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

FORM 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2005

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission file number 0-22140.

META FINANCIAL GROUP, INC.

(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.)**
121 East Fifth Street, Storm Lake, Iowa	**50588**
(Address of principal executive offices)	**(Zip Code)**

Registrant’s telephone number: (712) 732-4117

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01 per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to be file reports pursuant Section 13 and Section 15(d) of the Act. YES ☐ NO ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form

10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act 12b-2). YES ☐ NO ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ YES ☒ NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of November 28, 2005, there were outstanding 2,503,655 shares of the Registrant's Common Stock.

As of March 31, 2005, the aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the average of the closing bid and asked prices of such stock on the Nasdaq System as of such date, was $38.1 million.

DOCUMENTS INCORPORATED BY REFERENCE

PARTS II and IV of Form 10-K — Portions of the Annual Report to Shareholders for the fiscal year ended September 30, 2005.
PART III of Form 10-K — Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held January 23, 2006.

Forward-Looking Statements

The Company, and its wholly-owned subsidiaries, MetaBank, MetaBank WC and Meta Trust, may from time to time make written or oral “forward-looking statements,” including statements contained in its filings with the Securities and Exchange Commission, in its reports to shareholders, 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.

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 the following subjects: future operating results; customer growth and retention; loan and other product demand; earnings growth and expectations; new products and services, such as those offered by the Meta Payment Systems Division; credit quality and adequacy of reserves; technology; and our 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 Federal Reserve Board; inflation, interest rate, market, and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users; the impact of changes in financial services’ laws and regulations; technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing and collecting assets of borrowers in default and managing the risks involved in the foregoing.

The foregoing list of factors is not exclusive. Additional discussion of factors affecting the Company’s business and prospects is contained in the Company’s periodic filings with the SEC. The Company does not undertake, and 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.

Available Information

The Company’s website address is www.metacash.com. The Company makes available, through a link with the SEC’s Edgar database, free of charge, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”), and beneficial ownership reports on Forms 3, 4, and 5 as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC. The information found on the Company’s website is not incorporated by reference in this or any other report the Company files or furnishes to the SEC.

PART I

Item 1. Description of Business

General

Meta Financial is a Delaware corporation, the principal assets of which are all the issued and outstanding shares of MetaBank and MetaBank West Central. (In January of 2005, the Company changed its name from First Midwest Financial, Inc. to Meta Financial Group, Inc.) Meta Financial, on September 20, 1993, acquired all of the capital stock of MetaBank (formerly known as First Federal Savings Bank of the Midwest) in connection with its conversion from the mutual to stock form ownership (the “Conversion”). On September 30, 1996, Meta Financial became a bank holding company upon its acquisition of MetaBank West Central (formerly known as Security State Bank of Stuart, Iowa), as discussed below.

Since the Conversion, the Company has acquired several financial institutions. On March 28, 1994, Meta Financial acquired Brookings Federal Bank in Brookings, South Dakota. On December 29, 1995, Meta Financial acquired Iowa Savings Bank, FSB in Des Moines, Iowa (“Iowa Savings”). Brookings Federal and Iowa Savings were both merged with, and now operate as market areas of, MetaBank. On September 30, 1996, Meta Financial completed the acquisition of Central West Bancorporation (“CWB”). CWB was the holding company for MetaBank West Central in Stuart, Iowa, which upon the merger of CWB into Meta Financial resulted in MetaBank West Central becoming a stand-alone banking subsidiary of Meta Financial. Unless the context otherwise requires, references herein to the Company include Meta Financial, MetaBank West Central and MetaBank and all subsidiaries on a consolidated basis.

MetaBank and MetaBank West Central are the only direct, active full service banking subsidiaries of Meta Financial. The Banks are community-oriented financial institutions offering a variety of financial services to meet the needs of the communities they serve. The Company, through the Banks, provides a full range of financial services. The principal business of MetaBank has consisted of attracting retail deposits from the general public and investing those funds primarily in one- to four-family residential mortgage loans, commercial and multi-family real estate, agricultural operating and real estate, construction, consumer and commercial business loans primarily in MetaBank’s market area. MetaBank’s lending activities have expanded to include an increased emphasis on originations of commercial and multi-family real estate loans and commercial business loans. Recently, MetaBank created a division known as Meta Payment Systems, which issues reloadable, non-reloadable and benefit cards, sponsors non-bank owned ATMs into various debit networks, and provides ACH services for corporate clients. The principal business of MetaBank West Central has been and continues to be attracting retail deposits from the general public and investing those funds in commercial and multi-family real estate and commercial operating loans and, to a lesser extent, one- to four-family residential, consumer and agriculture loans. The Banks also purchase mortgage-backed securities and invest in U.S. Government and agency obligations and other permissible investments. Meta Financial also owns Meta Trust Company, a South Dakota trust corporation, formerly known as First Services Trust Company. At September 30, 2005, the Company had total assets of $776.3 million, deposits of $540.8 million, and shareholders’ equity of $43.0 million.

The Company’s revenues are derived primarily from interest on mortgage loans, mortgage-backed securities, commercial business loans, other investments, consumer loans, agricultural operating loans, commercial business loans, income from service charges, loan origination fees, fees generated through the activities of Meta Payment Systems, and loan servicing fee income.

MetaBank, through its affiliation with Bill Markve and Associates, offers insurance products, mutual funds, equities, bonds and annuities.

Meta Trust Company (the “Trust Company”), established in April 2002 as a South Dakota corporation and a wholly-owned subsidiary of Meta Financial, provides a full range of trust services. First Midwest Financial Capital Trust, also a wholly-owned subsidiary of Meta Financial, was established in July 2001 for the purpose of issuing Company Trust Preferred Securities.

Meta Financial, the Banks and the Trust Company are subject to comprehensive regulation. See “Regulation” herein.

The executive offices of the Company are located at 121 East Fifth Street, Storm Lake, Iowa 50588. Its telephone number at that address is (712) 732-4117.

Market Area

MetaBank has four market areas and the Meta Payments Systems Division: Northwest Iowa (NWI), Brookings, Central Iowa (CI), and Sioux Empire (SE). MetaBank’s headquarters is located at 121 East Fifth Street in Storm Lake, Iowa. NWI operates a total of six offices in Storm Lake, Lake View, Laurens, Odebolt and Sac City, Iowa. Brookings operates one office in Brookings, South Dakota. CI operates four offices in Des Moines, West Des Moines and Urbandale, Iowa, with plans to open a fifth office by Jordan Creek Mall in West Des Moines in 2006. SE operates four offices in Sioux Falls with the fourth office having opened in October 2005. Meta Payment Systems, which provides stored value card services, ATM sponsorship services and ACH services, operates out of its headquarters in Sioux Falls, South Dakota. See “Meta Payment Systems Division.”

MetaBank West Central operates its business through three full-service offices in Casey, Menlo and Stuart, Iowa.

The Company’s primary market area includes the Iowa counties of Adair, Buena Vista, Dallas, Guthrie, Pocahontas, Polk and Sac, and the South Dakota counties of Brookings, Lincoln and Minnehaha.

Iowa ranks sixth lowest nationally in business costs (Economy.com Inc. 2003), among the top ten states for “technology sophistication” in K-12 schools (Market Data Retrieval), third most favorable business liability climate in the nation (Harris Interactive Survey, U.S. Chamber of Commerce, 2003), second “most livable” state in the nation (Morgan Qullno State Rankings, 2003), and has low corporate income and franchise taxes.

South Dakota ranks first in “entrepreneurial friendliness” (Small Business Survival Foundation, 2002), first in students per computer (Technology Courts 2002), is the second “safest” state (FBI, 2001), and has no corporate income tax, personal income tax, personal property tax, business inventory tax, or inheritance tax.

Storm Lake is located in Iowa’s Buena Vista County approximately 150 miles northwest of Des Moines and 200 miles southwest of Minneapolis. Like much of the State of Iowa, Storm Lake and the surrounding market area are highly dependent upon farming and agricultural markets. Major employers in the area include Buena Vista Regional Medical Center, Tyson Foods, Sara Lee Foods and Buena Vista University, which currently enrolls 1,198 full-time students at its Storm Lake campus and employs 81 full-time faculty members. The Northwest Iowa division operates two offices in Storm Lake with additional offices in Laurens, Sac City, Lake View and Odebolt.

Brookings is located in east central South Dakota's Brookings County, approximately 50 miles north of Sioux Falls and 200 miles west of Minneapolis. The Bank's market area encompasses approximately a 30-mile radius of Brookings. The area is generally rural, and agriculture is a significant industry in the community. South Dakota State University is the largest employer in Brookings. The University had 11,021 students enrolled for the 2005 fall term and employs 860 full-time faculty members. The community also has several manufacturing companies, including 3M, Larson Manufacturing, Daktronics, Falcon Plastics, Twin City Fan and Rainbow Play Systems, Inc. The Brookings division operates from an office located in downtown Brookings.

Des Moines, Iowa's capital, is located in central Iowa. The Des Moines market area encompasses Polk County and surrounding counties. MetaBank's Central Iowa main office is located in a high growth area just off I-80 at the intersection of two major streets in Urbandale. The West Des Moines office operates near a high-traffic intersection, across from a major shopping mall. The Ingersoll office is located near the heart of Des Moines, on a major thoroughfare, in a densely populated area. The Highland Park facility is located in a historical district approximately five minutes north of downtown Des Moines. The Des Moines metro area is one of the top three insurance centers in the world, with sixty-seven insurance company headquarters and over one hundred regional insurance offices. Major employers include Principal Life Insurance Company, Des Moines Community Schools, Central Iowa Hospital Corporation, Mercy Hospital Medical Center, Hy-Vee Food Stores, Inc., Wells Fargo Home Mortgage Inc., Pioneer Hi Bred International Inc., Bridgestone/Firestone, Communications Data Services Inc., and Meredith Corporation. Universities and colleges in the area include Des Moines Area Community College, Drake University, Simpson College, Des Moines University – Osteopathic Medical Center, Grand View College, AIB College of Business, and Upper Iowa University. The unemployment rate in the Des Moines metro area was 3.7% as of October 2005.

Sioux Falls is located at the crossroads of Interstates 29 and 90 in southeast South Dakota, 270 miles southwest of Minneapolis. The Sioux Falls market area encompasses Minnehaha and Lincoln counties. Sioux Falls ranks third in a national list of top cities to start a company according to a report by Cognetics, Inc. (Kiplinger Report, April 2001). Sioux Falls received an "A+" on Zero Population Growth's 2001 Kid-Friendly Cities Report Card, excelling in health, public safety, education, economics, environment, and community life; ranking third out of 140 cities. The city was called a "Diamond in the Rough" as a great smaller market for businesses to make a move. The magazine cited the community's growth rates as a huge opportunity and recognized the state's friendly tax laws. (Sales & Marketing Management April 2002.) The main branch is located at a high-traffic intersection of Minnesota and 33rd in the heart of Sioux Falls. The second branch opened in the spring of 2004, and is located at the intersection of 12th and Elmwood. A third branch opened in August 2005, and is located on North Minnesota Avenue just north of Russell Road. The fourth branch opened in October 2005, and is located in a high growth area at 57th and Western. Major employers in the area include Sioux Valley Hospital, Avera McKennan Hospital, John Morrell & Company, Citibank (South Dakota) NA, and Hy-Vee Food Stores. Sioux Falls is home to Augustana College with 2005 fall enrollment of 1,621 and The University of Sioux Falls with 2005 fall enrollment of 1,606. The unemployment rate in Sioux Falls was 3.0% as of October 2005.

MetaBank West Central's main office operates in Stuart, which is located in west-central Iowa on the border of Adair and Guthrie counties, approximately 40 miles west of Des Moines. MetaBank West Central's market area is highly dependent on farming and agriculture. Local businesses include Agri-Drain Corporation, Cardinal Glass, Rose Acre Farms, Wausau Supply and Schafer Systems, Inc. In addition, a large number of area residents commute to the Des Moines metro area for work. In recent years, efforts of the Midwest Partnership Corporation have resulted in significant development of new service-related businesses in the area, associated with the westward expansion of Des Moines and direct interstate highway access. Seven industrial parks exist in these two counties with rail access recently added to the Stuart area. This development provides economic diversity to MetaBank West Central's market area.

Several of the Company's market areas are dependant on agriculture-related businesses. Iowa land values are at record highs, and appear to have stabilized at current levels. Agriculture-related businesses in recent years have performed well due to a relatively stable agricultural environment in the Company's market area and government subsidy programs. Generally yields and commodity prices have been at reasonable levels for area farmers over the past few years; however, commodity prices have declined somewhat over the past year. Although there has been minimal effect observed to date, an extended period of low commodity prices could result in a reduced demand for goods and services provided by agriculture-related businesses, which could also affect other businesses in the Company's market area.

Lending Activities

General **.** Historically, the Company originated fixed-rate, one- to four-family mortgage loans. In the early 1980s, the Company began to focus on the origination of adjustable-rate mortgage ("ARM") loans and short-term loans for retention in its portfolio in order to increase the percentage of loans in its portfolio with more frequent repricing or shorter maturities, and in some cases higher yields, than fixed-rate residential mortgage loans. The Company, however, has continued to originate fixed-rate residential mortgage loans in response to consumer demand, although most such loans are generally sold in the secondary market. See "Management's Discussion and Analysis — Asset/Liability Management" in the Annual Report.

More recently, the Company has focused its lending activities on the origination of commercial and multi-family real estate loans, commercial business loans, and, to a lesser extent, commercial construction loans. The Company has increased its emphasis, both in absolute dollars and as a percentage of its gross loan portfolio, on all types of commercial lending. The Company also continues to originate one-to-four family mortgage loans, consumer loans and agriculturally related loans. The Company originates most of its loans in its primary market area. At September 30, 2005, the Company's net loan portfolio totaled $440.2 million, or 56.7% of the Company's total assets.

Loan applications are initially considered and approved at various levels of authority, depending on the type and amount of the loan. The Company has loan committees for each of the Banks. Loans in excess of certain amounts require approval by at least two committee members of the senior loan committee, by the Bank's Board loan committee or by the Bank's Board of Directors, which has responsibility for the overall supervision of the loan portfolio. The Company reserves the right to discontinue, adjust or create new lending programs to respond to its needs and to competitive factors.

At September 30, 2005, the Company's largest lending relationship to a single borrower or group of related borrowers totaled $11.4 million, of which $4.2 million has been sold to other participants. The Company's largest owned balance of loans to a single borrower or group of related borrowers totaled $8.3 million. The Company had thirty-three other lending relationships in excess of $3.0 million as of September 30, 2005 with the average outstanding balance of such loans equal totaling approximately $4.9 million. At September 30, 2005, while each of these loans was performing in accordance with its repayment terms, two of these loans, totaling $9.4 million, were classified as "Watch," and one of these loans, totaling $5.3 million, was classified as "Special Mention," and one of these loans, totaling $5.0 million, was classified as "Substandard."

Loan Portfolio Composition. The following table provides information about the composition of the Company's loan portfolio in dollar amounts and in percentages (before deductions for loans in process, deferred fees and discounts and allowances for losses) as of the dates indicated.

	September 30,									
	2005		2004		2003		2002		2001	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Real Estate Loans										
One- to four-family	$ 47,568	10.4%	$ 45,632	11.0%	$ 52,193	14.4%	$ 72,678	20.5%	$ 95,612	27.9%
Commercial and multi-family	214,049	46.8	196,774	47.2	171,791	47.2	151,806	42.9	123,636	36.0
Agricultural	15,246	3.3	12,880	3.0	11,639	3.2	12,067	3.4	11,729	3.4
Construction or development	22,597	5.0	29,732	7.1	19,435	5.3	25,745	7.3	21,884	6.4
Total real estate loans	299,460	65.5	285,018	68.3	255,058	70.1	262,296	74.1	252,861	73.7
Other Loans :										
Consumer Loans:										
Home equity	24,685	5.4	21,993	5.3	18,126	5.0	14,669	4.2	17,458	5.1
Automobile	2,497	0.5	2,975	0.7	3,271	0.9	3,287	0.9	4,160	1.2
Other [1]	4,481	1.0	5,387	1.3	5,237	1.4	5,637	1.6	6,551	1.9
Total consumer loans	31,663	6.9	30,355	7.3	26,634	7.3	23,593	6.7	28,169	8.2
Agricultural operating	24,529	5.4	21,148	5.1	22,599	6.2	25,308	7.1	25,253	7.4
Commercial business	101,772	22.2	80,515	19.3	59,468	16.4	42,844	12.1	36,773	10.7
Total other loans	157,964	34.5	132,018	31.7	108,701	29.9	91,745	25.9	90,195	26.3
Total loans	457,424	100.0%	417,036	100.0%	363,759	100.0%	354,041	100.0%	343,056	100.0%
Less :										
Loans in process	9,733		7,342		8,895		7,155		5,859	
Deferred fees and discounts	279		272		210		256		266	
Allowance for losses	7,222		5,371		4,962		4,693		3,869	
Total loans receivable, net	$440,190		$404,051		$349,692		$341,937		$333,062	

(1) Consist generally of various types of secured and unsecured consumer loans.

The following table shows the composition of the Company's loan portfolio by fixed and adjustable rate at the dates indicated.

	September 30,									
	2005		2004		2003		2002		2001	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)									
Fixed Rate Loans										
Real estate:										
One- to four-family	$ 33,577	7.3%	$ 33,917	8.1%	$ 36,655	10.1%	$ 45,387	12.8%	$ 55,521	16.2%
Commercial and multi-family	131,273	28.7	105,001	25.2	95,976	26.4	72,658	20.5	40,778	11.9
Agricultural	7,708	1.7	5,306	1.3	5,311	1.5	5,498	1.6	5,605	1.6
Construction or development	7,126	1.6	15,221	3.6	11,528	3.1	2,788	0.8	5,545	1.6
Total fixed-rate real estate loans	179,684	39.3	159,445	38.2	149,470	41.1	126,331	35.7	107,449	31.3
Consumer	18,058	3.9	15,583	3.7	17,889	4.9	20,282	5.7	25,834	7.5
Agricultural operating	8,032	1.8	5,987	1.4	5,238	1.4	9,339	2.6	7,402	2.2
Commercial business	36,188	8.0	23,946	5.8	27,967	7.7	14,455	4.1	14,986	4.4
Total fixed-rate loans	241,962	52.9	204,961	49.1	200,564	55.1	170,407	48.1	155,671	45.4
Adjustable Rate Loans :										
Real estate:										
One- to four-family	13,991	3.1	11,715	2.8	15,538	4.3	27,291	7.7	40,091	11.7
Commercial and multi-family	82,776	18.1	91,773	22.0	75,815	20.8	79,148	22.4	82,858	20.5
Agricultural	7,538	1.6	7,574	1.8	6,328	1.7	6,569	1.9	6,124	1.8
Construction or development	15,471	3.4	14,511	3.5	7,907	2.2	22,957	6.5	16,339	4.8
Total adjustable-rate real estate loans	119,776	26.2	125,573	30.1	105,588	29.0	135,965	38.5	145,412	42.4
Consumer	13,605	3.0	14,772	3.5	8,745	2.4	3,311	0.9	2,335	.7
Agricultural operating	16,497	3.6	15,161	3.6	17,361	4.8	15,969	4.5	17,851	5.2
Commercial business	65,584	14.4	56,569	13.7	31,501	8.7	28,389	8.0	21,787	6.4
Total adjustable rate loans	215,462	47.1	212,075	50.9	163,195	44.9	183,634	51.9	187,385	54.6
Total loans	457,424	100.0%	417,036	100.0%	363,759	100.0%	354,041	100.0%	343,056	100.0%
Less :										
Loans in process	9,733		7,342		8,895		7,155		5,859	
Deferred fees and discounts	279		272		210		256		266	
Allowance for losses	7,222		5,371		4,962		4,693		3,869	
Total loans receivable, net	$440,190		$404,051		$349,602		$341,937		$333,062	

The following table illustrates the interest rate sensitivity of the Company's loan portfolio at September 30, 2005. Mortgages which have adjustable or renegotiable interest rates are shown as maturing in the period during which the contract reprices. The table does not reflect the effects of possible prepayments or enforcement of due-on-sale clauses.

	Real Estate											
	Mortgage [1]		Construction		Consumer		Agricultural Operating		Commercial Business		Total	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in Thousands)											
Due During Years <u>Ending September 30</u>												
2006 [2]	$ 87,469	6.81%	$17,266	7.64%	$17,678	7.02%	$20,221	7.40%	$61,673	7.29%	$204,307	7.10%
2007-2010	148,739	6.20	2,750	6.61	9,845	6.99	3,919	6.47	39,395	6.59	204,648	6.32
2011 and following	40,655	6.18	2,581	5.29	4,140	6.29	389	6.21	704	6.45	48,469	6.15

(1) Includes one- to four-family, multi-family, commercial and agricultural real estate loans.
(2) Includes demand loans, loans having no stated maturity and overdraft loans.

The total amount of loans due after September 30, 2006 which have predetermined interest rates is $192.0 million, while the total amount of loans due after such date which have floating or adjustable interest rates is $110.1 million.

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 from real estate agents and builders. At September 30, 2005, the Company’s one- to four-family residential mortgage loan portfolio totaled $47.6 million, or 10.4% of the Company’s total gross loan portfolio. Approximately 5.8% of the Company’s one- to four-family mortgage loans or 0.6% of the Company’s gross loans have been purchased, generally from other financial institutions. The majority of these are ARM or balloon loans. See “Originations, Purchases, Sales and Servicing of Loans and Mortgage-Backed Securities.” At September 30, 2005, the average outstanding principal balance of a one- to four-family residential mortgage loan was approximately $72,000.

The Company offers fixed-rate and ARM loans. During the year ended September 30, 2005, the Company originated $13.6 million of adjustable-rate loans and $18.0 million of fixed-rate loans secured by one- to four-family residential real estate, of which approximately $15.3 million was held in portfolio. 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 up to a maximum of 30-years and with loan-to-value ratios up to 97% of the lesser of the appraised value of the security property or the contract price. 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 or the loans are sold. 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 a 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 standards, *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. The Company currently sells most, but not all, of its fixed-rate loans with terms greater than 15 years. Historically, the Company had held in portfolio a higher percentage of its fixed rate mortgage loans.

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. Most properties securing real estate loans made by the Company are appraised by independent fee 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.

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 has purchased whole loan and participation interests in loans from other financial institutions. At September 30, 2005, the Company's commercial and multi-family real estate loan portfolio totaled $214.0 million, or 46.8% of the Company's total gross loan portfolio. The purchased loans and loan participation interests are generally secured by properties located in the Midwest and Northwest. See "Originations, Purchases, Sales and Servicing of Loans and Mortgage-Backed Securities." The Company, in order to supplement its loan portfolio and consistent with management's objectives to expand the Company's commercial and multi-family loan portfolio, purchased $13.0 million, $25.7 million, and $26.2 million of such loans during fiscal 2005, 2004 and 2003, respectively. At September 30, 2005, none of the Company's commercial and multi-family real estate loans were non-performing. See "Non-Performing Assets, Other Loans of Concern and Classified Assets."

The Company's commercial and multi-family real estate loan portfolio is secured primarily by apartment buildings, nursing homes, assisted living/retirement facilities, office buildings and hotels. Commercial and multi-family real estate loans generally have terms that do not exceed 20 years, have loan-to-value ratios of up to 80% of the appraised value of the security property, 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 currently 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.

At September 30, 2005, the Company's largest commercial and multi-family real estate loan was an $8.3 million loan secured by residential housing developments. The Company had eighteen other commercial and/or multi-family loans in excess of $3.0 million at such date. All of these loans are currently performing in accordance with their terms. At September 30, 2005, the average outstanding principal balance of a commercial or multi-family real estate loan held by the Company was approximately $527,000.

Multi-family and commercial 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 multi-family and commercial 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. MetaBank believes that it may eventually exceed its 400 percent total capital limitation for nonresidential real estate loans and accordingly, has submitted a waiver request requesting OTS to grant an increase in its regulatory limit. At September 30, 2005, MetaBank's nonresidential real estate loans totalled 311 percent of total capital.

Construction Lending. The Company makes construction loans to individuals for the construction of their residences as well as to builders for the construction of one- to four-family residences and commercial and multi-family real estate. At September 30, 2005, the Company's construction loan portfolio totaled $22.6 million, or 5.0% of the Company's total gross loan portfolio.

Construction loans to individuals for their residences are structured to be converted to permanent loans at the end of the construction phase, which typically runs up to twelve months. These construction loans have rates and terms which generally match the one- to four-family loan rates then offered by the Company, except that during the construction phase the borrower pays interest only. Generally, the maximum loan-to-value ratio of owner occupied single family construction loans is 80% of appraised value. Residential construction loans are generally underwritten pursuant to the same guidelines used for originating permanent residential loans. At September 30, 2005, the Company had $3.2 million of construction loans to borrowers intending to live in the properties upon completion of construction.

Generally, construction loans to builders of one- to four-family residences require the payment of interest only for up to 12 months and have terms of up to 12 months. These loans may provide for the payment of interest and loan fees from loan proceeds and carry adjustable rates of interest. Loan fees charged in connection with the origination of such loans are generally 1%.

Construction loans on commercial and multi-family real estate projects may be secured by apartments, agricultural facilities, small office buildings, medical facilities, assisted living facilities, hotels or other property, and are generally structured to be converted to permanent loans at the end of the construction phase, which generally runs up to 18 months. During the construction phase the borrower pays interest only. These loans generally provide for the payment of interest and loan fees from loan proceeds. At September 30, 2005, the Company had approximately $19.4 million of loans for the construction of commercial and multi-family real estate. This amount consisted of one loan totaling $300,000 for the construction of a non-owner occupied single family residence, one loan totaling $6.0 million for the construction of a church, three loans totaling $5.8 million for the construction of multi-family properties, three loans totaling $2.3 million for the construction of independent living properties and one loan totaling $5.0 million for the development of land surrounding a sports stadium. All of these loans were performing in accordance with their terms at September 30, 2005.

Construction loans are obtained principally through continued business from builders who have previously borrowed from the Company and from existing customers who are building new facilities. The application process includes a submission to the Company of accurate plans, specifications, costs of the project to be constructed and projected revenues from the project. These items are also used as a basis to determine the appraised value of the subject property. Loans are based on the lesser of the appraised value of the property or the cost of construction (land plus building).

Construction loans to borrowers other than owner-occupants involve many of the same risks discussed above regarding multi-family and commercial real estate loans and tend to be more sensitive to general economic conditions than many other types of loans. Also, the funding of loan fees and interest during the construction phase makes the monitoring of the progress of the project particularly important, as customary early warning signals of project difficulties may not be present.

Agricultural Lending. The Company originates loans to finance the purchase of farmland, livestock, farm machinery and equipment, seed, fertilizer and for other farm related products. At September 30, 2005, the Company had agricultural real estate loans secured by farmland of $15.2 million or 3.3% of the Company’s gross loan portfolio. At the same date, $24.5 million, or 5.4% of the Company’s gross loan portfolio, consisted of secured loans related to agricultural operations.

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. Most agricultural operating loans have terms of one year or less. 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. At September 30, 2005, the average outstanding principal balance of an agricultural operating loan held by the Company was $50,000. At September 30, 2005, $218,000, or 0.9%, of the Company's agricultural operating loans were non-performing.

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 ten to 20 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 five years. Agricultural real estate loans are generally limited to 75% of the value of the property securing the loan. At September 30, 2005, none of the Company's agricultural real estate portfolio was non-performing.

Agricultural lending affords the Company the opportunity to earn yields higher than those obtainable on one- to four-family residential lending. Nevertheless, 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 farm 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 future 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 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.

Consumer Lending . The Company offers a variety of secured consumer loans, including home equity, home improvement, automobile, boat and loans secured by savings deposits. In addition, the Company offers other secured and unsecured consumer loans. The Company currently originates substantially all of its consumer loans in its primary market area and surrounding areas. The Company originates consumer loans on both a direct and indirect basis. At September 30, 2005, the Company's consumer loan portfolio totaled $31.7 million, or 6.9% of its total gross loan portfolio. Of the consumer loan portfolio at September 30, 2005, $18.1 million were short- and intermediate-term, fixed-rate loans, while $13.6 million were adjustable-rate loans.

The largest component of the Company's consumer loan portfolio consists of home equity loans and lines of credit. Substantially all of the Company's home equity loans and lines of credit are secured by second mortgages on principal residences. The Company will lend amounts which, together with all prior liens, typically may be up to 100% 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 Company primarily originates automobile loans on a direct basis, but also originates indirect automobile loans on a very limited basis. Direct loans are loans made when the Company extends credit directly to the borrower, as opposed to indirect loans, which are made when the Company purchases loan contracts, often at a discount, from automobile dealers which have extended credit to their customers. The Company'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 Company 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 do 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. At September 30, 2005, $1,000, or less than one-tenth of one percent, of the Company's consumer loan portfolio was non-performing.

Commercial Business Lending. The Company also originates commercial business loans. Most of the Company's commercial business 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. At September 30, 2005, $101.8 million, or 22.2% of the Company's total gross loan portfolio was comprised of commercial business loans.

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 business 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. Nonetheless, such loans are believed to carry higher credit risk than more traditional investments.

The largest commercial business loan outstanding at September 30, 2005 was a $7.0 million secured by accounts receivables. The next largest commercial business loan outstanding at September 30, 2005 was a $4.6 million loan secured by all of the assets of the borrower. The Company had eight other commercial business loans outstanding in excess of $3.0 million at September 30, 2005. All of these loans are currently performing in accordance with their terms. At September 30, 2005, the average outstanding principal balance of a commercial business loan held by the Company was approximately $180,000.

During the third fiscal quarter of 2005, the Company determined that $9.8 million of its loans were impaired under generally accepted accounting principles. The Company was the lead lender and servicer of approximately $32.0 million in loans to three affiliated companies and their owners. Approximately $22.2 million of the total had been sold to ten participating financial institutions. The Company's portion of the affected assets included total operating loans secured by new and used cars and contracts receivable of approximately $6.8 million to two of the companies, which filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in June 2005. The Company also had real estate loans totaling approximately $2.0 million to the third company, and $1.0 million to the majority owner of the three companies. As of June 30, 2005, $7.6 million of the loans related to these borrowers were deemed non-performing, and placed on non-accrual status. In early July, the Company took possession of the assets of one of the companies that had filed for reorganization, and subsequently accepted deeds on the real estate from the third company and the majority owner. The other company remains in Chapter 11 bankruptcy. During the fourth quarter of fiscal 2005, the loan balances, except for loans to the one company still in bankruptcy, were transferred to foreclosed real estate or repossessed assets, net of specific allowance. The process of liquidation of assets of all three companies has been underway since early July. Based on an extensive review and evaluation of the assets, including use of outside expertise, the Company concluded that, as of June 30, 2005, an additional provision for loan losses was required in the amount of $4.8 million. One loan totaling $1.3 million was charged to the allowance as of June 30, 2005, and $2.5 million of the additional allowance was offset against the loan balances when the transfers to foreclosed real estate and repossessed assets took place. The Company also estimated that the costs related to the liquidation of the assets could be as much as $500,000. During the fourth fiscal quarter, the Company's expenses related to the liquidation totaled $330,000. The Company believes that the original $4.8 million in additional allowance related to these assets remains reasonable. Since the fourth fiscal quarter, significant amounts of foreclosed assets and a limited amount of real estate has been liquidated resulting in significant paydown on the automobile, franchise and tool lines. Our most current estimate of loss is estimated to be in the range of $3.6 million to the original $4.8 million. The majority of this variance is due to the range of possible results from the upcoming sales of the remaining real estate assets. It remains possible that other factors and circumstances could result in a different final realized loss on these assets. We cannot make a prediction at this time as to any other losses or recoveries that might occur related to the bankruptcy and related matters. Various of the participant banks have made claims against MetaBank. See "Item 3. Legal Proceedings" herein. Effective as of August 24, 2005, MetaBank and First Indiana Bank, one of seven participants in the SDAC loans, executed an Agreement Regarding Appointment of Administrative Agent, whereby First Indiana became the lead bank for purposes of pursuing the liquidation of collateral and distribution of proceeds to the participants in the SDAC loans. As set forth in Section 1 of the Agreement, First Indiana prospectively assumed specified rights and obligations of MetaBank under the participation agreements relating to the SDAC loans.

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 business 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 business 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 business 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. At September 30, 2005, $404,000, or 0.4%, of the Company's commercial business loan portfolio was non-performing.

Originations, Purchases, Sales and Servicing of Loans and Mortgage-Backed Securities

Loans are generally originated by the Company's staff of salaried loan officers. Loan applications are taken and processed in the branches and the main office of the Company. While the Company originates both adjustable-rate and fixed-rate loans, its ability to originate loans is dependent upon the relative customer demand for loans in its market. Demand is affected by the interest rate and economic environment.

The Company, from time to time, sells whole loans and loan participations generally without recourse. At September 30, 2005, there were no loans outstanding sold with recourse. When loans are sold the Company typically retains the responsibility for collecting and remitting loan payments, making certain that real estate tax payments are made on behalf of borrowers, and otherwise servicing the loans. The servicing fee is recognized as income over the life of the loans. The Company services loans that it originated and sold totaling $51.3 million at September 30, 2005, of which $25.2 million were sold to Fannie Mae and $26.1 million were sold to others.

In periods of economic uncertainty, the Company's ability to originate large dollar volumes of loans may be substantially reduced or restricted, with a resultant decrease in related loan origination fees, other fee income and operating earnings. In addition, the Company's ability to sell loans may substantially decrease as potential buyers (principally government agencies) reduce their purchasing activities.

The following table shows the loan origination (including undisbursed portions of loans in process), purchase and repayment activities of the Company for the periods indicated.

	September 30,		
	2005	2004	2003
	(Dollars in Thousands)		
Originations by type :			
Adjustable rate:			
Real estate – one –to four–family	$ 13,584	$ 4,084	$ 1,748
– commercial and multi-family	39,710	35,289	24,452
– agricultural real estate	4,500	5,418	5,861
Non-real estate – consumer	10,186	14,669	10,424
– commercial business	150,519	103,864	68,088
– agricultural operating	36,252	29,847	25,133
Total adjustable–rate	254,751	193,171	135,706
Fixed rate:			
Real estate – one – to four–family	18,028	22,969	76,215
– commercial and multi-family	48,174	43,875	52,282
– agricultural real estate	—	40	—
Non–real estate – consumer	12,704	8,288	12,578
– commercial business	41,521	21,324	33,405
– agricultural operating	7,343	5,839	14,502
Total fixed–rate	127,770	102,335	188,982
Total loans originated	382,521	295,506	324,688

Purchases :			
Real estate – one–to–four–family	—	—	—
– commercial and multi-family	12,987	25,732	26,163
Non-real estate – commercial business	26,710	13,810	—
Total loans	39,697	39,542	26,163
Total mortgage–backed securities	15,173	46,004	428,753
Total purchased	54,870	85,546	454,916
Sales and Repayments :			
Sales:			
Real estate – one– to four family	16,272	18,043	46,418
Non-real estate – commercial business	—	—	—
Total loans	16,272	18,043	46,418
Mortgaged–backed securities	25,863	—	88,210
Total sales	42,135	18,043	134,628
Repayments:			
Loan principal repayments	366,867	265,934	294,761
Mortgage–backed securities repayments	75,101	88,588	185,621
Total principal repayments	441,968	354,792	480,382
Total reductions	484,103	372,835	615,010
(Decrease) in other items, net	(4,071)	(1,133)	(7,067)
Net increase (decrease)	$ (50,783)	$ 7,084	$ 157,527

At September 30, 2005, approximately $73.3 million, or 16.0%, of the Company’s gross loan portfolio consisted of purchased loans. The Company believes that purchasing loans outside of its market area assists the Company in diversifying its portfolio and may lessen the adverse affects on the Company’s business or operations which could result in the event of a downturn or weakening of the local economy in which the Company conducts its operations. However, additional risks are associated with purchasing loans outside of the Company’s market area, including the lack of knowledge of the local market and difficulty in monitoring and inspecting the property securing the loans. The Company does not record any adjustments to the allowance for loan losses as a result of these loan purchases.

The following table provides information regarding the Company’s balance of wholly purchased real estate loans and real estate loan participations for each state in which the balance of such loans exceeded $1.0 million at September 30, 2005. Not included in the following table are purchased commercial business loans totaling $12.3 million, approximately 26.0% of which are located in the Company’s market area.

Location	One- to four-Family Loans		Commercial and Multi-Family		Construction Loans		Total Purchased Loans	
	Balance	Number of Loans	Balance	Number of Loans	Balance	Number of Loans	Balance	Number of Loans
	(Dollars in Thousands)							
Arizona	$ —	—	$ 5,000	1	$ 5,000	1	$ 10,000	2
California	—	—	2,147	1	—	—	2,147	1
Colorado	—	—	3,248	8	—	—	3,248	8
Florida	—	—	2,860	1			2,860	1
Iowa	42	5	13,373	9	—	—	13,415	14
Minnesota	—	—	6,967	3	1,500	—	8,467	4
Missouri	368	7	3,286	2	—	1	3,654	9
Montana	—	—	1,438	1	—	—	1,438	1
North Carolina	1,605	7	—	—	—	—	1,605	7
South Dakota	42	4	1,365	1	—	—	1,407	5
Washington	279	1	9,836	7	—	—	10,115	8
Wisconsin	—	—	1,720	3	—	—	1,720	3
Other states	444	34	448	1	————	—	892	35
Total	$ 2,780	58	$ 51,688	38	$ 6,500	2	$ 60,968	98
Percent of loan portfolio	0.6%		11.3%		1.4%		13.3%	

Non-Performing Assets, Other Loans of Concern, and Classified Assets

When a borrower fails to make a required payment on real estate secured loans and consumer loans within 16 days after the payment is due, the Company generally initiates collection procedures by mailing a delinquency notice. The customer is contacted again, by written notice or telephone, before the payment is 30 days past due and again before 60 days past due. In most cases, delinquencies are cured promptly; however, if a loan has been delinquent for more than 90 days, satisfactory payment arrangements must be adhered to or the Company will initiate foreclosure or repossession.

