



2022

**Empowering consumers to
live better financial lives
& helping merchants drive growth**



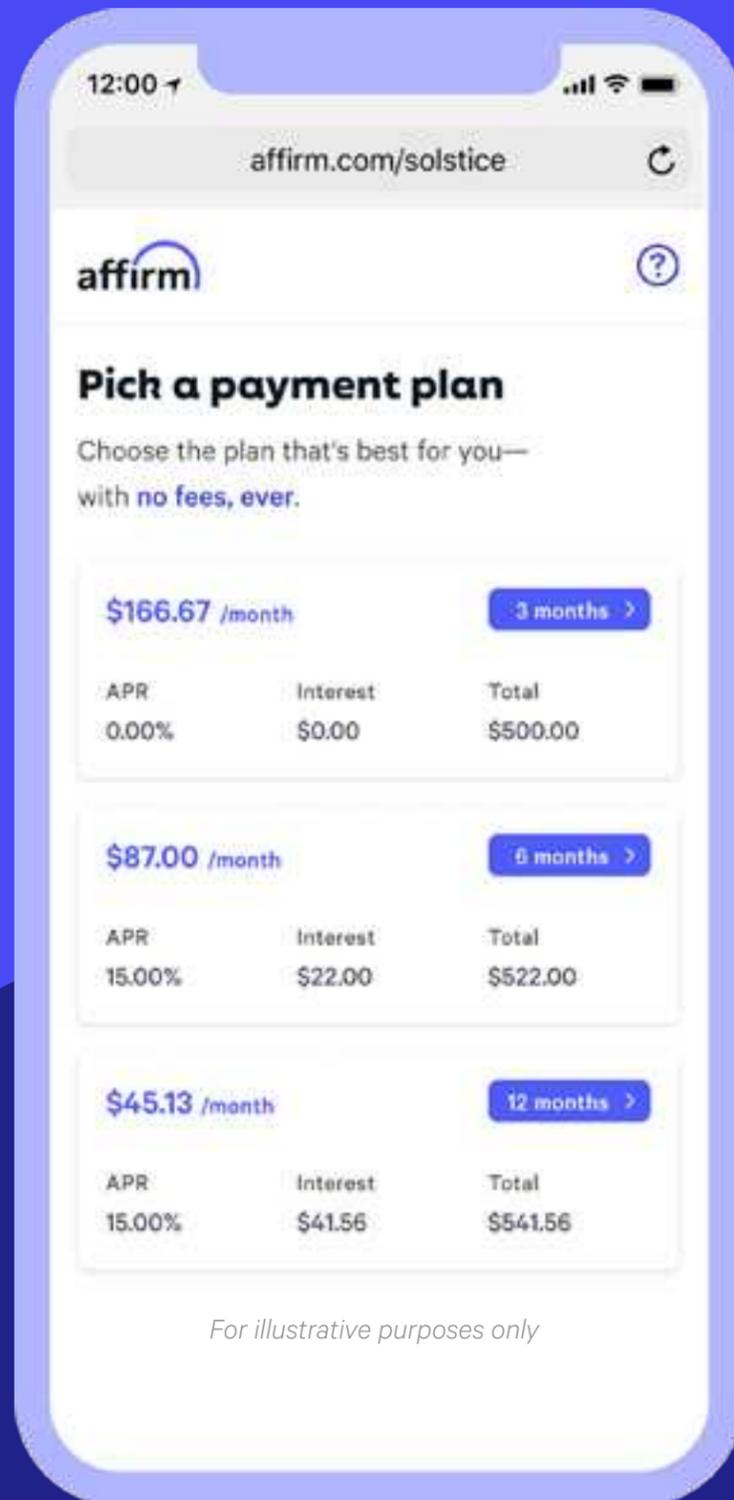
How Affirm helps consumers

Some financial products have historically benefited at consumers' expense: prolonging and maximizing time in debt and charging fees without also adding value. Affirm took a long, hard look at the old system and knew that there had to be a better way, so we built it.

