



# ▶ THE PATHWARD STORY

UPDATED JANUARY 21, 2025



# 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; 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, 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 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, 2024 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.

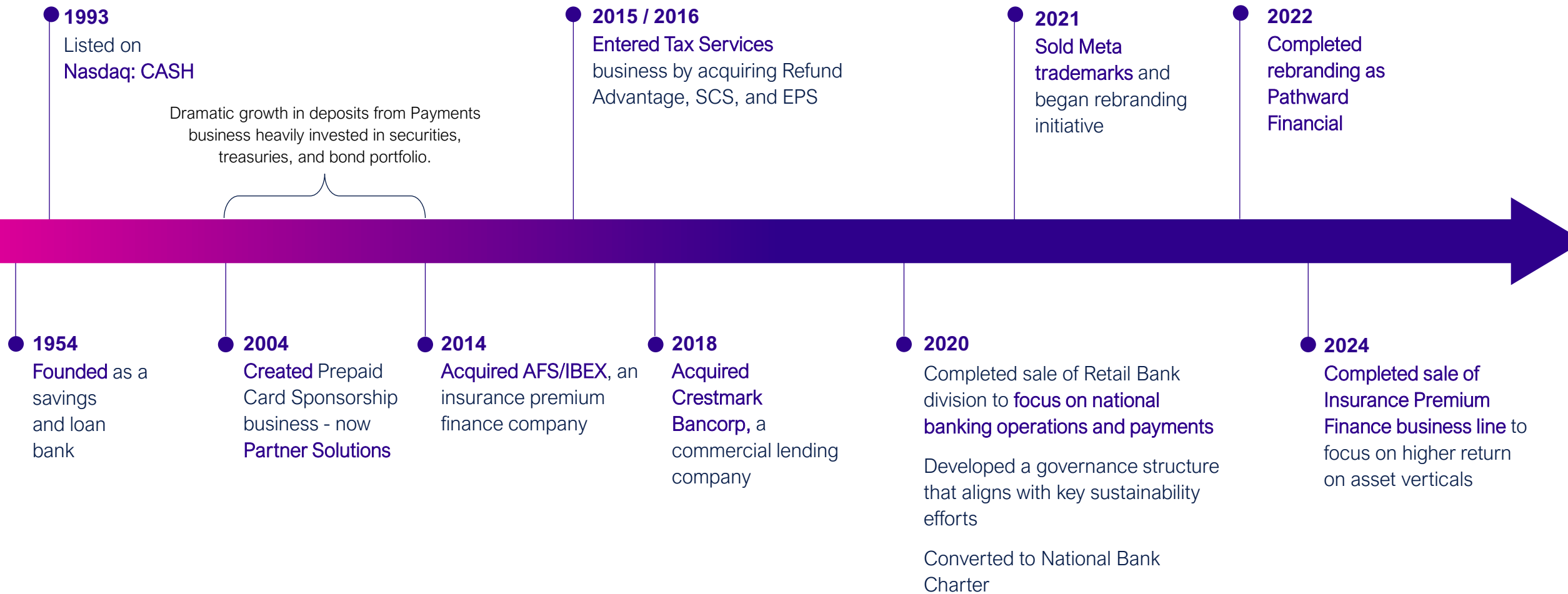
## AT PATHWARD®, LEADING THE WAY TO FINANCIAL ACCESS IS THE HEART OF OUR BUSINESS.

- ▶ *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

A leading debit and prepaid card issuer holding funds for partner programs

Issuing

Enable partners to move money quickly, efficiently and at a large scale across multiple payment rails

Digital Payments

Enable partners' lending solutions to serve diverse credit needs

Credit Solutions

Acquiring

Accepting and processing merchant payments on behalf of our partners

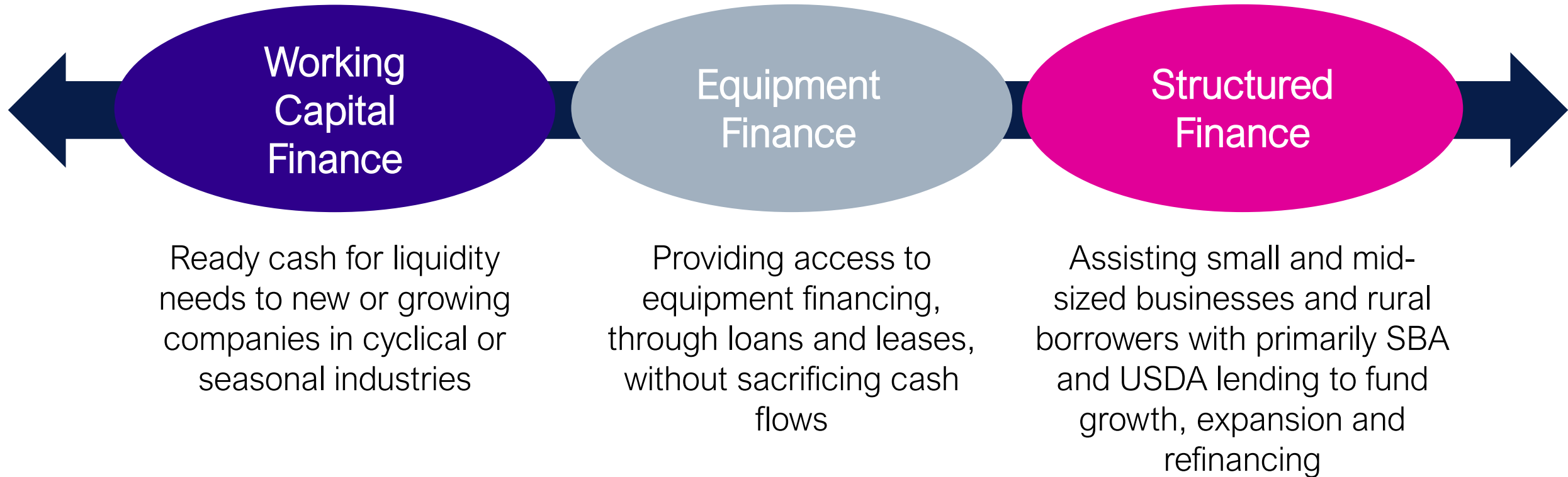
Financial Institution Solutions

Partner with financial institutions to offer additional financial services

Professional Tax Solutions

Partner with a network of tax preparers offering a variety of products

# 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

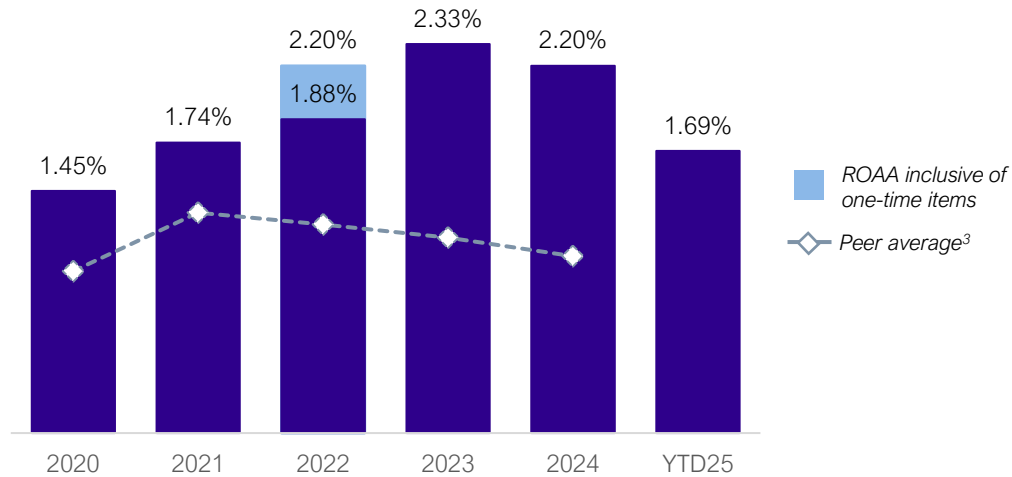
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MATURE **RISK MITIGATION** AND COMPLIANCE CAPABILITIES WITH HIGHLY ADVANTAGEOUS NATIONAL BANK CHARTER

