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

FORM 10-Q

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from _____ to _____.

Commission File Number: 0-22140

pathward

PATHWARD FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**42-1406262**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class:	Outstanding at September 5, 2025:
Common Stock, $.01 par value	22,772,570 Shares
Nonvoting Common Stock, $.01 par value	0 Nonvoting shares

PATHWARD FINANCIAL, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Condition

(Dollars in thousands, except per share data)	June 30, 2025	September 30, 2024
ASSETS	(Unaudited)	(Audited)
Cash and cash equivalents	$ 258,343	$ 158,337
Securities available for sale, at fair value	1,367,340	1,741,221
Securities held to maturity, at amortized cost (fair value $25,771 and $30,236, respectively)	30,273	33,092
Federal Reserve Bank and Federal Home Loan Bank Stock, at cost	29,451	36,014
Loans held for sale	49,767	691,688
Loans and leases	4,743,324	4,075,195
Allowance for credit losses	(105,995)	(71,765)
Accrued interest receivable	39,996	31,385
Premises, furniture, and equipment, net	39,799	39,055
Rental equipment, net	181,370	205,339
Goodwill and intangible assets	311,193	326,094
Other assets	284,983	266,362
Total assets	$ 7,229,844	$ 7,532,017
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	$ 6,005,246	$ 5,875,085
Short-term borrowings	115,000	377,000
Long-term borrowings	33,431	33,354
Accrued expenses and other liabilities	258,019	424,389
Total liabilities	6,411,696	6,709,828
STOCKHOLDERS' EQUITY		
Preferred stock, 3,000,000 shares authorized, no shares issued, none outstanding at June 30, 2025 and September 30, 2024, respectively	—	—
Common stock, $0.01 par value; 90,000,000 shares authorized, 23,023,823 and 24,851,122 shares issued, 22,953,608 and 24,847,353 shares outstanding at June 30, 2025 and September 30, 2024, respectively	230	248
Common stock, Nonvoting, $0.01 par value; 3,000,000 shares authorized, no shares issued, none outstanding at June 30, 2025 and September 30, 2024, respectively	—	—
Additional paid-in capital	646,044	638,803
Retained earnings	337,321	337,058
Accumulated other comprehensive loss	(159,709)	(153,394)
Treasury stock, at cost, 70,215 and 3,769 common shares at June 30, 2025 and September 30, 2024, respectively	(4,882)	(249)
Total equity attributable to parent	819,004	822,466
Noncontrolling interest	(856)	(277)
Total stockholders' equity	818,148	822,189
Total liabilities and stockholders' equity	$ 7,229,844	$ 7,532,017

See Notes to Condensed Consolidated Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in thousands, except per share data)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024 (As Restated)	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024 (As Restated)
Interest and dividend income:				
Loans and leases, including fees	$ 108,766	$ 107,762	$ 340,370	$ 324,699
Mortgage-backed securities	8,337	9,748	25,903	29,795
Other investments	6,489	8,323	27,679	33,222
	123,592	125,833	393,952	387,716
Interest expense:				
Deposits	287	1,689	5,147	11,900
FHLB advances and other borrowings	992	1,394	4,963	5,505
	1,279	3,083	10,110	17,405
Net interest income	122,313	122,750	383,842	370,311
Provision for credit loss	9,278	11,927	63,205	49,429
Net interest income after provision for credit loss	113,035	110,823	320,637	320,882
Noninterest income:				
Refund transfer product fees	9,846	9,111	42,919	38,475
Refund advance and other tax fee income	307	(67)	49,416	43,244
Card and deposit fees	37,342	33,408	97,201	99,502
Rental income	12,913	13,779	39,822	40,958
(Loss) on sale of securities	—	—	(22,899)	—
Gain (loss) on divestitures	—	—	15,044	—
Secondary market revenue	7,144	1,721	26,900	3,091
Gain on sale of other	394	2,954	2,007	6,119
Other income	5,496	4,965	18,934	16,188
Total noninterest income	73,442	65,871	269,344	247,577
Noninterest expense:				
Compensation and benefits	48,559	48,449	149,755	149,174
Refund transfer product expense	2,818	2,136	11,401	9,694
Refund advance expense	(74)	47	1,225	1,923
Card processing	36,197	34,314	105,750	104,061
Occupancy and equipment expense	10,633	9,070	30,646	27,211
Operating lease equipment depreciation	11,569	10,465	34,775	31,312
Legal and consulting	11,094	5,410	22,197	16,443
Intangible amortization	798	983	2,693	3,207
Impairment expense	1,077	999	2,590	3,012
Other expense	16,651	13,637	54,264	41,292
Total noninterest expense	139,322	125,510	415,296	387,329
Income before income tax expense	47,155	51,184	174,685	181,130
Income tax expense	4,795	6,103	26,966	30,726
Net income before noncontrolling interest	42,360	45,081	147,719	150,404
Net income attributable to noncontrolling interest	213	212	650	718
Net income attributable to parent	$ 42,147	$ 44,869	$ 147,069	$ 149,686
Earnings per common share:				
Basic	$ 1.83	$ 1.78	$ 6.20	$ 5.86
Diluted	$ 1.81	$ 1.78	$ 6.17	$ 5.85

See Notes to Condensed Consolidated Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2025	2024	2025	2024
(Dollars in thousands)		(As Restated)		(As Restated)
Net income before noncontrolling interest	$ 42,360	$ 45,081	$ 147,719	$ 150,404
Other comprehensive income (loss):				
Change in net unrealized gain (loss) on debt securities	6,028	(1,463)	(30,795)	63,659
Net loss realized on debt securities	—	—	22,899	—
	6,028	(1,463)	(7,896)	63,659
Unrealized gain (loss) on currency translation	2,069	(297)	30	(260)
Deferred income tax effect	1,495	(338)	(1,551)	15,948
Total other comprehensive income (loss)	6,602	(1,422)	(6,315)	47,451
Total comprehensive income	48,962	43,659	141,404	197,855
Total comprehensive income attributable to noncontrolling interest	213	212	650	718
Comprehensive income attributable to parent	$ 48,749	$ 43,447	$ 140,754	$ 197,137

See Notes to Condensed Consolidated Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	Three Months Ended							
(Dollars in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Pathward Financial, Inc. Stockholders' Equity	Noncontrolling interest	Total Stockholders' Equity
Balance, March 31, 2025	$ 235	$ 643,888	$ 341,775	$ (166,311)	$ (4,882)	$ 814,705	$ (658)	$ 814,047
Cash dividends declared on common stock ($0.05 per share)	—	—	(1,151)	—	—	(1,151)	—	(1,151)
Repurchases of common stock	(5)	5	(45,450)	—	—	(45,450)	—	(45,450)
Stock compensation	—	2,151	—	—	—	2,151	—	2,151
Total other comprehensive income	—	—	—	6,602	—	6,602	—	6,602
Net income	—	—	42,147	—	—	42,147	213	42,360
Net distribution to noncontrolling interest	—	—	—	—	—	—	(411)	(411)
Balance, June 30, 2025	$ 230	$ 646,044	$ 337,321	$ (159,709)	$ (4,882)	$ 819,004	$ (856)	$ 818,148
Balance, March 31, 2024 (As Restated)	$ 254	$ 634,415	$ 297,578	$ (206,570)	$ (6,181)	$ 719,496	$ (420)	$ 719,076
Cash dividends declared on common stock ($0.05 per share)	—	—	(1,257)	—	—	(1,257)	—	(1,257)
Repurchases of common stock	(3)	3	(15,150)	—	—	(15,150)	—	(15,150)
Stock compensation	—	1,866	—	—	—	1,866	—	1,866
Total other comprehensive loss	—	—	—	(1,422)	—	(1,422)	—	(1,422)
Net income (Restated)	—	—	44,869	—	—	44,869	212	45,081
Net distribution to noncontrolling interest	—	—	—	—	—	—	(298)	(298)
Balance, June 30, 2024 (As Restated)	$ 251	$ 636,284	$ 326,040	$ (207,992)	$ (6,181)	$ 748,402	$ (506)	$ 747,896

	Nine Months Ended							
(Dollars in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Pathward Financial, Inc. Stockholders' Equity	Noncontrolling interest	Total Stockholders' Equity
Balance, September 30, 2024 (As Restated)	$ 248	$ 638,803	$ 337,058	$ (153,394)	$ (249)	$ 822,466	$ (277)	$ 822,189
Cash dividends declared on common stock ($0.15 per share)	—	—	(3,542)	—	—	(3,542)	—	(3,542)
Repurchases of common stock	(18)	18	(143,264)	—	(4,633)	(147,897)	—	(147,897)
Stock compensation	—	7,223	—	—	—	7,223	—	7,223
Total other comprehensive loss	—	—	—	(6,315)	—	(6,315)	—	(6,315)
Net income	—	—	147,069	—	—	147,069	650	147,719
Net distribution to noncontrolling interest	—	—	—	—	—	—	(1,229)	(1,229)
Balance, June 30, 2025	$ 230	$ 646,044	$ 337,321	$ (159,709)	$ (4,882)	$ 819,004	$ (856)	$ 818,148
Balance, September 30, 2023 (As Restated)	$ 262	$ 628,500	$ 246,377	$ (255,443)	$ (344)	$ 619,352	$ (1,005)	$ 618,347
Cash dividends declared on common stock ($0.15 per share)	—	—	(3,824)	—	—	(3,824)	—	(3,824)
Issuance of common stock due to restricted stock	3	—	—	—	—	3	—	3
Repurchases of common stock	(14)	14	(65,676)	—	(5,837)	(71,513)	—	(71,513)
Stock compensation	—	7,770	—	—	—	7,770	—	7,770
Total other comprehensive income	—	—	—	47,451	—	47,451	—	47,451
Joint venture membership interest divestiture	—	—	(523)	—	—	(523)	—	(523)
Net income (Restated)	—	—	149,686	—	—	149,686	718	150,404
Net distribution to noncontrolling interest	—	—	—	—	—	—	(219)	(219)
Balance, June 30, 2024 (As Restated)	$ 251	$ 636,284	$ 326,040	$ (207,992)	$ (6,181)	$ 748,402	$ (506)	$ 747,896

See Notes to Condensed Consolidated Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in thousands)	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024 (As Restated)
Cash flows from operating activities:		
Net income before noncontrolling interest	$ 147,719	$ 150,404
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	45,423	43,832
Provision for credit loss	63,205	49,429
Provision for deferred taxes	16,256	12,720
Originations of loans held for sale	(1,925,438)	(1,426,973)
Proceeds from sales of loans held for sale	2,014,236	1,468,162
Net change in loans held for sale	(1,791)	18,062
Net realized (gain) on loans held for sale	(26,900)	(3,091)
Net realized loss (gain) on securities available for sale	22,899	—
Net realized (gain) on divestitures	(15,044)	—
Net realized (gain) on other	(2,007)	(6,119)
Impairment on rental equipment	2,590	2,013
Net change in accrued interest receivable	(8,611)	(8,473)
Net change in other assets	(29,182)	(13,989)
Net change in accrued expenses and other liabilities	(163,623)	51,942
Stock compensation	7,223	7,770
Net cash provided by operating activities	146,955	345,689
Cash flows from investing activities:		
Purchases of securities available for sale	(2,280)	—
Proceeds from sales of securities available for sale	217,883	—
Proceeds from maturities of and principal collected on securities available for sale	127,261	141,801
Proceeds from maturities of and principal collected on securities held to maturity	2,676	2,430
Purchases of Federal Reserve Bank and Federal Home Loan Bank stock	(210,159)	(276,025)
Redemption of Federal Reserve Bank and Federal Home Loan Bank stock	216,722	279,787
Purchases of loans and leases	(193,795)	(229,912)
Net change in loans and leases	(587,597)	119,964
Purchases of premises, furniture, and equipment	(8,339)	(5,784)
Purchases of rental equipment	(113,018)	(221,681)
Proceeds from sales of rental equipment	20,692	7,302
Net change in rental equipment	389	408
Proceeds from divestitures, net of transaction costs	608,455	—
Proceeds from sale of other assets	408	6,466
Proceeds from loans held for sale previously classified as portfolio loans	146,158	—
Net cash provided by (used in) investing activities	225,456	(175,244)
Cash flows from financing activities:		
Net change in deposits	142,234	(157,666)
Net change in short-term borrowings	(262,001)	(13,000)
Principal payments on other liabilities	—	(621)
Dividends paid on common stock	(3,542)	(3,824)
Issuance of common stock due to restricted stock	—	3
Repurchases of common stock	(147,897)	(71,513)
Investment by (distributions to) noncontrolling interest	(1,229)	(219)
Net cash (used in) financing activities	(272,435)	(246,840)
Effect of exchange rate changes on cash	30	(259)
Net change in cash and cash equivalents	100,006	(76,654)
Cash and cash equivalents at beginning of fiscal year	158,337	375,580
Cash and cash equivalents at end of fiscal period	$ 258,343	$ 298,926

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30,	
(Dollars in thousands)	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 9,939	$ 15,988
Income taxes	14,345	13,996
Franchise and other taxes	580	620
Supplemental schedule of non-cash investing activities:		
Transfers		
Held for sale to loans and leases	$ 27,155	$ 8,403
Loans and leases to held for sale	130,011	—
Loans and leases to rental equipment	3,683	3,847
Rental equipment to loan and leases	83,309	187,505
Recognition of operating lease ROU assets, net of measurements	—	654
Joint venture membership interest divestiture	—	523

See Notes to Condensed Consolidated Financial Statements.

PATHWARD FINANCIAL, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

NOTE 1. BASIS OF PRESENTATION

The interim unaudited Condensed Consolidated Financial Statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended September 30, 2024 included in Pathward Financial, Inc.'s ("Pathward Financial" or the "Company") Annual Report on Form 10-K, as amended by Amendment No. 1 thereto, filed with the Securities and Exchange Commission ("SEC") on August 29, 2025 (the "Form 10-K/A"). Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the audited consolidated financial statements have been omitted.

The financial information of the Company included herein has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of the three and nine months ended June 30, 2025 are not necessarily indicative of the results expected for the fiscal year ending September 30, 2025.

Certain prior fiscal year amounts have been reclassified to conform to the current year financial statement presentation. These reclassifications did not impact previously reported net income, comprehensive income or the statement of financial condition. Additionally, the Company began using "Secondary Market Revenue" on the Condensed Consolidated Statement of Operations for the interim period ending March 31, 2025 and June 30, 2025 versus the previous caption of "Gain (Loss) on Sale of Loans and Leases". This line item exclusively comprises gains or losses realized from the sale of loans and leases, including any adjustments to record loans held for sale at the lower of amortized cost basis or fair value in accordance with ASC 860-20-50-5. There were no reclassifications of fiscal year amounts or prior period amounts as a result of this change in financial statement caption description.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING STANDARDS UPDATES ("ASU")

Significant accounting policies in effect and disclosed within the Company's most recent audited consolidated financial statements as of September 30, 2024 remain substantially unchanged.

The following ASU became effective for the Company on October 1, 2024, and did not have a material impact on the Company's significant accounting policies or Condensed Consolidated Financial Statements:

ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.* This ASU improves reportable segment disclosures primarily by enhancing disclosure requirements about significant segment expenses and additional interim disclosure requirements. The amendments will first be applied to the Company's annual financial statements for the year ending September 30, 2025 using a retrospective transition method. This ASU impacts disclosure only, and therefore does not have an impact on our consolidated financial statements.

The following ASUs have been issued and are considered applicable to the Company but have not yet been adopted.

ASU 2023-09, *Income Taxes (ASC 740): Improvements to Income Tax Disclosures*. This ASU requires enhanced income tax disclosures primarily related to the rate reconciliation and income taxes paid information to provide further transparency surrounding the Company's income tax position. The amendments in this ASU will be effective for the Company beginning on October 1, 2025. This ASU impacts annual income tax disclosures only. The Company is currently evaluating the impact of such amendments to our Income Tax disclosures.

ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures*. This ASU requires entities to disclose specified information about certain costs and expenses within relevant expense captions in both annual and interim financial reporting. If costs and expenses do not fall within one of the disaggregated captions, qualitative description is required. The amendments in this ASU will be effective for the Company beginning October 1, 2027. This ASU impacts disclosure only, and therefore will not impact our consolidated financial statements. The Company is currently evaluating the impact of this ASU on required annual and interim disclosures.