Affirm empowers consumers by offering a transparent and flexible way to pay over time with no late or hidden fees. We provide consumers with increased purchasing power, and greater control over managing their finances. We enable consumers to pay at their own pace in biweekly or monthly payments, rather than entirely up front. Unlike many credit cards and other Buy Now, Pay Later options, Affirm doesn't charge any hidden fees, not even late fees. The interest-bearing transactions we facilitate only include simple interest. This means that the interest is based upon a fixed percentage the consumer agrees to up front at checkout and it never compounds. Consumers who choose Affirm never owe a penny more than what they agree to at checkout, even if they're late or miss a payment.

How Affirm helps merchants

Affirm helps merchants of all sizes drive growth and better serve their customers. We've proven that we can increase sales and introduce new consumers to our merchant partners. That's why our partners include household-name brands across home and lifestyle, fashion, beauty, travel, fitness, auto service and parts, and more. This network is further bolstered by the Affirm app, which gives consumers a convenient way to use Affirm as an omnichannel payment method, while providing a marketplace for merchants to reach consumers.



How Affirm makes money

Affirm's success is fundamentally aligned with consumers and merchants. We win when they win.

- Affirm generally earns revenue from merchants when we help them facilitate a transaction. This is commonly referred to as our merchant discount rate.
- We generate revenue through the simple interest-bearing transactions we facilitate on our platform.
- Affirm earns interchange fees when consumers use our virtual card over established card networks.
- We also sell a portion of the assets originated in our platform to third-party investors and recognize a gain or loss on the sale of these loans.
- We make money by providing loan services on behalf of third-party investors that have purchased consumer loans from us. Affirm never sells servicing rights to outstanding consumer balances so that we control the end-to-end consumer experience, even in delinquency.
- Because we don't charge any late fees, our success is fundamentally aligned with consumers successfully managing their finances. Our partners are required to treat Affirm consumers with the same level of respect and quality of service that we maintain for ourselves.

Affirm by the numbers

as of Dec 31, 2021

2,000+

employees

11M+

active consumers

~170K

active merchants

\$365

average order
value

~\$25B

gross merchandise volume
from July 2016 to Dec 2021

44%

of loans are
0% APR

\$0 in late fees, penalties, deferred interest, or compound interest—ever

“We’re here to improve lives. If that means more work for us, or that we make less money, we will always take the more difficult path in favor of treating people better.”

Max Levchin, Founder and CEO



How it works: responsibly expanding access to credit

Our underwriting models assess a consumer's ability to repay before making a real-time credit decision. Our models consider data beyond just traditional credit scores, including transaction history and credit usage. This approach enables Affirm to responsibly expand access to credit to a wide segment of consumers, including those whose traditional credit scores may not fully represent their creditworthiness as a borrower.

The nature of credit cards makes it all too easy for consumers to fall (or get left) behind. So we flipped the model on its head. **We underwrite each transaction individually and—by never charging late fees—we do not profit when consumers fall behind. Our success is fundamentally aligned with our consumers' success.**

- Affirm's 0% APR offers have no deferred, hidden, or surprise interest or fees, ever.
- Affirm's pay-in-4 solution, Split Pay, is always interest-free.
- We also enable eligible consumers at select merchants to pay over time at 0% APR from 6 weeks to 60 months.
- Interest rates range from 0–30% APR, below the 36% national military lending cap rate that has been supported by consumer advocacy groups and bipartisan members of Congress.
- Every transaction is underwritten individually. Payment options, including the length of term and interest rate, are determined by a combination of the merchant, the purchase amount, the pay-over-time program the consumer chooses, and our underwriting process.
- Facilitating simple interest-bearing transactions enables us to address more of our consumers' and merchants' needs responsibly. Simple interest means the interest is based on a fixed percentage that never compounds, so consumers never owe a penny more than what they agree to at checkout.
- All Affirm consumers to whom credit is extended receive Truth in Lending disclosures for all our products, even when it is not required. This ensures that consumers receive consistent and transparent disclosures.

