

# QUARTERLY INVESTOR UPDATE

FIRST QUARTER FISCAL YEAR 2022

# FORWARD LOOKING STATEMENTS

This investor update contains “forward-looking statements” which are made in good faith by the Company pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements by words such as “may,” “hope,” “will,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” “could,” “future,” or the negative of those terms, or other words of similar meaning or similar expressions.

These forward-looking statements are based on information currently available to us and assumptions about future events, and include statements with respect to the Company’s beliefs, expectations, estimates, and intentions, which are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond the Company’s control. Such risks, uncertainties and other factors may cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Such statements address, among others, the following subjects: future operating results; expectations in connection with the impact of the ongoing COVID-19 pandemic and related government actions on our business, our industry and the capital markets; customer retention; loan and other product demand; expectations concerning acquisitions and divestitures; new products and services, including those offered by Meta Payment Systems, Refund Advantage, EPS Financial and Specialty Consumer Services divisions; credit quality; the level of net charge-offs and the adequacy of the allowance for loan and lease losses; technology; and the Company’s employees. The following factors, among others, could cause the Company’s financial performance and results of operations to differ materially from the expectations, estimates, and intentions expressed in such forward-looking statements: maintaining our executive management team; expected growth opportunities may not be realized or may take longer to realize than expected; the potential adverse effects of the ongoing COVID-19 pandemic and any governmental or societal responses thereto, or other unusual and infrequently occurring events; actual changes in interest rates and the Fed Funds rate; additional changes in tax laws; the strength of the United States’ economy, in general, and the strength of the local economies in which the Company operates; changes in, trade, monetary, and fiscal policies and laws, including interest rate policies of the Federal Reserve; inflation, market, and monetary fluctuations; the timely and efficient development of, and acceptance of, new products and services offered by the Company or its strategic partners, as well as risks (including reputational and litigation) attendant thereto, and the perceived overall value of these products and services by users; the risks of dealing with or utilizing third parties, including, in connection with the Company’s prepaid card and refund advance business, the risk of reduced volume of refund advance loans as a result of reduced customer demand for or usage of the Company’s strategic partners’ refund advance products; our relationship with, and any actions which may be initiated by, our regulators; the impact of changes in financial services laws and regulations, including, but not limited to, laws and regulations relating to the tax refund industry and the insurance premium finance industry; technological changes, including, but not limited to, the protection of our electronic systems and information; the impact of acquisitions and divestitures; litigation risk; the growth of the Company’s business, as well as expenses related thereto; continued maintenance by MetaBank of its status as a well-capitalized institution, changes in consumer spending and saving habits; losses from fraudulent or illegal activity, technological risks and developments and cyber threats, attacks or events; the success of the Company at maintaining its high quality asset level and managing and collecting assets of borrowers in default should problem assets increase; and the other factors described under the caption “Risk Factors” and in other sections of the Company’s Annual Report on Form 10-K for the Company’s fiscal year ended September 30, 2021 and in other filings made by the Company with the Securities and Exchange Commission (“SEC”).

The forward-looking statements included herein speak only as of the date of this investor update. The Company expressly disclaims any intent or obligation to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company or its subsidiaries, whether as a result of new information, changed circumstances or future events or for any other reason.



## WE STRIVE TO INCREASE FINANCIAL AVAILABILITY, CHOICE, AND OPPORTUNITY THROUGH FINANCIAL EMPOWERMENT.

We work to disrupt traditional banking norms by developing partnerships with fintechs, affinity groups, government agencies, and other banks to make a range of quality financial products and services available to the communities we serve nationally.

Our national bank charter, coordination with regulators, and deep understanding of risk mitigation and compliance allows us to guide our partners and deliver the financial products and services that meet the needs of those who need them most.

We believe in financial inclusion for all®.

# FIRST QUARTER BUSINESS HIGHLIGHTS & KEY STRATEGIC INITIATIVES



## Optimize Interest-Earning Assets

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Continued focus on growing commercial finance business lines.

- Grew commercial finance loans by \$375 million, or 15%, from December 31, 2020.
- Sold the remainder of the legacy community bank loans in the first quarter of fiscal 2022, completing the wind-down of that loan portfolio.



## Optimize Deposits

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Grew total deposits by \$318 million, or 5%, from December 31, 2020

- Reduced wholesale deposits by 71% from December 31, 2020.
- Achieved 0.08% cost of funds from all deposits and borrowings.
- Substantial deposit growth during the last twelve months as a result of government stimulus programs and organic growth.



