Muddy Waters, LLC

March 17, 2026

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SOFI: A Financial Engineering Treadmill Leaving Management Fat, Shareholders the Biggest Loser

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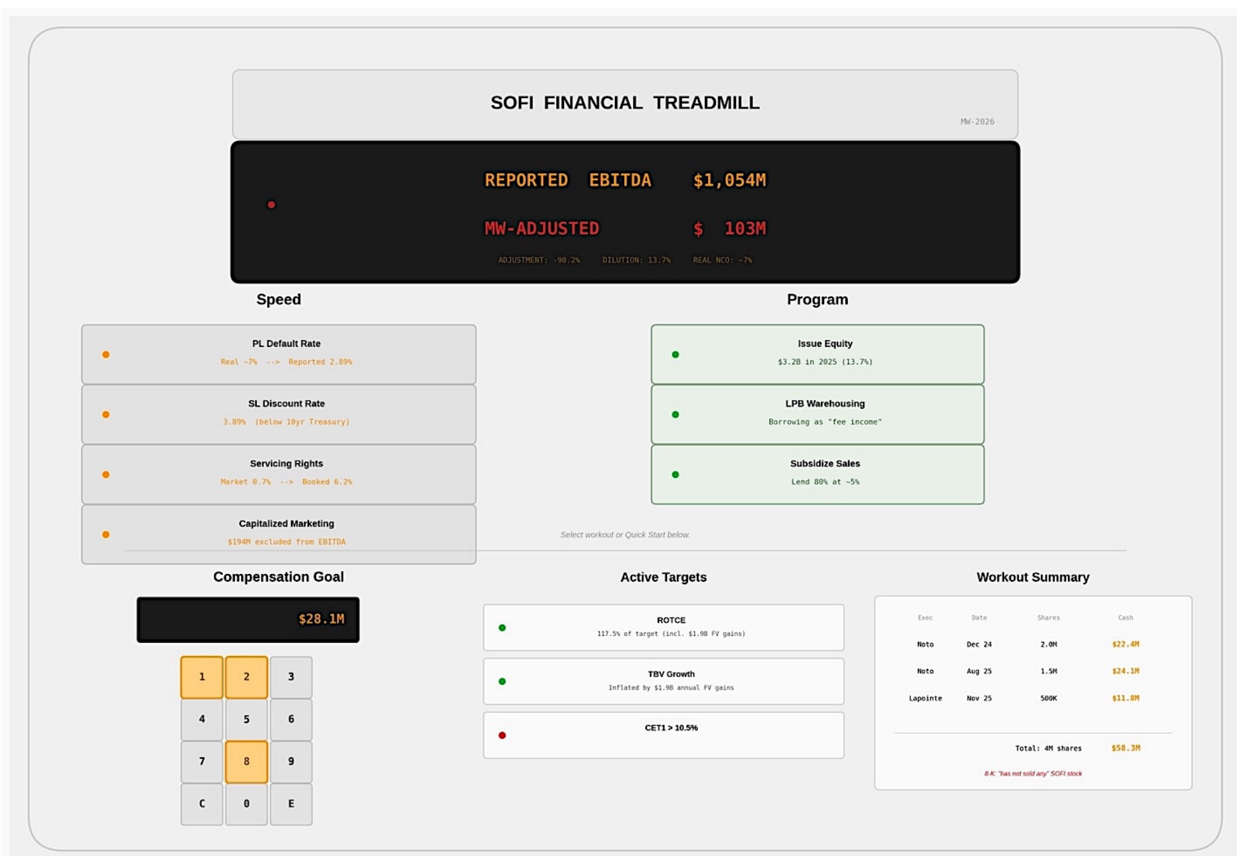

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I. INTRODUCTION TO THE TREADMILL

SOFI is a financial engineering treadmill, not a healthily growing origination business. SOFI shareholders are incessantly diluted so management can hit bonus targets through GE Capital-style loan marks and Enron-esque off-balance-sheet structures that disguise borrowings as revenue.

SOFI also appears to have a material misstatement of at least $312 million of unrecorded debt. If we are correct, it raises the possibility that there are more extensive misstatements we have not detected.

We calculate SOFI's Personal Loan charge-off rate as really being approximately 6.1%, versus the 2.89% it reports. SOFI manipulates the rate by disposing of loans days before the charge-off threshold and by seemingly parking defaulted loans off balance sheet. The understated charge-off rate feeds directly into SOFI's Fair Value model, producing, in our view, $259 million in unwarranted 2025 FV gains on Personal Loans—about 25% of reported Adjusted EBITDA.

SOFI's Student Loan business appears to exist primarily to generate Fair Value gains for management bonuses; not for strategic or economic reasons. In 2025, for student loans SOFI used a discount rate of 3.89%, which was 27 basis points *below* the 10-year U.S. Treasury yield. This produced $247 million of paper gains. Discounting at ~7% inside the comparable Treasury implies a negative risk premium on consumer credit. The Student Loan business requires equity issuances to bridge the timing gap between the upfront profits SOFI recognizes on origination and when the cash flows arrive. The more aggressively SOFI pursues Fair Value gains through Student Loans, the more equity it needs to raise.

SOFI's "Secured Loan" business, seemingly unbeknownst to the market, is a seller-financed whole loan sales program. SOFI lends approximately 80% of UPB at roughly 5% to buyers that use the borrowed funds to purchase SOFI's whole Personal Loans, which yield approximately 13%. These subsidized sales serve two purposes: they generate nominal sale prices that SOFI cites as market validation of its Fair Value marks, and they added $96 million in Gains on Sales to 2025 EBITDA (9.1%), inflated by a Servicing Rights Asset of 6.2%—which is roughly 9x the market value. It is unclear whether SOFI's auditor, Deloitte & Touche LLP, is aware that SOFI finances these sales. We believe that the seller-financed sales fail all three criteria for sale recognition under ASC 860.

Secured Loans attracted an SEC comment letter in September 2024. Even though the SEC was unaware that the loans are financing purchases of SOFI's whole loans, SOFI seemingly made a rushed decision to shrink the outstanding balances—concentrating $908 million of dispositions on September 27 and September 30, the final days of the quarter. In the process, SOFI appears to have borrowed $312 million that we believe is not reported in its financials.

SOFI's Loan Platform Business ("LPB") is not a capital-lite "tollbooth" generating fee income. It appears to be a wet-funded forward flow transaction—a disguised form of borrowing whose loan proceeds SOFI books as fee income. The arrangement is structurally analogous to the VIE structures Enron used to keep debt off its balance sheet. The LPB appears to have grown directly out of the Secured Loan program when that program attracted the SEC's attention. SOFI retains 100% of the 5% first-loss residual required by law as sole sponsor of the resulting securitizations, provides what a large counterparty describes as "robust" credit protection, and services the loans throughout their life—while misleadingly telling investors it retains no credit risk after transfer. We estimate unrecorded liabilities from the LPB in 2025 of $251 million (23.9% of EBITDA). We believe that these transactions do not qualify as True Sales under

ASC 860-10-40-5. If we are found correct, SOFI would likely have to restate 2025 revenue, EBITDA, assets, and debt.

In 2025, SOFI capitalized approximately $194 million of marketing expenses. SOFI's compensation metrics and narrative, which are tied to Adjusted EBITDA, incentivize flattering profit margins by capitalizing expenses.

After these adjustments, we reduce 2025 Adjusted EBITDA by approximately 90%, from $1,054 million to $103 million.

Management effectively gets paid for diluting shareholders. We suspect that failure to engage in any one of the abuses we have identified would have a material impact on management performance bonuses, possibly eliminating them entirely. These abuses, in our view, drive SOFI's serial equity issuances. Meanwhile, management has locked in approximately $58 million in stock gains through prepaid variable forward contracts, while SOFI's 8-K filings state CEO Noto "has not sold any" SOFI stock.

The tools we used in our research include UCC filings for the various entities SOFI establishes and with which it transacts, ABS credit reports, and the usual array of company filings, presentations, and call transcripts.

II. WE CALCULATE SOFI'S ACTUAL PERSONAL LOAN CHARGE-OFF RATE IS 6.1%

SOFI's manipulation of its Charge-Off Rate is the heart of its Fair Value gains on Personal Loans. Making company-favorable assumptions, we estimate that SOFI's 2025 Charge Off Rate is 6.1%. The adjusted Charge Off Rate if feds into SOFI's FV models should produce Fair Values of ~102, versus the 106.4 SOFI uses. Whole sales of SOF Personal Loan at 100.6-100.7 validate our conclusions. We believe that without these manipulations, CEO Noto would lose most—if not all—of his performance bonus. The higher Charge Off Rate also partly explains SOFI's serial equity issuances.

SOFI manipulates its Charge-Off Rate through two methods: disposing of loans close to the 120-day charge-off threshold, and apparently parking defaulted loans in unconsolidated VIEs. The assumed Default Rate and loss rate are two of the principal inputs to the Fair Value model. The Default Rate is derived from the experienced Charge-Off Rate.

SOFI's filings claim that the annualized net charge-off rate "remained lower than the assumed weighted average default rates in our fair value model."[1] We believe this statement is materially misleading in each instance it has been made, because the reported Charge-Off Rate excludes an apparently systematic program of pre-charge-off delinquent loan transfers designed to improve the optics of SOFI's Personal Loan performance.

We estimate the actual Personal Loan Charge Off Rate by adding back to SOFI's reported rate the two categories of losses SOFI excludes. SOFI reported a 2.80% annualized net charge-off rate in Q4 2025.[2]

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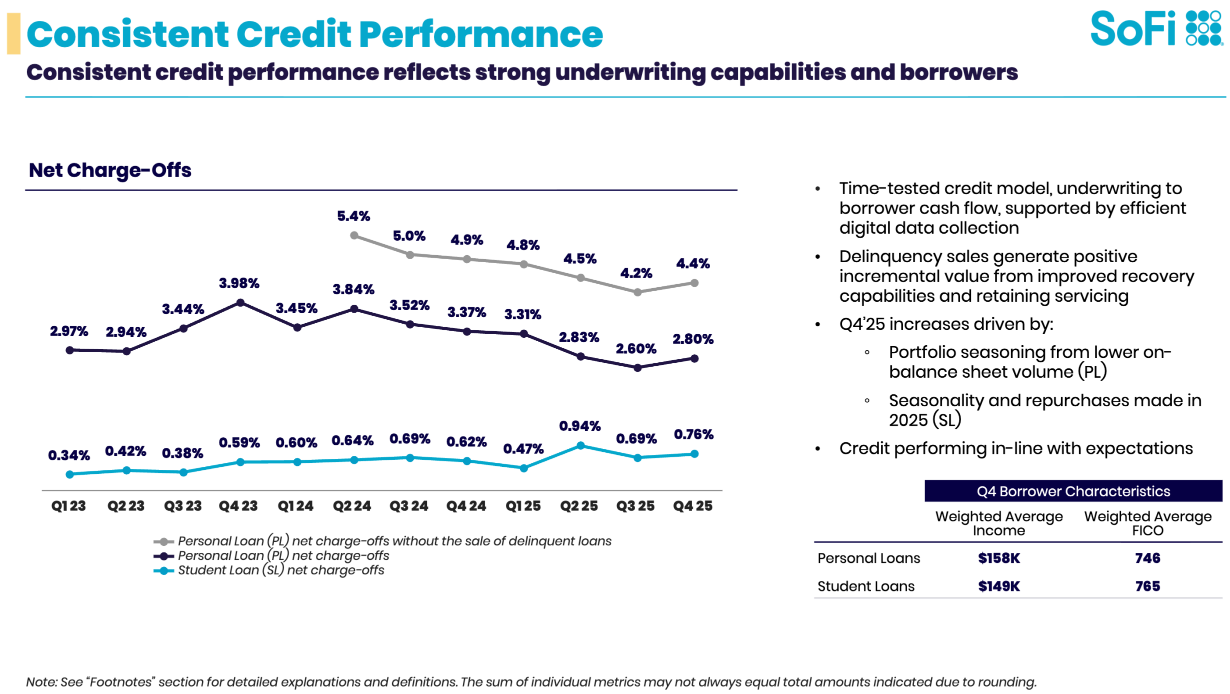
[1] 2025 10-K (annualized net charge-off rate of 2.80% in Q4 2025, "which remained lower than the assumed weighted average default rates in our fair value model of 4.46%"); 2024 10-K (3.37% Q4 2024 vs. 4.55% model); Q1 2024 10-Q (3.45% Q1 2024 vs. 4.80% model). Each quarterly/annual filing contains this language in the "Fair Value of Loans" section of Management's Discussion and Analysis.

[2] SoFi Technologies, Inc., 2025 10-K (annualized net charge-off rate of 2.80% in Q4 2025, "which remained lower than the assumed weighted average default rates in our fair value model of 4.46%"); 2024 10-K (3.37% Q4 2024 vs.

