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

FORM 10-Q

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

For the quarterly period ended December 31, 2017

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

For the transition period from ______to

Commission File Number: 0-22140

META FINANCIAL GROUP, INC.®
(Exact name of registrant as specified in its charter)

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

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

(605) 782-1767
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO☐

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company See the definitions of "large accelerated filer." "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer☒	Accelerated filer☐	Non-accelerated filer☐	Smaller Reporting Company☐
Emerging growth company☐			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class:	Outstanding at February 5, 2018:
Common Stock, $.01 par value	9,683,841 shares
Nonvoting Common Stock, $.01 par value	0 Nonvoting shares

META FINANCIAL GROUP, INC.
FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

ASSETS	(Unaudited) December 31, 2017	September 30, 2017
Cash and cash equivalents	$ 1,300,409	$ 1,267,586
Investment securities available for sale	1,392,240	1,106,977
Mortgage-backed securities available for sale	600,112	586,454
Investment securities held to maturity	235,024	449,840
Mortgage-backed securities held to maturity	8,468	113,689
Loans receivable	1,509,140	1,325,371
Allowance for loan losses	(8,862)	(7,534)
Federal Home Loan Bank Stock, at cost	57,443	61,123
Accrued interest receivable	21,089	19,380
Premises, furniture, and equipment, net	20,571	19,320
Bank-owned life insurance	85,371	84,702
Foreclosed real estate and repossessed assets	128	292
Goodwill	98,723	98,723
Intangible assets	50,521	52,178
Prepaid assets	29,758	28,392
Deferred taxes	5,379	9,101
Other assets	12,449	12,738
Total assets	$ 5,417,963	$ 5,228,332
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Non-interest-bearing checking	$ 2,779,645	$ 2,454,057
Interest-bearing checking	84,390	67,294
Savings deposits	53,535	53,505
Money market deposits	47,451	48,758
Time certificates of deposit	128,220	123,637
Wholesale deposits	420,404	476,173
Total deposits	3,513,645	3,223,424
Short-term debt	1,313,401	1,404,534
Long-term debt	85,552	85,533
Accrued interest payable	4,065	2,280
Accrued expenses and other liabilities	63,595	78,065
Total liabilities	4,980,258	4,793,836
STOCKHOLDERS' EQUITY		
Preferred stock, 3,000,000 shares authorized, no shares issued or outstanding at December 31, 2017 and September 30, 2017, respectively	—	—
Common stock, $.01 par value; 15,000,000 shares authorized, 9,685,398 and 9,626,431 shares issued, 9,664,846 and 9,622,595 shares outstanding at December 31, 2017 and September 30, 2017, respectively	96	96
Common stock, Nonvoting, $.01 par value; 3,000,000 shares authorized, no shares issued or outstanding at December 31, 2017 and September 30, 2017, respectively	—	—
Additional paid-in capital	262,872	258,336
Retained earnings	170,578	167,164
Accumulated other comprehensive income	5,782	9,166
Treasury stock, at cost, 20,552 and 3,836 common shares at December 31, 2017 and September 30, 2017, respectively	(1,623)	(266)
Total stockholders' equity	437,705	434,496

Total liabilities and stockholders' equity	$ 5,417,963	$ 5,228,332

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Interest and dividend income:		
Loans receivable, including fees	$ 16,443	$ 10,678
Mortgage-backed securities	3,758	3,320
Other investments	10,656	8,577
	30,857	22,575
Interest expense:		
Deposits	1,885	938
FHLB advances and other borrowings	2,776	1,804
	4,661	2,742
Net interest income	26,196	19,833
Provision for loan losses	1,068	843
Net interest income after provision for loan losses	25,128	18,990
Non-interest income:		
Refund transfer product fees	192	176
Tax advance product fees	1,947	449
Card fees	25,247	18,414
Loan fees	1,292	870
Bank-owned life insurance	669	448
Deposit fees	848	150
Loss on sale of securities available-for-sale, net (Includes ($1,010) and ($1,234) reclassified from accumulated other comprehensive income (loss) for net gains (losses) on available for sale securities for the three months ended December 31, 2017 and 2016, respectively)	(1,010)	(1,234)
Loss on foreclosed real estate	(19)	—
Other income	102	76
Total non-interest income	29,268	19,349
Non-interest expense:		
Compensation and benefits	22,340	17,850
Refund transfer product expense	101	51
Tax advance product expense	280	27
Card processing	6,540	5,579
Occupancy and equipment	4,890	3,977
Legal and consulting	2,416	2,723
Marketing	553	470
Data processing	414	363
Intangible amortization expense	1,681	1,525
Other expense	4,827	4,188
Total non-interest expense	44,042	36,753
Income before income tax expense	10,354	1,586
Income tax expense (Includes ($380), and ($463) reclassified from accumulated other comprehensive income (loss) for the three months ended December 31, 2017 and 2016, respectively)	5,684	342
Net income	$ 4,670	$ 1,244

Earnings per common share		
Basic	$ 0.48	$ 0.14
Diluted	$ 0.48	$ 0.14

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Net income	$ 4,670	$ 1,244
Other comprehensive income (loss):		
Change in net unrealized loss on securities	(7,480)	(45,268)
Losses realized in net income	1,010	1,234
	(6,470)	(44,034)
LESS: Deferred income tax effect	(3,086)	(16,092)
Total other comprehensive loss	(3,384)	(27,942)
Total comprehensive income (loss)	$ 1,286	$ (26,698)

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
For the Three Months Ended December 31, 2017 and 2016
(Dollars in Thousands, Except Share and Per Share Data)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
Balance, September 30, 2016	$ 85	$ 184,780	$ 127,190	$ 22,920	$ —	$ 334,975
Cash dividends declared on common stock ($0.13 per share)	—	—	(1,195)	—	—	(1,195)
Issuance of common shares due to issuance of stock options, restricted stock and ESOP	3	3,245	—	—	—	3,248
Issuance of common shares due to acquisition	5	37,291	—	—	—	37,296
Contingent consideration equity earnout due to SCS acquisition	—	24,091	—	—	—	24,091
Stock compensation	—	69	—	—	—	69
Net change in unrealized gains on securities, net of income taxes	—	—	—	(27,942)	—	(27,942)
Net income	—	—	1,244	—	—	1,244
Balance, December 31, 2016	$ 93	$ 249,476	$ 127,239	$ (5,022)	$ —	$ 371,786
Balance, September 30, 2017	$ 96	$ 258,336	$ 167,164	$ 9,166	$ (266)	$ 434,496
Cash dividends declared on common stock ($0.13 per share)	—	—	(1,256)	—	—	(1,256)
Issuance of common shares due to ESOP	—	1,606	—	—	—	1,606
Shares repurchased for tax withholdings on stock compensation	—	(314)	—	—	(1,357)	(1,671)
Stock compensation	—	3,244	—	—	—	3,244
Net change in unrealized losses on securities, net of income taxes	—	—	—	(3,384)	—	(3,384)
Net income	—	—	4,670	—	—	4,670
Balance, December 31, 2017	$ 96	$ 262,872	$ 170,578	$ 5,782	$ (1,623)	$ 437,705

See Notes to Condensed Consolidated Financial Statements.

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

(Dollars in Thousands)	Three Months Ended December 31, 2017	2016 (1)
Cash flows from operating activities:		
Net income	$ 4,670	$ 1,244
Adjustments to reconcile net income to net cash provided (used in) by operating activities:		
Depreciation, amortization and accretion, net	9,561	9,479
Stock-based compensation expense	3,244	69
Provision for loan losses	1,068	843
Provision (recovery) for deferred taxes	6,807	(927)
(Gain) on other assets	(8)	(6)
Loss on sale of foreclosed real estate	19	—
Loss on sale of securities available for sale, net	1,010	1,234
Net change in accrued interest receivable	(1,709)	(4,176)
Fair value adjustment of foreclosed real estate	23	—
Originations of loans held for sale	—	(27,191)
Proceeds from sales of loans held for sale	—	25,968
Change in bank-owned life insurance value	(669)	(448)
Net change in other assets	(1,102)	(27,164)
Net change in accrued interest payable	1,785	1,379
Net change in accrued expenses and other liabilities	(14,462)	14,255
Net cash provided by (used in) operating activities	10,237	(5,441)
Cash flows from investing activities:		
Purchase of securities available-for-sale	(105,327)	(144,024)
Proceeds from sales of securities available-for-sale	65,941	60,623
Proceeds from maturities and principal repayments of securities available for sale	35,065	30,849
Proceeds from maturities and principal repayments of securities held to maturity	12,021	13,301
Loans purchased	(75,163)	(136,172)
Loans sold	5,916	6,525
Net change in loans receivable	(114,827)	(59,008)
Proceeds from sales of foreclosed real estate or other assets	122	—
Net cash paid for acquisitions	—	(29,425)
Federal Home Loan Bank stock purchases	(249,920)	(140,680)
Federal Home Loan Bank stock redemptions	253,600	184,360
Proceeds from the sale of premises and equipment	—	58
Purchase of premises and equipment	(2,593)	(2,899)
Net cash used in investing activities	(175,165)	(216,492)
Cash flows from financing activities:		
Net change in checking, savings, and money market deposits	341,407	309,726
Net change in time deposits	4,583	(3,658)
Net change in wholesale deposits	(55,769)	926,987
Net change in FHLB and other borrowings	(205,000)	(100,000)
Net change in federal funds	113,000	(992,000)
Net change in securities sold under agreements to repurchase	867	744
Principal payments on capital lease obligations	(16)	(18)
Cash dividends paid	(1,256)	(1,195)
Purchase of shares by ESOP	1,606	—
Proceeds from exercise of stock options and issuance of common stock	—	3,248
Shares repurchased for tax withholdings on stock compensation	(1,671)	—

Net cash provided by financing activities	197,751	143,834
Net change in cash and cash equivalents	32,823	(78,099)
Cash and cash equivalents at beginning of period	1,267,586	773,830
Cash and cash equivalents at end of period	$ 1,300,409	$ 695,731

Supplemental disclosure of cash flow information				
Cash paid during the period for:				
Interest	$	6,446	$	1,362
Income taxes		218		2,110
Franchise taxes		31		20
Other taxes		1		1
Supplemental schedule of non-cash investing activities:				
Securities transferred from held to maturity to available for sale	$	(306,000)	$	—
Contingent consideration - cash			$	(17,259)
Contingent consideration - equity		—		(24,091)
Stock issued for acquisition		—		(37,296)

See Notes to Condensed Consolidated Financial Statements.

(1) See Note 1. Basis of Presentation for further discussion on the current presentation.

NOTE 1. BASIS OF PRESENTATION

The interim unaudited Condensed Consolidated Financial Statements contained herein should be read in conjunction with the audited consolidated financial statements and accompanying notes to the consolidated financial statements for the fiscal year ended September 30, 2017 included in Meta Financial Group, Inc.'s ("Meta Financial" or the "Company") Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on November 29, 2017. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the audited consolidated financial statements have been omitted.

The financial information of the Company included herein has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting and has been prepared pursuant to the rules and regulations for reporting on Form 10-Q and Rule 10-01 of Regulation S-X. Such information reflects all adjustments (consisting of normal recurring adjustments), that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of the three month period ended December 31, 2017 are not necessarily indicative of the results expected for the fiscal year ending September 30, 2018 .

In fiscal 2017, the Company early adopted Accounting Standards Update ("ASU") 2016-09, *"Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting."* The requirement to report the excess tax benefit related to settlements of share-based payment awards in earnings as an increase or (decrease) to income tax expense has been applied utilizing the prospective method. While the adoption of ASU 2016-09 requires retrospective application to all fiscal year periods presented, the Company elected to not recast previously reported financial statements as the impact was considered insignificant. However, the Company reclassified stock compensation from financing to operating activities on the Consolidated Statement of Cash Flows as of December 31, 2017 and December 31, 2016.

NOTE 2. CREDIT DISCLOSURES

The allowance for loan losses represents management's estimate of probable loan losses which have been incurred as of the date of the consolidated financial statements. The allowance for loan losses is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). Estimating the risk of loss and the amount of loss on any loan is necessarily subjective. Management's periodic evaluation of the appropriateness 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 probable in accordance with the contractual loan terms. Impaired loans are carried at the present value of expected future cash flows discounted at the loan's effective interest rate or at the fair value of the collateral if the loan is collateral dependent. 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.

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

Homogeneous loan populations are collectively evaluated for impairment. These loan populations may include commercial insurance premium finance loans, residential first mortgage loans secured by one-to-four family residences, residential construction loans, home equity and second mortgage loans, and tax product loans. Commercial and agricultural loans as well as mortgage loans secured by other properties are monitored regularly by the Bank given the larger balances. When analysis of the borrower operating results and financial condition indicates that underlying cash flows of the borrower's business is not adequate to meet its debt service requirements, the individual loan or loan relationship is evaluated for impairment. Often this is associated with a delay or shortfall in payments of 210 days or more for commercial insurance premium finance, 180 days or more for tax and other national lending loans and 90 days or more for other loans. Non-accrual loans and all troubled debt restructurings are considered impaired. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Loans receivable at December 31, 2017 and September 30, 2017 were as follows:

	December 31, 2017	September 30, 2017
	(Dollars in Thousands)	
1-4 Family Real Estate	$ 203,967	$ 196,706
Commercial and Multi-Family Real Estate	654,029	585,510
Agricultural Real Estate	61,303	61,800
Consumer	274,981	163,004
Commercial Operating	56,516	35,759
Agricultural Operating	24,696	33,594
Commercial Insurance Premium Finance	235,671	250,459
Total Loans Receivable	1,511,163	1,326,832
Allowance for Loan Losses	(8,862)	(7,534)
Net Deferred Loan Origination Fees	(2,023)	(1,461)
Total Loans Receivable, Net	$ 1,500,278	$ 1,317,837

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Activity in the allowance for loan losses and balances of loans receivable by portfolio segment for the three months ended December 31, 2017 and 2016 was as follows:

	1-4 Family Real Estate	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	CML Insurance Premium Finance	Unallocated	Total
	(Dollars in Thousands)								
Three Months Ended December 31, 2017									
Allowance for loan losses:									
Beginning balance	$ 803	$ 2,670	$ 1,390	$ 6	$ 158	$ 1,184	$ 796	$ 527	$ 7,534
Provision (recovery) for loan losses	(118)	364	(210)	297	690	(380)	51	374	1,068
Charge offs	(31)	—	—	—	—	—	(129)	—	(160)
Recoveries	—	—	—	367	46	—	7	—	420
Ending balance	$ 654	$ 3,034	$ 1,180	$ 670	$ 894	$ 804	$ 725	$ 901	$ 8,862
Ending balance: individually evaluated for impairment	—	—	—	—	—	—	—	—	—
Ending balance: collectively evaluated for impairment	654	3,034	1,180	670	894	804	725	901	8,862
Total	$ 654	$ 3,034	$ 1,180	$ 670	$ 894	$ 804	$ 725	$ 901	$ 8,862
Loans:									
Ending balance: individually evaluated for impairment	95	707	—	61	—	1,052	—	—	1,915
Ending balance: collectively evaluated for impairment	203,872	653,322	61,303	274,920	56,516	23,644	235,671	—	1,509,248
Total	$ 203,967	$ 654,029	$ 61,303	$ 274,981	$ 56,516	$ 24,696	$ 235,671	$ —	$ 1,511,163

	1-4 Family Real Estate	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	CML Insurance Premium Finance	Unallocated	Total
	(Dollars in Thousands)								
Three Months Ended December 31, 2016									
Allowance for loan losses:									
Beginning balance	$ 654	$ 2,198	$ 142	$ 51	$ 117	$ 1,332	$ 588	$ 553	$ 5,635
Provision (recovery) for loan losses	—	(286)	334	(28)	691	(3)	110	25	843
Charge offs	—	—	—	—	—	—	(118)	—	(118)
Recoveries	—	—	—	24	5	12	14	—	55
Ending balance	$ 654	$ 1,912	$ 476	$ 47	$ 813	$ 1,341	$ 594	$ 578	$ 6,415
Ending balance: individually evaluated for impairment	11	—	—	—	339	—	—	—	350
Ending balance: collectively evaluated for impairment	643	1,912	476	47	474	1,341	594	578	6,065
Total	$ 654	$ 1,912	$ 476	$ 47	$ 813	$ 1,341	$ 594	$ 578	$ 6,415
Loans:									
Ending balance: individually evaluated for impairment	190	429	—	—	505	—	—	—	1,124
Ending balance: collectively evaluated for impairment	172,687	440,083	64,014	173,164	50,319	33,617	179,508	—	1,113,392
Total	$ 172,877	$ 440,512	$ 64,014	$ 173,164	$ 50,824	$ 33,617	$ 179,508	$ —	$ 1,114,516

Federal regulations promulgated by the Bank's primary federal regulator, the Office of the Comptroller of the Currency (the "OCC"), provide for the classification of loans and other assets such as debt and equity securities. The loan classification and risk rating definitions for the Company and its wholly-owned subsidiary, MetaBank (the "Bank"), are generally as follows:

Pass- A pass asset is of sufficient quality in terms of repayment, collateral and management to preclude a special mention or an adverse rating.

Watch- A watch asset is generally credit performing well under current terms and conditions but with identifiable weakness meriting additional scrutiny and corrective measures. Watch is not a regulatory classification but can be used to designate assets that are exhibiting one or more weaknesses that deserve management's attention. These assets are of better quality than special mention assets.

Special Mention- Special mention assets are credits with potential weaknesses deserving management's close attention and if left uncorrected, may result in deterioration of the repayment prospects for the asset. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Special mention is a temporary status with aggressive credit management required to garner adequate progress and move to watch or higher.

Substandard- A substandard asset is inadequately protected by the net worth and/or repayment ability or by a weak collateral position. Assets so classified have well-defined weaknesses creating a distinct possibility that the Bank will sustain some loss if the weaknesses are not corrected. Loss potential does not have to exist for an asset to be classified as substandard.

Doubtful- A doubtful asset has weaknesses similar to those classified substandard, with the degree of weakness causing the likely loss of some principal in any reasonable collection effort. Due to pending factors the asset's classification as loss is not yet appropriate.

Loss- A loss asset is considered uncollectible and of such little value that the asset's continuance on the Company's balance sheet is no longer warranted. This classification does not necessarily mean an asset has no recovery or salvage value leaving room for future collection efforts.

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 Company 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 Company's determinations as to the classification of its assets and the amount of its valuation allowances are subject to review by its regulatory authorities, which may order the establishment of additional general or specific loss allowances.

The Company recognizes that concentrations of credit may naturally occur and may take the form of a large volume of related loans to an individual, a specific industry, or a geographic location. Credit concentration is a direct, indirect, or contingent obligation that has a common bond where the aggregate exposure equals or exceeds a certain percentage of the Company's Tier 1 Capital plus the Allowance for Loan Losses.

The asset classification of loans at December 31, 2017 and September 30, 2017 were as follows:

December 31, 2017	1-4 Family Real Estate	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	CML Insurance Premium Finance	Total
	(Dollars in Thousands)							
Pass	$ 203,035	$ 643,393	$ 28,794	$ 274,783	$ 56,245	$ 14,304	$ 235,671	$ 1,456,225
Watch	608	10,145	—	102	271	13	—	11,139
Special Mention	245	199	2,939	—	—	—	—	3,383
Substandard	79	292	29,570	96	—	10,379	—	40,416
Doubtful	—	—	—	—	—	—	—	—
	$ 203,967	$ 654,029	$ 61,303	$ 274,981	$ 56,516	$ 24,696	$ 235,671	$ 1,511,163

September 30, 2017	1-4 Family Real Estate	Commercial and Multi-Family Real Estate	Agricultural Real Estate	Consumer	Commercial Operating	Agricultural Operating	Premium Finance	Total
	(Dollars in Thousands)							
Pass	$ 195,838	$ 574,730	$ 27,376	$ 163,004	$ 35,759	$ 18,394	$ 250,459	$ 1,265,560
Watch	525	10,200	2,006	—	—	4,541	—	17,272
Special Mention	247	201	2,939	—	—	—	—	3,387
Substandard	96	379	29,479	—	—	10,659	—	40,613
Doubtful	—	—	—	—	—	—	—	—
	$ 196,706	$ 585,510	$ 61,800	$ 163,004	$ 35,759	$ 33,594	$ 250,459	$ 1,326,832

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

The Company originates one-to-four family residential mortgage loans with terms up to a maximum of 30 years and with loan-to-value ratios up to 100% 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. Residential loans generally do not include prepayment penalties. Due to consumer demand, the Company offers fixed-rate mortgage loans with terms up to 30 years, most of which conform to secondary market standards, such as Fannie Mae, Ginnie Mae, and Freddie Mac standards. The Company typically holds all fixed-rate mortgage loans and does not engage in secondary market sales. Interest rates charged on these fixed-rate loans are competitively priced according to market conditions.

The Company also currently offers five- and ten-year ARM loans. These loans have a fixed-rate for the stated period and, thereafter, adjust annually. These loans generally provide for an annual cap of up to 200 basis points and a lifetime cap of 600 basis points over the initial rate. As a consequence of using an initial fixed-rate and caps, the interest rates on these loans may not be as rate sensitive as the Company's cost of funds. The Company's ARMs do not permit negative amortization of principal and are not convertible into fixed-rate loans. The Company's delinquency experience on its ARM loans has generally been similar to its experience on fixed-rate residential loans. The current low mortgage interest rate environment makes ARM loans relatively unattractive and very few are currently being originated.

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

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

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

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

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

Agricultural real estate loans are frequently originated with adjustable rates of interest. Generally, such loans provide for a fixed rate of interest for the first five to ten years, after which the loan will balloon or the interest rate will adjust annually. These loans generally amortize over a period of 20 to 25 years. Fixed-rate agricultural real estate loans generally have terms up to ten years. Agricultural real estate loans are generally limited to 75% of the value of the property securing the loan.

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

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

Consumer Lending. The Bank originates a variety of secured consumer loans, including home equity, home improvement, automobile and boat loans and loans secured by savings deposits. In addition, the Bank offers other secured and unsecured consumer loans and currently originates most of its community banking consumer loans in its primary market areas and surrounding areas. In addition, the Bank’s consumer lending portfolio includes two purchased student loan portfolios, the most recent purchased on October 11, 2017, along with consumer lending products offered through its payments segment.