## Optimize Operating Efficiencies

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Efficiency ratio of 59.3% compared to 62.2% as of December 31, 2020.<sup>1</sup>

- Continuing to drive long-term simplification and optimization of existing business platforms.
- Investing in technology to help drive efficiencies and operating leverage.
- Sale of the community bank portfolio expected to contribute towards improved efficiencies moving forward.

<sup>1</sup>Adjusted efficiency ratio (excluding the gain on sale of trademarks) for the twelve months ended December 31, 2021 was 64.7%. See appendix for Non-GAAP financial measures reconciliations.

# SUMMARY FINANCIAL RESULTS

## FIRST QUARTER ENDED DECEMBER 31, 2021

### INCOME STATEMENT

(\$ in thousands, except per share data)

	1Q21	4Q21	1Q22
Net interest income	65,999	70,667	71,613
Provision for credit losses	6,089	8,775	186
Total noninterest income	45,455	49,542	86,591
Total noninterest expense	72,575	93,614	82,436
Net income before taxes	32,790	17,820	75,582
Income tax expense	3,533	1,101	14,276
Net income before non-controlling interest	29,257	16,719	61,306
Net income (loss) attributable to non-controlling interest	1,220	816	(18)
<b>Net income attributable to parent</b>	<b>28,037</b>	<b>15,903</b>	<b>61,324</b>
Less: Allocation of earnings to participating securities <sup>1</sup>	554	297	953
Net income attributable to common shareholders <sup>1</sup>	27,483	15,606	60,371
<b>Earnings per share, diluted</b>	<b>\$0.84</b>	<b>\$0.50</b>	<b>\$2.00</b>
Average diluted shares	32,790,895	31,299,555	30,260,655

<sup>1</sup> Amounts presented are used in the two-class earnings per common share calculation.

Revenue of \$158.2 million, a 42% increase compared to \$111.5 million for the same quarter in fiscal 2021.

- Recognized \$50MM gain on trademark sale, (\$8.4MM) loss on sale and \$12.3MM allowance release with the community bank portfolio winddown, and an unrealized (\$3.3MM) loss on the investment in MoneyLion Inc.
- Strong year-over-year revenue growth across core business, driven by greater card fee income and commercial finance interest income.

Noninterest expense increased 14% to \$82.4 million for the fiscal 2022 first quarter, from \$72.6 million for the same quarter of last year.

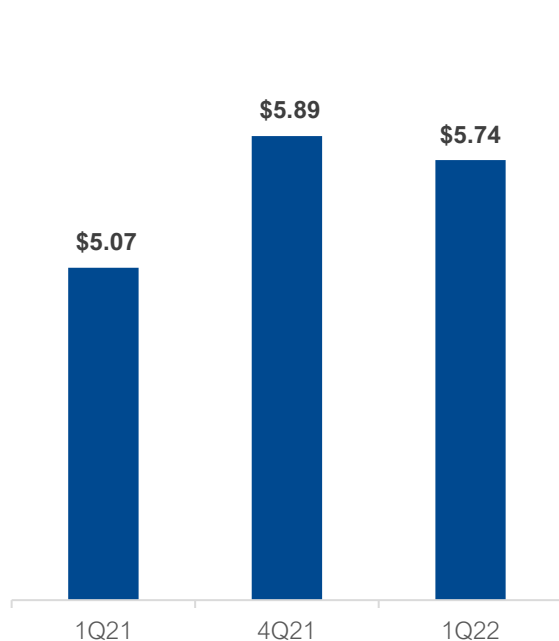
- First quarter expenses down \$11.2 million from the linked-quarter and in line with traditional run rate, following elevated spend in internal investments during the fourth quarter of fiscal 2021.
- Majority of year-over-year increase in expenses attributable to higher compensation expense stemming from greater FTE count and the macroeconomic environment.

