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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 26, 2023

PATHWARD FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**0-22140**	**42-1406262**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5501 South Broadband Lane, Sioux Falls, South Dakota 57108
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(877) 497-7497**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d- 2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

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, $.01 par value	CASH	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☐

Item 2.02 Results of Operations and Financial Condition.

On July 26, 2023, the Registrant issued a press release announcing its results of operations and financial condition as of and for the three and nine months ended June 30, 2023. A copy of the press release is attached as Exhibit 99.1 to this report and is incorporated into this Item 2.02 by reference.

The information in this Item 2.02, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities thereof, nor shall it be deemed to be incorporated by reference in any filing under the Exchange Act or under the Securities Act of 1933, as amended (the "Securities Act"), except to the extent specifically provided in any such filing.

Item 7.01 Regulation FD Disclosure.

Information is being furnished herein in Exhibit 99.2 with respect to the Quarterly Investor Update slide presentation prepared for use in connection with the Company's conference call and earnings webcast for the third quarter of fiscal 2023. The Quarterly Investor Update slide presentation is dated July 26, 2023 and the Company does not undertake to update the materials after that date. This presentation is also available under the Presentations link in the Investor Relations - Events & Presentations section of the Company's website at https://pathwardfinancial.com.

The information in this Item 7.01, including Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities thereof, nor shall it be deemed to be incorporated by reference in any filing under the Exchange Act or under the Securities Act, except to the extent specifically provided in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description of Exhibit
99.1	Press Release of Pathward Financial, Inc., dated July 26, 2023 regarding the results of operations and financial condition.
99.2	Quarterly Investor Update slide presentation for the Third Quarter of Fiscal Year 2023, dated July 26, 2023, prepared for use with the Press Release.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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 hereunto duly authorized.

PATHWARD FINANCIAL, INC.

Date: July 26, 2023

By: /s/ Glen W. Herrick
Glen W. Herrick
Executive Vice President and Chief Financial Officer

Exhibit 99.1

PATHWARD FINANCIAL, INC. ANNOUNCES RESULTS FOR 2023 FISCAL THIRD QUARTER

Sioux Falls, S.D., July 26, 2023 - Pathward Financial, Inc. (“Pathward Financial” or the “Company”) (Nasdaq: CASH) reported net income of $45.1 million, or $1.68 per share, for the three months ended June 30, 2023, compared to net income of $22.4 million, or $0.76 per share, for the three months ended June 30, 2022. For the same period of the prior year, the Company recognized adjusted net income of $27.3 million, or $0.93 per share when excluding the impact of rebranding and separation expenses. See non-GAAP reconciliation table below.

CEO Brett Pharr said, “This quarter, Pathward once again produced solid results, consistent with our performance thus far in fiscal year 2023. Our results were driven by growth in net interest income and noninterest income compared to the same quarter in fiscal year 2022, with our net interest margin increasing to 6.18%. Our differentiated business model continues to deliver due to our stable deposit base and healthy commercial finance portfolio. Based on this performance, we are increasing our fiscal year 2023 GAAP earnings per diluted share guidance to $5.60 to $6.00 and introducing fiscal year 2024 GAAP earnings per diluted share guidance of $6.10 to $6.60.”

Company Highlights

- The Company launched a new line of credit for consumers with Propel Holdings Inc. and paired with Clair to offer spending and savings accounts as well as earned wage advances. Additionally, the Company announced a new partnership where it has become the banking partner to Finix to support their launch as a payments processor.
- On July 24, 2023, the Company published its third annual ESG report, which can be found on its website. The report documents the Company's progress over fiscal year 2022 showing the implementation plans, programs and policies that built on its culture as well as the Company's purpose to power Financial Inclusion for All.

Financial Highlights for the 2023 Fiscal Third Quarter

- Total revenue for the third quarter was $165.2 million, an increase of $39.1 million, or 31%, compared to the same quarter in fiscal 2022, driven by an increase in both net interest income and noninterest income.
- Net interest margin ("NIM") increased 142 basis points to 6.18% for the third quarter from 4.76% during the same period of last year primarily driven by increased yields and an improved earnings asset mix from the continued optimization of the portfolio.
- Total gross loans and leases at June 30, 2023 increased $384.3 million to $4.07 billion, compared to June 30, 2022 and increased $347.3 million, or 9%, when compared to March 31, 2023. The increase compared to the prior year quarter was primarily due to growth in the commercial finance portfolio, partially offset by a reduction in consumer finance loans driven by the sale of the $81.5 million student loan portfolio during the fiscal 2022 fourth quarter and a reduction in warehouse finance loans. The primary drivers for the increase on a linked quarter basis was growth in both commercial finance and consumer finance loans.
- During the 2023 fiscal third quarter, the Company repurchased 490,120 shares of common stock at an average share price of $43.83. An additional 248,550 shares of common stock at an average price of $50.23 were repurchased in July 2023 through July 21, 2023. As of July 21, 2023, there are 1,729,613 shares available for repurchase under the common stock share repurchase program announced during the fourth quarter of fiscal year 2021.

- The Company is raising fiscal year 2023 GAAP earnings per diluted share guidance to a range of $5.60 to $6.00. The Company is also introducing fiscal year 2024 GAAP earnings per diluted share guidance in the range of $6.10 to $6.60. See Outlook section below.

Tax Season Recap

For the nine months ended June 30, 2023, total tax services product revenue was $79.7 million, a decrease of 3% compared to the same period of the prior year. This was driven by a decrease in refund advance fee income partially offset by an increase in refund transfer fee income. Provision expense for refund advances increased 17% compared to the prior year. This increase was due to a mix shift from partnership channels to independent tax providers, which was expected.

Total tax services product income, net of losses and direct product expenses, decreased 19% to $35.3 million from $43.5 million, when comparing the first nine months of fiscal 2023 to the same period of the prior fiscal year. The overall decrease in tax services product income was primarily due to higher provision expense and the two tax partners that the Company did not renew heading into the 2023 tax season, as previously disclosed.

Net Interest Income

Net interest income for the third quarter of fiscal 2023 was $97.5 million, an increase of 35% from the same quarter in fiscal 2022. The increase was mainly attributable to increased yields, higher interest-earning asset balances and an improved earning asset mix.

The Company's average interest-earning assets for the third fiscal quarter increased by $244.4 million to $6.33 billion compared with the same quarter in fiscal 2022, primarily due to growth in loans and leases and an increase in total investment balances, partially offset by a decrease in cash balances. The third quarter average outstanding balance of loans and leases increased $171.6 million compared to the same quarter of the prior fiscal year, primarily due to an increase in commercial finance loans, partially offset by decreases in consumer finance loans, warehouse finance loans, and tax services loans.

Fiscal 2023 third quarter NIM increased to 6.18% from 4.76% in the third fiscal quarter of last year. When including contractual card processing expense, NIM would have been 4.88% in the fiscal 2023 third quarter compared to 4.62% during the fiscal 2022 third quarter. The overall reported tax-equivalent yield ("TEY") on average earning asset yields increased 142 basis points to 6.31% compared to the prior year quarter, driven by an increase in loan and lease, investment securities and cash yields. The yield on the loan and lease portfolio was 8.31% compared to 6.69% for the comparable period last year and the TEY on the securities portfolio was 2.96% compared to 2.14% over that same period.

The Company's cost of funds for all deposits and borrowings averaged 0.13% during the fiscal 2023 third quarter, as compared to 0.12% during the prior year quarter. The Company's overall cost of deposits was 0.01% in the fiscal third quarter of 2023, as compared to 0.01% during the prior year quarter. When including contractual card processing expense, the Company's overall cost of deposits was 1.41% in the fiscal 2023 third quarter, as compared to 0.16% during the prior year quarter.

Noninterest Income

Fiscal 2023 third quarter noninterest income increased to $67.7 million, compared to $54.0 million for the same period of the prior year. The increase was primarily attributable to increases in card and deposit fees, rental income and other income. The period-over-period increase was partially offset by a reduction in tax services fee income.

The increase in card and deposit fee income was primarily from servicing fee income on off-balance sheet deposits, which totaled $14.6 million during the 2023 fiscal third quarter, as compared to $18.2 million for the fiscal quarter ended March 31, 2023 and $0.5 million for the fiscal quarter ended June 30, 2022.

Noninterest Expense

Noninterest expense increased 19% to $114.6 million for the fiscal 2023 third quarter, from $96.7 million for the same quarter last year. The increase was primarily attributable to increases in card processing expense, compensation expense, other expense, impairment expense, and operating lease equipment depreciation. The period-over-period increase was partially offset by a decrease in legal and consulting expense and tax services expense. During the third quarter of fiscal year 2023, the Company recognized $2.7 million of impairment expense related to an investment in its Pathward Venture Capital business.

The card processing expense increase was due to structured agreements with Banking as a Service ("BaaS") partners. The amount of expense paid under those agreements is based on an agreed upon rate index that varies depending on the deposit levels, floor rates, market conditions, and other performance conditions. Generally this rate index averages between 50% to 85% of the Effective Federal Funds Rate ("EFFR") and reprices immediately upon a change in the EFFR. Approximately 48% of the deposit portfolio was subject to these higher card processing expenses during the 2023 fiscal third quarter. For the fiscal quarter ended June 30, 2023, card processing expenses related to these structured agreements were $20.5 million, as compared to $20.4 million for the fiscal quarter ended March 31, 2023 and $2.2 million for the fiscal quarter ended June 30, 2022.

Income Tax Expense

The Company recorded an income tax expense of $3.2 million, representing an effective tax rate of 6.6%, for the fiscal 2023 third quarter, compared to income tax expense of $7.0 million, representing an effective tax rate of 22.6%, for the third quarter last fiscal year. The current quarter decrease in income tax expense was primarily due to an increase in investment tax credits recognized ratably when compared to the prior year quarter.

The Company originated $21.4 million in renewable energy leases during the fiscal 2023 third quarter, resulting in $5.8 million in total net investment tax credits. During the third quarter of fiscal 2022, the Company originated $4.4 million in renewable energy leases resulting in $1.0 million in total net investment tax credits. Investment tax credits related to renewable energy leases are recognized ratably based on income throughout each fiscal year. For the nine months ended June 30, 2023, the Company originated $50.9 million in renewable energy leases, compared to $26.9 million for the comparable prior year period. The timing and impact of future renewable energy tax credits are expected to vary from period to period, and the Company intends to undertake only those tax credit opportunities that meet the Company's underwriting and return criteria.

Outlook

The following forward-looking statements reflect the Company's expectations as of the date of this release and are subject to substantial uncertainty. The Company's results may be materially affected by many factors, such as changes in economic conditions and customer demand, changes in interest rates, adverse developments in the financial services industry generally, inflation, competition, and other factors detailed below under "Forward-looking Statements." Because the Company's reported GAAP results include certain income and expense items that are not expected to continue indefinitely and may include additional elements that the Company cannot currently predict, the Company is also providing guidance on a non-GAAP or "adjusted" basis for fiscal year 2023. The Company is not currently aware of any such income or expense items expected to impact fiscal year 2024.

The Company is raising its fiscal year 2023 GAAP earnings per diluted share guidance and expects it to be in the range of $5.60 to $6.00. The Company expects its effective tax rate to range between 10% and 14% for fiscal year 2023. When adjusting for gain on sale of trademarks and rebrand related expenses, the Company expects fiscal year 2023 adjusted earnings per share to be in the range of $5.45 to $5.85. See non-GAAP reconciliation table below.

The Company is also introducing fiscal year 2024 GAAP earnings per diluted share guidance in the range of $6.10 to $6.60. As part of this guidance, the Company expects that its annual effective tax rate in fiscal year 2024 will range between 16% and 20%.