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, previously accrued interest income on the loan is taken out of current income. The loan will remain on a non-accrual status until the loan becomes current.

The following table sets forth the Company's loan delinquencies by type, before allowance for loan losses, by amount and by percentage of type at September 30, 2005.

	Loans Delinquent For:								
	30-59 Days			60-89 Days			90 Days and Over		
	Number	Amount	Percent of Category	Number	Amount	Percent of Category	Number	Amount	Percent of Category
	(Dollars in Thousands)								
Real Estate:									
One- to four-family	1	$ 49	.10%	—	$ —	—%	2	$ 54	.11%
Commercial and multi-family	—	—	—	—	—	—	—	—	—
Agricultural real estate	—	—	—	—	—	—	—	—	—
Consumer	4	81	.26	1	2	.01	1	1	—
Agricultural operating	2	16	.07	—	—	—	1	218	.89
Commercial business	5	629	.62	2	456	.45	2	404	.40
Total	12	$ 775	.17%	3	$ 458	.10%	6	$ 677	.15%

Delinquencies 90 days and over constituted 0.15% of total loans and 0.09% of total assets.

The table below sets forth the amounts and categories of non-performing assets in the Company's loan portfolio. Loans, with some exceptions, are typically placed on non-accrual status when the loan becomes 90 days or more delinquent or when the collection of principal and/or interest become doubtful. For all years presented, the Company's troubled debt restructurings (which involved forgiving a portion of interest or principal on any loans or making loans at a rate materially less than that of market rates) are included in the table and were performing as agreed.

	September 30,				
	2005	2004	2003	2002	2001
Non-accruing loans:					
One- to four-family	$ 54	$ —	$ 156	$ 51	$ 168
Commercial and multi-family	—	399	417	417	464
Agricultural real estate	—	—	—	41	—
Consumer	1	59	17	—	33
Agricultural operating	218	254	291	394	569
Commercial business	404	—	126	408	369
Total non-accruing loans	677	712	1,007	1,311	1,603
Accruing loans delinquent					
90 days or more	—	—	—	819	—
Total non-performing loans	677	712	1,007	2,130	1,603
Restructured Loans:					
Consumer	—	—	—	—	10
Agricultural operating	7	9	28	9	14
Commercial business	—	8	31	71	—
Total restructured loans	7	17	59	80	24
Foreclosed assets:					
One- to four-family	—	—	—	—	—
Commercial real estate	1,841	—	912	1,310	889
Consumer	—	—	4	18	51
Commercial business	2,865	—	193	—	—
Total	4,706	—	1,109	1,328	940
Less: Allowance for losses	—	—	—	—	—
Total foreclosed assets, net	4,706	—	1,109	1,328	940
Total non-performing assets	$ 5,390	$ 729	$ 2,175	$ 3,538	$ 2,567
Total as a percentage of total assets	.69%	.09%	.28%	.58%	.49%

For the year ended September 30, 2005, gross interest income which would have been recorded had the non-accruing loans been current in accordance with their original terms amounted to approximately $57,000, of which none was included in interest income.

Non-accruing Loans . At September 30, 2005, the Company had $677,000 in non-accruing loans, which constituted 0.15% of the Company's gross loan portfolio. At such date, there were no non-accruing loans or aggregate non-accruing loans to one borrower in excess of $218,000 in net book value.

Accruing Loans Delinquent 90 Days or More. At September 30, 2005, the Company has no accruing loans delinquent 90 days or more.

Other Loans of Concern. At September 30, 2005, there were loans totaling $5.4 million not included in the table above where known information about the possible credit problems of borrowers caused management to have concern as to the ability of the borrower to comply with the present loan repayment terms. This amount consisted of one one- to four-family residential mortgage loans totaling $25,000, three commercial business loans totaling $271,000, one agricultural operating loans totaling $417, five consumer loans totaling $57,000 and one commercial real estate loan totaling $5.0 million.

The commercial real estate loan of concern at September 30, 2005 is a $5.0 million participation loan secured by an assisted living facility located in Sun City, Arizona.

Classified Assets. Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered by the Office of Thrift Supervision (the "OTS") 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 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. The loans held by MetaBank West Central are subject to similar classification by its regulatory authorities.

When assets are classified as either substandard or doubtful, the Bank may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When assets are classified as "loss," the Bank is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. The Banks' determinations as to the classification of their assets and the amount of their valuation allowances are subject to review by their regulatory authorities, who may order the establishment of additional general or specific loss allowances.

On the basis of management's review of its assets, at September 30, 2005, the Company had classified a total of $10.5 million of its assets as substandard, $248,000 as doubtful and none as loss. Included in the assets classified as substandard is $4.7 million of real estate owned and other foreclosed assets.

Allowance for Loan Losses. The allowance for loan losses is established through a provision for loan losses based on management's evaluation of the risk inherent in its loan portfolio and changes in the nature and volume of its loan activity, including those loans which are being specifically monitored by management. Such evaluation, which includes a review of loans for which full collectibility may not be reasonably assured, considers among other matters, the estimated fair value of the underlying collateral, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an adequate loan loss allowance.

Current economic conditions in the agricultural sector of the Company's market area are generally stable. The agricultural economy is accustomed to commodity price fluctuations and is generally able to handle such fluctuations without significant problem. Although the Company underwrites its agricultural loans based on the current level of commodity prices, an extended period of low commodity prices or adverse growing conditions could result in weakness in the agricultural loan portfolio and could create a need for the Company to increase its allowance for loan losses through increased charges to provision for loan losses.

Real estate properties acquired through foreclosure are recorded at the lower of cost or fair value. If fair value at the date of foreclosure is lower than the balance of the related loan, the difference will be charged-off to the allowance for loan losses at the time of transfer. Valuations are periodically updated by management and if the value declines, a specific provision for losses on such property is established by a charge to operations.

Although management believes that it uses the best information available to determine the allowances, unforeseen market conditions could result in adjustments and net earnings could be significantly affected if circumstances differ substantially from the assumptions used in making the final determination. Future additions to the Company's allowances will be the result of periodic loan, property and collateral reviews and thus cannot be predicted in advance.

The following table sets forth an analysis of the Company's allowance for loan losses.

	September 30				
	2005	2004	2003	2002	2001
	(Dollars in Thousands)				
Balance at beginning of period	$ 5,371	$ 4,962	$ 4,693	$ 3,869	$ 3,590
Charge-offs:					
One-to four family	—	(7)	(4)	(11)	(37)
Agricultural operating	—	—	—	(84)	(308)
Commercial and multi-family	(141)	—	(31)	—	—
Consumer	(13)	(19)	(49)	(139)	(61)
Commercial business	(3,623)	(83)	(29)	(86)	(76)
Total charge-offs	(3,777)	(109)	(113)	(320)	(482)
Recoveries:					
One-to-four family	—	2	2	2	2
Consumer	32	25	13	39	29
Commercial business	—	2	10	4	3
Commercial and multi-family	114	—	—	—	—
Agricultural operating	—	—	7	9	17
Total recoveries	146	29	32	54	51
Net charge-offs	(3,631)	(80)	(81)	(266)	(431)
Additions charged to operations	5,482	489	350	1,090	710
Balance at end of period	$ 7,222	$ 5,371	$ 4,962	$ 4,693	$ 3,869
Ratio of net charge-offs during the period to average loans outstanding during the period	0.83%	0.02%	.02%	.08%	.13%
Ratio of net charge-offs during the period to average non-performing assets	118.0%	2.26%	2.50%	4.54%	16.04%

For more information on the provision for loan losses, see "Management's Discussion and Analysis - Results of Operations" in the Annual Report.

The distribution of the Company's allowance for losses on loans at the dates indicated is summarized as follows:

	September 30,									
	2005		2004		2003		2002		2001	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
	(Dollars in Thousands)									
One- to four-family	$ 110	10.40%	$ 97	10.94%	$ 135	14.35%	$ 170	20.53%	$ 222	27.87%
Commercial and multi-family real estate	2,167	46.80	2,704	47.18	2,390	46.99	2,536	42.88	1,604	36.04
Agricultural real estate	152	3.33	178	7.13	116	3.20	131	3.41	128	3.42
Construction	203	4.94	130	3.09	122	5.58	129	7.27	88	6.38
Consumer	422	6.92	376	7.28	344	7.32	317	6.66	403	8.21
Agricultural operating	476	5.36	478	5.07	628	6.21	639	7.15	617	7.36
Commercial business	3,439	22.25	1,338	19.31	1,027	16.35	663	12.10	618	10.72
Unallocated	253	—	70	—	200	—	108	—	189	—
Total	$ 7,222	100.00%	$ 5,371	100.00%	$ 4,962	100.00%	$ 4,693	100.00%	$ 3,869	100.00%

Investment Activities

General. The investment policy of the Company generally is to invest funds among various categories of investments and maturities based upon the Company's need for liquidity, to achieve the proper balance between its desire to minimize risk and maximize yield, to provide collateral for borrowings, and to fulfill the Company's asset/liability management policies. The Company's investment and mortgage-backed securities portfolios are managed in accordance with a written investment policy adopted by the Board of Directors, which is implemented by members of the Bank's Investment Committee.

As of September 30, 2005, the Company's entire investment and mortgage-backed securities portfolios were classified as available for sale. For additional information regarding the Company's investment and mortgage-backed securities portfolios, see Notes 1 and 4 of the Notes to Consolidated Financial Statements in the Annual Report.

As of September 30, 2005, investment and mortgage-backed securities with amortized costs of approximately $105.9 million and fair values of approximately $103.4 million were pledged as collateral for FHLB advances and reverse repurchase agreements. For additional information regarding the Company's collateralization of borrowed money, see Notes 9 and 10 of the Notes to Consolidated Financial Statement in the Annual Report.

Securities Purchased Under Agreements to Resell. In September 2005, Meta Payment Systems entered into a contract to assume the processing of a gift card portfolio. As part of the contract, the funds supporting the outstanding balances of the portfolio were invested in securities purchased under an agreement to resell through Bank of America. The agreement matures every seven days and the securities purchased under the agreement are comprised of U. S. Government agency securities.

Investment Securities. It is the Company's general policy to purchase investment securities which are U.S. Government securities and federal agency obligations, state and local government obligations, commercial paper, corporate debt securities and overnight federal funds.

The following table sets forth the carrying value of the Company's investment security portfolio, excluding mortgage-backed securities, at the dates indicated.

	September 30,		
	2005	2004	2003
	(Dollars in Thousands)		
Investment Securities:			
Trust preferred securities [1]	$ 25,637	$ 25,992	$ 23,323
Municipal bonds	441	482	606
Equity investments	567	514	494
Freddie Mac preferred stock	226	264	226
Fannie Mae common stock	90	127	140
Other	1,013	1053	1,001
Subtotal	27,971	28,432	25,790
FHLB stock	8,161	11,053	10,930
Total investment securities and FHLB stock	$ 36,132	$ 39,485	$ 36,720
Other Interest-Earning Assets:			
Interest bearing deposits in other financial institutions and Federal Funds sold	$ 8,979	$ 7,345	$ 7,667

(1) Within the trust preferred securities presented above, there are securities from individual issuers that exceed 10% of the Company's total equity. The name and the aggregate market value of securities of each individual issuer are as follows, as of September 30, 2005: Key Corp Capital I, $4.9 million; Bank Boston Capital Trust IV, $4.8 million; BankAmerica Capital III, $4.8 million; PNC Capital Trust, $4.8 million; Huntington Capital Trust II, $4.7 million.

The composition and maturities of the Company's investment securities portfolio, excluding equity securities, FHLB stock and mortgage-backed securities, are indicated in the following table.

	September 30, 2005					
	1 Year or Less	After 1 Year Through 5 Years	After 5 Years Through 10 Years	After 10 Years	Total Mortgage-Backed Securities	
	Carrying Value	Carrying Value	Carrying Value	Carrying Value	Amortized Cost	Market Value
	(Dollars in Thousands)					
Trust preferred securities	$ —	$ —	$ —	$ 25,637	$ 26,263	$ 25,637
Municipal bonds	295	146	—	—	443	441
Other	—	1,013	—	—	999	1,013
Total investment securities	$ 295	$ 1,159	$ —	$ 25,637	$ 27,705	$ 27,091
Weighted average yield (1)	2.62%	5.41%	—%	4.98%	4.36%	4.34%

(1) Yields on tax-exempt obligations have not been computed on a tax-equivalent basis.

Mortgage-Backed Securities. The Company's mortgage-backed and related securities portfolio consists primarily of securities issued under government-sponsored agency programs, including those of Ginnie Mae, Fannie Mae and Freddie Mac. The Company historically has held Collateralized Mortgage Obligations ("CMOs"), as well as a limited amount of privately issued mortgage pass-through certificates. The Ginnie Mae, Fannie Mae and Freddie Mac certificates are modified pass-through mortgage-backed securities that represent undivided interests in underlying pools of fixed-rate, or certain types of adjustable-rate, predominantly single-family and, to a lesser extent, multi-family residential mortgages issued by these government-sponsored entities. Fannie Mae and Freddie Mac generally provide the certificate holder a guarantee of timely payments of interest, whether or not collected. Ginnie Mae's guarantee to the holder is timely payments of principal and interest, backed by the full faith and credit of the U.S. Government. Privately issued mortgage pass-through certificates generally provide no guarantee as to timely payment of interest or principal, and reliance is placed on the creditworthiness of the issuer, which the Company monitors on a regular basis.

CMOs are special types of pass-through debt in which the stream of principal and interest payments on the underlying mortgages or mortgage-backed securities is used to create classes with different maturities and, in some cases, amortization schedules, as well as a residual interest, with each such class possessing different risk characteristics. At September 30, 2005, the Company held CMOs totaling $7,000, all of which were secured by underlying collateral issued under government-sponsored agency programs or residential real estate mortgage loans. Premiums associated with the purchase of these CMOs are not significant, therefore, the risk of significant yield adjustments because of accelerated prepayments is limited. Yield adjustments are encountered as interest rates rise or decline, which in turn slows or increases prepayment rates and affect the average lives of the CMOs.

At September 30, 2005, $189.8 million or 93.6% of the Company's mortgage-backed securities portfolio had fixed rates of interest and $13.1 million or 6.4% of such portfolio had adjustable rates of interest.

Mortgage-backed securities generally increase the quality of the Company's assets by virtue of the insurance or guarantees that back them, are more liquid than individual mortgage loans and may be used to collateralize borrowings or other obligations of the Company. At September 30, 2005, $202.0 million or 99.6% of the Company's mortgage-backed securities were pledged to secure various obligations of the Company.

While mortgage-backed securities carry a reduced credit risk as compared to whole loans, such securities remain subject to the risk that a fluctuating interest rate environment, along with other factors such as the geographic distribution of the underlying mortgage loans, may alter the prepayment rate of such mortgage loans and so affect both the prepayment speed, and value, of such securities. The prepayment risk associated with mortgage-backed securities is monitored periodically, and prepayment rate assumptions adjusted as appropriate to update the Company's mortgage-backed securities accounting and asset/liability reports. Classification of the Company's mortgage-backed securities portfolio as available for sale is designed to minimize that risk.

The following table sets forth the carrying value of the Company's mortgage-backed securities at the dates indicated.

	September 30,		
	2005	**2004**	**2003**
		(Dollars in Thousands)	
Ginnie Mae	$ 3	$ 6,727	$ 12,548
CMO	7	1,606	3,824
Freddie Mac	125,770	164,003	183,899
Fannie Mae	77,056	121,627	139,848
Privately Issued Mortgage Pass-Through Certificates	85	129	166
Total	$ 202,921	$ 294,092	$ 340,285

The following table sets forth the contractual maturities of the Company's mortgage-backed securities at September 30, 2005. Not considered in the preparation of the table below is the effect of prepayments, periodic principal repayments and the adjustable-rate nature of these instruments.

	September 30, 2005					
	1 Year or Less	**After 1 Year Through 5 Years**	**After 5 Years Through 10 Years**	**After 10 Years**	**Total Mortgage-Backed Securities**	
	Carrying Value	**Carrying Value**	**Carrying Value**	**Carrying Value**	**Amortized Cost**	**Market Value**
			(Dollars in Thousands)			
Ginnie Mae	$ —	$ —	$ 3	$ —	$ 3	$ 3
CMO	—	—	—	7	7	7
Freddie Mac	2	85,394	27,910	12,464	128,446	125,770
Fannie Mae	2	62,278	13,518	1,258	79,120	77,056
Privately Issued Mortgage Pass-Through Certificates (1)	—	—	—	85	76	85
Total investment securities	$ 4	$ 147,672	$ 41,431	$ 13,814	$ 207,652	$ 202,921
Weighted average yield	8.12%	3.63%	4.12%	4.16%	3.79%	3.79%

(1) This security is rated Aaa by a nationally recognized rating agency.

At September 30, 2005, the contractual maturity of 6.7% of all of the Company's mortgage-backed securities was in excess of ten years. The actual maturity of a mortgage-backed security is typically less than its stated maturity due to scheduled principal payments and prepayments of the underlying mortgages. Prepayments that are different than anticipated will affect the yield to maturity. The yield is based upon the interest income and the amortization of any premium or discount related to the mortgage-backed security. In accordance with generally accepted accounting principles, premiums and discounts are amortized over the estimated lives of the loans, which decrease and increase interest income, respectively. The prepayment assumptions used to determine the amortization period for premiums and discounts can significantly affect the yield of the mortgage-backed security, and these assumptions are reviewed periodically to reflect actual prepayments. Although prepayments of underlying mortgages depend on many factors, including the type of mortgages, the coupon rate, the age of mortgages, the geographical location of the underlying real estate collateralizing the mortgages and general levels of market interest rates, the difference between the interest rates on the underlying mortgages and the prevailing mortgage interest rates generally is the most significant determinant of the rate of prepayments. During periods of falling mortgage interest rates, if the coupon rate of the underlying mortgages exceeds the prevailing market interest rates offered for mortgage loans, refinancing generally increases and accelerates the prepayment of the underlying mortgages and the related security. Under such circumstances, the Company may be subject to reinvestment risk because to the extent that the Company's mortgage-backed securities amortize or prepay faster than anticipated, the Company may not be able to reinvest the proceeds of such repayments and prepayments at a comparable rate.

Sources of Funds

General. The Company's sources of funds are deposits, borrowings, amortization and repayment of loan principal, interest earned on or maturation of investment securities and short-term investments, and funds provided from operations.

Borrowings, including Federal Home Loan Bank ("FHLB") of Des Moines advances, reverse repurchase agreements and retail repurchase agreements, may be used at times to compensate for seasonal reductions in deposits or deposit inflows at less than projected levels, may be used on a longer-term basis to support expanded lending activities, and may also be used to match the funding of a corresponding asset.

Deposits. The Company offers a variety of deposit accounts having a wide range of interest rates and terms. The Company's deposits consist of passbook savings accounts, money market savings accounts, NOW and regular checking accounts, and certificate accounts currently ranging in terms from fourteen days to 60 months. The Company only solicits deposits from its primary market area and does not currently use brokers to obtain deposits. The Company relies primarily on competitive pricing policies, advertising and high-quality customer service to attract and retain these deposits. The Company has no "brokered deposits."

The flow of deposits is influenced significantly by general economic conditions, changes in money market and prevailing interest rates, and competition.

The variety of deposit accounts offered by the Company has allowed it to be competitive in obtaining funds and to respond with flexibility to changes in consumer demand. The Company endeavors to manage the pricing of its deposits in keeping with its asset/liability management and profitability objectives. Based on its experience, the Company believes that its passbook savings, money market savings accounts, NOW and regular checking accounts are relatively stable sources of deposits.

However, the ability of the Company to attract and maintain certificates of deposit and the rates paid on these deposits has been and will continue to be significantly affected by market conditions.

The following table sets forth the savings flows at the Company during the periods indicated.

	September 30,		
	2005	2004	2003
	(Dollars in Thousands)		
Opening balance	$ 461,581	$ 435,553	$ 355,780
Deposits	3,255,395	2,065,429	1,528,054
Withdrawals	(3,185,648)	(2,031,449)	(1,457,277)
Sale of deposit	—	(16,103)	—
Interest credited	9,442	8,151	8,996
Ending balance	$ 540,770	$ 461,581	$ 435,553
Net increase	$ 79,189	$ 26,028	$ 79,773
Percent increase	17.16%	5.98%	22.42%

The following table sets forth the dollar amount of savings deposits in the various types of deposit programs offered by the Company for the periods indicated.

	September 30,					
	2005		2004		2003	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)					
Transactions and Savings Deposits :						
Noninterest bearing Demand	$ 102,164	18.89%	$ 19,537	4.23%	$ 17,458	4.01%
Passbook Savings Accounts	62,371	11.54	45,666	9.89	21,323	4.89
NOW Accounts	33,481	6.19	27,657	5.99	24,603	5.65
Money Market Accounts	74,632	13.80	103,966	22.53	73,572	16.89
Total Non-Certificate	272,648	50.42	196,826	42.64	136,956	31.44
Certificates :						
Variable.	2,216	0.41	2,053	0.44	2,210	0.51
0.00 – 1.99%	18,791	3.47	89,602	19.41	110,833	25.45
2.00 – 3.99%	190,189	35.17	129,447	28.05	130,236	29.90
4.00 – 5.99%	52,347	9.68	32,225	6.98	38,633	8.87
6.00 – 7.99%	4,579	0.85	11,428	2.48	16,685	3.83
Total Certificates	268,122	49.58	264,755	57.36	298,597	68.56
Total Deposits	$ 540,770	100.00%	$ 461,581	100.00%	$ 435,553	100.00%

The following table shows rate and maturity information for the Company's certificates of deposit as of September 30, 2005.

	Variable	0.00 – 1.99%	2.00- 3.99%	4.00- 5.99%	6.00- 7.99%	Total	Percent of Total
	(Dollars in Thousands)						
Certificate accounts maturing in quarter ending :							
December 31, 2005	$ 407	$ 8,891	$ 55,595	$ 384	$ 4,.058	$ 69,335	25.9%
March 31, 2006	241	3,523	28,174	579	323	32,840	12.2
June 30, 2006	248	3,964	33,776	4,889	198	43,075	16.1
September 30, 2006	384	1,488	19,696	3,486	—	25,054	9.3
December 31, 2006	656	727	5,672	3,565	—	10,620	4.0
March 31, 2007	280	45	17,210	7,457	—	24,992	9.3
June 30, 2007	—	134	6,887	7,870	—	14,891	5.6
September 30, 2007	—	1	4,040	5,673	—	9,714	3.6
December 31, 2007	—	18	2,060	3,148	—	5,226	1.9
March 31, 2008	—	—	2,054	603	—	2,657	1.0
June 30, 2008	—	—	3,048	79	—	3,127	1.2
September 30, 2008	—	—	6,671	1,461	—	8,132	3.0
Thereafter	—	—	5,306	13,153	—	18,459	6.9
Total	$ 2,216	$ 18,791	$ 190,189	$ 52,347	$ 4,579	$ 268,122	100.00%
Percent of total	0.83%	7.01%	70.93%	19.52%	1.71%	100.00%	

The following table indicates the amount of the Company's certificates of deposit and other deposits by time remaining until maturity as of September 30, 2005.

	Maturity				
	3 Months or Less	After 3 to 6 Months	After 6 to 12 Months	After 12 Months	Total
	(In Thousands)				
Certificates of deposit less than $100,000	$ 22,823	$ 3,717	$ 34,805	$ 78,602	$ 139,947
Certificates of deposit of $100,000 or more	46,512	29,123	33,324	19,216	128,175
Total certificates of deposit (1)	$ 69,335	$ 32,840	$ 68,129	$ 97,818	$ 268,122

(1) Includes deposits from governmental and other public entities totaling $80.1 million.

Borrowings. Although deposits are the Company's primary source of funds, the Company's policy has been to utilize borrowings when they are a less costly source of funds, can be invested at a positive interest rate spread, or when the Company desires additional capacity to fund loan demand.

The Company's borrowings historically have consisted primarily of advances from the FHLB of Des Moines upon the security of a blanket collateral agreement of a percentage of unencumbered loans and the pledge of specific investment securities. Such advances can be made pursuant to several different credit programs, each of which has its own interest rate and range of maturities. At September 30, 2005, the Company had $159.7 million of advances from the FHLB of Des Moines and the ability to borrow up to an approximate additional $44.3 million. At September 30, 2005, advances totaling $42.1 million had terms to maturity of one year or less. The remaining $117.6 million had maturities ranging up to 15 years.

On July 16, 2001, the Company issued all of the 10,000 authorized shares of Company Obligated Mandatorily Redeemable Preferred Securities of First Midwest Financial Capital Trust I (preferred securities of subsidiary trust) holding solely subordinated debt securities. Distributions are paid semi-annually. Cumulative cash distributions are calculated at a variable rate of LIBOR (as defined) plus 3.75%, not to exceed 12.5%. The Company may, at one or more times, defer interest payments on the capital securities for up to 10 consecutive semi-annual periods, but not beyond July 25, 2031. At the end of any deferral period, all accumulated and unpaid distributions will be paid. The capital securities will be redeemed on July 25, 2031; however, the Company has the option to shorten the maturity date to a date not earlier than July 25, 2006. The redemption price is $1,000 per capital security plus any accrued and unpaid distributions to the date of redemption plus, if redeemed prior to July 25, 2011, a redemption premium as defined in the Indenture Agreement. Holders of the capital securities have no voting rights, are unsecured and rank junior in priority of payment to all of the Company's indebtedness and senior to the Company's common stock. The trust preferred securities have been includable in the Company's capital calculations on a limited basis since they were issued.

From time to time, the Company has offered retail repurchase agreements to its customers. These agreements typically range from 14 days to five years in term, and typically have been offered in minimum amounts of $100,000. The proceeds of these transactions are used to meet cash flow needs of the Company. At September 30, 2005, the Company had $507,000 of retail repurchase agreements outstanding.

Historically, the Company has entered into reverse repurchase agreements through nationally recognized broker-dealer firms. These agreements are accounted for as borrowings by the Company and are secured by certain of the Company's investment and mortgage-backed securities. The broker-dealer takes possession of the securities during the period that the reverse repurchase agreement is outstanding. The terms of the agreements have usually ranged from 7 days to six months, but on occasion longer term agreements have been entered into. At September 30, 2005, the Company had $20.0 million of reverse repurchase agreements outstanding.

The following table sets forth the maximum month-end balance and average balance of FHLB advances, retail and reverse repurchase agreements and Preferred Securities of Subsidiary Trust for the periods indicated.

	September 30,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Maximum Balance :			
FHLB advances	$ 229,300	$ 226,250	$ 226,165
Retail and reverse repurchase agreements.	33,077	58,500	110,488
Subordinated debentures	10,310	10,310	—
Preferred securities of subsidiary trust.	—	—	10,000
Average Balance :			
FHLB advances	$ 209,618	$ 203,135	$ 176,961
Retail and reverse repurchase agreements	28,067	38,977	78,209
Subordinated debentures	10,310	10,310	—
Preferred securities of subsidiary trust	—	—	10,000

The following table sets forth certain information as to the Company's FHLB advances and other borrowings at the dates indicated.

	September 30, 2005	September 30, 2004	September 30, 2003
	(Dollars in Thousands)		
FHLB advances	$ 159,705	$ 226,250	$ 223,784
Retail and reverse repurchase agreements	20,507	32,549	57,702
Subordinated debentures	10,310	10,310	—
Preferred securities of subsidiary trust	—	—	10,000
Total borrowings	$ 190,522	$ 269,109	$ 291,486
Weighted average interest rate of FHLB advances	4.56%	3.62%	3.40%
Weighted average interest rate of retail and reverse repurchase agreements	2.89%	2.49%	1.16%
Weighted average interest rate of subordinated debentures and preferred securities of subsidiary trust	7.67%	5.74%	4.90%

Subsidiary Activities

The subsidiaries of the Company are MetaBank, MetaBank West Central, Meta Trust Company and First Midwest Financial Capital Trust I. MetaBank has one service subsidiary, First Services Financial Limited ("First Services"). At September 30, 2005, the net book value of MetaBank's investment in First Services was approximately $84,000. MetaBank West Central does not have any subsidiaries. MetaBank organized First Services, its sole service corporation, in 1983. First Services has no active operations now that the Banks have affiliated with Bill Markve and Associates to provide insurance, mutual funds, annuities, bonds and other investments.

Meta Payment Systems Division

Meta Financial, through its subsidiary MetaBank, operating under the divisional name of Meta Payment Systems, has begun offering a stored value and debit card program. The program targets banks, card processors and third party marketers to distribute the cards. Stored value products are segregated into three categories: reloadable cards for applications such as payroll and personal use; non-reloadable cards for one-time uses such as gifts or promotions; and, benefit cards for applications such as transportation and flexible-spending accounts. Stored value card programs are subject to certain fraud risks, including but not limited to, collusion between bank and merchant employees, and merchant employees and cardholders, counterfeiting, improper authorization, and system failure. Taking on prepaid funds from customers also subjects the Company to somewhat increased liquidity and interest rate risk.

While no guarantees can be made that the Company will not experience losses in its stored value card business, the Company believes that it has adopted policies and procedures to manage and monitor these risks. The executives who were engaged to manage the Company's stored value card program have years of experience in this line of business.

In commencing a stored value program, the bank also assumes compliance-related risks. See "Item 1A. Risk Factors." The program must be adapted to changing regulatory requirements. For example, the Federal Deposit Insurance Corporation ("FDIC") has proposed to treat funds in prepaid programs as deposits if the bank holding the funds keeps records on the amounts owed to each cardholder. In the event of a bank failure, each cardholder's funds would be insured by the FDIC up to $100,000. If the proposal is adopted, treatment of prepaid funds as deposits will increase the bank's obligations for deposit insurance and reserve requirements.

Due to accounting requirements, the activities of Meta Payment Systems division were segmented for financial reporting purposes as of the quarter ended June 30, 2005.

Regulation

Recent Legislation - The Financial Services Modernization Act. On November 12, 1999, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 ("GLBA") was signed into law. The purpose of this legislation was to modernize the financial services industry by establishing a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms and other financial service providers. Generally, the Act:

(a) repealed the historical restrictions and eliminates many federal and state law barriers to affiliations among banks, securities firms, insurance companies and other financial service providers;

(b) provided a uniform framework for the functional regulation of the activities of banks, savings institutions and their holding companies;

(c) broadened the activities that may be conducted by national banks, banking subsidiaries of bank holding companies and their financial subsidiaries;

(d) provided an enhanced framework for protecting the privacy of consumer information; and

(e) addressed a variety of other legal and regulatory issues affecting day-to-day operations and long-term activities of financial institutions.

The GLBA also imposes certain obligations on financial institutions to develop privacy policies, restrict the sharing of nonpublic customer data with nonaffiliated parties at the customer's request, and establish procedures and practices to protect and secure customer data. These privacy provisions were implemented by regulations that were effective on November 12, 2000. Compliance with the privacy provisions was required by July 1, 2001.

USA Patriot Act of 2001 . In October 2001, the USA Patriot Act of 2001 was enacted in response to the terrorist attacks in New York, Pennsylvania and Washington, D.C. which occurred on September 11, 2001. The Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and imposes various regulations, including standards for verifying client identification at account opening, and rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

Among other requirements, Title III of the USA Patriot Act imposes the following requirements:

- All financial institutions must establish anti-money laundering programs that include (i) internal policies, procedures and controls, (ii) specific designation of an anti-money laundering compliance officer, (iii) ongoing employee training programs and (iv) an independent audit function to test the anti-money laundering program.

- Financial institutions that establish, maintain, administer, or manage private banking accounts or correspondent accounts in the United States for non-United States persons or their representatives must establish appropriate, specific, and, where necessary, enhanced due diligence policies, procedures, and controls designed to detect and report money laundering.

- Financial institutions are prohibited from establishing, maintaining, administering or managing correspondent accounts for foreign shell banks that do not have a physical presence in any country, and will be subject to certain record keeping obligations with respect to correspondent accounts of foreign banks.

- Bank regulators are directed to consider a holding company's effectiveness in combating money laundering when ruling on Federal Reserve Act and Bank Merger Act applications.

Our policies and procedures have been updated to reflect the requirements of the USA Patriot Act.

Sarbanes-Oxley Act of 2002. On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002, or the SOA. The SOA is the most far-reaching U.S. securities legislation enacted in many years, and includes many substantive and disclosure-based requirements. The stated goals of the SOA are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The SOA generally applies to all companies, both U.S. and non-U.S., that file or are required to file periodic reports with the Securities and Exchange Commission under the Exchange Act. Recently, on December 14, 2005, the SEC Advisory Committee on Smaller Public Companies presented its recommendations to the SEC. Among other things, the Committee recommended that two categories of smaller public companies be established: smaller public companies having a market capitalization of less than approximately $750 million, and MicroCap companies having a market capitalization of less than approximately $125 million. While the recommendations have yet to be considered by the SEC, if adopted, it is believed that the Company, which initially would qualify as a "MicroCap" entity, would save a considerable amount of time and money over current projections by being exempt from, or subject to lesser compliance duties under, various provisions of the SOA. No prediction can be made as to whether, or when, the SEC will adopt the Committee's recommendations.

Pending Deposit Reform Legislation . Both houses of Congress are in the final stages of considering legislation (the "Legislation") that would reform the deposit insurance system administered by the FDIC. Under the Legislation in its present form, the BIF and the SAIF would be merged, the $100,000 depositor insurance limitation would be indexed to inflation, would be increased to $250,000 for retirement accounts, and would be subject to increase every five years. In addition, the Legislation would credit some institutions with a one-time cash payment to compensate those institutions that shouldered a heavier premium burden in past years and would be based on the combined SAIF-BIF assessment base that existed at the close of 1996. The currently existing trigger for increases of deposit insurance premiums would be eliminated, and in its place the FDIC would be able to set the fund's reserve ratio in a range between 1.15 and 1.50 percent of insured deposits. The Legislation also would create a system of dividends and credits tied to the health of the fund. No prediction can be made as to whether, or when, the Legislation will pass, or the ultimate effect of the Legislation on the Company.

General. Bank holding companies, such as Meta Financial, are subject to comprehensive regulation by the FRB under the BHCA and the regulations of the FRB. As a bank holding company, Meta Financial is required to file reports with the FRB and such additional information as the FRB may require, and is subject to regular inspections by the FRB. The FRB also has extensive enforcement authority over bank holding companies, including, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to require that a holding company divest subsidiaries (including its bank subsidiaries). In general, enforcement actions may be initiated for violations of law and regulations and unsafe or unsound practices.

Under FRB policy, a bank holding company must serve as a source of strength for its subsidiary banks. Under this policy the FRB may require a holding company to contribute additional capital to an undercapitalized subsidiary bank.

Under the Bank Holding Company Act of 1956, as amended (the "BHCA"), a bank holding company must obtain FRB approval before: (i) acquiring, directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it already owns or controls the majority of such shares); (ii) acquiring all or substantially all of the assets of another bank or bank holding company; or (iii) merging or consolidating with another bank holding company.

The BHCA prohibits a bank holding company, with certain exceptions, from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by FRB regulation or order, have been identified as activities closely related to the business of banking or managing or controlling banks. The list of activities permitted by the FRB includes, among other things, operating a savings institution (such as MetaBank), mortgage company, finance company, credit card company or factoring company; performing certain data processing operations; providing certain investment and financial advice; underwriting and acting as an insurance agent for certain types of credit-related insurance; leasing property on a full-payout, non-operating basis; real estate and personal property appraising; and, subject to certain limitations, providing securities brokerage services for customers. The scope of permissible activities may be expanded from time to time by the FRB. Such activities may also be affected by federal legislation.

Meta Financial currently has four wholly-owned subsidiaries, MetaBank, a federally-chartered thrift institution, MetaBank West Central, an Iowa-chartered commercial bank, First Midwest Financial Capital Trust I, a statutory business trust organized under the Delaware Business Trust Act and Meta Trust Company, a South Dakota corporation that provides trust services. MetaBank is subject to extensive regulation, supervision and examination by the OTS, as its chartering authority and primary federal regulator, and by the FDIC, which insures its deposits up to applicable limits. MetaBank is a member of the FHLB System and is subject to certain limited regulation by the FRB. Such regulation and supervision governs the activities in which an institution can engage and the manner in which such activities are conducted, and is intended primarily for the protection of the insurance fund and depositors. MetaBank West Central is subject to extensive regulation, supervision and examination by the Iowa Superintendent of Banking (the "Superintendent") and the FRB, which are its state and primary federal regulators, respectively. It is also subject to regulation by the FDIC, which insures its deposits up to applicable limits. As with MetaBank, such regulation and supervision governs the activities in which MetaBank West Central can engage and the manner in which such activities are conducted and is intended primarily for the protection of the insurance fund and depositors.

Meta Financial is regulated as a bank holding company by the FRB. Bank holding companies are subject to comprehensive regulation and supervision by the FRB under the BHCA and the regulations of the FRB. As a bank holding company, Meta Financial must file reports with the FRB and such additional information as the FRB may require, and is subject to regular inspections by the FRB. Meta Financial is subject to the activity limitations imposed under the BHCA and in general may engage in only those activities that the FRB has determined to be closely related to banking.

