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 December 31, 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 January 28, 2026:
Common Stock, $.01 par value	21,763,685 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)	December 31, 2025	September 30, 2025
ASSETS	(Unaudited)	(Audited)
Cash and cash equivalents	$ 331,217	$ 120,568
Securities available for sale, at fair value	1,310,047	1,327,843
Securities held to maturity, at amortized cost (fair value $25,089 and $25,653, respectively)	28,662	29,308
Federal Reserve Bank and Federal Home Loan Bank Stock, at cost	24,310	24,708
Loans held for sale	87,969	179,421
Loans and leases	4,982,855	4,664,908
Allowance for credit losses	(58,840)	(53,319)
Accrued interest receivable	36,174	38,520
Premises, furniture, and equipment, net	42,370	40,632
Rental equipment, net	154,533	159,446
Goodwill and intangible assets	309,712	310,430
Other assets	311,196	329,879
Total assets	$ 7,560,205	$ 7,172,344
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	$ 6,350,394	$ 5,886,947
Short-term borrowings	—	9,000
Long-term borrowings	33,482	33,456
Accrued expenses and other liabilities	322,617	385,487
Total liabilities	6,706,493	6,314,890
STOCKHOLDERS' EQUITY		
Preferred stock, 3,000,000 shares authorized, no shares issued, none outstanding at December 31, 2025 and September 30, 2025, respectively	—	—
Common stock, $0.01 par value; 90,000,000 shares authorized, 22,220,603 and 22,842,785 shares issued, 22,169,535 and 22,772,570 shares outstanding at December 31, 2025 and September 30, 2025, respectively	222	228
Common stock, Nonvoting, $0.01 par value; 3,000,000 shares authorized, no shares issued, none outstanding at December 31, 2025 and September 30, 2025, respectively	—	—
Additional paid-in capital	651,199	648,330
Retained earnings	346,529	359,830
Accumulated other comprehensive loss	(134,996)	(145,461)
Treasury stock, at cost, 51,068 and 70,215 common shares at December 31, 2025 and September 30, 2025, respectively	(8,419)	(4,882)
Total equity attributable to parent	854,535	858,045
Noncontrolling interest	(823)	(591)
Total stockholders' equity	853,712	857,454
Total liabilities and stockholders' equity	$ 7,560,205	$ 7,172,344

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 December 31, 2025	Three Months Ended December 31, 2024
Interest and dividend income:		
Loans and leases, including fees	$ 107,775	$ 111,849
Mortgage-backed securities	7,812	8,986
Other investments	5,635	7,522
	121,222	128,357
Interest expense:		
Deposits	206	775
FHLB advances and other borrowings	1,678	2,331
	1,884	3,106
Net interest income	119,338	125,251
Provision for credit loss	3,230	18,661
Net interest income after provision for credit loss	116,108	106,590
Noninterest income:		
Refund transfer product fees	355	410
Refund advance and other tax fee income	131	459
Card and deposit fees	30,140	29,066
Rental income	11,620	13,708
(Loss) on sale of securities	—	(15,671)
Gain on divestitures	—	16,404
Secondary market revenue	4,157	4,378
Gain on sale of other	488	987
Other income	6,872	7,637
Total noninterest income	53,763	57,378
Noninterest expense:		
Compensation and benefits	51,864	49,292
Refund transfer product expense	73	108
Refund advance expense	72	34
Card processing	30,437	33,314
Building and software	12,580	9,706
Operating lease equipment depreciation	9,995	11,426
Legal and consulting	5,554	5,225
Intangible amortization	718	812
Other expense	15,920	17,880
Total noninterest expense	127,213	127,797
Income before income tax expense	42,658	36,171
Income tax expense	7,193	6,005
Net income before noncontrolling interest	35,465	30,166
Net income attributable to noncontrolling interest	299	199
Net income attributable to parent	$ 35,166	$ 29,967
Earnings per common share:		
Basic	$ 1.57	$ 1.23
Diluted	$ 1.57	$ 1.23

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended December 31,	
(Dollars in thousands)	2025	2024
Net income before noncontrolling interest	$ 35,465	$ 30,166
Other comprehensive income (loss):		
Change in net unrealized gain (loss) on debt securities	12,855	(62,340)
Net loss realized on debt securities	—	15,671
	12,855	(46,669)
Unrealized gain (loss) on currency translation	792	(2,017)
Deferred income tax effect	3,182	(11,163)
Total other comprehensive income (loss)	10,465	(37,523)
Total comprehensive income (loss)	45,930	(7,357)
Total comprehensive income attributable to noncontrolling interest	299	199
Comprehensive income (loss) attributable to parent	$ 45,631	$ (7,556)

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, September 30, 2025	$ 228	$ 648,330	$ 359,830	$ (145,461)	$ (4,882)	$ 858,045	$ (591)	$ 857,454
Cash dividends declared on common stock ($0.05 per share)	—	—	(1,109)	—	—	(1,109)	—	(1,109)
Issuance of common stock due to restricted stock	1	—	—	—	—	1	—	1
Repurchases of common stock	(7)	7	(47,358)	—	(3,537)	(50,895)	—	(50,895)
Stock compensation	—	2,862	—	—	—	2,862	—	2,862
Total other comprehensive income	—	—	—	10,465	—	10,465	—	10,465
Net income	—	—	35,166	—	—	35,166	299	35,465
Net distribution to noncontrolling interest	—	—	—	—	—	—	(531)	(531)
Balance, December 31, 2025	$ 222	$ 651,199	$ 346,529	$ (134,996)	$ (8,419)	$ 854,535	$ (823)	$ 853,712
Balance, September 30, 2024	$ 248	$ 638,803	$ 337,058	$ (153,394)	$ (249)	$ 822,466	$ (277)	$ 822,189
Cash dividends declared on common stock ($0.05 per share)	—	—	(1,202)	—	—	(1,202)	—	(1,202)
Repurchases of common stock	(7)	7	(52,377)	—	(4,633)	(57,010)	—	(57,010)
Stock compensation	—	1,612	—	—	—	1,612	—	1,612
Total other comprehensive loss	—	—	—	(37,523)	—	(37,523)	—	(37,523)
Net income	—	—	29,967	—	—	29,967	199	30,166
Net distribution to noncontrolling interest	—	—	—	—	—	—	(678)	(678)
Balance, December 31, 2024	$ 241	$ 640,422	$ 313,446	$ (190,917)	$ (4,882)	$ 758,310	$ (756)	$ 757,554

See Notes to Condensed Consolidated Financial Statements.

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

(Dollars in thousands)	Three Months Ended December 31, 2025	2024
Cash flows from operating activities:		
Net income before noncontrolling interest	$ 35,465	$ 30,166
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,395	14,918
Provision for credit loss	3,230	18,661
Provision for deferred taxes	1,456	1,999
Originations of loans held for sale	(1,038,931)	(853,109)
Proceeds from sales of loans held for sale	1,176,324	618,432
Net change in loans held for sale	(3,050)	264,136
Net realized (gain) on loans held for sale	(4,157)	(4,378)
Net realized loss (gain) on securities available for sale	—	15,671
Net realized (gain) on divestitures	—	(16,404)
Net realized (gain) on other	(488)	(987)
Net change in accrued interest receivable	2,346	(3,894)
Net change in other assets	(17,278)	(30,332)
Net change in accrued expenses and other liabilities	(62,870)	(128,226)
Stock compensation	2,862	1,612
Net cash provided by (used in) operating activities	108,304	(71,735)
Cash flows from investing activities:		
Purchases of securities available for sale	—	(1,168)
Proceeds from sales of securities available for sale	—	160,135
Proceeds from maturities of and principal collected on securities available for sale	30,606	39,727
Proceeds from maturities of and principal collected on securities held to maturity	610	1,038
Purchases of Federal Reserve Bank and Federal Home Loan Bank stock	(90,187)	(90,725)
Redemption of Federal Reserve Bank and Federal Home Loan Bank stock	90,585	102,285
Purchases of loans and leases	(32,923)	(139,359)
Net change in loans and leases	(284,055)	(330,646)
Purchases of premises, furniture, and equipment	(4,236)	(2,087)
Purchases of rental equipment	(45,371)	(52,790)
Proceeds from sales of rental equipment	2,394	5,591
Net change in rental equipment	11	118
Proceeds from surrender of bank-owned life insurance	32,206	—
Proceeds from divestitures, net of transaction costs	—	600,232
Proceeds from sale of other assets	—	408
Net cash provided by (used in) investing activities	(300,360)	292,759
Cash flows from financing activities:		
Net change in deposits	463,447	655,942
Net change in short-term borrowings	(9,000)	(377,000)
Dividends paid on common stock	(1,109)	(1,202)
Issuance of common stock due to restricted stock	1	—
Repurchases of common stock	(50,895)	(57,010)
Investment by (distributions to) noncontrolling interest	(531)	(678)
Net cash provided by financing activities	401,913	220,052
Effect of exchange rate changes on cash	792	(2,017)
Net change in cash and cash equivalents	210,649	439,059
Cash and cash equivalents at beginning of fiscal year	120,568	158,337
Cash and cash equivalents at end of fiscal period	$ 331,217	$ 597,396

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

	Three Months Ended December 31,	
(Dollars in thousands)	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 1,345	$ 2,906
Income taxes	927	1,407
Franchise and other taxes	75	76
Supplemental schedule of non-cash investing activities:		
Transfers		
Held for sale to loans and leases	$ 88	$ 2,500
Loans and leases to held for sale	39,251	—
Loans and leases to rental equipment	2,276	1,604
Rental equipment to loan and leases	40,570	36,263

See 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, 2025 included in Pathward Financial, Inc.'s ("Pathward Financial" or the "Company") Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on November 25, 2025. 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 months ended December 31, 2025 are not necessarily indicative of the results expected for the fiscal year ending September 30, 2026.

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.

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, 2025 remain substantially unchanged.

The following ASU became effective for the Company on October 1, 2025.

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 result in disclosure only impacts that the Company will first apply for its annual reporting period ending September 30, 2026. The Company is currently evaluating the impact of such amendments to the relevant annual disclosures.

