



# Fintech Banking and Payments Solutions

Investor Presentation

May 2024



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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 - 2024 is a Expansion Year

## Differentiated Business Model

- **Trusted banking and payments solutions** provider to fintechs
- **Resilient and profitable model** with compelling growth opportunities
- **Compliance oversight and risk management-first culture**, including regular dialogue with regulators
- **Diversified and lower risk loan portfolio** driven by disciplined underwriting and collateral management process
- **Well capitalized** significantly above federal regulatory standards
- **Highly experienced team** with proven track record
- **Key Existing Businesses:**
  - **Strategic Program Lending.** Scalable API-driven infrastructure powering deposit, lending and payments programs for leading fintech brands
  - **Lending.** SBA 7(a), Owner Occupied Real Estate, Leasing lending programs provide flexibility for disciplined balance sheet growth
- **2024 Key Initiatives - Expansion of Fintech Banking & Payments Solutions Offering:**
  - **Launch Payments Hub and BIN Sponsorship\*** and incorporate into current platforms. Provides opportunity to diversify current business model and drive further growth

## Select Fintech Brands We Support

Reshaping the Banking & Payments Value Chain



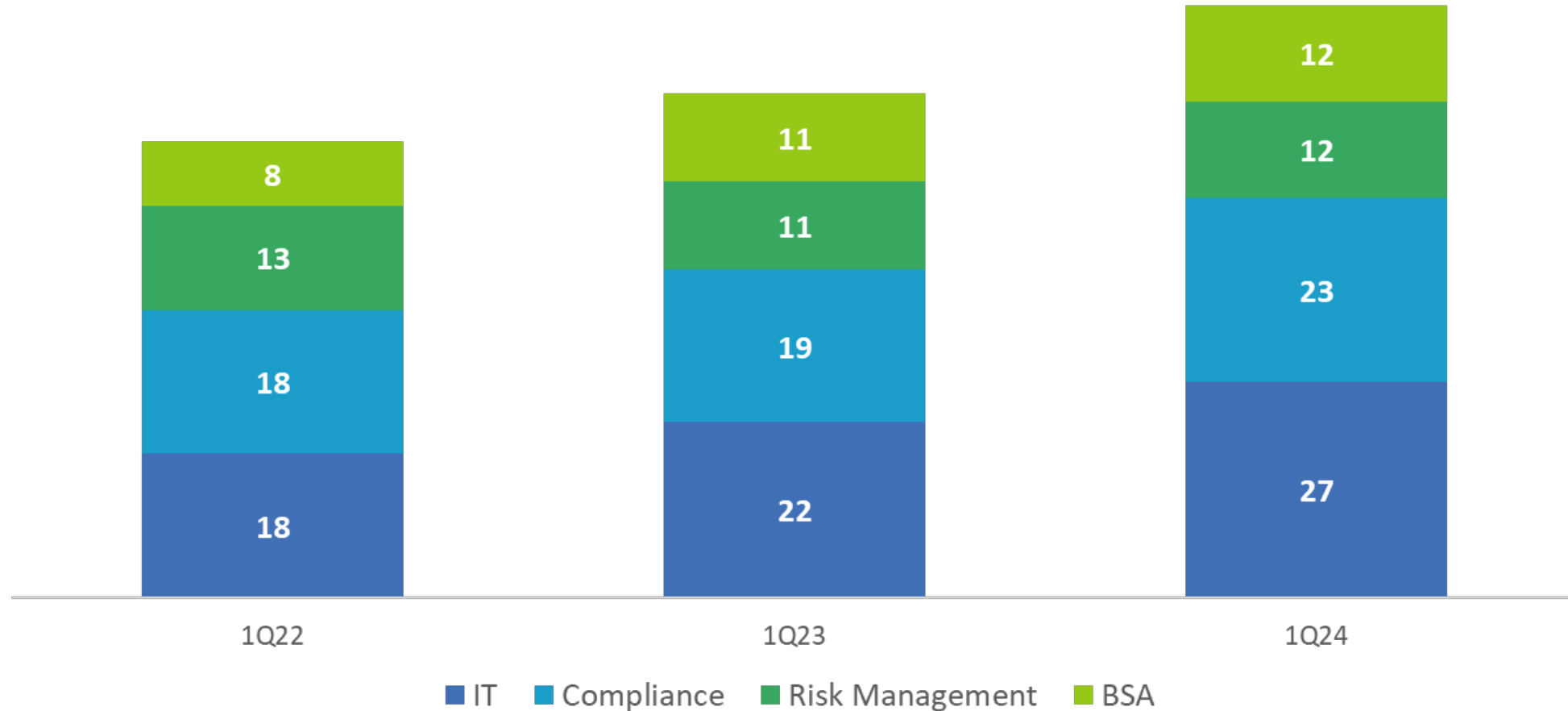
\*Payments Hub and Bank Identification Number (BIN) Sponsorship are under development



# Our Culture - Compliance at the Core

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

## Full Time Employees (FTEs) in Respective Functions



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



# Current Business Model

## Differentiated and Proven Strategy Offers Solid Foundation for Future Growth

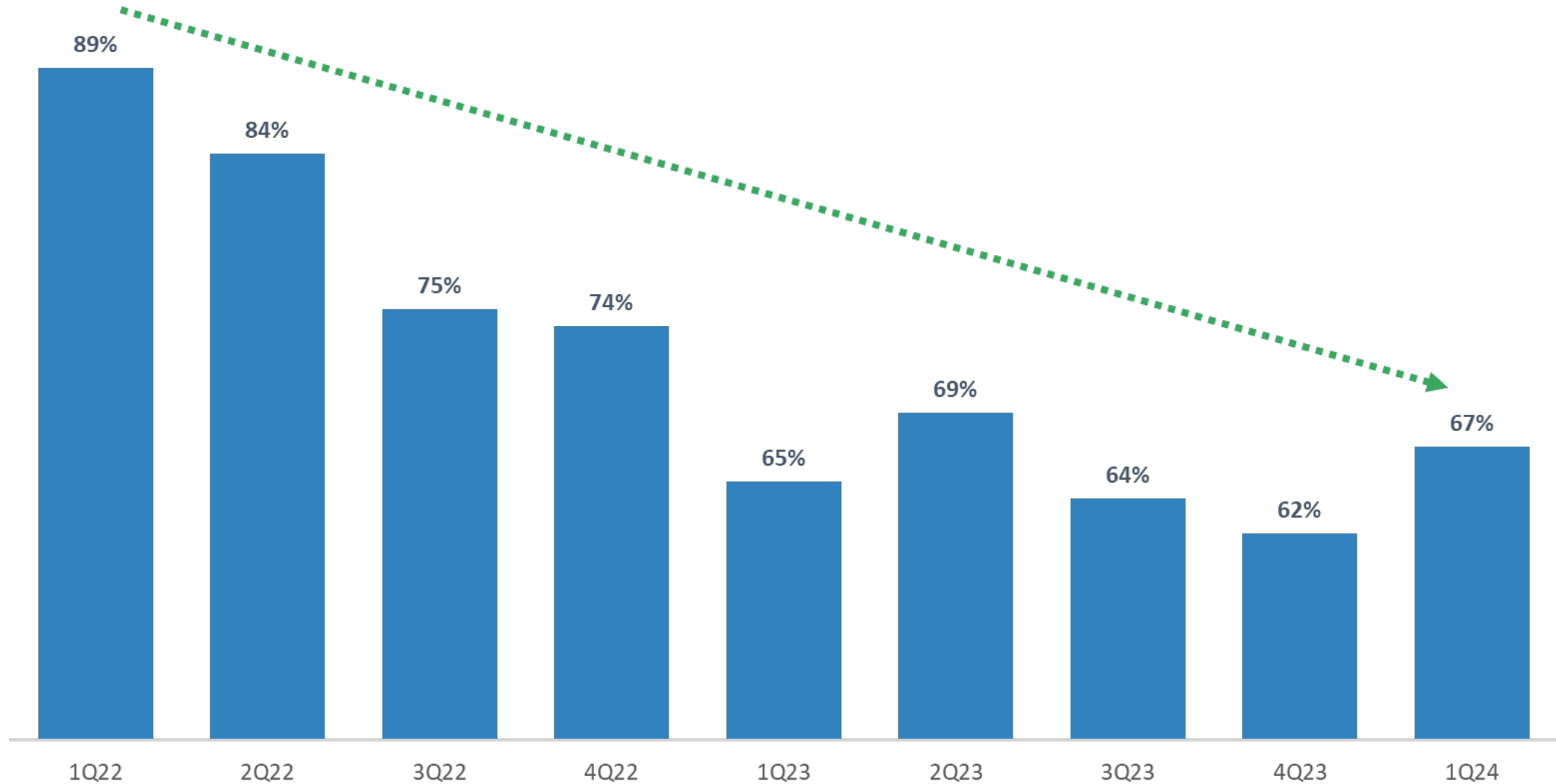
	Strategic Program Lending	SBA 7(a)	Residential & Owner Occupied CRE	Equipment Financing
Q1 '24 Gross Revenue Contribution <sup>1</sup>	52.7%	26.2%	6.0%	5.3%
	<p><b>Balance Sheet Strategy:</b></p> <ul style="list-style-type: none"> <li>• Mostly originate to sell</li> <li>• Interest Income HFI &amp; HFS</li> <li>• Minimum program / other fees</li> <li>• Each program establishes a “reserve” deposit account with FinWise</li> </ul> <p><b>As of 3/31/24:</b></p> <ul style="list-style-type: none"> <li>• Strategic Platform Loans on Bal. Sheet: \$72.2M (76.1% HFS; 23.9% HFI)</li> <li>• Q1 '24 Gain on Sale (net) and Strategic Program Fees: \$4.4M or 79.7% of noninterest 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>• Utilize loan processing structure and relationship with Business Funding Group, LLC</li> </ul> <p><b>As of 3/31/24:</b></p> <ul style="list-style-type: none"> <li>• SBA Loans on Bal. Sheet: \$247.8M (57.2% Guaranteed; 42.8% Unguaranteed)</li> <li>• Q1 '24 SBA Gain on Sale (net) and Servicing Fees: \$466K or 8.5% of noninterest income</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>• All loans held on Bal Sheet</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 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 “SBA PPP”