Regulatory authorities have been granted extensive discretion in connection with their supervisory and enforcement activities which are intended to strengthen the financial condition of the banking industry, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution's allowance for loan losses. Any change in the nature of such regulation and oversight, whether by the OTS, the FDIC, the FRB or legislatively by Congress, could have a material impact on Meta Financial, MetaBank or MetaBank West Central and their respective operations.

Certain of these regulatory requirements and restrictions are discussed below or elsewhere in this document.

Federal Regulation of Financial Institutions. The OTS has extensive supervisory and regulatory authority over the operations of savings associations. As part of this authority, MetaBank is required to file periodic reports with the OTS and is subject to periodic examination by the OTS and the FDIC. The last regular OTS examination of Meta Financial was as of June 30, 2005. MetaBank West Central is subject to similar regulation and oversight by the Superintendent and the FRB and was last examined as of June 30, 2005.

Each federal and state banking regulator also has extensive enforcement authority over its regulated institutions. This enforcement authority includes, among other things, the power to compel higher reserves, the ability to assess civil money penalties, to issue cease-and-desist or removal orders and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports. Except under certain circumstances, public disclosure of final enforcement actions by the regulator is required. The federal banking agencies have adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings standards, internal controls and audit systems, interest rate risk exposure and compensation and other employee benefits. Any institution which fails to comply with these standards must submit a compliance plan.

In addition, the investment, lending and branching authority of MetaBank is prescribed by federal laws and it is prohibited from engaging in any activities not permitted by such laws. MetaBank West Central is subject to such restrictions under state law as administered by the Superintendent. Federal savings associations are generally authorized to branch nationwide, whereas Iowa chartered banks, such as MetaBank West Central, are generally limited to establishing branches within the State of Iowa.

Both MetaBank's and MetaBank West Central's general permissible lending limit to one borrower is equal to the greater of $500,000 or 15% of unimpaired capital and surplus (except for loans fully secured by certain readily marketable collateral, in which case this limit is increased to 25% of unimpaired capital and surplus). MetaBank West Central is subject to similar restrictions. At September 30, 2005, MetaBank's and MetaBank West Central's lending limit under these restrictions was $7.9 million and $908,000, respectively. MetaBank and MetaBank West Central are in compliance with their lending limits.

Insurance of Accounts and Regulation by the FDIC. MetaBank is a member of the Savings Association Insurance Fund (the "SAIF") and MetaBank West Central is a member of the Bank Insurance Fund (the "BIF"), each of which is administered by the FDIC. Deposits are insured up to applicable limits by the FDIC and such insurance is backed by the full faith and credit of the United States Government. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of and to require reporting by FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious risk to the SAIF or the BIF. The FDIC also has the authority to initiate enforcement actions against any FDIC insured institution after giving its primary federal regulator the opportunity to take such action, and may terminate the deposit insurance if it determines that the institution has engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

The FDIC's deposit insurance premiums are assessed through a risk-based system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums based upon their level of capital and supervisory evaluation. The current assessment rates range from zero to .27% per $100 of assessable deposits. Risk classification of all insured institutions will be made by the FDIC for each semi-annual assessment period. Institutions that are well-capitalized and have a high supervisory rating are subject to the lowest assessment rate. At September 30, 2005, both MetaBank and MetaBank West Central met the capital requirements of a "well capitalized" institution and were not subject to any assessment. See Note 14 of Notes to Consolidated Financial Statements in the Annual Report.

Since January 1, 1997, the premium schedule for BIF and SAIF insured institutions has ranged from 0 to 27 basis points. However, SAIF- and BIF-insured institutions are required to pay a Financing Corporation assessment in order to fund the interest on bonds issued to resolve thrift failures in the 1980s equal to approximately 1.5 basis points for each $100 in domestic deposits annually. These assessments, which may be revised based upon the level of BIF and SAIF deposits, will continue until the bonds mature.

Under the Federal Deposit Insurance Act ("FDIA"), the FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or the OTS. Management of the Banks does not know of any practice, condition or violation that might lead to termination of deposit insurance.

Regulatory Capital Requirements. Federally insured financial institutions, such as MetaBank and MetaBank West Central, are required to maintain a minimum level of regulatory capital. These capital requirements mandate that an institution maintain at least the following ratios: (1) a core (or Tier 1) capital to adjusted total assets ratio of 4% (which can be reduced to 3% for highly rated institutions); (2) a Tier 1 capital to risk-weighted assets ratio of 4% and (3) a risk-based capital to risk-weighted assets ratio of 8%. Capital requirements in excess of these standards may be imposed on individual institutions on a case-by-case basis. As of September 30, 2005, both Banks were in compliance with all capital standards applicable to them and were designated a "well-capitalized" under federal guidelines. See Note 14 of Notes to Consolidated Financial Statements in the Annual Report.

Prompt Corrective Action. Federal banking regulators are authorized and, under certain circumstances required, to take certain actions against banks that fail to meet their capital requirements. Effective December 19, 1992, the federal banking agencies were given additional enforcement authority over undercapitalized depository institutions. They are generally required to take action to restrict the activities of an "undercapitalized" bank (generally defined to be one with less than either a four percent core capital ratio, a four percent Tier 1 risked-based capital ratio or an eight percent risk-based capital ratio). Any such bank must submit a capital restoration plan and until such plan is approved may not increase its assets, acquire another institution, establish a branch or engage in any new activities, and generally may not make capital distributions. The banking regulators are authorized to impose the additional restrictions, discussed below, that are applicable to significantly undercapitalized institutions.

Any institution that fails to comply with its capital plan or is "significantly undercapitalized" (*i.e* ., Tier 1 risk-based or core capital ratios of less than three percent or a risk-based capital ratio of less than six percent) must be made subject to one or more of additional specified actions and operating restrictions mandated by FDICIA. These actions and restrictions include requiring the issuance of additional voting securities; limitations on asset growth; mandated asset reduction; changes in senior management; divestiture, merger or acquisition of the association; restrictions on executive compensation; and any other action the OTS deems appropriate. An institution that becomes "critically undercapitalized" (*i.e* ., a tangible capital ratio of two percent or less) is subject to further mandatory restrictions on its activities in addition to those applicable to significantly undercapitalized associations. In addition, the appropriate banking regulator must appoint a receiver (or conservator with the concurrence of the FDIC) for an institution, with certain limited exceptions, within 90 days after it becomes critically undercapitalized. Any undercapitalized institution is also subject to other possible enforcement actions, including the appointment of a receiver or conservator. The appropriate regulator is also generally authorized to reclassify an institution into a lower capital category and impose restrictions applicable to such category if the institution is engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

Though not expected, the imposition of any of these measures on the Banks may have a substantial adverse effect on them and on the Company's operations and profitability. Meta Financial shareholders do not have preemptive rights, and therefore, if Meta Financial is directed by the OTS, the FRB or the FDIC to issue additional shares of Common Stock, such issuance may result in the dilution in shareholders percentage of ownership of Meta Financial.

Limitations on Dividends and Other Capital Distributions. The OTS imposes various restrictions on savings associations with respect to their ability to make distributions of capital, which include dividends, stock redemptions or repurchases, cash-out mergers and other transactions charged to the capital account. The OTS also prohibits a savings association from declaring or paying any dividends or from repurchasing any of its stock if, as a result of such action, the regulatory capital of the association would be reduced below the amount required to be maintained for the liquidation account established in connection with the association's mutual to stock conversion.

Savings institutions such as MetaBank may make a capital distribution without the approval of the OTS, provided they notify the OTS 30-days before they declare the capital distribution and they meet the following requirements: (i) have a regulatory rating in one of the two top examination categories, (ii) are not of supervisory concern, and will remain adequately- or well-capitalized, as defined in the OTS prompt corrective action regulations, following the proposed distribution, and (iii) the distribution does not exceed their net income for the calendar year-to-date plus retained net income for the previous two calendar years (less any dividends previously paid). If a savings institution does not meet the above stated requirements, it must obtain the prior approval of the OTS before declaring any proposed distributions.

MetaBank West Central may pay dividends, in cash or property, only out of its undivided profits. In addition, FRB regulations prohibit the payment of dividends by a state member bank if losses have at any time been sustained by such bank that equal or exceed its undivided profits then on hand, unless (i) the prior approval of the FRB has been obtained and (ii) at least two-thirds of the shares of each class of stock outstanding have approved the dividend payment. FRB regulations also prohibit the payment of any dividend by a state member bank without the prior approval of the FRB if the total of all dividends declared by the bank in any calendar year exceeds the total of its net profits for that year combined with its retained net profits of the previous two calendar years (minus any required transfers to a surplus or to a fund for the retirement of any preferred stock).

Qualified Thrift Lender Test. All savings associations, including MetaBank, are required to meet a qualified thrift lender ("QTL") test to avoid certain restrictions on their operations. This test requires a savings association to have at least 65% of its portfolio assets (as defined by regulation) in qualified thrift investments on a monthly average for nine out of every 12 months on a rolling basis or meet the requirements for a domestic building and loan association under the Internal Revenue Code. Under either test, the required assets primarily consist of residential housing related loans and investments. At September 30, 2005, MetaBank met the test and has always met the test since its effectiveness.

Any savings association that fails to meet the QTL test must convert to a national bank charter, unless it requalifies as a QTL within one year and thereafter remains a QTL, or limits its new investments and activities to those permissible for both a savings association and a national bank. In addition, the association is subject to national bank limits for payment of dividends and branching authority. If such association has not requalified or converted to a national bank within three years after the failure, it must divest of all investments and cease all activities not permissible for a national bank.

Community Reinvestment Act. Under the Community Reinvestment Act ("CRA"), every FDIC insured institution has a continuing and affirmative obligation consistent with safe and sound banking practices to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. The CRA requires the OTS and the FRB, in connection with the examination of MetaBank and MetaBank West Central, respectively, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications, such as a merger or the establishment of a branch, by the institution. An unsatisfactory rating may be used as the basis for the denial of such an application. MetaBank and MetaBank West Central were examined for CRA compliance in 2004.

Interstate Banking and Branching. The FRB may approve an application of an adequately capitalized and adequately managed bank holding company to acquire control of, or acquire all or substantially all of the assets of, a bank located in a state other than such holding company's home state, without regard to whether the transaction is prohibited by the laws of any state. In general, the FRB may not approve the acquisition of a bank that has not been in existence for the minimum time period (not exceeding five years) specified by the statutory law of the host state or if the applicant (and its depository institution affiliates) controls or would control more than 10% of the insured deposits in the United States or 30% or more of the deposits in the target bank's home state or in any state in which the target bank maintains a branch. Iowa has adopted a five year minimum existence requirement.

The federal banking agencies are also generally authorized to approve interstate merger transactions without regard to whether such transaction is prohibited by the law of any state. Interstate acquisitions of branches or the establishment of a new branch is permitted only if the law of the state in which the branch is located permits such acquisitions. Interstate mergers and branch acquisitions are also subject to the nationwide and statewide insured deposit concentration amounts described above. Iowa permits interstate branching only by merger.

Holding Company Dividends. The FRB has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the FRB's view that a bank holding company should pay cash dividends only to the extent that its net income for the past year is sufficient to cover both the cash dividends and a rate of earning retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The FRB also indicated that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the prompt corrective action regulations adopted by the FRB, the FRB may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

Bank holding companies are required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of their consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, FRB order, or any condition imposed by, or written agreement with, the FRB. This notification requirement does not apply to any company that meets the well-capitalized standard for commercial banks, has a safety and soundness examination rating of at least a "2" and is not subject to any unresolved supervisory issues.

Holding Company Capital Requirements. The FRB has established capital requirements for bank holding companies that generally parallel the capital requirements for federal thrift institutions and commercial banks such as MetaBank and MetaBank West Central. Meta Financial is in compliance with these requirements.

Transactions with Affiliates. The Banks must comply with Sections 23A and 23B of the Federal Reserve Act relative to transactions with affiliates. Generally, transactions between an institution or its subsidiaries and its affiliates are required to be on terms as favorable to the bank as transactions with non-affiliates. In addition, certain of these transactions, such as loans to an affiliate, are restricted to a percentage of the institutions' capital. Affiliates of the Banks include the Corporation and any company that is under common control with the Banks. In addition, a savings institution may not lend to any affiliate engaged in activities not permissible for a savings and loan holding company or acquire the securities of most affiliates. The OTS has the discretion to treat subsidiaries of savings institutions as affiliates on a case-by-case basis.

On April 1, 2003, the Federal Reserve's Regulation W, which comprehensively amends sections 23A and 23B of the Federal Reserve Act, became effective. The Federal Reserve Act and Regulation W are applicable to the Banks. The Regulation unifies and updates staff interpretations issued over the years, incorporates several new interpretative proposals (such as to clarify when transactions with an unrelated third party will be attributed to an affiliate) and addresses new issues arising as a result of the expanded scope of non-banking activities engaged in by banks and bank holding companies in recent years and authorized for financial holding companies under the Financial Services Modernization Act of 1999.

Certain transactions with directors, officers or controlling persons are also subject to conflict of interest regulations. These conflict of interest regulations and other statutes also impose restrictions on loans to such persons and their related interests. Among other things, such loans must be made on terms substantially the same as for loans to unaffiliated individuals.

Federal Home Loan Bank System. MetaBank and MetaBank West Central are both members of the FHLB of Des Moines, which is one of 12 regional FHLBs, that administers the home financing credit function of savings associations. Each FHLB serves as a reserve or central bank for its members within its assigned region. It makes loans to members (*i.e.* , advances) in accordance with policies and procedures established by the board of directors of the FHLB. These policies and procedures are subject to the regulation and oversight of the Federal Housing Finance Board. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB. In addition, all long-term advances must be used for residential home financing.

As members of the FHLB System, MetaBank and MetaBank West Central are required to purchase and maintain stock in the FHLB of Des Moines. At September 30, 2005, the Banks had in the aggregate $8.2 million in FHLB stock, which was in compliance with this requirement. For the fiscal year ended September 30, 2005, dividends paid by the FHLB of Des Moines to MetaBank and MetaBank West Central totaled $299,000. Over the past five calendar years such dividends have averaged 3.9% and were 2.8% for the first three quarters of the calendar year 2005.

Under federal law the FHLBs are required to provide funds for the resolution of troubled savings associations and to contribute to low- and moderately priced housing programs through direct loans or interest subsidies on advances targeted for community investment and low- and moderate-income housing projects. These contributions have affected adversely the level of FHLB dividends paid and could continue to do so in the future. These contributions could also have an adverse effect on the value of FHLB stock in the future. A reduction in value of the Banks' FHLB stock may result in a corresponding reduction in the Banks' capital. Recent legislative changes have required the FHLB to change the characteristics and amount of FHLB stock held by its members. It is also anticipated that these changes will restrict the ability of FHLB members to redeem their shares of FHLB stock. In addition, the federal agency that regulates the FHLBs has required each FHLB to register its stock with the SEC, which will increase the costs of each FHLB and may have other effects that are not possible to predict at this time.

Federal Securities Law. The common stock of Meta Financial is registered with the SEC under the Exchange Act, as amended. Meta Financial is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Exchange Act.

Meta Financial's stock held by persons who are affiliates (generally officers, directors and principal stockholders) of the Company may not be resold without registration unless sold in accordance with certain resale restrictions. If Meta Financial meets specified current public information requirements, each affiliate of the Company, subject to certain requirements, will be able to sell, in the public market, without registration, a limited number of shares in any three-month period.

Federal and State Taxation

Federal Taxation. Meta Financial and its subsidiaries file consolidated federal income tax returns on a fiscal year basis using the accrual method of accounting. In addition to the regular income tax, corporations, including savings banks such as MetaBank, generally are subject to a minimum tax. An alternative minimum tax is imposed at a minimum tax rate of 20% on alternative minimum taxable income, which is the sum of a corporation's regular taxable income (with certain adjustments) and tax preference items, less any available exemption. The alternative minimum tax is imposed to the extent it exceeds the corporation's regular income tax and net operating losses can offset no more than 90% of alternative minimum taxable income.

To the extent earnings appropriated to a savings bank's bad debt reserves and deducted for federal income tax purposes exceed the allowable amount of such reserves computed under the experience method and to the extent of the bank's supplemental reserves for losses on loans ("Excess"), such Excess may not, without adverse tax consequences, be utilized for the payment of cash dividends or other distributions to a shareholder (including distributions on redemption, dissolution or liquidation) or for any other purpose (except to absorb bad debt losses). As of September 30, 2005, MetaBank's Excess for tax purposes totaled approximately $6.7 million.

Meta Financial and its consolidated subsidiaries have not been audited by the IRS within the past ten years. In the opinion of management, any examination of still open returns (including returns of subsidiaries and predecessors of, or entities merged into, Meta Financial) would not result in a deficiency which could have a material adverse effect on the financial condition of Meta Financial and its subsidiaries.

Iowa Taxation. MetaBank and MetaBank West Central file Iowa franchise tax returns. Meta Financial and MetaBank's Iowa subsidiary file a consolidated Iowa corporation tax return on a fiscal year-end basis.

Iowa imposes a franchise tax on the taxable income of mutual and stock savings banks and commercial banks. The tax rate is 5%, which may effectively be increased, in individual cases, by application of a minimum tax provision. Taxable income under the franchise tax is generally similar to taxable income under the federal corporate income tax, except that, under the Iowa franchise tax, no deduction is allowed for Iowa franchise tax payments and taxable income includes interest on state and municipal obligations. Interest on U.S. obligations is taxable under the Iowa franchise tax and under the federal corporate income tax. The taxable income for Iowa franchise tax purposes is apportioned to Iowa through the use of a one-factor formula consisting of gross receipts only.

Taxable income under the Iowa corporate income tax is generally similar to taxable income under the federal corporate income tax, except that, under the Iowa tax, no deduction is allowed for Iowa income tax payments; interest from state and municipal obligations is included in income; interest from U.S. obligations is excluded from income; and 50% of federal corporate income tax payments are deductible from income. The Iowa corporate income tax rates range from 6% to 12% and may be effectively increased, in individual cases, by application of a minimum tax provision.

South Dakota Taxation. MetaBank and Meta Trust Company file a consolidated South Dakota franchise tax return due to their operations in Sioux Falls and Brookings. The South Dakota franchise tax is imposed on depository institutions and trust companies. Meta Financial, MetaBank West Central and MetaBank's subsidiaries are therefore not subject to the South Dakota franchise tax.

South Dakota imposes a franchise tax on the taxable income of depository institutions and trust companies at the rate of 6%. Taxable income under the franchise tax is generally similar to taxable income under the federal corporate income tax, except that, under the South Dakota franchise tax, no deduction is allowed for state income and franchise taxes, income from municipal obligations exempt from federal taxes are included in the franchise taxable income, and there is a deduction allowed for federal income taxes accrued for the fiscal year. The taxable income for South Dakota franchise tax purposes is apportioned to South Dakota through the use of a three-factor formula consisting of tangible real and personal property, payroll and gross receipts.

Delaware Taxation. As a Delaware holding company, Meta Financial is exempted from Delaware corporate income tax but is required to file an annual report with and pay an annual fee to the State of Delaware. Meta Financial is also subject to an annual franchise tax imposed by the State of Delaware.

Competition

The Company faces strong competition, both in originating real estate and other loans and in attracting deposits. Competition in originating real estate loans comes primarily from commercial banks, savings banks, credit unions, captive finance companies, insurance companies, and mortgage bankers making loans secured by real estate located in the Company's market area. Commercial banks and credit unions provide vigorous competition in consumer lending. The Company competes for real estate and other loans principally on the basis of the quality of services it provides to borrowers, interest rates and loan fees it charges, and the types of loans it originates.

The Company attracts all of its deposits through its retail banking offices, primarily from the communities in which those retail banking offices are located; therefore, competition for those deposits is principally from other commercial banks, savings banks, credit unions and brokerage offices located in the same communities. The Company competes for these deposits by offering a variety of deposit accounts at competitive rates, convenient business hours, and convenient branch locations with interbranch deposit and withdrawal privileges at each.

The Company serves Adair, Buena Vista, Dallas, Guthrie, Pocahontas, Polk and Sac counties in Iowa and Brookings, Lincoln and Minnehaha counties in South Dakota. There are twenty-three commercial banks, one savings bank, other than MetaBank, and two credit unions which compete for deposits and loans in MetaBank's primary market area in northwest Iowa and ten commercial banks, one savings bank, other than MetaBank, and two credit unions which compete for deposits and loans in MetaBank's market area in Brookings, South Dakota. In addition, there are twelve commercial banks in MetaBank West Central's primary market area in west central Iowa. The Banks compete for deposits and loans with numerous financial institutions located throughout the metropolitan market areas of Des Moines, Iowa and Sioux Falls, South Dakota.

Employees

At September 30, 2005, the Company and its subsidiaries had a total of 220 employees, including 21 part-time employees. The Company's employees are not represented by any collective bargaining group. Management considers its employee relations to be good.

Executive Officers of the Company Who Are Not Directors

The following information as to the business experience during the past five years is supplied with respect to the executive officers of the Company who do not serve on the Company's Board of Directors. There are no arrangements or understandings between such persons named and any persons pursuant to which such officers were selected.

On June 27, 2005, Mr. Troy Moore III was named Executive Vice President and Chief Operating Officer of the Company and MetaBank. Additionally, Mr. Moore became a member of the Executive Committees of both the Company and MetaBank. Previously, Mr. Moore, age 37, had been the president of the Central Iowa Market of MetaBank, a position he had held since 1998. He joined MetaBank in 1997 as a Vice President in the Central Iowa Market. Mr. Moore received a Bachelor of Business Administration degree from Iowa State University, Ames, Iowa.

Mr. Ronald J. Walters, age 56, joined Meta Financial as Senior Vice President in December 2003, and assumed the position of Chief Financial Officer on January 9, 2004. Prior to joining the Company, Mr. Walters served as Vice President, Treasurer and Chief Financial Officer of Kankakee Bancorp, Inc. of Kankakee, Illinois, (now known as Centrue Financial Corporation), having worked for the company since 1984. Mr. Walters received a Bachelor of Science degree from the University of Illinois, Chicago, Illinois. Mr. Walters is a certified public accountant.

Item 1A. Risk Factors

The Company's business could be harmed by any of the risks noted below. The trading price of the Company's common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks you should also refer to the other information contained in this annual report on Form 10-K, including the Company's financial statements and related notes.

Risks Related to the Banking Industry

Changes in economic and political conditions could adversely affect the Company's earnings, as the Company's borrowers' ability to repay loans and the value of the collateral securing the Company's loans decline.

The Company's success depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond the Company's control may adversely affect the Company's asset quality, deposit levels and loan demand and, therefore, the Company's earnings. Because we have a significant amount of real estate loans, decreases in real estate values could adversely affect the value of property used as collateral. Adverse changes in the economy may also have a negative effect on the ability of the Company's borrowers to make timely repayments of their loans, which would have an adverse impact on the Company's earnings. In addition, substantially all of the Company's loans are to individuals and businesses in the Company's market area. Consequently, any economic decline in the Company's market area could have an adverse impact on the Company's earnings.

Changes in interest rates could adversely affect the Company's results of operations and financial condition.

The Company's earnings depend substantially on the Company's interest rate spread, which is the difference between (i) the rates we earn on loans, securities and other earning assets and (ii) the interest rates we pay on deposits and other borrowings. These rates are highly sensitive to many factors beyond the Company's control, including general economic conditions and the policies of various governmental and regulatory authorities. As market interest rates rise, we will have competitive pressures to increase the rates we pay on deposits, which may result in a decrease of the Company's net interest income. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operation" at pages 8 and 9. If rates fall, on a long-term basis this could be deleterious to the net interest income of MetaBank's Meta Payment Systems Division.

We operate in a highly regulated environment, and changes in laws and regulations to which we are subject may adversely affect the Company's results of operations.

MetaBank and MetaBank West Central (collectively, the "Banks") and the Company operate in a highly regulated environment and are subject to extensive regulation, supervision and examination by the Office of Thrift Supervision ("OTS"), the State of Iowa, the Federal Deposit Insurance Corporation ("FDIC"), and the Board of Governors of the Federal Reserve System (the "Federal Reserve"). See "Business – Regulation" herein. Applicable laws and regulations may change, and there is no assurance that such changes will not adversely affect the Company's business. Such regulation and supervision govern the activities in which an institution may engage, including the activities of MetaBank's relatively new Meta Payment Systems Division, and are intended primarily for the protection of the Banks and their depositors. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including but not limited to the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution's allowance for loan losses. Any change in such regulation and oversight, whether in the form of restrictions on activities, regulatory policy, regulations, or legislation, including but not limited to changes in the regulations governing savings banks, could have a material impact on the bank and the Company's operations.

Changes in technology could be costly.

The banking industry is undergoing technological innovation at a fast pace. To keep up with its competition, the Company needs to stay abreast of innovations and evaluate those technologies that will enable it to compete on a cost-effective basis. This is especially true with respect to MetaBank's Meta Payment Systems Division. The cost of such technology, including personnel, can be high in both absolute and relative terms. There can be no assurance, given the fast pace of change and innovation, that the Company's technology, either purchased or developed internally, will meet or continue to meet the needs of the Company.

Risks Related to the Company's Business

We operate in an extremely competitive market, and the Company's business will suffer if we are unable to compete effectively.

In the Company's market area, the Banks encounter significant competition from other commercial banks, savings and loan associations, credit unions, mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market mutual funds and other financial intermediaries. Many of the Banks' competitors have substantially greater resources and lending limits than we do and may offer services that we do not or cannot provide. The Company's profitability depends upon the Company's continued ability to compete successfully in the Company's market area.

The loss of key members of the Company's senior management team could adversely affect the Company's business.

We believe that the Company's success depends largely on the efforts and abilities of the Company's senior management. Their experience and industry contacts significantly benefit us. The competition for qualified personnel in the financial services industry is intense, and the loss of any of the Company's key personnel or an inability to continue to attract, retain and motivate key personnel could adversely affect the Company's business.

The Company's loan portfolio includes loans with a higher risk of loss.

The Banks originate commercial mortgage loans, commercial loans, consumer loans, agricultural mortgage loans, agricultural loans and residential mortgage loans primarily within the Company's market areas **.** Commercial mortgage, commercial, and consumer loans may expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans may not be sold as easily as residential real estate. These loans also have greater credit risk than residential real estate for the following reasons:

- *Commercial Mortgage Loans.* Repayment is dependent upon income being generated in amounts sufficient to cover operating expenses and debt service.

- *Commercial Loans.* Repayment is dependent upon the successful operation of the borrower's business

- *Consumer Loans.* Consumer loans (such as personal lines of credit) are collateralized, if at all, with assets that may not provide an adequate source of payment of the loan due to depreciation, damage, or loss.

- *Agricultural Loans.* Repayment is dependent upon the successful operation of the business, which are greatly dependent on many things outside the control of either the Banks or the borrowers. These factor include weather, commodity prices, and interest rates among others.

If the Company's actual loan losses exceed the Company's allowance for loan losses, the Company's net income will decrease.

The Company makes various assumptions and judgments about the collectibility of the Company's loan portfolio, including the creditworthiness of the Company's borrowers and the value of the real estate and other assets serving as collateral for the repayment of the Company's loans. Despite the Company's underwriting and monitoring practices, the Company's loan customers may not repay their loans according to their terms, and the collateral securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant loan losses, which could have a material adverse effect on the Company's operating results. Because we must use assumptions regarding individual loans and the economy, the Company's current allowance for loan losses may not be sufficient to cover actual loan losses, and increases in the allowance may be necessary. We may need to significantly increase the Company's provision for losses on loans if one or more of the Company's larger loans or credit relationships becomes delinquent or if we continue to expand the Company's commercial real estate and commercial lending. In addition, federal and state regulators periodically review the Company's allowance for loan losses and may require us to increase the Company's provision for loan losses or recognize loan charge-offs. Material additions to the Company's allowance would materially decrease the Company's net income. We cannot assure you that the Company's monitoring procedures and policies will reduce certain lending risks or that the Company's allowance for loan losses will be adequate to cover actual losses.

If we foreclose on collateral property and own the underlying real estate, we may be subject to the increased costs associated with the ownership of real property, resulting in reduced revenues.

We may have to foreclose on collateral property to protect the Company's investment and may thereafter own and operate such property, in which case we will be exposed to the risks inherent in the ownership of real estate. The amount that we, as a mortgagee, may realize after a default is dependent upon factors outside of the Company’s control, including, but not limited to: (i) general or local economic conditions; (ii) neighborhood values; (iii) interest rates; (iv) real estate tax rates; (v) operating expenses of the mortgaged properties; (vi) supply of and demand for rental units or properties; (vii) ability to obtain and maintain adequate occupancy of the properties; (viii) zoning laws; (x) governmental rules, regulations and fiscal policies; and (x) acts of God. Certain expenditures associated with the ownership of real estate, principally real estate taxes and maintenance costs, may adversely affect the income from the real estate. Therefore, the cost of operating a real property may exceed the rental income earned from such property, and we may have to advance funds in order to protect the Company’s investment, or we may be required to dispose of the real property at a loss. The foregoing expenditures and costs could adversely affect the Company’s ability to generate revenues, resulting in reduced levels of profitability.

Environmental liability associated with commercial lending could have a material adverse effect on the Company’s business, financial condition and results of operations.

In the course of the Company’s business, we may acquire, through foreclosure, commercial properties securing loans that are in default. There is a risk that hazardous substances could be discovered on those properties. In this event, we could be required to remove the substances from and remediate the properties at the Company’s cost and expense. The cost of removal and environmental remediation could be substantial. We may not have adequate remedies against the owners of the properties or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have a material adverse effect on the Company’s business, financial condition and operating results.

If the Company fails to maintain an effective system of internal control over financial reporting, it may not be able to accurately report the Company’s financial results or prevent fraud, and, as a result, investors and depositors could lose confidence in the Company’s financial reporting, which could adversely affect the Company’s business, the trading price of the Company’s stock and the Company’s ability to attract additional deposits.

Unless it further delays or curtails its proposed rule, beginning with the Company’s annual report for the fiscal year ending September 30, 2007, we will have to include in the Company’s annual reports filed with the Securities and Exchange Commission (the “Commission”) a report of the Company’s management regarding internal control over financial reporting. As a result, and although it is unclear whether, or to what extent, smaller companies will be exempted from its requirements, we recently have begun to document and evaluate the Company’s internal control over financial reporting in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and Commission rules and regulations, which require an annual management report on the Company’s internal control over financial reporting, including, among other matters, management’s assessment of the effectiveness of internal control over financial reporting and an attestation report by the Company’s independent auditors addressing these assessments. Accordingly, management has retained outside consultants to assist us in (i) assessing and documenting the adequacy of the Company’s internal control over financial reporting, (ii) improving control processes, where appropriate, and (iii) verifying through testing that controls are functioning as documented. If we fail to identify and correct any significant deficiencies in the design or operating effectiveness of the Company’s internal control over financial reporting or fail to prevent fraud, current and potential stockholders and depositors could lose confidence in the Company’s financial reporting, which could adversely affect the Company’s business, financial condition and results of operations, the trading price of the Company’s stock and the Company’s ability to attract additional deposits.

A breach of information security or compliance breach by one of our agents or vendors could negatively affect the Company’s reputation and business.

The Banks, including the Meta Payment Systems Division of MetaBank, depend on data processing, communication and information exchange on a variety of computing platforms and networks and over the internet. We cannot be certain all of the Company's systems are entirely free from vulnerability to attack, despite safeguards we have installed. Additionally, we rely on and do business with a variety of third-party service providers, agents and vendors with respect to the Company's business, data and communications needs. If information security is breached, or one of our agents or vendors breaches compliance procedures, information could be lost or misappropriated, resulting in financial loss or costs to us or damages to others. These costs or losses could materially exceed the Company's amount of insurance coverage, if any, which would adversely affect the Company's business.

The price of the Company's common stock may be volatile, which may result in losses for investors.

The market price for shares of the Company's common stock has been volatile in the past, and several factors could cause the price to fluctuate substantially in the future. These factors include:

- announcements of developments related to the Company's business,
- fluctuations in the Company's results of operations,
- sales of substantial amounts of the Company's securities into the marketplace,
- general conditions in the Company's banking niche or the worldwide economy,
- a shortfall in revenues or earnings compared to securities analysts' expectations,
- lack of an active trading market for the common stock,
- changes in analysts' recommendations or projections, and
- the Company's announcement of new acquisitions or other projects.

The market price of the Company's common stock may fluctuate significantly in the future, and these fluctuations may be unrelated to the Company's performance. General market price declines or market volatility in the future could adversely affect the price of the Company's common stock, and the current market price may not be indicative of future market prices.

Risks Related to the Company's Stock

The Company's common stock is thinly traded, and thus your ability to sell shares or purchase additional shares of the Company's common stock will be limited, and the market price at any time may not reflect true value.

Your ability to sell shares of the Company's common stock or purchase additional shares largely depends upon the existence of an active market for the common stock. The Company's common stock is quoted on NASDAQ Stock Market, but the volume of trades on any given day is light, and you may be unable to find a buyer for shares you wish to sell or a seller of additional shares you wish to purchase. In addition, a fair valuation of the purchase or sales price of a share of common stock also depends upon active trading, and thus the price you receive for a thinly traded stock, such as the Company's common stock, may not reflect its true value.

Future sales or additional issuances of the Company's capital stock may depress prices of shares of the Company's common stock or otherwise dilute the book value of shares then outstanding.

Sales of a substantial amount of the Company's capital stock in the public market or the issuance of a significant number of shares could adversely affect the market price for shares of the Company's common stock. As of September 30, 2005, we were authorized to issue up to 5,200,000 shares of common stock, of which 2,503,655 shares were outstanding, and 403,190 shares were reserved for issuance pursuant to options granted under the Company's stock option plans. We also were authorized to issue up to 800,000 shares of preferred stock, none of which is outstanding or reserved for issuance. Accordingly, and although we have no plans to do so, without further stockholder approval, we may issue up to 2,242,001 additional shares of common stock and up to 800,000 shares of preferred stock, which obviously may affect the market price for shares of the Company's common stock.

Federal regulations may inhibit a takeover, prevent a transaction you may favor or limit the Company's growth opportunities, which could cause the market price of the Company's common stock to decline.

Certain provisions of the Company's charter documents and federal regulations could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of the Company's company. In addition, we must obtain approval from regulatory authorities before acquiring control of any other company.

We may not be able to pay dividends in the future in accordance with past practice.

We pay a quarterly dividend to stockholders. The payment of dividends is subject to legal and regulatory restrictions. Any payment of dividends in the future will depend, in large part, on the Bank's earnings, capital requirements, financial condition and other factors considered relevant by the Company's Board of Directors.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

The Company conducts its business at its main office and branch office in Storm Lake, Iowa, and five other locations in its primary market area in Northwest Iowa. The Company also operates one office in Brookings, South Dakota, through the Company's Brookings market of the Bank; four offices in Des Moines, Iowa, through the Company's Central Iowa market of the Bank; four offices in Sioux Falls, South Dakota, through the Company's Sioux Empire market of the Bank; and three offices in West Central Iowa through the Company's MetaBank West Central State Bank subsidiary.

The Company owns all of its offices, except for the branch offices located in Storm Lake Plaza, Storm Lake, Iowa, on Westown Parkway, West Des Moines, Iowa, on North Minnesota Avenue, Sioux Falls, South Dakota, on South Western Avenue, Sioux Falls, South Dakota and on West 12th Street, Sioux Falls, South Dakota. In regard to the South Western and West 12 th Street locations in Sioux Falls, South Dakota, the land on which the buildings were constructed is leased. The total net book value of the Company's premises and equipment (including land, building and leasehold improvements and furniture, fixtures and equipment) at September 30, 2005 was $15.1 million. See Note 7 of Notes to Consolidated Financial Statements in the Annual Report.

The Company believes that its current facilities are adequate to meet the present and foreseeable needs of the Company and the Banks, but the Company will continue to add additional branches in the future. The Company plans to add a fifth Des Moines, Iowa area branch in West Des Moines, near the Jordan Creek shopping center in 2006.

The Bank maintains an on-line data base with a service bureau, whose primary business is providing such services to financial institutions. The net book value of the data processing and computer equipment utilized by the Company at September 30, 2005 was approximately $772,000.

Item 3. <u>Legal Proceedings</u>

On June 11, 2004, the Sioux Falls School District filed suit in the Second Judicial Circuit Court, alleging that MetaBank, a wholly-owned subsidiary of the Company, improperly allowed funds, which belonged to the school district, to be deposited into, and subsequently withdrawn from, a corporate account established by an employee of the school district. The school district is seeking in excess of $600,000. MetaBank has submitted the claim to its insurance carrier, and is working with counsel to vigorously contest the suit.

There are no other material pending legal proceedings to which the Company or its subsidiaries is a party other than ordinary routine litigation incidental to their respective businesses.

With respect to the first matter described under “Corporate Development in Fiscal 2005” in the Company’s Management’s Discussion and Analysis, each participation agreement with the ten participant banks provides that the participant bank shall own a specified percentage of the outstanding loan balance at any give time. Each agreement also recites the maximum amount that can be loaned by MetaBank on that particular loan. MetaBank allocated to some participants an ownership in the outstanding loan balance in excess of the percentage specified in the participation agreement. MetaBank believes that in each instance this was done with the full knowledge and consent of the participant. While no litigation has been filed by any of the participant banks against MetaBank, several participants have demanded that their participations be adjusted to match the percentage specified in the participant agreement. Based on the total loan recoveries projected as of November 2005, MetaBank calculated that it would cost approximately $1,676,000 to adjust these participations as the participants would have them adjusted. MetaBank denies any obligation to make the requested adjustments on these or related claims.

