

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 March 31, 2026

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 FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

42-1406262

(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
Non-accelerated filer

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 April 29, 2026:
Common Stock, \$.01 par value	21,110,034 Shares
Nonvoting Common Stock, \$.01 par value	0 Nonvoting shares

PATHWARD FINANCIAL, INC.
FORM 10-Q

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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)

	March 31, 2026 (Unaudited)	September 30, 2025 (Audited)
ASSETS		
Cash and cash equivalents	\$ 157,602	\$ 120,568
Securities available for sale, at fair value	1,271,353	1,327,843
Securities held to maturity, at amortized cost (fair value \$23,961 and \$25,653, respectively)	28,068	29,308
Federal Reserve Bank and Federal Home Loan Bank Stock, at cost	25,480	24,708
Loans held for sale	53,072	179,421
Loans and leases	4,867,165	4,664,908
Allowance for credit losses	(98,279)	(53,319)
Accrued interest receivable	36,127	38,520
Premises, furniture, and equipment, net	42,254	40,632
Rental equipment, net	146,190	159,446
Goodwill and intangible assets	308,741	310,430
Other assets	274,626	329,879
Total assets	\$ 7,112,399	\$ 7,172,344
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$ 5,851,696	\$ 5,886,947
Short-term borrowings	26,000	9,000
Long-term borrowings	33,508	33,456
Accrued expenses and other liabilities	350,518	385,487
Total liabilities	6,261,722	6,314,890
STOCKHOLDERS' EQUITY		
Preferred stock, 3,000,000 shares authorized, no shares issued, none outstanding at March 31, 2026 and September 30, 2025, respectively	—	—
Common stock, \$0.01 par value; 90,000,000 shares authorized, 21,378,602 and 22,842,785 shares issued, 21,327,534 and 22,772,570 shares outstanding at March 31, 2026 and September 30, 2025, respectively	213	228
Common stock, Nonvoting, \$0.01 par value; 3,000,000 shares authorized, no shares issued, none outstanding at March 31, 2026 and September 30, 2025, respectively	—	—
Additional paid-in capital	655,128	648,330
Retained earnings	340,744	359,830
Accumulated other comprehensive loss	(141,086)	(145,461)
Treasury stock, at cost, 51,068 and 70,215 common shares at March 31, 2026 and September 30, 2025, respectively	(3,537)	(4,882)
Total equity attributable to parent	851,462	858,045
Noncontrolling interest	(785)	(591)
Total stockholders' equity	850,677	857,454
Total liabilities and stockholders' equity	\$ 7,112,399	\$ 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 March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Interest and dividend income:				
Loans and leases, including fees	\$ 114,829	\$ 119,755	\$ 222,604	\$ 231,604
Mortgage-backed securities	7,590	8,580	15,402	17,566
Other investments	8,457	13,669	14,092	21,190
	130,876	142,004	252,098	270,360
Interest expense:				
Deposits	4,274	4,086	4,480	4,861
FHLB advances and other borrowings	1,478	1,639	3,156	3,971
	5,752	5,725	7,636	8,832
Net interest income	125,124	136,279	244,462	261,528
Provision for credit loss	45,616	35,266	48,846	53,927
Net interest income after provision for credit loss	79,508	101,013	195,616	207,601
Noninterest income:				
Refund transfer product fees	34,789	32,663	35,144	33,073
Refund advance and other tax fee income	57,514	48,585	57,645	49,110
Card and deposit fees	37,526	30,793	67,666	59,859
Rental income	10,947	13,200	22,567	26,908
(Loss) on sale of securities	—	(7,228)	—	(22,899)
Gain (loss) on divestitures	—	(1,360)	—	15,044
Secondary market revenue	3,574	15,378	7,731	19,755
Gain on sale of other	883	627	1,371	1,614
Other income	5,947	5,866	12,819	13,438
Total noninterest income	151,180	138,524	204,943	195,902
Noninterest expense:				
Compensation and benefits	55,405	51,905	107,269	101,197
Refund transfer product expense	9,127	8,475	9,200	8,583
Refund advance expense	1,425	1,265	1,497	1,299
Card processing	33,475	36,239	63,912	69,552
Building and software	12,201	10,306	24,781	20,013
Operating lease equipment depreciation	9,075	11,779	19,070	23,206
Legal and consulting	5,331	5,879	10,885	11,103
Intangible amortization	971	1,082	1,689	1,894
Impairment expense	—	1,514	—	1,514
Other expense	16,446	19,733	32,366	37,612
Total noninterest expense	143,456	148,177	270,669	275,973
Income before income tax expense	87,232	91,360	129,890	127,530
Income tax expense	14,171	16,166	21,364	22,171
Net income before noncontrolling interest	73,061	75,194	108,526	105,359
Net income attributable to noncontrolling interest	151	237	450	436
Net income attributable to parent	\$ 72,910	\$ 74,957	\$ 108,076	\$ 104,923
Earnings per common share:				
Basic	\$ 3.37	\$ 3.16	\$ 4.91	\$ 4.37
Diluted	\$ 3.35	\$ 3.14	\$ 4.89	\$ 4.35

See Notes to Condensed Consolidated Financial Statements.

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

(Dollars in thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Net income before noncontrolling interest	\$ 73,061	\$ 75,194	\$ 108,526	\$ 105,359
Other comprehensive income (loss):				
Change in net unrealized gain (loss) on debt securities	(6,572)	25,517	6,283	(36,823)
Net loss realized on debt securities	—	7,228	—	22,899
	(6,572)	32,745	6,283	(13,924)
Unrealized (loss) on currency translation	(1,145)	(22)	(353)	(2,039)
Deferred income tax effect	(1,627)	8,117	1,555	(3,046)
Total other comprehensive income (loss)	(6,090)	24,606	4,375	(12,917)
Total comprehensive income	66,971	99,800	112,901	92,442
Total comprehensive income attributable to noncontrolling interest	151	237	450	436
Comprehensive income attributable to parent	\$ 66,820	\$ 99,563	\$ 112,451	\$ 92,006

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended							
	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
(Dollars in thousands, except per share data)								
Balance, December 31, 2025	\$ 222	\$ 651,199	\$ 346,529	\$ (134,996)	\$ (8,419)	\$ 854,535	\$ (823)	\$ 853,712
Cash dividends declared on common stock (\$0.05 per share)	—	—	(1,093)	—	—	(1,093)	—	(1,093)
Repurchases of common stock	(9)	9	(72,720)	—	—	(72,720)	—	(72,720)
Retirement of treasury stock	—	—	(4,882)	—	4,882	—	—	—
Stock compensation	—	3,920	—	—	—	3,920	—	3,920
Total other comprehensive loss	—	—	—	(6,090)	—	(6,090)	—	(6,090)
Net income	—	—	72,910	—	—	72,910	151	73,061
Net distribution to noncontrolling interest	—	—	—	—	—	—	(113)	(113)
Balance, March 31, 2026	\$ 213	\$ 655,128	\$ 340,744	\$ (141,086)	\$ (3,537)	\$ 851,462	\$ (785)	\$ 850,677
Balance, December 31, 2024	\$ 241	\$ 640,422	\$ 313,446	\$ (190,917)	\$ (4,882)	\$ 758,310	\$ (756)	\$ 757,554
Cash dividends declared on common stock (\$0.05 per share)	—	—	(1,190)	—	—	(1,190)	—	(1,190)
Repurchases of common stock	(6)	6	(45,438)	—	—	(45,438)	—	(45,438)
Stock compensation	—	3,460	—	—	—	3,460	—	3,460
Total other comprehensive income	—	—	—	24,606	—	24,606	—	24,606
Net income	—	—	74,957	—	—	74,957	237	75,194
Net distribution to noncontrolling interest	—	—	—	—	—	—	(139)	(139)
Balance, March 31, 2025	\$ 235	\$ 643,888	\$ 341,775	\$ (166,311)	\$ (4,882)	\$ 814,705	\$ (658)	\$ 814,047
	Six Months Ended							
	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
(Dollars in thousands, except per share data)								
Balance, September 30, 2025	\$ 228	\$ 648,330	\$ 359,830	\$ (145,461)	\$ (4,882)	\$ 858,045	\$ (591)	\$ 857,454
Cash dividends declared on common stock (\$0.10 per share)	—	—	(2,202)	—	—	(2,202)	—	(2,202)
Issuance of common stock due to restricted stock	1	—	—	—	—	1	—	1
Repurchases of common stock	(16)	16	(120,078)	—	(3,537)	(123,615)	—	(123,615)
Retirement of treasury stock	—	—	(4,882)	—	4,882	—	—	—
Stock compensation	—	6,782	—	—	—	6,782	—	6,782
Total other comprehensive income	—	—	—	4,375	—	4,375	—	4,375
Net income	—	—	108,076	—	—	108,076	450	108,526
Net distribution to noncontrolling interest	—	—	—	—	—	—	(644)	(644)
Balance, March 31, 2026	\$ 213	\$ 655,128	\$ 340,744	\$ (141,086)	\$ (3,537)	\$ 851,462	\$ (785)	\$ 850,677
Balance, September 30, 2024	\$ 248	\$ 638,803	\$ 337,058	\$ (153,394)	\$ (249)	\$ 822,466	\$ (277)	\$ 822,189
Cash dividends declared on common stock (\$0.10 per share)	—	—	(2,392)	—	—	(2,392)	—	(2,392)
Repurchases of common stock	(13)	13	(97,814)	—	(4,633)	(102,447)	—	(102,447)
Stock compensation	—	5,072	—	—	—	5,072	—	5,072
Total other comprehensive loss	—	—	—	(12,917)	—	(12,917)	—	(12,917)
Net income	—	—	104,923	—	—	104,923	436	105,359
Net distribution to noncontrolling interest	—	—	—	—	—	—	(817)	(817)
Balance, March 31, 2025	\$ 235	\$ 643,888	\$ 341,775	\$ (166,311)	\$ (4,882)	\$ 814,705	\$ (658)	\$ 814,047

See Notes to Condensed Consolidated Financial Statements.

