect our recruitment strategies. Additionally, changes to U.S. immigration policies, as well as restrictions on global travel due to public health crises requiring quarantines or other precautions to limit exposure to infectious diseases, may limit our ability to hire and/or retain talent.

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

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

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

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

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

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

We believe that a critical component of our success is our corporate culture and our deep commitment to our mission. We believe this mission-based culture fosters innovation, encourages teamwork and cultivates creativity. Our mission defines our business philosophy as well as the emphasis that we place on our customers, our people and our culture and is consistently reinforced to and by our employees. As we develop the infrastructure of a public company and continue to grow, we may find it difficult to maintain these valuable aspects of our corporate culture and our long-term mission. In addition, the widespread stay-at-home orders resulting from the COVID-19 pandemic have required us to make substantial changes to the way that the vast majority of our employee population does their work. Any failure to preserve our culture, including a failure due to the growth from becoming a public company or resulting from remote work arrangements, could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork, and effectively focus on and pursue our mission and corporate objectives.

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

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

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

As of December 31, 2020, we had 1,591 employees in three contact centers in Mexico. These employees provide certain English/Spanish bilingual support related to customer-facing contact center activities, administrative and technology support of the contact centers and back-office support services. We have also engaged outsourcing partners in the United States that provide offshore customer-facing contact center activities in Mexico, Colombia, and Jamaica, and may in the future include additional locations in other countries. In addition, we opened a technology development center in India in 2019. We have engaged vendors that utilize employees or contractors based outside of the United States. As of December 31, 2020, our outsourcing partners have provided us, on an exclusive basis, the equivalent of 579 full-time equivalents in Mexico, Colombia, Jamaica, and India. These international activities are subject to inherent risks that are beyond our control, including:

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

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

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

The Sarbanes-Oxley Act requires, among other things, that, as a public company, we maintain effective internal control over financial reporting and disclosure controls and procedures including implementation of financial systems and tools. Any failure to maintain effective disclosure controls and procedures or internal control over financial reporting could have an adverse effect on our ability to accurately report our financial information on a timely basis and result in material misstatements in our consolidated financial statements.

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

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

A significant natural disaster, such as an earthquake, fire, hurricanes, flood or other catastrophic event (many of which are becoming more acute and frequent as a result of climate change), or interruptions by strikes, crime, terrorism, social unrest, cyber-attacks, pandemics or other public health crises, power outages or other man-made problems, could have an adverse effect on our business, results of operations and financial condition. Our headquarters is located in the San Francisco Bay Area, and our systems are hosted in multiple data centers across Northern California, a region

known for seismic activity and wildfires and related power outages. Additionally, certain of our contact centers and retail locations are located in areas prone to natural disasters, including earthquakes, tornadoes, and hurricanes, and certain of our retail locations and our contact centers may be located in areas with high levels of criminal activities.

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

In addition, a large number of customers make payments and apply for loans at our retail locations. If one or more of our retail locations becomes unavailable for any reason, including as a result of the COVID-19 pandemic or other public health crisis, localized weather events, or natural or man-made disasters, our ability to conduct business and collect payments from customers on a timely basis may be adversely affected, which could result in lower loan originations, higher delinquencies and increased losses. For example, from time to time we have temporarily closed a few of our retail locations due to public health orders or other concerns relating to the COVID-19 pandemic, which we believe partially contributed to the decrease in Aggregate Originations in the three months and twelve months December 31, 2020 as compared to the three months and twelve months ended December 31, 2019. We may have to close retail locations as necessary due to public health orders or other concerns relating to the COVID-19 pandemic. The closure of additional retail locations would further adversely affect our loan originations, results of operations and financial condition.

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

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

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

We are, and may in the future become, subject to litigation, claims, investigations, legal and administrative cases and proceedings, whether civil or criminal, or lawsuits by governmental agencies or private parties, which may affect our results of operations. See Item 3. "Legal Proceedings” for more information regarding this and other proceedings.

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

Risks Related to Our Intellectual Property

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

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

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

Our proprietary technology, including our credit risk models, may infringe upon claims of third-party intellectual property, and we may face intellectual property challenges from such other parties. The expansion of our product suite and our potential expansion into banking services may create additional trademark risk. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any

intellectual property disputes. If we are unsuccessful, such claim or litigation could result in a requirement that we pay significant damages or licensing fees, which would negatively impact our financial performance. We may also be obligated to indemnify parties or pay substantial legal settlement costs, including royalty payments, and to modify applications or refund fees. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations.

For example, in January 2018, we received a complaint by a third party alleging various claims for trademark infringement, unfair competition, trademark dilution and misappropriation against us. The complaint calls for monetary damages and injunctive relief requiring us to cease using our trademarks. We believe this claim is without merit and intend to vigorously defend this matter. The final outcome with respect to the claims in the lawsuits, including our liability, if any, is uncertain. Furthermore, we cannot be certain that any of these claims would be resolved in our favor. For example, an adverse litigation ruling against us could result in a significant damages award against us, could result in injunctive relief, could result in a requirement that we make substantial royalty payments, and could result in the cancellation of certain Oportun trademarks which would require that we rebrand. Moreover, an adverse finding could cause us to incur substantial expense, could be a distraction to management, and any rebranding as a result may not be well received in the market. To the extent that we reach a negotiated settlement, the settlement could require that we pay substantial compensation and could require that we make modifications to our name, branding, marketing materials, and advertising that may not be well received in the market. See Item 3. "Legal Proceedings for more information regarding these proceedings.

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

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

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

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

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

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

In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source

software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software.

Risks Related to Our Industry and Regulation

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

Our business is subject to numerous federal, state and local laws and regulations. Statutes, regulations and policies affecting lending institutions are continually under review by Congress, state legislatures and federal and state regulatory agencies. Changes in laws or regulations, or the regulatory application or interpretation of the laws and regulations applicable to us, could adversely affect our ability to operate in the manner in which we currently conduct business. Such changes in, and in the interpretation and enforcement of, laws and regulations may also make it more difficult or costly for us to originate additional loans, or for us to collect payments on our loans to customers or otherwise operate our business by subjecting us to additional licensing, registration and other regulatory requirements in the future. For instance, bills have been introduced in Congress and in several states in recent years proposing various usury caps and other provisions that could otherwise greatly restrict the rates and fees that lenders can charge customers for late and returned payments. If such a bill were to be enacted, it would greatly restrict profitability for us.

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

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

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

State attorneys general have a variety of legal mechanisms at their disposal to enforce state and federal consumer financial laws. For example, Section 1042 of the Dodd-Frank Act grants state attorneys general the ability to enforce the Dodd-Frank Act and regulations promulgated under the Dodd-Frank Act's authority and to secure remedies provided in the Dodd-Frank Act against entities within their jurisdiction. State attorneys general also have enforcement authority under state law with respect to unfair or deceptive practices. Also, the California Consumer Financial Protection Law expands the jurisdiction of and reorganizes the existing state regulator to have broad authority over providers of financial services and products and gives the regulator broad enforcement authority against covered persons with respect to unfair, deceptive or abusive act and discrimination violations. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi-state actions or settlements. Finally, several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general.

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

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

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

For more information with respect to the regulatory framework affecting our businesses, see "Business - Regulations and Compliance."

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

We rely upon asset-backed financing for a significant portion of our funds with which to carry on our business. Asset-backed securities and the securitization markets were heavily affected by the Dodd-Frank Act and have also been a focus of increased regulation by the SEC. For example, the Dodd-Frank Act mandates the implementation of rules requiring securitizers or originators to retain an economic interest in a portion of the credit risk for any asset that they securitize or originate. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain. Rules relating to securitizations rated by nationally-recognized statistical rating agencies require that the findings of any third-party due diligence service providers be made publicly available at least five business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization.

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

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

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

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

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

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

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

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

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

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

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

We receive, transmit and store a large volume of personally identifiable information and other sensitive data from customers and potential customers. There are federal, state and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, cybersecurity and data privacy issues, particularly with respect to personally identifiable information are increasingly subject to legislation and regulations to protect the privacy and security of personal information that is collected, processed and transmitted. For example, in June 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which broadly defines personal information and took effect on January 1, 2020. The CCPA gives California residents expanded privacy rights and protections and provides for civil penalties for CCPA violations, in addition to providing for a private right of action for data breaches. On November 3, 2020, California approved the California Privacy Rights Act (the "CPRA"), that amends the CCPA to create new and additional privacy rights and obligations in California and creates the California Privacy Protection Agency to enforce the laws. Whereas we have implemented the CCPA, compliance with other current and future customer privacy data protection and information security laws and regulations could result in higher compliance, technical or operating costs. Further, any violations of these laws and regulations may require us to change our business practices or operational structure, address legal claims and sustain monetary penalties and/or other harms to our business. We could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or require changes to our business practices or privacy policies.

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

The Investment Company Act of 1940, as amended (the "Investment Company Act") contains substantive legal requirements that regulate the manner in which “investment companies” are permitted to conduct their business activities. We believe we have conducted, and we intend to continue to conduct, our business in a manner that does not result in our company being characterized as an investment company, including by relying on certain exemptions from registration as an investment company. We rely on guidance published by the Securities and Exchange Commission's (the "SEC") staff or on our analyses of such guidance to determine our qualification under these and other exemptions. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our business operations accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could inhibit our ability to conduct our business operations. There can be no assurance that the laws and regulations governing our Investment Company Act status or SEC guidance regarding the Investment Company Act will not change in a manner that adversely affects our operations. If we are deemed to be an investment company, we may attempt to seek exemptive relief from the SEC, which could impose significant costs and delays on our business. We may not receive such relief on a timely basis, if at all, and such relief may require us to modify or curtail our operations. If we are deemed to be an investment company, we may also be required to institute burdensome compliance requirements and our activities may be restricted.

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

We currently have a bank sponsorship program with WebBank for our credit card product. On November 10, 2020, we announced that we had entered into a bank sponsorship program agreement with MetaBank, N.A. to offer unsecured installment loans, currently anticipated to launch in mid-2021. State and federal agencies have broad discretion in their interpretation of laws and their interpretation of requirements related to bank sponsorship programs and may elect to alter standards or the interpretation of the standards applicable to these programs. For instance, the Colorado Credit Commissioner recently settled its lawsuit challenging two bank sponsorship programs requiring certain restrictions on such programs in order for them to continue in Colorado. Additionally, the OCC and FDIC recently issued "Valid when made" rules for which both regulators were sued by various states. The OCC also recently finalized a "true lender" rule but that rule is also expected to be challenged in court. The uncertainty of the federal and state regulatory environments around bank sponsorship programs means that our efforts to launch an installment loan product through a bank sponsor may not ultimately be successful, or it may be challenged by one or more states in which we launch such a program. Furthermore, federal regulation of the banking industry, along with tax and accounting laws, regulations, rules and standards may limit the business activity of banks and affiliates under these structures and control the method by which we can conduct business. Regulation by a federal banking regulator may also subject us to increased compliance, legal and operational costs, and could subject our business model to scrutiny or limit our ability to expand the scope of our activities in a manner that could have a material adverse effect on us.

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

We recently applied to obtain a national bank charter through the establishment of a de novo bank to, among other things, allow us to offer additional products and services, provide us with new sources of lower cost funding and give our business regulatory clarity. If we were to obtain a national bank charter, we would be subject to supervision and regulation by the OCC under the National Bank Act, by the Federal Deposit Insurance Corporation (the “FDIC”) and by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) under the Bank Holding Company Act which could be subject to certain restrictions and requirements, including capital requirements and shareholder requirements.

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

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

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

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

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

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

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

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

Risks Related to Our Indebtedness

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

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

- default and foreclosure on our and our subsidiaries' assets if asset performance and our operating revenue are insufficient to repay debt obligations;

- mandatory repurchase obligations for any loans conveyed or sold into a debt financing or under a whole loan purchase facility if the representations and warranties we made with respect to those loans were not correct when made;
- acceleration of obligations to repay the indebtedness (or other outstanding indebtedness to the extent of cross default triggers), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios with respect to us or the loan portfolio securing our indebtedness or the maintenance of certain reserves or tangible net worth and do not obtain a waiver for such breach or renegotiate our covenant;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to obtain necessary additional financing if changes in the characteristics of our loans or our collection and other loan servicing activities change and cease to meet conditions precedent for continued or additional availability under our debt financings;
- diverting a substantial portion of cash flow to pay principal and interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions, and other general corporate purposes;
- creating limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- defaults based on loan portfolio performance or default in our collection and loan servicing obligations could result in our being replaced by a third-party or back-up servicer and notification to our customers to redirect payments;
- downgrades or revisions of agency ratings for our debt financing; and
- monitoring, administration and reporting costs and expenses, including legal, accounting and other monitoring reporting costs and expenses, required under our debt financings.

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

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

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

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

An early amortization event or event of default would negatively impact our liquidity, including our ability to originate new loans, and require us to rely on alternative funding sources. This may increase our funding costs or alternative funding sources might not be available when needed. If

we were unable to arrange new or alternative methods of financing on favorable terms, we might have to curtail the origination of loans, and we may be replaced by our backup servicer or another replacement servicer.

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

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

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

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

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

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

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

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

Risks Related to Ownership of Our Common Stock

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

Our amended and restated certificate of incorporation authorizes us to issue shares of common stock authorized but unissued and rights relating to common stock for the consideration and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. We have authorized 8,152,800 shares for issuance under our 2019 Equity Incentive Plan and 996,217 shares for issuance under our 2019 Employee Stock Purchase Plan, subject to adjustment in certain events. Any common stock that we issue, including under our 2019 Equity Incentive Plan, our 2019 Employee Stock Purchase Plan or other equity incentive plans that we may adopt in the future, could dilute your percentage ownership.

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

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

- failure to meet quarterly or annual guidance with regard to revenue, margins, earnings or other key financial or operational metrics;
- fluctuations in the trading volume of our share or the size of our public float;
- price and volume fluctuations in the overall stock market from time to time;
- changes in operating performance and stock market valuations of similar companies;
- failure of financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- public reaction to our press releases, other public announcements, and filings with the SEC;
- any major change in our management;
- sales of shares of our common stock by us or our stockholders;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- changes in prevailing interest rates;
- quarterly fluctuations in demand for our loans;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- litigation, government investigations and regulatory actions;
- developments or disputes concerning our intellectual property or other proprietary rights;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- widespread public health crises such as the COVID-19 pandemic; and
- other general market, political and economic conditions, including any such conditions and local conditions in the markets in which our customers, employees, and contractors are located.

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

The trading market for our common stock is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. Because we are a new public company, the analysts who publish information about our common stock have had relatively little experience with our company, which could affect their ability to

accurately forecast our results and make it more likely that we fail to meet their estimates. If any of the analysts who cover us issue an adverse or misleading opinion regarding our stock price, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

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

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

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

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

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

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

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

In addition, changing laws, regulations and standards or interpretations thereof relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us.

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

Market opportunity estimates and growth forecasts, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts relating to the size and expected growth of our

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

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

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

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

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

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

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

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

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, (4) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws, or (5) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. This

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in San Carlos, California pursuant to a lease expiring in February 2026. We are currently subleasing a portion of our headquarters space to third parties. As of December 31, 2020, we leased additional facilities and office space in California, Texas, Mexico, and India. We also operate retail locations and co-locations across California, Illinois, Texas, Utah, Nevada, Arizona, New Mexico, New Jersey, and Florida.

Item 3. Legal Proceedings

For a description of legal proceedings, see Note 15, *Leases, Commitments and Contingencies*, in the accompanying Notes to the Consolidated Financial Statements. 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 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information and Stockholders

Oportun's common stock has been listed for trading on the Nasdaq Global Select Market since September 26, 2019 under the symbol "OPRT". As of February 16, 2021, we had 148 record holders of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name or held in trust by other entities. Therefore, the actual number of stockholders is greater than this number of registered stockholders of record.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends on our capital stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our Board subject to applicable laws, and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay cash dividends on our capital stock may also be limited by the terms of any future debt or preferred securities or future credit facility.

Stock Performance

As a "Smaller Reporting Company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Issuer Purchases of Equity Securities

None.

Unregistered Sales of Equity Securities

We had no unregistered sales of our securities in the reporting period not previously reported.

Use of Proceeds

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

Item 6. Selected Financial Data

As a "Smaller Reporting Company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Topic	
Overview	46
Key Financial and Operating Metrics	52
Historical Credit Performance	53
Results of Operations	55
Fair Value Estimate Methodology for Loans Receivable at Fair Value	60
Non-GAAP Financial Measures	63
Liquidity and Capital Resources	68
Off-Balance Sheet Arrangements	70
Critical Accounting Policies and Significant Judgments and Estimates	70
Recently Issued Accounting Pronouncements	71

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (this "MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read together with, our audited consolidated financial statements and the related notes thereto and other disclosures included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this MD&A, 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 information contained in Part I, Item 1A. "Risk Factors" of this Annual Report on Form 10-K 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 this MD&A.

Overview

We offer responsible consumer credit through our A.I.-driven digital platform at a lower cost compared to market alternatives available to individuals that are not well served by the financial mainstream. In our 15-year lending history, we have originated more than 4.1 million loans, representing over $9.8 billion of credit extended, to more than 1.8 million customers. We have developed a deep data-driven understanding of our customers' needs through a combination of the rigorous application of machine learning, the use of alternative data sets and continuous customer engagement. We have been certified as a Community Development Financial Institution ("CDFI") by the U.S. Department of the Treasury since 2009.

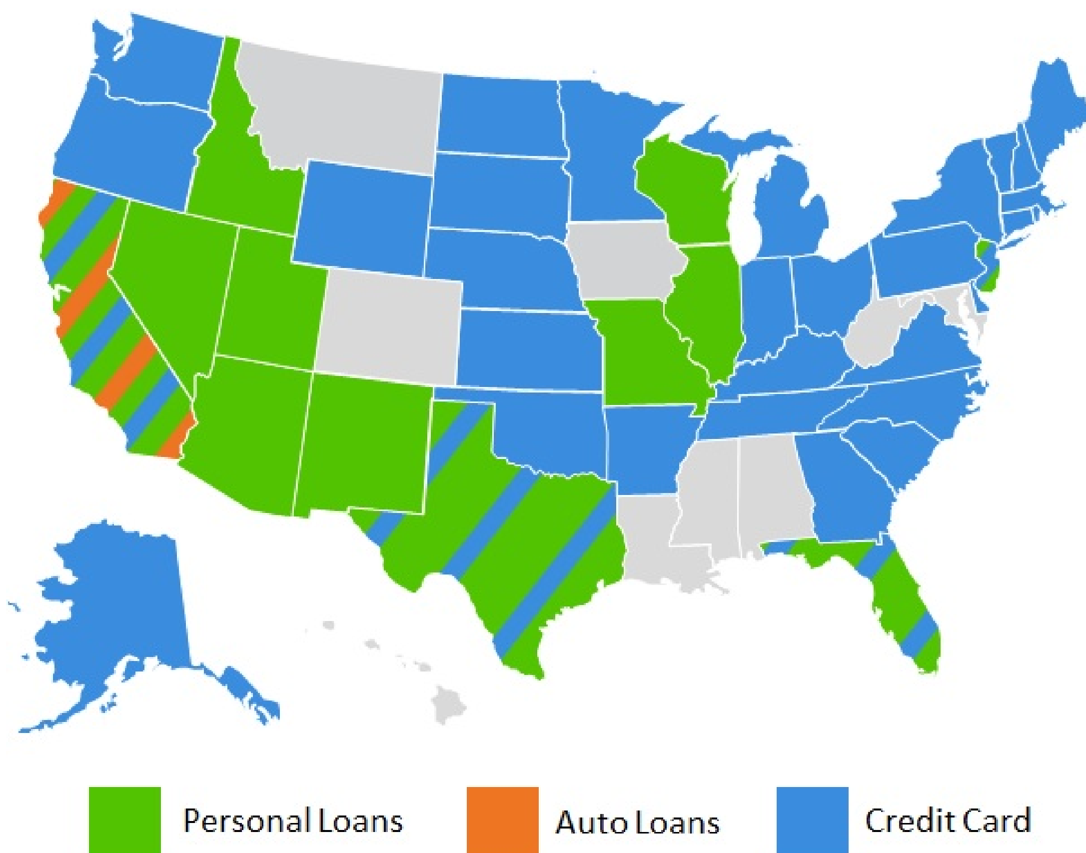
Our core offering is a simple-to-understand, affordable, unsecured, fully amortizing personal installment loan with fixed payments and fixed interest rates throughout the life of the loan. Our personal loans do not have prepayment penalties or balloon payments and range in size from $300 to $10,000 with terms ranging from six to 51 months. As part of our commitment to be a responsible lender, we verify income for 100% of our personal loan customers and only make loans to customers that our ability-to-pay model indicates should be able to afford a loan after meeting their other debts and regular living expenses. We execute our sales and marketing strategy through a variety of acquisition channels including our digital platform, retail locations, direct mail and digital marketing, and partnerships. We also benefit from customers learning about Oportun from friends or family members and other word-of-mouth referrals. Our omni-channel network enables us to serve our customers in the way they prefer and when it is convenient for them, online, over-the-phone, and in person. We have seen our customers' usage and preference for our digital channels accelerate during 2020 and we are continuing to invest in our digital origination and servicing platform, as well as building out customer self-service capabilities. Our personal loan serves as an alternative to high-cost installment, auto title, payday and pawn lenders. According to the Financial Health Network study that we commissioned, we estimate that, as of December 31, 2020, our customers have saved more than $1.8 billion in aggregate interest and fees compared to alternative products available to them.

Through our recently announced partnership with MetaBank, N.A,, a national bank, we will be able to offer a uniform product across the nation, while minimizing operational complexity and generating cost savings that can be passed on to our customers. We plan to offer loan products that are the same as our unsecured personal loans with APRs capped at 36%. We are currently working on the technology that will enable the rollout of our MetaBank, N.A. partnership by mid-2021. In November 2020, we began the application process to obtain a national bank charter.

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

We have begun expanding beyond our core offering of unsecured installment loans into other financial services that a significant portion of our customers already use and have asked us to provide, such as auto loans and credit cards. We launched the Oportun Visa Credit Card, issued by WebBank, Member FDIC, in 2019 and offered credit cards in 33 states as of December 31, 2020. In April 2020, we launched a personal installment loan secured by an automobile, which we refer to as secured personal loans.

The map below show the states in which we offer our products as of December 31, 2020.



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 seven years, we have executed 14 bond offerings in the asset-backed securities market, the last 11 of which include tranches that have been rated investment grade. We issued two- and three-year fixed rate bonds which have provided us committed capital to fund future loan originations at a fixed Cost of Debt. In November 2014, we entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. The term of the current agreement was set to expire on November 10, 2020. The parties have agreed to extend the agreement on the same terms through February 26, 2021. Additional extensions may be considered on a month-to-month basis. Pursuant to this agreement, we have committed to sell at least 10% of our unsecured loan originations, with an option to sell an additional 5%, subject to certain eligibility criteria and minimum and maximum volumes. In addition, from July 2017 to August 2020, we were party to a separate whole loan sale arrangement with an institutional investor providing for a commitment to sell 100% of our loans originated under our loan program for customers who do not meet the qualifications of our core loan origination program. We chose not to renew the arrangement and allowed the agreement to expire on its terms on August 5, 2020. In addition to our whole loan sale program, we also have a $400.0 million Secured Financing facility committed through October 2021, which also helps to fund our loan portfolio growth. In October 2020 we raised $39.8 million, net of fees and expenses, by selling $41.3 million of retained bonds related to our 2019-A and 2018-B asset-backed notes.

We closely manage our operating expenses, which consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expenses, with the goal of increasing investments in our data analytics, technology and mobile-first experiences, and our digital marketing capabilities.

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

the lower of cost or fair value until the loans receivable are sold. Asset-backed notes issued prior to January 1, 2018 are accounted for in our financial statements at amortized cost, net. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, we no longer have any asset-backed notes at amortized cost as of December 31, 2020. We estimate the fair value of the Fair Value Loans using a discounted cash flow model, which considers various factors such as the price that we could sell our loans to a third party in a non-public market, credit risk, net charge-offs, customer payment rates and market conditions such as interest rates. We estimate the fair value of our Fair Value Notes based upon the prices at which our or similar asset-backed notes trade. We reevaluate the fair value of our Fair Value Loans and our Fair Value Notes at the close of each measurement period.

Retail Network Optimization

During the past few years, we have seen a growing customer preference for our online and mobile channels. After a careful analysis of our customer trends and the overlapping geographic footprint of certain existing retail locations, we are planning to close 136 retail locations and implement a workforce reduction of certain employees who manage and operate the retail locations. By optimizing our retail channel, we estimate we will generate projected operating expense savings of approximately $19 million per year, after one-time charges. As customers have increasingly shifted to mobile and we are broadening our partners channel, we are planning to invest in the technology to continue to enhance our mobile channel and digital platform. We expect that we can continue to serve our existing customer base and scale to serve new customers with a more efficient retail footprint. For additional information, see Note 16, Subsequent Events, to the Notes to the Consolidated Financial Statements included elsewhere in this report.

COVID-19 Update

We continue to monitor and proactively navigate the COVID-19 pandemic, taking actions to manage our business in a thoughtful and conservative manner throughout this fluid situation, while ensuring the health and safety of our employees and customers. The actions taken since the beginning of the pandemic have resulted in improving credit trends, steadily increasing originations, and a continued strong balance sheet. We believe we remain well-positioned strategically and financially in the current environment, however, factors such as economic conditions, the unemployment rate, and further stimulus measures may impact our future performance. As of December 31, 2020, 99% of our retail locations were open to serve customers. While we recognize and still believe that our retail channel is a key differentiator in our customer experience, a shift from in-store to mobile was occurring gradually prior to 2020. The pandemic further accelerated the adoption of our digital channels, and we believe that for many of our customers, this shift will be permanent. Our investment in digital capabilities gives us a path for continued growth in a more capital efficient manner. In the fourth quarter of 2020, 65% of new applicants chose to apply online, up from 46% in the fourth quarter of 2019. Additionally, 73% of all payments were made outside of our stores whereas this figure was 60% as of December 31, 2019.

Improving Credit Trends

Deferrals We believe that our rapid implementation of emergency hardship programs and reduced payment plans have been effective in providing impacted customers sufficient time to return to repayment status. We may consider Emergency Hardship Deferrals, granted one month at a time, for borrowers who continue to be impacted by the COVID-19 pandemic. As of December 31, 2020, 1.4% of our Owned Principal Balance at End of Period was in active deferral status under the Emergency Hardship Deferral program, down from a peak of 14.6% at the end of April 2020. We believe that our customers are currently managing through the crisis and most have returned to repayment status.

Delinquencies We ended the fourth quarter of 2020 with a 30+ Day Delinquency Rate of 3.7%, compared to 4.0% at the end of the fourth quarter of 2019. Borrowers who are less than 30 days delinquent when they received an Emergency Hardship Deferral are counted at zero days delinquent, and customers that were more than 30 days delinquent continue to be in the same delinquency status as they were prior to receiving an Emergency Hardship Deferral. As a standard practice, we offer a grace period ranging between 7 and 15 days before a late fee is assessed, allowing customers extra time to make a payment if needed. We monitor our early stage delinquencies very closely and attempt to contact delinquent customers before the grace period expires to provide them with payment options.

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

Days Delinquent	As of 3/31/2020	As of 4/30/2020	As of 5/31/2020	As of 6/30/2020	As of 7/31/2020	As of 8/31/2020	As of 9/30/2020	As of 10/31/2020	As of 11/30/2020	As of 12/31/2020
0	88.9%	90.2%	87.8%	89.5%	90.8%	90.0%	90.3%	91.3%	90.0%	90.7%
1-7	3.3	2.6	3.5	3.2	2.6	3.2	2.9	2.4	3.3	2.6
8-14	2.2	1.6	1.9	1.8	1.5	1.5	1.6	1.2	1.6	1.5
15-29	1.8	1.6	2.8	1.9	1.8	1.8	1.7	1.5	1.6	1.6
30-59	1.7	1.8	1.7	1.7	1.6	1.8	1.7	1.7	1.5	1.6
60-89	1.2	1.3	1.3	1.0	1.0	1.0	1.1	1.1	1.1	1.1
90-119	0.9	1.0	1.0	1.0	0.8	0.7	0.7	0.8	0.9	0.9
120+ (1)	—	—	—	—	—	—	—	—	—	—
30+	3.8	4.0	4.0	3.7	3.4	3.5	3.5	3.6	3.5	3.7
Emergency Hardship Deferrals (2)	6.1	14.6	7.6	5.0	3.9	2.8	1.5	1.0	0.9	1.4

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

(2) Emergency Hardship Deferrals excluded from delinquent balances.

Net Charge-Offs Our Annualized Net Charge-Off Rate for the fourth quarter ended December 31, 2020 was 9.4%, down from 10.4% for the third quarter ended September 30, 2020. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in $6.3 million and $21.6 million of higher charge-offs for the three months and year ended December 31, 2020, respectively.

Steadily Increasing Originations

Loan originations in the fourth quarter ended December 31, 2020 increased 48.3% as compared to the third quarter ended September 30, 2020 due to increasing approval rates, the refinement of our marketing efforts, including increased digital initiatives and optimization of direct mail, and by maintaining the availability of our omni-channel network. We have seen a rebound in originations following the decline that began in the second-half of March 2020 as a result of the COVID-19 pandemic. Originations for the month of December 2020 were down 28% year over year; however, we have seen steady improvement in each month following the low in April 2020.

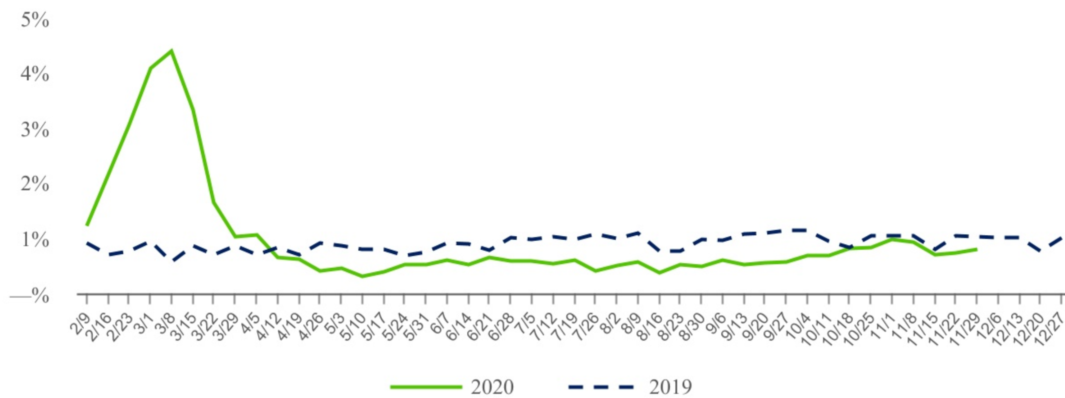
	Start of Pandemic (1)	Recovery									Quarterly Comparison	
P/P (2)	-23%	-64%	12%	46%	24%	19%	14%	15%	13%	6%	92%	48%
Y/Y	-16%	-71%	-71%	-60%	-54%	-45%	-33%	-31%	-25%	-28%	-44%	-28%
CAC	$215	$574	$461	$298	$240	$210	$180	$162	$160	$146	$207	$155

(1) On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This coincided with a decline in originations.

(2) 'P/P' refers to period-over-period and is month-over-month from March '20 through December '20 and quarter-over-quarter for the quarterly comparisons for 3Q20 and 4Q20.

Credit Trends of New Originations

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



Owned Principal Balance at December 31, 2020 was $1.64 billion, which was up from $1.57 billion at September 30, 2020. The increase is primarily driven by an increase in originations due to higher application and approval rates compared to last quarter. Average Daily Principal Balance for the three months ended December 31, 2020 and September 30, 2020 was $1.61 billion and $1.60 billion, respectively.

Impact on Net Change in Fair Value

Our net increase or decrease in fair value, {or "net change in fair value"), includes our current period principal net charge-offs and mark-to-market adjustments on our Fair Value Loans and our Fair Value Notes.

The fair value of our Loans Receivable at Fair Value increased $26.7 million in the fourth quarter of 2020 from the third quarter of 2020 driven by an increase in the fair value price of our loans from 101.9% as of September 30, 2020 to 103.5% as of December 31, 2020. The increase in the fair value price of our loans is due to (a) a decrease in the discount rate from 7.84% as of September 30, 2020 to 6.85% as of December 31, 2020 caused by declining interest rates and credit spreads, (b) a decrease in remaining cumulative charge-offs from 10.61% as of September 30, 2020 to 10.03% as of December 31, 2020 due to customers returning to repayment, and (c) an increase in average life from 0.77 years as of September 30, 2020 to 0.80 years as of December 31, 2020 due to longer terms for our returning customers.

The fair value of our Asset-Backed Notes at Fair Value decreased $1.6 million in the fourth quarter of 2020 from the third quarter of 2020 driven by a slight increase in the weighted average price of our asset-backed notes from 101.10% at September 30, 2020 to 101.12% as of December 31, 2020.

Investment in New Products

We ended the fourth quarter of 2020 with $5.7 million of credit card receivables issued through a partner bank, with our credit card product available in 33 states. In addition, we ended the fourth quarter of 2020 with $6.0 million of auto loans. In November 2020, we decided to cease originating direct auto loans used to purchase a vehicle. We continue to invest in developing our secured personal loan product following the launch of the pilot of this new product in the second quarter of 2020. We believe that secured personal loans will complement our unsecured product and provide us with the opportunity to serve additional customers and offer larger loans. In the near term we expect to continue to make investments in both our credit card and secured personal loan products to expand the features and availability of these offerings.

COVID-19 Expenses

Our top priority throughout the crisis has been protecting the health, safety and welfare of our employees and customers. As a result, the three and twelve months ended December 31, 2020 includes approximately $0.6 million and $4.6 million, respectively, in COVID-19 expenses for items and services including sanitation kits, facilities equipment, contingency call center, payment option flyers, childcare relief, special medical enrollment, sick leave, emergency assistance fund and charitable contributions. The COVID-19 expenses were separable from our normal business operations and are not expected to recur once the pandemic subsides. These one-time COVID-19 related expenses are included in our adjustments to derive our Non-GAAP measures and our business practices have been updated to operate in the current environment. As such, we expect no further COVID-19 related adjustments in future periods.

Capital and Liquidity

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

dates which range from February 2021 to July 2022. In October 2020, due to the strong market demand for asset-backed notes, we raised $39.8 million, net of fees and expenses, by selling $41.3 million of retained bonds related to our 2019-A and 2018-B asset-backed securitizations.

As of December 31, 2020, we had $168.6 million of cash, cash equivalents and restricted cash with $438.2 million of Adjusted Tangible Book Value. Additionally, our business generated $152.9 million of cash from operations in the twelve months ended December 31, 2020. As of December 31, 2020, we had $153.0 million undrawn capacity on our $400.0 million warehouse line that is committed through October 2021. Based upon our recent projections, we have determined that we have more than 12 months of liquidity runway.

See Item 1A. Risk Factors included elsewhere in this report for further discussion of the risks and uncertainties relating to the COVID–19 pandemic. See ″Results of Operations″ included elsewhere in this report for further discussion of how certain trends and conditions impacted the three and twelve months ended December 31, 2020.

Key Financial and Operating Metrics

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

For a presentation of the actual impact of the election of the fair value option for the periods presented in the financial statements included elsewhere in this report, please see the next section, "Non-GAAP Financial Measures". The Fair Value Pro Forma information is presented in that section because it is non-GAAP presentation.

The following table and related discussion set forth key financial and operating metrics for our operations as of and for the years ended December 31, 2020 and 2019. For similar financial and operating metrics and discussion of the our 2019 results compared to our 2018 results, refer to Part II. Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the SEC on February 28, 2020 (File No. 001-39050).

	As of or for the Year Ended December 31,	
(in thousands of dollars, except CAC)	2020	2019
Aggregate Originations	$ 1,347,994	$ 2,051,836
Number of Loans Originated	449,362	726,964
Active Customers	651,600	793,254
Customer Acquisition Cost	$ 199	$ 134
Owned Principal Balance at End of Period	$ 1,639,626	$ 1,842,928
Managed Principal Balance at End of Period	$ 1,895,410	$ 2,198,950
Average Daily Principal Balance	$ 1,701,665	$ 1,624,347
30+ Day Delinquency Rate	3.7 %	4.0 %
Annualized Net Charge-Off Rate	9.8 %	8.3 %
Operating Efficiency	67.4 %	60.4 %
Adjusted Operating Efficiency	61.1 %	57.2 %
Return on Equity	(9.4)%	14.7 %
Adjusted Return on Equity	(3.0)%	14.9 %

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

Aggregate Originations

Aggregate Originations decreased to $1.35 billion for the year ended December 31, 2020 from $2.05 billion for the year ended December 31, 2019, representing a 34.3% decrease. The decrease is primarily driven by a reduced number of applications attributable both to increased economic uncertainty surrounding the COVID-19 pandemic, as well as a redirection of our marketing efforts. Further, the decrease is due to the reduced number of loans originated attributable to the proactive measures we implemented to tighten our lending criteria and underwriting practices given the current COVID-19 pandemic. We originated 449,362 and 726,964 loans for the year ended December 31, 2020 and 2019, respectively, representing a decrease of 38.2%. The decrease in Aggregate Originations was partially offset by an increase in average loan size, as our updated underwriting criteria favors returning customers who generally receive larger loans.

Active Customers

As of December 31, 2020, Active Customers decreased by 17.9% from December 31, 2019 due to lower originations as a result of a reduction in application volume attributable to economic uncertainty surrounding the COVID-19 pandemic, tightened lending criteria and underwriting practices, as well as a redirection in marketing efforts.

Customer Acquisition Cost

For the year ended December 31, 2020 and 2019, our Customer Acquisition Cost was $199 and $134 respectively, representing an increase of 48.6% for the year ended December 31, 2020. The increase is primarily due to the decline in number of loans originated period over period due to the COVID-19 pandemic. The increase is partially offset by the lower sales and marketing expenses due to the temporary redeployment of retail employees to assist with customer service, which concluded August 31, 2020, and the reduction in direct mail volume due to the redirection of our marketing efforts.

Managed Principal Balance at End of Period

Managed Principal Balance at End of Period as of December 31, 2020 decreased by 13.8% from December 31, 2019 driven by fewer loans originated year-over-year. This decline is a result of a reduced number of applications attributable both to increased economic uncertainty surrounding the COVID-19 pandemic, the proactive measures we implemented to tighten our lending criteria and underwriting practices, as well as a redirection of our marketing efforts.

Average Daily Principal Balance

Average Daily Principal Balance increased by 4.8% from $1.62 billion for the year ended December 31, 2019 to $1.70 billion for the year ended December 31, 2020. This increase is primarily driven by increases in average loan size and growth in originations prior to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic. These increases are partially offset by a decrease in Aggregate Originations, which has declined due to the impact of the COVID-19 pandemic.

30+ Day Delinquency Rate

Our 30+ Day Delinquency Rate was 3.7% and 4.0% as of December 31, 2020 and 2019, respectively. The decrease is due to the effectiveness of our collections tools and payment options that have helped our customers manage through the pandemic as well as tighter underwriting criteria for loans originated since the pandemic began.

Annualized Net Charge-Off Rate

Annualized Net Charge-Off Rate for the years ended December 31, 2020 and 2019 was 9.8% and 8.3%, respectively. Net charge-offs increased due to both increased unemployment caused by the economic uncertainty surrounding the COVID-19 pandemic and additional charge-offs for some loans impacted by the COVID-19 pandemic deemed unlikely to be collectible. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in $21.6 million of higher charge-offs for the year ended December 31, 2020.

Operating Efficiency and Adjusted Operating Efficiency

For the year ended December 31, 2020 and 2019, Operating Efficiency was 67.4%, and 60.4%, respectively and Adjusted Operating Efficiency was 61.1% and 57.2%, respectively. The increase in Operating Efficiency is due to operating expenses growing faster than total revenue. Increased operating expenses were driven by $21.9 million in investments in new products, as well as accelerated investments in new products and channels, technology, data and digital capabilities. Adjusted Operating Efficiency excludes COVID-19 expenses, stock-based compensation expense and litigation reserve. For a reconciliation of Operating Efficiency to Adjusted Operating Efficiency, see “Non-GAAP Financial Measures—Fair Value Pro Forma.”

Return on Equity and Adjusted Return on Equity

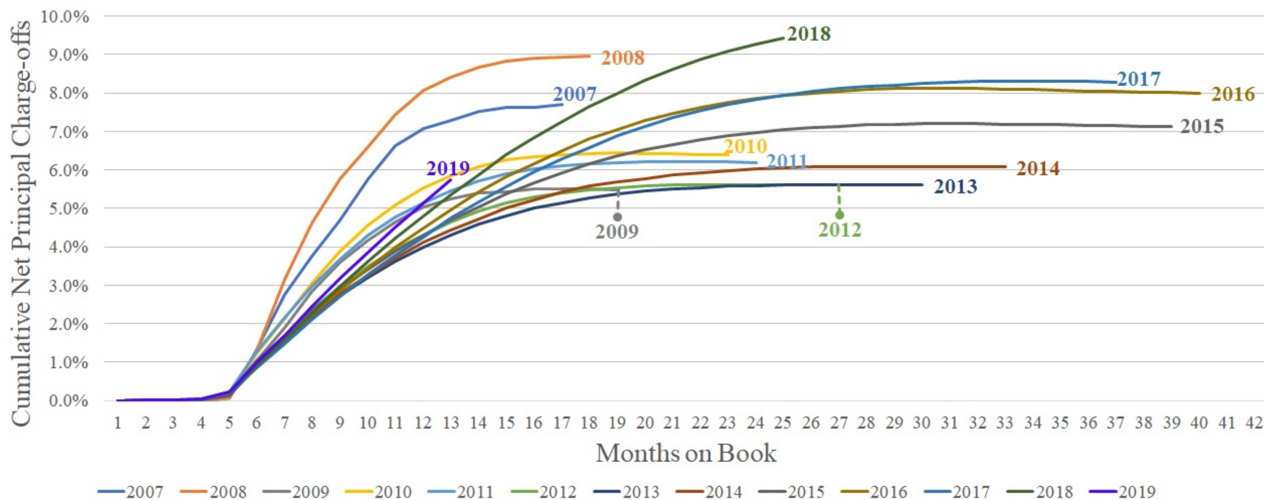
For the year ended December 31, 2020 and 2019, Return on Equity was (9.4)% and 14.7%, respectively, and Adjusted Return on Equity was (3.0)% and 14.9%, respectively. The decreases in Return on Equity and Adjusted Return on Equity are primarily due to lower net income. Net income was lower due to higher charge-offs and the decrease in fair value of our Far Value Loans and Fair Value Notes on an aggregate basis as a result of macro-economic changes associated with the COVID-19 pandemic. For a reconciliation of Return on Equity to Adjusted Return on Equity, see “Non–GAAP Financial Measures—Fair Value Pro Forma.”

Historical Credit Performance

In addition to monitoring our loss and delinquency performance on an owned portfolio basis, we also monitor the performance of our loans by the period in which the loan was disbursed, generally years or quarters, which we refer to as a vintage. We calculate net lifetime loan loss rate by vintage as a percentage of original principal balance. Net lifetime loan loss rates equal the net lifetime loan losses for a given year through December 31, 2020 divided by the total origination loan volume for that year. Loans are charged off no later than after becoming 120 days contractually delinquent.

The below table shows our net lifetime loan loss rate for each annual vintage since we began lending in 2006. We have managed to stabilize cumulative net lifetime loan losses since the financial crisis that started in 2008. We even achieved a net lifetime loan loss rate of 5.5% during the peak of the recession in 2009. The evolution of our credit models has allowed us to increase our average loan size and commensurately extend our average loan terms. Cumulative net lifetime loan losses for the 2015, 2016, 2017, and 2018 vintages increased partially due to the delay in tax

refunds in 2017 and 2019, the impact of natural disasters such as Hurricane Harvey, and the longer duration of the loans. The 2018 and 2019 vintages are increasing due to the COVID-19 pandemic. The chart below includes all personal loan originations by vintage, excluding loans originated under our previous access loan program for customers who do not meet the qualifications of our core loan origination program.



	Year of Origination												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net lifetime loan losses as of December 31, 2020 as a percentage of original principal balance	7.7 %	8.9 %	5.5 %	6.4 %	6.2 %	5.6 %	5.6 %	6.1 %	7.1 %	8.0 %	8.3 %	9.4 %*	5.7 %*
Outstanding principal balance as of December 31, 2020 as a percentage of original amount disbursed	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.6 %	11.5 %	50.5 %
Dollar weighted average original term for vintage in months	9.3	9.9	10.2	11.7	12.3	14.5	16.4	19.1	22.3	24.2	26.3	29.0	30.0

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

Results of Operations

The following tables and related discussion set forth our Consolidated Statements of Operations for the years ended December 31, 2020 and 2019. For a discussion regarding our operating and financial data for the year ended December 31, 2019, as compared to the same period in 2018, refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 28, 2020 (File No. 001-39050).

(in thousands of dollars)	Years Ended December 31, 2020	2019
Revenue		
Interest income	$ 545,466	$ 544,126
Non-interest income	38,268	56,022
Total revenue	583,734	600,148
Less:		
Interest expense	58,368	60,546
Provision (release) for loan losses	—	(4,483)
Total net increase (decrease) in fair value	(190,306)	(97,237)
Net revenue	335,060	446,848
Operating expenses:		
Technology and facilities	129,795	101,981
Sales and marketing	89,375	97,153
Personnel	106,446	90,647
Outsourcing and professional fees	47,067	57,243
General, administrative and other	20,471	15,392
Total operating expenses	393,154	362,416
Income (loss) before taxes	(58,094)	84,432
Income tax expense (benefit)	(13,012)	22,834
Net income (loss)	$ (45,082)	$ 61,598

Total revenue

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	2020	2019	$	%
Revenue				
Interest income	$ 545,466	$ 544,126	$ 1,340	0.2 %
Non-interest income	38,268	56,022	(17,754)	(31.7)%
Total revenue	$ 583,734	$ 600,148	$ (16,414)	(2.7)%
Percentage of total revenue:				
Interest income	93.4 %	90.7 %		
Non-interest income	6.6 %	9.3 %		
Total revenue	100.0 %	100.0 %		

Total Revenue. Total revenue decreased by $16.4 million, or 2.7%, from $600.1 million for 2019 to $583.7 million for 2020.

