



PUBLIC DISCLOSURE

October 16, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metabank
Charter Number 705902

121 E. 5th Street
Storm Lake, IA 50588

Office of the Comptroller of the Currency

Sioux Falls Field Office
4900 S. Minnesota Avenue, Suite 300
Sioux Falls, SD 57108

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

- The bank's loan-to-deposit ratio is reasonable when considering the bank's condition, strategy, and the assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside its AAs.
- The geographic and borrower distribution of loans is reasonable.
- The volume of community development (CD) loans and investments is adequate. CD services demonstrate adequate responsiveness to AA needs.

Scope of Examination

MetaBank was evaluated under the Intermediate Small Bank examination procedures, which includes a Lending Test and a CD Test for the State of Iowa and the State of South Dakota. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The Lending Test covers the bank's performance from January 1, 2011 to December 31, 2012.

The Lending Test evaluated agriculture, commercial, and residential real estate loans originated by management during the evaluation period. To evaluate agriculture and commercial lending performance, we selected a random sample of 20 loans originated in 2011 and 20 loans originated in 2012, per loan type. To evaluate residential real estate loans, we relied on data submitted under the requirements of the Home Mortgage Disclosure Act (HMDA). The HMDA data was tested and found to be reliable prior to the start of the examination. We based market comparisons on 2011 and 2012 peer data.

The CD Test evaluates the bank's record of responding to the CD needs of its AAs through CD lending and providing qualified investments, donations, and services. The CD Test covers the bank's performance from January 24, 2011 to October 21, 2013.

Description of Institution

MetaBank is a federally chartered stock institution chartered in Storm Lake, Iowa. MetaBank is wholly owned by Meta Financial Group, Inc., a one-bank holding company headquartered in Sioux Falls, South Dakota. As of June 30, 2013, MetaBank had total assets of \$1.7 billion and tier one capital of \$151 million.

MetaBank is an interstate financial institution with offices located in Iowa and South Dakota. As of the start of this evaluation, the bank operated 11 branches and 13 automated teller machines (ATMs) in the following markets:

- Des Moines, Iowa,
- Storm Lake, Iowa,
- Brookings, South Dakota, and
- Sioux Falls, South Dakota.

MetaBank did not acquire or merge with any institutions during the evaluation period. One branch and its deposit-taking ATM, located in an upper-income census tract, were closed during the evaluation period. Three additional ATMs ceased deposit-taking operations in 2012. The ATMs were located in low-, moderate-, and upper-income census tracts.

MetaBank's primary lending focus is home mortgage lending and commercial lending to small and medium-sized businesses. However, MetaBank offers a full range of credit products within its AAs, including agriculture, commercial, consumer, and residential real estate loans and provides a wide range of retail deposit products to customers. Meta Payment Systems (MPS), a wholly owned division of MetaBank, offers electronic payment services on a nationwide basis by issuing various prepaid cards, sponsoring ATMs, and providing automated clearinghouse originations and agent bank programs. MPS attracts a large volume of deposits, but did not originate credit products during the evaluation period.

Net loans represented 18 percent of total assets as of December 31, 2012. As of December 31, 2012, commercial loans accounted for 47 percent of the loan portfolio, residential real estate loans 34 percent, agriculture loans 14 percent, and consumer loans five percent.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AAs. MetaBank received a "Needs to Improve" rating in its last performance evaluation, dated January 24, 2011.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, an AA within that state was selected for a full-scope review. Refer to the Scope section under each State for details regarding how the areas were selected.

Ratings

The bank's overall rating is a blend of the State of Iowa rating and the State of South Dakota rating. The rating for the State of South Dakota was weighted more heavily than the rating for the State of Iowa, as the majority of the bank's deposit and lending activities are focused in South Dakota. As of June 30, 2013, 89 percent of the bank's deposits and 69 percent of the bank's loans were originated in the State of South Dakota.

Conclusions with Respect to Performance Criteria

MetaBank's performance under the Lending Test is satisfactory. MetaBank's loan-to-deposit ratio is reasonable when considering deposits generated by the MPS division. A majority of the bank's loans are originated inside its AAs.

Loan-to-Deposit Ratio

MetaBank's loan-to-deposit ratio is reasonable given its size, financial condition, the AA's credit needs, and the nature of its deposit products. MetaBank's loan-to-deposit ratio was 24 percent as of December 31, 2012. The bank's quarterly loan-to-deposit ratio averaged 24 percent since the last Community Reinvestment Act (CRA) examination, and ranged from a high of 28 percent to a low of 21 percent. The average loan-to-deposit ratio for banks with total assets between \$800 million and \$2 billion, operating in the bank's AA, was 81 percent during the evaluation period.

MetaBank's loan-to-deposit ratio is significantly impacted by the MPS division. The MPS division generates a large volume of deposits in conjunction with their prepaid card products, but did not originate credit products during the evaluation period. MPS deposits accounted for 82 percent of MetaBank's total deposits during the evaluation period. The level of MPS deposit balances is more volatile than traditional thrift institution deposit products and present elevated liquidity risks for funding loan products. When excluding MPS deposits, MetaBank's average loan-to-deposit ratio increased to 141 percent during the evaluation period, and ranged from a high of 145 percent to a low of 135 percent.