# BaaS CAPABILITIES GENERATE INCREASING LOW-COST DEPOSITS AND REVENUE

## Growth in BaaS deposits

### Average Payments Deposits\*

(\$ in billions)

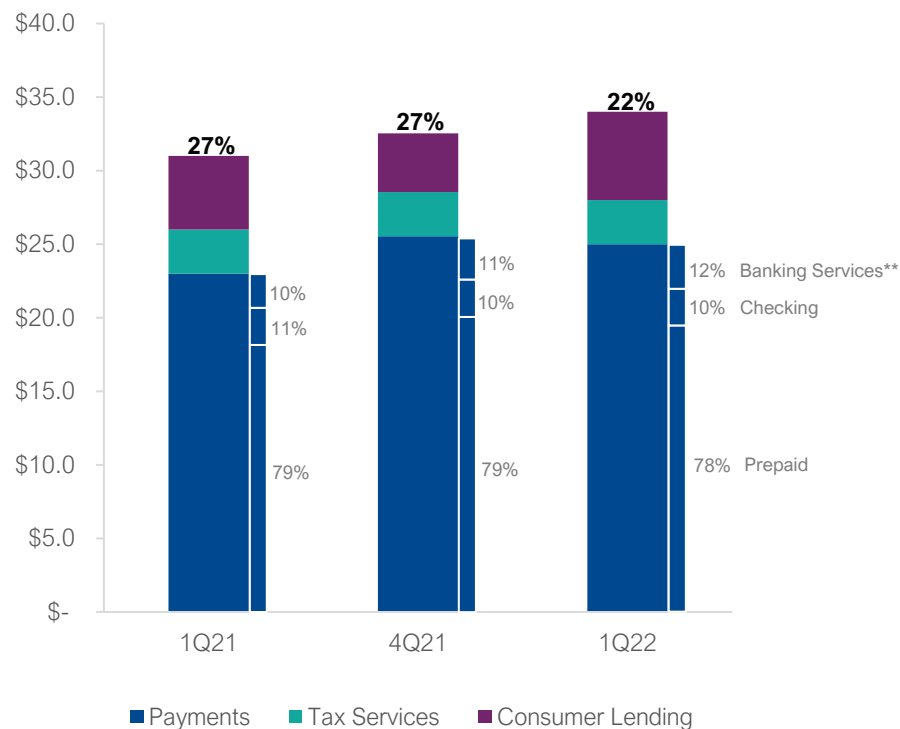


## Growth in BaaS revenue

### % of Total Revenue

% of Payments Revenue

(\$ in millions)



\*Deposit growth includes stimulus-related deposits as a result of Economic Impact Payments ("EIP") disbursed in 2020 and 2021.

\*\*Banking Services includes ATM, ACH/Faster Payments, Merchant Acquiring

Meta Financial Group, Inc. (Nasdaq: CASH) | Quarterly Investor Presentation



# BALANCE SHEET HIGHLIGHTS

FIRST QUARTER ENDED DECEMBER 31, 2021

## BALANCE SHEET

(\$ in thousands)

	PERIOD ENDING		
	1Q21	4Q21	1Q22
Cash and cash equivalents	1,586,451	314,019	1,230,100
Investments	1,309,452	1,921,568	1,833,733
Loans held for sale	133,659	56,194	36,182
Loans and leases (HFI) <sup>1</sup>	3,448,675	3,609,563	3,684,261
Allowance for credit losses	(72,389)	(68,281)	(67,623)
Other assets	858,667	857,587	893,005
<b>Total assets</b>	<b>7,264,515</b>	<b>6,690,650</b>	<b>7,609,658</b>
Total deposits	6,207,791	5,514,971	6,525,569
Total borrowings	96,760	92,834	92,274
Other liabilities	146,754	210,961	165,658
<b>Total liabilities</b>	<b>6,451,305</b>	<b>5,818,766</b>	<b>6,783,501</b>
Total stockholders' equity	813,210	871,884	826,157
Total liabilities and stockholders' equity	7,264,515	6,690,650	7,609,658
Loans (HFI) / Deposits	56 %	65 %	56 %
Net Interest Margin	4.65 %	4.35 %	4.59 %
Return on Average Assets	1.73 %	0.88 %	3.49 %
Return on Average Equity	13.91 %	7.18 %	29.69 %

The effects of government stimulus programs have had a significant impact on the Company's balance sheet. These programs include EIP, enhanced unemployment benefits that flow through to existing prepaid card programs, and Paycheck Protection Program ("PPP") loans.

