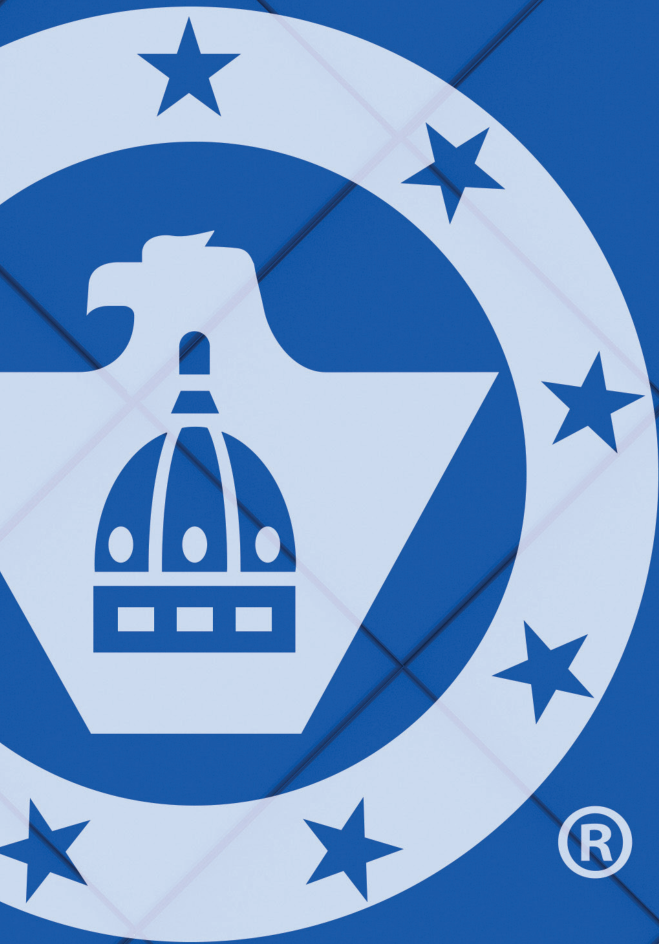
CAPITOL FEDERAL FINANCIAL®



2020 Annual Report

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2021 Notice and Proxy Statement

DEAR STOCKHOLDERS,

Capitol Federal Financial, Inc.® (the "Company") finished our 2020 fiscal year with a strong balance sheet, high quality assets, and paid out 100% of our earnings in cash dividends. During 2020 our board, management team and employee base committed to seeing Capitol Federal® Savings (the "Bank") through the COVID-19 pandemic by staying focused on customer service and the safety and health of our customers and workforce.

The Company responded to government mandates promoting health and safety concerns by closing lobbies in mid-March, with them reopening in mid-May for about six weeks before the need to close them resurfaced. Since mid-September our lobbies have been open for all customer service needs. We responded by fully deploying technology to allow nearly 350 employees to work from home to meet expectations for customer service and the many compliance responsibilities the Bank has. We implemented loan modification and forbearance programs for retail and commercial loan customers, participated in the Paycheck Protection Program and waived many deposit fees. These actions helped our customers most impacted by the economic fallout of the government mandates weather the challenges they were, and some still are, facing.

For the 2020 fiscal year, the Company reported net income of $64.5 million, or earnings per share of $0.47 per share. Net income was lower in fiscal year 2020 due to additional reserves set aside for potential loan losses as well as a lower net interest margin. Our net interest margin declined primarily in response to the Federal Reserve taking short-term interest rates to near zero and longer-term rates falling in response to the rapid decrease in economic activity, reflected by a 31% annualized decrease in GDP in the second calendar quarter. These events caused mortgage rates to tumble and our refinance and endorsement programs to be utilized by our customers. The yield on our assets dropped from 3.61% in fiscal year 2019 to 3.40% in fiscal year 2020.

Our asset quality metrics remained very strong during the fiscal year. In March 2020, the Bank set aside $22 million for potential loan losses because the risk for default was and is perceived to be high with uncertainty surrounding the impact of government mandates offset by the impact of the CARES Act on our borrowers.

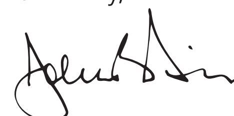
Our deposits increased $609.5 million during the fiscal year. Retail accounts grew considerably as federal stimulus monies brought in about $90 million in deposits as did the historically high savings rate by customers. Commercial accounts grew significantly as well, primarily due to new relationships and deposits of proceeds from the Paycheck Protection Program.

Capital remained strong with an equity to total assets ratio of 13.5% at September 30, 2020. The Company took advantage of a drop in our stock price to repurchase 2.6 million shares during the month of September, following the re-approval of our stock repurchase plan by our regulators. Since the inclusion of the Company into the S&P 600 SmallCap Index in early October 2020, the stock price has rebounded and we have not repurchased more stock.

The Capitol Federal Foundation® continued to focus its support of organizations in our communities funding grants totaling just over $6.3 million during fiscal year 2020. These gifts bring total giving by the Foundation since 1999 to $78.3 million. At September 30, 2020 the Foundation had total assets of $91.1 million.

The Company's board and management wish to thank our employees for their hard work and dedication during the past fiscal year while adjusting to changing work demands in response to COVID-19. Their efforts allowed us to continue to serve our customers and support our work-from-home alternatives to position the Company to provide returns that our stockholders have come to expect from the Company. We want to thank our stockholders for their continued commitment to Capitol Federal.

Sincerely,



John B. Dicus
Chairman, President & CEO

Financial Highlights

	At September 30,				
	2020	2019	2018	2017	2016
	(Dollars in thousands)				
Selected Balance Sheet Data:					
Total assets	$ 9,487,218	$ 9,340,018	$ 9,449,547	$ 9,192,916	$ 9,267,247
Loans receivable, net	7,202,851	7,416,747	7,514,485	7,195,071	6,958,024
Securities	1,560,950	1,204,863	1,326,932	1,243,569	1,628,175
Federal Home Loan Bank stock	93,862	98,456	99,726	100,954	109,970
Deposits	6,191,408	5,581,867	5,603,354	5,309,868	5,164,018
Borrowings	1,789,313	2,239,989	2,285,033	2,373,808	2,572,389
Stockholders' equity	1,284,859	1,336,326	1,391,622	1,368,313	1,392,964

	For the Year Ended September 30,				
	2020	2019	2018	2017	2016
	(Dollars and counts in thousands, except per share amounts)				
Selected Operations Data:					
Total interest and dividend income	$ 304,978	$ 329,954	$ 321,892	$ 313,186	$ 301,113
Total interest expense	115,643	123,564	123,119	117,804	108,931
Net interest and dividend income	189,335	206,390	198,773	195,382	192,182
Provision for credit losses	22,300	750	—	—	(750)
Net interest and dividend income after provision for credit losses	167,035	205,640	198,773	195,382	192,932
Total non-interest income	19,599	21,958	22,035	22,196	23,312
Total non-interest expense	106,004	106,944	96,902	89,658	94,305
Income before income tax expense	80,630	120,654	123,906	127,920	121,939
Income tax expense	16,090	26,411	24,979	43,783	38,445
Net income	$ 64,540	$ 94,243	$ 98,927	$ 84,137	$ 83,494
Basic earnings per share	$ 0.47	$ 0.68	$ 0.73	$ 0.63	$ 0.63
Diluted earnings per share	$ 0.47	$ 0.68	$ 0.73	$ 0.63	$ 0.63
Average diluted shares outstanding	137,901	137,735	134,759	134,244	133,176

Financial Highlights

	At or For the Year Ended September 30,				
	2020	2019	2018	2017	2016
Performance Ratios:					
Return on average assets[1]	0.69 %	0.99 %	0.94 %	0.75 %	0.74 %
Return on average equity[1]	4.92	6.94	7.25	6.09	5.95
Dividends paid per share	$ 0.68	$ 0.98	$ 0.88	$ 0.88	$ 0.84
Dividend payout ratio	145.43 %	143.17 %	119.60 %	140.20 %	133.86 %
Operating expense ratio	1.13	1.12	0.92	0.80	0.84
Efficiency ratio[1]	50.74	46.83	43.89	41.21	43.76
Net interest margin[1]	2.12	2.26	1.95	1.79	1.75
Asset Quality Ratios:					
Non-performing assets to total assets	0.13	0.10	0.14	0.20	0.35
Non-performing loans to total loans	0.17	0.10	0.15	0.23	0.42
ACL to non-performing loans	252.42	121.99	77.01	50.58	29.32
ACL to loans receivable, net	0.44	0.12	0.11	0.12	0.12
Capital Ratios:					
Equity to total assets at end of period	13.5	14.3	14.7	14.9	15.0
Company CBLR/Tier 1 leverage ratio[2]	13.7	13.8	14.9	12.3	12.3
Bank CBLR/Tier 1 leverage ratio[2]	12.4	12.1	13.0	10.8	10.9
Number of branches	54	54	58	47	47

(1) The table below provides a reconciliation between certain performance ratios presented in accordance with GAAP and those same performance ratios excluding the effects of the leverage strategy, which are not presented in accordance with GAAP. Management believes it is important for comparability purposes to provide the performance ratios without the leverage strategy because of its unique nature. The leverage strategy reduces some of our performance ratios, even though it increases our net income, due to the small amount of earnings associated with the transaction in comparison to the size of the transaction. The leverage strategy was not in place during the current fiscal year due to the interest rate spreads making the transaction unprofitable.

	For the Year Ended September 30,					
	2019			2018		
	Actual (GAAP)	Leverage Strategy	Non-GAAP	Actual (GAAP)	Leverage Strategy	Non-GAAP
Return on average assets	0.99 %	(0.02)%	1.01 %	0.94 %	(0.13)%	1.07 %
Return on average equity	6.94	—	6.94	7.25	0.13	7.12
Efficiency ratio	46.83	—	46.83	43.89	(0.30)	44.19
Net interest margin	2.26	(0.04)	2.30	1.95	(0.29)	2.24

	For the Year Ended September 30,					
	2017			2016		
	Actual (GAAP)	Leverage Strategy	Non-GAAP	Actual (GAAP)	Leverage Strategy	Non-GAAP
Return on average assets	0.75 %	(0.14)%	0.89 %	0.74 %	(0.14)%	0.88 %
Return on average equity	6.09	0.21	5.88	5.95	0.17	5.78
Efficiency ratio	41.21	(0.63)	41.84	43.76	(0.42)	44.18
Net interest margin	1.79	(0.36)	2.15	1.75	(0.35)	2.10

(2) The Tier 1 leverage ratio was replaced with the CBLR when the Bank and Company elected to use the CBLR framework beginning in fiscal year 2020.

CAPITOL FEDERAL FINANCIAL, INC.®

December 15, 2020

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of Capitol Federal Financial, Inc.® we cordially invite you to attend our annual meeting of stockholders. The meeting will be held at 10:00 a.m. local time on Tuesday, January 26, 2021, at the Topeka Performing Arts Center, 214 S.E. 8th Avenue, in Topeka, Kansas. As part of our precautions regarding the COVID-19 pandemic, we are planning for the possibility that the annual meeting may be held solely by means of remote communication (commonly referred to as a "virtual" meeting). If we determine to make the annual meeting virtual, we will announce the decision to do so in advance, and provide information on how to participate in a press release, which will be filed with the Securities and Exchange Commission as additional proxy soliciting material.

Regardless of whether you plan to attend the annual meeting, **please read the enclosed proxy statement and then vote by the Internet, telephone or mail as promptly as possible.** Your prompt response will save us additional expense in soliciting proxies and will ensure that your shares are represented at the meeting.

This year we are using a Securities and Exchange Commission rule to furnish our proxy statement, Annual Report and proxy card over the Internet to stockholders. This means that stockholders will not receive paper copies of these documents. Instead, stockholders will receive only a notice containing instructions on how to access the proxy materials over the Internet. This rule enables us to lower the costs of delivering the annual meeting materials and reduce the environmental impact of the meeting. If you would like to receive a copy of the printed materials, the notice contains instructions on how you can request copies of these documents.

Your Board of Directors and management are committed to the success of Capitol Federal Financial, Inc. and the enhancement of your investment. As Chairman of the Board, I want to express my appreciation for your confidence and support.

Very truly yours,

JOHN B. DICUS
Chairman of the Board, President and Chief Executive Officer

CAPITOL FEDERAL FINANCIAL, INC.®

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JANUARY 26, 2021

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Capitol Federal Financial, Inc.® will be held as follows:

TIME.......................................	10:00 a.m. local time Tuesday, January 26, 2021
PLACE**	Topeka Performing Arts Center 214 S.E. 8th Avenue Topeka, Kansas
ITEMS OF BUSINESS...........	(1) The election of two directors. (2) An advisory (non-binding) vote on executive compensation as disclosed in the accompanying proxy statement. (3) The ratification of the appointment of Deloitte & Touche LLP as Capitol Federal Financial, Inc.'s independent auditors for the fiscal year ending September 30, 2021.
RECORD DATE.....................	Holders of record of Capitol Federal Financial, Inc. common stock at the close of business on December 4, 2020 are entitled to vote at the annual meeting or any adjournment or postponement thereof.
PROXY VOTING...................	It is important that your shares be represented and voted at the annual meeting. **Regardless of whether you plan to attend the annual meeting, please read the accompanying proxy statement and then vote by the Internet, telephone or mail as promptly as possible.**

** As part of our precautions regarding the coronavirus (COVID-19) pandemic, we are planning for the possibility that the annual meeting may be held solely by means of remote communication (commonly referred to as a "virtual" meeting). If we determine to make the annual meeting virtual, we will announce the decision to do so in advance, and provide information on how to participate, in a press release, which will be filed with the Securities and Exchange Commission as additional proxy soliciting material.

BY ORDER OF THE BOARD OF DIRECTORS

JOHN B. DICUS
Chairman of the Board, President and Chief Executive Officer

Topeka, Kansas
December 15, 2020

CAPITOL FEDERAL FINANCIAL, INC.®
700 S. Kansas Avenue
Topeka, Kansas 66603
(785) 235-1341

PROXY STATEMENT

INTRODUCTION

The Capitol Federal Financial, Inc. Board of Directors is using this proxy statement to solicit proxies from the holders of the Company's common stock for use at the Company's upcoming annual meeting of stockholders. The annual meeting of stockholders will be held at 10:00 a.m. local time on Tuesday, January 26, 2021 at the Topeka Performing Ars Center, 214 S.E. 8th Street, in Topeka, Kansas. As part of our precautions regarding the COVID-19 pandemic, we are planning for the possibility that the annual meeting may be held solely by means of remote communication (commonly referred to as a "virtual" meeting). If we determine to make the annual meeting virtual, we will announce the decision to do so in advance, and provide information on how to participate in a press release, which will be filed with the Securities and Exchange Commission (the "SEC") as additional proxy soliciting material.

At the meeting, stockholders will be asked to vote on three proposals. The proposals are set forth in the accompanying Notice of Annual Meeting of Stockholders and are described in more detail below. Stockholders also will consider any other matters that may properly come before the meeting, although the Board of Directors knows of no other business to be presented. Capitol Federal Financial, Inc. is referred to in this proxy statement from time to time as the "Company," "we," "us" or "our." Certain of the information in this proxy statement relates to Capitol Federal Savings Bank ("Capitol Federal Savings" or the "Bank"), a wholly owned subsidiary of the Company.

On December 21, 2010, the Company completed its conversion (the "Conversion") from the mutual holding company structure and related public stock offering and became a stock form holding company that is 100% owned by public stockholders. As a result of the Conversion, the Company, a newly formed Maryland corporation, became the holding company for Capitol Federal Savings, and Capitol Federal Financial (formerly the mid-tier holding company of Capitol Federal Savings) and Capitol Federal Savings Bank MHC (a mutual holding company that owned a majority of the stock of Capitol Federal Financial) have ceased to exist. All outstanding shares of Capitol Federal Financial common stock (other than those owned by Capitol Federal Savings Bank MHC, which have been cancelled) were converted into the right to receive 2.2637 shares of Company common stock (the "Conversion Exchange Ratio"). References in this proxy statement to the Company prior to the date of the Conversion refer to Capitol Federal Financial, and all information in this proxy statement with respect to stock options granted prior to the Conversion have been adjusted for the Conversion Exchange Ratio.

We have decided to use the "Notice and Access" rule adopted by the Securities and Exchange Commission (the "SEC") to provide access to our proxy materials over the Internet instead of mailing a printed copy of the proxy materials to each stockholder. As a result, on or about December 15, 2020, we mailed to all stockholders only a "Notice of Internet Availability of Proxy Materials" that tells them how to access and review the information contained in the proxy materials and how to vote their proxies over the Internet. You will not receive a printed copy of the proxy materials in the mail unless you request the materials by following the instructions included in the Notice of Internet Availability of Proxy Materials.

By submitting your proxy, either by executing and returning the proxy card or by voting electronically via the Internet or by telephone, you authorize the Company's Board of Directors to represent you and vote your shares at the meeting in accordance with your instructions. The Board of Directors also may vote your shares to adjourn the meeting from time to time and will be authorized to vote your shares at any adjournments or postponements of the meeting.

This proxy statement and the accompanying materials are first being made available to stockholders on or about December 15, 2020.

Your proxy vote is important. Whether or not you plan to attend the meeting, please submit your proxy by the Internet, telephone or mail as promptly as possible.

INFORMATION ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, stockholders will be asked to vote on the following proposals:

Proposal 1.	The election of two directors of the Company.
Proposal 2.	An advisory (non-binding) vote on executive compensation as disclosed in this proxy statement.
Proposal 3.	The ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending September 30, 2021.

Stockholders also will transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting. Members of our management team will be present at the meeting to respond to appropriate questions from stockholders.

How does the Board of Directors recommend that I vote?

The Board of Directors recommends that you vote "FOR" the election of the director nominees named in this proxy statement, "FOR" the advisory vote on executive compensation, and "FOR" the ratification of the appointment of Deloitte & Touche LLP.

Who is entitled to vote?

The record date for the meeting is December 4, 2020. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the meeting. The only class of stock entitled to be voted at the meeting is the Company's common stock. Each outstanding share of common stock is entitled to one vote for all matters before the meeting; provided, however, that pursuant to Section D of Article 5 of the Company's charter, no person who beneficially owns more than 10% of the shares of the Company's common stock outstanding as of that date may vote shares in excess of this amount. At the close of business on the record date there were 138,792,496 shares of common stock outstanding.

What if my shares are held in "street name" by a broker?

If you are the beneficial owner of shares held in "street name" by a broker, your broker, as the record holder of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to your broker, your broker nevertheless will be entitled to vote the shares with respect to "discretionary" items, but will not be permitted to vote your shares with respect to any "non-discretionary" items. In the case of non-discretionary items, the shares will be treated as "broker non-votes." Whether an item is discretionary is determined by the exchange rules governing your broker. It is expected that the ratification of the appointment of Deloitte & Touche LLP will be considered a discretionary item and that all other matters being voted upon will be considered non-discretionary items.

What if my shares are held in the Company's employee stock ownership plan?

We maintain an employee stock ownership plan, which beneficially owned approximately 5.4% of the outstanding shares of the Company's common stock as of the record date. Employees of the Company and Capitol Federal Savings participate in the employee stock ownership plan. Each participant may instruct the trustee of the plan how to vote the shares of common stock allocated to his or her account under the employee stock ownership plan. If a participant properly executes the voting instruction card distributed by the trustee, the trustee will vote the participant's shares in accordance with the instructions. Where properly executed voting instruction cards are returned to the trustee with no specific instruction as to how to vote at the annual meeting, the trustee will vote the

shares “FOR” the election of the director nominees named in this proxy statement, “FOR” the advisory vote on executive compensation, and “FOR” the ratification of the appointment of Deloitte & Touche LLP. In the event the participant fails to give timely voting instructions to the trustee with respect to the voting of the common stock that is allocated to his or her employee stock ownership plan account, and in the case of shares held in the employee stock ownership plan but not allocated to any participant’s account, the trustee will vote such shares in the same proportion as directed by the participants who directed the trustee as to the manner of voting their allocated shares in the employee stock ownership plan with respect to each proposal.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of the holders of at least one-third of the shares of the Company’s common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

What if a quorum is not present at the meeting?

If a quorum is not present at the scheduled time of the meeting, the stockholders who are represented may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the meeting.

How do I vote?

1. ***YOU MAY VOTE BY MAIL.*** If you properly complete, sign and return the proxy card, it will be voted in accordance with your instructions.

2. ***YOU MAY VOTE BY TELEPHONE.*** If you are a registered stockholder, that is, if you hold your stock in your own name, you may vote by telephone by following the instructions included on the proxy card. If you vote by telephone, you do not have to mail in your proxy card.

3. ***YOU MAY VOTE ON THE INTERNET.*** If you are a registered stockholder, that is, if you hold your stock in your own name, you may vote on the Internet by following the instructions included on the proxy card. If you vote on the Internet, you do not have to mail in your proxy card.

4. ***YOU MAY VOTE IN PERSON AT THE MEETING.*** If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you will need to obtain a proxy form from the institution that holds your shares indicating that you were the beneficial owner of the Company’s common stock on December 4, 2020, the record date for voting at the annual meeting.

Can I vote by telephone or on the Internet if I am not a registered stockholder?

If your shares are held in “street name” by a broker or other nominee, you should check the voting form used by that firm to determine whether you will be able to vote by telephone or on the Internet.

Can I change my vote after I submit my proxy?

If you are a registered stockholder, you may revoke your proxy and change your vote at any time before the polls close at the meeting by:

- signing another proxy with a later date;
- voting by telephone or on the Internet -- your latest telephone or Internet vote will be counted;
- giving written notice of the revocation of your proxy to the Secretary of the Company prior to the annual meeting; or
- voting in person at the annual meeting.

If you have instructed a broker, bank or other nominee to vote your shares, you must follow directions received from your nominee to change those instructions.

What if I do not specify how my shares are to be voted?

If you are a registered stockholder and you submit an executed proxy but do not indicate any voting instructions, your shares will be voted:

- FOR the election of the director nominees named in this proxy statement;
- FOR the advisory vote on executive compensation; and
- FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending September 30, 2021.

Will any other business be conducted at the annual meeting?

The Board of Directors knows of no other business that will be conducted at the meeting. If any other proposal properly comes before the stockholders for a vote at the meeting, however, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required to approve the proposals?

The Company's bylaws provide that in all elections of directors at meetings of stockholders, other than contested elections, each director is elected by a majority of the votes cast with respect to such director. This means that in order to be elected, the number of votes cast FOR a director nominee's election must exceed the number of votes cast AGAINST such director nominee's election. In a contested election, which is one where the number of nominees exceeds the number of directors to be elected, directors are elected by a plurality of the votes cast. The election of directors at the annual meeting will not be a contested election. Therefore, directors will be elected at the annual meeting under the majority voting standard described above.

The advisory vote on executive compensation and the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors each requires the affirmative vote of the majority of votes cast on the matter.

How will abstentions be treated?

If you abstain from voting for the election of any director nominee or from voting on any other proposal, your shares will not be counted as votes cast with respect to the election of that nominee or that proposal and will have no effect on the election of that nominee or on that proposal. Abstentions will be included for purposes of determining whether a quorum is present.

How will broker non-votes be treated?

Broker non-votes will have no effect on the election of directors or on any other proposal. Shares treated as broker non-votes on one or more proposals will be included for purposes of calculating the presence of a quorum.

STOCK OWNERSHIP

The following table presents information regarding the beneficial ownership of the Company's common stock, as of December 4, 2020, by:

- each beneficial owner of more than 5% of the outstanding shares of the Company's common stock known to the Company;
- each director of the Company and nominee for election;

- each executive officer of the Company named in the "Summary Compensation Table" appearing below; and
- all of the executive officers, directors and director nominees as a group.

Except as indicated below, the address of each of the beneficial owners is the same address as that of the Company. An asterisk (*) in the table indicates that the individual beneficially owns less than one percent of the outstanding common stock of the Company. Beneficial ownership is determined in accordance with the SEC's rules. As of December 4, 2020, there were 138,792,496 shares of the Company's common stock outstanding.

Name of Beneficial Owner	Beneficial Ownership[1] [13]	Percent of Common Stock Outstanding
Greater than Five Percent Beneficial Owners		
American Century Companies, Inc. et al. 4500 Main Street, 9th Floor Kansas City, Missouri 64111	20,211,593 [2]	14.6%
BlackRock, Inc. 55 East 52nd Street New York, New York 10022	19,520,044 [3]	14.1%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	14,367,350 [4]	10.4%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	12,997,360 [5]	9.4%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas 78746	9,844,208 [6]	7.1%
Renaissance Technologies LLC 800 Third Avenue New York, New York 10022	8,237,958 [7]	5.9%
Capitol Federal Financial, Inc. Employee Stock Ownership Plan	7,509,538 [8]	5.4%
Directors, Director Nominees and Executive Officers		
John B. Dicus, Chairman, President, Chief Executive Officer and Director	1,521,556 [9]	1.1%
Michel' Philipp Cole, Director	19,411	*
Morris J. Huey, II, Director	265,655	*
Jeffrey M. Johnson, Director	183,085 [10]	*
James G. Morris, Director	39,995	*
Michael T. McCoy, M.D., Director	157,294	*
Carlton A. Ricketts, Director	112,892	*
Jeffrey R. Thompson, Director	60,353	*
Rick C. Jackson, Executive Vice President and Chief Lending Officer	196,397 [11]	*
Robert D. Kobbeman, Executive Vice President and Chief Commercial Lending Officer	37,891	*
Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer	212,055	*
Natalie G. Haag, Executive Vice President, General Counsel and Corporate Secretary	79,954 [12]	*
Directors, director nominees and executive officers of the Company as a group (14 persons)	2,979,926	2.1%

Proxy

[1] Included in the shares beneficially owned by the directors and executive officers named in the table are options to purchase shares of the Company's common stock which are currently exercisable or which will become exercisable within 60 days after December 4, 2020, as follows: Mr. Dicus – 125,304 shares; Mr. Huey – 10,000 shares; Mr. Johnson – 128,185 shares; Dr. McCoy – 128,185 shares; Mr. Thompson – 15,000 shares; and Mr. Jackson – 55,910 shares.

[2] As reported in a Schedule 13G amendment filed with the SEC on February 11, 2020 by American Century Companies, Inc., American Century Investment Management, Inc., American Century Capital Portfolios, Inc. and Stowers Institute for Medical Research. With respect to the shares listed in the table, American Century Companies, Inc., American Century Investment Management, Inc. and Stowers Institute for Medical Research each reported having sole voting power as to 19,452,364 shares and sole dispositive power as to 20,211,593 shares while American Century Capital Portfolios, Inc. reported having sole voting power and sole dispositive power as to 15,040,281 shares.

[3] As reported in a Schedule 13G amendment filed with the SEC on November 9, 2020 by BlackRock, Inc. ("BlackRock"). With respect to the shares listed in the table, BlackRock reported having sole voting power as to 19,293,043 shares and sole dispositive power as to 19,520,044 shares.

[4] As reported in a Schedule 13G amendment filed with the SEC on August 10, 2020 by T. Rowe Price Associates, Inc. ("Price Associates"). With respect to the shares listed in the table, Price Associates reported having sole voting power as to 4,727,581 shares and sole dispositive power as to 14,367,350 shares. According to Price Associates, these securities are owned by various individual and institutional investors for which Price Associates serves as an investment advisor with the power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims beneficial ownership of such securities.

[5] As reported in a Schedule 13G amendment filed with the SEC on February 12, 2020 by The Vanguard Group, Inc. ("Vanguard"). With respect to the shares listed in the table, Vanguard reported having sole voting power as to 132,985 shares, shared voting power as to 22,168 shares, sole dispositive power as to 12,863,388 shares and shared dispositive power as to 133,972 shares.

[6] As reported in a Schedule 13G amendment filed with the SEC on February 12, 2020 by Dimensional Fund Advisors LP ("Dimensional"). With respect to the shares listed in the table, Dimensional reported having sole voting power as to 9,590,134 shares and sole dispositive power as to 9,844,208 shares.

[7] As reported in a Schedule 13G amendment filed with the SEC on February 13, 2020 by Renaissance Technologies LLC ("Renaissance"). With respect to the shares listed in the table, Renaissance reported having sole voting and dispositive powers as to 8,237,958 shares.

[8] Of the 7,509,538 shares held by the employee stock ownership plan as of December 4, 2020, 4,205,578 were allocated to participant accounts. Each participant may instruct the trustee of the plan how to vote the shares of common stock allocated to his or her account. In the event the participant fails to give timely voting instructions to the trustee with respect to the voting of the common stock that is allocated to his or her employee stock ownership plan account, and in the case of shares held in the employee stock ownership plan but not allocated to any participant's account, the trustee will vote such shares in the same proportion as directed by the participants who directed the trustee as to the manner of voting their allocated shares in the employee stock ownership plan with respect to each proposal.

[9] Mr. Dicus has pledged 90,500 of his shares for a line of credit with a third-party financial institution unaffiliated with the Company.

[10] Of the shares beneficially owned by Mr. Johnson, 54,900 are held in brokerage accounts pursuant to which they may serve as security for margin loans.

[11] Of the shares beneficially owned by Mr. Jackson, 51,698 are held in a brokerage account pursuant to which they may serve as security for a margin loan.

[12] Of the shares beneficially owned by Ms. Haag, 13,654 are held in a brokerage account as security for a loan.

[13] In the case of directors, director nominees and executive officers, both individually and as a group, includes shares held directly, as well as shares held by and jointly with certain family members, shares held in retirement accounts, shares held by trusts of which the individual or group member is a trustee or substantial beneficiary or shares held in another fiduciary capacity with respect to which shares the individual or group member may be deemed to have sole or shared voting and/or investment powers. The shares beneficially owned by directors, director nominees and executive officers as a group also include an aggregate of 462,584 shares of common stock issuable upon exercise of stock options that are currently exercisable or that will become exercisable within 60 days after December 4, 2020.

PROPOSAL I

ELECTION OF DIRECTORS

The Company's Board of Directors is currently composed of eight members, each of whom is also a director of Capitol Federal Savings. Approximately one-third of the directors are elected annually. Directors of the Company are elected to serve for a three-year term or until their respective successors are elected and qualified. The Company's bylaws provide that no person who has reached age 75 may be elected or re-elected to the Board of Directors.

The following table sets forth certain information regarding the composition of the Company's Board of Directors, including each director's term of office. The Board of Directors, acting on the recommendation of the Nominating Committee, has recommended and approved the nominations of Morris J. Huey, II and Carlton A. Ricketts to serve as directors, each for a term of three years to expire at the annual meeting of stockholders to be held in 2024. It is intended that the proxies solicited on behalf of the Board of Directors will be voted at the annual meeting "FOR" the election of these director nominees. If any nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute nominee as the Board of Directors, acting on the recommendations of the Nominating Committee, may recommend. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve if elected. Except as disclosed in this proxy statement, there are no arrangements or understandings between any nominee and any other person pursuant to which the nominee was selected.

Name	Age[(1)]	Position(s) Held in the Company	Director Since[(2)]	Term of Office Expires
		NOMINEES		
Morris J. Huey, II	71	Director	2009	2024
Carlton A. Ricketts	63	Director	2020	2024
		DIRECTORS REMAINING IN OFFICE		
John B. Dicus	59	Chairman of the Board, President and Chief Executive Officer	1989	2022
James G. Morris	66	Director	2013	2022
Jeffrey R. Thompson	59	Director	2004	2022
Michel' Philipp Cole	57	Director	2017	2023
Jeffrey M. Johnson	54	Director	2005	2023
Michael T. McCoy, M.D.	71	Director	2005	2023

(1) As of September 30, 2020.
(2) Includes service as a director of Capitol Federal Savings.

Business Experience and Qualifications of Our Directors

The Board believes that the many years of service our directors collectively have at the Company and Capitol Federal Savings is one of their most important qualifications for service on our Board. This service has given them extensive knowledge of the banking business and of the Company. Furthermore, their service on our Board committees, especially in the areas of audit, compensation and stock benefits, is critical to their ability to oversee the management of Capitol Federal Savings by our executive officers. Service on the Board by our Chief Executive Officer is critical to aiding the outside directors' understanding of the issues that are common in the banking business. Each outside director brings special skills, experience and expertise to the Board as a result of their other business activities and associations. The business experience of each of our directors and nominees for at

least the past five years and the experience, qualifications, attributes, skills and areas of expertise of each director and nominee that further supports his or her service as a director are set forth below.

Morris J. Huey, II. Mr. Huey retired from Capitol Federal Savings in January 2010. From June 2002 until his retirement, Mr. Huey served as Executive Vice President and Chief Lending Officer of Capitol Federal Savings and President of Capitol Funds, Inc., a wholly owned subsidiary of Capitol Federal Savings. From August 2002 until his retirement, he also served as President of Capitol Federal Mortgage Reinsurance Company, a wholly owned subsidiary of Capitol Funds, Inc. Prior to that, he served as the Central Region Lending Officer since joining Capitol Federal Savings in 1991. Mr. Huey's many years of service in various areas of Capitol Federal Savings' operations and his duties as Executive Vice President and Chief Lending Officer of Capitol Federal Savings bring a special knowledge of the financial, economic and regulatory challenges the Company faces and he is well suited to educating the Board on these matters.

Carlton A. Ricketts. Mr. Ricketts retired as Executive Vice President, Chief Corporate Services Officer of Capitol Federal Savings and the Company in February 2019, after having held those responsibilities since April 2012. In that role, he directed the operations of Capitol Federal Savings in the areas of Compliance and Risk Management, Information Technology, Human Resources, Facilities, Marketing, Appraisals and the Insurance Agency, in addition to overseeing and participating in examinations with regulators. Mr. Ricketts joined Capitol Federal Savings in February 2007 as Chief Strategic Planning Officer. Before that, he spent 25 years in the electric and gas utility industry as Vice President of Business Services with Missouri Gas Energy and in various capacities for Westar Energy, including as the Vice President responsible for managing the company's operations in the areas of Investor Relations, Corporate Development, and Labor Relations. Mr. Ricketts's extensive background in banking, demonstrated leadership and first-hand knowledge of Capitol Federal Savings enhances the Board's oversight of the Company's operations and make him a valuable member of the Board. Mr. Ricketts was recommended to be a director by John B. Dicus, the Company's President and Chief Executive Officer.

John B. Dicus. Mr. Dicus became Chief Executive Officer of Capitol Federal Savings and the Company effective January 1, 2003 and became Chairman of the Board of Directors of Capitol Federal Savings and the Company in January 2009. Prior to his appointment as Chief Executive Officer, he served as President and Chief Operating Officer for Capitol Federal Savings from 1996 and for the Company from its inception in March 1999. Before that, he served as Executive Vice President of Corporate Services for Capitol Federal Savings for four years. He has been with Capitol Federal Savings in various other positions since 1985. Mr. Dicus' many years of service in all areas of the operations of Capitol Federal Savings and his duties as President and Chief Executive Officer of the Company and Capitol Federal Savings bring a special knowledge of the financial, economic and regulatory challenges the Company faces and he is well suited to educating the Board on these matters.

James G. Morris. Mr. Morris retired from KPMG LLP in September 2012 after having served as partner-in-charge of the financial services practice of the firm's Kansas City office. Mr. Morris joined the firm in 1976 (when it was known as Peat Marwick Mitchell & Co.) as an auditor and was promoted to partner in 1988. At KPMG, Mr. Morris served a wide range of financial services clients, including banks, thrifts, mortgage companies, investment advisors and real estate companies. Mr. Morris's accounting and auditing background and extensive experience working with companies in the financial services industry make him a valuable member of the Board.

Jeffrey R. Thompson. In 2007, Mr. Thompson became Chief Executive Officer of Salina Vortex Corp., a Salina, Kansas-based manufacturing company, after having served as Chief Financial Officer of that company since 2002. From 2001 to 2002, he served as Vice President, Supply Chain, for The Coleman Company, Wichita, Kansas, a manufacturer and marketer of consumer products. From 1992 to 2001, he served in a variety of capacities for Koch Industries, Inc., Wichita, Kansas, including President of Koch Financial Services, Inc. from 1998 to 2001. From 1986 to 1992, he worked in several positions for Chrysler Capital Public Finance, Kansas City, Missouri, primarily in the areas of originating, underwriting and servicing tax-exempt municipal leases. Mr. Thompson has approximately 35 years of business experience, including 20 years in the financial services business and 15 years with profit and loss responsibility in manufacturing companies. He brings general business, financial and risk management skills to Capitol Federal Savings, including knowledge of compensation matters, which is important to his service on our Compensation Committee. Mr. Thompson is a certified public accountant and his accounting knowledge and experience is important to his service on our Audit Committee. His participation in the

Wichita, Kansas business community for over 20 years brings knowledge of the local economy and business opportunities for Capitol Federal Savings.

Michel' Philipp Cole, ABC. Ms. Cole retired in June 2018 as Vice President, Corporate Communications and Public Affairs of Westar Energy, a position she held since 2014. From 1990 to 2000, she served as Director, Corporate Communications for Westar Energy. Before rejoining Westar Energy, Ms. Cole was Vice President, Corporate Communications and Brand Strategy, Security Benefit Corporation, from 2003-2014. From 2000 to 2003, she was Senior Vice President, Corporate Practice Group, Fleishman-Hillard, Kansas City. Ms. Cole was the Manager, Corporate Communications, Goodyear Tire & Rubber Co., Topeka, from 1989-1990. She began her communications career as Vice President, Member Services, Kansas Press Association, from 1986-1989. Ms. Cole has held board positions for the Greater Topeka Chamber of Commerce, Topeka Collegiate, the Kansas Book Festival, KTWU Public Television and the Washburn University Leadership Institute. She is a graduate of Leadership Greater Topeka and Leadership Kansas City and is an Accredited Business Communicator, IABC. Ms. Cole's extensive background in all aspects of corporate communications brings to the Board knowledge and experience that enhances the Board's oversight of those aspects of the Company's operations that work to maintain and enhance value and ensure appropriate communications both inside and outside of the Company.

Jeffrey M. Johnson. Mr. Johnson is President of Flint Hills National Golf Club, Andover, Kansas, a position he has held since March 2003. From March 1997 until joining Flint Hills, Mr. Johnson was an investment advisor with Raymond James Financial Services in Wichita, Kansas. Mr. Johnson's extensive knowledge of investments and the regulated financial services industry supports the Board's and the Audit Committee's knowledge in those areas. Before 1997, he served in a variety of restaurant management positions with Lone Star Steakhouse & Saloon, Inc. and Coulter Enterprises, Inc. Mr. Johnson is also part-owner of several restaurants in Lawrence, Manhattan and Wichita, Kansas and parts of Texas. He brings general business, financial and risk management skills to Capitol Federal Savings, including knowledge of compensation matters, which is important to his service on our Compensation Committee. His participation in the Wichita, Kansas business community and his service on local non-profit boards for over 15 years bring knowledge of the local economy and business opportunities for Capitol Federal Savings.

Michael T. McCoy, M.D. Dr. McCoy has been an orthopedic surgeon in private practice for over 30 years. In his private practice, he has employed up to 15 employees and gained the accounting, financial and risk management skill necessary to operate a small business. He served as Chief of Orthopedic Surgery at Stormont Vail Regional Medical Center in Topeka, Kansas from October 2004 to October 2005 and as Chief of Surgery at Stormont Vail from January 1987 to January 1988. His management and business experience in his private practice and these hospital positions bring knowledge and experience to his service on the Board and the Compensation and Audit Committees. Dr. McCoy is a member of the Kansas Medical Society, the Shawnee County Medical Society, the American Academy of Orthopedic Surgeons and the American Orthopedic Society for Sports Medicine.

Director Independence

The Company's Board of Directors has determined that the following directors, constituting a majority of the Board, are "independent directors," as that term is defined in Rule 5605 of the Marketplace Rules of the NASDAQ Stock Market ("NASDAQ"): Directors Cole, Huey, Johnson, McCoy, Morris and Thompson.

Board Leadership Structure and Role in Risk Oversight

The Company currently combines the positions of Chief Executive Officer and Chairman into one position. The Company does not have a lead outside director. The Company believes that this structure is appropriate because of the primarily singular operating environment of the Company, with the Company's focus on being a provider of retail financial services. Having the Chief Executive Officer and Chairman involved in the daily operations of this focused line of operations improves the communication between management and the Board and ensures that the Board's interest is represented in the daily operations of the Company, particularly with regard to risk management.

Risk is inherent with the operation of every financial institution, and how well an institution manages risk can ultimately determine its success. The Company faces a number of risks, including but not limited to credit risk,

interest rate risk, liquidity risk, operational risk, strategic risk, compliance risk, cybersecurity risk and reputation risk. The Company's risk areas primarily involve the retail component of the Bank through its retail financial services and focus on single-family lending, including originated and purchased loans. With its acquisition of Capital City Bancshares, Inc. ("CCB") and CCB's subsidiary bank, Capital City Bank, in August 2018, the Company has increasing risk exposure as it transitions into more commercial banking operations. Cybersecurity risk is a key consideration in the Company's operational risk management capabilities. Given the nature of the Company's operations and business, including the Bank's reliance on relationships with various third-party providers in the delivery of financial services, cybersecurity risk may manifest itself through various business activities and channels, and it is thus considered an enterprise-wide risk that is subject to control and monitoring at various levels of management and oversight by the Board and the Audit Committee. The Board receives updates on the status of the cybersecurity controls, reports of significant cybersecurity incidents and annual education in this area.

Management is responsible for the day-to-day management of the risks the Company faces, while the Board has ultimate responsibility for the oversight of risk management. The Board oversees risk through the annual review of key policies of the Bank and the Company. In addition, monthly, quarterly and annual reports are prepared for, presented to and reviewed with the Board addressing all major risk and compliance areas. For the policies of the Board that require risk assessments to be completed, the results are generally summarized and presented to the Board or a committee of the Board. The executive officers responsible for managing the various risks in the Bank and Company present reports to the Board as required by policy or as needed.

The Board has integrated the oversight of certain risk areas with the responsibilities of the Audit Committee and the Compensation Committee. The Audit Committee works with the independent Director of Internal Audit to structure risk-based audits, the reports of which are presented to the Audit Committee, and progress toward the approved audit plan is reviewed and the committee is updated at least quarterly. In attempting to determine the appropriate levels and forms of compensation provided to the Bank's and the Company's officers and employees, the Compensation Committee considers whether compensation or incentive plans encourage excessive risk taking.

Board Meetings and Committees

The members of the Boards of Directors of the Company and Capitol Federal Savings are identical. During the fiscal year ended September 30, 2020, the Board of Directors of the Company held 7 meetings and the Board of Directors of Capitol Federal Savings held 11 meetings. During fiscal year 2020, no incumbent director attended fewer than 75% of the aggregate of the total number of meetings of each Board during the period he or she was a director and the total number of meetings held by the committees of each Board on which committees he or she served during the period in which he or she served.

The Company's Board of Directors has standing Executive, Compensation, Stock Benefit, Audit and Nominating Committees. The following is a summary of these committees.

The Executive Committee is currently comprised of Directors Dicus (Chairman), Huey and Thompson. The Executive Committee meets on an as needed basis and exercises the power of the Board of Directors between Board meetings, to the extent permitted by applicable law. This committee is responsible for formulating and implementing policy decisions, subject to review by the entire Board of Directors. The Executive Committee did not meet during fiscal year 2020.

The Compensation Committee is currently comprised of Directors Johnson (Chairman), Cole, Huey, McCoy, Morris and Thompson, each of whom is an "independent director," as that term is defined in the NASDAQ Marketplace Rules. The Compensation Committee is responsible for reviewing and evaluating executive compensation and administering the Company's compensation and benefit programs. The Compensation Committee also is responsible for:

- reviewing from time to time the Company's compensation plans and, if the Committee believes it to be appropriate, recommending that the Board amend these plans or adopt new plans;

- annually reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of these goals and objectives and recommending to the Board the Chief Executive Officer's compensation level based on this evaluation;

- overseeing the evaluation of management, and recommending to the Board the compensation for executive officers and other key members of management. This includes evaluating performance following the end of incentive periods and recommending to the Board specific awards for executive officers;

- recommending to the Board the appropriate level of compensation for directors;

- administering any benefit plan which the Board has determined should be administered by the Committee; and

- reviewing, monitoring and reporting to the Board, at least annually, on management development efforts to ensure a pool of candidates for adequate and orderly management succession.

The Compensation Committee operates under a written charter adopted by the Board of Directors of the Company, a copy of which is available on the Company's website, at www.capfed.com, by clicking "Investor Relations" and then (under the "Corporate Overview" tab) "Corporate Governance." In fiscal year 2020, this committee met 4 times at the holding company level; the Compensation Committee for Capitol Federal Savings, which serves the same function and has the identical makeup, also met 4 times during fiscal year 2020.

The Stock Benefit Committee operates under a written charter adopted by the Board of Directors of the Company. The Stock Benefit Committee is currently comprised of Directors McCoy (Chairman), Cole, Johnson, Morris and Thompson. The Stock Benefit Committee is principally responsible for administering the Company's 2012 Equity Incentive Plan, 2000 Stock Option and Incentive Plan and 2000 Recognition and Retention Plan. Although, by their terms, the 2000 Stock Option and Incentive Plan and 2000 Recognition and Retention Plan expired as to new awards in April 2015, the Company ceased granting new awards under those plans following the approval of the 2012 Equity Incentive Plan at the Company's annual meeting of stockholders held in January 2012. The Stock Benefit Committee awards stock-based benefits to officers and employees of the Company and the Bank. This committee met 4 times during fiscal year 2020.

The Audit Committee is currently comprised of Directors Thompson (Chairman), Cole, Huey, Johnson, McCoy and Morris, each of whom is "independent," as independence for audit committee members is defined in the NASDAQ Marketplace Rules. The Company's Board of Directors has determined that each of Messrs. Morris and Thompson is an "audit committee financial expert," as defined in the SEC's rules.

The Audit Committee operates under a written charter adopted by the Board of Directors of the Company, a copy of which is available on the Company's website, www.capfed.com, by clicking "Investor Relations" and then (under the "Corporate Overview" tab) "Corporate Governance." The Audit Committee is appointed by the Company's Board of Directors to represent and assist the Board in fulfilling its oversight responsibility relating to the integrity of the Company's consolidated financial statements and the financial reporting processes, the systems of internal accounting and financial controls, the systems of disclosure controls and procedures, compliance with ethical standards adopted by the Company, compliance with legal and regulatory requirements, the annual independent audit of the Company's consolidated financial statements, the independent auditors' qualifications and independence, the performance of the Company's internal audit function and the independent (external) auditors and any other areas of potential financial risk to the Company specified by its Board of Directors. The Audit Committee also is responsible for hiring, retaining and terminating the Company's independent auditors. The Audit Committee met 8 times in fiscal year 2020.

The Nominating Committee is comprised of Directors Huey (Chairman), Cole, Johnson, McCoy, Morris and Thompson, each of whom is an "independent director," as that term is defined in the NASDAQ Marketplace Rules. The Nominating Committee is responsible for identifying and recommending director candidates to serve on the Board of Directors. Final approval of director nominees is determined by the full Board, based on the

recommendations of the Nominating Committee. The nominees for election at the meeting identified in this proxy statement were recommended to the Board by the Nominating Committee. The Nominating Committee met 3 times during fiscal year 2020.

The Nominating Committee operates under a formal written charter adopted by the Board, a copy of which is available on the Company's website, www.capfed.com, by clicking "Investor Relations" and then (under the "Corporate Overview" tab) "Corporate Governance." The Nominating Committee has the following responsibilities under its charter:

- recommend to the Board the appropriate size of the Board and assist in identifying, interviewing and recruiting candidates for the Board;

- recommend candidates (including incumbents) for election and appointment to the Board of Directors, subject to the provisions set forth in the Company's charter and bylaws relating to the nomination or appointment of directors, based on the following criteria: business experience, education, integrity and reputation, independence, conflicts of interest, diversity, age, number of other directorships and commitments (including charitable organizations), tenure on the Board, attendance at Board and committee meetings, stock ownership, specialized knowledge (such as an understanding of banking, accounting, marketing, finance, regulation and public policy) and a commitment to the Company's communities and shared values, as well as overall experience in the context of the needs of the Board as a whole. The Company's Board of Directors looks for diversity among its members by ensuring directors have backgrounds with diverse business experience, living in our different local geographic markets with sound business experience in many areas of operations of business. The Board looks for experience from individuals with business experience from the top levels of a business, understanding of financial concepts, human resource, marketing and communications and customer service common among all businesses;

- review nominations submitted by stockholders, which have been addressed to the Company's Secretary, and which comply with the requirements of the Company's charter and bylaws. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations;

- annually recommend to the Board committee assignments and committee chairs on all committees of the Board, and recommend committee members to fill vacancies on committees as necessary; and

- perform any other duties or responsibilities expressly delegated to the Committee by the Board.

Nominations of persons for election to the Board of Directors may be made only by or at the direction of the Board of Directors or by any stockholder entitled to vote for the election of directors who complies with the notice procedures. Pursuant to the Company's bylaws, nominations for directors by stockholders must be made in writing and received by the Secretary of the Company at the Company's principal executive offices no earlier than 120 days prior to the meeting date and no later than 90 days prior to the meeting date. If, however, less than 100 days' notice or public announcement of the date of the meeting is given or made to stockholders, nominations must be received by the Company not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed or otherwise transmitted or the day on which public announcement of the date of the meeting was first made. In addition to meeting the applicable deadline, nominations must be accompanied by certain information specified in the Company's bylaws.

Stockholder Communications with Directors

Stockholders may communicate with the Board of Directors by writing to: Natalie G. Haag, Executive Vice President, General Counsel and Corporate Secretary, Capitol Federal Financial, Inc., 700 S. Kansas Avenue, Topeka, Kansas 66603.

Board Member Attendance at Annual Stockholder Meetings

Although the Company does not have a formal policy regarding director attendance at annual stockholder meetings, directors are expected to attend these meetings absent extenuating circumstances. All directors of the Company attended last year's annual meeting of stockholders.

Director Compensation

The members of the Boards of Directors of Capitol Federal Savings and the Company are identical. Each non-employee director receives an annual retainer, paid monthly, one-half of which is for his or her service on Capitol Federal Savings' Board of Directors and one-half of which is for his or her service on the Company's Board of Directors. During fiscal year 2020, the combined annual retainer was $66,000 ($33,000 for service on Capitol Federal Savings' Board of Directors and $33,000 for service on the Company's Board of Directors). No additional fees are paid for attending Board or Board committee meetings. During fiscal year 2020, Mr. Thompson received $5,000 for serving as the Audit Committee chair. Each outside director receives $1,000 per day for each meeting attended concerning Capitol Federal Savings and/or Company business that is outside of board meetings. During fiscal year 2020, no director received compensation for attending meetings outside of board meetings. During fiscal year 2020, John B. Dicus, Chairman, President and Chief Executive Officer, was paid $12,000 by Capitol Federal Savings and $12,000 by the Company ($24,000 in total) for his service as a director of Capitol Federal Savings and the Company.

The following table sets forth certain information regarding the compensation earned by or awarded to each director, other than Mr. Dicus, who served on the Board of Directors of the Company in fiscal year 2020. Compensation payable to Mr. Dicus for his service as a director is included in the "Salary" column of the Summary Compensation Table, under "Executive Compensation."

Name	Fees Earned or Paid in Cash ($)[3]	Stock Awards ($)[4]	Option Awards ($)[5]	All Other Compensation ($)[6]	Total ($)
Michel' Philipp Cole	$ 66,000	---	---	$ 3,328	$ 69,328
Morris J. Huey II	66,000	---	---	---	66,000
Jeffrey M. Johnson	66,000	---	---	---	66,000
Michael T. McCoy, M.D.	66,000	---	---	---	66,000
James G. Morris	66,000	---	---	---	66,000
Carlton A. Ricketts[1]	11,000	---	---	---	11,000
Reginald L. Robinson[2]	66,000	---	---	---	66,000
Jeffrey R. Thompson	71,000	---	---	---	71,000

(1) Mr. Ricketts became a director of the Company and Capitol Federal Savings effective August 1, 2020.
(2) Mr. Robinson died on September 19, 2020.
(3) Includes annual retainers for service on the Boards of Directors of the Company and Capitol Federal Savings. For Mr. Thompson, also includes $5,000 for serving as the Audit Committee chair.
(4) As of September 30, 2020, Ms. Cole was the only director listed in the table who held any unvested shares of restricted stock. Ms. Cole held 4,050 unvested shares of restricted stock as of that date.
(5) As of September 30, 2020, the total number of shares underlying the stock options held by each director listed in the table was as follows: Mr. Huey – 10,000 shares; Mr. Johnson – 128,185 shares; Dr. McCoy – 128,185 shares; and Mr. Thompson – 15,000 shares.
(6) For Ms. Cole, represents dividends paid on unvested shares of restricted stock.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section discusses the Company's compensation program, including how it relates to the executive officers named in the compensation tables which follow this section (who we sometimes refer to below and elsewhere in this proxy statement as the "named executive officers," or "NEOs"), consisting of:

- John B. Dicus, our Chairman, President and Chief Executive Officer,
- Kent G. Townsend, our Executive Vice President, Chief Financial Officer and Treasurer,
- Rick C. Jackson, our Executive Vice President and Chief Lending Officer,
- Robert D. Kobbeman, our Executive Vice President and Chief Commercial Lending Officer and
- Natalie G. Haag, our Executive Vice President, General Counsel and Corporate Secretary.

Set forth below is an analysis of the objectives of our compensation program, the material compensation policy decisions we have made under this program and the material factors we considered in making those decisions.

Overview of Compensation Program

The Compensation Committee of our Board of Directors (the "Committee"), which consists solely of independent directors, has responsibility for developing, implementing and monitoring adherence to the Company's compensation philosophies and program. The Stock Benefit Committee, also comprised entirely of independent directors, administers and grants stock-based compensation awards from time to time. Grants currently are made under our 2012 Equity Incentive Plan, which was approved by our stockholders in January 2012. One NEO has outstanding option awards granted under our 2000 Stock Option and Incentive Plan, which was approved by our stockholders in 2000 and expired as to new awards in April 2015. See "Stock Incentive Plans" below. The Committee is mindful of the compensation offered in the banking industry, both regionally and nationally, and the Company's business strategies. The Committee strives to provide a complete compensation program that incentivizes executive officers to maximize the Company's performance with the goal of enhancing stockholder value. The Company's compensation program is based upon the following philosophies:

- preserve the financial strength, safety and soundness of the Company and the Bank;
- reward and retain key personnel by compensating them in the range of salaries at comparable financial institutions and making them eligible for annual cash bonuses based primarily on the Company's performance;
- focus management on maximizing earnings while managing risk by maintaining high asset quality, managing interest rate risk within Board guidelines, emphasizing cost control, establishing adequate compliance programs and maintaining appropriate levels of capital; and
- provide an opportunity to earn additional compensation if the Company's stockholders experience increases in returns through stock price appreciation and/or dividends.

The Company's primary forms of current compensation for executive officers include base salary, short-term incentive compensation and long-term incentive compensation. The Company has provided long-term compensation in the form of stock option and restricted stock awards and an employee stock ownership plan ("ESOP"). The Company also has a tax-qualified defined contribution retirement plan, health and life insurance benefits and paid time off benefits. The Company offers insurance benefits, including flexible spending accounts for unreimbursed medical expenses and child care expenses, on a pre-tax basis, in which executive officers may participate with the same eligibility requirements as all other employees.

As a general matter, we have not offered employment agreements to any of our officers or employees. In conjunction with our 2018 acquisition of CCB and Capital City Bank, we offered two-year employment agreements to specific key employees, including Mr. Kobbeman, who served as President and Chief Executive Officer of CCB and Capital City Bank prior to the acquisition. These employment agreements, including Mr. Kobbeman's, expired in fiscal year 2020.

We currently believe our named executive officers receive sufficient incentives from the existing compensation program that employment agreements are not necessary to induce them to remain with the Company. The Company has entered into change in control severance agreements with each of the NEOs. Each agreement entitles the executive to a severance payment if the executive's employment is terminated under certain circumstances within six months before or within 24 months after a change in control of the Company. The Company believes these agreements will help incentivize the executives to continue their employment with the Company amid the uncertainty that may arise in the event of a change in control. See "Employment and Change in Control Severance Agreements" and "Payments upon Termination or Change in Control."

The Committee meets as needed during the year to consider all aspects of the Company's compensation program, including a review at least once per year of a tally sheet for each NEO quantifying every component of the NEO's compensation package, in order to satisfy itself that the total compensation paid to the NEO is reasonable and appropriate. As discussed in greater detail below under "Role of Management," the Committee meets with management to receive their analyses and recommendations, as requested by the Committee, considers the information provided to the Committee and makes decisions accordingly.

Base Salary

The Committee sets the base salaries for all executive officers of the Company. The Committee sets policy directing fair and reasonable compensation levels throughout the Company by taking into account the influences of market conditions on each operational area of the Company and the relative compensation at different management levels within each operational area. The Committee recognizes that base salary is the primary compensation package component that is fixed in amount before the fiscal year begins and is paid during the year without regard to the Company's performance. The base salary for each NEO reflects the Committee's consideration of a combination of factors, including: competitive market salary, the comparability of responsibilities of similarly situated NEOs at other institutions, the officer's experience and tenure, overall operational and managerial effectiveness and breadth of responsibility for each officer. Each NEO's base salary and performance is reviewed annually. Base salary is not targeted to be a percentage of total compensation, although the Committee does consider the total amount of each NEO's compensation when setting NEO base salaries.

The Committee has not used third party consultants or other service providers to present compensation plan suggestions or market compensation data. Instead, the Committee has directed the President and CEO to provide comparable market salary data for executive officers based upon a selected population of comparable financial institutions.

In fiscal year 2020, in response to the uncertainty about operating results because of COVID-19, there were no merit-based increases in the salaries of the Company's officers or other employees. For this reason, comparative information to the peer group was not updated for fiscal year 2020. The process described below reflects how compensation for our NEOs was compared to peers for fiscal years 2019 and 2018 and represents our typical practice.

The most recent comparison information was compiled from information reported in the then-most recent proxy statements of the financial institutions listed below. The financial institutions selected for comparison purposes were based upon the President and CEO's knowledge of the selected financial institutions and the comparability of their operations, corporate structure and/or size relative to the Company. Financial institutions selected for comparison purposes may be added or removed from the list each year as a result of acquisitions, closings, operating in a distressed mode or because another financial institution compares more appropriately to the operations of the Company than a previously listed financial institution.

The financial institutions in the most recent comparison included the following publicly held financial institutions with total assets between \$5.2 billion and \$26.2 billion: Commerce Bancshares, UMB Financial, TFS Financial (organized in a mutual holding company, or MHC, structure), Washington Federal, Northwest Bancshares, Community Bank System, BancFirst, Investors Bancorp, HomeStreet, Provident Financial Services, Park National Corporation, National Bank Holdings, Chemical Financial and Republic Bancorp.

The comparison shows how our executive officer salaries and annual cash compensation compare on a national and local scale with other financial institutions, reflecting institutions among which we would most likely compete for executive talent, with a slightly greater weighting to regional institutions. The Committee received information showing the base compensation of the CEO, CFO and the next three NEOs in each company's proxy statement. The levels of compensation paid to our CEO and CFO are compared directly to the equivalent titles in the listed companies. The compensation paid the first highest NEO within each of the listed companies above, not including the CEO or CFO, is compared to compensation paid to our first most highly compensated NEO, not including the CEO or CFO. The compensation paid to the second highest NEO within each of the listed companies above, not including the CEO or CFO, is compared to compensation paid to our second most highly compensated NEO, not including the CEO or CFO. The compensation paid to the third highest NEO within each of the listed companies above, not including the CEO or CFO, is compared to compensation paid to our third most highly compensated NEO, not including the CEO or CFO.