Lending in Assessment Area

MetaBank originates a majority of its loans within its AAs. We reviewed 40 commercial and agriculture loans originated in 2011, 40 commercial and agriculture loans originated in 2012, and analyzed HMDA data to assess performance with this criteria. Management originated 56 percent of its loans by dollar and 75 percent by number to borrowers within the bank's AAs.

Table 1 details lending within the bank’s AAs by number and dollar amount of loans.

Table 1 - Lending in Brookings, Central Iowa, Northwest Iowa, and Sioux Empire AAs										
Loan Type	Number of Loans					Dollars of Loans (in 000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture	40	50	40	50	80	5,903	24	18,262	76	24,165
Commercial	70	88	10	12	80	12,085	37	20,209	63	32,294
HMDA	344	78	99	22	443	67,217	71	27,515	29	94,732
Total	454	75	149	25	603	85,205	56	65,986	44	151,191

Source: Loan sample; 2011-2012 HMDA data

Responses to Complaints

The bank did not receive any complaints since the previous CRA examination. The OCC received one comment on the bank’s CRA performance which we considered as part of our evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 195.28(c), in determining a Federal savings association’s (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any AA by an affiliate whose loans have been considered as part of the FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Iowa

CRA Rating for the State of Iowa: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

MetaBank's performance in Iowa meets the standards for satisfactory performance.

- The distribution of loans to borrowers of different income levels and businesses and farms of different sizes reflects reasonable penetration.
- The geographic distribution of loans to low- and moderate-income geographies reflects reasonable dispersion.
- MetaBank's CD activities demonstrate adequate responsiveness to the CD needs of its AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

MetaBank has two AAs in Iowa: the Central Iowa AA and the Northwest Iowa AA. MetaBank's Iowa operations account for 64 percent of its branch locations, but only 31 percent of loan volume and 11 percent of deposit volume.

Central Iowa AA

The Central Iowa AA includes portions of Dallas and Polk counties. This area is included in the Des Moines-West Des Moines Metropolitan Statistical Area (MSA); however, management did not designate the entire MSA as their AA because they would not be able to reasonably serve the entire MSA. Management operates five branches and six ATMs in the Central Iowa AA. The branches are located in Des Moines, West Des Moines, and Urbandale. One ATM accepts deposits.

The Central Iowa AA included 87 census tracts in 2012. Eight of the census tracts were low-income, 28 were moderate-income, 27 were middle-income, and 23 were upper-income. The income level of one census tract was unavailable. One-hundred and forty-seven thousand households lived in the Central Iowa AA during 2012. Of the households, 24 percent were low-income, 18 percent were moderate-income, 19 percent were middle-income, and 39 percent were upper-income. Eleven percent of the households lived below the poverty level. The weighted-average of median household income was \$58,410.

Sixty-four percent of the housing units in the AA were owner-occupied and 29 percent were renter-occupied in 2012. The weighted-average of median housing was \$154,986 and the weighted-average of monthly gross rent was \$735.

The Central Iowa AA included 41 thousand businesses in 2012. Ninety-eight percent of the businesses were non-farm businesses. Fourteen percent of the businesses were located in low-income census tracts, 21 percent were located in moderate-income census tracts, 30 percent were located in middle-income census tracts, and 35 percent were located in upper-income census tracts. Sixty-four percent of the businesses employed fewer than five people and 70 percent had gross annual revenues under \$1 million.

The economy improved in the Central Iowa AA during the evaluation period. The unemployment rate peaked at 6.80 percent in the Des Moines-West Des Moines, IA MSA during January 2011 and gradually declined to 5.30 percent in December 2012. This compares favorably to the national unemployment rate of 7.80 percent in December 2012, but is above the State of Iowa average of 5.0 percent. Major employers include two hospitals, two large financial institutions, and two large insurance companies.

Competition in the Central Iowa AA is strong and includes local community banks and branches of larger regional and national institutions. As of June 30, 2013, there were 44 financial institutions with offices in Dallas and Polk counties. MetaBank has less than one percent of total market share, which ranks 18th in the AA.

We contacted one community organization in the Central Iowa AA in conjunction with this examination. The contact was a director at an organization supporting small business loans. The contact identified small business lending and affordable housing as primary credit needs in the AA. MetaBank offers these types of loans.

Northwest Iowa AA

The Northwest Iowa AA includes Buena Vista county and one census tract in Sac county. Management operates two branches and one ATM in the Northwest Iowa AA, all of which are located in Storm Lake.

The Northwest Iowa AA includes seven census tracts, all of which are middle-income. Nine thousand households lived in the Northwest Iowa AA during 2012. Of the households, 22 percent were low-income, 19 percent were moderate-income, 20 percent were middle-income, and 39 percent were upper-income. Eleven percent of the households lived below the poverty level. The weighted-average of median household income was \$45,011.