Investments, Loans and Leases

(Dollars in thousands)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Total investments	**$ 1,951,996**	**$ 1,864,276**	**$ 1,888,343**	**$ 1,924,551**	**$ 2,000,400**
Loans held for sale					
Term lending	3,000	—	—	—	—
SBA/USDA	—	—	—	—	43,861
Consumer credit products	84,351	24,780	17,148	21,071	23,710
Total loans held for sale	**87,351**	**24,780**	**17,148**	**21,071**	**67,571**
Term lending	1,253,841	1,235,453	1,160,100	1,090,289	1,047,764
Asset based lending	373,160	377,965	359,516	351,696	402,506
Factoring	351,133	338,884	338,594	372,595	408,777
Lease financing	201,996	170,645	189,868	210,692	218,789
Insurance premium finance	666,265	437,700	436,977	479,754	481,219
SBA/USDA	422,389	405,612	357,084	359,238	215,510
Other commercial finance	171,954	166,402	164,734	159,409	173,338
Commercial finance	**3,440,738**	**3,132,661**	**3,006,873**	**3,023,673**	**2,947,903**
Consumer credit products	175,158	120,739	130,750	144,353	152,106
Other consumer finance	24,963	27,909	56,180	25,306	107,135
Consumer finance	**200,121**	**148,648**	**186,930**	**169,659**	**259,241**
Tax services	**47,194**	**61,553**	**30,364**	**9,098**	**41,627**
Warehouse finance	**380,458**	**377,036**	**279,899**	**326,850**	**434,748**
Total loans and leases	**4,068,511**	**3,719,898**	**3,504,066**	**3,529,280**	**3,683,519**
Net deferred loan origination costs	4,388	5,718	5,664	7,025	5,047
Total gross loans and leases	**4,072,899**	**3,725,616**	**3,509,730**	**3,536,305**	**3,688,566**
Allowance for credit losses	(81,916)	(84,304)	(52,592)	(45,947)	(75,206)
Total loans and leases, net	**$ 3,990,983**	**$ 3,641,312**	**$ 3,457,138**	**$ 3,490,358**	**$ 3,613,360**

The Company's investment security balances at June 30, 2023 totaled $1.95 billion, as compared to $1.86 billion at March 31, 2023 and $2.00 billion at June 30, 2022.

Total gross loans and leases totaled $4.07 billion at June 30, 2023, as compared to $3.73 billion at March 31, 2023 and $3.69 billion at June 30, 2022. The primary driver for the increase on a linked quarter basis was due to increases in commercial finance, consumer finance, and warehouse finance, partially offset by a decrease in seasonal tax services loans. The year-over-year increase was primarily due to an increase in commercial finance loans and tax services loans, partially offset by a reduction in consumer finance loans driven by the sale of the student loan portfolio during the fiscal 2022 fourth quarter and a reduction in warehouse finance loans.

Commercial finance loans, which comprised 85% of the Company's loan and lease portfolio, totaled $3.44 billion at June 30, 2023, reflecting an increase of $308.1 million, or 10%, from March 31, 2023 and an increase of $492.8 million, or 17%, from June 30, 2022. The increase in commercial finance loans on linked quarter basis was primarily driven by a $228.6 million increase in the insurance premium finance portfolio. The increase in commercial finance loans when comparing the current period to the same period of the prior year was primarily driven by increases in the SBA/USDA, insurance premium finance, and term lending portfolios, partially offset by reductions in the factoring, asset-based lending, and lease financing portfolios.

Asset Quality

The Company's allowance for credit losses ("ACL") totaled $81.9 million at June 30, 2023, a decrease compared to $84.3 million at March 31, 2023 and an increase compared to $75.2 million at June 30, 2022. The decrease in the ACL at June 30, 2023, when compared to March 31, 2023, was primarily due to a $1.3 million decrease in the allowance related to the commercial finance portfolio and a $1.1 million decrease in the allowance related to the consumer finance portfolio.

The $6.7 million year-over-year increase in the ACL was primarily driven by a $10.5 million increase in the allowance related to the seasonal tax services portfolio and a $0.7 million increase in the allowance related to the commercial finance portfolio, partially offset by a decrease of $4.5 million in the allowance related to the consumer finance portfolio. The year-over-year increase in the allowance related to the seasonal tax services portfolio was primarily attributable to prior year charge-off activity related to a partner the Company did not renew after the 2022 tax season. The year-over-year decrease in the allowance related to the consumer finance portfolio was primarily attributable to the sale of the student loan portfolio during the fourth quarter of fiscal 2022.

The following table presents the Company's ACL as a percentage of its total loans and leases.

	As of the Period Ended				
(Unaudited)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Commercial finance	1.35 %	1.53 %	1.62 %	1.46 %	1.56 %
Consumer finance	0.92 %	1.99 %	1.54 %	0.86 %	2.44 %
Tax services	70.20 %	53.77 %	2.01 %	0.05 %	54.29 %
Warehouse finance	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %
Total loans and leases	2.01 %	2.27 %	1.50 %	1.30 %	2.04 %
Total loans and leases excluding tax services	1.21 %	1.40 %	1.50 %	1.30 %	1.44 %

The Company's ACL as a percentage of total loans and leases decreased to 2.01% at June 30, 2023 from 2.27% at March 31, 2023. The decrease in the total loans and leases coverage ratio was primarily driven by the commercial finance and consumer finance portfolios, partially offset by an increase in the seasonal tax services portfolio. The decrease in the consumer finance portfolio was related to seasonal activity. The Company expects to continue to diligently monitor the ACL and adjust as necessary in future periods to maintain an appropriate and supportable level.

Activity in the allowance for credit losses for the periods presented was as follows.

(Unaudited)	Three Months Ended			Nine Months Ended	
(Dollars in thousands)	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Beginning balance	$ 84,304	$ 52,592	$ 88,552	$ 45,947	$ 68,281
Provision (reversal of) - tax services loans	(229)	31,422	(166)	32,830	28,093
Provision (reversal of) - all other loans and leases	2,059	5,264	(982)	15,549	3,386
Charge-offs - tax services loans	(404)	—	(7,998)	(2,135)	(8,253)
Charge-offs - all other loans and leases	(5,597)	(6,625)	(6,346)	(14,931)	(23,366)
Recoveries - tax services loans	671	1,063	6	2,432	2,757
Recoveries - all other loans and leases	1,112	588	2,140	2,224	4,308
Ending balance	$ 81,916	$ 84,304	$ 75,206	$ 81,916	$ 75,206

The Company recognized a provision for credit losses of $1.8 million for the quarter ended June 30, 2023, compared to a reversal of provision for credit losses expense of $1.3 million for the comparable period in the prior fiscal year. The increase in provision for credit losses during the current quarter compared to the prior year period was primarily driven by increases in the commercial finance portfolio. Net charge-offs were $4.2 million for the quarter ended June 30, 2023, compared to $12.2 million for the quarter ended June 30, 2022. Net charge-offs attributable to the commercial finance and consumer finance portfolios for the current quarter were $2.6 million and $1.9 million, respectively, while a recovery of $0.3 million was recognized in the tax services portfolio.

The Company's past due loans and leases were as follows for the periods presented.

As of June 30, 2023	Accruing and Nonaccruing Loans and Leases						Nonperforming Loans and Leases		
(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans and Leases Receivable	> 89 Days Past Due and Accruing	Nonaccrual Balance	Total
Loans held for sale	$ 10	$ —	$ —	$ 10	$ 87,341	$ 87,351	$ —	$ —	$ —
Commercial finance	35,344	5,934	13,720	54,998	3,385,740	3,440,738	6,542	30,170	36,712
Consumer finance	2,538	2,050	2,087	6,675	193,446	200,121	2,087	—	2,087
Tax services	—	47,194	—	47,194	—	47,194	—	—	—
Warehouse finance	—	—	—	—	380,458	380,458	—	—	—
Total loans and leases held for investment	37,882	55,178	15,807	108,867	3,959,644	4,068,511	8,629	30,170	38,799
Total loans and leases	$ 37,892	$ 55,178	$ 15,807	$ 108,877	$ 4,046,985	$ 4,155,862	$ 8,629	$ 30,170	$ 38,799

As of March 31, 2023	Accruing and Nonaccruing Loans and Leases						Nonperforming Loans and Leases		
(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans and Leases Receivable	> 89 Days Past Due and Accruing	Nonaccrual Balance	Total
Loans held for sale	$ —	$ —	$ —	$ —	$ 24,780	$ 24,780	$ —	$ —	$ —
Commercial finance	34,065	4,159	11,125	49,349	3,083,312	3,132,661	5,724	19,585	25,309
Consumer finance	3,261	3,857	3,217	10,335	138,313	148,648	3,217	—	3,217
Tax services	639	—	—	639	60,914	61,553	—	—	—
Warehouse finance	—	—	—	—	377,036	377,036	—	—	—
Total loans and leases held for investment	37,965	8,016	14,342	60,323	3,659,575	3,719,898	8,941	19,585	28,526
Total loans and leases	$ 37,965	$ 8,016	$ 14,342	$ 60,323	$ 3,684,355	$ 3,744,678	$ 8,941	$ 19,585	$ 28,526

The Company's nonperforming assets at June 30, 2023 were $40.8 million, representing 0.55% of total assets, compared to $30.1 million, or 0.44% of total assets at March 31, 2023 and $26.8 million, or 0.40% of total assets at June 30, 2022.

The Company's nonperforming loans and leases at June 30, 2023, were $38.8 million, representing 0.93% of total gross loans and leases, compared to $28.5 million, or 0.76% of total gross loans and leases at March 31, 2023 and $26.6 million, or 0.71% of total gross loans and leases at June 30, 2022.

The increase in the nonperforming assets as a percentage of total assets at June 30, 2023 compared to March 31, 2023, was driven by an increase in nonperforming loans in the commercial finance portfolio, primarily due to one sizable relationship moving to nonaccrual during the current quarter. The increase was partially offset by a decrease in nonperforming loans in the consumer finance portfolio. When comparing the current period to the same period of the prior year, the increase in nonperforming assets was due to an increase in nonperforming loans in the commercial finance portfolio, partially offset by a decrease in nonperforming loans in the consumer finance portfolio.

The Company has various portfolios of consumer lending and tax services loans that present unique risks that are statistically managed. Due to the unique risks associated with these portfolios, the Company monitors other credit quality indicators in their evaluation of the appropriateness of the allowance for credit losses on these portfolios, and as such, these loans are not included in the asset classification table below. The Company's loans and leases held for investment by asset classification were as follows for the periods presented.

	Asset Classification					
(Dollars in thousands)	Pass	Watch	Special Mention	Substandard	Doubtful	Total
As of June 30, 2023						
Commercial finance	$ 2,692,865	$ 459,885	$ 84,450	$ 189,743	$ 13,795	$ 3,440,738
Warehouse finance	380,458	—	—	—	—	380,458
Total loans and leases	$ 3,073,323	$ 459,885	$ 84,450	$ 189,743	$ 13,795	$ 3,821,196

	Asset Classification					
(Dollars in thousands)	Pass	Watch	Special Mention	Substandard	Doubtful	Total
As of March 31, 2023						
Commercial finance	$ 2,405,837	$ 426,543	$ 64,560	$ 230,029	$ 5,692	$ 3,132,661
Warehouse finance	377,036	—	—	—	—	377,036
Total loans and leases	$ 2,782,873	$ 426,543	$ 64,560	$ 230,029	$ 5,692	$ 3,509,697

Deposits, Borrowings and Other Liabilities

Total average deposits for the fiscal 2023 third quarter increased by $154.2 million to $5.90 billion compared to the same period in fiscal 2022. The increase in average deposits was primarily due to increases in noninterest bearing deposits and money market deposits, partially offset by a decrease in savings deposits, wholesale deposits, and time deposits.

The average balance of total deposits and interest-bearing liabilities was $6.01 billion for the three-month period ended June 30, 2023, compared to $5.81 billion for the same period in the prior fiscal year, representing an increase of 3%.

Total end-of-period deposits increased 10% to $6.31 billion at June 30, 2023, compared to $5.71 billion at June 30, 2022. The increase in end-of-period deposits was primarily driven by increases in noninterest-bearing deposits of $562.3 million and money market deposits of $45.1 million, partially offset by decreases in savings deposits of $7.8 million, certificate of deposits of $2.7 million, and wholesale deposits of $0.9 million.

