

THE BANCORP INVESTOR PRESENTATION

OCTOBER 29th, 2020



FORWARD LOOKING STATEMENTS & OTHER DISCLOSURES

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31, 2019 and in its other public filings with the SEC. In addition, these forward-looking statements are based upon assumptions with respect to future strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. The forward-looking statements speak only as of the date of this presentation. The Bancorp, Inc. does not undertake to publicly revise or update forward-looking statements in this presentation to reflect events or circumstances that arise after the date of this presentation, except as may be required under applicable law.

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KEY PLAYER IN THE PAYMENTS & BANKING ECOSYSTEM

ACROSS OUR BUSINESS LINES, **THE BANCORP PARTNERS** WITH SOME OF THE WORLD'S MOST SUCCESSFUL COMPANIES



\$6.2_B
IN ASSETS

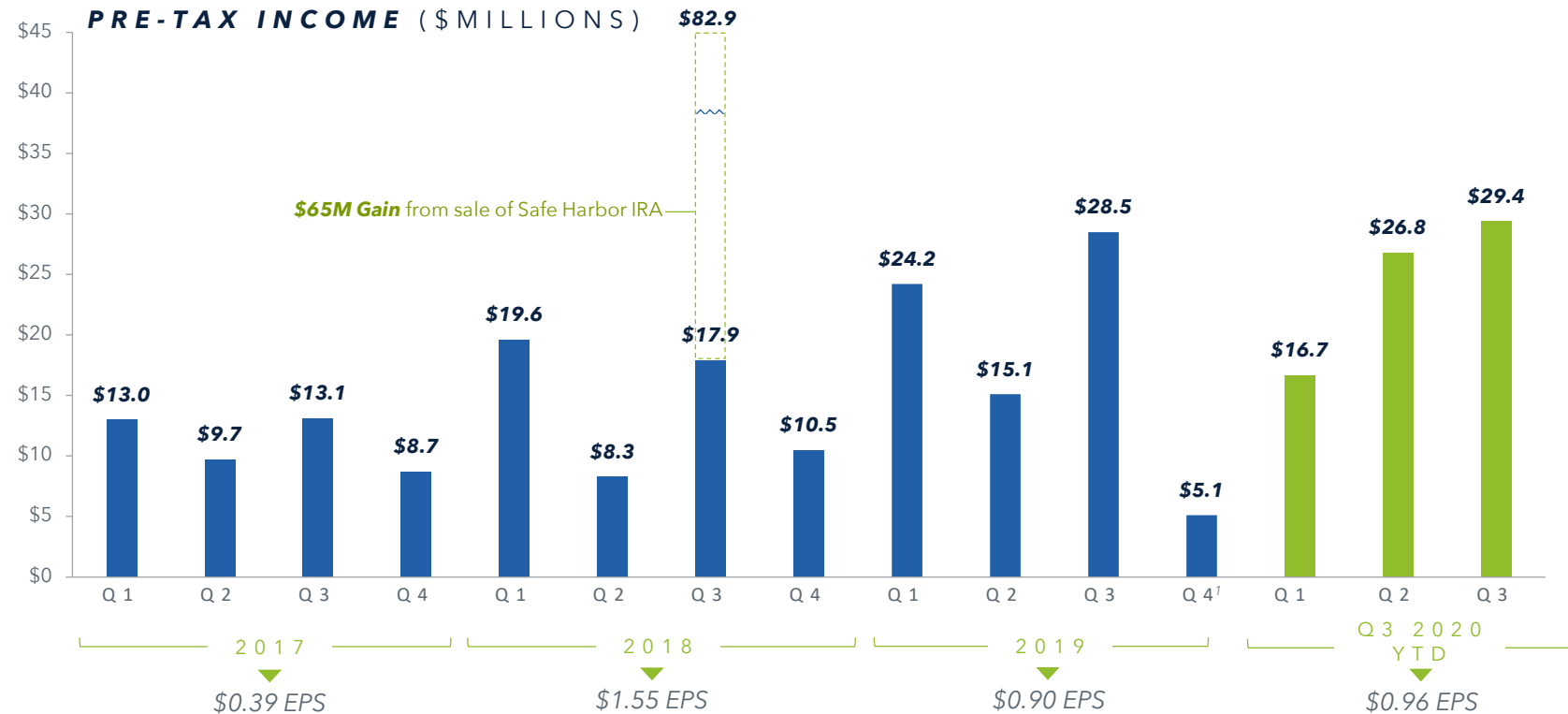
>100_{MM}
PREPAID CARDS IN U.S. DISTRIBUTION

#1
PREPAID CARD ISSUING BANK¹

¹ Per Nilsen Ratings and measured by Gross Dollar Volume.

ESTABLISHED EARNINGS MOMENTUM

WE HAVE NOW RECORDED 15 STRAIGHT QUARTERS OF POSITIVE PRE-TAX INCOME



KEYS TO EARNINGS GROWTH & SUSTAINABILITY

- ✓ Clear strategic vision
- ✓ Strong growth from core business
- ✓ Investments in technology/innovation
- ✓ Consistent execution of business plan

