UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________to ______.

Commission File Number: 001-40721

FINWISE BANCORP
(Exact Name of Registrant as Specified in its Charter)

Utah	**83-0356689**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
756 East Winchester, Suite 100	
Murray, Utah	**84107**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (801) 501-7200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**FINW**	**The NASDAQ Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 7, 2025, the registrant had 13,519,230 shares of common stock, $0.001 par value per share, outstanding.

FinWise Bancorp
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q (this "Report"), unless we state otherwise or the context otherwise requires, references to "we," "our," "us," "the Company" and "FinWise Bancorp" refer to FinWise Bancorp and its wholly owned subsidiaries, FinWise Bank (which we sometimes refer to as "FinWise Bank," "FinWise," "the Bank" or "our Bank,") and FinWise Investment, LLC.

This Report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "projection," "forecast," "budget," "goal," "target," "would," "aim" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry and management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. The inclusion of these forward-looking statements should not be regarded as a representation by us or any other person that such expectations, estimates and projections will be achieved. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

The following factors, among others, could cause our financial performance to differ materially from that expressed in such forward-looking statements, including, but not limited to, the following:

- the success of the financial technology and banking-as-a-service ("BaaS") industries, as well as the continued evolution of the regulation of these industries;
- the ability of our Fintech Banking and Payment Solutions service providers to comply with regulatory regimes, and our ability to adequately oversee and monitor our Fintech Banking and Payment Solutions service providers;
- our ability to maintain and grow our relationships with our service providers;
- changes in the laws, rules, regulations, interpretations or policies relating to financial institutions, accounting, tax, trade, tariffs, monetary and fiscal matters, including the application of interest rate caps or maximums;
- our ability to keep pace with rapid technological changes in the industry or implement new technology effectively;
- system failure or cybersecurity breaches of our network security;
- potential exposure to fraud, negligence, computer theft and cyber-crime and other disruptions in our computer systems relating to our development and use of new technology platforms;
- our reliance on third-party service providers for core systems support, informational website hosting, internet services, online account opening and other processing services;
- general economic, political and business conditions, either nationally or in our market areas;
- increased national or regional competition in the financial services industry;
- our ability to measure and manage our credit risk effectively and the potential deterioration of the business and economic conditions in our primary market areas;
- the adequacy of our risk management framework;
- the adequacy of our allowance for credit losses ("ACL");
- the financial soundness of other financial institutions;
- 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;

- changes in the existing regulatory framework for brokered deposits and potential reclassification of certain BaaS deposits as brokered deposits in light of proposed rulemaking or application of the current deposit framework by the Federal Deposit Insurance Corporation ("FDIC") to the Bank's BaaS deposits;
- the value of collateral securing our loans;
- our levels of nonperforming assets;
- losses from loan defaults;
- our ability to protect our intellectual property and the risks we face with respect to claims and litigation initiated against us;
- our ability to implement our growth strategy;
- our ability to continue to launch new products or services successfully;
- the concentration of our lending and depositor relationships through Strategic Programs in the financial technology industry generally;
- interest rate, volatility and liquidity risks;
- the effectiveness of our internal control over financial reporting and our ability to remediate any future material weakness in our internal control over financial reporting;
- dependence on our management team and changes in management composition;
- the sufficiency of our capital;
- 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;
- our ability to maintain a strong core deposit base or other low-cost funding sources;
- results of examinations of us by our regulators;
- our involvement from time to time in legal proceedings;
- natural disasters and adverse weather, acts of terrorism, pandemics, an outbreak of hostilities or other international or domestic calamities, and other matters beyond our control;
- future equity and debt issuances;
- that the anticipated benefits new lines of business that we may enter or investments or acquisitions we 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 we and such other businesses operate;
- further negative ratings outlooks or downgrades of the U.S.'s long-term credit rating;
- changes in legislative, regulatory or tax priorities;
- reductions in staffing at U.S. governmental agencies;
- potential government shutdowns or political impasses, including with respect to the U.S. debt ceiling and federal budget; and
- other factors listed from time to time in our filings with the Securities and Exchange Commission (the "SEC"), including, in our Annual Report on Form 10-K for the year ended December 31, 2024 (the "2024 Form 10-K") and subsequent quarterly reports on Form 10-Q.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Report, including those discussed in the section entitled "Risk Factors." If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statements are based on information available to the Company as of the filing date of this Report, and we do 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 us to predict their occurrence. In addition, we cannot assess the impact of each risk and uncertainty on our 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.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

FinWise Bancorp
Consolidated Balance Sheets
(in thousands, except share and par value amounts)

	June 30, 2025	December 31, 2024
ASSETS	(Unaudited)	
Cash and cash equivalents		
Cash and due from banks	$ 9,389	$ 9,600
Interest-bearing deposits in other banks (restricted cash of $3.2 million and $3.1 million, respectively)	80,711	99,562
Total cash and cash equivalents	90,100	109,162
Investment securities available-for-sale, at fair value, net of allowance for credit losses of $0, (amortized cost of $30.0 million and $30.0 million, respectively)	30,146	29,930
Investment securities held-to-maturity, net of allowance for credit losses of $0, (fair value of $10.0 million and $11.1 million, respectively)	11,248	12,565
Investment in Federal Home Loan Bank (“FHLB”) stock, at cost	440	349
Strategic Program loans held-for-sale, at lower of cost or fair value	147,282	91,588
Loans held-for-investment, net of allowance for credit losses of $16.2 million and $13.2 million, respectively	506,503	447,812
Credit enhancement asset	2,469	111
Premises and equipment, net	2,976	3,548
Assets subject to operating leases, net of accumulated depreciation of $3.7 million and $2.7 million, respectively	14,274	10,176
Accrued interest receivable	2,380	3,566
Deferred income taxes, net	279	—
Small Business Administration (“SBA”) servicing asset, net	3,227	3,273
Investment in Business Funding Group (“BFG”), at fair value	8,400	7,700
Operating lease right-of-use (“ROU”) assets	3,359	3,564
Income taxes receivable, net	4,100	8,868
Other assets	15,305	13,764
Total assets	**$ 842,488**	**$ 745,976**
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Deposits		
Noninterest-bearing	$ 120,747	$ 126,782
Interest-bearing	514,427	418,170
Total deposits	635,174	544,952
Accrued interest payable	3,746	1,494
Income taxes payable, net	—	4,423
Deferred income taxes, net	—	899
Operating lease liabilities	4,955	5,302
Other liabilities	16,654	15,186
Total liabilities	**660,529**	**572,256**
Commitments and contingencies (Note 6)		
Shareholders’ equity		
Preferred stock, $0.001 par value, 4,000,000 authorized; no shares issued and outstanding as of June 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value, 40,000,000 shares authorized; 13,469,725 and 13,211,640 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	13	13
Additional paid-in-capital	58,135	56,926
Retained earnings	123,809	116,594
Accumulated other comprehensive income, net of tax	2	187
Total shareholders’ equity	181,959	173,720
Total liabilities and shareholders’ equity	**$ 842,488**	**$ 745,976**

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FinWise Bancorp
Consolidated Statements of Income (Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Interest income				
Interest and fees on loans	$ 18,485	$ 16,881	$ 35,640	$ 32,916
Interest on securities	390	97	780	198
Other interest income	867	1,444	1,858	2,953
Total interest income	19,742	18,422	38,278	36,067
Interest expense				
Interest on deposits	5,014	3,807	9,270	7,446
Total interest expense	5,014	3,807	9,270	7,446
Net interest income	14,728	14,615	29,008	28,621
Provision for credit losses	4,726	2,385	8,062	5,539
Net interest income after provision for credit losses	10,002	12,230	20,946	23,082
Non-interest income				
Strategic Program fees	5,404	4,035	10,366	8,000
Gain on sale of loans, net	1,483	356	2,329	771
SBA loan servicing fees, net	(96)	204	82	870
Change in fair value on investment in BFG	300	(200)	700	(325)
Credit enhancement income	2,275	39	2,360	39
Other miscellaneous income	971	732	2,310	1,473
Total non-interest income	10,337	5,166	18,147	10,828
Non-interest expense				
Salaries and employee benefits	10,491	8,609	20,317	16,171
Professional services	949	1,282	1,856	2,849
Occupancy and equipment expenses	445	556	988	1,100
Credit enhancement expense	78	—	89	—
Other operating expenses	2,949	2,771	5,980	5,103
Total non-interest expense	14,912	13,218	29,230	25,223
Income before income taxes	5,427	4,178	9,863	8,687
Provision for income taxes	1,330	998	2,577	2,192
Net income	**$ 4,097**	**$ 3,180**	**$ 7,286**	**$ 6,495**
Earnings per share, basic	$ 0.31	$ 0.25	$ 0.55	$ 0.51
Earnings per share, diluted	$ 0.29	$ 0.24	$ 0.52	$ 0.49
Weighted average shares outstanding, basic	12,781,508	12,627,800	12,749,012	12,565,124
Weighted average shares outstanding, diluted	13,472,394	13,109,708	13,486,153	13,060,783

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FinWise Bancorp
Consolidated Statements of Comprehensive Income (Unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Net income	**$ 4,097**	**$ 3,180**	**$ 7,286**	**$ 6,495**
Other comprehensive income items, net of tax:				
Unrealized gain on securities available-for-sale	$ 2	$ —	$ 205	$ —
Tax effect	(7)	—	(52)	—
Unrealized gain (loss) on interest rate swaps	28	—	(226)	—
Recognition of previously unrealized gain on interest rate swaps in net income	(112)	—	(225)	—
Tax effect	72	—	113	—
Other comprehensive loss, net of tax	(17)	—	(185)	—
Comprehensive income	**$ 4,080**	**$ 3,180**	**$ 7,101**	**$ 6,495**

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FinWise Bancorp
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(in thousands, except share amounts)

Three Months Ended June 30, 2025

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income, Net of Tax	Total Shareholders' Equity
Balance at March 31, 2025	**13,216,903**	**$ 13**	**$ 57,548**	**$ 119,781**	**$ 19**	**$ 177,361**
Stock-based compensation expense	269,367	—	761	—	—	761
Stock options exercised	120	—	—	—	—	—
Restricted stock surrendered for tax withholding upon vesting	(16,665)	—	(174)	(69)	—	(243)
Other comprehensive loss, net of tax	—	—	—	—	(17)	(17)
Net income	—	—	—	4,097	—	4,097
Balance at June 30, 2025	**13,469,725**	**$ 13**	**$ 58,135**	**$ 123,809**	**$ 2**	**$ 181,959**

Three Months Ended June 30, 2024

	Common Stock				
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balance at March 31, 2024	**12,793,555**	**$ 13**	**$ 55,304**	**$ 107,165**	**$ 162,482**
Stock-based compensation expense	354,699	—	419	—	419
Common stock repurchased and retired	(26,911)	—	(282)	(3)	(285)
Stock options exercised, net	22,217	—	—	—	—
Net income	—	—	—	3,180	3,180
Balance at June 30, 2024	**13,143,560**	**$ 13**	**$ 55,441**	**$ 110,342**	**$ 165,796**

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FinWise Bancorp
Unaudited Consolidated Statements of Changes in Shareholders' Equity (Continued)
(in thousands, except share amounts)

Six Months Ended June 30, 2025

	Common Stock										
	Shares		Amount		Additional Paid-In Capital		Retained Earnings		Accumulated Other Comprehensive Income, Net of Tax		Total Shareholders' Equity
Balance at December 31, 2024	**13,211,640**	**$**	**13**	**$**	**56,926**	**$**	**116,594**	**$**	**187**	**$**	**173,720**
Stock-based compensation expense	269,367		—		1,361		—		—		1,361
Stock options exercised, net	5,383		—		22		(2)		—		20
Restricted stock surrendered for tax withholding upon vesting	(16,665)		—		(174)		(69)		—		(243)
Other comprehensive loss, net of tax	—		—		—		—		(185)		(185)
Net income	—		—		—		7,286		—		7,286
Balance at June 30, 2025	**13,469,725**	**$**	**13**	**$**	**58,135**	**$**	**123,809**	**$**	**2**	**$**	**181,959**

Six Months Ended June 30, 2024

	Common Stock								
	Shares		Amount		Additional Paid-In Capital		Retained Earnings		Total Shareholders' Equity
Balance at December 31, 2023	**12,493,565**	**$**	**12**	**$**	**51,200**	**$**	**103,844**	**$**	**155,056**
Stock-based compensation expense	329,310		—		570		—		570
Common stock repurchased and retired	(44,608)		—		(469)		3		(466)
Stock options exercised, net	26,117		—		16		—		16
BFG ownership purchase	339,176		1		4,124		—		4,125
Net income	—		—		—		6,495		6,495
Balance at June 30, 2024	**13,143,560**	**$**	**13**	**$**	**55,441**	**$**	**110,342**	**$**	**165,796**

FinWise Bancorp
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Cash flows from operating activities:		
Net income	$ 7,286	$ 6,495
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,504	2,643
Provision for credit losses	8,062	5,539
Noncash operating lease cost	205	380
Net (accretion) amortization of securities (discounts) and premiums	(19)	(10)
Additions to servicing asset	(755)	—
Gain on sale of loans, net	(2,329)	(771)
Originations of Strategic Program loans held-for-sale	(2,575,192)	(2,196,032)
Proceeds from sale of Strategic Program loans held-for-sale	2,519,908	2,177,004
Change in fair value of BFG	(700)	325
Impairment (recovery) of SBA servicing asset	215	(526)
Stock-based compensation expense	1,361	570
Noncash change in credit enhancement asset	(2,358)	(39)
Deferred income taxes	(1,462)	406
Net changes in:		
Accrued interest receivable	1,186	183
Other assets	3,248	1,849
Accrued interest payable	2,252	(18)
Operating lease liabilities	(347)	(508)
Other liabilities	(3,019)	(3,320)
Net cash used in operating activities	(39,954)	(5,830)
Cash flows from investing activities:		
Net increase in loans receivable	(44,059)	(34,044)
Purchase of lease pools	(20,816)	(10,676)
Purchase of bank premises and equipment, net	(192)	(1,253)
Purchase of assets subject to operating leases	(6,163)	(1,357)
Proceeds from sales of assets subject to operating leases	888	—
Proceeds from maturities and paydowns of securities held-to-maturity	1,325	1,456
Purchase of FHLB stock	(90)	(111)
Net cash used in investing activities	(69,107)	(45,985)
Cash flows from financing activities:		
Net increase in deposits	90,222	24,362
Common stock repurchased	—	(466)
Proceeds from exercise of stock options	20	16
Payment of taxes related to net share settlement of equity awards	(243)	—
Repayment of PPP Liquidity Facility	—	(63)
Net cash provided by financing activities	89,999	23,849
Net change in cash and cash equivalents and restricted cash	(19,062)	(27,966)
Cash, cash equivalents and restricted cash, beginning of the period	109,162	116,975
Cash, cash equivalents and restricted cash, end of the period	$ 90,100	$ 89,009
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	$ 3,314	$ 1,363
Cash paid for interest	$ 7,019	$ 7,464
Supplemental disclosures of noncash investing and financing activities:		
Increase in BFG investment in exchange for shares of the Company’s common stock	$ —	$ 4,125

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FinWise Bancorp
Notes to Consolidated Financial Statements (Unaudited)

Note 1 – Business, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Business and Organization – FinWise Bancorp is a Utah bank holding company headquartered in Murray, Utah and operates all business activities through its wholly-owned subsidiaries, FinWise Bank ("Bank") and FinWise Investment, LLC. The Bank provides a full range of banking services to individual and commercial customers and provides banking and payments solutions to fintech brands. As a technology-focused bank, the Bank also has established Strategic Programs with various third-party platforms that use technology to streamline the origination of consumer and business loans and process payments. FinWise Investment, LLC's purpose is to hold and manage private investments made by the Company and the Bank.

References to "FinWise Bancorp," "Bancorp" or the "holding company," refer to FinWise Bancorp on a standalone basis. References to the "Company" refer to FinWise Bancorp, FinWise Bank, and FinWise Investment, LLC collectively and on a consolidated basis.

Basis of Presentation – The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, the statements do not include all of the information and footnotes required by GAAP for complete financial statements. All significant inter-company transactions have been eliminated in consolidation. In the opinion of management, all the adjustments (consisting of normal and recurring adjustments) necessary for the fair statement of the consolidated financial condition and the consolidated results of operations for the periods presented have been included. The results of operations and other data presented for the three and six months ended June 30, 2025 are not necessarily indicative of the results of operations that may be expected for subsequent periods or the full year results. The consolidated balance sheet data as of December 31, 2024 was derived from audited financial statements; however, the accompanying notes to the unaudited consolidated financial statements do not include all of the annual disclosures required by GAAP and should be read in conjunction with the Company's audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Reclassifications – Reclassifications have been made to the interim consolidated financial statements to conform to the current year's presentation. Certain of these reclassifications relate to the change in fair value of the SBA servicing asset, which was reclassified from non-interest expense to non-interest income to better align with the SBA servicing asset revenue and the associated costs. The effect of these reclassifications were not material to the previously reported interim consolidated financial statements.

Use of Estimates – In preparing the interim consolidated financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the consolidated balance sheets and certain revenues and expenses for the period. Actual results could differ, either positively or negatively, from those estimates.

Stock Repurchase Program – On March 7, 2024, the Company announced that its Board of Directors (the "Board") had authorized, effective March 6, 2024, a common stock repurchase program to purchase up to 641,832 shares of the Company's common stock in the aggregate. The repurchase program authorizes the repurchase by the Company of its common stock in open market transactions, including pursuant to a trading plan in accordance with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or privately negotiated transactions. Repurchases could also be made pursuant to a trading plan under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The Share Repurchase Committee, designated by the Board of Directors, will determine the actual timing, number and value of any shares repurchased in its discretion depending on a variety of factors, including but not limited to, the market price and trading volume of the Company's common stock, general market and economic conditions, the ongoing assessment of the Company's capital needs, and applicable legal and regulatory requirements. The repurchase program does not obligate the Company to purchase any particular number of shares and may be limited or terminated at any time at the Company's discretion without notice. During the three months ended June 30, 2025, there were no open-market share repurchases. Since the repurchase program's inception, the Company has repurchased and subsequently retired a total of 44,608 shares for $0.5 million at an average price of $10.30 per share.

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". ASU 2023-09 improves the transparency of annual income tax disclosures by requiring entities to provide greater disaggregation of information on income taxes paid and on the rate reconciliation disclosures. This pronouncement also requires qualitative discussion of the primary state and local jurisdictions for income taxes and the type of reconciling categories. The Company adopted ASU 2023-09 effective January 1, 2025 and will include the incremental disclosures in its Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses", which requires additional disclosure of the nature of expenses included in the income statement. The standard requires disclosures about specific types of expenses included in the expense captions presented in the income statement. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The requirements should be applied on a prospective basis while retrospective application is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its disclosures.

