



# Fintech Banking and Payments Solutions

Investor Presentation

January 2025



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There are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following: (a) the success of the financial technology industry, as well as the continued evolution of the regulation of this industry; (b) the ability of the Company's Strategic Program or Fintech Banking Solutions service providers to comply with regulatory regimes, and the Company's ability to adequately oversee and monitor its Strategic Program and Fintech Banking Solutions service providers; (c) the Company's ability to maintain and grow its relationships with its service providers; (d) changes in the laws, rules, regulations, interpretations or policies relating to financial institutions, accounting, tax, trade, monetary and fiscal matters, including the application of interest rate caps or maximums; (e) the Company's ability to keep pace with rapid technological changes in the industry or implement new technology effectively; (f) system failure or cybersecurity breaches of the Company's network security; (g) potential exposure to fraud, negligence, computer theft and cyber-crime and other disruptions in the Company's computer systems relating to its development and use of new technology platforms; (h) the Company's reliance on third-party service providers for core systems support, informational website hosting, internet services, online account opening and other processing services; (i) general economic and business conditions, either nationally or in the Company's market areas; (j) increased national or regional competition in the financial services industry; (k) the Company's ability to measure and manage its credit risk effectively and the potential deterioration of the business and economic conditions in the Company's primary market areas; (l) the adequacy of the Company's risk management framework; (m) the adequacy of the Company's allowance for credit losses ("ACL"); (n) the financial soundness of other financial institutions; (o) new lines of business or new products and services; (p) changes in Small Business Administration ("SBA") rules, regulations and loan products, including specifically the Section 7(a) program or changes to the status of the Bank as an SBA Preferred Lender; (q) the value of collateral securing the Company's loans; (r) the Company's levels of nonperforming assets; (s) losses from loan defaults; (t) the Company's ability to protect its intellectual property and the risks it faces with respect to claims and litigation initiated against the Company; (u) the Company's ability to implement its growth strategy; (v) the Company's ability to launch new products or services successfully; (w) the concentration of the Company's lending and depositor relationships through Strategic Programs in the financial technology industry generally; (x) interest-rate and liquidity risks; (y) the effectiveness of the Company's internal control over financial reporting and its ability to remediate any future material weakness in its internal control over financial reporting; (z) dependence on our management team and changes in management composition; (aa) the sufficiency of the Company's capital; (bb) compliance with laws and regulations, supervisory actions, the Dodd-Frank Act, capital requirements, the Bank Secrecy Act and other anti-money laundering laws, predatory lending laws, and other statutes and regulations; (cc) results of examinations of the Company by its regulators; (dd) the Company's involvement from time to time in legal proceedings; (ee) natural disasters and adverse weather, acts of terrorism, pandemics, an outbreak of hostilities or other international or domestic calamities, and other matters beyond the Company's control; (ff) future equity and debt issuances; (gg) that the anticipated benefits new lines of business that the Company may enter or investments or acquisitions the Company may make are not realized within the expected time frame or at all as a result of such things as the strength or weakness of the economy and competitive factors in the areas where the Company and such other businesses operate; and (hh) other factors listed from time to time in the Company's filings with the Securities and Exchange Commission, including, without limitation, its Annual Report on Form 10-K for the year ended December 31, 2023 and subsequent reports on Form 10-Q and Form 8-K.

Any forward-looking statement speaks only as of the date of this release, and the Company does not undertake any obligation to publicly update or review any forward-looking statement, whether because of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence. In addition, the Company cannot assess the impact of each risk and uncertainty on its business or the extent to which any risk or uncertainty, or combination of risks and uncertainties, may cause actual results to differ materially from those contained in any forward-looking statements.

## Market and industry data

This presentation includes estimates regarding market and industry data. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research. While we believe the estimated market and industry data included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise.

## Non-GAAP financial measures

Some of the financial measures included in this presentation are not measures of financial performance recognized by generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures are "tangible shareholders' equity," "tangible book value per share," and "efficiency ratio." We believe these non-GAAP financial measures provide useful information to management and investors; however, we acknowledge that our non-GAAP financial measures have limitations. As such, you should not view these measures as a substitute for results determined in accordance with GAAP. A reconciliation of such non-GAAP financial measures to the most closely related GAAP financial measures is included in the Appendix to this presentation.

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# FinWise Overview



## Differentiated Business Model

- **Banking and payments solutions** provider to fintechs
- **Resilient and profitable model** with compelling growth opportunities
- **Compliance oversight and risk management**-first culture
- **Lower risk loan portfolio** with disciplined underwriting and collateral management:
  - **45.0% of portfolio is SBA Guaranteed and Strategic Program HFS<sup>1</sup>** (HFS loans are typically cash-collateralized and held for less than one week)
  - **Credit Enhancement<sup>2</sup>** product incorporates a fintech financed loss reserve account structured to absorb credit losses
- **Well capitalized** significantly above regulatory requirement
- **Highly experienced team** with proven track record

## Key Businesses

- **Fintech Banking & Payments Solutions:**
  - **Strategic Program Lending (SPL).** Scalable API-driven infrastructure powering deposit, lending and payments programs for leading fintechs
  - **SPL - Credit Enhancement<sup>2</sup>.** Provides opportunity to generate prudent asset growth and interest income
  - **Payments (MoneyRails™) and BIN Sponsorship.** Provides opportunity to diversify business model and add fee income
- **Traditional Lending.** Provides flexibility for disciplined balance sheet growth:
  - SBA 7(a), including SBA guaranteed loans
  - Residential and owner occupied CRE
  - Equipment leasing programs



# Current Business Model (ex-Payments & BIN Sponsorship)

Differentiated and Proven Strategy Offers Solid Foundation for Future Growth

Fintech Banking & Payments Solutions (includes Strategic Program Lending)	TRADITIONAL LENDING SEGMENTS			
	SBA 7(a)	Residential & Owner Occupied CRE	Equipment Leasing Programs	
4Q24 Gross Revenue Contribution <sup>1</sup>	59.6%	22.4%	10.0%	6.9%
<p><b>Balance Sheet Strategy:</b></p> <ul style="list-style-type: none"> <li>Mostly originate to sell</li> <li>Interest Income HFI &amp; HFS</li> <li>Minimum program &amp; other fees</li> <li>Programs establish a “reserve” deposit account with FinWise</li> <li>Credit Enhancement product</li> </ul> <p><b>As of 12/31/24:</b></p> <ul style="list-style-type: none"> <li>Strategic Platform Loans on Bal. Sheet: \$111.7M (82.0% HFS; 18.0% HFI)</li> <li>4Q24 Gain on Sale (net) and Strategic Program Fees: \$5.2 million or 92.7% of non-interest income</li> </ul> <p><b>Target Customer:</b></p> <ul style="list-style-type: none"> <li>Consumers and small to medium-sized businesses (SMBs) via Fintech Platforms</li> </ul>	<p><b>Balance Sheet Strategy:</b></p> <ul style="list-style-type: none"> <li>Hold or sell guaranteed portion</li> <li>Retain all servicing rights when guaranteed portion is sold</li> <li>Leverage relationship with Business Funding Group, LLC for acquiring customers</li> </ul> <p><b>As of 12/31/24:</b></p> <ul style="list-style-type: none"> <li>SBA Loans on Bal. Sheet: \$255.1 (62.2% Guaranteed; 37.8% Unguaranteed)</li> </ul> <p><b>Target Customer:</b></p> <ul style="list-style-type: none"> <li>SMBs</li> </ul>	<p><b>Balance Sheet Strategy:</b></p> <ul style="list-style-type: none"> <li>Originate for Investment</li> <li>Source of core deposits</li> <li>High-touch, relationship banking</li> <li>Historically stable and strong profitability</li> </ul> <p><b>Product Overview:</b></p> <ul style="list-style-type: none"> <li>Consumer and commercial lending</li> <li>Construction lending focus on single-family residential</li> </ul> <p><b>Target Customer:</b></p> <ul style="list-style-type: none"> <li>Single family residential and SMBs</li> </ul>	<p><b>Balance Sheet Strategy:</b></p> <ul style="list-style-type: none"> <li>Originate for Investment</li> <li>Originations through vendor finance, additional third-party originators, direct channels</li> <li>Diversify balance sheet</li> </ul> <p><b>Product Overview:</b></p> <ul style="list-style-type: none"> <li>Equipment secured leases/loans</li> <li>Interest bearing (generally 60-month fixed rates)</li> <li>"Aurora" loan origination system provides scalability and automation</li> </ul> <p><b>Target Customer:</b></p> <ul style="list-style-type: none"> <li>SMBs via Equipment point of sale</li> </ul>	

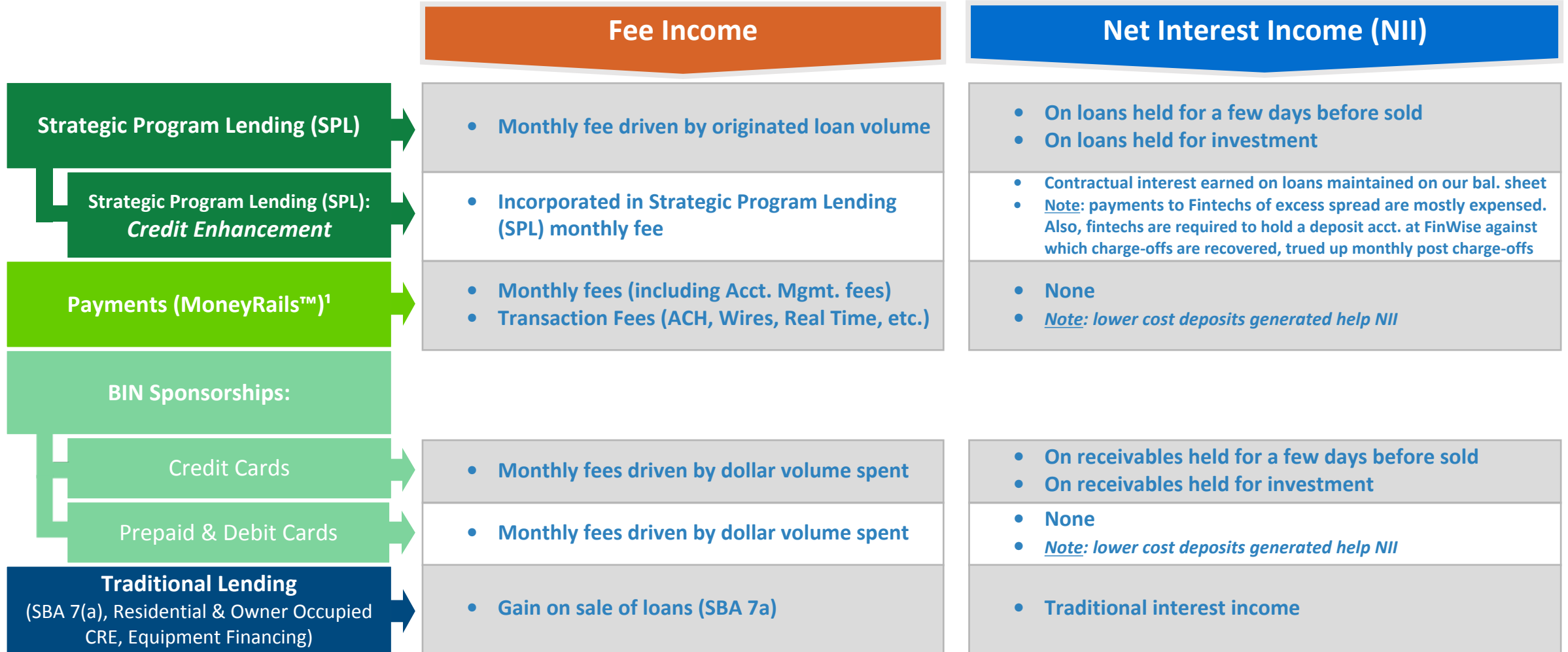
<sup>1</sup>Does not include revenue from POS Lending Program which is an originate to hold strategy. Also does not include revenue from “Other”, “Change in Fair Value on investment in BFG”, and Credit Enhancement.

Note: SBA Guaranteed loans are guaranteed by U.S Small Business Administration; Strategic Program Loans (HFS) are supported by reserve deposit accounts.



# Revenue Model

## Type of Revenue Generated by Product



<sup>1</sup>MoneyRails™ enhances fee revenue opportunity in SPL and Cards. Note: SBA Guaranteed loans are guaranteed by U.S Small Business Administration and Strategic Program Loans (HFS) are supported by reserve deposit accounts.



