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

FORM 10-Q

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

For the quarterly period ended June 30, 2013

☐ 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

META FINANCIAL GROUP, INC. ®

(Exact name of registrant as specified in its charter)

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

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

(712) 732-4117
(Registrant's telephone number, including area code)

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES ☒ NO ☐ .

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☒

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 August 2, 2013:
Common Stock, $.01 par value	5,966,780 Common Shares

META FINANCIAL GROUP, INC.
FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Condition (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

ASSETS	June 30, 2013	September 30, 2012
Cash and cash equivalents	$ 26,499	$ 145,051
Investment securities available for sale	291,717	435,250
Mortgage-backed securities available for sale	619,281	681,442
Investment securities held to maturity	208,371	-
Mortgage-backed securities held to maturity	79,439	-
Loans receivable - net of allowance for loan losses of $3,670 at June 30, 2013 and $3,971 at September 30, 2012	339,162	326,981
Federal Home Loan Bank Stock, at cost	5,318	2,120
Accrued interest receivable	8,788	6,710
Insurance receivable	539	581
Premises, furniture, and equipment, net	17,803	17,738
Bank-owned life insurance	33,539	14,832
Foreclosed real estate and repossessed assets	45	838
Intangible assets	2,337	2,035
MPS accounts receivable	3,793	5,763
Assets held for sale	1,347	-
Other assets	21,960	9,557
Total assets	$ 1,659,938	$ 1,648,898
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest-bearing checking	$ 1,198,411	$ 1,181,299
Interest-bearing checking	31,611	33,094
Savings deposits	27,696	26,053
Money market deposits	41,158	38,585
Time certificates of deposit	117,001	100,763
Total deposits	1,415,877	1,379,794
Advances from Federal Home Loan Bank	7,000	11,000
Federal funds purchased	65,000	-
Securities sold under agreements to repurchase	13,125	26,400
Subordinated debentures	10,310	10,310
Accrued interest payable	274	177
Contingent liability	331	1,719
Accrued expenses and other liabilities	19,986	73,639
Total liabilities	1,531,903	1,503,039
STOCKHOLDERS' EQUITY		
Preferred stock, 3,000,000 shares authorized, no shares issued or outstanding at June 30, 2013 and September 30, 2012, respectively	-	-
Common stock, $.01 par value; 10,000,000 shares authorized, 5,586,755 and 5,576,099 shares issued, 5,513,014 and 5,443,881 shares outstanding at June 30, 2013 and September 30, 2012, respectively	56	56
Additional paid-in capital	78,504	78,769
Retained earnings - substantially restricted	68,579	60,776
Accumulated other comprehensive income (loss)	(17,895)	8,513
Treasury stock, 73,741 and 132,218 common shares, at cost, at June 30, 2013 and September 30, 2012, respectively	(1,209)	(2,255)
Total stockholders' equity	128,035	145,859
Total liabilities and stockholders' equity	$ 1,659,938	$ 1,648,898

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 2012
Interest and dividend income:				
Loans receivable, including fees	$ 4,091	$ 4,615	$ 11,953	$ 13,647
Mortgage-backed securities	3,024	3,848	9,069	13,833
Other investments	2,710	686	8,151	1,583
	9,825	9,149	29,173	29,063
Interest expense:				
Deposits	286	516	995	1,722
FHLB advances and other borrowings	380	341	1,317	1,000
	666	857	2,312	2,722
Net interest income	9,159	8,292	26,861	26,341
Provision (recovery) for loan losses	-	150	(300)	1,049
Net interest income after provision for loan losses	9,159	8,142	27,161	25,292
Non-interest income:				
Card fees	12,547	12,232	38,043	41,836
Gain (loss) on sale of securities available for sale, net	525	(401)	2,501	12,030
Bank-owned life insurance income	289	131	707	389
Loan fees	188	358	690	977
Deposit fees	150	154	472	459
Gain (loss) on foreclosed real estate	39	1,135	(274)	170
Other income	(179)	97	(75)	308
Total non-interest income	13,559	13,706	42,064	56,169
Non-interest expense:				
Compensation and benefits	8,524	8,236	25,917	23,469
Card processing expense	3,480	3,672	12,143	13,970
Occupancy and equipment expense	2,188	2,083	6,195	6,269
Legal and consulting expense	1,183	861	2,957	4,146
Data processing expense	299	294	910	847
Marketing	276	317	747	809
Impairment on assets held for sale	-	-	361	-
Other expense	2,074	2,608	7,457	7,565
Total non-interest expense	18,024	18,071	56,687	57,075
Income before income tax expense	4,694	3,777	12,538	24,386
Income tax expense	1,022	1,390	2,594	8,938
Net income	$ 3,672	$ 2,387	$ 9,944	$ 15,448
Earnings per common share:				
Basic	$ 0.67	$ 0.67	$ 1.81	$ 4.66
Diluted	$ 0.66	$ 0.66	$ 1.80	$ 4.64

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(Dollars in Thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income	$ 3,672	$ 2,387	$ 9,944	$ 15,448
Other comprehensive income (loss):				
Change in net unrealized gain (loss) on securities	(29,219)	5,440	(40,666)	7,449
Losses (gains) realized in net income	(525)	401	(2,501)	(12,030)
	(29,744)	5,841	(43,167)	(4,581)
Deferred income tax effect	(11,624)	2,234	(16,759)	(1,753)
Total other comprehensive income (loss)	(18,120)	3,607	(26,408)	(2,828)
Total comprehensive income (loss)	$ (14,448)	$ 5,994	$ (16,464)	$ 12,620

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
For the Nine Months Ended June 30, 2013 and 2012
(Dollars in Thousands, Except Share and Per Share Data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, September 30, 2011	$ 34	$ 32,471	$ 45,494	$ 6,336	$ (3,758)	$ 80,577
Cash dividends declared on common stock ($.39 per share)	-	-	(1,332)	-	-	(1,332)
Issuance of 640,000 common shares from the sales of equity securities	6	12,782	-	-	-	12,788
Issuance of 59,750 common shares from treasury stock due to issuance of restricted stock	-	50	-	-	969	1,019
Stock compensation	-	27	-	-	-	27
Change in net unrealized gains (losses) on securities available for sale	-	-	-	(2,828)	-	(2,828)
Net income	-	-	15,448	-	-	15,448
Balance, June 30, 2012	$ 40	$ 45,330	$ 59,610	$ 3,508	$ (2,789)	$ 105,699
Balance, September 30, 2012	$ 56	$ 78,769	$ 60,776	$ 8,513	$ (2,255)	$ 145,859
Cash dividends declared on common stock ($0.13 per share)	-	-	(2,141)	-	-	(2,141)
Issuance of common shares from the sales of equity securities	-	(318)	-	-	-	(318)
Issuance of common shares from treasury stock due to exercise of stock options	-	(72)	-	-	1,046	974
Stock compensation	-	125	-	-	-	125
Net change in unrealized losses on on securities, net of income taxes	-	-	-	(26,408)	-	(26,408)
Net income	-	-	9,944	-	-	9,944
Balance, June 30, 2013	$ 56	$ 78,504	$ 68,579	$ (17,895)	$ (1,209)	$ 128,035

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	Nine Months Ended June 30, 2013	2012
Cash flows from operating activities:		
Net income	$ 9,944	$ 15,448
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	15,850	13,876
Disbursement of non-real estate consumer loans originated for sale	-	(617,928)
Proceeds from sale of non-real estate consumer loans	-	617,806
Proceeds from sale of 1-4 family residential mortgage loans	-	368
Loss on sale of loans	-	7
Provision (recovery) for loan losses	(300)	1,049
(Gain) loss on other assets	67	(166)
Gain on sale of securities available for sale, net	(2,501)	(12,030)
Net change in accrued interest receivable	(2,078)	(1,732)
Impairment on assets held for sale	361	-
Net change in other assets	(22,435)	2,332
Net change in accrued interest payable	97	(7)
Net change in accrued expenses and other liabilities	(26,797)	(92)
Net cash provided by (used in) operating activities	(27,792)	18,931
Cash flows from investing activities:		
Purchase of securities available for sale	(468,103)	(898,546)
Proceeds from sales of securities available for sale	182,156	386,859
Proceeds from maturities and principal repayments of securities available for sale	155,390	158,738
Purchase of securities held to maturity	(5,576)	-
Purchase of bank owned life insurance	(18,000)	-
Loans purchased	(10,446)	(6,320)
Net change in loans receivable	(1,435)	(16,560)
Proceeds from sales of foreclosed real estate	431	4,919
Federal Home Loan Bank stock purchases	(309,358)	(58,331)
Federal Home Loan Bank stock redemptions	306,160	60,948
Proceeds from the sale of premises and equipment	-	24
Purchase of premises and equipment	(4,427)	(3,554)
Other, net	-	1,754
Net cash provided by (used in) investing activities	(173,208)	(370,069)
Cash flows from financing activities:		
Net change in checking, savings, and money market deposits	19,845	224,610
Net change in time deposits	16,238	(15,691)
Repayment of FHLB and other borrowings	(4,000)	-
Proceeds from federal funds purchased	65,000	-
Net change in securities sold under agreements to repurchase	(13,275)	19,259
Cash dividends paid	(2,141)	(1,332)
Proceeds from issuance of common shares, net of issuance costs	-	12,788
Stock compensation	125	27
Proceeds from issuance of common stock	656	1,019
Net cash provided by (used in) financing activities	82,448	240,680
Net change in cash and cash equivalents	(118,552)	(110,458)
Cash and cash equivalents at beginning of period	145,051	276,893
Cash and cash equivalents at end of period	$ 26,499	$ 166,435
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 2,763	$ 2,729
Income taxes	3,408	5,624
Supplemental schedule of non-cash investing activities:		
Loans transferred to foreclosed real estate	$ 48	$ 3,040

Assets transferred to held for sale	1,708	-
Securities transferred from available for sale to held to maturity	282,195	-

See Notes to Condensed Consolidated Financial Statements.

NOTE 1. BASIS OF PRESENTATION

The interim unaudited condensed consolidated financial statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended September 30, 2012 included in Meta Financial Group, Inc.'s ("Meta Financial" or the "Company") Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on December 21, 2012. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the audited consolidated financial statements have been omitted.

The financial information of the Company included herein has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments), that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of the three - and nine - periods ended June 30, 2013, are not necessarily indicative of the results expected for the year ending September 30, 2013.

NOTE 2. CREDIT DISCLOSURES

Loans are considered impaired if full principal or interest payments are not probable in accordance with the contractual loan terms. Impaired loans are carried at the present value of expected future cash flows discounted at the loan's effective interest rate or at the fair value of the collateral if the loan is collateral dependent.

The allowance for loan losses consists of specific, general, and unallocated components. The specific component relates to impaired loans. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan are lower than the carrying value of that loan. The general component covers loans not considered impaired and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Smaller-balance homogeneous loans are collectively evaluated for impairment. Such loans include residential first mortgage loans secured by one-to-four family residences, residential construction loans, and automobile, manufactured homes, home equity and second mortgage loans. Commercial and agricultural loans and mortgage loans secured by other properties are evaluated individually for impairment. When analysis of borrower operating results and financial condition indicates that underlying cash flows of the borrower's business are not adequate to meet its debt service requirements, the loan is evaluated for impairment. Generally, non-accrual loans are considered impaired. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Loans receivable at June 30, 2013 and September 30, 2012 are as follows:

	June 30, 2013	September 30, 2012
	(Dollars in Thousands)	
One to four family residential mortgage loans	$ 76,162	$ 49,134
Commercial and multi-family real estate loans	161,970	191,905
Agricultural real estate loans	28,567	19,861
Consumer loans	30,763	32,838
Commercial operating loans	15,819	16,452
Agricultural operating loans	29,941	20,981
Total Loans Receivable	343,222	331,171
Less:		
Allowance for loan losses	(3,670)	(3,971)
Net deferred loan origination fees	(390)	(219)
Total Loans Receivable, Net	$ 339,162	$ 326,981

Activity in the allowance for loan losses and balances of loans receivable by portfolio segment for the three and nine month periods ended June 30, 2013 and 2012 is as follows:

	1-4 Family Residential	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	Unallocated	Total
Three Months Ended June 30, 2013								
Allowance for loan losses:								
Beginning balance	$ 265	$ 2,329	$ 1	$ 4	$ 25	$ 17	$ 1,065	$ 3,706
Provision (recovery) for loan losses	92	(563)	34	-	(47)	154	330	-
Loan charge offs	(25)	(128)	-	-	-	-	-	(153)
Recoveries	-	94	-	-	23	-	-	117
Ending balance	$ 332	$ 1,732	$ 35	$ 4	$ 1	$ 171	$ 1,395	$ 3,670
Nine Months Ended June 30, 2013								
Allowance for loan losses:								
Beginning balance	$ 193	$ 3,113	$ 1	$ 3	$ 49	$ -	$ 612	$ 3,971
Provision (recovery) for loan losses	164	(1,341)	34	-	(111)	171	783	(300)
Loan charge offs	(25)	(136)	-	-	-	-	-	(161)
Recoveries	-	96	-	1	63	-	-	160
Ending balance	$ 332	$ 1,732	$ 35	$ 4	$ 1	$ 171	$ 1,395	$ 3,670
Ending balance: individually evaluated for impairment	$ 25	$ 409	$ -	$ -	$ -	$ -	$ -	$ 434
Ending balance: collectively evaluated for impairment	$ 307	$ 1,323	$ 35	$ 4	$ 1	$ 171	$ 1,395	$ 3,236
Loans:								
Ending balance: individually evaluated for impairment	$ 618	$ 8,383	$ -	$ -	$ 53	$ -	$ -	$ 9,054
Ending balance: collectively evaluated for impairment	$ 75,544	$ 153,587	$ 28,567	$ 30,763	$ 15,766	$ 29,941	$ -	$ 334,168

	1-4 Family Residential	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	Unallocated	Total
Three Months Ended June 30, 2012								
Allowance for loan losses:								
Beginning balance	$ 147	$ 3,975	$ -	$ 27	$ 37	$ -	$ 576	$ 4,762
Provision (recovery) for loan losses	17	182	-	(12)	(1)	-	(36)	150
Loan charge offs	-	(502)	-	(4)	-	-	-	(506)
Recoveries	-	20	-	-	-	-	-	20
Ending balance	$ 164	$ 3,675	$ -	$ 11	$ 36	$ -	$ 540	$ 4,426
Nine Months Ended June 30, 2012								
Allowance for loan losses:								
Beginning balance	$ 165	$ 3,901	$ -	$ 16	$ 36	$ 67	$ 741	$ 4,926
Provision (recovery) for loan losses	1	1,322	-	(3)	(3)	(67)	(201)	1,049
Loan charge offs	(3)	(1,568)	-	(6)	-	-	-	(1,577)
Recoveries	1	20	-	4	3	-	-	28
Ending balance	$ 164	$ 3,675	$ -	$ 11	$ 36	$ -	$ 540	$ 4,426
Ending balance: individually evaluated for impairment	$ 4	$ 1,157	$ -	$ -	$ 2	$ -	$ -	$ 1,163
Ending balance: collectively evaluated for impairment	$ 160	$ 2,518	$ -	$ 11	$ 34	$ -	$ 540	$ 3,263
Loans:								
Ending balance: individually evaluated for impairment	$ 78	$ 10,830	$ -	$ 1	$ 78	$ -	$ -	$ 10,987
Ending balance: collectively evaluated for impairment	$ 43,895	$ 180,585	$ 20,572	$ 39,058	$ 14,945	$ 25,132	$ -	$ 324,187

Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered by our regulator, the Office of the Comptroller of the Currency (the “OCC”), to be of lesser quality, as “substandard,” “doubtful” or “loss.” 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 MetaBank (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,” MetaBank 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 direct management to establish additional general or specific loss allowances.

