Risk Factors Comparison 2024-02-13 to 2023-02-10 Form: 10-K

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We face a variety of risks that are inherent in our business. In addition to the factors discussed in this report and in other documents we file with the SEC that could adversely affect our businesses, financial condition, and results of operations, new risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our business or financial performance. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face. Any risk factor described in this Annual Report on Form 10- K or in any of our other SEC filings could by itself, or together with other factors, materially adversely affect our liquidity, competitive position, business, reputation, results of operations, or financial condition, including by materially increasing our expenses or decreasing our revenues, which could result in material losses. RISKS RELATED TO OUR BUSINESS Our financial condition and results of operations and our borrowers' ability to make payments on their loans have been, and may in the future be, adversely affected by economic conditions and other factors that we cannot control. Uncertainty and deterioration in general economic conditions in the U. S. and abroad historically have created a difficult operating environment for consumer lending. Many factors, including factors that are beyond our control, may impact our financial condition or results of operations and / or affect our borrowers' willingness or capacity to make payments on their loans. These factors include: unemployment levels, housing markets, energy costs, inflation, and interest rates; events such as natural disasters, acts of war, terrorism, or catastrophes; events that affect our borrowers, such as major medical expenses, divorce, or death; and the quality of any collateral underlying our finance receivables. If we experience a future economic downturn, or if we become affected by other events beyond our control, we may experience increased credit risks, significant reductions in revenues, earnings and cash flows, difficulties accessing capital, and a deterioration in the value of our investments. Moreover, our customers are primarily nonprime borrowers, who have historically been more likely to be affected, or more severely affected, by adverse macroeconomic conditions than prime borrowers. If a borrower defaults on a finance receivable held directly by us, we will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral, if any, and the outstanding principal and accrued but unpaid interest on the finance receivable, which could adversely affect our cash flows from operations. The cost to service our loans may also increase without a corresponding increase in our finance charge income. We also are exposed to geographic customer concentration risk. An economic downturn or catastrophic event that disproportionately affects certain geographic regions could materially and adversely affect our business, financial condition, and results of operations, including the performance of our finance receivables portfolio. See Note 4 of the Notes to the Consolidated Financial Statements ~~included~~ **in Part II- Item 8** in this report for quantification of our largest concentrations of net finance receivables. We cannot give assurance that our policies and procedures for underwriting, processing, and servicing personal loans or credit cards will adequately adapt to adverse economic or other changes. If we fail to adapt to changing economic conditions or other factors, or if such changes adversely affect our borrowers' willingness or capacity to repay their loans, our financial condition, results of operations, and liquidity would be materially adversely affected. If our estimates of allowance for finance receivable losses are not adequate to absorb actual losses, our provision for finance receivable losses would increase, which could adversely affect our results of operations. We maintain an allowance for finance receivable losses, which is a critical accounting estimate and requires us to use significant estimates and assumptions to determine the appropriate level of allowance. To estimate the appropriate level of allowance for finance receivable losses, we consider known and relevant internal and external factors that affect finance receivable collectability, including the total amount of finance receivables outstanding, historical finance receivable **delinquency and** charge- offs, our current collection patterns, and current and forecasted economic trends. Our methodology for establishing our allowance for finance receivable losses is based on the guidance from Accounting Standards Codification (" ASC ") 326, Financial Instruments – Credit Losses, which requires us to measure expected credit losses for financial assets at each reporting date. The allowance is primarily based on historical experience, current conditions, and our reasonable and supportable forecast of economic conditions. If customer behavior changes as a result of economic conditions and if we are unable to accurately predict how the unemployment rates, and general economic conditions may affect our allowance for finance receivable losses, our allowance for finance receivable losses may be inadequate. Our allowance for finance receivable losses is an estimate, and if actual finance receivable losses are materially greater than our allowance for finance receivable losses, our results of operations could be adversely affected. Neither state regulators nor federal regulators oversee our allowance for finance receivable losses. Our valuations may include methodologies, models, estimations, and assumptions that are subject to differing interpretations and could result in changes to financial assets and liabilities that may materially adversely affect our financial condition and results of operations. We use estimates, assumptions, and judgments when certain financial assets and liabilities are measured and reported at fair value. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and / or other observable inputs provided by independent third- party sources, when available. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain assets if trading becomes less frequent or market data becomes less observable. In such cases, certain asset valuations may require significant judgment, and may include inputs and assumptions that require greater estimation, including credit quality, liquidity, interest rates and other relevant inputs. Changes in underlying factors, assumptions, or estimates in any of these areas could have a material adverse effect on our financial condition, results of operations, and liquidity. Our risk management efforts may not be effective. We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, and other market- related risks, as well as operational risks related to our business, assets, and liabilities. To the extent our models used to assess the creditworthiness of potential borrowers do not adequately identify potential risks, the valuations produced will not adequately represent the risk profile of the borrowers and could result in a riskier finance receivables profile than originally identified. Our risk management policies, procedures, and techniques, including our scoring technology, may not be sufficient to identify all ~~of~~ the risks we are exposed to, mitigate the risks we have identified, or identify concentrations of risk or additional risks to which we may become subject in the future. We also face ~~evolving~~ risks **due to** ~~as a result of the significant increase in~~ our remote workforce and digital operations. These risks may not be adequately captured by our existing risk management framework. Changes in market conditions could adversely affect the rate at which our borrowers prepay their loans and the value of our finance receivables portfolio, as well as increase our financing cost, which could negatively affect our financial condition, results of operations, and liquidity. Changing market conditions, the availability of credit, the relative economic vitality of the area in which borrowers and their assets are located, changes in tax laws, other opportunities for investment available to our customers, homeowner mobility, and other economic, social, geographic, demographic, and legal factors beyond our control, may affect the rates at which our borrowers prepay their loans. Generally, in situations where prepayment rates have slowed, the weighted- average life of our finance receivables has increased. Any increase in interest rates may further slow