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

ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures.* This ASU requires public entities to provide enhanced disaggregation of certain expense categories presented in the income statement to improve transparency and consistency in financial reporting. The new guidance aims to provide investors with more detailed information regarding the nature of a company's expenses. The amendments will be effective for the Company beginning with the fiscal year ending September 30, 2027, and interim periods within that fiscal year. The amendments are to be applied retrospectively to all prior periods presented. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

ASU 2025-05*, Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU clarifies the measurement of expected credit losses for accounts receivable and contract assets arising from revenue transactions, aligning the application of Topic 326 with the revenue recognition guidance in Topic 606. The amendments are intended to reduce diversity in practice and improve the consistency of credit loss estimates across similar financial assets. The amendments will be effective for the Company beginning on October 1, 2026, and will apply to interim periods within the fiscal year ending September 30, 2027. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*. This ASU modernizes the accounting for internally used software by streamlining when costs may be capitalized and by enhancing disclosure and presentation requirements. The amendments will be effective for the Company beginning on October 1, 2028, and will apply to interim periods within the fiscal year ending September 30, 2029. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)*. This ASU refines the scope of derivative accounting and clarifies the treatment of certain share-based noncash consideration received from customers. The amendments are intended to enhance clarity and consistency in applying derivative and revenue recognition guidance. The amendments will be effective for the Company beginning on October 1, 2027 and will apply to interim periods within the fiscal year ending September 30, 2028. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

ASU 2025-08, *Financial Instruments—Credit Losses (Topic 326): Purchased Loans* This ASU changes the accounting for certain acquired loans by requiring entities to apply a “gross-up” approach at acquisition for purchased seasoned loans, recognizing an allowance for expected credit losses as part of the acquisition accounting rather than through a post-acquisition provision. The amendments are to be applied prospectively to loans acquired on or after the initial application date. The ASU will be effective for the Company on October 1, 2027. Early adoption is permitted but not expected to be exercised by the Company at this time.

ASU 2025-11, *Interim Reporting (Topic 270) Narrow-Scope Improvements.* This ASU clarifies when Topic 270 applies and enhances usability by (among other changes) specifying the form/content of interim financial statements, providing a comprehensive list of required interim disclosures, and introducing a disclosure principle for material events since the last annual period—without intending to significantly expand or reduce interim disclosure requirements. The amendments will be effective for the Company beginning with the fiscal year ending September 30, 2029, and interim periods within that fiscal year. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

ASU 2025-12, *Codification Improvements.* This ASU is part of the Financial Accounting Standards Board's standing "evergreen" project and makes a broad set of technical corrections, clarifications, and other minor improvements across many Topics to make the Codification easier to understand and apply. The amendments will be effective for the Company beginning with the fiscal year ending September 30, 2028, and interim periods within that fiscal year. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

NOTE 3. 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				
December 31, 2025				
Corporate securities	$ 25,000	$ —	$ (2,500)	$ 22,500
SBA securities	11,425	—	(1,011)	10,414
Obligations of states and political subdivisions	162	—	—	162
Non-bank qualified obligations of states and political subdivisions	207,489	22	(24,277)	183,234
Asset-backed securities	134,883	16	(1,774)	133,125
Mortgage-backed securities	1,108,518	141	(148,047)	960,612
Total debt securities AFS	$ 1,487,477	$ 179	$ (177,609)	$ 1,310,047
September 30, 2025				
Corporate securities	$ 25,000	$ —	$ (3,750)	$ 21,250
SBA securities	11,791	—	(1,022)	10,769
Obligations of states and political subdivisions	162	—	—	162
Non-bank qualified obligations of states and political subdivisions	213,072	25	(26,057)	187,040
Asset-backed securities	138,698	21	(2,347)	136,372
Mortgage-backed securities	1,129,406	57	(157,213)	972,250
Total debt securities AFS	$ 1,518,129	$ 103	$ (190,389)	$ 1,327,843
Debt Securities HTM				
December 31, 2025				
Non-bank qualified obligations of states and political subdivisions	$ 26,833	$ —	$ (3,358)	$ 23,475
Mortgage-backed securities	1,829	—	(215)	1,614
Total debt securities HTM	$ 28,662	$ —	$ (3,573)	$ 25,089
September 30, 2025				
Non-bank qualified obligations of states and political subdivisions	$ 27,373	$ —	$ (3,430)	$ 23,943
Mortgage-backed securities	1,935	—	(225)	1,710
Total debt securities HTM	$ 29,308	$ —	$ (3,655)	$ 25,653

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:

	LESS THAN 12 MONTHS		OVER 12 MONTHS		TOTAL	
(Dollars in thousands)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
Debt Securities AFS						
December 31, 2025						
Corporate securities	$ —	$ —	$ 22,500	$ (2,500)	$ 22,500	$ (2,500)
SBA securities	—	—	10,414	(1,011)	10,414	(1,011)
Non-bank qualified obligations of states and political subdivisions	—	—	181,292	(24,277)	181,292	(24,277)
Asset-backed securities	63,421	(435)	64,866	(1,339)	128,287	(1,774)
Mortgage-backed securities	—	—	948,180	(148,047)	948,180	(148,047)
Total debt securities AFS	$ 63,421	$ (435)	$ 1,227,252	$ (177,174)	$ 1,290,673	$ (177,609)
September 30, 2025						
Corporate securities	$ —	$ —	$ 21,250	$ (3,750)	$ 21,250	$ (3,750)
SBA securities	—	—	10,769	(1,022)	10,769	(1,022)
Non-bank qualified obligations of states and political subdivisions	—	—	185,089	(26,057)	185,089	(26,057)
Asset-backed securities	64,995	(556)	66,263	(1,791)	131,258	(2,347)
Mortgage-backed securities	1,102	(2)	965,549	(157,211)	966,651	(157,213)
Total debt securities AFS	$ 66,097	$ (558)	$ 1,248,920	$ (189,831)	$ 1,315,017	$ (190,389)
Debt Securities HTM						
December 31, 2025						
Non-bank qualified obligations of states and political subdivisions	$ —	$ —	$ 23,475	$ (3,358)	$ 23,475	$ (3,358)
Mortgage-backed securities	—	—	1,614	(215)	1,614	(215)
Total debt securities HTM	$ —	$ —	$ 25,089	$ (3,573)	$ 25,089	$ (3,573)
September 30, 2025						
Non-bank qualified obligations of states and political subdivisions	$ —	$ —	$ 23,943	$ (3,430)	$ 23,943	$ (3,430)
Mortgage-backed securities	—	—	1,710	(225)	1,710	(225)
Total debt securities HTM	$ —	$ —	$ 25,653	$ (3,655)	$ 25,653	$ (3,655)

The decrease in the fair value of investment securities balances when comparing December 31, 2025 to September 30, 2025 was primarily driven by principal pay downs during the three months. At December 31, 2025, there were 144 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 December 31, 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)	December 31, 2025		September 30, 2025	
Debt Securities AFS	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 755	$ 758	$ 755	$ 760
Due after one year through five years	1,327	1,346	1,332	1,352
Due after five years through ten years	27,488	24,994	27,688	23,947
Due after ten years	349,389	322,337	358,948	329,534
	378,959	349,435	388,723	355,593
Mortgage-backed securities	1,108,518	960,612	1,129,406	972,250
Total debt securities AFS	$ 1,487,477	$ 1,310,047	$ 1,518,129	$ 1,327,843
Debt Securities HTM				
Due after ten years	$ 26,833	$ 23,475	$ 27,373	$ 23,943
	26,833	23,475	27,373	23,943
Mortgage-backed securities	1,829	1,614	1,935	1,710
Total debt securities HTM	$ 28,662	$ 25,089	$ 29,308	$ 25,653

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 December 31, 2025 and September 30, 2025. 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 $4.6 million and $5.0 million at December 31, 2025 and at September 30, 2025, 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 $4.7 million and $3.8 million in marketable equity securities within other assets on the Condensed Consolidated Statements of Financial Condition at December 31, 2025 and September 30, 2025, respectively. The Company recognized zero and $0.1 million in unrealized losses on marketable equity securities during the three months ended December 31, 2025 and 2024, respectively. No such securities were sold during the three months ended December 31, 2025.

Non-marketable equity securities that are measured at fair value using net asset value ("NAV") as a practical expedient totaled $13.8 million and $13.2 million at December 31, 2025 and September 30, 2025, respectively. These securities are held within other assets on the Condensed Consolidated Statements of Financial Condition. The Company recognized zero and $0.3 million in unrealized gains during the three months ended December 31, 2025 and 2024, respectively. No such securities were sold during the three months ended December 31, 2025.

Non-marketable equity securities without readily determinable fair value totaled $12.6 million and $12.0 million at December 31, 2025 and September 30, 2025, respectively, reflecting the Company's ownership interests in other entities through 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. The Company recognized a $0.4 million gain on Visa shares which were carried at a cost basis of $0 during the three months ended December 31, 2024. 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 three months ended December 31, 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 three months ended December 31, 2025 and 2024.

NOTE 4. LOANS AND LEASES, NET

Loans and leases consist of the following:

(Dollars in thousands)	December 31, 2025	September 30, 2025
Term lending	$ 2,506,777	$ 2,302,540
Asset-based lending	629,317	593,265
Factoring	213,888	217,501
Lease financing	136,505	149,236
SBA/USDA	520,461	511,488
Other commercial finance	140,229	149,939
Commercial finance	4,147,177	3,923,969
Consumer finance	132,045	93,319
Tax services	62,049	2,532
Warehouse finance	641,669	645,186
Total loans and leases	4,982,940	4,665,006
Net deferred loan origination costs (fees)	(85)	(98)
Total gross loans and leases	4,982,855	4,664,908
Allowance for credit losses	(58,840)	(53,319)
Total loans and leases, net	$ 4,924,015	$ 4,611,589

During the three months ended December 31, 2025 and 2024, the Company originated $1.04 billion and $853.1 million of commercial finance and consumer finance as held for sale, respectively.

The Company sold held for sale loans resulting in proceeds of $1.18 billion and a $4.2 million gain on sale during the three months ended December 31, 2025. The Company sold held for sale loans resulting in proceeds of $618.4 million and a $4.4 million gain on sale during the three months ended December 31, 2024. Gains and losses from the sale of loans and leases are included in secondary market revenue on the Condensed Consolidated Statements of Operations.