Note 2 – Investments

Investment Securities Available-for-Sale, at Fair Value

The Company's available-for-sale ("AFS") investment portfolio consists of U.S. Treasury securities. The Company reports debt securities AFS on the Company's Consolidated Balance Sheets at fair value. The amortized cost, gross unrealized gains and losses, and estimated fair value of investment securities AFS as of June 30, 2025 and December 31, 2024, are summarized as follows:

	June 30, 2025			
($ in thousands)	**Amortized Cost**	**Unrealized Gain**	**Unrealized Loss**	**Estimated Fair Value**
U.S. Treasury securities	$ 30,038	$ 109	$ (1)	$ 30,146

	December 31, 2024			
($ in thousands)	**Amortized Cost**	**Unrealized Gain**	**Unrealized Loss**	**Estimated Fair Value**
U.S. Treasury securities	$ 30,027	$ 4	$ (101)	$ 29,930

The following table presents the amortized cost and estimated fair value of investment securities AFS at June 30, 2025, by contractual maturity:

($ in thousands)	**Amortized Cost**	**Estimated Fair Value**
Due in one year or less	$ 2,498	$ 2,498
Due after one year through five years	27,540	27,648
Total securities AFS	$ 30,038	$ 30,146

At June 30, 2025, debt securities AFS with a fair value of $30.1 million were pledged as collateral for a credit line held by the Bank. Accrued interest receivable on debt securities AFS totaled $0.5 million and $0.5 million at June 30, 2025 and December 31, 2024, respectively, and was included in accrued interest receivable on the Consolidated Balance Sheets.

Investment Securities Held-to-Maturity, at Cost

The Company's held-to-maturity ("HTM") investment portfolio consists of agency mortgage-backed securities and agency collateralized mortgage obligations. The Company reports debt securities HTM on the Company's Consolidated Balance

Sheets at carrying value which is amortized cost. The amortized cost, unrealized gains and losses, and estimated fair values of the Company's debt securities HTM at June 30, 2025 and December 31, 2024, are summarized as follows:

	June 30, 2025				
($ in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Mortgage-backed securities	$ 5,415	$ —	$ —	$ (599)	$ 4,816
Collateralized mortgage obligations	5,833	—	4	(646)	5,191
Total securities held-to-maturity	$ 11,248	$ —	$ 4	$ (1,245)	$ 10,007

	December 31, 2024				
($ in thousands)	Amortized Cost	Allowance for Credit Losses	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Mortgage-backed securities	$ 5,910	$ —	$ —	$ (746)	$ 5,164
Collateralized mortgage obligations	6,655	—	8	(770)	5,893
Total securities held-to-maturity	$ 12,565	$ —	$ 8	$ (1,516)	$ 11,057

The amortized cost and estimated market value of debt securities HTM at June 30, 2025, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

($ in thousands)	Amortized Cost	Estimated Fair Value
Securities held-to-maturity		
Due in one year or less	$ —	$ —
Due after one year through five years	1,198	1,159
Due after five years through ten years	722	666
Due after ten years	9,328	8,182
Total securities held-to-maturity	$ 11,248	$ 10,007

At June 30, 2025, HTM debt securities with a book value of $11.2 million were pledged as collateral for a credit line held by the Bank.

Credit Quality Indicators & Allowance for Credit Losses - HTM and AFS

For debt securities HTM and AFS, the Company evaluates the credit risk of its securities on at least a quarterly basis. The Company estimates expected credit losses on debt securities HTM and AFS on a collective basis by major security type. Accrued interest receivable on debt securities HTM and AFS is excluded from the estimate of credit losses. At June 30, 2025 and December 31, 2024, there was no ACL related to debt securities HTM or AFS due to the composition of the portfolio which is generally considered not to have credit risk given the United States government issuance or guarantee associated with these agency securities.

The Company had nineteen securities, consisting of eight collateralized mortgage obligations, ten mortgage-backed securities and one U.S. Treasury security in an unrealized loss position at June 30, 2025 and twenty-two securities, consisting of eight collateralized mortgage obligations, ten mortgage-backed securities and four U.S. Treasury securities in an unrealized loss position at December 31, 2024. The following table presents the estimated fair value and gross unrealized losses of debt securities HTM and AFS, aggregated by category and length of time in a continuous unrealized loss position at June 30, 2025 and December 31, 2024:

	June 30, 2025					
	Less than 12 months		12 Months or More		Total	
($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale:						
U.S. Treasury securities	$ 2,498	$ (1)	$ —	$ —	$ 2,498	$ (1)
Total	$ 2,498	$ (1)	$ —	$ —	$ 2,498	$ (1)
Held-to-maturity:						
Mortgage-backed securities	$ 414	$ (1)	$ 4,401	$ (598)	$ 4,815	$ (599)
Collateralized mortgage obligations	606	(7)	3,458	(639)	4,064	(646)
Total	$ 1,020	$ (8)	$ 7,859	$ (1,237)	$ 8,879	$ (1,245)

	December 31, 2024					
	Less than 12 months		12 Months or More		Total	
($ in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale:						
U.S. Treasury securities	$ 27,448	$ (101)	$ —	$ —	$ 27,448	$ (101)
Total	$ 27,448	$ (101)	$ —	$ —	$ 27,448	$ (101)
Held-to-maturity:						
Mortgage-backed securities	$ —	$ —	$ 5,164	$ (746)	$ 5,164	$ (746)
Collateralized mortgage obligations	633	(17)	3,588	(753)	4,221	(770)
Total	$ 633	$ (17)	$ 8,752	$ (1,499)	$ 9,385	$ (1,516)

There were no sales or transfers of investment securities and no realized gains or losses on these securities during the six months ended June 30, 2025 or 2024.

FHLB Stock

The Bank is a member of the FHLB system. As a member, the Bank is required to maintain a minimum level of investment in FHLB stock based on a percentage of the Bank's previous year-end assets and the Bank's FHLB advances outstanding. At June 30, 2025 and December 31, 2024, the Bank owned $0.4 million and $0.3 million, respectively, of FHLB stock, which is carried at cost. The Company evaluated the carrying value of its FHLB stock investment at June 30, 2025 and determined that it was not impaired. This evaluation considered the long-term nature of the investment, the current financial and liquidity position of the FHLB, repurchase activity of excess stock by the FHLB at its carrying value, the return on the investment from recurring and special dividends, and the Company's intent and ability to hold this investment for a period of time sufficient to recover its recorded investment.

Note 3 – Loans

Loans held-for-investment outstanding by general ledger classification as of June 30, 2025 and December 31, 2024, consisted of the following:

($ in thousands)	June 30, 2025	December 31, 2024
SBA[1]	$ 246,903	$ 255,056
Commercial leases	88,957	70,153
Commercial, non-real estate	5,510	3,691
Residential real estate	54,132	51,574
Strategic Program loans:		
Strategic Program loans - with credit enhancement	11,730	891
Strategic Program loans - without credit enhancement	18,969	19,231
Commercial real estate:		
Owner occupied	77,871	41,046
Non-owner occupied	1,417	1,379
Consumer	24,555	22,212
Total loans held-for-investment, gross	$ 530,044	$ 465,233
Deferred loan fees, net	(7,294)	(4,245)
Allowance for credit losses	(16,247)	(13,176)
Loans held-for-investment, net	$ 506,503	$ 447,812

[1] Included in the SBA loans held-for-investment above are $144.3 million and $158.7 million of loans guaranteed by the SBA as of June 30, 2025 and December 31, 2024, respectively.

The Bank sells participation interests in some loans it originates and may acquire a participation interest in loans originated by others. All reported amounts reflect only the Bank's ownership interest in the loans.

Strategic Program Loans – The Company originates loans with various third-party loan origination platforms that use technology and other innovative systems to streamline the origination of unsecured and secured consumer and business loans to a wide array of borrowers within certain approved credit profiles. Loans issued by the Company through these programs follow and are limited to specific predetermined underwriting criteria. The Company earns monthly minimum program fees from these third parties. Based on the volume of loans originated by the Company related to each Strategic Program, an additional fee equal to a percentage of the loans generated under the Strategic Program may be collected. The program fee is included within non-interest income on the Consolidated Statements of Income.

The Company generally retains the loans and/or receivables for a number of business days after origination before selling the loans and/or receivables to the Strategic Program provider or another investor. Interest income is earned by the Company while holding the loans. These loans are classified as held-for-sale on the balance sheet and measured at the lower of cost or market. The Company may also hold loans or a portion of the loans or receivables and sell the remainder directly to the Strategic Program provider or other investors. The loans or portion of the loans the Company holds are classified as held-for-investment.

The Company is generally the servicer of the loans it originates through Strategic Programs. The Company earns a servicing fee equal to a percentage of the outstanding balance of the loans generated under Strategic Programs for servicing such loans. In turn, the Strategic Program service providers, subject to the Company's approval and oversight, typically serve as sub-servicer and perform primary servicing duties including loan collections, modifications, charging-off, reporting and monitoring, for which the Company incurs a cost.

Each Strategic Program provider establishes a "reserve" deposit account with the Company to reasonably ensure the strategic programs will have sufficient funds available to purchase the loans. The agreements generally require that the reserve account deposit balance does not fall below an agreed upon dollar or percentage threshold related to the total loans currently outstanding as held-for-sale by the Company for the specific Strategic Program. If necessary, the Company has the right to withdraw amounts from the reserve account to fulfill loan purchaser obligations created under the program agreements. Total cash held in reserve by Strategic Program providers at the Company at June 30, 2025 and December 31, 2024, was $52.9 million and $54.0 million, respectively.

Strategic Program loans retained and held-for-sale as of June 30, 2025 and December 31, 2024, are summarized as follows:

($ in thousands)	June 30, 2025	December 31, 2024
Retained Strategic Program loans[1]	$ 30,699	$ 20,122
Strategic Program loans held-for-sale	147,282	91,588
Total Strategic Program loans	$ 177,981	$ 111,710

[1] Includes $11.7 million and $0.9 million of credit enhanced loans at June 30, 2025 and December 31, 2024, respectively.

Allowance for Credit Losses: In determining an appropriate amount for the allowance, the Bank segmented and aggregated the loan portfolio based on the FDIC Consolidated Reports of Condition and Income ("Call Report") codes. These classifications, which in general are based upon the nature of the collateral and type of borrower, are different than the classifications adopted for other financial reporting purposes, which are based upon the proposed use of the loan proceeds. The following pool segments were identified as of June 30, 2025 and December 31, 2024 for the purposes of estimating the ACL:

($ in thousands)	June 30, 2025	December 31, 2024
Construction and land development	$ 46,900	$ 42,331
Residential real estate	59,937	61,316
Residential real estate multifamily	1,792	1,692
Commercial real estate:		
Owner occupied	224,016	190,286
Non-owner occupied	12,093	12,849
Commercial and industrial	39,504	44,329
Consumer	24,498	22,155
Lease financing receivables	90,605	70,153
Retained Strategic Program loans:		
Strategic Program loans - with credit enhancement	11,730	891
Strategic Program loans - without credit enhancement	18,969	19,231
Total loans held-for-investment, gross	$ 530,044	$ 465,233

Activity in the ACL by common characteristic loan pools was as follows for the periods indicated:

	Three Months Ended June 30, 2025				
($ in thousands)	Beginning Balance	Provision for (Reversal of) Credit Losses	Charge-Offs	Recoveries	Ending Balance
Construction and land development	$ 988	$ (7)	$ —	$ —	$ 981
Residential real estate	598	244	(210)	3	635
Residential real estate multifamily	38	2	—	—	40
Commercial real estate:					
Owner occupied	3,632	(395)	(309)	19	2,947
Non-owner occupied	126	(22)	—	—	104
Commercial and industrial	431	18	—	—	449
Consumer	676	245	(210)	7	718
Lease financing receivables	1,587	224	(133)	7	1,685
Retained Strategic Program loans:					
Strategic Program loans - with credit enhancement	194	2,275	—	—	2,469
Strategic Program loans - without credit enhancement	5,965	2,212	(2,279)	321	6,219
Total allowance for credit losses on financing receivables	$ 14,235	$ 4,796	$ (3,141)	$ 357	$ 16,247
Unfunded lending commitments	493	(70)	—	—	423
Total allowance for credit losses	$ 14,728	$ 4,726	$ (3,141)	$ 357	$ 16,670

	Six Months Ended June 30, 2025				
($ in thousands)	Beginning Balance	Provision for (Reversal of) Credit Losses	Charge-Offs	Recoveries	Ending Balance
Construction and land development	$ 374	$ 607	$ —	$ —	$ 981
Residential real estate	788	58	(217)	6	635
Residential real estate multifamily	38	2	—	—	40
Commercial real estate:					—
Owner occupied	2,834	448	(370)	35	2,947
Non-owner occupied	113	(9)	—	—	104
Commercial and industrial	700	(182)	(83)	14	449
Consumer	638	298	(228)	10	718
Lease financing receivables	1,387	493	(169)	(26)	1,685
Retained Strategic Program loans:					
Strategic Program loans - with credit enhancement	109	2,360	—	—	2,469
Strategic Program loans - without credit enhancement	6,195	4,028	(4,663)	659	6,219
Total allowance for credit losses	$ 13,176	$ 8,103	$ (5,730)	$ 698	$ 16,247
Unfunded lending commitments	464	(41)	—	—	423
Total allowance for credit losses	$ 13,640	$ 8,062	$ (5,730)	$ 698	$ 16,670

($ in thousands)	Three Months Ended June 30, 2024 Beginning Balance	Provision for Credit Losses	Charge-Offs	Recoveries	Ending Balance
Construction and land development	$ 333	$ (3)	$ —	$ —	$ 330
Residential real estate	999	27	—	3	1,029
Residential real estate multifamily	8	3	—	—	11
Commercial real estate:					
Owner occupied	3,910	184	—	—	4,094
Non-owner occupied	318	62	—	—	380
Commercial and industrial	482	110	(184)	15	423
Consumer	265	13	(18)	1	261
Lease financing receivables	556	156	(69)	7	650
Retained Strategic Program loans	5,761	1,841	(1,962)	309	5,949
Total allowance for credit losses on financing receivables	$ 12,632	$ 2,393	$ (2,233)	$ 335	$ 13,127
Unfunded lending commitments	148	(8)	—	—	140
Total allowance for credit losses	$ 12,780	$ 2,385	$ (2,233)	$ 335	$ 13,267

($ in thousands)	Six Months Ended June 30, 2024 Beginning Balance	Provision for Credit Losses	Charge-Offs	Recoveries	Ending Balance
Construction and land development	$ 316	$ 14	$ —	$ —	$ 330
Residential real estate	956	81	(64)	56	1,029
Residential real estate multifamily	6	5	—	—	11
Commercial real estate:					—
Owner occupied	3,336	1,280	(525)	3	4,094
Non-owner occupied	282	98	—	—	380
Commercial and industrial	361	285	(238)	15	423
Consumer	211	108	(59)	1	261
Lease financing receivables	355	468	(180)	7	650
Retained Strategic Program loans	7,065	3,199	(4,908)	593	5,949
Total allowance for credit losses	$ 12,888	$ 5,538	$ (5,974)	$ 675	$ 13,127
Unfunded lending commitments	139	1	—	—	140
Total allowance for credit losses	$ 13,027	$ 5,539	$ (5,974)	$ 675	$ 13,267

Nonaccrual and past due loans are summarized below as of June 30, 2025 and December 31, 2024:

June 30, 2025

	Loans Past Due and Still Accruing						
($ in thousands)	**30-89 Days Past Due**	**90 Days and Greater**	**Total**	**Nonaccrual Loans with no ACL[(1)]**	**Nonaccrual Loans with ACL**	**Current Loans**	**Total Loans**
Construction and land development	$ —	$ —	$ —	$ —	$ —	$ 46,900	$ 46,900
Residential real estate	—	—	—	9,770	12	50,155	59,937
Residential real estate multifamily	—	—	—	—	—	1,792	1,792
Commercial real estate:							
Owner occupied	3,016	—	3,016	22,394	2,276	196,330	224,016
Non-owner occupied	—	—	—	2,786	—	9,307	12,093
Commercial and industrial	—	—	—	1,567	—	37,937	39,504
Consumer	73	—	73	65	19	24,341	24,498
Commercial leases	62	—	62	137	204	90,202	90,605
Retained Strategic Program loans	1,578	16	1,594	—	—	29,105	30,699
Total	$ 4,729	$ 16	$ 4,745	$ 36,719	$ 2,511	$ 486,069	$ 530,044

(1) Included in the nonaccrual loan balances are $20.9 million of SBA 7(a) loan balances guaranteed by the SBA.

December 31, 2024

	Loans Past Due and Still Accruing						
($ in thousands)	**30-89 Days Past Due**	**90 Days and Greater**	**Total**	**Nonaccrual Loans with no ACL[(1)]**	**Nonaccrual Loans with ACL**	**Current Loans**	**Total Loans**
Construction and land development	$ —	$ —	$ —	$ —	$ —	$ 42,331	$ 42,331
Residential real estate	—	—	—	7,141	101	54,074	61,316
Residential real estate multifamily	—	—	—	—	—	1,692	1,692
Commercial real estate:							
Owner occupied	2,070	—	2,070	17,435	6,102	164,679	190,286
Non-owner occupied	—	—	—	2,796	—	10,053	12,849
Commercial and industrial	—	—	—	1,788	—	42,541	44,329
Consumer	286	13	299	—	—	21,856	22,155
Commercial leases	279	—	279	158	202	69,514	70,153
Retained Strategic Program loans	1,553	62	1,615	—	—	18,507	20,122
Total	$ 4,188	$ 75	$ 4,263	$ 29,318	$ 6,405	$ 425,247	$ 465,233

(1) Included in the nonaccrual loan balances are $18.9 million of SBA 7(a) loan balances guaranteed by the SBA.

There was no interest income recognized for the three and six months ended June 30, 2025 and 2024, while loans were classified as nonaccrual. The amount of accrued interest that was reversed against interest income on nonaccrual loans was approximately $0.8 million and $30.1 thousand for the three months ended June 30, 2025 and 2024, respectively, and $1.0 million and $0.1 million for the six months ended June 30, 2025 and 2024, respectively.

The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Bank measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by Call Report code and then risk grade grouping.

In addition to past due and nonaccrual status criteria, the Company also evaluates loans using a loan grading system. Internal loan grades are based on current financial information, historical payment experience, and credit documentation, among other factors. Performance-based grades are summarized below:

Pass – A Pass asset is higher quality and does not fit any of the other categories described below. The likelihood of loss is believed to be remote.

Watch – A Watch asset may be a larger loan or one that places a heavier reliance on collateral due to the relative financial strength of the borrower. The assets may be maintenance intensive requiring closer monitoring. The obligor is believed to have an adequate primary source of repayment.