Interest income. Total interest income increased by $1.3 million, or 0.2%, from $544.1 million for 2019 to $545.5 million for 2020. The increase is primarily attributable to growth in our Average Daily Principal Balance, which grew from $1.62 billion for 2019 to $1.70 billion for 2020, an increase of 4.8%. The increase is the result of the stabilization of the portfolio subsequent to the issuance of shelter in place orders which began in March 2020 as a result of the onset of the COVID-19 pandemic and a strong rebound in originations beginning in the second quarter of 2020 and continuing through year-end. This was offset by a decrease in portfolio yield of 143 basis points as we originated more loans to returning customers, who generally receive lower rates, due to having tightened our underwriting criteria in response to the COVID-19 pandemic and our decision to cap the APR at 36% on all new originations as of August 6, 2020, which reduced the interest rates and origination fees on new loans.

Non-interest income. Total non-interest income decreased by $17.8 million, or 31.7%, from $56.0 million for 2019 to $38.3 million for 2020. Under our whole loan sale programs, gain on loans sold decreased by $16.2 million, or 44.4% due to a decline in loans sold resulting from lower originations as a result of the impact of the COVID-19 pandemic and our decision to sell 10% versus 15% of originated loans.

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

Interest expense

(in thousands of dollars)	Year Ended December 31, 2020	2019	2020 vs. 2019 Change $	%
Interest expense	$ 58,368	$ 60,546	$ (2,178)	(3.6)%
Percentage of total revenue	10.0 %	10.1 %		
Cost of Debt	4.1 %	4.4 %		
Leverage as a percentage of Average Daily Principal Balance	83.8 %	85.5 %		

Interest expense. Interest expense decreased by $2.2 million, or 3.6%, from $60.5 million for 2019 to $58.4 million for 2020. We financed approximately 83.8% of our loans receivable through debt for 2020 as compared to 85.5% for 2019, and our Average Daily Debt Balance increased from $1.39 billion to $1.43 billion for 2020, an increase of 2.7%. Our Cost of Debt has decreased as interest rates have declined since the start of the COVID-19 pandemic.

See Note 2, *Summary of Significant Accounting Policies*, and Note 8, *Borrowings,* in the Notes to the Consolidated Financial Statements included in this report for further information on our Interest expense and the our Secured Financing facility and asset-backed notes.

Provision (release) for loan losses

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

(in thousands of dollars)	Year Ended December 31, 2020	2019	2020 vs. 2019 Change $	%
Charge-offs, net of recoveries on loans receivable at amortized cost	$ —	$ 17,871	$ (17,871)	*
Excess provision on loans receivable at amortized cost	—	(22,354)	22,354	*
Provision (release) for loan losses	$ —	$ (4,483)	$ 4,483	*
Allowance for loan losses rate on amortized cost portfolio	— %	9.45 %		
Percentage of total revenue:	— %	(0.7)%		

* Not meaningful

Total net increase (decrease) in fair value

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

(in thousands of dollars)	Year Ended December 31, 2020	2019	2020 vs. 2019 Change $	%
Fair value mark-to-market adjustment:				
Fair value mark-to-market adjustment on fair value loans	$ (25,548)	$ 31,670	$ (57,218)	*
Fair value mark-to-market adjustment on asset-backed notes	2,137	(11,974)	14,111	*
Total fair value mark-to-market adjustment	(23,411)	19,696	(43,107)	*
Charge-offs, net of recoveries on loans receivable at fair value (1)	(166,895)	(116,933)	(49,962)	*
Total net increase (decrease) in fair value	$ (190,306)	$ (97,237)	$ (93,069)	*
Percentage of total revenue:				
Fair value mark-to-market adjustment	(4.0)%	3.3 %		
Charge-offs, net of recoveries on loans receivable at fair value	(28.6)%	(19.5)		
Total net increase (decrease) in fair value	(32.6)%	(16.2)%		
Discount rate	6.85 %	7.77 %		
Remaining cumulative charge-offs	10.03 %	9.61 %		
Average life in years	0.80	0.81		

* Not meaningful

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

Net increase (decrease) in fair value. Net decrease in fair value for 2020 was $190.3 million. This amount represents a total fair value mark-to-market decrease of $23.4 million, and $166.9 million of charge-offs, net of recoveries on Fair Value Loans. The total fair value mark-to-market adjustment consists of a $(25.5) million mark-to-market adjustment on Fair Value Loans due to (a) an increase in remaining cumulative charge-offs from 9.61% as of December 31, 2019 to 10.03% as of December 31, 2020 due to the impact of the pandemic, partially offset by (b) a decrease in the discount rate from 7.77% as of December 31, 2019 to 6.85% as of December 31, 2020 caused by declining interest rates and credit spreads and (c) a slight decrease in average life from 0.81 years as of December 31, 2019 to 0.80 years as of December 31, 2020. The $2.1 million mark-to-market adjustment on Fair Value Notes is due to a widening of credit spreads due to illiquidity and increase in risk premiums in the secondary market for asset-backed notes due to the pandemic.

Charge-offs, net of recoveries

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	2020	2019	$	%
Charge-offs, net of recoveries on loans receivable at amortized cost	$ —	$ 17,871	$ (17,871)	(100.0)%
Charge-offs, net of recoveries on loans receivable at fair value [1]	166,895	116,933	49,962	*
Total charge-offs, net of recoveries	$ 166,895	$ 134,804	$ 32,091	23.8 %
Average Daily Principal Balance	1,701,665	1,624,347	77,318	4.8 %
Annualized Net Charge-Off Rate	9.8 %	8.3 %		

* Not meaningful

[1] The loan related balances are not comparable between 2020 and 2019 as a result of the adoption of ASU 2019-05, effective January 2020.

Charge-offs, net of recoveries.

Our Annualized Net Charge-Off Rate increased to 9.8% for the year ended December 31, 2020 from 8.3% for the year ended December 31, 2019. Consistent with our charge-off policy, we evaluate our loan portfolio and charge a loan off at the earlier of when the loan is determined to be uncollectible or when loans are 120 days contractually past due. As a result of the pandemic and based upon our analysis of loan performance following natural disasters or other emergencies, more loans have been determined to be uncollectible prior to reaching 120 days contractually past due, resulting in $21.6 million of additional charge-offs for the year ended December 31, 2020.

Operating expenses

Operating expenses consist of technology and facilities, sales and marketing, personnel, outsourcing and professional fees and general, administrative and other expenses. Operating expenses include $21.9 million and $14.3 million related to new products for the years ended December 31, 2020 and 2019, respectively. For Fair Value Loans, we no longer capitalize direct loan origination expenses, instead expensing them in operating expenses as incurred. For Fair Value Notes, we no longer capitalize financing expenses, instead including them within operating expenses as incurred.

Technology and facilities

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

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	2020	2019	$	%
Technology and facilities	$ 129,795	$ 101,981	$ 27,814	27.3 %
Percentage of total revenue	22.2 %	17.0 %		

Technology and facilities. Technology and facilities expense increased by $27.8 million, or 27.3%, from $102.0 million for 2019 to $129.8 million for 2020. The increase is primarily due to $8.1 million higher compensation expense and benefits and $2.8 million higher rent expense and higher depreciation on leasehold improvements due to the increased number of retail locations as we have continued to build our omni-channel network. Our retail locations grew from 337 at December 31, 2019 to 361 at December 31, 2020, or 7.1%. We also had a $6.4 million increase in service costs related to higher usage of software and cloud services, $5.8 million higher depreciation of additions related to internally developed software and a $1.7 million increase in professional services and other related costs to supplement staffing for the year ended December 31, 2020 from the corresponding costs for the year ended December 31, 2019. In November 2020, we decided to cease originating direct auto loans used to purchase a vehicle and recorded an impairment charge of $3.7 million related to fixed assets and system development costs. We continue to invest in developing our secured personal loan product.

Sales and marketing

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

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars, except CAC)	2020	2019	$	%
Sales and marketing	$ 89,375	$ 97,153	$ (7,778)	(8.0)%
Percentage of total revenue	15.3 %	16.2 %		
Customer Acquisition Cost (CAC)	$ 199	$ 134	$ 65	48.6 %

Sales and marketing. Sales and marketing expenses to acquire our customers decreased by $7.8 million, or 8.0%, from $97.2 million for 2019 to $89.4 million for 2020. As a result of the COVID-19 pandemic, during the year ended December 31, 2020, we had a $5.9 million decrease related to a 20% decline in direct mail volume, a decrease of $2.7 million in personnel-related costs due to the redeployment of retail employees to assist with customer service and $3.5 million in savings due to discontinued use of radio media buys in 2020. These decreases were partially offset by $3.6 million of increased marketing spend related to investment in marketing initiatives across various marketing channels, including digital advertising channels, lead aggregators, and brand marketing and an increase of $0.7 million in other personnel-related costs primarily attributable to certain COVID-19 expenses on behalf of our retail employees. CAC increased by 48.6%, from $134 for the year ended December 31, 2019 to $199 for the year ended December 31, 2020, as a result of our 38.2% decline in number of loans originated during the period due to the COVID-19 pandemic. Our sales-related costs decreased from $53.1 million for the year ended December 31, 2019 to $51.1 million for the year ended December 31, 2020. We were also able to reduce our marketing-related costs from $44.0 million for the year ended December 31, 2019 to $38.3 million for the year ended December 31, 2020.

Personnel

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

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	2020	2019	$	%
Personnel	$ 106,446	$ 90,647	$ 15,799	17.4 %
Percentage of total revenue	18.2 %	15.1 %		

Personnel. Personnel expense increased by $15.8 million, or 17.4%, from $90.6 million for 2019 to $106.4 million for 2020, primarily driven by a 14.7% increase in corporate employee headcount associated with risk management, data analytics and finance, $2.7 million increase due to redeployment of retail employees to assist with customer service attributed to COVID-19 pandemic and $0.7 million in severance pay related to the corporate reorganization of direct auto and ceasing of legal collections. These increases were partially offset by a lower stock compensation expense of $0.7 million.

Outsourcing and professional fees

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

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	2020	2019	$	%
Outsourcing and professional fees	$ 47,067	$ 57,243	$ (10,176)	(17.8)%
Percentage of total revenue	8.1 %	9.5 %		

Outsourcing and professional fees. Outsourcing and professional fees decreased by $10.2 million, or 17.8%, from $57.2 million for 2019 to $47.1 million for 2020. This decrease resulted primarily from higher professional services fees of $3.9 million incurred in 2019 for public company readiness, a $3.6 million decrease related to ceasing legal collection on default loans beginning in August 2020, $2.2 million of lower legal fees, $1.9 million decrease in debt financing fees in August 2019 related to an asset-backed securitization and $1.1 million decrease in credit reporting costs due to lower application volume attributed to the COVID-19 pandemic. The decrease was partially offset by a $2.8 million increase due to 17.8% growth

in contact center outsourced headcount. This increase in headcount is expected to be temporary, and is the result of collections contingency staffing due to the uncertainty around the COVID-19 pandemic and the potential impact on delinquencies.

General, administrative and other

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

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	**2020**	**2019**	**$**	**%**
General, administrative and other	$ 20,471	$ 15,392	$ 5,079	33.0 %
Percentage of total revenue	3.5 %	2.6 %		

General, administrative and other. General, administrative and other expense increased by $5.1 million, or 33.0%, from $15.4 million for 2019 to $20.5 million for 2020, primarily due to an $8.8 million litigation settlement. These increases were partially offset by a $1.1 million decrease related to legal expenses in December 2019 and by decreases in travel expenses and postage/printing costs due to travel restrictions and remote working arrangements resulting from the COVID-19 pandemic.

Income taxes

Income taxes consist of U.S. federal, state and foreign income taxes, if any. For the years ended December 31, 2020 and 2019 we recognized tax expense (benefit) attributable to U.S. federal, state and foreign income taxes.

	Year Ended December 31,		2020 vs. 2019 Change	
(in thousands of dollars)	**2020**	**2019**	**$**	**%**
Income tax expense (benefit)	$ (13,012)	$ 22,834	$ (35,846)	(157.0)%
Percentage of total revenue	(2.2)%	3.8 %		
Effective tax rate	22.4 %	27.0 %		

Income tax expense (benefit). Income tax expense decreased by $35.8 million or 157.0%, from an expense of $22.8 million for 2019 to a benefit of $13.0 million for 2020, primarily as a result of a pretax loss for the year ended December 31, 2020. Other factors contributing to the decrease in income tax expense are the impacts of certain provisions in the CARES Act, including the ability to carry back net operating losses to prior tax periods that had a higher statutory tax rate.

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

Fair Value Estimate Methodology for Loans Receivable at Fair Value

Election of Fair Value Option

We have elected the fair value option to account for loans receivable held for investment ("Fair Value Loans"), and for all asset-backed notes issued on or after January 1, 2018 (the "Fair Value Notes"). We believe the fair value option for loans held for investment and asset-backed notes is a better fit for us given our high growth, short duration, high quality assets and funding structure. We believe the fair value option enables us to report GAAP net income that more closely approximates our net cash flow generation and provides increased transparency into our profitability and asset quality. Loans Receivable at Amortized Cost issued prior to January 1, 2018 are accounted for in our 2019 financial statements at amortized cost, net. Upon adoption of ASU 2019-05 effective January 1, 2020, we elected the fair value option on all remaining loans receivable previously measured at amortized cost ("Subsequent Fair Value Loans"). Upon the adoption of ASU 2019-05 effective January 1, 2020, we (i) released the remaining allowance for loan losses on Loans Receivable at Amortized Cost as of December 31, 2019; (ii) recognized the unamortized net originations fee income as of December 31, 2019; and (iii) measured the remaining loans originated prior to January 1, 2018 at fair value. Loans that we designate for sale will continue to be accounted for as held for sale and recorded at the lower of cost or fair value until the loans receivable are sold. Asset-backed notes issued prior to January 1, 2018 are accounted for in our financial statements at amortized cost, net. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, we no longer have any asset-backed notes at amortized cost as of December 31, 2020.

Fair Value Estimate Methodology for Loans Receivable at Fair Value

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

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

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

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

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

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

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

Our internal valuation committee 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 eight quarters:

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

The table below reflects the application of this methodology for the eight quarters since January 1, 2019, on loans held for investment effective as of January 1, 2018. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans, which were previously measured at amortized cost. Accordingly, we did not have any loans receivable measured at amortized cost, and as a result, there are no Fair Value Pro Forma adjustments related to loans receivable for any period in 2020 shown below. The data in the table below represents our unsecured personal loan portfolio which is the primary driver of fair value.

	Three Months Ended							
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Weighted average portfolio yield over the remaining life of the loans	**30.17 %**	**30.50 %**	**30.78 %**	**30.74 %**	**31.45 %**	**32.08 %**	**32.43 %**	**32.59 %**
Less: Servicing fee	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %
Net portfolio yield	**25.17 %**	**25.50 %**	**25.78 %**	**25.74 %**	**26.45 %**	**27.08 %**	**27.43 %**	**27.59 %**
Multiplied by: Weighted average life in years	0.796	0.775	0.797	0.903	0.814	0.781	0.792	0.804
Pre-loss cash flow	**20.03 %**	**19.75 %**	**20.54 %**	**23.25 %**	**21.53 %**	**21.13 %**	**21.67 %**	**22.07 %**
Less: Remaining cumulative charge-offs	(10.03) %	(10.61) %	(12.73) %	(14.56) %	(9.61) %	(9.87) %	(10.05) %	(10.00) %
Net cash flow	**10.00 %**	**9.14 %**	**7.81 %**	**8.69 %**	**11.92 %**	**11.26 %**	**11.62 %**	**12.07 %**
Less: Discount rate multiplied by average life	(5.45) %	(6.07) %	(7.04) %	(11.54) %	(6.33) %	(6.19) %	(6.62) %	(7.09) %
Gross fair value premium (discount) as a percentage of loan principal balance	**4.55 %**	**3.07 %**	**0.77 %**	**(2.85)%**	**5.59 %**	**5.07 %**	**5.00 %**	**4.98 %**
Less: Accrued interest and fees as a percentage of loan principal balance	(1.06) %	(1.15) %	(1.35) %	(1.11) %	(1.05) %	(0.97) %	(0.93) %	(0.97) %
Fair value premium (discount) as a percentage of loan principal balance	**3.49 %**	**1.92 %**	**(0.58)%**	**(3.96)%**	**4.54 %**	**4.10 %**	**4.07 %**	**4.01 %**
Discount Rate	6.85 %	7.84 %	8.84 %	12.78 %	7.77 %	7.93 %	8.38 %	8.86 %

The table below reflects the application of this methodology for the eight quarters since January 1, 2019 under Fair Value Pro Forma, as if we had elected the fair value option since inception. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans, which were previously measured at amortized cost. Accordingly, we did not have any loans receivable measured at amortized cost, and as a result, there are no Fair Value Pro Forma adjustments related to loans receivable for any period in 2020 shown below. The data in the table below represents our unsecured personal loan portfolio which is the primary driver of fair value.

	Three Months Ended							
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Weighted average portfolio yield over the remaining life of the loans	**30.17 %**	**30.50 %**	**30.78 %**	**30.74 %**	**31.47 %**	**31.89 %**	**32.37 %**	**32.45 %**
Less: Servicing fee	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %	(5.00) %
Net portfolio yield	**25.17 %**	**25.50 %**	**25.78 %**	**25.74 %**	**26.47 %**	**26.89 %**	**27.37 %**	**27.45 %**
Multiplied by: Weighted average life in years	0.796	0.775	0.797	0.903	0.804	0.765	0.764	0.754
Pre-loss cash flow	**20.03 %**	**19.75 %**	**20.54 %**	**23.25 %**	**21.28 %**	**20.71 %**	**20.80 %**	**20.59 %**
Less: Remaining cumulative charge-offs	(10.03) %	(10.61) %	(12.73) %	(14.56) %	(9.51) %	(9.83) %	(9.94) %	(9.83) %
Net cash flow	**10.00 %**	**9.14 %**	**7.81 %**	**8.69 %**	**11.77 %**	**10.88 %**	**10.86 %**	**10.76 %**
Less: Discount rate multiplied by average life	(5.45) %	(6.07) %	(7.04) %	(11.54) %	(6.25) %	(6.11) %	(6.37) %	(6.65) %
Gross fair value premium (discount) as a percentage of loan principal balance	**4.55 %**	**3.07 %**	**0.77 %**	**(2.85)%**	**5.52 %**	**4.77 %**	**4.49 %**	**4.11 %**
Less: Accrued interest and fees as a percentage of loan principal balance	(1.06) %	(1.15) %	(1.35) %	(1.11) %	(1.04) %	(0.96) %	(0.92) %	(0.96) %
Fair value premium (discount) as a percentage of loan principal balance	**3.49 %**	**1.92 %**	**(0.58)%**	**(3.96)%**	**4.48 %**	**3.81 %**	**3.57 %**	**3.15 %**
Discount Rate	6.85 %	7.84 %	8.84 %	12.78 %	7.77 %	7.93 %	8.38 %	8.86 %

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

Sensitivity to Key Drivers

Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans, which were previously measured at amortized cost. Accordingly, as of December 31, 2020, we did not have any loans receivable measured at amortized cost and as a result there are no Fair Value Pro Forma adjustments related to loans receivable. Further, after the redemption of our Series 2017-B asset-back notes on July 8, 2020, we no longer have any asset-backed notes at amortized cost as of December 31, 2020. Therefore, the tables below present estimates at December 31, 2019 under Fair Value Pro Forma as if we had elected the fair value option since inception. Further, the data in the tables below for Fair Value Loans represents our unsecured personal loan portfolio which is the primary driver of fair value.

Credit Performance Sensitivity

Increases in expected future charge-offs will decrease expected cash flow and decrease fair value of the loans. Conversely, decreases in expected future charge-offs will increase expected cash flow and increase fair value of the loans.

The following table presents estimates at December 31, 2019 under Fair Value Pro Forma as if we had elected the fair value option since inception:

Remaining Cumulative Charge-offs	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(1.6)%	$ (29,838)
110% of expected	(0.8)%	(15,099)
100% of expected	— %	—
90% of expected	0.8 %	15,288
80% of expected	1.6 %	30,971

Interest Rate Sensitivity

Changes in benchmark interest rates are likely to impact the discount rate the market uses to value our loans and notes. Decreases in discount rate increase the fair value of the loans and notes and increases in the discount rate decrease the fair value of the loans and notes. Because an increase in the fair value of a liability is a net decrease in fair value, if the discount rate decreases for both the loans and notes then Net Revenue will be reduced; and if the discount rate increases for both, then Net Revenue will be increased.

The following table presents estimates at December 31, 2019 under Fair Value Pro Forma as if we had elected the fair value option since inception:

Change in Interest Rates	Projected percentage change in the fair value of our Fair Value Loans	Projected percentage change in the fair value of our Fair Value Notes	Projected change in net fair value recorded in earnings ($ in thousands)
-100 Basis Points	0.7 %	1.5 %	$ (8,661)
-50 Basis Points	0.4 %	0.8 %	(4,465)
-25 Basis Points	0.2 %	0.4 %	(2,390)
Basis Interest Rate	— %	— %	—
+25 Basis Points	(0.2)%	(0.3)%	1,719
+50 Basis Points	(0.4)%	(0.7)%	3,752
+100 Basis Points	(0.7)%	(1.4)%	7,776

Prepayment Sensitivity

Increases in prepayments will decrease the average life and thus decrease the fair value of the loans. Conversely, decreases in prepayments will increase the average life of the loans and thus increase the fair value of the loans.

The following table presents estimates at December 31, 2019 under Fair Value Pro Forma as if we had elected the fair value option since inception:

Remaining Cumulative Prepayments	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(0.2)%	$ (3,268)
110% of expected	(0.1)%	(1,709)
100% of expected	— %	—
90% of expected	0.1 %	1,679
80% of expected	0.2 %	3,523

Drivers of Fair Value for Fair Value Notes

We calculate the fair value of the Fair Value Notes using independent pricing services and broker price indications, which are based on quoted prices for identical or similar notes. Debt investors trade a bond based upon the interpolated swap curve rate that corresponds to the bond's average life plus a credit spread (the bond yield or discount rate).

For an analysis of the effects of changes in Interest Rates, Remaining Cumulative Charge-offs, and Remaining Cumulative Prepayments on GAAP financial information, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Non-GAAP Financial Measures

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

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

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

Fair Value Pro Forma

We previously elected the fair value option to account for all Initial Fair Value Loans held for investment and all Fair Value Notes issued on or after January 1, 2018. In order to facilitate comparisons to prior periods, we have provided below unaudited financial information for the years ended December 31, 2020 and 2019 on a pro forma basis, (or the "Fair Value Pro Forma"), as if we had elected the fair value option since our inception for all loans originated and held for investment and all asset-backed notes issued. Upon adoption of ASU 2019-05, effective January 1, 2020, we elected the fair value option on the Subsequent Fair Value Loans which were previously measured at amortized cost. Accordingly, for the year ended December 31, 2020, we did not have any loans receivable measured at amortized cost. Therefore, there are no Fair Value Pro Forma adjustments related to assets or revenue as of and for the year ended December 31, 2020. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, we no longer have any asset-backed notes at amortized cost as of December 31, 2020.

Fair Value Pro Forma Consolidated Statements of Operations Data:

(in thousands)	Year Ended December 31, 2020 As Reported	FV Adjustments	FV Pro Forma	Year Ended December 31, 2019 As Reported	FV Adjustments	FV Pro Forma	Period-to-period Change in FVPF $	%
Revenue:								
Interest income	$ 545,466	$ —	$ 545,466	$ 544,126	$ (1,755)	$ 542,371	$ 3,095	1 %
Non-interest income	38,268	—	38,268	56,022	—	56,022	(17,754)	(32)%
Total revenue	583,734	—	583,734	600,148	(1,755)	598,393	(14,659)	(2)%
Less:								
Interest expense	58,368	(889)	57,479	60,546	(1,412)	59,134	(1,655)	(3)%
Provision (release) for loan losses	—	—	—	(4,483)	4,483	—	—	— %
Net decrease in fair value	(190,306)	667	(189,639)	(97,237)	(13,361)	(110,598)	(79,041)	71 %
Net revenue	335,060	1,556	336,616	446,848	(18,187)	428,661	(92,045)	(21)%
Operating expenses:								
Technology and facilities	129,795	—	129,795	101,981	—	101,981	27,814	27 %
Sales and marketing	89,375	—	89,375	97,153	—	97,153	(7,778)	(8)%
Personnel	106,446	—	106,446	90,647	—	90,647	15,799	17 %
Outsourcing and professional fees	47,067	—	47,067	57,243	—	57,243	(10,176)	(18)%
General, administrative and other	20,471	—	20,471	15,392	—	15,392	5,079	33 %
Total operating expenses	393,154	—	393,154	362,416	—	362,416	30,738	8 %
Income (loss) before taxes	(58,094)	1,556	(56,538)	84,432	(18,187)	66,245	(122,783)	(185)%
Income tax expense (benefit)	(13,012)	682	(12,330)	22,834	(5,018)	17,816	(30,146)	(169)%
Net income (loss)	$ (45,082)	$ 874	$ (44,208)	$ 61,598	$ (13,169)	$ 48,429	$ (92,637)	(191)%

Fair Value Pro Forma Consolidated Balance Sheet Data:

(in thousands)	December 31, 2020 As Reported	FV Adjustments	FV Pro Forma	December 31, 2019 As Reported	FV Adjustments	FV Pro Forma	Period-to-period Change in FVPF $	%
Cash and cash equivalents	$ 136,187	$ —	$ 136,187	$ 72,179	$ —	$ 72,179	$ 64,008	89 %
Restricted cash	32,403	—	32,403	63,962	—	63,962	(31,559)	(49)%
Loans receivable [1]	1,696,526	—	1,696,526	1,920,559	5,011	1,925,570	(229,044)	(12)%
Other assets	143,935	—	143,935	145,174	(6,579)	138,595	5,340	4 %
Total assets	2,009,051	—	2,009,051	2,201,874	(1,568)	2,200,306	(191,255)	(9)%
Total debt [2]	1,413,694	—	1,413,694	1,549,223	1,557	1,550,780	(137,086)	(9)%
Other liabilities	128,990	682	129,672	163,885	(1,621)	162,264	(32,592)	(20)%
Total liabilities	1,542,684	682	1,543,366	1,713,108	(64)	1,713,044	(169,678)	(10)%
Total stockholder's equity	466,367	(682)	465,685	488,766	(1,504)	487,262	(21,577)	(4)%
Total liabilities and stockholders' equity	$ 2,009,051	$ —	$ 2,009,051	$ 2,201,874	$ (1,568)	$ 2,200,306	$ (191,255)	(9)%

[1] The information included in the As Reported figure includes loans receivable at fair value and loans receivable at amortized cost, net of unamortized deferred origination costs and fees and allowance for loan losses.

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

Adjusted EBITDA

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

- We believe it is useful to exclude the impact of income tax expense (benefit), as reported, because historically it has included irregular income tax items that do not reflect ongoing business operations.
- We believe it is useful to exclude the impact of depreciation and amortization and stock-based compensation expense because they are noncash charges.

- We believe it is useful to exclude the impact of COVID-19 expenses, impairment charges and litigation reserve because these items do not reflect ongoing business operations.
- We also reverse origination fees for Fair Value Loans, net. As a result of our election of the fair value option for our Fair Value Loans, we recognize the full amount of any origination fees as revenue at the time of loan disbursement in advance of our collection of origination fees through principal payments. As a result, we believe it is beneficial to exclude the uncollected portion of such origination fees, because such amounts do not represent cash that we received.
- We also reverse the fair value mark-to-market adjustment because it is a non-cash adjustment as shown in the table below.

Components of Fair Value Mark-to-Market Adjustment - Fair Value Pro Forma (in thousands)	**Year Ended December 31, 2020**	**2019**
Fair value mark-to-market adjustment on Fair Value Loans	$ (25,548)	$ 39,460
Fair value mark-to-market adjustment on asset-backed notes	2,804	(15,253)
Total fair value mark-to-market adjustment - Fair Value Pro Forma	$ (22,744)	$ 24,207

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the years ended December 31, 2020 and 2019 as if the fair value option had been in place since inception for all loans held for investment and all asset-backed notes:

Adjusted EBITDA (in thousands)	**Year Ended December 31, 2020**	**2019**
Net income (loss)	$ (45,082)	$ 61,598
Adjustments:		
Fair Value Pro Forma net income adjustment	874	(13,169)
Income tax expense (benefit)	(12,330)	17,816
COVID-19 expenses	4,632	—
Depreciation and amortization	20,220	14,101
Impairment	3,702	—
Stock-based compensation expense	19,488	19,183
Litigation reserve	8,750	905
Origination fees for Fair Value Loans, net	(900)	(1,908)
Fair value mark-to-market adjustment	22,744	(24,207)
Adjusted EBITDA [1]	$ 22,098	$ 74,319

[1] For the years ended December 31, 2020 and 2019, Adjusted EBITDA includes a pre-tax impact of 18.2 million and $12.6 million , respectively, related to the launch of new products and services (such as auto and credit card).

Adjusted Net Income (Loss)

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

- We believe it is useful to exclude the impact of income tax expense (benefit), as reported, because historically it has included irregular tax items that do not reflect our ongoing business operations.
- We believe it is useful to exclude the impact of COVID-19 expenses, impairment charges and litigation reserve 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 (loss) to Adjusted Net Income (Loss) for the years ended December 31, 2020 and 2019 as if the fair value option had been in place since inception for all loans held for investment and all asset-backed notes:

Adjusted Net Income (Loss) (in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Net income (loss)	$ (45,082)	$ 61,598
Adjustments:		
Fair Value Pro Forma net income adjustment	874	(13,169)
Income tax expense (benefit)	(12,330)	17,816
COVID-19 expenses	4,632	—
Impairment	3,702	—
Stock-based compensation expense	19,488	19,183
Litigation reserve	8,750	905
Adjusted income (loss) before taxes	(19,966)	86,333
Normalized income tax expense (benefit)	(5,738)	23,548
Adjusted Net Income (Loss) [1]	$ (14,228)	$ 62,785
Income tax rate [2]	28.7 %	27.0 %

[1] For the years ended December 31, 2020 and 2019, Adjusted Net Income includes an after-tax impact of $14.2 million and $9.6 million, respectively, related to the launch of new products and services (such as auto and credit card).
[2] Income tax rate for the year ended December 31, 2020 is based on a normalized statutory rate and for the year ended December 31, 2019 is based on the effective tax rate.

Adjusted Earnings Per Share ("Adjusted EPS")

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

The following table presents a reconciliation of Diluted EPS to Diluted Adjusted EPS for the years ended December 31, 2020 and 2019. For the reconciliation of net income (loss) to Adjusted Net Income (Loss), see the immediately preceding table "Adjusted Net Income (Loss)."

(in thousands, except share and per share data)	Year Ended December 31, 2020	Year Ended December 31, 2019
Diluted earnings (loss) per share	$ (1.65)	$ 0.40
Adjusted EPS		
Adjusted Net Income (Loss)	$ (14,228)	$ 62,785
Basic weighted-average common shares outstanding	27,333,271	9,347,103
Weighted-average common shares outstanding based on assumed convertible preferred conversion	—	14,005,753
Weighted average effect of dilutive securities:		
Stock options	—	1,300,758
Restricted stock units [1]	—	101,671
Warrants	—	12,320
Diluted adjusted weighted-average common shares outstanding	27,333,271	24,767,605
Adjusted Earnings (Loss) Per Share	$ (0.52)	$ 2.53

[1] The restricted stock units included in the diluted adjusted weighted-average common shares outstanding for the year ended December 31, 2019 relate to the performance-based condition relating to certain awards being considered probable on the effective date of the IPO, the voluntary stock option exchange offer and the issuance of restricted stock units for annual awards.

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

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

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

Adjusted TBVPS (in thousands, except share and per share data)	**December 31, 2020**	**December 31, 2019**
Stockholders' equity	$ 466,367	$ 488,766
Adjustments:		
Fair Value Pro Forma stockholders' equity adjustment	(682)	(1,504)
Intangible assets, net [1]	(27,483)	(18,455)
Adjusted Tangible Book Value	$ 438,202	$ 468,807
Total common shares outstanding	27,679,263	27,003,157
Book Value Per Share	$ 16.85	$ 18.10
Adjusted Tangible Book Value Per Share	$ 15.83	$ 17.36

[1] Intangible assets, net consists of trademarks and internally developed software, net.

Adjusted Return on Equity

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

The following table presents a reconciliation of Return on Equity to Adjusted Return on Equity for the years ended December 31, 2020 and 2019. For the reconciliation of net income (loss) to Adjusted Net Income (Loss), see the immediately preceding table "Adjusted Net Income (Loss)."

	As of or for the Year Ended December 31,	
(in thousands)	**2020**	**2019**
Return on Equity	(9.4)%	14.7 %
Adjusted Return on Equity		
Adjusted Net Income (Loss)	$ (14,228)	$ 62,785
Fair Value Pro Forma average stockholders' equity	$ 476,474	$ 422,738
Adjusted Return on Equity	(3.0)%	14.9 %

Adjusted Operating Efficiency

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

The following table presents a reconciliation of Operating Efficiency to Adjusted Operating Efficiency for the years ended December 31, 2020 and 2019:

	As of or for the Year Ended December 30,	
(in thousands)	**2020**	**2019**
Operating Efficiency	67.4 %	60.4 %
Adjusted Operating Efficiency		
Total revenue	$ 583,734	$ 600,148
Fair Value Pro Forma Total Revenue adjustments	—	(1,755)
Fair Value Pro Forma Total Revenue	583,734	598,393
Total operating expense	393,154	362,416
COVID-19 expenses	(4,632)	—
Impairment	(3,702)	—
Stock-based compensation expense	(19,488)	(19,183)
Litigation reserve	(8,750)	(905)
Total Fair Value Pro Forma adjusted operating expenses	$ 356,582	$ 342,328
Adjusted Operating Efficiency	61.1 %	57.2 %

Liquidity and Capital Resources

Sources of liquidity

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

Current debt facilities

The following table summarizes our current debt facilities available for funding our lending activities and our operating expenditures as of December 31, 2020:

Debt Facility	Scheduled Amortization Period Commencement Date	Interest Rate	Principal (in thousands)
Secured Financing	10/1/2021	LIBOR (minimum of 0.00%) + 2.45%	$ 246,994
Asset-Backed Securitization-Series 2019-A Notes	8/1/2022	3.46%	279,412
Asset-Backed Securitization-Series 2018-D Notes	12/1/2021	4.50%	175,002
Asset-Backed Securitization-Series 2018-C Notes	10/1/2021	4.39%	275,000
Asset-Backed Securitization-Series 2018-B Notes	7/1/2021	4.18%	225,001
Asset-Backed Securitization-Series 2018-A Notes	3/1/2021	3.83%	200,004
			$ 1,401,413

The outstanding amounts set forth in the table above are consolidated on our balance sheet whereas loans sold to a third-party institutional investor are not on our balance sheet once sold. In October 2020, due to the strong market appetite for asset-backed notes, we raised $39.8 million, net of fees and expenses, by selling $41.3 million of retained bonds related to our 2019-A and 2018-B asset-backed notes. Additionally, we co-sponsored a $188 million securitization of our loans by the whole-loan purchaser, which closed on November 9, 2020; we will continue to receive a servicing fee for servicing the loans in the securitization but will not receive any other economics.

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

Debt

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

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

As of December 31, 2020, we were in compliance with all covenants and requirements per the debt facility.

For more information regarding our Secured Financing facility, see Notes 4 and 8 of the Notes to the Consolidated Financial Statements included elsewhere in this report.

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

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

As of December 31, 2020, we were in compliance with all covenants and requirements of all our asset-backed notes.

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

Whole loan sales

In November 2014, we entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. The term of the current agreement was set to expire on November 10, 2020. The parties have agreed to extend the agreement on the same terms through February 26, 2021. Additional extensions may be considered on a month-to-month basis. Pursuant to the agreement, we sell at least 10% of our unsecured loan originations, with an option to sell an additional 5%, subject to certain eligibility criteria and minimum and maximum volumes. We retain all rights and obligations involving the servicing of the loans and earn servicing revenue of 5% of the daily average principal balance of loans sold each month. If either party decides not to renew the agreement and we are unable or we choose not to replace the agreement with an alternate whole loan sale opportunity, our revenue and liquidity may be negatively impacted in the short term by the loss of the gain on sale generated by our whole loan sales.

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

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

In addition, from July 2017 to August 2020, we were party to a separate whole loan sale arrangement with an institutional investor with a commitment to sell 100% of our loans originated under our loan program for customers who do not meet the qualifications of our core loan origination program. We recognized servicing revenue of 5% of the daily average principal balance of sold loans for the month. We chose not to renew the arrangement and allowed the agreement to expire on its terms on August 5, 2020.

Cash, cash equivalents, restricted cash and cash flows

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

	Year Ended December 31,	
(in thousands)	**2020**	**2019**
Cash, cash equivalents and restricted cash	$ 168,590	$ 136,141
Cash provided by (used in)		
Operating activities	152,869	218,374
Investing activities	16,379	(497,680)
Financing activities	$ (136,799)	$ 286,272

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

Cash flows

Operating Activities

Our net cash provided by operating activities was $152.9 million and $218.4 million for the years ended December 31, 2020 and 2019, respectively. Cash flows from operating activities primarily include net income or losses adjusted for (i) non-cash items included in net income or loss, including depreciation and amortization expense, amortization of deferred financing and loan costs, amortization of debt discount, fair value adjustments, net, origination fees for loans at fair value, net, gain on loan sales, stock-based compensation expense, provision for loan losses and deferred tax assets, (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 $16.4 million and $(497.7) million for the years ended December 31, 2020 and 2019, respectively. Our investing activities consist primarily of loan originations and loan repayments. We currently do not own any real estate. We invest in purchases of property and equipment and incur system development costs. Purchases of property and equipment, and capitalization of system development costs may vary from period to period due to the timing of the expansion of our operations, the addition of employee headcount and the development cycles of our system development.

Financing Activities

Our net cash provided by (used in) financing activities was $(136.8) million and $286.3 million for the years ended December 31, 2020 and 2019, respectively. During those time periods, net cash provided by financing activities was primarily driven by borrowings on our Secured Financing facility and asset-backed notes, partially offset by repayments on those borrowings, and net proceeds from our initial public offering.

Operating and capital expenditure requirements

We believe that our existing cash balance, anticipated positive cash flows from operations and available borrowing capacity under our credit facilities will be sufficient to meet our anticipated cash operating expense and capital expenditure requirements through at least the next 12 months. We believe our liquidity position at December 31, 2020 remains strong as we continue to navigate through a period of uncertain economic conditions related to COVID-19, and we will continue to closely monitor our liquidity as economic conditions change. If our available cash balances are insufficient to satisfy our liquidity requirements, we will seek additional debt or equity financing. If we raise additional funds through the issuance of additional debt, the agreements governing such debt could contain covenants that would restrict our operations and such debt would rank senior to shares of our common stock. The sale of equity may result in dilution to our stockholders and those securities may have rights senior to those of our common stock. We may require additional capital beyond our currently anticipated amounts and additional capital may not be available on reasonable terms, or at all.

Contractual Obligations

As a "Smaller Reporting Company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Off-Balance Sheet Arrangements

As of December 31, 2020, we had no off-balance sheet financing arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, total revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Significant Judgments and Estimates

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these 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.

While our significant accounting policies are more fully described in Note 2, *Summary of Significant Accounting Policies*, in our Notes to the Consolidated Financial Statements included elsewhere in this report, we believe fair value of loans held for investment as critical to the process of making significant judgments and estimates in the preparation of our consolidated financial statements.

Fair Value of Loans Held for Investment

We elected the fair value option for our Fair Value Loans. We primarily use a discounted cash flow model to estimate fair value based on the present value of estimated future cash flows. This model uses inputs that are not observable but reflect our best estimates of the assumptions a market participant would use to calculate fair value. The following describes the primary inputs that require significant judgment:

- *Remaining Cumulative Charge-offs* - Remaining cumulative charge-offs are estimates of the principal payments that will not be repaid over the life of a loan held for investment. Remaining cumulative loss expectations are adjusted to reflect the expected principal recoveries on charged-off loans. Remaining cumulative loss expectations are primarily based on the historical performance of our loans but also incorporate adjustments based on our expectations of future credit performance and are quantified by the remaining cumulative charge-off rate.
- *Remaining Cumulative Prepayments* - Remaining cumulative prepayments are estimates of the principal payments that will be repaid earlier than contractually required over the life of a loan held for investment. Remaining cumulative prepayment rates are primarily based on the historical performance of our loans but also incorporate adjustments based on our expectations of future customer behavior and refinancings through our Good Customer Program.
- *Average Life* - Average life is the time weighted average of the estimated principal payments divided by the principal balance at the measurement date. The timing of estimated principal payments is impacted by scheduled amortization of loans, charge-offs, and prepayments.
- *Discount Rates* - The discount rates applied to the expected cash flows of loans held for investment reflect our estimates of the rates of return that investors would require when investing in financial instruments with similar risk and return characteristics. Discount rates are based on our estimate of the rate of return likely to be received on new loans. Discount rates for aged loans are adjusted to reflect the market relationship between interest rates and remaining time to maturity.

We developed an internal model to estimate the fair value of Fair Value Loans. To generate future expected cash flows, the model combines receivable characteristics with assumptions about borrower behavior based on our 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.

We test the fair value model by comparing modeled cash flows to historical loan performance to ensure that the model is complete, accurate and reasonable for our use. We also engaged a third party to create an independent fair value estimate for the Fair Value Loans, which provides a set of fair value marks using our historical loan performance data and whole loan sale prices to develop independent forecasts of borrower behavior. Their

model used these assumptions to generate expected cash flows which were then aggregated and compared to actual cash flows within an acceptable range.

Our 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.

Recently Issued Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, of the Notes to the Consolidated Financial Statements included elsewhere in this report for a discussion of recent accounting pronouncements and future application of accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices, credit performance of loans and interest rates. We do not use derivative financial instruments for speculative, hedging or trading purposes, although in the future we may enter into interest rate or exchange rate hedging arrangements to manage the risks described below. 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.

Credit Performance Sensitivity

In a strong economic climate, credit losses may decrease due to low unemployment and rising wages, which will increase the fair value of our Fair Value Loans, which increases Net Revenue. In a weak economic climate, credit losses may increase due to high unemployment and falling wages, which will decrease the fair value of our Fair Value Loans, which decreases Net Revenue.

The following table presents estimates at December 31, 2020. Actual results could differ materially from these estimates:

Remaining Cumulative Charge-Offs	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(2.0)%	$ (32,113)
110% of expected	(1.0)%	$ (16,286)
100% of expected	— %	$ —
90% of expected	1.0 %	$ 16,814
80% of expected	2.1 %	$ 34,211

The following table presents estimates at December 31, 2019. Actual results could differ materially from these estimates:

Remaining Cumulative Charge-Offs	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(1.6)%	$ (29,324)
110% of expected	(0.8)%	$ (14,899)
100% of expected	— %	$ —
90% of expected	0.8 %	$ 14,815
80% of expected	1.6 %	$ 30,138

Market Rate Sensitivity

The fair values of our Fair Value Loans are estimated using a discounted cash flow methodology, where the discount rate considers various inputs such as the price that we can sell loans to a third party in a non-public market, market conditions such as interest rates, and credit spreads. The discount rates may change due to expected loan performance. We recorded a fair value mark-to-market adjustment related to our Fair Value Loans and Fair Value Notes of $(23.4) million for the year ended December 31, 2020, a decrease of approximately $43.1 million compared to the prior year.

Interest Rate Sensitivity

We charge fixed rates on our loans and the average life of our loan portfolio is approximately 0.8 years. The fair value of fixed rate loans will generally change when interest rates change, because interest rates will impact the discount rate the market uses to value our loans. As of December 31, 2020, we had $1.2 billion of fixed-rate asset-backed notes outstanding with an average life of 0.8 years. Our borrowing cost does not vary with interest rates for our asset-backed notes, but the fair value will generally change when interest rates change, because interest rates will impact the discount rate the market uses to value our notes.

As of December 31, 2020, we had $247.0 million of outstanding borrowings under our Secured Financing. The interest rate of the Secured Financing is 1-month LIBOR plus a spread of 2.45% with a LIBOR floor of 0.00% and the maximum borrowing amount is $400.0 million. Changes in interest rates in the future will likely affect our borrowing costs of our Secured Financing. While not carried at fair value on the Consolidated Balance Sheets, we do not expect change in interest rates to impact our Secured Financing line item.

In a strong economic climate, interest rates may rise, which will decrease the fair value of our Fair Value Loans, which reduces Net Revenue. Rising interest rates will also decrease the fair value of our Fair Value Notes, which increases Net Revenue. Conversely, in a weak economic climate, interest rates may fall, which will increase the fair value of our Fair Value Loans, which increases Net Revenue. Decreasing interest rates will also increase the fair value of our Fair Value Notes, which reduces Net Revenue. Because the duration and fair value of our loans and asset-backed notes are different, the respective changes in fair value will not fully offset each other. Our sensitivity to changes in interest rates has reversed at December 31, 2020 when compared to December 31, 2019 as the duration of our Fair Value Notes has shortened significantly year-over-year.

The following table presents estimates at December 31, 2020. Actual results could differ materially from these estimates:

Change in Interest Rates	Projected percentage change in the fair value of our Fair Value Loans	Projected percentage change in the fair value of our Fair Value Notes	Projected change in net fair value recorded in earnings ($ in thousands)
-100 Basis Points	0.7 %	0.6 %	$ 4,960
-50 Basis Points	0.4 %	0.3 %	$ 2,451
-25 Basis Points	0.2 %	0.2 %	$ 1,210
Basis Interest Rate	— %	— %	$ —
+25 Basis Points	(0.2)%	(0.2)%	$ (906)
+50 Basis Points	(0.4)%	(0.4)%	$ (1,591)
+100 Basis Points	(0.7)%	(0.8)%	$ (2,877)

The following table presents estimates at December 31, 2019. Actual results could differ materially from these estimates:

Change in Interest Rates	Projected percentage change in the fair value of our Fair Value Loans	Projected percentage change in the fair value of our Fair Value Notes	Projected change in net fair value recorded in earnings ($ in thousands)
-100 Basis Points	0.7 %	1.8 %	$ (6,257)
-50 Basis Points	0.4 %	0.9 %	$ (3,103)
-25 Basis Points	0.2 %	0.4 %	$ (1,545)
Basis Interest Rate	— %	— %	$ —
+25 Basis Points	(0.2)%	(0.4)%	$ 1,532
+50 Basis Points	(0.4)%	(0.9)%	$ 3,052
+100 Basis Points	(0.7)%	(1.7)%	$ 6,053

Prepayment Sensitivity

In a strong economic climate, customers' incomes may increase which may lead them to prepay their loans more quickly. In a weak economic climate, customers incomes may decrease which may lead them to prepay their loans more slowly. The availability of government stimulus payments to consumers during a weak economy may cause prepayments to increase. Additionally, changes in the eligibility requirements for our Good Customer Program, which allows customers with existing loans to take out a new loan and use a portion of the proceeds to pay-off their existing loan, could impact prepayment rates. In the future, we may implement programs or products that may include a consolidation feature that would enable the customer to use the proceeds from one loan to pay off their personal loan, which could cause prepayment rates on personal loans to increase. Increased competition may also lead to increased prepayment, if our customers take out a loan from another lender to refinance our loan.