First, we add the losses on delinquent loans SOFI sells just before they reach the 120-day charge-off threshold—a program SOFI first disclosed in Q1 2024.[3] These pre-charge-off disposals add approximately 166 basis points per quarter.[4] Second, we add the charge-offs that appear to occur off-balance-sheet on loans previously transferred to unconsolidated VIEs, which we detail in this section.

A. Pre-Charge-Off Delinquent Loan Sales

SOFI partially, and misleadingly, disclosed a "delinquent loan sales" program starting in Q1 2024.[5] SOFI's investor presentation characterizes this as a "value-enhancing capital optimization strategy":



However, litigation records show SOFI disposing of defaulted loans within mere days of the 120-day charge-off threshold. It is difficult to understand how SOFI would recover materially more for a loan that is, e.g., 110 days past due versus one that is 125 days past due. Court filings document instances in which loans were sold again days before the charge-off date and resold within weeks, a turnaround consistent with an entity serving as a conduit for SOFI, not an independent debt buyer making an economic assessment of recovery value. In one such transaction, SOFI sold $62.5 million of defaulted, but not necessarily charged off, loans to an entity called Eltura Ventures, LLC for $5.0 million, which is $0.08 on

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4.55% model); Q1 2024 10-Q (3.45% Q1 2024 vs. 4.80% model). Each quarterly/annual filing contains this language in the "Fair Value of Loans" section of Management's Discussion and Analysis. Serviced-portfolio balances from the "Analysis of Charge-offs" tables in each filing.

[3]SoFi Technologies, Inc., Q2 2024 Form 10-Q (Fair Value — Personal Loans section, first disclosure of delinquent loan sales program); Q4 2025 Investor Presentation (characterizing the program as a "value-enhancing capital optimization strategy").

[4]The 1.66% is derived from the reported GAAP loss on delinquent loan sales as reported by the Company.

[5] SOFI Technologies, Inc., Q2 2024 Form 10-Q at [Fair Value — Personal Loans] ($62.5M aggregate UPB sold related to late-stage delinquent loans). Company characterization: "sold prior to charge-off and otherwise would have been charged off consistent with [SOFI 's] policy." SOFI retained servicing rights and portions of recoveries on these sales.

the dollar. Because SOFI seems to have retained servicing obligations on these loans, we believe this is likely the ceiling amount SOFI can receive for loans at or near charge off.

B. Off-Balance-Sheet Parking

SOFI's charge-off data seemingly contains a mathematical impossibility that strongly implies loans are being charged off outside SOFI's reported metrics. The ratio of quarterly charge-offs to the prior quarter's 30+ day delinquent balance has repeatedly exceeded 100% starting in Q1 2024; but, it stands to reason that this ratio cannot exceed 100%. The prior quarter's delinquent balance should represent the maximum population of loans that could progress to charge-off in the subsequent quarter. The only explanation of which we can conceive is that SOFI is parking defaulted loans off balance sheet before charge offs.

We assume that charge offs in excess of 70% of the previous quarter's delinquent loan balance are charged off from off balance sheet entities. Before SOFI began its delinquent loan sales program in Q1 2024, the conversion rate from 30+ day delinquencies to charge-offs were 65% and 69%, respectively, across Q3 and Q4 2023—these are the only two quarters for which both delinquency and subsequent charge-off data are available prior to the program's inception. Therefore, we use 70% as the normalized baseline; we assume that charge-offs reported above this level represent losses on loans that were already transferred off the balance sheet.

Exhibit II-1: SOFI Personal Loans — Serviced Portfolio, Delinquencies & Charge-Offs

All figures in $000s unless otherwise noted.

$000s	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25
Total Personal Loans Serviced	**2,884,853**	**2,088,850**	**1,896,118**	**2,223,785**	**3,019,629**	**3,852,266**	**4,423,494**	**6,080,329**	**7,742,606**	**9,165,685**	**11,238,254**	**13,215,980**
Loans 30+ Days Past Due	n/a	59,620	60,634	52,813	52,858	62,804	92,363	108,169	130,839	156,286	195,043	235,479
Reported Charge Offs	46,115	41,411	40,916	39,201	85,333	87,840	93,159	121,368	128,921	149,936	173,532	201,641
Conversion Rate (30+ DPD to Charge Off)	**n/a**	**n/a**	**69%**	**65%**	**162%**	**157%**	**148%**	**131%**	**119%**	**115%**	**110%**	**103%**
Estimated Charge Off (70% of prior Q 30+ DPD)	n/a	n/a	41,734	42,444	36,969	37,001	43,963	64,654	76,418	91,587	109,400	136,524
Credit-Impaired Loans Transferred Off-B/S	n/a	n/a	—	—	48,364	50,839	49,196	56,714	52,503	58,349	64,132	65,111

Notes:

Reported charge-off figures are charge-offs, net, on loans serviced by SOFI, as disclosed in SOFI's quarterly and annual filings.

Conversion Rate *(highlighted)* compares reported charge-offs in a given quarter to the prior quarter's 30+ day delinquent balance. Before SOFI began its delinquent loan sales program in Q1 2024, the conversion rate averaged 67% across Q3 and Q4 2023. **A ratio exceeding 100% is a seeming mathematical impossibility unless loans are being charged off outside SOFI's reported on-balance-sheet metrics.**

Estimated Charge-Off assumes 70% of loans 30+ days past due in the prior quarter will be charged off the following quarter, based on the pre-manipulation conversion rate.

Credit-Impaired Loans Transferred Off-B/S is estimated as reported charge-offs minus the 70% estimate. Pre-Q1 2024 values are shown as "—" because the estimates are negative or negligible, confirming no material off-B/S transfers before the program began.

Source: SoFi Technologies 10-K and 10-Q filings (2023–2025); Muddy Waters analysis.

C. The Charge-Off Rate on Total Loans Serviced by SOFI

Even using SOFI's own reported charge-offs (which exclude the delinquent loan sales), the annualized charge-off rate on total personal loans serviced by SOFI (including off-balance-sheet loans that SOFI continues to service) ranges from 6.6% to 13.0% across the past eight quarters.

Exhibit II-2: Annualized Charge-Off Rate of Personal Loans Serviced

All rates annualized. Off-B/S charge-offs expressed as a percentage of average Personal Loans serviced.

$m	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25
Average of Personal Loans Serviced, as calculated	2,622	3,336	4,038	5,242	6,901	8,454	10,202	12,227
Net Charge Offs of Transferred Loans, as reported[6]	85	88	93	121	129	150	174	202
Annualized Charge Off Rate of Personal Loans Serviced	13.0%	10.5%	9.2%	9.3%	7.5%	7.1%	6.8%	6.6%

This is the rate that matters for Fair Value modeling: SOFI services the transferred loans and bears the credit outcomes. Even on SOFI's own reported numbers, the serviced-portfolio charge-off rate is approximately double the on-balance-sheet rate SOFI uses to calibrate its FV model.

D. The Adjusted Default Rate

First, we add the losses on delinquent loans SOFI sells just before they reach the 120-day charge-off threshold."[7] These pre-charge-off disposals add approximately 166 basis points per quarter.[8] Second, we add the charge-offs that appear to occur off-balance-sheet, which adds approximately 120 to 130 basis points per quarter. The sum produces an adjusted quarterly 2025 Charge-Off Rate of approximately 5.7% to 6.6%.

We cross-checked this estimate against SOFI's own serviced-portfolio data: dividing SOFI's reported charge-offs on transferred loans by the average balance of personal loans SOFI services (including off-balance-sheet loans) yields an annualized rate of 6.6% to 7.5% in 2025, consistent with our bottom-up

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[6] Reported charge-off figures are charge-offs, net, on loans serviced by SOFI, as disclosed in SOFI's quarterly and annual filings.

[7] SoFi Technologies, Inc., Q2 2024 Form 10-Q (Fair Value — Personal Loans section, first disclosure of delinquent loan sales program); Q4 2025 Investor Presentation (characterizing the program as a "value-enhancing capital optimization strategy").

[8] SoFi used default rate assumptions in its fair value model that are lower than its adjusted charge-off rates (excluding delinquent loan sales), as disclosed in the earnings presentation. If SOFI included the losses included losses from delinquent loans, it would have taken fair value losses rather than the reporting FV gains starting in Q1 2024.

[9,10] SoFi Technologies, Inc., Form 10-Qs and Form 10-Ks Financial Statement Note "Loans in Delinquency" (i.e. pg 178 202510-K and pg 21 Q3-2025 10-Q).

[11] SoFi Technologies, Inc., 2025 Form 10-K pg 109 and pg 204.

estimate.[9] SOFI's FV model then applies a multiplier of approximately 1.32-1.67x to translate the experienced charge-off rate into the assumed default rate. This implies a recovery rate of roughly 24% to 40%, which appears unrealistic and raises concerns about the reliability of the DCF model used by SOFI. We believe the recovery would be ~10%, and our adjusted charge-off rate of ~6.10% implies an adjusted 2025 default rate of approximately 6.30% to 7.37%—roughly 50% higher than the 4.28% to 4.46% SOFI actually uses.[10]

Incorporating delinquent loan sale losses, off-balance-sheet charge-offs, and SOFI's own risk adjustment methodology, the adjusted annualized default rate that should be used in SOFI's Fair Value model ranges from 6.30% to 7.91% across Q1 2024 through Q4 2025.This compares to the 4.28–4.80% rates actually employed.

Exhibit II-3: Adjusted Default Rate (Q1 2024 – Q4 2025)

Metric	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25
FV Model Default Rate	4.80%	4.80%	4.50%	4.55%	4.37%	4.28%	4.33%	4.46%
Reported Charge Off Rate	3.45%	3.84%	3.52%	3.37%	3.31%	2.83%	2.60%	2.80%
Delinquent Loan Sale Losses	1.49%	1.59%	1.75%	1.85%	1.80%	1.77%	1.54%	1.52%
Off-B/S Charge Offs (MW est.)	1.24%	1.29%	1.17%	1.29%	1.16%	1.27%	1.21%	1.22%
FV-Based Impact (MW est.)	0.37%	0.40%	0.39%	0.39%	0.38%	0.35%	0.32%	0.33%
Adjusted Charge-Off Rate	6.55%	7.12%	6.83%	6.91%	6.64%	6.22%	5.67%	5.88%
MW Multiplier	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Adjusted FV Default Rate	7.27%	7.91%	7.58%	7.67%	7.37%	6.91%	6.30%	6.52%

Notes:

FV Model Default Rate is the weighted-average default rate SOFI discloses in its FV model for personal loans, per 10-K and 10-Q filings.
Reported Charge-Off Rate is SOFI's reported annualized net charge-off ratio on on-balance-sheet personal loans, per 10-K and 10-Q Analysis of Charge-offs tables.
Delinquent Loan Sale Losses are disclosed losses on loans SOFI sells just before the 120-day charge-off threshold, expressed as an annualized rate on average on-balance-sheet personal loans.
Off-B/S Charge-Offs are estimated from Exhibit II-1: reported charge-offs on the serviced portfolio minus the estimated 70% normalized conversion rate applied to the prior quarter's 30+ day delinquent balance, annualized over average on-balance-sheet personal loans.
FV-Based Impact reflects the circular effect of higher charge-offs on fair value, estimated at 6% of the sum of the reported rate plus add-backs.[11]
Adjusted Charge-Off Rate is the sum of the reported rate, delinquent loan sale losses, off-B/S charge-offs, and the FV-based impact.
Adjusted FV Default Rate applies SOFI's own spread between its FV model default rate and reported charge-off rate to the adjusted charge-off rate: Adjusted FV Default Rate = Adjusted Charge-Off Rate + (FV Model Default Rate – Reported Charge-Off Rate).
Source: SoFi Technologies 10-K and 10-Q filings (2024–2025); Fitch Ratings; Morningstar DBRS; Muddy Waters estimates.
Multiplier assumes a 10% recovery rate on charged off loans.

Cross-reference: adjusted charge-off rates in the Adjusted CO Rate row are consistent with the serviced-portfolio charge-off rate in Exhibit II-2.

[11] Charge-off rates are usually calculated as the amount of loans written off divided by the average unpaid principal balance (UPB) during a period. However, SOFI calculates its charge-off rate using fair value instead of UPB as the denominator. Because of this, the reported charge-off rate needs to be adjusted to a UPB basis to make it comparable to standard industry metrics.

