# Prosper Performance Update: October 2016

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## Monthly Originations Summary – For Month Ending October 31, 2016:

| Prosper Rating | Dollar % | % 5 Year Loans | Average Loan Size | WA Borrower Rate | WA Eff Yield (estimated) [i] | WA Loss (estimated) [ii] | WA Return (estimated) [iii] | DollarWAFICO |
|---|---|---|---|---|---|---|---|---|
| AA | 10.39% | 13% | $13,973 | 6.79% | 6.78% | 1.53% | 4.20% | 747 |
| A | 20.46% | 15% | $14,417 | 9.14% | 8.08% | 3.13% | 4.88% | 733 |
| B | 24.16% | 30% | $14,391 | 12.16% | 11.16% | 5.13% | 5.89% | 717 |
| C | 25.30% | 43% | $14,047 | 17.11% | 16.05% | 7.51% | 8.15% | 703 |
| D | 13.96% | 53% | $13,463 | 23.08% | 21.98% | 10.31% | 10.84% | 686 |
| E | 4.16% | 45% | $9,565 | 28.30% | 27.18% | 13.34% | 12.41% | 677 |
| HR | 1.56% | 0 | $5,642 | 31.42% | 30.38% | 17.21% | 11.06% | 671 |
| AA-HR | 100.00% | 31.86% | $13,529 | 14.73% | 13.69% | 6.20% | 7.12% | 714 |

## Prosper Portfolio Highlights:

| Vintage | DTI | FICO | Estimated Loss Rate [ii] | Coupon [i] | Estimated IRR [iii] | Loss/FICO (Conservatism) 2014=1i [iv] | Coupon/FICO (Price to Risk) 2014=1 [v] |
|---|---|---|---|---|---|---|---|
| 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 |
| 2016Q2 | 19.55% | 708.4 | 5.98% | 12.97% | 6.83% | 1.05 | 0.98 |
| 2016Q3 | 20.52% | 713.7 | 6.20% | 13.68% | 7.17% | 1.08 | 1.03 |
| 2016Q4 (Oct) | 20.14% | 714.1 | 6.20% | 13.69% | 7.12% | 1.08 | 1.02 |

- Estimated return on October 2016 production is just under estimated return for 2016Q3.
- FICO remains approximately 10 points higher than its lowest point in 2015 and early 2016.
- Vintage prepayment rates continue to track higher for Q2 2016 and Q3 2016, which we believe is tied to the higher pricing and increased underwriting conservatism that was introduced during the first half of 2016.
- Delinquency for Q1 2015 and Q2 2015 vintages demonstrated improvement vs. prior months (see % Deliquency Per Origination Trend chart). Site changes introduced in October decreased manual pay selection  We will continue to monitor these vintages closely to see if this change has a positive impact on early delinquency patterns.
- All delinquency and loss patterns since 2013 remain below the loss and delinquency levels expereinced in 2012. We believe the lower level of risk is attributable to changes made to the credit risk program at the end of 2012.
- Cumulative gross charge-offs continue to trend above 2013 levels, which we believe is a result of the overall consumer credit environment, which is no longer improving as quickly as it had throughout 2013-2014.