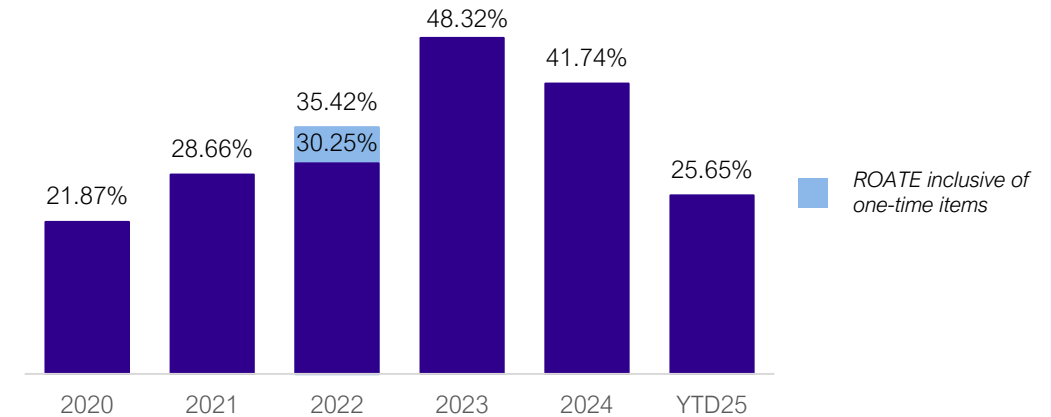


# RECORD OF STRONG EARNINGS GROWTH & PROFITABILITY<sup>1</sup>

## Return on Average Assets



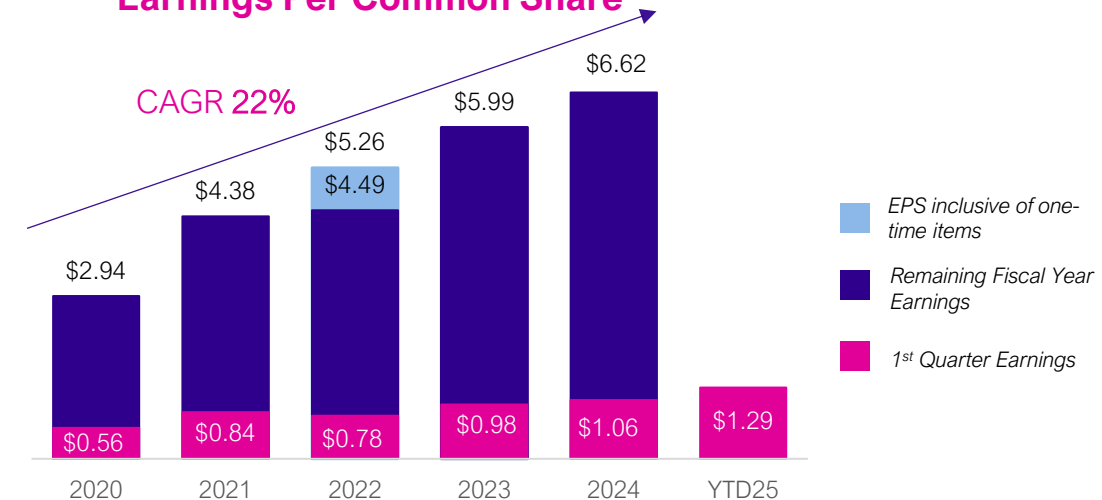
## Return on Average Tangible Equity



## Total Revenue<sup>2</sup> (\$ 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

**\$671.9M**

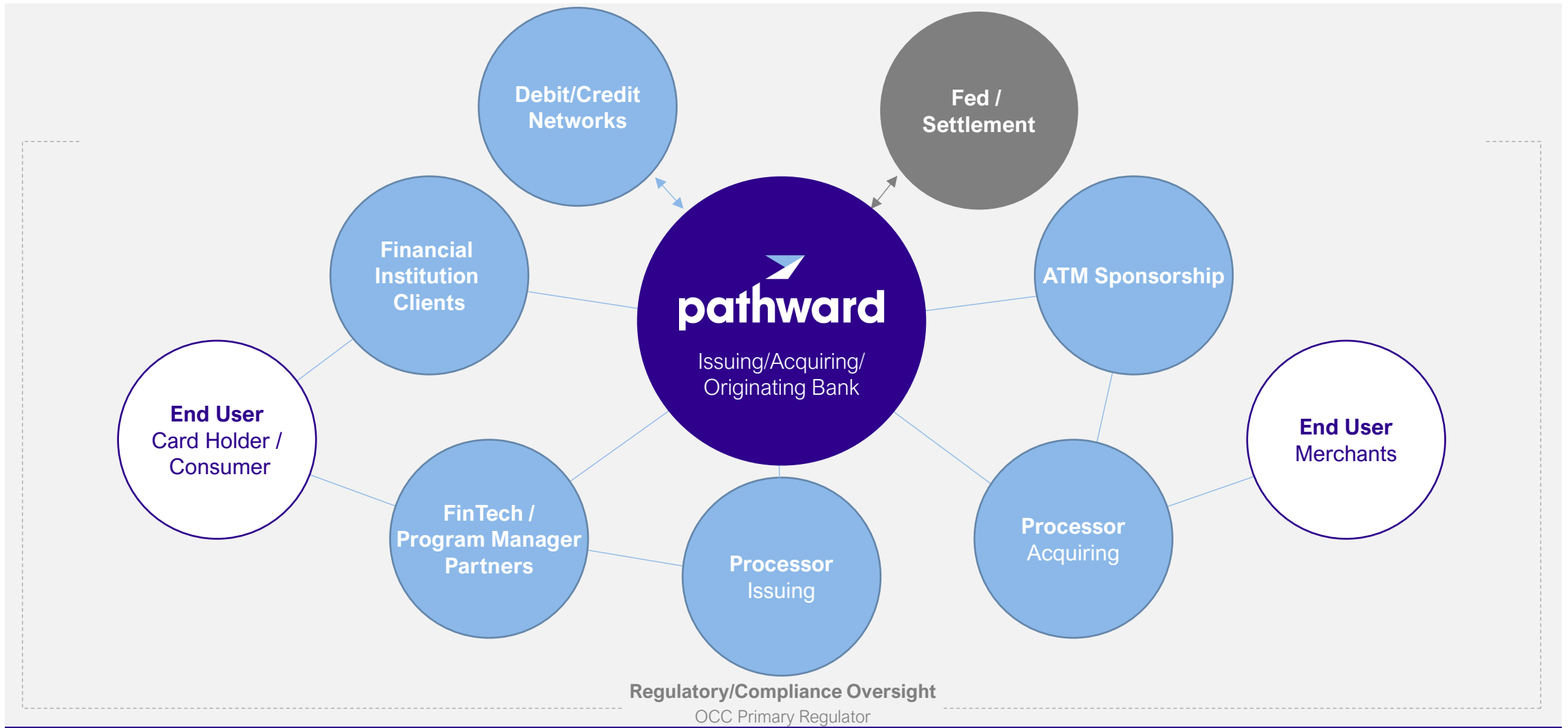
TOTAL SHARE REPURCHASES  
2Q19 TO 1Q25

**\$37.0M**

TOTAL DIVIDENDS PAID  
2Q19 TO 1Q25

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

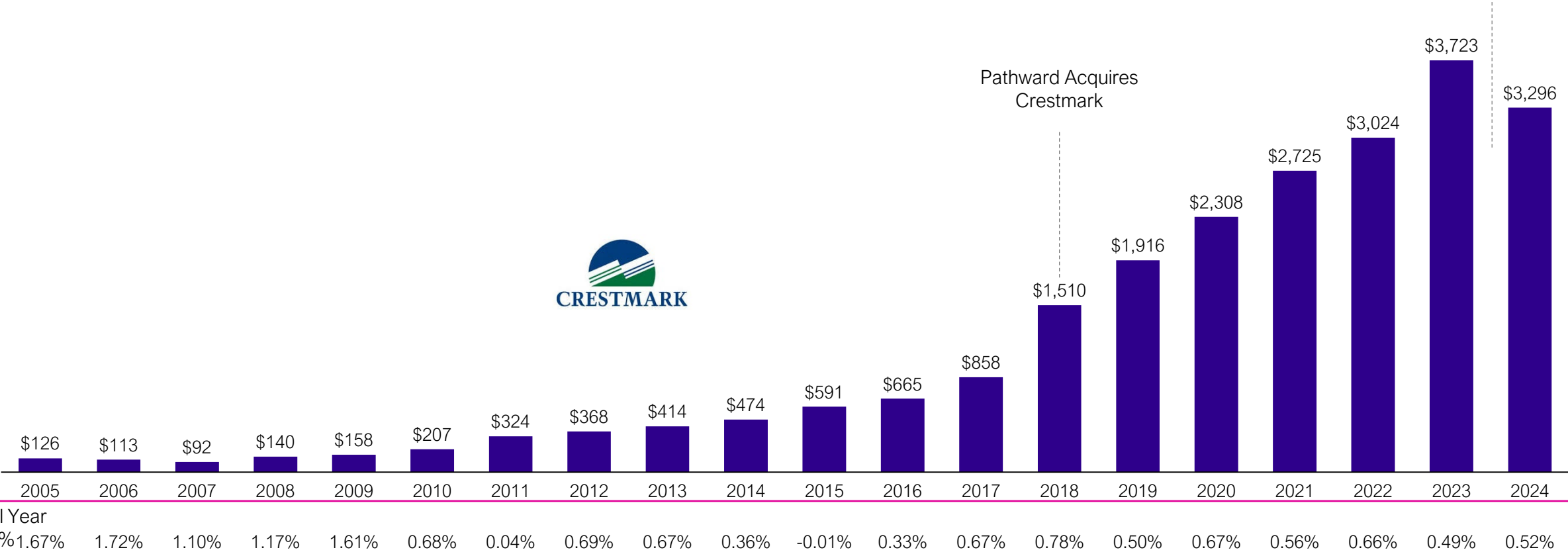
# PATHWARD SERVES AS A HUB OF THE PAYMENTS ECOSYSTEM



