

# FOURTH QUARTER 2020

January 28, 2021



# FORWARD LOOKING STATEMENTS

Information in this presentation may contain “forward-looking statements” within the Private Securities Litigation Reform Act of 1995. These statements generally relate to our financial condition, results of operations, plans, objectives, future performance or business and usually can be identified by the use of forward-looking terminology such as “may,” “will,” “would,” “should,” “could,” “expect,” “anticipate,” “estimate,” “believe,” “plan,” “intend,” “project,” “goals,” “outlook,” or “continue,” or the negative thereof or other variations thereof or comparable terminology. These statements represent our judgment concerning the future and are subject to business, economic and other risks and uncertainties, both known and unknown. These statements are based on current expectations, estimates and projections about our business, management’s beliefs and assumptions made by management. These statements are not guarantees of our future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements. These risks, uncertainties and assumptions include, without limitation:

- deterioration in the financial condition of borrowers resulting in significant increases in our loan and lease losses and provisions for those losses and other adverse impacts to results of operations and financial condition;
- changes in SBA rules, regulations and loan products, including specifically the Section 7(a) program, changes in SBA standard operating procedures or changes to Live Oak Banking Company’s status as an SBA Preferred Lender;
- changes in rules, regulations or procedures for other government loan programs, including those of the United States Department of Agriculture;
- changes in interest rates that affect the level and composition of deposits, loan demand and the values of loan collateral, securities, and interest sensitive assets and liabilities;
- the failure of assumptions underlying the establishment of reserves for possible loan and lease losses;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- the potential impacts of the Coronavirus Disease 2019 (COVID-19) pandemic on trade (including supply chains and export levels), travel, employee productivity and other economic activities that may have a destabilizing and negative effect on financial markets, economic activity and customer behavior;
- a reduction in or the termination of our ability to use the technology-based platform that is critical to the success of our business model or to develop a next-generation banking platform, including a failure in or a breach of our operational or security systems or those of its third party service providers;
- changes in financial market conditions, either internationally, nationally or locally in areas in which we conduct operations, including reductions in rates of business formation and growth, demand for our products and services, commercial and residential real estate development and prices, premiums paid in the secondary market for the sale of loans, and valuation of servicing rights;
- changes in accounting principles, policies, and guidelines applicable to bank holding companies and banking;
- fluctuations in markets for equity, fixed-income, commercial paper and other securities, which could affect availability, market liquidity levels, and pricing;
- the effects of competition from other commercial banks, non-bank lenders, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and mutual funds, and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone and the Internet;
- our ability to attract and retain key personnel;
- changes in governmental monetary and fiscal policies as well as other legislative and regulatory changes, including with respect to SBA or USDA lending programs and investment tax credits;
- changes in political and economic conditions;
- the impact of heightened regulatory scrutiny of financial products and services, primarily led by the Consumer Financial Protection Bureau and various state agencies;
- our ability to comply with any requirements imposed on us by our regulators, and the potential negative consequences that may result;
- operational, compliance and other factors, including conditions in local areas in which we conduct business such as inclement weather or a reduction in the availability of services or products for which loan proceeds will be used, that could prevent or delay closing and funding loans before they can be sold in the secondary market;
- the effect of any mergers, acquisitions or other transactions, to which we may from time to time be a party, including management’s ability to successfully integrate any businesses that we acquire;
- other risk factors listed from time to time in reports that we file with the SEC, including in our Annual Report on Form 10-K; and
- our success at managing the risks involved in the foregoing.

Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Moreover, these forward-looking statements speak only as of the date they are made and based only on information actually known to us at the time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Except as otherwise disclosed, forward-looking statements do not reflect: (i) the effect of any acquisitions, divestitures or similar transactions that have not been previously disclosed; (ii) any changes in laws, regulations or regulatory interpretations; or (iii) any change in current dividend or repurchase strategies, in each case after the date as of which such statements are made.

# AGENDA

1. It Starts and Ends with Safety and Soundness  
Government assistance is working and more help is on the way.
2. A discussion of real core earnings growth
3. Technology Wins Continue
4. Bank performance

# CREDIT & FAIR VALUE METRICS

Ratios <sup>1</sup>	12/31/2019	3/31/2020	06/30/2020	09/30/2020	12/31/2020
Past Due > 30 Days <sup>2</sup>	0.44%	0.54%	0.00%	0.00%	0.05%
Watchlist Loans and Leases <sup>3</sup>	6.28%	6.45%	6.46%	7.97%	9.61%
Classified Assets <sup>4</sup>	1.85%	1.88%	1.66%	2.32%	2.18%
Non-Accruals <sup>5</sup>	0.86%	1.06%	1.00%	1.30%	1.07%
Net Charge Off (Annualized)	0.13%	0.58%	0.21%	1.03%	0.05%
<b>ACL<sup>6</sup> &amp; FV Mark<sup>7</sup> on HFI Unguaranteed Loans and Leases</b>	<b>\$44.4</b>	<b>\$61.3</b>	<b>\$67.2</b>	<b>\$61.8</b>	<b>\$74.8</b>

As of December 31, 2020 (\$ in millions)

Tier 1 Capital (a)	\$521.6
ACL and FV Mark on HFI Loans and Leases (b)	\$74.8
Total HFI Unguaranteed Loans and Leases <sup>8</sup> (c)	\$2,511.4
Ratio (a+b)/c	23.7%
Ratio b/c	3.0%
Classified HFI Unguaranteed Loans & Leases to Tier 1 Capital plus ACL & FV Mark on HFI Unguaranteed HFI Loans and Leases	9.2%

1.) All ratios use Total HFI Unguaranteed Loan and Leases (see footnote 8) as the denominator, except for net charge-offs 2.) Past due loans and leases include only loans and leases on accrual status at amortized cost 3.) Watchlist loans and leases include HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) categorized as Risk Grade 5 and 6 4.) Classified assets include Risk Grade 6 and higher HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost) 5.) Non-accrual loans include HFI unguaranteed balance of non-accrual loans and leases at amortized cost ((inclusive of loans and leases at fair value and historical cost) 6.) Allowance for credit losses on HFI unguaranteed loans and leases carried at historical cost 7.) Fair value mark on HFI unguaranteed loans measured at fair value 8.) Represents total HFI unguaranteed loans and leases at amortized cost (inclusive of loans and leases at fair value and historical cost)



# LOAN & LEASE PORTFOLIO CHARACTERISTICS

\$ in millions		% of Total HFS				
	Vertical	HFS & HFI Unguaranteed <sup>1</sup>	and HFI Unguaranteed	30-89 Past Due and Accruing %	Criticized and Classified <sup>2</sup> %	Non-Accrual %
5 Largest Exposures	Healthcare	\$268.7	10.4%	0.0%	10.3%	1.8%
	Agriculture	265.0	10.3%	0.2%	3.7%	0.4%
	Veterinary	170.3	6.6%	0.0%	7.9%	0.4%
	Self Storage	162.8	6.3%	0.0%	5.7%	0.9%
	General Lending Solutions	147.0	5.7%	0.0%	5.9%	0.2%
At Risk Verticals	Hotels	\$134.8	5.2%	0.0%	36.1%	8.7%
	Wine & Craft Beverage	104.1	4.0%	0.3%	21.1%	1.8%
	Educational Services	94.2	3.7%	0.0%	24.1%	0.0%
	Entertainment Centers	55.3	2.1%	0.0%	73.2%	17.3%
	Fitness Centers	30.0	1.2%	0.0%	42.1%	0.0%
	Quick Service Restaurants	20.9	0.8%	0.0%	6.6%	0.0%
Other Loans and Leases		\$1,126.6	43.7%	0.1%	3.2%	0.1%
<b>Total Loans and Leases</b>		<b>\$2,579.8</b>	<b>100.0%</b>	<b>0.1%</b>	<b>9.8%</b>	<b>1.3%</b>

1.) At amortized cost (inclusive of loans and leases at fair value and historical cost)