# Strategic Program Lending - Program Diversification Has Improved

## Percentage of Originations from Top 3 Fintech Programs



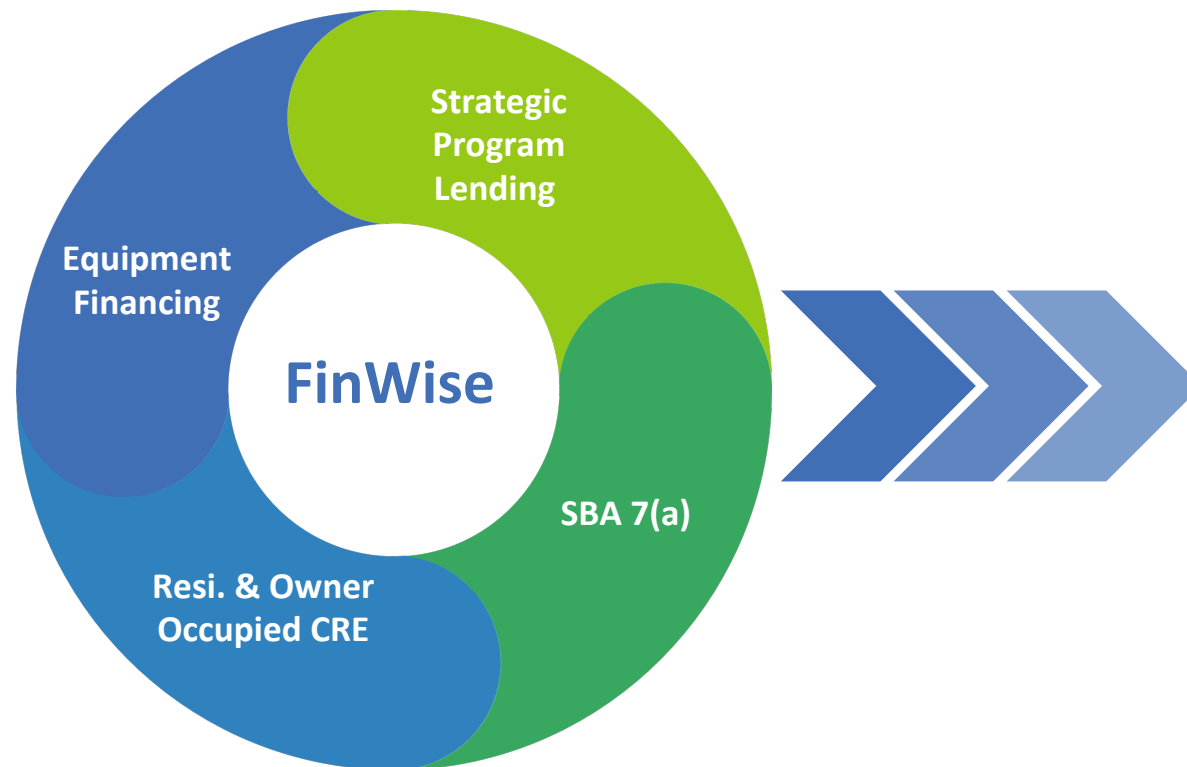
Note: Marketplace Lending concentration shown since 1Q22 to highlight longer-term pattern in recent years



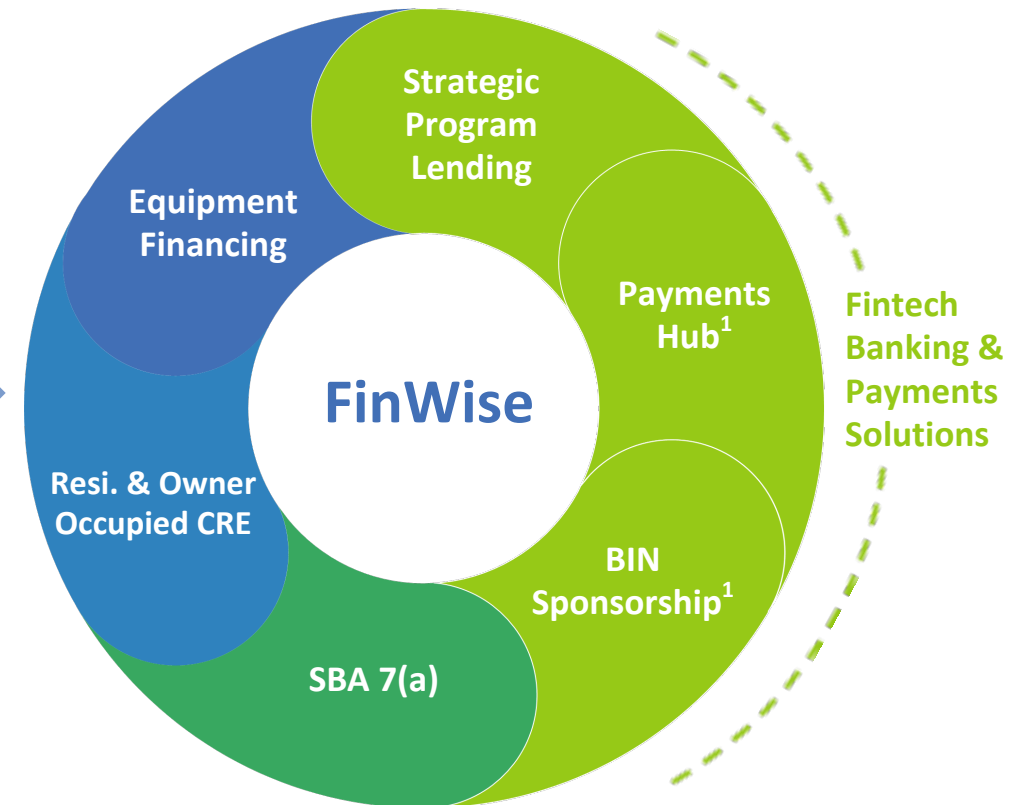
# 2024 Expansion: Fintech Banking and Payments Solutions Offering

Launch of Payments Hub and BIN Sponsorship Enhances Ability to Scale and Drive Growth

Current Business Model



Business Model Post Expansion of Fintech Banking & Payments Solutions Offering<sup>1</sup>



<sup>1</sup> Payments Hub and Bank Identification Number (BIN) Sponsorship are under development. Note: "Fintech Banking Solutions" is used to describe our target market within the banking as a service ecosystem