The following table presents estimates at December 31, 2020. Actual results could differ materially from these estimates:

Remaining Cumulative Prepayments	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(0.1)%	$ (2,045)
110% of expected	(0.1)%	$ (1,025)
100% of expected	— %	$ —
90% of expected	0.1 %	$ 1,027
80% of expected	0.1 %	$ 2,054

The following table presents estimates at December 31, 2019. Actual results could differ materially from these estimates:

Remaining Cumulative Prepayments	Projected percentage change in the fair value of our Fair Value Loans	Projected change in net fair value recorded in earnings ($ in thousands)
120% of expected	(0.2)%	$ (3,340)
110% of expected	(0.1)%	$ (1,809)
100% of expected	— %	$ —
90% of expected	0.1 %	$ 1,520
80% of expected	0.2 %	$ 3,331

Foreign Currency Exchange Risk

All of our revenue and substantially all of our operating expenses are denominated in U.S. dollars. Our non-U.S. dollar operating expenses in Mexico made up 5.7% of total operating expenses in 2020. All of our interest income is denominated in U.S. dollars and is therefore not subject to foreign currency exchange risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of Oportun Financial Corporation
Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Oportun Financial Corporation and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Loans Receivable at Fair Value — Refer to Notes 2 and 14 to the financial statements

Critical Audit Matter Description

The Company’s loans receivable at fair value were at $1,697 million as of December 31, 2020. The loans receivable at fair value were valued as Level 3 financial instruments. Level 3 financial instruments are valued utilizing pricing inputs that are unobservable and significant to the entire fair value measurement. The Company estimates the fair value of the Level 3 loans receivable using a discounted cash flow model based on estimated future cash flows, which considers various inputs that require significant judgment such as remaining cumulative charge offs, remaining cumulative prepayments, average life (years), and discount rate. The model uses inputs that are not observable and inherently judgmental and reflect management’s best estimates of the assumptions a market participant would use to calculate fair value.

We identified loans receivable at fair value as a critical audit matter because of the subjective process in determining significant inputs, assumptions, and judgments used to estimate the fair value. Auditing management’s assessment of loans receivable at fair value involved exercising subjective and complex judgments, required specialized skills and knowledge, and required an increased extent of audit effort, including obtaining audit evidence of the data sources used to estimate fair value and understanding the assumptions applied and the nature of significant inputs utilized.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of loans receivable at fair value included the following, among others:

- We tested the effectiveness of management’s controls covering the overall estimate and the review of the accuracy and completeness of the underlying loan data utilized in the model calculations.

- We subjected the significant unobservable inputs to sensitivity analyses to evaluate changes in the fair value that would result from changes in the assumptions.

- We tested the accuracy and completeness of the significant unobservable inputs used in the valuation of loans receivable at fair value by detail testing the segmentation of the portfolio and underlying payment history and historical performance of the loans.

- With the assistance of our fair value specialists, we developed independent estimates of the loans receivable at fair value and compared our estimates to the Company's estimates.
- We performed a retrospective review of management's ability to accurately estimate the loans receivable at fair value by comparing modeled monthly cash flows to actual past performance.

/s/ Deloitte & Touche LLP

San Francisco, CA
February 23, 2021

We have served as the Company's auditor since 2010.

OPORTUN FINANCIAL CORPORATION

Consolidated Balance Sheets

(in thousands, except share and per share data)

	December 31,	
	2020	**2019**
Assets		
Cash and cash equivalents	$ 136,187	$ 72,179
Restricted cash	32,403	63,962
Loans receivable at fair value	1,696,526	1,882,088
Loans receivable at amortized cost	—	42,546
Less:		
Unamortized deferred origination costs and fees, net	—	(103)
Allowance for loan losses	—	(3,972)
Loans receivable at amortized cost, net	—	38,471
Loans held for sale	1,158	715
Interest and fees receivable, net	15,426	17,185
Right of use assets - operating	46,820	50,503
Other assets	80,531	76,771
Total assets	$ 2,009,051	$ 2,201,874
Liabilities and stockholders' equity		
Liabilities		
Secured financing	$ 246,385	$ 60,910
Asset-backed notes at fair value	1,167,309	1,129,202
Asset-backed notes at amortized cost	—	359,111
Amount due to whole loan buyer	6,781	33,354
Lease liabilities	49,684	53,357
Other liabilities	72,525	77,174
Total liabilities	1,542,684	1,713,108
Stockholders' equity		
Common stock, $0.0001 par value - 1,000,000,000 shares authorized at December 31, 2020 and December 31, 2019; 27,951,286 shares issued and 27,679,263 shares outstanding at December 31, 2020; 27,262,639 shares issued and 27,003,157 shares outstanding at December 31, 2019	6	6
Common stock, additional paid-in capital	436,499	418,299
Common stock warrants	—	63
Accumulated other comprehensive loss	(261)	(162)
Retained earnings	36,432	76,679
Treasury stock at cost, 272,023 and 259,482 shares at December 31, 2020 and December 31, 2019	(6,309)	(6,119)
Total stockholders’ equity	466,367	488,766
Total liabilities and stockholders' equity	$ 2,009,051	$ 2,201,874

See Notes to the Consolidated Financial Statements.

OPORTUN FINANCIAL CORPORATION

Consolidated Statements of Operations and Comprehensive Income

(in thousands, except share and per share data)

	Year Ended December 31,	
	2020	**2019**
Revenue		
Interest income	$ 545,466	$ 544,126
Non-interest income	38,268	56,022
Total revenue	583,734	600,148
Less:		
Interest expense	58,368	60,546
Provision (release) for loan losses	—	(4,483)
Net increase (decrease) in fair value	(190,306)	(97,237)
Net revenue	335,060	446,848
Operating expenses:		
Technology and facilities	129,795	101,981
Sales and marketing	89,375	97,153
Personnel	106,446	90,647
Outsourcing and professional fees	47,067	57,243
General, administrative and other	20,471	15,392
Total operating expenses	393,154	362,416
Income (loss) before taxes	(58,094)	84,432
Income tax expense (benefit)	(13,012)	22,834
Net income (loss)	$ (45,082)	$ 61,598
Change in post-termination benefit obligation	(99)	(30)
Total comprehensive income (loss)	$ (45,181)	$ 61,568
Net income (loss) attributable to common stockholders	$ (45,082)	$ 4,262
Share data:		
Earnings (loss) per share:		
Basic	$ (1.65)	$ 0.46
Diluted	$ (1.65)	$ 0.40
Weighted average common shares outstanding:		
Basic	27,333,271	9,347,103
Diluted	27,333,271	10,761,852

See Notes to the Consolidated Financial Statements.

OPORTUN FINANCIAL CORPORATION

Consolidated Statements of Changes in Stockholders' Equity

(in thousands, except share data)

For the Years Ended December 31, 2020 and 2019

	Convertible Preferred Stock			Convertible Preferred and Common Stock Warrants		Common Stock						
	Shares	Par Value	Additional Paid-in Capital	Shares	Par Value	Shares	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Treasury Stock	Total Stockholders' Equity
Balance – January 1, 2020	—	$ —	$ —	23,512	$ 63	27,003,157	$ 6	$ 418,299	$ (162)	$ 76,679	$ (6,119)	$ 488,766
Issuance of common stock upon exercise of stock options	—	—	—	—	—	58,722	—	216	—	—	—	216
Stock-based compensation expense	—	—	—	—	—	—	—	19,488	—	—	—	19,488
Issuance of common stock upon exercise of warrants	—	—	—	(23,512)	(63)	10,972	—	253	—	—	(190)	—
Vesting of restricted stock units, net	—	—	—	—	—	606,412	—	(1,757)	—	—	—	(1,757)
Cumulative effect of adoption of ASU 2019-05	—	—	—	—	—	—	—	—	—	4,835	—	4,835
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	(99)	—	—	(99)
Net loss	—	—	—	—	—	—	—	—	—	(45,082)	—	(45,082)
Balance – December 31, 2020	—	$ —	$ —	—	$ —	27,679,263	$ 6	$ 436,499	$ (261)	$ 36,432	$ (6,309)	$ 466,367
Balance – January 1, 2019	14,043,977	$ 16	$ 257,887	24,959	$ 130	2,935,249	$ 3	$ 44,411	$ (132)	$ 52,662	$ (8,428)	$ 346,549
Issuance of common stock upon exercise of stock options	—	—	—	—	—	105,909	—	791	—	—	—	791
Repurchase of stock options	—	—	—	—	—	—	—	(86)	—	—	—	(86)
Issuance of common stock upon initial public offering, net of offering costs	—	—	—	—	—	4,873,356	—	60,479	—	—	—	60,479
Stock-based compensation expense	—	—	—	—	—	—	—	19,183	—	—	—	19,183
Conversion of convertible preferred stock to common stock in connection with initial public offering	(14,043,977)	(16)	(257,887)	7,643	—	19,075,167	3	295,356	—	(37,456)	—	—
Issuance of convertible preferred stock and conversion to common stock upon exercise of warrants, net	—	—	—	(9,090)	(67)	3,969	—	67	—	—	—	—
Vesting of restricted stock units, net	—	—	—	—	—	9,507	—	(92)	—	—	—	(92)
Cumulative effect of adoption of ASC 842	—	—	—	—	—	—	—	—	—	(125)	—	(125)
Change in post-termination benefit obligation	—	—	—	—	—	—	—	—	(30)	—	—	(30)
Secured non-recourse affiliate note	—	—	—	—	—	—	—	(1,810)	—	—	2,309	499
Net income	—	—	—	—	—	—	—	—	—	61,598	—	61,598
Balance – December 31, 2019	—	$ —	$ —	23,512	$ 63	27,003,157	$ 6	$ 418,299	$ (162)	$ 76,679	$ (6,119)	$ 488,766

See Notes to the Consolidated Financial Statements.

OPORTUN FINANCIAL CORPORATION

Consolidated Statements of Cash Flow

(in thousands)

	Year Ended December 31,	
	2020	**2019**
Cash flows from operating activities		
Net income (loss)	$ (45,082)	$ 61,598
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	20,220	14,101
Net decrease (increase) in fair value	190,306	97,237
Origination fees for loans receivable at fair value, net	(900)	(3,777)
Gain on loan sales	(20,308)	(36,537)
Stock-based compensation expense	19,488	19,183
Provision (release) for loan losses	—	(4,483)
Deferred tax provision	(14,464)	10,419
Other, net	18,001	9,728
Originations of loans sold and held for sale	(188,521)	(355,617)
Proceeds from sale of loans	208,385	391,438
Changes in operating assets and liabilities:		
Interest and fee receivable, net	(4,010)	(7,128)
Other assets	(9,926)	(47,628)
Amount due to whole loan buyer	(26,573)	5,413
Other liabilities	6,253	64,427
Net cash provided by operating activities	152,869	218,374
Cash flows from investing activities		
Originations of loans	(1,011,845)	(1,487,103)
Repayments of loan principal	1,054,821	1,015,646
Purchase of fixed assets	(4,825)	(8,875)
Capitalization of system development costs	(21,772)	(17,348)
Net cash provided by (used in) investing activities	16,379	(497,680)
Cash flows from financing activities		
Borrowings under secured financing	469,000	144,000
Proceeds from initial public offering, net of offering costs	—	60,479
Borrowings under asset-backed notes	40,244	249,951
Payments of secured financing	(284,006)	(169,000)
Repayment of asset-backed notes	(360,001)	—
Other, net	(495)	(270)
Net payments related to stock-based activities	(1,541)	1,112
Net cash provided by (used in) financing activities	(136,799)	286,272
Net increase (decrease) in cash and cash equivalents and restricted cash	32,449	6,966
Cash and cash equivalents and restricted cash, beginning of period	136,141	129,175
Cash and cash equivalents and restricted cash, end of period	$ 168,590	$ 136,141
Supplemental disclosure of cash flow information		
Cash and cash equivalents	$ 136,187	$ 72,179
Restricted cash	32,403	63,962
Total cash and cash equivalents and restricted cash	$ 168,590	$ 136,141
Cash paid for income taxes, net of refunds	$ 2,829	$ 2,933
Cash paid for interest	$ 57,140	$ 58,038
Cash paid for amounts included in the measurement of operating lease liabilities	$ 16,244	$ 12,759
Supplemental disclosures of non-cash investing and financing activities		
Right of use assets obtained in exchange for operating lease obligations	$ 8,826	$ 59,564
Additional common stock issued to Series G shareholders upon initial public offering	$ —	$ 37,456
Non-cash investment in capitalized assets	$ 550	$ 687

See Notes to the Consolidated Financial Statements.

1. Organization and Description of Business

Oportun Financial Corporation (together with its subsidiaries, "Oportun" or the " Company") provides inclusive, affordable financial services to customers who do not have a credit score, known as credit invisibles, or who may have a limited credit history and are "mis-scored," primarily because they have a credit history that is too limited to be accurately scored by credit bureaus. The Company's primary product offerings are unsecured installment loans that are affordably priced and that help customers establish a credit history. The Company has begun to expand beyond its core offering into other financial services that a significant portion of its customers already use, such as personal loans secured by a vehicle and credit cards. The Company uses models that are developed with Artificial Intelligence ("A.I.") and built on over 15 years of proprietary consumer insights and billions of data points. This Company's proprietary scoring model and continually evolving data analytics have enabled it to underwrite the risk of the hardworking customers that it serves. The Company is headquartered in San Carlos, California. The Company has been certified by the United States Department of the Treasury as a Community Development Financial Institution ("CDFI") since 2009.

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

Segments

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

2. Summary of Significant Accounting Policies

Basis of Presentation - The Company meets the SEC's definition of a "Smaller Reporting Company”, and therefore qualify for the SEC's reduced disclosure requirements for smaller reporting companies. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These statements reflect all normal, recurring adjustments that are, in management's opinion, necessary for the fair presentation of results. The 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. All share and per share amounts for all periods presented in the accompanying consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect the Company's one-for-eleven reverse stock split.

Use of Estimates - The preparation of the 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 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 consolidated financial statements; therefore, actual results could differ from those estimates and assumptions.

Consolidation and Variable Interest Entities - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company’s policy is to consolidate the financial statements of entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a voting interest entity or variable interest entity ("VIE") and if the accounting guidance requires consolidation.

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) have equity investors that do not have the ability to make significant decisions relating to the entity’s operations through voting rights, or do not have the obligation to absorb the expected losses, or do not have the right to receive the residual returns of the entity. The Company determines whether it has a controlling financial interest in a VIE by considering whether its involvement with the VIE is significant and whether it is the primary beneficiary of the VIE based on the following:

- The Company has the power to direct the activities of the VIE that most significantly impact the entity’s economic performance;
- The aggregate indirect and direct variable interests held by us have the obligation to absorb losses or the right to receive benefits from the entity that could be significant to the VIE; an
- Qualitative and quantitative factors regarding the nature, size, and form of the Company’s involvement with the VIE.

Foreign Currency Re-measurement - The functional currency of the Company’s foreign subsidiaries is the U.S. dollar. Monetary assets and liabilities of these subsidiaries are re-measured into U.S. dollars from the local currency at rates in effect at period-end and nonmonetary assets and liabilities are re-measured at historical rates. Revenue and expenses are re-measured at average exchange rates in effect during each period. Foreign

currency gains and losses from re-measurement and transaction gains and losses are recorded as other expense in the Consolidated Statements of Operations and Comprehensive Income.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash and loans receivable at fair value.

As of December 31, 2020, 56%, 26%, 5%, and 5% of the owned principal balance related to customers from California, Texas, Illinois and Florida, respectively. Owned principal balance related to customers from each of the remaining states of operation continues to be at or below 3%. As of December 31, 2019, 59%, 25%, 5%, 2%, 2%, 5% of the owned principal balance related to customers from California, Texas, Illinois, Nevada, Arizona and Florida, respectively, and the owned principal balance related to customers from Idaho, Missouri, New Jersey, New Mexico, Utah and Wisconsin were not material.

Cash and Cash Equivalents - Cash and cash equivalents consist of unrestricted cash balances and short-term, liquid investments with an original maturity date of three months or less at the time of purchase.

Restricted Cash - Restricted cash represents cash held at a financial institution as part of the collateral for the Company's Secured Financing, asset-backed notes and loans designated for sale.

Loans Receivable at Fair Value - The Company elected the fair value option to account for new loan originations held for investment on or after January 1, 2018. Upon adoption of ASU 2019-05, effective January 1, 2020, the Company elected the fair value option on all loans receivable previously measured at amortized cost as of December 31, 2019. Accordingly, as of December 31, 2020 all loans receivable held for investment are accounted for under the fair value option. Under the fair value option, direct loan origination fees are taken into income immediately and direct loan origination costs are expensed in the period the loan originates. Loans are charged off at the earlier of when loans are determined to be uncollectible or when loans are 120 days contractually past due and recoveries are recorded when cash is received. The Company estimates the fair value of the loans using a discounted cash flow model, which considers various unobservable inputs such as remaining cumulative charge-offs, remaining cumulative prepayments, average life and discount rate. The Company re-evaluates the fair value of loans receivable at the close of each measurement period. Changes in fair value are recorded in "Net increase (decrease) in fair value" in the Consolidated Statements of Operations and Comprehensive Income in the period of the fair value changes.

Loans Receivable at Amortized Cost - Upon adoption of ASU 2019-05, effective January 1, 2020, the Company elected the fair value option on all loans receivable previously measured at amortized cost as of December 31, 2019. Accordingly, for the year ended December 31, 2020, the Company did not have any Loans Receivable at Amortized Cost.

Prior to the adoption of ASU 2019-05, loans originated before January 1, 2018 were carried at amortized cost, which is the outstanding unpaid principal balance, net of deferred loan origination fees and costs and the allowance for loan losses. The Company estimates direct loan origination costs associated with completed and successfully originated loans. The direct loan origination costs include employee compensation and independent third-party costs incurred to originate loans. Direct loan origination costs are offset against any loan origination fees and deferred and amortized over the life of the loan using effective interest rate method for loans originated before January 1, 2018.

Fair Value Measurements - The Company follows applicable guidance that establishes a fair value measurement framework, provides a single definition of fair value and requires expanded disclosure summarizing fair value measurements. Such guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

Fair value guidance establishes a three-level hierarchy for inputs used in measuring the fair value of a financial asset or financial liability.

- Level 1 financial instruments are valued based on unadjusted quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.
- Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities.
- Level 3 financial instruments are valued using pricing inputs that are unobservable and reflect the Company's own assumptions that market participants would use in pricing the asset or liability.

Loans Held for Sale - Loans held for sale are recorded at the lower of cost or fair value, applied on an aggregate basis, until the loans are sold. Loans held for sale are sold within four days of origination. Cost of loans held for sale is inclusive of unpaid principal plus net deferred origination costs.

Fixed Assets - Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which is generally three years for computer and office equipment and furniture and fixtures, and three to five years for purchased software, vehicles and leasehold improvements. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss, if any, is included in the Consolidated Statements of Operations and Comprehensive Income. Maintenance and repairs are charged to the Consolidated Statements of Operations and Comprehensive Income as incurred.

The Company does not own any buildings or real estate. The Company enters into term leases for its headquarters, call center and store locations. Leasehold improvements are capitalized and depreciated over the lesser of their physical life or lease term of the building.

Systems Development Costs - The Company capitalizes software developed or acquired for internal use. The Company has internally developed its proprietary Web-based technology platform, which consists of application processing, credit scoring, loan accounting, servicing and collections, debit card processing, and data and analytics.

The Company capitalizes its costs to develop software when preliminary development efforts are successfully completed; management has authorized and committed project funding; and it is probable the project will be completed and the software will be used as intended. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred. When the software developed for internal use has reached its technological feasibility, such costs are amortized on a straight-line basis over the estimated useful life of the assets, which is generally three years. Costs incurred for upgrades and enhancements that are expected to result in additional functionality are capitalized and amortized over the estimated useful life of the upgrades.

Impairment - We review long-lived assets, including fixed assets, right of use assets and system development costs, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. We determined that there were no events or changes in circumstances that indicated our long-lived assets were impaired for the years ended December 31, 2020 and 2019, except as disclosed in Note 7, Other Assets.

Asset-Backed Notes at Fair Value - The Company elected the fair value option to account for all asset-backed notes issued on or after January 1, 2018. Asset-backed notes issued prior to January 1, 2018 are accounted for at amortized cost, net. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, the Company no longer had any asset-backed notes at amortized cost. Accordingly, as of December 31, 2020 all asset-backed notes are accounted for under the fair value option. 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 re-evaluates the fair value of the asset-backed notes at the close of each measurement period. Changes in fair value are recorded in "Net increase (decrease) in fair value" in the Consolidated Statements of Operations and Comprehensive Income in the period of the fair value changes.

Revenue Recognition - The Company's primary sources of revenue consist of interest and non-interest income.

Interest Income

Interest income includes interest on loans and fees on loans. Generally, the Company's loans require semi- monthly or biweekly customer payments of interest and principal. Fees on loans include billed late fees offset by charged-off fees and provision for uncollectible fees. The Company charges customers a late fee if a scheduled installment payment becomes delinquent. Depending on the loan, late fees are assessed when the loan is eight to 16 days delinquent. Late fees are recognized when they are billed. When a loan is charged off, uncollected late fees are also written off. For Loans Receivable at Fair Value, interest income includes (i) billed interest and late fees, plus (ii) origination fees recognized at loan disbursement, less (iii) charged-off interest and late fees, less (iv) provision for uncollectable interest and late fees. Additionally, direct loan origination expenses are recognized in operating expenses as incurred. In comparison, for Loans Receivable at Amortized Cost, interest income includes: (a) billed interest and late fees, less (b) charged-off interest and late fees, less (c) provision for uncollectable interest and late fees, plus (d) amortized origination fees recognized over the life of the loan, less (e) amortized cost of direct loan origination expenses recognized over the life of the loan.

Interest income is recognized based upon the amount the Company expects to collect from its customers. When a loan becomes delinquent for a period of 90 days or more, interest income continues to be recorded until the loan is charged off. Delinquent loans are charged off at month-end during the month it becomes 120 days' delinquent. For both loans receivable at amortized cost and loans receivable at fair value, the Company mitigates the risk of income recorded for loans that are delinquent for 90 days or more by establishing a 100% provision and the provision for uncollectable interest and late fees is offset against interest income. Previously accrued and unpaid interest is also charged off in the month the Company receives a notification of bankruptcy, a judgment or mediated agreement by the court, or loss of life, unless there is evidence that the principal and interest are collectible.

For Loans Receivable at Fair Value, loan origination fees and costs are recognized when incurred.

Non-Interest Income

Non-interest income includes gain on loan sales, servicing fees, debit card income, sublease income and other income.

Gain on Loan Sales **-** The Company recognizes a gain on sale from the difference between the proceeds received from the purchaser and the carrying value of the loans on the Company's books. The Company sells a certain percentage of new loans twice weekly.

The Company accounts for loan sales in accordance with ASC No. 860, *Transfers and Servicing*. In accordance with this guidance, a transfer of a financial asset, a group of financial assets, or a participating interest in a financial asset is accounted for as a sale if all of the following conditions are met:

- The financial assets are isolated from the transferor and its consolidated affiliates as well as its creditors.
- The transferee or beneficial interest holders have the right to pledge or exchange the transferred financial assets.
- The transferor does not maintain effective control of the transferred assets.

For the years ended December 31, 2020 and 2019 all sales met the requirements for sale treatment. The Company records the gain on the sale of a loan at the sale date in an amount equal to the proceeds received less outstanding principal, accrued interest, late fees and net deferred origination costs.

Servicing Fees **-** The Company retains servicing rights on sold loans. Servicing fees comprise the 5.0% per annum servicing fee based upon the average daily principal balance of loans sold that the Company earns for servicing loans sold to a third-party financial institution. The servicing fee compensates the Company for the costs incurred in servicing the loans, including providing customer services, receiving customer payments and performing appropriate collection activities. Management believes the fee approximates a market rate and accordingly has not recognized a servicing asset or liability.

Debit card income is the revenue from interchange fees when customers use our reloadable debit card for purchases as well as the associated card user fees.

Sublease income is the rental income from subleasing a portion of our headquarters.

Other income includes marketing incentives paid directly to us by the merchant clearing company based on transaction volumes, interest earned on cash and cash equivalents and restricted cash, and gain (loss) on asset sales.

Interest expense - Interest expense consists of interest expense associated with the Company's asset-backed notes and Secured Financing, and it includes origination costs as well as fees for the unused portion of the Secured Financing facility. Asset-backed notes at amortized cost are borrowings that originated prior to January 1, 2018, and origination costs are amortized over the life of the borrowing using the effective interest rate method. As of January 1, 2018, the Company elected the fair value option for all new borrowings under asset-backed notes issued on or after that date. Accordingly, all origination costs for such asset-backed notes at fair value are expensed as incurred. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, we did not have any asset-backed notes at amortized cost remaining as of December 31, 2020.

Income Taxes - The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized.

Under the provisions of ASC No. 740-10, *Income Taxes*, the Company evaluates uncertain tax positions by reviewing against applicable tax law all positions taken by the Company with respect to tax years for which the statute of limitations is still open. ASC No. 740-10 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company recognizes interest and penalties related to the liability for unrecognized tax benefits, if any, as a component of the income tax expense line in the accompanying Consolidated Statements of Operations and Comprehensive Income.

Stock-Based Compensation - The Company applies the provisions of ASC No. 718-10, *Stock Compensation*. ASC 718-10 establishes accounting for stock-based employee awards based on the fair value of the award which is measured at grant date. Accordingly, stock-based compensation cost is recognized in operating expenses in the Consolidated Statements of Operations and Comprehensive Income over the requisite service period. The fair value of stock options granted or modified is estimated using the Black-Scholes option pricing model.

The Company granted restricted stock units ("RSUs") to employees that vest upon the satisfaction of time-based criterion of up to four years and previously some included a performance criterion, a liquidity event in connection with an initial public offering or a change in control. These RSUs were not considered vested until both criteria were met and provided that the participant was in continuous service on the vesting date. Compensation cost for awards with performance criteria, measured on the grant date, was recognized when both the service and performance conditions were probable of being achieved. For grants and awards with just a service condition, the Company recognizes stock-based compensation expenses using the straight-line basis over the requisite service period net of forfeitures. For grants and awards with both service and performance conditions, the Company recognizes expenses using the accelerated attribution method.

Treasury Stock - From time to time, the Company repurchases shares of its common stock in a tender offer. Treasury stock is reported at cost, and no gain or loss is recorded on stock repurchase transactions. Repurchased shares are held as treasury stock until they are retired or re-issued. The Company did not retire or re-issue any treasury stock for the years ended December 31, 2020 and 2019.

Basic and Diluted Earnings per Share - Basic earnings per share is computed by dividing net income per share available to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. The Company computes earnings per share using the two-class method required for participating securities. The Company considers all series of convertible preferred stock to be participating securities due to their noncumulative dividend rights. As such, net income allocated to these participating securities which includes participation rights in undistributed earnings, are subtracted from net income to determine total undistributed net income to be allocated to common stockholders. All participating securities are excluded from basic weighted-average common shares outstanding.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised. It is computed by dividing net income attributable to common stockholders by the weighted-average common shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method or the two-class method, whichever is more dilutive.

Recently Adopted Accounting Standards

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

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

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

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

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

Accounting Standards to be Adopted

Income Taxes - In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles of accounting for income taxes and to improve the consistent application of GAAP for other areas of accounting for income taxes by clarifying and amending existing guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company has evaluated the effect of the new guidance and determined it will not have a material impact on its consolidated financial statements and disclosures.

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

3. Earnings (Loss) per Share

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

(in thousands, except share and per share data)	Year Ended December 31, 2020	Year Ended December 31, 2019
Net income (loss)	$ (45,082)	$ 61,598
Less: Additional common stock issued to Series G shareholders	—	(37,456)
Less: Net income allocated to participating securities [(1)]	—	(19,880)
Net income (loss) attributable to common stockholders	$ (45,082)	$ 4,262
Basic weighted-average common shares outstanding	27,333,271	9,347,103
Weighted average effect of dilutive securities:		
Stock options	—	1,300,758
Restricted stock units [(2)]	—	101,671
Warrants	—	12,320
Diluted weighted-average common shares outstanding	27,333,271	10,761,852
Earnings (loss) per share:		
Basic	$ (1.65)	$ 0.46
Diluted	$ (1.65)	$ 0.40

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

[(2)] The restricted stock units included in the diluted weighted-average common shares outstanding for the year ended December 31, 2019 relate to the performance-based condition relating to certain awards being considered probable on the effective date of the IPO, the voluntary stock option exchange offer and the issuance of restricted stock units for annual awards.

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:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Stock options	4,369,664	2,231,060
Restricted stock units	2,280,829	—
Warrants	10,400	—
Convertible preferred stock	—	12,630,249
Total anti-dilutive common share equivalents	6,660,893	14,861,309

The income available to common stockholders, which is the numerator in calculating diluted earnings (loss) per share, includes $7.9 million of compensation cost catch-up for the year ended December 31, 2019 relating to restricted stock units granted prior to the Company's IPO that included performance criterion which were not considered probable until the effective date of the IPO.

4. Variable Interest Entities

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

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

The following table represents the assets and liabilities of consolidated VIEs recorded on the Company's consolidated balance sheets:

	December 31,	
(in thousands)	2020	2019
Consolidated VIE assets		
Restricted cash	$ 23,726	$ 28,821
Loans receivable at fair value	1,580,061	1,745,465
Loans receivable at amortized cost	—	41,747
Interest and fee receivable	14,191	15,874
Total VIE assets	1,617,978	1,831,907
Consolidated VIE liabilities		
Secured financing [(1)]	246,994	62,000
Asset-backed notes at fair value	1,167,309	1,129,202
Asset-backed notes at amortized cost [(1)]	—	360,001
Total VIE liabilities	$ 1,414,303	$ 1,551,203

[(1)] Amounts exclude deferred financing costs. See Note 8, *Borrowings* for additional information.

5. Loans Receivable at Amortized Cost, Net

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

Activity in the allowance for loan losses was as follows:

	December 31,	
(in thousands)	2020	2019
Balance - beginning of period	3,972	$ 26,326
ASU 2019-05 Adoption Adjustment	(3,972)	$ —
Provision (release) for loan losses	—	$ (4,483)
Loans charged off	—	$ (30,702)
Recoveries	—	$ 12,831
Balance - end of period	$ —	$ 3,972

6. Loans Held for Sale

The originations of loans sold and held for sale during the year ended December 31, 2020 was $188.5 million and the Company recorded a gain on sale of $20.3 million and servicing revenue of $15.3 million. The originations of loans sold and held for sale during the year ended December 31, 2019 was $355.6 million and the Company recorded a gain on sale of $36.5 million and servicing revenue of $15.4 million.

Whole Loan Sale Program - In November 2014, the Company entered into a whole loan sale agreement with an institutional investor, which agreement has been amended from time to time. Pursuant to the agreement, the Company sells at least 10% of its unsecured loan originations, with an option to sell an additional 5%, subject to certain eligibility criteria and minimum and maximum volumes. The term of the current agreement was set to expire on November 10, 2020. The parties have agreed to extend the agreement on the same terms through February 26, 2021. Additional extensions may be considered on a month-to-month basis.

In addition, from July 2017 to August 2020, the Company was party to a separate whole loan sale arrangement with an institutional investor providing for a commitment to sell 100% of the Company's loans originated under its loan program for customers who do not meet the qualifications of the Company's core loan origination program. The Company chose not to renew the arrangement and allowed the agreement to expire on its terms on August 5, 2020.

7. Other Assets

Other assets consist of the following:

(in thousands)	December 31, 2020	December 31, 2019
Fixed assets		
Computer and office equipment	$ 11,182	$ 10,432
Furniture and fixtures	11,019	10,768
Purchased software	1,992	4,527
Vehicles	53	171
Leasehold improvements	29,543	27,701
Total cost	53,789	53,599
Less: Accumulated depreciation	(37,939)	(30,765)
Total fixed assets, net	$ 15,850	$ 22,834
System development costs:		
System development costs	$ 55,943	$ 36,795
Less: Accumulated amortization	(28,524)	(18,456)
Total system development costs, net	$ 27,419	$ 18,339
Whole loan receivables	$ —	$ 5,136
Prepaid expenses	17,241	12,217
Deferred tax assets	1,716	1,563
Tax assets and other	18,305	16,682
Total other assets	$ 80,531	$ 76,771

Fixed Assets

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 was $9.4 million and $8.8 million, respectively.

System Development Costs

Amortization of system development costs for years ended December 31, 2020 and 2019 was $10.8 million and $4.9 million, respectively. System development costs capitalized in the years ended December 31, 2020 and 2019 were $21.7 million and $17.9 million, respectively.

In November 2020, the Company decided to cease originating direct auto loans used to purchase a vehicle. Accordingly, the Company has recorded impairment charge of $1.8 million related to system development costs and $1.9 million related to fixed assets. The impairment loss was included in Technology and facilities on the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2020.

8. Borrowings

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

	December 31, 2020			
Variable Interest Entity	**Current Balance**	**Commitment Amount**	**Maturity Date**	**Interest Rate**
(in thousands)				
Oportun Funding V, LLC	$ 246,385	$ 400,000	October 1, 2021	LIBOR (minimum of 0.00%) + 2.45%

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

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

	December 31, 2020					
Variable Interest Entity	Initial note amount issued [(a)]	Initial collateral balance [(b)]	Current balance [(a)]	Current collateral balance [(b)]	Weighted average interest rate	Original revolving period
(in thousands)						
Asset-backed notes recorded at fair value:						
Oportun Funding XIII, LLC (Series 2019-A)	$ 279,412	$ 294,118	$ 283,299	$ 299,237	3.46 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	178,182	187,570	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	279,171	294,710	4.39 %	3 years
Oportun Funding IX, LLC (Series 2018-B)	225,001	236,854	226,653	241,237	4.18 %	3 years
Oportun Funding VIII, LLC (Series 2018-A)	200,004	222,229	200,004	226,242	3.83 %	3 years
Total asset-backed notes recorded at fair value	$ 1,154,419	$ 1,226,888	$ 1,167,309	$ 1,248,996		

	December 31, 2019					
Variable Interest Entity	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 Funding XIII, LLC (Series 2019-A)	$ 279,412	$ 294,118	$ 251,090	$ 299,813	3.22 %	3 years
Oportun Funding XII, LLC (Series 2018-D)	175,002	184,213	178,980	187,447	4.50 %	3 years
Oportun Funding X, LLC (Series 2018-C)	275,000	289,474	280,852	294,380	4.39 %	3 years
Oportun Funding IX, LLC (Series 2018-B)	225,001	236,854	216,306	241,000	4.09 %	3 years
Oportun Funding VIII, LLC (Series 2018-A)	200,004	222,229	201,974	225,945	3.83 %	3 years
Total asset-backed notes recorded at fair value:	$ 1,154,419	$ 1,226,888	$ 1,129,202	$ 1,248,585		
Asset-backed notes recorded at amortized cost:						
Oportun Funding VII, LLC (Series 2017-B)	$ 200,000	$ 222,231	$ 199,413	$ 225,925	3.51 %	3 years
Oportun Funding VI, LLC (Series 2017-A)	160,001	188,241	159,698	191,223	3.36 %	3 years
Total asset-backed notes recorded at amortized cost	$ 360,001	$ 410,472	$ 359,111	$ 417,148		

[(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 and measured at carrying amount for asset-back notes recorded at amortized cost.
[(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.

On July 8, 2020, the Company redeemed its 2017-B asset-backed notes. The redemption was funded by drawing upon the Company's Secured Financing facility for $149.0 million and using $51.0 million of unrestricted cash. On March 9, 2020, the Company redeemed its Series 2017-A asset-backed notes. Advances under the Company's Secured Financing facility were the primary source of funds for the redemption. After the redemptions of our Series 2017-B and 2017-A asset-backed notes, the Company did not have any asset-backed notes recorded at amortized cost as of December 31, 2020.

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

In October 2020, the Company raised $39.8 million, net of fees and expenses, by selling $41.3 million of retained bonds related to our 2019-A and 2018-B asset-backed notes.

9. Other Liabilities

Other liabilities consist of the following:

(in thousands)	December 31, 2020		December 31, 2019	
Accounts payable	$	1,819	$	5,919
Accrued compensation		32,681		22,226
Accrued expenses		17,830		12,965
Accrued interest		3,430		3,842
Deferred tax liabilities		10,557		24,868
Current tax liabilities and other		6,208		7,354
Total other liabilities	$	72,525	$	77,174

10. Stockholders' Equity

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

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 December 31, 2020 or 2019.

Common Stock - As of December 31, 2020 and 2019, the Company was authorized to issue 1,000,000,000 and 1,000,000,000 shares of common stock with a par value of $0.0001 per share, respectively. As of December 31, 2020, 27,951,286 and 27,679,263 shares were issued and outstanding, respectively, and 272,023 shares were held in treasury stock. As of December 31, 2019, 27,262,639 and 27,003,157 shares were issued and outstanding, respectively, and 259,482 shares were held in treasury stock.

Warrants - On September 26, 2019, 3,969 shares of convertible preferred stock were issued in connection with the cashless exercise of 9,090 Series F-1 convertible preferred stock warrants. All 3,969 shares were converted to common stock in connection with the IPO. Additionally, at the closing of the IPO, the outstanding 15,869 Series G convertible preferred stock warrants automatically converted into warrants exercisable for 23,512 shares of common stock. On June 9, 2020, 10,972 shares of common stock were issued in connection with the cashless exercise of the outstanding common stock warrants. No warrants were outstanding as of December 31, 2020.

11. Equity Compensation and Other Benefits

2019 Equity Incentive Plan

We currently have one stockholder-approved plan from which we can issue stock-based awards, which was approved by our stockholders in fiscal year 2019 (the "2019 Plan"). The 2019 Plan became effective on September 25, 2019 and replaced the Amended and Restated 2005 Stock Option / Stock Issuance Plan and the 2015 Stock Option/Stock Issuance Plan (collectively, the “Previous Plans”). The Previous Plans solely exist to satisfy outstanding options previously granted under those plans. The 2019 Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based awards, and other awards (collectively, "awards"). ISOs may be granted only to the Company's employees, including officers, and the employees of its affiliates. All other awards may be granted to the employees, including officers, non-employee directors and consultants and the employees and consultants of the Company's affiliates. The maximum number of shares of our common stock that may be issued under the 2019 Plan will not exceed 8,152,800 shares, of which, 1,058,603 were available for future awards as of December 31, 2020. The number of shares of the Company's common stock reserved for issuance under its 2019 Plan will automatically increase on January 1 of each year for the remaining term of the plan, by 5% of the total number of shares of its common stock outstanding on December 31 of the immediately preceding calendar year, or a lesser number of shares determined by the Board prior to the applicable January 1st. The shares available for issuance increased by 1,383,963 and 1,350,157 shares, on January 1, 2020 and 2019, respectively, pursuant to the automatic share reserve increase provision.

2019 Employee Stock Purchase Plan

In September 2019, the Board adopted, and stockholders approved, the Company's 2019 Employee Stock Purchase Plan (the "ESPP"). The ESPP became effective on September 25, 2019. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward the Company's success and that of its affiliates. The ESPP includes two components. One component is designed to allow eligible U.S. employees to purchase common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. In addition, purchase rights may be granted under a component that does not qualify for such favorable tax treatment when necessary or appropriate to permit participation by eligible employees who are foreign nationals or employed outside of the United States while complying with applicable foreign laws. The maximum aggregate number of shares of common stock that may be issued under the ESPP is 996,217 shares and as of December 31, 2020, no shares have been issued under the ESPP. The number of shares of the Company's common stock reserved for issuance under its ESPP will automatically increase on January 1 of each calendar year for the remaining term of the plan by the lesser of (1) 1% of the total number of shares of its capital stock outstanding on December 31 of the preceding calendar year, (2) 726,186 shares, and (3) a number of shares determined by the Board. The shares available for issuance increased by 276,792 and 270,031 shares, on January 1, 2020 and 2019, respectively, pursuant to the automatic share reserve increase provision.

Generally, all regular employees, including executive officers, employed by the Company or by any of its designated affiliates, will be eligible to participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings (as defined in the ESPP) for the purchase of common stock under the ESPP. Unless otherwise determined by the Board, common stock will be purchased for the accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of the Company's common stock on the first date of an offering or (b) 85% of the fair market value of a share of the common stock on the date of purchase.

Stock Options

The term of an option may not exceed 10 years as determined by the Board, and each option generally vests over a four-year period with 25% vesting on the first anniversary date of the grant and 1/36th of the remaining amount vesting at monthly intervals thereafter. Option holders are allowed to exercise unvested options to acquire restricted shares. Upon termination of employment, option holders have a period of up to three months in which to exercise any remaining vested options. The Company has the right to repurchase at the original purchase price any unvested but issued common shares upon termination of service. Unexercised options granted to participants who separate from the Company are forfeited and returned to the pool of stock options available for grant.

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing model. The fair value is then amortized ratably over the requisite service periods of the awards, which is generally the vesting period.

The fair value of stock option grants was estimated with the following assumptions:

	Year Ended December 31,	
	2020	**2019**
Expected volatility (employee)	50.7%	50.8% - 51.2%
Risk-free interest rate (employee)	0.7%	1.8% - 2.6%
Expected term (employee, in years)	6.1	5.9 - 6.1
Expected dividend	—%	—%

These assumptions are defined as follows:

- *Expected Volatility* - Since the Company does not have enough trading history to use the volatility of its own common stock, the option’s expected volatility is estimated based on historical volatility of a peer group’s common stock.
- *Risk-Free Interest Rate*- The risk-free interest rate is based on the U.S. Treasury zero-coupon issues in effect at the time of grant for periods corresponding with the expected term of the option.
- *Expected Term* - The option’s expected term represents the period that the Company’s stock-based awards are expected to be outstanding.
- *Expected Dividend* - The Company has no plans to pay dividends.

As there was no public market for the Company’s common stock prior to the IPO, the fair value underlying the Company’s common stock was determined by the Company’s Board. The valuations of the Company’s common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. In the absence of a public market, the Company relied upon contemporaneous valuations performed by an independent third-party valuation firm, the Company’s actual operating and financial performance, forecasts, including the current status of the technical and commercial success of the Company’s operations, the potential for an initial public offering, the macroeconomic environment, interest rates, market outlook, and competitive environment, among other factors.

Stock Option Activity - A summary of the Company's stock option activity under the 2005 Plan, the 2015 Plan, and the 2019 Plan at December 31, 2020 is as follows:

(in thousands, except share and per share data)	Options Outstanding	Options Weighted-Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value
Balance – January 1, 2020	3,950,690	14.03	5.87	$ 40,264
Options granted	625,653	19.00		
Options exercised	(58,722)	3.00		
Options canceled	(125,896)	23.40		
Balance – December 31, 2020	4,391,725	14.61	5.43	$ 26,059
Options vested and expected to vest - December 31, 2020	4,391,725	14.61	5.43	$ 26,059
Options vested and exercisable - December 31, 2020	3,258,261	12.80	4.29	$ 25,477

Information on stock options granted, exercised and vested is as follows:

	Year Ended December 31,	
(in thousands, except per share data)	2020	2019
Weighted average fair value per share of options granted	$ 9.10	$ 9.54
Cash received from options exercised, net	216	791
Aggregate intrinsic value of options exercised	622	1,028
Fair value of shares vested	5,710	6,735

As of December 31, 2020 and 2019, the Company’s total unrecognized compensation cost related to nonvested stock-based option awards granted to employees was, $9.5 million and $10.1 million, respectively, which will be recognized over a weighted-average vesting period of approximately 2.6 years and 2.4 years, respectively.

Stock Option Exchange Offer

On August 22, 2019, the Company completed a one-time voluntary stock option exchange offer that allowed eligible participants the opportunity to exchange certain stock options for RSUs, subject to a new vesting schedule (the "RSU Exchange Offer"), or for a cash payment (the "Cash Exchange Offer,") together with the RSU Exchange Offer, (the "Exchange Offers").

As a result of the Exchange Offers, options to purchase 1,040,154 shares of the Company’s common stock were accepted for exchange and 455,218 replacement RSUs were issued. The replacement RSUs have a vesting commencement date of August 1, 2019 and vesting schedule of two to four years. The RSUs will first vest on August 1, 2020, with the remainder vesting on a quarterly basis thereafter. The RSUs were granted under, and subject to, the terms and conditions of the Company's 2015 Stock Option/Stock Issuance Plan (the "2015 Plan"). The incremental compensation cost from the exchange is $3.2 million, recognized over the vesting period of the replacement award. The amount of cash payments provided in the Cash Exchange Offer was insignificant.

Restricted Stock Units

The Company’s restricted stock units ("RSUs") vest upon the satisfaction of time-based criterion of up to four years. The service-based requirement will be satisfied in installments as follows: 25% of the total number of RSUs awarded will have the service-based requirement satisfied during the month in which the 12-month anniversary of the vesting commencement date occurs, and thereafter 1/16th of the total award in a series of 12 successive equal quarterly installments or 1/4th of the total award in a series of three successive equal annual installments following the first anniversary of the initial service vest date. Some awards also include a performance criterion, a liquidity event in connection with the Company's initial public offering or a change in control. The liquidity event requirement will be satisfied as to any then-outstanding RSUs on the first to occur of the following events prior to the expiration date: (1) the closing of a change in control; or (2) the first trading day following the expiration of the lock-up period. These RSUs are not considered vested until both criteria have been met, if applicable, and provided that participant is providing continuous service on the vesting date. The performance-based condition of such RSUs was considered probable on the effective date of the IPO completed in September 2019. As a result, $7.9 million of compensation expense in 2019 was recognized in connection with these performance-based awards upon completion of the IPO.

Stock-based compensation cost for RSUs is measured based on the fair market value of the Company’s common stock on the date of grant. For RSUs granted before the IPO there was no public market for the Company’s common stock. The Company retained an independent third-party valuation firm to determine the fair value of its common stock before the IPO. The Company’s Board reviewed and approved the valuations.