E. Rating Agency Corroboration

Fitch and Morningstar DBRS independently corroborate our adjusted charge-off estimates. Exhibit II-4 presents their cumulative lifetime default and loss assumptions for each SOFI-sponsored Personal Loan ABS trust. These are *lifetime* figures—total projected defaults over the life of each pool—not annualized rates. To compare them to our annualized rates in Exhibit II-3, divide by the approximately 1.8-year weighted average life of SOFI's personal loan pools. Fitch's most recent initial assumption of 8.40% cumulative (SCLP 2026-1) translates to approximately 4.7% annualized—already 1.7x SOFI's reported 2.80% charge-off rate, and still rising with every deal. Morningstar DBRS's 9.26% cumulative default rate on the same deal annualizes to approximately 5.1%. Both are converging on our adjusted charge-off rate of approximately 6.1% (for fiscal 2025—see Exhibit II-3). Two things stand out in Exhibit II-4: Fitch has revised its assumptions upward on every trust it has reviewed, with no downward revision at any point; and the initial assumptions on new deals have risen from 5.00% in 2023 to 8.40% in 2026—a 68% increase in three years. Our DCF model indicates that at a cumulative lifetime default rate of approximately 12.2% (equivalent to ~6.8% annualized), SOFI's personal loan fair value slightly over par and the ~ $1billion fair value premium disappears. Fitch has already closed over half the gap from its initial 5.00% to that breakeven.

Exhibit II-4: Rating Agency Default Assumptions — SOFI Consumer Loan Trusts

Trust	Fitch Initial	Fitch 1st Raise	Fitch 2nd Raise	DBRS Default	DBRS NCL
SPLT 2023-1	5.00%	6.25%	7.50%	—	—
SPLT 2024-1	5.00%	7.88%	—	—	—
SPLT 2024-2	5.00%	7.94%	—	—	—
SPLT 2024-3	6.11%	7.00%	—	—	—
SCLP 2025-1	7.18%	—	—	8.60%	7.53%
SCLP 2025-2	7.87%	—	—	8.60%	7.96%
SCLP 2025-3	7.88%	—	—	9.10%	7.96%
SCLP 2025-4	8.16%	—	—	9.21%	8.06%
SCLP 2026-1	8.40%	—	—	9.26%	8.10%

Source: Fitch Ratings surveillance and presale reports; Morningstar DBRS presale reports. See footnotes for individual links.

F. Impact on Fair Value and EBITDA

At the adjusted 2025 default rate of approximately 6.77%, SOFI's DCF model produces a company favorable Personal Loan Fair Value of approximately 102% of UPB, versus the 106.4% reported. This reduces 2025 Adjusted EBITDA by $259 million (24.6% of reported).

A third-party transaction corroborates our adjusted fair value. In June 2024, Luminarx Skyfi Holdings 2024 Trust purchased $750 million in SOFI personal loans at 100.6% of UPB—far below the 106.4% at which SOFI carries these loans on its balance sheet, and consistent with our adjusted fair value of approximately 102%.[12] We believe this transaction was seller-financed: SOFI lent approximately 90% of the purchase price back to Skyfi at ~5%, with the loans pledged as collateral—the same structure used

[12]Bill of Sale, SoFi Bank N.A. to Cantor Fitzgerald Securities (June 28, 2024) (aggregate outstanding principal balance $750,000,494; cash price $754,301,699); Bill of Sale, Cantor Fitzgerald Securities to Luminarx Skyfi Holdings 2024 Trust (June 28, 2024) (purchase price $754,676,699). Bill of Sale to LuminArx SkyFi II Holdings 2024 Trust (Oct. 30, 2024) (aggregate UPB $750,000,067; cash price $755,050,739). *See* Section IV for a detailed discussion of the Skyfi transactions and the Secured Loan program.

across SOFI's other whole loan buyers (discussed in detail in Section IV). Even with SOFI subsidizing the financing, the cash execution was 100.6%, not the ~106% SOFI cites as market validation. A second $750 million Skyfi transaction in October 2024 executed at a virtually identical 100.7% of UPB.

III. STUDENT LOAN FAIR VALUE: $247 MILLION IN UNJUSTIFIED PAPER GAINS

Using a manipulative financial modeling technique, SOFI's $12.9 billion student loan portfolio generates approximately $450 million per year in Day 1 Fair Value gains—paper profits recognized at origination, before a single payment is collected.[13] These gains flow directly into the metrics that determine management's compensation. Discounting at Treasury would likely significantly reduce—if not eliminate—Noto's performance bonus. Because SOFI is aggressive in growing this, likely non-economic, business, SOFI has to issue more equity. The FV gains burn off over a 4.5-year horizon—significantly slower than on personal loans—providing longer-lasting inflation. The cumulative markup on the student loan book is $724 million. We therefore believe the primary reason SOFI has grown this portfolio so aggressively is because the Day 1 gains are the single largest source of recurring paper income available to management on terms that satisfy the comp structure.

A. The Discount Rate Below the Risk-Free Rate

SOFI's student loan discount rate was ~7% below the risk-free rate for all of 2025. Averaged across the four quarters, SOFI used a discount rate of 3.995%—approximately 30 basis points below the average 10-year U.S. Treasury yield of 4.29% over the same period.[14]

The 10-year Treasury is the appropriate benchmark: SOFI's student loan maturity schedule implies a weighted-average maturity of approximately 11.4 years.[15] A discount rate below the risk-free rate on a portfolio of consumer credit—bearing default risk, prepayment risk, and essentially no secondary market liquidity—implies these loans are less risky than U.S. government debt.

Exhibit III-1 illustrates the sensitivity using Q4 2025 inputs, where the gap is narrower: SOFI's 3.89% Q4 discount rate is 27 basis points below the year-end 10-year Treasury yield of 4.16%. Even on these more favorable terms, moving the discount rate to the Treasury yield (a zero risk premium) reduces fair value from 106.1% to approximately 104% of UPB. Adding a conservative credit spread collapses it below par. At a discount rate equal to the portfolio's own weighted-average coupon of 5.87%, the fair value equals par and the entire $724 million cumulative markup disappears. Every 27 basis points of normalization reduces the student loan fair value by approximately $130–180 million.

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[13] 2025 10-K, Note 1 (student loans: weighted-average coupon 5.87%, annual default rate 0.68%, discount rate 3.89%, CPR 11.21%; cumulative FV adjustment $724M on $12.9B UPB); Q4 2025 Earnings Release (student loan portfolio UPB $12.9B as of Dec. 31, 2025). The $724M = $12.9B × (106.1% reported FV/UPB – 100%).
[14] SOFI's quarterly student loan discount rates per 10-Q and 10-K filings; simple average of quarterly rates for full-year 2025: 3.995%. Bloomberg, 10-year U.S. Treasury constant maturity rate, daily average for calendar year 2025: 4.29%. Year-end (December 31, 2025) 10-year Treasury yield: 4.16% per U.S. Department of the Treasury daily yield curve. SOFI Q4 2025 discount rate of 3.89% per 2025 10-K, Note 1.
[15] Weighted-average maturity of ~11.4 years calculated from SOFI's loan maturity schedule (2025 10-K): within 1yr $35M, 1–5yr $1,665M, 5–15yr $8,113M, after 15yr $3,063M; total $12,875M.

Exhibit III-1: Student Loan Fair Value Sensitivity to Discount Rate

On $4.5B origination vintage.

Discount Rate	Implied FV/UPB	Notes
3.89% (SOFI reported)	106.1%	27 bps below 10-yr Treasury — negative risk premium
4.16% (10-yr Treasury, zero risk premium)	~104.0%	FV decline of ~$95M; still no compensation for credit/liquidity risk
5.39% (Treasury + 123 bps spread)	~96.4%	Conservative consumer credit spread; FV below par
5.89% (discount rate = WAC)	100.0%	Entire $724M cumulative markup disappears

Source: SoFi Technologies 2025 10-K (discount rate 3.89%, WAC 5.87%); U.S. Treasury daily yield curve (10-yr CMT Dec 31, 2025: 4.16%).

B. Student Loan Unit Economics Don't Justify the Business for Outside Shareholders

Before challenging any of SOFI's model inputs, Student Loans appear non-economic. Blending SOFI's deposit cost of 3.3% (78.1% of funding) and Bloomberg's estimated cost of equity of 17% (21.9%), yields a Blended Cost of Funds of 6.3%. The Student Loans yield approximately 5.9% before allocating any credit costs, or marketing or operating expenses. While one could argue that cost of equity is academic, we would point to SOFI's serial equity issuances. The poor economics of this business, in our opinion, fuel SOFI's need to issue equity. While there could be strategic value to the Student Loan business, given its direct economic costs, we believe that SOFI's principal reason for originating at these levels is to meet targets for management bonuses through manipulating their Fair Values.

C. Impact on Fair Value and EBITDA

SOFI recorded a Servicing Rights Asset of 2.9% of UPB on its 2025 Student Loan sales—$11.4 million on $393.6 million of loans sold.[16] This is roughly 4x the rate at which SOFI books SRAs on its LPB loan sales (0.7–0.8%), 4x the rate SOFI itself used on all whole loan sales before 2023 (0.7%), and well above peer benchmarks (LendingClub ~0.9–1.1%, Rocket ~1.2%, PennyMac ~1.7%).[17] We do not know the specific mechanism by which SOFI inflates its Student Loan SRA, but the range of tools at SOFI's disposal is evident from the Personal Loan program: as we discuss in Section IV, SOFI inflated the Personal Loan SRA from 0.7% to approximately 6% by routing sales through a seller-financed structure that generated the appearance of above-par executions. Whatever the method, the SRA on Student Loan sales is not supportable at 2.9%. At 0.7%—the rate SOFI uses on its own LPB sales and that is consistent with peer lenders—the SRA on 2025 Student Loan sales would be approximately $2.8 million. The $8.5 million difference is gain on sale that should not have been recognized.

[16] When a lender sells loans but retains the servicing obligation, ASC 860 requires it to recognize a Servicing Rights Asset at fair value on the sale date. The asset represents the present value of expected net servicing income over the remaining life of the sold loans and is recorded as part of the sale consideration—a larger SRA means a larger reported gain on sale.

[17] SoFi Technologies 10-K filings (2021–2025), whole loan sale disclosures. FY2021 SRA: 0.7% of UPB; FY2022: 0.7%; 2025 LPB sales: 0.7–0.8%. LendingClub Corporation, Q3 2025 10-Q (~0.9–1.1%); Rocket Companies, FY2025 10-K (~1.2%); PennyMac Financial Services, FY2025 10-K (~1.7%). *See* Section IV for SOFI's inflation of the Personal Loan SRA from 0.7% to approximately 6% through the Secured Loan seller-financing program.

IV. SECURED LOANS: SUBSIDIZED SELLER-FINANCED SALES

SOFI makes "Secured Loans" to the buyers of its whole Personal Loans at a rate we estimate is approximately 5%, which seems below market for loans yielding 13%. There are two reasons for SOFI to subsidize these purchases. First, SOFI's auditors presumably want market validation of the Fair Value gains SOFI's accounting models produce. By lending approximately 80% of UPB at ~5%, SOFI generates nominal sale prices that it could cite as evidence of market validation of its fair value marks. SOFI repeatedly references whole loan sale executions of approximately 106–106.5% of UPB.[18] (We are unclear whether SOFI's auditor is aware that SOFI lends to the end buyers of these loans.) Second, the Gains on Sales of whole Personal Loans were 8.3% of SOFI's reported 2025 Adjusted EBITDA. SOFI books 6.2% of UPB of Gain on Sale as a Servicing Rights Asset. The absurdity of this valuation is clear. The Personal Loan Servicing Right Asset is from these transactions is roughly 9x SOFI's own Servicing Rights Assets on LPB sales of 0.7–0.8% and 9x what SOFI booked in 2022 and 2023. We expect that without the inflated Gains on Sale, Noto would have a material reduction of his performance bonus. Making ~5% loans to purchase substantially the entire UPB of SOFI-originated loans ties up close to double SOFI's capital, helping to drive the equity issuances.

A. Identifying the Seller-Financed Buyers

We examined all UCC filings submitted by SOFI from Q4 2023 through Q3 2025, then reviewed the buyers' UCC filings to confirm their status as seller-financed buyers—specifically, that the loans acquired from SOFI had been pledged back to SOFI as collateral. Three buyer groups account for substantially all seller-financed activity: CSS PL 2023-1 Trust, with Carlyle's Tactical Private Credit Fund as the SUBI investor (described above); Onboard Partners (Trusts 1 through 8), primarily related to Sixth Street; and Luminarx Skyfi Holdings 2024 Trust ("Skyfi"), associated with Luminarx Capital.[19] In each case, the sale and the pledge-back occurred on the same day. SOFI made the Secured Loans directly to the trusts; but, in all cases, SOFI sold the loans to Cantor Fitzgerald, which sold them the same day to the borrower trusts. Cantor appears to have earned ~$400,000 spreads (~.05%) on each transaction. We believe Cantor was inserted to make the sales appear to be arms-length and provide the appearance of cash sales.

