Capitol Federal Financial, Inc.®

Annual Report 2021

& Notice and Proxy Statement 2022

DEAR STOCKHOLDERS,

Capitol Federal® Financial, Inc. (the "Company") completed fiscal year 2021 with earnings higher than the previous year, a continued strong capital position, and continued strong asset quality. We achieved these successful results during fiscal year 2021 while dealing with the COVID-19 pandemic and the working environment it created for our daily operations. The adaptability of our employees allowed us to continue to serve our customers through every delivery channel. We find ourselves at the end of fiscal year 2021 in full swing and competitive in all aspects of our business.

In fiscal year 2021 the Company earned $76.1 million, compared to $64.5 million the prior fiscal year. Earnings increased primarily because of the reversal of some of the allowance for credit loss we booked in fiscal year 2020 when asset quality was uncertain. This was offset by a decreased net interest margin as a lower rate environment allowed home owners to purchase homes with a lower cost to borrow and allowed existing borrowers to refinance loans to lower rates. The lower net interest margin resulted in lower net interest income.

During calendar year 2021 we paid $0.96 per share in cash dividends compared to $0.47 per share in calendar year 2020. The increase in dividends was due not only to an increase in earnings but also to reinstating the True Blue® dividend in June of 2021. In fiscal year 2020 we deferred the dividend when considering the uncertainty of the effects of the pandemic on the financial condition of Capitol Federal. When we reinstated the dividend, we paid $0.20 per share for fiscal year 2020 and $0.20 per share for fiscal year 2021 as we reset the level of the True Blue dividend.

We ended the fiscal year at $9.6 billion in total assets, an increase of $144 million from the prior year. This was driven largely by increases in deposits that resulted from economic assistance from the U.S. Government and a higher savings rate among our depositors. Deposits increased from $6.2 billion at the end of fiscal year 2020 to $6.6 billion at the end of fiscal year 2021. The decrease in our loan portfolio from $7.2 billion to $7.1 billion was a result of a decrease in our correspondent loans.

Asset quality remained strong despite economic headwinds for many borrowers. Almost all of our single-family borrowers who took a deferral on mortgage payments came through that deferral period with their loans still current. Our commercial customers who took deferral options are performing equally strong. Our loans 90 days or more delinquent were just $12 million, or 0.16% of total loans at the end of our fiscal year.

Capital remained strong with an equity to total assets ratio of 12.9% at September 30, 2021. The decrease from the prior year was due to both an increase in total assets and the payment of the True Blue dividend in June 2021.

The Capitol Federal Foundation® continued to focus its support of organizations in our communities funding grants totaling just over $4.9 million during fiscal year 2021. These gifts bring total giving by the Foundation since 1999 to $83.2 million. At September 30, 2021 the Foundation had total assets of approximately $105.8 million.

The Company's board and management wish to thank our employees for their continuing hard work and dedication during the past several years. It is because of their ability to adapt that we have been able to meet our customers' expectations for services and products. We want to thank our stockholders for their continued commitment to Capitol Federal.

Sincerely,

John B. Dicus
Chairman, President & CEO

Financial Highlights

	September 30,				
	2021	2020	2019	2018	2017
	(Dollars in thousands)				
Selected Balance Sheet Data:					
Total assets	$ 9,631,246	$ 9,487,218	$ 9,340,018	$ 9,449,547	$ 9,192,916
Loans receivable, net	7,081,142	7,202,851	7,416,747	7,514,485	7,195,071
Securities	2,014,608	1,560,950	1,204,863	1,326,932	1,243,569
Federal Home Loan Bank stock	73,421	93,862	98,456	99,726	100,954
Deposits	6,597,396	6,191,408	5,581,867	5,603,354	5,309,868
Borrowings	1,582,850	1,789,313	2,239,989	2,285,033	2,373,808
Stockholders' equity	1,242,273	1,284,859	1,336,326	1,391,622	1,368,313

	For the Year Ended September 30,				
	2021	2020	2019	2018	2017
	(Dollars and counts in thousands, except per share amounts)				
Selected Operations Data:					
Total interest and dividend income	$ 258,181	$ 304,978	$ 329,954	$ 321,892	$ 313,186
Total interest expense	83,180	115,643	123,564	123,119	117,804
Net interest and dividend income	175,001	189,335	206,390	198,773	195,382
Provision for credit losses	(8,510)	22,300	750	—	—
Net interest and dividend income after provision for credit losses	183,511	167,035	205,640	198,773	195,382
Total non-interest income	28,086	19,599	21,958	22,035	22,196
Total non-interest expense	115,569	106,004	106,944	96,902	89,658
Income before income tax expense	96,028	80,630	120,654	123,906	127,920
Income tax expense	19,946	16,090	26,411	24,979	43,783
Net income	$ 76,082	$ 64,540	$ 94,243	$ 98,927	$ 84,137
Basic earnings per share	$ 0.56	$ 0.47	$ 0.68	$ 0.73	$ 0.63
Diluted earnings per share	$ 0.56	$ 0.47	$ 0.68	$ 0.73	$ 0.63
Average diluted shares outstanding	135,496	137,901	137,735	134,759	134,244