A summary of the Company's RSU activity under the 2015 Plan and the 2019 Plan for the year ended December 31, 2020 is as follows:

	RSU Outstanding	Weighted Average Grant-Date Fair Value
Balance – January 1, 2020	1,646,323	20.12
Granted	1,933,839	16.34
Vested [1][2]	(743,156)	24.84
Forfeited [1]	(134,534)	21.05
Balance – December 31, 2020	2,702,472	18.82
Expected to vest after December 31, 2020 [1]	2,702,472	18.82

[1] Replacement RSUs are fair valued using the grant date fair market value on the date of exchange (August 22, 2019).
[2] The Company allows its Board of Directors to defer all or a portion of monetary remuneration paid to the Director. As of December 31, 2020, there were 15,862 restricted stock units vested for which the holders elected to defer delivery of the Company's shares.

As of December 31, 2020 and 2019, the Company's total unrecognized compensation cost related to nonvested restricted stock unit awards granted to employees was, $37.2 million and $21.2 million, respectively, which will be recognized over a weighted average vesting period of approximately 2.9 years and 3.0 years, respectively.

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

	Year Ended December 31,	
(in thousands of dollars)	2020	2019
Technology and facilities	$ 3,697	$ 2,699
Sales and marketing	129	123
Personnel	15,662	16,361
Total stock-based compensation	$ 19,488	$ 19,183

The Company accounts for forfeitures as they occur and does not estimate forfeitures as of the award grant date. The Company capitalized compensation expense related to stock-based compensation the years ended December 31, 2020 and 2019 of $1.0 million and $0.9 million, respectively.

Cash flows from the tax shortfalls or benefits for tax deductions resulting from the exercise of stock options in comparison to the compensation expense recorded for those options are required to be classified as cash from financing activities. The total income tax expense recognized in the income statement for share-based compensation arrangements was $2.6 million and $0.0 million for the years ended December 31, 2020 and 2019, respectively.

Retirement Plan

The Company maintains a 401(k) Plan, which enables employees to make pre-tax or post-tax deferral contributions to the participating employees account. Employees may contribute a portion of their pay up to the annual amount as set periodically by the Internal Revenue Service. The Company provides for an employer 401(k) contribution match of up to 4% of an employee's eligible compensation. The total amount contributed by the Company for the years ended December 31, 2020 and 2019 was $2.9 million and $2.4 million, respectively. All employee and employer contributions will be invested according to participants' individual elections. The Company remits employee contributions to plan with each bi-weekly payroll.

12. Revenue

Interest Income - Total interest income included in the Consolidated Statements of Operations and Comprehensive Income is as follows:

	Year Ended December 31,	
(in thousands)	2020	2019
Interest income		
Interest on loans	$ 538,544	$ 535,325
Fees on loans	6,922	8,801
Total interest income	$ 545,466	$ 544,126

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

(in thousands)	Year Ended December 31, 2020	2019
Non-interest income		
Gain on loan sales	$ 20,308	$ 36,537
Servicing fees	15,264	15,429
Other income	2,696	4,056
Total non-interest income	$ 38,268	$ 56,022

13. Income Taxes

The following are the domestic and foreign components of the Company's income before taxes:

(in thousands)	Year Ended December 31, 2020	2019
Domestic	$ (58,405)	$ 82,612
Foreign	311	1,820
Income (loss) before taxes	$ (58,094)	$ 84,432

The provision for income taxes consisted of the following:

(in thousands)	Federal	State	Foreign	Total
December 31, 2020				
Current	$ (1,547)	$ 2,207	$ 792	$ 1,452
Deferred	(7,426)	(6,885)	(153)	(14,464)
Total provision (benefit) for income taxes	$ (8,973)	$ (4,678)	$ 639	$ (13,012)
December 31, 2019				
Current	$ 7,946	$ 2,835	$ 1,308	$ 12,089
Deferred	7,830	3,439	(524)	10,745
Total provision for income taxes	$ 15,776	$ 6,274	$ 784	$ 22,834

Income tax expense (benefit) was $(13.0) million and $22.8 million for the years ended December 31, 2020 and 2019, which represents an effective tax rate of 22.4% and 27.0%, respectively.

A reconciliation of income tax expense with the amount computed by applying the statutory U.S. federal income tax rates to income before provision for income taxes is as follows:

(in thousands)	Year Ended December 31, 2020	2019
Income tax expense (benefit) computed at U.S. federal statutory rate	$ (12,200)	$ 17,731
State Tax	(4,097)	4,788
Foreign Rate differential	573	164
Federal tax credits	(1,795)	(2,042)
Share based compensation expense	2,525	752
Change in unrecognized tax benefit reserves	1,993	611
Net operating loss carryback tax rate differential	(1,532)	—
US Base Erosion Anti-Abuse Tax (BEAT)	1,333	—
Other	188	830
Income tax expense	$ (13,012)	$ 22,834
Effective tax rate	22.4 %	27.0 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and operating losses and tax credit carryforwards.

The primary components of the Company's net deferred tax assets and liabilities are composed of the following:

(in thousands)	December 31, 2020	December 31, 2019
Deferred tax assets:		
Accrued expenses and reserves	$ 4,007	$ 2,281
Allowance for loan losses	34	1,110
Leases	13,427	14,449
Share-based compensation	6,824	7,057
Mexico fixed assets	1,052	937
Depreciation and amortization	915	480
Fair value adjustment - Bonds Payable	2,372	—
CARES Act payroll taxes	1,001	—
Net operating loss & credit carryforward	1,537	—
Other	116	672
Total deferred tax assets	$ 31,285	$ 26,986
Valuation allowance	$ —	$ —
Deferred tax liabilities:		
System development costs	$ (7,482)	$ (4,966)
Right of use assets	(12,653)	(13,676)
Prepaid expenses	(243)	(912)
Fair value adjustment - Loans Receivable	(19,748)	(30,737)
Total deferred tax liabilities	(40,126)	(50,291)
Net deferred taxes	$ (8,841)	$ (23,305)

As provided for in the Tax Cuts and Jobs Act of 2017, our historical earnings were subject to the one-time transition tax and can now be repatriated to the U.S. with a de minimis tax cost. The Company continues to assert that both its historical and current earnings in its foreign subsidiaries are permanently reinvested and therefore no deferred taxes have been provided.

As of December 31, 2020, the Company had state net operating loss carryforwards of $17.1 million which are set to begin expiring in 2025. As of December 31, 2020, the Company had California research and development tax credit carryforwards of $1.3 million, which are not subject to expiration.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. The CARES Act, among other things, includes provisions relating to deferment of employer social security payments, net operating loss (NOL) carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property which allows the Company to accelerate deductions for certain assets placed in service in prior years. The CARES Act permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. The loss is allowed to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, there was a tax loss generated during 2020 that the CARES Act will now allow to be carried back to 2017, the first of three consecutive years where the Company reported taxable income for federal tax purposes. The carryback of the 2020 tax loss created a $1.5 million increase to the tax benefit as a result of applying the current period loss to a prior period with a higher tax rate of 35% versus the current 21% federal statutory tax rate. The tax law changes in the CARES Act associated with qualified improvement property created an estimated reduction in taxes payable related to tax year 2019 and prior years of approximately $1.8 million which is offset by an increase in deferred tax liability balances for the same amount. The Company is also utilizing the payroll tax deferral allowed by the CARES Act, which defers payment of approximately $3.7 million to the next two years. The Company does not expect other aspects of the income tax provisions of the CARES Act to have a material impact on its financial statements.

The following table summarizes the activity related to the unrecognized tax benefits:

(in thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance as of January 1,	$ 1,933	$ 1,431
Increases related to current year tax positions	563	535
Decreases related to current year tax positions	—	—
Increases related to prior year tax positions	1,431	19
Decreases related to prior year tax positions	—	(52)
Balance as of December 31,	$ 3,927	$ 1,933

Interest and penalties related to the Company's unrecognized tax benefits accrued as of December 31, 2020 were $0.3 million. Interest and penalties related to the Company's unrecognized tax benefits were not material as of December 31, 2019. The Company's policy is to recognize interest and penalties associated with income taxes in income tax expense. The Company does not expect its uncertain tax positions to have a material impact on its consolidated financial statements within the next twelve months, with $0.7 million of uncertain tax positions expiring at the end of 2021. The total amount of unrecognized tax benefits, net of associated deferred tax benefit, that would impact the effective tax rate, if recognized, is $2.6 million.

Due to the net operating loss carryforwards, the Company's United States federal and significant state returns are open to examination by the Internal Revenue Service and state jurisdictions for years ended December 31, 2010 and 2007, respectively, and forward. For Mexico, all tax years remain open for examination by the Mexico taxing authorities.

14. Fair Value of Financial Instruments

Financial Instruments at Fair Value

The Company elected the fair value option to account for all loans receivable held for investment ("Fair Value Loans"), and for all asset-backed notes issued on or after January 1, 2018 (the "Fair Value Notes"). Upon adoption of ASU 2019-05, effective January 1, 2020, the Company elected the fair value option on all loans receivable previously measured at amortized cost. Accordingly, for the year ended December 31, 2020, the Company did not have any loans receivable measured at amortized cost. Asset-backed notes issued prior to January 1, 2018 are accounted for at amortized cost, net. After the redemption of our Series 2017-B asset-back notes on July 8, 2020, we did not have any asset-backed notes at amortized cost as of December 31, 2020. Loans that the Company designates for sale will continue to be accounted for as held for sale and recorded at the lower of cost or fair value until the loans receivable are sold.

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

	December 31, 2020		December 31, 2019	
(in thousands)	Unpaid Principal Balance	Fair Value	Unpaid Principal Balance	Fair Value
Assets				
Loans receivable	$ 1,639,626	$ 1,696,526	$ 1,800,418	$ 1,882,088
Liabilities				
Asset-backed notes	$ 1,154,419	$ 1,167,309	$ 1,113,165	$ 1,129,202

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

The Company primarily uses a discounted cash flow model to estimate the fair value of Level 3 instruments based on the present value of estimated future cash flows. This model uses inputs that are inherently judgmental and reflect management's best estimates of the assumptions a market participant would use to calculate fair value. The following tables present quantitative information about the significant unobservable inputs used for the Company's Level 3 fair value measurements. The data in the table below represents the Company's unsecured personal loan portfolio which is the primary driver of fair value.

	December 31, 2020			December 31, 2019		
	Minimum	Maximum	Weighted Average [2]	Minimum [3]	Maximum [3]	Weighted Average
Remaining cumulative charge-offs [1]	7.83%	61.26%	10.03%	—	—	9.61%
Remaining cumulative prepayments [1]	—%	38.92%	31.11%	—	—	34.95%
Average life (years)	0.17	1.29	0.80	—	—	0.81
Discount rate	—	—	6.85%	—	—	7.77%

[1] Figure disclosed as a percentage of outstanding principal balance.
[2] Unobservable inputs were weighted by outstanding principal balance, which are grouped by risk (type of customer, original loan maturity terms).
[3] The Company adopted ASU 2018-13 on a prospective basis, effective January 1, 2020, therefore, these disclosures are not required as of December 31, 2019.

Fair value adjustments related to financial instruments where the fair value option has been elected are recorded through earnings for the years ended December 31, 2020 and 2019. Certain unobservable inputs may (in isolation) have either a directionally consistent or opposite impact on the fair value of the financial instrument for a given change in that input. When multiple inputs are used within the valuation techniques for loans, a change in one input in a certain direction may be offset by an opposite change from another input.

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

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

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

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

	December 31,	
(in thousands)	2020	2019
Balance – beginning of period	$ 1,882,088	$ 1,227,469
Adjustment upon adoption of ASU 2019-05	43,323	—
Principal disbursements	1,215,872	1,741,899
Principal payments from customers	(1,230,729)	(996,945)
Gross charge-offs	(188,480)	(122,005)
Net increase (decrease) in fair value	(25,548)	31,670
Balance - end of period	$ 1,696,526	$ 1,882,088

As of December 31, 2020, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was $2.3 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was $14.8 million. As of December 31, 2019, the aggregate fair value of loans that are 90 days or more past due and in non-accrual status was $3.6 million, and the aggregate unpaid principal balance for loans that are 90 days or more past due was $15.8 million.

Financial Instruments Disclosed But Not Carried at Fair Value

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

	December 31, 2020				
			Estimated fair value		
(in thousands)	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 136,187	$ 136,187	$ 136,187	$ —	$ —
Restricted cash	32,403	32,403	32,403	—	—
Loans held for sale (Note 6)	1,158	1,158	—	—	1,158
Liabilities					
Accounts payable	1,819	1,819	1,819	—	—
Secured financing (Note 8)	246,994	245,077	—	245,077	—

	December 31, 2019				
			Estimated fair value		
(in thousands)	Carrying value	Estimated fair value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	$ 72,179	$ 72,179	$ 72,179	$ —	$ —
Restricted cash	63,962	63,962	63,962	—	—
Loans receivable at amortized cost, net (Note 5)	38,471	43,482	—	—	43,482
Loans held for sale (Note 6)	715	772	—	—	772
Liabilities					
Accounts payable	5,919	5,919	5,919	—	—
Secured financing (Note 8)	62,000	62,000	—	62,000	—
Asset-backed notes at amortized cost (Note 8)	359,111	360,668	—	360,668	—

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

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

There were no transfers in or out of Level 3 assets and liabilities for the years ended December 31, 2020 and 2019.

15. Leases, Commitments and Contingencies

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

As described in Note 2, the Company adopted ASU 2016-02, *Leases*, as of January 1, 2019, using the modified retrospective transition approach. 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 Consolidated Statements of Operations and Comprehensive Income.

Most of the Company’s existing lease arrangements are classified as operating leases under the new standard. 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 December 31, 2020, maturities of lease liabilities, excluding short-term leases and leases on a month-to-month basis, were as follows:

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

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

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

Rental expenses under operating leases for the years ended December 31, 2020 and 2019 were $20.8 million and $18.2 million, respectively.

Purchase Commitment - The Company has commitments to purchase information technology and communication services in the ordinary course of business, with various terms through 2023. These amounts are not reflective of the Company's entire anticipated purchases under the related agreements; rather, they are determined based on the non-cancelable amounts to which the Company is contractually obligated. The Company's purchase obligations are $13.4 million in 2021, $9.2 million in 2022, $2.0 million in 2023, $0.0 million in 2024, and $0.0 million in 2025 and thereafter.

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

Access Loan Sale Program - From July 2017 to August 2020, the Company was party to a separate whole loan sale arrangement with an institutional investor with a commitment to sell 100% of the loans originated pursuant to the Company's loan program for customers who do not meet the qualifications of its core loan origination program and service the sold loans. For details regarding this program, refer to Note 6, *Loans Held for Sale*.

Unfunded Loan and Credit Card Commitments - Unfunded loan and credit card commitments at December 31, 2020 and 2019 were $3.5 million and $2.3 million, respectively.

Litigation - On June 13, 2017, a complaint, captioned Atinar Capital II, LLC and James Gutierrez v. David Strohm, et. al., CGC 17-559515, (the "Atinar Lawsuit"), was filed by plaintiffs James Gutierrez and Atinar Capital II, LLC (an LLC controlled by Gutierrez) (the "Gutierrez Plaintiffs"), in the Superior Court of the State of California, County of San Francisco, against certain of the Company's current and former directors and officers, and certain of the Company's stockholders alleging that the defendants breached their fiduciary duties to the Company's common stockholders in their capacities as officers, directors and/or controlling stockholders by approving certain of the Company's convertible preferred stock financing rounds that diluted the ownership of the Company's common stockholders, and that certain defendants allegedly aided and abetted such breaches. On October 17, 2019, after being given leave by the court to amend its complaint, the plaintiffs filed a second amended complaint that added Gutierrez Family Holdings, LLC (another entity controlled by Gutierrez) as an additional plaintiff, and pleading the case in the alternative as a derivative shareholder suit. As part of the derivative shareholder suit, Oportun Financial Corporation was added as a nominal defendant only. The second amended complaint sought unspecified monetary damages and other relief. On November 18, 2019, the Company filed a demurrer of the second amended complaint. On April 1, 2020, the Court issued an order sustaining the Company's demurrer in part, by dismissing Gutierrez Family Holdings, LLC from the case, and denying it in part. The Court subsequently ordered the parties to mediation. While the Company believes the claims in the Atinar lawsuit were without merit, the Company wanted to avoid the costs and management distraction of litigation and at mediation the parties have agreed to settle this matter. In late October, the Company executed a settlement agreement and established an $8.8 million litigation reserve. On November 17, 2020, Company paid $5.8 million related to the settlement and the parties filed a stipulation of dismissal and order to dismiss all claims. As of December 31, 2020, the Company has a remaining liability of $3.0 million within Other liabilities on the Consolidated Balance Sheets as of December 31, 2020. The income statement impact of $8.8 million was reported as part of General, administrative and other on the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2020. The Company indemnified the current and former directors, officers and shareholders to whom it has indemnification obligations.

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

See Item 3. Legal Proceedings for additional information regarding legal proceedings in which the Company is involved.

16. Subsequent Events

On February 5, 2021, the Company entered into a Receivables Retention Facility Agreement (the “Retention Facility Agreement”), an Amended and Restated Credit Card Program and Servicing Agreement (the “Amended Program Agreement”) and other related documents (the Retention Facility Agreement, the Amended Program Agreement and the related documents, collectively referred to as the "Retention Facility") with WebBank, a Utah-chartered industrial bank ("WebBank"), providing the Company with additional funding to expand its credit card product. Certain capitalized terms not defined in this section of the report are used with the meanings ascribed to them in the Retention Facility.

Under the Retention Facility Agreement, WebBank will originate, fund and retain credit card receivables up to $25 million. The Company will purchase any excess receivables originated above the $25 million amount, in addition to certain ineligible receivables. The Retention Facility has a term of two years, commencing on February 9, 2021. The Amended Program Agreement sets forth certain marketing, processing and accounting processing services that the Company shall provide to WebBank in connection with its credit card program. WebBank will pay Oportun a servicing fee of 5% to service the accounts and certain excess collections on a monthly basis.

In connection with the Retention Facility, the Company has made certain customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The Retention Facility contains customary events of default.

On February 18, 2021, the Company committed to and announced a plan to close 136 retail locations and implement a workforce reduction of certain employees who manage and operate the retail locations.

The Company currently expects to incur one-time, pre-tax charges and costs associated with the optimization of its retail channel, including acceleration of rent expense related to retail store lease right-of-use assets, acceleration of the depreciation expense related to leasehold improvements and other fixed assets, employee severance payments and associated costs, and contract termination and store closing expenses. In the first quarter, the Company estimates that it will incur charges of $5 to $6 million in the aggregate associated with these store closures and anticipates incurring additional charges of $5 to $6 million in the aggregate throughout the remainder of 2021. These estimated costs and charges are preliminary and may vary materially based on various factors, including negotiations with third parties, and changes in management’s assumptions and projections.

On February 19, 2021, the Company’s wholly-owned subsidiary, Oportun Funding VIII, LLC, the issuer under the 2018-A asset-backed securitization transaction, provided notice to the trustee that they had elected to redeem all $200.0 million of outstanding 2018-A Notes on March 8, 2021 and satisfy and discharge Oportun Funding VIII, LLC’s obligations under the 2018-A Notes and the indenture.

17. Selected Quarterly Financial Data (Unaudited)

As a “Smaller Reporting Company” as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

As of December 31, 2020, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This evaluation was conducted under the supervision of, and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on our evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2020 our disclosure controls and procedures were effective to provide the reasonable assurance described above.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 based on the criteria established in "Internal Control-Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, management concluded that, as of December 31, 2020, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued an audit report, included herein, on the effectiveness of our internal control over financial reporting. Their report is set forth below.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of Exchange Act that occurred during the during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of Oportun Financial Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Oportun Financial Corporation and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the related consolidated financial statements as of and for the year end December 31, 2020, of the Company and our report dated February 22, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

San Francisco, CA
February 23, 2021

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 with respect to executive officers is incorporated by reference to our Company’s definitive proxy statement for the 2020 Annual Meeting of Shareholders, which will be filed with the SEC pursuant to Regulation 14A within 120 days of the Company’s fiscal year-ended December 31, 2020 (the "Proxy Statement").

Information required by Item 10 for matters other than executive officers is incorporated by reference to the Proxy Statement.

Code of Business Conduct.

Our Board of Directors adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers, including our principal executive officer and principal financial and accounting officer, or persons performing similar functions and agents and representatives, including directors and consultants. The full text of our Code of Business Conduct and Ethics is posted on our website at www.oportun.com. We intend to disclose future amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of such provisions applicable to any principal executive officer and principal financial and accounting officer, or persons performing similar functions, and our directors, on our website identified above.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the information presented in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The information required by Item 12 is incorporated by reference to the information presented in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 is incorporated by reference to the information presented in the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the information presented in the Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) The following consolidated financial statements of Oportun, Inc. and its subsidiaries are included in PART II - Item 8:

Consolidated Balance Sheets, December 31, 2020 and 2019

Consolidated Statements of Operations and Comprehensive Income, years ended December 31, 2020 and 2019

Consolidated Statements of Changes in Stockholders' Equity, years ended December 31, 2020 and 2019

Consolidated Statements of Cash Flow, years ended December 31, 2020 and 2019

Notes to the Consolidated Financial Statements

(2) Financial Statement Schedules:

All other schedules have been omitted because they are either not required or inapplicable.

(3) Exhibits:

Exhibits are listed in the Exhibit Index below.

Item 16. Form 10-K Summary

None.

Exhibit Index

Exhibit	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Oportun Financial Corporation.	8-K	001-39050	3.1	9/30/2019	
3.2	Amended and Restated Bylaws of Oportun Financial Corporation.	8-K	001-39050	3.2	9/30/2019	
4.1	Form of Common Stock Certificate.	S-1/A	333-232685	4.1	9/16/2019	
4.2	Amended and Restated Investors' Rights Agreement, dated as of February 6, 2015, by and among the Oportun Financial Corporation and certain of its stockholders.	S-1	333-232685	4.2	7/17/2019	
4.3	Description of the Company's Capital Stock	10-K	001-39050	4.3	2/28/2020	
10.1+	Form of Indemnity Agreement between the Registrant and its directors and officers	S-1	333-232685	10.1	7/17/2019	
10.2+	Amended and Restated 2005 Stock Option/Stock Issuance Plan and Form of Stock Option Grant Notice, Option Agreement and Form of Notice of Exercise.	S-1/A	333-232685	10.2	7/17/2019	
10.3+	2015 Stock Option/Stock Issuance Plan and Forms of Stock Option Grant Notice, Option Agreement, Notice of Exercise, Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement.	S-1	333-232685	10.3	7/17/2019	
10.4+	2019 Equity Incentive Plan and Forms of Award Notices and Agreements.					x
10.5+	2019 Employee Stock Purchase Plan.	S-1/A	333-232685	10.5	9/16/2019	
10.6+	Form of Executive Offer Letter by and between the Registrant and certain of its officers.	S-1	333-232685	10.6	7/17/2019	
10.7+	Executive Severance and Change in Control Policy	S-1	333-232685	10.7	7/17/2019	
10.8	Sublease Agreement by and between Oportun, Inc. and TiVo Corporation, dated as of July 31, 2017.	S-1	333-232685	10.8	7/17/2019	
10.9.1^	Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of June 29, 2018.	S-1	333-232685	10.9	7/17/2019	
10.9.2 ¥	Amendment No. 1 to Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of December 1, 2018.	S-1/A	001-39050	10.9.2	9/16/2019	
10.9.3	Amendment No. 2 to Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of February 1, 2019.	S-1/A	333-232685	10.9.3	9/16/2019	
10.9.4 ¥	Amendment No. 3 to Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of September 12, 2019.	S-1/A	333-232685	10.9.4	9/16/2019	
10.9.5 ¥	Amendment No. 4 to Amended and Restated Purchase and Sale Agreement by and between Oportun, Inc. and ECL Funding LLC, dated as of January 31, 2020.	10-K	333-232685	10.2	2/28/2020	
10.10.1	Base Indenture by and between Oportun Funding VIII, LLC and Wilmington Trust, National Association, dated as of March 8, 2018.	S-1	333-232685	10.13.1	7/17/2019	
10.10.2	Series 2018-A Supplement to Base Indenture by and between Oportun Funding VIII, LLC and Wilmington Trust, National Association, dated as of March 8, 2018.	S-1	333-232685	10.13.2	7/17/2019	
10.11.1	Base Indenture by and between Oportun Funding IX, LLC and Wilmington Trust, National Association, dated as of July 9, 2018.	S-1	333-232685	10.14.1	7/17/2019	
10.11.2	Series 2018-B Supplement to Base Indenture by and between Oportun Funding IX, LLC and Wilmington Trust, National Association, dated as of July 9, 2018.	S-1	333-232685	10.14.2	7/17/2019	
10.12.1	Base Indenture by and between Oportun Funding X, LLC and Wilmington Trust, National Association, dated as of October 22, 2018.	S-1	333-232685	10.15.1	7/17/2019	
10.12.2	Series 2018-C Supplement to Base Indenture by and between Oportun Funding X, LLC and Wilmington Trust, National Association, dated as of October 22, 2018.	S-1	333-232685	10.15.2	7/17/2019	

10.13.1	Base Indenture by and between Oportun Funding XII, LLC and Wilmington Trust, National Association, dated as of December 7, 2018.	S-1	333-232685	10.16.1	7/17/2019	
10.13.2	Series 2018-D Supplement to Base Indenture by and between Oportun Funding XII, LLC and Wilmington Trust, National Association, dated as of December 7, 2018.	S-1	333-232685	10.16.2	7/17/2019	
10.14.1	Base Indenture by and between Oportun Funding XIII, LLC and Wilmington Trust, National Association, dated as of August 1, 2019.	S-1/A	333-232685	10.17.1	9/16/2019	
10.14.2	Series 2019-A Supplement to Base Indenture by and between Oportun Funding XII, LLC and Wilmington Trust, National Association, dated as of August 1, 2019.	S-1/A	333-232685	10.17.2	9/16/2019	
10.15.1	Base Indenture by and between Oportun Funding V, LLC and Deutsche Bank Trust Company Americas, dated as of August 4, 2015.	S-1	333-232685	10.17.1	7/17/2019	
10.15.2	First Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of May 25, 2016.	S-1	333-232685	10.17.2	7/17/2019	
10.15.3	Second Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of June 7, 2016.	S-1	333-232685	10.17.3	7/17/2019	
10.15.4	Third Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of August 1, 2017	S-1	333-232685	10.17.4	7/17/2019	
10.15.5	Fourth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of February 23, 2018.	S-1	333-232685	10.17.5	7/17/2019	
10.15.6	Fifth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of December 10, 2018.	S-1	333-232685	10.17.6	7/17/2019	
10.15.7	Series 2015 Supplement to Base Indenture by and between Oportun Funding V, LLC and Deutsche Bank Trust Company Americas, dated as of August 4, 2015.	S-1	333-232685	10.17.7	7/17/2019	
10.15.8	First Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Deutsche Bank Trust Company Americas, dated as of November 23, 2015.	S-1	333-232685	10.17.8	7/17/2019	
10.15.9	Second Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of August 1, 2017.	S-1	333-232685	10.17.9	7/17/2019	
10.15.10	Third Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of December 10, 2018.	S-1	333-232685	10.17.10	7/17/2019	
10.15.11	Sixth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of September 12, 2019.	S-1	333-232685	10.18.11	9/16/2019	
10.15.12	Fourth Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of September 12, 2019.	S-1	333-232685	10.18.12	9/16/2019	
10.15.13	Seventh Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of November 4, 2019.	10-K	001-39050	10.1	2/28/2020	
10.15.14	Eighth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of May 22, 2020.	8-K	001-39050	10.1	5/27/2020	
10.15.15	Fifth Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of May 22, 2020.	8-K	001-39050	10.2	5/27/2020	
10.15.16	Ninth Amendment to Base Indenture by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of June 22, 2020.	10-Q	001-39050	10.2	8/7/2020	
10.15.17	Sixth Amendment to the Series 2015 Supplement by and between Oportun Funding V, LLC and Wilmington Trust, National Association, dated as of June 22, 2020	10-Q	001-39050	10.2	8/7/2020	
10.16.1 ¥	Receivables Retention Facility Agreement, dated February 5, 2021, by and between Oportun, Inc. and WebBank					x

10.16.2 ¥	Amended and Restated Credit Card Program and Servicing Agreement, dated February 5, 2021, by and between Oportun, Inc. and WebBank	x
21.1	List of Subsidiaries of Oportun Financial Corporation	x
23.1	Consent of Independent Registered Public Accounting Firm	x
24.1	Power of Attorney (incorporated by reference to the signature page to this Annual Report on Form 10-K)	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) Consolidated Balance Sheets,	
	(ii) Consolidated Statements of Operations and Comprehensive Income,	
	(iii) Consolidated Statements of Changes in Stockholders' Equity,	
	(iv) Consolidated Statements of Cash Flows, and	
	(v) Notes to the Consolidated Financial Statements	
104	Cover Page Interactive Data File in Inline XBRL format (included in Exhibit 101).	

* The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

+ Management contract or compensatory plan.

^ Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

¥ Portions of this document constitute confidential information and have been omitted because they are not material and would be competitively harmful if publicly disclosed.

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

Signatures

OPORTUN FINANCIAL CORPORATION
(Registrant)

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 February 23, 2021.

Date: February 23, 2021	By: /s/ Jonathan Coblentz
	Jonathan Coblentz Chief Financial Officer and Chief Administrative Officer (Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Raul Vazquez and Jonathan Coblentz, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Raul Vazquez
Raul Vazquez
(President, Chief Executive Officer, and Director)
(Principal Executive Officer)
Date: February 23, 2021

/s/ Jonathan Coblentz
Jonathan Coblentz
(Chief Financial Officer and Chief Administrative Officer)
(Principal Financial and Accounting Officer)
Date: February 23, 2021

/s/ Aida M. Alvarez
Aida M. Alvarez
(Director)
Date: February 23, 2021

/s/ Jo Ann Barefoot
Jo Ann Barefoot
(Director)
Date: February 23, 2021

/s/ Louis P. Miramontes
Louis P. Miramontes
(Director)
Date: February 23, 2021

/s/ Carl Pascarella
Carl Pascarella
(Director)
Date: February 23, 2021

/s/ David Strohm
David Strohm
(Director)
Date: February 23, 2021

/s/ R. Neil Williams
R. Neil Williams
(Director)
Date: February 23, 2021

Oportun Financial Corporation
2019 Equity Incentive Plan

Adopted by the Compensation and Leadership Committee of the Board of Directors: September 16, 2019
Approved by the Stockholders: September 16, 2019

Table of Contents

	Page
1. General.	1
2. Shares Subject to the Plan.	1
3. Eligibility and Limitations.	2
4. Options and Stock Appreciation Rights.	3
5. Awards Other Than Options and Stock Appreciation Rights.	7
6. Adjustments upon Changes in Common Stock; Other Corporate Events.	9
7. Administration.	11
8. Tax Withholding	14
9. Miscellaneous.	15
10. Covenants of the Company.	18
11. Additional Rules for Awards Subject to Section 409A.	18
12. Severability.	21
13. Termination of the Plan.	22
14. Definitions.	23

1. General.

(a) Successor to and Continuation of Prior Plan. The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve plus any Returning Shares will become available for issuance pursuant to Awards granted under this Plan; and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) Plan Purpose. The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) Adoption Date; Effective Date. The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

2. Shares Subject to the Plan.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Awards will not exceed 7,469,664 shares, which number is the sum of: (i) 781,937 new shares, plus (ii) the Prior Plan's Available Reserve; plus, (iii) the number of Returning Shares, if any, as such shares become available from time to time.

In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2020 and ending on (and including) January 1, 2029, in an amount equal to 5%) of the total number of shares of Common Stock outstanding on December 31 of the preceding year; provided, however that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Common Stock.

(b) Aggregate Incentive Stock Option Limit. Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is 22,408,992 shares.

(c) Share Reserve Operation.

(i) Limit Applies to Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, (2) the settlement of any portion of an Award in cash (*i.e.*, the Participant receives cash rather than Common Stock), (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award; (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

(iii) Reversion of Previously Issued Shares of Common Stock to Share Reserve. The following shares of Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve

will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares; (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award; and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

3. Eligibility and Limitations.

(a) Eligible Award Recipients. Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

(b) Specific Award Limitations.

(i) Limitations on Incentive Stock Option Recipients. Incentive Stock Options may be granted only to Employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(ii) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders. A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

(iv) Limitations on Nonstatutory Stock Options and SARs. Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as "service recipient stock" under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

(c) Aggregate Incentive Stock Option Limit. The aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any calendar year, including Awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed (i) $600,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during such calendar year, $1,200,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes.

4. Options and Stock Appreciation Rights.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a "cashless exercise" program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Common Stock equal to the number of Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Common Stock or cash (or any combination of Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, the following restrictions on the transferability of Options and SARs will apply, provided that except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration and *provided, further*, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer:

(i) Restrictions on Transfer. An Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request, including to a trust if the Participant is considered to be the sole beneficial owner

of such trust (as determined under Section 671 of the Code and applicable state law) while such Option or SAR is held in such trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, subject to the execution of transfer documentation in a format acceptable to the Company and subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to a domestic relations order.

(f) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(g) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(h) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in terminated Award, the shares of Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(i) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of shares of Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions); provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(j) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of

Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(k) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Common Stock or their equivalents.

5. Awards Other Than Options and Stock Appreciation Rights.

(a) Restricted Stock Awards and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration.

(1) RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of consideration (including future services) as the Board may determine and permissible under Applicable Law.

(2) RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such

termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to a Restricted Stock Award or RSU Award, as determined by the Board and specified in the Award Agreement).

(vi) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

(c) Other Awards. Other forms of Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant) may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

6. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a), (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(a), and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume or continue the

Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the "***Current Participants***"), the vesting of such Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective time of the Corporate Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Corporate Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Corporate Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Corporate Transaction..

(iii) Awards Held by Persons other than Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurence of the Corporate Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. Administration.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Common Stock or other payment pursuant to an Award; (5) the number of shares of Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock including any Corporate Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that, a Participant’s rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to, Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant foreign jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution therefor of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revest in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Delegation to an Officer. The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by Applicable Law, other types of Awards) and, to the extent permitted by Applicable Law, the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

8. Tax Withholding

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agree to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. federal, state, local and/or foreign tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board, or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates

related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the "fair market value" of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the "fair market value" of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company's and/or its Affiliate's withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. Miscellaneous.

(a) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

(b) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(c) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(d) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Award is reflected in the records of the Company.

(e) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(f) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(g) Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(h) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(i) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntary terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(j) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(k) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(l) Effect on Other Employee Benefit Plans. The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(m) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals by will be made in accordance with the requirements of Section 409A.

(n) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day

following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(o) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to conflict of law principles that would result in any application of any law other than the law of the State of California.

10. Covenants of the Company.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed to be necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. Additional Rules for Awards Subject to Section 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant's Separation from Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant's Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant's Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to

the permitted treatment of any Non-Exempt Award in connection with a Corporate Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Corporate Transaction:

(1) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Corporate Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Corporate Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Corporate Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Corporate Transaction, then such Award shall automatically terminate and be forfeited upon the Corporate Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Corporate Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Corporate Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Corporate Transaction, and regardless of whether or not such Corporate Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Corporate Transaction.

(i) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Corporate Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Change in Control or Corporate Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Change in Control or Corporate Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. Severability.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. Termination of the Plan.

The Board may suspend or terminate the Plan at any time.

No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders.

No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

14. Definitions.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) "***Acquiring Entity***" means the surviving or acquiring corporation (or its parent company) in connection with a Corporate Transaction.

(b) "***Adoption Date***" means the date the Plan is first approved by the Board or Compensation Committee.

(c) "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(d) "***Applicable Law***" means shall mean any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) "***Award***" means any right to receive Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) "***Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) "***Board***" means the Board of Directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) "***Cause***" has the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (ii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iii) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (iv) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by the Company's Chief Executive Officer with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(j) "***Change in Control***" or "***Change of Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, also constitutes a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of

a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(k) "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(l) "***Committee***" means the Compensation Committee and any other committee of Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(m) "***Common Stock***" means the common stock of the Company.

(n) "***Company***" means Oportun Financial Corporation, a Delaware corporation.

(o) "***Compensation Committee***" means the Compensation and Leadership Committee of the Board.

(p) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service,

will not cause a Director to be considered a "Consultant" for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person.

(q) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(r) "***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(s) "***Director***" means a member of the Board.

(t) "***determine***" ***or*** "***determined***" means as determined by the Board or the Committee (or its designee) in its sole discretion.

(u) "***Disability***" means, with respect to a Participant, such Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(v) "***Effective Date***" means the IPO Date, provided this Plan is approved by the Company's stockholders prior to the IPO Date.

(w) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(x) "***Employer***" means the Company or the Affiliate of the Company that employs the Participant.

(y) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(z) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aa) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities.

(bb) "***Fair Market Value***" means, as of any date, unless otherwise determined by the Board, the value of the Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(cc) "***Governmental Body***" means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(dd) "***Grant Notice***" means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(ee) "***Incentive Stock Option***" means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an "incentive stock option" within the meaning of Section 422 of the Code.

(ff) "***IPO Date***" means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(gg) "***Materially Impair***" means any amendment to the terms of the Award that materially adversely affects the Participant's rights under the Award. A Participant's rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant's rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant's rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of

exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Laws.

(hh) "***Non-Employee Director***" means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("***Regulation S-K***")), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(ii) "***Non-Exempt Award***" means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company, (ii) the terms of any Non-Exempt Severance Agreement.

(jj) "***Non-Exempt Director Award***" means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(kk) "***Non-Exempt Severance Arrangement***" means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant's termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(ll) "***Nonstatutory Stock Option***" means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(mm) "***Officer***" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(nn) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(oo) "***Option Agreement***" means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(pp) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(qq) "***Other Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 5(c).

(rr) "***Other Award Agreement***" means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(ss) "***Own,***" "***Owned,***" "***Owner,***" "***Ownership***" means that a person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(tt) "***Participant***" means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(uu) "***Performance Award***" means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Common Stock.

(vv) "***Performance Criteria***" means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any measure of performance selected by the Board.

(ww) "***Performance Goals***" means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement or the written terms of a Performance Cash Award.

(xx) "***Performance Period***" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(yy) "***Plan***" means this Oportun Financial Corporation 2019 Equity Incentive Plan.

(zz) "***Plan Administrator***" means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company's other equity incentive programs.

(aaa) "***Post-Termination Exercise Period***" means the period following termination of a Participant's Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(bbb) "***Prior Plan's Available Reserve***" means the number of shares available for the grant of new awards under the Prior Plan as of immediately prior to the Effective Date.

(ccc) "***Prior Plan***" means the Oportun Financial Corporation 2015 Stock Option/ Stock Issuance Plan and the Oportun Financial Corporation Amended and Restated 2005 Stock Option/Stock Issuance Plan.

(ddd) "***Prospectus***" means the document containing the Plan information specified in Section 10(a) of the Securities Act.

(eee) "***Restricted Stock Award***" or "***RSA***" means an Award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(fff) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(ggg) "***Returning Shares***" means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (A) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (B) are not issued because such stock award or any portion thereof is settled in cash; (C) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (D) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (E) are withheld or reacquired to satisfy a tax withholding obligation.

(hhh) "***RSU Award***" or "***RSU***" means an Award of restricted stock units representing the right to receive an issuance of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(iii) "***RSU Award Agreement***" means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award grant. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(jjj) "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(kkk) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(lll) "***Section 409A***" means Section 409A of the Code and the regulations and other guidance thereunder.

(mmm) "***Section 409A Change in Control***" means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company's assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(nnn) "***Securities Act***" means the Securities Act of 1933, as amended.

(ooo) "***Share Reserve***" means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(ppp) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 4.

(qqq) "***SAR Agreement***" means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(rrr) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(sss) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(ttt) "***Trading Policy***" means the Company's policy permitting certain individuals to sell Company shares only during certain "window" periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(uuu) "***Unvested Non-Exempt Award***" means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Corporate Transaction.

(vvv) "***Vested Non-Exempt Award***" means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Corporate Transaction.

Oportun Financial Corporation

RSU Award Grant Notice – International
(2019 Equity Incentive Plan)

Oportun Financial Corporation (the ***"Company"***) has awarded to you (the "***Participant***") the number of restricted stock units specified and on the terms set forth below in consideration of your services (the ***"RSU Award"***). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company's 2019 Equity Incentive Plan (the ***"Plan"***) and the Award Agreement (the "***Agreement***") (including any special terms and conditions for your country set forth in the attached appendix (the "***Appendix***")), which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement (including the Appendix) shall have the meanings set forth in the Plan or the Agreement.

Participant: __
Date of Grant: __
Vesting Commencement Date: __
Number of Restricted Stock Units: __

Vesting Schedule: [____]. Notwithstanding the foregoing, vesting shall terminate upon the Participant's termination of Continuous Service.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

IMPORTANT INFORMATION REGARDING REJECTION OR ACCEPTANCE OF THE RSU AWARD AND SELL TO COVER ELECTION

Acceptance of the RSU Award: Please read this Grant Notice, the Agreement and the Plan carefully. If you do **not** wish to receive this RSU Award and/or you do **not** consent and agree to the terms and conditions on which this RSU Award is offered, as set forth in the this Grant Notice, the Agreement and the Plan, then you must reject the RSU Award by sending your written notice of rejection to the Company's stock plan administrator (the "***Stock Plan Administrator***") at [***] or at the Company's principal executive offices, located at 2 Circle Star Way, San Carlos, California, 94070; Attention: Stock Plan Administrator no later than the 60th calendar day following the Date of Grant (the "***Rejection Deadline***"). However, if the Rejection Deadline does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to trade in Company securities, then the Rejection Deadline will be extended until the first business day thereafter on which you are permitted to trade in Company securities in accordance with the Company's then-effective policy or policies on trading in Company securities. If you do not reject the RSU Award in accordance with this paragraph on or prior to the Rejection Deadline (as the same may be extended pursuant to the preceding sentence), then the RSU Award will be deemed to be accepted by you on the Rejection Deadline (as the same may be extended pursuant to the preceding sentence). The date that this RSU Award is deemed accepted by you pursuant to this paragraph is referred to as the "***Acceptance Date***."

If you reject the RSU Award in accordance with the previous paragraph, the RSU Award will be cancelled and your eligibility for any future or additional benefits under the RSU Award will terminate. Similarly, your failure to reject the RSU Award in accordance with previous paragraph on or before the Rejection Deadline (as the same may be extended pursuant to the previous paragraph) will constitute your acceptance of the RSU Award and your agreement with all terms and conditions of the RSU Award, as set forth in the Notice, the Agreement and the Plan, in each case effective on the Acceptance Date.

Sell to Cover Election: By accepting the RSU Award as set forth above, you: (1) elect, on the Acceptance Date, to sell shares of Common Stock issued in respect of the RSU Award in an amount determined in accordance with Section 5(b) of the Agreement, and, on the Acceptance Date, you authorize and direct the Agent (as defined in the Agreement) to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 5(b) of the Agreement (a ***"Sell to Cover"***); (2) direct the Company, on the Acceptance Date, to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represent and warrant that (i) you have carefully reviewed Section 5(b) of the Agreement, (ii) on the Acceptance Date, you are not aware of any material, nonpublic information with respect to the Company or any securities of the Company, are not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, do not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Agreement, and are making this election**

to Sell to Cover on the Acceptance Date in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act, and (iii) it is your intent that this election to Sell to Cover and Section 5(b) of the Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. You further acknowledge that by accepting this RSU Award as set forth above, you are adopting a 10b5-1 Plan (as defined in Section 5(b) of the Agreement) on the Acceptance Date to permit you to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 5(b) of the Agreement.

Participant Acknowledgements: By failing to notify the Company of your rejection of the RSU Award on or before the Rejection Deadline (as the same may be extended as set forth above), you understand and agree that as of the Acceptance Date:

The RSU Award is governed by this RSU Award Grant Notice (the "***Grant Notice***"), and the provisions of the Plan and the Agreement (including the Appendix), all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (including the Appendix) (together, the "***RSU Award Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.

You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award, and (iii) any separate election you enter into with the Company's written approval which is also applicable to the RSU Award.

Attachments: RSU Award Agreement (including the Appendix), 2019 Equity Incentive Plan, Form S-8 Prospectus

Oportun Financial Corporation

2019 Equity Incentive Plan - International
Award Agreement (RSU Award)

As reflected by your Restricted Stock Unit Grant Notice ("***Grant Notice***") Oportun Financial Corporation (the "***Company***") has granted you a RSU Award under its 2019 Equity Incentive Plan (the "***Plan***") for the number of restricted stock units as indicated in your Grant Notice (the "***RSU Award***"). The terms of your RSU Award as specified in this Award Agreement for your RSU Award (including any special terms and conditions for your country set forth in the attached Appendix (the "***Appendix***")) (the "***Agreement***") and the Grant Notice constitute your "***RSU Award Agreement***". Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. Governing Plan Document. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

a. Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your RSU Award;

b. Section 9(e) regarding the Company's or your Employer's retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award; and

c. Section 8(c) regarding the tax and social security consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. Grant of the RSU Award. This RSU Award represents your right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the "***Restricted Stock Units***"). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. Dividends. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the "***Dividend Units***"), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

4. Date of Issuance.

a. If the RSU Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Restricted Stock Units subject to your RSU Award, including any additional Restricted Stock Units received pursuant to Section 3 above that relate to those vested Restricted Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the

Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market to satisfy the Withholding Obligation; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 5(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this RSU Award pursuant to Section 5 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 5(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a termination of your Continuous Service before such time), but in no event later than (a) December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of the taxable year in which the Original Issuance Date occurs), or (b) if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this RSU Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d). Delivery of the shares is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner.

b. To the extent the RSU Award is a Non-Exempt RSU Award, the provisions of Section 11 of the Plan shall apply.

5. Withholding Obligations.

a. On or before the time you receive a distribution of Common Stock pursuant to your RSU Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your RSU Award (the "***Withholding Obligation***").

b. By accepting this RSU Award as set forth in the Grant Notice, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) on the Acceptance Date to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 5(b) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 5(c) hereof and (ii) further acknowledge and agree to the following provisions, in each case on the Acceptance Date:

1) You hereby irrevocably appoint Charles Schwab & Co., Inc., or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

a) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 4 hereof in connection with the vesting of the Restricted Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Restricted Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 5(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

b) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

c) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

d) Remit any remaining funds to you.

2) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 5(b) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (your election to Sell to Cover and the provisions of this Section 5(b),

collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this RSU Award as set forth in the Grant Notice, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 5(b)(i) to satisfy your obligations hereunder.

3) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act, (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 5(b)(i)(1) above.

4) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

5) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 5(b) and the terms of this 10b5-1 Plan.

6) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. On the Acceptance Date, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Restricted Stock Units and the related issuance of shares of Common Stock has been satisfied.

c. Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 5(b), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

1) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

2) Withholding from any compensation otherwise payable to you by the Company; and/or

3) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the RSU Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 4) equal to the amount of the Withholding Obligation; *provided, however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's or Affiliate's tax withholding obligations as permitted while still avoiding classification of the RSU Award as a liability for financial accounting purposes and provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee.

d. Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

e. In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

6. Transferability. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution.

7. Corporate Transaction. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

8. RSU Award Not A Service Contract.

a. Nothing in this Agreement (including, but not limited to, the vesting of your RSU Award or the issuance of the shares in respect of your RSU Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

b. By accepting your RSU Award, you acknowledge, understand and agree that: (i) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan; (ii) the grant of your RSU Award is voluntary and occasional and does not create any contractual or other right to receive future grants of awards (whether on the same or different terms), or benefits in lieu of awards, even if awards have been granted in the past; (iii) your RSU Award and any shares of Common Stock acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; (iv) the future value of the shares of Common Stock underlying the RSU Award is unknown, indeterminable, and cannot be predicted with certainty; (v) neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your RSU Award or of any amounts due to you pursuant to the vesting of your RSU Award or the subsequent sale of any shares of Common Stock received; (vi) for the purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Stock Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence); (vii) no claim or entitlement to compensation or damages shall arise from forfeiture of this RSU Award resulting from the termination of your Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any), and in consideration of the grant of this RSU Award to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company or any Affiliate, waive your ability, if any, to bring any such claim, and release the Company and any Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

9. No Liability for Taxes. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax and social security liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax and social security consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. Severability. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

12. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. Data Privacy.

a. You explicitly and unambiguously acknowledge and consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that the Company, its Affiliates and your Employer hold certain personal information about you, including, but not limited to, name, home address and telephone number, date of birth, social security number (or other identification number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSU Awards or any other entitlement to shares of stock awarded, canceled, purchased, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, managing and administering the Plan ("***Data***"). You understand that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, in particular in the US, and that the recipient country may have different data privacy laws providing less protections of your personal data than your country. You may request a list with the names and addresses of any potential recipients of the Data by contacting the stock plan administrator of the Company (the "***Stock Plan Administrator***"). You acknowledge that the recipients may receive, possess, process, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom you may elect to deposit any shares of Common Stock acquired upon the vesting of your RSU Award. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Stock Plan Administrator in writing.

b. For the purposes of operating the Plan in the European Union (including the UK, if the UK leaves the European Union), the Company will collect and process information relating to you in accordance with the privacy notice from time to time in force.

14. Language. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement, or any other document related to this RSU Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. Foreign Asset/Account, Exchange Control and Tax Reporting. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

16. Appendix. Notwithstanding any provisions in this Agreement, your RSU Award shall be subject to the special terms and conditions for your country set forth in the Appendix attached hereto. Moreover, if you relocate to one of the countries included therein, the terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

17. Questions. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable income tax and social security consequences please see the Prospectus.

* * * * *

This Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

Appendix

This Appendix includes special terms and conditions that govern the RSU Award granted to you under the Plan if you reside and/or work in any country listed below.

The information contained herein is general in nature and may not apply to your particular situation, and you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the date of grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

INDIA

Vesting Restriction. The following supplements the Agreement.

You must comply at the time of vesting with applicable laws and regulations of India, including but not limited to the Foreign Exchange Management Act, 1999 of India and the rules, regulations and amendments thereto ("***FEMA***"). Upon acquisition of the publicly traded stock under the Plan, you will not be required to immediately sell the stock. However, should you subsequently sell the stock purchased under the Plan, you will be required to repatriate any sale proceeds to India immediately upon such sale and in any event within 90 days of the date of sale.

Further, the Plan and the corresponding documents have neither been delivered for registration nor are they intended to be registered with any regulatory authorities in India. These documents are not intended for distribution and are meant solely for the consideration of the person to whom they are addressed and should not be reproduced by you.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. These provisions supplement Section 8 ("*RSU Award Not A Service Contract*") of the Agreement that clarify that the grant, vesting or settlement of your RSU Award does not give you a right to continued service/employment:

Modification. By accepting the grant of an RSU Award, you understand and agree that any modification of the Plan or the RSU Award Agreement or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

Policy Statement. The grant of the RSU Award by the Company under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 2 Circle Star Way, San Carlos, CA 94070, U.S.A., is solely responsible for the administration and participation in the Plan and the acquisition of shares of Common Stock does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is a subsidiary of the Company ("***Employer***"), nor does it establish any rights between you and the Employer as the latter does not sponsor, contribute to, make any payment, grant any Award or have any relationship with the Plan, the Agreement and/or the RSU Award, all of which are sponsored solely and exclusively by the Company which is the only party responsible for the contribution of any amount pursuant to the Plan and/or the Agreement and the only party responsible for making any payment or granting any Awards thereunder. Pursuant to the foregoing, you expressly agree and recognize for all legal purposes that your participation in the Plan, and any benefit associated therewith shall not be construed as being part of, derived from, or in any way related to the employment relationship that you may have with the Employer.

Plan Document Acknowledgment. By accepting the grant of an RSU Award, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the RSU Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the RSU Award Agreement.

In addition, by signing the RSU Award Agreement, you further acknowledge that you have read and specifically and expressly approved the terms and conditions in Section 8 of the Agreement ("*RSU Award Not A Service Contract*") that clarify that the

grant, vesting or settlement of an RSU Award does not give you a right to continued service/employment, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company nor any Affiliate is responsible for any decrease in the value of the shares of Common Stock underlying the RSU Award.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Employer, the Company and any Affiliate with respect to any claim that may arise under the Plan.

Tax obligations. By accepting the grant of the RSU Award and signing the Grant Notice, you acknowledge that it is your responsibility to review and confirm the tax effects that may be generated or derived from this acceptance, with your tax advisors.

You also acknowledge that you are aware that any tax triggered or derived from the granting and/or vesting of the RSU Award shall be recognized in the monthly and annual income tax return or returns that shall be filed pursuant to Mexican law and the corresponding income tax payment shall be properly, duly and timely paid, if any. It is your sole obligation to provide to your Employer, no later than 15 days after such payment was due, the evidence of the applicable monthly and annual income tax returns filed and the payment of applicable taxes.

Notwithstanding the foregoing, if your Employer is obliged to withhold the corresponding tax pursuant to applicable law, your Employer will provide you with a notice, no later than 5 days after the vesting of your RSU Award, informing you that your Employer will make the corresponding withholdings, which would substitute your obligations to make a direct filing of the monthly income tax return and the corresponding payment.

Termination of Continuous Service. By accepting the grant of an RSU Award and signing the Grant Notice, you acknowledge that you have read and specifically and expressly approved the terms and conditions in Section 5.(a)(iv) of the Plan ("*Termination of Continuous Service*") that clarify that if your Continuous Service terminates for any reason, any portion of your RSU Award that has not vested will be forfeited upon such termination and you will have no further right, title or interest in the RSU Award, the shares of Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

In addition, by signing the RSU Award Agreement, you further acknowledge that you have read and specifically and expressly approved the terms and conditions in Section 8.(b)(vi) of the Agreement that clarify that for the purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence).

Language. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so that you have a complete and accurate understanding of each and every of the terms and conditions of the Plan, the Agreement and the Grant Notice. If you have received the Plan, the Agreement, the Grant Notice, or any other document related to this RSU Award translated into a language other than English and if the meaning of the translated version is different than the English version, you expressly agree that the English version will control.

Spanish Translation

Términos y Condiciones

Renuncia de Derechos o Reclamos por Compensación. *Estas disposiciones complementan la Sección 8 del Acuerdo, la cual aclara que el otorgamiento, conclusión del período para hacer exigible (vesting) o la liquidación de su "RSU Award" no garantizan la continuación de sus servicios/relación:*

Modificación. *Al aceptar el otorgamiento de su "RSU Award", usted reconoce y acuerda que cualquier modificación del Plan o del Acuerdo de "RSU Award" o su terminación, no constituirá un cambio o detrimento de los términos y condiciones de su relación.*

Declaración de Política. *El Otorgamiento de su "RSU Award" por la Compañía en virtud del Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier tiempo, sin responsabilidad alguna.*

*La Compañía, con oficinas registradas ubicadas en 2 Circle Star Way, San Carlos, CA 94070, U.S.A., es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones no establece de forma alguna una relación de trabajo entre usted y la Compañía, ya que su participación en el Plan es completamente comercial y su único empleador es una subsidiaria de la Empresa (**"Empleador"**), así como tampoco establece ningún derecho entre usted y el Empleador toda vez que éste no patrocina, contribuye, hace ningún pago, otorga ninguna gratificación o compensación o tiene ninguna relación con el Plan, el Acuerdo y/o su "RSU Award", los cuales son patrocinados única y exclusivamente por la Compañía, la cual es la única parte responsable por contribuir cualesquiera montos en términos del Plan y/o el Acuerdo y es la única parte responsable por realizar cualesquiera pagos u otorgar cualquier gratificación o compensación en términos del Plan, el Acuerdo y/o su "RSU Award". En términos de lo anterior, usted acuerda y reconoce expresamente para todos los efectos legales a los que haya lugar que no se entenderá que su participación en el Plan, así como cualquier beneficio que derive del mismo, sean parte, deriven de o estén relacionados de cualquier forma con la relación laboral que usted pueda tener con el Empleador.*

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de su "RSU Award", usted reconoce que ha recibido una copia del Plan, ha revisado el mismo así como el Acuerdo de "RSU Award" en su totalidad y que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo de "RSU Award".*

Adicionalmente, al firmar el Acuerdo de "RSU Award", reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Sección 8 del Acuerdo ("RSU Award Not A Service Contract") en el cual se aclara que el otorgamiento, conclusión del período para hacer exigible (vesting) o la liquidación de su "RSU Award", no garantizan la continuación de sus servicios/relación y donde además se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecido por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) ni la Compañía, ni cualquier Filial son responsables por cualquier disminución en el valor de las Acciones en relación a su "RSU Award".

Finalmente, usted declara que no se reserva ninguna acción o derecho para interponer cualquier demanda en contra de la Compañía por cualquier compensación y/o daño o perjuicio alguno, como resultado de su participación en el Plan y, en consecuencia, otorga el más amplio finiquito al Empleador, así como a la Compañía y cualquier Filial con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

Obligaciones fiscales. *Al aceptar el otorgamiento de su "RSU Award" y al firmar el Aviso de Otorgamiento, usted reconoce que es su responsabilidad el revisar y confirmar los efectos fiscales que pudieran derivarse como consecuencia de esta aceptación, con sus asesores fiscales.*

Usted también reconoce que es de su conocimiento que cualquier impuesto generado por el otorgamiento y ejecución de su "RSU Award" deberán ser reconocidos en su declaración o declaraciones mensuales y anuales de impuesto sobre la renta que deberá ser presentada conforme a la ley aplicable y, el impuesto sobre la renta correspondiente deberá ser pagado en tiempo y forma, si hubiera alguno. Es su obligación personal entregar a su Empleador, dentro de los 15 días siguientes contados a partir de la fecha límite para efectuar dicho pago, la documentación comprobatoria aplicable de la presentación de su declaración mensual provisional de impuesto sobre la renta, así como el pago de los impuestos aplicables.

No obstante, en caso de que su Empleador estuviese obligado a efectuar la retención de impuestos correspondiente, su Empleador le dará una notificación, dentro de los 5 días siguientes a partir del ejercicio de su "RSU Award", con la intención de informarle que su Empleador realizará la retención de impuesto sobre la renta, la cual sustituirá su obligación de la presentación directa de la declaración mensual provisional de impuesto sobre la renta y el pago de impuestos correspondiente.

Terminación de Servicio Continuo. *Al aceptar el otorgamiento de su "RSU Award" y firmar el Acuerdo de "RSU Award", usted reconoce que ha leído y aprobado específicamente y de manera expresa los términos y condiciones de la Sección 5.(a)(iv) del Plan ("Termination of Continuous Service") la cual aclara que si su Servicio Continuo termina por cualquier razón, cualquier porción de su "RSU Award" que no haya completado el período para ser exigible (vesting) se perderá al momento de dicha terminación y usted no tendrá ningún derecho, propiedad o interés con relación a su "RSU Award", las Acciones que pudieran emitirse en virtud de su "RSU Award" o cualquier otra forma de compensación con relación a su "RSU Award".*

Adicionalmente a lo anterior, al firmar el Acuerdo de "RSU Award", usted reconoce que ha leído y aprobado específicamente y de manera expresa los términos y condiciones de la Sección 8.(b)(vi) del Acuerdo, la cual aclara que para efectos de su "RSU

Award", se considerará que su Servicio Continuo ha terminado en la fecha en la cual usted deje de prestar servicios activos a la Compañía o a sus Filiales (sin importar la razón de dicha terminación o si se determina en cualquier momento que dicha terminación es invalida o violatoria a las leyes laborales de la jurisdicción donde usted preste sus servicios o los términos de su contrato de trabajo, en caso de aplicar) y que su derecho a hacer exigible (vest) su "RSU Award" en los términos del Plan, en caso de aplicar, terminará a partir de dicha fecha y no se extenderá por cualquier período de aviso previo a la terminación, de suspensión (garden leave) o cualquier período similar que sea aplicable en términos de las leyes laborales de la jurisdicción donde usted preste sus servicios o los términos de su contrato de trabajo, en caso de aplicar, así como que el Administrador del Plan tendrá la discreción exclusiva para determinar el momento a partir del cual usted no esté prestando servicios activamente para efectos de su "RSU Award" (así como para determinar si se considerará que usted está prestando servicios durante un período de ausencia [leave of absence]).

Idioma. *Usted reconoce manejar el idioma inglés lo suficiente o en su defecto, que ha consultado con un experto que maneja el idioma inglés lo suficiente para que usted tenga un entendimiento completo y preciso de todos y cada uno de los términos y condiciones del Plan, del Acuerdo y del Aviso de Otorgamiento. Si usted ha recibido una copia del Plan, el Acuerdo, el Aviso de Otorgamiento o cualquier otro documento relacionado con su "RSU Award" traducido a cualquier idioma que no sea inglés y si en su caso el significado de dicha traducción es distinto al de la versión en inglés, usted acepta expresamente que la versión en inglés prevalecerá.*

Oportun Financial Corporation

Stock Option Grant Notice - International
(2019 Equity Incentive Plan)

Oportun Financial Corporation (the "***Company***"), pursuant to its 2019 Equity Incentive Plan (the "***Plan***"), has granted to you ("***Optionholder")*** an option to purchase the number of shares of the Common Stock set forth below (the "***Option***"). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan, and the Stock Option Agreement (including any special terms and conditions for your country set forth in the attached appendix (the "***Appendix***") and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Stock Option Agreement shall have the meanings set forth in the Plan or the Stock Option Agreement, as applicable.

Optionholder:
Date of Grant:
Vesting Commencement Date:
Number of Shares of Common Stock Subject to Option:
Exercise Price (Per Share) (US$):
Total Exercise Price (US$):
Expiration Date:

Type of Grant: **[**Incentive Stock Option] OR [Nonstatutory Stock Option]

Exercise and
Vesting Schedule: Subject to the Optionholder's Continuous Service through each applicable vesting date, the Option will vest as follows:

[1/4th of the shares vest and become exercisable one year after the Vesting Commencement Date; the balance of the shares vest and become exercisable in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date on the same date of the month as the Vesting Commencement Date.]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Stock Option Agreement (including the Appendix) and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Stock Option Agreement (including the Appendix) (together, the "***Option Agreement***") may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.
- You consent to receive this Grant Notice, the Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The Stock Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Attachments: Stock Option Agreement (including the Appendix), 2019 Equity Incentive Plan, Notice of Exercise

Attachment I

Stock Option Agreement

Attachment II

2019 Equity Incentive Plan

Attachment III

Notice of Exercise

Oportun Financial Corporation

2019 Equity Incentive Plan

Stock Option Agreement – International
Non-Statutory Stock Option

As reflected by your Stock Option Grant Notice ("***Grant Notice***") Oportun Financial Corporation (the "***Company***") has granted you an option under its 2019 Equity Incentive Plan (the "***Plan***") (including any special terms and conditions for your country set forth in the attached appendix (the "***Appendix***")) to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the "***Option***"). Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Stock Option Agreement constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

18. Governing Plan Document. Your Option is subject to all the provisions of the Plan, including but not limited to the provisions in:

a. Section 6 regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your Option;

b. Section 9(e) regarding the Company's or your employer's retained rights to terminate your Continuous Service notwithstanding the grant of the Option; and

c. Section 8(c) regarding the tax and social security consequences of your Option.

Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

19. Exercise.

a. You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable tax and social security withholding obligations and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review Sections 4(i), 4(j) and 7(b)(v) of the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

b. To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

1) cash, check, bank draft or money order;

2) subject to Company and/or Committee consent at the time of exercise, pursuant to a "cashless exercise" program as further described in Section 4(c)(ii) of the Plan if at the time of exercise the Common Stock is publicly traded;

3) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Common Stock as further described in Section 4(c)(iii) of the Plan; or

4) subject to Company and/or Committee consent at the time of exercise by a "net exercise" arrangement as further described in Section 4(c)(iv) of the Plan.

20. Term. You may not exercise your Option before the commencement of its term or after its term expires. The term of your Option commences on the Date of Grant and expires upon the earliest of the following:

a. immediately upon the termination of your Continuous Service for Cause;

b. three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;

c. 12 months after the termination of your Continuous Service due to your Disability;

d. 18 months after your death if you die during your Continuous Service;

e. immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction,

f. the Expiration Date indicated in your Grant Notice; or

g. the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of (i) eighteen months after your death, (ii) upon any termination of the Option in connection with a Corporate Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in Section 4(i) of the Plan.

21. Withholding Obligations. As further provided in Section 8 of the Plan: (a) you may not exercise your Option unless the applicable tax and social security withholding obligations are satisfied, and (b) at the time you exercise your Option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax and social security withholding obligations, if any, which arise in connection with the exercise of your Option in accordance with the withholding procedures established by the Company. Accordingly, you may not be able to exercise your Option even though the Option is vested, and the Company shall have no obligation to issue shares of Common Stock subject to your Option, unless and until such obligations are satisfied. In the event that the amount of the Company's withholding obligation in connection with your Option was greater than the amount actually withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

22. Transferability. Except as otherwise provided in Section 4(e) of the Plan, your Option is not transferable, except to your personal representative on your death, and is exercisable during your life only by you or by your personal representative after your death.

23. Corporate Transaction. Your Option is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

24. Option Not A Service Contract. Your Option is not an employment or service contract, and nothing in your Option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your Option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate. By accepting your Option, you acknowledge, understand and agree that:

a. the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;

b. the grant of your Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options (whether on the same or different terms), or benefits in lieu of options, even if options have been granted in the past;

c. your Option and any shares of Common Stock acquired under the Plan on exercise of your Option, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

d. the future value of the shares of Common Stock underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

e. neither the Company nor any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Option or of any amounts due to you pursuant to the exercise of your Option or the subsequent sale of any shares of Common Stock received;

f. for purposes of the Option, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Option Agreement or determined by the Company, (i) your right to vest in the Option under the Plan, if any, and (ii) the period (if any) during which you may exercise the Option after such termination of Continuous Service will terminate as of such date and in each instance will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option (including whether you may still be considered to be providing services while on a leave of absence); and

g. no claim or entitlement to compensation or damages shall arise from forfeiture of this Option resulting from the termination of your Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment or service agreement, if any), and in consideration of the grant of this Option to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company or any Affiliate, waive your ability, if any, to bring any such claim, and release the Company and any Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

25. No Liability for Taxes. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax or social security liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax and social security consequences of the Option and have either done so or knowingly and voluntarily declined to do so.

26. Severability. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid

27. Other Documents. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

28. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

29. Data Privacy.

a. You explicitly and unambiguously acknowledge and consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that the Company, its Affiliates and your employer hold certain personal information about you, including,

but not limited to, name, home address and telephone number, date of birth, social security number (or other identification number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of Common Stock awarded, canceled, purchased, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, managing and administering the Plan ("***Data***"). You understand that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, in particular in the US, and that the recipient country may have different data privacy laws providing less protections of your personal data than your country. You may request a list with the names and addresses of any potential recipients of the Data by contacting as the stock plan administrator at the Company (the "***Stock Plan Administrator***"). You acknowledge that the recipients may receive, possess, process, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom you may elect to deposit any shares of Common Stock acquired upon the exercise of your Option. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Stock Plan Administrator in writing.

b. For the purposes of operating the Plan in the European Union (including the UK, if the UK leaves the European Union), the Company will collect and process information relating to you in accordance with the privacy notice from time to time in force.

30. Language. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Option Agreement. If you have received this Option Agreement, or any other document related to your Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

31. Foreign Asset/Account, Exchange Control and Tax Reporting. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

32. Appendix. Notwithstanding any provisions in this Option Agreement, your Option shall be subject to the special terms and conditions for your country set forth in the Appendix attached to this Option Agreement. Moreover, if you relocate to one of the countries included therein, the terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Option Agreement.

33. Questions. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * * *

This Option Agreement (including the Appendix) will be deemed to be signed by you upon the signing by you of the Stock Option Grant Notice to which it is attached.

Appendix to Option Agreement

This Appendix includes special terms and conditions that govern the Option granted to you under the Plan if you reside and/or work in one of the countries listed below.

The information contained herein is general in nature and may not apply to your particular situation, and you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the Date of Grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

India

Exercise Restriction. The following supplements the Grant Notice and the Stock Option Agreement.

You must comply at the time of exercise with applicable laws and regulations of India, including but not limited to the Foreign Exchange Management Act, 1999 of India and the rules, regulations and amendments thereto ("***FEMA***"). If deemed necessary or advisable to comply with applicable laws, including FEMA, the Company may require you (notwithstanding any provision in the Grant Notice or Stock Option Agreement) to pay for the shares purchased on exercise, and any tax required to be withheld by law, through a cashless exercise method. Upon purchasing the publically traded stock under the Plan, you will not be required to immediately sell the stock. However, should you subsequently sell the stock purchased under the Plan, you will be required to repatriate any sale proceeds to India immediately upon such sale and in any event within 90 days of the date of sale.

Further, the Plan and the corresponding documents have neither been delivered for registration nor are they intended to be registered with any regulatory authorities in India. These documents are not intended for distribution and are meant solely for the consideration of the person to whom they are addressed and should not be reproduced by you.

Mexico

Acknowledgement of the Agreement. In accepting the Option, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Option Agreement in their entirety and fully understand and accept all provisions of the Plan and the Option Agreement. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section 7 ("*Option not a Service Contract*") of the Option Agreement, in which the following is clearly described and established:

a) That your Option is not an employment or service contract and that nothing in your Option (including the grant, vesting or exercise of your Option) will be deemed to create in any way whatsoever any obligation for the Company or for an Affiliate to continue your employment.

b) That your participation in the Plan does not constitute an acquired right.

c) That the Plan and your participation in the Plan is offered by the Company on a wholly discretionary basis.

d) That your participation in the Plan is voluntary.

e) That the Company and its Affiliates are not responsible for any decrease in the value of the shares of Common Stock granted under the Plan.

Labor Law Policy and Acknowledgement. By participating in the Plan, you expressly recognize that the Company, Oportun Financial Corporation, with registered offices at 1600 Seaport Blvd., Suite 250, Redwood City, CA 94063, U.S.A., is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock do not constitute an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is a subsidiary of the Company ("***Employer***").

Based on the foregoing, you expressly recognize that the Plan and any benefits you may derive from participation in the Plan do not establish any rights between you and the Employer or any other Affiliate, and do not form part of the employment conditions

and/or benefits provided by your Employer, and any modification of the Plan or its termination will not constitute a change or impairment of the terms and conditions of your employment as the Employer does not sponsor, contribute to, grant any Options or have any relationship with the Plan, the Option Agreement and/or the Options, all of which are sponsored solely and exclusively by the Company which is the only party responsible for the contribution of any amount pursuant to the Plan and/or the Option Agreement and the only party responsible for granting any Options thereunder. Pursuant to the foregoing, you expressly agree and recognize for all legal purposes that your participation in the Plan, and any benefit associated therewith shall not be construed as being part of, derived from or in any way related to the employment relationship that you may have with the Employer.

You further understand that participation in the Plan is as a result of a unilateral and discretionary decision of the Company, therefore, the Company reserves the absolute right to amend and/or discontinue your participation at any time without any liability to you.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Company, its Affiliates, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Tax obligations. By accepting the grant of the Option and signing the Grant Notice, you acknowledge that it is your responsibility to review and confirm the tax effects that may be generated or derived from this acceptance, with your tax advisors.

You also acknowledge that you are aware that any tax triggered or derived from the granting and/or vesting of the Option shall be recognized in the applicable tax return or returns that shall be filed pursuant to Mexican law and the corresponding income tax payment shall be properly, duly and timely paid, if any. It is your sole obligation to provide to your Employer, no later than 15 days after such payment was due, the evidence of the applicable income tax returns filed and the payment of applicable taxes.

Notwithstanding the above, if your Employer is obliged to withhold the corresponding tax pursuant to applicable law, your Employer will provide you with a notice, no later than 5 days after the vesting of your Option, informing you that your Employer will make the corresponding withholding tax, which would substitute your obligations of a direct filing of the monthly income tax return and the corresponding payment.

Termination of Continuous Service for Cause. By accepting the grant of the Option and signing the Grant Notice, you acknowledge that you have read and specifically and expressly approved the terms and conditions in Section 4.(g) of the Plan ("*Termination of Continuous Service for Cause*") that clarify that if you Continuous Service is terminated for Cause, your Options will terminate and be forfeited immediately upon such termination of Continuous Service, and you will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and you will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

In addition, by signing the Grant Notice, you further acknowledge that you have read and specifically and expressly approved the definition of "Cause" included in the Plan, which clarifies that "*Cause*" has the meaning ascribed to such term in any written agreement between you and the Company defining such term and, in the absence of such agreement, such term means, with respect to you, the occurrence of any of the following events: (i) your attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (ii) your intentional, material violation of any contract or agreement between you and the Company or of any statutory duty owed to the Company; (iii) your unauthorized use or disclosure of the Company's confidential information or trade secrets; or (iv) your gross misconduct. The determination that a termination of your Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by the Company's Chief Executive Officer with respect to Participants who are not executive officers of the Company. Any determination by the Company that your Continuous Service was terminated with or without Cause for the purposes of outstanding Awards held by you will have no effect upon any determination of the rights or obligations of the Company yourself for any other purpose.

In connection with the foregoing, you expressly agree and accept that the Board or the Company's Chief Executive Officer as determined above, shall determine at their sole discretion whether a termination of your Continuous Service is either for Cause or without Cause, without the need of following any process to terminate your employment with cause under employment laws in the jurisdiction where you are employed and/or having any authority issuing any resolution supporting such termination with cause.

Language. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so that you have a complete and accurate understanding of each and every of the terms and conditions of the Plan, the Option Agreement and the Grant Notice. If you have received the Plan, the Option Agreement, the Grant Notice, or any other document related to the Option translated into a language other than English and if the meaning of the translated version is different than the English version, you expressly agree that the English version will control.

Spanish Translations:

Reconocimiento del Acuerdo*. Al aceptar la Opción (Option), usted reconoce que ha recibido una copia del Plan, ha revisado el mismo y el Acuerdo de Opción (Option) en su totalidad y comprende y está de acuerdo con todas las disposiciones tanto del Plan como del Acuerdo de Opción (Option). Asimismo, reconoce que ha leído y específica y expresamente aprueba los términos y condiciones establecidos en la Sección 7 del Acuerdo de Opción (Option), en el cual se establece claramente que:*

a) Mi Opción (Option) no es un contrato de trabajo o de servicios y que nada en mi Opción (Option) (incluyendo el otorgamiento, conclusión del período para hacer exigible [vesting] o el ejercicio de mi Opción [Option]) dará lugar de ninguna manera a cualquier obligación de la Compañía o una Filial a continuar o mantener mis servicios/relación.

b) Mi participación en el Plan de ninguna manera constituye un derecho adquirido.

c) El Plan y mi participación en el mismo es una oferta hecha por parte de la Compañía de forma completamente discrecional.

d) Que mi participación en el Plan es voluntaria.

d) Que la Compañía y sus Filiales no son responsables de cualquier pérdida en el valor de las Acciones Ordinarias otorgadas mediante el Plan.

Política de Legislación Laboral y Reconocimiento. *Al participar en el Plan, Usted expresamente reconoce que la Compañía, Oportun Financial Corporation., con oficinas registradas en 1600 Seaport Blvd., Suite 250, Redwood City, CA 94063, U.S.A., es exclusivamente responsable de la administración del Plan y que su participación en el Plan y la adquisición de Acciones no constituye una relación de trabajo entre Usted y la Compañía, toda vez que Usted está participando en el Plan en una base enteramente comercial y su único empleador es una subsidiaria de la Empresa (**"Empleador"**).*

Con base en lo anterior, Usted expresamente reconoce que el Plan y cualquier beneficio que pueda recibir de la participación en el Plan no establece derecho alguno entre Usted y el Empleador, o cualquier otra Filial, y no forma parte de las condiciones de trabajo y/o prestaciones proporcionadas por el Empleador, y que cualquier modificación al Plan o la terminación del mismo no constituirán un cambio o detrimento de sus términos y condiciones de trabajo. Lo anterior toda vez que el Empleador no patrocina, contribuye, otorga ninguna Opción (Option) o tiene ninguna relación con el Plan, el Acuerdo de Opción (Option) y/o su Opción (Option), los cuales son patrocinados única y exclusivamente por la Compañía, la cual es la única parte responsable por contribuir cualesquiera montos en términos del Plan y/o el Acuerdo de Opción (Option) y es la única parte responsable por otorgar cualquier Opción (Option) en términos del Plan. En términos de lo anterior, usted acuerda y reconoce expresamente para todos los efectos legales a los que haya lugar que no se entenderá que su participación en el Plan, así como cualquier beneficio que derive del mismo, sean parte, deriven de o estén relacionados de cualquier forma con la relación laboral que usted pueda tener con el Empleador.

A su vez, Usted comprende que la participación en el Plan se da como resultado de una decisión unilateral y discrecional de la Compañía; por lo que la Compañía se reserva el derecho absoluto de modificar y/o discontinuar su participación en cualquier momento y sin ninguna responsabilidad hacia Usted.

Finalmente, Usted en este acto declara que no se reserva ninguna acción o derecho para intentar reclamación alguna en contra de la Compañía por cualquier compensación, daños y perjuicios relacionada con cualquier disposición del Plan o de los beneficios derivados del mismo, por lo que Usted otorga el más amplio y completo finiquito a la Compañía, sus Filiales, sus accionistas, directivos, agentes o representantes legales en relación a cualquier reclamación que pueda presentarse.

Obligaciones fiscales. *Al aceptar el otorgamiento de su Opción y al firmar el Aviso de Otorgamiento, usted reconoce que es su responsabilidad el revisar y confirmar los efectos fiscales que pudieran derivarse como consecuencia de esta aceptación, con sus asesores fiscales.*

Usted también reconoce que es de su conocimiento que cualquier impuesto generado por el otorgamiento y ejecución de la Opción deberán ser reconocidos en su declaración o declaraciones mensuales y anuales de impuesto sobre la renta que deberá ser presentada conforme a la ley aplicable y, el impuesto sobre la renta correspondiente deberá ser pagado en tiempo y forma, si hubiera alguno. Es su obligación personal entregar a su Empleador, dentro de los 15 días siguientes contados a partir de la fecha límite para efectuar dicho pago, la documentación comprobatoria aplicable de la presentación de su declaración mensual provisional de impuesto sobre la renta, así como el pago de los impuestos aplicables.

No obstante, en caso de que su Empleador estuviese obligado a efectuar la retención de impuestos correspondiente, su Empleador le dará una notificación, dentro de los 5 días siguientes a partir del ejercicio de su Opción, con la intención de informarle que su Empleador realizará la retención de impuesto sobre la renta, la cual sustituirá su obligación de la presentación directa de la declaración provisional de impuesto sobre la renta y el pago de impuestos correspondiente.

Terminación de Servicio Continuo con Causa. *Al aceptar el otorgamiento de su Opción (Option) y firmar el Aviso de Otorgamiento, usted reconoce que ha leído y aprobado específicamente y de manera expresa los términos y condiciones de la Sección 4.(g) del Plan ("Termination of Continuous Service for Cause") la cual aclara que si su Servicio Continuo termina por Causa, su Opción (Option) se terminarán y cancelarán inmediatamente en seguida a dicha terminación de Servicio Continuo, por lo cual usted tendrá prohibido ejercitar cualquier porción (incluyendo cualquier porción que haya concluido el período para hacer exigible [vested]) de dichas Gratificaciones durante o después de la fecha de dicha terminación de Servicio Continuo y usted no tendrá ningún derecho, propiedad o interés en dicha Gratificación cancelada, las Acciones relacionadas a la Gratificación cancelada o cualquier compensación con relación a dicha Gratificación cancelada.*

Adicionalmente a lo anterior, al firmar el Aviso de Otorgamiento, usted reconoce que ha leído y aprobado específicamente y de manera expresa la definición de "Causa" incluida en el Plan, la cual establece que "Causa" tendrá el significado que se le otorgue a dicho término en cualquier contrato por escrito entre usted y la Compañía que defina dicho término y que en la ausencia del tal contrato, dicho término significará con relación a usted, la actualización de cualquier de los siguientes eventos: (i) que intente cometer o participe en fraude o en un acto de deshonestidad en contra de la Compañía; (ii) su violación intencional, material de cualquier contrato o acuerdo entre usted y la Compañía o de cualquier deber u obligación legal que usted tenga con la Compañía; (iii) su uso no autorizado o divulgación de información confidencial o secretos industriales de la Compañía; o (iv) una falta grave de su parte. La determinación que la terminación de su Servicio Continuo es con o sin Causa se hará por el Consejo con relación a Participantes que sean funcionarios ejecutivos de la Compañía y por el Director General de la Compañía con relación a Participantes que no sean funcionarios ejecutivos de la Compañía. Cualquier determinación por la Compañía respecto a que su Servicio Continuo haya sido terminada con o sin Causa para efecto de cualesquiera Gratificaciones pendientes que usted pudiera tener, no tendrán efecto en la determinación de los derechos u obligaciones de la Compañía para con usted para cualquier otro propósito.

Con relación a lo anterior, usted acuerda expresamente y está de acuerdo en que el Consejo o el Director General de la Compañía como se determina en el párrafo anterior, determinarán a su entera discreción si la terminación de su Servicio Continuo es con o sin Causa, sin la necesidad de seguir ningún proceso para terminar sus servicios/relación con causa de conformidad con las leyes laborales en la jurisdicción donde usted preste sus servicios y sin requerir que ninguna autoridad emita ninguna resolución aprobando dicha terminación con causa.

Idioma. *Usted reconoce manejar el idioma inglés lo suficiente o en su defecto, que ha consultado con un experto que maneja el idioma inglés lo suficiente para que usted tenga un entendimiento completo y preciso de todos y cada uno de los términos y condiciones del Plan, del Acuerdo de Opción (Option) y del Aviso de Otorgamiento. Si usted ha recibido una copia del Plan, el Acuerdo de Opción (Option), el Aviso de Otorgamiento o cualquier otro documento relacionado con su Opción (Option) traducido a cualquier idioma que no sea inglés y si en su caso el significado de dicha traducción es distinto al de la versión en inglés, usted acepta expresamente que la versión en inglés prevalecerá.*

Oportun Financial Corporation

(2019 Equity Incentive Plan)

NOTICE OF EXERCISE - INTERNATIONAL

Oportun Financial Corporation
2 Circle Star Way
San Carlos, CA 94070 Date of Exercise: _______________

This constitutes notice to Oportun Financial Corporation (the "***Company***") that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") by exercising my Option for the price set forth below. Capitalized terms not explicitly defined in this Notice of Exercise but defined in the Grant Notice, Option Agreement (including the Appendix) or 2019 Equity Incentive Plan (the "***Plan***") shall have the meanings set forth in the Grant Notice, Option Agreement (including the Appendix) or Plan, as applicable. Use of certain payment methods is subject to Company and/or Committee consent and certain additional requirements set forth in the Option Agreement (including the Appendix) and the Plan.

Type of option (check one):	Nonstatutory
Date of Grant:	_______________
Number of Shares as to which Option is exercised:	_______________
Certificates to be issued in name of:	_______________
Total exercise price:	US$___________
Cash, check, bank draft or money order delivered herewith:	US$___________
Value of ________ Shares delivered herewith:	US$___________
Regulation T Program (cashless exercise)	US$__________
Value of _______ Shares pursuant to net exercise:	US$__________

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Plan including, and (ii) to satisfy the tax or social security withholding obligations, if any, relating to the exercise of this Option as set forth in the Option Agreement.

Very truly yours,

____

Exhibit 10.1

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

WEBBANK

and

OPORTUN, INC.

RECEIVABLES RETENTION FACILITY AGREEMENT

Dated as of February 5, 2021

This RECEIVABLES RETENTION FACILITY AGREEMENT (this "Agreement"), dated as of February 5 , 2021 ("Effective Date"), is made by and between WEBBANK, a Utah-chartered industrial bank having its principal location in Salt Lake City, Utah ("Bank"), and OPORTUN, INC., a Delaware corporation, having its principal location in San Carlos, California ("Company").

WHEREAS, Bank is and will be the owner of Accounts pursuant to the Program Agreement; and

WHEREAS, Bank generates Receivables by making Account Advances on Accounts; and

WHEREAS, Company or its Affiliates will service the Accounts on behalf of Bank pursuant to the Program Agreement; and

WHEREAS, Bank and Company are parties to the Receivables Sale Agreement dated as of November 5, 2019 (as amended, supplemented or modified from time to time, the "2019 Sale Agreement"), pursuant to which Bank sells and Company buys certain Receivables from time to time; and

WHEREAS, Bank desires to retain for its own account certain Receivables rather than offer them for sale pursuant to the 2019 Sale Agreement.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions and mutual covenants and agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Company (the "Parties" and each a "Party") agree as follows:

1. Definitions and Effectiveness.

The terms used in this Agreement shall be defined as set forth in the Schedule 1 or, to the extent not set forth in Schedule 1, in the Program Agreement, and the rules of construction set forth in Schedule 1 shall apply to this Agreement.

This Agreement shall become effective as of the Changeover Date.

2. Retention of Receivables. Bank shall retain the Receivables that Bank originates under the Program Agreement, subject to the terms of this Agreement. In this Agreement, "Receivables" includes the Repurchased Receivables.

3. Sale of Receivables; Payment to Bank; Reporting to Bank.

Bank may sell, transfer, assign, set-over, and otherwise convey to Company, without recourse, on each Sale Date, Transferable Receivables. On the applicable Sale Date, Company shall purchase such Transferable Receivables that are offered by Bank, and Company shall pay to Bank the Sale Price on Sale Date in accordance with Section (c) of this Section 3.

With respect to each Transferable Receivable that Bank sells hereunder, Bank sells, transfers, assigns, sets over, and otherwise conveys to Company the Transferable Receivable and all rights related thereto including all right to interest and fees accruing on such Transferable Receivable and all collections on such Transferable Receivable, and all proceeds of the foregoing, without recourse, in accordance with this Section 3 on the related Sale Date.

Bank shall deliver to Company a sale statement in a form to be agreed to by the Parties relating to all Transferable Receivables that Bank is offering to sell to Company on the Sale Date, to be delivered by secure e-mail or as otherwise mutually agreed no later than 4:00 pm Mountain time on the day prior to such Sale Date. By no later than 3:30 pm Mountain Time, on such Sale Date, Company shall effect payment to Bank of the Sale Amount for the Transferable Receivables being purchased on such date. Such payment shall be made by wire or other transfer in immediately available funds to the Settlement Account.

To the extent that such materials are in Bank's possession, upon Company's request, Bank agrees to cause to be delivered to Company, at Company's cost, account files on all Transferable Receivables purchased by Company pursuant to this Agreement. Such account files will include the application for the Account, the Account Agreement, confirmation of delivery of the Account Agreement to the Borrower, and such other materials as Company may reasonably require (all of which may be in electronic form); provided that Bank may retain copies of such information as the owner of the Account or as necessary to comply with Applicable Laws.

If a Receivable related to an Account Advance (or any portion thereof) is cancelled (whether by chargeback, return, refund or otherwise) after the sale of the Receivable from Bank to Company, on the next available Sale Statement delivered by Bank, Bank shall refund the principal amount of such Receivable or portion thereof, plus any interest, following settlement of such chargeback, return, refund or other cancellation with the Network.

When an Account is permanently closed to further Account Advances, either by the Borrower, or under the Credit Policy, and to the extent that Bank has sold all of the Receivables outstanding on such Account to Company, Bank shall offer to assign or transfer such Account to Company for no additional consideration, and Company may accept assignment or transfer of such Account from Bank on the next Sale Date, provided that Company may designate a third party reasonably acceptable to Bank to which the Account shall be transferred in lieu of Company.

Company shall provide to Bank, in a form and frequency agreed by the parties, (i) the daily reporting of Account and Receivable listing and outstanding balance, (ii) Daily Transaction File, (iii) Weekly Waterfall, and (iv) Roll Forward Report.

So long as Company is not in default under this Agreement, no Transferable Receivable shall be sold to a Person other than Company.

4. Ownership of Accounts and Receivables.

Bank shall retain ownership of the Accounts after each Sale Date. Company agrees to make entries on its books and records to clearly indicate Bank's ownership of the Accounts as of each Sale Date.

On and after each Sale Date, automatically upon Company's payment of the Purchase Price on each such date, Company shall be the sole owner for all purposes (*e.g.*, tax, accounting, and legal) of the Transferable Receivables purchased from Bank on such date and Company shall be entitled to all of the rights, privileges, and remedies applicable to said ownership interest, including the right to pledge, transfer, sell, assign, or exchange the Transferable Receivables (including the right to receive any refund or the proceeds of a return or reversal).

For all Receivables sold hereunder, Bank shall remain the sole owner of each related underlying Account until such Account is subsequently sold or transferred in accordance with the terms of this Agreement. Bank agrees to make entries on its books and records to clearly indicate the sale of applicable Transferable Receivables to Company as of each Sale Date and shall maintain such entries on its books and records until the applicable Tranferable Receivables are paid in full and after any required record retention requirement is met. Company agrees to make entries on its books and records to clearly indicate the purchase of applicable Transferable Receivables as of each Sale Date and that ownership of the Account is retained by Bank. Bank and Company each intends the transfer of the Transferable Receivables under this Agreement to be a true sale by Bank to Company of the Receivables and any payments and proceeds relating thereto and that is absolute and irrevocable. At any time and from time to time, Bank will promptly and duly execute and deliver or will promptly cause to be executed and delivered such further instruments and documents and take such further actions as are reasonably requested by Company to confirm the sale of the Transferable Receivables and/or for the purpose of obtaining or preserving the full benefits of this Agreement, including, the filing of any financing or continuation statements under the UCC or other applicable law in effect in any jurisdiction with respect to the transfer of ownership of the Transferable Receivables. At any time and from time to time, each of Company and Bank will promptly and duly execute or deliver or will promptly cause to be executed or delivered such further instruments and documents and take such further actions as are reasonably requested by the other for the purpose of obtaining or preserving the full benefits of this Agreement.

Except as otherwise provided in this Agreement, Bank does not assume and shall not have any liability to Company for the repayment of any Transferable Receivable or the servicing of the Transferable Receivables after the related Sale Date, provided that in the event the Bank receives any payments on the Transferable Receivables sold hereunder, it shall promptly remit them to Company or to the Servicer on the Company's behalf. This provision shall survive termination of this Agreement.

The Program Agreement shall govern the servicing of the Accounts for Bank, and of any interest held by Bank in the Accounts or Receivables. The Program Agreement shall provide the exclusive mechanism for the payment of the amounts collected on Accounts, with the servicer thereunder designated by Bank to distribute amounts collected by the Company on Accounts to the holder of any Transferable Receivable sold by Bank under this Agreement; provided, however, during the term of this Agreement, the provisions of subsection (h) shall apply. Any subsequent purchaser of the Transferable Receivables from Company shall separately compensate Company for servicing the Transferable Receivables, but all such servicing shall be subject to the terms of the Program Agreement. Bank agrees to cooperate to the extent necessary to enforce the Accounts with respect to Transferable Receivables sold, so long as any costs and expenses are paid by Servicer or Company.

Company or any subsequent owner of the Transferable Receivables may (i) securitize the Transferable Receivables, or any amounts owing thereunder, or (ii) issue an "asset-backed security" (as defined under 17 C.F.R. § 229.1101(c) or Section 3(a)(77) of the Securities Exchange Act of 1934) backed by the Transferable Receivables or any amounts owing thereunder, in each case, without the prior written consent of Bank; provided that all of the following conditions are met:

(1) Bank is not be required to maintain any ongoing ownership interest in the Transferable Receivables after the sale thereof to Company, Bank is not required to make any informational reports or filings with respect to such securitization or "asset-backed security" issuance and Bank is not required to incur any costs or expenses in connection with such transaction unless the Company (or some other creditworthy entity reasonably acceptable to Bank) has agreed in writing to promptly and fully reimburse Bank for such out-of-pocket costs and expenses.

(2) Bank is not deemed to be the "sponsor" or "depositor" under any rule, regulation or order of the Securities and Exchange Commission with respect to such transaction.

(3) Bank is not required to waive or agree to impair any of its rights or remedies under the Program Documents.

(4) Any identification of Bank by name and any description of the Program have been approved by Bank, such approval not to be unreasonably witheld.

Company shall include a provision in any agreement by which Company sells or transfers Transferable Receivables requiring the applicable transferee to comply with the terms of this Section 4(e) to the same extent as Company, and requiring such transferee to include such a provision in subsequent transfers of the Transferable Receivables. Company shall ensure that final copies of all offering documents and investor presentations (or similar financing documents, as applicable) in connection with any such transaction are promptly provided to Bank.

Notwithstanding anything to the contrary in this Agreement, but without diminishing any rights of Company to Transferable Receivables once they are sold to Company, Bank may sell, participate, pledge, or otherwise transfer any Receivables (or interest in Receivables) owned by Bank; provided, that, unless Company is in default under the Program Documents, any purchaser or other transferee of Receivables from Bank must agree to the economic terms set forth in Schedule 14 to the Program Agreement (including payment of the Servicing Fee and the Performance Fee Amount). Bank will not sell or transfer any Accounts except in accordance with this Agreement.

