

META FINANCIAL GROUP INC
Form 10-Q/A
November 21, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended March 31, 2007

**o TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transaction period from to

Commission File Number: 0-22140

META FINANCIAL GROUP, INC. ®

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

42 1406262
(IRS Employer Identification No.)

121 East Fifth Street, Storm Lake, Iowa 50588

(Address of principal executive offices)

(712) 732 4117

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(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12-b2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Class:
Common Stock, \$.01 par value

Outstanding at November 19, 2007:
2,589,717 Common Shares

META FINANCIAL GROUP, INC.

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META FINANCIAL GROUP, INC.

EXPLANATORY NOTE RESTATEMENT OF FINANCIAL INFORMATION

For the reasons stated by the Registrant in its Form 8-K filed on November 16, 2007 and as amended on November 19, 2007, this Quarterly Report on Form 10-Q/A for the three and six months ended March 31, 2007, includes a restated consolidated statement of financial condition, consolidated statement of operations, consolidated statement of comprehensive income (loss), consolidated statement of shareholders' equity and consolidated statement of cash flows for the three and/or six months ended March 31, 2007 and a restated consolidated statement of financial condition for the fiscal year ended September 30, 2006. Earnings per share, segment, allowance roll forward and capital data have also been restated for all periods presented. Meta Financial Group, Inc. (Meta Group or the Company) will not file an amended Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006. See Item 1, Financial Statements in Part I of this Quarterly Report on Form 10-Q/A, including Note 9 of Notes to Condensed Consolidated Financial Statements, for more information concerning these restatements. This Quarterly Report on Form 10-Q/A should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended September 30, 2006.

Part I: Financial Information

Item 1. Financial Statements

META FINANCIAL GROUP, INC.**AND SUBSIDIARIES****Condensed Consolidated Statements of Financial Condition (Unaudited)**

(Dollars in Thousands, Except Share Data)

	March 31, 2007 (As Restated)	September 30, 2006 (As Restated)
ASSETS		
Cash and due from banks	\$ 1,565	\$ 7,405
Interest-bearing deposits in other financial institutions	22,920	101,948
Total cash and cash equivalents	24,485	109,353
Federal funds sold	105,000	
Securities purchased under agreements to resell		5,891
Other investment securities available for sale	27,584	27,474
Mortgage-backed securities available for sale	147,604	158,702
Loans receivable - net of allowance for loan losses of \$5,282 at March 31, 2007 and \$6,658 at September 30, 2006	374,869	388,580
Federal Home Loan and Federal Reserve Bank stock, at cost	4,999	5,768
Accrued interest receivable	3,769	4,379
Premises and equipment, net	18,492	17,623
Bank owned life insurance	13,158	12,953
Goodwill	3,403	3,403
Other assets	6,063	6,795
Total assets	\$ 729,426	\$ 740,921
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Non-interest-bearing checking	\$ 249,160	\$ 189,184
Interest-bearing checking	28,178	26,828
Savings deposits	20,196	29,869
Money market deposits	72,118	103,291
Time certificates of deposit	209,218	216,217
Total deposits	578,870	565,389
Advances from Federal Home Loan Bank	85,300	99,565
Securities sold under agreements to repurchase	5,532	15,179
Subordinated debentures	10,310	10,310
Accrued interest payable	1,184	972
Accrued expenses and other liabilities	3,058	4,407
Total liabilities	684,254	695,822
SHAREHOLDERS' EQUITY		
Preferred stock, 800,000 shares authorized, no shares issued or outstanding		
Common stock, \$.01 par value; 5,200,000 shares authorized, 2,957,999 shares issued, 2,559,830 and 2,534,367 shares outstanding at March 31, 2007 and September 30, 2006,	30	30

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respectively		
Additional paid-in capital	20,958	20,969
Retained earnings - substantially restricted	34,321	36,953
Accumulated other comprehensive (loss)	(2,356)	(4,548)
Unearned Employee Stock Ownership Plan shares	(324)	(509)
Treasury stock, 398,169 and 423,632 common shares, at cost, at March 31, 2007 and September 30, 2006, respectively	(7,457)	(7,796)
Total shareholders' equity	45,172	45,099
Total liabilities and shareholders' equity	\$ 729,426	\$ 740,921

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007 (As Restated)	2006	2007 (As Restated)	2006
Interest and dividend income:				
Loans receivable, including fees	\$ 6,615	\$ 7,466	\$ 13,491	\$ 15,052
Mortgage backed securities	1,519	1,823	3,125	3,656
Other investments and interest-earning deposits	2,155	906	4,050	1,663
	10,289	10,195	20,666	20,371
Interest expense:				
Deposits	3,190	3,336	6,693	6,683
FHLB advances and other borrowings	1,425	1,870	3,040	3,979
	4,615	5,206	9,733	10,662
Net interest income	5,674	4,989	10,933	9,709
Provision for loan losses	(280)	(350)	4,495	(309)
Net interest income after provision for loan losses	5,954	5,339	6,438	10,018
Non-interest income:				
Card fees	3,671	1,449	7,257	2,670
Deposit Fees	246	364	482	626
Loan Fees	161	54	220	196
Bank owned life insurance income	131	151	206	297
Other income	232	179	415	254
Total non-interest income	4,441	2,197	8,580	4,043
Non-interest expense:				
Compensation and benefits	4,532	3,006	8,566	6,074
Card processing expense	1,589	942	3,242	1,275
Occupancy and equipment expense	1,072	788	2,039	1,552
Legal and consulting expense	784	954	1,520	1,545
Data processing expense	292	297	469	490
Marketing	137	186	380	317
Other expense	786	1,027	1,806	1,737
Total non-interest expense	9,192	7,200	18,022	12,990
Net income (loss) before income tax expense	1,203	336	(3,004)	1,071
Income tax expense (benefit)	468	75	(1,035)	294
Net income (loss)	\$ 735	\$ 261	\$ (1,969)	\$ 777
Earnings (loss) per common share:				
Basic	\$ 0.29	\$ 0.10	\$ (0.78)	\$ 0.31
Diluted	0.28	0.10	(0.78)	0.31

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Dividends declared per common share:	\$	0.13	\$	0.13	\$	0.26	\$	0.26
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(Dollars in Thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2007 (As Restated)	2006	2007 (As Restated)	2006
Net income (loss)	\$ 735	\$ 261	\$ (1,969)	\$ 777
Other comprehensive gain (loss):				
Net unrealized gains (losses) on securities available for sale	774	(597)	3,495	(2,315)
Tax effect	289	(222)	1,303	(861)
Total other comprehensive income (loss)	485	(375)	2,192	(1,454)
Total comprehensive income (loss)	\$ 1,220	\$ (114)	\$ 223	\$ (677)

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Shareholders Equity (Unaudited)

For the Six Months Ended March 31, 2007 (RESTATED) and 2006

(Dollars in Thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss), Net of Tax	Unearned Employee Stock Ownership Plan Shares	Treasury Stock	Total Shareholders Equity
Balance, September 30, 2005	\$ 30	\$ 20,646	\$ 34,557	\$ (3,180)	\$ (825)	\$ (8,269)	42,959
Cash dividends declared on common stock (\$.26 per share)			(652)				(652)
Issuance of 9,000 common shares from treasury stock due to exercise of stock options		(63)				203	140
Stock compensation		57					57
10,200 common shares committed to be released under the ESOP		(16)			228		212
Net change in unrealized losses on securities available for sale, net of income taxes				(1,454)			(1,454)
Net income for six months ended March 31, 2006			777				777
Balance, March 31, 2006	\$ 30	\$ 20,624	\$ 34,682	\$ (4,634)	\$ (597)	\$ (8,066)	42,039
Balance, September 30, 2006	\$ 30	\$ 20,969	\$ 36,953	\$ (4,548)	\$ (509)	\$ (7,796)	45,099
Cash dividends declared on common stock (\$.26 per share)			(663)				(663)
Issuance of 25,463 common shares from treasury stock due to exercise of stock options		(227)				339	112
Stock compensation		170					170
7,998 common shares committed to be released under the ESOP		46			185		231
Net change in unrealized losses on securities available for sale, net of income taxes				2,192			2,192
			(1,969)				(1,969)

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Net (loss) for six months ended
March 31, 2007

Balance, March 31, 2007	\$	30	\$	20,958	\$	34,321	\$	(2,356)	\$	(324)	\$	(7,457)	\$	45,172
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in Thousands)

	Six Months Ended March 31,	
	2007	2006
	(As Restated)	
Cash flows from operating activities:		
Net income (loss)	\$ (1,969)	\$ 777
Adjustments to reconcile net income to net cash from operating activities:		
Effect of contribution to employee stock ownership plan	231	212
Depreciation, amortization and accretion, net	1,274	1,258
Provision for loan losses	4,495	(309)
Stock compensation	170	57
(Gain) loss on sales of real estate owned and repossessed assets, net	3	(4)
(Gain) on sales of loans, net	(17)	(27)
(Gain) on sales of other, net	(36)	
Net change in accrued interest receivable	610	295
Net change in other assets	(962)	(2,071)
Net change in accrued interest payable	212	(109)
Net change in accrued expenses and other liabilities	(1,349)	4,803
Net cash provided by operating activities	2,662	4,882
Cash flow from investing activities:		
Purchase of securities available for sale		(109)
Net change in federal funds sold	(105,000)	
Net change in securities purchased under agreement to resell	5,891	12,352
Proceeds from maturities and principal repayments of securities available for sale	13,931	21,507
Loans purchased	(54,840)	(26,687)
Net change in loans receivable	64,073	41,531
Proceeds from sales of foreclosed real estate	50	4,676
Net change in FHLB / FRB stock	769	1,309
Purchase of premises and equipment	(1,402)	(1,290)
Net cash provided by (used in) investing activities	(76,528)	53,289
Cash flows from financing activities:		
Net change in checking, savings, and money market deposits	20,480	33,769
Net change in time deposits	(6,999)	(34,114)
Repayments of advances from Federal Home Loan Bank	(14,265)	(29,950)
Net change in securities sold under agreements to repurchase	(9,647)	(4,404)
Cash dividends paid	(663)	(652)
Proceeds from exercise of stock options	92	140
Net cash (used in) financing activities	(11,002)	(35,211)
Net change in cash and cash equivalents	(84,868)	22,960
Cash and cash equivalents at beginning of period	109,353	14,370
Cash and cash equivalents at end of period	\$ 24,485	\$ 37,330
Supplemental disclosure of cash flow information		
Cash paid during the period for:		

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Interest	\$	9,521	\$	10,771
Income taxes		582		334
Supplemental schedule of non-cash investing and financing activities:				
Loans transferred to foreclosed real estate	\$		\$	27

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC. ®

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed for interim reporting by Meta Financial Group, Inc. (Meta Group or the Company) and its consolidated subsidiaries, MetaBank, MetaBank West Central (MetaBank WC), Meta Trust Company (Meta Trust), First Services Financial Limited, and Brookings Service Corporation are consistent with the accounting policies followed for annual financial reporting. All adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the periods reported have been included in the accompanying unaudited condensed consolidated financial statements, and all such adjustments are of a normal recurring nature. The accompanying condensed consolidated statement of financial condition as of September 30, 2006, which has been derived from audited financial statements, and the unaudited interim condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest shareholders' annual report (Form 10-K).