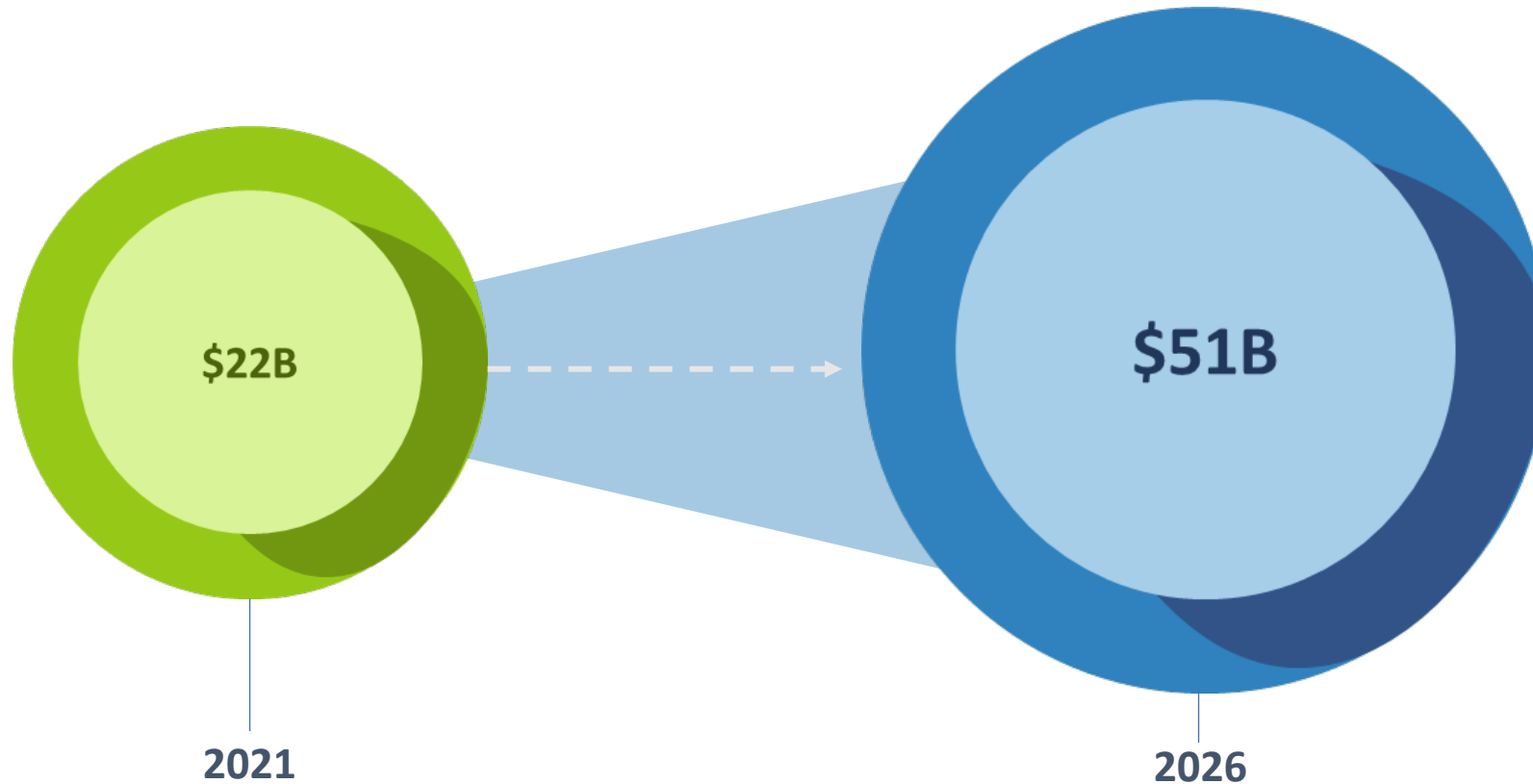


# Sizable Addressable Market

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.)



# Differentiators of Fintech Banking and Payments Solutions Offering



## Payments Hub

- **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

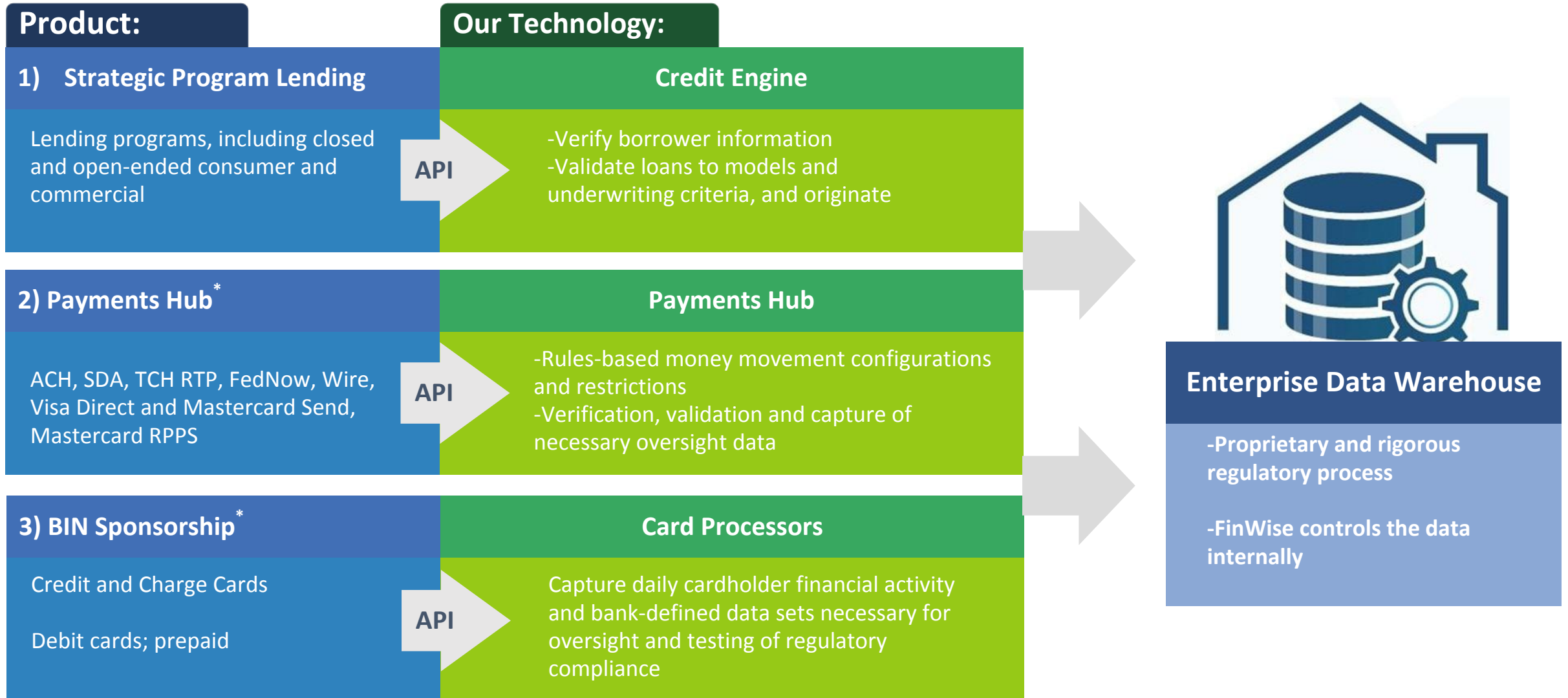
**Target Customers:** Fintechs that serve the needs of corporations and small business with existing transaction volume and a proven track record of success. We look for business opportunities with Fintechs that are well funded, have an experienced management team, plan to drive a minimum of \$100M in activity annually and have a compliance-first mentality.

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



Revenue	Deposits	Credit Quality	Profitability
<p data-bbox="282 544 685 676">Expands and diversifies potential sources of revenue</p> 	<p data-bbox="810 544 1228 715">Helps diversify deposit composition and reduce cost of funds through relationship-banking</p> 	<p data-bbox="1365 544 1735 622">Increases percentage of Prime loans</p> 	<p data-bbox="1862 544 2308 711">Use of outsourced solutions enhances operating leverage versus traditional models</p> 