Bank hereby consents to Company's sharing information regarding Transferable Receivables acquired hereunder by Company (other than any personally identifiable information of Borrowers), and the Accounts relating to such Receivables, with potential financing partners, provided that such potential financing partner has entered into a standard form of nondisclosure agreement, in a manner sustantially similar to the form in Exhibit 1, or as otherwise allowed by Applicable Law.

During the term of this Agreement, to further secure their respective interests in Proceeds pertaining to Receivables owned by them, the Parties, or its Affiliate, as applicable, have entered into the Deposit Account and Control Agreement (With Activation) in connection with the Program Agreement (the "DACA"). Neither Party shall have or assert and hereby disclaims any right, title or interest in or to any part of any Receivables owned by the other Party. Company, as servicer, will maintain records to clearly distinguish Proceeds of Receivables owned by Bank and those owned by Company (or any third party to whom

Company or Bank may transfer their respective interests). Upon transfer of an interest in Receivables by either Party to a third party, the other Party and Company's affiliate, upon reasonable request of the Party transfering the interest in Receivables, shall execute such additional agreements as may be reasonably necessary and appropriate to protect the interests of the third-party transferee. Upon Company's default of any obligation under this Agreement or the Program Agreement, Bank may deliver an "Activation Notice," as provided in the DACA. Subsequent to delivery of an Activation Notice, Company shall provide such information and cooperation as is required by Bank to facilitate transfers and Bank shall be protected in relying on such records or reports from Company. In the event either Party challenges the correctness of disbursements from the Servicing Account, such disputed amounts shall be retained in the Servicing Account until such dispute is resolved and the Parties shall engage in good faith efforts to resolve such disputed amounts.

5. Representations, Warranties and Covenants.

Bank hereby represents, warrants and covenants or covenants, as applicable, to Company that:

(1) Bank is a FDIC-insured Utah-chartered industrial bank, duly organized and validly existing and in good standing under the laws of the State of Utah and has full corporate power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement have been duly authorized, and are not in conflict with and do not violate the terms of the charter or bylaws of Bank and will not result in a material breach of or constitute a default under, or require any consent under, any indenture, loan or agreement to which Bank is a party;

(2) All approvals, authorizations, consents, and other actions by, notices to, and filings with, any Person required to be obtained for the execution, delivery, and performance of this Agreement by Bank, have been obtained;

(3) This Agreement constitutes a legal, valid, and binding obligation of Bank, enforceable against Bank in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, receivership, conservatorship or other similar laws now or hereafter in effect, including the rights and obligations of receivers and conservators under 12 U.S.C. §§ 1821(d) and (e), which may affect the enforcement of creditors' rights in general, and (ii) as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(4) There are no proceedings or investigations pending or, to the best knowledge of Bank, threatened against Bank (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by Bank pursuant to this Agreement, or (iii) that would have a materially adverse financial effect on Bank or its operations if resolved adversely to it;

(5) Bank is not Insolvent;

(6) Immediately prior to each transfer and assignment of Transferable Receivables herein contemplated, to its actual knowledge, assuming performance by Company of its obligations under the Program Agreement, Bank (i) has good and marketable title to each Receivable and the related Account and (ii) is the sole owner thereof, free and clear of all liens, claims, encumbrances, security interests, and rights of others;

(7) With respect to each Transferable Receivable sold on any Sale Date by Bank to Company, (i) Bank has not taken any action (directly or indirectly, voluntarily or involuntarily): (a) to alter the terms or conditions of such Receivable or (b) that could be reasonably expected to impair the enforceability of such Receivables (except that such representation does not extend to any action by Company or its agents); and (ii) upon Bank's receipt of the related Purchase Price, Bank shall have conveyed to Company all of Bank's right, title and interest in each Transferable Receivable sold hereunder subject to no prior lien, claim, interest, or security interest in favor of any other creditor of Bank and (iii) the Bank has not transferred any Receivable or any interest therein to any person or entity other than Company;

(8) Unless required by Applicable Laws or one of Bank's Regulatory Authorities, Bank agrees not to take any action (directly or indirectly, voluntarily or involuntarily): (i) to alter the terms or conditions of an Account on which the related Transferable Receivable has been sold to Company, or (ii) that could reasonably be expected to (x) impair the enforceability of such Account, or (y) materially and adversely affect the servicing of or collection efforts on such Transferable Receivables, excluding (in the case of each of clauses (i) and (ii)) any action taken with the consent of Company or any subsequent servicer or owner. Notwithstanding the foregoing, Bank shall not be in breach of this Section 5(a)(8) based on any action by Company or any subsequent servicer or owner of the related Transferable Receivable; and

(9) (i) Bank does not and will not enter into this Agreement, the Program Agreement, or the transactions contemplated hereby or thereby, or transfer any Receivable to Company, (A) in contemplation of Insolvency, (B) after committing an act of Insolvency, (C) with a view to preferring one creditor over another or to preventing the application of its assets in the manner required by applicable law, or (D) with intent to hinder, delay, or defraud itself, any of its creditors, or any other person or entity;

(ii) each of this Agreement and the Program Agreement (A) has been approved by the board of directors of Bank or its loan committee and such approval is and will at all times be reflected in the minutes of the board or such committee, and (B) is and will at all times be an official record of Bank continuously from the time of its execution; and

(iii) the Bank is not the subject of any receivership, conservatorship, or similar proceeding.

Company hereby represents and warrants to Bank, as of the Effective Date and each Sale Date that:

(1) Company is a corporation, duly organized and validly existing in good standing under the laws of the State of Delaware, and has full power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery, and performance of this Agreement have been duly authorized, and are not in conflict with and do not violate the terms of the articles or bylaws of Company and will not result in a material breach of or constitute a default under or require any consent under any indenture, loan, or agreement to which Company is a party;

(2) All approvals, authorizations, consents, and other actions by, notices to, and filings with any Person required to be obtained for the execution, delivery, and performance of this Agreement by Company, have been obtained;

(3) This Agreement constitutes a legal, valid, and binding obligation of Company, enforceable against Company in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect, which may affect the enforcement of creditors' rights in general, and (ii) as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(4) There are no proceedings or investigations pending or, to the best knowledge of Company, threatened against Company (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by Company pursuant to this Agreement, or (iii) that would have a materially adverse financial effect on Company or its operations if resolved adversely to it;

(5) Company is not Insolvent; and

(6) The execution, delivery and performance of this Agreement by Company comply with Applicable Laws.

The representations and warranties set forth in this Section 5 shall survive the sale, transfer and assignment of the Transferable Receivables to Company pursuant to this Agreement and, with the exception of those representations and warranties contained in subsection 5(a)(4) and 5(b)(4), shall be made continuously throughout the term of this Agreement, including on each Sale Date. In the event that any investigation or proceeding of the nature described in subsection 5(a)(4) or 5(b)(4) is instituted or threatened against Bank or Company (as applicable), Bank or Company (as applicable) shall promptly notify the other of such pending or threatened investigation or proceeding (unless prohibited from doing so by Applicable Laws or the direction of a Regulatory Authority).

6. Conditions Precedent.

(a) The obligations of Bank in this Agreement to sell any Transferable Receivable are subject to the satisfaction of the following conditions precedent on or prior to each Sale Date:

(1) As of each Sale Date, unless waived by Bank, no action or proceeding shall have been instituted or, to Bank's knowledge, threatened against Company or Bank to prevent or restrain the consummation of the purchase or other transactions contemplated hereby, and, on each Sale Date, there shall be no injunction, decree, or similar restraint preventing or restraining such consummation;

(2) The representations and warranties of Company set forth in the Program Documents shall be true and correct in all material respects, unless waived by Bank, on each Sale Date as though made on and as of such date; and

(3) The obligations of Company set forth in the Program Documents to be performed on or before each Sale Date shall have been performed in all material respects, unless waived by Bank.

(b) The obligations of Company to purchase any Transferable Receivable pursuant to this Agreement is subject to the satisfaction of the following conditions precedent on or prior to each Sale Date:

(1) As of each Sale Date, unless waived by Company, no action or proceeding shall have been instituted or, to Company's knowledge, threatened against Company or Bank to prevent or restrain the consummation of the purchase or other transactions contemplated hereby, and, on each Sale Date, there shall be no injunction, decree, or similar restraint preventing or restraining such consummation

(2) The representations and warranties of Bank set forth in the Program Documents shall be true and correct in all material respects, unless waived by Company on each Sale Date as though made on and as of such date; and

(3) The obligations of Bank set forth in the Program Documents to be performed on or before each Sale Date shall have been performed in all material respects, unless waived by Company.

(c) For the avoidance of doubt, nothing contained in this Section 6 shall be construed to limit, restrict or modify Bank's continuing obligations with respect to Receivables previously sold by Bank.

7. Term and Termination.

This Agreement shall have a term beginning on the Effective Date and ending on the Wind-down Date (the "Term"), unless earlier terminated in accordance with the provisions hereof.

Bank shall have the right to terminate this Agreement immediately upon written notice to Company in any of the following circumstances:

(1) any representation or warranty made by Company in this Agreement shall be incorrect in any material respect and shall not have been corrected within thirty (30) Business Days after written notice thereof has been given to Company;

(2) Company shall default in the performance of any obligation or undertaking under this Agreement and such default shall continue for thirty (30) Business Days after written notice thereof has been given to Company;

(3) Company shall have a receiver, conservator or similar official appointed for it, shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official or to any involuntary case or other similar proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(4) an involuntary case or other proceeding, whether pursuant to banking regulations or otherwise, shall be commenced against Company seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, and such case or proceeding has not been stayed or dismissed within sixty (60) days after filing; or an order for relief shall be entered against Company under the federal bankruptcy laws as now or hereafter in effect;

(5) either Bank or Company has terminated the Program Agreement and any applicable notice period provided in the Program Agreement has expired; or

(6) in the event that the Transferable Receivables transferred hereunder are held to be property of Bank, or if for any reason this Agreement is held or deemed to create indebtedness or a security interest in any of the Receivables, rather than a true sale of the Receivables.

Company shall have the right to terminate this Agreement immediately upon written notice to Bank in any of the following circumstances:

(1) any representation or warranty made by Bank in this Agreement shall be incorrect in any material respect and shall not have been corrected within thirty (30) Business Days after written notice thereof has been given to Bank;

(2) Bank shall default in the performance of any obligation or undertaking under this Agreement and such default shall continue for thirty (30) Business Days after written notice thereof has been given to Bank;

(3) Bank shall have a receiver, conservator or similar official appointed for it, shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official or to any involuntary case or other similar proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(4) an involuntary case or other proceeding, whether pursuant to banking regulations or otherwise, shall be commenced against Bank seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, and such case or proceeding has not been stayed or dismissed within sixty (60) days after filing; or an order for relief shall be entered against Bank under the federal bankruptcy laws as now or hereafter in effect; or

(5) either Bank or Company has terminated the Program Agreement and any applicable notice period provided in the Program Agreement has expired.

Bank may terminate this Agreement upon at least thirty (30) days advance written notice to Company, with the opportunity for Company to cure, if Bank incurs any Loss that is indemnifiable to Bank by Company under Section 9(a) of this Agreement and is not able to obtain indemnification for such Loss under Section 9(a) due to the application of Applicable Laws that limit or restrict Bank's ability to seek such indemnification, or if Bank if precluded by a Regulatory Authority from seeking such indemnification.

In addition to the foregoing termination rights, Bank may terminate this Agreement immediately upon written notice to Company (i) if Company defaults on its obligation to make a payment to Bank as provided in Section 3 of this Agreement and fails to cure such default within two (2) Business Days of receiving notice of such default from Bank; (ii) if Company defaults on its obligation to make a payment to Bank as provided in Section 3 of this Agreement more than once in any three (3) month period; or (iii) if Company fails to maintain the Required Balance in the Collateral Account as required by Section 27.

Bank may terminate this Agreement upon at least thirty (30) day advance written notice to Company if Bank is deemed to be a "sponsor" or "depositor" under any rule, regulation or order of the Securities and Exchange Commission with respect to any security issued by Company or any Affiliate.

The termination of this Agreement either in part or in whole shall not discharge any Party from any obligation incurred prior to such termination, including any obligation with respect to Receivables sold prior to such termination.

At least two months prior to the Wind-down Date, the Parties will discuss in good faith the desireability of extending the Wind-down Date.

The following terms of this Agreement shall survive the expiration or earlier termination of this Agreement: Sections 4(c), 7, 8, 9, 17, 24 and 27.

8. Confidentiality.

Each Party agrees that Confidential Information of the other Party shall be used by such Party solely in the performance of its obligations and exercise of its rights pursuant to the Program Documents. Except as required by Applicable Laws or legal process, neither Party (the "Restricted Party") shall disclose Confidential Information of the other Party to third parties; provided, however, that the Restricted Party may disclose Confidential Information of the other Party (i) to the Restricted Party's Affiliates, agents, representatives or subcontractors for the sole purpose of fulfilling the Restricted Party's obligations under this Agreement (as long as the Restricted Party exercises reasonable efforts to prohibit any further disclosure by its Affiliates, agents, representatives or subcontractors), provided that in all events, the Restricted Party shall be responsible for any breach of the confidentiality obligations hereunder by any of its Affiliates, agents (other than Company as agent for Bank), representatives or subcontractors, (ii) to the Restricted Party's auditors, accountants and other professional advisors, or to a Regulatory Authority, or (iii) to any other third party as mutually agreed by the Parties. In addition, each Party agrees that the other Party may share Confidential Information with potential acquirers including the other party to a sale of Receivables, or to any lender or potential lender (including in connection with the issuance of debt securities) to such Party solely to the extent required to facilitate such transactions and due diligence associated with such transactions, provided that the potential party to such transaction is subject to written non-disclosure obligations and limitations on use only for the actual or prospective transaction.

A Party's Confidential Information shall not include information that:

(1) is generally available to the public other than as a result of an unauthorized disclosure by a Restricted Party, its Affiliates or agents;

(2) has become publicly known, without fault on the part of the Party who now seeks to disclose such information (the "Disclosing Party"), subsequent to the Disclosing Party acquiring the information;

(3) was otherwise known by, or available to, the Disclosing Party prior to entering into this Agreement; or

(4) becomes available to the Disclosing Party on a non-confidential basis from a Person, other than a Party to this Agreement, who is not known by the Disclosing Party after reasonable inquiry to be bound by a confidentiality agreement with the non-Disclosing Party or otherwise prohibited from transmitting the information to the Disclosing Party.

Upon written request or upon the termination of this Agreement, each Party shall, within thirty (30) days, return to the other Party all Confidential Information of the other Party in its

possession that is in written form, including by way of example, but not limited to, reports, plans, and manuals; provided, however, that either Party may maintain in its possession all such Confidential Information of the other Party required to be maintained under Applicable Laws relating to the retention of records for the period of time required thereunder.

In the event that a Restricted Party is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information of the other Party, the Restricted Party will provide the other Party with prompt notice of such request(s) so that the other Party may seek an appropriate protective order or other appropriate remedy and/or waive the Restricted Party's compliance with the provisions of this Agreement. In the event that the other Party does not seek such a protective order or other remedy, or such protective order or other remedy is not obtained, or the other Party grants a waiver hereunder, the Restricted Party may furnish that portion (and only that portion) of the Confidential Information of the other Party which the Restricted Party is legally compelled to disclose and will exercise such efforts to obtain reasonable assurance that confidential treatment will be accorded any Confidential Information of the other Party so furnished as the Restricted Party would exercise in assuring the confidentiality of any of its own Confidential Information.

9. Indemnification.

(a) Company agrees to defend, indemnify, and hold harmless Bank and its Affiliates, and the officers, directors, employees, representatives, shareholders, agents and attorneys of such entities (the "Indemnified Parties") from and against any and all claims, actions, liability, judgments, damages, costs and expenses, including reasonable attorneys' fees ("Losses") to the extent arising from Bank's participation in the Program or the 2019 Program as contemplated by the Program Documents or the 2019 Program Agreement (including Losses arising from a violation of Applicable Laws or a breach by Company or its agents or representatives of any of Company's representations, warranties, obligations or undertakings under the Program Documents or the 2019 Program Agreement), except in each case to the extent of Losses caused by (i) Bank's gross negligence or willful misconduct, or (ii) a Bank Information Security Incident.

(b) To the extent permitted by Applicable Laws, any Indemnified Party seeking indemnification hereunder shall promptly notify Company, in writing, of any notice of the assertion by any third party of any claim or of the commencement by any third party of any legal or regulatory proceeding, arbitration or action, or if the Indemnified Party determines the existence of any such claim or the commencement by any third party of any such legal or regulatory proceeding, arbitration or action, whether or not the same shall have been asserted or initiated, in any case with respect to which Company is or may be obligated to provide indemnification (an "Indemnifiable Claim"), specifying in reasonable detail the nature of the claim and, if known, the amount or an estimate of the amount of the Losses; provided, that failure to promptly give such notice shall only limit the liability of Company to the extent of the actual prejudice, if any, suffered by Company as a result of such failure. The Indemnified Party shall provide to Company as promptly as practicable thereafter information and documentation reasonably requested by Company to defend against the Indemnifiable Claim.

(c) Company shall have ten (10) Business Days after receipt of any notification of an Indemnifiable Claim (a "Claim Notice") to notify the Indemnified Party in writing of

Company's election to assume the defense of the Indemnifiable Claim and, through counsel of the Company's own choosing, and at its own expense, to commence the settlement or defense thereof, and the Indemnified Party shall cooperate with Company in connection therewith if such cooperation is so requested and the request is reasonable; provided that Company shall hold the Indemnified Party harmless from all its reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the Indemnified Party's cooperation; provided, further, that if the Indemnifiable Claim relates to a matter before a Regulatory Authority, the Indemnified Party may elect, upon written notice to Company (the "Assumption Notice"), to assume the defense of the Indemnifiable Claim at the cost of and with the cooperation of Company. If the Company assumes responsibility for the settlement or defense of any such claim, (i) Company shall permit the Indemnified Party to participate at the Indemnified Party's expense (for which no claim of Losses shall be made) in such settlement or defense through counsel chosen by the Indemnified Party; provided that, in the event that both Company and the Indemnified Party are defendants in the proceeding and the Indemnified Party has reasonably determined and notified Company that representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them, then the reasonable fees and expenses of one such counsel for all Indemnified Parties in the aggregate shall be borne by Company; and (ii) Company shall not settle any Indemnifiable Claim without the Indemnified Party's consent, except that Company may settle any Indemnifiable Claim upon notice to the Indemnified Party if the settlement involves only the payment of money damages and no admission of liability by any Person and no injunctive relief, and the settlement is subject to a confidentiality provision prohibiting disclosure of the terms of the settlement.

(d) If the Company does not notify the Indemnified Party in writing within ten (10) Business Days after receipt of the Claim Notice that it elects to undertake the defense of the Indemnifiable Claim described therein, or if Company fails to contest vigorously any such Indemnifiable Claim, or if the Indemnified Party elects to control the defense of an Indemnifiable Claim before a Regulatory Authority as permitted by Section 9(c), then, in each case, the Indemnified Party shall have the right, upon reasonable written notice to the Company, to contest, settle or compromise the Indemnifiable Claim in the exercise of its reasonable discretion; provided that the Indemnified Party shall notify Company in writing prior thereto of any compromise or settlement of any such Indemnifiable Claim and shall consider in good faith and discuss with Company any objection to the settlement Company may express. No action taken by the Indemnified Party pursuant to this paragraph (d) shall deprive the Indemnified Party of its rights to indemnification pursuant to this Section 9.

(e) All amounts due under this Section 9 shall be payable not later than ten (10) Business Days after receipt of the written demand therefor.

10. Assignment.

This Agreement and the rights and obligations created under it shall be binding upon and inure solely to the benefit of the Parties and their respective successors, and permitted assigns. Company shall not be entitled to assign or transfer this Agreement or any of their respective rights or obligations without the prior written consent of Bank except to an Affiliate. No assignment under this section shall relieve a Party of its obligations under this Agreement.

Company, or any subsequent purchaser, assignee or transferee of Transferable Receivables, may sell, assign or transfer any Transferable Receivable to any Affiliate or third-party purchaser. Company shall cause the Registrar to maintain at all times a record of the Registered Holder of each Receivable transferred by Company, and Company shall require each purchaser, assignee or transferee to comply with the terms of Section 4(d) of this Agreement. Company shall ensure that any purchaser, assignee or transferee will engage Company as the servicer of such Transferable Receivable, and that any such servicing will be subject to the servicing of the Account under the Program Agreement.

11. Third Party Beneficiaries. Nothing contained herein shall be construed as creating a third-party beneficiary relationship between either Party and any other Person.

12. Notices. All notices and other communications that are required or may be given in connection with this Agreement shall be in writing and shall be deemed received (a) on the day delivered, if delivered by hand; (b) on the day transmitted, if transmitted by facsimile or e-mail with receipt confirmed; or (c) three (3) Business Days after the date of mailing to the other Party, if mailed first-class mail postage prepaid, at the following address, or such other address as either Party shall specify in a notice to the other:

To Bank: WebBank
Attn: Executive Vice President – Strategy and
Business Development
215 S. State Street, Suite 1000
Salt Lake City, UT 84111
Tel.[****]
Email: [****]

With a copy to: WebBank
Attn: President
215 S. State Street, Suite 1000
Salt Lake City, UT 84111
Tel. [****]
Email: [****]

To Company: Oportun, Inc.
Attn.: Credit Card General Manager

Two Circle Star Way
San Carlos, CA 94070
Tel: [****]
Email:[****]

With a copy to: Oportun Inc.
Attn: General Counsel
2 Circle Star Way

San Carlos, CA 94070
Email:[****]

13. Relationship of Parties. The Parties agree that in performing their responsibilities pursuant to this Agreement, they are in the position of independent contractors. This Agreement is not intended to create, nor does it create and shall not be construed to create, a relationship of partner or joint venturer or any association for profit between and among the Parties.

14. Expenses.

Each Party shall bear the costs and expenses of performing its obligations under this Agreement, unless expressly provided otherwise in the Program Documents.

Each Party shall be responsible for payment of any federal, state, or local taxes or assessments associated with the performance of its obligations under this Agreement.

Company shall reimburse Bank for all reasonable actual and documented third party fees incurred by Bank in connection with the performance of this Agreement without markup. Bank shall endeavor to keep such fees reasonable.

Company shall pay for Bank's reasonable and actual legal and other professional fees and expenses in connection with this Agreement without markup as provided in subsection 21(f) of the Program Agreement.

Company shall reimburse Bank for all documented and reasonable out of pocket costs associated with Bank's assignment to Company of Accounts pursuant to Section 3(e).

All fees payable pursuant to this Section 14 may be paid by wire or ACH, as determined by the Company, but shall be paid pursuant to the terms of the Bank's invoice. Bank may assess a service charge of [****] on any amounts due under this Agreement that are more than thirty (30) days past due.

Bank may set-off, combine, consolidate or otherwise appropriate and apply (i) any assets of Company held by Bank or (ii) any indebtedness or other liabilities at any time owing by Bank to Company, as the case may be, against or on account of any obligations owed by Company to Bank under the Program Documents.

15. Examination. Company agrees to submit to any examination that may be required by a Regulatory Authority having jurisdiction over Bank, during regular business hours and upon reasonable prior notice (or otherwise, if required by the Regulatory Authority), and to otherwise provide reasonable cooperation to Bank in responding to such Regulatory Authority's inquiries and requests related to the Program.

16. Inspection. Company, upon reasonable prior notice from Bank, agrees to submit to an inspection of its books, records, accounts, and facilities relevant to the purchase of Transferable Receivables under the Program, from time to time, during regular business hours.

17. Governing Law; Waiver of Jury Trial. This Agreement shall be interpreted and construed in accordance with the laws of the State of Utah, without giving effect to the rules, policies, or principles

thereof with respect to conflicts of laws. THE PARTIES HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.

18. Manner of Payments. Unless the manner of payment is expressly provided herein, all payments under this Agreement shall be made by wire or ACH transfer to the bank accounts designated by the respective Parties. Notwithstanding anything to the contrary contained herein, neither Party shall be excused from making any payment required of it under this Agreement as a result of a breach or alleged breach by the other Party of any of its obligations under this Agreement or any other agreement, provided that the making of any payment hereunder shall not constitute a waiver by the Party making the payment of any rights it may have under the Program Documents or by law.

19. Brokers. No Party has agreed to pay any fee or commission to any agent, broker, finder, or other person for or on account of services rendered as a broker or finder in connection with this Agreement or the transactions contemplated hereby that would give rise to any valid claim against any other Party for any brokerage commission or finder's fee or like payment.

20. Entire Agreement. The Program Documents, including exhibits, constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede any prior or contemporaneous negotiations or oral or written agreements with regard to the same subject matter.

21. Amendment and Waiver. This Agreement may not be amended orally, but only by a written instrument signed by all Parties. The failure of a Party to require the performance of any term of this Agreement or the waiver by a Party of any default under this Agreement shall not prevent a subsequent enforcement of such term and shall not be deemed a waiver of any subsequent breach. All waivers must be in writing and signed by the Party against whom the waiver is to be enforced.

22. Severability. Any provision of this Agreement which is deemed invalid, illegal or unenforceable in any jurisdiction, shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions hereof in such jurisdiction or rendering such provision or any other provision of this Agreement invalid, illegal, or unenforceable in any other jurisdiction.

23. Interpretation. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments thereto, and the same shall be construed neither for nor against any Party, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the Parties.

24. Jurisdiction; Venue. The Parties consent to the personal jurisdiction and venue of the federal and state courts in Salt Lake City, Utah for any court action or proceeding.

25. Headings. Captions and headings in this Agreement are for convenience only and are not to be deemed part of this Agreement.

26. Counterparts. This Agreement may be executed and delivered by the Parties in any number of counterparts, and by different parties on separate counterparts, each of which counterpart shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic

transmission shall be equally effective as delivery of an original manually executed counterpart of this Agreement.

27. Security.

Definitions.

(1) "Federal Funds Rate" means an interest rate, adjusted on the first day of each month, and equal to the Effective Federal Funds Rate, as published by the St. Louis Federal Reserve Bank's FRED (Federal Reserve Economic Database) online database (available at: https://fred.stlouisfed.org/series/EFFR) for such first day of a month.

(2) "Required Balance" means the sum of the Tier 1 Required Balance, the Tier 2 Required Balance, the Tier 3 Required Balance, and the Tier 4 Required Balance.

(3) "Tier 1 Required Balance" means [****].

(4) "Tier 2 Required Balance" means (i) [****]%) of [****] during the preceding week (or preceding month if required by Bank), plus (ii) [****]. The Tier 2 Required Balance shall be calculated on Monday of each week and shall go into effect immediately, based on the balances during the week that ended with the immediately preceding Saturday.

(5) "Tier 3 Required Balance" means[****]%) of the [****] during the preceding week (or preceeding month if required by Bank). The Tier 3 Required Balance shall be calculated on Monday of each week and shall go into effect immediately, based on the balances during the week that ended with the immediately preceding Saturday.

(6) "Tier 4 Required Balance" means the total principal amount of [****].

Establishment of Collateral Account. Subject to the alternative of a Letter of Credit described in Section 27(d) below, Company shall provide Bank with cash collateral to secure Company's obligations under the Program Documents and the 2019 Program Agreement, which Bank shall deposit in a deposit account ("Collateral Account") at Bank. The Collateral Account shall be a deposit account at Bank, segregated from any other deposit account of Company or any other person or entity, that shall hold only the funds provided by Company to Bank as collateral. At all times, Company shall maintain funds in the Collateral Account and/or Letter of Credit equal to the Required Balance. In the event the actual balance in the Collateral Account and/or the Letter of Credit is less than the Required Balance, Company shall, within three (3) Business Days, make a payment into the Collateral Account and/or Letter of Credit in an amount equal to the difference between the Required Balance and the actual balance in such account or Letter of Credit amount.

Security Interest. To secure all of Company's obligations under the Program Documents and the 2019 Program Agreement (including the payment by Company of any amounts due under the Program Documents and the 2019 Program Agreement, and the performance of any of Company's obligations under the Program Documents and the 2019 Program Agreement),

Company hereby grants Bank a security interest in the Collateral Account and the funds therein or proceeds thereof, and agrees to take such steps as Bank may reasonably require to perfect or protect such first priority security interest. Company represents that, as of the date of the Agreement, the Collateral Account is not subject to any claim, lien, security interest or encumbrance (other than the interest of Bank). Company shall not allow any other Person to have any claim, lien, security interest, or encumbrance on the Collateral Account. Bank shall have all of the rights and remedies of a secured party under Applicable Laws with respect to the Collateral Account and the funds therein or proceeds thereof, and shall be entitled to exercise those rights and remedies in its discretion.

Letter of Credit. In lieu of or in addition to, in whole or in part, the Collateral Account, Company may, at its election, obtain and maintain from time to time one or more irrevocable letters of credit in favor of Bank, in a form, on terms and conditions, and from a financial institution reasonably acceptable to Bank, to secure Company's obligations under the Program Documents and the 2019 Program Agreement (including the payment by Company of any amounts due under the Program Documents and the 2019 Program Agreement, and the performance of any of Company's obligations under the Program Documents and the 2019 Program Agreement) (collectively, as applicable, the "Letter of Credit"); provided, that the amount of the Letter of Credit plus any funds in the Collateral Account, if applicable, shall at all times be at least equal to the Required Balance; provided, further, that the Letter of Credit may only satisfy the requirement to maintain the Tier 1 Required Balance and the Tier 2 Required Balance, and may not satisfy the requirement to maintain the Tier 3 Required Balance. Company shall not allow any other Person to have any claim, lien, security interest, or encumbrance on the Letter of Credit. Bank agrees to cooperate with any requests of Company to replace one or more Letters of Credit with cash, or vice versa, from time to time upon the request of Company, and promptly return any Letter of Credit and/or allow the withdrawal and payment of any amount of cash that has been replaced by a Letter of Credit to Company, in connection with, as applicable from time to time, changes in the Required Balance, Company's desire to use more or less cash in the Collateral Account or a Letter of Credit, or otherwise. In the event that (i) the Letter of Credit is due to expire in seven (7) or fewer days (the "Expiring Letter of Credit") and (ii) Company has not provided a replacement Letter of Credit and has not deposited cash into the Collateral Account in an amount sufficient to equal the Required Balance (excluding the Expiring Letter of Credit), then Company shall be deemed obligated to pay to Bank and Bank may draw down on the Expiring Letter of Credit in an amount up to such amount that is sufficient to equal (in combination with amounts then in the Collateral Account and non-expiring Letters of Credit) the Required Balance; provided, however, that Bank shall deposit and hold the proceeds of the draw on the Letter of Credit described in the foregoing clause in the Collateral Account and consider such proceeds as an amount included in the computation of Company's obligation to maintain collateral equal to the Required Balance.

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

Collateral Account during a month and credited to the Collateral Account, as property of Company, promptly following each month end.

Withdrawals.

(1) Without limiting any other rights or remedies of Bank under this Agreement, Bank shall have the right to withdraw amounts from the Collateral Account or draw upon a Letter of Credit to fulfill any obligations of Company under the Program Documents or the 2019 Program Agreement on which Company has defaulted either during the Term or following termination of any of the Program Documents. To the extent that Bank has withdrawn amounts from the Collateral Account or Letter of Credit and such amounts are subsequently paid directly to Bank, Bank shall restore such amounts to the Collateral Account or Letter of Credit within one (1) Business Day after receipt of the amounts paid directly to Bank.

(2) Company shall not have any right to withdraw amounts from the Collateral Account. In the event the actual balance in the Collateral Account and Letter of Credit is more than the Required Balance, then at Company's option, Company may provide to Bank a report setting forth the calculation for the Required Balance and the extent to which the actual amount held in the Collateral Account and any Letter of Credit at such time exceeds the Required Balance. Within two (2) Business Days after receipt of such a report from Company, Bank shall transfer from the Collateral Account any amount held therein that exceeds the Required Balance as of the date of such report and pay such amount to an account designated by Company. Notwithstanding the foregoing, following the expiration or termination of this Agreement, Bank shall be entitled to retain in the Collateral Account or Letter of Credit the amount of any reasonably expected liability that Company may have to Bank under the Program Documents or the 2019 Program Agreement. Upon request, Bank shall provide Company with a detailed explanation of such expected liabilities.

Termination of Collateral Account. Bank shall release any funds remaining in the Collateral Account and/or return any Letter of Credit to Company on latest to occur of: (i) [****] days after termination of this Agreement, (ii) the last date on which Company is obligated to purchase Receivables pursuant to Section 3, or (iii) the fulfillment by Company of all of its obligations to Bank under the Program Documents and the 2019 Program Agreement, including its outstanding indemnification obligations with respect to all Claim Notices provided to Company during the Term or within one hundred eighty (180) days after the expiration or termination of this Agreement. Without in any way limiting the foregoing, to the extent that Company has elected to provide a Letter of Credit as contemplated by Section 27(d) above, Company shall maintain the Letter of Credit in effect until the last date for the release of funds remaining in the Collateral Account as provided in the foregoing sentence.

Liquidated Damages. If Company defaults on its obligation to purchase any Transferable Receivables pursuant to this Agreement and if Company has not cured such default within five (5) Business Days, then (i) [****]. The Parties agree that it would be difficult to determine the actual damages to Bank in the event of such a default by Company, and that the

amount of liquidated damages set forth in this Section 27(h) is a reasonable estimate of such damages.

28. Effect on 2019 Sale Agreement.

(a) During the period commencing on the Changeover Date and ending at the end of the Term (or, if earlier, on the effective date of any termination of this Agreement), Bank shall not offer to sell and Company shall not purchase any Receivables pursuant to the 2019 Sale Agreement.

(b) On the Changeover Date, the amounts maintained by Company as security pursuant to Section 26 of the 2019 Sale Agreement shall be transferred to satisfy Company's obligations pursuant to Section 27 of this Agreement. During the period commencing on the Changeover Date and ending at the end of the Term (or, if earlier, on the effective date of any termination of this Agreement), Company's obligations under Section 26 of the 2019 Sale Agreement are suspended. Following the expiration or termination of this Agreement, if the 2019 Sale Agreement is then in effect, the amounts maintained by Company as security pursuant to Section 27 of this Agreement shall be transferred to satisfy Company's obligations pursuant to Section 26 of the 2019 Sale Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

WEBBANK

By: /s/ Jason Lloyd
Name: Jason Lloyd
Title: President

OPORTUN, INC.

By: /s/ Jonathan Coblentz
Name: Jonathan Coblentz
Title: Chief Financial Officer

(a)

Schedule 1

Definitions

"Agreement" shall have the meaning set forth in the introductory paragraph.

"Assumption Notice" shall have the meaning set forth in Section 9(c).

"Claim Notice" shall have the meaning set forth in Section 9(c).

"Collateral Account" shall have the meaning set forth in Section 27(b).

"Confidential Information" means the terms and conditions of this Agreement, and any proprietary information or non-public information of a Party, including a Party's proprietary marketing plans and objectives, that is furnished to the other Party in connection with this Agreement.

"Disclosing Party" shall have the meaning set forth in Section 8(b)(2).

"Effective Date" shall have the meaning set forth in the introductory paragraph.

"Eligibility Criteria" means the critiera set forth in Exhibit 2.

"Expiring Letter of Credit" shall have the meaning set forth in Section 27(d).

"Federal Funds Rate" has the meaning set forth in Section 27(a)(1).

"Indemnifiable Claim" shall have the meaning set forth in Section 9(b).

"Indemnified Parties" shall have the meaning set forth in Section 9(a).

"Interim Interest" means for each Receivable purchased from Bank hereunder, the interest calculated on the Receivable between the Funding Date and the Sale Date at the Portfolio Interest Rate, calculated on a calendar day basis; provided, however, that any days for which a Receivable was included in the balances used to compute the economics pursuant to Schedule 14 of the Program Agreement shall be disregarded and excluded from the calculation of the Interim Interest.

"Letter of Credit" shall have the meaning set forth in Section 27(d).

"Losses" shall have the meaning set forth in Section 9(a).

"Party" and "Parties" shall have the meaning set forth in the Recitals.

"Portfolio Interest Rate" means [****]%).

"Program Agreement" means the Amended and Restated Credit Card Program and Servicing Agreement, dated as of even date herewith, between Company and Bank, as amended, supplemented or modified from time to time.

"Program Documents" means the Program Agreement, the 2019 Sale Agreement, and this Agreement.

"Purchase Price" means, with respect to (i) any Transferable Excess Receivable, the sum of [****], and (ii) with respect to any Tranferable Receivable other than a Transferable Excess Receivable, [****].

"Records" means any Account Agreements, applications, change-of-terms notices, credit files, credit bureau reports, transaction data, records, or other documentation (including computer tapes, magnetic files, and information in any other format including servicing records).

"Registered Holder" means the holder of a Receivable, as determined exclusively by the Registrar.

"Registrar" means the Company or, subject to Bank's approval (which shall not be unreasonably withheld or delayed), Company's designee.

"Repurchased Receivables" means the Receivables purchased by Bank from Company pursuant to the Receivables Repurchase Agreement dated as of the Effective Date between Bank and Company.

"Required Balance" has the meaning set forth in Section 27(a)(2).

"Restricted Party" shall have the meaning set forth in Section 8(a).

"Sale Date" means each date on which Company pays Bank the Sale Price for a Transferable Receivable and, pursuant to this Agreement, acquires such Transferable Receivable from Bank. Each Business Day may be a Sale Date with respect Transferable Excess Receivables or Wind-down Receivables, and each Tuesday (or, if any Tuesday is not a Business Day, then the first subsequent day that is a Business Day) may be a Sale Date with respect to Transferable Charge Off Receivables and Transferable Ineligible Receivables.

"Sale Price" means the total of the Purchase Prices of all Receivables sold by Bank to Company on a Sale Date.

"Settlement Account" means an account owned by Bank to which the Sale Amount is paid.

"Term" shall have the meaning set forth in Section 7(a).

"Transferable Charge Off Receivable" means, with respect to any Sale Date, any Receivable that is associated with an Account that is scheduled to be charged off in accordance with the Charge Off Policy during the month that includes the applicable Sale Date.

"Transferable Excess Account" means any Account with respect to which any Account Advance requested by the Borrower on such Account would result in the total Receivables then held by Bank (other that Receivables already designated as Transferable Excess Receivables) exceeding the Threshold Amount. For the avoidance of doubt, once an Account becomes a Transferable Excess Account, all previous and subsequent Receivables associated with such Account shall be deemed Transferable Excess Receivables.

"Transferable Excess Receivable" means any Receivable that is associated with a Transferable Excess Account, which shall be a Transferable Excess Receivable the first Business Day after the related Account Advance is funded by Bank.

"Transferable Ineligible Receivable" means any Receivable that (i) is associated with an Account that does not meet the Eligibility Criteria, and (ii) is not a Transferable Excess Receivable, and (iii) is not a Transferable Charge Off Receivable.

"Transferable Receivable" means, with respect to any Sale Date, any Receivable that, as of the Business Day prior to the Sale Date, was (i) a Transferable Charge Off Receivable, or (ii) a Transferable Excess Receivable, or (iii) a Transferable Ineligible Receivable, or (iv) a Wind-down Receivable. For the avoidance of doubt, for Transferable Excess Receivables, the Sale Date will be the second (2nd) Business Day after the related Account Advance was funded by Bank. For example, if the Sale Date is Friday, Bank shall sell all Transferable Excess Receivables that were funded by Bank on Wednesday of the same week (assuming no holidays); if the Sale Date is Tuesday, Bank shall sell all Transferable Excess Receivables that were funded by Bank on Friday of the preceding week (assuming no holidays).

"Wind-down Receivable" means each Receivable owned by Bank on the Wind-down Date.

"2019 Sale Agreement" shall have the meaning set forth in the Recitals.

II. Construction

As used in this Agreement:

(a) All references to the masculine gender shall include the feminine gender (and vice versa);

(b) All references to "include," "includes," or "including" shall be deemed to be followed by the words "without limitation";

(c) the word "or" means both "and" and "or," except where the context clearly indicates that the Parties intend "or" to designate alternatives only, including when the word "either" or similar words or phrases are used;

(d) References to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation;

(e) References to "dollars" or "$" shall be to United States dollars unless otherwise specified herein;

(f) Unless otherwise specified, all references to days, months or years shall be deemed to be preceded by the word "calendar";

(g) Unless otherwise specified, all references to "quarter" shall be deemed to mean calendar quarter; and

(h) The fact that Bank or Company has provided approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either

Party agrees that the item or information for which another Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed another Party's obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party's approval or consent impairs in any way the other Party's rights or remedies under the Agreement, including indemnification rights for Company's failure to comply with all Applicable Laws.

Exhibit 10.2

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

WEBBANK

and

OPORTUN, INC.

AMDENDED AND RESTATED CREDIT CARD PROGRAM AND SERVICING AGREEMENT

Dated as of February 5, 2021

SCHEDULES AND EXHIBITS

SCHEDULE 1 Definitions

SCHEDULE 2 Preapproved Marketing

SCHEDULE 6(a)(1) Program Governance Committee

SCHEDULE 6(a)(2) Compliance Management System

SCHEDULE 6(a)(3) BSA Program

SCHEDULE 6(a)(4) ID Theft Red Flags Program

SCHEDULE 6(a)(5) Privacy Program

SCHEDULE 6(a)(6) Complaint Management Program

SCHEDULE 6(a)(7) Information Security Program

SCHEDULE 6(a)(8) Business Continuity Program

SCHEDULE 6(a)(9) Vendor Management Program

SCHEDULE 14 Economics

EXHIBIT A The Program

EXHIBIT B Credit Policy

EXHIBIT C Form of Application

EXHIBIT D Account Documentation

EXHIBIT E Form of Quarterly Compliance Certificate

EXHIBIT F Sample Funding Statement

EXHIBIT G Periodic Reports

EXHIBIT H Insurance Requirements

EXHIBIT I Accepted Servicing Practices s

EXHIBIT J Charge Off Policy

EXHIBIT K Required Controls

This AMENDED AND RESTATED CREDIT CARD PROGRAM AND SERVICING AGREEMENT (this "Agreement"), dated as of February 5, 2021 ("Effective Date"), is made by and between WEBBANK, a Utah-chartered industrial bank having its principal location in Salt Lake City, Utah ("Bank"), and OPORTUN, INC., a Delaware corporation, having its principal location in San Carlos, California ("Company").

WHEREAS, Bank is in the business of originating various types of loans, including consumer credit cards;

WHEREAS, Bank desires to provide credit and issue credit cards to qualifying consumers throughout the United States; and

WHEREAS, Company is a finance company that, directly and through its subsidiaries, offers installment loans to consumers in selected states under the authority of state lending licenses;

WHEREAS, Company has developed a platform to market and service consumer credit cards, and desires to market consumer credit cards as an additional product to consumers throughout the United States;

WHEREAS, the Parties desire that Bank provide credit and issue credit cards to qualifying applicants making applications through Company's platform, and Company provide to Bank, and Bank receive from Company, certain marketing, application processing, and account processing services in connection with card applications and accounts;

WHEREAS, the Parties entered into the Credit Card Program and Servicing Agreement dated as of November 5, 2019 (as amended, supplemented or modified from time to time, the "2019 Program Agreement"), and desire to amend and restate the 2019 Progam Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions and mutual covenants and agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Company mutually agree as follows:

1. Definitions, Effectiveness, Governance.

(a) The terms used in this Agreement shall be defined as set forth in Schedule 1, and the rules of construction set forth in Schedule 1 shall apply to this Agreement.

(b) This Agreement shall be effective as of the Changeover Date and, as of the Changeover Date, shall supersede and replace the 2019 Program Agreement. This Agreement shall apply to all Accounts owned by Bank during the term of this Agreement, on or after the Changeover Date, including Accounts that were originated under the 2019 Program Agreement.

(c) This Agreement shall not operate so as to render invalid or improper any action heretofore taken under the 2019 Program Agreement.

(d) Bank and Company shall each appoint a liaison ("Liaison") to work with each other to administer the Program pursuant to the terms of this Agreement. The Liaisons shall meet monthly, or more frequently if requested by Bank, either telephonically or in person to discuss issues, performance and administration of this Agreement. Between such

monthly meetings either Liaison may bring problems or issues to the attention of the other Liaison. The Liaisons shall work promptly to address any issues or problems presented. In the event of a dispute arising under this Agreement, the Liaisons shall first attempt to resolve such dispute. If either Liaison feels that the dispute cannot be resolved at their level, it shall be escalated to a senior executive appointed by each Party ("Senior Executive") for resolution and the Senior Executives shall use their best efforts to resolve the dispute promptly. No formal proceeding may be instituted unless and until one of the Senior Executives provides written notice to the other that resolution cannot be achieved by the Senior Executives.

(e) In the event any approval or consent is required under this Agreement, or any change is desired to be made to any aspect of the Program including the Finance Materials and the Servicing Materials, or marketing channels, then the Party requesting such approval or change shall provide written notice thereof to the Liaison of the other Party. The Parties shall work in good faith to consider such approval, consent or change as soon as practicable. If such approval or change is necessitated by a change in Applicable Laws, the Parties will work together to effect such change for implementation prior to the effective date of any change in Applicable Laws.

2. <u>Marketing of the Program and Accounts</u>. At its own cost, Company (itself or through its affiliates and/or subcontractors) shall produce the Cards and promote and otherwise market the Program and the Accounts. In performing such promotion and other marketing services, Company may use English-language and Spanish-language communications, and may use any sales channel, form of media or media channel (including direct mail, telemarketing, retail stores, and the internet) that has been approved by Bank, provided that Company shall discontinue the use of any sales channel, form of media or media channel if directed to do so by Bank in order to comply with Applicable Law, the direction of a Regulatory Authority, or safety and soundness concerns. In the event of such direction, the Parties will work together to determine whether modifications can be made so as to allow the use of any sales channel, form of media or media channel subject to such discontinuation. All promotional and marketing materials, including marketing scripts, press releases, the card designs, and other marketing materials (collectively, "Marketing Materials") shall be subject to approval by Bank, such approval not to be unreasonably denied, conditioned, withheld or delayed, and may be changed only at the direction or with the consent of Bank. Company shall ensure that all Marketing Materials, including the Card design, shall be accurate and not misleading in all material respects and shall comply with Applicable Laws. The terms of Schedule 2 are incorporated into this Section 2 as if fully set forth herein.

3. <u>Extension of Credit</u>. Bank agrees to make Accounts available, in accordance with the Credit Policy, to qualifying applicants located in the Territory. All Accounts shall be originated by Bank using the Company's services described herein. Company acknowledges that approval of an Application involves, among other things, the establishment of an Account with Bank. An advance under the Account creates a creditor-borrower relationship between Bank and Borrower which involves Bank's extension of credit, the disbursement of proceeds, and the right to collect payments. Bank, in its sole discretion, may deny any Application in good faith and in accordance with Applicable Laws. Bank agrees to make advances available on Accounts in accordance with the Credit Policy to accountholders.