The Committee reviews the comparison data provided and does not attempt to set the base salaries of our NEOs at specific target percentiles of the comparison data provided. The Committee uses this data in conjunction with setting the base salary of each NEO, whose salary is discussed below, in light of the range of base salaries paid among the comparable financial institutions. Because the positions other than the CEO and CFO may not be directly comparable between financial institutions, the Committee exercises its judgment in determining where in the salary ranges of the comparison financial institutions the compensation for our other NEOs should fall. The salaries for the CEO and CFO, in general, fall in the middle of the range of comparable salaries based upon a review of the comparison companies. In general, the range of salaries for the NEOs other than the CEO and CFO is narrow because the comparison in range of salaries among the other NEO executive officer positions in the various market comparisons reviewed is not considered sufficiently different by the Committee to warrant a wider spread in base salary. The salary of the CEO is established to reflect his hands-on approach to leadership and the involvement he provides the Company on a daily basis, the leadership roles he fills in local, regional and national industry-related activities and his direct involvement in addressing stockholder value and stockholder relations. The salaries of the CFO and each of the other NEOs are established to also reflect their respective roles in the management structure of the Company.

The Committee does not put as much emphasis on the market comparison information when considering bonus or other incentive compensation as it does on base salary for the Company's executive officers. This is primarily because of the divergence in practice regarding the structure of bonus plans and the types of incentives offered executive officers at other financial institutions.

Compensation and Incentive Plan Risk Assessment

At the direction of the Compensation Committee, our Internal Audit Director, our Compliance and Risk Management Director, our Human Resources Director and our General Counsel reviewed all compensation and incentive programs within the Company to ensure the programs were working as designed and intended. The results of this review indicated that all plans were working as designed and intended and did not allow for compensation benefits beyond those intended by the programs.

Bonus Incentive Plans

All officers of the Company are eligible to receive cash bonuses on an annual basis under the Short Term Performance Plan ("STPP") based upon the Company's financial performance and the individual officer's performance during the fiscal year. The cash awards are generally made in January of the year following the fiscal year end of September 30 (i.e., in January 2021, in the case of the STPP award for the fiscal year ended September 30, 2020) (the "Scheduled Payment Date"). Each NEO has agreed that if the Company's officers and employees have not received merit-based increases in their base salaries by the Scheduled Payment Date for the STPP award

for fiscal year 2020, he or she will defer receipt of his or her STPP award for fiscal year 2020 until such merit-based increases occur. As noted above, there were no merit-based salary increases for the Company's officers and employees in fiscal year 2020 due to the uncertainty about operating results because of COVID-19.

A participant's STPP award may not exceed the percentage of salary specified in the plan for his or her position level. For the Chairman, President and CEO, the maximum percentage is 60%, and for each of the other NEOs, the maximum percentage is 40%. The STPP is intended to:

- promote stability of operations and the achievement of earnings targets and business goals;
- link executive compensation to specific corporate objectives and individual results; and
- provide a competitive reward structure for officers.

Generally, in November of each fiscal year, after considering management's company performance recommendations (see "Role of Management" below), the Committee sets target, maximum and minimum performance levels for that year. The targeted performance level is the most likely performance level forecasted for the Company in the ensuing fiscal year given the operational considerations described below. As discussed below, the Committee considers three targets in order to focus management on the performance of the Company as a whole: efficiency ratio; basic earnings per share and return on average equity. By focusing on the overall performance of the Company, over time the Committee believes the value to the stockholder from management's performance will be maximized. In seeking to maximize the performance of the Company, management focuses on all critical risks and objectives of the Company. By not taking excessive credit risk and keeping interest rate risk at or below levels established by the Board, it is believed that the Company's earnings likely will remain strong over time. By managing the amount of capital of the Bank, the Company benefits by having a proper amount of leverage which improves the opportunities to enhance earnings. Focusing on cost control helps to mitigate risks that operating expenses will rise beyond the level at which they are supportable by the Bank's operating income.

As indicated above, the areas of Company performance targeted consist of the efficiency ratio, basic earnings per share and return on average equity. The efficiency ratio is computed by dividing total non-interest expense by the sum of net interest and dividend income and total other income. Basic earnings per share is calculated by dividing net income for the fiscal year by the average basic shares outstanding for the fiscal year. Return on average equity is computed by dividing net income for the fiscal year by the average month end balance of total stockholders' equity for the thirteen monthly time periods from the prior fiscal year end through the current fiscal year end, ending September 30th. The efficiency ratio, basic earnings per share and return on average equity are equally weighted.

In general, the Company performance targets for the STPP are based upon the ensuing year's forecast of business activity, interest rates, pricing assumptions, operating assumptions and net income determined using market- based assumptions as of September 30th of the just completed fiscal year. Prior to fiscal year 2019, the Committee required that the target efficiency ratio for each fiscal year be no worse than the actual efficiency ratio of the just completed fiscal year. Due to changes in our business model, including an increased focus on commercial banking, beginning with fiscal year 2019, the target efficiency ratio is determined based upon the ensuing year's forecast of business activity and no longer needs to be better than the prior fiscal year's actual efficiency ratio. The purpose of the efficiency ratio performance target is to focus management on keeping operating expenses under control and at the lowest level possible, while reflecting the impact of interest rates on the operations of the Company. The targets for earnings per share and return on average equity are established based upon the forecasted performance of the Company and anticipated capital management plans for the Company. Forecasted performance includes the Company's internal forecasts and the forecasts of outside analysts. For fiscal year 2020, the targets were established based upon internally generated (forecasted) performance results and externally generated performance results from independent analysts who cover the Company. The results were weighted 80% for the internally generated results and 20% for the external results.

There are two "scales" for each performance target: (i) a "target" scale, which includes increments between the target level of performance and a maximum level of performance, and decrements between the target level of performance and a minimum level of performance; and (ii) an "award" scale, which proceeds at one percent

increments beginning at 20% in correspondence to the minimum performance level on the target scale, through 60% in correspondence to the target level of performance on the target scale, and up to 100% in correspondence to the maximum level of performance on the target scale. Plan participants will earn a percentage on the award scale for a particular performance target of between 20% (if performance is at the minimum level of performance on the target scale) and 100% (if performance is at or above the maximum level of performance on the target scale). The percentage earned on the award scale for a particular performance target will be zero if performance is below the minimum level of performance on the target scale. The average of the percentages earned on the award scales for the three performance targets represents the total percentage of the maximum possible STPP award each participant has earned for the Company performance component of the STPP award. In order to pay the full amount of an award under the STPP based on performance above the target level, the Committee must determine that the Company had actual net income for the fiscal year in excess of targeted net income for the fiscal year equal to at least five times the aggregate dollar amount of the portion of the total STPP awards for that year that would be made above the target level.

Below is a table showing the targets established and the performance achieved for fiscal years 2020, 2019, and 2018. The "percent of total" columns represent, for each performance target (efficiency ratio, basic earnings per share and return on average equity), the percentage earned on the award scale for that target, based on the level of achievement on the target scale. The "total" column represents the average of the award scale percentages earned for the three performance targets, which, as noted above, represents the total percentage of the maximum possible STPP award that has been earned for the Company performance component of the STPP award. For fiscal year 2020, the levels of achievement for earnings per share and return on average equity were below the minimum and for the efficiency ratio the level of achievement was between the target and the maximum. For fiscal year 2019, the levels of achievement for the efficiency ratio, basic earnings per share and return on average equity were worse than the target but better than the minimum. For fiscal year 2018, the levels of achievement for basic earnings per share and return on average equity were in excess of the maximum. The level of achievement for the efficiency ratio for fiscal year 2018 was worse than the target but better than the minimum. The Company's actual net income for fiscal year 2018 was in excess of targeted net income for the fiscal year by more than five times the dollar amount of the portion of the total STPP awards earned for the fiscal year above the target level.

	Target			Performance			Percent of total			
Fiscal Year	Efficiency Ratio	Basic EPS	ROAE	Efficiency Ratio	Basic EPS	ROAE	Efficiency Ratio	Basic EPS	ROAE	Total
2020	51.37%	$0.60	6.35%	50.74%	$0.47	4.93%	66%	0%	0%	22%
2019	45.85%	$0.71	7.04%	46.83%	$0.68	6.97%	48%	40%	53%	47%
2018	41.21%	$0.63	6.17%	43.89%	$0.73	7.28%	26%	100%	100%	75%

Each NEO receives 90% of their STPP award based upon the achievement of the three pre-established financial performance targets of the Company discussed above. This is intended to focus each named executive officer on maximizing the overall performance of the Company and not on achievement of goals in a particular operational area. Because of the predominance of the focus of the NEO bonuses on the overall performance of the Company, specific individual performance goals are not usually set for named executive officers. Instead, each NEO's individual contribution to the Company's performance is a subjective determination by the Committee following discussion with the President and CEO, giving consideration to each NEO's response to the Company's changing operational needs during the year.

The STPP includes a clawback provision that is applicable to all participants in the plan. Under this provision, any payment made under the STPP that was based upon materially inaccurate financial statements requiring a restatement or was a result of fraud in determining an individual or company performance metric must be paid back if discovered within 24 months of the filing of the inaccurate financial statement(s) or the discovery of the fraud. The repayment, in whole or in part, is at the discretion of the Committee.

The Committee has the authority under the STPP to reduce bonus awards to executive officers that would otherwise be earned, for any reason the Committee believes appropriate. This may be done for all executive officers or for individual executive officers. The Committee did not exercise any such negative discretion with respect to STPP awards for fiscal years 2020, 2019, or 2018.

The Company also maintains a deferred incentive bonus plan ("DIBP") for executive officers in conjunction with the STPP. The DIBP is administered as an unfunded plan of deferred compensation with all

benefits expensed and recorded as liabilities as they are accrued. The purpose of the two plans working together is to provide incentives and awards to executive officers to enhance the Company's performance and stockholder value over a four-year time horizon. Each named executive officer has the opportunity to defer a minimum of $2,000 and up to 50% (up to a maximum of $100,000) of their cash award under the STPP. The amount deferred receives a 50% match that is accrued by the Company for accounting purposes over a three year mandatory deferral period. The amount deferred plus the 50% match is deemed to have been invested in Company stock on the last business day of the calendar year preceding the receipt of the STPP award at the closing price on that date (e.g., on December 31, 2020, in the case of the STPP award for fiscal year 2020, which will be paid in January 2021 at the earliest, as discussed under "—Bonus Incentive Plans"), in the form of phantom stock. The number of shares of phantom stock deemed purchased receives dividend equivalents as if the stock were owned by the named executive officer. At the end of the mandatory deferral period, the DIBP is paid out in cash and is comprised of the initial amount deferred, the 50% match, the amount of the dividend equivalents on the phantom shares over the deferral period and the increase in the market value of the Company's stock over the deferral period, if any, on the phantom shares. There is no provision for the reduction of the DIBP award at the end of the mandatory deferral period if the market value of the Company's stock at that time is lower than the market value at the time of the deemed investment.

For participants in the STPP, it is generally required that the recipient be employed by the Bank through the last day of the fiscal year to receive an award. For participants in the DIBP, the recipient must remain continuously employed by the Bank during the mandatory deferral period and be so employed on the distribution date to receive the Company match, dividend equivalents on the phantom shares over the deferral period and the increase in the market value of the Company's stock over the deferral period, if any, on the phantom shares. In the event that an NEO leaves the company during the deferral period for reasons other than a change in control, the NEO would be entitled to receive his deferred funds six months after his date of termination, but without the Company match or any earnings (including dividend equivalents) on the deferred funds or on the Company match.

The incentive bonus amounts awarded to the NEOs for fiscal year 2020 under the STPP are set forth in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

Stock Incentive Plans

The Company's Stock Incentive Plans are designed to provide incentives for long-term positive performance of the executive officers by aligning their interests with those of our stockholders by providing the executive officer the opportunity to participate in the appreciation, if any, in the Company's stock price which may occur after the date options are granted. Awards of restricted stock are intended to further align executive officers interests with stockholders' interest. Awards of stock options and restricted stock currently are made under our 2012 Equity Incentive Plan, which was approved by stockholders in January 2012. The Stock Benefit Committee administers this plan, determines eligibility and grants awards. Since fiscal year 2017, awards have primarily been made in conjunction with the hiring of an eligible officer and promotions. Also, since fiscal year 2017, new awards have primarily been in the form of restricted stock in order to provide award recipients with a direct and immediate sense of equity ownership. In addition, the 2012 Equity Incentive Plan allows stock awards for exceptional performance.

As required by the 2012 Equity Incentive Plan, stock options have an exercise price that is equal to the closing price as of the date of the grant. We do not coordinate the timing of options and stock awards with the release of material non-public information.

Role of Management

The Committee makes all decisions regarding the compensation of our executive officers. The Committee has asked the President and CEO to provide, in addition to the comparable market salary data based upon a selected population of comparable financial institutions at both the regional and national levels, reviews of the performance of each NEO except for himself and recommendations for the salaries of each NEO except for himself and any recommendations for stock awards. Management recommends the target, minimum and maximum performance goals for the Company and the related bonus targets under the STPP to be approved by the Committee. In addition, management may from time to time recommend changes to the compensation program in response to changes in the marketplace in which the Company competes for executive talent and in light of the absolute performance level of

the Company. The compensation of the CEO is determined by the Committee without prior recommendations from him. The Committee makes all decisions in light of the information provided and the Committee members' experience and expectations for all NEOs.

Stockholder "Say-on-Pay" Vote

Since our annual meeting of stockholders held in February 2011, we have been required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") to include a non-binding, advisory "say-on-pay" vote in our annual meeting proxy statement at least once every three years, and, at least once every six years, a non-binding, advisory vote on the frequency of future say-on-pay votes (commonly referred to as a "say-on-pay frequency vote"), with stockholders having the choice of every year, every two years or every three years. We last included a "say-on-pay frequency vote" at our annual meeting of stockholders held in January 2017 on which stockholders cast the most votes in favor of a frequency of every year for future say-on-pay votes. At our annual meeting of stockholders held in January 2020, stockholders approved the compensation of the Company's executives, as disclosed in the Company's proxy statement for that meeting, with approximately 94% of the votes cast in favor.

Perquisites and Other Personal Benefits

For fiscal year 2020, no NEO received any perquisites or other personal benefits in excess of $10,000 in the aggregate.

Retirement and Other Benefits

The Company provides an ESOP and a defined contribution plan to all employees who qualify for participation under each plan. The ESOP provides for the allocation of shares of the Company's common stock annually among all participants based upon each employee's qualifying compensation as a percentage of the total of all qualifying compensation for all participants. Each NEO participates in the ESOP and the defined contribution plan.

The defined contribution plan is a 401(k) plan in which the eligibility and participation requirements, allocation calculations and contribution limits apply to all employees, including NEOs. All employees have the opportunity to direct their investment in the plan. For fiscal year 2020, the Company matched 25% of the employee's contribution, up to the first 3% of eligible compensation contributed by the employee. The Company does not offer any defined benefit plan or post-retirement benefit plan that requires expense to the Company following the termination of employment of any NEO.

The Company provides a life insurance benefit for every employee who works on average more than 20 hours per week. The benefit is 1.0 times the employee's base salary, subject to a cap on the total death benefit of $500,000 in the case of Mr. Dicus, $378,000 in the case of Mr. Townsend and $300,000 in the case of each of the other NEOs. Benefits for all employees in excess of $50,000 result in taxable income. Each of the NEOs participates in this benefit program.

The Company has purchased a life insurance annuity for the CEO, which includes a $5.0 million death benefit. The salary of the CEO has been grossed up for the cost of the annuity and the income tax associated with the resulting imputed taxable income. The Company has provided this gross up because the Company wished to provide the life insurance annuity benefit to the CEO without him having to bear the associated tax obligation. The gross up for this benefit is not included in the base salary of the CEO, but is included in the "All Other Compensation" column of the Summary Compensation Table.

In addition to the life insurance benefits discussed above, the Bank has purchased Bank Owned Life Insurance for eligible employees. Each insured employee was provided the opportunity to designate a beneficiary to receive a death benefit equal to the insured employee's base salary as of the Board approval date of the purchase if the insured dies while employed by the Bank. All NEOs other than Mr. Kobbeman have designated beneficiaries. Once the NEO's employment with the Bank terminates, the death benefit to the beneficiary of the NEO terminates as well. Mr. Kobbeman is covered under Bank Owned Life Insurance policies originally purchased by Capital City

Bank and assumed by the Bank in connection with the Company's acquisition of CCB and Capital City Bank. Capital City Bank did not offer its employees the ability to designate a beneficiary for any death benefits payable under its policies.

Termination or Change in Control Payments

The Company has entered into agreements with each of the NEOs to provide a severance payment if their employment is terminated under specified circumstances within six months before or 24 months after a change in control of the Company. See "Employment and Change in Control Severance Agreements" and "Payments upon Termination or Change in Control."

The terms of our stock options and restricted stock awards provide for accelerated vesting only in the case of a change in control. See "Payments upon Termination or Change in Control."

Stock Ownership Guidelines

In November 2011, the Company's Board of Directors adopted stock ownership guidelines, effective January 1, 2012, which are applicable to the Company's directors and executive and senior officers. It is the Board's intention to encourage recipients of future equity-based awards, if any, to retain ownership of the shares relating to those awards to further align their interests with the interests of the Company's stockholders. The guidelines provide as follows:

- The CEO shall own five times his salary, directors shall own four times their annual fee, executive vice presidents and senior vice presidents shall own three times their salaries and first vice presidents shall own one times their salary, in each case in shares of the Company's common stock. Each director and officer shall have five years to attain the ownership guidelines.

- Shares owned directly or by immediate family members of the director or officer shall be included in determining the amount of common stock owned for purposes of the guidelines.

- Shares acquired in the ESOP through the reinvestment of dividends shall also be included in determining the amount of common stock owned for purposes of the guidelines.

- If, at the end of five years, a director or an officer does not comply with the ownership guidelines, he or she shall not receive future awards under the Company's stock benefit plans until he or she complies with the guidelines.

Other Tax Considerations

As in effect during fiscal year 2018 and prior taxable years, Section 162(m) of the Internal Revenue Code generally eliminated the deductibility of compensation over $1 million paid to the principal executive officer and certain highly compensated executive officers of publicly held corporations, excluding certain qualified performance-based compensation. Stock options automatically constituted qualified performance-based compensation, provided that certain plan content and grant procedure requirements were met. Effective for fiscal 2019 and future taxable years, H.R. 1, originally known as the "Tax Cut and Jobs Act," amended Section 162(m) to provide that qualified performance-based compensation will be subject to the $1 million deduction limit, subject to grandfathering of amounts payable under certain agreements in effect on November 2, 2017.

Summary Compensation Table

The following table sets forth information concerning the compensation paid to or earned by the named executive officers for fiscal years 2020, 2019 and 2018:

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[5]	Total ($)
John B. Dicus, Chairman	2020	$ 696,500	$ ---	$ ---	$ ---	$ 147,782	$ ---	$ 106,166	$ 950,448
President and Chief Executive	2019	684,962	---	---	---	252,379	---	153,480	1,090,821
Officer	2018	671,885	---	---	---	346,055	---	106,885	1,124,825
Kent G. Townsend, Executive	2020	$ 377,500	$ ---	$ ---	$ ---	$ 55,304	$ ---	$ 17,070	$ 449,874
Vice President, Chief	2019	369,808	---	---	---	93,345	---	44,050	507,203
Financial Officer and Treasurer	2018	357,885	---	---	---	136,675	---	21,636	516,196
Rick C. Jackson, Executive	2020	$ 273,000	$ ---	$ ---	$ ---	$ 39,995	$ ---	$ 16,274	$ 329,269
Vice President and Chief	2019	265,308	---	---	---	68,117	---	37,135	370,560
Lending Officer	2018	255,308	---	---	---	96,773	---	21,518	373,599
Robert D. Kobbeman, Executive	2020	$ 306,000	$ ---	$ ---	$ ---	$ 44,829	$ ---	$ 31,016	$ 381,845
Vice President and Chief	2019	301,385	60,000	431,940	---	74,592	---	33,682	901,599
Commercial Lending Officer[6]									
Natalie G. Haag, Executive	2020	$ 260,000	$ ---	$ ---	$ ---	$ 38,090	$ ---	$ 16,097	$ 314,187
Vice President, General Counsel	2019	249,231	---	---	---	63,714	---	36,005	348,950
and Corporate Secretary	2018	238,308	---	---	---	91,450	---	21,497	351,255

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(1) For fiscal years 2020, 2019 and 2018, includes director fees of $24,000 for Mr. Dicus.

(2) For Mr. Kobbeman, the amount in this column for fiscal year 2019 represents the $60,000 stay bonus he was entitled to receive pursuant to his employment agreement. See "Employment and Change in Control Severance Agreements." All other bonus amounts earned by the named executive officers are reported under the "Non-Equity Incentive Plan Compensation" column.

(3) Represents the grant date fair value of the award under Accounting Standards Codification Topic No. 718, Compensation-Stock Compensation ("ASC Topic 718"), based on the number of shares of restricted stock awarded and the fair market value of the Company's common stock on the date the award was made. The assumptions used in the calculation of this amount are included in Note 12 of the Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020 filed with the SEC.

(4) Represents incentive bonus amounts awarded for performance in fiscal years 2020, 2019 and 2018 under the STPP. The bonuses for fiscal year 2020 have been approved by the Compensation Committee of the Company's Board of Directors but are not scheduled to be paid until January 2021. Each NEO has agreed that if the Company's officers and employees have not received merit-based increases in their base salaries by the Scheduled Payment Date for the STPP award for fiscal year 2020, he or she will defer receipt of his or her STPP award for fiscal year 2020 until such time as such merit-based increases occur. For additional information, see "Compensation Discussion and Analysis—Bonus Incentive Plans."

The bonus amounts include Capitol Federal Savings' matching contributions under the Company's DIBP to those named executive officers who elected to defer receipt of a portion of their bonus for fiscal years 2020, 2019 and 2018, as follows:

	2020	2019	2018
John B. Dicus	$ 29,566	$ 50,000	$ 50,000
Kent G. Townsend	$ 11,061	$ 18,669	$ 27,335
Rick C. Jackson	$ 7,999	$ 13,623	$ 19,355
Robert D. Kobbeman[6]	$ 8,996	$ 12,432	---
Natalie G. Haag	$ 7,618	$ 12,743	$ 18,290

The amount deferred, if any, plus the matching contribution on the deferred amount is deemed to be invested in the Company's common stock through the purchase of phantom stock units. There will not be any reduction to the payout amount of the phantom stock units if the stock price has depreciated from the beginning of the deemed investment period of the phantom stock units to the end of such period. Receipt of the matching contribution is contingent on the executive officer remaining employed with the Company for a period of three years following the award of the phantom stock units. For additional information regarding this plan, see "Non-Qualified Deferred Compensation" below.

(5) Amounts include matching contributions under Capitol Federal Savings' 401(k) plan, values (based on the closing price of the Company's common stock on the last trading day of the fiscal year) of allocations under the ESOP, term life insurance premiums and earnings (in the form of Company stock price appreciation (depreciation) and dividend equivalents during the fiscal year) accrued by the Company on outstanding phantom stock units awarded under the DIBP. For fiscal year 2020, these include $2,100, $12,088, $630 and $6,250 for Mr. Dicus; $2,100, $12,088, $475 and $2,407 for Mr. Townsend; $2,100, $12,088, $344 and $1,742 for Mr. Jackson; $2,100, $11,880, $380 and $693 for Mr. Kobbeman; and $2,100, $12,088, $328 and $1,581 for Ms. Haag. For Mr. Dicus, the amount for fiscal year 2020 also includes premium on universal life insurance policy of $66,376 and the amount reimbursed for all or part of the tax liability resulting from the payment of such premium of $18,722. For Mr. Kobbeman, the amount for fiscal year 2020 also includes dividends paid on unvested shares of restricted stock totaling $15,963.

(6) No compensation information is provided for Mr. Kobbeman for fiscal year 2018 because he was not a named executive officer for that fiscal year. Mr. Kobbeman joined the Company in August 2018 upon completion of the Company's acquisition of CCB and Capital City Bank.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
John B. Dicus	n/a	$ 80,700	$ 242,100	$ 403,500	---	---	---	---	---	---	---
Kent G. Townsend	n/a	$ 30,200	$ 90,600	$ 151,000	---	---	---	---	---	---	---
Rick C. Jackson	n/a	$ 21,840	$ 65,520	$ 109,200	---	---	---	---	---	---	---
Robert D. Kobbeman	n/a	$ 24,480	$ 73,440	$ 122,400	---	---	---	---	---	---	---
Natalie G. Haag	n/a	$ 20,800	$ 62,400	$ 104,000	---	---	---	---	---	---	---

(1) For each named executive officer, represents the threshold (i.e. lowest), target and maximum amounts that were potentially payable for fiscal year 2020 under the Company's STPP. The actual amounts earned under these awards for fiscal year 2020 are reflected in the Summary Compensation Table under the "Non-Equity Incentive Plan Compensation" column. For additional information regarding the STPP, see "Compensation Discussion and Analysis—Bonus Incentive Plans."

Employment and Change in Control Severance Agreements

As noted under “Compensation Discussion and Analysis,” Mr. Kobbeman is the only named executive officer who had an employment agreement with us during fiscal year 2020. The Bank and Mr. Kobbeman entered into an employment agreement on April 30, 2018, concurrent with the execution of our definitive agreement to acquire CCB and Capital City Bank. Mr. Kobbeman served as President and Chief Executive Officer of CCB and Capital City Bank prior to the acquisition.

Mr. Kobbeman’s employment agreement had a term of two years, which commenced on August 31, 2018, the date we completed our acquisition of CCB and Capital City Bank, and expired on August 31, 2020. The agreement entitled Mr. Kobbeman to receive a minimum annual base salary of $300,000 and to participate in the STPP, in all other discretionary bonuses paid to the Bank’s executive officers and in all retirement, other employee benefit plans and fringe benefits maintained for the Bank’s executive officers. The agreement also entitled Mr. Kobbeman to receive a $60,000 stay bonus, one-half of which was paid on March 1, 2019 and one-half of which was paid on September 1, 2019.

As also noted under “Compensation Discussion and Analysis,” the Company has entered into change in control severance agreements with each of the named executive officers, including Mr. Kobbeman. Each agreement entitles the executive to a severance payment if, within six months before or 24 months after a change in control of the Company, the executive’s employment is terminated by the Company without cause, is terminated as a result of the executive’s death, disability or retirement or is terminated by the executive for “good reason.” The term “good reason” includes a material reassignment of the executive’s duties or a significant reduction in the executive’s authority or responsibility, in each case without his express written consent, a reduction in the executive’s then-current base salary or a failure to provide the executive with substantially the same fringe benefits that were provided to the executive immediately prior to entering into the agreement.

The amount of the severance payment under each change in control severance agreement is 2.99 times the executive’s average annual W-2 compensation during the five full calendar years prior to the date of termination of employment. The agreements provide that severance and other payments that are subject to a change in control will be reduced as much as necessary to ensure that no amounts payable to the executive will be considered excess parachute payments under Section 280G of the Internal Revenue Code.

For information regarding the amounts that would have been payable to the named executive officers under their change in control severance agreements if their employment had been terminated as of September 30, 2020 under circumstances entitling them to such payments, see “Payments Upon Termination or Change in Control.”

Outstanding Equity Awards at September 30, 2020

The following table provides information regarding the unexercised stock options and stock awards held by each of the named executive officers as of September 30, 2020.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
John B. Dicus	25,188 (1)	---	---	$11.91	05/14/2022	---	---	11,185 (5)	$24,216 (5)
	100,116 (2)	---	---	$11.91	05/14/2027	---	---	11,746 (6)	13,919 (6)
	---	---	---	---	---	---	---	10,924 (7)	2,786 (7)
Total	125,304							33,855	$40,921
Kent G. Townsend	---	---	---	---	---	---	---	5,624 (5)	$12,176 (5)
	---	---	---	---	---	---	---	6,421 (6)	7,609 (6)
	---	---	---	---	---	---	---	4,079 (7)	1,040 (7)
Total								16,124	$20,825
Rick C. Jackson	55,910 (3)	---	---	$14.43	01/26/2025	---	---	3,979 (5)	$8,615 (5)
	---	---	---	---	---	---	---	4,546 (6)	5,387 (6)
	---	---	---	---	---	---	---	2,976 (7)	759 (7)
Total	55,910							11,501	$14,761
Robert D. Kobbeman	---	---	---	---	---	23,475(4)	$217,613	2,716 (7)	$693 (7)
	---	---	---	---	---	---	---	---	---
	---	---	---	---	---	---	---	---	---
Total								2,716	$693
Natalie G. Haag	---	---	---	---	---	---	---	3,694 (5)	$7,998 (5)
	---	---	---	---	---	---	---	4,296 (6)	5,091 (6)
	---	---	---	---	---	---	---	2,784 (7)	710 (7)
Total								10,774	$13,799

(1) Represents unexercised portion of option having the following vesting schedule: 8,396 shares on each of January 10, 2014, 2015 and 2016.

(2) Represents unexercised option having the following vesting schedule: 25,029 shares on each of January 10, 2013, 2014, 2015 and 2016.

(3) Represents unexercised option having the following vesting schedule: approximately 11,182 shares on each of January 26, 2010, 2011, 2012, 2013 and 2014.

(4) Represents unvested portion of restricted stock award on April 30, 2019 having the following vesting schedule: 7,825 shares on each of October 29, 2019, 2020, 2021 and 2022.

(5) Represents phantom stock award under Company's DIBP as a result of deferring the named executive officer's annual bonus for fiscal year 2017 under the Company's STPP. The number of phantom stock units was determined by the portion of the bonus deferred plus the Company's 50% match thereon, divided by the Company's stock price on December 31, 2017. The phantom stock award will be paid in cash by the second business day following the regularly scheduled board meeting in January 2021, in an amount equal to the appreciation, if any, in the Company's stock price from December 31, 2017 to December 31, 2020, plus the amount of dividend equivalents credited during that period. The payout value shown in the far right column represents the stock price appreciation from December 31, 2017 through September 30, 2020, plus the amount of dividend equivalents credited during that period. See "Non-Qualified Deferred Compensation" below.

(6) Represents phantom stock award under Company's DIBP as a result of deferring the named executive officer's annual bonus for fiscal year 2018 under the Company's STPP. The number of phantom stock units was determined by the portion of the bonus deferred plus the Company's 50% match thereon, divided by the Company's stock price on December 31, 2018. The phantom stock award will be paid in cash by the second business day following the regularly scheduled board meeting in January 2022, in an amount equal to the appreciation, if any, in the Company's stock price from December 31, 2018 to December 31, 2021, plus the amount of dividend equivalents credited during that period. The payout value shown in the far right column represents the stock price appreciation from December 31, 2018 through September 30, 2020, plus the amount of dividend equivalents credited during that period. See "Non-Qualified Deferred Compensation" below.

(7) Represents phantom stock award under Company's DIBP as a result of deferring the named executive officer's annual bonus for fiscal year 2019 under the Company's STPP. The number of phantom stock units was determined by the portion of the bonus deferred plus the Company's 50% match thereon, divided by the Company's stock price on December 31, 2019. The phantom stock award will be paid in cash by the second business day following the regularly scheduled board meeting in January 2023, in an amount equal to the appreciation, if any, in the Company's stock price from December 31, 2019 to December 31, 2022, plus the amount of dividend equivalents credited during that period. The payout value shown in the far right column represents the stock price appreciation from

December 31, 2019 through September 30, 2020, plus the amount of dividend equivalents credited during that period. See "Non-Qualified Deferred Compensation" below.

Option Exercises and Stock Vested

The following table sets forth information about stock options exercised and shares of restricted stock that vested during the fiscal year ended September 30, 2020 with respect to each named executive officer:

	Option Awards		Stock Award	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)[1]**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
John B. Dicus	---	---	---	---
Kent G. Townsend	---	---	---	---
Rick C. Jackson	---	---	---	---
Robert D. Kobbeman	---	---	7,825	$113,071
Natalie G. Haag	---	---	---	---

(1) Represents amount realized upon exercise of stock options, based on the difference between the market value of the shares acquired at the time of exercise and the exercise price.

Non-Qualified Deferred Compensation

The following table sets forth information about compensation payable to each named executive officer under the Company's DIBP.

Name	Executive Contributions in Last FY[1]	Registrant Contributions in Last FY[2]	Aggregate Earnings in Last FY[3]	Aggregate Withdrawals/ Distributions[4]	Aggregate Balance at Last FYE
John B. Dicus	$ 100,000	$ 50,000	$ 6,250	$ 175,425	$ 490,920
Kent G. Townsend	$ 37,338	$ 18,669	$ 2,407	$ 78,935	$ 234,256
Rick C. Jackson	$ 27,246	$ 13,623	$ 1,742	$ 56,602	$ 167,057
Robert D. Kobbeman	$ 24,864	$ 12,432	$ 693	$ $0	$ 37,989
Natalie G. Haag	$ 25,486	$ 12,743	$ 1,581	$ 51,786	$ 156,442

(1) Represents portion of bonus for fiscal year 2019 (otherwise payable in fiscal year 2020) under the STPP deferred by the named executive officer. This amount was previously reported as compensation for fiscal year 2019 for the named executive officer.

(2) Represents match by Capitol Federal Savings on portion of bonus for fiscal year 2019 (otherwise payable in fiscal year 2020) under the STPP deferred by the named executive officer. The match by Capitol Federal Savings was 50% of the amount deferred, which was previously reported as compensation for fiscal year 2019 for the named executive officer. The named executive officer was awarded phantom stock units under the DIBP in an amount equal to the bonus amount deferred plus the match, divided by the closing price of the Company's common stock on December 31, 2019.

(3) Represents stock price appreciation (depreciation) and dividend equivalents on phantom stock units from deferrals (and matches thereon) of STPP bonuses for fiscal year 2019 and prior years. This amount is reported as compensation for fiscal year 2020 under the "All Other Compensation" column of the Summary Compensation Table. As noted below, there will not be any reduction to the payout amount of the phantom stock units if the stock price has depreciated from the beginning of the deemed investment period of the phantom stock units to the end of such period.

(4) Represents cash payout during fiscal year 2020 of phantom stock units for deferral (and 50% match thereon) of the STPP bonus for fiscal year 2016. The payout was comprised of appreciation in the Company's stock price from December 31, 2016 through December 31, 2019 plus dividend equivalents credited during that period.

Under the DIBP, a participating NEO may defer from $2,000 to as much as 50% (up to a maximum of $100,000) of their award under the STPP, which is typically made in the January following the end of the fiscal year for which the STPP award is earned. The total amount deferred plus a 50% match by Capitol Federal Savings is deemed to be invested, in the form of phantom stock units, in Company common stock as of December 31st in the year prior to the STPP award at the closing price on that date (e.g., December 31, 2020, in the case of the STPP award for fiscal year 2020, which will be paid in January 2021 at the earliest, as discussed under "Compensation Discussion and Analysis-Bonus Incentive Plans"). On the third anniversary date (e.g., December 31, 2023, in the case of the award for fiscal year 2020), the phantom stock units are deemed sold and each participant will receive shortly thereafter a cash payment equal to the amount deferred, the company match, the dividend equivalents paid on Company common stock during the three-year period, plus the appreciation, if any, of Company common stock. There will not be any reduction to the amount of the cash payment if the deemed investment in Company common stock has depreciated in value from the beginning of the deemed investment period to the end of such period. The payment of these benefits (except for the amount deferred) is subject to the participant's continued employment by the Bank during the mandatory deferral period and on the distribution date.

Payments upon Termination or Change in Control

As discussed under "Employment and Change in Control Severance Agreements," the Company has entered into change in control severance agreements with each of the NEOs. Each agreement entitles the executive to a severance payment if, within six months before or 24 months after a change in control of the Company, the executive's employment is terminated by the Company without cause, is terminated as a result of the executive's death, disability or retirement or is terminated by the executive for "good reason."

The amount of the severance payment under each change in control severance agreement is 2.99 times the executive's average annual W-2 compensation during the five full calendar years prior to the date of termination of employment. If their employment had been terminated as of September 30, 2020 under circumstances entitling them to severance payments under their change in control severance agreements, the amounts of the payments to Messrs. Dicus, Townsend, Jackson and Kobbeman and Ms. Haag would have been approximately $3.2 million, $1.6 million, $1.0 million, $1.1 million and $904 thousand, respectively. The agreements provide that severance and other payments that are subject to a change in control will be reduced as much as necessary to ensure that no amounts payable to the executive will be considered excess parachute payments under Section 280G of the Internal Revenue Code.

Under the general terms of stock options granted under the Company's 2012 Equity Incentive Plan and 2000 Stock Option and Incentive Plan and restricted stock granted under the Company's 2012 Equity Incentive Plan, upon the occurrence of a change in control of the Company, all unvested stock options and unvested shares of restricted stock will vest. As of September 30, 2020, none of the NEOs held unvested stock options and Mr. Kobbeman was the only NEO who held unvested shares of restricted stock, holding 23,475 unvested shares as of that date. If a change in control of the Company had occurred on September 30, 2020, the aggregate value that would have been realized by Mr. Kobbeman as a result of the acceleration of the vesting of his unvested shares of restricted stock, based on the closing price of the Company's common stock on that date of $9.27, was $217,613.

The Company's STPP provides that if, within two years following a change in control of the Company, a participant's employment is terminated other than due to death, disability, retirement, cause or resignation by the participant (other than resignation due to reassignment to a job that is not reasonably equivalent in responsibility or compensation, or that is not in the same geographic area, or resignation within 30 days following a reduction in base pay), then the participant will be paid a pro rata award for the performance year in which his or her termination of employment occurs, with the award amount determined assuming all individual and corporate performance targets have been met. Had any of Messrs. Dicus, Townsend, Jackson or Kobbeman or Ms. Haag experienced such a termination of employment on September 30, 2020, they would have been entitled to the regular bonus earned for the year, rather than a pro rata award with assumed maximum achievement of performance targets, since the performance period for the year actually ended on that date. The bonus amounts for fiscal year 2020 are set forth in the Summary Compensation Table under the "Non-Equity Incentive Plan Compensation" column.

The Company's DIBP provides that if, within two years following a change in control of the Company, a participant's employment is terminated other than due to death, disability, retirement, cause or resignation by the participant (other than resignation due to reassignment to a job that is not reasonably equivalent in responsibility or compensation, or that is not in the same geographic area, or resignation within 30 days following a reduction in base pay), then the participant will become fully vested in his or her plan account, which shall be paid to him or her within 90 days after the termination date. If Messrs. Dicus, Townsend, Jackson or Kobbeman or Ms. Haag had experienced such a termination of employment on September 30, 2020, the amounts of their DIBP accounts that would have vested and been payable within 90 days would have been $490,920, $234,256, $167,057, $37,989 and $156,442 respectively.

As discussed under "Compensation Discussion and Analysis—Retirement and Other Benefits," the Company provides a life insurance benefit for every employee who works on average more than 20 hours per week equal to 1.0 times the employee's base salary, subject to a cap on the total death benefit of $500,000 in the case of Mr. Dicus, $378,000 in the case of Mr. Townsend and $300,000 in the case of each of the other NEOs. Each of the NEOs participates in this benefit program. Had Messrs. Dicus, Townsend, Jackson or Kobbeman or Ms. Haag died on September 30, 2020, the death benefit payable under this program would have been $500,000, $378,000, $273,000, $300,000 and $260,000 respectively.

As also discussed under "Compensation Discussion and Analysis—Retirement and Other Benefits," the Company has purchased a life insurance annuity for Mr. Dicus, which includes a $5.0 million death benefit. Accordingly, had Mr. Dicus died on September 30, 2020, a death benefit would have been payable for him in this amount.

In addition, as discussed under "Compensation Discussion and Analysis—Retirement and Other Benefits," the Bank has purchased Bank Owned Life Insurance. Under the terms of the Bank Owned Life Insurance, each insured employee was provided the opportunity to designate a beneficiary to receive a death benefit equal to the insured employee's base salary as of the date of Board approval of the purchase if the insured dies while employed by the Bank. All NEOs other than Mr. Kobbeman have designated beneficiaries. Had Messrs. Dicus, Townsend, Jackson or Ms. Haag died on September 30, 2020, the death benefit payable under the Bank Owned Life Insurance to their beneficiaries would have been $610,481, $330,000, $235,000 and $215,000 respectively.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained above with management and, based on such review and discussion, the Compensation Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

The foregoing report is furnished by the Compensation Committee of the Company's Board of Directors:

Jeffrey M. Johnson (Chairman)
Michel' Philipp Cole
Morris J. Huey, II
Michael T. McCoy, M.D.
James G. Morris
Jeffrey R. Thompson

Proxy

CEO Pay Ratio

For fiscal year 2020, the annual total compensation for our median employee was $38,003and the annual total compensation for our CEO was $1,038,024. The resulting ratio of our CEO's pay to the pay of our median employee for fiscal year 2020 was 27.3 to 1.

We identified the median employee by examining total W-2, Box 1 compensation for all individuals, excluding our CEO, who were employed by us on September 30, 2020. We included all employees, whether employed on a full-time, part-time or seasonal basis. We did not make any cost-of-living adjustments in identifying the median employee. We did not adjust employee compensation with respect to total compensation by annualizing the compensation for any full-time or part-time employees that were not employed by us for all of fiscal year 2020.

We calculated the median employee's annual total compensation using the same methodology we use for our named executive officers as set forth in the fiscal year 2020 Summary Compensation Table in this proxy statement. In our fiscal year 2020 Summary Compensation Table, we report the annual cash incentive earned by our CEO for performance in fiscal year 2020. Our median employee did not earn any cash incentives for fiscal year 2020.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, certain of its officers, and persons who beneficially own more than 10% of the Company's common stock to report their initial ownership of the Company's common stock and any subsequent changes in that ownership to the SEC. Specific due dates for these reports have been established by the SEC, and the Company is required to disclose in this proxy statement any late filings or known failures to file.

The Company believes that, based solely on a review of such reports filed with the SEC and written representations that no other reports were required during the fiscal year ended September 30, 2020, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with during fiscal year 2020, other than the inadvertent failure to timely file a Form 4 to report one transaction by director Michel' Philipp Cole and an incorrect statement of the number of shares beneficially owned by director Carlton A. Ricketts on a Form 3 filed with respect to his initial beneficial ownership of the Company's common stock.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company's compensation plans and matters are administered by the Stock Benefit Committee and the Compensation Committee. The Stock Benefit Committee is currently comprised of Directors McCoy (Chairman), Cole, Johnson, Morris and Thompson. The Compensation Committee is currently comprised of Directors Johnson (Chairman), Cole, Huey, McCoy, Morris and Thompson. Director Huey is a former officer of the Company.

CERTAIN TRANSACTIONS

The charter of the Audit Committee of the Company's Board of Directors provides that the Audit Committee is to review and approve all related party transactions (defined as transactions requiring disclosure under Item 404 of SEC Regulation S-K) on a regular basis.

Capitol Federal Savings has followed a policy of granting loans to officers and directors. These loans are made in the ordinary course of business and on the same terms and conditions as those of comparable transactions with the general public prevailing at the time, in accordance with our underwriting guidelines, and do not involve more than the normal risk of collectability or present other unfavorable features.

All loans that Capitol Federal Savings makes to directors and executive officers are subject to regulations of the Office of the Comptroller of the Currency restricting loans and other transactions with affiliated persons of Capitol Federal Savings. Loans to all directors and executive officers and their related persons totaled approximately $2.1 million at September 30, 2020, which was approximately 0.16% of our consolidated equity at that date. All loans to directors and executive officers were performing in accordance with their terms at September 30, 2020.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The information contained in this report shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended September 30, 2020 with management. The Audit Committee has discussed with Deloitte & Touche LLP, the Company's independent auditors, the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") and the SEC.

The Audit Committee has also received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the PCAOB regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence, and discussed with Deloitte & Touche LLP their independence.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020, for filing with the SEC.

The foregoing report is furnished by the Audit Committee of the Company's Board of Directors.

Jeffrey R. Thompson (Chairman)
Michel' Philipp Cole
Jeffrey M. Johnson
Morris J. Huey, II
Michael T. McCoy
James G. Morris

PROPOSAL II

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Act, we are including in this proxy statement and will present at the annual meeting a non-binding stockholder vote to approve the compensation of our executives, as described in the proxy statement pursuant to the compensation disclosure rules of the SEC. This proposal, commonly known as a "say-on-pay" vote, gives stockholders the opportunity to endorse or not endorse the compensation of the Company's executives as disclosed in this proxy statement. This proposal will be presented at the annual meeting as a resolution in substantially the following form:

> RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for the annual meeting pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

This vote will not be binding on the Company's Board of Directors and may not be construed as overruling a decision by the Board or creating or implying any change to the fiduciary duties of the Board. Nor will it affect any compensation previously paid or awarded to any executive. The Compensation Committee and the Board may, however, take into account the outcome of the vote when considering future executive compensation arrangements.

The Dodd-Frank Act requires that we include a "say-on-pay" vote in our annual meeting proxy statement at least once every three years, and that at least once every six years we hold a non-binding, advisory vote on the frequency of future say-on-pay votes (commonly referred to as a "say-on-pay frequency vote"), with stockholders having the choice of every year, every two years or every three years. We last included a say-on-pay frequency vote at our annual meeting of stockholders held in January 2017, and the most votes were received for a frequency of

every year. Our Board of Directors determined, in light of those results, that we will include a say-on-pay vote in our annual meeting proxy materials every year until the next required say-on-pay frequency vote is held (in 2023).

The purpose of our compensation programs is to attract and retain experienced, highly qualified executives critical to our long-term success and enhancement of stockholder value. The Board of Directors believes that our compensation programs achieve this objective, and therefore recommends that stockholders vote **"FOR"** this proposal.

PROPOSAL III

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee of the Company's Board of Directors has renewed the Company's arrangement for Deloitte & Touche LLP to be the Company's independent auditors for the fiscal year ending September 30, 2021, subject to the ratification of that appointment by the Company's stockholders at the annual meeting. A representative of Deloitte & Touche LLP is expected to attend the annual meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

Although not required by the Company's bylaws or otherwise, the Audit Committee and the Board of Directors believe it appropriate, as a matter of good corporate governance, to request that the Company's stockholders ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending September 30, 2021. If the stockholders do not so ratify, the Audit Committee will reconsider the appointment and may retain Deloitte & Touche LLP or another firm without re-submitting the matter to the stockholders. Even if the stockholders ratify the appointment, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm as the Company's independent auditors at any time during the year.

For the fiscal years ended September 30, 2020 and 2019, Deloitte & Touche LLP provided various audit and non-audit services to the Company. Set forth below are the aggregate fees billed for these services:

(a) Audit Fees: Aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements, for the audit pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, for the review of financial statements included in the Company's Quarterly Reports on Form 10-Q, for statutory and regulatory audits and for consents: $1,008,000 – 2020; $984,500 – 2019.

(b) Audit-Related Fees: Aggregate fees billed for professional services rendered related to agreed-upon procedures engagements and acquisition-related audit services: $47,000 – 2020; $48,800 – 2019.

(c) Tax Fees: Aggregate fees billed for professional services rendered related to tax return preparation and tax consultations: $156,967 – 2020; $136,430 – 2019.

(d) All other fees: Aggregate fees billed for all other professional services, consisting of an accounting research tool subscription: $1,895 – 2020; $1,895 – 2019.

The Audit Committee generally pre-approves all audit and permissible non-audit services to be provided by the independent auditors. The Audit Committee has, however, delegated authority to the chairperson of the Audit Committee to pre-approve services not pre-approved by the Audit Committee, provided such action is reported to the Audit Committee at its next meeting. None of the services provided by Deloitte & Touche LLP described in items (a)-(d) above was approved by the Audit Committee pursuant to a waiver of the pre-approval requirements of the SEC's rules and regulations.

The Board of Directors recommends that stockholders vote **"FOR"** the ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending September 30, 2021.

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in the Company's proxy materials for next year's annual meeting of stockholders, any stockholder proposal to take action at the meeting must be received at the Company's executive office at 700 S. Kansas Avenue, Topeka, Kansas 66603 no later than August 17, 2021. All stockholder proposals submitted for inclusion in the Company's proxy materials will be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended, and, as with any stockholder proposal (regardless of whether included in the Company's proxy materials), the Company's charter and bylaws.

In addition to the deadline and other requirements referred to above for submitting a stockholder proposal to be included in the Company's proxy materials for its next annual meeting of stockholders, the Company's bylaws require a separate notification to be made in order for a stockholder proposal to be eligible for presentation at the meeting, regardless of whether the proposal is included in the Company's proxy materials for the meeting. In order to be eligible for presentation at the Company's next annual meeting of stockholders, written notice of a stockholder proposal containing the information specified in Article I, Section 6 of the Company's bylaws must be received by the Secretary of the Company not earlier than the close of business on September 28, 2021 and not later than the close of business on October 28, 2021. If, however, the date of the next annual meeting is before January 6, 2022 or after March 27, 2022, the notice of the stockholder proposal must instead be received by the Company's Secretary not earlier than the close of business on the 120th day prior to the date of the next annual meeting and not later than the close of business on the later of the 90th day before the date of the next annual meeting or the tenth day following the first to occur of the day on which notice of the date of the next annual meeting is mailed or otherwise transmitted or the day on which public announcement of the date of the next annual meeting is first made by the Company.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the annual meeting other than the matters described above in this proxy statement. However, if any other matters should properly come before the meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

ADDITIONAL INFORMATION

The Company will pay the costs of soliciting proxies. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies personally or by facsimile, telephone or other means, without additional compensation.

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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __ to __

Commission file number: 001-34814

Capitol Federal Financial, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**27-2631712**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
700 South Kansas Avenue, Topeka, Kansas	**66603**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(785) 235-1341

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CFFN	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, computed by reference to the average of the closing bid and asked price of such stock on the NASDAQ Stock Market as of March 31, 2020, was $1.61 billion.

As of November 19, 2020, there were issued and outstanding 138,792,496 shares of the Registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of Form 10-K - Portions of the proxy statement for the Annual Meeting of Stockholders for the year ended September 30, 2020.

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Private Securities Litigation Reform Act-Safe Harbor Statement

Capitol Federal Financial, Inc. (the "Company"), and Capitol Federal Savings Bank ("Capitol Federal Savings" or the "Bank"), may from time to time make written or oral "forward-looking statements," including statements contained in documents filed or furnished by the Company with the Securities and Exchange Commission ("SEC"). These forward-looking statements may be included in this Annual Report on Form 10-K and the exhibits attached to it, in the Company's reports to stockholders, in the Company's press releases, and in other communications by the Company, which are made in good faith pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements about our beliefs, plans, objectives, goals, expectations, anticipations, 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 our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan" and similar expressions are intended to identify forward-looking statements. The following factors, among others, could cause our future results to differ materially from the beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions expressed in the forward-looking statements:

- our ability to maintain overhead costs at reasonable levels;
- our ability to originate and purchase a sufficient volume of one- to four-family loans in order to maintain the balance of that portfolio at a level desired by management;
- our ability to invest funds in wholesale or secondary markets at favorable yields compared to the related funding source;
- our ability to access cost-effective funding;
- the expected synergies and other benefits from our acquisition activities, including our acquisition of Capital City Bancshares, Inc. ("CCB"), might not be realized within the anticipated time frames or at all;
- our ability to extend the commercial banking and trust asset management expertise acquired from CCB through our existing branch footprint;
- fluctuations in deposit flows;
- the future earnings and capital levels of the Bank and the continued non-objection by our primary federal banking regulators, to the extent required, to distribute capital from the Bank to the Company, which could affect the ability of the Company to pay dividends in accordance with its dividend policy;
- the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations, including areas where we have purchased large amounts of correspondent loans;
- changes in real estate values, unemployment levels, and the level and direction of loan delinquencies and charge-offs may require changes in the estimates of the adequacy of the allowance for credit losses ("ACL"), which may adversely affect our business;
- potential adverse impacts of the ongoing Coronavirus Disease 2019 ("COVID-19") pandemic and any governmental or societal responses thereto on the economic conditions in the Company's local market areas and other market areas where the Bank has lending relationships, on other aspects of the Company's business operations and on financial markets;
- increases in classified and/or non-performing assets, which may require the Bank to increase the ACL, charge-off loans and incur elevated collection and carrying costs related to such non-performing assets;
- results of examinations of the Bank and the Company by their respective primary federal banking regulators, including the possibility that the regulators may, among other things, require us to increase our ACL;
- changes in accounting principles, policies, or guidelines;
- the effects of, and changes in, monetary and interest rate policies of the Board of Governors of the Federal Reserve System ("FRB");
- the effects of, and changes in, trade and fiscal policies and laws of the United States government;
- the effects of, and changes in, foreign and military policies of the United States government;
- inflation, interest rate, market, monetary, and currency fluctuations;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users, including the features, pricing, and quality compared to competitors' products and services;
- the willingness of users to substitute competitors' products and services for our products and services;
- our success in gaining regulatory approval of our products and services and branching locations, when required;

- the impact of interpretations of, and changes in, financial services laws and regulations, including laws concerning taxes, banking, securities, consumer protection, trust and insurance and the impact of other governmental initiatives affecting the financial services industry;
- implementing business initiatives may be more difficult or expensive than anticipated;
- significant litigation;
- technological changes;
- our ability to maintain the security of our financial, accounting, technology, and other operating systems and facilities, including the ability to withstand cyber-attacks;
- acquisitions and dispositions;
- changes in consumer spending, borrowing and saving habits; and
- our success at managing the risks involved in our business.

This list of important factors is not all inclusive. See "Part I, Item 1A. Risk Factors" for a discussion of risks and uncertainties related to our business that could adversely impact our operations and/or financial results. We do not undertake 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 or the Bank.

PART I

As used in this Form 10-K, unless we specify or the context indicates otherwise, "the Company," "we," "us," and "our" refer to Capitol Federal Financial, Inc. a Maryland corporation, and its subsidiaries. "Capitol Federal Savings," and "the Bank," refer to Capitol Federal Savings Bank, a federal savings bank and the wholly-owned subsidiary of Capitol Federal Financial, Inc.

Item 1. Business

General

The Company is a Maryland corporation that was incorporated in 2010 to be the successor corporation upon completion of the second step mutual-to-stock conversion of Capitol Federal Savings Bank MHC in December 2010. The Company's common stock is traded on the Global Select tier of the NASDAQ Stock Market under the symbol "CFFN."

The Bank is a wholly-owned subsidiary of the Company and is a federally chartered and insured savings bank headquartered in Topeka, Kansas. The Bank is examined and regulated by the Office of the Comptroller of the Currency (the "OCC"), its primary regulator, and its deposits are insured up to applicable limits by the Deposit Insurance Fund ("DIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC"). The Company, as a savings and loan holding company, is examined and regulated by the FRB.

In August 2018, the Company completed the acquisition of CCB and its wholly-owned subsidiary Capital City Bank, a commercial bank with $450 million in assets that was headquartered in Topeka, Kansas. During April 2019, the Bank completed the integration of the operations of Capital City Bank into the Bank's operations. The acquisition of Capital City Bank has allowed us to advance our commercial banking strategy while staying under $10 billion in assets, and allowed us to offer trust and brokerage services. The Bank competes for commercial banking business through a wide variety of commercial deposit and expanded lending products.

We have been, and intend to continue to be, a community-oriented financial institution offering a variety of financial services to meet the needs of the communities we serve. We attract deposits primarily from the general public and from businesses, and invest those funds primarily in permanent loans secured by first mortgages on owner-occupied, one- to four-family residences. We also originate and participate with other lenders in commercial loans, originate consumer loans primarily secured by mortgages on one- to four-family residences, and invest in certain investment securities and mortgage-backed securities ("MBS") using funding from deposits, repurchase agreements, and Federal Home Loan Bank Topeka ("FHLB") borrowings. We offer a variety of deposit accounts having a wide range of interest rates and terms, which generally include savings accounts, money market accounts, interest-bearing and non-interest-bearing checking accounts, and certificates of deposit with terms ranging from 91 days to 120 months.

The Company's results of operations are primarily dependent on net interest income, which is the difference between the interest earned on loans, securities, and cash, and the interest paid on deposits and borrowings. On a weekly basis, management reviews deposit flows, loan demand, cash levels, and changes in several market rates to assess all pricing

strategies. The Bank's pricing strategy for first mortgage loan products includes setting interest rates based on secondary market prices and competitor pricing for our local lending markets, and secondary market prices and competitor pricing for our correspondent lending markets. Pricing for commercial loans is generally based on competitor pricing and the credit risk of the borrower with consideration given to the overall relationship of the borrower. Generally, deposit pricing is based upon a survey of competitors in the Bank's market areas, and the need to attract funding and retain maturing deposits. The majority of our loans are fixed-rate products with maturities up to 30 years, while the majority of our retail deposits are either non-maturity deposits or have stated maturities of less than two years.

The Company is significantly affected by prevailing economic conditions, including federal monetary and fiscal policies and federal regulation of financial institutions. Deposit balances are influenced by a number of factors, including interest rates paid on competing investment products, the level of personal income, and the personal rate of savings within our market areas. Lending activities are influenced by the demand for housing and business activity levels, our loan underwriting guidelines compared to those of our competitors, as well as interest rate pricing competition from other lending institutions.

Local economic conditions have a significant impact on the ability of borrowers to repay loans and the value of the collateral securing these loans. The industries in the Bank's local market areas, which are listed below under "Market Area and Competition" and where the properties securing approximately 69% of the Bank's one- to four-family loans are located, are diversified. This is especially true in the Kansas City metropolitan statistical area, which comprises the largest segment of our one- to four-family loan portfolio and deposit base. Management also monitors broad industry and economic indicators and trends in the states and/or metropolitan statistical areas with the highest concentrations of correspondent one- to four-family purchased loans and commercial loans. The Kansas City market area has an average household income of approximately $97 thousand per annum, based on 2020 estimates from Claritas Pop-Facts Premier. The average household income in our combined local market areas is approximately $95 thousand per annum, with 93% of the population at or above the poverty level, based on 2020 estimates from Claritas Pop-Facts Premier.

In addition to our local market areas, the properties securing approximately 33% of the Bank's correspondent purchased one- to four-family loans are located in the state of Texas. The average household income in the Texas region where the majority of our correspondent one- to four-family loans are located is approximately $104 thousand per annum, with 90% of the population at or above the poverty level, based on 2020 estimates from Claritas Pop-Facts Premier. As of October 2020, the unemployment rate was 5.3% for Kansas, 4.6% for Missouri, and 6.9% for Texas, compared to the national average of 6.9%, based on information from the Bureau of Labor Statistics.

Our executive offices are located at 700 South Kansas Avenue, Topeka, Kansas 66603, and our telephone number at that address is (785) 235-1341.

Available Information

Our website address is www.capfed.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports can be obtained free of charge from our website. These reports are available on our website as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. These reports are also available on the SEC's website at http://www.sec.gov.

Market Area and Competition

Our corporate office is located in Topeka, Kansas. We currently have a network of 54 branches (45 traditional branches and 9 in-store branches) located in nine counties throughout Kansas and three counties in Missouri. We primarily serve the metropolitan areas of Topeka, Wichita, Lawrence, Manhattan, Emporia, and Salina, Kansas and a portion of the metropolitan area of greater Kansas City. In addition to our full service banking offices, we provide services through our call center, which operates on extended hours, mobile banking, telephone banking, and online banking and bill payment services.

The Bank ranked first in deposit market share, at 6.90%, in the state of Kansas as reported in the June 30, 2020 FDIC "Summary of Deposits - Market Share Report." Management considers our well-established banking network together with our reputation for financial strength and customer service to be major factors in our success at attracting and retaining customers in our market areas.

The Bank consistently has been one of the top one- to four-family lenders with regard to mortgage loan origination volume in the state of Kansas. Through our strong relationships with real estate agents and marketing efforts, which reflect our reputation, and pricing, we attract mortgage loan business from walk-in customers, customers that apply online, and existing customers. Competition in originating one- to four-family loans primarily comes from other savings institutions, commercial banks, credit unions, and mortgage bankers.

Lending Practices and Underwriting Standards

General. Originating and purchasing loans secured by one- to four-family residential properties is the Bank's primary lending business, resulting in a loan concentration in residential first mortgage loans secured by properties located in Kansas and Missouri. The Bank also originates and participates in commercial loans, and originates consumer loans and construction loans.

One- to Four-Family Residential Real Estate Lending. The Bank originates and services one- to four-family loans that are not guaranteed or insured by the federal government, and purchases one- to four-family loans, on a loan-by-loan basis, from a select group of correspondent lenders.

Originated Loans
While the Bank originates both fixed- and adjustable-rate loans, our origination volume is dependent upon customer demand for loans in our market areas. Demand is affected by the local housing market, competition, and the interest rate environment. During fiscal years 2020 and 2019, the Bank originated and refinanced $931.3 million and $581.1 million of one- to four-family loans, respectively.