Q3 2020 YEAR TO DATE RESULTS

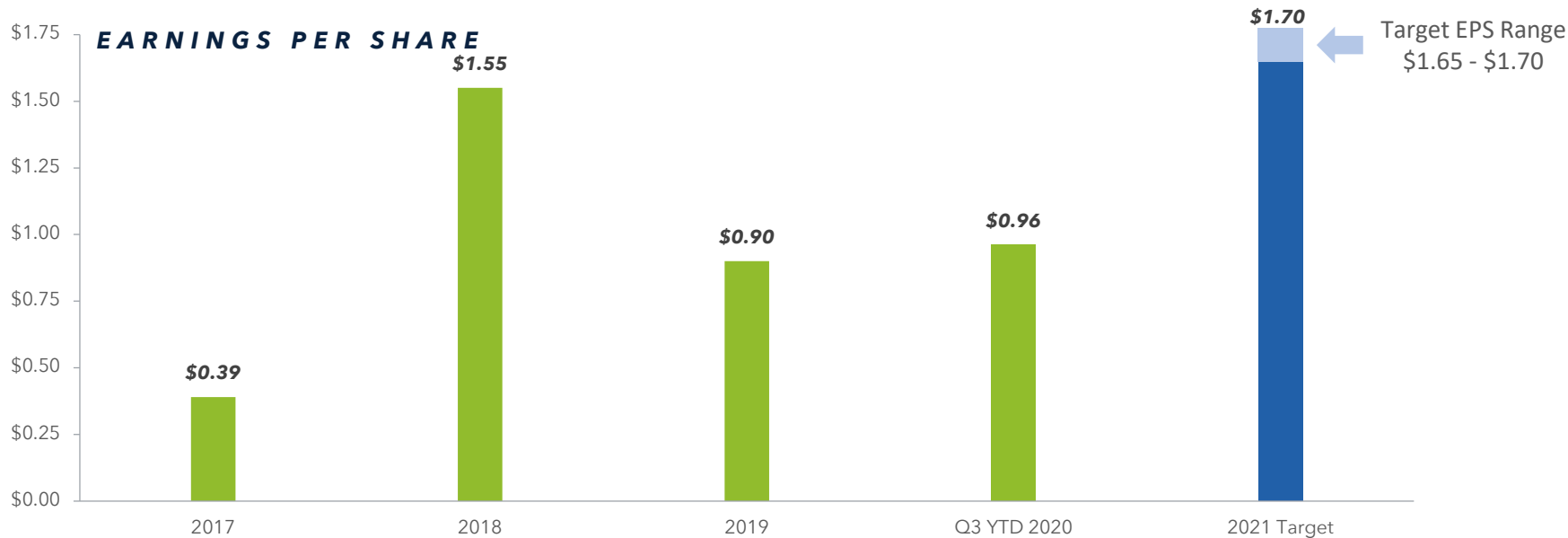
14% ROE

1.3% ROA

¹ Q4 2019 pre-tax income excluding \$7.5 million civil money penalty was \$12.6 million.

STRATEGIC PLAN: 2021 GUIDANCE

OUR BUSINESS PLAN OUTLINES THE PATH TO **EXPAND OUR LEADERSHIP** AMONG PEER BANKS AND IN THE PAYMENTS INDUSTRY



\$1.65-\$1.70
2021 EPS TARGET RANGE


OUR 2021 TARGET
IS A RANGE WITH \$1.70 EPS
OR APPROXIMATELY \$100
MILLION NET INCOME AS
OUR MANAGEMENT
TARGET

STRATEGIC PLAN: **FINANCIAL GOALS**

BY EXECUTING OUR STRATEGIC PLAN, WE EXPECT TO DELIVER MARKET-LEADING RETURNS & **CREATE VALUE FOR SHAREHOLDERS**

 **KEYS TO ACHIEVING FINANCIAL TARGETS**

- ✓ Establish a new Payments Ecosystem 2.0
- ✓ Invest in technology/innovation
- ✓ Maintain an industry leading compliance & risk function
- ✓ Expand salesforce and marketing function in key markets
- ✓ Attract & retain the best talent

PERFORMANCE METRICS	2019	Q3 2020 YTD	LONG-TERM TARGETS
ROE	11.6%	14.3%	20%
ROA	1.1%	1.3%	> 2.0%
EPS	\$0.90	\$0.96	
Leverage Ratio	9.7%	8.6%	9% - 10%
Total Assets	\$5.7B	\$6.2B	~\$8.0B

WE ARE **WORKING CLOSELY** WITH OUR BORROWERS TO MEET THEIR NEEDS AS THE PANDEMIC UNFOLDS

LOAN DEFERRALS BY BUSINESS LINE (\$MILLIONS)

9/30/2020

BUSINESS LINE	DEFERRED LOAN PRINCIPAL	TOTAL PRINCIPAL	% TOTAL
Real Estate Capital Markets (HFS)	\$ 30	\$ 1,603	2%
Institutional Banking	-	1,455	0%
Small Business Lending	18	836	2%
Commercial Fleet Leasing	4	430	1%
Discontinued Operations	2	103	2%
Other	-	6	0%
Total	\$ 54	\$ 4,433	1.2%