2.) Criticized and Classified loans and leases are risk grade 5 and higher

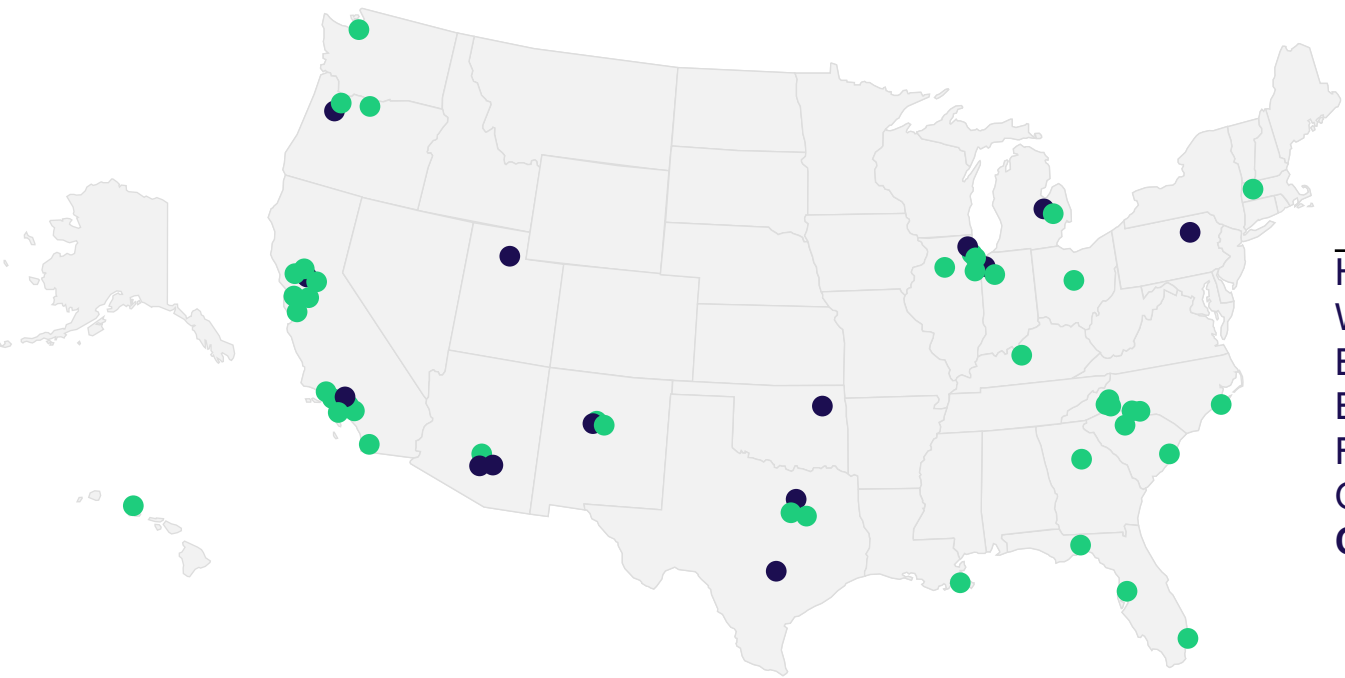
# CREDIT RESERVES & FAIR VALUE MARK

\$ in millions				Total ACL & FV	% on	\$ on	% Receiving
		HFI	Total ACL <sup>3</sup> & FV Mark <sup>4</sup>	Mark/Total HFI	Payment	Payment	Subsidy <sup>2,5</sup>
		Unguaranteed <sup>1</sup>		Unguaranteed <sup>1</sup>	Deferral <sup>1,5,6</sup>	Deferral <sup>1,5,6</sup>	
Top 5 Largest Verticals by Exposure	Vertical						
	Healthcare	\$268.7	\$6.0	2.2%	19.3%	\$129.7	23.4%
	Agriculture	265.0	5.9	2.2%	0.0%	0.0	1.3%
	Veterinary	170.3	3.0	1.8%	12.9%	43.5	17.9%
	Self Storage	162.8	1.4	0.9%	4.3%	15.8	27.0%
	General Lending Solutions	147.0	8.2	5.6%	9.3%	31.5	39.6%
High Impacted Vertical	Hotels	\$110.6	\$11.4	10.3%	15.7%	\$32.8	4.7%
	Wine & Craft Beverage	104.1	5.2	5.0%	30.2%	56.1	17.2%
	Educational Services	94.2	3.7	3.9%	32.7%	85.9	44.5%
	Entertainment Centers	55.3	4.9	8.9%	54.6%	46.7	13.0%
	Fitness Centers	30.0	2.9	9.8%	32.2%	20.3	24.6%
	Quick Service Restaurants	20.9	1.0	4.9%	14.1%	6.2	49.6%
Other Loans & Leases		\$1,082.3	\$21.2	2.0%	3.9%	\$69.6	17.0%
<b>Total Loans and Leases</b>		<b>\$2,511.4</b>	<b>\$74.8</b>	<b>3.0%</b>	<b>11.1%</b>	<b>\$538.1</b>	<b>20.0%</b>

1.) At amortized cost (inclusive of loans and leases at fair value and historical cost) 2.) Loans for which SBA provided 6 months of payment relief under the CARES Act 3.) Allowance for credit losses on HFI unguaranteed loans and leases carried at historical cost 4.) Fair value mark on HFI unguaranteed loans measured at fair value 5.) Percent of total guaranteed and unguaranteed HFS & HFI loans at amortized cost within each vertical listed, excluding PPP loans 6.) Deferral amounts are specific to loans and leases considered to be impacted by the COVID-19 pandemic

# KEEPING OUR CUSTOMERS CLOSE

Customer Site Visits Q4 2020

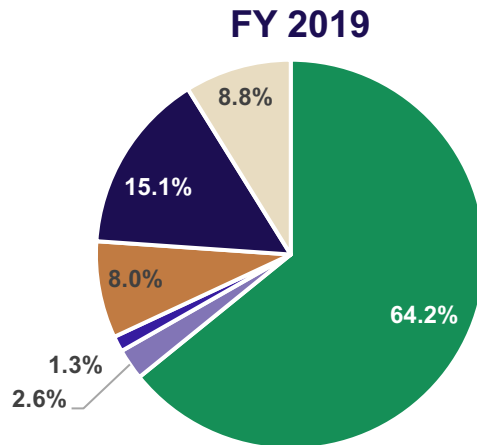
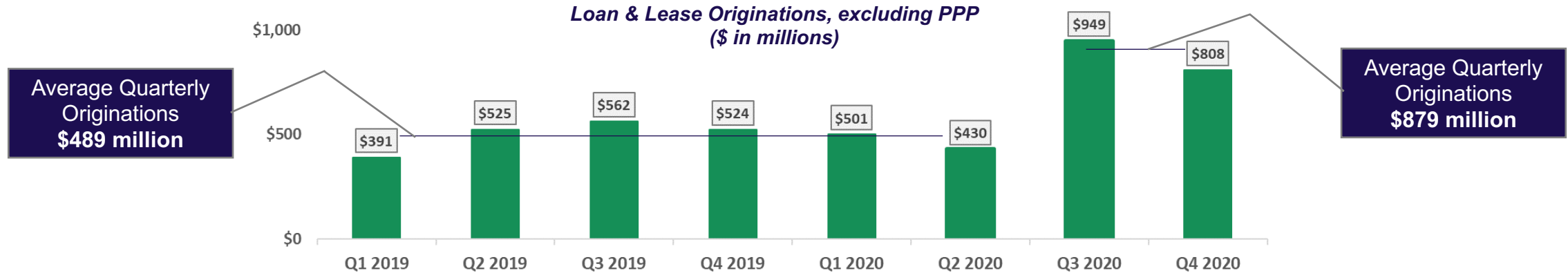


Vertical	HFS & HFI Unguaranteed <sup>1</sup>	% of HFS & HFI Unguaranteed Visited
Hotels	\$134.8	46.0%
Wine & Craft Beverage	104.1	25.5%
Educational Services	94.2	1.6%
Entertainment Centers	55.3	54.0%
Fitness Centers	30.0	6.9%
Quick Service Restaurants	20.9	3.4%
<b>Covid 6 Total</b>	<b>439.3</b>	<b>27.9%</b>

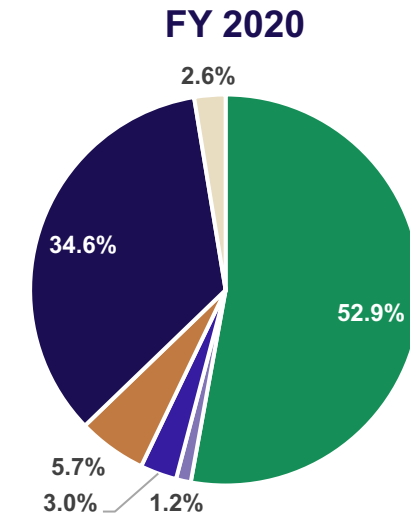
1.) At amortized cost (inclusive of loans and leases at fair value and historical cost)

# FY 2020 LOAN & LEASE ORIGINATIONS

## Growth & Diversification



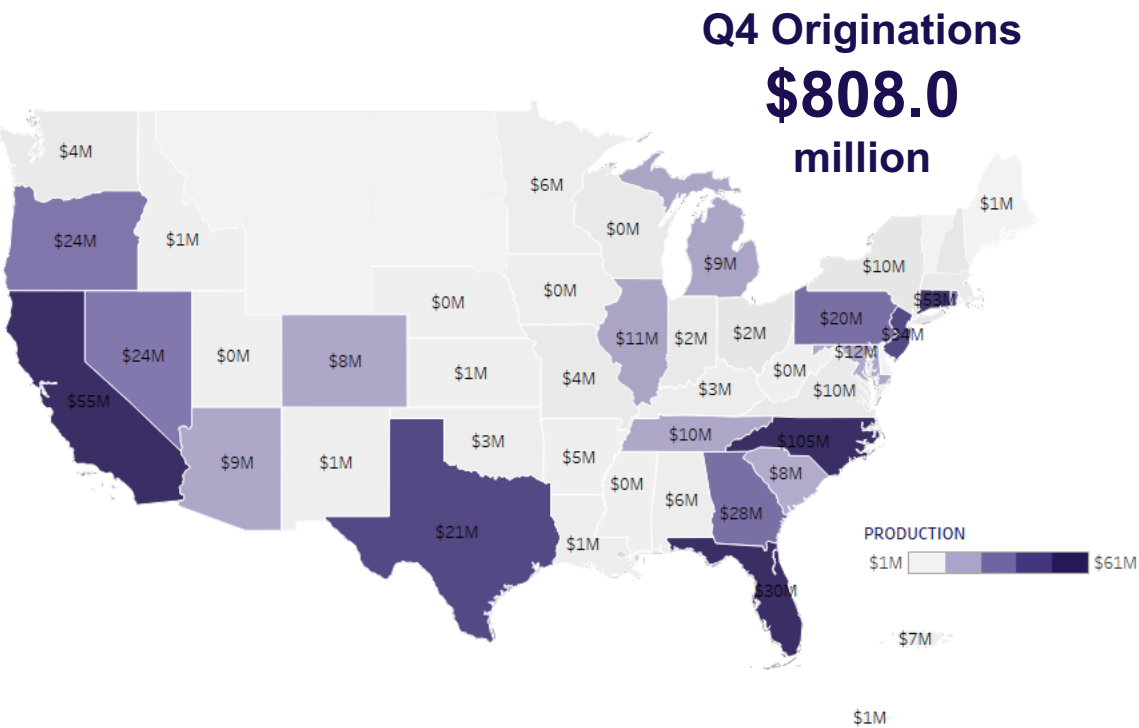
**34% Growth**  
FY 2019 vs. FY 2020  
\$2.00 billion to \$2.69 billion  
Originations excluding PPP