2. ALLOWANCE FOR LOAN LOSSES

At March 31, 2007 the Company's allowance for loan losses was \$5.3 million, a decrease of \$1.4 million from \$6.7 million at September 30, 2006. During the six months ended March 31, 2007 the Company recorded a provision for loan losses of \$4.5 million, which was primarily related to the impairment of a commercial lending relationship. During the three months ended March 31, 2007 the Company recorded a negative provision for loan losses of \$280,000. The Company also incurred net loan charge-offs of \$5.9 million, of which \$4.8 million was incurred in the second fiscal quarter, primarily related to the recognition of loss on the above commercial lending relationship. Further discussion of this change in the allowance is included in Corporate Developments and Overview and Nonperforming Assets and Allowance for Loan Loss in Management's Discussion and Analysis.

The following table sets forth an analysis of the activity in the Company's allowance for loan losses for the three and six month periods ended March 31, 2007 and 2006.

(Dollars in Thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007 (As Restated)	2006
Beginning balance	\$ 10,349	\$ 7,257	\$ 6,658	\$ 7,222
Provision charged to operations	(280)	(350)	4,495	(309)
Charge-offs	(4,831)	(1,108)	(5,924)	(1,116)
Recoveries	44	199	53	201
Ending balance	\$ 5,282	\$ 5,998	\$ 5,282	\$ 5,998

3. EARNINGS PER SHARE

Basic earnings per share is based on net income divided by the weighted average number of shares outstanding during the period. Diluted earnings per share shows the dilutive effect of additional common shares issuable pursuant to stock options agreements.

A reconciliation of the numerators and denominators used in the basic earnings per common share and the diluted earnings per common share computations for the three and six months ended March 31, 2007 and 2006 is presented below.

Three Months Ended March 31, (Dollars in Thousands, Except Share and Per Share Data)	2007 (As Restated)	2006
Basic earnings per common share:		
Numerator, net income	\$ 735	\$ 261
Denominator, weighted average common shares outstanding	2,549,631	2,510,677
Less weighted average unallocated ESOP and nonvested shares	(25,283)	(29,975)
Weighted average common shares outstanding	2,524,348	2,480,702
Basic earnings per common share	\$ 0.29	\$ 0.10
Diluted earnings per common share:		
Numerator, net income	\$ 735	\$ 261
Denominator, weighted average common shares outstanding for basic earnings per share	2,524,348	2,480,702
Add dilutive effect of assumed exercises of stock options, net of tax benefits	96,366	32,225
Weighted average common and dilutive potential common shares outstanding	2,620,714	2,512,927
Diluted earnings per common share	\$ 0.28	\$ 0.10

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Six Months Ended March 31, (Dollars in Thousands, Except Share and Per Share Data)	2007 (As Restated)	2006
Basic earnings (loss) per common share:		
Numerator, net income (loss)	\$ (1,969)	\$ 777
Denominator, weighted average common shares outstanding	2,542,440	2,507,147
Less weighted average unallocated ESOP and nonvested shares	(27,174)	(32,558)
Weighted average common shares outstanding	2,515,266	2,474,589
Basic earnings (loss) per common share	\$ (0.78)	\$ 0.31
Diluted earnings (loss) per common share:		
Numerator, net income (loss)	\$ (1,969)	\$ 777
Denominator, weighted average common shares outstanding for basic earnings per share	2,515,266	2,474,589
Add dilutive effect of assumed exercises of stock options, net of tax benefits		30,504
Weighted average common and dilutive potential common shares outstanding	2,515,266	2,505,093
Diluted earnings (loss) per common share	\$ (0.78)	\$ 0.31

4. COMMITMENTS AND CONTINGENCIES

At March 31, 2007 and September 30, 2006, the Company had outstanding commitments to originate and purchase loans totaling \$50.9 million and \$52.9 million, respectively. It is expected that outstanding loan commitments will be funded with existing liquid assets. At March 31, 2007, the Company had no commitments to purchase or sell securities available for sale.

Legal Proceedings

MetaBank has been named in several lawsuits whose eventual outcome could have an adverse effect on the consolidated financial position or results of operations of the Company. Because the likelihood or amount of an adverse resolution to these matters cannot currently be assessed, the Company has not recorded a contingent liability related to these potential claims.

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

On or about April 26, 2007, MetaBank, Meta Financial Group, Inc., Meta Trust Company® and J. Tyler Haahr were named as defendants in Dengler, Flute, et al v. Prairie Auto Group, Inc., a class action lawsuit filed in Circuit Court for the Second Judicial Circuit in Minnehaha County, South Dakota. This lawsuit appears to be a successor suit to a series of two state and three tribal court lawsuits that were filed in 2006, reported on a previous 10-Q, but apparently subsequently abandoned by the plaintiffs. In this action,

plaintiff class is comprised of individuals who purchased vehicles and/or obtained financing from the J.D. Byrider franchise in Pennington County, which was owned and operated by companies controlled by Dan Nelson. Plaintiffs allege that the Dan Nelson companies, including the Dan Nelson Auto Group (DNAG) and the South Dakota Acceptance Corporation (SDAC) and other affiliates, operated under the J.D. Byrider franchise and business model and engaged in abusive sales, lending and consumer practices. The bulk of the complaint addresses the various alleged fraudulent schemes perpetrated by the Nelson companies against their customers, principally the buy here, pay here model in which individuals with poor credit histories were allegedly sold poor quality vehicles at high prices with worthless warranties on usurious loan terms.

MetaBank, in conjunction with a roster of participating banks, had provided a series of loans and lines of credit to DNAG and SDAC. Plaintiffs allege that the MetaBank entities participated in the fraudulent scheme by virtue of providing these lines of credit and loans despite being aware of the predatory consumer practices of the Nelson companies, and that MetaBank profited by receiving undisclosed special benefits for providing these loans. DNAG, SDAC and Nelson have since filed for bankruptcy. Plaintiffs also allege that MetaBank did not vigorously pursue claims against Nelson and fellow DNAG executive Chris Tapken in their respective personal bankruptcies in order to allow these individuals to emerge with control over assets of their former companies. The claims against J. Tyler Haahr personally are not explained, other than that Haahr had a long-standing personal relationship that allegedly led to the decision by MetaBank to provide loans and lines of credit to the various entities owned and controlled by Nelson. The MetaBank entities have not yet filed an answer to this complaint, and there is no discrete amount of damages claimed against the MetaBank entities, so it would be premature to predict MetaBank's likelihood of success or amount of exposure in this lawsuit. MetaBank intends to vigorously contest these claims. MetaBank's liability insurer has already agreed to provide coverage to the MetaBank entities and J. Tyler Haahr for this claim, and has retained and is paying for counsel to defend this action.

As was described in the Company's previous filings, MetaBank was the lead lender and servicer of approximately \$32.0 million in loans to three auto dealership related companies and their owners. Approximately \$22.2 million of the total had been sold to ten participating financial institutions. Each participation agreement with the ten participant banks provides that the participant bank shall own a specified percentage of the outstanding loan balance at any give time. Each agreement also recites the maximum amount that can be loaned by MetaBank on that particular loan. MetaBank allocated to some participants an ownership in the outstanding loan balance in excess of the percentage specified in the participation agreement. MetaBank believes that in each instance this was done with the full knowledge and consent of the participant. Several participants have demanded that their participations be adjusted to match the percentage specified in the participant agreement. Based on the total loan recoveries projected as of March 31, 2007, MetaBank calculated that it would cost approximately \$953,000 to adjust these participations as the participants would have them adjusted. A few participants have more recently asserted that MetaBank owes them additional monies based on additional legal theories. MetaBank denies any obligation to make the requested adjustments on these or related claims. Other than as disclosed below, MetaBank cannot predict at this time whether any of these claims will be the subject of litigation.

During the three months ended June 30, 2006 or shortly thereafter four lawsuits were filed against the Company's MetaBank subsidiary. Three of the complaints are related to the Company's alleged actions in connection with its activities as lead lender to three companies involved in auto sales, service, and financing and their owner. An additional bank, North American Bank, has filed to join the First Midwest Bank-Deerfield Branches case, which action has not been granted and is being fought by MetaBank. All four actions are in their infancy and amount cannot be determined at this time. The Company intends, however, to vigorously defend its actions.

First Midwest Bank-Deerfield Branches and Mid-Country Bank v. MetaBank (Civ. No. 06-2241). On June 28, 2006, First Midwest Bank-Deerfield Branches and Mid-Country Bank filed suit against MetaBank in South Dakota's Second Judicial Circuit Court, Minnehaha County, in the above titled action. The complaint alleges that plaintiff banks, who were participating lenders with MetaBank on a series of loans made to DNAG and SDAC, suffered damages exceeding \$1 million as a result of MetaBank's placement and administration of the loans that were the subject of the loan participation agreements. The complaint sounds in breach of contract, negligence, gross negligence, negligent misrepresentation, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On July 17, 2006, MetaBank removed the case from state court to the United States District Court for the District of South Dakota, where the action has been assigned case no. Civ. 06-4114. Plaintiff(s) moved to remand the case back to state court, but this motion was denied. A scheduling order was recently submitted to the United States District Court and discovery is just beginning.

First Premier Bank v. MetaBank (Civ. No. 06-2277). On July 5, 2006, First Premier Bank filed suit against MetaBank in South Dakota's Second Judicial Circuit Court, Minnehaha County in the above titled action. The complaint alleges that First Premier, a participating lender with MetaBank on a series of loans made to SDAC, has suffered damages in an as yet undetermined amount as a result of MetaBank's actions in selling to First Premier a participation in a loan made to SDAC and MetaBank's actions in administering that loan. The complaint sounds in breach of contract, breach of covenant of good faith and fair dealing, fraudulent inducement, fraud, deceit, negligent misrepresentation, fraudulent misrepresentation, conversion, negligence, gross negligence, breach of fiduciary duty and unjust enrichment. On July 17, 2006, MetaBank removed the case from state court to the United States District Court for the District of South Dakota, where the action has been assigned case no. Civ. 06-4115. Plaintiff(s) moved to remand the case back to state court, but this motion was denied. A scheduling order was recently submitted to the United States District Court and discovery is just beginning.

Home Federal Bank v. J. Tyler Haahr, Daniel A. Nelson and MetaBank (Civ. No. 06-2230). On June 26, 2006, Home Federal Bank filed suit against MetaBank and two individuals, J. Tyler Haahr and Daniel A. Nelson, in South Dakota's Second Judicial Circuit Court, Minnehaha County in the above titled action. The complaint alleges that Home Federal, a participating lender with MetaBank on a series of loans made to DNAG and SDAC, suffered damages exceeding \$3.8 million as a result of failure to make disclosures regarding an investigation of Nelson, DNAG and SDAC by the Iowa Attorney General at the time Home Federal agreed to an extension of the loan participation agreements. The complaint sounds in fraud, negligent misrepresentation, breach of fiduciary duty, conspiracy and breach of duty of good faith and fair dealing. Discovery in that matter is proceeding.

Subject to a reservation of rights, the Company's insurance carrier has agreed to cover the three claims described above.

