



▶ THE PATHWARD STORY

UPDATED OCTOBER 23, 2024



FORWARD LOOKING STATEMENTS

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

These forward-looking statements are based on information currently available to us and assumptions about future events, and include statements with respect to the Company’s beliefs, expectations, estimates, and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company’s control. Such risks, uncertainties and other factors may cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Such statements address, among others, the following subjects: future operating results including our earnings per diluted share guidance, future effective tax rate, and related performance expectations; progress on key strategic initiatives; expected results of our partnerships; impacts of our improved data analytics, underwriting and monitoring processes; expected nonperforming loan resolutions and net charge-off rates; the performance of our securities portfolio; the impact of card balances related to government stimulus programs; customer retention; loan and other product demand; new products and services; credit quality; the level of net charge-offs and the adequacy of the allowance for credit losses; and technology. The following factors, among others, could cause the Company’s financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: maintaining our executive management team; expected growth opportunities may not be realized or may take longer to realize than expected; the potential adverse effects of unusual and infrequently occurring events, including the impact on financial markets from geopolitical conflicts such as the military conflicts in Ukraine and the Middle East, weather-related disasters, or public health events, such as pandemics and any governmental or societal responses thereto; our ability to successfully implement measures designed to reduce expenses and increase efficiencies; changes in trade, monetary, and fiscal policies and laws, including actual changes in interest rates and the Fed Funds rate, and their related impacts on macroeconomic conditions, customer behavior, funding costs and loan and securities portfolios; changes in tax laws; the strength of the United States’ economy, and the local economies in which the Company operates; adverse developments in the financial services industry generally such as 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 ability of the Company’s subsidiary Pathward®, N.A. (“Pathward”) to maintain its Durbin Amendment exemption; the risks of dealing with or utilizing third parties, including, in connection with the Company’s prepaid card and tax refund advance businesses, the risk of reduced volume of refund advance loans as a result of reduced customer demand for or usage of the Company’s strategic partners’ refund advance products; our relationship with, and any actions which may be initiated by, our regulators; changes in financial services laws and regulations, including laws and regulations relating to the tax refund industry and the insurance premium finance industry; technological changes, including, but not limited to, the protection of our electronic systems and information; the impact of acquisitions and divestitures; litigation risk; the growth of the Company’s business, as well as expenses related thereto; continued maintenance by Pathward of its status as a well-capitalized institution, changes in consumer borrowing, spending and saving habits; losses from fraudulent or illegal activity, technological risks and developments and cyber threats, attacks or events; the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase; and the other factors described under the caption “Risk Factors” and in other sections of the Company’s Annual Report on Form 10-K for the Company’s fiscal year ended September 30, 2023 and in other filings made by the Company with the Securities and Exchange Commission (“SEC”).

The foregoing list of factors is not exclusive. We caution you not to place undue reliance on these forward-looking statements. The forward-looking statements included herein speak only as of the date of this investor update. The Company expressly disclaims any intent or obligation to update, 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.

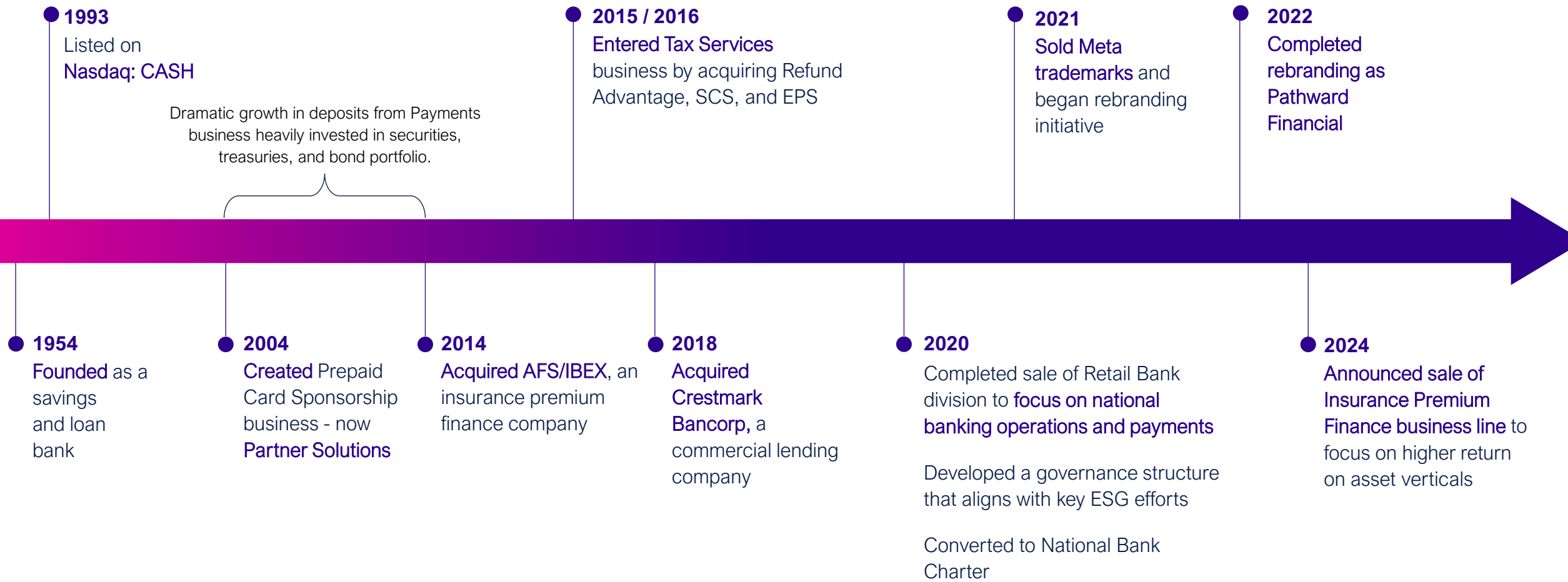
AT PATHWARD®, LEADING THE WAY TO FINANCIAL ACCESS IS THE HEART OF OUR BUSINESS.

- ▶ *Since our founding, we have worked to advance financial inclusion. We seek out diverse partners, including fintechs, affinity groups, government agencies, and other banks and work with them to identify markets where people and businesses are underserved.*

Our national bank charter, coordination with regulators, and deep understanding of risk mitigation and compliance allow us to guide our partners and deliver financial products, services and funding to the people and businesses who need them the most.

We are powering financial inclusion.

BUILDING A DIVERSIFIED COMPANY DEDICATED TO FINANCIAL EMPOWERMENT FOR INDIVIDUALS AND BUSINESSES



► RESILIENT BUSINESS MODEL IN ECONOMIC CYCLES



Funding



Stable funding
from **deposits** via
Partner Solutions
relationships

Revenue



Earns **consistent fees** from the
Partner Solutions
business

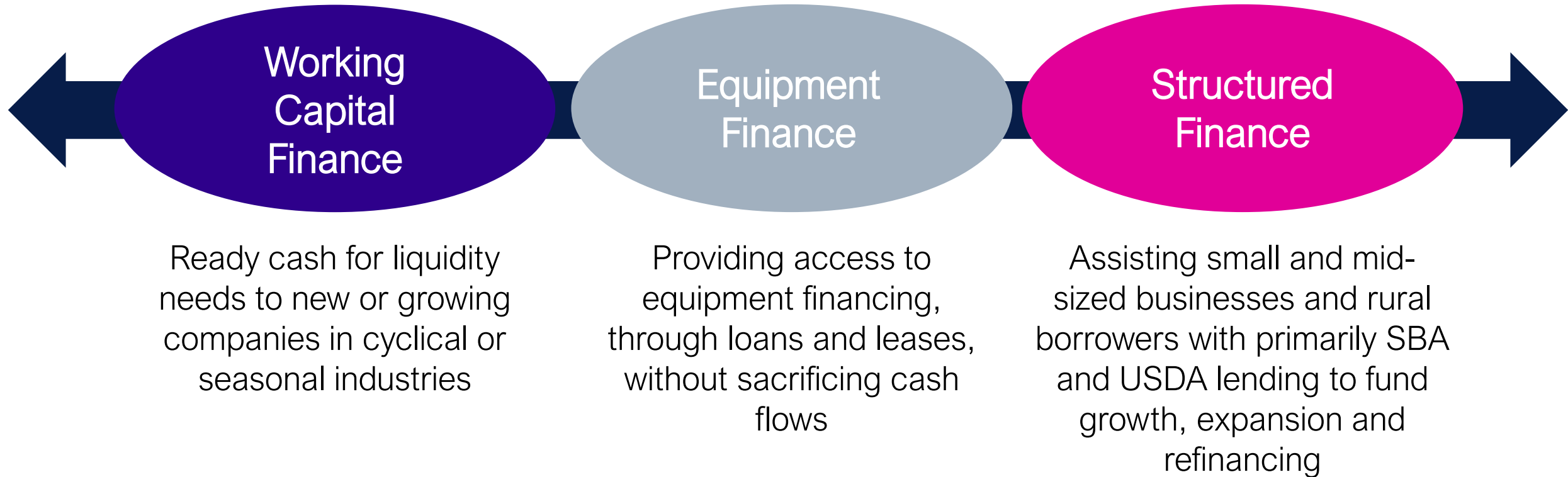


Operates a
Commercial Finance
collateralized
lending platform

COLLABORATE WITH PARTNERS TO PROVIDE INNOVATIVE PARTNER SOLUTIONS



COMMERCIAL FINANCE HELPS BUSINESSES ACCESS NEEDED FUNDS THROUGH VARIOUS SOLUTIONS



INVESTMENT HIGHLIGHTS

1

RECORD OF STRONG EARNINGS GROWTH AND **PROFITABILITY** ABOVE BANKING INDUSTRY AVERAGES

2

EXCESS CAPITAL GENERATING BUSINESS ENABLES ONGOING RETURN OF **VALUE** TO SHAREHOLDERS

3

EXPERIENCED **LEADER** IN FAST-GROWING PAYMENTS SECTOR, WITH DIVERSIFIED PORTFOLIO OF HIGH-QUALITY FINANCIAL PARTNERS

4

RESILIENT COMMERCIAL FINANCE LOAN PORTFOLIO PRODUCES ATTRACTIVE RETURNS THROUGHOUT ECONOMIC CYCLES

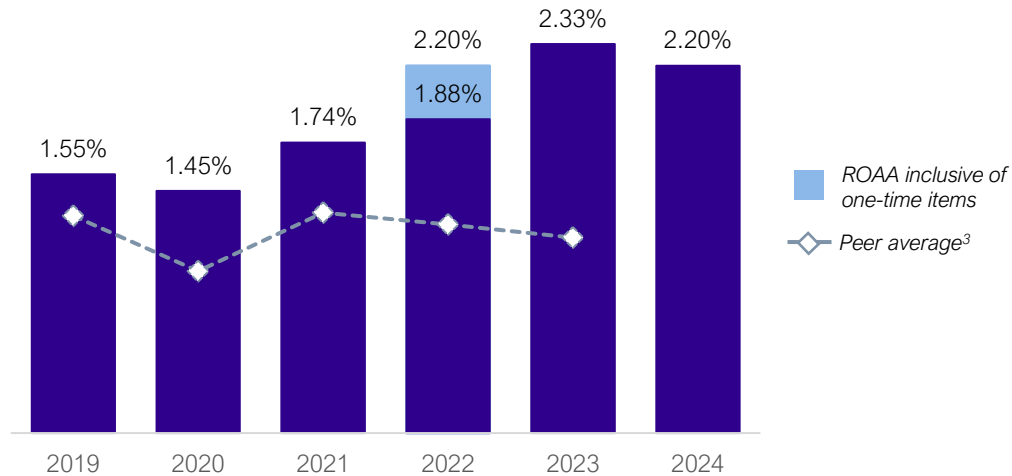
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MATURE **RISK MITIGATION** AND COMPLIANCE CAPABILITIES WITH HIGHLY ADVANTAGEOUS NATIONAL BANK CHARTER