Special Mention – A Special Mention asset has potential weaknesses that may be temporary or, if left uncorrected, may result in a loss. While concerns exist, the Company believes that it is currently protected against a default and loss is considered unlikely and not imminent.

Substandard – A Substandard asset is believed to be inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have identified weaknesses and are characterized by the possibility that the Company may sustain some loss if deficiencies are not corrected.

Doubtful – A doubtful asset has an existing weakness or weaknesses that make collection or liquidation in full, on the basis of currently existing facts and conditions, highly questionable and improbable.

Loss – A loss asset has an existing weakness or weaknesses that render the loan uncollectible and of such little value that continuing to carry as an asset on the Company's books is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical nor desirable to defer writing off this basically worthless asset, even though partial recovery may be effected in the future.

Not Rated – For Strategic Program loans, the Company does not evaluate and risk rate the loans in the same manner as other loans in the Company's portfolio. The Not Rated loans are typically homogenous, smaller dollar balances approved using abridged underwriting methods that allow the Company to streamline the loan approval process and increase efficiency**.** Credit quality for Strategic Program loans is highly correlated with delinquency levels.

The following table presents the amortized cost of the Company's loan and lease portfolio by collateral type, risk rating and origination year as of June 30, 2025, in addition to the gross writeoff by collateral type for the six months ended June 30, 2025. The loans are grouped based on how they are assessed under CECL.

	Loans and Leases Amortized Cost Basis by Origination Year							
June 30, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans**	**Total**
($ in thousands)								
Construction and land development								
Pass	$ 15,421	$ 19,886	$ 4,563	$ 4,916	$ 2,114	$ —	$ —	$ 46,900
Watch	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	15,421	19,886	4,563	4,916	2,114	—	—	46,900
Current period gross writeoff	—	—	—	—	—	—	—	—

Residential real estate								
Pass	676	1,622	1,804	947	504	1,647	—	7,200
Watch	5,927	10,101	16,801	3,958	961	1,216	—	38,964
Special Mention	3,810	—	—	—	—	37	—	3,847
Substandard	—	—	2,655	7,027	44	200	—	9,926
Total	10,413	11,723	21,260	11,932	1,509	3,100	—	59,937
Current period gross writeoff	—	—	(210)	—	(7)	—	—	(217)
Residential real estate multifamily								
Pass	56	1,035	344	254	78	—	—	1,767
Watch	—	—	—	—	—	25	—	25
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	56	1,035	344	254	78	25	—	1,792
Current period gross writeoff	—	—	—	—	—	—	—	—
Commercial real estate - owner occupied								
Pass	44,956	23,286	5,328	3,532	1,775	7,029	—	85,906
Watch	25,681	19,935	35,613	16,353	4,334	3,715	—	105,631
Special Mention	—	—	2,483	4,354	—	972	—	7,809
Substandard	—	161	11,744	9,231	740	2,794	—	24,670
Total	70,637	43,382	55,168	33,470	6,849	14,510	—	224,016
Current period gross writeoff	—	—	(99)	(194)	(56)	(21)	—	(370)
Commercial real estate - non-owner occupied								
Pass	39	—	—	1,233	—	319	—	1,591
Watch	—	1,176	3,678	1,764	975	123	—	7,716
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	2,786	—	—	—	2,786
Total	39	1,176	3,678	5,783	975	442	—	12,093
Current period gross writeoff	—	—	—	—	—	—	—	—
Commercial and industrial								
Pass	617	2,565	986	857	259	337	—	5,621
Watch	4,956	15,324	8,100	2,404	361	467	—	31,612
Special Mention	—	—	312	—	—	28	—	340
Substandard	—	—	1,188	379	—	364	—	1,931
Total	5,573	17,889	10,586	3,640	620	1,196	—	39,504

Current period gross writeoff	—	—	—	(54)	—	(29)	—	(83)
Consumer								
Pass	7,908	11,931	3,233	798	204	227	—	24,301
Watch	—	46	8	6	—	—	—	60
Special Mention	—	—	—	—	—	—	—	—
Substandard	71	60	4	—	2	—	—	137
Total	7,979	12,037	3,245	804	206	227	—	24,498
Current period gross writeoff	—	(110)	(96)	(19)	(1)	(2)	—	(228)
Lease financing receivables								
Pass	31,119	38,568	17,859	3,059	—	—	—	90,605
Watch	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Total	31,119	38,568	17,859	3,059	—	—	—	90,605
Current period gross writeoff	—	—	(169)	—	—	—	—	(169)
Retained Strategic Program loans								
Pass	—	—	—	—	—	—	—	—
Watch	—	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Not Rated	22,881	6,468	498	615	237	—	—	30,699
Total	22,881	6,468	498	615	237	—	—	30,699
Current period gross writeoff	(523)	(3,596)	(314)	(138)	(92)	—	—	(4,663)
Total portfolio loans receivable, gross	$ 164,118	$ 152,164	$ 117,201	$ 64,473	$ 12,588	$ 19,500	$ —	$ 530,044
Total current period gross writeoff	$ (523)	$ (3,706)	$ (888)	$ (405)	$ (156)	$ (52)	$ —	$ (5,730)

The following table presents the amortized cost of the Company's loan and lease portfolio by collateral type, risk rating and origination year as of December 31, 2024, in addition to the gross writeoff by collateral type for the year ended December 31, 2024. The loans are grouped based on how they are assessed under CECL.

	Loans and Leases Amortized Cost Basis by Origination Year						
December 31, 2024	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans**	**Total**
($ in thousands)							
Construction and land development							

Pass	$ 18,008	$ 9,080	$ 12,687	$ 2,556	$ —	$ —	$ 42,331
Watch	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	18,008	9,080	12,687	2,556	—	—	42,331
Current period gross writeoff	—	—	—	—	—	—	—
Residential real estate							
Pass	4,025	1,172	575	1,332	1,655	—	8,759
Watch	14,268	18,766	4,134	1,103	1,333	—	39,604
Special Mention	—	3,719	1,758	—	80	—	5,557
Substandard	—	—	7,129	50	217	—	7,396
Total	18,293	23,657	13,596	2,485	3,285	—	61,316
Current period gross writeoff	—	—	—	(252)	(45)	—	(297)
Residential real estate multifamily							
Pass	1,039	293	256	78	—	—	1,666
Watch	—	—	—	—	26	—	26
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	1,039	293	256	78	26	—	1,692
Current period gross writeoff	—	—	—	—	—	—	—
Commercial real estate - owner occupied							
Pass	26,160	3,897	3,468	1,180	9,112	—	43,817
Watch	25,137	51,350	28,462	5,904	3,342	—	114,195
Special Mention	—	4,553	1,736	—	2,207	—	8,496
Substandard	—	16,150	5,142	1,414	1,072	—	23,778
Total	51,297	75,950	38,808	8,498	15,733	—	190,286
Current period gross writeoff	—	(364)	(369)	(109)	(197)	—	(1,039)
Commercial real estate - non-owner occupied							
Pass	36	—	1,254	—	343	—	1,633
Watch	1,215	4,111	1,841	1,117	136	—	8,420
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	2,796	—	—	—	2,796
Total	1,251	4,111	5,891	1,117	479	—	12,849
Current period gross writeoff	—	—	(221)	—	—	—	(221)
Commercial and industrial							
Pass	3,588	336	529	322	463	—	5,238
Watch	23,559	9,134	2,945	442	606	—	36,686
Special Mention	—	—	217	—	32	—	249
Substandard	—	1,438	351	—	367	—	2,156

Total	27,147	10,908	4,042	764	1,468	—	44,329
Current period gross writeoff	—	(393)	(227)	(178)	(91)	—	(889)
Consumer							
Pass	15,951	4,294	1,257	319	286	—	22,107
Watch	43	5	—	—	—	—	48
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	15,994	4,299	1,257	319	286	—	22,155
Current period gross writeoff	—	(65)	(31)	(19)	(19)	—	(134)
Lease financing receivables							
Pass	43,279	22,456	4,338	—	80	—	70,153
Watch	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	43,279	22,456	4,338	—	80	—	70,153
Current period gross writeoff	—	(293)	—	—	—	—	(293)
Retained Strategic Program loans							
Pass	—	—	—	—	—	—	—
Watch	—	—	—	—	—	—	—
Special Mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Not Rated	17,084	1,540	1,109	389	—	—	20,122
Total	17,084	1,540	1,109	389	—	—	20,122
Current period gross writeoff	(3,801)	(4,683)	(927)	(385)	—	—	(9,796)
Total portfolio loans receivable, gross	$ 193,392	$ 152,294	$ 81,984	$ 16,206	$ 21,357	$ —	$ 465,233
Total current period gross writeoff	$ (3,801)	$ (5,798)	$ (1,775)	$ (943)	$ (352)	$ —	$ (12,669)

Modified Loans to Troubled Borrowers

Modified loans to troubled borrowers arise from a modification made to a loan in order to alleviate temporary difficulties in the borrower's financial condition or constraints on the borrower's ability to repay the loan, and to minimize potential losses to the Company. GAAP requires that certain types of modifications be reported, which consist of the following: principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension, or any combination of the foregoing.

During the three and six months ended June 30, 2025 there were no new material loan modifications. During the six months ended June 30, 2025, there was a payment default of $0.2 million on a commercial real estate owner occupied loan to a borrower whose loan was modified due to financial difficulties within the previous twelve months and the loan was placed on nonaccrual status. The remaining modified loans were current as of June 30, 2025 and December 31, 2024.

There were no payment defaults during the three and six months ended June 30, 2024 of modified loans that were modified during the previous twelve months. The following table presents the outstanding balance of modified loans as of June 30, 2024, the percentage of the loans modified to the total class of loans, and the financial effect of modified loans to troubled borrowers that were experiencing financial difficulty during the six months ended June 30, 2024:

($ in thousands)	Principal Deferment (Months)	Outstanding Balance at June 30, 2024	% of Total Loan Type
Commercial real estate:			
Owner occupied	11 months	$ 243	0.13 %
Non-owner occupied	11 months	$ 173	0.94 %
Residential	11 months	$ 156	0.27 %
Total principal		$ 572	

Modified Retained Strategic Program Loans

Retained Strategic Program loans of $30.7 million and $20.1 million as of June 30, 2025 and December 31, 2024, respectively, consist primarily of personal loans to individuals. A significant amount of the retained Strategic Program loans are made to subprime borrowers. The subprime borrowers' ability to repay the loans according to the original loan terms can be compromised by both short-term financial challenges, such as unexpected car repairs or physical injury, and longer-term financial challenges, such as a job loss or more serious injury or illness.

In certain circumstances, some of the Company's strategic programs will modify the original loan terms to optimize the recovery of principal and interest. The loan modifications may include (i) a delay in payment and extension of the loan term, or (ii) accrued interest forgiveness and interest rate and payment reductions. As of June 30, 2025, the balance of outstanding modified loans to individuals in the retained portfolio was approximately $0.3 million. As of December 31, 2024, the balance of outstanding modified loans to individuals in the retained portfolio was approximately $4.4 million. The Company does not have any obligation to fund additional amounts to the borrowers. If after modification, some or all of the loan is determined to be uncollectible, the full balance determined to be uncollectible is charged off. The amount charged off is included in the Company's vintage analysis used to estimate the Company's allowance for credit losses.

Collateral-Dependent Loans

A collateral-dependent loan is a nonaccrual loan for which the Bank relies substantially on the operation or sale of the collateral for repayment. In evaluating the overall risk associated with a loan, the Company considers (1) character, overall financial condition and resources, and payment record of the borrower; (2) the prospects for support from any financially responsible guarantors; and (3) the nature and degree of protection provided by the cash flow and value of any underlying collateral. The loan may become collateral-dependent when foreclosure is probable or the borrower is experiencing financial difficulty and its sources of repayment become inadequate over time. At such time, the Company develops an expectation that repayment will be provided substantially through the operation or sale of the collateral.

The following tables present the amortized cost basis of collateral-dependent loans by class of loans as of the periods indicated:

As of June 30, 2025		Collateral Type		
($ in thousands)	Allowance for Credit Losses	Real Estate	Personal Property	Total
Construction and land development	$ —	$ —	$ —	$ —
Residential real estate	1	9,782	—	9,782
Commercial real estate:				
Owner occupied	6	24,670	—	24,670
Non-owner occupied	—	2,786	—	2,786
Commercial and industrial	—	—	1,567	1,567
Consumer	19	—	84	84
Commercial leases	92	—	341	341
Total	$ 118	$ 37,238	$ 1,992	$ 39,230

The amount of collateral-dependent loans as of June 30, 2025 include $20.9 million of SBA 7(a) loan balances that are guaranteed by the SBA.

As of December 31, 2024		**Collateral Type**		
($ in thousands)	**Allowance for Credit Losses**	**Real Estate**	**Personal Property**	**Total**
Construction and land development	$ —	$ —	$ —	$ —
Residential real estate	10	7,242	—	7,242
Commercial real estate:				
Owner occupied	9	23,537	—	23,537
Non-owner occupied	—	2,796	—	2,796
Commercial and industrial	—	—	1,788	1,788
Commercial leases	36	—	360	360
Total	$ 55	$ 33,575	$ 2,148	$ 35,723

The amount of collateral-dependent loans as of December 31, 2024 include $18.9 million of SBA 7(a) loan balances that are guaranteed by the SBA.

Note 4 – SBA Servicing Asset, Net

The Company periodically sells the guaranteed portions of SBA loans and retains rights to service the loans. Loans serviced for others are not included in the accompanying balance sheets. The unpaid principal balances of SBA loans serviced for others was $233.6 million and $218.4 million at June 30, 2025 and December 31, 2024, respectively.

The following table summarizes SBA servicing asset, net activity for the periods indicated:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($ in thousands)	**2025**	**2024**	**2025**	**2024**
Balance at beginning of period	$ 3,331	$ 4,072	$ 3,273	$ 4,231
Additions to servicing asset	440	—	755	—
Amortization of servicing asset	(249)	(711)	(586)	(1,068)
Change in valuation allowance	(295)	328	(215)	526
Balance at end of period	$ 3,227	$ 3,689	$ 3,227	$ 3,689
SBA servicing asset, fair value	$ 3,227	$ 3,689	$ 3,227	$ 3,689

Activity in the valuation allowance for the SBA servicing asset was as follows for the periods indicated:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($ in thousands)	**2025**	**2024**	**2025**	**2024**
Balance at beginning of period	$ (1,206)	$ (1,953)	$ (1,286)	$ (2,151)
Impairment	(295)	—	(295)	—
Recovery	—	328	80	526
Balance at end of period	$ (1,501)	$ (1,625)	$ (1,501)	$ (1,625)

The fair market value of the SBA servicing asset as of June 30, 2025 and December 31, 2024, was $3.2 million and $3.3 million, respectively. Recovery or impairment adjustments to servicing rights are mainly due to market-based assumptions associated with discounted cash flows, loan prepayment speeds, and changes in interest rates. A significant change in these assumptions could result in a significant change in the SBA servicing asset carrying amount.

The Company assumed a weighted average prepayment rate of 20.4%, weighted average term of 3.31 years, and a weighted average discount rate of 15.2% at June 30, 2025.

The Company assumed a weighted average prepayment rate of 21.1%, weighted average term of 3.30 years, and a weighted average discount rate of 12.1% at December 31, 2024.

Note 5 – Capital Requirements

The Bank is subject to various regulatory capital requirements administered by federal and State of Utah banking agencies (the regulators). Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off -balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk -weighting, and other factors. Prompt corrective action provisions are not applicable to the bank holding company.

Beginning January 1, 2020, the Bank qualified and elected to use the community bank leverage ratio ("CBLR") framework for quantitative measures which requires the Bank to maintain minimum amounts and ratios of Tier 1 capital to average total consolidated assets. Management believes, as of June 30, 2025 and December 31, 2024, that the Bank's capital levels exceed the regulatory floors required to be classified as a well-capitalized bank.

As of June 30, 2025 and December 31, 2024, the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category). The following table sets forth the actual capital amounts and ratios for the Bank and the minimum amount and ratio of capital required to be categorized as well-capitalized as of the dates indicated:

	Actual		Well-Capitalized Requirement	
($ in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
June 30, 2025				
Leverage ratio (CBLR election)	$ 143,711	18.0%	$ 71,993	9.0%
December 31, 2024				
Leverage ratio (CBLR election)	$ 135,375	20.6%	$ 59,196	9.0%

Bank Dividends

The Federal Reserve's policy statement and supervisory guidance on the payment of cash dividends by a Bank Holding Company ("BHC"), such as FinWise Bancorp, expresses the view that a BHC should generally pay cash dividends on common stock only to the extent that (1) the BHC's net income available over the past year is sufficient to cover the cash dividend, (2) the rate of earnings retention is consistent with the organization's expected future needs and financial condition, and (3) the regulatory capital adequacy ratios are met. Should an insured depository institution controlled by a bank holding company be "significantly undercapitalized" under the applicable federal bank capital ratios, or if the bank subsidiary is "undercapitalized" and has failed to submit an acceptable capital restoration plan or has materially failed to implement such a plan, federal banking regulators (in the case of the Bank, the FDIC) may choose to require prior Federal Reserve approval for any capital distribution by the BHC.

In addition, since FinWise Bancorp is a legal entity separate and distinct from the Bank and does not conduct stand-alone operations, an ability to pay dividends depends on the ability of the Bank to pay dividends to FinWise Bancorp. The FDIC and the Utah Department of Financial Institutions ("UDFI") may, under certain circumstances, prohibit the payment of dividends to FinWise Bancorp from the Bank. Utah corporate law also requires that dividends can only be paid out of funds legally available.

The Company has not paid any cash dividends on its common stock since inception and it does not intend to pay cash dividends in the foreseeable future. However, the Company's Board of Directors may declare a cash or stock dividend out of retained earnings provided the regulatory capital ratio and other regulatory requirements are met. The Company plans to maintain capital ratios that meet or exceed the well-capitalized standards per the regulations and, therefore, would limit dividends to amounts that are appropriate to maintain those well-capitalized regulatory capital ratios.

Note 6 – Commitments and Contingencies

Federal Home Loan Bank Secured Line of Credit

As of June 30, 2025 and December 31, 2024, the Bank's available line of credit with the FHLB to borrow funds was $24.9 million and $25.0 million, respectively. All borrowings are short-term and the interest rate is equal to the correspondent bank's daily federal funds purchase rate. As of June 30, 2025 and December 31, 2024, no amounts were outstanding under the line of credit. Loans totaling $41.5 million and $41.6 million were pledged to secure the FHLB line of credit as of June 30, 2025 and December 31, 2024, respectively.