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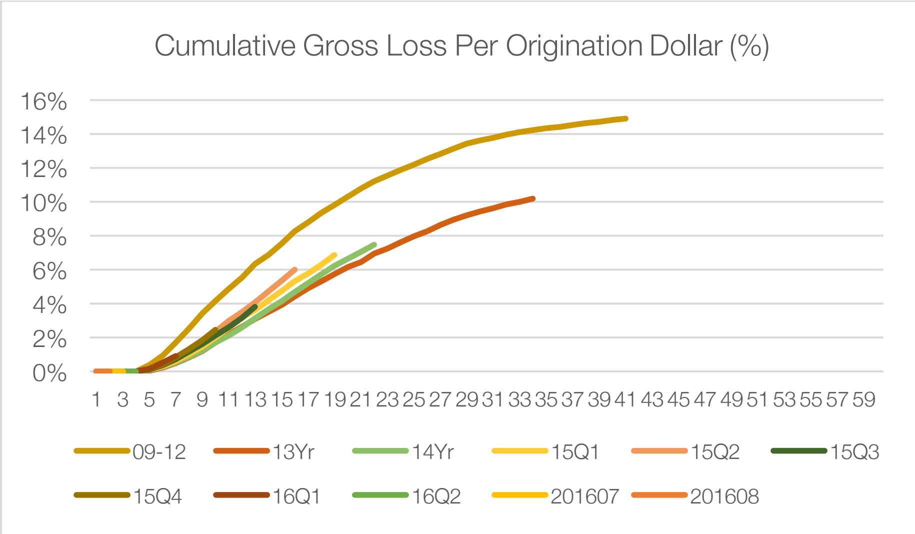
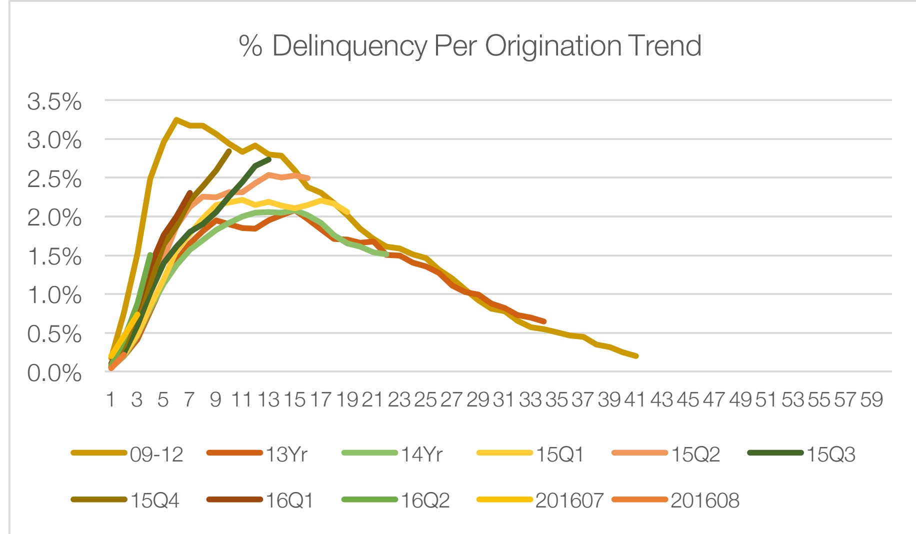
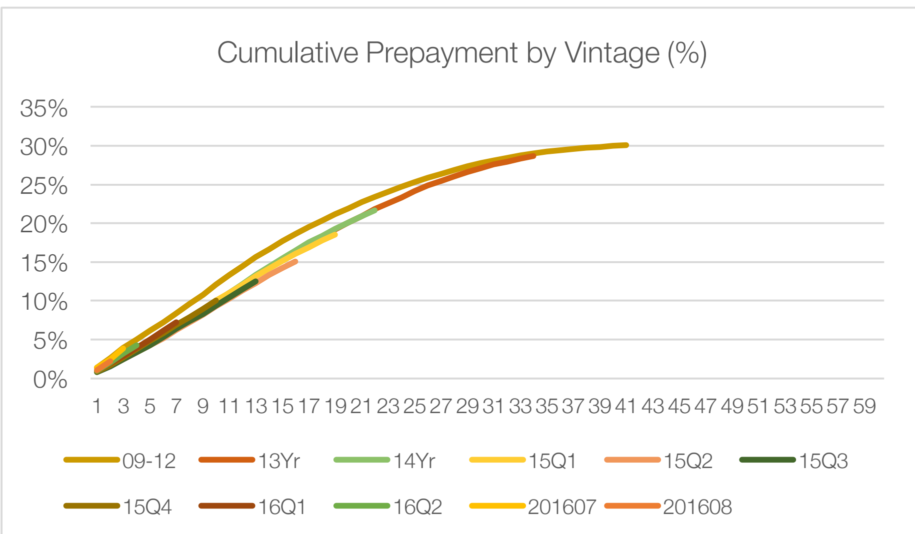


