Prosper Performance Update: May 2016

David Staley, Director, Capital Markets – dstaley@prosper.com
Ben Croes, CFA, Capital Markets – bcroes@prosper.com

Monthly Originations Summary – For Month Ending May 31, 2016:

Prosper Rating	Dollar %	% 5 Year Loans	Average Loan Size	WA Borrower Rate	WA Eff Yield (expected)	WA Loss (expected)	WA Return (expected)	DollarWAFICO
AA	9.82%	2.06%	12,706	6.94%	5.98%	1.59%	4.38%	750
A	20.61%	10.40%	14,229	9.23%	8.27%	3.17%	5.10%	721
B	24.60%	27.77%	15,152	12.26%	11.25%	5.17%	6.08%	708
C	28.46%	51.28%	14,678	16.41%	15.21%	7.56%	7.65%	696
D	11.91%	65.19%	14,110	21.83%	20.24%	10.45%	9.79%	683
E	3.70%	39.29%	9,508	26.88%	24.77%	13.39%	11.37%	675
HR	0.90%	0.00%	6,028	30.90%	28.12%	16.89%	11.23%	659
AA-HR	100.00%	32.99%	13,955	14.14%	12.97%	6.13%	6.84%	707

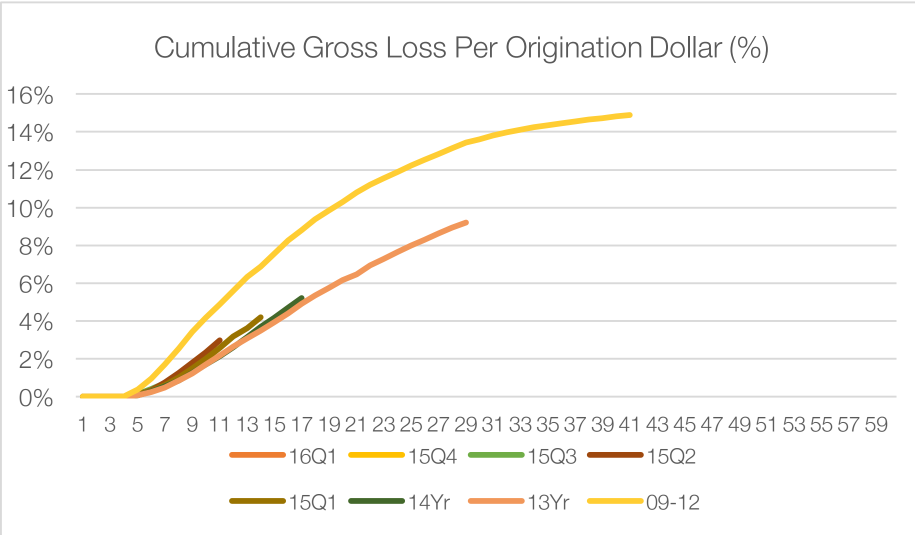
Prosper Portfolio Highlights:

- Expected return on our forward production is above 7% as a result of a recent price increase.
- The origination data demonstrates the consistent credit profile of the Prosper portfolio (on right.)
- Portfolio gross loss estimates relative to FICO (conservatism) remain at or above 2013 levels. Coupon relative to FICO (price to risk) is now between the 2013 and 2014 vintages and significantly above 2015 levels.

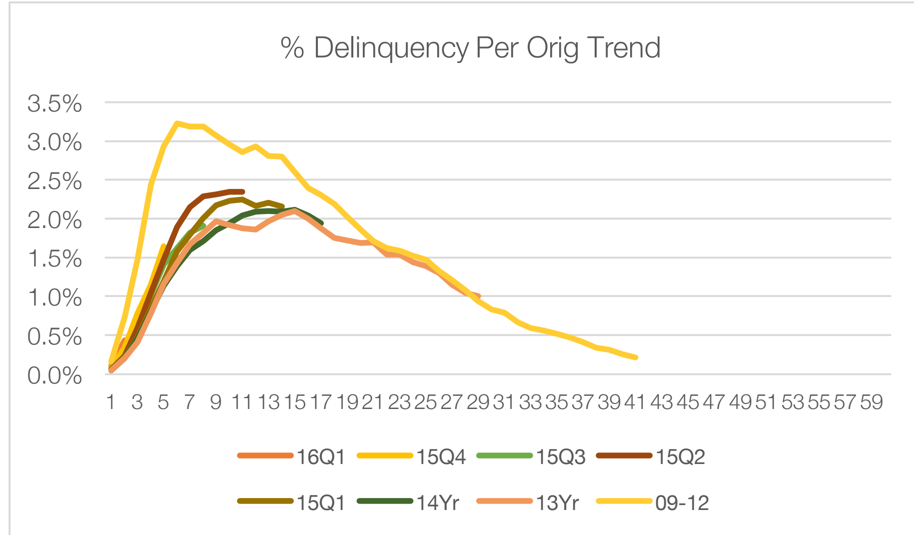
Vintage	DTI	FICO	Estimated Loss Rate	Coupon	Estimated IRR	Loss/FICO (Conservatism) 2014=1[i]	Coupon/FICO (Price to Risk) 2014=1[ii]
2013	18.15%	703.5	6.30%	15.74%	8.45%	1.12	1.20
2014	18.62%	705.0	5.65%	13.18%	6.82%	1.00	1.00
2015Q1	19.15%	702.9	5.65%	12.29%	6.52%	1.00	0.94
2015Q2	19.18%	702.2	5.78%	12.20%	6.30%	1.03	0.93
2015Q3	19.16%	703.2	6.00%	12.53%	6.40%	1.06	0.95
2015Q4	18.65%	703.9	6.19%	12.81%	6.45%	1.10	0.97
2016Q1	18.72%	705.5	5.97%	12.49%	6.37%	1.06	0.95
5/27-6/3 2016*	19.98%	712.1	6.59%	14.40%	7.58%	1.15	1.08

