



INNOVATIONS

in Lending, Alternative Financing,
Fintech & Private Credit *Summit*

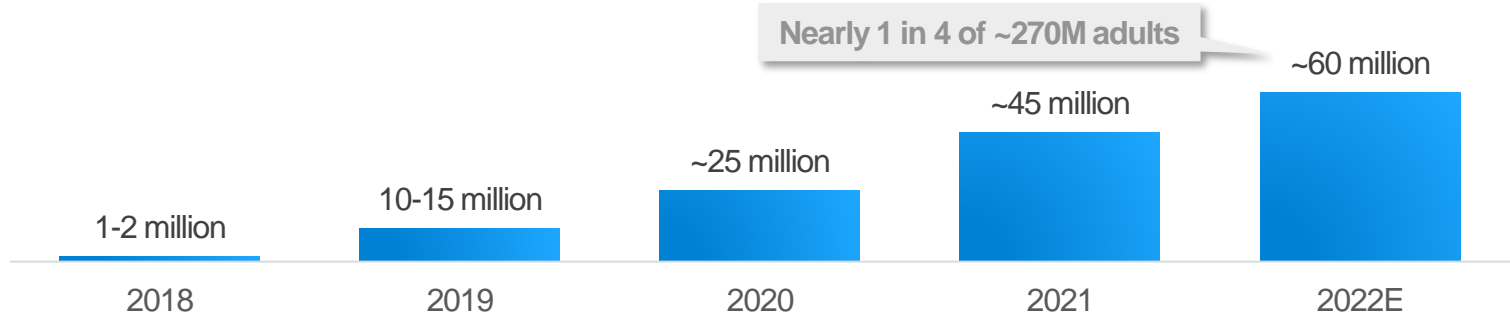
Getting Ahead of Hidden Liabilities

Mark Friedgan
CEO, NinjaHoldings

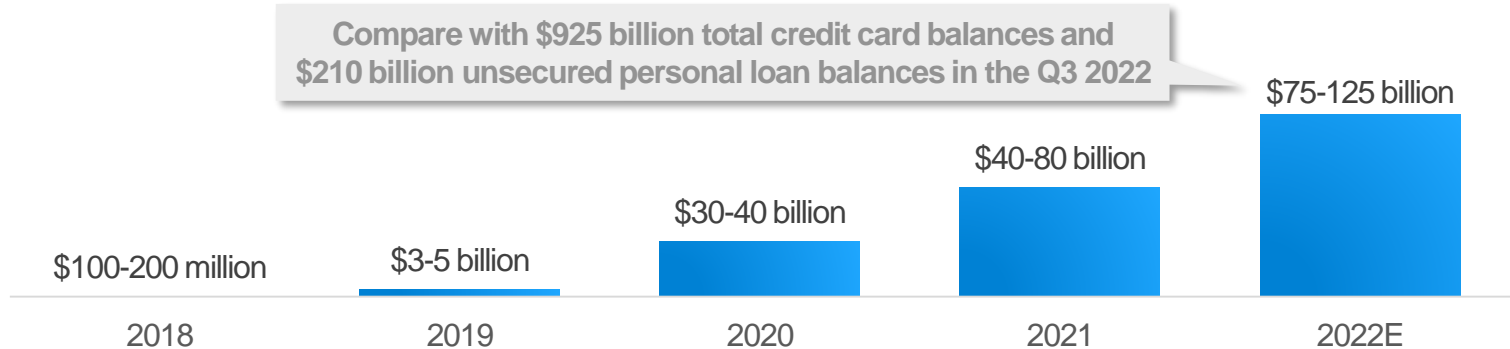


BNPL exploded through the pandemic

U.S.
BNPL
users
in past
year

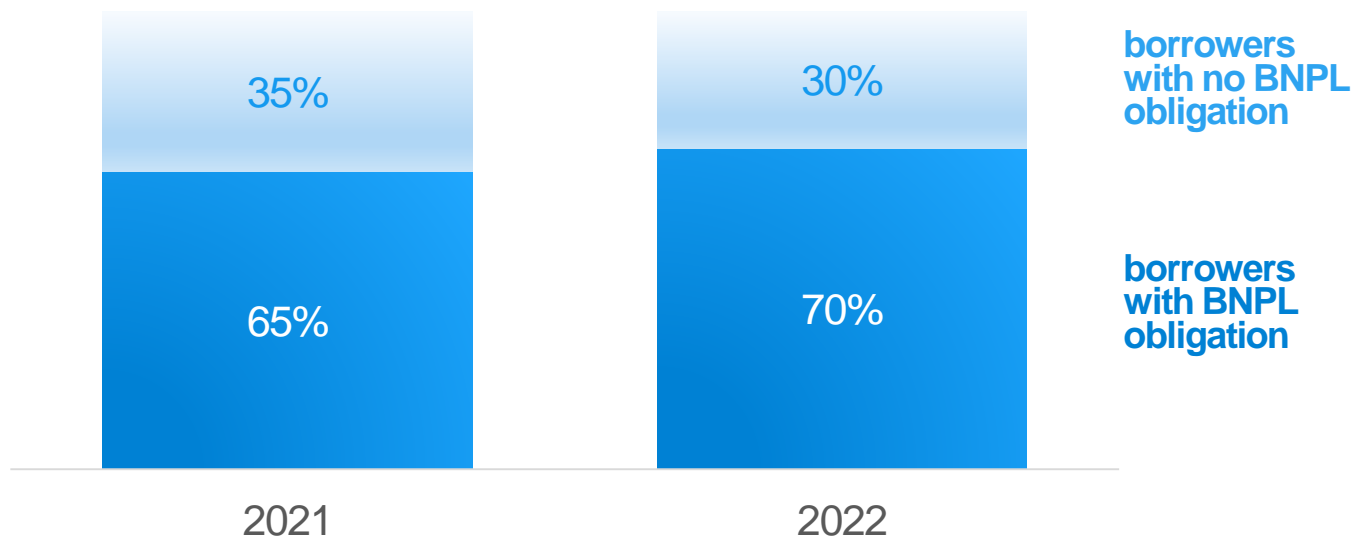


U.S.
BNPL
loans
issued
in year



BNPL is a subprime credit product

BNPL penetration of credit active consumers with subprime or near-prime VantageScore®



BNPL is invisible to other lenders



Reporting to credit bureaus

Affirm currently reports some loans to Experian and may report to other credit bureaus in the future. Please note that this can include loans with delinquent payments, which may impact your credit. If your loan repayment activity is reported to a credit bureau, the entire loan history will be reported.