■ SBA 7(a) ■ Pari Passu ■ SBA 504 ■ USDA ■ Conventional ■ ABL, LOC, & Leases

# Q4 DIVERSIFIED LOAN & LEASE ORIGINATIONS

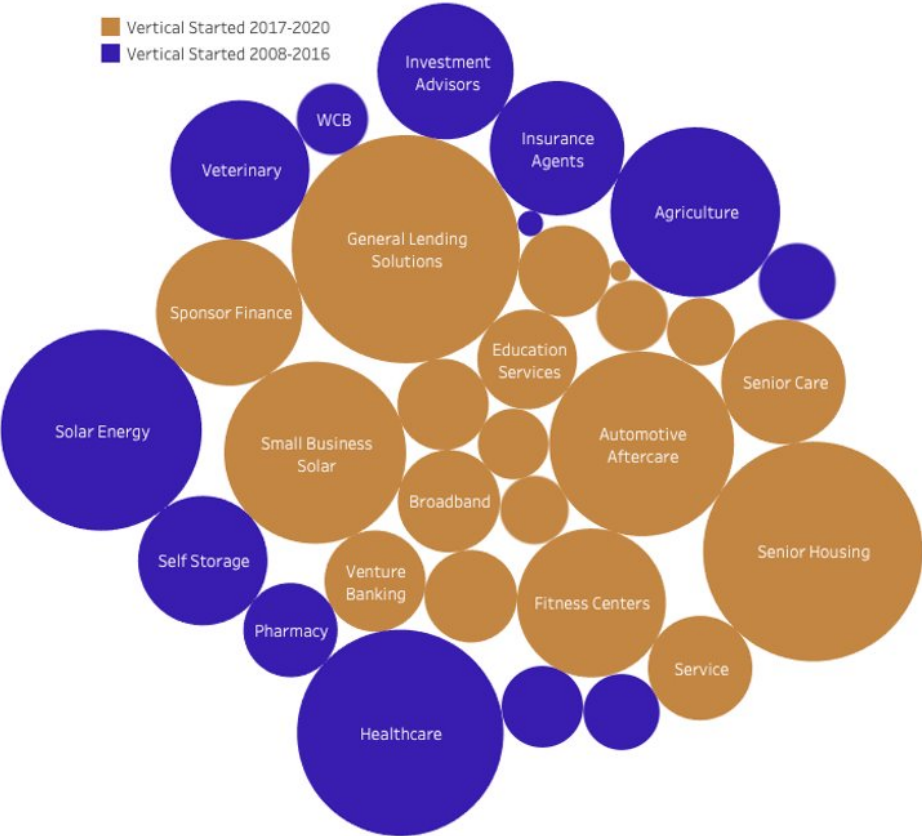
Growth & Diversification



**\$553.9**  
million  
**Total Unguaranteed Balance**

**45**  
**States & Territories**

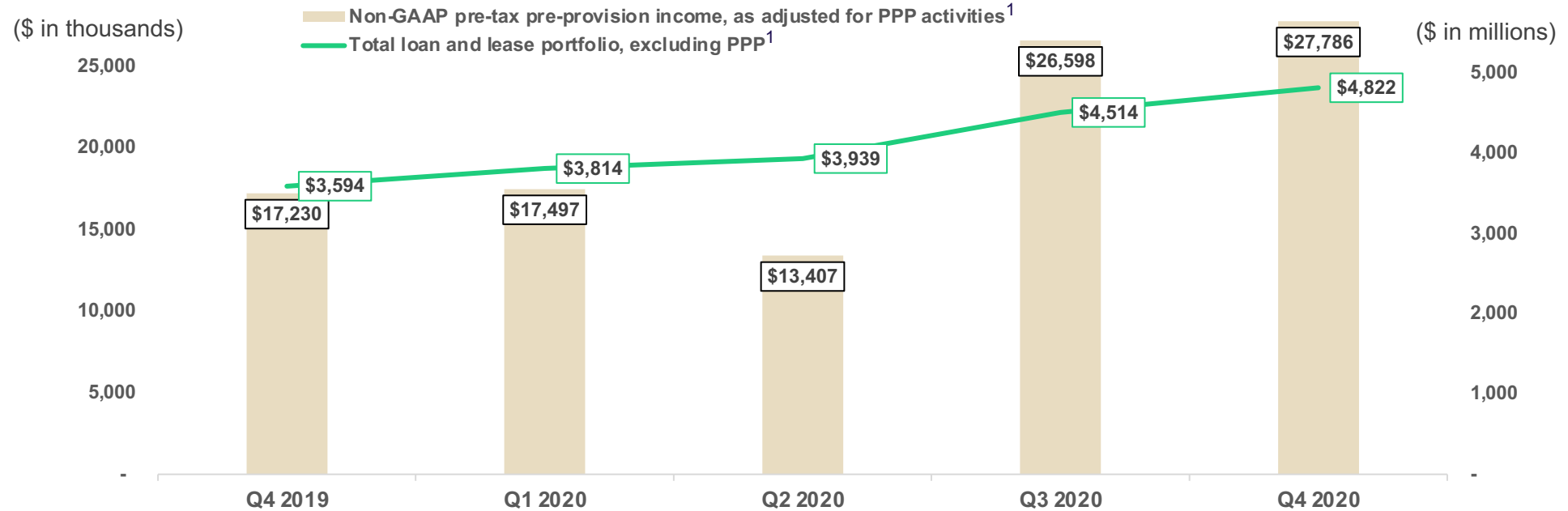
**\$1.4**  
million  
**Average Unguaranteed Balance per Loan**



**Q4 2020 Originations by Year Vertical Started**  
*(\$ in millions)*

2008 – 2016	\$331.8
2017 – 2020	\$476.2

# GROWTH IN EARNINGS & ASSETS



**34%**  
Growth  
Loan & Lease Portfolio,  
excluding PPP  
Q4 2020 vs. Q4 2019

**61%**  
Growth  
Non-GAAP Pre-Tax Pre-  
Provision Income, excluding  
PPP activities  
Q4 2020 vs. Q4 2019

1.) See Appendix for Reconciliation of non-GAAP items to reported balances



# TECHNOLOGY INVESTMENTS








Live Oak Cash Investment <sup>1</sup>	\$7.8 million	\$2.1 million	\$2.2 million	\$1.5 million	\$5.0 million	\$0.0 million
Live Oak Carrying Value	\$1.4 million	\$0.0 million	\$2.9 million	\$1.5 million	\$22.4 million	\$53.3 million
Estimated Implied Value of Shares Owned by Live Oak	\$28.9 million	\$13.9 million	\$4.4 million	\$1.4 million	\$38.2 million	\$68.3 million
	<b>\$18.6 million</b>	<b>\$81.5 million</b>	<b>\$155.1 million</b>	<b>\$73.6 million</b>		
	<b>Investment</b>	<b>Total Carrying Value</b>	<b>Estimated Implied Value<sup>1</sup></b>	<b>Difference</b>		

1.) Implied value based on most recent transaction data and not necessarily indicative of current or future value

# PERFORMANCE

# OUR FOCUS



## KEEPING OUR CUSTOMERS CLOSE

Continued Outreach & Engagement

Ongoing Credit Assessments



## SAFETY & WELL-BEING OF OUR EMPLOYEES & COMMUNITIES

Hybrid remote work model

Healthcare and support for 600+ employees

Continue to invest in our communities



## SUPPORTING SMALL BUSINESSES

Continue to provide capital to small business owners across the country

Newest round of PPP Lending in 2021

SBA 7(a) Program Enhancements

PPP Forgiveness Continues








## DELIVERING TECHNOLOGY & PRODUCTS

Business Savings and CDs Launch






Full Conversion to Finxact & Checking on the Horizon

# Q4 BALANCE SHEET HIGHLIGHTS

<i>\$ in billions unless otherwise indicated</i>	<b>Q4 2019</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Change from Prior Quarter</b>	<b>Q4 2020 Notes</b>
<b>Total Loans and Leases Excluding PPP<sup>1</sup></b>	\$3.59	\$4.51	\$4.82	7% 	Loan growth driven by strong and diverse origination and slower prepayment speeds
<b>Managed Portfolio Excluding PPP<sup>2,1</sup></b>	\$6.56	\$7.66	\$8.03	5% 	Total assets, as reported were flat as excess liquidity funded loan growth
<b>Eligible for Sale Guaranteed Loans</b>	\$0.92	\$1.71	\$1.68	1% 	Strong capital position. Total Risk-Based Capital Ratio decreased to 13.5% from 14.2% and Tier 1 Leverage remained approximately the same as September 30, 2020, at 8.4%
<b>Total Assets, As Adjusted to exclude PPP<sup>3</sup></b>	\$4.81	\$5.87	\$6.36	8% 	
<b>Total Equity</b>	\$532.4 million	\$584.2 million	\$567.9 million	3% 	

1.) See Appendix for Reconciliation of non-GAAP items to reported balances 2.) Outstanding balance of sold and serviced loans plus loans and leases held for investment and held for sale less adjustments for PPP activities (See Appendix) 3.) Total Assets as reported less adjustments for PPP activities (See Appendix)

# Q4 INCOME STATEMENT HIGHLIGHTS

<i>\$ in millions</i>	<b>Q4 2019</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Change from Prior Quarter</b>	<b>Q4 2020 Notes</b>
<b>Loan &amp; Lease Originations, excluding PPP</b>	\$524	\$949	\$808	15% 	Loan growth and deposit repricing drove NII growth and margin expansion
<b>Net Interest Income , as adjusted for PPP Activities<sup>1</sup> + Servicing Revenue</b>	\$44.7	\$47.4	\$53.8	13% 	Strengthening secondary market generated increased gain on sale despite lower amount of loans sold
<b>Net Gain on Sales of Loans</b>	\$11.4	\$12.7	\$15.0	18% 	Expenses increased for a broad range of operating activities as certain pandemic restrictions eased.
<b>Non-GAAP Noninterest Expense, as adjusted for PPP Activities<sup>1</sup></b>	\$44.4	\$41.7	\$48.0	15% 	
<b>Non-GAAP Pre-Tax Pre- Provision Income as adjusted for PPP Activities<sup>1</sup></b>	\$17.2	\$26.6	\$27.8	4% 	

1.) See Appendix for Reconciliation of non-GAAP items to reported balances

# NOTABLE EVENTS – Q4

Event	Comments	Financial Impact
<b>Market Priced RSU Vesting</b>	<p>2.5 million RSUs with price conditions between \$34 - \$40 vested in Q4 2020</p> <p>Additional 201 thousand with \$45 price condition vested in Q1 2021</p> <p>Remaining RSUs outstanding of 383 thousand with price conditions between \$48-\$55 per share</p>	<p>Non-interest expense: \$4.1 million</p> <p>Tax benefit: \$22.1 million</p> <p>Equity Impact: \$(26.9) million</p> <p>1.4 million shares issued in Q4 2020 (net settled)</p>
<b>Apiture LLC to C-Corp Conversion</b>	<p>In the second half of the year, Apiture converted from an LLC to a C-Corp and raised \$30 million of primary capital</p> <p>Resulted in a one-time tax charge to Apiture which flows through equity method accounting</p>	<p>Noninterest income: \$(7.8) million</p>
<b>Ongoing PPP Impact</b>	<p>\$1.76 billion PPP loan originations in 2020</p> <p>Second Draw began in Q1 2021</p>	<p>PPP Loans: \$1.50 billion at December 31, 2020</p> <p>PPP Net Interest Income: \$15.2 million during Q4 2020</p>



# MARKET PRICE RSUs IMPACT

	<u>Vested in Q4 2020</u>	<u>Vested Since Dec. 31, 2020</u>	<u>Remaining (Unvested)</u>
<b>Restricted Stock Unit Awards</b>	<b>2.5 million</b> \$34 to \$40 per share Market Price Condition	<b>201 thousand</b> \$45 per share Market Price Condition	<b>383 thousand</b> \$48 to \$55 per share Market Price Condition
<b>Net Settlement</b>	<b>1.4 million shares</b>	<b>114 thousand shares</b>	<b>~200 - 225 thousand shares</b>
<b>Noninterest Expense (NIE) Incurred</b>	<b>\$4.1 million</b>	<b>~\$1.8 million</b>	<b>~\$5.0 million<sup>1</sup></b>
<b>Income Tax Benefit upon Vesting</b>	<b>\$22.1 million</b>	<b>~\$1.9 million</b>	<b>TBD</b>
<b>Net Tax Benefit for Related NIE</b>	<b>\$1.2 million</b>	<b>~\$450 thousand</b>	<b>TBD</b>
<b>Book Value Impact*</b>	<b>\$(26.9) million</b>	<b>TBD</b>	<b>TBD</b>