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

	Three Months Ended December 31,	
(Dollars in thousands)	2025	2024
Loans Purchased		
Loans held for investment:		
Commercial finance	$ —	$ 19,540
Warehouse finance	32,923	119,819
Total purchases	$ 32,923	$ 139,359
Loans Sold		
Loans held for sale:		
Commercial finance	$ 58,563	$ 65,802
Consumer finance	1,117,761	552,630
Total sales	$ 1,176,324	$ 618,432

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

(Dollars in thousands)	December 31, 2025	September 30, 2025
Minimum lease payments receivable	$ 142,428	$ 157,271
Unguaranteed residual assets	6,445	6,785
Unamortized initial direct costs	48	68
Unearned income	(12,368)	(14,820)
Total net investment in direct financing and sales-type leases	$ 136,553	$ 149,304

The components of total lease income were as follows:

	Three Months Ended December 31,	
(Dollars in thousands)	2025	2024
Interest income - loans and leases		
Interest income on net investments in direct financing and sales-type leases	$ 1,948	$ 3,187
Leasing and equipment finance noninterest income		
Lease income from operating lease payments	11,284	13,448
Other[1]	1,583	1,307
Total leasing and equipment finance noninterest income	12,867	14,755
Total lease income	$ 14,815	$ 17,942

[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 December 31, 2025 were as follows:

(Dollars in thousands)		
2026	$	36,860
2027		61,414
2028		24,071
2029		12,891
2030		5,538
Thereafter		1,654
Total undiscounted future minimum lease payments receivable for direct financing and sales-type leases		142,428
Third-party residual value guarantees		—
Total carrying amount of minimum lease payments for direct financing and sales-type leases	$	142,428

The Company did not record any contingent rental income from direct financing and sales-type leases in the three months ended December 31, 2025.

A number of factors that have affected the economic environment over the past few years have continued into 2025, including economic uncertainty, inflation, geopolitical conflict and tensions, and increased interest rates, with the Federal Reserve beginning to lower the target federal funds rate at the end of 2024. 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. 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 December 31, 2025					
Allowance for credit losses:					
Term lending	$ 28,345	$ (1,260)	$ (1,081)	$ 2,767	$ 28,771
Asset-based lending	7,650	2,038	—	6	9,694
Factoring	4,319	(537)	—	2	3,784
Lease financing	1,040	(38)	(22)	57	1,037
SBA/USDA	4,807	373	(476)	5	4,709
Other commercial finance	90	12	—	—	102
Commercial finance	46,251	588	(1,579)	2,837	48,097
Consumer finance	6,422	4,122	(1,828)	324	9,040
Tax services	—	(1,398)	—	2,459	1,061
Warehouse finance	646	(4)	—	—	642
Total loans and leases	53,319	3,308	(3,407)	5,620	58,840
Unfunded commitments[1]	924	(78)	—	—	846
Total	$ 54,243	$ 3,230	$ (3,407)	$ 5,620	$ 59,686
Three Months Ended December 31, 2024					
Allowance for credit losses:					
Term lending	$ 30,394	$ 7,289	$ (8,375)	$ 617	$ 29,925
Asset-based lending	1,356	406	—	—	1,762
Factoring	5,757	(170)	(74)	252	5,765
Lease financing	1,189	(247)	(63)	2	881
Insurance premium finance	—	91	(93)	2	—
SBA/USDA	3,273	831	(297)	—	3,807
Other commercial finance	607	(186)	—	—	421
Commercial finance	42,576	8,014	(8,902)	873	42,561
Consumer finance	28,669	9,421	(8,085)	356	30,361
Tax services	2	1,301	(741)	228	790
Warehouse finance	518	107	—	—	625
Total loans and leases	71,765	18,843	(17,728)	1,457	74,337
Unfunded commitments[1]	695	(182)	—	—	513
Total	$ 72,460	$ 18,661	$ (17,728)	$ 1,457	$ 74,850

[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)	December 31, 2025	September 30, 2025
Term lending	$ 38,713	$ 33,042
Asset-based lending	27,539	24,273
Factoring	658	—
Lease financing	4,003	3,985
SBA/USDA	8,523	6,147
Commercial finance[1]	79,436	67,447
Total	$ 79,436	$ 67,447

[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 $102.9 million and $107.7 million at December 31, 2025 and at September 30, 2025, 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 Office of the Comptroller of the Currency (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 $132.0 million and $62.0 million at December 31, 2025, respectively, and $93.3 million and $2.5 million at September 30, 2025, respectively.

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

(Dollars in thousands) December 31, 2025	Amortized Cost Basis — Term Loans and Leases by Origination Year 2026	2025	2024	2023	2022	Prior	Revolving Loans and Leases	Total
Term lending								
Pass	$ 342,319	$ 879,125	$ 272,639	$ 257,255	$ 91,021	$ 85,413	$ —	$ 1,927,772
Watch	1,939	107,434	122,665	18,390	10,997	70,898	—	332,323
Special mention	—	3,837	8,666	34,954	1,566	14,993	—	64,016
Substandard	—	29,102	31,402	37,697	10,273	67,536	—	176,010
Doubtful	—	1,249	3,386	625	1,122	274	—	6,656
Total	344,258	1,020,747	438,758	348,921	114,979	239,114	—	2,506,777
Current period charge-offs	—	—	288	309	333	151	—	1,081
Asset-based lending								
Pass	—	—	—	—	—	—	294,153	294,153
Watch	—	—	—	—	—	—	271,721	271,721
Special mention	—	—	—	—	—	—	32,664	32,664
Substandard	—	—	—	—	—	—	27,860	27,860
Doubtful	—	—	—	—	—	—	2,919	2,919
Total	—	—	—	—	—	—	629,317	629,317
Current period charge-offs	—	—	—	—	—	—	—	—
Factoring								
Pass	—	—	—	—	—	—	169,389	169,389
Watch	—	—	—	—	—	—	43,197	43,197
Substandard	—	—	—	—	—	—	1,302	1,302
Total	—	—	—	—	—	—	213,888	213,888
Current period charge-offs	—	—	—	—	—	—	—	—
Lease financing								
Pass	16,080	14,142	30,547	32,626	1,744	2,920	—	98,059
Watch	29	3,783	15,118	618	—	36	—	19,584
Special mention	—	—	275	—	503	567	—	1,345
Substandard	—	1,067	3,873	5,206	1,144	6,077	—	17,367
Doubtful	—	—	—	150	—	—	—	150
Total	16,109	18,992	49,813	38,600	3,391	9,600	—	136,505
Current period charge-offs	—	—	—	—	—	22	—	22
SBA/USDA								
Pass	51,619	65,447	61,610	71,987	105,511	69,953	—	426,127
Watch	250	3,729	7,217	117	10,251	3,629	—	25,193
Special mention	—	106	80	—	936	3,603	—	4,725
Substandard	659	1,872	6,818	10,029	11,765	32,766	—	63,909
Doubtful	—	283	—	—	224	—	—	507
Total	52,528	71,437	75,725	82,133	128,687	109,951	—	520,461
Current period charge-offs	—	—	121	355	—	—	—	476
Other commercial finance								
Pass	2,000	8,955	59,893	—	—	68,944	—	139,792
Substandard	—	—	—	—	—	437	—	437
Total	2,000	8,955	59,893	—	—	69,381	—	140,229
Current period charge-offs	—	—	—	—	—	—	—	—
Warehouse finance								
Pass	—	—	—	—	—	—	641,669	641,669
Total	—	—	—	—	—	—	641,669	641,669
Current period charge-offs	—	—	—	—	—	—	—	—
Total loans and leases								
Pass	412,018	967,669	424,689	361,868	198,276	227,230	1,105,211	3,696,961
Watch	2,218	114,946	145,000	19,125	21,248	74,563	314,918	692,018

Special mention	—	3,943	9,021	34,954	3,005	19,163	32,664	102,750
Substandard	659	32,041	42,093	52,932	23,182	106,816	29,162	286,885
Doubtful	—	1,532	3,386	775	1,346	274	2,919	10,232
Total	$ 414,895	$ 1,120,131	$ 624,189	$ 469,654	$ 247,057	$ 428,046	$ 1,484,874	$ 4,788,846
Current period charge-offs	$ —	$ —	$ 409	$ 664	$ 333	$ 173	$ —	$ 1,579

	Amortized Cost Basis							
(Dollars in thousands)	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total
September 30, 2025	2025	2024	2023	2022	2021	Prior		
Term lending								
Pass	$ 935,599	$ 399,968	$ 298,678	$ 99,820	$ 43,216	$ 35,971	$ —	$ 1,813,252
Watch	65,674	71,326	68,737	7,222	28,882	13,357	—	255,198
Special mention	56	68,989	3,762	826	11,078	65	—	84,776
Substandard	29,792	24,666	37,845	14,137	16,050	19,995	—	142,485
Doubtful	—	564	774	3,854	1,615	22	—	6,829
Total	1,031,121	565,513	409,796	125,859	100,841	69,410	—	2,302,540
Current period charge-offs	—	7,818	4,492	3,257	991	419	—	16,977
Asset-based lending								
Pass	—	—	—	—	—	—	301,128	301,128
Watch	—	—	—	—	—	—	233,541	233,541
Special mention	—	—	—	—	—	—	31,702	31,702
Substandard	—	—	—	—	—	—	24,730	24,730
Doubtful	—	—	—	—	—	—	2,164	2,164
Total	—	—	—	—	—	—	593,265	593,265
Current period charge-offs	—	—	—	—	—	—	5,611	5,611
Factoring								
Pass	—	—	—	—	—	—	179,352	179,352
Watch	—	—	—	—	—	—	36,218	36,218
Special mention	—	—	—	—	—	—	394	394
Substandard	—	—	—	—	—	—	1,537	1,537
Total	—	—	—	—	—	—	217,501	217,501
Current period charge-offs	—	—	—	—	—	—	1,479	1,479
Lease financing								
Pass	43,710	20,259	36,483	2,270	1,089	4,439	—	108,250
Watch	13,587	5,181	13	635	1,059	—	—	20,475
Special mention	—	941	223	—	181	44	—	1,389
Substandard	7,190	—	5,375	1,377	4,088	905	—	18,935
Doubtful	—	—	150	—	37	—	—	187
Total	64,487	26,381	42,244	4,282	6,454	5,388	—	149,236
Current period charge-offs	—	—	320	—	1,005	101	—	1,426
Insurance premium finance								
Current period charge-offs	—	62	31	—	—	—	—	93
SBA/USDA								
Pass	79,928	61,063	93,459	136,075	19,674	30,962	—	421,161
Watch	2,651	5,117	136	12,477	691	3,598	—	24,670
Special mention	2,682	350	—	—	326	1,038	—	4,396
Substandard	315	3,176	12,721	7,678	2,235	30,588	—	56,713
Doubtful	221	2,687	1,592	—	—	48	—	4,548
Total	85,797	72,393	107,908	156,230	22,926	66,234	—	511,488
Current period charge-offs	74	882	537	90	55	1,011	—	2,649
Other commercial finance								
Pass	8,770	63,200	—	134	12,471	62,495	—	147,070
Watch	—	—	2,418	—	—	—	—	2,418
Substandard	—	—	451	—	—	—	—	451