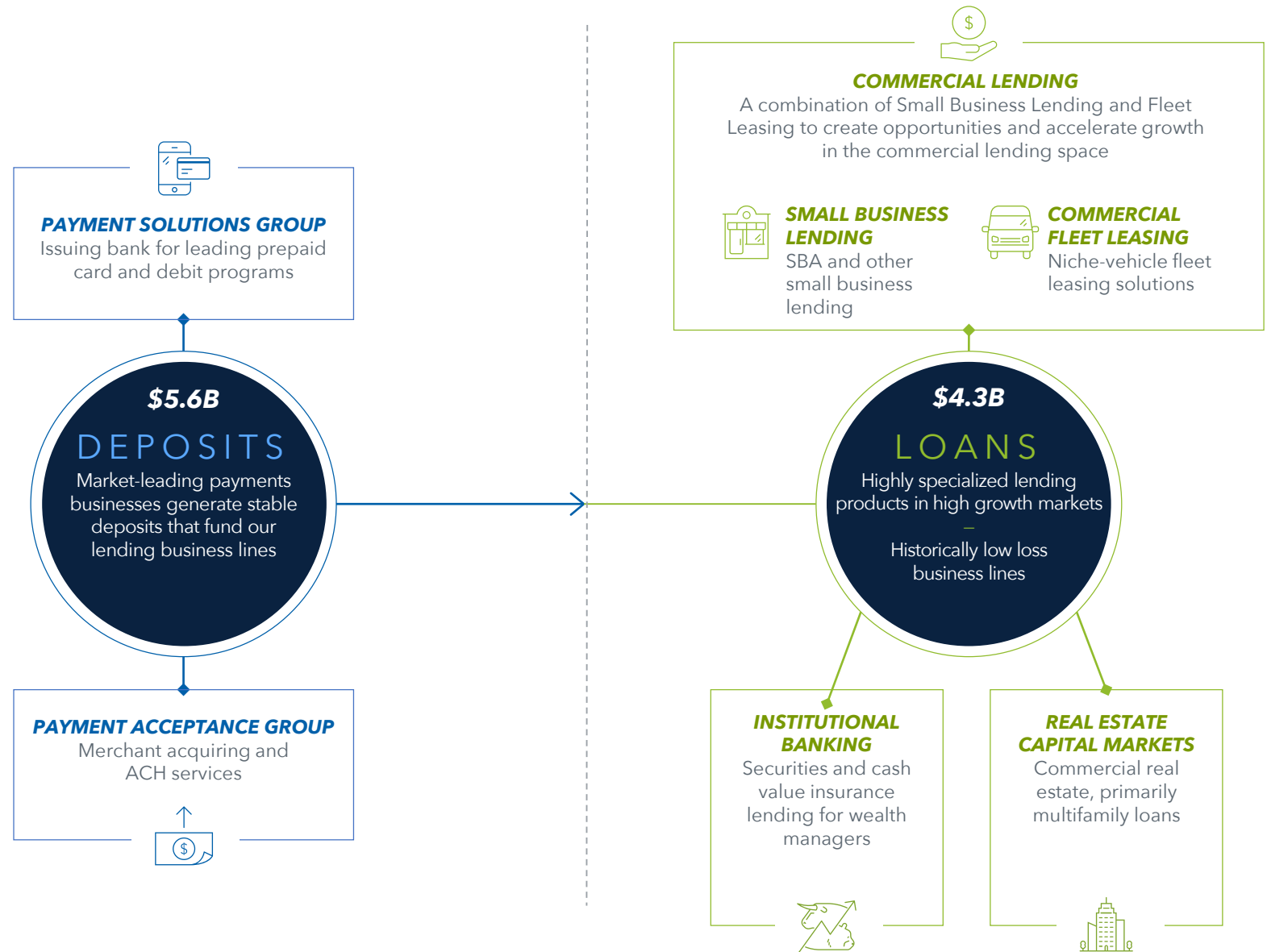
PAYCHECK PROTECTION PROGRAM

- High focus on supporting existing clients
- Originated approximately 1,250 loans, totaling approximately \$208 million
- Expect to generate approximately \$5.5 million in fees and interest
- Average loan size of \$165,000 with 92% under \$350,000

HIGHLIGHTS

- Implemented procedures to support employees working from home
- Team members deemed worksite essential continue to operate from our physical locations, while effectively employing social distancing standards
- Loans deferred as of 9/30/20 were down to 1.2% of total loans due to the pandemic compared to 7.5% in Q2 and 6.5% in Q1
- We continue to closely monitor our borrowers needs as businesses begin reopening

**PAYMENTS
BUSINESS**
GENERATES
NON-INTEREST
INCOME AND
COLLECTS
STABLE, LOWER
COST DEPOSITS
DEPLOYED INTO
**LOWER RISK
ASSET BASE IN
SPECIALIZED
MARKETS**



Note: Financial data for deposits is average for the quarter ended September 30, 2020 and loans for the quarter ended September 30, 2020.

DEPOSITS & FEES:

PAYMENTS BUSINESS GENERATES
NON-INTEREST INCOME AND
STABLE, LOWER COST DEPOSITS

BUSINESS OVERVIEW: PAYMENTS

OUR PAYMENTS BUSINESS IS COMPRISED OF THE PAYMENT SOLUTIONS GROUP (ISSUANCE) & PAYMENT ACCEPTANCE GROUP (ACCEPTANCE)



1. PAYMENT SOLUTIONS GROUP

Issuing bank for leading prepaid card and debit programs

BUSINESS OVERVIEW: ISSUANCE

- Sponsorship of prepaid and other electronic access accounts across the payments space
- Sponsorship of private label banking (e.g., checking account with a debit card)
- 3Q'2020 Financial Highlights:
 - Average deposits: \$4,038M
 - Non-interest income: \$19.4M



2. PAYMENT ACCEPTANCE GROUP

Rapid Funds, merchant acquiring and ACH services

BUSINESS OVERVIEW: ACCEPTANCE

- Rapid Funds payment technologies
- ACH sponsorship of large-scale payment processors
- VISA/MasterCard sponsorship of large credit card acquiring ISOs¹ and their merchants
- 3Q'2020 Financial Highlights:
 - Average deposits: \$835M
 - Non-interest income: \$1.8M

#1

PREPAID CARD ISSUING BANK²

39%

GROSS DOLLAR VOLUME GROWTH³

12%

NON-INTEREST INCOME GROWTH⁴

¹ Independent Sales Organization. ² Per Nilson Ratings and based on Gross Dollar Volume. ³ Gross Dollar Volume for Q3 2020 vs Q3 2019. ⁴ Reflects fees for prepaid, debit card and related fees and ACH, card and other payment processing fees for the three quarters ending September 30, 2020 vs three quarters ending September 30, 2019.

GDV GROWTH IS ACCELERATING WITHIN OUR PREPAID & DEBIT OFFERINGS



1. PAYMENT **SOLUTIONS** GROUP

Issuing bank for leading prepaid card and debit programs

BUSINESS **OVERVIEW:**

- Unique non-branch platform which leverages technology and strategic partners
- #1 issuing bank for prepaid cards²
- Over 100 million prepaid cards in U.S. distribution
- Leading provider of tailored banking solutions to Fintech firms, including challenger banks and other financial services companies
- Sponsorship of private label banking (e.g., checking account with a debit card)



Q3 2020 GROSS DOLLAR VOLUME **GROWTH¹**

39%

GROSS DOLLAR VOLUME GROWTH



USE **CASES**



CHALLENGER BANKS



GOVERNMENT



HEALTHCARE



CORPORATE SERVICES (e.g. payroll)



GIFT

¹ Q3 2020 over Q3 2019.

² Per Nilsen Ratings and measured by Gross Dollar Volume.

LAUNCHED IN LATE 2017, RAPID FUNDS HAS GATHERED **STRONG MOMENTUM**



2. PAYMENT **ACCEPTANCE GROUP**

Rapid Funds, merchant acquiring and ACH services

BUSINESS **OVERVIEW:**

- Pioneering real-time payments offering has recognized consistent and significant growth
 - 2018 VISA Innovation Adoption Award winner
 - Non-interest income and deposit generation
- "Direct"¹ Rapid Funds model delivers a highly scalable, low cost offering that disrupts legacy payment methods for corporate disbursements
- ACH sponsorship of large-scale payment processors
- VISA/MasterCard sponsorship of large credit card acquiring ISOs² and their merchants



WE'RE EXPANDING ON OUR EARLY SUCCESS & adding new partners across various use cases