Klarna:

Does Klarna affect my credit score?

It depends on the payment method or service you choose because we perform different types of searches to check your financial standing.

Klarna performs a soft credit check which does not affect your credit score and will not be visible to other lenders when:

- Deciding to Pay in 4
- Preferring to Pay in 30 days
- Use Monthly financing



Will using Afterpay Buy Now, Pay Later feature affect my credit score?

No. Afterpay Buy now, Pay Later payments will not affect your credit score, as they are not reported to credit reporting agencies.



Pay in 4 interest-free payments

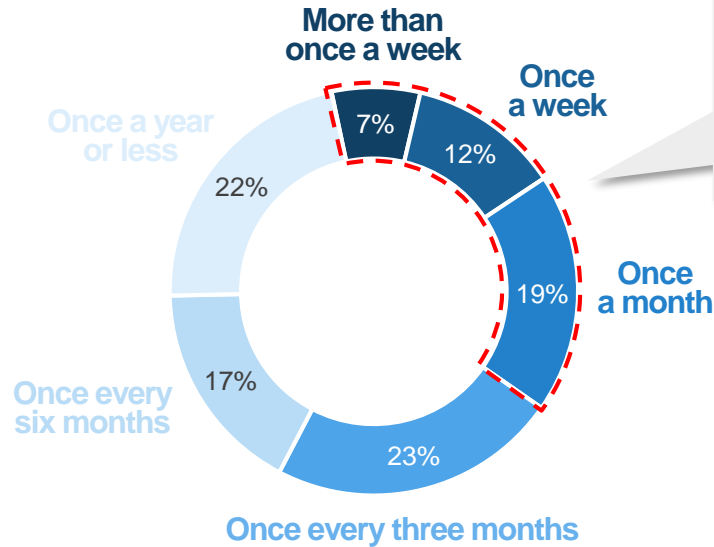
No impact on credit score and no late fees.
Available for purchases of \$30 to \$1,500.