# 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

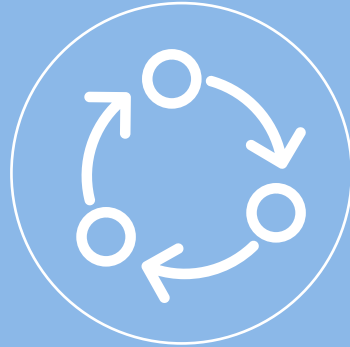


# MATURE RISK MITIGATION AND COMPLIANCE CAPABILITIES



## 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.



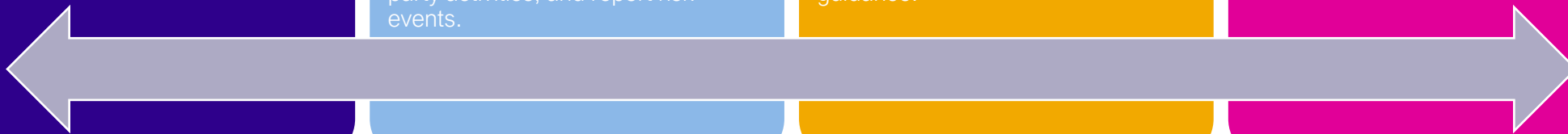
## Business Continuity Management

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

FIRST QUARTER FISCAL YEAR 2025



# ► Q1 FY 2025 HIGHLIGHTS



## Net Income

\$31.4 million in net income; an increase of 14% compared to Q1 FY 2024

## Diluted Earnings Per Share

\$1.29 in diluted earnings per share; an increase of 22% compared to Q1 FY 2024

## Net Interest Margin

Net interest margin (“NIM”) of 6.84% compared to 6.23% in prior year period; Adjusted NIM<sup>1</sup>, including contractual, rate-related processing expenses associated with deposits on the Company’s balance sheet, of 5.41% compared to 4.76% in prior year period

## Return Metrics<sup>2</sup>

Q1 FY 2025 return on average assets (“ROAA”) of 1.69% compared to 1.46% in prior year period; Q1 FY 2025 return on average tangible equity (“ROATE”) of 25.65% compared to 33.95% in prior year period

# STRONG RESULTS FROM OPTIMIZED BALANCE SHEET

- Completed sale of the Insurance Premium Finance business
- Announced strategic partnership to support renewable energy growth
- Q1 FY25 originations were strong in renewable energy, equipment finance and working capital
- Continue to focus on credit sponsorship

# PARTNER SOLUTIONS EXTENDS CURRENT CONTRACTS

- Extended contracts with two of our top partners, one for an additional two years and the other for an additional five years
- Pipeline continues to be strong
- Started tax season with 12% more enrolled offices than last year



# TRUSTED PLATFORM THAT ENABLES OUR PARTNERS TO THRIVE



Optimized balance sheet with optimized asset mix



Technology to facilitate evolution and scalability



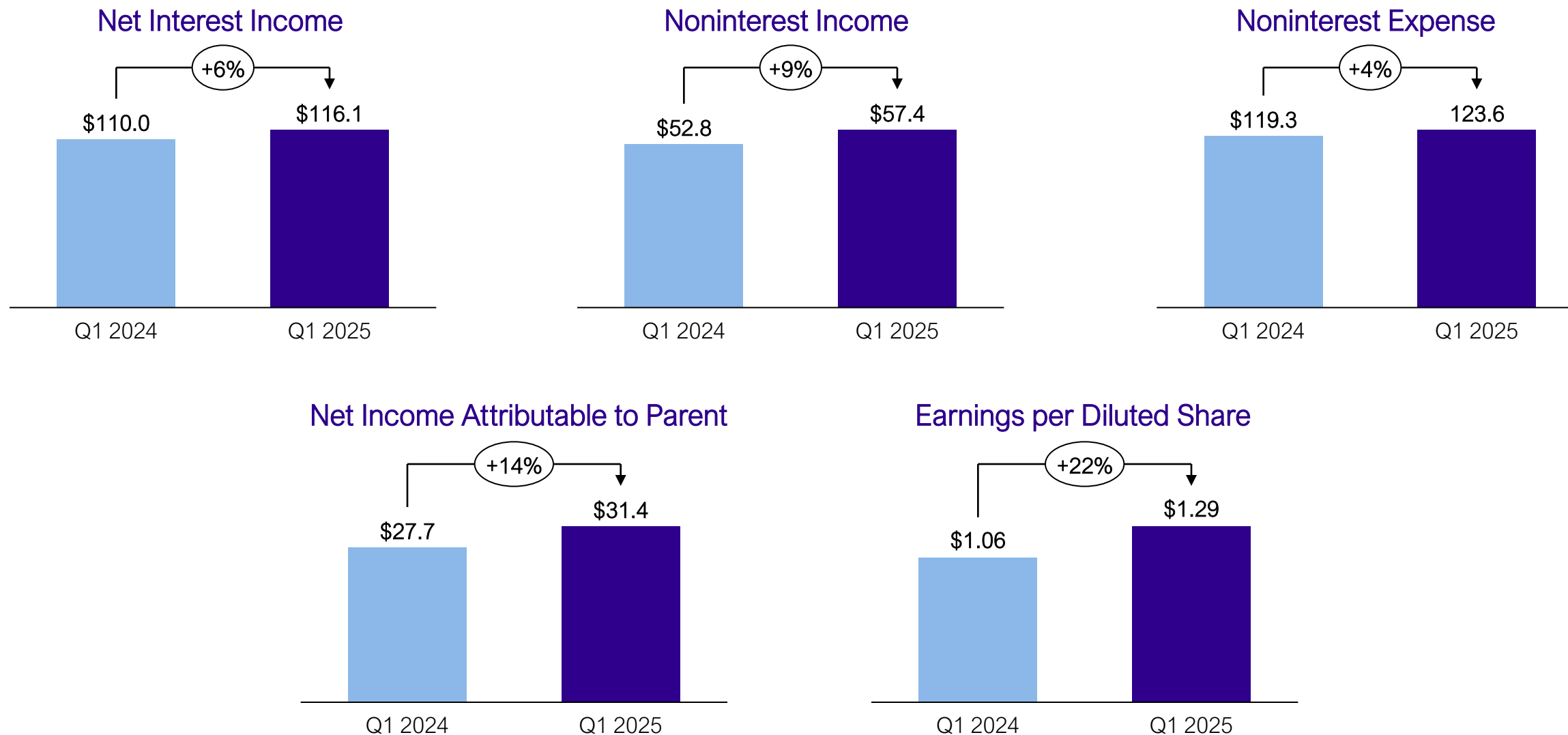
People and culture are important assets



Mature risk and compliance framework

# NET INTEREST INCOME DRIVES SOLID RESULTS

(\$ IN MILLIONS, EXCEPT PER SHARE DATA)

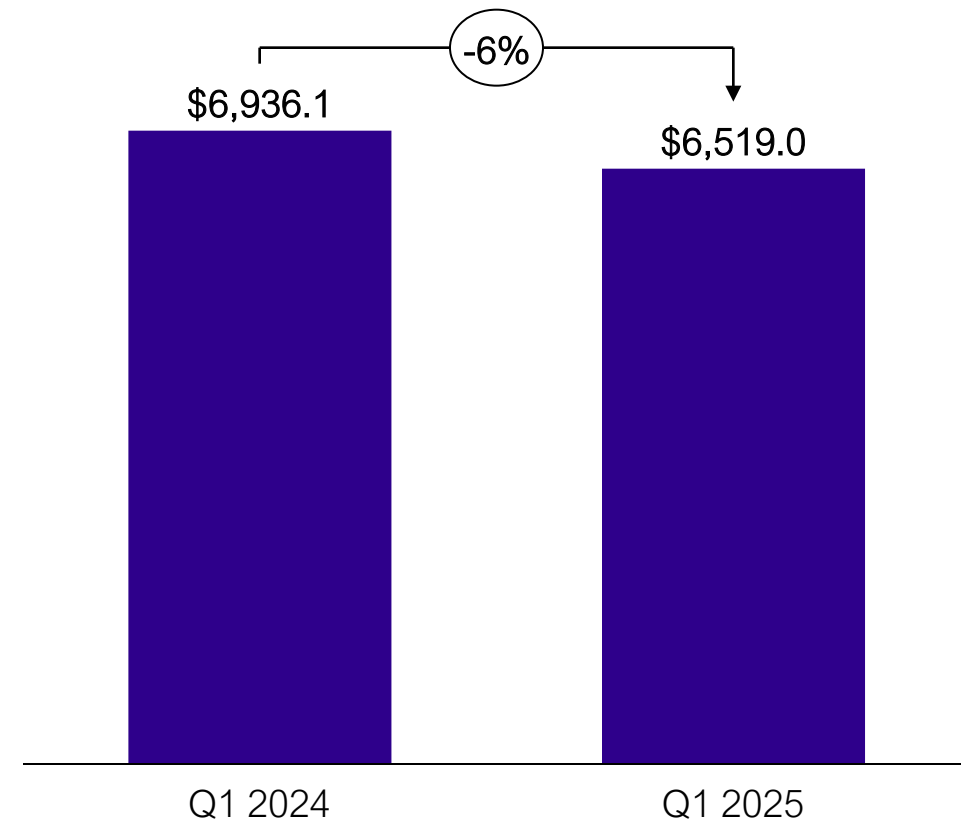


## DEPOSIT BASE SUPPORTS ASSET GROWTH

- Decrease in deposits at December 31, 2024 when compared to the prior year period was primarily due to a reduction in wholesale deposits and the return of inactive EIP deposits to the U.S. Treasury.
- Average Q1 2025 off-balance sheet custodial deposits held in custody at program banks of \$388 million compared to \$379 million during the prior year period.
- \$840 million of off-balance sheet custodial deposits as of December 31, 2024, compared to \$1.1 billion as of December 31, 2023.
- These off-balance sheet custodial deposits earn recordkeeping servicing fee income, typically reflective of the Effective Fed Funds Rate.