Total	8,770	63,200	2,869	134	12,471	62,495	—	149,939
Current period charge-offs	—	—	—	—	—	—	—	—
Warehouse finance								
Pass	—	—	—	—	—	—	645,186	645,186
Total	—	—	—	—	—	—	645,186	645,186
Current period charge-offs	—	—	—	—	—	—	—	—
Total loans and leases								
Pass	1,068,007	544,490	428,620	238,299	76,450	133,867	1,125,666	3,615,399
Watch	81,912	81,624	71,304	20,334	30,632	16,955	269,759	572,520
Special mention	2,738	70,280	3,985	826	11,585	1,147	32,096	122,657
Substandard	37,297	27,842	56,392	23,192	22,373	51,488	26,267	244,851
Doubtful	221	3,251	2,516	3,854	1,652	70	2,164	13,728
Total	$ 1,190,175	$ 727,487	$ 562,817	$ 286,505	$ 142,692	$ 203,527	$ 1,455,952	$ 4,569,155
Current period charge-offs	$ 74	$ 8,762	$ 5,380	$ 3,347	$ 2,051	$ 1,531	$ 7,090	$ 28,235

Past due loans and leases were as follows:

	Accruing and Nonaccruing Loans and Leases						Nonperforming Loans and Leases		
(Dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans and Leases Receivable	> 89 Days Past Due and Accruing	Nonaccrual Balance	Total
December 31, 2025									
Loans held for sale	$ 148	$ 150	$ 235	$ 533	$ 87,436	$ 87,969	$ 235	$ —	$ 235
Term lending	44,613	18,406	44,972	107,991	2,398,786	2,506,777	11,378	44,903	56,281
Asset-based lending	—	—	22,164	22,164	607,153	629,317	—	27,277	27,277
Factoring	1,258	—	—	1,258	212,630	213,888	—	1,170	1,170
Lease financing	4,348	721	4,139	9,208	127,297	136,505	—	4,174	4,174
SBA/USDA	4,059	3,744	18,828	26,631	493,830	520,461	69	18,820	18,889
Other commercial finance	—	—	—	—	140,229	140,229	—	437	437
Commercial finance	54,278	22,871	90,103	167,252	3,979,925	4,147,177	11,447	96,781	108,228
Consumer finance	1,383	691	602	2,676	129,369	132,045	602	—	602
Tax services	—	—	—	—	62,049	62,049	—	—	—
Warehouse finance	—	—	—	—	641,669	641,669	—	—	—
Total loans and leases held for investment	55,661	23,562	90,705	169,928	4,813,012	4,982,940	12,049	96,781	108,830
Total loans and leases	$ 55,809	$ 23,712	$ 90,940	$ 170,461	$ 4,900,448	$ 5,070,909	$ 12,284	$ 96,781	$ 109,065
September 30, 2025									
Loans held for sale	$ 2,319	$ 1,860	$ 1,521	$ 5,700	$ 173,721	$ 179,421	$ 1,521	$ —	$ 1,521
Term lending	29,283	8,869	30,734	68,886	2,233,654	2,302,540	4,420	38,959	43,379
Asset-based lending	—	—	—	—	593,265	593,265	—	24,327	24,327
Factoring	—	—	—	—	217,501	217,501	—	1,291	1,291
Lease financing	2,222	316	5,291	7,829	141,407	149,236	1,067	4,268	5,335
SBA/USDA	—	8,876	17,808	26,684	484,804	511,488	7,413	12,571	19,984
Other commercial finance	—	—	—	—	149,939	149,939	—	—	—
Commercial finance	31,505	18,061	53,833	103,399	3,820,570	3,923,969	12,900	81,416	94,316
Consumer finance	909	778	826	2,513	90,806	93,319	826	—	826
Tax services	—	—	2,477	2,477	55	2,532	2,477	—	2,477
Warehouse finance	—	—	—	—	645,186	645,186	—	—	—
Total loans and leases held for investment	32,414	18,839	57,136	108,389	4,556,617	4,665,006	16,203	81,416	97,619
Total loans and leases	$ 34,733	$ 20,699	$ 58,657	$ 114,089	$ 4,730,338	$ 4,844,427	$ 17,724	$ 81,416	$ 99,140

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

(Dollars in thousands)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year								
December 31, 2025	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans and Leases**	**Total**	**Nonaccrual with No ACL**
Term lending	$ —	$ —	$ 6,248	$ 15,341	$ 10,610	$ 12,704	$ —	$ 44,903	$ 18,567
Asset-based lending	—	—	—	—	—	—	27,277	27,277	2,441
Factoring	—	—	—	—	—	—	1,170	1,170	244
Lease financing	—	—	—	150	—	4,024	—	4,174	4,003
SBA/USDA	—	446	5,635	12,596	—	143	—	18,820	1,794
Other commercial finance	—	—	—	437	—	—	—	437	—
Commercial finance	—	446	11,883	28,524	10,610	16,871	28,447	96,781	27,049
Total nonaccrual loans and leases	$ —	$ 446	$ 11,883	$ 28,524	$ 10,610	$ 16,871	$ 28,447	$ 96,781	$ 27,049

(Dollars in thousands)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year								
September 30, 2025	**2025**	**2024**	**2023**	**2022**	**2021**	**Prior**	**Revolving Loans and Leases**	**Total**	**Nonaccrual with No ACL**
Term lending	$ —	$ 1,383	$ 23,220	$ 3,469	$ 10,887	$ —	$ —	$ 38,959	$ 18,072
Asset-based lending	—	—	—	—	—	—	24,327	24,327	2,110
Factoring	—	—	—	—	—	—	1,291	1,291	—
Lease financing	—	—	150	—	3,511	607	—	4,268	3,985
SBA/USDA	221	4,605	7,675	—	22	48	—	12,571	—
Commercial finance	221	5,988	31,045	3,469	14,420	655	25,618	81,416	24,167
Total nonaccrual loans and leases	$ 221	$ 5,988	$ 31,045	$ 3,469	$ 14,420	$ 655	$ 25,618	$ 81,416	$ 24,167

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

(Dollars in thousands) December 31, 2025	Amortized Cost Basis — Term Loans and Leases by Origination Year 2026	2025	2024	2023	2022	Prior	Revolving Loans and Leases	Total
Loans held for sale	$ —	$ 66	$ 41	$ 101	$ 27	$ —	$ —	$ 235
Term lending	—	1,062	10,312	—	—	4	—	11,378
SBA/USDA	—	69	—	—	—	—	—	69
Commercial finance	—	1,131	10,312	—	—	4	—	11,447
Consumer finance	—	211	199	150	27	15	—	602
Total loans and leases held for investment	—	1,342	10,511	150	27	19	—	12,049
Total 90 days or more delinquent and accruing	$ —	$ 1,408	$ 10,552	$ 251	$ 54	$ 19	$ —	$ 12,284

(Dollars in thousands) September 30, 2025	Amortized Cost Basis — Term Loans and Leases by Origination Year 2025	2024	2023	2022	2021	Prior	Revolving Loans and Leases	Total
Loans held for sale	$ 521	$ 835	$ 150	$ 15	$ —	$ —	$ —	$ 1,521
Term lending	—	2,942	—	—	—	1,478	—	4,420
Lease financing	277	—	—	789	1	—	—	1,067
SBA/USDA	1,139	495	5,683	—	—	96	—	7,413
Commercial finance	1,416	3,437	5,683	789	1	1,574	—	12,900
Consumer finance	241	348	180	44	13	—	—	826
Tax services	2,477	—	—	—	—	—	—	2,477
Total loans and leases held for investment	4,134	3,785	5,863	833	14	1,574	—	16,203
Total 90 days or more delinquent and accruing	$ 4,655	$ 4,620	$ 6,013	$ 848	$ 14	$ 1,574	$ —	$ 17,724

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:

(Dollars in thousands)	Three Months Ended December 31, 2025	2024
Term lending	$ 43,545	$ 23,208
Asset-based lending	26,443	591
Factoring	1,241	265
Lease financing	4,205	1,565
SBA/USDA	15,367	1,900
Other commercial finance	437	—
Commercial finance	91,238	27,529
Total loans and leases	$ 91,238	$ 27,529

The recognized interest income on the Company's nonaccrual loans and leases for the three months ended December 31, 2025 and 2024 was not significant.

Modifications made to borrowers experiencing financial difficulty during the three months ended December 31, 2025 were $2.6 million in the commercial finance loan portfolio. The types of modifications granted were term extensions. Modifications made to borrowers experiencing financial difficulty during the three months ended December 31, 2024 were $3.3 million in the commercial finance loan portfolio.

During the three months ended December 31, 2025, the Company had $1.0 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default. As of December 31, 2025, $1.0 million of modifications granted during the current three month period were in the 60-89 days past due category. During the three months ended December 31, 2024, the Company had $1.4 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default. As of December 31, 2024, no modifications granted during the three months ended December 31, 2024 were in the 60-89 days past due category.