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

(Dollars in thousands)	Six Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net income before noncontrolling interest	\$ 108,526	\$ 105,359
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	26,108	30,330
Provision for credit loss	48,846	53,927
Provision for deferred taxes	4,311	11,919
Originations of loans held for sale	(1,796,444)	(1,377,073)
Proceeds from sales of loans held for sale	1,960,041	1,146,702
Net change in loans held for sale	18,573	266,707
Net realized (gain) on loans held for sale	(7,731)	(19,755)
Net realized loss on securities available for sale	—	22,899
Net realized (gain) on divestitures	—	(15,044)
Net realized (gain) on other	(1,371)	(1,614)
Impairment on rental equipment	—	1,514
Net change in accrued interest receivable	2,393	(5,696)
Net change in other assets	6,187	(15,137)
Net change in accrued expenses and other liabilities	(34,969)	(93,517)
Stock compensation	6,782	5,072
Net cash provided by operating activities	341,252	116,593
Cash flows from investing activities:		
Purchases of securities available for sale	—	(2,280)
Proceeds from sales of securities available for sale	—	217,883
Proceeds from maturities of and principal collected on securities available for sale	62,617	77,087
Proceeds from maturities of and principal collected on securities held to maturity	1,171	1,668
Purchases of Federal Reserve Bank and Federal Home Loan Bank stock	(135,367)	(138,834)
Redemption of Federal Reserve Bank and Federal Home Loan Bank stock	134,595	150,572
Purchases of loans and leases	(53,267)	(166,651)
Net change in loans and leases	(127,613)	(302,546)
Purchases of premises, furniture, and equipment	(6,542)	(5,668)
Purchases of rental equipment	(86,416)	(87,111)
Proceeds from sales of rental equipment	6,443	8,308
Net change in rental equipment	175	368
Proceeds from surrender of bank-owned life insurance	45,050	—
Proceeds from divestitures, net of transaction costs	—	608,455
Proceeds from sale of other assets	—	407
Proceeds from loans held for sale previously classified as portfolio loans	—	146,158
Net cash provided by (used in) investing activities	(159,154)	507,816
Cash flows from financing activities:		
Net change in deposits	(35,251)	(43,802)
Net change in short-term borrowings	17,000	(377,000)
Dividends paid on common stock	(2,202)	(2,392)
Issuance of common stock due to restricted stock	1	—
Repurchases of common stock	(123,615)	(102,447)
Investment by (distributions to) noncontrolling interest	(644)	(817)
Net cash (used in) financing activities	(144,711)	(526,458)
Effect of exchange rate changes on cash	(353)	(2,039)
Net change in cash and cash equivalents	37,034	95,912
Cash and cash equivalents at beginning of fiscal year	120,568	158,337
Cash and cash equivalents at end of fiscal period	\$ 157,602	\$ 254,249

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

(Dollars in thousands)	Six Months Ended March 31,	
	2026	2025
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 7,638	\$ 9,220
Income taxes	15,047	9,730
Franchise and other taxes	532	401
Supplemental schedule of non-cash investing activities:		
Transfers		
Held for sale to loans and leases	\$ 88	\$ 22,686
Loans and leases to held for sale	47,860	130,011
Loans and leases to rental equipment	3,707	2,588
Rental equipment to loan and leases	78,908	60,398
Retirement of treasury stock	4,882	—

See Notes to Condensed Consolidated Financial Statements.

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

NOTE 1. BASIS OF PRESENTATION

The interim unaudited Condensed Consolidated Financial Statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended September 30, 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 and six months ended March 31, 2026 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 annual 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 are limited to disclosure only. The Company intends to incorporate these updates to its income tax disclosures in its financial statements as of and for the fiscal year ended September 30, 2026.

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. The Company is currently evaluating the impact of such amendments to the consolidated financial statements and related disclosures.

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				
March 31, 2026				
Corporate securities	\$ 25,000	\$ —	\$ (3,500)	\$ 21,500
SBA securities	11,425	—	(1,092)	10,333
Obligations of states and political subdivisions	162	3	—	165
Non-bank qualified obligations of states and political subdivisions	202,501	14	(26,718)	175,797
Asset-backed securities	129,875	10	(1,886)	127,999
Mortgage-backed securities	1,086,392	82	(150,915)	935,559
Total debt securities AFS	\$ 1,455,355	\$ 109	\$ (184,111)	\$ 1,271,353
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				
March 31, 2026				
Non-bank qualified obligations of states and political subdivisions	\$ 26,264	\$ —	\$ (3,906)	\$ 22,358
Mortgage-backed securities	1,804	—	(201)	1,603
Total debt securities HTM	\$ 28,068	\$ —	\$ (4,107)	\$ 23,961
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	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
(Dollars in thousands)						
Debt Securities AFS						
March 31, 2026						
Corporate securities	\$ —	\$ —	\$ 21,500	\$ (3,500)	\$ 21,500	\$ (3,500)
SBA securities	—	—	10,332	(1,092)	10,332	(1,092)
Non-bank qualified obligations of states and political subdivisions	—	—	174,258	(26,718)	174,258	(26,718)
Asset-backed securities	60,121	(1,234)	63,297	(652)	123,418	(1,886)
Mortgage-backed securities	1,501	—	923,813	(150,915)	925,314	(150,915)
Total debt securities AFS	\$ 61,622	\$ (1,234)	\$ 1,193,200	\$ (182,877)	\$ 1,254,822	\$ (184,111)
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						
March 31, 2026						
Non-bank qualified obligations of states and political subdivisions	\$ —	\$ —	\$ 22,358	\$ (3,906)	\$ 22,358	\$ (3,906)
Mortgage-backed securities	—	—	1,603	(201)	1,603	(201)
Total debt securities HTM	\$ —	\$ —	\$ 23,961	\$ (4,107)	\$ 23,961	\$ (4,107)
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 March 31, 2026 to September 30, 2025 was primarily driven by principal pay downs during the six months. At March 31, 2026, there were 146 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 March 31, 2026, 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)

	March 31, 2026		September 30, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt Securities AFS				
Due in one year or less	\$ 1,295	\$ 1,305	\$ 755	\$ 760
Due after one year through five years	392	399	1,332	1,352
Due after five years through ten years	27,332	23,834	27,688	23,947
Due after ten years	339,944	310,256	358,948	329,534
	368,963	335,794	388,723	355,593
Mortgage-backed securities	1,086,392	935,559	1,129,406	972,250
Total debt securities AFS	\$ 1,455,355	\$ 1,271,353	\$ 1,518,129	\$ 1,327,843
Debt Securities HTM				
Due after ten years	\$ 26,264	\$ 22,358	\$ 27,373	\$ 23,943
	26,264	22,358	27,373	23,943
Mortgage-backed securities	1,804	1,603	1,935	1,710
Total debt securities HTM	\$ 28,068	\$ 23,961	\$ 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 March 31, 2026 and September 30, 2025. These equity securities are 'restricted' in that they can only be owned by member banks and can only be sold back to the institution from which they were acquired or another member institution at par. Therefore, FRB stock is less liquid than other marketable equity securities, and the cost approximates fair value.

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 \$5.8 million and \$5.0 million at March 31, 2026 and at September 30, 2025, respectively.

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

Equity Securities. The Company held \$4.6 million and \$3.8 million in marketable equity securities within other assets on the Condensed Consolidated Statements of Financial Condition at March 31, 2026 and September 30, 2025, respectively. The Company recognized zero and \$0.1 million in unrealized losses on marketable equity securities during the six months ended March 31, 2026 and 2025, respectively. No such securities were sold during the six months ended March 31, 2026.

Non-marketable equity securities that are measured at fair value using net asset value ("NAV") as a practical expedient totaled \$13.6 million and \$13.2 million at March 31, 2026 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 \$0.8 million in unrealized gains during the six months ended March 31, 2026 and 2025, respectively. No such securities were sold during the six months ended March 31, 2026.

Non-marketable equity securities without readily determinable fair value totaled \$12.6 million and \$12.0 million at March 31, 2026 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 six months ended March 31, 2025. 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 six months ended March 31, 2026.

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 six months ended March 31, 2026 and 2025.

NOTE 4. LOANS AND LEASES, NET

Loans and leases consist of the following:

(Dollars in thousands)	March 31, 2026	September 30, 2025
Term lending	\$ 2,501,855	\$ 2,302,540
Asset-based lending	660,220	593,265
Factoring	213,269	217,501
Lease financing	126,902	149,236
SBA/USDA	536,637	511,488
Other commercial finance	73,694	149,939
Commercial finance	4,112,577	3,923,969
Consumer finance	90,912	93,319
Tax services	60,191	2,532
Warehouse finance	604,642	645,186
Total loans and leases	4,868,322	4,665,006
Net deferred loan origination costs (fees)	(1,157)	(98)
Total gross loans and leases	4,867,165	4,664,908
Allowance for credit losses	(98,279)	(53,319)
Total loans and leases, net	<u>\$ 4,768,886</u>	<u>\$ 4,611,589</u>

During the six months ended March 31, 2026 and 2025, the Company originated \$1.80 billion and \$1.38 billion of commercial finance and consumer finance as held for sale, respectively.