## \*Q4 2020 Impact to Book Value

Net settlement of shares vesting	\$(48.5) million
Employer payroll tax obligation	(1.7) million
Net tax benefit for related noninterest expense	1.2 million
Tax benefit upon vesting	<u>22.1 million</u>
<b>Net impact on book value from awards vesting during Q4 2020</b>	<b>\$(26.9) million</b>
<b>Net impact on tangible book value per share</b>	<b>\$(1.12) per share</b>

1. Estimated assuming all shares vest at \$55/share market price

# PPP IMPACT

(\$ in millions)

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>
Total Assets, as reported	\$8,209.2	\$8,093.4	\$7,872.3
Total Adjustments for PPP Activities <sup>1</sup>	2,625.5	2,218.8	1,510.2
<b>Total Assets, as adjusted to exclude PPP Activities</b>	<b>5,583.6</b>	<b>5,874.6</b>	<b>6,362.1</b>

**\$29.6 million net deferred fees on balance sheet at December 31, 2020**

(\$ in millions)

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>
Interest Income and Fees on Loans, as reported	\$62.0	\$70.6	\$79.2
Less Amortization of Net Deferred Fees on PPP Loans <sup>1</sup>	5.4	9.2	13.3
Less Interest Income on PPP Loans <sup>1</sup>	3.3	4.4	4.3
<b>Interest Income &amp; Amortization of Net Deferred Fees on Loans (excluding PPP)</b>	<b>53.3</b>	<b>57.0</b>	<b>61.6</b>
Estimated interest expense on funding activity to support PPP activities <sup>1</sup>	1.8	2.8	2.4
<b>Impact of PPP Activities on Net Interest Income</b>	<b>6.9</b>	<b>10.8</b>	<b>15.2</b>

1.) See Appendix for adjustments for PPP Activities

# PIVOTING TO SBA PROGRAM ENHANCEMENTS

- Economic Aid Act enacted December 27, 2020
- Specific guidance began January 19, 2021, and continues for the implementation of all enhancements
- Additional clarification regarding PPP lending is still being issued

## SBA Flagship Program

- SBA 7a program – 75% guarantee increased to 90%
- 7a and 504 fees waived for borrower
- Section 1112 – Subsidy Payments apply to 7a and 504 loans, based on origination date<sup>1</sup>

Loan Origination Date	Initial subsidy (full P&I)	Round 2 Subsidy (max \$9k / mo.)	Underserved / Impacted (max \$9k / mo.)
Pre 3/27/20	6 months	3 months	5 months
3/27/20 – 9/27/20	6 months	TBD <sup>2</sup>	
9/28/20 – 1/31/21	-	-	
2/1/20 – 9/30/21	-	6 months	

## PPP Program

- Program runs through 3/31/21 funded with \$284bn \$35bn authorized as of 1/24
- Second Draw for customers with initial PPP and revenue decline of 25%, max employees 300, max size \$2mm
- First Draw reopens for first time applicants
- Modifications to existing loans also available
- LOB primary focus on Second Draw
  - Approximately 3000 applications currently being processed

Programs subject to adjustment by the SBA based on availability of funds

- 1.) Payments begin with the first payment due in February for existing loans. New loans begin their subsidy the first payment due after full disbursement.  
 2.) Round 2 payment subsidy may apply after all of Round 1 subsidy payments have been made for the Round 1 cohort subject to availability of funds.

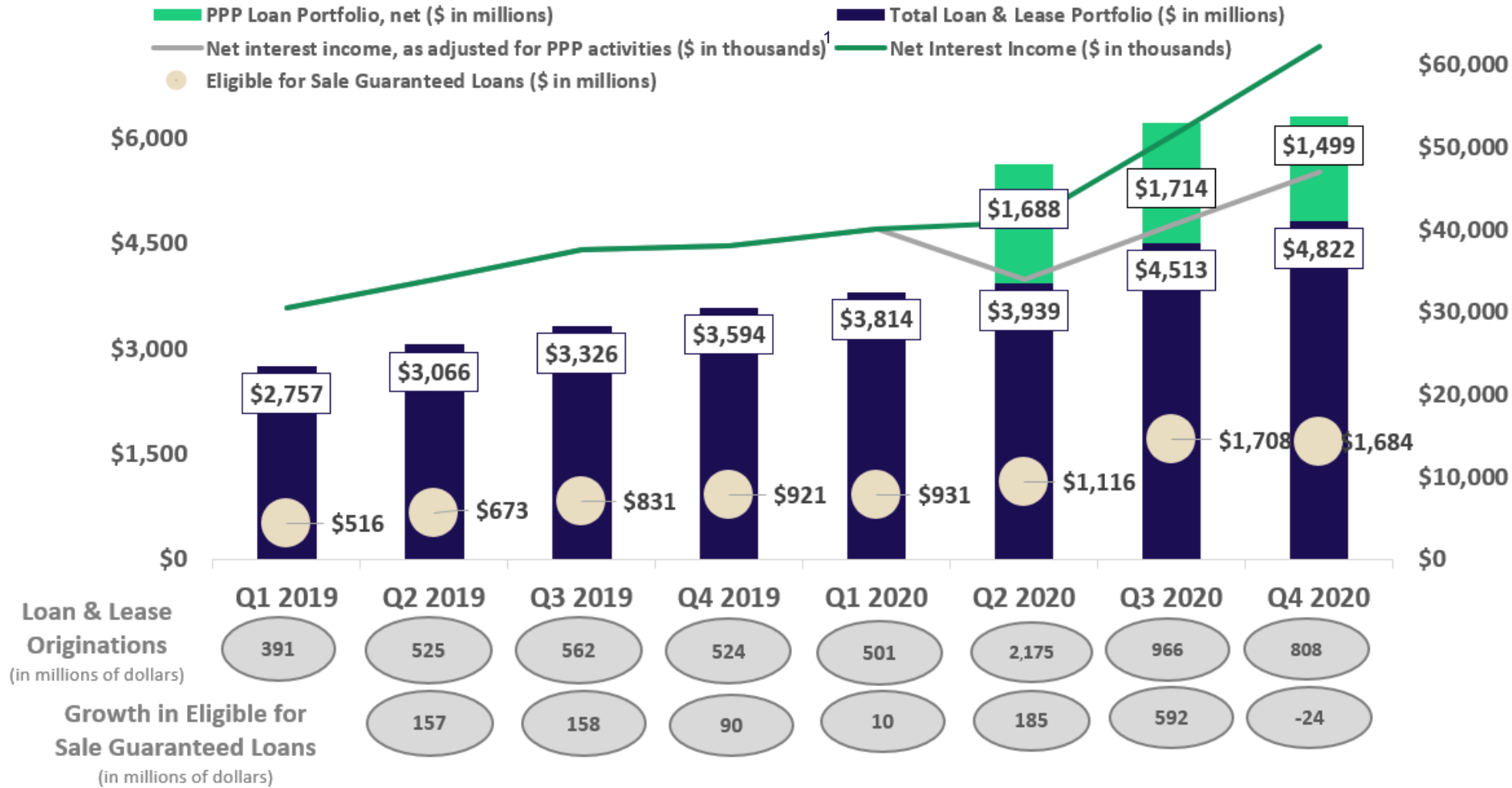
# NON-GAAP PRE-TAX PRE-PROVISION INCOME

(\$ in thousands)

	Q4 2019	Q3 2020	Q4 2020	FY 2019	FY 2020
<b>Net interest income, as reported</b>	<b>38,011</b>	<b>51,363</b>	<b>62,301</b>	<b>140,082</b>	<b>194,723</b>
Less PPP loan interest income	-	4,403	4,269	-	11,989
Less loan deferred fees & costs amortized into interest income, net	-	9,183	13,310	-	27,873
Add estimated interest expense on funding activity to support PPP activities	-	2,815	2,354	-	6,977
<b>Net interest income, as adjusted for PPP activities</b>	<b>38,011</b>	<b>40,592</b>	<b>47,076</b>	<b>140,082</b>	<b>161,838</b>
<b>Total noninterest income, as reported</b>	<b>20,125</b>	<b>47,044</b>	<b>10,803</b>	<b>63,519</b>	<b>86,000</b>
Total fair value adjustments	1,743	(5,742)	10,309	12,202	25,544
Less gain on sale of aircraft	-	-	-	357	-
Add losses (gains) from FinTech Activities <sup>(3)</sup>	1,761	(13,586)	7,856	9,484	(1,057)
<b>Non-GAAP noninterest income<sup>1</sup></b>	<b>23,629</b>	<b>27,716</b>	<b>28,968</b>	<b>84,848</b>	<b>110,487</b>
Less sales revenue from co-developed processing technology	-	-	217	-	2,674
<b>Non-GAAP noninterest income, as adjusted for PPP activities</b>	<b>23,629</b>	<b>27,716</b>	<b>28,751</b>	<b>84,848</b>	<b>107,813</b>
<b>Total noninterest expense, as reported</b>	<b>44,410</b>	<b>42,650</b>	<b>52,435</b>	<b>164,924</b>	<b>192,676</b>
<b>Non-GAAP noninterest expense<sup>1</sup></b>	<b>44,410</b>	<b>41,631</b>	<b>48,041</b>	<b>164,322</b>	<b>187,263</b>
Less performance bonus related to PPP activities	-	-	-	-	7,150
Add deferred salary expense related to PPP activities	-	(79)	-	-	(4,250)
<b>Non-GAAP noninterest expense, as adjusted for PPP activities</b>	<b>44,410</b>	<b>41,710</b>	<b>48,041</b>	<b>164,322</b>	<b>184,363</b>
<b>Non-GAAP pre-tax pre-provision income</b>	<b>17,230</b>	<b>37,448</b>	<b>43,228</b>	<b>60,608</b>	<b>117,947</b>
<b>Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities</b>	<b>17,230</b>	<b>26,598</b>	<b>27,786</b>	<b>60,608</b>	<b>85,288</b>