NOTE 5. 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.

	Three Months Ended December 31,	
(Dollars in thousands, except per share data)	2025	2024
Basic income per common share:		
Net income attributable to Pathward Financial, Inc.	$ 35,166	$ 29,967
Dividends and undistributed earnings allocated to participating securities	(49)	(124)
Basic net earnings available to common stockholders	35,117	29,843
Undistributed earnings allocated to nonvested restricted stockholders	48	119
Reallocation of undistributed earnings to nonvested restricted stockholders	(48)	(118)
Diluted net earnings available to common stockholders	$ 35,117	$ 29,844
Total weighted-average basic common shares outstanding	22,312,973	24,221,697
Effect of dilutive securities[1]		
PSUs	68,487	58,674
Total effect of dilutive securities	68,487	58,674
Total weighted-average diluted common shares outstanding	22,381,460	24,280,371
Net earnings per common share:		
Basic earnings per common share	$ 1.57	$ 1.23
Diluted earnings per common share[2]	$ 1.57	$ 1.23

(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 December 31, 2025 and 2024, respectively, were 31,682 and 100,406 weighted average shares of nonvested restricted stock because their inclusion would be anti-dilutive.

NOTE 6. RENTAL EQUIPMENT, NET

Rental equipment consists of the following:

(Dollars in thousands)	December 31, 2025	September 30, 2025
Computers and IT networking equipment	$ 9,495	$ 11,723
Motor vehicles and other	133,983	141,101
Other furniture and equipment	24,587	26,040
Solar panels and equipment	118,142	111,447
Total	286,207	290,311
Accumulated depreciation	(132,261)	(131,530)
Unamortized initial direct costs	587	665
Net book value	$ 154,533	$ 159,446

Future minimum lease payments expected to be received for operating leases at December 31, 2025 were as follows:

(Dollars in thousands)	
Remaining in 2026	$ 24,645
2027	26,982
2028	18,622
2029	12,992
2030	3,677
Thereafter	2,808
Total	$ 89,726

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

The Company held a total of $297.9 million of goodwill at December 31, 2025. The recorded goodwill is a result of multiple business combinations that occurred from 2015 to 2018. There have been no changes to the carrying amount of goodwill during the three months ended December 31, 2025.

The changes in the carrying amount of the Company’s intangible assets were as follows:

(Dollars in thousands)	Trademark[1]	Customer Relationships[2]	All Others[3]	Total
September 30, 2025	$ 5,346	$ 4,111	$ 3,045	$ 12,502
Amortization during the period	(274)	(312)	(132)	(718)
December 31, 2025	$ 5,072	$ 3,799	$ 2,913	$ 11,784
Gross carrying amount	$ 13,774	$ 70,338	$ 7,732	$ 91,844
Accumulated amortization	(8,702)	(55,621)	(4,666)	(68,989)
Accumulated impairment	—	(10,918)	(153)	(11,071)
December 31, 2025	$ 5,072	$ 3,799	$ 2,913	$ 11,784
September 30, 2024	$ 6,422	$ 6,566	$ 3,601	$ 16,589
Amortization during the period	(269)	(411)	(132)	(812)
Write-offs and disposals during the period	—	(631)	—	(631)
December 31, 2024	$ 6,153	$ 5,524	$ 3,469	$ 15,146
Gross carrying amount	$ 13,774	$ 70,338	$ 7,732	$ 91,844
Accumulated amortization	(7,621)	(53,896)	(4,110)	(65,627)
Accumulated impairment	—	(10,918)	(153)	(11,071)
December 31, 2024	$ 6,153	$ 5,524	$ 3,469	$ 15,146

(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 nine months of fiscal 2026 and subsequent fiscal years at December 31, 2025 was as follows:

(Dollars in thousands)	
Remaining in 2026	$ 2,386
2027	2,484
2028	2,195
2029	1,577
2030	1,473
Thereafter	1,669
Total anticipated intangible amortization	$ 11,784

There were no impairments to intangible assets during the three months ended December 31, 2025 and 2024. Intangible impairment expense is recorded within the impairment expense line of the Condensed Consolidated Statements of Operations.

NOTE 8. OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

Operating lease right-of-use ("ROU") assets, included in other assets, were $22.0 million and $22.7 million at December 31, 2025 and September 30, 2025, respectively.

Operating lease liabilities, included in accrued expenses and other liabilities, were $23.2 million and $24.0 million at December 31, 2025 and September 30, 2025, respectively.

The decreases in lease ROU assets and liabilities relate to normal amortization and lease payments made during the three months ended December 31, 2025.

Undiscounted future minimum operating lease payments and a reconciliation to the amount recorded as operating lease liabilities at December 31, 2025 were as follows:

(Dollars in thousands)		
Remaining in 2026	$	2,575
2027		3,356
2028		3,447
2029		3,486
2030		3,036
Thereafter		10,071
Total undiscounted future minimum lease payments		25,971
Discount		(2,723)
Total operating lease liabilities	$	23,248

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

	December 31, 2025	September 30, 2025
Weighted-average discount rate	2.64 %	2.65 %
Weighted-average remaining lease term (years)	7.74	7.97

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

	Three Months Ended December 31,			
(Dollars in thousands)	2025		2024	
Lease expense	$	894	$	919
Short-term and variable lease cost		29		21
Sublease income		(412)		(352)
Total lease cost for operating leases	$	511	$	588

NOTE 9. STOCKHOLDERS' EQUITY

Repurchase of Common Stock. The Company's Board of Directors authorized a share repurchase program to repurchase up to 7,000,000 shares of the Company's outstanding common stock on or before September 30, 2028. During the three months ended December 31, 2025 and 2024, the Company repurchased 651,804 and 701,860 shares, respectively, as part of the share repurchase program.

Under the repurchase program, 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 December 31, 2025, 4,286,012 shares of common stock remained available for repurchase.

For the three months ended December 31, 2025 and 2024, the Company also repurchased 51,068 and 66,446 shares, or $3.5 million and $4.6 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 70,215 and zero shares of common stock held in treasury during the three months ended December 31, 2025 and 2024.

NOTE 10. STOCK COMPENSATION

The Pathward Financial, Inc. 2023 Omnibus Incentive 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. In addition, beginning in fiscal year 2025, awards were made to certain employees as time-vesting restricted stock units settleable in shares ("RSUs"). These shares and RSUs generally vest at various times ranging from immediately to three years based on circumstances at time of grant. The grant date fair value is determined based on the fair market value of the Company’s stock on the grant date, determined in accordance with applicable accounting standards. 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 and total shareholder return. The awards generally 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 (other than PSUs subject to a market condition) 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.

Finally, awards of shares or RSUs may be made at other times during the fiscal year for new hire, promotion, or retention awards.

The following tables show the activity of share awards (including shares of restricted stock subject to vesting, fully-vested restricted stock, RSUs and PSUs) granted, exercised or forfeited under all of the Company's incentive plans during the three months ended December 31, 2025.

	Number of Shares	Weighted Average Fair Value at Grant
Restricted Stock Awards		
Nonvested shares outstanding, September 30, 2025	81,697	$ 47.77
Granted	—	—
Vested	(60,903)	46.48
Forfeited or expired	—	—
Nonvested shares outstanding, December 31, 2025	20,794	$ 51.51
RSUs		
Nonvested shares outstanding, September 30, 2025	92,620	$ 79.19
Granted	119,228	68.88
Vested	(27,903)	79.48
Forfeited or expired	(2,420)	73.49
Nonvested shares outstanding, December 31, 2025	181,525	$ 72.45
PSUs		
PSUs outstanding, September 30, 2025	142,366	$ 52.59
Granted	49,816	65.74
Adjustment for performance achievement[1]	15,901	38.94
Vested	(71,934)	38.94
Forfeited or expired	—	—
PSUs outstanding, December 31, 2025	136,149	$ 63.02

[1] The final performance was assessed after September 30, 2025, resulted in an achievement greater than target, and an additional 15,901 shares were allocated to the participants in the plan.

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 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.

The Company recognized total stock-based compensation expense of $2.9 million and $1.6 million for the three months ended December 31, 2025 and 2024, respectively. This expense is recorded primarily within compensation and benefits on the Condensed Consolidated Statements of Operations.

As of December 31, 2025, stock-based compensation expense not yet recognized in income totaled $16.9 million, which is expected to be recognized over a weighted average remaining period of 1.97 years.

NOTE 11. INCOME TAXES

The Company recorded an income tax expense of $7.2 million for the three months ended December 31, 2025, resulting in an effective tax rate of 16.9%, compared to an income tax expense of $6.0 million, or an effective tax rate of 16.6%, for the three months ended December 31, 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 2026. 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.

	Three Months Ended December 31,	
(Dollars in thousands)	2025	2024
Provision at statutory rate	$ 8,896	$ 7,554
Tax-exempt income	(150)	(168)
State income taxes	1,535	1,177
Interim period effective rate adjustment	2,679	1,803
Tax credit investments, net - federal	(5,180)	(3,167)
162(m) disallowance	176	55
Other, net	(763)	(1,249)
Income tax expense	$ 7,193	$ 6,005
Effective tax rate	16.9%	16.6 %

NOTE 12. 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 13. Segment Reporting to the Condensed Consolidated Financial Statements.

(Dollars in thousands)	Consumer		Commercial		Corporate Services/Other		Consolidated Company	
Three Months Ended December 31,	2025	2024	2025	2024	2025	2024	2025	2024
Net interest income (expense)[1]	$ 70,892	$ 81,063	$ 49,820	$ 43,293	$ (1,374)	$ 895	$ 119,338	$ 125,251
Noninterest income:								
Refund transfer product fees	355	410	—	—	—	—	355	410
Refund advance and other tax fee income[1]	131	459	—	—	—	—	131	459
Card and deposit fees	29,949	28,828	184	232	7	6	30,140	29,066
Rental income[1]	—	—	11,381	13,508	239	200	11,620	13,708
(Loss) on sale of securities[1]	—	—	—	—	—	(15,671)	—	(15,671)
Gain on divestitures[1]	—	—	—	—	—	16,404	—	16,404
Secondary market revenue[1]	—	40	4,157	4,338	—	—	4,157	4,378
Gain on sale of other[1]	—	—	488	531	—	456	488	987
Other income[1]	1,626	3,864	4,399	2,630	847	1,143	6,872	7,637
Total noninterest income	32,061	33,601	20,609	21,239	1,093	2,538	53,763	57,378
Revenue	$ 102,953	$ 114,664	$ 70,429	$ 64,532	$ (281)	$ 3,433	$ 173,101	$ 182,629

[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 three months ended December 31, 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 monthly servicing fees the Company recognizes for 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 13. 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 ("CODM") to appropriately allocate entity resources and evaluate performance. The Company has identified the CODM to be the Chief Executive Officer of Pathward Financial, Inc.