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

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

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

Consumer loans may entail greater credit risk than residential mortgage loans, particularly in the case of consumer loans which are unsecured or are secured by rapidly depreciable assets, such as automobiles or recreational equipment. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. In addition, consumer loan collections are dependent on the borrower’s continuing financial stability, and thus 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.

On October 11, 2017, the Company completed the purchase of a $73.0 million , seasoned, floating rate, private student loan portfolio. All loans are indexed to one-month LIBOR. The portfolio is serviced by ReliaMax Lending Services LLC and insured by ReliaMax Surety Company. This portfolio purchase builds on the Company's existing student loan platform.

The Bank’s student loan portfolio that was purchased during the first quarter of fiscal year 2017 is a seasoned portfolio that is also serviced by ReliaMax Lending Services, LLC and insured by ReliaMax Surety Company. All loans in this portfolio are floating rate and indexed to the three-month LIBOR plus various margins.

Through its Payments segment, the Bank strives to offer consumers innovative payment products, including credit products. Most credit products have fallen into the category of portfolio lending. The Payments segment, including Specialty Consumer Services ("SCS"), continues its development of new alternative portfolio lending products primarily to serve its customer base and to provide innovative lending solutions to the unbanked and under-banked segment.

The Payments segment also provides short-term consumer refund advance loans. Taxpayers are underwritten to determine eligibility for the unsecured loans, which are, by design, interest and fee-free to the consumer. Due to the nature of consumer advance loans, it typically takes no more than three e-file cycles (the period of time between scheduled IRS payments) from when the return is accepted by the IRS to collect from the borrower. In the event of default, the Bank has no recourse against the tax consumer. Generally, when the refund advance loan becomes delinquent for 180 days or more, or when collection of principal becomes doubtful, the Company will charge off the loan balance.

Commercial Operating Lending . The Company also originates commercial operating loans. Most of the Company's commercial operating loans have been extended to finance local and regional businesses and include short-term loans to finance machinery and equipment purchases, inventory and accounts receivable. Commercial loans also may involve the extension of revolving credit for a combination of equipment acquisitions and working capital in expanding companies. The Company also extends short-term commercial Electronic Return Originator ("ERO") advance loans through its Payments segment as described in more detail below.

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. ERO loans are not collateralized. The Company's commercial operating lending policy includes credit file documentation and analysis of the borrower's character, capacity to repay the loan, the adequacy of the borrower's capital and collateral as well as an evaluation of conditions affecting the borrower. Analysis of the borrower's past, present and future cash flows is also an important aspect of the Company's credit analysis. As described further below, such loans are believed to carry higher credit risk than more traditional lending activities.

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

Through its Payments segment, the Company also provides short-term ERO advance loans on a nation-wide basis. These loans are typically utilized to purchase tax preparation software and to prepare tax offices for the upcoming tax season. EROs go through an underwriting process to determine eligibility for the unsecured advances. Collection on ERO advances begins once the ERO begins to process refund transfers. Generally, when the ERO advance loan becomes delinquent for 120 days or more, or when collection of principal becomes doubtful, the Company will charge off the loan balance.

Commercial Insurance Premium Finance Lending . Through its AFS/IBEX division, the Bank provides short-term and primarily collateralized financing to facilitate the commercial customers' purchase of insurance for various forms of risk otherwise known as commercial insurance premium financing. This includes, but is not limited to, policies for commercial property, casualty and liability risk. The AFS/IBEX division markets itself to the insurance community as a competitive option based on service, reputation, competitive terms, cost and ease of operation.

Commercial insurance premium financing is the business of extending credit to a policyholder to pay for insurance premiums when the insurance carrier requires payment in full at inception of coverage. Premiums are advanced either directly to the insurance carrier or through an intermediary/broker and repaid by the policyholder with interest during the policy term. The policyholder generally makes a 20% to 25% down payment to the insurance broker and finances the remainder over nine to ten months on average. The down payment is set such that if the policy is canceled, the unearned premium is typically sufficient to cover the loan balance and accrued interest.

Due to the nature of collateral for commercial insurance premium finance receivables, it customarily takes 60 - 210 days to convert the collateral into cash. In the event of default, AFS/IBEX, by statute and contract, has the power to cancel the insurance policy and establish a first position lien on the unearned portion of the premium from the insurance carrier. In the event of cancellation, the cash returned in payment of the unearned premium by the insurer has typically been sufficient to cover the receivable balance, the interest and other charges due. Due to notification requirements and processing time by most insurance carriers, many receivables will become delinquent beyond 90 days while the insurer is processing the return of the unearned premium. Generally, when a loan becomes delinquent for 210 days or more, or when collection of principal or interest becomes doubtful, the Company will charge off the loan balance and any remaining interest and fees after applying any collection from the insurance company.

Past due loans at December 31, 2017 and September 30, 2017 were as follows:

	Accruing and Non-accruing Loans						Nonperforming Loans		
December 31, 2017	**30-59 Days Past Due**	**60-89 Days Past Due**	**> 89 Days Past Due**	**Total Past Due**	**Current**	**Total Loans Receivable**	**> 89 Days Past Due and Accruing**	**Non-accrual balance**	**Total**
					(Dollars in Thousands)				
1-4 Family Real Estate	$ 106	$ —	$ 234	$ 340	$ 203,627	203,967	234	$ —	$ 234
Commercial and Multi-Family Real Estate	—	284	—	284	653,745	654,029	—	284	284
Agricultural Real Estate	—	—	27,818	27,818	33,485	61,303	27,818	—	27,818
Consumer	4,192	2,015	1,624	7,831	267,150	274,981	1,624	—	1,624
Commercial Operating	—	—	—	—	56,516	56,516	—	—	—
Agricultural Operating	—	—	—	—	24,696	24,696	—	—	—
CML Insurance Premium Finance	1,594	592	3,194	5,380	230,291	235,671	3,194	—	3,194
Total	$ 5,892	$ 2,891	$ 32,870	$ 41,653	$ 1,469,510	1,511,163	32,870	$ 284	$ 33,154

	Accruing and Non-accruing Loans						Nonperforming Loans		
September 30, 2017	**30-59 Days Past Due**	**60-89 Days Past Due**	**> 89 Days Past Due**	**Total Past Due**	**Current**	**Total Loans Receivable**	**> 89 Days Past Due and Accruing**	**Non-accrual balance**	**Total**
					(Dollars in Thousands)				
1-4 Family Real Estate	$ 370	$ 79	$ —	$ 449	$ 196,257	$ 196,706	—	$ —	$ —
Commercial and Multi-Family Real Estate	295	—	390	685	584,825	585,510	—	685	685
Agricultural Real Estate	—	—	34,198	34,198	27,602	61,800	34,198	—	34,198
Consumer	2,512	558	1,406	4,476	158,528	163,004	1,406	—	1,406
Commercial Operating	—	—	—	—	35,759	35,759	—	—	—
Agricultural Operating	—	—	97	97	33,497	33,594	97	—	97
CML Insurance Premium Finance	1,509	2,442	1,205	5,156	245,303	250,459	1,205	—	1,205
Total	$ 4,686	$ 3,079	$ 37,296	$ 45,061	$ 1,281,771	$ 1,326,832	36,906	$ 685	$ 37,591

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 210 days or more for commercial insurance premium finance loans, 180 days or more for refund advance loans, 120 days or more for ERO advance loans and 90 days or more for other loan categories. As of December 31, 2017 , there were no commercial insurance premium finance loans greater than 210 days past due.

Total loans past due decreased $3.4 million to $41.7 million at December 31, 2017 from $45.1 million at September 30, 2017 . This decrease was due to a $4.4 million decrease in loans greater than 90 days past due. The primary driver of the decrease in loans greater than 90 days past due included the payoff of a large nonperforming agricultural loan relationship during the first quarter of fiscal 2018.

Impaired loans at December 31, 2017 and September 30, 2017 were as follows:

	Recorded Balance	Unpaid Principal Balance	Specific Allowance
December 31, 2017	(Dollars in Thousands)		
Loans without a specific valuation allowance			
1-4 Family Real Estate	$ 95	$ 95	$ —
Commercial and Multi-Family Real Estate	707	707	—
Consumer	61	61	—
Agricultural Operating	1,052	1,052	—
Total	$ 1,915	$ 1,915	$ —

	Recorded Balance	Unpaid Principal Balance	Specific Allowance
September 30, 2017	(Dollars in Thousands)		
Loans without a specific valuation allowance			
1-4 Family Real Estate	$ 72	$ 72	$ —
Commercial and Multi-Family Real Estate	1,109	1,109	—
Total	$ 1,181	$ 1,181	$ —

The following table provides the average recorded investment in impaired loans for the three month periods ended December 31, 2017 and 2016 .

	Three Months Ended December 31,	
	2017	2016
	Average Recorded Investment	Average Recorded Investment
	(Dollars in Thousands)	
1-4 Family Real Estate	$ 80	$ 172
Commercial and Multi-Family Real Estate	975	432
Consumer	20	—
Commercial Operating	—	168
Agricultural Operating	351	—
Total	$ 1,426	$ 772

The Company's troubled debt restructurings ("TDR") typically involve forgiving a portion of interest or principal on existing loans or making loans at a rate materially less than current market rates. There were $1.1 million of loans modified in a TDR during the three month period ended December 31, 2017 and no loans modified in a TDR during the three month period ended December 31, 2016 . Additionally, there were no TDR loans for which there was a payment default during the three month periods ended December 31, 2017 or 2016 that had been modified during the 12-month period prior to the default.

NOTE 3. ALLOWANCE FOR LOAN LOSSES

At December 31, 2017 , the Company's allowance for loan losses increased to $8.9 million from $7.5 million at September 30, 2017 . This increase was primarily due to the additional provision expense related to tax advance loans. During the three months ended December 31, 2017 , the Company recorded a provision for loan losses of $1.1 million compared to $0.8 million for the same period of the prior year. The Company had $0.3 million of net recoveries for the three months ended December 31, 2017 , compared to $0.1 million of net charge-offs for the three months ended December 31, 2016 .

The allowance for loan losses is established through the 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 collectability 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 appropriate loan loss allowance.

Management closely monitors economic developments both regionally and nationwide, and considers these factors when assessing the appropriateness of its allowance for loan losses. The current economic environment continues to show signs of improvement in the Bank's markets. The Bank's average loss rates over the past three years for community banking loans were relatively low compared to peers, but was offset with a higher agricultural loss rate in fiscal year 2016 driven by the charge off of one relationship. Although the Bank's four market areas have indirectly benefited from a stable agricultural market, the market has become slightly stressed as commodity prices have generally remained lower than a few years ago. Management believes the low commodity prices and adverse weather conditions have the potential to negatively impact the economies of our agricultural markets. The improving economic conditions have also kept the loss rates on the national lending loans as well as the tax service loans relatively low.

Management believes that, based on a detailed review of the loan portfolio, historic loan losses, current economic conditions, the size of the loan portfolio and other factors, the current level of the allowance for loan losses at December 31, 2017 , reflects an appropriate allowance against probable losses from the loan portfolio. Although the Company maintains its allowance for loan losses at a level it considers to be appropriate, 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 the OCC, which can require the establishment of additional general or specific allowances.

Real estate properties acquired through foreclosure are recorded at the lesser of fair value or the recorded investment. If fair value at the date of foreclosure is lower than the balance of the related loan, the difference will be charged 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.

NOTE 4. EARNINGS PER COMMON SHARE

Earnings per share is computed after deducting dividends. The Company has granted restricted share awards with dividend rights that are considered to be participating securities. Accordingly, a portion of the Company's earnings is allocated to those participating securities in the earnings per share calculation. Basic earnings per share is computed by dividing income available to common stockholders after the allocation of dividends and undistributed earnings to the participating securities by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, and is computed after giving consideration to the weighted average dilutive effect of the Company's stock options and after the allocation of earnings to the participating securities. Antidilutive options are disregarded in the earnings per share calculations.

A reconciliation of net income and common stock share amounts used in the computation of basic and diluted earnings per share for the three months ended December 31, 2017 and 2016 is presented below.

Three Months Ended December 31,	2017	2016
(Dollars in Thousands, Except Share and Per Share Data)		
Basic income per common share:		
Net income attributable to Meta Financial Group, Inc.	$ 4,670	$ 1,244
Weighted average common shares outstanding	9,656,778	8,938,339
Basic income per common share	0.48	0.14
Diluted income per common share:		
Net income attributable to Meta Financial Group, Inc.	$ 4,670	$ 1,244
Weighted average common shares outstanding	9,656,778	8,938,339
Outstanding options - based upon the two-class method	56,063	63,061
Weighted average diluted common shares outstanding	9,712,841	9,001,400
Diluted income per common share	0.48	0.14

NOTE 5. SECURITIES

During the first quarter of fiscal 2018, the Company early adopted Accounting Standard Update ("ASU") 2017-12, *"Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities."* Due to the early adoption of the ASU, the Company transferred $204.7 million of investment securities and $101.3 million of MBS from HTM to AFS during the first quarter of fiscal 2018. This change allows for enhanced balance sheet management and provides the opportunity for more liquidity, should it be needed.

The amortized cost, gross unrealized gains and losses and estimated fair values of available for sale and held to maturity securities at December 31, 2017 and September 30, 2017 are presented below.

Available For Sale

At December 31, 2017	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	FAIR VALUE
	(Dollars in Thousands)			
Debt securities				
Small business administration securities	56,602	349	(3)	56,948
Obligations of states and political subdivisions	14,513	123	(26)	14,610
Non-bank qualified obligations of states and political subdivisions	1,212,661	16,079	(5,710)	1,223,030
Asset-backed securities	93,486	2,337	—	95,823
Mortgage-backed securities	606,338	198	(6,424)	600,112
Total debt securities	1,983,600	19,086	(12,163)	1,990,523
Common equities and mutual funds	1,298	532	(1)	1,829
Total available for sale securities	$ 1,984,898	$ 19,618	$ (12,164)	$ 1,992,352

At September 30, 2017	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	FAIR VALUE
	(Dollars in Thousands)			
Debt securities				
Small business administration securities	57,046	825	—	57,871
Non-bank qualified obligations of states and political subdivisions	938,883	14,983	(3,037)	950,829
Asset-backed securities	94,451	2,381	—	96,832
Mortgage-backed securities	588,918	1,259	(3,723)	586,454
Total debt securities	1,679,298	19,448	(6,760)	1,691,986
Common equities and mutual funds	1,009	436	—	1,445
Total available for sale securities	$ 1,680,307	$ 19,884	$ (6,760)	$ 1,693,431

Held to Maturity

At December 31, 2017	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	FAIR VALUE
	(Dollars in Thousands)			
Debt securities				
Obligations of states and political subdivisions	$ 4,341	$ 26	$ (25)	$ 4,342
Non-bank qualified obligations of states and political subdivisions	230,683	336	(3,537)	227,482
Mortgage-backed securities	8,468	—	(148)	8,320
Total held to maturity securities	$ 243,492	$ 362	$ (3,710)	$ 240,144

At September 30, 2017	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED (LOSSES)	FAIR VALUE
	(Dollars in Thousands)			
Debt securities				
Obligations of states and political subdivisions	$ 19,247	$ 157	$ (36)	$ 19,368
Non-bank qualified obligations of states and political subdivisions	430,593	4,744	(2,976)	432,361
Mortgage-backed securities	113,689	—	(1,233)	112,456
Total held to maturity securities	$ 563,529	$ 4,901	$ (4,245)	$ 564,185

Management has implemented a process to identify securities with potential credit impairment that are other-than-temporary. This process involves evaluation of the length of time and extent to which the fair value has been less than the amortized cost basis, review of available information regarding the financial position of the issuer, monitoring the rating, watch, and outlook of the security, monitoring changes in value, cash flow projections, and the Company's intent to sell a security or whether it is more likely than not the Company will be required to sell the security before the recovery of its amortized cost which, in some cases, may extend to maturity. To the extent the Company determines that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

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

GAAP requires that, at acquisition, an enterprise classify debt securities into one of three categories: Available for Sale ("AFS"), Held to Maturity ("HTM") or trading. AFS securities are carried at fair value on the consolidated statements of financial condition, and unrealized holding gains and losses are excluded from earnings and recognized as a separate component of equity in accumulated other comprehensive income ("AOCI"). HTM debt securities are measured at amortized cost. Both AFS and HTM are subject to review for other-than-temporary impairment. The Company did not have any trading securities at December 31, 2017 or September 30, 2017 .

Gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2017 and September 30, 2017 , were as follows:

Available For Sale	**LESS THAN 12 MONTHS**		**OVER 12 MONTHS**		**TOTAL**	
At December 31, 2017	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Small business administration securities	$ 14,236	$ (3)	$ —	$ —	$ 14,236	$ (3)
Obligations of states and political subdivisions	3,139	(26)	—	—	3,139	(26)
Non-bank qualified obligations of states and political subdivisions	553,626	(4,945)	16,045	(765)	569,671	(5,710)
Mortgage-backed securities	234,672	(1,275)	296,252	(5,149)	530,924	(6,424)
Total debt securities	805,673	(6,249)	312,297	(5,914)	1,117,970	(12,163)
Common equities and mutual funds	1,829	(1)	—	—	1,829	(1)
Total available for sale securities	$ 807,502	$ (6,250)	$ 312,297	$ (5,914)	$ 1,119,799	$ (12,164)

	LESS THAN 12 MONTHS		**OVER 12 MONTHS**		**TOTAL**	
At September 30, 2017	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Non-bank qualified obligations of states and political subdivisions	280,900	(2,887)	5,853	(150)	286,753	(3,037)
Mortgage-backed securities	237,897	(1,625)	100,287	(2,098)	338,184	(3,723)
Total debt securities	518,797	(4,512)	106,140	(2,248)	624,937	(6,760)
Total available for sale securities	$ 518,797	$ (4,512)	$ 106,140	$ (2,248)	$ 624,937	$ (6,760)

Held To Maturity At December 31, 2017	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Obligations of states and political subdivisions	$ 1,261	$ (3)	$ 2,147	$ (22)	$ 3,408	$ (25)
Non-bank qualified obligations of states and political subdivisions	114,999	(1,789)	80,813	(1,748)	195,812	(3,537)
Mortgage-backed securities	—	—	8,320	(148)	8,320	(148)
Total held to maturity securities	$ 116,260	$ (1,792)	$ 91,280	$ (1,918)	$ 207,540	$ (3,710)

At September 30, 2017	LESS THAN 12 MONTHS Fair Value	LESS THAN 12 MONTHS Unrealized (Losses)	OVER 12 MONTHS Fair Value	OVER 12 MONTHS Unrealized (Losses)	TOTAL Fair Value	TOTAL Unrealized (Losses)
	(Dollars in Thousands)					
Debt securities						
Obligations of states and political subdivisions	$ 1,364	$ (6)	$ 4,089	$ (30)	$ 5,453	$ (36)
Non-bank qualified obligations of states and political subdivisions	202,018	(2,783)	6,206	(193)	208,224	(2,976)
Mortgage-backed securities	112,456	(1,233)	—	—	112,456	(1,233)
Total held to maturity securities	$ 315,838	$ (4,022)	$ 10,295	$ (223)	$ 326,133	$ (4,245)

At December 31, 2017 , 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, and because the Company does not intend to sell these securities (has not made a decision to sell) and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis, which may occur at maturity, no other-than-temporary impairment was recorded at December 31, 2017 .

The amortized cost and fair value of debt securities by contractual maturity as of the dates set forth below 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, mortgage-backed securities are not included in the maturity categories in the following maturity summary. The expected maturities of certain housing related municipal securities, Small Business Administration and asset-backed securities may differ from contractual maturities because the borrowers may have the right to prepay the obligation. However, certain prepayment penalties may apply.

Available For Sale

At December 31, 2017	AMORTIZED COST	FAIR VALUE
	(Dollars in Thousands)	
Due in one year or less	$ 100	$ 100
Due after one year through five years	55,485	56,375
Due after five years through ten years	452,422	462,903
Due after ten years	869,255	871,033
	1,377,262	1,390,411
Mortgage-backed securities	606,338	600,112
Common equities and mutual funds	1,298	1,829
Total available for sale securities	$ 1,984,898	$ 1,992,352

At September 30, 2017	AMORTIZED COST	FAIR VALUE
	(Dollars in Thousands)	
Due in one year or less	$ —	$ —
Due after one year through five years	36,586	37,674
Due after five years through ten years	347,831	358,198
Due after ten years	705,963	709,660
	1,090,380	1,105,532
Mortgage-backed securities	588,918	586,454
Common equities and mutual funds	1,009	1,445
Total available for sale securities	$ 1,680,307	$ 1,693,431

Held To Maturity

At December 31, 2017	AMORTIZED COST	FAIR VALUE
	(Dollars in Thousands)	
Due in one year or less	$ 2,674	$ 2,662
Due after one year through five years	11,864	11,895
Due after five years through ten years	27,919	28,206
Due after ten years	192,567	189,061
	235,024	231,824
Mortgage-backed securities	8,468	8,320
Total held to maturity securities	$ 243,492	$ 240,144

At September 30, 2017	AMORTIZED COST	FAIR VALUE
	(Dollars in Thousands)	
Due in one year or less	$ 1,483	$ 1,480
Due after one year through five years	17,926	18,160
Due after five years through ten years	144,996	147,832
Due after ten years	285,435	284,257
	449,840	451,729
Mortgage-backed securities	113,689	112,456
Total held to maturity securities	$ 563,529	$ 564,185

NOTE 6. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments to extend credit which are not reflected in the accompanying consolidated financial statements.

At December 31, 2017 and September 30, 2017 , unfunded loan commitments approximated $ 349.5 million and $233.2 million , respectively, excluding undisbursed portions of loans in process. 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 Company had no commitments to purchase or sell securities at December 31, 2017 or September 30, 2017 .

The exposure to credit loss in the event of non-performance 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.

