Risk Factors Comparison 2023-11-21 to 2022-11-22 Form: 10-K

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We are subject to various risks, including those described below that, individually or in the aggregate, could cause our actual results to differ materially from expected or historical results. Our business could be harmed, perhaps materially, by any of these risks, as well as other risks that we have not identified, whether due to such risks not presently being known to us, because we do not currently believe such risks to be material, or otherwise. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. Moreover, **certain events including** ~~the impact of the COVID-19 pandemic and recent~~ geopolitical **and financial market** turmoil may also have the effect of heightening many of the risks and uncertainties described in the risks discussed below. The risks discussed below also include forward- looking statements, and actual results and events may differ substantially from those discussed or highlighted in these forward- looking statements. In assessing these risks, you should also refer to the other information contained in this Annual Report on Form 10- K, including the Company' s financial statements and related notes. Before making an investment decision with respect to any of our securities, you should carefully consider the following risks and uncertainties described below and elsewhere in this Annual Report on Form 10- K. See " Forward- Looking Statements. " **Risk Factor Summary These risks and uncertainties include:** Risks Related to Our Industry and Business **•** Our framework for managing risk, including our underwriting practices, may not prevent future losses **. • We are subject to credit risk in connection with our lending and leasing activities, and our financial condition and results of operations may be negatively impacted by factors that adversely affect our borrowers. • If our actual credit losses exceed our allowance for credit losses, our net income will decrease. • Our earnings are significantly affected by general business, political and economic conditions. • Adverse developments or concerns affecting the financial services industry or specific financial institutions could adversely affect our financial condition and results of operations. • Ineffective liquidity management could adversely affect our financial condition and results of operation. • Our investments in certain tax- advantaged projects may not generate anticipated returns, causing an adverse impact on our results of operations. • The residual value of leased equipment at the time of its disposition may be less than forecasted at the time we entered into the lease. • Changes in interest rates could adversely affect our results of operations and financial condition. • We operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively. • Our business could suffer if consumer behaviors, or other factors, in connection with the use of prepaid cards change, or there are adverse developments with respect to the prepaid financial services industry in general. • Our operations depend upon third- party relationships; our ability to maintain such relationships and such third parties' performances could adversely affect our business. • We derive a significant percentage of our deposits, total assets and income from deposit accounts that we generate through Payments' customer relationships, of which a limited number of program manager relationships are particularly significant to our operations. • We are exposed to fraud losses from customer accounts. • We are exposed to settlement and other losses from payments customers. • Our business strategy includes plans for organic growth, and our financial condition and results of operation could be adversely affected if we fail to grow or fail to manage our growth effectively. • Acquisitions and other strategic transactions, or the failure to consummate such transactions, could disrupt our business and harm our financial condition and may not yield the intended benefits. • New lines of business or new products and services may subject us to additional risks. • An impairment charge of goodwill or other intangibles could have a material adverse impact on our financial condition and results of operations. • We may incur losses due to fraudulent and negligent acts, as well as errors, by third parties or our employees. • Security breaches involving us, the Bank or any third parties with which we do business could expose us to liability and litigation, adversely affecting our reputation and operating revenues. • Failure to comply satisfactorily with certain privacy and data protection laws, regulations and standards to which we are subject could adversely affect our reputation and operating revenues. • Our reputation and financial condition may be harmed by system failures, computer viruses and other technological interruptions to our operations. • Agency, technological, or human error could lead to tax refund processing delays, which could adversely affect our reputation and operating revenues. • The Commercial Finance business line generates government- backed loans funded by the Bank, any of which could be negatively impacted by a variety of factors. • Agreements between the Bank and third parties to market and service Bank- originated consumer loans may subject the Bank to credit, fraud and other risks, as well as claims from regulatory agencies and third parties that, if successful, could negatively impact the Bank' s current and future business. • The OCC' s grant of bank charters to fintech companies and special purpose fintech charter could present a market risk to us generally and the BaaS business line specifically. • The loss or transition of key members of our senior management team or key employees in the Bank' s divisions, or our inability to attract and retain qualified personnel, could adversely affect our business. • We regularly assess our investments in technology, and changes in technology could be costly. • Our ability to receive dividends from the Bank could affect our liquidity and ability to pay dividends on our common stock and interest on our trust preferred securities. • Unclaimed funds represented by unused value of the cards presents compliance and other risks. Risks Related to Regulation of the Company and the Bank • We operate in a highly regulated environment, and our failure to comply with laws and regulations, or changes in laws and regulations to which we are subject, may adversely affect our business, prospects, results of operations and financial condition. • The Bureau' s rulemaking and enforcement of prohibitions against unfair, deceptive or abusive practices have directly impacted, and may continue to impact, the Bank' s consumer**

financial products and service offerings. • Regulatory scrutiny of bank provision of BaaS solutions and related technology considerations has recently increased. • Increased scrutiny and evolving expectations from stakeholders with respect to environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. • We will be subject to heightened regulatory requirements if our total assets exceed $ 10 billion as of December 31 of any calendar year. • We will become subject to reduced interchange income and could face related adverse business consequences if our total assets exceed $ 10 billion as of December 31 of any calendar year. • Any change in the Bank' s ability to gather brokered deposits may adversely impact the Bank. • As a bank holding company, we are required to serve as a" source of strength" for the Bank. • If we fail to maintain sufficient capital, our financial condition, liquidity, results of operations, and compliance with regulatory requirements would be adversely affected. • Changes in federal, state and local tax laws, interpretations of existing laws, or adverse determinations by tax authorities, could increase our tax burden or otherwise have a material adverse effect on our business, financial condition and results of operations. General Risk Factors • The price of our common stock may be volatile, which may result in losses for investors. • An investment in our common stock is not an insured deposit. • Future sales or additional issuances of our capital stock may depress prices of shares of our common stock or otherwise dilute the book value of shares then outstanding. • Changes in accounting policies or accounting standards, or changes in how accounting standards are interpreted or applied, could materially affect how we report our financial results and condition. • If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and our reputation. • Federal regulations and our organizational documents may inhibit a takeover, prevent a transaction you favor or limit our growth opportunities, causing the market price of our common stock to decline. • We may not be able to pay dividends in the future in accordance with past practice. • Catastrophic events could negatively impact our operations, the operations of third parties with which we do business, and the communities in which we do business. • Legal challenges to and regulatory investigations of our, or the Bank' s operations could have a significant material adverse effect on us. • Our reputation and business could be damaged by negative publicity. • Existing insurance policies may not adequately protect us and our subsidiaries . We have established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others. However, as with any risk management framework, there are inherent limitations to our risk management strategies, as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. For example, if our underwriting practices or criteria fail to adequately identify, price, and mitigate credit risks, such as risks related to continued economic disruption and the risk in our refund advance loan portfolio that the IRS or the relevant state revenue department does not pay our customer' s tax refund in full or the risk that any of our EROs will facilitate or engage in malfeasance or offer the Bank' s products and services in a manner that does not comply with applicable law or contractual representations, warranties and covenants, it is possible that losses in our loan portfolio will exceed the amounts the Bank has set aside for loss reserves and result in reduced interest income and increased provision for ~~loan~~ **credit** losses, which could have an adverse effect on our financial condition and results of operations. Any resulting deterioration in our loan **and lease** portfolio could also cause a decrease in our capital, which would make it more difficult to maintain regulatory capital compliance. Further, risk mitigation techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specific circumstances and timing of such outcomes, which may result in the Bank or any of its ~~divisions~~ **business lines** incurring unexpected losses. We ~~are subject to credit risk in connection with our lending and leasing activities, and our financial condition and results of operations may be negatively impacted by factors that adversely affect our borrowers. We~~ , through the Bank and its ~~divisions~~ **business lines** , originate various types of loans and leases, and our financial condition and results of operations are affected by the ability of borrowers to repay their loans or leases in a timely manner. Borrowers may be unable to repay their loans due to various factors, some of which are outside of their control. Similarly, borrowers under our commercial loans and related financing products (typically, small- to medium- sized businesses) may be more susceptible to even mild or moderate economic declines than larger commercial borrowers, which may subject the Bank and, ultimately, us, to a higher risk of loan loss. Many borrowers have been negatively impacted by **recent events impacting financial** ~~the COVID- 19 pandemic~~ , ~~its economic consequences~~ **real estate, and securities markets, including geopolitical turmoil, rising interest rates, inflation, adverse developments in the financial services industry** , and other recent events that have caused market and economic volatility, and may continue to be similarly or more severely affected in the future. The risk of non- payment by borrowers is assessed through our underwriting processes and other risk management practices, which may not be able to fully identify, price and mitigate such risk. See" Our framework for managing risk, including our underwriting practices, may not prevent future losses." Despite those efforts, we do and will experience loan and lease losses, and our financial condition and results of operations will be adversely affected by those loan and lease losses. ~~If our actual loan and lease losses exceed our allowance for credit losses, our net income will decrease.