USE **CASES**



EARNED WAGE ACCESS



GIG ECONOMY

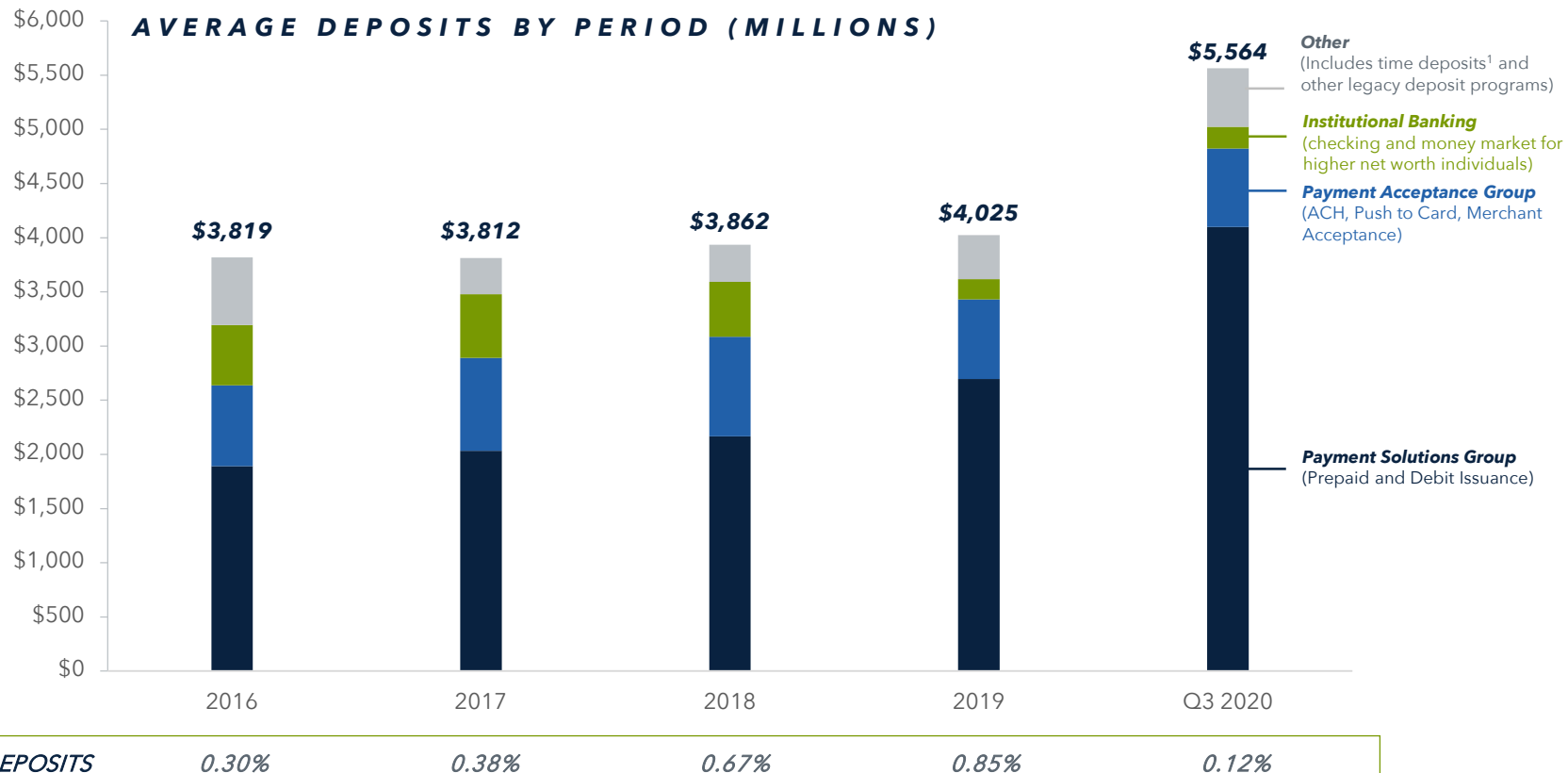


INSURANCE CLAIM PAYOUTS

¹"Direct" is comprised of corporations with which The Bancorp contracts directly. ²Independent sales organization.

PAYMENTS BUSINESS: STABLE, LOWER COST DEPOSIT GENERATOR

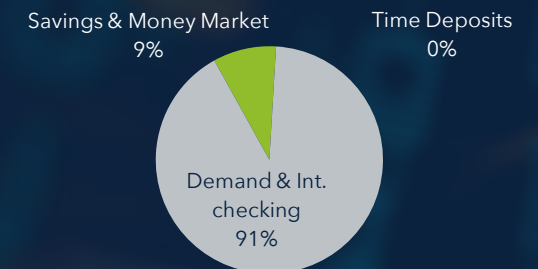
CONSISTENT DEPOSIT GROWTH FROM PAYMENTS BUSINESSES



HIGHLIGHTS

- Stable, low cost deposit base anchored by multi-year, contractual relationships in our Prepaid and Debit issuance business
- Payment Solutions growth driven by increased transactional volume due to favorable tailwinds from stimulus, electronic banking migration and overall savings increases among consumers
- Low cost of funds declining in 2020 due to Fed rate cuts to ~zero in March

DEPOSIT TYPE (AVG.)	BALANCE	% TOTAL
Demand & Int. checking	5,079,711	91%
Savings & Money Market	484,323	9%
Time Deposits ¹	-	0%
Total²	\$5.6B	100%



¹ Time deposits have rarely been used due to lower cost deposit growth and previous balances are included in "Other". ² Average for the quarter ended September 30, 2020.

LOANS & LEASES:

HIGHLY SPECIALIZED LENDING
WITH LOW LOSS HISTORIES

LOANS & LEASES: **STRONG COLLATERAL AND GOVERNMENT GUARANTEES**

LOWER CREDIT RISK LOAN PORTFOLIO

BUSINESS LINE	BALANCE SHEET CATEGORY	Q3 2020 PRINCIPAL BALANCE (\$ MILLIONS)	% OF TOTAL PORTFOLIO
Real Estate Capital Markets	Multifamily - commercial real estate (A)	\$ 1,463	34%
	Hospitality - commercial real estate	63	1%
	Retail - commercial real estate	52	1%
	Other	25	0%
	Total	1,603	36%
Institutional Banking	Securities backed lines of credit (SBLOC) (B)	1,069	25%
	Insurance backed lines of credit (IBLOC) (C)	359	8%
	Advisor Financing	27	1%
	Total	1,455	34%
Small Business Lending	U.S. government guaranteed portion of SBA loans (D)	334	8%
	Paycheck Protection Program Loans (PPP) (D)	208	5%
	Commercial mortgage SBA (E)	165	4%
	Unguaranteed portion of U.S. gov'n't guaranteed loans	98	2%
	Non-SBA small business loans	18	0%
	Construction SBA	13	0%
Total	836	20%	
Commercial Fleet Leasing	Leasing (F)	431	10%
Other	Other	13	0%
Total principal		\$ 4,338	100%

LOWER CREDIT LOSS NICHES

- A. Nationally recognized CRE analytics firm projects cumulative 1.2% COVID stress credit loss for multifamily. Loans are on books at 99 dollar price
- B. SBLOC loans backed by marketable securities with no incurred credit losses
- C. IBLOC loans are backed by the cash value of life insurance policies with no incurred credit losses
- D. Portion of small business loans fully guaranteed by the U.S. government
- E. 50%-60% loan to value ratios at origination
- F. Recourse to vehicles and relatively low historical charge-offs