The asset classification of loans at June 30, 2013 and September 30, 2012, are as follows:

June 30, 2013

	1-4 Family Residential	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	Total
Pass	$ 75,754	$ 141,253	$ 25,092	$ 30,763	$ 15,735	$ 24,219	$ 312,816
Watch	78	11,466	3,475	-	84	29	15,132
Special Mention	85	1,703	-	-	-	5,693	7,481
Substandard	245	7,548	-	-	-	-	7,793
Doubtful	-	-	-	-	-	-	-
	$ 76,162	$ 161,970	$ 28,567	$ 30,763	$ 15,819	$ 29,941	$ 343,222

September 30, 2012

	1-4 Family Residential	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	Total
Pass	$ 48,566	$ 167,697	$ 19,783	$ 32,837	$ 16,036	$ 20,981	$ 305,900
Watch	228	12,932	78	-	-	-	13,238
Special Mention	15	3,730	-	-	399	-	4,144
Substandard	295	7,546	-	1	17	-	7,859
Doubtful	30	-	-	-	-	-	30
	$ 49,134	$ 191,905	$ 19,861	$ 32,838	$ 16,452	$ 20,981	$ 331,171

One- to Four-Family Residential Mortgage Lending . One- to four-family residential mortgage loan originations are generated by the Company's marketing efforts, its present customers, walk-in customers and referrals. The Company offers fixed-rate and adjustable rate mortgage ("ARM") loans for both permanent structures and those under construction. The Company's one- to four-family residential mortgage originations are secured primarily by properties located in its primary market area and surrounding areas.

The Company originates one- to four-family residential mortgage loans with terms generally up to ten years and a maximum of 30 years with loan-to-value ratios up to 100% of the lesser of the appraised value of the security property or the contract price at the time of origination. The Company generally requires that private mortgage insurance be obtained in an amount sufficient to reduce the Company's exposure to at or below the 80% loan-to-value level, unless the loan is insured by the Federal Housing Administration, guaranteed by Veterans Affairs or guaranteed by the Rural Housing Administration. Residential loans generally do not include prepayment penalties.

The Company currently offers one, three, five, seven and ten year ARM loans. These loans have a fixed rate for the stated period and, thereafter, such loans adjust annually. These loans generally provide for an annual cap of up to 200 basis points and a lifetime cap of 600 basis points over the initial rate. As a consequence of using an initial fixed rate and caps, the interest rates on these loans may not be as rate sensitive as is the Company's cost of funds. The Company's ARMs do not permit negative amortization of principal and are not convertible into a fixed rate loan. The Company's delinquency experience on its ARM loans has generally been similar to its experience on fixed rate residential loans.

Due to consumer demand, the Company also offers fixed-rate mortgage loans with terms up to 30 years, most of which conform to secondary market, *i.e.* , Fannie Mae, Ginnie Mae, and Freddie Mac, standards. Interest rates charged on these fixed-rate loans are competitively priced according to market conditions.

In underwriting one- to four-family residential real estate loans, the Company evaluates both the borrower’s ability to make monthly payments and the value of the property securing the loan. Properties securing real estate loans made by the Company are appraised by independent appraisers approved by the Board of Directors. The Company generally requires borrowers to obtain an attorney’s title opinion or title insurance, and fire and property insurance (including flood insurance, if necessary) in an amount not less than the amount of the loan. Real estate loans originated by the Company generally contain a “due on sale” clause allowing the Company to declare the unpaid principal balance due and payable upon the sale of the security property. The Company has not engaged in sub-prime residential mortgage originations.

Commercial and Multi-Family Real Estate Lending . The Company engages in commercial and multi-family real estate lending in its primary market area and surrounding areas and, in order to supplement its loan portfolio, has purchased whole loan and participation interests in loans from other financial institutions. The purchased loans and loan participation interests are generally secured by properties located in the Midwest and West.

The Company’s commercial and multi-family real estate loan portfolio is secured primarily by apartment buildings, office buildings, and hotels. Commercial and multi-family real estate loans generally are underwritten with terms that do not exceed 20 years, have loan-to-value ratios of up to 80% of the appraised value of the security property at the time of origination, and are typically secured by personal guarantees of the borrowers. The Company has a variety of rate adjustment features and other terms in its commercial and multi-family real estate loan portfolio. Commercial and multi-family real estate loans provide for a margin over a number of different indices. In underwriting these loans, the Company analyzes the financial condition of the borrower, the borrower’s credit history, and the reliability and predictability of the cash flow generated by the property securing the loan. Appraisals on properties securing commercial real estate loans originated by the Company are performed by independent appraisers.

Commercial and multi-family real estate loans generally present a higher level of risk than loans secured by one- to four-family residences. This greater risk is due to several factors, including the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans. Furthermore, the repayment of loans secured by commercial and multi-family real estate is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed, or a bankruptcy court modifies a lease term, or a major tenant is unable to fulfill its lease obligations), the borrower’s ability to repay the loan may be impaired.

Agricultural Lending . The Company originates loans to finance the purchase of farmland, livestock, farm machinery and equipment, seed, fertilizer and other farm related products. Agricultural operating loans are originated at either an adjustable or fixed rate of interest for up to a one year term or, in the case of livestock, upon sale. Such loans provide for payments of principal and interest at least annually or a lump sum payment upon maturity if the original term is less than one year. Loans secured by agricultural machinery are generally originated as fixed-rate loans with terms of up to seven years.

Agricultural real estate loans are frequently originated with adjustable rates of interest. Generally, such loans provide for a fixed rate of interest for the first one to five years, which then balloon or adjust annually thereafter. In addition, such loans generally amortize over a period of 15 to 30 years. Adjustable-rate agricultural real estate loans provide for a margin over the yields on the corresponding U.S. Treasury security or prime rate. Fixed-rate agricultural real estate loans generally have terms up to 20 years. Agricultural real estate loans are generally limited to 75% of the value of the property securing the loan.

Agricultural lending affords the Company the opportunity to earn yields higher than those obtainable on one- to four-family residential lending. Agricultural lending involves a greater degree of risk than one- to four-family residential mortgage loans because of the typically larger loan amount. In addition, payments on loans are dependent on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. The success of the loan may also be affected by many factors outside the control of the borrower.

Weather presents one of the greatest risks as hail, drought, floods, or other conditions can severely limit crop yields and thus impair loan repayments and the value of the underlying collateral. This risk can be reduced by the farmer with a variety of insurance coverages which can help to ensure loan repayment. Government support programs and the Company generally require that farmers procure crop insurance coverage. Grain and livestock prices also present a risk as prices may decline prior to sale resulting in a failure to cover production costs. These risks may be reduced by the farmer with the use of futures contracts or options to mitigate price risk. The Company frequently requires borrowers to use futures contracts or options to reduce price risk and help ensure loan repayment. Another risk is the uncertainty of government programs and other regulations. During periods of low commodity prices, the income from government programs can be a significant source of cash for the borrower to make loan payments and if these programs are discontinued or significantly changed, cash flow problems or defaults could result. Finally, many farms are dependent on a limited number of key individuals upon whose injury or death may result in an inability to successfully operate the farm.

Management believes that various levels of drought weather conditions within our markets has the potential to negatively impact potential yields which would have a negative economic effect on our agricultural markets in fiscal 2013.

Consumer Lending- Retail Bank . The “Retail Bank” (generally referring to traditional banking operations in our four market areas) offers a variety of secured consumer loans, including home equity, home improvement, automobile, boat and loans secured by savings deposits. In addition, the Retail Bank offers other secured and unsecured consumer loans. The Retail Bank currently originates most of its consumer loans in its primary market area and surrounding areas. The Retail Bank originates consumer loans on a direct basis.

The largest component of the Retail Bank’s consumer loan portfolio consists of home equity loans and lines of credit. Substantially all of the Retail Bank’s home equity loans and lines of credit are secured by second mortgages on principal residences. The Retail Bank will lend amounts which, together with all prior liens, may be up to 90% of the appraised value of the property securing the loan. Home equity loans and lines of credit generally have maximum terms of five years.

The Retail Bank primarily originates automobile loans on a direct basis. Direct loans are loans made when the Retail Bank extends credit directly to the borrower, as opposed to indirect loans, which are made when the Retail Bank purchases loan contracts, often at a discount, from automobile dealers which have extended credit to their customers. The Retail Bank’s automobile loans typically are originated at fixed interest rates with terms up to 60 months for new and used vehicles. Loans secured by automobiles are generally originated for up to 80% of the N.A.D.A. book value of the automobile securing the loan.

Consumer loan terms vary according to the type and value of collateral, length of contract and creditworthiness of the borrower. The underwriting standards employed by the Bank for consumer loans include an application, a determination of the applicant’s payment history on other debts and an assessment of ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is a primary consideration, the underwriting process also includes a comparison of the value of the security, if any, in relation to the proposed loan amount.

Consumer loans may entail greater credit risk than residential mortgage loans, particularly in the case of consumer loans which are unsecured or are secured by rapidly depreciable assets, such as automobiles or recreational equipment. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. In addition, consumer loan collections are dependent on the borrower’s continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans.

Consumer Lending- Meta Payment Systems (" *MPS* "). MPS offers portfolio lending on a nationwide basis **.** In portfolio lending, the Company retains some or all receivables and relies on the borrower as the underlying source of repayment.

Consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances.

The Company monitors concentrations of credit which may naturally occur and may take the form of a large volume of related loans to an individual, a specific industry, a geographic location or an occupation.

The Company discontinued four of its credit sponsorship lending programs by September 30, 2012. For the three and nine months ended June 30, 2012, these relationships provided approximately $0.8 and $2.6 million, respectively, in total revenue (interest income plus non-interest income) to the Company. There were no loans outstanding as of September 30, 2012 and June 30, 2013.

Commercial Operating Lending . The Company also originates commercial operating loans. Most of the Company's commercial operating loans have been extended to finance local and regional businesses and include short-term loans to finance machinery and equipment purchases, inventory and accounts receivable. Commercial loans also involve the extension of revolving credit for a combination of equipment acquisitions and working capital in expanding companies.

The maximum term for loans extended on machinery and equipment is based on the projected useful life of such machinery and equipment. Generally, the maximum term on non-mortgage lines of credit is one year. The loan-to-value ratio on such loans and lines of credit generally may not exceed 80% of the value of the collateral securing the loan. The Company's commercial operating lending policy includes credit file documentation and analysis of the borrower's character, capacity to repay the loan, the adequacy of the borrower's capital and collateral as well as an evaluation of conditions affecting the borrower. Analysis of the borrower's past, present and future cash flows is also an important aspect of the Company's current credit analysis.

Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial operating loans typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial operating loans may be substantially dependent on the success of the business itself (which, in turn, is likely to be dependent upon the general economic environment). The Company's commercial operating loans are usually, but not always, secured by business assets and personal guarantees. However, the collateral securing the loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

Generally, when a loan becomes delinquent 90 days or more or when the collection of principal or interest becomes doubtful, the Company will place the loan on a non-accrual status and, as a result of this action, previously accrued interest income on the loan is reversed against current income. The loan will remain on non-accrual status until the loan has been brought current and demonstrated a period of satisfactory performance or until other circumstances occur that provide adequate assurance of full repayment of interest and principal.