Item 4. <u>Submission of Matters to a Vote of Security Holders</u>

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended September 30, 2005.

PART II

Item 5. <u>Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Securities</u>

Page 36 of the attached 2005 Annual Report to Shareholders is herein incorporated by reference.

The following table provides information about purchases by the Company during the quarter ended September 30, 2005 of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicity Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs [(1)]
July 1, 2005 through July 31, 2005	—	—	—	100,000
August 1, 2005 through August 31, 2005	—	—	—	100,000
September 1, 2005 through September 30, 2005	—	—	—	100,000
Total	—	—	—	100,000

(1) The currently authorized repurchase program will expire on April 30, 2006.

Item 6. **Selected Financial Data**

Page 2 of the attached 2005 Annual Report to Shareholders is herein incorporated by reference.

Item 7. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

Pages 3 through 11 of the attached 2005 Annual Report to Shareholders are herein incorporated by reference.

Item 7A. **Quantitative and Qualitative Disclosure About Market Risk**

Pages 8 through 9 of the attached 2005 Annual Report to Shareholders are herein incorporated by reference.

Item 8. **Consolidated Financial Statements and Supplementary Data**

Pages 12 through 34 of the attached 2005 Annual Report to Shareholders are herein incorporated by reference.

Item 9. <u>Changes In and Disagreements With Accountants on Accounting and Financial Disclosure</u>

Not applicable.

Item 9A. <u>Controls and Procedures</u>

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.

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 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 as of September 30, 2005 our 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.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) occurred during the fourth fiscal quarter of fiscal 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and annually report on their systems of internal control over financial reporting. In addition, after two one-year delays in effectiveness and subject to the SEC's consideration of the recommendations by the Advisory Committee on Smaller Public Companies, our independent accountants must report on management's evaluation. We are in the process of evaluating, documenting and testing our system of internal control over financial reporting to provide the basis for our report that will, for the first time, be a required part of our annual report on Form 10-K for the fiscal year ending September 30, 2007. Due to the ongoing evaluation and testing of our internal controls, there can be no assurance that if any control deficiencies are identified they will be corrected before the end of the 2007 fiscal year, or that there may not be significant deficiencies or material weaknesses that would be required to be reported. In addition, we expect the evaluation process and any required remediation, if applicable, to increase our accounting, legal and other costs and divert management resources from core business operations.

Item 9B. <u>Other Information</u>

None.

PART III

Item 10. <u>Directors and Executive Officers of the Registrant</u>

<u>Directors</u>

Information concerning directors of the Company is incorporated herein by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Shareholders to be held in January 2006 filed on December 16, 2005.

<u>Executive Officers</u>

Information concerning the executive officers of the Company is incorporated herein by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Shareholders to be held in January 2006, filed on December 16, 2005 and from the information set forth under the caption “Executive Officers of the Company Who Are Not Directors” contained in Part I of this Form 10-K.

<u>Compliance with Section 16(a)</u>

Section 16(a) of the Exchange Act requires the Company’s directors and executive officers, and persons who own more than 10% of a registered class of the Company’s equity securities, to file with the SEC reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company’s knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required during the fiscal year ended September 30, 2005, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10 percent beneficial owners were complied with.

Audit Committee Financial Expert

Information regarding the audit committee of the Company’s Board of Directors, including information regarding Jeanne Partlow, the audit committee financial expert serving on the audit committee for fiscal 2005 and the first quarter of fiscal 2006, is presented under the headings “Meetings and Commitees”, Audit Committee matters” and under “Election of Directors” which contains Ms. Partlow’s biography, in the Company’s definitive Proxy Statement for the 2005 Annual Meeting of Stockholders to be held on January 23, 2006, which was filed with the SEC on December 16, 2005, and is incorporated herein by reference.

Code of Ethics

We have adopted a written code of ethics within the meaning of Item 406 of SEC Regulation S-K that applies to our principal executive officer and senior financial officers, a copy of which is available free of charge by contacting Lisa Binder, our Investor Relations Officer, at 800.792.6815 or from our internet website (www.metacash.com).

Item 11. Executive Compensation

Information concerning executive compensation is incorporated herein by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held in January 2006, filed on December 16, 2005.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

(a) Security Ownership of Certain Beneficial Owners

The information required by this item under the sections captioned "Voting Rights; Vote Required", "Voting of Proxies; Revocability of Proxies: Proxy Solicitation Costs" and Stock Ownership" on pages 1 through 5 of the Proxy Statement filed with the SEC on December 16, 2005 is incorporated herein by reference.

(b) Security Ownership of Management

The information required by this item under the section captioned "Stock Ownership" on pages 3 through 5 of the Proxy Statement filed with the SEC on December 16, 2005 is incorporated herein by reference.

(c) Changes in Control

Management of the Company knows of no arrangements, including any pledge by any persons of securities of the Company, the operation of which may, at a subsequent date, result in a change in control of the Registrant.

(d) Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued under the Company's omnibus incentive plans. The Company does not have any equity compensation plan that was not approved by shareholders, except for its employee stock ownership.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in (a))
Equity compensation plans approved by shareholders	311,328	$18.11	91,862
Equity Compensation plans not approved by shareholders	—	—	—

Item 13. <u>Certain Relationships and Related Transactions</u>

Information concerning certain relationships and transactions is incorporated herein by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held in January 2006, filed on December 16, 2005.

Item 14. <u>Principal Accountant Fees and Services</u>

Audit Fees

Fees paid to McGladrey & Pullen, LLP and its associated entity, RSM McGladrey, Inc., for each of the last two fiscal years are set forth below.

Fiscal Year	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2005	$ 121,000	$ 20,000	$ 17,000	$ —
2004	$ 83,000	$ 7,000	$ 13,000	$ —

Audit fees consist of fees for audit of the Company's annual financial statements, review of financial statements included in the Company's quarterly reports on Form 10-Q and services normally provided by the independent auditor in connection with statutory and regulatory filings or engagements.

Audit related fees consist of fees for audits of financial statements of the employee benefit plan maintained by the Company.

Tax fees consist of fees for tax consultation and tax compliance services for the Company and the employee benefit plan maintained by the Company.

The Company's Audit Committee has considered and concluded that the provision of all non-auditing services (and the aggregate fees billed for such services) in the fiscal year ended September 30, 2005 by McGladrey & Pullen, LLP, the principal independent public accountants, is compatible with maintaining the principal auditors' independence.

Pre-Approval Policy. The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. The non-audit services include audit-related services and tax services. The Audit Committee's policy is to pre-approve all services and fees for up to one year, which approval includes the appropriate detail with regard to each particular service and its related fees. In addition, the Audit Committee can be convened on a case-by-case basis to approve any services not anticipated or services whose costs exceed the pre-approved amounts.

During the fiscal year ended September 30, 2005, 100% of all audit and permissible non-audit services were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

The following is a list of documents filed as part of this report:

(a) Financial Statements:

The following financial statements are incorporated by reference under Part II, Item 8 of this Form 10-K:

1. Report of Independent Registered Public Accounting Firm.
2. Consolidated Balance Sheets as of September 30, 2005 and 2004.
3. Consolidated Statements of Operations for the Years Ended September 30, 2005, 2004 and 2003.
4. Consolidated Statements of Changes in Shareholders' Equity for the Years Ended September 30, 2005, 2004 and 2003.
5. Consolidated Statements of Cash Flows for the Years Ended September 30, 2005, 2004 and 2003.
6. Notes to Consolidated Financial Statements.

(b) Exhibits :

See Index of Exhibits.

(c) Financial Statement Schedules:

All financial statement schedules have been omitted as the information is not required under the related instructions or is inapplicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: December 23, 2005

By: /s/ J. Tyler Haahr

J. Tyler Haahr
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ J. Tyler Haahr — Date: December 23, 2005

J. Tyler Haahr, President
and Chief Executive Officer
(Principal Executive Officer)

By: /s/ James S. Haahr — Date: December 23, 2005

James S. Haahr, Chairman of the Board

By: /s/ E. Wayne Cooley — Date: December 23, 2005

E. Wayne Cooley, Director

By: /s/ E. Thurman Gaskill — Date: December 23, 2005

E. Thurman Gaskill, Director

By: /s/ Brad Hanson — Date: December 23, 2005

Bradley C. Hanson, Director

By: /s/ G. Mark Mickelson — Date: December 23, 2005

G. Mark Mickelson, Director

By: /s/ Rodney G. Muilenburg — Date: December 23, 2005

Rodney G. Muilenburg, Director

By: /s/ Jeanne Partlow — Date: December 23, 2005

Jeanne Partlow, Director

By: /s/ Ronald J. Walters — Date: December 23, 2005

Ronald J. Walters, Senior Vice
President, Secretary, Treasurer and
Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description
3(i)	Registrant’s Articles of Incorporation as currently in effect, filed on June 17, 1993 as an exhibit to the Registrant’s registration statement on Form S-1 (Commission File No. 33-64654), are incorporated herein by reference.
3(ii)	Registrant’s Bylaws, as amended and restated, filed as Exhibit 3(ii) to Registrant’s Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 0-22140), is incorporated herein by reference.
4	Registrant’s Specimen Stock Certificate, filed on June 17, 1993 as an exhibit to the Registrant’s registration statement on Form S-1 (Commission File No. 33-64654), is incorporated herein by reference.
10.1	Registrant’s 1995 Stock Option and Incentive Plan, filed as Exhibit 10.1 to Registrant’s Report on Form 10-KSB for the fiscal year ended September 30, 1996 (Commission File No. 0-22140), is incorporated herein by reference.
10.2	Registrant’s 1993 Stock Option and Incentive Plan, filed on June 17, 1993 as an exhibit to the Registrant’s registration statement on Form S-1 (Commission File No. 33-64654), is incorporated herein by reference.
10.3	Registrant’s Recognition and Retention Plan, filed on June 17, 1993 as an exhibit to the Registrant’s registration statement on Form S-1 (Commission File No. 33-64654), is incorporated herein by reference.
10.4	Employment agreement between MetaBank and J. Tyler Haahr, filed as an exhibit to Registrant’s Report on Form 10-K for the fiscal year ended September 30, 1997 (Commission File No. 0-22140), is incorporated herein by reference.
10.5	Registrant’s Supplemental Employees’ Investment Plan, filed as an exhibit to Registrant’s Report on Form 10-KSB for the fiscal year ended September 30, 1994 (Commission File No. 0-22140), is incorporated herein by reference.
10.6	Employment agreements between MetaBank and James S. Haahr, filed on June 17, 1993 as an exhibit to the Registrant’s registration statement on Form S-1 (Commission File No. 33-64654), is incorporated herein by reference.
10.7	Registrant’s Executive Officer Compensation Program, filed as Exhibit 10.6 to Registrant’s Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 0-22140), is incorporated herein by reference.
10.8	Registrant’s Executive Officer Incentive Stock Option Plan for Mergers and Acquisitions, filed as Exhibit 10.7 to Registrant’s Report on Form 10-K for the fiscal year ended September 30, 1998 (Commission File No. 0-22140), is incorporated herein by reference.
10.9	Registrant’s 2002 Omnibus Incentive Plan, filed as Exhibit 10.9 to Registrant’s Report on Form 10-K for the fiscal year ended September 30, 2003 (Commission File No. 0-22140), is incorporated herein by reference.
10.10	Employment agreement between MetaBank and Bradley C. Hanson, is filed herewith.
10.11	Employment agreement between MetaBank and Troy Moore III, is filed herewith.
11	Statement re: computation of per share earnings (included under Note 2 of Notes to Consolidated Financial Statements in the Annual Report to Shareholders’ attached hereto as Exhibit 13).
13	Annual Report to Shareholders.
21	Subsidiaries of the Registrant.
23	Consent of McGladrey & Pullen, LLP.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 10.10

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of this 24 th day of October, 2005, by and between METABANK, 121 E. 5 th Street, Storm Lake, Iowa 50588 (hereinafter referred to as the "Bank" whether in mutual or stock form) and Bradley C. Hanson (the "Employee"), who resides at 27332 Ridgeway Road, Harrisburg, South Dakota 57032.

WHEREAS, the Employee is currently serving as Executive Vice President; and

WHEREAS, the Bank is a publically held corporation as the subsidiary of Meta Financial Group, Inc. (the "Holding Company") and

WHEREAS, the Board of Directors of the Bank recognizes that, as is the case with publicly held corporations generally, the possibility of a change in control of the

Holding Company and/or the Bank may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Bank, the

Holding Company and it stockholders; and

WHEREAS, the Board of Directors of the Bank believes it is in the best interests of the Bank to enter into this Agreement with the Employee in order to assure continuity of management of the Bank and to reinforce and encourage the continued attention and dedication of the Employee to his assigned duties without distraction in the face of potentially disruptive circumstances arising from the possibility of a change in control of the Holding Company, although no such change is now contemplated; and

WHEREAS, the Board of Directors of the Bank has approved and authorized the execution of this Agreement with the Employee to take effect as stated in Section 4 hereof;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, it is AGREED as follows:

1. Employment . The Employee will be employed as Executive Vice President of the Bank. As Executive Vice President, Employee shall render administrative and management services as are customarily performed by persons situated in similar executive capacities, and shall have other powers and duties as may from time to time be prescribed by the Board, provided that such duties are consistent with the Employee's position as Executive Vice President and are agreed to by Employee. The Employee shall continue to devote his best efforts and substantially all his business time and attention to the business and affairs of the Bank and its subsidiaries and affiliated companies.

2. Compensation .

(a) Salary . The Bank agrees to pay the Employee during the term of this Agreement a salary established by the Board of Directors. The salary hereunder as of the Commencement Date (as defined in Section 4 hereof) shall be at least equal to the Employee's salary in effect immediately prior to the Commencement Date. The salary provided for herein shall be payable not less frequently than biweekly in accordance with the practices of the Bank, provided, however, that no such salary is required to be paid by the terms of this Agreement in respect of any month or portion thereof subsequent to the termination of this Agreement and provided further, that the amount of such salary shall be reviewed by the Board of Directors not less often than annually and may be increased (but not decreased) from time to time in such amounts as the Board of Directors in its discretion may decide, subject to the customary withholding tax and other employee taxes as required with respect to compensation paid by a corporation to an employee.

(b) Discretionary Bonuses . The Employee shall be entitled to participate in an equitable manner with all other executive officers of the Bank in discretionary bonuses as authorized and declared by the Board of Directors of the Bank to its executive employees. No other compensation provided for in this Agreement shall be deemed a substitute for the Employee's right to participate in such bonuses when and as declared by the Board of Directors.

(c) Expenses . During the term of his employment hereunder, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with policies and procedures at least as favorable to the Employee as those presently applicable to the senior executive officers of the Bank) in performing services hereunder, provided that the Employee properly accounts therefore in accordance with Bank policy.

3. Benefits .

(a) Participation in Retirement and Employee Benefit Plans . The Employee shall be entitled while employed hereunder to participate in, and receive benefits under, all plans relating to stock options, stock purchases, pension, thrift, profit-sharing, group life insurance, medical coverage, education, cash or stock bonuses, and other retirement or employee benefits or combinations thereof, that are now or hereafter maintained for the benefit of the Bank's executive employees or for its employees generally.

(b) Fringe Benefits . The Employee shall be eligible while employed hereunder to participate in, and receive benefits under, any other fringe benefits which are or may become applicable to the Bank's executive employees or to its employees generally.

4. Term . The term of employment under this Agreement shall be a period of three (3) years commencing on the date of completion of the Conversion (the Commencement Date") subject to earlier termination as provided herein. Beginning on the first anniversary of the Commencement Date, and on each anniversary thereafter, the term of employment under this Agreement shall be extended for a period of one year unless either the Bank or the Employee gives contrary written notice to the other not less than 90 days in advance of the date on which the term of employment under this Agreement would otherwise be extended, provided that such term will not be automatically extended unless, prior thereto, such extension is approved by the Board of Directors following the Board's review of a formal performance evaluation of the Employee performed by the disinterested members of the Board of Directors of the Bank and reflected in the minutes of the Board of Directors. Reference herein to the term of employment under this Agreement shall refer to both such initial term and such extended terms.

5. Vacations . The Employee shall be entitled, without loss of pay, to absent himself voluntarily from the performance of his employment under this Agreement, all such voluntary absences to count as vacation time, provided that:

(a) the Employee shall be entitled to an annual vacation of not less than five (5) weeks per year;

(b) the timing of vacations shall be scheduled in a reasonable manner by the Employee; and

(c) solely at the Employee’s request, the Board of Directors shall be entitled to grant to the Employee a leave or leaves of absence with or without pay at such time or times and upon such terms and conditions as the Board, in its discretion, may determine.

6. Termination of Employment; Death .

(a) The Board of Directors may terminate the Employee’s employment at any time, but any termination by the Bank’s Board of Directors, other than termination for cause, shall not prejudice the Employee’s right to compensation or other benefits under the Agreement. If the employment of the Employee is involuntarily terminated, other than for “cause” as provided in this Section 6 (a) or pursuant to any of Sections 6 (d) through 6 (g), or by reason of death or disability as provided in Sections 6 (c) or 7, the Employee shall be entitled to receive, (i) his then applicable salary for the then-remaining term of the Agreement as calculated in accordance with Section 4 hereof, payable in such manner and at such times as such salary would have been payable to the Employee under Section 2 before any reduction or adverse change in salary or benefits under section (a)(2)(iii) below, and (ii) health insurance benefits as maintained by the Bank for the benefit of its senior executive employees or its employees generally over the then-remaining term of the Agreement as calculated in accordance with Section 4 hereof.

The terms “termination” or “involuntarily terminated” in this Agreement shall refer to the termination of the employment of Employee without his express written consent.

The Employee shall be considered to be involuntarily terminated (1) if the employment of the Employee is involuntarily terminated for any reason other than for “cause” as provided in this Section 6 (a), pursuant to any of Sections 6 (d) through 6 (g) or by reason of death or disability as provided in Sections 6 (c) and 7; or (2) there occurs a material diminution of or interference with the Employee’s duties, responsibilities and benefits as Executive Vice President of the Bank. By way of example and not by way of limitation, any of the following actions, if unreasonable or materially adverse to the Employee, shall constitute such diminution or interference unless consented to in writing by the Employee: (i) a change in the principal workplace of the Employee to a location more than fifty (50) miles from the Bank’s main office; (ii) a material demotion of the Employee, a reduction in the number or seniority of other Bank personnel reporting to the Employee, or a reduction in the frequency with which, or in the nature of the matters with respect to which, such personnel are to report to the Employee, other than as part of a Bank or Holding Company-wide reduction in staff; or (iii) a reduction or adverse change in the salary, perquisites, benefits, contingent benefits or vacation time which had theretofore been provided to the Employee, other than as part of an overall program applied uniformly and with equitable effect to all members of the senior management of the Bank or the Holding Company.

In the case of termination of the Employee’s employment for cause, the Bank shall pay the Employee his salary through the date of termination, and the Bank shall have no further obligation to the Employee under this Agreement. The Employee shall have no right to receive compensation or other benefits for any period after termination for cause. For purposes of this Agreement, termination for “cause” shall include termination because of the Employee’s personal dishonesty, incompetence, willful misconduct, breach of a fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order relating to the business conducted by Bank, or material breach of any provision of this Agreement. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the disinterested members of the Board of Directors of the Bank at a meeting of the Board called and held for such purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with the Employee’s counsel, to be heard before the Board), stating that in the good faith opinion of the Board the Employee was guilty of conduct constituting “cause” as set forth above and specifying the particulars thereof in detail.

(b) The Employee’s employment may be voluntarily terminated by the Employee at any time upon 90 days written notice to the Bank or upon such shorter period as may be agreed upon between the Employee and the Board of Directors of the Bank. In the event of such voluntary termination, the Bank shall be obligated to continue to pay the Employee his salary only through the date of termination, at the time such payments are due, and the Bank shall have no further obligation to the Employee under this Agreement.

(c) In the event of the death of the Employee during the term of employment under this agreement and prior to any termination hereunder, the Employee’s estate, or such person as the Employee may have previously designated in writing, shall be entitled to receive from the Bank the salary of the Employee through the last day of the calendar month in which his death shall have occurred, and the term of employment under this Agreement shall end on such last day of the month.

(d) If the Employee is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank’s affairs by a notice served under Section 8 (e) (3)or (g) (1) of the Federal Deposit Insurance Act (“FDIA”), 12 U.S.C. § 1818 (e) (3); (g) (1), the Bank’s obligations under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay the Employee all or part of the compensation withheld while its obligations under this Agreement were suspended and (ii) reinstate in whole or in part any of the obligations which were suspended.

(e) If the Employee is removed from office and/or permanently prohibited from participating in the conduct of the Bank’s affairs by an order issued under Section (8) (e) (4) or (g) (1) of the FDIA, 12 U.S.C. § 1818 (e) (4); (g) (1), all obligations of the Bank under this Agreement shall terminate, as of the effective date of the order, but vested rights of the parties shall not be affected.

(f) If the Bank becomes in default (as defined in Section 3 (x) (1) of the FDIA, 12 U.S.C. § 1813 (x) (1)), all obligations under this Agreement shall terminate as of the date of default, but this provision shall not affect any vested rights of the parties.

(g) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of this Agreement is necessary for the continued operation of the Bank: (i) by the Director of the Office of Thrift Supervision (“OTS”) or his or her designee at the time the Federal Deposit Insurance Corporation or the Resolution Trust Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13 (c) of the FDIA, 12 U.S.C. § 1823 (c); or (ii) by the Director of the OTS or his or her designee at the time the Director of the OTS or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Director of the OTS to be in unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by any such action.

(h) In the event the Bank purports to terminate the Employee for cause, but it is determined by a court of competent jurisdiction or by an arbitrator pursuant to Section 17 that cause did not exist for such termination, or if in any event it is determined by any such court or arbitrator that the Bank has failed to make timely payment of any amounts owed to the Employee under this Agreement, the Employee shall be entitled to reimbursement of any unpaid compensation accruing during the period of termination and interest thereon and all reasonable costs, including attorneys’ fees, incurred in challenging such termination or collecting such amounts. Such reimbursement shall be in addition to all rights to which the Employee is otherwise entitled under this Agreement.

7. Disability. If during the term of employment hereunder the Employee shall become disabled or incapacitated to the extent that he is unable to perform the duties of the Executive Vice President, he shall be entitled to receive disability benefits of the type provided for other executive employees of the Bank.

8. Change in Control.

(a) Involuntary Termination. If the Employee's employment is involuntarily terminated (other than for cause or pursuant to any of Sections 6 (c) through 6 (g) or Section 7 of this Agreement) in connection with or within 12 months after a change in control which occurs at any time during the term of employment under this Agreement, in addition to any payments under Section 6 (a) of the Agreement, the Bank shall pay to the Employee in a lump sum in cash within 25 business days after the Date of Termination (as hereinafter defined) of employment an amount equal to 299% of the Employee's "base amount" of compensation as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

(b) Definitions. For purposes of Section 8, 9 and 11 of this Agreement, "Date of Termination" means the earlier of (i) the date upon which the Bank gives notice to the Employee of the termination of his employment with the Bank, or (ii) the date upon which the Employee ceases to serve as an Employee of the Bank; and "change in control" is defined solely as any acquisition of control (other than pursuant to the Conversion or by a trustee or other fiduciary holding securities under an employee benefit plan of the Holding Company or a subsidiary of the Holding Company), as defined in 12 C.F.R. § 574.4, or any successor regulation, of the Bank or Holding Company which would require the filing of an application for acquisition of control or notice of change in control in a manner as set forth in 12 C.F.R. § 574.3, or any successor regulation.

9. Certain Reduction of Payments by the Bank.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Bank to or for the benefit of the Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be nondeductible (in whole or part) by the Bank for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such amounts payable or distributable pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount, not less than zero, expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be nondeductible by the Bank because of Section 280G of the Code. For purposes of this Section 9, present value shall be determined in accordance with Section 280G (d) (4) of the Code.

(b) All determinations required to be made under this Section 9 shall be made by the Bank's independent auditors, or at the election of such auditors by such other firm or individuals of recognized expertise as such auditors may select (such auditors or, if applicable, such other firm or individual, are hereinafter referred to as the "Advisory Firm"). The Advisory Firm shall within ten business days of the Date of Termination, or at such earlier time as is requested by the Bank, provide to both the Bank and the Employee an opinion (and detailed supporting calculations) that the Bank has substantial authority to deduct for federal income tax purposes the full amount of the Agreement Payments and that the Employee has substantial authority not to report on his federal income tax return any excise tax imposed by Section 4999 of the Code with respect to the Agreement Payments. Any such determination and opinion by the Advisory Firm shall be binding upon the Bank and the Employee. The Employee shall determine which and how much, if any, of the Agreement Payments shall be eliminated or reduced consistent with the requirements of this Section 9, provided that, if the Employee does not make such determination within ten business days of the receipt of the calculations made by the Advisory Firm, the Bank shall elect which and how much, if any, of the Agreement Payments shall be eliminated or reduced consistent with the requirements of this Section 9 and shall notify the Employee promptly of such election. Within five business days of the earlier of (i) the Bank's receipt of the Employee's determination pursuant to the immediately preceding sentence of this Agreement or (ii) the Bank's election in lieu of such determination, the Bank shall pay to or distribute to or for the benefit of the Employee such amounts as are then due the Employee under this Agreement. The Bank and the Employee shall cooperate fully with the Advisory Firm, including without limitation providing to the Advisory Firm all information and materials reasonably requested by it, in connection with the making of the determinations required under this Section 9.

(c) As a result of uncertainty in application of Section 280G of the Code at the time of the initial determination by the Advisory Firm hereunder, it is possible that Agreement Payments will have been made by the Bank which should not have been made ("Overpayment") or that additional Agreement Payments will not have been made by the Bank which should have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Advisory Firm, based upon the assertion by the Internal Revenue Service against the Employee of a deficiency which the Advisory Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Bank to or for the benefit of Employee shall be treated for all purposes as a loan ab initio which the Employee shall repay to the Bank together with interest at the applicable federal rate provided for in Section 7872 (f) (2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Employee to the Bank if and to the extent such deemed loan and payment would not either reduce the amount on which the Employee is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Advisory Firm, based upon controlling preceding or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Bank to or for the benefit of the Employee together with interest at the applicable federal rate provided for in Section 7872 (f) (2) of the Code.

(d) The total of payments to the Employee in the event of involuntary termination of employment under Section 6(a) and Section 8(a) shall not exceed three times his average annual compensation from the Bank over the five most recent taxable years (or, if employed by the Bank for a shorter period, over the period of his employment by the Bank).

(e) Any payments made to the Employee pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. 1828(k) and any regulations promulgated thereunder.

10. Non-competition

(a) Employee shall not, during the period of his employment and for a period of two (2) years following the termination of his employment for any reason, directly or indirectly own, operate, consult or be employed by any person or entity engaged in any business or activity in the prepaid debit card industry or which is competitive with the prepaid debit card product and related services of Bank, anywhere within the United States, if Bank continues to carry on a like business therein; provided, however, nothing herein shall prevent Employee from working in the credit card industry so long as such work does not breach the provisions of this Agreement.

Employee shall not, during the period of his employment and for a period of two (2) years following termination of his employment for any reason, solicit any existing customers of Bank or solicit potential customers if such potential customers were identified or developed during the course of Employee's employment with Bank, or otherwise divert or attempt to divert any existing business of Bank, anywhere within the United States.

(b) Employee shall not, directly or indirectly, solicit, induce, recruit or cause another Bank employee to terminate his or her employment for a period of two (2) years following the termination of Employee's employment, for any reason, anywhere within the United States.

(c) Employee shall not, either during his employment with Bank or at any time thereafter, except as required in the conduct of Bank's business or as authorized in writing by Bank, use, publish, disclose, appropriate or communicate, directly or indirectly, any of the following information which Employee, in any way, has acquired or may acquire during, or by reason of, his employment with Bank:

Marketing, sales, service, costs, business methods, formulas, product specifications, planning, and technical information relating to Bank, as well as customer lists and any other information which could give any third party an opportunity to obtain an advantage over competitors who did not know such information; and

Trade secrets which are used in Bank's business and give Bank an opportunity to obtain an advantage over competitors who do not know them.

(d) Employee understands that in the event of a violation of any provision of this Agreement, Bank shall have the right to seek injunctive relief, in addition to any other existing rights or remedies provided in this Agreement or by operation of law, whether legal or equitable, without the requirement of posting a bond.

(e) Employee agrees that the restrictions and limitations contained in this Agreement are reasonable as to scope and duration and are necessary to protect Bank's trade secrets and confidential information and to preserve for Bank the competitive advantage derived from maintaining confidentiality and restricting competition by Employee. In the event that any of the restrictions and limitations contained in this Agreement are deemed to be unreasonable or to otherwise exceed any time, geographic or other limitations permitted by applicable law, the provisions of this Agreement shall be reformed to the maximum limitations permitted by applicable law, and each provision determined to be unreasonable or not in compliance with applicable law shall be deemed severed from the remaining terms and conditions of this Agreement.

(f) The provisions of subsections (a),(b),(c),(d) and (e) hereof shall not prevent the Employee from purchasing, solely for investment, not more than five percent (5%) of any financial institution's stock or other securities which are traded on any national or regional securities exchange or are actively traded in the over-the-counter market and registered under Section 12 (g) of the Securities Exchange Act of 1934.

(g) The provisions of this Section shall survive the termination of the Employee's employment hereunder whether by expiration of the term thereof or otherwise.

11. No Assignments .

(a) This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party; provided, however, that the Bank will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Bank, by an assumption agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Bank would be required to perform it if no such succession or assignment had taken place. Failure of the Bank to obtain such an assumption agreement prior to the effectiveness of any such succession or assignment shall be a breach of this Agreement and shall entitle the Employee to compensation from the Bank in the same amount and on the same terms as the compensation pursuant to Section 8 (a) hereof. For purposes of implementing the provisions of this Section 11 (a), the date on which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amounts would still be payable to the Employee hereunder if the Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the- Employee's devisee, legatee or other designee or if there is no such designee, to the Employee's estate.

12. Notice . For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement (provided that all notices to the Bank shall be directed to the attention of the Board of Directors of the Bank with a copy to the Secretary of the Bank), or to such other address as either party may have furnished to the other in writing in accordance herewith.

13. Amendments . No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

14. Paragraph Headings . The paragraph headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

15. Severability . The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

16. Governing Law . This Agreement shall be governed by the laws of the United States to the extent applicable and otherwise by the laws of the State of Iowa.

17. Arbitration . Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION

WHICH MAY BE ENFORCED BY THE PARTIES.

METABANK

By: /s/ E. Wayne Cooley

E. Wayne Cooley
Chairman, Compensation Committee

EMPLOYEE

/s/ Bradley C. Hanson

Bradley C. Hanson

EXHIBIT 10.11

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of this 24 th day of October, 2005, by and between METABANK, 121 E. 5 th Street, Storm Lake, Iowa 50588 (hereinafter referred to as the "Bank" whether in mutual or stock form) and Troy Moore III (the "Employee"), who resides at 14731 Lakeview Drive, Clive, Iowa 50325.

WHEREAS, the Employee is currently serving as Executive Vice President and Chief Operating Officer; and

WHEREAS, the Bank is a publicly held corporation as the subsidiary of Meta Financial Group, Inc. (the "Holding Company") and

WHEREAS, the Board of Directors of the Bank recognizes that, as is the case with publicly held corporations generally, the possibility of a change in control of the Holding Company and/or the Bank may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Bank, the Holding Company and its stockholders; and

WHEREAS, the Board of Directors of the Bank believes it is in the best interests of the Bank to enter into this Agreement with the Employee in order to assure continuity of management of the Bank and to reinforce and encourage the continued attention and dedication of the Employee to his assigned duties without distraction in the face of potentially disruptive circumstances arising from the possibility of a change in control of the Holding Company, although no such change is now contemplated; and

WHEREAS, the Board of Directors of the Bank has approved and authorized the execution of this Agreement with the Employee to take effect as stated in Section 4 hereof;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, it is AGREED as follows:

1. Employment . The Employee will be employed as Executive Vice President and Chief Operating Officer of the Bank. As Executive Vice President and Chief Operating Officer, Employee shall render administrative and management services as are customarily performed by persons situated in similar executive capacities, and shall have other powers and duties as may from time to time be prescribed by the Board, provided that such duties are consistent with the Employee's position as Executive Vice President and Chief Operating Officer. The Employee shall continue to devote his best efforts and substantially all his business time and attention to the business and affairs of the Bank and its subsidiaries and affiliated companies.

2. Compensation .

(a) Salary . The Bank agrees to pay the Employee during the term of this Agreement a salary established by the Board of Directors. The salary hereunder as of the Commencement Date (as defined in Section 4 hereof) shall be at least equal to the Employee's salary in effect immediately prior to the Commencement Date. The salary provided for herein shall be payable not less frequently than biweekly in accordance with the practices of the Bank, provided, however, that no such salary is required to be paid by the terms of this Agreement in respect of any month or portion thereof subsequent to the termination of this Agreement and provided further, that the amount of such salary shall be reviewed by the Board of Directors not less often than annually and may be increased (but not decreased) from time to time in such amounts as the Board of Directors in its discretion may decide, subject to the customary withholding tax and other employee taxes as required with respect to compensation paid by a corporation to an employee.

(b) Discretionary Bonuses . The Employee shall be entitled to participate in an equitable manner with all other executive officers of the Bank in discretionary bonuses as authorized and declared by the Board of Directors of the Bank to its executive employees. No other compensation provided for in this Agreement shall be deemed a substitute for the Employee's right to participate in such bonuses when and as declared by the Board of Directors.

(c) Expenses . During the term of his employment hereunder, the Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him (in accordance with policies and procedures at least as favorable to the Employee as those presently applicable to the senior executive officers of the Bank) in performing services hereunder, provided that the Employee properly accounts therefore in accordance with Bank policy.

3. Benefits .

(a) Participation in Retirement and Employee Benefit Plans . The Employee shall be entitled while employed hereunder to participate in, and receive benefits under, all plans relating to stock options, stock purchases, pension, thrift, profit-sharing, group life insurance, medical coverage, education, cash or stock bonuses, and other retirement or employee benefits or combinations thereof, that are now or hereafter maintained for the benefit of the Bank's executive employees or for its employees generally.

(b) Fringe Benefits . The Employee shall be eligible while employedhereunder to participate in, and receive benefits under, any other fringe benefits which are or may become applicable to the Bank's executive employees or to its employees generally.

4. Term . The term of employment under this Agreement shall be a period of three (3) years commencing on the date of completion of the Conversion (the "Commencement Date") subject to earlier termination as provided herein. Beginning on the first anniversary of the Commencement Date, and on each anniversary thereafter, the term of employment under this Agreement shall be extended for a period of one year unless either the Bank or the Employee gives contrary written notice to the other not less than 90 days in advance of the date on which the term of employment under this Agreement would otherwise be extended, provided that such term will not be automatically extended unless, prior thereto, such extension is approved by the Board of Directors following the Board's review of a formal performance evaluation of the Employee performed by the disinterested members of the Board of Directors of the Bank and reflected in the minutes of the Board of Directors. Reference herein to the term of employment under this Agreement shall refer to both such initial term and such extended terms.

5. Vacations . The Employee shall be entitled, without loss of pay, to absent himself voluntarily from the performance of his employment under this Agreement, all such voluntary absences to count as vacation time, provided that:

(a) the Employee shall be entitled to an annual vacation of not less than five (5) weeks per year;

(b) the timing of vacations shall be scheduled in a reasonable manner by the Employee; and

(c) solely at the Employee's request, the Board of Directors shall be entitled to grant to the Employee a leave or leaves of absence with or without pay at such time or times and upon such terms and conditions as the Board, in its discretion, may determine.

6. Termination of Employment; Death .

(a) The Board of Directors may terminate the Employee's employment at any time, but any termination by the Bank's Board of Directors, other than termination for cause, shall not prejudice the Employee's right to compensation or other benefits under the Agreement. If the employment of the Employee is involuntarily terminated, other than for "cause" as provided in this Section 6 (a) or pursuant to any of Sections 6 (d) through 6 (g), or by reason of death or disability as provided in Sections 6 (c) or 7, the Employee shall be entitled to receive, (i) his then applicable salary for the then-remaining term of the Agreement as calculated in accordance with Section 4 hereof, payable in such manner and at such times as such salary would have been payable to the Employee under Section 2 had he remained in the employ of the Bank, and (ii) health insurance benefits as maintained by the Bank for the benefit of its senior executive employees or its employees generally over the then-remaining term of the Agreement as calculated in accordance with Section 4 hereof.

The terms "termination" or "involuntarily terminated" in this Agreement shall refer to the termination of the employment of Employee without his express written consent. The Employee shall be considered to be involuntarily terminated (1) if the employment of the Employee is involuntarily terminated for any reason other than for "cause" as provided in this Section 6 (a), pursuant to any of Sections 6 (d) through 6 (g) or by reason of death or disability as provided in Sections 6 (c) and 7; or (2) there occurs a material diminution of or interference with the Employee's duties, responsibilities and benefits as Executive Vice President and Chief Operating Officer of the Bank. By way of example and not by way of limitation, any of the following actions, if unreasonable or materially adverse to the Employee, shall constitute such diminution or interference unless consented to in writing by the Employee: (i) a change in the principal workplace of the Employee to a location more than fifty (50) miles from the Bank's main office; (ii) a material demotion of the Employee, a reduction in the number or seniority of other Bank personnel reporting to the Employee, or a reduction in the frequency with which, or in the nature of the matters with respect to which, such personnel are to report to the Employee, other than as part of a Bank or Holding Company-wide reduction in staff; or (iii) a reduction or adverse change in the salary, perquisites, benefits, contingent benefits or vacation time which had theretofore been provided to the Employee, other than as part of an overall program applied uniformly and with equitable effect to all members of the senior management of the Bank or the Holding Company.

