Dave’s Credit Risk Methodology

CashAI + Short Duration = Highly predictable and controllable credit outcomes.

Dave underwrites members for ExtraCash who connect an external bank account to our platform, providing access to up to 24 months of historical transaction data and near real-time visibility going forward. This depth of insight gives us a detailed understanding of where, how, and when our members earn, spend, and manage their cash flow. We built a proprietary AI-driven underwriting engine called CashAI, which ingests this data alongside proprietary credit performance data to generate a member-specific risk score that determines if and how much credit to extend.

Dave was an early adopter of AI, launching its first machine learning underwriting models in 2019. Since then, we’ve originated (either ourselves or through our bank partners) over 160mm ExtraCash transactions, creating what we believe to be one of the largest proprietary datasets in the industry and a durable moat that strengthens our competitive advantage.

ExtraCash’s short duration (approximately 11 days on average) allows us to operate without a capital-intensive balance sheet or taking significant credit exposure at any one time. Our net ExtraCash receivables balance is approximately one-tenth the size of quarterly originations, underscoring the product’s high-turnover, capital-light nature.

ExtraCash’s short duration also creates a powerful feedback loop that allows us to optimize model performance and observe the impact within weeks, compared to traditional lenders who may need to navigate many quarters or years of uncertain macroeconomic conditions before assessing underwriting effectiveness. This speed and precision give us high confidence in our ability to help control credit outcomes and deliver consistent business results across economic cycles.

In stressed macro environments, CashAI is designed to adjust approval rates and approval amounts in near real-time, while maintaining losses within our targeted bands. Because it focuses on essential use cases such as rent, groceries, and gas, we believe ExtraCash supports strong repayment behavior and disciplined portfolio performance across economic cycles.

Optimizing For Net Revenue

We believe the correct way to evaluate our economics is ExtraCash Net Monetization Rate[1] — which is gross spread less 121-day losses — and net revenue per transaction. We are focused on these metrics to optimize our business, and we will continue to highlight these numbers in our earnings reports.

A good example of this is in early 2025, when we replaced our optional fee model with a simplified 5% fee structure, including a $5 minimum and $15 maximum. The result was greater credit revenue retention as customers retain on our platform, resulting in better portfolio spreads. The larger and more predictable monetization spreads also gave us an opportunity to increase approval limits for new and existing customers, which helps with both conversion and monetization. While these higher limits led to a one-time uptick in loss rates, the impact was far outweighed by the gains we achieved in the incremental gross spread. The net result is better net monetization per transaction, higher member lifetime value, and stronger economics for the company, while also supporting better offers for members – a win-win.

How to think about Provision for Credit Losses and Delinquency / Loss metrics

The provision for credit losses is a non-cash accounting construct required under U.S. GAAP that ensures the allowance for credit losses reflects expected losses within the outstanding ExtraCash receivables on our balance sheet at period-end. We do not believe it provides a complete measure of credit performance or portfolio quality.

Changes in our loss provision have historically been primarily driven by portfolio growth, composition, and timing effects *in addition to* changes in underlying credit outcomes. For example, the ExtraCash receivables portfolio typically peaks intra-week on Tuesdays which typically results in a higher allowance for credit losses—and therefore a higher provision—when reporting periods end on that calendar day. These timing dynamics, along with growth in originations, can lead to short-term variability in the provision that should not necessarily be interpreted as a clear signal on credit performance.

For a short-duration, single-repayment product like ExtraCash, we believe static-pool metrics—including the 28 Days Past Due and 121-Day charge-off rates—provide a more accurate and consistent view of credit health. These measures eliminate distortions from growth and timing effects and offer a clearer assessment of portfolio quality and credit risk management effectiveness across customer cohorts over time.

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[1] ExtraCash Net Monetization Rate defined and calculated as ExtraCash revenue (i.e. processing and service fees, net) less 121 day losses divided by total ExtraCash originations over a given period.