# Components of Model Enable Scaling and Regulatory Oversight

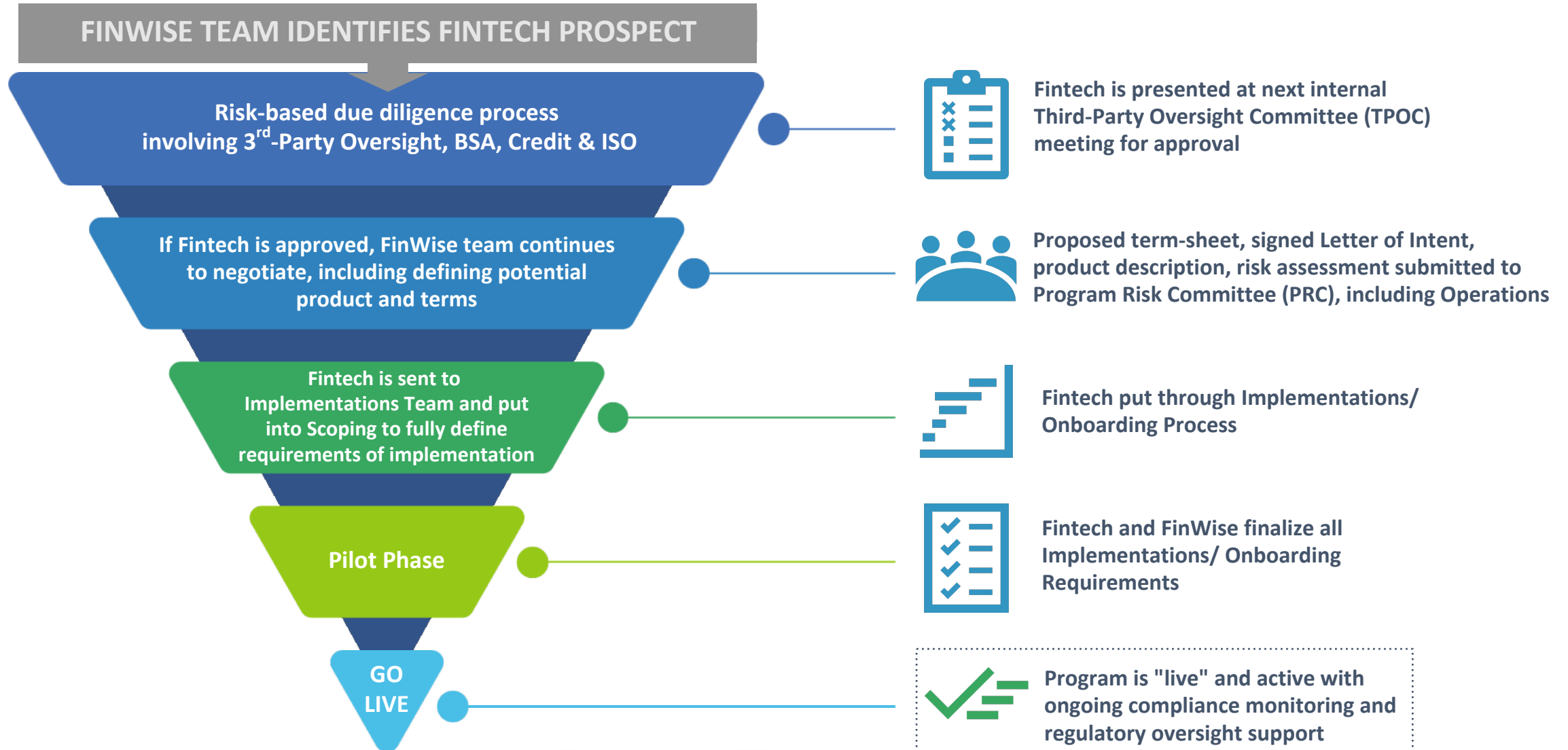


\*Payments Hub and Bank Identification Number (BIN) Sponsorship are under development



# Intensive Due-Diligence Process and Compliance Assessment

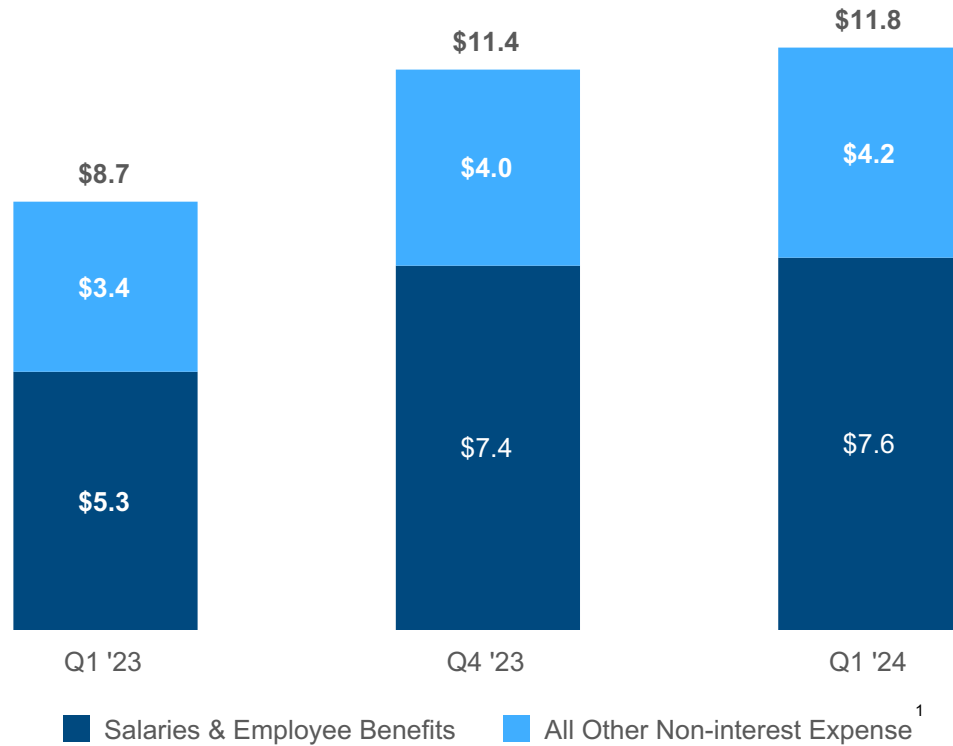
## Representative Fintech Onboarding - a Thorough Selection Process



# Disciplined Expense Management While Investing for Growth



Total Non-interest Expense (\$M)



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

*Expect rate of growth in expenses to decelerate in 2H24*

Full Time Employees (FTEs)	147	162	175
Efficiency Ratio (Non-GAAP) <sup>2</sup>	52.5%	55.8%	60.6%

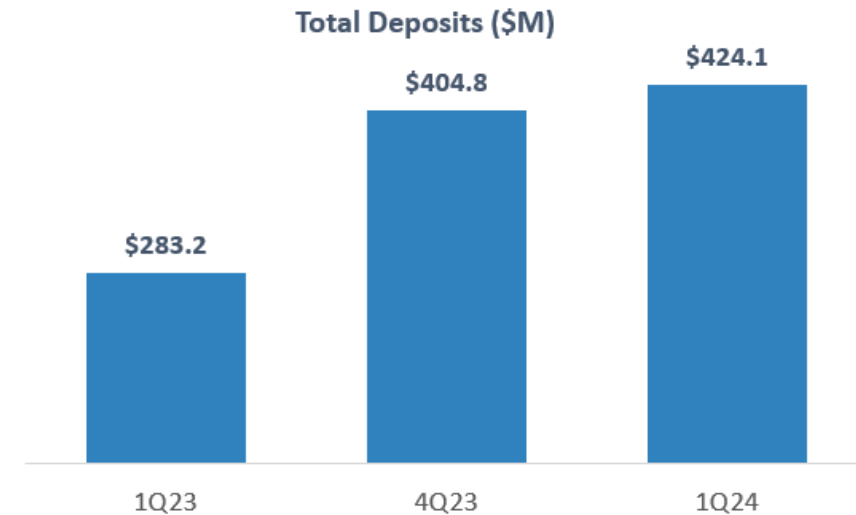
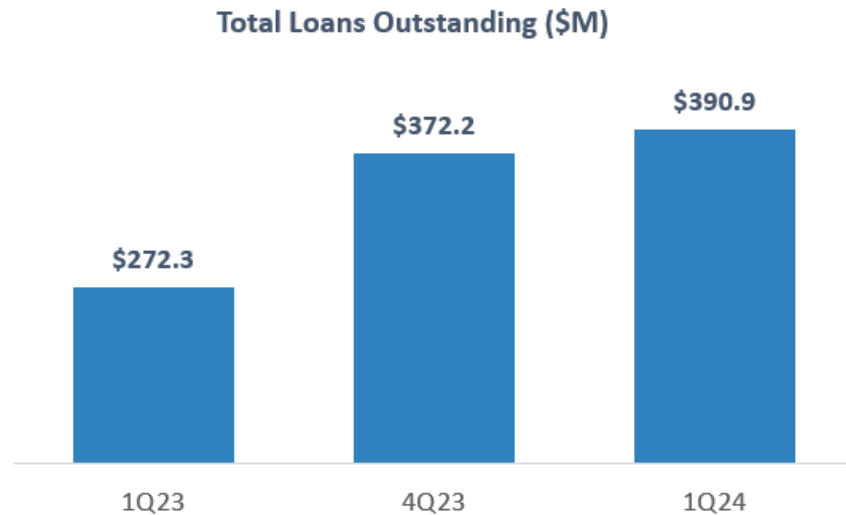
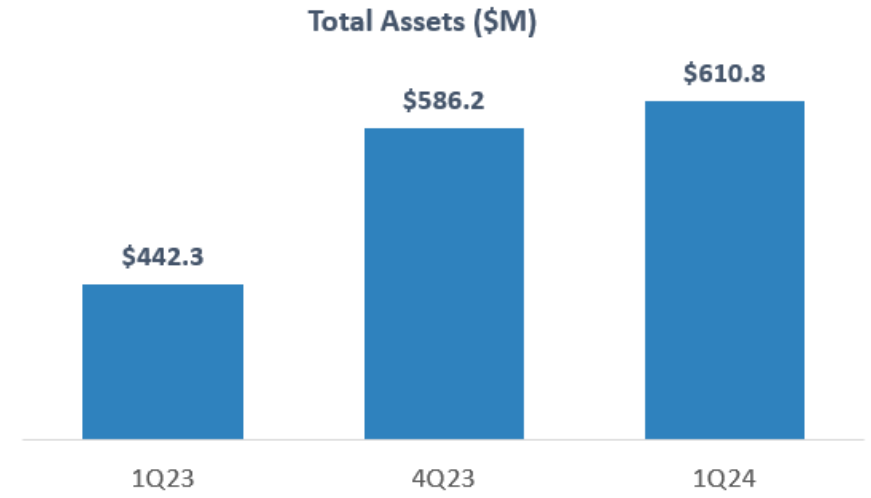
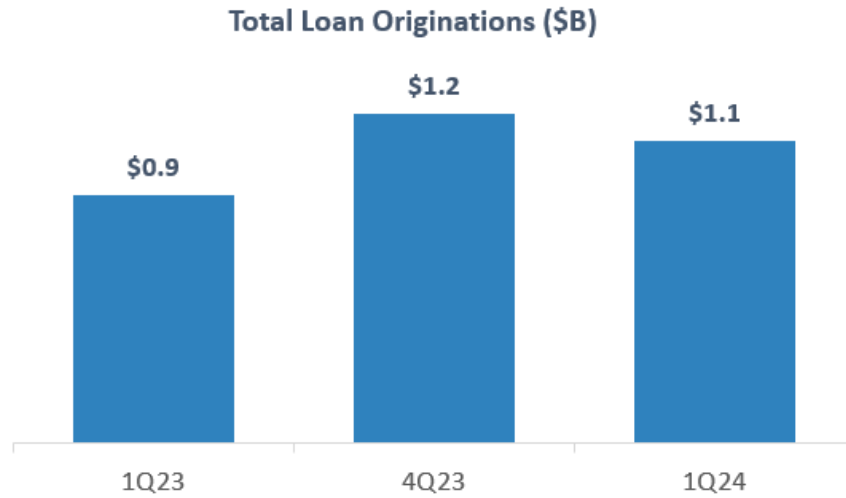
<sup>1</sup>All Other Non-interest Expense refers to all other expense components within Total Non-interest Expense, excluding Salaries & Employee Benefits. <sup>2</sup>See Appendix at the end of the presentation for Non-GAAP reconciliation