## DEPOSITS<sup>1</sup>

Period ending (\$ in millions)

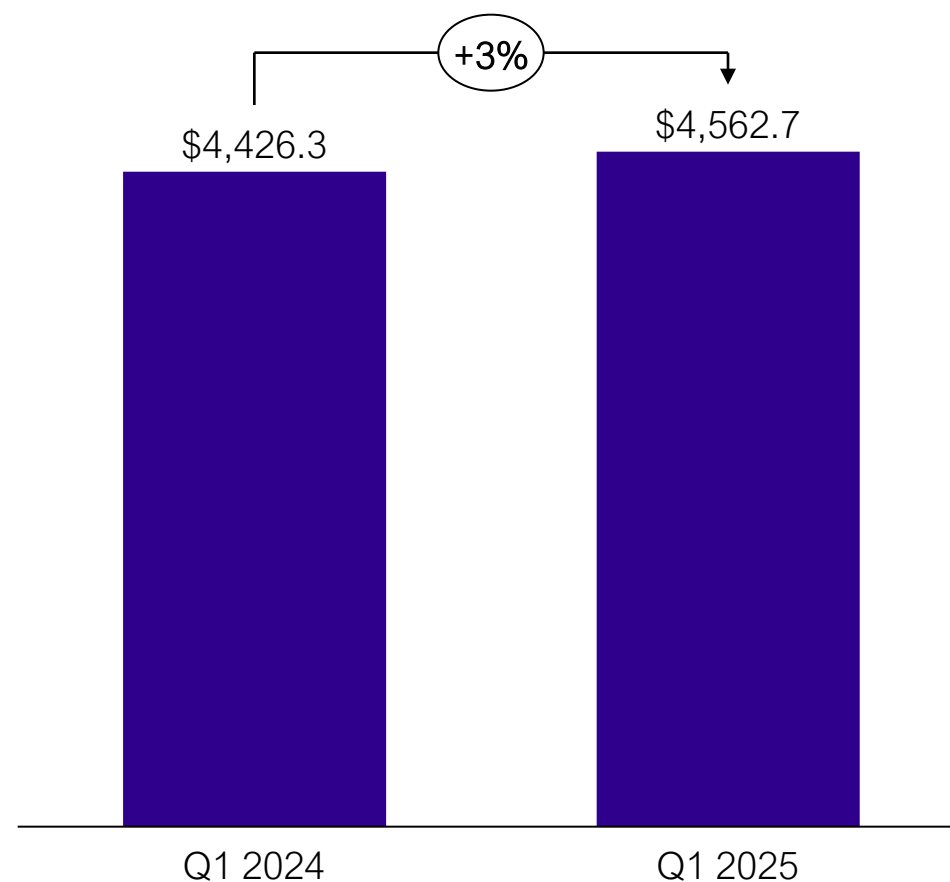


## TOTAL LOANS AND LEASES INCREASED FROM Q1 2024

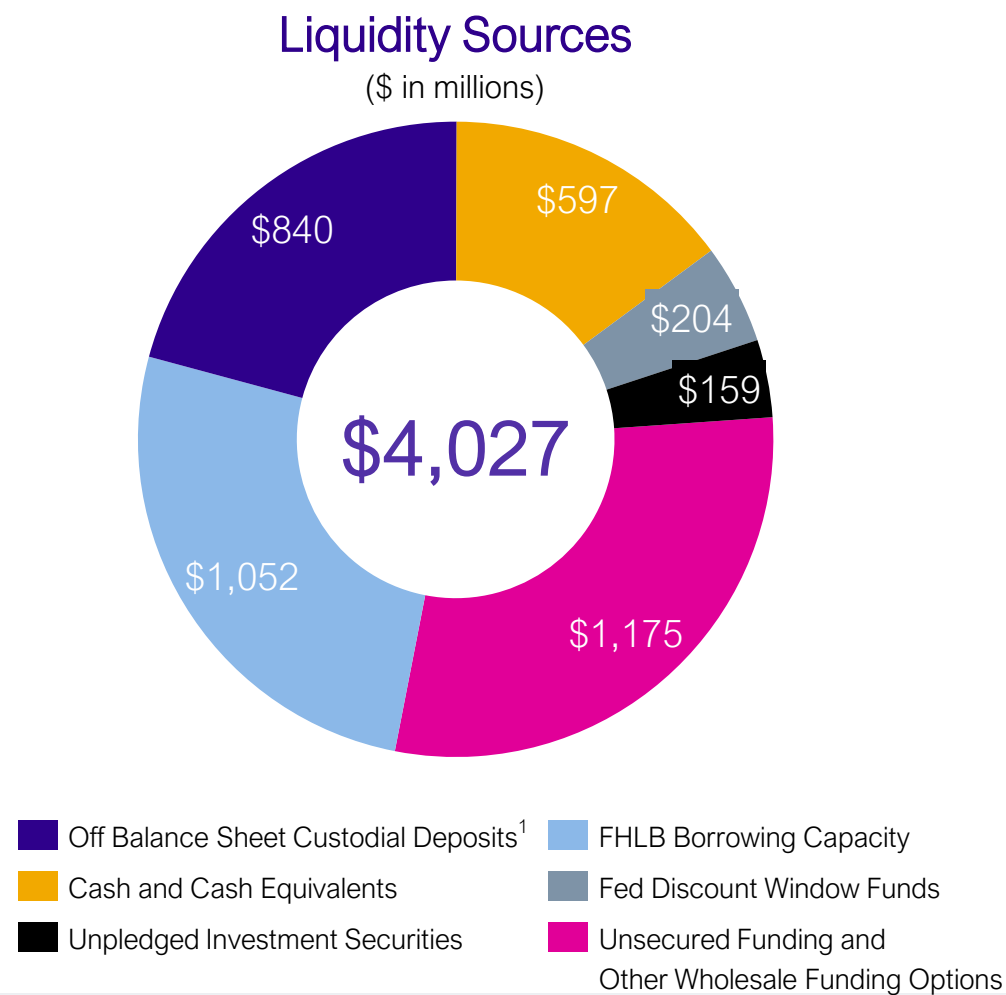
- Increase primarily driven by term lending, warehouse finance and asset-based lending.
- Growth was partially offset by the sale of insurance premium finance loans during Q1FY25.
- Nonperforming loans and leases of 0.76% compared to 0.88% at December 31, 2023.
- Annualized adjusted net charge-off rate of 0.70% for 1Q25<sup>1</sup>.

## TOTAL LOANS AND LEASES

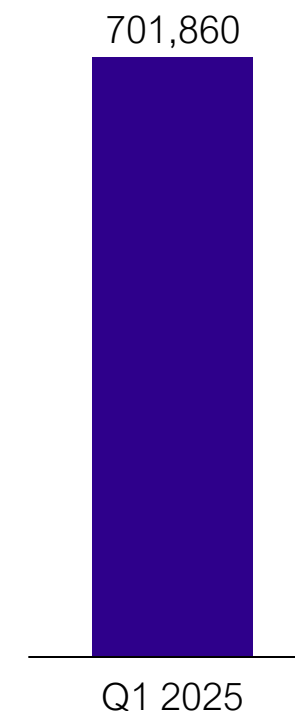
Period ending (\$ in millions)



# STRONG BALANCE SHEET ALLOWS FOR RETURN OF CAPITAL TO SHAREHOLDERS



## Share Repurchases



# FISCAL YEAR 2025 GUIDANCE<sup>1</sup>

\$7.25- \$7.75 EPS

Assumes no additional rate cuts

Effective tax rate 18-22%

Includes expected share repurchases

<sup>1</sup> Information on this slide is presented as of January 21, 2025, 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.