NOTE 3. DIVESTITURES

On October 31, 2024, the Company completed the sale of substantially all of the assets and liabilities related to the Bank's commercial insurance premium finance business, a component of the Company's Commercial segment, pursuant to the Asset Purchase and Sale Agreement (the "Purchase Agreement") dated August 28, 2024 with Honor Capital Corporation, a Florida corporation (the "Purchaser"), the successor by assignment to AFS IBEX Financial Services, LLC, and Honor Capital Holdings, LLC as guarantor. The purchase price at closing was based on the net asset value of the assets purchased and liabilities assumed pursuant to the Purchase Agreement plus a $31.2 million premium. The Company has summarized the results of the transaction as follows:

(Dollars in thousands)	December 31, 2024	Settlement Adjustments	June 30, 2025
Assets Purchased and Liabilities Assumed			
Cash and cash equivalents	$ 4,686	$ —	$ 4,686
Loans	594,541	(1,360)	593,181
Premises, furniture, and equipment, net	484	—	484
Total assets purchased	$ 599,711	$ (1,360)	$ 598,351
Deposits	$ 16,760	$ —	$ 16,760
Accrued expenses and other liabilities	1,158	120	1,278
Total liabilities assumed	$ 17,918	$ 120	$ 18,038
Net assets purchased	$ 581,793	$ (1,480)	$ 580,313
Consideration paid at close	603,290	8,223	611,513
Consideration due	9,703	(9,703)	—
Purchase price	612,993	(1,480)	611,513
Premium on transaction	31,200	—	31,200
Other adjustments:			
Goodwill derecognition	(11,577)	—	(11,577)
Intangible derecognition	(631)	—	(631)
Building lease derecognition	471	—	471
Deferred loan origination cost derecognition	—	(1,360)	(1,360)
Transaction costs	(3,059)	—	(3,059)
Total other adjustments	(14,796)	(1,360)	(16,156)
Gain on divestitures	$ 16,404	$ (1,360)	$ 15,044

After final settlement adjustments, the sale resulted in an overall gain of $15.0 million before tax that was recognized within noninterest income on the Company's Condensed Consolidated Statements of Operations. The settlement adjustments during the three months ended March 31, 2025 resulted in a $1.4 million decrease of the previously recognized gain as of December 31, 2024 as a result of certain deferred loan origination costs that were excluded from the final settlement. See Note 8. Goodwill and Intangible Assets and Note 9. Operating Lease Right-of-Use Assets and Liabilities to the Condensed Consolidated Financial Statements for further information on the amounts included in the divestiture.

NOTE 4. SECURITIES

The amortized cost, gross unrealized gains and losses and estimated fair values of debt securities available for sale ("AFS") and held to maturity ("HTM") are presented below.

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Debt Securities AFS				
June 30, 2025				
Corporate securities	$ 25,000	$ —	$ (3,875)	$ 21,125
SBA securities	11,791	—	(1,108)	10,683
Obligations of states and political subdivisions	162	—	(1)	161
Non-bank qualified obligations of states and political subdivisions	218,328	23	(28,806)	189,545
Asset-backed securities	142,963	11	(2,782)	140,192
Mortgage-backed securities	1,180,069	17	(174,452)	1,005,634
Total debt securities AFS	$ 1,578,313	$ 51	$ (211,024)	$ 1,367,340
September 30, 2024				
Corporate securities	$ 25,000	$ —	$ (5,250)	$ 19,750
SBA securities	86,036	—	(4,101)	81,935
Obligations of states and political subdivisions	501	—	(21)	480
Non-bank qualified obligations of states and political subdivisions	246,233	44	(28,287)	217,990
Asset-backed securities	192,979	337	(3,618)	189,698
Mortgage-backed securities	1,393,549	84	(162,265)	1,231,368
Total debt securities AFS	$ 1,944,298	$ 465	$ (203,542)	$ 1,741,221
Debt Securities HTM				
June 30, 2025				
Non-bank qualified obligations of states and political subdivisions	$ 28,314	$ —	$ (4,263)	$ 24,051
Mortgage-backed securities	1,959	—	(239)	1,720
Total debt securities HTM	$ 30,273	$ —	$ (4,502)	$ 25,771
September 30, 2024				
Non-bank qualified obligations of states and political subdivisions	$ 31,060	$ —	$ (2,668)	$ 28,392
Mortgage-backed securities	2,032	—	(188)	1,844
Total debt securities HTM	$ 33,092	$ —	$ (2,856)	$ 30,236

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous loss position, were as follows:

(Dollars in thousands)	LESS THAN 12 MONTHS		OVER 12 MONTHS		TOTAL	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
Debt Securities AFS						
June 30, 2025						
Corporate securities	$ —	$ —	$ 21,125	$ (3,875)	$ 21,125	$ (3,875)
SBA securities	—	—	10,683	(1,108)	10,683	(1,108)
Obligations of state and political subdivisions	161	(1)	—	—	161	(1)
Non-bank qualified obligations of states and political subdivisions	—	—	187,593	(28,806)	187,593	(28,806)
Asset-backed securities	66,794	(725)	68,015	(2,057)	134,809	(2,782)
Mortgage-backed securities	13,041	(111)	990,596	(174,341)	1,003,637	(174,452)
Total debt securities AFS	$ 79,996	$ (837)	$ 1,278,012	$ (210,187)	$ 1,358,008	$ (211,024)
September 30, 2024						
Corporate securities	$ —	$ —	$ 19,750	$ (5,250)	$ 19,750	$ (5,250)
SBA securities	—	—	81,935	(4,101)	81,935	(4,101)
Obligations of state and political subdivisions	—	—	280	(21)	280	(21)
Non-bank qualified obligations of states and political subdivisions	—	—	215,956	(28,287)	215,956	(28,287)
Asset-backed securities	52,101	(176)	88,576	(3,442)	140,677	(3,618)
Mortgage-backed securities	2,377	(15)	1,215,781	(162,250)	1,218,158	(162,265)
Total debt securities AFS	$ 54,478	$ (191)	$ 1,622,278	$ (203,351)	$ 1,676,756	$ (203,542)
Debt Securities HTM						
June 30, 2025						
Non-bank qualified obligations of states and political subdivisions	$ —	$ —	$ 24,051	$ (4,263)	$ 24,051	$ (4,263)
Mortgage-backed securities	—	—	1,720	(239)	1,720	(239)
Total debt securities HTM	$ —	$ —	$ 25,771	$ (4,502)	$ 25,771	$ (4,502)
September 30, 2024						
Non-bank qualified obligations of states and political subdivisions	$ —	$ —	$ 28,392	$ (2,668)	$ 28,392	$ (2,668)
Mortgage-backed securities	—	—	1,844	(188)	1,844	(188)
Total debt securities HTM	$ —	$ —	$ 30,236	$ (2,856)	$ 30,236	$ (2,856)

The decrease in the fair value of investment securities balances when comparing June 30, 2025 to September 30, 2024 was primarily driven by the sale of $217.9 million debt securities AFS and principal pay downs during the nine months. The sale of debt securities AFS in the first quarter of fiscal 2025 stemmed from the decision to offset the gain on the sale of the commercial insurance premium finance business. The sale of debt securities AFS in the second quarter of fiscal 2025 stemmed from the decision to offset the gain on the sale of the transportation portfolio within working capital. Individual securities were identified for sale upon close of the transactions in order to reposition the debt securities AFS portfolio. At June 30, 2025, there were 153 debt securities AFS in an unrealized loss position. Management assessed each investment security with unrealized losses for credit loss by evaluating qualitative factors, including materiality of loss position as a percentage of book value, credit ratings, outstanding principal and interest payments, and changes in the underlying implicit or explicit guarantee of the security, and determined all unrealized losses on these securities were due to adverse market conditions and/or change in interest rates versus credit loss. As part of that assessment, management evaluated and concluded that it is more-likely-than-not that the Company will not be required and does not intend to sell any of the securities prior to recovery of the amortized cost. At June 30, 2025, there was no allowance for credit losses ("ACL") for debt securities AFS.

The amortized cost and fair value of debt securities by contractual maturity are shown below. Certain securities have call features which allow the issuer to call the security prior to maturity. Expected maturities may differ from contractual maturities in MBS because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore, MBS are not included in the maturity categories in the following maturity summary. The expected maturities of certain SBA securities may differ from contractual maturities because the borrowers may have the right to prepay the obligation. However, certain prepayment penalties may apply.

(Dollars in thousands)	June 30, 2025		September 30, 2024	
Debt Securities AFS	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in one year or less	$ 380	$ 382	$ 1,826	$ 1,796
Due after one year through five years	1,712	1,732	14,772	14,211
Due after five years through ten years	27,883	24,013	70,894	63,636
Due after ten years	368,269	335,580	463,257	430,210
	398,244	361,707	550,749	509,853
Mortgage-backed securities	1,180,069	1,005,633	1,393,549	1,231,368
Total debt securities AFS	$ 1,578,313	$ 1,367,340	$ 1,944,298	$ 1,741,221
Debt Securities HTM				
Due after ten years	$ 28,314	$ 24,051	$ 31,060	$ 28,392
	28,314	24,051	31,060	28,392
Mortgage-backed securities	1,959	1,720	2,032	1,844
Total debt securities HTM	$ 30,273	$ 25,771	$ 33,092	$ 30,236

Federal Reserve Bank ("FRB") Stock. The Bank is required by federal law to subscribe to capital stock (divided into shares of $100 each) as a member of the FRB of Minneapolis with an amount equal to six per centum of the paid-up capital stock and surplus. One-half of the subscription is paid at time of application, and one-half is subject to call of the Board of Governors of the Federal Reserve System. FRB of Minneapolis stock held by the Bank totaled $19.7 million at June 30, 2025 and September 30, 2024. These equity securities are 'restricted' in that they can only be owned by member banks.

Federal Home Loan Bank ("FHLB") Stock. The Company's borrowings from the FHLB are secured by specific investment securities. Such advances can be made pursuant to several different credit programs, each of which has its own interest rate and range of maturities.

The investments in the FHLB stock are required investments related to the Company's membership in and current borrowings from the FHLB of Des Moines. The investments in the FHLB of Des Moines could be adversely impacted by the financial operations of the FHLB and actions of their regulator, the Federal Housing Finance Agency.

The FHLB stock is carried at cost since it is generally redeemable at par value. The carrying value of the stock held at the FHLB was $9.8 million and $16.3 million at June 30, 2025 and at September 30, 2024, respectively.

These equity securities are ‘restricted’ in that they can only be sold back to the respective institution from which they were acquired or another member institution at par. Therefore, FRB and FHLB stocks are less liquid than other marketable equity securities, and the cost approximates fair value.

Equity Securities. The Company held $3.7 million and $3.3 million in marketable equity securities within other assets on the Condensed Consolidated Statements of Financial Condition at June 30, 2025 and September 30, 2024, respectively. The Company recognized $0.1 million and $0.2 million in unrealized losses on marketable equity securities during the nine months ended June 30, 2025 and 2024, respectively. No such securities were sold during the nine months ended June 30, 2025.

Non-marketable equity securities with a readily determinable fair value totaled $12.7 million and $11.8 million at June 30, 2025 and September 30, 2024, respectively. These securities are held within other assets on the Condensed Consolidated Statements of Financial Condition. The Company recognized $1.1 million and $0.6 million in unrealized gains during the nine months ended June 30, 2025 and 2024, respectively. No such securities were sold during the nine months ended June 30, 2025.

Non-marketable equity securities without readily determinable fair value totaled $14.7 million and $13.6 million at June 30, 2025 and September 30, 2024, respectively, reflecting Company ownership interests in other entities through its Pathward Venture Capital, LLC, a wholly-owned service corporation subsidiary of the Bank that was formed in 2017 for the purpose of making minority equity investments and other corporate investments. During the nine months ended June 30, 2025, the Company recognized a $0.4 million gain on Visa shares which were carried at a cost basis of $0. This gain was recognized within the gain on sale of other on the Condensed Consolidated Statements of Operations. There were no additional such securities sold during the nine months ended June 30, 2025.

Equity Securities Impairment. The Company evaluates impairment for investments held at cost on at least an annual basis based on the ultimate recoverability of the par value. All other equity investments, including those under the equity method, are reviewed for other-than-temporary impairment on at least a quarterly basis. The Company recognized no impairment for such investments for the nine months ended June 30, 2025 and 2024.

NOTE 5. LOANS AND LEASES, NET

Loans and leases consist of the following:

(Dollars in thousands)	June 30, 2025	September 30, 2024
Term lending	$ 2,003,699	$ 1,554,641
Asset-based lending	610,852	471,897
Factoring	241,024	362,295
Lease financing	134,214	152,174
SBA/USDA	674,902	568,628
Other commercial finance	153,321	185,964
Commercial finance	3,818,012	3,295,599
Consumer finance	226,380	248,800
Tax services	37,419	8,825
Warehouse finance	664,110	517,847
Total loans and leases	4,745,921	4,071,071
Net deferred loan origination costs (fees)	(2,597)	4,124
Total gross loans and leases	4,743,324	4,075,195
Allowance for credit losses	(105,995)	(71,765)
Total loans and leases, net	$ 4,637,329	$ 4,003,430

During the nine months ended June 30, 2025 and 2024, the Company originated $1.93 billion and $1.43 billion of commercial finance and consumer finance as held for sale, respectively.

The Company sold held for sale loans resulting in proceeds of $2.16 billion and a $26.9 million gain on sale during the nine months ended June 30, 2025. The Company sold held for sale loans resulting in proceeds of $1.47 billion and a $3.1 million gain on sale during the nine months ended June 30, 2024. Gains and losses from the sale of loans and leases are included in secondary market revenue on the Condensed Consolidated Statements of Operations.

See Note 3. Divestitures to the Condensed Consolidated Financial Statements for further information on the sale of the Company's commercial insurance premium finance business.

Loans purchased and sold by portfolio segment, including participation interests, were as follows:

(Dollars in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024
Loans Purchased				
Loans held for investment:				
Commercial finance	$ 1,271	$ 11,000	$ 20,811	$ 11,000
Warehouse finance	25,873	55,821	172,984	218,912
Total purchases	$ 27,144	$ 66,821	$ 193,795	$ 229,912
Loans Sold				
Loans held for sale:				
Commercial finance	$ 100,909	$ 24,173	$ 349,378	$ 49,218
Consumer finance	505,779	474,991	1,811,016	1,418,944
Total sales	$ 606,688	$ 499,164	$ 2,160,394	$ 1,468,162

Leasing Portfolio. The net investment in direct financing and sales-type leases was comprised of the following:

(Dollars in thousands)	June 30, 2025	September 30, 2024
Minimum lease payments receivable	$ 144,134	$ 162,757
Unguaranteed residual assets	7,284	9,300
Unamortized initial direct costs	72	102
Unearned income	(17,204)	(19,883)
Total net investment in direct financing and sales-type leases	$ 134,286	$ 152,276

The components of total lease income were as follows:

(Dollars in thousands)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024
Interest income - loans and leases				
Interest income on net investments in direct financing and sales-type leases	$ 2,444	$ 2,908	$ 8,431	$ 8,869
Leasing and equipment finance noninterest income				
Lease income from operating lease payments	12,751	13,589	39,130	40,449
Other[1]	747	1,051	3,193	2,644
Total leasing and equipment finance noninterest income	13,498	14,640	42,323	43,093
Total lease income	$ 15,942	$ 17,548	$ 50,754	$ 51,962

[1] Other leasing and equipment finance noninterest income consists of gains (losses) on sales of leased equipment, fees and service charges on leases and gains (losses) on sales of leases.

Undiscounted future minimum lease payments receivable for direct financing and sales-type leases, and a reconciliation to the carrying amount recorded at June 30, 2025 were as follows:

(Dollars in thousands)		
Remaining in 2025	$	15,714
2026		49,550
2027		35,162
2028		22,288
2029		13,579
Thereafter		7,841
Total undiscounted future minimum lease payments receivable for direct financing and sales-type leases		144,134
Third-party residual value guarantees		—
Total carrying amount of minimum lease payments for direct financing and sales-type leases	$	144,134

The Company did not record any contingent rental income from direct financing and sales-type leases in the nine months ended June 30, 2025.

A number of factors that began to affect the economic environment in 2023 have continued into 2025, including economic uncertainty, inflation, increased interest rates, with the Federal Reserve beginning to lower the target federal funds rate at the end of 2024, and geopolitical conflict. Since early 2025, global markets and the U.S. economy have also experienced disruption and volatility resulting from tariffs and other policies of the U.S. administration, which may continue during the remainder of 2025. Management continues to evaluate the loan and lease portfolio in order to assess the impact on repayment sources and underlying collateral that could result in additional losses and the impact to our customers and businesses as a result of these factors impacting the economy and will refine its estimate as developments occur and more information becomes available.

Activity in the allowance for credit losses by portfolio segment was as follows:

(Dollars in thousands)	Beginning Balance	Provision (Reversal)	Charge-offs	Recoveries	Ending Balance
Three Months Ended June 30, 2025					
Allowance for credit losses:					
Term lending	$ 26,219	$ 3,514	$ (1,333)	$ 976	$ 29,376
Asset-based lending	2,030	5,844	(539)	—	7,335
Factoring	4,934	516	(464)	391	5,377
Lease financing	1,243	219	(344)	12	1,130
SBA/USDA	4,021	1,427	(421)	1	5,028
Other commercial finance	384	(195)	—	—	189
Commercial finance	38,831	11,325	(3,101)	1,380	48,435
Consumer finance	29,635	2,613	(6,381)	600	26,467
Tax services	33,781	(4,728)	(554)	1,930	30,429
Warehouse finance	643	21	—	—	664
Total loans and leases	102,890	9,231	(10,036)	3,910	105,995
Unfunded commitments[1]	851	47	—	—	898
Total	$ 103,741	$ 9,278	$ (10,036)	$ 3,910	$ 106,893

			(As Restated)		
Three Months Ended June 30, 2024	**Beginning Balance**	**Provision (Reversal)**	**Charge-offs**	**Recoveries**	**Ending Balance**
Allowance for credit losses:					
Term lending	$ 28,627	$ 5,962	$ (4,628)	$ 698	$ 30,659
Asset-based lending	1,215	10	—	9	1,234
Factoring	6,814	1,369	(2,389)	18	5,812
Lease financing	1,551	(86)	—	29	1,494
Insurance premium finance	1,409	480	(263)	26	1,652
SBA/USDA	2,942	358	(456)	—	2,844
Other commercial finance	1,720	(321)	—	—	1,399
Commercial finance	44,278	7,772	(7,736)	780	45,094
Consumer finance	35,081	7,145	(10,009)	351	32,568
Tax services	31,528	(3,285)	(820)	1,230	28,653
Warehouse finance	395	55	—	—	450
Total loans and leases	111,282	11,687	(18,565)	2,361	106,765
Unfunded commitments[1]	743	240	—	—	983
Total	$ 112,025	$ 11,927	$ (18,565)	$ 2,361	$ 107,748

[1] Reserve for unfunded commitments is recognized within other liabilities on the Condensed Consolidated Statements of Financial Condition.