The Company sold held for sale loans resulting in proceeds of \$1.96 billion and a \$7.7 million gain on sale during the six months ended March 31, 2026. The Company sold held for sale loans resulting in proceeds of \$1.15 billion and a \$19.8 million gain on sale during the six months ended March 31, 2025. 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:

(Dollars in thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Loans Purchased				
Loans held for investment:				
Commercial finance	\$ —	\$ —	\$ —	\$ 19,540
Warehouse finance	20,344	27,292	53,267	147,111
Total purchases	\$ 20,344	\$ 27,292	\$ 53,267	\$ 166,651
Loans Sold				
Loans held for sale:				
Commercial finance	\$ 69,989	\$ 182,667	\$ 128,552	\$ 248,469
Consumer finance	713,728	491,761	1,831,489	1,044,391
Total sales	\$ 783,717	\$ 674,428	\$ 1,960,041	\$ 1,292,860

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

(Dollars in thousands)	March 31, 2026	September 30, 2025
Minimum lease payments receivable	\$ 131,981	\$ 157,271
Unguaranteed residual assets	6,391	6,785
Unamortized initial direct costs	44	68
Unearned income	(11,470)	(14,820)
Total net investment in direct financing and sales-type leases	\$ 126,946	\$ 149,304

The components of total lease income were as follows:

(Dollars in thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Interest income - loans and leases				
Interest income on net investments in direct financing and sales-type leases	\$ 1,973	\$ 2,800	\$ 3,921	\$ 5,987
Leasing and equipment finance noninterest income				
Lease income from operating lease payments	10,608	12,930	21,892	26,379
Other ⁽¹⁾	1,962	1,139	3,545	2,446
Total leasing and equipment finance noninterest income	12,570	14,069	25,437	28,825
Total lease income	\$ 14,543	\$ 16,869	\$ 29,358	\$ 34,812

⁽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 March 31, 2026 were as follows:

(Dollars in thousands)

Remaining in 2026	\$	24,553
2027		61,933
2028		24,672
2029		13,245
2030		5,752
Thereafter		1,826
Total undiscounted future minimum lease payments receivable for direct financing and sales-type leases		131,981
Third-party residual value guarantees		—
Total carrying amount of minimum lease payments for direct financing and sales-type leases	\$	131,981

The Company did not record any contingent rental income from direct financing and sales-type leases in the six months ended March 31, 2026.

A number of factors that have affected the economic environment over the past few years have continued into 2026, 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, as well as geopolitical conflicts (including those in Iran and Ukraine). 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 March 31, 2026					
Allowance for credit losses:					
Term lending	\$ 28,771	\$ 11,486	\$ (7,180)	\$ 667	\$ 33,744
Asset-based lending	9,694	8,351	(6,085)	9	11,969
Factoring	3,784	1,073	—	117	4,974
Lease financing	1,037	(190)	(15)	6	838
SBA/USDA	4,709	1,495	(1,981)	12	4,235
Other commercial finance	102	(66)	—	—	36
Commercial finance	48,097	22,149	(15,261)	811	55,796
Consumer finance	9,040	(1,312)	(1,506)	367	6,589
Tax services	1,061	24,476	—	9,752	35,289
Warehouse finance	642	(37)	—	—	605
Total loans and leases	58,840	45,276	(16,767)	10,930	98,279
Unfunded commitments ⁽¹⁾	846	340	—	—	1,186
Total	\$ 59,686	\$ 45,616	\$ (16,767)	\$ 10,930	\$ 99,465
Three Months Ended March 31, 2025					
Allowance for credit losses:					
Term lending	\$ 29,925	\$ 1,384	\$ (6,208)	\$ 1,118	\$ 26,219
Asset-based lending	1,762	440	(172)	—	2,030
Factoring	5,765	(767)	(96)	32	4,934
Lease financing	881	1,374	(1,019)	7	1,243
SBA/USDA	3,807	775	(609)	48	4,021
Other commercial finance	421	(37)	—	—	384
Commercial finance	42,561	3,169	(8,104)	1,205	38,831
Consumer finance	30,361	5,563	(6,897)	608	29,635
Tax services	790	26,178	—	6,813	33,781
Warehouse finance	625	18	—	—	643
Total loans and leases	74,337	34,928	(15,001)	8,626	102,890
Unfunded commitments ⁽¹⁾	513	338	—	—	851
Total	\$ 74,850	\$ 35,266	\$ (15,001)	\$ 8,626	\$ 103,741

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

(Dollars in thousands)	Beginning Balance	Provision (Reversal)	Charge-offs	Recoveries	Ending Balance
Six Months Ended March 31, 2026					
Allowance for credit losses:					
Term lending	\$ 28,345	\$ 10,226	\$ (8,261)	\$ 3,434	\$ 33,744
Asset-based lending	7,650	10,389	(6,085)	15	11,969
Factoring	4,319	536	—	119	4,974
Lease financing	1,040	(228)	(37)	63	838
SBA/USDA	4,807	1,868	(2,457)	17	4,235
Other commercial finance	90	(54)	—	—	36
Commercial finance	46,251	22,737	(16,840)	3,648	55,796
Consumer finance	6,422	2,810	(3,334)	691	6,589
Tax services	—	23,078	—	12,211	35,289
Warehouse finance	646	(41)	—	—	605
Total loans and leases	53,319	48,584	(20,174)	16,550	98,279
Unfunded commitments ⁽¹⁾	924	262	—	—	1,186
Total	\$ 54,243	\$ 48,846	\$ (20,174)	\$ 16,550	\$ 99,465

Six Months Ended March 31, 2025					
Allowance for credit losses:					
Term lending	\$ 30,394	\$ 8,673	\$ (14,583)	\$ 1,735	\$ 26,219
Asset-based lending	1,356	846	(172)	—	2,030
Factoring	5,757	(937)	(170)	284	4,934
Lease financing	1,189	1,127	(1,082)	9	1,243
Insurance premium finance	—	91	(93)	2	—
SBA/USDA	3,273	1,606	(906)	48	4,021
Other commercial finance	607	(223)	—	—	384
Commercial finance	42,576	11,183	(17,006)	2,078	38,831
Consumer finance	28,669	14,984	(14,981)	963	29,635
Tax services	2	27,479	(741)	7,041	33,781
Warehouse finance	518	125	—	—	643
Total loans and leases	71,765	53,771	(32,728)	10,082	102,890
Unfunded commitments ⁽¹⁾	695	156	—	—	851
Total	\$ 72,460	\$ 53,927	\$ (32,728)	\$ 10,082	\$ 103,741

⁽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)	March 31, 2026	September 30, 2025
Term lending	\$ 45,471	\$ 33,042
Asset-based lending	21,973	24,273
Factoring	1,984	—
Lease financing	3,962	3,985
SBA/USDA	666	6,147
Commercial finance ⁽¹⁾	74,056	67,447
Total	\$ 74,056	\$ 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 \$98.0 million and \$107.7 million at March 31, 2026 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 \$90.9 million and \$60.2 million at March 31, 2026, 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)	Amortized Cost Basis							Revolving Loans and Leases	Total
	Term Loans and Leases by Origination Year								
	2026	2025	2024	2023	2022	Prior			
March 31, 2026									
Term lending									
Pass	\$ 516,856	\$ 637,643	\$ 217,616	\$ 228,868	\$ 81,938	\$ 76,235	\$ —	\$ 1,759,156	
Watch	43,756	166,651	207,328	65,311	2,758	28,361	—	514,165	
Special mention	—	51,299	11,783	801	1,096	4,755	—	69,734	
Substandard	2,100	21,135	26,530	62,344	11,996	26,233	—	150,338	
Doubtful	—	—	362	818	2,962	4,320	—	8,462	
Total	562,712	876,728	463,619	358,142	100,750	139,904	—	2,501,855	
Current period charge-offs	—	—	2,375	988	1,240	3,658	—	8,261	
Asset-based lending									
Pass	—	—	—	—	—	—	299,174	299,174	
Watch	—	—	—	—	—	—	304,962	304,962	
Special mention	—	—	—	—	—	—	31,163	31,163	
Substandard	—	—	—	—	—	—	17,135	17,135	
Doubtful	—	—	—	—	—	—	7,786	7,786	
Total	—	—	—	—	—	—	660,220	660,220	
Current period charge-offs	—	—	—	—	—	—	6,085	6,085	
Factoring									
Pass	—	—	—	—	—	—	166,314	166,314	
Watch	—	—	—	—	—	—	42,399	42,399	
Special mention	—	—	—	—	—	—	1,772	1,772	
Substandard	—	—	—	—	—	—	1,427	1,427	
Doubtful	—	—	—	—	—	—	1,357	1,357	
Total	—	—	—	—	—	—	213,269	213,269	
Current period charge-offs	—	—	—	—	—	—	—	—	
Lease financing									
Pass	14,553	38,223	15,200	30,390	1,475	2,296	—	102,137	
Watch	456	3,980	4,474	389	—	27	—	9,326	
Special mention	—	—	254	—	302	299	—	855	
Substandard	—	2,712	—	5,036	908	5,883	—	14,539	
Doubtful	45	—	—	—	—	—	—	45	
Total	15,054	44,915	19,928	35,815	2,685	8,505	—	126,902	
Current period charge-offs	—	—	—	15	—	22	—	37	
SBA/USDA									
Pass	70,432	88,391	29,474	71,200	109,248	49,065	—	417,810	
Watch	333	2,697	31,879	—	13,384	3,102	—	51,395	
Special mention	355	952	1,785	—	—	299	—	3,391	
Substandard	—	3,459	3,822	11,278	11,137	33,711	—	63,407	
Doubtful	—	—	538	—	—	96	—	634	
Total	71,120	95,499	67,498	82,478	133,769	86,273	—	536,637	
Current period charge-offs	—	224	668	1,565	—	—	—	2,457	
Other commercial finance									
Pass	1,950	7,760	9,491	—	—	54,070	—	73,271	
Substandard	—	—	—	423	—	—	—	423	
Total	1,950	7,760	9,491	423	—	54,070	—	73,694	
Current period charge-offs	—	—	—	—	—	—	—	—	
Warehouse finance									
Pass	—	—	—	—	—	—	604,642	604,642	
Total	—	—	—	—	—	—	604,642	604,642	
Current period charge-offs	—	—	—	—	—	—	—	—	
Total loans and leases									

Pass	603,791	772,017	271,781	330,458	192,661	181,666	1,070,130	3,422,504
Watch	44,545	173,328	243,681	65,700	16,142	31,490	347,361	922,247
Special mention	355	52,251	13,822	801	1,398	5,353	32,935	106,915
Substandard	2,100	27,306	30,352	79,081	24,041	65,827	18,562	247,269
Doubtful	45	—	900	818	2,962	4,416	9,143	18,284
Total	\$ 650,836	\$ 1,024,902	\$ 560,536	\$ 476,858	\$ 237,204	\$ 288,752	\$ 1,478,131	\$ 4,717,219
Current period charge-offs	\$ —	\$ 224	\$ 3,043	\$ 2,568	\$ 1,240	\$ 3,680	\$ 6,085	\$ 16,840