Past due loans at June 30, 2013 and September 30, 2012 are as follows:

June 30, 2013	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Non-Accrual Loans	Total Loans Receivable
Residential 1-4 Family	$ 78	$ -	$ -	$ 78	$ 75,839	$ 245	$ 76,162
Commercial Real Estate and Multi-Family	-	-	-	-	161,408	562	161,970
Agricultural Real Estate	-	-	-	-	28,567	-	28,567
Consumer	13	10	19	42	30,721	-	30,763
Commercial Operating	84	-	-	84	15,726	9	15,819
Agricultural Operating	-	-	-	-	29,941	-	29,941
Total	$ 175	$ 10	$ 19	$ 204	$ 342,202	$ 816	$ 343,222

September 30, 2012	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Non-Accrual Loans	Total Loans Receivable
Residential 1-4 Family	$ -	$ -	$ -	$ -	$ 48,827	$ 307	$ 49,134
Commercial Real Estate and Multi-Family	-	-	-	-	190,482	1,423	191,905
Agricultural Real Estate	-	-	-	-	19,861	-	19,861
Consumer	21	16	63	100	32,738	-	32,838
Commercial Operating	-	-	-	-	16,434	18	16,452
Agricultural Operating	-	-	-	-	20,981	-	20,981
Total	$ 21	$ 16	$ 63	$ 100	$ 329,323	$ 1,748	$ 331,171

Impaired loans at June 30, 2013 and September 30, 2012 are as follows:

June 30, 2013	Recorded Balance	Unpaid Principal Balance	Specific Allowance
Loans without a specific valuation allowance			
Residential 1-4 Family	$ 336	$ 336	$ -
Commercial Real Estate and Multi-Family	6,150	6,150	-
Agricultural Real Estate	-	-	-
Consumer	-	-	-
Commercial Operating	53	67	-
Agricultural Operating	-	-	-
Total	$ 6,539	$ 6,553	$ -
Loans with a specific valuation allowance			
Residential 1-4 Family	$ 282	$ 282	$ 25
Commercial Real Estate and Multi-Family	2,233	2,233	409
Agricultural Real Estate	-	-	-
Consumer	-	-	-
Commercial Operating	-	-	-
Agricultural Operating	-	-	-
Total	$ 2,515	$ 2,515	$ 434

September 30, 2012	Recorded Balance	Unpaid Principal Balance	Specific Allowance
Loans without a specific valuation allowance			
Residential 1-4 Family	$ -	$ -	$ -
Commercial Real Estate and Multi-Family	-	-	-
Agricultural Real Estate	-	-	-
Consumer	-	-	-
Commercial Operating	-	-	-
Agricultural Operating	-	-	-
Total	$ -	$ -	$ -
Loans with a specific valuation allowance			
Residential 1-4 Family	$ 352	$ 393	$ 16
Commercial Real Estate and Multi-Family	8,815	12,707	346
Agricultural Real Estate	-	-	-
Consumer	1	1	-
Commercial Operating	17	32	1
Agricultural Operating	-	-	-
Total	$ 9,185	$ 13,133	$ 363

The following table provides the average recorded investment in impaired loans for the three and nine month periods ended June 30, 2013 and 2012.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
	Average Recorded Investment	Average Recorded Investment	Average Recorded Investment	Average Recorded Investment
Residential 1-4 Family	$ 661	$ 77	$ 586	$ 116
Commercial Real Estate and Multi-Family	9,049	12,129	8,707	14,609
Agricultural Real Estate	-	-	-	-
Consumer	-	1	1	5
Commercial Operating	57	80	51	79
Agricultural Operating	-	-	-	-
Total	$ 9,767	$ 12,287	$ 9,345	$ 14,809

The Company's troubled debt restructurings ("TDR") typically involve forgiving a portion of interest or principal on existing loans or making loans at a rate materially less than current market rates. There were no loans modified in a TDR during the three and nine month periods ended June 30, 2013 and two loans modified in a TDR during the three and nine month periods ended June 30, 2012:

	For the Three Months Ended June 30, 2013			For the Three Months Ended June 30, 2012		
	Number of Loans	Pre-Modification Outstanding Recorded Balance	Post-Modification Outstanding Recorded Balance	Number of Loans	Pre-Modification Outstanding Recorded Balance	Post-Modification Outstanding Recorded Balance
Residential 1-4 Family	-	$ -	$ -	1	$ 16	$ 16
Commercial Real Estate and Multi Family	-	-	-	-	-	-
Agricultural Real Estate	-	-	-	-	-	-
Consumer	-	-	-	1	1	1
Commercial Operating	-	-	-	-	-	-
Agricultural Operating	-	-	-	-	-	-
Total	-	$ -	$ -	2	$ 17	$ 17

	For the Nine Months Ended June 30, 2013			For the Nine Months Ended June 30, 2012		
	Number of Loans	Pre-Modification Outstanding Recorded Balance	Post-Modification Outstanding Recorded Balance	Number of Loans	Pre-Modification Outstanding Recorded Balance	Post-Modification Outstanding Recorded Balance
Residential 1-4 Family	-	$ -	$ -	1	$ 16	$ 16
Commercial Real Estate and Multi-Family	-	-	-	-	-	-
Agricultural Real Estate	-	-	-	-	-	-
Consumer	-	-	-	1	1	1
Commercial Operating	-	-	-	-	-	-
Agricultural Operating	-	-	-	-	-	-
Total	-	$ -	$ -	2	$ 17	$ 17

As the following table shows, there were no TDR loans for which there was a payment default during the three and nine month periods ended June 30, 2013 and 2012, that had been modified during the 12-month period prior to the default:

	During the Three Months Ended			
	June 30, 2013		June 30, 2012	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential 1-4 Family	-	$ -	-	$ -
Commercial Real Estate and Multi Family	-	-	-	-
Agricultural Real Estate	-	-	-	-
Consumer	-	-	-	-
Commercial Operating	-	-	-	-
Agricultural Operating	-	-	-	-
Total	-	$ -	-	$ -

	During the Nine Months Ended			
	June 30, 2013		June 30, 2012	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential 1-4 Family	-	$ -	-	$ -
Commercial Real Estate and Multi-Family	-	-	-	-
Agricultural Real Estate	-	-	-	-
Consumer	-	-	-	-
Commercial Operating	-	-	-	-
Agricultural Operating	-	-	-	-
Total	-	$ -	-	$ -

NOTE 3. ALLOWANCE FOR LOAN LOSSES

At June 30, 2013, the Company's allowance for loan losses was $3.7 million, a decrease of $0.3 million from $4.0 million at September 30, 2012. During the three months ended June 30, 2013, the Company did not record a provision for loan loss, as the Company's analysis indicated the balance in the allowance for loan losses reflected probable losses in the loan portfolio.

During the nine months ended June 30, 2013, the Company recorded a negative provision for its Retail Bank division in the amount of $0.3 million due to decreases in the general reserves caused by decreases in the historical loss rates for commercial real estate and multi-family loans, compared to a provision in the amount of $1.0 million for the nine months ended June 30, 2012.

The Company's total net charge-offs for the three and nine months ended June 30, 2013 were $36,000 and $1,000, respectively.

The allowance for loan losses represents management's estimate of probable loan losses which have been incurred as of the date of the consolidated financial statements. The allowance for loan losses is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). Estimating the risk of loss and the amount of loss on any loan is necessarily subjective. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. While management may periodically allocate portions of the allowance for specific problem loan situations, the entire allowance is available for any loan charge-offs that occur.

The Company establishes its provision for loan losses, and evaluates the adequacy of its allowance for loan losses based upon a systematic methodology consisting of a number of factors including, among others, historic loss experience, the overall level of classified assets, non-performing loans, TDR loans, the composition of its loan portfolio and the general economic environment within which the Company and its borrowers operate.

Management closely monitors economic developments both regionally and nationwide, and considers these factors when assessing the adequacy of its allowance for loan losses.

NOTE 4. EARNINGS PER COMMON SHARE ("EPS")

Basic EPS is computed by dividing income available to common stockholders (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. Allocated ESOP shares are considered outstanding for earnings per common share calculations as they are committed to be issued; unallocated ESOP shares are not considered outstanding. All ESOP shares were allocated as of June 30, 2013 and September 30, 2012. Diluted EPS shows the dilutive effect of additional common shares issuable pursuant to stock option agreements.

A reconciliation of net income and common stock share amounts used in the computation of basic and diluted EPS for the three and nine months ended June 30, 2013 and 2012 is presented below.

Three Months Ended June 30,	2013	2012
(Dollars in Thousands, Except Share and Per Share Data)		
Earnings		
Net Income	$ 3,672	$ 2,387
Basic EPS		
Weighted average common shares outstanding	5,499,506	3,565,159
Less weighted average unallocated ESOP and nonvested shares	-	-
Weighted average common shares outstanding	5,499,506	3,565,159
Earnings Per Common Share		
Basic	$ 0.67	$ 0.67
Diluted EPS		
Weighted average common shares outstanding for basic earnings per common share	5,499,506	3,565,159
Add dilutive effect of assumed exercises of stock options, net of tax benefits	54,118	24,942
Weighted average common and dilutive potential common shares outstanding	5,553,624	3,590,101
Earnings Per Common Share		
Diluted	$ 0.66	$ 0.66

Nine Months Ended June 30,	2013	2012
(Dollars in Thousands, Except Share and Per Share Data)		
Earnings		
Net Income	$ 9,944	$ 15,448
Basic EPS		
Weighted average common shares outstanding	5,484,060	3,313,636
Less weighted average unallocated ESOP and nonvested shares	-	-
Weighted average common shares outstanding	5,484,060	3,313,636
Earnings Per Common Share		
Basic	$ 1.81	$ 4.66
Diluted EPS		
Weighted average common shares outstanding for basic earnings per common share	5,484,060	3,313,636
Add dilutive effect of assumed exercises of stock options, net of tax benefits	41,560	14,720
Weighted average common and dilutive potential common shares outstanding	5,525,620	3,328,356
Earnings Per Common Share		
Diluted	$ 1.80	$ 4.64

Stock options totaling 134,415 and 89,583 were not considered in computing diluted EPS for the three and nine months ended June 30, 2013, respectively, because they were not dilutive. Stock options totaling 267,602 and 329,561 were not considered in computing diluted EPS for the three and nine months ended June 30, 2012, respectively, because they were not dilutive.

NOTE 5. SECURITIES

The amortized cost, gross unrealized gains and losses and estimated fair values of available for sale and held to maturity securities at June 30, 2013 and September 30, 2012 are presented below.

Available For Sale

June 30, 2013	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Fair Value**
	(Dollars in Thousands)			
Debt securities				
Trust preferred and corporate securities	$ 52,892	$ 116	$ (4,263)	$ 48,745
Obligations of states and political subdivisions	1,890		(168)	1,722
Non-bank qualified obligations of states and political subdivisions	256,303	-	(15,053)	241,250
Mortgage-backed securities	631,570	2,425	(14,714)	619,281
Total debt securities	$ 942,655	$ 2,541	$ (34,198)	$ 910,998

September 30, 2012	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Fair Value**
	(Dollars in Thousands)			
Debt securities				
Trust preferred and corporate securities	$ 67,615	$ 1,399	$ (3,517)	$ 65,497
Asset backed securities	40,828	496	-	41,324
Agency securities	39,266	201	-	39,467
Small Business Administration securities	19,939	-	(25)	19,914
Obligations of states and political subdivisions	12,593	560	-	13,153
Non-bank qualified obligations of states and political subdivisions	254,789	1,487	(381)	255,895
Mortgage-backed securities	667,876	13,597	(31)	681,442
Total debt securities	$ 1,102,906	$ 17,740	$ (3,954)	$ 1,116,692

Held to Maturity

June 30, 2013	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Estimated Fair Value**
	(Dollars in Thousands)			
Debt securities				
Agency securities	$ 10,005	$ -	$ (280)	$ 9,725
Obligations of states and political subdivisions	19,088	-	(1,244)	17,844
Non-bank qualified obligations of states and political subdivisions	179,277	-	(12,366)	166,911
Mortgage-backed securities	79,439	-	(3,438)	76,001
Total debt securities	$ 287,809	$ -	$ (17,328)	$ 270,481

September 30, 2012	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized (Losses)**	**Estimated Fair Value**
	(Dollars in Thousands)			
Debt securities				
Agency securities	$ -	$ -	$ -	$ -
Obligations of states and political subdivisions	-	-	-	-
Non-bank qualified obligations of states and political subdivisions	-	-	-	-
Mortgage-backed securities	-	-	-	-
Total debt securities	$ -	$ -	$ -	$ -

Included in securities available for sale are trust preferred securities as follows:

At June 30, 2013

Issuer [1]	Amortized Cost	Fair Value	Unrealized (Loss)	S&P Credit Rating	Moody's Credit Rating
	(Dollars in Thousands)				
Key Corp. Capital I	$ 4,984	$ 4,050	$ (934)	BBB-	Baa3
Huntington Capital Trust II SE	4,975	3,950	(1,025)	BB+	Baa3
PNC Capital Trust	4,959	4,100	(859)	BBB	Baa2
Wells Fargo (Corestates Capital) Trust	4,387	4,125	(262)	A-	A3
Total	$ 19,305	$ 16,225	$ (3,080)		

(1) Trust preferred securities are single-issuance. There are no known deferrals, defaults or excess subordination.

At September 30, 2012

Issuer [1]	Amortized Cost	Fair Value	Unrealized (Loss)	S&P Credit Rating	Moody's Credit Rating
	(Dollars in Thousands)				
Key Corp. Capital I	$ 4,983	$ 3,817	$ (1,166)	BBB-	Baa3
Huntington Capital Trust II SE	4,974	3,540	(1,434)	BB+	Baa3
PNC Capital Trust	4,956	4,107	(849)	BBB	Baa2
Total	$ 14,913	$ 11,464	$ (3,449)		

(1) Trust preferred securities are single-issuance. There are no known deferrals, defaults or excess subordination.

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss position at June 30, 2013 and September 30, 2012, are as follows:

Available For Sale

June 30, 2013	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Trust preferred and corporate securities	$ 30,682	$ (1,446)	$ 12,100	$ (2,817)	$ 42,782	$ (4,263)
Obligations of states and political subdivisions	1,722	(168)	-	-	1,722	(168)
Non-bank qualified obligations of states and political subdivisions	241,250	(15,053)	-	-	241,250	(15,053)
Mortgage-backed securities	423,395	(14,714)	-	-	423,395	(14,714)
Total debt securities	$ 697,049	$ (31,381)	$ 12,100	$ (2,817)	$ 709,149	$ (34,198)

September 30, 2012	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Trust preferred and corporate securities	$ -	$ -	$ 14,396	$ (3,517)	$ 14,396	$ (3,517)
Small Business Administration securities	19,914	(25)	-	-	19,914	(25)
Non-bank qualified obligations of states and political subdivisions	55,569	(381)	-	-	55,569	(381)
Mortgage-backed securities	28,731	(31)	-	-	28,731	(31)
Total debt securities	$ 104,214	$ (437)	$ 14,396	$ (3,517)	$ 118,610	$ (3,954)

Held to Maturity

June 30, 2013	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Agency securities	$ 9,725	$ (280)	$ -	$ -	$ 9,725	$ (280)
Obligations of states and political subdivisions	17,354	(1,244)	-	-	17,354	(1,244)
Non-bank qualified obligations of states and political subdivisions	166,911	(12,366)	-	-	166,911	(12,366)
Mortgage-backed securities	76,001	(3,438)	-	-	76,001	(3,438)
Total debt securities	$ 269,991	$ (17,328)	$ -	$ -	$ 269,991	$ (17,328)

September 30, 2012	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Agency securities	$ -	$ -	$ -	$ -	$ -	$ -
Obligations of states and political subdivisions	-	-	-	-	-	-
Non-bank qualified obligations of states and political subdivisions	-	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-	-
Total debt securities	$ -	$ -	$ -	$ -	$ -	$ -

Management has implemented a process to identify securities that could potentially have a credit impairment that is other-than-temporary. This process involves evaluating the length of time and extent to which the fair value has been less than the amortized cost basis, reviewing available information regarding the financial position of the issuer, monitoring the rating of the security and projecting cash flows. Other factors, but not necessarily all, considered are: that the risk of loss is minimized and easier to determine due to the single-issuer, rather than pooled, nature of the individual securities, the financial condition of the issuer, and whether there have been any payment deferrals or defaults to-date. Such factors are subject to change over time.

