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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2018

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

Delaware
(State or other jurisdiction
of incorporation)

0-22140
(Commission
File Number)

42-1406262
(IRS Employer
Identification No.)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition.

On October 30, 2018, Meta Financial Group, Inc. (“Meta Financial Group” or the “Company”) issued a press release announcing its results of operations and financial condition as of and for the three months and year ended September 30, 2018. A copy of the press release is attached as Exhibit 99.1 to this report and is incorporated into this Item 2.02 by reference.

The information in this Item 2.02, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities thereof, nor shall it be deemed to be incorporated by reference in any filing under the Exchange Act or under the Securities Act of 1933, as amended (the “Securities Act”), except to the extent specifically provided in any such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Company announced on October 30, 2018 that its Board of Directors (the “Board”) has appointed Bradley C. Hanson, currently President of Meta Financial Group, MetaBank and Meta Payment Systems, to the additional role of Chief Executive Officer of each such company, effective immediately. Mr. Hanson will also continue to serve on the Board. Mr. Hanson replaces J. Tyler Haahr, who has stepped down as Chief Executive Officer of Meta Financial Group and MetaBank, effective immediately. It is expected that Mr. Haahr will remain Chairman of the Board and an employee of the Company through the date of the Company’s Annual Meeting of stockholders expected to be held in January 2019 (the “Annual Meeting”). Frederick V. Moore, currently Lead Director and Vice Chairman of the Board, has been appointed to serve as Chairman of the Board effective following the date of the Annual Meeting.

Mr. Hanson, 54, has served as a director of the Company since 2005. He has been employed by Meta Financial and its affiliates since May 2004, having served as President of Meta Payment Systems since 2004 and President of Meta Financial Group and MetaBank since 2013. Mr. Hanson has more than 25 years of experience in financial services, including numerous banking, card industry and technology-related capacities. During his career, Hanson has played a significant role in the development of the prepaid card industry.

A copy of the press release issued by the Company on October 30, 2018 regarding this transition is attached as Exhibit 99.2 to this report and is hereby incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

Information is being furnished herein in Exhibit 99.3 with respect to the Investor Update slide presentation prepared for use with the press release furnished herewith as Exhibit 99.1. While most of the selected financial information furnished herein is derived from the Company’s consolidated financial statements and related notes prepared in accordance with generally accepted accounting principles (“GAAP”) and management’s discussion and analysis of financial condition and results of operations included, or to be included, in the Company’s reports on Forms 10-K and 10-Q, this information includes selected financial and operational information through the fourth quarter of fiscal year 2018 and does not represent a complete set of financial statement and related notes prepared in conformity with GAAP. The Company’s annual financial statements are subject to independent audit. The Investor Update slide presentation is dated October 30, 2018 and the Company does not undertake to update the materials after that date.

The information in this Item 7.01, including Exhibit 99.3, shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities thereof, nor shall it be deemed to be incorporated by reference in any filing under the Exchange Act or under the Securities Act, except to the extent specifically provided in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	<u>Press Release dated October 30, 2018, regarding the results of operations and financial condition.</u>
99.2	<u>Press Release dated October 30, 2018, relating to appointment of Bradley C. Hanson as Chief Executive Officer.</u>
99.3	<u>Investor Update slide presentation for the Fourth Quarter of Fiscal Year 2018, dated October 30, 2018, prepared for use with the Press Release furnished herewith as Exhibit 99.1.</u>

SIGNATURE

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 hereunto duly authorized.

META FINANCIAL GROUP, INC.

Date: October 30, 2018

By: /s/ Glen W. Herrick

Glen W. Herrick
Executive Vice President, Chief Financial Officer
and Secretary



Meta Financial Group, Inc. ® Reports Results for 2018 Fiscal Fourth Quarter and Fiscal Year

Delivers Record Earnings of \$51.6 million for Fiscal Year 2018, Representing 15% Growth over the Prior Year

Brad Hanson Promoted to Chief Executive Officer

Sioux Falls, S.D., October 30, 2018 (GLOBE NEWSWIRE) – Meta Financial Group, Inc. ® (Nasdaq: CASH) (“Meta” or the “Company”) net income for the fiscal year ended September 30, 2018 grew to \$51.6 million, or \$1.67 per diluted share, increasing from \$44.9 million, or \$1.61 per diluted share, for the fiscal year ended September 30, 2017. The Company’s fiscal 2018 fourth quarter net income was \$8.7 million, or \$0.24 per diluted share, compared to \$1.7 million, or \$0.06 per diluted share, for the fiscal 2017 fourth quarter. All share and per share data reported in this release for all periods presented has been adjusted to reflect the 3-for-1 forward stock split announced on August 28, 2018 and effected by the Company on October 4, 2018.

The 2018 fourth quarter pre-tax results included a \$7.0 million loss on the sale of securities due to the Company’s balance sheet restructuring related to the Crestmark acquisition, \$3.2 million of merger and acquisition-related expenses, and \$3.1 million of non-interest expense charges related to platform consolidation and operational synergies, mostly from previous acquisitions related to the tax services divisions. These operational synergies, appearing primarily in compensation expense and legal expense, are expected to save the Company approximately \$3.0 million to \$3.6 million per year beginning in fiscal 2019. During the fiscal 2018 fourth quarter, the Company also recognized a \$4.6 million tax benefit from amending a historical tax return of Crestmark Bancorp, Inc., which the Company acquired on August 1, 2018.

“Fiscal 2018 was marked by several transformative developments, including the successful close of the Crestmark acquisition and the integration of Crestmark’s operations in the fourth fiscal quarter,” said President and CEO Brad Hanson. “This immediately accretive transaction provides Meta with a national commercial and industrial lending platform and provides complementary cross-selling opportunities that our expanded, talented team is already hard at work executing on.”

“Fiscal 2018 also included a successful tax season, the renewal of multi-year agreements with two of our largest prepaid partners and new relationships in our national consumer lending business – all of which are expected to support our unique and diversified financial services platform and contribute to our continued success in delivering value to customers and shareholders,” added Hanson. “With record fiscal year earnings of \$51.6 million, 122% year-over-year growth in total net loans and leases and net interest income which increased 40% from the prior year to \$130.5 million, we are very pleased with the quality of our financial performance during a year of intense change.”

Highlights for the 2018 Fiscal Fourth Quarter and Year Ended September 30, 2018

- Total net loans and leases receivable increased \$1.61 billion, or 122%, to \$2.93 billion at September 30, 2018, compared to September 30, 2017. When excluding Crestmark loans and leases, total net loans and leases receivables increased \$454.0 million, or 34%, at September 30, 2018, compared to September 30, 2017. Crestmark loans and leases receivable were acquired at a fair value of \$1.05 billion on August 1, 2018 and grew to \$1.16 billion at September 30, 2018.
- Net interest income was \$48.5 million for the 2018 fiscal fourth quarter, an increase of \$24.0 million, or 98%, compared to \$24.5 million for the fourth quarter of 2017. Total fiscal year 2018 net interest income was \$130.5 million, representing a \$37.3 million, or 40% increase from \$93.2 million over the prior fiscal year.

- Net interest margin was 4.05% for the fiscal fourth quarter of 2018, increasing from 2.64% over the same period of the prior year, while the tax-equivalent net interest margin ("NIM") increased to 4.27% from 3.13% over that same period. Net interest margin for the 2018 fiscal year was 3.14% compared to 2.58% during fiscal year 2017, while NIM increased to 3.41% for fiscal year 2018 from 3.05% for fiscal year 2017. The increase in net interest margin and NIM was primarily attributable to the Crestmark acquisition.
- The Company recorded a provision for loan and lease losses of \$4.7 million in the 2018 fiscal fourth quarter, compared to a recovery of \$0.1 million in the 2017 fiscal fourth quarter. During the 2018 fiscal fourth quarter, the Company charged off \$14.7 million in loans and leases, \$11.3 million of which were tax services loans.
- Card and deposit fee income totaled \$21.0 million for the 2018 fiscal fourth quarter, a decrease of \$5.9 million, or 22%, when compared to the same quarter in 2017. When excluding declining residual fee income related to the wind-down of the Company's relationships with two non-strategic payments partners, the change in card and deposit fee income would have been flat for the 2018 fiscal fourth quarter compared to the same period of the prior year. Total fiscal year 2018 card and deposit fee income was \$98.9 million, compared to \$95.4 million for the prior fiscal year.
- The Company recorded a loss on sale of securities of \$7.0 million during the 2018 fiscal fourth quarter, which was associated with a balance sheet restructuring related to closing of the Crestmark acquisition, compared to a loss of \$1.0 million during the comparable prior fiscal year period.
- Rental income from the Crestmark division's equipment finance business added \$7.3 million to Meta's 2018 fiscal fourth quarter non-interest income, partially offset by \$5.4 million of corresponding operating lease depreciation expense.
- The Company recorded an income tax benefit of \$7.6 million for the three months ended September 30, 2018, compared to a benefit of \$1.0 million for the same period of the prior year. The 2018 fiscal fourth quarter income tax benefit included a \$4.6 million tax benefit recognized by the Company as a result of amending a historical tax return of Crestmark Bancorp, Inc. During the 2018 fiscal fourth quarter, the Company also recognized an investment tax credit related to alternative energy leasing initiatives, which reduced its income tax expense by \$4.0 million for the quarter.
- Compensation and benefits expense for the 2018 fiscal fourth quarter was \$30.1 million, an increase of \$8.2 million, or 37%, from the 2017 fiscal fourth quarter primarily due to employees joining the Company from the Crestmark acquisition, and to a lesser extent with increased staffing to support the Company's other growing business line initiatives.
- The Company's 2018 fiscal fourth quarter average assets grew to \$5.38 billion, compared to \$4.03 billion in the 2017 fourth quarter, an increase of 33%, primarily driven by the Crestmark acquisition.
- The Payments division's average deposits increased \$111.5 million, or 5%, to \$2.36 billion for the 2018 fiscal fourth quarter when compared to the same quarter of fiscal 2017.
- Non-performing assets ("NPAs") were 0.72% of total assets at September 30, 2018, compared to 0.72% at September 30, 2017.

Business Updates

- As announced in a separate press release today, the Company has appointed Brad Hanson, currently President of Meta Financial Group, MetaBank and Meta Payment Systems, to the additional role of Chief Executive Officer, effective immediately. Hanson will also continue to serve on the Meta Board. Hanson replaces J. Tyler Haahr, who has stepped down as Chief Executive Officer. It is expected that Haahr will remain Chairman of the Board and an employee through the Company's Annual Meeting of stockholders expected to be held in January 2019. Frederick V. Moore, currently Lead Director and Vice Chairman, has been appointed to serve as Chairman of the Board effective following the date of the Annual Meeting.

- The Company continues to expect fiscal year 2019 earnings per common share to be in the range of \$2.30 to \$2.70, excluding the effects related to Company executive transition costs. The Company estimates one-time executive transition agreement costs to reduce earnings per common share up to \$0.15 in fiscal 2019, which costs the Company expects to incur in the quarter ending March 31, 2019. The Company also affirms the earnings outlook for fiscal year 2020 GAAP earnings per common share to be in the range of \$3.10 to \$3.80.
- On October 5, 2018, Meta common stock began trading on a split-adjusted basis as a result of the 3-for-1 forward stock split with respect to Meta's common stock, which was previously announced on August 28, 2018 and effected on October 4, 2018. As a result of the stock split, the number of issued and outstanding shares of Meta common stock increased to 39.2 million shares, which includes shares issued pursuant to the Crestmark acquisition.
- The Company also announced on August 28, 2018 that its board of directors approved an increase in the quarterly common stock dividend paid on October 1, 2018 to \$0.05 per share, or \$0.20 annualized (which amounts reflect the effectiveness of the stock split), representing a 15.4% increase over the quarterly dividend paid in the prior quarter (as adjusted to give effect to the stock split).
- On August 1, 2018, Meta closed the previously announced acquisition of Crestmark Bancorp, Inc. and Crestmark Bank. The following table summarizes the preliminary fair value estimates for each major class of assets acquired and liabilities assumed for the Crestmark acquisition:

	As of August 1, 2018 (Dollars in Thousands)
Fair value of consideration paid	
Stock issued	295,773
Total consideration paid	295,773
Fair value of assets acquired	
Cash and cash equivalents	58,858
Investment and MBS securities	26,926
Loans and leases held for sale	17,494
Loan and lease receivables	1,046,010
Federal Home Loan Bank stock, at cost	33
Accrued interest receivable	5,381
Premises, furniture, and equipment	18,458
Rental equipment	98,977
Foreclosed real estate and repossessed assets	1,209
Intangible assets	34,759
Other assets	14,086
Total assets	1,322,192
Fair value of liabilities assumed	
Certificate of deposits	291,713
Wholesale certificate of deposits	828,953
Short-term debt	11,643
Long-term debt	3,609
Note payable	25,249
Accrued interest payable	3,581
Accrued expenses and other liabilities	63,052
Total liabilities assumed	1,227,799
Fair value of non-controlling interest assumed	
Non-controlling Interest	3,167
Total Non-controlling Interest	3,167
Fair value of net assets acquired	91,226
Goodwill resulting from acquisition	204,548

Financial Summary

Revenue

Total revenue for the fiscal 2018 fourth quarter was \$73.2 million, compared to \$54.3 million for the same quarter in fiscal 2017, an increase of \$18.8 million, or 35%, primarily due to increases in loan and lease interest income and rental income, offset in part by an increase in interest expense and a decrease in card fee income.

