Risk Factors Comparison 2024-03-15 to 2023-03-14 Form: 10-K

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Investing in our common stock involves a high degree of risk. Any of the following risks could have an adverse effect on our business, ~~results of operations and~~ financial condition **, liquidity, results of operations and prospects** . ~~The~~ **These** ~~following~~ risks could cause the trading price of our common stock to decline, which ~~would~~ **could** cause you to lose all or part of your investment. You should carefully consider these risks, all of the other information in this report, including our consolidated financial statements, the notes thereto and the ~~section~~ **sections** entitled **" Forward- Looking Statements " and** " Management' s Discussion and Analysis of Financial Condition and Results of Operations **"** ~~, "~~ and general economic and business risks before making a decision to invest in our common stock. While we believe the risks described below include all material risks currently known by us, it is possible that these may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. Business, Financial and Operational Risks **If we do not compete effectively in our target markets, our results of operations could be harmed. The industries in which we compete are highly competitive, continuously changing, highly innovative, and increasingly subject to regulatory scrutiny and oversight. Our current and potential future competition primarily includes other consumer finance companies, credit card issuers, financial technology companies, technology platforms, neobanks, challenger banks, and financial institutions, as well as other nonbank lenders serving consumers who do not have access to mainstream credit, including online marketplace lenders, point- of- sale lending, payday lenders, and auto title lenders and pawn shops focused on underserved borrowers. We may compete with others in the market who may in the future provide offerings similar or are competitive with ours, particularly companies who may provide lending, money management and other services though a platform similar to our platform. Many of our current or potential competitors have significantly more financial, technical, marketing, access to low- cost capital, and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. As such, many of our competitors can leverage their size, robust networks, financial wherewithal, brand awareness, pricing power and technological assets to compete with us. In addition, our potential competitors also include, smaller, earlier- stage companies with more versatile technology platforms, increased operational efficiencies, and greater brand recognition than us. To the extent new entrants gain market share, the use of our products and services would decline. Our long- term success depends on our ability to compete effectively against existing and potential competitors that seek to provide banking and financial technology products and services. If we fail to compete effectively against these competitors, our revenues, results of operations, prospects for future growth and overall business will be materially and adversely affected. We may not be able to effectively manage the growth of our business. Since 2022, we have engaged in a series of cost- saving measures in response to challenging macroeconomic conditions, including by conducting workforce reductions and other operational streamlining measures. While we believe these measures will improve operational efficiency, implementation of these measures may be disruptive to our business and we may not realize the anticipated benefits within the expected time frame or at all. If such measures do not achieve our cost reduction targets, we may engage in further cost- saving measures in the future. Further, we may experience unintended consequences and costs due to these efforts that may be disruptive to our business, such as the loss of institutional knowledge and expertise, loss of continuity, failure to accurately assess market opportunities and the technology required to address such opportunities, potential adverse effects on our internal control environment and inability to preserve adequate internal controls relating to our general and administrative functions, attrition beyond our intended workforce reduction, loss of key employees, and a reduction in morale among our remaining employees. Such actions may adversely affect our ability to retain and recruit skilled and motivated personnel, which may be disruptive to our operations and hinder our ability to achieve our key priorities. Moreover, projections of any cost- saving measures or other benefits associated with such measures are based on current business operations and market dynamics, and could be materially impacted by various factors, including significant economic, competitive and other uncertainties If we fail to achieve some or all of the expected benefits of these decisions, our future growth, operating results, cash flows, and financial condition may be adversely affected. In addition, we are required to continuously develop and adapt our operations, systems, and infrastructure in response to the increasing sophistication of the consumer financial services market, evolving fraud and information security landscape, and regulatory developments relating to existing and planned business operations. Although we experienced rapid growth in our business and operations in the recent past, many economic and other factors outside of our control, including general economic and market conditions, pandemics, consumer and commercial credit availability, inflation, interest rate, unemployment, and consumer debt levels, may adversely affect our ability to sustain revenue growth consistent with recent history and we cannot assure you that our business will grow at our historical growth rates. In addition, in the past, the growth and expansion of our business has placed significant demands on our management, operational, risk management, technology, marketing, compliance and finance and accounting infrastructure, and resulted in increased expenses, a trend that we expect to continue as our business continues to evolve, and we may not be able to increase our revenue sufficiently to offset such higher expenses. Overall revenue growth depends on a number of factors, including on our ability to increase the origination volume of our products and services, attract new members and retain existing members, build our brand, achieve the anticipated benefits and synergies from the Digit acquisition, expand and manage our remote- first workforce, all while managing**

our business systems, operations and expenses. If we are unable to accomplish these tasks, our future growth may be harmed. Our business may be adversely affected by disruptions in the credit markets and changes to interest rates on our borrowings. We depend on securitization transactions, warehouse facilities and other forms of debt financing, as well as whole loan and structured loan sales, in order to finance the principal amount of most of the loans we make to our members. See more information about our outstanding debt in Note 8, Borrowings to the Notes to the Consolidated Financial Statements included elsewhere in this report. However, there is no assurance that these sources of capital will continue to be available in the future on terms favorable to us or at all. The availability of debt financing and other sources of capital depends on many factors, many of which are outside of our control. Conditions in the credit markets may continue to experience disruption or deterioration, including as a result of rising interest rates, which could make it difficult for us to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms. The debt capital available to us in the future, if available at all, may bear a higher interest rate and may be available only on terms and conditions less favorable than those of our existing debt and such debt may need to be incurred in a rising interest rate environment. Events of default or breaches of financial, performance or other covenants, as a result of the underperformance of certain pools of loans underpinning our securitizations or other debt facilities, could reduce or terminate our access to funding from institutional investors. Such events could also result in default rates at a higher interest rate and therefore increase our cost of capital. In addition, our ability to access future capital may be impaired because our interests in our financed pools of loans are " first loss " interests and so these interests will only be realized to the extent all amounts owed to investors or lenders and service providers under our securitizations and debt facilities are paid in full. In the event of a sudden or unexpected shortage or restriction on the availability of funds, we cannot be sure that we will be able to maintain the necessary levels of funding to retain current levels of originations without incurring higher funding costs, a reduction in the term of funding instruments or increasing the rate of whole loan sales, or be able to access funding at all. If we are unable to arrange financing on favorable terms, our business may be adversely affected and we may not be able to grow our business as planned and we may have to curtail new originations and reduce credit lines to cardholders. We currently rely on Pathward to originate a substantial portion of our loans. If our relationship with Pathward terminates, or if Pathward were to suspend, limit, or cease its operations or loan origination activities for any reason, and we are unable to engage another originating bank partner on a timely basis or at all, our business, results of operations and financial condition would be materially and adversely affected. As of December 31, 2023, we relied on Pathward, N. A., or Pathward, to originate a substantial portion of our loan originations, with the remaining loans being originated directly by us under our lending and servicing licenses across 4 states in the United States. In both the year ended December 31, 2023 and 2022, Pathward originated approximately 45 % of aggregate personal loan originations and 5 %, respectively. We expect the percentage of aggregate personal loan originations originated by Pathward to increase in 2024. Pathward retains a proportion of the loans they originate on their own balance sheet, and sells the remainder of the loans to us, which we in turn sell to institutional investors, sell to our warehouse trust special purpose entities, or retain on our balance sheet. Our Pathward program agreement has an initial term of five years, which is scheduled to expire in calendar year 2025 and will automatically renew for an additional two years following the initial five- year term, unless either party provides notice of its intent to not renew. In addition, even during the term of our arrangement and for specified circumstances, Pathward could reduce the volume of loans that it chooses to originate and / or retain on its balance sheet. We or Pathward may terminate our arrangement immediately upon a material breach by the other party and failure to cure such breach within a cure period, if any representations or warranties are found to be false and such error is not cured within a cure period, bankruptcy or insolvency of either party, receipt of an order or judgment by a governmental entity, a material adverse effect, or a change of control. If our bank partnership arrangement with Pathward were to be suspended or limited, or if Pathward ceased their operations or otherwise terminated their relationship with us, our business, financial condition and results of operations would be adversely affected. If we need to enter into alternative arrangements with a different bank to replace our existing arrangement, we may not be able to negotiate a comparable alternative arrangement in a timely manner or at all. In addition, if we are unable to enter into an alternative arrangement with a different bank to fully replace or supplement our relationship with Pathward, we would potentially need to obtain additional state licenses to enable us to originate loans directly in the states where Pathward originates loans, as well as comply with other state and federal laws, which would be costly and time consuming, and there can be no assurances that any such licenses could be obtained in a timely manner or at all. For a further discussion of the risks and regulations applicable to our bank partnership with Pathward, see " Risk Factors — Our bank partnership products may lead to regulatory risk and may increase our regulatory burden, — We are, and intend in the future to continue, expanding into new geographic regions, and our failure to comply with applicable laws or regulations, or accurately predict demand or growth, related to these geographic regions could have an adverse effect on our business, — Security breaches and incidents may harm our reputation, adversely affect our results of operations, and expose us to liability. " Our results of operations and future prospects depend on our ability to retain existing ~~,~~ **members** and attract new ~~,~~ members. We operate in a rapidly changing and highly competitive industry and our results of operations and future prospects depend on, among other things, continued growth of our member base, our ability to increase the activity of our members ~~, including by using additional products or services we offer~~ , and our ability to attract members in a cost- effective manner. Our member retention rates may decline or fluctuate due to **various factors, including** pricing changes **(including as a result of rising interest rates)** , our expansion into new products and markets **or changes to existing products** , our members' ability to obtain alternative funding sources based on their credit history with us, and new members we acquire in the future may be less loyal than our current member base. **If our member retention rates decline and we are not able to attract new members in**

numbers sufficient to grow our business, this may adversely affect our business, results of operations and future prospects. In particular, it is important that we continue to ensure that our members with loans remain loyal to us and we continue to extend loans to members who have successfully repaid their previous loans. As of December 31, **2023 and** 2022 ~~and 2021~~, members with repeat loans comprised **82 % and** 78 ~~% and 76~~ %, respectively, of our Owned Principal Balance at End of Period. If our repeat loan rates decline, we may not realize consistent or improved operating results from our existing member base . We are, and intend in...... results of operations, and cash flows . We have elected the fair value option and we use estimates in determining the fair value of our loans and our asset- backed notes. If our estimates prove incorrect, we may be required to write down the value of these assets or write up the value of these liabilities, which could adversely affect our results of operations. Our ability to measure and report our financial position and results of operations is influenced by the need to estimate the impact or outcome of future events on the basis of information available at the time of the issuance of the financial statements. We use estimates, assumptions, and judgments when certain financial assets and liabilities are measured and reported at fair value. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and / or other observable inputs provided by independent third- party sources, when available. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain assets if trading becomes less frequent or market data becomes less observable. In such cases, certain asset valuations may require significant judgment, and may include inputs and assumptions that require greater estimation, including credit quality, liquidity, interest rates, and other relevant inputs. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Management has processes in place to monitor these judgments and assumptions, including review by our internal valuation committee, but these processes may not ensure that our judgments and assumptions are correct. We use estimates and assumptions in determining the fair value of our loans receivable held for investment and asset- backed notes. Our Loans Receivable at Fair Value represented 87 % of our total assets and our asset- backed notes represented ~~78~~ **79** % of our total liabilities as of December 31, ~~2022~~ **2023** . The fair value of our loans receivable held for investment are determined using Level 3 inputs and the fair value of our asset- backed notes are determined using Level 2 inputs. Changes to these inputs could significantly impact our fair value measurements. Valuations are highly dependent upon the reasonableness of our assumptions and the predictability of the relationships that drive the results of our valuation methodologies. In addition, a variety of factors such as changes in the interest rate environment and the credit markets, changes in average life, higher than anticipated delinquency and default levels or financial market illiquidity, may ultimately affect the fair values of our loans receivable and asset- backed notes. Material differences in these ultimate values from those determined based on management' s estimates and assumptions may require us to adjust the value of certain assets and liabilities, including in a manner that is not comparable to others in our industry, which could adversely affect our results of operations. Our current level of interest rate spread may decline in the future. Any material reduction in our interest rate spread could adversely affect our results of operations. We earn over 90 % of our revenue from interest payments on the loans we make to our members. Financial institutions and other funding sources provide us with the capital to fund a substantial portion of the principal amount of our loans to members and charge us interest on funds that we borrow. In the event that the spread between the interest rate at which we lend to our members and the rate at which we borrow from our lenders decreases, our Net Revenue will decrease. We have capped the APR for newly originated loans at 36 % since August 2020. Interest rates have recently risen and may continue to rise, which increases our interest expense and cost of funds and may result in lower operating margins. The interest rates we charge to our members and pay to our lenders could each be affected by a variety of factors, including our ability to access capital markets, the volume of loans we make to our members, product mix, competition and regulatory limitations. Market interest rate changes **have had, and** may **continue to have, an** ~~adversely~~ -- **adverse** affect **on** our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, recession, the state of the credit markets, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies. Factors outside our control, including interest rate changes and widening credit spreads, **have required, and** may **continue to** require us to make adjustments to the fair value of our loans receivable held for investment or our asset- backed notes, which may in turn adversely affect our results of operations or lead to volatility in our Net Revenue. For example, rising interest rates decrease the fair value of our loans receivable held for investment, which decreases Net Revenue, but also decreases the fair value of our asset- backed notes, which increases Net Revenue. Because the duration and fair value of our loans and asset- backed notes are different, the respective changes in fair value may not fully offset each other resulting in a negative impact on Net Revenue and increasing the volatility of our results of operations. ~~Any reduction~~ **Reductions** in our interest rate spread **have had and** could **continue to** have an adverse effect on our business, results of operations, cash flows, and financial condition. We do not currently hedge our interest rate exposure associated with our debt financing or fair market valuation of our loans. Our ~~risk management efforts may not be effective, which may expose us to market risks that harm our~~ results of operations ~~. We could incur substantial losses~~ and our business operations could be disrupted if...... losses that could harm our business, financial condition ~~,~~ and **our borrowers ability to make payments** ~~results of operations. We rely extensively~~ on models in managing many aspects of our...... our members or their ability to repay their loans due to programming or other errors,...... Our results of operations and financial condition have been and may be adversely affected by economic conditions and other factors that we cannot control. Key macroeconomic conditions historically have affected our business, results of operations and financial condition and are likely to affect them in the future. Poor economic conditions reduce the demand and usage of our credit products and adversely affect the ability and willingness of members to pay amounts owed to us, increasing delinquencies, bankruptcies, and charge- offs and negatively impacting the fair value of our loans. They may also impact our ability to make accurate credit assessments or lending decisions. Many of these factors are outside our control and include: general economic conditions or outlook, unemployment levels, housing markets, immigration patterns and policies, energy costs, inflation, government shutdowns, delays in tax refunds **, financial distress**