As of June 30, 2023, the Company had $966.6 billion in deposits related to government stimulus programs. Of the total amount of government stimulus program deposits, $349.4 million are on activated cards while $617.2 million are on inactivated cards. Between July 2023 and the end of fiscal year 2024, these card balances are expected to decrease by approximately $450 million as the Company actively returns unclaimed balances to the U.S. Treasury.

As of June 30, 2023, the Company managed $781 million of customer deposits at other banks in its capacity as custodian. These deposits provide the Company with excess deposits that can earn record keeping service fee income, typically reflective of the EFFR.

Approximately 48% of the deposit balances at June 30, 2023 are subject to variable card processing expenses that are derived from the terms of contractual agreements with certain BaaS partners. These agreements are tied to a portion of a rate index, typically the EFFR.

Regulatory Capital

The Company and its subsidiary Pathward®, N.A. (the "Bank") remained above the federal regulatory minimum capital requirements at June 30, 2023, and continued to be classified as well-capitalized, and in good standing with the regulatory agencies. Regulatory capital ratios of the Company and the Bank are stated in the table below. Regulatory capital is not affected by the unrealized loss on accumulated other comprehensive income ("AOCI"). The securities portfolio is primarily comprised of amortizing securities that should provide consistent cash flow. The Company does not intend to sell these securities, or recognize the unrealized losses on its income statement, to fund future loan growth.

The tables below include certain non-GAAP financial measures that are used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews these measures along with other measures of capital as part of its financial analysis.

As of the Periods Indicated	June 30, 2023[1]	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Company					
Tier 1 leverage capital ratio	8.41 %	7.53 %	8.37 %	8.10 %	8.23 %
Common equity Tier 1 capital ratio	11.52 %	12.05 %	12.31 %	12.07 %	11.87 %
Tier 1 capital ratio	11.79 %	12.35 %	12.63 %	12.39 %	12.19 %
Total capital ratio	13.45 %	14.06 %	14.29 %	13.88 %	13.44 %
Bank					
Tier 1 leverage ratio	8.67 %	7.79 %	8.68 %	8.19 %	8.22 %
Common equity Tier 1 capital ratio	12.17 %	12.77 %	13.09 %	12.55 %	12.17 %
Tier 1 capital ratio	12.17 %	12.77 %	13.09 %	12.55 %	12.18 %
Total capital ratio	13.42 %	14.03 %	14.29 %	13.57 %	13.43 %

[1] June 30, 2023 percentages are preliminary pending completion and filing of the Company's regulatory reports. Regulatory capital ratios for periods presented reflect the Company's election of the five-year CECL transition for regulatory capital purposes.

The following table provides the non-GAAP financial measures used to compute certain of the ratios included in the table above, as well as a reconciliation of such non-GAAP financial measures to the most directly comparable financial measure in accordance with GAAP:

As of the Periods Indicated	Standardized Approach[1]				
(Dollars in thousands)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Total stockholders' equity	$ 677,721	$ 673,244	$ 659,133	$ 645,140	$ 724,774
Adjustments:					
LESS: Goodwill, net of associated deferred tax liabilities	298,092	298,390	298,788	299,186	299,616
LESS: Certain other intangible assets	22,372	23,553	25,053	26,406	27,809
LESS: Net deferred tax assets from operating loss and tax credit carry-forwards	12,157	13,219	16,641	17,968	11,978
LESS: Net unrealized gains (losses) on available for sale securities	(207,358)	(186,796)	(200,597)	(211,600)	(131,352)
LESS: Noncontrolling interest	(631)	(551)	(207)	(30)	665
ADD: Adoption of Accounting Standards Update 2016-13	2,017	2,017	2,017	2,689	10,011
Common Equity Tier 1[1]	555,106	527,446	521,472	515,899	526,069
Long-term borrowings and other instruments qualifying as Tier 1	13,661	13,661	13,661	13,661	13,661
Tier 1 minority interest not included in common equity Tier 1 capital	(454)	(404)	(138)	(20)	377
Total Tier 1 capital	568,313	540,703	534,995	529,540	540,107
Allowance for credit losses	60,489	55,058	50,853	43,623	55,506
Subordinated debentures, net of issuance costs	19,566	19,540	19,521	20,000	—
Total capital	$ 648,368	$ 615,301	$ 650,369	$ 593,163	$ 595,613

[1] Capital ratios were determined using the Basel III capital rules that became effective on January 1, 2015. Basel III revised the definition of capital, increased minimum capital ratios, and introduced a minimum CET1 ratio; those changes were fully phased in through the end of calendar year 2021.

The following table provides a reconciliation of tangible common equity and tangible common equity excluding AOCI, each of which is used in calculating tangible book value data, to Total Stockholders' Equity. Each of tangible common equity and tangible common equity excluding AOCI is a non-GAAP financial measure that is commonly used within the banking industry.

As of the Periods Indicated (Dollars in thousands)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Total stockholders' equity	$ 677,721	$ 673,244	$ 659,133	$ 645,140	$ 724,774
Less: Goodwill	309,505	309,505	309,505	309,505	309,505
Less: Intangible assets	21,830	22,998	24,433	25,691	27,088
Tangible common equity	346,386	340,741	325,195	309,944	388,181
Less: AOCI	(207,896)	(187,829)	(201,690)	(213,080)	(131,407)
Tangible common equity excluding AOCI	$ 554,282	$ 528,570	$ 526,885	$ 523,024	$ 519,588

Conference Call

The Company will host a conference call and earnings webcast with a corresponding presentation at 4:00 p.m. Central Time (5:00 p.m. Eastern Time) on Wednesday, July 26, 2023. The live webcast of the call can be accessed from Pathward's Investor Relations website at www.pathwardfinancial.com. Telephone participants may access the conference call by dialing 1-833-470-1428 approximately 10 minutes prior to start time and reference access code 572170. A webcast replay will also be archived at www.pathwardfinancial.com for one year.

About Pathward Financial, Inc.

Pathward Financial, Inc.(Nasdaq: CASH) is a U.S.-based financial holding company driven by its purpose to power financial inclusion for all. Through our subsidiary, Pathward®, N.A., we strive to increase financial availability, choice, and opportunity across our Banking as a Service and Commercial Finance business lines. These strategic business lines provide end-to-end support to individuals and businesses. Learn more at www.pathwardfinancial.com.

Investor Relations Contact
Darby Schoenfeld, CPA
SVP, Investor Relations
877-497-7497
investorrelations@pathward.com

Media Relations Contact
mediarelations@pathward.com

Forward-Looking Statements

The Company and the Bank may from time to time make written or oral “forward-looking statements,” including statements contained in this press release, the Company’s filings with the Securities and Exchange Commission ("SEC"), the Company’s reports to stockholders, and in other communications by the Company and the Bank, which are made in good faith by the Company pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

You can identify forward-looking statements by words such as “may,” “hope,” “will,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” “could,” “future,” or the negative of those terms, or other words of similar meaning or similar expressions. You should carefully read statements that contain these words because they discuss our future expectations or state other “forward-looking” information. These forward-looking statements are based on information currently available to us and assumptions about future events, and include statements with respect to the Company’s beliefs, expectations, estimates, and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company’s control. Such risks, uncertainties and other factors may cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Such statements address, among others, the following subjects: future operating results including our earnings per share guidance, future effective tax rate and related performance expectations; the performance of our securities portfolio; the impact of card balances related to government stimulus programs; customer retention; loan and other product demand; new products and services; credit quality; the level of net charge-offs and the adequacy of the allowance for credit losses; and technology. The following factors, among others, could cause the Company's financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: maintaining our executive management team; expected growth opportunities may not be realized or may take longer to realize than expected; the potential adverse effects of unusual and infrequently occurring events, including the impact on financial markets from geopolitical conflicts such as the military conflict between Russia and Ukraine; weather-related disasters, or public health events, such as the COVID-19 pandemic and any governmental or societal responses thereto; our ability to achieve brand recognition for the Bank equal to or greater than we enjoyed for MetaBank; our ability to successfully implement measures designed to reduce expenses and increase efficiencies; changes in trade, monetary, and fiscal policies and laws, including actual changes in interest rates and the Fed Funds rate, and their related impacts on macroeconomic conditions, customer behavior, or funding costs and or loan and securities portfolio; changes in tax laws; the strength of the United States' economy and the local economies in which the Company operates; adverse developments in the financial services industry generally such as recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer behavior; inflation, market, and monetary fluctuations; the timely and efficient development of new products and services offered by the Company or its strategic partners, as well as risks (including reputational and litigation) attendant thereto, and the perceived overall value of these products and services by users; the Bank's ability to maintain its Durbin Amendment exemption; the risks of dealing with or utilizing third parties, including, in connection with the Company’s prepaid card and tax refund advance businesses, the risk of reduced volume of refund advance loans as a result of reduced customer demand for or usage of the Bank's strategic partners’ refund advance products; our relationship with, and any actions which may be initiated by, our regulators; changes in financial services laws and regulations, including laws and regulations relating to the tax refund industry and the insurance premium finance industry; technological changes, including, but not limited to, the protection of our electronic systems and information; the impact of acquisitions and divestitures; litigation risk; the growth of the Company’s business, as well as expenses related thereto; continued maintenance by the Bank of its status as a well-capitalized institution; changes in consumer spending and saving habits; losses from fraudulent or illegal activity; technological risks and developments and cyber threats, attacks, or events; and the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase.

The foregoing list of factors is not exclusive. We caution you not to place undue reliance on these forward-looking statements. The forward-looking statements included in this press release speak only as of the date hereof. Additional discussions of factors affecting the Company’s business and prospects are reflected under the caption “Risk Factors” and in other sections of the Company’s Annual Report on Form 10-K for the Company’s fiscal year ended September 30, 2022, and in other filings made with the SEC. The Company expressly disclaims any intent or obligation to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company or its subsidiaries, whether as a result of new information, changed circumstances, or future events or for any other reason.

Condensed Consolidated Statements of Financial Condition (Unaudited)

(Dollars in Thousands, Except Share Data)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
ASSETS					
Cash and cash equivalents	$ 515,271	$ 432,598	$ 369,169	$ 388,038	$ 157,260
Securities available for sale, at fair value	1,914,271	1,825,563	1,847,778	1,882,869	1,956,523
Securities held to maturity, at amortized cost	37,725	38,713	40,565	41,682	43,877
Federal Reserve Bank and Federal Home Loan Bank Stock, at cost	30,890	29,387	28,812	28,812	28,812
Loans held for sale	87,351	24,780	17,148	21,071	67,571
Loans and leases	4,072,899	3,725,616	3,509,730	3,536,305	3,688,566
Allowance for credit losses	(81,916)	(84,304)	(52,592)	(45,947)	(75,206)
Accrued interest receivable	22,332	22,434	20,170	17,979	16,818
Premises, furniture, and equipment, net	38,601	39,735	41,029	41,710	42,076
Rental equipment, net	224,212	210,844	231,129	204,371	222,023
Goodwill and intangible assets	331,335	332,503	333,938	335,196	336,593
Other assets	265,654	270,387	272,349	295,324	243,265
Total assets	$ 7,458,625	$ 6,868,256	$ 6,659,225	$ 6,747,410	$ 6,728,178
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES					
Deposits	6,306,976	5,902,696	5,789,132	5,866,037	5,710,799
Short-term borrowings	230,000	43,000	—	—	—
Long-term borrowings	34,178	34,543	34,977	36,028	16,616
Accrued expenses and other liabilities	209,750	214,773	175,983	200,205	275,989
Total liabilities	6,780,904	6,195,012	6,000,092	6,102,270	6,003,404
STOCKHOLDERS' EQUITY					
Preferred stock	—	—	—	—	—
Common stock, $.01 par value	266	271	282	288	294
Common stock, Nonvoting, $.01 par value	—	—	—	—	—
Additional paid-in capital	625,825	623,250	620,681	617,403	615,159
Retained earnings	267,100	245,046	246,891	245,394	244,686
Accumulated other comprehensive loss	(207,896)	(187,829)	(201,690)	(213,080)	(131,407)
Treasury stock, at cost	(6,943)	(6,943)	(6,824)	(4,835)	(4,623)
Total equity attributable to parent	678,352	673,795	659,340	645,170	724,109
Noncontrolling interest	(631)	(551)	(207)	(30)	665
Total stockholders' equity	677,721	673,244	659,133	645,140	724,774
Total liabilities and stockholders' equity	$ 7,458,625	$ 6,868,256	$ 6,659,225	$ 6,747,410	$ 6,728,178