~~ We make various assumptions and subjective judgments about the collectability of our loan and lease portfolio, including the creditworthiness of our borrowers and the value of the ~~real estate and other~~ assets serving as collateral for the repayment of our loans and leases, which are subject to change. Despite our underwriting and monitoring practices, our loan and lease customers may not repay their loans and leases according to their terms, and the collateral securing the payment of these loans and leases may be insufficient to pay any remaining loan and lease balance. We may experience significant **credit** ~~loan and lease~~ losses due to nonpayment by our borrowers, which could have a material adverse effect on our overall financial condition and results of operation, as well as the value of our common stock. Because we must use assumptions to establish our allowance for credit losses, the current allowance for credit losses may not be sufficient to cover actual **credit** ~~loan and lease~~ losses, and increases in the allowance, which may be significant, may be necessary. In addition, federal and state regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or recognize loan charge- offs ~~. Our allowance for credit losses has been negatively impacted by the economic consequences of the COVID- 19 pandemic and other recent events that have affected the economy, and a worsening or prolonged continuation of such unfavorable economic conditions could further impact our allowance~~ . Material additions to our allowance would materially decrease our net income. We cannot provide any assurance that our monitoring procedures and policies will reduce certain lending risks or that our allowance for credit losses will be adequate to cover actual losses ~~. The earnings of financial services companies, like us, are significantly affected by general business, political and economic conditions~~ . Our operations and profitability, including the value of the portfolio of investment securities we hold and the value of collateral securing certain of our loans, are impacted by general business, political and economic conditions in the United States and abroad. These conditions include short- term and long- term interest rates, inflation, commodity pricing, money supply and monetary policy, political issues, legislative and regulatory changes, fluctuations in both debt and equity capital markets, broad trends in industry and finance, the strength of the United States economy, and uncertainty in financial markets globally, all of which are beyond our control. A deterioration in business, political or economic conditions, including those arising from pandemics such as COVID- 19, geopolitical turmoil and war, government shutdowns or defaults, or increases in unemployment, could result in an increase in loan delinquencies and nonperforming assets, decreases in loan collateral values, and a decrease in demand for our products and services, among other things, any of which could have a material adverse impact on our financial condition and results of operations. ~~See also " The ongoing COVID- 19 pandemic and resulting adverse economic conditions have adversely impacted, and could continue to adversely impact, our business and results. "~~ The process we use to estimate losses inherent in our credit exposure requires difficult, subjective and complex judgments, including forecasts of economic conditions, and determinations as to whether economic conditions might impair the ability of our borrowers to repay their loans and leases. The level of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates which may, in turn, impact the reliability of our underwriting processes. See also" If our actual loan and lease losses exceed our allowance for credit losses, our net income will decrease." The electronic payments industry, including the prepaid financial services segment within that industry in which the BaaS business line operates, depends heavily upon the overall level of consumer spending, which may decrease if economic or political conditions in the United States ~~further~~ deteriorate and result in a reduction of the number of our prepaid accounts that are purchased or reloaded, the number of transactions involving our cards and the use of our reloadable card products and related services. A sustained reduction in the use of our products and related services, either as a result of a general reduction in consumer spending or as a result of a disproportionate reduction in the use of card- based payment systems, would materially harm our business, results of operations and financial condition. ~~Our business~~ **Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar events, have in the past and may in the future lead to erosion of customer confidence in the banking system, deposit volatility, liquidity issues, stock price volatility, and other adverse developments. For example, the closures of Silicon Valley Bank (" SVB") and Signature Bank in March 2023, and First Republic Bank in May 2023, led to disruption and volatility, including deposit outflows and increased need for liquidity, at certain banks. Although depositors of these banks were largely protected, it** is ~~dependent on~~ **not certain that** the **Federal Reserve** ~~willingness and ability of our~~ - **or** ~~customers~~ **FDIC will treat future bank failures similarly. Similarly, inflation and rapid increases in interest rates have led** to ~~conduct banking~~ **a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Any sale of investment securities that are held in** ~~and~~ - **an unrealized loss position by financial institutions for liquidity or** other **purposes will** ~~financial transactions. The ongoing COVID- 19 global and national health emergency caused significant disruption in the United States and international economies and financial markets and continues to~~ cause **actual losses to be realized** ~~illness, quarantines, reduced attendance at events and reduced travel, reduced commercial and financial activity, and overall economic and financial market instability~~ . ~~While the level of disruption caused by, and the economic impact of, COVID- 19 has lessened in 2022, there~~ **There** ~~is~~ **can be** no assurance that ~~the~~ **there** ~~pandemic~~ will not ~~worsen again, included~~ **be additional bank failures or issues such** as **liquidity concerns in the broader financial services industry or in the U. S. financial system as** a **whole. Adverse financial market and economic conditions can exert downward pressure on stock prices, security prices, and credit availability for financial institutions without regard to their underlying financial strength. The volatility and economic disruption** ~~result~~ **resulting from the failures** of **SVB and Signature Bank particularly impacted the price of securities issued by financial institutions, including us. While we did not experience any abnormal changes in our total outstanding deposit balances following the bank closures in March and May 2023 and related events, we experienced changes in deposit balances resulting from typical seasonal fluctuations due to the nature of our business. While our deposit base primarily consists of millions of retail cards and** ~~the~~ **other** ~~emergence of new strains of the virus~~ **small dollar accounts with an average balance less than $ 1, 000 and we maintain a liquidity position with numerous funding options available totaling over $ 2** . ~~Any~~ **6 billion as of September 30, 2023, we cannot be assured that unusual deposit withdrawal activity will not affect banks generally in the future or us in particular. Continued uncertainty regarding or** worsening of the **severity or duration of** ~~pandemic and its effects on~~ the ~~economy~~ **volatility in the banking industry** could ~~further~~ **also adversely** impact our ~~business,~~ **estimate of** our ~~provision and~~ allowance for credit losses ~~,~~ and **related provision for credit losses. Any of** ~~the~~ **these** ~~value~~ **impacts, or any other impacts resulting from the events described above, could have a material adverse effect on our liquidity and our current and / or projected business operations and financial condition and results** of ~~certain assets~~ **operations. Liquidity is essential to our business. We rely on different sources in order to meet our potential liquidity demands. Our primary sources of funds are deposits, derived principally through our BaaS business line, borrowings, principal and interest payments on loans and leases and mortgage- backed securities, and**

maturing investment securities. We also utilize wholesale deposit sources to provide temporary funding when necessary or when favorable terms are available. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities or on terms which are acceptable to us could be impaired by factors that ~~we carry~~ **affect us specifically, or the financial services industry or economy generally. Any decline in available funding in amounts adequate to finance our activities or** on **terms which are acceptable could adversely impact our ability to originate loans, invest in securities, meet our expenses** ~~our~~ - **or** ~~balance sheet~~ **fulfill our obligations,** such as ~~goodwill. Our customers~~ **repaying our borrowings or meeting deposit withdrawal demands** , **any of which could, in turn, have a material adverse effect on our** business ~~partners~~ , **financial condition** and ~~third~~ **results of operations. See " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources " of this Form 10** - **K** ~~party providers, including those who perform critical services for our business, may also be adversely affected. Our investments in certain tax- advantaged projects may not generate returns as anticipated and may have an adverse impact on our results of operations~~ . We invest in certain tax- advantaged investments that support renewable energy resources. Our investments in these projects are designed to generate a return in part through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. We are subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, may fail to meet certain government compliance requirements and may not be able to be realized. The risk of not being able to realize, or of subsequently incurring a recapture of, the tax credits and other tax benefits depends on various factors, some of which are outside of our control, including changes in the applicable tax code, as well as the continued economic viability of the project and project operator. Further, while we engage in due diligence review both prior to the initial investment and on an ongoing basis, our due diligence review may not identify relevant issues or risks that may adversely impact our ability to realize these tax credits or other tax benefits. The possible inability to realize these tax credits and other tax benefits would have a negative impact on our financial results. Through our Commercial Finance business line, we engage in equipment leasing activities ~~; the residual value of leased equipment at the time of its disposition may be less than forecasted at the time we entered into the lease~~ . The market value of any given piece of leased equipment could be less than its depreciated value at the time it is sold due to various factors, including factors beyond our control. The market value of used leased equipment depends on several factors, including: • the market price for new equipment that is similar; • the age and condition of the leased equipment at the time it is sold; • the supply of and demand for similar used equipment on the market; • technological advances relating to the leased equipment or similar equipment; and • economic conditions in the specific business or industry in which the equipment is used, as well as broader regional or national economic conditions. We include in income from operations the difference between the sales price and the depreciated value of an item of leased equipment sold. Changes in our assumptions regarding depreciation could change our depreciation expense, as well as the gain or loss realized upon disposal of leased equipment. If we sell our used leased equipment at prices significantly below our projections or in lesser quantities than we anticipated at the time we entered into the lease, our results of operations and cash flows may be negatively impacted. ~~Changes in interest rates could adversely affect our results of operations and financial condition.