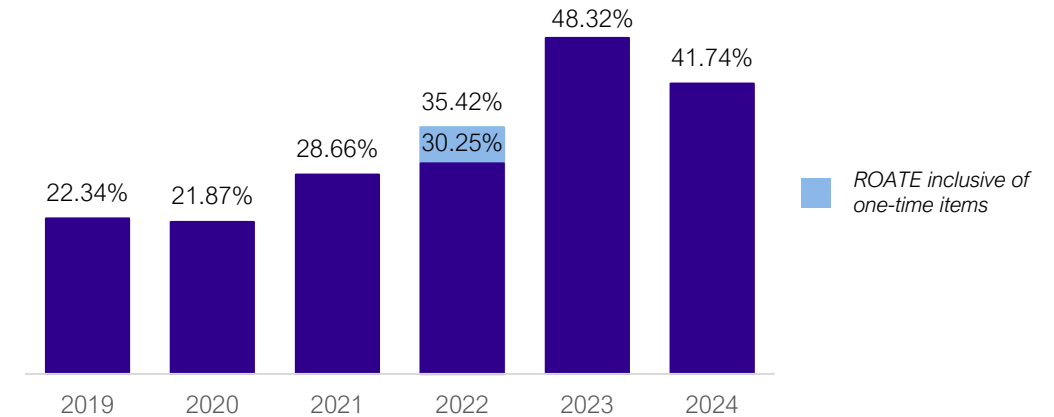


RECORD OF STRONG EARNINGS GROWTH & PROFITABILITY¹

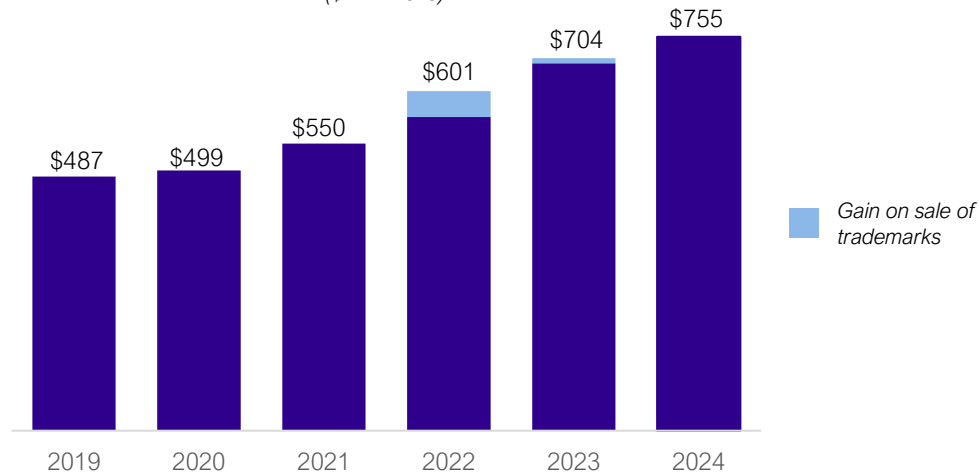
Return on Average Assets



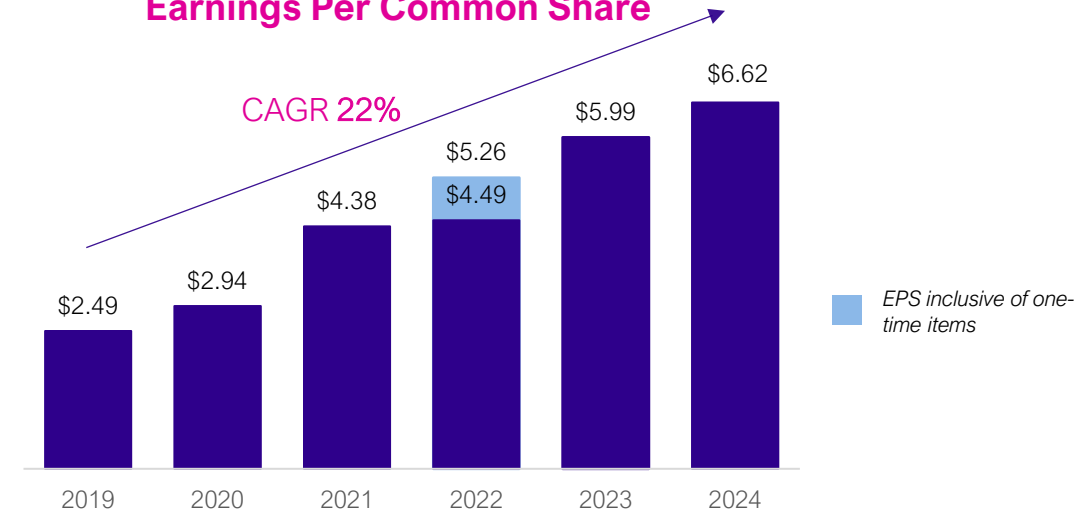
Return on Average Tangible Equity



Total Revenue² (\$ in millions)