Amortized Cost Basis

(Dollars in thousands)

September 30, 2025	Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total
	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

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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:

(Dollars in thousands)	Accruing and Nonaccruing Loans and Leases						Nonperforming Loans and Leases			
	30-59 Days Past Due	60-89 Days Past Due	> 89 Days Past Due	Total Past Due	Current	Total Loans and Leases Receivable	> 89 Days Past Due and Accruing	Nonaccrual Balance	Total	
March 31, 2026										
Loans held for sale	\$ —	\$ —	\$ —	\$ —	\$ 53,072	\$ 53,072	\$ —	\$ —	\$ —	
Term lending	86,289	3,131	52,847	142,267	2,359,588	2,501,855	25,790	43,619	69,409	
Asset-based lending	—	2,401	16,079	18,480	641,740	660,220	—	21,333	21,333	
Factoring	—	—	—	—	213,269	213,269	—	2,783	2,783	
Lease financing	3,244	—	3,942	7,186	119,716	126,902	—	4,021	4,021	
SBA/USDA	1,604	4,306	15,923	21,833	514,804	536,637	60	19,267	19,327	
Other commercial finance	—	—	—	—	73,694	73,694	—	423	423	
Commercial finance	91,137	9,838	88,791	189,766	3,922,811	4,112,577	25,850	91,446	117,296	
Consumer finance	985	492	417	1,894	89,018	90,912	417	—	417	
Tax services	1,454	—	—	1,454	58,737	60,191	—	—	—	
Warehouse finance	—	—	—	—	604,642	604,642	—	—	—	
Total loans and leases held for investment	93,576	10,330	89,208	193,114	4,675,208	4,868,322	26,267	91,446	117,713	
Total loans and leases	\$ 93,576	\$ 10,330	\$ 89,208	\$ 193,114	\$ 4,728,280	\$ 4,921,394	\$ 26,267	\$ 91,446	\$ 117,713	
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:

		Amortized Cost Basis									
(Dollars in thousands)		Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total	Nonaccrual with No ACL	
March 31, 2026		2026	2025	2024	2023	2022	Prior				
Term lending	\$	—	\$ 719	\$ 3,965	\$ 26,582	\$ 1,815	\$ 10,538	\$ —	\$ 43,619	\$ 26,313	
Asset-based lending		—	—	—	—	—	—	21,333	21,333	3,281	
Factoring		—	—	—	—	—	—	2,783	2,783	438	
Lease financing		—	—	—	50	—	3,971	—	4,021	3,962	
SBA/USDA		—	1,720	4,193	13,307	—	47	—	19,267	—	
Other commercial finance		—	—	—	423	—	—	—	423	—	
Commercial finance		—	2,439	8,158	40,362	1,815	14,556	24,116	91,446	33,994	
Total nonaccrual loans and leases	\$	—	\$ 2,439	\$ 8,158	\$ 40,362	\$ 1,815	\$ 14,556	\$ 24,116	\$ 91,446	\$ 33,994	

		Amortized Cost Basis									
(Dollars in thousands)		Term Loans and Leases by Origination Year						Revolving Loans and Leases	Total	Nonaccrual with No ACL	
September 30, 2025		2025	2024	2023	2022	2021	Prior				
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)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year							Revolving Loans and Leases	Total
	2026	2025	2024	2023	2022	Prior			
March 31, 2026									
Loans held for sale	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Term lending	—	—	—	24,896	6	888	—	25,790	
SBA/USDA	—	—	60	—	—	—	—	60	
Commercial finance	—	—	60	24,896	6	888	—	25,850	
Consumer finance	5	161	163	80	8	—	—	417	
Total loans and leases held for investment	5	161	223	24,976	14	888	—	26,267	
Total 90 days or more delinquent and accruing	\$ 5	\$ 161	\$ 223	\$ 24,976	\$ 14	\$ 888	\$ —	\$ 26,267	

(Dollars in thousands)	Amortized Cost Basis								
	Term Loans and Leases by Origination Year							Revolving Loans and Leases	Total
	2025	2024	2023	2022	2021	Prior			
September 30, 2025									
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 March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Term lending	\$ 44,403	\$ 27,521	\$ 43,974	\$ 25,365
Asset-based lending	21,561	530	24,002	555
Factoring	1,578	1,398	1,410	831
Lease financing	4,074	4,887	4,140	3,226
SBA/USDA	21,777	3,096	18,572	2,498
Other commercial finance	538	—	512	—
Commercial finance	93,931	37,432	92,610	32,475
Total loans and leases	\$ 93,931	\$ 37,432	\$ 92,610	\$ 32,475

The recognized interest income on the Company's nonaccrual loans and leases for the three and six months ended March 31, 2026 and 2025 was not significant.

Modifications made to borrowers experiencing financial difficulty during the three and six months ended March 31, 2026 were \$0.5 million and \$3.0 million, respectively, in the commercial finance loan portfolio. The types of modifications granted were term extensions. Modifications made to borrowers experiencing financial difficulty during the three and six months ended March 31, 2025 were \$5.9 million and \$9.1 million, respectively, in the commercial finance loan portfolio.

During the six months ended March 31, 2026, the Company had \$2.1 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default. As of March 31, 2026, \$2.1 million of modifications granted during the current six month period were in the 30-59 days past due category. During the six months ended March 31, 2025, the Company had \$6.1 million of commercial finance loans where a modification was granted in the previous 12 months in which there was a payment default. As of March 31, 2025, no modifications granted during the six months ended March 31, 2025 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.

(Dollars in thousands, except per share data)	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Basic income per common share:				
Net income attributable to Pathward Financial, Inc.	\$ 72,910	\$ 74,957	\$ 108,076	\$ 104,923
Dividends and undistributed earnings allocated to participating securities	(70)	(264)	(130)	(402)
Basic net earnings available to common stockholders	72,840	74,693	107,946	104,521
Undistributed earnings allocated to nonvested restricted stockholders	69	260	127	393
Reallocation of undistributed earnings to nonvested restricted stockholders	(69)	(259)	(126)	(392)
Diluted net earnings available to common stockholders	\$ 72,840	\$ 74,694	\$ 107,947	\$ 104,522
Total weighted-average basic common shares outstanding	21,612,033	23,657,145	21,965,316	23,941,980
Effect of dilutive securities⁽¹⁾				
PSUs	108,189	118,878	100,030	97,040
Total effect of dilutive securities	108,189	118,878	100,030	97,040
Total weighted-average diluted common shares outstanding	21,720,222	23,776,023	22,065,346	24,039,020
Net earnings per common share:				
Basic earnings per common share	\$ 3.37	\$ 3.16	\$ 4.91	\$ 4.37
Diluted earnings per common share ⁽²⁾	\$ 3.35	\$ 3.14	\$ 4.89	\$ 4.35

⁽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 March 31, 2026 and 2025, respectively, were 20,794 and 83,665 weighted average shares of nonvested restricted stock because their inclusion would be anti-dilutive. Excluded from the computation of diluted earnings per share for the six months ended March 31, 2026 and 2025, respectively, were 26,327 and 92,172 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)	March 31, 2026	September 30, 2025
Computers and IT networking equipment	\$ 7,727	\$ 11,723
Motor vehicles and other	127,702	141,101
Other furniture and equipment	22,559	26,040
Solar panels and equipment	116,708	111,447
Total	274,696	290,311
Accumulated depreciation	(129,025)	(131,530)
Unamortized initial direct costs	519	665
Net book value	\$ 146,190	\$ 159,446

Future minimum lease payments expected to be received for operating leases at March 31, 2026 were as follows:

(Dollars in thousands)	
Remaining in 2026	\$ 16,660
2027	27,490
2028	19,133
2029	13,502
2030	3,955
Thereafter	2,820
Total	\$ 83,560

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

The Company held a total of \$297.9 million of goodwill at March 31, 2026. 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 six months ended March 31, 2026.

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	(548)	(877)	(264)	(1,689)
March 31, 2026	\$ 4,798	\$ 3,234	\$ 2,781	\$ 10,813
Gross carrying amount	\$ 13,774	\$ 70,338	\$ 7,732	\$ 91,844
Accumulated amortization	(8,976)	(56,186)	(4,798)	(69,960)
Accumulated impairment	—	(10,918)	(153)	(11,071)
March 31, 2026	\$ 4,798	\$ 3,234	\$ 2,781	\$ 10,813
September 30, 2024	\$ 6,422	\$ 6,566	\$ 3,601	\$ 16,589
Amortization during the period	(538)	(1,064)	(292)	(1,894)
Write-offs and disposals during the period	—	(631)	—	(631)
March 31, 2025	\$ 5,884	\$ 4,871	\$ 3,309	\$ 14,064
Gross carrying amount	\$ 13,774	\$ 70,338	\$ 7,732	\$ 91,844
Accumulated amortization	(7,890)	(54,549)	(4,270)	(66,709)
Accumulated impairment	—	(10,918)	(153)	(11,071)
March 31, 2025	\$ 5,884	\$ 4,871	\$ 3,309	\$ 14,064

⁽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 six months of fiscal 2026 and subsequent fiscal years at March 31, 2026 was as follows:

(Dollars in thousands)	
Remaining in 2026	\$ 1,414
2027	2,482
2028	2,193
2029	1,577
2030	1,478
Thereafter	1,669
Total anticipated intangible amortization	\$ 10,813

There were no impairments to intangible assets during the six months ended March 31, 2026 and 2025. 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 \$21.9 million and \$22.7 million at March 31, 2026 and September 30, 2025, respectively.

Operating lease liabilities, included in accrued expenses and other liabilities, were \$23.2 million and \$24.0 million at March 31, 2026 and September 30, 2025, respectively.

The decreases in lease ROU assets and liabilities relate to normal amortization and lease payments made during the six months ended March 31, 2026.