INSTITUTIONAL BANKING



Lending and banking services for wealth managers

BUSINESS OVERVIEW:

- Automated loan application platform, Talea, provides industry leading speed and delivery
- Securities-backed lines of credit provide fast and flexible liquidity for investment portfolios
- Insurance-backed lines of credit provide fast and flexible borrowing against the cash value of life insurance
- Launched Advisor Finance product to provide capital to transitioning financial advisors to facilitate M&A, debt restructuring, and the development of succession plans
- Deposit accounts for wealth management clients
- No historical credit losses

HIGHLIGHTS:

- Loan growth of 58% year over year with significant additional market opportunity
- Launched Talea™ loan automation platform and implemented with key partners
- Market dynamics support business model
 - Advisors shifting from large broker/dealers to independent platforms
 - Sector shift to fee-based accounts
 - Emergence of new wealth management providers



\$1.5B

PORTFOLIO
SIZE

2.5%

9/30/2020
EST. YIELD

The Bancorp's Business Model allows us to build banking solutions to "spec" without competing directly with our partner firms. We do not have any associated asset managers, proprietary advisory programs, or related programs. Our singular focus is to help our partner firms stay competitive in the marketplace and to grow and retain assets.

**ALWAYS A PARTNER,
NEVER A COMPETITOR**

LOANS & LEASES: **INSTITUTIONAL BANKING LOAN PORTFOLIO**

INSTITUTIONAL BANKING PRIMARILY COMPRISED OF SECURITIES & CASH VALUE LIFE INSURANCE LENDING

INSTITUTIONAL BANKING LOANS (\$MILLIONS)
9/30/2020

LOAN TYPE	PRINCIPAL BALANCE	% OF PORTFOLIO
Securities backed lines of credit (SBLOC)	\$ 1,069	73%
Insurance backed lines of credit (IBLOC)	359	25%
Advisor Financing	27	2%
Total	\$ 1,455	100%

TOP 10 SBLOC LOANS (\$MILLIONS)
9/30/2020

	PRINCIPAL BALANCE	% PRINCIPAL TO COLLATERAL
	\$ 33	30%
	17	39%
	14	22%
	12	33%
	10	47%
	10	31%
	9	23%
	9	75%
	9	49%
	8	22%
Total	\$ 131	35%

PORTFOLIO ATTRIBUTES

SECURITIES BACKED LINES OF CREDIT

- No historical credit losses
- Underwriting standards of generally 50% to equities and 80% or more to fixed income securities

INSURANCE BACKED LINES OF CREDIT

- No historical credit losses
- Loans backed by the cash value of whole life insurance policies

SMALL BUSINESS LENDING



SBA and other small business lending

BUSINESS OVERVIEW:

- Established a distinct platform within the fragmented SBA market
 - National portfolio approach allows pricing and client flexibility
 - Solid credit performance demonstrated over time
 - Client segment strategy tailored by market

HIGHLIGHTS:

- Loan growth of 13% year over year driven by increased origination productivity
- Developed the SBAlliance™ program to provide lending support to banks and financial institutions who need SBA lending capabilities through products such as:
 - Wholesale loan purchases
 - Interim bridge financing for small business owners
 - Participated in the Payroll Protection Program (PPP) and originated \$208M in short term loans, not included in the \$628M above



\$628M

PORTFOLIO
SIZE

4.9%

9/30/2020
EST. YIELD

~\$700k

AVERAGE
7(a) LOAN SIZE

LOANS & LEASES: **STRONG COLLATERAL & GOVERNMENT GUARANTEES**

SMALL BUSINESS LENDING

SMALL BUSINESS LOANS BY TYPE¹ (\$MILLIONS)
9/30/2020

TYPE	SBL COMMERCIAL MORTGAGE	SBL CONSTRUCTION	SBL NON-REAL ESTATE	TOTAL
Hotels	\$ 66	\$ 2	\$ -	\$ 68
Professional services offices	21	-	3	24
Full-service restaurants	15	1	4	20
Child day care and youth services	15	-	1	16
Bakeries	4	-	12	16
Fitness/rec centers and instruction	2	8	2	12
General warehousing and storage	11	-	-	11
Limited-service restaurants and catering	7	-	3	10
Elderly assisted living facilities	7	-	2	9
Amusement and recreation industries	4	2	3	9
Car washes	5	3	-	8
Funeral homes	7	-	-	7
New and used car dealers	4	-	-	4
Automotive servicing	3	-	-	3
Other	51	-	26	77
Total	\$ 222	\$ 16	\$ 56	\$ 294

SMALL BUSINESS LOANS BY STATE¹ (\$MILLIONS)
9/30/2020

STATE	SBL COMMERCIAL MORTGAGE	SBL CONSTRUCTION	SBL NON-REAL ESTATE	TOTAL
Florida	\$ 35	\$ 8	\$ 8	\$ 51
California	36	2	5	43
Pennsylvania	30	-	4	34
Illinois	26	-	3	29
North Carolina	19	3	3	25
New York	10	2	5	17
Texas	11	-	5	16
Tennessee	11	-	1	12
New Jersey	3	1	7	11
Virginia	9	-	2	11
Georgia	5	-	2	7
Colorado	3	-	1	4
Michigan	3	-	1	4
Washington	3	-	-	3
Ohio	2	-	1	3
Other states	16	-	8	24
Total	\$ 222	\$ 16	\$ 56	\$ 294

PORTFOLIO ATTRIBUTES

TYPE DISTRIBUTION

- Diverse product mix
- Commercial mortgage and construction are generally originated with 50%-60% LTV's

GEOGRAPHIC DISTRIBUTION

- Diverse geographic mix
- Largest concentration in Florida representing 17% of total

¹Excludes \$334M of SBA loans that are government guaranteed and \$208M PPP loans.