Earnings Per Common Share



1

2

3

4

5

TRACK RECORD OF STRONG EARNINGS GROWTH AND RIGHT-SIZED BALANCE SHEET ENABLES ONGOING RETURN OF CAPITAL

\$620.0M

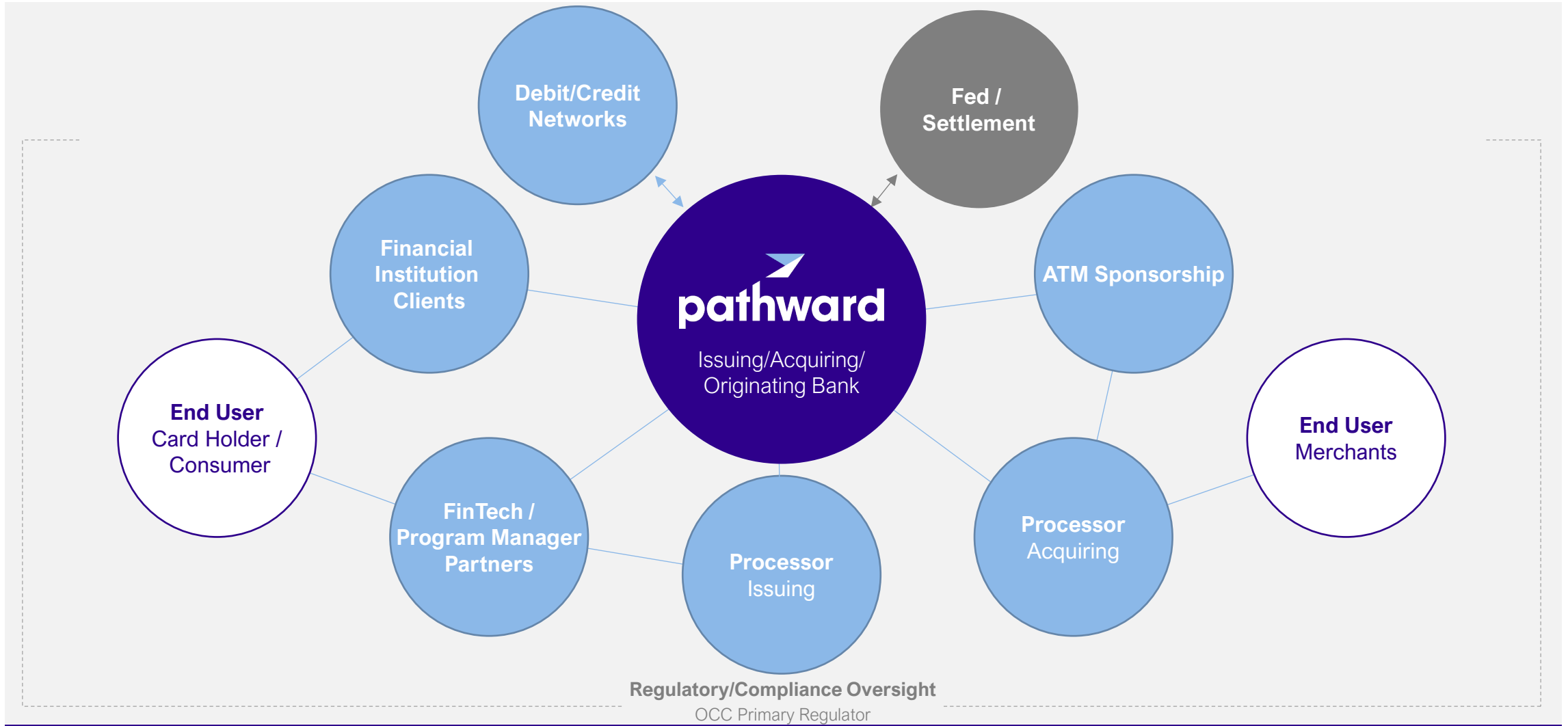
TOTAL SHARE REPURCHASES
2Q19 TO 4Q24

\$35.8M

TOTAL DIVIDENDS PAID
2Q19 TO 4Q24

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

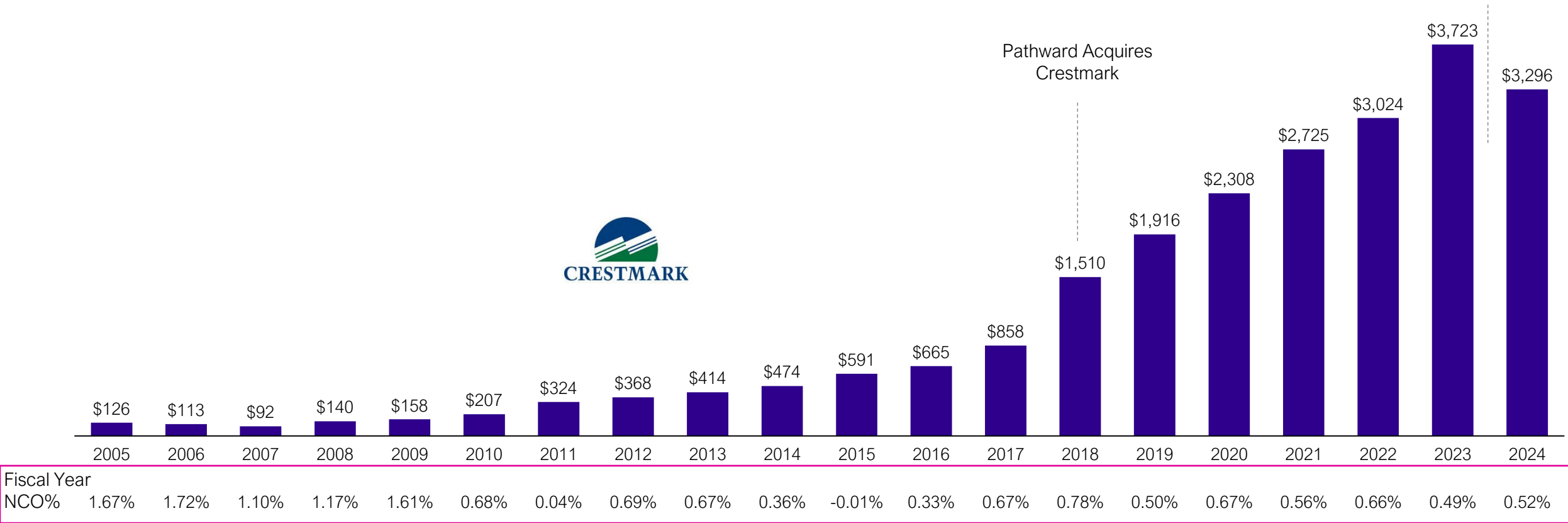
PATHWARD SERVES AS A HUB OF THE PAYMENTS ECOSYSTEM



COMMERCIAL FINANCE PORTFOLIO PRODUCES STABLE ANNUAL NET CHARGE-OFF RATES

Fiscal Year End Commercial Finance Loan Balances
(\$ in millions)

Insurance premium finance portfolio moved to held for sale during 4QFY24

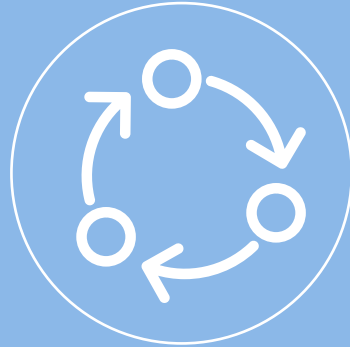


MATURE RISK MITIGATION AND COMPLIANCE CAPABILITIES



Enterprise Risk Management

Our Enterprise Risk Management (ERM) program applies corporate governance to risk-taking activities. The ERM program sets strategy across the enterprise and works closely with the lines of business to ensure that risks are appropriately identified and managed.



Third-Party Risk Management

Just as Pathward's ERM program oversees our own actions, our Third-Party Risk Management program ensures that our third-party relationships are controlled and mitigated. Our policy and strategy encourage us to protect our company from risk, monitor third-party activities, and report risk events.



Business Continuity Management

Business Continuity Management (BCM) sets standards and testing to ensure our company remains resilient in case of disaster. Our standards comply with Federal Financial Institutions Examination Council (FFIEC) and Office of the Comptroller of the Currency (OCC) guidance.



Bank Secrecy Act / Anti-Money Laundering

To protect our customers, partners and company from the risks of fraud, money laundering, terrorist financing and other illicit activity, Pathward's compliance programs are designed to keep us compliant with all federal programs and sanctions.





▶ QUARTERLY INVESTOR UPDATE

FOURTH QUARTER FISCAL YEAR 2024



► FY 2024 HIGHLIGHTS



Net Income

\$168.4 million in net income; an increase of 3% compared to FY 2023

Diluted Earnings Per Share

\$6.62 in diluted earnings per share; an increase of 11% compared to FY 2023

Net Interest Margin

Net interest margin (“NIM”) of 6.41% compared to 6.04% in prior year; Adjusted NIM¹, including contractual, rate-related processing expenses, of 4.85% compared to 4.83% in prior year period

Return Metrics²

FY 2024 return on average assets (“ROAA”) of 2.20% compared to 2.33% in prior year period; FY 2024 return on average tangible equity (“ROATE”) of 41.74% compared to 48.32% in prior year period

STRONG RESULTS FROM ASSET OPTIMIZATION

- Loan and lease portfolio yield increased to 8.67% for the fourth quarter
- Announced sale of the Insurance Premium Finance business
- 39th largest SBA 7(a) program lender for the year ending September 30, 2024¹
- Solid pipelines in SBA, USDA, working capital, and consumer lending

CELEBRATING 20 YEARS IN THE PAYMENTS INDUSTRY

- Renamed to Partner Solutions
- Experience provides us with scale and capability to help partners expand
- Awarded 2024 Finovate Best Banking as a Service Provider
- Pipeline continues to be strong



TRUSTED PLATFORM THAT ENABLES OUR PARTNERS TO THRIVE



Right-sized balance sheet with optimized asset mix



Technology to facilitate evolution and scalability



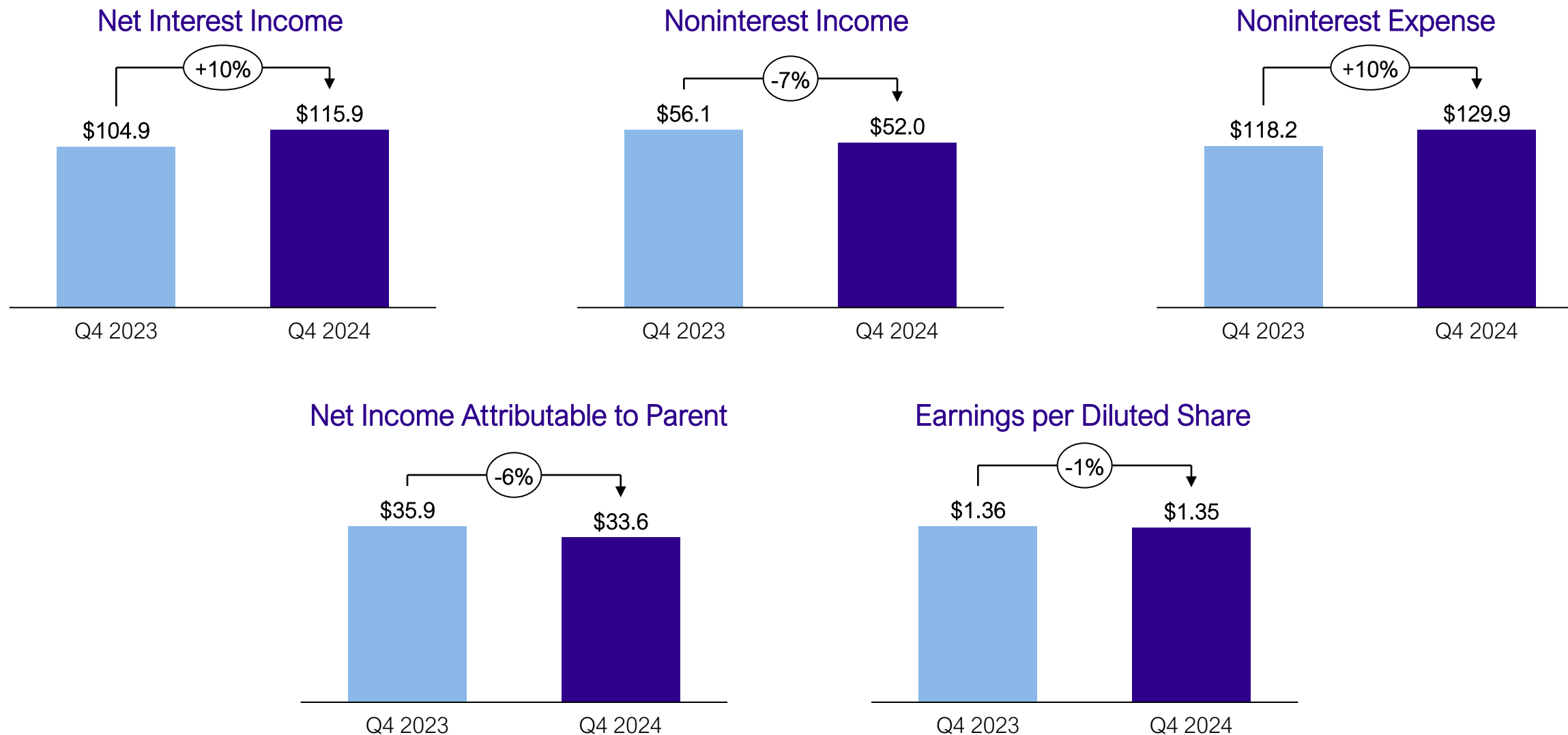
People and culture are important assets



Mature risk and compliance framework

NET INTEREST INCOME DRIVES SOLID RESULTS

(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

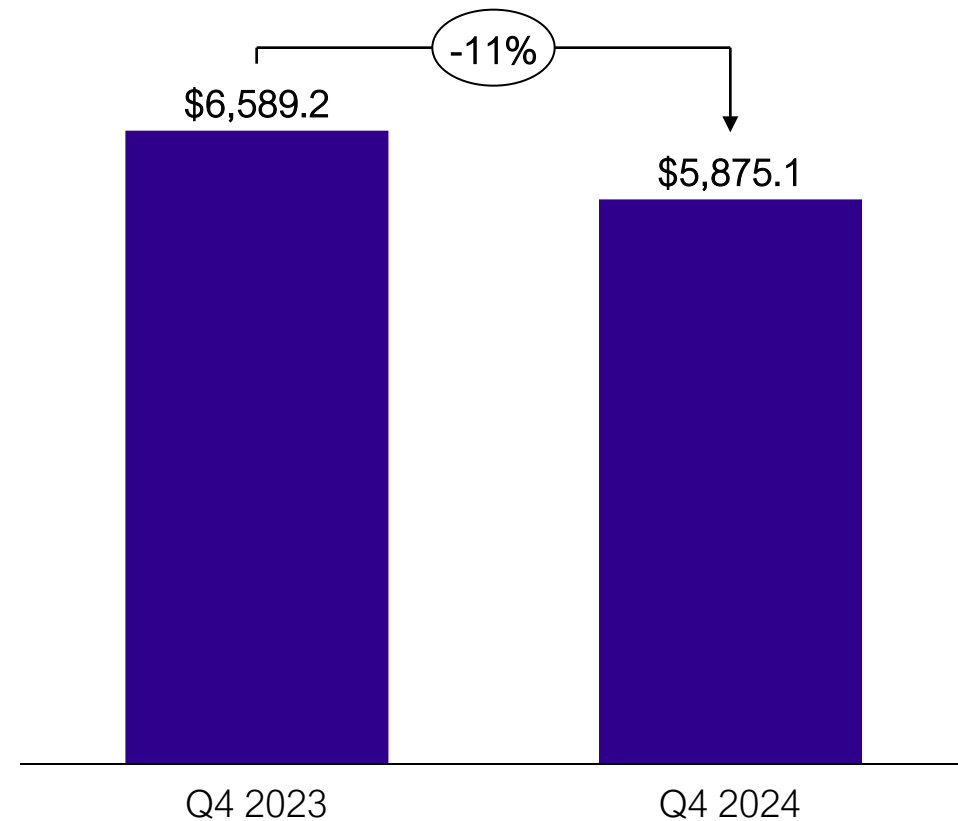


DEPOSIT BASE SUPPORTS ASSET GROWTH

- Average Q4 2024 off-balance sheet custodial deposits held in custody at program banks of \$240 million compared to \$588 million during the prior year period.
- \$202 million of off-balance sheet custodial deposits as of September 30, 2024, as compared to \$268 million as of September 30, 2023.
- These off-balance sheet custodial deposits earn recordkeeping servicing fee income, typically reflective of the Effective Fed Funds Rate.
- Continue to return unclaimed EIP balances to the U.S. Treasury.