the rate of prepayment for our finance receivables, which could adversely affect our liquidity by reducing the cash flows from, and the value of, the finance receivables we hold for sale or utilize as collateral in our secured funding transactions. Moreover, our finance receivables are fixed- rate and generally decline in value if interest rates increase. As such, if changing market conditions cause interest rates to increase substantially, the value of our finance receivables could decline. Some jurisdictions limit the maximum interest rate that we may charge on a certain population of our loans so we have limited ability to increase the interest rate on our loans made in those jurisdictions. Our yield, as well as our cash flows from operations and results of operations, could be materially and adversely affected if we are unable to increase the interest rates charged on new loans to offset any increases in our cost of funds. Accordingly, any increase in interest rates could negatively affect our financial condition, results of operations, and liquidity. **Changes in market conditions may also impact market interest rates which could increase the amount of interest expense that we pay on our borrowings, and in turn increase our cost of funds and adversely affect our business, results of operations, and financial condition.** We may be required to indemnify or repurchase finance receivables from purchasers of finance receivables that we have sold or securitized, or which we will sell or securitize in the future, if our finance receivables fail to meet certain criteria or characteristics or under other circumstances, which could adversely affect our financial condition, results of operations, and liquidity. The documents governing our finance receivable sales and securitizations contain provisions that require us to indemnify the purchasers of securitized finance receivables, or to repurchase the affected finance receivables, under certain circumstances. While our sale and securitization documents vary, they generally contain customary provisions that may require us to repurchase finance receivables if ~~our~~ **there is a breach of** representations and warranties concerning the quality and characteristics ~~, including but not limited to regulatory requirements in connection with origination and servicing,~~ of the finance ~~receivable~~ **receivables** ~~are inaccurate~~ and ~~there~~ **such breach** is ~~borrower fraud~~ **material and adverse to the purchasers** . **Our** ~~At its~~ maximum ~~, our~~ exposure to repurchases or our indemnification obligations under our representations and warranties could include the current unpaid balance of all finance receivables that we have sold or securitized, and which are not subject to settlement agreements with purchasers. The risk of loss on the finance receivables that we have securitized is recognized in our allowance for finance receivable losses since all of our loan securitizations are recorded on our balance sheet. If we are required to indemnify purchasers or repurchase finance receivables that we sell or have sold and such indemnification or repurchase results in losses or recognition of losses on securitized finance receivables that exceed our recorded allowance for finance receivable losses associated with our securitizations, this could adversely affect our financial condition, results of operations, and liquidity. Our business and reputation may be materially impacted by information system failures, cyber- attacks, or network disruptions. Our business relies heavily on information systems to deliver products and services to our customers ~~,~~ and to manage our operations. These systems **have encountered, and** may **in the future** encounter **,** service disruptions due to system, network or software **vulnerabilities or** ~~failure~~ **failures** , security breaches, cyber- attacks, **social engineering,** ransomware, ~~computer~~ viruses, accidents, power disruptions, telecommunications failures, acts of terrorism or war, physical or electronic break- ins, or other events, disruptions, or intrusions. In addition, denial- of- service attacks could overwhelm our internet sites **, applications, and services** and prevent us from adequately serving customers **and maintaining our operations** . Cyber- attacks, including ransomware, are constantly evolving, increasing the difficulty of detecting **, responding to,** and successfully defending against them. We also may face ~~new or~~ heightened risk due to ~~the increase in~~ our remote workforce **, use of third- party services,** and digital operations. **Our security measures vary in maturity across the business, and some of our peers may have more mature cybersecurity programs, which could impact our ability to market and sell our products and services.** We may ~~have no current capability~~ **fail or be unable** to **timely** detect **and patch** certain vulnerabilities, **including those classified as zero- day vulnerabilities,** which may allow ~~them~~ **unauthorized actors** to **gain access to and** persist in our system environment over long periods of time **. Our logs and other forensic evidence also may not provide a complete picture of a cyber- attack** . Cyber- attacks can have cascading impacts that unfold with increasing speed across our ~~computer~~ systems and networks and those of our third- party vendors. System redundancy and other continuity measures may **not** be ~~ineffective~~ -- **effective** or ~~inadequate~~ -- **adequate** , and our business continuity and disaster recovery planning may not be sufficient to adequately address the disruption. ~~A disruption~~ **These kinds of cyber- attacks and the challenges described herein, or a series of smaller attacks in the aggregate,** could impair our ability to offer and process our loans, provide customer service, perform collections or other necessary business activities, **and maintain our operations,** which could result in a loss of customer business, **negative impact to our brand and reputation,** subject us to ~~additional~~ regulatory scrutiny, or expose us to civil litigation and possible financial liability, or otherwise **have a** ~~materially~~ -- **material** ~~adversely~~ -- **adverse** ~~affect~~

effect on our financial condition and results of operations. There may be losses or unauthorized access to or releases of confidential information, including personally identifiable information (PII), that could subject us to significant reputational, financial, legal, and operational consequences. Our operations rely heavily on the secure **collection,** processing, storage, and transmission of **tens of millions of records with** confidential customer and other information including, among other things, PII, in our ~~computer~~ systems and networks, as well as those of third parties. Our branch locations and ~~centralized~~ ---- **central** servicing centers, as well as our administrative and executive offices, are part of an electronic information network that is designed to permit us to originate and track finance receivables and collections and perform other tasks that are part of our everyday operations. Additionally, **due to** ~~as a result of the COVID- 19 pandemic and the significant increase in~~ our remote workforce and digital operations, **including our use of third parties and third- party services,** our vulnerability to unauthorized access to confidential information may increase. ~~We devote significant resources to network~~ **Network** and data security **measures** , ~~including using~~ **such as** encryption, access controls, authentication **mechanisms** , and other security measures intended to protect our ~~computer~~ systems and data ~~. These security measures~~ may not be sufficient and **data** may be vulnerable to hacking, **unauthorized access,** employee error **(including phishing and social engineering)** , malfeasance, system error, faulty password management, or other ~~irregularities~~ **weaknesses that could be exploited** . Any failure, interruption, **breakdown, noncompliance,** or breach in our cybersecurity **measures or controls, policies, or procedures** could result in reputational harm, disruption of our customer relationships, **litigation** or **regulatory enforcement, or in** our inability to originate, process **,** and service our finance receivable products ~~, any of which could have a materially adverse effect on our financial condition, results of operations, and liquidity. Further, any of these cybersecurity and operational risks could expose us to lawsuits by customers for identity theft or other damages resulting from data breach involving PII or misuse of their PII and possible financial liability~~ , any of which could have a material adverse effect on our financial condition, results of operations, and liquidity. **Further, if any of these cybersecurity and operational risks materialize, they could expose us to lawsuits by customers for identity theft or other damages (for example, in the case of a data breach involving PII or misuse of PII), and possible financial liability, any of which could have a material adverse effect on our financial condition, results of operations, and liquidity.