## Selected Financial Information



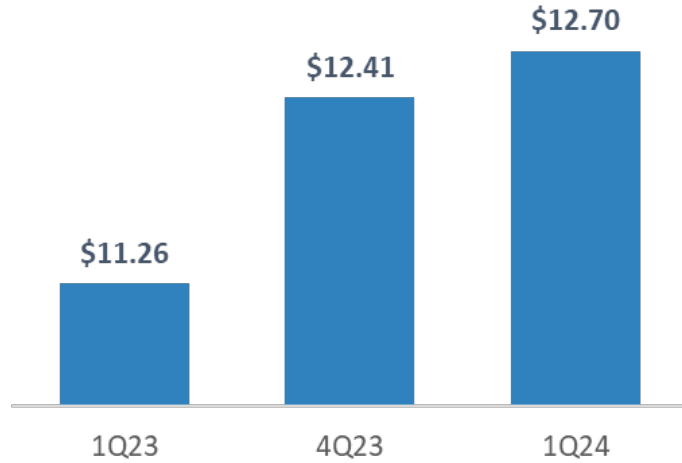
# Solid Originations and Balance Sheet Growth



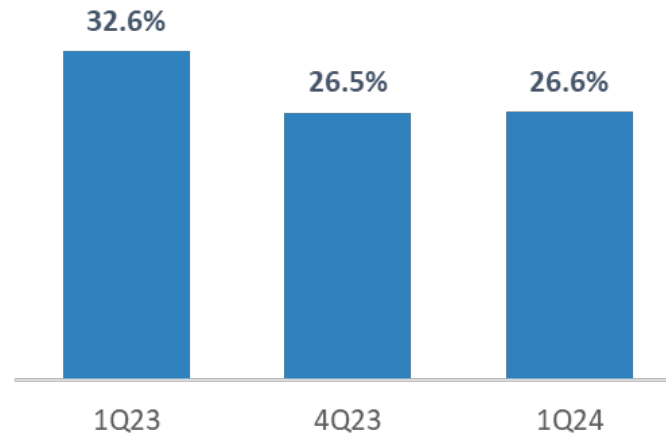


# Growing TBVps, Strong Capital and Sustained Historical Profitability

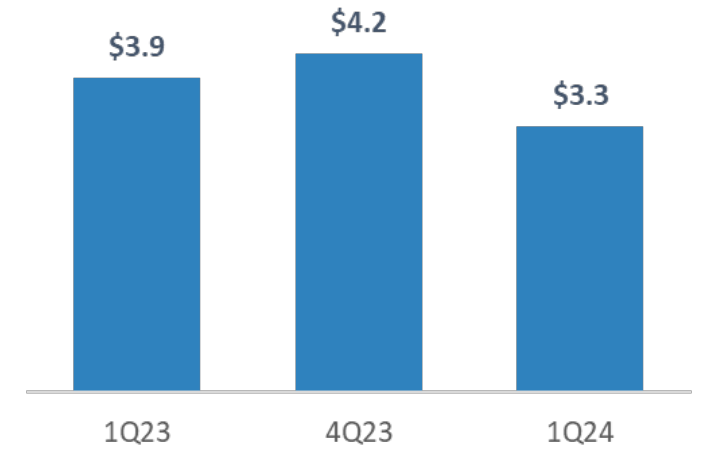
### Tangible Book Value per share (Non-GAAP) <sup>1</sup>



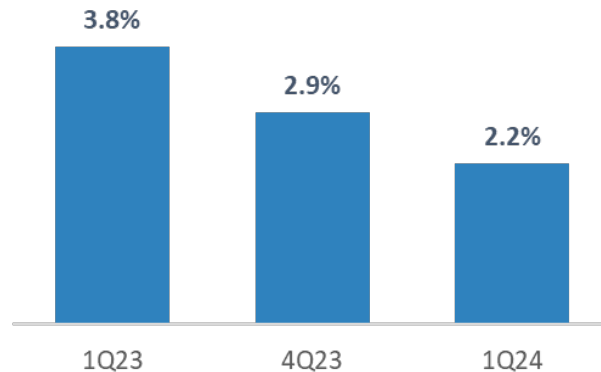
### Tangible Shareholder Equity to Tangible Assets <sup>2</sup>



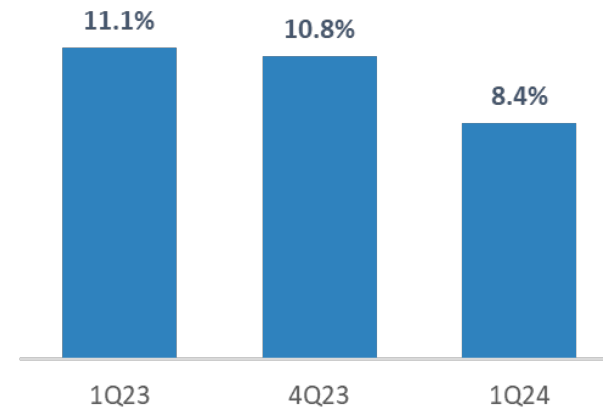
### Net Income (\$M)



### Return on Average Assets (ROAA)



### Return on Average Equity (ROAE) <sup>3</sup>



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

ROAE is also negatively affected by high capital levels

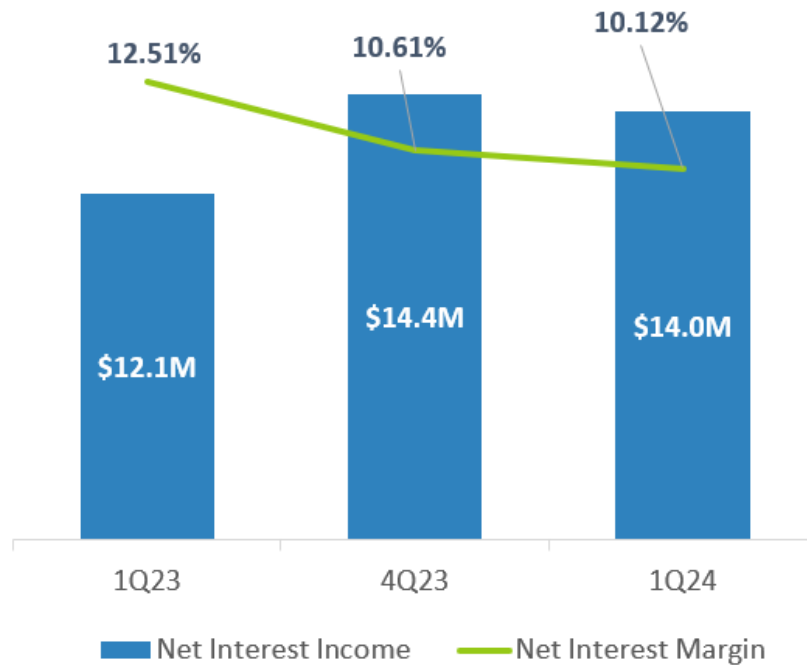
<sup>1</sup>See Appendix for more information and Non-GAAP reconciliation. Both Tangible Book Value per Share (Non-GAAP) and Tangible Shareholder Equity to Tangible Assets as of the end of each respective period. <sup>2</sup>Tangible Shareholder Equity to Tangible Assets ratio has declined primarily due to balance sheet growth and stock buyback. <sup>3</sup>ROAE is negatively affected by high capital levels. Note: Profitability partly impacted by infrastructure investments to support organic growth and the build-out of key strategic initiatives.