We estimate the Secured Loan sizes by applying 80% - 90% to the UPB of loans purchased. We derive the 90% lend-back ratio from the CSS PL 2023-1 transaction (diagrammed in Exhibit IV-2), where the capital structure is directly observable. Carlyle's Tactical Private Credit Fund provided 4.5% of the funding through subordinated SUBI interests;[20] SOFI's secured loan funded 90% with the remaining 5.5% funded by unknown parties. Comparing SOFI's reported secured loan balances to the estimated UPB of seller-financed sales across quarters produces loan-to-value ratios of 80%–90%, and the same

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[18] SOFI Technologies, Inc., Q4 2025 Earnings Supplement at 27 ("Capital Markets Activity" slide, personal loan sale execution of ~106.5% UPB); Q4 2025 Earnings Call Transcript (Jan. 30, 2026) (management characterization of execution as market validation).

[19] UCC filings (Utah and Delaware), Q4 2023 through Q3 2025; Muddy Waters analysis. Onboard Partners is primarily related to Sixth Street (https://sixthstreet.com/). Luminarx Skyfi is associated with Luminarx Capital.

[20] Carlyle Tactical Private Credit Fund (CTAC), SEC Form N-CSR, Schedule of Investments as of March 31, 2024 (CSS PL 2023-1 Class SUB at par $9.531 million) and June 30, 2024 (CSS PL 2023-1 Class SUBI 1 and Class SUBI 2 at par values of $9.531 million and $15.238 million respectively).

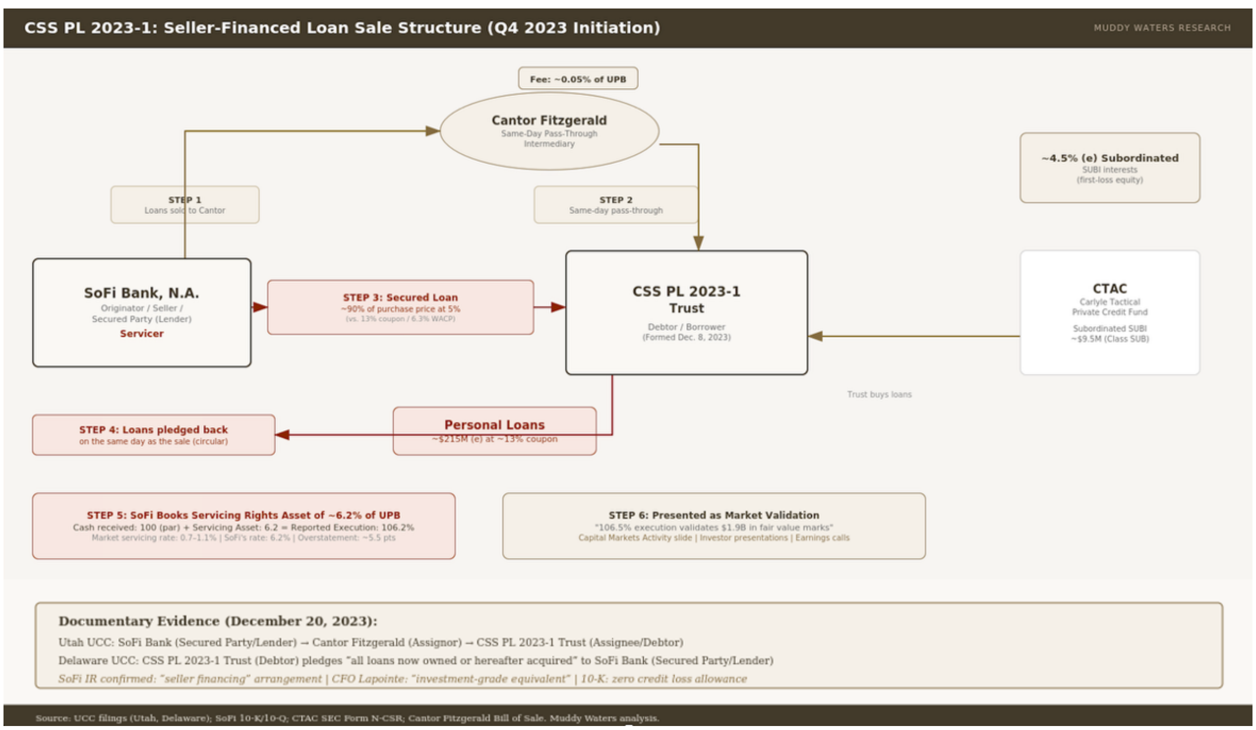
structure was replicated across all eight Onboard trusts.[21] At 80% LTV, the buyer puts up ~5% equity. SOFI seemingly provides substantially all of the financing, all the servicing, and holds a security interest in the same loans it claims to have sold.

Exhibit IV-1: Seller-Financed Loan Buyers Identified Through UCC Filings

Quarter	Buyer Trust	Est. New Secured Loans ($M)
Q4 2023	CSS PL 2023-1 (Pool 1), Onboard 1, 2, 3	450
Q1 2024	Onboard 4	399
Q2 2024	CSS PL 2023-1 (Pool 2), Skyfi	989
Q3 2024	Onboard 5	302
Q4 2024	Onboard 6	186
Q1 2025	Onboard 7	121
Q2 2025	Onboard 8	160
Q3 2025	—	140

Source: UCC filings (Utah and Delaware), Muddy Waters analysis. CSS PL 2023-1: SUBI investor is Carlyle Tactical Private Credit Fund (CTAC). Skyfi: associated with Luminarx Capital. Onboard Trusts 1–8: primarily related to Sixth Street. New Secured Loan amounts are MW estimates.

Exhibit IV-2: CSS PL 2023-1 Seller-Financed Structure



Both Onboard and Skyfi follow an identical formation pattern: an LLC is established first, followed shortly by a corresponding Trust. This repetitive structuring suggests a standardized approach to creating the VIE vehicles used in the seller-financed program.

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[21]LTV ratios calculated from SOFI's reported secured loan balances (Note 4) relative to estimated cumulative UPB of seller-financed loan sales per UCC filing analysis. The ratio varies by quarter but remains in the 80–90% range across all periods from Q4 2023 through Q3 2025.

B. The Estimated Secured Loan Interest Rate: ~5%

We estimate the Secured Loan interest rate from SOFI's reported principal outstanding and interest accrual.

Exhibit IV-3: Secured Loan Interest Rate Estimate

$000	Principal as Reported	Interest Accrual	Est. Interest Rate	Method
2025	872,253	1,728	**4.8%**	*Int Accrual / Principal × 360/15*
2024	804,800	1,641	**4.9%**	*Int Accrual / Principal × 360/15*
2023	445,733	730	**5.9%**	*Int Accrual / Principal × 360/10*

Notes:

Principal as Reported is the average secured loan balance per SOFI's 10-K Analysis of Charge-offs table for each year (FY2025: $802,245K reported as the annual average; FY2024: $1,024,275K; FY2023: $26,291K). The figures shown above are the period-end balances used in the interest rate calculation.

Interest Accrual is the interest income recognized on secured loans as reported in SOFI's consolidated statements of operations. For 2024 and 2025, these figures are derived from the interest income line items attributable to secured loans in the 10-K. For 2023, the accrual reflects approximately 10 days of interest income, as the secured loan program commenced in late December 2023.

Method: For 2024 and 2025, we annualize using 360/15 (i.e., assuming the interest accrual represents a 15-day mid-month average). For 2023, we annualize using 360/10 because the program was active for approximately 10 days (late December 2023); the average loan balance during this period was $26,291K per the 2023 10-K, p. 103.

All three years produce estimated interest rates of approximately 5% — below SOFI's own Blended Funding Cost of 6.3% and far below the ~13% yield on the underlying personal loans.

Source: SoFi Technologies 10-K filings (2023–2025); Muddy Waters estimates.

CFO Lapointe characterized Secured Loans as yielding similar to the net interest margin on unsecured loans, which was approximately 5.88% in 2023.[22] All years: the rate is below our estimate of SOFI's 6.3% Blended Funding Cost and far below the approximately 13% yield on the underlying Personal Loans. We conclude that SOFI is subsidizing these sales.

C. The Role of the Middleman: Cantor Fitzgerald

Cantor Fitzgerald served as a same-day pass-through intermediary on Onboard transactions and on the first Skyfi transaction. In the first Skyfi sale (June 28, 2024), SOFI sold $750 million in personal loans to Cantor at $754.3 million; Cantor sold the identical portfolio to Skyfi for $754.7 million—a $375,000 spread for zero risk and zero holding period.[23] Skyfi dropped Cantor for its second and third transactions, which do not appear to have been financed by SOFI. Onboard continued using Cantor during the same

[22] SOFI Technologies, Inc., Q4 2023 Earnings Call Transcript (Jan. 29, 2024) ("In addition, these loans are priced at market rates, which not only helps to diversify our balance sheet, but also provides an additional return above our cost of funding and a yield similar to the net interest margin of our loans, which are unsecured."); 2023 10-K at 103 ("For the periods presented, we did not recognize an allowance for credit losses on senior secured loans, as we determined that our expected exposure to credit losses was immaterial.").

[23] Bill of Sale, SOFI Bank N.A. to Cantor Fitzgerald Securities (June 28, 2024) (aggregate outstanding principal balance $750,000,494; cash price $754,301,699). Cantor fee of $375,000 = 0.05% of UPB for same-day intermediation with no credit or market risk absorbed.

period. We believe that Cantor's role in the transactions was that of a fig leaf: creating the appearance of an arm's-length cash sale. If the auditor relied on Cantor's presence as evidence that the whole-loan sales were arm's-length transactions with a genuine third-party buyer, the Skyfi without-Cantor transactions undermine that rationale. The choice of whether to use a middleman appears to have been SOFI's, not the buyer's.

D. SOFI's Reaction to the SEC Comment Letter

SOFI introduced "Senior Secured Loans" on its balance sheet in Q4 2023 with an initial balance of $450 million. CFO Lapointe characterized them as investment-grade equivalent, low-risk assets, and SOFI did not recognize any allowance for credit losses on them.[24] SOFI did not disclose that these loans were used to finance Personal Loan sales.

After growing 400% in two quarters to $1.7 billion as of Q2 2024, the SEC sent a comment letter, which is excerpted below.[25]

> Form 10-Q for the Quarterly Fiscal Period Ended June 30, 2024
>
> Note 4. Loans, page 16
>
> 12. We note that senior secured loans appear to have grown to 80% of total loans held for investment at amortized cost, 18.6% of total loans held for investment, and 6.9% of total loans as of June 30, 2024. In future filings, please revise your disclosures, in an appropriate location, to provide an expanded discussion of your senior secured loans that more fully describes the borrower population, underlying collateral characteristics, and typical duration of the loans.

As shown in Exhibit IV-4, SOFI seemed to break the glass after receiving the comment letter. As part of its reaction, SOFI reduced the Secured Loan receivable balance by borrowing from JPMorgan Chase Bank, N.A., which as we discuss in Section V, we conclude SOFI's financials do not record. One visible change though is that SOFI quietly stopped referring to the loans as "senior". Through Q2 2024, SOFI's Note 4 described these as "Senior secured loans."[26] Starting in Q3 2024—the same quarter SOFI subordinated its position to JPMorgan—the description was stripped to "Secured loans."[27] CFO Lapointe nonetheless repeated the "senior secured" characterization on the Q3 2024 earnings call in November

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[24] SOFI Technologies, Inc., Q4 2023 Earnings Call Transcript (Jan. 29, 2024) (CFO Lapointe characterizing secured loans as investment-grade equivalent, fixed-term, senior secured); 2023 10-K at 103 ("For the periods presented, we did not recognize an allowance for credit losses on senior secured loans, as we determined that our expected exposure to credit losses was immaterial.").