Undiscounted future minimum operating lease payments and a reconciliation to the amount recorded as operating lease liabilities at March 31, 2026 were as follows:

(Dollars in thousands)

Remaining in 2026	\$	1,799
2027		3,497
2028		3,591
2029		3,633
2030		3,426
Thereafter		9,879
Total undiscounted future minimum lease payments		25,825
Discount		(2,631)
Total operating lease liabilities	\$	23,194

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

	March 31, 2026	September 30, 2025
Weighted-average discount rate	2.67 %	2.65 %
Weighted-average remaining lease term (years)	7.44	7.97

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

(Dollars in thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2026	2025	2026	2025
Lease expense	\$ 908	\$ 998	\$ 1,802	\$ 1,917
Short-term and variable lease cost	28	23	57	44
Sublease income	(399)	(351)	(811)	(703)
Total lease cost for operating leases	\$ 537	\$ 670	\$ 1,048	\$ 1,258

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 six months ended March 31, 2026 and 2025, the Company repurchased 1,507,005 and 1,277,664 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 March 31, 2026, 3,430,811 shares of common stock remained available for repurchase.

For the six months ended March 31, 2026 and 2025, 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 six months ended March 31, 2026 and 2025, respectively.

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 six months ended March 31, 2026.

	Number of Shares	Weighted Average Fair Value at Grant
Restricted Stock Awards		
Nonvested shares outstanding, September 30, 2025	81,697	\$ 47.77
Granted	13,200	92.85
Vested	(74,103)	54.74
Forfeited or expired	—	—
Nonvested shares outstanding, March 31, 2026	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	(4,903)	72.79
Nonvested shares outstanding, March 31, 2026	179,042	\$ 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, March 31, 2026	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 \$6.8 million and \$5.1 million for the six months ended March 31, 2026 and 2025, respectively. This expense is recorded primarily within compensation and benefits on the Condensed Consolidated Statements of Operations.

As of March 31, 2026, stock-based compensation expense not yet recognized in income totaled \$14.2 million, which is expected to be recognized over a weighted average remaining period of 1.79 years.

NOTE 11. INCOME TAXES

The Company recorded an income tax expense of \$21.4 million for the six months ended March 31, 2026, resulting in an effective tax rate of 16.5%, compared to an income tax expense of \$22.2 million, or an effective tax rate of 17.4%, for the six months ended March 31, 2025. 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.

(Dollars in thousands)	Six Months Ended March 31,	
	2026	2025
Provision at statutory rate	\$ 27,182	\$ 26,690
Tax-exempt income	(291)	(319)
State income taxes	4,921	4,773
Interim period effective rate adjustment	(1,991)	(4,375)
Tax credit investments, net - federal	(7,161)	(3,694)
Research tax credit	(1,303)	—
162(m) disallowance	865	605
Other, net	(858)	(1,509)
Income tax expense	\$ 21,364	\$ 22,171
Effective tax rate	16.5%	17.4 %

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	
	2026	2025	2026	2025	2026	2025	2026	2025
Three Months Ended March 31,								
Net interest income ⁽¹⁾	\$ 66,183	\$ 75,633	\$ 45,375	\$ 41,987	\$ 13,566	\$ 18,659	\$ 125,124	\$ 136,279
Noninterest income:								
Refund transfer product fees	34,789	32,663	—	—	—	—	34,789	32,663
Refund advance and other tax fee income ⁽¹⁾	57,514	48,585	—	—	—	—	57,514	48,585
Card and deposit fees	37,330	30,583	185	202	11	8	37,526	30,793
Rental income ⁽¹⁾	—	—	10,707	12,990	240	210	10,947	13,200
(Loss) on sale of securities ⁽¹⁾	—	—	—	—	—	(7,228)	—	(7,228)
(Loss) on divestitures ⁽¹⁾	—	—	—	—	—	(1,360)	—	(1,360)
Secondary market revenue ⁽¹⁾	—	(25)	3,574	2,074	—	13,329	3,574	15,378
Gain on sale of other ⁽¹⁾	—	—	883	627	—	—	883	627
Other income ⁽¹⁾	1,638	2,221	3,293	2,225	1,016	1,420	5,947	5,866
Total noninterest income	131,271	114,027	18,642	18,118	1,267	6,379	151,180	138,524
Revenue	\$ 197,454	\$ 189,660	\$ 64,017	\$ 60,105	\$ 14,833	\$ 25,038	\$ 276,304	\$ 274,803

Six Months Ended March 31,								
Net interest income (expense) ⁽¹⁾	\$ 137,075	\$ 156,694	\$ 95,195	\$ 85,280	\$ 12,192	\$ 19,554	\$ 244,462	\$ 261,528
Noninterest income:								
Refund transfer product fees	35,144	33,073	—	—	—	—	35,144	33,073
Refund advance and other tax fee income ⁽¹⁾	57,645	49,110	—	—	—	—	57,645	49,110
Card and deposit fees	67,279	59,411	369	434	18	14	67,666	59,859
Rental income ⁽¹⁾	—	—	22,088	26,498	479	410	22,567	26,908
(Loss) on sale of securities ⁽¹⁾	—	—	—	—	—	(22,899)	—	(22,899)
Gain on divestitures ⁽¹⁾	—	—	—	—	—	15,044	—	15,044
Secondary market revenue ⁽¹⁾	—	15	7,731	6,412	—	13,328	7,731	19,755
Gain on sale of other ⁽¹⁾	—	—	1,371	1,158	—	456	1,371	1,614
Other income ⁽¹⁾	3,264	6,020	7,692	4,855	1,863	2,563	12,819	13,438
Total noninterest income	163,332	147,629	39,251	39,357	2,360	8,916	204,943	195,902
Revenue	\$ 300,407	\$ 304,323	\$ 134,446	\$ 124,637	\$ 14,552	\$ 28,470	\$ 449,405	\$ 457,430

⁽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 six months ended March 31, 2026.

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	
	2026	2025	2026	2025	2026	2025	2026	2025
Three Months Ended March 31,								
Interest and dividend income	\$ 77,109	\$ 87,326	\$ 81,463	\$ 73,055	\$ (27,696)	\$ (18,377)	\$ 130,876	\$ 142,004
Interest expense	10,926	11,693	36,088	31,068	(41,262)	(37,036)	5,752	5,725
Net interest income	66,183	75,633	45,375	41,987	13,566	18,659	125,124	136,279
Provision for (reversal of) credit loss	23,164	31,739	22,489	3,508	(37)	19	45,616	35,266
Net interest income after provision for (reversal of) credit loss	43,019	43,894	22,886	38,479	13,603	18,640	79,508	101,013
Noninterest income	131,271	114,027	18,642	18,118	1,267	6,379	151,180	138,524
Noninterest expense								
Compensation and benefits	8,729	7,868	10,295	12,209	36,381	31,828	55,405	51,905
Building and software	2,956	2,399	2,343	2,353	6,902	5,554	12,201	10,306
Operating lease equipment depreciation	—	—	9,075	11,779	—	—	9,075	11,779
Rate related card expenses	25,419	28,380	—	—	—	—	25,419	28,380
Other card expenses	8,044	7,846	—	—	12	13	8,056	7,859
Tax product expenses	10,551	9,740	—	—	—	—	10,551	9,740
Loan expenses	3	8	6,207	3,491	—	—	6,210	3,499
Legal and consulting	530	551	756	994	4,045	4,334	5,331	5,879
SG & A intercompany allocations	18,204	17,830	8,703	7,085	(26,907)	(24,915)	—	—
Consumer lending program expenses	153	5,657	—	—	—	—	153	5,657
Other expenses	4,542	4,499	1,372	2,777	5,141	5,897	11,055	13,173
Total noninterest expense	79,131	84,778	38,751	40,688	25,574	22,711	143,456	148,177
Income (loss) before income tax expense	95,159	73,143	2,777	15,909	(10,704)	2,308	87,232	91,360
Total assets	355,864	431,962	4,511,809	3,975,353	2,244,726	2,587,471	7,112,399	6,994,786
Total goodwill	87,145	87,145	210,783	210,783	—	—	297,928	297,928
Total deposits	5,588,918	5,633,529	174	140	262,604	185,540	5,851,696	5,819,209
Six Months Ended March 31,								
Interest and dividend income	\$ 149,613	\$ 170,699	\$ 165,298	\$ 147,669	\$ (62,813)	\$ (48,008)	\$ 252,098	\$ 270,360
Interest expense	12,538	14,005	70,103	62,389	(75,005)	(67,562)	7,636	8,832
Net interest income	137,075	156,694	95,195	85,280	12,192	19,554	244,462	261,528
Provision for (reversal of) credit loss	25,888	42,463	22,999	11,339	(41)	125	48,846	53,927
Net interest income after provision for (reversal of) credit loss	111,187	114,231	72,196	73,941	12,233	19,429	195,616	207,601
Noninterest income	163,332	147,629	39,251	39,357	2,360	8,916	204,943	195,902
Noninterest expense								
Compensation and benefits	16,673	15,625	21,885	25,550	68,711	60,022	107,269	101,197
Building and software	5,874	4,624	4,743	4,624	14,164	10,765	24,781	20,013
Operating lease equipment depreciation	—	—	19,070	23,206	—	—	19,070	23,206
Rate related card expenses	49,219	54,004	—	—	—	—	49,219	54,004
Other card expenses	14,670	15,528	—	—	23	20	14,693	15,548
Tax product expenses	10,697	9,882	—	—	—	—	10,697	9,882
Loan expenses	1,081	1,124	10,862	6,780	—	—	11,943	7,904
Legal and consulting	1,108	1,132	1,668	1,961	8,109	8,010	10,885	11,103

SG & A intercompany allocations	37,057	34,687	16,757	15,143	(53,814)	(49,830)	—	—
Consumer lending program expenses	276	9,895	—	—	—	—	276	9,895
Other expenses	8,905	8,514	2,830	4,245	10,101	10,462	21,836	23,221
Total noninterest expense	145,560	155,015	77,815	81,509	47,294	39,449	270,669	275,973
Income (loss) before income tax expense	128,959	106,845	33,632	31,789	(32,701)	(11,104)	129,890	127,530
Total assets	355,864	431,962	4,511,809	3,975,353	2,244,726	2,587,471	7,112,399	6,994,786
Total goodwill	87,145	87,145	210,783	210,783	—	—	297,928	297,928
Total deposits	5,588,918	5,633,529	174	140	262,604	185,540	5,851,696	5,819,209

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 March 31, 2026 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
March 31, 2026				
Debt securities AFS				
Corporate securities	\$ 21,500	\$ —	\$ 21,500	\$ —
SBA securities	10,333	—	10,333	—
Obligations of states and political subdivisions	165	—	165	—
Non-bank qualified obligations of states and political subdivisions	175,797	—	175,797	—
Asset-backed securities	127,999	—	127,999	—
Mortgage-backed securities	935,559	—	935,559	—
Total debt securities AFS	\$ 1,271,353	\$ —	\$ 1,271,353	\$ —
Common equities and mutual funds ⁽¹⁾	\$ 4,615	\$ 4,615	\$ —	\$ —
Non-marketable equity securities ⁽²⁾	\$ 13,640	\$ —	\$ —	\$ —
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 March 31, 2026 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 42%.

