January 27, 2026

Maksim Levchin
Chief Executive Officer
Affirm Holdings Inc
650 California Street
San Francisco, CA 94108

Dear CEO Levchin:

I write as Trustee of the New York State Common Retirement Fund, one of the largest public pension funds in the United States, which holds and invests the assets of the New York State and Local Retirement System on behalf of its 1.2 million members, retirees, and beneficiaries. As a shareholder, I am writing to learn more about how Affirm is managing and overseeing potential regulatory, operational, consumer, and financial risks related to its offering of short-term installment lending products and services, also known as Buy Now, Pay Later (BNPL).

The BNPL industry has experienced rapid growth, and its global market is projected to reach $80 billion by 2033. According to a study by the Consumer Financial Protection Bureau (CFPB), this growth is being driven disproportionately by young consumers and borrowers with low or no credit scores. Market analysts have identified consumer overspending including "loan stacking" across multiple issuers, and high delinquency and default rates as areas of particular concern for the BNPL industry. A study found that nearly a quarter of BNPL customers made a late payment in 2024, up from 18% the prior year. And since most BNPL loans are not reported to credit bureaus, they constitute "phantom debt" that can lead lenders to extend credit without knowledge of borrowers' full existing liability.

While the CFPB recently indicated that it will not prioritize enforcement related to the BNPL industry, several US states continue to take regulatory actions. For instance, this year New York State enacted the "Buy-Now-Pay-Later Act," requiring nonbank BNPL lenders to be licensed and supervised by the state Department of Financial Services. California has regulated the BNPL industry since 2020. And earlier this month, a multistate coalition of seven attorneys general launched an inquiry into the industry.

To better understand how Affirm is managing these risks, we request your responses to the following:

- How does the Company assess and monitor its customers' financial stress and creditworthiness?
- How is the company monitoring the default rates on BNPL loans? What is the cost to the company associated with defaults?

- How are you assuring responsible product design, including clear and upfront terms and conditions?
- Does the Company conduct scenario/stress testing to model hypothetical situations including prolonged recessions, interest rate spikes, and severe market corrections to determine whether and when the company should continue to offer BNPL products and services?
- What is the Board's role in oversight of these issues and risks, including consumer risk?
- How is the company monitoring the regulatory landscape and the increased costs and risks associated with evolving regulation?
- How does the company use AI and what guardrails are in place for responsible use?

I welcome the opportunity to hear from you regarding how Affirm plans to address these risks and encourage you to contact Sherman Jewett at CorpGov@osc.ny.gov to schedule a convenient time to discuss this matter.

Thank you for your consideration, and I look forward to your response.

Sincerely,

Thomas P. DiNapoli
New York State Comptroller