In the case of termination of the Employee's employment for cause, the Bank shall pay the Employee his salary through the date of termination, and the Bank shall have no further obligation to the Employee under this Agreement. The Employee shall have no right to receive compensation or other benefits for any period after termination for cause. For purposes of this Agreement, termination for "cause" shall include termination because of the Employee's personal dishonesty, incompetence, willful misconduct, breach of a fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order, or material breach of any provision of this Agreement. Notwithstanding the foregoing, the Employee shall not be deemed to have been terminated for cause unless and until there shall have been delivered to the Employee a copy of a resolution, duly adopted by the affirmative vote of not less than a majority of the disinterested members of the Board of Directors of the Bank at a meeting of the Board called and held for such purpose (after reasonable notice to the Employee and an opportunity for the Employee, together with the Employee's counsel, to be heard before the Board), stating that in the good faith opinion of the Board of Employee was guilty of conduct constituting "cause" as set forth above and specifying the particulars thereof in detail.

(b) The Employee's employment may be voluntarily terminated by the Employee at any time upon 90 days written notice to the Bank or upon such shorter period as may be agreed upon between the Employee and the Board of Directors of the Bank. In the event of such voluntary termination, the Bank shall be obligated to continue to pay the Employee his salary only through the date of termination, at the time such payments are due, and the Bank shall have no further obligation to the Employee under this Agreement.

(c) In the event of the death of the Employee during the term of employment under this agreement and prior to any termination hereunder, the Employee's estate, or such person as the Employee may have previously designated in writing, shall be entitled to receive from the Bank the salary of the Employee through the last day of the calendar month in which his death shall have occurred, and the term of employment under this Agreement shall end on such last day of the month.

(d) If the Employee is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8 (e) (3) or (g) (1) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818 (e) (3); (g) (1), the Bank's obligations under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay the Employee all or part of the compensation withheld while its obligations under this Agreement were suspended and (ii) reinstate in whole or in part any of the obligations which were suspended.

(e) If the Employee is removed from office and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section (8) (e) (4) or (g) (1) of the FDIA, 12 U.S.C. § 1818 (e) (4); (g) (1), all obligations of the Bank under this Agreement shall terminate, as of the effective date of the order, but vested rights of the parties shall not be affected.

(f) If the Bank becomes in default (as defined in Section 3 (x) (1) of the FDIA, 12 U.S.C. § 1813 (x) (1)), all obligations under this Agreement shall terminate as of the date of default, but this provision shall not affect any vested rights of the parties.

(g) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of this Agreement is necessary for the continued operation of the Bank: (i) by the Director of the Office of Thrift Supervision ("OTS") or his or her designee at the time the Federal Deposit Insurance Corporation or the Resolution Trust Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13 (c) of the FDIA, 12 U.S.C. § 1823 (c); or (ii) by the Director of the OTS or his or her designee at the time the Director of the OTS or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Director of the OTS to be in unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by any such action.

(h) In the event the Bank purports to terminate the Employee for cause, but it is determined by a court of competent jurisdiction or by an arbitrator pursuant to Section 17 that cause did not exist for such termination, or if in any event it is determined by any such court or arbitrator that the Bank has failed to make timely payment of any amounts owed to the Employee under this Agreement, the Employee shall be entitled to reimbursement for all reasonable costs, including attorneys' fees, incurred in challenging such termination or collecting such amounts. Such reimbursement shall be in addition to all rights to which the Employee is otherwise entitled under this Agreement.

7. Disability . If during the term of employment hereunder the Employee shall become disabled or incapacitated to the extent that he is unable to perform the duties of the Executive Vice President and

Chief Operating Officer, he shall be entitled to receive disability benefits of the type provided for other executive employees of the Bank.

8. Change in Control .

(a) Involuntary Termination . If the Employee's employment is involuntarily terminated (other than for cause or pursuant to any of Sections 6 (c) through 6 (g) or Section 7 of this Agreement) in connection with or within 12 months after a change in control which occurs at any time during the term of employment under this Agreement, in addition to any payments under Section 6 (a) of the Agreement, the Bank shall pay to the Employee in a lump sum in cash within 25 business days after the Date of Termination (as hereinafter defined) of employment an amount equal to 299% of the Employee's "base amount" of compensation as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

(b) Definitions . For purposes of Section 8, 9 and 11 of this Agreement, "Date of Termination" means the earlier of (i) the date upon which the Bank gives notice to the Employee of the termination of his employment with the Bank, or (ii) the date upon which the Employee ceases to serve as an Employee of the Bank; and "change in control" is defined solely as any acquisition of control (other than pursuant to the Conversion or by a trustee or other fiduciary holding securities under an employee benefit plan of the Holding Company or a subsidiary of the Holding Company), as defined in 12 C.F.R. § 574.4, or any successor regulation, of the Bank or Holding Company which would require the filing of an application for acquisition of control or notice of change in control in a manner as set forth in 12 C.F.R. § 574.3, or any successor regulation.

9. Certain Reduction of Payments by the Bank .

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Bank to or for the benefit of the Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (a "Payment") would be nondeductible (in whole or part) by the Bank for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Employee pursuant to this Agreement (such amounts payable or distributable pursuant to this Agreement are hereinafter referred to as "Agreement Payments") shall be reduced to the Reduced Amount. The "Reduced Amount" shall be an amount, not less than zero, expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be nondeductible by the Bank because of Section 280G of the Code. For purposes of this Section 9, present value shall be determined in accordance with Section 280G (d) (4) of the Code.

(b) All determinations required to be made under this Section 9 shall be made by the Bank's independent auditors, or at the election of such auditors by such other firm or individuals of recognized expertise as such auditors may select (such auditors or, if applicable, such other firm or individual, are hereinafter referred to as the "Advisory Firm"). The Advisory Firm shall within ten business days of the Date of Termination, or at such earlier time as is requested by the Bank, provide to both the Bank and the Employee an opinion (and detailed supporting calculations) that the Bank has substantial authority to deduct for federal income tax purposes the full amount of the Agreement Payments and that the Employee has substantial authority not to report on his federal income tax return any excise tax imposed by Section 4999 of the Code with respect to the Agreement Payments. Any such determination and opinion by the Advisory Firm shall be binding upon the Bank and the Employee. The Employee shall determine which and how much, if any, of the Agreement Payments shall be eliminated or reduced consistent with the requirements of this Section 9, provided that, if the Employee does not make such determination within ten business days of the receipt of the calculations made by the Advisory Firm, the Bank shall elect which and how much, if any, of the Agreement Payments shall be eliminated or reduced consistent with the requirements of this Section 9 and shall notify the Employee promptly of such election. Within five business days of the earlier of (i) the Bank's receipt of the Employee's determination pursuant to the immediately preceding sentence of this Agreement or (ii) the Bank's election in lieu of such determination, the Bank shall pay to or distribute to or for the benefit of the Employee such amounts as are then due the Employee under this Agreement. The Bank and the Employee shall cooperate fully with the Advisory Firm, including without limitation providing to the Advisory Firm all information and materials reasonably requested by it, in connection with the making of the determinations required under this Section 9.

(c) As a result of uncertainty in application of Section 280G of the Code at the time of the initial determination by the Advisory Firm hereunder, it is possible that Agreement Payments will have been made by the Bank which should not have been made ("Overpayment") or that additional Agreement Payments will not have been made by the Bank which should have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Advisory Firm, based upon the assertion by the Internal Revenue Service against the Employee of a deficiency which the Advisory Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Bank to or for the benefit of Employee shall be treated for all purposes as a loan ab initio which the Employee shall repay to the Bank together with interest at the applicable federal rate provided for in Section 7872 (f) (2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Employee to the Bank if and to the extent such deemed loan and payment would not either reduce the amount on which the Employee is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Advisory Firm, based upon controlling preceding or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Bank to or for the benefit of the Employee together with interest at the applicable federal rate provided for in Section 7872 (f) (2) of the Code.

(d) The total of payments to the Employee in the event of involuntary termination of employment under Section 6(a) and Section 8(a) shall not exceed three times his average annual compensation from the Bank over the five most recent taxable years (or, if employed by the Bank for a shorter period, over the period of his employment by the Bank).

(e) Any payments made to the Employee pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. 1828(k) and any regulations promulgated thereunder.

10. Non-competition

(a) Upon the expiration of the term of the Employee's employment hereunder or in the event the Employee's employment hereunder terminates prior thereto for any reason whatsoever, the Employee shall not, for a period of one (1) year after the occurrence of such event, for himself, or as the agent of, on behalf of, or in conjunction with, any person or entity, solicit or attempt to solicit, whether directly or indirectly: (i) any employee of the Bank to terminate such employee's employment relationship with the Bank; or (ii) any savings and loan, banking or similar business from any person or entity that is or was a client, employee, or customer of the Bank and had dealt with the Employee or any other employee of the Bank under the supervision of the Employee.

(b) In the event Employee voluntarily resigns pursuant to section 6 (b) of this Agreement, or in the event the Employee's employment hereunder is terminated for cause, the Employee shall not, for a period of one (1) year from the date of termination, directly or indirectly, own, manage, operate or control, or participate in the ownership, management, operation or control of, or be employed by or connected in any manner with, any financial institution having an office located within fifty (50) miles of any office of the Bank as of the date of termination.

(c) The provisions of subsections (a) and (b) hereof shall not prevent the Employee from purchasing, solely for investment, not more than five percent (5%) of any financial institution's stock or other securities which are traded on any national or regional securities exchange or are actively traded in the over-the-counter market and registered under Section 12 (g) of the Securities Exchange Act of 1934.

(d) The provisions of this Section shall survive the termination of the Employee's employment hereunder whether by expiration of the term thereof or otherwise.

11. No Assignments .

(a) This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any of its rights or obligations hereunder without first obtaining the written consent of the other party; provided, however, that the Bank will require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Bank, by an assumption agreement in form and substance satisfactory to the Employee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Bank would be required to perform it if no such succession or assignment had taken place. Failure of the Bank to obtain such an assumption agreement prior to the effectiveness of any such succession or assignment shall be a breach of this Agreement and shall entitle the Employee to compensation from the Bank in the same amount and on the same terms as the compensation pursuant to Section 8(a) hereof. For purposes of implementing the provisions of this Section 11 (a), the date on which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement and all rights of the Employee hereunder shall inure to the benefit of and be enforceable by the Employee's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee should die while any amounts would still be payable to the Employee hereunder if the Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Employee's devisee, legatee or other designee or if there is no such designee, to the Employee's estate.

12. Notice . For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement (provided that all notices to the Bank shall be directed to the attention of the Board of Directors of the Bank with a copy to the Secretary of the Bank), or to such other address as either party may have furnished to the other in writing in accordance herewith.

13. Amendments . No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, except as herein otherwise provided.

14. Paragraph Headings . The paragraph headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

15. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

16. Governing Law. This Agreement shall be governed by the laws of the United States to the extent applicable and otherwise by the laws of the State of Iowa.

17. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION

WHICH MAY BE ENFORCED BY THE PARTIES.

METABANK

By: /s/ E. Wayne Cooley

E. Wayne Cooley
Chairman, Compensation Committee

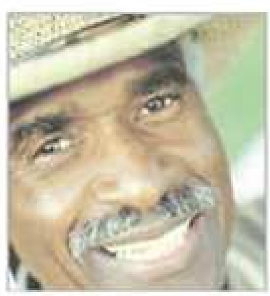
EMPLOYEE

/s/ Troy Moore III

Troy Moore III

Meta Financial Group

2005 ANNUAL REPORT



for every life change

For every life change

Customers don't change banks every day. And they shouldn't. But when "real life" changes, it is just smart to make sure their financial life changes with it. In fact, we think it makes so much sense that we offer a unique Life Change Program SM to both individual and business customers. Life Change Specialists SM utilize detailed checklists and financial know-how to coach them through the personal and financial challenges of the most common life changes... so Meta customers can spend more time enjoying life.

COMPANY STRUCTURE

COMPANY PROFILE

Meta Financial Group, Inc. is a $776 million bank holding company for MetaBank, MetaBank West Central and Meta Trust Company. Headquartered in Storm Lake, Iowa, the Company converted from mutual ownership to stock ownership in 1993. Its primary business is marketing deposits, loans and other financial services and products to meet the needs of its commercial, agricultural, and retail customers.

Meta Financial Group operates under a super-community banking philosophy that allows the Company to grow while maintaining its community bank roots, with local decision making and customer service. Administrative functions, transparent to the customer, are centralized to enhance the banks' operational efficiencies and to improve customer service capabilities.

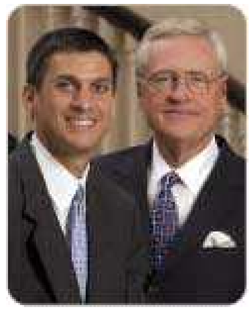
MetaBank is a federally-chartered savings bank with four market areas: Northwest Iowa, Brookings, Central Iowa, Sioux Empire; and the nationally recognized Meta Payment Systems division. Meta Payment Systems manages four primary business lines that contribute to revenue and deposits: prepaid cards, credit cards, Automated Teller Machine (ATM) sponsorship and Automated Clearing House (ACH) origination. MetaBank West Central is a state-chartered commercial bank located in West Central Iowa. Eighteen bank offices support customers throughout central and northwest Iowa and in Brookings and Sioux Falls, South Dakota. Meta Trust provides professional trust services to bank customers.

The Company is affiliated with Bill Markve and Associates to offer a wide range of non-insured investment and insurance products to customers through Ameritas Investment Corporation and other companies.

Banks are Members FDIC and Equal Housing Lenders. As of September 30, 2005, the company and its subsidiary banks had capital ratios in excess of regulatory requirements and are considered well capitalized under regulatory guidelines.

CONTENTS

To Our Shareholders



L TO R: J. TYLER HAAHR, JAMES S. HAAHR

"You've just gotta take care of the people" is the simple credo our company was founded upon more than half a century ago. It is still the cornerstone of our business philosophy today, and is the heart of our mission to make money management easy through every life change.

Earnings for 2005 were disappointing for Meta Financial Group (MFG). The Company reported a net loss of $924 thousand or negative $0.38 per diluted share for the fiscal year ended September 30, 2005. This compares to net income of $4.0 million or $1.57 per diluted share for fiscal year 2004. Boosting the 2004 fiscal year's results was a branch sale net gain, after income taxes, of $699 thousand or $0.28 per diluted share.

For the quarter ended September 30, 2005, the Company recorded net income of $546 thousand or $0.22 per diluted share. Compared to net income of $498 thousand or $0.20 per diluted share for same quarter the previous year, fourth quarter earnings increased $48 thousand or 9.6 percent from 2004 to 2005.

A $4.8 million additional provision for loan losses during the third quarter ended June 30, 2005 was the primary cause for the fiscal 2005 loss. After income taxes, the additional provision reduced earnings by $1.25 per diluted share for the fiscal year.

The additional provision for loan losses related to $9.8 million of loans, which was the Company's share of approximately $32.0 million of total loans to three affiliated companies involved in automobile sales, service and financing, and to the owners thereof.

Liquidation of all three companies' assets has been underway since the beginning of MFG's fourth fiscal quarter. During the fourth quarter, MFG incurred costs related to the liquidation totaling approximately $330 thousand, or $218 thousand net of tax. These costs reduced earnings by approximately $0.09 per share for both the quarter and the 2005 fiscal year. Please consult Management's Discussion and Analysis later in this annual report for further information.

Excluding the impact of the additional provision for loan losses, the associated liquidation costs, the start-up costs for Meta Payment Systems, and the costs related to the Company's name change, net income would have been $705 thousand or $0.28 per diluted share for the fourth quarter, and $3.7 million or $1.46 per diluted share for the year ended September 30, 2005. This compares to net income of $0.34 per diluted share for the three-month period ended September 30, 2004, and net income of $1.49 per diluted share, excluding the profit from the branch sale, for the year ended September 30, 2004. While excluding the impact of the above items is a non-GAAP measure, we believe that it may be useful to provide such information due to the nature of the expenses in order to more accurately compare the results of the periods presented.

At September 30, 2005, non-performing assets totaled $5.4 million ($4.7 million of which is associated with the credit discussed previously) and the ratio of non-performing assets to total assets was 0.69 percent. This compares to $729 thousand and 0.09 percent at September 30, 2004. The Company had $1.91 million of 30-day past due loans, or 0.43 percent of total loans, as of September 30, 2005. This compares to $1.89 million of 30-day past due loans, or 0.45 percent of total loans the previous year.

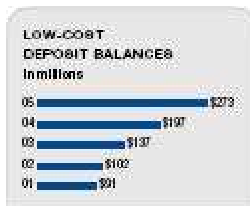
Even though MetaBank, a wholly owned subsidiary of Meta Financial Group Inc., didn't enter the prepaid card business until May 2004 with the creation of its Meta Payment Systems division, the company has become one of the premier financial institutions in the prepaid arena. [1]

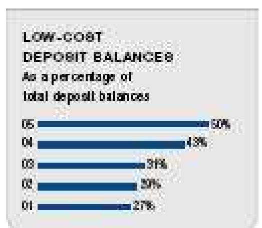
While 2005 did not prove to be a good earnings year for MFG, progress was made toward initiatives that we believe will enhance long-term performance and earnings:

1. Growth of low-cost deposits and commercial loans;
2. Growth of Meta Payment Systems, a division of MetaBank;
3. Branch expansion; and
4. The name change completion.

Low-cost deposit balances (checking, money market, and savings accounts) grew $75.8 million or 38.5 percent while total deposit balances grew $79.2 million or 17.2 percent in 2005. The Company's focus to increase low-cost deposits has produced a $194 million gain or a 247.1 percent increase in low-cost deposit balances and a $222 million gain or a 70.0 percent increase in total deposit balances over the past five years.

Meta Financial Group's commitment to attract low-cost deposits has shifted the percentage of low-cost funds from 26.8 percent of total deposits to 50.4 percent between the end of fiscal 2001 and fiscal 2005. The shift directly improves loan-to-deposit interest rate spreads and enhances the Company's net interest income.





Net interest income grew $1.47 million or 8.3 percent for the year ended September 30, 2005. In addition to strong low-cost deposit balance growth, total loans increased $36.1 million or 8.9 percent during fiscal 2005. Originated commercial real estate and operating loans increased by $45.3 million, or 21.8 percent during the fiscal year. This follows 19.3 percent and 43.5 percent increases in 2004 and 2003 respectively. As the volume of originated commercial loans increases, the Company benefits with the related deposit accounts, better loan-to-deposit spreads, less interest rate sensitivity, and more fee income.

Since its inception in May 2004, MetaBank, through its Meta Payment Systems (MPS) division, has become one of the premier financial institutions in the prepaid arena. [1] It serves banks, card processors, and third-party marketing companies nationwide. The MPS group launched and now manages four primary business lines that contribute to the Company's revenue and deposits: prepaid cards, credit cards, Automated Teller Machine (ATM) sponsorship, and Automated Clearing House (ACH) origination.

MPS expands the Company's opportunity and reach in the growing payments industry. Start up costs associated with MPS resulted in a net loss of $808 thousand or $0.32 per diluted share for the year ended September 30, 2005. This follows a net loss of $490 thousand or $0.20 per diluted share for the previous fiscal year. As the Company anticipated and ahead of original projections, MPS, which operates as a separate business segment, recorded its first profitable quarter with net income of $59 thousand or $0.02 per diluted share in the fourth quarter of fiscal 2005.

The Company also proceeded with previously disclosed plans to open two additional branch offices in Sioux Falls, South Dakota. The third and fourth full-service retail bank offices opened in August and October respectively. The newest facility houses retail bank activities and the Meta Payment Systems division.

It is not a coincidence that Meta means change.

In January 2005, the Company and its subsidiaries united under one name. During the fiscal year, one-time costs related to the name changes, net of income taxes, totaled $428 thousand or $0.17 per diluted share. The Company expects to recoup one-time expenses within the next fiscal year as a result of improved operating and marketing efficiencies associated with the name change.

It is not a coincidence that Meta means change. MetaBank's mission is to make money management easy for customers through every life change. To support the mission, the Company initiated a unique Life Change Program ℠ designed to coach customers—both individual and business—through the ten most common life changes. More than 50 percent of employees are trained Life Change Specialists. ℠ The customer-focused program is just one way MetaBank differentiates itself as it builds stronger customer relationships and a stronger brand.

On June 28, 2005 MFG announced that J. Tyler Haahr, who had served as president and chief operating officer, was named president and chief executive officer of MFG and MetaBank. James S. Haahr, who has worked for the Company since 1961, most recently as chairman and CEO, continues to serve as chairman of the board. Troy Moore, president of MetaBank's central Iowa market, was named executive vice president, chief operating officer and member of the executive committee for MFG and MetaBank. Gene Richardson, who serves as MetaBank West Central's market president also assumed responsibilities as MetaBank's central Iowa market president.

On October 25, 2005 Brad Hanson was elected to the board of directors for MFG, MetaBank, MetaBank West Central and Meta Trust. In addition, Mr. Hanson was appointed executive vice president and member of the executive committee for MFG and MetaBank. He also serves as president of Meta Payment Systems and is a pioneer in the payment systems industry.

On behalf of all Meta Financial Group associates, we remain dedicated to increasing shareholder value and enhancing your return. Thank you for investing in our company.

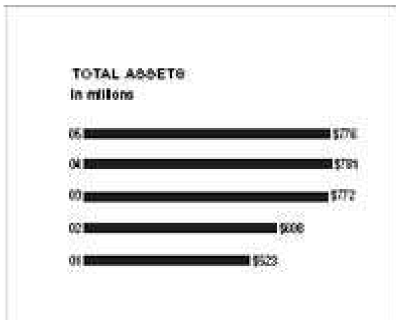
JAMES S. HAAHR
Chairman of the Board

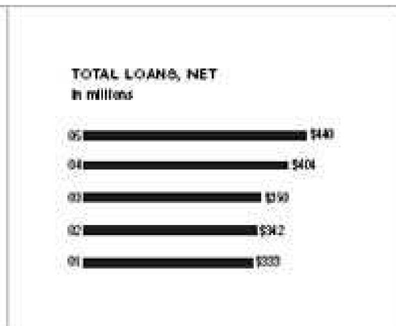
J. TYLER HAAHR
President & CEO

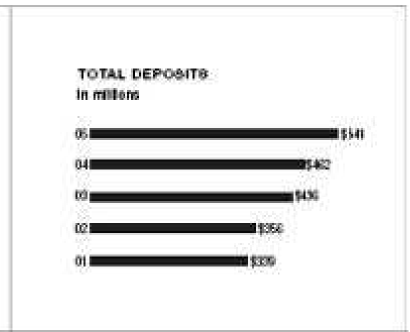
(1) Cullen, Scott. "Banking on Prepaid—Those making a successful transition do so by picking the right partners," *Intele-Card News*, September 1, 2005.

FINANCIAL HIGHLIGHTS

(Dollars in Thousands except Per Share Data)	2005	2004	2003	2002	2001
AT SEPTEMBER 30					
Total assets	$ 776,349	$ 780,799	$ 772,285	$ 607,648	$ 523,183
Total loans, net	440,190	404,051	349,692	341,937	333,062
Total deposits	540,770	461,581	435,553	355,780	338,782
Shareholders' equity	42,959	47,274	43,031	44,588	43,727
Book value per common share	$ 17.16	$ 18.98	$ 17.25	$ 18.06	$ 17.71
Total equity to assets	5.53%	6.05%	5.57%	7.34%	8.36%
FOR THE FISCAL YEAR					
Net interest income	$ 19,239	$ 17,769	$ 15,728	$ 13,700	$ 12,833
Net income (loss)	(924)	3,987	3,397	2,157	1,910
Diluted earnings (loss) per share	$ (0.38)	$ 1.57	$ 1.36	$ 0.87	$ 0.78
Return on average assets	-0.12%	.51%	.47%	.38%	.37%
Return on average equity	-2.05%	8.69%	7.57%	4.95%	4.57%
Net yield on interest-earning assets	2.56%	2.40%	2.31%	2.56%	2.59%







FINANCIAL CONTENTS

Meta Financial Group, Inc. and Subsidiaries

SELECTED CONSOLIDATED FINANCIAL INFORMATION

SEPTEMBER 30,	2005	2004	2003	2002	2001
SELECTED FINANCIAL CONDITION DATA *(In Thousands)*					
Total assets	$ 776,349	$ 780,799	$ 772,285	$ 607,648	$ 523,183
Loans receivable, net	440,190	404,051	349,692	341,937	333,062
Securities available for sale	230,893	322,524	366,075	218,247	145,374
Excess of cost over net assets acquired, net	3,403	3,403	3,403	3,403	3,403
Deposits	540,770	461,581	435,553	355,780	338,782
Total borrowings	190,522	269,109	291,486	205,266	138,344
Shareholders' equity	42,959	47,274	43,031	44,588	43,727

YEAR ENDED SEPTEMBER 30,	2005	2004	2003	2002	2001
SELECTED OPERATIONS DATA *(In Thousands, Except Per Share Data)*					
Total interest income	$ 41,093	$ 36,180	$ 35,179	$ 35,434	$ 38,224
Total interest expense	21,854	18,411	19,451	21,734	25,391
Net interest income	19,239	17,769	15,728	13,700	12,833
Provision for loan losses	5,482	489	350	1,090	710
Net interest income after provision for loan losses	13,757	17,280	15,378	12,610	12,123
Total noninterest income	3,731	3,596	3,555	2,781	1,492
Total noninterest expense	19,097	14,830	13,858	12,268	10,695
Income (loss) before income taxes	(1,609)	6,046	5,075	3,123	2,920
Income tax expense (benefit)	(685)	2,059	1,678	966	1,010
Net income (loss)	$ (924)	$ 3,987	$ 3,397	$ 2,157	$ 1,910
Earnings (loss) per common and common equivalent share:					
Basic earnings (loss) per share	$ -0.38	$ 1.61	$ 1.37	$ 0.88	$ 0.79
Diluted earnings (loss) per share	$ -0.38	$ 1.57	$ 1.36	$ 0.87	$ 0.78

YEAR ENDED SEPTEMBER 30,	2005	2004	2003	2002	2001
SELECTED FINANCIAL RATIOS AND OTHER DATA					
PERFORMANCE RATIOS					
Return on average assets	-0.12%	0.51%	0.47%	0.38%	0.37%
Return on average shareholders' equity	-2.05%	8.69%	7.57%	4.95%	4.57%
Interest rate spread information:					
Average during the year	2.37%	2.27%	2.18%	2.37%	2.24%
End of year	2.56%	2.28%	1.90%	2.53%	2.21%
Net yield on average interest-earning assets	2.56%	2.40%	2.31%	2.56%	2.59%
Ratio of operating expense to average total assets	2.43%	1.91%	1.93%	2.16%	2.09%
QUALITY RATIOS					
Non-performing assets to total assets at end of year	0.69%	0.09%	0.28%	0.58%	0.49%
Allowance for loan losses to non-performing loans	1,057.39%	754.35%	492.75%	220.33%	240.02%
CAPITAL RATIOS					
Shareholders' equity to total assets at end of period	5.53%	6.05%	5.57%	7.34%	8.36%
Average shareholders' equity to average assets	5.77%	5.91%	6.25%	7.68%	8.17%

Ratio of average interest-earning assets to average interest-bearing liabilities	106.74%	105.01%	104.53%	104.86%	106.90%
OTHER DATA					
Book value per common share outstanding.	$ 17.16	$ 18.98	$ 17.25	$ 18.06	$ 17.71
Dividends declared per share	$ 0.52	$ 0.52	$ 0.52	$ 0.52	$ 0.52
Dividend payout ratio	(1)	32%	38%	59%	65%
Number of full-service offices	17	16	16	15	14

(1) Calculation of the Dividend Payout Ratio Is not meaningful due to the net loss for fiscal 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

Meta Financial Group, Inc. (the "Company") is a bank holding company whose primary subsidiaries are MetaBank and MetaBank West Central ("MetaBank WC"). The Company was incorporated in 1993 as a unitary non-diversified savings and loan holding company and, on September 20, 1993, acquired all of the capital stock of MetaBank in connection with MetaBank's conversion from mutual to stock form of ownership. On September 30, 1996, the Company became a bank holding company in conjunction with the acquisition of MetaBank WC.

The Company focuses on establishing and maintaining long-term relationships with customers, and is committed to serving the financial service needs of the communities in its market area. The Company's primary market area includes the following counties: Adair, Buena Vista, Dallas, Guthrie, Pocahontas, Polk, and Sac located in Iowa, and the counties of Brookings, Lincoln and Minnehaha located in east central South Dakota. The Company attracts retail deposits from the general public and uses those deposits, together with other borrowed funds, to originate and purchase residential and commercial mortgage loans, to originate consumer, agricultural and other commercial loans.

The Company's basic mission is to maintain and enhance core earnings while serving its primary market area. As such, the Board of Directors has adopted a business strategy designed to (i) maintain the Company's tangible capital in excess of regulatory requirements, (ii) maintain the quality of the Company's assets, (iii) control operating expenses, (iv) maintain and, as possible, increase the Company's interest rate spread, and (v) manage the Company's exposure to changes in interest rates.

CORPORATE DEVELOPMENTS IN FISCAL 2005

During the third fiscal quarter of 2005, the Company determined that $9.8 million of its assets were impaired under generally accepted accounting principles. The Company was the lead lender and servicer of approximately $32.0 million in loans to three affiliated companies and their owners. Approximately $22.2 million of the total had been sold to ten participating financial institutions. The Company's portion of the affected assets included total operating loans secured by new and used cars and contracts receivable of approximately $6.8 million to two of the companies, which filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in June 2005. The Company also had real estate loans totaling approximately $2.0 million to the third company, and $1.0 million to the majority owner of the three companies. As of June 30, 2005, $7.6 million of the loans related to these borrowers were deemed non-performing, and placed on non-accrual status. In early July, the Company took possession of the assets of one of the companies that had filed for reorganization, and subsequently accepted deeds on the real estate from the third company and the majority owner. The other company remains in Chapter 11 bankruptcy. During the fourth quarter of fiscal 2005, the loan balances, except for loans to the one company still in bankruptcy, were transferred to foreclosed real estate or repossessed assets, net of specific allowance. The process of liquidation of assets of all three companies has been underway since early July. Based on an extensive review and evaluation of the assets, including use of outside expertise, the Company concluded that, as of June 30, 2005, an additional provision for loan losses was required in the amount of $4.8 million. One loan totaling $1.3 million was charged to the allowance as of June 30, 2005, and $2.5 million of the additional allowance was offset against the loan balances when the transfers to foreclosed real estate and repossessed assets took place. The Company also estimated that the costs related to the liquidation of the assets could be as much as $500,000. During the fourth fiscal quarter, the Company's expenses related to the liquidation totaled $330,000, or $218,000 net of income taxes. The additional provision recorded in the third quarter reduced net income per diluted share for the fiscal year by $1.25, and the liquidation expenses incurred during the fourth quarter reduced earnings per diluted share by $.09 for both the quarter and the fiscal year. The Company believes that the $4.8 million in additional allowance related to these assets was, and continues to be, reasonable based on information currently available. However, it is possible that other factors and circumstances could result in a different final realized loss on these assets. We can make no prediction at this time as to any other losses or recoveries that might occur related to the bankruptcy and related matters. See "Non-performing Assets and Allowance For Loan Losses," herein.

On May 6, 2004, the Company announced that MetaBank had started a new operating division to position the Company to take advantage of opportunities in the growing area of prepaid debit cards and related systems and services. On May 4, 2004, the first five members of the management group leading this new division joined MetaBank. These individuals have extensive experience and a proven track record for creating value and profitability in this emerging market. As of September 30, 2004, the division had a total of seventeen (17) employees, operating under the name Meta Payment Systems. The first cards for the operation were issued during the fourth quarter of the fiscal year ended September 30, 2004. The development process continued throughout the fiscal year ended September 30, 2005, at which point the division had twenty-nine (29) employees. Meta Payment Systems, which constitutes an operating segment for financial reporting purposes, is based in Sioux Falls, South Dakota, and relocated to the newly completed MetaBank office building in October 2005. During the first thirteen months of operations, primarily the start-up phase, through June 30, 2005, Meta Payment Systems generated an operating loss of almost $1.4 million, net of income taxes. The Meta Payment System operating loss for the fiscal year ended September 30, 2005 totaled $808,000, or $0.33 per diluted share. (See Note 18 of Notes to Consolidated Financial Statements.) However, in the fourth quarter of fiscal 2005, Meta Payment Systems generated a profit of $59,000. It is anticipated that, going forward, the division will continue to operate profitably.

On August 8, 2005, MetaBank opened its third office in Sioux Falls, South Dakota. The facility, small but strategically located, had been announced near the end of the second fiscal quarter. A fourth Sioux Falls office opened on October 24, 2005. It is a large facility designed to house branch operations, commercial lending for the Sioux Falls market, Meta Payment Systems and several other corporate functions. As a result of opening of new branch offices, additional expenses will be incurred, primarily in compensation and benefits, and in costs associated with owning, operating and maintaining an office building.

During the second quarter of the fiscal year, the Company obtained the required approvals and completed the name change that was announced during fiscal 2004. First Midwest Financial, Inc. became Meta Financial Group, Inc., First Federal Savings Bank of the Midwest became MetaBank, Security State Bank became MetaBank West Central, and First Services Trust Corporation became Meta Trust Company. The Meta name is symbolic of positive change and expands on the existing operating philosophy of the Company and its subsidiaries to make money management easy for individuals and businesses through every life change. The costs associated with the name change, net of income taxes, reduced net income by $428,000, or $.17 per diluted share, during fiscal 2005. The Company’s stock has continued after the name change to trade on the NASDAQ National Market under the symbol “CASH”.

FINANCIAL CONDITION

The following discussion of the Company’s consolidated financial condition should be read in conjunction with the Selected Consolidated Financial Information and Consolidated Financial Statements and the related notes included elsewhere herein.

The Company’s total assets at September 30, 2005 were $776.3 million, a decrease of $4.5 million, or 0.6%, from $780.8 million at September 30, 2004. The decrease in assets was due primarily to a decrease in securities available for sale, which was partially offset primarily by increases in net loans receivable, cash and cash equivalents, foreclosed real estate and other repossessed assets and premises and equipment.

The Company’s portfolio of securities purchased under agreements to resell and available for sale decreased $54.1 million, or 16.8%, to $268.4 million at September 30, 2005 from $322.5 million at September 30, 2004. The Company’s portfolio of securities available for sale consists primarily of mortgage-backed securities, most with balloon maturities, which have relatively short expected average lives and limited maturity extension. During fiscal 2005, purchases of securities available for sale increased to $55.1 million from $46.2 million in 2004. Additionally, $25.8 million of securities available for sale were sold during fiscal 2005 at a net loss of $19,000. Repayment and prepayment of principal decreased, to $78.0 million in 2005 from $89.2 million in 2004. Excess funds provided by repayment of securities were used to fund loan growth. (See Note 4 of Notes to Consolidated Financial Statements.)

The Company's portfolio of net loans receivable increased by $36.1 million, or 8.9%, to $440.2 million at September 30, 2005 from $404.1 million at September 30, 2004. Net loans receivable increased as a result of the increased origination of commercial and multi-family real estate loans on existing and newly constructed properties and the increased origination of commercial business loans. The total of purchased commercial real estate and business loans decreased during the year. In addition, the increase reflects small increases in consumer loans and conventional one to four family residential mortgage loans. (See Note 5 of Notes to Consolidated Financial Statements.)

The Company's investment in the Federal Home Loan Bank of Des Moines ("FHLB") stock decreased $2.9 million, or 26.2%, to $8.2 million at September 30, 2005 from $11.1 million at September 30, 2004. The decrease was due to a decrease in the level of borrowings from the FHLB, which require a calculated level of stock investment based on a formula determined by the FHLB.

Customer deposit balances increased by $79.2 million, or 17.2%, to $540.8 million at September 30, 2005 from $461.6 million at September 30, 2004. The increase in deposits is primarily due to the operations of the Meta Payment Systems division of MetaBank. The division's deposit grew by $72.5 million, all but $15,000 of which was in non-interest bearing accounts. In addition to the growth provided by Meta Payment Systems, the Company's total checking balances, savings account balances and certificates of deposit grew by $16.0 million, $16.6 million and $3.4 million, respectively. These increases were partially offset by a decrease of $29.3 million in money market accounts. The overall increase in deposits, along with the net decrease in securities available for sale, was used to reduce borrowings and fund loan growth during the period. (See Note 8 of Notes to Consolidated Financial Statements.)

The Company's borrowings from the Federal Home Loan Bank decreased by $66.6 million, or 29.4%, to $159.7 million at September 30, 2005 from $226.3 million at September 30, 2004. The balance in securities sold under agreements to repurchase decreased by $12.0 million, or 37.0%, to $20.5 million at September 30, 2005 from $32.5 million at September 30, 2004. The overall decrease in borrowings was more than offset by the increase in deposits. (See Notes 9 and 10 of Notes to Consolidated Financial Statements.)

Shareholders' equity decreased $4.3 million, or 9.1%, to $43.0 million at September 30, 2005 from $47.3 million at September 30, 2004. The decrease in shareholders' equity was primarily due to the net loss for the year, an increase in unrealized loss on securities available for sale in accordance with SFAS 115, dividends paid to shareholders and the purchase of Company stock for the Employee Stock Ownership Plan during the period. (See Note 16 of Notes to Consolidated Financial Statements.)