DEPOSITS¹

Period ending (\$ in millions)

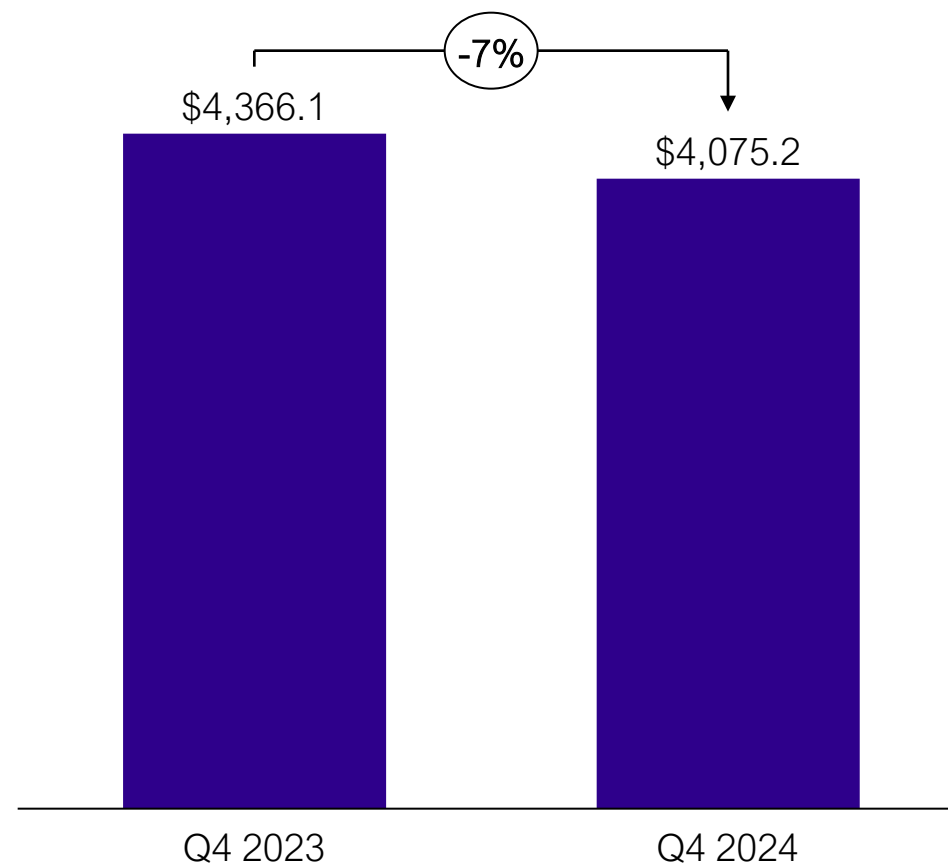


TOTAL LOANS AND LEASES DECREASED FROM Q4 2023

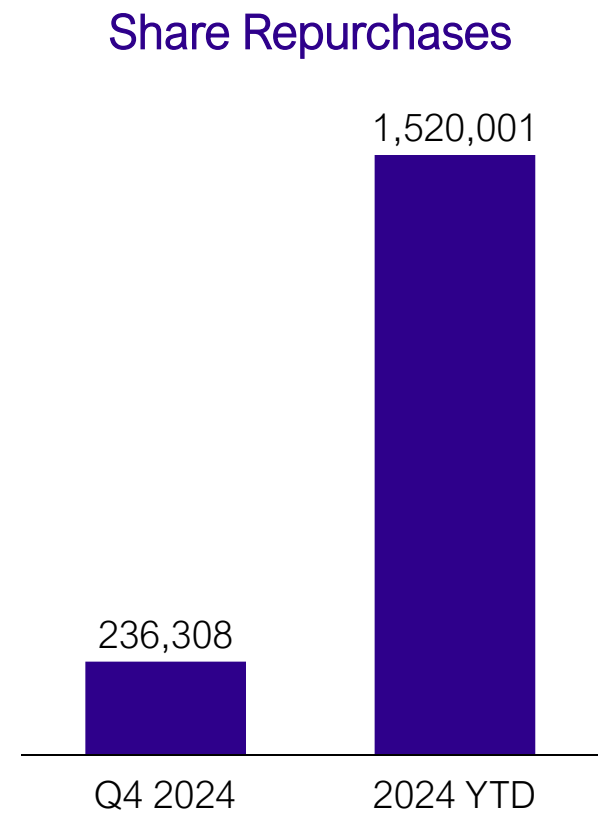
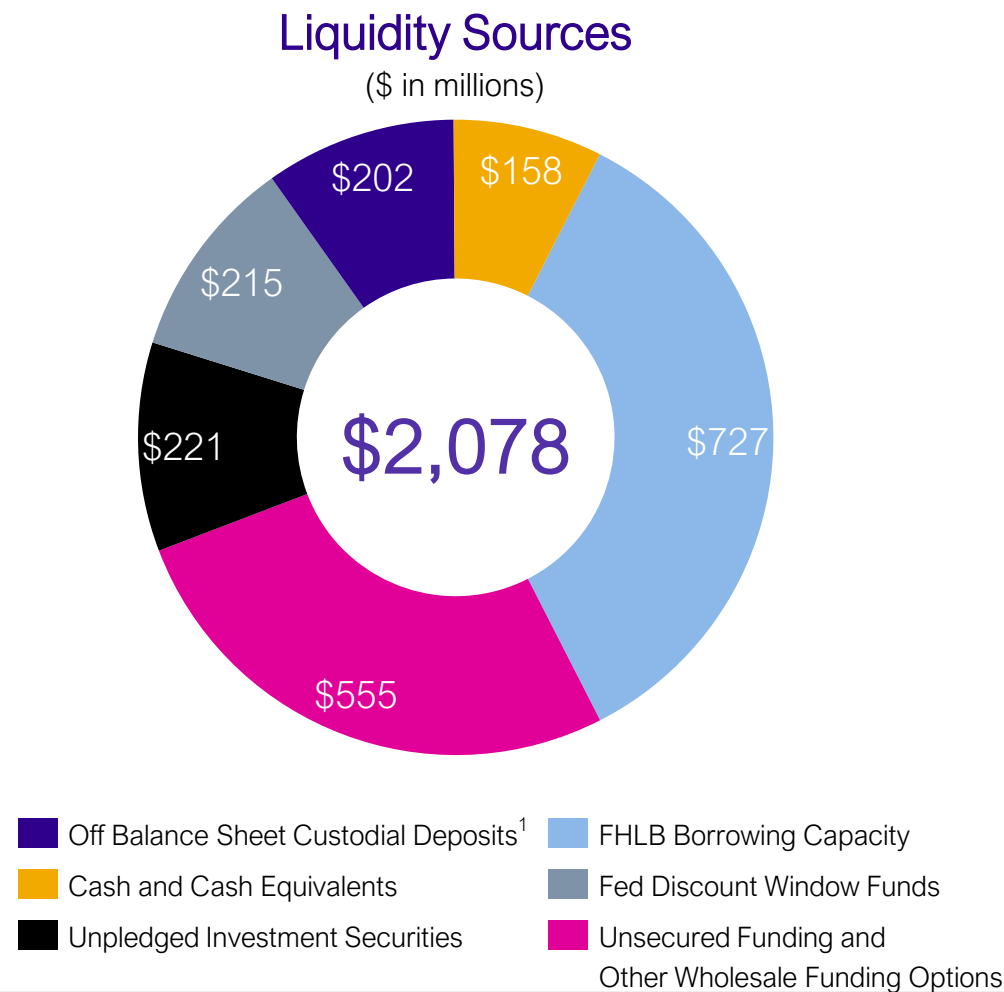
- Decrease driven by \$594 million insurance premium finance portfolio being moved to held for sale during Q4 2024.
- Decrease is partially offset by growth in SBA/USDA, renewable energy and working capital.
- Nonperforming loans and leases of 0.87% compared to 1.26% at September 30, 2023.
- Annualized adjusted net charge-off rate of 0.62% for 4Q24¹.

TOTAL LOANS AND LEASES

Period ending (\$ in millions)



STRONG BALANCE SHEET ALLOWS FOR RETURN OF CAPITAL TO SHAREHOLDERS



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

FISCAL YEAR 2025 GUIDANCE¹

\$7.10- \$7.60 EPS

25 bps rate cut in Nov and Dec 2024

Effective tax rate 18-22%

Does not include impact of sale of Insurance Premium Finance Business

Includes expected share repurchases

¹ Information on this slide is presented as of October 23, 2024, reflects the Company's updated financial outlook, certain of the Company's financial targets, and key assumptions, and will not be updated or affirmed unless and until the Company publicly announces such an update or affirmation. The guidance for fiscal 2025, the Company's financial targets and key economic assumptions contain forward-looking statements and actual results or conditions may differ materially. See the information set forth below the heading "Forward Looking Statements" on slide 2 of this presentation.