(Dollars in thousands)	Beginning Balance	Provision (Reversal)	Charge-offs	Recoveries	Ending Balance
Nine Months Ended June 30, 2025					
Allowance for credit losses:					
Term lending	$ 30,394	$ 12,187	$ (15,916)	$ 2,711	$ 29,376
Asset-based lending	1,356	6,690	(711)	—	7,335
Factoring	5,757	(421)	(634)	675	5,377
Lease financing	1,189	1,346	(1,426)	21	1,130
Insurance premium finance	—	91	(93)	2	—
SBA/USDA	3,273	3,033	(1,327)	49	5,028
Other commercial finance	607	(418)	—	—	189
Commercial finance	42,576	22,508	(20,107)	3,458	48,435
Consumer finance	28,669	17,597	(21,362)	1,563	26,467
Tax services	2	22,751	(1,295)	8,971	30,429
Warehouse finance	518	146	—	—	664
Total loans and leases	71,765	63,002	(42,764)	13,992	105,995
Unfunded commitments[1]	695	203	—	—	898
Total	$ 72,460	$ 63,205	$ (42,764)	$ 13,992	$ 106,893

			(As Restated)		
Nine Months Ended June 30, 2024	**Beginning Balance**	**Provision (Reversal)**	**Charge-offs**	**Recoveries**	**Ending Balance**
Allowance for credit losses:					
Term lending	$ 25,686	$ 18,087	$ (14,925)	$ 1,811	$ 30,659
Asset-based lending	2,738	(1,754)	—	250	1,234
Factoring	6,566	1,497	(2,424)	173	5,812
Lease financing	3,302	(1,867)	(125)	184	1,494
Insurance premium finance	2,637	(291)	(923)	229	1,652
SBA/USDA	2,962	338	(456)	—	2,844
Other commercial finance	3,089	(1,690)	—	—	1,399
Commercial finance	46,980	14,320	(18,853)	2,647	45,094
Consumer finance	49,496	11,033	(28,932)	971	32,568
Tax services	2	23,292	(1,965)	7,324	28,653
Warehouse finance	377	73	—	—	450
Total loans and leases	96,855	48,718	(49,750)	10,942	106,765
Unfunded commitments[1]	272	711	—	—	983
Total	$ 97,127	$ 49,429	$ (49,750)	$ 10,942	$ 107,748

[1] Reserve for unfunded commitments is recognized within other liabilities on the Condensed Consolidated Statements of Financial Condition.

Information on loans and leases that are deemed to be collateral dependent and are evaluated individually for the ACL was as follows:

(Dollars in thousands)	June 30, 2025	September 30, 2024
Term lending	$ 33,789	$ 15,491
Asset-based lending	9,517	—
Factoring	1,108	—
Lease financing	4,079	5,300
SBA/USDA	6,310	1,419
Commercial finance[(1)]	54,803	22,210
Total	$ 54,803	$ 22,210

[(1)] For commercial finance, collateral dependent financial assets have collateral in the form of cash, equipment, or other business assets.

Management has identified certain structured finance credits for alternative energy projects in which a substantial cash collateral account has been established to mitigate credit risk. Due to the nature of the transactions and significant cash collateral positions, these credits are evaluated individually. The balance of these pass rated cash collateral loans totaled $111.0 million and $105.1 million at June 30, 2025 and at September 30, 2024, respectively.

Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered by the Bank's primary regulator, the OCC, to be of lesser quality as “substandard,” “doubtful” or “loss.” The loan classification and risk rating definitions are as follows:

Pass - A pass asset is of sufficient quality in terms of repayment, collateral and management to preclude a special mention or an adverse rating.

Watch - A watch asset is generally a credit performing well under current terms and conditions but with identifiable weakness meriting additional scrutiny and corrective measures. Watch is not a regulatory classification but can be used to designate assets that are exhibiting one or more weaknesses that deserve management’s attention. These assets are of better quality than special mention assets.

Special Mention - A special mention asset is a credit with potential weaknesses deserving management’s close attention and, if left uncorrected, may result in deterioration of the repayment prospects for the asset. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Special mention is a temporary status with aggressive credit management required to garner adequate progress and move to watch or higher.

The adverse classifications are as follows:

Substandard - A substandard asset is inadequately protected by the net worth and/or repayment ability or by a weak collateral position. Assets so classified will have well-defined weaknesses creating a distinct possibility the Bank will sustain some loss if the weaknesses are not corrected. Loss potential does not have to exist for an asset to be classified as substandard.

Doubtful - A doubtful asset has weaknesses similar to those classified substandard, with the degree of weakness causing the likely loss of some principal in any reasonable collection effort. Due to pending factors, the asset’s classification as loss is not yet appropriate.

Loss - A loss asset is considered uncollectible and of such little value that the asset’s continuance on the Bank’s balance sheet is no longer warranted. This classification does not necessarily mean an asset has no recovery or salvage value leaving room for future collection efforts.

Loans and leases, or portions thereof, are generally charged off when collection of principal becomes doubtful. Typically, this is associated with a delay or shortfall in payments of 120 days or more for consumer credit products and leases, and 90 days or more for commercial finance loans. Action is taken to charge off electronic return originator ("ERO") loans if such loans have not been collected by the end of June and refund advance loans if such loans have not been collected by the end of the calendar year. The Company individually evaluates loans and leases that do not share similar risk characteristics with other financial assets, which generally means loans and leases identified as modifications or loans and leases on nonaccrual status.

The Company recognizes that concentrations of credit may naturally occur and may take the form of a large volume of related loans and leases to an individual, a specific industry, or a geographic location. Credit concentration is a direct, indirect, or contingent obligation that has a common bond where the aggregate exposure equals or exceeds a certain percentage of the Company's Tier 1 Capital plus the allowable Allowance for Credit Losses.

The Company has various portfolios of consumer finance 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 its evaluation of the appropriateness of the ACL on these portfolios, and as such, these loans are not included in the asset classification table below. The outstanding balances of consumer finance loans and tax services loans were $226.4 million and $37.4 million at June 30, 2025, respectively, and $248.8 million and $8.8 million at September 30, 2024, respectively.

The amortized cost basis of loans and leases by asset classification and year of origination was as follows:

	Amortized Cost Basis							
(Dollars in thousands)	Term Loans and Leases by Origination Year						Revolving Loans and Leases	
June 30, 2025	2025	2024	2023	2022	2021	Prior		Total
Term lending								
Pass	$ 639,497	$ 447,978	$ 307,564	$ 106,578	$ 65,242	$ 43,752	$ —	$ 1,610,611
Watch	32,947	49,641	77,918	7,643	17,657	11,035	—	196,841
Special mention	—	56,703	5,349	645	8,978	80	—	71,755
Substandard	1,671	19,994	40,877	20,882	14,293	20,438	—	118,155
Doubtful	—	229	776	3,647	1,572	113	—	6,337
Total	674,115	574,545	432,484	139,395	107,742	75,418	—	2,003,699
Current period charge-offs	—	7,637	4,365	2,704	851	359	—	15,916
Asset-based lending								
Pass	—	—	—	—	—	—	343,417	343,417
Watch	—	—	—	—	—	—	249,272	249,272
Special mention	—	—	—	—	—	—	7,641	7,641
Substandard	—	—	—	—	—	—	5,643	5,643
Doubtful	—	—	—	—	—	—	4,879	4,879
Total	—	—	—	—	—	—	610,852	610,852
Current period charge-offs	—	—	—	—	—	—	711	711
Factoring								
Pass	—	—	—	—	—	—	192,550	192,550
Watch	—	—	—	—	—	—	43,120	43,120
Special mention	—	—	—	—	—	—	1,624	1,624
Substandard	—	—	—	—	—	—	2,387	2,387
Doubtful	—	—	—	—	—	—	1,343	1,343
Total	—	—	—	—	—	—	241,024	241,024
Current period charge-offs	—	—	—	—	—	—	634	634
Lease financing								
Pass	25,064	29,883	38,619	6,140	1,741	5,183	—	106,630
Watch	3,967	6,925	781	1,080	1,812	355	—	14,920
Special mention	—	—	—	—	211	—	—	211
Substandard	—	—	5,545	1,607	4,180	970	—	12,302
Doubtful	—	—	150	—	1	—	—	151
Total	29,031	36,808	45,095	8,827	7,945	6,508	—	134,214

Current period charge-offs	—	—	320	—	1,005	101	—	1,426
Insurance premium finance								
Current period charge-offs	—	62	31	—	—	—	—	93
SBA/USDA								
Pass	71,249	102,629	171,232	155,222	18,905	39,753	—	558,990
Watch	19,885	6,217	241	9,735	998	3,779	—	40,855
Special mention	63	255	—	2,538	329	2,156	—	5,341
Substandard	612	2,048	17,463	12,553	2,864	32,471	—	68,011
Doubtful	—	884	693	—	—	128	—	1,705
Total	91,809	112,033	189,629	180,048	23,096	78,287	—	674,902
Current period charge-offs	—	—	171	90	55	1,011	—	1,327
Other commercial finance								
Pass	8,385	62,895	2,120	127	12,122	64,771	—	150,420
Watch	—	—	2,436	—	—	—	—	2,436
Substandard	—	—	465	—	—	—	—	465
Total	8,385	62,895	5,021	127	12,122	64,771	—	153,321
Current period charge-offs	—	—	—	—	—	—	—	—
Warehouse finance								
Pass	—	—	—	—	—	—	664,110	664,110
Total	—	—	—	—	—	—	664,110	664,110
Current period charge-offs	—	—	—	—	—	—	—	—
Total loans and leases								
Pass	744,195	643,385	519,535	268,067	98,010	153,459	1,200,077	3,626,728
Watch	56,799	62,783	81,376	18,458	20,467	15,169	292,392	547,444
Special mention	63	56,958	5,349	3,183	9,518	2,236	9,265	86,572
Substandard	2,283	22,042	64,350	35,042	21,337	53,879	8,030	206,963
Doubtful	—	1,113	1,619	3,647	1,573	241	6,222	14,415
Total	$ 803,340	$ 786,281	$ 672,229	$ 328,397	$ 150,905	$ 224,984	$ 1,515,986	$ 4,482,122
Current period charge-offs	$ —	$ 7,699	$ 4,887	$ 2,794	$ 1,911	$ 1,471	$ 1,345	$ 20,107

(Dollars in thousands)	Amortized Cost Basis							
	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total
September 30, 2024	2024	2023	2022	2021	2020	Prior		
Term lending								
Pass	$ 548,597	$ 398,832	$ 117,180	$ 77,585	$ 42,950	$ 24,166	$ —	$ 1,209,310
Watch	47,765	52,317	34,964	31,025	2,720	2,312	—	171,103
Special mention	44,617	3,106	9,121	14,772	7,238	2	—	78,856
Substandard	9,798	24,187	18,537	11,660	18,894	2,631	—	85,707
Doubtful	4,314	1,465	2,247	758	114	767	—	9,665
Total	655,091	479,907	182,049	135,800	71,916	29,878	—	1,554,641
Current period charge-offs	114	3,102	8,502	3,576	2,184	715	—	18,193
Asset-based lending								
Pass	—	—	—	—	—	—	233,268	233,268
Watch	—	—	—	—	—	—	221,521	221,521
Special mention	—	—	—	—	—	—	13,187	13,187
Substandard	—	—	—	—	—	—	3,921	3,921
Total	—	—	—	—	—	—	471,897	471,897
Current period charge-offs	—	—	—	—	—	—	—	—
Factoring								
Pass	—	—	—	—	—	—	292,436	292,436
Watch	—	—	—	—	—	—	62,270	62,270
Special mention	—	—	—	—	—	—	271	271
Substandard	—	—	—	—	—	—	7,306	7,306
Doubtful	—	—	—	—	—	—	12	12

Total	—	—	—	—	—	—	362,295	362,295
Current period charge-offs	—	—	—	—	—	—	2,453	2,453
Lease financing								
Pass	44,883	48,851	12,862	7,101	7,938	1,733	—	123,368
Watch	1,837	3,537	370	6,264	1,362	40	—	13,410
Special mention	—	250	—	—	174	—	—	424
Substandard	—	6,691	2,723	2,717	2,069	603	—	14,803
Doubtful	—	—	—	138	31	—	—	169
Total	46,720	59,329	15,955	16,220	11,574	2,376	—	152,174
Current period charge-offs	—	—	—	207	80	—	—	287
Insurance premium finance								
Current period charge-offs	86	890	173	—	—	—	—	1,149
SBA/USDA								
Pass	60,636	171,136	179,490	20,825	28,588	39,319	—	499,994
Watch	5,244	6,967	—	639	10	3,026	—	15,886
Special mention	—	—	—	156	—	363	—	519
Substandard	1,037	15,923	12,158	2,003	9,519	11,134	—	51,774
Doubtful	—	185	55	55	62	98	—	455
Total	66,917	194,211	191,703	23,678	38,179	53,940	—	568,628
Current period charge-offs	—	549	79	—	127	—	—	755
Other commercial finance								
Pass	73,330	2,210	6,685	12,351	1,274	70,203	—	166,053
Watch	—	2,480	—	—	—	—	—	2,480
Substandard	—	508	—	16,923	—	—	—	17,431
Total	73,330	5,198	6,685	29,274	1,274	70,203	—	185,964
Current period charge-offs	—	—	—	—	—	—	—	—
Warehouse finance								
Pass	—	—	—	—	—	—	517,847	517,847
Total	—	—	—	—	—	—	517,847	517,847
Current period charge-offs	—	—	—	—	—	—	—	—
Total loans and leases								
Pass	727,446	621,029	316,217	117,862	80,750	135,421	1,043,551	3,042,276
Watch	54,846	65,301	35,334	37,928	4,092	5,378	283,791	486,670
Special mention	44,617	3,356	9,121	14,928	7,412	365	13,458	93,257
Substandard	10,835	47,309	33,418	33,303	30,482	14,368	11,227	180,942
Doubtful	4,314	1,650	2,302	951	207	865	12	10,301
Total	$ 842,058	$ 738,645	$ 396,392	$ 204,972	$ 122,943	$ 156,397	$ 1,352,039	$ 3,813,446
Current period charge-offs	$ 200	$ 4,541	$ 8,754	$ 3,783	$ 2,391	$ 715	$ 2,453	$ 22,837

Past due loans and leases were as follows:

(Dollars in thousands)	Accruing and Nonaccruing Loans and Leases: 30-59 Days Past Due	60-89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans and Leases Receivable	Nonperforming Loans and Leases: > 89 Days Past Due and Accruing	Nonaccrual Balance	Total
June 30, 2025									
Loans held for sale	$ —	$ —	$ —	$ —	$ 49,767	$ 49,767	$ —	$ —	$ —
Term lending	23,236	5,910	23,336	52,482	1,951,217	2,003,699	188	39,217	39,405
Asset-based lending	—	—	—	—	610,852	610,852	—	9,517	9,517
Factoring	—	—	—	—	241,024	241,024	—	1,730	1,730
Lease financing	2,846	1,471	5,160	9,477	124,737	134,214	918	4,286	5,204
SBA/USDA	96	5,900	8,729	14,725	660,177	674,902	2,264	6,774	9,038
Other commercial finance	—	—	—	—	153,321	153,321	—	—	—
Commercial finance	26,178	13,281	37,225	76,684	3,741,328	3,818,012	3,370	61,524	64,894
Consumer finance	3,376	2,497	6,402	12,275	214,105	226,380	6,402	—	6,402
Tax services	—	37,234	—	37,234	185	37,419	—	—	—
Warehouse finance	—	—	—	—	664,110	664,110	—	—	—
Total loans and leases held for investment	29,554	53,012	43,627	126,193	4,619,728	4,745,921	9,772	61,524	71,296
Total loans and leases	$ 29,554	$ 53,012	$ 43,627	$ 126,193	$ 4,669,495	$ 4,795,688	$ 9,772	$ 61,524	$ 71,296
September 30, 2024									
Loans held for sale	$ 2,266	$ 1,361	$ 1,050	$ 4,677	$ 687,011	$ 691,688	$ 1,050	$ —	$ 1,050
Term lending	19,776	5,124	17,694	42,594	1,512,047	1,554,641	1,923	23,462	25,385
Asset-based lending	—	—	—	—	471,897	471,897	—	—	—
Factoring	—	—	—	—	362,295	362,295	—	29	29
Lease financing	3,605	1,595	109	5,309	146,865	152,174	60	746	806
SBA/USDA	—	952	2,172	3,124	565,504	568,628	331	2,175	2,506
Other commercial finance	—	—	—	—	185,964	185,964	—	—	—
Commercial finance	23,381	7,671	19,975	51,027	3,244,572	3,295,599	2,314	26,412	28,726
Consumer finance	3,962	3,186	3,053	10,201	238,599	248,800	3,053	—	3,053
Tax services	—	—	8,733	8,733	92	8,825	8,733	—	8,733
Warehouse finance	—	—	—	—	517,847	517,847	—	—	—
Total loans and leases held for investment	27,343	10,857	31,761	69,961	4,001,110	4,071,071	14,100	26,412	40,512
Total loans and leases	$ 29,609	$ 12,218	$ 32,811	$ 74,638	$ 4,688,121	$ 4,762,759	$ 15,150	$ 26,412	$ 41,562