# Select Fintech Brands We Currently Support

## Growth Opportunity With Existing Fintechs And As New Programs Are Onboarded

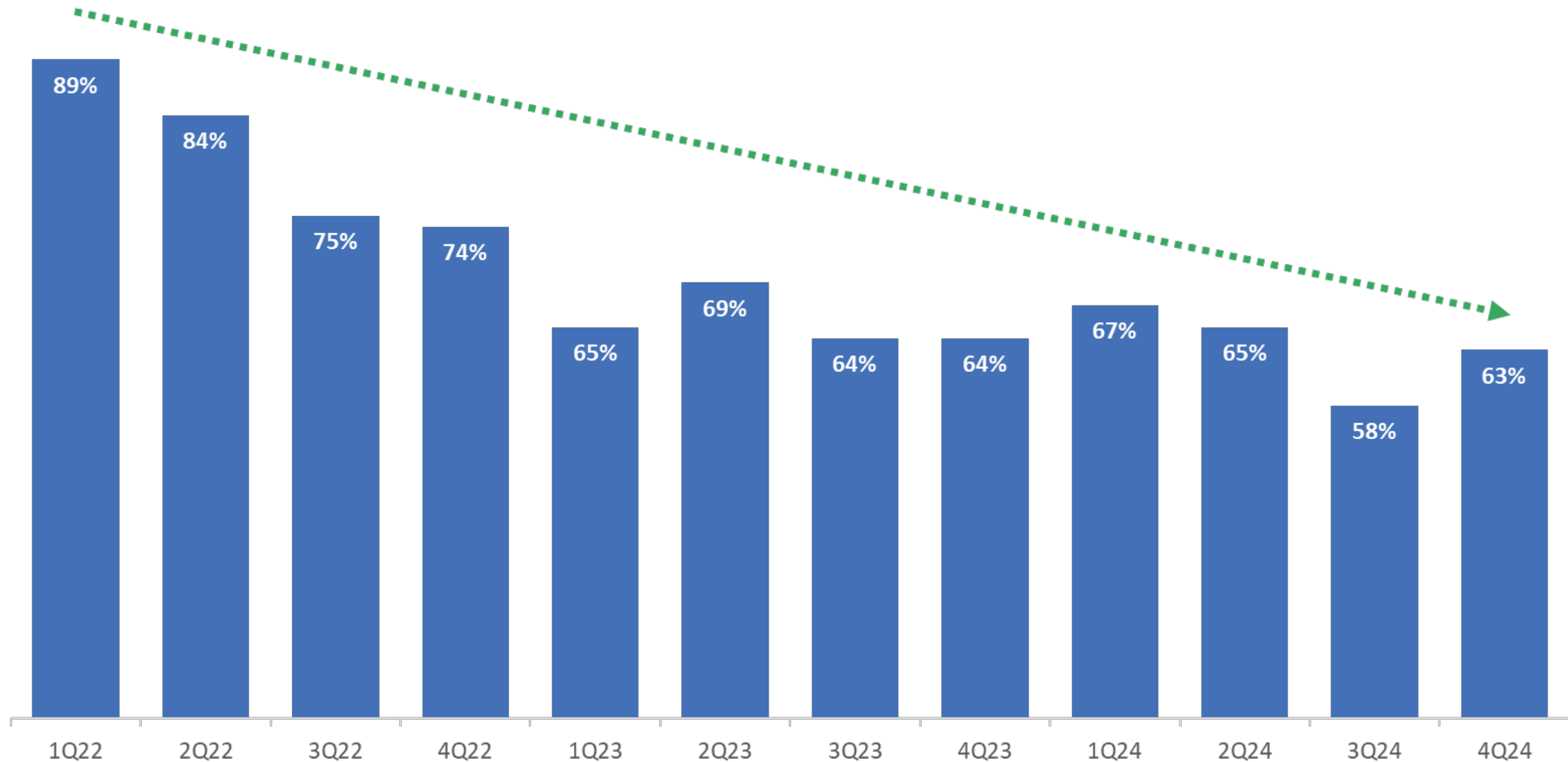
	Strategic Program Lending (SPL)	Payments (MoneyRails™)	SPL - Credit Enhancement	BIN Sponsorship (Cards)
Upstart	✓	✓		
Elevate	✓	✓		
Reach	✓	✓		
plannery	✓		✓	
Empower	✓			✓
earnest	✓			
PowerPay	✓			
Stride	✓			
LENDINGPOINT	✓			
OppLoans	✓			
MulliganFunding	✓			
American First Finance	✓			
hank payments		✓		

Note: Upstart, Elevate and Reach are not on MoneyRails™, but FinWise does handle Payment Processing for them. During 4Q24, we signed an agreement with a strategic lending program that we have not yet formally announced as it is still in its piloting stage but anticipate providing more details in upcoming quarters.



# Strategic Program Lending (SPL) - Program Diversification Has Improved

## Percentage of Originations from the Top 3 Fintech Programs



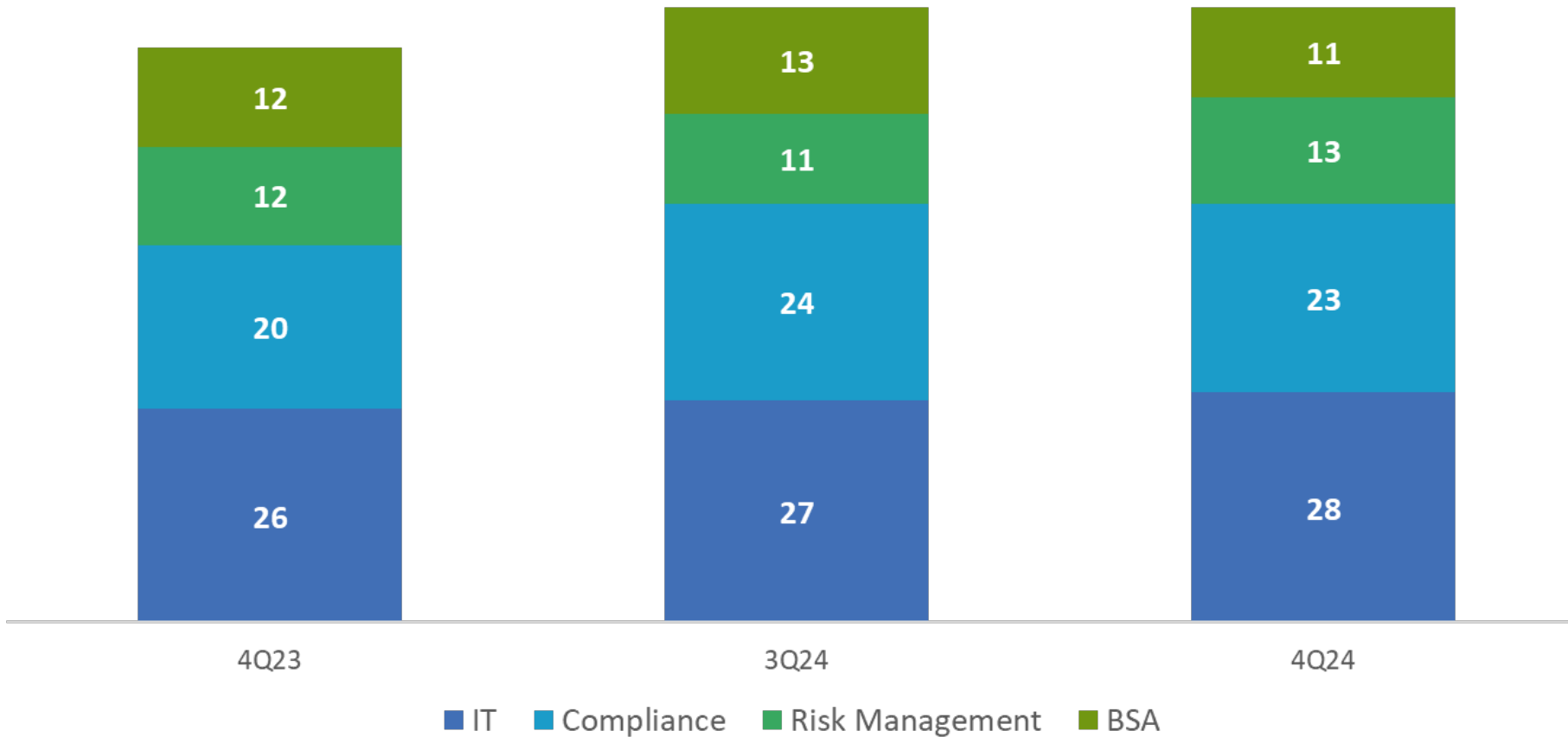
Note: Strategic Program Lending concentration shown since 1Q22 to highlight longer-term pattern in recent years



# Our Culture - Strong Compliance and Risk Management

Consistent Investment in Personnel & Infrastructure Provides Regulatory Oversight Support to Fintechs

Full Time Employees (FTEs) in Respective Functions



**38% of FTEs in IT, Compliance, Risk Mgmt., BSA functions at the end of 4Q24**

**Total FTEs at end of 4Q24 = 196**

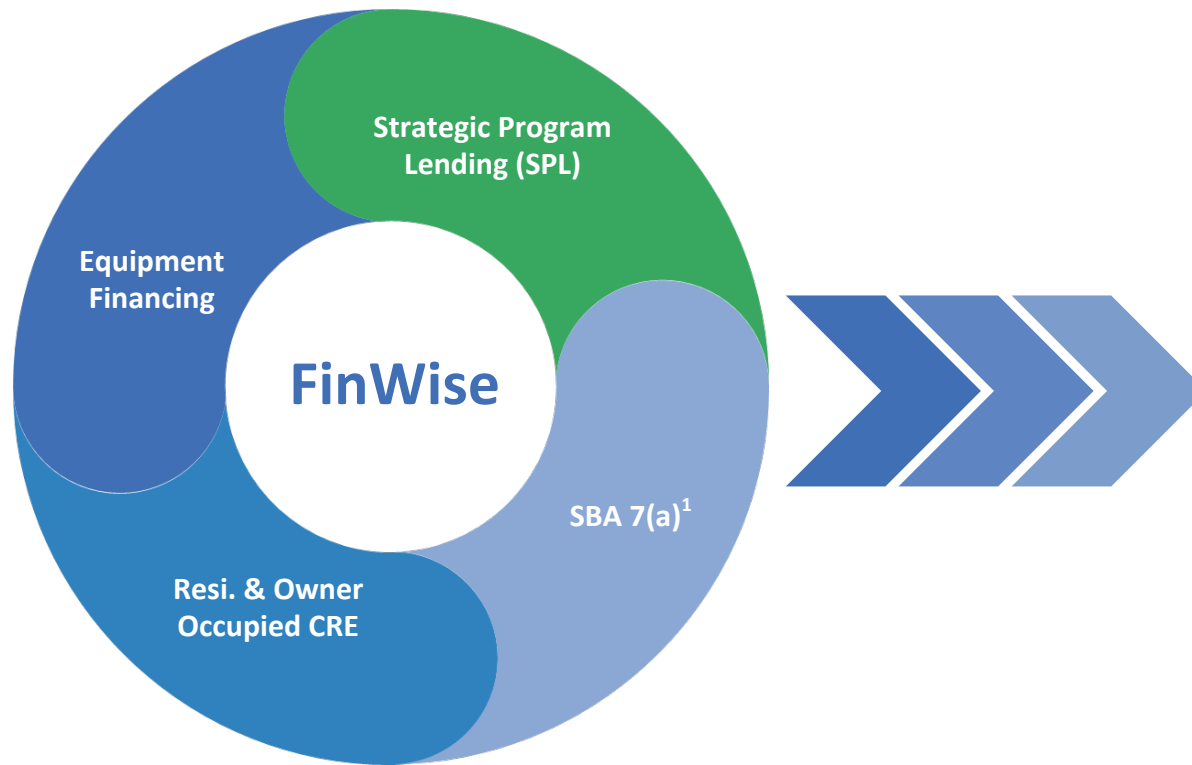
Note: FTEs shown as of the end of each respective quarter; does not include FTEs in Governance and Operations.