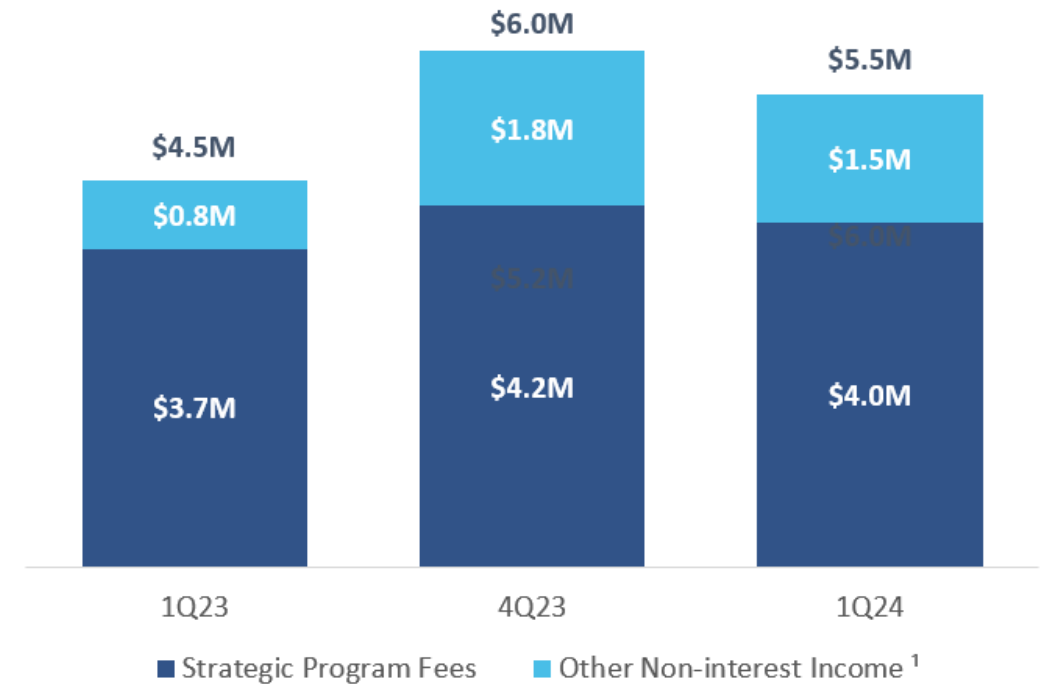
# Diversified Income Sources

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



**Note:** NIM decline mainly driven by a deliberate loan mix shift toward lower risk loans, which carry lower yields, in both HFI and HFS portfolios.

## Non-interest Income

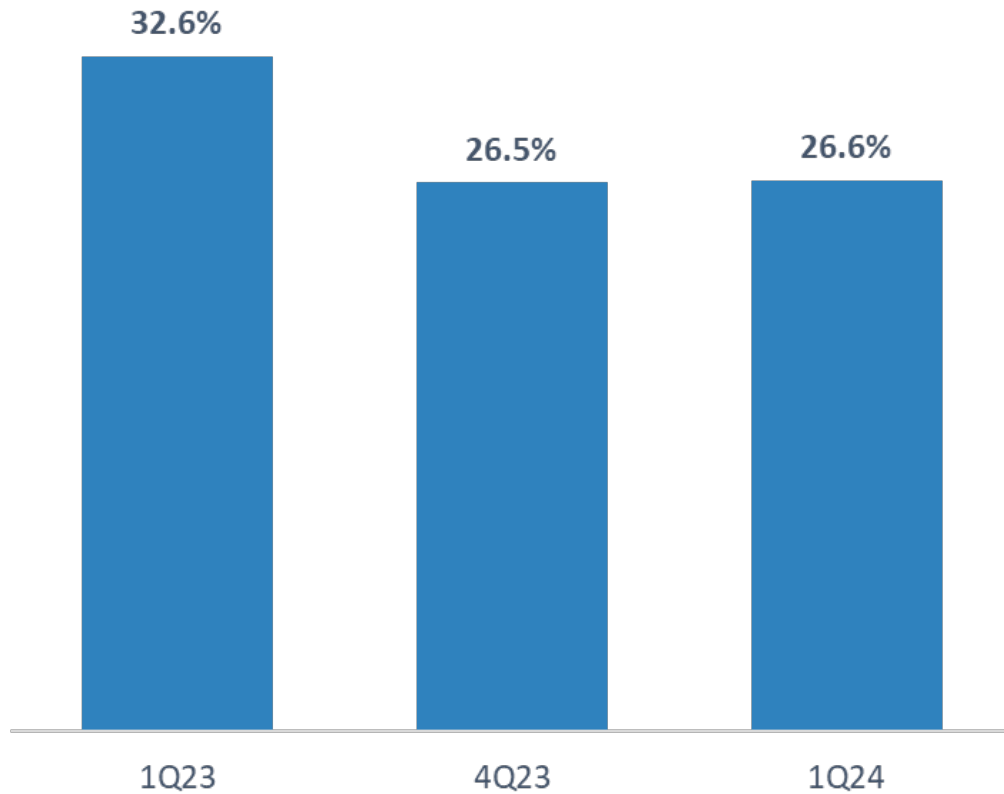


<sup>1</sup> Other Non-interest Income includes all other non-interest income items, excluding Strategic Program Fees. Note: Revenue diversification is expected to increase with the build-out of Payments Hub and BIN Sponsorship