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
March 31, 2026				
Loans and leases, net individually evaluated for credit loss				
Commercial finance	\$ 29,635	\$ —	\$ —	\$ 29,635
Total loans and leases, net individually evaluated for credit loss	29,635	—	—	29,635
Total	\$ 29,635	\$ —	\$ —	\$ 29,635
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 March 31, 2026	Fair Value at September 30, 2025	Valuation Technique	Unobservable Input	Range of Inputs
Loans and leases, net individually evaluated for credit loss	\$ 29,635	\$ 32,321	Market approach	Appraised values ⁽¹⁾	3% - 42%

⁽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 42%.

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 March 31, 2026 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:

March 31, 2026					
(Dollars in thousands)	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	\$ 157,602	\$ 157,602	\$ 157,602	\$ —	\$ —
Debt securities available for sale	1,271,353	1,271,353	—	1,271,353	—
Debt securities held to maturity	28,068	23,961	—	23,961	—
Common equities and mutual funds ⁽¹⁾	4,615	4,615	4,615	—	—
Non-marketable equity securities ⁽¹⁾⁽²⁾	21,051	21,051	—	7,411	—
Loans held for sale	53,072	53,072	—	53,072	—
Loans and leases	4,868,322	4,822,116	—	—	4,822,116
Federal Reserve Bank and Federal Home Loan Bank stocks	25,480	25,480	—	25,480	—
Accrued interest receivable	36,127	36,127	36,127	—	—
Financial liabilities					
Deposits	5,851,696	5,851,618	5,849,056	2,562	—
Overnight federal funds purchased	26,000	26,000	26,000	—	—
Other short- and long-term borrowings	33,508	34,023	—	34,023	—
Accrued interest payable	186	186	186	—	—

⁽¹⁾ Equity securities at fair value are included within other assets on the Condensed Consolidated Statements of Financial Condition at March 31, 2026.

⁽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 March 31, 2026. 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 March 31, 2026.

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, including impacts of technology investments. 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; emerging external focus among regulators and other officials related to risks in connection with the development and use of artificial intelligence; 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 such as the military conflicts in Ukraine and the Middle East, government shutdowns, 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 March 31, 2026, compared to September 30, 2025, and the consolidated results of operations for the three and six months ended March 31, 2026 and 2025. 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

Company Highlights

- The Company's subsidiary Pathward®, N.A. announced it became Certified™ by Great Place To Work® for the fourth year in a row. This year, 88% of employees surveyed said Pathward is a Great Place To Work® – 31 points higher than the typical U.S. company. Great Place to Work® describes itself as the global authority on workplace culture, employee experience, and the leadership behaviors proven to deliver market-leading revenue, employee retention and increased innovation.

Financial Highlights for the 2026 Fiscal Second Quarter

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

- Total revenue was \$276.3 million, which was driven by a 9% increase in noninterest income. This was primarily driven by growth in card and deposit fees of 22%, refund advance and other tax fee income of 18%, and refund transfer product fees of 7%. Noninterest income represented 55% of total revenue.
- New loan originations, excluding tax services, increased from \$902 million to \$1.31 billion, primarily driven by the new contract announced during fiscal 2025 within consumer finance.
- Annualized return on average assets was 3.56% and return on average tangible equity was 54.41%.
- The Company repurchased 855,201 shares of common stock at an average share price of \$84.15. As of March 31, 2026, there were 3,430,811 shares available for repurchase under the current common stock share repurchase program.

Tax Season

All reported numbers are for the six months ended March 31, 2026 and are compared to the same fiscal period in the prior year.

Total tax services product revenue was \$95.7 million, an increase of 13% compared to the prior year. This was driven by an increase in the number of refund advances, as well as higher origination volumes and an increase in refund transfers. Total tax services product fee income increased by \$10.6 million and net interest income on tax services loans increased \$0.2 million. Total tax services product expense increased \$0.8 million when compared to the prior year.

Provision for credit losses for the tax services portfolio decreased \$4.4 million when compared to the prior year as a result of the continued work on enhancing underwriting models and data analytics capabilities.

Total tax services product income, net of losses and direct product expenses, increased 30% to \$62.0 million from \$47.6 million. This increase is the result of significant work to grow this business, increase market share and evolve the underwriting model.

For the 2026 tax season through March 31, 2026, the Company originated \$1.87 billion in refund advance loans compared to \$1.66 billion during the 2025 tax season.

FINANCIAL CONDITION

At March 31, 2026, the Company's total assets decreased to \$7.11 billion compared to \$7.17 billion at September 30, 2025, primarily due to reductions of \$126.3 million in loans held for sale, \$56.5 million in debt securities AFS, \$55.3 million in other assets, and an increase of \$45.0 million in allowance for credit losses, partially offset by growth of \$202.3 million in loans and leases and \$37.0 million in cash and cash equivalents.

Total cash and cash equivalents were \$157.6 million at March 31, 2026, 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 March 31, 2026, the Company did not have any federal funds sold.

The Company's investment security balances at March 31, 2026 totaled \$1.30 billion, as compared to \$1.36 billion at September 30, 2025, due to 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 six months ended March 31, 2026, 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 \$25.5 million at March 31, 2026 and \$24.7 million at September 30, 2025, as purchases of FHLB membership stock were partially offset by redemptions during the six months ended March 31, 2026.

Loans held for sale at March 31, 2026 totaled \$53.1 million, decreasing from \$179.4 million at September 30, 2025. This decrease was primarily driven by the sale of the consumer finance portfolio in October 2025, partially offset by an increase in SBA/USDA loans held for sale at March 31, 2026 compared to September 30, 2025.

Total gross loans and leases totaled \$4.87 billion at March 31, 2026, as compared to \$4.66 billion at September 30, 2025. The increase was due to growth in the commercial finance and seasonal tax services portfolios, partially offset by a decrease in the consumer finance portfolio due to the aforementioned loan sale within that portfolio in October 2025, as well as a 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 84% of the Company's loan and lease portfolio, totaled \$4.11 billion at March 31, 2026, reflecting an increase of \$188.6 million, or 5%, from September 30, 2025. The increase was primarily driven by an increase of \$199.3 million in term lending and \$67.0 million in asset-based lending, partially offset by a decrease of \$76.2 million in other commercial finance. These changes are primarily the result of the Company's efforts to optimize the balance sheet.

Total end-of-period deposits decreased 1% to \$5.85 billion at March 31, 2026, from \$5.89 billion at September 30, 2025, primarily driven by a decrease in noninterest-bearing deposits of \$89.8 million, partially offset by an increase in interest-bearing checking of \$46.7 million.

The Company's total borrowings increased from \$42.5 million at September 30, 2025 to \$59.5 million at March 31, 2026, driven by an increase in short-term borrowings of \$17.0 million. 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 March 31, 2026, the Company's stockholders' equity totaled \$850.7 million, a decrease of \$6.8 million, from \$857.5 million at September 30, 2025. The decrease was primarily attributable to a decrease in retained earnings, partially offset by an increase in additional paid-in capital and a decrease in accumulated other comprehensive loss. The Company and Bank remained above the federal regulatory minimum capital requirements at March 31, 2026, 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-classified 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)	March 31, 2026	September 30, 2025
Noninterest-bearing deposits	\$ 5,798,536	\$ 5,886,873
Prefunding	(238,583)	(245,841)
Discount funding	(12,409)	(3,501)
DDA overdrafts	(17,777)	(17,977)
Noninterest-bearing checking, net	\$ 5,529,767	\$ 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 March 31, 2026, the Company managed \$1.07 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.