Net Income

The Company recorded net income of \$8.7 million, or \$0.24 per diluted share, for the three months ended September 30, 2018, compared to net income of \$1.7 million, or \$0.06 per diluted share, for the same quarter of fiscal 2017. The increase in net income was due primarily to an increase of \$24.0 million in net interest income and a net increase in income tax benefit of \$6.6 million, partially offset by a \$12.9 million increase in non-interest expense, a \$5.2 million decrease in non-interest income, and a \$4.9 million increase in provision for loan and lease losses.

The 2018 fiscal fourth quarter pre-tax results included a \$7.0 million loss on the sale of securities, \$3.2 million of merger and acquisition-related expenses, and \$3.1 million of expense charges related to operational synergies. During the fiscal 2018 fourth quarter, the Company also recognized a \$4.6 million tax benefit as a result of amending a historical tax return of Crestmark Bancorp, Inc. The Company also recorded \$4.0 million in investment tax credits related to alternative energy leasing initiatives in the Crestmark division. Amortization of intangible assets expense of \$3.6 million and non-cash stock-related compensation expense of \$1.3 million associated with executive officer employment agreements were also included in the fiscal 2018 fourth quarter results (see the Select Quarterly Expenses table below).

Net Interest Income

Net interest income for the fiscal 2018 fourth quarter was \$48.5 million, up \$24.0 million, or 98%, from the same quarter in 2017. The increase in net interest income from the prior year was driven primarily by the acquired loans and leases from the Crestmark acquisition along with strong loan growth in the Company's existing portfolios. The quarterly average outstanding balance of loans from all sources as a percentage of interest-earning assets increased from 35% as of the end of the 2017 fiscal fourth quarter to 52% as of the end of the 2018 fiscal fourth quarter. In addition, the Company's securities portfolio decreased from 63% of interest-earning assets in the 2017 fiscal fourth quarter to 46% of interest-earning assets in the fiscal fourth quarter of 2018, and within that portfolio, the lower-yielding agency mortgage-backed securities ("MBS") decreased from 20% of interest-earning assets in the 2017 fiscal fourth quarter to 11% of interest-earning assets for the same quarter in fiscal 2018. Net interest income for the 2018 fiscal fourth quarter increased \$20.1 million from the Company's 2018 fiscal third quarter, primarily due to an increase in higher-yielding loan and lease balances from the Crestmark acquisition during the quarter, partially offset by an increase in interest expense related to wholesale deposits.

During the fiscal 2018 fourth quarter, the Company completed a balance sheet restructuring to better position the balance sheet for loan growth that Meta's commercial finance division is expected to produce in the near term. Meta sold approximately \$260 million of lower-yielding securities, the proceeds of which were partially reinvested during the 2018 fiscal fourth quarter, with the remaining proceeds anticipated to be invested in loans throughout fiscal 2019. The securities sold as part of the restructuring generated a loss of \$7.0 million and were sold at a low-weighted average tax-equivalent book yield that was not providing attractive incremental leverage value. Management expects that the restructuring will have an earn-back of approximately 1.6 years. This balance sheet restructuring, once fully invested, is expected to positively impact net interest income and net interest margin over the near term.

Net Interest Margin

NIM was 4.27% in the fiscal 2018 fourth quarter, an increase of 114 basis points from 3.13% in the fourth quarter of fiscal 2017. Excluding the change in the corporate tax rate resulting from the Tax Cuts and Jobs Act (the "Tax Act"), the reported NIM in the fiscal 2018 fourth quarter would have been 4.42%. The net effect of purchase accounting accretion contributed 12 basis points to the NIM for the fourth quarter of fiscal 2018.

The overall reported tax-equivalent yield (“TEY”) on average-earning asset yields increased by 164 basis points to 5.25% when comparing the fiscal 2018 fourth quarter to the fiscal 2017 fourth quarter, driven primarily by the Company’s improved earning asset mix, which was attributable to loans and leases acquired as part of the Crestmark acquisition as well as through organic growth in the Company’s loan portfolio. The effect of purchase accounting accretion contributed 12 basis points to the TEY on average-earnings assets for the fourth quarter of fiscal 2018.

The fiscal 2018 fourth quarter TEY on the Company’s securities portfolio decreased by 10 basis points to 3.09% compared to the comparable quarter in the prior fiscal year, primarily due to the adoption of the Tax Act, which lowered the TEY on the Company’s tax-exempt securities. Had corporate tax rates not changed due to the Tax Act, reported securities portfolio TEY would have increased to 3.40% for the fiscal 2018 fourth quarter.

The Company’s average interest-earning assets for the fiscal 2018 fourth quarter grew by \$1.07 billion, or 29%, to \$4.75 billion from the same quarter last year, primarily as a result of loans and leases acquired in the Crestmark acquisition, along with organic growth in the Company’s loan portfolio.

Overall, the Company’s cost of funds for all deposits and borrowings averaged 1.01% during the fiscal 2018 fourth quarter, compared to 0.50% for the fiscal 2017 fourth quarter. This increase was primarily due to a rising interest rate environment affecting overnight borrowing rates, as well as certain wholesale fundings and the acquired interest-bearing deposits from the Crestmark acquisition. The Company’s overall cost of deposits was 0.78% in the fiscal fourth quarter of 2018, compared to 0.24% in the same quarter of fiscal 2017. When excluding wholesale deposits, the Company’s cost of deposits for the fourth quarter of fiscal 2018 would have been 0.15%.

Non-Interest Income

Fiscal 2018 fourth quarter non-interest income of \$24.6 million decreased \$5.2 million, or 17%, from \$29.8 million in the same quarter of fiscal 2017, primarily due to an increase in the loss on sale of securities of \$7.8 million and a decrease in card and deposit fee income of \$5.9 million, or 22%, offset in part by increases in rental income of \$7.3 million, other income of \$1.1 million, and gain on sale of loans and leases of \$0.4 million.

The increase in the loss on sale of securities was due to the Company’s balance sheet restructuring related to the Crestmark acquisition, as discussed in further detail in the Investments section below.

Card and deposit fee income totaled \$21.0 million for the 2018 fiscal fourth quarter, a decrease of \$5.9 million, or 22%, when compared to the same quarter in 2017. A reduction in residual fee income related to the wind-down of the Company’s relationships with two non-strategic payments partners led to a decrease in card and deposit fee income when comparing the fiscal 2018 fourth quarter to the same period of the prior fiscal year. When excluding declining residual fee income, the change in card and deposit fee income would have been flat when comparing the fiscal 2018 fourth quarter to the same period of the prior fiscal year. The Company expects growth in card and deposit fee income to be moderated by declining residual fee income during fiscal year 2019.

The new activity in the line items of rental income and gain on sale of loans and leases were attributable to the Crestmark division. Rental income is related to the operating leases that were acquired through the Crestmark acquisition. Included in rental income for the fourth fiscal quarter of 2018 is \$1.0 million of above-market lease premium amortization. Gain on sale of loans and leases is recognized when the Company sells the guaranteed portion of SBA and USDA loans, along with the sale of lease and lease payment streams, both of which are attributable to the Crestmark division.

Non-Interest Expense

Non-interest expense increased \$12.9 million, or 24%, to \$66.6 million for the fiscal 2018 fourth quarter, compared to the same quarter in fiscal 2017, primarily due to an \$8.2 million increase in compensation and benefits expense, a \$5.4 million increase in operating lease equipment depreciation expense, a \$3.8 million increase in legal and consulting expense, a \$2.5 million increase in other expense, a \$1.7 million increase in amortization of intangibles expense, and a \$1.4 million increase in occupancy and equipment expense. The non-interest expense for the 2017 fiscal fourth quarter included \$10.2 million in intangible impairment expense, related to the non-renewal of the H&R Block tax advance relationship, compared to an immaterial amount of intangible impairment during the fiscal 2018 fourth quarter.

The increase in compensation and benefits expense was due in part to (i) employees joining the Company as part of the Crestmark acquisition, (ii) increased staffing to support the Company's other growing business line initiatives and (iii) \$0.9 million in separation agreement-related expenses recorded during the fiscal 2018 fourth quarter. Legal and consulting expense increased due to acquisition-related expenses, platform consolidation and operational synergies efforts from previous acquisitions relating to the tax services divisions. The increases in occupancy and equipment, amortization of intangibles, and other expense for the three months ended September 30, 2018 compared to the same period of the prior fiscal year are primarily attributable to the Crestmark acquisition.

Income Tax Expense

The Company recorded an income tax benefit of \$7.6 million for the fiscal 2018 fourth quarter, compared to an income tax benefit of \$1.0 million for the fiscal 2017 fourth quarter. For the 2018 fiscal year, the effective tax rate was 9.0%, compared to 18.6% for the 2017 fiscal year.

Through the Crestmark acquisition, Meta acquired an experienced team and sophisticated processes for evaluating, underwriting, and managing alternative energy tax credit leasing opportunities. During the fiscal 2018 fourth quarter, the Company recognized an investment tax credit, which reduced the Company's income tax expense by \$4.0 million. The timing and impact of solar tax credits are expected to vary from period to period, and Meta intends to undertake only those tax credit opportunities that meet the Company's underwriting criteria.

The fiscal 2018 fourth quarter tax benefit also included a \$4.6 million benefit recognized by the Company as a result of amending a historical tax return of Crestmark Bancorp, Inc.

Loans and Leases

Total net loans and leases receivable increased \$1.61 billion, or 122%, to \$2.93 billion at September 30, 2018 from \$1.32 billion at September 30, 2017, which was primarily attributable to loans and leases acquired pursuant to the Crestmark acquisition. When excluding loans and leases acquired as part of the Crestmark acquisition, total net loans and leases receivable increased \$454.0 million, or 34%, during fiscal year 2018. Crestmark loans and leases receivable were acquired at a fair value of \$1.05 billion on August 1, 2018 and grew to \$1.16 billion at September 30, 2018.

Excluding the Crestmark division, national lending loans and leases increased \$291.4 million, or 74%, at September 30, 2018 compared to September 30, 2017. Within the national lending portfolios, commercial finance loans and leases increased \$95.4 million from September 30, 2017 to September 30, 2018, primarily driven by an increase of \$87.4 million, or 35%, in commercial insurance premium finance loans. The consumer finance portfolio increased \$195.1 million, largely driven by consumer credit products, an asset-based consumer warehouse line of credit, and the Company's student loan portfolio.

Community banking loans grew \$167.6 million, or 18%, at September 30, 2018 compared to September 30, 2017, due to growth in commercial real estate loans of \$163.1 million and residential mortgage loans of \$26.8 million, offset in part by a decrease in agricultural loans of \$34.9 million.