1.) See Appendix for Reconciliation of non-GAAP items to reported balances

# FRANCHISE FUNDAMENTALS



**34%** ↑

Q4 2020 vs Q4 2019  
Total Loan and Lease  
Portfolio, excluding PPP

**7%** ↑

Q4 2020 vs Q3 2020  
Total Loan and Lease  
Portfolio, excluding PPP

**\$1.7**

billion  
Guaranteed Loans  
Eligible for Sale

1.) See Appendix for Reconciliation of non-GAAP items to reported balances

# GUARANTEED LOAN SALES



For the year ended December 31, 2020

## SBA Guaranteed Loans

**\$431.4 million sold**

**\$1.40 billion became eligible for sale**

**69.2% Retention**

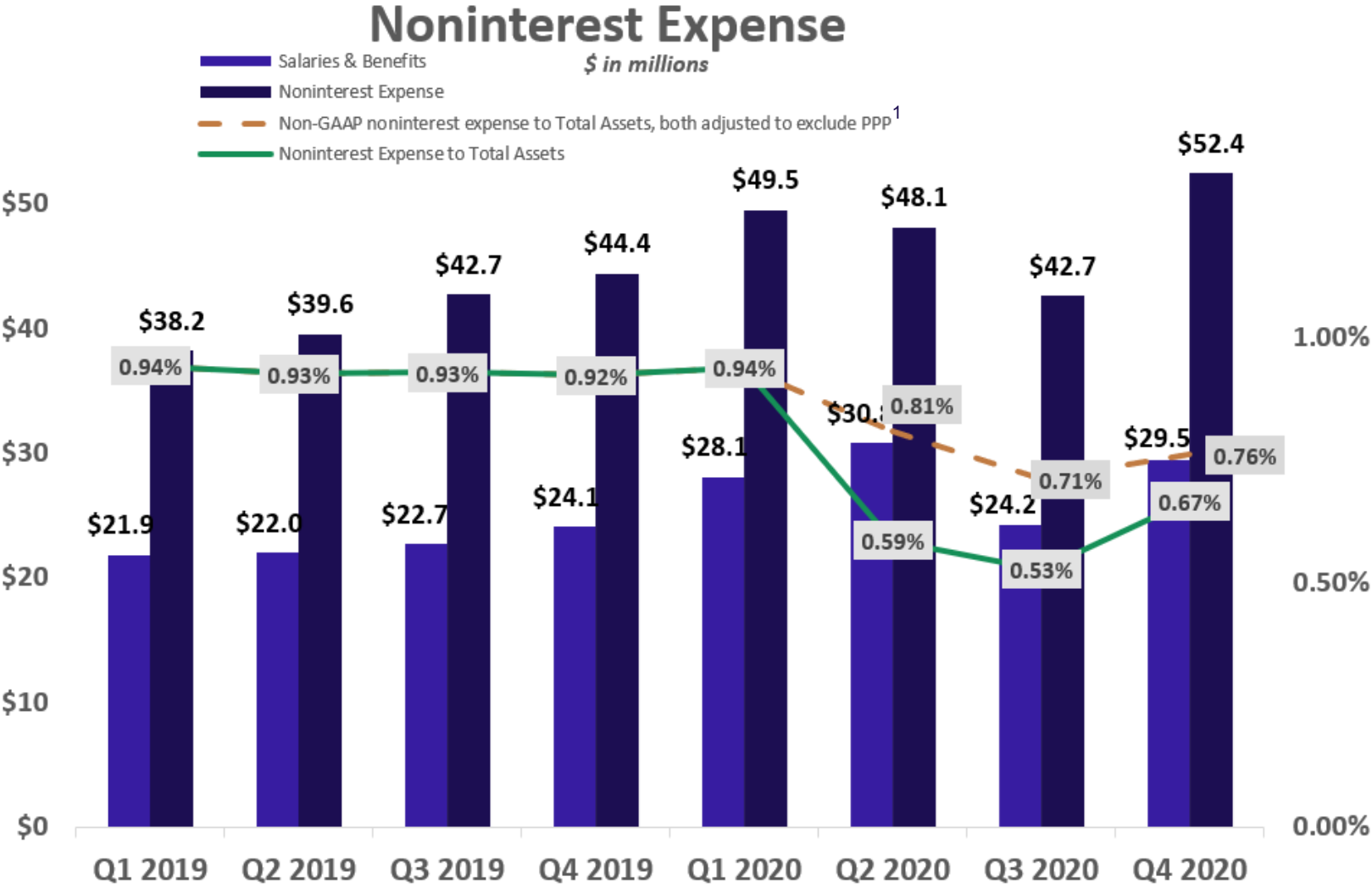
## USDA Guaranteed Loans

**\$111.2 million sold**

**\$136.9 million became eligible for sale**

**18.8% Retention**





**\$48.0**  
million

Non-GAAP noninterest expense, as adjusted for PPP activities<sup>1</sup>

**0.76%**

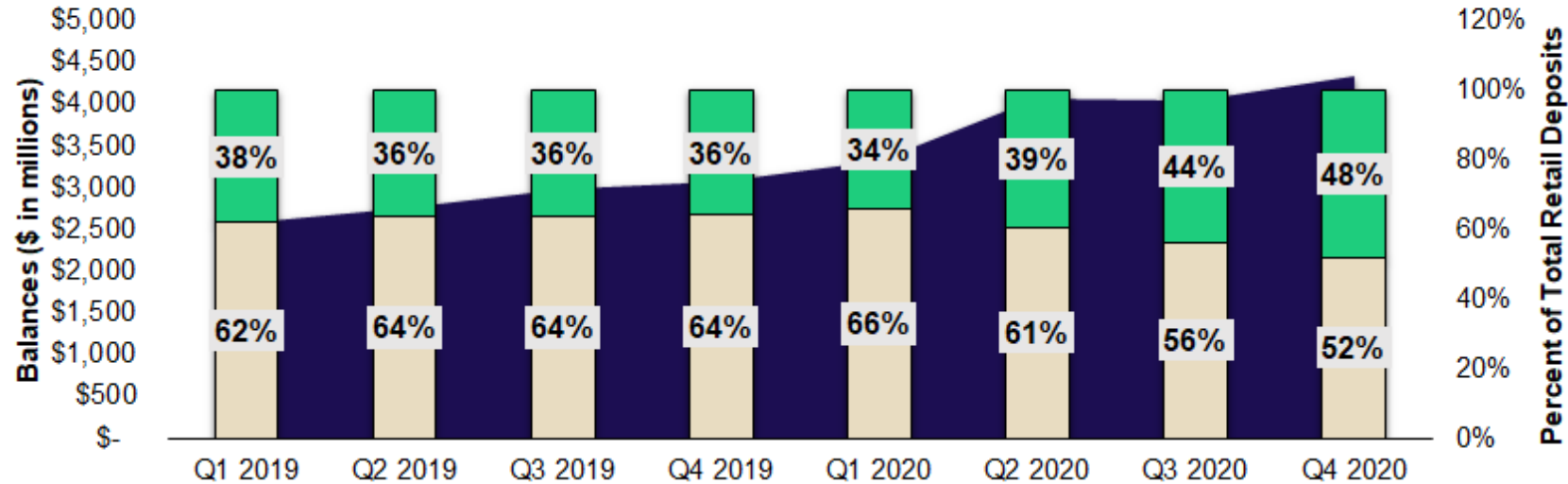
Non-GAAP noninterest expense, as adjusted for PPP activities to Total assets, as adjusted to exclude PPP activities<sup>1</sup>

1.) See Appendix for reconciliation of non-GAAP items to reported balances

# FUNDING MODEL EXCELS IN CURRENT ENVIRONMENT

## Retail Deposit Growth and Mix vs. Time

■ Total Retail Deposits   ■ Retail CDs   ■ Retail Savings



Retail Savings	2.11%	2.12%	2.01%	1.76%	1.66%	1.12%	0.71%	0.61%
<b>Cost of Funds</b>								
Retail CDs	2.57%	2.67%	2.67%	2.60%	2.36%	2.13%	2.00%	1.80%

**\$4.34**  
billion  
**Retail Deposits**  
As of December 31, 2020

**62.1**  
thousand  
**Open Accounts**  
As of December 31, 2020

**7**  
Basis points  
**Noninterest Cost of Funds<sup>1</sup>**  
Q4 2020

**95.0%**  
**Savings Account Retention**  
YTD 2020

**89%**  
**Retail Deposits Growth**  
Since Q4 2018

**57%**  
**Maturing CD Balance Retention**  
YTD 2020

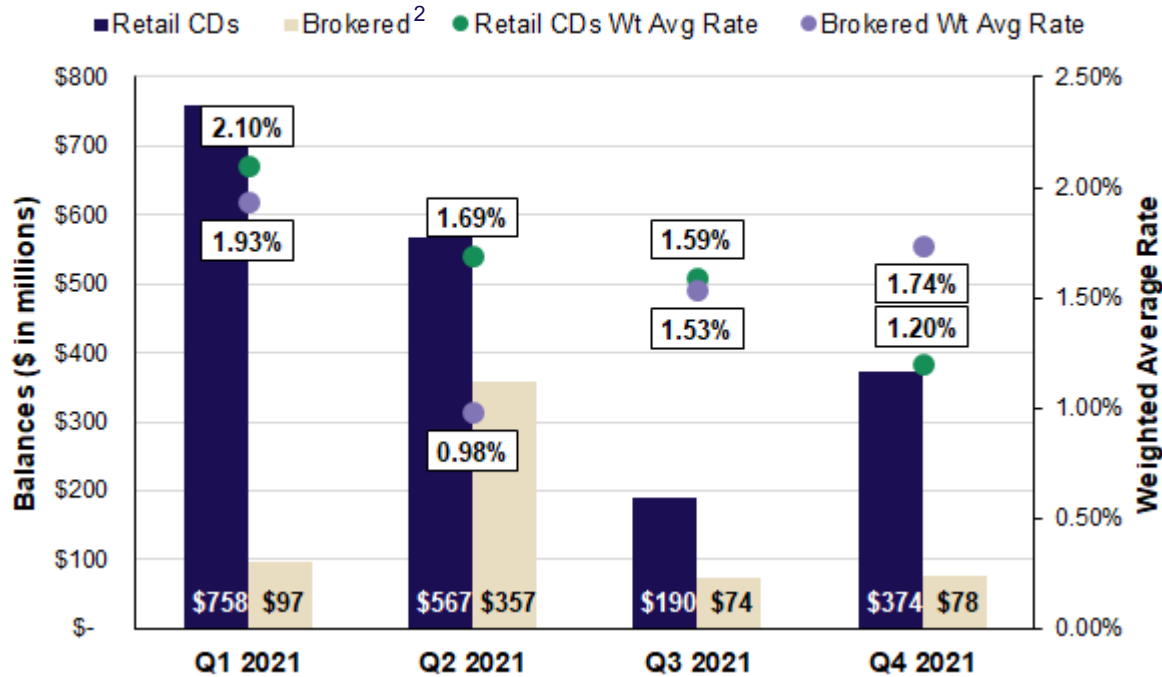
**0.60%**  
**Consumer and Business Savings**  
Offered Rate  
January 28, 2021