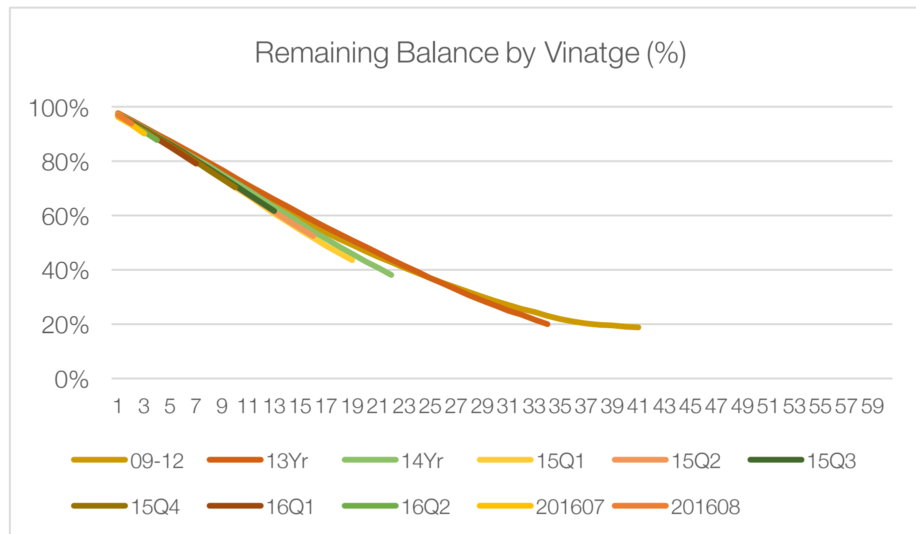

Cumulative Gross Loss Per Origination Dollar measures the cumlative principal charged off for a given vintage divided by the total principal originated in that vintage. "Gross" refers to the fact that curves do not account for the post-chargeoff recovery effort that Prosper conducts on behalf of investors. 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.




% Delinquency Per Origination Trend 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. We believe this measure is useful for discerning emerging delinquency trends and is a leading indicator for the Cumulative Gross Loss Per Origination Dollar measure.




Cumulative Prepayment by Vintage measures the cumulative principal dollars associated with accounts that prepaid in advance of their scheduled payment schedule. The cumulative prepayment rate is calculated by dividing the cumulative dollar amount prepaid by the total original loan amount funded.




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

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# Notes & Disclaimers:

i WA Eff. Yield (also known as Coupon) shows the weighted average expected effective yield and is calculated by (i) taking the weighted average borrower interest rate for all loans originated during the period, adding (ii) estimated collected late fees and post charge-off principal recovery, and subtracting (iii) the servicing fee and estimated uncollected interest on charge-offs. Actual performance may differ from estimated performance. All estimates are based on the historical performance of Prosper loans. The WA Eff. Yield calculation requires significant assumptions about the repayment of loans, and investors should make their own judgment with respect to the accuracy of these assumptions.

ii WA Loss (also known as Estimated Loss Rate) shows weighted average expected annualized loss rate on a loan or a group of loans and is calculated by taking estimated principal loss on charge-offs from such loans. WA Loss is provided as an informational tool, primarily to remind investors that it is inevitable that certain loans will charge off and result in a loss of investment capital. WA Loss is not a promise of future results and may not accurately reflect actual loss rates. Actual loss rates experienced may be impacted by, among other things, the size and diversity of the portfolio, exposure to any single Note or loan or borrower or group of Notes or loans or borrowers, as well as macroeconomic conditions. All estimates are based on the historical performance of Prosper loans.

iii WA Return (also known as Estimated IRR) shows the weighted average expected rate of return on a loan or group of loans, and is calculated bytaking the WA Eff. Yield and subtracting the WA Loss. Individual results may vary and estimates can change. Actual performance may differ from estimated performance, and the information presented is not intended to be investment advice or a guarantee of the performance of any Note or loan.

iv 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.

v 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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