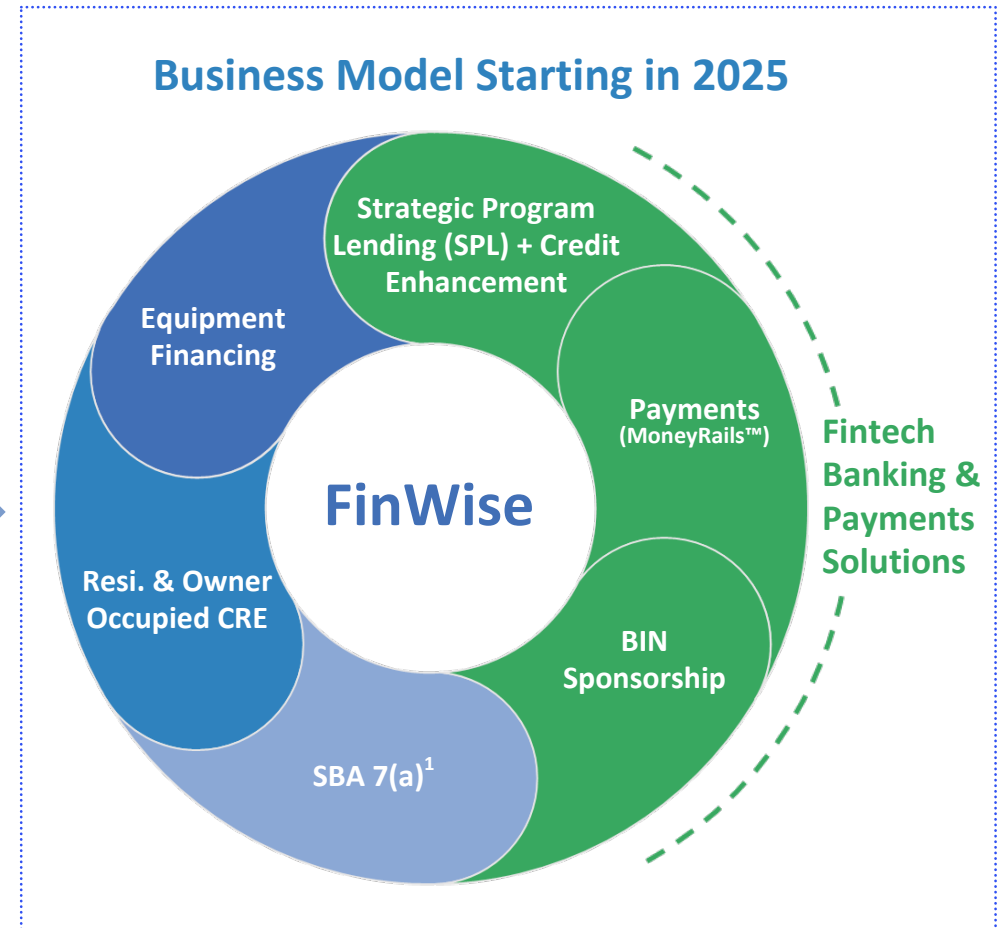
# Growth Strategy: A Broader Banking & Payments Offering

Incorporating Credit Enhancement, Payments, and BIN Sponsorship in 2025 to Enhance Ability to Scale and Drive Growth

Business Model Prior to 2025



Business Model Starting in 2025



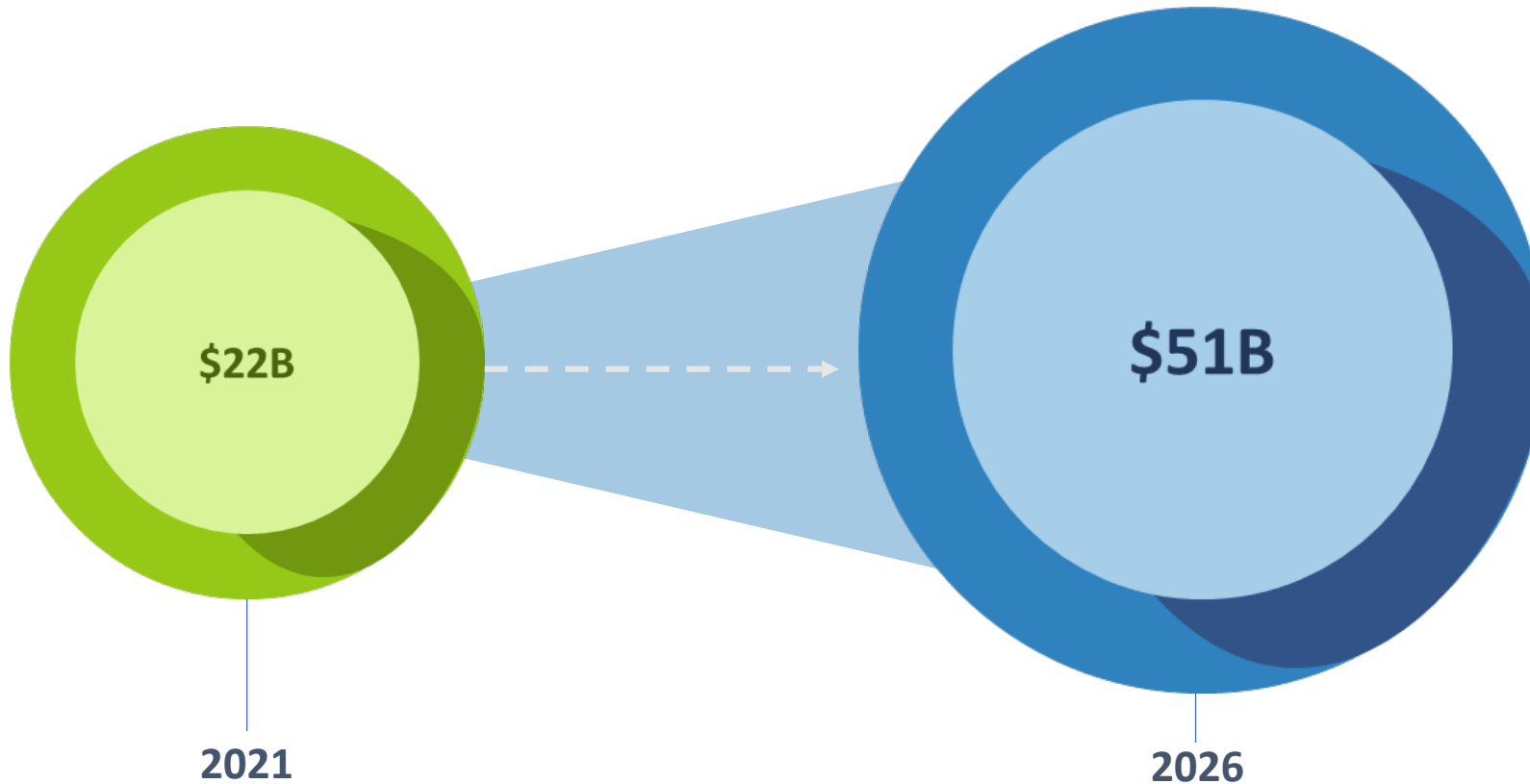
<sup>1</sup>SBA 7(a) includes Guaranteed and Unguaranteed loans; Guaranteed loans are guaranteed by U.S Small Business Administration. Note: "Fintech Banking & Payments Solutions" is used to describe our target market within the banking as a service ecosystem.



# Sizable Addressable Market

Fintechs & Non-Financials Expected to Seek Bank Partners that Provide Access to Financial Products





## Estimated U.S. Market for Platforms and Enablers<sup>1</sup> (Total Revenue Across Payments, Lending, Banking, Cards)



<sup>1</sup>Source: Matt Harris, Blake Adams, Adam Davis, and Jeff Tjisse, "Embedded Finance: What It Takes to Prosper in the New Value Chain", 2022 (Bain & Company, Inc.)

# Potential Long-term Benefits from Fintech Banking and Payments Solutions Offering



Revenue	Deposits	Credit Quality	Profitability
<p data-bbox="282 544 690 676">Expands and diversifies potential sources of revenue</p> 	<p data-bbox="805 544 1230 715">Helps diversify deposit composition and reduce cost of funds through relationship-banking</p> 	<p data-bbox="1360 544 1735 622">Increases percentage of Prime loans</p> 	<p data-bbox="1862 544 2313 715">Use of outsourced solutions enhances operating leverage versus traditional models</p> 

# Differentiators of Fintech Banking and Payments Solutions Offering



## Payments (MoneyRails™)

- **Ease of Use.** Brings multiple payments types under one application. Ability to see all payments through a single source
- **Payment Control.** Allows service providers (fintechs) to embed multiple options to move money in /out of their ecosystem
- **Cost Effective.** Business rules help optimize the payment type for users' parameters. Reduces number of bank connected systems, lowering fees and software costs
- **Strengthens Security.** Single sign-on to manage access and real time fraud controls
- **Modern Payment Rails.** Access to the latest payment types such as faster and real-time payments
  - **Payment rails included:** ACH, Same Day ACH (SDA), Wires, Visa Direct and/or Mastercard Send, Mastercard RPPS, The Clearing House RTP and FedNow

## Bank Identification Number (BIN) Sponsorship

- **Compliance-first Culture.** Significant knowledge of compliance practices required to manage a BIN sponsorship program. Regular interactions with our regulators
- **Differentiated Tech Approach and Integration.** Provides Bank with more control for compliance oversight and more robust solutions as service providers (fintechs) expand their operations
- **Focus.** Limit number of processors, vendors and service providers to streamline efficiencies and oversight
- **Extensive Experience.** Team has nearly 90 years of combined expertise in banking, payments and fintech

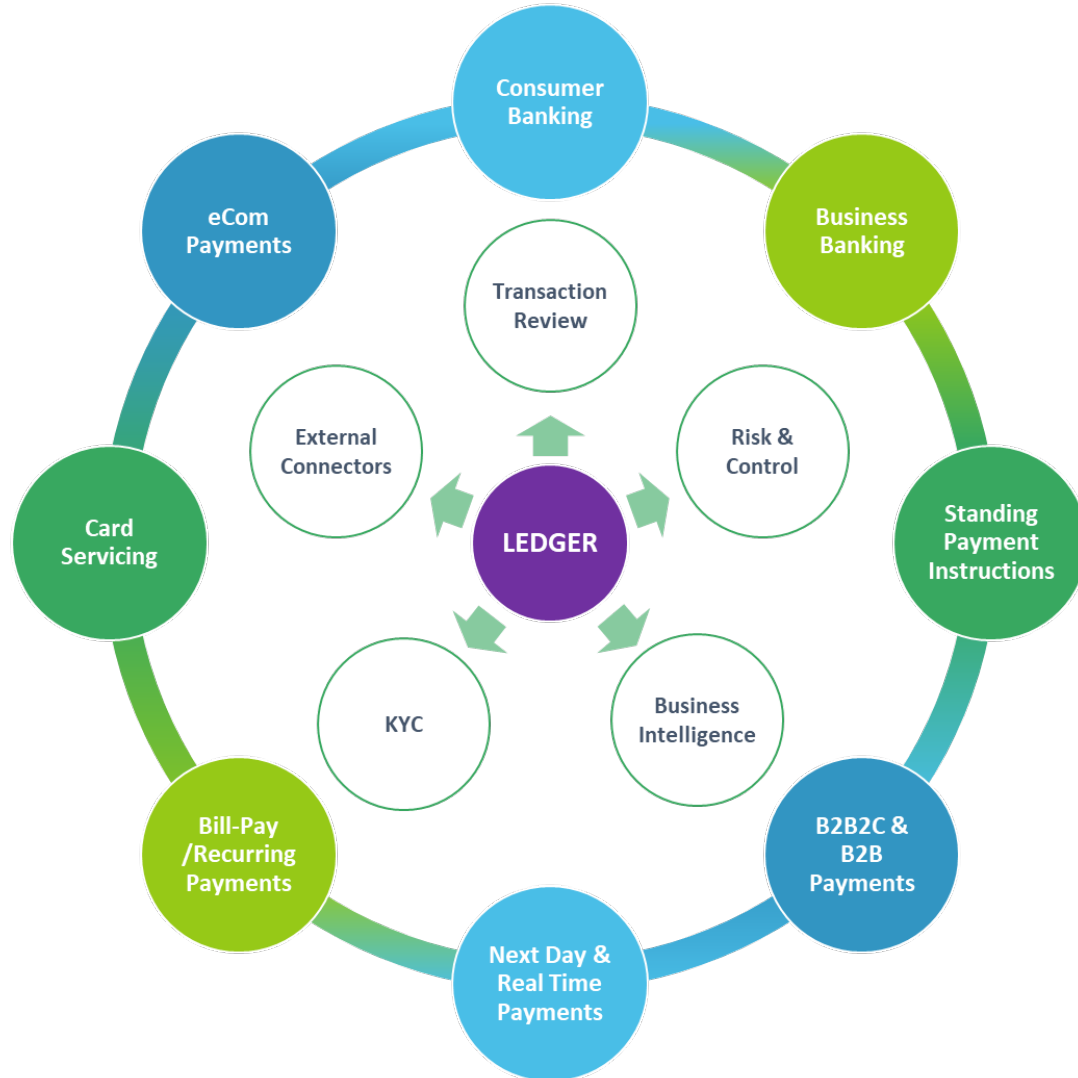
### Target Customers:

- Fintechs that serve needs of corporations and small businesses with existing transaction volume and a proven track record of success.
- Fintechs that have the capabilities to support businesses/commercial/corporations account and payments needs, including credit, charge card, debit, prepaid program constructs.
- Fintechs that are well funded, have an experienced management team, plan to drive significant activity annually and have a compliance-first mentality.
- We will also support consumer programs with unique value propositions that solve financial issues.