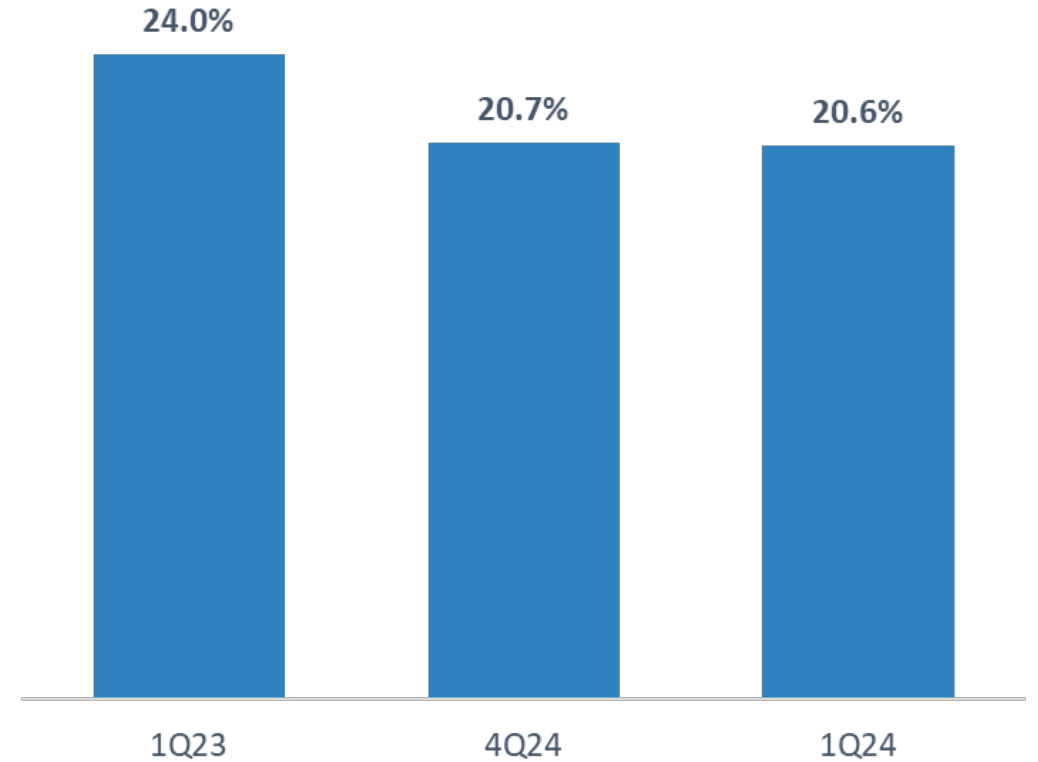


# Well Capitalized Above Regulatory Requirements

Total FinWise Bancorp Shareholders' Equity to Total Assets Ratio



Leverage Ratio – Bank Level<sup>1</sup>

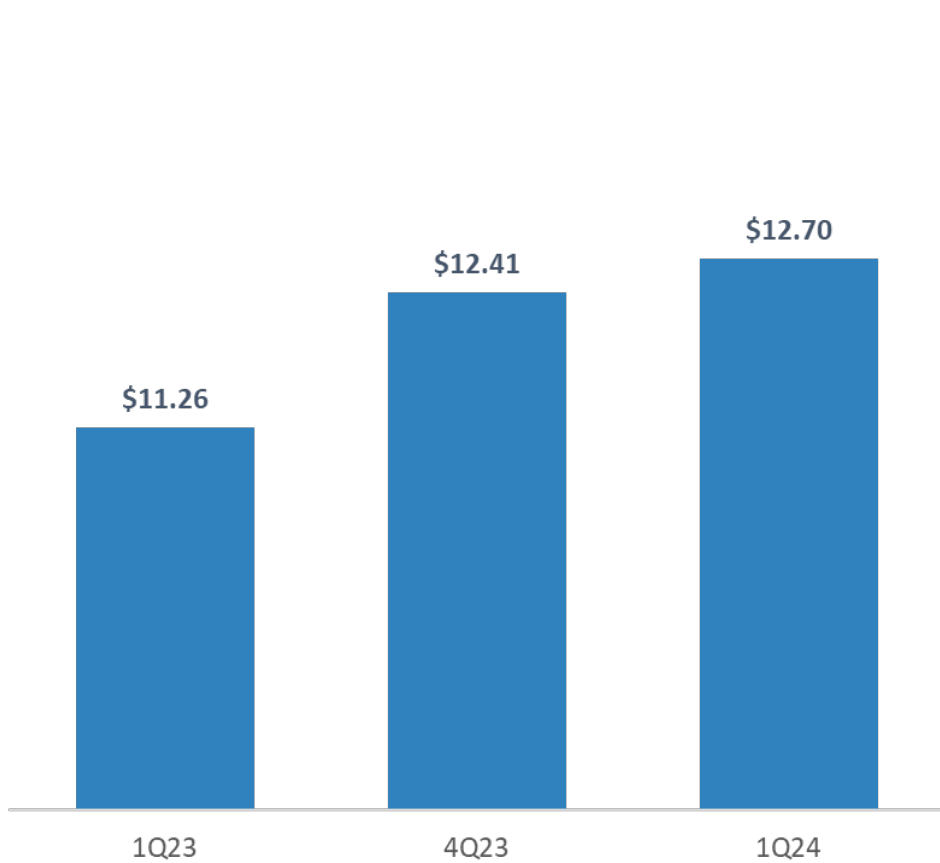


<sup>1</sup>The Bank's capital levels remain significantly above well-capitalized guidelines as of December 31, 2023. Well-capitalized regulatory requirement = 9% pursuant to the Community Bank Leverage Ratio framework adopted by the Bank in 2020. Total FinWise Bancorp Shareholder's Equity to Total Assets and Leverage Ratio – Bank Level as of the end of each respective period.

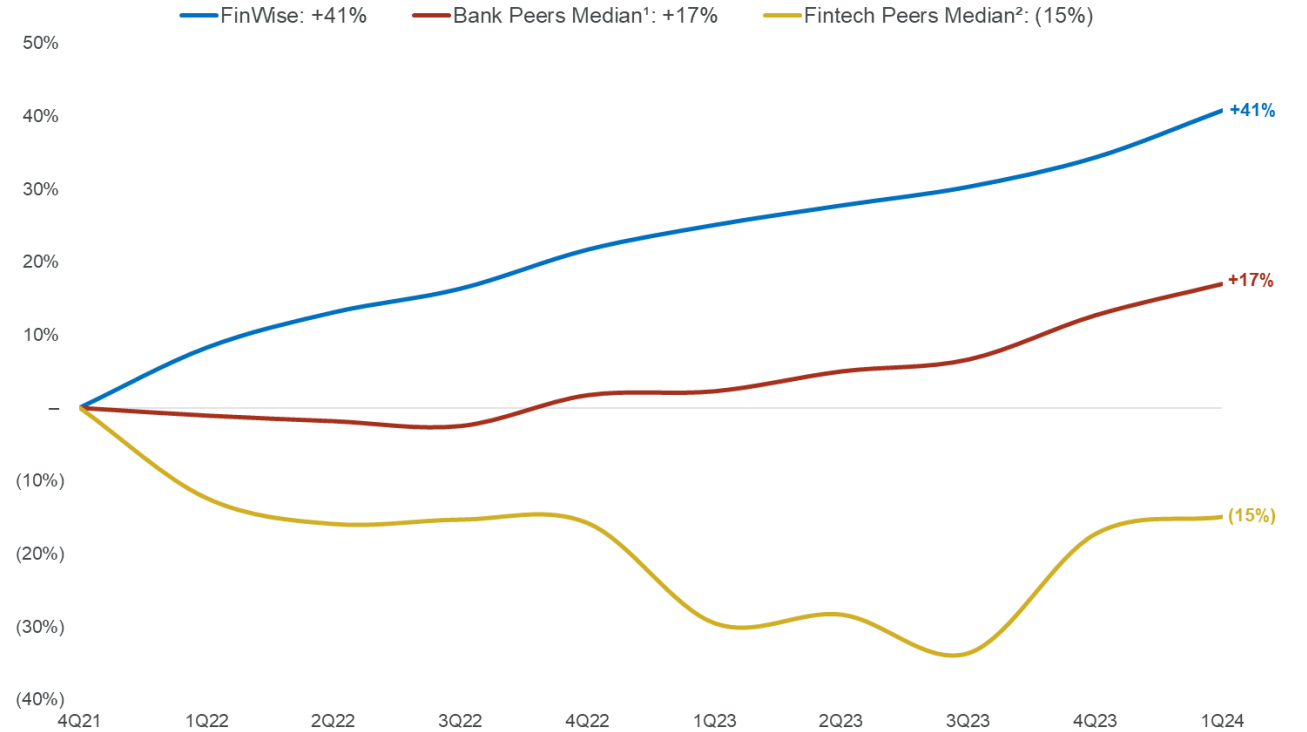


# TBV Growth Has Been a Win for Shareholders

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



### Indexed Change in TBV Since FINW IPO (Q421) 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, Enova International, Inc., LendingClub Corporation, Pathward Financial, Inc.

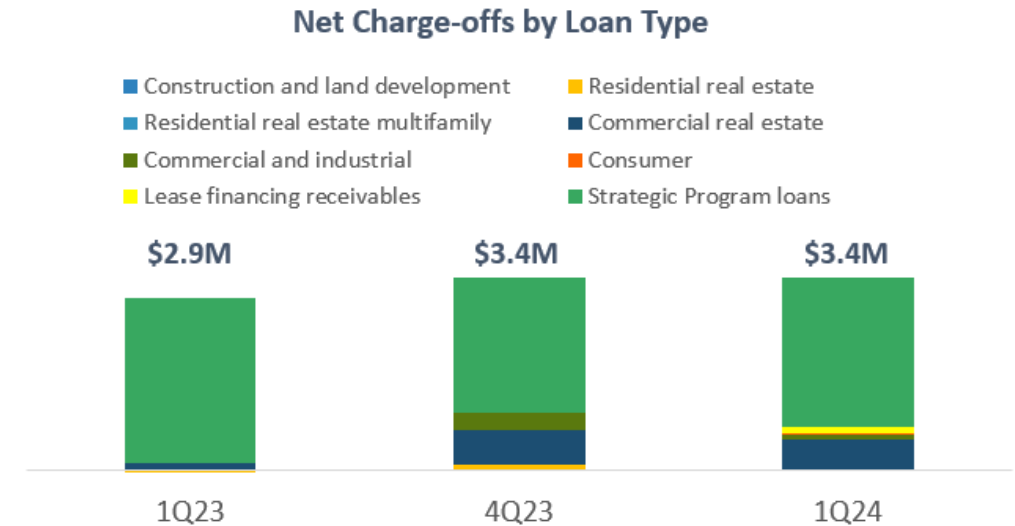
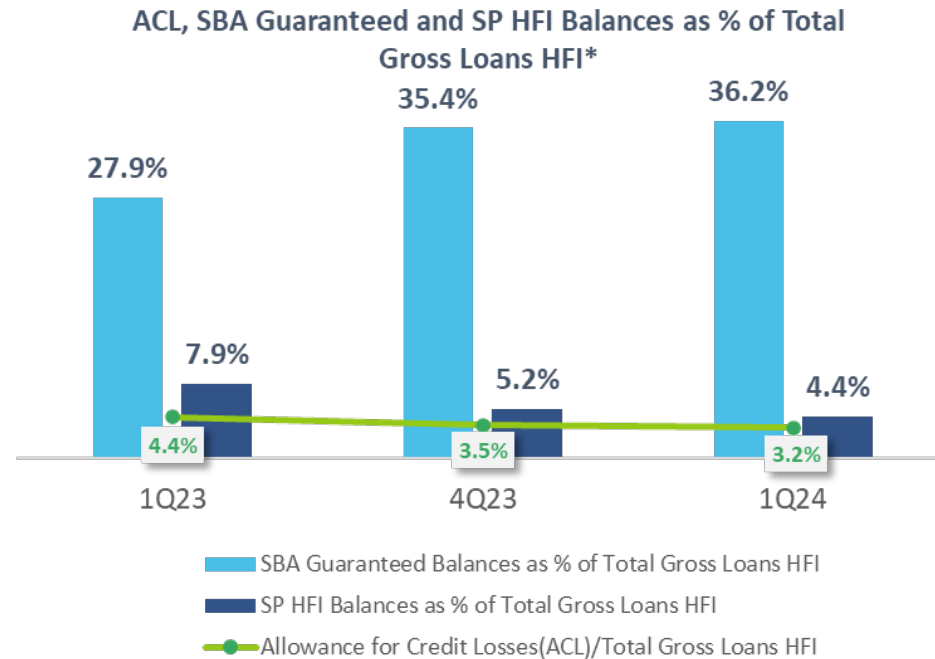
Note: Bank level Call Report financial data used where holding company consolidated financials unavailable