**0.65%**  
**1-Year CD**  
Offered Rate  
January 28, 2021

1.) See Appendix for Deposit Noninterest Cost of Funds

# DEPOSIT REPRICING CONTINUES

## Retail & Brokered Maturities - 2021 by Quarter



### Last 12 months: Deposit Repricing

- Consumer Savings rate reduced by 125bps to **0.60%**<sup>1</sup>
- 12-month CD (comprising 59% of the Retail CD portfolio balance) rate offering reduced by 150bps to **0.65%**<sup>1</sup>

### Through Q4 2021: Deposit Maturities (\$ in millions)

- Retail CD Portfolio: \$1,889 average maturing rate of 1.75%
- Brokered Portfolio: \$606 average maturing rate of 1.30%<sup>2</sup>

(\$ in millions)

#### Retail CDs

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Total
Maturing Balance	\$ 758	\$ 567	\$ 190	\$ 374	\$ 1,889
Wt Avg Maturing Rate	2.10%	1.69%	1.59%	1.20%	1.75%
Annualized Interest Expense Reduction at Renewal <sup>3</sup>	\$ (11)	\$ (6)	\$ (2)	\$ (2)	\$ (21)

#### Brokered CDs

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Total
Maturing Balance	\$ 97	\$ 107	\$ 74	\$ 78	\$ 356
Wt Avg Maturing Rate	1.93%	1.91%	1.53%	1.74%	1.80%
Annualized Interest Expense Reduction at Renewal <sup>4</sup>	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (4)

1.) As of January 15, 2021

2.) Includes \$250 million of Promontory ICS One-Way Buy maturing in April 2021

3.) Renewal rates as of January 15, 2021. Assumes maturing CDs renew into same term or are replaced by new accounts within same term. No change to overall term mix. Assumes weighted average renewal rate of 0.64%

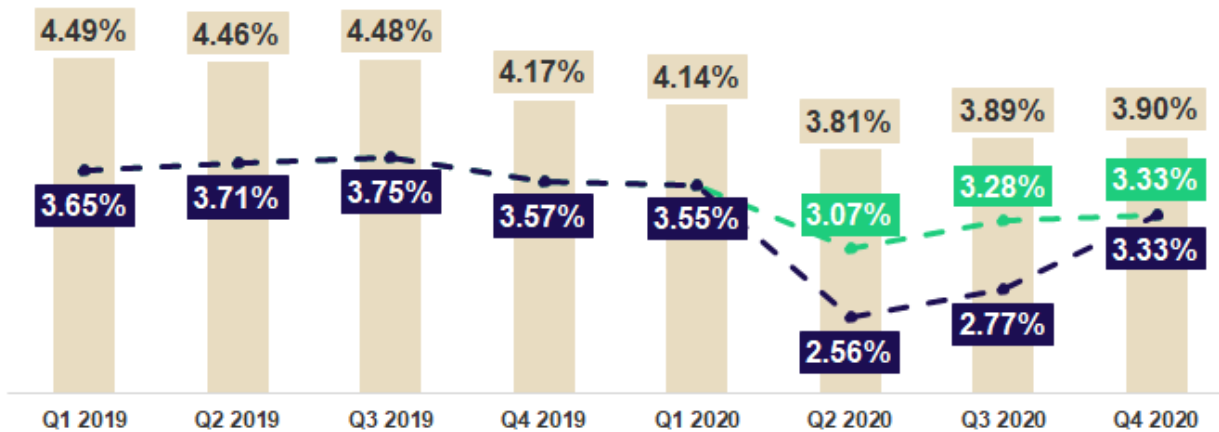
4.) Replacement rates on brokered CDs based on average of 1yr to 10yr funding, based on market rates as of January 11, 2021. Assumes weighted average renewal rate of 0.55%

# NIM EXPANSION & LIQUIDITY DEPLOYMENT

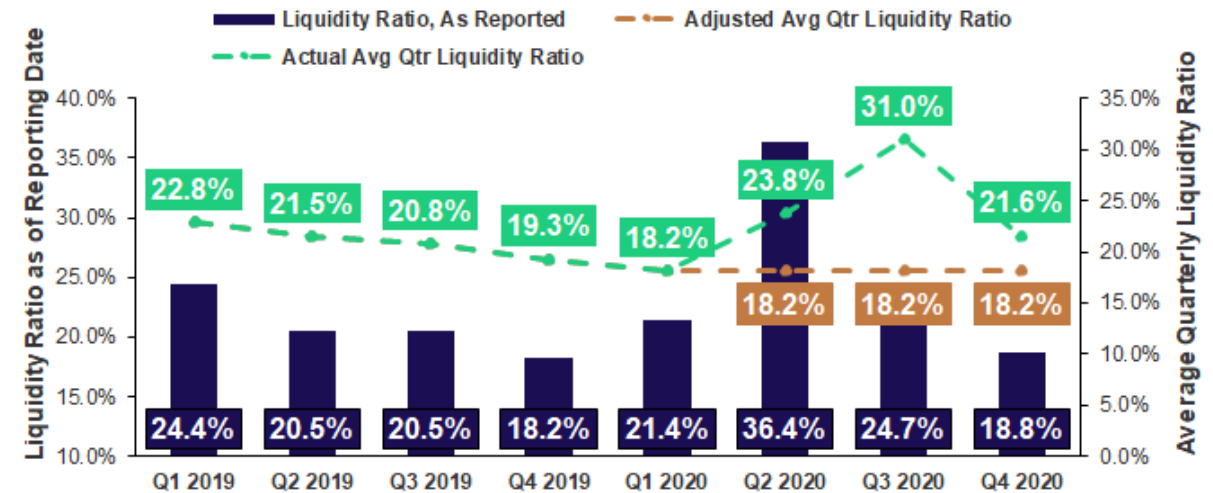
- NIM expansion driven by:
  - Continued excess liquidity deployment
  - PPP forgiveness and fee recognition
  - Deposit rate reductions
- Liquidity, as reported, returned to pre-PPP levels driven by strong H2 2020 loan production

NIM & Net Spread Trends - As Reported and Adjusted<sup>1</sup>

Net Spread<sup>2</sup> Core NIM NIM, As Reported



Liquidity Ratio Trends - As Reported and Adjusted<sup>1</sup>

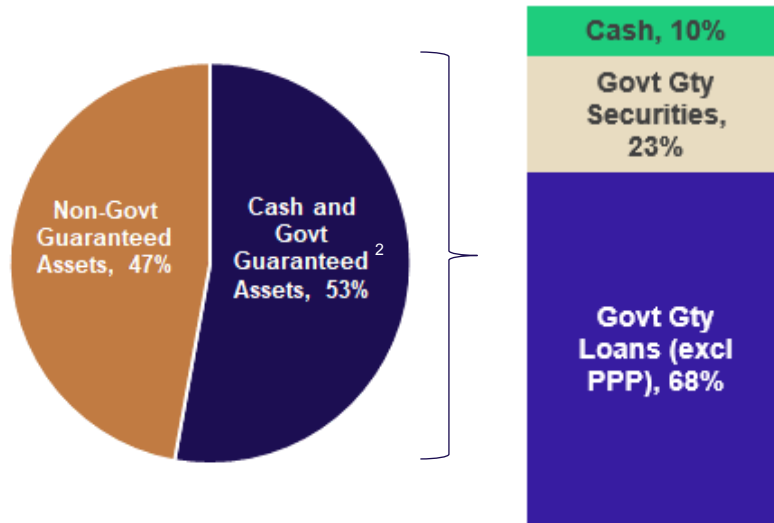


1.) Estimated Core NIM and Adjusted Average Quarterly Liquidity Ratio removes \$1.7 billion PPP/PPPLF impacts and related excess average liquidity. Adjusted Average Quarterly Liquidity is assumed to hold constant to Q1 2020

2.) Net Spread is calculated as average yield on interest-earning loans less average cost of funds on interest-bearing deposits. Net spread for Q2 2020 through Q4 2020 excludes \$1.7 billion PPP loans earning 1.00%

# CAPITAL & LIQUIDITY

## Government Guaranteed<sup>2</sup> vs. Non-Government Guaranteed Assets (as adjusted to exclude PPP activities)



**\$1.07**  
billion  
Cash & Investments

**\$2.27**  
billion  
Government  
Guaranteed Loans  
(excl. PPP)<sup>1</sup>

**\$1.68**  
billion  
Eligible for Sale  
Government  
Guaranteed Loans

**52.6%**  
Cash, Investments,  
Government Guaranteed  
Loans (excl. PPP)<sup>4</sup>  
to Total Assets (excl. PPP)<sup>4</sup>

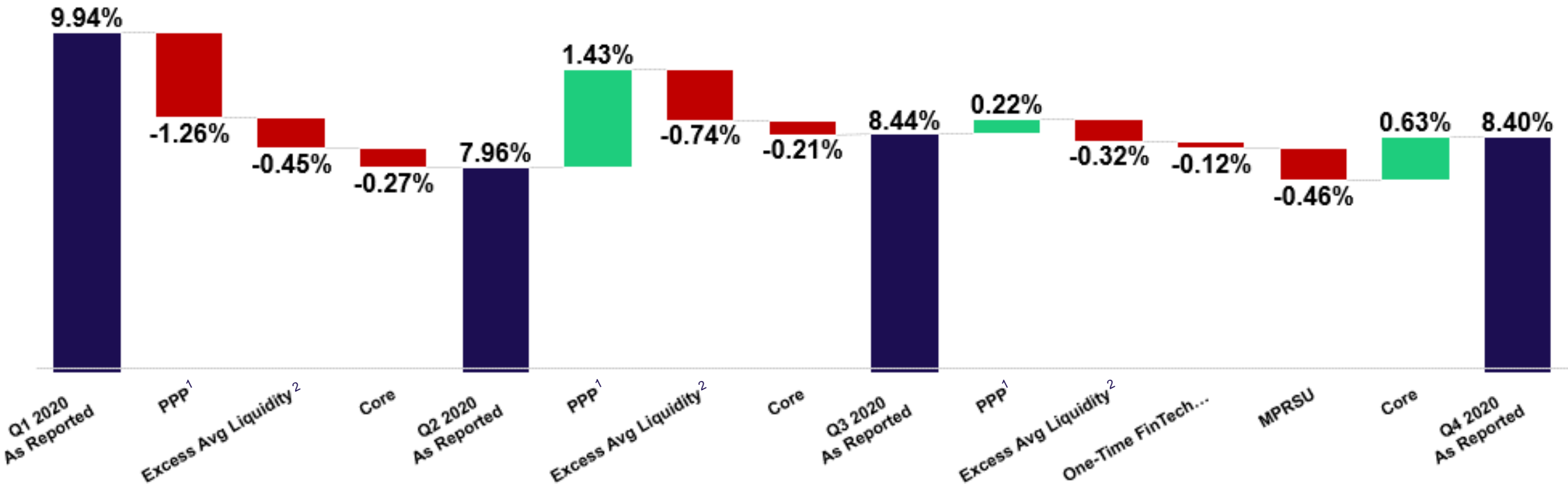
**12.2%**  
CET1 Capital Ratio

**18.8%**  
Liquidity Ratio<sup>3</sup>

- 1.) At amortized costs, excludes \$1.50 billion PPP loans at December 31, 2020. Government guaranteed loans including PPP loans totaled \$3.77 billion at December 31, 2020
- 2.) Government Guaranteed Assets includes securities backed by government sponsored entities and the guaranteed portion of net loans, excluding PPP loans on the balance sheet as of December 31, 2020
- 3.) Liquidity ratio is calculated as Net Cash and Short-Term Marketable Assets Divided by Net Deposits and Short-Term Liabilities
- 4.) Excludes \$1.50 billion PPP impact at December 31, 2020. The ratio of cash, investments, and government guaranteed loans including PPP loans to total assets including PPP loans is 61.5%