# Payments (MoneyRails™) Platform - The Value of a Ledger

Secure, Efficient API-driven Solutions for Fintechs and Commercial Customers



- The **Ledger provides a strong foundation with controls**, standing instructions and connectors for third-party integrations
- **Highly secured platform** with ability to stop unauthorized access to the application and the account. Transactions are immutable.
- Fintechs **can build their own experience** using APIs without dependency on FinWise
- The platform provides **physical and virtual card servicing capabilities**. This enables incoming/outgoing payments and card management to be housed in a central hub

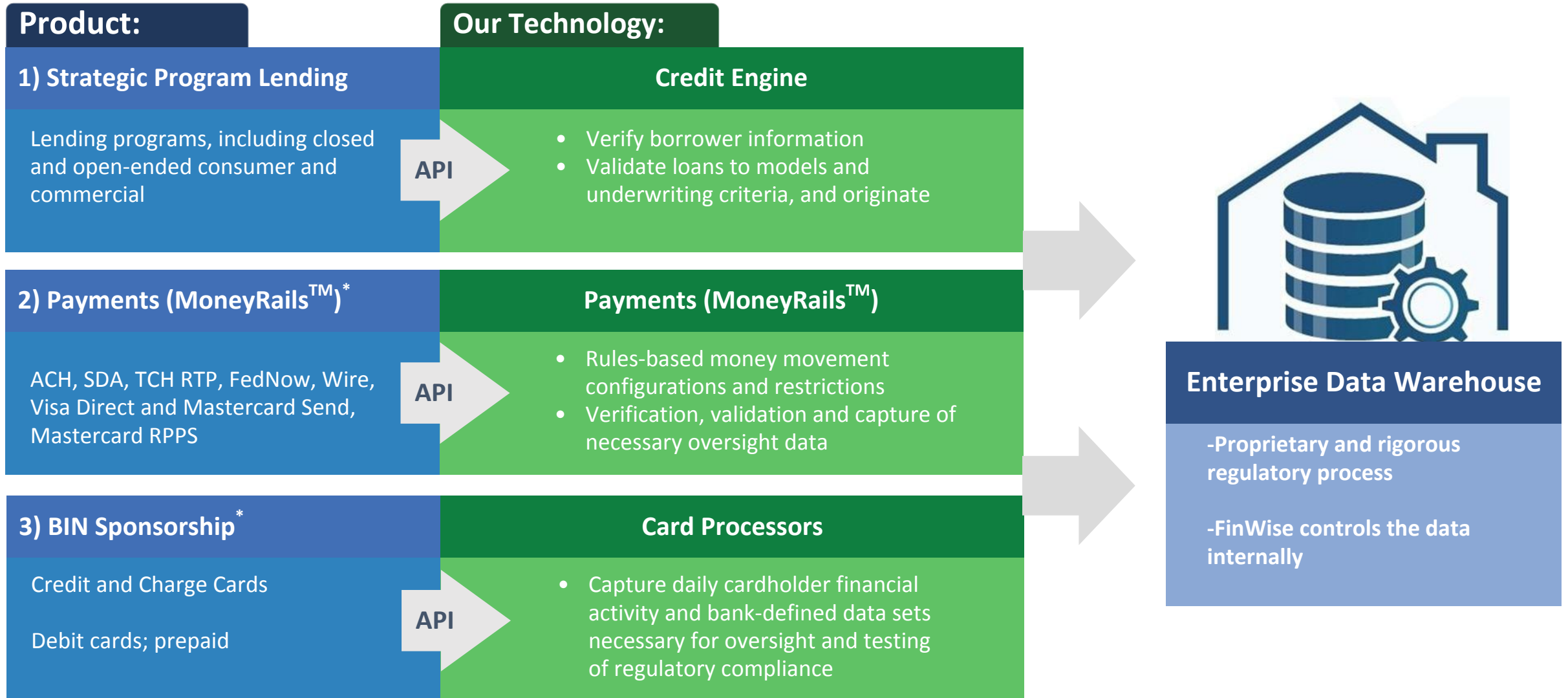


# Payments (MoneyRails™) Benefits to Fintechs We Support

A Centralized, Secure Platform and Ledger that Facilitates Movement of Money



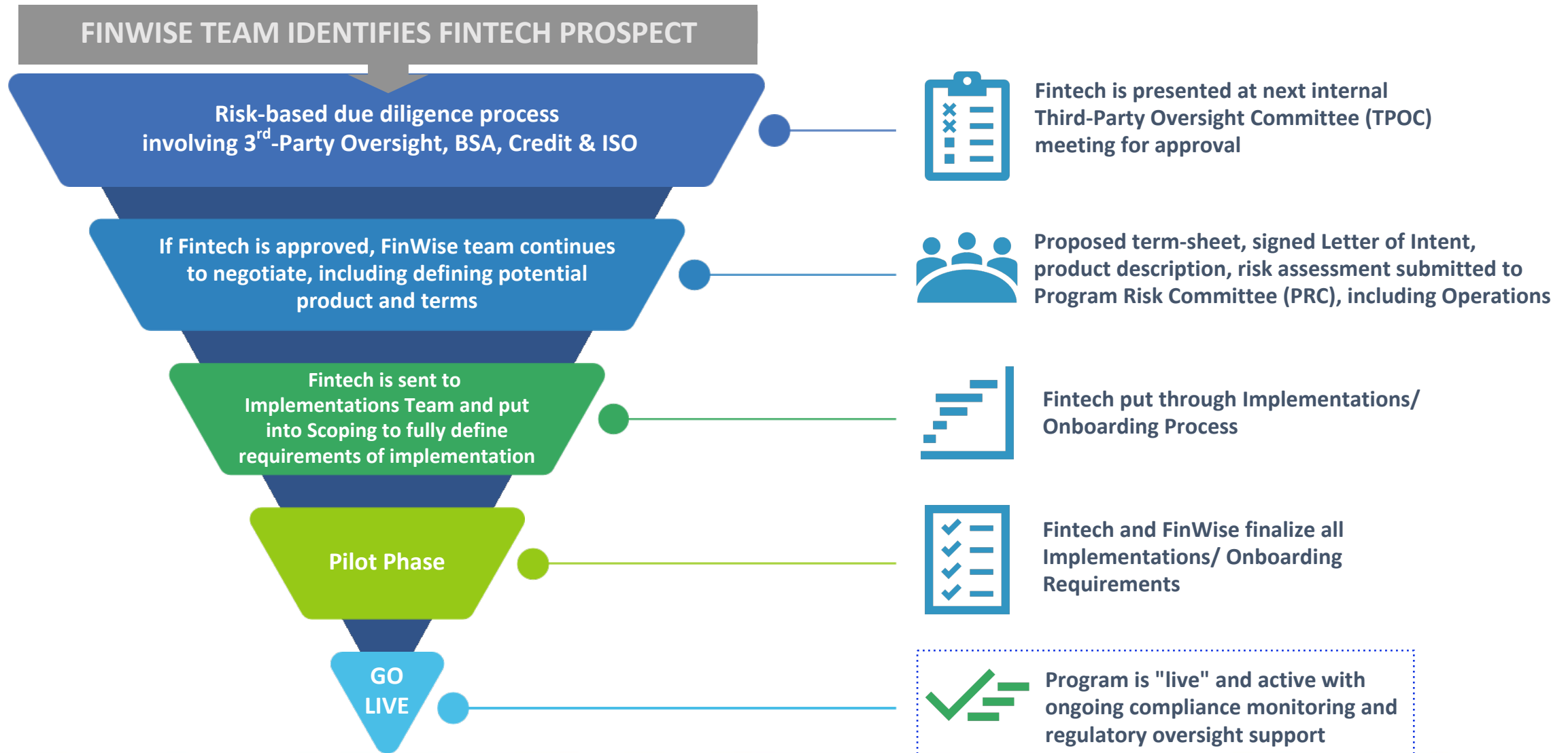
# Components of Model Enable Scaling and Regulatory Oversight





# Intensive Due-Diligence Process and Compliance Assessment

## Representative Fintech Onboarding - a Thorough Selection Process

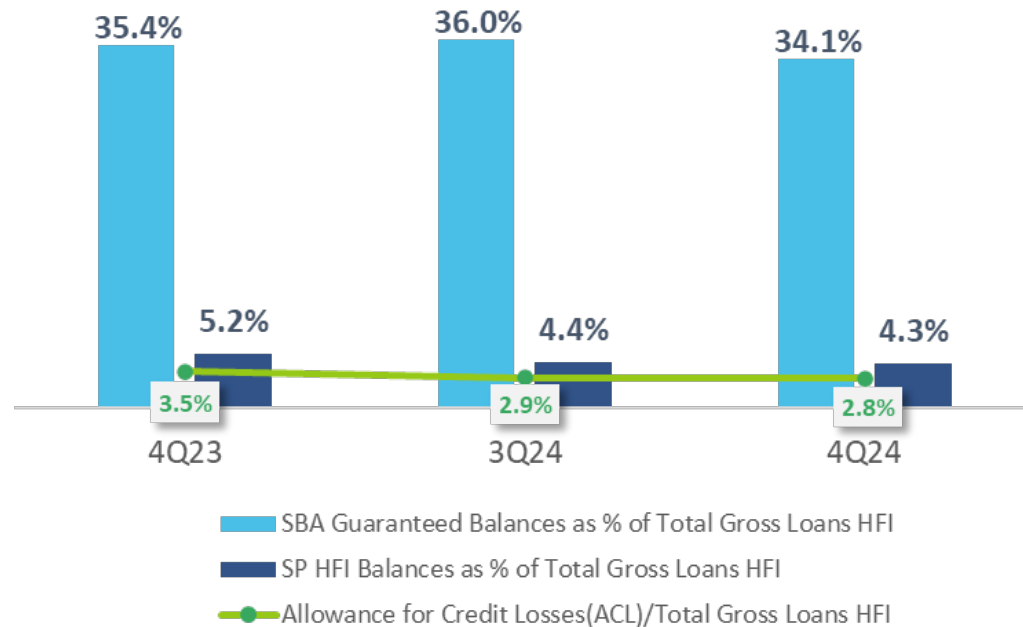




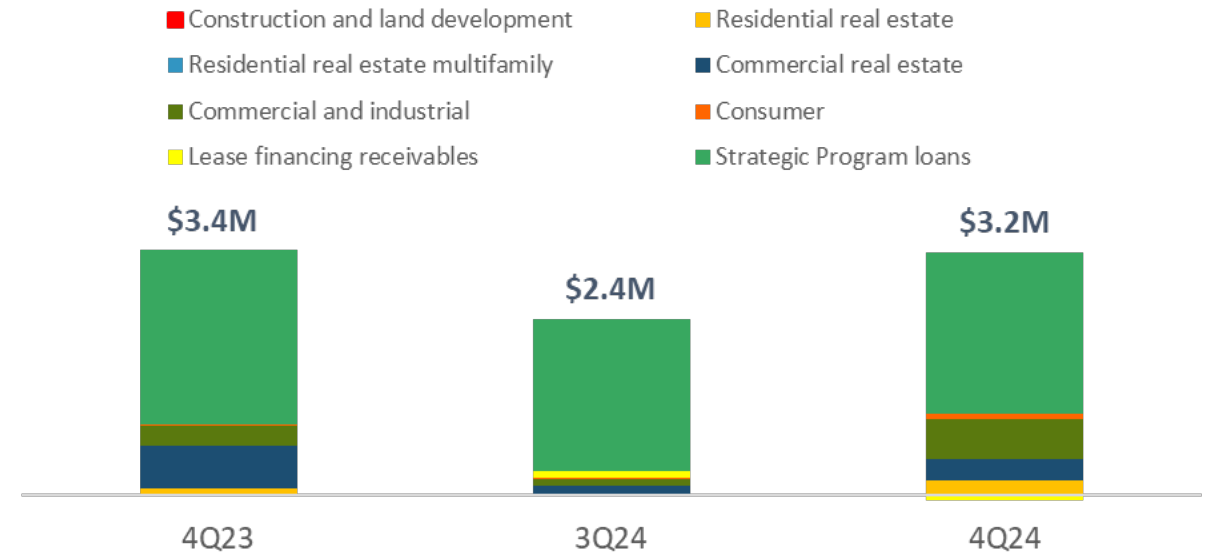
# Disciplined Underwriting Process Mitigates Risk...