~~ Our earnings depend substantially on our interest rate spread, which is the difference between (i) the **interest** rates we earn on loans, securities, and other **interest-** earning assets, and (ii) the interest rates we pay on deposits ~~and~~ **,** other borrowings **, and other interest- bearing liabilities. We are exposed to interest rate risk because our interest- earning assets and interest- bearing liabilities do not react uniformly or concurrently to changes in interest rates since the two have different time periods for adjustment and can be tied to different measures of rates** . These rates are highly sensitive to many factors beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities **, including the Federal Reserve. Throughout 2022 and 2023, the Federal Reserve has raised the federal funds rate to its current targeted rate between 5. 25 % and 5. 5 % in an effort to curb inflation** . As market interest rates rise, we experience competitive pressures to increase the rates we pay on deposits, which may decrease our net interest income. ~~Conversely~~ **In addition** , ~~if interest rates fall, yields~~ **inflationary pressures will increase our operating costs and could have a significant negative effect** on **our borrowers and the values of collateral securing** loans ~~and investments may fall~~ **, which could negatively affect our financial performance** . In addition, certain of our noninterest income and noninterest expenses are subject to adverse effect in a rising interest rate environment. The Bank monitors its interest rate risk exposure; however, the Bank can provide no assurance that its efforts will appropriately protect the Bank in the future from interest rate risk exposure. For additional information, see Part II, Item 7A," Quantitative and Qualitative Disclosures About Market Risk." We ~~operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively. We~~ encounter significant competition in all of our market areas and national business lines from other commercial banks, savings and loan associations, credit unions, mortgage banking firms, consumer finance companies **, factoring companies, card issuers** , securities brokerage firms, insurance companies, money market mutual funds and other financial intermediaries, including but not limited to fintech or neobank financial intermediaries. Some of our and the Bank' s competitors have substantially greater resources and lending limits, may be subject to less regulation than we are, ~~and~~ may offer services that we do not or cannot provide **and, due to their size and other factors, may be able to offer services at more competitive rates** . Our profitability depends upon both our ability to compete successfully in our market areas and the Bank' s and the divisions' ability to compete in their various business markets. For example, the Commercial Finance business line competes for loans, leases, and other financial services with numerous national and regional banks, thrifts, credit unions, and other financial institutions, as well as other entities that provide financial services, including specialty lenders, securities firms, and mutual funds. Certain larger commercial financing companies do not currently focus their marketing efforts on smaller commercial companies; however, any shift in focus by such larger financing companies may further fragment existing market share in this commercial finance industry. Moreover, some of the financial institutions and financial service organizations with which the Commercial Finance business line competes are not subject to the same degree of regulation as the Commercial Finance business line and the Bank. Many of the Commercial Finance business line' s competitors have been in business for many years, have established customer bases, are larger and may offer other services that neither the Commercial Finance business line nor the Bank do. Several banking institutions have adopted business strategies similar to ours, particularly with respect to the ~~Banking~~ **banking** - as- a- ~~Service~~ **service** business. This competition, and competition in any of the Bank' s other ~~divisions~~ **business lines** , may increase our costs, reduce our revenues or revenue growth, **result in fragmented market share and a failure to enjoy economies of scale** or make it difficult for us to compete effectively in **maintaining and** obtaining additional customer relationships ~~. Our business could suffer if there is a decline in the use of prepaid cards or there are adverse developments with respect to the prepaid financial services industry in general~~ . As the prepaid financial services industry evolves, consumers may **either** find prepaid financial services to be less attractive than other financial services **or may change the way in which they utilize the service prepaid cards provide** . Consumers might not use prepaid financial services for any number of reasons. For example, negative publicity surrounding us or other prepaid financial service providers could impact **the** Payments ~~'~~ business and prospects for growth to the extent it adversely impacts the perception of prepaid financial services. ~~If consumers~~ **Consumer spend behaviors could** ~~do not continue or~~ increase **or decrease** ~~their usage of prepaid cards~~ , ~~Payments'~~ **or become more difficult to accurately predict, thereby impacting** operating revenues **and /** ~~may remain at current levels~~ or ~~decline~~ **expenses of the Company** . Growth of prepaid financial services as an electronic payment mechanism may not occur or may occur more slowly than estimated. **These factors** ~~If there is a shift in the mix of payment forms used by consumers (i. e., cash, credit cards, traditional debit cards and prepaid cards) away from products and services offered by Payments, such a shift~~ could have a material adverse effect on our financial condition and results of operations ~~. We are dependent upon relationships with various third parties with respect to our operations, and our ability to maintain such relationships and the ability of such third parties to perform in accordance with the applicable agreements, could adversely affect our business~~ . The Bank has entered into numerous arrangements with third parties with respect to the operations of its business, as described in Part I, Item 1" Business." Upon the expiration of the then- current term, any such agreements may not be renewed by the third party or may be renewed on terms less favorable to the Bank. In some cases, such agreements may permit the third party to unilaterally prescribe certain business practices and procedures with respect to the Bank and its ~~divisions~~ **business lines** (as is the case under agreements between Payments and Discover, MasterCard, Visa and other card networks) or terminate the agreement early under certain circumstances (as is the case under our program management agreement with EFS with respect to certain H & R Block financial services if the Bank should lose its exemption from the " Durbin Amendment "). To the extent any agreement with a service provider is terminated, we may not be able to secure alternate service providers, and, even if we do, the terms with alternate providers may not be as favorable as those currently in place. In addition, were we to lose any of our significant third- party providers, including in our refund advance related business in which we have a limited number of partners, it could cause a material disruption in our ability to service our customers, which also could have an adverse material impact on the Bank, its ~~divisions~~ **business lines** and, ultimately, us. Moreover, significant disruptions in our ability to provide services could negatively affect the perception of our business, which could result in a loss of confidence and other adverse effects on our business. In addition, if any of our counterparties is unable to or otherwise does not fulfill (or does not timely fulfill) its obligations to us for any reason (including, but not limited to, bankruptcy, computer or other technological interruptions or failures, personnel loss, negative regulatory actions, or acts of God) or engages in fraud or other misconduct during the course of such relationship, we may need to seek alternative third- party service providers, or discontinue certain products or programs in their entirety. We have experienced, and expect to continue to experience, situations where we have been held directly or indirectly responsible, or were otherwise subject to liability, for the inability of our third party service providers to perform services for our customers on a timely basis or at all or for actions of third parties undertaken on behalf of the Bank or otherwise in connection with the Bank' s arrangement with such third parties. Any such responsibility or liability in the future may have a material adverse effect on our business, including the operations of the Bank and its divisions, and financial results. In any event, our agreements with third parties could come under scrutiny by our regulators, and our regulators could raise an issue with, or object to, any term or provision in such an agreement or any action taken by such third party vis- à- vis the Bank' s operations or customers, resulting in a material adverse effect to us including, but not limited to, the imposition of fines and / or penalties and the material restructuring or termination of such agreement. Moreover, if our regulators examine our third- party service providers and find questionable or illegal acts or practices, our regulators could require us to restructure or terminate our agreements with such providers. Additionally, although our network of tax preparation partners is expansive, it is possible that our EROs may choose to offer tax- related products of other companies that provide products and services similar to the Bank' s if such other companies offer superior pricing or for other competitive reasons ~~. We derive a significant percentage of our deposits, total assets and income from deposit accounts that we generate through Payments' customer relationships, of which a limited number of program manager relationships are particularly significant to our operations~~ . We derive a significant percentage of our deposits, total assets and income from deposit accounts we generate through program manager relationships between third parties and Payments. If one of these significant program manager relationships were to be terminated or there is a significant decrease in revenues or deposits associated with any of these business relationships, it could materially reduce our deposits, assets and income. Similarly, if a significant program manager **relationship** was not replaced, we may be required to seek higher- rate funding sources as compared to the existing program manager **relationship** or see a significant reduction in fee income ~~. We are exposed to fraud losses from customer accounts~~ . Fraudulent activity involving our products may lead to customer disputed transactions, for which we may be liable under banking regulations and payment network rules. Our fraud detection and risk control mechanisms may not prevent all fraudulent or illegal activity. To the extent we incur losses from disputed transactions, our business, results of operations and financial condition could be materially and adversely affected ~~. We are exposed to settlement and other losses from payments customers~~ . Our cardholders can incur charges in excess of the funds available in their accounts, and we may become liable for these overdrafts. While we decline authorization attempts for amounts that exceed the available balance in a cardholder' s account, the application of card association rules, the timing of the settlement of transactions and the assessment of the card' s monthly maintenance fee, among other things, can result in overdrawn accounts. In addition, we face settlement risks from our distributors and banking partners, which may increase during an economic downturn. Depending on contract terms, we may prefund partner accounts. If a partner becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to remit proceeds to our card issuing bank from the sales of our products and services, we are liable for any amounts owed to our customers. At September 30, ~~2022~~ **2023** , we had assets subject to settlement risk of $ 269. 