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Share and Per Share Data)	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Interest and dividend income:					
Loans and leases, including fees	$ 81,242	$ 83,879	$ 62,541	$ 233,517	$ 203,115
Mortgage-backed securities	10,234	10,326	7,381	30,972	16,690
Other investments	7,870	10,482	3,984	24,604	12,169
	99,346	104,687	73,906	289,093	231,974
Interest expense:					
Deposits	164	2,096	94	2,402	400
FHLB advances and other borrowings	1,717	1,186	1,661	3,764	4,010
	1,881	3,282	1,755	6,166	4,410
Net interest income	97,465	101,405	72,151	282,927	227,564
Provision for (reversal of) credit losses	1,773	36,763	(1,302)	48,312	31,186
Net interest income after provision for credit losses	95,692	64,642	73,453	234,615	196,378
Noninterest income:					
Refund transfer product fees	8,262	30,205	10,289	39,144	38,674
Refund advance fee income	(927)	37,995	(20)	37,685	40,513
Card and deposit fees	39,708	42,087	24,935	119,513	76,825
Rental income	13,980	12,940	12,082	39,628	34,534
Gain on sale of securities	9	82	198	91	595
Gain on sale of trademarks	—	—	—	10,000	50,000
Gain (loss) on sale of other	812	(748)	1,239	566	(1,601)
Other income	5,889	4,477	5,271	13,921	10,811
Total noninterest income	67,733	127,038	53,994	260,548	250,351
Noninterest expense:					
Compensation and benefits	47,402	47,547	45,091	137,966	128,364
Refund transfer product expense	1,727	7,863	2,457	9,695	8,855
Refund advance expense	239	1,603	(29)	1,869	2,156
Card processing	26,342	26,924	8,438	75,949	23,067
Occupancy and equipment expense	8,595	8,510	8,996	25,417	25,845
Operating lease equipment depreciation	10,517	14,719	9,145	34,864	26,331
Legal and consulting	5,089	4,921	11,724	19,469	27,279
Intangible amortization	1,168	1,435	1,532	3,861	5,188
Impairment expense	2,749	500	670	3,273	670
Other expense	10,750	13,114	8,626	34,410	34,491
Total noninterest expense	114,578	127,136	96,650	346,773	282,246
Income before income tax expense	48,847	64,544	30,797	148,390	164,483
Income tax expense	3,243	9,176	6,958	18,996	29,236
Net income before noncontrolling interest	45,604	55,368	23,839	129,394	135,247
Net income attributable to noncontrolling interest	508	597	1,448	1,685	2,281
Net income attributable to parent	$ 45,096	$ 54,771	$ 22,391	$ 127,709	$ 132,966
Less: Allocation of Earnings to participating securities[1]	690	839	377	1,920	2,166
Net income attributable to common shareholders[1]	44,406	53,932	22,014	125,789	130,800
Earnings per common share:					
Basic	$ 1.69	$ 1.99	$ 0.76	$ 4.63	$ 4.44
Diluted	$ 1.68	$ 1.99	$ 0.76	$ 4.62	$ 4.44
Shares used in computing earnings per common share:					
Basic	26,346,693	27,078,048	28,868,136	27,152,773	29,444,979
Diluted	26,447,032	27,169,569	28,868,136	27,238,801	29,454,586

[1] Amounts presented are used in the two-class earnings per common share calculation.

Average Balances, Interest Rates and Yields

The following table presents, for the periods indicated, the total dollar amount of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and in rates. Only the yield/rate reflects tax-equivalent adjustments. Nonaccruing loans and leases have been included in the table as loans carrying a zero yield.

Three Months Ended June 30,	**2023**			**2022**		
(Dollars in thousands)	**Average Outstanding Balance**	**Interest Earned / Paid**	**Yield / Rate[1]**	**Average Outstanding Balance**	**Interest Earned / Paid**	**Yield / Rate[1]**
Interest-earning assets:						
Cash and fed funds sold	$ 248,865	$ 2,441	3.93 %	$ 309,324	$ 787	1.02 %
Mortgage-backed securities	1,533,122	10,234	2.68 %	1,395,149	7,381	2.12 %
Tax exempt investment securities	145,474	989	3.45 %	173,192	851	2.50 %
Asset-backed securities	188,039	2,120	4.52 %	210,815	750	1.43 %
Other investment securities	292,025	2,320	3.19 %	246,218	1,596	2.60 %
Total investments	2,158,660	15,663	2.96 %	2,025,374	10,578	2.14 %
Commercial finance	3,268,780	68,174	8.37 %	2,949,813	50,785	6.91 %
Consumer finance	225,470	4,665	8.30 %	300,352	4,964	6.63 %
Tax services	52,477	25	0.19 %	62,934	53	0.34 %
Warehouse finance	372,498	8,378	9.02 %	434,532	6,739	6.22 %
Total loans and leases	3,919,225	81,242	8.31 %	3,747,631	62,541	6.69 %
Total interest-earning assets	**$ 6,326,750**	**$ 99,346**	**6.31 %**	**$ 6,082,329**	**$ 73,906**	**4.89 %**
Noninterest-earning assets	574,840			695,468		
Total assets	**$ 6,901,590**			**$ 6,777,797**		
Interest-bearing liabilities:						
Interest-bearing checking	$ 339	$ —	0.22 %	$ 292	$ —	0.33 %
Savings	69,310	7	0.04 %	82,989	7	0.03 %
Money markets	126,994	76	0.24 %	101,943	53	0.21 %
Time deposits	6,224	3	0.19 %	8,709	9	0.40 %
Wholesale deposits	5,794	78	5.38 %	8,554	25	1.19 %
Total interest-bearing deposits	208,661	164	0.32 %	202,487	94	0.19 %
Overnight fed funds purchased	78,320	1,057	5.42 %	19,353	72	1.50 %
Subordinated debentures	19,549	355	7.28 %	36,480	1,444	15.87 %
Other borrowings	14,850	305	8.24 %	17,056	145	3.40 %
Total borrowings	112,719	1,717	6.11 %	72,889	1,661	9.14 %
Total interest-bearing liabilities	**321,380**	**1,881**	**2.35 %**	**275,376**	**1,755**	**2.56 %**
Noninterest-bearing deposits	5,686,581	—	— %	5,538,585	—	— %
Total deposits and interest-bearing liabilities	**$ 6,007,961**	**$ 1,881**	**0.13 %**	**$ 5,813,961**	**$ 1,755**	**0.12 %**
Other noninterest-bearing liabilities	206,708			213,293		
Total liabilities	**6,214,669**			**6,027,254**		
Shareholders' equity	686,921			750,543		
Total liabilities and shareholders' equity	**$ 6,901,590**			**$ 6,777,797**		
Net interest income and net interest rate spread including noninterest-bearing deposits		**$ 97,465**	**6.19 %**		**$ 72,151**	**4.77 %**
Net interest margin			**6.18 %**			**4.76 %**
Tax-equivalent effect			**0.02 %**			**0.01 %**
Net interest margin, tax-equivalent[2]			**6.20 %**			**4.77 %**

[1] Tax rate used to arrive at the TEY for the three months ended June 30, 2023 and 2022 was 21%.

[2] Net interest margin expressed on a fully-taxable-equivalent basis ("net interest margin, tax-equivalent") is a non-GAAP financial measure. The tax-equivalent adjustment to net interest income recognizes the estimated income tax savings when comparing taxable and tax-exempt assets and adjusting for federal and state exemption of interest income. The Company believes that it is a standard practice in the banking industry to present net interest margin expressed on a fully taxable equivalent basis and, accordingly, believes the presentation of this non-GAAP financial measure may be useful for peer comparison purposes.

Selected Financial Information

As of and For the Three Months Ended	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Equity to total assets	9.09 %	9.80 %	9.90 %	9.56 %	10.77 %
Book value per common share outstanding	$ 25.54	$ 24.88	$ 23.36	$ 22.41	$ 24.69
Tangible book value per common share outstanding	$ 13.05	$ 12.59	$ 11.53	$ 10.77	$ 13.22
Tangible book value per common share outstanding excluding AOCI	$ 20.89	$ 19.54	$ 18.68	$ 18.17	$ 17.70
Common shares outstanding	26,539,272	27,055,727	28,211,239	28,788,124	29,356,707
Nonperforming assets to total assets	0.55 %	0.44 %	0.68 %	0.46 %	0.40 %
Nonperforming loans and leases to total loans and leases	0.93 %	0.76 %	1.16 %	0.82 %	0.71 %
Net interest margin	6.18 %	6.12 %	5.62 %	5.21 %	4.76 %
Net interest margin, tax-equivalent	6.20 %	6.14 %	5.64 %	5.23 %	4.77 %
Return on average assets	2.61 %	2.99 %	1.71 %	1.39 %	1.32 %
Return on average equity	26.26 %	32.68 %	17.18 %	12.82 %	11.93 %
Full-time equivalent employees	1,186	1,164	1,150	1,141	1,178

Non-GAAP Reconciliations

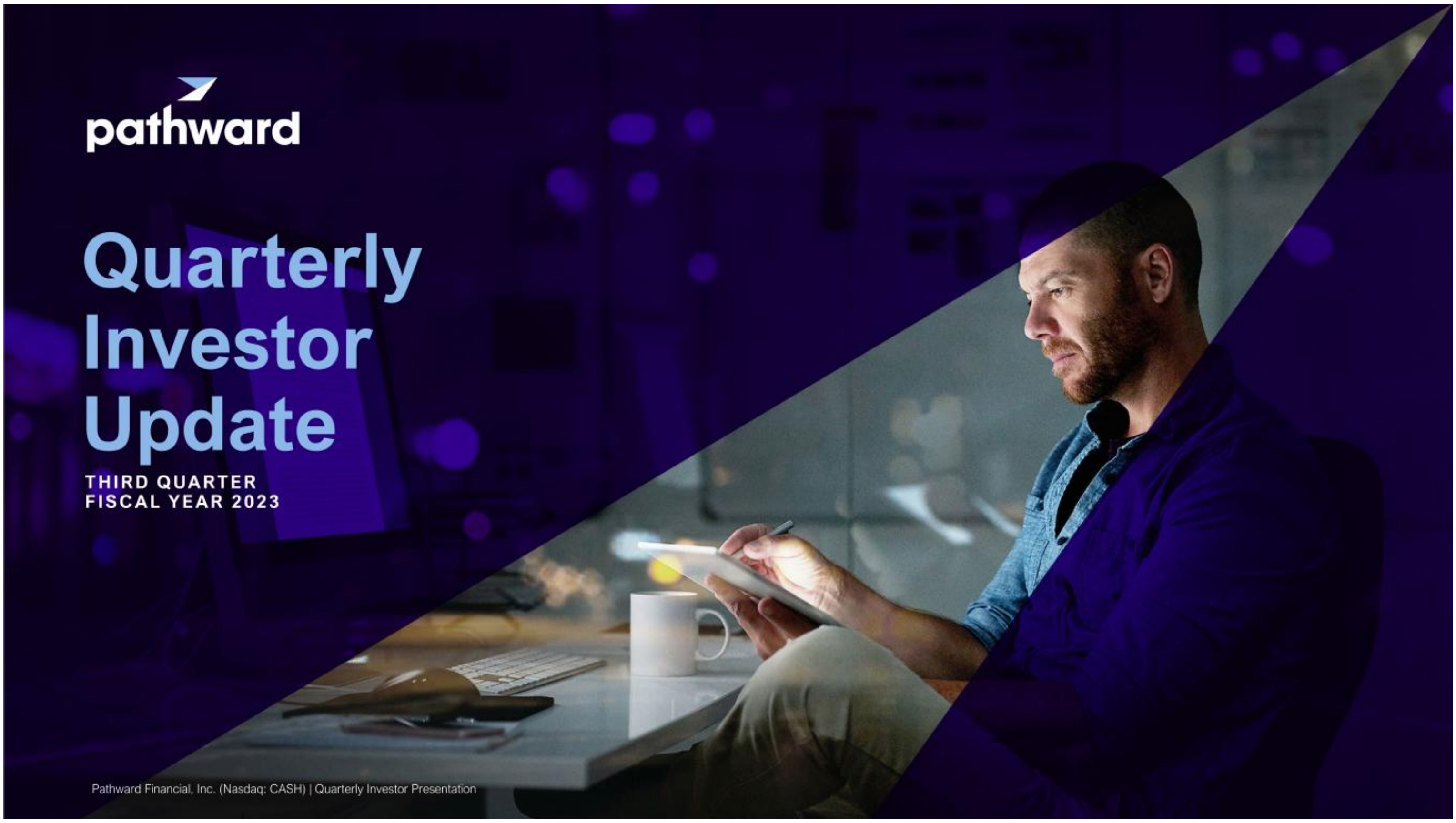
Adjusted Net Income and Adjusted Earnings Per Share