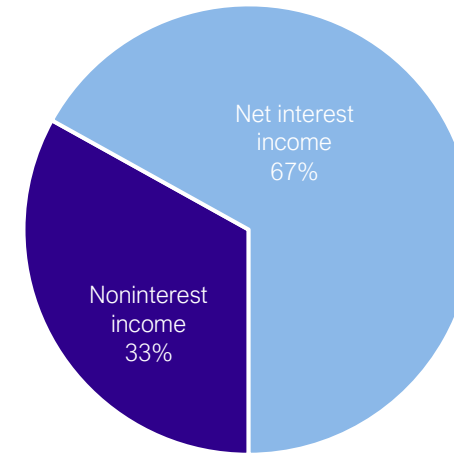
## ► Q&A



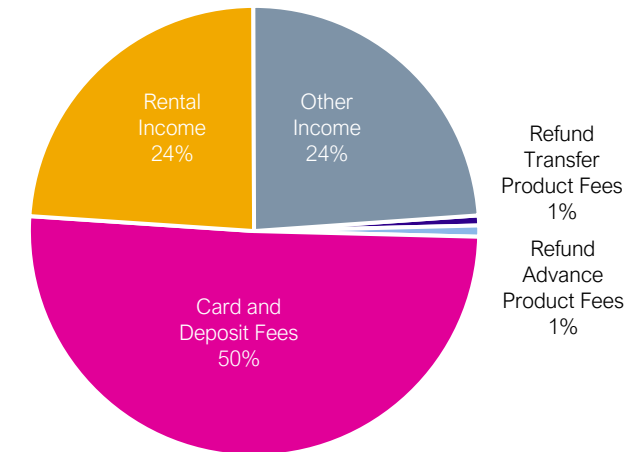
## DIVERSIFIED NONINTEREST INCOME STREAMS

- Noninterest income represents 33% 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.

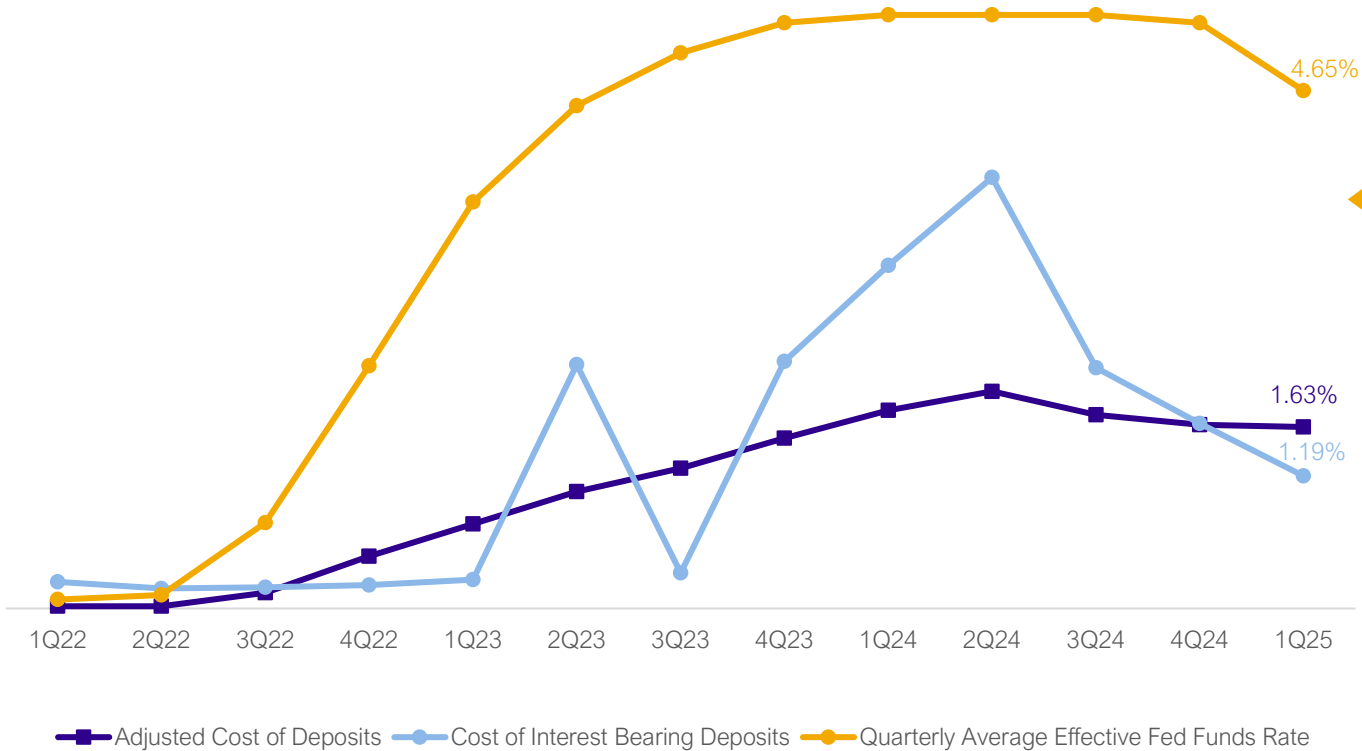
### FYTD 2025 REVENUE BREAKDOWN



### FYTD 2025 NONINTEREST INCOME BREAKDOWN



## COST OF DEPOSITS



## COST OF DEPOSITS

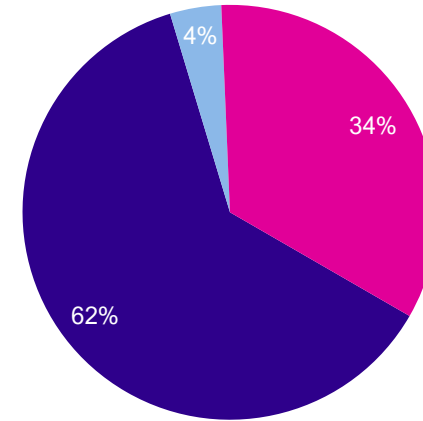
- During the 2025 fiscal first quarter, approximately 60% of the deposit balances were subject to variable card processing expenses, derived from contractual agreements with certain Partner Solutions relationships tied to a rate index, typically the Effective Fed Funds Rate.
- These costs reprice immediately 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 December 31, 2024, Pathward also managed \$840 million in off-balance sheet custodial deposits and earned \$4.5 million of recordkeeping servicing fee income during the fiscal first quarter. That income is also typically reflective of the Effective Fed Funds Rate.

Note: Adjusted 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 associated with deposits on the Company's balance sheet.

## LOAN PORTFOLIO INTEREST RATE SENSITIVITY

- As of December 31, 2024, \$2.8B, or 62% of loans and leases contained floating or variable interest rates. Of these, \$1.7B are tied to Fed Funds or Prime, with the remaining tied to either SOFR or the CMT.
- As of December 31, 2024, 97% of variable loans with floors were at or above their floors.
- Remain focused on smart growth in the Commercial Finance loan portfolio.
- 1Q25 yields increased by continued optimization of the balance sheet.
- \$1.5 billion securities portfolio provides cash flow for future commercial finance loan growth.

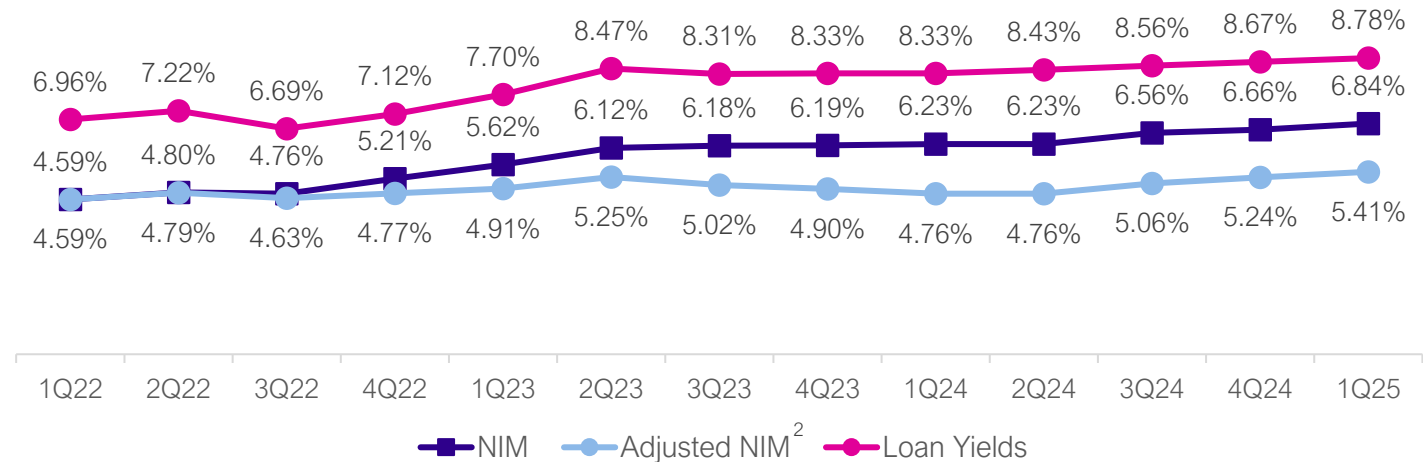
## TOTAL LOAN AND LEASE PORTFOLIO PRICING ATTRIBUTES<sup>1</sup>



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

<sup>1</sup> Fixed rate loans and leases are shown for contractual periods.