- **Credit risk is managed** through combination of policy, data and pricing
- **Disciplined underwriting process and well collateralized portfolio** has helped mitigate net charge-offs, even as credit quality normalized due to higher rate environment
- **Remain well-reserved with an ACL/Total Gross Loans HFI of 2.8% as of the end of 4Q24, reflecting a lower-risk portfolio vs. prior year period, including:**
  - *Significant SBA guaranteed balances as % of Total Gross Loans HFI*
  - *Decrease in Strategic Programs (SP) HFI balances as % of Total Gross Loans HFI, which carry a higher reserve rate*

ACL, SBA Guaranteed and SP HFI Balances as % of Total Gross Loans HFI\*



Net Charge-offs by Loan Type



\*ACL = Allowance for Credit Losses; SP = Strategic Programs; HFI = Held for Investment

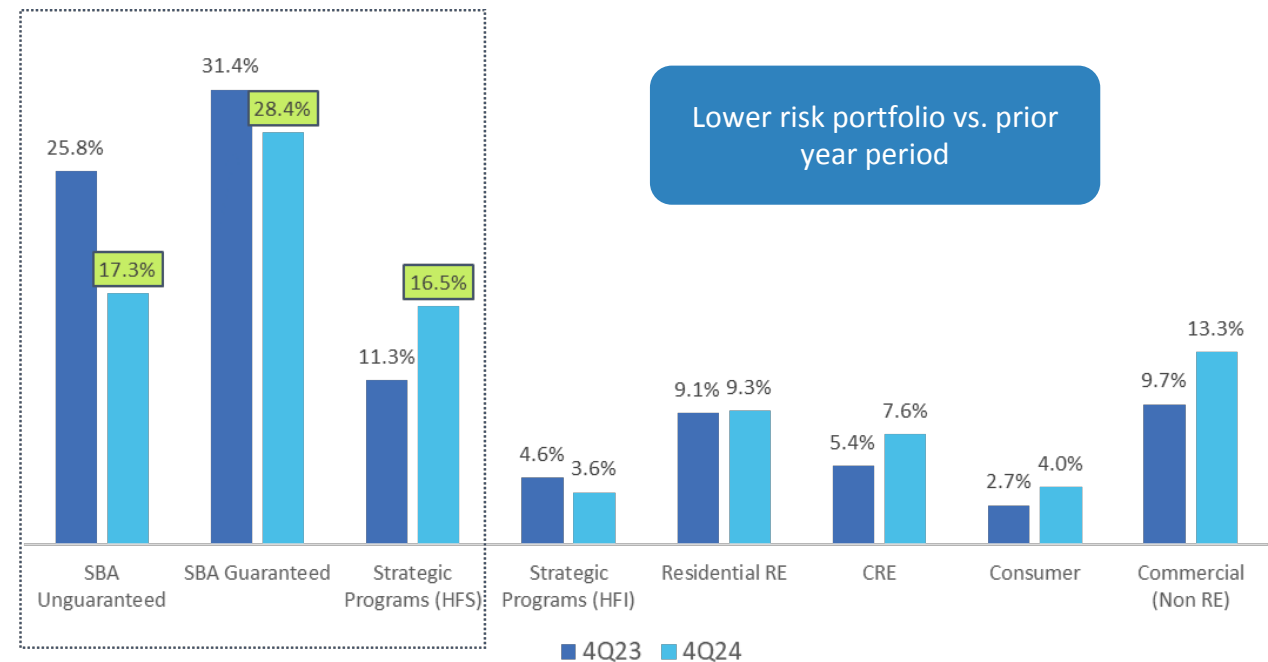
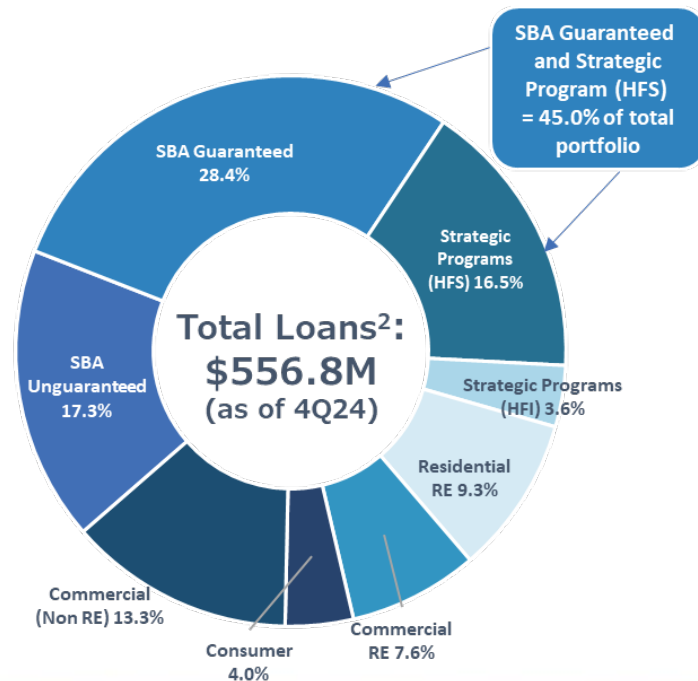


# ...and Leads to a Diversified and Lower Risk Loan Portfolio

- **Combined SBA Guaranteed and Strategic Program Loans (HFS) increased to a total of 45.0% of the portfolio** as of 4Q24 vs 42.7% as of FY23. **Both of these products carry lower credit risk:** SBA Guaranteed loans are guaranteed by the U.S Small Business Administration and Strategic Program Loans (HFS) are supported by reserve deposit accounts
- **SBA Unguaranteed loans declined** from 25.8% of the portfolio as of FY23 to **17.3%** as of 4Q24
- **SBA Guaranteed balances declined modestly Y/Y**, as in 4Q24 we reinitiated selling limited amounts of the guaranteed portion of SBA loans
- **Our new Credit Enhancement<sup>1</sup>** product incorporates a fintech financed loss reserve account structured to absorb credit losses

## Portfolio Characteristics:

- **SBA portfolio characteristics:** Average FICO is 740+. Average time in business is 12+ years. Top 3 industries by Unguaranteed balances are eCommerce, Law Firms and Health Care. **Our SBA loss rate is 71% lower than the SBA 7(a) industry for all originations since 2014.**
- **CRE Non-SBA (7.6% as of 4Q24) is 96.7% Owner Occupied;** SBA related CRE loans are required to be majority Owner Occupied under SBA guideline

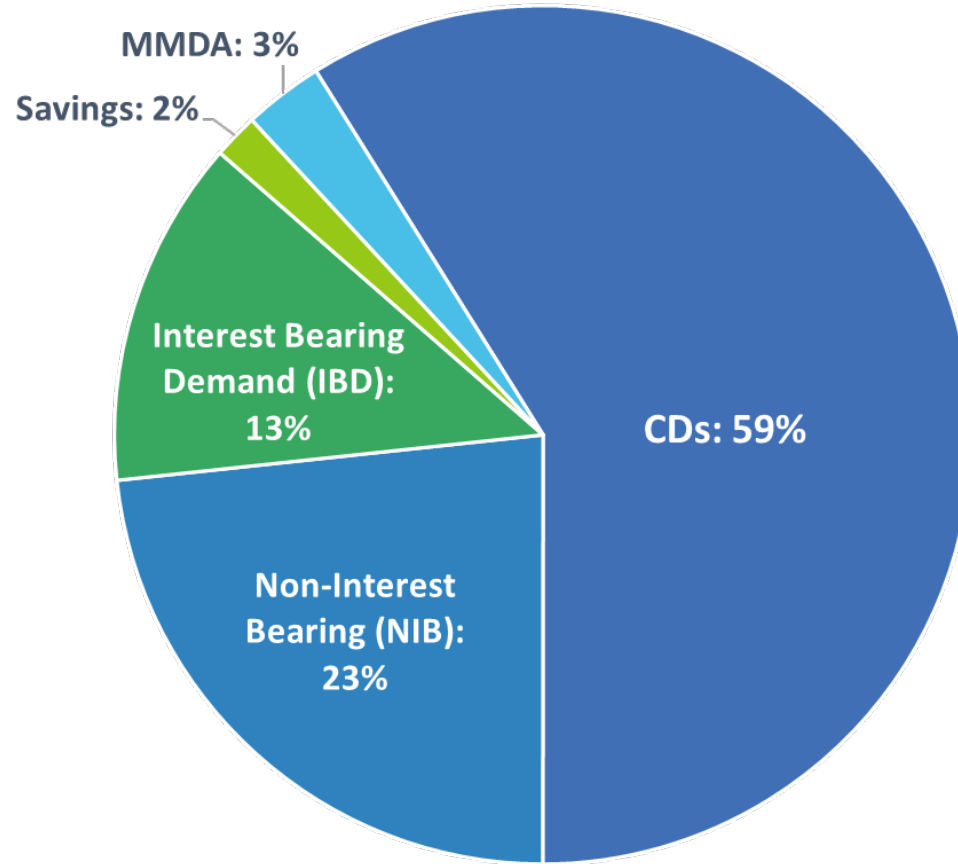


\*Amounts are as of the end of each respective period. Note: Commercial (Non RE) is mostly Equipment Leasing. <sup>1</sup>Credit Enhancement activity is currently immaterial but is currently expected to become more material as we move through the year. <sup>2</sup>Total Loans includes Held for Investment (HFI) and Held for Sale (HFS)



# Deposit Composition

As of December 31, 2024; Total Period End Deposits: \$545 Million

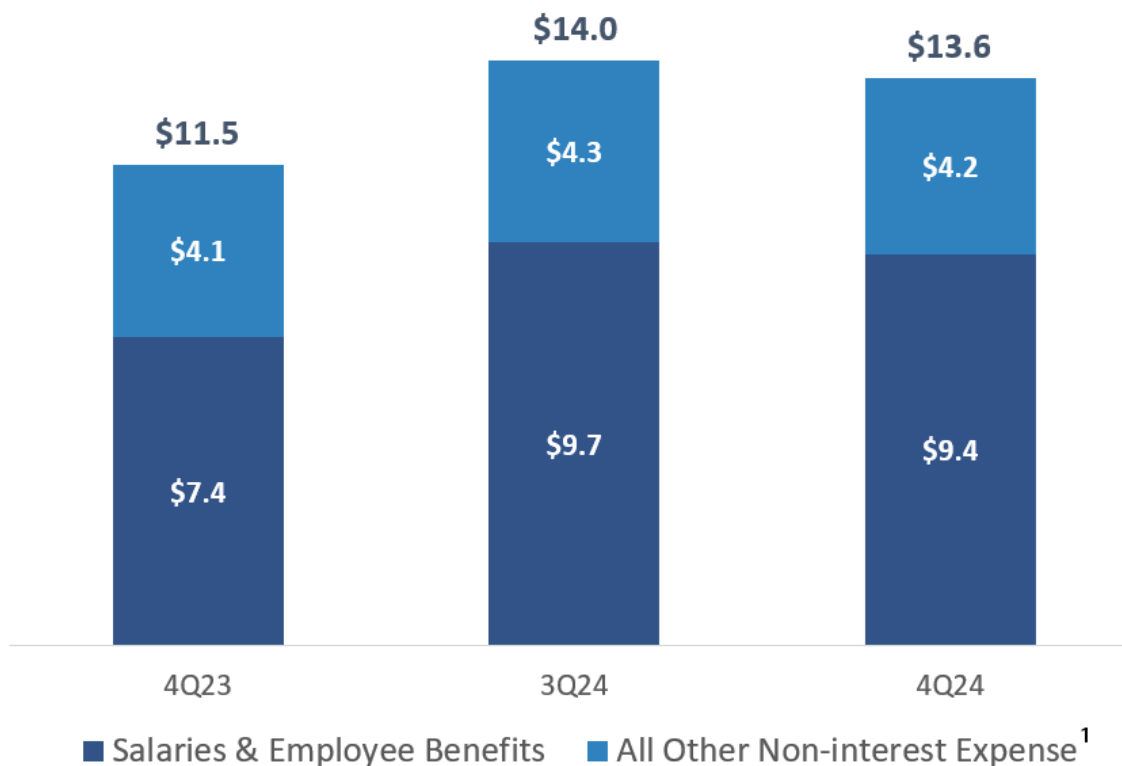


Significant opportunity to gradually diversify deposit composition and reduce cost of funds

# Disciplined Expense Management While Investing for Growth



Total Non-interest Expense (\$M)



Longer-term increase in Total Non-interest Expense has been driven largely by business infrastructure spend, including headcount, to support organic growth and key strategic initiatives.