Sixty-four percent of the housing units in the AA were owner-occupied and 27 percent were renter-occupied in 2012. The weighted-average of median housing was \$85,901 and the weighted-average of monthly gross rent was \$539.

The Northwest Iowa AA included three thousand businesses in 2012. Eighty percent were non-farm businesses. Seventy-five percent of the businesses employed fewer than five people and 78 percent had gross annual revenues under \$1 million.

The economy was stable in the Northwest Iowa AA during the evaluation period. The unemployment rate was 4.20 percent in December 2012, which is below the State of Iowa average of 5.0 percent. Major employers include a meat processing plant, a private university, and several financial and agriculture-related companies.

Competition in the Northwest Iowa AA is moderate. As of June 30, 2013, there were 18 financial institutions with offices in Buena Vista and Sac counties. MetaBank has five percent of total market share, which ranks 6th in the AA.

SCOPE OF EVALUATION IN IOWA

We completed a full-scope review of the Central Iowa AA and a limited-scope review of the Northwest Iowa AA. The CRA rating for the State of Iowa is based primarily on the AA receiving a full-scope review. Seventy-one percent of MetaBank's Iowa branch locations are located in the Central Iowa AA. Additionally, 67 percent of the deposits and 47 percent of the loans generated in the State of Iowa are from the Central Iowa AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

MetaBank's performance under the Lending and CD Tests in Iowa is rated Satisfactory. Borrower distribution of loans reflects reasonable penetration among families of different income levels and borrowers of different sizes. Geographic distribution of loans reflects reasonable dispersion among geographies of different income levels. The volume of CD loans, investments, and services reflects adequate responsiveness to CD needs and opportunities.

LENDING TEST

The bank's performance under the Lending Test in Iowa is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Central Iowa AA

The distribution of home loans to borrowers of different income levels is reasonable compared to 2000 and 2010 U.S. Census demographic data. The distribution of commercial loans to businesses of different sizes is excellent compared to 2000 and 2010 U.S. Census demographic data. Our sample included residential real estate loans originated in 2011 and 2012, and 20 business loans originated in 2011. There were not enough business loans originated in the AA during 2012 to complete a meaningful analysis.

The distribution of residential real estate loans to families of different income levels in 2011 meets the standards for satisfactory performance. Twenty-one percent of the AA families were low-income in 2011. Fourteen percent of home purchase and home refinance loans were made to low-income families. Eighteen percent of AA families were moderate-income in 2011. Twenty-nine percent of home purchase loans, 17 percent of home improvement loans, and 14 percent of home refinance loans were made to moderate-income borrowers.

Table 2A includes the data used to evaluate the borrower distribution of the bank’s home mortgage loans.

Table 2A - Borrower Distribution of Residential Real Estate Loans in Central Iowa AA (2011)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21	14	18	29	21	0	40	43
Home Improvement	21	0	18	17	21	17	40	50
Home Refinance	21	14	18	14	21	14	40	42

Source: 2000 U.S. Census data; 2011 HMDA data. Families with unknown income are not included in table.

The distribution of residential real estate loans to families of different income levels in 2012 meets the standards for satisfactory performance. Twenty-two percent of AA families were low-income in 2012. Eight percent of home purchase loans, 50 percent of home improvement loans, and 11 percent of home refinance loans were to low-income borrowers. Eighteen percent of AA families were moderate-income in 2012. Eight percent of home purchase loans, 50 percent of home improvement loans, and 16 percent of home refinance loans were to moderate-income borrowers.

Table 2B includes the data used to evaluate the borrower distribution of the bank’s home mortgage loans.

Table 2B - Borrower Distribution of Residential Real Estate Loans in Central Iowa AA (2012)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	22	8	18	8	22	8	38	69
Home Improvement	22	50	18	50	22	0	38	0
Home Refinance	22	12	18	16	22	18	38	41

Source: 2010 U.S. Census data; 2012 HMDA data. Families with unknown income are not included in table.

The distribution of business loans to businesses of different sizes exceeds the standards for satisfactory performance in 2011. Sixty-six percent of AA businesses reported gross annual revenue below \$1 million in 2011. Ninety-five percent of the business loans, by dollar and number, originated in the Central Iowa AA were to businesses with gross annual revenue below \$1 million.

Table 3A includes the data used to evaluate the borrower distribution of the bank’s commercial loans.

Table 3A - Borrower Distribution of Loans to Businesses in Central Iowa AA (2011)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	66	3	31	100
% of Bank Loans in AA by #	95	5	0	100
% of Bank Loans in AA by \$	95	5	0	100

Source: 2000 U.S. Census data; Loan sample

Northwest Iowa AA

The distribution of home loans to borrowers of different income levels reflects poor penetration compared to 2000 and 2010 U.S. Census demographic data. The distribution of commercial loans to businesses of different sizes is reasonable compared to 2000 and 2010 U.S. Census demographic data. Our sample included residential real estate loans originated in 2011 and 2012, and 20 agriculture loans originated in 2011 and 2012.