Meridian Enterprises Corporation v. Bank of America Corporation et al. (Case No. 4:06-cv-01117CDP). On July 21, 2006, Meridian Enterprises Corporation (Meridian) filed suit against Meta Financial Group, Inc. (Meta Payment Systems Division) (Meta) and other banks and financial institutions in the U.S. District Court for the Eastern District of Missouri in the above-titled action. Meridian is the owner of U.S. Patent No. 5,025,372 (the 372 Patent). The complaint alleges that Meta and the co-defendants each sell, administer, process and/or sponsor an incentive program where cards are provided to participants in the incentive program that can be presented to retailers to make a purchase. The complaint further alleges, inter alia, that Meta and the co-defendants each use a computer to determine whether or not a participant's performance under the incentive program entitles the participant to an award, in which the computer also determines the amount of the award, and the amount of the

award is based upon the level of the participant's performance in the incentive program. Accordingly, the complaint sounds in infringement, inducement of infringement, and contributory infringement of one or more claims of the '372 Patent. On April 9, 2007, Meridian's complaint was dismissed without prejudice.

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

5. STOCK OPTION PLAN

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

Effective October 1, 2005, the Company adopted SFAS No. 123(R), *Share-Based Payment*, using a modified prospective application. Prior to that date, the Company accounted for stock option awards under APB Opinion No. 25, *Accounting for Stock Issued to Employees*. In accordance with SFAS No. 123(R), compensation expense for share based awards is recorded over the vesting period at the fair value of the award at the time of grant. The recording of such compensation expense began on October 1, 2005 for shares not yet vested as of that date and for all new grants subsequent to that date. The exercise price of options or fair value of nonvested shares granted under the Company's incentive plans is equal to the fair market value of the underlying stock at the grant date. The Company assumes no projected forfeitures on its stock based compensation, since actual historical forfeiture rates on its stock based incentive awards has been negligible.

On January 22, 2007, the Company's stockholders approved the First Amendment to the 2002 Omnibus Incentive Plan (the "Plan"). A description of the Plan was included in "Proposal II: Approval of Amendment to 2002 Omnibus Incentive Plan" of the Company's Definitive Proxy Statement for its 2007 Annual Meeting, as filed with the Securities Exchange Commission on December 29, 2006, and is incorporated herein by reference.

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A summary of option activity at and for the six months ended March 31, 2007 is presented below:

	Number of shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs)	Aggregate Intrinsic Value
Options outstanding, September 30, 2006	386,425	\$ 19.79	6.65	\$ 1,792,717
Granted	14,000	29.50		
Exercised	(52,780)	16.99		667,250
Forfeited or expired	(1,500)	23.81		
Options outstanding, March 31, 2007	346,145	\$ 20.60	7.16	\$ 3,568,807
Options exercisable at March 31, 2007	232,395	\$ 19.24	6.46	\$ 2,710,427

A summary of nonvested share activity at and for the six months ended March 31, 2007 is presented below:

	Number of shares	Weighted Average Fair Mkt Val At Grant
Nonvested shares outstanding, September 30, 2006	8,333	\$ 24.43
Granted		
Vested		
Forfeited or expired		
Nonvested shares outstanding, March 31, 2007	8,333	\$ 24.43

As of March 31, 2007, stock based compensation expense not yet recognized in income totaled \$578,000, which is expected to be recognized over a weighted average remaining period of 1.39 years.

6. SEGMENT INFORMATION

An operating segment is generally defined as a component of a business for which discrete financial information is available and whose results are reviewed by the chief operating decision-maker. Operating segments are aggregated into reportable segments if certain criteria are met. The Company has determined that it has two reportable segments under Statement of Financial Accounting Standards No. 131, *Disclosures about Segments of an Enterprise and Related Information*: a Traditional Banking Segment consisting of its two banking subsidiaries, MetaBank and MetaBank West Central, and Meta Payment Systems®, a division of MetaBank. MetaBank and MetaBank West Central operate as traditional community banks providing deposit, loan and other related products to individuals and small businesses, primarily in the communities where their offices are located. Meta Payment Systems® provides a number of products and services, primarily to third parties, including financial institutions and other businesses. These products and services include issuance of prepaid cards, issuance of credit cards, sponsorship of ATMs into the debit networks, ACH origination services and a gift card program. Other related programs are in the process of development. The remaining grouping under the caption All Other Segments consists of the operations of Meta Financial Group, Inc. and Meta Trust Company®. Revenues and expenses are allocated to business segments using a funds transfer pricing methodology through which excess funds or funding shortfalls at individual segments are sold to or bought from, respectively, the remaining segments. As the Company's funding mix changes between segments, net interest income

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at individual segments may rise or fall based on the relative size of the excess funding or funding shortfall position at any particular segment. The following tables present segment data for the Company for the three and six month periods ended March 31, 2007 and 2006, respectively.

	Traditional Banking	Meta Payment Systems®	All Others	Total
	(Dollars in Thousands)			
Three Months Ended March 31, 2007 (As Restated)				
Net interest income (expense)	\$ 4,215	\$ 1,697	\$ (238)	\$ 5,674
Provision for loan losses	(280)			(280)
Non-interest income	726	3,691	24	4,441
Non-interest expense	4,463	4,370	359	9,192
Net income (loss) before tax	758	1,018	(573)	1,203
Income tax expense (benefit)	281	347	(160)	468
Net income (loss)	\$ 477	\$ 671	\$ (413)	\$ 735
Inter-segment revenue (expense)	\$ (1,699)	\$ 1,699	\$	\$
Total assets	501,772	229,466	(1,812)	729,426
Total deposits	355,363	223,507		578,870
Three Months Ended March 31, 2006				
Net interest income (expense)	\$ 3,915	\$ 1,234	\$ (160)	\$ 4,989
Provision for loan losses	(350)			(350)
Non-interest income	668	1,501	28	2,197
Non-interest expense	4,761	2,191	248	7,200
Net income (loss) before tax	172	544	(380)	336
Income tax expense (benefit)	53	188	(166)	75
Net income (loss)	\$ 119	\$ 356	\$ (214)	\$ 261
Inter-segment revenue (expense)	\$ (775)	\$ 933	\$ (158)	\$
Total assets	625,801	117,536	2,103	745,440
Total deposits	422,059	118,366		540,425

	Traditional Banking	Meta Payment Systems®	All Others	Total
	(Dollars in Thousands)			
Six Months Ended March 31, 2007 (As Restated)				
Net interest income (expense)	\$ 8,320	\$ 3,084	\$ (471)	\$ 10,933
Provision for loan losses	4,495			4,495
Non-interest income	1,200	7,331	49	8,580
Non-interest expense	8,962	8,321	739	18,022
Net income (loss) before tax	(3,937)	2,094	(1,161)	(3,004)
Income tax expense (benefit)	(1,388)	704	(351)	(1,035)
Net income (loss)	\$ (2,549)	\$ 1,390	\$ (810)	\$ (1,969)
Inter-segment revenue (expense)	\$ (3,066)	\$ 3,066	\$	\$
Total assets	501,772	229,466	(1,812)	729,426
Total deposits	355,363	223,507		578,870
Six Months Ended March 31, 2006				
Net interest income (expense)	\$ 8,039	\$ 1,991	\$ (321)	\$ 9,709
Provision for loan losses	(309)			(309)
Non-interest income	1,250	2,739	54	4,043
Non-interest expense	9,047	3,432	511	12,990
Net income (loss) before tax	551	1,298	(778)	1,071
Income tax expense (benefit)	185	448	(339)	294
Net income (loss)	\$ 366	\$ 850	\$ (439)	\$ 777
Inter-segment revenue (expense)	\$ (1,100)	\$ 1,419	\$ (319)	\$
Total assets	625,801	117,536	2,103	745,440
Total deposits	422,059	118,366		540,425

7. SUBSEQUENT EVENT

On January 31, 2007, MetaBank announced that it had entered into agreements to sell four of its Northwest Iowa branches. On April 13, 2007 MetaBank consummated the sale of its Laurens office to Iowa Trust & Savings Bank in Emmetsburg, Iowa. Iowa State Bank in Sac City, Iowa, will purchase the MetaBank offices in Sac City, Lake View, and Odebolt, Iowa. This transaction is anticipated to close on May 18, 2007. Together, the transactions will involve the assumption by the acquiring banks of approximately \$40.4 million in deposits and the purchase of \$1.2 million in loans. Meta Financial Group expects the transactions will generate a pre-tax gain on sale of approximately \$3.4 million.

8. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement No. 157, (SFAS No. 157), *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. This Statement does not require any new fair value measurements, but rather, it provides enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. This Statement is effective for fiscal years beginning after November 15, 2007, with earlier adoption permitted. The Company does not expect that the adoption of this Statement will have a material impact on its financial position, results of operation and cash flows.

In February 2007, the FASB issued Statement No. 159, (SFAS No. 159), The Fair Value Option for Financial Assets and Financial Liabilities. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. Most of the provisions of this Statement apply only to entities that elect the fair value option. However, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. Unrealized gains and losses on items for which the fair value option has been elected are required to be reported in earnings at each reporting date. This Statement is effective for fiscal years beginning after November 15, 2007, with earlier adoption permitted. The Company does not expect that the adoption of this Statement will have a material impact on its financial position, results of operation and cash flows.

9. RESTATEMENT OF FINANCIAL INFORMATION

On November 13, 2007, the Company reported that the Audit Committee of its Board of Directors had determined to restate its earnings results for the first three quarters of Fiscal Year 2007. The restatements, which produced an earnings increase for each of the three quarters, relates to fee income which was not properly recognized on a portfolio of prepaid gift cards. In addition, on November 16, 2007 the Company reported that an additional \$690,000 loan loss provision recorded in the quarter ending December 31, 2006 should be recorded in the previous quarter ending September 30, 2006. In total, Fiscal Year 2007 year-to-date net income through March 31, 2007 increased by \$682,000, or \$0.27 per diluted share, from a loss of \$2.7 million, or \$1.05 per diluted share, to a loss of \$2.0 million, or \$0.78 per diluted share.

As disclosed in the Company's release dated November 13, 2007, during the first three quarters of the fiscal year ending September 30, 2007, maintenance fees were charged to and collected from holders of prepaid gift cards, which were issued through the Company's network of agent financial institutions. Due to human error, these fees were not recognized as income in the appropriate periods. The error was discovered and corrected in September 2007. Furthermore, procedures have been implemented to prevent such error from reoccurring.

In addition, during the quarter ended December 31, 2006, the Company determined that a material impairment of its assets related to a certain loan had occurred and recorded an additional provision for loan losses. This action was reflected in a Form 8-K that the Company filed on December 6, 2006. After further review of the matter by the Company's independent accountants and such independent accountants' consultation with their regulatory authorities with respect to the nature of the subsequent event that served as the basis for the filing of the aforementioned Form 8-K, the Company was informed on November 14, 2007 by its independent accountants that the additional provision should have been recorded in the quarter ended September 30, 2006 instead of the quarter ended December 31, 2006, and that therefore the previously reported first quarter of Fiscal 2007 ended December 31, 2006 should no longer be relied upon.

The Audit Committee approved the issuance of restated financial statements for the periods in question. The restatements are reflected in this amended quarterly report on Form 10-Q. The Audit Committee also concluded that there was no material impact on the Company's previous financial statements.