Regulatory oversight and approach

Affirm was purpose-built from the ground up with core values of honesty, transparency, and putting people first. By aligning our interests with those of consumers, Affirm has strived for our policies to represent best practices in consumer protection and regulatory compliance since inception. Our approach of putting what is best for consumers first is embedded across our products and is an essential part of our company's culture. Our founder and CEO, Max Levchin, was a member of the Consumer Financial Protection Bureau's consumer advisory board from 2015 to 2018. We have actively engaged with regulators and policymakers as part of our mission to improve lives and meet the needs of consumers and merchants, while ensuring compliance with applicable laws and regulations.

Affirm is subject to regulatory supervision and oversight, both directly and indirectly, by way of our partnership with our [originating bank partners](#) and under federal and state laws and the laws of the states in which we operate. This also includes licensing in states that require licensing of our interest-free pay-in-4 product with no late fees, as well as servicing and collection licenses required of us and our vendors. For more information on our licenses, see: [Licenses, Notices, and Related Disclosures](#).

The laws to which we are or may be subject to include but are not limited to:

- Truth-in-Lending Act and Regulation Z
- Section 5 of the Federal Trade Commission Act
- Section 1031 of the Dodd-Frank Act
- Equal Credit Opportunity Act and Regulation B
- Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act, and Regulation V
- Fair Debt Collection Practices Act and Regulation F
- The Telephone Consumer Protection Act
- Gramm-Leach-Bliley Act and Regulation P
- California Consumer Privacy Act and other data protection laws and regulations, such as EU General Data Protection Regulation
- Holder Rule and equivalent state laws
- Electronic Fund Transfer Act and Regulation E
- Electronic Signatures in Global and National Commerce Act
- Military Lending Act
- Servicemembers Civil Relief Act
- The Coronavirus Aid, Relief, and Economic Security Act

Many states and local jurisdictions have laws analogous to, or in addition to, the laws listed above. **We support efforts, including regulation, that promote transparency for consumers while providing the choice to utilize flexible and transparent solutions to pay over time.** We are committed to engaging with all stakeholders as we continue to increase access to responsible financial products and meet consumer and merchant needs in the future.





Sustainably advancing our mission to improve lives

Affirm strives to apply the same transparency and value we provide to consumers to our environmental, social, and governance (ESG) efforts.

Since Affirm's founding, our mission has guided our work to build a great, growing, sustainable business that stands the test of time. We are united by our commitment to improve the lives of consumers, to help our partners grow their businesses, and to deliver lasting value to the communities in which we operate, starting with our special team of Affirmers. To achieve our objectives, we embrace a set of values that guide how we work.

Financial inclusion

Affirm believes that access to responsible and affordable credit products is a key contributor to the financial health of consumers, and drives broad-based financial inclusion. Affirm offers products that promote access and opportunity for millions of Americans, especially low and moderate income ("LMI") borrowers that would otherwise be left vulnerable to predatory lenders and high-interest-rate products. In fact, more than one-third of our overall volume for the 12 months ending December 31, 2021 has gone to LMI customers.¹

¹ 36% of total loan volume originated between 1/2021 and 12/2021 has gone to borrowers with a stated income lower than 80% of the median household income according to HUD FY2020 limits. Median household income is determined at the zip code level in metropolitan areas defined by HUD and at the state level for zip codes falling outside of these metro areas.

Social impact

We empower people, businesses, and communities by promoting financial health, literacy, and inclusion.

The Affirm Cares employee foundation

[The Affirm Cares Employee Foundation](#) is an Affirm employee volunteer-led 501(c)3 non-profit established by Affirm in late 2019. The Employee Foundation aims to make a positive impact in the communities in which we work and live by sharing our expertise and funding across three impact pillars: financial literacy and inclusion, technology training and education, and vibrant communities. Since its inception in late 2019, the Affirm Cares Employee Foundation has raised and awarded grants of over half a million dollars to local community non-profits. Read more [here](#).