The distribution of residential real estate loans to families of different income levels in 2011 is significantly lower than the standards for satisfactory performance. In aggregate, 38 percent of AA families were either low- or moderate-income in 2011. Specifically, 17 percent of the AA families were low-income in 2011. Eleven percent of home purchase loans and eight percent of home refinance loans were made to low-income families. Twenty-one percent of AA families were moderate-income in 2011. Eleven percent of home purchase loans and 23 percent of home refinance loans were made to moderate-income borrowers.

Table 4A includes the data used to evaluate the borrower distribution of the bank’s home mortgage loans.

Table 4A - Borrower Distribution of Residential Real Estate Loans in Northwest Iowa AA (2011)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17	11	21	11	27	22	35	44
Home Improvement	17	0	21	0	27	0	35	100
Home Refinance	17	8	21	23	27	31	35	38

Source: 2000 U.S. Census data; 2011 HMDA data. Families with unknown income are not included in table.

The distribution of residential real estate loans to families of different income levels in 2012 is significantly lower than the standards for satisfactory performance. In aggregate, 39 percent of AA families were either low- or moderate-income in 2012. Specifically, 16 percent of the AA families were low-income in 2012. Seventeen percent of home purchase loans and three percent of home refinance loans were made to low-income families. Twenty-four percent of AA families were moderate-income in 2012. Eleven percent of home refinance loans were made to moderate-income borrowers.

Table 4A includes the data used to evaluate the borrower distribution of the bank’s home mortgage loans.

Table 4B - Borrower Distribution of Residential Real Estate Loans in Northwest Iowa AA (2012)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16	17	23	0	25	17	35	66
Home Improvement	16	0	23	0	25	0	35	0
Home Refinance	16	3	23	11	25	42	35	44

Source: 2010 U.S. Census data; 2012 HMDA data. Families with unknown income are not included in table.

The distribution of agriculture loans to farms of different sizes meets the standards for satisfactory performance in 2011. Ninety-nine percent of AA farms reported gross annual revenue below \$1 million in 2011. Ninety-five percent of farm loans by number and 73 of farm loans by dollar were to farms with gross annual revenue below \$1 million.

Table 5A includes the data used to evaluate the borrower distribution of the bank’s agriculture loans.

Table 5A - Borrower Distribution of Loans to Farms in Northwest Iowa AA (2011)				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	99	<1	1	100
% of Bank Loans in AA by #	95	5	0	100
% of Bank Loans in AA by \$	73	27	0	100

Source: 2000 U.S. Census data; Loan sample

The distribution of agriculture loans to farms of different sizes meets the standards for satisfactory performance in 2012. Ninety-nine percent of AA farms reported gross annual revenue below \$1 million in 2012. Eighty-five percent of farm loans by number and 95 percent of farm loans by dollar were to farms with gross annual revenue below \$1 million.

Table 5B includes the data used to evaluate the borrower distribution of the bank’s agriculture loans.

Table 5B - Borrower Distribution of Loans to Farms in Northwest Iowa AA (2012)				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99	<1	1	100
% of Bank Loans in AA by #	85	10	5	100
% of Bank Loans in AA by \$	95	4	0	100

Source: 2010 U.S. Census data; Loan Sample

Geographic Distribution of Loans

Central Iowa AA

The distribution of home loans to geographies of different income levels is reasonable compared to 2000 and 2010 U.S. Census demographic data. The distribution of commercial loans to geographies of different income levels is excellent compared to 2000 and 2010 U.S. Census demographic data. Our sample included residential real estate loans originated in 2011 and 2012, and 20 business loans originated in 2011. There were not enough business loans originated in the AA during 2012 to complete a meaningful analysis.

The geographic distribution of residential real estate loans to geographies of different income levels in 2011 is significantly lower than the standards for satisfactory performance. In aggregate, 21 percent of owner-occupied housing was located in low- and moderate-income census tracts within the AA. Management originated 11 percent of their mortgage loans to these census tracts. Specifically, two percent of owner-occupied housing was located in low-income census tracts in the AA during 2011. Seven percent of home purchase loans were made to low-income census tracts. Nineteen percent of owner-occupied housing was located in moderate-income census tracts in the AA during 2011. Seven percent of home purchase loans and 11 percent of home refinance loans were made to moderate-income census tracts.

Table 6A includes the data used to evaluate the geographic distribution of the bank’s home mortgage loans.

Table 6A - Geographic Distribution of Residential Real Estate Loans in Central Iowa AA (2011)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans						
Home Purchase	2	7	19	7	50	36	29	50
Home Improvement	2	0	19	0	50	33	29	67
Refinancing	2	0	19	11	50	44	29	44

Source: 2000 U.S. Census data; 2011 HMDA data. Families with unknown income are not included in table.