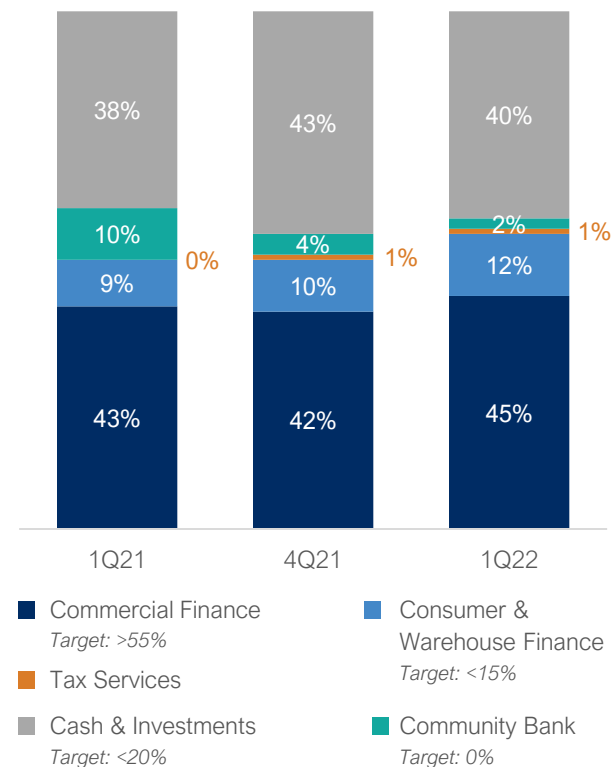
<sup>1</sup>Includes \$194.3 million, \$96.0 million, and \$63.8 million of PPP loans in 1Q21, 4Q21, and 1Q22, respectively.

# DIVERSIFIED EARNING ASSET PORTFOLIO

	At the Quarter Ended		Y/Y Δ
	DEC 31, 2020	DEC 31, 2021	
(\$ in thousands)	1 Q 21	1 Q 22	
<b>COMMERCIAL FINANCE</b>	<b>2,423,119</b>	<b>2,797,748</b>	<b>15%</b>
Term lending	881,306	1,038,378	18%
Asset-based lending	242,298	337,236	39%
Factoring	275,650	402,972	46%
Lease financing	283,722	245,315	(14)%
Insurance premium finance	338,227	385,473	14%
SBA/USDA <sup>1</sup>	300,707	209,521	(30)%
Other commercial finance	101,209	178,853	77%
<b>CONSUMER LENDING</b>	<b>251,018</b>	<b>317,755</b>	<b>27%</b>
Consumer credit programs	88,595	173,343	96%
Other consumer lending	162,423	144,412	(11)%
<b>TAX SERVICES</b>	<b>92,548</b>	<b>100,272</b>	<b>8%</b>
<b>WAREHOUSE FINANCE</b>	<b>318,937</b>	<b>466,831</b>	<b>46%</b>
<b>COMMUNITY BANKING</b>	<b>353,942</b>	<b>-</b>	<b>(100)%</b>
<b>TOTAL GROSS LOANS &amp; LEASES HFI</b>	<b>3,439,564</b>	<b>3,682,606</b>	<b>7%</b>
<b>TOTAL GROSS LOANS &amp; LEASES HFS</b>	<b>133,659</b>	<b>36,182</b>	<b>(73)%</b>
<b>CASH &amp; INVESTMENTS</b>	<b>2,802,598</b>	<b>3,006,776</b>	<b>7%</b>
<b>TOTAL EARNING ASSETS</b>	<b>6,375,821</b>	<b>6,725,564</b>	<b>5%</b>
<b>RENTAL EQUIPMENT, NET</b>	<b>206,732</b>	<b>234,693</b>	<b>14%</b>

## Quarterly Average Earning Asset Mix

% in charts represent % of total interest earning assets



The effects of government stimulus programs in 2020 and 2021 have had a significant impact on the Company's cash balances.

<sup>1</sup>Includes balances of \$194.3 million in PPP loans at December 31, 2020 and \$63.8 million at December 31, 2021.