Other Lines of Credit

At June 30, 2025 and December 31, 2024, the Bank had the ability to borrow $257.6 million and $239.2 million, respectively, in total from the Federal Reserve Bank ("FRB") on a collateralized basis through the Discount Window and/or the borrower-in-custody ("BIC") program. Loans totaling $296.2 million and $240.8 million and securities of $41.2 million and $42.6 million were pledged to secure these lines of credit with the FRB as of June 30, 2025 and December 31, 2024, respectively. In 2024, the Bank was accepted into the FRB's borrower-in-custody program, which allows financial institutions to pledge loans that are not pledged to the FHLB as collateral for FRB's Discount Window advances while retaining possession or control of the collateral. The Bank can borrow a maximum of $217.9 million and $198.8 million as of June 30, 2025 and December 31, 2024, respectively, under the BIC program utilizing the loans pledged to the FRB while under the Discount Window the Bank can borrow a maximum of $257.6 million and $239.2 million, respectively, utilizing both the aforementioned loans as well as the securities pledged to the FRB. In no instance can the Bank exceed outstanding borrowings of $257.6 million and $239.2 million as of June 30, 2025 and December 31, 2024, respectively. The Company had no advances outstanding under either program as of June 30, 2025 and December 31, 2024.

Through Zions Bank, the Bank had an available unsecured line of credit of $5.0 million at June 30, 2025 and December 31, 2024. The Bank had an available line of credit with Bankers' Bank of the West to borrow up to $1.1 million in overnight funds at June 30, 2025 and December 31, 2024. The Bank had no outstanding balances on such unsecured or secured lines of credit as of June 30, 2025 and December 31, 2024.

Financial Instruments with Off-Balance Sheet Risk

Commitments to Extend Credit

In the ordinary course of business, the Bank has entered into commitments to extend credit to customers which have not yet been exercised. These financial instruments include commitments to extend credit in the form of loans. Those instruments involve to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheets. The Company's commitments to extend credit as of the dates indicated are summarized below. Since commitments associated with commitments to extend credit may expire unused, the amounts shown in the table below do not necessarily reflect the actual future cash funding requirements.

At June 30, 2025 and December 31, 2024, financial instruments with off-balance-sheet risk were as follows:

($ in thousands)	**June 30, 2025**	**December 31, 2024**
Revolving, open-end lines of credit	$ 2,220	$ 2,365
Undisbursed commercial real estate loans	21,271	23,200
Other unused commitments	495	830
Total unfunded loan commitments	$ 23,986	$ 26,395

Allowance for Credit Losses on Unfunded Commitments

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancelable by the Company. The allowance for credit losses on unfunded commitments is included in other liabilities on the consolidated balance sheets and is adjusted through a charge to provision for credit loss expense on the consolidated statements of income. The allowance for credit losses on unfunded commitments estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The allowance for credit losses on unfunded commitments was $0.4 million and $0.5 million as of June 30, 2025 and December 31, 2024, respectively.

Note 7 – Investment in Business Funding Group, LLC

On December 31, 2019, the Company purchased from certain members of BFG a 10% membership interest in exchange for an aggregate of 950,784 shares of the Company's common stock. The exchange was accounted for at fair value based on the fair value of the Company's shares of approximately $3.5 million. On July 25, 2023 the Company entered into a definitive agreement, as amended, to purchase from certain members of BFG an additional 10% membership interest in exchange for shares of common stock of the Company. On February 5, 2024, the transaction was consummated and the Company issued in the aggregate 339,176 shares of common stock of the Company in a private placement to the sellers in exchange for the additional membership interest in BFG. The second transaction increased the Company's total ownership interest in BFG to 20%. The ownership interest consists of Class A Voting Units representing 4.7% of the aggregate membership interests of BFG and Class B Non-Voting Units representing 15.3% of the aggregate membership interests of BFG.

The remaining 80% of the outstanding membership interests are Class A Voting Units. Based on the Company's accounting policy with respect to investments in limited liability companies, the Company concluded that its level of ownership was indicative of significant influence and, as a result, the investment would be accounted for using the equity method. However, the Company elected the fair value option for its investment due to cost-benefit considerations.

On March 31, 2020, the Company entered into a right of first refusal and option agreement with the members of BFG whereby the Company has the right of first refusal to purchase additional interests in BFG from any selling members and the option to purchase all, but not less than all, of the interests in BFG from the remaining members. The purchase price for the remaining members' interests is based on an earnings multiple between 10 times and 15 times BFG's net profit for the fiscal year ended immediately prior to the exercise of the option. The option period begins on January 1, 2021 and expires on January 1, 2028. The Company issued an aggregate 270,000 warrants to the BFG members as consideration for entering into the agreement. The warrants have an exercise price of $6.67 per share and the warrants expire on March 31, 2028. The warrants are free-standing equity instruments and, as a result, are classified within equity at the fair value on the issuance date. The fair value of the warrants was determined by the Company's board of directors with input from management, relying in part upon valuation reports prepared by a third-party valuation firm using a Black-Scholes option pricing model adjusted for a lack of marketability since the Company's stock was not publicly traded at that time. The resulting fair value of the warrants was $0.19 per share.

For further discussion on the Company's investment in BFG, see Note 9 - Fair Value of Financial Instruments and 12 - Related Party Transactions.

Note 8 – Stock-Based Compensation

Stock Option Plans

The Company utilizes stock-based compensation plans, as well as discretionary grants, for employees, directors and consultants to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives and to promote the success of the Company's business.

The 2019 Stock Plan ("2019 Plan") was adopted on June 20, 2019 following approval by the Company's Board of Directors and shareholders. The 2019 Plan will terminate as to future awards 10 years from the later of the effective date or the earlier of the most recent Board or stockholder approval of an increase in the number of shares reserved for issuance under the 2019 Plan. On June 27, 2024, the shareholders of the Company approved an amendment to the 2019 Plan increasing the number of shares of common stock reserved for issuance under the plan by an additional 500,000 shares to 1,780,000. At June 30, 2025, 176,392 shares under the 2019 Plan were available for future issuance.

The 2016 Stock Plan ("2016 Plan") was adopted on April 20, 2017 following approval by the Company's Board of Directors and shareholders. The 2016 Plan authorizes the issuance of 299,628 common shares. The 2016 Plan will terminate as to future awards 10 years from the later of the effective date or the earlier of the most recent Board or stockholder approval of an increase in the number of shares reserved for issuance under the 2016 Plan. At June 30, 2025, 2,189 shares under the 2016 Plan were available for future issuance.

The 2019 Plan and the 2016 Plan (collectively, the “Plans”) provide for the issuance of non-statutory stock options and restricted stock to employees, directors and consultants. The Plans also provide for the issuance of incentive stock options only to employees. The stock-based incentive awards for the Plans are granted at an exercise price not less than the fair market value of the Company’s common stock on the date of grant in the case of stock options. Restricted stock is valued based on the fair market value of the Company’s common stock on the grant date. Vesting of the options vary by employee or director and can have a term no more than 10 years, with the options generally having vesting periods ranging from 1 to 5 years. Restricted stock vests over periods ranging from approximately 1 to 5 years.

Under the Plans, if an award expires or becomes un-exercisable without having been exercised in full, or is surrendered pursuant to an exchange program, the unpurchased shares that were subject thereto shall become available for future grant or sale under the Plans. However, shares that have actually been issued under the Plans, or upon exercise of an award, shall not be returned to the Plans and shall not become available for future distribution under the Plans, except that if unvested shares of restricted stock are repurchased by the Company at their original purchase price, such shares shall become available for future grant under the Plans.

Stock Options

The following summarizes stock option activity for the six months ended June 30, 2025:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2024	905,182	$ 5.74	5.9	$ 9,266,286
Options exercised	(5,837)	$ 4.76		$ 74,108
Options forfeited	(319)	$ 13.04		
Outstanding at June 30, 2025	899,026	$ 5.75	5.4	$ 8,327,831
Options vested and exercisable at June 30, 2025	843,104	$ 5.59	5.2	$ 7,938,084

During the three and six months ended June 30, 2025 and 2024, the Company received de minimis proceeds from the exercise of stock options.

Restricted Stock

The following summarizes restricted stock activity for the six months ended June 30, 2025:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2024	496,643	$ 10.09
Granted	269,367	$ 14.70
Vested	(146,538)	$ 10.34
Forfeited	—	$ —
Unvested as of June 30, 2025	619,472	$ 12.03

The total fair value of restricted stock that vested during the six months ended June 30, 2025 and 2024 was $2.1 million and $0.7 million, respectively.

Stock-based Compensation Expense

The following table presents stock-based compensation expense recognized and income tax benefit for stock-based compensation related to restricted shares:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2025**	**2024**	**2025**	**2024**
Stock options	$ 31	$ 75	$ 79	$ 131
Restricted shares	730	344	1,282	439
Total	$ 761	$ 419	$ 1,361	$ 570
Income tax benefit related to restricted shares	$ 183	$ 87	$ 321	$ 115

As of June 30, 2025, the Company had unrecognized stock-based compensation expense related to stock options and restricted stock of approximately $0.1 million and $5.8 million, respectively, which is expected to be recognized over the remaining weighted average recognition period of 0.9 years and 2.1 years, respectively.

Note 9 – Fair Value of Financial Instruments

The Company measures and discloses certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, not a forced liquidation or distressed sale). GAAP establishes a consistent framework for measuring fair value and disclosure requirements about fair value measurements. Among other things, the standard requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s estimates for market assumptions. These two types of inputs create the following fair value hierarchy.

Level 1 – Quoted prices in active markets for identical instruments. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Observable inputs other than Level 1 including quoted prices in active markets for similar instruments, quoted prices in less active markets for identical or similar instruments, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation also includes observable inputs from nonbinding single dealer quotes not corroborated by observable market data. In developing Level 3 measurements, management incorporates whatever market data might be available and uses discounted cash flow models where appropriate. These calculations include projections of future cash flows, including appropriate default and loss assumptions, and market-based discount rates.

The estimated fair value amounts of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize at a future date. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. In addition, reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates that must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies also introduces a greater degree of subjectivity to these estimated fair values. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period. There were no transfers between fair value levels for the three and six months ended June 30, 2025 and 2024.

The following methods were used to estimate the fair value of each class of financial instruments on a recurring basis:

Investment securities available-for-sale: Investment securities available-for-sale consist of U.S. Treasury securities and are carried at fair value. The Company estimates the fair value of investment securities available-for-sale using current active market quotes, if available, which are considered Level 1 measurements. Level 1 measurements include securities issued by the U.S. Treasury.

Investment in BFG: The Company's valuation technique utilized the average of the discounted cash flow method and the Guideline Public Company method. A 4.5% discount for non-voting shares was applied to the valuation to arrive at fair value as of June 30, 2025 and December 31, 2024. The calculation of fair value utilized significant unobservable inputs, including projected cash flows, growth rates, and discount rates.

Derivative instruments: The Company's derivative instruments consist of interest rate swaps accounted for as cash flow hedges. The Company's derivative instruments are carried at fair value and considered Level 2 measurements. The Company measures fair value of interest rate swaps utilizing market observable inputs, such as forecasted yield curves.

The table below presents the Company's financial instruments valued on a recurring basis at the periods indicated:

($ in thousands)	Level	June 30, 2025 Estimated Fair Value	December 31, 2024 Estimated Fair Value
Financial assets:			
U.S. Treasury securities	1	$ 30,146	$ 29,930
Investment in BFG	3	$ 8,400	$ 7,700
Derivative asset	2	$ —	$ 509
Financial liabilities:			
Derivative liability	2	$ 4	$ —

The table below presents a reconciliation of the Company's investment in BFG classified as a Level 3 financial instrument and measured at fair value on a recurring basis for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2025	2024	2025	2024
Beginning balance	$ 8,100	$ 8,200	$ 7,700	$ 4,200
Purchase of BFG ownership interest	—	—	—	4,125
Change in fair value of BFG	300	(200)	700	(325)
Ending balance	$ 8,400	$ 8,000	$ 8,400	$ 8,000

The table below presents the Company's financial instruments valued on a nonrecurring basis at the periods indicated:

($ in thousands)		Fair Value Measurements Using		
Description of Financial Instrument	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
June 30, 2025				
Nonrecurring assets:				
Individually evaluated loans	$ 39,230	$ —	$ —	$ 39,230
December 31, 2024				
Nonrecurring assets:				
Individually evaluated loans	$ 35,723	$ —	$ —	$ 35,723

Individually evaluated loans – The loan amount above represents loans individually evaluated that have been adjusted to the lower of cost or fair value. When collateral-dependent loans are individually evaluated, they are measured using the current fair value of the collateral securing these loans, less selling costs. The fair value of real estate collateral is determined using collateral valuations or a discounted cash flow analysis using inputs such as discount rates, sale prices of similar assets, and term of expected disposition. Some appraised values are adjusted based on management's review and analysis, which may include historical knowledge, changes in market conditions, estimated selling and other anticipated costs, and/or expertise and knowledge. The loss, if any, represents charge-offs on loans when the fair value of the collateral is less than the carrying amount of the loan.

Quantitative information for Level 3 fair value measurements – The following table presents information about quantitative inputs and assumptions used to fair value Level 3 nonrecurring assets as of June 30, 2025 and December 31, 2024:

($ in thousands)	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
June 30, 2025				
Individually evaluated loans	$ 39,230	Market comparable	Discount to appraisal value for estimated selling costs	11.40%
December 31, 2024				
Individually evaluated loans	$ 35,723	Market comparable	Discount to appraisal value for estimated selling costs	11.40%

The range and weighted average of the significant unobservable inputs used to fair value the investment in BFG as of June 30, 2025 and as of December 31, 2024 are shown in the following table:

($ in thousands)	June 30, 2025 Range (Weighted Average)	December 31, 2024 Range (Weighted Average)
Discounted Cash Flows		
Revenue growth rate	15.3%	15.3%
Expense growth rate	14.9%	14.9%
Discount rate	25.0%	27.5%
Lack of marketability discount	20.0%	20.0%
Guideline Public Company		
Multiples of enterprise value	3.8x to 5.0x	3.5x to 5.8x

The tables below present the carrying amount and estimated fair value of the Company's financial instruments at the periods indicated:

	June 30, 2025				
			Fair Value Measurements Using		
($ in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 90,100	$ 90,100	$ 90,100	$ —	$ —
Investment securities available-for-sale	30,146	30,146	30,146	—	—
Investment securities held-to-maturity	11,248	10,007	—	10,007	—
Investment in FHLB stock	440	440	—	440	—
Loans held-for-investment, net	506,503	536,818	—	—	536,818
Strategic Program loans held-for-sale	147,282	147,282	—	147,282	—
Accrued interest receivable	2,380	2,380	—	2,380	—
SBA servicing asset, net	3,227	3,227	—	3,227	—
Investment in BFG	8,400	8,400	—	—	8,400
Financial liabilities:					
Total deposits	$ 635,174	$ 612,622	$ —	$ 612,622	$ —
Accrued interest payable	3,746	3,746	—	3,746	—
Derivative liability	4	4	—	4	—

	December 31, 2024				
			Fair Value Measurements Using		
($ in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 109,162	$ 109,162	$ 109,162	$ —	$ —
Investment securities available-for-sale	29,930	29,930	29,930	—	—
Investment securities held-to-maturity	12,565	11,057	—	11,057	—
Investment in FHLB stock	349	349	—	349	—
Loans held-for-investment, net	447,812	478,919	—	—	478,919
Strategic Program loans held-for-sale	91,588	91,588	—	91,588	—
Accrued interest receivable	3,566	3,566	—	3,566	—
SBA servicing asset, net	3,273	3,273	—	3,273	—
Investment in BFG	7,700	7,700	—	—	7,700
Derivative asset	509	509	—	509	—
Financial liabilities:					
Total deposits	$ 544,952	$ 528,253	$ —	$ 528,253	$ —
Accrued interest payable	1,494	1,494	—	1,494	—
PPPLF	64	64	—	64	—

Note 10 – Income Taxes

For the three months ended June 30, 2025 and 2024, income tax expense was $1.3 million and $1.0 million, respectively, resulting in an effective income tax rate of 24.5% and 23.9%, respectively. For the six months ended June 30, 2025 and 2024, income tax expense was $2.6 million and $2.2 million, respectively, resulting in an effective income tax rate of 26.1% and 25.2%, respectively. The effective tax rate differs from the statutory rate of 21.0% during the three and six months ended June 30, 2025 due primarily to state income tax expense and higher estimated disallowed compensation estimates.

On July 4, 2025, President Trump signed into law the legislation formally titled “An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14” and commonly referred to as the One Big Beautiful Bill (“the Act”). The Company is currently evaluating income tax implications of the Act; however, the Company does not expect the Act to have a material impact on the Company’s financial statements.

Note 11 – Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Such derivatives were used to hedge the variable cash flows associated with existing variable-rate deposits.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income (“OCI”) and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in accumulated OCI related to derivatives will be reclassified to interest on deposits as interest payments are made on the Company’s variable-rate deposits. During the twelve months following June 30, 2025, the Company estimates that an additional $23 thousand will be reclassified as a reduction to interest expense.

Fair Value of Derivative Instruments on the Consolidated Balance Sheets

The table below presents the notional amount, location, and fair value of the Company’s derivative financial instruments on the Consolidated Balance Sheets as of June 30, 2025 and December 31, 2024:

Derivative Liabilities

	As of June 30, 2025		
($ in thousands)	**Notional Amount**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments:			
Interest rate swaps	$ 80,000	Other liabilities	$ 4
Total			$ 4

Derivative Assets

	As of December 31, 2024		
($ in thousands)	**Notional Amount**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments:			
Interest rate swaps	$ 80,000	Other assets	$ 509
Total			$ 509

Effect of Cash Flow Hedge Accounting on Accumulated Other Comprehensive Income

The table below presents the pre-tax effect of cash flow hedge accounting on accumulated other comprehensive income for the three and six months ended June 30, 2025 (in thousands):

	Three Months Ended June 30, 2025		
	Amount of Gain (Loss) Recognized in OCI on Derivative	Location of Gain Recognized from Accumulated OCI into Income	Amount of Gain Reclassified from Accumulated OCI into Income
Derivatives in Cash Flow Hedging Relationships:			
Interest rate swaps	$ 28	Interest on deposits	$ 112
Total	$ 28		$ 112

	Six Months Ended June 30, 2025		
	Amount of Gain (Loss) Recognized in OCI on Derivative	Location of Gain Recognized from Accumulated OCI into Income	Amount of Gain Reclassified from Accumulated OCI into Income
Derivatives in Cash Flow Hedging Relationships:			
Interest rate swaps	$ (226)	Interest on deposits	$ 225
Total	$ (226)		$ 225

Effect of Cash Flow Hedge Accounting on the Statement of Income for the Three and Six Months Ended June 30, 2025

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Income for the three and six months ended June 30, 2025 (in thousands):

	Three Months Ended June 30, 2025	Six Months Ended June 30, 2025
	Location and Amount of Gain Recognized in Income on Cash Flow Hedging Relationships	Location and Amount of Gain Recognized in Income on Cash Flow Hedging Relationships
Location of gain recognized in income	Interest on deposits	Interest on deposits
Total amounts of income and expense line items presented in the statement of financial performance in which the effects of cash flow hedges are recorded	$ 112	$ 225
The effects of cash flow hedging:		
Interest rate swaps:		
Amount of gain reclassified from accumulated OCI into income	$ 112	$ 225

Offsetting Derivative Assets and Liabilities

The tables below present a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as of June 30, 2025 and December 31, 2024. The net amounts of derivative assets and liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the consolidated balance sheets.