What are the bureaus doing?

	Voluntary reporting	Credit report		Scores & models	
		Section on main report	Separate & on request	Combined Vantage/FICO	BNPL specific
EQUIFAX	✓	✓		Suppressed	
experian	✓		✓		✓
TransUnion	✓		✓		
Key limitations	<ul style="list-style-type: none"> • Incomplete coverage • Lagged view 	<ul style="list-style-type: none"> • Separate dataset • Positive reporting only 	<ul style="list-style-type: none"> • No impact on score • Immature analytics 		

Bureau reporting won't tell the full story

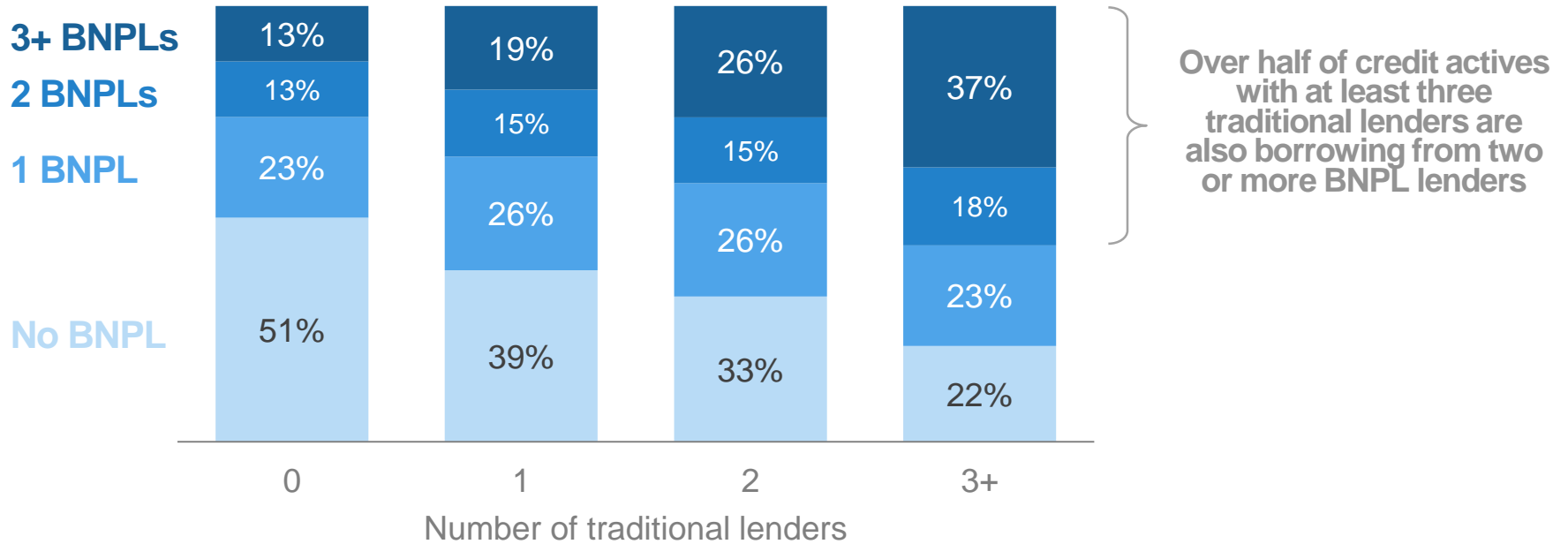
Frequency of BNPL use



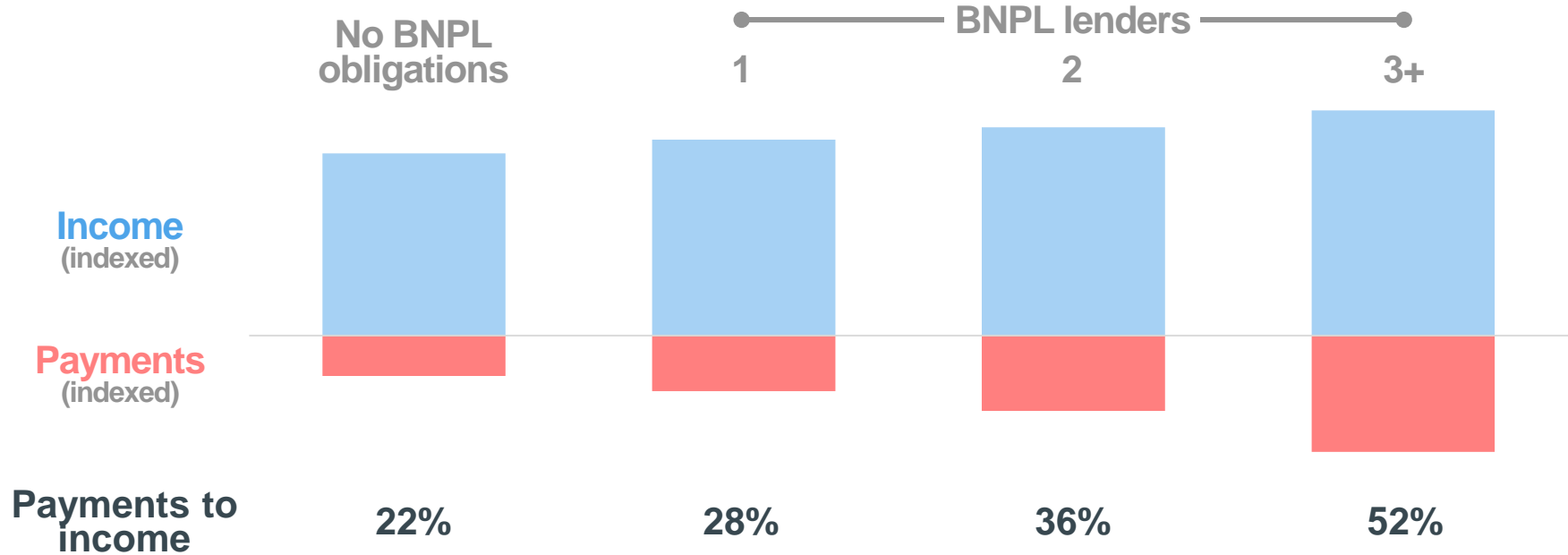
Even if reported to bureaus, last month's balance and payment will be outdated and potentially inaccurate for ~40% of BNPL users

Stakkaz gon' stack

Percentage of credit actives with traditional and BNPL loans



BNPL customers are over-extended



Monthly after-tax income divided by sum of all payments in-month to BNPL and traditional lenders