caused by recent or potential bank failures and the associated bank crisis , volatility or disruption in the capital markets, and changes in interest rates, as well as events such as natural disasters, acts of war, terrorism, pandemics or adverse health developments, social unrest, and catastrophes. The ~~United States~~ **U. S.** has recently experienced historically high levels of inflation, which may increase our expenses and adversely impact our borrowers' ability to make payments on their loans. ~~Additionally, the United States is experiencing an acute workforce shortage, which, in turn has created a hyper- competitive wage environment that may further increase employee compensation.~~ From March 2022 through December ~~2022~~ **2023** , the Federal Reserve raised the target range for the federal funds rate on ~~seven~~ **11** separate occasions **. Increased interest rates have had, and may continue to have,** ~~and~~ **an** ~~signaled that it anticipates additional~~ **adverse impact on the spending levels of consumers and their ability and willingness to borrow money. Higher interest rates often lead to higher payment obligations, which may reduce the ability of consumers to remain current on their obligations and, therefore, lead to** ~~increases~~ **increased** ~~in the target range will be appropriate to lower inflation~~ **delinquencies, defaults, consumer bankruptcies and charge- offs, and decreasing recoveries, all of which could have an adverse effect on our business** . Further adverse changes in inflation and interest rates could negatively impact consumer and business confidence, and adversely affect the economy as well as our business and results of operations. There can be no assurance that our forecasts of economic conditions, our assessments and monitoring of credit risk, and our efforts to mitigate credit risk through risk- based pricing, appropriate loan underwriting, management of loan delinquencies and charge- off rates are, or will be, sufficient to prevent an adverse impact to our business and financial results. ~~As our business grows and we increase our product and service offerings, we intend to continue to expend significant funds, and we may not be able to generate sufficient revenue to offset our higher operating expenses.~~ We **recorded a net loss of $ 180. 0 million for the year ended December 31, 2023, primarily due to a net decrease in fair value and increased cost of debt and we** recorded a net loss of $ 77. 7 million for the year ended December 31, 2022, primarily due to the goodwill impairment, increased operating expenses, increased interest expense and a net decrease in fair value. Our business was adversely impacted by the COVID- 19 pandemic and we recorded a net loss of $ 45. 1 million for the year ended December 31, 2020. We also experienced net losses prior to 2017. On February 9, 2023, **May 8, 2023, and November 6, 2023,** we announced that we were taking a series of measures to streamline our operations, including reducing the size of ~~the~~ **our** corporate staff by **approximately** 10 % **, 19 % and 18 %, respectively** . These cost reduction efforts may adversely affect us in unforeseen ways, including interfering with our ability to achieve our business objectives; challenging our ability to effectively manage all aspects of our business operations; causing concerns from current and potential employees, vendors, partners and other third parties with whom we do business; and increasing the likelihood of turnover of other key employees, all of which may have an adverse impact on our business. Our plans may also change as we continue to refocus on reducing operating costs and streamlining operations. These actions may take more time than we currently estimate and we may not be able to achieve the cost- efficiencies sought. Our members with credit products may be particularly negatively impacted by worsening economic conditions that place financial stress on these members resulting in loan defaults or charge- offs. **Furthermore, many of our members have limited or no credit history and such borrowers have historically been, and may in the future be, disproportionately affected by adverse macroeconomic conditions.** In addition, major medical expenses, divorce, death, or other issues that affect our members could affect our members' willingness or ability to make payments on their loans. Our business is currently heavily concentrated on consumer lending and, as a result, we are more susceptible to fluctuations and risks particular to U. S. consumer credit than a company with a more diversified lending portfolio. If our members default under a loan receivable held directly by us, we will experience loss of principal and anticipated interest payments. Our servicing costs may also increase without a corresponding increase in our interest on loans. Decreases in consumer demand for automobiles and declining values of vehicles securing outstanding secured personal loans would weaken collateral coverage for secured personal loans and increase the amount of loss in the event of default. Significant increases in the inventory of used vehicles may also depress the prices at which repossessed vehicles may be sold or delay the timing of these sales. Consequently, if a vehicle securing a secured personal loan is repossessed while the used car auction market is depressed, the sale proceeds for such vehicle may be lower than expected, resulting in higher than expected losses. ~~We~~ may change our corporate strategies or underwriting and servicing practices,which may adversely affect our business.As our business grows and evolves,we have ~~changed~~ ,and may in the future **,** change ~~,~~ certain aspects of our corporate strategies or any of our underwriting guidelines without notice to our stockholders.Any changes in strategy or our underwriting or servicing practices could impact our business in any number of ways,including impacting our member mix,product and service offerings,risk profile of our loan portfolio,and operational and regulatory compliance requirements.We may also decide to modify our strategy with respect to whole loan sales,including increasing or decreasing the number of loans sold.We continue to evaluate our business strategies and underwriting and servicing practices and will continue to make changes to adapt to changing economic conditions,regulatory requirements and industry practices.Additionally,a change in our underwriting and servicing practices may reduce our credit spread and may increase our exposure to interest rate risk,default risk and liquidity risk **.We** If we are unable to collect payment and service the loans we make to members, our net charge- off rates may exceed expected loss rates, and our business and results of operations may be harmed. Our unsecured personal loans and credit card receivables, which comprise a significant portion of our overall portfolio, are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. We are therefore limited in our ability to collect on these loans if a member is unwilling or unable to repay them for any reason. Our ability to adequately service our loans is dependent on our ability to grow and appropriately train our customer service and collections staff, our ability to expand our servicing capabilities as the number of our loans increase, our ability to contact our members when they default, and our ability to leverage technologies to service and collect amounts owed with respect to loans. Additionally, our customer service and collections staff are dependent upon maintaining adequate information technology, telephony, and internet connectivity such that they can complete their job functions. Since the onset of the pandemic, the majority of our contact center staff has worked remotely and we will continue to operate the contact centers in this manner. If our contact center operations become constrained for any reason, the effectiveness of our collection activities may be reduced. ~~In November 2021 we voluntarily implemented certain provisions of the call limitations set forth in Regulation F, the CFPB' s Debt Collection Rule that took effect at that time, which is not applicable to creditors such as us who are collecting their own debts. If we did not correctly estimate the impact of a reduced calling strategy, the effectiveness of our efforts to collect on defaulted loans may be impacted. Additionally, in August 2020, we changed our small claims filing practices, including dismissing all pending small claims court filings and suspending all new legal collection actions. We temporarily suspended our legal collections process, which may be resumed in the future.~~ If we are unable to employ alternative means of engaging severely delinquent members and collecting on defaulted loans, the effectiveness of our efforts to collect on defaulted loans may be impacted. Because our net charge- off rate depends on the collectability of the loans, if we experience an unexpected significant increase in the number of members who fail to repay their loans or an increase in the principal amount of the loans that are not repaid, our revenue and results of operations could be adversely affected. Furthermore, personal unsecured loans and credit card debt are generally dischargeable in bankruptcy. If we experience an unexpected, significant increase in the number of members who successfully discharge their debt in a bankruptcy action, our results of operations could be adversely affected. We incorporate our estimate of lifetime loan losses in our measurement of fair value for our loans receivable held for investment. While this evaluation process uses historical and other objective information, the classification of loans and the forecasts and establishment of loan losses and fair value are also dependent on our subjective assessment based upon our experience and judgment. **For example,** ~~Given~~ **given** the unprecedented nature of the COVID- 19 pandemic and its impact on the economy, the amount of subjective assessment and judgment applied to develop our forecasts has increased materially, since no directly corresponding historical data set exists. Our methodology for establishing our fair value is based on the guidance in Accounting Standards Codification, 820 and 825, and, in part, on our historic loss experience. If member behavior changes as a result of economic conditions and if we are unable to predict how economic conditions and other factors impacting collectability may affect our estimate of lifetime loan losses, the fair value may be reduced for our Loans Receivable at Fair Value, which will decrease Net Revenue. Our calculations of fair value are estimates, and if these estimates are inaccurate, our results of operations could be adversely affected. Neither state regulators nor federal regulators regulate our calculations of fair value, and unlike traditional banks, we are not subject to periodic review by bank regulatory agencies of our loss estimates or our calculations of fair value. In addition, because our debt financings include delinquency triggers as predictors of losses, increased delinquencies or losses may reduce or terminate our access to debt financing. Our quarterly results are likely to fluctuate significantly and may not fully reflect the underlying performance of our business. Our quarterly results of operations are likely to vary significantly in the future and period- to- period comparisons of our results of operations may not be meaningful, due to factors such as our election of the fair value option and the evolving and uncertain ~~duration~~ **nature of current macroeconomic conditions and the lingering effects** of the COVID- 19 pandemic. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Our quarterly financial results may fluctuate due to a variety of factors, some of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include: • loan volumes, product and loan mix and the channels through which our loans are originated; • the number and extent of prepayments of loans; • the effectiveness of our direct marketing and other marketing channels; • the effectiveness of our proprietary credit risk models; • the timing and success of new products and origination channels; • the amount and timing of operating expenses and capital expenditures, including those related to member acquisition, development of ~~new~~ **our** products and services, and maintenance and expansion of our business, operations and infrastructure; • net charge- off rates; • adjustments to the fair value of assets and liabilities on our balance sheet; • our involvement in litigation or regulatory enforcement efforts (or the threat thereof) or those that impact our industry generally; • changes in laws and regulations that impact our business; • our borrowing costs and access to the capital markets; and • general economic, industry, and market conditions, including economic slowdowns, recessions, rising interest and inflation rates, and tightening of credit markets **and recent or potential bank failures** . In addition, we experience significant seasonality in demand for our loans, which is generally lower in the first quarter. The seasonal slowdown is primarily attributable to high loan demand around the holidays in the fourth quarter and the general increase in our members' available cash flows in the first quarter, including cash received from tax refunds, which temporarily reduces their borrowing needs. While our growth has obscured this seasonality from our overall financial results, we expect our results of operations to continue to be affected by such seasonality in the future. **We are,** ~~The ongoing COVID- 19 pandemic has~~ and ~~may~~ **intend in the future to** continue **, developing our financial products and services, and our failure** to ~~intend in the future to continue,developing new financial products and services,and our failure to~~ accurately predict their demand or growth could have an adverse effect on our business.We are,and intend in the future to continue,developing ~~new~~ **our** financial products and services.We intend to continue investing ~~significant~~ resources in developing new tools,features,services,products and other offerings.New initiatives are inherently risky,as each involves unproven business strategies and new financial products and services with which we have limited or no prior development or operating experience.We can provide no assurance that we will be able to develop,commercially market **,scale,** and achieve acceptance of **,** ~~our~~ - **or** ~~new~~ **success with,our** products and services.Our development efforts with respect to these initiatives could distract management from current operations and could divert capital and other resources from other growth initiatives important to our business.In addition,our investment of resources to develop ~~new~~ products and services may either be insufficient,result in expenses that are excessive considering revenue originated from these ~~new~~ products and services,or may not be able to attract new members or retain existing members. ~~We~~ **Failure to accurately predict demand or growth with respect to our products and services could** adversely impact our business **,** and **these products** ~~results of operations. The COVID- 19 pandemic~~ and ~~health~~ **services may not become profitable,** and **even if** ~~safety measures taken by governments and private industry in response to the~~ **they** ~~pandemic~~ **are profitable, operating margins of some new products may not be as**

high as the margins we have **experienced historically or we may not be able** ~~significantly impacted worldwide economic activity and consumer behavior and continue~~ to ~~create economic uncertainty~~ **achieve target margins** . **We** ~~Worker shortages, supply chain issues, inflationary pressures, vaccine and testing requirements, the emergence of new variants and the reinstatement and subsequent lifting of restrictions and health and safety related measures in response to the emergence of new variants~~ have ~~occurred in the past~~ **previously invested resources to develop, launch** and ~~may~~ **sustain** ~~occur~~ -- **our** ~~in~~ **products and services and subsequently decided to discontinue certain of** ~~the~~ **these** ~~future~~ **products and services in order to strategically realign our resources. We may not be able to effectively discontinue a product or service and we may fail to realize all of the anticipated benefits of discontinuing any of our products or services, including the need to devote significant attention and resources to any discontinuation, which may disrupt our business or may not be achieved within the anticipated time frame, or at all** . In **addition, product or service introductions may not always be successful. For example, on August 8,** ~~2020~~ **2023** ~~through~~ **, we announced the sunsetting of our checking account product and on November 6,** ~~2022~~ **2023** , we ~~offered payment relief~~ **announced we are reviewing strategic** options ~~to members impacted by COVID- 19, including hardship programs, reduced payment plans, late fee waivers and other borrower accommodations. In the future, we may offer additional payment relief options and may cease offering some options when the federal state of emergency ends. We are unable to predict the future path or~~ **for** ~~impact of any global or~~ **our credit card portfolio** ~~regional COVID- 19 resurgences, including existing or future variants, or other public health crises. An extended period of disruption as a result of a health epidemic or pandemic, including COVID- 19, may negatively impact us~~ , as well as **sunsetting our partnership with Sezzle** and ~~even if they are profitable~~ **discontinuing our investing and retirement products** , ~~operating margins of some new~~ **in order to strategically realign our resources to focus on other** products **,** ~~may not be~~ as ~~high~~ **well** as **to reduce** ~~the margins we have experienced historically or~~ **our** ~~we may not be able~~ **expenses and simplify our business.Failure** to achieve ~~target margins~~ **the anticipated benefits from the discontinuation of these products could adversely affect our results of operations** .The success and growth of our business depends upon our ability to continuously innovate and develop ~~new~~ **our** products and technologies.The financial services industry is undergoing rapid technological changes,with frequent introductions of new technology- driven products and services.Developing and incorporating new technologies,including A.I.,into our products and services may require significant investment,take considerable time,and ultimately may not be successful.We may not be able to effectively implement ~~new~~ technology- driven products and services as quickly as competitors or be successful in marketing these products and services to ~~our members.Furthermore,our technology may become obsolete or uncompetitive,and there is no guarantee that we will~~ our members ~~, vendors,~~ and **strategic** partners **, demand for our products and services may decrease. Furthermore, our technology may become obsolete or uncompetitive, and there is no guarantee that we will be able to successfully develop, obtain or use new technologies to adapt our models and systems. As with many disruptive innovations, new technologies present risks and challenges that could affect their adoption, and therefore our business. A. I. and related technologies are subject to public debate and heightened regulatory scrutiny. Any negative publicity or negative public perception of A. I. and related technologies could negatively impact demand for our products and services or hinder our ability to attract new members and strategic partners. The regulatory framework for A. I. and machine learning technologies is evolving and remains uncertain. In October 2023, the Biden Administration issued an Executive Order, directing federal agencies to take actions to align to key policy goals in connection with the use of A. I. It is likely that new laws and regulations will be adopted, or existing laws and regulations may be interpreted in new ways, that would affect our business, products and services and the way in which we use A. I., including with respect to fair lending laws. Our success will depend on our ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards. If we are unable to do so in a timely or cost- effective manner, our business could be harmed. Stockholder activism could disrupt our business, cause us to incur significant expenses, hinder execution of our business strategy, and impact our stock price. We have been and may in the future be subject to stockholder activism, which can arise in a variety of predictable or unpredictable situations, and can result in substantial costs and divert management' s and our Board' s attention and resources away from our business. Additionally, stockholder activism could give rise to perceived uncertainties as to our long- term business, financial forecasts, future operations, and strategic planning, harm our reputation, adversely affect our relationships with our business partners, and make it more difficult to attract and retain qualified personnel. We