*2025 Commentary: Expense growth to be correlated to revenue production.*

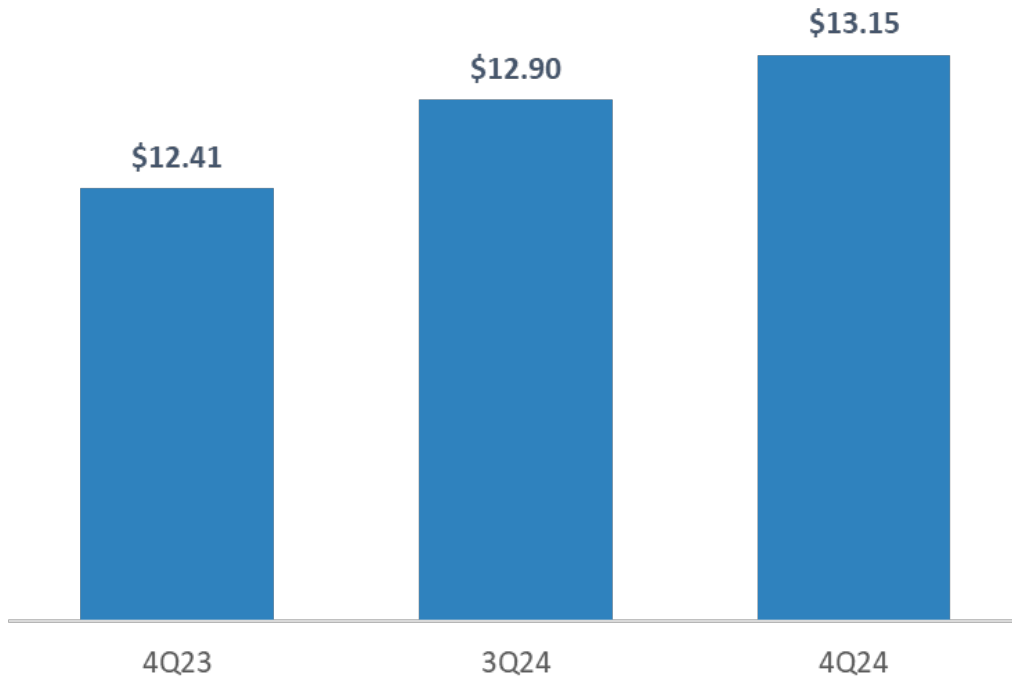
	4Q23	3Q24	4Q24
Full Time Employees (FTEs)	162	194	196
Efficiency Ratio (Non-GAAP) <sup>2</sup>	56.0%	67.5%	64.2%

<sup>1</sup>All Other Non-interest Expense refers to all other expense components within Total Non-interest Expense, excluding Salaries & Employee Benefits. <sup>2</sup>See Appendix at the end of the presentation for Non-GAAP reconciliation

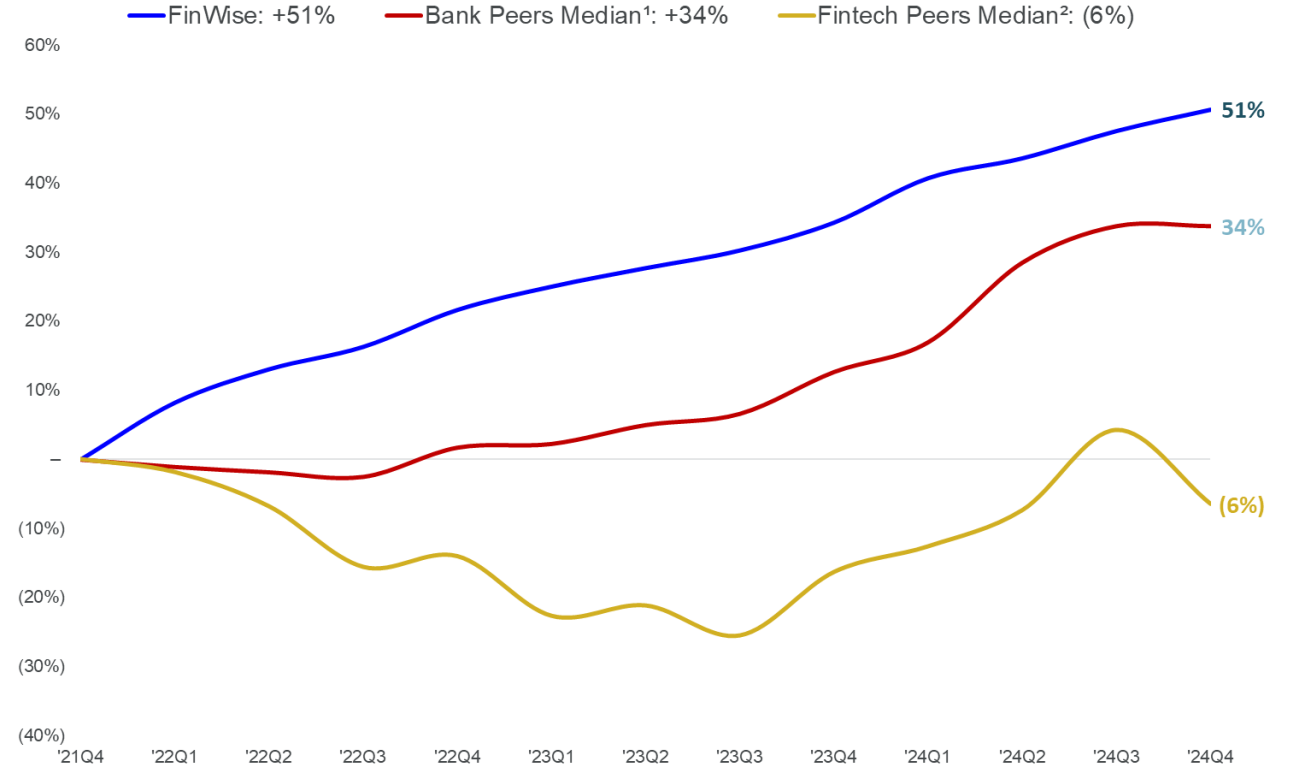


# TBV Growth Has Been a Win for Shareholders

### Tangible Book Value Per Share (Non-GAAP)<sup>1</sup>



### Indexed Change in TBV Since FINW IPO (4Q21) vs Select Bank and Fintech Peers<sup>2</sup>



<sup>1</sup> See Appendix at end of presentation for full description of metric and Non-GAAP reconciliation. Amounts are as of the end of each respective period

<sup>2</sup> Bank Peers defined as: Oregon Bancorp, Inc., Quaint Oak Bancorp, Inc., University Bancorp, Inc., BayFirst Financial Corp., Fentura Financial, Inc., CF Bankshares Inc., Meridian Corporation, Coastal Financial Corporation, Capital Bancorp, Inc., FS Bancorp, Inc., Blue Ridge Bankshares, Inc., First Internet Bancorp, Nicolet Bankshares, Inc., Triumph Financial, Inc., Live Oak Bancshares, Inc., Merchants Bancorp, The Bancorp, Inc., Cross River Bank, Metropolitan Bank Holding Corp., Capital Community Bank. Fintech Peers defined as Atlanticus Holdings Corporation, Oportun Financial Corporation, LendingClub Corporation, Pathward Financial, Inc.

**Note:** Bank level Call Report financial data used where holding company consolidated financials unavailable; 3Q 2024 financial data shown where 4Q 2024 holding company consolidated and bank level Call Report financials are unavailable; Source: S&P Capital IQ Pro



# Industry Recognition as a Top-Performing Bank

## Independent Banker

## AMERICAN BANKER



FinWise Bancorp ranked #1 in its respective class (for the 3rd year in a row) for Best Performing Banks

FinWise Bancorp ranked in top 3 on American Banker's annual list of Top-Performing Publicly Traded Banks with under \$2 billion of assets

FinWise Bank was ranked as one of the 50 fastest growing companies in Utah based on revenue growth over five years.

*(based on 3-year average pre-tax ROA)*

*(based on 3-year average ROAE ending 12/31/23)*

2022 2023 2024



2022 2023 2024



2022 2023 2024



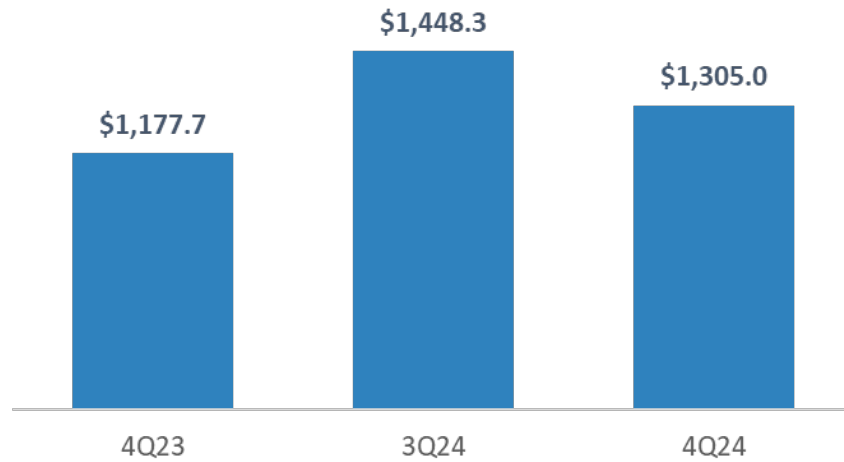


# Selected Financial Information

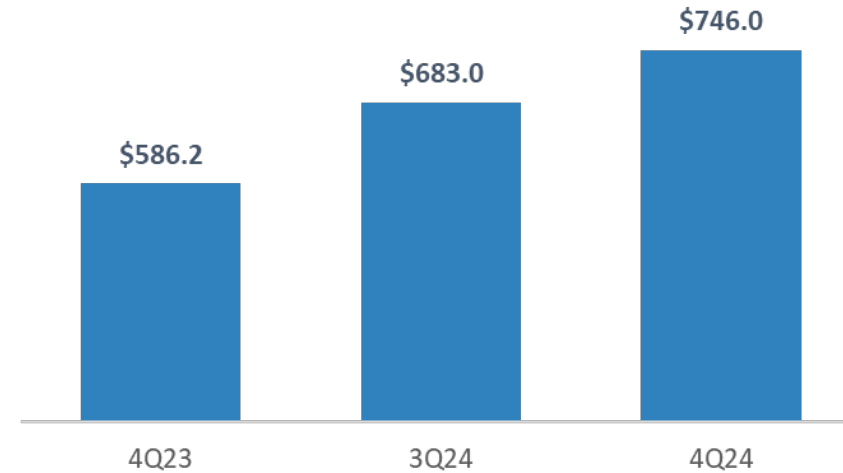


# Solid Originations and Significant Balance Sheet Growth

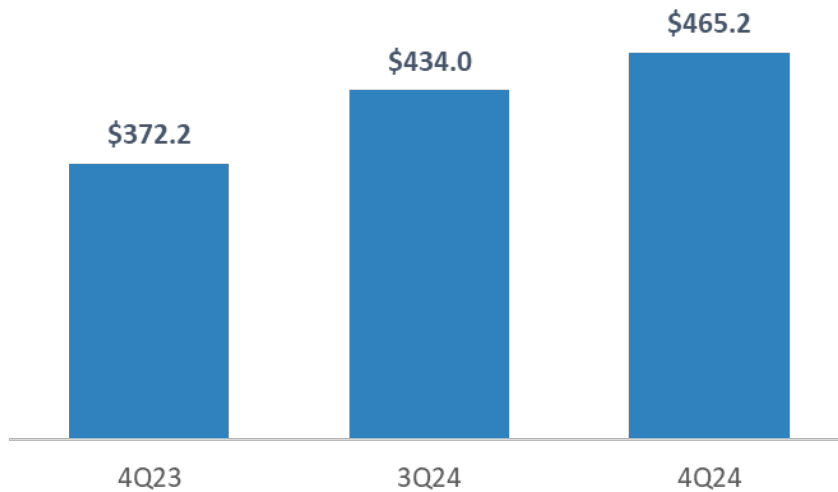
Total Loan Originations (\$M)