As of June 30, 2025				Gross Amounts Not Offset in the Statement of Financial Position		
($ in thousands)	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Liabilities:						
Interest rate swaps	$ 4	$ —	$ 4	$ —	$ —	$ 4

As of December 31, 2024				Gross Amounts Not Offset in the Statement of Financial Position		
($ in thousands)	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Financial Instruments	Cash Collateral Received	Net Amount
Assets:						
Interest rate swaps	$ 509	$ —	$ 509	$ —	$ —	$ 509

Note 12 – Related Party Transactions

In the ordinary course of business, the Bank may grant loans to certain executive officers and directors and the companies with which they are associated. The Company had *de minimis* loans outstanding to related parties as of June 30, 2025 and December 31, 2024. Total deposits from certain executive officers and directors and the companies with which they are associated were $2.3 million and $2.1 million as of June 30, 2025 and December 31, 2024, respectively.

BFG is a small business loan broker, primarily under the SBA's 7(a) loan program. As noted in Note 7 - Investment in Business Funding Group, the Company has a 20% ownership in the outstanding membership units of BFG. The Company underwrites loans sourced by BFG in its normal course of business. If approved and funded, the Company pays BFG a commission fee based on the amount funded. There is no guarantee or commitment made by the Company to BFG to approve or fund loans referred by BFG. The Company is able to use its sole discretion in deciding to approve and fund loans referred by BFG.

The following table represents a summary of related party transactions with BFG for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2025	2024	2025	2024
SBA 7(a) loans sourced from BFG	$ 26,015	$ 10,684	$ 47,742	$ 23,941
Commission fees paid to BFG	$ 1,041	$ 427	$ 1,910	$ 958
Distributions received from BFG[(1)]	$ 240	$ 170	$ 760	$ 380

[(1)] Recorded in the consolidated statements of income in other miscellaneous income

Note 13 – Earnings per Share

The following table is a reconciliation of the components used to derive basic and diluted earnings per share for the three and six months ended June 30, 2025 and 2024 (in thousands, except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income	$ 4,097	$ 3,180	$ 7,286	$ 6,495
Amounts allocated to participating common shareholders[1]	(164)	(72)	(282)	(125)
Net income allocated to common shareholders	$ 3,933	$ 3,108	$ 7,004	$ 6,370
Denominator:				
Weighted average shares outstanding, basic	12,781,508	12,627,800	12,749,012	12,565,124
Weighted average effect of dilutive securities:				
Stock options	543,552	387,663	578,742	390,589
Warrants	147,334	94,245	158,399	105,070
Weighted average shares outstanding, diluted	13,472,394	13,109,708	13,486,153	13,060,783
Earnings per share, basic	$ 0.31	$ 0.25	$ 0.55	$ 0.51
Earnings per share, diluted	$ 0.29	$ 0.24	$ 0.52	$ 0.49
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	—	113,954	—	115,454

[1] Represents earnings attributable to holders of unvested restricted stock issued to the Company’s directors and employees.

Note 14 – Accumulated Other Comprehensive Income

The following tables present changes to accumulated other comprehensive income by component for the periods indicated (in thousands):

	Available-for-Sale Securities	Cash Flow Hedges	Accumulated OCI
Balance at March 31, 2025	$ 85	$ (66)	$ 19
Other comprehensive income before reclassifications and income tax	2	28	30
Amounts reclassified from accumulated other comprehensive income	—	(112)	(112)
Income tax (expense) benefit	(7)	72	65
Total other comprehensive loss, net of tax	(5)	(12)	(17)
Balance at June 30, 2025	$ 80	$ (78)	$ 2

	Available-for-Sale Securities	Cash Flow Hedges	Accumulated OCI
Balance at December 31, 2024	$ (73)	$ 260	$ 187
Other comprehensive income (loss) before reclassifications and income tax	205	(226)	(21)
Amounts reclassified from accumulated other comprehensive income	—	(225)	(225)
Income tax (expense) benefit	(52)	113	61
Total other comprehensive income (loss), net of tax	153	(338)	(185)
Balance at June 30, 2025	$ 80	$ (78)	$ 2

Note 15 – Subsequent Event

Subsequent to June 30, 2025, the Company notified approximately 600,000 individuals of a data breach in May 2024 in which their personal data was exposed when a former employee accessed such data following the termination of employment. On August 1, 2025, an individual filed a class action against the Company seeking damages in connection with such data breach and is attempting to form a class. On August 6, 2025, two additional individuals filed another class action against the Company seeking damages in connection with such data breach and are also attempting to form a class. Similar lawsuits may be forthcoming. The Company intends to defend any such lawsuits vigorously, but there is no guarantee that the Company will prevail. At the time of filing, the outcome of these matters and any possible related losses or damages are not estimable or probable; however, the Company believes any possible related losses or damages will not be material.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended as a review and summary of significant factors affecting our financial condition and results of operations for the periods indicated and should be read together with our consolidated audited financial statements and related notes thereto included in the 2024 Form 10-K and our unaudited consolidated financial statements included in Part I, Item 1 of this Report . In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our expectations. Factors that could cause such differences are discussed in the sections of this Report and our 2024 Form 10-K entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" and elsewhere in this Report. We assume no obligation to update any of these forward-looking statements except to the extent required by law.

The following discussion pertains to our historical results, on a consolidated basis. However, because we conduct all material business operations through our wholly owned subsidiary, FinWise Bank, the discussion and analysis relates to activities primarily conducted at the subsidiary level.

Critical Accounting Estimates

The accompanying management's discussion and analysis of financial condition and results of operations is based upon our unaudited consolidated financial statements included in Part I, Item 1 of this Report. The preparation of these unaudited consolidated financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances, results of which form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily available from other sources. We evaluate our estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting estimates primarily relate to the allowance for credit losses. See Note 1 - Summary of Significant Accounting Policies to the consolidated financial statements included in Part II, Item 8 in our 2024 Form 10-K for information on our accounting policy related to this critical accounting estimate.

There have been no material changes during the six months ended June 30, 2025 to the methods we used and judgments we made relating to critical accounting estimates from those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2024 Form 10-K.

Business Overview

FinWise Bancorp is a Utah corporation and the parent company of FinWise Bank and FinWise Investment, LLC. Our assets consist primarily of our investment in the Bank and all of our material business activities are conducted through the Bank.

We gather deposits in the Salt Lake City, Utah MSA through our one branch and nationwide from our Strategic Program service providers, SBA 7(a) borrowers, institutional deposit exchanges, brokered deposit arrangements and other deposit sources. Attracting nationwide deposits from the general public, businesses and other financial institutions, and investing those deposits, together with borrowings and other sources of funds, is also critical to our banking business.

Our banking business offers a diverse range of commercial and retail banking products and services, and consists primarily of originating loans in a variety of sectors. While our commercial and residential real estate lending and other products and services offered from our branch continue to be concentrated in and around the Salt Lake City, Utah MSA, our third-party loan origination relationships have allowed us to expand into new markets across the United States. These relationships were developed to support our ability to generate significant loan volume across diverse consumer and commercial markets and have been the primary source of our growth and our consistent ability to operate profitability since developing the third-party loan origination business.

Our financial condition and results of operations depend primarily on our ability to originate loans and leases directly, or by using our strategic relationships with third-party loan origination platforms, to earn interest and non-interest income. We focus on four main lending areas: (i) SBA 7(a) loans, (ii) Strategic Programs, (iii) residential and commercial real estate and (iv) commercial leasing. For a description and analysis of our loan categories, see "Financial Condition."

Executive Summary

This executive summary provides certain 2025 and 2024 financial highlights from the discussion and analysis that follows:

- For the three months ended June 30, 2025, originations increased to $1.5 billion from $1.2 billion when compared to the three months ended June 30, 2024. For the six months ended June 30, 2025, originations increased to $2.7 billion from $2.3 billion when compared to the six months ended June 30, 2024. New Strategic Programs and organic growth through existing programs contributed to the increase in loan originations.

- Net interest margin (“NIM”) was 7.81% for the three months ended June 30, 2025, compared to 10.31% for the three months ended June 30, 2024. NIM was 8.03% for the six months ended June 30, 2025, compared to 10.19% for the six months ended June 30, 2024. NIM is impacted by income earned from interest-earning assets and interest costs incurred on interest-bearing liabilities.

- FinWise generated $4.1 million and $3.2 million of net income for the three months ended June 30, 2025 and 2024, respectively, and $7.3 million and $6.5 million of net income for the six months ended June 30, 2025 and 2024, respectively. Net income increased as FinWise invested in expansion of its product offerings and supporting business infrastructure.

- Total assets increased by $96.5 million to $842.5 million as of June 30, 2025 compared to December 31, 2024, principally in loans and investment securities. We believe our strong capital levels support our current and planned growth strategy.

Results of Operations

Net Income Overview

The following table sets forth the principal components of net income for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
($ in thousands)	2025	2024	% Change	2025	2024	% Change
Interest income	$ 19,742	$ 18,422	7.2 %	$ 38,278	$ 36,067	6.1 %
Interest expense	(5,014)	(3,807)	31.7 %	(9,270)	(7,446)	24.5 %
Net interest income	14,728	14,615	0.8 %	29,008	28,621	1.4 %
Provision for credit losses	(4,726)	(2,385)	98.2 %	(8,062)	(5,539)	45.5 %
Non-interest income	10,337	5,166	100.1 %	18,147	10,828	67.6 %
Non-interest expense	(14,912)	(13,218)	12.8 %	(29,230)	(25,223)	15.9 %
Provision for income taxes	(1,330)	(998)	33.3 %	(2,577)	(2,192)	17.6 %
Net income	$ 4,097	$ 3,180	28.8 %	$ 7,286	$ 6,495	12.2 %

Net Interest Income and NIM

Net interest income was the primary contributor to our earnings in 2025 and 2024. Net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, referred to as “volume changes.” It is also affected by changes in yields earned on interest-earning assets and rates paid on interest-bearing deposits and other borrowed funds, referred to as “rate changes.”

Net interest income increased for the three months ended June 30, 2025, compared to the same period in 2024 primarily due to an increase in average interest-earning assets of $186.3 million, partially offset by lower yields on interest-earning assets, an increase in the average interest-bearing liabilities of $174.6 million and an increase in interest reversed on loans migrating to nonaccrual status.

Net interest income increased for the six months ended June 30, 2025, compared to the same period in 2024 primarily due to an increase in average interest-earning assets of $163.8 million, partially offset by lower yields on interest-earning assets, an increase in the average interest-bearing liabilities of $147.3 million and an increase in interest reversed on loans migrating to nonaccrual status.

NIM decreased to 7.81% for the three months ended June 30, 2025 from 10.31% for the three months ended June 30, 2024 and decreased to 8.03% for the six months ended June 30, 2025 from 10.19% for the six months ended June 30, 2024 primarily attributable to the repricing of our variable rate loan portfolio as interest rates have declined during the period, our strategy to reduce the average credit risk in the loan portfolio by increasing our investment in higher quality but lower yielding loans and an increase in interest reversed on loans migrating to nonaccrual status.

Average Balances and Yields. The following tables present average balances for assets and liabilities, the total dollar amounts of interest income from interest-earning assets, the total dollar amounts of interest expense on interest-bearing liabilities, the resulting average yields and costs, and NIM. The yields and costs for the periods indicated are derived by dividing the annualized income or expense by the average balances for assets or liabilities, respectively, for the periods presented. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yield/rates. Average balances have been calculated using daily averages.

	Three Months Ended June 30,					
	2025			2024		
($ in thousands)	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Interest-earning assets:						
Interest-bearing deposits	$ 81,017	$ 867	4.29%	$ 105,563	$ 1,444	5.50%
Investment securities	41,920	390	3.73%	14,795	97	2.65%
Loans held-for-sale	119,402	5,636	18.93%	49,000	4,020	33.00%
Loans held-for-investment[1]	514,222	12,849	10.02%	400,930	12,861	12.90%
Total interest-earning assets	756,561	19,742	10.47%	570,288	18,422	12.99%
Noninterest-earning assets	60,638			46,530		
Total assets	$ 817,199			$ 616,818		
Interest-bearing liabilities:						
Demand	$ 64,885	$ 579	3.58%	$ 47,900	$ 441	3.70%
Savings	10,028	15	0.60%	10,270	19	0.75%
Money market accounts	17,920	170	3.81%	9,565	112	4.71%
Certificates of deposit	400,757	4,250	4.25%	251,142	3,235	5.18%
Total deposits	493,590	5,014	4.07%	318,877	3,807	4.80%
Other borrowings	6	—	0.45%	142	—	0.35%
Total interest-bearing liabilities	493,596	5,014	4.07%	319,019	3,807	4.80%
Noninterest-bearing deposits	112,627			108,519		
Noninterest-bearing liabilities	32,753			27,700		
Shareholders’ equity	178,223			161,580		
Total liabilities and shareholders’ equity	$ 817,199			$ 616,818		
Net interest income and interest rate spread[2]		$ 14,728	6.39%		$ 14,615	8.19%
Net interest margin[3]			7.81%			10.31%
Ratio of average interest-earning assets to average interest-bearing liabilities			153.28%			178.76%

($ in thousands)	Six Months Ended June 30, 2025 Average Balance	Interest	Average Yield/Cost	2024 Average Balance	Interest	Average Yield/Cost
Interest-earning assets:						
Interest-bearing deposits	$ 86,873	$ 1,858	4.31%	$ 108,737	$ 2,953	5.46%
Investment securities	42,116	780	3.74%	14,840	198	2.69%
Loans held-for-sale	99,617	9,900	20.04%	48,778	7,746	31.93%
Loans held for investment	500,080	25,740	10.38%	392,561	25,170	12.89%
Total interest-earning assets	728,686	38,278	10.59%	564,916	36,067	12.84%
Noninterest-earning assets	57,410			43,597		
Total assets	$ 786,096			$ 608,513		
Interest-bearing liabilities:						
Demand	$ 70,612	$ 1,249	3.57%	$ 49,752	$ 944	3.82%
Savings	9,639	22	0.46%	9,785	38	0.79%
Money market accounts	17,902	334	3.76%	9,883	178	3.62%
Certificates of deposit	364,043	7,665	4.25%	245,359	6,286	5.15%
Total deposits	462,196	9,270	4.04%	314,779	7,446	4.76%
Other borrowings	27	—	0.05%	157	—	0.35%
Total interest-bearing liabilities	462,223	9,270	4.04%	314,936	7,446	4.75%
Noninterest-bearing deposits	116,045			104,372		
Noninterest-bearing liabilities	31,189			27,933		
Shareholders' equity	176,639			161,272		
Total liabilities and shareholders' equity	$ 786,096			$ 608,513		
Net interest income and interest rate spread		$ 29,008	6.55%		$ 28,621	8.08%
Net interest margin			8.03%			10.19%
Ratio of average interest-earning assets to average interest-bearing liabilities			157.65%			179.37%

[1] Loans placed on nonaccrual status are included in loan balances. See "Nonperforming Assets" below.
[2] Interest spread is the weighted average yield on interest-earning assets, less the weighted average rate incurred on interest-bearing liabilities.
[3] Net interest margin is net interest income, expressed as a percentage of average earning assets.

Rate/Volume Analysis. The following table sets forth the effects of changing rates and volumes on our net interest income based on average balances. The rate column shows the effects attributable to changes in average rate. The volume column shows the effects attributable to changes in average volume. For purposes of this table, changes attributable to changes in both average rate and average volume that cannot be segregated have been allocated proportionally based on the changes due to rate and the changes due to volume.

($ in thousands)	Three Months Ended June 30, 2025 vs 2024 Increase (Decrease) Due to Change in: Rate	Volume	Total	Six Months Ended June 30, 2025 vs 2024 Increase (Decrease) Due to Change in: Rate	Volume	Total
Interest income:						
Interest-bearing deposits with the Federal Reserve, non-U.S. central banks and other banks	$ (281)	$ (296)	$ (577)	$ (560)	$ (535)	$ (1,095)
Investment securities	53	240	293	102	480	582
Loans held-for-sale	(682)	2,298	1,616	(1,198)	3,352	2,154
Loans held-for-investment	45	(57)	(12)	(1,410)	1,980	570
Total interest income	(865)	2,185	1,320	(3,066)	5,277	2,211
Interest expense:						
Demand	(14)	152	138	(56)	361	305
Savings	(4)	—	(4)	(16)	(1)	(17)
Money market accounts	(16)	74	58	7	149	156
Certificates of deposit	(438)	1,453	1,015	(788)	2,168	1,380
Total interest-bearing liabilities	(472)	1,679	1,207	(853)	2,677	1,824
Change in net interest income	$ (393)	$ 506	$ 113	$ (2,213)	$ 2,600	$ 387

Provision for Credit Losses

The increase in our provision for credit losses for the three and six months ended June 30, 2025, compared to the same periods in 2024, resulted primarily from growth of the Strategic Program loans held-for-investment, including credit enhanced loans, and owner occupied commercial real estate and higher net charge-offs offset in part by a change in qualitative factors for certain low risk segments of the owner occupied commercial real estate portfolio..

Non-interest Income

The following tables present the major categories of non-interest income for the periods indicated:

($ in thousands)	Three Months Ended June 30, 2025	2024	Change $	%
Non-interest income:				
Strategic Program fees	$ 5,404	$ 4,035	$ 1,369	33.9%
Gain on sale of loans	1,483	356	1,127	316.9%
SBA loan servicing fees, net	(96)	204	(300)	(146.7%)
Change in fair value on investment in BFG	300	(200)	500	250.0%
Credit enhancement income	2,275	39	2,236	5,724.7%
Other miscellaneous income	971	732	239	32.7%
Total non-interest income	$ 10,337	$ 5,166	$ 5,171	100.1%

The increase in total non-interest income for the three months ended June 30, 2025, compared to the same period in 2024 was primarily due to the increase in credit enhancement income resulting from growth in the credit enhanced loan balance (a provision for credit losses is calculated for credit enhanced loans and a mirror amount is credited to credit enhancement income), an increase in Strategic Program fees related to higher originations, the gain on loan sales resulting from higher sales of the guaranteed portion of SBA 7(a) loan balances, and the positive mark-to-market adjustment of the investment in BFG and was offset in part by the decrease in SBA loan servicing fees, net.