Nonaccrual loans and leases by year of origination were as follows:

(Dollars in thousands)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total	Nonaccrual with No ACL
June 30, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**			
Term lending	$ —	$ 807	$ 13,395	$ 11,286	$ 13,537	$ 192	$ —	$ 39,217	$ 19,152
Asset-based lending	—	—	—	—	—	—	9,517	9,517	—
Factoring	—	—	—	—	—	—	1,730	1,730	—
Lease financing	—	—	150	—	3,480	656	—	4,286	4,079
SBA/USDA	—	3,537	3,082	—	27	128	—	6,774	—
Commercial finance	—	4,344	16,627	11,286	17,044	976	11,247	61,524	23,231
Total nonaccrual loans and leases	$ —	$ 4,344	$ 16,627	$ 11,286	$ 17,044	$ 976	$ 11,247	$ 61,524	$ 23,231

(Dollars in thousands)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total	Nonaccrual with No ACL
September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**			
Term lending	$ 9,281	$ 3,433	$ 5,369	$ 1,386	$ 625	$ 3,368	$ —	$ 23,462	$ 2,579
Factoring	—	—	—	—	—	—	29	29	—
Lease financing	—	577	11	46	2	110	—	746	—
SBA/USDA	—	738	55	55	742	585	—	2,175	681
Commercial finance	9,281	4,748	5,435	1,487	1,369	4,063	29	26,412	3,260
Total nonaccrual loans and leases	$ 9,281	$ 4,748	$ 5,435	$ 1,487	$ 1,369	$ 4,063	$ 29	$ 26,412	$ 3,260

Loans and leases that are 90 days or more delinquent and accruing by year of origination were as follows:

(Dollars in thousands)	Amortized Cost Basis							
	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total
June 30, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**		
Term lending	$ —	$ —	$ —	$ 187	$ —	$ 1	$ —	$ 188
Lease financing	—	100	149	669	—	—	—	918
SBA/USDA	—	2,264	—	—	—	—	—	2,264
Commercial finance	—	2,364	149	856	—	1	—	3,370
Consumer finance	4,625	892	763	90	32	—	—	6,402
Total loans and leases held for investment	4,625	3,256	912	946	32	1	—	9,772
Total 90 days or more delinquent and accruing	$ 4,625	$ 3,256	$ 912	$ 946	$ 32	$ 1	$ —	$ 9,772

(Dollars in thousands)	Amortized Cost Basis							
	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total
September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**		
Loans held for sale	$ 1,031	$ 19	$ —	$ —	$ —	$ —	$ —	$ 1,050
Term lending	—	621	354	719	217	12	—	1,923
Lease financing	—	—	—	2	58	—	—	60
SBA/USDA	—	—	331	—	—	—	—	331
Commercial finance	—	621	685	721	275	12	—	2,314
Consumer finance	736	1,841	388	88	—	—	—	3,053
Tax services	8,733	—	—	—	—	—	—	8,733
Total loans and leases held for investment	9,469	2,462	1,073	809	275	12	—	14,100
Total 90 days or more delinquent and accruing	$ 10,500	$ 2,481	$ 1,073	$ 809	$ 275	$ 12	$ —	$ 15,150

Certain loans and leases 90 days or more past due as to interest or principal continue to accrue because they are (1) well-secured and in the process of collection or (2) consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due.

The following table provides the average recorded investment in nonaccrual loans and leases:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(Dollars in thousands)	2025	2024	2025	2024
Term lending	$ 30,308	$ 20,007	$ 27,012	$ 18,808
Asset-based lending	6,996	—	2,970	4,896
Factoring	1,350	967	1,004	2,631
Lease financing	4,514	635	3,655	1,299
SBA/USDA	7,005	2,853	4,000	2,223
Commercial finance	50,173	24,462	38,641	29,857
Total loans and leases	$ 50,173	$ 24,462	$ 38,641	$ 29,857

The recognized interest income on the Company's nonaccrual loans and leases for the three and nine months ended June 30, 2025 and 2024 was not significant.

Modifications made to borrowers experiencing financial difficulty during the three and nine months ended June 30, 2025 were none and $9.1 million, respectively, in the commercial finance loan portfolio. The types of modifications granted were term extensions. Modifications made to borrowers experiencing financial difficulty during the three and nine months ended June 30, 2024 were $6.1 million and $7.6 million in the commercial finance loan portfolio, respectively.

During the nine months ended June 30, 2025, the Company had $7.2 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default. As of June 30, 2025, no modifications granted during the current nine month period were in the 60-89 days past due category. During the nine months ended June 30, 2024, the Company had $1.5 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default.

NOTE 6. EARNINGS PER COMMON SHARE ("EPS")

The Company has granted restricted share awards with dividend rights that are considered to be participating securities. Accordingly, a portion of the Company's earnings is allocated to those participating securities in the earnings per share calculation under the two-class method. Basic EPS is computed using the two-class method by dividing income available to common stockholders after the allocation of dividends and undistributed earnings to the participating securities by the weighted average number of common shares outstanding for the period. Diluted EPS is calculated using the more dilutive of the two-class method or the treasury stock method. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, and is computed after giving consideration to the weighted average dilutive effect upon vesting of performance share units ("PSUs") and restricted stock grants, and after the allocation of earnings to the participating securities. Antidilutive securities are disregarded in earnings per share calculations. Diluted EPS shown below reflects the two-class method, as diluted EPS under the two-class method was more dilutive than under the treasury stock method.

A reconciliation of net income and common stock share amounts used in the computation of basic and diluted earnings per share is presented below.

(Dollars in thousands, except per share data)	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024 (As Restated)	Nine Months Ended June 30, 2025	Nine Months Ended June 30, 2024 (As Restated)
Basic income per common share:				
Net income attributable to Pathward Financial, Inc.	$ 42,147	$ 44,869	$ 147,069	$ 149,686
Dividends and undistributed earnings allocated to participating securities	(152)	(464)	(553)	(1,312)
Basic net earnings available to common stockholders	41,995	44,405	146,516	148,374
Undistributed earnings allocated to nonvested restricted stockholders	148	451	540	1,278
Reallocation of undistributed earnings to nonvested restricted stockholders	(147)	(450)	(537)	(1,277)
Diluted net earnings available to common stockholders	$ 41,996	$ 44,406	$ 146,519	$ 148,375
Total weighted-average basic common shares outstanding	23,006,454	24,946,085	23,629,565	25,335,621
Effect of dilutive securities[1]				
PSUs	133,670	33,733	115,521	29,021
Total effect of dilutive securities	133,670	33,733	115,521	29,021
Total weighted-average diluted common shares outstanding	23,140,124	24,979,818	23,745,086	25,364,642
Net earnings per common share:				
Basic earnings per common share	$ 1.83	$ 1.78	$ 6.20	$ 5.86
Diluted earnings per common share[2]	$ 1.81	$ 1.78	$ 6.17	$ 5.85

[1] Represents the effect of the assumed vesting of PSUs and restricted stock, as applicable, utilizing the treasury stock method.

[2] Excluded from the computation of diluted earnings per share for the three months ended June 30, 2025 and 2024, respectively, were 83,151 and 260,415 weighted average share of nonvested restricted stock because their inclusion would be anti-dilutive. Excluded from the computation of diluted earnings per share for the nine months ended June 30, 2025 and 2024, respectively, were 89,175 and 224,035 weighted average shares of nonvested restricted stock because their inclusion would be anti-dilutive.

NOTE 7. RENTAL EQUIPMENT, NET

Rental equipment consists of the following:

(Dollars in thousands)	June 30, 2025	September 30, 2024
Computers and IT networking equipment	$ 12,080	$ 21,308
Motor vehicles and other	145,557	140,920
Other furniture and equipment	34,427	38,755
Solar panels and equipment	124,143	128,296
Total	316,207	329,279
Accumulated depreciation	(135,595)	(124,987)
Unamortized initial direct costs	758	1,047
Net book value	$ 181,370	$ 205,339

Future minimum lease payments expected to be received for operating leases at June 30, 2025 were as follows:

(Dollars in thousands)		
Remaining in 2025	$	10,039
2026		35,440
2027		26,800
2028		18,324
2029		12,994
Thereafter		6,488
Total	$	110,085

NOTE 8. GOODWILL AND INTANGIBLE ASSETS

The Company held a total of $297.9 million of goodwill at June 30, 2025. The recorded goodwill is a result of multiple business combinations that occurred from 2015 to 2018. During the nine months ended June 30, 2025, the Company closed on the sale of the commercial insurance premium finance business and derecognized the goodwill associated with that reporting unit. The goodwill was included in the carrying amount of the disposed business. See Note 3. Divestitures to the Condensed Consolidated Financial Statements for further information.

The changes in the carrying amount of the Company's goodwill were as follows:

(Dollars in thousands)	Consumer	Commercial	Corporate Services/Other	Total
September 30, 2024	$ 87,145	$ 222,360	$ —	$ 309,505
Divestiture	—	(11,577)	—	(11,577)
June 30, 2025	$ 87,145	$ 210,783	$ —	$ 297,928
September 30, 2023	$ 87,145	$ 222,360	$ —	$ 309,505
June 30, 2024	$ 87,145	$ 222,360	$ —	$ 309,505

The changes in the carrying amount of the Company's intangible assets during the nine months ended June 30, 2025 include certain intangibles disposed of as part of the commercial insurance premium finance business sale. The relevant intangibles were included in the carrying amount of the disposed business. See Note 3. Divestitures to the Condensed Consolidated Financial Statements for further information.

(Dollars in thousands)	Trademark[1]	Non-Compete	Customer Relationships[2]	All Others[3]	Total
September 30, 2024	$ 6,422	$ —	$ 6,566	$ 3,601	$ 16,589
Amortization during the period	(806)	—	(1,462)	(425)	(2,693)
Write-offs and disposals during the period	—	—	(631)	—	(631)
June 30, 2025	$ 5,616	$ —	$ 4,473	$ 3,176	$ 13,265
Gross carrying amount	$ 13,774	$ 301	$ 70,338	$ 7,732	$ 92,145
Accumulated amortization	(8,158)	(301)	(54,947)	(4,403)	(67,809)
Accumulated impairment	—	—	(10,918)	(153)	(11,071)
June 30, 2025	$ 5,616	$ —	$ 4,473	$ 3,176	$ 13,265
September 30, 2023	$ 7,477	$ —	$ 9,110	$ 4,133	$ 20,720
Amortization during the period	(790)	—	(2,018)	(399)	(3,207)
June 30, 2024	$ 6,687	$ —	$ 7,092	$ 3,734	$ 17,513
Gross carrying amount	$ 13,774	$ 301	$ 77,578	$ 7,732	$ 99,385
Accumulated amortization	(7,087)	(301)	(59,568)	(3,845)	(70,801)
Accumulated impairment	—	—	(10,918)	(153)	(11,071)
June 30, 2024	$ 6,687	$ —	$ 7,092	$ 3,734	$ 17,513

(1) Book amortization period of 5-15 years. Amortized using the straight line and accelerated methods.
(2) Book amortization period of 10-30 years. Amortized using the accelerated method.
(3) Book amortization period of 3-20 years. Amortized using the straight line method.

The estimated amortization expense of intangible assets assumes no activities, such as acquisitions, which would result in additional amortizable intangible assets. Estimated amortization expense of intangible assets in the remaining three months of fiscal 2025 and subsequent fiscal years at June 30, 2025 was as follows:

(Dollars in thousands)	
Remaining in 2025	$ 764
2026	3,103
2027	2,483
2028	2,194
2029	1,581
Thereafter	3,140
Total anticipated intangible amortization	$ 13,265

There were no impairments to intangible assets during the nine months ended June 30, 2025 and 2024. Intangible impairment expense is recorded within the impairment expense line of the Condensed Consolidated Statements of Operations.

NOTE 9. OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

Operating lease right-of-use ("ROU") assets, included in other assets, were $23.2 million and $24.4 million at June 30, 2025 and September 30, 2024, respectively.

Operating lease liabilities, included in accrued expenses and other liabilities, were $24.5 million and $26.0 million at June 30, 2025 and September 30, 2024, respectively.

The decreases in lease ROU assets and liabilities relate to normal amortization and lease payments made during the nine months ended June 30, 2025, but also include adjustments for lease assignments that occurred as a result of the commercial insurance premium finance business sale during the first quarter. Two office locations, Newport Beach, California and Addison, Texas, were included in the sale of the commercial insurance premium finance business and the relevant lease ROU assets and liabilities are no longer reflected in the Company's Condensed Consolidated Financial Statements after the transaction closed. The derecognition of the relevant lease ROU assets and liabilities resulted in a $0.5 million gain on remeasurement that was recognized as part of the overall gain on divestitures from the commercial insurance premium finance business sale. See Note 3. Divestitures to the Condensed Consolidated Financial Statements for further information.

Undiscounted future minimum operating lease payments and a reconciliation to the amount recorded as operating lease liabilities at June 30, 2025 were as follows:

(Dollars in thousands)		
Remaining in 2025	$	866
2026		3,391
2027		3,306
2028		3,397
2029		3,436
Thereafter		13,108
Total undiscounted future minimum lease payments		27,504
Discount		(3,043)
Total operating lease liabilities	$	24,461

The weighted-average discount rate and remaining lease term for operating leases were as follows:

	June 30, 2025	September 30, 2024
Weighted-average discount rate	2.67 %	2.45 %
Weighted-average remaining lease term (years)	8.22	8.78

The components of total lease costs for operating leases were as follows:

	Three Months Ended June 30,				Nine Months Ended June 30,			
(Dollars in thousands)	2025		2024		2025		2024	
Lease expense	$	987	$	990	$	2,904	$	3,007
Short-term and variable lease cost		18		21		62		44
Sublease income		(350)		(314)		(1,053)		(953)
Total lease cost for operating leases	$	655	$	697	$	1,913	$	2,098

NOTE 10. STOCKHOLDERS' EQUITY

Repurchase of Common Stock. The Company's Board of Directors authorized the September 3, 2021 share repurchase program to repurchase up to 6,000,000 shares of the Company's outstanding common stock. This authorization was effective from September 3, 2021 through September 30, 2024, with 146,435 shares authorized by this repurchase program not repurchased when it expired. On August 25, 2023, the Company's Board of Directors announced a share repurchase program to repurchase up to an additional 7,000,000 shares of the Company's outstanding common stock on or before September 30, 2028. During the nine months ended June 30, 2025 and 2024, the Company repurchased 1,881,444 and 1,283,693 shares, respectively, as part of the share repurchase programs.

Under the repurchase programs, repurchased shares were retired and designated as authorized but unissued shares. The Company accounts for repurchased shares using the par value method under which the repurchase price is credited to paid-in capital up to the par value of those shares. When the repurchase price is greater than the original issue proceeds, the excess is charged to retained earnings. As of June 30, 2025, 5,118,556 shares of common stock remained available for repurchase.

For the nine months ended June 30, 2025 and 2024, the Company also repurchased 66,446 and 122,452 shares, or $4.6 million and $5.8 million, of common stock, respectively, in settlement of employee tax withholding obligations due upon the vesting of restricted stock.

Retirement of Treasury Stock. The Company accounts for the retirement of repurchased shares, including treasury stock, using the par value method under which the repurchase price is charged to paid-in capital up to the amount of the original proceeds of those shares. When the repurchase price is greater than the original issue proceeds, the excess is charged to retained earnings. The Company retired no shares of common stock held in treasury during the nine months ended June 30, 2025 and 2024.

NOTE 11. STOCK COMPENSATION

On February 27, 2024, the shareholders of the Company voted to approve the Pathward Financial, Inc. 2023 Omnibus Incentive Plan (the "Plan"). The Plan permits the granting of various types of awards including but not limited to nonvested (restricted) shares and PSUs to certain officers and directors of the Company. Awards may be granted by the Compensation Committee of the Board of Directors based on the performance of the award recipients or other relevant factors.

Shares have previously been granted each year to executives and senior leadership members under the applicable Company incentive plan. These shares vest at various times ranging from immediately to three years based on circumstances at time of grant. The fair value is determined based on the fair market value of the Company’s stock on the grant date. Director shares are issued to the Company’s directors, and these shares have historically vested from immediately to up to one year from the grant date.

The Company also grants selected executives PSU awards. The vesting of these awards is contingent on meeting company-wide performance goals, including earnings per share. PSUs are generally granted at the market value of the underlying share on the date of grant, adjusted for dividends, as PSUs do not participate in dividends. The awards contingently vest over a period of three years and have payout levels ranging from a threshold of 50% to a maximum of 200%. Upon vesting, each PSU earned is converted into one share of common stock.

The fair value of the PSUs is determined by the dividend-adjusted fair value on the grant date for those awards subject to a performance condition. For those PSUs subject to a market condition, a simulation valuation is performed.

In addition, during the first and second quarters of fiscal year 2017, shares were granted to certain executive officers of the Company in connection with their signing of employment agreements with the Company. These stock awards vest in equal installments over eight years.

The following tables show the activity of share awards (including shares of restricted stock subject to vesting, fully-vested restricted stock, and PSUs) granted, exercised or forfeited under all of the Company's incentive plans during the nine months ended June 30, 2025.