COMMERCIAL FLEET LEASING



Niche-vehicle fleet leasing solutions

BUSINESS OVERVIEW:

- Niche provider of vehicle leasing solutions
 - Focus on smaller fleets (less than 150 vehicles)
 - Direct lessor (The Bancorp Bank sources opportunities directly and provides value-add services such as outfitting police cars)
 - Historical acquisitions of small leasing companies have contributed to growth
- Mix of commercial (~80%) and government-related business (~20%)

HIGHLIGHTS:

- Reengineering the operating platform to enable sustained and efficient growth
 - Enhancing sales process and support functions
 - Pursuing technology enhancements to scale business with efficiency
- Constantly evaluating organic and inorganic growth opportunities in the vehicle space



\$431M

PORTFOLIO
SIZE



6.3%

9/30/2020
EST. YIELD

LOANS & LEASES: **COMMERCIAL FLEET LEASING PORTFOLIO**

COMMERCIAL FLEET LEASING

DIRECT LEASE FINANCING BY TYPE (\$MILLIONS)
9/30/2020

TYPE	BALANCE	TOTAL
Government agencies and public institutions	\$ 76	18%
Construction	74	18%
Waste management and remediation services	61	14%
Real estate, rental and leasing	44	10%
Retail trade	36	8%
Transportation and warehousing	35	8%
Health care and social assistance	26	6%
Professional, scientific, and technical services	19	4%
Wholesale trade	14	3%
Manufacturing	14	3%
Educational services	9	2%
Arts, entertainment, and recreation	5	1%
Other	18	5%
Total	\$ 431	100%

DIRECT LEASE FINANCING BY STATE (\$MILLIONS)
9/30/2020

STATE	BALANCE	TOTAL
Florida	\$ 92	20%
California	30	7%
New Jersey	29	7%
Pennsylvania	26	6%
New York	25	6%
North Carolina	22	5%
Utah	21	5%
Maryland	20	5%
Washington	16	4%
Georgia	12	3%
Missouri	12	3%
Connecticut	12	3%
Texas	12	3%
Alabama	11	3%
South Carolina	9	2%
Other states	82	18%
Total	\$ 431	100%

PORTFOLIO ATTRIBUTES

OVERVIEW

- Largest concentration is government sector
- Of the \$431M total portfolio, \$401M is vehicle leases with the remaining \$30M made up of equipment leases

REAL ESTATE CAPITAL MARKETS



Commercial real estate loans

BUSINESS OVERVIEW:

- Strategic determination made in Q3 to discontinue future securitization activity
- We expect income from the portfolio to be stable over the next 2 years
- Entire portfolio is at LIBOR interest rate floors and yields 4.8% as of Q3 2020

COMMERCIAL REAL ESTATE LOANS BY TYPE (\$MILLIONS)

9/30/2020

TYPE	# LOANS	BALANCE	ORIGINATION DATE LTV	WEIGHTED AVG MIN INTEREST RATE	% TOTAL
Multifamily (apartments)	173	\$ 1,463	76%	4.8%	91%
Hospitality (hotels and lodging)	11	63	65%	5.7%	4%
Retail	8	52	70%	4.6%	3%
Other	7	25	70%	5.2%	2%
Total	199	\$ 1,603	75%	4.8%	100%

COMMERCIAL REAL ESTATE LOANS BY STATE (\$MILLIONS)

9/30/2020

STATE	BALANCE	ORIGINATION DATE LTV
Texas	\$ 396	76%
Georgia	252	78%
Arizona	123	76%
North Carolina	111	77%
Nevada	56	80%
Alabama	54	76%
Other states each <\$50 million	611	73%
Total	\$ 1,603	75%

PORTFOLIO ATTRIBUTES

OVERVIEW

- Vast majority of loans are multifamily including all of the top 15 exposures
- Commercial real estate loans are in "Commercial loans, at fair value" category on balance sheet



ASSET CLASSES - % PORTFOLIO



MULTI-FAMILY - 91%



LODGING - 4%



RETAIL - 3%



OTHER - 2%

FINANCIAL REVIEW

FINANCIAL REVIEW: **INTEREST RATE SENSITIVITY**

3.4% NIM & SIGNIFICANT NET INTEREST INCOME GROWTH IN Q3 DESPITE 0% FRB RATE ENVIRONMENT¹

	Q3 BALANCE² (\$ MILLIONS)	RATE SENSITIVITY
Core Lending Businesses	Real Estate Capital Markets	\$1,603 4.8% avg. floor and yield will increase as rates exceed floors
	Institutional Banking ³	\$1,455 Majority of loan yields will increase as rates increase
	Small Business ⁴	\$628 Majority of loan yields will increase as rates increase
	Leasing	\$431 Fixed rates but short average lives
Total	\$4,117	Core Lending businesses account for 95% of the total \$4,338 loans
Total Deposits	\$5,564	Adjusts to a portion of rate increases in line with partner contracts

HIGHLIGHTS

- ✓ **Floating rate** lending businesses include Real Estate Capital Markets, SBLOC, IBLOC and Small Business
- ✓ **Deposits** primarily comprised of prepaid and debit accounts and anchored by multi-year, contractual relationships
- ✓ **Interest income** should increase in higher interest rate environments

¹In the unlikely event of negative interest rates, \$1.1B of demand securities loans and \$0.4B of cash value insurance loans would be repriced with floors to maintain adequate margins.

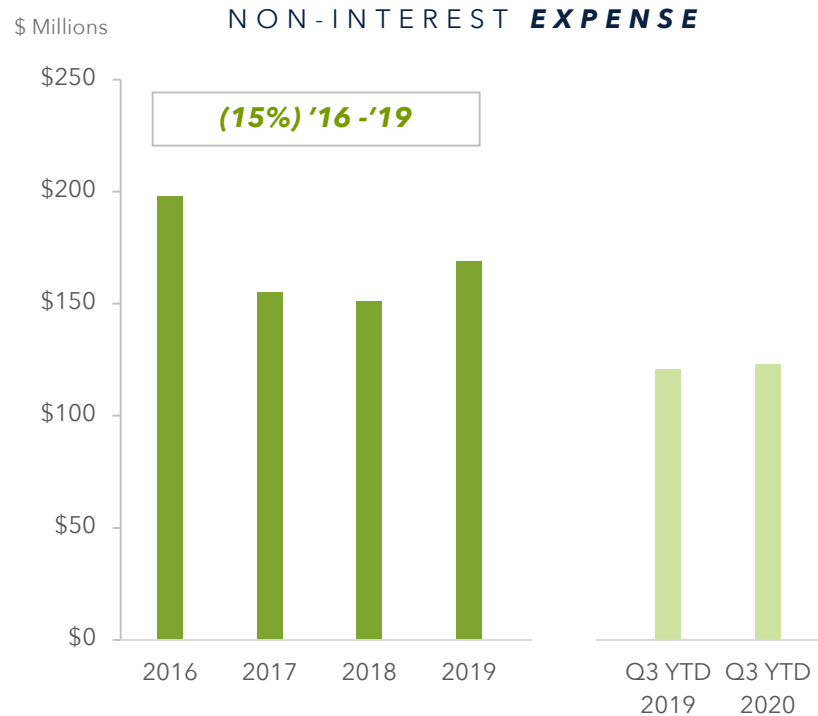
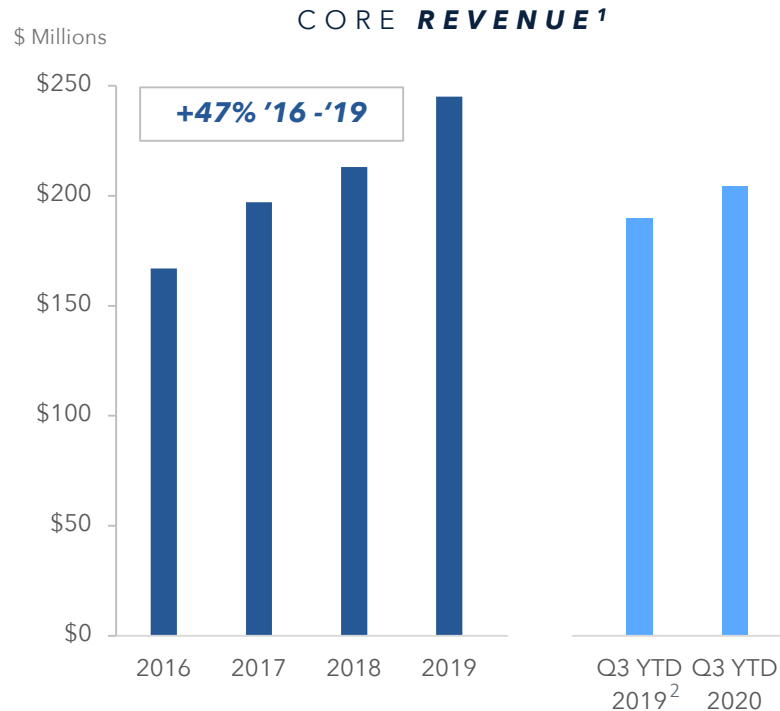
²Loans are as of September 30, 2020 and deposits are average balance for Q3 2020.