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 Company evaluated the listed operating segments based on their business processes, consumers, and variety of economic characteristics. 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 CODM reviews the performance and aggregates resources based on various factors but primarily through the evaluation of income (loss) before income tax expense. The significant expenses that have been deemed meaningful to the segments and regularly reported to the CODM are summarized below. These expenses are directly attributable to each of the three business segments. Shared services are an area of focus for the Company and as such, the table below includes the significant selling, general, and administrative ("SG&A") allocations of such shared services.

The following table presents segment data for the Company:

(Dollars in thousands)	Consumer		Commercial		Corporate Services/Other		Total	
Three Months Ended December 31,	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Interest and dividend income	$ 72,504	$ 83,374	$ 83,835	$ 74,614	$ (35,117)	$ (29,631)	$ 121,222	$ 128,357
Interest expense	1,612	2,311	34,015	31,321	(33,743)	(30,526)	1,884	3,106
Net interest income (expense)	70,892	81,063	49,820	43,293	(1,374)	895	119,338	125,251
Provision for (reversal of) credit loss	2,724	10,724	510	7,831	(4)	106	3,230	18,661
Net interest income (expense) after provision for (reversal of) credit loss	68,168	70,339	49,310	35,462	(1,370)	789	116,108	106,590
Noninterest income	32,061	33,601	20,609	21,239	1,093	2,538	53,763	57,378
Noninterest expense								
Compensation and benefits	7,944	7,757	11,590	13,341	32,330	28,194	51,864	49,292
Building and software	2,918	2,225	2,400	2,271	7,262	5,210	12,580	9,706
Operating lease equipment depreciation	—	—	9,995	11,426	—	—	9,995	11,426
Rate related card expenses	23,800	25,624	—	—	—	—	23,800	25,624
Other card expenses	6,626	7,682	—	—	11	8	6,637	7,690
Tax product expenses	145	142	—	—	—	—	145	142
Loan expenses	1,078	1,116	4,655	3,289	—	—	5,733	4,405
Legal and consulting	578	581	912	967	4,064	3,677	5,554	5,225
SG & A intercompany allocations	18,853	16,857	8,054	8,058	(26,907)	(24,915)	—	—
Consumer lending program expenses	124	4,238	—	—	—	—	124	4,238
Other expenses	4,363	4,015	1,458	1,470	4,960	4,564	10,781	10,049
Total noninterest expense	66,429	70,237	39,064	40,822	21,720	16,738	127,213	127,797
Income (loss) before income tax expense	33,800	33,703	30,855	15,879	(21,997)	(13,411)	42,658	36,171
Total assets	476,771	509,774	4,577,774	4,086,116	2,505,660	3,007,535	7,560,205	7,603,425
Total goodwill	87,145	87,145	210,783	210,783	—	—	297,928	297,928
Total deposits	6,115,003	6,305,236	2,532	1,439	232,859	212,278	6,350,394	6,518,953

Expenses included in the Other Expenses line represent insignificant expenses to the various operating segments such as marketing, data processing, meals and travel, communications, office supplies, seminars and training, dues and subscriptions, regulatory expense, bank service charges, fraud and program losses, charitable giving, and intangible amortization that are included in income (loss) before income tax expense.

In addition, interest expense includes intercompany interest paid through allocations to appropriately fund each of the operating segments. Management uses funds transfer pricing methodology to allocate the inter-segment interest appropriately, and as such, has determined the allocation to properly represent the interest rate environment at the Company.

NOTE 14. FAIR VALUE 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 December 31, 2025 and September 30, 2025, 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
December 31, 2025				
Debt securities AFS				
Corporate securities	$ 22,500	$ —	$ 22,500	$ —
SBA securities	10,414	—	10,414	—
Obligations of states and political subdivisions	162	—	162	—
Non-bank qualified obligations of states and political subdivisions	183,234	—	183,234	—
Asset-backed securities	133,125	—	133,125	—
Mortgage-backed securities	960,612	—	960,612	—
Total debt securities AFS	$ 1,310,047	$ —	$ 1,310,047	$ —
Common equities and mutual funds[1]	$ 4,675	$ 4,675	$ —	$ —
Non-marketable equity securities[2]	$ 13,782	$ —	$ —	$ —
September 30, 2025				
Debt securities AFS				
Corporate securities	$ 21,250	$ —	$ 21,250	$ —
SBA securities	10,769	—	10,769	—
Obligations of states and political subdivisions	162	—	162	—
Non-bank qualified obligations of states and political subdivisions	187,040	—	187,040	—
Asset-backed securities	136,372	—	136,372	—
Mortgage-backed securities	972,250	—	972,250	—
Total debt securities AFS	$ 1,327,843	$ —	$ 1,327,843	$ —
Common equities and mutual funds[1]	$ 3,787	$ 3,787	$ —	$ —
Non-marketable equity securities[2]	$ 13,237	$ —	$ —	$ —

(1) Equity securities at fair value are included within other assets on the Condensed Consolidated Statements of Financial Condition at December 31, 2025 and September 30, 2025.
(2) Consists of certain non-marketable equity securities that are measured at fair value using NAV 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 29%.

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
December 31, 2025				
Loans and leases, net individually evaluated for credit loss				
Commercial finance	$ 38,202	$ —	$ —	$ 38,202
Total loans and leases, net individually evaluated for credit loss	38,202	—	—	38,202
Total	$ 38,202	$ —	$ —	$ 38,202
September 30, 2025				
Loans and leases, net individually evaluated for credit loss				
Commercial finance	$ 32,321	$ —	$ —	$ 32,321
Total loans and leases, net individually evaluated for credit loss	32,321	—	—	32,321
Total	$ 32,321	$ —	$ —	$ 32,321

	Quantitative Information About Level 3 Fair Value Measurements				
(Dollars in thousands)	Fair Value at December 31, 2025	Fair Value at September 30, 2025	Valuation Technique	Unobservable Input	Range of Inputs
Loans and leases, net individually evaluated for credit loss	$ 38,202	$ 32,321	Market approach	Appraised values[1]	3% - 29%

[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 29%.

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 December 31, 2025 and September 30, 2025 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:

	December 31, 2025				
(Dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ 331,217	$ 331,217	$ 331,217	$ —	$ —
Debt securities available for sale	1,310,047	1,310,047	—	1,310,047	—
Debt securities held to maturity	28,662	25,089	—	25,089	—
Common equities and mutual funds[(1)]	4,675	4,675	4,675	—	—
Non-marketable equity securities[(1)(2)]	21,193	21,193	—	7,411	—
Loans held for sale	87,969	87,969	—	87,969	—
Loans and leases	4,982,940	4,924,188	—	—	4,924,188
Federal Reserve Bank and Federal Home Loan Bank stocks	24,310	24,310	—	24,310	—
Accrued interest receivable	36,174	36,174	36,174	—	—
Financial liabilities					
Deposits	6,350,394	6,350,383	6,347,754	2,629	—
Overnight federal funds purchased	—	—	—	—	—
Other short- and long-term borrowings	33,482	33,870	—	33,870	—
Accrued interest payable	727	727	727	—	—

(1) Equity securities at fair value are included within other assets on the Condensed Consolidated Statements of Financial Condition at December 31, 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, 2025				
(Dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	$ 120,568	$ 120,568	$ 120,568	$ —	$ —
Debt securities available for sale	1,327,843	1,327,843	—	1,327,843	—
Debt securities held to maturity	29,308	25,653	—	25,653	—
Common equities and mutual funds[(1)]	3,787	3,787	3,787	—	—
Non-marketable equity securities[(1)(2)]	19,937	19,937	—	6,699	—
Loans held for sale	179,421	179,421	—	179,421	—
Loans and leases	4,665,006	4,599,269	—	—	4,599,269
Federal Reserve Bank and Federal Home Loan Bank stocks	24,708	24,708	—	24,708	—
Accrued interest receivable	38,520	38,520	38,520	—	—
Financial liabilities					
Deposits	5,886,947	5,886,914	5,884,311	2,604	—
Overnight federal funds purchased	9,000	9,000	9,000	—	—
Other short- and long-term borrowings	33,456	33,667	—	33,667	—
Accrued interest payable	188	188	188	—	—

(1) Equity securities at fair value are included within other assets on the Consolidated Statements of Financial Condition at September 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.

NOTE 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after December 31, 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 December 31, 2025.

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; 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; the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase; and the potential adverse effects of unusual and infrequently occurring events, including the impact on financial markets from geopolitical conflicts and tensions, weather-related disasters, or public health events, such as pandemics, and any governmental or societal responses thereto.

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 for the Company’s fiscal year ended September 30, 2025, 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

Pathward Financial, a registered bank holding company that has elected to be a financial holding company, is a Delaware corporation. Pathward Financial's principal assets 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 December 31, 2025, compared to September 30, 2025, and the consolidated results of operations for the three months ended December 31, 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, 2025 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 for the fiscal year ended September 30, 2025.

EXECUTIVE SUMMARY

Financial Highlights for the 2026 Fiscal First Quarter

All highlights are compared to the same fiscal quarter in the prior year period.

- Total revenue for the first quarter was $173.1 million. Net interest income on commercial finance loans increased $9.2 million reflecting the ongoing balance sheet optimization strategy.

- New loan originations during the quarter increased from $1.38 billion to $1.89 billion, driven by increases in consumer and commercial finance. The increase in consumer loan originations was primarily due to the new contract announced during fiscal 2025 and growth with current partners.

