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Interviews & News!

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Meta Financial Group Is Focused On Bringing Money To Life By Creating Payment Solutions And Deposit Products For The Un-Banked Or Under-Banked, While Working With Business And Individual Customers Through Every Life Change



Financial
Savings & Loans
(CASH-NASDAQ)

Meta Financial Group, Inc.

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Mr. J. Tyler Haahr
President and CEO

BIO:

J. Tyler Haahr – President and Chief Executive Officer for Meta Financial Group and MetaBank, and President

of Meta Trust®. Meta Financial Group and its affiliates have employed Mr. Haahr since March 1997. Previously Mr. Haahr was a partner with the law firm of Lewis and Roca LLP, Phoenix, Arizona. Mr. Haahr received his B.S. degree with honors at the University of South Dakota in Vermillion, South Dakota. He graduated with honors from the Georgetown University Law Center, Washington, D.C. Mr. Haahr serves on the Board of Directors and Executive Committee for the Sioux Falls YMCA. J. Tyler Haahr is the son of James S. Haahr.

Company Profile:

Headquartered in Storm Lake, Iowa, Meta Financial Group, Inc. (Meta) is the holding company for MetaBank and Meta Trust Company®. Its primary businesses are providing payment solutions nationally through its Meta Payment Systems® (MPS) division and marketing deposits, loans, and other financial services and products to meet the needs of its commercial, agricultural, and retail customers in its bank markets. Meta shares are traded on the NASDAQ Global Select Market (trading symbol: "CASH").

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Haahr, what is the vision for MetaBank today?

Mr. Haahr: “The vision for MetaBank is two-fold. One side of the vision is our payments systems group and it is really bringing money to life. By that, what we mean is Meta Payment System is creating payment solutions, deposit products, and other things to make banking more accessible to those that have been un-banked or

under-banked before, as well as to increase the efficiency with which the monetary system works. That includes prepaid debit card products, rebate cards, credit products and different types of products and services than banks have traditionally provided. That is the vision for our payment systems division. On the retail banking side our vision is to work with our businesses and individual customers through every life change. We want to grow with them as they start a business, as they expand the business, as they go to sell the business and retire. We want to provide all needed services for business customers, as well as individual customers.”

CEOCFO: Let’s talk about the banking side; what is the geographic area you service, and who is your typical customer?

Mr. Haahr: “The area we serve is from central Iowa through southeast South Dakota. Our primary markets would be Des Moines and Storm Lake, Iowa as well as Sioux Falls and Brookings, South Dakota. Our typical customers are businesses, which includes agricultural owners as well. If you look at our balance sheet on the loan side, roughly 75% to 80% of our volume are commercial or agricultural. That is our geographic area and our typical customer. We also provide a lot of personal service to business owners, and their employees in our retail customer base. We have the ability to provide a variety of deposit and loan products, trust services, and other things on what I call our more traditional retail bank.”

CEOCFO: What are the special challenges with the agricultural community?

Mr. Haahr: “The agricultural community in our area is doing quite well right now. Commodity prices are significantly above historical norms. Although some areas of the country have been hit with flooding or weather related issues, our market areas have come through relatively unscathed such that most of them will have average or good years. Of our livestock producers, most of them are raising some of their grain for feed, which helps to the extent that higher grain prices make it more difficult on the livestock side. This helps offset the higher commodity prices they would otherwise have to pay. Our agricultural customers are, overall, doing quite well right now.”

CEOCFO: Why are customers using your bank and is there much competition?

Mr. Haahr: “Yes there is significant competition, but there are opportunities that we are given with the way our bank is set up both from a size and a structure standpoint. A roughly \$9 million lending limit meets the lending needs for the vast majority of customers and is more than the small local community banks can offer. On the flip side, to get that lending limit, Customers do not have to go to a national bank where basically information is taken by the order taker and then relayed across the country for approval. We have avoided a lot of the loan portfolio problems that a lot of the other banks have. Therefore, we have been able to continue to lend and be consistent in our lending approach while many other banks have either discontinued lending or severely limited it or changed their way of doing business. This has helped us a lot on the lending side in particular.”

CEOCFO: What do you look for in your people over and above banking experience?

Mr. Haahr: “We always try to look for people that always give 100% effort and care. Customers see and appreciate that; fellow employees see and appreciate that. We have people that are willing to run through a brick wall for their fellow employee or their customers.”

CEOCFO: Is the payment side the growth area for you these days?