The combined allowance for loan and lease losses and fair value marks was \$24.4 million, or 0.8%, of the total loan portfolio at September 30, 2018, compared to an allowance for loan loss of \$7.5 million, or 0.6% of the total loan portfolio at September 30, 2017. The Company's allowance for loans and leases was \$13.0 million at September 30, 2018, compared to an allowance of \$7.5 million at September 30, 2017, driven by increases in the allowance of \$2.8 million in the Company's student loan portfolio, \$1.0 million related to Crestmark division loan and lease losses and \$0.8 million related to consumer credit products. The remainder of the increase in the allowance is attributable to growth in the Company's community banking and commercial insurance premium finance lending portfolios.

Provision for loan and lease losses was \$4.7 million for the quarter ended September 30, 2018, compared to a recovery of \$0.1 million for the comparable period in the prior fiscal year. Net charge offs were \$13.6 million for the quarter ended September 30, 2018, of which \$11.3 million were related to charging-off the majority of the remaining balances of tax services loans.

For fiscal year 2018, the Company recorded a provision for loan and lease losses of \$29.4 million, compared to \$10.6 million for the prior fiscal year. The increase in provision for loan and lease losses for fiscal year 2018 compared to fiscal 2017 is primarily due to the Company retaining all tax advance loans originated during the 2018 tax season, as opposed to the previous year when most of those loans were sold. The Company had net charge-offs of \$23.9 million for the year-ended September 30, 2018.

Credit Quality

The Company's NPAs at September 30, 2018 were \$41.8 million, representing 0.72% of total assets, compared to \$37.9 million, or 0.72% of total assets, at September 30, 2017. The increase in NPAs is primarily attributable to the acquired loans and leases from the Crestmark acquisition, along with increases related to loan growth in the commercial insurance premium finance, student loan, and tax services portfolios. Partially offsetting the increase in NPAs at September 30, 2018 compared to September 30, 2017 was the payment in full of a previously disclosed \$7.0 million nonperforming agricultural loan relationship during the first quarter of fiscal 2018.

Investments

Investment securities and MBS decreased by \$231.2 million, or 10%, to \$2.03 billion at September 30, 2018, compared to September 30, 2017, including a decrease in MBS of \$328.2 million, offset in part by an increase in other investment securities of \$97.0 million. The Company anticipates further contraction in the securities portfolio as the Company expects to continue to use cash flow from its amortizing securities portfolio to fund loan growth.

Average TEY on the securities portfolio decreased 10 basis points to 3.09% in the fourth quarter of fiscal 2018 from 3.19% in the same quarter of fiscal 2017. Overall TEY of other investment securities decreased by 44 basis points to 3.21% in the fourth quarter of fiscal 2018 from 3.65% in the same period of fiscal 2017, primarily attributable to the effects of the Tax Act and a reduction of TEY due to the Company's reduced overall tax rate. Average yields increased within MBS by 49 basis points to 2.72% in the fourth quarter of fiscal 2018 from 2.23% in the same quarter of fiscal 2017. Average yields on asset-backed securities increased to 3.26% in the fourth quarter of fiscal 2018 from 2.90% in the same quarter of fiscal 2017.

The TEY on the total securities portfolio of 3.09% for the fourth fiscal quarter of 2018 reflects the lowered corporate prorated tax rate on the Company's tax-exempt municipal portfolio. Had corporate tax rates not changed due to the Tax Act, reported total securities portfolio yield would have been 3.40%, and the TEY of investment securities would have been 3.75% at the previous corporate rate. The 3.23% overall TEY of tax-exempt investment securities reflects the lowered corporate prorated tax rate.

When comparing the fourth quarter of fiscal 2018 to the third quarter of fiscal 2018, average TEY on the total securities portfolio decreased by two basis points to 3.09% from 3.11%, of which investment securities TEY decreased 11 basis points from 3.34% to 3.23%, and MBS increased 16 basis points from 2.56% to 2.72%.

As previously noted, during the fiscal 2018 fourth quarter, after the closing of the Crestmark acquisition and after board approval, the Company completed a balance sheet restructuring to better position the balance sheet for the loan growth which Meta's commercial finance division produces and is expected to produce in the near term. Meta sold approximately \$260 million of lower-yielding securities, over 80% of which were lower-yielding agency MBS. Removing these securities from the Company's securities portfolio should provide for an improved overall securities portfolio yield and an improved earning asset mix.

During the fiscal 2018 fourth quarter, the Company primarily purchased U.S. Government-related floating rate asset-backed securities in continuing to execute its investment strategy of primarily owning U.S. Government-related securities and U.S. Government-related MBS, as well as AAA- and AA- rated non-bank qualified municipal bonds and higher percentages of floating rate bonds. To a lesser extent, the Company purchased municipal housing bonds, all of which are tax-exempt and also backed, or collateralized, by Ginnie Mae, Fannie Mae, or Freddie Mac, thereby enhancing credit quality, as well as an agency MBS.

Deposits, Other Borrowings and Other Liabilities

Total end-of-period deposits increased \$1.21 billion, or 37%, to \$4.43 billion at September 30, 2018, compared to September 30, 2017, primarily attributable to the fair value of deposits acquired on August 1, 2018 in the Crestmark acquisition, which included \$829.0 million in wholesale deposits and \$291.7 million in certificates of deposits.

Total average deposits for the 2018 fiscal fourth quarter increased by \$1.03 billion, or 33%, compared to the same period in fiscal 2017. Average wholesale deposits increased \$778.6 million, or 142%, and non-interest bearing deposits increased \$88.9 million, or 4%, for the 2018 fiscal fourth quarter when compared to the same period in fiscal 2017. The Payments division's average deposits increased \$111.5 million, or 5%, to \$2.36 billion for the 2018 fiscal fourth quarter when compared to the same quarter of 2017.

The average balance of total deposits and interest-bearing liabilities was \$4.58 billion for the three-month period ended September 30, 2018, compared to \$3.53 billion for the same period in fiscal 2017, representing an increase of 30%.

Capital Ratios

The Company and the Bank remain above the federal regulatory minimum capital requirements to remain classified as well-capitalized institutions. Regulatory capital ratios of the Company and the Bank at September 30, 2018 are stated in the table below.

The tables below also 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.

Regulatory Capital Data (1)

<u>At September 30, 2018</u>	<u>Company</u>	<u>MetaBank</u>	<u>Minimum Requirement For Capital Adequacy Purposes</u>	<u>Minimum Requirement to Be Well Capitalized Under Prompt Corrective Action Provisions</u>
Tier 1 leverage ratio	8.50%	9.75%	4.00%	5.00%
Common equity Tier 1 capital ratio	10.56%	12.50%	4.50%	6.50%
Tier 1 capital ratio	10.97%	12.56%	6.00%	8.00%
Total qualifying capital ratio	13.18%	12.89%	8.00%	10.00%

(1) Regulatory ratios are estimated.

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) September 30, 2018 (Dollars in Thousands)
Total stockholders' equity	\$ 747,726
Adjustments:	
LESS: Goodwill, net of associated deferred tax liabilities	299,456
LESS: Certain other intangible assets	64,716
LESS: Net unrealized gains (losses) on available-for-sale securities	(33,114)
LESS: Non-controlling interest	3,574
LESS: Unrealized currency gains (losses)	3
Common Equity Tier 1 (1)	413,091
Long-term debt and other instruments qualifying as Tier 1	13,661
Tier 1 minority interest not included in common equity tier 1 capital	2,118
Total Tier 1 capital	428,870
Allowance for loan and lease losses	13,185
Subordinated Debentures (net of issuance costs)	73,491
Total qualifying capital	515,546

- (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 CET1 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.

	September 30, 2018 (Dollars in Thousands)
Total Stockholders' Equity	\$ 747,726
Less: Goodwill	303,270
Less: Intangible assets	70,719
Tangible common equity	373,737
Less: Accumulated Other Comprehensive Income (Loss) ("AOCI")	(33,111)
Tangible common equity excluding AOCI (Loss)	406,848

Due to the predictable, quarterly cyclicity of non-interest bearing deposits in connection 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 September 30, 2018 were 10.64%, 16.84%, 16.92%, and 17.37%, respectively.

The following table shows notable selected income statement items from the fourth quarter of fiscal 2018:

For the Quarter Ended	September 30, 2018
Selected Income Statement Effects	
Loss on Sale of Securities (pre-tax)	6,979
Amended historical tax return of Crestmark Bancorp, Inc. (tax benefit)	4,644
M&A Expenses (pre-tax)	3,215
Operational Synergies (pre-tax)	3,051

Forward-Looking Statements

The Company and the Bank may from time to time make written or oral “forward-looking statements,” including statements contained in this press release, the Company’s filings with the Securities and Exchange Commission (“SEC”), the Company’s 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 MPS, a division of the Bank; credit quality and adequacy of reserves; technology; and the Company’s employees. The following factors, among others, could cause the Company’s financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: risks relating to the recently-announced management transition, the expected growth opportunities, beneficial synergies and/or operating efficiencies from the Crestmark acquisition may not be fully realized or may take longer to realize than expected; customer losses and business disruption related to the Crestmark acquisition; unanticipated or unknown losses and liabilities may be incurred by the Company following the completion of the Crestmark acquisition; 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 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 risks of reduced volume of refund advance loans as a result of reduced customer demand for or acceptance or usage of Meta’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 and the Federal Reserve, as well as the Federal Deposit Insurance Corporation, 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 press release speak only as of the date hereof. Additional discussions of factors affecting the Company’s business and prospects are reflected under the caption “Risk Factors” and in other sections of the Company’s Annual Report on Form 10-K for the Company’s fiscal year ended September 30, 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.

Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and per Share Data)

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
ASSETS					
Cash and cash equivalents	\$ 99,977	\$ 71,276	\$ 107,563	\$1,300,409	\$1,267,586
Investment securities available for sale	1,487,960	1,351,538	1,418,862	1,392,240	1,106,977
Mortgage-backed securities available for sale	364,065	575,999	654,890	600,112	586,454
Investment securities held to maturity	165,881	216,160	226,618	235,024	449,840
Mortgage-backed securities held to maturity	7,850	8,218	8,393	8,468	113,689
Loans and leases held for sale	15,606	—	—	—	—
Loans and leases receivable	2,944,739	1,597,294	1,517,616	1,509,140	1,325,371
Allowance for loan and lease loss	(13,040)	(21,950)	(27,078)	(8,862)	(7,534)
Federal Home Loan Bank Stock, at cost	23,400	7,446	17,846	57,443	61,123
Accrued interest receivable	22,016	17,825	17,604	21,089	19,380
Premises, furniture, and equipment, net	40,458	20,374	20,278	20,571	19,320
Rental equipment	107,290	—	—	—	—
Bank-owned life insurance	87,293	86,655	86,021	85,371	84,702
Foreclosed real estate and repossessed assets	31,638	29,922	30,050	128	292
Goodwill	303,270	98,723	98,723	98,723	98,723
Intangible assets	70,719	46,098	47,724	50,521	52,178
Prepaid assets	27,906	23,211	26,342	29,758	28,392
Deferred taxes	18,737	23,025	20,939	5,379	9,101
Other assets	29,302	17,345	29,302	12,449	12,738
Total assets	\$5,835,067	\$4,169,159	\$4,301,693	\$5,417,963	\$5,228,332
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES					
Non-interest-bearing checking	\$2,405,274	\$2,637,987	\$2,850,886	\$2,779,645	\$2,454,057
Interest-bearing checking	111,587	103,065	123,398	84,390	67,294
Savings deposits	54,765	57,356	65,345	53,535	53,505
Money market deposits	51,995	45,115	48,070	47,451	48,758
Time certificates of deposit	276,180	57,151	71,712	128,220	123,637
Wholesale deposits	1,531,186	620,959	181,087	420,404	476,173
Total deposits	4,430,987	3,521,633	3,340,497	3,513,645	3,223,424
Short-term debt	425,759	27,290	315,777	1,313,401	1,404,534
Long-term debt	88,963	85,580	85,572	85,552	85,533
Note payable	20,361	—	—	—	—
Accrued interest payable	7,794	3,705	1,315	4,065	2,280
Accrued expenses and other liabilities	113,477	87,038	114,829	63,595	78,065
Total liabilities	5,087,341	3,725,246	3,857,990	4,980,258	4,793,836
STOCKHOLDERS' EQUITY					
Preferred stock, 3,000,000 shares authorized, no shares issued or outstanding at September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017 and September 30, 2017.	—	—	—	—	—
Common stock, \$.01 par value; 90,000,000, 90,000,000, 30,000,000, 15,000,000, and 15,000,000 shares authorized, 39,241,629, 29,164,578, 29,161,608, 29,056,194, and 28,879,273 shares issued and 39,167,280, 29,101,605, 29,098,773, 28,994,538 and 28,867,785 shares outstanding at September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017, and September 30, 2017. ⁽¹⁾	131	97	97	96	96
Common stock, Nonvoting, \$.01 par value; 3,000,000 shares authorized, no shares issued or outstanding at September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017, and September 30, 2017.	—	—	—	—	—
Additional paid-in capital	566,073	267,804	265,685	262,872	258,336
Retained earnings	213,048	206,284	200,753	170,578	167,164
Accumulated other comprehensive (loss) income	(33,111)	(28,601)	(21,166)	5,782	9,166
Treasury stock, at cost, 74,349, 62,973, 62,835, 61,656, and 11,508 common shares at September 30, 2018, June 30, 2018, March 31, 2018, December 31, 2017, and September 30, 2017. ⁽¹⁾	(1,989)	(1,671)	(1,666)	(1,623)	(266)
Total equity attributable to parent	744,152	443,913	443,703	437,705	434,496
Non-controlling interest	3,574	—	—	—	—
Total stockholders' equity	747,726	443,913	443,703	437,705	434,496
Total liabilities and stockholders' equity	\$5,835,067	\$4,169,159	\$4,301,693	\$5,417,963	\$5,228,332

(1) Shares issued and outstanding have been adjusted for all periods presented to reflect the 3-for-1 forward stock split effected on October 4, 2018.