RESULTS OF OPERATIONS

The following discussion of the Company's results of operations should be read in conjunction with the Selected Consolidated Financial Information and Consolidated Financial Statements and the related notes included elsewhere herein.

The Company's results of operations are primarily dependent on net interest income, non-interest income, non-interest expense and income tax expense. Net interest income is the difference, or spread, between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities. The interest rate spread is affected by regulatory, economic, and competitive factors that influence interest rates, loan demand, and deposit flows. The Company, like other financial institutions, is subject to interest rate risk to the extent that its interest-earning assets mature or reprice at different times, or on a different basis, than its interest-bearing liabilities.

The Company's non-interest income is derived primarily from the activities of the Meta Payment Systems division of MetaBank and fees charged on transaction accounts, which help offset the costs associated with establishing and maintaining these deposit accounts. In addition, non-interest income is derived from gains or losses on the sale of loans and securities available for sale. Additionally, non-interest income has been derived from the activities of Meta Trust Company, a wholly-owned subsidiary of Meta Financial Group, which provides a variety of professional trust services.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND SEPTEMBER 30, 2004

GENERAL

The Company recorded a net loss of $924,000 for the year ended September 30, 2005, compared to net income of $3,987,000 for the year ended September 30, 2004. The decrease in net income primarily reflects a substantial increase of in the provision for loan losses, as discussed above in "Corporate Developments in 2005". In addition, there was an increase in non-interest expense. These items were partially offset by an increase in net interest income and a small increase in non-interest income.

NET INTEREST INCOME

Net interest income for the year ended September 30, 2005 increased by $1,471,000, or 8.3%, to $19,240,000 compared to $17,769,000 for the period ended September 30, 2004. The increase in net interest income reflects a $9,404,000 increase in the average balance of interest-earning assets, and an increase in the net yield on average earning assets. The net yield on average earning assets increased to 2.56% for the period ended September 30, 2005 from 2.40% for the same period in 2004. The increase in net yield on average earning assets was due primarily to a change in the composition of the balance sheet during the year which resulted in significant growth in loans receivable and a significant reduction in securities available for sale. The average interest rate spread between loans and interest-bearing deposits decreased to 4.19% for the fiscal year ended September 30, 2005 from 4.35% for the previous year. The decrease in spread reflects an increase in the average cost of deposits due to the general increase in market rates on deposits, and to a competitive rate environment for commercial real estate and commercial operating loans, on which rates increased but by a lesser amount. The decrease in spread does not factor in the significant increase in non-interest bearing deposits during the year. Had the non-interest bearing deposits been considered, the spread would have decreased by seven basis points instead of sixteen. Interest rates, particularly at the shorter end of the yield curve, increased during the last half of fiscal 2004 and throughout fiscal 2005. The yield curve flattened significantly during the same period of time. Management believes interest rates in fiscal 2006 will more likely increase than decrease. This should result in an increase in both interest income and in interest expense during the coming year, which combined with continued growth in shorter term adjustable loans and lower cost deposits, would increase net interest income.

INTEREST AND DIVIDEND INCOME

Interest and dividend income for the year ended September 30, 2005 increased $4,913,000, or 13.6%, to $41,093,000 from $36,180,000 for the same period in 2004. The increase was due primarily to an increase of $5,572,000 in interest income from loans receivable, which was the result of an increase of $61,696,000 in the average balance of loans receivable during the period. This increase was partially offset by a decrease of $659,000 in interest and dividends on investments which was the result of a decrease of $52,292,000 in the average balance of these assets during the period. The yield on loans receivable increased by .36% during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table sets forth the weighted average effective interest rate on interest-earning assets and interest-bearing liabilities at the end of each of the years presented.

AT SEPTEMBER 30,	2005	2004	2003
WEIGHTED AVERAGE YIELD ON			
Loans receivable	6.76%	6.04%	6.17%
Mortgage-backed securities available for sale	3.79	3.81	2.87
Securities available for sale	3.95	2.50	2.23
FHLB stock	1.40	2.25	3.00
Combined weighted average yield on interest-earning assets	5.58	4.94	4.42
WEIGHTED AVERAGE RATE PAID ON			
Demand, NOW and money market demand deposits	1.18	1.22	0.83
Savings deposits	2.81	1.32	1.14
Time deposits	3.43	2.81	2.78
FHLB advances	4.56	3.62	3.40
Other borrowed money	4.49	3.23	1.71
Combined weighted average rate paid on interest-bearing liabilities	3.02	2.66	2.52
Spread	2.56	2.28	1.90

RATE/VOLUME ANALYSIS

The following schedule presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. It distinguishes between the increase related to higher outstanding balances and that due to the levels and volatility of interest rates. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (i.e., changes in volume multiplied by old rate) and (ii) changes in rate (i.e., changes in rate multiplied by old volume). For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated proportionately to the change due to volume and the change due to rate.

YEAR ENDED SEPTEMBER 30,	2005 VS. 2004			2004 VS. 2003		
(in Thousands)	Increase (Decrease) Due to Volume	Increase (Decrease) Due to Rate	Total Increase (Decrease)	Increase (Decrease) Due to Volume	Increase (Decrease) Due to Rate	Total Increase (Decrease)
INTEREST-EARNING ASSETS						
Loans receivable	$ 4,220	$ 1,351	$ 5,571	$ 1,981	$ (1,820)	$ 161
Mortgage-backed securities available for sale	(1,867)	640	(1,227)	991	(20)	971
Securities available for sale	(27)	518	491	6	(72)	(66)
FHLB stock	—	78	78	25	(90)	(65)
Total interest-earning assets	$ 2,326	$ 2,587	$ 4,913	$ 3,003	$ (2,002)	$ (1,001)
INTEREST-BEARING LIABILITIES						
Demand, NOW and money market deposits	$ (5)	$ 572	$ 567	$ 202	$ (12)	$ 190
Savings deposits	489	357	846	249	19	268
Time deposits	(600)	1,628	1,028	805	(2,115)	(1,310)
FHLB advances	257	489	746	973	(721)	252
Other borrowed money	(420)	675	255	(906)	526	(440)
Total interest-bearing liabilities	$ (279)	$ 3,721	$ 3,442	$ 1,263	$ (2,303)	$ (1,040)
Net effect on net interest income	$ 2,605	$ (1,134)	$ 1,471	$ 1,740	$ 301	$ 2,041

Meta Financial Group, Inc. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS

AVERAGE BALANCES, INTEREST RATES AND YIELDS

The following table presents for the periods indicated the total dollar amount of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. No tax equivalent adjustments have been made. Non-accruing loans have been included in the table as loans carrying a zero yield.

YEAR ENDED SEPTEMBER 30,	2004			2003			2002		
(Dollars in Thousands)	Average Outstanding Balance	Interest Earned /Paid	Yield /Rate	Average Outstanding Balance	Interest Earned /Paid	Yield /Rate	Average Outstanding Balance	Interest Earned /Paid	Yield /Rate
INTEREST-EARNING ASSETS									
Loans receivable [1]	$ 436,146	$ 29,831	6.84%	$ 374,450	$ 24,260	6.48%	$ 343,879	$ 24,099	7.01%
Mortgage-backed securities available for sale	265,996	9,644	3.63	317,489	10,871	3.42	288,560	9,900	3.43
Securities available for sale	38,100	1,319	3.46	38,886	828	2.13	38,623	894	2.31
FHLB stock	10,349	299	2.89	10,362	221	2.13	9,188	286	3.11
Total interest-earning assets	750,591	$ 41,093	5.48%	741,187	$ 36,180	4.88%	680,250	$ 35,179	5.17%
Non-interest-earning assets	35,607			34,477			37,737		
Total assets	$ 786,198			$ 775,664			$ 717,987		
INTEREST-BEARING LIABILITIES									
Demand, NOW and money market demand deposits	$ 112,495	$ 1,856	1.65%	$ 112,817	$ 1,289	1.14%	$ 95,118	$ 1,099	1.16%
Savings deposits	57,566	1,321	2.29	36,236	475	1.31	17,239	207	1.20
Time deposits	285,115	8,903	3.12	304,322	7,875	2.59	273,214	9,185	3.36
FHLB advances	209,618	8,295	3.96	203,135	7,549	3.72	176,961	7,297	4.12
Other borrowed money	38,377	1,478	3.85	49,287	1,223	2.48	88,209	1,663	1.89
Total interest-bearing liabilities	703,171	$ 21,853	3.11%	705,797	$ 18,411	2.61%	650,741	$ 19,451	2.99%
Non-interest-bearing:									
Deposits	34,794			19,419			15,375		
Liabilities	2,882			4,582			6,978		
Total liabilities	740,847			729,798			673,094		
Shareholders' equity	45,351			45,866			44,893		
Total liabilities and shareholders' equity	$ 786,198			$ 775,664			$ 717,987		
Net interest-earning assets	$ 47,420			$ 35,390			$ 29,509		
Net interest income		$ 19,240			$ 17,769			$ 15,728	
Net interest rate spread			2.37%			2.27%			2.18%
Net yield on average interest-earning assets			2.56%			2.40%			2.31%
Average interest-earning assets to average interest-bearing liabilities	106.74%			105.01%			104.53%		

(1) Calculated net of deferred loan fees, loan discounts, loans in process and allowance for loan losses.

INTEREST EXPENSE

Interest expense increased $3,443,000, or 18.7%, to $21,854,000 for the year ended September 30, 2005 from $18,411,000 for the 2004. Interest expense on deposits increased by $2,441,000, due primarily to an increase in the average rates paid on interest-bearing deposits during the period to 2.65% from 2.13%, and to a $1,801,000 increase in the average balance of interest-bearing deposits between the periods. The average balance of non-interest bearing deposits increased by $15,375,000 which resulted in an increase of $17,176,000 in the average balance of deposits. Interest expense on FHLB advances and other borrowings increased by $1,002,000 during the period, due to an increase in the average cost to 3.94% from 3.48%, which was partially offset by a decrease of $4,427,000 in the average balance outstanding during the period.

PROVISION FOR LOAN LOSSES

The provision for loan losses for the year ended September 30, 2005 was $5,482,000 compared to $489,000 for the same period in 2004. The primary reason for the significant increase in the provision for loan losses was the problem credits discussed earlier in “Corporate Developments in 2005”. Management believes that, based on a detailed review of the loan portfolio, historic loan losses, current economic conditions, growth of the loan portfolio, and other factors, the current level of provision for loan losses, and the resulting level of the allowance for loan losses, reflects an adequate allowance against probable losses from the loan portfolio at such date.

Economic conditions in the agricultural sector of the Company’s market areas are currently strong and stable. In 2005, above average yields offset modest deterioration in commodity prices. The agricultural economy is accustomed to commodity price fluctuations and is generally able to handle such fluctuations without significant problem. Higher petroleum prices had some dampening effect on 2005 profits and could cause more of a negative impact on profits in 2006 and beyond due to price increases in chemicals used in agricultural production. Increased interest rates will also be a negative factor for the agricultural sector. Should there be an extended period of low commodity prices, the Company’s agricultural loan portfolio could weaken and create a need for the Company to increase its allowance for loan losses through increased charges to provision for loan losses.

During recent years, the Company has increased its origination of multi-family, commercial real estate and commercial business loans. The Company anticipates activity in this type of lending to continue in future years. While generally carrying higher rates, this lending activity is considered to carry a higher level of risk due to the nature of the collateral and the size of individual loans.

Furthermore, 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. In addition, the Company's determination of the allowance for loan losses is subject to review by its regulatory agencies, which can require the establishment of additional general or specific allowances.

NON-INTEREST INCOME

Non-interest income increased by $135,000, or 3.8%, to $3,731,000 for the year ended September 30, 2005 from $3,596,000 for the same period in 2004. The increase in non-interest income is primarily the result of an increase in other income of $1,408,000 and an increase in fees on deposits of $56,000. These increases were substantially offset by a non-recurring gain of $1,113,000 on the sale of a branch office during 2004, a decrease in the gain on sale of loans of $54,000, a decrease in the return on Bank Owned Life Insurance of $52,000 and a net loss of $19,000 on the sales of securities available for sale. The increase in other income was due to fee income generated by the Meta Payment Systems division of MetaBank, which totaled $1,591,000 for 2005, compared to $7,000 for 2004. The increase in deposit fees is primarily the result of an increase in transaction account balances in 2005 compared to 2004. The decrease in gain on the sale of loans reflects a lower volume of originations of 1-to-4 family, fixed rate loans during the year due to the slow down in the mortgage-refinancing market resulting from increased market rates. It is anticipated that fiscal 2006 will produce significant continued growth in fee income from Meta Payment Systems and an increase in deposit related service charges with continued growth in checking balances. Gains on the sale of loans will likely be flat due to current interest rate environment.

NON-INTEREST EXPENSE

Non-interest expense increased by $4,266,000, or 28.8%, to $19,097,000 for the year ended September 30, 2005 from $14,831,000 for the same period in 2004 . The increase in non-interest expense primarily reflects the costs associated with the start-up of operations for Meta Payment Systems, costs related to the process of changing corporate names, costs associated with the liquidation of the repossessed assets and foreclosed real estate arising from the loans discussed in "Corporate Developments in 2005", a full year of operations of the second Sioux Falls office (which opened late in fiscal 2004), the opening of a third office and preparation for opening a fourth office in Sioux Falls, South Dakota, and additional staffing in the lending departments.

INCOME TAX EXPENSE

Due to the net loss for the year ended September 30, 2005, the Company recorded a benefit of $685,000, compared to an expense of $2,059,000 for the year ended September 30, 2004. The increase in income taxes is reflective of the change in operating result between the comparable periods.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND SEPTEMBER 30, 2003

GENERAL

Net income for the year ended September 30, 2004 increased $590,000, or 17.4%, to $3,987,000, from $3,397,000 for the same period ended September 30, 2003. The increase in net income reflects an increase in net interest income and a small increase in non-interest income, which were partially offset by an increase in non-interest expense and a small increase in provision for loan losses.

NET INTEREST INCOME

Net interest income for the year ended September 30, 2004 increased by $2,041,000, or 13.0%, to $17,769,000 compared to $15,728,000 for the period ended September 30, 2003. The increase in net interest income reflects a $60.9 million increase in the average balance of interest-earning assets, and an increase in the net yield on average earning assets. The net yield on average earning assets increased to 2.40% for the period ended September 30, 2004 from 2.31% for the same period in 2003. The increase in net yield on average earning assets was due primarily to balance sheet growth during the year as the result of the growth in loans receivable. The average interest rate spread between loans and deposits increased to 4.35% for the fiscal year ended September 30, 2004 from 4.29% for the previous year. The increase in spread reflects a reduction in the average cost of deposits due to an increase in the level of lower cost transactional deposit accounts and an increased percentage of originated commercial loans at relatively higher yields during the period. Interest rates, particularly at the shorter end of the yield curve, increased during the last half of fiscal 2004.

INTEREST AND DIVIDEND INCOME

Interest and dividend income for the year ended September 30, 2004 increased $1,001,000, or 2.8%, to $36,180,000 from $35,179,000 for the same period in 2003. The increase was due primarily to an increase of $840,000 in interest and dividends on investments which was the result of an increase of $30,366,000 in the average balance of these assets during the period. Additionally, there was an increase of $161,000 in interest income from loans receivable which was the result of an increase of $30,571,000 in the average balance of loans receivable during the period. The yield on loans receivable decreased by .53% during the period, which partially offset the increase in income from the higher average balance.

INTEREST EXPENSE

Interest expense decreased $1,040,000, or 5.3%, to $18,411,000 for the year ended September 30, 2004 from $19,451,000 for the 2003. Interest expense on deposits decreased by $851,000 due primarily to a decrease in the average rates paid on deposits during the period from 2.72% to 2.13%, which was partially offset by a $67,804,000 increase in the average balance of deposits between the periods. Interest expense on FHLB advances and other borrowings decreased by $188,000 during the period, due to a decrease of $12,748,000 in the average balance outstanding during the period, which was partially offset by an increase in the average cost from 3.38% to 3.48%.

PROVISION FOR LOAN LOSSES

The provision for loan losses for the year ended September 30, 2004 was $489,000 compared to $350,000 for the same period in 2003. Management believes that, based on a detailed review of the loan portfolio, historic loan losses, current economic conditions, growth of the loan portfolio, and other factors, the current level of provision for loan losses, and the resulting level of the allowance for loan losses, reflects an adequate allowance against probable losses from the loan portfolio at such date.

NON-INTEREST INCOME

Non-interest income increased by $41,000, or 1.1%, to $3,596,000 for the year ended September 30, 2004 from $3,555,000 for the same period in 2003. The increase in non-interest income was the result of the sale of the Company’s branch office in Manson, Iowa, which resulted in a profit of $1,113,000. This profit was substantially offset by decreases in gain on the sale of loans, gain on sales of securities available for sale, deposit service charges and other income, which decreased by $661,000, $242,000, $49,000 and $57,000, respectively. The decrease in gain on the sale of loans reflects a lower volume of originations of 1-to-4 family, fixed rate loans during the year due to the slow down in the mortgage-refinancing market. The decrease in the gain on sale of securities available for sale is due to no security sales having taken place during the year. The decrease in other non-interest income was the result of a non-recurring gain of $177,000 during the previous fiscal year on the sale of a building formerly used as a drive up facility.

NON-INTEREST EXPENSE

Non-interest expense increased by $972,000, or 7.0%, to $14,831,000 for the year ended September 30, 2004 from $13,858,000 for the same period in 2003 . The increase in non-interest expense primarily reflects the costs associated with the startup of operations for Meta Payment Systems, opening of the second banking office in Sioux Falls, South Dakota, and additional staffing in the lending departments. These increases were partially offset by $501,000 in prepayment fees associated with the early extinguishment of FHLB advances incurred in fiscal 2003, which did not recur in fiscal 2004.

INCOME TAX EXPENSE

Income tax expense increased by $380,000, or 22.7%, to $2,059,000 for the year ended September 30, 2004 from $1,678,000 for the same period in 2003. The increase in income tax expense reflects the increase in the level of taxable income between the comparable periods.

CRITICAL ACCOUNTING POLICY

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. 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 involve the most complex and subjective decisions and assessments, management has identified its most critical accounting policies to be those related to the allowance for loan losses and asset impairment judgments including the recoverability of goodwill.

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 nonperforming 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 consider enhancing its methodology accordingly. Management may report a materially different amount for the provision for loan losses in the statement of operations to change the allowance for loan losses if its assessment of the above factors changes. This discussion and analysis should be read in conjunction with the Company's financial statements and the accompanying notes presented elsewhere herein, as well as the portion of this Management's Discussion and Analysis section entitled "Asset Quality." Although management believes the levels of the allowance as of both September 30, 2005 and September 30, 2004 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. (See Notes 1 and 5 of Notes to Consolidated Financial Statements.)

Goodwill represents the excess of acquisition costs over the fair value of the net assets acquired in a purchase acquisition. Goodwill is tested annually for impairment.

ASSET/LIABILITY MANAGEMENT AND MARKET RISK

QUALITATIVE ASPECTS OF MARKET RISK

As stated above, the Company derives its income primarily from the excess of interest collected over interest paid. The rates of interest the Company earns on assets and pays on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, the Company's results of operations, like those of most financial institution holding companies and financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of its assets and liabilities. The risk associated with changes in interest rates and the Company's ability to adapt to these changes is known as interest rate risk and is the Company's only significant "market" risk.

QUANTITATIVE ASPECTS OF MARKET RISK

In an attempt to manage the Company's exposure to changes in interest rates and comply with applicable regulations, we monitor the Company's interest rate risk. In monitoring interest rate risk, we analyze and manage assets and liabilities based on their payment streams and interest rates, the timing of their maturities, and their sensitivity to actual or potential changes in market interest rates.

An asset or liability is interest rate sensitive within a specific time period if it will mature or reprice within that time period. If the Company's assets mature or reprice more rapidly or to a greater extent than its liabilities, then net portfolio value and net interest income would tend to increase during periods of rising rates and decrease during periods of falling interest rates. Conversely, if the Company's assets mature or reprice more slowly or to a lesser extent than its liabilities, then net portfolio value and net interest income would tend to decrease during periods of rising interest rates and increase during periods of falling interest rates.

The Company currently focuses lending efforts toward originating and purchasing competitively priced adjustable-rate and fixed-rate loan products with short to intermediate terms to maturity, generally 5 years or less. This theoretically allows the Company to maintain a portfolio of loans that will have relatively little sensitivity to changes in the level of interest rates while providing a reasonable spread to the cost of liabilities used to fund the loans.

The Company's primary objective for its investment portfolio is to provide the liquidity necessary to meet the funding needs of the loan portfolio. The investment portfolio is also used in the ongoing management of changes to the Company's asset/liability mix, while contributing to profitability through earnings flow. The investment policy generally calls for funds to be invested among various categories of security types and maturities based upon the Company's need for liquidity, desire to achieve a proper balance between minimizing risk while maximizing yield, the need to provide collateral for borrowings, and to fulfill the Company's asset/liability management goals.

The Company's cost of funds responds to changes in interest rates due to the relatively short-term nature of its deposit portfolio, and due to the relatively short-term nature of a portion of its borrowed funds. Consequently, the results of operations are generally influenced by the level of short-term interest rates. The Company offers a range of maturities on its deposit products at competitive rates and monitors the maturities on an ongoing basis. The Company uses borrowed funds for both the purchase of investment securities and for day-to-day cash management.

The Company emphasizes and promotes its savings, money market, demand and NOW accounts and, subject to market conditions, certificates of deposit with maturities of three months through five years, principally in its primary market area. The savings and NOW accounts tend to be less susceptible to rapid changes in interest rates.

In managing its asset/liability mix, the Company, at times, depending on the relationship between long-term and short-term interest rates, market conditions, and consumer preference, may place somewhat greater emphasis on maximizing its net interest margin than on strictly matching the interest rate sensitivity of its assets and liabilities. Management believes the increased net income that may result from an acceptable mismatch in the actual maturity or repricing of its asset and liability portfolios can, at times, provide sufficient returns to justify the increased exposure to sudden and unexpected increases in interest rates that may result from such a mismatch. The Company has established limits, which may change from time to time, on the level of acceptable interest rate risk. 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 Company 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 off-balance-sheet contracts. Management of the Company'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, as of September 30, 2005 and 2004, is an analysis of the Company'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. As illustrated in the table, the Company's NPV at September 30, 2005 was more sensitive to decreasing interest rates than to rising interest rates. This reflects management's efforts to maintain the Company's interest rate sensitivity in light of the events since June 2004. During this period the Federal Open Market Committee began to increase short-term interest rates, in twenty-five (25) basis point increments, to a more normal level, from historically low levels. Through November 1, 2005, there have been twelve (12) such increases. As this happened, longer term rates moderated creating a flattening in the yield curve. This action is indicative of limited concern about long-term inflation at this time. While management does not anticipate a significant shift in market interest rates in the near future, it does believe that there is less risk from declining interest rates than from rising interest rates, and interest rate risk management has reflected this belief.

Certain shortcomings are inherent in the method of analysis presented in the 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 adjustable-rate mortgage loans have features that restrict changes in interest rates on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, prepayments and early withdrawal 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. The Company considers all of these factors in monitoring its exposure to interest rate risk.

Management reviews the OTS measurements and related peer reports on NPV and interest rate risk on a quarterly basis. In addition to monitoring selected measures of NPV, management also monitors the effects on net interest income resulting from increases or decreases in interest rates. This measure is used in conjunction with NPV measures to identify excessive interest rate risk.

ASSET QUALITY

It is management's belief, based on information available at fiscal year end, that the Company's current asset quality is satisfactory. At September 30, 2005, non-performing assets, consisting of non-accruing loans, accruing loans delinquent 90 days or more, restructured loans, foreclosed real estate, and repossessed consumer property, totaled $5,389,000, or 0.69% of total assets, compared to $729,000, or 0.09% of total assets, for the fiscal year ended 2004.

Non-accruing loans at September 30, 2005 include, among others, a commercial loan in the amount of $206,000 secured by a building and an agricultural loan in the amount of $218,000 secured by agricultural land.

Foreclosed real estate and repossessed assets at September 30, 2005 totaled $4,706,000, all of which related to the loans discussed earlier in "Corporate Developments in Fiscal 2005". Real estate owned amounted to $1,898,000 and repossessed assets, consisting primarily of new and used vehicles, totaled $2,808,000.

The Company maintains an allowance for loan losses because of the potential that some loans may not be repaid in full. (See Note 1 of Notes to Consolidated Financial Statements.) At September 30, 2005, the Company had an allowance for loan losses in the amount of $7,222,000 as compared to $5,371,000 at September 30, 2004. Management's periodic review of the adequacy of the allowance for loan losses is based on various subjective and objective factors including the Company's past 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 allocate portions of the allowance for specifically identified problem loan situations, the majority of the allowance is based on judgmental factors related to the overall loan portfolio and is available for any loan charge-offs that may occur.

In determining the allowance for loan losses, the Company specifically identifies loans that it considers to have potential collectibility problems. Based on criteria established by Statement of Financial Accounting Standards (SFAS) No. 114, some of these loans are considered to be "impaired" while others are not considered to be impaired, but possess weaknesses that the Company believes merit additional analysis in establishing the allowance for loan losses. All other loans are evaluated by applying estimated loss ratios to various pools of loans. The Company then analyzes other factors (such as economic conditions) in determining the aggregate amount of the allowance needed.

At September 30, 2005, $251,000 of the allowance for loan losses was allocated to impaired loans (See Note 5 of Notes to Consolidated Financial Statements), $2,448,000 was allocated to identified problem loan situations, and $4,523,000 was allocated an allowance against losses from the overall loan portfolio based on historical loss experience and general economic conditions. At September 30, 2004, $197,000 of the allowance for loan losses was allocated to impaired loans, $1,256,000 was allocated to identified problem loan situations, and $3,918,000 was allocated against losses from the overall loan portfolio based on historical loss experience and general economic conditions.

The September 30, 2005 allowance for loan losses that was allocated to impaired loans was $251,000, which is 37.1% of impaired loans as of that date. The September 30, 2004 allowance allocated to impaired loans was $197,000, which is 30.2% of impaired loans at that date. The increase in the dollar amount and percentage of the

Change in Interest Rate (Basis Points)	Board Limit % Change	At September 30, 2005 $ Change	At September 30, 2005 % Change	At September 30, 2004 $ Change	At September 30, 2004 % Change
Dollars In Thousands					
+200bp	(40)%	$ (1,904)	(3)%	$ (5,473)	(12)%
+100bp	(25)	(411)	(1)	(1,580)	(3)
0	—	—	—	—	—
- 100bp	(25)	(2,773)	(5)	(3,130)	(7)
- 200bp	(40)	(9,183)	(16)	(5,631)	(12)

allocated allowance is a result of the specific analysis performed on a loan-by-loan basis as described above.

The September 30, 2005 allowance allocated to other identified problem loan situations was $2,448,000 as compared to $1,256,000 at September 30, 2004, an increase of $1,192,000. The increase in the dollar amount of the allocated allowance is due to a relative increase in identified problem loan situations between the periods and is the result of a specific analysis performed on a loan-by-loan basis as described above.

The portion of the September 30, 2005 allowance that was not specifically allocated to individual loans was $4,523,000 as compared to $3,918,000 at September 30, 2004, an increase of $609,000. The increase primarily reflects overall growth in the loan portfolio and a change in the composition of the loan portfolio. In excess of 95 percent of the total portfolio growth was in commercial, multi-family and agricultural real estate loans and commercial and agricultural operating loans.

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 and early loan repayments are influenced by the level of interest rates, general economic conditions, and competition.

The Company relies on competitive pricing policies, advertising and customer service to attract and retain its deposits and only solicits these deposits from its primary market area. Based on its experience, the Company believes that its passbook savings, money market savings accounts, NOW and regular checking accounts are relatively stable sources of deposits. The Company's ability to attract and retain time deposits has been, and will continue to be, significantly affected by market conditions. However, the Company does not foresee significant funding issues resulting from disintermediation of its portfolio of time deposits. In addition, the Meta Payment Systems division of MetaBank has become a significant source of low-cost deposits for the Company, and it is anticipated that it will continue to grow in this regard.

MetaBank and MetaBank WC are required by regulation to maintain sufficient liquidity to assure their safe and sound operation. In the opinion of management, both MetaBank and MetaBank WC are in compliance with this requirement.

Liquidity management is both a daily and long-term function of the Company's management strategy. The Company adjusts its investments in liquid assets based upon management's assessment of (i) expected loan demand, (ii) the projected availability of purchased loan products, (iii) expected deposit flows, (iv) yields available on interest-bearing deposits, and (v) the objectives of its asset/liability management program. Excess liquidity is generally invested in interest-earning overnight deposits and other short-term government agency obligations. If the Company requires funds beyond its ability to generate them internally, it has additional borrowing capacity with the FHLB and has collateral eligible for use with reverse repurchase agreements. The Company is not aware of any significant trends in the Company's liquidity or its ability to borrow additional funds if needed.

The primary investing activities of the Company are the origination and purchase of loans and the purchase of securities. During the years ended September 30, 2005, 2004 and 2003, the Company originated loans totaling $382.5 million, $295.5 million and $324.7 million, respectively. Purchases of loans totaled $39.7 million, $39.5 million and $26.2 million during the years ended September 30, 2005, 2004 and 2003, respectively. During both fiscal 2005 and fiscal 2004, the mix of loans outstanding changed, with commercial and multi-family real estate loans, commercial business loans, agricultural loans and consumer loans increasing while one-to-four family residential mortgage loans ended fiscal 2005 slightly higher than at the end of fiscal 2004, but lower than at the end of fiscal 2003. (See Note 5 of Notes to Consolidated Financial Statements.) During the years ended September 30, 2005, 2004 and 2003, the Company purchased mortgage-backed securities and other securities available for sale in the amount of $55.1 million, $46.2 million and $431.7 million, respectively. (See Note 4 of Notes to Consolidated Financial Statements.)

At September 30, 2005, the Company had outstanding commitments to originate and purchase loans of $69.7 million. (See Note 15 of Notes to Consolidated Financial Statements.) Certificates of deposit scheduled to mature in one year or less from September 30, 2005 totaled $170.3 million. Based on its historical experience, management believes that a significant portion of such deposits will remain with the Company, however, there can be no assurance that the Company can retain all such deposits. Management believes that loan repayment and other sources of funds will be adequate to meet the Company's foreseeable short- and long-term liquidity needs.

The following table summarizes the Company's significant contractual obligations at September 30, 2005 (in thousands):

Contractual Obligations	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Time deposits	$ 268,122	$ 170,305	$ 79,359	$ 18,173	$ 285
Long-term debt	180,212	47,647	65,265	50,000	17,300
Operating leases	614	99	199	155	161

Subordinated debentures					
Issued to capital trust	10,310	—	—	—	10,310
Data processing services	2,172	576	1,152	444	—
Total	$ 461,430	$ 218,627	$ 145,975	$ 68,772	$ 28,056

During July 2001, the Company's unconsolidated trust subsidiary, First Midwest Financial Capital Trust I, sold $10 million in floating rate cumulative preferred securities. Proceeds from the sale were used to purchase subordinated debentures of Meta Financial Group, which mature in the year 2031, and are redeemable at any time after five years. The Company used the proceeds for general corporate purposes.

On September 20, 1993, the Bank converted from a federally chartered mutual savings and loan association to a federally chartered stock savings bank. At that time, a liquidation account was established for the benefit of eligible account holders who continue to maintain their account with the Bank after the conversion. The liquidation account is reduced annually to the extent that eligible account holders have reduced their qualifying deposits. At September 30, 2005, the remaining liquidation account balance was approximately $1.9 million, compared to $2.2 million one year earlier.

The Company, MetaBank and MetaBank WC are in compliance with their capital requirements and are considered "well capitalized" under current regulatory guidelines. (See Note 14 of Notes to Consolidated Financial Statements.) The Company does not anticipate any significant changes to its capital structure.

On August 23, 2004, the Company announced that the Board of Directors had authorized the Company's ESOP to purchase up to 40,000 shares of the Company's stock through open market and privately negotiated transactions. The ESOP stock purchase was completed on April 18, 2005 at a total cost of $897,000. A portion of the stock, 3,188 shares, was used to fund part of the fiscal 2005 distribution to ESOP participants. The remaining 36,712 shares will be used in future distributions to participants in the Company's ESOP.

On April 26, 2005, the Company announced that the Board of Directors had authorized the repurchase, at management's discretion, of up to 100,000 shares of the Company's stock through open market and privately negotiated transactions. This repurchase authorization expires on April 30, 2006. No shares have been repurchased under this authorization.

The payment of dividends and repurchase of shares has the effect of reducing stockholders' equity. Prior to authorizing such transactions, the Board of Directors considers the effect the dividend or repurchase of shares would have on liquidity and capital ratios. The Banks and the Company may declare dividends if certain tolerance limits are observed and which include, in the case of MetaBank, consideration of the liquidation balance. (See Note 13 of Notes to Consolidated Financial Stateemnts.)

IMPACT OF INFLATION AND CHANGING PRICES

The Consolidated Financial Statements and Notes thereto presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time due to inflation. The primary impact of inflation is reflected in the increased cost of the Company's operations. Unlike most industrial companies, virtually all the assets and liabilities of the Company are monetary in nature. As a result, interest rates generally have a more significant impact on a financial institution's performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction, or to the same extent, as the prices of goods and services.

IMPACT OF NEW ACCOUNTING STANDARDS

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 154, *Accounting Changes and Error Corrections* . This Statement replaces APB Opinion No. 20, *Accounting Changes* , and FASB Statement No.3, *Reporting Accounting Changes in Interim Financial Statements* . SFAS 154 carries forward the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. However, SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. Under this Statement, every voluntary change in accounting principle requires retrospective application to prior periods' financial statements, unless it is impracticable. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, although earlier application is permitted for changes and corrections made in fiscal years beginning after June 1, 2005. The Company expects no significant effect on its financial statements as a result of the adoption of this statement.

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 123R, Share-Base Payment. This Statement revises SFAS Statement No. 123, Accounting for Stock-Based Compensation, amends SFAS Statement No. 95, Statement of Cash Flows, and supersedes APB Opinion No. 125, Accounting for Stock Issued to Employees. It requires that all stock-based compensation now be measured at fair value and recognized as expense in the income statement. This Statement also clarifies and expands guidance on measuring fair value of stock compensation, requires estimation of forfeitures when determining expense, and requires that excess tax benefits be shown as financing cash inflows versus a reduction of taxes paid in the statement of cash flows. Various other changes are also required. This Statement is effective beginning January 1, 2006, for public companies as a result of recent SEC actions. Management believes the impact on the financial statements will be similar to the disclosures made by footnote to the financial statements, showing the effect on earnings and earnings per share of expensing the value of stock options granted.

In November 2005, the FASB issued FASB Staff Position (FSP) FAS 115-1 and 124-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments." The FSP addresses the determination of when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The FSP also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The FSP amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* and FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations,* and APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock.* The FSP nullifies certain requirements of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments," and supersedes *EITF Abstracts*, Topic D-44, "Recognition of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value." The FSP is required to be applied to reporting periods beginning after December 15, 2005. The Company does not expect adoption to have a material impact on the consolidated financial statements.

FORWARD LOOKING STATEMENTS

The Company, and its wholly-owned subsidiaries, MetaBank and MetaBank WC, may from time to time make written or oral "forward-looking statements," including statements contained in its filings with the Securities and Exchange Commission, in its reports to shareholders, 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.

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 the following subjects: future operating results; customer growth and retention; loan and other product demand; net interest income; earnings growth and expectations; new products and services, such as those offered by the Meta Payment Systems Division; credit quality and adequacy of reserves; technology; and our 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 Federal Reserve Board; inflation, interest rate, market, and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users; the impact of changes in financial services' laws and regulations; technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing and collecting assets of borrowers in default and managing the risks involved in the foregoing.

The foregoing list of factors is not exclusive. Additional discussion of factors affecting the Company's business and prospects is contained in the Company's periodic filings with the SEC. The Company does not undertake, and 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.

Meta Financial Group, Inc. and Subsidiaries

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS
META FINANCIAL GROUP, INC. AND SUBSIDIARIES
STORM LAKE, IOWA

We have audited the accompanying consolidated balance sheets of Meta Financial Group, Inc. and Subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended September 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fair, in all material respects, the financial position of Meta Financial Group, Inc. and Subsidiaries as of September 30, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2005. In conformity with U.S. generally accepted accounting principles.