- Annualized return on average assets was 1.87% and return on average tangible equity was 26.72%, both improvements over the prior year period.

- The Company repurchased 651,804 shares of common stock at an average share price of $72.07. As of December 31, 2025, there were 4,286,012 shares available for repurchase under the current common stock share repurchase program.

FINANCIAL CONDITION

At December 31, 2025, the Company's total assets increased to $7.56 billion compared to $7.17 billion at September 30, 2025, primarily due to growth of $317.9 million in loans and leases and $210.6 million in cash and cash equivalents, partially offset by reductions of $91.5 million in loans held for sale, $18.7 million in other assets and $17.8 million in debt securities AFS.

Total cash and cash equivalents were $331.2 million at December 31, 2025, increasing from $120.6 million at September 30, 2025. The Company maintains its cash investments primarily in interest-bearing overnight deposits with the FHLB of Des Moines and the FRB. At December 31, 2025, the Company did not have any federal funds sold.

The Company's investment security balances at December 31, 2025 totaled $1.34 billion, as compared to $1.36 billion at September 30, 2025, due to maturities and principal pay downs. 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 three months ended December 31, 2025, the Company made no 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 $24.3 million at December 31, 2025 and $24.7 million at September 30, 2025, as redemptions were partially offset by purchases of FHLB membership stock during the three months ended December 31, 2025.

Loans held for sale at December 31, 2025 totaled $88.0 million, decreasing from $179.4 million at September 30, 2025. This decrease was primarily driven by the sale of more than half of the held for sale consumer finance portfolio in October 2025, partially offset by an increase in SBA/USDA loans held for sale at December 31, 2025 compared to September 30, 2025.

Total gross loans and leases totaled $4.98 billion at December 31, 2025, as compared to $4.66 billion at September 30, 2025. The increase was due to increases in the commercial finance, seasonal tax services, and seasonal consumer finance portfolios, partially offset by a slight decrease in the warehouse finance portfolio. See Note 4. 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 83% of the Company's loan and lease portfolio, totaled $4.15 billion at December 31, 2025, reflecting an increase of $223.2 million, or 6%, from September 30, 2025. The increase was primarily driven by increases of $204.2 million in term lending and $36.1 million in asset-based lending, partially offset by decreases in lease financing, other commercial finance, and factoring.

Total end-of-period deposits increased 8% to $6.35 billion at December 31, 2025, compared to $5.89 billion at September 30, 2025, primarily driven by increases in noninterest-bearing deposits of $458.6 million and in money market deposits of $5.9 million, partially offset by a decrease in savings deposits of $1.4 million.

The Company's total borrowings decreased from $42.5 million at September 30, 2025 to $33.5 million at December 31, 2025, primarily driven by a decrease in short-term borrowings of $9.0 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 December 31, 2025, the Company’s stockholders’ equity totaled $853.7 million, a decrease of $3.7 million, from $857.5 million at September 30, 2025. The decrease was primarily attributable to a decrease in retained earnings, partially offset by a decrease in accumulated other comprehensive loss. The Company and Bank remained above the federal regulatory minimum capital requirements at December 31, 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)	December 31, 2025	September 30, 2025
Noninterest-bearing deposits	$ 6,366,126	$ 5,886,873
Prefunding	(264,059)	(245,841)
Discount funding	(8,531)	(3,501)
DDA overdrafts	(15,345)	(17,977)
Noninterest-bearing checking, net	$ 6,078,191	$ 5,619,554

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 December 31, 2025, the Company managed $1.05 billion 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 net interest margin ("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 December 31, 2025 Average Outstanding Balance	2025 Interest Earned / Paid	2025 Yield / Rate[(1)]	2024 Average Outstanding Balance	2024 Interest Earned / Paid	2024 Yield / Rate[(1)]
Interest-earning assets:						
Cash and fed funds sold	$ 275,336	$ 1,799	2.59 %	$ 239,614	$ 2,258	3.74 %
Mortgage-backed securities	1,122,081	7,812	2.76 %	1,309,926	8,986	2.72 %
Tax-exempt investment securities	107,375	734	3.43 %	120,707	845	3.52 %
Asset-backed securities	136,468	1,747	5.08 %	188,163	2,604	5.49 %
Other investment securities	173,376	1,355	3.10 %	234,087	1,815	3.07 %
Total investments	1,539,300	11,648	3.05 %	1,852,883	14,250	3.10 %
Commercial finance	4,109,353	83,833	8.09 %	3,687,369	74,612	8.03 %
Consumer finance	199,184	9,457	18.84 %	316,402	22,341	28.01 %
Tax services	45,053	(40)	(0.35)%	36,785	132	1.43 %
Warehouse finance	644,467	14,525	8.94 %	603,824	14,764	9.70 %
Total loans and leases	4,998,057	107,775	8.56 %	4,644,380	111,849	9.55 %
Total interest-earning assets	**6,812,693**	**$ 121,222**	**7.07 %**	**6,736,877**	**$ 128,357**	**7.57 %**
Noninterest-earning assets	645,462			629,600		
Total assets	**$ 7,458,155**			**$ 7,366,477**		
Interest-bearing liabilities:						
Interest-bearing checking	$ 944	$ —	0.08 %	$ 685	$ —	0.21 %
Savings	44,018	4	0.03 %	45,469	3	0.03 %
Money markets	212,420	169	0.31 %	180,104	385	0.85 %
Time deposits	2,636	6	0.91 %	4,208	3	0.25 %
Wholesale deposits	2,687	27	4.02 %	26,892	384	5.67 %
Total interest-bearing deposits (a)	262,705	206	0.31 %	257,358	775	1.19 %
Overnight fed funds purchased	98,240	1,047	4.23 %	131,337	1,670	5.05 %
Subordinated debentures	19,805	357	7.15 %	19,702	355	7.14 %
Other borrowings	13,661	274	7.95 %	13,661	306	8.89 %
Total borrowings	131,706	1,678	5.06 %	164,700	2,331	5.62 %
Total interest-bearing liabilities	**394,411**	**1,884**	**1.90 %**	**422,058**	**3,106**	**2.92 %**
Noninterest-bearing deposits (b)	5,911,161	—	— %	5,823,877	—	— %
Total deposits and interest-bearing liabilities	**6,305,572**	**$ 1,884**	**0.12 %**	**6,245,935**	**$ 3,106**	**0.20 %**
Other noninterest-bearing liabilities	320,242			335,839		
Total liabilities	**6,625,814**			**6,581,774**		
Shareholders' equity	832,341			784,703		
Total liabilities and shareholders' equity	**$ 7,458,155**			**$ 7,366,477**		
Net interest income and net interest rate spread including noninterest-bearing deposits		**$ 119,338**	**6.95 %**		**$ 125,251**	**7.37 %**
Net interest margin			**6.95 %**			**7.38 %**
Tax-equivalent effect			**0.01 %**			**0.01 %**
Net interest margin, tax-equivalent[(2)]			**6.96 %**			**7.39 %**
Total cost of deposits (a+b)	**6,173,866**	**206**	**0.01 %**	**6,081,235**	**775**	**0.05 %**

(1) Tax rate used to arrive at the TEY for the three months ended December 31, 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 reported net income of $35.2 million, or $1.57 per diluted share, for the three months ended December 31, 2025, compared to net income of $30.0 million, or $1.23 per diluted share, for the three months ended December 31, 2024.

Net Interest Income

Net interest income for the first quarter of fiscal 2026 was $119.3 million, which was a decrease of 5% compared to the same quarter in fiscal 2025.

The Company’s average interest-earning assets for the first quarter of fiscal 2026 increased by $75.8 million to $6.81 billion compared to the same quarter in fiscal 2025, primarily due to increases in average outstanding balances in total loan and lease balances partially offset by decreases in securities investment balances. The first quarter average outstanding balance of loans and leases increased $353.7 million compared to the same quarter of the prior fiscal year, due to increases in the commercial finance, warehouse finance, and tax services portfolios, partially offset by a decrease in the consumer finance portfolio.

Fiscal 2026 first quarter NIM decreased to 6.95% from 7.38% in the first fiscal quarter of 2025. The overall reported tax-equivalent yield (“TEY”) on average interest-earning assets decreased 50 basis points to 7.07% compared to the prior year quarter. The yield on the loan and lease portfolio was 8.56% compared to 9.55% for the comparable period last year and the TEY on the securities portfolio was 3.05% compared to 3.10% over that same period. The decreases in NIM, the TEY on average interest-earning assets, and the yield on the loan and lease portfolio was primarily driven by the sale of more than half of the held for sale consumer finance portfolio in October 2025 that was accounted for using a gross accounting methodology, and therefore, recorded at higher yields with offsetting entries not included in net interest income.

The Company's cost of funds for all deposits and borrowings averaged 0.12% during the fiscal 2026 first quarter, as compared to 0.20% during the prior year quarter. The Company's overall cost of deposits was 0.01% in the fiscal first quarter of 2026, as compared to 0.05% during the prior year quarter.

Provision for Credit Loss

The Company recognized a provision for credit losses of $3.2 million for the quarter ended December 31, 2025, compared to provision for credit losses of $18.7 million for the comparable period in the prior fiscal year. The period-over-period decrease in provision for credit losses was primarily due to decreases in provision for credit losses in the commercial finance portfolio of $7.4 million, consumer finance portfolio of $5.3 million, and the tax services portfolio of $2.7 million. The commercial finance decrease in provision for credit losses was primarily driven by net recoveries recognized during the current period as compared to net charge-offs recognized in the prior year period. The consumer finance decrease in provision for credit losses was primarily driven by a reduction in loan balances stemming from the aforementioned consumer finance portfolio sale in October 2025. The decrease in the tax services portfolio provision for credit losses was driven by net recoveries recognized during the current period as compared to net charge-offs recognized during the prior year period. The Company recognized net recoveries of $2.2 million for the quarter ended December 31, 2025, compared to net charge-offs of $16.3 million for the quarter ended December 31, 2024. Net recoveries attributable to the seasonal tax services and commercial finance portfolios for the quarter ended December 31, 2025 were $2.5 million and $1.3 million, respectively, while net charge-offs of $1.5 million were recognized in the consumer finance portfolio. Net charge-offs attributable to the commercial finance, consumer finance, and tax services portfolios for the same quarter of the prior year were $8.1 million, $7.7 million, and $0.5 million, respectively.