The following tables summarize the impact of the restatements on the Company's consolidated statement of financial condition, consolidated statement of operations and consolidated statement of cash flows as of, and for the three and six months ended, March 31, 2007. These restatements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2006.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Condition (Unaudited)

(Dollars in Thousands, Except Share Data)

	March 31, 2007 (As Reported)	Adjustments	March 31, 2007 (As Restated)
ASSETS			
Cash and due from banks	\$ 1,565	\$	\$ 1,565
Interest-bearing deposits in other financial institutions	22,920		22,920
Total cash and cash equivalents	24,485		24,485
Federal funds sold	105,000		105,000
Securities purchased under agreements to resell			
Other investment securities available for sale	27,584		27,584
Mortgage-backed securities available for sale	147,604		147,604
Loans receivable - net of allowance for loan losses	374,869		374,869
Federal Home Loan and Federal Reserve Bank stock, at cost	4,999		4,999
Accrued interest receivable	3,769		3,769
Premises and equipment, net	18,492		18,492
Bank owned life insurance	13,158		13,158
Goodwill	3,403		3,403
Other assets	6,063		6,063
Total assets	\$ 729,426	\$	\$ 729,426
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Non-interest-bearing checking (1)	\$ 249,869	\$ (709)	\$ 249,160
Interest-bearing checking	28,178		28,178
Savings deposits	20,196		20,196
Money market deposits	72,118		72,118
Time certificates of deposit	209,218		209,218
Total deposits	579,579	(709)	578,870
Advances from Federal Home Loan Bank	85,300		85,300
Securities sold under agreements to repurchase	5,532		5,532
Subordinated debentures	10,310		10,310
Accrued interest payable	1,184		1,184
Accrued expenses and other liabilities (2)	2,798	260	3,058
Total liabilities	684,703	(449)	684,254
SHAREHOLDERS' EQUITY			
Preferred stock, 800,000 shares authorized, no shares issued or outstanding			
Common stock, \$.01 par value; 5,200,000 shares authorized, 2,957,999 shares issued, 2,559,830 and 2,534,367 shares outstanding at March 31, 2007 and September 30, 2006, respectively	30		30
Additional paid-in capital	20,958		20,958
Retained earnings - substantially restricted (3)	33,872	449	34,321
Accumulated other comprehensive (loss)	(2,356)		(2,356)
Unearned Employee Stock Ownership Plan shares	(324)		(324)
Treasury stock, 398,169 and 423,632 common shares, at cost, at March 31, 2007 and September 30, 2006, respectively	(7,457)		(7,457)

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Total shareholders' equity	44,723	449	45,172
Total liabilities and shareholders' equity	\$ 729,426	\$	\$ 729,426

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Three Months Ended March 31, 2007 (As Reported)	Adjustments	Three Months Ended March 31, 2007 (As Restated)
Interest and dividend income:			
Loans receivable, including fees	\$ 6,615	\$	\$ 6,615
Mortgage backed securities	1,519		1,519
Other investments and interest-earning deposits	2,155		2,155
	10,289		10,289
Interest expense:			
Deposits	3,190		3,190
FHLB advances and other borrowings	1,425		1,425
	4,615		4,615
Net interest income	5,674		5,674
Provision for loan losses	(280)		(280)
Net interest income after provision for loan losses	5,954		5,954
Non-interest income:			
Card fees (1)	3,462	209	3,671
Deposit Fees	246		246
Loan Fees	161		161
Bank owned life insurance income	131		131
Other income	232		232
Total non-interest income	4,232	209	4,441
Non-interest expense:			
Compensation and benefits	4,532		4,532
Card processing expense	1,589		1,589
Occupancy and equipment expense	1,072		1,072
Legal and consulting expense	784		784
Data processing expense	292		292
Marketing	137		137
Other expense	786		786
Total non-interest expense	9,192		9,192
Net income before income tax expense	994	209	1,203
Income tax expense (2)	391	77	468
Net income	\$ 603	\$ 132	\$ 735
Earnings per common share:			
Basic	\$ 0.24	\$ 0.05	\$ 0.29
Diluted	0.23	0.05	0.28

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Dividends declared per common share:	\$	0.13	\$	0.13
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Six Months Ended March 31, 2007 (As Reported)	Adjustments	Six Months Ended March 31, 2007 (As Restated)
Interest and dividend income:			
Loans receivable, including fees	\$ 13,491	\$	\$ 13,491
Mortgage backed securities	3,125		3,125
Other investments and interest-earning deposits	4,050		4,050
	20,666		20,666
Interest expense:			
Deposits	6,693		6,693
FHLB advances and other borrowings	3,040		3,040
	9,733		9,733
Net interest income	10,933		10,933
Provision for loan losses (4)	5,185	(690)	4,495
Net interest income after provision for loan losses	5,748	690	6,438
Non-interest income:			
Card fees (1)	6,870	387	7,257
Deposit Fees	482		482
Loan Fees	220		220
Bank owned life insurance income	206		206
Other income	415		415
Total non-interest income	8,193	387	8,580
Non-interest expense:			
Compensation and benefits	8,566		8,566
Card processing expense	3,242		3,242
Occupancy and equipment expense	2,039		2,039
Legal and consulting expense	1,520		1,520
Data processing expense	469		469
Marketing	380		380
Other expense	1,806		1,806
Total non-interest expense	18,022		18,022
Net income (loss) before income tax expense	(4,081)	1,077	(3,004)
Income tax expense (benefit) (2)	(1,430)	395	(1,035)
Net income (loss)	\$ (2,651)	\$ 682	\$ (1,969)
Earnings (loss) per common share:			
Basic	\$ (1.05)	\$ 0.27	\$ (0.78)
Diluted	(1.05)	0.27	(0.78)

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Dividends declared per common share:	\$	0.26	\$	\$	0.26
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in Thousands)

	Six Months Ended March 31, 2007 (As Reported)	Adjustments	Six Months Ended March 31, 2007 (As Restated)
Cash flows from operating activities:			
Net income (loss) (3)	\$ (2,651)	\$ 682	\$ (1,969)
Adjustments to reconcile net income to net cash from operating activities:			
Effect of contribution to employee stock ownership plan	231		231
Depreciation, amortization and accretion, net	1,274		1,274
Provision for loan losses (4)	5,185	(690)	4,495
Stock compensation	170		170
Loss on sales of real estate owned and repossessed assets, net	3		3
(Gain) on sales of loans, net	(17)		(17)
(Gain) on sales of other, net	(36)		(36)
Net change in accrued interest receivable	610		610
Net change in other assets	(962)		(962)
Net change in accrued interest payable	212		212
Net change in accrued expenses and other liabilities (2)	(1,744)	395	(1,349)
Net cash provided by operating activities	2,275	387	2,662
Cash flow from investing activities:			
Purchase of securities available for sale			
Net change in federal funds sold	(105,000)		(105,000)
Net change in securities purchased under agreement to resell	5,891		5,891
Proceeds from maturities and principal repayments of securities available for sale	13,931		13,931
Loans purchased	(54,840)		(54,840)
Net change in loans receivable	64,073		64,073
Proceeds from sales of foreclosed real estate	50		50
Net change in FHLB / FRB stock	769		769
Purchase of premises and equipment	(1,402)		(1,402)
Net cash (used in) investing activities	(76,528)		(76,528)
Cash flows from financing activities:			
Net change in checking, savings, and money market deposits (1)	20,867	(387)	20,480
Net change in time deposits	(6,999)		(6,999)
Repayments of advances from Federal Home Loan Bank	(14,265)		(14,265)
Net change in securities sold under agreements to repurchase	(9,647)		(9,647)
Cash dividends paid	(663)		(663)
Proceeds from exercise of stock options	92		92
Net cash (used in) financing activities	(10,615)	(387)	(11,002)
Net change in cash and cash equivalents	(84,868)		(84,868)
Cash and cash equivalents at beginning of period	109,353		109,353
Cash and cash equivalents at end of period	\$ 24,485	\$	\$ 24,485

Supplemental disclosure of cash flow information

Cash paid during the period for:

Interest	\$	9,521	\$	\$	9,521
Income taxes		582			582

Supplemental schedule of non-cash investing and financing activities:

Loans transferred to foreclosed real estate	\$		\$	\$	
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(1) Impact of recognition of maintenance fees on prepaid gift cards. Balance sheet impact is cumulative for all periods impacted.

(2) Impact on current income tax expense at the statutory tax rate.

(3) Impact on net income (loss). Balance sheet impact is cumulative for all periods impacted.

(4) Additional loan loss provision originally recorded in the first quarter of Fiscal 2007 that should have been recorded in the fourth quarter of Fiscal 2006.

Part I. Financial Information

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

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

FORWARD LOOKING STATEMENTS

The Company, and its wholly-owned subsidiaries, MetaBank and MetaBank WC, may from time to time make written or oral forward-looking statements, including statements contained in its filings with the Securities and Exchange Commission, in its reports to shareholders, and in other communications by the Company, which are made in good faith by the Company pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

This Quarterly Report on Form 10-Q/A contains forward-looking statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties and reflect the Company's judgment as of the date of this release. These statements include those related to the restatement described above. Actual events or results may differ materially from the company's expectations. Our financial results and the trading price of our securities may be affected as a result of the restatement and any subsequent determinations by governmental or other regulatory bodies as a result of this process.

These forward-looking statements include statements with respect to the Company's beliefs, expectations, estimates and intentions that are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company's control. Such statements may address: future operating results; customer growth and retention; loan and other product demand; earnings growth and expectations; new products and services, such as those offered by the Meta Payment Systems® division; credit quality and adequacy of reserves; technology; and our employees. The following factors, among others, could cause the Company's financial performance to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; inflation, interest rate, market, and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users; the impact of changes in financial services laws and regulations; technological changes; acquisitions; litigation; changes in consumer spending and saving habits; and the success of the Company at managing and collecting assets of borrowers in default and managing the risks involved in the foregoing.

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

GENERAL

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

The following discussion focuses on the consolidated financial condition of the Company and its subsidiaries, at March 31, 2007, compared to September 30, 2006, as expected to be restated upon the issuance of September 30, 2007 financial statements, and the consolidated results of operations for the three and six month periods ended March 31, 2007 and 2006. This discussion should be read in conjunction with the Company's consolidated financial statements, and notes thereto, for the year ended September 30, 2006.

CORPORATE DEVELOPMENTS AND OVERVIEW

The Company continues to emphasize expansion in the growing metropolitan areas of Sioux Falls, South Dakota and Des Moines, Iowa. The Company focuses primarily on establishing lending and deposit relationships with commercial businesses and commercial real estate developments in these communities. In March 2007, the Company also opened an administrative support office in Omaha. On January 31, 2007, the Company announced a plan to divest four of its branches in rural Northwest Iowa. See Note 7 of Notes to Condensed Consolidated Financial Statements.

The Company also continues to experience significant growth in its Meta Payments Systems® (MPS) division and is investing for further growth in this business unit. MPS offers prepaid debit cards and other payment systems products and services through a global distribution network. As a part of its normal course of business, the division also attracts significant balances on low- and no-cost demand deposits. Further discussion of the financial results of MPS is included below.

For the three months ended December 31, 2006, the Company announced an impairment on a commercial lending relationship which reduced pre-tax earnings by \$5.0 million. Further detail on these loans is included in Financial Condition and Results of Operations below.