McGladrey & Pullen, LLP

Des Moines, Iowa
October 21, 2005

Meta Financial Group, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2005 AND 2004

	2005	2004
ASSETS		
Cash and due from banks	$ 5,390,455	$ 1,591,982
Interest-bearing deposits in other financial institutions	8,979,299	7,344,587
Total cash and cash equivalents	14,369,754	8,936,569
Securities purchased under agreements to resell	37,513,348	—
Securities available for sale	230,892,565	322,523,577
Loans receivable, net of allowance for loan losses of $7,222,404 in 2005 and $5,370,994 in 2004	440,190,245	404,051,379
Loans held for sale	306,000	270,000
Federal Home Loan Bank (FHLB) stock, at cost	8,161,000	11,052,700
Accrued interest receivable	4,240,694	3,849,215
Premises and equipment, net	15,126,069	11,690,437
Foreclosed real estate and repossessed assets	4,706,414	—
Bank owned life insurance	12,332,337	11,847,420
Goodwill	3,403,019	3,403,019
Other assets	5,107,497	3,174,208
Total assets	$ 776,348,942	$ 780,798,524
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Noninterest-bearing demand deposits	$ 102,164,156	$ 19,537,370
Savings, NOW and money market demand deposits	170,484,053	177,287,972
Time certificates of deposit	268,122,096	264,755,535
Total deposits	540,770,305	461,580,877
Advances from FHLB	159,705,000	226,250,000
Securities sold under agreements to repurchase	20,507,051	32,549,377
Subordinated debentures	10,310,000	10,310,000
Advances from borrowers for taxes and insurance	271,273	216,331
Accrued interest payable	941,935	473,426
Accrued expenses and other liabilities	884,688	2,144,248
Total liabilities	733,390,252	733,524,259
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
SHAREHOLDERS' EQUITY		
Preferred stock, 800,000 shares authorized; none issued	—	—
Common stock,$.01 par value; 5,200,000 shares authorized; 2,957,999 shares issued and 2,503,655 shares outstanding at September 30, 2005; 2,957,999 shares issued and 2,491,025 shares outstanding at September 30, 2004	29,580	29,580
Additional paid-in capital	20,646,513	20,678,644
Retained earnings, substantially restricted	34,557,258	36,758,258
Accumulated other comprehensive (loss)	(3,180,607)	(1,240,338)
Unearned Employee Stock Ownership Plan shares	(825,057)	(394,766)
Treasury stock, 454,344 and 466,974 common shares, at cost, at September 30, 2005 and 2004, respectively	(8,268,997)	(8,557,113)
Total shareholders' equity	42,958,690	47,274,265
Total liabilities and shareholders' equity	$ 776,348,942	$ 780,798,524

See Notes to Consolidated Financial Statements.

Meta Financial Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003

	2005	2004	2003
Interest and dividend income:			
Loans receivable, including fees	$ 29,831,923	$ 24,259,727	$ 24,098,700
Securities available for sale	10,962,756	11,698,933	10,794,142
Dividends on FHLB stock	298,629	221,596	286,311
	41,093,308	36,180,256	35,179,153
Interest expense:			
Deposits	12,080,046	9,639,441	10,490,920
FHLB advances and other borrowings	9,773,747	8,771,744	8,959,831
	21,853,793	18,411,185	19,450,751
Net interest income	19,239,515	17,769,071	15,728,402
Provision for loan losses	5,482,000	488,500	350,000
Net interest income after provision for loan losses	13,757,515	17,280,571	15,378,402
Noninterest income:			
Deposit service charges and other fees	1,330,750	1,275,452	1,324,769
Gain on sales of loans, net	240,428	293,994	955,469
Bank owned life insurance	543,578	596,018	628,957
Gain (loss) on sales of securities available for sale, net	(19,334)	—	242,562
Gain on sale of branch office	—	1,113,230	—
(Loss) on sales of foreclosed real estate, net	—	(8,752)	(5,372)
Brokerage commissions	—	98,466	125,374
Payment systems revenue	1,403,554	6,414	—
Other income	231,631	220,947	283,297
	3,730,607	3,595,769	3,555,056
Noninterest expense:			
Employee compensation and benefits	11,398,887	9,473,684	8,400,501
Occupancy and equipment expense	3,455,630	2,369,623	2,154,355
Deposit insurance premium	70,296	66,480	61,950
Data processing expense	740,677	723,568	634,098
Prepayment fee on FHLB advances	—	—	500,674
Advertising expense	828,802	437,461	298,074
Other expense	2,602,766	1,759,776	1,808,516
	19,097,058	14,830,592	13,858,168
Net income (loss) before income tax expense (benefit)	(1,608,936)	6,045,748	5,075,290
Income tax expense (benefit)	(684,685)	2,058,698	1,678,286
Net income (loss)	$ (924,251)	$ 3,987,050	$ 3,397,004
Earnings per common and common equivalent share:			
Basic earnings (loss) per common share	$ (0.38)	$ 1.61	$ 1.37
Diluted earnings (loss) per common share	(0.38)	1.57	1.36

See Notes to Consolidated Financial Statements.

Meta Financial Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Employee Stock Ownership Plan Shares	Treasury Stock	Total Sharehholders' Equity
Balance, September 30, 2002	$ 29,580	$ 20,593,768	$ 31,940,648	$ 494,834	$ (46,142)	$ (8,424,922)	$ 44,587,766
Comprehensive income:							
Net income for the year ended September 30, 2003	—	—	3,397,004	—	—	—	3,397,004
Net change in net unrealized gains and losses on securities available for sale, net of reclassification adjustments and tax effects	—	—	—	(3,523,596)	—	—	(3,523,596)
Total comprehensive (loss)							(126,592)
Purchase of 10,147 common shares of treasury stock	—	—	—	—	—	(165,092)	(165,092)
Purchase of 35,574 common shares for ESOP	—	—	—	—	(608,584)	—	(608,584)
15,000 common shares committed to be released under the ESOP	—	10,005	—	—	253,050	—	263,055
Issuance of 35,292 common shares from treasury stock due to exercise of stock options	—	(189,770)	—	—	—	425,051	235,281
Tax benefit from exercise of stock options	—	124,876	—	—	—	—	124,876
Cash dividends declared on common stock ($.52 per share)	—	—	(1,279,911)	—	—	—	(1,279,911)
Balance, September 30, 2003	$ 29,580	$ 20,538,879	$ 34,057,741	$ (3,028,762)	$ (401,676)	$ (8,164,963)	$ 43,030,799
Balance, September 30, 2003	$ 29,580	$ 20,538,879	$ 34,057,741	$ (3,028,762)	$ (401,676)	$ (8,164,963)	$ 43,030,799
Comprehensive income:							
Net income for the year ended September 30, 2004	—	—	3,987,050	—	—	—	3,987,050
Net change in net unrealized gains and losses on securities available for sale, net of reclassification adjustments and tax effects	—	—	—	1,788,424	—	—	1,788,424
Total comprehensive income							5,775,474
Purchase of 39,470 common shares of treasury stock	—	—	—	—	—	(906,650)	(906,650)
Purchase of 10,000 common shares for ESOP	—	—	—	—	(212,400)	—	(212,400)
13,000 common shares committed to be released under the ESOP	—	71,708	—	—	219,310	—	291,018
Issuance of 36,546 common shares from treasury stock due to exercise of stock options	—	68,057	—	—	—	514,500	582,557
Cash dividends declared on common stock ($.52 per share)	—	—	(1,286,533)	—	—	—	(1,286,533)
Balance, September 30, 2004	$ 29,580	$ 20,678,644	$ 36,758,258	$ (1,240,338)	$ (394,766)	$ (8,557,113)	$ 47,274,265
Balance, September 30, 2004	$ 29,580	$ 20,678,644	$ 36,758,258	$ (1,240,338)	$ (394,766)	$ (8,557,113)	$ 47,274,265
Comprehensive (loss):							
Net (loss) for the year ended September 30, 2005	—	—	(924,251)	—	—	—	(924,251)
Net change in net unrealized gains and losses on securities available for sale, net of reclassification adjustments and tax effects	—	—	—	(1,940,269)	—	—	(1,940,269)
Total comprehensive (loss)							(2,864,520)
Purchase of 1,000 common shares of treasury stock	—	—	—	—	—	(25,655)	(25,655)
Purchase of 30,000 common shares for ESOP	—	—	—	—	(684,133)	—	(684,133)
14,000 common shares committed to be released under the ESOP	—	51,226	—	—	253,842	—	305,068
Issuance of 13,630 common shares from treasury stock due to exercise							

of stock options	—	(83,357)	—	—	—	313,771	230,414
Cash dividends declared on common stock ($.52 per share)	—	—	(1,276,749)	—	—	—	(1,276,749)
Balance, September 30, 2005	$ 29,580	$ 20,646,513	$ 34,557,258	$ (3,180,607)	$ (825,057)	$ (8,268,997)	$ 42,958,690

See Notes to Consolidated Financial Statements.

Meta Financial Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (924,251)	$ 3,987,050	$ 3,397,004
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Effect of contrubution to employee stock ownership plan	305,068	291,018	263,055
Depreciation, amortization and accretion, net	3,276,520	4,365,294	3,117,158
Provision for loan losses	5,482,000	488,500	350,000
Prepayment fee on FHLB advances	—	—	500,674
(Gain) loss on sales of securities available for sale, net	19,334	—	(242,562)
(Gain) on sale of branch office	—	(1,113,230)	—
(Gain) on sales of office property, net	—	—	(134,700)
Proceeds from sales of loans held for sale	16,272,543	18,043,207	76,465,663
Originations of loans held for sale	(16,068,115)	(16,892,903)	(75,381,542)
(Gain) on sales of loans, net	(240,428)	(293,994)	(955,469)
Loss on sales of foreclosed real estate, net	—	8,752	5,372
Net change in:			
Accrued interest receivable	(391,479)	77,343	388,438
Other assets	(1,268,382)	(864,592)	(809,716)
Accrued interest payable	468,509	(33,435)	(164,172)
Accrued expenses and other liabilities	(1,259,560)	710,759	451,818
Net cash provided by operating activities	5,671,759	8,773,769	7,251,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of securities available for sale	(17,628,374)	(46,204,355)	(431,711,574)
Net change in securities purchased under agreement to resell	(37,513,348)	—	—
Proceeds from sales of securities available for sale	25,842,710	—	90,473,567
Proceeds from maturities and principal repayments of securities available for sale	78,086,047	89,167,761	185,761,348
Loans purchased	(39,697,273)	(39,542,108)	(26,162,845)
Net change in loans	(6,708,447)	(16,106,777)	17,696,050
Proceeds from sales of foreclosed real estate	22,028	1,158,935	631,156
Proceeds from sale of office building	—	—	197,169
Cash transferred to buyer on sale of branch	—	(14,154,359)	—
Purchase of FHLB stock	(5,113,000)	(7,879,200)	(7,786,600)
Proceeds from redemption of FHLB stock	8,004,700	7,756,800	3,698,900
Purchase of premises and equipment	(4,434,538)	(1,364,922)	(1,254,819)
Net cash provided by (used in) investing activities	860,505	(27,168,225)	(168,457,648)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in noninterest-bearing demand, savings, NOW and money market demand deposits	75,822,867	66,183,859	34,607,349
Net change in time deposits	3,366,561	(24,052,970)	45,165,640
Proceeds from advances from FHLB	3,028,725,000	2,414,190,000	1,219,200,000
Repayments of advances from FHLB	(3,095,270,000)	(2,411,724,394)	(1,121,006,279)
Net change in securities sold under agreements to repurchase	(12,042,326)	(25,152,657)	(12,474,194)
Net change in advances from borrowers for taxes and insurance	54,942	(46,602)	(87,202)
Purchase of shares by ESOP	(684,133)	(212,400)	(608,584)
Cash dividends paid	(1,276,749)	(1,286,533)	(1,279,911)
Proceeds from exercise of stock options	230,414	582,557	235,281
Purchase of treasury stock	(25,655)	(906,650)	(165,092)
Net cash provided by (used in) financing activities	(1,099,079)	17,574,210	163,587,008
Net change in cash and cash equivalents	5,433,185	(820,246)	2,380,381
CASH AND CASH EQUIVALENTS			

Beginning of year	8,936,569	9,756,815	7,376,434
End of year	$ 14,369,754	$ 8,936,569	$ 9,756,815
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 21,385,284	$ 18,444,620	$ 19,614,923
Income taxes	605,911	2,213,428	1,757,440
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES			
Loans transferred to foreclosed real estate and repossessed assets	$ 4,728,442	$ 58,349	$ 418,064
SALE OF BRANCH			
Assets disposed:			
Loans		$ (730,704)	
Accrued interest receivable		(5,518)	
Premises and equipment		(110,818)	
Liabilities assumed by buyer:			
Noninterest bearing demand, savings, NOW and money market demand accounts		6,314,066	
Time deposits		9,788,688	
Advances from borrowers for taxes and insurance		5,749	
Other liabilities		6,126	
Gain on sale of office property, net		(1,113,230)	
Cash paid		$ 14,154,359	

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Meta Financial Group, Inc. (the Company) (formerly First Midwest Financial, Inc.) a bank holding company located in Storm Lake, Iowa, and its wholly owned subsidiaries which include MetaBank (the Bank) (formerly First Federal Savings Bank of the Midwest), a federally chartered savings bank whose primary regulator is the Office of Thrift Supervision, MetaBank West Central (MBWC) (formerly Security State Bank), a state chartered commercial bank whose primary regulator is the Federal Reserve, First Services Financial Limited and Brookings Service Corporation, which offer noninsured investment products, Meta Trust Company (formerly First Securities Trust Company), which offers various trust services, and, for 2003, First Midwest Financial Capital Trust I, which was capitalized in July 2001, for the purpose of issuing trust preferred securities. All significant intercompany balances and transactions have been eliminated.

NATURE OF BUSINESS AND INDUSTRY SEGMENT INFORMATION

The primary source of income for the Company is interest from the purchase or origination of consumer, commercial, agricultural, commercial real estate, and residential real estate loans. See Note 5 for a discussion of concentrations of credit risk. The Company accepts deposits from customers in the normal course of business primarily in northwest and central Iowa and eastern South Dakota. The Company operates primarily in the banking industry which accounts for more than 90% of its revenues, operating income and assets, with the remaining operations consisting of payment processing services. The Company uses the “management approach” for reporting information about segments in annual and interim financial statements. The management approach is based on the way the chief operating decision-maker organizes segments within a company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure and any other manner in which management disaggregates a company. Based on the “management approach” model, the Company has determined that its business is comprised of two reporting segments.

Assets held in trust or fiduciary capacity are not assets of the Company and, accordingly, are not included in the accompanying consolidated financial statements.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates; Certain Significant Estimates: The allowance for loan losses and fair values of securities and other financial instruments involve certain significant estimates made by management. These estimates are reviewed by management regularly however they are particularly susceptible to significant changes in the future.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents is defined to include the Company’s cash on hand and due from financial institutions and short-term interest-bearing deposits in other financial institutions. The Company reports net cash flows for securities purchased under agreements to resell, customer loan transactions, deposit transactions, and securities sold under agreements to repurchase.

The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank, based on a percentage of deposits. The total of those reserve balances was approximately $3,565,000 and $1,055,000 at September 30, 2005 and 2004, respectively.

SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell mature within one week and are carried at cost.

SECURITIES

The Company classifies all securities as available for sale. Available for sale securities are those the Company may decide to sell if needed for liquidity, asset-liability management or other reasons. Available for sale securities are reported at fair value, with net unrealized gains and losses reported as other comprehensive income or loss and as a separate component of shareholders’ equity, net of tax.

Gains and losses on the sale of securities are determined using the specific identification method based on amortized cost and are reflected in results of operations at the time of sale. Interest and dividend income, adjusted by amortization of purchase premium or discount over the estimated life of the security using the level yield method, is included in income as earned.

Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-then-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

LOANS HELD FOR SALE

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized in a valuation allowance by charges to income. As assets specifically acquired for resale, the origination of, disposition of, and gain/loss on these loans are classified as operating activities in the statement of cash flows.

LOANS RECEIVABLE

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances reduced by the allowance for loan losses and any deferred fees or costs on originated loans.

Premiums or discounts on purchased loans are amortized to income using the level yield method over the remaining period to contractual maturity, adjusted for anticipated prepayments.

Interest income on loans is accrued over the term of the loans based upon the amount of principal outstanding except when serious doubt exists as to the collectibility of a loan, in which case the accrual of interest is discontinued. Interest income is subsequently recognized only to the extent that cash payments are received until, in management’s judgment, the borrower has the ability to make contractual interest and principal payments, in which case the loan is returned to accrual status.

LOAN ORIGINATION FEES, COMMITMENT FEES, AND RELATED COSTS

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income using the interest method.

ALLOWANCE FOR LOAN LOSSES

Because some loans may not be repaid in full, an allowance for loan losses is recorded. 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.

Loans are considered impaired if full principal or interest payments are not anticipated 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. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require an increase, such increase is reported as a component of the provision for loan losses.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified either as doubtful, substandard or special mention. For such loans that are also classified as 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. The general component covers non-classified loans 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 evaluated for impairment in total. 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. Often this is associated with a delay or shortfall in payments of 90 days or more. Nonaccrual loans are often also considered impaired. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

FORECLOSED REAL ESTATE AND REPOSSESSED ASSETS

Real estate properties and repossessed assets acquired through, or in lieu of, loan foreclosure are initially recorded at the lower of cost or fair value, less selling costs at the date of foreclosure, establishing a new cost basis. Any reduction to fair value from the carrying value of the related loan at the time of acquisition is accounted for as a loan loss and charged against the allowance for loan losses. Valuations are periodically performed by management and valuation allowances are adjusted through a charge to income for changes in fair value or estimated selling costs.

INCOME TAXES

The Company records income tax expense based on the amount of taxes due on its tax return plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

PREMISES AND EQUIPMENT

Land is carried at cost. Buildings, furniture, fixtures and equipment are carried at cost, less accumulated depreciation and amortization computed principally by using the straight-line method over the estimated useful lives of the assets, which range from 15 to 39 years for buildings and 3 to 7 years for furniture, fixtures and equipment. These assets are reviewed for impairment when events indicate the carrying amount may not be recoverable.

TRANSFERS OF FINANCIAL ASSETS

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred costs, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

BANK OWNED LIFE INSURANCE

Bank owned life insurance consists of investments in life insurance contracts. Earnings on the contracts are based on the earnings on the cash surrender value, less mortality costs.

EMPLOYEE STOCK OWNERSHIP PLAN

The Company accounts for its employee stock ownership plan (ESOP) in accordance with AICPA Statement of Position (SOP) 93-6. Under SOP 93-6, the cost of shares issued to the ESOP, but not yet allocated to participants, are presented in the consolidated balance sheets as a reduction of shareholders' equity. Compensation expense is recorded based on the market price of the shares as they are committed to be released for allocation to participant accounts. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to additional paid-in capital. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings. Dividends on unearned shares are used to reduce the accrued interest and principal amount of the ESOP's loan payable to the Company.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company, in the normal course of business, makes commitments to make loans which are not reflected in the consolidated financial statements. A summary of these commitments is disclosed in Note 15.

GOODWILL

Goodwill is not amortized but is subject to an impairment test at least annually, or more often if conditions indicate a possible impairment.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

The Company enters into sales of securities under agreements to repurchase with primary dealers only, which provide for the repurchase of the same security. Securities sold under agreements to purchase identical securities are collateralized by assets which are held in safekeeping in the name of the Bank or security by the dealers who arranged the transaction. Securities sold under agreements to repurchase are treated as financings and the obligations to repurchase such securities are reflected as a liability. The securities underlying the agreements remain in the asset accounts of the Company.

EARNINGS PER COMMON SHARE

Basic earnings per common share is based on the net income divided by the weighted average number of common shares outstanding during the period. Allocated ESOP shares are considered outstanding for earnings per common share calculations as they are committed to be released; unearned ESOP shares are not considered outstanding. Diluted earnings per common share shows the dilutive effect of additional potential common shares issuable under stock options.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes the net change in net unrealized gains and losses on securities available for sale, net of reclassification adjustments and tax effects, and is also recognized as a separate component of shareholders' equity.

STOCK COMPENSATION

Expense for employee compensation under stock option plans is based on Accounting Principles Board (APB) Opinion 25, with expense reported only if options are granted below market price at grant date.

SFAS No. 123, *Accounting for Stock Based Compensation* , requires proforma disclosures for companies that do not adopt its fair value accounting method for stock-based employee compensation for awards granted. Accordingly, the following proforma information presents net income and earnings per share had the fair value method been used to measure compensation cost for stock option plans. The exercise price of options granted is equivalent to the market value of underlying stock at the grant date. Accordingly, no compensation cost was actually recognized for stock options during 2005, 2004 and 2003.

The fair value of options granted during 2005, 2004 and 2003 is estimated using the following weighted-average information: risk-free interest rate of 4.23%, 4.12% and 3.53%, expected life of 7 years, expected dividends of 2.79%, 2.31% and 2.41% per year and expected stock price volatility of 20.63%, 21.94% and 22.54% per year, respectively.

	2005	2004	2003
Net income (loss) as reported	$ (924,251)	$3,987,050	$3,397,004
Proforma net income (loss)	(1,078,377)	3,757,083	3,253,603
Reported earnings (loss) per common and common equivalent share:			
Basic	$ (0.38)	$ 1.61	$ 1.37
Diluted	(0.38)	1.57	1.36
Proforma earnings (loss) per common and common equivalent share:			
Basic	$ (0.44)	$ 1.51	$ 1.32
Diluted	(0.44)	1.48	1.30

NEW ACCOUNTING PRONOUNCEMENTS

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 154, *Accounting Changes and Error Corrections* . This Statement replaces APB Opinion No. 20, *Accounting Changes* , and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements* . SFAS 154 carries forward the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. However, SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. Under this Statement, every voluntary change in accounting principle requires retrospective application to prior periods' financial statements, unless it is impracticable. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, although earlier application is permitted for changes and corrections made in fiscal years beginning after June 1, 2005. The Company expects no significant effect on its financial statements as a result of the adoption of this statement.

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 123R, *Share-Base Payment* . This Statement revises SFAS Statement No. 123, *Accounting for Stock-Based Compensation* , amends SFAS Statement No. 95, *Statement of Cash Flows* , and supersedes APB Opinion No. 125, Accounting for Stock Issued to Employees. It requires that all stock-based compensation now be measured at fair value and recognized as expense in the income statement. This Statement also clarifies and expands guidance on measuring fair value of stock compensation, requires estimation of forfeitures when determining expense, and requires that excess tax benefits be shown as financing cash inflows versus a reduction of taxes paid in the statement of cash flows. Various other changes are also required. This Statement is effective beginning October 1, 2005, for the Company as a result of recent SEC actions. Management believes the impact on the financial statements will be similar to the disclosures made by footnote to the financial statements, showing the effect on earnings and earnings per share of expensing the value of stock options granted.

In November 2005, the FASB issued FASB Staff Position (FSP) FAS 115-1 and 124-1, *The Meaning of Other-Than-Temporary*

Impairment and Its Application to Certain Investments . The FASB addresses the determination of when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The FSP also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The FSP amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities* , FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations* and APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock* . The FSP nullifies certain requirements of EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* and supersedes EITF Abstracts, Topics D-44, *Recognition of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value* . The FSP is required to be applied to reporting periods beginning after December 15, 2005. The Company does not expect adoption to have a material impact on the consolidate financial statements.

NOTE 2. EARNINGS PER COMMON SHARE

A reconciliation of the numerators and denominators used in the computation of basic earnings per common share and diluted earnings per common share is presented below:

	2005	2004	2003
Basic earnings (loss) per common share:			
Numerator, net income (loss)	$ (924,251)	$ 3,987,050	$ 3,397,004
Denominator, weighted average common shares outstanding	2,497,954	2,498,403	2,485,088
Less weighted average unallocated ESOP shares	(37,063)	(16,724)	(13,797)
Weighted average common shares outstanding	$ 2,460,891	$ 2,481,679	$ 2,471,291
Basic earnings (loss) per common share	$ (0.38)	$ 1.61	$ 1.37
Diluted earnings (loss) per common share:			
Numerator, net income (loss)	$ (924,251)	$ 3,987,050	$ 3,397,004
Denominator, weighted average common shares outstanding for basic earnings per common share	2,460,891	2,481,679	2,471,291
Add dilutive effects of assumed exercises of stock options, net of tax benefits	—	52,744	33,654
Weighted average common and dilutive potential common shares outstanding	$ 2,460,891	$ 2,534,423	$ 2,504,945
Diluted earnings (loss) per common share	$ (0.38)	$ 1.57	$ 1.36

The calculation of the diluted loss per share for the year ended September 30, 2005 do not reflect the effect of the assumed exercise of stock options of 46,624 because the effect would have been anti-dilutive due to the net loss for the period. Stock options totaling 60,315, 91,315 and 58,566 shares were not considered in computing diluted earnings per common share for the years ended September 30, 2005, 2004 and 2003, respectively, because they were not dilutive.

NOTE 3. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

In September 2005, Meta Payment Systems entered into a contract to assume the processing of a gift card portfolio. As part of the contract, the funds supporting the outstanding balances of the portfolio were invested in securities purchased under an agreement to resell through Bank of America. The contract provides for a fixed rate of return of 3.49% during its term. The investment in securities purchased under an agreement to resell matures weekly and the identical security is sold. Prior to reinvestment the balance is reduced by an estimate of the amount that will be needed to cover gift card settlements the following week. The estimated amount, along with the previous week’s interest, is wired to the Company. The securities purchased under this agreement are comprised of U.S. Government agency securities.

NOTE 4. SECURITIES

Year end securities available for sale were as follows:

2005	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Debt securities:				
Trust preferred securities	$ 26,262,643	$ 109,645	$ (735,248)	$ 25,637,040
Obligations of states and political subdivisions	443,129	349	(2,609)	440,869
Mortgage-backed securities	207,652,399	31,615	(4,762,913)	202,921,101
Other	999,090	14,320	—	1,013,410
	235,357,261	155,929	(5,500,770)	230,012,420
Marketable equity securities	602,331	277,814	—	880,145
	$ 235,959,592	$ 433,743	$ (5,500,770)	$ 230,892,565

2004	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Debt securities:				
Trust preferred securities	$ 26,751,966	$ 112,275	$ (872,231)	$ 25,992,010
Obligations of states and political subdivisions	475,502	6,432	—	481,934
Mortgage-backed securities	295,672,052	761,354	(2,341,122)	294,092,284
Other	998,659	54,141	—	1,052,800
	323,898,179	934,202	(3,213,353)	321,619,028
Marketable equity securities	602,331	302,218	—	904,549
	$ 324,500,510	$ 1,236,420	$ (3,213,353)	$ 322,523,577

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 September 30, 2005 and 2004 are as follows:

2005	LESS THAN 12 MONTHS		OVER 12 MONTHS		TOTAL	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
Trust preferred securities	$ —	$ —	$ 24,027,396	$ (735,248)	$ 24,027,396	$ (735,248)
Obligations of states and political subdivisions	290,520	(2,609)	—	—	290,520	(2,609)
Mortgage-backed securities	43,671,997	(699,413)	157,847,666	(4,063,500)	201,519,663	(4,762,913)
	$ 43,962,517	$ (702,022)	$ 181,875,062	$ (4,798,748)	$ 225,837,579	$ (5,500,770)

2004	LESS THAN 12 MONTHS		OVER 12 MONTHS		TOTAL	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
Trust preferred securities	$ —	$ —	$ 23,879,735	$ (872,231)	$ 23,879,735	$ (872,231)
Mortgage-backed securities	34,755,362	(204,451)	196,459,639	(2,136,671)	231,215,001	(2,341,122)

	$ 34,755,362	$ (204,451)	$ 220,339,374	$ (3,008,902)	$ 255,094,736	$ (3,213,353)

As of September 30, 2005, 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, not in estimated cash flows, no other-than-temporary impairment was recorded at September 30, 2005. 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.

The amortized cost and fair value of debt securities by contractual maturity are shown below. Certain securities have call features which allow the issuer to call the security prior to maturity. Expected maturities may differ from contractual maturities in mortgage-backed securities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore these securities are not included in the maturity categories in the following maturity summary. Marketable equitable securities are not included in the following maturity summary.

	Amortized Cost	Fair Value
Due in one year or less	$ 296,110	$ 295,363
Due after one year through five years	1,146,109	1,158,916
Due after ten years	26,262,643	25,637,040
	27,704,862	27,091,319
Mortgage-backed securities	207,652,399	202,921,101
	$ 235,357,261	$ 230,012,420

Activities related to the sale of securities available for sale are summarized below.

	2005	2004	2003
Proceeds from sales	$ 25,842,710	$ —	$ 90,473,567
Gross gains on sales	221,868	—	342,871
Gross (losses) on sales	(241,202)	—	(100,309)

NOTE 5. LOANS RECEIVABLE, NET

Year-end loans receivable were as follows:

	2005	2004
One to four family residential mortgage loans	$ 47,568,014	$ 45,631,796
Construction loans	22,597,205	29,732,204
Commercial and multi-family real estate loans	214,048,999	196,773,919
Agricultural real estate loans	15,245,600	12,879,821
Commercial business loans	101,772,452	80,515,547
Agricultural business loans	24,528,747	21,147,748
Consumer loans	31,663,259	30,355,326
	457,424,276	417,036,361
Less:		
Allowance for loan losses	(7,222,404)	(5,370,994)
Undistributed portion of loans in process	(9,732,776)	(7,342,268)
Net deferred loan origination fees	(278,851)	(271,720)
	$ 440,190,245	$ 404,051,379

Activity in the allowance for loan losses for the years ended September 30 was as follows:

	2005	2004	2003
Beginning balance	$ 5,370,994	$ 4,961,777	$ 4,692,988
Provision for loan losses	5,482,000	488,500	350,000
Recoveries	146,820	29,210	32,148
Charge-offs	(3,777,410)	(108,493)	(113,359)
Ending balance	$ 7,222,404	$ 5,370,994	$ 4,961,777

Virtually all of the Company’s originated loans are to Iowa and South Dakota-based individuals and organizations. The Company’s purchased loans totaled approximately $60,968,000 at September 30, 2005, and were secured by properties located, as a percentage of total loans, as follows: 1% in Washington, 1% in Colorado, 2% in Minnesota, 3% in Iowa, 2% in Arizona, 1% in Missouri and the remaining 3% in 12 other states. The Company’s purchased loans totaled approximately $91,713,000 at September 30, 2004, and were secured by properties located, as a percentage of total loans, as follows: 6% in Washington, 1% in Colorado, 2% in Minnesota, 2% in Iowa, 1% in Wisconsin, 1% in South Dakota, 2% in Arizona, 1% in Missouri and the remaining 6% in 12 other states.

The Company originates and purchases commercial real estate loans. These loans are considered by management to be of somewhat greater risk of uncollectibility due to the dependency on income production. The Company’s commercial real estate loans include approximately $33,554,000 of loans secured by hotel properties and $45,566,000 of multi-family at September 30, 2005. The Company’s commercial real estate loans includes approximately $39,409,000 of loans secured by hotel properties and $39,362,000 of loans secured by multi-family at September 30, 2004.The remainder of the commercial real estate portfolio is diversified by industry. The Company’s policy for requiring collateral and guarantees varies with the creditworthiness of each borrower.

Impaired loans were as follows:

	2005	2004
Year-end impaired loans with no allowance for loan losses allocated	$ —	$ —
Year-end impaired loans with allowance for loan losses allocated	664,056	652,834
Amount of the allowance allocated to impaired loans	250,803	197,265
Average of impaired loans during the year	1,701,941	775,047

Interest income and cash interest collected on impaired loans was not material during the years ended September 30, 2005, 2004, and 2003.

NOTE 6. LOAN SERVICING

Loans serviced for others are not reported as assets. The unpaid principal balances of these loans at year end were as follows:

	2005	2004
Mortgage loan portfolios serviced for FNMA	$ 25,241,000	$ 25,804,000
Other	26,039,000	27,460,000
	$ 51,280,000	$ 53,264,000

Custodial escrow balances maintained in connection with the foregoing loan servicing were approximately $128,000 and $100,000 at September 30, 2005 and 2004, respectively.

NOTE 7. PREMISES AND EQUIPMENT, NET

Year end premises and equipment were as follows:

	2005	2004
Land	$ 2,858,410	$ 2,108,388
Buildings	12,484,587	9,577,962
Furniture, fixtures and equipment	6,021,614	5,243,724
	21,364,611	16,930,074
Less accumulated depreciation	(6,238,542)	(5,239,637)
	$ 15,126,069	$ 11,690,437

Depreciation of premises and equipment included in occupancy and equipment expense was approximately $999,000, $917,000 and $893,000 for the years ended September 30, 2005, 2004 and 2003, respectively.

NOTE 8. DEPOSITS

Certificates of deposit in denominations of $100,000 or more were approximately $128,175,000 and $84,862,000 at September 30, 2005 and 2004, respectively.

At September 30, 2005, the scheduled maturities of certificates of deposit were as follows for the years ending September 30:

2006	$ 170,304,440
2007	60,216,568
2008	19,142,377
2009	9,221,728

2010		8,951,641
Thereafter		285,342
	$	268,122,096

NOTE 9. ADVANCES FROM FEDERAL HOME LOAN BANK

At September 30, 2005 advances from the FHLB of Des Moines had fixed and variable rates ranging from 2.15% to 7.19% (weighted-average rate of 4.56%) are required to be repaid in the year ending September 30 as presented below. Advances totaling $49,700,000 contain call features which allow the FHLB to call for the prepayment of the borrowing prior to maturity.

2006	$	42,140,000
2007		25,265,000
2008		25,000,000
2009		30,000,000
2010		20,000,000
Thereafter		17,300,000
	$	159,705,000

Borrowed funds at September 30, 2004 included borrowings from the FHLB of $226,250,000. Such borrowings carried a weighted-average interest rate of 3.62% with maturities ranging from 2005 through 2019.

MetaBank and MBWC have executed blanket pledge agreements whereby MetaBank and MBWC assign, transfer and pledge to the FHLB and grant to the FHLB a security interest in all mortgage collateral and securities collateral. However, MetaBank and MBWC have the right to use, commingle and dispose of the collateral they have assigned to the FHLB. Under the agreements, MetaBank and MBWC must maintain "eligible collateral" that has a "lending value" at least equal to the "required collateral amount," all as defined by the agreements.

At year end 2005 and 2004, MetaBank and MBWC collectively pledged securities with amortized costs of $105,947,000 and $169,159,000, respectively, and fair values of approximately $103,397,000 and $167,922,000, respectively, against specific FHLB advances. In addition, qualifying mortgage loans of approximately $89,815,000 and $119,731,000 were pledged as collateral at September 30, 2005 and 2004, respectively.

NOTE 10. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase totaled $20,507,051 and $32,549,377 at September 30, 2005 and 2004, respectively.

An analysis of securities sold under agreements to repurchase is as follows:

	2005	2004
Highest month-end balance	$ 33,077,141	$ 58,500,000
Average balance	28,066,924	38,977,080
Weighted average interest rate during the period	2.78%	1.71%
Weighted average interest rate at end of period	2.89%	2.49%

At year-end 2005, securities sold under agreements to repurchase had a weighted average maturity of less than 13 months.

The Company pledged securities with amortized costs of approximately $22,312,000 and $35,702,000 and fair values of approximately $21,931,000 and $36,022,000, respectively, at year-end 2005 and 2004 as collateral for securities sold under agreements to repurchase.

NOTE 11. JUNIOR SUBORDINATED DEBENTURES AND TRUST PREFERRED SECURITIES

Subordinated debentures are due to First Midwest Financial Capital Trust I, a 100% owned non-consolidated subsidiary of the Company. The debentures were issued in 2001 in conjunction with the Trust's issuance of 10,000 shares of Company Obligated Mandatory Redeemable Trust Preferred Securities. The debentures bear the same interest rate and terms as the trust preferred securities, detailed following. The debentures are included on the balance sheet as liabilities.

The Company issued all of the 10,000 authorized shares of trust preferred securities of First Midwest Financial Capital Trust I holding solely subordinated debt securities. Distributions are paid semi-annually. Cumulative cash distributions are calculated at a variable rate of LIBOR (as defined) plus 3.75% (7.67% at September 30, 2005 and 5.74% at September 30, 2004), not to exceed 12.5%. The Company may, at one or more times, defer interest payments on the capital securities for up to 10 consecutive semi-annual periods, but not beyond July 25, 2031. At the end of any deferral period, all accumulated and unpaid distributions are required to be paid. The capital securities are required to be redeemed on July 25, 2031; however, the Company has the option to shorten the maturity date to a date not earlier than July 25, 2006. The redemption price is $1,000 per capital security plus any accrued and unpaid distributions to the date of redemption plus, if redeemed prior to July 25, 2011, a redemption premium as defined in the Indenture agreement.

Holders of the capital securities have no voting rights, are unsecured and rank junior in priority of payment to all of the Company's indebtedness and senior to the Company's common stock.

Although the securities issued by the Trusts are not included as a component of stockholders' equity, the securities are treated as capital for regulatory purposes, subject to certain limitations.

NOTE 12. EMPLOYEE BENEFITS

EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

The Company maintains an ESOP for eligible employees who have 1,000 hours of employment with the Bank, have worked one year at the Bank and who have attained age 21. In 2001, the ESOP borrowed $360,000 from the Company to purchase 30,000 shares of the Company's common stock. Final payment of this loan was received during the year ended September 30, 2005. In 2003, the ESOP borrowed $608,584 from the Company to purchase 35,574 shares of the Company's common stock. In 2004, the ESOP borrowed $212,400 from the Company to purchase 10,000 shares of the Company's common stock. In 2005, the ESOP borrowed $684,133 from the Company to purchase 30,000 shares of the

Company’s common stock. Shares purchased by the ESOP are held in suspense for allocation among participants as the loan is repaid. ESOP expense of $305,068, $291,018 and $263,055 was recorded for the years ended September 30, 2005, 2004 and 2003, respectively. Contributions of $253,842, $219,310 and $253,050 were made to the ESOP during the years ended September 30, 2005, 2004 and 2003, respectively.

Contributions to the ESOP and shares released from suspense in an amount proportional to the repayment of the ESOP loan are allocated among ESOP participants on the basis of compensation in the year of allocation. Benefits generally become 100% vested after seven years of credited service. Prior to the completion of seven years of credited service, a participant who terminates employment for reasons other than death or disability receives a reduced benefit based on the ESOP’s vesting schedule. Forfeitures are reallocated among remaining participating employees, in the same proportion as contributions. Benefits are payable in the form of stock upon termination of employment. The Company’s contributions to the ESOP are not fixed, so benefits payable under the ESOP cannot be estimated.