Noninterest Income

Fiscal 2026 first quarter noninterest income decreased 6% to $53.8 million, compared to $57.4 million for the same period of the prior year. The decrease in noninterest income when comparing the current period to the same period of the prior year was primarily driven by decreases in rental income, other income, and gain on sale of other, partially offset by an increase in card and deposit fee income. Additionally, during the prior year period, the Company recognized a $16.4 million gain on divestiture which was almost completely offset by a loss on sale of securities of $15.7 million.

Servicing fee income on custodial deposits totaled $3.4 million during the 2026 fiscal first quarter, compared to $4.5 million for the same period of the prior year. For the fiscal quarter ended September 30, 2025, servicing fee income on custodial deposits totaled $2.6 million. The year-over-year decrease in servicing fee income on custodial deposit balances held at partner banks was due to a reduction in rates following reductions in the EFFR. The sequential quarter increase in servicing fee income on custodial deposit balances held at partner banks was due to higher quarterly average deposits balances held at partner banks.

Noninterest Expense

Noninterest expense was $127.2 million for the fiscal 2026 first quarter, as compared to $127.8 million for the same quarter last year. The marginal decrease was primarily attributable to reductions in card processing expense, other expense, and operating and lease equipment depreciation, partially offset by increases in compensation and benefits, building and software, and legal and consulting 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 66% of the deposit portfolio was subject to these rate-related processing expenses during the fiscal 2026 first quarter. For the fiscal quarter ended December 31, 2025, contractual, rate-related processing expenses were $23.8 million, as compared to $24.9 million for the fiscal quarter ended September 30, 2025 and $25.6 million for the fiscal quarter ended December 31, 2024.

Income Tax Expense

The Company recorded an income tax expense of $7.2 million, representing an effective tax rate of 16.9%, for the fiscal 2026 first quarter, compared to an income tax expense of $6.0 million, representing an effective tax rate of 16.6%, for the first quarter last fiscal year. The current quarter increase in income tax expense compared to the prior year quarter was primarily due to the increase in income.

The Company originated $19.7 million in renewable energy leases during the fiscal 2026 first quarter, resulting in $5.2 million in total net investment tax credits. During the first quarter of fiscal 2025, the Company originated $9.3 million in renewable energy leases resulting in $3.2 million in total net investment tax credits. Investment tax credits related to renewable energy leases are recognized ratably based on income throughout each fiscal year.

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. 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 December 31, 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)	December 31, 2025	September 30, 2025
Nonperforming Loans and Leases		
Nonaccruing loans and leases:		
Commercial finance	$ 96,781	$ 81,416
Total nonaccruing loans and leases	96,781	81,416
Accruing loans and leases delinquent 90 days or more:		
Loans held for sale	235	1,521
Commercial finance	11,447	12,900
Consumer finance	602	826
Tax services[1]	—	2,477
Total accruing loans and leases delinquent 90 days or more	12,284	17,724
Total nonperforming loans and leases	109,065	99,140
Other Assets		
Nonperforming operating leases	2,386	2,571
Total other assets	2,386	2,571
Total nonperforming assets	$ 111,451	$ 101,711
Total as a percentage of total assets	1.47 %	1.42 %

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

The Company's nonperforming assets at December 31, 2025 were $111.5 million, representing 1.47% of total assets, compared to $101.7 million, or 1.42% of total assets at September 30, 2025. The increase in the nonperforming assets as a percentage of total assets at December 31, 2025 compared to September 30, 2025, was driven by an increase in nonperforming loans in the commercial finance portfolio, partially offset by decreases in the tax services and consumer finance portfolios.

The Company's nonperforming loans and leases at December 31, 2025 were $109.1 million, representing 2.15% of total gross loans and leases, compared to $99.1 million, or 2.05% of total gross loans and leases at September 30, 2025.

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 December 31, 2025, the Company had classified loans and leases of $286.9 million as substandard, $10.2 million as doubtful and none as loss. At September 30, 2025, the Company classified loans and leases of $244.9 million as substandard, $13.7 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 $58.8 million at December 31, 2025, an increase compared to $53.3 million at September 30, 2025. The increase in the ACL at December 31, 2025, when compared to September 30, 2025, was primarily due to a $2.6 million increase in the allowance related to the consumer finance portfolio, a $1.9 million increase in the allowance related to the commercial finance portfolio, and a $1.1 million increase in the allowance related to the tax services portfolio.

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

	As of the Period Ended				
	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Commercial finance	1.16 %	1.18 %	1.27 %	1.10 %	1.18 %
Consumer finance	6.85 %	6.88 %	11.69 %	12.04 %	10.84 %
Tax services	1.71 %	— %	81.32 %	60.35 %	1.75 %
Warehouse finance	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %
Total loans and leases	1.18 %	1.14 %	2.23 %	2.30 %	1.63 %
Total loans and leases excluding tax services	1.17 %	1.14 %	1.60 %	1.57 %	1.63 %

The Company's ACL as a percentage of total loans and leases increased to 1.18% at December 31, 2025 from 1.14% at September 30, 2025 and decreased from 1.63% at December 31, 2024. The year-over-year decrease in the total loans and leases coverage ratio was primarily driven by the decrease in the ACL related to the decrease in the consumer finance portfolio due to the aforementioned loan sale within the consumer finance portfolio that occurred in October 2025.

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 for the year ended September 30, 2025. There were no significant changes to these critical accounting policies and estimates during the first three months of fiscal 2026.

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 December 31, 2025, the Company had unfunded loan and lease commitments of $1.30 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 December 31, 2025 include $331.2 million in cash and cash equivalents and $1.05 billion in 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 $3.66 billion in total available liquidity as of December 31, 2025. Due to the characteristics of the Company's deposit portfolio, uninsured deposits remained less than 15% of total deposits during the fiscal 2026 first 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 December 31, 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
December 31, 2025				
Tier 1 leverage capital ratio	9.51 %	9.84 %	4.00 %	5.00 %
Common equity Tier 1 capital ratio	12.02	12.67	4.50	6.50
Tier 1 capital ratio	12.26	12.67	6.00	8.00
Total capital ratio	13.67	13.73	8.00	10.00
September 30, 2025				
Tier 1 leverage capital ratio	9.79 %	10.00 %	4.00 %	5.00 %
Common equity Tier 1 capital ratio	12.70	13.23	4.50	6.50
Tier 1 capital ratio	12.95	13.23	6.00	8.00
Total capital ratio	14.27	14.19	8.00	10.00

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

(Dollars in thousands)	Standardized Approach[1] December 31, 2025	Standardized Approach[1] September 30, 2025
Total stockholders' equity	$ 853,712	$ 857,454
Adjustments:		
LESS: Goodwill, net of associated deferred tax liabilities	284,815	285,158
LESS: Certain other intangible assets	17,746	18,077
LESS: Net deferred tax assets from operating loss and tax credit carry-forwards	5,877	5,733
LESS: Net unrealized (losses) on available for sale securities	(133,516)	(143,190)
LESS: Noncontrolling interest	(823)	(591)
ADD: Adoption of Accounting Standards Update 2016-13	—	1,788
Common Equity Tier 1[1]	679,613	694,055
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	(437)	(307)
Total Tier 1 capital	692,837	707,409
Allowance for credit losses	59,687	52,455
Subordinated debentures, net of issuance costs	19,821	19,796
Total capital	$ 772,345	$ 779,660

(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 for its fiscal year ended September 30, 2025 for a summary of our contractual obligations as of September 30, 2025. There were no material changes outside the ordinary course of our business in contractual obligations from September 30, 2025 through December 31, 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'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 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 December 31, 2025 and September 30, 2025:

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 December 31, 2025						
Total interest income	6,736,345	413,496	430,892	457,104	493,583	530,513
Total interest expense	272,203	611	631	629	2,196	4,080
Net interest income		412,885	430,261	456,475	491,387	526,433
Percentage change from base		-9.5 %	-5.7 %	— %	7.6 %	15.3 %
Balances as of September 30, 2025						
Total interest income	6,309,960	415,683	433,904	462,434	494,959	527,497
Total interest expense	276,393	813	915	1,317	3,226	5,138
Net interest income		414,870	432,989	461,117	491,733	522,359
Percentage change from base		-10.0 %	-6.1 %	— %	6.6 %	13.3 %

The EAR analysis reported at December 31, 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 December 31, 2025 and September 30, 2025:

Economic Value Sensitivity

	Standard (Parallel Shift)			
	Economic Value of Equity at Risk %			
	-200	-100	+100	+200
Balances as of December 31, 2025				
Percentage change from base	-8.2 %	-3.5 %	2.7 %	4.7 %
Balances as of September 30, 2025				
Percentage change from base	-6.5 %	-2.6 %	1.6 %	2.8 %

The EVE at risk reported at December 31, 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 December 31, 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 December 31, 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. The 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 December 31, 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.

INHERENT LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS

Any control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that its objectives will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

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 December 31, 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 implemented 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 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

Management conducted an evaluation of the Company’s internal control over financial reporting to determine whether any changes occurred during the three months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting. Based on this evaluation, management concluded that, as of the end of the period covered by this report, 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 fiscal first quarter to which this report relates that have materially affected, or is reasonably likely to materially affect, the Company's 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 for the fiscal year ended September 30, 2025. There were no material changes to those risk factors during the three months ended December 31, 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 2026 first 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
October 1 to 31	412,318	$ 73.33	395,240	4,542,576
November 1 to 30	227,525	69.43	202,805	4,339,771
December 1 to 31	63,029	72.71	53,759	4,286,012
Total	702,872		651,804	

[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 December 31, 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 December 31, 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: February 5, 2026	By:	/s/ Brett L. Pharr Brett L. Pharr, Chief Executive Officer and Director
Date: February 5, 2026	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: February 5, 2026

/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: February 5, 2026

/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 December 31, 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
February 5, 2026

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-K of Pathward Financial, Inc. (the “Company”) for the quarterly period ended December 31, 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
February 5, 2026