	Number of Shares	Weighted Average Fair Value at Grant
Restricted Stock Awards		
Nonvested shares outstanding, September 30, 2024	248,670	$ 41.19
Granted	15,600	77.42
Vested	(179,669)	41.24
Forfeited or expired	(2,606)	47.94
Nonvested shares outstanding, June 30, 2025	81,995	$ 47.77
Restricted Stock Units		
Nonvested shares outstanding, September 30, 2024	—	$ —
Granted	88,310	79.47
Vested	—	—
Forfeited or expired	(3,939)	79.35
Nonvested shares outstanding, June 30, 2025	84,371	$ 79.48

	Number of Units	Weighted Average Fair Value at Grant
PSUs		
PSUs outstanding, September 30, 2024	142,462	$ 47.24
Granted	34,208	79.47
Vested	(34,304)	57.21
Forfeited or expired	—	—
PSUs outstanding, June 30, 2025	142,366	$ 52.59

Compensation expense for share-based awards is recorded over the vesting period at the fair value of the award at the time of the grant. The exercise price of fair value of nonvested (restricted) shares and PSUs granted under the Company's incentive plans is equal to the fair market value of the underlying stock at the grant date, adjusted for dividends where applicable. The Company has elected to record forfeitures as they occur.

As of June 30, 2025, stock-based compensation expense not yet recognized in income totaled $9.4 million, which is expected to be recognized over a weighted average remaining period of 1.65 years.

NOTE 12. INCOME TAXES

The Company recorded an income tax expense of $27.0 million for the nine months ended June 30, 2025, resulting in an effective tax rate of 15.44%, compared to an income tax expense of $30.7 million, or an effective tax rate of 16.96%, for the nine months ended June 30, 2024. The Company's effective tax rate was lower than the U.S. statutory rate of 21% primarily because of the effect of investment tax credits during fiscal year 2025. The Company's effective tax rate in the future will depend in part on actual investment tax credits generated from qualified renewable energy property.

The table below compares the income tax expense components for the periods presented.

	Nine Months Ended June 30,	
	2025	2024
(Dollars in thousands)		(As Restated)
Provision at statutory rate	$ 36,547	$ 37,887
Tax-exempt income	(480)	(522)
State income taxes	6,562	7,300
Interim period effective rate adjustment	(9,971)	(846)
Tax credit investments, net - federal	(3,913)	(12,556)
Research tax credit	(752)	(602)
IRC 162(m) nondeductible compensation	1,061	826
Other, net	(2,088)	(761)
Income tax expense	$ 26,966	$ 30,726
Effective tax rate	15.44%	16.96 %

NOTE 13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Topic 606 applies to all contracts with customers unless such revenue is specifically addressed under existing guidance. The table below presents the Company's revenue by operating segment. For additional descriptions of the Company's operating segments, including additional financial information and the underlying management accounting process, see Note 14. Segment Reporting to the Condensed Consolidated Financial Statements.

(Dollars in thousands)	Consumer		Commercial		Corporate Services/Other		Consolidated Company	
		(As Restated)		(As Restated)		(As Restated)		(As Restated)
Three Months Ended June 30,	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Net interest income[1]	$ 67,949	$ 69,328	$ 51,241	$ 52,932	$ 3,123	$ 490	$ 122,313	$ 122,750
Noninterest income:								
Refund transfer product fees	9,846	9,111	—	—	—	—	9,846	9,111
Refund advance and other tax fee income[1]	307	(67)	—	—	—	—	307	(67)
Card and deposit fees	37,171	33,151	165	250	6	7	37,342	33,408
Rental income[1]	—	—	12,681	13,615	232	164	12,913	13,779
Secondary market revenue[1]	41	20	7,103	1,701	—	—	7,144	1,721
Gain on sale of other[1]	—	—	330	563	64	2,391	394	2,954
Other income[1]	2,383	2,020	2,023	1,922	1,090	1,023	5,496	4,965
Total noninterest income	49,748	44,235	22,302	18,051	1,392	3,585	73,442	65,871
Revenue	$ 117,697	$ 113,563	$ 73,543	$ 70,983	$ 4,515	$ 4,075	$ 195,755	$ 188,621
Nine Months Ended June 30,								
Net interest income[1]	$ 224,644	$ 205,530	$ 136,521	$ 142,631	$ 22,677	$ 22,150	$ 383,842	$ 370,311
Noninterest income:								
Refund transfer product fees	42,919	38,475	—	—	—	—	42,919	38,475
Refund advance and other tax fee income[1]	49,416	43,244	—	—	—	—	49,416	43,244
Card and deposit fees	96,582	98,755	599	727	20	20	97,201	99,502
Rental income[1]	—	—	39,180	40,444	642	514	39,822	40,958
(Loss) on sale of securities[1]	—	—	—	—	(22,899)	—	(22,899)	—
Gain on divestitures[1]	—	—	—	—	15,044	—	15,044	—
Secondary market revenue[1]	56	5	13,515	3,086	13,329	—	26,900	3,091
Gain on sale of other[1]	—	—	1,487	1,147	520	4,972	2,007	6,119
Other income[1]	8,403	6,230	6,878	6,395	3,653	3,563	18,934	16,188
Total noninterest income	197,376	186,709	61,659	51,799	10,309	9,069	269,344	247,577
Revenue	$ 422,020	$ 392,239	$ 198,180	$ 194,430	$ 32,986	$ 31,219	$ 653,186	$ 617,888

[1] These revenues are not within the scope of Topic 606. Additional details are included in other footnotes to the accompanying financial statements. The scope of Topic 606 explicitly excludes net interest income as well as many other revenues for financial assets and liabilities, including loans, leases, and securities.

Following is a discussion of key revenues within the scope of Topic 606. The Company provides services to customers that have related performance obligations that must be completed to recognize revenue. Revenues are generally recognized immediately upon the completion of the service or over time as services are performed. Any services performed over time generally require that the Company renders services each period; therefore, the Company measures progress in completing these services based upon the passage of time. Revenue from contracts with customers did not generate significant contract assets and liabilities for the nine months ended June 30, 2025.

Refund Transfer Product Fees. Refund transfer fees are specific to the Partner Solutions business line and reflect product fees offered by the Company through third-party tax preparers and tax preparation software providers where the Company acts as the partnering financial institution. A refund transfer allows a taxpayer to pay tax preparation and filing fees directly from their federal or state government tax refund, with the remainder of the refund being disbursed in accordance with the terms and conditions of the taxpayer agreement, which may include satisfaction of other disbursement obligations before going directly to the taxpayer via check, direct deposit, or prepaid card. Refund transfer fees are recognized by the Company immediately after the taxpayer's refund has been disbursed in accordance with the contract and are based on standalone pricing included within the terms and conditions. Certain expenses to tax preparation software providers are netted with refund transfer fee income as the Company is considered the agent in these contractual relationships. All refund transfer fees are recorded within the Consumer reporting segment.

Card and Deposit Fees. Card fees relate to the Partner Solutions business line and consist of income from prepaid cards and merchant services, including interchange fees from prepaid cards processed through card association networks, merchant services and other card related services. Interchange rates are generally set by card association networks based on transaction volume and other factors. Since interchange fees are generated by cardholder activity, the Company recognizes the income as transactions occur. Fee income for merchant services and other card related services reflect account management and transaction fees charged to merchants for processing card association network transactions. The associated income is recognized as transactions occur or as services are performed. For the Company's internally managed prepaid card programs, fees are based on standalone pricing within the terms and conditions of the cardholder agreement. The Company is considered the principal of these relationships resulting in all fee income being presented on a gross basis within the Condensed Consolidated Statement of Operations. For the Company's sponsorship prepaid card programs where a third-party is considered the Program Manager, the fees are based on standalone pricing within the terms and conditions of the Program Agreement. For these relationships, the Company is considered the agent and certain expenses with the Program Manager, networks and associations are netted with card fee revenue. All card fee income is included in the Consumer reporting segment.

Deposit fees relate to the Partner Solutions and Commercial Finance business lines and consist of income from banking and deposit-related services, including account services, overdraft protection, and wire transfers. Fee income for account services is recognized over the course of the month as the performance obligation is satisfied. Fee income for overdraft protection and wire transfers is recognized at the point in time when such event occurs. For partner solutions, the fees for account services and overdraft protection are based on standalone pricing within the terms and conditions of the Program Agreement with the sponsorship partner. For these relationships, the Company is considered the agent and certain expenses with the partner are netted with deposit fee revenue. For Commercial Finance, fees for wire transfers are based on standalone pricing within the terms and conditions of the customer deposit agreement. Bank and deposit fees for the Partner Solutions and Commercial Finance business lines are included in the Consumer and Commercial reporting segments, respectively. Also included within Card and Deposit Fees for the Consumer reporting segment are servicing fees the Company recognizes for off-balance sheet custodial deposits. This fee income is for services the Bank performs to maintain records of cardholder funds placed at one or more third-party banks insured by the Federal Deposit Insurance Corporation ("FDIC"). The servicing fee is typically reflective of the effective federal funds rate ("EFFR").

NOTE 14. SEGMENT REPORTING

An operating segment is generally defined as a component of a business for which discrete financial information is available and whose results are reviewed by the chief operating decision-maker. Operating segments are aggregated into reportable segments if certain criteria are met.

The Company reports its results of operations through the following three business segments: Consumer, Commercial, and Corporate Services/Other. The Partner Solutions business line is reported in the Consumer segment. The Commercial Finance business line is reported in the Commercial segment. The Corporate Services/Other segment includes certain shared services as well as treasury related functions such as the investment portfolio, warehouse finance, wholesale deposits, and borrowings.

The following table presents segment data for the Company:

(Dollars in thousands)	Consumer		Commercial		Corporate Services/Other		Total	
		(As Restated)		(As Restated)		(As Restated)		(As Restated)
Three Months Ended June 30,	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Net interest income	$ 67,949	$ 69,328	$ 51,241	$ 52,932	$ 3,123	$ 490	$ 122,313	$ 122,750
Provision for credit loss	(2,114)	3,859	11,371	8,013	21	55	9,278	11,927
Noninterest income	49,748	44,235	22,302	18,051	1,392	3,585	73,442	65,871
Noninterest expense	56,962	50,964	32,237	33,227	50,123	41,319	139,322	125,510
Income (loss) before income tax expense	62,849	58,740	29,935	29,743	(45,629)	(37,299)	47,155	51,184
Total assets	419,654	423,116	4,257,971	4,324,946	2,552,219	2,764,968	7,229,844	7,513,030
Total goodwill	87,145	87,145	210,783	222,360	—	—	297,928	309,505
Total deposits	5,823,684	6,190,419	87	13,592	181,475	227,505	6,005,246	6,431,516
Nine Months Ended June 30,								
Net interest income	$ 224,644	$ 205,530	$ 136,521	$ 142,631	$ 22,677	$ 22,150	$ 383,842	$ 370,311
Provision for credit loss	40,349	34,325	22,710	15,031	146	73	63,205	49,429
Noninterest income	197,376	186,709	61,659	51,799	10,309	9,069	269,344	247,577
Noninterest expense	177,290	162,543	98,603	106,213	139,403	118,573	415,296	387,329
Income (loss) before income tax expense	204,381	195,371	76,867	73,186	(106,563)	(87,427)	174,685	181,130
Total assets	419,654	423,116	4,257,971	4,324,946	2,552,219	2,764,968	7,229,844	7,513,030
Total goodwill	87,145	87,145	210,783	222,360	—	—	297,928	309,505
Total deposits	5,823,684	6,190,419	87	13,592	181,475	227,505	6,005,246	6,431,516

NOTE 15. FAIR VALUES OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurements* defines fair value, establishes a framework for measuring the fair value of assets and liabilities using a hierarchy system and requires disclosures about fair value measurement. It clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts.

The fair value hierarchy is as follows:

Level 1 Inputs - Valuation is based upon quoted prices for identical instruments traded in active markets that the Company has the ability to access at measurement date.

Level 2 Inputs - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which significant assumptions are observable in the market.

Level 3 Inputs - Valuation is generated from model-based techniques that use significant assumptions not observable in the market and are used only to the extent that observable inputs are not available. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability.

Debt Securities AFS and HTM. Debt securities AFS are recorded at fair value on a recurring basis and debt securities HTM are carried at amortized cost.

The fair value of debt securities AFS, categorized primarily as Level 2, is recorded using prices obtained from independent asset pricing services that are based on observable transactions, but not quoted markets. Management reviews the prices obtained from independent asset pricing services for unusual fluctuations and compares to current market trading activity.

Equity Securities. Marketable equity securities and certain non-marketable equity securities are recorded at fair value on a recurring basis. The fair values of marketable equity securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Derivatives. The Bank's use of derivatives is limited to the Consumer Lending Programs. Under these Programs, the Bank has an agreement with a third party to originate consumer loans that are included in the Bank's held for investment or held for sale portfolios. The third party provides a target return to the Company on the portfolio of loans retained by the Bank and all interest received from borrowers on such loans above the target return and after all charge-offs have been covered is paid to the third party as excess interest and servicing. The primary drivers of the derivative value include the Company's ability to settle the loans at par value and the third party partners' rights of first refusal to purchase loans that the Company intends to sell. The Company estimates the fair value of the derivative instrument using a market approach considering primarily the average interest rate on the underlying loans and the credit spread relative to the risk-free rate in order to validate that the value of the loans is in excess of par and thus the derivative could be settled by either party at no cost. The Company considers this derivative instrument to be within Level 3 of the fair value hierarchy, as it utilizes inputs from sales or securitization transactions involving similar loans. As of June 30, 2025 and September 30, 2024, the Company determined the derivatives had no fair value, respectively, thus eliminating the need for further disclosures regarding Level 3 inputs as outlined in ASC 820.

The following table summarizes the fair values of debt securities AFS and equity securities as they are measured at fair value on a recurring basis.

(Dollars in thousands)	Total	Level 1	Level 2	Level 3
June 30, 2025				
Debt securities AFS				
Corporate securities	$ 21,125	$ —	$ 21,125	$ —
SBA securities	10,683	—	10,683	—
Obligations of states and political subdivisions	161	—	161	—
Non-bank qualified obligations of states and political subdivisions	189,545	—	189,545	—
Asset-backed securities	140,192	—	140,192	—
Mortgage-backed securities	1,005,634	—	1,005,634	—
Total debt securities AFS	$ 1,367,340	$ —	$ 1,367,340	$ —
Common equities and mutual funds[(1)]	$ 3,675	$ 3,675	$ —	$ —
Non-marketable equity securities[(2)]	$ 12,669	$ —	$ —	$ —
September 30, 2024				
Debt securities AFS				
Corporate securities	$ 19,750	$ —	$ 19,750	$ —
SBA securities	81,935	—	81,935	—
Obligations of states and political subdivisions	480	—	480	—
Non-bank qualified obligations of states and political subdivisions	217,990	—	217,990	—
Asset-backed securities	189,698	—	189,698	—
Mortgage-backed securities	1,231,368	—	1,231,368	—
Total debt securities AFS	$ 1,741,221	$ —	$ 1,741,221	$ —
Common equities and mutual funds[(1)]	$ 3,303	$ 3,303	$ —	$ —
Non-marketable equity securities[(2)]	$ 11,828	$ —	$ —	$ —

(1) Equity securities at fair value are included within other assets on the Condensed Consolidated Statements of Financial Condition at June 30, 2025 and September 30, 2024.
(2) Consists of certain non-marketable equity securities that are measured at fair value using net asset value ("NAV") per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

Loans and Leases. The Company does not record loans and leases at fair value on a recurring basis. However, if a loan or lease is individually evaluated for risk of credit loss and repayment is expected to be solely provided by the values of the underlying collateral, the Company measures fair value on a nonrecurring basis. Fair value is determined by the fair value of the underlying collateral less estimated costs to sell. The fair value of the collateral is determined based on the internal estimates and/or assessment provided by third-party appraisers and the valuation relies on discount rates ranging from 3% to 35%.

The following table summarizes the assets of the Company that are measured at fair value in the Condensed Consolidated Statements of Financial Condition on a nonrecurring basis:

(Dollars in thousands)	Total	Level 1	Level 2	Level 3
June 30, 2025				
Loans and leases, net individually evaluated for credit loss				
Commercial finance	$ 20,401	$ —	$ —	$ 20,401
Total loans and leases, net individually evaluated for credit loss	20,401	—	—	20,401
Total	$ 20,401	$ —	$ —	$ 20,401
September 30, 2024				
Loans and leases, net individually evaluated for credit loss				
Commercial finance	$ 7,652	$ —	$ —	$ 7,652
Total loans and leases, net individually evaluated for credit loss	7,652	—	—	7,652
Total	$ 7,652	$ —	$ —	$ 7,652

	Quantitative Information About Level 3 Fair Value Measurements				
(Dollars in thousands)	Fair Value at June 30, 2025	Fair Value at September 30, 2024	Valuation Technique	Unobservable Input	Range of Inputs
Loans and leases, net individually evaluated for credit loss	$ 20,401	$ 7,652	Market approach	Appraised values[(1)]	3% - 35%

[(1)] The Company generally relies on external appraisers to develop this information. Management reduced the appraised value by estimating selling costs and other inputs in a range of 3% to 35%.

Management discloses the estimated fair value of financial instruments, including assets and liabilities on and off the Condensed Consolidated Statements of Financial Condition, for which it is practicable to estimate fair value. These fair value estimates were made at June 30, 2025 and September 30, 2024 based on relevant market information and information about financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or a liability could be settled. However, since there is no active market for certain financial instruments of the Company, the estimates of fair value are subjective in nature, involve uncertainties, and include matters of significant judgment. Changes in assumptions as well as tax considerations could significantly affect the estimated values. Accordingly, the aggregate fair value estimates are not intended to represent the underlying value of the Company, on either a going concern or a liquidation basis.