	Three Months Ended March 31,					
	2026			2025		
(Dollars in thousands)	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate ⁽¹⁾	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate ⁽¹⁾
Interest-earning assets:						
Cash and fed funds sold	\$ 620,549	\$ 4,886	3.19 %	\$ 926,841	\$ 9,088	3.98 %
Mortgage-backed securities	1,100,278	7,590	2.80 %	1,240,243	8,580	2.81 %
Tax-exempt investment securities	104,537	747	3.67 %	116,976	797	3.50 %
Asset-backed securities	132,041	1,500	4.61 %	180,750	2,228	5.00 %
Other investment securities	170,063	1,324	3.16 %	207,973	1,556	3.03 %
Total investments	1,506,919	11,161	3.06 %	1,745,942	13,161	3.11 %
Commercial finance	4,128,461	81,463	8.00 %	3,597,280	73,053	8.24 %
Consumer finance	146,499	7,187	19.90 %	295,099	19,976	27.45 %
Tax services	620,285	12,695	8.30 %	557,229	11,913	8.67 %
Warehouse finance	631,052	13,484	8.67 %	638,747	14,813	9.41 %
Total loans and leases	5,526,297	114,829	8.43 %	5,088,355	119,755	9.54 %
Total interest-earning assets	7,653,765	\$ 130,876	6.95 %	7,761,138	\$ 142,004	7.43 %
Noninterest-earning assets	648,512			611,851		
Total assets	\$ 8,302,277			\$ 8,372,989		
Interest-bearing liabilities:						
Interest-bearing checking	\$ 3,537	\$ —	0.01 %	\$ 2,462	\$ —	0.04 %
Savings	50,501	4	0.03 %	53,120	3	0.02 %
Money markets	209,841	138	0.27 %	179,591	270	0.61 %
Time deposits	2,640	6	0.91 %	4,213	3	0.25 %
Wholesale deposits	431,278	4,126	3.88 %	349,706	3,810	4.42 %
Total interest-bearing deposits (a)	697,797	4,274	2.48 %	589,092	4,086	2.81 %
Overnight fed funds purchased	87,836	862	3.98 %	88,522	1,003	4.60 %
Subordinated debentures	19,830	357	7.30 %	19,728	355	7.29 %
Other borrowings	13,661	259	7.68 %	13,661	281	8.34 %
Total borrowings	121,327	1,478	4.94 %	121,911	1,639	5.45 %
Total interest-bearing liabilities	819,124	5,752	2.85 %	711,003	5,725	3.27 %
Noninterest-bearing deposits (b)	6,323,247	—	— %	6,592,216	—	— %
Total deposits and interest-bearing liabilities	7,142,371	\$ 5,752	0.33 %	7,303,219	\$ 5,725	0.32 %
Other noninterest-bearing liabilities	307,071			294,080		
Total liabilities	7,449,442			7,597,299		
Shareholders' equity	852,835			775,690		
Total liabilities and shareholders' equity	\$ 8,302,277			\$ 8,372,989		
Net interest income and net interest rate spread including noninterest-bearing deposits		\$ 125,124	6.62 %		\$ 136,279	7.11 %
Net interest margin			6.63 %			7.12 %
Tax-equivalent effect			0.01 %			0.01 %
Net interest margin, tax-equivalent⁽²⁾			6.64 %			7.13 %
Total cost of deposits (a+b)	7,021,044	4,274	0.25 %	7,181,308	4,086	0.23 %

⁽¹⁾ Tax rate used to arrive at the TEY for the three months ended March 31, 2026 and 2025 was 21%.

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

(Dollars in thousands)	Six Months Ended March 31,					
	2026			2025		
	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate ⁽¹⁾	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate ⁽¹⁾
Interest-earning assets:						
Cash and fed funds sold	\$ 446,046	\$ 6,686	3.01 %	\$ 579,452	\$ 11,346	3.93 %
Mortgage-backed securities	1,111,299	15,402	2.78 %	1,275,467	17,566	2.76 %
Tax-exempt investment securities	105,972	1,481	3.55 %	118,862	1,642	3.51 %
Asset-backed securities	134,278	3,246	4.85 %	184,497	4,832	5.25 %
Other investment securities	171,738	2,679	3.13 %	221,173	3,370	3.06 %
Total investments	1,523,287	22,808	3.05 %	1,799,999	27,410	3.10 %
Commercial finance	4,118,802	165,296	8.05 %	3,642,820	147,665	8.13 %
Consumer finance	173,131	16,644	19.28 %	305,868	42,317	27.75 %
Tax services	329,509	12,655	7.70 %	294,147	12,045	8.21 %
Warehouse finance	637,833	28,009	8.81 %	621,094	29,577	9.55 %
Total loans and leases	5,259,275	222,604	8.49 %	4,863,929	231,604	9.55 %
Total interest-earning assets	7,228,608	\$ 252,098	7.01 %	7,243,380	\$ 270,360	7.50 %
Noninterest-earning assets	646,970			620,823		
Total assets	\$ 7,875,578			\$ 7,864,203		
Interest-bearing liabilities:						
Interest-bearing checking	\$ 2,226	\$ —	0.03 %	\$ 1,564	\$ —	4.30 %
Savings	47,224	8	0.03 %	49,252	6	0.03 %
Money markets	211,145	306	0.29 %	179,850	655	0.73 %
Time deposits	2,638	12	0.91 %	4,210	6	0.25 %
Wholesale deposits	214,627	4,154	3.88 %	186,526	4,194	4.51 %
Total interest-bearing deposits (a)	477,860	4,480	1.88 %	421,402	4,861	2.31 %
Overnight fed funds purchased	93,096	1,910	4.11 %	110,165	2,674	4.87 %
Subordinated debentures	19,817	713	7.22 %	19,715	710	7.22 %
Other borrowings	13,661	533	7.82 %	13,661	587	8.62 %
Total borrowings	126,574	3,156	5.00 %	143,541	3,971	5.55 %
Total interest-bearing liabilities	604,434	7,636	2.53 %	564,943	8,832	3.14 %
Noninterest-bearing deposits (b)	6,114,940	—	— %	6,203,825	—	— %
Total deposits and interest-bearing liabilities	6,719,374	\$ 7,636	0.23 %	6,768,768	\$ 8,832	0.26 %
Other noninterest-bearing liabilities	313,729			315,189		
Total liabilities	7,033,103			7,083,957		
Shareholders' equity	842,475			780,246		
Total liabilities and shareholders' equity	\$ 7,875,578			\$ 7,864,203		
Net interest income and net interest rate spread including noninterest-bearing deposits		\$ 244,462	6.78 %		\$ 261,528	7.24 %
Net interest margin			6.78 %			7.24 %
Tax-equivalent effect			0.01 %			0.01 %
Net interest margin, tax-equivalent⁽²⁾			6.79 %			7.25 %
Total cost of deposits (a+b)	6,592,800	4,480	0.14 %	6,625,227	4,861	0.15 %

⁽¹⁾ Tax rate used to arrive at the TEY for the six months ended March 31, 2026 and 2025 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 \$72.9 million, or \$3.35 per diluted share, for the three months ended March 31, 2026, compared to net income of \$75.0 million, or \$3.14 per diluted share, for the three months ended March 31, 2025.

The Company reported net income of \$108.1 million, or \$4.89 per diluted share, for the six months ended March 31, 2026, compared to net income of \$104.9 million, or \$4.35 per diluted share, for the six months ended March 31, 2025.

Net Interest Income

Net interest income for the second quarter of fiscal 2026 was \$125.1 million, a decrease of 8% compared to the same quarter in fiscal 2025, which was primarily driven by decreases in interest income of \$12.8 million on the consumer finance portfolio and \$4.2 million of cash and fed funds sold. Interest income on the consumer finance portfolio was impacted by the sale of a portfolio in October 2025 that was previously accounted for using a gross accounting methodology, and therefore, recorded at higher yields with offsetting entries not included in net interest income. Partially offsetting that decrease, interest income from commercial finance loans and leases increased \$8.4 million over that same period.

For the six months ended March 31, 2026, net interest income was \$244.5 million, a decrease of 7% compared to the same period in the prior fiscal year.

The Company's average interest-earning assets for the second quarter of fiscal 2026 decreased by \$107.4 million to \$7.65 billion compared to the same quarter in fiscal 2025, due to decreases in the average outstanding balances in cash and fed funds sold and total investments securities. The decrease was partially offset by an increase in the average outstanding balance of total loans and leases. These results are expected as the Company continues to shift the balance sheet toward higher returning assets. The second quarter average outstanding balance of loans and leases increased \$437.9 million compared to the same quarter of the prior fiscal year, due to increases in the commercial finance and tax services portfolios, partially offset by decreases in the consumer finance and warehouse finance portfolios.

Fiscal 2026 second quarter NIM decreased to 6.63% from 7.12% in the second fiscal quarter of 2025 primarily due to the aforementioned sale of the consumer finance portfolio in October 2025. The overall reported tax-equivalent yield ("TEY") on average interest-earning assets decreased 48 basis points to 6.95% compared to the prior year quarter. The yield on the loan and lease portfolio was 8.43% compared to 9.54% for the comparable period last year and the TEY on the securities portfolio was 3.06% compared to 3.11% over that same period. The decreases in the TEY on average interest-earning assets and the yield on the loan and lease portfolio were also primarily driven by the aforementioned sale of the consumer finance portfolio.

For the six months ended March 31, 2026, NIM was 6.78%, a decrease of 46 basis points from 7.24% compared to the same period in the prior fiscal year.

The Company's cost of funds for all deposits and borrowings averaged 0.33% during the fiscal 2026 second quarter, as compared to 0.32% during the prior year quarter. The Company's overall cost of deposits was 0.25% in the fiscal second quarter of 2026, as compared to 0.23% during the prior year quarter.

Provision for Credit Loss

The Company recognized a provision for credit losses of \$45.6 million for the quarter ended March 31, 2026, compared to \$35.3 million for the comparable period in the prior fiscal year. The year-over-year increase was primarily due to increases in the commercial finance portfolio of \$19.0 million, partially offset by decreases in the consumer finance portfolio of \$6.9 million and the tax services portfolio of \$1.7 million. The Company recognized net charge-offs of \$5.8 million for the quarter ended March 31, 2026, compared to net charge-offs of \$6.4 million for the quarter ended March 31, 2025. Net charge-offs attributable to the commercial finance portfolio and consumer finance portfolio were \$14.5 million and \$1.1 million, respectively, while net recoveries of \$9.7 million were recognized in the seasonal tax services portfolio. Net charge-offs attributable to the commercial finance portfolio and consumer finance portfolio for the same quarter of the prior year were \$6.9 million and \$6.3 million, respectively, while net recoveries of \$6.8 million were recognized in the tax services portfolio.

The Company recognized a provision for credit losses of \$48.8 million for the six months ended March 31, 2026, compared to \$53.9 million for the comparable period in the prior fiscal year. The decrease was primarily due to decreases in provision for credit losses in the consumer finance portfolio of \$12.2 million and tax services portfolio of \$4.4 million, partially offset by an increase in the commercial finance portfolio of \$11.6 million. The Company recognized net charge-offs of \$3.6 million for the six months ended March 31, 2026, compared to net charge-offs of \$22.6 million for the six months ended March 31, 2025. Net charge-offs attributable to the commercial finance portfolio and the consumer finance portfolio for the six months ended March 31, 2026 were \$13.2 million and \$2.6 million, respectively, while net recoveries of \$12.2 million were recognized in the tax services portfolio. Net charge-offs attributable to the commercial finance portfolio and the consumer finance portfolio were \$14.9 million and \$14.0 million, respectively, for the same six months of the prior year, while net recoveries of \$6.3 million were recognized in the tax services portfolio.