	Six Months Ended June 30,		Change	
($ in thousands)	**2025**	**2024**	**$**	**%**
Non-interest income:				
Strategic Program fees	$ 10,366	$ 8,000	$ 2,366	29.6%
Gain on sale of loans	2,329	771	1,558	202.1%
SBA loan servicing fees and servicing asset amortization	82	870	(788)	(90.6%)
Change in fair value on investment in BFG	700	(325)	1,025	315.8%
Credit enhancement income	2,360	39	2,321	5,942.3%
Other miscellaneous income	2,310	1,473	837	56.8%
Total non-interest income	$ 18,147	$ 10,828	$ 7,319	67.6%

The increase in total non-interest income for the six months ended June 30, 2025, compared to the same period in 2024 was primarily due to an increase in Strategic Program fees related to higher originations, the increase in credit enhancement income resulting from the growth in the credit enhanced loan balances (a provision for credit losses is calculated for credit enhanced loans and a mirror amount is credited to credit enhancement income), the gain on loan sales related to the increased sales of the guaranteed portion of SBA 7(a) loan balances due to more favorable market conditions, and an increase in the fair value of our investment in BFG.

Non-interest Expense

The following tables present the major categories of non-interest expense for the periods indicated:

	Three Months Ended June 30,		Change	
($ in thousands)	**2025**	**2024**	**$**	**%**
Non-interest expense:				
Salaries and employee benefits	$ 10,491	$ 8,609	$ 1,882	21.9%
Professional services	949	1,282	(333)	(26.0%)
Occupancy and equipment expenses	445	556	(111)	(20.0%)
Credit enhancement expense	78	—	78	100.0%
Other operating expenses	2,949	2,771	178	6.4%
Total non-interest expense	$ 14,912	$ 13,218	$ 1,694	12.8%

The increase in total non-interest expense for the three months ended June 30, 2025, compared to the same period in 2024, was primarily due to an increase in salaries and employee benefits mainly resulting from increased headcount in the first half of 2024, annual compensation adjustments, and amortization of deferred compensation awards.

($ in thousands)	Six Months Ended June 30, 2025	2024	Change $	%
Non-interest expense:				
Salaries and employee benefits	$ 20,317	$ 16,171	$ 4,146	25.6%
Professional Services	1,856	2,849	(993)	(34.9%)
Occupancy and equipment expenses	988	1,100	(112)	(10.2%)
Credit enhancement expenses	89	—	89	100.0%
Other operating expenses	5,980	5,103	877	17.2%
Total non-interest expense	$ 29,230	$ 25,223	$ 4,007	15.9%

The increase in total non-interest expense for the six months ended June 30, 2025, compared to the same period in 2024, was primarily due to an increase in salaries and employee benefits mainly resulting from increased headcount in the first half of 2024, annual compensation adjustments, and amortization of deferred compensation awards.

Provision for Income Taxes

Our provision for income taxes for the three and six months ended June 30, 2025 and 2024 resulted in an effective income tax rate of 24.5%, 23.9%, 26.1% and 25.2%, respectively. The effective tax rate differed from the federal statutory rate of 21.0% for the three and six months ended June 30, 2025 due primarily to state income tax provisions and higher estimated disallowed compensation estimates.

Net Income

The changes in net income for the three and six months ended June 30, 2025, compared to the same periods in 2024, were primarily the result of the factors discussed above.

Financial Condition

The following table summarizes selected components of our consolidated balance sheets as of June 30, 2025 and December 31, 2024:

($ in thousands)	As of June 30, 2025	December 31, 2024	Change $	%
Interest-bearing deposits in other banks	$ 80,711	$ 99,562	$ (18,851)	(18.9)%
Investment securities available-for-sale, at fair value	30,146	29,930	216	0.7 %
Investment securities held-to-maturity, net	11,248	12,565	(1,317)	(10.5)%
Strategic Program loans held-for-sale, at lower or cost or fair value	147,282	91,588	55,694	60.8 %
Loans held-for-investment, net	506,503	447,812	58,691	13.1 %
Total assets	842,488	745,976	96,512	12.9 %
Deposits	635,174	544,952	90,222	16.6 %
Total liabilities	660,529	572,256	88,273	15.4 %
Total shareholders' equity	181,959	173,720	8,239	4.7 %
Total equity to total assets	21.6 %	23.3 %		(1.7)%

Interest-Bearing Deposits in Other Banks

The decrease in interest-bearing deposits in other banks from December 31, 2024 to June 30, 2025, was primarily due to funding our Strategic Program loans held-for-sale portfolio. Aside from minimal balances held with our correspondent banks, the majority of our interest-bearing deposits are held at the Federal Reserve.

Securities

We use our securities portfolio to provide a source of liquidity, provide an appropriate return on funds invested, manage interest rate risk, meet collateral requirements and meet regulatory capital requirements.

We classify investment securities as either held-to-maturity or available-for-sale based on our intentions and our ability to hold such securities until maturity. In determining such classifications, securities that we have the intent and the ability to hold until maturity are classified as held-to-maturity and carried at amortized cost. All other securities are designated as available-for-sale and carried at estimated fair value with unrealized gains and losses included in shareholders' equity on an after-tax basis.

The following table summarizes the weighted-average yields of our investment securities at June 30, 2025. The weighted average yield of investment securities was calculated using the sum of all interest that the investments generate, divided by the average book value. There are no tax-exempt securities.

	1 Year or Less	1 - 5 Years	5 - 10 Years	Over 10 Years	Total
Securities available-for-sale:					
U.S. Treasuries	4.68 %	4.19 %	— %	— %	4.23 %
Securities held-to-maturity:					
Mortgage-backed securities	— %	3.31 %	1.32 %	1.72 %	1.83 %
Collateralized mortgage obligations	— %	3.14 %	— %	2.96 %	2.98 %
Total	4.68 %	4.15 %	1.32 %	2.41 %	3.74 %

There were no calls, sales or maturities of securities during the six months ended June 30, 2025 and 2024.

At June 30, 2025, we had a total of nineteen securities in an unrealized loss position, consisting of one U.S. Treasury, eight collateralized mortgage obligations and ten mortgage-backed securities. At December 31, 2024, we had a total of twenty-two securities in an unrealized loss position, consisting of four U.S. Treasuries, eight collateralized mortgage obligations and ten mortgage-backed securities.

Strategic Program Loans Held-for-Sale

We, through our Strategic Program service providers, offer unsecured and secured consumer and business loans to borrowers within certain approved credit profiles nationwide. Loans originated through these programs are limited to predetermined Bank underwriting criteria, which has been approved by our board of directors. We generally retain the loans and/or receivables for a number of business days after origination before selling the loans and/or receivables to the Strategic Program provider or another investor. Interest income is earned by us while holding the loans. These loans are classified as held-for-sale on the balance sheet and measured at the lower of cost or market.

Our Strategic Program loans held-for-sale increased $55.7 million as of June 30, 2025 compared to December 31, 2024, primarily as a result of greater hold periods for new originations for certain programs.

Loans Held-for-Investment Portfolio

The following table summarizes our gross loan portfolio held-for-investment by loan program as of the dates indicated:

	As of June 30, 2025		As of December 31, 2024	
($ in thousands)	Amount	% of Total Loans	Amount	% of Total Loans
SBA[1]	$ 246,903	46.6%	$ 255,056	54.8%
Commercial leases	88,957	16.8%	70,153	15.1%
Commercial, non-real estate	5,510	1.0%	3,691	0.8%
Residential real estate	54,132	10.2%	51,574	11.1%
Strategic Program loans:				
Strategic Program loans - with credit enhancement	11,730	2.2%	891	0.2%
Strategic Program loans - without credit enhancement	18,969	3.6%	19,231	4.1%
Commercial real estate:				
Owner occupied	77,871	14.7%	41,046	8.8%
Non-owner occupied	1,417	0.3%	1,379	0.3%
Consumer	24,555	4.6%	22,212	4.8%
Total loans held-for-investment, gross	$ 530,044	100.0%	$ 465,233	100.0%

[1] SBA loans as of June 30, 2025 and December 31, 2024 include $144.3 million and $158.7 million, respectively, of SBA 7(a) loan balances that are guaranteed by the SBA.

We manage our loan portfolio based on factors that include concentrations per loan program and aggregated portfolio, industry of operation and geographies. We also monitor the impact of identified and estimated losses on capital as well as the pricing characteristics of each product. The following provides a general description and the risk characteristics relevant to each of our loan products. Each loan is assigned a risk grade during the origination and closing process by credit administration personnel based on criteria described later in this section. We analyze the resulting ratings, as well as other external statistics and factors such as delinquency, to track the migration performance of the portfolio balances. This ratings analysis is performed at least quarterly.

SBA

We originate and service loans partially guaranteed by the SBA under its Section 7(a) loan program for small businesses and professionals throughout the United States. Through our diversification efforts, we have built an SBA 7(a) portfolio that we believe positions us to better withstand economic shifts. For example, we focus on industries such as non-store retailers (e-commerce), ambulatory healthcare services, professional, scientific and technical services (including law firms), and merchant wholesalers.

As of June 30, 2025 and December 31, 2024, we had total SBA 7(a) loans of $246.9 million and $255.1 million, respectively, representing 46.6% and 54.8% of our total loans held-for-investment, respectively. Loans are sourced primarily through our referral relationship with BFG. Although BFG actively markets throughout the United States, we have developed a lending presence in the New York and New Jersey geographies due to its physical location in New York. The maximum SBA 7(a) loan amount is $5 million. Underwriting is generally based on commercial credit metrics where the primary repayment source is borrower cash flow, secondary is personal guarantor cash flow and tertiary is the sale of collateral pledged. These loans may be secured by commercial and residential mortgages as well as liens on business assets. In addition to typical underwriting metrics, we review the nature of the business, use of proceeds, length of time in business and management experience to help us target loans that we believe have lower credit risk. The SBA 7(a) program generally provides 50%, 75%, 85% and 90% guarantees for eligible SBA 7(a) loans. The guaranty is conditional and covers a portion of the risk of payment default by the borrower, but not the risk of improper underwriting, closing or servicing by the lender. As such, prudent underwriting, closing and servicing processes are essential to effective utilization of the SBA 7(a) program. Historically, we have generally sold the SBA-guaranteed portion (typically 75% of the principal balance) of a majority of the loans we originate at a premium in the secondary market while retaining all servicing rights and the unguaranteed portion; however, beginning in 2020, we made the decision to drive interest income by retaining a larger amount of the guaranteed portion of these loans. In light of suppressed gain-on-sale premiums and increasing variable loan rates during 2023, we retained on our balance sheet a greater percentage of the guaranteed portion of certain SBA loans that we originated than we have historically, which we believe will benefit us through stronger government guaranteed held-for-investment loan growth and an increased recurring stream of interest income and partially offset the decline in gain-on-sale revenue. During the third quarter of 2024 and considering the wider spreads on sale of SBA loans available, FinWise resumed selling limited amounts of SBA loans.

Commercial leases

As of June 30, 2025 and December 31, 2024, we had total commercial leases of $89.0 million and $70.2 million, respectively, representing 16.8% and 15.1% of our total loans held-for-investment, respectively. Underwriting for smaller credit requests from customers is generally based on an internal credit scorecard, incorporating several customer and structure attributes including: severity and aging of delinquency; number of credit inquiries; loan-to-value ratio; term; and payment-to-income ratio. We periodically update our underwriting scorecard, which can have an impact on our credit tier scoring. Underwriting for larger credit requests from customers is generally based on commercial credit metrics where the primary repayment source considered is borrower cash flow, secondary is personal guarantor cash flow (when applicable) and tertiary is the sale of collateral pledged. The nature of the business, use of proceeds, length of time in business, management experience, repayment ability, credit history, ratio calculations and assessment of collateral adequacy are also underwriting considerations. These leases are generally secured by liens on business assets leased or purchased with Company funds. Historically, we have retained these leases on our balance sheet for investment; however, we may sell leases to certain purchasers from time to time.

Commercial, non-real estate

Commercial non-real estate loans consist of loans and leases made to commercial enterprises that are not secured by real estate. As of June 30, 2025 and December 31, 2024, we had total commercial non-real estate loans of $5.5 million and $3.7 million, respectively, representing 1.0% and 0.8% of our total loans held-for-investment, respectively. Any loan, lease, line of credit, or letter of credit (including any unfunded commitments) and any interest obtained in such loans made by another lender to individuals, sole proprietorships, partnerships, corporations, or other business enterprises for commercial, industrial, agricultural, or professional purposes, not secured by real estate, but not for personal expenditure purposes are included in this category. For example, commercial vehicle term loans and commercial working capital term loans are included in this product loan category. Underwriting is generally based on commercial credit metrics where the primary repayment source is borrower cash flow, secondary is personal guarantor cash flow (when applicable) and tertiary is the sale of collateral pledged. The nature of the business, use of proceeds, length of time in business, management experience, repayment ability, credit history, ratio calculations and assessment of collateral adequacy are all considerations. These loans are generally secured by liens on business assets. Historically, we have retained these loans on our balance sheet for investment.

Residential real estate

Residential real estate loans include construction, lot and land development loans that are for the purpose of acquisition and development of property to be improved through the construction of residential buildings, and loans secured by other residential real estate. As of June 30, 2025 and December 31, 2024, we had total residential real estate loans of $54.1 million and $51.6 million, respectively, representing 10.2% and 11.1% of our total loans held-for-investment, respectively. Construction loans are usually paid off through the conversion to permanent financing from third-party lending institutions. Lot loans may be paid off as the borrower converts to a construction loan. At the completion of the construction project, if the loan is converted to permanent financing by us or if scheduled loan amortization begins, it is then reclassified from construction to single-family dwelling. Underwriting of construction and development loans typically includes analysis of the general market conditions associated with the area and type of project being funded in addition to the borrower's financial condition and ability to meet the required debt obligation. These loans are generally secured by mortgages for residential property located primarily in the Salt Lake City, Utah MSA, and we obtain guarantees from responsible parties. Historically, we have retained these loans on our consolidated balance sheets for investment.

Strategic Program loans

Through our Strategic Program service providers, we issue unsecured and secured consumer and business loans to borrowers within certain approved credit profiles nationwide. Although we have generally sold most of these loans, we may choose to hold more of the funded loans and/or receivables based on a number of factors including the amount of our available capital. As of June 30, 2025 and December 31, 2024, we had total Strategic Program loans held-for-investment of $30.7 million and $20.1 million, respectively, representing 5.8% and 4.3% of our total loans held-for-investment, respectively. Credit enhanced loans, where the Strategic Program sponsoring fintech company retains the credit risk, totaled $11.7 million as of June 30, 2025 and $0.9 million as of December 31, 2024. Loans originated through the Strategic Program are limited to predetermined Bank underwriting criteria, which has been approved by our board of directors. The primary form of repayment on these loans is from the borrower's personal or business cash flow. Secured loans are secured by liens on consumer or business assets, as applicable. We reserve the right to sell any portion of funded loans and/or receivables directly to the Strategic Program service providers or other investors. We generally retain the legal right to service all these loans, but contract with the Strategic Program service provider or another approved sub-servicer to service these loans on our behalf.

Commercial real estate

Commercial real estate loans include loans to individuals, sole proprietors, partnerships, corporations, or other business enterprises for commercial, industrial, agricultural, or professional purposes, secured by real estate, but not for personal expenditure purposes. As of June 30, 2025 and December 31, 2024, we had total commercial real estate loans of $79.3 million and $42.4 million, respectively, representing 15.0% and 9.1% of our total loans held-for-investment, respectively. Of these amounts, $77.9 million and $41.0 million represented owner occupied properties as of June 30, 2025 and December 31, 2024, respectively. Underwriting is generally based on commercial credit metrics where the primary repayment source is borrower cash flow, secondary is personal guarantor cash flow (when applicable) and tertiary is the sale of collateral pledged. The nature of the business, use of proceeds, length of time in business, management experience, repayment ability, credit history, ratio calculations and assessment of collateral adequacy are all considerations. In addition to real estate, these loans may also be secured by liens on business assets. Historically, we have retained these loans on our balance sheet for investment.

Consumer

Consumer lending provides financing for personal, family, or household purposes on a nationwide basis. Most of these loans are originated through our loan origination system platform and come from a variety of sources, including other approved merchant or dealer relationships and lending platforms. As of June 30, 2025 and December 31, 2024, we had total consumer loans of $24.6 million and $22.2 million, respectively, representing 4.6% and 4.8% of our total loans held-for-investment, respectively. We use a debt-to-income ("DTI") ratio test to determine whether an applicant will be able to service the debt. The DTI ratio compares the applicant's anticipated monthly expenses and total monthly obligations to the applicant's monthly gross income. Our policy is to limit the DTI ratio to 45% after calculating interest payments related to the new loan. Loan officers, at their discretion, may make exceptions to this ratio if the loan is within their authorized lending limit. DTI ratios of no more than 50% may be approved subject to an increase in interest rate. Strong offsetting factors such as higher discretionary income or large down payments are used to justify exceptions to these guidelines. All exceptions are documented and reported. While the loans are generally for the purchase of goods which may afford us a purchase money security interest, these loans are underwritten as if they were unsecured. On larger loans, we may file a Uniform Commercial Code ("UCC") financing form. Historically, we have retained these loans on our balance sheet for investment.

Loan Maturity

The following table details the contractual maturity ranges of loans in our loan portfolio and the amount of such loans with fixed and variable rates in each maturity range as of June 30, 2025:

	Remaining Contractual Maturity Held-for-Investment				
($ in thousands)	One Year or Less	After One Year and Through Five Years	After Five Years and Through Fifteen Years	After Fifteen Years	Total
Fixed rate loans:					
SBA	$ 514	$ 1,528	$ 3,049	$ 1,509	$ 6,600
Commercial leases	24,159	63,132	1,666	—	88,957
Commercial, non-real estate	2,521	2,534	455	—	5,510
Residential real estate	7,193	5,180	—	—	12,373
Strategic Program loans	22,679	7,219	749	14	30,661
Commercial real estate					
Owner occupied	2,789	3,627	—	—	6,416
Non-owner occupied	146	435	789	47	1,417
Consumer	6,604	16,237	1,714	—	24,555
Subtotal fixed rate loans	66,605	99,892	8,422	1,570	176,489
Variable rate loans:					
SBA	20,567	75,459	99,893	44,384	240,303
Commercial leases	—	—	—	—	—
Commercial, non-real estate	—	—	—	—	—
Residential real estate	37,988	2,379	1,392	—	41,759
Strategic Program loans	3	12	23	—	38
Commercial real estate					
Owner occupied	7,201	28,321	32,967	2,966	71,455
Non-owner occupied	—	—	—	—	—
Consumer	—	—	—	—	—
Subtotal variable rate loans	65,759	106,171	134,275	47,350	353,555
Total	$ 132,364	$ 206,063	$ 142,697	$ 48,920	$ 530,044

Nonperforming Assets

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were contractually due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether such loans are actually past due. In general, we place loans on nonaccrual status when they become 90 days past due. We also generally place loans on nonaccrual status if they are less than 90 days past due if the collection of principal or interest is in doubt. When interest accrual is discontinued, all unpaid accrued interest is reversed from income. Interest income is subsequently recognized only to the extent recoveries received (either from payments received from the customer, derived from the disposition of collateral or from legal action, such as judgment enforcement) exceed liquidation expenses incurred and outstanding principal.