Legal Proceedings

The Bank was served on April 15, 2013, with a lawsuit captioned Inter National Bank v. NetSpend Corporation, MetaBank, BDO USA, LLP d/b/a BDO Seidman, Cause No. C-2084-12-I filed in the District Court of Hidalgo County, Texas. The Plaintiff's Second Amended Original Petition and Application for Temporary Restraining Order and Temporary Injunction adds both MetaBank and BDO Seidman to the original causes of action against NetSpend. NetSpend acts as a prepaid card program manager and processor for both Inter National Bank ("INB") and MetaBank. According to the Petition, NetSpend has informed INB that the depository accounts at INB for the NetSpend program supposedly contained $ 10.5 million less than they should. INB alleges that NetSpend has breached its fiduciary duty by making affirmative misrepresentations to INB about the safety and stability of the program, and by failing to timely disclose the nature and extent of any alleged shortfall in settlement of funds related to cardholder activity and the nature and extent of NetSpend's systemic deficiencies in its accounting and settlement processing procedures. To the extent that an accounting reveals that there is an actual shortfall, INB alleges that MetaBank may be liable for portions or all of said sum due to the fact that funds have been transferred from INB to MetaBank, and thus MetaBank would have been unjustly enriched. The Bank is vigorously contesting this matter. In January 2014, NetSpend was granted summary judgment in this matter which is under appeal. Because the theory of liability against both NetSpend and the Bank is the same, the Bank views the NetSpend summary judgment as a positive in support of our position. An estimate of a range of reasonably possible loss cannot be made at this stage of the litigation because discovery is still being conducted.

The Bank was served, on October 14, 2016, with a lawsuit captioned Card Limited, LLC v. MetaBank dba Meta Payment Systems, Civil No. 2:16-cv-00980 in the United States District Court for the District of Utah. This action was initiated by a former prepaid program manager of the Bank, which was terminated by the Bank in fiscal year 2016. Card Limited alleges that after all of the programs were wound down, there were two accounts with a positive balance to which they are entitled. The Bank's position is that Card Limited is not entitled to the funds contained in said accounts. The total amount to which Card Limited claims it is entitled is $4,001,025 . The Bank intends to vigorously defend this claim. An estimate of a range of reasonably possible loss cannot be made at this stage of the litigation because discovery is still being conducted.

From time to time, the Company or its subsidiaries are subject to certain legal proceedings and claims in the ordinary course of business. Accruals have been recorded when the outcome is probable and can be reasonably estimated. While management currently believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position or its results of operations, legal proceedings are inherently uncertain and unfavorable resolution of some or all of these matters could, individually or in the aggregate, have a material adverse effect on the Company's and its subsidiaries' respective businesses, financial condition or results of operations.

NOTE 7. STOCK COMPENSATION

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

Compensation expense for share-based awards is recorded over the vesting period at the fair value of the award at the time of the grant. The exercise price of options or fair value of non-vested (restricted) shares granted under the Company's incentive plan is equal to the fair market value of the underlying stock at the grant date. The Company has elected, with the adoption of ASU 2016-09, to record forfeitures as they occur.

The following tables show the activity of options and nonvested (restricted) shares granted, exercised, or forfeited under the 2002 Omnibus Incentive Plan for the three months ended December 31, 2017 :

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs)	Aggregate Intrinsic Value
	(Dollars in Thousands, Except Per Share Data)			
Options outstanding, September 30, 2017	75,757	$ 22.62	2.28	$ 4,225
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited or expired	—	—	—	—
Options outstanding, December 31, 2017	75,757	$ 22.62	2.03	$ 5,305
Options exercisable, December 31, 2017	75,757	$ 22.62	2.03	$ 5,305

	Number of Shares	Weighted Average Fair Value at Grant
(Dollars in Thousands, Except Per Share Data)		
Nonvested (restricted) shares outstanding, September 30, 2017	304,526	$ 86.96
Granted	42,181	85.03
Vested	(61,161)	83.55
Forfeited or expired	—	—
Nonvested (restricted) shares outstanding, December 31, 2017	285,546	$ 87.40

During the first and second quarters of fiscal 2017, stock awards were granted to the Company's three highest paid executive officers in connection with their signing of employment agreements with the Company. These stock awards vest over eight years.

At December 31, 2017 , stock-based compensation expense not yet recognized in income totaled $17.2 million , which is expected to be recognized over a weighted average remaining period of 3.68 years.

NOTE 8. SEGMENT INFORMATION

An operating segment is generally defined as a component of a business for which discrete financial information is available and whose results are reviewed by the chief operating decision-maker. Operating segments are aggregated into reportable segments if certain criteria are met.

The Company reports its results of operations through the following three business segments: *Payments, Banking, and Corporate Services/Other* . Certain shared services, including the investment portfolio, wholesale deposits and borrowings, are included in Corporate Services/Other. National Lending and Community Banking are reported in the Banking segment. MPS, Refund Advantage, EPS Financial ("EPS"), SCS, and other tax businesses are reported in the *Payments* segment.

The Company reclassified goodwill, intangibles, and related amortization expenses during fiscal year 2017 from the *Corporate Services / Other* segment to *Payments* and *Banking* based on how annual impairment testing is performed. Prior period amounts have also been reclassified to conform to the current year presentation.

The following tables present segment data for the Company for the three months ended December 31, 2017 and 2016 , respectively.

	Payments	Banking	Corporate Services/Other	Total
Three Months Ended December 31, 2017				
Interest income	$ 4,669	$ 16,478	$ 9,710	$ 30,857
Interest expense	—	881	3,780	4,661
Net interest income	4,669	15,597	5,930	26,196
Provision for loan losses	1,017	51	—	1,068
Non-interest income	28,101	1,485	(318)	29,268
Non-interest expense	26,934	6,568	10,540	44,042
Income (loss) before income tax expense (benefit)	4,819	10,463	(4,928)	10,354
Total goodwill	87,145	11,578	—	98,723
Total assets	380,442	1,478,693	3,558,828	5,417,963
Total deposits	2,768,736	236,494	508,415	3,513,645

	Payments	Banking	Corporate Services/Other	Total
Three Months Ended December 31, 2016				
Interest income	$ 2,912	$ 10,754	$ 8,909	$ 22,575
Interest expense	—	544	2,198	2,742
Net interest income	2,912	10,210	6,711	19,833
Provision for loan losses	331	512	—	843
Non-interest income	19,024	1,072	(747)	19,349
Non-interest expense	22,080	5,845	8,828	36,753
Income (loss) before income tax expense (benefit)	(475)	4,925	(2,864)	1,586
Total goodwill	87,320	11,578	—	98,898
Total assets	239,804	1,118,429	2,855,096	4,213,329
Total deposits	2,435,530	225,182	1,002,425	3,663,137

NOTE 9. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

This ASU requires organizations to replace the incurred loss impairment methodology with a methodology reflecting expected credit losses with considerations for a broader range of reasonable and supportable information to substantiate credit loss estimates. This ASU is effective for annual reporting periods beginning after December 15, 2019. The Company is currently undertaking a data analysis and is taking measures so that its systems capture data applicable to the standard. In addition, the Company is undergoing a readiness assessment with an external consultant that began in the first quarter of fiscal 2018.

ASU No. 2016-04, *Extinguishment of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products*

This ASU requires organizations to derecognize the deposit liabilities for unredeemed prepaid stored-value products (i.e. – breakage) consistent with breakage guidance in Topic 606, *Revenue from Contracts with Customers.* This ASU is effective for annual reporting periods beginning after December 15, 2017, and the Company expects the impact to the consolidated financial statements to be minimal.

ASU No. 2016-02, *Leases (Topic 842): Amendments to the Leases Analysis*

This ASU requires organizations to recognize lease assets and lease liabilities on the balance sheet, along with disclosing key information about leasing arrangements. This update is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and the Company has finalized its initial assessment of the ASU and expects that the standard will be immaterial to the consolidated financial statements with the Company's current leases.

ASU No. 2014-09, *Revenue Recognition – Revenue from Contracts with Customers (Topic 606)*

This ASU provides guidance on when to recognize revenue from contracts with customers. The objective of this ASU is to eliminate diversity in practice related to this topic and to provide guidance that would streamline and enhance revenue recognition requirements. The ASU defines five steps to recognize revenue, including identify the contract with a customer, identify the performance obligations in the contract, determine a transaction price, allocate the transaction price to the performance obligations and then recognize the revenue when or as the entity satisfies a performance obligation. This update is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and the Company is currently assessing all income streams, including different prepaid card programs so as to ascertain how breakage will be recognized under the standard.

ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*

This ASU requires entities with a classified balance sheet to present all deferred tax assets and liabilities as noncurrent. This update was effective for annual and interim periods in fiscal years beginning after December 15, 2016, and did not have an impact on the consolidated financial statements.

ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*

This ASU addresses eight classification issues related to the statement of cash flows including: debt prepayment or debt extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. This update is effective for annual and interim periods in fiscal years beginning after December 15, 2017, and the Company expects the impact to the consolidated financial statements to be minimal.

ASU 2017-08, *Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*

This ASU requires entities to shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments in this update require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, and is not expected to have a material impact on the consolidated financial statements.

ASU 2017-12, *Receivables - Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*

This ASU targets improving the accounting treatment for hedging activities and provides more flexibility in defining what can be hedged, while reducing earnings volatility due to ineffective hedges, and minimizing documentation requirements. The ASU also offers the ability to reclassify prepayable debt securities from HTM to AFS and subsequently sell the securities, as long as the securities are eligible to be hedged. This update is effective for annual periods and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted in any interim period or fiscal year before the effective date. The Company early adopted ASU 2017-12 as of October 1, 2017. The Company reclassified certain prepayable debt securities from HTM to AFS during the first quarter of fiscal 2018. See Note 5 to the Notes to Condensed Consolidated Financial Statements for additional information on the securities reclassed.

ASU 2016-01, *Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*

This ASU allows equity investments that do not have a readily determinable fair value to be remeasured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The ASU also requires enhanced disclosure about those investments. The ASU simplifies the impairment assessment of equity investments without readily determinable fair values by requiring assessment for impairment qualitatively at each reporting period. Entities that are required to disclose the fair value of financial instruments measured at amortized cost on the balance sheet are required to use the exit price notion consistent with Topic 820, *Fair Value Measuremen* t. This update will be effective for annual and interim periods in fiscal years beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the potential impact of ASU 2016-01 on its consolidated financial statements.

NOTE 10. FAIR VALUE MEASUREMENTS

Accounting Standards Codification ("ASC") 820, *Fair Value Measurements* defines fair value, establishes a framework for measuring the fair value of assets and liabilities using a hierarchy system and requires disclosures about fair value measurement. It clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts.

The fair value hierarchy is as follows:

Level 1 Inputs – Valuation is based upon quoted prices for identical instruments traded in active markets that the Company has the ability to access at measurement date.

Level 2 Inputs – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which significant assumptions are observable in the market.

Level 3 Inputs – Valuation is generated from model-based techniques that use significant assumptions not observable in the market and are used only to the extent that observable inputs are not available. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Securities Available for Sale and Held to Maturity . Securities available for sale are recorded at fair value on a recurring basis and securities held to maturity are carried at amortized cost. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using an independent pricing service. For both Level 1 and Level 2 securities, management uses various methods and techniques to corroborate prices obtained from the pricing service, including but not limited to reference to dealer or other market quotes, and by reviewing valuations of comparable instruments. The Company's Level 1 securities include equity securities and mutual funds. Level 2 securities include U.S. Government agency and instrumentality securities, U.S. Government agency and instrumentality mortgage-backed securities, municipal bonds and corporate debt securities. The Company had no Level 3 securities at December 31, 2017 or September 30, 2017 .

The fair values of securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs), or valuation based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model based valuation techniques for which significant assumptions are observable in the market (Level 2 inputs). The Company considers these valuations supplied by a third party provider which utilizes several sources for valuing fixed-income securities. These sources include Interactive Data Corporation, Reuters, Standard and Poor's, Bloomberg Financial Markets, Street Software Technology, and the third party provider's own matrix and desk pricing. The Company, no less than annually, reviews the third party's methods and source's methodology for reasonableness and to ensure an understanding of inputs utilized in determining fair value. Sources utilized by the third party provider include but are not limited to pricing models that vary based by asset class and include available trade, bid, and other market information. This methodology includes but is not limited to broker quotes, proprietary models, descriptive terms and conditions databases, as well as extensive quality control programs. Monthly, the Company receives and compares prices provided by multiple securities dealers and pricing providers to validate the accuracy and reasonableness of prices received from the third party provider. On a monthly basis, the Investment Committee reviews mark-to-market changes in the securities portfolio for reasonableness.

The following table summarizes the fair values of securities available for sale and held to maturity at December 31, 2017 and September 30, 2017 . Securities available for sale are measured at fair value on a recurring basis, while securities held to maturity are carried at amortized cost in the consolidated statements of financial condition.

	Fair Value At December 31, 2017							
	Available For Sale				Held to Maturity			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Debt securities								
Small business administration securities	56,948	—	56,948	—	—	—	—	—
Obligations of states and political subdivisions	14,610	—	14,610	—	4,342	—	4,342	—
Non-bank qualified obligations of states and political subdivisions	1,223,030	—	1,223,030	—	227,482	—	227,482	—
Asset-backed securities	95,823	—	95,823	—	—	—	—	—
Mortgage-backed securities	600,112	—	600,112	—	8,320	—	8,320	—
Total debt securities	1,990,523	—	1,990,523	—	240,144	—	240,144	—
Common equities and mutual funds	1,829	1,829	—	—	—	—	—	—
Total securities	$ 1,992,352	$ 1,829	$ 1,990,523	$ —	$ 240,144	$ —	$ 240,144	$ —

	Fair Value At September 30, 2017							
	Available For Sale				Held to Maturity			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Debt securities								
Small business administration securities	57,871	—	57,871	—	—	—	—	—
Obligations of states and political subdivisions	—	—	—	—	19,368	—	19,368	—
Non-bank qualified obligations of states and political subdivisions	950,829	—	950,829	—	432,361	—	432,361	—
Asset-backed securities	96,832	—	96,832	—	—	—	—	—
Mortgage-backed securities	586,454	—	586,454	—	112,456	—	112,456	—
Total debt securities	1,691,986	—	1,691,986	—	564,185	—	564,185	—
Common equities and mutual funds	1,445	1,445	—	—	—	—	—	—
Total securities	$ 1,693,431	$ 1,445	$ 1,691,986	$ —	$ 564,185	$ —	$ 564,185	$ —

Loans. The Company does not record loans at fair value on a recurring basis. However, if a loan is considered impaired, an allowance for loan losses is established. Once a loan is identified as individually impaired, management measures impairment in accordance with ASC 310, *Receivables* .

The following table summarizes the assets of the Company that were measured at fair value in the consolidated statements of financial condition on a non-recurring basis as of December 31, 2017 and September 30, 2017 .

	Fair Value At December 31, 2017			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3
Foreclosed Assets, net	128	—	—	128
Total	$ 128	$ —	$ —	$ 128

	Fair Value At September 30, 2017			
(Dollars in Thousands)	Total	Level 1	Level 2	Level 3
Foreclosed Assets, net	292			292
Total	$ 292	$ —	$ —	$ 292

	Quantitative Information About Level 3 Fair Value Measurements				
(Dollars in Thousands)	Fair Value at December 31, 2017	Fair Value at September 30, 2017	Valuation Technique	Unobservable Input	Range of Inputs
Foreclosed Assets, net	$ 128	292	Market approach	Appraised values (1)	4.00 - 10.00%

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

The following table discloses the Company's estimated fair value amounts of its financial instruments as of the dates set forth below. 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 December 31, 2017 and September 30, 2017 , as more fully described below. The operations of the Company are managed from a going concern basis and not a liquidation basis. As a result, the ultimate value realized for the financial instruments presented could be substantially different when actually recognized over time through the normal course of operations. Additionally, a substantial portion of the Company's inherent value is the Bank's capitalization and franchise value. Neither of these components have been given consideration in the presentation of fair values below.

The following presents the carrying amount and estimated fair value of the financial instruments held by the Company at December 31, 2017 and September 30, 2017 .

	December 31, 2017				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(Dollars in Thousands)				
Financial assets					
Cash and cash equivalents	$ 1,300,409	$ 1,300,409	$ 1,300,409	$ —	$ —
Securities available for sale	1,992,352	1,992,352	1,829	1,990,523	—
Securities held to maturity	243,492	240,144	—	240,144	—
Total securities	2,235,844	2,232,496	1,829	2,230,667	—
Loans receivable:					
One to four family residential mortgage loans	203,967	205,413	—	—	205,413
Commercial and multi-family real estate loans	654,029	655,777	—	—	655,777
Agricultural real estate loans	61,303	61,257	—	—	61,257
Consumer loans	274,981	293,832	—	—	293,832
Commercial operating loans	56,516	56,520	—	—	56,520
Agricultural operating loans	24,696	24,506	—	—	24,506
CML insurance premium finance loans	235,671	235,530	—	—	235,530
Total loans receivable	1,511,163	1,532,835	—	—	1,532,835
Federal Home Loan Bank stock	57,443	57,443	—	57,443	—
Accrued interest receivable	21,089	21,089	21,089	—	—
Financial liabilities					
Noninterest bearing demand deposits	2,779,645	2,779,645	2,779,645	—	—
Interest bearing demand deposits, savings, and money markets	185,376	185,376	185,376	—	—
Certificates of deposit	128,220	127,451	—	127,451	—
Wholesale non-maturing deposits	40,928	40,928	40,928	—	—
Wholesale certificates of deposit	379,476	379,101	—	379,101	—
Total deposits	3,513,645	3,512,501	3,005,949	506,552	—
Advances from Federal Home Loan Bank	210,000	210,002	—	210,002	—
Federal funds purchased	1,100,000	1,100,000	1,100,000	—	—
Securities sold under agreements to repurchase	3,339	3,339	—	3,339	—
Capital lease	1,922	1,922	—	1,922	—
Trust preferred securities	10,310	10,445	—	10,445	—
Subordinated debentures	73,382	75,750	—	75,750	—
Accrued interest payable	4,065	4,065	4,065	—	—

	September 30, 2017				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(Dollars in Thousands)				
Financial assets					
Cash and cash equivalents	$ 1,267,586	$ 1,267,586	$ 1,267,586	$ —	$ —
Securities available for sale	1,693,431	1,693,431	1,445	1,691,986	—
Securities held to maturity	563,529	564,185	—	564,185	—
Total securities	2,256,960	2,257,616	1,445	2,256,171	—
Loans receivable:					
One to four family residential mortgage loans	196,706	196,970	—	—	196,970
Commercial and multi-family real estate loans	585,510	576,330	—	—	576,330
Agricultural real estate loans	61,800	61,584	—	—	61,584
Consumer loans	163,004	163,961	—	—	163,961
Commercial operating loans	35,759	35,723	—	—	35,723
Agricultural operating loans	33,594	32,870	—	—	32,870
CML insurance premium finance loans	250,459	250,964	—	—	250,964
Total loans receivable	1,326,832	1,318,402	—	—	1,318,402
Federal Home Loan Bank stock	61,123	61,123	—	61,123	—
Accrued interest receivable	19,380	19,380	19,380	—	—
Financial liabilities					
Noninterest bearing demand deposits	2,454,057	2,454,057	2,454,057	—	—
Interest bearing demand deposits, savings, and money markets	169,557	169,557	169,557	—	—
Certificates of deposit	123,637	123,094	—	123,094	—
Wholesale non-maturing deposits	18,245	18,245	18,245	—	—
Wholesale certificates of deposits	457,928	457,509	—	457,509	—
Total deposits	3,223,424	3,222,462	2,641,859	580,603	—
Advances from Federal Home Loan Bank	415,000	415,003	—	415,003	—
Federal funds purchased	987,000	987,000	987,000	—	—
Securities sold under agreements to repurchase	2,472	2,472	—	2,472	—
Capital lease	1,938	1,938	—	1,938	—
Trust preferred securities	10,310	10,447	—	10,447	—
Subordinated debentures	73,347	76,500	—	76,500	—
Accrued interest payable	2,280	2,280	2,280	—	—

The following sets forth the methods and assumptions used in determining the fair value estimates for the Company's financial instruments at December 31, 2017 and September 30, 2017 .

CASH AND CASH EQUIVALENTS

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

SECURITIES AVAILABLE FOR SALE AND HELD TO MATURITY

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

LOANS RECEIVABLE, NET
The fair value of loans is estimated using a historical or replacement cost basis concept (*i.e.,* an entrance price concept). The fair value of loans was estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers and for similar remaining maturities. When using the discounting method to determine fair value, homogeneous loans with similar terms and conditions were grouped together and discounted at a target rate at which similar loans would be made to borrowers at December 31, 2017 or September 30, 2017 . In addition, when computing the estimated fair value for all loans, allowances for loan losses have been subtracted from the calculated fair value as a result of the discounted cash flow which approximates the fair value adjustment for the credit quality component.

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

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

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

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

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

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

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 over the contractual maturity of such borrowings.

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

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

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

The Company held a total of $ 98.7 million of goodwill as of December 31, 2017 . The recorded goodwill was due to two separate business combinations during fiscal 2015 and two separate business combinations during the first quarter of fiscal 2017. The fiscal 2015 business combinations included $ 11.6 million of goodwill in connection with the purchase of substantially all of the commercial loan portfolio and related assets of AFS/IBEX on December 2, 2014 and $ 25.4 million of goodwill in connection with the purchase of substantially all of the assets and liabilities of Refund Advantage on September 8, 2015. The fiscal 2017 business combinations included $30.4 million of goodwill in connection with the purchase of substantially all of the assets of EPS Financial, LLC on November 1, 2016; and $31.4 million of goodwill in connection with the purchase of substantially all of the assets and specified liabilities of Specialty Consumer Services LP on December 14, 2016. The goodwill associated with these transactions is deductible for tax purposes.