Noninterest Income

Fiscal 2026 second quarter noninterest income increased 9% to \$151.2 million, compared to \$138.5 million for the same period of the prior year. The increase was driven by increases in refund advance and other tax fee income, card and deposit fees, and refund transfer product fees, partially offset by decreases in secondary market revenue and rental income. Secondary market revenue in the prior year period was elevated by the gain from a portfolio sale within working capital. That gain was partially offset by a loss on sale of securities and a loss on divestiture that were also recognized in the prior year period.

Servicing fee income on custodial deposits totaled \$7.8 million during the 2026 fiscal second quarter, as compared to \$6.5 million for the same period of the prior year. The year-over-year increase in servicing fee income on custodial deposit balances held at Program Banks was due to higher quarterly average deposits balances held at Program Banks.

Noninterest income for the six months ended March 31, 2026 increased to \$204.9 million from \$195.9 million for the same period of the prior year.

Noninterest Expense

Noninterest expense decreased 3% to \$143.5 million in the second quarter of fiscal 2026, compared to \$148.2 million for the same quarter last year. The decrease was primarily attributable to reductions in card processing and other expense, partially offset by increases in compensation and benefits and building and software 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 second quarter. For the fiscal quarter ended March 31, 2026, contractual, rate-related processing expenses were \$25.4 million, as compared to \$28.4 million for the fiscal quarter ended March 31, 2025.

Noninterest expense for the six months ended March 31, 2026 decreased to \$270.7 million from \$276.0 million for the same period of the prior year.

Income Tax Expense

The Company recorded an income tax expense of \$14.2 million, representing an effective tax rate of 16.2%, for the fiscal 2026 second quarter, compared to an income tax expense of \$16.2 million, representing an effective tax rate of 17.7%, for the second quarter last fiscal year. The current quarter decrease in income tax expense compared to the prior year quarter was primarily driven by research tax credits.

The Company originated \$8.0 million in renewable energy leases during the fiscal 2026 second quarter, resulting in \$2.0 million in total net investment tax credits. During the second quarter of fiscal 2025, the Company originated \$1.9 million in renewable energy leases resulting in \$0.5 million in total net investment tax credits. For the six months ended March 31, 2026, the Company originated \$27.7 million in renewable energy leases, compared to \$11.2 million for the comparable prior year period. Investment tax credits related to renewable energy leases are recognized ratably based on income throughout each fiscal year.

The Company recorded an income tax expense of \$21.4 million, representing an effective tax rate of 16.5% for the six months ended March 31, 2026, compared to an income tax expense of \$22.2 million, or an effective tax rate of 17.4%, for the six months ended March 31, 2025.

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 March 31, 2026 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)	March 31, 2026	September 30, 2025
Nonperforming Loans and Leases		
<u>Nonaccruing loans and leases:</u>		
Commercial finance	\$ 91,446	\$ 81,416
Total nonaccruing loans and leases	91,446	81,416
<u>Accruing loans and leases delinquent 90 days or more:</u>		
Loans held for sale	—	1,521
Commercial finance	25,850	12,900
Consumer finance	417	826
Tax services ⁽¹⁾	—	2,477
Total accruing loans and leases delinquent 90 days or more	26,267	17,724
Total nonperforming loans and leases	117,713	99,140
Other Assets		
Nonperforming operating leases	2,080	2,571
Total other assets	2,080	2,571
Total nonperforming assets	\$ 119,793	\$ 101,711
Total as a percentage of total assets	1.68 %	1.42 %

⁽¹⁾ Certain tax services loans do not bear interest.

The Company's nonperforming assets at March 31, 2026 were \$119.8 million, representing 1.68% 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 March 31, 2026 compared to September 30, 2025, was driven by an increase in nonperforming loans in the commercial finance portfolio.

The Company's nonperforming loans and leases at March 31, 2026 were \$117.7 million, representing 2.39% 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 March 31, 2026, the Company had classified loans and leases of \$247.3 million as substandard, \$18.3 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 \$98.3 million at March 31, 2026, an increase compared to \$53.3 million at September 30, 2025. The increase in the ACL at March 31, 2026, when compared to September 30, 2025, was primarily due to increases of \$35.3 million in the allowance related to the seasonal tax services portfolio and \$9.5 million in the allowance related to the commercial finance portfolio.

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

	As of the Period Ended				
	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Commercial finance	1.36 %	1.16 %	1.18 %	1.27 %	1.10 %
Consumer finance	7.25 %	6.85 %	6.88 %	11.69 %	12.04 %
Tax services	58.63 %	1.71 %	— %	81.32 %	60.35 %
Warehouse finance	0.10 %	0.10 %	0.10 %	0.10 %	0.10 %
Total loans and leases	2.02 %	1.18 %	1.14 %	2.23 %	2.30 %
Total loans and leases excluding tax services	1.31 %	1.17 %	1.14 %	1.60 %	1.57 %

The Company's ACL as a percentage of total loans and leases increased to 2.02% at March 31, 2026 from 1.14% at September 30, 2025 and decreased from 2.30% at March 31, 2025. 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 in October 2025. The year-over-year decrease in the total loans and leases coverage ratio was partially offset by an increase in the ACL related to the commercial finance portfolio.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's financial statements are prepared in accordance with GAAP. The financial information contained within these financial statements is, to a significant extent, based on approximate measures of the financial effects of transactions and events that have already occurred. Management has identified its critical accounting policies, which are those policies that, in management's view, are most important in the portrayal of our financial condition and results of operations. These policies involve complex and subjective decisions and assessments. Some of these estimates may be uncertain at the time they are made, could change from period to period, and could have a material impact on the financial statements. A discussion of the Company's critical accounting policies and estimates can be found in the Company's Form 10-K for the year ended September 30, 2025. There were no significant changes to these critical accounting policies and estimates during the first six 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 March 31, 2026, the Company had unfunded loan and lease commitments of \$1.55 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 March 31, 2026 include \$157.6 million in cash and cash equivalents and \$1.07 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 \$2.73 billion in total available liquidity as of March 31, 2026. Due to the characteristics of the Company's deposit portfolio, uninsured deposits remained less than 15% of total deposits during the fiscal 2026 second 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 March 31, 2026, 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
March 31, 2026				
Tier 1 leverage capital ratio	8.62 %	8.85 %	4.00 %	5.00 %
Common equity Tier 1 capital ratio	12.65	13.24	4.50	6.50
Tier 1 capital ratio	12.89	13.24	6.00	8.00
Total capital ratio	14.52	14.49	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⁾	
	March 31, 2026	September 30, 2025
Total stockholders' equity	\$ 850,677	\$ 857,454
Adjustments:		
LESS: Goodwill, net of associated deferred tax liabilities	284,471	285,158
LESS: Certain other intangible assets	17,306	18,077
LESS: Net deferred tax assets from operating loss and tax credit carry-forwards	1,207	5,733
LESS: Net unrealized (losses) on available for sale securities	(138,462)	(143,190)
LESS: Noncontrolling interest	(785)	(591)
ADD: Adoption of Accounting Standards Update 2016-13	—	1,788
Common Equity Tier 1 ⁽¹⁾	686,940	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	(382)	(307)
Total Tier 1 capital	700,219	707,409
Allowance for credit losses	68,278	52,455
Subordinated debentures, net of issuance costs	19,846	19,796
Total capital	\$ 788,343	\$ 779,660

(1) Capital amounts and ratios are calculated in accordance with Basel III capital rules as implemented by U.S. banking regulators and reflect fully phased-in regulatory requirements to the Company as of the reporting date.

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 March 31, 2026.

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 March 31, 2026 and September 30, 2025:

Net Sensitive Earnings at Risk

(Dollars in Thousands)	Book Value	Change in Interest Income/Expense for a given change in interest rates				
		Over/(Under) Base Case Parallel Shift				
		-200	-100	Base	+100	+200
Balances as of March 31, 2026						
Total interest income	6,368,396	396,990	413,898	437,083	469,215	504,037
Total interest expense	347,929	1,259	1,542	1,828	3,702	5,864
Net interest income		395,731	412,356	435,255	465,513	498,173
Percentage change from base		-9.1 %	-5.3 %	— %	7.0 %	14.5 %
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 March 31, 2026, 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 March 31, 2026 and September 30, 2025:

Economic Value Sensitivity

	Standard (Parallel Shift)			
	Economic Value of Equity at Risk %			
	-200	-100	+100	+200
Balances as of March 31, 2026				
Percentage change from base	-6.1 %	-2.7 %	2.0 %	3.4 %
Balances as of September 30, 2025				
Percentage change from base	-6.5 %	-2.6 %	1.6 %	2.8 %

The EVE at risk reported at March 31, 2026 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 March 31, 2026, 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 March 31, 2026, 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 March 31, 2026, 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 March 31, 2026, 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 March 31, 2026 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 second quarter to which this report relates that have materially affected, or are 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 six months ended March 31, 2026.

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 second 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
January 1 to 31	428,850	\$ 76.55	428,850	3,857,162
February 1 to 28	279,184	92.59	279,184	3,577,978
March 1 to 31	147,167	90.29	147,167	3,430,811
Total	855,201		855,201	

⁽¹⁾ No shares were acquired outside of the Company's publicly announced repurchase program 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 March 31, 2026, 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 March 31, 2026 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: May 7, 2026

By: /s/ Brett L. Pharr
Brett L. Pharr,
Chief Executive Officer and Director

Date: May 7, 2026

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

**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: May 7, 2026

/s/ Brett L. Pharr
Chief Executive Officer and Director

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: May 7, 2026

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

**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 March 31, 2026 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
May 7, 2026

**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 March 31, 2026 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

May 7, 2026