may also be required to incur significant fees and other expenses related to activist matters, including for third- party advisors that would be retained by us to assist in navigating activist situations. Our stock price could fluctuate due to trading activity associated with various announcements, developments, and share purchases over the course of an activist campaign or otherwise be adversely affected by the events, risks, and uncertainties related to any such stockholder activism** . Negative publicity or public perception of our company or our industry could adversely affect our reputation, business, and results of operations. Negative publicity about our industry or our company, including the terms of the consumer loans, effectiveness of ~~the~~ **our** proprietary credit risk ~~model~~ **models** , privacy and security practices, originations, marketing, servicing and collections, use of A. I, and other business practices or initiatives, litigation, regulatory compliance and the experience of members, even if inaccurate, could adversely affect our reputation and the confidence in our brands and business model or lead to changes in our business practices. We regularly engage with media outlets and consumer advocates and have previously, and in the future, may respond to inquiries by modifying our business practices or policies to better align with our mission. Despite our responsiveness to the inquiries, certain media outlets and consumer advocates chose to and have continued to highlight the very past practices that we had already modified. The proliferation of social media may increase the likelihood that negative public opinion will impact our reputation and business. Our reputation is very important to attracting new members and retaining existing members. While we believe that we have a good reputation and that we provide members with a superior experience, there can be no assurance that we will continue to maintain a good relationship with members. In addition, negative perception may result in our being subject to more restrictive laws and regulations and potential investigations, enforcement actions and lawsuits. If there are changes in the laws affecting any of our products, or our marketing and servicing, or if we become subject to such investigations, enforcement actions and lawsuits, our financial condition and results of operations would be adversely affected. Entry into new products, as well as into the banking business or new origination channels, such as bank partnerships and other partnerships could lead to negative publicity or draw additional scrutiny. Harm to our reputation can also arise from many other sources, including employee or former employee misconduct, misconduct by outsourced service providers or other counterparties, failure by us or our partners to meet minimum standards of service and quality, and inadequate protection of member information and compliance failures and claims. Our reputation may also be harmed if we fail to maintain our certification as a Community Development Financial Institution (CDFI). Competition for our highly skilled employees is intense, and we may not be able to attract and retain the employees we need to support the growth of our business. Competition for highly skilled personnel, particularly engineering and data analytics personnel, is extremely intense across the country and is likely to continue to increase, as more companies are offering remote or hybrid working arrangements. We have experienced and expect to continue to face difficulty identifying and hiring qualified personnel in many areas ~~, especially as we pursue our growth strategy~~ . We may not be able to hire or retain such personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In particular, employee candidates, specifically in high- technology industries, often consider the value of any equity they may receive in connection with their employment, so significant volatility or a further decline in the price of our stock may adversely affect our recruitment strategies. ~~Additionally~~ **Further** , ~~changes to U. S. immigration policies, as well as restrictions on global travel due to public health crises requiring quarantines or other~~ -- **the** ~~precautions~~ --- **reductions in force that were announced in** ~~to limit exposure to infectious diseases, may limit our ability to hire and / or retain talent. In~~ February **, May and November of** 2023 ~~, we announced a 10 % reduction in our corporate workforce. This reduction~~ could **negatively impact employee morale and** make it more difficult to attract, retain and hire new talent. Our failure to attract and retain suitably qualified individuals could have an adverse effect on our ability to operate our business and achieve our corporate strategies. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements and the quality of our services and our ability to serve our members could be adversely affected. If we lose the services of any of our key management personnel, our business could suffer. Our future success significantly depends on the continued service and performance of our key management personnel. Competition for these employees is intense and we may not be able to replace, attract and retain key personnel. We do not maintain key- man insurance for every member of our senior management team. The loss of the service of our senior management team or key team members, and the process to replace any of them, or the inability to attract additional qualified personnel as needed, all of which would involve significant time and expense, could harm our business. Our success and future growth depend on our branding and marketing efforts. If our marketing efforts are not successful or if we are unsuccessful in developing our brand marketing campaigns, our ability to attract and retain members, attract new strategic partners and grow our business may be negatively impacted. ~~In the future, we intend to continue to dedicate significant resources to our marketing efforts, particularly as we develop our brand.~~ If any of our current marketing channels becomes less effective, if we are unable to continue to use any of these channels, if the cost of using these channels significantly increases or if we are not successful in generating new channels, we may not be able to attract new members in a cost- effective manner or increase the activity of our existing members ~~, including by using additional products or services we offer~~ . If we are unable to recover our marketing costs **, including** through increases in the size, value or overall number of credit products we originate, or ~~other~~ **our savings** product ~~selection and utilization~~ , it could have a material adverse effect on our business, financial condition, results of operations, and prospects. ~~We may fail to realize all of the anticipated benefits of the Digit acquisition, and the merger or those benefits may take longer to realize than expected. We believe that there are significant benefits and synergies that may be realized through combining the platform, product and service offerings of Oportun and Digit. As we continue to integrate the businesses and seek to realize anticipated benefits and synergies, we will continue to be required to devote significant attention and resources to successfully align our business practices and operations, which may disrupt both companies' businesses. The full benefits of the acquisition, including anticipated growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all. Failure to achieve the anticipated benefits of the acquisition could adversely affect our results of operations or cash flows, cause dilution to our earnings per share, decrease or delay any accretive effect of the acquisition and negatively impact the price of our common stock.~~ Any acquisitions, strategic investments, entries into new businesses, joint ventures, divestitures, and other transactions could fail to achieve strategic objectives, disrupt our ongoing operations or result in operating difficulties, liabilities and expenses, harm our business, and negatively impact our results of operations. Our success will depend, in part, on our ability to grow our business. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time- consuming, and costly, and we may not be able to successfully complete identified acquisitions. We have previously acquired, and in the future, may acquire, complementary assets or businesses **. For example, in December 2021 we acquired Digit, and as we seek to realize synergies, we may devote significant attention and resources to successfully align our business practices and operations, which may disrupt our business. Further, the full benefits of acquisitions, including anticipated growth opportunities, may not be realized as expected or may not be achieved within the anticipated time frame, or at all** . The risks we face in connection with acquisitions include: • diversion of management time and focus from operating our business to addressing acquisition integration challenges; • utilization of our financial resources for acquisitions or investments that may fail to realize the anticipated benefits; • inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits; • coordination of technology, product development and sales and marketing functions and integration of administrative systems; • transition of the acquired company' s members to our systems; • retention of employees from the acquired company; • regulatory risks, including maintaining good standing with existing regulatory bodies or receiving any necessary approvals, as well as being subject to new regulators with oversight over an acquired business; • acquisitions could result in dilutive issuances of equity securities or the incurrence of debt; • cultural challenges associated with integrating employees from the acquired company into our organization; • the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; • potential write- offs of loans or intangibles or other assets acquired in such transactions that may have an adverse effect on our results of operations in a given period; • liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, security weaknesses and incidents, tax liabilities and other known and unknown liabilities; • assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property or increase our risk for liability; and • litigation, claims or other liabilities in connection with the acquired company. **We may also choose to divest certain assets or product lines. If we decide to sell assets or product lines, we may have difficulty obtaining terms acceptable to us in a timely manner, or at all. Additionally, we may experience difficulty separating out portions of, or entire, product lines, incur potential loss of revenue or experience negative impact on margins, or we may not achieve the desired strategic and financial benefits. Such potential transactions may also delay achievement of our strategic objectives, cause us to incur additional expenses, potentially disrupt customer or employee relationships, and expose us to unanticipated or ongoing obligations and liabilities, including as a result of our indemnification obligations. Further, during the pendency of a divestiture, we may be subject to risks related to a decline in the business, loss of employees, customers, or vendors and the risk that the transaction may not close, any of which would have a material adverse effect on the assets or product lines to be divested and the Company. If a divestiture is not completed for any reason, we may not be able to find another buyer on the same terms, and we may have incurred significant costs without the corresponding benefit.** Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and harm our business generally. Fraudulent activity could negatively impact our business, brand and reputation and require us to continue to take steps to reduce fraud risk. Third parties have, and we expect that they will likely continue to attempt to commit fraud by, among other things, fraudulently obtaining credit products or creating fictitious accounts using stolen identities or personal information and making transactions with stolen financial instruments ~~,~~**. We are subject to the risk of fraudulent activity associated with customers and third parties handling customer information and we have been subject to fraudulent activity in the past.** Third parties may also seek to engage in abusive schemes or fraud attacks that are often difficult to detect and may be deployed at a scale that would otherwise not be possible in physical transactions. Risks associated with each of these include theft of funds and other monetary loss, the effects of which could be compounded if not detected quickly. Fraudulent activity may not be detected until well after it occurs and the severity and potential impact may not be fully known for a substantial period of time after it has been discovered. Measures to detect and reduce the risk of fraud and abusive behavior are complex, require continuous monitoring and enhancements, and may not be effective in detecting and preventing fraud, particularly new and continually evolving forms of fraud or in connection with new or expanded product offerings. If these measures do not succeed, our business could be materially adversely impacted. Despite our efforts, the possibility of fraudulent or other malicious activities and human error or malfeasance cannot be eliminated entirely and will evolve as new and emerging technology is deployed, including the increasing use of personal mobile and computing devices that are outside of our network and control environments. **These mobile technologies may be more susceptible to the fraudulent activities of organized criminal, perpetrators of fraud, hackers, terrorists and others.** Additionally, increasing our product and service offerings may introduce opportunities for fraudulent activity that we have not previously experienced. Numerous and evolving fraud schemes and misuse of our products and services could subject us to significant costs and liabilities, require us to change our business practices, cause us to incur significant remediation costs, lead to loss of member confidence in, or decreased use of, our products and services, damage our reputation and brands, divert the attention of management from the business, result in litigation (including class action litigation), and lead to increased regulatory scrutiny and possibly regulatory investigations and intervention, any of which could have a material adverse impact on our business. ~~Security breaches and incidents may harm our reputation, adversely affect our results of operations, and expose us to liability.~~ Our reputation and ability to attract, retain and serve our members is dependent upon the reliable performance and security of our technology infrastructure and those of third parties that we utilize in our operations. These systems may be subject to damage or interruption from, among other things, earthquakes, adverse weather conditions, other natural disasters, terrorist attacks, rogue employees, power loss, telecommunications failures, and cybersecurity risks. We have been and continue to be the subject of actual or attempted unauthorized access, mishandling or misuse of information, computer viruses or malware, and cyber- attacks that could obtain confidential information, destroy data, disrupt or degrade service, threaten the integrity and availability of our systems, distributed denial of service attacks, social engineering, security breaches and incidents, and other infiltration, exfiltration or other similar events. The automated nature of our business may make us **an** attractive ~~targets~~ - **target** for hacking and potentially vulnerable to computer malware, physical or electronic break- ins and similar disruptions. Further, our adoption of remote working arrangements for our corporate and many of our contact center employees may result in increased consumer or employee privacy, IT security, and fraud concerns arising from the increased electronic transfer and other online activity **. For example, our employees are accessing our servers remotely through home or other networks to perform their job responsibilities and such security systems may be less secure than those used in our offices, which may subject us to increased security risks, including cybersecurity- related events, and expose us to risks of data**

or financial loss and associated disruptions to our business operations . Techniques used in cybersecurity attacks to obtain unauthorized access, disable or sabotage information technology systems change frequently, as data breaches and other cybersecurity events have become increasingly commonplace, including as a result of the intensification of state- sponsored cybersecurity attacks during periods of geopolitical conflict, such as the ongoing ~~conflict~~ **conflicts** in Ukraine **and the Middle East** . We have seen, and will continue to see, industry- wide vulnerabilities, which could affect our or other parties' systems **. We also have incorporated A. I. technologies into our platform, and may continue to incorporate additional A. I. technologies into our platform in the future. Our use of A. I. technologies may create additional cybersecurity risks or increase cybersecurity risks, including risks of security breaches and incidents. Further, A. I. technologies may be used in connection with certain cybersecurity attacks, resulting in heightened risks of security breaches and incidents** . We also face indirect technology, cybersecurity and operational risks relating to the members and other third parties with whom we do business or upon whom we rely on to facilitate or enable our business activities, including vendors, payment processors, and other parties who have access to confidential information due to our agreements with them. The use of bank partnerships could leave us exposed to additional information security risks arising from the interaction between our and any partners' information technology infrastructure, and the sharing between us of member information. We cannot guarantee that our or our systems and networks, or those of any third parties with whom we do business, have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to any of our systems and networks. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, contractors, third- party vendors, business partners, or by malicious third parties. Any failure or perceived failure by us, or the third parties with whom we do business, to comply with our privacy, confidentiality, or data security- related legal or other obligations to third parties, or any security breaches impacting us, our third- party providers or partners, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others. In addition, a data security incident could cause third parties, to lose trust in us or subject us to claims by third parties that we have breached our privacy- and confidentiality- related obligations. Any belief by members or others that a security breach or other incident has affected us, even if a security breach or other incident has not affected us or any of our third- party providers or partners, could have any or all of the foregoing impacts on us, including harm to our reputation. Even the perception of inadequate security may harm our reputation and negatively impact our ability to attract and retain members. We incur significant costs to detect and prevent security breaches and other security- related incidents, and ~~we expect our costs will increase~~ as we ~~work to~~ continuously ~~improve~~ **explore cost- saving initiatives and technology reworks to enhance operational efficiency, the integration of new technologies, upgrades,** ~~our~~ **or modifications undertaken for the purpose of cost- savings could create unforeseen challenges that may impact the robustness of our security infrastructure. While these endeavors are aimed at improving various efficiencies of our business, they may inadvertently expose our security** systems ~~and processes~~ to ~~prevent future~~ **vulnerabilities that could be exploited by malicious actors, leading to unauthorized access, data** breaches ~~and~~ **or other security** incidents. Any event that leads, or is believed to have led, to unauthorized access ~~,~~ to, or use ~~, access~~ , loss, corruption, disclosure or other processing of our data could disrupt our business; harm our reputation; compel us to comply with applicable federal and / or state breach notification laws and foreign law equivalents; subject us to litigation, regulatory investigation and oversight, or mandatory corrective action; require us to verify the correctness of database contents; or otherwise subject us to liability under laws and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs for us to address the incident and in an effort to prevent further breaches or incidents, and result in significant legal and financial exposure and / or reputational harm. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity. We cannot ensure that any limitations of liability provisions in any agreements with third parties would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular cybersecurity claim. We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will continue to be available on economically reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have an adverse effect on our business and financial condition. Our retail locations also process physical member loan documentation that contain confidential information about our members, including financial and personally identifiable information. We retain physical records in various storage locations outside of our retail locations. The loss or theft of, or other unauthorized access to or use of, member information and data from our retail locations or other storage locations could subject us to additional regulatory scrutiny, possible civil litigation and possible financial liability and losses. Any significant disruption in our computer systems and critical third- party vendors may impair the availability of our websites, applications, products or services, or otherwise harm our business. Our ability to deliver products and services, and otherwise operate our business and comply with applicable laws, depends on the efficient and uninterrupted operation of our computer systems and third- party data centers, as well as third- party providers. Our computer systems, including those provided by third- party providers and partners, may encounter service interruptions at any time due to system or software failure, natural disasters, severe weather conditions, health epidemics or pandemics, terrorist attacks, cyber- attacks, computer viruses, physical or electronic break- ins, technical errors, insider threats, power outages or other events. Any of these occurrences may interrupt the availability, or reduce or adversely affect the functionality of our websites, applications, products or services, including our ability to service our loans, process loan applications, and provide digital ~~banking~~ **financial** services to our members. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. Additionally, our reliance on third- party providers may mean that we are not able to resolve operational problems internally or on a timely basis, as our operations will depend upon such third- party providers communicating appropriately and responding swiftly to their own service disruptions. The implementation of technology changes and upgrades to maintain current and integrate new systems may cause service interruptions, transaction processing errors or system conversion delays and may cause us to fail to comply with applicable laws, all of which could have a material adverse effect on our business. We expect that new technologies and business processes applicable to the financial services industry will continue to emerge and that these new technologies and business processes may be better than those we currently use. There is no assurance that we will be able to successfully adopt new technology as critical systems and applications become obsolete and better ones become available. A failure to maintain and / or improve current technology and business processes, address capacity constraints, upgrade our systems and continually develop our technology and infrastructure, could disrupt our operations or cause our products and services to be less competitive. In addition, the software that we have developed to use in our daily operations is highly complex and may contain undetected technical errors that could cause our computer systems to fail. For example, each loan that we make involves our proprietary automated underwriting process and depends on the efficient and uninterrupted operation of our computer systems. Any failure of our computer systems involving our automated underwriting process and any technical or other software errors pertaining to this automated underwriting process could compromise our ability to accurately evaluate potential members, which could result in significant claims and liability and negative publicity. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any of our losses. We may change our corporate strategies or underwriting...... default risk and liquidity risk. We are, and intend in the future to continue, expanding into new geographic regions, and our failure to comply with applicable laws or regulations, or accurately predict demand or growth, related to these geographic regions could have an adverse effect on our business. We intend to continue expanding into new geographic regions, including through strategic partnerships or ~~a national~~ **through our** bank ~~charter~~ **partnership programs** . In addition, each of the new states where we do not currently operate may have different laws and regulations that apply to our products and services. As such, we expect to be subject to significant additional legal and regulatory requirements, including various federal and state consumer lending laws. We have limited experience in managing risks and the compliance requirements attendant to these additional legal and regulatory requirements in new geographies or related to strategic partnerships. The costs of compliance and any failure by us to comply with such regulatory requirements in new geographies could harm our business. If our partners decide to or are no longer able to provide their services, we could incur temporary disruptions in our loan transactions or we may be unable to do business in certain states or certain locations. We are exposed to geographic concentration risk. The geographic concentration of our loan originations may expose us to an increased risk of loss due to risks associated with certain regions. Certain regions of the ~~United States~~ **U. S.** from time to time will experience weaker economic conditions and higher unemployment and, consequently, will experience higher rates of delinquency and loss than on similar loans nationally. In addition, natural, man- made disasters or health epidemics or pandemics in specific geographic regions may result in higher rates of delinquency and loss in those areas. A significant portion of our outstanding receivables originated in certain states, and within the states where we operate, originations are generally more concentrated in and around metropolitan areas and other population centers. Therefore, economic conditions, natural, man- made disasters, health epidemics or pandemics, public policies that have the effect of drawing financial- services companies into contentious political or social issues, or other factors affecting these states or areas in particular could adversely impact the delinquency and default experience of the receivables and could adversely affect our business. Further, the concentration of our outstanding receivables in one or more states would have a disproportionate effect on us if governmental authorities in any of those states take action against us or take action affecting how we conduct our business. As of December 31, ~~2022~~ **2023** , ~~45~~ **46** %, 26 %, 9 %, 5 % and ~~4~~ **3** % of our Owned Principal Balance at End of Period related to members from California, Texas, Florida, Illinois and New Jersey, respectively. If any of the events noted in these risk factors were to occur in or have a disproportionate impact in regions where we operate or plan to commence operations, it may negatively affect our business in many ways, including increased delinquencies and loan losses or a decrease in future originations. Our proprietary credit risk models rely in part on the use of third- party data to assess and predict the creditworthiness of our members, and if we lose the ability to license or use such third- party data, or if such third- party data contain inaccuracies, it may harm our results of operations. We rely on our proprietary credit risk models, which are statistical models built using third- party alternative data, credit bureau data, application data and our credit experience gained through monitoring the payment performance of our members over time. If we are unable to access certain third- party data used in our credit risk models, or our access to such data is limited **through new regulation or otherwise** , our ability to accurately evaluate potential members will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations. Third- party data sources, including credit bureau data and other alternative data sources, are aggregated by our risk engine to be used in our credit risk models to score applicants, make credit decisions, and in our verification processes to confirm member- reported information. If the information that we receive from third parties about a member is inaccurate or does not accurately reflect the member' s creditworthiness, this may cause us to provide loans to higher risk members than we intended through our underwriting process and / or inaccurately price the loans we make **. In addition, this information may not always be complete, up- to- date or properly evaluated. For example, in some cases, information from third parties has a lag, such as credit reports that do not reflect delinquencies until the end of the month during which a borrower becomes 30 days delinquent, or where a customer may have lost his or her job in the course of applying or shortly after receiving a loan. In the case of many buy- now- pay- later products available on the market, such products are often not reported to or by the credit bureaus. Further, regulators may require banks and other lenders to not report certain negative performance data, such as medical debt, to the credit bureaus. As a result, credit bureau data may prove less reliable in predicting credit risk for borrowers** . We use numerous third- party data sources and multiple credit factors within our proprietary credit risk models, which helps mitigate, but does not eliminate, the risk of an inaccurate individual report. In addition, there are risks that the costs of our access to third- party data may increase or our terms with such third- party data providers could worsen. In recent years, well- publicized allegations involving the misuse or inappropriate sharing of personal information have led to expanded governmental scrutiny of practices relating to the safeguarding of personal information and the use or sharing of personal data by companies in the U. S. and other countries. That scrutiny has in some cases resulted in, and could in the future lead to, the adoption of stricter laws and regulations relating to the use and sharing of personal information. These types of laws and regulations could prohibit or significantly restrict our third-party data sources from sharing information, or could restrict our use of personal data when developing our proprietary credit risk models, or for fraud prevention purposes. These restrictions could also inhibit our development or marketing of certain products or services, or increase the costs of offering them to members or reduce the effectiveness of credit models at predicting credit outcomes or preventing fraud. We follow procedures to verify a member' s identity and address which are designed to minimize fraud. These procedures may include visual inspection of applicant identification documents to ensure authenticity, review of paystubs or bank statements for proof of income and employment, and review of analysis of information from credit bureaus, fraud detection databases and other alternative data sources for verification of identity, employment, income and other debt obligations. If any of the information that is considered in the loan review process is inaccurate, whether intentional or not, and such inaccuracy is not detected prior to loan funding, the loan may have a greater risk of default than expected. If any of our procedures are not followed, or if these procedures fail, fraud may occur. Additionally, there is a risk that following the date of the loan application, a member may have defaulted on, or become delinquent in the payment of, a pre- existing debt obligation, taken on additional debt, lost his or her job or other sources of income or experienced other adverse financial events. Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact our results of operations, brand and reputation and require us to take additional steps to reduce fraud risk, which could increase our costs. A deterioration in the financial condition of counterparties, including financial institutions, could expose us to credit losses, limit access to liquidity or disrupt our business. We have entered into, and may in the future enter into, financing and derivative transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds, and other financial institutions. Furthermore, the operations of U. S. and global financial services institutions are interconnected, and a decline in the financial condition of one or more financial services institutions, or the perceived lack of creditworthiness of such financial institutions, may expose us to credit losses or defaults, limit access to liquidity or otherwise disrupt our business. As such, our financing and derivative transactions expose us to the risk of counterparty default, which can be exacerbated during periods of market illiquidity. Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business. We have vendors that, among other things, provide us with key services, including financial, technology and other services to support our loan origination, servicing and other activities. Our expansion into new channels, products or markets may introduce additional third- party service providers, strategic partners and other third parties on which we may become reliant. For example, in connection with the secured personal loan product, we work with third parties that provide information and / or services in connection with valuation, title management and title processing, repossessions, and remarketing. These types of third- party relationships are subject to increasingly demanding regulatory requirements and attention by our partner banks' federal bank regulators (the Federal Reserve Board, the Office of Comptroller of the Currency and the Federal Deposit Insurance Corporation) and our consumer financial services regulators, including state regulators and the CFPB, which could increase the scope of management involvement and decreasing the benefit that we receive from using third- party vendors. We could be adversely impacted to the extent our vendors and partners fail to comply with the legal requirements applicable to the particular products or services being offered. Moreover, if our bank partners or their regulators conclude that we have not met the heightened standards for oversight of our third- party vendors, we could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions. In some cases, third- party vendors are the sole source, or one of a limited number of sources, of the services they provide to us. Most of our vendor agreements are terminable on little or no notice, and if our current vendors were to stop or were unable to continue providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner on acceptable terms or at all. If any third- party vendor fails to provide the services we require, due to factors outside our control, we could be subject to regulatory enforcement actions, suffer economic and reputational harm and incur significant costs to resolve any such disruptions in service. Our mission to provide inclusive, affordable financial services that empower our members to build a better future may conflict with the short- term interests of our stockholders **or may not provide the long- term benefits that we expect and may adversely impact our business operations, results of operations, and financial condition** . Our mission is to provide inclusive, affordable financial services that empower our members to build a better future. We have made and will continue to make decisions that we believe will benefit our members and therefore provide long- term benefits for our business, even if our decision negatively impacts our short- term results of operations. For example, we constrain the maximum rates we charge in order to further our goal of making our loans affordable for our target members. Our decisions may negatively impact our short- term financial results or not provide the long- term benefits that we expect and may adversely impact our business operations, results of operations, and financial condition. If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus on the mission that contribute to our business. We believe that a critical component of our success is our corporate culture and our deep commitment to our mission. We believe this mission- based culture fosters innovation, encourages teamwork and cultivates creativity. Our mission defines our business philosophy as well as the emphasis that we place on our members, our people and our culture and is consistently reinforced to and by our employees. As we continue to ~~grow~~ **evolve our business** , including from the integration of employees and businesses acquired in connection with previous or future acquisitions, we may find it difficult to maintain these valuable aspects of our corporate culture and our long- term mission. Operating as a remote-first company may make it difficult for us to preserve our corporate culture and could negatively impact on workforce morale and productivity. Any failure to preserve our culture could negatively impact our future success, including our ability to attract and retain employees, encourage innovation and teamwork, and effectively focus on and pursue our mission and corporate objectives. We are dependent on hiring an adequate number of hourly bilingual employees to run our business and are subject to government regulations concerning these and our other employees, including minimum wage laws. Our workforce is comprised ~~primarily~~ **largely** of bilingual employees who work on an hourly basis. In certain areas where we operate, there is significant competition for hourly bilingual employees and the lack of availability of an adequate number of hourly bilingual employees could adversely affect our operations. In addition, we are subject to applicable rules and regulations relating to our relationship with our employees, including minimum wage and break requirements, health benefits, unemployment and sales taxes, overtime and working conditions and immigration status. We are from time to time subject to employment- related claims, including wage and hour claims. Further, legislated increases in minimum wage, as well as increases in additional labor cost components, such as employee benefit costs, workers' compensation insurance rates, and compliance costs and fines, would increase our labor costs. Misconduct by our employees could harm us by subjecting us to monetary loss, significant legal liability, regulatory scrutiny and reputational harm. Our reputation is critical to maintaining and developing relationships with our existing and potential members and third parties with whom we do business. There is a risk that our employees could be accused of or engage in misconduct that adversely affects our business, including fraud, redirection, misappropriation of member funds, improper execution of loan transactions, embezzlement and theft, disclosure of personal and business information and the failure to follow protocol when interacting with members that could lead us to suffer direct losses from the activity as well as serious reputational harm. Employee misconduct could also lead to regulatory sanctions and prompt regulators to allege or to determine based upon such misconduct that we have not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could harm our reputation and our business. Our international operations and offshore service providers involve inherent risks which could result in harm to our business. As of December 31, ~~2022~~ **2023** , we had 1, ~~553~~ **444 employees in Mexico, including** employees related to ~~three~~ **our two** contact centers ~~in Mexico~~ . These employees provide certain English / Spanish bilingual support related to member- facing contact center activities, administrative and technology support of the contact centers and back- office support services. We have also engaged outsourcing partners in the ~~United States~~ **U. S.