The geographic distribution of residential real estate loans to geographies of different income levels in 2012 meets the standards for satisfactory performance. Four percent of owner-occupied housing was located in low-income census tracts in the AA during 2012. Twenty-three percent of home purchase loans and four percent of home refinance loans were made to low-income census tracts. Twenty-seven percent of owner-occupied housing was located in moderate-income census tracts in the AA during 2012. Twenty-three percent of home purchase loans, 50 percent of home improvement loans, and 12 percent of home refinance loans were made to moderate-income census tracts.

Table 6B includes the data used to evaluate the geographic distribution of the bank’s home mortgage loans.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	4	23	27	23	34	8	35	46
Home Improvement	4	0	27	50	34	0	35	50
Refinancing	4	4	27	12	34	33	35	51

Source: 2010 U.S. Census data; 2012 HMDA data. Families with unknown income are not included in table.

The distribution of business loans to geographies of different income levels exceeds the standards for satisfactory performance in 2011. Ten percent of AA businesses were located in low-income census tracts in 2011. Fifteen percent of the bank’s business loans by number were to low-income census tracts. Nine percent of AA businesses were located in moderate-income census tracts in 2011. Twenty percent of the bank’s business loans by number were to moderate-income census tracts.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	10	15	9	20	45	15	36	50

Source: 2000 U.S. Census data; Loan sample.

Northwest Iowa AA

There are no low- or moderate-income census tracts in the Northwest Iowa AA. A geographic analysis of this AA would not be meaningful.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in Iowa is rated Satisfactory. CD activities demonstrate adequate responsiveness to CD needs and opportunities. CD loans and investments total \$18 million and represent 11.86 percent of tier one capital as of June 30, 2013. Management provided 704 service hours in Iowa during the evaluation period.

Number and Amount of Community Development Loans

Central Iowa AA

Management did not make any CD loans in the Central Iowa AA during the evaluation period.

Northwest Iowa AA

Management made 97 CD loans totaling \$15.5 million in the Northwest Iowa AA during the evaluation period. The CD loans in this AA were small farm loans to borrowers located in distressed middle-income census tracts in Buena Vista County. The area was distressed in 2011 and part of 2012 because of population loss. These loans helped revitalize the area by providing funding to retain farms, which is vital to retaining population.

Number and Amount of Qualified Investments

Central Iowa AA

Management provided seven investments totaling \$16 thousand to the AA during the evaluation period. One of the bank's largest donations supported an organization providing community services to low- and moderate-income youth. Another donation supported an organization that provides affordable housing to low- and moderate-income individuals.

Northwest Iowa AA

Management provided six investments totaling \$2.3 million to the AA during the evaluation period. The investments were bond purchases to support water system, law enforcement, and city service improvements in Storm Lake.

Extent to Which the Bank Provides Community Development Services

Central Iowa AA

Management provided 578 service hours to four qualified organizations in the AA during the evaluation period. Eighty-four percent of the service hours provided by management were responsive to CD needs.

Examples of CD services provided by management include:

- One employee serves on the Board of Directors for an organization providing community services to low- and moderate-income individuals.
- One employee serves on the Board of Directors for an organization that renovates buildings in low- and moderate-income census tracts to provide affordable housing to area residents.
- One employee provided his financial expertise to an affordable housing organization.

One branch in the Central Iowa AA is located in a low-income census tract. Three branches are located in moderate-income census tracts. Hours and services available at the branches located in low- and moderate-income census tracts were consistent with those offered in branches located in middle- and upper-income census tracts.

Northwest Iowa AA

Management provided 126 service hours to two qualified organizations in the AA during the evaluation period. Eighty-seven percent of the service hours provided by management were responsive to CD needs.

An example of CD services provided by management includes:

- One employee donated time to an economic development corporation by assisting businesses and individuals in securing loans from the Small Business Administration or a local revolving fund to start or support small businesses in the AA.

State Rating

State of South Dakota

CRA Rating for State of South Dakota: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

MetaBank's performance in South Dakota meets the standards for satisfactory performance.

- The distribution of loans to borrowers of different income levels and businesses and farms of different sizes reflects reasonable penetration.
- The geographic distribution of loans to low- and moderate-income geographies reflects reasonable dispersion.
- MetaBank's CD activities demonstrate adequate responsiveness to the CD needs of its AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTH DAKOTA

MetaBank has two AAs in South Dakota: the Brookings AA and the Sioux Empire AA. MetaBank's South Dakota operations account for only 33 percent of its branch locations, but represent 69 percent of loan volume and 89 percent of deposit volume. This high percentage of deposit volume is attributable in part to MPS operations.

Brookings AA

The Brookings AA includes all of Brookings County. Management operates one branch and three ATMs in the Brookings AA. The branch and ATMs are located in the city of Brookings. One ATM accepts deposits.

The Brookings AA included six census tracts in 2012. Four of the census tracts were middle-income and two were upper-income. Eleven thousand households lived in the Brookings AA during 2012. Of the households, 24 percent were low-income, 16 percent were middle-income, 16 percent were middle-income, and 44 percent were upper-income. Seventeen percent of the households lived below the poverty level. The weighted-average of median household income was \$44,668.