Correspondent Purchased Loans
The Bank purchases one- to four-family loans, on a loan-by-loan basis, from a select group of correspondent lenders. Loan purchases enable the Bank to attain geographic diversification in the loan portfolio. At September 30, 2020, the Bank had correspondent lending relationships in 28 states and the District of Columbia. During fiscal years 2020 and 2019, the Bank purchased $448.0 million and $166.4 million, respectively, of one- to four-family loans from correspondent lenders. We generally pay a premium of 0.50% to 1.0% of the loan balance to purchase these loans, and we pay 1.0% of the loan balance to purchase the servicing of these loans. The premium paid is amortized against the interest earned over the life of the loan, which reduces the loan yield. If a loan pays off before the scheduled maturity date, the remaining premium is recognized as reduction in interest income.

The Bank has an agreement with a third-party mortgage sub-servicer to service loans originated by the Bank's correspondent lenders in certain states. The sub-servicer has experience servicing loans in the market areas in which the Bank purchases loans and services the loans according to the Bank's servicing standards, which is intended to allow the Bank greater control over servicing and reporting and help maintain a standard of loan performance.

Bulk Purchased Loans
In the past, the Bank has also purchased one- to four-family loans from correspondent and nationwide lenders in bulk loan packages. See "Part I, Item 1A. Risk Factors" for additional information regarding why the Bank no longer purchases bulk loan packages. At September 30, 2020, $158.2 million, or 76% of the Bank's bulk purchased loan portfolio, are loans guaranteed by one seller. Based on the historical performance of these loans and the seller, the Bank believes the seller has the financial ability to repurchase or replace loans if any were to become delinquent. The Bank has not experienced any losses with this group of loans since the loan package was purchased in August 2012.

The servicing rights associated with bulk purchased loans were generally retained by the lender/seller for the loans purchased from nationwide lenders. The servicing by nationwide lenders is governed by a servicing agreement, which outlines collection policies and procedures, as well as oversight requirements, such as servicer certifications attesting to and providing proof of compliance with the servicing agreement.

Underwriting
Full documentation to support an applicant's credit and income, and sufficient funds to cover all applicable fees and reserves at closing, are required on all loans. Generally, loans are underwritten according to the "ability to repay" and "qualified mortgage" standards, as issued by the Consumer Financial Protection Bureau ("CFPB"). Information pertaining to the creditworthiness of the borrower generally consists of a summary of the borrower's credit history, employment stability, sources of income, assets, net worth, and debt ratios. The value of the subject property must be supported by an appraisal

report prepared in accordance with our appraisal policy by either a staff appraiser or a fee appraiser, both of which are independent of the loan origination function.

The underwriting standards for loans purchased from correspondent and nationwide lenders are generally similar to the Bank's internal underwriting standards. The underwriting of correspondent loans is performed by the Bank's underwriters. Our standard contractual agreement with the lender/seller includes recourse options for any breach of representation or warranty with respect to the loans purchased. The Bank requested the repurchase of one loan from a lender for breach of representation during fiscal year 2020.

Adjustable-rate Mortgage ("ARM") Loans

ARM loans are offered with a three-year, five-year, or seven-year term to the initial repricing date. After the initial period, the interest rate for each ARM loan adjusts annually for the remainder of the term of the loan. Currently, the repricing index for loan originations and correspondent purchases is tied to the one-year Constant Maturity Treasury ("CMT") index; however, other indices have been used in the past, including LIBOR. See "Part I, Item 1A. Risk Factors - Risks Related to Lending Activities" for information regarding the upcoming discontinuation of LIBOR. Current adjustable-rate one- to four-family loans originated by the Bank generally provide for a specified rate limit or cap on the periodic adjustment to the interest rate, as well as a specified maximum lifetime cap and minimum rate, or floor. As a consequence of using caps, the interest rates on these loans may not be as rate sensitive as our cost of funds. Negative amortization of principal is not allowed. For three- and five-year ARM loans, borrowers are qualified based on the principal, interest, tax, and insurance payments at the initial interest rate plus the life of loan cap and the initial interest rate plus the first period cap, respectively. For seven-year ARM loans, borrowers are qualified based on the principal, interest, tax, and insurance payments at the initial rate. After the initial three-, five-, or seven-year period, the interest rate resets annually and the new principal and interest payment is based on the new interest rate, remaining unpaid principal balance, and remaining term of the ARM loan. Our ARM loans are not automatically convertible into fixed-rate loans; however, we do allow borrowers to pay an endorsement fee to convert an ARM loan into a fixed-rate loan. ARM loans can pose greater credit risks than fixed-rate loans, primarily because if interest rates rise, the borrower's payment also rises, increasing the potential for default. This specific type of risk is known as repricing risk.

Pricing

Our pricing strategy for one- to four-family loan products includes setting interest rates based on secondary market prices and local competitor pricing for our local lending markets, and secondary market prices and national competitor pricing for our correspondent markets.

Mortgage Insurance

For a one- to four-family loan with a loan-to-value ("LTV") ratio in excess of 80% at the time of origination, private mortgage insurance ("PMI") is required in order to reduce the Bank's loss exposure. The Bank will lend up to 97% of the lesser of the appraised value or purchase price for one- to four-family loans, provided PMI is obtained. Management continuously monitors the claim-paying ability of our PMI counterparties. We believe our PMI counterparties have the ability to meet potential claim obligations we may file in the foreseeable future.

Repayment

The Bank's one- to four-family loans are primarily fully amortizing fixed-rate or ARM loans. The contractual maturities for fixed-rate loans and ARM loans can be up to 30 years; however, there are certain bulk purchased ARM loans that had original contractual maturities of 40 years. Our one- to four-family loans are generally not assumable and do not contain prepayment penalties. A "due on sale" clause, allowing the Bank to declare the unpaid principal balance due and payable upon the sale of the secured property, is generally included in the security instrument.

Construction Lending

The Bank originates owner-occupied construction-to-permanent loans secured by one- to four-family residential real estate. The majority of these loans are secured by property located within the Bank's Kansas City market area. At September 30, 2020, we had $34.6 million in one- to four-family construction loans outstanding, representing 0.5% of our total loan portfolio.

The application process for a construction loan includes submission of complete plans, specifications, and costs of the project to be constructed. Construction draw requests and the supporting documentation are reviewed and approved by authorized management or experienced construction loan personnel. The Bank also performs regular documented inspections of the construction project to ensure the funds are being used for the intended purpose. Interest is not capitalized during the construction period; it is billed and collected monthly based on the amount of funds disbursed.

The Bank's owner-occupied construction-to-permanent loan program combines the construction loan and the permanent loan into one loan, allowing the borrower to secure the same interest rate structure throughout the construction period and the permanent loan term. Once the construction period is complete, the payment method is changed from interest-only to an amortized principal and interest payment for the remaining term of the loan.

Loan Endorsement Program
In an effort to offset the impact of repayments and to retain our customers, existing loan customers, including customers whose loans were purchased from a correspondent lender, have the opportunity, for a fee, to endorse their original loan terms to current loan terms being offered. Customers whose loans have been sold to third parties, have been delinquent on their contractual loan payments during the previous 12 months, have an active charge-off, or are currently in bankruptcy, are not eligible to participate in this program. The Bank does not solicit customers for this program, but considers it a valuable opportunity to retain customers who, based on our initial underwriting criteria, could likely obtain similar financing elsewhere. During fiscal years 2020 and 2019, the Bank endorsed $695.4 million and $121.5 million of one- to four-family loans, respectively.

Loan Sales
One- to four-family loans may be sold on a bulk basis or on a flow basis as loans are originated. Loans originated by the Bank and purchased from correspondent lenders are generally eligible for sale in the secondary market. Loans are generally sold for portfolio restructuring purposes, to reduce interest rate risk and/or to maintain a certain liquidity position. The Bank generally retains the servicing on these loans. The Bank's Asset and Liability Management Committee ("ALCO") determines the criteria upon which one- to four-family loans are to be classified as held-for-sale or held-for-investment. One- to four-family loans classified as held-for-sale are to be sold in accordance with policies set forth by ALCO. During fiscal years 2020 and 2019, the Bank did not sell any loans.

Consumer Lending. The Bank offers a variety of secured consumer loans, including home equity loans and lines of credit, home improvement loans, vehicle loans, and loans secured by savings deposits. The Bank also originates a very limited amount of unsecured loans. Generally, consumer loans are originated in the Bank's market areas. The majority of our consumer loan portfolio is comprised of home equity lines of credit which have adjustable interest rates. For a majority of the home equity lines of credit, the Bank has the first mortgage or the Bank is in the first lien position. At September 30, 2020, our consumer loan portfolio totaled $113.9 million, or approximately 2% of our total loan portfolio.

The underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of the applicant's ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is a primary consideration, the underwriting process also includes a comparison of the value of the security in relation to the proposed loan amount. For consumer loans secured by one- to four-family property, an appraisal is required if the loan is over a certain dollar threshold; otherwise, a property inspection along with county tax assessment valuations and other supporting documentation is required.

Consumer loans generally have shorter terms-to-maturity or reprice more frequently, usually without periodic caps, which reduces our exposure to credit risk and changes in interest rates, and usually carry higher rates of interest than do one- to four-family loans. Management believes that offering consumer loan products helps to expand and create stronger ties to our existing customer base by increasing the number of customer relationships and providing cross-marketing opportunities.

Commercial Lending. At September 30, 2020, the Bank's commercial loans totaled $829.7 million, or approximately 12% of our total loan portfolio. Of this amount, $372.5 million were participation loans. Total undisbursed loan amounts related to commercial loans were $154.2 million, resulting in a total commercial loan concentration of $983.9 million at September 30, 2020.

At September 30, 2020, the Bank's commercial real estate loan portfolio totaled $732.0 million or approximately 88% of our commercial loan portfolio. Our commercial real estate loans include a variety of property types, including hotels, office and retail buildings, senior housing facilities, and multi-family dwellings located in Kansas, Missouri, and 13 other states. Our largest commercial lending relationship was $68.0 million at September 30, 2020, all of which was disbursed, including $64.9 million in commercial real estate loans and $3.1 million in commercial and industrial loans. These loans were current according to their terms at September 30, 2020.

At September 30, 2020, the Bank's commercial and industrial loan portfolio totaled $97.6 million, or approximately 12% of our commercial loan portfolio. Included in this amount was $43.9 million of Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans. Excluding PPP loans, the Bank's commercial and industrial loan portfolio consists largely of loans secured by accounts receivable, inventory and equipment.

Underwriting

The Bank performs more extensive due diligence in underwriting commercial loans than loans secured by one- to four-family residential properties due to the larger loan amounts, the more complex sources of repayment and the riskier nature of such loans. When participating in a commercial loan, the Bank performs the same underwriting procedures as if the loan was being originated by the Bank.

When underwriting a commercial real estate loan, several factors are considered, such as the income producing potential of the property to support the debt service, cash equity provided by the borrower, the financial strength of the borrower, tenant and/or guarantor(s), managerial expertise of the borrower or tenant, feasibility studies from the borrower or an independent third party, the marketability of the property and our lending experience with the borrower. For non-owner occupied properties, the Bank has a pre-lease requirement, depending on the property type, and overall strength of the credit.

For non-construction properties, the historical net operating income, which is the income derived from the operation of the property less all operating expenses, generally must be at least 1.15 times the required payments related to the outstanding debt (debt service coverage ratio) at the time of origination. For construction projects, the minimum debt service coverage ratio of 1.15 applies to the projected cash flows, and the borrower must have successful experience with the construction and operation of properties similar to the subject property. As part of the underwriting process, the historical or projected cash flows are stressed under various scenarios to measure the viability of the project under adverse conditions.

Generally, our maximum LTV ratios conform to supervisory limits, including 65% for raw land, 75% for land development and 85% for commercial real estate loans. The Bank requires full independent appraisals for commercial real estate properties. The Bank generally requires at least 15% cash equity from the borrower for land acquisition, land development and commercial real estate construction loans. For non-acquisition, development or construction loans, the equity may be from a combination of cash and the appraised value of the secured property.

Our commercial and industrial loans are primarily made in the Bank's market areas and are underwritten on the basis of the borrower's ability to service the debt from income. Other sources of repayment include the collateral underlying the loans and guarantees from business owners. Working capital loans are primarily collateralized by short-term assets whereas term loans are primarily collateralized by long-term assets.

In general, commercial and industrial loans involve more credit risk than commercial real estate loans. The increased risk in commercial and industrial loans is due to the type of collateral securing these loans as well as the expectation that commercial and industrial loans generally will be serviced principally from the operations of the business, and those operations may not be successful. Significant adverse changes in borrowers' industries and businesses could cause a rapid decline in the values of, and collectability associated with, business assets securing the loans, which could result in inadequate collateral coverage of our commercial and industrial loans. Additionally, commercial and industrial loans secured by accounts receivable may be substantially dependent on the ability of the borrower to collect amounts due from clients and loans secured by inventory and equipment are subject to depreciation over time and may be difficult to appraise. As a result of these additional complexities, variables and risks, commercial and industrial loans require more thorough underwriting and servicing than other types of commercial loans.

Loan Terms
Commercial loans generally have amortization terms of 15 to 30 years and maturities ranging from 90 days to 20 years, which generally requires balloon payments of the remaining principal balance.

Commercial loans have either fixed or adjustable interest rates based on prevailing market rates. The interest rate on adjustable-rate loans is based on a variety of indices, but is generally determined through negotiation with the borrower or determined by the lead bank in the case of a loan participation.

For a construction loan, generally, the Bank allows interest-only payments during the construction phase of a project and for a stabilization period of 6 to 24 months after occupancy. The Bank requires amortizing payments at the conclusion of the stabilization period.

Additionally, the Bank may include covenants in the loan agreement that allow the Bank to take action when deterioration in the financial strength of the project is detected to potentially prevent the credit from becoming impaired. The covenants are specific to each loan agreement, based on factors such as the purpose of funds, the collateral type, and the financial strength of the project, the borrower and the guarantor, among other factors.

Monitoring of Risk
For the Bank's commercial real estate loan portfolio, borrowers are generally required to provide financial information annually, including borrower financial statements, subject property rental rates and income, maintenance costs, an update of real estate property tax and insurance payments, and personal financial information for the guarantor(s). The annual review process for loans with a principal balance of $1.5 million or more or borrowing relationships with a total exposure of $5 million or more allows the Bank to monitor compliance with loan covenants and review the borrower's performance, including cash flows from operations, debt service coverage, and comparison of performance to projections and year-over-year performance trending. Additionally, the Bank monitors and performs site visits, or in the case of participation loans, obtains updates from the lead bank as needed to determine the condition of the collateral securing the loan. Depending on the financial strength of the project and/or the complexity of the borrower's financials, the Bank may also perform a global analysis of cash flows to account for all other properties owned by the borrower or guarantor. If signs of weakness are identified, the Bank may begin performing more frequent financial and/or collateral reviews or will initiate contact with the borrower, or the lead bank will contact the borrower if the loan is a participation loan, to ensure cash flows from operations are maintained at a satisfactory level to meet the debt requirements. Both macro-level and loan-level stress-test scenarios based on existing and forecasted market conditions are part of the on-going portfolio management process for the commercial real estate portfolio.

Commercial real estate construction lending generally involves a greater degree of risk than commercial real estate lending. Repayment of a construction loan is, to a great degree, dependent upon the successful and timely completion of the construction of the subject property. Construction delays, slower than anticipated stabilization or the financial impairment of the builder may negatively affect the borrower's ability to repay the loan. The Bank takes these risks into consideration during the underwriting process including the requirement of personal guarantees. The Bank mitigates the risk of commercial real estate construction lending during the construction period by monitoring inspection reports from an independent third-party, project budget, percentage of completion, on-site inspections and percentage of advanced funds.

Commercial and industrial loans are monitored through a review of borrower performance as indicated by borrower financial statements, borrowing base reports, accounts receivable aging reports, and inventory aging reports. These reports are required to be provided by the borrowers monthly, quarterly, or annually depending on the nature of the borrowing relationship.

Our commercial loans are generally large dollar loans and involve a greater degree of credit risk than one- to four-family loans. Because payments on these loans are often dependent on the successful operation or management of the properties and/or businesses, repayment of such loans may be subject to adverse conditions in the economy, the borrower's line of business, and/or the real estate market. If the cash flows from the project or business operation are reduced, or if leases are not obtained or renewed, the borrower's ability to repay the loan may become impaired. The Bank regularly monitors the level of risk in the portfolio, including concentrations in such factors as geographic locations, collateral types, tenant brand name, borrowing relationships, and lending relationships in the case of participation loans, among other factors.

Loan Portfolio. The following table presents the composition of our loan portfolio as of the dates indicated.

	September 30,									
	2020		2019		2018		2017		2016	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)									
One- to four-family:										
Originated	$ 3,937,310	54.5%	$ 3,873,851	52.2%	$ 3,965,692	52.8%	$ 3,959,232	55.1%	$ 4,005,615	57.6%
Correspondent purchased	2,101,082	29.1	2,349,877	31.7	2,505,987	33.4	2,445,311	34.0	2,206,072	31.7
Bulk purchased	208,427	2.9	252,347	3.4	293,607	3.9	351,705	4.9	416,653	6.0
Construction	34,593	0.5	36,758	0.5	33,149	0.4	30,647	0.4	39,430	0.6
Total	6,281,412	87.0	6,512,833	87.8	6,798,435	90.5	6,786,895	94.4	6,667,770	95.9
Commercial:										
Commercial real estate	626,588	8.7	583,617	7.9	426,243	5.7	183,030	2.6	110,768	1.6
Commercial and industrial	97,614	1.4	61,094	0.8	62,869	0.9	—	—	—	—
Construction	105,458	1.4	123,159	1.7	80,498	1.1	86,952	1.2	43,375	0.6
Total	829,660	11.5	767,870	10.4	569,610	7.7	269,982	3.8	154,143	2.2
Consumer loans:										
Home equity	103,838	1.4	120,587	1.6	129,588	1.7	122,066	1.7	123,345	1.8
Other	10,086	0.1	11,183	0.2	10,012	0.1	3,808	0.1	4,264	0.1
Total	113,924	1.5	131,770	1.8	139,600	1.8	125,874	1.8	127,609	1.9
Total loans receivable	7,224,996	100.0%	7,412,473	100.0%	7,507,645	100.0%	7,182,751	100.0%	6,949,522	100.0%
Less:										
ACL	31,527		9,226		8,463		8,398		8,540	
Discounts/unearned loan fees	29,190		31,058		33,933		24,962		24,933	
Premiums/deferred costs	(38,572)		(44,558)		(49,236)		(45,680)		(41,975)	
Total loans receivable, net	$ 7,202,851		$ 7,416,747		$ 7,514,485		$ 7,195,071		$ 6,958,024	

The following table presents the contractual maturity of our loan portfolio, along with associated weighted average yields, at September 30, 2020. Loans which have adjustable interest rates are shown as maturing in the period during which the contract is due. The table does not reflect the effects of possible prepayments or enforcement of due on sale clauses.

	One- to Four-Family		Commercial		Construction[2]		Home Equity[3]		Other Consumer		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(Dollars in thousands)											
Amounts due:												
Within one year[1]	$ 1,237	4.51%	$117,410	4.03%	$139,667	4.27%	$ 2,130	5.15%	$ 1,161	3.36%	$ 261,605	4.17%
After one year:												
Over one to two	2,855	4.23	106,369	3.05	384	3.75	412	5.08	971	5.50	110,991	3.11
Over two to three	10,262	3.85	49,650	4.56	—	—	402	5.37	2,220	4.92	62,534	4.46
Over three to five	46,938	3.89	75,892	4.82	—	—	1,346	5.43	3,912	3.99	128,088	4.46
Over five to ten	497,411	3.18	267,221	4.57	—	—	11,201	5.52	1,383	5.81	777,216	3.70
Over ten to fifteen	1,316,691	3.12	64,802	4.66	—	—	42,602	4.41	355	6.06	1,424,450	3.23
After fifteen years	4,371,425	3.57	42,858	4.76	—	—	45,745	4.59	84	5.67	4,460,112	3.59
Total due after one year	6,245,582	3.44	606,792	4.36	384	3.75	101,708	4.64	8,925	4.76	6,963,391	3.54
Totals loans	$ 6,246,819	3.44	$724,202	4.30	$140,051	4.27	$103,838	4.65	$ 10,086	4.60	7,224,996	3.57
Less:												
ACL											31,527	
Discounts/unearned loan fees											29,190	
Premiums/deferred costs											(38,572)	
Total loans receivable, net											$7,202,851	

(1) Includes demand loans, loans having no stated maturity, and overdraft loans.
(2) Construction loans are presented based upon the estimated term to complete construction. See "One- to Four-Family Residential Real Estate Lending - Construction Lending" above for more information regarding our construction-to-permanent loan program.
(3) For home equity loans, including those that do not have a stated maturity date, the maturity date calculated assumes the borrower always makes the required minimum payment. The majority of home equity loans assume a maximum term of 240 months.

The following table presents, as of September 30, 2020, the amount of loans due after September 30, 2021, and whether these loans have fixed or adjustable interest rates.

	Fixed	Adjustable	Total
		(Dollars in thousands)	
One- to four-family	$ 5,416,534	$ 829,048	$ 6,245,582
Commercial	416,303	190,489	606,792
Construction	—	384	384
Consumer loans:			
Home equity	14,682	87,026	101,708
Other	6,504	2,421	8,925
Total	$ 5,854,023	$ 1,109,368	$ 6,963,391

Asset Quality

The Bank's traditional one- to four-family underwriting guidelines have provided the Bank with generally low delinquencies and low levels of non-performing assets within this loan category compared to national levels. Of particular importance is the complete and full documentation required for each loan the Bank originates, participates in or purchases. This allows the Bank to make an informed credit decision based upon a thorough assessment of the borrower's ability to repay the loan.

For one- to four-family loans and consumer loans, when a borrower fails to make a loan payment within 15 days after the due date, a late charge is assessed and a notice is mailed. Collection personnel review all delinquent loan accounts more than 16 days past due. Attempts to contact the borrower occur, with the purpose of establishing repayment arrangements. For residential mortgage loans serviced by the Bank, beginning at approximately the 31st day of delinquency, and again at approximately the 50th day of delinquency, information notices are mailed to borrowers to inform them of the availability of payment assistance programs. Once a loan becomes 90 days delinquent, assuming a loss mitigation solution is not actively in process, a demand letter is issued requiring the loan be brought current or foreclosure procedures will be implemented. Generally, when a loan becomes 120 days delinquent, and an acceptable repayment plan or loss mitigation solution has neither been established nor is in the process of being negotiated, the loan is forwarded to legal counsel to initiate foreclosure. We also monitor whether borrowers who have filed for bankruptcy are meeting their obligation to pay the mortgage debt in accordance with the terms of the bankruptcy petition.

For purchased one- to four-family loans serviced by a third party, we monitor delinquencies using data received from the servicers. The reports generally provide total principal and interest due and length of delinquency, and are used to prepare monthly management reports and perform delinquent loan trend analysis. The information from the sub-servicer of our correspondent one- to four-family loans is generally received during the first week of the month while the information from the servicers of our one- to-four family bulk loans is received later in the month. Management also utilizes information from the servicers to monitor property valuations and identify the need to charge-off loan balances.

For commercial loans originated by the Bank, when a loan becomes past due, the Bank begins collection efforts, initially by notifying the borrower of the past due payment and attempting to determine if there have been changes in the borrower's financial condition that may affect future loan performance. If it is determined that future loan performance may be adversely affected, the Bank initiates discussions with the borrower regarding plans to ensure cash flow from operations is sufficient to satisfy the debt requirements and meet the loan covenants. Generally, once a loan becomes 90 days delinquent, foreclosure or collection procedures are initiated. For participation loans, the lead bank is responsible for all collection efforts and contact with the borrower. However, if the Bank does not receive an expected payment on a participation loan, the Bank contacts the lead bank to determine the cause of the late payment and to initiate discussions with the lead bank of collection efforts, as necessary. See "Lending Practices and Underwriting Standards – Commercial Lending – Monitoring of Risk" for additional information.

In late March 2020, the Bank suspended the initiation of foreclosure proceedings for one- to four-family loans through the end of calendar year 2020. Additionally, the Bank announced loan modification programs to support and provide relief for its borrowers during the COVID-19 pandemic. Generally, loan modifications under these programs ("COVID-19 loan modifications") for one- to four-family loans and consumer loans consist of a three-month payment forbearance of principal, interest and, in some cases, escrow. COVID-19 loan modifications of commercial loans mainly consist of a six-month interest-only payment period. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Loans Receivable" for additional discussion regarding COVID-19 loan modifications.

Delinquent and non-performing loans and other real estate owned ("OREO")

The following table presents the Company's 30 to 89 day delinquent loans at the dates indicated. Loans subject to payment forbearance under the Bank's COVID-19 loan modification program are not reported as delinquent during the forbearance time period. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs. Of the loans 30 to 89 days delinquent at September 30, 2020, 2019, and 2018, approximately 70%, 67%, and 74%, respectively, were 59 days or less delinquent.

	Loans Delinquent for 30 to 89 Days at September 30,					
	2020		2019		2018	
	Number	Amount	Number	Amount	Number	Amount
	(Dollars in thousands)					
One- to four-family:						
Originated	42	$ 3,012	90	$ 7,223	129	$10,647
Correspondent purchased	8	3,123	9	2,721	18	3,803
Bulk purchased	12	2,532	16	3,581	15	3,502
Commercial	2	45	8	826	6	322
Consumer	26	398	42	525	38	533
	90	$ 9,110	165	$14,876	206	$18,807
Loans 30 to 89 days delinquent to total loans receivable, net		0.13%		0.20%		0.25%

The table below presents the Company's non-performing loans and OREO at the dates indicated. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs. Non-performing loans are loans that are 90 or more days delinquent or in foreclosure and other loans required to be reported as nonaccrual pursuant to accounting and/or regulatory reporting requirements and/or internal policies, even if the loans are current. At all dates presented, there were no loans 90 or more days delinquent that were still accruing interest. Non-performing assets include non-performing loans and OREO. OREO primarily includes assets acquired in settlement of loans. Over the past 12 months, one- to four-family OREO properties acquired in settlement of one- to four-family loans were owned by the Bank, on average, for approximately four months before the properties were sold.

	September 30,									
	2020		2019		2018		2017		2016	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(Dollars in thousands)									
Loans 90 or More Days Delinquent or in Foreclosure:										
One- to four-family:										
Originated	51	$ 4,362	44	$ 3,268	67	$ 5,040	67	$ 5,515	73	$ 8,190
Correspondent purchased	6	2,397	4	1,008	1	449	1	91	3	985
Bulk purchased	12	2,903	6	1,465	11	3,045	13	3,371	28	7,323
Commercial	5	1,360	4	170	—	—	—	—	—	—
Consumer	14	304	25	362	30	569	22	410	31	529
	88	11,326	83	6,273	109	9,103	103	9,387	135	17,027
Loans 90 or more days delinquent or in foreclosure as a percentage of total loans		0.16%		0.08%		0.12%		0.13%		0.24%
Nonaccrual loans less than 90 Days Delinquent:[1]										
One- to four-family:										
Originated	9	$ 691	16	$ 1,183	19	$ 1,482	50	$ 4,567	70	$ 8,956
Correspondent purchased	—	—	—	—	2	396	8	1,690	9	2,786
Bulk purchased	—	—	1	65	—	—	4	846	1	31
Commercial	3	464	1	7	—	—	—	—	—	—
Consumer	1	9	2	35	2	9	7	113	12	328
	13	1,164	20	1,290	23	1,887	69	7,216	92	12,101
Total non-performing loans	101	12,490	103	7,563	132	10,990	172	16,603	227	29,128
Non-performing loans as a percentage of total loans		0.17%		0.10%		0.15%		0.23%		0.42%

	September 30,									
	2020		2019		2018		2017		2016	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(Dollars in thousands)									
OREO:										
One- to four-family:										
Originated[2]	4	$ 183	8	$ 745	8	$ 843	4	$ 58	12	$ 692
Correspondent purchased	—	—	—	—	—	—	—	—	1	499
Bulk purchased	—	—	—	—	1	454	5	1,279	4	1,265
Commercial	—	—	1	600	1	600	—	—	—	—
Consumer	—	—	—	—	—	—	1	67	—	—
Other	—	—	—	—	—	—	—	—	1	1,278
	4	183	9	1,345	10	1,897	10	1,404	18	3,734
Total non-performing assets	105	$12,673	112	$ 8,908	142	$12,887	182	$18,007	245	$32,862
Non-performing assets as a percentage of total assets		0.13%		0.10%		0.14%		0.20%		0.35%

(1) Includes loans required to be reported as nonaccrual pursuant to accounting and/or regulatory reporting requirements and/or internal policies, even if the loans are current. The decrease in the balance of these loans at September 30, 2017 compared to September 30, 2016 was due to fewer loans being classified as troubled debt restructurings ("TDRs") as a result of management refining its methodology for assessing whether a loan modification qualifies as a TDR.

(2) Real estate-related consumer loans where we also hold the first mortgage are included in the one- to four-family category as the underlying collateral is one- to four-family property.

The amount of interest income on nonaccrual loans and TDRs as of September 30, 2020 included in interest income was $1.0 million for the year ended September 30, 2020. The amount of additional interest income that would have been recorded on nonaccrual loans and TDRs as of September 30, 2020, if they had performed in accordance with their original terms, was $123 thousand for the year ended September 30, 2020.

The following table presents the states where the properties securing five percent or more of the total amount of our one- to four-family loans are located and the corresponding balance of loans 30 to 89 days delinquent, 90 or more days delinquent or in foreclosure, and weighted average LTV ratios for loans 90 or more days delinquent or in foreclosure at September 30, 2020. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. At September 30, 2020, potential losses, after taking into consideration anticipated PMI proceeds and estimated selling costs, have been charged-off.

	One- to Four-Family		Loans 30 to 89 Days Delinquent		Loans 90 or More Days Delinquent or in Foreclosure		
State	Amount	% of Total	Amount	% of Total	Amount	% of Total	LTV
	(Dollars in thousands)						
Kansas	$ 3,541,606	56.7%	$ 2,547	29.4%	$ 4,457	46.1%	67%
Missouri	1,089,197	17.4	1,683	19.4	210	2.2	40
Texas	698,017	11.2	1,553	17.9	437	4.5	44
Other states	917,999	14.7	2,884	33.3	4,558	47.2	60
	$ 6,246,819	100.0%	$ 8,667	100.0%	$ 9,662	100.0%	62

Classified Assets. In accordance with the Bank's asset classification policy, management regularly reviews the problem assets in the Bank's portfolio to determine whether any assets require classification. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 5. Loans Receivable and Allowance for Credit Losses" for asset classification definitions.

The following table sets forth the recorded investment in assets, classified as either special mention or substandard, as of September 30, 2020. At September 30, 2020, there were no loans classified as doubtful, and all loans classified as loss were fully charged-off.

	Special Mention		Substandard	
	Number	Amount	Number	Amount
	(Dollars in thousands)			
One- to four-family:				
Originated	82	$ 9,249	196	$ 15,729
Correspondent purchased	6	2,076	17	4,512
Bulk purchased	—	—	25	5,319
Commercial:				
Commercial real estate	5	50,957	9	3,541
Commercial and industrial	7	1,040	3	1,368
Consumer	14	331	35	589
Total loans	114	63,653	285	31,058
OREO:				
One- to four-family:				
Originated	—	—	4	183
Total OREO	—	—	4	183
Total classified assets	114	$ 63,653	289	$ 31,241

Troubled Debt Restructurings. For borrowers experiencing financial difficulties, the Bank may grant a concession to the borrower, resulting in a TDR. Such concessions generally involve extensions of loan maturity dates, the granting of periods during which reduced payment amounts are required, reductions in interest rates, and/or loans that have been discharged under Chapter 7 bankruptcy proceedings where the borrower has not reaffirmed the debt. The Bank does not forgive principal or interest, nor does it commit to lend additional funds, except for situations generally involving the capitalization of delinquent interest and/or escrow on one- to four-family and consumer loans, not to exceed the original loan balance, to these borrowers. For commercial loans, the Bank does not forgive principal or interest or commit to lend additional funds unless the borrower provides additional collateral or other enhancements to improve credit quality. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies and Note 5. Loans Receivable and Allowance for Credit Losses" for additional information related to TDRs.

As previously noted, in late March 2020, the Bank announced COVID-19 loan modification programs to support and provide relief for its borrowers during the COVID-19 pandemic. The Company has followed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and interagency guidance from the federal banking agencies when determining if a borrower's modification is subject to TDR classification.

The following table presents the Company's TDRs, based on accrual status, at the dates indicated.

	September 30,				
	2020	2019	2018	2017	2016
	(Dollars in thousands)				
Accruing TDRs	$ 13,205	$ 14,892	$ 20,216	$ 27,383	$ 23,177
Nonaccrual TDRs[1]	3,394	2,958	4,652	11,742	18,725
Total TDRs	$ 16,599	$ 17,850	$ 24,868	$ 39,125	$ 41,902

(1) Nonaccrual TDRs are included in the non-performing loan table above and are classified as substandard.

Impaired Loans. A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due, including principal and interest, according to the original contractual terms of the loan agreement. Interest income on impaired loans is recognized in the period collected unless the ultimate collection of principal is considered doubtful. The unpaid principal balance of loans reported as impaired at September 30, 2020, 2019, and 2018 was $23.1 million, $23.4 million, and $29.9 million, respectively. Included in the impaired loan balance at September 30, 2020 were $22.9 million of loans classified as either special mention or substandard.

See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies and Note 5. Loans Receivable and Allowance for Credit Losses" for additional information related to impaired loans.

Allowance for credit losses and provision for credit losses. Management maintains an ACL to absorb inherent losses in the loan portfolio based on quarterly assessments of the loan portfolio. The ACL is maintained through provisions for credit losses which are either charged to or credited to income. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Allowance for Credit Losses" and "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for a full discussion of our ACL methodology. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 5. Loans Receivable and Allowance for Credit Losses" for additional information on the ACL.

Each quarter a formula analysis model is prepared which segregates the loan portfolio into categories based on certain risk characteristics. Historical loss and qualitative factors are applied to each loan category in the formula analysis model. The factors are reviewed by management quarterly to assess whether they adequately cover probable and estimable losses inherent in the loan portfolio.

During the current fiscal year, management increased the historical loss and qualitative factors applied in the formula analysis model for all loan categories and added a COVID-19 qualitative factor to the Bank's commercial loan portfolio. The increase in the factors and addition of the new qualitative factor was in response to the deterioration of economic conditions due to the COVID-19 pandemic. When determining the appropriate historical loss and qualitative factors to apply in the formula analysis model, management considered such items as: national and state unemployment and unemployment benefit claim information, amount and timing of governmental financial assistance, the Bank's COVID-19 loan modification programs, consumer spending information, industries most impacted by the COVID-19 pandemic, and a loan analysis completed by the commercial lending team.

As of September 30, 2020, unemployment benefit claims continued to be at high levels, but not as high as the late March 2020/early April 2020 timeframe. Individuals that were unemployed benefited from the Federal Pandemic Unemployment Compensation Program ("FPUC") which the CARES Act created. FPUC provided an additional $600 per week to individuals collecting regular unemployment compensation. The FPUC expired in late July 2020. There were other unemployment compensation benefits created under the CARES Act which benefited individuals that exhausted their regular unemployment insurance benefits and that are generally not eligible for regular unemployment compensation, like self-employed individuals. In early August 2020, President Trump signed an executive memorandum authorizing the Federal Emergency Management Agency to provide $300 per week in extra unemployment benefits for six weeks, which started on August 1, 2020. The majority of the financial assistance provided by the federal government, which may be masking the Bank's actual credit exposure, tapered off significantly by September 30, 2020. In late March 2020, the Bank began offering

a COVID-19 loan modification program for one- to four-family and consumer loans. While the intention of the COVID-19 loan modification program was to keep customers current on their payments and therefore in their homes during the worst of the economic downturn, the program could also be masking the Bank's actual credit exposure on these loans. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition" for additional information regarding COVID-19 loan modifications.

Many of the stay-at-home orders issued in March and April 2020 were lifted by September 30, 2020, resulting in some people returning to work, but not at the same level as prior to March 2020. Several companies are still requiring their employees to work from home and limit business travel and several colleges and schools are electing remote and/or hybrid learning. The residents of senior housing facilities continue to be generally disproportionately impacted by the COVID-19 pandemic. Consumer spending has continued to gradually rebound, but generally not in the travel, lodging, and entertainment industries. The Bank's commercial lending team analyzed the Bank's largest commercial lending relationships through September 30, 2020. Approximately 91% of all commercial loans, excluding PPP loans, were evaluated. The commercial lending team primarily focused on the lending relationships considered most at risk of short-term operational cash flow issues and/or collateral concerns, which had an aggregate unpaid principal balance of $201.2 million at September 30, 2020, and was primarily in the following categories: senior housing facilities, hotels, retail buildings, office buildings and single use buildings. These loan categories were among the categories with the highest usage of the Bank's COVID-19 loan modification program. We believe the Bank's COVID-19 loan modification program has been very beneficial to the majority of the Bank's commercial borrowers that took advantage of the program; however, as is the case with one- to four-family loans, the modifications may be masking the Bank's actual credit exposure. The commercial lending team also considered the largest credits in the industries most impacted by the COVID-19 pandemic: senior housing, hotel, retail building, office building and single use buildings. The weighted average LTV ratios based on the aggregate unpaid principal balances of senior housing, hotel, retail building, office building, and single use building loans were 69%, 58%, 67%, 75%, and 69%, respectively, at September 30, 2020. In most cases, the most recent appraisal was obtained at the time of origination.

There was no significant deterioration in credit quality indicators, such as loan delinquencies, asset classification and credit scores, during the current fiscal year; however, as noted above, the financial assistance provided by the federal government and our COVID-19 loan modifications may be masking our actual credit exposure which could result in worsening credit quality indicators in the coming months. Loans 30 to 89 days delinquent were 0.13% of total loans at September 30, 2020 and 0.20% of total loans at September 30, 2019. Loans 90 days or more delinquent or in foreclosure were 0.16% of total loans at September 30, 2020 and 0.08% of total loans at September 30, 2019. Loans classified as special mention were $63.7 million at September 30, 2020 compared to $69.8 million at September 30, 2019. Loans classified as substandard were $31.1 million at September 30, 2020 compared to $30.1 million at September 30, 2019. The weighted average credit score for our one- to four-family loan portfolio was 768 at September 30, 2020 compared to 767 at September 30, 2019. We completed a credit score update from a nationally recognized consumer rating agency during September of 2020 and 2019.

The majority of the provision for credit losses recorded in the current fiscal year was to increase the ACL to account for the increase in the factors and the addition of the new qualitative factor in the formula analysis model as a result of management's assessment of the inherent losses in the loan portfolio due to the deterioration of economic conditions. Management will continue to closely monitor economic conditions and will work with borrowers as necessary to assist them through this challenging economic climate. If economic conditions worsen or do not improve in the near term, and if future government programs, if any, do not provide adequate relief to borrowers, it is possible the Bank's ACL will need to increase in future periods. Management seeks to apply the ACL methodology in a consistent manner; however, the methodology may be modified in response to changing conditions, such as was the case during the current fiscal year. Although management believes the ACL was at a level adequate to absorb inherent losses in the loan portfolio at September 30, 2020, the level of the ACL remains an estimate that is subject to significant judgment and short-term changes.

Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* became effective for the Company on October 1, 2020. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information.

The following table presents ACL activity and related ratios at the dates and for the periods indicated.

	Year Ended September 30,				
	2020	2019	2018	2017	2016
	(Dollars in thousands)				
Balance at beginning of period	$ 9,226	$ 8,463	$ 8,398	$ 8,540	$ 9,443
Charge-offs:					
One- to four-family:					
Originated	(64)	(75)	(136)	(72)	(200)
Correspondent	—	—	(128)	—	—
Bulk purchased	—	(26)	—	(216)	(342)
Total	(64)	(101)	(264)	(288)	(542)
Commercial:					
Commercial real estate	(325)	—	—	—	—
Commercial and industrial	(24)	(124)	—	—	—
Total	(349)	(124)	—	—	—
Consumer:					
Home equity	(10)	(28)	(32)	(51)	(83)
Other	(20)	(9)	(6)	(9)	(5)
Total	(30)	(37)	(38)	(60)	(88)
Total charge-offs	(443)	(262)	(302)	(348)	(630)
Recoveries:					
One- to four-family:					
Originated	41	22	144	4	77
Bulk purchased	265	106	196	165	374
Total	306	128	340	169	451
Commercial:					
Commercial real estate	110	22	—	—	—
Commercial and industrial	—	2	—	—	—
Construction	—	25	—	—	—
Total	110	49	—	—	—
Consumer:					
Home equity	23	80	22	26	25
Other	5	18	5	11	1
Total	28	98	27	37	26
Total recoveries	444	275	367	206	477
Net recoveries (charge-offs)	1	13	65	(142)	(153)
Provision for credit losses	22,300	750	—	—	(750)
Balance at end of period	$31,527	$ 9,226	$ 8,463	$ 8,398	$ 8,540
Ratio of net charge-offs during the period to average loans outstanding during the period	— %	— %	— %	— %	— %
Ratio of net (recoveries) charge-offs during the period to average non-performing assets	(0.01)	(0.12)	(0.42)	0.56	0.48
ACL to non-performing loans at end of period	252.42	121.99	77.01	50.58	29.32
ACL to loans receivable, net at end of period	0.44	0.12	0.11	0.12	0.12
ACL to net charge-offs	N/M[(1)]	N/M[(1)]	N/M[(1)]	58.9x	55.8x

(1) This ratio is not presented for the time period noted due to loan recoveries exceeding loan charge-offs during the period.

The distribution of our ACL at the dates indicated is summarized below.

	September 30,									
	2020		2019		2018		2017		2016	
	Amount of ACL	% of Loans to Total Loans	Amount of ACL	% of Loans to Total Loans	Amount of ACL	% of Loans to Total Loans	Amount of ACL	% of Loans to Total Loans	Amount of ACL	% of Loans to Total Loans
	(Dollars in thousands)									
One- to four-family:										
Originated	$ 6,044	54.5%	$ 1,982	52.2%	$ 2,933	52.8%	$ 3,149	55.1%	$ 3,892	57.6%
Correspondent purchased	2,691	29.1	1,203	31.7	1,861	33.4	1,922	34.0	2,102	31.7
Bulk purchased	467	2.9	687	3.4	925	3.9	1,000	4.9	1,065	6.0
Construction	41	0.5	18	0.5	20	0.4	24	0.4	36	0.6
Total	9,243	87.0	3,890	87.8	5,739	90.5	6,095	94.4	7,095	95.9
Commercial:										
Commercial real estate	16,869	8.6	3,448	7.9	1,801	5.7	1,242	2.6	774	1.6
Commercial and industrial	1,451	1.4	472	0.8	21	0.8	—	—	—	—
Construction	3,480	1.5	1,251	1.7	734	1.1	870	1.2	434	0.6
Total	21,800	11.5	5,171	10.4	2,556	7.6	2,112	3.8	1,208	2.2
Consumer loans:										
Home equity	370	1.4	97	1.6	129	1.8	159	1.7	187	1.8
Other consumer	114	0.1	68	0.2	39	0.1	32	0.1	50	0.1
Total consumer loans	484	1.5	165	1.8	168	1.9	191	1.8	237	1.9
	$ 31,527	100.0%	$ 9,226	100.0%	$ 8,463	100.0%	$ 8,398	100.0%	$ 8,540	100.0%

The majority of the loans acquired in the CCB acquisition were not deemed purchased credit impaired ("PCI") as of the acquisition date ("non-PCI loans"). The net purchase discounts associated with non-PCI loans were compared to the amount of hypothetical ACL estimated for these loans at September 30, 2020, 2019, and 2018. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Allowance for Credit Losses" for additional information regarding management's estimation of the hypothetical ACL for non-PCI loans. As a result of this analysis, management determined the net purchase discounts were not sufficient, so ACL was recorded on those loans at September 30, 2020. At September 30, 2019 and 2018, the net purchase discounts were sufficient and no ACL was required on those loans.

The ratio of ACL to loans receivable, by loan type, at the dates indicated is summarized below. As discussed above, the ACL increased during the current fiscal year resulting in an overall increase in the ACL to loans receivable ratio at September 30, 2020 compared to the other dates presented in the table below. The bulk purchased loan ACL to loans receivable ratio decreased at September 30, 2020 compared to September 30, 2019 due to the portion of the loan portfolio guaranteed by a third party representing more of the overall portfolio balance. Included in the commercial and industrial loan category at September 30, 2020 are PPP loans. PPP loans are 100% guaranteed by the SBA so the Bank did not record ACL on those loans at September 30, 2020.

	At September 30,				
	2020	**2019**	**2018**	**2017**	**2016**
One- to four-family:					
Originated	0.15%	0.05%	0.07%	0.08%	0.10%
Correspondent purchased	0.13	0.05	0.07	0.08	0.10
Bulk purchased	0.22	0.27	0.32	0.28	0.26
Construction	0.12	0.05	0.06	0.08	0.09
Total	0.15	0.06	0.08	0.09	0.11
Commercial:					
Commercial real estate	2.69	0.59	0.42	0.68	0.70
Commercial and industrial	1.49	0.77	0.03	—	—
Construction	3.30	1.02	0.91	1.00	1.00
Total	2.63	0.67	0.45	0.78	0.78
Consumer	0.42	0.13	0.12	0.15	0.19
Total	0.44	0.12	0.11	0.12	0.12

Investment Activities

Federally chartered savings institutions have the authority to invest in various types of liquid assets, including U.S. Treasury obligations; securities of various federal agencies; government-sponsored enterprises ("GSEs"), including callable agency securities; municipal bonds; certain certificates of deposit of insured banks and savings institutions; certain bankers' acceptances; repurchase agreements; and federal funds. Subject to various restrictions, federally chartered savings institutions may also invest their assets in investment grade commercial paper, corporate debt securities, and mutual funds whose assets conform to the investments that a federally chartered savings institution is otherwise authorized to make directly. As a member of FHLB, the Bank is required to maintain a specified investment in FHLB stock. See "Regulation and Supervision – Federal Home Loan Bank System" and "Office of the Comptroller of the Currency" for a discussion of additional restrictions on our investment activities.

ALCO considers various factors when making investment decisions, including the liquidity, credit, interest rate risk, and tax consequences of the proposed investment options. The composition of the investment portfolio will be affected by various market conditions, including the slope of the yield curve, the level of interest rates, the impact on the Bank's interest rate risk, the trend of net deposit flows, repayments of borrowings, loan originations and purchases, and commercial construction loan funding.

The general objectives of the Bank's investment portfolio are to provide liquidity when loan demand is high, to assist in maintaining earnings when loan demand is low, and to maximize earnings while satisfactorily managing liquidity risk, interest rate risk, reinvestment risk, and credit risk. Liquidity may increase or decrease depending upon the availability of funds and comparative yields on investments in relation to the return on loans. Cash flow projections are reviewed regularly and updated to ensure that adequate liquidity is maintained.

We have the ability to classify securities as either trading, available-for-sale ("AFS"), or held-to-maturity ("HTM") at the date of purchase. Securities that are purchased and held principally for resale in the near future are classified as trading securities and are reported at fair value with unrealized gains and losses reported in the consolidated statements of income. AFS securities are reported at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) ("AOCI") within stockholders' equity, net of deferred income taxes. HTM securities are reported at cost, adjusted for amortization of premium and accretion of discount. Effective September 30, 2019, the

Company adopted ASU 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities* and certain components of ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* that are applicable to ASU 2017-12. As part of the adoption, the Company reclassified its entire portfolio of HTM securities, totaling $444.7 million at amortized cost, to AFS securities.

On a quarterly basis, management reviews securities for the presence of an other-than-temporary impairment. The process involves monitoring market events and other items that could impact issuers. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information. Management does not believe any other-than-temporary impairments existed at September 30, 2020.

Investment Securities. Our investment securities portfolio consists primarily of debentures issued by GSEs (primarily Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal Home Loan Banks) and non-taxable municipal bonds. At September 30, 2020, our investment securities portfolio totaled $380.1 million. The portfolio consisted entirely of securities classified as AFS. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 4. Securities" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Investment Securities" for additional information.

Mortgage-Backed Securities. At September 30, 2020, our MBS portfolio totaled $1.18 billion. The portfolio consisted entirely of securities classified as AFS and were primarily issued by GSEs. The principal and interest payments of MBS issued by GSEs are collateralized by the underlying mortgage assets with principal and interest payments guaranteed by the GSEs. The underlying mortgage assets are conforming mortgages that comply with FNMA and FHLMC underwriting guidelines, as applicable, and are therefore not considered subprime. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 4. Securities" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition – Mortgage-Backed Securities" for additional information.

MBS generally yield less than the loans that underlie such securities because of the servicing fee retained by the servicer and the cost of payment guarantees or credit enhancements retained by the GSEs that reduce credit risk. However, MBS are generally more liquid than individual mortgage loans and may be used to collateralize certain borrowings and public unit deposits of the Bank.

When securities are purchased for a price other than par value, the difference between the price paid and par is accreted to or amortized against the interest earned over the life of the security, depending on whether a discount or premium to par was paid. Movements in interest rates affect prepayment rates which, in turn, affect the average lives of MBS and the speed at which the discount or premium is accreted to or amortized against earnings.

At September 30, 2020, the MBS portfolio included $70.5 million of collateralized mortgage obligations ("CMOs"). CMOs are special types of MBS in which the stream of principal and interest payments on the underlying mortgages or MBS are used to create investment classes with different maturities and, in some cases, different amortization schedules, as well as a residual interest, with each such class possessing different risk characteristics. We do not purchase residual interest bonds.

While MBS issued by FNMA and FHLMC carry a reduced credit risk compared to whole mortgage loans, these securities remain subject to the risk that a fluctuating interest rate environment, along with other factors such as the geographic distribution of the underlying mortgage loans, may alter the prepayment rate of the underlying mortgage loans and consequently affect both the prepayment speed and value of the securities. As noted above, the Bank, on some transactions, pays a premium over par value on MBS purchased. Large premiums could cause significant negative yield adjustments due to accelerated prepayments on the underlying mortgages. The balance of net premiums on our portfolio of MBS at September 30, 2020 was $11.9 million.

The following table sets forth the composition of our investment and MBS portfolios as of the dates indicated. At September 30, 2020, our investment securities portfolio did not contain securities of any issuer with an aggregate book value in excess of 10% of our stockholders' equity, excluding those issued by GSEs.

	September 30,								
	2020			2019			2018		
	Carrying Value	% of Total	Fair Value	Carrying Value	% of Total	Fair Value	Carrying Value	% of Total	Fair Value
	(Dollars in thousands)								
AFS:									
MBS	$ 1,180,803	75.7%	$ 1,180,803	$ 936,487	77.7%	$ 936,487	$ 445,090	62.3%	$ 445,090
GSE debentures	370,340	23.7	370,340	249,954	20.8	249,954	265,398	37.1	265,398
Municipal bonds	9,807	0.6	9,807	18,422	1.5	18,422	4,126	0.6	4,126
	1,560,950	100.0%	1,560,950	1,204,863	100.0%	1,204,863	714,614	100.0%	714,614
HTM:									
MBS	—	—%	—	—	—%	—	591,900	96.7%	580,825
Municipal bonds	—	—	—	—	—	—	20,418	3.3	20,246
	—	—%	—	—	—%	—	612,318	100.0%	601,071
	$ 1,560,950		$ 1,560,950	$ 1,204,863		$ 1,204,863	$ 1,326,932		$ 1,315,685

The composition and maturities of the investment and MBS portfolio at September 30, 2020 are indicated in the following table by remaining contractual maturity, without consideration of call features or pre-refunding dates, along with associated weighted average yields. Yields on tax-exempt investments are not calculated on a fully taxable equivalent basis.

	1 year or less		More than 1 to 5 years		More than 5 to 10 years		Over 10 years		Total Securities	
	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield
	(Dollars in thousands)									
MBS	$ 3,664	2.63%	$ 58,924	1.90%	$ 272,681	2.34%	$ 845,534	1.82%	$ 1,180,803	1.94%
GSE debentures	—	—	370,340	0.62	—	—	—	—	370,340	0.62
Municipal bonds	4,009	1.47	5,798	1.85	—	—	—	—	9,807	1.69
	$ 7,673	2.02	$ 435,062	0.81	$ 272,681	2.34	$ 845,534	1.82	$ 1,560,950	1.62

Sources of Funds

General. Our primary sources of funds are deposits, FHLB borrowings, repurchase agreements, repayments and maturities of outstanding loans and MBS and other short-term investments, and funds provided by operations.

Deposits. We offer a variety of retail deposit accounts and commercial deposit accounts and services. Our deposit account offerings have a wide range of interest rates and terms. Our deposits consist of savings accounts, money market deposit accounts, interest-bearing and non-interest-bearing checking accounts, and certificates of deposit. We rely primarily upon competitive pricing policies, marketing, and customer service to attract and retain deposits. The flow of deposits is influenced significantly by general economic conditions, changes in money market and prevailing interest rates, and competition. The variety of deposit accounts we offer has allowed us to utilize strategic pricing to obtain funds and to respond with flexibility to changes in consumer demand. We seek to manage the pricing of our deposits in keeping with our asset and liability management, liquidity, and profitability objectives. Based on our experience, we believe that our deposits are stable sources of funds. Despite this stability, our ability to attract and maintain these deposits and the rates paid on them has been, and will continue to be, significantly affected by market conditions.

The Board of Directors has authorized the utilization of brokers to obtain deposits as a source of funds. Depending on market conditions, the Bank may use brokered deposits to fund asset growth and gather deposits that may help to manage interest rate risk. No brokered deposits were acquired during fiscal year 2020 and there were no brokered deposits outstanding at September 30, 2020 or 2019.

The Board of Directors also has authorized the utilization of public unit certificates of deposit as a source of funds. In order to qualify to obtain such deposits, the Bank must have a branch in each county in which it collects public unit certificates of deposit and, by law, must pledge securities as collateral for all such balances in excess of the FDIC insurance limits. At September 30, 2020 and 2019, the balance of public unit certificates of deposit was $254.8 million and $294.9 million, respectively.

As of September 30, 2020, the Bank's policy allows for combined brokered and public unit certificates of deposit up to 15% of total deposits. At September 30, 2020, that amount was approximately 4% of total deposits.

Borrowings. We utilize borrowings when we need additional capacity to fund loan demand or when they help us meet our asset and liability management objectives. Historically, our term borrowings have consisted primarily of FHLB advances. FHLB advances may be made pursuant to several different credit programs, each of which has its own interest rate, maturity, repayment, and embedded options, if any. At September 30, 2020, $1.15 billion of our FHLB advances were fixed-rate advances with no embedded options and $640.0 million of our FHLB advances were variable-rate, also with no embedded options. The variable-rate advances are tied to interest rate swaps, effectively converting the adjustable-rate borrowings into fixed-rate liabilities. At times, the Bank supplements FHLB borrowings with repurchase agreements, wherein the Bank enters into agreements with Board-approved counterparties to sell securities under agreements to repurchase them. These agreements are recorded as financing transactions as the Bank maintains effective control over the transferred securities. Repurchase agreements are made at mutually agreed upon terms between counterparties and the Bank. The use of repurchase agreements allows for the diversification of funding sources and the use of securities that were not being leveraged as collateral. The Bank also regularly uses its FHLB line of credit as a source of funding. The Bank's internal policy limits total borrowings to 55% of total assets.

At September 30, 2020, we had $1.79 billion of FHLB advances, at par, outstanding and did not have a balance outstanding on the Bank's FHLB line of credit, for a total of 19% of Bank Call Report total assets as of September 30, 2020. Total FHLB borrowings are secured by certain qualifying loans pursuant to a blanket collateral agreement with FHLB. Per FHLB's lending guidelines, total FHLB borrowings cannot exceed 40% of Bank Call Report total assets without the pre-approval of FHLB senior management. The Bank's borrowing limit ranged from 50% to 55% of Bank Call Report total assets during fiscal year 2020, as approved by the president of FHLB. At September 30, 2020, the approved limit was 50%.

At September 30, 2020, the Bank did not have any repurchase agreements outstanding. The Bank may enter into repurchase agreements as management deems appropriate, not to exceed 15% of total assets and subject to the internal policy limit on total borrowings of 55%. The securities underlying the agreements continue to be reported in the Bank's securities portfolio.

The following table sets forth certain information relating to the category of borrowings for which the average short-term balance outstanding during the period was at least 30% of stockholders' equity at the end of each period shown. The maximum balance, average balance, and weighted average contractual interest rate during the fiscal years shown reflect borrowings that were scheduled to mature within one year at any month-end during those years.

	2020	2019	2018
		(Dollars in thousands)	
Short-term FHLB borrowings:			
Balance at end of period	$ 843,000	$ 1,090,000	$ 975,000
Maximum balance outstanding at any month-end during the period	1,240,000	1,090,000	2,975,000
Average balance	1,024,866	1,208,456	2,189,483
Weighted average contractual interest rate during the period	1.62%	2.34%	1.65%
Weighted average contractual interest rate at end of period	0.76	2.15	2.00

Subsidiary Activities

At September 30, 2020, the Company had one wholly-owned subsidiary, the Bank. The Bank provides a full range of retail banking services through 54 banking offices serving primarily the metropolitan areas of Topeka, Wichita, Lawrence, Manhattan, Emporia and Salina, Kansas and portions of the metropolitan area of greater Kansas City. At September 30, 2020, the Bank had two wholly-owned subsidiaries, Capitol Funds, Inc. and Capital City Investments, Inc. At September 30, 2020, Capitol Funds, Inc. had one wholly-owned subsidiary, Capitol Federal Mortgage Reinsurance Company ("CFMRC"), which historically served as a reinsurance company for certain PMI companies the Bank uses in its normal course of operations. CFMRC stopped writing new business for the Bank in January 2010. Capital City Investments, Inc. is a real estate and investment holding company. Each wholly-owned subsidiary is reported with the Company on a consolidated basis.

Regulation and Supervision

Set forth below is a description of certain laws and regulations that are applicable to Capitol Federal Financial, Inc. and the Bank. This description is intended as a brief summary of selected features of such laws and regulations and is qualified in its entirety by references to the laws and regulations applicable to the Company and the Bank.

General. The Bank, as a federally chartered savings bank, is subject to regulation and oversight by the OCC extending to all aspects of its operations. This regulation of the Bank is intended for the protection of depositors and other customers and not for the purpose of protecting the Company's stockholders. The Bank is required to maintain minimum levels of regulatory capital and is subject to some limitations on capital distributions to the Company. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Limitations on Dividends and Other Capital Distributions" for additional information regarding capital distributions and regulatory requirements. The Bank also is subject to regulation and examination by the FDIC, which insures the deposits of the Bank to the maximum extent permitted by law.

The Company is a unitary savings and loan holding company within the meaning of the Home Owners' Loan Act ("HOLA"). As such, the Company is registered with the FRB and subject to the FRB regulations, examinations, supervision, and reporting requirements. In addition, the FRB has enforcement authority over the Company. Among other things, this authority permits the FRB to restrict or prohibit activities that are determined to be a serious risk to the Bank.

The OCC and FRB enforcement authority includes, among other things, the ability to assess civil monetary penalties, to issue cease-and-desist or removal orders, and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed. Except under certain circumstances, public disclosure of final enforcement actions by the OCC or the FRB is required by law.

Office of the Comptroller of the Currency. The investment and lending authority of the Bank is prescribed by federal laws and regulations and the Bank is prohibited from engaging in any activities not permitted by such laws and regulations.