## NET INTEREST MARGIN AND LOAN YIELDS



<sup>2</sup> Adjusted NIM includes contractual card processing expenses associated with deposits on the Company's balance sheet and which have 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

**7.46%**  
Q1 2025 Quarterly Yield<sup>1</sup>

**17%**  
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	1Q24	4Q24	1Q25
Large ticket	Lease financing	\$178.6	\$146.8	\$133.5
	Term lending	561.7	488.6	530.1
Small ticket	Lease financing	5.2	2.2	1.5
	Term lending	172.2	121.7	103.2
<b>TOTAL</b>		<b>\$917.7</b>	<b>\$759.3</b>	<b>\$768.3</b>

## 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

12.22%

Q1 2025 Quarterly Yield

21%

Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	1Q24	4Q24	1Q25
Working Capital	Asset-based lending	\$379.7	\$471.9	\$608.3
	Factoring	336.0	362.3	364.5
	<b>TOTAL</b>	<b>\$715.7</b>	<b>\$834.2</b>	<b>\$972.8</b>

## 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

**6.60%**  
Q1 2025 Quarterly Yield<sup>1</sup>

**36%**  
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	1Q24	4Q24	1Q25
Guaranteed portion of US govt SBA/USDA loans	SBA/USDA	\$356.0	\$344.4	\$364.7
Unguaranteed portion of US govt SBA/USDA loans	SBA/USDA	190.1	224.2	231.3
Renewable energy debt financing <sup>2</sup> (term lending only)	Term lending	412.3	635.7	802.9
Other	Term lending	306.0	308.6	299.3
<b>TOTAL</b>		<b>\$1,264.4</b>	<b>\$1,512.9</b>	<b>\$1,698.2</b>

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

<sup>2</sup>Total renewable energy debt financing outstanding was \$1.43 billion as of 1Q25. 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

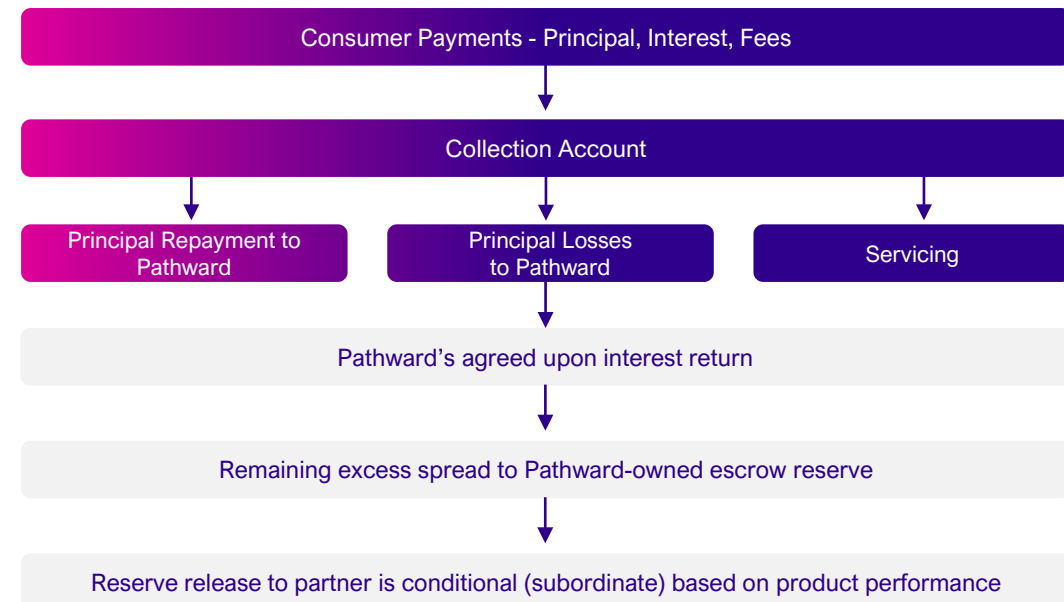
**13.05%**  
Q1 2025 Quarterly Yield

**7%**  
Of Loan Portfolio

(\$ in millions)

Business Line	Balance Sheet Category	1Q24	4Q24	1Q25
Consumer	Consumer finance	\$301.5	\$248.8	\$280.0
<b>TOTAL</b>		<b>\$301.5</b>	<b>\$248.8</b>	<b>\$280.0</b>

### 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

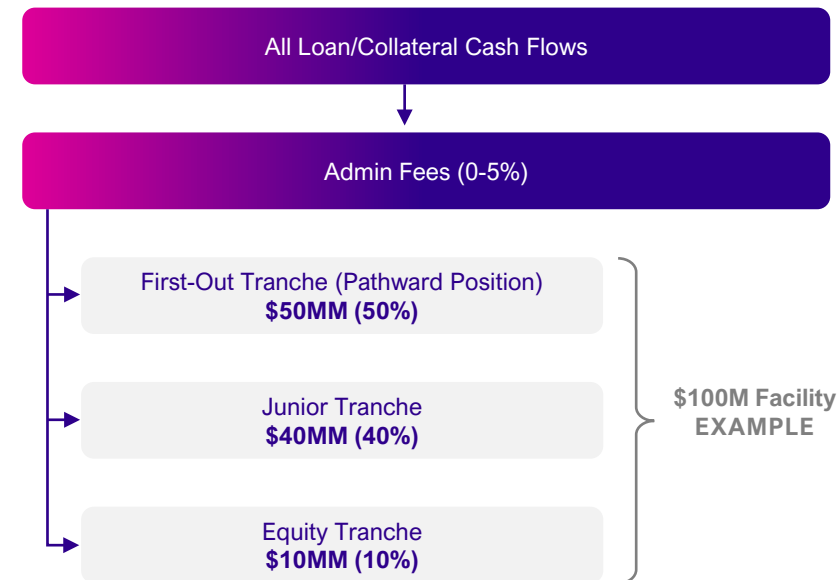
**9.70%**  
Q1 2025 Quarterly Yield

**14%**  
Of Loan Portfolio

(\$ in millions)

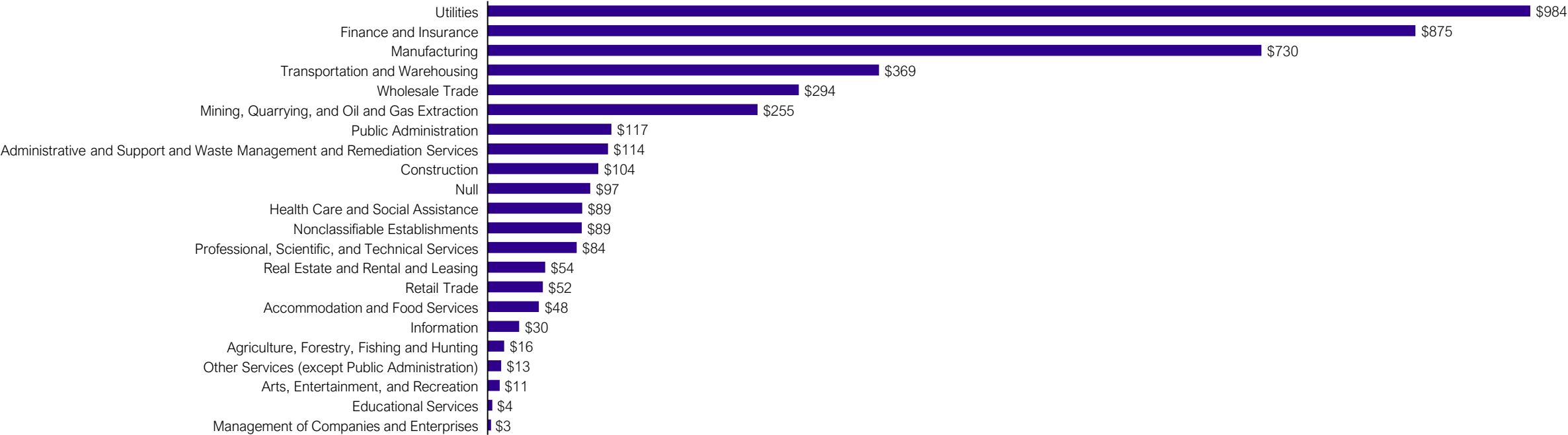
Business Line	Balance Sheet Category	1Q24	4Q24	1Q25
Warehouse	Warehouse finance	\$349.9	\$517.8	\$624.3
<b>TOTAL</b>		<b>\$349.9</b>	<b>\$517.8</b>	<b>\$624.3</b>

### Waterfall



# COMMERCIAL FINANCE CONCENTRATIONS BY INDUSTRY<sup>1</sup>

\$ in millions



## MANUFACTURING

39%	Term lending
39%	Asset based lending
9%	Factoring
7%	Rental equipment, net
6%	Other