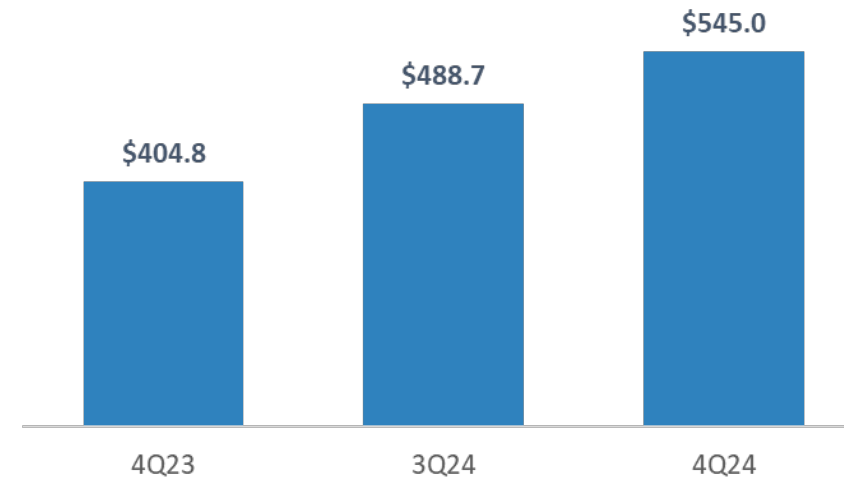
Total Assets (\$M)



Total Loans Outstanding HFI<sup>1</sup> (\$M)



Total Deposits (\$M)

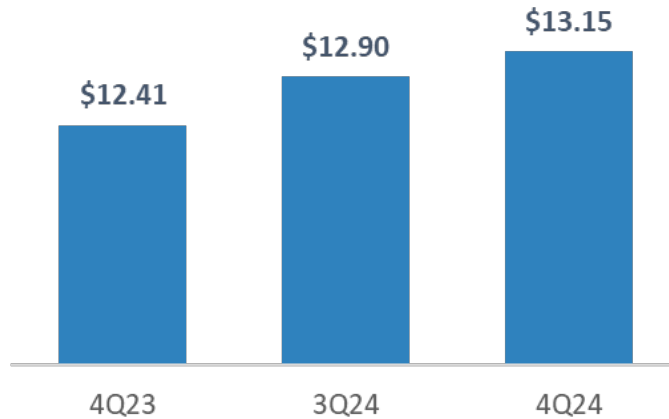


<sup>1</sup> HFI = Held for Investment. Note: Total Loan Originations are for the quarterly period. Other amounts are as of the end of each respective period

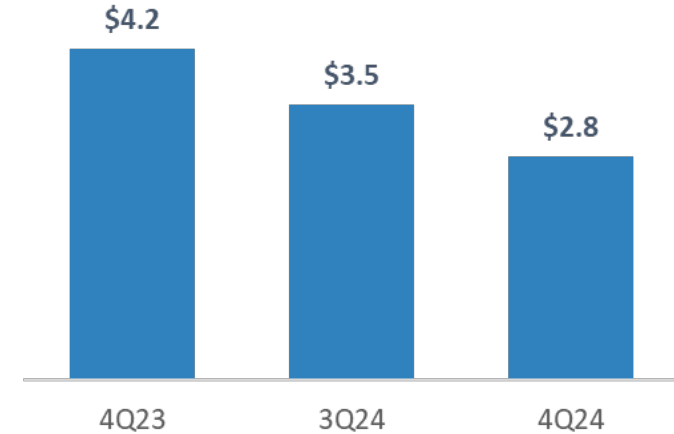


# Growing TBVps and Sustained Historical Profitability

Tangible Book Value per share (Non-GAAP) <sup>1</sup>



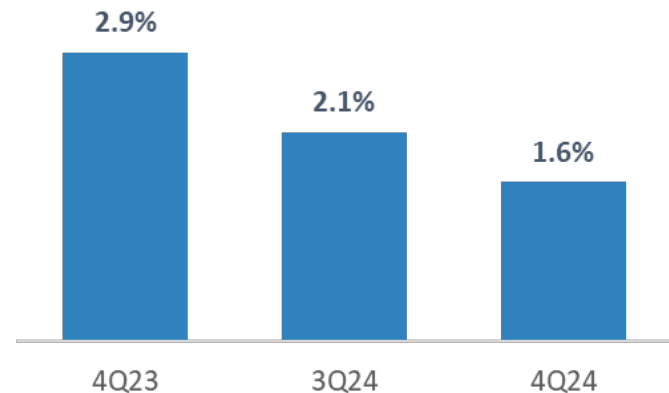
Net Income (\$M)



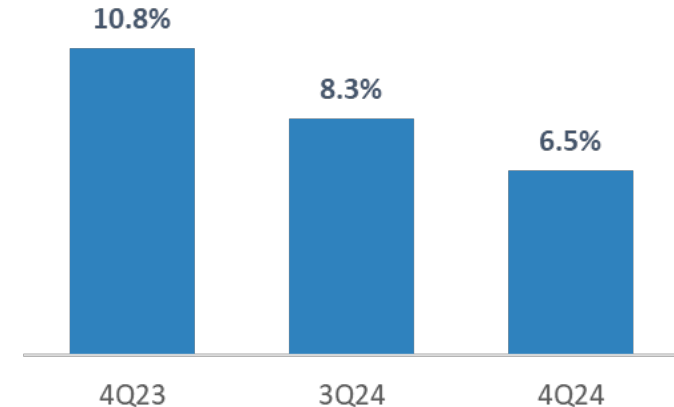
Profitability partly impacted by infrastructure investments over the past 18 months to support organic growth and the build-out of key strategic initiatives.

ROAE is also negatively affected by high capital levels

Return on Average Assets (ROAA)



Return on Average Equity (ROAE) <sup>2</sup>

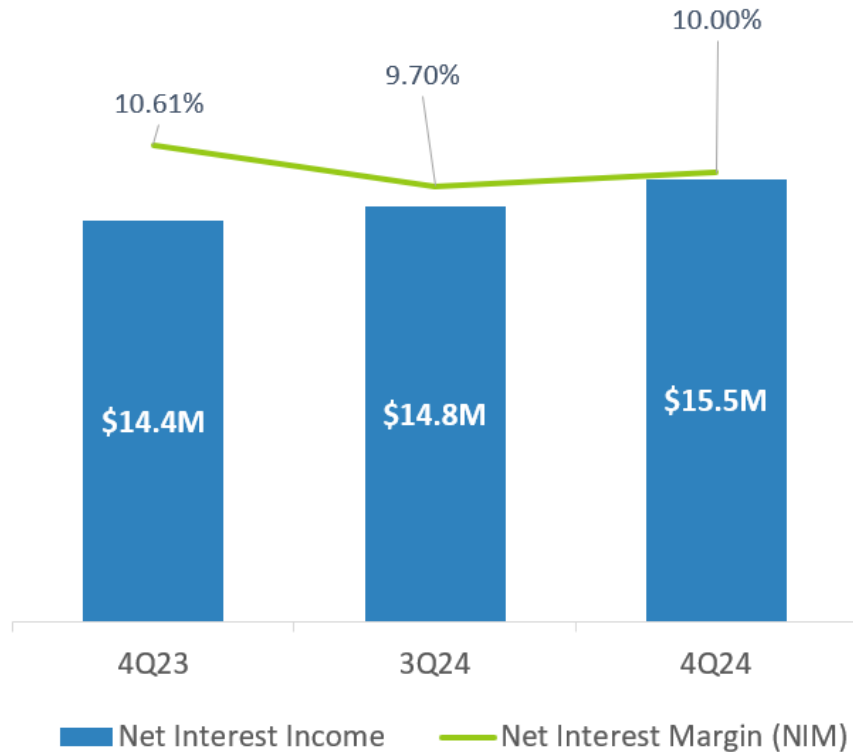


<sup>1</sup>See Appendix for more information and Non-GAAP reconciliation. Tangible Book Value per Share (Non-GAAP) as of the end of each respective period. <sup>2</sup>ROAE is negatively affected by high capital levels.

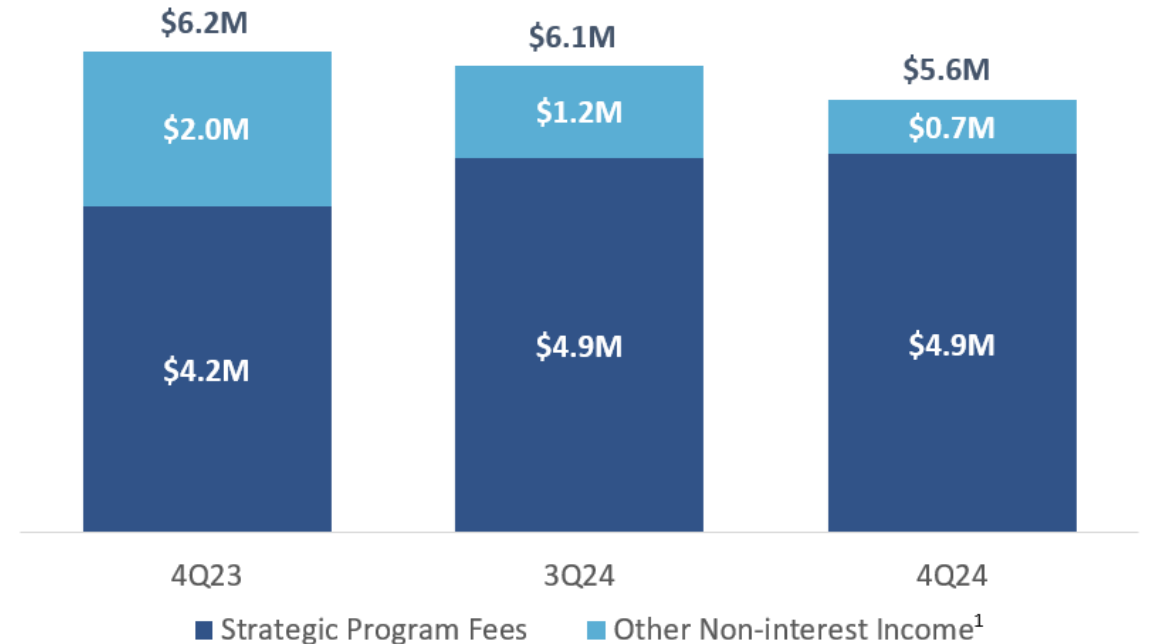


# Diversified Income Sources

## Net Interest Income & Net Interest Margin (NIM)



## Non-interest Income

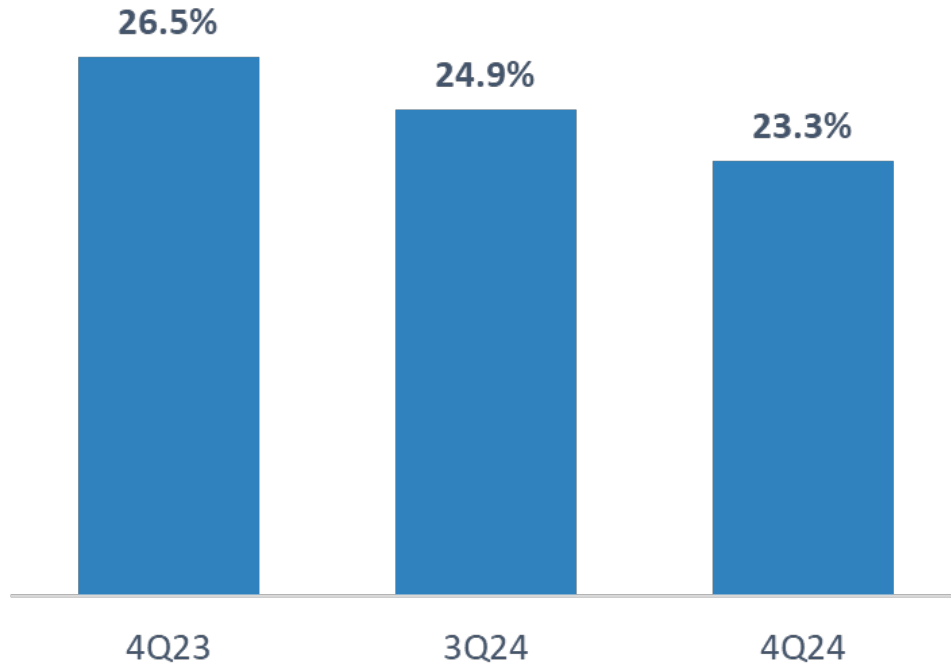


<sup>1</sup>Other Non-interest Income includes all other non-interest income items, excluding Strategic Program Fees.