As a federally chartered savings bank, the Bank is required to meet a Qualified Thrift Lender ("QTL") test in order to avoid certain restrictions on its operations. This test requires the Bank to have at least 65% of its portfolio assets, as defined by statute, in qualified thrift investments at month-end for 9 out of every 12 months on a rolling basis. Under an alternative test, the Bank's business must consist primarily of acquiring the savings of the public and investing in loans, while maintaining 60% of its assets in those assets specified in Section 7701(a)(19) of the Internal Revenue Code of 1986. Under either test, the Bank is required to maintain a significant portion of its assets in residential housing related loans and investments. An institution that fails to qualify as a QTL based upon one of these tests is immediately subject to certain restrictions on its operations, including a prohibition against capital distributions, except with the prior approval of both the OCC and the FRB, as necessary to meet the obligations of a company controlling the institution. If the Bank fails the QTL test and does not regain QTL status within one year, or fails the test for a second time, the Company must immediately register as, and become subject to, the restrictions applicable to a bank holding company. The activities authorized for a bank holding company are more limited than are the activities authorized for a savings and loan holding company. Three years after failing the test, an institution must divest all investments and cease all activities not permissible for both a national bank and a savings association. Failure to meet the QTL test is a statutory violation subject to enforcement action. As of September 30, 2020, the Bank met the QTL test.

The Bank is subject to a 35% of total assets limit on non-real estate consumer loans, commercial paper and corporate debt securities, and a 20% limit on commercial non-mortgage loans. At September 30, 2020, the Bank was in compliance with these limits.

The Bank's relationship with its depositors and borrowers is regulated to a great extent by federal laws and regulations, especially in such matters as the ownership of savings accounts and the form and content of mortgage requirements. In addition, the branching authority of the Bank is regulated by the OCC. The Bank is generally authorized to branch nationwide.

The Bank is subject to a statutory lending limit on aggregate loans to one person or a group of persons combined because of certain common interests. The general limit is equal to 15% of our unimpaired capital and surplus, plus an additional 10% for loans fully secured by readily marketable collateral. At September 30, 2020, the Bank's lending limit under this restriction was $180.1 million. The Bank has no loans or loan relationships in excess of its lending limit. Total loan commitments and loans outstanding to the Bank's largest borrowing relationship totaled $68.0 million at September 30, 2020, all of which was current according to its terms.

The Bank is subject to periodic examinations by the OCC. During these examinations, the examiners may require the Bank to increase its ACL, change the classification of loans, and/or recognize additional charge-offs based on their judgments, which can impact our capital and earnings. As a federally chartered savings bank, the Bank is subject to a semi-annual assessment, based upon its total assets, to fund the operations of the OCC.

The OCC has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings standards, internal controls and audit systems, interest rate risk exposure, and compensation and other employee benefits. Any institution regulated by the OCC that fails to comply with these standards must submit a compliance plan.

Insurance of Accounts and Regulation by the FDIC. The DIF of the FDIC insures deposit accounts in the Bank up to applicable limits. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") permanently increased the maximum amount of deposit insurance for banks, savings institutions, and credit unions to $250 thousand per separately insured deposit ownership right or category.

The FDIC assesses deposit insurance premiums on all FDIC-insured institutions quarterly based on annualized rates. Under these rules, assessment rates for an institution with total assets of less than $10 billion are determined by weighted average CAMELS composite ratings and certain financial ratios, and range from 1.5 to 30.0 basis points, subject to certain adjustments. For the fiscal year ended September 30, 2020, the Bank paid $914 thousand in FDIC premiums. Assessment rates are applied to an institution's assessment base, which is its average consolidated total assets minus its average tangible equity during the assessment period.

The FDIC has authority to increase insurance assessments, and any significant increases would have an adverse effect on the operating expenses and results of operations of the Company. Management cannot predict what assessment rates will be in the future. In a banking industry emergency, the FDIC may also impose a special assessment.

Insurance of deposits may be terminated by the FDIC upon a finding that an institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not currently know of any practice, condition, or violation that may lead to termination of our deposit insurance.

The Dodd-Frank Act required large institutions to bear the burden of raising the reserve ratio from 1.15% to 1.35%. To implement this mandate, large and highly complex institutions paid an annual surcharge of 4.5 basis points on their assessment base through December 28, 2018 as a result of the DIF ratio reaching 1.36%.

Since established small institutions contributed to the DIF while the reserve ratio was between 1.15% and 1.35%, the FDIC has provided assessment credits to the established small institutions for the portion of their assessments that contributed to the increase. The Bank received $2.8 million in credits to apply to FDIC assessments. Pursuant to regulatory guidance, once the reserve ratio exceeds 1.38%, credits are allocated to banks with less than $10 billion in assets. These credits were utilized to offset the Bank's premium assessments until they were exhausted. The Bank utilized $1.6 million and $1.2 million of the credit during fiscal year 2020 and 2019, respectively.

FDIC-insured institutions were required to pay additional quarterly assessments known as "FICO assessments" in order to fund the interest on bonds issued to resolve thrift failures in the 1980s. The rate for these assessments was adjusted quarterly and was applied to the same base used for the deposit insurance assessment. These assessments were discontinued during fiscal year 2019 when the bonds matured. As such, the Bank did not pay any FICO assessments during fiscal year 2020.

Transactions with Affiliates. Transactions between the Bank and its affiliates are required to be on terms as favorable to the institution as transactions with non-affiliates, and certain of these transactions are restricted to a percentage of the Bank's capital, and, in the case of loans, require eligible collateral in specified amounts. In addition, the Bank may not lend to any affiliate engaged in activities not permissible for a bank holding company or purchase or invest in the securities of affiliates.

Regulatory Capital Requirements. The Bank and Company are required to maintain specified levels of regulatory capital under regulations of the OCC and FRB, respectively.

In September 2019, the regulatory agencies, including the OCC and FRB, adopted a final rule, effective January 1, 2020, creating a community bank leverage ratio ("CBLR") for institutions with total consolidated assets of less than $10 billion and that meet other qualifying criteria related to off-balance sheet exposures and trading assets and liabilities. The CBLR provides for a simple measure of capital adequacy for qualifying institutions. Management has elected to use the CBLR framework for the Bank and Company.

The CBLR is calculated as Tier 1 Capital to average consolidated assets as reported on an institution's regulatory reports. Tier 1 Capital, for the Company and the Bank, generally consists of common stock plus related surplus and retained earnings, adjusted for goodwill and other intangible assets and AOCI-related amounts. Qualifying institutions that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the regulatory agencies' capital rules, and to have met the well-capitalized ratio requirements. In April 2020, as directed by Section 4012 of the CARES Act, the regulatory agencies introduced temporary changes to the CBLR. These changes, which subsequently were adopted as a final rule, temporarily reduce the CBLR requirement to 8% through the end of 2020. Beginning in 2021, the CBLR requirement will increase to 8.5% for the calendar year before returning to 9% in 2022. A qualifying institution utilizing the CBLR framework that fails to maintain a leverage ratio greater than the required percentage is allowed a two-quarter grace period in which to increase its leverage ratio back above the required percentage. During the grace period, a qualifying institution will still be considered well capitalized so long as it maintains a leverage ratio of no more than one percent less than the required percentage. If an institution either fails to meet all the qualifying criteria within the grace period, or fails to maintain a leverage ratio of no more than one percent less than the required percentage, it becomes ineligible to use the CBLR framework and must instead comply with generally applicable capital rules, sometimes referred to as Basel III rules.

For the quarter ended September 30, 2020, the Bank reported in its Call Report quarterly average assets of $9.45 billion and a CBLR of 12.4%, and the Company reported to the FRB quarterly average assets of $9.45 billion and a CBLR of 13.7%. At September 30, 2020, the Bank was considered well capitalized under OCC regulations. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 14. Regulatory Capital Requirements" and "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" for additional regulatory capital information.

The OCC has the ability to establish individual minimum capital requirements for a particular institution which vary from the capital levels that would otherwise be required under the applicable capital regulations based on such factors as concentrations of credit risk, levels of interest rate risk, the risks of non-traditional activities, and other circumstances. The OCC has not imposed any such requirement on the Bank.

The OCC is authorized and, under certain circumstances, required to take certain actions against federal savings banks that are considered not to be adequately capitalized because they fail to meet the minimum requirements associated with their elected capital framework. Any such institution must submit a capital restoration plan for OCC approval and may not increase its assets, acquire another institution, establish a branch or engage in any new activities, and may not make capital distributions. The OCC may impose further restrictions. The plan must include a guaranty by the institution's holding company limited to the lesser of 5% of the institution's assets when it became undercapitalized, or the amount necessary to restore the institution to adequately capitalized status.

Community Reinvestment and Consumer Protection Laws. In connection with its lending activities, the Bank is subject to a number of federal laws designed to protect borrowers and promote lending to various sectors of the economy and population. These include the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act"), and the Community Reinvestment Act ("CRA"). In addition, federal banking regulators, pursuant to the Gramm-Leach-Bliley Act, have enacted regulations limiting the ability of banks and other financial institutions to disclose nonpublic consumer

information to non-affiliated third parties. The regulations require disclosure of privacy policies and allow consumers to prevent certain personal information from being shared with non-affiliated third parties. With respect to federal consumer protection laws, regulations are generally promulgated by the CFPB, but the OCC examines the Bank for compliance with such laws.

The CRA requires the appropriate federal banking agency, in connection with its examination of an FDIC-insured institution, to assess its record in meeting the credit needs of the communities served by the institution, including low and moderate income neighborhoods. The federal banking regulators take into account the institution's record of performance under the CRA when considering applications for mergers, acquisitions, and branches. Under the CRA, institutions are assigned a rating of outstanding, satisfactory, needs to improve, or substantial non-compliance. The Bank received a satisfactory rating in its most recently completed CRA evaluation.

In May 2020, the OCC released a final rule amending its regulations under the CRA. The final rule clarifies and expands the activities that qualify for CRA credit, updates where activities count for such credits and seeks to provide more consistent and objective measures for evaluating performance. The final rule became effective on October 1, 2020 but compliance with the amended requirements is not mandatory for the Bank until January 1, 2023.

Bank Secrecy Act /Anti-Money Laundering Laws. The Bank is subject to the Bank Secrecy Act and other anti-money laundering laws, including the USA PATRIOT Act of 2001 and regulations thereunder. These laws and regulations require the Bank to implement policies, procedures, and controls to detect, prevent, and report money laundering and terrorist financing and to verify the identity and source of deposits and wealth of its customers. Violations of these laws and regulations can result in substantial civil and criminal sanctions. In addition, provisions of the USA PATRIOT Act require the federal financial institution regulatory agencies to consider the effectiveness of a financial institution's anti-money laundering activities when reviewing mergers and acquisitions.

Federal Securities Law. The common stock of the Company is registered with the SEC under the Securities Exchange Act of 1934, as amended. The Company is subject to the information, proxy solicitation, insider trading restrictions and other requirements of the SEC under the Securities Exchange Act of 1934.

The Company stock held by persons who are affiliates of the Company may not be resold without registration or unless sold in accordance with certain resale restrictions. For this purpose, affiliates are generally considered to be executive officers, directors and principal stockholders. If the Company meets specified current public information requirements, each affiliate of the Company generally may sell in the public market, without registration, a limited number of shares in any three-month period.

Federal Reserve System. The FRB requires all depository institutions to maintain reserves at specified levels against their transaction accounts, primarily checking accounts. In response to the COVID-19 pandemic, the FRB reduced reserve requirement ratios to zero percent effective on March 26, 2020, to support lending to households and businesses. At September 30, 2020, the Bank was in compliance with the reserve requirements in place at that time and is still in compliance with the reserve requirements through the date of this filing.

The Bank is authorized to borrow from the Federal Reserve Bank "discount window." An eligible institution need not exhaust other sources of funds before going to the discount window, nor are there restrictions on the purposes for which the institution can use primary credit. At September 30, 2020, the Bank had no outstanding borrowings from the discount window.

Federal Home Loan Bank System. The Bank is a member of one of 11 regional Federal Home Loan Banks, each of which serves as a reserve, or central bank, for its members within its assigned region and is funded primarily from proceeds derived from the sale of consolidated obligations of the Federal Home Loan Bank System. It makes loans, called advances, to members and provides access to a line of credit in accordance with policies and procedures established by the Board of Directors of FHLB, which are subject to the oversight of the Federal Housing Finance Agency.

As a member, the Bank is required to purchase and maintain capital stock in FHLB. The minimum required FHLB stock amount is generally 4.5% of the Bank's FHLB advances and outstanding balance against the FHLB line of credit, and 2% of the outstanding principal of loans sold into the Mortgage Partnership Finance program. At September 30, 2020, the Bank had a balance of $93.9 million in FHLB stock, which was in compliance with this requirement. In past years, the Bank has received dividends on its FHLB stock, although no assurance can be given that these dividends will continue. On a quarterly basis, management conducts a financial review of FHLB to determine whether an other-than-temporary impairment of the FHLB stock is present. At September 30, 2020, management concluded there was no such impairment.

Federal Savings and Loan Holding Company Regulation. The HOLA prohibits a savings and loan holding company (directly or indirectly, or through one or more subsidiaries) from acquiring another savings association, or holding company thereof, without prior written approval from the FRB; acquiring or retaining, with certain exceptions, more than 5% of a non-subsidiary savings association, a non-subsidiary holding company, or a non-subsidiary company engaged in activities other than those permitted by the HOLA; or acquiring or retaining control of a depository institution that is not federally insured. In evaluating applications by savings and loan holding companies to acquire savings associations, the FRB must consider the financial and managerial resources and future prospects of the company and institution involved, the effect of the acquisition on the risk to the insurance funds, the convenience and needs of the community, competitive factors, and other factors.

The FRB has long set forth in its regulations its "source of strength" policy, which requires holding companies to act as a source of strength to their subsidiary depository institutions by providing capital, liquidity and other support in times of financial stress. The Dodd-Frank Act extended to savings and loan holding companies and codified the FRB's "source of strength" doctrine, which had applied to bank holding companies before the FRB regulated savings and loan holding companies in addition to bank holding companies.

Economic Growth, Regulatory Relief and Consumer Protection Act and Other Regulations. In May 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the "Regulatory Relief Act"), was enacted to modify or remove certain financial reform rules and regulations, including some of those implemented under the Dodd-Frank Act. While the Regulatory Relief Act maintains most of the regulatory structure established by the Dodd-Frank Act, it amends certain aspects of the regulatory framework for small depository institutions with assets of less than $10 billion and for large banks with assets of more than $50 billion. Many of these changes could result in meaningful regulatory changes for community banks such as the Bank, and their holding companies.

The Regulatory Relief Act, among other matters, expands the definition of qualified mortgages which may be held by a financial institution and simplifies the regulatory capital rules for financial institutions and their holding companies with total consolidated assets of less than $10 billion by instructing the federal banking regulators to establish a single CBLR, as described above, under "Regulatory Capital Requirements." In addition, the Regulatory Relief Act includes regulatory relief for community banks regarding regulatory examination cycles, call reports, the Volcker Rule (proprietary trading prohibitions), mortgage disclosures and risk weights for certain high-risk commercial real estate loans.

Regulations have been adopted which allow a federal savings association with total consolidated assets of $20 billion or less as of December 31, 2017 to operate as a covered savings association, having generally the same rights, privileges, duties, restrictions, limitations and conditions as a national bank.

Amendments to the Volcker Rule exclude from the definition of "banking entity" certain firms that have total consolidated assets equal to $10 billion or less and total trading assets and liabilities equal to five percent or less of total consolidated assets.

Effective November 24, 2019, the minimum asset threshold for federal savings associations covered by the company-run stress testing requirement was raised from $10 billion to $250 billion in total consolidated assets.

Taxation

Federal Taxation. The Company and the Bank are subject to federal income taxation in the same general manner as other corporations. The Company files a consolidated federal income tax return. The Company is no longer subject to federal income tax examination for fiscal years prior to 2017. For federal income tax purposes, the Bank currently reports its income and expenses on the accrual method of accounting and uses a fiscal year ending on September 30 for filing its federal income tax return. Changes to the corporate federal income tax rate would result in changes to the Company's effective income tax rate and would require the Company to remeasure its deferred tax assets and liabilities based on the tax rate in the years in which those temporary differences are expected to be recovered or settled.

State Taxation. The earnings/losses of Capitol Federal Financial, Inc., Capitol Funds, Inc. and Capital City Investments, Inc. are combined for purposes of filing a consolidated Kansas corporate tax return. The Kansas corporate tax rate is 4.0%, plus a surcharge of 3.0% on earnings greater than $50 thousand.

The Bank files a Kansas privilege tax return. For Kansas privilege tax purposes, the minimum tax rate is 4.5% of earnings, which is calculated based on federal taxable income, subject to certain adjustments. The Bank has not received notification from the state of any potential tax liability for any years still subject to audit.

Additionally, the Bank files state tax returns in various other states where it has significant purchased loans and/or foreclosure activities. In these states, the Bank has either established nexus under an economic nexus theory or has exceeded enumerated nexus thresholds based on the amount of interest derived from sources within the state.

Employees and Human Capital Resources

At September 30, 2020, we had a total of 793 employees, including 125 part-time employees. The full-time equivalent of our total employees at September 30, 2020 was 757. Our employees are not represented by any collective bargaining group. Management considers its employee relations to be good. We believe our ability to attract and retain employees is a key to our success. Accordingly, we strive to offer competitive salaries and employee benefits to all employees and monitor salaries in our market areas. In addition, we are committed to developing our staff through continuing education when applicable and specialty education within banking, using universities that offer Banking Management programs. Leadership development is supported through our Leadership Forum series, on a biannual basis, for mid-level leaders within the organization. We have also used outside consultants for business simulations in the past for training purposes, and this is expected to continue.

Information about our Executive Officers

John B. Dicus. Age 59 years. Mr. Dicus is Chairman of the Board of Directors, Chief Executive Officer, and President of the Bank and the Company. He has served as Chairman since January 2009 and Chief Executive Officer since January 2003. He has served as President of the Bank since 1996 and of the Company since its predecessor's inception in March 1999. Prior to accepting the responsibilities of Chief Executive Officer, he served as Chief Operating Officer of the Bank and the Company. Prior to that, he served as the Executive Vice President of Corporate Services for the Bank for four years. He has been with the Bank in various other positions since 1985.

Kent G. Townsend. Age 59 years. Mr. Townsend serves as Executive Vice President and Chief Financial Officer of the Bank, its subsidiary, and the Company. Mr. Townsend also serves as Treasurer for the Company, Capitol Funds, Inc. and CFMRC. Mr. Townsend was promoted to Executive Vice President, Chief Financial Officer and Treasurer on September 1, 2005. Prior to that, he served as Senior Vice President, a position he held since April 1999, and Controller of the Company, a position he held since March 1999. He has served in similar positions with the Bank since September 1995. He served as the Financial Planning and Analysis Officer with the Bank for three years and has held other financial-related positions since joining the Bank in 1984.

Rick C. Jackson. Age 55 years. Mr. Jackson serves as Executive Vice President, Chief Lending Officer and Community Development Director of the Bank and the Company. He also serves as the Chief Executive Officer of Capitol Funds, Inc., a subsidiary of the Bank, and President of CFMRC. He has been with the Bank since 1993 and has held the position of Community Development Director since that time. He has held the position of Chief Lending Officer since February 2010.

Natalie G. Haag. Age 61 years. Ms. Haag serves as Executive Vice President and General Counsel of the Bank and the Company. Prior to joining the Bank and the Company in August 2012, Ms. Haag was 2nd Vice President, Director of Governmental Affairs and Assistant General Counsel for Security Benefit Corporation and Security Benefit Life Insurance Company in Topeka, Kansas. Security Benefit provides retirement products and services, including annuities and mutual funds. Ms. Haag was employed by Security Benefit since 2003. The Security Benefit companies are not parents, subsidiaries or affiliates of the Bank or the Company.

Anthony S. Barry. Age 56 years. Mr. Barry serves as Executive Vice President, Chief Corporate Services Officer of the Bank and the Company. Prior to joining the Bank and the Company in October 2018, Mr. Barry was engaged in the private practice of law for 29 years in real estate and general litigation, with an emphasis in construction law. Mr. Barry also served as a board member of a bank holding company in Arizona from 1998 to 2008.

Daniel L. Lehman. Age 55 years. Mr. Lehman serves as Executive Vice President, Chief Retail Operations Officer of the Bank and Company. Prior to accepting those responsibilities in October 2016, he served as First Vice President and Accounting Director, a position held since May 2003 and Controller, a position held since 2005.

Robert D. Kobbeman. Age 65 years. Mr. Kobbeman joined the Bank and the Company at the time of the acquisition of CCB and serves as Executive Vice President, Chief Commercial Banking Officer. Prior to joining the Bank and the Company, Mr. Kobbeman was the President and Chief Executive Officer and a director of Capital City Bank since 2002. From 1998 to 2002, Mr. Kobbeman served as Executive Vice President, Chief Lending Officer of Capital City Bank.

Item 1A. Risk Factors

There are risks inherent in the Bank's and Company's business. The following is a summary of material risks and uncertainties relating to the operations of the Bank and the Company. Adverse experiences with these could have a material impact on the Company's financial condition and results of operations. Some of these risks and uncertainties are interrelated, and the occurrence of one or more of them may exacerbate the effect of others. These material risks and uncertainties are not necessarily presented in order of significance. In addition to the risks set forth below and the other risks described in this Annual Report, there may be risks and uncertainties that are not currently known to us or that we currently deem to be immaterial that could materially and adversely affect our business, financial condition or operating results.

Risks Related to Macroeconomic Conditions

The impact of the COVID-19 pandemic on our customers, employees and business operations has had, and will likely continue to have, a significant adverse effect on our business, results of operations and financial condition.
The COVID-19 pandemic created a global public-health crisis that resulted in challenging economic conditions for households and businesses. The economic impact of the COVID-19 pandemic impacted a broad range of industries. Many areas of consumer spending have rebounded since the initial onset of the COVID-19 pandemic, but generally not related to travel and entertainment. There is increasing concern about the longer lasting impact on local business, as well as travel and entertainment, resulting from the COVID-19 pandemic. There is also concern about resurgences of COVID-19 as we move into the winter months.

The Federal Reserve returned to a zero-interest rate policy in March 2020 and the U.S. government enacted several fiscal stimulus measures to counteract the economic disruption caused by the COVID-19 pandemic and provide economic assistance to businesses and households. The dramatic lowering of market interest rates in a short period of time had an adverse effect on the Company's asset yields. The majority of the fiscal assistance provided by the federal government to businesses and households significantly tapered off by September 30, 2020, which could adversely impact the ability of borrowers to repay their loans. The Company's financial performance is dependent upon the ability of borrowers to repay their loans.

The COVID-19 pandemic resulted in changes to our business operations during the current year and could continue to result in changes to operations in future periods. Depending on the severity and length of the COVID-19 pandemic, which is impossible to predict, we could experience significant disruptions in our business operations if key personnel or a significant number of employees were to become unavailable due to the effects of, and restrictions resulting from, the COVID-19 pandemic, as well as decreased demand for our products and services.

There is pervasive uncertainty surrounding the future economic conditions that will emerge in the months and years following the start of the COVID-19 pandemic. As a result, management is confronted with a significant and unfamiliar degree of uncertainty in estimating the impact of the pandemic on credit quality, revenues and asset values. Asset quality may deteriorate and the amount of our ACL may not be sufficient for future loan losses we may experience. This could require us to increase our reserves and recognize more expense in future periods. The changes in market rates of interest and the impact that has on our ability to price our products may reduce our net interest income in the future or negatively impact the demand for our products. There is some risk that operational costs could continue to increase as we maintain existing facilities in accordance with health guidelines as well as potentially have staff work remotely.

The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition, as well as our regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

Changes in interest rates could have an adverse impact on our results of operations and financial condition.
Our results of operations are primarily dependent on net interest income, which is the difference between the interest earned on loans, securities, cash at the Federal Reserve Bank and dividends received on FHLB stock, and the interest paid on deposits and borrowings. Changes in interest rates could have an adverse impact on our results of operations and financial condition because the majority of our interest-earning assets are long-term, fixed-rate loans, while the majority of our interest-bearing liabilities are shorter term, and therefore subject to a greater degree of interest rate fluctuations. This type of risk is known as interest rate risk and is affected by prevailing economic and competitive conditions, including monetary policies of the FRB and fiscal policies of the United States federal government.

The impact of changes in interest rates is generally observed on the income statement. The magnitude of the impact will be determined by the difference between the amount of interest-earning assets and interest-bearing liabilities, both of which either reprice or mature within a given period of time. This difference provides an indication of the extent to which our net interest rate spread will be impacted by changes in interest rates. In addition, changes in interest rates will impact the expected level of repricing of the Bank's mortgage-related assets and callable debt securities. Generally, as interest rates decline, the amount of interest-earning assets expected to reprice will increase as borrowers have an economic incentive to reduce the cost of their mortgage or debt, which would negatively impact the Bank's interest income. Conversely, as interest rates rise, the amount of interest-earning assets expected to reprice will decline as the economic incentive to refinance the mortgage or debt is diminished. As this occurs, the amount of interest-earning assets repricing could diminish to the point where interest-bearing liabilities reprice to a higher interest rate at a faster pace than interest-earning assets, thus negatively impacting the Bank's net interest income.

Changes in interest rates can also have an adverse effect on our financial condition as AFS securities are reported at estimated fair value. We increase or decrease our stockholders' equity, specifically AOCI (loss), by the amount of change in the estimated fair value of our AFS securities, net of deferred taxes. Increases in interest rates generally decrease the fair value of AFS securities. Decreases in the fair value of AFS securities would, therefore, adversely impact stockholders' equity.

Changes in interest rates, as they relate to customers, can also have an adverse impact on our financial condition and results of operations. In times of rising interest rates, default risk may increase among borrowers with adjustable-rate loans as the rates on their loans adjust upward and their payments increase. Fluctuations in interest rates also affect customer demand for deposit products. Local competition could affect our ability to attract deposits, or could result in us paying more than competitors for deposits.

In addition to general changes in interest rates, changes that affect the shape of the yield curve could negatively impact the Bank. The Bank's interest-bearing liabilities are generally priced based on short-term interest rates while the majority of the Bank's interest-earning assets are priced based on long-term interest rates. Income for the Bank is primarily driven by the spread between these rates. As a result, a steeper yield curve, meaning long-term interest rates are significantly higher than short-term interest rates, would provide the Bank with a better opportunity to increase net interest income. When the yield curve is flat, meaning long-term interest rates and short-term interest rates are essentially the same, or when the yield curve is inverted, meaning long-term interest rates are lower than short-term interest rates, the yield between interest-earning assets and interest-bearing liabilities that reprice is compressed or diminished and would likely negatively impact the Bank's net interest income. See "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for additional information about the Bank's interest rate risk management.

An economic downturn, especially one affecting our geographic market areas and certain regions of the country where we have correspondent loans secured by one- to four-family properties, could adversely impact our business and financial results.
Our primary lending emphasis is the origination and purchase of one- to four-family first mortgage loans secured by residential properties; therefore, we are particularly exposed to downturns in regional housing markets and, to a lesser extent, the U.S. housing market, along with changes in the levels of unemployment or underemployment. We monitor the current status and trends of local and national employment levels and trends and current conditions in the real estate and housing markets in our local market areas and certain areas where we have correspondent loans secured by one- to four-family properties. Adverse conditions in our local economies and in certain areas where we have correspondent loans secured by one- to four-family properties, such as inflation, unemployment, recession, natural disasters or pandemics, or other factors beyond our control, could impact the ability of our borrowers to repay their loans. Any one or a combination of these events may have an adverse impact on borrowers' ability to repay their loans, which could result in increased delinquencies, non-

performing assets, loan losses, and future loan loss provisions. Decreases in local real estate values could adversely affect the value of the property used as collateral for our loans, which could cause us to realize a loss in the event of a foreclosure.

Risks Related to Lending Activities

The increase in commercial loans in our loan portfolio exposes us to increased lending and credit risks, which could adversely impact our financial condition and results of operations.
A growing portion of our loan portfolio consists of commercial loans. These loan types tend to be larger than and in different geographic regions from most of our existing loan portfolio and are generally considered to have different and greater risks than one- to four-family residential real estate loans and may involve multiple loans to groups of related borrowers. A growing commercial loan portfolio also subjects us to greater regulatory scrutiny. Furthermore, these loan types can expose us to a greater risk of delinquencies, non-performing assets, loan losses, and future loan loss provisions than one- to four-family residential real estate loans because repayment of such loans often depends on the successful operation of a business or of the underlying property. Repayment of such loans may be affected by factors outside the borrower's control, such as adverse conditions in the real estate market, the economy, environmental factors, natural disasters or pandemics, and/or changes in government regulation. Also, there are risks inherent in commercial real estate construction lending as the value of the project is uncertain prior to the completion of construction and subsequent lease-up. A sudden downturn in the economy or other unforeseen events could result in stalled projects or collateral shortfalls, thus exposing us to increased credit risk.

Commercial and industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. The borrowers' cash flow may prove to be unpredictable, and collateral securing these loans may fluctuate in value. Most often, this collateral consists of accounts receivable, inventory and equipment. Significant adverse changes in a borrower's industries and businesses could cause rapid declines in values of, and collectability associated with, those business assets, which could result in inadequate collateral coverage for our commercial and industrial loans and expose us to future losses. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its clients. Inventory and equipment may depreciate over time, may be difficult to appraise, may be illiquid and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. An increase in valuation allowances and charge-offs related to our commercial and industrial loan portfolio could have an adverse effect on our business, financial condition, results of operations and future prospects.

If our ACL is not sufficient to cover actual loan losses, it could adversely impact our financial results.
We make several assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the ACL that is adequate to absorb inherent losses in the loan portfolio, management analyzes and considers several elements, such as current economic conditions, loan modification programs and activity, performance of our loan portfolio, loan growth and concentrations, and industry and peer charge-off and ACL information. If actual results differ significantly from our assumptions, our ACL may not be sufficient to cover inherent losses in our loan portfolio, resulting in additions to our ACL and an increase in the provision for credit losses. Bank regulators also periodically review our loan portfolio, the ACL, and our assumptions underlying the determinations we have made regarding the ACL, and as a result may require us to increase our ACL and/or recognize additional loan charge-offs, both resulting in an increase in the provision for credit losses.

We may be required to provide remedial consideration to borrowers whose loans we purchase from correspondent and nationwide lenders if it is discovered that the originating company did not properly comply with lending regulations during the origination process.
We purchase whole one- to four-family loans from correspondent and nationwide lenders. While loans purchased on a loan-by-loan basis from correspondent lenders are underwritten by the Bank's underwriters and loans purchased in bulk packages from correspondent and nationwide lenders are evaluated on a certain set of criteria before being purchased, we are still subject to some risks associated with the loan origination process itself. By law, loan originators are required to comply with lending regulations at all times during the origination process. Even though the Bank can contractually pursue the originating company, certain compliance-related risks associated with the origination process itself may shift from the originating company to the Bank once the Bank purchases the loan. Should it be discovered, at any point, that an instance of

noncompliance occurred by the originating company during the origination process, the Bank may still be held responsible and required to remedy the issue for the loans it purchased from the originator. Remedial actions can include refunding interest paid by the borrower and adjusting the contractual interest rate on the loan to the current market rate if advantageous to the borrower. The Bank no longer purchases loans in bulk from nationwide lenders due primarily to these risks.

The expected discontinuation of LIBOR, and the identification and use of alternative replacement reference rates, may adversely affect our results of operations and subject the Company to litigation risk.
LIBOR is used extensively in the United States as a reference rate for various financial contracts, including adjustable-rate loans, asset-backed securities, and interest rate swaps. In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The announcement means the continuation of LIBOR cannot be guaranteed after 2021.

In the United States, the Alternative Reference Rate Committee ("ARRC"), a group of diverse private-market participants assembled by the Federal Reserve Board and the Federal Reserve Bank of New York, was tasked with identifying alternative reference interest rates to replace LIBOR. The Secured Overnight Finance Rate ("SOFR") has emerged as the ARRC's preferred alternative rate for LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities in the repurchase agreement market. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR is anticipated to be gradual over the coming years.

The Company has formed a LIBOR steering committee composed of individuals from lending, compliance/risk, treasury and legal. The LIBOR steering committee has been charged with overseeing the coordination of the Company's enterprise-wide LIBOR transition program and evaluating and mitigating the risks associated with the transition from LIBOR. The LIBOR transition program includes a comprehensive review by management of the financial products, agreements, contracts and business processes that may use LIBOR as a reference rate. As financial products, agreements, contracts and business processes that use LIBOR are identified, the LIBOR steering committee works with management to develop a strategy to transition away from LIBOR. During the strategy development process, management and the LIBOR steering committee considers the financial, customer/counterparty, regulatory and legal impacts of all proposed strategies.

As of September 30, 2020, the Company has identified $500.7 million of adjustable-rate one- to four-family loans for which the repricing index was tied to LIBOR and the loan maturity date is after December 31, 2021. Our one- to four-family loan agreements generally allow the Bank to choose a new alternative reference rate based upon comparable information if the current index is no longer available. During the June 30, 2019 quarter, the Bank discontinued the use of LIBOR for the origination of adjustable-rate one- to four-family loans and no longer purchases correspondent one- to four-family loans that use LIBOR. The Bank began using the one-year CMT index for newly originated and correspondent purchased one- to four-family adjustable-rate loans. At September 30, 2020, none of the Bank's consumer or commercial loans use a repricing index tied to LIBOR. The Bank has interest rate swaps maturing after December 31, 2021 with a notional amount of $465.0 million at September 30, 2020 that are tied to LIBOR. The Bank's swap agreements are governed by the International Swap Dealers Association ("ISDA"). ISDA is in the process of developing fallback language for swap agreements and is expected to establish a protocol to allow counterparties to modify legacy trades to include the new fallback language.

The market transition away from LIBOR to an alternative reference rate is complex. If LIBOR rates are no longer available, and we are required to implement replacement reference rates for the calculation of interest rates under our loan agreements with borrowers, we may incur significant expense in effecting the transition and we may be subject to disputes or litigation with our borrowers over the appropriateness or comparability to LIBOR of the replacement reference rates. The replacement reference rates could also result in a reduction in our interest income. We may also receive inquiries and other actions from regulators in respect to the Company's preparation and readiness for the replacement of LIBOR with alternative reference rates.

Risks Related to Cybersecurity, Third Parties, and Technology

The occurrence of any information system failure or interruption, breach of security or cyber-attack, at the Company, at its third-party service providers or counterparties may have an adverse effect on our business, reputation, financial condition or results of operations.
Information systems are essential to the conduct of our business, as we use such systems to manage our customer relationships, our general ledger, our deposits and our loans. In the normal course of our business, we collect, process, retain and transmit (by email and other electronic means) sensitive and confidential information regarding our customers, employees and others. We also outsource certain aspects of our data processing, data processing operations, remote network monitoring, engineering and managed security services to third-party service providers. In addition to confidential information regarding our customers, employees and others, we, and in some cases a third party, compile, process, transmit and store proprietary, non-public information concerning our business, operations, plans and strategies.

Information security risks for financial institutions continue to increase in part because of evolving technologies, the use of the Internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. Cyber criminals use a variety of tactics, such as ransomware, denial of service, and theft of sensitive business and customer information to extort payment or other concessions from victims. In some cases, these attacks have caused significant impacts on other businesses' access to data and ability to provide services. We are not able to anticipate or implement effective preventive measures against all incidents of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources.

We use a variety of physical, procedural and technological safeguards to prevent or limit the impact of system failures, interruptions and security breaches and to protect confidential information from mishandling, misuse or loss, including detection and response mechanisms designed to contain and mitigate security incidents. However, there can be no assurance that such events will not occur or that they will be promptly detected and adequately addressed if they do, and early detection of security breaches may be thwarted by sophisticated attacks and malware designed to avoid detection. If there is a failure in or breach of our information systems, or those of a third-party service provider, the confidential and other information processed and stored in, and transmitted through, such information systems could be jeopardized, or could otherwise cause interruptions or malfunctions in our operations or the operations of our customers, employees, or others.

Our business and operations depend on the secure processing, storage and transmission of confidential and other information in our information systems and those of our third-party service providers. Although we devote significant resources and management focus to ensuring the integrity of our information systems through information security measures, risk management practices, relationships with threat intelligence providers and business continuity planning, our facilities, computer systems, software and networks, and those of our third-party service providers, may be vulnerable to external or internal security breaches, acts of vandalism, unauthorized access, misuse, computer viruses or other malicious code and cyber-attacks that could have a security impact. In addition, breaches of security may occur through intentional or unintentional acts by those having authorized or unauthorized access to our confidential or other information or the confidential or other information of our customers, employees or others. While we regularly conduct security and risk assessments on our systems and those of our third-party service providers, there can be no assurance that their information security protocols are sufficient to withstand a cyber-attack or other security breach. Across our industry, the cost of minimizing these risks and investigating incidents has continued to increase with the frequency and sophistication of these threats. To date, the Company has no knowledge of a material information security breach affecting its systems.

The occurrence of any of the foregoing could subject us to litigation or regulatory scrutiny, cause us significant reputational damage or erode confidence in the security of our information systems, products and services, cause us to lose customers or have greater difficulty in attracting new customers, have an adverse effect on the value of our common stock or subject us to financial losses that may not be covered by insurance, any of which could have a material adverse effect on our business, financial condition or results of operations. As information security risks and cyber threats continue to evolve, we may be required to expend significant additional resources to further enhance or modify our information security measures and/or to investigate and remediate any information security vulnerabilities or other exposures arising from operational and security risks.

Furthermore, there continues to be heightened legislative and regulatory focus on privacy, data protection and information security. New or revised laws and regulations may significantly impact our current and planned privacy, data protection and

information security-related practices, the collection, use, sharing, retention and safeguarding of consumer and employee information, and current or planned business activities. Compliance with current or future privacy, data protection and information security laws could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial condition or results of operations.

Our customers are also targets of cyber-attacks and identity theft. There continues to be instances involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information or the destruction or theft of corporate data. Large scale identity theft could result in customers' accounts being compromised and fraudulent activities being performed in their name. We have implemented certain safeguards against these types of activities but they may not fully protect us from fraudulent financial losses. The occurrence of a breach of security involving our customers' information, regardless of its origin, could damage our reputation and result in a loss of customers and business and subject us to additional regulatory scrutiny, and could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations.

Third party vendors subject the Company to potential business, reputation and financial risks.
Third party vendors are sources of operational and information security risk to the Company, including risks associated with operations errors, information system interruptions or breaches, and unauthorized disclosures of sensitive or confidential customer information. The Company requires third party vendors to maintain certain levels of information security; however, vendors may remain vulnerable to breaches, unauthorized access, misuse, computer viruses, and/or other malicious attacks that could ultimately compromise sensitive information. We have developed procedures and processes for selecting and monitoring third party vendors, but ultimately we are dependent on these third party vendors to secure their information. If these vendors encounter any of these types of issues, or if we have difficulty communicating with them, we could be exposed to disruption of operations, loss of service or connectivity to customers, reputational damage, and litigation risk that could have a material adverse effect on our business, financial condition and results of operations.

The failure of an external vendor to perform in accordance with the contracted arrangements under service level agreements, because of changes in the vendor's organizational structure, financial condition, support for existing products and services or strategic focus or for any other reason, could be disruptive to our operations, which could have a material adverse effect on our business and, in turn, our financial condition and results of operations. Additionally, replacing certain third party vendors could also entail significant delay and expense.

We are heavily reliant on technology, and a failure to effectively implement technology initiatives or anticipate future technology needs or demands could adversely affect our business or performance.
Like most financial institutions, the Bank significantly depends on technology to deliver its products and other services and to otherwise conduct business. To remain technologically competitive and operationally efficient, the Bank invests in system upgrades, new technological solutions, and other technology initiatives. Many of these solutions and initiatives have a significant duration, are tied to critical information systems, and require substantial resources. Although the Bank takes steps to mitigate the risks and uncertainties associated with these solutions and initiatives, there is no guarantee that they will be implemented on time, within budget, or without negative operational or customer impact. The Bank also may not succeed in anticipating its future technology needs, the technology demands of its customers, or the competitive landscape for technology. If the Bank were to falter in any of these areas, it could have an adverse effect on our business, financial condition or results of operations.

Risks Related to Competition

Strong competition may limit growth and profitability.
While we are one of the largest mortgage loan originators in the state of Kansas, we compete in the same market areas as local, regional, and national banks, credit unions, mortgage brokerage firms, investment banking firms, investment brokerage firms, and savings institutions. We also compete with online investment and mortgage brokerages and online banks that are not confined to any specific market area. Many of these competitors operate on a national or regional level, are a conglomerate of various financial services providers housed under one corporation, or otherwise have substantially greater financial or technological resources than the Bank. We compete primarily on the basis of the interest rates offered to depositors, the terms of loans offered to borrowers, and the benefits afforded to customers as a local institution and portfolio lender. Our pricing strategy for loan and deposit products includes setting interest rates based on secondary market prices

and local competitor pricing for our local markets, and secondary market prices and national competitor pricing for our correspondent lending markets. Should we face competitive pressure to increase deposit rates or decrease loan rates, our net interest income could be adversely affected. Additionally, our competitors may offer products and services that we do not or cannot provide, as certain deposit and loan products fall outside of our accepted level of risk. Our profitability depends upon our ability to compete in our local market areas.

Risks Related to Regulation

We operate in a highly regulated environment which limits the manner and scope of our business activities and we may be adversely affected by new and/or changes in laws and regulations or interpretation of existing laws and regulations.

We are subject to extensive regulation, supervision, and examination by the OCC, FRB, and the FDIC. These regulatory authorities exercise broad discretion in connection with their supervisory and enforcement activities, including the ability to impose restrictions on a bank's operations, reclassify assets, determine the adequacy of a bank's ACL, and determine the level of deposit insurance premiums assessed. The Dodd-Frank Act created the CFPB with broad powers to supervise and enforce consumer protection laws, including a wide range of consumer protection laws that apply to all banks and savings institutions, like the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB also has examination and enforcement authority over all banks with regulatory assets exceeding $10 billion at four consecutive quarter-ends. The Bank has not exceeded $10 billion in regulatory assets at four consecutive quarter-ends, but it may at some point in the future. Smaller banks, like the Bank, will continue to be examined for compliance with the consumer laws and regulations of the CFPB by their primary bank regulators (the OCC, in the case of the Bank). The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws.

Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation, interpretation or application, could have a material adverse impact on our operations. Moreover, bank regulatory agencies have been active in responding to concerns and trends identified in examinations, and have issued formal enforcement orders requiring capital ratios in excess of regulatory requirements and/or assessing monetary penalties. Bank regulatory agencies, such as the OCC and the FDIC, govern the activities in which we may engage, primarily for the protection of depositors, and not for the protection or benefit of investors. The CFPB enforces consumer protection laws and regulations for the benefit of the consumer and not the protection or benefit of investors. In addition, new laws and regulations may continue to increase our costs of regulatory compliance and of doing business, and otherwise affect our operations. New laws and regulations may significantly affect the markets in which we do business, the markets for and value of our loans and securities, the products we offer, the fees we can charge and our ongoing operations, costs, and profitability.

The Company is also directly subject to the requirements of entities that set and interpret the accounting standards such as the Financial Accounting Standards Board, and indirectly subject to the actions and interpretations of the Public Company Accounting Oversight Board, which establishes auditing and related professional practice standards for registered public accounting firms and inspects registered firms to assess their compliance with certain laws, rules, and professional standards in public company audits. These regulations, along with the currently existing tax, accounting, securities, and monetary laws, regulations, rules, standards, policies and interpretations, control the methods by which financial institutions and their holding companies conduct business, engage in strategic and tax planning, implement strategic initiatives, and govern financial reporting.

The Company's failure to comply with laws, regulations or policies could result in civil or criminal sanctions and money penalties by state and federal agencies, and/or reputation damage, which could have a material adverse effect on the Company's business, financial condition and results of operations. See "Part I, Item 1. Business - Regulation and Supervision" for more information about the regulations to which the Company is subject.

Other Risks

The Company's ability to pay dividends is subject to the ability of the Bank to make capital distributions to the Company.
The long-term ability of the Company to pay dividends to its stockholders is based primarily upon the ability of the Bank to make capital distributions to the Company, and also on the availability of cash at the holding company level in the event earnings are not sufficient to pay dividends. Under certain circumstances, capital distributions from the Bank to the Company may be subject to regulatory approvals. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Limitations on Dividends and Other Capital Distributions" for additional information.

Our risk- management and compliance programs and functions may not be effective in mitigating risk and loss.
We maintain an enterprise risk management program that is designed to identify, quantify, monitor, report, and control the risks that we face. These risks include: interest-rate, credit, liquidity, operations, reputation, compliance and litigation. We also maintain a compliance program to identify, measure, assess, and report on our adherence to applicable laws, policies and procedures. While we assess and improve these programs on an ongoing basis, there can be no assurance that our risk management or compliance programs, along with other related controls, will effectively mitigate all risk and limit losses in our business. If conditions or circumstances arise that expose flaws or gaps in our risk management or compliance programs, or if our controls do not function as designed, the performance and value of our business could be adversely affected.

The Company may not attract and retain skilled employees.
The Company's success depends, in large part, on its ability to attract and retain key people. Competition for the best people can be intense, and the Company spends considerable time and resources attracting and hiring qualified people for its operations. The unexpected loss of the services of one or more of the Company's key personnel could have a material adverse impact on the Company's business because of their skills, knowledge of the Company's market, and years of industry experience, as well as the difficulty of promptly finding qualified replacement personnel.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At September 30, 2020, we had 45 traditional branch offices and 9 in-store branch offices. The Bank owns the office building and related land in which its home office and executive offices are located, and 34 of its other branch offices. The remaining 19 branches are either leased or partially owned.

For additional information regarding our lease obligations, see "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 18. Leases."

Management believes that our current facilities are adequate to meet our present and immediately foreseeable needs. However, we will continue to monitor customer growth and expand our branching network, if necessary, to serve our customers' needs.

Item 3. Legal Proceedings

The Company and the Bank are involved as plaintiff or defendant in various legal actions arising in the normal course of business. In our opinion, after consultation with legal counsel, we believe it unlikely that such pending legal actions will have a material adverse effect on our financial condition, results of operations or liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock Listing

Capitol Federal Financial, Inc. common stock is traded on the Global Select tier of the NASDAQ Stock Market under the symbol "CFFN". At November 19, 2020, there were approximately 8,539 Capitol Federal Financial, Inc. stockholders of record.

Share Repurchases

On October 28, 2015, the Company announced a stock repurchase plan for up to $70.0 million of common stock. During the current fiscal year, the Company repurchased $23.8 million, or 2,558,100 shares, of common stock. As of September 30, 2020, there was still $46.2 million authorized under the existing stock repurchase plan for additional purchases of the Company's common stock. Subsequent to September 30, 2020 through November 24, 2020, the Company repurchased an additional $1.5 million, or 164,400 shares, of common stock. This plan has no expiration date; however, the Federal Reserve Bank's approval for the Company to repurchase shares extends through August 2021. Since the Company completed its second-step conversion in December 2010, $393.4 million worth of shares of common stock have been repurchased.

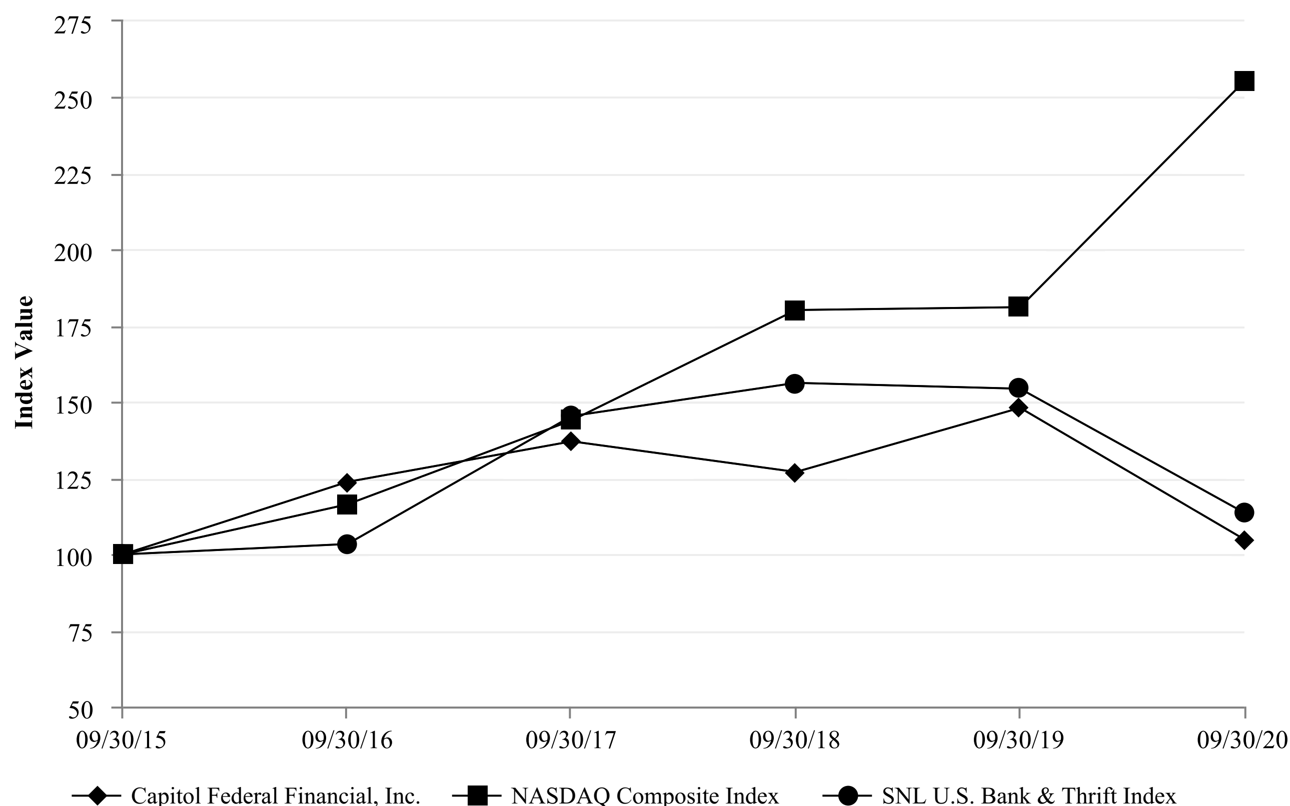
The following table summarizes our share repurchase activity during the three months ended September 30, 2020 and additional information regarding our share repurchase program.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2020 through July 31, 2020	—	$ —	—	$ 70,000,000
August 1, 2020 through August 31, 2020	—	—	—	70,000,000
September 1, 2020 through September 30, 2020	2,558,100	9.31	2,558,100	46,196,180
Total	2,558,100	9.31	2,558,100	46,196,180

Stockholders and General Inquiries

Copies of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020 are available to stockholders at no charge in the Investor Relations section of our website, www.capfed.com.

Stockholder Return Performance Presentation
The information presented below assumes $100 invested on September 30, 2015 in the Company's common stock and in each of the indices, and assumes the reinvestment of all dividends. Historical stock price performance is not necessarily indicative of future stock price performance.



	Period Ending					
Index	**9/30/2015**	**9/30/2016**	**9/30/2017**	**9/30/2018**	**9/30/2019**	**9/30/2020**
Capitol Federal Financial, Inc.	100.00	123.80	137.11	127.06	148.12	104.91
NASDAQ Composite Index	100.00	116.42	144.00	180.24	181.19	255.40
SNL U.S. Bank & Thrift Index	100.00	103.39	145.42	156.32	154.40	113.66

Source: S&P Global Market Intelligence

Restrictions on the Payments of Dividends
The Company's ability to pay dividends is dependent, in part, upon its ability to obtain capital distributions from the Bank. The dividend policy of the Company is subject to the discretion of the Board of Directors and will depend upon a number of factors, including the Company's financial condition and results of operations, regulatory capital requirements, regulatory limitations on the Bank's ability to make capital distributions to the Company, and the amount of cash at the holding company level. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Limitations on Dividends and Other Capital Distributions" for additional information regarding the Company's ability to pay dividends.

Item 6. Selected Financial Data

The summary information presented below under "Selected Balance Sheet Data" and "Selected Operations Data" for, and as of the end of, each of the years ended September 30 is derived from our audited consolidated financial statements. The following information is only a summary and should be read in conjunction with our consolidated financial statements.

	At September 30,				
	2020	2019	2018	2017	2016
	(Dollars in thousands)				
Selected Balance Sheet Data:					
Total assets	$ 9,487,218	$ 9,340,018	$ 9,449,547	$ 9,192,916	$ 9,267,247
Loans receivable, net	7,202,851	7,416,747	7,514,485	7,195,071	6,958,024
Securities:					
AFS	1,560,950	1,204,863	714,614	415,831	527,301
HTM	—	—	612,318	827,738	1,100,874
FHLB stock	93,862	98,456	99,726	100,954	109,970
Deposits	6,191,408	5,581,867	5,603,354	5,309,868	5,164,018
Borrowings	1,789,313	2,239,989	2,285,033	2,373,808	2,572,389
Stockholders' equity	1,284,859	1,336,326	1,391,622	1,368,313	1,392,964

	For the Year Ended September 30,				
	2020	2019	2018	2017	2016
	(Dollars and counts in thousands, except per share amounts)				
Selected Operations Data:					
Total interest and dividend income	$ 304,978	$ 329,954	$ 321,892	$ 313,186	$ 301,113
Total interest expense	115,643	123,564	123,119	117,804	108,931
Net interest and dividend income	189,335	206,390	198,773	195,382	192,182
Provision for credit losses	22,300	750	—	—	(750)
Net interest and dividend income after provision for credit losses	167,035	205,640	198,773	195,382	192,932
Deposit service fees	11,285	12,740	15,636	15,053	14,835
Other non-interest income	8,314	9,218	6,399	7,143	8,477
Total non-interest income	19,599	21,958	22,035	22,196	23,312
Salaries and employee benefits	52,996	53,145	46,563	43,437	42,378
Other non-interest expense	53,008	53,799	50,339	46,221	51,927
Total non-interest expense	106,004	106,944	96,902	89,658	94,305
Income before income tax expense	80,630	120,654	123,906	127,920	121,939
Income tax expense	16,090	26,411	24,979	43,783	38,445
Net income	$ 64,540	$ 94,243	$ 98,927	$ 84,137	$ 83,494
Basic earnings per share	$ 0.47	$ 0.68	$ 0.73	$ 0.63	$ 0.63
Average basic shares outstanding	137,897	137,677	134,698	134,082	133,045
Diluted earnings per share	$ 0.47	$ 0.68	$ 0.73	$ 0.63	$ 0.63
Average diluted shares outstanding	137,901	137,735	134,759	134,244	133,176

	2020	2019	2018	2017	2016
Performance Ratios:					
Return on average assets[(1)]	0.69%	0.99%	0.94%	0.75%	0.74%
Return on average equity[(1)]	4.92	6.94	7.25	6.09	5.95
Dividends paid per share	$ 0.68	$ 0.98	$ 0.88	$ 0.88	$ 0.84
Dividend payout ratio	145.43%	143.17%	119.60%	140.20%	133.86%
Operating expense ratio	1.13	1.12	0.92	0.80	0.84
Efficiency ratio[(1)]	50.74	46.83	43.89	41.21	43.76
Ratio of average interest-earning assets to average interest-bearing liabilities	1.13x	1.14x	1.13x	1.12x	1.13x
Net interest margin[(1)]	2.12%	2.26%	1.95%	1.79%	1.75%
Interest rate spread information:					
Average during period[(1)]	1.94	2.07	1.80	1.66	1.63
End of period	1.92	2.04	2.18	2.04	1.92
Asset Quality Ratios:					
Non-performing assets to total assets	0.13	0.10	0.14	0.20	0.35
Non-performing loans to total loans	0.17	0.10	0.15	0.23	0.42
ACL to non-performing loans	252.42	121.99	77.01	50.58	29.32
ACL to loans receivable, net	0.44	0.12	0.11	0.12	0.12
Capital Ratios:					
Equity to total assets at end of period	13.5	14.3	14.7	14.9	15.0
Average equity to average assets	14.0	14.3	13.0	12.4	12.4
Company CBLR/Tier 1 leverage ratio[(2)]	13.7	13.8	14.9	12.3	12.3
Bank CBLR/Tier 1 leverage ratio[(2)]	12.4	12.1	13.0	10.8	10.9
Other Data:					
Number of traditional offices	45	44	48	37	37
Number of in-store offices	9	10	10	10	10

(1) The table below provides a reconciliation between certain performance ratios presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and those same performance ratios excluding the effects of the leverage strategy, which are not presented in accordance with GAAP. Management believes it is important for comparability purposes to provide the performance ratios without the leverage strategy because of its unique nature. The leverage strategy reduces some of our performance ratios, even though it increases our net income, due to the small amount of earnings associated with the transaction in comparison to the size of the transaction. The leverage strategy was not in place during the current fiscal year due to the negative interest rate spreads between the related FHLB borrowings and cash held at the Federal Reserve Bank of Kansas City ("FRB of Kansas City"), making the transaction unprofitable.

	For the Year Ended September 30,					
	2019			2018		
	Actual (GAAP)	Leverage Strategy	Non-GAAP	Actual (GAAP)	Leverage Strategy	Non-GAAP
Return on average assets	0.99%	(0.02)%	1.01%	0.94%	(0.13)%	1.07%
Return on average equity	6.94	—	6.94	7.25	0.13	7.12
Efficiency ratio	46.83	—	46.83	43.89	(0.30)	44.19
Net interest margin	2.26	(0.04)	2.30	1.95	(0.29)	2.24
Average interest rate spread	2.07	(0.03)	2.10	1.80	(0.26)	2.06

	For the Year Ended September 30,					
	2017			2016		
	Actual (GAAP)	Leverage Strategy	Non-GAAP	Actual (GAAP)	Leverage Strategy	Non-GAAP
Return on average assets	0.75%	(0.14)%	0.89%	0.74%	(0.14)%	0.88%
Return on average equity	6.09	0.21	5.88	5.95	0.17	5.78
Efficiency ratio	41.21	(0.63)	41.84	43.76	(0.42)	44.18
Net interest margin	1.79	(0.36)	2.15	1.75	(0.35)	2.10
Average interest rate spread	1.66	(0.32)	1.98	1.63	(0.30)	1.93

(2) The Tier 1 leverage ratio was replaced with the CBLR when the Bank and Company elected to use the CBLR framework beginning in fiscal year 2020. See "Part I, Item 1. Business - Regulation and Supervision - Regulatory Capital Requirements" for additional information regarding the CBLR.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist in understanding the financial condition, results of operations, liquidity, and capital resources of the Company. The Bank comprises almost all of the consolidated assets and liabilities of the Company and the Company is dependent primarily upon the performance of the Bank for the results of its operations. Because of this relationship, references to management actions, strategies and results of actions apply to both the Bank and the Company.

Executive Summary

The following summary should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations section in its entirety.

The Company provides a full range of banking services through the Bank, which is a wholly-owned subsidiary of the Company headquartered in Topeka, Kansas. The Bank has 45 traditional and nine in-store banking offices serving primarily the metropolitan areas of Topeka, Wichita, Lawrence, Manhattan, Emporia and Salina, Kansas and portions of the Kansas City metropolitan area. We have been, and intend to continue to be, a community-oriented financial institution offering a variety of financial services to meet the needs of the communities we serve. The Company's results of operations are primarily dependent on net interest income, which is the difference between the interest earned on loans, securities, and cash, and the interest paid on deposits and borrowings.

Company's Actions and Impact on Operations as a Result of the COVID-19 Pandemic

Management's actions related to the COVID-19 pandemic and the impact of the pandemic on certain aspects of the Company's business during fiscal year 2020 are summarized below.

Bank operations - In mid-March 2020, preventative health measures were put in place including elimination of business-related travel, implementing mandatory work from home for all employees able to do so, social distancing precautions for all employees in Bank offices, and preventative cleaning at offices and branches. Lobby services were limited to appointment only while drive-through, mobile, and online banking became the Bank's primary channels of serving customers. Retail loan closings were conducted with customers coming to our drive-through facilities and commercial loans were closed in person only when necessary. All employees continued to be paid their regular salary and receive full benefits. In mid-May 2020, lobbies reopened with limitations on the number of customers in a branch at one time. We also implemented operational measures to promote social distancing when customers visit branches and installed sneeze guards. There are several other precautions being taken at our locations such as extra cleaning in high traffic/touch areas and providing locations with additional cleaning supplies, hand sanitizer and masks. In early June 2020, back-office employees started to return to the office in phases. Due to the increase in COVID-19 cases in late June into July 2020, management rolled back the changes to the lobbies that occurred mid-May and adjusted the return to office phases, where necessary, for back-office employees and lobby services were again by appointment only. In mid-September 2020, lobbies were reopened once again. Management continues to monitor COVID-19 cases and will adjust operational plans as necessary.