A nonaccrual asset may be restored to accrual status when (1) none of its principal and interest is due and unpaid, and we expect repayment of the remaining contractual principal and interest, or (2) when asset otherwise becomes well secured and is not in the process of collection.

Any loan which we deem to be uncollectible, in whole or in part, is charged off to the extent of the anticipated loss. In general, commercial loans that are past due for 90 days or more are charged off unless the loan is both well secured and in the process of collection. Consumer loans and credit card balances are charged off at 120 days and 180 days, respectively. We believe our disciplined lending approach and focused management of nonperforming assets has resulted in sound asset quality and timely resolution of problem assets. We have several procedures in place to assist us in maintaining the overall quality of our loan portfolio. We have established underwriting guidelines to be followed by our loan officers, and we also monitor our delinquency levels for any negative or adverse trends. There can be no assurance, however, that our loan portfolio will not become subject to increasing pressures from deteriorating borrower credit due to general economic conditions.

We had a total of $39.7 million in nonperforming assets, which included $0.5 million in material loan modifications at June 30, 2025. The amount of nonperforming assets as of June 30, 2025 includes $21.2 million of SBA 7(a) loan balances that are guaranteed by the SBA. We had $36.5 million in nonperforming assets which included $0.8 million in material loan modifications at December 31, 2024. The amount of nonperforming assets as of December 31, 2024 includes $19.2 million of SBA 7(a) loan balances that are guaranteed by the SBA. The decrease in nonperforming assets and material loan modifications from year-end was primarily attributable to the resolution of two loans offset in part by the migration of several smaller loans in the SBA 7(a) loan portfolio to nonperforming status. Due to elevated interest rates, the slowdown of consumer spending and the variable rate nature of our SBA portfolio, the risk of default has become and continues to be elevated and may result in additional delinquencies in future periods.

Our Strategic Program service providers also provide for loan modifications to borrowers. The service providers are authorized to make the loan modifications without prior FinWise consent to react to immediately to borrower contact and optimize collections. As of June 30, 2025 the balance of outstanding loan modifications was approximately $1.1 million.

Credit Risk Profile

We believe that we underwrite loans carefully and thoroughly, limiting our lending activities to those products and services where we have the resources and expertise to lend profitably without undue credit risk. We require all loans to conform to our underwriting policies (or otherwise be identified as exceptions to policy and monitored and reported on, at minimum, quarterly) and be granted on a sound basis. Loans are made with a primary emphasis on loan profitability, credit risk and concentration exposures.

We are proactive in our approach to identifying and resolving problem loans and are focused on working with the borrowers and guarantors of problem loans to provide loan modifications when warranted. When considering how to best diversify our loan portfolio, we consider several factors including our aggregate and product-line specific concentration risks, our business line expertise, and the ability of our infrastructure to appropriately support the product. While certain product lines generate higher net charge-offs, our exposure is carefully monitored and mitigated by our concentration policies and reserved for by the credit loss allowance we maintain. Specifically, retention of certain Strategic Program loans with higher default rates accounts for a disproportionate amount of our charge-offs. In addition to our oversight of the credit policies and processes associated with these programs, we limit within our concentration policies the aggregate exposure of these loans as a percentage of the total loan portfolio, carefully monitor certain vintage loss-indicative factors such as first payment default and marketing channels, and appropriately provision for these balances so that the cumulative charge-off rates remain consistent with management expectations. While the level of nonperforming assets fluctuates in response to changing economic and market conditions, the relative size and composition of the loan portfolio, and our management’s degree of success in resolving problem assets, we believe our proactive stance to early identification and intervention is the key to successfully managing our loan portfolio.

Accurate and timely loan risk grading is considered a critical component of an effective credit risk management system. Loan grades take into consideration the borrower’s financial condition, industry trends, and the economic environment. Loan risk grades are changed as necessary to reflect the risk inherent in the loan. Among other things, we use loan risk grading information for loan pricing, risk and collection management and determining credit loss reserve adequacy. Further, on a quarterly basis, the Loan Committee holds a Loan Risk Grade meeting to review all loans in our portfolio for accurate risk grading. Any required changes to the loan risk grading are made after the Loan Risk Grade meeting to provide for accurate reporting. Reporting is achieved in Loan Committee minutes, which minutes are reviewed by the Board. We supplement credit department supervision of the loan underwriting, approval, closing, servicing and risk grading process with periodic loan reviews by risk department personnel specific to the testing of controls.

We use a grading system to rank the quality of each loan. The grade is periodically evaluated and adjusted as performance dictates. Internal loan grades are based on current financial information, historical payment experience, and credit documentation, among other factors. The following guidelines govern the assignment of these risk grades. We do not currently grade Strategic Program loans held-for-investment due to their small balances and similar characteristics. As credit quality for Strategic Program loans have been highly correlated with delinquency levels, the Strategic Program loans are evaluated collectively for impairment.

Pass - A Pass asset is higher quality and does not fit any of the other categories described below. The likelihood of loss is believed to be remote.

Watch – A Watch asset may be a larger loan or one that places a heavier reliance on collateral due to the relative financial strength of the borrower. The assets may be maintenance intensive requiring closer monitoring. The obligor is believed to have an adequate primary source of repayment. New loans pursuant to the SBA 7(a) program are classified as watch loans until they have a demonstrated period of satisfactory performance, typically 18 months.

Special Mention – A Special Mention asset has potential weaknesses that may be temporary or, if left uncorrected, may result in a loss. While concerns exist, we believe that it is currently protected against a default and loss is considered unlikely and not imminent.

Substandard – A Substandard asset is believed to be inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Assets so classified have identified weaknesses and are characterized by the possibility that we may sustain some loss if deficiencies are not corrected.

Doubtful – A doubtful asset has an existing weakness or weaknesses that make collection or liquidation in full, on the basis of currently existing facts and conditions, highly questionable and improbable.

Loss - A loss asset has an existing weakness or weaknesses that render the loan uncollectible and of such little value that continuing to carry as an asset on our books is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical nor desirable to defer writing off this basically worthless asset, even though partial recovery may be affected in the future.

Not Rated – For certain Strategic Program and consumer loans, we do not evaluate and risk rate the loans in the same manner as other loans in our portfolio. The Not Rated loans are typically homogenous, smaller dollar balances approved using abridged underwriting methods that allow us to streamline the loan approval process and increase efficiency. Credit quality for Strategic Program loans has been highly correlated with delinquency levels.

See Note 3 - Loans to the consolidated financial statements included in Part I, Item 1 for more information on the credit quality of our loans held-for-investment ("LHFI") portfolio.

Allowance for Credit Losses

The estimate of credit loss incorporates assumptions for both the likelihood and amount of funding over the estimated life of the commitments, including adjustments for current conditions and reasonable and supportable forecasts. Management periodically reviews and updates its assumptions for estimated funding rates. Our judgment in determining the adequacy of the allowance is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available and as situations and information change. We evaluate the ACL on at least a quarterly basis and take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions and trends that may affect the borrower's ability to repay. The quality of the loan portfolio and the adequacy of the ACL is reviewed by regulatory examinations and our auditors.

Credit losses are charged against the ACL when we believe that the collectability of the principal loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL when received. The amortized cost basis of loans does not include accrued interest receivable, which is included in accrued interest receivable on the consolidated balance sheets. The provision for credit losses on the consolidated statements of income is a combination of the provision for credit losses and the provision for unfunded loan commitments.

The following tables present a summary of changes in the ACL for the periods and dates indicated:

($ in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Allowance for credit losses:				
Beginning balance	$ 14,235	$ 12,632	$ 13,176	$ 12,888
Provision for credit losses	4,796	2,393	8,103	5,538
Charge-offs				
Construction and land development	—	—	—	—
Residential real estate	(210)	—	(217)	(64)
Residential real estate multifamily	—	—	—	—
Commercial real estate				
Owner occupied	(309)	—	(370)	(525)
Non-owner occupied	—	—	—	—
Commercial and industrial	—	(184)	(83)	(238)
Consumer	(210)	(18)	(228)	(59)
Lease financing receivables	(133)	(69)	(169)	(180)
Strategic Program loans	(2,279)	(1,962)	(4,663)	(4,908)
Recoveries				
Construction and land development	—	—	—	—
Residential real estate	3	3	6	56
Residential real estate multifamily	—	—	—	—
Commercial real estate				
Owner occupied	19	—	35	3
Non-owner occupied	—	—	—	—
Commercial and industrial	—	15	14	15
Consumer	7	1	10	1
Lease financing receivables	7	7	(26)	7
Strategic Program loans	321	309	659	593
Ending balance	$ 16,247	$ 13,127	$ 16,247	$ 13,127

The following table shows the allocation of the ACL and the percentage of loans in each category to total loans as of June 30, 2025 and December 31, 2024. The ACL related to Strategic Programs constitutes 53.5% and 47.8% of the total ACL while comprising 5.8% and 4.3%, respectively, of total loans held-for-investment as of June 30, 2025 and December 31, 2024, respectively. The percentage of ACL related to Strategic Program loans retained reflects the increased credit risks associated with certain retained Strategic Program loans.

($ in thousands)	June 30, 2025 Amount	June 30, 2025 Percent of Loans in Category to Total Loans	December 31, 2024 Amount	December 31, 2024 Percent of Loans in Category to Total Loans
Construction and land development	$ 981	8.8%	$ 374	9.1%
Residential real estate	635	11.3%	788	13.2%
Residential real estate multifamily	40	0.3%	38	0.4%
Commercial real estate				
Owner occupied	2,947	42.3%	2,834	40.9%
Non-owner occupied	104	2.3%	113	2.8%
Commercial and industrial	449	7.5%	700	9.5%
Consumer	718	4.6%	638	4.8%
Lease financing receivables	1,685	17.1%	1,387	15.0%
Strategic Program loans:				
Strategic Program loans - with credit enhancement	2,469	2.2%	111	0.2%
Strategic Program loans - without credit enhancement	6,219	3.6%	6,193	4.1%
Total	$ 16,247	100.0%	$ 13,176	100.0%

The following table reflects the ratios of the ACL to total LHFI, nonaccrual loans to total LHFI, and the ACL to nonaccrual loans by CECL loan category as of June 30, 2025:

	ACL to Total LHFI	Nonaccrual Loans to Total LHFI	ACL to Nonaccrual Loans
Construction and land development	2.1 %	— %	— %
Residential real estate	1.1 %	16.3 %	6.5 %
Residential real estate multifamily	2.2 %	— %	— %
Commercial real estate			
Owner occupied	1.3 %	11.0 %	11.9 %
Non-owner occupied	0.9 %	23.0 %	3.7 %
Commercial and industrial	1.1 %	4.0 %	28.6 %
Consumer	2.9 %	0.3 %	852.9 %
Lease financing receivables	1.9 %	0.4 %	493.4 %
Strategic Program loans	28.3 %	— %	— %
Total	3.1 %	7.4 %	41.4 %

The following table reflects the ratios of the ACL to total LHFI, nonaccrual loans to total LHFI, and the ACL to nonaccrual loans by CECL loan category as of December 31, 2024:

	ACL to Total LHFI	Nonaccrual Loans to Total LHFI	ACL to Nonaccrual Loans
Construction and land development	0.9 %	— %	— %
Residential real estate	1.3 %	11.8 %	10.9 %
Residential real estate multifamily	2.3 %	— %	— %
Commercial real estate			
Owner occupied	1.5 %	12.4 %	12.0 %
Non-owner occupied	0.9 %	21.8 %	4.1 %
Commercial and industrial	1.6 %	4.0 %	39.2 %
Consumer	2.9 %	— %	— %
Lease financing receivables	2.0 %	0.5 %	385.4 %
Strategic Program loans	31.3 %	— %	— %
Total	2.8 %	7.7 %	36.9 %

When comparing June 30, 2025 to December 31, 2024, the increase in ACL to total loans held-for-investment was primarily due to the growth in the credit enhanced loans included in the Strategic Program loans held-for-investment. The decrease in nonaccrual loans to total loans held-for-investment as shown above was primarily due to the growth in the loans held-for-investment portfolio. The increase in the ACL to nonaccrual loans ratio as shown above primarily pertained to growth in the credit enhanced loans included in the Strategic Program loans held-for-investment offset in part by the increase in nonaccrual loans, concentrated in the SBA product.

The following tables summarize net charge-offs (“NCO”), average loans and the ratio of annualized NCO to average loans for the periods indicated:

	Three Months Ended June 30, 2025			Three Months Ended June 30, 2024		
($ in thousands)	Net Charge-Offs	Average Loans	Annualized NCO to Average Loans	Net Charge-Offs	Average Loans	Annualized NCO to Average Loans
Construction and land development	$ —	$ 47,035	— %	$ —	$ 30,179	— %
Residential real estate	207	62,191	1.3 %	(3)	55,129	— %
Residential real estate multifamily	—	1,773	— %	—	1,134	— %
Commercial real estate						
Owner occupied	290	216,389	0.5 %	—	189,391	— %
Non-owner occupied	—	12,564	— %	—	16,643	— %
Commercial and industrial	—	44,202	— %	169	23,870	2.8 %
Consumer	203	23,602	3.4 %	17	15,209	0.4 %
Lease financing receivables	126	83,227	0.6 %	62	51,928	0.5 %
Strategic Program loans	1,958	23,239	33.8 %	1,653	17,446	38.1 %
Total	$ 2,784	$ 514,222	2.2 %	$ 1,898	$ 400,929	1.9 %

($ in thousands)	Six Months Ended June 30, 2025 Net Charge-Offs	Average Loans	Annualized NCO to Average Loans	Six Months Ended June 30, 2024 Net Charge-Offs	Average Loans	Annualized NCO to Average Loans
Construction and land development	$ —	$ 45,695	— %	$ —	$ 29,728	— %
Residential real estate	211	58,380	0.7 %	8	53,959	— %
Residential real estate multifamily	—	1,707	— %	—	970	— %
Commercial real estate						
Owner occupied	342	198,317	0.3 %	522	188,653	0.6 %
Non-owner occupied	—	13,191	— %	—	16,074	— %
Commercial and industrial	69	51,112	0.3 %	223	23,108	1.9 %
Consumer	211	22,597	1.8 %	59	13,966	0.8 %
Lease financing receivables	195	74,501	0.5 %	173	48,148	0.7 %
Strategic Program loans	4,004	20,280	37.1 %	4,315	17,955	48.3 %
Total	$ 5,032	$ 485,780	2.0 %	$ 5,300	$ 392,561	2.7 %

The total ratio of annualized NCO to average loans outstanding was higher during the three months ended June 30, 2025, as compared to the three months ended June 30, 2024, primarily due to charge offs relating to loans as they migrated to nonaccrual status during the second quarter of 2025.

The total ratio of annualized NCO to average loans outstanding was lower during the six months ended June 30, 2025, as compared to the same prior year period due to a decrease in net charge offs on the non sub-prime Strategic Program loan portfolio.

Total Assets

Total assets at June 30, 2025 were $842.5 million, an increase of $96.5 million from December 31, 2024. The increase in total assets was primarily due to continued growth in our loans held-for-investment, net, and loans held-for-sale portfolios of $58.7 million and $55.7 million, respectively, partially offset by a decrease of $18.9 million in interest-bearing cash deposits.

Deposits

Deposits are the major source of funding for us. We offer a variety of deposit products including interest and noninterest bearing demand accounts, HSA demand deposits, money market and savings accounts and certificates of deposit, all of which we market at competitive pricing. We generate deposits from our customers on a relationship basis and through access to national institutional and brokered deposit sources. We also generate deposits in relation to our Strategic Programs in the form of reserve accounts as discussed above. These deposits add an element of flexibility in that they tend to increase or decrease in relation to the size of our Strategic Program loan portfolio. In addition to the reserve account, some Strategic Program loan originators maintain operating deposit accounts with us.

The following table presents the end of period balances of our deposit portfolio for the periods indicated:

	June 30, 2025		December 31, 2024	
($ in thousands)	Total	Percent	Total	Percent
Noninterest-bearing demand deposits	$ 120,747	19.0%	$ 126,782	23.3%
Interest-bearing deposits:				
Demand	67,890	10.7%	71,403	13.1%
Savings	11,623	1.8%	9,287	1.7%
Money markets	21,083	3.3%	16,709	3.0%
Time certificates of deposit	413,831	65.2%	320,771	58.9%
Total period end deposits	$ 635,174	100.0%	$ 544,952	100.0%

The increase in total deposits as of June 30, 2025 compared to December 31, 2024 of $90.2 million was driven primarily by increases in brokered time deposits of $90.1 million, which were added to fund loan growth and increase balance sheet liquidity. Deposits are used to fund our lending programs.

As an FDIC-insured institution, our deposits are insured up to applicable limits by the Deposit Insurance Fund ("DIF") of the FDIC. The Dodd-Frank Act raised the limit for federal deposit insurance to $250,000 for most deposit accounts and increased the cash limit of Securities Investor Protection Corporation protection from $100,000 to $250,000. Our total estimated uninsured deposits were $176.0 million and $183.2 million as of June 30, 2025 and December 31, 2024, respectively. Estimated uninsured deposits at the Bank as of June 30, 2025 include $52.9 million of total deposits contractually required to be maintained at the Bank pursuant to our Strategic Program agreements and an additional $45.0 million of total deposits associated with accounts owned by the parent holding company or the Bank. The maturity profile of our uninsured time deposits, those amounts that exceed the FDIC insurance limit, at June 30, 2025 is as follows:

	June 30, 2025				
($ in thousands)	Three Months or Less	More than Three Months to Six Months	More than Six Months to Twelve Months	More than Twelve Months	Total
Time deposits, uninsured	$ 1,594	$ 56	$ 2	$ 199	$ 1,851

Total Liabilities

Total liabilities increased to $660.5 million, or 15.4%, as of June 30, 2025 from $572.3 million as of December 31, 2024 primarily due to an increase in deposits as discussed above.

Liquidity and Capital Resources

Liquidity Management

Liquidity management is the ability to meet current and future financial obligations of a short-term nature. Our primary sources of funds consist of deposit inflows, the sale of loans, principal and interest repayments on loans and net profits. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows, loan prepayments, loan sales and security sales are greatly influenced by general interest rates, economic conditions, and competition.