Management also determines if it is more likely than not the Company will be required to sell the security before the recovery of its amortized cost basis which, in some cases, may extend to maturity. To the extent we determine that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized in earnings.

For all securities that are considered temporarily impaired, the Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, which may occur at maturity. The Company believes that it will collect all principal and interest due on all investments that have amortized cost in excess of fair value that are considered only temporarily impaired.

At June 30, 2013, the investment portfolio included securities with current unrealized losses which have existed for longer than one year. All of these securities are considered to be acceptable credit risks. Because the declines in fair value were due to changes in market interest rates and other market factors, not in estimated cash flows, no other-than-temporary impairment was recorded at June 30, 2013. In addition, the Company has the intent and ability to hold these investment securities for a period of time sufficient to allow for an anticipated recovery.

Generally accepted accounting principles require that, at acquisition, an enterprise classify debt securities into one of three categories: available for sale (AFS), held to maturity (HTM) or trading. AFS securities are carried at fair value on the consolidated statement of financial condition, and unrealized holding gains and losses are excluded from earnings and recognized as a separate component of equity in accumulated other comprehensive income ("AOCI"). HTM debt securities are measured at amortized cost. Both AFS and HTM are subject to review for other-than-temporary impairment. Meta Financial has no trading securities.

On May 6, 2013, the Company reclassified approximately $284.3 million from the AFS to the HTM category. The reclassification resulted in the recording of an unrealized gain of $2.1 million which has been segregated within AOCI and is being amortized off through maturity.

NOTE 6. COMMITMENTS AND CONTINGENCIES

At June 30, 2013 and September 30, 2012, the Company had outstanding commitments to originate and purchase loans and unused lines of credit totaling $133.8 million and $56.4 million, respectively. It is expected that outstanding loan commitments will be funded with existing liquid assets. At June 30, 2013, the Company had two commitments to purchase securities held to maturity totaling $4.7 million.

Legal Proceedings

The Bank was served on April 15, 2013, with a lawsuit captioned *Inter National Bank v. NetSpend Corporation, MetaBank, BDO USA, LLP d/b/a BDO Seidman* , Cause No. C-2084-12-I filed in the District Court of Hidalgo County, Texas. The Plaintiff's Second Amended Original Petition and Application for Temporary Restraining Order and Temporary Injunction adds both MetaBank and BDO Seidman to the original causes of action against NetSpend. NetSpend acts as a prepaid card program manager and processor for both INB and MetaBank. According to the Petition, NetSpend has informed Inter National Bank ("INB") that the depository accounts at INB for the NetSpend program supposedly contained $10.5 million less than they should. INB alleges that NetSpend has breached its fiduciary duty by making affirmative misrepresentations to INB about the safety and stability of the program, and by failing to timely disclose the nature and extent of any alleged shortfall in settlement of funds related to cardholder activity and the nature and extent of NetSpend's systemic deficiencies in its accounting and settlement processing procedures. To the extent that an accounting reveals that there is an actual shortfall, INB alleges that MetaBank may be liable for portions or all of said sum due to the fact that funds have been transferred from INB to MetaBank, and thus MetaBank would have been unjustly enriched. The Bank intends to vigorously contest this matter. An estimate of a range of reasonably possible loss cannot be made at this stage of the litigation because discovery is still being conducted.

The Bank utilizes various third parties for, among other things, its processing needs, both with respect to standard Bank operations and with respect to its MPS division. MPS was notified in April 2008 by one of the processors that the processor's computer system had been breached, which led to the unauthorized load and spending of funds from Bank-issued cards. The Bank believes the amount in question to be approximately $2.0 million. The processor and program manager both have agreements with the Bank to indemnify it for any losses as a result of such unauthorized activity, and the matter is reflected as such in its financial statements. The Bank made demand for payment and filed a demand for arbitration to recover the unauthorized loading and spending amounts and certain damages. The Bank has settled its claim with the program manager, and has received an arbitration award against the processor. That arbitration award was entered as a judgment in the State of South Dakota, which judgment was then transferred to the State of Florida for garnishment proceedings against the processor and its insurer. The Company recently settled the garnishment proceedings with the processor's insurer, and this matter is now closed.

Soneet R. Kapila, as Chapter 11 Trustee for Louis J. Pearlman, Louis J. Pearlman Enterprises, Inc., and Transcontinental Aviation, Inc. v. First International Bank & Trust, et al, Adv. No.: 6-09-ap-00106-KSJ, filed in the United States Bankruptcy Court for the Middle District of Florida, Orlando Division on March 20, 2009. This is a cause of action brought by the above-captioned Trustee to avoid and recover alleged fraudulent transfers related to loans made by First International Bank & Trust to the Debtors. First International Bank & Trust sold participations in the loans to multiple banks, including MetaBank. The action is brought by the Trustee pursuant to Bankruptcy Sections 544, 548, 550 of the Bankruptcy Code, as well as the Florida Uniform Fraudulent Transfer Act, Chapter 726 of Florida Statutes. The Company recently settled this matter with the Trustee, which settlement is pending approval of the court.

Certain corporate clients of an unrelated company named Springbok Services, Inc. ("Springbok") requested through counsel a mediation as a means of reaching a settlement in lieu of commencing litigation against MetaBank. The results of that mediation have not led to a settlement. These claimants purchased MetaBank prepaid reward cards from Springbok, prior to Springbok's bankruptcy. As a result of Springbok's bankruptcy and cessation of business, some of the rewards cards which had been purchased were never activated or funded. Counsel for these companies have indicated that they are prepared to assert claims totaling approximately $1.5 million against MetaBank based on principal/agency or failure to supervise theories. The Company denies liability with respect to these claims. The Company's estimate of a range of reasonably possible loss is approximately $0 to $0.3 million.

See Note 12 to the Condensed Consolidated Financial Statements for a discussion of the settlement of OTS enforcement matters and on-going compliance matters.

Other than the matters set forth above, there are no other new material pending legal proceedings or updates to which the Company or its subsidiaries is a party other than ordinary litigation routine to their respective businesses.

NOTE 7. STOCK OPTION PLAN

The Company maintains the 2002 Omnibus Incentive Plan, which, among other things, provides for the awarding of stock options and nonvested (restricted) shares to certain officers and directors of the Company. Awards are granted by the Stock Option Committee of the Board of Directors based on the performance of the award recipients or other relevant factors.

Compensation expense for share based awards is recorded over the vesting period at the fair value of the award at the time of grant. The exercise price of options or fair value of nonvested shares granted under the Company's incentive plans is equal to the fair market value of the underlying stock at the grant date. The Company assumes no projected forfeitures on its stock based compensation, since actual historical forfeiture rates on its stock based incentive awards has been negligible.

A summary of option activity for the nine months ended June 30, 2013 is presented below:

	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs)		Aggregate Intrinsic Value
	(Dollars in Thousands, Except Share and Per Share Data)					
Options outstanding, September 30, 2012	389,358	$	23.52	5.08	$	1,199
Granted	-		-			
Exercised	(23,627)		14.89			
Forfeited or expired	(5,311)		35.06			
Options outstanding, June 30, 2013	360,420	$	23.92	4.30	$	1,524
Options exercisable, June 30, 2013	357,670	$	23.88	4.28	$	1,524

A summary of nonvested share activity for the nine months ended June 30, 2013 is presented below:

	Number of Shares		Weighted Average Fair Value at Grant
(Dollars in Thousands, Except Share and Per Share Data)			
Nonvested shares outstanding, September 30, 2012	-	$	-
Granted	8,900		24.20
Vested	(4,900)		23.00
Forfeited or expired	-		-
Nonvested shares outstanding, June 30, 2013	4,000	$	25.67

At June 30, 2013, stock based compensation expense not yet recognized in income totaled **$** 96,000 which is expected to be recognized over a weighted average remaining period of 1.16 years.

NOTE 8. SEGMENT INFORMATION

An operating segment is generally defined as a component of a business for which discrete financial information is available and whose results are reviewed by the chief operating decision-maker. Operating segments are aggregated into reportable segments if certain criteria are met. The Company has determined that it has two reportable segments. The first reportable segment, Retail Banking, a division of the Bank, operates as a traditional community bank providing deposit, loan and other related products to individuals and small businesses, primarily in the communities where its offices are located. The second reportable segment, MPS, a division of the Bank, provides products and services to financial institutions and other businesses. These products and services include issuance of prepaid debit cards, sponsorship of ATMs into the debit networks, credit programs, ACH origination services, gift card programs, rebate programs, travel programs and tax related programs. Other programs are in the process of development. The remaining grouping under the caption “All Others” consists of the operations of the Company and inter-segment eliminations. Transactions between affiliates, the resulting revenues of which are shown in the intersegment revenue category, are conducted at market prices, meaning prices that would be paid if the companies were not affiliates. The following tables present segment data for the Company for the three and nine months ended June 30, 2013 and 2012, respectively.

	Retail Banking	Meta Payment Systems ®	All Others	Total
Three Months Ended June 30, 2013				
Interest income	$ 6,112	$ 3,713	$ -	$ 9,825
Interest expense	521	30	115	666
Net interest income (expense)	5,591	3,683	(115)	9,159
Provision (recovery) for loan losses	-	-	-	-
Non-interest income	1,262	12,297	-	13,559
Non-interest expense	4,415	13,359	250	18,024
Income (loss) before income tax expense (benefit)	2,438	2,621	(365)	4,694
Income tax expense (benefit)	519	636	(133)	1,022
Net income (loss)	$ 1,919	$ 1,985	$ (232)	$ 3,672
Inter-segment revenue (expense)	$ 2,981	(2,981)	$ -	$ -
Total assets	340,517	1,316,786	2,635	1,659,938
Total deposits	236,724	1,179,856	(703)	1,415,877

	Retail Banking	Meta Payment Systems ®	All Others	Total
Nine Months Ended June 30, 2013				
Interest income	$ 18,130	$ 11,043	$ -	$ 29,173
Interest expense	1,860	98	354	2,312
Net interest income (expense)	16,270	10,945	(354)	26,861
Provision (recovery) for loan losses	(300)	-	-	(300)
Non-interest income	4,362	37,702	-	42,064
Non-interest expense	14,782	41,118	787	56,687
Income (loss) before income tax expense (benefit)	6,150	7,529	(1,141)	12,538
Income tax expense (benefit)	1,367	1,649	(422)	2,594
Net income (loss)	$ 4,783	$ 5,880	$ (719)	$ 9,944
Inter-segment revenue (expense)	$ 8,899	$ (8,899)	$ -	$ -
Total assets	340,517	1,316,786	2,635	1,659,938
Total deposits	236,724	1,179,856	(703)	1,415,877

	Retail Banking	Meta Payment Systems ®	All Others	Total
Three Months Ended June 30, 2012				
Interest income	$ 5,981	$ 3,168	$ -	$ 9,149
Interest expense	670	64	123	857
Net interest income (expense)	5,311	3,104	(123)	8,292
Provision (recovery) for loan losses	150	-	-	150
Non-interest income	1,526	12,172	8	13,706
Non-interest expense	4,878	13,208	(15)	18,071
Income (loss) before tax	1,809	2,068	(100)	3,777
Income tax expense (benefit)	642	792	(44)	1,390
Net income (loss)	$ 1,167	$ 1,276	$ (56)	$ 2,387
Inter-segment revenue (expense)	$ 2,846	$ (2,846)	$ -	$ -
Total assets	321,727	1,205,016	1,939	1,528,682
Total deposits	212,713	1,139,229	(1,403)	1,350,539

	Retail Banking	Meta Payment Systems ®	All Others	Total
Nine Months Ended June 30, 2012				
Interest income	$ 19,629	$ 9,434	$ -	$ 29,063
Interest expense	2,218	145	359	2,722
Net interest income (expense)	17,411	9,289	(359)	26,341
Provision (recovery) for loan losses	1,050	(1)	-	1,049
Non-interest income	14,477	41,667	25	56,169
Non-interest expense	15,031	41,911	133	57,075
Income (loss) before tax	15,807	9,046	(467)	24,386
Income tax expense (benefit)	5,798	3,330	(190)	8,938
Net income (loss)	$ 10,009	$ 5,716	$ (277)	$ 15,448
Inter-segment revenue (expense)	$ 8,835	$ (8,835)	$ -	$ -
Total assets	321,727	1,205,016	1,939	1,528,682
Total deposits	212,713	1,139,229	(1,403)	1,350,539

The following tables present gross profit data for MPS for the three and nine months ended June 30, 2013 and 2012.

Three Months Ended June 30,	2013	2012
Interest income	$ 3,713	$ 3,168
Interest expense	30	64
Net interest income	3,683	3,104
Provision (recovery) for loan losses	-	-
Non-interest income	12,297	12,172
Card processing expense	3,472	3,665
Gross Profit	12,508	11,611
Other non-interest expense	9,887	9,543
Income (loss) before income tax expense (benefit)	2,621	2,068
Income tax expense (benefit)	636	792
Net Income (Loss)	$ 1,985	$ 1,276

Nine Months Ended June 30,	2013	2012
Interest income	$ 11,043	$ 9,434
Interest expense	98	145
Net interest income	10,945	9,289
Provision (recovery) for loan losses	-	(1)
Non-interest income	37,702	41,667
Card processing expense	12,115	13,928
Gross Profit	36,532	37,029
Other non-interest expense	29,003	27,983
Income (loss) before income tax expense (benefit)	7,529	9,046
Income tax expense	1,649	3,330
Net Income	$ 5,880	$ 5,716

NOTE 9. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*

This Accounting Standards Update (ASU) was issued concurrently with IFRS 13, *Fair Value Measurements* , to provide largely identical guidance about fair value measurement and disclosure requirements. The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS 13.

A public entity was required to apply this ASU prospectively for interim and annual periods beginning after December 15, 2011. In the period of adoption, a reporting entity was required to disclose a change, if any, in valuation technique and related inputs that result from applying the ASU and to quantify the total effect, if practicable. The Company adopted this ASU in the second quarter of fiscal year 2012 and the adoption did not have a material effect on the Company’s consolidated financial condition, results of operations or cash flow.

Accounting Standards Update No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*

This ASU provides an entity with the option to present the total comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* . ASU 2011-12 temporarily defers the effective date of the requirement in ASU 2011-05 to present separate line items on the income statement for reclassification adjustments of items out of accumulated other comprehensive income into net income. The guidance in ASU 2011-05, as amended by ASU 2011-12, is effective for fiscal years, and the interim periods within those years, beginning after December 15, 2011. The Company adopted this update in the first quarter of fiscal 2013 and the adoption did not have a material effect on the Company’s consolidated financial condition, results of operations or cash flow.