Employees and culture

87%

of employees recommend Affirm as a “great place to work”

91%

of employees agree that Affirm values diversity

100%

increased favorability in 2021 of all DEI statements that were previously surveyed in 2020

Diversity, equity, and inclusion (DEI) at Affirm

At Affirm, we believe that diversity, equity, and inclusion are vital. We embed DEI into all processes, programs, and structures at Affirm—from how we conduct business to how we hire, develop, advance, and retain talent.

- 75% of Affirm’s board of directors are from underrepresented groups
 - 3 women directors, 2 male directors identify as Asian or Black
 - 1 director identifies as LGBTQIA+
- 50% of Affirm’s executive leadership team are women
- Over 1,700 of Affirm’s merchant partners are certified as Women-, Veteran-, or Minority-Owned businesses
- Take an in-depth look at our workforce demographics, goals, accomplishments, and future plans in our [2020 DEI report](#)

Dedicated DEI team plus ERGs, CGs, and DISC

Diversity and Inclusion Steering Committee (DISC): A group of senior-level leaders from across Affirm work to advance DEI throughout the company.

Employee Resource Groups (ERGs) and Community Groups (CGs) promote belonging and inclusion.

Resources & education

Training on unconscious bias, diversity hiring strategy, inclusive leadership, and more.

A yearly DEI report to promote transparency and report progress towards goals and a quarterly newsletter to keep all Affirmers aware of DEI opportunities and updates.

Ongoing utilization of third-party tools to assess parity in compensation-related processes.