(Dollars in Thousands, Except Share and Per Share Data)	At and For the Three Months Ended June 30, 2023	At and For the Three Months Ended March 31, 2023	At and For the Three Months Ended June 30, 2022	At and For the Nine Months Ended June 30, 2023	At and For the Nine Months Ended June 30, 2022
Net Income - GAAP	$ 45,096	$ 54,771	$ 22,391	$ 127,709	$ 132,966
Less: Gain on sale of trademarks	—	—	—	10,000	50,000
Less: Loss on disposal of certain mobile solar generators	—	(1,993)	—	(1,993)	—
Add: Accelerated depreciation on certain mobile solar generators	—	4,822	—	4,822	—
Add: Rebranding expenses	—	—	3,427	3,737	6,249
Add: Separation related expenses	—	—	3,116	11	4,080
Add: Impairment on Venture Capital investments	2,749	500	—	3,249	—
Add: Income tax effect resulting from the above listed items	(687)	(1,829)	(1,677)	(942)	9,965
Adjusted net income	$ 47,158	$ 60,257	$ 27,257	$ 130,579	$ 103,260
Less: Adjusted allocation of earnings to participating securities	722	923	458	1,963	1,682
Adjusted Net income attributable to common shareholders	46,436	59,334	26,799	128,616	101,578
Weighted average diluted common shares outstanding	26,447,032	27,169,569	28,868,136	27,238,801	29,454,586
Adjusted earnings per common share - diluted	$ 1.76	$ 2.18	$ 0.93	$ 4.72	$ 3.45

Adjusted Diluted Earnings Per Share Guidance

(Earnings per share amounts)	Fiscal Year Ended 2023 (Guidance)
Diluted earnings per share - GAAP	$5.60 - $6.00
Less: Net extraordinary items, net of tax[1]	$0.15
Diluted earnings per share - Adjusted	$5.45 - $5.85

[1] Includes gain on sale of trademarks and rebranding-related expenses.


pathward
Quarterly Investor Update
THIRD QUARTER
FISCAL YEAR 2023
Pathward Financial, Inc. (Nasdaq: CASH) | Quarterly Investor Presentation

FORWARD LOOKING STATEMENTS

This investor update contains "forward-looking statements" which are made in good faith by Pathward Financial, Inc.™ (the "Company") pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by words such as "may," "hope," "will," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," "could," "future," "target," or the negative of those terms, or other words of similar meaning or similar expressions.

These forward-looking statements are based on information currently available to us and assumptions about future events, and include statements with respect to the Company's beliefs, expectations, estimates, and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company's control. Such risks, uncertainties and other factors may cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Such statements address, among others, the following subjects: future operating results including our earnings per share guidance, future effective tax rate, and related performance expectations; progress on key initiatives, including the impact of measures expected to increase efficiencies or reduce expenses; customer retention; loan and other product demand; new products and services; credit quality; the level of net charge-offs and the adequacy of the allowance for credit losses; and technology. The following factors, among others, could cause the Company's financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: maintaining our executive management team; expected growth opportunities may not be realized or may take longer to realize than expected; the potential adverse effects of unusual and infrequently occurring events, including the impact on financial markets from geopolitical conflicts such as the military conflict between Russia and Ukraine, weather-related disasters, or public health events, such as the COVID-19 pandemic and any governmental or societal responses thereto; our ability to achieve brand recognition for the Bank equal to or greater than we enjoyed for MetaBank; our ability to successfully implement measures designed to reduce expenses and increase efficiencies; changes in trade, monetary, and fiscal policies and laws, including actual changes in interest rates and the Fed Funds rate, and their related impacts on macroeconomic conditions, customer behavior, or funding costs and loan and securities portfolio; changes in tax laws; the strength of the United States' economy, and the local economies in which the Company operates; adverse developments in the financial services industry generally such as recent bank failures, responsive measures to mitigate and manage such developments, related supervisory and regulatory actions and costs, and related impacts on customer behavior; inflation, market, and monetary fluctuations; the timely and efficient development of, new products and services offered by the Company or its strategic partners, as well as risks (including reputational and litigation) attendant thereto, and the perceived overall value of these products and services by users; the ability of the Company's subsidiary Pathward™, N.A. ("Pathward") to maintain its Durbin Amendment exemption; the risks of dealing with or utilizing third parties, including, in connection with the Company's prepaid card and tax refund advance business, the risk of reduced volume of refund advance loans as a result of reduced customer demand for or usage of the Company's strategic partners' refund advance products; our relationship with, and any actions which may be initiated by, our regulators; changes in financial services laws and regulations, including laws and regulations relating to the tax refund industry and the insurance premium finance industry; technological changes, including, but not limited to, the protection of our electronic systems and information; the impact of acquisitions and divestitures; litigation risk; the growth of the Company's business, as well as expenses related thereto; continued maintenance by Pathward of its status as a well-capitalized institution, changes in consumer spending and saving habits; losses from fraudulent or illegal activity, technological risks and developments and cyber threats, attacks or events; the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase; and the other factors described under the caption "Risk Factors" and in other sections of the Company's Annual Report on Form 10-K for the Company's fiscal year ended September 30, 2022 and in other filings made by the Company with the Securities and Exchange Commission ("SEC").

The foregoing list of factors is not exclusive. We caution you not to place undue reliance on these forward-looking statements. The forward-looking statements included herein speak only as of the date of this investor update. The Company expressly disclaims any intent or obligation to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company or its subsidiaries, whether as a result of new information, changed circumstances or future events or for any other reason.

Q3 FY 2023 Highlights

$45.1 MILLION IN NET INCOME

$1.68 IN DILUTED EARNINGS PER SHARE

GROWTH IN BOTH NET INTEREST INCOME AND NON-INTEREST INCOME AS COMPARED TO Q3 FY 2022

NET INTEREST MARGIN (“NIM”) OF 6.18%; ADJUSTED NIM[1] OF 4.88%

[1] See slide 24 for additional detail on adjusted NIM.

Commercial Finance Portfolio Diversification Delivers Growth

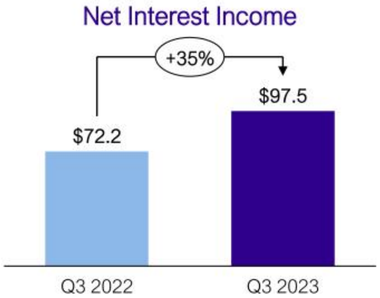
- History of delivering proven solutions to businesses
- Significant growth in insurance premium financing
- Expansion in term lending and SBA/USDA lending

Delivering on Deposit Stability Through BaaS Partnerships

- Teamed up with existing partners to expand offerings
- Noninterest-bearing deposits have a weighted average life of over 6 years based on decay study
- Announced new partnership with Finix to support launch as a payments processor

Results Driven by NIM Expansion and Growth in Noninterest Income

($ in millions, except per share data)

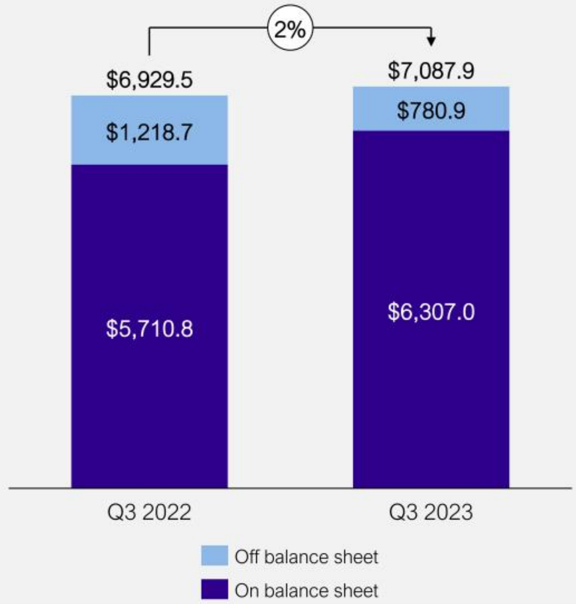


Total Deposits Remain Strong

- **Average off balance sheet deposits of $1.18 billion, $781 million at quarter end**
- **Linked quarter total deposits impacted by declines in seasonal tax services balances and EIP deposits**
- **Continue to return unclaimed EIP balances to the U.S. Treasury**

Total Managed Deposits

Period ending ($ in millions)



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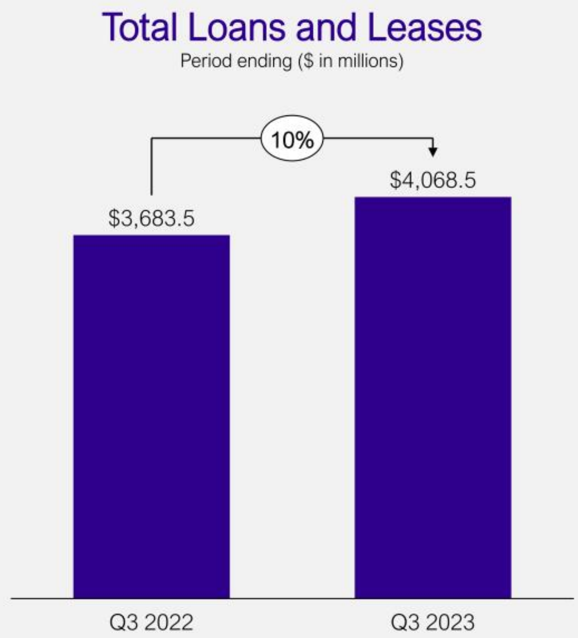
Total Loans and Leases Increased from Q3 2022

- Growth primarily driven by Insurance Premium Finance, Term Lending and SBA/USDA
- Credit quality remains strong
- Nonperforming loans and leases of 0.93% compared to 0.76% Q2 2023
- Annualized adjusted net charge-off rate of 0.46% for 3Q23[1]



[1] See slide 30 (Non-GAAP reconciliation) for additional detail.