The changes in the carrying amount of the Company's goodwill and intangible assets for the three months ended December 31, 2017 and 2016 were as follows:

	2017	2016
	(Dollars in Thousands)	
Goodwill		
Balance as of September 30,	$ 98,723	$ 36,928
Acquisitions during the period	—	61,970
Write-offs during the period	—	—
Balance as of December 31,	$ 98,723	$ 98,898

	Trademark (1)	Non-Compete (2)	Customer Relationships (3)	All Others (4)	Total
Intangibles					
Balance as of September 30, 2017	$ 10,051	$ 1,782	$ 31,707	$ 8,638	$ 52,178
Acquisitions during the period	—	—	—	38	38
Amortization during the period	(159)	(132)	(1,160)	(230)	(1,681)
Write-offs during the period	—	—	—	(14)	(14)
Balance as of December 31, 2017	$ 9,892	$ 1,650	$ 30,547	$ 8,432	$ 50,521
Gross carrying amount	$ 10,990	$ 2,480	$ 57,810	$ 10,540	$ 81,820
Accumulated amortization	(1,098)	(830)	(17,015)	(1,565)	(20,508)
Accumulated impairment	—	—	(10,248)	(543)	(10,791)
Balance as of December 31, 2017	$ 9,892	$ 1,650	$ 30,547	$ 8,432	$ 50,521

(1) Book amortization period of 5-15 years. Amortized using the straight line and accelerated methods.
(2) Book amortization period of 3-5 years. Amortized using the straight line method.
(3) Book amortization period of 10-30 years. Amortized using the accelerated method.
(4) Book amortization period of 3-20 years. Amortized using the straight line method.

	Trademark (1)	Non-Compete (2)	Customer Relationships (3)	All Others (4)	Total
Intangibles					
Balance as of September 30, 2016	$ 5,149	$ 127	$ 20,590	$ 3,055	$ 28,921
Acquisitions during the period	5,480	2,210	32,230	6,156	46,076
Amortization during the period	(120)	(86)	(1,193)	(126)	(1,525)
Write-offs during the period	—	—	—	—	—
Balance as of December 31, 2016	$ 10,509	$ 2,251	$ 51,627	$ 9,085	$ 73,472
Gross carrying amount	$ 10,970	$ 2,510	$ 58,270	$ 9,711	$ 81,461
Accumulated amortization	(461)	(259)	(6,643)	(626)	(7,989)
Balance as of December 31, 2016	$ 10,509	$ 2,251	$ 51,627	$ 9,085	$ 73,472

(1) Book amortization period of 15 years. Amortized using the straight line and accelerated methods.
(2) Book amortization period of 3 years. Amortized using the straight line method.
(3) Book amortization period of 10-30 years. Amortized using the accelerated method.
(4) Book amortization period of 3-20 years. Amortized using the straight line method.

The estimated amortization expense of intangible assets assumes no activities, such as acquisitions, which would result in additional amortizable intangible assets. Estimated amortization expense of intangible assets in the remaining nine months of fiscal 2018 and subsequent fiscal years is as follows:

	(Dollars in Thousands)
Remaining in 2018	$ 6,028
2019	7,151
2020	5,753
2021	5,184
2022	4,262
2023	3,625
Thereafter	18,518
Total anticipated intangible amortization	$ 50,521

The Company tests intangible assets for impairment at least annually or more often if conditions indicate a possible impairment. There were no impairments to intangible assets during the three months ended December 31, 2017 or 2016 . The annual goodwill impairment test for fiscal 2018 will be conducted at September 30, 2018 .

NOTE 12. INCOME TAXES

Income tax expense for the fiscal 2018 first quarter was $5.7 million , resulting in an effective tax rate of 54.9% , compared to $0.3 million , or an effective tax rate of 21.6% , for the fiscal 2017 first quarter.

The Tax Cuts and Jobs Act (the "Tax Act") was signed into law on December 22, 2017. The Tax Act has a significant impact on the U.S. corporate income tax regime by lowering the U.S. corporate tax rate from 35 percent to 21 percent effective for taxable years beginning on or after January 1, 2018 in addition to implementing numerous other changes. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted.

As a result of the Tax Act, the Company remeasured its deferred tax assets and deferred tax liabilities during its fiscal 2018 first quarter, resulting in additional income tax expense of $3.6 million . As the Company’s fiscal year end ends on September 30, the statutory corporate rate for fiscal 2018 will be prorated to 24.53 percent .

In December 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 (SAB 118), which provides guidance regarding how a company is to reflect provisional amounts when necessary information is not yet available, prepared or analyzed sufficiently to complete its accounting for the effect of the changes in the Tax Act. The income tax expense of $3.6 million recorded during the fiscal 2018 first quarter represents all known and estimable impacts of the Tax Act and is a provisional amount based on the Company’s current best estimate. This provisional amount incorporates assumptions made based upon the Company’s current interpretations of the Tax Act and may change as the Company receives additional clarification and implementation guidance, and as data becomes available allowing for a more accurate scheduling of the deferred tax assets and liabilities, including those related to items potentially impacted by the Tax Act such as fixed assets and employee compensation. Adjustments to this provisional amount through December 22, 2018 will be included in income from operations as an adjustment to tax expense in future periods.

NOTE 13. REGULATORY MATTERS

On January 5, 2015, the Federal Deposit Insurance Corporation (“FDIC”) published industry guidance in the form of Frequently Asked Questions (“FAQs”) with respect to the categorization of deposit liabilities as “brokered” deposits. On November 13, 2015, the FDIC issued for comment updated and annotated FAQs, and on June 30, 2016, the FDIC finalized the FAQs. The Company believes that the final FAQs do not materially impact the processes that it uses to identify, accept and report brokered deposits. On April 26, 2016, the FDIC issued a final rule to amend how small banks (less than $10 billion in assets that have been FDIC insured for at least five years) are assessed for deposit insurance (the "Final Rule"). The Final Rule imposes higher assessments for banks that the FDIC believes present higher risk profiles. The Final Rule became effective with the Bank's December 2016 assessment invoice, which the Company received in March 2017.

Due to the Bank’s status as a "well-capitalized" institution under the FDIC's prompt corrective action regulations, and further with respect to the Bank’s financial condition in general, the Company does not at this time anticipate that either the FAQs or the Final Rule will have a material adverse impact on the Company’s business operations. However, should the Bank ever fail to be well-capitalized in the future, as a result of failing to meet the well-capitalized requirements, or the imposition of an individual minimum capital requirement or similar formal requirements, then, notwithstanding that the Bank has capital in excess of the well-capitalized minimum requirements, the Bank would be prohibited, absent waiver from the FDIC, from utilizing brokered deposits (i.e., may not accept, renew or rollover brokered deposits), which could produce serious adverse effects on the Company’s liquidity, and financial condition and results of operations. Similarly, should the Bank’s financial condition in general deteriorate, future FDIC assessments could have a material adverse effect on the Company.

NOTE 14. SUBSEQUENT EVENTS

On January 2, 2018, a deed in lieu of foreclosure was executed on the collateral for a large, well-collateralized loan relationship. Upon execution of the deed in lieu, the Company took ownership of the properties serving as collateral and transferred the loans to foreclosed real estate and repossessed assets. If, as expected, the properties are sold prior to the end of the agreed-upon receivership period set forth in the settlement agreement, the Company will be entitled to all principal, note interest, legal and other fees and expenses. After the receivership period ends, if the properties are not sold, the Company will be entitled to the fair value of the properties.

On January 9, 2018 , the Company announced that it entered into a definitive merger agreement with Crestmark Bancorp, Inc. (“Crestmark”), the holding company of Crestmark Bank, whereby the Company will acquire Crestmark in an all-stock transaction.

Pursuant to the terms of the merger agreement, at the effective time of the merger, Crestmark will merge with and into the Company, and Crestmark Bank will merge with and into MetaBank (the "Bank").

Under the terms of the merger agreement, Crestmark shareholders will receive 2.65 shares of the Company's common stock for each share of Crestmark common stock. The aggregate value of the acquisition consideration, based on the closing price of Meta Financial shares on January 8, 2018 of $91.35 , would have been $320.6 million . Giving effect to the transaction, existing shareholders of the Company are expected to own approximately 75% , and Crestmark shareholders are expected to own approximately 25% , of the outstanding shares of the Company.

On January 25, 2018, the Company announced that the Bank entered into a three -year program agreement with Liberty Lending, LCC ("Liberty"), whereby the Bank will provide personal loans to Liberty customers. Under the agreement, the Bank expects to originate between $500 million and $1 billion in personal loans during the term of the program. The loan products contemplated under this agreement will be closed-end installment loans ranging from $3,500 to $45,000 in principal amount with lengths of between 13 and 60 months . The Bank expects to begin providing such loans as early as the third quarter of fiscal 2018. The Bank has the contractual right to sell these loans or interests in the loans. The agreement marks the entry point for the Company into a direct-to-consumer credit business.

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

META FINANCIAL GROUP, INC®.
AND SUBSIDIARIES

FORWARD LOOKING STATEMENTS

Meta Financial Group, Inc.®, (“Meta Financial” or “the Company” or “us”) and its wholly-owned subsidiary, MetaBank® (the “Bank” or “MetaBank”), may from time to time make written or oral “forward-looking statements,” including statements contained in this Quarterly Report on Form 10-Q, in its other filings with the Securities and Exchange Commission (“SEC”), in its reports to stockholders, and in other communications by the Company and the Bank, which are made in good faith by the Company pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

You can identify forward-looking statements by words such as “may,” “hope,” “will,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” “could,” “future,” or the negative of those terms, or other words of similar meaning or similar expressions. You should carefully read statements that contain these words because they discuss our future expectations or state other “forward-looking” information. These forward-looking statements are based on information currently available to us and assumptions about future events, and include statements with respect to the Company’s beliefs, expectations, estimates, and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company’s control. Such risks, uncertainties and other factors may cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Such statements address, among others, the following subjects: future operating results; customer retention; loan and other product demand; important components of the Company's statements of financial condition and operations; growth and expansion; new products and services, such as those offered by the Bank or the Company's Payments divisions (which includes Meta Payments Systems (“MPS”) and its tax-related financial solutions divisions: Refund Advantage, EPS Financial (“EPS”) and Specialty Consumer Services (“SCS”)); credit quality and adequacy of reserves; technology; and the Company's employees. The following factors, among others, could cause the Company's financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: the risk that the transaction with Crestmark may not occur on a timely basis or at all; the parties’ ability to obtain regulatory approvals and approval of their respective shareholders, and otherwise satisfy the other conditions to closing, on a timely basis or at all; the risk that the businesses of the Company and MetaBank, on the one hand, and Crestmark and Crestmark Bank, on the other hand, may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; the expected growth opportunities, beneficial synergies and/or operating efficiencies from the proposed transaction with Crestmark may not be fully realized or may take longer to realize than expected; customer losses and business disruption following the announcement or consummation of the proposed transaction; potential litigation relating to the proposed merger transaction; the risk that the Company may incur unanticipated or unknown losses or liabilities if it completes the proposed transaction with Crestmark and Crestmark Bank; the risk that the Company’s preliminary analysis of the impact of the Tax Act may be incorrect; additional changes in tax laws; the risk that the Bank may be unable to originate between $500 million and $1 billion in personal loans during the three-year term of the program agreement with Liberty Lending, LLC; the risk that we are unable to recoup a significant portion of the lost earnings associated with the non-renewal of the agreement with H&R Block through agreements with new tax partners and expanded relationships with existing tax partners; the risk that loan production levels and other anticipated benefits related to the agreement with Jackson Hewitt Tax Service®, as extended, may not be as much as anticipated; maintaining our executive management team; the strength of the United States' economy, in general, and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System (the “Federal Reserve”), as well as efforts of the United States Treasury in conjunction with bank regulatory agencies to stimulate the economy and protect the financial system; inflation, interest rate, market, and monetary fluctuations; the timely development of, and acceptance of new products and services offered by the Company or its strategic partners, as well as risks (including reputational and litigation) attendant thereto, and the perceived overall value of these products and services by users; the risks of dealing with or utilizing third parties, including in connection with the Company’s refund advance business, the risk of reduced volume of refund advance loans as a result of reduced customer demand for or acceptance of usage of the Company’s strategic partners’ refund advance products; any actions which may be initiated by our regulators in the future; the impact of changes in financial services laws and regulations, including, but not limited to, laws and regulations relating to the tax refund industry and the insurance premium finance industry; our relationship with our primary regulators, the Office of the Comptroller of the Currency (“OCC”) and the Federal Reserve, as well as the Federal Deposit Insurance Corporation (“FDIC”), which insures the Bank’s deposit accounts up to applicable limits; technological changes, including, but not limited to, the protection of electronic files or databases; acquisitions; litigation risk, in general, including, but not limited to, those risks involving the Bank's divisions; the growth of the Company’s business, as well as expenses related thereto; continued maintenance by the Bank of its status as a well-capitalized institution, particularly in light of our growing deposit base, a portion of which has been characterized as “brokered”; changes in consumer spending and saving habits; and the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase.

The foregoing list of factors is not exclusive. We caution you not to place undue reliance on these forward-looking statements. The forward-looking statements included in this Quarterly Report speak only as of the date hereof. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Additional discussions of factors affecting the Company's business and prospects are included under the caption "Risk Factors" and in other sections of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2017 and in other filings made with the SEC. The Company expressly disclaims any intent or obligation to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company or its subsidiaries, whether as a result of new information, changed circumstances or future events or for any other reason.

GENERAL

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

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

The following discussion focuses on the consolidated financial condition of the Company at December 31, 2017 , compared to September 30, 2017 , and the consolidated results of operations for the three months ended December 31, 2017 and 2016 . This discussion should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the year ended September 30, 2017 and the related management's discussion and analysis of financial condition and results of operations contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2017 .

BUSINESS DEVELOPMENTS

On January 9, 2018, the Company announced that it entered into a definitive merger agreement with Crestmark Bancorp, Inc. ("Crestmark"), the holding company of Crestmark Bank, whereby the Company will acquire Crestmark in an all-stock transaction.

Pursuant to the terms of the merger agreement, at the effective time of the merger, Crestmark will merge with and into the Company, and Crestmark Bank will merge with and into MetaBank. As of September 30, 2017, the Bank had $5.2 billion in assets and $1.3 billion in total loans and, on a pro forma consolidated basis, the combined company would have had approximately $6.4 billion in assets and $2.2 billion in loans and leases, or 34% of total assets, with lending operations throughout the U.S.

Under the terms of the merger agreement, Crestmark shareholders will receive 2.65 shares of the Company's common stock for each share of Crestmark common stock. The aggregate value of the acquisition consideration, based on the closing price of Meta Financial shares on January 8, 2018, of $91.35, would have been $320.6 million. Giving effect to the transaction, existing shareholders of the Company are expected to own approximately 75%, and Crestmark shareholders are expected to own approximately 25%, of the outstanding shares of the Company.

Crestmark, through Crestmark Bank, is a commercial lender offering asset-based loans, equipment finance leases and government guaranteed loans to small and mid-sized businesses across the US. Crestmark focuses on working with a broad range of industries, including manufacturing, transportation and health care. Crestmark will operate as a division of MetaBank and will continue to operate from its offices in Troy, Michigan.

On January 25, 2018, the Company announced that MetaBank entered into a three year program agreement with Liberty Lending, LLC ("Liberty"), whereby MetaBank will provide personal loans to Liberty customers. Under the agreement, the Bank expects to originate between $500 million and $1 billion in personal loans during the term of the program. The loan products contemplated under this agreement will be closed-end installment loans ranging from $3,500 to $45,000 in principal amount with lengths of between 13 and 60 months. The Bank expects to begin providing such loans as early as the third quarter of fiscal 2018. The Bank has the contractual right to sell these loans or interests in the loans. The agreement marks the entry point for the Company into a direct-to-consumer credit business.

As previously disclosed, on October 11, 2017, the Company completed the purchase of a $73.0 million, seasoned, floating rate, private student loan portfolio. All loans are indexed to one-month LIBOR. The portfolio is serviced by ReliaMax Lending Services LLC and insured by ReliaMax Surety Company. This portfolio purchase builds on the Company's existing student loan platform.

OVERVIEW OF FINANCIAL PERFORMANCE

The Company recorded net income of $4.7 million , or $0.48 per diluted share, for the three months ended December 31, 2017 , compared to net income of $1.2 million , or $0.14 per diluted share, for the three months ended December 31, 2016 , an increase of 275% . Included in the 2018 fiscal first quarter net income was an additional, non recurring income tax expense of $3.6 million from a reduction in the value of certain deferred tax assets as a result of the Tax Cuts and Jobs Act (the "Tax Act") signed into law on December 22, 2017. The 2018 fiscal first quarter pre-tax results included a $1.0 million loss on sale of investments and $1.3 million of acquisition expenses. The 2018 fiscal first quarter pre-tax results also included $1.7 million in amortization of intangible assets and $1.3 million in non-cash stock-related compensation associated with executive officer employment agreements.

Net interest income was $26.2 million in the 2018 fiscal first quarter, an increase of $6.4 million , or 32% , compared to the first quarter of fiscal 2017. This increase was primarily a result of high credit quality loan growth in both the commercial insurance premium finance loan portfolio and community banking loan portfolio, as well as the purchased floating rate student loans. Also contributing to the improvement were increases in higher yielding securities balances, primarily due to highly-rated tax-exempt municipal securities at relatively high tax equivalent yields and a continuing improvement in the overall interest-earning asset mix.

Card fee income increased $6.8 million , or 37% , for the 2018 fiscal first quarter when compared to the same quarter in 2017. This increase was due to residual fees related to a wind down of two of our non-strategic programs. The Company expects fiscal year 2018 total card fee income to be between $95.0 million and $101.0 million and expects total card processing expense to be between $23.0 million and $27.0 million.

Total tax product fee income increased $1.5 million , or 242% , from $0.6 million for the three months ended December 31, 2016 to $2.1 million for the three months ended December 31, 2017. This increase was primarily due to the volume of pre-season tax advance loans originated during the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017. All of these loans are being held during fiscal 2018, as opposed to the previous year when many of these loans were sold, which also contributed to the increase.

The Company's 2018 fiscal first quarter average assets grew to $4.12 billion , compared to $3.49 billion in the 2017 first quarter, an increase of 18% , primarily driven by growth in loan and securities balances.

Total loans receivable, net of allowance for loan losses, increased $393.2 million , or 36% , at December 31, 2017 , compared to December 31, 2016 . This increase was primarily related to growth in commercial real estate loans of $213.5 million , or 48% , growth in consumer loans of $101.8 million , or an increase of 59% , of which $56.7 million was attributable to the Company's purchased student loan portfolios and $44.0 million was related to refund advance loans, growth in commercial insurance premium finance loans of $56.2 million , or an increase of 31% , and growth in residential mortgage loans of $31.1 million , or an increase of 18% . The growth in net loans receivable from December 31, 2016 to December 31, 2017 was partially offset by an $11.6 million decrease, or a 12% decrease, in total agricultural loans. Excluding all purchased student loan portfolios and refund advance loans, total loans receivable, net of allowance for loan losses, at December 31, 2017 were up $293.1 million , or 30% , compared to the same period of the prior year. At December 31, 2017 , community banking loans increased $223.3 million , or 29% , compared to December 31, 2016 .

Payments division average deposits increased $295.2 million , or 15% , for the 2018 fiscal first quarter when compared to the same quarter of 2017.

Non-performing assets (“NPAs”) were 0.61% of total assets at December 31, 2017 , compared to 0.05% at December 31, 2016 . The increase in NPAs was primarily related to a large, well-collateralized agricultural loan relationship being more than 90 days past due, which was still accruing at December 31, 2017. On January 2, 2018, a deed in lieu of foreclosure was executed on the collateral for this relationship upon which the Company took ownership of the properties serving as collateral and transferred the loans to foreclosed real estate and repossessed assets. If, as expected, the properties are sold prior to the end of the agreed-upon receivership period set forth in the settlement agreement, the Company will be entitled to all principal, note interest, legal and other fees and expenses. After the receivership period ends, if the properties are not sold, the Company will be entitled to the fair value of the properties, which the Company believes to be significantly in excess of all principal, note interest, legal and other fees and expenses. At September 30, 2017, NPAs were 0.72% of total assets. The decrease in NPAs from September 30, 2017 to December 30, 2017 was primarily due to the payoff of a $7.0 million nonperforming agricultural loan relationship during the first quarter of fiscal 2018.

FINANCIAL CONDITION

At December 31, 2017 , the Company’s assets increased by $189.6 million , or 4% , to $5.42 billion compared to $5.23 billion at September 30, 2017 . The increase in assets was primarily due to an increase in loans receivable.

Total cash and cash equivalents were $1.30 billion at December 31, 2017 , an increase of $32.8 million , or 3% , from $1.27 billion at September 30, 2017 . Similar to September 30, 2017, the Company also temporarily repositioned the balance sheet at the end of the 2018 fiscal first quarter to prepare for the upcoming seasonal tax lending activity.
The Company maintains its cash investments primarily in interest-bearing overnight deposits with the FHLB of Des Moines and the Federal Reserve Bank.

The total of mortgage-backed securities (“MBS”) and investment securities decreased $21.1 million , or 1% , to $2.24 billion at December 31, 2017 , compared to $2.26 billion at September 30, 2017 , as maturities, sales, and principal pay downs exceeded purchases. The Company’s portfolio of investment securities and MBS securities consists primarily of U.S. Government agency and instrumentality MBS, which have relatively short expected lives, U.S. Government related asset backed securities, U.S. Government agency or instrumentality collateralized housing related municipal securities, and high quality non-bank qualified obligations of states and political subdivisions (“NBQ”), which mature in approximately 15 years or less. Of the total MBS, $600.1 million were classified as available for sale, and $8.5 million were classified as held to maturity. Of the total investment securities, $1.39 billion were classified as available for sale and $235.0 million were classified as held to maturity. During the three month period ended December 31, 2017 , the Company purchased $105.3 million of investment securities available for sale, no MBS securities, and no investment securities held to maturity, with the available for sale investment security purchases consisting primarily of Ginnie Mae (“GNMA”) convertible and collateralized municipal housing securities and other municipal housing securities fully collateralized by U.S. agency and instrumentality securities.

During the first quarter of fiscal 2018, the Company early adopted Accounting Standard Update ("ASU") 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities." Due to the early adoption of the ASU, the Company transferred $204.7 million of investment securities and $101.3 million of MBS from HTM to AFS during the first quarter of fiscal 2018. This change allows for enhanced balance sheet management and provides the opportunity for more liquidity, should it be needed.