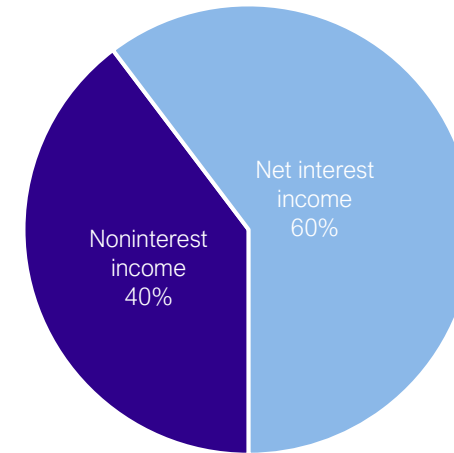
► Q&A



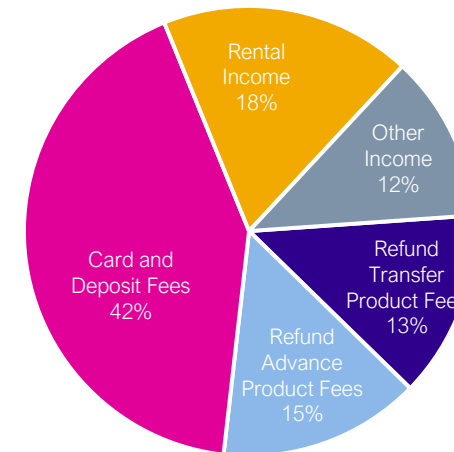
DIVERSIFIED NONINTEREST INCOME STREAMS

- Noninterest income represents 40% of year-to-date total revenue.
- Majority of noninterest income fees are generated by the Company's Partner Solutions business line. Other major items include leasing rental income and other loan & lease fees.
- Pathward's large fee income base provides stability through interest rate and credit cycles, while propelling continued revenue growth.
- The majority of Pathward's tax season revenue is recorded as noninterest income during the second quarter of each fiscal year.

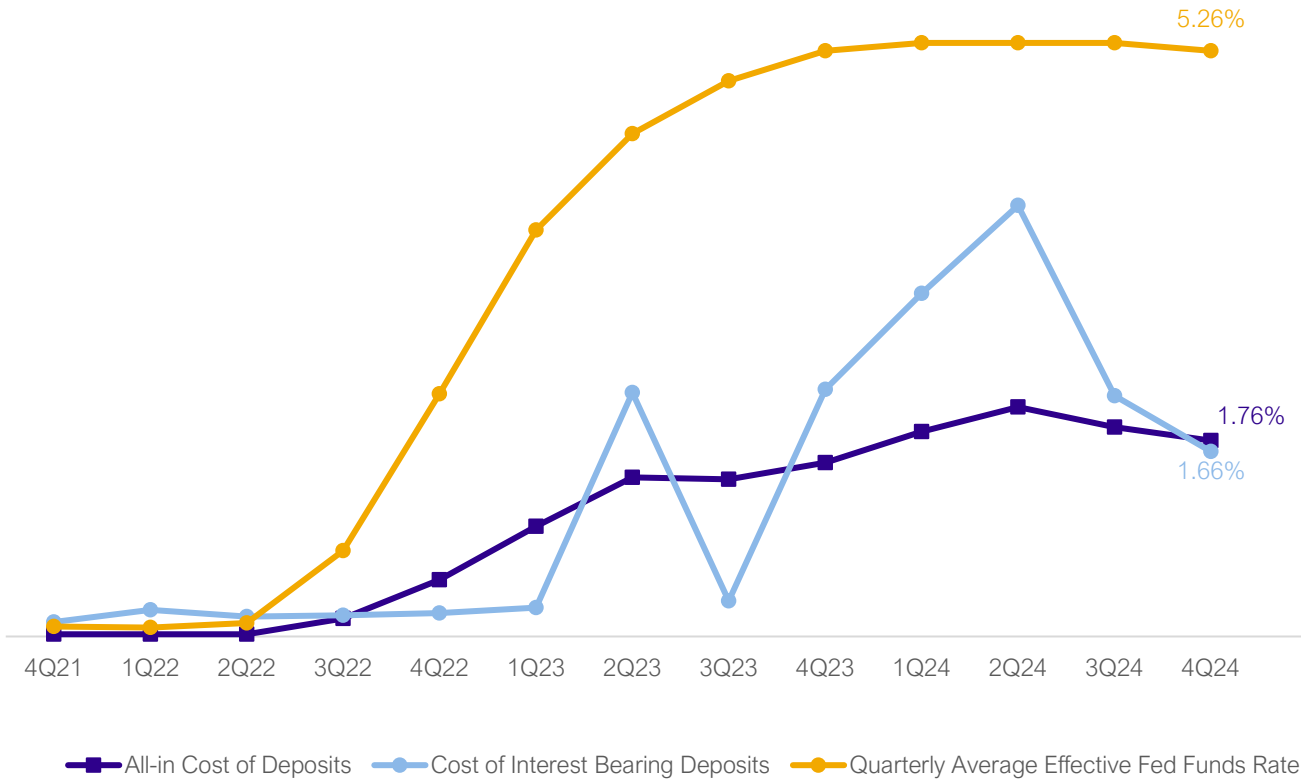
YTD 2024 REVENUE BREAKDOWN



YTD 2024 NONINTEREST INCOME BREAKDOWN



COST OF DEPOSITS



COST OF DEPOSITS

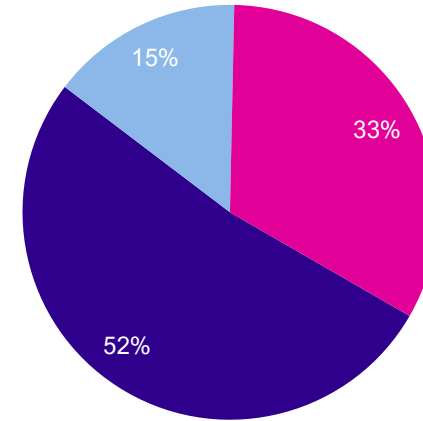
- During the 2024 fiscal fourth quarter, approximately 57% of the deposit balances were subject to variable card processing expenses, derived from contractual agreements with certain Partner Solutions relationships tied to a rate index, typically the Effective Fed Funds Rate.
- These costs reprice immediately upon a change in the applicable rate index, leading to an instant cost change as compared to the earning-asset yields that will generally experience a lag in repricing.
- As of September 30, 2024, Pathward also managed \$202 million in off-balance sheet custodial deposits and earned \$3.2 million of recordkeeping servicing fee income during the fiscal fourth quarter. That income is also typically reflective of the Effective Fed Funds Rate.

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

LOAN PORTFOLIO INTEREST RATE SENSITIVITY

- As of September 30, 2024, \$2.4B, or 52% of loans and leases contained floating or variable interest rates. Of these, \$1.4B are tied to Fed Funds or Prime, with the remaining tied to either SOFR or the CMT.
- As of September 30, 2024, all variable loans with floors were at or above their floors.
- Remain focused on smart growth in the Commercial Finance loan portfolio.
- 4Q24 yields elevated by continued optimization of the balance sheet.
- \$1.8 billion securities portfolio provides cash flow for future commercial finance loan growth.

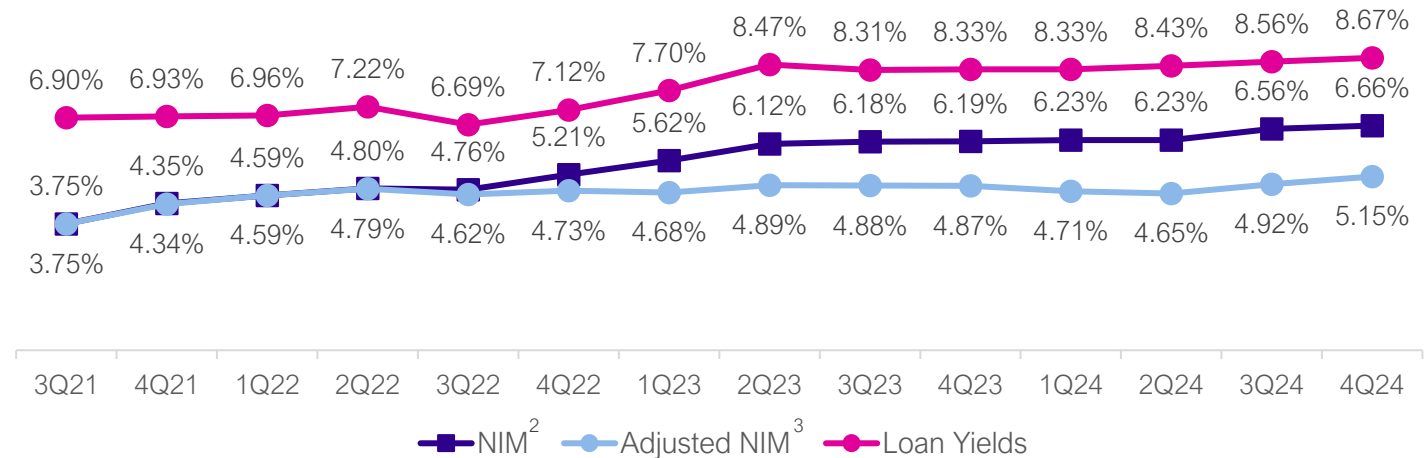
TOTAL LOAN AND LEASE PORTFOLIO PRICING ATTRIBUTES¹



■ Fixed Rate > 1 Year ■ Fixed Rate < 1 Year ■ Floating or Variable

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

NET INTEREST MARGIN AND LOAN YIELDS



² FY21 NIM suppressed because of elevated cash balances from government stimulus programs.

³ Adjusted NIM includes contractual card processing expenses associated with higher interest rates. See appendix for Non-GAAP financial measures reconciliation.

EQUIPMENT FINANCE

COMMERCIAL FINANCE

- Loan and lease financing to provide access to needed equipment
- Focus on equipment critical to business operations
- Borrowers are investment grade companies
- Primarily fixed rate loans and leases
- Flexibility to sell direct originations to secondary market

7.03%
Q4 2024 Quarterly Yield¹

19%
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	4Q23	3Q24	4Q24
Large ticket	Lease financing	\$171.7	\$148.3	\$146.8
	Term lending	528.5	541.0	488.6
Small ticket	Lease financing	6.5	3.1	2.2
	Term lending	188.8	138.4	121.7
TOTAL		\$895.5	\$830.8	\$759.3

WORKING CAPITAL FINANCE

COMMERCIAL FINANCE

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

12.98%

Q4 2024 Quarterly Yield

20%

Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	4Q23	3Q24	4Q24
Working Capital	Asset-based lending	\$382.4	\$473.3	\$471.9
	Factoring	358.3	350.7	362.3
	TOTAL	\$740.7	\$824.0	\$834.2

INSURANCE PREMIUM FINANCE¹

COMMERCIAL FINANCE

- Typically, short-term financing to facilitate the purchase of property, casualty, and liability insurance policies
- Insurance premium loans have an average term of 10 months
- Fixed rate loans
- Usually collateralized by insurance premiums
- Very low historical loss rate

9.20%

Q4 2024 Quarterly Yield

(\$ in millions)

Business Line	Balance Sheet Category	4Q23	3Q24	4Q24 ¹
Insurance Premium Finance	Insurance premium finance	\$800.1	\$617.1	\$594.4
	TOTAL	\$800.1	\$617.1	\$594.4

STRUCTURED FINANCE

COMMERCIAL FINANCE

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

6.56%
Q4 2024 Quarterly Yield¹

36%
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	4Q23	3Q24	4Q24
Guaranteed portion of US govt SBA/USDA loans	SBA/USDA	\$342.5	\$357.0	\$344.4
Unguaranteed portion of US govt SBA/USDA loans	SBA/USDA	182.3	206.7	224.2
Renewable energy debt financing ² (term lending only)	Term lending	268.1	593.7	635.7
Other	Term lending	322.8	260.6	308.6
TOTAL		\$1,115.7	\$1,418.0	\$1,512.9

¹Interest income does not include any gain(loss) on sale of loans.