Accounting Standards Update No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures. The ASU does not change current requirements for reporting net income or other comprehensive income. This ASU is effective prospectively for fiscal years beginning after December 15, 2012 and is not expected to affect the Company's consolidated financial statements, results of operations or cash flows.

NOTE 10. FAIR VALUE MEASUREMENTS

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 markets 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. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Securities Available for Sale . Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using an independent pricing service. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency securities that are traded by dealers or brokers in active over-the-counter markets. The Company had no Level 1 or Level 3 securities at June 30, 2013 or September 30, 2012. Level 2 securities include agency mortgage-backed securities, asset backed securities, callable agency securities, municipal bonds and corporate debt securities.

The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs), or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities’ relationship to other benchmark quoted securities (Level 2 inputs). The Company obtains, reviews and compares the valuations and methodologies from two third party providers. These third party providers utilize several sources for valuing fixed-income securities. Sources utilized by the third party provider include pricing models that vary based by asset class and include available trade, bid, and other market information. This methodology includes broker quotes, proprietary models, descriptive terms and conditions databases, as well as extensive quality control programs.

The following table summarizes the assets of the Company for which fair values are determined on a recurring basis at June 30, 2013 and September 30, 2012.

	Fair Value at June 30, 2013			
	Available For Sale			
(Dollars in Thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Trust preferred and corporate securities	$ 48,745	$ -	$ 48,745	$ -
Obligations of states and political subdivisions	1,722	-	1,722	-
Non-bank qualified obligations of states and political subdivisions	241,250	-	241,250	-
Mortgage-backed securities	619,281	-	619,281	-
Securities available for sale	$ 910,998	$ -	$ 910,998	$ -

	Fair Value at September 30, 2012			
	Available For Sale			
(Dollars in Thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Trust preferred and corporate securities	$ 65,497	$ -	$ 65,497	$ -
Asset backed securities	41,324	-	41,324	-
Agency securities	39,467	-	39,467	-
Small Business Administration securities	19,914	-	19,914	-
Obligations of states and political subdivisions	13,153	-	13,153	-
Non-bank qualified obligations of states and political subdivisions	255,895	-	255,895	-
Mortgage-backed securities	681,442	-	681,442	-
Securities available for sale	$ 1,116,692	$ -	$ 1,116,692	$ -

Foreclosed Real Estate and Repossessed Assets . Real estate properties and repossessed assets are initially recorded at the fair value less selling costs at the date of foreclosure, establishing a new cost basis. Subsequent to initial recognition, the carrying amount represents the lower of the new cost basis or the fair value less selling costs.

Loans . The Company does not record loans at fair value on a recurring basis. However, if a loan is considered impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan in accordance with ASC 310, *Receivables* . Allowance for loan losses that are based on the fair value of the collateral result in the impaired loan being measured at fair value on a non-recurring basis.

The following table summarizes the assets of the Company for which fair values are determined on a non-recurring basis at June 30, 2013 and September 30, 2012.

	Fair Value at June 30, 2013			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3
Impaired Loans, net				
One to four family residential mortgage loans	$ 257	$ -	$ -	$ 257
Commercial and multi-family real estate loans	1,824	-	-	1,824
Total Impaired Loans	2,081	-	-	2,081
Foreclosed Assets, net	45	-	-	45
Total	$ 2,126	$ -	$ -	$ 2,126

	Fair Value at September 30, 2012			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3
Impaired Loans, net				
One to four family residential mortgage loans	$ 336	$ -	$ -	$ 336
Commercial and multi-family real estate loans	8,469	-	-	8,469
Consumer loans	1	-	-	1
Commercial operating loans	16	-	-	16
Total Impaired Loans	8,822	-	-	8,822
Foreclosed Assets, net	838	-	-	838
Total	$ 9,660	$ -	$ -	$ 9,660

	Quantitative Information About Level 3 Fair Value Measurements		
(Dollars in Thousands)	Fair Value at June 30, 2013	Valuation Technique	Unobservable Input
Impaired Loans, net	$ 2,081	Market approach	Appraised values (1)
Foreclosed Assets, net	45	Market approach	Appraised values (1)

(1) The Company generally relies on external appraisers to develop this information. Management reduced the appraised value by estimated selling costs in a range of 4% to 10%.

The following table discloses the Company's estimated fair value amounts of its financial instruments. It is management's belief that the fair values presented below are reasonable based on the valuation techniques and data available to the Company at June 30, 2013 and September 30, 2012, as more fully described below. The operations of the Company are managed from a going concern basis and not a liquidation basis. As a result, the ultimate value realized for the financial instruments presented could be substantially different when actually recognized over time through the normal course of operations. Additionally, a substantial portion of the Company's inherent value is the Bank's capitalization and franchise value. Neither of these components have been given consideration in the presentation of fair values below.

The following presents the carrying amount and estimated fair value of the financial instruments held by the Company at June 30, 2013 and September 30, 2012. The information presented is subject to change over time based on a variety of factors.

	June 30, 2013				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(Dollars in Thousands)				
Financial assets					
Cash and cash equivalents	$ 26,499	$ 26,499	$ 26,499	$ -	$ -
Securities available for sale	910,998	910,998	-	910,998	-
Securities held to maturity	287,810	270,481	-	270,481	-
Loans receivable:					
One to four family residential mortgage loans	76,162	70,074	-	-	70,074
Commercial and multi-family real estate loans	161,970	169,303	-	-	169,303
Agricultural real estate loans	28,567	29,887	-	-	29,887
Consumer loans	30,763	31,275	-	-	31,275
Commercial operating loans	15,819	14,926	-	-	14,926
Agricultural operating loans	29,941	31,558	-	-	31,558
Total loans receivable	343,222	347,023	-	-	347,023
FHLB stock	5,318	5,318	-	5,318	-
Accrued interest receivable	8,788	8,788	8,788	-	-
Financial liabilities					
Noninterest bearing demand deposits	1,198,411	1,198,411	1,198,411	-	-
Interest bearing demand deposits, savings, and money markets	100,465	100,465	100,465	-	-
Certificates of deposit	117,001	117,617	-	117,617	-
Total deposits	1,415,877	1,416,493	1,298,876	117,617	-
Advances from FHLB	7,000	9,262	-	9,262	-
Federal funds purchased	65,000	65,000		65,000	
Securities sold under agreements to repurchase	13,125	13,125	-	13,125	-
Subordinated debentures	10,310	10,314	-	10,314	-
Accrued interest payable	274	274	274	-	-

	September 30, 2012				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(Dollars in Thousands)				
Financial assets					
Cash and cash equivalents	$ 145,051	$ 145,051	$ 145,051	$ -	$ -
Securities available for sale	1,116,692	1,116,692	-	1,116,692	-
Loans receivable:					
One to four family residential mortgage loans	49,134	49,936	-	-	49,936
Commercial and multi-family real estate loans	191,905	194,781	-	-	194,781
Agricultural real estate loans	19,861	21,033	-	-	21,033
Consumer loans	32,838	33,488	-	-	33,488
Commercial operating loans	16,452	15,396	-	-	15,396
Agricultural operating loans	20,981	22,714	-	-	22,714
Total loans receivable	331,171	337,348	-	-	337,348
FHLB stock	2,120	2,120	-	2,120	-
Accrued interest receivable	6,710	6,710	6,710	-	-
Financial liabilities					
Noninterest bearing demand deposits	1,181,299	1,181,299	1,181,299	-	-
Interest bearing demand deposits, savings, and money markets	97,732	97,732	97,732	-	-
Certificates of deposit	100,763	101,701	-	101,701	-
Total deposits	1,379,794	1,380,732	1,279,031	101,701	-
Advances from FHLB	11,000	13,999	-	13,999	-
Securities sold under agreements to repurchase	26,400	26,400	-	26,400	-
Subordinated debentures	10,310	10,318	-	10,318	-
Accrued interest payable	177	177	177	-	-

The following sets forth the methods and assumptions used in determining the fair value estimates for the Company’s financial instruments at June 30, 2013 and September 30, 2012.

CASH AND CASH EQUIVALENTS
The carrying amount of cash and short-term investments is assumed to approximate the fair value.

SECURITIES AVAILABLE FOR SALE AND HELD TO MATURITY
Securities available for sale are recorded at fair value on a recurring basis. Securities held to maturity are recorded at their amortized cost basis. Fair values for investment securities are based on obtaining quoted prices on nationally recognized securities exchanges, or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities’ relationship to other benchmark quoted securities.

LOANS RECEIVABLE
The fair value of loans is estimated using an entrance price concept. The fair value of loans was estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for similar remaining maturities. When using the discounting method to determine fair value, loans were gathered by homogeneous groups with similar terms and conditions and discounted at a target rate at which similar loans would be made to borrowers at June 30, 2013 and September 30, 2012. In addition, when computing the estimated fair value for all loans, allowances for loan losses have been subtracted from the calculated fair value for consideration of credit quality which approximates fair value adjustments for credit quality considerations.

Loans held for sale are carried at the lower of cost or fair market value. The carrying value of these loans approximate fair market value as they are generally sold at par within days of their origination. At June 30, 2013 and September 30, 2012 there were no loans held for sale.

FEDERAL HOME LOAN BANK (THE "FHLB") STOCK
The fair value of such stock is assumed to approximate book value since the Company is only able to redeem this stock at par value.

ACCRUED INTEREST RECEIVABLE
The carrying amount of accrued interest receivable is assumed to approximate the fair value.

DEPOSITS
The carrying values of non-interest bearing checking deposits, interest bearing checking deposits, savings, and money markets is assumed to approximate fair value, since such deposits are immediately withdrawable without penalty. The fair value of time certificates of deposit was estimated by discounting expected future cash flows by the current rates offered on certificates of deposit with similar remaining maturities.

In accordance with ASC 825, Financial Instruments, no value has been assigned to the Company's long-term relationships with its deposit customers (core value of deposits intangible) since such intangible is not a financial instrument as defined under ASC 825.

ADVANCES FROM FHLB
The fair value of such advances was estimated by discounting the expected future cash flows using current interest rates at June 30, 2013 and September 30, 2012 for advances with similar terms and remaining maturities.

FEDERAL FUNDS PURCHASED
The carrying amount of federal funds purchased is assumed to approximate the fair value of such federal funds.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND SUBORDINATED DEBENTURES
The carrying amount of securities sold under agreements to repurchase is assumed to approximate fair value. The fair value of subordinated debentures was estimated by discounting the expected future cash flows using derived interest rates approximating market as of June 30, 2013 and September 30, 2012 over the contractual maturity of such borrowings.

ACCRUED INTEREST PAYABLE
The carrying amount of accrued interest payable is assumed to approximate the fair value.

LIMITATIONS
It must be noted that fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. Additionally, fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business, customer relationships and the value of assets and liabilities that are not considered financial instruments. These estimates do not reflect any premium or discount that could result from offering the Company's entire holdings of a particular financial instrument for sale at one time. Furthermore, since no market exists for certain of the Company's financial instruments, fair value estimates may be based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with a high level of precision. Changes in assumptions as well as tax considerations could significantly affect the estimates. Accordingly, based on the limitations described above, 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.

NOTE 11. INTANGIBLE ASSETS

The changes in the carrying amount of the Company's intangible assets for the nine months ended June 30, 2013 and 2012 are as follows:

	Meta Payment Systems ® Patents	Meta Payment Systems ® Other	Total
	(Dollars in Thousands)		
Balance as of September 30, 2012	$ 2,026	$ 9	$ 2,035
Patent costs capitalized during the period	344	-	344
Amortization during the period	(33)	(9)	(42)
Balance as of June 30, 2013	$ 2,337	$ -	$ 2,337

	Meta Payment Systems ® Patents	Meta Payment Systems ® Other	Total
	(Dollars in Thousands)		
Balance as of September 30, 2011	$ 1,315	$ -	$ 1,315
Patent costs capitalized during the period	733	27	760
Amortization during the period	(11)	(11)	(22)
Write-offs during the period	(4)	-	(4)
Balance as of June 30, 2012	$ 2,033	$ 16	$ 2,049

At June 30, 2013, the Company had 32 patents which are amortizing.

The Company tests intangible assets for impairment at least annually or more often if conditions indicate a possible impairment. There was no impairment to intangible assets during the nine months ended June 30, 2013 and 2012.

NOTE 12. REGULATORY MATTERS AND SETTLEMENT OF OTS ENFORCEMENT ACTIONS

As previously disclosed in our Annual Report on Form 10-K, on July 15, 2011, the Company and the Bank each stipulated and consented to a Cease and Desist Order (the "Consent Orders") issued by the Office of Thrift Supervision (the "OTS"). Since the issuance of the supervisory directives and the Consent Orders, the Company and the Bank have been continuing to cooperate with the OTS, and, as of July 21, 2011, its successors, the Federal Reserve and the OCC, to correct those aspects of its operations that were addressed in the Consent Orders. Satisfaction of the requirements of the Consent Orders is subject to the ongoing review and supervision of the OCC with respect to the Bank and the Federal Reserve with respect to the Company. The Bank and the Company have and expect to continue to expend significant management and financial resources to address areas that were cited in the Consent Orders.

There can be no assurance that our regulators will ultimately determine that we have met all of the requirements of the Consent Orders to their satisfaction. If our regulators believe that we have not made sufficient progress in complying with the Consent Orders, they could seek to impose additional regulatory requirements, operational restrictions, enhanced supervision and/or civil money penalties. If any of these measures is imposed in the future, it could have a material adverse effect on our financial condition and results of operations and on our ability to raise additional capital.

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events. There were no material subsequent events that would require recognition or disclosure in our consolidated financial statements as of and for the quarter ended June 30, 2013.