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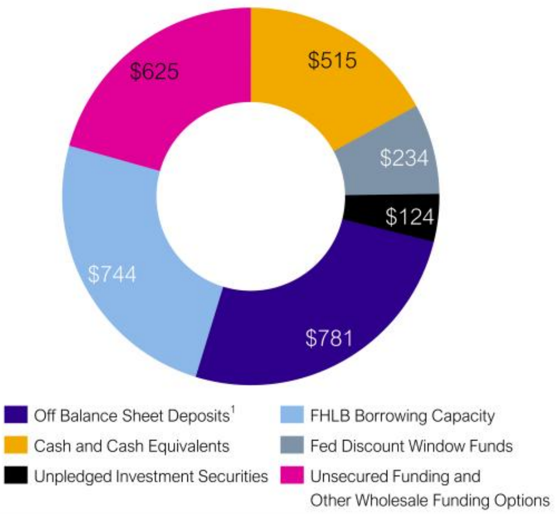
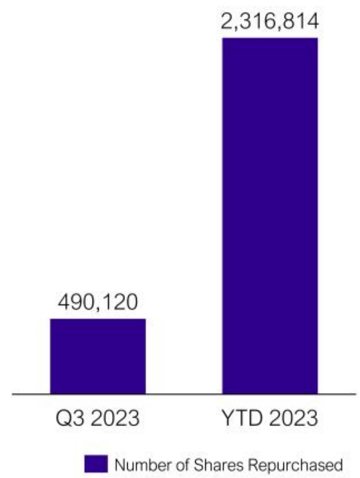
Strong Balance Sheet Allows for Return to Shareholders

($ in millions)

Liquidity Sources



Share Repurchases



[1]These off balance sheet deposits can be brought back on balance sheet, as needed, as they are immediately callable.

Increasing Fiscal Year 2023 Earnings Guidance and Introducing Fiscal Year 2024 Guidance[1]

FY 2023 Guidance

Diluted earnings per share - GAAP	$5.60 - $6.00
Less: Net FY2023 Q1 extraordinary items, net of tax[2]	$0.15
Diluted earnings per share - Adjusted	$5.45 - $5.85

[2] Includes gain on sale of trademarks and rebranding-related expenses.

FY 2024 Guidance

Diluted earnings per share - GAAP	$6.10 - $6.60

Guidance includes the following assumptions:

FY 2023:

- Decreasing fee revenue from EIP deposit balance decline
- Effective income tax rate in the range of 10-14%

FY 2024:

- Lower fee revenue from EIP deposit balance decline
- Fewer renewable energy projects in FY24 due to market conditions, reducing investment tax credits
- Effective income tax rate in the range of 16-20%

[1] Information on this slide is presented as of July 26, 2023, reflects the Company's updated earnings guidance for fiscal year 2023, earnings guidance for fiscal year 2024, and key assumptions, and will not be updated or affirmed unless and until the Company publicly announces such an update or affirmation. The fiscal year 2023 earnings guidance, fiscal 2024 earnings guidance, and key assumptions for each contain forward-looking statements and actual results or conditions may differ materially. See the information under "Forward Looking Statements" on slide 2.

Q&A

Investment Highlights

1. Record of strong earnings growth and profitability above banking industry averages
2. Excess capital generating business enables ongoing return of value to shareholders
3. Experienced leader in fast-growing Banking as a Service (BaaS) sector, with diversified portfolio of high-quality financial partners
4. Resilient Commercial Finance loan portfolio produces attractive returns throughout economic cycles
5. Highly advantageous national bank charter, with well-developed risk mitigation and compliance capabilities

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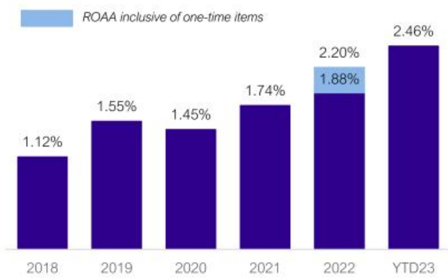
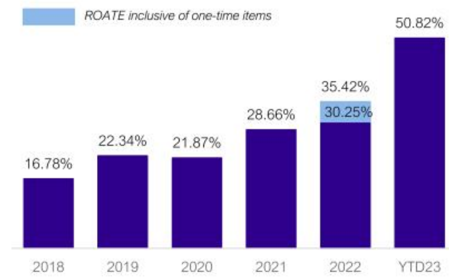
Record of Strong Earnings Growth and Profitability[1]

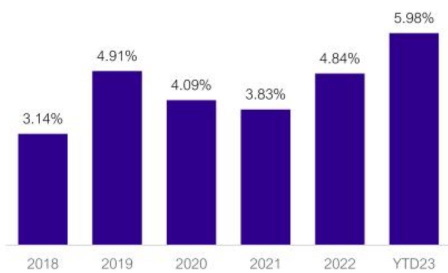
Return on Average Assets[2]



Return on Average Tangible Equity[2]



Net Interest Margin



Earnings Per Common Share

[1]FY18-FY21 display GAAP earnings; FY22 reflects GAAP and adjusted earnings. FY23 displays GAAP earnings as the net adjustments for the period are insignificant. See appendix for non-GAAP reconciliations

[2]YTD23 is annualized.

Return of Capital to Shareholders

HIGHLIGHTS

- Pathward's track record of profitability, combined with its commitment to maintaining the size of its balance sheet, enables the return of the majority of earnings through repurchases and dividends.
- Targeting regulatory capital leverage ratio above 8% and total risk weighted capital ratio above 12%.
- Paid dividend every quarter dating back to 1994.
- Executed $21.5 million of share repurchases in 3Q23.

Track Record of Strong Earnings Growth and Right-Sized Balance Sheet Enables Ongoing Return of Capital

Capital Returned to Shareholders

$523.9M
TOTAL SHARE REPURCHASES
2Q19 TO 3Q23

$29.4M
TOTAL DIVIDENDS PAID
2Q19 TO 3Q23

Note: Repurchased common shares include shares withheld to cover income taxes owed by participants related to share-based incentive plans.

Continued Progress on Key Strategic Initiatives

OPTIMIZE INTEREST-EARNING PORTFOLIO, TO EMPHASIZE HIGHER-RETURN ASSETS

- *Improved yield on earning assets to 6.31% for 3Q23 as compared to 4.89% for 3Q22.*
- *Grew commercial finance loans by $493 million, or 17%, from June 30, 2022.*
- *$2.0 billion securities portfolio provides cash flow for future commercial finance loan growth.*

OPTIMIZE DEPOSIT MIX, TO MAINTAIN A STABLE DEPOSIT BASE

- *Stable deposits[2] driven by high levels of noninterest deposits (96% of total deposits).*
- *Achieved 0.13% cost of funds from all deposits and borrowings and total cost of deposits of 0.01% for 3Q23[2].*
- *$781 million of off-balance sheet customer deposits in custody of program banks.*
- *Prioritizing stable BaaS deposits, which can generate higher levels of fee income.*
- *Weighted average life of over 6 years based on decay study for noninterest-bearing deposits.*

TARGET OF 2X OPERATING LEVERAGE

- *Efficiency ratio of 67.47% compared to 62.84% as of June 30, 2022.[1]*
- *Ongoing initiatives to drive long-term simplification and optimize existing business platforms through the establishment of a business transformation office.*

[1] *Adjusted efficiency ratio (excluding the gain on sale of trademarks and rebranding expenses) for the twelve months ended June 30, 2023 was 66.88%. See appendix for Non-GAAP financial measures reconciliations.*

[2] *See slide 20 (Cost of Deposits) for additional detail on deposit costs.*

Summary Financial Results

Third Quarter Ended June 30, 2023

INCOME STATEMENT

($ in thousands, except per share data)	For the quarter ended 3Q22	2Q23	3Q23	For the nine months ended 2022	2023
Net interest income	72,151	101,406	97,465	227,564	282,927
Provision for credit losses	(1,302)	36,763	1,773	31,186	48,312
Total noninterest income	53,994	127,038	67,733	250,351	260,548
Total noninterest expense	96,650	127,136	114,578	282,246	346,773
Net income before taxes	30,797	64,544	48,847	164,483	148,390
Income tax expense	6,958	9,176	3,243	29,236	18,996
Net income before non-controlling interest	23,839	55,368	45,604	135,247	129,394
Net income attributable to non-controlling interest	1,448	597	508	2,281	1,685
Net income attributable to parent	**22,391**	**54,771**	**45,096**	**132,966**	**127,709**
Less: Allocation of earnings to participating securities[1]	377	839	690	2,166	1,920
Net income attributable to common shareholders[1]	22,014	53,932	44,406	130,800	125,789
Earnings per share, diluted	**$0.76**	**$1.99**	**$1.68**	**$4.44**	**$4.62**
Average diluted shares	28,868,136	27,169,569	26,447,032	29,454,586	27,238,801

[1] Amounts presented are used in the two-class earnings per common share calculation.

Revenue of $165.2 million, an 31% increase compared to $126.2 million for the same quarter in fiscal 2022.

- *Net interest income increased $25.3 million compared to the prior year primarily due to increased yields, higher interest-earning asset balances and an improved earning asset mix.*
- *Servicing fee income on off-balance sheet deposits was $14.6 million for the quarter, as compared to $18.2 million in 2Q23 and $0.5 million in the third quarter of the prior year.*

Noninterest expense of $114.6 million, an increase of 19% compared to $96.7 million for the fiscal 2022 third quarter.

- *The increase in expense was primarily driven by contractual card processing expenses.*
- *Card processing expenses related to structured agreements with BaaS partners were $20.5 million for the quarter, as compared to $20.4 million in 2Q23 and $2.2 million in the third quarter of the prior year.*
- *Third quarter 2023 expenses included a $2.7 million venture capital impairment.*

Balance Sheet Highlights

Third Quarter Ended June 30, 2023

BALANCE SHEET	PERIOD ENDING		
($ in thousands)	**3Q22**	**2Q23**	**3Q23**
Cash and cash equivalents	157,260	432,598	515,271
Investments	2,000,400	1,864,276	1,951,996
Loans held for sale	67,571	24,780	87,351
Loans and leases (HFI)	3,688,566	3,725,616	4,072,899
Allowance for credit losses	(75,206)	(84,304)	(81,916)
Other assets	889,587	905,290	913,024
Total assets	**6,728,178**	**6,868,256**	**7,458,625**
Total deposits	5,710,799	5,902,696	6,306,976
Total borrowings	16,616	77,543	264,178
Other liabilities	275,989	214,773	209,750
Total liabilities	**6,003,404**	**6,195,012**	**6,780,904**
Total stockholders' equity	724,774	673,244	677,721
Total liabilities and stockholders' equity	**6,728,178**	**6,868,256**	**7,458,625**
Loans (HFI) / Deposits	65%	63%	65%
Net Interest Margin	4.76%	6.12%	6.18%
Return on Average Assets	1.32%	2.99%	2.61%
Return on Average Equity	11.93%	32.68%	26.26%

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2023 Tax Season Update

Refund advances ("RAs") and refund transfers ("RTs") leverage Banking as a Service ("BaaS") infrastructure and are core to Pathward's purpose, allowing consumers quicker access to their money.

- Total pre-tax net income for the nine months ended June 30, 2023, was down compared to the prior year, which was primarily due to the nonrenewal of two tax partnerships and higher provision expense.
- Provision for tax services products increased from the prior year's tax season primarily due to a shift in mix in RAs from partnership channels to independent tax providers, which was expected.
- RA originations of $1.46 billion compared to $1.83 billion in the 2022 tax season. When excluding the two partners not renewed, loan originations increased $116.2 million compared to the previous year.

TAX SERVICES ECONOMICS	Nine Months Ended		
($ in millions)	June 30, 2023	June 30, 2022	% Change
Net interest income (expense)	2.89	3.39	(15)%
RA product income	37.69	40.51	(7)%
RT product income	39.15	38.67	1%
Total revenue	**79.73**	**82.57**	**(3)%**
Total expense	11.56	11.01	5%
Provision for credit losses	32.83	28.09	17%
Net income, pre-tax	**35.34**	**43.47**	**(19)%**
Total refund advance originations	$ 1,459	$ 1,834	(20)%
Approximate loss rate[1] (9 months)	2.27%	1.68%	35%

[1] *Approximate loss rate calculated by taking provision for loan & lease losses divided by total refund advance originations. It also includes recoveries from prior tax season, except for an exclusion of a large recovery in FY22 from the FY21 season.*

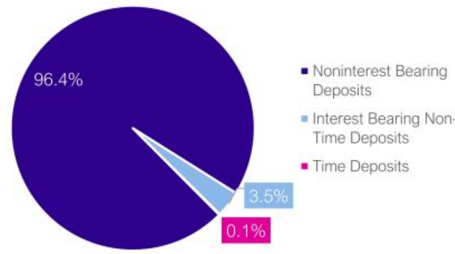
Tax season at Pathward ramps up during the first fiscal quarter, peaks during the second fiscal quarter, and wraps up during the third fiscal quarter. As a result, performance for the nine months ended June 30 is a better reflection on the overall performance for tax season as it alleviates timing differences between quarters.