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Share and Per Share Data)	Three Months Ended			Year Ended	
	9/30/2018	6/30/2018	9/30/2017	9/30/2018	9/30/2017
Interest and dividend income:					
Loans and leases receivable, including fees	\$ 45,131	\$ 19,056	\$ 14,577	\$ 98,475	\$ 52,117
Mortgage-backed securities	3,724	3,950	4,226	15,479	16,571
Other investments	11,346	11,098	10,146	44,580	39,415
	<u>60,201</u>	<u>34,104</u>	<u>28,949</u>	<u>158,534</u>	<u>108,103</u>
Interest expense:					
Deposits	8,057	2,264	1,890	15,163	6,051
FHLB advances and other borrowings	3,607	3,429	2,571	12,822	8,822
	<u>11,664</u>	<u>5,693</u>	<u>4,461</u>	<u>27,985</u>	<u>14,873</u>
Net interest income	48,537	28,411	24,488	130,549	93,230
Provision (recovery) for loan and lease losses	4,706	5,315	(144)	29,432	10,589
Net interest income after provision for loan and lease losses	<u>43,831</u>	<u>23,096</u>	<u>24,632</u>	<u>101,117</u>	<u>82,641</u>
Non-interest income:					
Refund transfer product fees	526	7,358	508	41,879	38,956
Tax advance product fees	(36)	(46)	453	35,703	31,913
Card fees	19,536	22,807	26,694	94,446	94,707
Rental income	7,333	—	—	7,333	—
Loan and lease fees	1,025	1,111	848	4,470	3,882
Bank-owned life insurance	638	633	668	2,590	2,216
Deposit fees	1,487	1,134	228	4,451	736
(Loss) gain on sale of securities	(6,979)	(22)	838	(8,177)	(493)
Gain on sale of loans/leases	355	—	—	355	—
Loss on foreclosed real estate	—	—	(13)	(19)	(6)
Other income (loss)	728	250	(391)	1,494	261
Total non-interest income	<u>24,613</u>	<u>33,225</u>	<u>29,833</u>	<u>184,525</u>	<u>172,172</u>
Non-interest expense:					
Compensation and benefits	30,093	24,439	21,919	109,044	88,728
Refund transfer product expense	85	1,694	292	11,750	11,885
Tax advance product expense	81	(19)	(257)	1,817	3,241
Card processing	5,485	7,068	5,753	26,283	24,130
Occupancy and equipment	5,653	4,720	4,263	19,740	16,465
Operating lease equipment depreciation expense	5,386	—	—	5,386	—
Legal and consulting	6,628	2,781	2,781	15,064	8,384
Marketing	1,037	416	656	2,674	2,117
Data processing	268	301	350	1,226	1,449
Intangible amortization expense	3,564	1,664	1,868	9,641	12,362
Intangible impairment	18	—	10,248	18	10,248
Other expense	8,342	5,988	5,873	25,589	20,654
Total non-interest expense	<u>66,640</u>	<u>49,053</u>	<u>53,746</u>	<u>228,232</u>	<u>199,663</u>
Income before income tax expense	1,804	7,268	719	57,410	55,150
Income tax expense (benefit)	(7,591)	476	(1,025)	5,117	10,233
Net income before non-controlling interest	9,395	6,792	1,744	52,293	44,917
Net income attributable to non-controlling interest	673	—	—	673	—
Net income attributable to parent	<u>\$ 8,722</u>	<u>\$ 6,792</u>	<u>\$ 1,744</u>	<u>\$ 51,620</u>	<u>\$ 44,917</u>
Earnings per common share					
Basic	\$ 0.24	\$ 0.23	\$ 0.06	\$ 1.68	\$ 1.62
Diluted	\$ 0.24	\$ 0.23	\$ 0.06	\$ 1.67	\$ 1.61
Shares used in computing earnings per share					
Basic	35,711,400	29,099,472	28,082,457	30,737,499	27,741,276
Diluted	35,823,162	29,218,980	28,243,353	30,853,050	27,908,232

Average Balances, Interest Rates and Yields

The following table presents, for the periods indicated, the total dollar amount of interest income from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates. Only the yield/rate has tax-equivalent adjustments. Non-Accruing loans have been included in the table as loans carrying a zero yield.

Three Months Ended September 30,

	2018 (1)			2017 (2)		
	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate
(Dollars in Thousands)						
Interest-earning assets:						
Cash and fed funds sold	\$ 60,946	\$ 532	3.47%	\$ 73,189	\$ 171	0.93%
Mortgage-backed securities	543,042	3,724	2.72%	751,364	4,226	2.23%
Tax exempt investment securities	1,314,380	8,069	3.23%	1,346,915	8,388	3.80%
Asset-backed securities	273,625	2,251	3.26%	109,231	799	2.90%
Other investment securities	74,408	494	2.63%	118,241	788	2.64%
Total investments	2,205,455	14,538	3.09%	2,325,751	14,201	3.19%
Total commercial finance loans and leases	1,091,459	27,035	9.83%	259,396	2,979	4.56%
Total consumer finance loans	302,633	5,922	7.76%	125,486	2,077	6.57%
Total tax services loans	13,210	(14)	(0.41)%	5,198	—	— %
Total national lending loans and leases (3)	1,407,302	32,943	9.29%	390,080	5,056	5.14%
Total community lending loans (4)	1,075,586	12,188	4.50%	885,993	9,521	4.26%
Total loans and leases	2,482,888	45,131	7.21%	1,276,073	14,577	4.53%
Total interest-earning assets	4,749,289	\$ 60,201	5.25%	3,675,013	\$ 28,949	3.61%
Non-interest-earning assets	631,289			359,438		
Total assets	\$ 5,380,578			\$ 4,034,451		
Interest-bearing liabilities:						
Interest-bearing checking	90,627	56	0.24%	45,741	47	0.41%
Savings	55,163	10	0.07%	53,717	8	0.06%
Money markets	49,822	41	0.33%	48,823	26	0.21%
Time deposits	214,946	926	1.71%	103,992	260	0.99%
Wholesale deposits	1,328,128	7,024	2.10%	549,539	1,549	1.12%
Total interest-bearing deposits	1,738,686	8,057	1.84%	801,812	1,890	0.94%
FHLB advances	362,076	2,051	2.25%	179,750	619	1.37%
Overnight fed funds purchased	—	—	— %	174,380	656	1.49%
Subordinated debentures	73,466	1,158	6.25%	73,324	1,113	6.02%
Other borrowings	31,593	398	5.00%	17,568	183	4.13%
Total borrowings	467,135	3,607	3.06%	445,022	2,571	2.29%
Total interest-bearing liabilities	2,205,821	11,664	2.10%	1,246,834	4,461	1.42%
Non-interest-bearing deposits	2,375,499	\$ —	— %	2,286,630	\$ —	— %
Total deposits and interest-bearing liabilities	4,581,320	\$ 11,664	1.01%	3,533,464	\$ 4,461	0.50%
Other non-interest-bearing liabilities	146,148			64,065		
Total liabilities	4,727,468			3,597,529		
Shareholders' equity	653,110			436,922		
Total liabilities and shareholders' equity	\$ 5,380,578			\$ 4,034,451		
Net interest income and net interest rate spread including non-interest-bearing deposits		\$ 48,537	4.24%		\$ 24,488	3.11%
Net interest margin			4.05%			2.64%
Tax equivalent effect			0.22%			0.49%
Net interest margin, tax-equivalent (5)			4.27%			3.13%

- (1) Tax rate used to arrive at the TEY for the three months ended September 30, 2018 was 24.53%.
- (2) Tax rate used to arrive at the TEY for the three months ended September 30, 2017 was 35%.
- (3) Previously stated Specialty Finance Loans have been renamed as National Lending Loans. National Lending Loans are comprised of loan portfolios that are not generated by the Community Bank.
- (4) Previously stated Retail Bank loans have been renamed as Community Banking 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.

The following table presents, for the periods indicated, loan and lease receivables balances of the Company's lending portfolio.

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
National Lending					
Asset Based Lending	\$ 477,917	\$ —	\$ —	\$ —	\$ —
Factored Receivables	284,221	—	—	—	—
Lease Receivables	265,315	—	—	—	—
CML Insurance Premium Finance	337,877	303,603	240,640	235,671	250,459
SBA/USDA	59,374	—	—	—	—
Other Commercial Finance	85,145	11,418	8,041	6,306	4,849
Commercial Finance (1)	1,509,849	315,021	248,681	241,977	255,308
Student Loans	168,663	176,253	184,184	190,707	123,742
Credit Products	80,605	26,583	—	—	—
Other Specialty Finance	65,000	—	—	—	—
Other Consumer Finance	21,093	18,091	17,758	18,430	16,487
Consumer Finance	335,361	220,927	201,942	209,137	140,229
Taxpayer Advances	1,073	14,281	57,008	43,970	—
ERO Advances	—	—	1,786	23,454	192
Tax Services	1,073	14,281	58,794	67,424	192
Total National Lending Loans and Leases	1,846,283	550,229	509,417	518,538	395,729
Community Banking					
Commercial and Multifamily Real Estate	748,579	716,495	685,457	654,029	585,510
1-4 Family Real Estate	223,482	214,754	205,994	203,967	196,706
Agricultural Loans	60,498	60,096	58,773	85,999	95,394
Commercial Operating Loans	42,311	34,651	37,634	26,756	30,718
Consumer Loans	23,836	22,950	22,421	21,874	22,775
Total Community Banking Loans	1,098,706	1,048,946	1,010,279	992,625	931,103
Total Gross Loan and Lease Receivables (2)	2,944,989	1,599,175	1,519,696	1,511,163	1,326,832
Allowance for Loan and Lease Losses	(13,040)	(21,950)	(27,078)	(8,862)	(7,534)
Net Deferred Loan Origination Fees	(250)	(1,881)	(2,080)	(2,023)	(1,461)
Total Loan and Lease Receivables, net of allowance	\$ 2,931,699	\$1,575,344	\$1,490,538	\$ 1,500,278	\$ 1,317,837

- (1) The September 30, 2018 balances in the table above included \$11.4 million and \$4.0 million of credit and interest rate marks related to the acquired loans and leases from the Crestmark acquisition.
- (2) Held for sale loan balances totaled \$15.6 million at September 30, 2018 and are not included in the table above. Included in the held for sale balance was \$1.5 million of an interest rate mark related to the acquired loans and leases from the Crestmark acquisition.

The following table presents, for the periods indicated, allowance for loan and lease loss activity.