Fifty-three percent of the housing units in the AA were owner-occupied and 37 percent were renter-occupied in 2012. The weighted-average of median housing was \$130,979 and the weighted-average of monthly gross rent was \$582.

The Brookings AA included three thousand businesses in 2012. Eighty-eight percent were non-farm businesses. Seventy-seven percent of the businesses were located in middle-income census tracts and 23 percent were located in upper-income census tracts. Seventy percent of the businesses employed fewer than five people and 76 percent had gross annual revenues under \$1 million.

The economy was stable in the Brookings AA during the evaluation period. The unemployment rate fluctuated between 4.90 percent in June 2011 and 3.10 percent in September 2012. The unemployment rate was 3.40 in December 2012, which is below the national average of 7.80 percent and the State of South Dakota average of 4.30 percent. Major employers include a public university, an electronics manufacturer, and a medical supply manufacturer.

Competition in the Brookings AA is moderate. As of June 30, 2013, there were nine financial institutions with offices in Brookings County. MetaBank ranks sixth in the market with a market share of four percent.

Sioux Empire AA

The Sioux Empire AA includes portions of Lincoln and Minnehaha counties. This area is included in the Sioux Falls, SD MSA; however, management did not designate the entire MSA as their AA because they would not be able to reasonably serve the entire MSA. Management operates three branches and three ATMs in the Sioux Empire AA. The branches are located in Sioux Falls. All three ATMs accept deposits.

The Sioux Empire AA included 47 census tracts during 2012. Fourteen of the census tracts were moderate-income, 21 were middle-income, and 12 were upper-income. Seventy-two thousand households lived in the Sioux Empire AA during 2012. Of the households, 21 percent were low-income, 18 percent were moderate-income, 20 percent were middle-income, and 41 percent were upper-income. Nine percent of the households lived below the poverty level. The weighted-average of median household income was \$56,613.

Sixty-two percent of the housing units in the AA were owner-occupied and 32 percent were renter-occupied during 2012. The weighted-average of median housing was \$151,647 and the weighted-average of monthly gross rent was \$676.

The Sioux Empire AA included 21 thousand businesses in 2012. Ninety-six percent of the businesses were non-farm businesses. Forty percent of the businesses were located in moderate-income census tracts, 36 percent were located in middle-income census tracts, and 24 percent were located in upper-income census tracts. Sixty-four percent of the businesses employed fewer than five people and 71 percent had gross annual revenues under \$1 million.

The economy was stable in the Sioux Empire AA during the evaluation period. The unemployment rate fluctuated between 5.50 percent in January 2011 and 3.60 percent in September 2012. The unemployment rate was 4.0 percent during December 2012,

which is below the national average of 7.80 percent and the State of South Dakota average of 4.30 percent. Major employers include two hospitals, a meat packing plant, and two large financial institutions.

Competition in the Sioux Empire AA is strong, and includes local community banks and branches of larger regional and national institutions. As of June 30, 2013, there were 28 financial institutions with offices in Lincoln and Minnehaha counties. MetaBank ranked third in the market, but had a market share of less than one percent.

We contacted one community organization in the Sioux Empire AA in conjunction with this examination. The contact was a director at an affordable housing organization in the AA. The contact identified affordable housing as a primary credit need in the AA. MetaBank offers these types of loans.

SCOPE OF EVALUATION IN SOUTH DAKOTA

We completed a full-scope review of the Sioux Empire AA and a limited-scope review of the Brookings AA. The CRA rating for the State of South Dakota is based primarily on the AA receiving a full-scope review. Seventy-five percent of MetaBank's South Dakota locations are located in the Sioux Empire AA. Additionally, 97 percent of the deposits and 64 percent of the loans generated in the State of South Dakota are from the Sioux Empire AA. Furthermore, 86 percent of the bank's total deposit volume and 44 percent of the bank's total loan volume is generated in the Sioux Empire AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH DAKOTA

MetaBank's performance under the Lending and CD Tests in South Dakota is rated Satisfactory. Borrower distribution of loans reflects reasonable penetration among families of different income levels and borrowers of different sizes. Geographic distribution of loans reflects reasonable dispersion among geographies of different income levels. The volume of CD loans, investments, and services reflects adequate responsiveness to CD needs and opportunities.

LENDING TEST

The bank's performance under the Lending Test in South Dakota is rated Satisfactory.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Sioux Empire AA

The distribution of home loans to borrowers of different income levels and commercial loans to businesses of different sizes is reasonable compared to 2000 and 2010 U.S. Census demographic data. Our sample included residential real estate loans originated in 2011 and 2012, and 20 business loans originated in 2011 and 2012.