# TIER 1 LEVERAGE IMPACTS

HC Tier 1 Leverage Ratio - Q1 2020 to Q4 2020



1.) Average PPP loan balance exclusion from capital ratios dependent on average balance pledged to Federal Reserve's Payroll Protection Program Liquidity Facility. The Bank's average PPPLF balance in Q2 2020 was \$644 million, in Q3 2020 was \$1.73 billion, and in Q4 2020 was \$1.69 billion.  
2.) Estimated excess average liquidity as compared to Q1 2020.

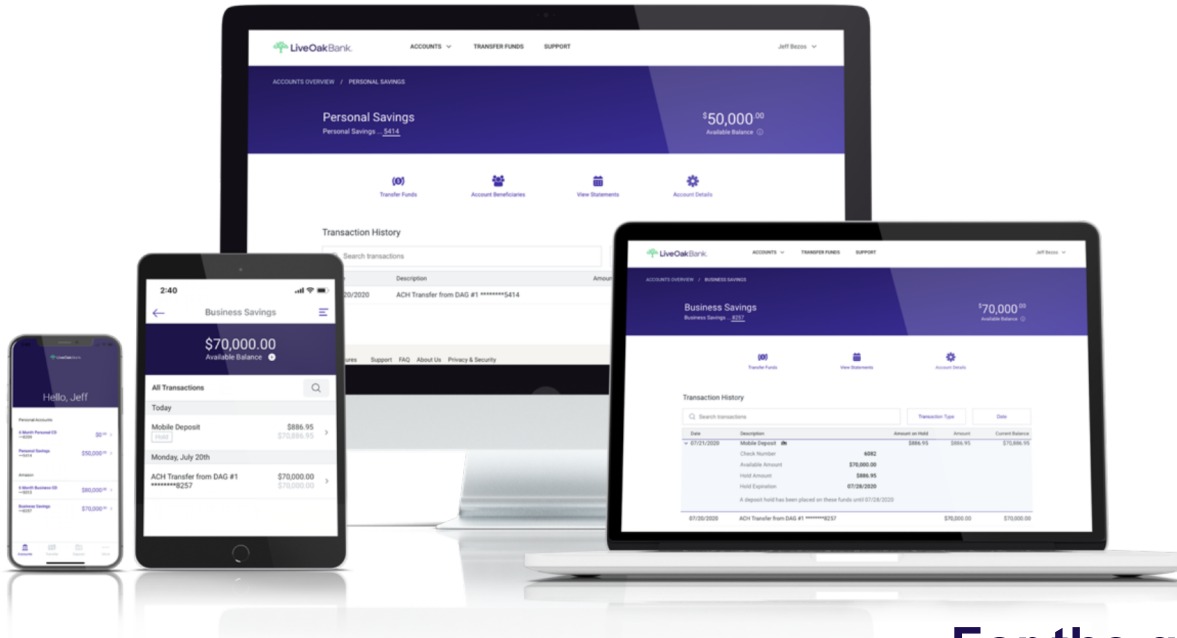


# HIGH PERFORMING BANK METRICS

					<u>Q3 2020</u>	<u>Trend</u>
Asset Size (\$ in billion)		\$ 7.0	\$7.87	\$ 8.0	\$8.09B	-
NIM	3.33%	3.50%		3.75%	2.77%	+
Noninterest Income to Total Income		30%		25%	47.8%	+
Efficiency Ratio <sup>1</sup>	71.7% 63.4%	60%			43.9%	-
ROA		1.25%	1.49%	1.75%	1.67%	-
ROE		15%	19.9%	20%	23.6%	-
Tier 1 Leverage	8.40%	8.5%		10%	8.44%	-

1.) See Appendix for reconciliation of non-GAAP items to reported balances

# NEW DEPOSIT PLATFORM UPDATE



**Small Business Savings  
& CDs Customers**

**Account Balance**

	For the quarter ended <u>Sep 30, 2020</u>	<u>Dec 31, 2020</u>
	<b>182</b>	<b>740</b>
	<b>\$12.1</b>	<b>\$61.6</b>
	million	million

# PLATFORM FOR GROWTH IN SMALL BUSINESS BANKING

31

## TODAY

- Extensive small business expertise
- Vertical knowledge
- Experience with most complex loan product
- Modern bank platform



## TOMORROW

- Small dollar lending
- Channel partnerships
- Payments
- Data / Actionable Insights



# APPENDIX

## FinTech Activities Impact on Consolidated Financials (\$ in thousands)

### Actuals for the year ended December 31, 2020

	Banking Activities	Apiture	Live Oak Ventures	Canapi Advisors	FinTech Activities	Other	Consolidated, as reported
Net interest income	\$ 194,992	\$ -	\$ -	\$ -	\$ -	\$ (269)	\$ 194,723
Provision for credit losses	40,658	-	-	-	-	-	40,658
Noninterest income (loss)	77,512	(11,398)	11,398	6,567	6,567	1,921	86,000
Noninterest expense	181,555	-	190	5,320	5,510	5,611	192,676
<b>Income (loss) before income tax expense</b>	<b>\$ 50,291</b>	<b>\$ (11,398)</b>	<b>\$ 11,208</b>	<b>\$ 1,247</b>	<b>\$ 1,057</b>	<b>\$ (3,959)</b>	<b>\$ 47,389</b>

### Actuals for the quarter ended December 31, 2020

Net interest income	\$ 62,346	\$ -	\$ -	\$ -	\$ -	\$ (45)	\$ 62,301
Provision for credit losses	8,634	-	-	-	-	-	8,634
Noninterest income (loss)	16,670	(7,868)	(871)	2,422	(6,317)	450	10,803
Noninterest expense	48,567	-	24	1,515	1,539	2,329	52,435
<b>Income (loss) before income tax expense</b>	<b>\$ 21,815</b>	<b>\$ (7,868)</b>	<b>\$ (895)</b>	<b>\$ 907</b>	<b>\$ (7,856)</b>	<b>\$ (1,924)</b>	<b>\$ 12,035</b>

### Actuals for the quarter ended September 30, 2020

Net interest income	\$ 51,389	\$ -	\$ -	\$ -	\$ -	\$ (26)	\$ 51,363
Provision for credit losses	10,274	-	-	-	-	-	10,274
Noninterest income (loss)	31,757	(902)	14,306	1,295	14,699	588	47,044
Noninterest expense	41,005	-	53	1,060	1,113	532	42,650
<b>Income (loss) before income tax expense</b>	<b>\$ 31,867</b>	<b>\$ (902)</b>	<b>\$ 14,253</b>	<b>\$ 235</b>	<b>\$ 13,586</b>	<b>\$ 30</b>	<b>\$ 45,483</b>

### Actuals for the quarter ended June 30, 2020

Net interest income	\$ 41,064	\$ -	\$ -	\$ -	\$ -	\$ (166)	\$ 40,898
Provision for credit losses	9,958	-	-	-	-	-	9,958
Noninterest income (loss)	23,121	(1,276)	(865)	1,206	(935)	225	22,411
Noninterest expense	45,296	-	54	1,314	1,368	1,436	48,100
<b>Income (loss) before income tax expense</b>	<b>\$ 8,931</b>	<b>\$ (1,276)</b>	<b>\$ (919)</b>	<b>\$ (108)</b>	<b>\$ (2,303)</b>	<b>\$ (1,377)</b>	<b>\$ 5,251</b>

### Actuals for the quarter ended March 31, 2020

Net interest income	\$ 40,193	\$ -	\$ -	\$ -	\$ -	\$ (32)	\$ 40,161
Provision for credit losses	11,792	-	-	-	-	-	11,792
Noninterest income (loss)	5,964	(1,352)	(1,172)	1,644	(880)	658	5,742
Noninterest expense	46,687	-	59	1,431	1,490	1,314	49,491
<b>Income (loss) before income tax expense</b>	<b>\$ (12,322)</b>	<b>\$ (1,352)</b>	<b>\$ (1,231)</b>	<b>\$ 213</b>	<b>\$ (2,370)</b>	<b>\$ (688)</b>	<b>\$ (15,380)</b>

### Actuals for the year ended December 31, 2019

Net interest income	\$ 139,724	\$ -	\$ 30	\$ -	\$ 30	\$ 328	\$ 140,082
Provision for credit losses	15,067	-	-	-	-	145	15,212
Noninterest income (loss)	64,034	(4,409)	231	1,742	(2,436)	1,921	63,519
Noninterest expense	152,227	-	418	6,660	7,078	5,619	164,924
<b>Income (loss) before income tax expense</b>	<b>\$ 36,464</b>	<b>\$ (4,409)</b>	<b>\$ (157)</b>	<b>\$ (4,918)</b>	<b>\$ (9,484)</b>	<b>\$ (3,515)</b>	<b>\$ 23,465</b>

### Actuals for the quarter ended December 31, 2019

Net interest income	\$ 37,937	\$ -	\$ -	\$ -	\$ -	\$ 74	\$ 38,011
Provision for credit losses	4,809	-	-	-	-	-	4,809
Noninterest income (loss)	20,060	(712)	(1,045)	1,555	(202)	267	20,125
Noninterest expense	41,861	-	87	1,472	1,559	990	44,410
<b>Income (loss) before income tax expense</b>	<b>\$ 11,327</b>	<b>\$ (712)</b>	<b>\$ (1,132)</b>	<b>\$ 83</b>	<b>\$ (1,761)</b>	<b>\$ (649)</b>	<b>\$ 8,917</b>