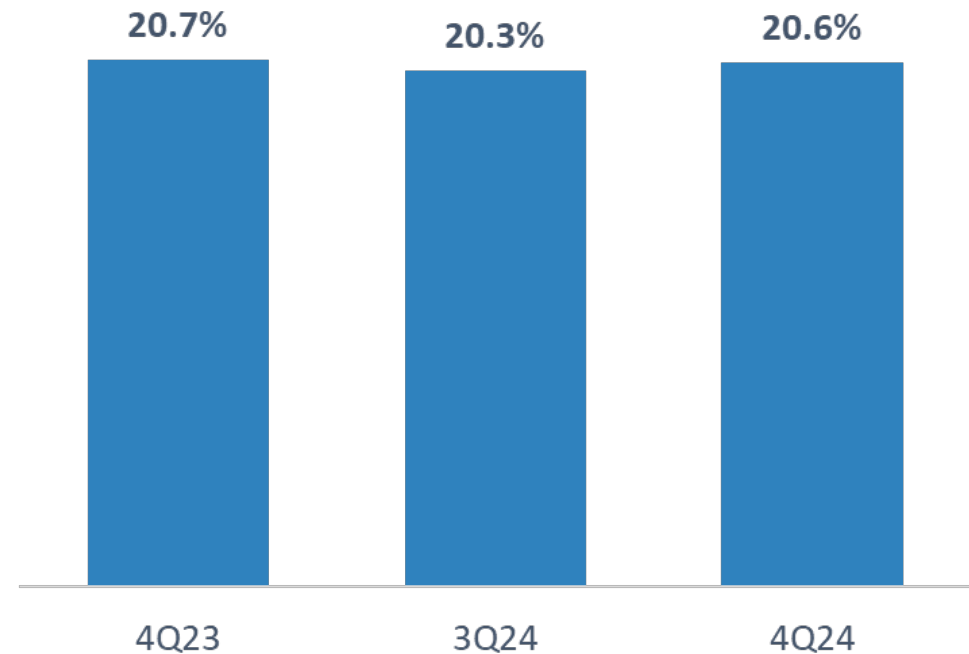


# Well Capitalized Above Regulatory Requirements

Total FinWise Bancorp Shareholders' Equity to Tangible Assets Ratio



Leverage Ratio – Bank Level



The Bank's capital levels remain significantly above the well-capitalized regulatory requirement of 9%, pursuant to the Community Bank Leverage Ratio framework adopted by the Bank in 2020.



# Appendix

# Non-GAAP Reconciliations



## Tangible Shareholders' Equity and Tangible Book Value Per Share

*(\$ in thousands, except per share amounts)*

	As of		
	December 31, 2024	September 30, 2024	December 31, 2023
Total shareholders' equity	\$ 173,720	\$ 170,370	\$ 155,056
Goodwill	—	—	—
Other intangibles	—	—	—
Less: total intangible assets	—	—	—
<b>Tangible shareholders' equity<sup>1</sup></b>	<b>\$ 173,720</b>	<b>\$ 170,370</b>	<b>\$ 155,056</b>
<b>Tangible book value per share<sup>1</sup></b>	<b>\$ 13.15</b>	<b>\$ 12.90</b>	<b>\$ 12.41</b>

## Efficiency Ratio

*(\$ in thousands)*

	For the Three Month Period Ending		
	December 31, 2024	September 30, 2024	December 31, 2023
Non-interest expense	\$ 13,564	\$ 14,049	\$ 11,503
Net interest income	15,529	14,763	14,367
Non-interest income	5,603	6,054	6,157
Adjusted operating revenue	\$ 21,132	\$ 20,817	\$ 20,524
<b>Efficiency ratio<sup>2</sup></b>	<b>64.2 %</b>	<b>67.5 %</b>	<b>56.0 %</b>

- (1) Tangible shareholders' equity: This measure is not a measure recognized under GAAP and is therefore considered to be a non-GAAP financial measure. Tangible shareholders' equity is defined as total shareholders' equity less goodwill and other intangible assets. The most directly comparable GAAP financial measure is total shareholder's equity to total assets. The Company had no goodwill or other intangible assets as of any of the dates indicated. The Company has not considered loan servicing rights or loan trailing fee asset as intangible assets for purposes of this calculation. As a result, tangible shareholders' equity is the same as total shareholders' equity as of each of the dates indicated.
- (2) Efficiency Ratio: This measure is not a measure recognized under United States generally accepted accounting principles, or GAAP, and is therefore considered to be a non-GAAP financial measure. The efficiency ratio is defined as total non-interest expense divided by the sum of net interest income and non-interest income. The Company believes this measure is important as an indicator of productivity because it shows the amount of revenue generated for each dollar spent.



# Non-GAAP Reconciliations

The following non-GAAP measures are presented to illustrate the impact of certain credit enhancement expenses on total interest income on loans HFI and average yield on loans HFI:

	As of and for the Three Months Ended			As of and for the Year Ended		
(\$ in thousands; unaudited)	12/31/2024			12/31/2024		
	Total Average Loans HFI	Total Interest Income on Loans HFI	Average Yield on Loans HFI	Total Average Loans HFI	Total Interest Income on Loans HFI	Average Yield on Loans HFI
Before adjustment for credit enhancement	\$ 454,474	\$ 13,348	11.68 %	\$ 417,207	\$ 51,194	12.27 %
Less: credit enhancement expense		(5)			(8)	
Net of adjustment for credit enhancement expenses	\$ 454,474	\$ 13,343	11.68 %	\$ 417,207	\$ 51,186	12.27 %

Note: Total interest income on loans HFI net of credit enhancement expense and the average yield on loans HFI are non-GAAP measures that include the impact of credit enhancement expense on total interest income on loans HFI and the respective average yield on loans HFI, the most directly comparable GAAP measures.



# Non-GAAP Reconciliations

The following non-GAAP measures are presented to illustrate the impact of certain credit enhancement expenses on net interest income and net interest margin:

	As of and for the Three Months Ended			As of and for the Year Ended		
(\$ in thousands; unaudited)	12/31/2024			12/31/2024		
	Total Average Interest-Earning Assets	Net Interest Income	Net Interest Margin	Total Average Interest-Earning Assets	Net Interest Income	Net Interest Margin
Before adjustment for credit enhancement	\$ 617,737	\$ 15,529	10.00 %	\$ 589,880	\$ 58,912	9.99 %
Less: credit enhancement expense		(5)			(8)	
Net of adjustment for credit enhancement expenses	\$ 617,737	\$ 15,524	10.00 %	\$ 589,880	\$ 58,904	9.99 %

Note: Net interest income and net interest margin net of credit enhancement expense are non-GAAP measures that include the impact of credit enhancement expenses on net interest income and net interest margin, the most directly comparable GAAP measures.



# Non-GAAP Reconciliations

**Non-interest expenses less credit enhancement expenses is a non-GAAP measure presented to illustrate the impact of credit enhancement expense on non-interest expense:**

(\$ in thousands; unaudited)	Three Months Ended December 31, 2024	Year Ended December 31, 2024
Total non-interest expense	\$ 13,564	\$ 52,835
Less: credit enhancement expense	(5)	(8)
Total non-interest expense less credit enhancement expenses	\$ 13,559	\$ 52,827

**Total non-interest income less credit enhancement income is a non-GAAP measure presented to illustrate the impact of credit enhancement income resulting from credit enhanced loans on non-interest income:**

(\$ in thousands; unaudited)	Three Months Ended December 31, 2024	Year Ended December 31, 2024
Total non-interest income	\$ 5,603	\$ 22,485
Less: credit enhancement income	(25)	(111)
Total non-interest income less credit enhancement income	\$ 5,578	\$ 22,374

Note: Total non-interest expense less credit enhancement expense is a non-GAAP measure that illustrates the impact of credit enhancement expenses on non-interest expense, the most directly comparable GAAP measure.

Total non-interest income less indemnification income is a non-GAAP measure that illustrates the impact of credit enhancement income on non-interest income. The most directly comparable GAAP measure is non-interest income.



# Non-GAAP Reconciliations

The following non-GAAP measure is presented to illustrate the effect of the credit enhancement program that creates the credit enhancement on the allowance for credit losses:

(\$ in thousands; unaudited)	As of December 31, 2024
Allowance for credit losses	\$ (13,176)
Less: credit enhancement asset	(111)
Allowance for credit losses excluding the effect of the credit enhancement asset	\$ (13,065)

Note: The allowance for credit losses excluding the effect of the allowance for credit losses related to credit enhanced loans is a non-GAAP measure that reflects the effect of the credit enhancement program on the allowance for credit losses. The total outstanding balance of loans held for investment with credit enhancement as of December 31, 2024 was approximately \$0.9 million.

# Glossary of Terms Used



**ACH (The Automated Clearing House).** Electronic funds-transfer system that facilitates payments in the U.S. and internationally. The ACH is run by Nacha.

**API (Application Programming Interface).** Set of defined rules that enable different applications to communicate with each other. It acts as an intermediary layer that processes data transfers between systems, letting companies open their application data and functionality to external third-party developers, business partners, and internal departments within their companies.

**Banking-as-a-Service (BaaS).** Banking model in which licensed banks integrate their digital banking services directly into the products of other non-bank businesses. This allows non-bank businesses to offer their customers digital banking services such as mobile bank accounts, debit cards, loans and payment services, without needing to acquire a banking license of their own. The bank's system communicates via APIs and webhooks with that of the non-bank's business, enabling the end customer to access banking services directly through the non-bank's website or app.

**BIN (Bank Identification Number) Sponsorship.** BIN sponsorship allows fintech businesses to quickly gain direct access to the payment processing and card management services provided by the likes of Visa or Mastercard without going through the process of joining a major card scheme. It provides fintechs with quickest way to launch a financial product with a debit, credit or prepaid card attached.

**Credit Enhancement.** FinWise generates interest income from existing and potential new strategic programs through contractual interest earned on loans maintained on the FinWise balance sheet. Fintech strategic programs using this product are required to hold a deposit account at FinWise against which charge-offs are recovered, and which is trued up monthly post any charge-offs.

**FedNow.** The clearing service for financial institutions to provide immediate end-to-end payments to customers. The key difference between this service and the Fed's previous system is that FedNow will be online 24/7, processing transactions in real time.

**HFI (Held for Investment).** When a reporting entity holds an originated or purchased loan for which it has the intent and ability to hold for the foreseeable future or to maturity or payoff, the loan should be classified as held-for-investment. Loans held for investment are reported on the balance sheet at their amortized cost basis.

**HFS (Held for Sale).** When a reporting entity originates or purchases a loan with the intent to sell the loan to another entity (e.g., a government sponsored enterprise).

**Mastercard RPPS (Remote Payment and Presentment Service).** Mastercard RPPS optimizes electronic bill payment by connecting banks to billers. It offers a single, reliable connection for electronic payment providers to help with fast & secure consumer bill payments.

**Mastercard Send.** Mastercard's offering in the real-time personal payments arena. Senders can immediately make "push payments" to bank accounts, mobile wallets, prepaid debit cards, or targeted cash-out locations. The sender can initiate a Mastercard Send transaction with just the recipient's debit card number.

**MoneyRails™** is FinWise's Payments hub, which is a single-window platform through which companies can execute all their payments, and issue virtual cards. MoneyRails also provides the ability to safeguard funds in an array of account types: FBO and subaccounts to satisfy FinTechs' deposit needs, as well as traditional Savings, Checking, Certificate of Deposits, etc. . Payment hubs increase fund control and visibility, reduce the risk associated with numerous fragmented payment processes, and improve overall operating efficiency.

**NIM:** Net Interest Margin

**SBA 7(a) loans.** Small-business loans issued by a private lender and partially backed by the U.S. Small Business Administration.

**SMBs.** Small to medium-sized businesses.

**Strategic Program Lending - SPL (sometimes referred as Marketplace Lending).** Lending predominately done through fintech platforms that connect borrowers with lenders.

**TBV:** Tangible Book Value

**The Clearing House RTP.** A real-time payments platform that all federally insured U.S. depository institutions are eligible to use for payments innovation. All RTP payments are processed by The Clearing House. When you pay your utility bill for the month using RTP, your bank sends message to network which includes the details of the payment. The Clearing House then processes the message and routes it to utility company's bank, completing the payment.

**Visa Direct.** A type of Original Credit Transaction (OCT) that allows fast and secure payment transfers to customers using their card details. Unlike with other payment methods, where it can typically take up to 24 hours for the funds to be transferred to the customer, Visa Direct transactions normally complete near-instantly.