The Company’s portfolio of net loans receivable increased $182.4 million , or 14% , to $1.50 billion at December 31, 2017 , from $1.32 billion at September 30, 2017 . This increase was primarily attributable to a $112.0 million increase in consumer loans, largely due to the student loan portfolio purchases and refund advance loans, a $68.5 million , or 12% , increase in commercial real estate loans, a $20.8 million , or 58% , increase in commercial operating loans, and a $7.3 million , or 4% , increase in residential mortgage loans, offset in part by a $14.8 million , or 6% , decrease in commercial insurance premium finance loans and a $9.4 million , or 10% , decrease in total agricultural loans, during the three months ended December 31, 2017. Excluding the purchased student loan portfolios and refund advances, total loans receivable, net of allowance for loan losses, would have increased $72.2 million , or 6% , from September 30, 2017 to December 31, 2017 . Community banking loans increased $61.5 million , or 7% , during this period. Of the $654.0 million in commercial and multi-family real estate loans at December 31, 2017 , $129.9 million were considered high-volatility commercial real estate (“HVCRE”) loans. While such HVCRE loans are risk-weighted at 150% rather than 100%, as is customary for non-HVCRE commercial loans, the increase to the Company’s risk-weighted assets continues to be inconsequential in terms of the Company’s capital ratios.

Total deposits increased $290.2 million , or 9% , at December 31, 2017 , to $3.51 billion from $3.22 billion at September 30, 2017 , primarily related to an increase of $325.6 million in non-interest bearing deposits, an increase of $17.1 million in interest-bearing checking deposits and a $4.6 million increase in certificates of deposit. The increase in total deposits was partially offset by a decrease of $55.8 million in wholesale deposits. Deposits attributable to the Payments segment increased by $331.8 million, or 14%, to $2.77 billion at December 31, 2017 , compared to $2.44 billion at September 30, 2017 . The average balance of total deposits and interest-bearing liabilities was $3.62 billion for the three month period ended December 31, 2017 , compared to $3.06 billion for the same period in the prior year. The average balance of non-interest bearing deposits for the three month period ended December 31, 2017 increased by $272.3 million , or 13% , to $2.33 billion , compared to the same period in the prior year.

Total borrowings decreased $91.1 million , or 6% , from $1.49 billion at September 30, 2017 to $1.40 billion at December 31, 2017 , primarily due to a decrease of federal funds purchased. At September 30, 2017 and December 31, 2017, the Company's cash balances were much higher than normal due to a temporary repositioning of the balance sheet at those dates as part of its preparations for the 2018 tax season. The Company’s overnight federal funds purchased fluctuates on a daily basis due to the nature of a portion of its non-interest bearing deposit base, primarily related to payroll processing timing with a higher volume of overnight federal funds purchased on Monday through Wednesday, which are typically paid down on Thursday and Friday. Secondarily, a portion of certain programs are pre-funded, typically in the final week of the month and the corresponding deposits are received typically on the first day of the following month causing a temporary increased need for overnight borrowings. Accordingly, our level of borrowings may fluctuate significantly on any particular quarter end date.

At December 31, 2017 , the Company’s stockholders’ equity totaled $437.7 million , an increase of $3.2 million , from $434.5 million at September 30, 2017 . The increase was attributable to net earnings and an increase in additional paid-in capital, offset by accumulated other comprehensive income and cash dividends paid. At December 31, 2017 , the Bank continued to exceed all regulatory requirements for classification as a well-capitalized institution. See “Liquidity and Capital Resources” for further information.

Non-performing Assets and Allowance for Loan Losses

Generally, for the majority of loan segments, when a loan becomes delinquent 90 days or more (210 days or more for commercial insurance premium finance loans), 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 reversed against current income. The loan will remain in non-accrual status until the loan becomes current and has demonstrated a sustained period of satisfactory performance, typically after six months.

Consumer tax advance loans, originated through the Company's tax divisions, are interest and fee free to the consumer. Due to the nature of consumer advance loans, it typically takes no more than three e-file cycles, the period of time between scheduled IRS payments, from when the return is accepted to collect. In the event of default, MetaBank has no recourse with the tax consumer. Generally, when the refund advance loan becomes delinquent for 180 days or more, or when collection of principal becomes doubtful, the Company will charge off the loan balance.

The Company believes that the level of allowance for loan losses at December 31, 2017 was appropriate and reflected probable losses related to these loans; however, there can be no assurance that all loans will be fully collectible or that the present level of the allowance will be adequate in the future. See “Allowance for Loan Losses” below.

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

	Non-Performing Assets As Of	
	December 31, 2017	September 30, 2017
Non-Performing Loans	(Dollars in Thousands)	
Non-Accruing Loans:		
Commercial and Multi-Family Real Estate	284	685
Total (1)	284	685
Accruing Loans Delinquent 90 Days or More		
1-4 Family Real Estate	234	—
Agricultural Real Estate	27,818	34,198
Consumer	1,624	1,406
Agricultural Operating	—	97
CML Insurance Premium Finance	3,194	1,205
Total	32,870	36,906
Total Non-Performing Loans	33,154	37,591
Other Assets		
Foreclosed Assets:		
1-4 Family Real Estate	—	62
Commercial and Multi-Family Real Estate	128	230
Total	128	292
Total Other Assets	$ 128	$ 292
Total Non-Performing Assets	$ 33,282	$ 37,883
Total as a Percentage of Total Assets	0.61%	0.72%
Total Non-Performing Assets as a Percentage of Total Assets - excluding insured loans (2)	0.58%	0.70%

(1) During the three-month period ended December 31, 2017 , the Company had $1.1 million of loans modified as troubled debt restructurings ("TDRs") and no loans modified as TDRs during the three-month period ended September 30, 2017 . In addition, the Company had $1.6 million and $0.5 million of TDRs performing in accordance with their terms at each of the periods ended December 31, 2017 and September 30, 2017 .
(2) Excludes from non-performing assets the student loans that are insured by ReliaMax Surety Company.

At December 31, 2017 , non-performing loans totaled $33.2 million , representing 2.19% of total loans, compared to $37.6 million , or 2.83% of total loans at September 30, 2017 . This decrease in non-performing loans was primarily due to the payoff of a $7.0 million nonperforming agricultural loan relationship during the first quarter of fiscal 2018.

Classified Assets . Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered by our regulator, the OCC, to be of lesser quality as “substandard,” “doubtful” or “loss.” An asset is considered “substandard” if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. “Substandard” assets include those characterized by the “distinct possibility” that the Bank will sustain “some loss” if the deficiencies are not corrected. Assets classified as “doubtful” have all of the weaknesses inherent in those classified “substandard,” with the added characteristic that the weaknesses present make “collection or liquidation in full,” on the basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as “loss” are those considered “uncollectible” and of such minimal value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When assets are classified as “loss,” the Bank is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. The Bank’s determinations as to the classification of its assets and the amount of its valuation allowances are subject to review by its regulatory authorities, which may order the establishment of additional general or specific loss allowances.

On the basis of management’s review of its loans and other assets, at December 31, 2017 , the Company had classified $40.4 million of its assets as substandard and did not classify any assets as doubtful or loss. At September 30, 2017 , the Company classified $40.6 million of its assets as substandard and did not classify any assets as doubtful or loss.

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 collectability may not be reasonably assured, involves consideration of, 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 appropriate loan loss allowance.

Management closely monitors economic developments both regionally and nationwide, and considers these factors when assessing the appropriateness of its allowance for loan losses. The current economic environment continues to show signs of improvement in the Bank’s markets. The Bank’s average loss rates over the past three years for community banking loans were relatively low compared to peers, but were offset with a higher agricultural loss rate in fiscal year 2016 driven by the charge off of one relationship. The Bank does not believe it is likely that these low loss conditions will continue indefinitely. Although the Bank’s four market areas have indirectly benefited from a stable agricultural market, the market has become slightly stressed as commodity prices have generally remained lower than a few years ago. Management believes the low commodity prices and adverse weather conditions have the potential to negatively impact the economies of our agricultural markets. The improving economic conditions have also kept the loss rates on the national lending loans as well as the tax service loans relatively low, although management realizes that these low loss conditions may not continue.

At December 31, 2017 , the Company had established an allowance for loan losses totaling $8.9 million , compared to $7.5 million at September 30, 2017 . This increase was primarily due to the additional provision expense related to loans originated by our tax services divisions. During the three months ended December 31, 2017 , the Company recorded a provision for loan losses of $1.1 million , partially offset by $0.3 million of net recoveries, compared to $0.1 million of net charge offs for the three months ended December 31, 2016 . Management believes that, based on a detailed review of the loan portfolio, historic loan losses, current economic conditions, the size of the loan portfolio, and other factors, the level of the allowance for loan losses at December 31, 2017 reflected an appropriate allowance against probable losses from the loan portfolio. Although the Company maintains its allowance for loan losses at a level that it considers to be adequate, investors and others are cautioned that there can be no assurance that future losses will not exceed estimated amounts, or that additional provisions for loan losses will not be required in future periods.

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

CRITICAL ACCOUNTING ESTIMATES

The Company’s financial statements are prepared in accordance with U.S. GAAP. The financial information contained within these financial statements is, to a significant extent, based on approximate measures of the financial effects of transactions and events that have already occurred. Management has identified the policies described below as Critical Accounting Policies. These policies involve complex and subjective decisions and assessments. Some of these estimates may be uncertain at the time they are made, could change from period to period, and could have a material impact on the financial statements. This discussion and analysis should be read in conjunction with the Company’s financial statements and the accompanying notes presented in Part II, Item 8 “Consolidated Financial Statements and Supplementary Data” of its Annual Report on Form 10-K for the year ended September 30, 2017 , and information contained herein.

Allowance for Loan Losses . The Company's allowance for loan loss methodology incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for loan loss that management believes is appropriate at each reporting date. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, changes in 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. Although management believes the levels of the allowance at both December 31, 2017 and September 30, 2017 were adequate to absorb probable losses inherent in the loan portfolio, a decline in local economic conditions or other factors could result in losses in excess of the applicable allowance.

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

In addition, goodwill and intangible assets are tested annually as of our fiscal year end for impairment or more often if conditions indicate a possible impairment. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate future cash flows, risk-adjusted discount rates, future economic and market conditions, comparison of the Company's market value to book value and determination of appropriate market comparables. Actual future results may differ from those estimates.

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

Customer relationship, trademark, and non-compete intangibles are amortized over the periods in which the asset is expected to meaningfully contribute to the business as a whole, using either the present value of excess earnings or straight line amortization, depending on the nature of the intangible asset. Patents are estimated to have a useful life of 20 years, beginning on the date the patent application is originally filed. Thus, patents are amortized based on the remaining useful life once granted. Periodically, the Company reviews the intangible assets for events or circumstances that may indicate a change in recoverability of the underlying basis.

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

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

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

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

RESULTS OF OPERATIONS

General . The Company recorded net income of $4.7 million , or $0.48 per diluted share, for the three months ended December 31, 2017 , compared to net income of $1.2 million , or $0.14 per diluted share, for the three months ended December 31, 2016 . Included in the 2018 fiscal first quarter net income was an income tax expense of $3.6 million from a reduction in the value of certain deferred tax assets as a result of the Tax Act signed into law on December 22, 2017 (see non-interest expense section for further discussion). The 2018 fiscal first quarter pre-tax results included a $1.0 million loss on sale of investments and $1.3 million of acquisition expenses. The 2018 fiscal first quarter pre-tax results also included $1.7 million in amortization of intangible assets and $1.3 million in non-cash stock-related compensation associated with executive officer employment agreements. Total revenue for the fiscal 2018 first quarter was $55.5 million , compared to $39.2 million for the same quarter in fiscal 2017, an increase of $16.3 million , or 42% , primarily due to an increase in interest from commercial insurance premium finance and community banking loans, card fee income, as well as the student loan purchases and income from tax-exempt securities (included in other investment securities), and growth in tax product fee income.

Seasonality . In the industries for electronic payments processing and tax refund processing, companies commonly experience seasonal fluctuations in revenue. For example, in recent years, the Company's results of operations for the first half of each fiscal year have been favorably affected by large numbers of taxpayers electing to receive their tax refunds via direct deposit on our pre-paid cards, which caused their operating revenues to be typically higher in the first half of those years than they were in the corresponding second half of those years. Meta's tax business is expected to continue to generate the vast majority of its revenues in the Company's fiscal second quarter, with some additional revenues in the third quarter, while most expenses are spread throughout the year with some elevated expenses in the December and March quarters. Management expects the Company's revenue to continue to be based on seasonal factors that affect the electronic payments processing and tax refund processing industries as a whole. The Company and its tax preparation partners rely on the Internal Revenue Service (the "IRS"), technology, and employees when processing and preparing tax refunds and tax-related products and services.

Net Interest Income . Net interest income for the fiscal 2018 first quarter increased by $6.4 million , or 32% , to $26.2 million from $19.8 million for the same quarter in 2017, primarily due to significant increases in the community banking loan portfolio, commercial insurance premium finance loan portfolio, and the purchased student loan portfolios. Growth in investment security balances also contributed to the increase in net interest income. Additionally, the overall increase was driven by a better mix and higher percentage of loans as a percentage of interest-earning assets, with loan yields driving a sizable increase due in part to the recently acquired student loan portfolios and their floating rate yields. The quarterly average outstanding balance of loans from all sources as a percentage of interest-earning assets increased from 30% as of the end of the first fiscal quarter of 2017 to 37% as of the end of the first fiscal quarter of 2018. In addition, lower-yielding agency Mortgage-Backed Securities ("MBS") decreased from 21% of interest-earning assets in the fiscal first quarter of 2017 compared to 18% of interest-earning assets for the same quarter in 2018. Net interest income for the fiscal 2018 first quarter was up $1.7 million from the Company's fiscal 2017 fourth quarter, as anticipated, primarily due to a better mix of earning assets.

Net interest margin, tax equivalent (“NIM”) increased from 2.90% in the fiscal 2017 first quarter to 3.06% in the fiscal 2018 first quarter. The reported 3.06% NIM reflects the lowered corporate prorated tax rate on the Company's tax-exempt municipal portfolio. Had corporate tax rates remained at previous rates, excluding changes resulting from the Tax Act, the reported NIM of 3.06% would have been 3.26%. The reported NIM of 3.06% was also impacted by 16 basis points due to tax service loans and wholesale deposits.

The overall reported tax equivalent yield (“TEY”) on average earning asset yields increased by 31 basis points to 3.55% when comparing the fiscal 2018 first quarter to the 2017 first quarter, which was driven primarily by the Company's improved earning asset mix, with increased exposure to its high-quality commercial insurance premium finance, student, and community banking loan portfolios. The increase in TEY continues to highlight the beneficial tailwind provided by this rotation among earning assets. The reported 3.55% TEY on earning assets reflects the lowered corporate prorated tax rate on the Company's tax-exempt municipal portfolio. Had corporate tax rates remained at previous rates, excluding changes resulting from the adoption of the Tax Act, reported TEY on earning assets would have been 3.75%.

The fiscal 2018 first quarter TEY on the securities portfolio increased by one basis point compared to the prior year fiscal first quarter, primarily due to the continued shift in new investments being made in higher-yielding investment securities, primarily mortgage-related, tax-exempt municipal securities rather than traditional agency MBS securities. The TEY on the securities portfolio of 2.93% for the first fiscal quarter of 2018 reflects the lowered corporate prorated tax rate on the Company's tax-exempt municipal portfolio. Had corporate tax rates remained at previous rates, excluding changes resulting from the adoption of the Tax Act, reported securities portfolio yield would have been 3.25%.

The Company’s average interest-earning assets for the fiscal 2018 first quarter increased by $539.4 million , or 17% , to $3.76 billion , up from $3.22 billion during the same quarter of the last fiscal year, primarily from growth in loan portfolios and tax-exempt investments securities, of $436.8 million and $236.3 million , respectively.

The Company’s average total deposits and interest-bearing liabilities for the 2018 first fiscal quarter increased $556.7 million , or 18% , to $3.62 billion from $3.06 billion for the same quarter of the prior fiscal year. This increase was primarily due to an increase in non-interest-bearing deposits of $272.3 million , an increase in Federal Home Loan Bank advances of $248.9 million and an increase in wholesale deposits of $126.7 million , offset by a decrease in federal funds purchased of $132.1 million . Average quarterly deposits in the Payments segment increased in the fiscal 2018 first quarter by $295.2 million , or 15% , from the same period last year.

Overall, the Company's cost of funds for all deposits and borrowings averaged 0.51% during the fiscal 2018 first quarter, compared to 0.36% for the 2017 first quarter. This increase was primarily due to increases in wholesale deposits, overnight borrowing rates and higher average overall funding balances due to the Company's utilization of more of its capital during non-tax season with higher investment balances and funding, and in preparation to hold more tax loans on the balance sheet. Notwithstanding this increase, the Company believes that its growing, low-cost deposit base gives it a distinct and significant competitive advantage over most banks, and even more so if interest rates continue to rise, because the Company anticipates that its cost of deposits will likely remain relatively low, increasing less than at many other banks. At December 31, 2017 and 2016 , low-cost checking deposits represented 83% and 70% of total deposits, respectively.

The following tables present, for the periods indicated, the Company's total dollar amount of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. Tax equivalent adjustments have been made in yield on interest bearing assets and net interest margin. Non-accruing loans have been included in the table as loans carrying a zero yield.

Three Months Ended December 31,	2017			2016		
(Dollars in Thousands)	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate (1)	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate (2)
Interest-earning assets:						
Cash & fed funds sold	$ 100,321	$ 607	2.40%	$ 186,565	$ 391	0.83%
Mortgage-backed securities	673,411	3,758	2.21%	689,617	3,320	1.91%
Tax exempt investment securities	1,408,552	8,698	3.25%	1,172,252	6,902	3.59%
Asset-backed securities	93,631	765	3.24%	117,928	695	2.34%
Other investment securities	80,035	586	2.91%	87,029	589	2.69%
Total investments	2,255,629	13,807	2.93%	2,066,826	11,506	2.92%
Community banking loans (3)	958,222	10,466	4.33%	762,559	8,169	4.25%
Tax services loans	12,378	—	—%	5,573	—	—%
Commercial insurance premium finance loans	244,380	2,799	4.54%	181,422	2,078	4.54%
Student loans and other	191,510	3,178	6.58%	20,129	431	8.50%
National lending loans (4)	435,891	5,977	5.44%	201,551	2,509	4.94%
Total loans	1,406,490	16,443	4.64%	969,684	10,678	4.37%
Total interest-earning assets	**$ 3,762,441**	**$ 30,857**	**3.55%**	**$ 3,223,075**	**$ 22,575**	**3.24%**
Non-interest-earning assets	360,508			267,947		
Total assets	**$ 4,122,949**			**$ 3,491,022**		
Interest-bearing liabilities:						
Interest-bearing checking	$ 71,448	$ 50	0.28%	$ 38,229	$ 39	0.40%
Savings	53,084	8	0.06%	50,528	7	0.06%
Money markets	47,899	27	0.22%	47,605	21	0.18%
Time deposits	128,496	366	1.13%	131,169	259	0.78%
Wholesale deposits	483,878	1,434	1.18%	357,224	612	0.68%
Total interest-bearing deposits	784,805	1,885	0.95%	624,755	938	0.60%
Overnight fed funds purchased	139,152	525	1.50%	271,272	392	0.57%
FHLB advances	268,913	937	1.38%	20,043	141	2.80%
Subordinated debentures	73,359	1,113	6.02%	73,223	1,111	6.02%
Other borrowings	22,982	201	3.47%	15,580	160	4.06%
Total borrowings	504,406	2,776	2.18%	380,118	1,804	1.88%
Total interest-bearing liabilities	**1,289,211**	**4,661**	**1.43%**	**1,004,873**	**2,742**	**1.08%**
Non-Interest Bearing Deposits	2,328,159	—	—%	2,055,842	—	—%
Total deposits and interest-bearing liabilities	**$ 3,617,370**	**$ 4,661**	**0.51%**	**$ 3,060,715**	**$ 2,742**	**0.36%**
Other non-interest bearing liabilities	71,398			78,219		
Total liabilities	**3,688,768**			**3,138,934**		
Shareholders' equity	434,181			352,088		
Total liabilities and shareholders' equity	**$ 4,122,949**			**$ 3,491,022**		
Net interest income and net interest rate spread including non-interest bearing deposits		**$ 26,196**	**3.04%**		**$ 19,833**	**2.88%**
Net interest margin			**2.76%**			**2.44%**
Net interest margin, tax equivalent (5)			**3.06%**			**2.90%**

(1) Tax rate used to arrive at the TEY for the three months ended December 31, 2017 was 24.53%
(2) Tax rate used to arrive at the TEY for the three months ended December 31, 2016 was 35%
(3) Previously stated Retail Bank loans have been renamed as Community Banking Loans
(4) Previously stated Specialty Finance Loans have been renamed as National Lending Loans
(5) Net interest margin expressed on a fully taxable equivalent basis ("Net interest margin, tax equivalent") is a non-GAAP financial measure. The tax-equivalent adjustment to net interest income recognizes the estimated income tax savings when comparing taxable and tax-exempt assets and adjusting for federal and state exemption of interest income. We believe that it is a standard practice in the banking industry to present net interest margin expressed on a fully taxable equivalent basis, and accordingly believe the presentation of this non-GAAP financial measure may be useful for peer comparison purposes.

Provision for Loan Losses . The Company recorded a $1.1 million provision for loan losses in the three month period ended December 31, 2017 , as compared to a $0.8 million provision for loan losses in the three month period ended December 31, 2016 . The provision during the three months ended December 31, 2017 was primarily due to the additional provision expense related to tax services loans as well as growth in the loan portfolio. See Note 3 to the Condensed Consolidated Financial Statements.

Non-Interest Income . Non-interest income for the fiscal 2018 first quarter increased by $10.0 million , or 51% , to $29.3 million from $19.3 million for the same period in the prior fiscal year. This increase was largely due to increases in card fee income of $6.8 million , or 37% , and tax product fee income of $1.5 million , or 242% . The increase in card fee income was primarily driven by residual fees related to wind-downs from two of our non-strategic programs. The increase in tax product fee income was primarily due to the volume of pre-season tax advance loans originated during the first quarter of fiscal 2018 compared to the first quarter of fiscal 2017. All of these loans are also being held during fiscal 2018, as opposed to the previous year when many of these loans were sold, which also contributed to the increase.