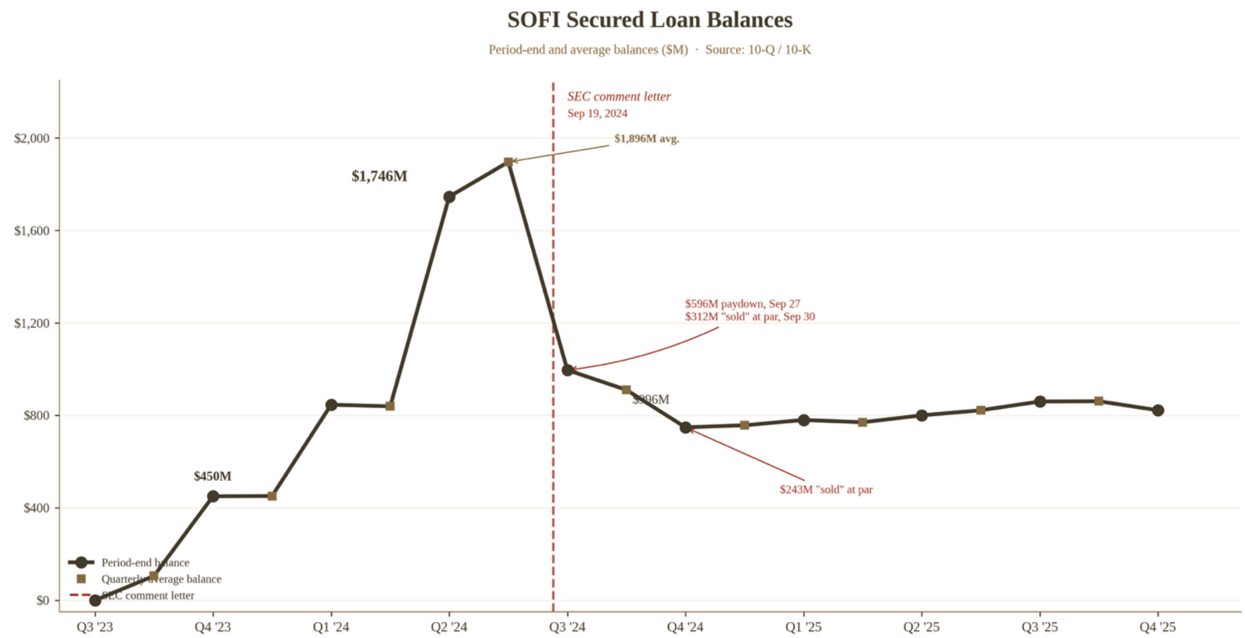
[25] SOFI Technologies, Inc., Q3 2024 Form 10-Q, filed Nov. 8, 2024 (disclosing collateral as "previously originated, sold and in most cases continue to be serviced by the Company," borrowers as "generally financial institutions"). SEC Comment Letter to SOFI Technologies, Sept. 19, 2024 (requesting expanded disclosure on secured loan borrower population, collateral, and duration) [obtained via SEC EDGAR EFTS].

[26] SoFi Technologies, Inc., Q1 2024 Form 10-Q, Note 4 ("Senior secured loans" balance of $845,794K as of March 31, 2024); Q2 2024 Form 10-Q, Note 4 ("Senior secured loans" balance of $1,746,418K as of June 30, 2024); Q3 2024 Form 10-Q, Note 4 ("Secured loans" balance of $995,598K as of September 30, 2024—"Senior" removed).

[27] UCC Financing Statement filed Utah (Sept. 30, 2024): SoFi Funding PL VI LLC identified as "Borrower"; JPMorgan Chase Bank, N.A. as "Senior Lender and Administrative Agent"; SoFi Bank, N.A. as "Seller" and "Mezzanine Lender." SOFI subordinated its interest to JPMorgan on the same day it dropped the "Senior" characterization from Note 4.

2024, six weeks after the UCC filing that made it false.[28] SOFI never disclosed the subordination or explained the change in terminology. The timing of the SEC comment letter also coincides with the LPB starting, which as we explain in Section VI, we think SOFI views as a better mousetrap for manipulating financials.

Exhibit IV-4: SOFI Secured Loan Balances



Source: SOFI 10-Q / 10-K balance sheets. Red dots indicate quarters with secured loan "sales" at par. Dashed line: SEC comment letter received Sep 19, 2024.

[28]SoFi Technologies, Inc., Q3 2024 Earnings Call Transcript (Nov. 2024): CFO Lapointe stated "we sold $312 million of senior secured loans at a par execution." The September 30, 2024 UCC identifying SoFi as "Mezzanine Lender" had been filed six weeks earlier.

E. Inflated Servicing Rights Asset

SOFI books a Servicing Rights Asset of approximately 6% on seller-financed whole loan sales versus 0.7% on LPB sales and 0.7% in 2021 and 2022, before the seller-financed program began. Beginning in Q3 2023, the SRA recorded as part of the sale consideration exceeded total reported gains on whole-loan sales, meaning most—if not all—of the reported gains were attributable to the change in SRA valuation, not economic value from the transactions. Peer comparison is telling: LendingClub ~0.9–1.1%, Rocket ~1.2%, PennyMac ~1.5—2.0%. SOFI's 2025 whole loan SRA of $98 million, at a 0.7% market rate, would be $11 million. The $87 million difference is fabricated Gains on Sales of 8.3% of reported EBITDA.

Exhibit IV-3: Whole Loan Sales (FY2021 through Q4 2025)

$mm	FY2021	FY2022	Q1 2023*	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Cash	3,374	3,017	–	51.5	15.1	501.3	499.8	1,136.8	374.8	956.1	1,113.0	200.3	175.6	100.0
Receivables							3.0		2.3					
Servicing assets recognized	22	22	–	0.9	0.8	28.5	33.5	70.5	22.3	52.6	68.6	11.8	11.3	6.6
Repurchase liabilities	(8)	(7)	–	(0.4)	(0.0)	(1.7)	(1.8)	(4.2)	(1.3)	(2.7)	(1.3)	(0.5)	(0.4)	(0.2)
Consideration	**3,387**	**3,031**	**–**	**52.0**	**15.8**	**528.2**	**534.5**	**1,203.1**	**398.1**	**1,006.1**	**1,180.1**	**211.5**	**186.5**	**106.5**
UPB of whole loan sold	3,254	2,925	–	50.3	15.1	501.6	503.0	1,136.1	377.3	954.4	1,113.2	200.5	175.8	100.2
Gain on loan sales	134	107	–	1.7	0.7	26.6	31.5	66.7	20.8	49.7	67.2	11.0	10.8	6.3
% servicing rights to UPB	0.7%	0.7%	–	1.8%	5.1%	5.7%	6.7%	6.2%	5.9%	5.5%	6.2%	5.9%	6.5%	6.6%

*Note: there were no sales in Q1 2023
a:: Servicing assets recognized at point of sale.
b: Total consideration = cash + receivables + servicing assets + repurchase liabilities.
d: Gain on loan sales = consideration minus UPB sold.
f = a/d: Servicing assets as a percentage of gain on sales.
Yellow highlight: 0.7% servicing rate (FY2021–FY2022, pre-seller-financing).
Green highlight: Inflated servicing rate (3.3%–6.3%, seller-financing period).
Source: SoFi Technologies SEC filings (10-K, 10-Q); Muddy Waters analysis. Figures are rounded.

Source: SoFi Technologies SEC filings (10-K, 10-Q); Muddy Waters analysis.

F. We Believe SOFI Impermissibly Books these Transactions as Sales

ASC 860 establishes the criteria for when a transfer of financial assets qualifies for sale treatment. To achieve sale accounting, all three conditions must be met: (1) the transferred assets are isolated from the transferor even in bankruptcy; (2) the transferee can pledge or exchange the assets; and (3) the transferor does not maintain effective control. If any one fails, the transfer must be accounted for as a secured borrowing.

F.1. Failure of the Effective Control Test

The structure is circular: SOFI originates personal loans, sells them to a buyer trust, and the buyer immediately pledges the same loans back to SOFI as collateral for a secured loan from SOFI. UCC filings confirm that the sale and the pledge-back were filed on the same day. SOFI retains a security interest in the assets it purportedly sold.

SOFI's demonstrated ability to control disposition should itself be determinative. When the SEC requested expanded disclosures in September 2024, SOFI engineered a $750 million reduction in the secured loan balance within days. The $596 million Skyfi prepayment occurred on September 27; the $312 million CSS PL 2023-1 "sale" occurred on September 30, the last day of the quarter. The $312 million was not sold to a third party. As detailed in Section V, SOFI's own subsidiary, SoFi Funding PL VI LLC, borrowed from JPMorgan by pledging the same loans. This was an intra-group restructuring presented as a third-party sale.

In Q4 2024, when SOFI reported $243 million in secured loan "sales", UCC filings show that SOFI merely transferred Onboard Partners 2, 3, and CSS PL 2023-1 to JPMorgan—while SoFi Bank remained as mezzanine lender.

Even after these loan transfers or disposals, SOFI continued to service the loans.

F.2. Failure of the Isolation Test

The pledge-back fundamentally undermines asset isolation. When the purchased loans are immediately pledged back to SOFI as collateral, SOFI retains a security interest in those assets. In a bankruptcy scenario, SOFI's claim on the pledged collateral should put it in a position analogous to that of a secured lender—not a transferor that has irrevocably parted with its assets. Routing the sale through Cantor should not cure this: the economic substance is unchanged regardless of how many entities the transaction passes through.

F.3. Impairment of Transferee Rights

Because of the pledges to SOFI, the buyer trusts cannot freely dispose of the transferred assets without SOFI's consent as secured party. The transferee never had a moment of unconstrained ownership—obviously, the pledge back to SOFI was a precondition of the transaction rather than an independent financing decision. At estimated LTV ratios of 80%–90%, SOFI's lien covered substantially all of the transferred assets. A third party conducting a lien search would find SOFI's perfected interest and recognize that the assets were not freely available.

ASC 860-10-40-5(b) requires that the constraint not provide more than a trivial benefit to the transferor. Here, the constraint provides an enormous benefit: SOFI obtains a perfected security interest in the same loans it just removed from its balance sheet.

F.4. Conclusion

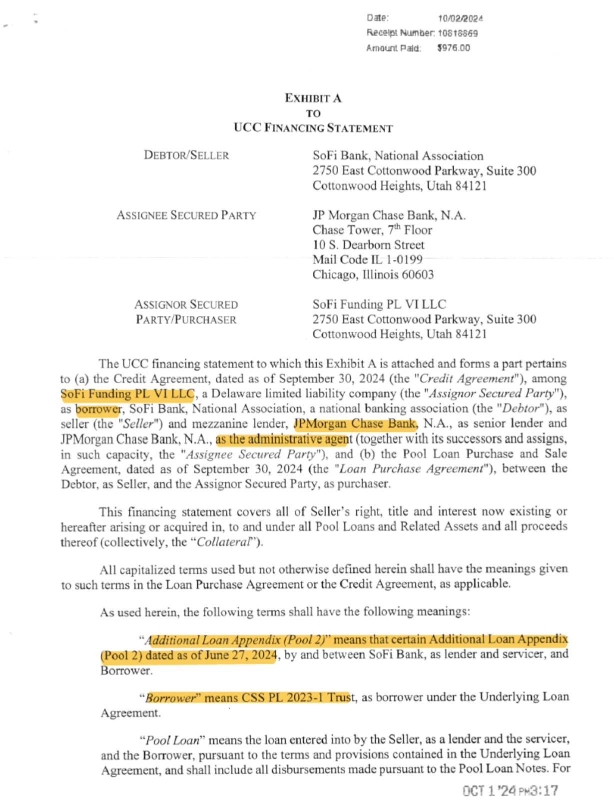
All seller-financed transactions—Onboard Trusts 1 through 8, Skyfi Trust, CSS PL 2023-1, and the Q3 and Q4 2024 "sales"—seem to fail all three ASC 860 criteria. They should be treated as secured borrowings. If reclassified, the gains on sale (driven primarily by the inflated SRA) would be reversed, loans reported as sold would return to SOFI's balance sheet with a corresponding secured borrowing liability (approximately $1.7–$1.9 billion at peak), interest income would be reclassified, and risk-weighted assets would increase with potential regulatory capital implications.