³Institutional Banking substantially comprised of securities backed loans and insurance backed loans.

⁴Excludes \$208M of short-term PPP loans which are fully government guaranteed and deferred costs and fees.

FINANCIAL REVIEW: **EARNINGS AND PROFITABILITY**

REVENUE HAS **GROWN CONSISTENTLY** SINCE 2016 WHILE EXPENSES HAVE BEEN TIGHTLY MANAGED, CREATING **OPERATING LEVERAGE**



REVENUE

- Annual revenue growth driven by diverse product mix
- Larger portion of revenue from non-interest income compared to peer banks
- Net interest income growth driven by growth in balances across business lines

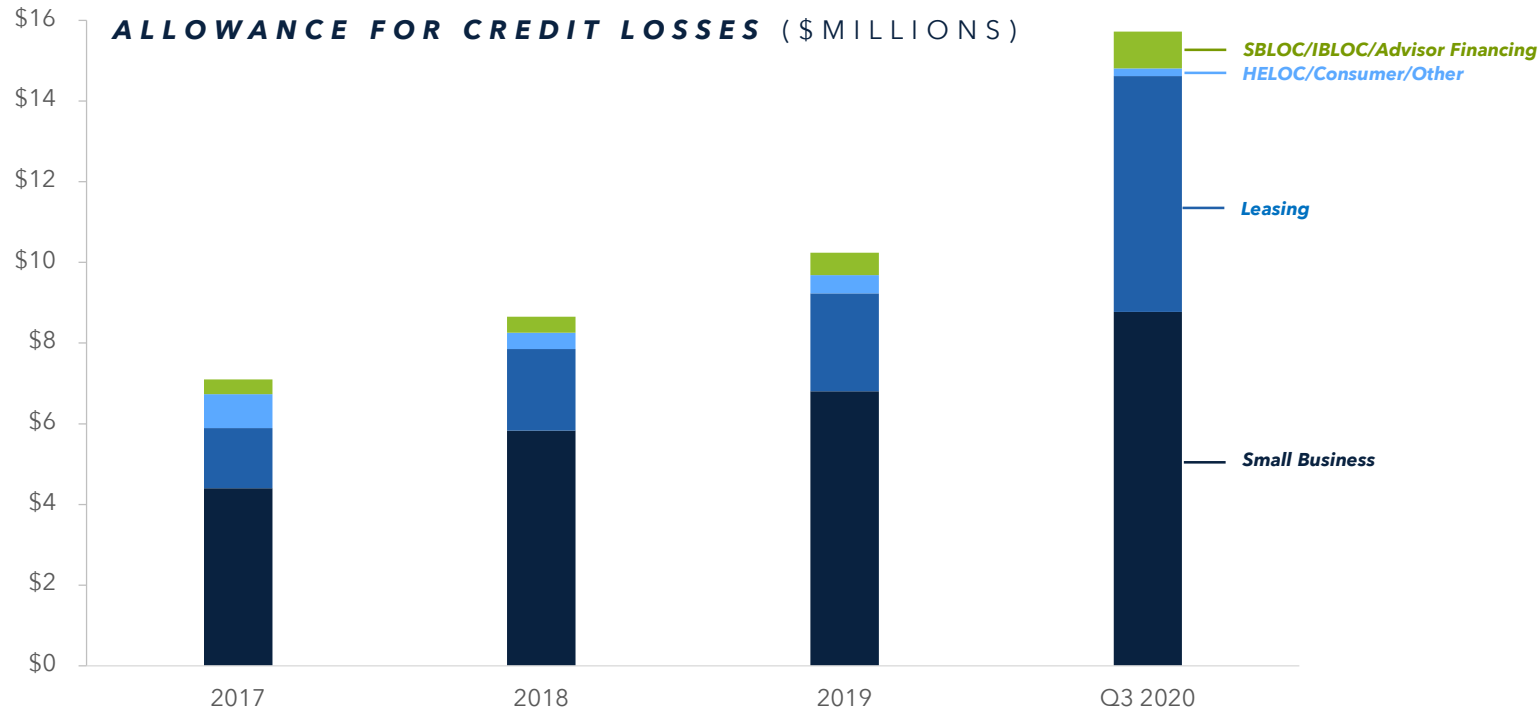
EXPENSE

- Expenses have been tightly managed since 2017
- Expense saves have continued to be realized and have funded critical BSA and other infrastructure which has attracted new clients
- 2019 includes a \$7.5M civil money penalty related to consent order remediation. In 2020, subsequent to the civil money penalty, the related consent order was lifted

¹Core revenue is net interest income plus non-interest income excluding gains/losses from sales of securities, changes in valuation to Walnut Street and the sales of Health Savings Accounts, the European payments business, and the IRA portfolio.