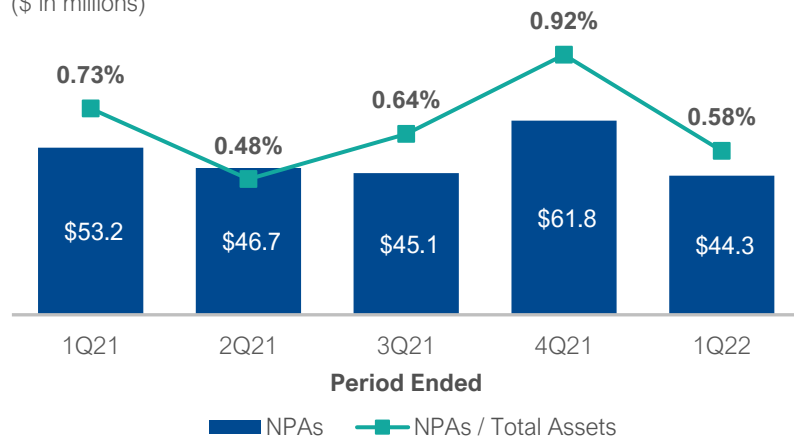
# OVERVIEW OF LOAN PORTFOLIO

(\$ in millions)		Business Line	Balance Sheet Category	1Q21	4Q21	1Q22	MRQ Yield
<b>Commercial Finance</b>  <sup>1</sup> Total renewable energy debt financing outstanding was \$415.3 million in 1Q22. Majority of balances in term lending balance sheet category.	<b>Commercial Finance</b>						
		Guaranteed portion of US govt SBA/USDA loans	SBA/USDA	40.3	61.9	44.6	
		Unguaranteed portion of US govt SBA/USDA loans	SBA/USDA	66.2	89.8	101.1	
		Paycheck protection program loans	SBA/USDA	194.3	96.0	63.8	
		Renewable energy debt financing <sup>1</sup> (term lending only)	Term lending	N/A	259.7	273.4	
		Other	Term lending	433.5	235.1	291.7	
		<b>TOTAL</b>		<b>734.2</b>	<b>742.6</b>	<b>774.6</b>	<b>5.28%</b>
	<b>Equipment Finance</b>						
	Large ticket	Lease Financing		244.5	232.5	213.7	
		Term lending		181.8	201.8	203.7	
	Small ticket	Lease Financing		31.5	24.4	21.6	
		Term lending		266.0	264.4	269.6	
	Other	Lease Financing		7.8	9.1	10.0	
		<b>TOTAL</b>		<b>731.5</b>	<b>732.3</b>	<b>718.6</b>	<b>7.25%</b>
	<b>Working Capital</b>						
		Asset-Based Lending		242.3	300.2	337.2	
		Factoring		275.7	363.7	403.0	
		<b>TOTAL</b>		<b>517.9</b>	<b>663.9</b>	<b>740.2</b>	<b>10.36%</b>
	<b>Specialty Finance</b>						
		Insurance Premium Finance		338.2	428.9	385.5	
		Other commercial finance		101.2	157.9	178.9	
		<b>TOTAL</b>		<b>439.4</b>	<b>586.8</b>	<b>564.3</b>	<b>4.97%</b>
<b>Consumer Lending</b>	Consumer credit programs	Consumer credit programs		88.6	129.3	173.3	
	Private student loans	Other consumer finance		110.8	96.7	92.0	
	Other consumer lending	Other consumer finance		51.6	26.9	52.4	
	<b>TOTAL</b>			<b>251.0</b>	<b>252.9</b>	<b>317.8</b>	<b>7.66%</b>
<b>Tax Services</b>	Tax preparer loans	Tax Services		65.4	8.0	73.6	
	Refund advance loans	Tax Services		27.2	2.4	26.7	
	<b>TOTAL</b>			<b>92.5</b>	<b>10.4</b>	<b>100.3</b>	<b>17.40%</b>
<b>Corporate</b>	Warehouse Finance			318.9	419.9	466.8	
	Community Banking			353.9	199.1	-	
	<b>TOTAL</b>			<b>672.9</b>	<b>619.1</b>	<b>466.8</b>	<b>5.75%</b>
<b>Total Lending Portfolio (HFI)</b>				<b>3,439.6</b>	<b>3,607.8</b>	<b>3,682.6</b>	<b>6.96%</b>

# ASSET QUALITY

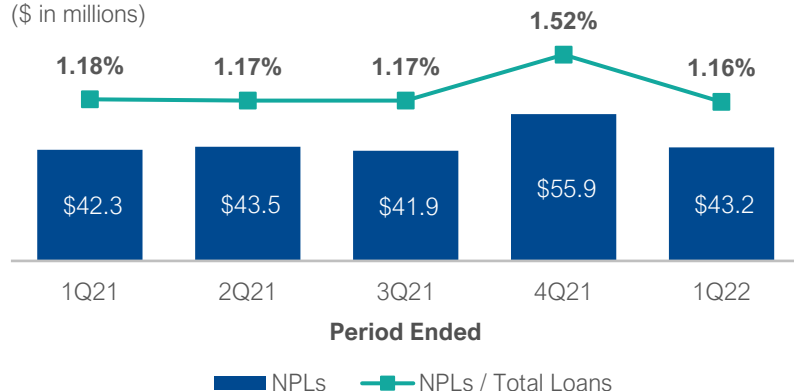
## Nonperforming Assets (“NPAs”)