** In addition, regulators may impose penalties and / or require remedial action if they identify **areas of noncompliance or** weaknesses in our security systems **, controls, processes, procedures, and policies** , and we may be required to incur significant costs to ~~increase~~ **enhance** our cybersecurity **program, including** to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. **In addition** ~~As part of our business~~ , we may share confidential customer information and proprietary information with customers, vendors, service providers, and business partners. The information systems of these third parties may be vulnerable to security breaches and, despite our best efforts, we may not be able to ensure that these third parties have appropriate security controls in place to protect ~~the~~ information we share with them. If our confidential information is intercepted, **accessed without authorization, destroyed,** stolen, misused, or mishandled while in possession of a third- party, it could result in reputational harm to us, loss of customer business, ~~and additional~~ regulatory scrutiny, ~~and it could expose us to~~ civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition, results of operations, and liquidity. ~~Although we have insurance~~ **Insurance** ~~that is intended~~ **may not be adequate or available** to cover ~~certain~~ losses from such events ~~, there can be no assurance that such insurance will be adequate or available~~ . We are also subject to the theft or misuse of physical customer and employee records at our facilities. Our branch locations and ~~centralized~~ ---- **central** servicing centers have physical customer records necessary for day- to- day operations that contain confidential information about our customers. We also retain physical records in various storage locations. The loss or theft of customer information from our branch locations, central servicing facilities, or other storage locations could subject us to additional regulatory scrutiny and penalties and could expose us to civil litigation and possible financial liability, which could have a material adverse effect on our financial condition, results of operations, and liquidity. In addition, if we cannot locate original documents (or copies, in some cases) for certain finance receivables, we may not be able to collect on those finance receivables. Our insurance operations are subject to risks and uncertainties, including claims, catastrophic events, underwriting risks, and dependence on a primary distribution channel. Insurance claims and policyholder liabilities are difficult to predict and may exceed the related reserves set aside for claims (losses) and associated expenses for claims adjudication (loss adjustment expenses). Additionally, events such as natural disasters, pandemic disease, ~~cyber security~~ **cybersecurity** breaches and other types of catastrophes, and prolonged economic downturns, could adversely affect our financial condition and results of operations. Other risks relating to our insurance operations include changes to laws and regulations applicable to us, as well as changes to the regulatory environment, such as: changes to laws or regulations affecting capital and reserve requirements; frequency and type of regulatory monitoring and reporting; consumer privacy, use of customer data and data security; benefits or loss ratio requirements; insurance producer licensing or appointment requirements; required disclosures to consumers; and collateral protection insurance (i. e., insurance some of our lender companies purchase, at the customer’ s expense, on that customer’ s loan collateral for the periods of time the customer fails to adequately, as required by the customer' s loan, insure the collateral). Because our customers do not directly agree to the amount charged for collateral protection at the time it is purchased, regulators may in the future prohibit our insurance companies from providing this insurance to our lending operations. Moreover, our insurance companies are predominately dependent on our lending operations as the primary source of business and product distribution. If our lending operations discontinue offering insurance products, our insurance operations would need to find an alternate distribution partner for their products, of which there can be no assurance. Our use of derivatives exposes us to credit and market risks. From time to time, we may enter into derivative financial instruments for economic hedging purposes, such as managing our exposure to interest rate risk. By using derivative instruments, we are exposed to credit and market risks, including the risk of loss associated with variations in the spread between the asset yield and the funding and / or hedge cost, default risk, and the risk of insolvency or other inability of the counterparty to a particular derivative financial instrument to perform its obligations. We may not be able to make technological improvements as quickly as some of our competitors, which could harm our ability to compete and adversely affect our financial condition, results of operations, and liquidity. The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial and lending institutions to better serve customers and reduce costs. Our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology- driven products and services as quickly as some of our competitors or be successful in marketing these products and services to our existing and new customers. Failure to successfully keep pace with technological change affecting the financial services industry could harm our ability to compete and adversely affect our financial condition, results of operations, and liquidity. If goodwill and other intangible assets become impaired, it could have a negative impact on our profitability. Goodwill represents the amount of acquisition cost over the fair value of net assets we acquired. If the carrying amount of goodwill and other intangible assets exceeds the fair value, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in our results of operations in the periods in which the impairments become known. There can be no assurance that our future evaluations of goodwill and other intangible assets will not result in findings of impairments and related write- downs, which may have a material adverse effect on our financial condition and results of operations. See Note 7 of the Notes to the Consolidated Financial Statements ~~included~~ **in Part II- Item 8** in this report for further information on goodwill and intangible asset impairment. Damage to our reputation could adversely impact our business and financial results. Our ability to attract and retain customers and employees is significantly impacted by our reputation. Damage to our reputation can arise as a result of our actions or those of our employees, or as a result of negative public opinion about the financial services industry. Negative public opinion may relate to any aspect of or risk associated with our business, including but not limited to, our lending practices, cybersecurity breaches, failures to safeguard personal information, discriminating or harassing behavior of employees, compensation practices, sales practices, environmental, social, and governance practices and disclosures, or failure or perceived failure to comply with laws or regulations. Negative publicity directed at us could generate dissatisfaction among our customers and employees. We cannot give assurance that our policies and procedures will be fully effective in preventing conduct that could damage our reputation. Furthermore, our actual or perceived failure to address or prevent any such conduct or otherwise to effectively manage our business or operations could result in significant reputational harm. There are risks associated with the acquisition or sale of assets or businesses and the formation, termination, or operation of