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

On November 13, 2007, the Company reported that the Audit Committee of its Board of Directors had determined to restate its earnings results for the first three quarters of Fiscal Year 2007. The restatements, which produced an earnings increase for each of the three quarters, relates to fee income which was not properly recognized on a portfolio of prepaid gift cards. In addition, on November 16, 2007 the Company reported that an additional \$690,000 loan loss provision recorded in the quarter ending December 31, 2006 should be recorded in the previous quarter ending September 30, 2006. In total, Fiscal Year 2007 year-to-date net income through March 31, 2007 increased by \$682,000, or \$0.27 per diluted share, from a loss of \$2.7 million, or \$1.05 per diluted share, to a loss of \$2.0 million, or \$0.78 per diluted share.

As disclosed in the Company's release dated November 13, 2007, during the first three quarters of the fiscal year ending September 30, 2007, maintenance fees were charged to and collected from holders of prepaid gift cards, which were issued through the Company's network of agent financial institutions. Due to human error, these fees were not recognized as income in the appropriate periods. The error was discovered and corrected in September 2007. Furthermore, procedures have been implemented to prevent such error from reoccurring.

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In addition, during the quarter ended December 31, 2006, the Company determined that a material impairment of its assets related to a certain loan had occurred and recorded an additional provision for loan losses. This action was reflected in a Form 8-K that the Company filed on December 6, 2006. After further review of the matter by the Company's independent accountants and such independent accountants' consultation with their regulatory authorities with respect to the nature of the subsequent event that served as the basis for the filing of the aforementioned Form 8-K, the Company was informed on November 14, 2007 by its independent accountants that the additional provision should have been recorded in the quarter ended September 30, 2006 instead of the quarter ended December 31, 2006, and that therefore the previously reported first quarter of Fiscal 2007 ended December 31, 2006 should no longer be relied upon.

The Audit Committee approved the issuance of restated financial statements for the periods in question. The restatements are reflected in this amended quarterly report on Form 10-Q. The Audit Committee also concluded that there was no material impact on the Company's previous financial statements.

The following tables summarize the impact of the restatements on the Company's consolidated statement of financial condition, consolidated statement of operations and consolidated statement of cash flows as of, and for the three and six months ended, March 31, 2007. These restatements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended September 30, 2006.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Condition (Unaudited)

(Dollars in Thousands, Except Share Data)

	March 31, 2007 (As Reported)	Adjustments	March 31, 2007 (As Restated)
ASSETS			
Cash and due from banks	\$ 1,565	\$	\$ 1,565
Interest-bearing deposits in other financial institutions	22,920		22,920
Total cash and cash equivalents	24,485		24,485
Federal funds sold	105,000		105,000
Securities purchased under agreements to resell			
Other investment securities available for sale	27,584		27,584
Mortgage-backed securities available for sale	147,604		147,604
Loans receivable - net of allowance for loan losses	374,869		374,869
Federal Home Loan and Federal Reserve Bank stock, at cost	4,999		4,999
Accrued interest receivable	3,769		3,769
Premises and equipment, net	18,492		18,492
Bank owned life insurance	13,158		13,158
Goodwill	3,403		3,403
Other assets	6,063		6,063
Total assets	\$ 729,426	\$	\$ 729,426
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Non-interest-bearing checking (1)	\$ 249,869	\$ (709)	\$ 249,160
Interest-bearing checking	28,178		28,178
Savings deposits	20,196		20,196
Money market deposits	72,118		72,118
Time certificates of deposit	209,218		209,218
Total deposits	579,579	(709)	578,870
Advances from Federal Home Loan Bank	85,300		85,300
Securities sold under agreements to repurchase	5,532		5,532
Subordinated debentures	10,310		10,310
Accrued interest payable	1,184		1,184
Accrued expenses and other liabilities (2)	2,798	260	3,058
Total liabilities	684,703	(449)	684,254
SHAREHOLDERS' EQUITY			
Preferred stock, 800,000 shares authorized, no shares issued or outstanding			
Common stock, \$.01 par value; 5,200,000 shares authorized, 2,957,999 shares issued, 2,559,830 and 2,534,367 shares outstanding at March 31, 2007 and September 30, 2006, respectively	30		30
Additional paid-in capital	20,958		20,958
Retained earnings - substantially restricted (3)	33,872	449	34,321
Accumulated other comprehensive (loss)	(2,356)		(2,356)
Unearned Employee Stock Ownership Plan shares	(324)		(324)
Treasury stock, 398,169 and 423,632 common shares, at cost, at March 31, 2007 and September 30, 2006, respectively	(7,457)		(7,457)

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Total shareholders' equity	44,723	449	45,172
Total liabilities and shareholders' equity	\$ 729,426	\$	\$ 729,426

See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Three Months Ended March 31, 2007 (As Reported)	Adjustments	Three Months Ended March 31, 2007 (As Restated)
Interest and dividend income:			
Loans receivable, including fees	\$ 6,615	\$	\$ 6,615
Mortgage backed securities	1,519		1,519
Other investments and interest-earning deposits	2,155		2,155
	10,289		10,289
Interest expense:			
Deposits	3,190		3,190
FHLB advances and other borrowings	1,425		1,425
	4,615		4,615
Net interest income	5,674		5,674
Provision for loan losses	(280)		(280)
Net interest income after provision for loan losses	5,954		5,954
Non-interest income:			
Card fees (1)	3,462	209	3,671
Deposit Fees	246		246
Loan Fees	161		161
Bank owned life insurance income	131		131
Other income	232		232
Total non-interest income	4,232	209	4,441
Non-interest expense:			
Compensation and benefits	4,532		4,532
Card processing expense	1,589		1,589
Occupancy and equipment expense	1,072		1,072
Legal and consulting expense	784		784
Data processing expense	292		292
Marketing	137		137
Other expense	786		786
Total non-interest expense	9,192		9,192
Net income before income tax expense	994	209	1,203
Income tax expense (2)	391	77	468
Net income	\$ 603	\$ 132	\$ 735
Earnings per common share:			
Basic	\$ 0.24	\$ 0.05	\$ 0.29
Diluted	0.23	0.05	0.28

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Dividends declared per common share:	\$	0.13	\$	\$	0.13
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Six Months Ended March 31, 2007 (As Reported)	Adjustments	Six Months Ended March 31, 2007 (As Restated)
Interest and dividend income:			
Loans receivable, including fees	\$ 13,491	\$	\$ 13,491
Mortgage backed securities	3,125		3,125
Other investments and interest-earning deposits	4,050		4,050
	20,666		20,666
Interest expense:			
Deposits	6,693		6,693
FHLB advances and other borrowings	3,040		3,040
	9,733		9,733
Net interest income	10,933		10,933
Provision for loan losses (4)	5,185	(690)	4,495
Net interest income after provision for loan losses	5,748	690	6,438
Non-interest income:			
Card fees (1)	6,870	387	7,257
Deposit Fees	482		482
Loan Fees	220		220
Bank owned life insurance income	206		206
Other income	415		415
Total non-interest income	8,193	387	8,580
Non-interest expense:			
Compensation and benefits	8,566		8,566
Card processing expense	3,242		3,242
Occupancy and equipment expense	2,039		2,039
Legal and consulting expense	1,520		1,520
Data processing expense	469		469
Marketing	380		380
Other expense	1,806		1,806
Total non-interest expense	18,022		18,022
Net income (loss) before income tax expense	(4,081)	1,077	(3,004)
Income tax expense (benefit) (2)	(1,430)	395	(1,035)
Net income (loss)	\$ (2,651)	\$ 682	\$ (1,969)
Earnings (loss) per common share:			
Basic	\$ (1.05)	\$ 0.27	\$ (0.78)
Diluted	(1.05)	0.27	(0.78)

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Dividends declared per common share:	\$	0.26	\$	\$	0.26
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See Notes to Condensed Consolidated Financial Statements.

META FINANCIAL GROUP, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in Thousands)

	Six Months Ended March 31, 2007 (As Reported)	Adjustments	Six Months Ended March 31, 2007 (As Restated)
Cash flows from operating activities:			
Net income (loss) (3)	\$ (2,651)	\$ 682	\$ (1,969)
Adjustments to reconcile net income to net cash from operating activities:			
Effect of contribution to employee stock ownership plan	231		231
Depreciation, amortization and accretion, net	1,274		1,274
Provision for loan losses (4)	5,185	(690)	4,495
Stock compensation	170		170
Loss on sales of real estate owned and repossessed assets, net	3		3
(Gain) on sales of loans, net	(17)		(17)
(Gain) on sales of other, net	(36)		(36)
Net change in accrued interest receivable	610		610
Net change in other assets	(962)		(962)
Net change in accrued interest payable	212		212
Net change in accrued expenses and other liabilities (2)	(1,744)	395	(1,349)
Net cash provided by operating activities	2,275	387	2,662
Cash flow from investing activities:			
Purchase of securities available for sale			
Net change in federal funds sold	(105,000)		(105,000)
Net change in securities purchased under agreement to resell	5,891		5,891
Proceeds from maturities and principal repayments of securities available for sale	13,931		13,931
Loans purchased	(54,840)		(54,840)
Net change in loans receivable	64,073		64,073
Proceeds from sales of foreclosed real estate	50		50
Net change in FHLB / FRB stock	769		769
Purchase of premises and equipment	(1,402)		(1,402)
Net cash (used in) investing activities	(76,528)		(76,528)
Cash flows from financing activities:			
Net change in checking, savings, and money market deposits (1)	20,867	(387)	20,480
Net change in time deposits	(6,999)		(6,999)
Repayments of advances from Federal Home Loan Bank	(14,265)		(14,265)
Net change in securities sold under agreements to repurchase	(9,647)		(9,647)
Cash dividends paid	(663)		(663)
Proceeds from exercise of stock options	92		92
Net cash (used in) financing activities	(10,615)	(387)	(11,002)
Net change in cash and cash equivalents	(84,868)		(84,868)
Cash and cash equivalents at beginning of period	109,353		109,353
Cash and cash equivalents at end of period	\$ 24,485	\$	\$ 24,485

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Supplemental disclosure of cash flow information

Cash paid during the period for:

Interest	\$	9,521	\$	\$	9,521
Income taxes		582			582

Supplemental schedule of non-cash investing and financing activities:

Loans transferred to foreclosed real estate	\$		\$		\$
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(1) Impact of recognition of maintenance fees on prepaid gift cards. Balance sheet impact is cumulative for all periods impacted.

(2) Impact on current income tax expense at the statutory tax rate.

(3) Impact on net income (loss). Balance sheet impact is cumulative for all periods impacted.

(4) Additional loan loss provision originally recorded in the first quarter of Fiscal 2007 that should have been recorded in the fourth quarter of Fiscal 2006.

FINANCIAL CONDITION

As of March 31, 2007, the Company had assets totaling \$729.4 million, compared to \$740.9 million at September 30, 2006. The decrease in assets of \$11.5 million resulted primarily from decreases in the Company's loan and investment and securities portfolios. The Company's loan portfolio, net of allowance for loan losses, decreased \$13.7 million from \$388.6 million at September 30, 2006 to \$374.9 million at March 31, 2007. The Company continues to experience runoff in its commercial loan participation and commercial real estate portfolios. Management attributes this shrinkage to an overall decrease in the demand for credit and increased competition from the secondary market.

Investment securities, including mortgage-backed securities, declined \$16.9 million from \$192.1 million at September 30, 2006 to \$175.2 million at March 31, 2007. The Company did not purchase any securities during the six months ended March 31, 2007.