The distribution of residential real estate loans to families of different income levels in 2011 is significantly lower than the standards for satisfactory performance when compared to the bank's performance context. In aggregate, 34 percent of AA families were either low- or moderate-income in 2011. Management originated 13 percent of their mortgage loans to these families. Specifically, 15 percent of AA families were low-income in 2011. Management did not make any home purchase, home improvement, or home refinance loans to low-income borrowers in 2011. Nineteen percent of AA families were moderate-income in 2011. Thirteen percent of home purchase loans and 13 percent of home refinance loans were to moderate-income borrowers in 2011.

Table 8A includes the data used to evaluate the borrower distribution of the bank's home mortgage loans.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	15	0	19	13	28	9	38	52
Home Improvement	15	0	19	0	28	0	38	0
Home Refinance	15	0	19	13	28	13	38	39

Source: 2000 U.S. Census data; 2011 HMDA data. Families with unknown income are not included in table.

The distribution of residential real estate loans to families of different income levels in 2012 meets the standards for satisfactory performance. Eighteen percent of AA families were low-income in 2012. Fifteen percent of home purchase loans were to low-income families. Seventeen percent of AA families were moderate-income in 2012. Fifteen percent of home purchase loans and three percent of home refinance loans were to moderate-income borrowers.

Table 8B includes the data used to evaluate the borrower distribution of the bank's home mortgage loans.

Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18	15	17	15	26	6	39	52
Home Improvement	18	0	17	0	26	50	39	25
Home Refinance	18	0	17	3	26	11	39	44

Source: 2010 U.S. Census data; 2012 HMDA data. Families with unknown income are not included in table.

The distribution of business loans to businesses of different sizes meets the standards for satisfactory performance in 2011. Sixty-seven percent of AA businesses reported gross annual revenue below \$1 million in 2011. Forty-five percent of the business loans by number and 64 percent of the business loans by dollar were to businesses with gross annual revenue below \$1 million.

Table 9A includes the data used to evaluate the borrower distribution of the bank’s commercial loans.

Table 9A - Borrower Distribution of Loans to Businesses in Sioux Empire AA (2011)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	67	4	29	100
% of Bank Loans in AA by #	45	55	0	100
% of Bank Loans in AA by \$	64	36	0	100

Source: 2000 U.S. Census data; Loan sample

The distribution of business loans to businesses of different sizes is significantly lower than the standards for satisfactory performance in 2012. Seventy-one percent of AA businesses reported gross annual revenue below \$1 million in 2012. Forty percent of the business loans by number and 36 percent of the business loans by dollar were to businesses with gross annual revenue below \$1 million.

Table 9B includes the data used to evaluate the borrower distribution of the bank’s commercial loans.

Table 9B - Borrower Distribution of Loans to Businesses in Sioux Empire AA (2012)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	71	5	24	100
% of Bank Loans in AA by #	40	60	0	100
% of Bank Loans in AA by \$	36	64	0	100

Source: 2010 U.S. Census data; Loan sample

Brookings AA

The distribution of loans to farms of different sizes is excellent compared to 2000 and 2010 U.S. Census demographic data. Our sample included 20 agriculture loans originated in 2011 and 2012.

The distribution of agriculture loans to farms of different sizes exceeds the standards for satisfactory performance in 2011. Ninety-eight percent of AA farms reported gross annual revenue below \$1 million in 2011. One-hundred percent of farm loans, by number and dollar, originated in the Brookings AA were to farms with gross annual revenue below \$1 million.

Table 10A includes the data used to evaluate the borrower distribution of the bank’s agriculture loans.

Table 10A - Borrower Distribution of Loans to Farms in Brookings AA (2011)				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98	1	1	100
% of Bank Loans in AA by #	100	0	0	100
% of Bank Loans in AA by \$	100	0	0	100

Source: 2000 U.S. Census data; Loan sample

The distribution of agriculture loans to farms of different sizes exceeds the standards for satisfactory performance in 2012. Ninety-eight percent of AA farms reported gross annual revenue below \$1 million in 2012. One-hundred percent of farm loans, by number and dollar, originated in the Brookings AA were to farms with gross annual revenue below \$1 million.

Table 10B includes the data used to evaluate the borrower distribution of the bank’s agriculture loans.

Table 10B - Borrower Distribution of Loans to Farms in Brookings AA (2012)				
Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	98	1	1	100
% of Bank Loans in AA by #	100	0	0	100
% of Bank Loans in AA by \$	100	0	0	100

Source: 2010 U.S. Census data; Loan sample

Geographic Distribution of Loans

Sioux Empire AA

The distribution of home and business loans to geographies of different income levels is reasonable compared to 2000 and 2010 U.S. Census demographic data. Our sample included residential real estate loans originated in 2011 and 2012, and 20 business loans originated in 2011 and 2012.

The geographic distribution of residential real estate loans to geographies of different income levels meets the standards for satisfactory performance in 2011. Eleven percent of owner-occupied housing was located in moderate-income census tracts in the AA during 2011. Thirteen percent of home refinance loans were to moderate-income census tracts during 2011.