- Cumulative gross charge-offs increased on a vintage by vintage basis as a result of Q3/Q4 2015 delinquency. We believe the delinquency was a result of environmental changes and created a more pronounced uptick on younger vintages, based on a higher proportion of principal outstanding during the 2015H2 period. Vintages originated in 2015 have shown a steeper slope than those in 2013 and 2014 but remain well below the 2009-2012 experience.
- The 2015 vintage delinquency curves tell a mixed story and are an important driver of Prosper's increased conservatism and higher pricing. While Q1 and Q3 deliquency rates are comparable to the 2013 and 2014 vintages, Q2 and Q4 delinquency rates are elevated.
- Vintages originated since 2013 continue to exhibit stable pre-payment patterns that are generally lower than 2009-2012 vintages. There is also stability in cumulative paydown curves across all vintages. (The slope of the curve decreases after month 36 for the 2009-2012 loans because the amortization schedule reflects a book of 5-year loans only. Other pools reflect the amortization of a mix of 3-year and 5-year loan terms.)

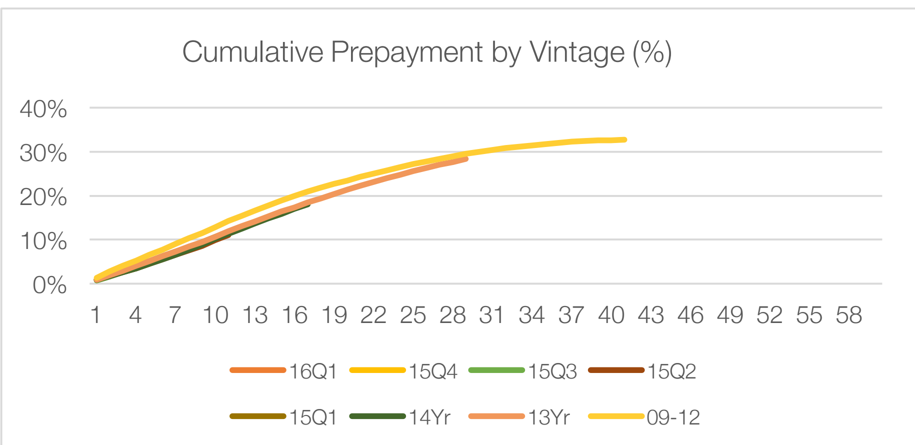
* The ongoing mix of booked accounts is expected to normalize to a lower IRR through a mix shift towards lower risk accounts. Prosper wanted to provide some origination data subsequent to the price increase implemented on 5/24/2016. You can read more about the rate increase here.



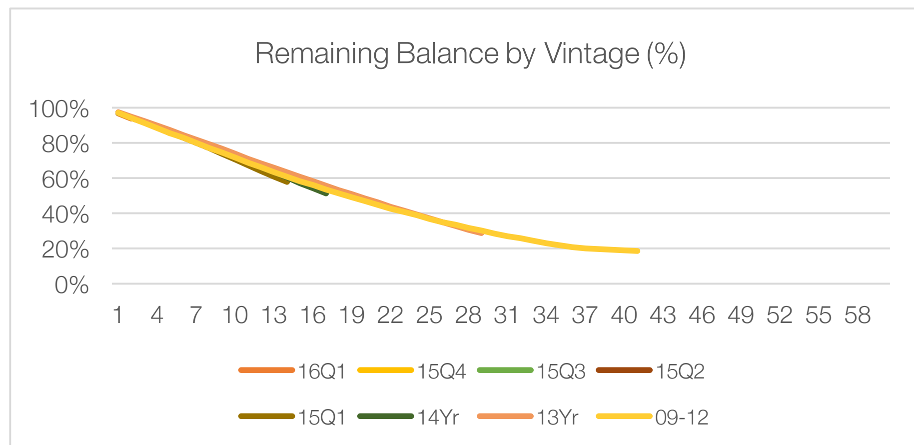
Cumulative Gross Chargeoffs measure the cumlative principal charged off for a given vintage divided by the total principal originated in that vinage. "Gross" refers to the fact that curves do not account for the post-chargeoff recovery effort that Prosper conducts on behalf of investors. Currently investors are receiving 7-8% of chargeoff principal as a result of recovery operations. There can be no guarantee that these recovery rates will remain the same in the future.



The portion of dollars +16 delinquent per origination dollar measures the cumulative principal dollars that are 16 or more days past due, and that are not charged off in a given month after origination. The measure is useful for discerning emerging delinquency trends and is a leading indicator for the Cumulative Gross Charge off measure.



Cumulative pre-payment per origination dollar measures the cumulative principal dollars associated with accounts that pay in full prior to their scheduled amortization schedule. Higher pre-payments mean a faster return of principal and, given the same cumulative loss curve, can result in higher loss rates.



Remaining balance measures the cumulative principal dollars remaining in the pool that have not been charged off.

Notes & Disclaimers:

i Loss/FICO is a measure of risk modeling conservatism relative to traditional credit metrics. Higher numbers indicate a more conservative view on risk modeling while lower numbers indicate a less conservative approach. Indexed to 2014.

ii Coupon/FICO is a measure of return relative to traditional credit metrics (FICO). Higher numbers indicate more return per unit FICO. Indexed to 2014.

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