(\$ in millions)



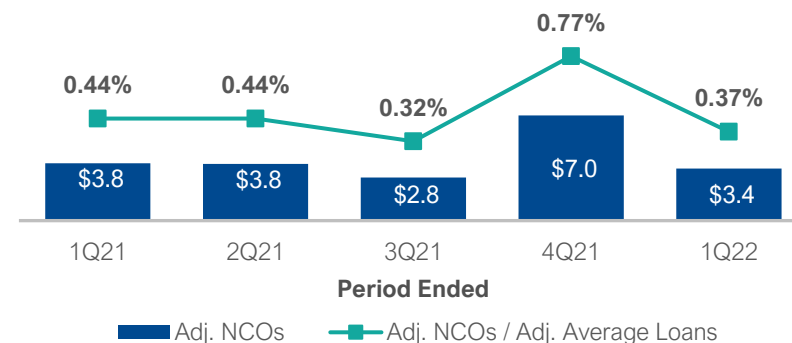
## Nonperforming Loans (“NPLs”)

(\$ in millions)



## Adjusted Net Charge-Offs (“NCOs”)<sup>1</sup>

Excludes Tax Services NCOs and Related Seasonal Average Loans  
(\$ in millions)



*Tax Services NCOs and related seasonal average loans are excluded to adjust for the cyclical activity related to the overall economics of the tax services business line.*

## KEY CREDIT METRICS

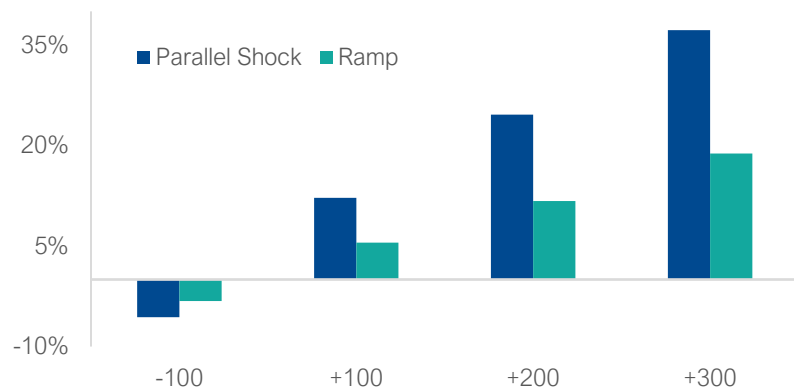
- Annualized adjusted net charge-offs<sup>1</sup>:
  - 0.37% of average loans in 1Q22
  - 0.48% of average loans over last 12 months
- Allowance for credit loss \$67.6 million, or 1.84% of total loans and leases, a 5bps decrease from the linked-quarter.
- Significant reduction in the NPAs at December 31, 2021, was primarily attributable to the sale of the remaining community banking loans and a decline in tax service loans.
- In 1Q22, sold \$192.5 million of community banking loans, which included \$14.9 million of NPLs.

<sup>1</sup> Non-GAAP financial measures, see appendix for reconciliations.