## TRANSPORTATION & WAREHOUSING

44%	Term lending
38%	Factoring
8%	Asset based lending
6%	Rental equipment, net
4%	Other

## UTILITIES

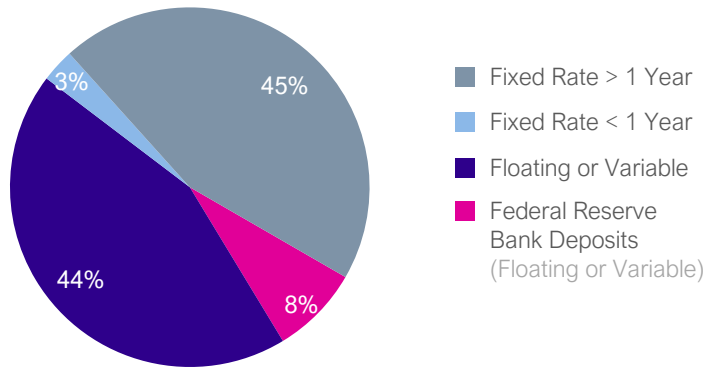
52%	Term lending
35%	SBA/USDA
8%	Rental equipment, net
5%	Other

<sup>1</sup> 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 \$206.8M

# INTEREST RATE RISK MANAGEMENT

DECEMBER 31, 2024

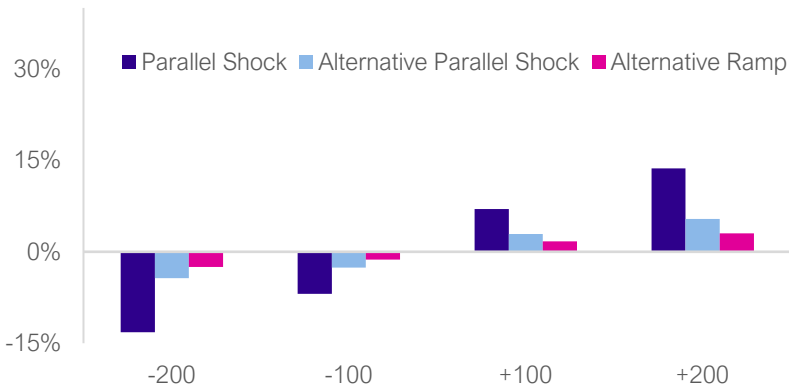
## Earning Asset Pricing Attributes<sup>1</sup>



<sup>1</sup> Fixed rate securities, loans and leases are shown for contractual periods.

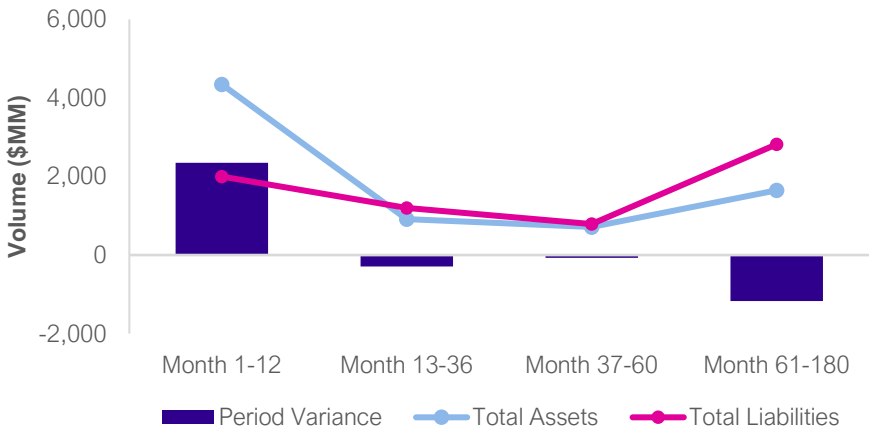
- Data presented on this page is reflective of the Company’s asset mix at a point in time and calculated for regulatory purposes. Future rate changes would impact a multitude of variables beyond the Company’s control, and as a result, the data presented is not intended to be used for forward-looking 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.

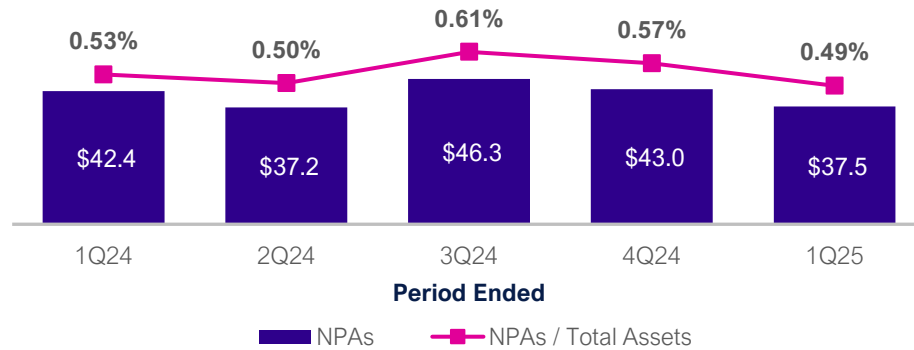
## Asset/Liability Gap Analysis



# ASSET QUALITY

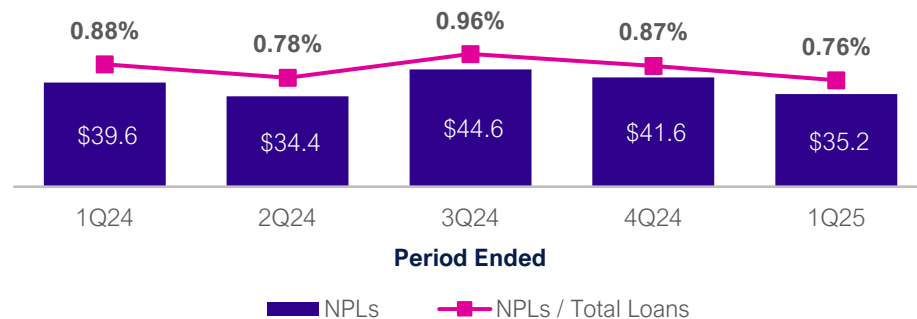
## Nonperforming Assets (“NPAs”)

(\$ in millions)



## Nonperforming Loans (“NPLs”)

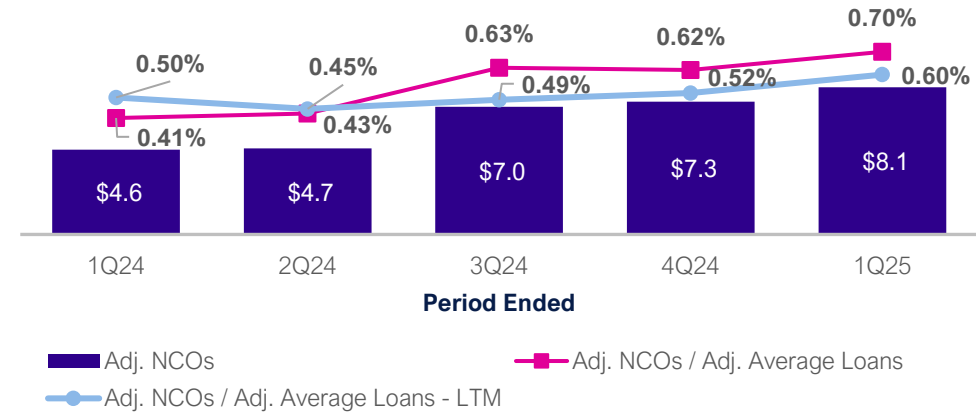
(\$ in millions)



## Adjusted Net Charge-Offs (“NCOs”)<sup>1</sup>

Excludes Tax Services NCOs and Related Seasonal Average Loans

(\$ in millions)



## KEY CREDIT METRICS

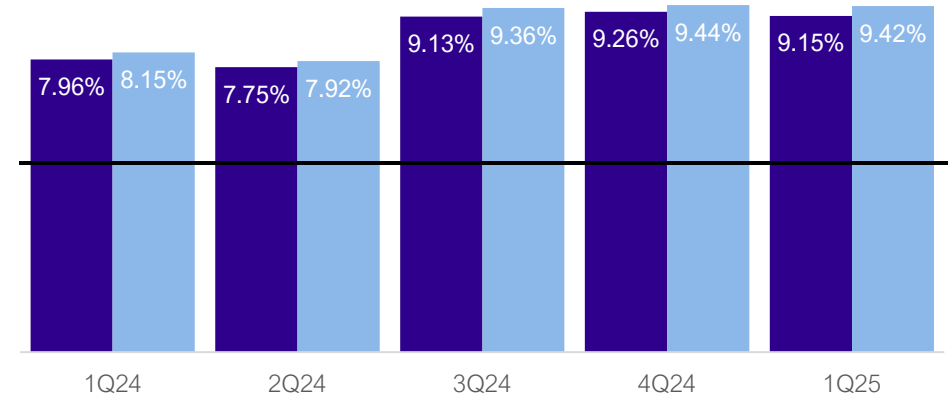
- Annualized adjusted net charge-offs<sup>1</sup>:
  - 0.70% of average loans in 1Q25
  - 0.60% of average loans over last 12 months
- Allowance for credit loss (“ACL”) of \$49.0 million as of December 31, 2024.
- ACL as a % of total loans and leases was 1.07% for 1Q25, a 15 bps decrease from the prior year.
- The decrease in NPAs / NPLs compared to the sequential quarter was primarily driven by a decrease in nonperforming loans in the seasonal tax services portfolio and consumer finance portfolio, partially offset by an increase in the commercial finance portfolio.