joint ventures or other strategic alliances, which could have a material adverse effect on our financial condition, results of operations, and liquidity. We have previously acquired, and in the future may acquire, assets or businesses, either through the direct purchase of such assets or the purchase of a company’ s equity. Since we will not have originated or serviced the finance receivables we acquire, we may not be aware of legal or other deficiencies related to origination or servicing, and our review of the portfolio prior to purchase may not uncover those deficiencies. Further, we may have limited recourse against the seller of the receivables. Potential difficulties we may encounter in connection with these transactions and arrangements include: the integration of the assets or business into our information technology platforms and servicing systems; the quality of servicing; disruption of our ongoing businesses and distraction of our management teams; incomplete or inaccurate records; inability to retain existing customers; unanticipated expenses; and potential unknown liabilities associated with the transactions, including legal liability related to origination and servicing prior to the acquisition. The anticipated benefits and synergies of any future acquisition will assume a successful integration, and will be based on projections and other assumptions, which are inherently uncertain. Even if integration is successful, anticipated benefits and synergies may not be achieved ~~. The COVID- 19 pandemic may continue to adversely affect consumer finance businesses including OneMain. The virus causing COVID- 19 was identified in late 2019 and was declared a global pandemic in March 2020. Governmental authorities took a number of steps to combat or slow the spread of COVID- 19. Efforts to combat the virus continue to be complicated by viral variants and uneven global access to and acceptance of vaccines. These measures have and may continue to impact all or portions of the Company’ s workforce and our current and prospective customers. While many of the restrictions related to the COVID- 19 pandemic have largely been eased, uncertainty continues to exist regarding such measures and potential future measures. In response to COVID- 19, we modified our business practices with a portion of our employees working remotely to minimize interruptions in our business. Although these changes have allowed us to continue operations safely, the technology in home environments may not be as robust as in our offices and could cause networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of these work- from- home measures also introduces additional operational risk, including increased cybersecurity risk from phishing, malware, and other cybersecurity attacks, all of which could expose us to risks of data or financial loss and could seriously disrupt our operations and the operations of any impacted customers. Legal and regulatory responses to concerns related to the COVID- 19 pandemic could result in additional regulation or restrictions affecting the conduct of our business in the future. All of the foregoing may adversely affect our income and other results of operations, make collection of our finance receivables more difficult, or reduce income received from such receivables or our ability to obtain financing with respect to such receivables. The COVID- 19 pandemic has caused significant volatility and disruption in global financial markets. Volatility stemming from the COVID- 19 pandemic could negatively affect our net interest income, lending activities, and profitability. Likewise, market volatility, as well as general economic, market, or social conditions related to the COVID- 19 pandemic, could reduce the market price of shares of our common stock regardless of our operating performance. Additionally, to the extent that the pandemic harms our business and results of operations, many of the other risks described in this “ Risk Factors ” section may be heightened~~ . RISKS RELATED TO OUR INDUSTRY AND REGULATION We operate in a highly competitive market, and we cannot ensure that the competitive pressures we face will not have a material adverse effect on our financial condition, results of operations, and liquidity. The consumer finance industry is highly competitive. Our profitability depends, in large part, on our ability to underwrite and originate finance receivables. Some of our competitors may have greater financial, technical, and marketing resources than we possess. Some competitors may also have a lower cost of funds and access to funding sources that may not be available to us. We cannot give assurance that the competitive pressures we face will not have a material adverse effect on our financial condition, results of operations, and liquidity. Our businesses are subject to regulation in the jurisdictions in which we conduct our business and failure to comply with such regulations may have a material adverse impact on our financial condition, results of operations, and liquidity. Our businesses are subject to numerous federal, state, and local laws and regulations, and various state authorities regulate and supervise our lending business and insurance operations. We also must comply with extensive regulations in servicing our legacy real estate loans and loan portfolios for other parties and will have to comply with these servicing regulations if we acquire loan portfolios in the future for which we act as a servicer. Our operations are subject to regular examination by state regulators and ~~, for certain aspects of our business, by~~ U. S. federal and foreign regulators. These examinations may require us to change our policies or practices, pay monetary fines, or make reimbursements to customers. Many state regulators and some federal regulators have indicated an intention to pool their resources to conduct examinations of licensed entities, including us, at the same time (referred to as a " multi- state " examination). This could result in more in- depth examinations, which could be costlier and lead to more significant enforcement actions. We are also subject to potential enforcement, supervisions, and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Such actions could subject us to civil money penalties, customer remediation, and increased compliance costs, as well as damage our reputation and brand and could limit or prohibit our ability to offer certain products and services or engage in certain business practices. State attorneys general have a variety of tools at their disposal to enforce state and federal consumer financial laws, including the ability to enforce the Dodd- Frank Act and regulations promulgated under the Dodd- Frank Act' s authority. State attorneys general also have enforcement authority under state law with respect to unfair or deceptive practices under which state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves to enter into multi- state actions or settlements. Several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general. We are subject to potential changes in federal and state law, which could lower the interest- rate limit that non- depository financial institutions may charge for consumer loans or could expand the definition of interest under federal and state law to include the cost of optional products, such as insurance. Such changes could limit our interest income, insurance revenues, and other revenue, which could have a material adverse effect on our financial condition and results of operations. We may not be able to maintain all requisite licenses and permits, and the failure to satisfy those or other regulatory requirements could have a material adverse effect on our operations. In addition, changes in laws or regulations applicable to us could subject us to additional licensing, registration and other regulatory requirements in the future or could adversely affect our ability to operate or the way we conduct business. A material failure to comply with applicable laws and regulations could result in regulatory actions, including substantial fines or penalties, lawsuits, and damage to our reputation, which could have a material adverse effect on our financial condition, results of operations, and liquidity. For more information with respect to the regulatory framework affecting our businesses, see " Business — Regulation " included in this report. Requirements of the Dodd- Frank Act and oversight by the CFPB significantly increase our regulatory costs and burdens. The Dodd- Frank Act and the related regulations increased