4. <u>Account Documents and Credit Policy</u>. The following documents, terms and procedures ("Finance Materials") are subject to approval by both Parties and will be used by Bank initially

with respect to the Accounts, and shall be attached to this Agreement upon approval by Bank: (i) the Program description as **Exhibit A**; (ii) Credit Policy as **Exhibit B**; (iii) form of Application, including disclosures required by Applicable Laws, as **Exhibit C**; and (iv) form of Account Agreement, privacy policy and privacy notices, as **Exhibit D**. The Finance Materials may be changed only at the direction or with the consent of Bank. Notwithstanding anything to the contrary in this Agreement, no change may be made to the Credit Policy unless each such change has been approved by Bank's board of directors or its designee, in its sole discretion. The Parties acknowledge that each Account Agreement and all other documents referring to the creditor for the Program shall identify Bank as the creditor for the Accounts. Company shall ensure that the Finance Materials comply with Applicable Laws. Except for the Finance Materials and the Marketing Materials, Company shall not refer to Bank or to the Program without the express written consent of Bank, including in press releases and other public statements.

5. Account Processing and Origination.

(a) As service provider for Bank, Company shall process Applications from Applicants for Accounts on behalf of Bank (including retrieving credit reports) to determine whether the Applicant meets the eligibility criteria set forth in the Credit Policy. As service provider for Bank, Company shall respond to all inquiries from Applicants regarding the application process.

(b) Upon Bank's request, Company shall forward to Bank mutually agreed information, including the data elements required for account opening under the BSA Program, regarding Applicants who meet the eligibility criteria set forth in the Credit Policy. Company shall have no discretion to override the Credit Policy with respect to any Applications.

(c) Subject to the terms of this Agreement, Bank shall establish Accounts and make Account Advances, subject to the terms of the Account Agreement, with respect to Applicants and Borrowers who meet the eligibility criteria set forth in the Credit Policy.

(d) On behalf of Bank, and pursuant to procedures mutually agreed to by the Parties, Company shall provide (i) adverse action notices to Applicants who do not meet the Credit Policy criteria or are otherwise denied by Bank and provide Account Agreements with regard to Applications that are approved by Bank, (ii) Cards, and (iii) any other Applicant or Borrower communications. All documentation used in the Program shall be subject to the approval of Bank, such approval not to be unreasonably denied, conditioned, withheld or delayed.

(e) Company shall hold and maintain, as custodian for Bank, all documents of Bank pertaining to Accounts. At Bank's request, Company shall provide Bank with immediate access to the originals or copies of such documents in accordance with Bank's request, and the obligation set forth in this sentence shall survive the expiration or termination of this Agreement, for a period equal to the time that Bank is required by Applicable Law to retain or have access to such documents. Company shall, at Bank's request, provide Bank with connectivity to its (and its subcontractors') systems to enable daily access to the information pertaining to Accounts, provided that with respect to subcontractors' systems, it shall be limited to the same type of access to information that Company is

provided. Such access shall be “read only” and Bank may not make changes to such documents or records without consultation with and notice to Company.

(f) Without Bank’s consent, during the period when any Accounts or Receivables are owned by Bank, Company will not take any action which would adversely affect Bank’s ownership interest in the Accounts and the Receivables then owned by Bank, and Company will take all actions that are reasonably necessary to effect and maintain Bank’s ownership interest in such Accounts and Receivables.

(g) Without Bank’s consent, Company shall not create or suffer to exist (by operation of law or otherwise, and except as may be created by Bank) any lien, encumbrance or security interest upon or with respect to any of the Accounts or Receivables owned by Bank which adversely affects Bank’s ownership interest in the Accounts or Receivables. Company shall immediately notify Bank of the existence of any such unauthorized lien, encumbrance or security interest and shall defend the right, title and interest in, to and under the Accounts and Receivables against all claims of third parties.

(h) Pursuant to Section 23, as Bank reasonably requires and upon reasonable advance written notice to Company, Bank will periodically audit Company for compliance with the terms of this Section 5 and the Agreement as a whole, including compliance with the standards set forth herein for Account origination.

(i) Bank at its cost and expense except as provided in Section 21(c) will be a member and maintain its membership with the Network and will provide Company with access to the Program BINs and allow Company to interact directly with the Network to the extent reasonably necessary for Company to fulfill its obligations with respect to the Program, and Bank will remain in good standing with the Network. Bank will cooperate with Company as necessary to effect or maintain any registrations with a Network for the Program. The Parties will mutually agree upon the Network for the Program. Bank will not use or allow other Persons to use the Program BINs for credit card programs other than the Program and such Program BINs shall be segregated and separate from any other credit card programs of Bank.

(j) Company shall perform the obligations described in this Section 5 in accordance with Applicable Laws.

(k) Bank will oversee, supervise, and establish such controls as may be reasonably necessary to oversee and supervise Company’s marketing, promotion, administration and servicing of the Program, and other duties performed by Company under the Program.

(l) Within ten (10) Business Days following the end of each month, Bank shall pay to Company the Marketing Fee with respect to the month then ended.

6. Compliance with Applicable Laws; Required Controls. In the performance of its obligations under this Agreement, Company shall comply with Applicable Laws and shall operate and maintain the Required Controls. Company shall develop the Required Controls in order to ensure that the Program is offered in compliance with Applicable Laws, and that Bank offers the Program in a safe and sound manner. The Required Controls shall be developed by Company and approved by Bank and may be changed only at the direction or with the consent of Bank such consent not to be unreasonably denied, conditioned, delayed or withheld.

(a) Without limiting the foregoing, Company shall develop, implement and maintain the following Required Controls in accordance with applicable guidance of Bank's Regulatory Authorities:

(1) a Program Governance Committee that includes the requirements outlined in Schedule 6(a)(1);

(2) a Compliance Management System that includes the requirements outlined in Schedule 6(a)(2);

(3) a BSA Program that includes the requirements outlined in Schedule 6(a)(3);

(4) an ID Theft Red Flags Program that includes the requirements outlined in Schedule 6(a)(4);

(5) a Privacy Program that includes the requirements outlined in Schedule 6(a)(5);

(6) a Complaint Management Program that includes the requirements outlined in Schedule 6(a)(6);

(7) an Information Security Program that includes the requirements outlined in Schedule 6(a)(7);

(8) a Business Continuity Program that includes the requirements outlined in Schedule 6(a)(8); and

(9) a Vendor Management Program that includes the requirements outlined in Schedule 6(a)(9).

(b) Company shall cooperate with and bear the expenses of annual compliance and information security audit(s) of Company's activities and obligations in connection with the Program, and such other audits and reports concerning Company's activities and obligations in connection with the Program as may be reasonably requested by Bank from time to time in its reasonable discretion. Information security audit(s) are to be conducted by a third-party audit firm, unless agreed to by the Parties that the audit can be performed by the Company's internal audit department, that is selected and engaged by Company and is subject to approval by Bank, and reports, to Bank. Compliance audit(s) and such other audits and reports are to be conducted by a third-party audit firm that is selected and engaged by, and reports, to Bank but subject to the approval of Company such approval not to be unreasonably denied, conditioned, withheld or delayed. The scope of each audit shall be determined by Bank (considering in good faith input received by Company) using commercially reasonable practices, and may include the activities of significant third-party vendors supporting the Program. The auditor shall deliver to Bank all draft and final reports, and shall also provide a copy to Company, and Bank shall be included in all meetings and correspondence related to the audit. Bank may waive the requirement for an information security audit if Company already has an established information security audit process that is acceptable to Bank. Company may not share the report with any other Person (other than Company's attorneys and accountants, or as may be required by Applicable Laws subject to the provisions of Section 18) without the consent of Bank not to be unreasonably withheld, conditioned, delayed or denied.

Company shall promptly take action to correct any material errors or deficiencies identified in any information security audit(s) (other than errors or deficiencies that, based on the mutual determination of the Parties, need not be corrected), and shall develop, with the approval of Bank, a schedule for the correction of such errors and deficiencies, and work with Bank to create a roadmap to address all other errors and deficiencies unless waived by Bank. Company shall promptly take action to correct any errors or deficiencies identified in any other audit or report (other than errors or deficiencies that, based on the mutual determination of the Parties, need not be corrected), and shall develop, with the approval of Bank, a schedule for the correction of such errors and deficiencies.

(c) Company shall cooperate with and bear the expenses of a review of each custom model used in connection with the Program and the associated model governance, and validation of each model on an appropriate schedule, to be conducted by a third-party review firm that is selected and engaged by Company and approved by Bank, and reports to, Bank or with Bank's written approval to be conducted by qualified individuals at Company that are independent from the development and use of the model. The scope of the review shall be determined by Bank after consultation with Company. The review firm shall deliver to Bank and Company all draft and final reports and Company shall be included in all meetings and correspondence related to the review. Company may not share the report with any other Person (except for its attorneys, accountants or consultants under obligations of strict confidentiality or as may be required by Applicable Laws) without the consent of Bank, such consent to not be unreasonably withheld, delayed, denied, or conditioned.

(d) Company shall report monthly to Bank in a reasonable form determined by Bank, on Complaints relating to all aspects of the Program and the steps taken by Company to address such Complaints;

(e) Company shall report to Bank promptly upon identifying any actual, threatened or suspected violation of Applicable Laws or the Required Controls concerning the Program (a "Reportable Event"), and Company shall cooperate with and report to Bank regarding the investigation of the Reportable Event. Company shall undertake remediation and disclosure of a Reportable Event in accordance with a plan that is agreed by Bank.

(f) Company shall provide to Bank, on a quarterly basis in writing, a report by the compliance officer of the results of all audits and reviews of the Program and all significant issues related to the Program since the last report, as well as Company's resolutions of such issues (if applicable).

(g) Company shall provide to Bank a certification letter signed by its compliance officer and/or such other officer(s) as Bank may require, not later than thirty (30) days after the end of each quarter, in the form of **Exhibit E**, that it is complying with its obligations under the Program Documents.

(h) Company shall comply, and promptly provide information requested by Bank in order to comply, with any reporting requirements of the Utah Department of Financial Institutions, the Federal Deposit Insurance Corporation, the Financial Crimes

Enforcement Network, or other Regulatory Authority applicable to either Party's performance of this Agreement.

7. Regulatory Inquiries, Elevated Complaints and Litigation.

(a) Company shall notify Bank within five (5) Business Days after becoming aware of any Regulatory Inquiry or Elevated Complaint in regards to the Program.

(b) Company shall provide Bank with all documentation relating to the Regulatory Inquiry or Elevated Complaint. Company shall obtain Bank's prior approval for any response to a Regulatory Inquiry or Elevated Complaint, and for any other communication between Company and a Regulatory Authority in regards to the Program.

(c) Company shall cooperate in good faith and provide such assistance, at Bank's request, to permit Bank to promptly resolve or address any Regulatory Inquiry or Elevated Complaint, or other investigation, proceeding or Complaint involving Bank in regards to the Program.

(d) Company shall notify Bank promptly of any litigation relating to the Program in which Bank is a named party, and provide monthly updates on all Program-related litigation to Bank and as otherwise requested by Bank. Company legal counsel also will provide a quarterly written update to Bank's General Counsel on civil investigative demands, regulatory subpoenas, significant examination findings, other investigations and material litigation relevant to the Program.

(e) Company shall provide reasonable assistance as requested by Bank to enable Bank to respond to any subpoenas, legal notices, civil investigative demands, or other legal process received by Bank that are related to the Program.

8. Third-Party Service Providers.

(a) Company may use third-party service providers in the performance of its obligations under this Agreement, to the extent permitted by and in accordance with the terms of the Vendor Management Program, and subject to Bank's prior written approval of each "Critical Vendor," as such term is defined in the Vendor Management Program. First Data Resources LLC (including any sucessor(s) in interest) has been approved by Bank as a Critical Vendor to assist Company in its servicing obligations.

(b) Company shall provide Bank with the results of the due diligence and oversight activities performed as part of the Vendor Management Program as to any Critical Vendor.

(c) Company shall ensure that all Critical Vendors that directly or indirectly support the Program are engaged through written contracts that include contractual requirements that are consistent with good practices for institutions that service or administer portfolios of consumer credit cards. Contracts for such Critical Vendors shall be reviewed and approved by senior management of Company and, upon request of Bank, subject to review and approval by Bank not to be unreasonably withheld, delayed, denied or conditioned.

(d) Company agrees to be fully responsible for the acts and omissions of all third-party vendors, including the third-party vendors' compliance with the terms of this Agreement and all Applicable Laws, and Company shall cause each third-party vendor to perform its obligations in a manner that fully complies with the terms of this Agreement as if Company performed such obligations directly. Company shall cause each material Critical Vendor to cooperate with Bank's exercise of any audit or other rights under this Agreement.

(e) Upon request of Bank, Company shall cause a Critical Vendor to enter into a mutually acceptable three-party agreement to document the relationship among the Parties and such Critical Vendor.

(f) Upon request by Bank, for good cause specified by Bank in its reasonable discretion, Company after receiving notice by Bank and the expiration of any applicable cure period shall terminate or suspend a third-party Critical Vendor with respect to duties performed for the Program. It shall be at Bank's discretion whether a third-party Critical Vendor shall be afforded a cure period prior to suspension or termination and the conditions required to cure. In the event the Bank determines that a cure period is appropriate, the Parties shall mutually agree to the length of the cure period, which shall be commercially reasonable. In the event of a termination of a Critical Vendor that directly or indirectly supports the Program, Company shall develop a termination plan to protect Bank assets and Confidential Information (such termination plan to be provided to Bank). For third party vendors that are not Critical Vendors, Bank for good cause may request Company to terminate or suspend such third party vendor providing Company with the reasons for the request, and upon such request, the Parties shall work together to resolve any concerns with the third party vendor and if such concerns cannot be resolved to the reasonable satisfaction of Bank, the Company will, upon finding a satisfactory replacement, suspend or terminate such vendor as to services being provided with respect to the Program.

9. Privacy; Information Security Incidents.

(a) Company shall use and share NPI only in a manner that complies with Applicable Law and the privacy policies of Bank and Company, as applicable.

(b) Company shall make NPI of Borrowers and Applicants available to Bank for purposes of Bank's satisfying its legal obligations in connection with the Program.

(c) Company shall deliver the initial and annual privacy notices of Bank and Company, to the extent required by Applicable Law, in a form and manner agreed by the Parties.

(d) Company and Bank shall maintain data security and disaster recovery protections that comply with Applicable Law and are consistent with industry standards for the banking and consumer lending industry.

(e) Each Party (the "Affected Party") shall notify the other Party of any Information Security Incident as soon as reasonably possible. The Affected Party will fully cooperate with the other Party in investigating any Information Security Incident and the Affected Party will take action promptly, at its own expense, to investigate the Information Security Incident, to identify, mitigate and remediate the effects of the Information Security Incident and to

implement any other reasonable and appropriate measures in response to the Information Security Incident. [****].

10. Ownership of Accounts and Customer Relationships.

(a) The approval of an Application creates a customer relationship between Bank and the Borrower. Company may also establish a customer relationship with the Borrower as the servicer of the Account.

(b) Bank shall continue to own the Account and the customer relationship with the Borrower unless that relationship is transferred pursuant to another agreement with Company or a third party as allowed by this Agreement or with Company approval. Company shall not take any action that interferes with or is inconsistent with Bank's customer relationship with the Borrower, and Company shall provide in any disclosures or other materials provided to Borrowers references that indicate that the Bank is the lender on the Accounts and has the customer relationship with the Borrower or is otherwise necessary to maintain the customer relationship between Bank and the Borrower with respect to the Program, including the providing of any materials of Bank to Borrowers.

(c) Company may, at its own expense and subject to the Program privacy policy and Applicable Law, solicit Applicants and/or Borrowers with offerings of any goods and services from Company and parties other than Bank, subject to Bank's prior consent (which consent shall not be unreasonably withheld, conditioned, denied or delayed).

(d) Bank (including the Bank's other partners and programs soliciting loans on behalf of Bank) shall not solicit Applicants and/or Borrowers with offerings of goods and services without Company's written consent.

(e) Notwithstanding subsection 10(d), (i) Bank may make solicitations for goods and services to the public, which may include one or more Applicants or Borrowers; provided, that Bank does not (A) target such solicitations to specific Applicants and/or Borrowers, (B) use or permit a third party to use any list of Applicants and/or Borrowers in connection with such solicitations, or (C) refer to or otherwise use the name of Company; and (ii) Bank shall not be obligated to redact the names of Applicants and/or Borrowers from marketing lists acquired from third parties (*e.g.*, subscription lists) that Bank uses for solicitations.

11. Funding Account Advances.

(a) Company will provide a Funding Statement to Bank by e-mail or as otherwise mutually agreed by the Parties at least one hour prior to the Funding Time on each Funding Date, to compare against the drawdown request from the Network. Each Funding Statement shall specify those Account Advances to be funded by Bank to Borrowers on such Funding Date and allow the Bank to confirm the drawdown request from the Network. The form of the Funding Statement shall be mutually determined by the Parties and attached hereto as **Exhibit F**, and may be modified by the Parties from time to time.

(b) By the Funding Time on each Funding Date, Bank shall transfer the total funding amount, as identified on the drawdown request from the Network, to the Network.

(c) Company will reconcile the Funding Statement for each day with the drawdown request from the Network, and provide such reconciliation to Bank.

(d) The obligation of Bank to disburse the total funding amount, as provided in Section 8(b), is subject to the satisfaction of the following conditions precedent immediately prior to each disbursement by Bank:

(1) the representations and warranties of Company set forth in the Program Documents shall be true and correct in all material respects at the time of or prior to each such disbursement by Bank as though made as of the time Bank disburses such amount; and

(2) the obligations of Company set forth in the Program Documents to be performed prior to each such disbursement by Bank shall have been performed prior to each such disbursement.

(e) As may be applicable, the Parties shall confer on a regular basis to discuss the projections for the volume of the Program and any appropriate adjustments in the Total Program Credit Limit. Bank may adjust the Total Program Credit Limit to meet the actual and expected volume expected for the Program or as requested by Company. [****].

(f) If Company, as servicer for Bank, agrees to cancel an Account Advance for which the related Receivable is then owned by Bank and refund interest and fees to Borrower, at the request of a Borrower, Company shall ensure that the original principal amount of the Account Advance is promptly returned to Bank.

12. Appointment of Servicer.

(a) From and after the date that each Account is originated and until the earlier of: (i) such date as all Accounts become Liquidated Accounts; or (ii) this Agreement is terminated in accordance with Section 17 (and subject to the survival of terms as provided therein), Bank appoints and contracts with Company as an independent contractor, subject to the terms of this Agreement, for the servicing of the Accounts.

(b) Company shall establish and maintain a Servicing File with respect to each Account in order to service such Account pursuant to this Agreement. Company shall maintain the Servicing Files and the Account Documents electronically and such files and documents may be accessed at the Servicer Physical Address or such other physical location as designated by Company in writing; provided, however, in no event shall physical or electronic copies of Servicing Files be stored outside the continental United States. To the extent that original documents are not required for purposes of realization of Account proceeds, documents maintained by Company may be in digital format. Company may release from its custody the contents of any Servicing File only to Bank, the owner of Receivables generated under the Account or such other Persons as Bank may authorize; provided, that, Company may (i) use the contents of any Servicing File in the performance of its obligations under this Agreement and in the conduct of its business generally (subject to the confidentiality provisions of this Agreement and the requirements of Applicable Laws), (ii) use, deliver and release the contents of any Servicing File to Bank, (iii) use, deliver or release copies of any such data, information or documents to its accountants, counsel or advisors, to regulators or other Regulatory

Authorities, or to other Persons to the extent necessary and appropriate to comply with Applicable Law or respond to subpoenas or other appropriate demands therefor in connection with any action, proceeding, arbitration or investigation in any forum of or before any Regulatory Authority, and (iv) use, deliver and release the contents of any Servicing File as permitted by the Receivables Sale Agreement.

(c) Each Servicing File is and shall be held in trust by Company on behalf of and for the benefit of Bank and any owner of Receivables under the Accounts. The ownership of each Account Document and the contents of the Servicing File shall be vested in Bank, and the ownership of all records and documents with respect to the related Account prepared by or which come into the possession or control of Company shall immediately vest in Bank and shall be retained and maintained, in trust, by Company at the will of Bank in such custodial capacity only. Each Servicing File shall be maintained electronically and shall be appropriately identified or recorded to reflect the ownership of the related Account by Bank and the ownership of any Receivables generated under the Accounts as to its owner.

13. Servicing Obligations.

(a) Company, as an independent contractor, shall service and administer each Account from and after the date that an Account is originated until the earlier of (i) such date as such Account becomes a Liquidated Account or (ii) this Agreement is terminated in accordance with Section 17 (and subject to the survival of terms as provided therein), in accordance with Applicable Law, the Accepted Servicing Practices and the terms of this Agreement and consistent with customary, reasonable and usual standards of practice for institutions that service or administer portfolios of consumer credit cards or, if a higher standard, that degree of skill and attention the Company exercises with respect to all comparable accounts that it services for itself or others and, in all cases, in accordance with Applicable Laws (such standard of care being the "Servicing Standard"), and shall have full power and authority to do any and all things in connection with such servicing and administration as limited by the terms of this Agreement and Servicing Standard. Company's general obligations with respect to the servicing of Accounts hereunder shall include, without limitation, the following:

(1) Setting up and maintaining a bank account, address, or other electronic or physical facility to which Borrower is instructed to send payments due under the terms of each Account;

(2) Preparing and sending periodic statements and other Account communications;

(3) Investigating and resolving billing disputes and other Borrower inquiries;

(4) Crediting Accounts in respect of unauthorized charges;

(5) Processing chargebacks, refunds and adjustments;

(6) Attempting to collect Borrower payments due under the terms of each Account;

(7) Correctly remitting Proceeds on each Account in accordance with Section 14;

(8) Providing customer service, including maintaining a toll free number (staffed between normal business hours during its regular business days) for Borrowers to call with inquiries with respect to the Accounts, and responding to such inquiries;

(9) Interfacing with the Network for the proper operation of the Program, and following applicable Network requirements;

(10) Investigating and maintaining collection procedures for delinquencies;

(11) Sending privacy notices, adverse action notices, and other required notices; and

(12) Processing payments provided by Borrowers on the Accounts.

(b) With respect to any returns accepted by any merchant, or customer refunds provided by any merchant, for a purchase that was originally financed via an Account, Company shall, to the extent of the outstanding balance of the Receivable with respect to such Account, pay the refund amount to the Person owning and holding such Receivable within five (5) Business Days after receiving the funds relating to such refund. Company shall ensure that any amounts paid as provided in the foregoing sentence are credited to the applicable Account.

(c) Company shall ensure that all monetary adjustments and/or credits agreed upon by Company in resolving any customer dispute regarding merchandise purchased via an Account shall promptly be communicated to the Person owning and holding the Receivable with respect to such Account at the time of the adjustment. The procedures for applying such adjustments and/or credits to the Receivables shall be mutually agreed upon by the Parties in writing and incorporated into the Servicing Materials.

(d) The Accepted Servicing Practices may be changed only at the direction of or with the consent of Bank not to be unreasonably withheld, delayed, denied or conditioned.

(e) Company may grant, permit or facilitate any Modification for any Account, provided that such Modification is consistent with the Servicing Standard and the Accepted Servicing Practices. Upon request, and with the frequency and in the format requested by Bank, Company shall notify Bank of any Modification granted, permitted or facilitated by Company. Company shall not charge any Borrower any fees on an Account not contemplated in the Account Documents or Accepted Servicing Practices unless approved by Bank.

(f) Without limiting the generality of the foregoing, Company is hereby authorized and empowered to execute and deliver on behalf of Bank, all notices or instruments of satisfaction, cancellation or termination, or of partial or full release, discharge and all other comparable instruments, with respect to the Accounts or the Receivables relating to such Accounts; provided, however, that Company shall not be entitled to release, discharge, terminate or cancel any Account or the related Account Documents unless in a manner consistent with the Servicing Standard and the Accepted Servicing Practices. Company shall not permit any rescission or cancellation of any Account, except as ordered by a court of competent jurisdiction or other Regulatory Authority, or as required by Applicable Laws, or as contemplated by the Accepted Servicing Practices. If reasonably required by Company, Bank shall furnish Company with any powers of

attorney and other documents reasonably necessary or appropriate to enable Company to carry out its servicing and administrative duties under this Agreement.

(g) Company shall take no action under this Agreement or any other agreement or instrument contemplated hereby, nor omit to take any action under any such agreement or instrument, which in each case would result in a breach or impair the rights of Bank in respect of any Account, except in accordance with the terms of this Agreement. Company shall not reschedule, revise or defer any payments due on any Account, except in accordance with the Accepted Servicing Practices, as required by Applicable Laws, or as permitted by this Agreement.

(h) All materials, documents, communications, forms, templates, policies, and procedures used by Company to service Accounts ("Servicing Materials") shall be subject to approval by Bank, such approval not to be unreasonably withheld, delayed, conditioned or denied and may be changed only at the direction or with the consent of Bank.

(i) Company shall ensure that all Servicing Materials, and all of its servicing of Accounts, shall comply with Applicable Laws, and shall be accurate and not misleading in all material respects.

(j) Company shall maintain in effect all qualifications required under requirements of Applicable Laws in order to service properly each Account, and shall comply in all respects with all requirements of Applicable Law in connection with the performance of its obligations hereunder, except to the extent that the failure to maintain such qualifications or to comply with such requirements would not have a material adverse effect on Bank, the collectability or enforceability of the Accounts or Company's ability to perform its obligations under this Agreement. Company shall at all times preserve and keep in full force and effect its existence and all rights, franchises, permits and licenses material to its business.

(k) On behalf of Bank, Company shall prepare and file all tax reporting, information statements and other tax reports for Borrowers which are required to be provided to or made for the related Borrowers, and shall provide Bank with such information concerning Accounts as is reasonably necessary for Bank to prepare its federal income tax return as Bank may reasonably request in writing from time to time.

14. Collection of Payments and Liquidation of Accounts.

(a) Continuously from the initial Funding Date of an Account until the date each Account becomes a Liquidated Account or otherwise ceases to be subject to this Agreement, in accordance with the Servicing Standard and the Accepted Servicing Practices, Company shall use commercially reasonable efforts to collect all Account Payments and any other payments due under each of the Accounts when the same shall become due and payable.

(b) Promptly following any Account's satisfying the charge off criteria as set forth in the Charge Off Policy, Company shall, in accordance with the Charge-Off Policy, charge off the related Account and Receivables (the date of such charge-off being the "Charge Off Date" and each such Account, a "Charged Off Account"). Company shall continue to service each Charged Off Account following the Charge Off Date in accordance with this Agreement and the Accepted Servicing Practices. Company may facilitate the sale and

transfer of Charged Off Accounts only in accordance with the Accepted Servicing Practices.

(c) Company shall direct Borrowers making payments via ACH to make such payments directly into the Bank Collection Account or such other bank account as shall be mutually agreed by Bank and Company. Unless otherwise agreed by Company and Bank and subject to subsection (d) below, Company shall cause all other Proceeds pertaining to Receivables owned by Bank to be deposited into the Bank Collection Account (or such other bank account as shall be mutually agreed by Bank and Company) within two (2) Business Days of the receipt by Company, or its Affiliate, of such Proceeds in its general servicing account (the "Servicing Account"). The following collections received by Company on the Accounts shall constitute "Proceeds":

(1) all Account Payments;

(2) all prepayments of principal or other amounts due under Account Agreements; and

(3) all Liquidation Proceeds and other recoveries.

(d) With respect to Proceeds on any Receivable where the Receivable has been sold by Bank to Company, Bank, Company, or Company's Affiliate, as applicable, shall transfer such Proceeds from the Bank Collection Account or Servicing Account, as applicable, to Company or its designee.

(e) In the event that Company or Bank receives any payments on any Accounts or Receivables directly from or on behalf of the Borrower, from any distributions from the Servicing Account, or any payments at a Servicer Physical Address, Company or Bank shall receive all such payments in trust for the sole and exclusive benefit of the holder of such Receivable and shall promptly transfer such payments to the holder of such Receivable. Such payments shall be remitted to Company as servicer and not be subject to any set-off or counterclaim by Company.

(f) The Parties incorporate herein by reference the economic terms set forth in Schedule 14.

(g) In the event that a Borrower files any bankruptcy proceedings, Company will follow the Servicing Standard and the Accepted Servicing Practices and shall to the extent required by the Accepted Servicing Practices represent Bank's interest in any bankruptcy proceedings relating to the Borrower. Any action by Company will be in accordance with the Servicing Standard and the Accepted Servicing Practices.

15. <u>Representations and Warranties</u>.

(a) Bank hereby represents and warrants, as of the Effective Date, or covenants, as applicable, to Company that:

(1) Bank is a FDIC-insured Utah-chartered industrial bank, duly organized and validly existing and in good standing under the laws of the State of Utah and has full corporate power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery and performance of this

Agreement have been duly authorized, and are not in conflict with and do not violate the terms of the charter or bylaws of Bank and will not result in a material breach of or constitute a default under, or require any consent under, any indenture, loan or agreement to which Bank is a party;

(2) All approvals, authorizations, consents, and other actions by, notices to, and filings with, any Person required to be obtained for the execution, delivery, and performance of this Agreement by Bank, have been obtained;

(3) This Agreement constitutes a legal, valid, and binding obligation of Bank, enforceable against Bank in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, receivership, conservatorship or other similar laws now or hereafter in effect, including the rights and obligations of receivers and conservators under 12 U.S.C. §§ 1821(d) and (e), which may affect the enforcement of creditors' rights in general, and (ii) as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(4) There are no proceedings or investigations pending or, to the best knowledge of Bank, threatened against Bank (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by Bank pursuant to this Agreement, or (iii) that would have a materially adverse financial effect on Bank or its operations or the Accounts if resolved adversely to it;

(5) Bank is not Insolvent; and

(6) The Proprietary Materials Bank licenses to Company pursuant to Section 19, and their use as contemplated by this Agreement, do not violate or infringe upon, or constitute an infringement or misappropriation of, any U.S. patent, copyright or U.S. trademark, service mark, trade name or trade secret of any person or entity and Bank has the right to grant the licenses set forth in Section 19 below.

(b) Company hereby represents and warrants, as of the Effective Date, or covenants, as applicable, to Bank that:

(1) Company is a corporation, duly organized and validly existing in good standing under the laws of the State of Delaware, and has full power and authority to execute, deliver, and perform its obligations under this Agreement; the execution, delivery, and performance of this Agreement have been duly authorized, and are not in conflict with and do not violate the terms of the articles or bylaws of Company and will not result in a material breach of or constitute a default under or require any consent under any indenture, loan, or agreement to which Company is a party;

(2) All approvals, authorizations, consents, and other actions by, notices to, and filings with any Person required to be obtained for the execution, delivery, and performance of this Agreement by Company, have been obtained;

(3) This Agreement constitutes a legal, valid, and binding obligation of Company, enforceable against Company in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereafter in effect, which may affect the enforcement of creditors' rights in general, and (ii) as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(4) There are no proceedings or investigations pending or, to the best knowledge of Company, threatened against Company (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by Company pursuant to this Agreement, or (iii) that would have a materially adverse financial effect on Company or its operations if resolved adversely to it;

(5) Company is not Insolvent;

(6) The execution, delivery and performance of this Agreement by Company, the Finance Materials, the Servicing Materials, the Marketing Materials, and servicing strategies shall comply with Applicable Laws;

(7) Neither Company nor any Control Person has been convicted of a crime, or has agreed to or entered into a pretrial diversion or similar program, or is under indictment, in each case in connection with a dishonest act or a breach of trust or money laundering, as set forth in Section 19 of the Federal Deposit Insurance Act, 12 U.S.C. § 1829(a);

(8) The Proprietary Materials Company licenses to Bank pursuant to Section 19, and their use as contemplated by this Agreement, do not violate or infringe upon, or constitute an infringement or misappropriation of, any U.S. patent, copyright or U.S. trademark, service mark, trade name or trade secret of any person or entity and Company has the right to grant the license set forth in Section 19 below;

(9) Company is a servicer of consumer credit accounts and is qualified to be a servicer of consumer credit card accounts, with the facilities, procedures and experienced personnel or arrangements with appropriate third-party service providers and/or collection agents necessary for the servicing of accounts with card access including the Accounts in accordance with the Servicing Standard and Accepted Servicing Practices, and Company (itself or through such third-party service providers and/or agents) has the ability to perform in all material respects its covenants and obligations contained in this Agreement;

(10) Company's responsibilities under this Agreement will be performed by qualified personnel or agents (including Company's Critical Vendors) in a professional manner in accordance with the standards of care, skill, knowledge and diligence consistent with recognized and sound practices and procedures for institutions that service or administer portfolios of consumer credit cards;

(11) All information maintained by the Company for Bank through Company's platform, or provided by Company to Bank in connection with an Account, in

each case, relating to the servicing of each Account is true, correct and consistent, in all materials respects, with the information obtained or generated by Company in connection with the servicing of each such Account;

(12) The consummation of the transactions contemplated by this Agreement are in the ordinary course of business of Company;

(13) Company is not an investment company as defined in, or subject to regulation under, the U.S. Investment Company Act of 1940;

(14) No Regulatory Authority has imposed any penalties, fines or sanctions on Company with respect to the servicing of credit card accounts;

(15) Company has not done anything to prevent or impair an Account from being valid, binding and enforceable against the Borrower thereunder; and

(16) There are no proceedings existing, pending or, to the knowledge of Company, threatened in writing against Company before any Regulatory Authority which would reasonably be expected to have a material adverse effect with respect to Company or the Accounts.

(c) Company hereby represents and warrants to Bank as of each Funding Date that:

(1) For each Account and each Account Advance: (i) the Company's services with respect to such Account were performed in accordance with the Credit Policy, (ii) Company used the form of Application provided in **Exhibit C** (as amended from time to time in accordance with Section 4) and (iii) such Account is evidenced by an Account Agreement that is in the form of Account Agreement provided in **Exhibit D** (as amended from time to time in accordance with Section 4);

(2) Each Borrower listed on a Funding Statement is eligible for an Account (with respect to an initial Account Advance only) as determined under the Credit Policy in effect on the date of creation of the Account and is eligible for an Account Advance under the Credit Policy, as in effect on the date of such Account Advance;

(3) The origination of the Account on behalf of Bank will, assuming performance by Bank of its obligations under this Agreement, comply with all Applicable Laws;

(4) Company has not pledged, assigned, sold, granted a security interest in or otherwise conveyed any of the Accounts nor authorized the filing of, and is not aware of, any financing statements against the Company or Bank that include a description of collateral covering any portion of the Accounts; the Account Agreement other than Receivables sold to Company under the Program Documents or other record that constitutes or evidences an Account does not and shall not have any marks or notations indicating that the Account has been pledged, assigned or otherwise conveyed to any Person;

(5) Assuming performance by Bank of its obligations under this Agreement, all right, title and interest to each Account and Receivable shall, upon origination of

such Account or Account Advance, as applicable, be vested in Bank, free of any interest of Company except as provided in the Program Documents and Bank shall be the sole legal and beneficial owner of such Account and Receivable, and have the right to assign, sell and transfer such Account and Receivable, free and clear of any lien or encumbrance in connection with a syndication or otherwise, subject to the terms of the Program Documents;

(6) The Account was not opened and is not subject to, and any Account Advance has not been originated in and is not subject to, the laws of any jurisdiction under which the sale, transfer, assignment, setting over, conveyance or pledge of such Account or Receivable (or an economic interest therein) would be unlawful, void, or voidable (assuming the purchaser has any license required by Applicable Laws);

(7) Company has not entered into any agreement with the Borrower that prohibits, restricts or conditions the assignment of such Account or Receivable (or an economic interest therein) (other than any prohibitions, restrictions or conditions arising under Applicable Laws);

(8) All information provided by Company to Bank in connection with an Account is true and correct (other than information provided by a Borrower to Company, which is true and correct to the best of Company's knowledge);

(9) The information on each Funding Statement is true and correct in all respects; and

(10) Company is in compliance with all obligations and agreements under the Program Documents in all material respects.

(d) The representations and warranties of Bank and Company contained in this Section 15, except those representations and warranties contained in subsection 15(a)(4) and 15(b)(4), are made continuously throughout the term of this Agreement. In the event that any investigation or proceeding of the nature described in subsection 15(a)(4) or 15(b)(4) is instituted or threatened against a Party, such Party shall promptly notify the other Party of the pending or threatened investigation or proceeding.

16. Indemnification.

(a) Company agrees to defend, indemnify, and hold harmless Bank and its Affiliates, and the officers, directors, employees, representatives, shareholders, agents and attorneys of such entities (the "Indemnified Parties") from and against any and all claims, actions, liability, judgments, damages, costs and expenses, including reasonable attorneys' fees ("Losses") to the extent arising from Bank's participation in the Program or the 2019 Program as contemplated by the Program Documents or the 2019 Program Agreement (including Losses arising from a violation of Applicable Laws or a breach by Company or its agents or representatives of any of Company's representations, warranties, obligations or undertakings under the Program Documents or the 2019 Program Agreement), except in each case to the extent of Losses caused by (i) Bank's gross negligence or willful misconduct, and (ii) a Bank Information Security Incident.

(b) To the extent permitted by Applicable Laws, any Indemnified Party seeking indemnification hereunder shall promptly notify Company, in writing, of any notice of the assertion by any third party of any claim or of the commencement by any third party of any legal or regulatory proceeding, arbitration or action, or if the Indemnified Party determines the existence of any such claim or the commencement by any third party of any such legal or regulatory proceeding, arbitration or action, whether or not the same shall have been asserted or initiated, in any case with respect to which Company is or may be obligated to provide indemnification (an "Indemnifiable Claim"), specifying in reasonable detail the nature of the claim and, if known, the amount or an estimate of the amount of the Losses; provided, that failure to promptly give such notice shall only limit the liability of Company to the extent of the actual prejudice, if any, suffered by Company as a result of such failure. The Indemnified Party shall provide to Company as promptly as practicable thereafter information and documentation reasonably requested by Company to defend against the Indemnifiable Claim.

(c) Company shall have ten (10) Business Days after receipt of any notification of an Indemnifiable Claim (a "Claim Notice") to notify the Indemnified Party in writing of Company's election to assume the defense of the Indemnifiable Claim and, through counsel of the Company's own choosing, and at its own expense, to commence the settlement or defense thereof, and the Indemnified Party shall cooperate with Company in connection therewith if such cooperation is so requested and the request is reasonable; provided that Company shall hold the Indemnified Party harmless from all its reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the Indemnified Party's cooperation; provided, further, that if the Indemnifiable Claim relates to a matter before a Regulatory Authority, the Indemnified Party may elect, upon written notice to Company (the "Assumption Notice"), to assume the defense of the Indemnifiable Claim at the cost of and with the cooperation of Company. If the Company assumes responsibility for the settlement or defense of any such claim, (i) Company shall permit the Indemnified Party to participate at the Indemnified Party's expense (for which no claim of Losses shall be made) in such settlement or defense through counsel chosen by the Indemnified Party; provided that, in the event that both Company and the Indemnified Party are defendants in the proceeding and the Indemnified Party has reasonably determined and notified Company that representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them, then the reasonable fees and expenses of one such counsel for all Indemnified Parties in the aggregate shall be borne by Company; and (ii) Company shall not settle any Indemnifiable Claim without the Indemnified Party's consent, except that Company may settle any Indemnifiable Claim upon notice to the Indemnified Party if the settlement involves only the payment of money damages and no admission of liability by any Person and no injunctive relief, and the settlement is subject to a confidentiality provision prohibiting disclosure of the terms of the settlement.

(d) If the Company does not notify the Indemnified Party in writing within ten (10) Business Days after receipt of the Claim Notice that it elects to undertake the defense of the Indemnifiable Claim described therein, or if Company fails to contest vigorously any such Indemnifiable Claim, or if the Indemnified Party elects to control the defense of an Indemnifiable Claim before a Regulatory Authority as permitted by Section 16(c), then, in each case, the Indemnified Party shall have the right, upon reasonable written notice to the Company, to contest, settle or compromise the Indemnifiable Claim in the exercise of

its reasonable discretion; provided that the Indemnified Party shall notify Company in writing prior thereto of any compromise or settlement of any such Indemnifiable Claim and shall consider in good faith and discuss with Company any objection to the settlement Company may express. No action taken by the Indemnified Party pursuant to this paragraph (d) shall deprive the Indemnified Party of its rights to indemnification pursuant to this Section 16.

(e) All amounts due under this Section 16 shall be payable not later than ten (10) Business Days after receipt of the written demand therefor.

17. Term and Termination.

(a) This Agreement shall have an initial term beginning on November 5, 2019 and ending on the last day of the month that includes the fifth (5th) anniversary of the 2019 Program Launch Date (the "Initial Term") and shall renew automatically for successive terms of one (1) year each (each a "Renewal Term," collectively, the Initial Term and Renewal Term(s) shall be referred to as the "Term"), unless either Party provides notice of non-renewal to the other Party at least one hundred eighty (180) days prior to the end of the Initial Term or any Renewal Term or this Agreement is earlier terminated in accordance with the provisions hereof.

(b) This Agreement shall terminate upon the expiration or earlier termination of the Receivables Sale Agreement.

(c) Bank shall have the right to terminate this Agreement immediately upon written notice to Company if:

(1) Subject to Secton 17(d), Bank determines that its continued participation in the Program would be in violation of Applicable Laws, or Bank's continued participation in the Program has been prohibited by order or injunction of any court or Regulatory Authority;

(2) Subject to Section 17(d), Bank determines that a change in Applicable Law or any judicial decision of a court having jurisdiction over Bank or any interpretation of a Regulatory Authority would have a materially adverse effect on the rights or obligations of Bank under this Agreement or the financial condition of Bank;

(3) Subject to Section 17(d), Bank has been advised by legal counsel that a change in Applicable Laws or any judicial decision of a court having jurisdiction over Bank, the Company, or the Program, or any interpretation or position (formal or informal) of a Regulatory Authority creates a material risk that Bank's or Company's continued performance under this Agreement would violate Applicable Laws;

(4) Subject to Section 17(d), a Regulatory Authority with jurisdiction over Bank has provided, formally or informally, concerns about the Program and Bank determines, in its sole discretion, that its rights and remedies under this Agreement are not sufficient to protect Bank fully against the potential consequences of such;

(5) Subject to Section 17(d), Bank determines that there is a substantial financial, reputational, regulatory or other risk of continuing to participate in the Program, or continuing to do business with Company (including by receiving any consent order or sanction by a Regulatory Authority);

(6) Subject to Section 17(d), a fine or penalty has been assessed against Bank by a Regulatory Authority in connection with the Program, including as a result of a consent order or stipulated judgment;

(7) (i) Company defaults on its obligation to make a payment to Bank as provided in Section 2 of the Receivables Sale Agreement, Section 3 of the Receivables Retention Facility Agreement, or Section 14 of this Agreement and fails to cure such default within two (2) Business Days of receiving notice of such default from Bank; (ii) Company defaults on its obligation to make a payment to Bank as provided in Section 2 of the Receivables Sale Agreement, Section 3 of the Receivables Retention Facility Agreement, or Section 14 of this Agreement more than once in any three (3) month period; or (iii) Company fails to maintain the collateral account or letter of credit as required by the Receivables Sale Agreement or the Receivables Retention Facility Agreement;

(8) Subject to Section 17(d), Bank incurs any Loss and is not able to obtain indemnification for such Loss under Section 16(a) due to the application of Applicable Laws that limit or restrict Bank's ability to seek such indemnification, or if Bank if precluded by a Regulatory Authority from seeking such indemnification;

(9) (i) there is any uncured breach of or event of default existing after any notice and cure period has expired under, or any failure to comply with the terms, conditions, or covenants (in each case, regardless of whether such breach, event of default, or failure to comply is asserted or waived by any other Person) of any credit or debt facility of Company (whether now existing or arising in the future) other than financing provided by an Affiliate of Company (each, a "Company Credit Facility"), or (ii) Company fails to provide reasonable evidence of its ability to renew, extend, or replace a Company Credit Facility at least thirty (30) days prior to a maturity thereof or have sufficient other sources of equity or corporate debt or other financing available to replace such Company Credit Facility;

(10) Company has not presented any Applications for new Accounts, and there have been no requests for any Account Advances, in the immediately preceding sixty (60) days.

(11) there is a Change of Control of Company and Bank reasonably determines after an opportunity to evaluate such change of control that there is a substantial financial, reputational, regulatory or other risk of continuing to participate in the Program.

(d) Bank shall use commercially reasonable efforts to provide notice to Company when Bank becomes aware of any activity or condition of Company or the Program that is reasonably

likely to lead Bank to terminate this Agreement pursuant to Sections (c)(1), (2), (3), (4), (5), (6) or (8) of this Section 17 (unless Bank concludes in good faith that providing such notice would itself serve to create, prolong, or exacerbate any circumstance referred to above).

(e) Company may terminate this Agreement without cause upon ninety (90) days' prior written notice to Bank; provided, however, that following such termination and through the end of the Term as in effect immediately prior to such termination Company may not, and shall cause its Affiliates not to, enter into an agreement with any other depository institution to offer credit cards that are marketed or serviced by Company or its Affiliates. For the avoidance of doubt, the restriction in the proviso in the immediately preceding sentence shall not apply if Company terminates this Agreement pursuant to Section 17(f) or if Bank agrees in writing to waive the restriction.

(f) A Party shall have the right to terminate this Agreement immediately upon written notice to the other Party in any of the following circumstances:

(1) any representation or warranty made by the other Party in this Agreement shall be incorrect in any material respect and shall not have been corrected within thirty (30) Business Days after written notice thereof has been given to such other Party;

(2) the other Party shall default in the performance of any obligation or undertaking under this Agreement and such default shall continue for thirty (30) Business Days after written notice thereof has been given to such other Party;

(3) the other Party shall have a receiver, conservator or similar official appointed for it, shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official or to any involuntary case or other similar proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(4) an involuntary case or other proceeding, whether pursuant to banking regulations or otherwise, shall be commenced against the other Party seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, receivership, conservatorship or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, conservator, custodian, or other similar official of it or any substantial part of its property, and such case or proceeding has not been stayed or dismissed within sixty (60) days after filing; or an order for relief shall be entered against the other Party under the federal bankruptcy laws as now or hereafter in effect; or

(5) there is a material adverse change in the financial condition of the other Party.