(Dollars in thousands) (Unaudited)	Three Months Ended			Year Ended	
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Allowance for loan and lease loss activity					
Beginning balance	\$ 21,950	\$ 27,078	\$ 14,968	\$ 7,534	\$ 5,635
Provision—tax services loans	1,009	1,189	(954)	21,344	7,612
Provision—all other loans and leases	3,697	4,126	810	8,089	2,976
Charge-offs—tax services loans	(11,295)	(10,507)	(7,083)	(21,802)	(7,842)
Charge-offs—all other loans and leases	(3,420)	(243)	(412)	(4,162)	(1,155)
Recoveries—tax services loans	31	1	200	454	229
Recoveries—all other loans and leases	1,068	306	5	1,583	79
Ending balance	<u>\$ 13,040</u>	<u>\$ 21,950</u>	<u>\$ 7,534</u>	<u>\$ 13,040</u>	<u>\$ 7,534</u>

Selected Financial Information

At Period Ended:	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Equity to total assets	12.81%	10.65%	10.31%	8.08%	8.31%
Book value per common share outstanding	\$ 19.09	\$ 15.25	\$ 15.25	\$ 15.10	\$ 15.05
Tangible book value per common share outstanding	\$ 9.54	\$ 10.28	\$ 10.22	\$ 9.95	\$ 9.82
Tangible book value per common share outstanding excluding AOCI	\$ 10.39	\$ 11.26	\$ 10.94	\$ 9.75	\$ 9.51
Common shares outstanding	39,167,280	29,101,605	29,098,773	28,994,538	28,867,785
Non-performing assets to total assets	0.72%	0.86%	0.84%	0.61%	0.72%
Full-time equivalent employees	1,219	932	916	878	827

	Three Months Ended			Year Ended	
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net interest margin	4.05%	2.94%	2.64%	3.14%	2.58%
Net interest margin, tax-equivalent	4.27%	3.23%	3.13%	3.41%	3.05%
Return on average assets	0.65%	0.64%	0.17%	1.12%	1.13%
Return on average equity	5.34%	6.11%	1.60%	10.44%	11.20%

Select Quarterly Expenses

(Dollars in Thousands)	Actual Sep 30, 2018	Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Anticipated Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020
For the Three Months Ended									
Amortization of Intangibles (1)	\$3,564	\$4,383	\$5,602	\$4,383	\$3,366	\$2,683	\$3,409	\$2,640	\$2,286
Executive Officer Stock Compensation (2)	\$1,338	\$ 941	\$ 700	\$ 708	\$ 715	\$ 593	\$ 609	\$ 609	\$ 615

- (1) These amounts are based upon the current reporting period's intangible assets only. This table makes no assumption for expenses related to future acquired intangible assets.
- (2) These amounts are based upon the employment agreements signed in the first and second quarters of fiscal 2017 by the Company's two highest paid executives. This table makes no assumption for expenses related to any additional agreements entered into, or to be entered into, after such quarters.

Conference Call

The Company will host an earnings conference call and webcast at 4:00 p.m. CDT (5:00 p.m. EDT) on Tuesday, October 30, 2018. The live webcast of the call can be accessed from Meta's Investor Relations website at www.metafinancialgroup.com. Telephone participants may access the live conference call by dialing (844) 461-9934 approximately 10 minutes prior to start time. Please ask to join the Meta Financial conference call, and provide conference ID 1367877 upon request. International callers should dial (636) 812-6634. A webcast replay will also be archived at www.metafinancialgroup.com for one year.

About Meta Financial Group®

Meta Financial Group, Inc.® (Nasdaq: CASH) is the holding company for the financial services company MetaBank® ("Meta"). Founded in 1954, Meta has grown to operate in several different financial sectors: community banking, national lending, payments and tax services. Meta works with high-value niche industries, strategic-growth companies and technology adopters to grow their businesses and build more profitable customer relationships. Meta tailors solutions for bank and non-bank businesses, and provides a focused collaborative approach. The organization is helping to shape the evolving financial services landscape by directly investing in innovation and acquiring complementary businesses that strategically expand its suite of services. Meta has a national presence and over 1,200 employees, with corporate headquarters in Sioux Falls, S.D. For more information, visit the Meta Financial Group website or LinkedIn.

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Meta Financial Group, Inc. ® Names Brad Hanson CEO

J. Tyler Haahr Steps Down as CEO; Remains Chairman Through Upcoming Annual Meeting of Stockholders

SIOUX FALLS, S.D., Oct. 30, 2018 (GLOBENEWSWIRE) – Meta Financial Group, Inc.® (Nasdaq: CASH) (“Meta” or the “Company”) today announced that its Board of Directors has appointed Brad Hanson, currently President of Meta Financial Group, MetaBank and Meta Payment Systems, to the additional role of Chief Executive Officer, effective today. Hanson will also remain on the Meta Board. Hanson replaces J. Tyler Haahr, who has stepped down as Chief Executive Officer. It is expected that Haahr will remain Chairman of the Board and an employee through the Company’s Annual Meeting of Stockholders expected to be held in January 2019. Frederick V. Moore, currently Lead Director and Vice Chairman, has been appointed to serve as Chairman effective following the date of the Annual Meeting.

“Brad is a key architect of Meta’s success and a proven leader in the financial services industry. Under his leadership, Meta will continue to build on the Company’s recent accomplishments and leverage its strong platform in the years ahead,” said Moore. “Following the successful completion of the transformative Crestmark acquisition, Tyler and the Board have mutually determined that now is the right time for a new leader to guide Meta going forward. Because of the depth of our management team, we are confident Meta will continue its growth momentum and deliver value for shareholders under Brad’s leadership.”

Moore continued, “On behalf of the Board and the entire Meta team, I want to thank Tyler for his service and many contributions to the Company. Under Tyler’s leadership, Meta has experienced tremendous growth, strengthened its platform through innovation and diversification, and delivered significant value for shareholders.”

“I am honored to have the opportunity to continue to serve our Company in this new role and gratified by the Board’s confidence in me,” said Hanson. “I am excited to lead our talented team as we continue to execute on our strategic initiatives. Given Meta’s strong financial position and diverse and growing suite of products and services, I am confident we are well-positioned to create an even better future for our employees, partners, customers and shareholders.”

Haahr said, “It has been an honor to lead this great Company over the past 13 years and to be a part of its growth story for more than 20 years. I am proud to have played a role in taking good care of our employees and customers, and advancing our vision of financial inclusion for everyone. I look forward to assisting Brad and the Board during this transition and watching Meta continue to thrive for decades to come.”

Brad Hanson Biography

Hanson has served as a director of Meta since 2005, and currently serves as President of Meta Financial Group, MetaBank and Meta Payment Systems. Hanson joined Meta in 2004 and founded the Company's Meta Payment Systems division. Prior to joining Meta, Hanson was senior vice president at BankFirst. Hanson has more than 25 years of experience in financial services, including numerous banking, card industry and technology-related capacities. During his career, Hanson has played a significant role in the development of the prepaid card industry.

Conference Call

The Company will host a conference call and webcast at 4:00 p.m. CDT (5:00 p.m. EDT) today to discuss this announcement as well as its fourth quarter and full year results. The live webcast of the call can be accessed from Meta's Investor Relations website at www.metafinancialgroup.com. Telephone participants may access the live conference call by dialing (844) 461-9934 approximately 10 minutes prior to start time. Please ask to join the Meta Financial conference call, and provide conference ID 1367877 upon request. International callers should dial (636) 812-6634. A webcast replay will also be archived at www.metafinancialgroup.com for one year.

About Meta Financial Group, Inc. ®

Meta Financial Group, Inc. ® (Nasdaq: CASH) is the holding company for the financial services company MetaBank ®. Founded in 1954, Meta has grown to operate in several different financial sectors: payments, tax services, national commercial lending, community banking, national consumer lending and insurance premium financing. Meta works with high-value niche industries, strategic-growth companies and technology adopters to grow their businesses and build more profitable customer relationships. Meta tailors solutions for bank and non-bank businesses, and provides a focused collaborative approach. The organization is helping to shape the evolving financial services landscape by directly investing in innovation and acquiring complementary businesses that strategically expand its suite of services. Meta has a national presence and over 1,200 employees, with corporate headquarters in Sioux Falls, S.D. For more information, visit the Meta Financial Group [website](#) or [LinkedIn](#).

Forward Looking Statements

This Press Release includes statements which may constitute forward-looking statements made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding expectations with respect to the Company's growth, shareholder return and relationships with Meta's employees, partners, customers and shareholders. The accuracy of these statements are necessarily subject to risks, uncertainties, and assumptions as to future events that may not prove to be accurate. Various factors could cause actual results to differ materially from those expressed or implied herein, including the factors discussed in the Company's most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. 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.

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Quarterly Investor Update

Fourth Quarter and Fiscal Year End 2018

Fourth Quarter & Fiscal Year End 2018 | NASDAQ: CASH

Meta
Financial Group

Forward Looking Statements

Meta Financial Group, Inc.[®] (the "Company") and its wholly-owned subsidiary, MetaBank[®] (the "Bank"), may from time to time make written or oral "forward-looking statements," including statements contained in this investor update, the Company's filings with the Securities and Exchange Commission ("SEC"), the Company's 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 MPS, a division of the Bank; credit quality and adequacy of reserves; technology; and the Company's employees. The following factors, among others, could cause the Company's financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: risks relating to the recently-announced management transition; the expected growth opportunities, beneficial synergies and/or operating efficiencies from the Crestmark acquisition may not be fully realized or may take longer to realize than expected; customer losses and business disruption related to the Crestmark acquisition; unanticipated or unknown losses and liabilities may be incurred by the Company following the completion of the Crestmark acquisition; 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 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 risks of reduced volume of refund advance loans as a result of reduced customer demand for or acceptance or usage of Meta'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 and the Federal Reserve, as well as the Federal Deposit Insurance Corporation, 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 (including in light of any future acquisitions), 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 herein speak only as of the date of this investor update. 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 cautionary note. Additional discussions of factors affecting the Company's business and prospects are reflected under the caption "Risk Factors" and in other sections of the Company's Annual Report on Form 10-K for the Company's fiscal year ended September 30, 2017 and in other periodic 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.

Business Updates⁽¹⁾

Crestmark Bancorp, Inc. Acquisition

- On August 1, 2018, Meta completed the previously announced acquisition of Crestmark Bancorp, Inc. and Crestmark Bank.
- The fair value of loans and leases receivable acquired on August 1, 2018 pursuant to the Crestmark acquisition was \$1.05 billion.
- Combined credit and interest rate marks associated with acquired loans and leases totaled \$18.3 million.
- The fair value of deposits acquired on August 1, 2018 pursuant to the Crestmark acquisition totaled \$1.12 billion.

Stock Split and Dividend Increase

- On October 5, 2018, Meta common stock began trading on a split-adjusted basis as a result of the 3-for-1 forward stock split the with respect to Meta's common stock, which was previously announced on August 28, 2018 and effected on October 4, 2018. As a result of the stock split, the number of issued and outstanding shares of Meta common stock increased to 39.2 million shares, which includes shares issued pursuant to the Crestmark acquisition.
- Meta also announced on August 28, 2018 that its Board of Directors approved an increase in the quarterly common stock dividend, to \$0.05 per share, or \$0.20 annualized (which amounts reflect the effectiveness of the stock split) representing a 15.4% increase over the quarterly dividend paid in the prior quarter (as adjusted to reflect the forward stock split).

Earnings Per Share Outlook For Fiscal Years 2019 and 2020

- Fiscal year 2019 earnings per common share to be in the range of \$2.30 to \$2.70, excluding the effects related to Company executive transition agreement costs.
- Estimated executive transition agreement costs expected to reduce earnings per common share by approximately \$0.15 in fiscal 2019, which the Company expects to incur in the quarter ending March 31, 2019.
- Company affirms fiscal year 2020 GAAP earnings per common share to be in the range of \$3.10 to \$3.80.
- Assumes effective tax rate range in the high-single digits to lower teens for fiscal year 2019. This tax rate may fluctuate quarter to quarter due to alternative energy income tax credits and other factors.
- The Company's guidance is based on current plans, expectations and assumptions, including assumptions of an average of 40.0 million outstanding diluted shares for fiscal year 2019 and an average of 40.5 million outstanding diluted shares for fiscal year 2020.