0 million. For one of our programs, the Company pays servicing fees which are primarily offset by estimated card breakage. For cards issued prior to January of 2020, if consumers spend more than projected over the life of the card programs, the Company could experience a material adverse effect on our business, results of operations and financial condition. See " Funding Activities – Deposits " for further breakdown of balances as of September 30, ~~2022~~ **2023** . We are not insured against these settlement or partner risks ~~. Our business strategy includes plans for organic growth, and our financial condition and results of operation could be adversely affected if we fail to grow or fail to manage our growth effectively~~ . As part of our general growth strategy, we expect to continue to pursue organic growth, while also continuing to evaluate potential acquisitions and expansion opportunities that we believe provide a strategic or geographic fit with our business. Although we have experienced significant growth in our assets and revenues, we may not be able to sustain our historical growth rate or be able to grow at all. We believe that our future organic growth will depend on competitive factors and on the ability of our senior management to continue to maintain a robust system of internal controls and procedures and manage a growing number of customer relationships. See" We operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively." We may not be able to implement changes or improvements to these internal controls and procedures in an efficient or timely manner and may discover deficiencies in existing systems and controls. **Our growth strategy may divert management from our existing business and may require us to incur additional expenditures to expand our administrative and operational infrastructure and, if we are unable to effectively manage our growth, including to the satisfaction of our regulators, we could be materially and adversely affected. In addition, acquiring other companies may involve risks such as exposure to potential asset quality issues, disruption to our normal business activities and diversion of management' s time and attention due to integration and conversion efforts.** Consequently, continued organic growth, if achieved, may place a strain on our **administrative and** operational infrastructure, which could have a material adverse effect on our financial condition and results of operations. ~~New lines~~ **We have historically and may continue to evaluate, consider and engage in strategic transactions, combinations, acquisitions and dispositions. These transactions could be material to our financial condition and results** of **operations if consummated. Identifying appropriate** business **opportunities can be difficult, time-consuming and costly, and we may not be successful in negotiating favorable terms and / or consummating the transaction. Even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction, including: • increased regulatory and compliance requirements; • implementation or remediation of controls, procedures and policies at the acquired company; • diversion of management time and focus from operation of** ~~or~~ **our** ~~new~~ **then- existing business; • integration and coordination of** ~~products~~ **product, sales, marketing, program** and ~~services~~ **systems management functions; and • integration of the acquired company' s systems and operations generally with ours; • integration of employees from the acquired company into our organization; • loss or termination, including costs associated with the termination or replacement, of employees; • liability for activities of the acquired company prior to the acquisition, including violations of law, commercial disputes and tax and other known and unknown liabilities; and • increased litigation or other claims in connection with the acquired company, including claims brought by terminated employees, customers, former stockholders or other third parties. Accordingly, any acquisition, disposition or other strategic transaction** may ~~subject~~ **not be successful, may not benefit our business strategy or may not otherwise result in the intended benefits. It also may take** us **longer than expected** to **fully realize the anticipated benefits and synergies of these transactions, and those benefits and synergies may ultimately be smaller than anticipated or may not be realized at all, which could adversely affect our business and operating results.** ~~additional~~ **Additionally** ~~risks~~ **, any acquisition of target financial institutions or other banking assets by us may require approval by, and cooperation from, a number of governmental regulatory agencies, as well as state banking regulators. Such regulators could delay or deny our applications or regulatory approvals may not be granted on terms that are acceptable to us. To the extent we pay the consideration for any future strategic acquisition in cash, it would reduce the amount of cash available to us for other purposes. Future strategic transactions could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, or goodwill impairment charges, any of which could harm our financial condition and negatively impact our stockholders** . From time to time, we **have implemented, and in the future,** may implement new lines of business or offer new financial products or services within existing lines of business. Substantial risks and uncertainties are associated with developing and marketing new lines of business or new products or services, particularly in instances where markets are not fully developed **or when the laws and regulations regarding a new product are not mature** , and we may be required to invest significant time and management and capital resources in connection with such new lines of business or new products or services. Initial timetables for the introduction and development of new lines of business or new products or services may not be achieved. In addition, price and profitability targets for new lines of business or new products or services may not prove feasible, as we, the Bank or any of the Bank' s ~~divisions~~ **business lines** may need to price products and services on less advantageous terms than anticipated to retain or attract ~~clients~~ **customers** . External factors, such as regulatory reception, compliance with regulations and guidance, **developing laws and regulations,** competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business or new product or service may be expensive to implement and could also have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could reduce our revenues and potentially generate losses ~~. An impairment charge of goodwill or other intangibles could have a material adverse impact on our financial condition and results of operations~~ . From previous acquisitions, the Company has goodwill and intangible assets included in its consolidated assets. Under GAAP we are required to test the carrying value of goodwill and intangible assets at least annually or sooner if events occur that indicate impairment could exist. These events or circumstances could include a significant change in the business climate, legal and regulatory factors, competition, a decrease in our stock price and market capitalization over a sustained period of time, a sustained decline in a reporting unit' s fair value or other operating performance indicators. GAAP requires us to assign and then test goodwill at the reporting unit level. If the fair value of our reporting unit is less than its net book value, the shortfall is recognized as impairment and is recognized in current earnings. In addition, if the revenue and cash flows generated from any of our other acquired intangible assets is not sufficient to support its net book value, we may be required to record an impairment charge. The **estimation of fair value involves a high degree of judgment and subjectivity in the assumptions used. The** amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations for the period in which the charge is taken ~~. We may incur losses due to fraudulent and negligent acts, as well as errors, by third parties or our employees~~ . We may incur losses due to fraudulent or negligent acts, misconduct or errors on the part of third parties with which we do business, our employees and individuals and entities unaffiliated with us, including unauthorized wire and automated clearinghouse transactions, the theft of customer data, customer fraud concerning the value of any relevant collateral, identity theft, errors in a customer' s tax return, tax return fraud, the counterfeiting of cards and" skimming" (whereby a skimmer reads a debit card' s encoded mag stripe and a camera records the PIN that is entered by a customer), malicious social engineering schemes (where people are asked to provide a prepaid card or reload product in order to obtain a loan or purchase goods or services) and collusion between participants in the card system to act illegally. Additionally, our employees could hide unauthorized activities from us, engage in improper or unauthorized activities on behalf of our customers, or improperly use confidential information. There can be no assurances that the Bank' s program to monitor fraud and other activities will be able to detect all instances of such conduct or that, even if such conduct is detected, we, the Bank, our customers or the third parties with which we do business, including the ATM networks and card payment industry in which the Bank participates, will not be the victims of such activities. Even a single significant instance of fraud, misconduct or other error could result in reputational damage to us, which could reduce the use and acceptance of our cards and other products and services, cause retail distributors or their customers to cease doing business with us or them, or could lead to greater regulation that would increase our compliance costs. Such activities could also result in the imposition of regulatory sanctions, including significant monetary fines, and civil claims which could adversely affect our business, operating results and financial condition. ~~Security breaches involving us, the Bank or any of the third parties with which we do business could expose us to liability and protracted and costly litigation, and could adversely affect our reputation and operating revenues.~~ In connection with our business, we collect and retain significant volumes of sensitive business and personally identifiable information, including social security numbers of our customers and other personally identifiable information of our customers and employees, on our data systems. We and the third parties with which we conduct business ~~may experience~~ **are subject to** security breaches, **which may be** due ~~in part~~ to the failure of our data encryption technologies or otherwise, involving the receipt, transmission, and storage of confidential customer and other personally identifiable information, including account takeovers, unavailability of service, computer viruses, or other malicious code, cyberattacks, or other events, any of which may arise from human error, fraud or malice on the part of employees or third parties or from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential customer information, impairment of our ability to provide products and services to our customers, damage to our reputation with our customers and the market, additional costs (such as costs for repairing systems or adding new personnel or protection technologies), regulatory penalties, and financial losses for us, our ~~clients~~ **customers** and other third parties. Such events could also cause interruptions or malfunctions in the operations of our ~~clients,~~ customers, or other third parties with which we engage in business. **Such events could also damage our reputation with customers and third parties with whom we do business, which could lead to loss of customers and business opportunities and have a material adverse effect on our financial condition and results of operation.** Risks and exposures related to cybersecurity attacks have increased as a result of **greater** ~~the COVID- 19 pandemic and the related increased~~ reliance on remote working, and are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, the proliferation of malicious actors internationally, and the expanding use of technology- based products and services by us and our customers **. Cybersecurity risk and other security matters are also a major focus of regulatory authorities** . We can provide no assurances that the safeguards we have in place or may implement in the future will prevent all unauthorized infiltrations or breaches and that we will not suffer losses related to a security breach in the future, which losses may be material. In addition, ~~if the Bank~~ **we may be required to expend additional resources to enhance** ~~or~~ **our** ~~its divisions fail~~ **protective measures or to investigate and remediate any information security vulnerabilities or exposures. Failure** to comply **satisfactorily** with **certain privacy and** data **protection laws, regulations, and standards to which we are subject could adversely affect our reputation and operating revenues. We are subject to various privacy, information** security **and data protection laws,** regulations **and standards** ~~, the Bank could be subject to various regulatory sanctions, including financial penalties~~ . For example, the largest credit card associations in the world created the Payment Card Industry Data Security Standards (the" PCI DSS"), a multifaceted standard that includes data security management, policies and procedures as well as other protective measures to protect the nonpublic personal information of cardholders. **These laws, regulations** ~~Compliance with the PCI DSS is costly~~ and ~~changes to the~~ standards **are rapidly evolving and increasing in complexity and** could have **a significant impact on our current and planned privacy, data protection and information security- related practices, our**