V. CONCERNS ABOUT THE INTEGRITY OF SOFI'S ACCOUNTS

SOFI's Secured Loan program appears to have generated a material financial misstatement: approximately $312 million of unreported borrowings. Through a detailed reconstruction of UCC filings, SEC disclosures, Bills of Sale, and SOFI's own Note 9 debt schedules, we are unable to reconcile this borrowing to SOFI's financial statements. If we are correct, it is plausible that misstatement issues are greater than those we have been able to identify from the outside.[29]

A. $312 Million in Apparent Unreported Borrowings

In apparent reaction to the SEC comment letter, SOFI reduced the Secured Loan receivable in part by borrowing from JPMorgan Chase Bank, N.A. This borrowing seems to be unrecorded on SOFI's balance sheet. On September 30, 2024, the last day of Q3 2024 and thirteen days after the date of the SEC comment letter—SOFI transferred its CSS PL 2023-1 Pool Loan 2 Loan Receivable to SoFi Funding PL VI LLC, which simultaneously pledged it as collateral to JPMorgan Chase Bank, N.A. as senior lender. The UCC financing statement identifies SoFi Funding PL VI LLC as "Borrower," JPMorgan as "Senior Lender and Administrative Agent," and SoFi Bank as "Seller" and "Mezzanine Lender." The defined terms section explicitly states that "Borrower" means CSS PL 2023-1 Trust, and references the same Pool 2 dated June 27, 2024 that SOFI later claimed to have sold.[30] Logically, one cannot sell an asset and simultaneously pledge it as collateral in a new borrowing arrangement. Below are images from the UCC filings that show these transactions:



Date: 10/02/2024
Receipt Number: 10818869
Amount Paid: $976.00

EXHIBIT A
TO
UCC FINANCING STATEMENT

DEBTOR/SELLER	SoFi Bank, National Association 2750 East Cottonwood Parkway, Suite 300 Cottonwood Heights, Utah 84121
ASSIGNEE SECURED PARTY	JP Morgan Chase Bank, N.A. Chase Tower, 7th Floor 10 S. Dearborn Street Mail Code IL 1-0199 Chicago, Illinois 60603
ASSIGNOR SECURED PARTY/PURCHASER	SoFi Funding PL VI LLC 2750 East Cottonwood Parkway, Suite 300 Cottonwood Heights, Utah 84121

The UCC financing statement to which this Exhibit A is attached and forms a part pertains to (a) the Credit Agreement, dated as of September 30, 2024 (the "*Credit Agreement*"), among SoFi Funding PL VI LLC, a Delaware limited liability company (the "*Assignor Secured Party*"), as borrower, SoFi Bank, National Association, a national banking association (the "*Debtor*"), as seller (the "*Seller*") and mezzanine lender, JPMorgan Chase Bank, N.A., as senior lender and JPMorgan Chase Bank, N.A., as the administrative agent (together with its successors and assigns, in such capacity, the "*Assignee Secured Party*"), and (b) the Pool Loan Purchase and Sale Agreement, dated as of September 30, 2024 (the "*Loan Purchase Agreement*"), between the Debtor, as Seller, and the Assignor Secured Party, as purchaser.

This financing statement covers all of Seller's right, title and interest now existing or hereafter arising or acquired in, to and under all Pool Loans and Related Assets and all proceeds thereof (collectively, the "*Collateral*").

All capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Loan Purchase Agreement or the Credit Agreement, as applicable.

As used herein, the following terms shall have the following meanings:

"*Additional Loan Appendix (Pool 2)*" means that certain Additional Loan Appendix (Pool 2) dated as of June 27, 2024, by and between SoFi Bank, as lender and servicer, and Borrower.

"*Borrower*" means CSS PL 2023-1 Trust, as borrower under the Underlying Loan Agreement.

"*Pool Loan*" means the loan entered into by the Seller, as a lender and the servicer, and the Borrower, pursuant to the terms and provisions contained in the Underlying Loan Agreement, and shall include all disbursements made pursuant to the Pool Loan Notes. For

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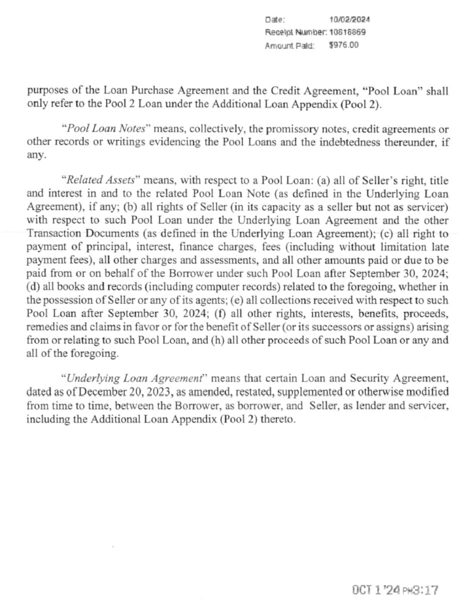

Date: 10/02/2024
Receipt Number: 10818869
Amount Paid: $976.00

purposes of the Loan Purchase Agreement and the Credit Agreement, "Pool Loan" shall only refer to the Pool 2 Loan under the Additional Loan Appendix (Pool 2).

"*Pool Loan Notes*" means, collectively, the promissory notes, credit agreements or other records or writings evidencing the Pool Loans and the indebtedness thereunder, if any.

"*Related Assets*" means, with respect to a Pool Loan: (a) all of Seller's right, title and interest in and to the related Pool Loan Note (as defined in the Underlying Loan Agreement), if any; (b) all rights of Seller (in its capacity as a seller but not as servicer) with respect to such Pool Loan under the Underlying Loan Agreement and the other Transaction Documents (as defined in the Underlying Loan Agreement); (c) all right to payment of principal, interest, finance charges, fees (including without limitation late payment fees), all other charges and assessments, and all other amounts paid or due to be paid from or on behalf of the Borrower under such Pool Loan after September 30, 2024; (d) all books and records (including computer records) related to the foregoing, whether in the possession of Seller or any of its agents; (e) all collections received with respect to such Pool Loan after September 30, 2024; (f) all other rights, interests, benefits, proceeds, remedies and claims in favor or for the benefit of Seller (or its successors or assigns) arising from or relating to such Pool Loan, and (h) all other proceeds of such Pool Loan or any and all of the foregoing.

"*Underlying Loan Agreement*" means that certain Loan and Security Agreement, dated as of December 20, 2023, as amended, restated, supplemented or otherwise modified from time to time, between the Borrower, as borrower, and Seller, as lender and servicer, including the Additional Loan Appendix (Pool 2) thereto.

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[29] *See* e.g., NMC Health plc.

[30] UCC Financing Statement filed Utah (Sept. 30, 2024): Debtor SoFi Bank, N.A.; Assignor Secured Party SoFi Funding PL VI LLC ("Borrower"); Assignee Secured Party JPMorgan Chase Bank, N.A. ("Senior Lender and Administrative Agent"). The filing defines "Borrower" as CSS PL 2023-1 Trust and references Pool 2 dated June 27, 2024, and the original Loan and Security Agreement dated December 20, 2023.

CFO Lapointe misled investors about this transaction. In the Q3 2024 earnings call, CFO Lapointe publicly stated: "we sold $312 million of senior secured loans at a par execution."[31] The statement is directly contradicted by the September 30, 2024 UCC. The $312 million was not sold. SOFI itself refinanced the exposure into a new JPMorgan senior facility, subordinating its own position from secured lender to mezzanine lender.

A.1. Note 9 Evidence: The Missing $312 Million

The JPMorgan loan to SoFi Funding PL VI LLC, a consolidated subsidiary, should appear in SOFI's Note 9 debt disclosures under Personal Loan warehouse facilities. But, given that the total outstanding balance is less than $312 million, the borrowing does not. Further, SOFI's from Q2 to Q3 2024, Personal Loan warehouse Total Collateral declined from $376.8 million to $292.4 million, making clear that the corresponding Secured Loan receivable SOFI pledged to JPMorgan isn't accounted for either. [32] Finally, Personal Loan warehouse capacity declined in the quarter. A new $312 million facility should have increased all three metrics. No new facility category or line item appeared. Other financing outstanding was zero in both periods.

Exhibit V-1: Note 9 Debt — Quarterly Comparison (Q4 2023 through Q3 2024)

Source: SoFi Technologies Form 10-Q, Note 9 (Debt). All figures in $000s.

Borrowing ($000s)	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
PL Warehouse — Collateral	1,271,233	354,851	376,834	292,432
PL Warehouse — Outstanding	1,077,444	296,921	325,309	252,769
PL Warehouse — Capacity	4,925,000	4,625,000	3,900,000	3,850,000
SL Warehouse — Outstanding	2,095,046	455,328	763,599	1,071,956
Risk Retention — Outstanding	67,038	59,941	57,415	7,915
Revolving Credit	486,000	486,000	486,000	486,000
Convertible Notes, due 2026	1,111,972	511,972	511,972	428,022
Other Financing — Outstanding	—	—	—	—

All three PL warehouse metrics declined Q2 to Q3 2024. A new $312M facility would have increased all three. Other Financing: zero outstanding in both Q2 and Q3.

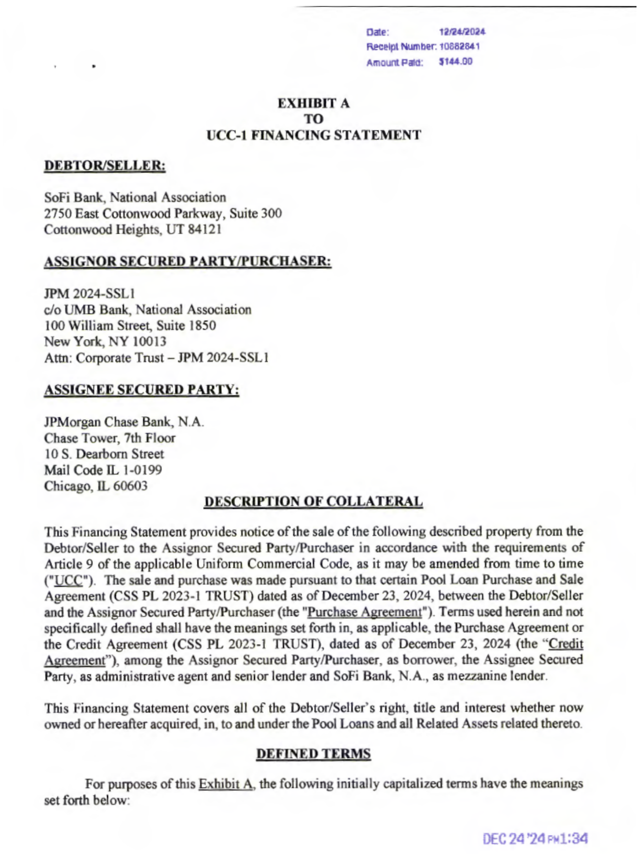
No other debt category can seemingly include this borrowing. Other financing outstanding was zero in both Q2 and Q3 2024. Student Loan warehouse is the wrong asset class. Risk retention declined from $57.4 million to $7.9 million. The revolving credit facility was flat at $486 million. Convertible notes are unrelated.

[31] SoFi Technologies, Inc., Q3 2024 Earnings Call Transcript (Oct. 29, 2024): "we sold $312 million of senior secured loans at a par execution."

[32] SoFi Technologies, Inc., Form 10-Q, Note 9 (Debt) as of June 30, 2024 and September 30, 2024. Personal loan warehouse facility: Total Collateral declined from $376.8M to $292.4M; Total Outstanding from $325.3M to $252.8M; Total Capacity from $3.90B to $3.85B. All three metrics declined quarter-over-quarter. A new $312 million borrowing facility would have increased all three.

A.2. Q4 2024 Repetition

SOFI repeated the same maneuver three months later. On September 30, 2024, SOFI pledged CSS PL 2023-1 Pool Loan 2 to JPMorgan under the original December 20, 2023 Loan and Security Agreement.[33] On December 24, 2024, a new UCC was filed pledging Pool Loan 1 from the same CSS PL 2023-1 structure to JPM 2024-SSL 1, referencing the same December 20, 2023 agreement.[34] CSS PL 2023-1 has never filed a UCC-3 termination statement, which should mean the original security interest was never released.[35]



Date: 12/24/2024
Receipt Number: 10882841
Amount Paid: $144.00

EXHIBIT A
TO
UCC-1 FINANCING STATEMENT

DEBTOR/SELLER:

SoFi Bank, National Association
2750 East Cottonwood Parkway, Suite 300
Cottonwood Heights, UT 84121

ASSIGNOR SECURED PARTY/PURCHASER:

JPM 2024-SSL1
c/o UMB Bank, National Association
100 William Street, Suite 1850
New York, NY 10013
Attn: Corporate Trust – JPM 2024-SSL1

ASSIGNEE SECURED PARTY:

JPMorgan Chase Bank, N.A.
Chase Tower, 7th Floor
10 S. Dearborn Street
Mail Code IL 1-0199
Chicago, IL 60603

DESCRIPTION OF COLLATERAL

This Financing Statement provides notice of the sale of the following described property from the Debtor/Seller to the Assignor Secured Party/Purchaser in accordance with the requirements of Article 9 of the applicable Uniform Commercial Code, as it may be amended from time to time ("UCC"). The sale and purchase was made pursuant to that certain Pool Loan Purchase and Sale Agreement (CSS PL 2023-1 TRUST) dated as of December 23, 2024, between the Debtor/Seller and the Assignor Secured Party/Purchaser (the "Purchase Agreement"). Terms used herein and not specifically defined shall have the meanings set forth in, as applicable, the Purchase Agreement or the Credit Agreement (CSS PL 2023-1 TRUST), dated as of December 23, 2024 (the "Credit Agreement"), among the Assignor Secured Party/Purchaser, as borrower, the Assignee Secured Party, as administrative agent and senior lender and SoFi Bank, N.A., as mezzanine lender.

This Financing Statement covers all of the Debtor/Seller's right, title and interest whether now owned or hereafter acquired, in, to and under the Pool Loans and all Related Assets related thereto.