# CAPITAL AND SOURCES OF LIQUIDITY

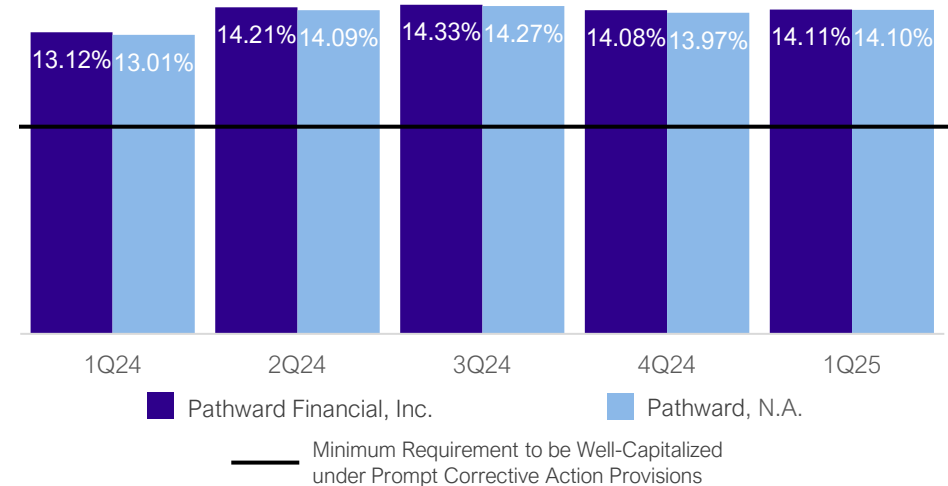
Regulatory Capital as of December 31, 2024

At December 31, 2024 <sup>1</sup>	Pathward Financial, Inc.	Pathward, N.A.
Tier 1 Leverage	9.15%	9.42%
Common Equity Tier 1	12.53%	13.16%
Tier 1 Capital	12.79%	13.16%
Total Capital	14.11%	14.10%

Tier 1 Leverage Ratio



Total Capital Ratio



Primary & Secondary Liquidity Sources (\$ in millions)	
Cash and Cash Equivalents	\$597
Unpledged Investment Securities	\$159
FHLB Borrowing Capacity	\$1,052
Funds Available through Fed Discount Window	\$204
Unsecured Funding Providers	\$1,175
Deposit Balances Held at Other Banks	\$840
<b>Total Liquidity</b>	<b>\$4,027</b>

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



# APPENDIX

# EFFICIENCY RATIO

## Efficiency Ratio

	For the last twelve months ended				
(\$ in thousands)	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024
Noninterest expense – GAAP	479,190	492,485	501,586	513,253	517,538
Net interest income	413,840	430,736	444,130	455,118	461,215
Noninterest income	303,583	305,490	303,628	299,587	304,204
<b>Total Revenue: GAAP</b>	<b>717,423</b>	<b>736,226</b>	<b>747,758</b>	<b>754,705</b>	<b>765,419</b>
Efficiency ratio, LTM	66.79%	66.89%	67.08%	68.01%	67.61%

# NON-GAAP RECONCILIATION

## Adjusted Net Income and Adjusted Earnings Per Share

	For the year ended
	2022
(\$ in thousands, except share and per share data)	
<b>Net income – GAAP <sup>a</sup></b>	<b>156,386</b>
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 <sup>b</sup>	133,579
Less: Allocation of earnings to participating securities <sup>1</sup>	2,191
<b>Adjusted net income attributable to common shareholders</b>	<b>131,388</b>
<b>Adjusted earnings per common share, diluted</b>	<b>\$4.49</b>
Average diluted shares	29,232,247
<b>Adjusted Return on Average Assets and Adjusted Return on Average Tangible Equity</b>	
Average assets <sup>c</sup>	7,103,874
<b>Return on average assets (a / c)</b>	<b>2.20%</b>
<b>Adjusted return on average assets (b / c)</b>	<b>1.88%</b>
Average equity <sup>d</sup>	780,705
Less: Average goodwill and intangible assets	339,179
Average tangible equity <sup>e</sup>	441,526
<b>Return on average tangible equity (a / e)</b>	<b>35.42%</b>
<b>Adjusted return on average tangible equity (b / e)</b>	<b>30.25%</b>

# NON-GAAP RECONCILIATION

## Adjusted Annualized NCOs and Adjusted Average Loans and Leases

(\$ in thousands)	For the quarter ended				
	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024
Net charge-offs	5,486	(1,087)	6,582	35,626	8,573
Less: Tax services net charge-offs (recoveries)	851	(5,800)	(410)	28,354	513
Adjusted net charge-offs	4,635	4,713	6,992	7,272	8,060
Quarterly average loans and leases	4,535,826	4,903,175	4,506,674	4,694,512	4,643,461
Less: Quarterly average tax services loans	28,050	493,168	56,836	39,437	36,785
Adjusted quarterly average loans and leases	4,507,776	4,410,007	4,449,838	4,655,075	4,606,676
Annualized NCOs/average loans and leases	0.48%	-0.09%	0.58%	3.04%	0.74%
Adjusted annualized NCOs/adjusted average loans and leases <sup>1</sup>	0.41%	0.43%	0.63%	0.62%	0.70%

(\$ in thousands)	For the last twelve months ended				
	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024
Net charge-offs	55,959	49,897	52,261	46,607	49,694
Less: Tax services net charge-offs (recoveries)	35,597	30,860	30,716	22,995	22,657
Adjusted net charge-offs	20,362	19,037	21,545	23,612	27,037
Average loans and leases	4,189,308	4,411,573	4,558,436	4,660,047	4,686,956
Less: Average tax services loans	143,345	154,472	155,561	154,373	156,556
Adjusted Average loans and leases	4,045,963	4,257,104	4,402,874	4,505,674	4,530,400
NCOs/average loans and leases	1.34%	1.13%	1.15%	1.00%	1.06%
Adjusted NCOs/adjusted average loans and leases <sup>1</sup>	0.50%	0.45%	0.49%	0.52%	0.60%

# NON-GAAP RECONCILIATION

## Net Interest Margin and Cost of Deposits

For the quarter ended

(\$ in thousands)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Average interest earning assets	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	6,735,958
Net interest income	71,613	83,800	72,151	79,760	84,057	101,405	97,465	104,934	110,036	118,301	110,859	115,922	116,133
Net interest margin	4.59%	4.80%	4.76%	5.21%	5.62%	6.12%	6.18%	6.19%	6.23%	6.23%	6.56%	6.66%	6.84%
Average total deposits	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	6,081,235
Deposit interest expense	141	165	94	99	142	2,096	164	1,954	3,526	6,685	1,689	1,119	775
Cost of deposits	0.01%	0.01%	0.01%	0.01%	0.01%	0.13%	0.01%	0.12%	0.21%	0.38%	0.11%	0.07%	0.05%

## Adjusted Net Interest Margin With Contractual, Rate-Related Card Expenses Associated With Deposits on the Company's Balance Sheet

For the quarter ended

(\$ in thousands)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Average interest earning assets	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	6,735,958
Net interest income	71,613	83,800	72,151	79,760	84,057	101,405	97,465	104,934	110,036	118,301	110,859	115,922	116,133
Less: Contractual, rate-related processing expense	85	183	1,966	6,698	10,660	14,415	18,358	21,929	25,891	28,024	25,320	24,631	24,241
Adjusted net interest income	71,528	83,617	70,185	73,062	73,397	86,990	79,107	83,005	84,145	90,277	85,539	91,291	91,892
Adjusted net interest margin	4.59%	4.79%	4.63%	4.77%	4.91%	5.25%	5.02%	4.90%	4.76%	4.76%	5.06%	5.24%	5.41%
Average total deposits	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	6,081,235
Deposit interest expense	141	165	94	99	142	2,096	164	1,954	3,526	6,685	1,689	1,119	775
Add: Contractual, rate-related processing expense	85	183	1,966	6,698	10,660	14,415	18,358	21,929	25,891	28,024	25,320	24,631	24,241
Adjusted deposit expense	226	348	2,060	6,797	10,802	16,511	18,522	23,883	29,417	34,709	27,009	25,750	25,016
Adjusted cost of deposits	0.02%	0.02%	0.14%	0.47%	0.76%	1.05%	1.26%	1.53%	1.78%	1.95%	1.74%	1.65%	1.63%

# 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.