collection, use, sharing, retention and safeguarding of consumer and employee information, and some of current or planned business activities. Complying with these laws, regulations and standards may increase our operational costs, restrict our ability to provide certain products and services or have an ~~equal, or greater,~~ effect on the profitability of one or more of our business divisions. ~~Our~~ **Additionally, our failure, or perceived failure, to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal information could result in regulatory sanctions, including financial penalties, regulatory investigations, claims for damages by customers and other affected individuals and damage to our** reputation ~~and~~ **, any of which could have a material adverse effect on our operations,** financial **performance** ~~condition may be harmed by system failures, computer viruses~~ and **business** ~~other technological interruptions to our operations~~ . We rely heavily upon information systems and other operating technologies to efficiently operate and manage our business, including to process transactions through the Internet, including, in particular, in our BaaS business line. Were there to be a failure or a significant impairment in the operation of any of such systems, we may need to develop alternative processes, including to comply with customer safeguard protocols, during which time revenues and profitability may be lower, and there can be no assurance that we could develop or find such an alternative on terms acceptable to us or at all. Any such disruption in the information systems and other operating technologies utilized by the Bank or its divisions, including due to infiltration by hackers or other intruders, **power loss, telecommunications failure, physical break-ins, or damage from fire,** could also result in negative publicity ~~and~~ **,** have a material adverse effect on our **ability to obtain or retain customers, and have a material adverse effect on our** financial condition and results of operations ~~. Agency, technological, or human error could lead to tax refund processing delays, which could adversely affect our reputation and operating revenues~~ . We and our tax preparation partners rely on the IRS, technology, and employees when processing and preparing tax refunds and tax- related products and services. Any delays during the processing or preparation period could result in reputational damage to us or to our tax preparation partners, which could reduce the use and acceptance of our cards and tax-related products and services, either of which could have a significant adverse impact on our operating revenues and future growth prospects ~~. The Commercial Finance business line generates government- backed loans funded by the Bank, any of which could be negatively impacted by a variety of factors~~ . The Commercial Finance business line originates loans backed by numerous state and federal government agencies. Risks inherent in the Bank' s participation in such programs, through its Commercial Finance business line, include: (i) some of these programs guarantee only a portion of the commercial loan made by the Bank; as such, if the borrower defaults and losses exceed those guaranteed by the government agency, the Bank could realize significant losses; (ii) certain programs, including some guaranteed by the United States Department of Agriculture, limit the geographic scope of such loans; as such, if the Commercial Finance business line is not able to market these loans to potential borrowers, the Bank' s share in this market may be negatively impacted; (iii) the intended beneficiaries of such loan programs may experience a contraction in their credit quality due to local, national, or global economic events or because of factors specific to their business, including, for example, businesses dependent upon the farming and agriculture industry; as such, any negative impact to certain commercial business lines designed to benefit from such government- sponsored loan programs could constrict the Bank' s business in these areas; and (iv) nearly all of these guaranteed loan programs are subject to an appropriations process, either at the legislative or regulatory level; this means that funds that may be currently available to guarantee loans or portions of loans could be limited or eliminated in their entirety with little or no advance warning ~~. Agreements that the Bank has entered into with third parties to market and service consumer loans originated by the Bank may subject the Bank to credit risk, fraud and other risks, as well as claims from regulatory agencies and third parties that, if successful, could negatively impact the Bank' s current and future business~~ . The Bank has entered into various agreements with unaffiliated third parties (" Marketers"), whereby the Marketers will market and service unsecured consumer loans underwritten and originated by the Bank. These agreements present potential increased credit, operational, and reputational risks. Because the loans originated under such programs are unsecured, in the event a borrower does not repay the loan in accordance with its terms or otherwise defaults on the loan, the Bank may not be able to recover from the borrower an amount sufficient to pay any remaining balance on the loan. See" If our actual loan and lease losses exceed our allowance for credit losses, our net income will decrease." We may also become subject to claims by regulatory agencies, customers, or other third parties due to the conduct of the third parties with which the Bank operates such lending programs if such conduct is deemed to not comply with applicable laws in connection with the marketing and servicing of loans originated pursuant to these programs. Certain types of these arrangements have been challenged both in the courts and in regulatory actions. In these actions, plaintiffs have generally argued that the" true lender" is the marketer and that the intent of such lending program is to evade state usury and loan licensing laws. Other cases have also included other claims, including racketeering and other state law claims, in their challenge of such programs. In 2020, the OCC issued final rules designed to clarify when a national bank such as the Bank will be considered the “ true lender ” in such relationships (the" True Lender Rule"). In June 2021, the True Lender Rule was repealed and the OCC prohibited from issuing any replacement of the True Lender Rule absent Congressional authorization. In the wake of the repeal of the True Lender Rule, several states have announced their intention to broaden oversight of non- bank fintech lenders, while certain parties have initiated litigation in order to obtain court guidance on how particular jurisdictions may weigh loan program facts and rule on “ true lender ” challenges. In addition, the Consumer Financial Protection Bureau and the Federal Trade Commission have each announced their intention to explore their authority to supervise nonbank lending partnerships in markets for consumer financial products and services. Consequently, state and federal regulatory authorities may proceed on different paths to promulgate “ true lender ” restrictions, and – absent binding court rulings or direct legislative action – impacted parties may have little to no advance notice of new restrictions and compliance obligations. In the absence of applicable laws or regulations addressing these matters, true lender disputes will be determined on a case- by- case basis, informed by differing state laws and the facts in each instance. There can be no assurance that lawsuits or regulatory actions in connection with any such lending programs the Bank has entered, or will enter, into will not be brought in the future. If a regulatory agency, consumer advocate group, or other third party were to bring successful action against the Bank or any of the third parties with which the Bank operates such lending programs, there could be a material adverse effect on our financial condition and results of operations. The OCC ~~' s grant of bank charters to fintech companies and special purpose fintech charter could present a market risk to us generally and the BaaS business line specifically. The OCC~~ announced on July 31, 2018 that it would begin to accept and evaluate charters for entities that wanted to conduct certain components of a banking business pursuant to a federal charter, known as a" special purpose national bank" (" SPNB") charter. Intended to promote economic opportunity and spur financial innovation, SPNBs may engage in paying checks, lending money and taking deposits. While the OCC has not granted any SPNB charters as of the date of this filing, it has granted **national** bank charters to companies that were previously non- bank fintech companies. If, in the future, the OCC determines to grant any SPNB applications or continues to grant bank charters to fintech applicants, recipients of such charters may enter the U. S. payments market BaaS solutions market, and other business lines in which the Bank operates, which could increase the competition we face and have a material adverse effect on the Bank and the BaaS business line. ~~The loss or transition of key members of our senior management team or key employees in the Bank' s divisions, or our inability to attract and retain qualified personnel, could adversely affect our business.