Loan modification programs - In late March 2020, the Bank announced loan modification programs to support and provide relief for its borrowers during the COVID-19 pandemic. Generally, loan modifications under these programs ("COVID-19 loan modifications") for one- to four-family loans and consumer loans consist of a three-month payment forbearance of principal, interest and, in some cases, escrow. COVID-19 loan modifications of commercial loans mainly consist of a six-month interest-only payment period. See "Financial Condition - Loans Receivable" below for additional discussion regarding COVID-19 loan modifications.

As of September 30, 2020, the Bank had 193 one- to four-family loans totaling $39.8 million and 27 consumer loans totaling $795 thousand that were still in their deferral period. The deferral period concluded by September 30, 2020 for $199.7 million of one- to four-family loans and $1.6 million of consumer loans.

As of September 30, 2020, the Bank had 204 commercial loans with a combined gross loan amount of $367.4 million, which includes undisbursed amounts, that were still in their deferral period. The deferral period concluded by September 30, 2020 for $43.5 million, or 11%, of the commercial loans subject to COVID-19 loan modifications. All of these loans were current

as of September 30, 2020. The deferral period for the majority of the remaining commercial loans concluded by November 16, 2020.

Small Business Administration Paycheck Protection Program loans - As of September 30, 2020, the Bank had originated and funded 791 PPP loans totaling $43.9 million, with a median loan amount of $19 thousand, and received origination fees totaling $1.9 million associated with these loans. These loans are fully guaranteed by the SBA. The program ended August 8, 2020. Through November 16, 2020, $12.2 million of the Bank's PPP loans have been forgiven by the SBA.

On October 8, 2020 the SBA released a streamlined loan forgiveness application for PPP loans in amounts of $50 thousand or less. Of the PPP loans originated by the Bank, 611 loans totaling $9.6 million, or 22% of the Bank's aggregate PPP loan balance, were in amounts less than $50 thousand and will be eligible for the streamlined forgiveness process.

Capital, liquidity, and dividends - Management performed stress test scenarios during April 2020. Based on the Company's existing capital levels, deposit inflows, loan underwriting policies, loan concentration, and geographical diversification, no liquidity or capital concerns were identified as a result of the stress tests. Management continues to anticipate being able to manage the economic risks and uncertainties associated with the COVID-19 pandemic and the Bank remaining well capitalized with sufficient liquidity to serve our customers.

Deposit balances have increased due primarily to the economic stimulus payments, a reduction in consumer spending, and PPP loan proceeds being deposited at the Bank. As a result, management is currently faced with the challenge of excess liquidity. Due to the nature of deposit cash flows, management does not know how long the excess liquidity will continue. As such, management has elected, for the time being, to reduce the Bank's level of borrowings and increase the balance of securities using the excess liquidity from the deposit portfolio.

With earnings of $0.47 per share for fiscal year 2020, and a cash balance at the holding company level of $82.5 million, the Company has the resources to continue to pay its regular quarterly dividend of $0.085 per share for the foreseeable future. Given the state of economic uncertainty and how that may play out with the credit risk exposure in the Bank's loan portfolio, the Company elected to defer the annual True Blue dividend in June 2020 and did not ask at that time for a regulatory non-objection to move capital from the Bank to the Company to pay that dividend. It is management's intention to ask for a regulatory non-objection at some point in the future to pay this dividend when economic conditions are more certain. It is currently the Company's intention to pay out 100% of its fiscal year 2021 earnings.

Management's Evolving Response to COVID-19 - There is continued concern about a resurgence of COVID-19 as we enter the winter months. In October and November 2020, COVID-19 cases, hospitalizations, and deaths nationally and in our local market areas increased compared to the summer months, including to new record levels in some areas. The Kansas Governor recently issued an executive order establishing a statewide face-covering protocol as part of her administration's strategy to keep schools and businesses open and to protect the economy. We continue to be confronted with a significant and unfamiliar degree of uncertainty as to how a resurgence will impact our customers, employees, and operations and how actions taken by governmental authorities and other third parties in response to a resurgence will impact our customers, employees, and operations. We will continue to monitor COVID-19 cases and will adjust operational plans as necessary. We will also continue to assist our customers as necessary during these uncertain times. See "Part I, Item 1A. Risk Factors - Risks Related to Macroeconomic Conditions" for additional discussion regarding the impact the COVID-19 pandemic may have on our business, results of operations and financial condition.

Impact on Market Interest Rates as a Result of COVID-19 Pandemic and Company's Response

The Federal Reserve, in response to economic risks resulting from the COVID-19 pandemic, returned to a zero-interest rate policy in March 2020. This was after most broader market rates decreased significantly in response to evolving news about the COVID-19 pandemic. The dramatic lowering of interest rates in a short period of time impacted the operations and performance of the Bank. Deteriorating economic conditions included more than 20 million people becoming unemployed in the United States in one month's time, with more than 58 million in total filing for unemployment benefits, along with immediate reductions in consumer spending on almost all categories of purchases except groceries and staples, and closure or significantly reduced operations of restaurants, bars, airlines, hotels, and entertainment and hospitality venues, among others, and had a devastating impact on the economy. Since that time, many areas of consumer spending have rebounded, generally locally and not related to travel and entertainment. As previously described, we adjusted our operations in response to the

COVID-19 pandemic and have worked with both our retail and commercial customers to help them manage their debt during this period of economic uncertainty as our regulators or the CARES Act have allowed. There is increasing concern about the longer lasting impact on local business as well as travel and entertainment resulting from the COVID-19 pandemic. This could cause a longer recovery time for all sectors of the economy and could make it challenging for sectors that have had better recoveries to maintain that recovery in the long run.

We have been responding and expect to continue to respond to local market conditions regarding the loan and deposit rates we offer. We responded to lower market rates for lending by lowering rates offered on our one- to four-family loan products over the course of the year. Given current market interest rates, rates offered on new loans and the recent volume of one- to four-family refinances and endorsements allowing borrowers to take advantage of the lower current market interest rates, the yield on the total loan portfolio is likely to continue to decrease. Additionally, with significant cash inflows realized due to investment securities being called and prepayments on MBS increasing, the yields on reinvested funds into new securities are lower than portfolio yields. Since the onset of the pandemic the Bank lowered its offered rates on all retail deposit products except checking and savings accounts. Changes in the rates paid on money market accounts have an immediate impact on the cost of our deposits, while the impact of reducing rates offered on our certificate of deposit products lower the cost of deposits only as certificates of deposit reprice lower when they mature. As the Bank further monitors rates offered and the cost of borrowings, we anticipate that the average cost of our interest-bearing liabilities will continue to decrease.

Considering the drastic changes in market rates and the ongoing economic uncertainty, even with the changes the Bank has made to its cost of funding, with the lower rates on new mortgage loans, refinances, endorsements and new securities also at lower rates, our net interest margin could continue to decrease, with further downside risk as a result of high levels of prepayments and premium amortization on correspondent one- to four-family loans and MBS.

Summary of Results of Operation and Financial Condition

The Company recognized net income of $64.5 million, or $0.47 per share, for the year ended September 30, 2020 compared to net income of $94.2 million, or $0.68 per share, for the year ended September 30, 2019. The decrease in net income was due primarily to a $21.6 million increase in provision for credit losses and a decrease in net interest income, partially offset by a decrease in income tax expense.

Net interest income decreased $17.1 million, or 8.3%, from the prior year to $189.3 million for the current year. The leverage strategy was suspended at certain times during the prior year and during all of the current year due to the negative interest rate spreads between the related FHLB borrowings and cash held at the FRB of Kansas City, making the transaction unprofitable. Excluding the effects of the leverage strategy, net interest income decreased $16.9 million, or 8.2% compared to the prior year. The decrease in net interest income excluding the effects of the leverage strategy was due to a $20.9 million decrease in interest and dividend income, partially offset by a $4.0 million decrease in interest expense. Interest and dividend income decreased across all interest-earning asset types, with the most significant being a $13.7 million decrease in interest income on loans receivable, primarily related to correspondent loans. Interest income on correspondent loans decreased due primarily to a reduction in the portfolio balance and rate related to payoffs exceeding purchases, new loans purchased at lower market interest rates, and downward repricing of existing loans, along with an increase in premium amortization due to payoffs and endorsements. Interest expense on borrowings, excluding the effects of the leverage strategy, decreased $5.4 million due to replacing FHLB advances at lower market rates and a reduction in the rate and usage of the Bank's FHLB line of credit. This was partially offset by a $1.4 million increase in interest expense on deposits due to an increase in the cost of the retail/business certificate of deposit portfolio.

The net interest margin decreased 14 basis points, from 2.26% for the prior year to 2.12% for the current year. When the leverage strategy is in place, it increases our net interest income but reduces the net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction. Excluding the effects of the leverage strategy, the net interest margin would have decreased 18 basis points, from 2.30% for the prior year to 2.12% for the current year. The decrease in the net interest margin, excluding the effects of the leverage strategy, was due mainly to a decrease in the loan portfolio yield, specifically the yield on the correspondent one- to four-family loan portfolio.

Total assets at September 30, 2020 were $9.49 billion, an increase of $147.2 million, or 1.6% from September 30, 2019. The increase was due mainly to an increase in securities, partially offset by a decrease in loans receivable. Securities were purchased with cash flows from payments on the loan portfolio and growth in the deposit portfolio. Total loans decreased $213.9 million from September 30, 2019 to September 30, 2020. The decrease was primarily in the one- to four-family correspondent loans and one- to four-family bulk purchased loans, partially offset by an increase in one- to four-family originated loans and commercial loans. During the current year, the Bank originated and refinanced $1.00 billion of one- to four-family and consumer loans with a weighted average rate of 3.27% and purchased $448.0 million of one- to four-family loans from correspondent lenders with a weighted average rate of 3.29%. The Bank also originated $165.5 million of commercial loans with a weighted average rate of 3.52% and entered into commercial real estate loan participations of $93.6 million at a weighted average rate of 4.16%. The commercial loan portfolio totaled $829.7 million at September 30, 2020 and was composed of 75% commercial real estate, 12% commercial and industrial, and 13% commercial construction. Total commercial real estate and commercial construction potential exposure, including undisbursed amounts and outstanding commitments totaling $205.5 million, was $937.5 million at September 30, 2020. Total commercial and industrial potential exposure, including undisbursed amounts and outstanding commitments of $21.7 million, was $119.3 million at September 30, 2020.

Total deposits at September 30, 2020 were $6.19 billion, an increase of $609.5 million, or 10.9%, from September 30, 2019. Non-maturity deposits increased $575.9 million, including a $242.8 million increase in checking accounts, a $220.8 million increase in money market accounts, and a $112.3 million increase in savings accounts. Retail/business certificates of deposit increased $73.7 million during the current year, mainly in the business-related certificates of deposit category. These increases were partially offset by a $40.1 million decrease in public unit certificates of deposit.

Total borrowings at September 30, 2020 were $1.79 billion, a decrease of $450.7 million, or 20.1%, from September 30, 2019. The decrease was due to not renewing a portion of the FHLB advances and repurchase agreements that matured during the current year and repaying the FHLB line of credit balance. Cash flows from the deposit portfolio were used to pay off maturing borrowings and the FHLB line of credit.

Stockholders' equity was $1.28 billion at September 30, 2020 compared to $1.34 billion at September 30, 2019. The $51.5 million decrease was due primarily to the payment of cash dividends totaling $93.9 million and the repurchase of common stock totaling $23.8 million, partially offset by net income of $64.5 million during the current year. During the current fiscal year, the Company repurchased 2,558,100 shares of common stock. In the long run, management considers the Bank's equity to total assets ratio of at least 10% an appropriate level of capital. At September 30, 2020, this ratio was 12.3%. The cash dividends paid during the current year totaled $0.68 per share and consisted of a $0.34 per share cash true-up dividend related to fiscal year 2019 earnings, paid in December 2019, per the Company's dividend policy, and four regular quarterly cash dividends of $0.085 per share, totaling $0.34 per share.

Critical Accounting Policies

Our most critical accounting policies are the methodologies used to determine the ACL and fair value measurements. These policies are important to the presentation of our financial condition and results of operations, involve a high degree of complexity, and require management to make difficult and subjective judgments that may require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could affect reported results materially. These critical accounting policies and their application are reviewed at least annually by our audit committee. The following is a description of our critical accounting policies and an explanation of the methods and assumptions underlying their application.

Allowance for Credit Losses. The Company maintains an ACL to absorb inherent losses in the loan portfolio based upon ongoing quarterly assessments of the loan portfolio. The ACL is maintained through provisions for credit losses which are either charged or credited to income. The methodology for determining the ACL is considered a critical accounting policy by management because of the high degree of judgment involved, the subjectivity of the assumptions used, and the potential for changes in economic conditions that could result in changes to the amount of the recorded ACL. Additionally, bank regulators review the ACL and could have a differing view from management regarding the ACL balance, which could result in an increase in the ACL and/or the recognition of additional charge-offs. Although management believes that the Bank has established and maintained the ACL at appropriate levels, additions may be necessary if economic and other conditions worsen substantially from the current operating environment, and/or if bank regulators have a differing view from management regarding the ACL balance.

Our lending emphasis on the origination and purchase of one- to four-family loans and, to a lesser extent, consumer loans secured by one- to four-family residential properties, has resulted in a loan concentration in one- to four-family residential mortgage loans. We believe the primary risks inherent in our one- to four-family and consumer loan portfolios are a decline in economic conditions, elevated levels of unemployment or underemployment, and declines in residential real estate values. Adverse changes in any one or a combination of these events may negatively affect borrowers' ability to repay their loans, resulting in increased delinquencies, non-performing assets, loan losses, and future loan loss provisions. Although the commercial loan portfolio is subject to the same risk of declines in economic conditions, the primary risk characteristics inherent in this portfolio include the ability of the borrower to sustain sufficient cash flows from leases and business operations, the ability to control operational or business expenses to satisfy their contractual debt payments, and the ability to utilize personal or business resources to pay their contractual debt payments if the cash flows are not sufficient. Additionally, if the Bank were to repossess the secured collateral of a commercial real estate loan, the pool of potential buyers is more limited than that for a residential property. Therefore, the Bank could hold the property for an extended period of time, or potentially be forced to sell at a discounted price, resulting in additional losses. Our commercial and industrial loans are primarily secured by accounts receivable, inventory and equipment, which may be difficult to appraise, may be illiquid and may fluctuate in value based on the success of the business.

Each quarter, we prepare a formula analysis model which segregates our loan portfolio into categories based on certain risk characteristics such as loan type (one- to four-family, commercial, etc.), interest payments (fixed-rate and adjustable-rate), loan source (originated, correspondent purchased, or bulk purchased), LTV ratios, borrower's credit score and payment status (i.e. current or number of days delinquent). Consumer loans, such as second mortgages and home equity lines of credit, with the same underlying collateral as a one- to four-family loan are combined with the one- to four-family loan in the formula analysis model to calculate a combined LTV ratio.

Historical loss factors are applied to each loan category in the formula analysis model. Additionally, qualitative factors that management believes impact the collectability of the loan portfolio as of the evaluation date are applied to each loan category. Qualitative loss factors increase as loans are classified or become delinquent. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information related to the historical and qualitative loss factors utilized in the formula analysis model.

The historical loss and qualitative factors applied in the formula analysis model are reviewed quarterly by management to assess whether the factors adequately cover probable and estimable losses inherent in the loan portfolio. Our ACL methodology permits modifications to the formula analysis model in the event that, in management's judgment, significant factors which affect the collectability of the portfolio or any category of the loan portfolio, as of the evaluation date, have changed from the current formula analysis model. Management's evaluation of the qualitative factors with respect to these conditions is subject to a higher degree of uncertainty because they are not identified with a specific problem loan or portfolio segment.

During the current fiscal year, management increased the historical loss and qualitative factors applied in the formula analysis model for all loan categories and added a COVID-19 qualitative loss factor to the Bank's commercial loan portfolio. The increase in the factors and the addition of the new qualitative factor was in response to the deterioration of economic conditions due to the COVID-19 pandemic. Management considered several items when determining the appropriate historical loss and qualitative factors to apply in the formula analysis model. Such considerations included: national and state unemployment and unemployment benefit claim information, amount and timing of governmental financial assistance, the Bank's COVID-19 loan modification program, consumer spending information, industries most impacted by the COVID-19 pandemic and a loan analysis completed by the commercial lending team. Management also evaluated the Bank's historical and peer ACL to loan ratios and charge-off ratios taking into consideration the economic conditions during those time periods. After applying the higher and new factors in the formula analysis model, management then considered the calculated ACL to loans ratio compared to historical and peer ratios to determine the appropriate amount of ACL at September 30, 2020, considering the economic conditions at that point in time.

Non-PCI loans that have not become impaired subsequent to the acquisition date are included in the formula analysis model. For these loans, the Company estimates a hypothetical amount of ACL. The Company applies the same historical and qualitative loss factors as the Bank's formula analysis model to establish the hypothetical amount of ACL. This amount is compared with the remaining net purchase discount for the non-PCI loans to test for credit quality deterioration and the

possible need for an additional loan loss provision. To the extent the remaining net purchase discount of the pool is greater than the hypothetical ACL, no additional ACL is necessary. If the remaining net purchase discount of the pool is less than the hypothetical ACL, the difference results in an increase to the ACL recorded through a provision for credit losses.

Management will continue to closely monitor economic conditions and will work with borrowers as necessary to assist them through this challenging economic climate. If economic conditions worsen or do not improve in the near term, and if future government programs, if any, do not provide adequate relief to borrowers, it is possible the Bank's ACL will need to increase in future periods. In addition, the adequacy of the Company's ACL is reviewed during bank regulatory examinations. We consider any comments from our regulators when assessing the appropriateness of our ACL. Management seeks to apply the ACL methodology in a consistent manner; however, the methodology may be modified in response to changing conditions.

ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* became effective for the Company on October 1, 2020. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information.

Fair Value Measurements. The Company uses fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures in accordance with Accounting Standards Codification ("ASC") 820 and ASC 825. The Company groups its financial instruments at fair value in three levels based on the markets in which the instruments are traded and the reliability of the assumptions used to determine fair value, with Level 1 (quoted prices for identical assets in an active market) being considered the most reliable, and Level 3 having the most unobservable inputs and therefore being considered the least reliable. The Company bases its fair values on the price that would be received from the sale of an asset in an orderly transaction between market participants at the measurement date. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The Company's AFS securities are measured at fair value on a recurring basis. Changes in the fair value of AFS securities are recorded, net of tax, as AOCI in stockholders' equity. The Company primarily uses prices obtained from third-party pricing services to determine the fair value of its AFS securities. Various modeling techniques are used to determine pricing for the Company's securities, including option pricing, discounted cash flow models, and similar techniques. The inputs to these models may include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. All AFS securities are classified as Level 2.

The Company's interest rate swaps are measured at fair value on a recurring basis. The estimated fair value of the interest rate swaps are obtained from the counterparty and are determined by a discounted cash flow analysis using observable market-based inputs. Changes in the fair value of the interest rate swaps are recorded, net of tax, as AOCI in stockholders' equity. The Company did not have any other financial instruments that were measured at fair value on a recurring basis at September 30, 2020.

Recent Accounting Pronouncements

For a discussion of Recent Accounting Pronouncements, see "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Financial Statements – Note 1. Summary of Significant Accounting Policies."

Management Strategy

We are a community-oriented financial institution dedicated to serving the needs of customers in our market areas. Our commitment is to provide qualified borrowers the broadest possible access to home ownership through our mortgage lending programs and to offer a complete set of personal and commercial banking products and services to our customers. We strive to enhance stockholder value while maintaining a strong capital position. To achieve these goals, we focus on the following strategies:

- **Lending.** We are one of the leading originators of one- to four-family loans in the state of Kansas. We originate these loans primarily for our own portfolio, and we service the loans we originate. We also purchase one- to four-family loans from correspondent lenders. In addition, we offer several commercial lending options to our customers and participate in commercial loans with other lenders. We offer both fixed- and adjustable-rate products with various terms to maturity and pricing options. We maintain strong relationships with local real estate agents to attract mortgage loan business. We rely on our marketing efforts and customer service reputation to attract mortgage business from walk-in customers, customers that apply online, and existing customers.
- **Deposit Services.** We offer a wide array of retail and business deposit products and services. These products include checking, savings, money market, certificates of deposit, and retirement accounts. Our deposit services are provided through a branch network of 54 locations, including traditional branches and retail in-store locations, our call center which operates on extended hours, mobile banking, telephone banking, and online banking and bill payment services.
- **Cost Control.** We generally are very effective at controlling our costs of operations. By using technology, we are able to centralize our loan servicing and deposit support functions for efficient processing. We serve a broad range of customers through relatively few branch locations. Our average deposit base per traditional branch at September 30, 2020 was approximately $123.6 million. This large average deposit base per branch helps to control costs. Our one- to four-family lending strategy and our effective management of credit risk allows us to service a large portfolio of loans at efficient levels because it costs less to service a portfolio of performing loans. We recognize it is more expensive to offer a full suite of commercial products and services, but we will continue our efforts to control those costs.
- **Asset Quality.** We utilize underwriting standards for our lending products, including the loans we purchase and participate in, that are designed to limit our exposure to credit risk. We require complete documentation for both originated and purchased loans, and make credit decisions based on our assessment of the borrower's ability to repay the loan in accordance with its terms. Additionally, we monitor the asset quality of existing loans and strive to work proactively with customers who face challenging financial conditions.
- **Capital Position.** Our policy has always been to protect the safety and soundness of the Bank through credit and operational risk management, balance sheet strength, and sound operations. The end result of these activities has been a capital ratio in excess of the well-capitalized standards set by the OCC. We believe that maintaining a strong capital position safeguards the long-term interests of the Bank, the Company, and our stockholders.
- **Stockholder Value.** We strive to provide stockholder value while maintaining a strong capital position. One way that we continue to provide returns to stockholders is through our dividend payments. Total dividends declared and paid during fiscal year 2020 were $93.9 million. The Company's cash dividend payout policy is reviewed quarterly by management and the Board of Directors, and the ability to pay dividends under the policy depends upon a number of factors, including the Company's financial condition and results of operations, regulatory capital requirements, regulatory limitations on the Bank's ability to make capital distributions to the Company, and the amount of cash at the holding company level. For fiscal year 2021, it is the intention of the Board of Directors to continue the payout of 100% of the Company's earnings to its stockholders through regular quarterly dividends and a true-up dividend. Stockholder value is also provided through common stock repurchases. During fiscal year 2020, the Company repurchased $23.8 million, or 2,558,100 shares, of common stock.
- **Interest Rate Risk Management.** Changes in interest rates are our primary market risk as our balance sheet is almost entirely comprised of interest-earning assets and interest-bearing liabilities. As such, fluctuations in interest rates have a significant impact not only upon our net income but also upon the cash flows related to those assets and liabilities and the market value of our assets and liabilities. In order to maintain what we believe to be acceptable levels of net interest income in varying interest rate environments, we actively manage our interest rate risk and assume a moderate amount of interest rate risk consistent with board policies.

Financial Condition

Assets. Total assets at September 30, 2020 were $9.49 billion, an increase of $147.2 million, or 1.6% from September 30, 2019. The increase was due mainly to an increase in securities, partially offset by a decrease in loans receivable. Securities were purchased with cash flows from the loan portfolio and growth in the deposit portfolio.

Loans Receivable. The following table presents the balance and weighted average rate of our loan portfolio as of the dates indicated. Approximately 67% of the one- to four-family loan portfolio balance at September 30, 2020 was comprised of loans that had a balance of $510 thousand or less at the time of origination. The weighted average interest rate on our loan portfolio decreased 26 basis points, to 3.55% at September 30, 2020. The decrease was due primarily to the downward repricing of the one- to four-family originated and correspondent purchased portfolios as a result of endorsements, payoffs of loans with higher rates, and originations and purchases at lower market rates during the year.

	September 30, 2020		September 30, 2019	
	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
One- to four-family:				
Originated	$ 3,937,310	3.50%	$ 3,873,851	3.74%
Correspondent purchased	2,101,082	3.49	2,349,877	3.64
Bulk purchased	208,427	2.41	252,347	2.94
Construction	34,593	3.30	36,758	4.00
Total	6,281,412	3.46	6,512,833	3.68
Commercial:				
Commercial real estate	626,588	4.29	583,617	4.48
Commercial and industrial	97,614	2.79	61,094	5.14
Construction	105,458	4.04	123,159	4.81
Total	829,660	4.08	767,870	4.58
Consumer loans:				
Home equity	103,838	4.66	120,587	6.15
Other	10,086	4.40	11,183	4.57
Total	113,924	4.64	131,770	6.02
Total loans receivable	7,224,996	3.55	7,412,473	3.81
Less:				
ACL	31,527		9,226	
Discounts/unearned loan fees	29,190		31,058	
Premiums/deferred costs	(38,572)		(44,558)	
Total loans receivable, net	$ 7,202,851		$ 7,416,747	

Loan Activity - The following tables summarize activity in the loan portfolio, along with weighted average rates where applicable, for the periods indicated, excluding changes in ACL, discounts/unearned loan fees, and premiums/deferred costs. Loans that were paid off as a result of refinances are included in repayments. Loan endorsements are not included in the activity in the following table because a new loan is not generated at the time of the endorsement. The endorsed balance and rate are included in the ending loan portfolio balance and rate. During fiscal year 2020, the Bank endorsed $695.4 million of one- to four-family loans, reducing the average rate on those loans by 83 basis points. Commercial loan renewals are not included in the activity in the following table unless new funds are disbursed at the time of renewal. During the initial days of the COVID-19 pandemic, correspondent one- to four-family loan application acceptance was suspended by the Bank but existing correspondent applications and commitments continued to progress through the approval and funding process. One- to four-family correspondent new loan application acceptance resumed in mid-June 2020.

	For the Three Months Ended							
	September 30, 2020		June 30, 2020		March 31, 2020		December 31, 2019	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
	(Dollars in thousands)							
Beginning balance	$ 7,407,442	3.64 %	$ 7,493,280	3.74 %	$ 7,424,834	3.77 %	$ 7,412,473	3.81 %
Originated and refinanced:								
Fixed	265,424	2.98	277,904	2.83	172,891	3.44	233,693	3.52
Adjustable	44,625	3.68	60,626	3.75	55,946	4.11	55,126	4.30
Purchased and participations:								
Fixed	61,435	3.07	131,739	3.28	125,612	3.46	123,118	3.77
Adjustable	4,396	2.76	62,510	3.76	18,985	2.96	13,801	3.06
Change in undisbursed loan funds	13,898		(32,202)		24,049		(9,743)	
Repayments	(572,536)		(586,434)		(328,644)		(403,361)	
Principal recoveries/(charge-offs), net	312		19		(314)		(16)	
Other	—		—		(79)		(257)	
Ending balance	$ 7,224,996	3.55	$ 7,407,442	3.64	$ 7,493,280	3.74	$ 7,424,834	3.77

	For the Year Ended September 30,			
	2020		2019	
	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
Beginning balance	$ 7,412,473	3.81 %	$ 7,507,645	3.74 %
Originated and refinanced:				
Fixed	949,912	3.15	505,334	4.10
Adjustable	216,323	3.97	319,608	4.77
Purchased and participations:				
Fixed	441,904	3.44	186,135	4.64
Adjustable	99,692	3.47	76,305	4.40
Change in undisbursed loan funds	(3,998)		52,220	
Repayments	(1,890,975)		(1,233,157)	
Principal recoveries, net	1		13	
Other	(336)		(1,630)	
Ending balance	$ 7,224,996	3.55	$ 7,412,473	3.81

The following table presents loan origination, refinance, and purchase activity for the periods indicated, excluding endorsement activity, along with associated weighted average rates and percent of total. Commercial loan renewals are not included in the activity in the following table except to the extent new funds are disbursed at the time of renewal. Loan originations, purchases, and refinances are reported together. During fiscal year 2019, the Bank discontinued the use of LIBOR for adjustable-rate one- to four-family loan originations and no longer purchases correspondent one- to four-family loans that use LIBOR, since LIBOR is expected to be discontinued by the end of calendar year 2021. Adjustable-rate one- to four-family loan originations and purchases are now tied to the one-year CMT index, which, to date, does not appear to have had any impact on our ability and opportunities to originate and purchase adjustable-rate one- to four-family loans.

	For the Year Ended					
	September 30, 2020			September 30, 2019		
	Amount	Rate	% of Total	Amount	Rate	% of Total
			(Dollars in thousands)			
Fixed-rate:						
One- to four-family:[1]						
<= 15 years	$ 384,937	2.79%	22.5%	$ 106,966	3.56%	9.8%
> 15 years	804,898	3.41	47.1	420,243	4.14	38.6
One- to four-family construction	44,754	3.28	2.6	51,663	4.13	4.8
Commercial:						
Commercial real estate	44,005	4.17	2.7	27,886	6.21	2.6
Commercial and industrial	65,174	1.92	3.8	15,291	5.24	1.4
Commercial construction	39,346	4.71	2.3	59,108	4.85	5.4
Home equity	4,493	5.83	0.3	5,411	6.20	0.5
Other	4,209	5.67	0.2	4,901	5.29	0.5
Total fixed-rate	1,391,816	3.24	81.5	691,469	4.24	63.6
Adjustable-rate:						
One- to four-family:[2]						
<= 36 months	5,800	2.80	0.3	9,786	3.57	0.9
> 36 months	125,865	2.95	7.4	139,511	3.70	12.8
One- to four-family construction	12,984	2.97	0.8	19,364	3.86	1.8
Commercial:						
Commercial real estate	50,697	4.56	3.0	100,142	4.84	9.2
Commercial and industrial	6,360	4.72	0.4	27,496	5.63	2.5
Commercial construction	53,563	4.06	3.1	30,251	5.39	2.8
Home equity	58,709	4.95	3.4	66,893	6.33	6.2
Other	2,037	3.86	0.1	2,470	3.51	0.2
Total adjustable-rate	316,015	3.81	18.5	395,913	4.70	36.4
Total originated, refinanced and purchased	$1,707,831	3.35	100.0%	$1,087,382	4.41	100.0%
Purchased and participation loans included above:						
Fixed-rate:						
Correspondent - one- to four-family	$ 395,778	3.34		$ 118,758	4.31	
Participations - commercial	46,126	4.29		67,377	5.24	
Total fixed-rate purchased/participations	441,904	3.44		186,135	4.64	
Adjustable-rate:						
Correspondent - one- to four-family	52,192	2.94		47,655	3.83	
Participations - commercial	47,500	4.04		28,650	5.35	
Total adjustable-rate purchased/participations	99,692	3.47		76,305	4.40	
Total purchased/participation loans	$ 541,596	3.44		$ 262,440	4.57	

(1) The fixed-rate one- to four-family loans less than or equal to 15 years have an original maturity at origination of less than or equal to 15 years, while fixed-rate one- to four-family loans greater than 15 years have an original maturity at origination of greater than 15 years.
(2) The adjustable-rate one- to four-family loans less than or equal to 36 months have a term to first reset of less than or equal to 36 months at origination and adjustable-rate one- to four-family loans greater than 36 months have a term to first reset of greater than 36 months at origination.

One- to Four-Family Loans - The following table presents, for our portfolio of one- to four-family loans, the amount, percent of total, weighted average credit score, weighted average LTV ratio, and average balance per loan as of the dates presented. Credit scores are updated at least annually, with the latest update in September 2020, from a nationally recognized consumer rating agency. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. In most cases, the most recent appraisal was obtained at the time of origination.

	September 30, 2020				
	Amount	**% of Total**	**Credit Score**	**LTV**	**Average Balance**
	(Dollars in thousands)				
Originated	$ 3,937,310	63.0%	771	62%	$ 145
Correspondent purchased	2,101,082	33.6	765	64	379
Bulk purchased	208,427	3.4	767	60	300
	$ 6,246,819	100.0%	768	63	187

	September 30, 2019				
	Amount	**% of Total**	**Credit Score**	**LTV**	**Average Balance**
	(Dollars in thousands)				
Originated	$ 3,873,851	59.8%	768	62%	$ 140
Correspondent purchased	2,349,877	36.3	765	65	371
Bulk purchased	252,347	3.9	762	61	304
	$ 6,476,075	100.0%	767	63	186

The following table presents originated, refinanced, and correspondent purchased activity in our one- to four-family loan portfolio, excluding endorsement activity, along with associated weighted average LTVs and weighted average credit scores for the periods indicated. Included in the "Refinanced by Bank customers" line item are correspondent loans that were refinanced with the Bank. Of the loans originated during the current year, $300.4 million were refinanced from other lenders. Of the loans originated and refinanced during the current year, 76% had loan values of $510 thousand or less. Of the correspondent loans purchased during the current year, 20% had loan values of $510 thousand or less.

	For the Year Ended					
	September 30, 2020			September 30, 2019		
	Amount	**LTV**	**Credit Score**	**Amount**	**LTV**	**Credit Score**
	(Dollars in thousands)					
Originated	$ 662,678	74%	767	$ 494,739	78%	760
Refinanced by Bank customers	268,590	67	765	86,381	68	752
Correspondent purchased	447,970	71	768	166,413	73	762
	$ 1,379,238	72	767	$ 747,533	76	760

The following table presents the amount, percent of total, and weighted average rate, by state, of one- to four-family loan originations and correspondent purchases where originations and purchases in the state exceeded five percent of the total amount originated and purchased during the year ended September 30, 2020.

State	Amount	% of Total	Rate
	(Dollars in thousands)		
Kansas	$ 804,919	58.4%	3.15%
Missouri	234,730	17.0	3.20
Texas	177,752	12.9	3.23
Other states	161,837	11.7	3.32
	$ 1,379,238	100.0%	3.19

Through September 30, 2020, the Bank had processed COVID-19 loan modifications for 942 one- to four-family loans totaling $239.5 million, of which $39.8 million, or 17%, were still in the deferral period as of September 30, 2020. Of the COVID-19 loan modifications that had completed the deferral period by September 30, 2020 and were not delinquent prior to requesting assistance, $1.4 million were 30 to 89 days delinquent and none were 90 or more days delinquent as of September 30, 2020.

The modifications still in the deferral period as of September 30, 2020 are summarized in the table below, along with the weighted average credit score and weighted average LTV as of September 30, 2020. Credit scores were updated in September 2020 from a nationally recognized consumer rating agency. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. In most cases, the most recent appraisal was obtained at the time of origination.

	Count	Amount	Credit Score	LTV
		(Dollars in thousands)		
Originated	159	$ 26,859	715	67%
Correspondent purchased	34	12,984	749	67
	193	$ 39,843	727	67

The following table summarizes our one- to four-family loan origination and refinance commitments and one- to four-family correspondent loan purchase commitments as of September 30, 2020, along with associated weighted average rates. Loan commitments generally have fixed expiration dates or other termination clauses and may require the payment of a rate lock fee. It is expected that some of the loan commitments will expire unfunded, so the amounts reflected in the table below are not necessarily indicative of our future cash needs.

	Fixed-Rate			Total	
	15 years or less	More than 15 years	Adjustable-Rate	Amount	Rate
		(Dollars in thousands)			
Originate/refinance	$ 35,869	$ 56,110	$ 11,300	$ 103,279	2.87%
Correspondent	15,687	49,912	5,080	70,679	2.89
	$ 51,556	$ 106,022	$ 16,380	$ 173,958	2.88
Rate	2.49%	3.08%	2.79%		

Commercial Loans - During fiscal year 2020, the Bank originated $165.5 million of commercial loans, of which $43.9 million were PPP loans, entered into commercial real estate loan participations totaling $93.6 million, and processed commercial loan disbursements, excluding lines of credit, of approximately $228.7 million at a weighted average rate of 3.78%.

The following table presents the Bank's commercial real estate and commercial construction loans and loan commitments by type of primary collateral, as of September 30, 2020. Included in the gross loan amounts in the table, which does not include outstanding commitments, are fixed-rate loans totaling $534.6 million at a weighted average rate of 4.15% and adjustable-rate loans totaling $331.1 million at a weighted average rate of 4.38%. The weighted average rate of fixed-rate loans is lower than that of adjustable-rate loans due primarily to the majority of the fixed-rate loans in the portfolio at September 30, 2020 having shorter terms to maturity. Because the commitments to pay out undisbursed funds are not cancellable by the Bank, unless the loan is in default, we anticipate fully funding the related projects.

	Count	Unpaid Principal	Undisbursed Amount	Gross Loan Amount	Outstanding Commitments	Total	% of Total
				(Dollars in thousands)			
Senior housing	25	$ 225,062	$ 32,638	$ 257,700	$ —	$257,700	27.5%
Hotel	9	129,488	49,686	179,174	—	179,174	19.1
Retail building	133	126,439	11,960	138,399	1,771	140,170	14.9
Office building	98	56,131	4,745	60,876	60,875	121,751	13.0
Multi-family	40	63,115	18,801	81,916	2,800	84,716	9.0
One- to four-family property	391	57,754	7,251	65,005	215	65,220	7.0
Single use building	21	43,596	5,163	48,759	1,500	50,259	5.4
Other	91	30,461	3,459	33,920	4,598	38,518	4.1
	808	$ 732,046	$ 133,703	$ 865,749	$ 71,759	$937,508	100.0%
Weighted average rate		4.25%	4.19%	4.24%	4.05%	4.23%	

The following table summarizes the Bank's commercial real estate and commercial construction loans and loan commitments by state as of September 30, 2020.

	Count	Unpaid Principal	Undisbursed Amount	Gross Loan Amount	Outstanding Commitments	Total	% of Total
				(Dollars in thousands)			
Kansas	627	$ 285,184	$ 15,744	$ 300,928	$ 8,254	$ 309,182	33.0%
Missouri	149	227,101	56,545	283,646	2,005	285,651	30.5
Texas	9	117,675	53,107	170,782	60,000	230,782	24.6
Nebraska	6	33,820	16	33,836	—	33,836	3.6
Kentucky	1	25,450	109	25,559	—	25,559	2.7
California	3	5,843	4,300	10,143	1,500	11,643	1.2
Other	13	36,973	3,882	40,855	—	40,855	4.4
	808	$ 732,046	$ 133,703	$ 865,749	$ 71,759	$ 937,508	100.0%

The following table presents the Bank's commercial and industrial loans and loan commitments by business purpose, as of September 30, 2020. Including in the working capital loan category are $43.9 million of PPP loans.

	Count	Unpaid Principal	Undisbursed Amount	Gross Loan Amount	Outstanding Commitments	Total	% of Total
				(Dollars in thousands)			
Working capital	942	$ 56,348	$ 17,237	$ 73,585	$ 331	$ 73,916	62.0%
Equipment	119	14,184	303	14,487	850	15,337	12.9
Purchase/lease autos	178	11,275	97	11,372	—	11,372	9.5
Business investment	70	11,029	80	11,109	—	11,109	9.3
Other	22	4,778	2,785	7,563	—	7,563	6.3
	1,331	$ 97,614	$ 20,502	$ 118,116	$ 1,181	$ 119,297	100.0%

The following table presents the Bank's commercial loan portfolio and outstanding loan commitments, categorized by gross loan amount (unpaid principal plus undisbursed amounts) or outstanding loan commitment amount, as of September 30, 2020.

	Count	Amount
	(Dollars in thousands)	
Greater than $30 million	$ 4	$ 181,677
>$15 to $30 million	13	314,054
>$10 to $15 million	3	34,761
>$5 to $10 million	13	81,202
$1 to $5 million	103	217,178
Less than $1 million	2,003	227,933
	$ 2,139	$ 1,056,805

The Bank's commercial lending team is working proactively with our commercial customers as the COVID-19 pandemic continues to present challenging operating conditions. Through September 30, 2020, we have modified $410.9 million of commercial loans under our COVID-19 loan modification program. Of this amount, $43.5 million had completed the deferral period by September 30, 2020, all of which were current, and $367.4 million, or 89%, were still in the deferral period as of September 30, 2020. We have also processed 791 PPP loans for $43.9 million, for which we received approximately $1.9 million in fees. Approximately 60% of PPP loans processed were in the following industries: construction, professional/scientific/technical, health care/social assistance, and retail trade. Through November 16, 2020, $12.2 million of the Bank's PPP loans have been forgiven by the SBA.

The following table presents the gross loan amount, including undisbursed balances, of the Bank's commercial real estate loans by type of primary collateral, and commercial and industrial loans by business purpose, that have been modified per the Bank's COVID-19 loan modification program, and had not completed the deferral period as of September 30, 2020. The information is presented by type of modification and as a percentage of total modifications, as well as by a percentage of the total gross loan amount and undisbursed balances of the related property type or business purpose category. Of the loans presented in the table below, $258.8 million, or 70%, completed their deferral period by November 16, 2020, and an additional $57.4 million was paid off in October 2020.

	Modification Type				% of
	Interest Only	Payment Deferral	Total	% of Total	Property Type/ Business Purpose
	(Dollars in thousands)				
Commercial real estate					
Senior housing	$ 115,082	$ 57,258	$ 172,340	46.9%	66.9%
Hotel	76,208	10,049	86,257	23.5	48.1
Retail building	27,197	5,815	33,012	9.0	23.9
Multi-family	30,304	1,625	31,929	8.7	65.5
One- to four-family property	14,618	4,375	18,993	5.2	31.2
Office building	7,643	336	7,979	2.2	12.3
Single use building	7,390	—	7,390	2.0	9.0
Other	2,318	—	2,318	0.6	6.8
	280,760	79,458	360,218	98.1	41.6
Commercial and industrial					
Working capital	4,136	—	4,136	1.1	32.7
Equipment	848	—	848	0.2	1.2
Business investment	719	—	719	0.2	5.5
Purchase/lease autos	651	—	651	0.2	5.7
Other	786	—	786	0.2	32.6
	7,140	—	7,140	1.9	6.0
Total	$ 287,900	$ 79,458	$ 367,358	100.0%	37.3

Of the commercial loans modified under the COVID-19 loan modification program, through November 16, 2020, we have received or are expecting to receive requests for additional assistance on loans with a combined gross loan amount, including undisbursed balances, of $87.4 million. This amount includes $14.6 million of loans that had exited the initial deferral period by September 30, 2020, and $72.8 million that are included in the table above, of which $69.0 million were in their second deferral as of September 30, 2020. The Bank is evaluating requests for additional assistance as they are received.

Securities. Securities increased $338.2 million from $1.19 billion at September 30, 2019 to $1.53 billion at September 30, 2020. The weighted average yield on the securities portfolio decreased 92 basis points, from 2.54% at September 30, 2019 to 1.62% at September 30, 2020, due primarily to purchases at lower market yields during the current year. The following table presents the distribution of our securities portfolio, at amortized cost, at the dates indicated. Overall, fixed-rate securities comprised 87% of our securities portfolio at September 30, 2020. The weighted average life ("WAL") is the estimated remaining maturity (in years) after three-month historical prepayment speeds and projected call option assumptions have been applied. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	September 30, 2020			September 30, 2019		
	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)					
Fixed-rate securities:						
MBS	$ 945,432	1.82%	3.7	$ 625,840	2.46%	2.9
GSE debentures	369,967	0.62	1.7	249,828	2.15	0.7
Municipal bonds	9,716	1.69	0.7	18,371	1.63	1.0
Total fixed-rate securities	1,325,115	1.49	3.1	894,039	2.35	2.3
Adjustable-rate securities:						
MBS	204,490	2.49	2.9	297,416	3.10	4.7
Total securities portfolio	$ 1,529,605	1.62	3.1	$ 1,191,455	2.54	2.9

The following table presents the carrying value of MBS in our portfolio by issuer at the dates presented.

	At September 30,	
	2020	2019
	(Dollars in thousands)	
FNMA	$ 809,232	$ 656,799
FHLMC	327,167	208,745
Government National Mortgage Association	44,404	70,943
	$ 1,180,803	$ 936,487

Mortgage-Backed Securities - The balance of MBS, which primarily consists of securities of U.S. GSEs, increased $244.3 million to $1.18 billion at September 30, 2020 from $936.5 million at September 30, 2019. The following tables summarize the activity in our portfolio of MBS for the periods presented. The weighted average yields and WALs for purchases are presented as recorded at the time of purchase. The weighted average yields for the beginning balances are as of the last day of the period previous to the period presented and the weighted average yields for the ending balances are as of the last day of the period presented and are generally derived from recent prepayment activity on the securities in the portfolio as of the dates presented. The beginning and ending WAL are the estimated remaining principal repayment term (in years) after three-month historical prepayment speeds have been applied.

	For the Three Months Ended											
	September 30, 2020			June 30, 2020			March 31, 2020			December 31, 2019		
	Amount	Yield	WAL	Amount	Yield	WAL	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)											
Beginning balance - carrying value	$ 982,587	2.35%	3.3	$ 973,318	2.50%	3.6	$ 937,317	2.61%	3.3	$ 936,487	2.67%	3.5
Maturities and repayments	(95,842)			(75,293)			(65,767)			(72,635)		
Net amortization of (premiums)/discounts	(608)			(363)			(279)			(248)		
Purchases:												
Fixed	297,024	1.06	5.9	77,455	1.29	5.0	88,863	1.80	4.5	74,359	2.05	3.8
Adjustable	—	—	—	—	—	—	—	—	—	—	—	—
Change in valuation on AFS securities	(2,358)			7,470			13,184			(646)		
Ending balance - carrying value	$1,180,803	1.94	3.5	$ 982,587	2.35	3.3	$ 973,318	2.50	3.6	$ 937,317	2.61	3.3

	For the Year Ended September 30,					
	2020			2019		
	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)					
Beginning balance - carrying value	$ 936,487	2.67%	3.5	$1,036,990	2.57%	3.4
Maturities and repayments	(309,537)			(275,116)		
Net amortization of (premiums)/discounts	(1,498)			(1,304)		
Purchases:						
Fixed	537,701	1.35	5.2	77,755	2.53	4.1
Adjustable	—	—	—	84,138	2.74	4.4
Valuation transferred from HTM to AFS	—			3,039		
Change in valuation on AFS securities	17,650			10,985		
Ending balance - carrying value	$1,180,803	1.94	3.5	$ 936,487	2.67	3.5

Investment Securities - Investment securities, which consist of U.S. GSE debentures (primarily issued by FNMA, FHLMC, or Federal Home Loan Banks) and municipal investments, increased $111.8 million to $380.1 million at September 30, 2020 from $268.4 million at September 30, 2019. Municipal investments totaled $9.7 million at September 30, 2020. The following tables summarize the activity of investment securities for the periods presented. The weighted average yields and WALs for purchases are presented as recorded at the time of purchase. The weighted average yields for the beginning balances are as of the last day of the period previous to the period presented and the weighted average yields for the ending balances are as of the last day of the period presented. The beginning and ending WALs represent the estimated remaining principal repayment terms (in years) of the securities after projected call dates have been considered, based upon market rates at each date presented.

	For the Three Months Ended											
	September 30, 2020			June 30, 2020			March 31, 2020			December 31, 2019		
	Amount	Yield	WAL	Amount	Yield	WAL	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)											
Beginning balance - carrying value	$ 237,467	1.23%	0.8	$ 262,719	1.87%	0.3	$ 292,270	2.00%	0.8	$ 268,376	2.11%	0.8
Maturities, calls and sales	(102,115)			(125,000)			(80,125)			(51,175)		
Net amortization of (premiums)/discounts	(54)			(80)			(49)			20		
Purchases:												
Fixed	244,975	0.51	3.2	99,990	0.58	1.2	50,097	1.42	0.4	75,000	1.90	1.7
Change in valuation on AFS securities	(126)			(162)			526			49		
Ending balance - carrying value	$ 380,147	0.65	1.7	$ 237,467	1.23	0.8	$ 262,719	1.87	0.3	$ 292,270	2.00	0.8

	For the Year Ended September 30,					
	2020			2019		
	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)					
Beginning balance - carrying value	$ 268,376	2.11%	0.8	$ 289,942	2.05%	2.2
Maturities, calls and sales	(358,415)			(249,771)		
Net amortization of (premiums)/discounts	(163)			62		
Purchases:						
Fixed	470,062	0.84	2.3	224,809	2.44	0.9
Valuation transferred from HTM to AFS	—			47		
Change in valuation on AFS securities	287			3,287		
Ending balance - carrying value	$ 380,147	0.65	1.7	$ 268,376	2.11	0.8

Liabilities. Total liabilities at September 30, 2020 were $8.20 billion, an increase of $198.7 million, or 2.5% from September 30, 2019. The increase was due to an increase in deposits, partially offset by a decrease in borrowings.

Deposits. Total deposits were $6.19 billion at September 30, 2020, an increase of $609.5 million, or 10.9%, from September 30, 2019. The increase in retail and business deposit balances was due primarily to economic stimulus payments, a reduction in consumer spending, and PPP loan proceeds being deposited at the Bank. Also, the Bank secured a new business deposit relationship during the current year which brought in $163.6 million of new deposit balances. Because some of these deposits related to the new business deposit relationship are COVID-19 related payments, we do not expect the full balance of the deposits received during fiscal year 2020 to be retained through fiscal year 2021. As previously noted, since the onset of the COVID-19 pandemic, the Bank has lowered rates paid on money market accounts and certificate of deposit products. Despite this, money market accounts increased $220.8 million and certificate of deposit accounts increased $73.8 million during the current fiscal year. The increase in the certificate of deposit accounts was primarily related to business accounts. As retail certificates of deposit matured during the current year, not all were renewed. Rather, customers moved some of those funds to more liquid investment options, such as the Bank's money market accounts. During fiscal year 2020, the Bank's weighted average retention rate of maturing retail certificates of deposit was approximately 80%, compared to approximately 85% during fiscal year 2019.

The following table presents the amount, weighted average rate and percent of total for the components of our deposit portfolio at the dates presented.

	At September 30,					
	2020			2019		
	Amount	Rate	% of Total	Amount	Rate	% of Total
	(Dollars in thousands)					
Non-interest-bearing checking	$ 451,394	—%	7.3%	$ 357,284	—%	6.4%
Interest-bearing checking	865,782	0.10	14.0	717,121	0.09	12.8
Savings	433,808	0.06	7.0	321,494	0.05	5.8
Money market	1,419,180	0.37	22.9	1,198,343	0.70	21.5
Retail/business certificates of deposit	2,766,461	1.83	44.7	2,692,770	2.08	48.2
Public unit certificates of deposit	254,783	0.74	4.1	294,855	2.29	5.3
	$ 6,191,408	0.95	100.0%	$ 5,581,867	1.29	100.0%

The following tables set forth scheduled maturity information for our certificates of deposit, including public unit certificates of deposit, along with associated weighted average rates, at September 30, 2020.

Rate range	1 year or less	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years	Total Amount	Total Rate
	Amount Due					
	(Dollars in thousands)					
0.00 – 0.99%	$ 449,875	$ 55,037	$ 8,103	$ 1,374	$ 514,389	0.55%
1.00 – 1.99%	713,300	355,888	104,335	186,939	1,360,462	1.65
2.00 – 2.99%	342,326	362,353	313,831	127,632	1,146,142	2.38
3.00 – 3.99%	—	—	251	—	251	3.00
	$ 1,505,501	$ 773,278	$ 426,520	$ 315,945	$ 3,021,244	1.74
Percent of total	49.8%	25.6%	14.1%	10.5%		
Weighted average rate	1.46	1.99	2.16	1.88		
Weighted average maturity (in years)	0.5	1.5	2.4	3.7	1.4	
Weighted average maturity for the retail/business certificate of deposit portfolio (in years)					1.5	

	3 months or less	Over 3 to 6 months	Over 6 to 12 months	Over 12 months	Total
	Amount Due				
	(Dollars in thousands)				
Retail/business certificates of deposit less than $100,000	$ 177,414	$ 167,073	$ 337,599	$ 840,713	$1,522,799
Retail/business certificates of deposit of $100,000 or more	134,441	140,790	310,654	657,777	1,243,662
Public unit certificates of deposit of $100,000 or more	100,761	39,310	97,459	17,253	254,783
	$ 412,616	$ 347,173	$ 745,712	$1,515,743	$3,021,244

Borrowings. Total borrowings at September 30, 2020 were $1.79 billion, a decrease of $450.7 million, or 20.1%, from September 30, 2019. As a result of excess liquidity due primarily to the inflow of deposits, management elected to reduce the Bank's level of borrowing during the current fiscal year. Not all maturing FHLB advances and repurchase agreement were renewed and the FHLB line of credit balance was paid off during the year.

The following tables present borrowing activity for the periods shown. The borrowings presented in the table have original contractual terms of one year or longer or are tied to interest rate swaps with original contractual terms of one year or longer. Excluded from this table is a $3.0 million FHLB advance that had an original contractual term of less than one year. FHLB advances are presented at par. The effective rate is shown as a weighted average and includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid. The weighted average maturity ("WAM") is the remaining weighted average contractual term in years. The beginning and ending WAMs represent the remaining maturity at each date presented. For new borrowings, the WAMs presented are as of the date of issue.

	For the Three Months Ended											
	September 30, 2020			June 30, 2020			March 31, 2020			December 31, 2019		
	Amount	Effective Rate	WAM	Amount	Effective Rate	WAM	Amount	Effective Rate	WAM	Amount	Effective Rate	WAM
	(Dollars in thousands)											
Beginning balance	$1,990,000	2.29%	2.9	$2,090,000	2.25%	3.0	$2,090,000	2.37%	2.6	$2,140,000	2.38%	2.6
Maturities and prepayments:												
FHLB advances	(440,000)	2.49		(200,000)	2.35		(415,000)	2.45		(350,000)	2.40	
Repurchase agreements	(100,000)	2.53		—	—		—	—		—	—	
New FHLB borrowings:												
Fixed-rate	—	—	—	—	—	—	350,000	1.70	4.7	100,000	1.96	5.0
Interest rate swaps[(1)]	340,000	2.73	3.5	100,000	3.20	8.0	65,000	2.61	4.0	200,000	2.57	2.5
Ending balance	$1,790,000	2.31	3.0	$1,990,000	2.29	2.9	$2,090,000	2.25	3.0	$2,090,000	2.37	2.6

	For the Year Ended September 30,					
	2020			2019		
	Amount	Effective Rate	WAM	Amount	Effective Rate	WAM
	(Dollars in thousands)					
Beginning balance	$2,140,000	2.38%	2.6	$2,185,052	2.17%	2.9
Maturities and prepayments:						
FHLB advances	(1,405,000)	2.44		(875,000)	2.10	
Repurchase agreements	(100,000)	2.53		—	—	
CCB acquisition - junior subordinated debentures assumed (redeemed)	—	—	—	(10,052)	8.76	12.3
New FHLB borrowings:						
Fixed-rate	450,000	1.76	4.8	200,000	2.77	4.5
Interest rate swaps[(1)]	705,000	2.74	3.9	640,000	2.67	5.0
Ending balance	$1,790,000	2.31	3.0	$2,140,000	2.38	2.6

(1) Represents adjustable-rate FHLB advances for which the Bank has entered into interest rate swaps to hedge the variability in cash flows associated with the advances. The effective rate and WAM presented include the effect of the interest rate swaps.

Maturities - The following table presents the maturity of term borrowings (which includes FHLB advances, at par, and repurchase agreements), along with associated weighted average contractual and effective rates as of September 30, 2020. The weighted average effective rate for term borrowings decreased seven basis points during fiscal year 2020, to 2.31% at September 30, 2020. The decrease in the effective rate was due primarily to FHLB advances being replaced at lower market interest rates.

Maturity by Fiscal Year	Term Borrowings Amount: Fixed-rate	Term Borrowings Amount: Interest rate swaps[1]	Total Amount	Effective Rate[2]
		(Dollars in thousands)		
2021	203,000	640,000	843,000	2.56%
2022	200,000	—	200,000	2.23
2023	300,000	—	300,000	1.81
2024	100,000	—	100,000	3.39
2025	250,000	—	250,000	1.94
2026	100,000	—	100,000	1.60
	$ 1,153,000	$ 640,000	$ 1,793,000	2.31

(1) Represents adjustable-rate FHLB advances for which the Bank has entered into interest rate swaps with a notional amount of $640.0 million to hedge the variability in cash flows associated with the advances. These advances are presented based on their contractual maturity dates and will be renewed periodically until the maturity or termination of the interest rate swaps. The expected WAL of the interest rate swaps was 3.5 years at September 30, 2020.
(2) The effective rate includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid.

The following table presents the maturity and weighted average repricing rate, which is also the weighted average effective rate, of certificates of deposit, split between retail/business and public unit amounts, and term borrowings for the next four quarters as of September 30, 2020.

Maturity by Quarter End	Retail/ Business Certificate Amount	Repricing Rate	Public Unit Certificate Amount	Repricing Rate	Term Borrowings Amount[1]	Repricing Rate	Total	Repricing Rate
				(Dollars in thousands)				
December 31, 2020	$ 311,855	1.76%	$ 100,761	0.43%	$ 53,000	1.98%	$ 465,616	1.50%
March 31, 2021	307,863	1.78	39,310	1.19	150,000	1.97	497,173	1.79
June 30, 2021	342,662	1.51	49,185	0.48	—	—	391,847	1.38
September 30, 2021	305,591	1.40	48,274	0.95	75,000	2.99	428,865	1.63
	$ 1,267,971	1.61	$ 237,530	0.67	$ 278,000	2.24	$ 1,783,501	1.59

(1) The maturity date for FHLB advances tied to interest rate swaps is based on the maturity date of the related interest rate swap.

Stockholders' Equity. Stockholders' equity was $1.28 billion at September 30, 2020 compared to $1.34 billion at September 30, 2019. The $51.5 million decrease was due primarily to the payment of cash dividends totaling $93.9 million and the repurchase of common stock totaling $23.8 million, partially offset by net income of $64.5 million during the current year. The cash dividends paid during the current year totaled $0.68 per share and consisted of a $0.34 per share cash true-up dividend related to fiscal year 2019 earnings, paid in December 2019, per the Company's dividend policy, and four regular quarterly cash dividends of $0.085 per share, totaling $0.34 per share. In the long run, management considers the Bank's equity to total assets ratio of at least 10% an appropriate level of capital. At September 30, 2020, this ratio was 12.3%.

On October 20, 2020, the Company announced a regular quarterly cash dividend of $0.085 per share, or approximately $11.5 million, payable on November 20, 2020 to stockholders of record as of the close of business on November 6, 2020. On October 28, 2020, the Company announced a fiscal year 2020 cash true-up dividend of $0.13 per share, or approximately $17.6 million, related to fiscal year 2020 earnings. The $0.13 per share cash true-up dividend was determined by taking the difference between total earnings for fiscal year 2020 and total regular quarterly cash dividends paid during fiscal year 2020, divided by the number of shares outstanding as of October 16, 2020. The cash true-up dividend is payable on December 4, 2020 to stockholders of record as of the close of business on November 20, 2020, and is the result of the Board of Directors' commitment to distribute to stockholders 100% of the annual earnings of the Company for fiscal year 2020.

During the current fiscal year, the Company repurchased $23.8 million, or 2,558,100 shares, of common stock. Subsequent to September 30, 2020, through November 24, 2020, the Company repurchased an additional $1.5 million, or 164,400 shares, of common stock. As of November 24, 2020, there was still $44.7 million authorized under the existing stock repurchase plan for additional purchases of the Company's common stock. Shares may be repurchased from time to time based upon market conditions, available liquidity and other factors. This plan has no expiration date; however, the Federal Reserve Bank's approval for the Company to repurchase shares extends through August 2021.

At September 30, 2020, Capitol Federal Financial, Inc., at the holding company level, had $82.5 million on deposit at the Bank. For fiscal year 2021, it is currently the intention of the Board of Directors to continue the payout of 100% of the Company's earnings to the Company's stockholders. The payout is expected to be in the form of regular quarterly cash dividends of $0.085 per share, totaling $0.34 for the year, and a cash true-up dividend equal to fiscal year 2021 earnings in excess of the amount paid as regular quarterly cash dividends during fiscal year 2021. It is anticipated that the fiscal year 2021 cash true-up dividend will be paid in December 2021. Dividend payments depend upon a number of factors including the Company's financial condition and results of operations, regulatory capital requirements, regulatory limitations on the Bank's ability to make capital distributions to the Company, and the amount of cash at the holding company.