# INTEREST RATE RISK MANAGEMENT

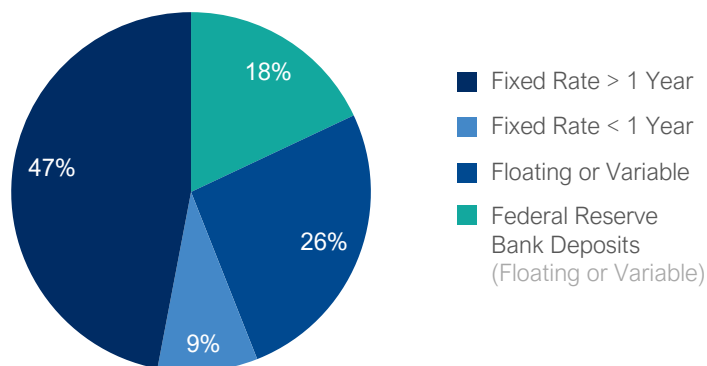
DECEMBER 31, 2021

## 12-Month Interest Rate Sensitivity from Base Net Interest Income

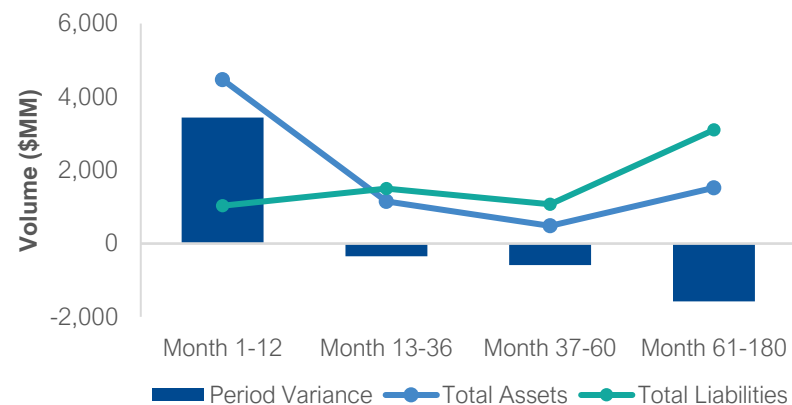


- Low-rate environment; focus is on reducing wholesale funding and deploying deposits into positive carry opportunities.
- Interest rate risk shows asset sensitive balance sheet; net interest income modeled under an instantaneous, parallel rate shock and a gradual parallel ramp.
- Management employs rigorous modeling techniques under a variety of yield curve shapes, twists and ramps.

## Earning Asset Pricing Attributes<sup>1</sup>



## Asset/Liability Gap Analysis



<sup>1</sup> Fixed rate securities, loans and leases are shown for contractual periods.

# CAPITAL AND SOURCES OF LIQUIDITY

REGULATORY CAPITAL AS OF DECEMBER 31, 2021

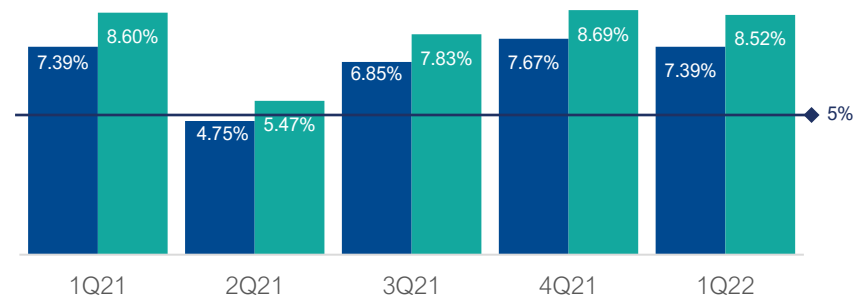
At December 31, 2021 <sup>1</sup>	Meta Financial Group, Inc.	MetaBank, N.A.
Tier 1 Leverage	7.39%	8.52%
Common Equity Tier 1	10.88%	12.90%
Tier 1 Capital	11.20%	12.91%
Total Capital	13.80%	14.16%

MetaBank remains well-capitalized. Tier 1 Leverage ratios impacted from government stimulus programs during fiscal 2020 and fiscal 2021. Capital levels have returned to a more normalized rate.

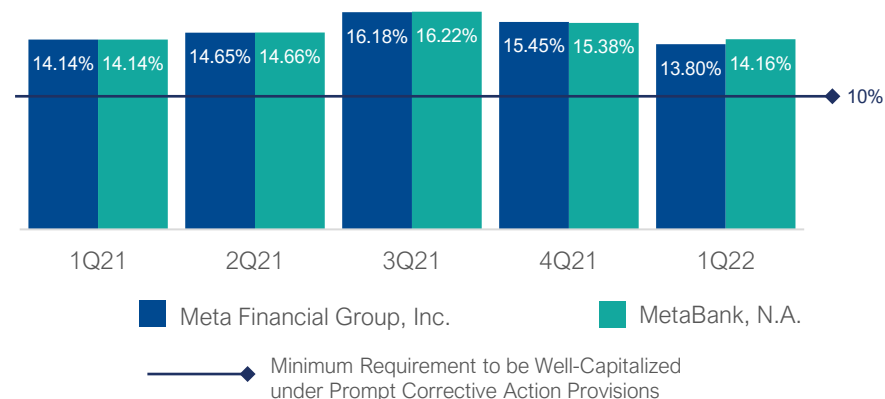
Primary & Secondary Liquidity Sources (\$ in millions)	
Cash and Cash Equivalents	\$1,230
Unpledged Investment Securities	\$1,015
FHLB Borrowing Capacity	\$535
Funds Available through Fed Discount Window	\$205
PPP Loan Collateral	\$60
Unsecured Lines of Credit	\$1,195 - \$1,510
EIP Deposit Balances Held at Other Banks	\$1,348