# APPENDIX

## Total Assets, as adjusted to exclude PPP activities

### Reconciliation of reported balances to exclude PPP activities

(\$ in thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Loans held for sale, as reported	966,447	996,050	976,594	1,190,200	1,175,470
Loans and leases held for investment, as reported	2,627,286	2,817,491	4,650,056	5,037,199	5,145,082
Less PPP loans	-	-	1,688,104	1,713,695	1,498,617
<b>Total loan and lease portfolio, excluding PPP</b>	<b>3,593,733</b>	<b>3,813,541</b>	<b>3,938,546</b>	<b>4,513,704</b>	<b>4,821,935</b>
<b>Outstanding balance of loans sold &amp; serviced</b>	<b>2,970,607</b>	<b>2,984,602</b>	<b>3,072,031</b>	<b>3,143,493</b>	<b>3,205,623</b>
<b>Managed portfolio, excluding PPP</b>	<b>6,564,340</b>	<b>6,798,143</b>	<b>7,010,577</b>	<b>7,657,197</b>	<b>8,027,558</b>
<b>a Total assets, as reported</b>	<b>4,812,828</b>	<b>5,273,569</b>	<b>8,209,154</b>	<b>8,093,381</b>	<b>7,872,303</b>
PPP-related activities:					
Cash and cash receivable	-	-	61,492	-	3,343
Loans, net of unearned	-	-	1,688,104	1,713,695	1,498,617
Allowance for credit losses	-	-	(1,565)	(2,636)	(2,297)
Accrued interest receivable	-	-	3,289	7,696	10,558
Estimated excess balance sheet liquidity arising from PPP	-	-	874,195	500,000	-
Total adjustments for PPP activities	-	-	2,625,514	2,218,756	1,510,221
<b>b Total Assets, as adjusted to exclude PPP</b>	<b>4,812,828</b>	<b>5,273,569</b>	<b>5,583,640</b>	<b>5,874,625</b>	<b>6,362,082</b>

# APPENDIX

## Reconciliation of reported balances to non-GAAP items

(\$ in thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2019	FY 2020
<b>Net interest income, as reported</b>	<b>38,011</b>	<b>40,161</b>	<b>40,898</b>	<b>51,363</b>	<b>62,301</b>	<b>140,082</b>	<b>194,723</b>
Less PPP loan interest income	-	-	3,317	4,403	4,269	-	11,989
Less loan deferred fees & costs amortized into interest income, net	-	-	5,380	9,183	13,310	-	27,873
Add estimated interest expense on funding activity to support PPP activities	-	-	1,808	2,815	2,354	-	6,977
<b>Net interest income, as adjusted for PPP activities</b>	<b>38,011</b>	<b>40,161</b>	<b>34,009</b>	<b>40,592</b>	<b>47,076</b>	<b>140,082</b>	<b>161,838</b>
<b>Total noninterest income, as reported</b>	<b>20,125</b>	<b>5,742</b>	<b>22,411</b>	<b>47,044</b>	<b>10,803</b>	<b>63,519</b>	<b>86,000</b>
Fair value adjustments:							
Add loan servicing asset revaluation loss (gain)	4,135	4,692	1,571	(2,061)	5,756	16,581	9,958
Add exchange-traded interest rate futures contracts loss (gain) <sup>(1)</sup>	(1,187)	3,209	(127)	(252)	(207)	2,994	2,623
Add net loss (gain) on loans accounted for under the fair value option	(1,432)	10,638	1,089	(3,403)	4,759	(7,408)	13,083
Add other losses (gains) on valuation adjustments <sup>(2)</sup>	227	176	(271)	(26)	1	35	(120)
<b>Total fair value adjustments</b>	<b>1,743</b>	<b>18,715</b>	<b>2,262</b>	<b>(5,742)</b>	<b>10,309</b>	<b>12,202</b>	<b>25,544</b>
Less gain on sale of aircraft	-	-	-	-	-	357	-
Add losses (gains) from FinTech Activities <sup>(3)</sup>	1,761	2,370	2,303	(13,586)	7,856	9,484	(1,057)
<b>Non-GAAP noninterest income</b>	<b>23,629</b>	<b>26,827</b>	<b>26,976</b>	<b>27,716</b>	<b>28,968</b>	<b>84,848</b>	<b>110,487</b>
Less sales revenue from co-developed processing technology	-	-	2,457	-	217	-	2,674
<b>Non-GAAP noninterest income, as adjusted for PPP activities</b>	<b>23,629</b>	<b>26,827</b>	<b>24,519</b>	<b>27,716</b>	<b>28,751</b>	<b>84,848</b>	<b>107,813</b>
<b>c Total noninterest expense, as reported</b>	<b>44,410</b>	<b>49,491</b>	<b>48,100</b>	<b>42,650</b>	<b>52,435</b>	<b>164,924</b>	<b>192,676</b>
Less loss on sale of aircraft	-	-	-	-	6	-	6
Less impairment on aircraft held for sale	-	-	-	1,019	244	-	1,263
Less renewable energy tax credit investment	-	-	-	-	-	602	-
Less compensation and payroll taxes related to restricted stock awards with market price conditions <sup>(4)</sup>	-	-	-	-	4,144	-	4,144
<b>Non-GAAP noninterest expense</b>	<b>44,410</b>	<b>49,491</b>	<b>48,100</b>	<b>41,631</b>	<b>48,041</b>	<b>164,322</b>	<b>187,263</b>
Less performance bonus related to PPP activities	-	-	7,150	-	-	-	7,150
Add deferred salary expense related to PPP activities	-	-	(4,171)	(79)	-	-	(4,250)
<b>d Non-GAAP noninterest expense, as adjusted for PPP activities</b>	<b>44,410</b>	<b>49,491</b>	<b>45,121</b>	<b>41,710</b>	<b>48,041</b>	<b>164,322</b>	<b>184,363</b>
Net interest income, as reported	38,011	40,161	40,898	51,363	62,301	140,082	194,723
Non-GAAP noninterest income	23,629	26,827	26,976	27,716	28,968	84,848	110,487
Non-GAAP noninterest expense	44,410	49,491	48,100	41,631	48,041	164,322	187,263
<b>Non-GAAP pre-tax pre-provision income</b>	<b>17,230</b>	<b>17,497</b>	<b>19,774</b>	<b>37,448</b>	<b>43,228</b>	<b>60,608</b>	<b>117,947</b>
Net interest income, as adjusted for PPP activities	38,011	40,161	34,009	40,592	47,076	140,082	161,838
Non-GAAP noninterest income, as adjusted for PPP activities	23,629	26,827	24,519	27,716	28,751	84,848	107,813
Non-GAAP noninterest expense, as adjusted for PPP activities	44,410	49,491	45,121	41,710	48,041	164,322	184,363
<b>Non-GAAP pre-tax pre-provision income, as adjusted for PPP activities</b>	<b>17,230</b>	<b>17,497</b>	<b>13,407</b>	<b>26,598</b>	<b>27,786</b>	<b>60,608</b>	<b>85,288</b>
<b>c/a Noninterest Expense, as reported to Total Assets, as reported</b>	<b>0.92%</b>	<b>0.94%</b>	<b>0.59%</b>	<b>0.53%</b>	<b>0.67%</b>		
<b>d/b Non-GAAP noninterest expense, as adjusted for PPP activities to Total Assets, as adjusted to exclude PPP</b>	<b>0.92%</b>	<b>0.94%</b>	<b>0.81%</b>	<b>0.71%</b>	<b>0.76%</b>		

1. Included as a component of the net gains on sales of loans on the income statement

2. Includes valuation losses related to equity security investments, equity warrant assets, and foreclosed assets

3. See Appendix "FinTech Activities Impact on Consolidated Financials"

4. Amount reflects accelerated stock compensation expense and related employer payroll taxes in the quarter of vesting



(\$ in thousands)

## Efficiency Ratio

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Noninterest Expense	44,410	49,491	48,100	42,650	52,435
Net Interest Income	38,011	40,161	40,898	51,363	62,301
Noninterest Income	20,125	5,742	22,411	47,044	10,803
Less: gain (loss) on sale of securities	528	(79)	734	1,225	-
Adjusted operating Revenue	<u>57,608</u>	<u>45,982</u>	<u>62,575</u>	<u>97,182</u>	<u>73,104</u>
<b>Efficiency Ratio</b>	<b>77.09%</b>	<b>107.63%</b>	<b>76.87%</b>	<b>43.89%</b>	<b>71.73%</b>

## Efficiency ratio adjusted for non-GAAP income, non-GAAP expense, and PPP activities<sup>1</sup>

Non-GAAP noninterest expense, as adjusted for PPP activities	44,410	49,491	45,121	41,710	48,041
Net interest income, as adjusted for PPP activities	38,011	40,161	34,009	40,592	47,076
Non-GAAP noninterest income, as adjusted for PPP activities	<u>23,629</u>	<u>26,827</u>	<u>24,519</u>	<u>27,716</u>	<u>28,751</u>
<b>Efficiency ratio adjusted for non-GAAP income, non-GAAP expense, and PPP activities</b>	<b>72.05%</b>	<b>73.88%</b>	<b>77.09%</b>	<b>61.06%</b>	<b>63.36%</b>

1. See preceding page of Appendix for reconciliation of non-GAAP items to reported balances

# DEPOSITS COF BREAKDOWN

	Three months ended December 31, 2020 (\$ in Thousands)	Twelve months ended December 31, 2020 (\$ in Thousands)
Interest	\$ 19,195	\$ 89,726
Personnel	677	2,682
Travel & Entertainment	-	4
Fraud Expense	-	-
Marketing Expense	(1)	303
Technology Expense	206	1,267
Other Expense	176	423
<b>Total Direct Deposit Expenses</b>	<b>\$ 20,253</b>	<b>\$ 94,405</b>
<b>Average Deposit Balances</b>	<b>\$ 5,549,391</b>	<b>\$ 5,310,409</b>
	Annualized Cost of Funds Three months ended December 31, 2020	Cost of Funds Twelve months ended December 31, 2020
Interest	1.37%	1.69%
Personnel	0.05%	0.05%
Travel & Entertainment	0.00%	0.00%
Fraud Expense	0.00%	0.00%
Marketing Expense	0.00%	0.01%
Technology Expense	0.01%	0.02%
Other Expense	0.01%	0.01%
<b>Cost of Funds % including Deposits Department</b>	<b>1.44%</b>	<b>1.78%</b>
<b>Direct Noninterest Cost of Funds</b>	<b>0.07%</b>	<b>0.09%</b>