The Company works to find multiple ways to provide stockholder value. This has primarily been through the payment of cash dividends and stock buybacks. The Company has maintained a policy of paying out 100% of its earnings to stockholders in the form of quarterly cash dividends and an annual cash true-up dividend in December of each year. In order to provide additional stockholder value, the Company has paid a True Blue Capitol cash dividend of $0.25 per share in June of each of the past six years. The Company has paid the True Blue Capitol dividend primarily due to excess capital levels at the Company and Bank. The Company considers various business strategies and their impact on capital and asset measures on both a current and future basis, as well as regulatory capital levels and requirements, in determining the amount, if any, and timing of the True Blue dividend. Given the state of economic uncertainty and how that may play out with the credit risk exposure in the Bank's loan portfolio, the Company elected to defer the annual True Blue dividend in June 2020 and did not ask for a regulatory non-objection at that time to move capital from the Bank to the Company to pay that dividend. It is management's intention to ask for a regulatory non-objection at some point in the future and to pay this dividend when economic conditions are more certain. It remains the Company's intention to pay out 100% of its earnings.

The following table presents regular quarterly cash dividends and special cash dividends paid in calendar years 2020, 2019, and 2018. The amounts represent cash dividends paid during each period. The 2020 true-up dividend amount presented represents the dividend payable on December 6, 2020 to stockholders of record as of November 22, 2020.

	Calendar Year					
	2020		2019		2018	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
	(Dollars in thousands, except per share amounts)					
Regular quarterly dividends paid						
Quarter ended March 31	$ 11,733	$ 0.085	$ 11,700	$ 0.085	$ 11,427	$ 0.085
Quarter ended June 30	11,733	0.085	11,708	0.085	11,429	0.085
Quarter ended September 30	11,733	0.085	11,713	0.085	11,430	0.085
Quarter ended December 31	11,517	0.085	11,731	0.085	11,696	0.085
True-up dividends paid	17,614	0.130	46,932	0.340	53,666	0.390
True Blue dividends paid	—	—	34,446	0.250	33,614	0.250
Calendar year-to-date dividends paid	$ 64,330	$ 0.470	$ 128,230	$ 0.930	$ 133,262	$ 0.980

Weighted Average Yields and Rates. The following table presents the weighted average yields on interest-earning assets, the weighted average rates paid on interest-bearing liabilities, and the resultant interest rate spreads at the dates indicated. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yields/rates. The weighted average rate on FHLB borrowings includes the impact of interest rate swaps. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	At September 30,		
	2020	2019	2018
Yield on:			
Loans receivable	3.57%	3.81%	3.74%
MBS	1.94	2.67	2.57
Investment securities	0.65	2.11	2.05
FHLB stock	4.64	7.47	7.22
Cash and cash equivalents	0.09	1.80	2.19
Combined yield on interest-earning assets	3.18	3.64	3.57
Rate paid on:			
Checking	0.07	0.06	0.05
Savings	0.06	0.05	0.07
Money market	0.37	0.70	0.47
Retail/business certificates	1.83	2.08	1.79
Wholesale certificates	0.74	2.29	1.89
Total deposits	0.95	1.29	1.06
Total borrowings	2.31	2.37	2.18
Combined rate paid on interest-bearing liabilities	1.26	1.60	1.39
Net interest rate spread	1.92	2.04	2.18

Rate/Volume Analysis. The table below presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities, comparing fiscal years 2020 to 2019. For the comparison of fiscal years 2019 to 2018, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in volume, which are changes in the average balance multiplied by the previous year's average rate, and (2) changes in rate, which are changes in the average rate multiplied by the average balance from the previous year. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate.

	For the Year Ended September 30, 2020 vs. 2019		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable	$ (2,074)	$ (11,661)	$ (13,735)
MBS	(612)	(2,109)	(2,721)
Investment securities	(236)	(1,663)	(1,899)
FHLB stock	(406)	(1,590)	(1,996)
Cash and cash equivalents	(1,322)	(3,303)	(4,625)
Total interest-earning assets	(4,650)	(20,326)	(24,976)
Interest-bearing liabilities:			
Checking	65	82	147
Savings	29	66	95
Money market	(14)	(2,200)	(2,214)
Certificates of deposit	2,048	1,321	3,369
Borrowings	(8,876)	(442)	(9,318)
Total interest-bearing liabilities	(6,748)	(1,173)	(7,921)
Net change in net interest income	$ 2,098	$ (19,153)	$ (17,055)

Average Balance Sheets. The following table presents the average balances of our assets, liabilities, and stockholders' equity, and the related weighted average yields and rates on our interest-earning assets and interest-bearing liabilities for the periods indicated. For fiscal year 2018 information, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019. Weighted average yields are derived by dividing annual income by the average balance of the related assets, and weighted average rates are derived by dividing annual expense by the average balance of the related liabilities, for the periods shown. Average outstanding balances are derived from average daily balances. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yields/rates. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	For the Year Ended September 30,					
	2020			2019		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
Assets:			(Dollars in thousands)			
Interest-earning assets:						
One- to four-family loans	$ 6,529,265	$ 226,703	3.47%	$ 6,681,441	$ 240,919	3.61%
Commercial loans	785,127	37,320	4.68	701,771	34,810	4.90
Consumer loans	123,334	6,471	5.25	135,683	8,500	6.26
Total loans receivable(1)	7,437,726	270,494	3.63	7,518,895	284,229	3.77
MBS(2)	954,197	23,009	2.41	977,925	25,730	2.63
Investment securities(2)(3)	270,683	4,467	1.65	281,490	6,366	2.26
FHLB stock	100,251	5,827	5.81	106,057	7,823	7.38
Cash and cash equivalents(4)	179,142	1,181	0.65	251,015	5,806	2.28
Total interest-earning assets(1)(2)	8,941,999	304,978	3.40	9,135,382	329,954	3.61
Other non-interest-earning assets	461,614			385,803		
Total assets	$ 9,403,613			$ 9,521,185		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Checking	$ 1,180,110	762	0.06	$ 1,073,825	615	0.06
Savings	388,662	292	0.08	342,617	197	0.06
Money market	1,252,992	6,647	0.53	1,255,001	8,861	0.71
Retail/business certificates	2,716,945	55,238	2.03	2,531,923	48,496	1.92
Wholesale certificates	282,947	4,659	1.65	369,282	8,032	2.18
Total deposits	5,821,656	67,598	1.16	5,572,648	66,201	1.19
Borrowings(5)	2,065,966	48,045	2.31	2,441,002	57,363	2.34
Total interest-bearing liabilities	7,887,622	115,643	1.46	8,013,650	123,564	1.54
Other non-interest-bearing liabilities	203,990			149,156		
Stockholders' equity	1,312,001			1,358,379		
Total liabilities and stockholders' equity	$ 9,403,613			$ 9,521,185		
Net interest income(6)		$ 189,335			$ 206,390	
Net interest rate spread(7)(8)			1.94			2.07
Net interest-earning assets	$ 1,054,377			$ 1,121,732		
Net interest margin(8)(9)			2.12			2.26
Ratio of interest-earning assets to interest-bearing liabilities			1.13x			1.14x

(1) Balances are adjusted for unearned loan fees and deferred costs. Loans that are 90 or more days delinquent are included in the loans receivable average balance with a yield of zero percent.
(2) AFS securities are adjusted for unamortized purchase premiums or discounts.
(3) The average balance of investment securities includes an average balance of nontaxable securities of $13.8 million, and $21.6 million, for the years ended September 30, 2020 and 2019, respectively.
(4) There were no cash and cash equivalents related to the leverage strategy during the year ended September 30, 2020. The average balance of cash and cash equivalents includes an average balance of cash related to the leverage strategy of $150.7 million for the year ended September 30, 2019.
(5) There were no borrowings related to the leverage strategy during the year ended September 30, 2020. Included in this line item, for the year ended September 30, 2019, are borrowings related to the leverage strategy with an average outstanding balance of $157.8 million and interest paid of $3.9 million, at a weighted average rate of 2.46%, and borrowings not related to the leverage strategy with an average outstanding balance of $2.28 billion and interest paid of $53.4 million, at a weighted average rate of 2.33%. The FHLB advance amounts and rates included in this line item include the effect of interest rate swaps and are net of deferred prepayment penalties.
(6) Net interest income represents the difference between interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income depends on the average balance of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.
(7) Net interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(8) The table below provides a reconciliation between certain performance ratios presented in accordance with GAAP and the performance ratios excluding the effects of the leverage strategy, which are not presented in accordance with GAAP. Management believes it is important for comparability purposes to provide the performance ratios without the leverage strategy because of the unique nature of the leverage strategy. The leverage strategy reduces some of our performance ratios due to the small amount of earnings associated with the transaction in comparison to the size of the transaction, while increasing our net income. The leverage strategy was not in place during fiscal year 2020. The pre-tax yield on the leverage strategy was 0.03% for the year ended September 30, 2019.

	For the Year Ended September 30, 2019		
	Actual (GAAP)	**Leverage Strategy**	**Adjusted (Non-GAAP)**
Net interest margin	2.26 %	(0.04)%	2.30 %
Net interest rate spread	2.07	(0.03)	2.10

(9) Net interest margin represents net interest income as a percentage of average interest-earning assets.

Comparison of Operating Results for the Years Ended September 30, 2020 and 2019

The Company recognized net income of $64.5 million, or $0.47 per share, for the year ended September 30, 2020 compared to net income of $94.2 million, or $0.68 per share, for the year ended September 30, 2019. The decrease in net income was due primarily to a $21.6 million increase in provision for credit losses and a $17.1 million decrease in net interest income, partially offset by a decrease in income tax expense.

Net interest income decreased $17.1 million, or 8.3%, from the prior year to $189.3 million for the current year. The net interest margin decreased 14 basis points, from 2.26% for the prior year to 2.12% for the current year. The leverage strategy was suspended at certain times during the prior year and during all of the current year due to the negative interest rate spreads between the related FHLB borrowings and cash held at the FRB of Kansas City, making the transaction unprofitable. When the leverage strategy is in place, it increases our net interest income but reduces the net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction. Excluding the effects of the leverage strategy, the net interest margin would have decreased 18 basis points, from 2.30% for the prior year to 2.12% for the current year. The decrease in the net interest margin, excluding the effects of the leverage strategy, was due mainly to a decrease in the loan portfolio yield, specifically the yield on the correspondent one- to four-family loan portfolio.

The leverage strategy involves borrowing up to $2.10 billion either on the Bank's FHLB line of credit or by entering into short-term FHLB advances, depending on the rates offered by FHLB. The borrowings are repaid at quarter end, or earlier if the strategy is suspended. The proceeds from the borrowings, net of the required FHLB stock holdings, are deposited at the FRB of Kansas City. Net income attributable to the leverage strategy is largely derived from the dividends received on FHLB stock holdings, plus the net interest rate spread between the yield on the cash at the FRB of Kansas City and the rate paid on the related FHLB borrowings, less applicable federal insurance premiums and estimated taxes. Net income attributable to the leverage strategy was $14 thousand during the prior year. The leverage strategy was not in place during the current year. Management continues to monitor the net interest rate spread and overall profitability of the strategy. It is expected that the strategy will be reimplemented if it reaches a position that is profitable.

Interest and Dividend Income

The weighted average yield on total interest-earning assets decreased 21 basis points, from 3.61% for the prior year to 3.40% for the current year, and the average balance of interest-earning assets decreased $193.4 million. Absent the impact of the leverage strategy, the weighted average yield on total interest-earning assets would have decreased 22 basis points, from 3.62% for the prior year to 3.40% for the current year, and the average balance of interest-earning assets would have decreased $35.6 million. The decrease in the weighted average yield between periods was due primarily to a decrease in the loan portfolio yield. The following table presents the components of interest and dividend income for the time periods presented, along with the change measured in dollars and percent.

	For the Year Ended September 30,		Change Expressed in:	
	2020	2019	Dollars	Percent
	(Dollars in thousands)			
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 270,494	$ 284,229	$ (13,735)	(4.8)%
MBS	23,009	25,730	(2,721)	(10.6)
FHLB stock	5,827	7,823	(1,996)	(25.5)
Investment securities	4,467	6,366	(1,899)	(29.8)
Cash and cash equivalents	1,181	5,806	(4,625)	(79.7)
Total interest and dividend income	$ 304,978	$ 329,954	$ (24,976)	(7.6)

The decrease in interest income on loans receivable was due mainly to a decrease in yield on correspondent loans, including a $5.8 million increase in the amortization of premiums related to increases in payoff and endorsement activity. This was partially offset by a shift in the mix of the loan portfolio, as the average balance of lower-yielding one- to four-family loans decreased $152.2 million, or 2.3%, partially offset by a $64.9 million, or 9.2%, increase in the average balance of higher-yielding commercial loans, excluding PPP loans. The weighted average yield on the loans receivable portfolio decreased 14 basis points, from 3.77% for the prior year to 3.63% for the current year.

The decrease in interest income on the MBS portfolio was due primarily to a 22 basis point decrease in the weighted average yield to 2.41% in the current year as a result of new purchases at lower market yields and the repricing of existing adjustable-rate MBS to lower market yields. The decrease in dividend income on FHLB stock was due mainly to a decrease in the dividend rate paid by FHLB, as well as to the leverage strategy not being in place during the current year. The decrease in interest income on investment securities was due mainly to a 61 basis point decrease in the weighted average yield to 1.65% in the current year as a result of calls and maturities either being replaced at lower market rates or not being replaced. The decrease in interest income on cash and cash equivalents was due primarily to the leverage strategy being in place for a portion of the prior year and not being in place during the current year, along with a decrease in the yield earned on cash held at the FRB of Kansas City.

Interest Expense
The weighted average rate paid on total interest-bearing liabilities decreased eight basis points, from 1.54% for the prior year to 1.46% for the current year, and the average balance of interest-bearing liabilities decreased $126.0 million. Absent the impact of the leverage strategy, the weighted average rate paid on total interest-bearing liabilities would have decreased six basis points, from 1.52% for the prior year to 1.46% for the current year, while the average balance of interest-bearing liabilities would have increased $31.8 million. The following table presents the components of interest expense for the time periods presented, along with the change measured in dollars and percent.

	For the Year Ended September 30,		Change Expressed in:	
	2020	2019	Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
Deposits	$ 67,598	$ 66,201	$ 1,397	2.1 %
Borrowings	48,045	57,363	(9,318)	(16.2)
Total interest expense	$ 115,643	$ 123,564	$ (7,921)	(6.4)

The increase in interest expense on deposits was due to an increase in the cost of the retail/business certificate of deposit portfolio, partially offset by decreases in the cost of wholesale certificates of deposit and money market accounts. The weighted average rate of the retail/business certificate of deposit portfolio increased 11 basis points, to 2.03% for the current year, and the average balance increased $185.0 million, or approximately 7%. In the third quarter of fiscal year 2019, the Bank increased offered rates on short-term and certain intermediate-term certificates of deposit in an effort to encourage customers to move funds to those terms. During the fourth quarter of fiscal year 2019, the Bank held the unTraditional campaign with above-market rates, resulting in growth in the short-term and certain intermediate-term certificates of deposit. Since the onset of the COVID-19 pandemic, the retail/business certificate of deposit portfolio has been gradually repricing down as certificates renew to lower offered rates.

The borrowings line item in the table above includes interest expense associated and not associated with the leverage strategy. Interest expense on borrowings not related to the leverage strategy decreased $5.4 million from the prior year due primarily to a decrease in the average balance of such borrowings, as certain maturing FHLB advances and repurchase agreements were not replaced and the Bank paid down its FHLB line of credit with funds generated from the increase in deposits. Interest expense on FHLB borrowings associated with the leverage strategy decreased $3.9 million from the prior year due to the leverage strategy being in place for a portion of the prior year and not being in place at all during the current year.

Provision for Credit Losses
The Bank recorded a provision for credit losses during the current year of $22.3 million, compared to $750 thousand during the prior year. The $22.3 million provision for credit losses in the current year was primarily related to the deterioration of economic conditions as a result of COVID-19. See "Part I, Item 1. Business – Asset Quality – Allowance for credit losses and Provision for credit losses" for additional discussion regarding management's evaluation of the adequacy of the Bank's ACL at September 30, 2020.

Non-Interest Income

The following table presents the components of non-interest income for the time periods presented, along with the change measured in dollars and percent.

	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019	Change Expressed in: Dollars	Change Expressed in: Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
Deposit service fees	$ 11,285	$ 12,740	$ (1,455)	(11.4)%
Insurance commissions	2,487	2,821	(334)	(11.8)
Other non-interest income	5,827	6,397	(570)	(8.9)
Total non-interest income	$ 19,599	$ 21,958	$ (2,359)	(10.7)

The decrease in deposit service fees was due mainly to a decrease in service charge income, primarily resulting from a decrease in consumer activity related to the COVID-19 pandemic, along with the discontinuation of point-of-sale service charges, which the Bank ceased charging in April 2019. The decrease in insurance commissions was due primarily to a decrease in the amount of annual contingent insurance commissions. The decrease in other non-interest income was due mainly to a decrease in loan-related fees, primarily prepayment fees and late charges, compared to the prior year.

Non-Interest Expense

The following table presents the components of non-interest expense for the time periods presented, along with the change measured in dollars and percent.

	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019	Change Expressed in: Dollars	Change Expressed in: Percent
	(Dollars in thousands)			
NON-INTEREST EXPENSE:				
Salaries and employee benefits	$ 52,996	$ 53,145	$ (149)	(0.3)%
Information technology and related expense	16,974	17,615	(641)	(3.6)
Occupancy, net	13,870	13,032	838	6.4
Regulatory and outside services	5,762	5,813	(51)	(0.9)
Advertising and promotional	4,889	5,244	(355)	(6.8)
Deposit and loan transaction costs	2,890	2,478	412	16.6
Office supplies and related expense	2,195	2,439	(244)	(10.0)
Federal insurance premium	914	1,172	(258)	(22.0)
Other non-interest expense	5,514	6,006	(492)	(8.2)
Total non-interest expense	$ 106,004	$ 106,944	$ (940)	(0.9)

The decrease in information technology and related expense was due mainly to the prior year including costs related to the integration of the operations of CCB. The increase in occupancy, net was due primarily to an increase in facility-related costs resulting from the impact of the COVID-19 pandemic, along with an increase in depreciation expense. The decrease in advertising and promotional expenses was due mainly to adjustments in advertising schedules, postponements of campaigns, and cancellations of certain sponsorships as a result of the COVID-19 pandemic. The increase in deposit and loan transaction costs was due mainly to the timing of loan origination-related costs. The decrease in the federal insurance premium was due mainly to the Bank utilizing an assessment credit from the FDIC during the majority of the current year. The decrease in other non-interest expense was due primarily to a decrease in amortization of deposit intangibles, as well as a decrease in debit card fraud losses.

The Company's efficiency ratio was 50.74% for the current year compared to 46.83% for the prior year. The change in the efficiency ratio was due to lower net interest income in the current year compared to the prior year. The efficiency ratio is a measure of a financial institution's total non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. A higher value indicates that the financial institution is generating revenue with a proportionally higher level of expense, relative to the net interest margin.

Income Tax Expense

The following table presents pretax income, income tax expense, and net income for the time periods presented, along with the change measured in dollars and percent.

	For the Year Ended September 30,		Change Expressed in:	
	2020	2019	Dollars	Percent
	(Dollars in thousands)			
Income before income tax expense	$ 80,630	$ 120,654	$ (40,024)	(33.2)%
Income tax expense	16,090	26,411	(10,321)	(39.1)
Net income	$ 64,540	$ 94,243	$ (29,703)	(31.5)
Effective Tax Rate	20.0%	21.9%		

The decrease in income tax expense was due primarily to lower pretax income in the current year. The lower effective tax rate in the current year compared to the prior year was due mainly to the Company's permanent differences, such as low income housing partnership tax credits, which generally reduce our tax expense, having a proportionately larger impact given the lower pretax income in the current year period. Additionally, an income tax benefit was recognized during the current year as a result of favorable federal tax guidance issued during the current year related to certain bank-owned life insurance policies added in the CCB acquisition. Management anticipates the effective income tax rate for fiscal year 2021 will be approximately 21% to 22%.

Comparison of Operating Results for the Years Ended September 30, 2019 and 2018

For this discussion, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Operating Results for the Years Ended September 30, 2019 and 2018" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

Liquidity and Capital Resources

Liquidity refers to our ability to generate sufficient cash to fund ongoing operations, to repay maturing certificates of deposit and other deposit withdrawals, to repay maturing borrowings, and to fund loan commitments. Liquidity management is both a daily and long-term function of our business management. The Company's most available liquid assets are represented by cash and cash equivalents, AFS securities, and short-term investment securities. The Bank's primary sources of funds are deposits, FHLB borrowings, repurchase agreements, repayments and maturities of outstanding loans and MBS and other short-term investments, and funds provided by operations. The Bank's long-term borrowings primarily have been used to manage the Bank's interest rate risk with the intention to improve the earnings of the Bank while maintaining capital ratios in excess of regulatory standards for well-capitalized financial institutions. In addition, the Bank's focus on managing risk has provided additional liquidity capacity by maintaining a balance of MBS and investment securities available as collateral for borrowings.

We generally intend to manage cash reserves sufficient to meet short-term liquidity needs, which are routinely forecasted for 10, 30, and 365 days. Additionally, on a monthly basis, we perform a liquidity stress test in accordance with the Interagency Policy Statement on Funding and Liquidity Risk Management. The liquidity stress test incorporates both short-term and long-term liquidity scenarios in order to identify and to quantify liquidity risk. Management also monitors key liquidity statistics related to items such as wholesale funding gaps, borrowings capacity, and available unpledged collateral, as well as various liquidity ratios. See the "Executive Summary" above for information regarding the impact of the COVID-19 pandemic on our liquidity.

In the event short-term liquidity needs exceed available cash, the Bank has access to a line of credit at FHLB and the FRB of Kansas City's discount window. See "Part I, Item 1. Business - Sources of Funds" for information regarding limits on the Bank's FHLB borrowings. The amount that can be borrowed from the FRB of Kansas City's discount window is based upon the fair value of securities pledged as collateral and certain other characteristics of those securities. Management tests the Bank's access to the FRB of Kansas City's discount window annually with a nominal, overnight borrowing.

If management observes a trend in the amount and frequency of line of credit utilization and/or short-term borrowings that is not in conjunction with a planned strategy, such as the leverage strategy, the Bank will likely utilize long-term wholesale borrowing sources such as FHLB advances and/or repurchase agreements to provide long-term, fixed-rate funding. The maturities of these long-term borrowings are generally staggered in order to mitigate the risk of a highly negative cash flow position at maturity. The Bank's internal policy limits total borrowings to 55% of total assets. At September 30, 2020, the Bank had total borrowings, at par, of $1.79 billion, or approximately 19% of total assets, all of which were FHLB advances.

The amount of FHLB borrowings outstanding at September 30, 2020 was $1.79 billion, of which $843.0 million were advances scheduled to mature in the next 12 months, including $640.0 million of one-year floating-rate FHLB advances tied to interest rate swaps. All FHLB borrowings are secured by certain qualifying loans pursuant to a blanket collateral agreement with FHLB. At September 30, 2020, the ratio of the par value of the Bank's FHLB borrowings to Call Report total assets was 19%.

At September 30, 2020, the Bank had no repurchase agreements. The Bank may enter into repurchase agreements as management deems appropriate, not to exceed 15% of total assets, and subject to the total borrowings internal policy limit of 55% as discussed above.

The Bank could utilize the repayment and maturity of outstanding loans, MBS, and other investments for liquidity needs rather than reinvesting such funds into the related portfolios. At September 30, 2020, the Bank had $1.22 billion of securities that were eligible but unused as collateral for borrowing or other liquidity needs.

The Bank has access to other sources of funds for liquidity purposes, such as brokered and public unit certificates of deposit. As of September 30, 2020, the Bank's policy allowed for combined brokered and public unit certificates of deposit up to 15% of total deposits. At September 30, 2020, the Bank did not have any brokered certificates of deposit and public unit certificates of deposit were approximately 4% of total deposits. The Bank had pledged securities with an estimated fair value of $331.0 million as collateral for public unit certificates of deposit at September 30, 2020. The securities pledged as collateral for public unit certificates of deposit are held under joint custody with FHLB and generally will be released upon deposit maturity.

At September 30, 2020, $1.51 billion of the Bank's certificate of deposit portfolio was scheduled to mature within the next 12 months, including $237.5 million of public unit certificates of deposit. Based on our deposit retention experience and our current pricing strategy, we anticipate the majority of the maturing retail certificates of deposit will renew or transfer to other deposit products of the Bank at prevailing rates, although no assurance can be given in this regard. We also anticipate the majority of the maturing public unit certificates of deposit will be replaced with similar wholesale funding products, depending on availability and pricing.

While scheduled payments from the amortization of loans and MBS and payments on short-term investments are relatively predictable sources of funds, deposit flows, prepayments on loans and MBS, and calls of investment securities are greatly influenced by general interest rates, economic conditions, and competition, and are less predictable sources of funds. To the extent possible, the Bank manages the cash flows of its loan and deposit portfolios by the rates it offers customers.

The following table presents the contractual maturities of our loan, MBS, and investment securities portfolios at September 30, 2020, along with associated weighted average yields. Loans and securities which have adjustable interest rates are shown as maturing in the period during which the contract is due. The table does not reflect the effects of possible prepayments or enforcement of due on sale clauses. As of September 30, 2020, the amortized cost of investment securities in our portfolio which are callable or have pre-refunding dates within one year was $228.0 million.

	Loans[1]		MBS		Investment Securities		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(Dollars in thousands)							
Amounts due:								
Within one year	$ 261,605	4.17%	$ 3,664	2.63%	$ 4,009	1.47%	$ 269,278	4.11%
After one year:								
Over one to two years	110,991	3.11	1,715	3.08	5,583	1.84	118,289	3.05
Over two to three years	62,534	4.46	32,457	1.61	75,269	0.41	170,260	2.13
Over three to five years	128,088	4.46	24,752	2.19	295,286	0.68	448,126	1.84
Over five to ten years	777,216	3.70	272,681	2.34	—	—	1,049,897	3.35
Over ten to fifteen years	1,424,450	3.23	570,142	1.70	—	—	1,994,592	2.79
After fifteen years	4,460,112	3.59	275,392	2.06	—	—	4,735,504	3.50
Total due after one year	6,963,391	3.54	1,177,139	1.94	376,138	0.64	8,516,668	3.19
	$ 7,224,996	3.57	$ 1,180,803	1.94	$ 380,147	0.65	$ 8,785,946	3.22

(1) The maturity date for home equity loans, including those that do not have a stated maturity date, assumes the customer always makes the required minimum payment. All other loans that do not have a stated maturity date and overdraft loans are included in the amounts due within one year. Construction loans are presented based on the estimated term to complete construction.

Limitations on Dividends and Other Capital Distributions

OCC regulations impose restrictions on savings institutions with respect to their ability to make distributions of capital, which include dividends, stock redemptions or repurchases, cash-out mergers and other transactions charged to the capital account. Under FRB and OCC safe harbor regulations, savings institutions generally may make capital distributions during any calendar year equal to earnings of the previous two calendar years and current year-to-date earnings. A savings institution that is a subsidiary of a savings and loan holding company, such as the Company, that proposes to make a capital distribution must submit written notice to the OCC and FRB 30 days prior to such distribution. The OCC and FRB may object to the distribution during that 30-day period based on safety and soundness or other concerns. Savings institutions that desire to make a larger capital distribution, are under special restrictions, or are not, or would not be, sufficiently capitalized following a proposed capital distribution must obtain regulatory non-objection prior to making such a distribution.

The long-term ability of the Company to pay dividends to its stockholders is based primarily upon the ability of the Bank to make capital distributions to the Company. So long as the Bank remains well capitalized after each capital distribution (as evidenced by maintaining a CBLR greater than the required percentage), and operates in a safe and sound manner, it is management's belief that the OCC and FRB will continue to allow the Bank to distribute its earnings to the Company, although no assurance can be given in this regard.

Capital

Consistent with our goal to operate a sound and profitable financial organization, we actively seek to maintain a well-capitalized status for the Bank per the regulatory framework for prompt corrective action ("PCA"). Qualifying institutions that elect to use the CBLR framework, such as the Bank and the Company, that maintain a the required minimum leverage ratio will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the regulatory agencies' capital rules, and to have met the capital requirements for the well capitalized category under the agencies' PCA framework. As of September 30, 2020, the Bank's CBLR was 12.4% and the Company's CBLR was 13.7%, which exceeded the minimum requirements. See "Part I, Item 1. Business – Regulation and Supervision – Regulatory Capital Requirements" for additional information related to regulatory capital.

The following table presents a reconciliation of equity under GAAP to regulatory capital amounts, as of September 30, 2020, for the Bank and the Company (dollars in thousands):

	Bank	Company
Total equity as reported under GAAP	$ 1,165,813	$ 1,284,859
AOCI	16,505	16,505
Goodwill and other intangibles, net of associated deferred taxes	(13,510)	(13,510)
Total tier 1 capital	$ 1,168,808	$ 1,287,854

Contingencies

In the normal course of business, the Company and the Bank are named defendants in various lawsuits and counter claims. In the opinion of management, after consultation with legal counsel, none of the currently pending suits are expected to have a materially adverse effect on the Company's consolidated financial statements for the year ended September 30, 2020, or future periods.

Off-Balance Sheet Arrangements, Commitments and Contractual Obligations

The following table summarizes our contractual obligations, along with associated weighted average contractual rates, as of September 30, 2020.

		Maturity Range			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
			(Dollars in thousands)		
Operating leases	$ 20,842	$ 1,192	$ 2,512	$ 1,830	$ 15,308
Certificates of deposit	$ 3,021,244	$ 1,505,501	$ 1,199,798	$ 315,041	$ 904
Rate	1.74%	1.46%	2.05%	1.88%	1.53%
Borrowings	$ 1,793,000	$ 843,000	$ 500,000	$ 350,000	$ 100,000
Rate	1.41%	0.76%	1.91%	2.27%	1.28%

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of customers. These financial instruments consist primarily of commitments to originate, purchase, or participate in loans or fund lines of credit, along with standby letters of credit. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of an underlying contract with a third party. The credit risks associated with these off-balance-sheet commitments are essentially the same as those involved with extending loans to customers and these commitments are subject to normal credit policies. The contractual amounts of these off-balance sheet financial instruments as of September 30, 2020 were as follows (dollars in thousands):

Commitments to originate and purchase/participate in loans	$ 248,607
Commitments to fund unused lines of credit	283,199
Standby letters of credit	1,372
Total	$ 533,178

It is expected that some of the commitments will expire unfunded; therefore, the amounts reflected in the table above are not necessarily indicative of future liquidity requirements. Additionally, the Bank is not obligated to honor commitments to fund unused lines of credit if a customer is delinquent or otherwise in violation of the loan agreement.

The Company has investments in several low income housing partnerships. These partnerships supply funds for the construction and operation of apartment complexes that provide affordable housing to that segment of the population with lower family income. If these developments successfully attract a specified percentage of residents falling in that lower income range, federal income tax credits are made available to the partners. The tax credits are normally recognized over ten years, and they play an important part in the anticipated yield from these investments. In order to continue receiving the tax credits each year over the life of the partnership, the low-income residency targets must be maintained. Under the terms of the partnership agreements, the Company has a commitment to fund a specified amount that will be due in installments over the life of the agreements. The majority of the commitments at September 30, 2020 are projected to be funded through the end of calendar year 2022. At September 30, 2020, the investments totaled $89.7 million and are included in other assets in the consolidated balance sheet. Unfunded commitments, which are recorded as liabilities, totaled $44.5 million at September 30, 2020.

We anticipate we will continue to have sufficient funds, through repayments and maturities of loans and securities, deposits and borrowings, to meet our current commitments.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Asset and Liability Management and Market Risk

The rates of interest the Bank earns on its assets and pays on its liabilities are generally established contractually for a period of time. Fluctuations in interest rates have a significant impact not only upon our net income, but also upon the cash flows and market values of our assets and liabilities. Our results of operations, like those of other financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of our interest-earning assets and interest-bearing liabilities. Risk associated with changes in interest rates on the earnings of the Bank and the market value of its financial assets and liabilities is known as interest rate risk. Interest rate risk is our most significant market risk, and our ability to adapt to changes in interest rates is known as interest rate risk management.

On a weekly basis, management reviews deposit flows, loan demand, cash levels, and changes in several market rates to assess all pricing strategies. The Bank's pricing strategy for first mortgage loan products includes setting interest rates based on secondary market prices and competitor pricing for our local and correspondent lending markets. Pricing for commercial loans is generally based on competitor pricing and the credit risk of the borrower with consideration given to the overall relationship of the borrower. Generally, deposit pricing is based upon a survey of competitors in the Bank's market areas, and the need to attract funding and retain maturing deposits. The majority of our loans are fixed-rate products with maturities up to 30 years, while the majority of our retail deposits have stated maturities or repricing dates of less than two years.

The general objective of our interest rate risk management program is to determine and manage an appropriate level of interest rate risk while maximizing net interest income in a manner consistent with our policy to manage, to the extent practicable, the exposure of net interest income to changes in market interest rates. The Board of Directors and ALCO regularly review the Bank's interest rate risk exposure by forecasting the impact of hypothetical, alternative interest rate environments on net interest income and the market value of portfolio equity ("MVPE") at various dates. The MVPE is defined as the net of the present value of cash flows from existing assets, liabilities, and off-balance sheet instruments. The present values are determined based upon market conditions as of the date of the analysis, as well as in alternative interest rate environments, providing potential changes in the MVPE under those alternative interest rate environments. Net interest income is projected in the same alternative interest rate environments with both a static balance sheet and management strategies considered. The MVPE and net interest income analyses are also conducted to estimate our sensitivity to rates for future time horizons based upon market conditions as of the date of the analysis. In addition to the interest rate environments presented below, management also reviews the impact of non-parallel rate shock scenarios on a quarterly basis. These scenarios consist of flattening and steepening the yield curve by changing short-term and long-term interest rates independent of each other, and simulating cash flows and determining valuations as a result of these hypothetical changes in interest rates to identify rate environments that pose the greatest risk to the Bank. This analysis helps management quantify the Bank's exposure to changes in the shape of the yield curve.

The ability to maximize net interest income is dependent largely upon the achievement of a positive interest rate spread that can be sustained despite fluctuations in prevailing interest rates. The asset and liability repricing gap is a measure of the difference between the amount of interest-earning assets and interest-bearing liabilities which either reprice or mature within a given period of time. The difference provides an indication of the extent to which an institution's interest rate spread will be affected by changes in interest rates. A gap is considered positive when the amount of interest-earning assets exceeds the amount of interest-bearing liabilities maturing or repricing during the same period. A gap is considered negative when the amount of interest-bearing liabilities exceeds the amount of interest-earning assets maturing or repricing during the same period. Generally, during a period of rising interest rates, a negative gap within shorter repricing periods adversely affects net interest income, while a positive gap within shorter repricing periods positively affects net interest income. During a period of falling interest rates, the opposite would generally be true.

The shape of the yield curve also has an impact on our net interest income and, therefore, the Bank's net interest margin. Historically, the Bank has benefited from a steeper yield curve as the Bank's mortgage loans are generally priced off of long-term rates while deposits are priced off of short-term rates. A steeper yield curve (one with a greater difference between short-term rates and long-term rates) allows the Bank to receive a higher rate of interest on its new mortgage-related assets relative to the rate paid for the funding of those assets, which generally results in a higher net interest margin. As the yield curve flattens or becomes inverted, the spread between rates received on assets and paid on liabilities becomes compressed, which generally leads to a decrease in net interest margin.

General assumptions used by management to evaluate the sensitivity of our financial performance to changes in interest rates presented in the tables below are utilized in, and set forth under, the gap table and related notes. Although management finds these assumptions reasonable, the interest rate sensitivity of our assets and liabilities and the estimated effects of changes in interest rates on our net interest income and MVPE indicated in the below tables could vary substantially if different assumptions were used or actual experience differs from these assumptions. To illustrate this point, the projected cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities within the next 12 months as a percent of total assets ("one-year gap") is also provided for an up 200 basis point scenario, as of September 30, 2020.

Qualitative Disclosure about Market Risk

At September 30, 2020, the Bank's gap between the amount of interest-earning assets and interest-bearing liabilities projected to reprice within one year was $435.0 million, or 4.58% of total assets, compared to $487.4 million, or 5.22% of total assets, at September 30, 2019. The decrease in the one-year gap amount was due to a shift in the cash flow projections on the Bank's non-maturity deposits compared to the prior year, related to the implementation of a new interest rate risk model. This change shortened the life of these liabilities and thus increased the amount of projected cash flows in the 12-month horizon compared to the previous model. This change was largely offset by lower interest rates as of September 30, 2020 compared to September 30, 2019, which increased the cash flow projections related to the Bank's mortgage-related assets. As interest rates fall, borrowers have more economic incentive to refinance their mortgages and agency debt issuers have more economic incentive or opportunity to exercise their call options in order to issue new debt at lower interest rates, resulting in higher projected cash flows on these assets.

The majority of interest-earning assets anticipated to reprice in the coming year are repayments and prepayments on one- to four-family loans and MBS, both of which include the option to prepay without a fee being paid by the contract holder. The amount of interest-bearing liabilities expected to reprice in a given period is not typically impacted significantly by changes in interest rates, because the Bank's borrowings and certificate of deposit portfolios have contractual maturities and generally cannot be terminated early without a prepayment penalty. If interest rates were to increase 200 basis points, as of September 30, 2020, the Bank's one-year gap is projected to be $(611.0) million, or (6.44)% of total assets. The decrease in the gap compared to when there is no change in rates is due to lower anticipated cash flows in the higher rate environment. This compares to a one-year gap of $(361.8) million, or (3.87)% of total assets, if interest rates were to have increased 200 basis points as of September 30, 2019.

During the current fiscal year, loan repayments totaled $1.89 billion and cash flows from the securities portfolio totaled $668.0 million. The majority of these cash flows were reinvested into new loans and securities at current market interest rates. Total cash flows from term liabilities that matured and/or repriced into current market interest rates during the current fiscal year were $2.97 billion, including $1.16 billion in term borrowings, of which $640.0 million was tied to interest rate swaps. These offsetting cash flows allow the Bank to manage its interest rate risk and gap position more precisely than if the Bank did not have offsetting cash flows due to its mix of assets or maturity structure of liabilities.

The Bank primarily uses long-term fixed-rate borrowings with no embedded options to lengthen the average life of the Bank's liabilities. The fixed-rate characteristics of these borrowings lock-in the cost until maturity and thus decrease the amount of liabilities repricing as interest rates move higher compared to funding with lower-cost short-term borrowings. These borrowings are laddered in order to prevent large amounts of liabilities repricing in any one period. The WAL of the Bank's term borrowings as of September 30, 2020 was 1.9 years. However, including the impact of interest rate swaps related to $640.0 million of adjustable-rate FHLB advances, the WAL of the Bank's term borrowings as of September 30, 2020 was 3.0 years. The interest rate swaps effectively convert the adjustable-rate borrowings into long-term, fixed-rate liabilities.

In addition to these wholesale strategies, the Bank has benefited from an increase in non-maturity deposits. Rates paid on non-maturity deposits are not expected to increase as market interest rates rise. Specifically, checking accounts and savings accounts have had minimal interest rate fluctuations throughout historical interest rate cycles, though no assurance can be given that this will be the case in future interest rate cycles. The balances and rates of these accounts have historically tended to remain very stable over time, giving them the characteristic of long-term liabilities. The Bank uses historical data pertaining to these accounts to estimate their future balances. Additionally, as we expand the commercial banking business, we expect to have the ability to obtain lower-costing commercial deposits, which could be used to reduce the cost of funds by replacing FHLB borrowings and wholesale deposits.

With the significant decrease in interest rates during the current year, the Bank has decreased the rates on certificates of deposit and money market accounts on pace with competitors in its market areas. The Bank will continue to adjust rates as market conditions allow.

Gap Table. The following gap table summarizes the anticipated maturities or repricing periods of the Bank's interest-earning assets and interest-bearing liabilities based on the information and assumptions set forth in the notes below. Cash flow projections for mortgage-related assets are calculated based in part on prepayment assumptions at current and projected interest rates. Prepayment projections are subjective in nature, involve uncertainties and assumptions and, therefore, cannot be determined with a high degree of accuracy. Although certain assets and liabilities may have similar maturities or periods to repricing, they may react differently to changes in market interest rates. Assumptions may not reflect how actual yields and costs respond to market interest rate changes. 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 of assets and liabilities may lag behind changes in market interest rates. Certain assets, such as adjustable-rate loans, have features that restrict changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayment and early withdrawal levels would likely deviate significantly from those assumed in calculating the gap table below. A positive gap indicates more cash flows from assets are expected to reprice than cash flows from liabilities and would indicate, in a rising rate environment, that earnings should increase. A negative gap indicates more cash flows from liabilities are expected to reprice than cash flows from assets and would indicate, in a rising rate environment, that earnings should decrease. For additional information regarding the impact of changes in interest rates, see the following Change in Net Interest Income and Change in MVPE discussions and tables.

	Within One Year	More Than One Year to Three Years	More Than Three Years to Five Years	Over Five Years	Total
			(Dollars in thousands)		
Interest-earning assets:					
Loans receivable[1]	$ 2,180,950	$2,209,189	$ 1,087,823	$1,745,032	$7,222,994
Securities[2]	618,869	513,172	178,157	219,407	1,529,605
Other interest-earning assets	172,286	—	—	—	172,286
Total interest-earning assets	2,972,105	2,722,361	1,265,980	1,964,439	8,924,885
Interest-bearing liabilities:					
Non-maturity deposits[3]	752,147	379,065	410,930	1,710,488	3,252,630
Certificates of deposit	1,505,599	1,199,700	315,477	468	3,021,244
Borrowings[4]	279,401	702,940	618,134	231,139	1,831,614
Total interest-bearing liabilities	2,537,147	2,281,705	1,344,541	1,942,095	8,105,488
Excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ 434,958	$ 440,656	$ (78,561)	$ 22,344	$ 819,397
Cumulative excess of interest-earning assets over interest-bearing liabilities	$ 434,958	$ 875,614	$ 797,053	$ 819,397	

	Within One Year	More Than One Year to Three Years	More Than Three Years to Five Years	Over Five Years	Total
Cumulative excess of interest-earning assets over interest-bearing liabilities as a percent of total Bank assets at:					
September 30, 2020	4.58 %	9.23 %	8.40 %	8.64 %	
September 30, 2019	5.21				
Cumulative one-year gap - interest rates +200 bps at:					
September 30, 2020	(6.44)				
September 30, 2019	(3.88)				

(1) Adjustable-rate loans are included in the period in which the rate is next scheduled to adjust or in the period in which repayments are expected to occur, or prepayments are expected to be received, prior to their next rate adjustment, rather than in the period in which the loans are due. Fixed-rate loans are included in the periods in which they are scheduled to be repaid, based on scheduled amortization and prepayment assumptions. Balances are net of undisbursed amounts and deferred fees and exclude loans 90 or more days delinquent or in foreclosure.
(2) MBS reflect projected prepayments at amortized cost. Investment securities are presented based on contractual maturities, term to call dates or pre-refunding dates as of September 30, 2020, at amortized cost.
(3) Although the Bank's checking, savings, and money market accounts are subject to immediate withdrawal, management considers a substantial amount of these accounts to be core deposits having significantly longer effective maturities. The decay rates (the assumed rates at which the balances of existing accounts decline) used on these accounts is based on assumptions developed from our actual experiences with these accounts. If all of the Bank's checking, savings, and money market accounts had been assumed to be subject to repricing within one year, interest-bearing liabilities which were estimated to mature or reprice within one year would have exceeded interest-earning assets with comparable characteristics by $2.07 billion, for a cumulative one-year gap of (21.8)% of total assets.
(4) Borrowings exclude deferred prepayment penalty costs. Included in this line item are $640.0 million of FHLB adjustable-rate advances with interest rate swaps. The repricing for these liabilities is projected to occur at the maturity date of each interest rate swap.

Change in Net Interest Income. The Bank's net interest income projections are a reflection of the response to interest rates of the assets and liabilities that are expected to mature or reprice over the next year. Repricing occurs as a result of cash flows that are received or paid on assets or due on liabilities which would be replaced at then current market interest rates or on adjustable-rate products that reset during the next year. The Bank's borrowings and certificate of deposit portfolios have stated maturities and the cash flows related to the Bank's liabilities do not generally fluctuate as a result of changes in interest rates. Cash flows from mortgage-related assets and callable agency debentures can vary significantly as a result of changes in interest rates. As interest rates decrease, borrowers have an economic incentive to lower their cost of debt by refinancing or endorsing their mortgage to a lower interest rate. Similarly, agency debt issuers are more likely to exercise embedded call options for agency securities and issue new securities at a lower interest rate.

For each date presented in the following table, the estimated change in the Bank's net interest income is based on the indicated instantaneous, parallel and permanent change in interest rates. The change in each interest rate environment represents the difference between estimated net interest income in the 0 basis point interest rate environment ("base case," assumes the forward market and product interest rates implied by the yield curve are realized) and the estimated net interest income in each alternative interest rate environment (assumes market and product interest rates have a parallel shift in rates across all maturities by the indicated change in rates). Projected cash flows for each scenario are based upon varying prepayment assumptions to model likely customer behavior changes as market rates change. For the current year, multiple yields along the yield curve were less than one percent, so the -100 basis points scenario was not applicable. Estimations of net interest income used in preparing the table below were based upon the assumptions that the total composition of interest-earning assets and interest-bearing liabilities does not change materially and that any repricing of assets or liabilities occurs at anticipated product and market rates for the alternative rate environments as of the dates presented. The estimation of net interest income does not include any projected gains or losses related to the sale of loans or securities, or income derived from non-interest income sources, but does include the use of different prepayment assumptions in the alternative interest rate environments. It is important to consider that estimated changes in net interest income are for a cumulative four-quarter period. These do not reflect the earnings expectations of management.

Change	Net Interest Income At September 30,					
(in Basis Points)	2020			2019		
in Interest Rates[1]	Amount ($)	Change ($)	Change (%)	Amount ($)	Change ($)	Change (%)
	(Dollars in thousands)					
000 bp	$ 183,596	$ —	— %	$ 193,329	$ —	— %
+100 bp	188,084	4,488	2.44	194,093	764	0.40
+200 bp	188,417	4,821	2.63	192,111	(1,218)	(0.63)
+300 bp	186,441	2,845	1.55	188,752	(4,577)	(2.37)

(1) Assumes an instantaneous, parallel, and permanent change in interest rates at all maturities.

The net interest income projection was lower in the base case scenario at September 30, 2020 compared to September 30, 2019 due to lower interest rates at September 30, 2020 compared to September 30, 2019. Because the Bank's gap was positive during the current year, assets have repriced downward at a faster pace than liabilities, resulting in a lower base case net interest income projection at September 30, 2020.

The net interest income projections increase from the base case in all rising interest rate scenarios at September 30, 2020. The net interest income projection was more adversely impacted in the rising interest rate scenarios at September 30, 2019 compared to September 30, 2020, due primarily to higher interest rates at September 30, 2019. The positive impact of rising interest rates is diminished as interest rates increase. Higher interest rates decreased the projected cash flows from the Bank's mortgage-related assets, thus decreasing the positive impact of rising interest rates compared to the base case.

Change in MVPE. Changes in the estimated market values of our financial assets and liabilities drive changes in estimates of MVPE. The market value of an asset or liability reflects the present value of all the projected cash flows over its remaining life, discounted at market interest rates. As interest rates rise, generally the market value for both financial assets and liabilities decrease. The opposite is generally true as interest rates fall. The MVPE represents the theoretical market value of capital that is calculated by netting the market value of assets, liabilities, and off-balance sheet instruments. If the market values of financial assets increase at a faster pace than the market values of financial liabilities, or if the market values of financial liabilities decrease at a faster pace than the market values of financial assets, the MVPE will increase. The market value of shorter term-to-maturity financial instruments is less sensitive to changes in interest rates than are longer term-to-maturity financial instruments. Because of this, the market values of our certificates of deposit (which generally have relatively shorter average lives) tend to display less sensitivity to changes in interest rates than do our mortgage-related assets (which generally have relatively longer average lives). The average life expected on our mortgage-related assets varies under different interest rate environments because borrowers have the ability to prepay their mortgage loans. Therefore, as interest rates decrease, the WAL of mortgage-related assets decrease as well. As interest rates increase, the WAL would be expected to increase, as well as increasing the sensitivity of these assets in higher rate environments.

The following table sets forth the estimated change in the MVPE for each date presented based on the indicated instantaneous, parallel, and permanent change in interest rates. The change in each interest rate environment represents the difference between the MVPE in the base case (assumes the forward market interest rates implied by the yield curve are realized) and the MVPE in each alternative interest rate environment (assumes market interest rates have a parallel shift in rates). Projected cash flows for each scenario are based upon varying prepayment assumptions to model likely customer behavior as market rates change. For the current year, multiple yields along the yield curve were less than one percent, so the -100 basis points scenario was not applicable. The estimations of the MVPE used in preparing the table below were based upon the assumptions that the total composition of interest-earning assets and interest-bearing liabilities does not change, that any repricing of assets or liabilities occurs at current product or market rates for the alternative rate environments as of the dates presented, and that different prepayment rates were used in each alternative interest rate environment. The estimated MVPE results from the valuation of cash flows from financial assets and liabilities over the anticipated lives of each for each interest rate environment. The table below presents the effects of the changes in interest rates on our assets and liabilities as they mature, repay, or reprice, as shown by the change in the MVPE for alternative interest rates.

Change (in Basis Points) in Interest Rates[1]	Market Value of Portfolio Equity At September 30,					
	2020			2019		
	Amount ($)	Change ($)	Change (%)	Amount ($)	Change ($)	Change (%)
	(Dollars in thousands)					
000 bp	$ 1,301,409	$ —	— %	$ 1,283,429	$ —	— %
+100 bp	1,290,877	(10,532)	(0.81)	1,286,446	3,017	0.24
+200 bp	1,157,368	(144,041)	(11.07)	1,162,151	(121,278)	(9.45)
+300 bp	967,997	(333,412)	(25.62)	992,060	(291,369)	(22.70)

(1) Assumes an instantaneous, parallel, and permanent change in interest rates at all maturities.

The percentage change in the Bank's MVPE at September 30, 2020 was negative in all scenarios. At September 30, 2019 the percentage change in the Bank's MVPE was negative in the +200 and +300 basis point scenarios. This change was due primarily to a change in the Bank's interest rate risk model, of which the most significant impact was on the valuation of the Bank's non-maturity deposit portfolio. The model changes resulted in a shorter duration for these liabilities than was modeled at September 30, 2019, which reduced their sensitivity to changes in interest rates. The Bank's MVPE decreases as interest rates rise, as the market value for assets decreases at a faster pace than these liabilities. The negative impact to the MVPE in the rising interest rate scenarios is due to slower prepayment projections on the Bank's mortgage-related assets and investments. As interest rates increase, borrowers have less economic incentive to refinance their mortgages and agency debt issuers have less economic incentive or opportunity to exercise their call options in order to issue new debt at lower interest rates, resulting in lower projected cash flows on these assets. As interest rates increase in the rising rate scenarios, repayments on mortgage-related assets are more likely to decrease and only be realized through significant changes in borrowers' lives such as divorce, death, job-related relocations, or other events as there is less economic incentive for borrowers to prepay their debt, resulting in an increase in the average life of mortgage-related assets. Similarly, call projections for the Bank's callable agency debentures decrease as interest rates rise, which results in cash flows related to these assets moving closer to the contractual maturity dates. The higher expected average lives of these assets, relative to the assumptions in the base case interest rate environment, increases the sensitivity of their market value to changes in interest rates.

The following table presents the weighted average yields/rates and WALs (in years), after applying prepayment, call assumptions, and decay rates for our interest-earning assets and interest-bearing liabilities as of September 30, 2020. Yields presented for interest-earning assets include the amortization of fees, costs, premiums and discounts, which are considered adjustments to the yield. The interest rate presented for term borrowings is the effective rate, which includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid. The WAL presented for term borrowings includes the effect of interest rate swaps. The maturity and repricing terms presented for one- to four-family loans represent the contractual terms of the loan.

	Amount	Yield/Rate	WAL	% of Category	% of Total
		(Dollars in thousands)			
Investment securities	$ 380,147	0.65%	1.0	24.3%	4.2%
MBS - fixed	970,369	1.82	3.3	62.2	10.7
MBS - adjustable	210,434	2.49	3.1	13.5	2.3
Total securities	1,560,950	1.62	2.7	100.0%	17.2
Loans receivable:					
Fixed-rate one- to four-family:					
<= 15 years	1,130,538	2.98	3.1	15.6%	12.5
> 15 years	4,287,229	3.67	4.2	59.3	47.3
Fixed-rate commercial	556,195	4.14	3.5	7.7	6.1
All other fixed-rate loans	47,855	4.53	4.9	0.7	0.5
Total fixed-rate loans	6,021,817	3.59	3.9	83.3	66.4
Adjustable-rate one- to four-family:					
<= 36 months	189,591	2.25	4.8	2.6	2.1
> 36 months	639,461	3.09	3.2	8.9	7.1
Adjustable-rate commercial	273,465	4.75	6.6	3.8	3.0
All other adjustable-rate loans	100,662	4.23	2.5	1.4	1.1
Total adjustable-rate loans	1,203,179	3.43	4.2	16.7	13.3
Total loans receivable	7,224,996	3.57	4.0	100.0%	79.7
FHLB stock	93,862	4.64	1.9		1.0
Cash and cash equivalents	185,148	0.09	—		2.1
Total interest-earning assets	$ 9,064,956	3.18	3.6		100.0%
Non-maturity deposits	$ 3,170,164	0.20	6.1	51.2%	39.7%
Retail/business certificates of deposit	2,766,461	1.83	1.5	44.7	34.6
Public unit certificates of deposit	254,783	0.74	0.5	4.1	3.2
Total deposits	6,191,408	0.95	3.8	100.0%	77.5
Term borrowings	1,793,000	2.31	3.0		22.5
Total interest-bearing liabilities	$ 7,984,408	1.26	3.6		100.0%

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Capitol Federal Financial, Inc. and subsidiary

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Capitol Federal Financial, Inc. and subsidiary (the "Company") as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended September 30, 2020, of the Company and our report dated November 25, 2020, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
November 25, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Capitol Federal Financial, Inc. and subsidiary

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Capitol Federal Financial, Inc. and subsidiary (the "Company") as of September 30, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended September 30, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 25, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses - Refer to Notes 1 and 5 to the financial statements

Critical Audit Matter Description

Management's methodology for assessing the appropriateness of the allowance for credit losses (ACL) consists of a formula analysis model, along with analyzing and considering several other relevant internal and external factors. In the formula analysis model, historical loss factors, as adjusted, are applied to each loan category and qualitative factors are applied to reflect risks inherent in each loan category that are not captured by the historical loss factors. Management reviews the factors quarterly to assess whether the factors adequately cover probable and estimable losses inherent in the loan portfolio. Management also analyzes and considers several other relevant internal and external factors, including the national and state unemployment rates, national and state unemployment benefit claim levels, the amount of and timing of financial assistance provided by the government and the Bank's COVID-19 loan modification program, residential real estate value trends, credit score trends, delinquent loan trends, consumer spending levels and trends, industries significantly impacted by the COVID-19 pandemic, commercial lending's review of the Bank's largest commercial loan relationships, historical peer ACL to loan

ratios and industry and peer charge-off percentages, among other considerations. Based on management's review of these data elements, they evaluate the reasonableness of the ACL on an ongoing basis and whether any changes need to be made to the Bank's ACL methodology, including the consideration of the economic conditions. During the current fiscal year, management increased the historical loss and qualitative factors applied in the formula analysis model for all loan categories and added a COVID-19 qualitative loss factor to the Bank's commercial loan portfolio.