²Total renewable energy debt financing outstanding was \$1.21 billion as of 4Q24. The majority of these balances are in the term lending and SBA/USDA balance sheet categories.

CONSUMER

- Consumer credit programs with marketplace lenders offer Pathward a risk adjusted return
- Protected by certain layers of credit support and balance sheet flexibility
- Programs are offered to strategic partners with payments distribution potential
- Agreements typically provide for “excess spread” build-up and protection through a priority of payment within a waterfall

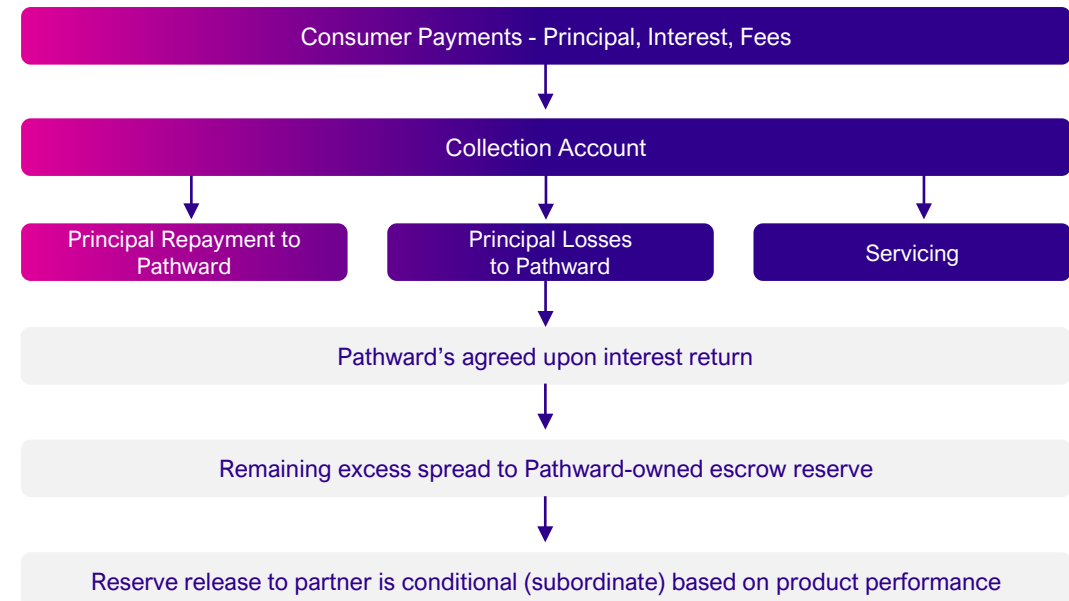
9.29%
Q4 2024 Quarterly Yield

7%
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	4Q23	3Q24	4Q24
Consumer	Consumer finance	\$254.4	\$253.3	\$248.8
TOTAL		\$254.4	\$253.3	\$248.8

Waterfall



WAREHOUSE

- Asset-backed warehouse lines of credit used to support strategic initiatives
- Lines are primarily secured by consumer receivables, whereby Pathward is in a senior, secured position as the first out participant
- Have never had a charge off or loss
- Agreements trigger waterfall protection for the “First Out” participant

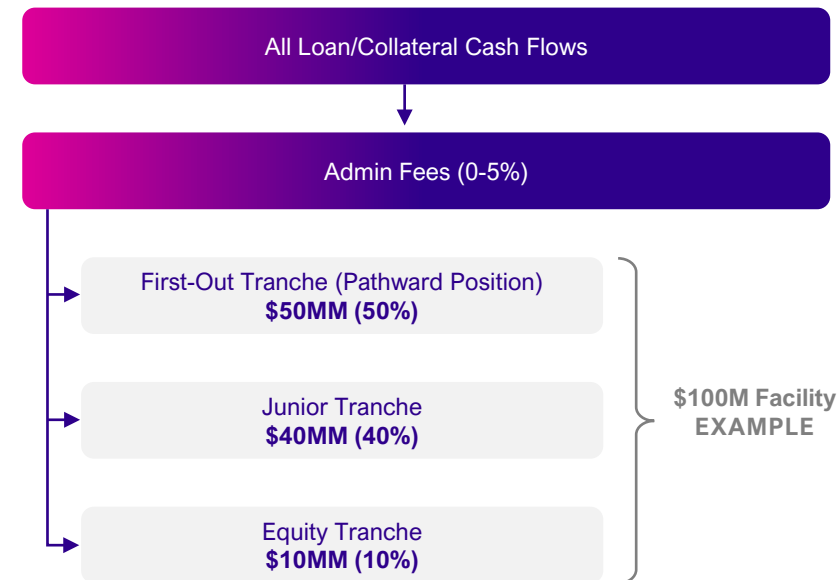
10.38%
Q4 2024 Quarterly Yield

13%
Of Loan Portfolio

(\$ in millions)

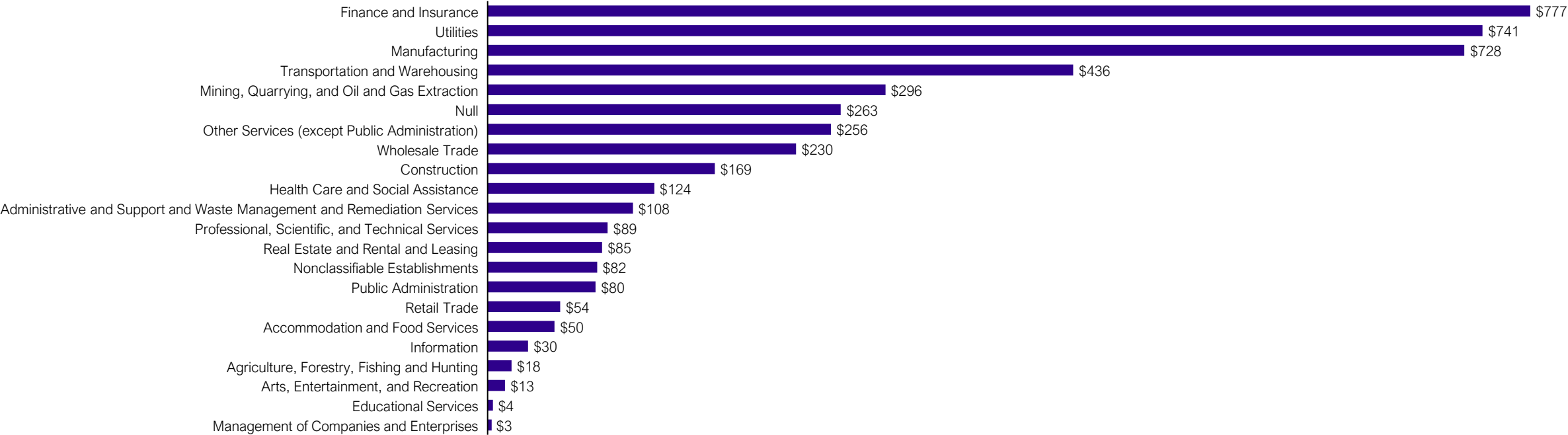
Business Line	Balance Sheet Category	4Q23	3Q24	4Q24
Warehouse	Warehouse finance	\$376.9	\$450.0	\$517.8
TOTAL		\$376.9	\$450.0	\$517.8

Waterfall



COMMERCIAL FINANCE CONCENTRATIONS BY INDUSTRY¹

\$ in millions



MANUFACTURING

38%	Term lending
37%	Asset based lending
10%	Factoring
8%	Rental equipment, net
7%	Other

TRANSPORTATION & WAREHOUSING

40%	Term lending
33%	Factoring
12%	Insurance premium finance
5%	Rental equipment, net
10%	Other

UTILITIES

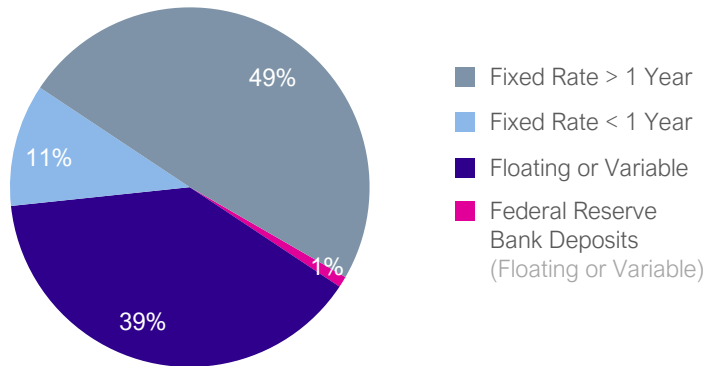
47%	Term lending
46%	SBA/USDA
7%	Rental equipment, net

¹ Distribution by NAICS codes; excludes certain joint ventures; calculated based on aggregate principal amount of commercial finance loans and leases; includes operating lease rental equipment of \$205.3M