Non-Interest Expense . Non-interest expense increased $7.3 million , or 20% , to $44.0 million , for the first quarter of fiscal year 2018 , as compared to $36.8 million for the same period in 2017 . This increase was largely caused by a $4.5 million increase in compensation expense, a $1.0 million increase in card processing expense and a $0.9 million increase in occupancy and equipment. The increase in compensation expense was primarily due to a full quarter of expenses related to the EPS and SCS acquisitions, both of which closed during the first quarter of fiscal 2017, along with increased staffing to support the Company's growing business initiatives. The integration of EPS and SCS allowed the Company to gain scale in the tax services divisions during fiscal 2017 and the Company expects to gain further efficiencies during fiscal 2018 .

Income Tax . Income tax expense for the fiscal 2018 first quarter was $5.7 million , resulting in an effective tax rate of 54.9% , compared to $0.3 million , or an effective tax rate of 21.6% , for the 2017 fiscal first quarter. The increase in the effective tax rate is primarily due to a non-recurring income tax expense of approximately $3.6 million from a reduction in the value of certain deferred tax assets as a result of the Tax Act. The Company will continue to analyze the financial impact of the Tax Act. As the Company’s fiscal year end falls on September 30, the statutory corporate rate for fiscal 2018 will be prorated to 24.53%.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are deposits, derived principally through its Payments divisions, and to a lesser extent through its Community Banking division borrowings, principal and interest payments on loans and mortgage-backed securities, and maturing investment securities. In addition, the Company utilizes wholesale deposit sources to provide temporary funding when necessary or when favorable terms are available. While scheduled loan repayments and maturing investments are relatively predictable, deposit flows and early loan repayments are influenced by the level of interest rates, general economic conditions and competition. The Company uses its capital resources principally to meet ongoing commitments to fund maturing certificates of deposits and loan commitments, to maintain liquidity, and to meet operating expenses. At December 31, 2017 , the Company had commitments to originate and purchase loans and unused lines of credit totaling $ 349.5 million . The Company believes that loan repayments and other sources of funds will be adequate to meet its foreseeable short- and long-term liquidity needs.

In July 2013, the Company's primary federal regulator, the Federal Reserve and the Bank's primary federal regulator, the OCC, approved final rules (the "Basel III Capital Rules") establishing a new comprehensive capital framework for U.S. banking organizations. The Basel III Capital Rules generally implement the Basel Committee on Banking Supervision's (the "Basel Committee") December 2010 final capital framework referred to as "Basel III" for strengthening international capital standards. The Basel III Capital Rules substantially revised the risk-based capital requirements applicable to financial institution holding companies and their depository institution subsidiaries, including us and the Bank, as compared to U.S. general risk-based capital rules. The Basel III Capital Rules revised the definitions and the components of regulatory capital, as well as addressed other issues affecting the numerator in banking institutions' regulatory capital ratios. The Basel III Capital Rules also addressed asset risk weights and other matters affecting the denominator in banking institutions' regulatory capital ratios and replaced the existing general risk-weighting approach, which was derived from the Basel Committee's 1988 "Basel I" capital accords, with a more risk-sensitive approach based, in part, on the "standardized approach" in the Basel Committee's 2004 "Basel II" capital accords. In addition, the Basel III Capital Rules implemented certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the requirements of Section 939A to remove references to credit ratings from the federal agencies' rules. The Basel III Capital Rules became effective for us and the Bank on January 1, 2015, subject to phase-in periods for certain of their components and other provisions.

Pursuant to the Basel III Capital Rules, the Company and Bank, respectively, are subject to new regulatory capital adequacy requirements promulgated by the Federal Reserve and the OCC. Failure by the Company or Bank to meet minimum capital requirements could result in certain mandatory and discretionary actions by our regulators that could have a material adverse effect on our consolidated financial statements. Prior to January 1, 2015, the Bank was subject to capital requirements under Basel I and there were no capital requirements for the Company. Under the capital requirements and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum ratios (set forth in the table below) of total risk-based capital and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and a leverage ratio consisting of Tier 1 capital (as defined) to average assets (as defined). At December 31, 2017 , both the Bank and the Company exceeded federal regulatory minimum capital requirements to be classified as well-capitalized under the prompt corrective action requirements. The Company and the Bank took the accumulated other comprehensive income ("AOCI") opt-out election; under the rule, non-advanced approach banking organizations were given a one-time option to exclude certain AOCI components.

The tables below include certain non-GAAP financial measures that are used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews these measures along with other measures of capital as part of its financial analysis.

At December 31, 2017	Company	Bank	Minimum Requirement For Capital Adequacy Purposes	Minimum Requirement to Be Well Capitalized Under Prompt Corrective Action Provisions
Tier 1 leverage ratio	7.68%	9.61%	4.00%	5.00%
Common equity Tier 1 capital ratio	12.93	16.71	4.50	6.50
Tier 1 capital ratio	13.38	16.71	6.00	8.00
Total qualifying capital ratio	16.99	17.11	8.00	10.00

The following table provides certain non-GAAP financial measures used to compute certain of the ratios included in the table above, as well as a reconciliation of such non-GAAP financial measures to the most directly comparable financial measure in accordance with GAAP:

	Standardized Approach (1) December 31, 2017
	(Dollars in Thousands)
Total equity	$ 437,705
Adjustments:	
LESS: Goodwill, net of associated deferred tax liabilities	95,705
LESS: Certain other intangible assets	40,417
LESS: Net deferred tax assets from operating loss and tax credit carry-forwards	—
LESS: Net unrealized gains (losses) on available-for-sale securities	5,782
Common Equity Tier 1 (1)	295,801
Long-term debt and other instruments qualifying as Tier 1	10,310
LESS: Additional tier 1 capital deductions	—
Total Tier 1 capital	306,111
Allowance for loan losses	9,058
Subordinated debentures (net of issuance costs)	73,382
Total qualifying capital	388,551

(1) Capital ratios were determined using the Basel III capital rules that became effective on January 1, 2015. Basel III revised the definition of capital, increased minimum capital ratios, and introduced a minimum common equity tier 1 capital ratio; those changes are being fully phased in through the end of 2021.

The following table provides a reconciliation of tangible common equity used in calculating tangible book value data to Total Stockholders' Equity.

	December 31, 2017
	(Dollars in Thousands)
Total Stockholders' Equity	$ 437,705
LESS: Goodwill	98,723
LESS: Intangible assets	50,521
Tangible common equity	288,461
LESS: AOCI	5,782
Tangible common equity excluding AOCI	282,679

Due to the predictable, quarterly cyclicality of MPS deposits in conjunction with tax season business activity, management believes that a six-month capital calculation is a useful metric to monitor the Company's overall capital management process. As such, the Bank's six-month average Tier 1 leverage ratio, Common equity Tier 1 capital ratio, Tier 1 capital ratio, and Total qualifying capital ratio as of December 31, 2017 were 9.75% , 18.17% , 18.17% , and 18.60% , respectively.

Beginning January 1, 2016, Basel III implemented a requirement for all banking organizations to maintain a capital conservation buffer above the minimum risk-based capital requirements in order to avoid certain limitations on capital distributions, stock repurchases and discretionary bonus payments to executive officers. The capital conservation buffer is exclusively composed of Common Equity Tier 1 capital, and it applies to each of the three risk-based capital ratios but not the leverage ratio. The implementation of the capital conservation buffer began on January 1, 2016, which increased or will increase the three risk-based capital ratios by 0.625% each year through 2019, at which point the Common Equity Tier 1 risk-based, Tier 1 risk-based and total risk-based capital ratios were or will be 7.0%, 8.5% and 10.5%, respectively.

Based on current and expected continued profitability and subject to continued access to capital markets, we believe that the Company and the Bank will continue to meet targeted capital ratios required by the revised requirements, as they become effective.

CONTRACTUAL OBLIGATIONS

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations " in the Company's Annual Report on Form 10-K for its fiscal year ended September 30, 2017 for a summary of our contractual obligations as of September 30, 2017 . There were no material changes outside the ordinary course of our business in contractual obligations from September 30, 2017 through December 31, 2017 .

OFF-BALANCE SHEET FINANCING ARRANGEMENTS

For discussion of the Company's off-balance sheet financing arrangements as of December 31, 2017 , see Note 6 to our consolidated financial statements included in Part I, Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q. Depending on the extent to which the commitments or contingencies described in Note 6 occur, the effect on the Company's capital and net income could be significant.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

MARKET RISK

The Company derives a portion of its income from the excess of interest collected over interest paid. The rates of interest the Company earns on assets and pays on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, the Company's results of operations, like those of most financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of its assets and liabilities. The 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.

The Company monitors and measures its exposure to changes in interest rates in order to comply with applicable government regulations and risk policies established by the Board of Directors, and in order to preserve stockholder value. In monitoring interest rate risk, the Company analyzes assets and liabilities based on characteristics including size, coupon rate, repricing frequency, maturity date and likelihood of prepayment.

If the Company's assets mature or reprice more rapidly or to a greater extent than its liabilities, then economic value of equity 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 economic value of equity 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, and may originate loans with terms longer than five years for borrowers that have a strong credit profile and typically lower loan-to-value ratios. This approach allows the Company to better maintain a portfolio of loans that will have less 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 a source of liquidity for the Company. In addition, the investment portfolio may be used in the management of the Company’s interest rate risk profile. The investment policy generally calls for funds to be invested among various categories of security types and maturities based upon the Company’s need for liquidity, desire to achieve a proper balance between minimizing risk while maximizing yield, the need to provide collateral for borrowings and 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 wholesale deposit portfolio, and due to the relatively short-term nature of its borrowed funds. The Company believes that its growing portfolio of longer duration, low-cost deposits generated from its prepaid division provides a stable and profitable funding vehicle, but also subjects the Company to greater risk in a falling interest rate environment than it would otherwise have without this portfolio. This risk is due to the fact that, while asset yields may decrease in a falling interest rate environment, the Company cannot significantly reduce interest costs associated with these deposits, which thereby compresses the Company’s net interest margin. As a result of the Company’s interest rate risk exposure in this regard, the Company has elected not to enter into any new longer-term wholesale borrowings, and generally has not emphasized longer-term time deposit products.

The Board of Directors and relevant government regulations establish limits on the level of acceptable interest rate risk at the Company, to which management adheres. There can be no assurance, however, that, in the event of an adverse change in interest rates, the Company’s efforts to limit interest rate risk will be successful.

Interest Rate Risk (“IRR”)

Overview. The Company actively manages interest rate risk, as changes in market interest rates can have a significant impact on reported earnings. The Bank, like other financial institutions, is subject to interest rate risk to the extent that its interest-bearing liabilities mature or reprice more rapidly than its interest-earning assets. The interest rate risk process is designed to compare income and economic valuation simulations in market scenarios designed to alter the direction, magnitude and speed of interest rate changes, as well as the slope of the yield curve. The Company does not currently engage in trading activities to control interest rate risk although it may do so in the future, if deemed necessary, to help manage interest rate risk.

Earnings at risk and economic value analysis. As a continuing part of its financial strategy, the Bank considers methods of managing an asset/liability mismatch consistent with maintaining acceptable levels of net interest income. In order to monitor interest rate risk, the Board of Directors has created an Investment Committee whose principal responsibilities are to assess the Bank’s asset/liability mix and implement strategies that will enhance income while managing the Bank’s vulnerability to changes in interest rates.

The Company uses two approaches to model interest rate risk: Earnings at Risk (“EAR analysis”) and Economic Value of Equity (“EVE analysis”). Under EAR analysis, net interest income is calculated for each interest rate scenario to the net interest income forecast in the base case. EAR analysis measures the sensitivity of interest-sensitive earnings over a one-year minimum time horizon. The results are affected by projected rates, prepayments, caps and floors. Management exercises its best judgement in making assumptions regarding events that management can influence, such as non-contractual deposit re-pricing, as well as events outside of management's control, such as customer behavior on loan and deposit activity and the effect that competition has on both loan and deposit pricing. These assumptions are subjective and, as a result, net interest income simulation results will differ from actual results due to the timing, magnitude, and frequency of interest rate changes, changes in market conditions, customer behavior and management strategies, among other factors. We perform various sensitivity analyses on assumptions of deposit attrition and deposit re-pricing. Market-implied forward rates and various likely and extreme interest rate scenarios can be used for EAR analysis. These likely and extreme scenarios can include rapid and gradual interest rate ramps, rate shocks and yield curve twists.

The EAR analysis used in the following table reflects the required analysis used no less than quarterly by management. It models -100, +100, +200, +300, and +400 basis point parallel shifts in market interest rates over the next one-year period. Due to the current low level of interest rates, only a -100 basis point parallel shift is represented.

The Company was within Board policy limits for all rate scenarios using the snapshot as of December 31, 2017 as required by regulation. The table below shows the results of the scenarios as of December 31, 2017 :

Net Sensitive Earnings at Risk

	Net Sensitive Earnings at Risk				
Balances as of December 31, 2017	**Standard (Parallel Shift) Year 1**				
	Net Interest Income at Risk%				
	-100	**+100**	**+200**	**+300**	**+400**
Basis Point Change Scenario	-7.4 %	3.3 %	5.5 %	7.4 %	9.4 %
Board Policy Limits	-8.0 %	-8.0 %	-10.0 %	-15.0 %	-20.0 %

The EAR analysis reported at December 31, 2017 , shows that in all rising rate scenarios, more assets than liabilities would reprice over the modeled one-year period.

IRR is a snapshot in time. The Company's business and deposits are very predictably cyclical on a weekly, monthly and yearly basis. The Company's static IRR results could vary depending on which day of the week and timing in relation to certain payrolls, as well as time of the month in regard to early funding of certain programs, when this snapshot is taken. The Company's overnight federal funds purchased fluctuates on a predictable daily and monthly basis due to fluctuations in a portion of its non-interest bearing deposit base, primarily related to payroll processing and timing of when certain programs are prefunded and when the funds are received. Fiscal first quarter 2018 results do not necessarily show the typical effect of day of week cyclicality due to the temporary repositioning of the balance sheet, as previously noted.

Owing to the snapshot nature of IRR, as is required by regulators, in concert with the Company's predictable weekly, monthly and yearly fluctuating deposit base and overnight borrowings, the results produced by static IRR analysis are not necessarily representative of what management, the Board of Directors, and others would view as the Company's true IRR positioning. Management and the Board are aware of and understand these typical borrowing and deposit fluctuations as well as the point in time nature of IRR analysis and anticipated an outcome where the Company may temporarily be outside of Board policy limits based on a snapshot analysis.

For management to better understand the IRR position of the Bank, an alternative IRR analysis was completed whereby all December 31, 2017 values were utilized with the exception of overnight borrowings, non-interest bearing deposits, brokered deposits, cash due from banks, non-earning assets, and non-paying liabilities. To diminish potential issues documented above, quarterly average balances were utilized for overnight borrowings, non-interest-bearing deposits, brokered deposits and cash due from banks. Non-earning assets and non-paying liabilities were used to balance the balance sheet. Management believes this view on IRR, while still subject to some yearly cyclicality, more accurately portrays the Bank's IRR position. As noted in the below chart, the alternative EAR results are more normalized and slightly improved in the -100 interest rate shock compared to the static results, as timing issues in deposits and overnight borrowings are diminished and lower balances in cash and due from banks are observed.

The Company was within policy limits as of December 31, 2017 in all scenarios utilizing the alternative IRR scenario run. The table below highlights those results:

Alternative Net Sensitive Earnings at Risk

	Net Sensitive Earnings at Risk				
Alternative IRR Results	**Standard (Parallel Shift) Year 1**				
	Net Interest Income at Risk%				
	-100	**+100**	**+200**	**+300**	**+400**
Basis Point Change Scenario	-5.5 %	0.9 %	0.6 %	— %	-0.5 %
Board Policy Limits	-8.0 %	-8.0 %	-10.0 %	-15.0 %	-20.0 %

The alternative EAR analysis reported at December 31, 2017 shows that in an increasing +100 and +200 interest rate environment, more assets than liabilities would reprice over the modeled one-year period. However, in the +300 scenario the results are more neutral to changes in interest rates, and in the +400 interest rate scenario, more liabilities (primarily due to overnight federal funds purchased) than assets would reprice over the modeled one-year period.

The alternative IRR results were somewhat lower in regard to the change in net interest income at risk percentages as compared to the fiscal 2018 first quarter alternative IRR results which resulted from higher average borrowings and an increased average interest-bearing deposit base. The Company anticipates solid EAR results in a rising rate environment due to continued commercial insurance premium finance loan growth, the addition of adjustable rate loans and securities, continued growth of non-interest bearing MPS deposits, and the sustained execution on its strategic plan.

Net Sensitive Earnings at Risk as of December 31, 2017

Balances as of December 31, 2017

			Change in Interest Income/Expense for a given change in interest rates					
	Total Earning	% of Total Earning	Over / (Under) Base Case Parallel Shift					
Basis Point Change Scenario	Assets (in $000's)	Assets	-100	Base	+100	+200	+300	+400
Total Loans	1,509,141	30.2%	65,404	70,803	75,956	80,981	85,966	91,142
Total Investments (non-TEY) and other Earning Assets	3,484,181	69.8%	59,605	78,231	94,619	109,695	124,544	139,321
Total Interest-Sensitive Income	4,993,322	100.0%	125,009	149,033	170,575	190,676	210,509	230,463
Total Interest-Bearing Deposits	734,000	35.8%	6,482	8,244	12,439	16,634	20,829	25,024
Total Borrowings	1,315,261	64.2%	7,543	20,878	34,212	47,547	60,883	74,234
Total Interest-Sensitive Expense	2,049,262	100.0%	14,025	29,122	46,651	64,181	81,711	99,258

Alternative Net Sensitive Earnings at Risk

Alternative IRR Results

			Change in Interest Income/Expense for a given change in interest rates					
	Total Earning	% of Total Earning	Over / (Under) Base Case Parallel Shift					
Basis Point Change Scenario	Assets (in $000's)	Assets	-100	Base	+100	+200	+300	+400
Total Loans	1,509,141	39.4%	65,404	70,803	75,956	80,981	85,966	91,142
Total Investments (non-TEY) and other Earning Assets	2,323,118	60.6%	52,958	59,952	64,692	68,099	71,273	74,350
Total Interest-Sensitive Income	3,832,259	100.0%	118,362	130,755	140,648	149,080	157,238	165,492
Total Interest-Bearing Deposits	797,475	65.4%	7,402	9,193	13,747	18,301	22,855	27,409
Total Borrowings	421,370	34.6%	2,468	6,739	11,011	15,282	19,566	23,860
Total Interest-Sensitive Expense	1,218,845	100.0%	9,870	15,932	24,758	33,583	42,421	51,269

The Company believes that its growing portfolio of non-interest bearing deposits provides a stable and profitable funding vehicle and a significant competitive advantage in a rising interest rate environment as the Company’s cost of funds will likely remain relatively low, with less increase expected relative to many other banks. When unable to match loan growth to deposit growth, the Company continues to execute its investment strategy of primarily purchasing NBQ municipal bonds and agency MBS, however, the Bank reviews opportunities to add diverse, high quality securities at attractive relative rates when opportunities present themselves. The NBQ municipal bonds are tax exempt and as such have a tax equivalent yield higher than their book yield. The tax equivalent yield calculation for NBQ municipal bonds uses the Company’s cost of funds as one of its components. With the Company’s large volume of non-interest bearing deposits, the tax equivalent yield for these NBQ municipal bonds is higher than a similar term investment in other investment categories of similar risk and higher than most other banks can realize and sustain on the same or similar instruments. The above interest income figures are quoted on a pre-tax basis which is particularly notable due to the size of the Company’s tax-exempt municipal portfolio.

Under EVE analysis, the economic value of financial assets, liabilities and off-balance sheet instruments, is derived under each rate scenario. The economic value of equity is calculated as the difference between the estimated market value of assets and liabilities, net of the impact of off-balance sheet instruments.

The EVE analysis used in the following table reflects the required analysis used no less than quarterly by management. It models immediate -100, +100, +200, +300 and +400 basis point parallel shifts in market interest rates. Due to the current low level of interest rates, only a -100 basis point parallel shift is represented.

The Company was within Board policy limits for all scenarios. The table below shows the results of the scenarios as of December 31, 2017 :

Economic Value Sensitivity as of December 31, 2017

Balances as of December 31, 2017	**Standard (Parallel Shift)**				
	Economic Value of Equity at Risk%				
	-100	**+100**	**+200**	**+300**	**+400**
Basis Point Change Scenario	-4.1 %	-1.3 %	-4.8 %	-9.3 %	-12.7 %
Board Policy Limits	-10.0 %	-10.0 %	-20.0 %	-30.0 %	-40.0 %

The EVE at risk reported at December 31, 2017 shows that as interest rates increase, the economic value of equity position will decrease from the base, primarily due to the degree of the economic value of its base asset size in relation to the economic value of its base liability size. When viewing total asset versus total liability economic value, projected total assets are affected similarly on a percentage basis as compared to projected total liabilities in a rising rate environment.

The Company was within policy limits in all scenarios utilizing the alternative IRR scenario run for management purposes. The table below highlights those results:

Alternative Economic Value Sensitivity

Alternative IRR Results	**Standard (Parallel Shift)**				
	Economic Value of Equity at Risk%				
	-100	**+100**	**+200**	**+300**	**+400**
Basis Point Change Scenario	-0.9 %	-3.8 %	-9.3 %	-15.5 %	-20.5 %
Board Policy Limits	-10.0 %	-10.0 %	-20.0 %	-30.0 %	-40.0 %

The EVE at risk reported using the alternative methodology used for management purposes shows that if interest rates increase immediately, the economic value of equity position will decrease from the base, partially due to the degree of the economic value of its base asset size in relation to the economic value of its base liabilities size.

Detailed Economic Value Sensitivity

The following table details the economic value sensitivity to changes in market interest rates at December 31, 2017 , for loans, investments, deposits, borrowings, and other assets and liabilities (dollars in thousands). The analysis reflects that in the +100 and +200 rising rate scenarios, total assets are marginally less sensitive than total liabilities, while in the +300 and +400, total assets are marginally more sensitive than total liabilities. Asset sensitivity is offset by the non-interest bearing deposits.