oversight of financial services and products by the CFPB, and imposed restrictions on the allowable terms for certain consumer credit transactions. The CFPB has significant authority to implement and enforce federal consumer finance laws, including the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act and new requirements for financial services products provided for in the Dodd- Frank Act, as well as the authority to identify and prohibit unfair, deceptive, or abusive acts and practices. In addition, the Dodd- Frank Act provides the CFPB with broad supervisory, examination and enforcement authority over various consumer financial products and services, including the ability to require reimbursements and other payments to customers for alleged legal violations, and to impose significant penalties, as well as injunctive relief that prohibits lenders from engaging in allegedly unlawful practices. Further, state attorneys general and state regulators are authorized to bring civil actions to enforce certain consumer protection provisions of the Dodd- Frank Act. The industry investigation and enforcement provisions of Title X of the Dodd- Frank Act may adversely affect our business if the CFPB or one or more state attorneys general or state regulators believe that we have violated any federal consumer financial protection laws, including the prohibition in Title X against unfair, deceptive or abusive acts or practices. The CFPB currently has supervisory authority over ~~our real estate servicing activities, and may in the future have supervisory authority over other~~ -- **the Company** ~~parts of our consumer lending business. It also has~~ - **as** ~~the authority to bring enforcement actions for violations of laws over which it has jurisdiction regardless of whether it has supervisory authority for~~ a **mortgage** ~~given product or service~~ **servicer , and** ~~. The Dodd- Frank Act also gives the CFPB supervisory authority over entities that are designated~~ as **a** " larger ~~participants~~ - **participant** " in ~~certain financial services markets. The CFPB has published regulations for " larger participants " in~~ the ~~market of~~ auto ~~finance~~ **financing** ~~, and we have been designated as a larger participant in this~~ market. The larger- participant rule for consumer installment loans was one of the rulemaking initiatives the CFPB designated as inactive in its Spring 2018 rulemaking agenda. It is not known if or when the CFPB may consider reactivating the rulemaking process for the larger participant rule for consumer installment loans. **It also has the authority to bring enforcement actions for violations of laws over which it has jurisdiction regardless of whether it has supervisory authority over an entity.** The CFPB' s broad supervisory and enforcement powers could affect our business and operations significantly in terms of increased operating and regulatory compliance costs, and limits on the types of products we offer and the way they are offered, among other things. The CFPB and certain state regulators have acted against some lenders regarding, for instance, debt collection and the marketing of optional products offered by the lenders in connection with their loans. The products included debt cancellation / suspension products and other types of payment protection insurance. We collect on delinquent debt. We also sell optional insurance and non- insurance products in connection with our loans. Our debt collection practices and sales of optional insurance and non- insurance products could be challenged in a similar manner by the CFPB or state consumer lending regulators. Some of the rulemaking under the Dodd- Frank Act remains pending. As a result, the complete impact of the Dodd- Frank Act remains uncertain. It is not clear what form remaining regulations will ultimately take, or how our business will be affected. For more information with respect to the regulatory framework affecting our businesses and the CFPB, see " Business — Regulation " included in this report. Current and proposed regulations relating to consumer privacy, data protection, and ~~information security~~ **cybersecurity** could increase our costs. We are subject to federal and state consumer privacy, data protection, and ~~information security~~ **cybersecurity** laws and regulations. For example, we are subject to the federal **GLBA** ~~Gramm- Leach- Bliley Act~~ and the **NYDFS** ~~New York~~ Cybersecurity Regulation, which govern the **collection, processing, sharing, storage,** use **, and protection** of PII **and other confidential information** by financial institutions and require certain safeguards **, controls, policies, and processes** for protecting PII **and other confidential information** . Moreover, various state laws and regulations may require us to notify customers, employees, state attorneys general, regulators, and others in the event of a security breach. Federal and state legislators and regulators are pursuing new guidance, laws, and regulations relating to consumer privacy, data protection, and ~~information security~~ **cybersecurity** . Compliance with current or future consumer privacy, data protection, and ~~information security~~ **cybersecurity** laws and regulations could result in higher compliance, technology, or other operating costs. Any violations of these laws and regulations may require us to change our business practices or operational structure. **In this regard, on May 24, 2023, we entered into a consent order with the NYDFS relating primarily to a past examination of our cybersecurity policies from 2017 to early 2020. Pursuant to the consent order, we agreed to pay a $ 4. 25 million civil penalty and represent that certain improvements to our cybersecurity controls and procedures had previously been completed. Any future** ~~Violations~~ **violations of these laws and regulations** could **adversely impact our reputation and** subject us to material legal claims, monetary penalties, sanctions, and obligations to compensate and / or notify customers, employees, state attorneys general, regulators, and others, or take other remedial actions. Our use of third- party vendors is subject to regulatory review. The CFPB and other regulators have issued regulatory guidance focusing on the need for financial institutions to perform due diligence and ongoing monitoring of third- party vendor relationships, which increases the scope of management involvement and decreases the benefit that we receive from using third- party vendors. Moreover, if our regulators conclude that we have not met the standards for oversight of our third- party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist, or other remedial actions, which could have a materially adverse effect on our business, reputation, financial condition, and results of operations. Further, federal and state regulators have scrutinized the practices of lead aggregators and providers. We purchase and sell finance receivables, including charged- off receivables and receivables where the borrower is in default. This practice could subject us to heightened regulatory scrutiny, which may expose us to legal action, cause us to incur losses and / or limit or impede our collection activity. As part of our business, we purchase and sell finance receivables. Some of these finance receivables may be in default (including in bankruptcy) or the debt may have been charged off as uncollectible. The CFPB and other regulators have significantly increased their scrutiny of the purchase and sale of debt, and collections practices undertaken by purchasers of debt, especially delinquent and charged- off debt. The CFPB has scrutinized sellers of debt for not maintaining sufficient documentation to support and verify the validity or amount of the debt. It has also scrutinized debt collectors for, among other things, their collection tactics, attempting to collect debts that no longer are valid, misrepresenting the amount of the debt and not having sufficient documentation to verify the validity or amount of the debt. Our purchases or sales of receivables could expose us to lawsuits or fines by regulators if we do not have sufficient documentation to support and verify the validity and amount of the finance receivables underlying these transactions, or if we or purchasers of our finance receivables use collection methods that are viewed as unfair or abusive. In addition, our collections could suffer, and we may incur additional expenses if we are required to change collection practices or stop collecting on certain debts because of a lawsuit or action on the part of regulators. Changes in law and regulatory developments could result in significant additional compliance costs relating to securitizations. The Dodd- Frank Act requires, among other things, that a securitizer retain at least a 5 % economic interest in the credit risk of the securitized assets; this requirement has reduced and will continue to reduce the amount of financing obtained from such transactions. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain. Rules relating to securitizations rated by nationally- recognized statistical rating agencies require that the findings of any third- party due diligence service providers be made publicly available at least five business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization. We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act. The Investment Company Act regulates the manner in which " investment companies " are permitted to conduct their business activities. We believe we have conducted, and intend to continue to conduct, our business in a manner that does not result in the Company being characterized as an investment company, including relying on certain exemptions from registration as an investment company. We rely on guidance published by the SEC staff or on our analyses of such guidance to determine our qualification under these and other exemptions. To the extent that the SEC staff publishes new or different guidance with respect to these matters, we may be required to adjust our business operations accordingly, including inhibiting our ability to conduct our business operations. We cannot give assurance that the laws and regulations governing our Investment Company Act status or SEC guidance regarding the Investment Company Act will not change in a manner that adversely affects our operations. If we are deemed to be an investment company, we may attempt to seek exemptive relief from the SEC, which could impose significant costs on us. We may not receive such relief on a timely basis, if at all, and such relief may require us to modify or curtail our operations. If we are deemed to be an investment company, we may also be required to institute burdensome compliance requirements and our activities may be restricted. RISKS

RELATED TO OUR INDEBTEDNESS An inability to access adequate sources of liquidity may adversely affect our ability to fund operational requirements and satisfy financial obligations. Our ability to access capital and credit may be significantly affected by disruption in the U. S. credit markets and any potential credit rating downgrades on our debt. In addition, the risk of volatility and uncertainty surrounding the macroeconomic environment could continue to create significant volatility in, and uncertainty around access to the capital markets. Historically, we have funded our operations and repaid our debt and other obligations using funds collected from our finance receivable portfolio and new debt issuances. Our current corporate credit ratings are below investment grade and, as a result, our borrowing costs may further increase and our ability to borrow may be limited. In addition to issuing unsecured debt in the public and private markets, we have raised capital through securitization transactions and, although there can be no assurances that we will be able to complete additional securitizations or issue additional unsecured debt, we currently expect our near- term sources of capital markets funding to continue to derive from securitization transactions and unsecured debt offerings. Any future capital markets transactions will be dependent on our financial performance , as well as market conditions, which may result in receiving financing on terms less favorable to us than our existing financings. In addition, our access to future financing and our ability to refinance existing debt will depend on a variety of factors such as our financial performance, the general availability of credit, our credit ratings and credit capacity at the time we pursue such financing. If we are unable to complete additional securitization transactions or unsecured debt offerings on a timely basis or upon terms acceptable to us or otherwise access adequate sources of liquidity, our ability to fund our own operational requirements and satisfy financial obligations may be adversely affected. Our indebtedness is significant, which could affect our ability to meet our obligations under our debt instruments and could materially and adversely affect our business and ability to react to changes in the economy or our industry. Our significant indebtedness could have important consequences, including the following: • it may require us to dedicate a larger portion of our cash flows from operations to pay our indebtedness, which reduces the funds available for other purposes, including finance receivable originations and capital returns; • it may limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing regulatory, business, and economic conditions; • it may limit our ability to incur additional borrowings or securitizations; • it may require us to seek to change the maturity, interest rate and other terms of our existing debt; • it may place us at a competitive disadvantage to competitors that are not as highly leveraged; • it may cause a downgrade of our debt and long- term corporate ratings; and • it may cause us to be more vulnerable to periods of negative or slow growth in the general economy or in our business. In addition, meeting our anticipated liquidity requirements is contingent upon our continued compliance with our existing debt agreements. An event of default or declaration of acceleration under one of our existing debt agreements could also result in an event of default and declaration of acceleration under certain of our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. If our debt obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, the consequences described above could be magnified. There can be no assurance that we will be able to repay or refinance our debt in the future. Certain of our outstanding notes contain covenants that restrict our operations and may inhibit our ability to grow our business and increase revenues. OMFC' s indenture and certain of OMFC' s notes contain a covenant that limits OMFC' s and its subsidiaries' ability to create or incur liens. The restrictions may interfere with our ability to obtain additional financing or affect the way we structure such financing or engage in other business activities. A default and resulting acceleration of obligations could also result in an event of default and declaration of acceleration under certain of our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. A default could also significantly limit our alternatives to refinance our indebtedness. This limitation may significantly restrict our financing options during times of either market distress or our financial distress, which are precisely the times when having financing options is most important. The assessment of our liquidity is based upon significant judgments and estimates that could prove to be materially incorrect. In assessing our current financial position and developing operating plans, management has made significant judgments and estimates with respect to our liquidity, including but not limited to: • our ability to generate sufficient cash to service all of our outstanding debt; • our continued ability to access debt and securitization markets and other sources of funding on favorable terms; • our ability to complete on favorable terms, as needed, additional borrowings, securitizations, finance receivable portfolio sales, or other transactions to support liquidity, and the costs associated with these funding sources, including sales at less than carrying value and limits on the types of assets that can be securitized or sold, which would affect our profitability; • the potential for downgrade of our debt by rating agencies, which would have a negative impact on our cost of, and access to, capital; • our ability to comply with our debt covenants; • our ability to make capital returns to OMH' s stockholders; • the amount of cash expected to be received from our finance receivable portfolio through collections (including prepayments) and receipt of finance charges; • the potential for declining financial flexibility and reduced income should we use more of our assets for securitizations and finance receivable portfolio sales; and • the potential for reduced income due to the possible deterioration of the credit quality of our