Table 11A includes the data used to evaluate the geographic distribution of the bank's home mortgage loans.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0	0	11	0	7	37	21	13
Home Improvement	0	0	11	0	7	0	21	0
Refinancing	0	0	11	13	7	61	21	26

Source: 2000 U.S. Census data; 2011 HMDA data

The geographic distribution of residential real estate loans to geographies of different income levels meets the standards for satisfactory performance in 2012. Twenty-two percent of owner-occupied housing was located in moderate-income census tracts during 2012. Twenty-one percent of home purchase loans and 17 percent of home refinance loans were made to moderate-income census tracts during 2012.

Table 11B includes the data used to evaluate the geographic distribution of the bank's home mortgage loans.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0	0	22	21	48	42	30	36
Home Improvement	0	0	22	25	48	0	30	75
Refinancing	0	0	22	17	48	42	30	42

Source: 2010 U.S. Census data; 2012 HMDA data

The geographic distribution of business loans to geographies of different income levels does not meet the standards for satisfactory performance in 2011. Seventeen percent of AA businesses were located in moderate-income census tracts in 2011. MetaBank did not make any business loans to moderate-income census tracts in 2011.

Table 12A includes the data used to evaluate the geographic distribution of the bank’s commercial loans.

Table 12A - Geographic Distribution of Loans to Businesses in Sioux Empire AA (2011)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0	0	17	0	70	95	13	5

Source: 2000 U.S. Census data; Loan sample

The geographic distribution of business loans exceeds the standards for reasonable performance in 2012. Forty percent of AA businesses were located in moderate-income census tracts in 2012. Seventy-five percent of business loans by number were to moderate-income census tracts.

Table 12B includes the data used to evaluate the geographic distribution of the bank’s commercial loans.

Table 12B - Geographic Distribution of Loans to Businesses in Sioux Empire AA (2012)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0	0	40	75	36	20	24	5

Source: 2010 U.S. Census data; Loan sample

Brookings AA

There are no low- or moderate-income census tracts in the Brookings AA. A geographic analysis of this AA would not be meaningful.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD Test in South Dakota is rated Satisfactory. CD activities demonstrate adequate responsiveness to CD needs and opportunities. CD loans and investments total \$3.8 million and represent 2.51 percent of tier one capital as of June 30, 2013. Management provided 1,011 service hours in South Dakota during the evaluation period.

Number and Amount of Community Development Loans

Sioux Empire AA

Management made two CD loans totaling \$2.5 million in the Sioux Empire AA during the evaluation period. The CD loans were to two apartment complexes providing affordable housing to low- and moderate-income individuals.

Brookings AA

Management did not make any CD loans in the Brookings AA during the evaluation period.

Number and Amount of Qualified Investments

Sioux Empire AA

Management provided 30 investments totaling \$1.3 million to the AA during the evaluation period. The investments included two bond purchases to build an event center in a moderate-income census tract. MetaBank's donations supported one affordable housing organization and several organizations providing community services to low- and moderate-income individuals in the AA.

Brookings AA

Management provided 15 investments totaling \$9 thousand during the evaluation period. The investments supported an economic development corporation, an affordable housing organization, and several organizations providing community services to low- and moderate-income individuals in the AA.

Extent to Which the Bank Provides Community Development Services

Sioux Empire AA

Management provided 1,011 service hours to nine qualified organizations in the AA during the evaluation period. One-hundred percent of the service hours provided by management were responsive to CD needs.

Examples of CD services provided by management include:

- One employee serves on the Board of Directors for an organization providing community services to low- and moderate-income individuals.
- One employee serves on the Board of Directors for an organization that provides affordable housing to developmentally disabled individuals.

- One employee provides financial expertise to a community outreach organization providing housing, utility, and job transportation assistance to low- and moderate-income individuals.
- Two employees provide financial expertise to an affordable housing organization.

Two branches in the Sioux Empire AA are located in moderate-income census tracts. Hours and services available at the branches located in low- and moderate-income census tracts were consistent with those offered in branches located in middle- and upper-income census tracts.

Brookings AA

Management did not provide any service hours to qualified organizations in the Brookings AA during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: 01/01/2011 to 12/31/2012 Community Development Test: 01/24/2011 to 10/21/2013	
Financial Institution	Products Reviewed	
MetaBank Storm Lake, Iowa	Home mortgage loans, small loans to businesses, small loans to farms, and CD loans, investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate lending products were reviewed.	Not applicable.	Not applicable.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Iowa Des Moines-West Des Moines, IA MSA #19780 Northwest Iowa	Full-Scope Limited-Scope	Metropolitan AA including Dallas and Polk counties. Nonmetropolitan AA including Buena Vista and Sac counties.
State of South Dakota Sioux Falls, SD MSA #43620 Brookings	Full-Scope Limited-Scope	Metropolitan AA including Lincoln and Minnehaha counties. Nonmetropolitan AA including Brookings county.

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
MetaBank	Satisfactory	Satisfactory	Satisfactory
State of Iowa	Satisfactory	Satisfactory	Satisfactory
State of South Dakota	Satisfactory	Satisfactory	Satisfactory