Balances as of December 31, 2017

			Change in Economic Value for a given change in interest rates				
	Book	% of Total	Over / (Under) Base Case Parallel Shift				
Basis Point Change Scenario	Value (in $000's)	Assets	-100	+100	+200	+300	+400
Total Loans	1,500,279	28%	2.0%	-2.0 %	-4.1 %	-6.0 %	-7.9 %
Total Investment	3,484,181	64%	2.3%	-3.2 %	-6.6 %	-9.9 %	-12.8 %
Other Assets	420,792	8%	0.0%	0.0 %	0.0 %	0.0 %	0.0 %
Assets	5,405,252	100%	2.1%	-2.6 %	-5.4 %	-8.1 %	-10.4 %
Interest Bearing Deposits	734,000	15%	1.7%	-1.5 %	-3.0 %	-4.3 %	-5.5 %
Non-Interest Bearing Deposits	2,783,941	57%	5.7%	-5.1 %	-9.7 %	-13.8 %	-17.5 %
Total Borrowings & Other Liabilities	1,363,650	28%	0.0%	0.0 %	0.0 %	0.0 %	0.0 %
Liabilities	4,881,591	100%	3.2%	-2.9 %	-5.5 %	-7.8 %	-10.0 %

Detailed Alternative Economic Value Sensitivity

The following is EVE at risk reported using the alternative methodology used for management purposes, for loans, investments, deposits, borrowings, and other assets and liabilities (dollars in thousands). The analysis reflects that in rising interest rate scenarios, the total assets are slightly more sensitive in regard to economic value sensitivity.

Alternative IRR Results

			Change in Economic Value for a given change in interest rates				
	Book	% of Total	Over / (Under) Base Case Parallel Shift				
Basis Point Change Scenario	Value (in $000's)	Assets	-100	+100	+200	+300	+400
Total Loans	1,500,279	28%	2.0%	-2.0 %	-4.1 %	-6.0 %	-7.9 %
Total Investment	2,323,118	43%	3.5%	-4.9 %	-9.9 %	-14.9 %	-19.2 %
Other Assets	1,581,855	29%	0.0%	0.0 %	0.0 %	0.0 %	0.0 %
Assets	5,405,252	100%	2.1%	-2.6 %	-5.4 %	-8.1 %	-10.4 %
Interest Bearing Deposits	797,475	16%	1.1%	-1.0 %	-1.9 %	-2.8 %	-3.7 %
Non-Interest Bearing Deposits	2,333,111	48%	5.8%	-5.1 %	-9.7 %	-13.8 %	-17.5 %
Total Borrowings & Other Liabilities	1,751,006	36%	0.0%	0.0 %	0.0 %	0.0 %	0.0 %
Liabilities	4,881,591	100%	2.7%	-2.4 %	-4.5 %	-6.5 %	-8.2 %

Certain shortcomings are inherent in the method of analysis discussed above and as presented in the tables above. 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. Furthermore, although management has estimated changes in the levels of prepayments and early withdrawal in these rate environments, such levels would likely deviate from those assumed in calculating the tables above. Finally, the ability of some borrowers to service their debt may decrease in the event of an interest rate increase.

Item 4. Controls and Procedures.

CONTROLS AND PROCEDURES

Any control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that its objectives will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

DISCLOSURE CONTROLS AND PROCEDURES

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

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, at December 31, 2017 , the Company's disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

With the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the Company's fiscal quarter ended December 31, 2017 , that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on such evaluation, management concluded that, as of the end of the period covered by this report, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

META FINANCIAL GROUP, INC.
PART II - OTHER INFORMATION

FORM 10-Q

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

Item 1A. Risk Factors. - A description of our risk factors can be found in "Item 1A. Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2017. There were no material changes to those risk factors during the three months ended December 31, 2017, except that the following risk factors are hereby added:

There are risks associated with the proposed transaction with Crestmark and Crestmark Bank, including the receipt of required shareholder and regulatory approvals and timing for completion of the transactions contemplated thereby.

We recently announced that we and MetaBank have entered into a definitive agreement and plan of merger with Crestmark and its wholly-owned subsidiary, Crestmark Bank, whereby we will acquire Crestmark in an all-stock transaction. The transaction remains subject to approval of our stockholders and Crestmark’s shareholders, regulatory approvals and other closing conditions. It is possible that one or more of the closing conditions may not be satisfied or that it may take an extended amount of time until they are. Accordingly, there is a risk that the proposed transaction may not be completed on a timely basis or at all, which could have adverse effects on the market price of our common stock and our operating results. Furthermore, the transaction involves a number of other risks and uncertainties, including, but not limited to, the following:

- the businesses may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected;
- the risk that the expected growth opportunities, beneficial synergies and/or operating efficiencies from the proposed transaction may not be fully realized or may take longer to realize than expected;
- customer losses and business disruption in connection with and following the acquisition;
- potential litigation relating to the transaction;
- the risk that the Company may incur unanticipated or unknown losses or liabilities if it completes the proposed transaction; and
- potential adverse effects on the market price of our common stock caused by the sale of such stock held by former Crestmark shareholders following the transaction.

Any of the foregoing risks or similar risks could have an adverse impact on our business. We have also incurred, and will incur, significant expenses associated with the proposed transaction with Crestmark, including fees of professional advisors.

Additional information regarding the risks and uncertainties associated with the proposed transaction with Crestmark will be contained in the registration statement on Form S-4, which will include a joint proxy statement and prospectus, that we intend to file with the SEC in connection with the proposed transaction.

Program agreements that the Company and the Bank have entered into, and expect to enter into from time to time in the future, with third parties to market and service consumer loans originated by the Bank may subject the Bank to claims from regulatory agencies and other third parties that, if successful, could negatively impact MetaBank's ongoing and future business.

On January 25, 2018, the Company announced that the Bank had entered into a lending program with Liberty Lending, LLC, an unaffiliated third party ("Liberty"), whereby Liberty will market and service unsecured consumer loans underwritten and originated by the Bank. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Developments" for further information regarding the Bank's program agreement with Liberty. The Company expects the Bank to enter into similar program agreements with other third parties to market and service loans originated by the Bank, from time to time in the future. Certain types of these arrangements have been challenged both in the courts and in regulatory actions. In these actions, plaintiffs have generally argued that the "true lender" is the marketer and that the intent of such lending program is to evade state usury and loan licensing laws. Other cases have also included other claims, including racketeering and other state law claims, in their challenge of such programs. There can be no assurance that lawsuits or regulatory actions in connection with any such lending programs the Bank enters into will not be brought in the future. If a regulatory agency, consumer advocate group or other third party were to bring an action against the Bank or any of the third parties with which the Bank operates such lending programs, such as Liberty, and such actions were successful, such an outcome could have a material adverse effect on the Bank and the Company.

Agreements with Liberty Lending and others whereby the Bank will originate and hold unsecured consumer loans, may result in increased exposure to credit risk and fraud and may present certain additional risks.

Although the Bank has offered unsecured consumer loans to its customers through its brick-and-mortar branch network, the Bank's entry into program agreements with other third parties to market and service loans originated by the Bank, such as its recently announced program agreement with Liberty, represents a new area of the consumer credit market for the Bank, which presents potential increased credit risks. As a result of the loans originated under such program being unsecured, in the event a borrower does not repay the loan in accordance with its terms or otherwise defaults on the loan, the Bank may not be able to recover from the borrower an amount sufficient to pay any remaining balance on the loan. See "If the Company's actual loan losses exceed the Company's allowance for loan losses, the Company's net income will decrease." We may also become subject to claims by regulatory agencies or other third parties due to the conduct of the third parties with which the Bank operates such lending programs if such conduct does not comply with applicable laws in connection with marketing and servicing loans under the program.

Item 6. Exhibits.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of January 9, 2018, by and among Meta Financial Group, Inc., MetaBank, Crestmark Bancorp, Inc. and Crestmark Bank, filed on January 9, 2018 as an exhibit to the Registrant's Current Report on Form 8-K, is incorporated herein by reference.
3.1	Certificate of Incorporation, as amended
10.1	Amended and Restated Meta Financial Group, Inc. 2002 Omnibus Incentive Plan, as amended, filed on January 24, 2018 as an exhibit to the Registrant's Current Report on Form 8-K, is incorporated herein by reference.
31.1	Section 302 certification of Chief Executive Officer.
31.2	Section 302 certification of Chief Financial Officer.
32.1	Section 906 certification of Chief Executive Officer.
32.2	Section 906 certification of Chief Financial Officer.
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

META FINANCIAL GROUP, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

META FINANCIAL GROUP, INC.

Date: February 7, 2018	By:	/s/ J. Tyler Haahr J. Tyler Haahr, Chairman of the Board and Chief Executive Officer
Date: February 7, 2018	By:	/s/ Glen W. Herrick Glen W. Herrick, Executive Vice President and Chief Financial Officer

Exhibit 3.1

CERTIFICATE OF INCORPORATION

OF

FIRST MIDWEST FINANCIAL, INC.

FIRST: The name of the Corporation is First Midwest Financial, Inc. (hereinafter sometimes referred to as the " **Corporation** ").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware.

FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is six million (6,000,000), consisting of:

1. eight hundred thousand (800,000) shares of preferred stock, par value one cent ($.01) per share (the " **Preferred Stock** "); and

2. five million two hundred thousand (5,200,000) shares of common stock, par value one cent ($.01) per share (the " **Common Stock** ").

B. The Board of Directors is hereby expressly authorized, subject to any limitations prescribed by law, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a " **Preferred Stock Designation** "), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of the Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. 1. Notwithstanding any other provision of this Certificate of Incorporation, in no event shall any record owner of any outstanding Common Stock which is beneficially owned, directly or indirectly, by a person who, as of any record date for the determination of stockholders entitled to vote on any matter, beneficially owns in excess of 10% of the then-outstanding shares of Common Stock (the " **Limit** "), be entitled, or permitted to any vote in respect of the shares held in excess of the Limit. The number of votes which may be cast by any record owner by virtue of the provisions hereof in respect of Common Stock beneficially owned by such person owning shares in excess of the Limit shall be a number equal to the total number of votes which a single record owner of all Common Stock owned by such person would be entitled to cast, multiplied by a fraction, the numerator of which is the number of shares of such class or series beneficially owned by such person and owned of record by such record owner and the denominator of which is the total number of shares of Common Stock beneficially owned by such person owning shares in excess of the Limit.

2. The following definitions shall apply to this Section C of this Article FOURTH:

(a) An " **affiliate** " of a specified person shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(b) "**Beneficial ownership**" shall be determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 (or any successor rule or statutory provision), or, if said Rule 13d-3 shall be rescinded and there shall be no successor rule or statutory provision thereto, pursuant to said Rule 13d-3 as in effect on the data of incorporation of the Corporation; provided, however, that a person shall, in any event, also be deemed the "**beneficial owner**" of any Common Stock:

(1) which such person or any of its affiliates beneficially owns, directly or indirectly; or

(2) which such person or any of its affiliates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of an agreement, contract, or other arrangement with this Corporation to effect any transaction which is described in any one or more of the clauses of Section A of Article EIGHTH) or upon the exercise of conversion rights, exchange rights, warrants, or options or otherwise, or (ii) sole or shared voting or investment, power with respect thereto pursuant to any agreement arrangement, understanding, relationship or otherwise (but shall not be deemed to be the beneficial owner of any voting shares solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, with respect to shares of which neither such person nor any such affiliate is otherwise deemed the beneficial owner); or

(3) which is beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its affiliates acts as a partnership, limited partnership, syndicate or other group pursuant to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of this Corporation;

and provided further, however, that (1) no director or officer of this Corporation (or any affiliate of any such director or officer) shall, solely by reason of any or all of such directors or officers acting in their capacities as such, be deemed, for any purposes hereof, to beneficially own any Common Stock beneficially owned by any other such director or officer (or any affiliate thereof), and (2) neither any employee stock ownership or similar plan of this Corporation or any subsidiary of this Corporation nor any trustee with respect thereto (or any affiliate of such trustee) shall, solely by reason of such capacity of such trustee, be deemed, for any purposes hereof, to beneficially own any Common Stock held under any such plan. For purposes of computing the percentage beneficial ownership of Common Stock of a person, the outstanding Common Stock shall include shares deemed owned by such person through application of this subsection but shall not include any other Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise. For all other purposes, the outstanding Common Stock shall include only Common Stock then outstanding and shall not include any Common Stock which may be issuable by this Corporation pursuant to any agreement, or upon the exercise of conversion rights, warrants or options, or otherwise.

(c) A "**person**" shall mean any individual, firm, corporation, or other entity.

(d) The Board of Directors shall have the power to construe and apply the provisions of this section and to make all determinations necessary or desirable to implement such provisions, including but not limited to matters with respect to (1) the number of shares of Common Stock beneficially owned by any person, (2) whether a person is an affiliate of another, (3) whether a person has an agreement, arrangement, or understanding with another as to the matters referred to in the definition of beneficial ownership, (4) the application of any other definition or operative provision of this Section to the given facts, or (5) any other matter relating to the applicability or effect of this Section.

3. The Board of Directors shall have the right to demand that any person who is reasonably believed to beneficially own Common Stock in excess of the Limit (or holds of record Common Stock beneficially owned by any person in excess of the Limit) (a " **Holder in Excess** ") supply the Corporation with complete information as to (1) the record owner(s) of all shares beneficially owned by such Holder in Excess, and (2) any other factual matter relating to the applicability or effect of this section as may reasonably be requested of such Holder in Excess. The Board of Directors shall further have the right to receive from any Holder in Excess reimbursement for all expenses incurred by the Board in connection with its investigation of any matters relating to the applicability or effect of this section on such Holder in Excess, to the extent such investigation is deemed appropriate by the Board of Directors as a result of the Holder in Excess refusing to supply the Corporation with the information described in the previous sentence.

4. Except as otherwise provided by law or expressly provided in this Section C, the presence, in person or by proxy, of the holders of record of shares of capital stock of the Corporation entitling the holders thereof to cast one-third of the votes (after giving effect, if required, to the provisions of this Section) entitled to be cast by the holders of shares of capital stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders, and every reference in this Certificate of Incorporation to a majority or other proportion of capital stock (or the holders thereof) for purposes of determining any quorum requirement or any requirement for stockholder consent or approval shall be deemed to refer to such majority or other proportion of the votes (or the holders thereof) then entitled to be cast in respect of such capital stock.

5. Any constructions, applications, or determinations made by the Board of Directors, pursuant to this Section in good faith and on the basis of such information and assistance as was then reasonably available for such purpose, shall be conclusive and binding upon the Corporation and its stockholders.

6. In the event any provision (or portion thereof) of this Section C shall be found to be invalid, prohibited or unenforceable for any reason, the remaining provisions (or portions thereof) of this Section shall remain in full force and effect, and shall be construed as if such invalid, prohibited or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of this Corporation and its stockholders that each such remaining provision (or portion thereof) of this Section C remain, to the fullest extent permitted by law, applicable and enforceable as to all stockholders, including stockholders owning an amount of stock over the Limit, notwithstanding any such finding.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by Statute or by this Certificate of Incorporation or the By-laws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

(b) The directors of the corporation need not be elected by written ballot unless the By-laws so provide.

(c) Subject to the rights of holders of any class or series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(d) Subject to the rights of holders of any class or series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies on the Board of Directors (the " **Whole Board** ") .

(e) Stockholders shall not be permitted to cumulate their votes for the election of directors.

SIXTH:

A. The number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. The directors, other than those who may be elected by the holders of any class or series of Preferred Stock, shall be divided into three classes, as nearly equal in number as reasonably possible, with the term of office of the first class to expire at the conclusion of the first annual meeting of stockholders, the term of office of the second class to expire at the conclusion of the annual meeting of stockholders one year thereafter and the term of office of the third class to expire at the conclusion of the annual meeting of stockholders two years thereafter, with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the termed office of the class to which they have been elected expires, and until such director's successor shall have been duly elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-laws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (after giving effect to the provisions of Article FOURTH of this Certificate of Incorporation), voting together as a single class.

SEVENTH: The Board of Directors is expressly empowered to adopt, amend or repeal the By-laws of the Corporation. Any adoption, amendment or repeal of the By-laws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the By-laws of the Corporation. In addition to any vote of the holders of any class or series of stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (after giving effect to the provisions of Article FOURTH hereof), voting together as a single class, shall be required to adopt, amend or repeal any provisions of the By-laws of the Corporation.

EIGHTH:

A. In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in this Section:

1. any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

2. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder, or any Affiliate of any Interested Stockholder, of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereafter defined) equaling or exceeding 25% or more of the combined assets of the Corporation and its Subsidiaries; or

3. the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market value equaling or exceeding 25% of the combined assets of the Corporation and its Subsidiaries except pursuant to an employee benefit plan of the Corporation or any Subsidiary thereof; or

4. the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Interested Stockholder or any Affiliate of any Interested Stockholder; or

5. any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder (a " **Disproportionate Transaction** "); provided , however , that no such transaction shall be deemed a Disproportionate Transaction if the increase in the proportionate ownership of the Interested Stockholder or Affiliate as a result of such transaction is no greater than the increase experienced by the other stockholders generally; shall require the affirmative vote of the holders of at least 75% of the voting power of the then-outstanding shares of stock of the Corporation entitled to vote in the election of directors (the " **Voting Stock** "), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or by any other provisions of this Certificate of Incorporation or any Preferred Stock Designation or in any agreement with any national securities exchange or quotation system or otherwise.

The term " **Business Combination** " as used in this Article EIGHTH shall mean any transaction which is referred to in any one or more of paragraphs 1 through 5 of Section A of this Article EIGHTH.

B. The provisions of Section A of this Article EIGHTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only the affirmative vote of the majority of the outstanding shares of capital stock entitled to vote, or such vote as is required by law or by this Certificate of Incorporation, if, in, the case of any Business Combination that does not involve any cash or other consideration being received by the stockholders of the Corporation solely in their capacity as stockholders of the Corporation, the condition specified in the following paragraph 1 is met or, in the case of any other Business Combination, all of the conditions specified in either of the following paragraphs 1 and 2 are met;

1. The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

2. All of the following conditions shall have been met:

(a) The aggregate amount of the cash and the Fair Market value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by the holders of Common Stock in such Business Combination shall at least be equal to the higher of the following:

I. (if applicable) the highest Per Share Price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Stockholder or any of its Affiliates for any shares of Common Stock acquired by it (X) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the " **Announcement Date** "), or (Y) in the transaction in which it became an Interested Stockholder, whichever is higher.

II. the Fair Market value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article EIGHTH as the " **Determination Date** "), whichever is higher.

(b) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business combination of consideration other than cash to be received per share by holders of shares of any class of outstanding Voting Stock other than Common Stock shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b) shall be required to be met with respect to every such class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

I. (if applicable) the Highest Per Share Price (as hereinafter defined), including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (X) within the two-year period immediately prior to the Announcement Date, or (Y) in the transaction in which it became an Interested Stockholder, whichever is higher;

II. (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation; and

III. the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

(c) The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration to be received per share by holders of shares of such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by the Interested Stockholder. The price determined in accordance with subparagraph B.2 of this Article EIGHTH shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(d) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination; (i) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding stock having preference over the Common Stock as to dividends or liquidation; (ii) there shall have been (X) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (Y) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which, has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to so increase such annual rate is approved by a majority of the Disinterested Directors; and (iii) neither such Interested Stockholder nor any of its Affiliates shall have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(e) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(f) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

C. For the purposes of this Article EIGHTH:

1. A " **Person** " shall include an individual, a group acting in concert, a corporation, a partnership, an association, a joint venture, a pool, a joint stock company, a trust, an unincorporated organization or similar company, a syndicate or any other group formed for the purpose of acquiring, holding or disposing of securities.

2. " **Interested Stockholder** " shall mean any Person (other than the Corporation or any holding company or Subsidiary thereof) who or which:

(a) is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the outstanding Voting Stock; or

(b) is an Affiliate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding Voting Stock; or

(c) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

3. A Person shall be a " **beneficial owner** " of any Voting Stock:

(a) which such Person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the date of incorporation of the Corporation; or

(b) which such Person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding (but neither such Person nor any such Affiliate or Associate shall be deemed to be the beneficial owner of any shares of Voting Stock solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, and with respect to which shares neither such Person nor any such Affiliate or Associate is otherwise deemed the beneficial owner); or

(c) which are beneficially owned, directly or indirectly within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the date of incorporation of the Corporation, by any other Person with which such Person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purposes of acquiring, holding, voting (other than solely by reason of a revocable proxy as described in Subparagraph (b) of this Paragraph 3) or in disposing of any shares of Voting Stock;

provided , however , that, in the case of any employee stock ownership or similar plan of the Corporation or of any Subsidiary in which the beneficiaries thereof possess the right to vote any shares of voting stock held by such plan, no such plan nor any trustee with respect thereto (nor any Affiliate of such trustee), solely by reason of such capacity of such trustee, shall be deemed, for any purposes hereof, to beneficially own any shares of Voting Stock held under any such plan.

4. For the purpose of determining whether a Person is an Interested Stockholder pursuant to Paragraph 2 of this Section C, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of Paragraph 3 of this Section C but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

5. " **Affiliate** " and " **Associate** " shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the date of incorporation of the corporation.

6. " **Subsidiary** " means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided , however , that for the purposes of the definition of Interested Stockholder set forth in Paragraph 2 of this Section C, the term " **Subsidiary** " shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

7. " **Disinterested Director** " means any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder, and any director who is thereafter chosen to fill any vacancy on the Board of Directors or who is elected and who, in either event, is unaffiliated with the Interested Stockholder, and in connection with his or her initial assumption of office is recommended for appointment or election by a majority of Disinterested Directors then on the Board of Directors.

8. " **Fair Market Value** " means: (a) in the case of stock, the highest closing sales price of the stock during the 30-day period immediately preceding the date in question of a share of such stock of the National Association of Securities Dealers Automated Quotations (" **NASDAQ** ") System or any system then in use, or, if such stock is admitted to trading on a principal United States securities exchange registered under the Securities Exchange Act of 1934, Fair Market Value shall be the highest sale price reported during the 30-day period preceding the date in question, or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by the Board of Directors in good faith, in each case with respect to any class of stock, appropriately adjusted for any dividend or distribution in shares of such stock or in combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock, and (b) in the case of property other than cash or stock, the Fair Market Value of such property on the date in question as determined by the Board of Directors in good faith.