~~ We believe that our success depends largely on the efforts and abilities of our senior executive management team **and other key employees**. Their experience and industry contacts significantly benefit us. Our future success also depends in ~~large~~ part on our ability to attract, retain and motivate key management and operating personnel. ~~We~~ **The loss of any of our key personnel could have an adverse effect on our business. Most recently, we** completed ~~a Chief Executive Officer and Chief Operating Officer transition in October 2021 and announced~~ a Chief Financial Officer transition in **November** ~~October 2022 that will be effective April 30,~~ 2023. Management transitions may create uncertainty and involve a diversion of resources and management attention, be disruptive to our daily operations or impact public or market perception, any of which could negatively impact our ability to operate effectively or execute our strategies and result in a material adverse impact on our business, financial condition, results of operations or cash flows. **As** ~~Additionally, as~~ we continue to develop and expand our operations, we may require personnel with different skills and experiences, with a sound understanding of our business and the industries in which we operate. The competition for qualified personnel in the financial services industry is intense, and the loss of any of our key personnel or an inability to continue to attract, retain, and motivate key personnel could adversely affect our business ~~. We and our divisions regularly assess our investments in technology, and changes in technology could be costly~~ . The fintech industry is undergoing technological innovation at a fast pace. To keep up with our competition, we regularly evaluate technology to determine whether it may help us compete on a cost- effective basis. This is especially true with respect to our BaaS business line, which requires significant expenditures to exploit technology and to develop new products and services to meet customers' needs. The cost of investing in, implementing and maintaining such technology is high, and there can be no assurance, given the fast pace of change and innovation, that our technology, either purchased or developed internally, will meet our needs, in a timely, cost- effective manner or at all. During the course of implementing new technology into our or the Bank' s operations, we may experience system interruptions and failures. In addition, there can be no assurances that we will recognize, in a timely manner or at all, the benefits that we may expect as a result of our implementing new technology into our operations. In connection with our implementation of new lines of business, offering of new financial products or acquisitions, we may experience significant, one- time or recurring technology- related costs. ~~Our ability~~ **If we are not able** to ~~receive dividends from the Bank~~ **anticipate and keep pace with existing and future technology needs, our business, financial results, or reputation** could **be negatively impacted** ~~affect our liquidity and ability to pay dividends on our common stock and interest on our trust preferred securities~~. We are a legal entity separate and distinct from the Bank. Our primary source of cash, other than securities offerings, is dividends from the Bank. These dividends are a principal source of funds to pay dividends on our common stock, interest on our trust preferred securities and interest and principal on our debt. Various laws and regulations limit the amount of dividends that the Bank may pay us, as further described in Part I, Item 1" Business- Regulation and Supervision- Bank Regulation and Supervision- Limitations on Dividends and Other Capital Distributions" of this Annual Report on Form 10- K. Such limitations could have a material adverse effect on our liquidity and on our ability to pay dividends on common stock. Additionally, if the Bank' s earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, we may not be able to make dividend payments to our common shareholders or make payments on our trust preferred securities. Unclaimed funds represented by unused value on the cards presents compliance and other risks. The concept of escheatment involves the reporting and delivery of property to states that is abandoned when its rightful owner cannot be readily located and / or identified. In the context of prepaid cards, the customer funds represented by such cards can sometimes be" abandoned" or unused for the relevant period of time set forth in each applicable state' s abandoned property laws. The BaaS business line utilizes automated programs designed to comply with applicable escheatment laws and regulations. There appears, however, to be a movement among some state regulators to more broadly interpret definitions in escheatment statutes and regulations than in the past. State regulators may choose to initiate collection or other litigation action against prepaid card issuers, like Payments, for unreported abandoned property, and such actions may seek to assess fines and penalties **and could have** ~~. Risks Related to Regulation of the Company and~~ - **an** ~~the Bank We operate in a highly regulated environment, and our failure to comply with laws and regulations, or changes in laws and regulations to which we are subject, may adversely~~ - - **adverse** ~~affect~~ **effect on** our business ~~, prospects, results of operations and financial condition~~. We and the Bank operate in a highly regulated environment, and we are subject to extensive regulation (including, among others, the Dodd- Frank Act, the Basel III Capital Rules, the Bank Secrecy Act and other AML rules), supervision, and examination, including by the OCC and the Federal Reserve, our primary banking regulators. In addition, the Bank is subject to regulation by the FDIC and, to a lesser degree, the Bureau. Prepaid card issuers like the Bank are also subject to heightened regulatory scrutiny based on AML and Bank Secrecy Act concerns, which scrutiny could result in higher compliance costs. See Part I, Item 1" Business- Regulation and Supervision" herein **. Many of the laws, rules, regulations and supervisory policies governing our business are**

intended primarily for the protection of our depositors, our customers, the financial system and the FDIC insurance fund, not our stockholders or other creditors and are subject to regular modification and change. A considerable amount of management time and resources is devoted to oversight of, and development, implementation and execution of controls and procedures relating to, compliance with these laws, regulations and policies . Banking regulatory authorities have broad discretion in connection with their supervisory and enforcement activities, including, but not limited, to the imposition of restrictions on the operation of an institution, the classification of assets by the institution, and the adequacy of an institution' s allowance for credit losses. If any of our banking regulators takes informal or formal supervisory action or pursues an enforcement action, any required corrective steps could result in us being subject to additional regulatory requirements, operational restrictions, a consent order, enhanced supervision and / or civil money penalties. **Failure to maintain and implement adequate policies, procedures, and systems to comply with these regulations could also have serious reputational consequences for us.** Any new requirements or rules, changes in such requirements or rules, changes to or new interpretations of existing requirements or rules, failure to follow requirements or rules, or future lawsuits or rulings could increase our compliance and other costs of doing business, require significant systems redevelopment, render our products or services less profitable or obsolete or otherwise have a material adverse effect on our business, prospects, results of operations, and financial condition. For example, any changes in the U. S. tax laws as a result of pending tax legislation in the U. S. Congress or otherwise may adversely impact our tax refund processing and settlement business, which could reduce customer demand for our strategic partner' s refund advance products, thereby reducing the volume of refund advance loans that we may offer. **In addition** ~~The Bureau has reshaped certain consumer financial laws through rulemaking and enforcement of prohibitions against unfair~~ , ~~deceptive~~ **further regulations, including in response to recent highly- publicized bank failures, could increase the assessment rate we are required to pay to the FDIC, adversely affecting** ~~or~~ **our** ~~abusive practices, and~~ **earnings. It is very difficult to predict future changes in regulation or the competitive impact that any** such ~~actions~~ **changes would** have **on our business** ~~directly impacted, and may continue to impact, the Bank' s consumer financial products and service offerings~~ . The Bureau has broad rulemaking authority to administer and carry out the purposes and objectives of" federal consumer financial laws, and to prevent evasions thereof" with respect to all financial institutions that offer financial products and services to consumers. We cannot predict the impact the Bureau' s future actions, including any exercise of its UDAAP authority, will have on the banking industry broadly or us and the Bank specifically. Notwithstanding that insured depository institutions with assets of $ 10 billion or less (such as the Bank) will continue to be supervised and examined by their primary federal regulators, the full reach and impact of the Bureau' s broad rulemaking powers and UDAAP authority on the operations of financial institutions offering consumer financial products or services are currently unknown. The Bureau has initiated enforcement actions against a variety of bank and non- bank market participants with respect to a number of consumer financial products and services that has resulted in those participants expending significant time, money and resources to adjust to the initiatives being pursued by the Bureau. Such enforcement actions may serve as precedent for how the Bureau interprets and enforces consumer protection laws, which may result in the imposition of higher standards of compliance with such laws and, as a result, limit or restrict the Bank with respect to its consumer product offerings. See" Business- Regulation and Supervision- Bank Regulation and Supervision" in Part I, Item 1 of this Annual Report on Form 10- K ~~. Regulatory scrutiny of bank provision of BaaS solutions and related technology considerations has recently increased~~ . We provide products and services to third parties through various payments, issuing, credit and tax solutions. The third parties that use these BaaS solutions, and with which we often partner in marketing efforts, are typically considered fintech companies but may also include other financial intermediaries. Recently, federal bank regulators have increasingly focused on the risks related to bank and fintech company partnerships, raising concerns regarding risk management, oversight, internal controls, information security, change management, and information technology operational resilience. This focus is demonstrated by recent regulatory enforcement actions against other banks that have allegedly not adequately addressed these concerns while growing their BaaS offerings. While we believe we are a leader in managing, monitoring and overseeing BaaS relationships with third parties and corresponding technologies, we could be subject to additional regulatory scrutiny with respect to that portion of our business. Increased scrutiny and evolving expectations from ~~customers, regulators, investors, and other~~ stakeholders with respect to environmental, social and governance (**"** ESG **"**) practices may impose additional costs on **us** ~~the Company~~ or expose ~~it~~ **us** to new or additional risks. As a regulated financial institution and a publicly traded company, we are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to ESG practices and disclosure. Investor advocacy groups, investment funds, and influential investors are increasingly focused on these practices, especially as they relate to climate risk, hiring practices, the diversity of the work force, and racial and social justice issues. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact the Company' s reputation, ability to do business with certain partners, and stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. ~~ESG- related~~ **To the extent that we or our customers experience increases in** costs, including with respect to compliance with any additional regulatory or disclosure requirements or expectations, **reductions in the value of assets, constraints on operations or similar concerns driven by changes in ESG oversight and regulation, our results of operations, financial condition, and business** could **be** adversely **affected** ~~impact our results of operations. We will be subject to heightened regulatory requirements if our total assets grow in excess of $ 10 billion as of December 31 of any calendar year~~ . As of September 30, ~~2022~~ **2023** , our total assets were $ ~~6~~ **7** . ~~75~~ **54** billion. While we intend to remain under the $ 10 billion asset level, our total assets could exceed $ 10 billion at the end of this or a future calendar year. In addition to our current regulatory requirements, banks with $ 10 billion or more in total assets are, among other things: examined directly by the ~~CFPB~~ **Bureau** with respect to various federal consumer financial laws; subject to reduced dividends on the Bank' s holdings of Federal Reserve Bank of Minneapolis common stock; subject to limits on interchange fees pursuant to the Durbin Amendment to the Dodd- Frank Act; subject to certain enhanced prudential standards; no longer treated as a " small institution " for FDIC deposit insurance assessment purposes; and no longer eligible to elect to be subject to the Community Bank Leverage ratio. Compliance with these additional ongoing requirements may necessitate additional personnel, the design and implementation of additional internal controls, or the incurrence of other significant expenses, any of which could have a significant adverse effect on our business, financial condition or results of operations. Our regulators may