⁽¹⁾ All share and per share data for all periods presented in this presentation have been adjusted to reflect the 3-for-1 forward stock split effected by the Company on October 4, 2018.

Experienced Management Team

Executive Officers	Prior Experience	Industry Experience (years)	MetaBank Experience (years)
Brad Hanson <i>President and Chief Executive Officer</i>	<ul style="list-style-type: none"> President at MetaBank Prior experience in financial services, including numerous banking, card industry and technology-related capacities 	25	14
Mick Goik <i>Executive Vice President and Head of Commercial Finance</i>	<ul style="list-style-type: none"> Crestmark Bank's President and COO, and former CFO Prior experience includes various roles at Crestmark, GE Capital and other companies involved in the commercial finance products and services industry 	25	15 ⁽¹⁾
Glen Herrick <i>Executive Vice President and Chief Financial Officer</i>	<ul style="list-style-type: none"> Chief Financial Officer of Wells Fargo's student loan division 20 years at Wells Fargo in various finance, treasury and risk management roles 	25	5
Shelly Schneekloth <i>Executive Vice President and Head of Technology and Operations</i>	<ul style="list-style-type: none"> General Manager of FIS' Prepaid Processing Division Prior leadership positions in financial services, including FIS 	20	1
Sheree Thornsberry <i>Executive Vice President and Head of Payments</i>	<ul style="list-style-type: none"> General Manager of Hawk Incentives at Blackhawk Network Leadership positions at IntelliSpend and Blackhawk Network 	15	1

⁽¹⁾ For Mr. Goik, includes experience at Crestmark Bank

Financial Highlights⁽¹⁾

Fourth Quarter Ended September 30, 2018

- Quarterly GAAP net income of \$8.7 million and quarterly diluted earnings per share of \$0.24.
- Fourth quarter fiscal 2018 average assets grew to \$5.4 billion, an increase of 33% compared to the 2017 fiscal fourth quarter.
- Net interest income was \$48.5 million in the 2018 fiscal fourth quarter, an increase of 98% compared to the fourth quarter of fiscal 2017.
 - Tax equivalent net interest margin was 4.27% in the fiscal 2018 fourth quarter, an increase of 114 basis points from the fourth quarter of fiscal 2017.
- Overall cost of funds for all deposits and borrowings averaged 1.01% during the fiscal 2018 fourth quarter, compared to 0.5% for the 2017 fourth quarter.
 - This increase was primarily due to a rising interest rate environment affecting overnight borrowing rates as well as certain wholesale funding and primarily to the Crestmark acquired deposits.
- Deposit and card fee income totaled \$21.0 million, a decrease of 22% compared to the same quarter in fiscal 2017.
 - Adjusting for the impact of the residual fee income related to the wind-down of the Company's relationships with two non-strategic partners, deposit and card fee income would have been flat compared to the same period of the prior fiscal year.
- Recognized \$4.0 million of investment tax credits related to alternative energy leasing initiatives in the Crestmark division.
 - Acquired an experienced team and sophisticated processes for evaluating, underwriting, and managing tax credit leasing initiatives through recent Crestmark acquisition, which the Company intends to utilize as an ongoing business to manage income tax expense to maximize shareholder return.
 - The timing and impact of these tax credits are expected to vary from period to period, and Meta intends to undertake only those tax credits that meet the Company's underwriting criteria.

Fiscal Year Ended September 30, 2018

Record fiscal year earnings

- FY 2018 GAAP net income of \$51.6 million, an increase of 15% over fiscal year 2017.
- FY 2018 diluted earnings per share of \$1.67.
- FY 2018 return on average assets of 1.12% and return on average equity of 10.44%.

Strong organic loan growth

- Total net loans and leases receivable increased \$1.61 billion, or 122%, to \$2.93 billion at September 30, 2018, from \$1.32 billion at September 30, 2017.
- When excluding Crestmark loans and leases, total net loans and leases receivable increased \$454.0 million, or 34%, Y/Y.

⁽¹⁾ All share and per share data for all periods presented in this presentation have been adjusted to reflect the 3-for-1 forward stock split effected by the Company on October 4, 2018.

Notable Fourth Quarter Impacts

For the Quarter Ended	September 30, 2018
Selected Items (pre-tax, unless noted)	
Loss on sale of securities	6,979
Amended historical tax return of the acquired Crestmark Bancorp entity (tax benefit)	4,644
M&A expenses	3,215
Operational synergies	3,051

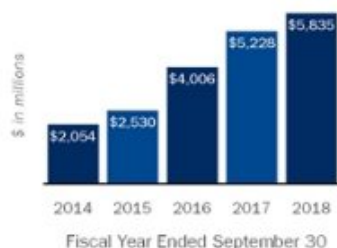
Selected Items

- \$7.0 million loss on the sale of securities due to planned balance sheet restructuring to make room for the Crestmark loan portfolio
- \$4.6 million income tax benefit as a result of amending a historical tax return of Crestmark Bancorp, Inc.
- \$3.2 million of direct merger and acquisition-related expenses
- \$3.1 million of non-interest expense charges related to operational synergies mostly from combining our tax services platforms

Selected Financial Data⁽¹⁾

(Dollars in Millions, Except Share and Per Share Data)	2014	2015	2016	2017	2018
At September 30					
Total Assets	\$ 2,054	\$ 2,530	\$ 4,006	\$ 5,228	\$ 5,835
Loans and leases receivable, net	493	706	919	1,318	2,932
Deposits	1,367	1,658	2,430	3,223	4,431
Total annual average non-interest bearing deposits	1,319	1,632	2,018	2,286	2,455
Shareholder's equity	175	271	335	434	748
Total equity to assets	8.5%	10.7%	8.4%	8.3%	12.8%
Loan to Deposit Ratio	36.1%	42.6%	37.8%	40.9%	66.2%
For the Fiscal Year					
Net interest income	\$ 46.3	\$ 59.2	\$ 77.3	\$ 93.2	\$ 130.5
Non-interest income	51.7	58.2	100.8	172.2	184.5
Income, net of tax	15.7	18.1	33.2	44.9	51.6
Diluted earnings per share	\$0.84	\$0.89	\$1.30	\$1.61	\$1.67

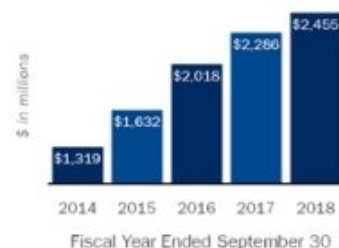
Total Assets



Net Income and Diluted Earnings Per Share



Total Average Non-Interest Bearing Deposits



⁽¹⁾ All share and per share data for all periods presented in this presentation have been adjusted to reflect the 3-for-1 forward stock split effected by the Company on October 4, 2018.

Selected Ratios⁽¹⁾

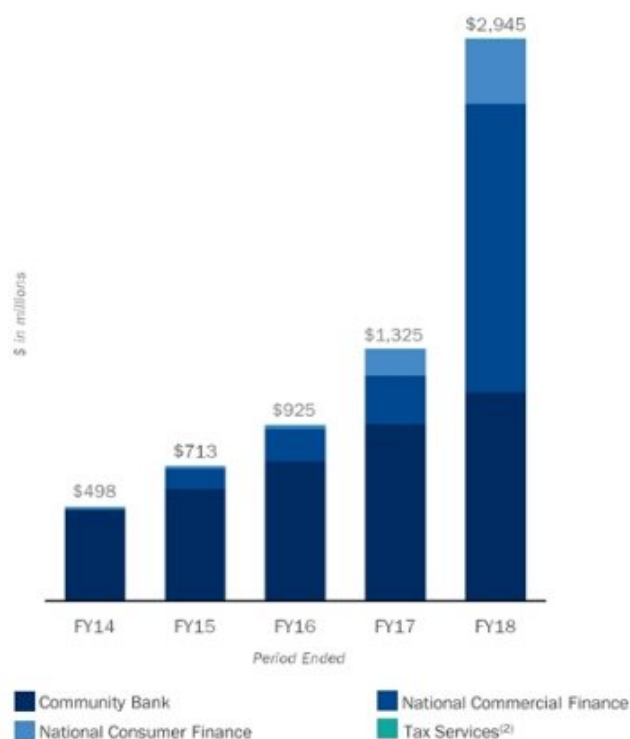
	For the Fiscal Year Ended or at September 30,				
(Dollars in Thousands, Except Share and Per Share Data)	2014	2015	2016	2017	2018
Performance Ratios					
Return on average assets	0.81%	0.78%	1.10%	1.13%	1.12%
Return on average equity	10.01%	8.83%	10.80%	11.20%	10.44%
Net interest margin, tax equivalent	2.80%	3.03%	3.19%	3.05%	3.41%
Quality Ratios					
Nonperforming assets to total assets	0.05%	0.31%	0.03%	0.72%	0.72%
Allowance for loan and leases losses to nonperforming loans and leases	547%	80%	479%	20%	128%
Allowance and credit mark to total loans and leases	1.08%	0.88%	0.61%	0.57%	0.83%
Capital Ratios					
Stockholders' equity to total assets	8.51%	10.73%	8.36%	8.31%	12.81%
Average stockholders' equity to average assets	8.14%	8.81%	10.19%	10.07%	10.72%
Other Data					
Book value per common share outstanding	\$9.44	\$11.08	\$13.10	\$15.05	\$19.09
Tangible book value per common share outstanding	\$9.30	\$8.20	\$10.52	\$9.82	\$9.54
Common shares outstanding	18,508,812	24,489,066	25,570,923	28,867,785	39,167,280

⁽¹⁾ All share and per share data for all periods presented in this presentation have been adjusted to reflect the 3-for-1 forward stock split effected by the Company on October 4, 2018.

Lending Divisions Continue Growth Trends

Driven by Commercial Real Estate and Commercial Insurance Premium Finance

Gross Loans and Leases Receivable⁽¹⁾



Total net loans and leases receivable increased 122%, at September 30, 2018, compared to September 30, 2017

- When excluding Crestmark acquired loans and leases, total net loans and leases receivable increased \$454.0 million, or 34%

National lending and leasing portfolio, excluding the Crestmark division, increased 74%, at September 30, 2018, compared to September 30, 2017

- Commercial finance increase driven by commercial insurance premium finance loan growth of 35%, Y/Y
- Consumer finance growth of 139% Y/Y, driven by the Company's consumer credit products, student loan portfolio, and a consumer receivable asset-based warehouse line of credit

Community bank loan growth of 18%, Y/Y

- Increase due to growth in commercial real estate loans of \$163.1 million and residential mortgage loans of \$26.8 million, offset in part by a decrease in agricultural loans of \$34.9 million
- Total community bank loan growth, excluding the decrease in agricultural loans, would have been 22%, Y/Y

⁽¹⁾ Excludes deferred fees

⁽²⁾ Tax services balance of \$1.1 million at September 30, 2018

Diversified Loan Portfolio

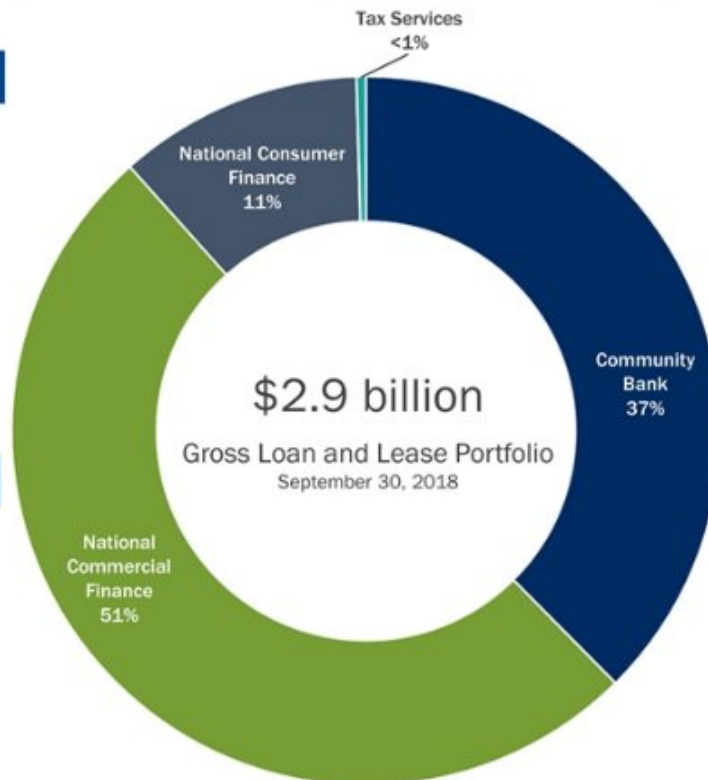
National Commercial Lending and Consumer Financing Expected to Further Diversify Portfolio