The decrease in loans and securities was offset by an increase in cash and cash equivalents and federal funds sold of \$20.1 million. In general, the Company maintains its cash investments in interest-bearing overnight deposits with various correspondent banks. Federal funds sold deposits are maintained at various large commercial banks.

Total deposits rose \$13.5 million from \$565.4 million at September 30, 2006 to \$578.9 million at March 31, 2007. Most of this increase was the result of an increase in non-interest-bearing checking deposits of \$60.0 million. Most of the checking deposit increase arose from growth in deposits at Meta Payment Systems®. Higher costing money market, savings, and certificates of deposits, including public funds, declined \$47.8 million. Other deposit portfolios exhibited moderate growth during this time period.

Total wholesale borrowings also declined \$23.9 million from \$125.0 million at September 30, 2006 to \$101.1 million at March 31, 2007. The Company continues to de-emphasize these high cost funding sources in an effort to decrease overall liability costs and to de-lever the Company's balance sheet.

At March 31, 2007, the Company's shareholders' equity totaled \$45.2 million, down \$73,000 from \$45.1 million at September 30, 2006. The decrease was primarily the result of the reported fiscal 2007 year-to-date loss (see Results of Operations below) and the payment of dividends on common stock, offset by a favorable change in the accumulated other comprehensive loss on the Company's available for sale securities portfolio. At March 31, 2007, the Company and both of its banking subsidiaries, MetaBank and MetaBank West Central, continue to meet regulatory requirements for classification as well-capitalized institutions.

Nonperforming Assets and Allowance for Loan Losses

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

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At March 31, 2007, the Company had loans delinquent 30- days and over totaling \$8.0 million, or 2.11% of total loans, compared to \$5.5 million, or 1.39% of total loans, at September 30, 2006. The increase in delinquent loans since September is primarily the result of a delinquency on a \$3.8 million commercial business loan relationship.

At March 31, 2007, commercial and multi-family real estate loans delinquent 30 days and over totaled \$689,000, or 0.18% of total loans. There were no delinquent loans in this category as of September 30, 2006. Multi-family and commercial real estate loans generally present a higher level of risk than loans secured by one-to-four family residences. This greater risk is due to several factors, including, but not limited to, the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income producing

properties and the higher level of difficulty of evaluating and monitoring these types of loans. The Company believes that the level of allowance for loan losses adequately reflects potential risks related to these loans; however there can be no assurance that all loans will be fully collectible.

At March 31, 2007, commercial business loans delinquent 30 days and over totaled \$6.9 million, or 1.82% of total loans. This compares to \$5.1 million, or 1.28% of total loans, at September 30, 2006. Commercial business lending involves a greater degree of risk than one-to-four family residential mortgage loans because of the typically larger loan amounts. In addition, payments on loans are typically dependent on the cash flows derived from the operation or management of the business to which the loan is made. The success of the loan may also be affected by factors outside the control of the business, such as unforeseen changes in economic conditions for the business, the industry in which the business operates or the general environment. The Company believes that the level of allowance for loan losses adequately reflects potential risks related to these loans; however there can be no assurance that all loans will be fully collectible.

At March 31, 2007, agricultural loans delinquent 30 days and over totaled \$150,000, or 0.04% of total loans. This compares to \$201,000, or 0.05% of total loans, at September 30, 2006. Agricultural lending also involves a greater degree of risk than one-to-four family residential mortgage loans because of the typically larger loan amounts. In addition, payments on loans are dependent on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. The success of the loan may also be affected by factors outside the control of the agricultural borrower, such as the weather and grain and livestock prices.

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

Nonperforming Assets As Of
March 31, 2007 **September 30, 2006**
(Dollars in Thousands)

Nonaccruing loans:			
One-to four-family	\$	242	\$ 31
Commercial and multi-family		689	
Agricultural operating		150	182
Commercial business		2,900	3,887
Total nonaccruing loans		3,981	4,100
Accruing loans delinquent 90 days or more			
Total nonperforming loans		3,981	4,100
Foreclosed assets:			
One-to four-family			15
Commercial and multi-family			35
Total foreclosed assets			50
Total nonperforming assets	\$	3,981	\$ 4,150
Total as a percentage of total assets		0.55%	0.56%

Classified assets. Federal regulations provide for the classification of loans and other assets as substandard, doubtful or loss, based on the level of weakness determined to be inherent in the collection of the principal and interest. When loans are classified as either substandard or doubtful, the Company may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem loans. When assets are classified as loss, the Company is required either to establish a specific allowance for loan losses equal to 100% of that portion of the loan so classified, or to charge-off such amount. The Company's determination as to the classification of its loans and the amount of its allowances for loan losses are subject to review by its regulatory authorities, which may require the establishment of additional general or specific allowances for loan losses. The discovery of additional information in the future may also affect both the level of classification and the amount of allowances for loan losses.

On the basis of management's review of its loans and other assets, at March 31, 2007, the Company had classified a total of \$8.2 million of its assets as substandard, \$566,000 as doubtful and none as loss. This compares to classifications at September 30, 2006 of \$5.0 million substandard, \$447,000 doubtful and none as loss.

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

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At March 31, 2007, the Company has established an allowance for loan losses totaling \$5.3 million, or 133% of nonperforming loans, compared to \$6.7 million, or 162% of nonperforming loans at September 30, 2006.

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The following table sets forth an analysis of the activity in the Company's allowance for loan losses for the three and six month periods ended March 31, 2007 and 2006.

(Dollars in Thousands)	Three Months Ended March 31,		Six Months Ended March 31,	
	2007	2006	2007 (As Restated)	2006
Beginning balance	\$ 10,349	\$ 7,257	\$ 6,658	\$ 7,222
Provision charged to operations	(280)	(350)	4,495	(309)
Charge-offs	(4,831)	(1,108)	(5,924)	(1,116)
Recoveries	44	199	53	201
Ending balance	\$ 5,282	\$ 5,998	\$ 5,282	\$ 5,998

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

CRITICAL ACCOUNTING POLICIES

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The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred. Based on its consideration of accounting policies that involve the most complex and subjective decisions and assessments, management has identified its most critical accounting policies to be those related to the allowance for loan losses and asset impairment judgments including the recoverability of goodwill.

The Company's allowance for loan loss methodology incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for loan loss that management believes is appropriate at each reporting date. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, changes in nonperforming loans, and other factors. Quantitative factors also incorporate known information about individual loans, including borrowers' sensitivity to interest rate movements. Qualitative factors include the general economic environment in the Company's markets, including economic conditions throughout the Midwest and, in particular, the state of certain industries. Size and complexity of individual credits in relation to loan structure, existing loan policies, and pace of portfolio growth are other qualitative factors that are considered in the methodology. As the Company adds new products and increases the complexity of its loan portfolio it will enhance its methodology accordingly. Management may have reported a materially different amount for the provision for loan losses in the statement of operations to change the allowance for loan losses if its assessment of the above factors were different. This discussion and analysis should be read in conjunction with the Company's financial statements and the accompanying notes presented elsewhere herein, as well as the portion of this Management's Discussion and Analysis section entitled "Nonperforming Assets and Allowance for Loan Losses." Although management believes the level of the allowance as of March 31, 2007 was adequate to absorb probable losses inherent in the loan portfolio, a decline in local economic conditions, or other factors, could result in increasing losses.

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

RESULTS OF OPERATIONS

General. For the three months ended March 31, 2007, the Company recorded net income of \$735,000, or \$0.28 per diluted share, compared to net income of \$261,000, or \$0.10 per diluted share, for the same period in 2006. Earnings in the current period were impacted by non-recurring and recurring fee income, partially offset by higher compensation and card processing expenses. A net loss of \$2.0 million, or \$0.78 per diluted share, was reported for the six month period ended March 31, 2007 compared to net income of \$777,000, or \$0.31 per diluted share for the same period in the prior fiscal year. Earnings for the six month period ended March 31, 2007 were impacted by the recognition of an impairment on a commercial loan relationship which reduced pre-tax earnings by \$4.95 million. Additionally, the Company incurred higher operating expenses. Offsetting these factors, in part, were increased income from card fees and higher net interest income.

Net interest income. Net interest income for the second quarter of fiscal year 2007 was \$5.7 million, up 13.7% from \$5.0 million in the second quarter of fiscal year 2006. Both higher asset yields and lower liability costs contributed to this increase. Net interest margin rose 49 basis points from 2.87% in the second quarter of fiscal year 2006 to 3.36% in the current quarter. The rise in short term interest rates during the past year contributed to both higher loan and investment yields. Total asset yields for the second quarter of fiscal year 2007 were 6.10%, up 24 basis points from 5.86% for the same quarter last year. A significant change in deposit mix, away from higher costing certificates and public funds deposits and toward low- and no-cost demand deposits also contributed to a meaningful decline in liability costs despite a higher interest rate environment. Total liability costs fell 24 basis points from 2.98% in the second quarter of fiscal year 2006 to 2.74% in the current quarter. For the six month period ended March 31, 2007 net interest income was \$10.9 million compared to \$9.7 million for the same period in the prior fiscal year. Net interest margin was 3.21% for the six months ended March 31, 2007, up 45 basis points from 2.76% for the same period in the prior fiscal year.

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The following tables present the Company's average interest earning assets, interest bearing liabilities, net interest spread, and net interest margin for the three and six month periods ended March 31, 2007 and 2006.

Three Months Ended March 31, (Dollars in Thousands)	Average Outstanding Balance	2007 Interest Earned / Paid	Yield / Rate	Average Outstanding Balance	2006 Interest Earned / Paid	Yield / Rate
Interest-earning assets:						
Loans receivable	\$ 370,055	\$ 6,615	7.24%	\$ 424,645	\$ 7,466	7.12%
Mortgage-backed securities	150,403	1,519	4.04%	190,108	1,822	3.83%
Other investments and fed funds sold	160,061	2,155	5.39%	86,963	907	4.17%
Total interest-earning assets	680,519	\$ 10,289	6.10%	701,716	\$ 10,195	5.86%
Non-interest-earning assets	47,211			48,696		
Total assets	\$ 727,730			\$ 750,412		
Non-interest bearing deposits	\$ 247,082	\$	0.00%	\$ 139,127	\$	0.00%
Interest-bearing liabilities:						
Interest-bearing checking	28,901	163	2.28%	26,070	177	2.76%
Savings	20,846	122	2.38%	54,490	381	2.84%
Money markets	66,303	519	3.17%	91,659	623	2.76%
Time deposits	214,387	2,386	4.51%	235,908	2,155	3.70%
FHLB advances	85,584	1,123	5.25%	132,252	1,523	4.61%
Other borrowings	16,145	302	7.49%	25,657	347	5.41%
Total interest-bearing liabilities	432,166	4,615	4.31%	566,036	5,206	3.71%
Total deposits and interest-bearing liabilities	679,248	\$ 4,615	2.74%	705,163	\$ 5,206	2.98%
Other non-interest bearing liabilities	4,849			3,016		
Total liabilities	684,097			708,179		
Shareholders' equity	43,633			42,233		
Total liabilities and shareholders equity	\$ 727,730			\$ 750,412		
Net interest income and net interest rate spread including non-interest bearing deposits		\$ 5,674	3.35%		\$ 4,989	2.88%
Net interest margin			3.36%			2.87%