also consider our preparation for compliance with these regulatory requirements in the course of examining our operations generally or when considering any request from us or the Bank ~~. We will become subject to reduced interchange income and could face related adverse business consequences if our total assets grow in excess of $ 10 billion as of December 31 of any calendar year~~ . Debit card interchange fee restrictions set forth in Section 1075 of the Dodd- Frank Wall Street Reform and Consumer Protection Act, which is known as the Durbin Amendment, as implemented by regulations of the Federal Reserve, cap the maximum debit interchange fee that a debit card issuer may receive per transaction. Debit card issuers with total consolidated assets of less than $ 10 billion are exempt from these interchange fee restrictions. The exemption for small issuers ceases to apply as of July 1 of the year following the calendar year in which the debit card issuer has total consolidated assets of $ 10 billion or more at calendar year- end. While we intend to remain under the $ 10 billion asset level, and have implemented an off- balance sheet strategy for deposits, growth in deposits and associated loan growth could result in such an increase on our balance sheet. Any reduction in interchange income as a result of the loss of the exemption for small issuers under the Durbin Amendment could have a significant adverse effect on our business, financial condition and results of operations. Moreover, our loss of eligibility under the exemption for small issuers could adversely affect or reduce our ability to maintain certain of our fee- sharing prepaid card partnerships, which have the right to terminate our agreement with respect to certain financial services under such circumstances. ~~The Bank relies on brokered deposits to assist in funding its loan and other financing products; accordingly, any change in the Bank' s ability to gather brokered deposits may adversely impact the Bank.~~ Failure to maintain the Bank' s status as a" well capitalized" institution could have an adverse effect on us, and our ability to fund our operations. **The Bank relies on brokered deposits to assist in funding its loan and other financing products.** Should the Bank ever fail to be well capitalized in the future as a result of not meeting the well capitalized requirements or the imposition of an individual minimum capital requirement or similar formal requirement, then, the Bank would be prohibited, absent waiver from the FDIC, from utilizing brokered deposits (i. e., no insured depository institution that is deemed to be less than" well capitalized" may accept, renew or rollover brokered deposits absent a waiver from the FDIC). In such event, such a result could produce material adverse consequences for the Bank with respect to liquidity and could also have material adverse effects on our financial condition and results of operations. Further, depending on the Bank' s condition in the future and its reliance on these deposits as a source of funding, the FDIC could increase the surcharge on our brokered deposits. If we are ever required to pay higher surcharge assessments with respect to these deposits, such payments could be material and therefore could have a material adverse effect on our financial condition and results of operations. In addition, changes to FDIC regulations regarding brokered deposits or interpretations of such regulations by federal banking agencies could have an adverse impact on the Bank' s ability to accept brokered deposits. **Additionally** ~~As a bank holding company~~ , ~~we~~ **brokered deposits** are ~~required~~ **highly sensitive** to ~~serve as~~ **changes in interest rates and, accordingly, can be** a ~~"~~ **more volatile** source of ~~strength"~~ **funding. Use of brokered deposits involves the risk that growth supported by such deposits would be halted,** ~~for~~ - **or** the Bank **' s liquidity adversely impacted, if the rates offered by the Bank were less than those offered by other institutions seeking such deposits, or if depositors were to perceive a decline in the Bank' s safety and soundness, or both** . Federal banking law codifies a requirement that a bank holding company (like us) act as a financial" source of strength" for its FDIC- insured depository institution subsidiaries (like the Bank) and permits the OCC, as the Bank' s primary federal regulator, to request reports from us to assess our ability to serve as a source of strength for the Bank and to enforce compliance with these statutory requirements. See Part I, Item 1" Business- Regulation and Supervision- Holding Company Regulation and Supervision." Given the power provided to the federal banking agencies, we, as a source of strength for the Bank, may be required to contribute capital to the Bank when we might not otherwise voluntarily choose to do so. Specifically, the imposition of such financial requirements might require us to raise additional capital to support the Bank at a time when it is not otherwise prudent for us to do so, including on terms that are not typical or favorable to us. Further, any capital provided by us to the Bank would be subordinate to others with an interest in the Bank, including the Bank' s depositors. In addition, in the event of our bankruptcy at a time when we had a commitment to one of the Bank' s regulators to maintain the capital of the Bank, the regulators' claims against us may be entitled to priority status over other obligations. ~~We are required to maintain capital to meet regulatory requirements, and, if we fail to maintain sufficient capital, whether due to growth opportunities, losses or an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our compliance with regulatory requirements, would be adversely affected.~~ Both we and the Bank are required to meet regulatory capital requirements and otherwise need to maintain sufficient liquidity to support recent and future growth. We have continued to experience considerable growth recently, having increased our assets from $ 2. 53 billion at September 30, 2015 to $ ~~6~~ **7** . ~~75~~ **54** billion at September 30, ~~2022~~ **2023** , primarily due to strategic transactions, such as the Crestmark Acquisition, through participation in government stimulus programs such as the EIP, and through organic growth. Asset growth, diversification of our lending business, expansion of our financial product offerings and other changes in our asset mix continue to require higher levels of capital, which management believes may not be met through earnings retention alone. Our ability to raise additional capital, when and if needed in the future, to meet such regulatory capital requirements and liquidity needs will depend on conditions in the capital markets, general economic conditions, the performance and prospects of our business and a number of other factors, many of which are outside of our control. We cannot assure you that we will be able to raise additional capital if needed or raise additional capital on terms acceptable to us. If we fail to meet these capital and other regulatory requirements, our financial condition, liquidity and results of operations could be materially and adversely affected. Although we comply with all current applicable capital requirements, we may be subject to more stringent regulatory capital requirements in the future, and we may need additional capital in order to meet those requirements. If we or the Bank fail to meet applicable minimum capital requirements or cease to be well capitalized, such failure would cause us and the Bank to be subject to regulatory restrictions and could adversely affect customer confidence, our ability to grow, our costs of funds and FDIC insurance costs, our ability to pay dividends on common stock and / or repurchase shares, our ability to make distributions on our trust preferred securities, our ability to make acquisitions, and our business, results of operations and financial condition, generally. ~~General Risk Factors~~ **Changes in federal, state, and local tax laws, interpretations of existing tax laws, or adverse determinations by tax authorities, could increase our tax burden or otherwise have a material adverse effect on our business, financial condition, and results of operations. We are subject to taxation at the federal state and local levels.** The ~~price of our common stock~~ **governing tax laws and applicable tax rates vary by jurisdiction and are subject to interpretation and changes. We** may be ~~volatile~~ **subject to examination by the tax authorities and such authorities may disagree with our tax positions** , which ~~may result~~ **could adversely affect our financial condition. Additionally, the amount of tax payable** in ~~losses~~ **a given financial statement period may be impacted by sudden** ~~for~~ - **or** ~~investors~~ **unforeseen changes in tax laws, changes in the mix and level of earnings by taxing jurisdictions, or changes to existing accounting rules or regulations. For example, the Tax Cuts and Jobs Act (the " Tax Act ") enacted in December 2017, made broad and complex changes to the U. S. tax code** . The market price for shares of our common stock has been volatile in the past, and several factors, including factors outside of our control and unrelated to our performance, could cause the price to fluctuate substantially in the future. These factors include: • announcements of developments related to our business; • the initiation, pendency or outcome of litigation, regulatory reviews, inquiries and investigations, and any related adverse publicity; • fluctuations in our results of operations; • sales of substantial amounts of our securities into the marketplace; • general conditions in the ~~banking~~ **financial services** industry or the worldwide economy **; • operating and stock price performance of comparable companies, as deemed by investors; • geopolitical conditions, such as acts or threats of terrorism, military conflicts, the effects (or perceived effects) of pandemics and trade relations** ; • a shortfall in revenues or earnings compared to securities analysts' expectations; • lack of an active trading market for the common stock; • **new technology used, or services offered, by competitors; •** changes in analysts' recommendations or projections; and • announcement of new acquisitions, dispositions or other projects **by the Company or our competitors** . General market price declines or market volatility in the future could adversely affect the price of our common stock, and the current market price may not be indicative of future market prices. ~~Additionally, the COVID- 19 pandemic,~~ **Stock price volatility also may make it more difficult** ~~or~~ **for our stockholders to resell** ~~other~~ - **their common stock when desired. General market fluctuations, industry factors, political conditions, and general** economic ~~factors~~ **conditions and events** , **such** ~~has~~ - **as** ~~also resulted in severe volatility in the financial markets and may result in a lower~~ **economic slowdowns, recessions, interest rate changes or credit loss trends, could cause our common** stock price ~~for~~ **to decrease regardless of operating results. Further, volatility in our stock price also impacts the value of our equity compensation, which may impact our ability to recruit and retain employees. Moreover, in the past, securities class action lawsuits have been instituted against some** companies **following periods of volatility** ~~, including our common stock. An investment~~ in ~~our common stock~~ **the market price of** ~~is~~ **its** ~~not~~ **securities. In the future, we could be the target of similar litigation. Securities litigation could result in substantial costs** ~~an~~ **and** ~~insured deposit~~ **divert management' s attention and resources from our normal business** . Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund, or by any other public or private entity. Investment in our common stock is inherently subject to risks, including those described in this" Risk Factors" section, and is subject to forces that affect the financial markets in general. As a result, if you hold or acquire our common stock, it is possible that you may lose all or a portion of your investment. ~~Future sales or additional issuances of our capital stock may depress prices of shares of our common stock or otherwise dilute the book value of shares then outstanding.