(g) In addition to any other rights or remedies available to the Bank under this Agreement or by law, Bank shall have the right to suspend performance of its obligations under this Agreement, including, but not limited to, Bank's funding of Account Advances (as required under Section 8 of this Agreement) during the period commencing with the occurrence of any monetary default by Company including but not limited to the failure to make a payment required by Section 2 of the Receivables Sale Agreement, Section 3 of the Receivables Retention Facility Agreement, or Section 14(f) of this Agreement, and in any case ending when such condition has been cured. Bank shall give Company prior or contemporaneous notice of its intent to suspend performance under this provision. Notwithstanding such suspension right, Bank may terminate this Agreement as provided in Section (c) or (f) of this Section 17.

(h) Bank shall not be obligated to approve Applications or fund Account Advances after termination or during any suspension of this Agreement except as contemplated during a transition or wind-down period under Section 17(k).

(i) The termination of this Agreement either in part or in whole shall not discharge any Party from any obligation incurred prior to such termination.

(j) If this Agreement is terminated [****], then Bank may invoice Company for the Early Termination Amount and Company shall pay such amount within thirty (30) days of such invoice.

(k) As soon as is reasonably practicable after either Party provides a termination or non-renewal notice, Company shall provide to Bank in writing a proposed transition or wind-down plan, detailing (i) whether the Program is to be wound down or transferred to a successor bank; and (ii) a proposed timeline, which shall designate a date as of which the Program shall be wound down or transferred from Bank to a successor bank. Bank and Company shall meet promptly thereafter to review such proposed plan and to determine a mutually acceptable transition or wind-down plan; provided however, that if the Bank and Company fail to reach mutual agreement on the transition or wind-down plan within thirty (30) days after the date of notice of termination or non-renewal or such later time as may otherwise be mutually agreed upon by both parties, Bank shall establish such a plan that is appropriate for the Program. The wind-down or transition of the Program shall occur as soon as is reasonably possible before the termination or expiration of this Agreement; provided, that the Term of this Agreement may be extended by up to one hundred (180) days solely for the purpose of completing the wind-down or transition upon the mutual agreement of the Parties, which agreement shall not be unreasonably withheld, conditioned, denied or delayed. The parties will endeavor to minimize the impact on Borrowers.

(l) Following the expiration or earlier termination of this Agreement, to the extent that Bank continues to own any Accounts, and such Accounts are not to be transferred to Company or a successor bank as part of a transition of the Program, Bank may elect to continue to have Company service the Accounts pursuant to Sections 12, 13 and 14 of this Agreement, or Bank may elect to terminate such servicing.

(m) If (i) either Party has been advised by legal counsel of a change in Applicable Laws or any judicial decision of a court having jurisdiction over such Party or any interpretation of a Regulatory Authority that, in the view of such legal counsel, would have a materially adverse effect on the rights or obligations of such Party under this Agreement or the financial condition of such Party, (ii) either Party receives a request of any Regulatory Authority having jurisdiction over such Party, including any letter or directive of any kind from any such Regulatory Authority, that prohibits or restricts such Party from carrying out its obligations under this Agreement, or (iii) either Party has been advised by legal counsel that there is a material risk that such Party's or the other Party's continued performance under this Agreement would violate Applicable Laws, then the Parties shall meet and consider in good faith any modifications, changes or additions to the Program or the Program Documents that may be necessary to eliminate such result. Notwithstanding any other provision of the Program Documents, if the Parties are unable to reach agreement regarding such modifications, changes or additions to the Program or the Program Documents within fifteen (15) Business Days after the Parties initially meet, either Party may exercise any applicable termination right pursuant to this Agreement and terminate this Agreement upon ten (10) Business Days' prior written notice to the other Party. A Party may suspend performance of its obligations under this Agreement, or require the other Party to suspend its performance of its obligations under this Agreement, upon providing the other Party advance written notice, if any event described in clauses (i), (ii) or (iii) above occurs.

(n) The following terms of this Agreement shall survive the expiration or earlier termination of this Agreement:

(1) Sections 6(a)(3), 7(c), 7(e), 16, 17, 18, 25 and 35 shall survive indefinitely; and

(2) Sections 6, 7, 10(c), 10(d) and 10(e) shall survive during the period that Bank continues to own any Accounts.

18. Confidentiality.

(a) Each Party agrees that Confidential Information of the other Party shall be used by such Party solely in the performance of its obligations and exercise of its rights pursuant to the Program Documents. Except as required by Applicable Laws or legal process, neither Party (the "Restricted Party") shall disclose Confidential Information of the other Party to third parties; provided, however, that the Restricted Party may disclose Confidential Information of the other Party (i) to the Restricted Party's Affiliates, agents, representatives or subcontractors for the sole purpose of fulfilling the Restricted Party's obligations under this Agreement (as long as the Restricted Party exercises reasonable efforts to prohibit any further disclosure by its Affiliates, agents, representatives or subcontractors), provided that in all events, the Restricted Party shall be responsible for any breach of the confidentiality obligations hereunder by any of its Affiliates, agents (other than Company as agent for Bank), representatives or subcontractors, (ii) to the Restricted Party's auditors, accountants and other professional advisors, or to a Regulatory Authority, or (iii) to any other third party as mutually agreed by the Parties. In addition, each Party agrees that the other Party may share Confidential Information with potential acquirers including the other party to a sale of assets (including Accounts or economic interests in the Accounts), or to any lender or potential lender (including in

connection with the issuance of debt securities) to such Party solely to the extent required to facilitate such transactions and due diligence associated with such transactions, provided that the potential party to such transaction is subject to written non-disclosure obligations and limitations on use only for the actual or prospective transaction.

(b) The Parties previously entered into an Non-Disclosure Agreement ("NDA"), dated August 21, 2019, to set forth the treatment of certain Company highly confidential information (as defined therein) and hereby incorporate by reference that NDA into this Agreement with the intent of giving that NDA full force and effect under the terms stated therein. NDA shall control with respect to the Company information covered by the NDA.

(c) A Party's Confidential Information shall not include information that:

(1) is generally available to the public other than as a result of an unauthorized disclosure thereof;

(2) has become publicly known, without fault on the part of the Party who now seeks to disclose such information (the "Disclosing Party"), subsequent to the Disclosing Party acquiring the information;

(3) was otherwise known by, or available to, the Disclosing Party prior to entering into this Agreement; or

(4) becomes available to the Disclosing Party on a non-confidential basis from a Person, other than a Party to this Agreement, who is not known by the Disclosing Party after reasonable inquiry to be bound by a confidentiality agreement with the non-Disclosing Party or otherwise prohibited from transmitting the information to the Disclosing Party.

(d) Upon written request or upon the termination of this Agreement, each Party shall, within thirty (30) days, return to the other Party all Confidential Information of the other Party in its possession that is in written form, including by way of example, but not limited to, reports, plans, and manuals; provided, however, that either Party may maintain in its possession all such Confidential Information of the other Party required to be maintained under Applicable Laws relating to the retention of records for the period of time required thereunder.

(e) In the event that a Restricted Party is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) to disclose any Confidential Information of the other Party, the Restricted Party will provide the other Party with prompt notice of such request(s) so that the other Party may seek an appropriate protective order or other appropriate remedy and/or waive the Restricted Party's compliance with the provisions of this Agreement. In the event that the other Party does not seek such a protective order or other remedy, or such protective order or other remedy is not obtained, or the other Party grants a waiver hereunder, the Restricted Party may furnish that portion (and only that portion) of the Confidential Information of the other Party which the Restricted Party is legally compelled to disclose and will exercise such efforts to obtain reasonable assurance that confidential treatment will be accorded any Confidential Information of the other Party so

furnished as the Restricted Party would exercise in assuring the confidentiality of any of its own Confidential Information.

19. Proprietary Material. Each Party ("Licensing Party") hereby provides the other Party ("Licensee") with a non-exclusive right and license to use and reproduce the Licensing Party's name, logo, registered trademarks and service marks ("Proprietary Material") on the Applications, Account Agreements, Marketing Materials, and otherwise in connection with the fulfillment of Licensee's obligations under this Agreement; provided, however, that (i) the Licensee shall at all times comply with written instructions provided by the Licensing Party regarding the use of the Licensing Party's Proprietary Material, and (ii) Licensee acknowledges that, except as specifically provided in this Agreement, it will acquire no interest in the Licensing Party's Proprietary Material. Upon termination of this Agreement, Licensee will cease using Licensing Party's Proprietary Material. Bank may use Company's Proprietary Materials in materials describing Bank's business, such as its website and investor presentations, subject to Company's prior written consent which shall not be unreasonably withheld.

20. Relationship of Parties. Bank and Company agree that in performing their responsibilities pursuant to this Agreement, they are in the position of independent contractors. This Agreement is not intended to create, nor does it create and shall not be construed to create, a relationship of partner or joint venturer or any association for profit between and among Bank and Company.

21. Expenses.

(a) Except as set forth herein, each Party shall bear the costs and expenses of performing its obligations under this Agreement.

(b) Each Party shall be responsible for payment of any federal, state, or local taxes or assessments associated with the performance of its obligations under this Agreement and for compliance with all filing, registration and other requirements with regard thereto.

(c) Company shall bear all expenses in the marketing, originating, and servicing of the Accounts, and shall bear any fees or other amounts payable to the Network with respect to the Program, including the cost of the Program BINs, and including any proportional amount of such expenses or fees that apply to the Program as well as to other programs of Bank (regardless of whether the Bank's counterparty actually pays such expenses or fees). Company shall also pay all costs of obtaining credit reports (as applicable), performing compliance screening, and delivering adverse action notices. To the extent any of the foregoing are incurred by Bank, Company shall reimburse Bank for such commercially reasonable costs and expenses.

(d) Company shall pay all wire transfer and ACH costs for transfers by Bank under the Program. Company shall reimburse Bank for all reasonable third party bank fees incurred by Bank in connection with the performance of this Agreement, provided that any such third-party fees shall be invoiced by Bank at Bank's actual cost and shall not include any corporate allocations, administrative fees or Bank mark-ups.

(e) Company shall reimburse Bank for any commercially reasonable out-of-pocket costs and expenses paid or incurred by Bank in the performance of on-site reviews of Company's or any third-party service provider's financial condition, operations, and internal controls, including travel expenses, provided that any costs or expenses shall be invoiced by Bank

at Bank's actual cost and shall not include any corporate allocations, administrative fees or Bank mark-ups. Bank will use commercially reasonable efforts to control costs and expenses that Company will be responsible for and cooperate with Company to avoid duplicate sourcing of services related to the Program.

(f) Company shall be responsible for all of Bank's commercially reasonable out-of-pocket legal fees directly related to the Program, including Bank's attorneys' fees and expenses in connection with the preparation, negotiation, execution, and delivery of the Program Documents; any amendment, modification, administration, collection and enforcement of the Program Documents; any modification of the Finance Materials or other documents or disclosures related to the Program; or any dispute or litigation arising out of or related to the Program (collectively, "Legal Fees"); [****]. Subject to the Legal Fee limit, Company shall be responsible for all of Bank's commercially reasonable out-of-pocket costs and expenses for any other third-party professional services related to the Program, including the services of any third-party compliance, credit or technology specialists in connection with ongoing examinations, inspections, and audits of Company or the Program that Bank may reasonbly require from time to time. Bank will provide to Company regular monthly invoices detailing such fees and expenses (which may be redacted to preserve confidentiality or privilege). Bank shall use good faith and commercially reasonable efforts to control third-party costs and expenses related to the Program, and to keep such costs with the estimated ranges provided by Bank to Company from time to time. Bank will promptly notify Company if any such estimated ranges are exceeded or expected to be exceeded, and will cooperate with Company to avoid duplicate sourcing of services related to the Program.

(g) All fees payable pursuant to this Section 21 (other than amounts the payment of which is otherwise provided for under this Agreement) shall be invoiced by Bank on a monthly basis and may be paid by wire or ACH, as determined by the Company, but shall be paid pursuant to the terms of the Bank's invoice. Bank may assess a service charge of [****]% per month on any amounts due under this Agreement that are thirty (30) days past due except for any amounts that are disputed and which the parties are attempting to resolve.

22. Examination. Company agrees to submit to any examination that may be required by a Regulatory Authority having jurisdiction over Bank, during regular business hours and upon reasonable prior notice (or otherwise, if required by the Regulatory Authority), and to otherwise provide reasonable cooperation to Bank in responding to such Regulatory Authority's inquiries and requests related to the Program.

23. Inspection. A Party, upon reasonable prior notice from the other Party, agrees to submit to an inspection of its books, records, accounts, and facilities relevant to the Program, from time to time, during regular business hours. All reasonable expenses of inspection shall be borne by Company, and Company shall reimburse Bank for the reasonable out of pocket expenses incurred by Bank in the performance of periodic on site reviews of Company's financial condition, operations and internal controls. Company shall store all documentation and electronic data related to its performance under this Agreement and shall make such documentation and data available during any inspection by Bank. Company shall make available to Bank such information, documentation, and data as may be reasonably requested by Bank from time to time to conduct testing, reviews, or other evaluations of Company or the Program.

24. Reports, Data, and Information Requirements. Company shall provide to Bank the reports identified on **Exhibit G**, estimated annual budgets and forecasts of Company and the Program, together with any required supporting documentation, and such other reports as Bank may reasonably request from time to time. Company shall comply with the formatting and technical guidance provided by Bank for submitting reports. Bank may request additional data fields and/or modifications to the templates for reporting, and Company shall implement such additions or modifications within forty-five (45) days or sooner if necessary. Bank may request new report templates and Company shall implement such new reports within ninety (90) days or sooner if necessary. All templates and template changes must be approved in writing by Bank.

25. Governing Law; Waiver of Jury Trial. This Agreement shall be interpreted and construed in accordance with the laws of the State of Utah, without giving effect to the rules, policies, or principles thereof with respect to conflicts of laws. THE PARTIES HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.

26. Severability. Any provision of this Agreement which is deemed invalid, illegal or unenforceable in any jurisdiction, shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining portions hereof in such jurisdiction or rendering such provision or any other provision of this Agreement invalid, illegal, or unenforceable in any other jurisdiction.

27. Assignment. This Agreement and the rights and obligations created under it shall be binding upon and inure solely to the benefit of the Parties and their respective successors, and permitted assigns. Company shall not be entitled to assign or transfer any interest under this Agreement without the prior written consent of Bank except Company may transfer its interests under this Agreement (in whole, but not in part) to an Affiliate that is capable of performing under this Agreement; provided, that Company shall remain liable for performance of its obligations hereunder. No assignment under this section shall relieve a Party of its obligations under this Agreement.

28. Third Party Beneficiaries. Nothing contained herein shall be construed as creating a third-party beneficiary relationship between either Party and any other Person.

29. Notices. All notices and other communications that are required or may be given in connection with this Agreement shall be in writing and shall be deemed received (a) on the day delivered, if delivered by hand; (b) on the day transmitted, if transmitted by facsimile or e-mail with receipt confirmed; or (c) three (3) Business Days after the date of mailing to the other Party, if mailed first-class mail postage prepaid, at the following address, or such other address as either Party shall specify in a notice to the other:

To Bank: WebBank
Attn: Executive Vice President – Strategy and
Business Development
215 S. State Street, Suite 1000
Salt Lake City, UT 84111
Tel.[****]
Email: [****]

With a copy to: WebBank
Attn: President
215 S. State Street, Suite 1000
Salt Lake City, UT 84111
Tel. [****]
Email: [****]

To Company: Oportun, Inc.
Attn: Credit Card General Manager
Two Circle Star Way
San Carlos, CA 94070
Tel: [****]
Email: [****]

With a copy to: Oportun Inc.
Attn: General Counsel
2 Circle Star Way
San Carlos, CA 94070
Email: [****]

30. Amendment and Waiver. This Agreement may not be amended orally, but only by a written instrument signed by all Parties. The failure of a Party to require the performance of any term of this Agreement or the waiver by a Party of any default under this Agreement shall not prevent a subsequent enforcement of such term and shall not be deemed a waiver of any subsequent breach. All waivers must be in writing and signed by the Party against whom the waiver is to be enforced.

31. Entire Agreement. The Program Documents, including exhibits, constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede any prior or contemporaneous negotiations or oral or written agreements with regard to the same subject matter.

32. Counterparts. This Agreement may be executed and delivered by the Parties in any number of counterparts, and by different parties on separate counterparts, each of which counterpart shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission shall be equally effective as delivery of an original manually executed counterpart of this Agreement.

33. Interpretation. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments thereto, and the same shall be construed neither for nor against either Party, but shall be given a reasonable interpretation in accordance with the plain meaning of its terms and the intent of the Parties.

34. Force Majeure. If any Party is unable to carry out the whole or any part of its obligations under this Agreement by reason of a Force Majeure Event, then the performance of the obligations under this Agreement of such Party as they are affected by such cause shall be excused during the continuance of the inability so caused, except that should such inability not be remedied within

thirty (30) days after the date of such cause, the Party not so affected may at any time after the expiration of such thirty (30) day period, during the continuance of such inability, terminate this Agreement on giving written notice to the other Party and without payment of a termination fee or other penalty. To the extent that the Party not affected by a Force Majeure Event is unable to carry out the whole or any part of its obligations under this Agreement because a prerequisite obligation of the Party so affected has not been performed, the Party not affected by a Force Majeure Event also is excused from such performance during such period. A "Force Majeure Event" as used in this Agreement shall mean an unanticipated event that is not reasonably within the control of the affected Party or its subcontractors (including, but not limited to, acts of God, acts of governmental authorities, strikes, war, riot and any other causes of such nature), and which by exercise of reasonable due diligence, such affected Party or its subcontractors could not reasonably have been expected to avoid, overcome or obtain, or cause to be obtained, a commercially reasonable substitute therefor. No Party shall be relieved of its obligations hereunder if its failure of performance is due to removable or remediable causes which such Party fails to remove or remedy using commercially reasonable efforts within a reasonable time period. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of a Force Majeure Event shall give prompt notice of such fact to the other Party, followed by written confirmation of notice, and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Jurisdiction; Venue. The Parties consent to the personal jurisdiction and venue of the federal and state courts in Salt Lake City, Utah for any court action or proceeding.

36. Insurance. Company agrees to maintain insurance coverage on the terms and conditions specified in **Exhibit H** at all times during the term of this Agreement, to provide an annual update of all insurance coverages, and to notify Bank promptly of any cancellation or lapse of any such insurance coverage. Insurance policies required to be maintained hereunder shall be procured from insurance companies reasonably acceptable to Bank. Company shall provide evidence of its insurance coverages in the form of certificates of insurance promptly following each policy renewal or replacement.

37. Prohibition on Tie-In Fees. Company shall not directly or indirectly impose or collect any fees, charges or remuneration on Applicants or Borrowers relating to the processing or approval of an Application, the establishment of an Account, or the disbursement of Account Advances, unless such fee, charge or remuneration is set forth in the Finance Materials, Servicing Materials or on **Exhibit A**, or approved by Bank.

38. Headings. Captions and headings in this Agreement are for convenience only and are not to be deemed part of this Agreement.

39. Manner of Payments. Unless the manner of payment is expressly provided herein, all payments under this Agreement shall be made by wire or ACH transfer to the bank accounts designated by the respective Parties. Notwithstanding anything to the contrary contained herein, neither Party shall be excused from making any payment required of it under this Agreement as a result of a breach or alleged breach by the other Party of any of its obligations under this Agreement or any other agreement, provided that the making of any payment hereunder shall not constitute a waiver by the Party making the payment of any rights it may have under the Program Documents or by law.

40. Referrals. Neither Party has agreed to pay any fee or commission to any agent, broker, finder, or other person for or on account of such person's services rendered in connection with this Agreement that would give rise to any valid claim against the other Party for any commission, finder's fee or like payment.

41. Financial Covenants, Statements and Reporting.

(a) Company shall maintain at all times during the Term the Net Liquidity Minimum.

(b) Company shall maintain at all times during the Term a positive Tangible Net Worth.

(c) Company shall provide Bank the following: (i) unaudited quarterly financial statements of Company (which includes Company and its subsidiaries) which shall, at a minimum, include a balance sheet, income statement and statement of cash flows, within forty-five (45) days after the end of each quarter, certified by the chief executive officer, chief financial officer, treasurer or controller of the Company or Parent, as applicable, as fairly presenting the financial condition, results of operations and cash flows of the Company and subsidiaries or Parent, as applicable, in accordance with GAAP, subject only to normal year-end audit adjustments, and including both that quarter and year-to-date, (ii) audited annual financial statements of Company (which includes Company and its subsidiaries), which shall, at a minimum, include a balance sheet, income statement, statement of cash flows, a statement of stockholders' equity, the accountants' letter to management and unqualified opinion, within one hundred twenty (120) days following the end of Company's fiscal year that is audited by an independent certified public accountant and certified, without any qualifications, by such accountants to have been prepared in accordance with GAAP, (iii) concurrently with the delivery of the financial statements a completed compliance certificate, covering the covenants in Sections 41(a) and (b), signed by the chief executive officer, chief financial officer, treasurer or controller of the Company, (iv) concurrently with delivery of any annual financial statements, a narrative report of management's discussion and analysis for the reporting period, and setting forth, in reasonable detail, in comparative form the corresponding periods of the previous fiscal year, and (v) by January 31 for each fiscal year of the Company, an annual budget and projections of the Company on a consolidated basis, and by December 1 the estimated annual Program volume and number of Accounts for the upcoming fiscal year; provided that, as long as Parent is required to file periodic reports under the Securities Exchange Act of 1934, such filings shall satisfy the financial statement and related documentation delivery requirements set forth above.

(d) Company shall provide to Bank, the receipt of a notice of default relating to any Company Credit Facility.

(e) Unless filed publicly with the Securities and Exchange Commission, Company shall provide written notice to Bank of any expected or anticipated Change of Control of Parent not later than thirty (30) Business Days prior to the anticipated effective date of such Change of Control.

42. Exclusivity.

(a) Bank shall be the exclusive issuer of all credit cards that are marketed or serviced by Company or its Affiliates during the Term; [****].

(b) [****].

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

WEBBANK

By: ______/s/ Jason Lloyd_____

Name: Jason Lloyd

Title: President

OPORTUN, INC.

By: ______/s/ Jonathan Coblentz___

Name: Jonathan Coblentz

Title: Chief Financial Officer

Schedule 1

I. Definitions

"Accepted Servicing Practices" means the servicing practices to be agreed by the Parties and set forth on **Exhibit I**.

"ACH" means the Automated Clearinghouse.

"Account" means an account established by Bank pursuant to the Program.

"Account Advance" means an extension of credit pursuant to an Account.

"Account Agreement" means the document containing the terms and conditions of an Account including all disclosures required by Applicable Laws.

"Account Documents" means, with respect to any Account, each of the Account documents included in the Account Document Package.

"Account Document Package" means, with respect to any Account, all of the Account Agreements, Applications, periodic statements, and other documents executed and/or delivered in connection with the origination, funding, servicing, and ownership of such Account.

"Account Payment" means any payment due on an Account, including any payment of principal, interest, or other amounts due under the related Account Agreement.

"Affected Party" shall have the meaning set forth in Section 9(e).

"Affiliate" means, with respect to a Party, a Person who directly or indirectly controls, is controlled by or is under common control with the Party. For the purpose of this definition, the term "control" (including with correlative meanings, the terms controlling, controlled by and under common control with) means the power to direct the management or policies of such Person, directly or indirectly, through the ownership of twenty-five percent (25%) or more of the voting securities of such Person.

"Agreement" shall have the meaning set forth in the introductory paragraph.

"Applicable Laws" means all federal, state and local laws, statutes, regulations, orders and guidance applicable to a Party or relating to or affecting any aspect of the Program including the Accounts, the Marketing Materials and the Finance Materials, and all requirements of any Regulatory Authority having jurisdiction over a Party, as any such laws, statutes, regulations, orders, requirements and guidance may be amended and in effect from time to time during the term of this Agreement.

"Applicant" means a Person who requests an Account from Bank.

"Application" means any request from an Applicant for an Account in the form required by Bank.

"Assumption Notice" shall have the meaning set forth in Section 16(c).

“Bank” shall have the meaning set forth in the introductory paragraph.

“Bank Collection Account” means a bank deposit account established by and owned by Bank, and that is identified to Company and maintained at an institution which is mutually agreeable to Company and Bank.

“Bank Information Security Incident” means an Information Security Incident experienced by Bank, and which does not involve either (i) the systems or technology of Company or its third-party service providers, or (ii) any fault of Company or its third-party service providers.

“Base Rate” shall mean the sum of (a) one month London Interbank Offered Rate as published by the St. Louis Federal Reserve Bank’s FRED (Federal Reserve Economic Database) online database (available at: https://fred.stlouisfed.org/series/USD1MTD156N) (the “LIBOR Rate”) and expressed as an annual percentage rate, on the last calendar day of the month with respect to which the Base Rate is being calculated, plus (b) [****]%; provided that, if the LIBOR Rate or any other reference rate mentioned in this definition shall be less than [****], such rate shall be deemed [****] for purposes of this Agreement. If at any time the LIBOR Rate ceases to be a published index, or the LIBOR Rate ceases to be used by a substantial majority of banks, the LIBOR Rate shall be replaced by the index most widely adopted as the replacement for LIBOR by the top twenty (20) banks in the U.S. by asset size. Notwithstanding the foregoing, the Parties may at any time mutually agree to replace the LIBOR Rate with another index plus an appropriate margin; provided that selection of the replacement index and appropriate margin (i) will be determined with due consideration of the then-current market practices for determining and implementing a rate of interest for comparable facilities converted from a rate based on the LIBOR Rate to a replacement index-based rate, and (ii) may also reflect adjustments to account for (A) the effects of the transition from the LIBOR Rate to the replacement index and (B) yield- or risk-based differences between the LIBOR Rate and the replacement index.

“Borrower” means an Applicant or other Person for whom Bank has established an Account.

“BSA Program” means Company’s Bank Secrecy Act, anti-money laundering and OFAC compliance program governing all aspects of the Program, developed by Company and approved by Bank.

“Business Continuity Program” means Company’s disaster recovery and business continuity program governing all aspects of the Program, developed by Company and approved by Bank.

“Business Day” means any day, other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions in the State of Utah are authorized or obligated by law or executive order to be closed.

“Card” means a general purpose credit card, branded with the Network marks and which may contain the Company’s marks, and noted as issued by Bank, that may be used to access an Account to purchase goods or services from merchants anywhere in the world that participate in the Network.

“Cash” means money, currency or a credit balance in any demand deposit account, any certificate of deposit or time deposit with maturities of two years or less from the date of acquisition, or any bankers’ acceptances with maturities not exceeding two years (but “Cash” shall exclude any amounts that would not be considered “cash” under GAAP).

“Cash Equivalents” means, as of the date of determination, (a) readily marketable securities issued by, or directly and fully and unconditionally guaranteed or insured by, the United States Government with maturities of two years or less from the date of acquisition; (b) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or any public instrumentality thereof, provided that each has an investment-grade rating from either S&P or Moody’s; (c) commercial paper maturing no more than two years from the date of acquisition and having a rating of at least A-1 from S&P or at least P-1 from Moody’s; (d) marketable short-term money market and similar liquid funds having a rating of at least A-1 from S&P or at least P-1 from Moody’s; and (e) investments with average maturities of two years or less from the date of acquisition in money market funds rated AA- or better by S&P or Aaa3 or better by Moody’s.

“Change of Control” means (i) an acquisition of Control of Company by any person or entity, or (ii) the sale by Company of all or substantially all of its respective assets to any person or entity.

“Changeover Date” means February 9, 2021.

“Charge Off Policy” the policy for the charge off of credit card accounts included in Company’s servicing portfolio, a complete and correct copy of which shall be agreed by the Parties and attached hereto as **Exhibit J**, and which may be modified or amended only at the direction of or with the consent of Bank.

“Charged Off Account” has the meaning set forth in Section 14(b).

“Charge Off Date” has the meaning set forth in Section 14(b).

“Claim Notice” shall have the meaning set forth in Section 16(c).

“Company” shall have the meaning set forth in the introductory paragraph.

“Company Credit Facility” shall have the meaning set forth in Section 17(c)(9).

“Complaint” means, in relation to the Program, any expression of dissatisfaction, whether verbal or written, whether justified or not, that might be indicative of a failure to follow established procedures or which suggests a process deficiency that might lead to a regulatory violation.

“Complaint Management Program” means Company’s Complaint management program governing all aspects of the Program, in a written form developed by Company and approved by Bank.

“Compliance Management System” or “CMS” means Company’s compliance management system governing all aspects of the Program, developed by Company and approved by Bank.

“Confidential Information” means the terms and conditions of this Agreement, and any proprietary information or non-public information of a Party, including a Party’s proprietary marketing plans and objectives, that is furnished to the other Party in connection with this Agreement.

“Control” means, with respect to Company, the possession either directly or indirectly of the power to direct or cause the direction of Company’s management or policies whether through the

ownership of voting securities, by contract or otherwise. Such control shall be presumed in the event that a third party acquires forty-five percent (45%) or more of the voting securities of Company.

"Control Person" means, with respect to Company, (i) any officer, director, or shareholder of Company, (ii) any Person participating in the control of Company's business, and (iii) any Person having the power to direct the management or policies of Company.

"Credit Policy" means the minimum requirements and/or other such considerations that Bank uses (whether in one or more documents) to approve or deny an Application and to establish an Account, to make an Account Advance, or to modify the terms of an Account, and the requirements for the pricing of Accounts.

"Critical Vendor" shall have the meaning set forth in Section 8(a).

"Disclosing Party" shall have the meaning set forth in Section 18(b)(2).

"Early Termination Amount" means the sum of (i) the Minimum Account Management Fee (as defined in Schedule 14) that would have applied for [****] following the effective date of termination of this Agreement (the "Termination Date"), plus (ii) (A) [****] if the Termination Date occurs prior to the first anniversary of the 2019 Program Launch Date, (B)[****] if the Termination Date occurs on or after the first anniversary of the 2019 Program Launch Date and prior to the second anniversary of the 2019 Program Launch Date, (C) [****] if the Termination Date occurs on or after the second anniversary of the 2019 Program Launch Date and prior to the third anniversary of the 2019 Program Launch Date, or (D) [****] if the Termination Date occurs on or after the third anniversary of the 2019 Program Launch Date and prior to the fifth anniversary of the 2019 Program Launch Date.

"Effective Date" shall have the meaning set forth in the introductory paragraph.

"Elevated Complaint" means any Complaint that is directed or referred to any state attorney general, Regulatory Authority, governmental figure (including a state or federal legislator), or the Better Business Bureau or similar organization, or a complaint received from a consumer that alleges a UDAAP, Fair Lending, or Community Reinvestment Act violation relating to any aspect of the Program.

"Finance Materials" shall have the meaning set forth in Section 4.

"Force Majeure Event" shall have the meaning set forth in Section 34.

"Funding Date" means the Business Day on which any pending Account Advances are funded.

"Funding Statement" means the statement prepared by Company in the form of **Exhibit F** on a Business Day that contains (i) a list of all Applicants who meet the eligibility criteria set forth in the Credit Policy, for whom Bank is requested to establish Accounts or modify the terms of the Account; and (ii) the computation (including individualized breakdown) of the total funding account for all Account Advances; and (iii) a computation of all fees to be paid to the Network and of all interchange; and (iv) such other information as shall be reasonably requested by Bank and mutually agreed to by the Parties.

"Funding Time" means the time identified by the Network for the payment of amounts due to the Network on any day.

"GAAP" means United States generally accepted accounting principles.

"ID Theft Red Flags Program" means Company's identity theft red flags program governing all aspects of the Program, in a written form developed by Company and approved by Bank.

"Indemnifiable Claim" shall have the meaning set forth in Section 16(b).

"Indemnified Parties" shall have the meaning set forth in Section 16(a).

"Information Security Incident" means any actual, threatened, or suspected loss of NPI, compromise in the security of NPI, unauthorized access to or use of NPI, or other information security incident.

"Information Security Program" means Company's information security program governing all aspects of the Program, in a written form developed by Company and approved by Bank.

"Initial Holding Period" means two (2) Business Days.

"Insolvent" means the failure to pay debts in the ordinary course of business, the inability to pay its debts as they come due or the condition whereby the sum of an entity's debts is greater than the sum of its assets.

"Licensee" shall have the meaning set forth in Section 19.

"Licensing Party" shall have the meaning set forth in Section 19.

"Liquidated Account" means an Account which has been closed to further purchases and has been liquidated, whether by way of a payment in full, a disposition, a refinance, a compromise, a sale to a purchaser or any other means of liquidation of such Account.

"Liquidation Proceeds" means cash proceeds, if any, received in connection with the liquidation of a Liquidated Account, net of any processing or servicing fees in connection with such liquidation that have been approved by Bank.

"Losses" shall have the meaning set forth in Section 16(a).

"Marketing Fee" means, with respect to a month, [****]. For the avoidance of doubt, interchange amounts are applied to the month when such amounts are paid to Bank, regardless of when a transaction occurred.

"Marketing Materials" shall have the meaning set forth in Section 2.

"Measurement Year" means each annual period that begins on January 24 of one year and ends on January 23 of the next year (inclusive).

"Modification" means, with respect to any Account, any waiver, modification or variance of any term or any consent to the postponement of strict compliance with any term or any other grant of an indulgence or forbearance to the related Borrower

"Net Liquidity" means, as of the date of determination, the sum of unrestricted Cash and Cash Equivalents of Company.

"Net Liquidity Minimum" means Net Liquidity of at least [****].

"Network" means Mastercard or Visa.

"Network Rules" means the by-laws and operating rules of any Network as in effect on the date hereof and as the Network may amend from time to time.

"NPI" means (a) any information that a Borrower or Applicant provides to Company or Bank relating to the Program, any information about a Borrower or Applicant resulting from the Program, and any information that Company or Bank otherwise obtains about a Borrower or Applicant in connection with providing the Program to that Borrower or Application, and (b) any list, description, or other grouping of Borrowers or Applicants that is derived using any of the foregoing information. NPI does not include information that has been aggregated or de-identified in a manner that complies with Applicable Law.

"Parent" means Oportun Financial Corporation, a Delaware corporation with its principal place of business in San Carlos, California.

"Party" means either Company or Bank and "Parties" means Company and Bank.

"Person" means any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental entity, or other entity of similar nature.

"Proceeds" shall have the meaning set forth in Section 14(c).

"Program" means the consumer credit card program pursuant to which Bank will establish Accounts and make Account Advances on behalf of Borrowers pursuant to the terms of this Agreement, initially as described in **Exhibit A** attached hereto.

"Program BIN" means one or more bank identification numbers registered with the Network for purposes of issuing Accounts for the Program.

"Program Documents" means this Agreement, the Receivables Sale Agreement, and the Receivables Retention Facility Agreement.

"Program Governance Committee" means Company's formal governance committee, established or designated by Company and approved by Bank, responsible for ensuring the effectiveness and adequacy of the Required Controls.

"Proprietary Material" shall have the meaning set forth in Section 19.

"Receivable" means, with respect to any Account of any Borrower, any right to payment from or on behalf of the Borrower in respect of the Account, and each Receivable includes any existing, as well as the right to payment of any future, interest charges or fees associated with such Receivable. Each Receivable includes all rights of Bank to payment under the Account Agreement with such Borrower.

"Receivables Retention Facility Agreement" means the Receivables Retention Facility Agreement, dated as of the Effective Date, as amended, supplemented, or modified from time to time.

"Receivables Sale Agreement" means the Receivables Sale Agreement, dated as of November 5, 2019, between Bank and Company, as amended, supplemented or modified from time to time.

"Regulatory Authority" means any federal, state or local regulatory agency or other governmental agency or authority having jurisdiction over a Party and, in the case of Bank, shall include, but not be limited to, the Utah Department of Financial Institutions, the Federal Deposit Insurance Corporation, and the Financial Crimes Enforcement Network.

"Regulatory Inquiry" means any inquiry, investigation, proceeding or question (whether verbal or written, formal or informal) in relation to the Program, by any state attorney general, Regulatory Authority, governmental figure (including a state or federal legislator), but excludes any Elevated Complaint and any question by a state supervisory regulator that is not related to the Program or that is a routine question (unless Company later has reason to be believe that the question is not part of a routine inquiry).

"Reportable Event" has the meaning provided in Section 6(e).

"Required Controls" means the controls programs and controls policies, developed by Company and approved by Bank, to govern all aspects of the Program, including the programs and policies listed in **Exhibit K**.

"Restricted Party" shall have the meaning set forth in Section 18(a).

"Servicer Physical Address" means Company's address where it maintains its books and records for the Servicing Files and, with respect to Company in its capacity as servicer, is: Two Circle Star Way, San Carlos, California 94070.

"Servicing Account" shall have the meaning provided in Section 14(c).

"Servicing File" means, with respect to each Account, the items, documents, files and records pertaining to the servicing of such Account, including to the extent applicable the computer files, data tapes, books, records, notes, copies of the Account Documents and all additional documents generated as a result of or utilized in originating and/or servicing such Accounts, which are delivered to or generated by Company.

"Servicing Materials" shall have the meaning set forth in Section 13(h).

"Servicing Standard" shall have the meaning set forth in Section 13(a).

"Tangible Net Worth" means, on any date of determination, the total shareholders' equity (including capital stock, additional paid-in capital and retained earnings after deducting treasury stock) which would appear on the balance sheet of Company and its consolidated subsidiaries determined on a consolidated basis in accordance with GAAP, less the sum of (a) all notes receivable from officers and employees of Company and its consolidated subsidiaries and from affiliates of Company, and (b) the aggregate book value of all assets which would be classified as intangible assets under GAAP, including, without limitation, goodwill, patents, trademarks, trade names, copyrights, and franchises.

"Territory" means the fifty states of the United States, the District of Columbia, and the territories of the United States. The Parties will mutually agree upon the appropriate states and other areas in which to offer the Program.

"Threshold Amount" means [****] or such other amount as is agreed in writing by the Parties.

"Total Program Credit Limit" means an amount initially agreed in writing by the Parties, or such other amount as may be determined by Bank from time to time, with notice provided to Company, based on a monthly evaluation in order to meet the volume requirements of the Program.

"Transferable Excess Receivable" shall have the meaning set forth in the Receivables Retention Facility Agreement.

"Transferable Receivable" shall have the meaning set forth in the Receivables Retention Facility Agreement.

"Vendor Management Program" means Company's third-party service provider risk management program governing all aspects of the Program, in a written form developed by Company and approved by Bank.

"Wind-down Date" means the second (2nd) anniversary of the Changeover Date, or such other date as may be agreed in writing by the Parties.

"2019 Program" means the "Program" as defined in the 2019 Program Agreement.

"2019 Program Agreement" shall have the meaning set forth in the Recitals.

"2019 Program Launch Date" means December 6, 2019.

II. Construction

As used in this Agreement:

(a) All references to the masculine gender shall include the feminine gender (and vice versa);

(b) All references to "include," "includes," or "including" shall be deemed to be followed by the words "without limitation";

(c) the word “or” means both “and” and “or,” except where the context clearly indicates that the Parties intend “or” to designate alternatives only, including when the word “either” or similar words or phrases are used;

(d) References to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation;

(e) References to “dollars” or “$” shall be to United States dollars unless otherwise specified herein;

(f) Unless otherwise specified, all references to days, months or years shall be deemed to be preceded by the word “calendar”;

(g) Unless otherwise specified, all references to “quarter” shall be deemed to mean calendar quarter; and

(h) The fact that Bank or Company has provided approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either Party agrees that the item or information for which the other Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed the other Party’s obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party’s approval or consent impairs in any way the other Party’s rights or remedies under the Agreement, including indemnification rights for Company’s failure to comply with all Applicable Laws.

Schedule 14

Economics

The following terms are incorporated into Section 14 of the Agreement, effective on the 2019 Program Launch Date:

(a) Within ten (10) Business Days following the end of each month, Company shall pay to Bank a monthly fee (the "Account Management Fee") equal to:

(1) [***] multiplied by the number of Active Accounts during the month then ended, up to [****]; plus

(2) [****] multiplied by the number of Active Accounts in excess of [****] during the month then ended, up to a total of [****]; plus

(3) [****] multiplied by the number of Active Accounts in excess of [****] during the month then ended.

(b) For purposes of this Schedule 14, an "Active Account" is an Account owned by Bank that [****]. For the avoidance of doubt, the definition of "Active Account" is determined by reference to the prior calendar month regardless of the billing cycles of the Accounts.

(c) As an illustration of the calculation in section (a) of this Schedule 14, if the total number of Active Accounts in January was two hundred ten thousand (210,000), the Account Management Fee would be: [****] X [****]) + ([****]X [****]) + ([****] X [****]) = [****].

(d) If the Account Management Fee determined for any month pursuant to section (a) of this Schedule 14 is less than the applicable Minimum Account Management Fee, then Company shall pay to Bank the applicable Minimum Account Management Fee in lieu of the amount determined pursuant to section (a) of this Schedule 14. For the avoidance of doubt, for each month Bank shall be entitled to receive the greater of the applicable Minimum Account Management Fee or the applicable amount calculated pursuant to section (a) of this Schedule 14.

(e) The "Minimum Account Management Fee" is equal to:

(1) [****] during the month that includes the 2019 Program Launch Date and each of the next three (3) full months;

(2) [****] during the fourth (4th) through sixth (6th) full months following the 2019 Program Launch Date;

(3) [****] during the seventh (7th) through ninth (9th) full months following the 2019 Program Launch Date;

(4) [****] during the tenth (10th) through the 12th) full months following the 2019 Program Launch Date; and

(5) [****] during the thirteenth (13th) and each subsequent full month following the 2019 Program Launch Date.

(f) As additional compensation for administering the Accounts, Company shall be entitled to retain or receive from the Proceeds [****].

(g) Every Business Day, Bank may sweep the funds from the Bank Collection Account to Bank, other than amounts that are paid to owners of Receivables pursuant to Section 14(d). Bank may deduct and retain for its own account from such funds all Proceeds received from Borrowers with respect to principal payments on Receivables owned by Bank.

(h) On each Tuesday, or, if Tuesday is not a Business Day, then the next Business Day after such Tuesday (the "Payment Date"), Bank shall disburse the amounts swept from the Bank Collection Account less the principal payment deductions pursuant to (g) above (the "Available Amount") during the period beginning on (and including) the second preceeding Monday and ending on (and including) the Friday preceding such Payment Date as follows:

(1) Bank shall deduct and retain for its own account principal payments on Receivables owned by Bank, to the extent not deducted pursuant to section (g).

(2) Bank shall deduct and retain for its own account:

i. the Base Rate Amount and

ii. the Additional Bank Amount (each as defined below)

(3) Bank shall pay the Servicing Fee (as defined below) to Company.

(4) Bank shall pay to Company the amounts described in section (f) above.

(5) Bank shall pay into the Collateral Account (as defined in the Receivables Retention Facility Agreement) on behalf of Company funds equal to the amount necessary to cause the Collateral Account to contain the Required Balance (as defined in the Receivables Retention Facility Agreement).

(6) Bank shall retain any funds representing amounts then due from Company to Bank that have not yet been paid by Company.

(7) Bank shall pay the Performance Fee Amount (as defined below) to Company.

(i) If the Available Amount is less than the sum of the Base Rate Amount and the Additional Bank Amount, then Company shall pay to Bank, by the day after the Payment Date, the difference of the Available Amount less the sum of the Base Rate Amount and the Additional Bank Amount.

(j) The "Base Rate Amount" is equal to the product of (i) the Base Rate calculated for the month that had most recently ended on or before the Thursday of the preceding week, multiplied by (ii) [****], multiplied by (iii) seven divided by three hundred sixty-five (7/365). For the avoidance of doubt, any Transferable Receivables (other than Transferable Excess Receivables) [****]for the days that such Receivables were owned by Bank.

(k) The “Additional Bank Amount” is equal to the product of (i) [****], multiplied by (ii) the difference between (1) the Threshold Amount, less (2) [****], multiplied by (iii) seven divided by three hundred sixty-five (7/365). If the Threshold Amount is changed during a month, then the Threshold Amount used for purposes of the foregoing calculation shall be the average Threshold Amount in effect during such month (calculated based on Business Days).

(l) The “Performance Fee Amount” is equal to [****].

(m) The “Servicing Fee” is equal to the product of (i) [****]%), multiplied by (ii) [****] multiplied by (iii) seven divided by three hundred sixty-five (7/365). For the avoidance of doubt, [****] for the days that such Receivables were owned by Bank.

(n) Sections (g) through (m) of this Schedule 14 shall be applicable only during the term of the Receivables Retention Facility Agreement and, following the expiration or termination of the Receivables Retention Facility Agreement shall be deemed deleted from this Schedule.

Exhibit 21.1

LIST OF SUBSIDIARIES OF OPORTUN FINANCIAL CORPORATION

The following is a list of subsidiaries of Oportun Financial Corporation and the state or other jurisdiction in which each was organized. This list does not include dormant subsidiaries or subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary within the meaning of Item 601(b)(21)(ii) of Regulation S-K.

Subsidiary	Jurisdiction of Formation
Oportun, Inc	Delaware
Oportun Global Holdings, Inc.	Delaware
Oportun Funding V, LLC	Delaware
Oportun Funding VI, LLC	Delaware
Oportun Funding VII, LLC	Delaware
Oportun Funding VIII, LLC	Delaware
Oportun Funding IX, LLC	Delaware
Oportun Funding X, LLC	Delaware
Oportun Funding XII, LLC	Delaware
Oportun Funding XIII, LLC	Delaware
Oportun, LLC	Delaware
OPRT Development Center Private Limited	India
OPTNSVC Mexico, S. de R.L. de C.V.	Mexico
PF Servicing, LLC	Delaware
PF Servicing, S. de R.L. de C.V.	Mexico

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-233979 and 333-236893 on Form S-8 of our reports dated February 23, 2021, relating to the financial statements of Oportun Financial Corporation and subsidiaries and the effectiveness of Oportun Financial Corporation and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ DELOITTE & TOUCHE LLP

San Francisco, CA

February 23, 2021

Exhibit 31.1

CERTIFICATIONS

I, Raul Vazquez, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 financing 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: February 23, 2021

/s/ Raul Vazquez

Raul Vazquez

Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Jonathan Coblentz, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 financing 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: February 23, 2021

/s/ Jonathan Coblentz

Jonathan Coblentz

Chief Financial Officer and Chief Administrative Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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 Annual Report on Form 10-K for the fiscal period ended December 31, 2020, to which this Certification is attached as Exhibit 32.1 (the "Annual 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 23, 2021

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 23rd day of February 2021.

/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 and Accounting Officer)

This certification accompanies the Form 10-K 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-K), irrespective of any general incorporation language contained in such filing.