Deposits

HIGHLIGHTS

- Pathward's BaaS business generates fee income and stable deposits leading to high levels of noninterest-bearing deposits (96% of total deposits).
- The BaaS business's ability to attract and maintain these deposits provides a powerful competitive advantage.
- Noninterest-bearing deposits as a percentage of total deposits has increased every year since 2018, from 54% in 4Q18 to 96% as of 3Q23.
- $781 million of off-balance sheet deposits held in custody at program banks as of June 30, 2023. These off-balance sheet deposits earn recordkeeping service fee income, typically reflective of the Effective Fed Funds Rate.
- 3Q23 deposit balances returning to normalized levels after being elevated due to seasonal tax activity.

Deposit Breakdown



End of Period Deposits ($B)

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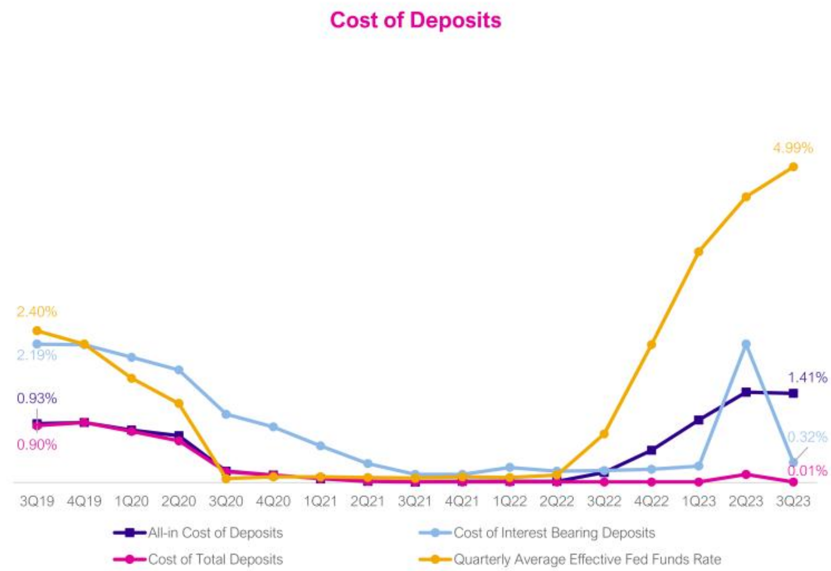
Cost of Deposits

HIGHLIGHTS

- Pathward is benefiting from the deposit optimization strategy that included transitioning away from higher cost interest-bearing wholesale deposits in favor of growing BaaS deposits.
- As of June 30, 2023, approximately 48% of the deposit balances were subject to variable card processing expenses, derived from contractual agreements with certain BaaS partners tied to a rate index, typically the Effective Fed Funds Rate.
- These costs reprice immediately upon a change in the applicable rate index, leading to an instant cost increase as compared to the earning-asset yields that will generally experience a lag in repricing.
- As of June 30, 2023, Pathward also managed $781 million in off-balance sheet deposits that earned $14.6 million of fee income during the fiscal third quarter. That income is also reflective of the Effective Fed Funds Rate.



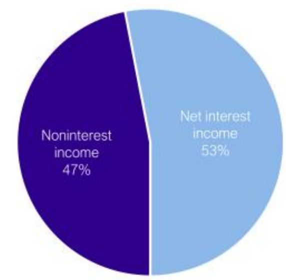
Note: All-in Cost of Deposits represents cost of total deposits with the additional incorporation of the company's noninterest variable card processing expenses impacted by interest rates.

Diversified Noninterest Income Streams

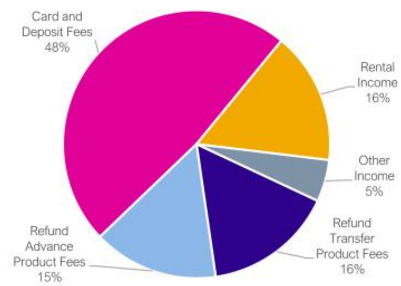
HIGHLIGHTS

- Noninterest income represents 47% of fiscal year-to-date total revenue.
- Majority of noninterest income fees are generated by the Company's BaaS business line. Other major items include leasing rental income and other loan & lease fees.
- Pathward's large fee income base provides stability through interest rate and credit cycles, while propelling continued revenue growth.
- In the first quarter of Fiscal Year 2023, the Company recognized $10 million of fee income associated with the sale of the Meta trademarks.
- The majority of Pathward's tax season revenue comes during the second quarter of each fiscal year.

FYTD 2023 Revenue Breakdown[1]



FYTD 2023 Noninterest Income Breakdown[1]

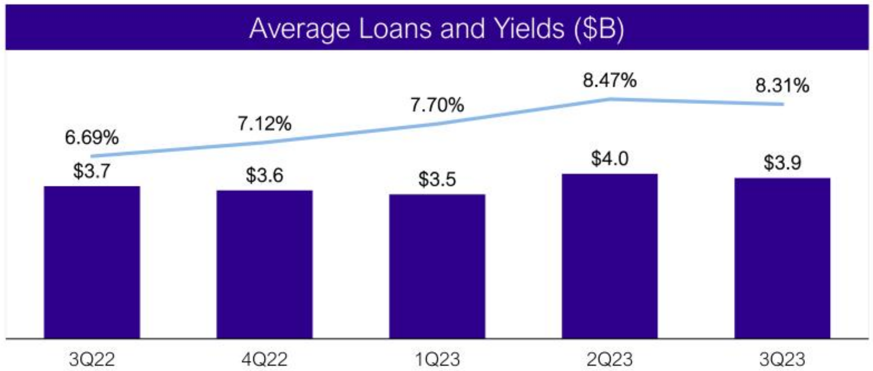


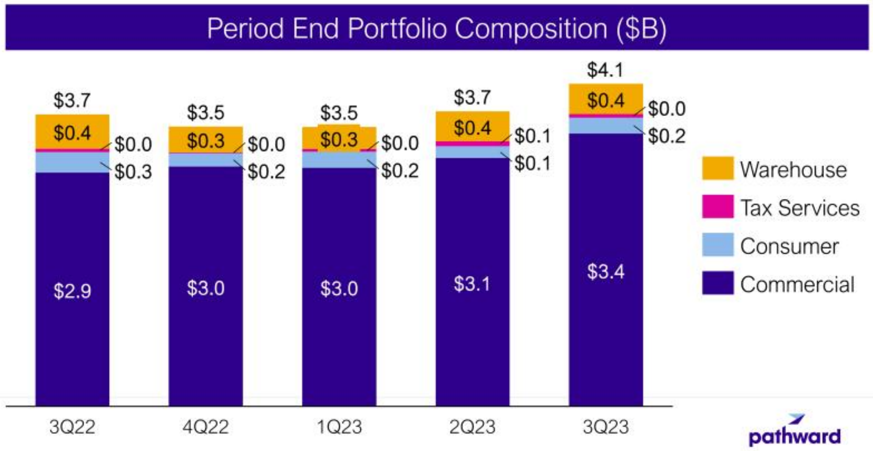
[1] *Excludes gain on sale of trademarks.*

Loan Portfolio

HIGHLIGHTS

- Remain focused on growing the Commercial Finance loan portfolio. Commercial Finance balances grew 17% from the third quarter of the prior year.
- Sequential quarter growth of $229 million in Insurance Premium Finance and $51 million in Consumer Finance.
- Yields continue to increase in the rising rate environment as variable loans adjust and fixed loans are gradually replaced and repriced.
- 2Q23 balances and yields elevated by seasonal tax loans.
- 3Q22 Consumer Finance balances include the Student Loan portfolio, which was sold in 4Q22.





Commercial Finance Attributes by Asset Class

WORKING CAPITAL FINANCE

- Provides working capital for new or growing companies to meet short-term operational requirements
- Primarily variable rate loans with majority of floors at or above 6%
- Bank typically has dominion of funds
- Heavily collateral-managed
- Historically excels during economic downturns

EQUIPMENT FINANCE

- Loan and lease financing to provide access to needed equipment
- Typically secured with mission-critical equipment
- Borrowers range from start-up companies to investment grade companies
- Primarily fixed rate loans and leases
- Flexibility to sell direct originations to secondary market

STRUCTURED FINANCE

- Funding to small and midsized businesses and rural borrowers to fund growth, expansion, and restructuring
- SBA, USDA, and conventional loans with fixed or variable interest rates
- Debt refinance, leveraged acquisitions, and alternative energy project finance
- SBA and USDA guarantees can be sold on the secondary market

INSURANCE PREMIUM FINANCE

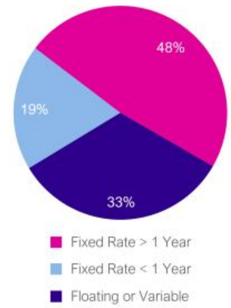
- Short-term financing to facilitate the purchase of property, casualty, and liability insurance premiums
- Average term of 10 months
- Fixed rate loans
- Collateralized by insurance premiums
- Very low historical loss rate

Loan Portfolio Interest Rate Sensitivity

HIGHLIGHTS

- As of June 30, 2023, $1.3B, or 33% of loans and leases contained floating or variable interest rates. Of these, $0.8B are tied to Fed Funds or Prime, with the remaining tied to either LIBOR, SOFR or the CMT.
- As of June 30, 2023, all variable loans with floors were at or above their floors.
- Due to the recent sharp rise in interest rates, asset mix changes and overall market conditions, a continued lag is expected before new and existing loans fully reprice.

Total Loan and Lease Portfolio Pricing Attributes[1]



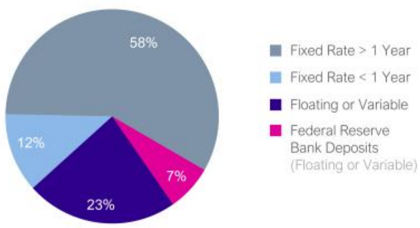
[1] Fixed rate loans and leases are shown for contractual periods.

Net Interest Margin and Loan Yields

[1] Declines in NIM in FY20 and FY21 associated with elevated cash balances from government stimulus programs
[2] Adjusted NIM includes contractual card processing expenses associated with higher interest rates

Interest Rate Risk Management June 30, 2023

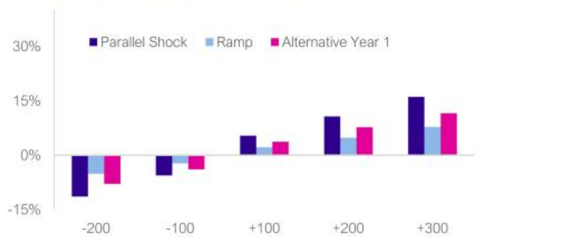
Earning Asset Pricing Attributes[1]



[1] *Fixed rate securities, loans and leases are shown for contractual periods.*

- Data presented on this page is reflective of the Company's asset mix at a point in time and calculated for regulatory purposes. Future rate changes would impact a multitude of variables beyond the Company's control, and as a result, the data presented is not intended to be used for forward-looking modeling purposes.
- Management's focus is on selectively adding duration to improve yield and protect margin against falling rates.
- Interest rate risk modeling shows asset sensitive balance sheet; net interest income graph shows impact of an instantaneous, parallel rate shock, a gradual parallel ramp, and an alternative view.
- Management employs rigorous modeling techniques under a variety of yield curve shapes, twists and ramps.