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Six Months Ended March 31,	2007			2006		
(Dollars in Thousands)	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate	Average Outstanding Balance	Interest Earned / Paid	Yield / Rate
Interest-earning assets:						
Loans receivable	\$ 375,614	\$ 13,491	7.24%	\$ 428,387	\$ 15,052	7.04%
Mortgage-backed securities	152,776	3,125	4.09%	195,796	3,655	3.73%
Other investments and fed funds sold	156,436	4,050	5.12%	83,706	1,664	3.98%
Total interest-earning assets	684,827	\$ 20,666	6.05%	707,889	\$ 20,371	5.77%
Non-interest-earning assets	47,360			46,308		
Total assets	\$ 732,187			\$ 754,197		
Non-interest bearing deposits	\$ 226,666	\$	0.00%	\$ 123,983	\$	0.00%
Interest-bearing liabilities:						
Interest-bearing checking	28,260	410	2.91%	26,250	380	2.90%
Savings	23,772	311	2.62%	57,189	805	2.82%
Money markets	76,875	1,222	3.19%	88,317	1,095	2.49%
Time deposits	215,517	4,751	4.42%	245,085	4,403	3.60%
FHLB advances	90,750	2,361	5.15%	142,568	3,315	4.60%
Other borrowings	20,541	679	6.54%	25,320	664	5.19%
Total interest-bearing liabilities	455,715	9,733	4.26%	584,729	10,662	3.64%
Total deposits and interest-bearing liabilities	682,382	\$ 9,733	2.85%	708,712	\$ 10,662	3.00%
Other non-interest bearing liabilities	5,147			2,837		
Total liabilities	687,528			711,549		
Shareholders' equity	44,658			42,648		
Total liabilities and shareholders equity	\$ 732,187			\$ 754,197		
Net interest income and net interest rate spread including non-interest bearing deposits		\$ 10,933	3.20%		\$ 9,709	2.77%
Net interest margin			3.21%			2.76%

Provision for loan loss. The Company recorded a negative provision for loan losses in the second quarter of fiscal year 2007 of \$280,000 compared to a negative provision of \$350,000 for the same period in the prior fiscal year. The Company recorded a provision for the six months ended March 31, 2007 in the amount of \$4.5 million compared to a negative provision of \$309,000 for the same period in the prior fiscal year. The provision this year is directly related to a \$4.95 million provision on a purchased participation loan relationship. See *Nonperforming Assets and Allowance for Loan Losses* herein. Offsetting these specific provisions, the Company also recorded a \$280,000 negative provision during the three months ended March 31, 2007 as a result of shrinkage in the loan portfolio.

Non-interest income. Non-interest income for the second quarter was \$4.4 million, double the level from the same quarter a year ago. The increase is the result of higher fee income generated by the Meta Payment Systems® division. Fees earned on prepaid debit cards and other payment systems products and services were \$3.7 million for the second quarter of fiscal year 2007, compared to \$1.5 million for the same quarter in fiscal year 2006. For the six months ended March 31, 2007, non-interest income totaled \$8.6 million, compared to \$4.0 million for the same period in the prior fiscal year. Fees earned on prepaid debit cards and other payment systems products and services were \$7.3 million for the six months ended March 31, 2007, compared to \$2.7 million for the same period in fiscal year 2006.

Non-interest expense. The Company's non interest expense was \$9.2 million for the second quarter of fiscal year 2007, reflecting a \$2.0 million increase from \$7.2 million in the same quarter in fiscal year 2006. For the six months ended March 31, 2007, non-interest expense totaled \$18.0 million, compared to \$13.0 million for the same period in the prior fiscal year. The increase is broad based and is generally the result of the Company's investment in the Meta Payment Systems® division.

Card processing expenses rose \$647,000 from \$942,000 in the second quarter of fiscal year 2006 to \$1.6 million in the current quarter. For the six months ended March 31, 2007, card processing expense totaled \$3.2 million, compared to \$1.3 million for the same period in the prior fiscal year. These expenses reflect costs associated with processing and delivering debit card related products and services. Compensation expense rose \$1.5 million on a quarter over quarter basis to \$4.5 million. For the six months ended March 31, 2007, compensation expense totaled \$8.6 million, compared to \$6.1 million for the same period in the prior fiscal year. This increase reflects the staffing of two new full service branches, one each in Sioux Falls, SD and West Des Moines, IA, an increase in the sales force and operations support staff at Meta Payment Systems®, and the addition of IT staff and other administrative support within the Company. Many of the new employees at MPS and in IT will be focused on developing new product lines and increasing market penetration of our payments systems products and services. Other expenses at the Company have also exhibited growth as business volumes have increased. Increases in occupancy and equipment expense reflect the aforementioned new branches and the addition of administrative office space in Sioux Falls. Similarly, increases in marketing, legal and consulting, and other expenses reflect the Company's continuing efforts to support growth of business opportunities that management believes will be profitable over time.

Income tax expense. For the second quarter of fiscal year 2007, the Company recorded income tax expense of \$468,000 compared to \$75,000 for the second quarter of the prior fiscal year. For the six months ended March 31, 2007, the Company recorded a benefit in the amount of \$1.0 million. The benefit compares to a \$294,000 income tax expense for the first six months of fiscal year 2006. The change is due primarily to the change in net income (loss) before income tax expense (benefit).

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are deposits, borrowings, principal and interest payments on loans, investments, and mortgage-backed securities, and funds provided by other operating activities. While scheduled payments on loans, mortgage-backed securities, and short-term investments are relatively predictable sources of funds, deposit flows and early loan repayments are greatly influenced by general interest rates, economic conditions, and competition.

The Company uses its capital resources principally to meet ongoing commitments to fund maturing certificates of deposits and loan commitments, to maintain liquidity, and to meet operating expenses. At March 31, 2007, the Company had commitments to originate and purchase loans totaling \$50.9 million. The Company believes that loan repayment and other sources of funds will be adequate to meet its foreseeable short- and long-term liquidity needs.

Regulations require MetaBank and MetaBank WC to maintain minimum amounts and ratios of total risk-based capital and Tier 1 capital to risk-weighted assets, and a leverage ratio consisting of Tier 1 capital to average assets. The following table sets forth MetaBank's and MetaBank WC's actual capital and required capital amounts and ratios at March 31, 2007 which, at that date, exceeded the minimum capital adequacy requirements.

At March 31, 2007 (As Restated)	Actual		Minimum Requirement For Capital Adequacy Purposes		Minimum Requirement to Be Well Capitalized Under Prompt Corrective Active Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
MetaBank						
Tangible capital (to tangible assets)	\$ 46,558	6.74%	\$ 10,356	1.50%	n/a	n/a
Tier 1 (core) capital (to adjusted total assets)	46,558	6.74	27,616	4.00	\$ 34,519	5.00%
Tier 1 (core) capital (to risk-weighted assets)	46,558	10.43	17,860	4.00	26,790	6.00
Total risk-based capital (to risk-weighted assets)	50,583	11.33	35,720	8.00	44,651	10.00
MetaBank West Central						
Tier 1 capital (to average assets)	3,758	8.79	1,709	4.00	2,136	5.00
Tier 1 risk-based capital (to risk-weighted assets)	3,758	15.88	946	4.00	1,420	6.00
Total risk-based capital (to risk-weighted assets)	3,935	16.63	1,893	8.00	2,366	10.00

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) established five regulatory capital categories and authorized the banking regulators to take prompt corrective action with respect to institutions in an undercapitalized category. At March 31, 2007, MetaBank and MetaBank WC exceeded minimum requirements for the well-capitalized category.

Part I. Financial Information

Item 3. Quantitative and Qualitative Disclosure About Market Risk

MARKET RISK

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

The Company originates predominantly adjustable rate loans and fixed rate loans with relatively short terms to maturity. Long term fixed rate residential mortgages are generally sold into the secondary market. As a result of its lending practices, the Company's loan portfolio is relatively short in duration and yields respond quickly to the overall level of interest rates.

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

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

The Company also maintains a portfolio of wholesale borrowings, predominantly advances from the Federal Home Loan Bank which carry fixed terms and fixed rates of interest. The Company utilizes this portfolio to manage liquidity demands and also, when appropriate, in the ongoing management of interest rate risk.

The Board of Directors, as well as the Office of Thrift Supervision, have established limits on the level of acceptable interest rate risk. There can be no assurance, however, that, in the event of an adverse change in interest rates, the Company's efforts to limit interest rate risk will be successful.

Net Portfolio Value. The Company uses a Net Portfolio Value (NPV) approach to the quantification of interest rate risk. This approach calculates the difference between the present value of expected cash flows from assets and the present value of expected cash flows from liabilities, as well as cash flows from off-balance-sheet contracts. The Company's Investment Committee, which consists of members of senior management, is responsible for managing the interest rate risk of the Company.

Presented below, as of March 31, 2007 and September 30, 2006, is an analysis of the Company's interest rate risk profile as measured by changes in NPV for an instantaneous and sustained parallel shift in the yield curve, in 100 basis point increments, up and down 200 basis points. The Company's interest rate risk profile has remained largely unchanged since September 30, 2006. In general, the Company is more exposed to a decline in market value from a falling interest rate environment than it is to a rising interest rate environment. This risk profile is driven predominantly by the Company's large concentration in low- and no-cost checking deposits. At both March 31, 2007 and September 30, 2006, the Company's interest rate risk profile was within the limits set by the Board of Directors. Additionally, MetaBank's interest rate risk profile was within the limits set forth by the Office of Thrift Supervision.

Change in Interest Rates (Basis Points)	Board Limit % Change	At March 31, 2007		At September 30, 2006	
		\$ Change	% Change	\$ Change	% Change
		(Dollars in thousands)			
+200 bp	(40)%	\$ (894)	(1)%	\$ 548	1%
+100 bp	(25)	(250)		562	1
0 bp (Base Case)					
-100 bp	(25)	(876)	(1)	(907)	(1)
-200 bp	(40)	(4,279)	(6)	(4,139)	(6)

Certain shortcomings are inherent in the method of analysis presented in the preceding table. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets such as adjustable-rate mortgage-loans have features which restrict changes in interest rates on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, prepayments and early withdrawal levels would likely deviate from those assumed in calculating the tables. Finally, the ability of some borrowers to service their debt may decrease in the event of an interest rate increase. The Company considers all of these factors in monitoring its exposure to interest rate risk.

Part I. Financial Information
Item 4. Controls and Procedures

CONTROLS AND PROCEDURES

Any control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that its objectives will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

DISCLOSURE CONTROLS AND PROCEDURES

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

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2007 our disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in this Report was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

With the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the Company's fiscal quarter ended March 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on such evaluation, management concluded that, as of the end of the period covered by this report, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

META FINANCIAL GROUP, INC.

PART II - OTHER INFORMATION

FORM 10-Q/A

Item 1. Legal Proceedings - MetaBank has been named in several lawsuits whose eventual outcome could have an adverse effect on the consolidated financial position or results of operations of the Company. Because the likelihood or amount of an adverse resolution to these matters cannot currently be assessed, the Company has not recorded a contingent liability related to these potential claims.