finance receivable portfolios. Additionally, there are numerous risks to our financial results, liquidity, and capital raising and debt refinancing plans that are not quantified in our current liquidity forecasts. These risks include, but are not limited, to the following: • our inability to grow our personal loan portfolio with adequate profitability to fund operations, loan losses, and other expenses; • our inability to monetize assets including, but not limited to, our access to debt and securitization markets; • our inability to obtain the additional necessary funding to finance our operations; • the effect of current and potential new federal, state, and local laws, regulations, or regulatory policies and practices on our ability to conduct business or the way we conduct business, as well as changes that may result from increased regulatory scrutiny of the sub- prime lending industry; • potential liability relating to real estate and personal loans which we have sold or may sell in the future, or relating to securitized loans, if it is determined that there was a non- curable breach of a warranty made in connection with the transaction; • the potential for increasing costs and difficulty in servicing our loan portfolio because of heightened regulatory scrutiny of loan servicing and foreclosure practices in the industry generally; • the potential for additional unforeseen cash demands or acceleration of obligations; • reduced income due to loan modifications where the borrower' s interest rate is reduced, principal payments are deferred, or other concessions are made; • the potential for declines or volatility in bond and equity markets; and • the potential effect on us if the capital levels of our regulated and unregulated subsidiaries prove inadequate to support our business plans. The actual outcome of one or more of our plans could be materially different than expected or one or more of our significant judgments or estimates about the potential effects of these risks and uncertainties could prove to be materially incorrect. In the event of such an occurrence, if third- party financing is not available, our liquidity could be materially adversely affected, and as a result, substantial doubt could exist about our ability to continue as a going concern. OMFC' s credit ratings could adversely affect our ability to raise capital in the debt markets at attractive rates, which could negatively affect our financial condition, results of operations, and liquidity. S & P, Moody' s, and KBRA rate OMFC' s debt. Ratings reflect the rating agencies' opinions of a company' s financial strength, operating performance, strategic position, and ability to meet its obligations. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency' s rating should be evaluated independently of any other agency' s rating. If OMFC' s current ratings are downgraded, it will likely increase the interest rate that we would have to pay to raise money in the capital markets, making it more expensive for us to borrow money and adversely impacting our access to capital. As a result, a downgrade of OMFC' s ratings could negatively impact our results of operations, financial condition, and liquidity. Our securitizations may expose us to financing and other risks, and there can be no assurance that we will be able to access the securitization market in the future, which may require us to seek more costly financing. We cannot give assurance that we will be able to complete additional securitizations if the securitization markets become constrained. In addition, the value of any subordinated securities that we may retain in our securitizations might be reduced or, in some cases, eliminated because of adverse changes in economic conditions or the financial markets. OMFC and OMFG currently act as the servicers with respect to the ~~personal loan~~ securitization trusts and related series of asset- backed securities. If OMFC or OMFG defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset- backed securities and OMFC or OMFG, as applicable, could be replaced as servicer. Servicer defaults include, for example, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a breach of representations, warranties or agreements made by the servicer under the securitization documents and the occurrence of certain insolvency events with respect to the servicer. Such an early amortization event could damage our reputation and have materially adverse consequences on our liquidity and cost of funds. Rating agencies may also affect our ability to execute a securitization transaction or increase the costs we expect to incur from executing securitization transactions. Rating agencies could alter their ratings processes or criteria after we have accumulated finance receivables for securitization in a manner that effectively reduces the value of those finance receivables by increasing our financing costs or otherwise requiring that we incur additional costs to comply with those processes and criteria. We cannot control or predict what actions the rating agencies may take in this regard. Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions' asset- backed securities, could result in decreased investor demand for securities issued through our securitization transactions, or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements, including but not limited to the Dodd- Frank Act and the Investment Company Act, may affect the type of securitizations that are completed and investors that we are able to market to. If it is not possible or economical for us to securitize our finance receivables in the future, we would need to seek alternative financing to support our operations and to meet our existing debt obligations, which may be less efficient and more expensive than raising capital via securitizations and may have a material adverse effect on our financial condition, results of operations, and liquidity. RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE OMH and OMFC are holding companies with no operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations and enable us to pay dividends. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries, which own our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries for funds to meet our financial obligations and enable OMH to pay dividends on its common stock. Our subsidiaries are legally distinct from us, and certain of our subsidiaries are prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. For example, our insurance subsidiaries are subject to regulations that limit their ability to pay dividends or make loans or advances to us, principally to protect policyholders, and certain of OMFC' s debt agreements limit the ability of certain of our subsidiaries to pay dividends. If we are unable to obtain funds from our subsidiaries, or if our subsidiaries do not generate sufficient cash from operations, we may be unable to meet our financial obligations or pay dividends, and the Board may exercise its discretion not to pay dividends. OMH may not pay dividends on its common stock in the future, even if liquidity and leverage targets are met. While OMH intends to pay its minimum quarterly dividends, currently $ 1. 00 per share, for the foreseeable future, all subsequent dividends will be reviewed and declared at the discretion of the Board and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, and other considerations that the Board deems relevant. As a result, we cannot give assurance that OMH will continue to pay dividends on its common stock in future periods, even if liquidity and target leverage objectives are met. See our " Dividend Policy " in Part II- Item 5 of this report for further information on dividends. Certain provisions of our Stockholders Agreement, restated certificate of incorporation, and amended and restated bylaws could hinder, delay or prevent a change in control of OMH, which could adversely affect the price of OMH' s common stock. The Stockholders Agreement, OMH' s restated certificate of incorporation, and OMH' s amended and restated bylaws contain provisions that could make it more difficult for a third party to acquire us without the consent of the Board. These provisions provide for: • a classified Board with staggered three- year terms; • certain rights with respect to the designation of directors for nomination and election to the Board, including the ability of Värde to appoint one director, for so long as Värde has beneficial ownership of less than 10 % but at least 5 % of the voting power of OMH; • removal of directors only for cause and only with the