National Commercial Finance

- \$1.5 billion national commercial finance portfolio at September 30, 2018
- Excluding growth relating to the acquired loans, national commercial finance loans and leases increased \$95.4 million, or 37.4%, at September 30, 2018, compared to September 30, 2017
- Y/Y growth driven by commercial insurance premium finance

National Consumer Finance

- \$335.4 million national consumer finance portfolio at September 30, 2018, an increase of \$195.1 million at September 30, 2018, compared to September 30, 2017
- Y/Y growth largely driven by the Company's consumer credit products, student loan portfolio, and consumer receivable asset-based warehouse line of credit
- \$59 million in new loan originations in the consumer credit portfolio in the fiscal fourth quarter



Community Banking

- \$1.1 billion in community banking loans at September 30, 2018
- Increase due to growth in commercial real estate loans of \$163.1 million and residential mortgage loans of \$26.8 million, offset in part by a decrease in agricultural loans of \$34.9 million

Tax Services

- \$1.1 million tax service loans outstanding at September 30, 2018

Industry Concentrations⁽¹⁾

Crestmark Monitors Loan Concentrations to Specific Industries

Industry concentrations in the following graph reflect concentrations in the asset-based lending, factoring, and government guaranteed portfolios, combined.

Asset-based Lending

- Asset-based lending primarily provides financing based on a company's eligible accounts receivable, inventory, machinery and equipment. It offers greater availability than many other methods of financing and is a fast and cost-effective way to obtain working capital.
- Asset-based lending revolving structures increased approximately 11%, while term loans grew more than three-fold at September 30, 2018, compared to September 30, 2017.

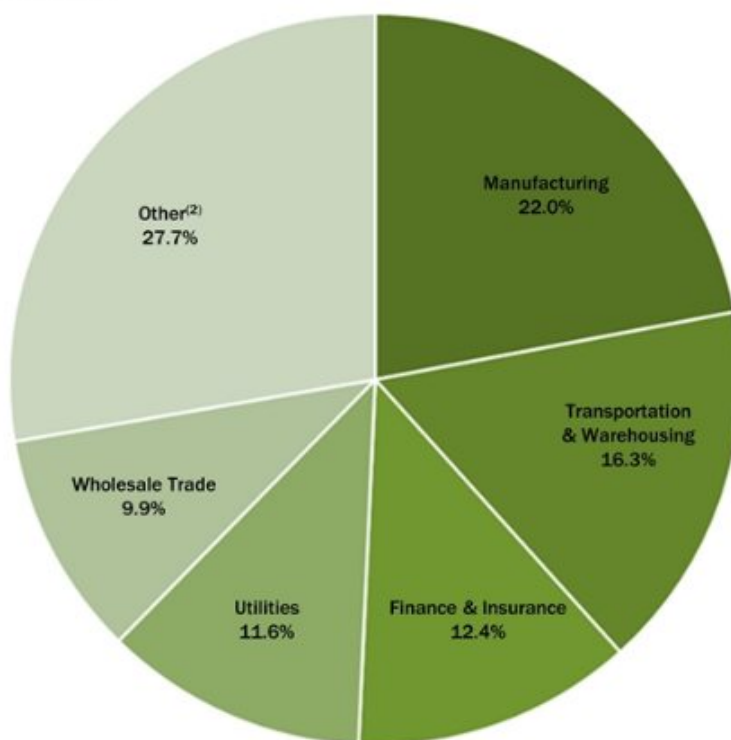
Factoring

- Factoring of receivables provides businesses with immediate cash to fund their day-to-day operations.

Total factoring portfolio increased approximately 2%, at September 30, 2018, compared to September 30, 2017.

Government Guaranteed

- Target SBA or USDA guaranteed loans to provide funding opportunities for growth, expansion, acquisition, or restructuring for clients.
- Total government guaranteed portfolio increased approximately 61%, at September 30, 2018, compared to September 30, 2017.



⁽¹⁾ Concentrations do not include loan activities from joint ventures and leasing portfolios

⁽²⁾ Other category includes industries that make up less than 5% concentration

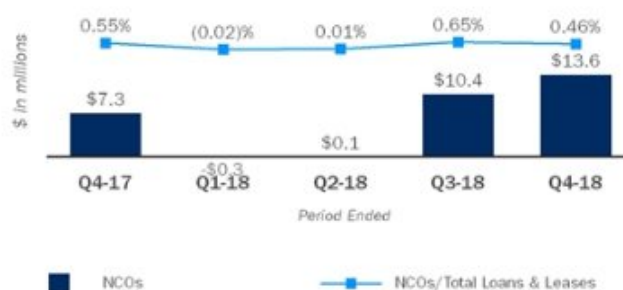
Asset Quality Remains Strong and Stable

Disciplined Credit Culture Continues to Drive Strong Asset Quality

Nonperforming Assets ("NPAs")



Net Charge Offs ("NCOs")



Nonperforming Loans & Leases ("NPLs")



Combined allowance for loan and lease losses and fair value mark was 0.8%, or \$24.4 million, of the total loan portfolio at September 30, 2018, compared to an allowance for loan loss to total loan portfolio of 0.6%, or \$7.5 million, at September 30, 2017.

Net charge-offs were \$13.6 million for the quarter-ended September 30, 2018

- A substantial portion, \$11.3 million, of the charge-offs were related to charging off a majority of the remaining balances of tax services loans.

Average Interest Earning Asset Mix Continues to Shift

Average Interest-Earning Assets



Balance Sheet Restructuring

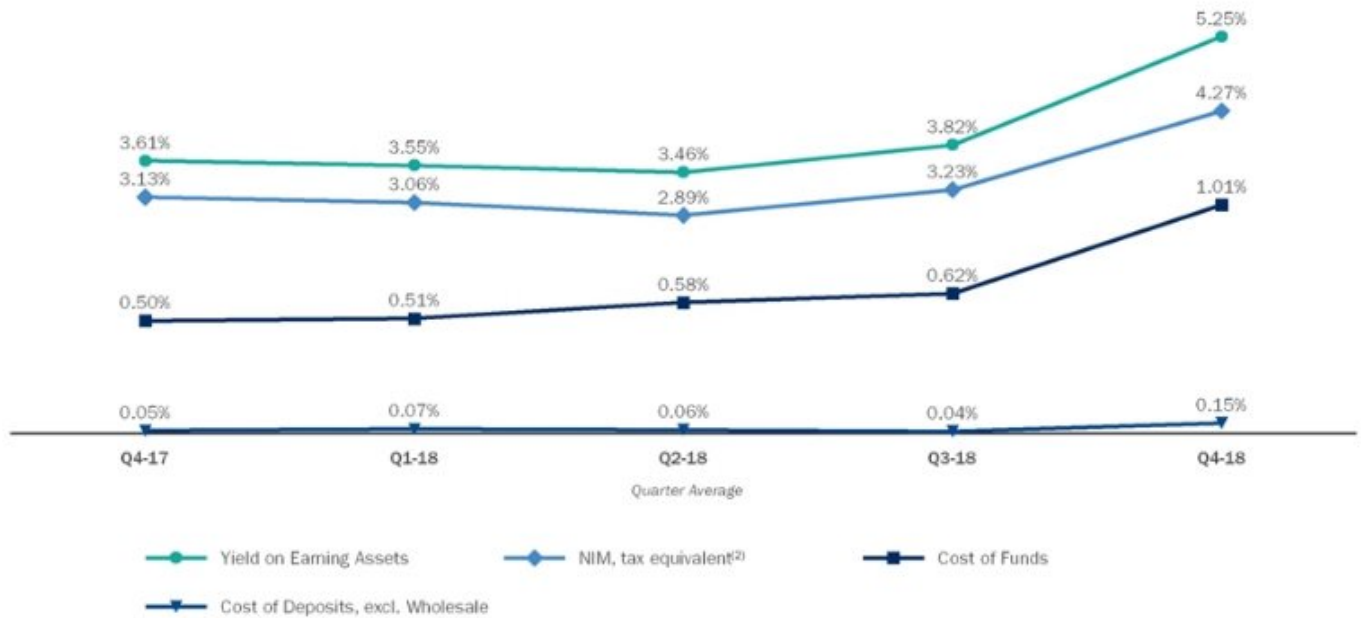
During the fiscal 2018 fourth quarter, after the close of the Crestmark transaction and after board approval, the Company completed a balance sheet restructuring to better position the Company's balance sheet for the acquired Crestmark loans and leases and high-quality loan growth that Meta's commercial finance division was producing during the quarter and forecasting for future quarters.

- Sold approximately \$260 million of lower yielding securities, over 80% of which were lower yielding agency mortgage-backed securities.
- Repositioning these securities is expected to provide for an improved overall securities portfolio yield and an improved earning asset mix. This also reduced interest rate risk in a rising rate environment.

Net Interest Margin

Expansion Bolstered in Fourth Quarter of Fiscal 2018 from Crestmark Acquisition

Net Interest Margin ("NIM") Components⁽¹⁾



⁽¹⁾ Fiscal 2018 quarterly NIM reflects the lowered corporate prorated tax rate on the Company's tax-exempt municipal portfolio as a result of the Tax Cuts and Jobs Act of 2017.

⁽²⁾ NIM, tax equivalent is a non-GAAP financial measure. The tax-equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets and adjusting for federal and state exemption of interest income. The Company believes that it is a standard practice in the banking industry to present net interest margin expressed on a fully taxable equivalent basis and, accordingly, believes the presentation of this non-GAAP financial measure may be useful for peer comparison purposes.

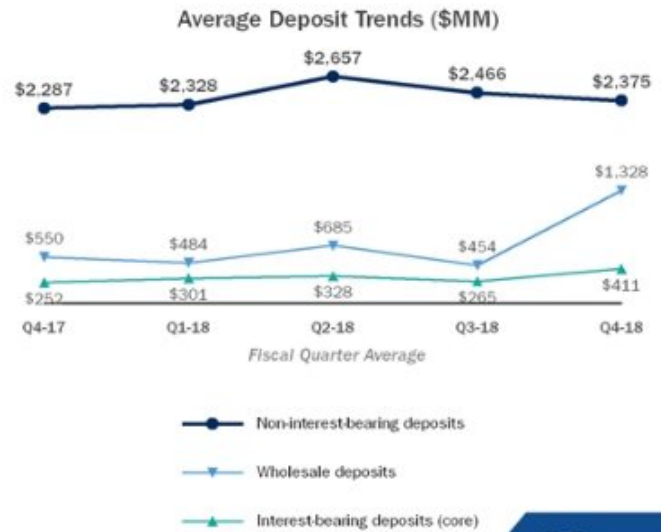
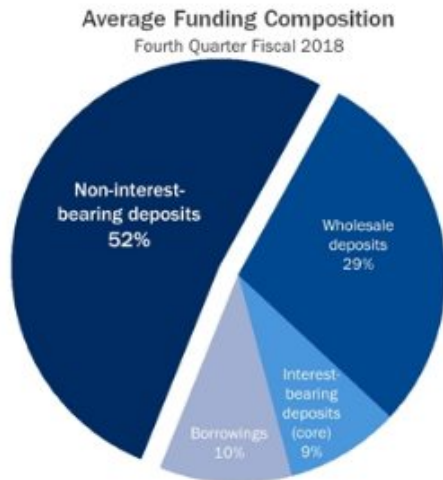
Meta's Funding Advantage

Stable, Non-Interest-Bearing Deposit Base Even in a Rising Rate Environment

The average balance of total deposits and interest-bearing liabilities was \$4.58 billion for the fourth quarter of fiscal 2018, compared to \$3.53 billion for the same period in fiscal 2017, representing an increase of 30%.