Our primary source of funds to originate new loans is derived from deposits. Deposits are comprised of core and non-core deposits. To attract core deposits from local and nationwide consumer and commercial markets, we historically paid rates at the higher end of the market, which we have been able to pay due to the higher margin of our technology oriented business model. We utilize rate listing services and website advertising to attract deposits from consumer and commercial sources. Non-core deposits generally include brokered deposits and deposits acquired through the utilization of a listing service.

We intend to have various term offerings to match our funding needs. With no current plans to expand our brick-and-mortar branch network, online and mobile banking offers a means to meet customer needs and better efficiency through technology compared to traditional branch networks. We believe that the rise of mobile and online banking provides us the opportunity to further leverage the technological competency we have demonstrated in recent years.

We regularly adjust our investment in liquid assets based upon our assessment of (1) expected loan demand, (2) expected deposit flows, (3) yields available on interest-earning deposits and securities and (4) the objectives of our asset/liability management, funds management and liquidity policies. The objective of our liquidity policy is to control the risk to our earnings and capital arising from the inability to meet obligations in a timely manner. This entails ensuring sufficient funds are available at all times and at a reasonable cost to meet potential demands from both fund providers and borrowers.

We primarily utilize short-term and long-term borrowings to supplement deposits to fund our lending and investment activities. At June 30, 2025, we had the ability to access $257.6 million from the Federal Reserve Bank on a collateralized basis. The Bank had an available unsecured line of credit with two correspondent banks to borrow up to $6.1 million in overnight funds. We also maintain a $24.9 million line of credit with Federal Home Loan Bank, secured by specific pledged loans. We had no outstanding balances on any unsecured or secured lines of credit as of June 30, 2025.

Our most liquid assets are cash and cash equivalents. The levels of these assets depend on our operating, financing, lending and investing activities during any given period. At June 30, 2025, liquid assets (defined as cash and due from banks and interest-bearing deposits) totaled $90.1 million and constituted 10.7% of total assets. We believe that our liquid assets combined with the available lines of credit and our ability to generate core and non-core funding provides adequate liquidity to meet our current financial obligations for at least the next 12 months.

Capital Resources

We seek to maintain adequate capital to support anticipated asset growth, operating needs and unexpected risks, and to ensure that we are in compliance with all current and anticipated regulatory capital guidelines. Our primary sources of new capital include retained earnings and proceeds from the sale and issuance of capital stock or other securities. Expected future use or activities for which capital may be set aside include balance sheet growth and associated relative increases in market or credit exposure, investment activity, potential product and business expansions, acquisitions and strategic or infrastructure investments.

Shareholders' equity increased $8.2 million to $182.0 million at June 30, 2025 compared to $173.7 million at December 31, 2024, primarily due to our net income.

We use several indicators of capital strength. The most commonly used measure is total equity to total assets, which was 21.6% and 23.3% as of June 30, 2025 and December 31, 2024, respectively.

Our return on average equity was 9.2% and 7.9% for the three months ended June 30, 2025 and 2024, respectively, and 8.3% and 7.9% for the six months ended June 30, 2025 and 2024, respectively. Our return on average assets was 2.0% and 2.1% for the three months ended June 30, 2025 and 2024, respectively, and 1.9% and 2.1% for the six months ended June 30, 2025 and 2024, respectively.

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on our business. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance-sheet items as calculated pursuant to regulatory definitions and requirements. The sufficiency of capital and the Bank's capital classifications are also subject to qualitative judgments by the regulators about risk weightings and other factors.

Under the prompt corrective action rules, an institution is deemed "well capitalized" if its Tier 1 leverage ratio, Common Equity Tier 1 ratio, Tier 1 Capital ratio, and Total Capital ratio meet or exceed 5%, 6.5%, 8%, and 10%, respectively. On September 17, 2019, the federal banking agencies jointly issued a rule intending to simplify the regulatory capital requirements described above for qualifying community banking organizations that opt into the Community Bank Leverage Ratio framework, as required by Section 201 of the Regulatory Relief Act. The Bank elected to opt into the Community Bank Leverage Ratio framework starting in 2020. Under these capital requirements the Bank must maintain a leverage ratio greater than 9.0% to be considered well-capitalized.

As of June 30, 2025, the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification we believe have changed the Bank's category). See Note 5 - Capital Requirements for additional information regarding our regulatory capital requirements.

Stock Repurchase Program

We have a stock repurchase program authorized by our Board of Directors. The stock repurchase program became effective as of March 6, 2024 and authorizes us to repurchase 641,832 shares of our common stock in the aggregate in open market transactions, privately negotiated transactions, or any manner that complies with the provisions of Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as pursuant to a trading plan under Rule 10b5-1 under the Exchange Act. Our decision to repurchase shares will depend on a variety of factors, including but not limited to, the market price and trading volume of our common stock, general market and economic conditions, the ongoing assessment of our capital needs, and applicable legal and regulatory requirements. The repurchase program does not obligate us to purchase any particular number of shares and may be limited or terminated at any time without prior notice. During the three months ended June 30, 2025, there were no open-market share repurchases. Since the repurchase program's inception, we have repurchased and subsequently retired a total of 44,608 shares for $0.5 million at an average price of $10.30 per share. See Note 1 - Summary of Significant Accounting Policies for more information.

Contractual Obligations

We have contractual obligations to make future payments on debt and lease agreements. While our liquidity monitoring and management consider both present and future demands for and sources of liquidity, the following table of contractual commitments focuses only on future obligations and summarizes our contractual obligations as of June 30, 2025:

($ in thousands)	**Total**	**Less than One Year**	**One to Three Years**	**Three to Five Years**	**More Than Five Years**
Contractual Obligations					
Deposits without stated maturity	$ 221,343	$ 221,343	$ —	$ —	$ —
Time deposits	413,831	231,884	128,770	41,653	11,524
Operating lease obligations	5,168	1,196	2,359	1,613	—
Total	$ 640,342	$ 454,423	$ 131,129	$ 43,266	$ 11,524

Off-Balance-Sheet Financing Arrangements

In the normal course of business, we enter into certain off-balance sheet arrangements to meet the financing needs of our customers. These transactions include commitments to extend credit, which involves, to varying degrees, elements of credit risk and interest rate risk exceeding the amounts recognized in our consolidated statements of financial condition. Our exposure to credit loss is represented by the contractual amounts of these commitments. The same credit policies and procedures are used in making these commitments as for on-balance sheet instruments. With the exception of these off-balance sheet arrangements, we have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. For details of our commitments to extend credit please See Note 6 - Commitments and Contingencies.

Reconciliations of Non-GAAP Financial Measures

We believe that both management and investors benefit from certain non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. Accordingly, we believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management team. Our calculation of these non-GAAP financial measures may differ from similarly-titled non-GAAP measures, if any, reported by our peers. These non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP.

FinWise has entered into agreements with certain of its Strategic Program service providers pursuant to which the service providers provide credit enhancement on loans which protects the Bank by indemnifying or reimbursing the Bank for incurred credit and fraud losses. We estimate and record a provision for expected losses for these Strategic Program loans in accordance with GAAP, which requires estimation of the provision without consideration of the credit enhancement. When the provision for expected losses over the life of the loans that are subject to such credit enhancement is recorded, a credit enhancement asset reflecting the potential future recovery of those losses is also recorded on the balance sheet in the form of non-interest income (credit enhancement income). Reimbursement or indemnification for incurred losses is provided for through a deposit reserve account that is replenished periodically by the respective Strategic Program service provider. Any remaining income on such loans in excess of the amounts retained by FinWise and placed in the deposit reserve account are paid to the Strategic Program service provider. Income on such loans in excess of amounts retained by FinWise are expensed for services provided by the Strategic Program service provider including its legal commitment to indemnify or reimburse all credit or fraud losses pursuant to credit enhancement agreements. The credit enhancement asset is reduced as credit enhancement payments and recoveries are received from the Strategic Program service provider or taken from its cash reserve account. If the Strategic Program service provider is unable to fulfill its contracted obligations under its credit enhancement agreement, then the Bank could be exposed to the loss of the reimbursement and credit enhancement income as a result of this counterparty risk. See the following reconciliations of non-GAAP measures for the impact of the credit enhancement on our financial condition and results.

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

	As of and for the Three Months Ended					
	June 30, 2025			June 30, 2024		
($ in thousands; unaudited)	Total Average LHFI	Total Interest Income on LHFI	Average Yield on LHFI	Total Average LHFI	Total Interest Income on LHFI	Average Yield on LHFI
Before adjustment for credit enhancement	$ 514,222	$ 12,849	10.02 %	$ 400,930	$ 12,861	12.90 %
Less: credit enhancement expense		(78)			—	
Net of adjustment for credit enhancement expenses	$ 514,222	$ 12,771	9.96 %	$ 400,930	$ 12,861	12.90 %

($ in thousands; unaudited)	As of and for the Six Months Ended					
	June 30, 2025			June 30, 2024		
	Total Average LHFI	Total Interest Income on LHFI	Average Yield on LHFI	Total Average LHFI	Total Interest Income on LHFI	Average Yield on LHFI
Before adjustment for credit enhancement	$ 500,080	$ 25,740	10.38 %	$ 392,561	$ 25,170	12.89 %
Less: credit enhancement expense		(89)			—	
Net of adjustment for credit enhancement expenses	$ 500,080	$ 25,651	19.90 %	$ 392,561	$ 25,170	12.89 %

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

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

($ in thousands; unaudited)	As of and for the Three Months Ended					
	June 30, 2025			June 30, 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	$ 756,560	$ 14,728	7.81 %	$ 570,288	$ 14,615	10.31 %
Less: credit enhancement expense		(78)			—	
Net of adjustment for credit enhancement expenses	$ 756,560	$ 14,650	7.77 %	$ 570,288	$ 14,615	10.31 %

($ in thousands; unaudited)	As of and for the Six Months Ended					
	June 30, 2025			June 30, 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	$ 728,686	$ 29,008	8.03 %	$ 564,916	$ 28,621	10.19 %
Less: credit enhancement expense		(89)			—	
Net of adjustment for credit enhancement expenses	$ 728,686	$ 28,919	15.28 %	$ 564,916	$ 28,621	10.19 %

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-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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Total non-interest expense	$ 14,912	$ 13,218	$ 29,230	$ 25,223
Less: credit enhancement expense	(78)	—	(89)	—
Total non-interest expense less credit enhancement expenses	$ 14,834	$ 13,218	$ 29,141	$ 25,223

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

($ in thousands; unaudited)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Total non-interest income	$ 10,337	$ 5,166	$ 18,147	$ 10,828
Less: credit enhancement income	(2,275)	(39)	(2,360)	(39)
Total non-interest income less credit enhancement income	$ 8,062	$ 5,127	$ 15,787	$ 10,789

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.

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

($ in thousands; unaudited)	As of June 30, 2025	As of December 31, 2024
Allowance for credit losses	$ (16,247)	$ (13,176)
Less: allowance for credit losses related to credit enhanced loans	(2,469)	(111)
Allowance for credit losses excluding the effect of the allowance for credit losses related to credit enhanced loans	$ (13,778)	$ (13,065)

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 enhanced program on the allowance for credit losses. The total outstanding balance of LHFI with credit enhancement as of June 30, 2025 and December 31, 2024 was approximately $11.7 million and $0.9 million, respectively.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Many assumptions are used to calculate the impact of interest rate fluctuations on our net interest income, such as asset prepayments, non-maturity deposit price sensitivity and decay rates, and key rate drivers. Because of the inherent use of these estimates and assumptions in the model, our actual results may, and very likely will, differ from our static earnings at risk ("EAR") results. In addition, static EAR results do not include actions that our management may undertake to manage the risks in response to anticipated changes in interest rates or client behavior. For example, as part of our asset/liability management strategy, management has the ability to increase asset duration and decrease liability duration in order to reduce asset sensitivity, or to decrease asset duration and increase liability duration in order to increase asset sensitivity.

The following table summarizes the results of our EAR analysis in simulating the change in net interest income and fair value of equity over a 12-month horizon as of June 30, 2025:

IMPACT ON NET INTEREST INCOME UNDER A STATIC BALANCE SHEET, PARALLEL INTEREST RATE SHOCK

Earnings at risk	-400 bps	-300 bps	-200 bps	-100 bps	Flat	+100 bps	+200 bps	+300 bps	+400 bps
June 30, 2025	(10.5)%	(7.2)%	(4.5)%	(2.0)%	— %	2.7 %	5.8 %	8.7 %	11.6 %

Utilizing an economic value of equity ("EVE") approach, we analyze the risk to capital from the effects of various interest rate scenarios through a long-term discounted cash flow model. This measures the difference between the economic value of our assets and the economic value of our liabilities, which is a proxy for our liquidation value. While this provides some value as a risk measurement tool, management believes EAR is more appropriate in accordance with the going concern principle.

The following table illustrates the results of our EVE analysis as of June 30, 2025:

ECONOMIC VALUE OF EQUITY ANALYSIS UNDER A STATIC BALANCE SHEET, PARALLEL INTEREST RATE SHOCK

Economic value of equity	-400 bps	-300 bps	-200 bps	-100 bps	Flat	+100 bps	+200 bps	+300 bps	+400 bps
June 30, 2025	(20.0)%	(14.3)%	(8.0)%	(3.4)%	— %	2.8 %	5.3 %	7.5 %	9.4 %

Interest Rate Sensitivity and Market Risk

As a financial institution, our primary component of market risk is interest rate volatility. Our asset liability and funds management policy provides management with the guidelines for funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. We endeavor to manage our sensitivity position within our established guidelines.

Fluctuations in interest rates will ultimately impact both the level of income and the market value of all interest earning assets and interest-bearing liabilities, other than those that have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We endeavor to manage our exposure to interest rates by structuring our balance sheet in the ordinary course of business. We do not enter into instruments such as leveraged derivatives, financial options or financial futures contracts for the purpose of reducing interest rate risk. Based on the nature of our operations, we are not subject to foreign exchange or commodity price risk. We do not own any trading assets.

Our exposure to interest rate risk is managed by the Bank’s Asset/Liability Management Committee (“ALCO”) in accordance with policies approved by our board of directors. The ALCO formulates strategies based on perceived levels of interest rate risk. In determining the appropriate level of interest rate risk, the committee considers the impact on earnings and capital of the current outlook for interest rates, potential changes in interest rates, regional economies, liquidity, business strategies and other factors. The ALCO meets regularly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and market values of assets and liabilities, unrealized gains and losses, purchase and sale activities, commitments to originate loans and the maturities of investments and borrowings. Additionally, the ALCO reviews liquidity, capital planning, cash flow flexibility, maturities of deposits and consumer and commercial deposit activity. Management employs methodologies to manage interest rate risk, which include an analysis of relationships between interest earning assets and interest-bearing liabilities and an interest rate shock simulation model.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to our management, including our Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings. We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of banking and other applicable regulations, competition law, labor laws and consumer protection laws, as well as claims or litigation relating to intellectual property, securities, breach of contract and tort. We intend to defend ourselves vigorously against any pending or future claims and litigation in any case where we disagree with the claims made.

In the current opinion of management, the likelihood is remote that the impact of such ordinary course proceedings, either individually or in the aggregate, would have a material adverse effect on our results of operations, financial condition or cash flows. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management’s attention and may materially adversely affect our reputation, even if resolved in our favor.

Item 1A. Risk Factors

There are a number of factors that may adversely affect our business, financial results or stock price. Refer to Part I, Item 1A. “Risk Factors” of the 2024 Form 10-K for a discussion of these risks. There have been no material changes to the risk factors disclosed in our 2024 Form 10-K, as filed with the SEC on March 25, 2024, except as noted below.

Our credit enhancement arrangements with certain of our Strategic Program service providers exposes us to counterparty risk which may result in increased credit or fraud risk or losses to us.

We have entered into agreements with certain of our Strategic Program service providers pursuant to which the service providers provide credit enhancement on loans which protects the Bank by indemnifying or reimbursing the Bank for incurred credit and fraud losses. Reimbursement or indemnification for incurred losses is provided for through a deposit reserve account that is replenished periodically by the respective service provider. In the event that cash flow from the loans covered by the agreement is insufficient to fund the deposit reserve account in an amount required to support the service provider’s indemnification or reimbursement obligations due to deterioration of the performance of such loans or otherwise, and the service provider is unable or unwilling to fund any shortfalls or otherwise breaches its obligations under the agreement, we will generally retain all income related to such loans (which may be reduced) and assume responsibility for primarily servicing the loans. Consequently, we would retain all the contractual interest but would be exposed to increased credit or fraud risk or losses on such loans as a result of this counterparty risk.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On March 7, 2024, we announced that the Board had authorized, effective March 6, 2024, a common stock repurchase program to purchase up to 641,832 shares of our common stock in the aggregate. The repurchase program expires on March 31, 2026, but may be limited or terminated at any time without prior notice. The repurchase program does not obligate us to purchase any particular number of shares. There were no repurchases of our common stock during the three months ended June 30, 2025. At June 30, 2025, 597,224 shares remain available for repurchase.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of our directors or officers have adopted, modified, or terminated a Rule 10b5-1(c) trading arrangement or a non-Rule 10b5-1 trading arrangement during the fiscal quarter ended June 30, 2025. Our directors and officers participate in certain of our benefit plans and may from time to time make elections to surrender shares or have shares withheld to cover withholding taxes or pay the exercise price of options granted thereunder. These elections may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements as defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits

Exhibits.

Number	Description
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 22, 2025).
10.1	FinWise Bancorp 2019 Stock Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 22, 2025).
10.2	FinWise Bancorp 2016 Stock Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 22, 2025).
31.1*	Rule 13a-14(a) Certification of the Principal Executive Officer.
31.2*	Rule 13a-14(a) Certification of the Principal Financial Officer.
32.1**	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document in Exhibit 101).

* Filed herewith.

** The certifications attached hereto are not considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act"), as amended, or otherwise subject to the limitations of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	FinWise Bancorp	
Date: August 11, 2025	By:	**/s/ Kent Landvatter**
		Kent Landvatter
		Chief Executive Officer and Chairman
		(Principal Executive Officer)
Date: August 11, 2025	By:	**/s/ Robert Wahlman**
		Robert Wahlman
		Executive Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kent Landvatter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FinWise Bancorp;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

FINWISE BANCORP

Date: August 11, 2025

By: /s/ Kent Landvatter
Kent Landvatter
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Wahlman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FinWise Bancorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

FINWISE BANCORP

Date: August 11, 2025

By: /s/ Robert Wahlman
Robert Wahlman
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of FinWise Bancorp (the “Company”) for the period ending June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the undersigned's best knowledge and belief:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely pursuant to the requirements of 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

FINWISE BANCORP

Date:	August 11, 2025	By:	/s/ Kent Landvatter
			Kent Landvatter
			Chief Executive Officer
Date:	August 11, 2025	By:	/s/ Robert Wahlman
			Robert Wahlman
			Executive Vice President and Chief Financial Officer