DEFINED TERMS

For purposes of this Exhibit A, the following initially capitalized terms have the meanings set forth below:

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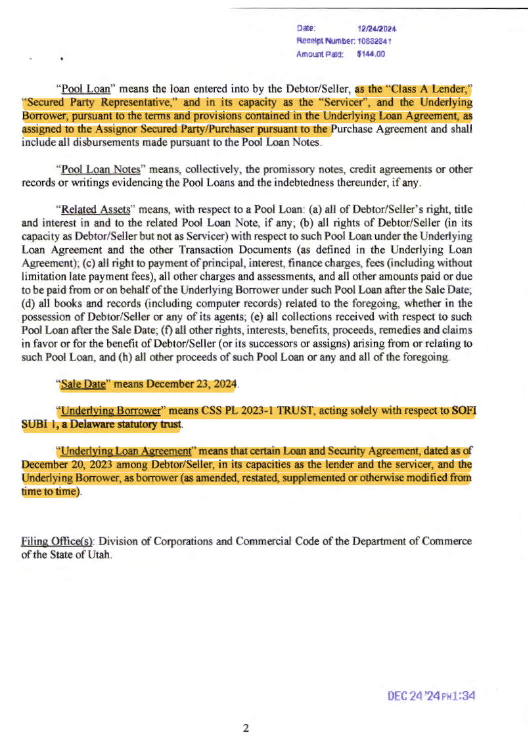

Date: 12/24/2024
Receipt Number: 10882841
Amount Paid: $144.00

"Pool Loan" means the loan entered into by the Debtor/Seller, as the "Class A Lender," "Secured Party Representative," and in its capacity as the "Servicer", and the Underlying Borrower, pursuant to the terms and provisions contained in the Underlying Loan Agreement, as assigned to the Assignor Secured Party/Purchaser pursuant to the Purchase Agreement and shall include all disbursements made pursuant to the Pool Loan Notes.

"Pool Loan Notes" means, collectively, the promissory notes, credit agreements or other records or writings evidencing the Pool Loans and the indebtedness thereunder, if any.

"Related Assets" means, with respect to a Pool Loan: (a) all of Debtor/Seller's right, title and interest in and to the related Pool Loan Note, if any; (b) all rights of Debtor/Seller (in its capacity as Debtor/Seller but not as Servicer) with respect to such Pool Loan under the Underlying Loan Agreement and the other Transaction Documents (as defined in the Underlying Loan Agreement); (c) all right to payment of principal, interest, finance charges, fees (including without limitation late payment fees), all other charges and assessments, and all other amounts paid or due to be paid from or on behalf of the Underlying Borrower under such Pool Loan after the Sale Date; (d) all books and records (including computer records) related to the foregoing, whether in the possession of Debtor/Seller or any of its agents; (e) all collections received with respect to such Pool Loan after the Sale Date; (f) all other rights, interests, benefits, proceeds, remedies and claims in favor or for the benefit of Debtor/Seller (or its successors or assigns) arising from or relating to such Pool Loan, and (h) all other proceeds of such Pool Loan or any and all of the foregoing.

"Sale Date" means December 23, 2024.

"Underlying Borrower" means CSS PL 2023-1 TRUST, acting solely with respect to **SOFI SUBI 1, a Delaware statutory trust**.

"Underlying Loan Agreement" means that certain Loan and Security Agreement, dated as of December 20, 2023 among Debtor/Seller, in its capacities as the lender and the servicer, and the Underlying Borrower, as borrower (as amended, restated, supplemented or otherwise modified from time to time).

Filing Office(s): Division of Corporations and Commercial Code of the Department of Commerce of the State of Utah.

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[33]UCC Financing Statement filed Utah (Sept. 30, 2024): SoFi Funding PL VI LLC identified as "Borrower"; JPMorgan Chase Bank, N.A. as "Senior Lender and Administrative Agent"; SoFi Bank, N.A. as "Mezzanine Lender." References CSS PL 2023-1 Pool 2 dated June 27, 2024, and the original Loan and Security Agreement dated December 20, 2023.

[34]UCC Financing Statement filed Utah (Dec. 24, 2024): Debtor/Seller SoFi Bank, N.A.; CSS PL 2023-1 as "Underlying Borrower" acting with respect to "SOFI SUBI 1, a Delaware statutory trust." References the same December 20, 2023 Loan and Security Agreement.

[35]A UCC-3 termination statement is filed when a secured transaction is completed and the security interest is released. No UCC-3 has been filed against the original CSS PL 2023-1 financing statement, indicating the original Loan and Security Agreement remains in force.

VI. THE LOAN PLATFORM BUSINESS: BORROWING DISGUISED AS SALES

The Loan Platform Business is not a capital-lite "tollbooth" generating fee income from connecting borrowers with third-party buyers. It appears to be a sophisticated financing arrangement called a "wet-funded forward flow agreement" that, in our opinion, SOFI is using to disguise borrowings against loans as sales of loans.[36] Through the LPB, SOFI is financing part of the Personal Loan portfolio while keeping the associated debt off the balance sheet. The liabilities that we believe SOFI should have booked could have eliminated most of CEO Noto's performance bonus. The credit costs SOFI apparently has to absorb help drive share issuances. We believe these transactions fail true sale requirements.

The LPB likely grew directly out of the Secured Loan program. The LPB booked its first loan sales in the same quarter as SOFI broke the glass on the Secured Loans in apparent response to the SEC comment letter. As the Secured Loan program shrank, the LPB expanded. The treadmill found a new gear.

The LPB serves two purposes: to book high-EBITDA-margin fee income from purported sales of whole loans, and to reduce the perceived capital intensity of SOFI's lending businesses. Both purposes feed the same compensation metrics that drive the treadmill.

A. How a Wet-Funded Forward Flow Agreement Works

A wet-funded forward flow arrangement is a well-recognized form of structured financing in securitization markets.[37] An originator commits to sell loans to a third-party funder as they are originated. The funder advances cash against the loans—the "wet funding." In legal terms, this is characterized as an advance payment of purchase price. The loans are then either held by the funder or sold onward into a securitization, repaying the funder from ABS proceeds. OWLCX—Blue Owl's credit fund and the one LPB counterparty whose filings we can examine—calls its arrangement with SOFI a "Forward Flow Purchase Program."[38]

B. What Blue Owl Tells Us

SOFI's LPB follows the structural logic of a wet-funded forward flow. Loans are transferred to buyer trusts where the LPB counterparty—Blue Owl, in the case we can observe most clearly—provides the outside equity layer. SOFI books the transfers as sales and recognizes platform fee income. But SOFI retains over 60% of the first-loss residual in the subsequent SCLP securitizations as sole sponsor, provides the credit protection that OWLCX describes as "robust,"[39] and services the loans throughout their lives. The trusts seem to function as pass-throughs, not independent owners. Blue Owl's

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[36,39]Clifford Chance, "Forward Flow Securitisation: The Right Tool for the Right Job?," September 2023. "External funders provide the originator with 'wet funding': money transferred to the originator to fund the origination of assets which are securitised through an SPV on origination. In legal terms, this is often characterised as an advance payment of purchase price for the sale of the assets."

[38]OWLCX 2025 Annual Report, SEC Filing, Notes to Financial Statements (Dec. 31, 2025). OWLCX characterizes its arrangement with SOFI as a "Forward Flow Purchase Program."

[39]OWLCX Q4 2025 Investor Presentation cites "Robust Protection" for asset-backed finance investments. OWLCX 2025 Annual Report, SEC Filing, Notes to Financial Statements (Dec. 31, 2025), cites a default rate ceiling of 4.3% for ABF asset investments.

consolidated trust held no more than ~$190 million of the ~$2 billion in loans transferred through the LPB.[40] We expect the other LPB counterparties operate on similar terms.

SOFI provides credit protection through first loss exposure. SOFI contributed $121 million in loans at carrying value to these securitizations and retained $125.5 million in Class R residual certificates at zero cash proceeds—a *horizontal* first-loss position, while representing to investors that it employs *vertical* risk retention.[41] On the Q2 2025 earnings call, management misleadingly stated: "We do not retain any credit risk after the transfer."[42]

The post-Enron consolidation rules—originally FASB Interpretation No. 46(R), now codified at ASC 810—were designed to require consolidation when a sponsor retains the majority of expected losses from a VIE.[43] SOFI holds over 60% of the first-loss interest in the SCLP securitizations.[44] Its mischaracterization of horizontal risk retention as vertical appears designed to avoid exactly this analysis. A correct classification would identify SOFI as the primary beneficiary of an undisclosed VIE, requiring consolidation of the assets it claims to have sold.

C. What We Infer About Credit Protection on Unsecuritized Loans

Only approximately 25% of cumulative LPB loans have been securitized through SCLP transactions.[45] The remaining ~75% sit in the buyer trusts. As loans season, they become increasingly difficult to securitize because of the shorter WALs, smaller pools, and weaker credit stories. Many of these loans will never be securitized. The funders are holding them.

On the securitized portion, SOFI's first-loss exposure is established. On the unsecuritized portion—the larger share—we cannot examine the forward flow agreements directly. But three pieces of evidence

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[40]OWLCX H1 2025 Interim Report, SEC Filing, Notes to Financial Statements discloses that two BOAC SF PL Trusts were classified as affiliates and not consolidated. OWLCX 2025 Annual Report disclosed the OWLCX Purchase Trust was consolidated but held ~$190M in personal loans as of December 31, 2025.

[41]17 C.F.R. § 246.4 (2014) (Dodd-Frank risk retention). Vertical: 5% of each tranche (§ 246.4(a)). Horizontal: first-loss position equal to 5% of all ABS interests (§ 246.4(b)). SCLP presale reports disclose SoFi Bank retained 100% of Class R residual certificates at zero cash proceeds. SoFi Investor Relations represented vertical risk retention in a call.

[42]SoFi Technologies, Inc., Q2 2025 Earnings Call Transcript (July 29, 2025) ("We do not retain any credit risk after the transfer."); *cf.* SoFi Investor Relations call (IR: "We do a vertical risk retention—5% of the deal. . . . 5% of the A, 5% of the B, 5% of the C, and if there's a residual, we'll have 5% of that.").

[43]FASB Interpretation No. 46(R), now codified at ASC 810-10 (Consolidation). A reporting entity is the primary beneficiary of a VIE if it has (a) the power to direct the activities that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

[44] Morningstar DBRS, Inc., SoFi Consumer Loan Program 2025-1 Trust, Presale Report (Feb. 2025) (identifying SoFi Bank, N.A. as sole sponsor; Class R residual certificates retained by SoFi at zero cash proceeds); Morningstar DBRS, Inc., SoFi Consumer Loan Program 2025-2 Trust, Presale Report (June 2025) (same); Morningstar DBRS, Inc., SoFi Consumer Loan Program 2025-3 Trust, Presale Report (Sept. 2025) (same); Morningstar DBRS, Inc., SoFi Consumer Loan Program 2025-4 Trust, Presale Report (Nov. 2025) (same); Morningstar DBRS, Inc., SoFi Consumer Loan Program 2026-1 Trust, Presale Report (Jan. 2026) (same). Across all five transactions, SoFi retained 100% of the Class R residual certificates at zero cash consideration, totaling approximately $125.5 million in aggregate. *Available at* https://dbrs.morningstar.com.

[45]SCLP 2025-1 through 2026-1 presale reports (aggregate securitized UPB); SoFi Technologies Q4 2025 Earnings Supplement (total LPB loan volume). Approximately 25% of cumulative LPB loans have been securitized through SCLP transactions as of January 2026.

support a strong inference that SOFI provides credit protection across the entire program, not just the securitized slice.

First, OWLCX models a default rate ceiling of approximately 4.3% on its asset-backed finance portfolio.[46] OWLCX classifies its forward flow loan purchases, including those from SOFI, as "ABF assets" on its Schedule of Investments, distinguished from its ABS holdings in the same sub-category. The fund's accounting policies note identifies SOFI by name as one of the platforms from which it acquires loans through forward flow arrangements. OWLCX models default rates on ABF assets of 0.3% to 4.3% — meaning 4.3% is the ceiling for the entire asset class that includes the SoFi personal loans. Our adjusted default rate on SOFI's personal loans is approximately 6.8%. The annualized default rate implied by SCLP 2026-1—a securitization into which OWLCX itself sold loans—is 5.14%.[47] OWLCX's 4.3% ceiling is below both figures. That ceiling only works if someone else is absorbing the excess losses. SOFI is the only logical candidate.

Second, OWLCX's description of "Robust Protection" does not distinguish between securitized and unsecuritized loans. The language describes the program as a whole. We understand that it would be unusual for a forward flow agreement to provide one set of credit protections for loans that happen to be securitized and a different set for loans that don't—the funder's underwriting should be based on the program, not the exit path.