** that provide offshore member- facing contact center activities in Colombia ~~, Jamaica~~ and the Philippines, and may in the future include additional locations in other countries. In addition, ~~our~~ **we have a** technology development center in India **, where we had 129** ~~is staffed through outsourcing partners and our own~~ employees **as of December 31, 2023** . We have engaged vendors that utilize employees or contractors based outside of the ~~United States~~ **U. S** . As of December 31, ~~2022~~ **2023** , our outsourcing partners have provided us, on an exclusive basis, the equivalent of ~~807~~ **140** full- time equivalents in Colombia **and** ~~, Jamaica,~~ Philippines ~~and India~~ **to support contact center work** . These international activities are subject to inherent risks that are beyond our control, including: • risks related to government regulation or required compliance with local laws; • local licensing and reporting obligations; • difficulties in developing, staffing and simultaneously managing a number of varying foreign operations as a result of distance, language and cultural differences; • different, uncertain, overlapping or more stringent local laws and regulations; • political and economic instability, tensions, security risks and changes in international diplomatic and trade relations; • state or federal regulations that restrict offshoring of business operational functions or require offshore partners to obtain additional licenses, registrations or permits to perform services on our behalf; • natural disasters, public health issues, epidemics or pandemics, acts of war, and terrorism, and other events outside our control; • compliance with applicable U. S. laws and foreign laws related to consumer protection, **taxation,** intellectual property, privacy, data security, corruption, money laundering, and export / trade control; • misconduct by our outsourcing partners and their employees or even unsubstantiated allegations of misconduct; • risks due to lack of direct involvement in hiring and retaining personnel; and • potentially adverse tax developments and consequences. Violations of the complex foreign and U. S. laws, rules and regulations that apply to our international operations and offshore activities of our service providers may result in reputational harm, heightened regulatory scrutiny, fines, criminal actions or sanctions against us, our directors or our employees, as well as restrictions on the conduct of our business. If we discover a material weakness in our internal control over financial reporting that we are unable to remedy or otherwise fail to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to report our financial results on a timely and accurate basis and the market price of our common stock may be adversely affected. We have developed our disclosure controls, internal control over financial reporting and other procedures to ensure information required to be disclosed by us in the reports that we will file with the ~~Securities and Exchange Commission ("~~ SEC ~~")~~ is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. To maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended and anticipate we will continue to expend significant resources, including accounting- related costs and significant management oversight. Any failure to maintain the adequacy of our internal controls, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business **, including our cost- saving measures** . If our internal controls are perceived as inadequate or we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and our stock price could decline. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq. Section 404 of the Sarbanes- Oxley Act requires our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. We are also required to have our independent registered public accounting firm attest to, and issue an opinion on, the effectiveness of our internal control over financial reporting. If we are unable to assert that our internal control over financial reporting is effective, or if, when required, our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could subject us to sanctions or investigations by the SEC or other regulatory authorities, adversely affect our ability to access the credit markets and sell additional equity and commit additional financial and management resources to remediate deficiencies. Because we receive a significant amount of cash in our retail locations through member loan repayments, we may be subject to theft and cash shortages due to employee errors. Since our business requires us to receive a significant amount of cash in each of our retail locations, we are subject to the risk of theft (including by or facilitated by employees) and cash shortages due to employee errors. We have experienced theft and attempted theft in the past. Although we have implemented various procedures and programs to reduce these risks, maintain insurance coverage for theft and provide security measures for our facilities, we cannot make assurances that theft and employee error will not occur. Our business is subject to the risks of natural disasters, public health crises and other catastrophic events, and to interruption by man- made problems. A significant natural disaster, such as an earthquake, fire, hurricanes, flood or other catastrophic event (many of which are becoming more acute and frequent as a result of climate change), or interruptions by strikes, crime, terrorism, social unrest, cyber- attacks, pandemics or other public health crises, power outages, geopolitical unrest **, war,** or other ~~man~~ **large** - ~~made problems~~ **scale conflicts or unpredictable occurrences** , could have an adverse effect on our business, results of operations and financial condition. For example, a significant natural disaster in Northern California or any other location in which we have offices or facilities or employees working remotely, could adversely affect our business operations, financial condition and prospects, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our IT systems are backed up regularly to highly available, alternate data centers in a different region, and we have conducted disaster recovery testing of our mission critical systems. Despite any precautions we may take, however, the occurrence of a natural disaster or other unanticipated problems at our data centers could result in lengthy interruptions in our services. In addition, acts of war, terrorism, and other geopolitical unrest could cause disruptions in our business and lead to interruptions, delays or loss of critical data. In addition, a large number of members make payments and apply for loans at our retail locations. If one or more of our retail locations becomes unavailable for any reason or other public health crisis, localized weather events, or natural or man- made disasters, our ability to conduct business and collect payments from members on a timely basis may be adversely affected, which could result in lower loan originations, higher delinquencies and increased losses. For example, during parts of the COVID- 19 pandemic, we temporarily closed a few of our retail locations due to public health orders or other concerns, which we believe resulted in lower Aggregate Originations. While all of our retail locations are currently open, it is possible that we will have to temporarily close retail locations as necessary due to public health orders or other concerns relating to any public health crisis. The closure of retail locations could further adversely affect our loan originations, member experience, results of operations and financial condition. The aforementioned risks may be further increased if our business continuity plans prove to be inadequate and there can be no assurance that both personnel and non-mission critical applications can be fully operational after a declared disaster within a defined recovery time. If our personnel, systems, or primary data center facilities are impacted, we may suffer interruptions and delays in our business operations. In addition, if these events impact our members or their ability to timely repay their loans, our business could be negatively affected. In addition, the impacts of climate change on the global economy and our industry are rapidly evolving. We may be subject to increased regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business. While we seek to mitigate our business risks associated with climate change, there are inherent climate- related risks wherever business is conducted. Any of our primary locations may be vulnerable to the adverse effects of climate change. For example, our Bay Area headquarters ~~have~~ **has** experienced and may continue to experience, climate- related events and at an increasing frequency, including floods, drought, water scarcity, heat waves, wildfires and resultant air quality impacts and power shutoffs associated with the wildfires. Changing market dynamics, global policy developments and increasing frequency and impact of extreme weather events on critical infrastructure in the United States and elsewhere have the potential to disrupt our business, the business of our critical vendors, partners and members, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. In addition, current and emerging legal and regulatory requirements with respect to climate change (e. g., carbon pricing) and other aspects of ~~ESG~~ **environmental, social and governance reporting** (e. g., disclosure requirements) may result in increased compliance requirements on our business, which may increase our operating costs and disrupt our business. We may not maintain sufficient business interruption or property insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions in our ability to provide our financial products and services. Unfavorable outcomes in legal proceedings may harm our business and results of operations. We have been, and may in the future become, subject to litigation, claims, investigations, legal and administrative cases and proceedings, whether civil or criminal, or lawsuits by governmental agencies or private parties. If the results of any pending or future legal proceedings are unfavorable to us or if we are unable to successfully defend against third- party lawsuits, we may be required to pay monetary damages or fulfill our indemnification obligations or we may be subject to fines, penalties, injunctions or other censure. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third- party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues. **Health epidemics** ~~Funding and Liquidity Risks We amended our~~ - **or** ~~Corporate Financing~~ **other outbreaks** , **such** as ~~a~~ **the COVID- 19 pandemic, may adversely impact our business and** ~~result~~ **results** of **operations. Our** ~~which certain tranches of additional loans are available on an uncommitted basis, and our~~ business could be adversely ~~affected if we were~~ **impacted by the effects of health epidemics or other outbreaks. For example, the COVID- 19 pandemic and health and safety measures taken by governments and private industry in response to the COVID- 19 pandemic significantly impacted worldwide economic activity and consumer behavior and created economic uncertainty. Worker shortages, supply chain issues, inflationary pressures, vaccine and testing requirements, the emergence of new health epidemics or outbreaks and**

new variants of COVID- 19, and the reinstatement and subsequent lifting of restrictions and health and safety related measures in response to the emergence of new health epidemics or outbreaks and new variants of COVID- 19 have occurred in the past and may occur in the future. We are unable to **predict** ~~access such additional capital. On March 10, 2023 (~~ the **future path or impact of** ~~“ Second Amendment Closing Date ”), Oportun Financial Corporation (the “ Company ”) entered into an~~ **any global or regional health epidemics,** ~~Amendment No. 2 to Credit Agreement (the~~ **other outbreaks** ~~” Second Amendment ”)~~ , ~~by and among the Company~~ **or resurgences of COVID- 19** , **including existing or future variants. An extended period of disruption** as **a result** ~~borrower, the subsidiaries~~ of **a health epidemic** ~~the Company party thereto as guarantors, certain affiliates of Neuberger Berman Specialty Finance as lenders, and Wilmington Trust, National Association, as administrative agent and collateral agent (the “ Agent ”), which amended the Credit Agreement, dated as of September 14, 2022 (as amended, supplemented~~ or **pandemic** ~~otherwise modified~~ , including **COVID** ~~by the Second Amendment, the “ Amended Credit Agreement ”), by and among the Company, the lenders from time to time party thereto and the Agent. On the Second Amendment Closing Date, the Company borrowed $ 20. 8 million of incremental term loans (the “ Incremental Tranche A~~ - **19** ~~1 Loans ”) and intends to borrow an additional $ 4. 2 million of incremental term loans (the “ Incremental Tranche A- 2 Loans ”) on or about March 27~~ , ~~2023, which amount has been committed by the applicable lenders. Under the Amended Credit Agreement, the Company~~ may ~~borrow up to an aggregate additional amount of $ 50. 0 million on an uncommitted basis, in two $ 25. 0 million tranches (the “ Incremental Tranche B Loans ” and the “ Incremental Tranche C Loans ”) expected to be available, if provided by the applicable lenders, on or about April 21, 2023 and June 23, 2023, respectively. The loans (the “ Loans ”) and other obligations under the Amended Credit Agreement are secured by the assets of the Company and certain of its subsidiaries guaranteeing the Loans, including pledges of the equity interests of certain subsidiaries that are directly or indirectly owned by the Company, subject to customary exceptions. On the Second Amendment Closing Date, pursuant to the Second Amendment, the Company issued warrants (the “ Warrants ”) to the lenders providing the Incremental Tranche A- 1 Loans to purchase 1, 980, 242 shares of the Company' s common stock at an exercise price of $ 0. 01 per share. In addition, (a) in connection with the funding of the Incremental Tranche A- 2 Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche A- 2 Loans to purchase 116, 485 shares of the Company' s common stock, (b) in connection with the funding of the Incremental Tranche B Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche B Loans to purchase 1, 048, 363 shares of the Company' s common stock, and (c) in connection with the funding of the Incremental Tranche C Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche C Loans to purchase 1, 048, 363 shares of the Company' s common stock, in each case, at an exercise price of $ 0. 01 per share. The Company also entered into a Registration Rights Agreement with the applicable lenders on the Second Amendment Closing Date (the “ Registration Rights Agreement ”), which stipulates that the Company will file a registration statement with the Securities and Exchange Commission with respect to the shares underlying the Warrants. Given the uncommitted nature of the Incremental Tranche B and Incremental Tranche C Loans, there can be no assurance that the Company will be able to access such additional capital. If we do not have sufficient capital, we may have to take additional actions to decrease expenses, curtail the origination of loans, and our ability to continue to support our growth and to respond to challenges could be impaired. In addition, if we do not have sufficient capital, we may need to engage in equity, debt or convertible debt financings to secure additional funds. If we raise additional funds by issuing equity securities or securities convertible into equity securities, those securities may have rights, preferences or privileges senior to the rights of our common stock and our stockholders may experience dilution. Debt financing, if available, may have a high cost of funds and may involve covenants restricting our operations or our ability to incur additional debt. Lenders may also require warrants to boost their return, the issuance of which would be dilutive to our stockholders. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders and could also~~ negatively impact **us** ~~our stock price. A number of factors~~ , ~~including market volatility~~ **as well as** ~~or~~ **our members** ~~depressed valuations~~ , **vendors** ~~trading prices in the equity markets~~ , ~~our financial condition and capital market conditions will impact our ability to obtain equity or debt financing. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could have an~~ **and partners** ~~adverse effect on our business, results of operation and financial condition~~ . **Funding and Liquidity Risks** We have incurred substantial debt and may issue debt securities or otherwise incur substantial debt in the future, which may adversely affect our financial condition and negatively impact our operations. We have a substantial amount of indebtedness, which requires significant interest payments. From time to time, we may seek to obtain additional capital. We depend on securitization transactions, warehouse facilities and other forms of debt financing, as well as whole loan and structured loan sales, in order to finance the growth of our business and the origination of most of the loans we make to our members. Our outstanding borrowings or any additional indebtedness we may incur, could require us to divert funds identified for other purposes for debt service and impair our liquidity position. If we cannot generate sufficient cash flow from operations to service our debt, we may need to adopt one or more alternatives to refinance our debt, dispose of assets or obtain necessary funds, including obtaining additional equity capital which could be on terms that may be onerous or highly dilutive. We do not know whether we will be able to take any of these actions on a timely basis, on terms satisfactory to us or at all. Our substantial level of indebtedness and the current constraints on our liquidity could have important consequences, including the following: • we must use a substantial portion of our cash flow from operations to pay interest and principal on our debt, which reduces or will reduce funds available to us for other purposes such as working capital, capital expenditures, other general corporate purposes, execution of growth strategies, and potential acquisitions; • our ability to refinance such indebtedness or to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired; • default and foreclosure on our and our subsidiaries' assets if asset performance and our operating revenue are insufficient to repay debt obligations; • mandatory repurchase obligations for any loans conveyed or sold into a debt financing or under a whole loan purchase facility if the representations and warranties we made with respect to those loans were not correct when made; • acceleration of obligations to repay the indebtedness (or other outstanding indebtedness to the extent of cross default triggers), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios with respect to us or the loan portfolio securing our indebtedness or the maintenance of certain reserves or tangible net worth and do not obtain a waiver for such breach or renegotiate such covenant; • inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding; • inability to obtain necessary additional financing if changes in the characteristics of our loans or our collection and other loan servicing activities change and cease to meet conditions precedent for continued or additional availability under our debt financings; • limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate; • place us at a disadvantage compared to our competitors that have less debt; • defaults based on loan portfolio performance or default in our collection and loan servicing obligations could result in our being replaced by a third- party or back- up servicer and notification to our members to redirect payments; • downgrades or revisions of agency ratings for our debt financing; • monitoring, administration and reporting costs and expenses, including legal, accounting and other monitoring reporting costs and expenses, required under our debt financings; and • we may be more vulnerable to economic downturn and adverse developments in our business, including potential economic recession, inflation, and other factors outside our control. Our ability to meet our expenses, to remain in compliance with our covenants under our debt instruments and to make future principal and interest payments in respect of our debt depends on, among other factors, our operating performance, competitive developments and financial market conditions, all of which are significantly affected by financial, business, economic and other factors. We are not able to control many of these factors. Given current industry and economic conditions, our cash flow may not be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. To the extent our relationship with lenders is negatively affected by disputes that may arise from time to time, it may be more difficult to seek covenant relief, if needed, or to raise additional funds in the future. A breach of early payment triggers or covenants or other terms of our agreements with lenders could result in an early amortization, default, and / or acceleration of the related funding facilities. The primary funding sources available to support the maintenance and growth of our business include, among others, asset- backed securitizations, revolving debt facilities (including the Secured Financing), Corporate Financing, and structured and whole loan sales. If we are unable to comply with various conditions precedent to availability under these facilities (including the eligibility of our loans), covenants and other specified requirements set forth in our agreements with our lenders, this could result in the early amortization, default and / or acceleration of our existing facilities. Such covenants and requirements include financial covenants, portfolio performance covenants and other events. The Corporate Financing contains financial covenants requiring a minimum liquidity maintenance covenant, minimum asset coverage ratio, together with other customary affirmative and negative covenants, and events of default. The obligations are secured by assets of the Company and its subsidiaries. Compliance with these covenants may limit our ability to take actions that might be to our advantage or to the advantage of our stockholders. Our securitizations contain collateral performance threshold triggers related to the three- month average annualized gross charge- off or net charge- off rate which, if exceeded, would lead to early amortization. To support our collateral requirements under our financing agreements, we use a random selection process to take loans off our warehouse line to pledge to our securitizations. An inability to originate enough loans to meet the collateral requirements in our financing arrangements, could result in the early amortization, default and / or acceleration of our existing facilities. Moreover, we currently act as servicer with respect to the unsecured consumer loans held by our subsidiaries. If we default in our servicing obligations or fail to meet certain financial covenants, an early amortization event or event of default could occur, and / or we could be replaced by our back- up servicer or another successor servicer. If the back- up servicer or successor servicer is not adequate, the collection and processing of repayments may be impaired. During an early amortization period or if an event of default exists, principal and interest collections from the loans in our asset- backed facilities would be applied to repay principal under such facilities and principal collections would no longer be available on a revolving basis to fund purchases of newly originated loans. If an event of default exists under our revolving debt or loan sale facilities, the applicable lenders or purchasers' commitments to extend further credit or purchase additional loans under the related facility would terminate. If collections were insufficient to repay the amounts due under our securitizations and our revolving debt facilities, the applicable lenders, trustees and noteholders could seek remedies, including against the collateral pledged under such facilities. Any of these events would negatively impact our liquidity, including our ability to originate new loans, and require us to rely on alternative funding sources. If we were unable to arrange new or alternative methods of financing on favorable terms, we might have to curtail the origination of loans, and we may be replaced by our back- up servicer or another successor servicer. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross- default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. For more information on covenants, requirements and events, see Note ~~9~~ **8** , Borrowings of the Notes to the Consolidated Financial Statements included elsewhere in this report. Our securitizations and structured and whole loan sales may expose us to certain risks, and we can provide no assurance that we will be able to conduct such transactions in the future, which may require us to seek more costly financing. We have securitized, and may in the future securitize, certain of our loans to generate cash to originate new loans or pay our outstanding indebtedness. In each such transaction and in connection with our warehouse facilities, we sell and convey a pool of loans to a special purpose entity (" SPE"). Concurrently, each SPE issues notes or certificates pursuant to the terms of an indenture. The securities issued by the SPE are secured by the pool of loans owned by the SPE. In exchange for the sale of a portion of the pool of loans to the SPE, we receive cash, which are the proceeds from the sale of the securities. We also contribute a portion of the pool of loans in consideration for the equity interests in the SPE. Subject to certain conditions in the indenture governing the notes issued by the SPE (or the agreement governing the SPE' s revolving loan), the SPE is permitted to purchase additional loans from us or distribute to us residual amounts received by it from the loan pool, which residual amounts are the cash amounts remaining after all amounts payable to service providers and the noteholders have been satisfied. We also have the ability to swap pools of loans with the SPE. Our equity interest in the SPE is a residual interest in that it entitles us as the equity owner of the SPE to residual cash flows, if any, from the loans and to any assets remaining in the SPE once the notes are satisfied and paid in full (or in the case of a revolving loan, paid in full and all commitments terminated). As a result of challenging credit and liquidity conditions, the value of the subordinated securities we retain in our securitizations might be reduced or, in some cases, eliminated. The securitization market is subject to changing market conditions, and we may not be able to access this market when we would otherwise deem appropriate **. For example, the securitization market has been volatile, driven by rising rates, inflation, recessionary concerns and the recent banking crisis** . Further, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions holding asset- backed securities, could result in decreased investor demand for securities issued through our securitization transactions, or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements may affect the type of securitizations that we are able to complete. Asset- backed securities and the securitization markets were heavily affected by the Dodd- Frank Act and have also been a focus of increased regulation by the SEC. For example, the Dodd- Frank Act mandates the implementation of rules requiring securitizers or originators to retain an economic interest in a portion of the credit risk for any asset that they securitize or originate. Furthermore, sponsors are prohibited from diluting the required risk retention by dividing the economic interest among multiple parties or hedging or transferring the credit risk the sponsor is required to maintain. Rules relating to securitizations rated by nationally- recognized statistical rating agencies require that the findings of any third- party due diligence service providers be made publicly available at least five business days prior to the first sale of securities, which has led and will continue to lead us to incur additional costs in connection with each securitization. In addition, some of the regulations to be implemented under the Dodd- Frank Act relating to securitization have not yet been finalized. Any new rules or changes to the Dodd- Frank Act (or the current rules thereunder) could adversely affect our ability and our cost to access the asset- backed securities market. If it is not possible or economical for us to securitize our loans in the future, we would need to seek alternative financing to support our operations and to meet our existing debt obligations, which may not be available on commercially reasonable terms, or at all. If the cost of such alternative financing were to be higher than our securitizations, we would likely reduce the fair value of our loans receivable held for investment, which would negatively impact our results of operations. The gain on sale generated by any of our structured or whole loan sales and servicing fees earned on sold loans represents **additional liquidity** ~~a significant source of our earnings~~ . Demand for our loans at the current premiums may be impacted by factors outside our control, including availability of loan pools, demand by investors for loan assets and attractiveness of returns offered by competing investment alternatives offered by other loan originators with more attractive characteristics than our loan pools and loan purchaser interest. ~~In March 2022, we participated in a securitization through which we issued amortizing asset- backed notes secured by a pool of its unsecured and secured personal installment loans and may do additional structured loan sales in the future. See Note 5, Loans Held for Sale and Loans Sold of the Notes to the Consolidated Financial Statements included elsewhere in this report.~~ If we are unable to sell additional loans or obtain other financing, our revenue and liquidity may be negatively impacted and we may not be able to grow our business as planned and we may have to further curtail our originations. Our results of operations are affected by our ability to sell our loans for a premium over their net book value. Potential loan purchasers might reduce the premiums they are willing to pay, or even require a discount to principal balance, for the loans that they purchase during periods of economic slowdown or recession to compensate for any increased risks. A reduction in the sale price of the loans we sell under any future whole loan sale program would likely result in a reduction in the fair value of our Loans Receivable at Fair Value, which would negatively impact our results of operations. Any sustained decline in demand for our loans or increase in delinquencies, defaults or foreclosures may reduce the price we receive on future loan sales below our loan origination cost. We may need to raise additional funds in the future, including through equity, debt, or convertible debt financings, to support business growth and those funds may not be available on acceptable terms, or at all. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new financial products and services, enhance our risk management model, improve our operating infrastructure, or acquire complementary businesses and technologies. Additionally, increases in our cost of funds and charge- offs may reduce our margins and require us to raise more capital to support our existing business and execute our corporate strategies. Accordingly, we may need to engage in equity, debt or convertible debt financings to secure additional funds. If we raise additional funds by issuing equity securities or securities convertible into equity securities, those securities may have rights, preferences or privileges senior to the rights of our common stock and our stockholders may experience dilution. Any large equity or equity- linked offering could also negatively impact our stock price. A number of factors, including market volatility or depressed valuations, trading prices in the equity markets, our financial condition and capital market conditions will impact our ability to obtain equity or debt financing. Debt financing, if available, may **have a high cost of funds and may** involve covenants restricting our operations or our ability to incur additional debt. Lenders may also require warrants to boost their return, the issuance of which would be dilutive to our stockholders. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders **and could also negatively impact our stock price. A number of factors, including market volatility or depressed valuations, trading prices in the equity markets, our financial condition and capital market conditions will impact our ability to obtain equity or debt financing. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could have an adverse effect on our business, results of operation and financial condition** . If we do not have sufficient capital, we may be unable to pursue certain opportunities and our ability to continue to support our growth and to respond to challenges could be impaired **. We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely affect our liquidity and financial performance. We regularly maintain domestic cash deposits in Federal Deposit Insurance Corporation (" FDIC ") insured banks that exceed the FDIC insurance limits. Bank failures, events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. For example, on March 10, 2023, Silicon Valley Bank failed and was taken into receivership by the FDIC. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership and on May 1, 2023, First Republic Bank was taken into receivership. While we primarily maintain cash deposits in large money center banks and did not maintain deposits at Silicon Valley Bank, Signature Bank, Silvergate Capital Corp. or First Republic Bank, the failure of a bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, could adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U. S. treasury, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a failure or liquidity crisis** . Intellectual Property Risks It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection. Our ability to offer our products and services to our members depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively which would adversely affect our ability to compete with them. We rely on a combination of copyright, trade secret, trademark laws and other rights, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, processes and other intellectual property and do not have patent protection. However, the steps we take to protect our intellectual property rights may be inadequate. For example, a third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and there can be no guarantee that any such efforts would be successful. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and business. We have been, and may in the future be, sued by third parties for alleged infringement of their proprietary rights. Our proprietary technology, including our credit risk models and A. I. algorithms, may infringe upon claims of third- party intellectual property, and we may face intellectual property challenges from such other parties. The expansion of our suite of financial products and services may create additional trademark risk. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. If we are unsuccessful, such claim or litigation could result in a requirement that we pay significant damages or licensing fees, which would negatively impact our financial performance. We may also be obligated to indemnify parties or pay substantial legal settlement costs, including royalty payments, and to modify applications or refund fees. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming, and may divert the attention of our management and key personnel from our business operations. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant. Our credit risk models, A. I. capabilities, and internal systems rely on software that is highly technical, and if it contains undetected errors, our business could be adversely affected. Our credit risk models, A. I. capabilities, and internal systems rely on internally developed software that is highly technical and complex. In addition, our models, A. I. capabilities, and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors, bugs or other defects. Some errors may only be discovered after the code has been released for external or internal use. Errors, bugs or other defects within the software on which we rely may result in a negative experience for our members, result in errors or compromise our ability to protect member data or our intellectual property. Specifically, any defect in our credit risk models could result in the approval of unacceptably risky loans. Such defects could also result in reputational harm, loss of members, loss of revenue, adjustments to the fair value of our loans receivable held for investment or our asset- backed notes, challenges in raising capital, or liability for damages. Some aspects of our business processes include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business. We incorporate open source software into processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by U. S. courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of our systems and negatively affects our business operations. Some open source licenses contain requirements that we make source code available at no cost for modifications or derivative works we create based upon the type of open source software we use. We may face claims from third parties claiming ownership of, or demanding the release or license of, such modifications or derivative works (which could include our proprietary source code or credit risk models) or otherwise seeking to enforce the terms of the applicable open source license. If portions of our proprietary credit risk models are determined to be subject to an open source license, or if the license terms for the open source software that we incorporate change, we could be required to publicly release the affected portions of our source code, re- engineer all or a portion of our model or change our business activities, any of which could negatively affect our business and our intellectual property rights. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third- party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. Industry and Regulatory Risks The financial services industry is highly regulated. Changes in regulations or in the way regulations are ~~interpreted and~~ applied to our business could adversely affect our business. We are subject to various federal, state and local regulatory regimes related to the financial services that we provide. The principal policy objectives of these regulatory regimes are to provide meaningful disclosures to consumers, to protect against unfair, deceptive and abusive acts or practices and to prevent discrimination. Laws and regulations, among other things, impose licensing and qualifications requirements; require various disclosures and consents; mandate or prohibit certain terms and conditions for various financial products; prohibit discrimination based on certain prohibited bases; prohibit unfair, deceptive or abusive acts or practices; require us to submit to examinations by federal and state regulatory regimes; and require us to maintain various policies, procedures and internal controls. Federal and state agencies have broad enforcement powers over us, including powers to periodically examine and continuously monitor our operations and to investigate our business practices and broad discretion to deem particular practices unfair, deceptive, abusive or otherwise not in accordance with the law. State attorneys general have a variety of legal mechanisms at their disposal to enforce state and federal consumer financial laws. For example, Section 1042 of the Dodd- Frank Wall Street Reform and Consumer Protection Act (the" Dodd- Frank Act") grants state attorneys general the ability to enforce the Dodd- Frank Act and regulations promulgated under the Dodd- Frank Act' s authority and to secure remedies against entities within their jurisdiction. State attorneys general also have a variety of legal mechanisms at their disposal to enforce state and federal consumer financial laws **and** have enforcement authority under state law with respect to unfair or deceptive practices. Generally, under these statutes, state attorneys general may conduct investigations, bring actions, and recover civil penalties or obtain injunctive relief against entities engaging in unfair, deceptive, or fraudulent acts. Attorneys general may also coordinate among themselves or with other regulators to enter into coordinated actions or settlements. Finally, several consumer financial laws like the Truth in Lending Act and Fair Credit Reporting Act grant enforcement or litigation authority to state attorneys general. Changes in laws or regulations, or the regulatory application or interpretation of the laws and regulations applicable to us, could adversely affect our ability to operate in the manner in which we currently conduct business, and may also make it more difficult or costly for us to originate additional loans, or for us to collect payments on our loans to members or otherwise operate our business by subjecting us, our service providers, or strategic partners, to additional licensing, registration and other regulatory requirements in the future. Failure to comply with applicable laws and regulations could result in additional compliance requirements, limitations on our ability to collect or retain all or part of the principal of or interest on loans, fines or penalties, an inability to continue operations, modification in business practices, regulatory actions, loss of required licenses or registrations, potential impairment, voiding, or voidability of loans, rescission of contracts, civil and criminal liability and damage to our reputation. It could also result in a default or early amortization event under certain of our debt facilities and reduce or terminate availability of debt financing to us to fund originations. To the extent it is determined that any loan we make was not originated in accordance with all applicable laws as we are required to represent under our securitization and other debt facilities and in loan sales to investors, we could be obligated to repurchase for ~~cashor~~ -- **cash or** swap for qualifying assets, any such loan determined not to have been originated in compliance with legal requirements. We may not have adequate liquidity and resources to make such cash repurchases or swap for qualifying assets. Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses and reputational harm. In the ordinary course of business, we have been named as a defendant in various legal actions, including class actions and other litigation. Generally, this litigation arises from the claims of violation of do- not- call, credit reporting, collection, and bankruptcy laws. The complexity of the laws related to secured personal loans regarding vehicle titling, lien placement and repossession may enhance the risk of consumer litigation. Further, the origination of loans through bank partnerships may increase the risk of litigation or regulatory scrutiny including based on the" true lender" theory that seeks to recharacterize a lending transaction. State legislation requiring licensure and state restrictions including fee and rate limits on bank partner loans may also reduce profitability and / or increase regulatory and litigation risk. Additionally, platforms offering banking services and products through partners have also been challenged by federal and state regulators on a variety of claims. Regulatory bodies may enact new laws or promulgate new regulations or view matters or interpret laws and regulations differently than they have in the past, or commence investigations or inquiries into our business practices. For example, in April 2022, the CFPB announced that it intends to examine nonbank financial companies that pose risks to consumers, and in November 2022, the Treasury Department issued a report encouraging the CFPB to increase its supervisory activity with respect to larger nonbank lenders. If the CFPB decides to subject us to its supervisory process, it could significantly increase the level of regulatory scrutiny of our business practices. **Further, in December 2022 and January 2023, respectively, the CFPB announced proposed rules requiring (a) a nonbank entity to register with the CFPB if it receives a final public written order or judgment (including a consent order or stipulated order) from a federal, state or local government agency for violation of consumer protection laws and (b) a supervised nonbank to register if it uses certain contract terms and conditions that claim to waive or limit consumer rights and protections (including arbitration clauses). If finalized, each of these registries has the potential to increase the operational costs and regulatory scrutiny of our business practices.** In addition, the Biden Administration ~~recently~~ **previously** announced a government- wide effort to eliminate " junk fees " which could subject our business practices to even further scrutiny. The CFPB' s action on junk fees **initially** ~~thus far has largely~~ focused on fees associated with deposit products, such as " surprise " overdraft fees and not- sufficient- funds fees, **but has since expanded** ~~that are not within scope of our products or services~~ . **Furthermore** ~~However,~~ what constitutes a " junk fee " remains ~~undefined~~ **unclear and both the**