affirmative vote of at least 80 % of the voting interest of stockholders entitled to vote; • no ability for stockholders to call special meetings of OMH' s stockholders; • advance notice requirements by stockholders with respect to director nominations and actions to be taken at annual meetings; • the ability for stockholders to act outside a meeting by written consent only if unanimous; and • the issuance of blank check preferred stock by the Board from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of OMH stockholders. Nothing in OMH' s restated certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of OMH' s common stock. These anti- takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change our management and Board and, as a result, may adversely affect the market price of OMH' s common stock and the ability of public stockholders to realize any potential change of control premium. See additional information under " Business Overview " in Item 1 of this report. The terms of the Amended and Restated Stockholders Agreement are described in OMH' s Current Report on Form 8- K filed with the SEC on June 25, 2018, and such Current Report on Form 8- K is incorporated by reference herein in its entirety. Licensing and insurance laws and regulations may delay or impede purchases of OMH' s common stock. Certain states in which we are licensed to originate loans and the state in which our insurance subsidiaries are domiciled (Texas) have laws and regulations that require regulatory approval for the acquisition of " control " of regulated entities. In addition, Texas insurance laws and regulations generally provide that no person may acquire control, directly or indirectly, of a domiciled insurer, unless the person has provided the required information to, and the acquisition is subsequently approved or not disapproved by the Department of Insurance (" DOI "). Under state insurance laws or regulations, there exists a presumption of " control " when an acquiring party acquires as little as 10 % of the voting securities of a regulated entity or of a company which itself controls (directly or indirectly) a regulated entity (the threshold is 10 % under the insurance statute of Texas). Therefore, any person acquiring 10 % or more of OMH' s common stock may need the prior approval of the Texas insurance and / or licensing regulators, or a determination from such regulators that " control " has not been acquired, which could significantly delay or otherwise impede their ability to complete such purchase. RISKS RELATED TO OMH' S COMMON STOCK The market price and trading volume of OMH' s common stock may be volatile, which could result in rapid and substantial losses for OMH' s stockholders. The market price of OMH' s common stock has been and may continue to be volatile and could be subject to wide fluctuations and may decline significantly in the future. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of OMH' s common stock include: variations in our quarterly or annual operating results; changes in our earnings estimates (if provided) or differences between our actual financial and operating results and those expected by investors and analysts; additions to, or departures of, key management personnel; and any increased indebtedness we may incur in the future. These factors may decrease the market price of OMH' s common stock, regardless of our actual operating performance. Volatility in the market price of a company' s securities may result in securities class action litigation. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management' s attention and resources. Future offerings of debt or equity securities by us may adversely affect the market price of OMH' s common stock. In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of OMH' s common stock or offering debt or other equity securities, including debt securities convertible into equity or shares of preferred stock. Future acquisitions could require substantial additional capital in excess of cash from operations. Issuing additional shares of OMH' s common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of OMH' s stockholders at the time of such issuance or reduce the market price of OMH' s common stock or both. Upon liquidation, holders of debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of OMH' s common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of OMH' s common stock. Thus, holders of OMH' s common stock bear the risk that our future offerings may reduce the market price of OMH' s common stock and dilute their stockholdings in us. The future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise will dilute all other stockholdings. OMH may issue any or all of the shares of common stock authorized but unissued without any action or approval by OMH' s stockholders, subject to certain exceptions. OMH also intends to continue to evaluate acquisition opportunities and may issue common stock in connection with any such acquisition. Any common stock issued in connection with our incentive plans, acquisitions, the exercise of outstanding stock options or otherwise would dilute the percentage ownership held by existing OMH' s stockholders. GENERAL RISKS We are a party to various lawsuits and proceedings and may become a party to various lawsuits and proceedings in the future which, if resolved in a manner adverse to us, could have a material adverse effect our financial condition, results of operations, and liquidity. In the normal course of business, we have been named, and may be named in the future, as a defendant in various legal actions, including governmental investigations, examinations or other proceedings, arising in connection with our business activities. Certain of the legal actions may include claims for substantial compensatory and / or punitive damages or claims for indeterminate amounts of damages. Some of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages allegedly incurred. A large judgment that is adverse to us could cause our reputation to suffer, encourage additional lawsuits against us and have a material adverse effect on our financial condition, results of operations, and liquidity. For additional information regarding pending legal proceedings and other contingencies, see Note 14 of the Notes to the Consolidated Financial Statements ~~included~~ **in Part II- Item 8** in this report. Certain operations rely on external vendors. We rely on third- party vendors to provide products and services necessary to maintain day- to- day operations, including a portion of our information systems, communication, data management and transaction processing.

Accordingly, we are exposed to the risk that these vendors might not perform in accordance with the contracted arrangements or service level agreements. Such failure to perform could be disruptive to our operations and have a materially adverse impact on our business, financial condition, and results of operations. These third parties are also sources of risk associated with operational errors, system interruptions or breaches and unauthorized disclosure of confidential information. If our vendors encounter any of these issues, we could be exposed to disruption of service, damage to our reputation and litigation. If we lose the services of any of our key management personnel, our business could suffer. Our future success significantly depends on the continued service and performance of our key management personnel. Our senior management team has significant industry experience and would be difficult to replace. Competition for these employees is intense and we may not be able to attract and retain key personnel. If we are unable to attract or retain appropriately qualified personnel, we may not be successful in originating loans and servicing our customers, which could have a materially adverse effect on our business, financial condition and results of operations. Employee misconduct could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny and reputational harm. There is a risk that our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage — or be accused of engaging — in illegal or suspicious activities including fraud or theft, we could suffer direct losses from such activity, and as a result, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial condition, customer relationships, and ability to attract future customers or employees. Regulators may allege or determine, based upon such misconduct, that our systems and procedures to detect and deter employee misconduct are inadequate. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.