The following tables present the carrying amount and estimated fair value of the financial instruments held by the Company:

	June 30, 2025				
(Dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ 258,343	$ 258,343	$ 258,343	$ —	$ —
Debt securities available for sale	1,367,340	1,367,339	—	1,367,339	—
Debt securities held to maturity	30,273	25,771	—	25,771	—
Common equities and mutual funds(1)	3,675	3,675	3,675	—	—
Non-marketable equity securities(1)(2)	22,369	22,369	—	9,699	—
Loans held for sale	49,767	49,767	—	49,767	—
Loans and leases	4,745,921	4,704,600	—	—	4,704,600
Federal Reserve Bank and Federal Home Loan Bank stocks	29,451	29,451	—	29,451	—
Accrued interest receivable	39,996	39,996	39,996	—	—
Financial liabilities					
Deposits	6,005,246	6,005,178	6,002,610	2,568	—
Overnight federal funds purchased	115,000	115,000	115,000	—	—
Other short- and long-term borrowings	33,431	33,077	—	33,077	—
Accrued interest payable	742	742	742	—	—

(1) Equity securities at fair value are included within other assets on the Condensed Consolidated Statements of Financial Condition at June 30, 2025.
(2) Includes certain non-marketable equity securities that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

	September 30, 2024				
(Dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ 158,337	$ 158,337	$ 158,337	$ —	$ —
Debt securities available for sale	1,741,221	1,741,221	—	1,741,221	—
Debt securities held to maturity	33,092	30,236	—	30,236	—
Common equities and mutual funds(1)	3,303	3,303	3,303	—	—
Non-marketable equity securities(1)(2)	21,350	21,350	—	9,522	—
Loans held for sale	691,688	691,688	—	691,688	—
Loans and leases	4,071,071	4,036,490	—	—	4,036,490
Federal Reserve Bank and Federal Home Loan Bank stocks	36,014	36,014	—	36,014	—
Accrued interest receivable	31,385	31,385	31,385	—	—
Financial liabilities					
Deposits	5,875,085	5,874,994	5,845,879	29,115	—
Overnight federal funds purchased	377,000	377,000	377,000	—	—
Other short- and long-term borrowings	33,354	31,787	—	31,787	—
Accrued interest payable	571	571	571	—	—

(1) Equity securities at fair value are included within other assets on the Consolidated Statements of Financial Condition at September 30, 2024.
(2) Includes certain non-marketable equity securities that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after June 30, 2025. During this period, up to the filing date of this Quarterly Report on Form 10-Q, management did not identify any material subsequent events that would require recognition or disclosure in our Condensed Consolidated Financial Statements as of or for the quarter ended June 30, 2025.

NOTE 17. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated its unaudited historical condensed consolidated financial statements as of June 30, 2024 and for the three and nine months ended June 30, 2024 to correct for identified errors in its accounting for allowance for credit losses, interest income, provision for credit losses, and noninterest expense. In addition, the Company has corrected other unrelated immaterial errors which were previously not recorded or not recorded in the appropriate period. Prior period financial information restated for the three and nine months ended June 30, 2024, was restated in the Form 10-K/A for the fiscal year ended September 30, 2024.

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

FORWARD-LOOKING STATEMENTS

PATHWARD FINANCIAL, INC. ("Pathward Financial" or the "Company" or "us") and its wholly-owned subsidiary, Pathward®, National Association ("Pathward®, N.A" or "Pathward" or "the Bank") may from time to time make written or oral "forward-looking statements," including statements contained in this Quarterly Report on Form 10-Q, the Company's other filings with the Securities and Exchange Commission (the "SEC"), the Company's reports to stockholders, and other communications by the Company and Pathward, N.A, 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," "target," 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 performance expectations; progress on key strategic initiatives; expected results of our partnerships; impacts of our improved data analytics, underwriting, and monitoring processes; expected nonperforming loan resolutions and net charge-off rates; 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 conflicts in Ukraine and the Middle East, weather-related disasters, or public health events, such as pandemics, and any governmental or societal responses thereto; 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 changes in international trade policies, tariffs and treaties affecting imports and exports, and their related impacts on macroeconomic conditions, customer behavior, funding costs and loan and securities portfolios; changes in tax laws; trade disputes, barriers to trade or the emergence of trade restrictions; 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 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; our liquidity and capital positions, including the sufficiency of our liquidity; 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 and acceptance 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, and any related increases in compliance and other costs; changes in financial services laws and regulations, including laws and regulations relating to the tax refund 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 borrowing, 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 Quarterly Report on Form 10-Q speak only as of the date hereof. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. 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/A for the Company's fiscal year ended September 30, 2024, and in the Company's other filings made with the SEC. The Company expressly disclaims any intent or obligation to update, revise, or clarify 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.

GENERAL

The Company, a registered bank holding company that has elected to be a financial holding company, is a Delaware corporation, the principal assets of which are all the issued and outstanding shares of the Bank, a chartered national bank, the accounts of which are insured up to applicable limits by the FDIC as administrator of the Deposit Insurance Fund. Unless the context otherwise requires, references herein to the Company include Pathward Financial and the Bank, and all direct or indirect subsidiaries of Pathward Financial on a consolidated basis.

The Company's common stock trades on the NASDAQ Global Select Market under the symbol "CASH."

The following discussion focuses on the consolidated financial condition of the Company at June 30, 2025, compared to September 30, 2024, and the consolidated results of operations for the three and nine months ended June 30, 2025 and 2024. This discussion should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the fiscal year ended September 30, 2024 and the related management's discussion and analysis of financial condition and results of operations contained in the Company's Annual Report on Form 10-K/A for the fiscal year ended September 30, 2024.

As described in Note 17. "Restatement of Previously Issued Financial Statements" to the condensed consolidated financial statements, the Company has restated its unaudited historical consolidated financial statements as of June 30, 2024 and for the three and nine months ended June 30, 2024. Prior period financial information restated for three and nine months ended June 30, 2024, was restated in the Form 10-K/A for the fiscal year ended September 30, 2024. As a result the previously reported financial information as of June 30, 2024 and for the three and nine months ended June 30, 2024 in this management's discussion and analysis has been updated to reflect the restatements.

EXECUTIVE SUMMARY

Financial Highlights for the 2025 Fiscal Third Quarter

- Total revenue for the third quarter was $195.8 million, an increase of $7.1 million, or 4%, compared to the same quarter in fiscal 2024, driven by an increase in noninterest income.

- Net interest margin ("NIM") increased 17 basis points to 7.43% for the third quarter from 7.26% during the same period of last year, primarily driven by an improved earning asset mix from the continued balance sheet optimization and lower cost of funds.

- Total gross loans and leases at June 30, 2025 increased $127.7 million to $4.74 billion compared to June 30, 2024 and increased $278.5 million when compared to March 31, 2025. When excluding the insurance premium finance loans, which sold during the first quarter of fiscal 2025, of $620.1 million at June 30, 2024, total gross loans and leases at June 30, 2025 increased $747.8 million, or 19%, when compared to June 30, 2024.

- During the 2025 fiscal third quarter, the Company repurchased 603,780 shares of common stock at an average share price of $74.49. As of June 30, 2025, there were 5,118,556 shares available for repurchase under the current common stock share repurchase program.

Tax Season

For the nine months ended June 30, 2025, total tax services product revenue was $95.2 million, an increase of 16% compared to the same period of the prior year. The increase in revenue was driven by increases in tax product fee income, refund advance fee income, and tax services net interest income.

Provision for credit losses for the tax services portfolio decreased $0.5 million for the nine months ended June 30, 2025 when compared to the same period of the prior year, due to improvements in data analytics, underwriting and monitoring.

Total tax services product income, net of losses and direct product expenses, increased 27% to $59.8 million from $47.1 million, when comparing the first nine months of fiscal 2025 to the same period of the prior fiscal year.

FINANCIAL CONDITION

At June 30, 2025, the Company’s total assets decreased to $7.23 billion compared to $7.53 billion at September 30, 2024, primarily due to reductions of $641.9 million in loans held for sale and $373.9 million in securities AFS, partially offset by growth of $668.1 million in loans and leases and $100.0 million in cash and cash equivalents.

Total cash and cash equivalents were $258.3 million at June 30, 2025, increasing from $158.3 million at September 30, 2024. The increase is primarily due to the proceeds from the sale of the commercial insurance premium finance business, net transaction costs, the sale of the transportation portfolio within the Company's working capital lending solutions, and the sale of debt securities AFS, partially offset by the repayment of short-term borrowings during the nine months ended June 30, 2025. The Company maintains its cash investments primarily in interest-bearing overnight deposits with the FHLB of Des Moines and the FRB. At June 30, 2025, the Company did not have any federal funds sold.

The Company's investment security balances at June 30, 2025 totaled $1.40 billion, as compared to $1.77 billion at September 30, 2024. The decrease is primarily due to $217.9 million of debt securities AFS sold by the Bank during the nine months ended June 30, 2025. The Company’s portfolio of securities customarily consists primarily of MBS, which have expected lives much shorter than the stated final maturity, non-bank qualified obligations of states and political subdivisions, which mature in approximately 15 years or less, and other tax exempt municipal mortgage related pass through securities which have average lives much shorter than their stated final maturities. During the nine months ended June 30, 2025, the Company made $2.3 million of purchases of investment securities.

Through the Bank, the Company owns stock in the FHLB due to the Bank’s membership and participation in this banking system as well as stock in the FRB. The FHLB requires a level of stock investment based on a pre-determined formula. The Company’s investment in these stocks was $29.5 million at June 30, 2025 and $36.0 million at September 30, 2024, as redemptions were partially offset by purchases of FHLB membership stock during the nine months ended June 30, 2025.

Loans held for sale at June 30, 2025 totaled $49.8 million, decreasing from $691.7 million at September 30, 2024. This decrease was primarily driven by the sale of the commercial insurance premium finance loans and a reduction in SBA/USDA loans held for sale, partially offset by an increase in consumer credit products held for sale at June 30, 2025 compared to September 30, 2024.

Total gross loans and leases totaled $4.74 billion at June 30, 2025, as compared to $4.08 billion at September 30, 2024. The increase was due to growth in the commercial finance, warehouse finance, and the tax services loan portfolios, partially offset by a reduction in the consumer finance loan portfolio. See Note 5. Loans and Leases, Net to the “Notes to Condensed Consolidated Financial Statements” of this Quarterly Report on Form 10-Q.

Commercial finance loans, which comprised 80% of the Company's loan and lease portfolio, totaled $3.82 billion at June 30, 2025, reflecting an increase of $522.4 million, 16%, from September 30, 2024. The increase was primarily driven by increases of $449.1 million in term lending, $139.0 million in asset-based lending, and $106.3 million in SBA/USDA, partially offset by decreases of $121.3 million in factoring loans, $18.0 million in lease financing and $32.6 million in other commercial finance.

Total end-of-period deposits increased 2% to $6.01 billion at June 30, 2025, compared to $5.88 billion at September 30, 2024, primarily driven by increases in noninterest-bearing deposits of $152.6 million, interest-bearing deposits of $9.6 million, and savings deposits of $2.1 million, partially offset by a decrease in wholesale deposits of $25.0 million.

As of June 30, 2025, the Company had $365.6 million in deposits related to government stimulus programs.

The Company's total borrowings decreased from $410.4 million at September 30, 2024 to $148.4 million at June 30, 2025, primarily driven by a decrease in short-term borrowings of $262.0 million as the Company used total deposits to fund loans and leases and investment balances. The Company's short-term borrowings fluctuate on a daily basis due to the nature of a portion of its noninterest-bearing deposit base.

At June 30, 2025, the Company's stockholders' equity totaled $818.1 million, a decrease of $4.0 million, from $822.2 million at September 30, 2024. The decrease was primarily attributable to an increase in accumulated other comprehensive loss, partially offset by an increase in retained earnings. The Company and Bank remained above the federal regulatory minimum capital requirements at June 30, 2025, and continued to be classified as well-capitalized, and in good standing with the regulatory agencies. See "Liquidity and Capital Resources" for further information.

Noninterest-bearing Checking Deposits. The Company may hold negative balances associated with cardholder programs in the Partner Solutions business line that are included within noninterest-bearing deposits on the Company's Condensed Consolidated Statements of Financial Condition. Negative balances can relate to any of the following payments functions:

– Prefundings: The Company deploys funds to cards prior to receiving cash (typically 2-3 days) where the prefunding balance is netted at a pooled partner level utilizing ASC 210-20.
– Discount fundings: The Company funds cards in alignment to expected breakage values on the card. Consumers may spend more than is estimated. These discounts are netted at a pooled partner level using ASC 210-20. The majority of these discount fundings relate to a small number of partners and are analyzed on an ongoing basis.
– Demand Deposit Account ("DDA") overdrafts: Certain programs offered allow cardholders traditional DDA overdraft protection services whereby cardholders can spend a limited amount in excess of their available card balance. When overdrawn, these accounts are re-classed as loans on the balance sheet within the Consumer Finance category.

The Company meets the Right of Set off criteria in ASC 210-20, Balance Sheet - Offsetting, for all payments negative deposit balances with the exception of DDA overdrafts. The following table summarizes the Company's negative deposit balances within the Partner Solutions business line:

(Dollars in thousands)	June 30, 2025	September 30, 2024
Noninterest-bearing deposits	$ 6,154,979	$ 5,982,992
Prefunding	(325,450)	(315,994)
Discount funding	(44,566)	(38,665)
DDA overdrafts	(15,286)	(11,236)
Noninterest-bearing checking, net	$ 5,769,677	$ 5,617,097

Off-Balance Sheet Custodial Deposits. The Bank utilizes a custodial deposit transference structure for certain prepaid and deposit programs whereby the Bank, acting as custodian of cardholder funds, places a portion of such cardholder funds that are not needed to support near term settlement at one or more third-party banks insured by the FDIC (each, a "Program Bank"). Accounts opened at Program Banks are established in the Bank's name as custodian, for the benefit of the Bank's cardholders. The Bank remains the issuer of all cards and holder of all accounts under the applicable cardholder agreements and has sole custodial control and transaction authority over the accounts opened at Program Banks.

The Bank maintains the records of each cardholder's deposits maintained at Program Banks. Program Banks undergo robust due diligence prior to becoming a Program Bank and are also subject to continuous monitoring.

As of June 30, 2025, the Company managed $430.7 million of customer deposits at other banks in its capacity as custodian. These deposits provide the Company with the ability to earn servicing fee income, typically reflective of the EFFR.

RESULTS OF OPERATIONS

The following tables present, for the periods indicated, the Company’s 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 rates. The balances presented in the tables below are calculated on a daily average basis. Tax-equivalent adjustments have been made in yields on interest-bearing assets and NIM. Nonaccruing loans and leases have been included in the table as loans or leases carrying a zero yield.

(Dollars in thousands)	Three Months Ended June 30, 2025 Average Outstanding Balance	2025 Interest Earned / Paid	2025 Yield / Rate[1]	(As Restated) 2024 Average Outstanding Balance	2024 Interest Earned / Paid	2024 Yield / Rate[1]
Interest-earning assets:						
Cash and fed funds sold	$ 281,545	$ 2,326	3.31 %	$ 224,987	$ 2,053	3.67 %
Mortgage-backed securities	1,198,015	8,337	2.79 %	1,438,683	9,748	2.73 %
Tax-exempt investment securities	113,886	782	3.49 %	128,117	911	3.62 %
Asset-backed securities	152,635	1,968	5.17 %	220,461	3,148	5.74 %
Other investment securities	179,942	1,413	3.15 %	282,966	2,211	3.14 %
Total investments	1,644,478	12,500	3.10 %	2,070,227	16,018	3.16 %
Commercial finance	3,717,018	76,736	8.28 %	3,758,771	78,791	8.43 %
Consumer finance	268,132	16,791	25.12 %	286,476	18,318	25.72 %
Tax services	43,035	48	0.45 %	56,836	55	0.39 %
Warehouse finance	648,059	15,191	9.40 %	407,210	10,598	10.47 %
Total loans and leases	4,676,244	108,766	9.33 %	4,509,293	107,762	9.61 %
Total interest-earning assets	**6,602,267**	**$ 123,592**	**7.52 %**	**6,804,507**	**$ 125,833**	**7.45 %**
Noninterest-earning assets	567,794			516,133		
Total assets	**$ 7,170,061**			**$ 7,320,640**		
Interest-bearing liabilities:						
Interest-bearing checking	$ 1,196	$ —	0.06 %	$ 684	$ —	0.14 %
Savings	53,450	4	0.03 %	56,565	3	0.02 %
Money markets	171,503	264	0.62 %	178,255	584	1.32 %
Time deposits	2,855	7	1.03 %	4,265	3	0.32 %
Wholesale deposits	1,035	12	4.56 %	74,167	1,099	5.96 %
Total interest-bearing deposits (a)	230,039	287	0.50 %	313,936	1,689	2.16 %
Overnight fed funds purchased	31,365	360	4.61 %	52,374	730	5.61 %
Subordinated debentures	19,753	355	7.21 %	19,651	355	7.26 %
Other borrowings	13,661	277	8.13 %	13,705	309	9.07 %
Total borrowings	64,779	992	6.14 %	85,730	1,394	6.54 %
Total interest-bearing liabilities	**294,818**	**1,279**	**1.74 %**	**399,666**	**3,083**	**3.10 %**
Noninterest-bearing deposits (b)	5,772,508	—	— %	5,947,054	—	— %
Total deposits and interest-bearing liabilities	**6,067,326**	**$ 1,279**	**0.08 %**	**6,346,720**	**$ 3,083**	**0.20 %**
Other noninterest-bearing liabilities	304,786			252,841		
Total liabilities	**6,372,112**			**6,599,561**		
Shareholders' equity	797,949			721,079		
Total liabilities and shareholders' equity	**$ 7,170,061**			**$ 7,320,640**		
Net interest income and net interest rate spread including noninterest-bearing deposits		**$ 122,313**	**7.44 %**		**$ 122,750**	**7.26 %**
Net interest margin			**7.43 %**			**7.26 %**
Tax-equivalent effect			**0.01 %**			**0.01 %**
Net interest margin, tax-equivalent[2]			**7.44 %**			**7.27 %**
Total cost of deposits (a+b)	**6,002,547**	**287**	**0.02 %**	**6,260,990**	**1,689**	**0.11 %**

(1) Tax rate used to arrive at the TEY for the three months ended June 30, 2025 and 2024 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.