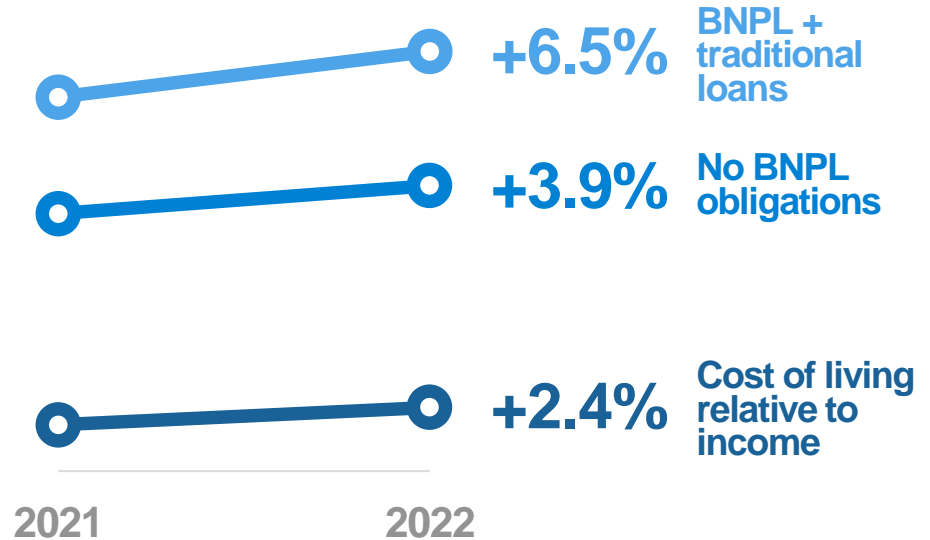
Inflation makes it worse

Most Americans now live paycheck to paycheck



BNPL users are more stretched

Payments to income index



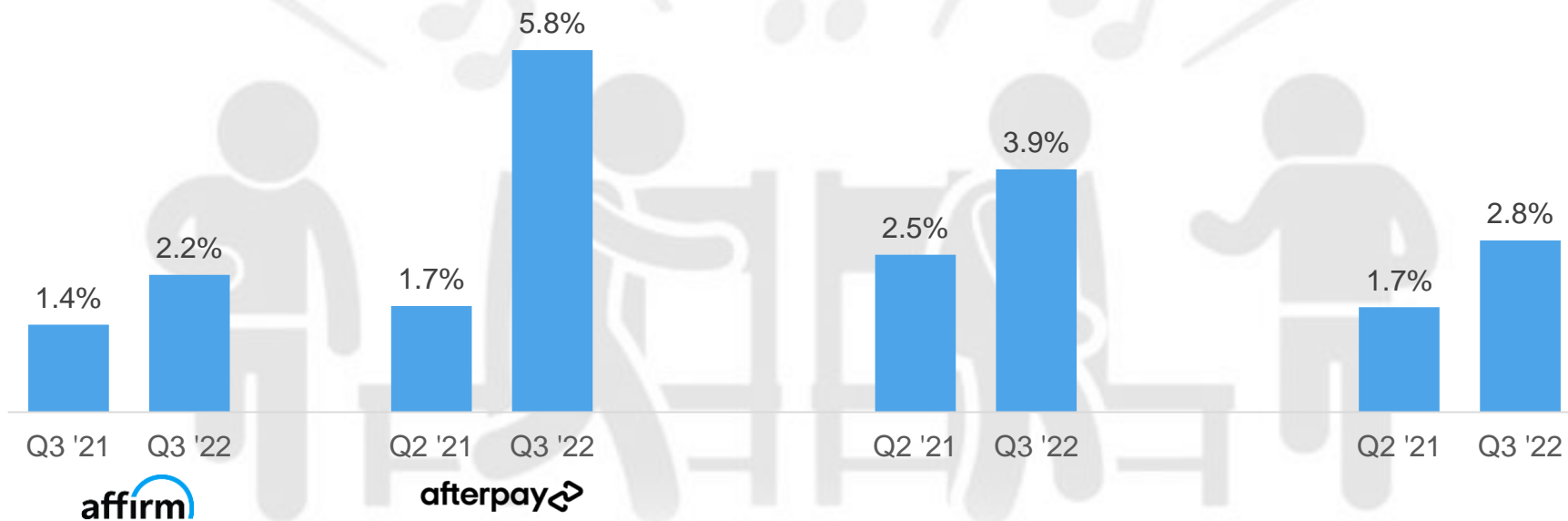
Someone will be left holding the bag

Consumer delinquency rates (60+ DPD)


Buy now pay later

Personal loans

Credit cards



Risk picture is incomplete without BNPL



actual
consumer

727
VantageScore®

2
bureau tradelines



2
BNPL lenders



Looks more like
620-650
VantageScore®

\$185
monthly payments

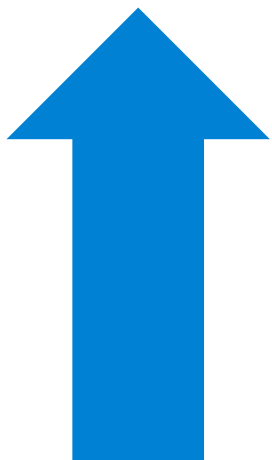
\$75
BNPL payments

18%
payments to income

26%
payments to income

644
NinjaScore

BNPL visibility reduces risk



+14%

average debt
burden relative
to income

10-15%

more likely to default
on loan obligations