Total average deposits for fourth quarter fiscal 2018 increased 33%, and average non-interest-bearing deposits increased 4% compared to the same period in fiscal 2017.

- The increase in wholesale deposits at September 30, 2018, compared to the same period of the prior fiscal year and prior fiscal quarter was primarily attributable to interest-bearing deposits from the Crestmark acquisition in the fourth quarter.

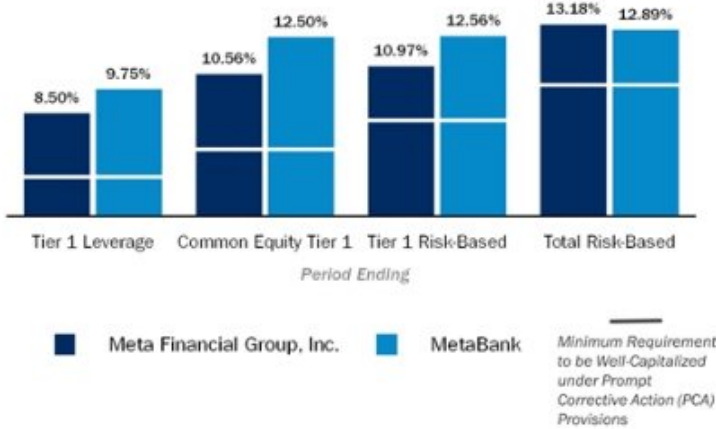


Regulatory Capital

Strong capital remains well above "well-capitalized"

Regulatory Capital Ratios⁽¹⁾

September 30, 2018



Capital Deployment Priorities

- 1) Growth initiatives
- 2) Share repurchases
- 3) Dividend payout

Management targets six-month average Bank capital ratios to reduce seasonality⁽²⁾

- MetaBank six-month average Tier 1 Leverage target > 8.0%
- MetaBank six-month average Tier 1 Leverage at 10.64%
- MetaBank six-month average Total Risk-Based Capital target > 12.0%
- MetaBank six-month average Total Risk-Based Capital at 17.37%

⁽¹⁾ Regulatory ratios are estimated

⁽²⁾ Due to the predictable, quarterly cyclical nature of non-interest-bearing deposits in connection 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.

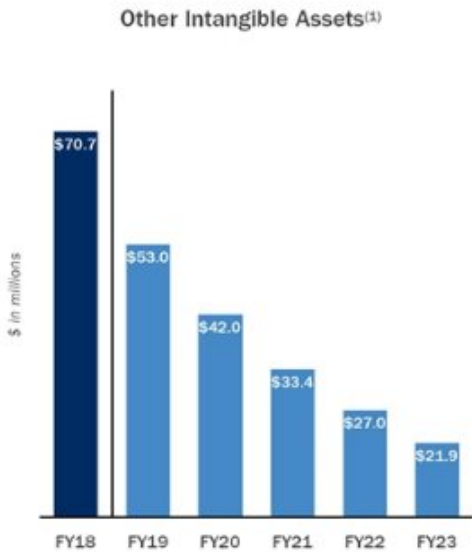
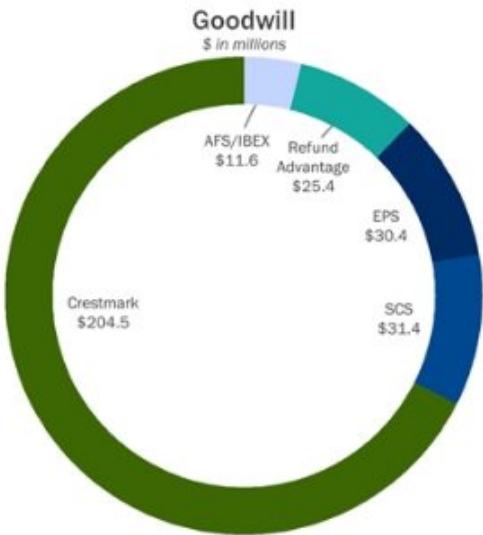
Goodwill and Intangible Assets

Majority of goodwill resulted from the Crestmark acquisition on August 1, 2018.

The Company completed an annual goodwill impairment test as of September 30, 2018 and concluded that no impairment existed.

Majority of intangible amortization expense front-loaded and taken within the next five years. Below table shows expected other intangible balance.

Future M&A activity could generate additional assets and amortization expense.



Actual FYE Balance Projected Remaining Balance

⁽¹⁾ Balances and amortization expense at September 30 and for the respective fiscal years. Amounts for fiscal years 2019-2023 are projections based on existing intangible assets and could change materially based on future acquisitions.

Appendix

Quarterly Income Statement⁽¹⁾

(\$ in thousands)	Three Months Ended					Percent Change
	Q4 Sept. 2017	Q1 Dec. 2017	Q2 March 2018	Q3 June 2018	Q4 Sept. 2018	
Net Interest Income	24,488	26,196	27,405	28,411	48,537	98%
Card Fee Income	26,694	25,247	26,856	22,807	19,536	(27)%
RT Product Fee Income	508	192	33,803	7,358	526	4%
Tax Advance Fee Income	453	1,947	33,838	(46)	(36)	(108)%
Rental Income	—	—	—	—	7,333	N/A
Other Income	2,178	1,882	2,922	3,106	(2,746)	(226)%
Total Revenue	54,321	55,464	124,824	61,636	73,150	35%
Compensation and Benefits	21,919	22,340	32,172	24,439	30,093	37%
Card Processing Expense	5,753	6,540	7,190	7,068	5,485	(5)%
RT Product Expense	292	101	9,871	1,694	85	(71)%
Tax Advance Expense	(257)	280	1,474	(19)	81	(132)%
Intangible Amortization	1,868	1,681	2,731	1,664	3,564	91%
Operating Lease Equipment Depreciation	—	—	—	—	5,386	N/A
All Other Expense	24,171	13,100	15,059	14,206	21,946	(9)%
Total Expense	\$ 53,746	\$ 44,042	\$ 68,497	\$ 49,053	\$ 66,640	24%
Provision for Loan Loss	(144)	1,068	18,343	5,315	4,706	(3,368)%
Net Income Before Taxes	\$ 719	\$ 10,354	\$ 37,984	\$ 7,268	\$ 1,804	151%
Income Tax Expense	(1,025)	5,684	6,548	476	(7,591)	641%
Net Income before non-controlling interest	\$ 1,744	\$ 4,670	\$ 31,436	\$ 6,792	\$ 9,395	439%
Net Income attributable to non-controlling interest	—	—	—	—	673	N/A
Net Income attributable to parent	\$ 1,744	\$ 4,670	\$ 31,436	\$ 6,792	\$ 8,722	400%
Earnings Per Share, Diluted	\$ 0.06	\$ 0.16	\$ 1.08	\$ 0.23	\$ 0.24	300%
Average Diluted Sharecount	28,243	29,139	29,180	29,219	35,823	27%

⁽¹⁾ All share and per share data reported in this presentation has been adjusted for the forward stock split on August 28, 2018 for all periods presented.

Fiscal Year Income Statement⁽¹⁾

(\$ in thousands)	Fiscal Year Ended					Percent Change
	2014	2015	2016	2017	2018	
			September 30,			FY 2018 vs. FY 2017
Net Interest Income	46,262	59,220	77,305	93,230	130,549	40%
Card Fee Income	48,738	54,542	70,533	94,707	94,446	—%
RT Product Fee Income	—	—	23,347	38,956	41,879	8%
Tax Advance Fee Income	—	—	1,575	31,913	35,703	12%
Rental Income	—	—	—	—	7,333	N/A
Other Income	3,000	3,632	5,315	6,596	5,164	(22)%
Total Revenue	\$ 98,000	\$ 117,394	\$ 178,075	\$ 265,402	\$ 315,074	19%
Compensation and Benefits	38,155	46,493	61,675	88,728	109,044	23%
Card Processing Expense	15,487	16,508	22,263	24,130	26,283	9%
RT Product Expense	—	—	8,648	11,885	11,750	(1)%
Tax Advance Expense	—	—	—	3,241	1,817	(44)%
Intangible Amortization	77	1,349	4,828	12,362	9,641	(22)%
Operating Lease Equipment Depreciation	—	—	—	—	5,386	N/A
All Other Expense	24,512	32,156	37,234	59,317	64,311	8%
Total Expense	\$ 78,231	\$ 96,506	\$ 134,648	\$ 199,663	\$ 228,232	14%
Provision for Loan Loss	1,150	1,465	4,605	10,589	29,432	178%
Net Income Before Taxes	\$ 18,619	\$ 19,423	\$ 38,822	\$ 55,150	\$ 57,410	4%
Income Tax Expense	2,906	1,368	5,602	10,233	5,117	(50)%
Net Income before non-controlling interest	\$ 15,713	\$ 18,055	\$ 33,220	\$ 44,917	\$ 52,293	16%
Net Income attributable to non-controlling interest	—	—	—	—	673	N/A
Net Income attributable to parent	\$ 15,713	\$ 18,055	\$ 33,220	\$ 44,917	\$ 51,620	15%
Earnings Per Share, Diluted	\$ 0.84	\$ 0.89	\$ 1.30	\$ 1.61	\$ 1.67	4%
Average Diluted Sharecount	18,595	20,375	25,492	27,908	30,853	11%

⁽¹⁾ All share and per share data reported in this presentation has been adjusted for the forward stock split on August 28, 2018 for all periods presented.

Average Balance Sheet

(\$ in thousands)	Fiscal Year Average					Percent Change	Fiscal Quarter Average		Percent Change
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018 vs. FY 2017	Q4 2017	Q4 2018	Q4-18 vs. Q4-17
Cash and fed funds sold	100,506	127,901	66,759	150,338	87,536	(42)%	73,189	60,946	(17)%
Total Investments	1,315,145	1,473,022	1,946,187	2,282,531	2,244,987	5%	2,325,751	2,205,455	(5)%
National Commercial Finance ⁽¹⁾	—	74,537	135,334	216,478	474,766	119%	259,396	1,091,459	321%
National Consumer Finance ⁽²⁾	—	—	—	100,815	230,553	129%	125,486	302,633	141%
Tax Services	—	—	3,804	49,026	112,583	130%	5,198	13,210	154%
Total National Lending Loans and Leases	—	74,537	139,138	366,319	817,902	123%	390,080	1,407,302	261%
Total Community Banking Loans & Leases	439,323	543,329	671,308	820,980	1,009,255	23%	885,993	1,075,586	21%
Other assets	73,878	103,138	193,286	362,133	452,491	25%	359,438	631,289	76%
Total Assets	\$ 1,928,852	\$ 2,321,927	\$ 3,016,678	\$ 3,982,301	\$ 4,612,172	16%	\$ 4,034,451	\$ 5,380,578	33%
Non-interest bearing deposits	1,319,447	1,632,130	2,017,977	2,286,358	2,455,360	7%	2,286,630	2,375,499	4%
Interest bearing deposits (core)	213,816	194,983	221,927	247,296	326,297	32%	252,273	410,558	63%
Wholesale deposits	—	—	—	558,855	738,796	32%	549,539	1,328,128	142%
Total borrowings	212,873	262,218	424,501	401,546	496,569	24%	445,022	467,135	5%
Other liabilities	25,748	28,009	44,786	87,084	100,881	16%	64,065	146,148	128%
Total Liabilities	\$ 1,771,884	\$ 2,117,340	\$ 2,709,191	\$ 3,581,139	\$ 4,117,902	15%	\$ 3,597,529	\$ 4,727,468	31%
Shareholder's equity	156,968	204,587	307,487	401,162	494,270	23%	436,922	653,110	49%
Liabilities and Equity	\$ 1,928,852	\$ 2,321,927	\$ 3,016,678	\$ 3,982,301	\$ 4,612,172	16%	\$ 4,034,451	\$ 5,380,578	33%

⁽¹⁾ National commercial finance includes loans from the AFS/IBEX and Crestmark Divisions, and healthcare receivables

⁽²⁾ National consumer finance includes the Company's purchased student loan portfolios, loans generated from its national consumer lending business, and consumer receivable asset-based warehouse line of credit