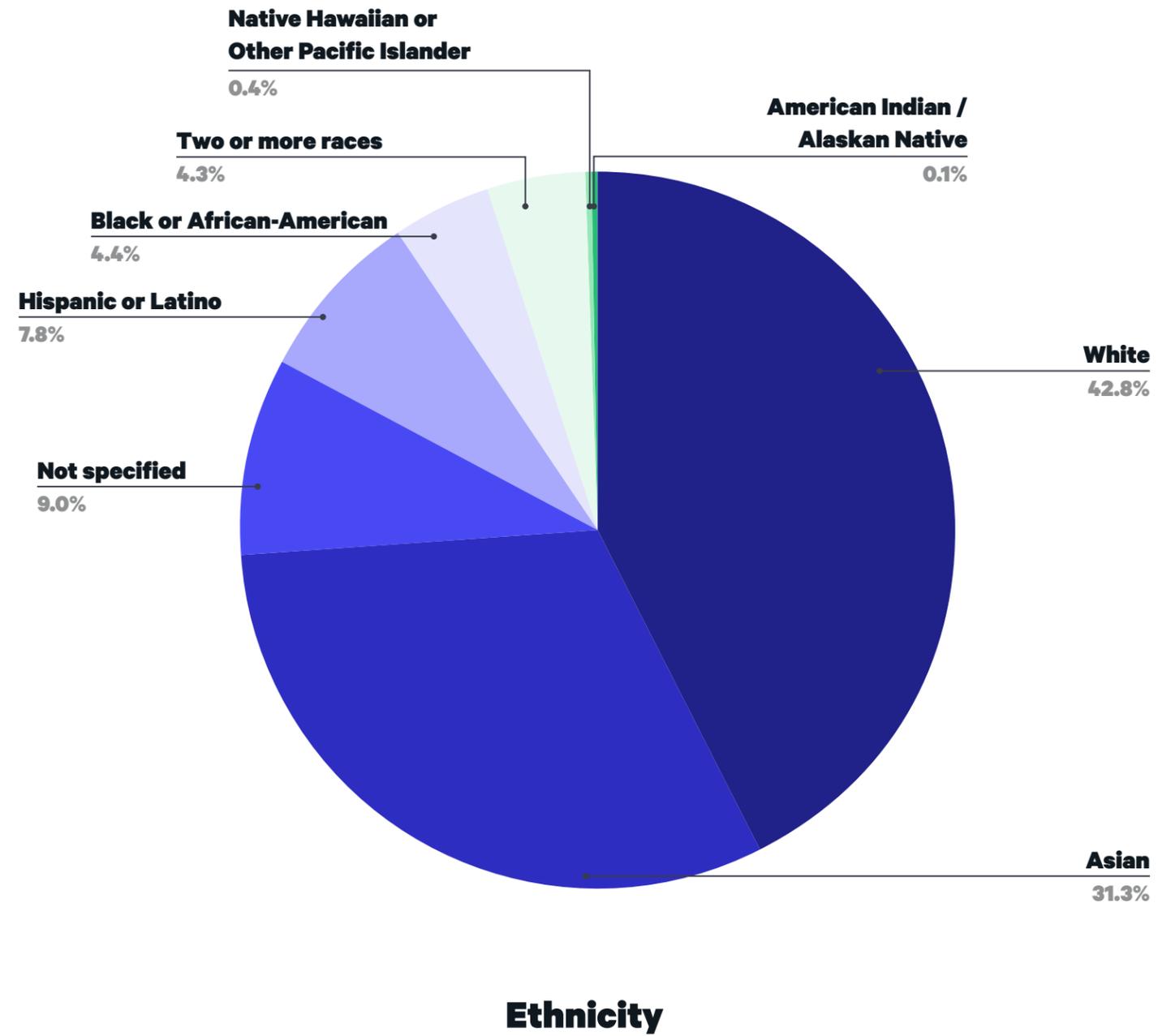
Hiring

Underrepresented groups (URG) sourcing sessions: Recruiters host regular sessions with hiring teams across all departments to source candidates from underrepresented groups.

Affirm partners with a number of external professional groups to ensure we maintain a diverse candidate pool, including:

- Nextplay, a global community of 20,000+ experienced Black & Latinx tech, engineering, and business professionals. In 2021, we sponsored and attended their Black History Month and Latinx History Month events.
- BreakLine, to help grow our pipeline of candidates from underrepresented groups across multiple verticals.

Company-wide



57 %
Male

43 %
Female

Gender

Vision

Affirm provides the best way to buy and sell.

Mission

Our mission is to deliver honest financial products that improve lives.

Values

People come first

We consider our impact on people's lives before we think about our own interests.

No fine print

We are completely transparent and honest—with our customers and with each other.

It's on us

We take full accountability for our actions, never shirking responsibility or passing the buck.

Simpler is better

We make complex things simple and clear.

Push the envelope

We never stop innovating, taking smart risks, and raising the bar.

Awards



Built In 50 Best Remote-First
Companies to Work for in 2021 and 2022



2016 Fast Company
50 Most Innovative



2020 CNBC Disruptor 50

Forbes

Forbes Disruptive
Innovator



FinTech for Good: Affirm Cares
Employee Foundation



Investing in our people

Remote-first workforce

Affirmers can set up shop anywhere in their home country with remote-first roles

Supportive communities

Employee resource groups and community groups

Affirm Cares employee foundation that aims to make a positive impact in the communities in which we work and live

Health benefits

Health, dental, vision, basic life & AD&D, short- and long-term disability 100% covered by Affirm

Spending wallets

Tech, food, and lifestyle wallets for expenses

\$20,000 S.A.F.E. journey wallet (family planning)

Generous time off

~20 company-wide paid "Away" days in addition to flexible time off or 20 days of vacation accrued annually (based on employment category)

18 weeks paid leave for birth and non-birth parents

4-week return to work transition program for returning parents



Protecting data is our top priority

We apply best practices that align with security industry standards for protecting personal information. Our policies safeguard the collection, use, and disclosure of information. We use a variety of methods to keep our network secure and data safe. More information can be found [here](#).

Data security

When consumers share personal information, it's transferred with TLS 1.2 or higher, a cryptographic protocol, then stored with AES 256-bit or higher encryption at rest.