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

On or about April 26, 2007, MetaBank, Meta Financial Group, Inc., Meta Trust Company[®] and J. Tyler Haahr were named as defendants in *Dengler, Flute, et al v. Prairie Auto Group, Inc.*, a class action lawsuit filed in Circuit Court for the Second Judicial Circuit in Minnehaha County, South Dakota. This lawsuit appears to be a successor suit to a series of two state and three tribal court lawsuits that were filed in 2006, reported on a previous 10-Q, but apparently subsequently abandoned by the plaintiffs. In this action, plaintiff class is comprised of individuals who purchased vehicles and/or obtained financing from the J.D. Byrider franchise in Pennington County, which was owned and operated by companies controlled by Dan Nelson. Plaintiffs allege that the Dan Nelson companies, including the Dan Nelson Auto Group (DNAG) and the South Dakota Acceptance Corporation (SDAC) and other affiliates, operated under the J.D. Byrider franchise and business model and engaged in abusive sales, lending and consumer practices. The bulk of the complaint addresses the various alleged fraudulent schemes perpetrated by the Nelson companies against their customers, principally the buy here, pay here model in which individuals with poor credit histories were allegedly sold poor quality vehicles at high prices with worthless warranties on usurious loan terms.

MetaBank, in conjunction with a roster of participating banks, had provided a series of loans and lines of credit to DNAG and SDAC. Plaintiffs allege that the MetaBank entities participated in the fraudulent scheme by virtue of providing these lines of credit and loans despite being aware of the predatory consumer practices of the Nelson companies, and that MetaBank profited by receiving undisclosed special benefits for providing these loans. DNAG, SDAC and Nelson have since filed for bankruptcy. Plaintiffs also allege that MetaBank did not vigorously pursue claims against Nelson and fellow DNAG executive Chris Tapken in their respective personal bankruptcies in order to allow these individuals to emerge with control over assets of their former companies. The claims against J. Tyler Haahr personally are not explained, other than that Haahr had a long-standing personal relationship that allegedly led to the decision by MetaBank to provide loans and lines of credit to the various entities owned and controlled by Nelson. The MetaBank entities have not yet filed an answer to this complaint, and there is no discrete amount of damages claimed against the MetaBank entities, so it would be premature to predict MetaBank's likelihood of success or amount of exposure in this lawsuit. MetaBank intends to vigorously contest these claims. MetaBank's liability insurer has already agreed to provide coverage to the MetaBank entities and J. Tyler Haahr for this claim, and has retained and is paying for counsel to defend this action.

As was described in the Company's previous filings, MetaBank was the lead lender and servicer of approximately \$32.0 million in loans to three auto dealership related companies and their owners. Approximately \$22.2 million of the total had been sold to ten participating financial

institutions. Each

participation agreement with the ten participant banks provides that the participant bank shall own a specified percentage of the outstanding loan balance at any give time. Each agreement also recites the maximum amount that can be loaned by MetaBank on that particular loan. MetaBank allocated to some participants an ownership in the outstanding loan balance in excess of the percentage specified in the participation agreement. MetaBank believes that in each instance this was done with the full knowledge and consent of the participant. Several participants have demanded that their participations be adjusted to match the percentage specified in the participant agreement. Based on the total loan recoveries projected as of March 31, 2007, MetaBank calculated that it would cost approximately \$953,000 to adjust these participations as the participants would have them adjusted. A few participants have more recently asserted that MetaBank owes them additional monies based on additional legal theories. MetaBank denies any obligation to make the requested adjustments on these or related claims. Other than as disclosed below, MetaBank cannot predict at this time whether any of these claims will be the subject of litigation.

During the three months ended June 30, 2006 or shortly thereafter four lawsuits were filed against the Company's MetaBank subsidiary. Three of the complaints are related to the Company's alleged actions in connection with its activities as lead lender to three companies involved in auto sales, service, and financing and their owner. An additional bank, North American Bank, has filed to join the First Midwest Bank-Deerfield Branches case, which action has not been granted and is being fought by MetaBank. All four actions are in their infancy and amount cannot be determined at this time. The Company intends, however, to vigorously defend its actions.

First Midwest Bank-Deerfield Branches and Mid-Country Bank v. MetaBank (Civ. No. 06-2241). On June 28, 2006, First Midwest Bank-Deerfield Branches and Mid-Country Bank filed suit against MetaBank in South Dakota's Second Judicial Circuit Court, Minnehaha County, in the above titled action. The complaint alleges that plaintiff banks, who were participating lenders with MetaBank on a series of loans made to DNAG and SDAC, suffered damages exceeding \$1 million as a result of MetaBank's placement and administration of the loans that were the subject of the loan participation agreements. The complaint sounds in breach of contract, negligence, gross negligence, negligent misrepresentation, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On July 17, 2006, MetaBank removed the case from state court to the United States District Court for the District of South Dakota, where the action has been assigned case no. Civ. 06-4114. Plaintiff(s) moved to remand the case back to state court, but this motion was denied. A scheduling order was recently submitted to the United States District Court and discovery is just beginning.

First Premier Bank v. MetaBank (Civ. No. 06-2277). On July 5, 2006, First Premier Bank filed suit against MetaBank in South Dakota's Second Judicial Circuit Court, Minnehaha County in the above titled action. The complaint alleges that First Premier, a participating lender with MetaBank on a series of loans made to SDAC, has suffered damages in an as yet undetermined amount as a result of MetaBank's actions in selling to First Premier a participation in a loan made to SDAC and MetaBank's actions in administering that loan. The complaint sounds in breach of contract, breach of covenant of good faith and fair dealing, fraudulent inducement, fraud, deceit, negligent misrepresentation, fraudulent misrepresentation, conversion, negligence, gross negligence, breach of fiduciary duty and unjust enrichment. On July 17, 2006, MetaBank removed the case from state court to the United States District Court for the District of South Dakota, where the action has been assigned case no. Civ. 06-4115. Plaintiff(s) moved to remand the case back to state court, but this motion was denied. A scheduling order was recently submitted to the United States District Court and discovery is just beginning.

Home Federal Bank v. J. Tyler Haahr, Daniel A. Nelson and MetaBank (Civ. No. 06-2230). On June 26, 2006, Home Federal Bank filed suit against MetaBank and two individuals, J. Tyler Haahr and Daniel A. Nelson, in South Dakota's Second Judicial Circuit Court, Minnehaha County in the above

titled action. The complaint alleges that Home Federal, a participating lender with MetaBank on a series of loans made to DNAG and SDAC, suffered damages exceeding \$3.8 million as a result of failure to make disclosures regarding an investigation of Nelson, DNAG and SDAC by the Iowa Attorney General at the time Home Federal agreed to an extension of the loan participation agreements. The complaint sounds in fraud, negligent misrepresentation, breach of fiduciary duty, conspiracy and breach of duty of good faith and fair dealing. Discovery in that matter is proceeding.

Subject to a reservation of rights, the Company's insurance carrier has agreed to cover the three claims described above.

Meridian Enterprises Corporation v. Bank of America Corporation et al. (Case No. 4:06-cv-01117CDP). On July 21, 2006, Meridian Enterprises Corporation (Meridian) filed suit against Meta Financial Group, Inc. (Meta Payment Systems Division) (Meta) and other banks and financial institutions in the U.S. District Court for the Eastern District of Missouri in the above-titled action. Meridian is the owner of U.S. Patent No. 5,025,372 (the 372 Patent). The complaint alleges that Meta and the co-defendants each sell, administer, process and/or sponsor an incentive program where cards are provided to participants in the incentive program that can be presented to retailers to make a purchase. The complaint further alleges, inter alia, that Meta and the co-defendants each use a computer to determine whether or not a participant's performance under the incentive program entitles the participant to an award, in which the computer also determines the amount of the award, and the amount of the award is based upon the level of the participant's performance in the incentive program. Accordingly, the complaint sounds in infringement, inducement of infringement, and contributory infringement of one or more claims of the 372 Patent. On April 9, 2007, Meridian's complaint was dismissed without prejudice.

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

Item 1.A. Risk Factors - Other than the risk factors described below, there have been no material changes from those described in the Risk Factors section of the Company's Annual Report on Form 10-K for the period ended September 30, 2006.

On March 15, 2006, the Federal Housing Finance Board (Finance Board), the federal regulator of the 12 Federal Home Loan Banks (FHLBs), published for comment a proposal that would (i) establish a minimum retained earnings requirement for each Federal Home Loan Bank, (ii) limit the amount of excess stock that a Bank could have outstanding, and (iii) impose new restrictions on the timing and form of dividend payment. On December 22, 2006, the Finance Board adopted a final rule prohibiting the FHLBs from issuing new excess stock to members (such as MetaBank and MetaBank West Central) if the amount of member excess stock exceeds one percent of the FHLB's assets. These changes will not have a material impact on the Company.

In connection with the previously disclosed bankruptcy of certain borrowers of MetaBank, MetaBank has experienced loan losses, which have, in part, been passed on to various entities that participated with MetaBank, which was the lead lender at the time the loans were made. Several of the participant banks have contended, over and above the allocation issue raised by the participants and described in previous filings of the Registrant, that MetaBank owes such participants additional monies, and have threatened MetaBank with legal action, or have already filed such legal action, to recover said monies. In addition, five lawsuits, all containing virtually identical allegations to each of the others, have been filed naming several defendants, including MetaBank and affiliates, on behalf of the purchasers of automobiles from the borrowers. It is contended by the plaintiffs in these five lawsuits that MetaBank and its affiliates conspired with the borrowers to defraud such purchasers. See Footnote 4 to the Financial Statements and Part II - Other Information, Item 1. Legal Proceedings herein. If the Company is forced to defend itself against this pending and threatened litigation, the Company would incur additional legal expenses, which cannot be reasonably estimated at this time, but which would affect overall profitability.

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

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Shareholders held on January 22, 2007 (the Annual Meeting), the shareholders elected the three individuals nominated to serve as directors until 2010 or until their respective successors are elected and qualified, as set forth in Proposal I in the Company's Proxy Statement relating to the Annual Meeting. The three individuals elected, and the number of votes cast for, or withheld, with respect to each of them, is as follows:

E. Wayne Cooley	For: 1,605,953	Vote Withheld: 351,628
J. Tyler Haahr	For: 1,646,225	Vote Withheld: 311,356
Bradley C. Hanson	For: 1,672,134	Vote Withheld: 285,447

The following directors continue to serve on the Board of Directors following the Annual Meeting: James S. Haahr, E. Thurman Gaskill, Frederick V. Moore, Rodney G. Muilenburg and Jeanne Partlow.

Additionally, the shareholders ratified the amendment of the Company's 2002 Omnibus Incentive Plan as set forth in Proposal II in the Company's Proxy Statement relating to the Annual Meeting. The number of votes cast for and against the amendment, together with abstentions and non-votes, are as follows:

For:	1,151,815
Against:	205,592
Abstain:	3,498
Non-Votes:	596,676

Item 5. Other Information - None

Item 6. Exhibits

- (a) Exhibits:
- 31.1 Section 302 certification of Chief Executive Officer.
 - 31.2 Section 302 certification of Chief Financial Officer.
 - 32.1 Section 906 certification of Chief Executive Officer.
 - 32.2 Section 906 certification of Chief Financial Officer.

META FINANCIAL GROUP, INC.

SIGNATURES

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

META FINANCIAL GROUP, INC.

Date: November 21, 2007

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

Date: November 21, 2007

By: /s/ David W. Leedom
David W. Leedom, Senior Vice President
and Acting Chief Financial Officer