## Capital Ratio Trends

### Tier 1 Leverage Ratio



### Total Capital Ratio



<sup>1</sup> Regulatory capital reflects the Company's election of the five-year CECL transition for regulatory capital purposes.

Amounts are preliminary pending completion and filing of the Company's regulatory reports.

<sup>2</sup> Non-GAAP measure, see appendix for reconciliations.

# APPENDIX

# NON-GAAP RECONCILIATION

## Adjusted Net Income and Adjusted Earnings Per Share

(\$ in thousands, except per share data)

	1 Q 21	4 Q 21	1 Q 22
<b>Net income - GAAP</b>	<b>28,037</b>	<b>15,903</b>	<b>61,324</b>
Less: Gain on sale of trademarks	-	-	50,000
Add: Income tax effect from gain on sale of trademarks	-	-	12,593
Adjusted Net Income	28,037	15,903	23,917
Less: Allocation of earnings to participating securities <sup>1</sup>	554	297	372
<b>Adjusted net income</b>	<b>27,483</b>	<b>15,606</b>	<b>23,545</b>
<b>Adjusted earnings per share, diluted</b>	<b>\$0.84</b>	<b>\$0.50</b>	<b>\$0.78</b>
Average diluted shares	32,790,895	31,299,555	30,260,655

<sup>1</sup> Amounts presented are used in the two-class earnings per common share calculation.

# NON-GAAP RECONCILIATION

## Adjusted Annualized NCOs and Adjusted Loans and Leases

(\$ in thousands)	For the quarter ended				
	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021
Net Charge-offs	2,836	3,696	12,333	31,753	1,129
Less: Tax services net charge-offs	(956)	(54)	9,488	24,798	(2,313)
Adjusted Net Charge-offs	\$3,792	\$3,750	\$2,845	\$6,955	\$3,442
Quarterly Average Loans and Leases	3,495,696	4,120,555	3,618,733	3,646,312	3,706,975
Less: Quarterly Average Tax Services Loans	25,104	714,789	91,804	31,174	33,604
Adjusted Quarterly Average Loans and Leases	\$3,470,592	\$3,405,766	\$3,526,929	\$3,609,138	\$3,673,371
Annualized NCOs/Average Loans and Leases	0.32%	0.36%	1.36%	3.48%	0.12%
Adjusted Annualized NCOs/Adjusted Average Loans and Leases <sup>1</sup>	0.44%	0.44%	0.32%	0.77%	0.37%

<sup>1</sup> Tax Services NCOs and average loans are excluded to adjust for the cyclical activity related to the overall economics of the Company's tax services business line.



# FINANCIAL MEASURE RECONCILIATIONS

## Efficiency Ratio

	For the last twelve months ended				
(\$ in thousands)	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021
Noninterest Expense - GAAP	315,828	320,070	330,352	343,683	353,544
Net Interest Income	260,368	266,499	272,837	278,991	284,605
Noninterest Income	247,766	240,706	262,111	270,903	312,039
<b>Total Revenue: GAAP</b>	<b>508,152</b>	<b>507,205</b>	<b>534,948</b>	<b>549,894</b>	<b>596,644</b>
Efficiency Ratio, LTM	62.15%	63.10%	61.75%	62.50%	59.26%

## Adjusted Efficiency Ratio

	For the last twelve months ended				
(\$ in thousands)	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021
Noninterest Expense - GAAP	315,828	320,070	330,352	343,683	353,544
Net Interest Income	260,368	266,499	272,837	278,991	284,605
Noninterest Income	247,766	240,706	262,111	270,903	312,039
Less: Gain on sale of trademarks	-	-	-	-	50,000
<b>Total Revenue: GAAP</b>	<b>508,152</b>	<b>507,205</b>	<b>534,948</b>	<b>549,894</b>	<b>546,644</b>
Efficiency Ratio, LTM	62.15%	63.10%	61.75%	62.50%	64.68%