INTEREST RATE RISK MANAGEMENT

SEPTEMBER 30, 2024

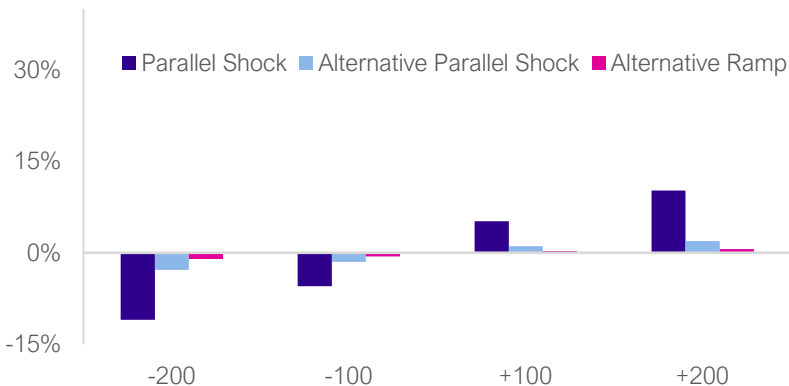
Earning Asset Pricing Attributes¹



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

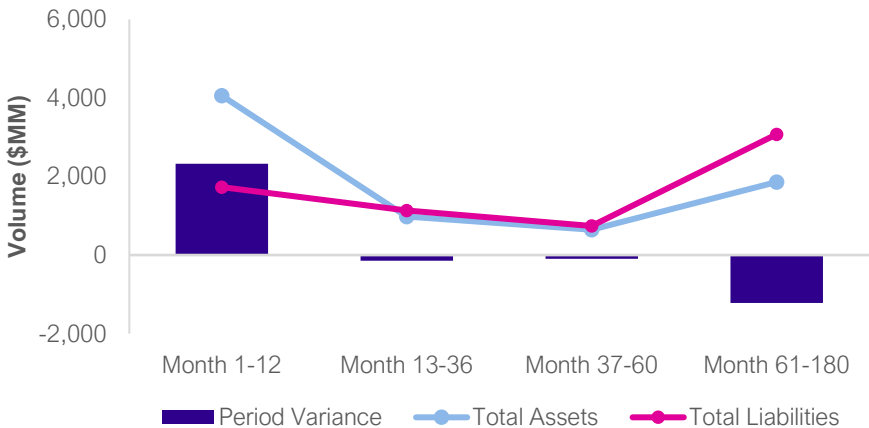
- Data presented on this page is reflective of the Company’s asset mix at a point in time and calculated for regulatory purposes. Future rate changes would impact a multitude of variables beyond the Company’s control, and as a result, the data presented is not intended to be used for forward-looking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

12-Month Interest Rate Sensitivity from Base Net Interest Income



Parallel Shock is a statutory required calculation of the impact of an immediate change in rates, assuming other variables remain unchanged. Ramp reflects additional modeling of more gradual increases in interest rates. The Alternative scenarios mirror the Parallel Shock and Ramp with the additional incorporation of the Company’s card fee income and card processing expenses impacted by interest rates.

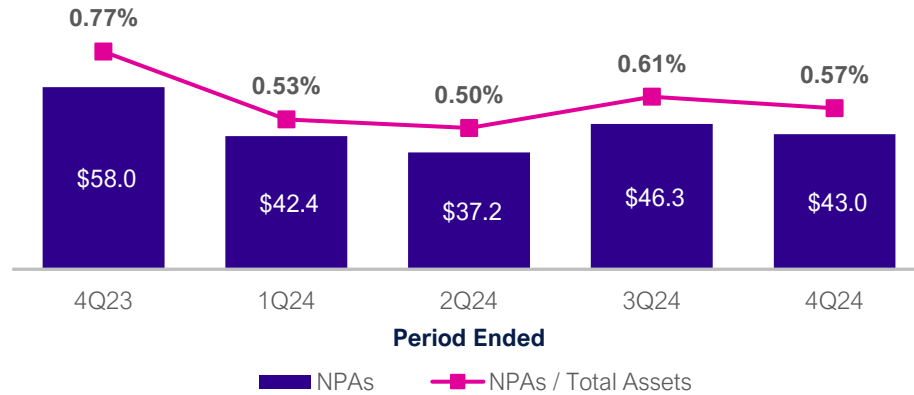
Asset/Liability Gap Analysis



ASSET QUALITY

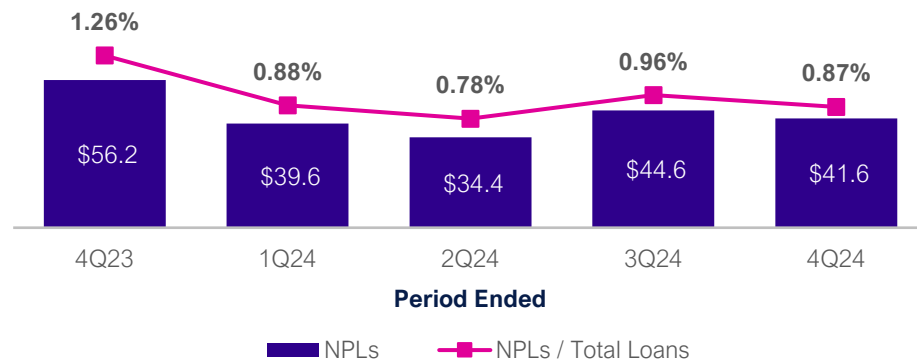
Nonperforming Assets (“NPAs”)

(\$ in millions)



Nonperforming Loans (“NPLs”)

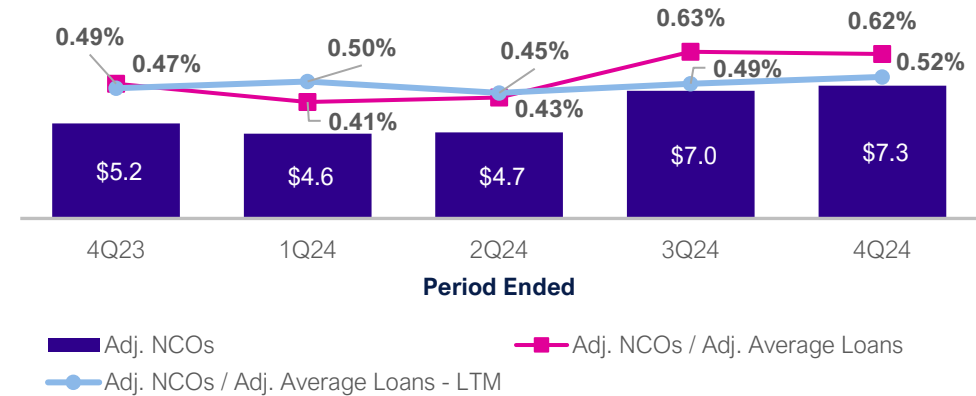
(\$ in millions)



Adjusted Net Charge-Offs (“NCOs”)¹

Excludes Tax Services NCOs and Related Seasonal Average Loans

(\$ in millions)



KEY CREDIT METRICS

- Annualized adjusted net charge-offs¹:
 - 0.62% of average loans in 4Q24
 - 0.52% of average loans over last 12 months
- Allowance for credit loss (“ACL”) of \$45.3 million as of September 30, 2024.
- ACL as a % of total loans and leases was 1.11% for 4Q24, a 3 bps decrease from the prior year.
- The decrease in NPAs / NPLs compared to the sequential quarter was primarily driven by a decrease in nonperforming loans in the commercial finance and consumer finance portfolios, partially offset by an increase in the seasonal tax services portfolio.

CAPITAL AND SOURCES OF LIQUIDITY

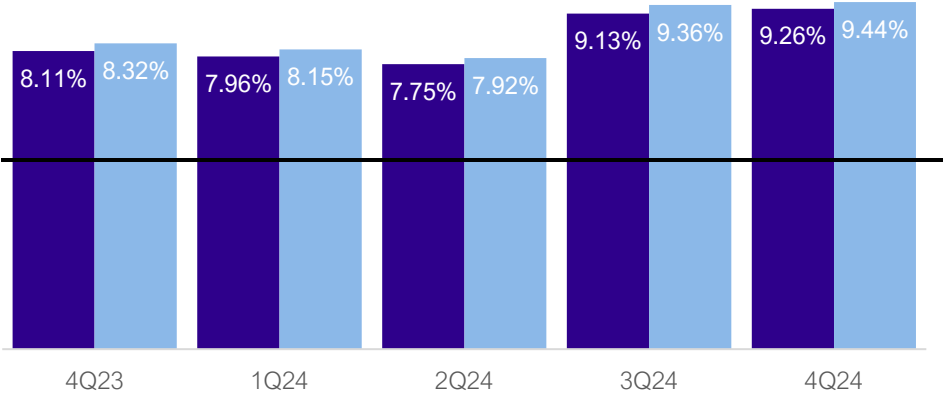
Regulatory Capital as of September 30, 2024

At September 30, 2024 ¹	Pathward Financial, Inc.	Pathward, N.A.
Tier 1 Leverage	9.26%	9.44%
Common Equity Tier 1	12.60%	13.12%
Tier 1 Capital	12.86%	13.12%
Total Capital	14.08%	13.97%

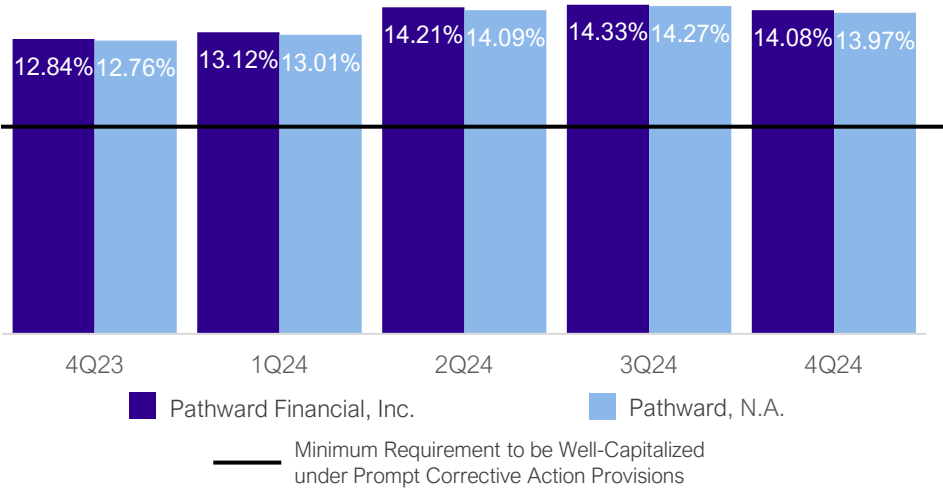
Primary & Secondary Liquidity Sources (\$ in millions)	
Cash and Cash Equivalents	\$158
Unpledged Investment Securities	\$221
FHLB Borrowing Capacity	\$727
Funds Available through Fed Discount Window	\$215
Unsecured Funding Providers	\$555
Deposit Balances Held at Other Banks	\$202
Total Liquidity	\$2,078

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

Tier 1 Leverage Ratio



Total Capital Ratio



APPENDIX

NON-GAAP RECONCILIATION

Adjusted Net Income and Adjusted Earnings Per Share

	For the year ended
	2022
(\$ in thousands, except share and per share data)	
Net income – GAAP ^a	156,386
Less: Gain on sale of trademarks	50,000
Add: Rebranding expenses	13,148
Add: Separation related expenses	5,109
Add: Income tax effect	8,936
Adjusted net income ^b	133,579
Less: Allocation of earnings to participating securities ¹	2,191
Adjusted net income attributable to common shareholders	131,388
Adjusted earnings per common share, diluted	\$4.49
Average diluted shares	29,232,247
Adjusted Return on Average Assets and Adjusted Return on Average Tangible Equity	
Average assets ^c	7,103,874
Return on average assets (a / c)	2.20%
Adjusted return on average assets (b / c)	1.88%
Average equity ^d	780,705
Less: Average goodwill and intangible assets	339,179
Average tangible equity ^e	441,526
Return on average tangible equity (a / e)	35.42%
Adjusted return on average tangible equity (b / e)	30.25%