Restricted access

We store encryption keys at an off-site facility. Access to customer data requires multi-factor authentication and is restricted to authorized personnel.

How Affirm utilizes information

To perform and improve our services, including: performing transactions, maintaining accounts, and delivering relevant marketing based on consumers' communication preferences.

Affirm never sells personal information.

Providing consumers control over privacy choices

Consumers are able to opt out at any time by changing their preferences in the app or emailing help@affirm.com.

Consumers have the right to receive notice of any information we collect and to request or delete personal information, subject to applicable laws.



Environmental impact

We actively manage our environmental impact across all areas of our operations. This includes practices and partnerships focused on addressing climate change, sustainably managing resources, and mitigating our environmental impact.

Notable certifications

- Gold-certified LEED headquarters
- Certified Green Business of the City and County of San Francisco
- Requirements include: employee education, reducing waste footprint and increasing diversion rate, toxics reduction, green purchasing, and resource conservation

Sustainable food practices

- Saved over 19,000 pounds of produce that would have gone to waste and over 109,000 gallons of water, reducing our carbon footprint by +65,000 pounds of CO₂e
- Partnered with Good Use juice to reduce waste by using only “ugly” and surplus fresh produce that otherwise would have been disposed of in a landfill

Waste management

We prioritize company-wide engagement, including information sessions, volunteer events, panels, and regular updates to educate employees on the importance of sustainability in their daily lives. Prior to becoming a remote-first company, the vast majority of our sustainability efforts were focused on waste management and water conservation. Those efforts contributed to saving:

- +540 pounds of waste from going into landfills each year
- +500,000 disposable dishes from going into landfill
- +116,000 pounds of carbon dioxide from going into the atmosphere
- +80,000 gallons of water each month
- Increased our waste diversion rate from 80% to 90%
- Partner with TerraCycle to reduce waste ending up in landfill and to ensure proper recycling of food and beverage and PPE products in our offices
- Partnered with DishCraft to implement durable serviceware, replace compostables, and use grey water to clean dishes before they were run through a sanitation solution

Cautionary note about forward-looking statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including statements regarding: our strategy and future operations; our future financial position, gross market value, revenue, transaction costs, operating income, provision for credit losses, and cash flows; and general economic trends and trends in the industry and markets. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Risks, uncertainties and assumptions include factors relating to: our need to attract additional merchants and consumers and retain and grow our relationships with existing merchants and consumers; our need to maintain a consistently high level of consumer satisfaction and trust in our brand; the concentration of a large percentage of our revenue with a single merchant partner; our ability to sustain our revenue growth rate or the growth rate of our related key operating metrics; the highly competitive nature of our industry; risks relating to our agreement with one of our originating bank partners; the risk that our existing funding arrangements may not be renewed or replaced or our existing funding sources may be unwilling or unable to provide funding to us on terms acceptable to us, or at all; our ability to effectively underwrite loans facilitated through our platform and accurately price credit risk; the performance of loans facilitated through our platform; risks associated with changes in market interest rates; risks relating to our securitizations, warehouse credit facilities and forward flow agreements; the impact on our business of general economic conditions, the financial performance of our merchants, and fluctuations in the U.S. consumer credit market; our ability to grow effectively through acquisitions or other strategic investments or alliances; risks associated with expanding our operations internationally; the potential impact of any cyber-attacks, misconduct, computer viruses, or physical or electronic break-ins that we might experience; risks associated with our business being subject to extensive regulation, examination, and oversight in a variety of areas; and other risks that are described in our Annual Report on Form 10-K for our most recently ended fiscal year and in our other filings with the Securities and Exchange Commission.

These forward-looking statements reflect our views with respect to future events as of the date hereof and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. The forward-looking statements are made as of the date hereof, and we assume no obligation and do not intend to update these forward-looking statements.

Payment options through Affirm are subject to eligibility and are provided by these lending partners: affirm.com/lenders.

affirm