Mr. Haahr: “It would be the bigger growth area, but not the only growth area. With our payments systems division, we started that back in 2004. Looking at the deposits, fee income, customers, cards issued or other various measurements, we have grown 50% in some areas and in excess of 100% in others annually since then, including the past year. Therefore, that would be our biggest growth area. Even on the retail banking side we have sold some branches in some small towns that had at best limited growth potential and in other cases were actually markets that were shrinking. However, we have grown in markets that have a greater growth potential. Sioux Falls, Des Moines, Brookings and Storm Lake have been growing significantly. In our Storm Lake market for example retail

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- Mr. J. Tyler Haahr

sales are up 13% in the last year, so we are in some growing markets. Out of the thirteen retail branches that we have, we have seven that have been started in roughly the last five years or so, so we have some retail branches that are still ramping up, expanding, and growing. We have been able to grow our loan portfolio through the first nine months of our fiscal year roughly twenty percent and that is even with the sale of some loans as part of the sale of one of our subsidiaries. There is growth opportunities on both the bank and the payment systems side. I would say the payment system division has seen exponential growth as opposed to the bank that has been a good steady growth company.”

CEOCFO: Do you see the need for more branches or services in the banking area?

Mr. Haahr: “We don’t currently have any plans to add additional branches. In the communities that we are in now, we have good coverage of those markets. We are looking to roll out some new products

and services this fall that will help provide better and improved services for our retail bank customers. We are constantly rolling out new products and services in our payment systems division and a lot of those are patent pending type of products with literally five patents being filed in the last quarter and close to twenty over the last few years.”

CEOCFO: What are you providing on the payment systems side, and who is using your services?

Mr. Haahr: “We work and partner with other vendors and companies throughout the country to provide value-added services. For example, we work with a number of malls to issue gift cards. We work with thousands of other bank branches owned by other banks that for economies of scale and other reasons, cannot do gift cards on their own and we allow branding by the other bank. This branding allows a mall or a bank to put their name on the front of the card even though we issue the card. We provide commissions in return for them initiating the cards. We work with a lot of other companies for rebate cards, payroll services, credit products, and we provide a lot of the expertise in program management and bringing vendors together. We also bring regulatory and the operational expertise to help our partners implement programs and services for the benefit of their customers as well. Now we are doing more of the program management ourselves where we are bundling the providers and services and managing the products and sales and assisting in a complete service for a number of our business partners.”

CEOCFO: You mentioned the patents in that area; what is the competitive landscape like, and why are there various institutions choosing to use your methods?

Mr. Haahr: “We have recognized experts in the payments industry; Brad Hanson is the president of our payments systems group, Scott Galit is our executive vice president. They were recently given the Innovators of the Year award by the Payments Trade Association. Brad has been a keynote speaker at Visa, MasterCard and other conferences. Mr.

Galit, prior to coming to MetaBank, ran Prepaid Worldwide for MasterCard. They are extremely talented as well as well respected in the industry. That background and leadership has helped immensely, as well as our ability to provide innovative and new services that others are not providing. Hence, the reason for a lot of the patents related to the services and products we are creating and providing.”

CEOCFO: How did you have the foresight to get involved in the payments arena?

Mr. Haahr: “It was an opportunity related to what we look for in people. We were able to hire a group of individuals that had the experience in the payments industry and felt like that they had a vision, the right work ethic, and the right ability to make it happen. As opposed to us saying this is an area that we absolutely have to be in, it really started with an opportunity with the right group of people. We spent a lot of time and energy researching the potential in the space and the people involved and made the decision that we were willing to invest some money. In fact, when we started our payment systems group, we announced that we would in all likelihood lose in excess of \$1 million through that new venture through the first six to twelve months and then hope to earn it back in roughly three

years and literally, we earned it back in less than a year. It was a situation where there was an opportunity that presented itself with the right people in an area that we felt was right for expansion.”

CEOCFO: Is the investment community paying attention to Meta Financial?

Mr. Haahr: “To a degree the investment community is and to a degree they are not. We do have investors that have recognized the value of our payments systems division. In 2006 and 2007 in particular, we had shareholder returns in excess of fifty percent both years. In 2008, financial related companies are out of favor, so we have seen some sell-off in 2008. The positive is we started from a higher place because of our prior returns over the last couple of years. However, the payments side of our business has become probably close to two-thirds of the overall business and it has happened so quickly, and I still think there is some misunderstanding of what our company really is.”

CEOCFO: Why should potential investors look at Meta Financial Group, and how do you stand out of the crowd?

Mr. Haahr: “Our payments systems division is in an emerging market in which we are the leader for many of the products and services being provided in the payments space. It has created growth

opportunities in the 50% to 100% range over the last few years. From an overall holding company perspective, we do not have any direct sub-prime lending exposure in either the loan or securities portfolio, so we have avoided a lot of the problems that have plagued other banks. Real estate development is another area that has caused a lot of credit problems for banks. We have limited exposure in that area too. Literally over the last three quarters our recoveries on loan losses have been higher than our charge-offs. I think we make good decisions on the retail banking side as well as the growth opportunities that we have had in the traditional bank, particularly in the commercial lending area and then just the overall growth and opportunities in the payment systems area.”

CEOCFO: Final thoughts; what should people remember most about Meta Financial Group?

Mr. Haahr: “Meta Financial Group has a very strong history and has the potential to exceed it to even a greater degree going forward based on the innovative products and solutions in our payment systems division and quality growth through the traditional banking side of things.””

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