NON-GAAP RECONCILIATION

Adjusted Annualized NCOs and Adjusted Average Loans and Leases

(\$ in thousands)	For the quarter ended				
	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Net charge-offs	41,280	5,486	(1,087)	6,582	35,626
Less: Tax services net charge-offs (recoveries)	36,075	851	(5,800)	(410)	28,354
Adjusted net charge-offs	5,205	4,635	4,713	6,992	7,272
Quarterly average loans and leases	4,288,067	4,535,826	4,903,175	4,506,674	4,694,512
Less: Quarterly average tax services loans	44,192	28,050	493,168	56,836	39,437
Adjusted quarterly average loans and leases	4,243,875	4,507,776	4,410,007	4,449,838	4,655,075
Annualized NCOs/average loans and leases	3.85%	0.48%	-0.09%	0.58%	3.04%
Adjusted annualized NCOs/adjusted average loans and leases ¹	0.49%	0.41%	0.43%	0.63%	0.62%

(\$ in thousands)	For the last twelve months ended				
	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Net charge-offs	53,690	55,959	49,897	52,261	46,607
Less: Tax services net charge-offs (recoveries)	35,779	35,597	30,860	30,716	22,995
Adjusted net charge-offs	17,911	20,362	19,037	21,545	23,612
Average loans and leases	3,936,582	4,189,308	4,411,573	4,558,436	4,660,047
Less: average tax services loans	142,640	143,345	154,472	155,561	154,373
Adjusted average loans and leases	3,793,943	4,045,963	4,257,104	4,402,874	4,505,674
NCOs/average loans and leases	1.36%	1.34%	1.13%	1.15%	1.00%
Adjusted NCOs/adjusted average loans and leases ¹	0.47%	0.50%	0.45%	0.49%	0.52%

NON-GAAP RECONCILIATION

Efficiency Ratio

	For the last twelve months ended				
(\$ in thousands)	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Noninterest expense – GAAP	464,975	479,190	492,485	501,586	513,253
Net interest income	387,861	413,840	430,736	444,130	455,118
Noninterest income	316,599	303,583	305,490	303,628	299,587
Total Revenue: GAAP	704,460	717,423	736,226	747,758	754,705
Efficiency ratio, LTM	66.00%	66.79%	66.89%	67.08%	68.01%

Adjusted Efficiency Ratio

	For the last twelve months ended				
(\$ in thousands)	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024
Noninterest expense – GAAP	464,975	479,190	492,485	501,586	513,253
Less: Rebranding expenses	3,737	-	-	-	-
Adjusted noninterest expense	461,238	479,190	492,485	501,586	513,253
Net interest income	387,861	413,840	430,736	444,130	455,118
Noninterest income	316,599	303,583	305,490	303,628	299,587
Less: Gain on sale of trademarks	10,000	-	-	-	-
Total Adjusted Revenue:	694,460	717,423	736,226	747,758	754,705
Adjusted efficiency ratio, LTM	66.42%	66.79%	66.89%	67.08%	68.01%

NON-GAAP RECONCILIATION

Net Interest Margin and Cost of Deposits

	For the quarter ended												For the year ended		
(\$ in thousands)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Sept-23	Sept-24
Average interest earning assets	6,438,572	6,183,646	7,082,417	6,082,329	6,073,822	5,934,431	6,717,918	6,326,750	6,724,185	7,031,922	7,635,842	6,801,888	6,925,315	6,424,492	7,101,498
Net interest income	70,667	71,613	83,800	72,151	79,760	84,057	101,405	97,465	104,934	110,036	118,301	110,859	115,922	387,861	455,118
Net interest margin	4.35%	4.59%	4.80%	4.76%	5.21%	5.62%	6.12%	6.18%	6.19%	6.23%	6.23%	6.56%	6.66%	6.04%	6.41%
Average total deposits	6,076,868	5,921,384	6,679,422	5,741,072	5,765,048	5,636,658	6,386,592	5,895,242	6,204,934	6,558,189	7,168,673	6,260,990	6,199,271	6,029,279	6,545,862
Deposit interest expense	164	141	165	94	99	142	2,096	164	1,954	3,526	6,685	1,689	1,119	4,356	13,019
Cost of deposits	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.13%	0.01%	0.12%	0.21%	0.38%	0.11%	0.07%	0.07%	0.20%

Adjusted Net Interest Margin and Adjusted Cost of Deposits

	For the quarter ended													For the year ended	
(\$ in thousands)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Sept-23	Sept-24
Average interest earning assets	6,438,572	6,183,646	7,082,417	6,082,329	6,073,822	5,934,431	6,717,918	6,326,750	6,724,185	7,031,922	7,635,842	6,801,888	6,925,315	6,424,492	7,101,498
Net interest income	70,667	71,613	83,800	72,151	79,760	84,057	101,405	97,465	104,934	110,036	118,301	110,859	115,922	387,861	455,118
Less: Contractual, rate-related processing expense	205	128	217	2,158	7,372	13,985	20,369	20,528	22,473	26,793	30,094	27,595	26,274	77,356	110,757
Adjusted net interest income	70,462	71,485	83,583	69,993	72,388	70,072	81,036	76,937	82,461	83,243	88,207	83,264	89,648	310,506	344,362
Adjusted net interest margin	4.34%	4.59%	4.79%	4.62%	4.73%	4.68%	4.89%	4.88%	4.87%	4.71%	4.65%	4.92%	5.15%	4.83%	4.85%
Average total deposits	6,076,868	5,921,384	6,679,422	5,741,072	5,765,048	5,636,658	6,386,592	5,895,242	6,204,934	6,558,189	7,168,673	6,260,990	6,199,271	6,424,492	6,545,862
Deposit interest expense	164	141	165	94	99	142	2,096	164	1,954	3,526	6,685	1,689	1,119	4,356	13,019
Add: Contractual, rate-related processing expense	205	128	217	2,158	7,372	13,985	20,369	20,528	22,473	26,793	30,094	27,595	26,274	77,356	110,757
Adjusted deposit expense	369	269	382	2,252	7,471	14,127	22,465	20,692	24,427	30,319	36,779	29,284	27,393	81,711	123,776
Adjusted cost of deposits	0.02%	0.02%	0.02%	0.16%	0.52%	1.00%	1.43%	1.41%	1.56%	1.84%	2.06%	1.88%	1.76%	1.27%	1.89%

DEFINITIONS

Industry Terms

Banking-as-a-Service (BaaS):

Providing financial services and solutions to third parties to offer through their distribution channels.

Push-to-debit:

The ability to move money directly to an end user. At Pathward, our push-to-debit capabilities are called “Faster Payments”.

Types of Payment Cards

Debit Card:

A type of payment card typically tied to funds held in a deposit account.

Credit Card:

A type of payment card typically attached to a line of credit that a user can make purchases against.

Prepaid Card:

A type of payment card that holds a finite amount of funds and is not directly tied to a bank account or line of credit.

Virtual Card:

A digital counterpart to a payment card, generated with a unique card number to settle a particular transaction by an authorized user. These are often used for one-time, business-to-business payments.

Payment Players

Acquiring Bank:

An acquiring bank provides merchant accounts that allow a business to accept card payments and works in conjunction with the acquirer processor. In some cases, the acquiring bank and acquirer processor are a single entity.

Acquiring Processors:

Acquiring processors connect directly with merchants, the network and the acquiring bank, or via a payment gateway, to facilitate payment acceptance at the merchant. They provide the technical capabilities to create the system of record to communicate with authorization and settlement entities. In some cases, the acquiring bank and acquirer processor are a single entity.

Issuing Bank:

The issuing bank enters a relationship with the cardholder, program manager, and enables cards on a given network. The issuing bank fills three primary roles in payment processing: it is a “network sponsor,” which means it can issue cards on a given payments network; it is a holder of funds (for example, for gift cards, deposit accounts and other non-credit cards); and it is a “settlement point,” managing a consumer’s account and paying out to the merchant’s account after a purchase.

Issuing Processor:

Connects directly with the networks and issuing bank to provide the system of record, authorize transactions and communicate with settlement entities.

Fintech:

Fintech refers to the integration of technology into offerings by financial services companies in order to improve use and delivery to consumers.

Merchant:

A merchant simply refers to any business that accepts card-based payments either via a physical swipe (at the point-of-sale) or virtually online.

Program Manager:

Businesses that manage various elements of a card program on behalf of the issuing bank. The Program Manager is responsible for defining the program, operating the program, and managing its profitability. The program manager typically is responsible for establishing relationships with processors, banks, payment networks, and distributors and for establishing account(s) at banks.

Commercial Lending Terms

Asset-Based Lending:

Asset-Based Lending (ABL) refers to business loans that are secured based on assets as collateral, generally accounts receivable, inventory, equipment or other balance sheet assets.

Accounts Receivable:

Accounts Receivable (A/R) financing refers to financing based on the value of a company’s accounts receivable (their invoices for goods or services) to another company. It is a subset of asset-based lending and is also known as factoring.

Equipment Financing:

Equipment Financing refers to a loan used to purchase business equipment. The financing is provided through leases such as \$1 Buyout, Fair Market Value (FMV), or through term loans. Leases may appear in Loans & Leases or Rental Equipment.

Factoring:

Factoring refers to financing based on the purchase of a company’s accounts receivables, their invoices for goods or services. It is a subset of asset-based lending and is also known as accounts receivable financing.

Insurance Premium Finance:

Insurance Premium Finance refers to short-term collateralized financing to facilitate the purchases of property, casualty, and liability insurance premiums for the commercial market.

Government Guaranteed Lending:

A government guaranteed loan is a loan guaranteed by a government agency and financed through a lending financial entity. Government guaranteed loans include SBA loans and USDA loans.

SBA Loan:

An SBA loan refers to financing that is guaranteed by the Small Business Administration (SBA) and provided by a lending financial institution. SBA loans, such as an SBA 7(a) loan, may be easier for a small business to obtain because of the reduced risk for the lender. Lenders must meet sufficient requirements to be eligible as a lending entity.

Term Loan:

A Term loan is a loan for a specific amount that has a specified interest rate and regular payment schedule to be repaid over a set period of time.

USDA Loan:

A USDA loan refers to financing guaranteed by the U.S. Department of Agriculture (USDA) as part of the Rural Development program and provided by a lending financial institution. USDA business loans, such as the USDA Business & Industry (B & I) loan, may be easier for a business to obtain because of the reduced risk for the lender. Lenders must meet sufficient requirements to be eligible as a lending entity.