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

META FINANCIAL GROUP, INC®.
AND SUBSIDIARIES

FORWARD LOOKING STATEMENTS

Meta Financial Group, Inc.®, (“Meta Financial” or the “Company”) and its wholly-owned subsidiary, MetaBank™ (the “Bank” or “MetaBank”), may from time to time make written or oral “forward-looking statements,” including statements contained in its filings with the Securities and Exchange Commission (“SEC”), in its reports to stockholders, and in other communications by the Company, 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” or the negative of those terms or other words of similar meaning. You should read statements that contain these words carefully because they discuss our future expectations or state other “forward-looking” information. These forward-looking statements include statements with respect to the Company’s beliefs, expectations, estimates, and intentions that 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 statements address, among others, the following subjects: future operating results; customer retention; loan and other product demand; important components of the Company’s balance sheet and income statements; growth and expansion; new products and services, such as those offered by the Bank or Meta Payment Systems® (“MPS”), a division of the Bank; credit quality and adequacy of reserves; technology; and the Company’s employees. The following factors, among others, could cause the Company’s financial performance to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System (the “Federal Reserve”), as well as efforts of the United States Treasury in conjunction with bank regulatory agencies to stimulate the economy and protect the financial system; inflation, interest rate, market, and monetary fluctuations; the timely development of and acceptance of new products and services offered by the Company as well as risks (including reputational and litigation) attendant thereto and the perceived overall value of these products and services by users; the risks of dealing with or utilizing third parties; the scope of restrictions and compliance requirements imposed by the supervisory directives and/or the Consent Orders entered into by the Company and the Bank with the Office of Thrift Supervision (the functions of which were transferred to the Office of the Comptroller of the Currency (“OCC”) and the Federal Reserve) and any other such regulatory actions which may be initiated; the impact of changes in financial services’ laws and regulations, including but not limited to our relationship with our regulators, the OCC and the Federal Reserve; technological changes, including, but not limited to, the protection of electronic files or databases; acquisitions; litigation risk in general, including, but not limited to, those risks involving the MPS division; the growth of the Company’s business, as well as expenses related thereto; changes in consumer spending and saving habits; and the success of the Company at managing and collecting assets of borrowers in default.

The foregoing list of factors is not exclusive. Additional discussions of factors affecting the Company’s business and prospects are contained in the Company’s periodic filings with the SEC. The Company expressly disclaims any intent or obligation to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company or its subsidiaries.

GENERAL

The Company, a registered unitary savings and loan holding company, is a Delaware corporation, the principal assets of which are all the issued and outstanding shares of the Bank, a federal savings bank. Unless the context otherwise requires, references herein to the Company include Meta Financial and the Bank, and all subsidiaries of Meta Financial, direct or indirect, on a consolidated basis.

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

The following discussion focuses on the consolidated financial condition of the Company and its subsidiaries, at June 30, 2013, compared to September 30, 2012, and the consolidated results of operations for the three and nine months ended June 30, 2013 and 2012. This discussion should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the year ended September 30, 2012.

CORPORATE DEVELOPMENTS AND OVERVIEW

MPS 2013 fiscal third quarter net income was $2.0 million compared to net income of $1.3 million in the 2012 third quarter. This increase was primarily the result of an increase in interest income of $0.5 million and, to a lesser extent, an increase in non-interest income and a decrease in income tax expense, offset in part by an increase in non-interest expense. The average internal net interest yield MPS received for its deposits was 1.25% in the 2013 fiscal third quarter and 1.13% in the comparable 2012 period.

Retail Bank fiscal 2013 third quarter net income was $1.9 million compared to net income of $1.2 million in the 2012 third quarter. The increase was primarily attributable to a decrease in non-interest expense of $0.5 million, and, to a lesser extent, an increase in interest income and decreases in interest expense and income tax expense, offset in part by a decrease in non-interest income. Retail Bank checking balances continued to grow from $60.8 million at June 30, 2012 to $62.3 million, or 2.53%, at June 30, 2013.

The Company's tangible book value per common share decreased by $3.62, or 13.7%, from $26.42 at September 30, 2012 to $22.80 per share at June 30, 2013 primarily due to losses in securities caused by market conditions.

At June 30, 2013, Non-Performing Assets decreased by $1.7 million to $0.9 million compared to $2.6 million at September 30, 2012.

We filed a shelf registration statement on Form S-3 (the "Shelf Registration") which became effective with the Securities and Exchange Commission in June 2013. We expect to use the Shelf Registration to issue public equity or debt capital from time to time in the future. Pursuant to the Shelf Registration statement, we may issue and sell publicly debt securities, common stock, preferred stock, depositary shares, warrants and units, or any combination of such securities, from time to time in one or more offerings, up to an aggregate amount of $40 million.

We utilized the Shelf Registration for an "at the market offering" ("ATM Offering") which may be utilized by us from time to time to sell up to $20 million of shares of our common stock. We commenced sales of common stock under the ATM Offering in June 2013 and we issued an aggregate of 10,656 shares of common stock through our ATM Offering during the quarter ended June 30, 2013. We utilized Sandler O'Neill + Partners, L.P., as our agent for the program. The shares were issued in June 2013 at an average price of $26.86 per share, and we raised proceeds, net of direct selling costs, of $278,000. The proceeds of the ATM Offering, all of which qualifies as Tier 1 capital for regulatory purposes (and also qualifies as common equity Tier 1 capital under the recently finalized Dodd-Frank and Basel III capital regulation), has been added to our general corporate funds and bolsters our regulatory capital ratios. In addition, subsequent to June 30, 2013, we issued an additional 496,698 shares of common stock through our ATM Offering. Those shares were issued at an average price of $27.58 per share of common stock, and we raised additional proceeds, net of direct selling costs, of $13.3 million. We are not currently selling shares through our ATM Offering, although we may resume doing so in the future. The remaining sales we have available under the ATM Offering is $6.0 million.

MPS is developing a number of new products for fiscal year 2014 which includes credit, income tax, and prepaid deposit products.

FINANCIAL CONDITION

At June 30, 2013, the Company's assets grew by $11.0 million, or 0.7%, to $1.7 billion compared to $1.6 billion at September 30, 2012. The increase in assets was reflected primarily in increases in the Company's mortgage-backed and investment securities and, to a lesser extent, in increases in the Company's bank-owned life insurance ("BOLI") and net loans receivable, offset in part by a decrease in cash and cash equivalents.

Total cash and cash equivalents were $26.5 million at June 30, 2013, a decrease of $118.6 million from $145.1 million at September 30, 2012. The decline primarily was the result of the Company's investing its excess liquidity in mortgage-backed and investment securities. The Company maintains its cash equivalent investments in interest-bearing overnight deposits with the FHLB and the Federal Reserve Bank of Chicago ("FRBank"). Federal funds sold deposits may be maintained with the FHLB. At June 30, 2013, the Company did not have any federal funds sold.

The total of mortgage-backed securities and investment securities increased $82.1 million, or 7.4%, to $1.2 billion at June 30, 2013 as compared to September 30, 2012, as purchases exceeded investment maturities, sales, and principal paydowns. The Company's portfolio of securities consists primarily of mortgage-backed securities (MBS), which have relatively short expected lives and non-bank qualified obligations of states and political subdivisions (NBQ) which mature in approximately 15 years or less. Of the total of $689.7 million of mortgage-backed securities, $619.3 million are classified as available for sale, and $79.4 million are classified as held to maturity. Of the total of $500.1 million of investment securities, $291.7 million are classified as available for sale and $208.4 million are classified as held to maturity. During the nine month period ended June 30, 2013, the Company purchased $223.4 million of mortgage-backed securities with estimated future maturities of five years or less (primarily due to anticipated prepayments) and stated maturities of 30 years or less and $250.7 million of investment securities available for sale. On May 6, 2013, the Company reclassified approximately $284.3 million from the AFS to the HTM category. The reclassification resulted in the recording of an unrealized gain of $2.1 million which has been segregated within AOCI and is being amortized off through maturity.

The Bank's portfolio of net loans receivable increased $12.1 million, or 3.7%, to $339.2 million at June 30, 2013 from $327.0 million at September 30, 2012. This increase primarily relates to a $27.0 million increase in residential mortgage loans, a $9.0 million increase in agricultural operating loans, and an $8.7 million increase in agricultural real estate loans, partially offset by a decrease of $29.9 million in commercial and multi-family real estate loans, $2.1 million in consumer loans, and $0.6 million in commercial operating loans.

The Company's BOLI increased $18.7 million to $33.5 million at June 30, 2013 from $14.8 million at September 30, 2012. This increase was due to the Company's purchases of additional bank-owned life insurance to take advantage of additional BOLI capacity allowed under regulatory guidelines along with generating additional tax-advantaged income. The BOLI also provides death benefits to the Bank against the loss of key executives and death benefits to the employee's family equal to one times salary at the time of death.

Foreclosed real estate and repossessed assets decreased to $45,000 as compared to $0.8 million at September 30, 2012, primarily due to a sale of two properties in the residential mortgage and commercial and multi-family real estate loan category. These sales, after expenses, resulted in a loss of $0.4 million during the quarters ended, June 30, 2013 and December 31, 2012.

Assets held for sale at June 30, 2013 remained unchanged from March 31, 2013 at $1.3 million due to an expected sale of a branch in the Central Iowa market.

Total deposits increased $36.1 million, or 2.6%, at June 30, 2013 from September 30, 2012. Deposits attributable to MPS increased by $12.5 million, or 1.1%, at June 30, 2013, compared to September 30, 2012. Additionally, certificates of deposits increased by $16.2 million to $117.0 million primarily related to an increase in public funds on deposit. The average balance of total deposits and interest-bearing liabilities was $1.5 billion for the nine month period ended June 30, 2013 compared to $1.2 billion for the same period in the prior fiscal year.

Total borrowings increased $47.7 million from $47.7 million at September 30, 2012 to $95.4 million at June 30, 2013, primarily due to the increase of federal funds purchased.

At June 30, 2013, the Company's stockholders' equity totaled $128.0 million, a decrease of $17.9 million from $145.9 million at September 30, 2012 due primarily to a decrease in accumulated other comprehensive income caused by the impact of recent interest rate increases on the fair value of the Company's securities portfolio. At June 30, 2013, the Bank continues to exceed all regulatory requirements for classification as a well−capitalized institution. See "Liquidity and Capital Resources" for further information.

Non-performing Assets and Allowance for Loan Losses

Generally, when a loan becomes delinquent 90 days or more or when the collection of principal or interest becomes doubtful, the Company will place the loan on a non-accrual status and, as a result of this action, previously accrued interest income on the loan is reversed against interest income. The loan will remain on non-accrual status until the loan has been brought current or until other circumstances occur that provide adequate assurance of full repayment of interest and principal.

The Company believes that the level of allowance for loan losses at June 30, 2013 is appropriate and reflects probable losses related to these loans; however, there can be no assurance that all loans will be fully collectible or that the present level of the allowance will be adequate in the future. See "Allowance for Loan Losses" below.

The table below sets forth the amounts and categories of non-performing assets in the Company's portfolio. Foreclosed assets include assets acquired in settlement of loans.

Non-Performing Loans	Non-Performing Assets As Of June 30, 2013	September 30, 2012
	(Dollars in Thousands)	
Non-Accruing Loans:		
1-4 Family (2)	$ 245	$ 307
Commercial & Multi Family (1) (2)	562	1,423
Commercial Operating (1) (2)	9	18
Total	816	1,748
Accruing Loans Delinquent 90 Days or More		
Consumer	19	63
Total	19	63
Total Non-Performing Loans	835	1,811
Other Assets		
Foreclosed Assets:		
1-4 Family	45	9
Commercial & Multi Family	-	827
Commercial Business	-	2
Total	45	838
Total Other Assets	45	838
Total Non-Performing Assets	$ 880	$ 2,649
Total as a Percentage of Total Assets	0.05%	0.16%

(1) At June 30, 2013, the Company had $322,000 of TDRs in Commercial & Multi Family and $9,000 of TDRs in Commercial Operating.
(2) At September 30, 2012, the Company had $328,000 of TDRs in Commercial & Multi Family and $18,000 of TDRs in Commercial Operating.
In addition to the non-performing TDRs in (1) and (2), the Company had an additional $6.4 million TDRs performing in accordance with their terms at June 30, 2013 and September 30, 2012.

At June 30, 2013, non-performing loans totaled $0.8 million, representing 0.2% of total loans, compared to $1.8 million, or 0.6% of total loans at September 30, 2012.

Classified Assets . Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered by the OCC to be of lesser quality, as “substandard”, “doubtful” or “loss.” 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 savings association will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all the weaknesses inherent in those classified as “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 reserve is not warranted. When assets are classified as “loss,” the Bank is required either to establish a specific allowance for loan losses equal to 100% of that portion of the asset so classified or to charge-off such amount.

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. The Bank's determination as to the classification of its assets and the amount of its valuation allowances are subject to review by its regulatory authorities, which may direct the establishment of additional general or specific loss allowances. The discovery of additional information in the future may also affect both the level of classification and the amount of loss allowances.

On the basis of management's review of its loans and other assets, at June 30, 2013, the Company had classified a total of $7.8 million of its assets as substandard, none as doubtful and none as loss. This compares to classifications at September 30, 2012 of $8.7 million as substandard, $30,000 as doubtful and none as loss. See Note 2 to the Condensed Consolidated Financial Statements.

Allowance for Loan Losses . The Company establishes its provision for loan losses, and evaluates its allowance for loan losses based upon a systematic methodology consisting of a number of factors including, among others, historic loss experience, the overall level of classified assets and non-performing loans, the composition of its loan portfolio and the general economic environment within which the Company and its borrowers operate.

Management closely monitors economic developments both regionally and nationwide, and considers these factors when assessing the appropriateness of its allowance for loan losses. The economic slowdown, which recently has shown some signs of abating, continues to strain the financial condition of some borrowers. Management therefore believes that future losses in the residential portfolio may be somewhat higher than historical experience. It should be noted that a sizeable portion of the Company's consumer loan portfolio is secured by residential real estate. Over the past three years, loss rates in the commercial and multi-family real estate market have remained moderate. Loss rates in the agricultural real estate and agricultural operating loan portfolios have been minimal in the past three years primarily due to higher commodity prices as well as above average yields which have created positive economic conditions for most farmers in our markets. Nonetheless, management still expects that future losses in this portfolio, which have been very low, could be higher than recent historical experience. Management believes that various levels of drought weather conditions within our markets have the potential to negatively impact potential yields which would have a negative economic effect on our agricultural markets. In addition, management believes the current economic environment may also negatively impact consumers' repayment capacities.

At June 30, 2013, the Company had established an allowance for loan losses totaling $3.7 million compared to $4.0 million at September 30, 2012. Management believes that, based on a detailed review of the loan portfolio, historic loan losses, current economic conditions, the size of the loan portfolio, and other factors, the current level of the allowance for loan losses at June 30, 2013 reflects an appropriate allowance against probable losses from the loan portfolio. Although the Company maintains its allowance for loan losses at a level that it considers to be adequate, investors and others are cautioned that there can be no assurance that future losses will not exceed estimated amounts, or that additional provisions for loan losses will not be required in future periods.