Considering the estimation and judgment required by management in determining adjustments for qualitative factors, our audit of the ACL and the related disclosures required a high degree of auditor judgment with regard to the qualitative adjustments specifically to the commercial loan portfolio.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the ACL formula analysis model included the following, among others:

- We tested the effectiveness of controls over the Company's ACL formula analysis model inclusive of the controls over loan charge-off activity and including additional considerations with respect to current economic conditions and management's review of the adequacy of the ACL.
- We tested the classification and appropriate segregation of loan categories based on certain risk characteristics in order to evaluate the application of the relevant economic and qualitative assumptions.
- We evaluated the appropriateness and relevance of the data elements by comparing to relevant internal and external sources.
- We tested the mathematical accuracy of (i) the historical charge-off activity, (ii) the quantitative measures of the qualitative loss factors, and (iii) the formula analysis model calculations.
- We assessed the reasonableness of, and evaluated support for, key qualitative adjustments based on market and economic conditions and/or portfolio performance metrics.
- We assessed the reasonableness of, and evaluated support for, the COVID-19 qualitative factor applied to the commercial portfolio including (i) industries significantly impacted by the COVID-19 pandemic, (ii) commercial lending's review of commercial loan relationships, and (iii) COVID-19 loan modifications.
- We evaluated analytics, trends, and peer analysis of the overall ACL formula analysis model to assess for reasonableness.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
November 25, 2020

We have served as the Company's auditor since 1974.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2020 and 2019 (Dollars in thousands, except per share amounts)

	2020	2019
ASSETS:		
Cash and cash equivalents (includes interest-earning deposits of $172,430 and $198,809)	$ 185,148	$ 220,370
Available-for-sale ("AFS") securities, at estimated fair value	1,560,950	1,204,863
Loans receivable, net (allowance for credit losses ("ACL") of $31,527 and $9,226)	7,202,851	7,416,747
Federal Home Loan Bank Topeka ("FHLB") stock, at cost	93,862	98,456
Premises and equipment, net	101,875	96,784
Income taxes receivable, net	—	2
Other assets	342,532	302,796
TOTAL ASSETS	$9,487,218	$9,340,018
LIABILITIES:		
Deposits	$6,191,408	$5,581,867
Borrowings	1,789,313	2,239,989
Advance payments by borrowers for taxes and insurance	65,721	65,686
Income taxes payable, net	795	—
Deferred income tax liabilities, net	8,180	14,282
Accounts payable and accrued expenses	146,942	101,868
Total liabilities	8,202,359	8,003,692
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 100,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $.01 par value; 1,400,000,000 shares authorized, 138,956,296 and 141,440,030 shares issued and outstanding as of September 30, 2020 and 2019, respectively	1,389	1,414
Additional paid-in capital	1,189,853	1,210,226
Unearned compensation, Employee Stock Ownership Plan ("ESOP")	(33,040)	(34,692)
Retained earnings	143,162	174,277
Accumulated other comprehensive (loss) income ("AOCI"), net of tax	(16,505)	(14,899)
Total stockholders' equity	1,284,859	1,336,326
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,487,218	$9,340,018

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018 (Dollars in thousands, except per share amounts)

	2020	2019	2018
INTEREST AND DIVIDEND INCOME:			
Loans receivable	$ 270,494	$ 284,229	$ 260,198
Mortgage-backed securities ("MBS")	23,009	25,730	22,619
FHLB stock	5,827	7,823	10,962
Investment securities	4,467	6,366	4,670
Cash and cash equivalents	1,181	5,806	23,443
Total interest and dividend income	304,978	329,954	321,892
INTEREST EXPENSE:			
Deposits	67,598	66,201	52,625
Borrowings	48,045	57,363	70,494
Total interest expense	115,643	123,564	123,119
NET INTEREST INCOME	189,335	206,390	198,773
PROVISION FOR CREDIT LOSSES	22,300	750	—
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	167,035	205,640	198,773
NON-INTEREST INCOME:			
Deposit service fees	11,285	12,740	15,636
Insurance commissions	2,487	2,821	2,469
Other non-interest income	5,827	6,397	3,930
Total non-interest income	19,599	21,958	22,035
NON-INTEREST EXPENSE:			
Salaries and employee benefits	52,996	53,145	46,563
Information technology and related expense	16,974	17,615	13,999
Occupancy, net	13,870	13,032	11,455
Regulatory and outside services	5,762	5,813	5,709
Advertising and promotional	4,889	5,244	5,034
Deposit and loan transaction costs	2,890	2,478	5,621
Office supplies and related expense	2,195	2,439	1,888
Federal insurance premium	914	1,172	3,277
Other non-interest expense	5,514	6,006	3,356
Total non-interest expense	106,004	106,944	96,902
INCOME BEFORE INCOME TAX EXPENSE	80,630	120,654	123,906
INCOME TAX EXPENSE	16,090	26,411	24,979
NET INCOME	$ 64,540	$ 94,243	$ 98,927
Basic earnings per share ("EPS")	$ 0.47	$ 0.68	$ 0.73
Diluted EPS	$ 0.47	$ 0.68	$ 0.73

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018 (Dollars in thousands)

	2020	2019	2018
Net income	$ 64,540	$ 94,243	$ 98,927
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on AFS securities arising during the period, net of taxes of $(4,359), $(3,468), and $2,499	13,578	10,804	(6,741)
Unrealized gains on securities reclassified from held-to-maturity ("HTM") to AFS during the period, net of taxes of $0, $(750), and $0	—	2,336	—
Changes in unrealized gains (losses) on cash flow hedges, net of taxes of $4,875, $10,394, and $(2,785)	(15,184)	(32,379)	7,496
Comprehensive income	$ 62,934	$ 75,004	$ 99,682

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018 (Dollars in thousands, except per share amounts)

	Common Stock	Additional Paid-In Capital	Unearned Compensation ESOP	Retained Earnings	AOCI	Total Stockholders' Equity
Balance at September 30, 2017	$ 1,382	$ 1,167,368	$ (37,995)	$ 234,640	$ 2,918	$ 1,368,313
Net income, fiscal year 2018				98,927		98,927
Other comprehensive income, net of tax					755	755
Reclassification of certain tax effects related to adopting Accounting Standards Update ("ASU") 2018-02				(667)	667	—
Cumulative effect of adopting ASU 2016-09		19		(19)		—
Capital City Bancshares, Inc. ("CCB") acquisition	30	39,083				39,113
ESOP activity		541	1,652			2,193
Stock-based compensation		372				372
Stock options exercised		261				261
Cash dividends to stockholders ($0.88 per share)				(118,312)		(118,312)
Balance at September 30, 2018	1,412	1,207,644	(36,343)	214,569	4,340	1,391,622
Net income, fiscal year 2019				94,243		94,243
Other comprehensive loss, net of tax					(19,239)	(19,239)
Cumulative effect of adopting ASU 2014-09				394		394
ESOP activity		549	1,651			2,200
Restricted stock activity, net	1	(3)				(2)
Stock-based compensation		552				552
Stock options exercised	1	1,484				1,485
Cash dividends to stockholders ($0.98 per share)				(134,929)		(134,929)
Balance at September 30, 2019	1,414	1,210,226	(34,692)	174,277	(14,899)	1,336,326
Net income, fiscal year 2020				64,540		64,540
Other comprehensive loss, net of tax					(1,606)	(1,606)
Cumulative effect of adopting ASU 2016-02				88		88
ESOP activity		336	1,652			1,988
Restricted stock activity, net		(19)				(19)
Stock-based compensation		570				570
Repurchase of common stock	(26)	(21,897)		(1,881)		(23,804)
Stock options exercised	1	637				638
Cash dividends to stockholders ($0.68 per share)				(93,862)		(93,862)
Balance at September 30, 2020	$ 1,389	$ 1,189,853	$ (33,040)	$ 143,162	$ (16,505)	$ 1,284,859

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018 (Dollars in thousands)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 64,540	$ 94,243	$ 98,927
Adjustments to reconcile net income to net cash provided by operating activities:			
FHLB stock dividends	(5,827)	(7,823)	(10,962)
Provision for credit losses	22,300	750	—
Originations of loans receivable held-for-sale ("LHFS")	—	—	(777)
Proceeds from sales of LHFS	—	—	16,423
Amortization and accretion of premiums and discounts on securities	1,661	1,242	3,150
Depreciation and amortization of premises and equipment	9,133	9,143	8,458
Amortization of intangible assets	1,964	2,316	234
Amortization of deferred amounts related to FHLB advances, net	539	8	1,173
Common stock committed to be released for allocation - ESOP	1,988	2,200	2,193
Stock-based compensation	570	552	372
Provision for deferred income taxes	(5,588)	(361)	(4,540)
Changes in:			
Unrestricted cash collateral (provided to)/received from derivative counterparties, net	—	(9,970)	10,701
Other assets, net	9,105	6,220	1,712
Income taxes payable/receivable, net	774	2,173	(2,262)
Accounts payable and accrued expenses	(8,231)	(19,746)	(639)
Net cash provided by operating activities	92,928	80,947	124,163
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of AFS securities	(1,007,763)	(386,702)	(411,459)
Proceeds from calls, maturities and principal reductions of AFS securities	667,952	359,551	192,966
Proceeds from calls, maturities and principal reductions of HTM securities	—	165,336	212,267
Proceeds from sale of AFS securities	—	—	2,078
Proceeds from the redemption of FHLB stock	10,421	197,054	291,506
Purchase of FHLB stock	—	(187,961)	(277,552)
Net change in loans receivable	191,359	95,358	(37,537)
Purchase of premises and equipment	(14,742)	(11,732)	(11,761)
Proceeds from sale of other real estate owned ("OREO")	993	2,053	2,240
Cash acquired from acquisition	—	—	15,685
Proceeds from the redemption of common equity securities related to the redemption of junior subordinated debentures	—	302	—
Proceeds from bank-owned life insurance ("BOLI") death benefit	490	—	—
Net cash (used in) provided by investing activities	(151,290)	233,259	(21,567)

(Continued)

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018 (Dollars in thousands)

	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends paid	(93,862)	(134,929)	(118,312)
Net change in deposits	609,541	(21,487)	(58,988)
Proceeds from borrowings	1,665,600	5,518,700	17,275,100
Repayments on borrowings	(2,112,600)	(5,563,752)	(17,414,200)
Change in advance payments by borrowers for taxes and insurance	35	422	939
Payment of FHLB prepayment penalties	(4,215)	—	—
Repurchase of common stock	(20,767)	—	—
Stock options exercised	638	1,485	261
Net cash provided by (used in) financing activities	44,370	(199,561)	(315,200)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	(13,992)	114,645	(212,604)
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS:			
Beginning of year	253,700	139,055	351,659
End of year	$ 239,708	$ 253,700	$ 139,055
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Income tax payments	$ 13,045	$ 17,779	$ 24,785
Interest payments	$ 118,610	$ 123,508	$ 119,699
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Loans transferred to LHFS	$ —	$ —	$ 15,814
Operating lease right-of-use assets obtained	$ 16,841	$ —	$ —
Operating lease liabilities obtained	$ 16,726	$ —	$ —
Acquisition:			
Common stock issued	$ —	$ —	$ 39,113
Fair value of assets acquired, excluding acquired cash and intangibles	$ —	$ —	$ 418,062
Fair value of liabilities assumed	$ —	$ —	$ 412,675
Transfer of HTM securities, at amortized cost, to AFS securities	$ —	$ 444,732	$ —

See accompanying notes to consolidated financial statements. (Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business **-** Capitol Federal Financial, Inc. (the "Company") provides a full range of retail banking services through its wholly-owned subsidiary, Capitol Federal Savings Bank (the "Bank"), a federal savings bank, which has 45 traditional and 9 in-store banking offices serving primarily the metropolitan areas of Topeka, Wichita, Lawrence, Manhattan, Emporia and Salina, Kansas and portions of the Kansas City metropolitan area. The Bank emphasizes mortgage lending, primarily originating and purchasing one- to four-family loans, and providing personal retail financial services, along with offering commercial banking and lending products. The Bank is subject to competition from other financial institutions and other companies that provide financial services.

Basis of Presentation - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, the Bank. The Bank has two wholly owned subsidiaries, Capitol Funds, Inc. and Capital City Investments, Inc. Capitol Funds, Inc. has a wholly-owned subsidiary, Capitol Federal Mortgage Reinsurance Company. Capital City Investments, Inc. is a real estate and investment holding company. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates and assumptions.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents - Cash, cash equivalents, restricted cash and restricted cash equivalents reported in the statement of cash flows include cash and cash equivalents of $185.1 million and $220.4 million at September 30, 2020 and 2019, respectively, and restricted cash and cash equivalents of $54.6 million and $33.3 million at September 30, 2020 and 2019, respectively, which was included in other assets on the consolidated balance sheet. The restricted cash and cash equivalents relate to the collateral postings to/from the Bank's derivative counterparties associated with the Bank's interest rate swaps. See additional discussion regarding the interest rate swaps in Note 9. Deposits and Borrowed Funds.

Regulations of the Board of Governors of the Federal Reserve System ("FRB") require federally chartered savings banks to maintain cash reserves against their transaction accounts. Required reserves must be maintained in the form of vault cash, an account at a Federal Reserve Bank, or a pass-through account as defined by the FRB. The amount of interest-earning deposits held at the Federal Reserve Bank of Kansas City ("FRB of Kansas City") as of September 30, 2020 and 2019 was $172.2 million and $198.6 million, respectively. The Bank is in compliance with the FRB requirements. For the years ended September 30, 2020 and 2019, the average daily balance of required reserves at the FRB of Kansas City was $6.6 million and $21.5 million, respectively.

Net Presentation of Cash Flows Related to Borrowings - At times, the Bank enters into certain FHLB advances with contractual maturities of 90 days or less. Cash flows related to these advances are reported on a net basis in the consolidated statements of cash flows.

Securities - Securities include MBS and agency debentures issued primarily by United States Government-Sponsored Enterprises ("GSE"), including Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Federal Home Loan Banks, United States Government agencies, including Government National Mortgage Association, and municipal bonds. Securities are classified as HTM, AFS, or trading based on management's intention for holding the securities on the date of purchase. Generally, classifications are made in response to liquidity needs, asset/liability management strategies, and the market interest rate environment at the time of purchase.

Securities that management has the intention and ability to hold to maturity are classified as HTM and reported at amortized cost. Such securities are adjusted for the amortization of premiums and discounts which are recognized as adjustments to interest income over the life of the securities using the level-yield method. At September 30, 2020 and 2019, the portfolio did not contain any securities classified as HTM.

Securities that management may sell if necessary for liquidity or asset management purposes are classified as AFS and reported at fair value, with unrealized gains and losses reported as a component of AOCI within stockholders' equity, net of deferred income taxes. The amortization of premiums and discounts are recognized as adjustments to interest income over the life of the securities using the level-yield method. Gains or losses on the disposition of AFS securities are recognized using the specific identification method. The Company primarily uses prices obtained from third-party pricing services to determine the fair value of securities. See additional discussion of fair value of AFS securities in "Note 15. Fair Value of Financial Instruments."

Securities that are purchased and held principally for resale in the near future are classified as trading securities and are reported at fair value, with unrealized gains and losses included in non-interest income in the consolidated statements of income. During the fiscal years ended September 30, 2020 and 2019, neither the Company nor the Bank maintained a trading securities portfolio.

Management monitors securities in the investment portfolio for impairment on an ongoing basis and performs a formal review quarterly. The process involves monitoring market events and other items that could impact issuers. The evaluation includes, but is not limited to, such factors as: the nature of the investment, the length of time the security has had a fair value less than the amortized cost basis, the cause(s) and severity of the loss, expectation of an anticipated recovery period, recent events specific to the issuer or industry including the issuer's financial condition and current ability to make future payments in a timely manner, external credit ratings and recent downgrades in such ratings, management's intention to sell and whether it is more likely than not management would be required to sell prior to recovery for debt securities. Management determines whether other-than-temporary losses should be recognized for impaired securities by assessing all known facts and circumstances surrounding the securities. If management intends to sell an impaired security or if it is more likely than not that management will be required to sell an impaired security before recovery of its amortized cost basis, an other-than-temporary impairment has occurred and the difference between amortized cost and fair value will be recognized as a loss in earnings and the security will be written down to fair value.

Loans Receivable - Loans receivable that management has the intention and ability to hold for the foreseeable future are carried at the amount of unpaid principal, net of ACL, undisbursed loan funds, unamortized premiums and discounts, and deferred loan origination fees and costs. Net loan origination fees and costs, and premiums and discounts are amortized as yield adjustments to interest income using the level-yield method. Interest on loans is credited to income as earned and accrued only if deemed collectible.

Loan endorsements - Certain existing one- to four- family loan customers, including customers whose loans were purchased from a correspondent lender, have the opportunity, for a fee, to endorse their original loan terms to current loan terms being offered by the Bank. The fee received for each endorsement is deferred and amortized as an adjustment to interest income over the life of the loan. If the change in loan terms resulting from the endorsement is deemed to be more than minor, the loan is treated as a new loan and all existing unamortized deferred loan origination fees and costs are recognized at the time of endorsement. If the change in loan terms is deemed to be minor, the fee received for the endorsement is added to the net remaining unamortized deferred fee or deferred cost balance.

Coronavirus Disease 2019 ("COVID-19") loan modification programs - In March 2020, the Bank announced loan modification programs to support and provide relief for its borrowers during the COVID-19 pandemic. Generally, loan modifications under these programs ("COVID-19 loan modifications") for one- to four-family loans and consumer loans consist of a three-month payment forbearance of principal, interest, and in some cases, escrow. COVID-19 loan modifications of commercial loans mainly consist of up to a six-month interest-only payment period, but an option for a three- to six-month forbearance of principal and interest was also available to our borrowers. The Company has followed the loan modification criteria within the Coronavirus Aid, Relief, and Economic Security ("CARES") Act or Interagency guidance when determining if a borrower's modification is subject to troubled debt restructuring ("TDR") classification. If it is determined that the modification does not meet the criteria under the CARES Act or Interagency guidance to be excluded from TDR classification, the Company evaluates the loan modifications under its existing TDR framework. Loans subject to forbearance under the COVID-19 loan modification program are not reported as past due or placed on nonaccrual status during the forbearance time period, and interest income continues to be recognized over the contractual life of the loans.

Troubled debt restructurings - For borrowers experiencing financial difficulties, the Bank may grant a concession to the borrower. Such concessions generally involve extensions of loan maturity dates, the granting of periods during which

reduced payment amounts are required, and/or reductions in interest rates. The Bank does not forgive principal or interest, nor does it commit to lend additional funds to these borrowers, except for situations generally involving the capitalization of delinquent interest and/or escrow on one- to four-family loans and consumer loans, not to exceed the original loan amount. In the case of commercial loans, the Bank does not forgive principal or interest or commit to lend additional funds unless the borrower provides additional collateral or other enhancements to improve the credit quality.

Delinquent loans - A loan is considered delinquent when payment has not been received within 30 days of its contractual due date. The number of days delinquent is determined by the number of scheduled payments that remain unpaid, assuming a period of 30 days between each scheduled payment.

Nonaccrual loans - The accrual of income on loans is generally discontinued when interest or principal payments are 90 days in arrears. We also report certain TDR loans as nonaccrual loans that are required to be reported as such pursuant to regulatory reporting requirements. Loans on which the accrual of income has been discontinued are designated as nonaccrual and outstanding interest previously credited beyond 90 days delinquent is reversed, except in the case of commercial loans in which all delinquent accrued interest is reversed. A nonaccrual one- to four-family or consumer loan is returned to accrual status once the contractual payments have been made to bring the loan less than 90 days past due or, in the case of a TDR loan, the borrower has made the required consecutive loan payments. A nonaccrual commercial loan is returned to accrual status once the loan has been current for a minimum of six months, all fees and interest are paid current, the loan has a sufficient debt service coverage ratio, and the loan is well secured and within policy.

Impaired loans - A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due, including principal and interest, according to the original contractual terms of the loan agreement. Interest income on impaired loans is recognized in the period collected unless the ultimate collection of principal is considered doubtful, in which case interest income is no longer recognized.

Acquired loans - Acquired loans are initially recorded at fair value based on a discounted cash flow valuation methodology that considers, among other things, interest rates, projected prepayments, projected default rates, loss given default and recovery rates, with no carryover of any existing ACL. Acquired loans with evidence of credit quality deterioration at acquisition are reviewed to determine if it is probable that the Company will not be able to collect all contractual amounts due, including both principal and interest. When both conditions exist, such loans are categorized and accounted for as purchased credit impaired ("PCI") loans. When these conditions do not exist, the loans are categorized as non-PCI loans.

For PCI loans with cash flows that the Company has determined can be reasonably estimated, which is the majority of the PCI loans, interest income is recognized on a level-yield basis over the life of the loan based upon the excess of expected cash flows over the original investment in the loan.

Allowance for Credit Losses - The ACL represents management's best estimate of the amount of inherent losses in the loan portfolio as of the balance sheet date. It involves a high degree of complexity and requires management to make difficult and subjective judgments and assumptions about highly uncertain matters. Management's methodology for assessing the appropriateness of the ACL consists of a formula analysis model, along with analyzing and considering several other relevant internal and external factors. The use of different judgments and assumptions could cause reported results to differ significantly. Management maintains the ACL through provisions for credit losses that are either charged or credited to income.

One- to four-family loans, including home equity loans, are individually evaluated for loss when the loan is generally 180 days delinquent and any losses are charged-off. Losses are based on new collateral values obtained through appraisals, less estimated costs to sell. Anticipated private mortgage insurance proceeds are taken into consideration when calculating the loss amount. An updated appraisal is requested, at a minimum, every 12 months thereafter if the loan is 180 days or more delinquent or in foreclosure. If the Bank holds the first and second mortgage, both loans are combined when evaluating whether there is a potential loss on the loan. When a non-real estate secured consumer loan is 120 days delinquent, any identified losses are charged-off. For commercial loans, generally losses are charged-off prior to a loan becoming 120 days delinquent when it is determined, through the analysis of any available current financial information with regards to the borrower, that the borrower is not able to service the debt and there is little or no prospect for near term improvement, or, in the case of secured loans, it is determined, through the analysis of current information with regards to the Bank's collateral position, that the amounts due from the borrower are in excess of the calculated current fair value of the collateral after

consideration of estimated costs to sell. Charge-offs for any loan type may also occur at any time if the Bank has knowledge of the existence of a probable loss.

The primary risk characteristics inherent in the one- to four-family and consumer loan portfolios are a decline in economic conditions, elevated levels of unemployment or underemployment, and declines in residential real estate values. Any one or a combination of these events may adversely affect the ability of borrowers to repay their loans, resulting in increased delinquencies, non-performing assets, loan losses, and future loan loss provisions. Although the commercial loan portfolio is subject to the same risk of declines in economic conditions, the primary risk characteristics inherent in this portfolio include the ability of the borrower to sustain sufficient cash flows from leases and business operations, the ability to control operational or business expenses to satisfy their contractual debt payments, and the ability to utilize personal or business resources to pay their contractual debt payments if the cash flows are not sufficient. Additionally, if the Bank were to repossess the secured collateral of a commercial real estate loan, the pool of potential buyers is more limited than that for a residential property. Therefore, the Bank could hold the property for an extended period of time, or be forced to sell at a discounted price, resulting in additional losses. Our commercial and industrial loans are primarily secured by accounts receivable, inventory and equipment, which may be difficult to appraise, may be illiquid and may fluctuate in value based on the success of the business.

As of each quarter end, a formula analysis is prepared which segregates the loan portfolio into categories based on certain risk characteristics. The categories include the following: one- to four-family loans; commercial loans; consumer home equity loans; and other consumer loans. Home equity loans with the same underlying collateral as a one- to four-family loan are combined with the one- to four-family loan in the formula analysis model to calculate a combined loan-to-value ("LTV") ratio. The one- to four-family loan portfolio and related home equity loans are segregated into additional categories based on the following risk characteristics: loan source (originated, correspondent purchased, or bulk purchased), interest payments (fixed-rate and adjustable-rate), LTV ratios, borrower's credit scores, and geographic location. The categories were derived by management based on reviewing the historical performance of the one- to four-family loan portfolio and taking into consideration current economic conditions, such as trends in residential real estate values in certain areas of the U.S. and unemployment rates. The commercial loan portfolio is segregated into additional categories based on the type of loan (real estate loan, construction loan or commercial and industrial). Impaired loans are not included in the formula analysis as they are individually evaluated for loss.

Historical loss factors are applied to each loan category in the formula analysis model. As of each quarter end, management reviews historical losses over a look-back time period and utilizes the historical loss time periods believed to be the most appropriate considering the then-current economic conditions. The historical loss time period is then adjusted for a loss emergence time period, which represents the estimated time period from the date of a loss event to the date we recognize a charge-off/loss. Qualitative factors are utilized in the formula analysis model to reflect risks inherent in each loan category that are not captured by the historical loss factors. The qualitative factors for one- to four-family and consumer loan portfolios take into consideration such items as: unemployment rate trends, residential real estate value trends, credit score trends, and delinquent loan trends. The qualitative factors for the commercial loan portfolio take into consideration the composition of the portfolio along with industry and peer charge-off information and certain ACL ratios. As loans are classified or become delinquent, the qualitative loss factors increase for each respective loan category. The qualitative factors were derived by management based on a review of the historical performance of the respective loan portfolios and industry and peer information for those loan portfolios with no or limited historical loss experience, along with consideration of current economic conditions and the likely impact such conditions might have on the performance of the loan portfolio.

Management increased the historical loss and qualitative factors for the one- to four-family and consumer loan portfolios during the current fiscal year to account for a higher level of estimated inherent losses in the loan portfolio as a result of the deterioration of economic conditions due to the COVID-19 pandemic. When determining the appropriate historical loss and qualitative factors for the one- to four-family and consumer loan portfolios, management took into consideration such factors as the national and state unemployment rates and related trends, national and state unemployment benefit claim levels and related trends, the amount of and timing of financial assistance provided by the government, and the Bank's COVID-19 loan modification program. Unemployed individuals benefited from additional unemployment benefits afforded under the CARES Act; however, the majority of the financial assistance provided by the federal government, which may be masking the Bank's actual credit exposure, tapered off significantly by September 30, 2020. In late March 2020, the Bank began offering a COVID-19 loan modification program for one- to four-family and consumer loans. While the intention of the COVID-19 loan modification program was to keep customers current on their payments and therefore in their homes during

the worst of the economic downturn, the program could be masking the Bank's actual credit exposure on these loans. After considering the factors noted above, management evaluated the Bank's historical ACL to loans ratios compared to historical unemployment rates and housing price index trends and the Bank's historical charge-off percentages. After reviewing historical information and considering the economic conditions at September 30, 2020, management selected the worst historical time periods and used those historical loss and qualitative factors in the ACL formula analysis model at September 30, 2020. Management then compared the ACL (calculated by the formula analysis model) to loans ratio to the Bank's historical ACL to loan ratios to determine the appropriate amount of ACL at September 30, 2020 considering the economic conditions at that point in time.

Management also increased the qualitative factors and applied a COVID-19 qualitative factor to the Bank's commercial loan portfolio at September 30, 2020. To determine the appropriate qualitative factors for the Bank's commercial loan portfolio at September 30, 2020, management considered the factors noted above, along with such factors as consumer spending levels and trends, industries significantly impacted by the COVID-19 pandemic, the commercial lending team's review of the Bank's largest commercial loan relationships, and the Bank's COVID-19 loan modification program. The Bank's commercial lending team's loan analysis through September 30, 2020 primarily focused on the lending relationships considered most at risk of short-term operational cash flow issues and/or collateral concerns. Those considered most at risk were among the categories with the highest usage of the Bank's COVID-19 loan modification program. We believe the Bank's COVID-19 loan modification program has been very beneficial to the majority of the Bank's borrowers that took advantage of the program; however, as is the case with one- to four-family loans, the modifications may be masking the Bank's actual credit exposure. The commercial lending team also considered the largest credits and LTVs for loans in the industries most impacted by the COVID-19 pandemic. After considering the factors noted above and the very limited historical loan loss experience for the Bank's commercial loan portfolio, management reviewed historical peer ACL to loan ratios and peer charge-off percentages and the economic conditions during those time periods. After reviewing peer historical information and considering the economic conditions at September 30, 2020, management increased the commercial loan qualitative factors and applied a COVID-19 qualitative factor. Management then compared the ACL (calculated by the formula analysis model) to loans ratio to peer historical ACL to loan ratios to determine the appropriate amount of ACL at September 30, 2020 considering the economic conditions at that point in time.

For non-PCI loans, the Company estimates a hypothetical amount of ACL using the same historical loss and qualitative factors as the Bank's formula analysis model to establish the hypothetical amount of ACL. This amount is compared with the remaining net purchase discount for the non-PCI loans to test for credit quality deterioration and the possible need for an additional loan loss provision. To the extent the remaining net purchase discount of the pool is greater than the hypothetical ACL, no additional ACL is necessary. If the remaining net purchase discount of the pool is less than the hypothetical ACL, the difference results in an increase to the ACL recorded through a provision for credit losses.

Management will continue to closely monitor economic conditions and will work with borrowers as necessary to assist them through this challenging economic climate. If economic conditions worsen or do not improve in the near term, and if future government programs, if any, do not provide adequate relief to borrowers, it is possible the Bank's ACL will need to increase in future periods. Management seeks to apply the ACL methodology in a consistent manner; however, the methodology may be modified in response to changing conditions, such as was the case during the current fiscal year. Although management believes the ACL was at a level adequate to absorb inherent losses in the loan portfolio at September 30, 2020, the level of the ACL remains an estimate that is subject to significant judgment and short-term changes.

Federal Home Loan Bank Stock - As a member of FHLB, the Bank is required to acquire and hold shares of FHLB stock. The Bank's holding requirement varies based on the Bank's activities, primarily the Bank's outstanding borrowings, with FHLB. FHLB stock is carried at cost and is considered a restricted asset because it cannot be pledged as collateral or bought or sold on the open market and it also has certain redemption restrictions. Management conducts a quarterly evaluation to determine if any FHLB stock impairment exists. The quarterly impairment evaluation focuses primarily on the capital adequacy and liquidity of FHLB, while also considering the impact that legislative and regulatory developments may have on FHLB. Stock and cash dividends received on FHLB stock are reflected as dividend income in the consolidated statements of income.

Premises and Equipment - Land is carried at cost. Buildings, leasehold improvements, and furniture, fixtures and equipment are carried at cost less accumulated depreciation and leasehold amortization. Buildings, furniture, fixtures and equipment are depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the

shorter of their estimated useful lives or the term of the respective leases. The costs for major improvements and renovations are capitalized, while maintenance, repairs and minor improvements are charged to operating expenses as incurred. Gains and losses on dispositions are recorded as non-interest income or non-interest expense as incurred.

Revenue Recognition - Non-interest income within the scope of Accounting Standards Codification ("ASC") Topic 606 is recognized by the Company when performance obligations, under the terms of the contract, are satisfied. This income is measured as the amount of consideration expected to be received in exchange for the providing of services. The majority of the Company's applicable non-interest income continues to be recognized at the time when services are provided to its customers. See Note 17. Revenue Recognition for additional information.

Leases - The Company leases real estate property for branches, ATMs, and certain equipment. All of the leases in which the Company is the lessee are classified as operating leases. The Company determines if an arrangement is a lease at inception and if the lease is an operating lease or a finance lease.

Operating lease right-of-use assets represent the Company's right to use an underlying asset during the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. The right-of-use assets associated with operating leases are recorded in other assets in the Company's consolidated balance sheets. The lease liabilities associated with operating leases are included in accounts payable and accrued expenses on the consolidated balance sheets. The period over which the right-of-use asset is amortized is generally the lesser of the expected remaining term or the remaining useful life of the leased asset. The lease liability is decreased as periodic lease payments are made. The Company performs impairment assessments for right-of-use assets when events or changes in circumstances indicate that their carrying values may not be recoverable.

The calculated amounts of the right-of-use assets and lease liabilities are impacted by the length of the lease term and the discount rate used to calculate the present value of the minimum remaining lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. If, at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company includes the extended term in the calculation of the right-of-use asset and lease liability. Generally, the Company cannot practically determine the interest rate implicit in the lease so the Company's incremental borrowing rate is used as the discount rate for the lease. The Company uses FHLB advance interest rates, which have been deemed as the Company's incremental borrowing rate, at lease inception based upon the term of the lease. For operating leases existing prior to October 1, 2019, the rate for the remaining lease term as of October 1, 2019 was applied. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease expense, variable lease expense and short-term lease expense are included in occupancy expense in the Company's consolidated statements of income. For facility-related leases, the Company elected, by lease class, to not separate lease and non-lease components. Lease expense is recognized on a straight-line basis over the lease term. Variable lease expense primarily represents payments such as common area maintenance, real estate taxes, and utilities and are recognized as expense in the period when those payments are incurred. Short-term lease expense relates to leases with an initial term of 12 months or less. The Company has elected to not record a right-of-use asset or lease liability for short-term leases.

Other Assets - Included in other assets on the consolidated balance sheet are the Company's intangible assets, recognized as a result of the acquisition of CCB, which consist of goodwill, deposit intangibles and other intangibles.

Goodwill is assessed for impairment on an annual basis, or more frequently in certain circumstances. The test for impairment is performed by comparing the fair value of the reporting unit with its carrying amount. If the fair value is determined to be less than the carrying amount, an impairment is recorded.

The Company's intangible assets primarily relate to core deposits. These intangible assets are amortized based upon the expected economic benefit over an estimated life of approximately 8 years and are tested for impairment whenever events or circumstances change.

Income Taxes - The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income tax expense

(benefit) represents the change in deferred income tax assets and liabilities excluding the tax effects of the change in net unrealized gain (loss) on AFS securities and interest rate swaps and changes in the market value of restricted stock awards between the grant date and vesting date. Income tax related penalties and interest, if any, are included in income tax expense in the consolidated statements of income.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. To the extent that management considers it more likely than not that a deferred tax asset will not be recovered, a valuation allowance is recorded. All positive and negative evidence is reviewed in determining how much of a valuation allowance is recognized on a quarterly basis.

Certain accounting literature prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an uncertain tax position taken, or expected to be taken, in a tax return. Interest and penalties related to unrecognized tax benefits are recognized in income tax expense in the consolidated statements of income. Accrued interest and penalties related to unrecognized tax benefits are included within the related tax liabilities line in the consolidated balance sheet.

Employee Stock Ownership Plan - The funds borrowed by the ESOP from the Company to purchase the Company's common stock are being repaid from dividends paid on unallocated ESOP shares and, if necessary, contributions by the Bank. The ESOP shares pledged as collateral are reported as a reduction of stockholders' equity at cost. As ESOP shares are committed to be released from collateral each quarter, the Company records compensation expense based on the average market price of the Company's stock during the quarter. Additionally, the ESOP shares become outstanding for EPS computations once they are committed to be released.

Stock-based Compensation - The Company has share-based plans under which stock options and restricted stock awards have been granted. Compensation expense is recognized over the service period of the share-based payment award. The Company utilizes a fair-value-based measurement method in accounting for the share-based payment transactions. The Company applies the modified prospective method in which compensation cost is recognized over the service period for all awards granted.

Borrowed Funds - The Bank has entered into repurchase agreements, which are sales of securities under agreements to repurchase, with approved counterparties. These agreements are recorded as financing transactions, and thereby reported as liabilities on the consolidated balance sheet, with the related expense reported as interest expense on the consolidated statements of income, as the Bank maintains effective control over the transferred securities and the securities continue to be carried in the Bank's securities portfolio.

The Bank has obtained borrowings from FHLB in the form of advances and a line of credit. Total FHLB borrowings are secured by certain qualifying loans pursuant to a blanket collateral agreement with FHLB and certain securities, as necessary. Additionally, the Bank is authorized to borrow from the Federal Reserve Bank's "discount window."

The Company uses interest rate swaps as part of its interest rate risk management strategy to hedge the variable cash outflows associated with certain borrowings. Interest rate swaps are carried at fair value in the Company's consolidated financial statements. For interest rate swaps that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of such agreements are recorded in AOCI and are subsequently reclassified into interest expense in the period that interest on the borrowings affects earnings. The ineffective portion of the change in fair value of the interest rate swap is recognized directly in earnings. Effectiveness is assessed using regression analysis. At the inception of a hedge, the Company documents certain items, including the relationship between the hedging instrument and the hedged item, the risk management objective and the nature of the risk being hedged, a description of how effectiveness will be measured and an evaluation of hedged transaction effectiveness.

Segment Information - As a community-oriented financial institution, substantially all of the Bank's operations involve the delivery of loan and deposit products to customers. Management makes operating decisions and assesses performance based on an ongoing review of these community banking operations, which constitute the Company's only operating segment for financial reporting purposes.

Low Income Housing Partnerships - As part of the Bank's community reinvestment initiatives, the Bank invests in affordable housing limited partnerships ("low income housing partnerships") that make equity investments in affordable housing properties. The Bank is a limited partner in each partnership in which it invests. A separate, unrelated third party is the general partner. The Bank receives affordable housing tax credits and other tax benefits for these investments.

Earnings Per Share - Basic EPS is computed by dividing income available to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock (such as stock options) were exercised or resulted in the issuance of common stock. These potentially dilutive shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method. Shares issued and shares reacquired during any period are weighted for the portion of the period that they were outstanding.

In computing both basic and diluted EPS, the weighted average number of common shares outstanding includes the ESOP shares previously allocated to participants and shares committed to be released for allocation to participants and shares of restricted stock which have vested. ESOP shares that have not been committed to be released are excluded from the computation of basic and diluted EPS. Unvested restricted stock awards contain nonforfeitable rights to dividends and are treated as participating securities in the computation of EPS pursuant to the two-class method.

Trust Asset Management - Assets (other than cash deposits with the Bank) held in fiduciary or agency capacities for customers are not included in the accompanying consolidated balance sheets, since such items are not assets of the Company or its subsidiaries.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases*. The ASU, as amended, revises lease accounting guidance by requiring that lessees recognize the assets and liabilities arising from leases on the balance sheet. Additionally, the ASU requires entities to disclose both quantitative and qualitative information regarding their leasing activities. The accounting applied by a lessor is largely unchanged from that applied under the previous guidance. In July 2018, the FASB issued ASU 2018-11, *Leases*, which provides entities with relief from the costs of implementation by allowing the option to not restate comparative periods as part of the transition. The ASU, as amended, became effective for the Company on October 1, 2019. Upon adoption, the Company elected the modified retrospective approach and the optional transition method under which the Company used the effective date as the date of initial application of the amendments. The optional practical expedients the Company elected include: (1) not reassessing whether any expired or existing contracts are or contain leases, (2) not reassessing the classification of any expired or existing contracts, (3) not reassessing initial direct costs for existing leases, and (4) using hindsight for leases existing at adoption date. For leases with an initial term of 12 months or less, the Company elected the short-term lease option, which entails not recognizing right-of-use assets and lease liabilities for these leases. Additionally, the Company elected, for facility-related leases, the practical expedient that allows an entity to elect, by lease class, the ability to not separate lease and non-lease components. Upon adoption, the Company recognized a right-of-use asset of $15.7 million and a lease liability of $15.5 million, related to the Company's non-cancellable operating lease commitments based on the present value of the expected remaining lease payments as of October 1, 2019. The cumulative-effect adjustment to retained earnings at the time of adoption totaled $88 thousand. These ASUs did not have a material impact on the Company's results of operations and cash flows at the time of adoption. The disclosures required by the ASU are included in Note 18. Leases.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU, as amended, replaces the incurred loss impairment methodology in current GAAP, which requires credit losses to be recognized when it is probable that a loss has been incurred, with a new impairment methodology. The new impairment methodology requires an entity to measure, at each reporting date, the expected credit losses of financial assets not measured at fair value, such as loans and loan commitments, over their contractual lives. Under the new impairment methodology, expected credit losses will be measured at each reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Additionally, the ASU amends the current credit loss measurements for AFS debt securities. Credit losses related to AFS debt securities will be recorded through the ACL rather than as a direct write-down as per current GAAP. The ASU also requires enhanced disclosures related to credit quality and significant estimates and judgments used by management when estimating credit losses. The ASU will become effective for the Company on October 1, 2020. The Company intends to apply a modified retrospective approach when adopting the ASU. Upon adoption, a cumulative-effect adjustment for the change in the allowance for credit losses and reserves on unfunded commitments will be recognized in retained earnings, net of tax. The Company worked with a software provider on the

application and implementation of the new accounting guidance. The Company has determined its loan segmentation and the methodologies that will be utilized for each loan segment, and has also developed several assumptions including a reasonable and supportable forecast time period, a reversion methodology, and prepayment and curtailment speeds, among others. Management is in the process of finalizing supporting documentation and internal controls, policies, and procedures. Based on analysis performed by the Company with consideration given to the loan portfolio at September 30, 2020 and current expectation of future economic conditions, our ACL and reserves on unfunded commitments upon adoption will be $26.8 million and $7.8 million, respectively, which would result in a cumulative effect adjustment to retained earnings, net of tax, of $2.3 million. However, management continues to evaluate the impact of adoption. The preliminary results may change as the model is finalized and the remaining implementation steps are completed. The enhanced disclosures required by this ASU will be presented beginning with the Company's December 31, 2020 Quarterly Report on Form 10-Q. Under this new accounting standard, the Company's ACL may fluctuate more significantly from period to period than it has historically as a result of changes in forecasted economic conditions and changes in the composition of the Company's loan portfolio.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosures Requirements for Fair Value Measurement*. This ASU eliminates, modifies and adds certain disclosure requirements for fair value measurements. The ASU adds disclosure requirements for the changes in unrealized gains and losses included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The effective date of this ASU for the Company is October 1, 2020, with early adoption permitted. Entities are allowed to elect early adoption of the eliminated or modified disclosure requirements and delay adoption of the new disclosure requirements until their effective date. Since this ASU only requires disclosure changes, it is not expected to have a significant impact on the Company's consolidated financial condition and results of operations.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include internal-use software license). The effective date of this ASU for the Company is October 1, 2020, with early adoption permitted. This ASU is not expected to have a significant impact on the Company's consolidated financial condition, results of operations and disclosures.

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.* This ASU makes clarifications and corrections to the application of the guidance contained in each of the amended topics. According to the provisions of the ASU, entities that have not adopted ASU 2017-12 prior to the issuance of ASU 2019-04 shall adopt the provisions of both ASUs at the same time. The effective date of the non-hedging amendments contained in ASU 2019-04 for the Company is October 1, 2020. The non-hedging amendments contained in this ASU are not expected to have a significant impact on the Company's consolidated financial condition, results of operations and disclosures.

2. ACQUISITION

On August 31, 2018, the Company completed the acquisition of CCB and its wholly-owned subsidiary, Capital City Bank. Capital City Bank was headquartered in Topeka, Kansas and owned and leased banking locations in Topeka, Lawrence, and Overland Park, Kansas. The acquisition was not considered material to the Company's financial statements; therefore, pro-forma financial data and related disclosures are not included.

The Company acquired loans and deposits with fair values of $299.7 million and $352.5 million, respectively, at the date of acquisition. Included in the loans acquired from CCB at August 31, 2018 were PCI loans with contractually required cash flows totaling $2.6 million. Of that amount, the Company expected to collect $1.9 million, which was also the fair value at the date of acquisition. Under the terms of the acquisition agreement, the Company issued 3.0 million shares of common stock for all outstanding shares of CCB capital stock, for a total merger consideration of $39.1 million, based on the Company's closing stock price of $13.21 on August 31, 2018. See "Note 8. Intangible Assets" for additional information regarding the acquisition of CCB.

There were no merger-related expenses incurred during fiscal year 2020. During fiscal years 2019 and 2018, the Company incurred $30 thousand and $872 thousand, respectively, of pre-tax merger-related expenses attributable to the CCB acquisition. The merger-related expenses were reflected on the Company's consolidated statement of income and were reported primarily in regulatory and outside services.

3. EARNINGS PER SHARE

Shares acquired by the ESOP are not included in basic average shares outstanding until the shares are committed for allocation or vested to an employee's individual account. Unvested shares awarded pursuant to the Company's restricted stock benefit plans are treated as participating securities in the computation of EPS pursuant to the two-class method as they contain nonforfeitable rights to dividends. The two-class method is an earnings allocation that determines EPS for each class of common stock and participating security.

	For the Year Ended September 30,		
	2020	**2019**	**2018**
	(Dollars in thousands, except per share amounts)		
Net income	$ 64,540	$ 94,243	$ 98,927
Income allocated to participating securities	(52)	(55)	(40)
Net income available to common stockholders	$ 64,488	$ 94,188	$ 98,887
Average common shares outstanding	137,834,304	137,614,465	134,635,886
Average committed ESOP shares outstanding	62,400	62,458	62,458
Total basic average common shares outstanding	137,896,704	137,676,923	134,698,344
Effect of dilutive stock options	4,484	58,478	60,647
Total diluted average common shares outstanding	137,901,188	137,735,401	134,758,991
Net EPS:			
Basic	$ 0.47	$ 0.68	$ 0.73
Diluted	$ 0.47	$ 0.68	$ 0.73
Antidilutive stock options, excluded from the diluted average common shares outstanding calculation	437,731	470,938	541,418

4. SECURITIES

The following tables reflect the amortized cost, estimated fair value, and gross unrealized gains and losses of AFS securities at the dates presented. The majority of the MBS and investment securities portfolios are composed of securities issued by GSEs.

	September 30, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
MBS	$ 1,149,922	$ 31,212	$ 331	$ 1,180,803
GSE debentures	369,967	414	41	370,340
Municipal bonds	9,716	91	—	9,807
	$ 1,529,605	$ 31,717	$ 372	$ 1,560,950

	September 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
MBS	$ 923,256	$ 15,571	$ 2,340	$ 936,487
GSE debentures	249,828	304	178	249,954
Municipal bonds	18,371	52	1	18,422
	$ 1,191,455	$ 15,927	$ 2,519	$ 1,204,863

The following tables summarize the estimated fair value and gross unrealized losses of those AFS securities on which an unrealized loss at the dates presented was reported and the continuous unrealized loss position for less than 12 months and equal to or greater than 12 months as of the dates presented.

	September 30, 2020			
	Less Than 12 Months		Equal to or Greater Than 12 Months	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)			
MBS	$ 207,071	$ 330	$ 118	$ 1
GSE debentures	74,959	41	—	—
Municipal bonds	—	—	—	—
	$ 282,030	$ 371	$ 118	$ 1

	September 30, 2019			
	Less Than 12 Months		Equal to or Greater Than 12 Months	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)			
MBS	$ 111,368	$ 126	$ 199,442	$ 2,214
GSE debentures	—	—	74,812	178
Municipal bonds	1,755	1	—	—
	$ 113,123	$ 127	$ 274,254	$ 2,392

The unrealized losses at September 30, 2020 and 2019 were a result of an increase in market yields from the time the securities were purchased. In general, as market yields rise, the fair value of securities will decrease; as market yields fall, the fair value of securities will increase. Management generally views changes in fair value caused by changes in market yields as temporary. Therefore, these securities have not been classified as other-than-temporarily impaired. The impairment is also considered temporary because scheduled coupon payments have been made, it is anticipated that the entire principal balance will be collected as scheduled, and management neither intends to sell the securities, nor is it more likely than not that the Company will be required to sell the securities before the recovery of the remaining amortized cost amount, which could be at maturity. As a result of the analysis, management has concluded that no other-than-temporary impairments existed at September 30, 2020 or 2019. See "Note 1. Summary of Significant Accounting Policies - Securities" for additional information regarding our impairment review and classification process for securities.

The amortized cost and estimated fair value of AFS debt securities as of September 30, 2020, by contractual maturity, are shown below. Actual principal repayments may differ from contractual maturities due to prepayment or early call privileges by the issuer. In the case of MBS, borrowers on the underlying loans generally have the right to prepay their loans without prepayment penalty. For this reason, MBS are not included in the maturity categories.

	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)	
One year or less	$ 3,987	$ 4,009
One year through five years	375,696	376,138
	379,683	380,147
MBS	1,149,922	1,180,803
	$ 1,529,605	$ 1,560,950

The following table presents the taxable and non-taxable components of interest income on investment securities for the periods presented.

	For the Year Ended September 30,		
	2020	2019	2018
	(Dollars in thousands)		
Taxable	$ 4,242	$ 6,020	$ 4,275
Non-taxable	225	346	395
	$ 4,467	$ 6,366	$ 4,670

The following table summarizes the carrying value of securities pledged as collateral for the obligations indicated below as of the dates presented.

	September 30,	
	2020	2019
	(Dollars in thousands)	
Public unit deposits	$ 330,986	$ 381,143
FRB of Kansas City	259,851	6,636
Repurchase agreements	—	108,271
	$ 590,837	$ 496,050

During fiscal year 2018, the Company sold trust preferred securities and received proceeds of $2.1 million. The Company recognized a gain of $9 thousand on the sale. All other dispositions of securities during fiscal years 2020, 2019, and 2018 were the result of principal repayments, calls, or maturities.

5. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable, net at September 30, 2020 and 2019 is summarized as follows:

	2020	2019
	(Dollars in thousands)	
One- to four-family:		
Originated	$ 3,937,310	$ 3,873,851
Correspondent purchased	2,101,082	2,349,877
Bulk purchased	208,427	252,347
Construction	34,593	36,758
Total	6,281,412	6,512,833
Commercial:		
Commercial real estate	626,588	583,617
Commercial and industrial	97,614	61,094
Construction	105,458	123,159
Total	829,660	767,870
Consumer:		
Home equity	103,838	120,587
Other	10,086	11,183
Total	113,924	131,770
Total loans receivable	7,224,996	7,412,473
Less:		
ACL	31,527	9,226
Discounts/unearned loan fees	29,190	31,058
Premiums/deferred costs	(38,572)	(44,558)
	$ 7,202,851	$ 7,416,747

Included in the loan portfolio at September 30, 2020 were $139.6 million of non-PCI loans and $5 thousand of PCI loans associated with the acquisition of CCB during fiscal year 2018. At September 30, 2020, the Company had $2.4 million of net purchase discounts related to non-PCI loans and $5 thousand related to PCI loans.

As of September 30, 2020 and 2019, the Bank serviced loans for others aggregating $87.2 million and $117.3 million, respectively. Such loans are not included in the accompanying consolidated balance sheets. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and foreclosure processing. Loan servicing income includes servicing fees withheld from investors and certain charges collected from borrowers, such as late payment fees. The Bank held borrowers' escrow balances on loans serviced for others of $1.7 million and $2.2 million as of September 30, 2020 and 2019, respectively.

***Lending Practices and Underwriting Standards* -** Originating and purchasing one- to four-family loans is the Bank's primary lending business. The Bank also originates consumer loans primarily secured by one- to four-family residential properties and originates and participates in commercial loans. The Bank has a loan concentration in one- to four-family loans and a geographic concentration of these loans in Kansas and Missouri.

One- to four-family loans - Full documentation to support an applicant's credit and income, and sufficient funds to cover all applicable fees and reserves at closing, are required on all loans. Generally, loans are underwritten according to the "ability to repay" and "qualified mortgage" standards, as issued by the Consumer Financial Protection Bureau. Properties securing one- to four-family loans are appraised by either staff appraisers or fee appraisers, both of which are independent of the loan origination function.

The underwriting standards for loans purchased from correspondent lenders are generally similar to the Bank's internal underwriting standards. The underwriting of loans purchased from correspondent lenders on a loan-by-loan basis is performed by the Bank's underwriters.

The Bank also originates owner-occupied construction-to-permanent loans secured by one- to four-family residential real estate. Construction draw requests and the supporting documentation are reviewed and approved by designated personnel. The Bank also performs regular documented inspections of the construction project to ensure the funds are being used for the intended purpose and the project is being completed according to the plans and specifications provided.

Commercial loans - The Bank's commercial real estate and commercial construction loans are originated by the Bank or are in participation with a lead bank. When underwriting a commercial real estate or commercial construction loan, several factors are considered, such as the income producing potential of the property, cash equity provided by the borrower, the financial strength of the borrower, managerial expertise of the borrower or tenant, feasibility studies, lending experience with the borrower and the marketability of the property. For commercial real estate and commercial construction participation loans, the Bank performs the same underwriting procedures as if the loan was being originated by the Bank. At the time of origination, LTV ratios on commercial real estate loans generally do not exceed 85% of the appraised value of the property securing the loans and the minimum debt service coverage ratio is generally 1.15. For commercial construction loans, LTV ratios generally do not exceed 80% of the projected appraised value of the property securing the loans and the minimum debt service coverage ratio is generally 1.15, but it applies to the projected cash flows, and the borrower must have successful experience with the construction and operation of properties similar to the subject property. Appraisals on properties securing these loans are performed by independent state certified fee appraisers.

The Bank's commercial and industrial loans are generally made in the Bank's market areas and are underwritten on the basis of the borrower's ability to service the debt from income. With the exception of Paycheck Protection Program loans, working capital loans are primarily collateralized by short-term assets whereas term loans are primarily collateralized by long-term assets. In general, commercial and industrial loans involve more credit risk than commercial real estate loans due to the type of collateral securing these loans. As a result of these additional complexities, variables and risks, these loans require more thorough underwriting and servicing than other types of loans.

Consumer loans - The Bank offers a variety of secured consumer loans, including home equity loans and lines of credit, home improvement loans, vehicle loans, and loans secured by deposits. The Bank also originates a very limited amount of unsecured loans. The majority of the consumer loan portfolio is comprised of home equity lines of credit for which the Bank also has the first mortgage or the home equity line of credit is in the first lien position.

The underwriting standards for consumer loans include a determination of an applicant's payment history on other debts and an assessment of an applicant's ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of an applicant is a primary consideration, the underwriting process also includes a comparison of the value of the security in relation to the proposed loan amount.

***Credit Quality Indicators* -** Based on the Bank's lending emphasis and underwriting standards, management has segmented the loan portfolio into three segments: (1) one- to four-family; (2) consumer; and (3) commercial. These segments are further divided into classes for purposes of providing disaggregated information about the credit quality of the loan portfolio. The classes are: one- to four-family - originated, one- to four-family - correspondent purchased, one- to four-family - bulk purchased, consumer - home equity, consumer - other, commercial - commercial real estate, and commercial - commercial and industrial. One- to four-family construction loans are included in either the originated class or correspondent purchased class, and commercial construction loans are included in the commercial real estate class.

The Bank's primary credit quality indicators for the one- to four-family and consumer - home equity loan portfolios are delinquency status, asset classifications, LTV ratios, and borrower credit scores. The Bank's primary credit quality indicators for the commercial and consumer - other loan portfolios are delinquency status and asset classifications.

The following tables present the recorded investment, by class, in loans 30 to 89 days delinquent, loans 90 or more days delinquent or in foreclosure, total delinquent loans, current loans, and total recorded investment at the dates presented. The recorded investment in loans is defined as the unpaid principal balance of a loan, less charge-offs and inclusive of unearned loan fees and deferred costs. At September 30, 2020 and 2019, all loans 90 or more days delinquent were on nonaccrual status.

	September 30, 2020				
	30 to 89 Days Delinquent	90 or More Days Delinquent or in Foreclosure	Total Delinquent Loans	Current Loans	Total Recorded Investment
	(Dollars in thousands)				
One- to four-family:					
Originated	$ 3,001	$ 4,347	$ 7,348	$ 3,950,387	$ 3,957,735
Correspondent purchased	3,170	2,433	5,603	2,122,085	2,127,688
Bulk purchased	2,558	2,938	5,496	203,844	209,340
Commercial:					
Commercial real estate	40	1,206	1,246	728,191	729,437
Commercial and industrial	5	157	162	96,124	96,286
Consumer:					
Home equity	323	296	619	103,210	103,829
Other	75	8	83	9,980	10,063
	$ 9,172	$ 11,385	$ 20,557	$ 7,213,821	$ 7,234,378

	September 30, 2019				
	30 to 89 Days Delinquent	90 or More Days Delinquent or in Foreclosure	Total Delinquent Loans	Current Loans	Total Recorded Investment
	(Dollars in thousands)				
One- to four-family:					
Originated	$ 7,187	$ 3,261	$ 10,448	$ 3,885,335	$ 3,895,783
Correspondent purchased	2,762	1,023	3,785	2,377,629	2,381,414
Bulk purchased	3,624	1,484	5,108	248,376	253,484
Commercial:					
Commercial real estate	762	—	762	702,377	703,139
Commercial and industrial	70	173	243	60,340	60,583
Consumer:					
Home equity	446	302	748	119,688	120,436
Other	78	21	99	11,035	11,134
	$ 14,929	$ 6,264	$ 21,193	$ 7,404,780	$ 7,425,973

The recorded investment in mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of both September 30, 2020 and 2019 was $1.5 million, which is included in loans 90 or more days delinquent or in foreclosure in the table above. The carrying value of residential OREO held as a result of obtaining physical possession upon completion of a foreclosure or through completion of a deed in lieu of foreclosure was $183 thousand at September 30, 2020 and $745 thousand at September 30, 2019.

The following table presents the recorded investment, by class, in loans classified as nonaccrual at the dates presented.

	September 30, 2020	September 30, 2019
	(Dollars in thousands)	
One- to four-family:		
Originated	$ 5,037	$ 4,436
Correspondent purchased	2,433	1,023
Bulk purchased	2,938	1,551
Commercial:		
Commercial real estate	1,663	—
Commercial and industrial	157	173
Consumer:		
Home equity	305	337
Other	8	21
	$ 12,541	$ 7,541

In accordance with the Bank's asset classification policy, management regularly reviews the problem loans in the Bank's portfolio to determine whether any loans require classification. Loan classifications are defined as follows:

- Special mention - These loans are performing loans on which known information about the collateral pledged or the possible credit problems of the borrower(s) have caused management to have doubts as to the ability of the borrower(s) to comply with present loan repayment terms and which may result in the future inclusion of such loans in the non-performing loan categories.
- Substandard - A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans include those characterized by the distinct possibility the Bank will sustain some loss if the deficiencies are not corrected.
- Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses present make collection or liquidation in full on the basis of currently existing facts and conditions and values highly questionable and improbable.
- Loss - Loans classified as loss are considered uncollectible and of such little value that their continuance as assets on the books is not warranted.

The following table sets forth the recorded investment in loans classified as special mention or substandard, by class, at the dates presented. Special mention and substandard loans are included in the ACL formula analysis model if the loans are not individually evaluated for loss. Loans classified as doubtful or loss are individually evaluated for loss. At the dates presented, there were no loans classified as doubtful, and all loans classified as loss were fully charged-off.

	September 30, 2020		September 30, 2019	
	Special Mention	Substandard	Special Mention	Substandard
	(Dollars in thousands)			
One- to four-family:				
Originated	$ 9,249	$ 15,729	$ 12,941	$ 15,628
Correspondent purchased	2,076	4,512	2,349	2,785
Bulk purchased	—	5,319	102	5,294
Commercial:				
Commercial real estate	50,957	3,541	52,891	2,472
Commercial and industrial	1,040	1,368	1,215	3,057
Consumer:				
Home equity	331	581	280	696
Other	—	8	2	24
	$ 63,653	$ 31,058	$ 69,780	$ 29,956

The following table shows the weighted average credit score and weighted average LTV for one- to four-family loans and consumer home equity loans at the dates presented. Borrower credit scores are intended to provide an indication as to the likelihood that a borrower will repay their debts. Credit scores are updated at least annually, with the last update in September 2020, from a nationally recognized consumer rating agency. The LTV ratios provide an estimate of the extent to which the Bank may incur a loss on any given loan that may go into foreclosure. The consumer - home equity LTV does not take into account the first lien position, if applicable. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. In most cases, the most recent appraisal was obtained at the time of origination.

	September 30,			
	2020		2019	
	Credit Score	**LTV**	**Credit Score**	**LTV**
One- to four-family - originated	771	62 %	768	62 %
One- to four-family - correspondent	765	64	765	65
One- to four-family - bulk purchased	767	60	762	61
Consumer - home equity	756	19	754	19
	769	62	766	62

TDRs **-** The following tables present the recorded investment prior to restructuring and immediately after restructuring in all loans restructured during the periods presented. These tables do not reflect the recorded investment at the end of the periods indicated. Any increase in the recorded investment at the time of the restructuring was generally due to the capitalization of delinquent interest and/or escrow balances.

	For the Year Ended September 30, 2020		
	Number of Contracts	**Pre-Restructured Outstanding**	**Post-Restructured Outstanding**
		(Dollars in thousands)	
One- to four-family:			
Originated	5	$ 241	$ 242
Correspondent purchased	1	192	191
Bulk purchased	1	75	134
Commercial:			
Commercial real estate	1	837	837
Commercial and industrial	1	1,683	1,709
Consumer:			
Home equity	2	45	44
Other	—	—	—
	11	$ 3,073	$ 3,157

	For the Year Ended September 30, 2019		
	Number of Contracts	Pre-Restructured Outstanding	Post-Restructured Outstanding
	(Dollars in thousands)		
One- to four-family:			
Originated	3	$ 385	$ 386
Correspondent purchased	—	—	—
Bulk purchased	2	377	377
Commercial:			
Commercial real estate	—	—	—
Commercial and industrial	—	—	—
Consumer:			
Home equity	—	—	—
Other	—	—	—
	5	$ 762	$ 763

	For the Year Ended September 30, 2018		
	Number of Contracts	Pre-Restructured Outstanding	Post-Restructured Outstanding
	(Dollars in thousands)		
One- to four-family:			
Originated	5	$ 264	$ 281
Correspondent purchased	2	406	406
Bulk purchased	—	—	—
Commercial:			
Commercial real estate	—	—	—
Commercial and industrial	—	—	—
Consumer:			
Home equity	—	—	—
Other	—	—	—
	7	$ 670	$ 687

The following table provides information on TDRs that became delinquent during the periods presented within 12 months after being restructured.

	For the Years Ended					
	September 30, 2020		September 30, 2019		September 30, 2018	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
	(Dollars in thousands)					
One- to four-family:						
Originated	1	$ 38	1	$ 45	22	$ 1,416
Correspondent purchased	—	—	—	—	1	124
Bulk purchased	1	134	—	—	3	1,040
Commercial:						
Commercial real estate	—	—	—	—	—	—
Commercial and industrial	—	—	—	—	—	—
Consumer:						
Home equity	1	9	—	—	4	133
Other	—	—	—	—	—	—
	3	$ 181	1	$ 45	30	$ 2,713

Impaired loans - The following information pertains to impaired loans, by class, as of the dates presented.

	September 30, 2020			September 30, 2019		
	Recorded Investment	Unpaid Principal Balance	Related ACL	Recorded Investment	Unpaid Principal Balance	Related ACL
	(Dollars in thousands)					
With no related allowance recorded						
One- to four-family:						
Originated	$ 12,385	$ 12,813	$ —	$ 14,683	$ 15,241	$ —
Correspondent purchased	1,955	2,058	—	1,763	1,868	—
Bulk purchased	3,843	4,302	—	4,943	5,661	—
Commercial:						
Commercial real estate	1,052	1,379	—	—	—	—
Commercial and industrial	99	244	—	60	184	—
Consumer:						
Home equity	280	360	—	345	462	—
Other	—	45	—	—	29	—
	19,614	21,201	—	21,794	23,445	—
With an allowance recorded						
One- to four-family:						
Originated	—	—	—	—	—	—
Correspondent purchased	—	—	—	—	—	—
Bulk purchased	—	—	—	—	—	—
Commercial:						
Commercial real estate	660	660	83	—	—	—
Commercial and industrial	1,269	1,268	240	—	—	—
Consumer:						
Home equity	—	—	—	—	—	—
Other	—	—	—	—	—	—
	1,929	1,928	323	—	—	—
Total						
One- to four-family:						
Originated	$ 12,385	$ 12,813	—	$ 14,683	$ 15,241	—
Correspondent purchased	1,955	2,058	—	1,763	1,868	—
Bulk purchased	3,843	4,302	—	4,943	5,661	—
Commercial:						
Commercial real estate	1,712	2,039	83	—	—	—
Commercial and industrial	1,368	1,512	240	60	184	—
Consumer:						
Home equity	280	360	—	345	462	—
Other	—	45	—	—	29	—
	$ 21,543	$ 23,129	$ 323	$ 21,794	$ 23,445	$ —

The following information pertains to impaired loans, by class, for the periods presented.