9. Reference to " **Highest Per Share Price** " shall in each case with respect to any class of stock reflect an appropriate adjustment for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock.

10. In the event of any Business Combination in which the Corporation survives, the phrase "consideration other than cash to be received" as used in Subparagraphs (a) and (b) of Paragraph 2 of Section B of this Article EIGHTH shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

D. A majority of the Disinterested Directors of the Corporation shall have the power and duty to determine for the purposes of this Article EIGHTH, on the basis of information known to then after reasonable inquiry, (a) whether a person is an Interested Stockholder; (b) the number of shares of Voting Stock beneficially owned by any person; (c) whether a person is an Affiliate or Associate of another; and (d) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Business combination has an aggregate Fair Market Value equaling or exceeding 25% of the combined assets of the Corporation and its Subsidiaries. A majority of the Disinterested Directors shall have the further power to interpret all of the terms and provisions of this Article EIGHTH.

E. Nothing contained in this Article EIGHTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

F. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal this Article EIGHTH.

NINTH: The Board of Directors of the Corporation, when evaluating any offer of another Person (as defined in Article EIGHTH hereof) to (A) make a tender or exchange offer for any equity security of the Corporation, (B) merge or consolidate the Corporation with another corporation or entity or (C) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its stockholders, give due consideration to all relevant factors, including, without limitation, the social and economic effect of acceptance of such offer on the Corporation's present and future customers and employees and those of its Subsidiaries (as defined in Article EIGHTH hereof); on the communities in which the Corporation and its Subsidiaries operate or are located; on the ability of the Corporation to fulfill its corporate objectives as a financial institution holding company and on the ability of its subsidiary financial institution to fulfill the objectives of a federally insured financial institution under applicable statutes and regulations.

TENTH:

A. Except as set forth in Section B of this Article TENTH, in addition to any affirmative vote of stockholders required by law or this Certificate of Incorporation, any direct or indirect purchase or other acquisition by the Corporation of any Equity Security (as hereinafter defined) of any class from any Interested Person (as hereinafter defined) shall require the affirmative vote of the holders of at least 75% of the Voting Stock of the Corporation that is not beneficially owned (for purposes of this Article TENTH beneficial ownership shall be determined in accordance with Section C.2(b) of Article FOURTH hereof) by such Interested Person, voting together as a single class such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or by any other provisions of this Certificate of Incorporation or any Preferred Stock Designation or in any agreement with any national securities exchange or quotation system, or otherwise. Certain defined terms used in this Article TENTH are as set forth in Section C below.

B. The provisions of Section A of this Article TENTH shall not be applicable with respect to:

(1) any purchase or other acquisition of securities made as part of a tender or exchange offer by the Corporation or a Subsidiary (which term, as used in this Article TENTH, is as defined in the first clause of Section C.6 of Article EIGHTH hereof) of the Corporation to purchase securities of the same class made on the same terms to all holders of such securities and complying with the applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provision replacing such Act, rules or regulations);

(2) any purchase or acquisition made pursuant to an open market purchase program approved by a majority of the Board of Directors, including a majority of the Disinterested Directors (which term, as used in this Article TENTH, is as defined in Article EIGHTH hereof); or

(3) any purchase or acquisition which is approved by a majority of the Board of Directors, including a majority of the Disinterested Directors, and which is made at no more than the Market Price (as hereinafter defined), on the date that the understanding between the Corporation and the Interested Person is reached with respect to such purchase (whether or not such purchase is made or a written agreement relating to such purchase is executed on such date), of shares of the class of Equity Security to be purchased.

C. For the purposes of this Article TENTH:

(i) The term Interested Person shall mean any Person (other than the Corporation, Subsidiaries of the Corporation, pension, profit sharing, employee stock ownership or other employee benefit plans of the Corporation and its Subsidiaries, entities organized or established by the Corporation or any of its subsidiaries pursuant to the terms of such plans and trustees and fiduciaries with respect to any such plan acting in such capacity) that is the direct or indirect beneficial owner of 5% or more of the Voting Stock of the Corporation, and any Affiliate or Associate of any such person.

(ii) The Market Price of shares of a class of Equity Security on any day shall mean the highest sale price of shares of such class of Equity Security on such day, or, if that day is not a trading day, on the trading day immediately preceding such day, on the national securities exchange or the NASDAQ System or any other system then in use on which such class of Equity Security is traded.

(iii) The term Equity Security shall mean any security described in section 3(a)(11) of the Securities Exchange Act of 1934, as in effect on February 28, 1993, which is traded on a national securities exchange or the NASDAQ System or any other system then in use.

(iv) For purposes of this Article TENTH, all references to the term interested Stockholder in the definition of Disinterested Director shall be deemed to refer to the term Interested Person.

ELEVENTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a " **proceeding** "), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, including, without limitation, any Subsidiary (as defined in Article EIGHTH herein), partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an " **indemnitee** "), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes of penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided , however , that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an " **advancement of expenses** "); provided , however , that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an " **undertaking** "), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a " **final adjudication** "), that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

C. If a claim under Section A or B of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by a majority vote of the disinterested directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

TWELFTH: A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is hereafter amended to further eliminate or limit the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

THIRTEENTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (after giving effect to the provisions of Article FOURTH), voting together as a single class, shall be required to amend or repeal this Article THIRTEENTH, clauses (c) or (d) of Article FIFTH, Article SIXTH, Article SEVENTH, Article EIGHTH, Article TENTH or Article ELEVENTH.

FOURTEENTH: The name and mailing address of the sole incorporator are as follows:

NAME	MAILING ADDRESS
James S. Haahr	First Federal Savings and Loan Association of Storm Lake Fifth and Erie Streets Storm Lake, Iowa 50588

I, THE UNDERSIGNED, being the incorporator, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate of Incorporation, do certify that the facts herein stated are true, and, accordingly, have hereto set my hand this 11th day of June, 1993.

/s/ James S. Haahr

James S. Haahr, Incorporator

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

BEFORE PAYMENT OF CAPITAL
OF
FIRST MIDWEST FINANCIAL, INC.

First Midwest Financial, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That Article Thirteenth of the Certificate of Incorporation be and it hereby is amended to read as follows:

THIRTEENTH : The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided , however , that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 75% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (after giving effect to the provisions of Article FOURTH), voting together as a single class, shall be required to amend or repeal this Article THIRTEENTH, Section C of Article FOURTH, clauses (c) or (d) of Article FIFTH, Article SIXTH, Article SEVENTH, Article EIGHTH, Article TENTH or Article ELEVENTH.

SECOND: That the Corporation has not received any payment for its stock.

THIRD: That the amendment was duly adopted in accordance with the provisions of section 241 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said First Midwest Financial, Inc., has caused this certificate to be signed by James S. Haahr, its President and Chief Executive Officer, and attested by Fred A. Stevens, its Secretary, this 4th day of August, 1993.

FIRST MIDWEST FINANCIAL, INC.

By: /s/ James S. Haahr
James S. Haahr, President
and Chief Executive Officer

ATTEST:

By: /s/ Fred A. Stevens
Fred A. Stevens, Secretary

CERTIFICATE OF MERGER OF
COMMUNITY FINANCIAL SYSTEMS, INC.
INTO FIRST MIDWEST FINANCIAL, INC.

(**under Section 252 of the General Corporation Law of the State of Delaware**)

First Midwest Financial, Inc. hereby certifies that:

(1) The name and state of incorporation of each of the constituent corporations are:

(a) First Midwest Financial, Inc., a Delaware corporation (" **First Midwest** "); and

(b) Community Financial Systems, Inc., a South Dakota corporation (" **Community** ").

(2) An agreement of merger has been approved, adopted, certified, executed and acknowledged by First Midwest and by Community in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware.

(3) The name of the surviving corporation is First Midwest Financial, Inc.

(4) The certificate of incorporation of First Midwest shall be the certificate of incorporation of the surviving corporation.

(5) The surviving corporation is a corporation of the State of Delaware.

(6) The executed agreement of merger is on file at the principal office of First Midwest at Fifth and Erie Streets, Storm Lake, Iowa 50588.

(7) A copy of the agreement of merger will be furnished by First Midwest, on request and without cost, to any stockholder of First Midwest or Community.

(8) The authorized capital stock of First Midwest is 5,200,000 shares of common stock, par value $.01 per share, and 800,000 shares of preferred stock, par value $.01 per share.

(9) The authorized capital stock of Community is 1,000 shares of common stock, par value $1.00 per share.

(10) The merger shall be effective on March 28, 1994.

IN WITNESS WHEREOF, First Midwest has caused this certificate to be signed by Donald J. Winchell, its vice president, and attested by Fred A. Stevens, its Secretary, on the 28th day of March, 1994.

FIRST MIDWEST FINANCIAL, INC.

By: /s/ Donald J. Winchell
Donald J. Winchell, Vice President

ATTEST:

By: /s/ Fred A. Stevens
Fred A. Stevens, Secretary

CERTIFICATE OF MERGER
OF
IOWA BANCORP, INC.
INTO
FIRST MIDWEST FINANCIAL, INC.

The undersigned corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

First: That the name and state of incorporation of each of the constituent corporations of the merger is as follows:

Name	State of Incorporation
Iowa Bancorp, Inc.	Delaware
First Midwest Financial, Inc.	Delaware

Second: That a plan and agreement of merger between the parties to the merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in with the requirements of Section 251 of the General Corporation Law of the State of Delaware.

Third: That the name of the surviving corporation of the wager is First Midwest Financial, Inc.

Fourth: That the certificate of incorporation of First Midwest Financial, Inc., a Delaware Corporation, the surviving corporation shall be the certificate of incorporation of the surviving corporation.

Fifth: That the executed plan and agreement of merger is on file at the principal place of business of the surviving corporation. The address of the principal place of business of the surviving corporation is 5th and Erie Streets, Storm Lake, Iowa 50588.

Sixth: That a copy of the plan and agreement of merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

FIRST MIDWEST FINANCIAL, INC.

By: /s/ James S. Haahr
James S. Haahr, President and
and Chief Executive Officer

ATTEST:

By: /s/ Fred A. Stevens
Fred A. Stevens

CERTIFICATE OF MERGER
OF
CENTRAL WEST BANCORPORATION
INTO
FIRST MIDWEST FINANCIAL, INC.

First Midwest Financial, Inc., the undersigned corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

First: That the name and state of incorporation of each of the constituent corporations of the merger is as follows:

Name	State of Incorporation
Central West Bancorporation ("Central West")	Iowa
First Midwest Financial, Inc. ("First Midwest")	Delaware

Second: That an agreement of merger between the parties to the merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware.

Third: That the name of the surviving corporation of the merger is First Midwest Financial, Inc.

Fourth: That the certificate of incorporation of First Midwest Financial, Inc., a Delaware Corporation, the surviving corporation, shall be the certificate of incorporation of the surviving corporation of the merger.

Fifth: That the executed agreement of merger is on file at the principal place of business of the surviving corporation. The address of the principal place of business of the surviving corporation is 5th and Erie Streets, Storm Lake, Iowa 50588.

Sixth: That a copy of the agreement of merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

Seventh: That the authorized capital stock of First Midwest is 5,200,000 shares of common stock, par value $.01 per share, and 800,000 shares of preferred stock, par value $.01 per share.

Eighth: That the authorized capital stock of Central West is 100,000 shares of common stock, par value $10 per share.

Ninth: That the merger shall be effective at the close of business on September 30, 1996.

In witness whereof, First Midwest has caused this certificate to be signed on its behalf by James S. Haahr, its Chairman of the Board of Directors, President and Chief Executive Officer, and attested to by Fred A. Stevens, its Secretary, on the 30th day of September, 1996.

FIRST MIDWEST FINANCIAL, INC.

By: /s/ James S. Haahr

James S. Haahr, Chairman of the Board of Directors, President and Chief Executive Officer

ATTEST:

By: /s/ Fred A. Stevens

Fred A. Stevens, Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
FIRST MIDWEST FINANCIAL, INC.

[Delaware Charter No. 2339960]

First Midwest Financial, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the " **Act** "), DOES HEREBY CERTIFY THAT:

1. In accordance with the provisions of Section 242 of the Act, an amendment to the Certificate of Incorporation of this corporation has been duly adopted by the directors and stockholders of this corporation.

2. Said amendment amends Article First of the Certificate of Incorporation so that, as amended, said Article First, in its entirety, shall be and read as follows:

"The name of the corporation is Meta Financial Group, Inc. (hereinafter sometimes referred to as the ' **Corporation** ')."

IN WITNESS WHEREOF, First Midwest Financial, Inc. has caused this Certificate of Amendment of Certificate of Incorporation to be signed this 24th day of January, 2005.

FIRST MIDWEST FINANCIAL, INC.

By:	/s/ James S. Haahr
Name:	James S. Haahr
Title:	Chief Executive Officer

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
META FINANCIAL GROUP, INC.

META FINANCIAL GROUP, INC. (the " **Corporation** "), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the " **Act** "), DOES HEREBY CERTIFY THAT:

1. Section A of Article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

" <u>FOURTH:</u>

A. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is thirteen million (13,000,000), consisting of:

1. three million (3,000,000) shares of preferred stock, par value one cent ($.01) per share (the " **Preferred Stock** "); and

2. ten million (10,000,000) shares of common stock, par value one cent ($.01) per share (the " **Common Stock** ").

Subject to the provisions set forth in this Certificate of Incorporation, in accordance with the provisions of Section 242(b)(2) of the Act, the number of authorized shares of any class of stock of the Corporation may be increased or decreased (but not below the number of shares of such class then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote irrespective of the class vote requirements set forth in Section 242(b)(2) of the Act.

2. The aforementioned amendments were duly adopted by the Board of Directors of the Corporation, and by the holders of a majority of the issued and outstanding shares of Common Stock of the Corporation, in accordance with the provisions of Section 242 of the Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Meta Financial Group, Inc. has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by a duly authorized officer of the Corporation this 27th day of September, 2012.

META FINANCIAL GROUP, INC.

By:	/s/ J. Tyler Haahr
Name:	J. Tyler Haahr
Title:	President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
META FINANCIAL GROUP, INC.

META FINANCIAL GROUP, INC. (the " **Corporation** "), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the " **Act** "), DOES HEREBY CERTIFY THAT:

1. Section A of Article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

" FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 21 million (21,000,000) shares, consisting of:

1. three million (3,000,000) shares of preferred stock, par value one cent ($.01) per share (the " **Preferred Stock** ");

2. fifteen million (15,000,000) shares of common stock, par value one cent ($.01) per share (the " **Common Stock** "); and

3. three million (3,000,000) shares of nonvoting common stock, par value one cent ($.01) per share (the " **Nonvoting Common Stock** ")."

Subject to the provisions set forth in this Certificate of Incorporation, in accordance with the provisions of Section 242(b)(2) of the Act, the number of authorized shares of any class of stock of the Corporation may be increased or decreased (but not below the number of shares of such class then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote irrespective of the class vote requirements set forth in Section 242(b)(2) of the Act.

2. Article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended by inserting a new Section D to read in its entirety as follows:

D. "Except as set forth in this Section D, the Common Stock and the Nonvoting Common Stock shall have the same rights and privileges, share ratably in all assets of the Corporation upon its liquidation, dissolution or winding-up, shall be entitled to receive dividends in the same amount per share and at the same time when, as and if declared by the Corporation's Board of Directors, and be identical in all other respects as to all other matters, except voting.

1. Except as may be otherwise required by law or this Certificate of Incorporation, each holder of Common Stock shall have one vote in respect of each share of Common Stock held of record on all matters voted upon by the stockholders. The holders of Nonvoting Common Stock shall have no voting rights except as required by the Act. Where shares of Nonvoting Common Stock are entitled to vote, each holder of Nonvoting Common Stock shall have one vote in respect of each share of Nonvoting Common Stock held of record solely on the matters as to which such shares are entitled to vote and subject to the rights and limitations specified by the Act.

2. In the event of any stock split, combination or other reclassification of shares of either the Common Stock or the Nonvoting Common Stock, the outstanding shares of the other class shall be proportionately split, combined or reclassified in a similar manner; provided, however, that in any such transaction, holders of Common Stock shall receive only shares of Common Stock in respect of their shares of Common Stock and holders of Nonvoting Common Stock shall receive only shares of Nonvoting Common Stock in respect of their shares of Nonvoting Common Stock.

3. Each share of Nonvoting Common Stock will automatically convert into one share of Common Stock only in the event of a “permitted transfer” to a transferee. A “Permitted Transfer” means a transfer by a holder of Nonvoting Common Stock (i) to the Corporation; (ii) in a widespread public distribution; (iii) in a transfer in which no transferee (or group of associated transferees) would receive 2% or more of any class of voting securities of the Corporation; or (iv) to a transferee that would control more than 50% of the voting securities of the Corporation without any transfer from such holder of Nonvoting Common Stock. Any transfer in violation of the foregoing sentence shall be null and void and the Corporation shall not have any obligation to recognize such transfer. The issuance of certificates, if any, for shares of Common Stock upon conversion of Nonvoting Common Stock shall be made without charge to the holders of such shares for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance. The Corporation shall cooperate with the timely conversion of Nonvoting Common Stock subject to compliance with applicable law and regulations.

4. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Nonvoting Common Stock. The Corporation shall take all action necessary so that all shares of Common Stock issuable upon conversion of Nonvoting Common Stock will, upon issue, be duly and validly issued, fully paid and non-assessable.

5. In the event of any merger, consolidation, reclassification or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, each share of Nonvoting Common Stock will at the same time be similarly exchanged or changed in an amount per whole share equal to the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, that each share of Common Stock would be entitled to receive as a result of such transaction, provided that at the election of the holder of shares of Nonvoting Common Stock, any securities issued with respect to the Nonvoting Common Stock shall be nonvoting under the resulting institution’s organizational documents to the same extent as the Nonvoting Common Stock is nonvoting and the Corporation shall make appropriate provisions (in form and substance reasonably satisfactory to the holders of a majority of the Nonvoting Common Stock then outstanding) and take such other actions necessary to ensure that the holders of the Nonvoting Common Stock shall retain securities with substantially the same rights and benefits, including the right to convert nonvoting common stock into common stock, as the Nonvoting Common Stock. Subject to the immediately preceding sentence, in the event the holders of Common Stock are provided the right to convert or exchange Common Stock for stock or securities, cash and/or any other property, then the holders of the Nonvoting Common Stock shall be provided the same right based upon the number of shares of Common Stock such holders would be entitled to receive if such shares of Nonvoting Common Stock were converted into shares of Common Stock immediately prior to such offering. In the event that the Corporation offers to repurchase shares of Common Stock from its stockholders generally, the Corporation shall offer to repurchase Nonvoting Common Stock pro rata based upon the number of shares of Common Stock such holders would be entitled to receive if such shares were converted into shares of Common Stock immediately prior to such repurchase. In the event of any pro rata subscription offer, rights offer or similar offer to holders of Common Stock, the Corporation shall provide the holders of the Nonvoting Common Stock the right to participate based upon the number of shares of Common Stock such holders would be entitled to receive if such shares were converted into shares of Common Stock immediately prior to such offering; provided that at the election of such holder, any shares issued with respect to the Nonvoting Common Stock shall be issued in the form of Nonvoting Common Stock rather than Common Stock.”

3. The aforementioned amendments were duly adopted by the Board of Directors of the Corporation, and by the holders of a majority of the issued and outstanding shares of Common Stock of the Corporation, in accordance with the provisions of Section 242 of the Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Meta Financial Group, Inc. has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by a duly authorized officer of the Corporation this 25th day of January, 2016.

META FINANCIAL GROUP, INC.

By: /s/ J. Tyler Haahr

Name: J. Tyler Haahr

Title: Chairman of the Board and Chief Executive Officer

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
META FINANCIAL GROUP, INC.

META FINANCIAL GROUP, INC. (the “Corporation”), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “Act”), DOES HEREBY CERTIFY THAT:

1. Section A of Article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

“ FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is thirty-six million (36,000,000) shares, consisting of:

1. three million (3,000,000) shares of preferred stock, par value one cent ($.01) per share (the “Preferred Stock”);

2. thirty million (30,000,000) shares of common stock, par value one cent ($.01) per share (the “Common Stock”); and

3. three million (3,000,000) shares of nonvoting common stock, par value one cent ($.01) per share (the “Nonvoting Common Stock”).

Subject to the provisions set forth in this Certificate of Incorporation, in accordance with the provisions of Section 242(b)(2) of the Act, the number of authorized shares of any class of stock of the Corporation may be increased or decreased (but not below the number of shares of such class then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote irrespective of the class vote requirements set forth in Section 242(b)(2) of the Act.”

2. The aforementioned amendment was duly adopted by the Board of Directors of the Corporation and by the holders of a majority of the issued and outstanding shares of Common Stock of the Corporation in accordance with the provisions of Section 242 of the Act.

Remainder of page intentionally left blank.

Signature page follows.

IN WITNESS WHEREOF, Meta Financial Group, Inc. has caused this Certificate of Amendment to the Certificate of Incorporation to be signed by a duly authorized officer of the Corporation this 22nd day of January, 2018.

META FINANCIAL GROUP, INC.

By: /s/ J. Tyler Haahr

Name: J. Tyler Haahr

Title: Chairman of the Board and
Chief Executive Officer

Exhibit 31.1

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

I, J. Tyler Haahr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meta Financial Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2018

/s/ J. Tyler Haahr
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

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

I, Glen W. Herrick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meta Financial Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2018

/s/ Glen W. Herrick
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Meta Financial Group, Inc. (the “Company”) for the quarterly period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Tyler Haahr, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ J. Tyler Haahr
Name: J. Tyler Haahr
Chairman of the Board and Chief Executive Officer
February 7, 2018

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Meta Financial Group, Inc. (the "Company") for the quarterly period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glen W. Herrick, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Glen W. Herrick
Name: Glen W. Herrick
Executive Vice President and Chief Financial Officer
February 7, 2018