(Dollars in thousands)	Nine Months Ended June 30, 2025 Average Outstanding Balance	2025 Interest Earned / Paid	2025 Yield / Rate[1]	(As Restated) 2024 Average Outstanding Balance	2024 Interest Earned / Paid	2024 Yield / Rate[1]
Interest-earning assets:						
Cash and fed funds sold	$ 480,149	$ 13,673	3.81 %	$ 392,882	$ 13,578	4.62 %
Mortgage-backed securities	1,249,651	25,903	2.77 %	1,463,441	29,795	2.72 %
Tax-exempt investment securities	117,203	2,424	3.50 %	132,455	2,773	3.54 %
Asset-backed securities	173,876	6,800	5.23 %	236,070	10,081	5.70 %
Other investment securities	207,429	4,782	3.08 %	287,659	6,790	3.15 %
Total investments	1,748,159	39,909	3.10 %	2,119,625	49,439	3.16 %
Commercial finance	3,667,552	224,402	8.18 %	3,726,578	227,371	8.15 %
Consumer finance	293,289	59,107	26.94 %	333,730	58,367	23.36 %
Tax services	210,443	12,093	7.68 %	192,084	9,057	6.30 %
Warehouse finance	630,082	44,768	9.50 %	398,886	29,904	10.01 %
Total loans and leases	4,801,366	340,370	9.48 %	4,651,278	324,699	9.32 %
Total interest-earning assets	**7,029,674**	**$ 393,952**	**7.50 %**	**7,163,785**	**$ 387,716**	**7.24 %**
Noninterest-earning assets	603,147			530,666		
Total assets	**$ 7,632,821**			**$ 7,694,451**		
Interest-bearing liabilities:						
Interest-bearing checking	$ 1,441	$ 1	0.07 %	$ 458	$ 1	0.23 %
Savings	50,652	11	0.03 %	57,079	14	0.03 %
Money markets	177,067	918	0.69 %	183,882	1,757	1.28 %
Time deposits	3,759	13	0.45 %	4,939	10	0.28 %
Wholesale deposits	124,695	4,206	4.51 %	241,633	10,118	5.59 %
Total interest-bearing deposits (a)	357,614	5,147	1.92 %	487,991	11,900	3.26 %
Overnight fed funds purchased	83,898	3,035	4.84 %	83,128	3,493	5.61 %
Subordinated debentures	19,728	1,064	7.21 %	19,625	1,066	7.26 %
Other borrowings	13,661	864	8.46 %	13,930	946	9.07 %
Total borrowings	117,287	4,963	5.66 %	116,683	5,505	6.30 %
Total interest-bearing liabilities	**474,901**	**10,110**	**2.85 %**	**604,674**	**17,405**	**3.84 %**
Noninterest-bearing deposits (b)	6,060,053	—	— %	6,174,245	—	— %
Total deposits and interest-bearing liabilities	**6,534,954**	**$ 10,110**	**0.21 %**	**6,778,919**	**$ 17,405**	**0.34 %**
Other noninterest-bearing liabilities	311,721			228,971		
Total liabilities	**6,846,675**			**7,007,890**		
Shareholders' equity	786,146			686,561		
Total liabilities and shareholders' equity	**$ 7,632,821**			**$ 7,694,451**		
Net interest income and net interest rate spread including noninterest-bearing deposits		**$ 383,842**	**7.29 %**		**$ 370,311**	**6.90 %**
Net interest margin			**7.30 %**			**6.90 %**
Tax-equivalent effect			**0.01 %**			**0.02 %**
Net interest margin, tax-equivalent[2]			**7.31 %**			**6.92 %**
Total cost of deposits (a+b)	**6,417,667**	**5,147**	**0.16 %**	**6,662,236**	**11,900**	**0.36 %**

[1] Tax rate used to arrive at the TEY for the nine months ended June 30, 2025 and 2024 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.

General
The Company recorded net income of $42.1 million, or $1.81 per diluted share, for the three months ended June 30, 2025, compared to net income of $44.9 million, or $1.78 per diluted share, for the three months ended June 30, 2024.

The Company recorded net income of $147.1 million, or $6.17 per diluted share, for the nine months ended June 30, 2025, compared to net income of $149.7 million, or $5.85 per diluted share, for the nine months ended June 30, 2024.

Net Interest Income
Net interest income for the third quarter of fiscal 2025 was $122.3 million, a slight decrease from the same quarter in fiscal 2024.

For the nine months ended June 30, 2025, net interest income was $383.8 million, an increase of 4%, from $370.3 million compared to the same period in the prior fiscal year.

The Company's average interest-earning assets for the third quarter of fiscal 2025 decreased by $202.2 million to $6.60 billion compared to the same quarter in fiscal 2024, due to decreases in average outstanding balances of total investment securities, partially offset by increases in total loan and lease balances and interest earning cash balances. The third quarter average outstanding balance of loans and leases increased $167.0 million compared to the same quarter of the prior fiscal year, primarily due to increases in the warehouse finance, partially offset by decreases in the commercial finance, consumer finance and tax services loan portfolios. The decrease in the average outstanding balance of commercial finance loans and leases was primarily driven by the sale of the insurance premium finance loans during the first quarter of fiscal year 2025.

Fiscal 2025 third quarter NIM increased to 7.43% from 7.26% in the third fiscal quarter of 2024. The overall reported tax-equivalent yield ("TEY") on average interest-earning assets increased 7 basis points to 7.52% compared to the prior year quarter, driven by an improved earning asset mix. The yield on the loan and lease portfolio was 9.33% compared to 9.61% for the comparable period last year and the TEY on the securities portfolio was 3.10% compared to 3.16% over that same period.

For the nine months ended June 30, 2025, NIM was 7.30%, an increase of 40 basis points from 6.90% compared to the same period in the prior fiscal year.

The Company's cost of funds for all deposits and borrowings averaged 0.08% during the fiscal 2025 third quarter, as compared to 0.20% during the prior year quarter. The Company's overall cost of deposits was 0.02% in the fiscal third quarter of 2025, as compared to 0.11% during the prior year quarter.

Provision for Credit Loss
The Company recognized a provision for credit losses of $9.3 million for the quarter ended June 30, 2025, compared to $11.9 million for the comparable period in the prior fiscal year. The period-over-period decrease in provision for credit losses was primarily due to increases in provision for credit losses in the commercial finance portfolio of $3.6 million, offset by decreases in the provision for credit losses in the tax services portfolio of $1.4 million and $4.5 million in the consumer finance portfolio. The Company recognized net charge-offs of $6.1 million for the quarter ended June 30, 2025, compared to net charge-offs of $16.2 million for the quarter ended June 30, 2024. Net charge-offs attributable to the commercial finance portfolio and the consumer finance portfolio for the quarter ended June 30, 2025, were $1.7 million and $5.8 million, respectively, while net recoveries of $1.4 million were recognized in the tax services portfolio. Net charge-offs attributable to the commercial finance portfolio and the consumer finance portfolio for the same quarter of the prior year were $6.9 million and $9.7 million, respectively, while net recoveries of $0.4 million were recognized in the tax services portfolio.

The Company recognized a provision for credit losses of $63.2 million for the nine months ended June 30, 2025, compared to $49.4 million for the comparable period in the prior fiscal year. The increase was primarily due to increases in provision for credit losses in all loan portfolios except the tax services portfolio. The Company recognized net charge-offs of $28.8 million for the nine months ended June 30, 2025, compared to net charge-offs of $38.8 million for the nine months ended June 30, 2024. Net charge-offs attributable to the commercial finance portfolio and consumer finance portfolio for the nine months ended June 30, 2025, were $16.6 million and $19.8 million, respectively, while recoveries of $7.7 million were recognized in the tax services portfolio. Net charge-offs attributable to the commercial finance portfolio and consumer finance portfolio were $16.2 million and $28.0 million, respectively, for the same nine months of the prior year, while net recoveries of $5.4 million were recognized in the tax services portfolio.

Noninterest Income

Fiscal 2025 third quarter noninterest income increased 11% to $73.4 million, compared to $65.9 million for the same period of the prior year. The increase in noninterest income when comparing the current period to the same period of the prior year was primarily driven by secondary market revenue, card and deposit fees, and total tax services product fee income, partially offset by reductions in gain on other and rental income.

Included in card and deposit fees is servicing fee income on custodial deposits, which totaled $7.9 million during the 2025 fiscal third quarter, compared to $8.6 million for the same period of the prior year. For the fiscal quarter ended March 31, 2025, servicing fee income on custodial deposits totaled $6.5 million. The period-over-period decrease in servicing fee income on deposit balances held at partner banks was primarily due to a reduction in rates following reductions in the EFFR. The sequential quarter increase in servicing fee income was due to an increase in custodial deposits.

Noninterest income for the nine months ended June 30, 2025 increased to $269.3 million from $247.6 million for the same period of the prior year.

Noninterest Expense

Noninterest expense increased 11% to $139.3 million for the fiscal 2025 third quarter, from $125.5 million for the same quarter last year. The increase was primarily attributable to increases in legal and consulting expense, other expense, card processing expense, occupancy and equipment expense, and operating lease equipment depreciation expense.

Card processing expense is primarily driven by rate-related agreements with Partner Solutions relationships. 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 is based on a percentage of the EFFR and reprices immediately upon a change in the EFFR. Approximately 62% of the deposit portfolio was subject to these rate-related processing expenses during the fiscal 2025 third quarter. For the fiscal quarter ended June 30, 2025, contractual, rate-related processing expenses were $25.1 million, as compared to $28.4 million for the fiscal quarter ended March 31, 2025 and $27.6 million for the fiscal quarter ended June 30, 2024.

Noninterest expense for the nine months ended June 30, 2025 increased to $415.3 million from $387.3 million for the same period of the prior year.

Income Tax Expense

The Company recorded income tax expense of $4.8 million, representing an effective tax rate of 10.2%, for the fiscal 2025 third quarter, compared to an income tax expense of $6.1 million, representing an effective tax rate of 11.9%, for the third quarter last fiscal year. The current quarter decrease in income tax expense compared to the prior year quarter was primarily due to a decrease in income.

The Company originated $2.1 million in renewable energy leases during the fiscal 2025 third quarter, resulting in $0.2 million in total net investment tax credits. During the third quarter of fiscal 2024, the Company originated $4.3 million in renewable energy leases resulting in $1.2 million in total net investment tax credits. For the nine months ended June 30, 2025, the Company originated $13.3 million in renewable energy leases, compared to $42.1 million for the comparable prior year period. Investment tax credits related to renewable energy leases are recognized ratably based on income throughout each fiscal year.

Asset Quality

Generally, when a loan or lease becomes delinquent 90 days or more or when the collection of principal or interest becomes doubtful, the Company will place the loan or lease on a nonaccrual status and, as a result, previously accrued interest income on the loan or lease is reversed against current income. The loan or lease will generally remain on a non-accrual status until six months of good payment history has been established or management believes the financial status of the borrower has been significantly restored. Certain relationships in the table below are over 90 days past due and still accruing. The Company considers these relationships as being in the process of collection. Insurance premium finance loans, consumer finance and tax services loans are generally not placed on nonaccrual status, but are instead written off when the collection of principal and interest become doubtful.

Loans and leases, or portions thereof, are generally charged-off when collection of principal becomes doubtful. Typically, this is associated with a delay or shortfall in payments of 120 days or more for consumer credit products and leases and 90 days or more for commercial finance loans. Action is taken to charge off ERO loans if such loans have not been collected by the end of June and refund advance loans if such loans have not been collected by the end of the calendar year. The Company individually evaluates loans and leases that do not share similar risk characteristics with other financial assets, which generally means loans and leases identified as modifications or loans and leases on nonaccrual status.

The Company believes that the level of allowance for credit losses at June 30, 2025 was appropriate and reflected probable losses related to these loans and leases; however, there can be no assurance that all loans and leases will be fully collectible or that the present level of the allowance will be adequate in the future. See the section below titled “Allowance for Credit Losses” for further information.

The table below sets forth the amounts and categories of the Company's nonperforming assets.

(Dollars in thousands)	June 30, 2025	September 30, 2024
Nonperforming Loans and Leases		
Nonaccruing loans and leases:		
Commercial finance	$ 61,524	$ 26,412
Total nonaccruing loans and leases	61,524	26,412
Accruing loans and leases delinquent 90 days or more:		
Loans held for sale	—	1,050
Commercial finance	3,370	2,314
Consumer finance	6,402	3,053
Tax services[1]	—	8,733
Total accruing loans and leases delinquent 90 days or more	9,772	15,150
Total nonperforming loans and leases	71,296	41,562
Other Assets		
Nonperforming operating leases	3,414	1,471
Total other assets	3,414	1,471
Total nonperforming assets	$ 74,710	$ 43,033
Total as a percentage of total assets	1.03 %	0.57 %

[1] Certain tax services loans do not bear interest.

The Company's nonperforming assets at June 30, 2025 were $74.7 million, representing 1.03% of total assets, compared to $43.0 million, or 0.57% of total assets at September 30, 2024. The increase in the nonperforming assets as a percentage of total assets at June 30, 2025 compared to September 30, 2024, was primarily driven by an increase in nonperforming loans in the commercial finance portfolio, and to a lesser extent, an increase in the consumer finance portfolio, partially offset a decrease in nonperforming loans in the seasonal tax services portfolio.

The Company's nonperforming loans and leases at June 30, 2025 were $71.3 million, representing 1.49% of total gross loans and leases, compared to $41.6 million, or 0.87% of total gross loans and leases at September 30, 2024.

Classified Assets. Federal regulations provide for the classification of certain loans, leases, and other assets such as debt and equity securities considered by the Bank's primary regulator, the OCC, to be of lesser quality as “substandard,” “doubtful” or “loss,” with each such classification dependent on the facts and circumstances surrounding the assets in question. An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the Bank will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such minimal value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When assets are classified as “loss,” the Bank is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge off such amount. The Bank’s determinations as to the classification of its assets and the amount of its valuation allowances are subject to review by its regulatory authorities, which may order the establishment of additional general or specific loss allowances.

On the basis of management’s review of its loans, leases, and other assets, at June 30, 2025, the Company had classified loans and leases of $207.0 million as substandard, $14.4 million as doubtful and none as loss. At September 30, 2024, the Company classified loans and leases of $180.9 million as substandard, $10.3 million as doubtful and none as loss.

Allowance for Credit Losses. The ACL represents management’s estimate of current credit losses expected to be incurred by the loan and lease portfolio over the life of each financial asset as of the balance sheet date. The Company individually evaluates loans and leases that do not share similar risk characteristics with other financial assets, which generally means loans and leases identified as modifications or loans and leases on nonaccrual status. All other loans and leases are evaluated collectively for credit loss. A reserve for unfunded credit commitments such as letters of credit and binding unfunded loan commitments is recorded in other liabilities on the Condensed Consolidated Statements of Financial Condition.

Individually evaluated loans and leases are a key component of the ACL. Generally, the Company measures credit loss on individually evaluated loans based on the fair value of the collateral less estimated selling costs, as the Company considers these financial assets to be collateral dependent. If an individually evaluated loan or lease is not collateral dependent, credit loss is measured at the present value of expected future cash flows discounted at the loan or lease initial effective interest rate.

The Company's ACL totaled $106.0 million at June 30, 2025, an increase compared to $71.8 million at September 30, 2024. The increase in the ACL at June 30, 2025, when compared to September 30, 2024, was primarily due to a $30.4 million increase in the allowance related to the seasonal tax services portfolio and a $5.9 million increase related to the commercial finance portfolio, partially offset by a $2.2 million decrease in the allowance related to the consumer finance portfolio.