~~ Sales of a substantial amount of our capital stock in the public market or the issuance of a significant number of shares could adversely affect the market price for shares of our common stock. As of September 30, ~~2022~~ **2023** , we were authorized to issue up to 90, 000, 000 shares of common stock, of which ~~28~~ **26** , ~~788~~ **183** , ~~124~~ **583** shares were outstanding, and **41, ~~90~~ 980** ~~, 053~~ shares were held as treasury stock. We were also authorized to issue up to 3, 000, 000 shares of preferred stock and 3, 000, 000 shares of non- voting common stock, none of which were outstanding or reserved for issuance. Future sales or additional issuances of stock may affect the market price for shares of our common stock ~~. Changes in accounting policies or accounting standards, or changes in how accounting standards are interpreted or applied, could materially affect how we report our financial results and condition~~ . Our accounting policies are fundamental to determining and understanding our financial results and condition. From time to time, the Financial Accounting Standards Board (the" FASB") and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. In addition, those that set accounting standards and those that interpret the accounting standards (such as the FASB, the SEC, banking regulators, and our outside auditors) may change or even reverse their previous interpretations or positions on how these standards should be applied. Changes in financial accounting and reporting standards and changes in current interpretations may be beyond our control, can be difficult to predict, and could materially affect how we report our financial results and condition. We may be required to apply a new or revised standard retroactively or apply an existing standard differently and retroactively, which may result in us being required to restate prior period financial statements, which restatements may reflect material changes. **Such changes could also require us to incur additional personnel and technology costs.** We incur significant costs and demands upon management and accounting and finance resources as a result of complying with the laws and regulations affecting public companies ~~; if we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and our reputation~~ . As ~~an~~ **a** SEC reporting company, we are required to, among other things, maintain a system of effective internal control over financial reporting, which requires annual management and independent registered public accounting firm assessments of the effectiveness of our internal controls. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time- consuming effort that needs to be re- evaluated frequently. We have historically dedicated a significant amount of time and resources to implement our internal financial and accounting controls and procedures. Substantial work may continue to be required to further implement, document, assess, test, and, if necessary, remediate our system of internal controls. We may also need to retain additional finance and accounting personnel in the future. Control failures, including failures in our controls over financial reporting, could result from human error, fraud, breakdowns in information and computer systems, lapses in operating processes, or natural or man- made disasters. If a significant control failure or business interruption were to occur, it could materially damage our financial condition and results of operations. We may not be able to foresee, prevent, mitigate, reverse, or repair the negative effects of such failures or interruptions. We **have** identified control deficiencies in our internal controls over financial reporting ~~related to certain loan systems~~ **in the past, and if our internal** ~~control~~ **controls** ~~environment~~ over **financial reporting are not effective in** the ~~segregation~~ **future, we may be unable to issue our financial statements in a timely manner, we may be unable to obtain the required audit or review** of ~~duties associated~~ **our financial statements by our independent registered public accounting firm in a timely manner, or we may otherwise be unable to comply** with the ~~disbursement process~~ **periodic reporting requirements of the SEC. Additionally, our common stock listing on the NASDAQ Global Select Market ® could be suspended or terminated and our stock price could materially suffer. In addition, we or members of our management team could be subject to investigation and sanction by the SEC or other regulatory authorities and to claims by stockholders** , which ~~, as described in~~ **could impose significant additional costs on us and divert our management' s attention. See also** Part II ~~,~~ **."** Item 9A **. Controls and Procedures- Inherent Limitations on the Effectiveness of Controls** " **if** ~~Controls and Procedures" of~~ this Annual Report on Form 10- K **for inherent limitations** ~~, we determined, represent a material weakness~~ in **a** ~~internal controls over financial reporting. Other~~ control **system** ~~deficiencies of this or a similar nature may be identified in the future. These and any future control deficiencies could result in us being unable to obtain the required audit or review of our financial statements by our independent registered public accounting firm in a timely manner. Any such control deficiencies could also result in a misstatement of our financial statement accounts and disclosures that, in turn, could result in a material misstatement of our annual or interim final statements that may not be prevented or detected. If we are unable to correct the material weakness or deficiencies in internal controls over financial reporting in a timely manner or if future instances of an ineffective control environment exist, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC could be adversely affected, and we may be unable to comply with the periodic reporting requirements of the SEC. This failure, which could cause our investors to lose confidence in our reported financial information, could subject us to investigation and sanction by the SEC or other regulatory authorities and to claims by stockholders, which could impose significant additional costs on us, divert our management' s attention and materially and adversely impact our business and financial condition. Additionally, our common stock listing on the NASDAQ Global Select Market could be suspended or terminated, and our stock price could materially suffer. See also Part II, Item 9A" Controls and Procedures" of this Annual Report on Form 10- K. Federal regulations and our organizational documents may inhibit a takeover or prevent a transaction you may favor or limit our growth opportunities, which could cause the market price of our common stock to decline~~ . Certain provisions of our ~~charter~~ **organizational** documents and federal regulations could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. In addition, we may need to obtain approval from regulatory authorities before we can acquire control of any other company. Such approvals could involve significant expenses related to diligence, legal compliance, and the submission of required applications and could be conditioned on acts or practices that limit or otherwise constrain our operations. We ~~may not be able to pay dividends in the future in accordance with past practice. We~~ have historically paid a quarterly dividend to stockholders. The payment of dividends is subject to legal and regulatory restrictions. Any payment of dividends in the future will depend, in large part, on our earnings, capital requirements, financial condition, regulatory review, and other factors considered relevant by our Board of Directors ~~. Catastrophic events could occur and impact our operations or the operations third parties with which we do business~~ . Catastrophic events (including natural disasters, severe weather conditions, pandemics, terrorism and other geopolitical events), which are beyond our control, could have an adverse impact on the Bank' s ability and the ability of our vendors and other third parties with which we do business, to provide necessary services to support the operation of the Bank and provide products and services to the Bank' s customers **. Natural disasters and severe weather conditions could harm our operations through interference with communications, including the interruption or loss of our computer systems, which could prevent or impede us from gathering deposits, originating loans, and processing and controlling the flow of business, as well as through the destruction of facilities and our operational, financial and management information systems** . Although insurance coverage may provide some protection in light of such events, there can be no assurance that any insurance proceeds would adequately compensate the Bank for the losses it incurred as a result of such events. See also" Existing insurance policies may not adequately protect us and our subsidiaries." Moreover, the damage caused by such events may not be directly compensable from insurance proceeds or otherwise, such as damage to our reputation as a result of such events. **Additionally, such catastrophic events may negatively impact economic activity, which could lead to an adverse effect on our customers and impact the communities in which we do business. Such catastrophic events could each negatively impact our employees, our business operations or the stability of our deposit base, cause significant property damage, adversely impact the values of collateral securing our loans and / or interrupt our borrowers’ abilities to conduct their business in a manner to support their debt obligations, which could result in losses and increased provision for credit losses. There is no assurance that our business continuity and disaster recovery program can adequately mitigate the risks of such business disruptions and interruptions.** Legal challenges to and regulatory investigations of our, or the Bank' s, operations could have a significant material adverse effect on us. From time to time, we, the Bank or our other subsidiaries are subject to regulatory supervision and investigation, legal proceedings and claims in the ordinary course of business. An adverse resolution in litigation or a regulatory action, including litigation or other actions brought by our shareholders, customers or another third party, such as a state attorney general or one of our regulators, could result in substantial damages or otherwise negatively impact our business, reputation and financial condition. **Moreover, our involvement in such matters, even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation, result in substantial expense, and divert management attention from the operations of our business.** See Part I, Item 1" Business- Regulation and Supervision" and Item 3," Legal Proceedings." ~~Our reputation~~ **Reputational** ~~and business could be damaged by~~ **risk, including as a result of** negative publicity ~~. Reputational risk, including as a result of negative publicity~~ , is inherent in our business. Negative publicity **or reputational harm** can result from actual or alleged conduct in a number of areas, including legal and regulatory compliance, lending practices, corporate governance, litigation, inadequate protection of customer data, illegal or unauthorized acts taken by third parties that supply products or services to us or the Bank, ~~and~~ **the** behavior of our employees **, the customers with whom we have chosen to do business, and negative publicity for other financial institutions** . Damage to our reputation could adversely impact our ability to attract new, and maintain existing, loan and deposit customers, employees and business relationships, and, particularly with respect to our BaaS business line, could result in the imposition of new regulatory requirements, operational restrictions, enhanced supervision and / or civil money penalties. Such damage could also adversely affect our ability to raise additional capital, and otherwise have a material adverse effect on our financial condition and results of operations. Fidelity, business interruption, cybersecurity, and property insurance policies are in place with respect to our operations. Should any event triggering such policies occur, however, it is possible that our policies would not fully reimburse us for the losses we could sustain due to deductible limits, policy limits, coverage limits, or other factors. We generally renew our insurance policies on an annual basis. If the cost of coverage becomes too high, we may need to reduce our policy limits, increase the deductibles or agree to certain exclusions from our coverage in order to reduce the premiums to an acceptable amount.