	For the Years Ended					
	September 30, 2020		September 30, 2019		September 30, 2018	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(Dollars in thousands)					
With no related allowance recorded						
One- to four-family:						
Originated	$ 13,918	$ 606	$ 16,030	$ 671	$ 23,847	$ 990
Correspondent purchased	1,878	73	2,071	82	3,204	112
Bulk purchased	4,720	179	5,257	180	6,438	191
Commercial:						
Commercial real estate	725	15	—	—	—	—
Commercial and industrial	41	—	5	—	—	—
Consumer:						
Home equity	318	20	417	28	588	39
Other	—	—	—	—	—	—
	21,600	893	23,780	961	34,077	1,332
With an allowance recorded						
One- to four-family:						
Originated	—	—	—	—	—	—
Correspondent purchased	—	—	—	—	—	—
Bulk purchased	—	—	—	—	—	—
Commercial:						
Commercial real estate	51	—	—	—	—	—
Commercial and industrial	1,413	91	—	—	—	—
Consumer:						
Home equity	—	—	—	—	—	—
Other	—	—	—	—	—	—
	1,464	91	—	—	—	—
Total						
One- to four-family:						
Originated	13,918	606	16,030	671	23,847	990
Correspondent purchased	1,878	73	2,071	82	3,204	112
Bulk purchased	4,720	179	5,257	180	6,438	191
Commercial:						
Commercial real estate	776	15	—	—	—	—
Commercial and industrial	1,454	91	5	—	—	—
Consumer:						
Home equity	318	20	417	28	588	39
Other	—	—	—	—	—	—
	$ 23,064	$ 984	$ 23,780	$ 961	$ 34,077	$ 1,332

Allowance for Credit Losses **-** The Bank maintains an ACL to absorb inherent losses in the loan portfolio based on quarterly assessments of the loan portfolio. Each quarter a formula analysis model is prepared which segregates the loan portfolio into categories based on certain risk characteristics. Historical loss factors and qualitative factors are applied to each loan category in the formula analysis model. The factors are reviewed by management quarterly to assess whether the factors adequately cover probable and estimable losses inherent in the loan portfolio. As noted in Note 1. Summary of Significant Accounting Policies, Allowance for Credit Losses, management increased the historical loss factors and qualitative factors for all loan categories at September 30, 2020 and applied a COVID-19 qualitative factor to the Bank's commercial loan portfolio, due to deterioration of economic conditions as a result of the COVD-19 pandemic. The increase in the factors and the new COVID-19 pandemic qualitative factor resulted in an increase in the ACL during the current fiscal year. Management will continue to closely monitor economic conditions and will work with borrowers as necessary to assist them through this challenging economic climate. If economic conditions worsen or do not improve in the near term, and if future government programs, if any, do not provide adequate relief to borrowers, it is possible the Bank's ACL will need to increase in future periods.

The following is a summary of ACL activity, by loan portfolio segment, for the periods presented, and the ending balance of ACL based on the Company's impairment methodology.

	For the Year Ended September 30, 2020						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Beginning balance	$ 2,000	$ 1,203	$ 687	$ 3,890	$ 5,171	$ 165	$ 9,226
Charge-offs	(64)	—	—	(64)	(349)	(30)	(443)
Recoveries	41	—	265	306	110	28	444
Provision for credit losses	4,108	1,488	(485)	5,111	16,868	321	22,300
Ending balance	$ 6,085	$ 2,691	$ 467	$ 9,243	$ 21,800	$ 484	$ 31,527

	For the Year Ended September 30, 2019						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Beginning balance	$ 2,953	$ 1,861	$ 925	$ 5,739	$ 2,556	$ 168	$ 8,463
Charge-offs	(75)	—	(26)	(101)	(124)	(37)	(262)
Recoveries	22	—	106	128	49	98	275
Provision for credit losses	(900)	(658)	(318)	(1,876)	2,690	(64)	750
Ending balance	$ 2,000	$ 1,203	$ 687	$ 3,890	$ 5,171	$ 165	$ 9,226

	For the Year Ended September 30, 2018						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Beginning balance	$ 3,173	$ 1,922	$ 1,000	$ 6,095	$ 2,112	$ 191	$ 8,398
Charge-offs	(136)	(128)	—	(264)	—	(38)	(302)
Recoveries	144	—	196	340	—	27	367
Provision for credit losses	(228)	67	(271)	(432)	444	(12)	—
Ending balance	$ 2,953	$ 1,861	$ 925	$ 5,739	$ 2,556	$ 168	$ 8,463

The following is a summary of the loan portfolio and related ACL balances, at the dates presented, by loan portfolio segment disaggregated by the Company's impairment method.

	September 30, 2020						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Recorded investment in loans:							
Collectively evaluated for impairment	$ 3,945,350	$ 2,125,733	$ 205,497	$ 6,276,580	$ 822,643	$ 113,612	$ 7,212,835
Individually evaluated for impairment	12,385	1,955	3,843	18,183	3,080	280	21,543
	$ 3,957,735	$ 2,127,688	$ 209,340	$ 6,294,763	$ 825,723	$ 113,892	$ 7,234,378
ACL for loans:							
Collectively evaluated for impairment	$ 6,085	$ 2,691	$ 467	$ 9,243	$ 21,477	$ 484	$ 31,204
Individually evaluated for impairment	—	—	—	—	323	—	323
	$ 6,085	$ 2,691	$ 467	$ 9,243	$ 21,800	$ 484	$ 31,527

	September 30, 2019						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Recorded investment in loans:							
Collectively evaluated for impairment	$ 3,881,100	$ 2,379,651	$ 248,541	$ 6,509,292	$ 763,662	$ 131,225	$ 7,404,179
Individually evaluated for impairment	14,683	1,763	4,943	21,389	60	345	21,794
	$ 3,895,783	$ 2,381,414	$ 253,484	$ 6,530,681	$ 763,722	$ 131,570	$ 7,425,973
ACL for loans:							
Collectively evaluated for impairment	$ 2,000	$ 1,203	$ 687	$ 3,890	$ 5,171	$ 165	$ 9,226
Individually evaluated for impairment	—	—	—	—	—	—	—
	$ 2,000	$ 1,203	$ 687	$ 3,890	$ 5,171	$ 165	$ 9,226

6. PREMISES AND EQUIPMENT

A summary of the net carrying value of premises and equipment at September 30, 2020 and 2019 was as follows:

	2020	2019
	(Dollars in thousands)	
Land	$ 16,566	$ 14,313
Building and improvements	116,595	110,262
Furniture, fixtures and equipment	57,504	52,270
	190,665	176,845
Less accumulated depreciation	88,790	80,061
	$ 101,875	$ 96,784

7. LOW INCOME HOUSING PARTNERSHIPS

The Bank's investment in low income housing partnerships, which is included in other assets in the consolidated balance sheets, was $89.7 million and $82.6 million at September 30, 2020 and 2019, respectively. The Bank's obligations related to unfunded commitments, which are included in accounts payable and accrued expenses in the consolidated balance sheets, were $44.5 million and $40.0 million at September 30, 2020 and 2019, respectively. The majority of the commitments at September 30, 2020 are projected to be funded through the end of calendar year 2022.

For fiscal year 2020, the net income tax benefit associated with these investments, which consists of proportional amortization expense and affordable housing tax credits and other related tax benefits, was reported in income tax expense in the consolidated statements of income. The amount of proportional amortization expense recognized during fiscal years 2020, 2019 and 2018 was $7.9 million, $6.8 million and $7.0 million, respectively, and the amount of affordable housing tax credits and other related tax benefits was $9.8 million, $8.6 million and $7.5 million, respectively, resulting in a net income tax benefit of $1.9 million, $1.8 million and $500 thousand, respectively. There were no impairment losses during fiscal years 2020, 2019, or 2018 resulting from the forfeiture or ineligibility of tax credits or other circumstances.

8. INTANGIBLE ASSETS

With the acquisition of CCB in fiscal year 2018, the Company recognized goodwill of $8.0 million, which is calculated as the consideration exchanged in excess of the fair value of assets, net of the fair value of liabilities assumed. Certain purchase accounting adjustments were applied during the measurement period in fiscal year 2019, resulting in a $1.3 million increase in goodwill associated with the acquisition of CCB. The Company also recognized $10.1 million of other intangible assets in conjunction with the acquisition which is largely composed of core deposit intangibles. These other intangible assets are being amortized over their estimated lives, which management determined to be 8.0 years at the time of acquisition.

Changes in the carrying amount of the Company's intangible assets, which are included in other assets on the consolidated balance sheet, are presented in the following table.

	Goodwill	Core Deposit and Other Intangibles
	(Dollars in thousands)	
Balance at September 30, 2017	$ —	$ —
Acquisition of CCB	7,989	10,052
Less: Amortization	—	(234)
Balance at September 30, 2018	7,989	9,819
Purchase accounting adjustments	1,335	—
Less: Amortization	—	(2,316)
Balance at September 30, 2019	9,324	7,503
Purchase accounting adjustments	—	—
Less: Amortization	—	(1,964)
Balance at September 30, 2020	$ 9,324	$ 5,539

As of September 30, 2020, there was no impairment recorded on goodwill or other intangible assets.

The estimated amortization expense for the next five years related to the core deposit and other intangible assets as of September 30, 2020 is presented in the following table (dollars in thousands):

2021	$ 1,659
2022	1,358
2023	1,056
2024	761
2025	509

9. DEPOSITS AND BORROWED FUNDS

Deposits - Non-interest-bearing deposits totaled $451.4 million and $357.3 million as of September 30, 2020 and 2019, respectively. Certificates of deposit with a minimum denomination of $250 thousand were $643.0 million and $610.0 million as of September 30, 2020 and 2019, respectively. Deposits in excess of $250 thousand may not be fully insured by the Federal Deposit Insurance Corporation.

FHLB Borrowings - FHLB borrowings at September 30, 2020 consisted of $1.79 billion in FHLB advances, of which $1.15 billion were fixed-rate advances and $640.0 million were variable-rate advances, and no borrowings against the variable-rate FHLB line of credit. FHLB borrowings at September 30, 2019 consisted of $2.04 billion in FHLB advances, of which $1.40 billion were fixed-rate advances and $640.0 million were variable-rate advances, and $100.0 million against the variable-rate FHLB line of credit. The line of credit is set to expire on November 12, 2021, at which time it is expected to be renewed by FHLB for a one-year period.

FHLB advances at September 30, 2020 and 2019 were comprised of the following:

	2020	2019
	(Dollars in thousands)	
FHLB advances	$ 1,793,000	$ 2,040,000
Deferred prepayment penalty	(3,687)	(11)
	$ 1,789,313	$ 2,039,989
Weighted average contractual interest rate on FHLB advances	1.41%	2.23%
Weighted average effective interest rate on FHLB advances(1)	2.31	2.37

(1) The effective interest rate includes the net impact of deferred amounts and interest rate swaps related to the adjustable-rate FHLB advances.

During fiscal years 2019 and 2018, the Bank utilized a leverage strategy (the "leverage strategy") to increase earnings. The leverage strategy involves borrowing up to $2.10 billion either on the Bank's FHLB line of credit or by entering into short-term FHLB advances, depending on the rates offered by FHLB, with all of the balance being paid down at each quarter end, or earlier if the strategy it is not profitable. The proceeds of the borrowings, net of the required FHLB stock holdings, are deposited at the FRB of Kansas City. The leverage strategy was not utilized during the current year due to the negative interest rate spreads between the related FHLB borrowings and cash held at the FRB of Kansas City making the transaction unprofitable.

At both September 30, 2020 and 2019, the Bank had entered into interest rate swap agreements with a total notional amount of $640.0 million in order to hedge the variable cash flows associated with $640.0 million of adjustable-rate FHLB advances. At September 30, 2020 and 2019, the interest rate swap agreements had an average remaining term to maturity of 3.5 years and 4.5 years, respectively. The interest rate swaps were designated as cash flow hedges and involve the receipt of variable amounts from a counterparty in exchange for the Bank making fixed-rate payments over the life of the interest rate swap agreements. At September 30, 2020 and September 30, 2019, the interest rate swaps were in a loss position with a total fair value of $53.1 million and $33.1 million, respectively, which was reported in accounts payable and accrued expenses on the consolidated balance sheet. During fiscal years 2020 and 2019, $6.3 million and $438 thousand, respectively, were reclassified from AOCI as an increase to interest expense. At September 30, 2020, the Company estimated that $15.6 million of interest expense associated with the interest rate swaps will be reclassified from AOCI as an increase to interest expense on FHLB borrowings during the next 12 months. The Bank has minimum collateral posting thresholds with its derivative counterparties and posts collateral on a daily basis. The Bank posted cash collateral of $54.6 million at September 30, 2020 and $33.3 million at September 30, 2019.

During the current fiscal year, the Bank prepaid fixed-rate FHLB advances totaling $350.0 million with a weighted average contractual interest rate of 2.42% and a weighted average remaining term of 1.0 years, and replaced these advances with $350.0 million of fixed-rate FHLB advances with a weighted average contractual interest rate of 1.43% and a weighted average term of 4.7 years. The Bank paid penalties totaling $4.2 million to FHLB as a result of prepaying the FHLB advances. The prepayment penalties are being recognized in interest expense over the life of the new FHLB advances.

FHLB borrowings are secured by certain qualifying loans pursuant to a blanket collateral agreement with FHLB and certain securities, when necessary. Per FHLB's lending guidelines, total FHLB borrowings cannot exceed 40% of a borrowing institution's regulatory total assets without the pre-approval of FHLB senior management. In July 2020, the president of FHLB approved an increase, through July 2021, in the Bank's borrowing limit to 50% of Bank Call Report total assets. At September 30, 2020, the ratio of the par value of the Bank's FHLB borrowings to the Bank's Call Report total assets was 19%. At times, the Bank's FHLB borrowings to the Bank's Call Report total assets may be in excess of 40% due to the leverage strategy.

Repurchase Agreements - At September 30, 2020, the Company had no repurchase agreements outstanding. At September 30, 2019, the Company had repurchase agreements outstanding in the amount of $100.0 million, with a weighted average contractual rate of 2.53%. The repurchase agreements were included in other borrowings on the consolidated balance sheet. All of the Company's repurchase agreements at September 30, 2019 were fixed-rate. See Note 4 for information regarding the amount of securities pledged as collateral in conjunction with repurchase agreements. Securities are delivered to the party with whom each transaction is executed and the party agrees to resell the same securities to the Bank at the maturity of the agreement. The Bank retains the right to substitute similar or like securities throughout the terms of the agreements. The repurchase agreements and collateral are subject to valuation at current market levels and the Bank may ask for the return of excess collateral or be required to post additional collateral due to changes in the market values of these items. The Bank may also be required to post additional collateral as a result of principal payments received on the securities pledged.

Maturity of Borrowed Funds and Certificates of Deposit - The following table presents the scheduled maturity of FHLB advances, at par, and certificates of deposit as of September 30, 2020:

	FHLB Advances Amount	Certificates of Deposit Amount
	(Dollars in thousands)	
2021	$ 843,000	$ 1,505,501
2022	200,000	773,278
2023	300,000	426,520
2024	100,000	239,650
2025	250,000	75,391
Thereafter	100,000	904
	$ 1,793,000	$ 3,021,244

Junior Subordinated Debentures and Trust-Preferred Securities - In conjunction with the CCB acquisition, the Company assumed $10.1 million of junior subordinated debentures relating to mandatorily redeemable capital trust preferred securities that were previously issued by CCB-sponsored trusts to third-party investors. The proceeds from the sale of the trust preferred securities to investors were invested by the trusts in the related junior subordinated debentures issued by CCB. The junior subordinated debentures were redeemed by the Company during fiscal year 2019, which resulted in the concurrent redemption by the trusts of the related trust preferred securities.

10. INCOME TAXES

Income tax expense for the years ended September 30, 2020, 2019, and 2018 consisted of the following:

	2020	2019	2018
		(Dollars in thousands)	
Current:			
Federal	$ 17,610	$ 22,030	$ 26,007
State	4,068	4,742	3,512
	21,678	26,772	29,519
Deferred:			
Federal	(4,857)	(456)	(5,956)
State	(731)	95	1,416
	(5,588)	(361)	(4,540)
	$ 16,090	$ 26,411	$ 24,979

The Tax Cuts and Jobs Act, enacted in December 2017, made significant changes to the U.S. corporate income tax laws, such as a permanent reduction in the federal corporate income tax rate from 35% to 21% effective January 1, 2018. The Company had a blended statutory federal income tax rate of 24.5% for the year ended September 30, 2018, which was based on the applicable income tax rates prior to and subsequent to January 1, 2018 and the number of days in the fiscal year. The Company revalued its deferred tax assets and liabilities as of the enactment date to account for the future impact of a lower federal income tax rate. The revaluation of the Company's deferred tax assets and liabilities resulted in a $7.5 million reduction in income tax expense during the December 31, 2017 quarter and a corresponding reduction in the Company's net deferred tax liability, as reflected in the table below.

The Company's effective tax rates were 20.0%, 21.9%, and 20.2% for the years ended September 30, 2020, 2019, and 2018, respectively. The differences between such effective rates and the statutory Federal income tax rate computed on income before income tax expense resulted from the following:

	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
			(Dollars in thousands)			
Federal income tax expense computed at statutory Federal rate	$ 16,932	21.0 %	$ 25,337	21.0 %	$ 30,392	24.5 %
Increases (decreases) in taxes resulting from:						
State taxes, net of Federal tax effect	2,626	3.3	4,024	3.3	3,986	3.2
Deferred tax liability remeasurement, net	—	—	—	—	(7,498)	(6.0)
Low income housing tax credits, net	(1,897)	(2.4)	(1,745)	(1.4)	(500)	(0.4)
ESOP related expenses, net	(525)	(0.6)	(757)	(0.6)	(790)	(0.6)
Acquired BOLI policies	(636)	(0.8)	—	—	—	—
Other	(410)	(0.5)	(448)	(0.4)	(611)	(0.5)
	$ 16,090	20.0 %	$ 26,411	21.9 %	$ 24,979	20.2 %

The components of the net deferred income tax liabilities as of September 30, 2020 and 2019 were as follows:

	2020	2019
	(Dollars in thousands)	
Deferred income tax assets:		
Unrealized loss on interest rate swaps	$ 12,916	$ 8,041
ACL	6,553	1,938
Lease liabilities	3,590	—
Salaries, deferred compensation and employee benefits	1,622	1,579
ESOP compensation	1,360	1,288
Low income housing partnerships	655	792
Net purchase discounts related to acquired loans	577	991
Other	2,717	2,918
Gross deferred income tax assets	29,990	17,547
Valuation allowance	(1,808)	(1,823)
Gross deferred income tax asset, net of valuation allowance	28,182	15,724
Deferred income tax liabilities:		
FHLB stock dividends	15,699	16,009
Unrealized gain on AFS securities	7,617	3,258
Premises and equipment	4,625	3,546
Lease right-of-use assets	3,588	—
Deposit intangible	1,475	1,978
ACL	2,388	3,018
Other	970	2,197
Gross deferred income tax liabilities	36,362	30,006
Net deferred tax liabilities	$ 8,180	$ 14,282

The State of Kansas allows for a bad debt deduction on savings and loan institutions' privilege tax returns of up to 5% of Kansas taxable income. Due to the low level of net loan charge-offs experienced by the Bank historically, at times, the Bank's bad debt deduction on the Kansas privilege tax return has been in excess of actual net charge-offs, resulting in a state deferred tax liability, which is presented separately from the federal deferred tax asset related to ACL.

The Company assesses the available positive and negative evidence surrounding the recoverability of its deferred tax assets and applies its judgment in estimating the amount of valuation allowance necessary under the circumstances. At both September 30, 2020 and 2019, the Company had a valuation allowance of $1.8 million related to the net operating losses generated by the Company's consolidated Kansas corporate income tax return. The companies included in the consolidated Kansas corporate income tax return are the holding company, Capitol Funds, Inc. and Capital City Investments, Inc., as the Bank files a Kansas privilege tax return. Based on the nature of the operations of the holding company, Capitol Funds, Inc. and Capital City Investments, Inc., management believes there will not be sufficient taxable income to fully utilize the deferred tax assets noted above; therefore, a valuation allowance has been recorded for the related amounts at September 30, 2020 and 2019.

ASC 740 *Income Taxes* prescribes a process by which a tax position taken, or expected to be taken, on an income tax return is determined based upon the technical merits of the position, along with whether the tax position meets a more-likely-than-not-recognition threshold, to determine the amount, if any, of unrecognized tax benefits to recognize in the financial statements. Estimated penalties and interest related to unrecognized tax benefits are included in income tax expense in the consolidated

statements of income. For the years ended September 30, 2020, 2019, and 2018 the Company had no unrecognized tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction and the state of Kansas, as well as other states where it has either established nexus under an economic nexus theory or has exceeded enumerated nexus thresholds based on the amount of interest income derived from sources within a given state. With few exceptions, the Company is no longer subject to U.S. federal and state examinations by tax authorities for fiscal years before 2017.

11. EMPLOYEE STOCK OWNERSHIP PLAN

The ESOP trust acquired 3,024,574 shares (6,846,728 shares post-corporate reorganization) of common stock in the Company's initial public offering and 4,726,000 shares of common stock in the Company's corporate reorganization in December of 2010. Both acquisitions of common stock were made with proceeds from loans from the Company, secured by shares of the Company's stock purchased in each offering. The Bank has agreed to make cash contributions to the ESOP trust on an annual basis sufficient to enable the ESOP trust to make the required annual loan payments to the Company on September 30 of each year. The loan for the shares acquired in the initial public offering matured on September 30, 2013. The loan for the shares acquired in the corporate reorganization matures on September 30, 2040.

As annual loan payments are made on each September 30th, shares are released from collateral and allocated to qualified employees based on the proportion of their qualifying compensation to total qualifying compensation. On September 30, 2020, 165,198 shares were released from collateral. On September 30, 2021, 165,198 shares will be released from collateral. As ESOP shares are committed to be released from collateral, the Company records compensation expense. Dividends on unallocated ESOP shares are applied to the debt service payments of the loan secured by the unallocated shares. Dividends on unallocated ESOP shares in excess of the debt service payment are recorded as compensation expense and distributed to participants or participants' ESOP accounts. Compensation expense related to the ESOP was $2.0 million for the year ended September 30, 2020, $3.1 million for the year ended September 30, 2019, and $2.9 million for the year ended September 30, 2018. Of these amounts, $336 thousand, $549 thousand, and $541 thousand related to the difference between the market price of the Company's stock when the shares were acquired by the ESOP trust and the average market price of the Company's stock during the years ended September 30, 2020, 2019, and 2018, respectively. The amount included in compensation expense for dividends on unallocated ESOP shares in excess of the debt service payments was zero for the year ended September 30, 2020, and $906 thousand and $688 thousand for the years ended September 30, 2019 and 2018, respectively.

Shares may be withdrawn from the ESOP trust due to diversification (a participant may begin to diversify at least 25% of their ESOP shares at age 50), retirement, termination, or death of the participant. The following is a summary of shares held in the ESOP trust as of September 30, 2020 and 2019:

	2020	2019
	(Dollars in thousands)	
Allocated ESOP shares	4,200,964	4,207,520
Unreleased ESOP shares	3,303,960	3,469,158
Total ESOP shares	7,504,924	7,676,678
Fair value of unreleased ESOP shares	$ 30,628	$ 47,805

12. STOCK-BASED COMPENSATION

The Company has a Stock Option Plan, a Restricted Stock Plan, and an Equity Incentive Plan, all of which are considered share-based plans. The Stock Option Plan and Restricted Stock Plan expired in April 2015. No additional grants can be made from these two plans; however, awards granted under these two plans remain outstanding until they are individually vested, forfeited or expire. The objectives of the Equity Incentive Plan are to provide additional compensation to certain officers, directors and key employees by facilitating their acquisition of an equity interest in the Company and enable the Company to retain personnel of experience and ability in key positions of responsibility.

Stock Option Plans – There are currently 287,935 stock options outstanding as a result of grants awarded from the Stock Option Plan. The Equity Incentive Plan had 5,907,500 stock options originally eligible to be granted and, as of September 30, 2020, the Company had 4,199,316 stock options still available for future grants under this plan. This plan will expire on January 24, 2027 and no additional grants may be made after expiration, but awards granted under this plan remain outstanding until they are individually vested, forfeited, or expire.

The Company may issue incentive and nonqualified stock options under the Equity Incentive Plan. The Company may also award stock appreciation rights, although no stock appreciation rights have been awarded to date. The incentive stock options expire no later than 10 years from the date of grant, and the nonqualified stock options expire no later than 15 years from the date of grant. The vesting period of the stock options under the Equity Incentive Plan generally has ranged from 3 years to 5 years. The stock option exercise price cannot be less than the market value at the date of the grant as defined by each plan. The fair value of stock option grants is estimated on the date of the grant using the Black-Scholes option pricing model.

At September 30, 2020, the Company had 813,645 stock options outstanding with a weighted average exercise price of $12.86 per option and a weighted average contractual life of 3.2 years, and 812,645 options exercisable with a weighted average exercise price of $12.86 per option and a weighted average contractual life of 3.2 years. The exercise price may be paid in cash, shares of common stock, or a combination of both. New shares are issued by the Company upon the exercise of stock options.

Compensation expense attributable to stock option awards during the years ended September 30, 2020, 2019, and 2018 totaled $12 thousand, $49 thousand, and $71 thousand, respectively. The fair value of stock options vested during the years ended September 30, 2020, 2019, and 2018 was $24 thousand, $64 thousand, and $77 thousand, respectively.

Restricted Stock Plans – The Equity Incentive Plan had 2,363,000 shares originally eligible to be granted as restricted stock and, as of September 30, 2020, the Company had 1,625,519 shares available for future grants of restricted stock under this plan. This plan will expire on January 24, 2027 and no additional grants may be made after expiration, but awards granted under this plan remain outstanding until they are individually vested or forfeited. The vesting period of the restricted stock awards under the Equity Incentive Plan has generally ranged from 3 years to 5 years. At September 30, 2020, the Company had 104,850 unvested shares of restricted stock with a weighted average grant date fair value of $13.65 per share.

Compensation expense is calculated based on the fair market value of the common stock at the date of the grant, as defined by the plan, and is recognized over the vesting time period. Compensation expense attributable to restricted stock awards during the years ended September 30, 2020, 2019, and 2018 totaled $540 thousand, $501 thousand, and $301 thousand, respectively. The fair value of restricted stock that vested during the years ended September 30, 2020, 2019, and 2018 totaled $535 thousand, $294 thousand, and $294 thousand, respectively. As of September 30, 2020, there was $1.1 million of unrecognized compensation cost related to unvested restricted stock to be recognized over a weighted average period of 2.7 years.

13. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Bank's loan commitments as of September 30, 2020 and 2019:

	2020	2019
	(Dollars in thousands)	
Originate fixed-rate	$ 96,126	$ 55,249
Originate adjustable-rate	21,801	32,206
Purchase/participate fixed-rate	65,600	94,400
Purchase/participate adjustable-rate	65,080	49,141
	$ 248,607	$ 230,996

Commitments to originate loans are commitments to lend to a customer. Commitments to purchase/participate in loans represent commitments to purchase loans from correspondent lenders on a loan-by-loan basis or participate in commercial loans with a lead bank. The Bank evaluates each borrower's creditworthiness on a case-by-case basis. Commitments generally have expiration dates or other termination clauses and one- to four-family loan commitments may require the payment of a rate lock fee. Some of the commitments are expected to expire without being fully drawn upon; therefore, the amount of total commitments disclosed in the table above does not necessarily represent future cash requirements. As of September 30, 2020 and 2019, there were no significant loan-related commitments that met the definition of derivatives or commitments to sell mortgage loans. As of September 30, 2020 and 2019, the Bank had approved but unadvanced lines of credit of $283.2 million and $265.2 million, respectively.

The Company also has standby letters of credit, which are conditional commitments to guarantee the performance of a customer to a third party. Most guarantees have one-year terms. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. At September 30, 2020 and 2019, the Company had $1.4 million and $1.2 million, respectively, in outstanding standby letters of credit, and no amounts had been recorded as liabilities for the Company's potential obligations under these agreements at either date.

In the normal course of business, the Company and the Bank are named defendants in various lawsuits and counterclaims. In the opinion of management, after consultation with legal counsel, none of the currently pending suits are expected to have a materially adverse effect on the Company's consolidated financial statements for the year ended September 30, 2020, or future periods.

14. REGULATORY CAPITAL REQUIREMENTS

The Bank and the Company are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and, possibly additional discretionary, actions by regulators that, if undertaken, could have a material adverse effect on the Company's financial statements. Under regulatory capital adequacy guidelines, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Additionally, the Bank must meet specific capital guidelines to be considered well capitalized per the regulatory framework for prompt corrective action. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

The Bank and the Company must maintain certain minimum capital ratios as set forth in the table below for capital adequacy purposes. In September 2019, the regulatory agencies, including the Office of the Comptroller of the Currency and FRB, adopted a final rule, effective January 1, 2020, creating a community bank leverage ratio ("CBLR") for institutions with total consolidated assets of less than $10 billion and that meet other qualifying criteria. Qualifying institutions that elect to use the CBLR framework and that maintain a leverage ratio of greater than 9% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the regulatory agencies' capital rules and to have met the well-capitalized ratio requirements. In April 2020, as directed by Section 4012 of the CARES Act, the regulatory agencies introduced temporary changes to the CBLR. These changes, which subsequently were adopted as a final rule, temporarily reduced the CBLR requirement to 8% through the end of calendar year 2020. Beginning in calendar year 2021, the CBLR

requirement will increase to 8.5% for the calendar year before returning to 9% in calendar year 2022. Management has elected to use the CBLR framework for the Bank and Company.

Before electing to use the CBLR framework, the Company and Bank were required to maintain a capital conservation buffer above certain minimum risk-based capital ratios for capital adequacy purposes in order to avoid certain restrictions on capital distributions and other payments including dividends, share repurchases, and certain compensation. The capital conservation buffer was 2.5% at September 30, 2019, and the Bank and Company exceeded the capital conservation buffer requirement at that time.

Management believes, as of September 30, 2020, that the Bank and Company meet all capital adequacy requirements to which they are subject and there were no conditions or events subsequent to September 30, 2020 that would change the Bank's or Company's category.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
			(Dollars in thousands)			
Bank						
As of September 30, 2020						
CBLR	$1,168,808	12.4 %	$ 754,884	8.0 %	N/A	N/A
As of September 30, 2019						
Tier 1 leverage	1,169,037	12.1	387,427	4.0	484,284	5.0
Common Equity Tier 1 ("CET1") capital	1,169,037	24.1	218,042	4.5	314,949	6.5
Tier 1 capital	1,169,037	24.1	290,722	6.0	387,630	8.0
Total capital	1,178,263	24.3	387,630	8.0	484,537	10.0
Company						
As of September 30, 2020						
CBLR	1,287,854	13.7	754,767	8.0	N/A	N/A
As of September 30, 2019						
Tier 1 leverage	1,336,377	13.8	387,346	4.0	N/A	N/A
CET1 capital	1,336,377	27.6	218,070	4.5	N/A	N/A
Tier 1 capital	1,336,377	27.6	290,759	6.0	N/A	N/A
Total capital	1,345,603	27.8	387,679	8.0	N/A	N/A

Generally, savings institutions, such as the Bank, may make capital distributions during any calendar year equal to the earnings of the previous two calendar years and current year-to-date earnings. It is generally required that the Bank remain well capitalized before and after the proposed distribution. The Company's ability to pay dividends is dependent, in part, upon its ability to obtain capital distributions from the Bank. So long as the Bank continues to remain well capitalized after each capital distribution and operates in a safe and sound manner, it is management's belief that the regulators will continue to allow the Bank to distribute its net income to the Company, although no assurance can be given in this regard.

In conjunction with the Company's corporate reorganization in December 2010, a "liquidation account" was established for the benefit of certain depositors of the Bank in an amount equal to Capitol Federal Savings Bank MHC's ownership interest in the retained earnings of Capitol Federal Financial as of June 30, 2010. As of September 30, 2020, the balance of this liquidation account was $115.4 million. Under applicable federal banking regulations, neither the Company nor the Bank is permitted to pay dividends on its capital stock to its stockholders if stockholders' equity would be reduced below the amount of the liquidation account at that time.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements – The Company uses fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures in accordance with ASC 820 and ASC 825. The Company's AFS securities and interest rate swaps are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other financial instruments on a non-recurring basis, such as OREO and loans individually evaluated for impairment. These non-recurring fair value adjustments involve the application of lower of cost or fair value accounting or write-downs of individual financial instruments.

The Company groups its financial instruments at fair value in three levels based on the markets in which the financial instruments are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the financial instrument. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques. The results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the financial instrument.

The Company bases its fair values on the price that would be received from the sale of a financial instrument in an orderly transaction between market participants at the measurement date under current market conditions. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The following is a description of valuation methodologies used for financial instruments measured at fair value on a recurring basis.

AFS Securities - The Company's AFS securities portfolio is carried at estimated fair value. The majority of the securities within the AFS portfolio were issued by GSEs. The Company primarily uses prices obtained from third-party pricing services to determine the fair value of its securities. On a quarterly basis, management corroborates a sample of prices obtained from the third-party pricing service for Level 2 securities by comparing them to an independent source. If the price provided by the independent source varies by more than a predetermined percentage from the price received from the third-party pricing service, then the variance is researched by management. The Company did not have to adjust prices obtained from the third-party pricing service when determining the fair value of its securities during the years ended September 30, 2020 and 2019. The Company's major security types, based on the nature and risks of the securities, are:

- GSE Debentures - Estimated fair values are based on a discounted cash flow method. Cash flows are determined by taking any embedded options into consideration and are discounted using current market yields for similar securities. (Level 2)
- MBS - Estimated fair values are based on a discounted cash flow method. Cash flows are determined based on prepayment projections of the underlying mortgages and are discounted using current market yields for benchmark securities. (Level 2)
- Municipal Bonds - Estimated fair values are based on a discounted cash flow method. Cash flows are determined by taking any embedded options into consideration and are discounted using current market yields for securities with similar credit profiles. (Level 2)

Interest Rate Swaps - The Company's interest rate swaps are designated as cash flow hedges and are reported at fair value in other assets on the consolidated balance sheet if in a gain position, and in accounts payable and accrued expenses if in a loss position, with any unrealized gains and losses, net of taxes, reported as AOCI in stockholders' equity. See "Note 9. Deposits and Borrowed Funds" for additional information. The estimated fair values of the interest rates swaps are obtained from the counterparty and are determined by a discounted cash flow analysis using observable market-based inputs. On a quarterly basis, management corroborates the estimated fair values by internally calculating the estimated fair value using a discounted

cash flow analysis with independent observable market-based inputs from a third party. No adjustments were made to the estimated fair values during the years ended September 30, 2020 and 2019. (Level 2)

The following tables provide the level of valuation assumption used to determine the carrying value of the Company's financial instruments measured at fair value on a recurring basis at the dates presented. The Company did not have any Level 3 financial instruments measured at fair value on a recurring basis at September 30, 2020 or 2019.

	September 30, 2020			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Dollars in thousands)			
Assets:				
AFS Securities:				
MBS	$ 1,180,803	$ —	$ 1,180,803	$ —
GSE debentures	370,340	—	370,340	—
Municipal bonds	9,807	—	9,807	—
	$ 1,560,950	$ —	$ 1,560,950	$ —
Liabilities:				
Interest rate swaps	$ 53,149	$ —	$ 53,149	$ —

	September 30, 2019			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Dollars in thousands)			
Assets:				
AFS Securities:				
MBS	$ 936,487	$ —	$ 936,487	$ —
GSE debentures	249,954	—	249,954	—
Municipal bonds	18,422	—	18,422	—
	$ 1,204,863	$ —	$ 1,204,863	$ —
Liabilities:				
Interest rate swaps	$ 33,090	$ —	$ 33,090	$ —

The following is a description of valuation methodologies used for significant financial instruments measured at fair value on a non-recurring basis.

Loans Receivable – The fair value of impaired loans individually evaluated for impairment on a non-recurring basis during fiscal years 2020 and 2019 that were still held in the portfolio as of September 30, 2020 and 2019 was $5.7 million and $6.8 million, respectively. The one- to four-family loans included in this amount were individually evaluated to determine if the carrying value of the loan was in excess of the fair value of the collateral, less estimated selling costs of 10%. Fair values were estimated through current appraisals. Management does not adjust or apply a discount to the appraised value of one- to four-family loans, except for the estimated sales cost noted above, and the primary unobservable input for these loans was the appraisal.

For commercial loans, if the most recent appraisal or book value of the collateral does not reflect current market conditions due to the passage of time and/or other factors, management will make adjustments to the existing appraised or book value based on knowledge of local market conditions, recent transactions, and estimated selling costs, if applicable. Adjustments to appraised or book values are generally based on assumptions not observable in the marketplace. The primary significant unobservable inputs for impaired commercial loans individually evaluated for impairment during the year ended September 30, 2020 were downward adjustments to the book value of the collateral for lack of marketability. The adjustments ranged from 4% to 50%, with a weighted average of 18%. There were no impaired commercial loans individually evaluated during the year ended September 30, 2019.

Fair values of impaired loans individually evaluated for impairment cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the loan and, as such, are classified as Level 3.

OREO – OREO primarily represents real estate acquired as a result of foreclosure or by deed in lieu of foreclosure and is carried at lower of cost or fair value. The fair value for OREO is estimated through current appraisals or listing prices, less estimated selling costs of 10%. Management does not adjust or apply a discount to the appraised value or listing price, except for the estimated sales costs noted above. The primary significant unobservable input for OREO was the appraisal or listing price. Fair values of foreclosed property cannot be determined with precision and may not be realized in an actual sale of the property and, as such, are classified as Level 3. The fair value of OREO measured on a non-recurring basis during fiscal years 2020 and 2019 that was still held in the portfolio as of September 30, 2020 and 2019 was $183 thousand and $678 thousand, respectively. The carrying value of the properties equaled the fair value of the properties at September 30, 2020 and 2019.

Fair Value Disclosures – The Company estimated fair value amounts using available market information and a variety of valuation methodologies as of the dates presented. Considerable judgment is required to interpret market data to develop the estimates of fair value. The estimates presented are not necessarily indicative of amounts the Company would realize from a current market exchange at subsequent dates.

The carrying amounts and estimated fair values of the Company's financial instruments by fair value hierarchy, at the dates presented, were as follows:

	2020				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					
Cash and cash equivalents	$ 185,148	$ 185,148	$ 185,148	$ —	$ —
AFS securities	1,560,950	1,560,950	—	1,560,950	—
Loans receivable	7,202,851	7,663,000	—	—	7,663,000
FHLB stock	93,862	93,862	93,862	—	—
Liabilities:					
Deposits	6,191,408	6,259,080	3,170,164	3,088,916	—
Borrowings	1,789,313	1,840,605	—	1,840,605	—
Interest rate swaps	53,149	53,149	—	53,149	—

	2019				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					
Cash and cash equivalents	$ 220,370	$ 220,370	$ 220,370	$ —	$ —
AFS securities	1,204,863	1,204,863	—	1,204,863	—
Loans receivable	7,416,747	7,654,586	—	—	7,654,586
FHLB stock	98,456	98,456	98,456	—	—
Liabilities:					
Deposits	5,581,867	5,614,895	2,594,242	3,020,653	—
Borrowings	2,239,989	2,253,353	100,001	2,153,352	—
Interest rate swaps	33,090	33,090	—	33,090	—

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present the changes in the components of AOCI, net of tax, for the years presented.

	For the Year Ended September 30, 2020		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ 10,150	$ (25,049)	$ (14,899)
Other comprehensive income (loss), before reclassifications	13,578	(21,458)	(7,880)
Amount reclassified from AOCI, net of taxes of $(2,014)	—	6,274	6,274
Other comprehensive income (loss)	13,578	(15,184)	(1,606)
Ending balance	$ 23,728	$ (40,233)	$ (16,505)

	For the Year Ended September 30, 2019		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ (2,990)	$ 7,330	$ 4,340
Transfer of HTM securities to AFS securities	2,336	—	2,336
Other comprehensive income (loss), before reclassifications	10,804	(32,817)	(22,013)
Amount reclassified from AOCI, net of taxes of $(141)	—	438	438
Other comprehensive income (loss)	13,140	(32,379)	(19,239)
Ending balance	$ 10,150	$ (25,049)	$(14,899)

	For the Year Ended September 30, 2018		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ 3,290	$ (372)	$ 2,918
Other comprehensive income (loss), before reclassifications	(6,741)	6,981	240
Amount reclassified from AOCI, net of taxes of $(197)	—	515	515
Other comprehensive income (loss)	(6,741)	7,496	755
Reclassification of certain income tax effects related to adoption of ASU 2018-02	461	206	667
Ending balance	$ (2,990)	$ 7,330	$ 4,340

17. REVENUE RECOGNITION

On October 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, and all subsequent ASUs that modified the principles for recognizing revenue. The Company's primary sources of revenue consist of net interest income on financial assets and liabilities, which are not within the scope of the amended ASU. In addition, certain non-interest income revenue streams, such as loan servicing fees, derivatives, and BOLI, are not in-scope of the amended ASU. Based on an assessment of non-interest income revenue streams and a review of the related contracts with customers, the Company concluded the amended ASU did not significantly change the Company's revenue recognition methods. The Company elected to implement the amended ASU using the modified retrospective application with a cumulative adjustment, which increased opening retained earnings at October 1, 2018 by $394 thousand related to contracts that were not complete upon adoption. The amount was related to the change in the recognition of revenue related to certain insurance commissions.

Details of the Company's primary types of non-interest income revenue streams by financial statement line item reported in the consolidated statements of income that are within the scope of ASC Topic 606 are below. During fiscal years 2020 and 2019, revenue from contracts with customers totaled $14.8 million and $16.6 million, respectively.

Deposit Service Fees

Interchange Transaction Fees - Interchange transaction fee income primarily consists of interchange fees earned on a transactional basis through card payment networks. The performance obligation for these types of transactions is satisfied as services are rendered for each transaction and revenue is recognized daily concurrently with the transaction processing services provided to the cardholder.

In order to participate in the card payment networks, the Company must pay various transaction related costs established by the networks ("interchange network charges"), including membership fees and a per unit charge for each transaction. The Company is acting as an agent for its debit card customers when they are utilizing the card payment networks; therefore, upon adoption of the amended ASU, interchange transaction fee income is reported net of interchange network charges. Previously, interchange network charges were reported in deposit and loan expense. Interchange network charges totaled $3.2 million and $3.4 million for fiscal years 2020 and 2019, respectively.

Service Charges on Deposit Accounts - Service charges on deposit accounts consist of account maintenance and transaction-based fees such as overdrafts, insufficient funds, wire transfers and the use of out-of-network ATMs. The Company's performance obligation is satisfied over a period of time, generally a month, for account maintenance and at the time of service for transaction-based fees. Revenue is recognized after the performance obligation is satisfied. Payments are typically collected from the customer's deposit account at the time the transaction is processed and/or at the end of the customer's statement cycle (typically monthly).

Insurance Commissions

Commissions are received on insurance product sales. The Company acts in the capacity of an agent between the Company's customer and the insurance carrier. The Company's performance obligation is satisfied when the terms of the policy have been agreed upon and the insurance policy becomes effective. Additionally, the Company earns performance-based incentives ("contingent insurance commissions") based on certain criteria established by the insurance carriers. Upon adoption of the amended ASU, contingent insurance commissions are accrued based upon management's expectations. Previously, contingent insurance commissions were recognized when the funds were received.

Other Non-Interest Income

Trust Asset Management Income - The Company provides trust asset management services to customers. The Company primarily earns fees for these services over time as the monthly services are provided and the Company assesses revenue at each month end. Fees are charged based on a tiered scale of the market value of the individual trust asset accounts at the end of the month.

18. LEASES

The Company leases real estate property for branches, ATMs, and certain equipment. These leases have remaining terms that range from one year to 47 years, some of which include the exercising of renewal options that the Company considers to be reasonably certain. As September 30, 2020, a right-of-use asset of $14.7 million was included in other assets and a lease liability of $14.7 million was included in accounts payable and accrued expenses on the consolidated balance sheets.

As of September 30, 2020, for the Company's operating leases, the weighted average remaining lease term was 23.5 years and the weighted average discount rate was 2.59%.

The following table presents lease expenses and supplemental cash flow information related to the Company's leases for fiscal year 2020 (dollars in thousands).

Operating lease expense	$ 1,511
Variable lease expense	201
Short-term lease expense	17
Cash paid for amounts included in the measurement of lease liabilities	1,357

The following table presents future minimum payments, rounded to the nearest thousand, for operating leases with initial or remaining terms in excess of one year as of September 30, 2020 (dollars in thousands):

Fiscal year 2021	1,192
Fiscal year 2022	1,302
Fiscal year 2023	1,210
Fiscal year 2024	1,003
Fiscal year 2025	827
Thereafter	15,308
Total future minimum lease payments	20,842
Amounts representing interest	(6,129)
Present value of net future minimum lease payments	$ 14,713

The Company elected the modified retrospective approach for its adoption of ASU 2016-02, and the optional transition method under which the Company used the effective date as the date of initial application of the amendments. These elections require the inclusion of ASC Topic 840 disclosures for periods that continue to be presented in accordance with ASC Topic 840. As of September 30, 2019, future minimum rental commitments, rounded to the nearest thousand, required under operating leases that had initial or remaining non-cancelable lease terms in excess of one year were as follows (dollars in thousands):

2020	$ 1,298
2021	1,187
2022	1,069
2023	930
2024	637
Thereafter	1,115
	$ 6,236

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table presents summarized quarterly data for each of the years indicated for the Company.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	(Dollars and counts in thousands, except per share amounts)				
2020					
Total interest and dividend income	$ 80,036	$ 78,955	$ 74,381	$ 71,606	$ 304,978
Net interest and dividend income	48,697	48,668	46,287	45,683	189,335
Provision for credit losses	225	22,075	—	—	22,300
Net income	22,511	4,276	19,474	18,279	64,540
Basic EPS	0.16	0.03	0.14	0.13	0.47
Diluted EPS	0.16	0.03	0.14	0.13	0.47
Dividends declared per share	0.425	0.085	0.085	0.085	0.68
Average number of basic shares outstanding	137,898	137,968	138,018	137,705	137,897
Average number of diluted shares outstanding	137,976	138,000	138,018	137,705	137,901
2019					
Total interest and dividend income	$ 82,421	$ 82,037	$ 82,211	$ 83,285	$ 329,954
Net interest and dividend income	52,301	52,597	51,681	49,811	206,390
Provision for credit losses	—	—	450	300	750
Net income	24,383	24,554	22,897	22,409	94,243
Basic EPS	0.18	0.18	0.17	0.16	0.68
Diluted EPS	0.18	0.18	0.17	0.16	0.68
Dividends declared per share	0.475	0.085	0.335	0.085	0.98
Average number of basic shares outstanding	137,551	137,635	137,720	137,801	137,677
Average number of diluted shares outstanding	137,592	137,691	137,788	137,867	137,735

20. PARENT COMPANY FINANCIAL INFORMATION (PARENT COMPANY ONLY)

The Company serves as the holding company for the Bank (see "Note 1. Summary of Significant Accounting Policies"). The Company's (parent company only) balance sheets at the dates presented, and the related statements of income and cash flows for each of the years presented are as follows:

BALANCE SHEETS
SEPTEMBER 30, 2020 and 2019
(Dollars in thousands, except per share amounts)

	2020	2019
ASSETS:		
Cash and cash equivalents	$ 82,466	$ 126,320
Investment in the Bank	1,165,813	1,168,986
Note receivable - ESOP	38,614	39,971
Other assets	707	711
Income taxes receivable, net	492	429
TOTAL ASSETS	$1,288,092	$1,336,417
LIABILITIES:		
Accounts payable and accrued expenses	3,142	91
Deferred income tax liabilities, net	91	—
Total liabilities	3,233	91
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 100,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $.01 par value; 1,400,000,000 shares authorized, 138,956,296 and 141,440,030 shares issued and outstanding as of September 30, 2020 and 2019, respectively	1,389	1,414
Additional paid-in capital	1,189,853	1,210,226
Unearned compensation - ESOP	(33,040)	(34,692)
Retained earnings	143,162	174,277
AOCI, net of tax	(16,505)	(14,899)
Total stockholders' equity	1,284,859	1,336,326
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,288,092	$1,336,417

STATEMENTS OF INCOME
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018
(Dollars in thousands)

	2020	2019	2018
INTEREST AND DIVIDEND INCOME:			
Dividend income from the Bank	$ 68,329	$ 129,409	$ 134,540
Interest income from other investments	2,036	2,428	1,951
Total interest and dividend income	70,365	131,837	136,491
INTEREST EXPENSE	—	403	62
NET INTEREST INCOME	70,365	131,434	136,429
NON-INTEREST INCOME	—	14	—
NON-INTEREST EXPENSE:			
Salaries and employee benefits	988	829	1,031
Regulatory and outside services	292	286	1,129
Other non-interest expense	622	652	581
Total non-interest expense	1,902	1,767	2,741
INCOME BEFORE INCOME TAX EXPENSE AND EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	68,463	129,681	133,688
INCOME TAX EXPENSE (BENEFIT)	28	57	(179)
INCOME BEFORE EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	68,435	129,624	133,867
EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	(3,895)	(35,381)	(34,940)
NET INCOME	$ 64,540	$ 94,243	$ 98,927

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020, 2019, and 2018
(Dollars in thousands)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 64,540	$ 94,243	$ 98,927
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in excess of distribution over earnings of subsidiary	3,895	35,381	34,940
Depreciation of equipment	45	37	30
Loss on disposal of premises and equipment	—	8	—
Provision for deferred income taxes	91	—	(35)
Changes in:			
Other assets	(60)	54	(53)
Income taxes receivable/payable	(63)	57	(145)
Accounts payable and accrued expenses	13	(86)	(257)
Net cash provided by operating activities	68,461	129,694	133,407
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal collected on note receivable from ESOP	1,357	1,314	1,272
Cash acquired from acquisition	—	—	18
Purchase of equipment	—	(423)	—
Proceeds from the redemption of common equity securities related to the redemption of junior subordinated debentures	—	302	—
Net cash provided by investing activities	1,357	1,193	1,290
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net payment from subsidiary related to restricted stock awards	319	1,245	253
Cash dividends paid	(93,862)	(134,929)	(118,312)
Repurchase of common stock	(20,767)	—	—
Repayment of other borrowings	—	(10,052)	—
Stock options exercised	638	1,485	261
Net cash used in financing activities	(113,672)	(142,251)	(117,798)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(43,854)	(11,364)	16,899
CASH AND CASH EQUIVALENTS:			
Beginning of year	126,320	137,684	120,785
End of year	$ 82,466	$ 126,320	$ 137,684
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for acquisition	$ —	$ —	$ 39,113
Capital contribution to subsidiary in conjunction with acquisition of CCB	$ —	$ —	$ 48,798

Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>

None.

Item 9A. <u>Controls and Procedures</u>

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, the "Act") as of September 30, 2020. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of September 30, 2020, such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Act is accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act). The Company's internal control system is a process designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial reporting. Further, because of changes in conditions, the effectiveness of any system of internal control may vary over time. The design of any internal control system also factors in resource constraints and consideration for the benefit of the control relative to the cost of implementing the control. Because of these inherent limitations in any system of internal control, management cannot provide absolute assurance that all control issues and instances of fraud within the Company have been detected.

Management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Management has concluded that the Company maintained an effective system of internal control over financial reporting based on these criteria as of September 30, 2020.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, who audited the consolidated financial statements included in the Company's annual report, has issued an audit report on the Company's internal control over financial reporting as of September 30, 2020 and it is included in Item 8.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act) that occurred during the Company's quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. <u>Other Information</u>

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item concerning the Company's directors and any delinquent reports under Section 16(a) of the Act is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021, a copy of which will be filed not later than 120 days after the close of the fiscal year. Pursuant to General Instruction G(3), information concerning executive officers of the Company is included in Part I of this Form 10-K, under the caption "Information about our Executive Officers."

Information required by this item regarding the audit committee of the Company's Board of Directors, including information regarding the audit committee financial experts serving on the committee, is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Code of Ethics

We have adopted a written code of ethics within the meaning of Item 406 of SEC Regulation S-K that applies to our principal executive officer and senior financial officers, and to all of our other employees and our directors, a copy of which is available free of charge in the Investor Relations section of our website, www.capfed.com.

Item 11. Executive Compensation

Information required by this item concerning compensation is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item concerning security ownership of certain beneficial owners and management is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021, a copy of which will be filed not later than 120 days after the close of the fiscal year.

The following table sets forth information as of September 30, 2020 with respect to compensation plans under which shares of our common stock may be issued.

Equity Compensation Plan Information

Plan Category	Number of Shares to be issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in the First Column)
Equity compensation plans approved by stockholders	813,645	$ 12.86	5,824,835 (1)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
	813,645	$ 12.86	5,824,835

(1) This amount includes 1,625,519 shares available for future grants of restricted stock under the Equity Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item concerning certain relationships, related transactions and director independence is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021**,** a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 14. Principal Accounting Fees and Services

Information required by this item concerning principal accounting fees and services is incorporated herein by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held in January 2021, a copy of which will be filed not later than 120 days after the close of the fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following is a list of documents filed as part of this report:

(1) Financial Statements:

The following financial statements are included under Part II, Item 8 of this Form 10-K:

1. Reports of Independent Registered Public Accounting Firm.
2. Consolidated Balance Sheets as of September 30, 2020 and 2019.
3. Consolidated Statements of Income for the Years Ended September 30, 2020, 2019, and 2018.
4. Consolidated Statements of Comprehensive Income for the Years Ended September 30, 2020, 2019, and 2018.
5. Consolidated Statements of Stockholders' Equity for the Years Ended September 30, 2020, 2019, and 2018.
6. Consolidated Statements of Cash Flows for the Years Ended September 30, 2020, 2019, and 2018.
7. Notes to Consolidated Financial Statements for the Years Ended September 30, 2020, 2019, and 2018.

(2) Financial Statement Schedules:

All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable.

(3) Exhibits:

See "Index to Exhibits."

Item 16. Form 10-K Summary

None

INDEX TO EXHIBITS

Exhibit Number	Document
3(i)	Charter of Capitol Federal Financial, Inc., as filed on May 6, 2010, as Exhibit 3(i) to Capitol Federal Financial, Inc.'s Registration Statement on Form S-1 (File No. 333-166578) and incorporated herein by reference
3(ii)	Bylaws of Capitol Federal Financial, Inc., as amended, filed on March 30, 2020, as Exhibit 3.2 to Form 8-K for Capitol Federal Financial Inc. and incorporated herein by reference
4	Description of the Registrant's Securities, as filed on November 27, 2019, as Exhibit 4 to the Registrant's Annual Report on Form 10-K and incorporated herein by reference
10.1(i)	Form of Change of Control Agreement with each of John B. Dicus, Kent G. Townsend, and Rick C. Jackson filed on January 20, 2011 as Exhibit 10.1 to the Registrant's Current Report on Form 8-K and incorporated herein by reference
10.1(ii)	Form of Change of Control Agreement with Natalie G. Haag filed on November 29, 2012 as Exhibit 10.1(iv) to the Registrant's Annual Report on Form 10-K and incorporated herein by reference
10.1(iii)	Form of Change of Control Agreement with Daniel L. Lehman filed on November 29, 2016 as Exhibit 10.1(v) to the Registrant's Annual Report on Form 10-K and incorporated herein by reference
10.1(iv)	Form of Change of Control Agreement with Robert D. Kobbeman filed on November 29, 2018 as Exhibit 10.1(iv) to the Registrant's Annual Report on Form 10-K and incorporated herein by reference
10.1(v)	Employment Agreement with Robert D. Kobbeman, as amended, filed on November 29, 2018 as Exhibit 10.1(v) to the Registrant's Annual Report on Form 10-K and incorporated herein by reference
10.1(vi)	Form of Change of Control Agreement with Anthony S. Barry filed on May 10, 2019 as Exhibit 10.1(vi) to the Registrant's March 31, 2019 Form 10-Q and incorporated herein by reference
10.2	Capitol Federal Financial's 2000 Stock Option and Incentive Plan (the "Stock Option Plan") filed on April 13, 2000 as Appendix A to Capitol Federal Financial's Revised Proxy Statement (File No. 000-25391) and incorporated herein by reference
10.3	Capitol Federal Financial Deferred Incentive Bonus Plan, as amended, filed on May 8, 2020 as Exhibit 10.3 to the Registrant's March 31, 2020 Form 10-Q and incorporated herein by reference
10.4	Form of Incentive Stock Option Agreement under the Stock Option Plan filed on February 4, 2005 as Exhibit 10.5 to the December 31, 2004 Form 10-Q for Capitol Federal Financial and incorporated herein by reference
10.5	Form of Non-Qualified Stock Option Agreement under the Stock Option Plan filed on February 4, 2005 as Exhibit 10.6 to the December 31, 2004 Form 10-Q for Capitol Federal Financial and incorporated herein by reference
10.6	Description of Director Fee Arrangements filed on November 29, 2018 as Exhibit 10.6 to the Registrant's September 30, 2018 Form 10-K and incorporated herein by reference
10.7	Short-term Performance Plan, as amended, filed on May 8, 2020 as Exhibit 10.7 to the Registrant's March 31, 2020 Form 10-Q and incorporated herein by reference
10.8	Capitol Federal Financial, Inc. 2012 Equity Incentive Plan (the "Equity Incentive Plan") filed on December 22, 2011 as Appendix A to Capitol Federal Financial, Inc.'s Proxy Statement (File No. 001-34814) and incorporated herein by reference
10.9	Form of Incentive Stock Option Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.12 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.10	Form of Non-Qualified Stock Option Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.13 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.11	Form of Stock Appreciation Right Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.14 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.12	Form of Restricted Stock Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.15 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
14	Code of Ethics*
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 made by John B. Dicus, Chairman, President and Chief Executive Officer

31.2	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 made by Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 made by John B. Dicus, Chairman, President and Chief Executive Officer, and Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
101	The following information from the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020, filed with the SEC on November 25, 2020, has been formatted in Inline eXtensible Business Reporting Language ("XBRL"): (i) Consolidated Balance Sheets at September 30, 2020 and 2019, (ii) Consolidated Statements of Income for the fiscal years ended September 30, 2020, 2019, and 2018, (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended September 30, 2020, 2019, and 2018, (iv) Consolidated Statement of Stockholders' Equity for the fiscal years ended September 30, 2020, 2019, and 2018, (v) Consolidated Statements of Cash Flows for the fiscal years ended September 30, 2020, 2019, and 2018, and (vi) Notes to the Consolidated Financial Statements
104	Cover Page Interactive Data File, formatted in Inline XBRL and included in Exhibit 101

*May be obtained free of charge in the Investor Relations section of our website, www.capfed.com.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CAPITOL FEDERAL FINANCIAL, INC.

Date: November 25, 2020

By: /s/ John B. Dicus
John B. Dicus, Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

By: /s/ John B. Dicus
John B. Dicus, Chairman, President and Chief Executive Officer
(Principal Executive Officer)
Date: November 25, 2020

By: /s/ Kent G. Townsend
Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
Date: November 25, 2020

By: /s/ Jeffrey R. Thompson
Jeffrey R. Thompson, Director
Date: November 25, 2020

By: /s/ Jeffrey M. Johnson
Jeffrey M. Johnson, Director
Date: November 25, 2020

By: /s/ Morris J. Huey II
Morris J. Huey II, Director
Date: November 25, 2020

By: /s/ Michael T. McCoy, M.D.
Michael T. McCoy, M.D., Director
Date: November 25, 2020

By: /s/ James G. Morris
James G. Morris, Director
Date: November 25, 2020

By: /s/ Michel' P. Cole
Michel' P. Cole, Director
Date: November 25, 2020

By: /s/ Carlton A. Ricketts
Carlton A. Ricketts, Director
Date: November 25, 2020

By: /s/ Tara D. Van Houweling
Tara D. Van Houweling, First Vice President and Reporting Director
(Principal Accounting Officer)
Date: November 25, 2020

Capitol Federal®

Branch Locations by County

Sedgwick County 8 branches

Saline County 1 branch

Butler County 1 branch

Riley County 2 branches

Lyon County 1 branch

Shawnee County 11 branches

Douglas County 5 branches

Wyandotte County 1 branch

Platte County 1 branch

Clay County 2 branches

Jackson County 1 branch

Johnson County 20 branches

KANSAS

MISSOURI

☆ **Home Office, Topeka, KS**

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Federal
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