For the years ended September 30, 2005, 2004 and 2003, 14,000, 13,000 and 15,000 shares with an average fair value of $21.79, $22.37 and $17.54 per share, respectively, were committed to be released. Also for the years ended September 30, 2005, 2004 and 2003, allocated shares and total ESOP shares reflect 45,042, 15,056 and 4,865 shares, respectively, withdrawn from the ESOP by participants who are no longer with the Company or by participants diversifying their holdings and 5,152, 5,426 and 6,569 shares, respectively, purchased for dividend reinvestment.

Year-end ESOP shares are as follows:

	2005	2004	2003
Allocated shares	229,928	255,818	252,448
Unearned shares	36,812	20,812	23,812
Total ESOP shares	266,740	276,630	276,260
Fair value of unearned shares	$ 686,912	$ 462,859	$ 525,055

STOCK OPTIONS AND INCENTIVE PLANS

Certain officers and directors of the Company have been granted options to purchase common stock of the Company pursuant to stock option plans. Stock option plans are used to reward directors, officers and employees and provide them with an additional equity interest. Options are issued for 10 year periods, with 100% vesting generally occurring either at grant date or 48 months after grant date. At September 30, 2005, 91,862 shares were authorized for future grants. Information about option grants follows:

	Number of Options	Weighted-Average Exercise Price
Outstanding, September 30, 2002	251,173	$ 13.88
Granted	36,708	21.45
Exercised	(35,292)	6.67
Forfeited	—	—
Outstanding, September 30, 2003	252,589	15.99
Granted	93,315	22.46
Exercised	(36,546)	15.94
Forfeited	(2,000)	15.92
Outstanding, September 30, 2004	307,358	17.96
Granted	21,600	18.87
Exercised	(13,630)	16.01
Forfeited	(4,000)	17.88
Outstanding, September 30, 2005	311,328	$ 18.11

The weighted-average fair value per option for options granted in 2005, 2004 and 2003 was $3.96, $5.37 and $4.81, respectively. At September 30, 2005, options outstanding were as follows:

Exercise Price	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Options
$ 9.63 - $ 9.99	$ 9.63	5.00	20,324
$ 10.00 - $ 14.99	13.69	5.79	62,474
$ 15.00 - $ 19.99	17.26	3.28	97,717
$ 20.00 - $ 23.81	22.17	8.25	130,813
	18.11	5.99	311,328

Options exercisable at year end are as follows:

Weighted-

	Number of Options	Average Exercise Price
2003	236,464	$ 15.99
2004	250,483	17.04
2005	260,453	17.32

PROFIT SHARING PLAN

The Company has a profit sharing plan covering substantially all full-time employees. Contribution expense for the years ended September 30, 2005, 2004 and 2003, was $233,453, $276,923 and $283,212, respectively.

Meta Financial Group, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. INCOME TAXES

The Company, the Bank and its subsidiaries and MBWC file a consolidated federal income tax return on a fiscal year basis.

The provision for income taxes consists of:

	2005	2004	2003
Federal:			
Current	$ 115,151	$ 2,120,464	$ 1,430,109
Deferred	(670,140)	(333,905)	(23,962)
	(554,989)	1,786,559	1,406,147
State:			
Current	(46,076)	288,092	278,015
Deferred	(83,620)	(15,953)	(5,876)
	(129,696)	272,139	272,139
Income tax expense (benefit)	$ (684,685)	$ 2,058,698	$ 1,678,286

Total income tax expense (benefit) differs from the statutory federal income tax rate as follows:

	2005	2004	2003
Income taxes (benefit) at 35% federal tax rate	$ (563,000)	$ 2,116,000	$ 1,776,000
Increase (decrease) resulting from:			
State income taxes - net of federal benefit	(26,000)	191,000	141,000
Nontaxable buildup in cash surrender value	(165,000)	(186,000)	(190,000)
Other, net	69,315	(62,302)	(48,714)
Total income tax expense (benefit)	$ (684,685)	$ 2,058,698	$ 1,678,286

Year-end deferred tax assets and liabilities consist of:

	2005	2004
Deferred tax assets:		
Bad debts	$ 2,694,000	$ 1,885,000
Net unrealized losses on securities available for sale	1,886,420	735,629
Other	75,589	146,829
	4,656,009	2,767,458
Deferred tax liabilities:		
Federal Home Loan Bank stock dividend	(452,000)	(452,000)
Premises and equipment	(463,000)	(461,000)
Deferred loan fees	(150,000)	(168,000)
	(1,065,000)	(1,081,000)
Net deferred tax assets	$ 3,591,009	$ 1,686,458

Federal income tax laws provided savings banks with additional bad debt deductions through September 30, 1987, totaling $6,744,000 for the Bank. Accounting standards do not require a deferred tax liability to be recorded on this amount, which liability otherwise would total approximately $2,300,000 at September 30, 2005 and 2004. If the Bank were liquidated or otherwise ceases to be a bank or if tax laws were to change, the $2,300,000 would be recorded as expense.

NOTE 14. CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS

The Company has two primary subsidiaries, MetaBank and MBWC. MetaBank and MBWC are subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory or discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, MetaBank and MBWC must meet specific quantitative capital guidelines using their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The requirements are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require MetaBank and MBWC to maintain minimum amounts and ratios (set forth in the table below) of total risk-based capital and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and a leverage ratio consisting of Tier I capital (as defined) to average assets (as defined). Management believes, as of September 30, 2005, that MetaBank and MBWC meet the capital adequacy requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MetaBank's and MBWCs's actual capital and required capital amounts and ratios are presented below:

	ACTUAL		CAPITAL ADEQUACY PURPOSES		MINIMUM TO BE WELL CAPITALIZED FOR PROMPT CORRECTIVE ACTION PROVISIONS	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
AS OF SEPTEMBER 30, 2005:						
Total capital (to risk-weighted assets):						
MetaBank	$ 52,857	10.3%	$ 40,944	8.0%	$ 51,180	10.0%
MetaBank West Central	4,162	13.0	2,566	8.0	3,208	10.0
Tier 1 (Core) capital (to risk-weighted assets):						
MetaBank	46,412	9.1	20,472	4.0	30,708	6.0
MetaBank West Central	3,762	11.8	1,277	4.0	1,915	6.0
Tier 1 (Core) capital (to average total assets):						
MetaBank	46,412	6.5	28,405	4.0	35,507	5.0
MetaBank West Central	3,762	7.4	2,042	4.0	2,553	5.0
Tier 1 (Core) capital (to total assets), MetaBank	46,412	6.4	29,065	4.0	36,332	5.0
AS OF SEPTEMBER 30, 2004:						
Total capital (to risk-weighted assets):						
First Federal	$ 53,716	11.2%	$ 38,480	8.0%	$ 48,099	10.0%
Security	4,646	14.5	2,570	8.0	3,213	10.0
Tier 1 (Core) capital (to risk-weighted assets):						
First Federal	48,493	10.1	19,240	4.0	28,860	6.0
Security	4,419	13.8	1,285	4.0	1,928	6.0
Tier 1 (Core) capital (to average total assets):						
First Federal	48,493	6.8	28,470	4.0	35,588	5.0
Security	4,419	7.1	2,485	4.0	3,106	5.0
Tier 1 (Core) capital (to total assets), First Federal	48,493	6.8	28,655	4.0	35,819	5.0

Regulations limit the amount of dividends and other capital distributions that may be paid by a financial institution without prior approval of its primary regulator. The regulatory restriction is based on a three-tiered system with the greatest flexibility being afforded to well-capitalized (Tier 1) institutions. MetaBank and MBWC are currently Tier 1 institutions. Accordingly, MetaBank and MBWC can make, without prior regulatory approval, distributions during a calendar year up to 100% of their retained net income for the calendar year-to-date plus retained net income for the previous two calendar years (less any dividends previously paid) as long as they remain well-capitalized, as defined in prompt corrective action regulations, following the proposed distribution. Accordingly, at September 30, 2005, approximately $4,052,000 of MetaBank's retained earnings and none of MBWC's retained earnings were potentially available for distribution to the Company.

NOTE 15. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company's subsidiary banks make various commitments to extend credit which are not reflected in the accompanying consolidated financial statements.

At September 30, 2005 and 2004, loan commitments approximated $69,648,000 and $60,244,000, respectively, excluding undisbursed portions of loans in process. Loan commitments at September 30, 2005 included commitments to originate fixed-rate loans with interest rates ranging from 5.38% to 7.0% totaling $2,833,000 and adjustable-rate loan commitments with interest rates ranging from 4.75% to 18% totaling $63,545,000. The Company also had commitments to purchase a fixed-rate loan of $2,000,000 with an interest rate of 7.5% and adjustable rate loans of $1,270,000 with an interest rate of 7.625%. Loan commitments at September 30, 2004 included commitments to originate fixed-rate loans with interest rates ranging from 4% to 9% totaling $8,150,000 and adjustable-rate loan commitments with interest rates ranging from 3.88% to 18% totaling $50,094,000. The Company also had commitments to purchase a fixed-rate loan of $2,000,000 with an interest rate of 6.5%. Commitments, which are disbursed subject to certain limitations, extend over various periods of time. Generally, unused commitments are canceled upon expiration of the commitment term as outlined in each individual contract.

The exposure to credit loss in the event of nonperformance by other parties to financial instruments for commitments to extend credit is represented by the contractual amount of those instruments. The same credit policies and collateral requirements are used in making commitments and conditional obligations as are used for on-balance-sheet instruments.

Since certain commitments to make loans and to fund lines of credit and loans in process expire without being used, the amount does not necessarily represent future cash commitments. In addition, commitments used to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract.

Securities with amortized costs of approximately $65,314,000 and $47,201,000 and fair values of approximately $63,313,000 and $46,098,000 at September 30, 2005 and 2004, respectively, were pledged as collateral for public funds on deposit. Securities with amortized costs of approximately $13,567,000 and $10,255,000 and fair values of approximately $13,400,000 and $10,296,000 at September 30, 2005 and 2004, respectively, were pledged as collateral for individual, trust and estate deposits.

Under employment agreements with certain executive officers, certain events leading to separation from the Company could result in cash payments totaling approximately $2,235,000 as of September 30, 2005.

The Company and its subsidiaries are subject to certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial position or results of operations of the Company.

NOTE 16. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) components and related taxes were as follows:

	2005	2004	2003
Net change in net unrealized gains and losses on securities available for sale:			
Unrealized gains (losses) arising during the year	$ (3,109,428)	$ 2,848,264	$ (5,369,149)
Reclassification adjustment for (gains) losses included in net income	19,334	—	(242,562)
Net change in unrealized gains and losses on securities available for sale	(3,090,094)	2,848,264	(5,611,711)
Tax effects	1,149,825	(1,059,840)	2,088,115
Other comprehensive income (loss)	$ (1,940,269)	$ 1,788,424	$ (3,523,596)

NOTE 17. LEASE COMMITMENT

The Company has leased property under various noncancelable operating lease agreements which expire at various times through October 2013, and require annual rentals ranging from $6,000 to $52,200 plus the payment of the property taxes, normal maintenance and insurance on the property.

The total minimum rental commitment at September 30, 2005, under the leases is as follows:

2006	$ 99,140
2007	99,580
2008	99,015
2009	92,800
2010	62,350
Thereafter	160,950
	$ 613,835

NOTE 18. SEGMENT REPORTING

An operating segment is generally defined as a component of a business for which discrete financial information is available and whose results are reviewed by the chief operating decision-maker. The Company has determined that it has two reportable segments: The traditional banking segment consists of its two banking subsidiaries, MetaBank and MetaBank West Central, and Meta Payment Systems, a division of MetaBank. MetaBank and MetaBank West Central operate as traditional community banks providing deposit, loan and other related products to individuals and small businesses, primarily in the communities where their offices are located. Meta Payment Systems provides a number of products and services, primarily to third parties, including financial institutions and other businesses. These products and services include issuance of prepaid cards, issuance of credit cards, sponsorship of ATMs into the debit networks, ACH origination services and a gift card program. Other related programs are in the process of development. The remaining grouping under the caption “All Others” consists of the operations of the Meta Financial Group, Inc. and Meta Trust Company.

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.

	TRADITIONAL BANKING	PAYMENT SYSTEMS	ALL OTHERS	TOTAL
YEAR ENDED SEPTEMBER 30, 2005				
Revenues from external customers:				
Interest income	$ 40,779,232	$ 49,451	$ 297,149	$ 41,125,832
Noninterest income	2,002,364	1,591,031	104,688	3,698,083
Inter-segment revenue	262,843	358,947	6,606	628,396
Interest expense	21,229,473	5,224	761,799	21,996,496
Provision for loan and lease losses	5,482,000	—	—	5,482,000
Depreciation expense	961,710	37,196	—	998,906
Other noninterest expense	14,126,062	3,202,646	1,255,137	18,583,845
Segment income (loss) from continuing operations before income taxes	1,245,193	(1,245,636)	(1,608,493)	(1,608,936)
Segment assets	703,874,252	70,905,966	54,405,761	829,185,979
YEAR ENDED SEPTEMBER 30, 2004				
Revenues from external customers:				
Interest income	$ 35,902,412	$ 7	$ 317,634	$ 36,220,053
Noninterest income	3,448,192	6,747	101,033	3,555,972
Inter-segment revenue	549,957	—	—	549,957
Interest expense	17,892,050	3,200	634,084	18,529,334
Provision for loan and lease losses	488,500	—	—	488,500
Depreciation expense	907,894	9,139	—	917,033
Other noninterest expense	12,609,174	761,470	974,724	14,345,368
Segment income (loss) from continuing operations before income taxes	8,002,880	(766,991)	(1,190,141)	6,045,748
Segment assets	778,689,059	145,353	60,199,249	839,033,661
YEAR ENDED SEPTEMBER 30, 2003				
Revenues from external customers:				
Interest income	$ 34,898,575	$ —	$ 334,656	$ 35,233,231
Noninterest income	3,405,052	—	95,926	3,500,978
Inter-segment revenue	521,472	—	—	521,472
Interest expense	18,919,805	—	644,385	19,564,190
Provision for loan and lease losses	350,000	—	—	350,000
Depreciation expense	893,228	—	—	893,228
Other noninterest expense	12,480,826	—	892,146	13,372,972
Segment income (loss) from continuing operations before income taxes	6,181,239	—	(1,105,949)	5,075,290
Segment assets	770,883,332	—	55,742,263	826,625,595

	2005	2004	2003
REVENUES FOR THE YEAR ENDED SEPTEMBER 30:			
Interest income for reportable segments	$ 40,828,683	$ 35,902,419	$ 34,898,575
Noninterest income for reportable segments	3,593,395	3,454,939	3,405,052
Intersegment revenues for reportable segments	621,790	549,957	521,472
Other revenues	408,443	418,667	430,582
Elimination of intersegment revenues	(628,396)	(549,957)	(521,472)
Total consolidated revenues	$ 44,823,915	$ 39,776,025	$ 38,734,209
INTEREST EXPENSE FOR THE YEAR ENDED SEPTEMBER 30:			
Interest expense for reportable segments	$ 21,234,697	$ 17,895,250	$ 18,919,805
Other interest expense	761,799	634,084	644,385
Elimination of intersegment interest expense	(142,703)	(118,149)	(113,439)
	$ 21,853,793	$ 18,411,185	$ 19,450,751
NONINTEREST EXPENSE FOR THE YEAR ENDED SEPTEMBER 30:			
Noninterest expense for reportable segments	$ 17,328,708	$ 13,370,644	$ 12,480,826
Other noninterest expense	1,255,137	974,724	892,146
Depreciation expense	998,906	917,033	893,228
Elimination of intersegment interest expense	(485,693)	(431,809)	(408,032)
	$ 19,097,058	$ 14,830,592	$ 13,858,168
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT) FOR YEAR ENDED SEPTEMER 30:			
Total income (loss) for reportable segments	$ (443)	$ 7,235,889	$ 6,181,239
Other loss	(1,608,493)	(1,190,141)	(1,105,949)
Elimination of intersegment profit (loss)	—	—	—
Income (loss) before income taxes	$ (1,608,936)	$ 6,045,748	$ 5,075,290
ASSETS AS OF SEPTEMBER 30:			
Total assets for reportable segments	$ 774,780,218	$ 778,834,412	$ 770,883,332
Other assets	54,405,761	60,199,249	55,742,263
Elimination of intersegment receivables	(50,598,010)	(55,093,854)	(50,832,668)
Other intersegment eliminations	(2,239,027)	(3,141,283)	(3,507,800)
Total consolidated assets	$ 776,348,942	$ 780,798,524	$ 772,285,127

NOTE 19. PARENT COMPANY FINANCIAL STATEMENTS

Presented below are condensed financial statements for the parent company, Meta Financial Group, Inc.:

CONDENSED BALANCE SHEETS

SEPTEMBER 30, 2005 AND 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 51,676	$ 110,119
Securities available for sale	2,177,472	2,625,894
Investment in subsidiaries	50,598,010	55,093,854
Loan receivable from ESOP	825,057	394,766
Loan receivable	—	1,261,188
Other assets	1,224,682	856,789
Total assets	$ 54,876,897	$ 60,342,610
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Loan payable to subsidiaries	$ 1,200,000	$ 2,550,000
Subordinated debentures	10,310,000	10,310,000
Accrued expenses and other liabilities	408,207	208,345
Total liabilities	11,918,207	13,068,345
SHAREHOLDERS' EQUITY		
Common stock	29,580	29,580
Additional paid-in capital	20,646,513	20,678,644
Retained earnings, substantially restricted	34,557,258	36,758,258
Accumulated other comprehensive (loss)	(3,180,607)	(1,240,338)
Unearned Employee Stock Ownership Plan shares	(825,057)	(394,766)
Treasury stock, at cost	(8,268,997)	(8,557,113)
Total shareholders' equity	42,958,690	47,274,265
Total liabilities and shareholders' equity	$ 54,876,897	$ 60,342,610

Meta Financial Group, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF OPERATIONS

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003

	2005	2004	2003
Dividend income from subsidiaries	$ 2,510,000	$ 2,300,000	$ 1,250,000
Interest income	303,755	317,635	334,656
Gain on sales of securities available for sale, net	—	—	48,109
	2,813,755	2,617,635	1,632,765
Interest expense	761,799	634,083	644,385
Operating expenses	1,060,084	752,257	662,046
	1,821,883	1,386,340	1,306,431
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	991,872	1,231,295	326,334
Income tax (benefit)	(503,000)	(354,000)	(304,000)
Income (loss) before equity in undistributed net income of subsidiaries	1,494,872	1,585,295	630,334
Equity in undistributed net income (loss) of subsidiaries	(2,419,123)	2,401,755	2,766,670
Net income (loss)	$ (924,251)	$ 3,987,050	$ 3,397,004

CONDENSED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003

	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (924,251)	$ 3,987,009	$ 3,397,004
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Equity in undistributed net (income) loss of subsidiaries	2,419,123	(2,401,755)	(2,766,670)
(Loss) on sales of securities available for sale, net	—	—	(48,109)
Change in other assets	(367,893)	365,401	(465,296)
Change in accrued expenses and other liabilities	180,671	(70,908)	233,718
Net cash provided by operating activities	1,307,650	1,879,747	350,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiary	(275,000)	—	—
Maturity of securities	500,000	—	—
Purchase of securities available for sale	—	—	(48,325)
Proceeds from sales of securities available for sale	—	—	156,016
Loan to ESOP	(684,133)	(212,400)	(608,584)
Net change in loan receivable	1,261,188	46,071	42,284
Repayments on loan receivable from ESOP	253,842	219,310	253,050
Net cash provided by (used in) investment activities	1,055,897	52,981	(205,559)

CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from loan payable to subsidiaries		—		2,325,000		1,975,000
Repayments on loan payable to subsidiaries		(1,350,000)		(2,675,000)		(830,000)
Cash dividends paid		(1,276,749)		(1,286,533)		(1,279,911)
Proceeds from exercise of stock options		230,414		582,557		235,281
Purchase of treasury stock		(25,655)		(906,650)		(165,092)
Net cash (used in) financing activities		(2,421,990)		(1,960,626)		(64,722)
Net change in cash and cash equivalents		(58,443)		(27,898)		80,366
CASH AND CASH EQUIVALENTS						
Beginning of year		110,119		138,017		57,651
End of year	$	51,676	$	110,119	$	138,017

The extent to which the Company may pay cash dividends to shareholders will depend on the cash currently available at the Company, as well as the ability of the subsidiary banks to pay dividends to the Company (see Note 14).

NOTE 20. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	QUARTER ENDED			
	December 31	**March 31**	**June 30**	**September 30**
FISCAL YEAR 2005:				
Total interest income	$ 9,784,691	$ 10,372,608	$ 10,812,675	$ 10,123,334
Total interest expense	5,097,674	5,383,453	5,697,041	5,675,625
Net interest income	4,687,017	4,989,155	5,115,634	4,447,709
Provision for loan losses	177,000	257,500	4,956,000	91,500
Net income (loss)	441,942	399,374	(2,311,994)	546,427
Earnings (loss) per common and common equivalent share:				
Basic	$ 0.18	$ 0.16	$ (0.94)	$ 0.22
Diluted	0.18	0.16	(0.94)	0.22
FISCAL YEAR 2004:				
Total interest income	$ 9,053,707	$ 8,890,641	$ 9,043,212	$ 9,192,696
Total interest expense	4,585,909	4,475,826	4,523,366	4,826,084
Net interest income	4,467,798	4,414,815	4,519,846	4,366,612
Provision for loan losses	101,000	56,000	167,500	164,000
Net income	976,942	1,675,397	836,609	498,102
Earnings (loss) per common and common equivalent share:				
Basic	$ 0.39	$ 0.67	$ 0.34	$ 0.20
Diluted	0.39	0.67	0.34	0.20
FISCAL YEAR 2003:				
Total interest income	$ 8,952,749	$ 9,001,683	$ 8,773,197	$ 8,451,524
Total interest expense	5,027,183	4,854,739	4,841,730	4,727,099
Net interest income	3,925,566	4,146,944	3,931,467	3,724,425
Provision for loan losses	175,000	108,000	67,000	—
Net income	844,256	915,186	892,407	745,155
Earnings per common and common equivalent share:				
Basic	$ 0.34	$ 0.37	$ 0.36	$ 0.30
Diluted	0.34	0.37	0.36	0.30

NOTE 21. FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, requires that the Company disclose 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 as of September 30, 2005 and 2004, 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 finan-cial 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 subsidiary banks’ 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 September 30, 2005 and 2004. This information is presented solely for compliance with SFAS No. 107 and is subject to change over time based on a variety of factors.

	2005		2004	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets:				
Cash and cash equivalents	$ 14,369,754	$ 14,370,000	$ 8,936,569	$ 8,937,000
Securities purchased under agreements to resell	37,513,348	37,513,000	—	—
Securities available for sale	230,892,565	230,893,000	322,523,577	322,524,000
Loans receivable, net	440,190,245	434,521,000	404,051,379	400,965,000
Loans held for sale	306,000	306,000	270,000	270,000

FHLB stock	8,161,000	8,161,000	11,052,700	11,053,000
Accrued interest receivable	4,240,694	4,241,000	3,849,215	3,849,000
Financial liabilities:				
Noninterest bearing demand deposits	(102,164,156)	(102,164,000)	(19,537,370)	(19,537,000)
Savings, NOW and money market demand deposits	(170,484,053)	(170,484,000)	(177,287,972)	(177,288,000)
Other time certificates of deposit	(268,122,096)	(265,828,000)	(264,755,535)	(265,836,000)
Total deposits	(540,770,305)	(538,476,000)	(461,580,877)	(462,661,000)
Advances from FHLB	(159,705,000)	(160,675,000)	(226,250,000)	(236,265,000)
Securities sold under agreements to repurchase	(20,507,051)	(20,340,000)	(32,549,377)	(33,074,000)
Subordinated debentures	(10,310,000)	(10,336,000)	(10,310,000)	(10,339,000)
Advances from borrowers for taxes and insurance	(271,273)	(271,000)	(216,331)	(216,000)
Accrued interest payable	(941,935)	(942,000)	(473,426)	(473,000)
Off-balance-sheet instruments, loan commitments	—	—	—	—

The following sets forth the methods and assumptions used in determining the fair value estimates for the Company's financial instruments at September 30, 2005 and 2004.

CASH AND CASH EQUIVALENTS

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

SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

The carrying amount of securities purchased under agreement to resell is assumed to approximate the fair value.

SECURITIES AVAILABLE FOR SALE

Quoted market prices or dealer quotes were used to determine the fair value of securities available for sale.

LOANS RECEIVABLE, NET

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 as of September 30, 2005 and 2004. 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 issues.

LOANS HELD FOR SALE

Fair values are based on quoted market prices of similar loans sold on the secondary market.

FHLB STOCK

The fair value of such stock approximates book value since the Company is able to redeem this stock with the Federal Home Loan Bank at par value.

ACCRUED INTEREST RECEIVABLE

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

DEPOSITS

The fair value of deposits were determined as follows: (i) for noninterest bearing demand deposits, savings, NOW and money market demand deposits, since such deposits are immediately withdrawable, fair value is determined to approximate the carrying value (the amount payable on demand); (ii) for other time certificates of deposit, the fair value has been estimated by discounting expected future cash flows by the current rates offered as of September 30, 2005 and 2004, on certificates of deposit with similar remaining maturities. In accordance with SFAS No. 107. 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 SFAS No. 107.

ADVANCES FROM FHLB

The fair value of such advances was estimated by discounting the expected future cash flows using current interest rates as of September 30, 2005 and 2004, for advances with similar terms and remaining maturities.

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND SUBORDINATED DEBENTURES

The fair value of these instruments was estimated by discounting the expected future cash flows using derived interest rates approximating market as of September 30, 2005 and 2004, over the contractual maturity of such borrowings.

ADVANCES FROM BORROWERS FOR TAXES AND INSURANCE

The carrying amount of advances from borrowers for taxes and insurance is assumed to approximate the fair value.

ACCRUED INTEREST PAYABLE

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

LOAN COMMITMENTS

The commitments to originate and purchase loans have terms that are consistent with current market terms. Accordingly, the Company estimates that the fair values of these commitments are not significant.

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.

BOARD OF DIRECTORS

James S. Haahr
Chairman of the Board for Meta Financial Group, MetaBank, and MetaBank West Central

E. Wayne Cooley
Consultant Emeritus of the Iowa Girls' High School Athletic Union

E. Thurman Gaskill
Iowa State Senator and Grain and Livestock Farming Operation Owner

J. Tyler Haahr
President and Chief Executive Officer for Meta Financial Group and MetaBank, Chief Executive Officer for MetaBank West Central, and President of Meta Trust

Brad C. Hanson
Executive Vice President for Meta Financial Group and MetaBank and President of Meta Payment Systems

G. Mark Mickelson
Partner with Mickelson & Newell, LLC

Rodney G. Muilenburg
Retired Dairy Specialist Manager for Purina Mills, Inc.; Consultant for TransOva Genetics Dairy Division; and Director of Sales and Marketing for TransOva Genetics

Jeanne Partlow
Retired Chairman of the Board and President of Iowa Savings Bank

SENIOR OFFICERS

James S. Haahr
Chairman of the Board for Meta Financial Group, MetaBank, and MetaBank West Central

J. Tyler Haahr
President and Chief Executive Officer for Meta Financial Group and MetaBank, Chief Executive Officer for MetaBank West Central, and President of Meta Trust

Troy Moore
Executive Vice President and Chief Operating Officer for Meta Financial Group and MetaBank

Brad C. Hanson
Executive Vice President for Meta Financial Group and MetaBank and President of Meta Payment Systems

Ronald J. Walters, CPA
Senior Vice President, Secretary, Treasurer and Chief Financial Officer for Meta Financial Group and MetaBank and Secretary for MetaBank West Central

Ellen E. Moore
Senior Vice President of Marketing and Sales for Meta Financial Group, MetaBank, and MetaBank West Central

Ben Guenther
President of MetaBank Northwest Iowa Market

Tim D. Harvey
President of MetaBank Brookings Market

Tony Trussell
President of MetaBank Sioux Empire Market

I. Eugene Richardson, Jr.
President of MetaBank Central Iowa Market and MetaBank West Central and Member of the MetaBank West Central Board of Directors

Charles B. Friederichs
Senior Vice President and Chief Information Officer

Jon C. Geistfeld
Senior Vice President and Chief Lending Officer

Sandra K. Hegland
Senior Vice President of Human Resources

Susan C. Jesse
Senior Vice President of Compliance and Operations

INVESTOR INFORMATION

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will convene at 1:00 pm on Monday, January 23, 2006. The meeting will be held in the Board Room of MetaBank, 121 East Fifth Street, Storm Lake, Iowa. Further information with regard to this meeting can be found in the proxy statement.

General Counsel

Mack, Hansen, Gadd, Armstrong & Brown, P.C.
316 East Sixth Street
P.O. Box 278
Storm Lake, Iowa 50588

Special Counsel

Katten Muchin Rosenman LLP
1025 Thomas Jefferson Street NW
East Lobby, Suite 700
Washington, D.C. 20007-5201

Independent Auditors

McGladrey & Pullen LLP
400 Locust Street, Suite 640
Des Moines, Iowa 50309-2372

Shareholder Services and Investor Relations

Shareholders desiring to change the name, address, or ownership of stock; to report lost certificates; or to consolidate accounts, should contact the corporation's transfer agent:

Registrar & Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016
Telephone: 800.368.5948
Email: invrelations@rtco.com
Website: www.rtco.com

Form 10-K

Copies of the Company's Annual Report on Form 10-K for the year ended September 30, 2005 (excluding exhibits thereto) may be obtained without charge by contacting:

Investor Relations
Meta Financial Group
121 East Fifth Street
P.O. Box 1307
Storm Lake, Iowa 50588
Telephone: 712.732.4117
Email: invrelations@metacash.com
Website: www.metacash.com

DIVIDEND AND STOCK MARKET INFORMATION

Meta Financial Group's common stock trades on the Nasdaq National Market under the symbol "CASH." The *Wall Street Journal* publishes daily trading information for the stock under the abbreviation, "MetaFnl," in the National Market Listing. Quarterly dividends for 2004 and 2005 were $0.13. The price range of the common stock, as reported on the Nasdaq System, was as follows:

	FISCAL YEAR 2005		FISCAL YEAR 2004	
	LOW	HIGH	LOW	HIGH

FIRST QUARTER	$ 22.50	$ 26.00	$ 21.50	$ 23.75
SECOND QUARTER	22.25	24.49	21.40	23.90
THIRD QUARTER	18.15	24.09	21.97	24.75
FOURTH QUARTER	16.51	19.89	20.26	24.22

Prices disclose inter-dealer quotations without retail mark-up, mark-down or commissions, and do not necessarily represent actual transactions.

Dividend payment decisions are made with consideration of a variety of factors including earnings, financial condition, market considerations, and regulatory restrictions. Restrictions on dividend payments are described in Note 13 of the Notes to Consolidated Financial Statements included in this Annual Report.

As of September 30, 2005, Meta Financial Group had 2,503,655 shares of common stock outstanding, which were held by 249 shareholders of record, and 311,328 shares subject to outstanding options. The shareholders of record number does not reflect approximately 500 persons or entities who hold their stock in nominee or "street" name.

The following securities firms indicated they were acting as market makers for Meta Financial Group stock as of September 30, 2005: Fig Partners, LLC; Friedman Billings Ramsey & Co.; FTN Midwest Securities.; Howe Barnes Investments, Inc.; Knight Equity Markets, L.P.; Sandler O'Neill & Partners; Schwab Capital Markets; and UBS Securities LLC.

METABANK
NORTHWEST IOWA MARKET

STORM LAKE MAIN OFFICE
121 East Fifth Street
P.O. Box 1307
Storm Lake, Iowa 50588
712.732.4117
800.792.6815
712.732.7105 fax

Storm Lake Plaza
1413 North Lake Avenue
Storm Lake, Iowa 50588
712.732.6655
712.732.7924 fax

Lake View
419 Main Street
P.O. Box 649
Lake View, Iowa 51450
712.657.2721
712.657.2896 fax

Laurens
104 North Third Street
Laurens, Iowa 50554
712.841.2588
712.841.2029 fax

Odebolt
219 South Main Street
P.O. Box 465
Odebolt, Iowa 51458
712.668.4881
712.668.4882 fax

Sac City
518 Audubon Street
P.O. Box 6
Sac City, Iowa 50583
712.662.7195
712.662.7196 fax

METABANK
BROOKINGS MARKET

BROOKINGS MAIN OFFICE
600 Main Avenue
P.O. Box 98
Brookings, South Dakota 57006
605.692.2314
800.842.7452
605.692.7059 fax

METABANK
CENTRAL IOWA MARKET

CENTRAL IOWA MAIN OFFICE
4848 86th Street
Urbandale, Iowa 50322
515.309.9800

515.309.9801 fax

Highland Park
3624 Sixth Avenue
Des Moines, Iowa 50313
515.288.4866
515.288.3104 fax

Ingersoll
3401 Ingersoll Avenue
Des Moines, Iowa 50312
515.274.9674
515.274.9675 fax

West Des Moines
3448 Westown Parkway
West Des Moines, Iowa 50266
515.226.8474
515.226.8475 fax

METABANK
SIOUX EMPIRE MARKET

SIOUX FALLS MAIN OFFICE
2500 South Minnesota Avenue
P.O. Box 520
Sioux Falls, South Dakota 57101
605.977.7500
605.977.7501 fax

North Minnesota
1600 North Minnesota Avenue
P.O. Box 520
Sioux Falls, South Dakota 57101
605.338.3470
605.338.3471 fax

West 12th Street
2104 West 12th Street
P.O. Box 520
Sioux Falls, South Dakota 57101
605.336.8900
605.336.8901 fax

Western Avenue
4900 South Western Avenue
P.O. Box 520
Sioux Falls, South Dakota 57101
605.338.0059
605.338.0155

METABANK
WEST CENTRAL

WEST CENTRAL MAIN OFFICE
615 South Division
P.O. Box 606
Stuart, Iowa 50250
515.523.2203
800.523.8003
515.523.2460 fax

Casey
101 East Logan
P.O. Box 97

Casey, Iowa 50048
641.746.3366
800.746.3367
641.746.2828 fax

Menlo
501 Sherman
P.O. Box 36
Menlo, Iowa 50164
641.524.4521

Meta Payment Systems
4900 South Western Avenue
P.O. Box 520
Sioux Falls, South Dakota 57101
605-275-9555
605-782-1701 fax
metapay.com

BILL MARKVE AND ASSOCIATES AND **META TRUST**

Investment and trust services available at bank locations. (1)

(1) Non-traditional bank products offered through Ameritas Investment Corporation are not FDIC insured, nor are they guaranteed by MetaBank or any affiliate. May lose value.

metabankonline.com

Invest in us. Bank with us.
See how easy money management can be.

MetaBank Building
121 East Fifth Street
P.O. Box 1307
Storm Lake, Iowa 50588
metacash.com

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Parent	Subsidiary	Percentage of Ownership	State of Incorporation or Organization
Meta Financial Group, Inc.	MetaBank	100%	Federal
Meta Financial Group, Inc.	MetaBank West Central	100%	Iowa
Meta Financial Group, Inc.	First Midwest Financial Capital Trust I	100%	Delaware
Meta Financial Group, Inc.	Meta Trust Company	100%	South Dakota
MetaBank	First Services Financial Limited	100%	Iowa
First Services Financial Limited	Brookings Service Corporation	100%	South Dakota

The financial statements of Meta Financial Group, Inc. are consolidated with those of its subsidiaries.

EXHIBIT 23

CONSENT OF MCGLADREY & PULLEN, LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Meta Financial Group, Inc.
Storm Lake, Iowa

We consent to the incorporation by reference in the Meta Financial Group, Inc. Registration Statements on Form S-8 of Meta Financial Group, Inc., pertaining to the Meta Financial Group, Inc. 1995 Stock Option and Incentive Plan and the Meta Financial Group, Inc. 2002 Omnibus Incentive Plan, of our report dated October 21, 2005, which appears in the annual report on Form 10-K of Meta Financial Group, Inc. and subsidiaries for the year ended September 30, 2005.

/s/ McGladrey & Pullen, LLP

McGladrey & Pullen, LLP

Des Moines, Iowa
December 23, 2005

Exhibit 31.1

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

I, J. Tyler Haahr, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual report;

4. The registrant's other certifying officers 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)) for the registrant and have:

a) Designed 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) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant issuer's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that as materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 function):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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: December 23, 2005

/s/ J. Tyler Haahr

Chief Executive Officer

Exhibit 31.2

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

I, Ronald J. Walters, certify that:

1. I have reviewed this annual report on Form 10-K 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 registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers 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)) for the registrant and have:

a) Designed 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) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that as materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 function):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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: December 23, 2005

/s/ Ronald J. Walters

Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report Meta Financial Group, Inc. (the “Company”) on Form 10-K for the year ended September 30, 2005, as filed with the Securities and Exchange Commission on the date of this Certification (the “Report”), I, J. Tyler Haahr, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report 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
December 23, 2005

Exhibit 32.2

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

In connection with the Annual Report Meta Financial Group, Inc. (the "Company") on Form 10-K for the year ended September 30, 2005, as filed with the Securities and Exchange Commission on the date of this Certification (the "Report"), I, Ronald J. Walters, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report 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/ Ronald J. Walters
Name: Ronald J. Walters
Chief Financial Officer
December 23, 2005