12-Month Interest Rate Sensitivity from Base Net Interest Income



Parallel Shock is a statutorily required calculation of the impact of an immediate change in rates, assuming other variables remain unchanged. Ramp reflects additional modeling of more gradual increases in interest rates. Alternative Year 1 mirrors the Parallel Shock scenario with the additional incorporation of the Company's card fee income and card processing expenses impacted by interest rates.

Asset/Liability Gap Analysis

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Asset Quality

Nonperforming Assets ("NPAs")

($ in millions)

Nonperforming Loans ("NPLs")

($ in millions)

Adjusted Net Charge-Offs ("NCOs")[1]

Excludes Tax Services NCOs and Related Seasonal Average Loans

($ in millions)

KEY CREDIT METRICS

- Annualized adjusted net charge-offs[1]:
  - 0.46% of average loans in 3Q23
  - 0.46% of average loans over last 12 months
- Allowance for credit loss ("ACL") of $81.9 million as of June 30, 2023.
- ACL as a % of total loans and leases was 2.01% for 3Q23, a 3bps decrease from the prior year.
- The increase in NPAs / NPLs compared to the sequential quarter was driven by one large nonperforming ABL relationship. Consumer finance NPLs decreased 3Q23 as compared to 2Q23.

[1] Non-GAAP financial measures, see appendix for reconciliations. Tax services NCOs and related seasonal average loans are excluded to adjust for the cyclicality of activity related to the overall economics of the tax services business line.

Capital and Sources of Liquidity

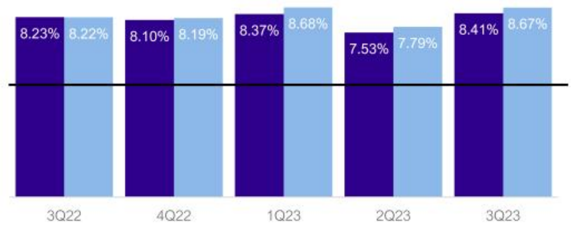
Regulatory Capital as of June 30, 2023

At June 30, 2023[1]	Pathward Financial, Inc.	Pathward, N.A.
Tier 1 Leverage	8.41%	8.67%
Common Equity Tier 1	11.52%	12.17%
Tier 1 Capital	11.79%	12.17%
Total Capital	13.45%	13.42%

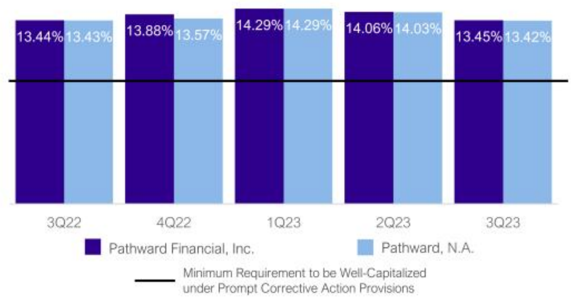
Primary & Secondary Liquidity Sources ($ in millions)	
Cash and Cash Equivalents	$515
Unpledged Investment Securities	$124
FHLB Borrowing Capacity	$744
Funds Available through Fed Discount Window	$234
Unsecured Funding Providers	$625
Deposit Balances Held at Other Banks	$781
Total Liquidity	$3,023

[1] Regulatory capital reflects the Company's election of the five-year CECL transition for regulatory capital purposes. Amounts are preliminary pending completion and filing of the Company's regulatory reports.

Tier 1 Leverage Ratio



Total Capital Ratio



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APPENDIX

Non-GAAP Reconciliation

Adjusted Net Income and Adjusted Earnings Per Share

($ in thousands, except per share data)	For the quarter ended			For the nine months ended	
	3Q22	2Q23	3Q23	2022	2023
Net income - GAAP	**22,391**	**54,771**	**45,096**	**132,966**	**127,709**
Less: Gain on sale of trademarks	-	-	-	50,000	10,000
Less: Loss on disposal of certain mobile generators	-	(1,993)	-	-	(1,993)
Add: Accelerated depreciation on certain mobile generators	-	4,822	-	-	4,822
Add: Rebranding Expenses	3,427	-	-	6,249	3,737
Add: Separation related expenses	3,116	-	-	4,080	11
Add: Impairment on venture capital investments	-	500	2,749	-	3,249
Add: Income tax effect	(1,677)	(1,829)	(687)	9,965	(942)
Adjusted Net Income	27,257	60,257	47,158	103,260	130,579
Less: Allocation of earnings to participating securities[1]	458	923	722	1,682	1,963
Adjusted net income attributable to common shareholders	26,799	59,334	46,436	101,578	128,616
Adjusted earnings per common share, diluted	**$0.93**	**$2.18**	**$1.76**	**$3.45**	**$4.72**
Average diluted shares	28,868,136	27,169,569	26,447,032	29,454,586	27,238,801

[1] *Amounts presented are used in the two-class earnings per common share calculation.*

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Non-GAAP Reconciliation

Adjusted Annualized NCOs and Adjusted Loans and Leases

	For the quarter ended				
($ in thousands)	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
Net charge-offs	12,198	26,664	3,217	4,975	4,218
Less: Tax services net charge-offs (recoveries)	7,992	22,594	1,033	(1,064)	(266)
Adjusted net charge-offs	4,206	4,050	2,184	6,039	4,484
Quarterly average loans and leases	3,747,631	3,618,678	3,524,924	4,014,112	3,919,225
Less: Quarterly average tax services loans	62,934	35,484	25,231	448,659	52,477
Adjusted Quarterly average loans and leases	3,684,697	3,583,194	3,499,693	3,565,453	3,866,748
Annualized NCOs/average loans and leases	1.30%	2.95%	0.37%	0.50%	0.43%
Adjusted annualized NCOs/adjusted average loans and leases[1]	0.46%	0.45%	0.25%	0.68%	0.46%

[1] Tax services NCOs and average loans are excluded to adjust for the cyclicality of activity related to the overall economics of the Company's tax services business line.

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Non-GAAP Reconciliation

Efficiency Ratio

($ in thousands)	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
	For the last twelve months ended				
Noninterest expense – GAAP	375,860	385,275	407,899	431,875	449,803
Net interest income	298,231	307,324	319,768	337,373	362,687
Noninterest income	299,893	293,807	272,993	290,265	304,004
Total Revenue: GAAP	**598,124**	**601,131**	**592,761**	**627,638**	**666,691**
Efficiency ratio, LTM	62.84%	64.09%	68.81%	68.81%	67.47%

Adjusted Efficiency Ratio

($ in thousands)	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023
	For the last twelve months ended				
Noninterest expense – GAAP	375,860	385,275	407,899	431,875	449,803
Less: Rebranding expenses	6,249	13,148	16,883	14,063	10,636
Adjusted noninterest expense	369,611	372,127	391,016	417,812	439,167
Net interest income	298,231	307,324	319,768	337,373	362,687
Noninterest income	299,893	293,807	272,993	290,265	304,004
Less: Gain on sale of trademarks	50,000	50,000	10,000	10,000	10,000
Total Adjusted Revenue:	**548,124**	**551,131**	**582,761**	**617,638**	**656,691**
Adjusted Efficiency ratio, LTM	67.43%	67.52%	67.10%	67.65%	66.88%

Overview of Loan Portfolio

($ in millions)	Business Line	Balance Sheet Category	3Q22	2Q23	3Q23	MRQ Yield	% of Total
Commercial Finance	**Structured Finance**						
	Guaranteed portion of US govt SBA/USDA loans	SBA/USDA	59.4	243.6	250.5		
	Unguaranteed portion of US govt SBA/USDA loans	SBA/USDA	135.0	157.3	169.1		
	Paycheck Protection Program (PPP) loans	SBA/USDA	21.1	4.7	2.8		
	Renewable energy debt financing[1] (term lending only)	Term lending	212.6	132.4	141.6		
	Other	Term lending	304.1	378.1	380.0		
		TOTAL	**732.2**	**916.1**	**944.0**	**6.22%**	**22%**
	Equipment Finance						
	Large ticket	Lease financing	192.7	153.6	187.8		
		Term lending	268.1	501.9	526.3		
	Small ticket	Lease financing	16.3	10.1	8.3		
		Term lending	263.0	223.1	205.9		
	Other	Lease financing	9.8	7.0	5.9		
		TOTAL	**749.9**	**895.7**	**934.2**	**6.62%**	**23%**
	Working Capital						
		Asset-based lending	402.5	378.0	373.2		
		Factoring	408.8	338.9	351.1		
		TOTAL	**811.3**	**716.9**	**724.3**	**13.33%**	**18%**
	Specialty Finance						
		Insurance premium finance	481.2	437.7	666.3		
		Other commercial finance	173.3	166.4	172.0		
		TOTAL	**654.5**	**604.1**	**838.3**	**8.47%**	**21%**
Consumer Lending	Consumer credit programs	Consumer credit programs	152.1	120.7	175.1		
	Private student loans	Other consumer finance	83.3	-	-		
	Other consumer lending	Other consumer finance	23.8	27.9	25.0		
		TOTAL	**259.2**	**148.6**	**200.1**	**8.30%**	**6%**
Tax Services	Tax preparer loans	Tax services	-	0.6	-		
	Refund advance loans	Tax services	41.6	60.9	47.2		
		TOTAL	**41.6**	**61.5**	**47.2**	**0.19%**	**1%**
Corporate		Warehouse finance	434.8	377.0	380.4		
		TOTAL	**434.8**	**377.0**	**380.4**	**9.02%**	**9%**
	Total Lending Portfolio (HFI)		**3,683.5**	**3,719.9**	**4,068.5**	**8.31%**	**100%**

[1]Total renewable energy debt financing outstanding was $424.3 million as of 3Q23. The majority of these balances are in the term lending and rental equipment balance sheet categories.

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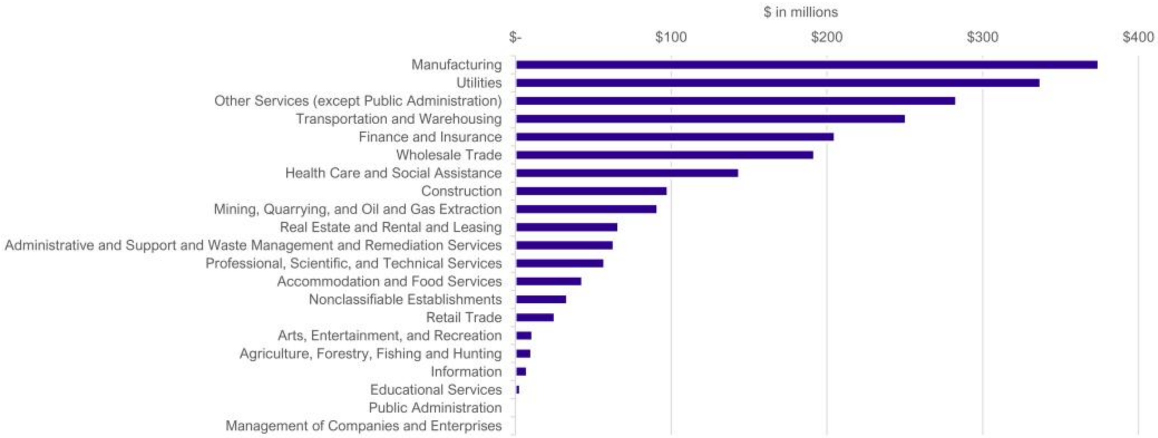
Commercial Finance Concentrations by Industry[1]



MANUFACTURING

52%	Asset-based lending
16%	Factoring
15%	Lease financing
12%	Term lending
5%	Other

TRANSPORTATION & WAREHOUSING

56%	Factoring
22%	Insurance premium finance
13%	Term lending
9%	Other

UTILITIES

55%	SBA/USDA
39%	Term lending
5%	Rental equipment, net
1%	Other

[1] Distribution by NAICS codes; excludes certain joint ventures; calculated based on aggregate principal amount of commercial finance loans and leases; includes operating lease rental equipment of $224.2M