²Includes \$24.3 million of gains on commercial loans originated for sale, primarily through two securitizations.

ALLOWANCE FOR CREDIT LOSSES REFLECTS OUR LOWER RISK LOAN PORTFOLIO



HIGHLIGHTS

CONTINUING OPERATIONS

- Increases in allowance for credit losses driven partially by CECL adoption in Q1 and potential COVID impact
- Fair value adjustments to the capital markets commercial real estate portfolio in 2020 were driven by potential COVID-related unrealized losses

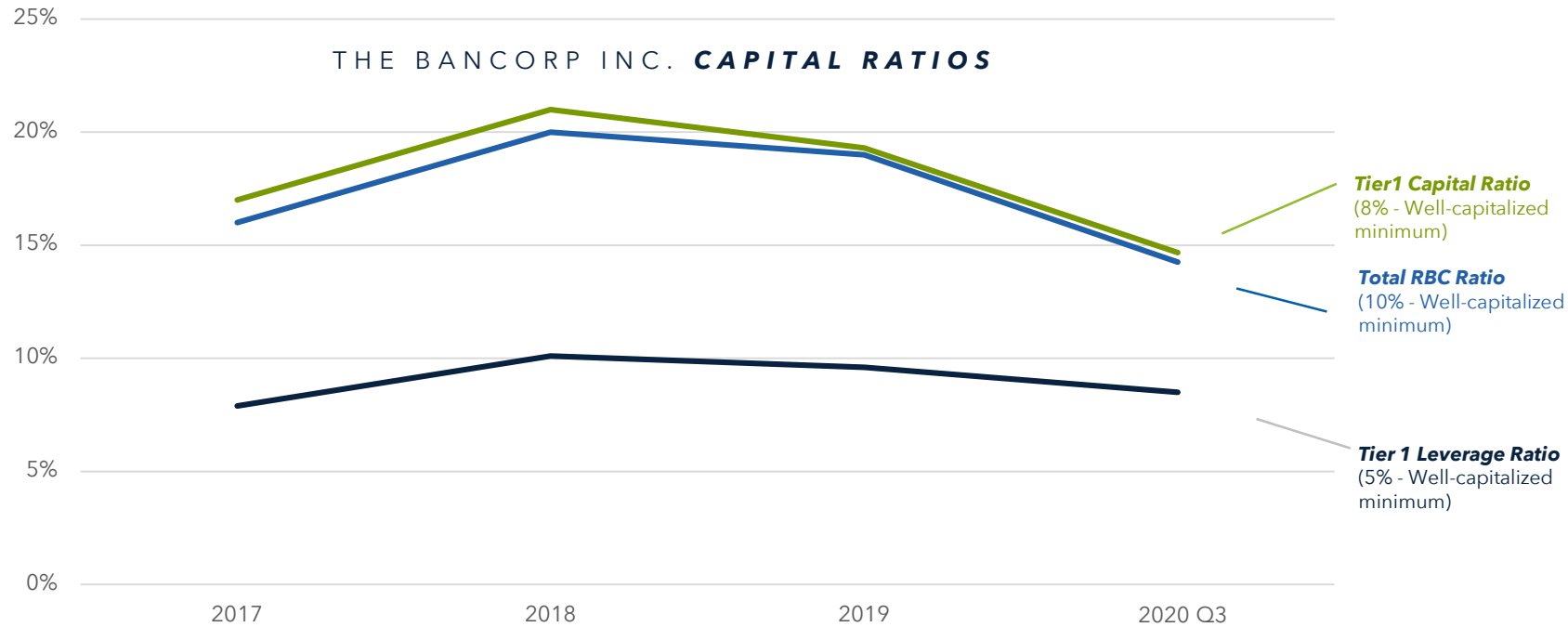
DISCONTINUED OPERATIONS

- Discontinued portfolio only 2% of total loans
- Minimal losses in Discontinued Operations line item and Walnut Street through Q3 2020

Allowance for credit losses as % of loan balance	0.6%	0.6%	0.6%	0.6%
Allowance for credit losses as % of loan balance (excluding SBLOC & IBLOC)	1.2%	1.2%	1.2%	1.4%

CAPITAL POSITION

THE BANCORP INC. **CAPITAL RATIOS**



Tier 1 Leverage Ratio

7.9%

10.1%

9.6%

8.6%

Tier 1 Risk-based Capital Ratio (RBC)¹

16%

20%

19%

14%

Total Risk-based Capital Ratio

17%

21%

19%

15%

¹Tier 1 risk-based ratio is identical to Common Equity Tier 1 to risk weighted assets and has a 6.5% well capitalized minimum

HIGHLIGHTS

- Corporate governance requires periodic assessment of capital minimums
- Financial and strategic planning emphasize capital
- Capital planning includes stress testing for unexpected conditions and events

FINANCIAL REVIEW: **EARNINGS AND PROFITABILITY**

BY EXECUTING OUR STRATEGIC PLAN, WE EXPECT TO DELIVER MARKET-LEADING RETURNS & **CREATE VALUE FOR SHAREHOLDERS**

PERFORMANCE METRICS	2017	2018	2019	Q3 2020	LONG-TERM TARGETS
ROAE	7.0%	24.3%	11.6%	16.9% ¹	20%
ROAA	0.52%	2.07%	1.09%	1.48% ¹	> 2.0%
EPS	\$0.39	\$1.55	\$0.90	\$0.40	
Leverage Ratio	7.9%	10.1%	9.6%	8.6%	9% - 10%
Total Assets	\$4.7B	\$4.4B	\$5.7B	\$6.2B	~\$8.0B
Efficiency Ratio ²	79%	71%	65%	57% ¹	


KEYS TO ACHIEVING FINANCIAL TARGETS

- ✓ **Established** a new Payments Ecosystem 2.0 which satisfies regulators and is scalable
- ✓ **Invested** in technology/innovation
- ✓ **Maintained** an industry leading compliance & risk function
- ✓ **Expanded** salesforce and marketing function in key markets
- ✓ **Attracted & retain** the best talent
- ✓ **Build upon** strong capital base through retained earnings
- ✓ **Lifted consent order:** the 2014 consent order was lifted in May 2020 and the 2015 consent order is pending review by regulators

¹ Annualized for the three months ended September 30, 2020.

² Efficiency ratio calculated by dividing non-interest expense by the total of net interest income and non-interest income. Non-interest income excludes gains/losses from sales of securities, changes in valuation to Walnut Street, and the sales of the Health Savings Account portfolio, the European payments business and the IRA portfolio. Expense excludes \$8.9 million of total civil money penalties in 2019.