CFPB and Federal Trade Commission have taken steps to increase scrutiny of fees . The CFPB has called out other fees, such as pay- to- pay fees charged by debt collectors, and is actively soliciting consumer input on fee practices associated with other consumer financial products or services, signaling that the " junk fee " initiative is likely to continue to broaden in scope. In February 2023, the CFPB published a proposed rule, which is currently ~~subject to public comment~~ **pending a final rule** , amending Regulation Z to mandate significant decreases to credit card late fees and eliminate annual inflation adjustments for late fee safe harbor amounts. **In October 2023, the CFPB issued a pre- rule proposal to modify the Fair Credit Reporting Act and Regulation V, which would have broad implications across all participants in the credit reporting ecosystem.** All such legal and regulatory actions are inherently unpredictable and, regardless of the merits of the claims, legal and regulatory actions are often expensive, time- consuming, disruptive to our operations and resources, and distracting to management. In addition, certain of those actions include claims for indeterminate amounts of damages. Our involvement in any such matter also could cause significant harm to our reputation and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. If resolved against us, legal actions could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. We have in the past chosen to settle (and may in the future choose to settle) certain matters in order to avoid the time and expense of litigating them. Although none of the settlements has been material to our business, there is no assurance that, in the future, such settlements will not have a material adverse effect on our business. In addition, a number of participants in the consumer financial services industry have been the subject of putative class action lawsuits, state attorney general actions and other state regulatory actions, federal regulatory enforcement actions, including actions relating to alleged unfair, deceptive or abusive acts or practices, violations of state licensing and lending laws, including state usury laws, actions alleging violations of the Americans with Disabilities Act, discrimination on the basis of race, ethnicity, gender or other prohibited bases, and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans and other consumer financial services and products. The current regulatory environment, increased regulatory compliance efforts, and enhanced regulatory enforcement have resulted ~~in significant~~ **insignificant** operational and compliance costs and may prevent us from providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business or adversely affect our business. In particular, legal proceedings brought under state consumer protection statutes or under several of the various federal consumer financial services statutes subject to the jurisdiction of the CFPB may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities. Some of our consumer financing agreements include arbitration clauses. If our arbitration agreements were to become unenforceable for any reason, we could experience an increase to our consumer litigation costs and exposure to potentially damaging class action lawsuits. In addition, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted members. These self- identified issues and voluntary remediation payments could be significant, depending on the issue and the number of members impacted, and could generate litigation or regulatory investigations that subject us to additional risk. Internet- based and electronic signature- based loan origination processes may give rise to greater risks than paper- based processes. We use internet- based loan processes to obtain application information, distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with wet borrower signatures obtained in person. These processes may entail greater risks than would paper- based loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that borrowers may challenge the authenticity of their signature or of the loan documents, risks that a court of law may not enforce electronically signed loan documents and risks that, despite controls, unauthorized changes are made to the electronic loan documents. If any of those factors were to cause any loans, or any of the terms of the loans, to be unenforceable against the borrowers, or impair our ability to service our loans, the value of our loan assets would decrease significantly to us and to our whole loan purchasers, securitization investors and warehouse lenders. In addition to increased default rates and losses on our loans, this could lead to the loss of whole loan purchasers and securitization investors and trigger terminations and amortizations under our debt warehouse facilities, each of which would materially adversely impact our business. The CFPB has broad authority to regulate consumer financial services, creating uncertainty as to how the agency' s actions or the actions of any other new agency could impact our business. The CFPB has broad authority to create and modify regulations under federal consumer financial protection laws and regulations, such as the Truth in Lending Act and Regulation Z, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act and Regulation V, the Electronic Funds Transfer Act and Regulation E, and to enforce compliance with those laws. The CFPB is charged with the examination and supervision of certain participants in the consumer financial services market, including short- term, small dollar lenders, and larger participants in other areas of financial services. While historically, we have not been subject to CFPB supervisory authority, it is possible that we may become subject to additional regulatory scrutiny and compliance costs going forward through supervision by the CFPB. In recent publications, the CFPB has indicated that the agency is significantly increasing its oversight and scrutiny over consumer finance and on April 25, 2022, the CFPB announced that it was invoking a previously unused legal provision to examine nonbank financial companies that it believes pose risk to consumers. The CFPB may also request, through examination or investigation, reports concerning our organization, business conduct, markets and activities and if the CFPB were to determine that we were engaging in activities that pose risks to consumers, may conduct on- site examinations of our business on a periodic basis. On October 19, 2022, in Community Financial Services Association of America v. Consumer Financial Protection Bureau, the U. S. Court of Appeals for the Fifth Circuit found that the CFPB ~~'~~ **'** s independent funding through the Federal Reserve violated the U. S. Constitution' s appropriations clause and invalidated the remaining portions of the CFPB' s restrictions on the lenders offering payday, auto title and other short- term, high- interest loans. The CFPB has appealed the decision to the Supreme Court of the United States and **oral arguments took place in early October 2023. While a decision is expected in the coming term,** we are unable to predict the **exact** timing, outcome, and impact of this litigation. In addition, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the credit products we offer. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. The CFPB also may issue requests for public input in certain areas of concern that may lead to increased regulatory scrutiny on us, our products and consumer finance industry and impose restrictions on fees and charges, thereby impacting results of our business. For example, in March 2022, it requested public input on fees for financial products and has indicated that it plans to ramp up enforcement actions against lenders that illegally charge credit card late- payment fees and may rewrite its rules that set thresholds for such fees. Further, in February 2023, the CFPB proposed a rule that would amend regulations to limit credit card late- payment fees to $ 8 or 25 % of the minimum payment due, whichever is greater. ~~On March 3, 2021, we received a Civil Investigative Demand (CID) from the CFPB. The stated purpose of the CID is to determine whether small- dollar lenders or associated persons, in connection with lending and debt- collection practices, have failed to comply with certain federal consumer protection laws over which the CFPB has jurisdiction. We have received additional information requests related to the CID. The information requests are focused on our legal collection practices from 2019 to 2021 and hardship treatments offered to members during the COVID- 19 pandemic. On September 15, 2022, we received a Notice and Opportunity to Respond and Advise (" NORA ") letter from the staff of the CFPB in connection with the CID, stating that it is considering whether to recommend that the CFPB take legal action against us based on alleged violations focused on our failure to timely dismiss certain lawsuits and the hardship treatments offered during the COVID- 19 pandemic, including credit reporting related thereto. On October 14, 2022, we provided the CFPB with a written response to the NORA letter disputing the allegations. The Company is cooperating fully with the CFPB with respect to this matter and we believe that our business practices have been in full compliance with applicable laws. Because the CFPB has broad authority to determine what it views as potentially unfair, deceptive or abusive acts or practices, at this time, the Company is unable to predict the ultimate outcome of this matter.~~ Digit received a CID from the CFPB in June 2020. The CID was disclosed and discussed during the acquisition process. The stated purpose of the CID is to determine whether Digit, in connection with offering its products or services, misrepresented the terms, conditions, or costs of the products or services in a manner that is unfair, deceptive, or abusive. While the Company believes that the business practices of the Company, including Digit, have been in full compliance with applicable laws, in the interest of resolving this matter, on August 11, 2022, Digit agreed to a consent order with the CFPB resolving such CID. In connection with such consent order, Digit agreed to implement a redress and compliance plan to pay at least $ 68, 145 in consumer redress to consumers who may have been harmed and paid a $ 2. 7 million civil penalty to the CFPB in the third quarter of 2022. Other federal or state regulators could launch similar investigations or join the CFPB in its investigation. In addition, actions by the CFPB could result in requirements to alter or cease offering affected financial products and services, making them less attractive and restricting our ability to offer them. The CFPB could also implement rules that restrict our effectiveness in servicing our financial products and services. Future actions by the CFPB (or other regulators) against us or our competitors that discourage the use of our or their services or restrict our business activities could result in reputational harm and adversely affect our business. If the CFPB changes regulations that were adopted in the past by other regulators and transferred to the CFPB by the Dodd- Frank Act, or modifies through supervision or enforcement past regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. The current presidential administration has appointed and is expected to continue to appoint consumer- oriented regulators at federal agencies such as the CFPB, FTC, OCC and FDIC, and the government' s focus on enforcement of federal consumer protection laws is expected to increase. It is possible that these regulators could promulgate rulemakings and bring enforcement actions that materially impact our business and the business of our lending partners. The collection, storage, use, disclosure, and other processing of personal information is an area of increasing complexity and scrutiny. We collect, store, use, disclose, and otherwise process a large volume of personal information about individuals (including members and employees). New laws and regulations concerning the processing of personal information continue to be vigorously debated and enacted at all levels of government across the United States and around the globe while existing laws, such as the Gramm- Leach- Bliley Act, are being amended or reinterpreted to account for the rapidly evolving data economy. The California Consumer Privacy Act (the ~~"~~ **“** CCPA ~~"~~ **”**), including the California Privacy Rights Act of 2020 ~~(" CPRA")~~ amendments **,** imposes significant requirements on businesses processing consumer personal information – principally around enabling and honoring consumer choices related to such processing. Violations of the CCPA can result in civil penalties assessed by the Attorney General or the California Privacy Protection Agency and individual plaintiffs may pursue statutory damages in a private right of action for certain data breaches. Several U. S. states have already followed California' s lead in enacting comprehensive privacy legislation and others are likely to do so in the future **. The CCPA and other state comprehensive privacy laws enacted to date contain certain exemptions for personal information that is subject to the Gramm- Leach- Bliley Act. In some cases, these laws also contain broader exemptions for entities such as Oportun that are subject to the Gramm- Leach- Bliley Act. These exemptions may not exempt Oportun completely from these laws, however, and such exemptions' scope and interpretation remain subject to uncertainty. Further, future laws may not include such exemptions** . At the federal level, regulators, including the CFPB and FTC, have adopted, or are considering adopting, laws and regulations concerning personal information and data privacy and security. The FTC, for example, released its updated Standards for Safeguarding Customer Information (Safeguards Rule), effective June 9, 2023, which raises the bar for covered financial institutions' information security programs through proscriptive requirements for things like accountability and oversight, performing risk assessments, encryption, and enabling multi- factor authentication to protect all forms of customer information. **Further, in October 2023, the CFPB announced a Section 1033 Proposed Rule on Personal Financial Data Rights, which requires certain financial**

institutions, and any party who controls or possesses information concerning a covered financial product or service, to provide financial data to consumers in a standardized electronic format through a consumer interface and limits collecting and maintaining data only as necessary to carry out transactions a consumer requests, prohibiting use of any information for targeted or behavioral advertising. The rule is not yet finalized or effective. This patchwork of legislation and regulation may give rise to conflicts or differing views of personal privacy rights **and of privacy and security obligations to which companies such as Oportun must adhere** . The rapidly evolving privacy and data protection regulatory environment, along with increased scrutiny from consumers and their advocates and increased complexity in Oportun' s organizational structure, demands careful attention to our own processing of personal information and processing by third parties acting on our behalf. For example, we' ve seen an increase in third- party arrangements, including, for example, with lead aggregators, bank partners, Lending as a Service partners and affiliate relationships ~~through our subsidiary Digit~~ . Our **actual or perceived** failure, or ~~a~~ **any actual or perceived** failure by third parties with whom we do business, to comply with applicable privacy laws or regulations and contractual obligations required by our business partners, and even a perceived failure, could damage our reputation, harm our ability to obtain market adoption, discourage existing and prospective members from using our products and services, require us to change our business practices, business partners or operational structure, or result in investigations, claims, or fines by governmental agencies and private plaintiffs. Even in the absence of a challenge to our practices, we may incur substantial costs to implement new systems to comply with regulatory requirements, such as consumer requests concerning the processing of their personal information and to honor any choices that may be available to them by law. Our business is subject to the regulatory framework applicable to registered investment advisers, including regulation by the SEC. We offer investment management services through Digit Advisors, LLC which provides automated investment advice regarding the selection of a portfolio of exchange traded funds through our mobile application. Digit Advisors is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the ~~"~~ **“** Advisers Act ~~"~~ **”**), and is subject to regulation by the SEC. Investment advisers are subject to the anti- fraud provisions of the Advisers Act and to fiduciary duties derived from these provisions, which apply to our relationships with our members who are advisory clients, as well as the funds we manage. These provisions and duties impose restrictions and obligations on us with respect to our dealings with our members, including for example restrictions on transactions with our affiliates. Our investment adviser has in the past and ~~will~~ **may** in the future be subject to periodic SEC examinations. Our investment adviser is also subject to other requirements under the Advisers Act and related regulations primarily intended to benefit advisory clients. These additional requirements relate to matters including maintaining effective and comprehensive compliance programs, record- keeping and reporting and disclosure requirements. The Advisers Act generally grants the SEC broad administrative powers, including the power to limit or restrict an investment adviser from conducting advisory activities in the event such investment adviser fails to comply with federal securities laws. Additional sanctions that may be imposed for failure to comply with applicable requirements include the prohibition of individuals from associating with an investment adviser, the revocation of registrations and other censures and fines. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against us or our employees were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and ability to gain or retain members. Our bank partnership products may lead to regulatory risk and may increase our regulatory burden. We provide our credit card products through a bank partnership program with WebBank and we have bank partnership programs with Pathward, N. A., to offer unsecured ~~installment~~ **personal** loans **, secured personal loans,** and provide deposit accounts, debit card services and other transaction services to our members. State and federal agencies have broad discretion in their interpretation of laws and their interpretation of requirements related to bank partnership programs and may elect to alter standards or the interpretation of the standards applicable to these programs **. States are also introducing and passing legislation designed to examine these programs by defining who has the " predominant economic interest " in the loan transaction and prohibiting such entity from collecting interest and fees above state mandated caps** . In addition, as a result of our bank partnerships, prudential bank regulators with supervisory authority over our partners have the ability to regulate aspects of our business. There has also been significant recent government enforcement action and litigation challenging the validity of such arrangements for lending products, including disputes seeking to recharacterize lending transactions on the basis that the non- bank party rather than the bank is the " true lender " or " de facto lender ", and in case law challenging the " valid when made " doctrine, which holds that based on federal preemption, state interest rate limitations are not applicable in the context of certain bank- non- bank partnership arrangements. The uncertainty of the federal and state regulatory environments around bank partnership programs means that our efforts to launch products and services through bank partners may not ultimately be successful, or may be challenged by legislation or regulatory action. If the legal structure underlying our relationship with our bank partners were to be successfully challenged, we may be found to be in violation of state licensing requirements and state laws regulating interest rates and fees. In the event of such a challenge or if our arrangements with our bank partners were to change or end for any reason, we would need to rely on an alternative bank relationship, find an alternative bank relationship, rely on existing state licenses, obtain new state licenses, pursue a national bank charter, and / or be subject to the interest rate limitations of certain states. In addition, adverse orders or regulatory enforcement actions against our bank partners, even if unrelated to our business, could impose restrictions on their ability to continue to extend credit or on current terms. Regulation by federal and state regulators may also subject us to increased compliance, legal and operational costs, and could subject our business model to scrutiny and otherwise increase our regulatory burden, or may adversely affect our ability to expand our business. Anti- money laundering, anti- terrorism financing and economic sanctions laws could have adverse consequences for us. We maintain a compliance program designed to enable us to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U. S. economic sanctions laws administered by the Office of Foreign Assets Control. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries persons and entities. These controls include procedures and processes to detect and report suspicious transactions, perform member due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. Our failure to comply with anti- money laundering, economic and trade sanctions regulations, and similar laws could subject us to substantial civil and criminal penalties, or result in the loss or restriction of our state licenses, or liability under our contracts with third parties, which may significantly affect our ability to conduct some aspects of our business. Changes in this regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements, may significantly affect or change the manner in which we currently conduct some aspects of our business. We may have to constrain our business activities to avoid being deemed an investment company under the Investment Company Act. The Investment Company Act of 1940, as amended (the ~~"~~ **“** Investment Company Act ~~"~~ **”**) contains substantive legal requirements that regulate the way “ investment companies ” are permitted to conduct their business activities. We believe we have conducted, and we intend to continue to conduct, our business in a manner that does not result in our company being characterized as an investment company, including by relying on certain exemptions from registration as an investment company. We rely on guidance published by the 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. If we are deemed to be an investment company, we may attempt to seek exemptive relief from the SEC, which could impose significant costs and delays on our business. We may not receive such relief on a timely basis, if at all, and such relief may require us to modify or curtail our operations. If we are deemed to be an investment company, we may also be required to institute burdensome compliance requirements and our activities may be restricted. We are subject to governmental export and import controls that could subject us to liability, impair our ability to compete in international markets and adversely affect our business. Although our business does not involve the commercial sale or distribution of hardware, software or technology, in the normal course of our business activities we may from time to time ship general commercial equipment outside the United States to our subsidiaries or affiliates for their internal use. In addition, we may export, transfer or provide access to software and technology to non- U. S. persons such as employees and contractors, as well as third- party vendors and consultants engaged to support our business activities. In all cases, the sharing of software and / or technology is solely for the internal use of the company or for the use by business partners to provide services to us, including software development. However, such shipments and transfers may be subject to U. S. and foreign regulations governing the export and import of goods, software and technology. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to significant sanctions, fines, penalties and reputational harm. Further, any change in applicable export, import or economic sanctions regulations or related legislation, shift in approach to the enforcement or scope of existing regulations or change in the countries, persons or technologies targeted by these regulations could adversely affect our business. General Risk Factors You may be diluted by the future issuance of additional common stock in connection with our equity incentive plans, acquisitions **, financings, investments** or otherwise. Our amended and restated certificate of incorporation authorizes us to issue shares of common stock authorized but unissued and rights relating to common stock for the consideration and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. We have authorized ~~9~~ **a total of 13** , ~~072~~ **471** , ~~159~~ **733** shares for issuance under our 2019 Equity Incentive Plan **with 9, 698, 886 shares, net of vested and exercised shares, remaining available for issuance** , 1, ~~593~~ **926** , ~~052~~ **598** shares for issuance under our 2019 Employee Stock Purchase Plan, and ~~563~~ **1** , ~~955~~ **105, 000** shares **authorized** for issuance under our **Amended and Restated** 2021 Inducement Equity Incentive Plan **with 940, 512, net of vested and exercised shares, shares remaining for issuance** , each subject to adjustment in certain events. Any common stock that we issue, including under our existing equity incentive plans or other equity incentive plans that we may adopt in the future, **or in connection with any acquisitions, financings, investments or otherwise,** could dilute your percentage ownership. The issuance of shares of our Common Stock upon exercise of our outstanding Warrants issued in connection with the Amended Credit Agreement would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of ~~March 10~~ **December 31** , 2023, the Warrants to purchase ~~1~~ **4** , ~~980~~ **193** , ~~242~~ **453** shares of our Common Stock issued in connection with the Amended Credit Agreement were outstanding and exercisable. The exercise price of these Warrants is $ 0. 01 per share. ~~In addition, pursuant to the Amended Credit Agreement, in connection with the funding of the Incremental Tranche A- 2 Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche A- 2 Loans to purchase 116, 485 shares of the Company' s common stock, in connection with the funding of the Incremental Tranche B Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche B Loans to purchase 1, 048, 363 shares of the Company' s common stock, and in connection with the funding of the Incremental Tranche C Loans, the Company will issue Warrants to the lenders providing the Incremental Tranche C Loans to purchase 1, 048, 363 shares of the Company' s common stock, in each case, at an exercise price of $ 0. 01 per share. The Company also entered into the Registration Rights Agreement, which stipulates that the Company will file a registration statement with the Securities and Exchange Commission with respect to the shares underlying the Warrants.~~ To the extent such warrants are exercised, additional shares of common stock will be issued, which will result in dilution to holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such ~~warrants~~ **Warrants** may be exercised could adversely affect the market price of our common stock. The price of our common stock may be volatile, and you could lose all or part of your investment. The trading price of our common stock has been and may continue to be volatile and will depend on a number of factors, including those described in this “ Risk Factors ” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock, because you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include the following: •

failure to meet quarterly or annual guidance with regard to revenue, margins, earnings or other key financial or operational metrics; • fluctuations in the trading volume of our share or the size of our public float; • price and volume fluctuations in the overall stock market from time to time; • changes in operating performance and market valuations of similar companies; • failure of financial analysts to maintain coverage of us, changes in financial estimates by any analysts who follow our company, or our failure to meet these estimates or the expectations of investors **; • the public' s reaction to our press releases, other public announcements, and filings with the SEC** ; • speculation in the press or investment community; • any major change in our management; • sales of shares of our common stock by us or our stockholders; • actual or anticipated fluctuations in our results of operations; • actual or perceived data security breaches or incidents impacting us or our third- party service providers; • changes in prevailing interest rates; • quarterly fluctuations in demand for our loans; • actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally; • developments or disputes concerning our intellectual property or other proprietary rights; • litigation, government investigations and regulatory actions; • passage of legislation or other regulatory developments that adversely affect us or our industry; • general economic conditions, such as rising interest and inflation rates **, recessions, tightening of credit markets and recent or potential bank failures; • developments relating to our reduction in force and other streamlining measures announced in February 2023, May 2023, and November 2023** ; and • other risks and uncertainties described in these risk factors ~~. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. In the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigation has often been instituted against these companies. Such litigation could result in substantial costs and a diversion of our management' s attention and resources, which could harm our business. We may be the target of additional litigation of this type in the future as well~~ . If financial or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline. The trading market for our common stock is influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts or the content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding our stock price, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. **In addition, analysts may establish and publish their own periodic projections for us. These projections may vary widely and may not accurately predict the results we actually achieve. Our share price may decline if our actual results do not match the projections of these research analysts.** The enactment of tax reform legislation **and differences in interpretation of tax laws and regulations** could adversely impact our financial position and results of operations **. We operate in multiple jurisdictions and are subject to tax laws and regulations of the U. S. federal, state and local and non- U. S. governments. U. S. federal, state and local and non- U. S. tax laws and regulations are complex and subject to varying interpretations** . Legislation or other changes in U. S. and international tax laws could increase our liability and adversely affect our after- tax profitability. For example, the United States recently enacted the Inflation Reduction Act, which implemented, among others, a 15 % alternative minimum tax on adjusted financial statement income for certain large companies and a 1 % excise tax on certain stock buybacks. In addition, many countries and the Organisation for Economic Co- operation and Development have reached an agreement to implement a 15 % global minimum tax. Such proposed changes, as well as regulations and legal decisions interpreting and applying these changes, may have significant impacts on our effective tax rate, cash tax expenses and net deferred taxes in the future. **As the legislation becomes effective in countries in which we do business, our taxes could increase and negatively impact our provision for income taxes. Additionally, U. S. and international tax authorities may interpret tax laws and regulations differently than we do and challenge tax positions that we have taken. This may result in differences in the treatment of revenues, deductions, credits and / or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest, or penalties that could have an adverse effect on our financial condition and results of operations. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, 2023, the Company had federal net operating loss carryforwards of $ 189. 1 million, of which $ 17. 7 million expires beginning in 2033 and $ 171. 4 million carries forward indefinitely. Additionally, the Company had state net operating loss carryforwards of $ 199. 0 million which are set to begin expiring in 2030. As of December 31, 2023, the Company had federal and California research and development tax credit carryforwards of $ 15. 3 million and $ 9. 9 million, respectively. The federal research and development tax credit expires beginning in 2041, and the California research and development tax credits are not subject to expiration. Realization of these net operating loss and research and development tax credit carryforwards depends on future income, and there is a risk that some of our existing carryforwards could expire unused or may be unavailable to fully offset future income tax liabilities, which could adversely affect our results of operations. In addition, under Sections 382 and 383 of the Internal Revenue Code, if a corporation undergoes an " ownership change, " generally defined as a greater than 50 % change (by value) in ownership by " 5 percent shareholders " over a rolling three- year period, the corporation' s ability to use its pre- change net operating loss carryovers and other pre- change tax attributes, such as research and development credits, to offset its post- change income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre- change net operating loss carryforwards to offset U. S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us.** Our directors, officers, and principal stockholders have substantial control over our company, which could limit your ability to influence the outcome of key transactions, including a change of control. Our directors, executive officers, and each of our 5 % stockholders and their affiliates, in the aggregate, beneficially own a significant number of the outstanding shares of our common stock. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours, and they may vote in a way with which you disagree or which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. The requirements of being a public company may strain our resources, divert management' s attention and affect our ability to attract and retain qualified Board members. As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the" Exchange Act"), the Sarbanes- Oxley Act, the Dodd- Frank Act, the listing standards of the Nasdaq Stock Market, and other applicable securities rules and regulations, including ~~changes in~~ **with regard to** corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time- consuming or costly and increases demand on our systems and resources. In addition, changing laws, regulations and standards or interpretations thereof relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time- consuming. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management' s time and attention. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us. Certain of our market opportunity estimates, growth forecasts, and key metrics could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business. Market opportunity estimates, growth forecasts and key metrics, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts relating to the size and expected growth of our market opportunity may prove to be inaccurate. It is impossible to offer every loan product, term or feature that every member wants, and our competitors may develop and offer products, terms or features that we do not offer. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the individuals covered by our market opportunity estimates will generate any particular level of revenues. Even if the markets in which we compete meet our size estimates and growth forecasts, our business could fail to grow at expected rates, if at all, for a variety of reasons outside of our control. Furthermore, in order for us to successfully address this broader market opportunity, we will need to successfully expand into new geographic regions where we do not currently operate. Our key metrics are calculated using internal company data, including Members and Products, and have not been validated by an independent third- party. We have in the past implemented, and may in the future implement, new methodologies for calculating these metrics which may result in the metrics from prior periods changing, decreasing or not being comparable to prior periods. As our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. Our key metrics may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If investors or analysts do not perceive our metrics to be sufficient or accurate representations of our business, or if we discover material inaccuracies in our metrics, our stock price, reputation and prospects would be adversely affected. Certain provisions in our charter documents and under Delaware law could limit attempts by our stockholders to replace or remove our Board, delay or prevent an acquisition of our company, and adversely affect the market price of our common stock. Provisions in our amended and restated certificate of incorporation, and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our Board. These provisions include the following: • a classified Board with three- year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our Board; • our Board has the right to elect directors to fill a vacancy created by the expansion of the Board or the resignation, death or removal of a director, which prevents stockholders from being able to fill Board vacancies; • our stockholders may not act by written consent or call special stockholders' meetings; • our amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the Board or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror' s own slate of directors or otherwise attempting to obtain control of our company; and • our Board may issue, without stockholder approval, shares of undesignated preferred stock, which may make it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us. As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15 % or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board has approved the transaction. Such provisions could allow our Board to prevent or delay an acquisition of our company. Certain of our executive officers may be entitled, pursuant to the terms of their employment arrangements, to accelerated vesting of their stock options following a change of control of our company under certain conditions. In addition to the arrangements currently in place with some of our executive officers, we may enter into similar arrangements in the future with other officers. Such arrangements could delay or discourage a potential acquisition. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a potential acquisition could limit the opportunity for our stockholders to receive a premium for their shares of our common stock in connection with such acquisition, and could also affect the price that some investors are willing to pay for our common stock. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware or the U. S. federal district courts will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, (4) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws, or (5) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act ~~of 1933, as amended (" Securities Act ")~~ , creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that U. S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition, and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. These exclusive forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive- forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.