The allowance for loan losses reflects management's best estimate of probable losses inherent in the portfolio based on currently available information. In addition to the factors mentioned above, future additions to the allowance for loan losses may become necessary based upon changing economic conditions, increased loan balances or changes in the underlying collateral of the loan portfolio. In addition, our regulators have the ability to order us to increase our allowance.

CRITICAL ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with U.S. GAAP. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. Based on its consideration of accounting policies that: (i) involve the most complex and subjective decisions and assessments which may be uncertain at the time the estimate was made, and (ii) different estimates that reasonably could have been used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the financial statements, management has identified the policies described below as Critical Accounting Policies. This discussion and analysis should be read in conjunction with the Company's financial statements and the accompanying notes presented in Part II, Item 8 "Consolidated Financial Statements and Supplementary Data" of its Annual Report on Form 10-K for the year ended September 30, 2012 and information contained herein.

Allowance for Loan Losses . The Company's allowance for loan loss methodology incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for loan loss that management believes is appropriate at each reporting date. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, changes in non-performing loans, and other factors. Quantitative factors also incorporate known information about individual loans, including borrowers' sensitivity to interest rate movements. Qualitative factors include the general economic environment in the Company's markets, including economic conditions throughout the Midwest and, in particular, the state of certain industries. Size and complexity of individual credits in relation to loan structure, existing loan policies, and pace of portfolio growth are other qualitative factors that are considered in the methodology. As the Company adds new products and increases the complexity of its loan portfolio, it will enhance its methodology accordingly. Management may have reported a materially different amount for the provision for loan losses in the consolidated statement of operations to change the allowance for loan losses if its assessment of the above factors were different. Although management believes the levels of the allowance at both June 30, 2013 and September 30, 2012 were adequate to absorb probable losses inherent in the loan portfolio, a decline in local economic conditions or other factors could result in increasing losses.

Intangible Assets . Intangible assets include patents filed by the MPS division. Intangible assets are tested annually for impairment or more often if conditions indicate a possible impairment.

Each quarter the Company evaluates the estimated useful lives of intangible assets and whether events or changes in circumstances warrant a revision to the remaining periods of amortization. In accordance with ASC 350, *Accounting for the Impairment or Disposal of Long-Lived Assets* , recoverability of these assets is measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

Assumptions and estimates about future values and remaining useful lives of the Company's intangible and other long-lived assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in the Company's business strategy and internal forecasts. Although the Company believes the historical assumptions and estimates used are reasonable and appropriate, different assumptions and estimates could materially impact the reported financial results.

Self-Insurance . The Company has a self-insured healthcare plan for its employees up to certain limits. To mitigate a portion of these risks, the Company has a stop-loss insurance policy through a commercial insurance carrier for coverage in excess of $60,000 per individual occurrence with an unlimited lifetime maximum. The estimate of self-insurance liability is based upon known claims and an estimate of incurred, but not reported ("IBNR") claims. IBNR claims are estimated using historical claims lag information received by a third party claims administrator. Due to the uncertainty of health claims, the approach includes a process which may differ significantly from other methodologies and still produce an estimate in accordance with U.S. GAAP. Although management believes it uses the best information available to determine the accrual, unforeseen health claims could result in adjustments to the accrual.

Deferred Tax Assets . The Company accounts for income taxes according to the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates applicable to income for the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized subject to management's judgment that realization is more-likely-than-not. An estimate of probable income tax benefits that will not be realized in future years is required in determining the necessity for a valuation allowance.

Investment Security Impairment . Management continually monitors the investment security portfolio for impairment on a security by security basis. Management has a process in place to identify investment securities that could potentially have a credit impairment that is other than temporary. This process involves the consideration of the length of time and extent to which the fair value has been less than the amortized cost basis, review of available information regarding the financial position of the issuer, monitoring the rating of the investment security, cash flow projections, and the Company's intent to sell an investment security or whether it is more likely than not the Company will be required to sell the investment security before the recovery of its amortized cost which, in some cases, may extend to maturity. To the extent we determine that an investment security is deemed to be other-than-temporarily impaired, an impairment loss is recognized. If the Company intends to sell an investment security or it is more likely than not that the Company would be required to sell an investment security before the recovery of its amortized cost, the Company recognizes an other-than-temporary impairment in earnings for the difference between amortized cost and fair value. If we do not expect to recover the amortized cost basis, we do not plan to sell the investment security and if it is not more likely than not that the Company would be required to sell an investment security before the recovery of its amortized cost, the recognition of the other-than-temporary impairment is bifurcated. For those securities, the Company separates the total impairment into a credit loss component recognized in earnings, and the amount of the loss related to other factors is recognized in other comprehensive income net of taxes.

The amount of the credit loss component of a debt security impairment is estimated as the difference between amortized cost and the present value of the expected cash flows of the investment security. The present value is determined using the best estimate of cash flows discounted at the effective interest rate implicit to the investment security at the date of purchase or the current yield to accrete an asset- backed or floating rate investment security. Cash flow estimates for trust preferred securities are derived from scenario-based outcomes of forecasted default rates, loss severity, prepayment rates and structural support.

Level 3 Fair Value Measurement . U.S. GAAP requires the Company to measure the fair value of financial instruments under a standard which describes three levels of inputs that may be used to measure fair value. Level 3 measurement includes significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Although management believes that it uses a best estimate of information available to determine fair value, due to the uncertainty of future events, the approach includes a process that may differ significantly from other methodologies and still produce an estimate that is in accordance with U.S. GAAP.

RESULTS OF OPERATIONS

General .

Total revenue (interest income plus non-interest income) for the 2013 fiscal third quarter was $23.4 million compared to $22.9 million for the same quarter last year. The revenue increase in this quarter was largely attributable to an increase in gain on sale of securities available for sale and to improved interest and dividend income, offset in part by a decline in other income.

Total revenue for the nine months ended June 30, 2013 was $71.2 million compared to $85.2 million in 2012, a decrease of $14.0 million, or 16.4%, due primarily to a decrease in gain on sale of securities available for sale.

The Company recorded net income of $3.7 million, or 66 cents per diluted share, for the three months ended June 30, 2013 compared to net income of $2.4 million, or 66 cents per diluted share, for the same period in fiscal year 2012. The increase in net income was primarily due to an increase of $1.2 million in investment securities portfolio interest income. See Note 5 to the Condensed Consolidated Financial Statements.

The Company recorded net income of $9.9 million, or $1.80 per diluted share, for the nine months ended June 30, 2013 compared to $15.4 million, or $4.64 per diluted share, for the same period in fiscal year 2012. Net earnings for the nine month period ended June 30, 2013 were primarily impacted by a decrease of $9.5 million in a pre-tax gain on sale of securities available for sale. See Note 5 to the Condensed Consolidated Financial Statements.

In addition to the decline in net income, earnings per diluted share for the nine months ended June 30, 2013 was also affected by the issuance of approximately 640,000 shares and 1.6 million shares of common stock in May 2012 and September 2012, respectively.

The change in net income for the current period was affected by many factors within the general categories of net interest income, net interest income after provision for loan losses, total non-interest income, total non-interest expense, and income tax expense. Those factors are discussed in more detail below. In general, net interest income increased from $8.3 million to $9.2 million for the three month period ended June 30, 2013 from the prior year comparable period. Total non-interest income decreased from $13.7 million to $13.6 million for the three month period ended June 30, 2013 from the prior year comparable period, and total non-interest expense decreased from $18.1 million to $18.0 million during the same time periods.

Net Interest Income . Net interest income for the fiscal 2013 third quarter increased by $0.9 million, or 10.5%, to $9.2 million from $8.3 million for the same period in the prior fiscal year primarily due to an increase in interest income and a decrease in interest expense. Net interest margin increased to 2.52% for the third quarter of fiscal year 2013 as compared to 2.40% for the same period in fiscal year 2012. Overall, asset yields increased by 3 basis points due primarily to a change in asset mix which included highly rated investment grade agency, corporate and municipal bonds. Net interest margin was also positively impacted by a 9 basis points decrease in the total cost of funds. This decrease was caused by a decrease in the cost of Time Deposits due to lower rates on CD renewals along with a decrease in the cost of FHLB Advances due to the prepayment of some term advances in January of 2013. Our government guaranteed mortgage-backed securities comprised 44.5% of average interest earning assets for the quarter ended June 30, 2013 compared to 60.0% one year ago. The Company's average interest-earning assets for the fiscal 2013 third quarter grew by $265.3 million, or 19.1%, to $1.65 billion, up from $1.39 billion during the same quarter last fiscal year.

The Company's average total deposits and interest-bearing liabilities for the 2013 third fiscal quarter increased $244.5 million, or 18.4%, to $1.57 billion from $1.33 billion for the same quarter last year. This increase was generated primarily from an increase in MPS-related non-interest bearing deposits and advances from the Federal Home Loan Bank, slightly offset by a decrease in other borrowings and more costly certificates of deposit. MPS average quarterly deposits for the 2013 third fiscal quarter increased $127.2 million, or 12.2%, from the same period last year. This increase resulted almost entirely from growth in existing core prepaid card programs. Overall, rates on all deposits and interest-bearing liabilities decreased by 9 basis points from 0.26% in the 2012 third fiscal quarter to 0.17% in the 2013 period. At June 30, 2013, low- and no-cost checking deposits represented 89.8% of total deposits compared to 91.0% one year earlier. The growth in deposits was driven by an increase of $40.6 million, or 3.6%, in deposits generated by MPS at June 30, 2013 as compared to one year earlier.

For the nine months ended June 30, 2013, net interest income was $26.9 million compared to $26.3 million for the same period in the prior fiscal year. Contributing to this increase was a 52 basis point decrease in rates paid on interest-bearing liabilities and a 25% increase in earning assets, in part, due to faster prepayment speeds in the Company's mortgage-backed securities portfolio as compared to the prior fiscal year. These were partially offset by a decline in asset yields of 30 basis points.

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. Tax equivalent adjustments have been made in yield on interest bearing assets and net interest margin. Non-accruing loans have been included in the table as loans carrying a zero yield.

Three Months Ended June 30,	2013			2012		
(Dollars in Thousands)	**Average Outstanding Balance**	**Interest Earned / Paid**	**Yield / Rate**	**Average Outstanding Balance**	**Interest Earned / Paid**	**Yield / Rate**
Interest-earning assets:						
Loans receivable	$ 339,632	$ 4,091	4.83%	$ 331,588	$ 4,616	5.60%
Mortgage-backed securities	734,894	3,024	1.65%	836,003	3,847	1.85%
Other investments and fed funds sold	578,400	2,710	2.74%	220,024	686	1.25%
Total interest-earning assets	1,652,926	$ 9,825	2.68%	1,387,615	$ 9,149	2.65%
Non-interest-earning assets	80,280			62,405		
Total assets	$ 1,733,206			$ 1,450,020		
Non-interest bearing deposits	$ 1,189,436	$ -	0.00%	$ 1,059,983	$ -	0.00%
Interest-bearing liabilities:						
Interest-bearing checking	32,268	28	0.35%	34,227	60	0.71%
Savings	28,750	10	0.14%	22,235	10	0.18%
Money markets	40,778	24	0.24%	38,240	29	0.31%
Time deposits	95,337	224	0.94%	103,135	417	1.63%
FHLB advances	166,385	253	0.61%	39,433	192	1.96%
Other borrowings	19,283	127	2.64%	30,467	149	1.97%
Total interest-bearing liabilities	382,801	666	0.70%	267,737	857	1.29%
Total deposits and interest-bearing liabilities	1,572,237	$ 666	0.17%	1,327,720	$ 857	0.26%
Other non-interest bearing liabilities	13,969			22,713		
Total liabilities	1,586,206			1,350,433		
Stockholders' equity	147,000			99,587		
Total liabilities and stockholders' equity	$ 1,733,206			$ 1,450,020		
Net interest income and net interest rate spread including non-interest bearing deposits		$ 9,159	2.51%		$ 8,292	2.39%
Net interest margin			2.52%			2.40%

Nine Months Ended June 30,	2013			2012		
(Dollars in Thousands)	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate
Interest-earning assets:						
Loans receivable	$ 331,688	$ 11,953	4.82%	$ 325,478	$ 13,647	5.60%
Mortgage-backed securities	702,984	9,069	1.72%	775,507	13,833	2.38%
Other investments and fed funds sold	598,181	8,151	2.58%	205,750	1,583	1.03%
Total interest-earning assets	1,632,853	$ 29,173	2.67%	1,306,735	$ 29,063	2.97%
Non-interest-earning assets	78,697			61,407		
Total assets	$ 1,711,550			$ 1,368,142		
Non-interest bearing deposits	$ 1,198,913	$ -	0.00%	$ 999,537	$ -	0.00%
Interest-bearing liabilities:						
Interest-bearing checking	32,264	99	0.41%	33,647	205	0.81%
Savings	28,416	31	0.15%	15,386	29	0.25%
Money markets	40,426	77	0.25%	38,221	104	0.36%
Time deposits	91,754	788	1.15%	107,231	1,384	1.72%
FHLB advances	136,548	921	0.90%	43,151	595	1.84%
Other borrowings	21,079	396	2.51%	22,526	405	2.40%
Total interest-bearing liabilities	350,487	2,312	0.88%	260,162	2,722	1.40%
Total deposits and interest-bearing liabilities	1,549,400	$ 2,312	0.20%	1,259,699	$ 2,722	0.29%
Other non-interest bearing liabilities	16,335			21,130		
Total liabilities	1,565,735			1,280,829		
Stockholders' equity	145,815			87,313		
Total liabilities and stockholders' equity	$ 1,711,550			$ 1,368,142		
Net interest income and net interest rate spread including non-interest bearing deposits		$ 26,861	2.47%		$ 26,341	2.68%
Net interest margin			2.48%			2.69%

Provision for Loan Losses . The Company did not have a provision for loan losses in the third quarter of fiscal year 2013 compared to a provision for loan losses of $0.2 million in the third quarter of the prior fiscal year. This was the result of the evaluation of the allowance for loan loss as explained in Note 3 to the Condensed Consolidated Financial Statements.

For the nine months ended June 30, 2013, the Company recorded a negative provision of $0.3 million compared to a provision of $1.1 million for the same period in the prior fiscal year due to the aforementioned factors.

Non-Interest Income . Non-interest income for the fiscal 2013 third quarter decreased by $0.1 million, or 1.1%, to $13.6 million from $13.7 million for the same period in the prior fiscal year. The primary change was due to a decrease of $1.1 million in gain on foreclosed real estate, partially offset by an increase of $0.9 million in gain on sale of securities available for sale. Fees earned on MPS–related programs increased to $12.5 million for the third quarter of fiscal year 2013, compared to $12.3 million for the same period in fiscal year 2012 due to an overall increase in volume of existing Meta programs. The re-implementation of the program began in late December 2012, however, we do not expect the program will reach the same level that preceded the beginning of the interruption before the fiscal 2013 fourth quarter.