Third, the Clifford Chance paper notes that in a pure forward flow arrangement, the funder is "entirely on risk for the asset's performance."[48] If the funder's default risk is capped at 4.3% while the underlying assets default at 6.8%, the transaction is not a pure forward flow. It is a financed structure with credit protection.

D. ASC 860 Analysis: These Are Not True Sales

Loan transfers are evaluated under ASC 860 (Transfers and Servicing). A transfer qualifies as a sale only if all three criteria are satisfied. If any test fails, the transaction must be recorded as secured borrowing.

Test	Requirement
Legal isolation	Assets are isolated from the transferor even in bankruptcy
Transferee rights	Buyer can pledge or exchange the assets
No effective control	Seller does not retain control or obligation to repurchase

The LPB transactions seem to fail the effective control test. SOFI retains a security interest through its first-loss residual positions, services all loans, sponsors all securitizations, and—as demonstrated in Section IV—has the ability to restructure the disposition of loans at will. The transferee rights test is also questionable: Blue Owl did not consolidate the trusts holding the loans, and the trust it did consolidate

[46]OWLCX 2025 Annual Report, p.37 https://www.sec.gov/Archives/edgar/data/2059436/000162828026012442/owlcx12312025ncsr.htm#i2dfd22b5c15340e48f4c16a31719c802_16

[47]Morningstar DBRS, SCLP 2026-1 presale report: base-case cumulative default rate of 9.26%. Annualized over 1.8-year WAL: 9.26% / 1.8 = 5.14%. OWLCX is one of the loan sellers into SCLP 2026-1 (closed January 28, 2026).

[48] Clifford Chance, "Forward Flow Securitisation: The Right Tool for the Right Job?," September 2023.

held loans only temporarily before passing them into SOFI-sponsored ABS. OWLCX's 2025 Annual Report discloses three entities related to the SOFI forward flow program. Two — the BOAC SF PL Trusts — were classified as affiliates and not consolidated by OWLCX, meaning OWLCX itself concluded it did not bear the majority of the economic risk in those trusts. The third — the OWLCX Purchase Trust — was consolidated but held less than ~$190 million in loans as of December 31, 2025, with substantially all sold into SOFI-sponsored SCLP 2026-1 the following month.[49] Of approximately $2 billion in loans transferred from SOFI to OWLCX, fewer than 10% were held as at December 31, 2025; at; the rest passed through into SOFI-sponsored ABS.

E. EBITDA Adjustment

We estimate SOFI has unrecorded liabilities of approximately $251 million from 2025 LPB transactions, representing 23.8% of reported Adjusted EBITDA.[50] The adjustment reflects the credit losses SOFI will absorb on LPB loans in excess of what the funders' underwriting contemplates.

OWLCX models a 4.3% default rate ceiling. Our adjusted default rate is approximately 6.8%. The delta—2.5%—represents credit losses that flow back to SOFI. We use 2.5% as a conservative estimate.[51] Applied to the carrying value of LPB loans sold in 2024–2025, net of impairment already recognized on SOFI's retained residual positions, the unrecorded liability is approximately $251 million. SPLT 2023-1 has already triggered turbo amortization. SPLT 2024-3 has breached its cumulative net loss trigger. SCLP 2025-1 is on a trajectory to breach by month 13–15.

VII. THE EQUITY DILUTION TREADMILL

SOFI's deceptive accounting,, which largely provides CEO Noto's performance bonuses, results in serial equity dilution, and explains why the treadmill does not stop.

A. The Dilution Math

SOFI increased its diluted shares outstanding by 13.7% in 2025 to raise $3.2 billion, following a 16.5% increase in 2024.[52] SOFI's reported Adjusted EBITDA per year-end 2025 diluted shares was $0.84; had SOFI kept the share count steady from year-end 2024, it would have been $0.94. After our adjustments, 2025 Adjusted EBITDA is approximately $103 million, a 90% reduction.

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[49] OWLCX 2025 Annual Report, SEC Form N-CSR (Dec. 31, 2025), Notes to Financial Statements, *available at* https://www.sec.gov/Archives/edgar/data/2059436/000162828026012442/owlcx12312025ncsr.htm. H1 2025 Interim discloses two BOAC SF PL Trusts classified as affiliates and not consolidated; OWLCX Purchase Trust consolidated with loan balance of less than $190 million as of December 31, 2025; we estimate that the aggregate loans transferred from SoFi approximately $2 billion.

[50] Calculated as 2.5% post-sale liability rate applied to carrying value of LPB loans sold in 2024–2025, less 50% impairment of SOFI's retained residual positions in SCLP securitizations. The 2.5% rate reflects the delta between our adjusted default rate (~6.8%) and OWLCX's 4.3% CDR ceiling, conservatively rounded down from 2.7%. *See* Exhibit VI-X for detailed calculation.

[51] SoFi Technologies, Inc., Q3 2024 Earnings Call Transcript (management commentary implying LPB loan credit quality is lower than loans retained on SOFI's own balance sheet).

[52] SoFi Technologies, Inc., 2025 Annual Report, available here: https://investors.sofi.com/financials/quarterly-results/default.aspx

B. Why SOFI Must Keep Raising Equity

Real credit losses on Personal Loans consume capital. At a 6.1% charge-off rate versus the 2.89% reported, the gap between recognized and actual losses must be funded. Student Loans seem non-economic; equity bridges the timing gap between Day 1 FV gains and when cash flows actually arrive. The LPB's credit support requirements (Class R first-loss, "robust protection" to OWLCX) require ongoing capital. The LPB and seller-financed sales try to optically circumvent this constraint by moving loans off the balance sheet. The seller-financed sales roughly double the capital necessary to make the original loan.

Each node of the treadmill depends on every other node. The FV gains require the understated charge-off rate. The understated charge-off rate requires the delinquent loan sales and off balance sheet defaulted loan parking. The origination volume requires the LPB and seller-financed sales to provide funding beyond warehouse capacity. The LPB requires the equity issuances to cover credit losses after transfer. The equity issuances require the inflated EBITDA to sustain the share price. The reflexivity is the fragility.

VIII. EBITDA ADJUSTMENTS — SUMMARY

We adjust 2025 Adjusted EBITDA down by approximately 90% to $103 million. Because SOFI is frequently valued on Adjusted EBITDA, this metric is our focus. It stands to reason that SOFI's CET1 and book value are similarly overstated.

Exhibit VIII-1: 2025 Adjusted EBITDA Bridge

Component	$mm	% of Reported
Reported Adjusted EBITDA	1,054	
FV change in loans	(506)	-48.0%
Personal Loans (Section II)	(259)	-24.6%
Student Loans (Section III)	(247)	-23.4%
Gain on loan sales	(96)	-9.1%
Personal Loans (Section IV)	(87)	-8.3%
Student Loans (Section III)	(8)	-0.8%
LPB unrecorded liabilities (Section VI)	(251)	-23.9%
Marketing capex (Section IX)	(97)	-9.2%
MW-Adjusted EBITDA	103	-90.2%

All figures in $mm. PL FV adjustment reflects default rate correction from 4.46% to ~6.8% (FV from 106.4% to 102%). SL FV adjustment reflects FV from 105.9% to 103.0%. Gain on sale adjustments reflect servicing rights reduced to 0.7% market rate. Source: SoFi Technologies 2025 10-K; Muddy Waters estimates.

We have identified potential material misstatements in SOFI's financials of approximately $312 million in unreported borrowings (Section V). The seller-financed sales documented in Section IV fail all three ASC 860 sale-recognition criteria; if reclassified, SOFI's balance sheet should gross up by $1.7–$1.9 billion in assets and liabilities, gains on sale would be reversed, and EBITDA would decline further. If we are correct that there are material misstatements, the EBITDA adjustments above represent a purely academic exercise—the real problems are larger.

IX. CAPITALIZED MARKETING EXPENSES

In 2025, SOFI capitalized approximately $194 million of marketing expenses, so the Adjusted EBITDA metric never registers the spending. The mechanism works in two stages. At origination, the expense is capitalized to the balance sheet, bypassing the income statement. At amortization, it hits the income statement, but is then added back as the "A" in Adjusted EBITDA. The expense is permanently excluded from the metric on which SOFI is valued and on which management is compensated.

SOFI's capitalized contract cost balance reached $407.7 million in 2025, up 91% year-over-year. The depreciation and amortization add-back increased by $30.7 million, 88% of which came from contract cost amortization.

We deduct approximately 50% of the capitalized marketing ($97 million) for our EBITDA adjustment.

X. MANAGEMENT COMPENSATION: INDEXED TO THE INFLATION

Every metric in SOFI's compensation structure is inflated by the accounting manipulation documented in Sections II through VI. The management compensation structure is what keeps SOFI running on the treadmill and issuing shares.

A. Compensation Structure

Per our estimates, and excluding external financings, it is increasingly likely Anthony Noto would lose substantially all of his $10+ million PSU performance bonus if not for the intellectually dishonest and misleading financial reporting we have outlined in this report.

Noto's PSU grant is directly tied to SOFI's absolute growth in TBV as measured from 2024 through year-end 2026. We have outlined multiple mechanisms at SOFI's disposal to misreport TBV, including i) potentially hidden debt ii) parking loan losses off-balance sheet iii) subsidizing loan sales, iv) intellectually dishonest creation of FV gains from Personal Loans, v) intellectually dishonest creation of FV gains from Student Loans, vi) and failing to record liabilities associated with the LPB.

Each dollar of Fair Value adjustment reduces estimated Tangible Book Value dollar-for-dollar net of tax, and the CEO's PSU vesting targets span only $300 million of TBV growth from threshold to maximum. The sensitivity is asymmetric—there is more to lose from intellectually honest reporting than there is to gain from further manipulation, because the PSU can go to zero but is capped at 150%. Any single major adjustment (Personal Loan charge-off rate, Student Loan discount rate, or LPB liabilities) could be enough to move the PSU payout from target to at-or-below threshold. Management seemingly cannot afford to be non-aggressive on any of them.

The equity issuances reinforce the same incentive. SOFI has raised ~$3.8 billion over the last two years which flows directly into tangible equity (two equity offerings in 2025 and the 2024 convertible debenture conversion)—and the PSU does not exclude TBV growth from issuances (or consider per share growth).[53] The $3.8 billion of external equity financings exceeds the PSU maximum target of $1.35 billion by ~2.8x. Management effectively gets paid, in part, for diluting shareholders; and if SOFI's CET1 falls below 10.5%, during the two year measurement period, Noto would lose his entire PSU grant.

B. Prepaid Variable Forward Contracts

While SOFI's 8-K filings state that Noto "has not sold any" SOFI stock, Noto and CFO Lapointe have extracted approximately $58.3 million through prepaid variable forward contracts—instruments that are economically equivalent to stock sales.[54] The seller receives guaranteed cash today; the shares transfer at maturity.

Exhibit X-2: Prepaid Variable Forward Contracts

Executive	Date	Shares	Cash Received
Noto	Dec 2024	2,000,000	$22.4M
Noto	Aug 2025	1,500,000	$24.1M
Lapointe	Nov 2025	500,000	$11.8M
Total		4,000,000	$58.3M

XI. CONCLUSION

SOFI is a financial engineering treadmill. Its reported EBITDA of $1,054 million is inflated by approximately $950 million through manipulated charge-off rates that feed into Fair Value models (Sections II–III), subsidized seller-financed sales that manufacture audit support and gains on sale (Section IV), unrecorded borrowings (Section V), an off-balance-sheet lending structure that books borrowing proceeds as revenue (Section VI), and capitalized marketing expenses permanently excluded from the headline metric (Section IX).

The treadmill cannot stop. The FV gains require the understated charge-off rate. The origination volume requires the LPB and seller-financed sales. The LPB requires equity issuances to cover post-transfer credit losses. The equity issuances require inflated EBITDA to sustain the share price. Management is compensated on every metric the manipulation inflates, and has locked in $58 million through instruments economically equivalent to stock sales while publicly claiming not to have sold shares.

We have identified at least $312 million in apparent unreported borrowings and a seller-financed sales program that fails all three criteria for sale recognition under ASC 860. If we are correct, the misstatements we have identified from the outside are likely not the full extent of the problem.

[53] SOFI raised $3.2 billion in equity in 2025 (13.7% dilution), and converted ~$677m of convertible debentures into equity in Q1 - 2024. This capital goes directly into tangible equity, inflating TBV growth. The ~$3.8 billion exceeds the PSU maximum TBV growth target of $1.35 billion by ~2.8x. TBV growth from equity issuances is not excluded from the PSU calculation.

[54] SoFi Technologies, Inc., Current Report (Form 8-K) (Dec. 16, 2024); *id.* (Aug. 28, 2025); *id.* (Nov. 12, 2025).