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

	As of the Period Ended				
	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Commercial finance	1.27 %	1.10 %	1.18 %	1.29 %	1.17 %
Consumer finance	11.69 %	12.04 %	10.84 %	11.52 %	12.85 %
Tax services	81.32 %	60.35 %	1.75 %	0.02 %	66.35 %
Warehouse finance	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %
Total loans and leases	2.23 %	2.30 %	1.63 %	1.76 %	2.32 %
Total loans and leases excluding tax services	1.60 %	1.57 %	1.63 %	1.77 %	1.71 %

The Company's ACL as a percentage of total loans and leases increased to 2.23% at June 30, 2025 from 1.76% at September 30, 2024. The increase in the total loans and leases coverage ratio was primarily driven by seasonality in both the tax services portfolio and consumer finance portfolio. When comparing the current quarter to the same quarter of the prior year, the increase in the tax services coverage ratio was due to higher repayments during the current quarter which decreased the outstanding loan balance within the portfolio.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's financial statements are prepared in accordance with GAAP. The financial information contained within these financial statements is, to a significant extent, based on approximate measures of the financial effects of transactions and events that have already occurred. Management has identified its critical accounting policies, which are those policies that, in management's view, are most important in the portrayal of our financial condition and results of operations. These policies involve complex and subjective decisions and assessments. Some of these estimates may be uncertain at the time they are made, could change from period to period, and could have a material impact on the financial statements. A discussion of the Company's critical accounting policies and estimates can be found in the Company's Form 10-K/A for the year ended September 30, 2024. There were no significant changes to these critical accounting policies and estimates during the first nine months of fiscal 2025.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are deposits, derived principally through its Partner Solutions business line, borrowings, principal and interest payments on loans and leases and mortgage-backed securities, and maturing investment securities. In addition, the Company utilizes wholesale deposit sources to provide temporary funding when necessary or when favorable terms are available. While scheduled loan repayments and maturing investments are relatively predictable, deposit flows and early loan repayments are influenced by the level of interest rates, general economic conditions and competition. The Company uses its capital resources principally to meet ongoing commitments to fund maturing certificates of deposit and loan commitments, to maintain liquidity, and to meet operating expenses.

At June 30, 2025, the Company had unfunded loan and lease commitments of $1.27 billion. Management believes that loan repayment and other sources of funds will be adequate to meet its foreseeable short- and long-term liquidity needs. The liquidity sources as of June 30, 2025 include $258.3 million in cash and cash equivalents and $430.7 million in off-balance sheet custodial deposits. When factoring in additional resources, such as the Federal Home Loan Bank, the Federal Reserve Discount Window and other unsecured funding and wholesale options, the Company has over $2.65 billion in total available liquidity as of June 30, 2025. Due to the characteristics of the Company's deposit portfolio, uninsured deposits remained less than 15% of total deposits during the fiscal 2025 third quarter and below the Company's available liquidity.

The Company and the Bank are required to comply with the regulatory capital rules administered by federal banking agencies (the "Capital Rules"). Under the Capital Rules and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

The Capital Rules require the Company and the Bank to maintain minimum ratios (set forth in the table below) of total risk-based capital and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and a leverage ratio consisting of Tier 1 capital (as defined) to average assets (as defined). At June 30, 2025, the Company and the Bank exceeded federal regulatory minimum capital requirements to be classified as well-capitalized under the prompt corrective action requirements. The Company and the Bank took the AOCI opt-out election; under the rule, non-advanced approach banking organizations were given a one-time option to exclude certain AOCI components.

The table below includes 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 analyses and has included this non-GAAP financial information, and corresponding reconciliation to total equity.

	Company	Bank	Minimum to be Adequately Capitalized Under Prompt Corrective Action Provisions	Minimum to be Well Capitalized Under Prompt Corrective Action Provisions
June 30, 2025				
Tier 1 leverage capital ratio	9.78 %	10.00 %	4.00 %	5.00 %
Common equity Tier 1 capital ratio	12.87	13.42	4.50	6.50
Tier 1 capital ratio	13.12	13.42	6.00	8.00
Total capital ratio	14.76	14.68	8.00	10.00
September 30, 2024				
Tier 1 leverage capital ratio	9.05 %	9.22 %	4.00 %	5.00 %
Common equity Tier 1 capital ratio	12.26	12.78	4.50	6.50
Tier 1 capital ratio	12.52	12.78	6.00	8.00
Total capital ratio	14.14	14.03	8.00	10.00

The following table provides a reconciliation of the amounts included in the table above for the Company.

	Standardized Approach[(1)]	
(Dollars in thousands)	June 30, 2025	September 30, 2024
Total stockholders' equity	$ 818,148	$ 822,189
Adjustments:		
LESS: Goodwill, net of associated deferred tax liabilities	285,482	296,105
LESS: Certain other intangible assets	17,091	18,018
LESS: Net deferred tax assets from operating loss and tax credit carry-forwards	2,671	15,624
LESS: Net unrealized (losses) on available for sale securities	(158,673)	(152,328)
LESS: Noncontrolling interest	(856)	(277)
ADD: Adoption of Accounting Standards Update 2016-13	1,788	3,576
Common Equity Tier 1[(1)]	674,221	648,623
Long-term borrowings and other instruments qualifying as Tier 1	13,661	13,661
Tier 1 minority interest not included in common equity Tier 1 capital	(513)	(150)
Total Tier 1 capital	687,369	662,134
Allowance for credit losses	65,960	66,140
Subordinated debentures, net of issuance costs	19,770	19,693
Total capital	$ 773,099	$ 747,967

(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 common equity tier 1 capital ratio; those changes were fully phased in through the end of 2021.

The Company and the Bank have been required to maintain a capital conservation buffer above the minimum risk-based capital requirements in order to avoid certain limitations on capital distributions, stock repurchases and discretionary bonus payments to executive officers. The capital conservation buffer is exclusively composed of Common Equity Tier 1 capital, and it applies to each of the three risk-based capital ratios but not the leverage ratio. The required Common Equity Tier 1 risk-based, Tier 1 risk-based and total risk-based capital ratios with the buffer are currently 7.0%, 8.5% and 10.5%, respectively.

Based on current and expected continued profitability and subject to continued access to capital markets, we believe that the Company and the Bank will continue to meet the capital conservation buffer of 2.5% in addition to required minimum capital ratios.

CONTRACTUAL OBLIGATIONS

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations" in the Company's Form 10-K/A for its fiscal year ended September 30, 2024 for a summary of our contractual obligations as of September 30, 2024. There were no material changes outside the ordinary course of our business in contractual obligations from September 30, 2024 through June 30, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company derives a portion of its income from the excess of interest collected over interest paid. The rates of interest the Company earns on assets and pays on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, the Company's results of operations, like those of most financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of its assets and liabilities.

The Company monitors and measures its exposure to changes in interest rates in order to comply with applicable government regulations and risk policies established by the Board of Directors, and in order to preserve stockholder value. In monitoring interest rate risk, the Company analyzes assets and liabilities based on characteristics including size, coupon rate, repricing frequency, maturity date, likelihood of prepayment, and deposit behaviors.

The Company's primary objective for its investment portfolio is to provide a source of liquidity for the Company. In addition, the investment portfolio may be used in the management of the Company's interest rate risk profile. The investment policy generally calls for funds to be invested among various categories of security types and maturities based upon the Company's need for liquidity, desire to achieve a proper balance between minimizing risk while maximizing yield, the need to provide collateral for borrowings, and the need to fulfill the Company's asset/liability management goals.

The Company believes that its portfolio of longer duration deposits generated from its Partner Solutions business line provides a stable and profitable funding vehicle. A portion of the Company's deposit balances are subject to variable card processing expenses, derived from contractual agreements with certain Partner Solutions partners tied to a rate index, typically the EFFR. These costs reprice immediately upon a change in the applicable rate index.

The Bank, acting as custodian of cardholder funds, places a portion of such cardholder funds at one or more third-party banks insured by the FDIC (each, a "Program Bank"). These custodial deposits earn recordkeeping service fee income, typically reflective of the EFFR.

The Board of Directors and relevant government regulations establish limits on the level of acceptable interest rate risk at the Company, to which management adheres. There can be no assurance, however, that, in the event of an adverse change in interest rates, the Company's efforts to limit interest rate risk will be successful.

Interest Rate Risk (“IRR”)

Overview. The Company actively manages interest rate risk, as changes in market interest rates can have a significant impact on reported earnings. The Company's IRR analysis is designed to compare income and economic valuation simulations in market scenarios designed to alter the direction, magnitude and speed of interest rate changes, as well as the slope of the yield curve. This analysis may not represent all impacts driven by changes in the interest rate environment, such as certain other card fee income and expense line items tied to card processing expense derived from contractual agreements with certain Partner Solutions partners and servicing fees the Company recognizes from custodial off-balance sheet deposits. The Company does not currently engage in trading activities to control IRR although it may do so in the future, if deemed necessary, to help manage IRR.

Earnings at risk and economic value analysis. As a continuing part of its financial strategy, the Bank considers methods of managing an asset/liability mismatch consistent with maintaining acceptable levels of net interest income. In order to monitor IRR, the Company has created an Asset/Liability Committee whose principal responsibilities are to assess the Bank’s asset/liability mix and implement strategies that will enhance income while managing the Bank’s vulnerability to changes in interest rates.

The Company uses two approaches to model IRR: Earnings at Risk (“EAR analysis”) and Economic Value of Equity (“EVE analysis”). Under EAR analysis, net interest income is calculated for each interest rate scenario and compared to the net interest income forecast in the base case over a one-year minimum time horizon. The results are affected by projected rates, prepayments, caps and floors. Management exercises its best judgment in making assumptions regarding events that management can influence, such as non-contractual deposit re-pricing, as well as events outside of management's control, such as customer behavior on loan and deposit activity and the effect that competition has on both lending and deposit pricing. These assumptions are subjective and, as a result, net interest income simulation results will differ from actual results due to the timing, magnitude, and frequency of interest rate changes, changes in market conditions, customer behavior and management strategies, among other factors. The Company performs various sensitivity analyses on assumptions of deposit attrition, loan prepayments, and asset re-pricing, as well as market-implied forward rates and various likely and extreme interest rate scenarios, including rapid and gradual interest rate ramps, rate shocks and yield curve twists.

The EAR analysis used in the following table reflects the required analysis used no less than quarterly by management. It models basis point parallel shifts in market interest rates over the next one-year period. The following table shows the results of the scenarios as of June 30, 2025 and September 30, 2024:

Net Sensitive Earnings at Risk

		Change in Interest Income/Expense for a given change in interest rates				
		Over/(Under) Base Case Parallel Shift				
(Dollars in Thousands)	**Book Value**	**-200**	**-100**	**Base**	**+100**	**+200**
Balances as of June 30, 2025						
Total interest income	6,443,261	399,679	423,345	455,205	488,517	520,515
Total interest expense	350,569	3,480	4,656	6,446	9,182	11,918
Net interest income		396,199	418,689	448,759	479,335	508,597
Percentage change from base		-11.7 %	-6.7 %	— %	6.8 %	13.3 %
Balances as of September 30, 2024						
Total interest income	6,676,417	411,926	440,588	470,620	499,529	527,533
Total interest expense	634,988	12,614	16,686	22,053	27,715	33,184
Net interest income		399,312	423,902	448,567	471,814	494,349
Percentage change from base		-11.0 %	-5.5 %	— %	5.2 %	10.2 %

The EAR analysis reported at June 30, 2025, shows that changes in market interest rates have a larger impact on total interest income than total interest expense. IRR is a snapshot in time. The Company’s business and deposits are predictably cyclical on a weekly, monthly and yearly basis. The Company’s static IRR results could vary depending on which day of the week the month ends, primarily related to payroll processing and timing of when certain programs are prefunded and when the funds are received.

Under EVE analysis, the economic value of financial assets, liabilities and off-balance sheet instruments is derived under each rate scenario. The economic value of equity is calculated as the difference between the estimated market value of assets and liabilities, net of the impact of off-balance sheet instruments.

The EVE analysis used in the following table reflects the required analysis used no less than quarterly by management. It models immediate basis point parallel shifts in market interest rates. The following table shows the results of the scenario as of June 30, 2025 and September 30, 2024:

Economic Value Sensitivity

	Standard (Parallel Shift)			
	Economic Value of Equity at Risk %			
	-200	-100	+100	+200
Balances as of June 30, 2025				
Percentage change from base	-5.4 %	-2.2 %	1.5 %	2.5 %
Balances as of September 30, 2024				
Percentage change from base	-10.0 %	-3.9 %	2.6 %	4.2 %

The EVE at risk reported at June 30, 2025 shows that the economic value of equity position is expected to benefit from rising interest rates due to the large amount of noninterest-bearing funding.

Item 4. Controls and Procedures.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Management, under the direction of its Chief Executive Officer and Chief Financial Officer, is responsible for maintaining disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "1934 Act")) that are designed to ensure that information required to be disclosed in reports filed or submitted under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q, management evaluated the Company's disclosure controls and procedures. The evaluation was performed under the direction of the Company's Chief Executive Officer and Chief Financial Officer to determine the effectiveness, as of June 30, 2025, of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2025, the Company’s disclosure controls and procedures were not designed effectively to ensure timely alerting of material information relating to the Company required to be included in the Company's periodic SEC filings. This conclusion was reached as a result of the material weakness in internal control over financial reporting described in Item 9A of Amendment No. 1 to the Annual Report on Form 10-K/A for the year ended September 30, 2024 filed with the SEC on August 29, 2025.

Notwithstanding the conclusion by our management, including our Chief Executive Officer and Chief Financial Officer, that our disclosure controls and procedures were not effective as of June 30, 2025, and notwithstanding the material weakness in our internal control over financial reporting, management, including our Chief Executive Officer and Chief Financial Officer, believes that the consolidated financial statements included in this Form 10-Q fairly present, in all material respects, the Company’s consolidated financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

REMEDIATION PLAN AND STATUS

The material weakness cannot be considered remediated until applicable controls have been designed, implemented, have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Although we have not remediated these control deficiencies as of June 30, 2025, management, under the oversight of the Audit Committee, has made and continues to make progress towards remediation.

As part of our commitment to strengthening our internal control over financial reporting, management has taken certain measures including the following to remediate the material weakness:

- The Company engaged a third-party technical accounting consultant to assist with the identification, assessment and accounting and financial reporting impacts for certain consumer lending program agreements in the Consumer Solutions business; and

- Designed and is in process of implementing a control enhancement over the periodic review and validation of accounting policies and accounting treatment for certain consumer lending program agreements in the Consumer Solutions business to ensure both the initial and continuing compliance with relevant U.S. GAAP, including determining if engagement of a third-party technical accounting consultant is necessary.

We believe that the actions outlined above will remediate the material weakness once a sufficient period of time has passed for management to conclude, through testing, that these controls are operating effectively. We will continue to assess the effectiveness of our internal control over financial reporting and have taken steps to remediate the material weakness as expeditiously as possible.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than described above, there have not been any changes in the Company’s internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the 1934 Act) during the third fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

There are no material pending legal proceedings to which we are a party or to which any of our properties are subject. There are no material proceedings known to us to be contemplated by any governmental authority. We are involved in a variety of litigation matters in the ordinary course of our business and anticipate that we will become involved in new litigation matters in the future.

Item 1A. Risk Factors.

A description of our risk factors can be found in "Item 1A. Risk Factors" included in our Annual Report on Form 10-K/A for the fiscal year ended September 30, 2024. There were no material changes to those risk factors during the nine months ended June 30, 2025.

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

(a) None.

(b) None.

(c) Issuer Purchases of Equity Securities.

The Company's Board of Directors authorized a 7,000,000 share repurchase program that was publicly announced on August 25, 2023 and is scheduled to expire September 30, 2028. The table below sets forth information regarding repurchases of our common stock during the fiscal 2025 third quarter.

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share[1][2]	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Maximum Number Of Shares that may yet be Purchased Under the Plans or Programs
April 1 to 30	455,919	$ 72.12	455,919	5,266,417
May 1 to 31	147,861	81.81	147,861	5,118,556
June 1 to 30	—	—	—	5,118,556
Total	603,780		603,780	

[1] All shares not purchased as part of the Company's publicly announced repurchase program were acquired in satisfaction of the tax withholding obligations of holders of restricted stock unit awards, which vested during the quarter.

[2] The average price paid per share is calculated on a trade date basis for all open market transactions and excludes commissions and other transaction expenses.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Adoption or Termination of Trading Arrangements by Directors and Executive Officers

During the fiscal quarter ended June 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the 1934 Act) informed us of the adoption or termination of any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
31.1	Section 302 certification of Chief Executive Officer.
31.2	Section 302 certification of Chief Financial Officer.
32.1	Section 906 certification of Chief Executive Officer.
32.2	Section 906 certification of Chief Financial Officer.
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) Cover Page, (ii) Condensed Consolidated Statements of Financial Condition, (iii) Condensed Consolidated Statements of Operations, (iv) Condensed Consolidated Statements of Comprehensive Income, (v) Condensed Consolidated Statements of Changes in Stockholders' Equity, (vi) Condensed Consolidated Statements of Cash Flows, and (vii) Notes to Condensed Consolidated Financial Statements, tagged in summary and in detail.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

PATHWARD FINANCIAL, INC.

SIGNATURES

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

PATHWARD FINANCIAL, INC.

Date: September 16, 2025	By:	/s/ Brett L. Pharr Brett L. Pharr, Chief Executive Officer and Director
Date: September 16, 2025	By:	/s/ Gregory A. Sigrist Gregory A. Sigrist, Executive Vice President and Chief Financial Officer

Exhibit 31.1

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

I, Brett L. Pharr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pathward Financial, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: September 16, 2025	/s/ Brett L. Pharr Chief Executive Officer and Director

Exhibit 31.2

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

I, Gregory A. Sigrist, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pathward Financial, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: September 16, 2025

/s/ Gregory A. Sigrist
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Pathward Financial, Inc. (the “Company”) for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brett L. Pharr, the Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

By: /s/ Brett L. Pharr
Name: Brett L. Pharr
Chief Executive Officer and Director
September 16, 2025

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Pathward Financial, Inc. (the “Company”) for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gregory A. Sigrist, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

By: /s/ Gregory A. Sigrist
Name: Gregory A. Sigrist
Executive Vice President and Chief Financial Officer
September 16, 2025