For the nine months ended June 30, 2013, non-interest income decreased by $14.1 million, or 25.1%, to $42.1 million from $56.2 million for the same period in the prior fiscal year. For the nine months ended June 30, 2013 and 2012, the Bank sold mortgage-backed and investment securities resulting in a gain on sale of available for sale securities in the amount of $2.5 million and $12.0 million, respectively. In addition, fees earned on MPS-related programs were $38.0 million for the nine months ended June 30, 2013, compared to $41.8 million for the same period in fiscal year 2012.

Non-Interest Expense . Non-interest expense decreased slightly to $18.0 million for the third quarter of fiscal year 2013 as compared to $18.1 million for the same period in fiscal year 2012. Non-interest expense decreased by $0.4 million, or 0.7%, to $56.7 million for the nine months ended June 30, 2013 from $57.1 million for the same period in fiscal year 2012.

Compensation expense increased $0.3 million to $8.5 million for the three months ended June 30, 2013 as compared to $8.2 million for the same period in fiscal year 2012 due primarily to an 8.0% increase in overall staffing. Compensation expense increased $2.4 million to $25.9 million for the nine months ended June 30, 2013 from $23.5 million for the same period in fiscal year 2012.

Legal and consulting expenses increased $0.3 million to $1.2 million for the three months ended June 30, 2013 as compared to $0.9 million for the same period in fiscal year 2012. This increase was primarily due to the settlement of a legal case during the quarter ended June 30, 2013. For the nine months ended June 30, 2013, legal and consulting expense totaled $3.0 million, compared to $4.2 million for the same period in the prior fiscal year. This decrease was primarily due to a reduction in the use of outside specialists to assist in addressing matters relating to our regulatory examinations.

Impairment on assets held for sale were $0.4 million during the nine months ended June 30, 2013 due to an expected sale of a branch in the Central Iowa market.

Income Tax . Income tax expense for the third quarter of fiscal year 2013 was $1.0 million, or an effective tax rate of 21.8%, compared to income tax expense of $1.4 million, or an effective tax rate of 36.8%, for the same period in the prior fiscal year. The decrease in effective tax rate is mainly the result of an increase in the volume of tax exempt municipal bonds owned by the Company during fiscal year 2013. To a lesser extent, the decrease is also a result of the purchase of additional bank-owned life insurance in late December 2012.

For the nine months ended June 30, 2013, the Company recorded an income tax expense in the amount of $2.6 million, or an effective tax rate of 20.7%, compared to $8.9 million, or an effective tax rate of 36.7% for the same period in the prior fiscal year. The change in effective tax rate for this time period was caused by the same reasons mentioned in the preceding paragraph.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are deposits, borrowings, principal and interest payments on loans and mortgage-backed securities, and maturing investment securities. While scheduled loan repayments and maturing investments are relatively predictable, deposit flows, prepayments on mortgage-backed securities 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 deposits and loan commitments, to maintain liquidity, and to meet operating expenses. At June 30, 2013, the Company had commitments to originate and purchase loans and unused lines of credit totaling $133.8 million. The Company believes that loan repayments and other sources of funds will be adequate to meet its foreseeable short- and long-term liquidity needs. At June 30, 2013, the Company had two commitments to purchase securities held to maturity totaling $4.7 million.

Regulations require the Bank to maintain minimum amounts and ratios of total risk-based capital and Tier 1 capital to risk-weighted assets, and a leverage ratio consisting of Tier 1 capital to average assets. The following table sets forth the Bank's actual capital and required capital amounts and ratios at June 30, 2013 which, at that date, exceeded the minimum capital adequacy requirements.

At June 30, 2013	Actual		Minimum Requirement For Capital Adequacy Purposes		Minimum Requirement to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
MetaBank						
Tangible capital (to tangible assets)	$ 151,453	9.05%	$ 25,093	1.50%	$ n/a	n/a%
Tier 1 (core) capital (to adjusted total assets)	151,453	9.05	66,914	4.00	83,643	5.00
Tier 1 (core) capital (to risk-weighted assets)	151,453	22.10	27,412	4.00	41,118	6.00
Total risk-based capital (to risk-weighted assets)	155,123	22.64	54,824	8.00	68,530	10.00

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) established five regulatory capital categories and authorized the banking regulators to take prompt corrective action with respect to institutions in an undercapitalized category. At June 30, 2013, the Bank exceeded all requirements for the well capitalized category.

On July 2, the Federal Reserve passed a final rule to implement higher capital requirements for banking organizations subject to its supervision, such as the Company. Shortly thereafter, the OCC followed the Federal Reserve with a final rule that is nearly identical for institutions subject to its jurisdiction, such as the Bank. In brief, the new rules require, among other things, a new category of required capital, common equity Tier 1 capital, and mandate that institutions such as the Company and the Bank achieve a minimum ratio of common equity Tier 1 capital to risk-weighted assets of 4.5%, by January 1, 2015, and further require the Company and the Bank to achieve a buffer of 2.5% by January 1, 2019. The rules also require the minimum Tier 1 capital to risk weighted assets ratio to increase from 4% to 6% by January 1, 2015, and further impose a minimum leverage (Tier 1 capital to average total consolidated assets) of 4%. Finally, the regulations generally revise upwards the required risk-based and leverage ratios required to achieve compliance with the prompt corrective action thresholds. The Company is evaluating the rules in light of the new requirements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

MARKET RISK

The Company is exposed to the impact of interest rate changes and changes in the market value of its investments.

The Company originates predominantly adjustable-rate loans and fixed-rate loans up to ten years. As a result of its lending practices, the Company’s loan portfolio is relatively short in duration and yields respond quickly to the overall level of interest rates. Recently the Company has been originating and retaining in its loan portfolio residential mortgages with maturities of up to 30 years. The volume of this business has been low enough to not materially extend the duration of the loan portfolio as a whole.

The Company’s primary objective for its investment portfolio is to provide the liquidity necessary to meet the Company’s cash demands. This portfolio may also be used in the ongoing management of interest rate risk. As a result, funds may be invested among various categories of security types and maturities based upon the Company’s need for liquidity and its desire to create an economic hedge against the effects that changes in interest rates may have on the overall market value of the Company.

The Company has purchased NBQ securities over the past twelve months to diversify our overall investment securities portfolio. In addition, management believes the NBQ securities add value to our Company as we are able to leverage our overall low cost of funds and the TEFRA income tax disallowance which results in an enhanced tax equivalent yield("TEY") for this security as market rates increase.

The modified duration and weighted average life of the Company's investments at June 30, 2013 and September 30, 2012 are as follows:

Available For Sale

June 30, 2013	**Amortized Cost**	**Duration**	**Weighted Average Life**
	(Dollars in Thousands)		
Debt securities			
Trust preferred and corporate securities	$ 52,892	8.52	7.73
Agency securities	-	-	-
Obligations of states and political subdivisions	1,890	7.32	8.75
Non-bank qualified obligations of states and political subdivisions	256,303	8.11	9.45
Mortgage-backed securities	631,570	4.50	4.93
Total debt securities	$ 942,655	5.71	6.43

September 30, 2012	**Amortized Cost**	**Duration**	**Weighted Average Life**
	(Dollars in Thousands)		
Debt securities			
Trust preferred and corporate securities	$ 67,615	7.59	8.57
Asset backed securities	40,828	11.54	12.63
Agency securities	39,266	0.49	0.49
Small Business Administration securities	19,939	6.22	6.80
Obligations of states and political subdivisions	12,593	7.91	9.29
Non-bank qualified obligations of states and political subdivisions	254,789	7.83	9.37
Mortgage-backed securities	667,876	3.90	4.28
Total debt securities	$ 1,102,906	5.25	5.98

Held to Maturity

June 30, 2013		Amortized Cost	Duration	Weighted Average Life
		(Dollars in Thousands)		
Debt securities				
Trust preferred and corporate securities	$	-	-	-
Agency securities		10,005	0.65	0.66
Obligations of states and political subdivisions		19,089	7.72	8.91
Non-bank qualified obligations of states and political subdivisions		179,277	7.79	9.22
Mortgage-backed securities		79,439	5.73	6.50
Total debt securities	$	287,810	6.90	8.15

September 30, 2012		Amortized Cost	Duration	Weighted Average Life
		(Dollars in Thousands)		
Debt securities				
Trust preferred and corporate securities	$	-	-	-
Asset backed securities		-	-	-
Agency securities		-	-	-
Small Business Administration securities		-	-	-
Obligations of states and political subdivisions		-	-	-
Non-bank qualified obligations of states and political subdivisions		-	-	-
Mortgage-backed securities		-	-	-
Total debt securities	$	-	-	-

The Company offers a full range of deposit products which are generally short term in nature. Interest-bearing checking, savings, and money market accounts generally provide a stable source of funds for the bank and also respond relatively quickly to changes in short term interest rates. The Company offers certificates of deposit with maturities of three months through five years, which serve to extend the duration of the overall deposit portfolio. A significant and increasing portion of the Company's deposit portfolio is concentrated in non-interest-bearing checking accounts. These accounts serve to decrease the Company's overall cost of funds and reduce its sensitivity to changes in short term interest rates.

The Company also has wholesale borrowings, predominantly advances from the FHLB and FRB, including both overnight advances and advances that carry fixed terms and fixed rates of interest. The Company utilizes this portfolio to manage liquidity demands and also, when appropriate, in the ongoing management of interest rate risk.

The Board of Directors has established limits on the level of acceptable interest rate risk for the Bank. 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.

Net Portfolio Value . The Bank uses a Net Portfolio Value ("NPV") approach to the quantification of interest rate risk. This approach calculates the difference between the present value of expected cash flows from assets and the present value of expected cash flows from liabilities, as well as cash flows from any off-balance sheet contracts. Management of the Bank's assets and liabilities is performed within the context of the marketplace, but also within limits established by the Board of Directors on the amount of change in NPV that is acceptable given certain interest rate changes.

Presented below, at June 30, 2013 and September 30, 2012, is an analysis of the Bank's interest rate risk as measured by changes in NPV for an instantaneous and sustained parallel shift in the yield curve, in 100 basis point increments, up and down 200 basis points. Down 100 basis points and down 200 basis points are not presented for June 30, 2013 and September 30, 2012 due to the extremely low rate environment. At both June 30, 2013 and September 30, 2012, the Bank's interest rate risk profile was within the interest sensitivity limits set by the Board of Directors.

June 30, 2013				September 30, 2012			
Change in Interest Rates	Estimated NPV Amount	Estimated Increase in NPV Amount	Estimated Increase in NPV Percent	Change in Interest Rates	Estimated NPV Amount	Estimated Increase in NPV Amount	Estimated Increase in NPV Percent
		(Dollars in Thousands)				(Dollars in Thousands)	
Basis Points				**Basis Points**			
+200bp	150,509	(39,908)	-20.96%	+200bp	136,871	(10,121)	-6.89%
+100bp	172,272	(18,145)	-9.53%	+100bp	148,798	1,806	1.23%
Base	190,417	-	-	Base	146,992	-	-

The core interest rate risk utilized by the Company examines the balance sheet under increasing and decreasing interest rate scenarios. All rate changes are ramped over a 12-month horizon based upon a non-parallel shift in the yield curve and then maintained at those levels over the remainder of the simulation horizon. Starting balances in the model reflect actual balances on the “as of” date and are projected to remain static. This enables interest rate risk embedded within the existing balance sheet structure to be isolated from interest rate risk caused by growth in assets and liabilities.

Certain shortcomings are inherent in the method of analysis presented in the preceding table. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as ARM loans, have features that restrict changes in interest rates on a short-term basis and over the life of the asset. Furthermore, although management has estimated changes in the levels of prepayments and early withdrawal in these rate environments, such levels would likely deviate from those assumed in calculating the table. Finally, the ability of some borrowers to service their debt may decrease in the event of an interest rate increase.

In addition to the NPV approach, the Bank also reviews gap reports, which measure the differences in assets and liabilities repricing in given time periods, and net income simulations to assess its interest rate risk profile. Management reviews its interest rate risk profile on a quarterly basis.

Item 4. Controls and Procedures

CONTROLS AND PROCEDURES

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.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's "disclosure controls and procedures", as such term is defined in Rules 13a – 15(e) and 15d – 15(e) of the Securities Exchange Act of 1934 ("Exchange Act") as of the end of the period covered by the report.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at June 30, 2013, the Company's disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in this report was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

With the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the Company's fiscal quarter ended June 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on such evaluation, management concluded that, as of the end of the period covered by this report, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal 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.

META FINANCIAL GROUP, INC.
PART II - OTHER INFORMATION

FORM 10-Q

Item 1. Legal Proceedings – See “Legal Proceedings” of Note 6 to the Notes to Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors - In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended September 30, 2012 and Quarterly Reports on Form 10-Q for the three months ended December 31, 2013 and March 31, 2013 and on pages S-9 through S-35 in the our Prospectus Supplement dated June 7, 2013 and filed with the Securities and Exchange Commission on June 10, 2013, which are hereby incorporated by reference. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially and adversely affect us in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Mine Safety Disclosures - Not Applicable

Item 5. Other Information - None

Item 6. Exhibits

See Index to Exhibits.

META FINANCIAL GROUP, 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.

META FINANCIAL GROUP, INC.

Date: August 6, 2013	By:	/s/ J. Tyler Haahr J. Tyler Haahr, President, and Chief Executive Officer
Date: August 6, 2013	By:	/s/ David W. Leedom David W. Leedom, Executive Vice President and Chief Financial Officer

INDEX TO 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.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 31.1

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

I, J. Tyler Haahr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meta Financial Group, 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 changes 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: August 6, 2013

/s/ J. Tyler Haahr
Chief Executive Officer

Exhibit 31.2

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

I, David W. Leedom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meta Financial Group, 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 changes 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: August 6, 2013

/s/ J. Tyler Haahr
Chief Executive Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Meta Financial Group, Inc. (the "Company") for the quarterly period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Tyler Haahr, 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/ J. Tyler Haahr
Name: J. Tyler Haahr
Chief Executive Officer
August 6, 2013

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Meta Financial Group, Inc. (the “Company”) for the quarterly period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David W. Leedom, 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/ David W. Leedom
Name: David W. Leedom
Chief Financial Officer
August 6, 2013