Source: S&P Capital IQ Pro



# Disciplined Underwriting Process

- **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 3.2% as of the end of 1Q24, reflecting a lower-risk portfolio vs. prior year period, including:**
  - Significant increase in SBA guaranteed balances as % of Total Gross Loans HFI
  - Decrease in Strategic Programs (SP) HFI balances as % of Total Gross Loans HFI, which carries a higher reserve rate

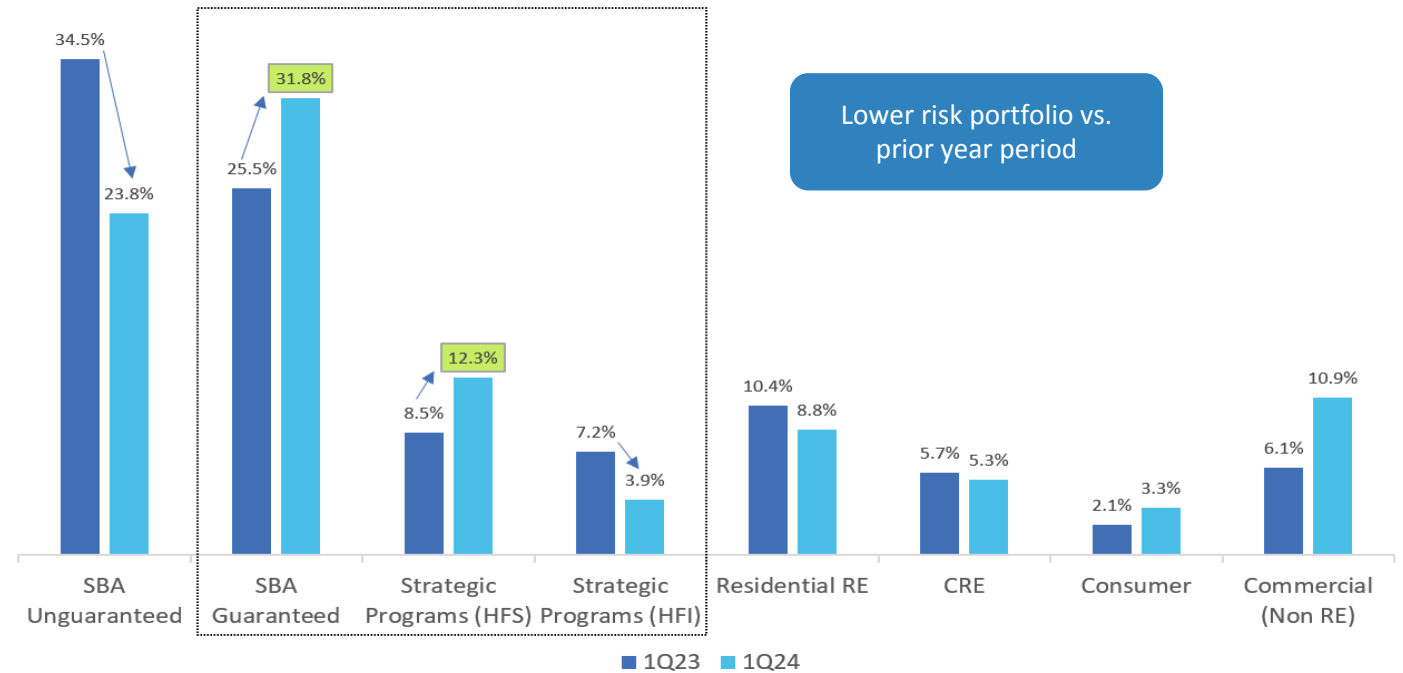
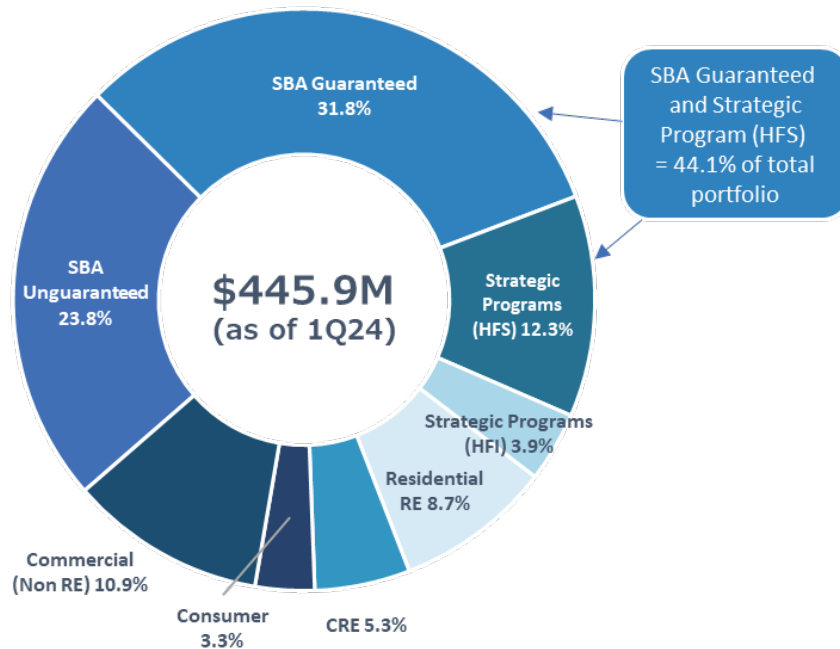


\*ACL = Allowance for Credit Losses; SP = Strategic Programs; HFI = Held for Investment



# Diversified and Lower Risk Loan Portfolio

- Combined SBA Guaranteed and Strategic Program Loans (HFS) increased to a total of 44.1% of the portfolio as of 1Q24 vs 28.4% at the end of 2022
  - Both of these products carry lower credit risk: SBA Guaranteed is guaranteed by the U.S Small Business Administration and Strategic Program Loans (HFS) are supported by reserve deposit accounts
- SBA Unguaranteed loans declined from 34.5% of the portfolio as of 1Q23 to 23.8% as of 1Q24
- Strategic Programs Loans (HFI), Resi. RE, and CRE loans declined to 3.9%, 8.8%, and 5.3%, respectively, from 7.2%, 10.4%, and 5.7%, respectively, from 1Q23 to 1Q24
- Consumer and Commercial (Non RE) loans increased moderately from the end of 1Q23 to 1Q24, and make up only 14.2% of the total portfolio as of 1Q24
- **Note:** Non-SBA Commercial RE (5.3% as of 1Q24) is 90.8% Owner Occupied; SBA related CRE loans are required to be majority Owner Occupied under SBA guidelines



\*Note: Amounts are as of the end of each respective period



# Appendix

# Non-GAAP Reconciliations



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

*(\$ in thousands)*

	As of		
	March 31, 2023	December 31, 2023	March 31, 2024
Total Shareholders' Equity	\$ 144,353	\$ 155,056	\$ 162,482
Goodwill	—	—	—
Other intangibles	—	—	—
Less: total intangible assets	—	—	—
<b>Tangible shareholders' equity<sup>1</sup></b>	<b>\$ 144,353</b>	<b>\$ 155,056</b>	<b>\$ 162,482</b>
<b>Tangible book value per share<sup>1</sup></b>	<b>\$ 11.26</b>	<b>\$ 12.41</b>	<b>\$ 12.70</b>

## Efficiency Ratio

*(\$ in thousands)*

	For the Three Month Period Ending		
	March 31, 2023	December 31, 2023	March 31, 2024
Noninterest expense	\$ 11,807	\$ 11,381	\$ 8,737
Net interest income	14,006	14,367	12,106
Noninterest income	5,464	6,035	4,527
Adjusted operating revenues	\$ 19,470	\$ 20,402	\$ 16,633
<b>Efficiency ratio<sup>2</sup></b>	<b>60.6 %</b>	<b>55.8 %</b>	<b>52.5 %</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. See "Reconciliation of Non-GAAP to GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP 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. 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. See "Reconciliation of Non-GAAP to GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP measure. The efficiency ratio is defined as total noninterest expense divided by the sum of net interest income and noninterest 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.

# 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 partner's business, enabling the end customer to access banking services directly through the partner'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.

**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).

**Marketplace Lending.** Nonbank lending that uses innovative financial technology (fintech) to make loans to consumers and small businesses.

**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.

**NIM:** Net Interest Margin

**Payments Hub.** Single-window payment platform through which companies can execute all their payments. Payment hubs increase fund control and visibility, reduce the risk associated with numerous fragmented payment processes, and improve overall operating efficiency.

**SBA7(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.** Lending predominately done through fintech platforms that connect borrowers with lenders. Sometimes referred to as marketplace lending.

**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.