Financial Highlights

	2021	2020	2019	2018	2017
Performance Ratios:					
Return on average assets(1)	0.79%	0.69%	0.99%	0.94%	0.75%
Return on average equity(1)	5.97	4.92	6.94	7.25	6.09
Dividends paid per share	$ 0.87	$ 0.68	$ 0.98	$ 0.88	$ 0.88
Dividend payout ratio	154.95%	145.43%	143.17%	119.60%	140.20%
Operating expense ratio	1.20	1.13	1.12	0.92	0.80
Efficiency ratio(1)	56.91	50.74	46.83	43.89	41.21
Net interest margin(1)	1.90	2.12	2.26	1.95	1.79
Asset Quality Ratios:					
Non-performing assets to total assets	0.14	0.13	0.10	0.14	0.20
Non-performing loans to total loans	0.19	0.17	0.10	0.15	0.23
ACL to non-performing loans	147.54	252.42	121.99	77.01	50.58
ACL to loans receivable, net	0.28	0.44	0.12	0.11	0.12
Capital Ratios:					
Equity to total assets at end of period	12.9	13.5	14.3	14.7	14.9
Company CBLR/Tier 1 leverage ratio(2)	12.9	13.7	13.8	14.9	12.3
Bank CBLR/Tier 1 leverage ratio(2)	11.5	12.4	12.1	13.0	10.8
Number of branches	54	54	54	58	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. The leverage strategy involved 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 was not profitable. 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 reduced some of our performance ratios, even though it increased 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 fiscal year 2021 or fiscal year 2020 due to the interest rate spreads making the transaction unprofitable.

	For the Year Ended September 30,								
	2019			2018			2017		
	Actual (GAAP)	Leverage Strategy	Non-GAAP	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%	0.75%	(0.14)%	0.89%
Return on average equity	6.94	—	6.94	7.25	0.13	7.12	6.09	0.21	5.88
Efficiency ratio	46.83	—	46.83	43.89	(0.30)	44.19	41.21	(0.63)	41.84
Net interest margin	2.26	(0.04)	2.30	1.95	(0.29)	2.24	1.79	(0.36)	2.15

(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 14, 2021

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 25, 2022, 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 25, 2022

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 25, 2022
PLACE**	Topeka Performing Arts Center 214 S.E. 8th Avenue Topeka, Kansas
ITEMS OF BUSINESS	(1) The election of three 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, 2022.
RECORD DATE	Holders of record of Capitol Federal Financial, Inc. common stock at the close of business on December 3, 2021 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 14, 2021

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 25, 2022 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 14, 2021, 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 14, 2021.

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 three 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, 2022.

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 3, 2021. 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 138,843,984 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 5.3% 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 3, 2021, 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, 2022.

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 3, 2021, 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 3, 2021, there were 138,843,984 shares of the Company's common stock outstanding.

Name of Beneficial Owner	Beneficial Ownership[(1) (11)]	Percent of Common Stock Outstanding
Greater than Five Percent Beneficial Owners		
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	20,172,073 [(2)]	14.5%
American Century Companies, Inc. et al. 4500 Main Street, 9th Floor Kansas City, Missouri 64111	16,003,496 [(3)]	11.5%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	14,562,200 [(4)]	10.5%
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	13,905,175 [(5)]	10.0%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas 78746	7,303,208 [(6)]	5.3%
Capitol Federal Financial, Inc. Employee Stock Ownership Plan	7,320,232 [(7)]	5.3%
Directors, Director Nominees and Executive Officers		
John B. Dicus, Chairman, President, Chief Executive Officer and Director	1,508,247 [(8)]	1.1%
Michel' Philipp Cole, Director	20,181	*
Morris J. Huey, II, Director	265,655	*
Jeffrey M. Johnson, Director	69,900 [(9)]	*
James G. Morris, Director	41,995	*
Michael T. McCoy, M.D., Director	44,109	*
Carlton A. Ricketts, Director	122,683	*
Jeffrey R. Thompson, Director	60,353	*
Natalie G. Haag, Executive Vice President, General Counsel and Corporate Secretary	83,252	*
Rick C. Jackson, Executive Vice President and Chief Lending Officer	197,683 [(10)]	*
Robert D. Kobbeman, Executive Vice President and Chief Commercial Banking Officer	36,487	*
Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer	213,341	*
Directors, director nominees and executive officers of the Company as a group (14 persons)	2,770,292	2.0%

(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 3, 2021, as follows: Mr. Dicus – 100,116 shares; Mr. Huey – 10,000 shares; Mr. Johnson – 15,000 shares; Dr. McCoy – 15,000 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 January 26, 2021 by BlackRock, Inc. ("BlackRock"). With respect to the shares listed in the table, BlackRock reported having sole voting power as to 19,962,074 shares and sole dispositive power as to 20,172,073 shares.

(3) As reported in a Schedule 13G amendment filed with the SEC on February 11, 2021 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 15,440,868 shares and sole dispositive power as to 16,003,496 shares while American Century Capital Portfolios, Inc. reported having sole voting power and sole dispositive power as to 12,300,225 shares.

(4) As reported in a Schedule 13G amendment filed with the SEC on February 16, 2021 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 4,865,069 shares and sole dispositive power as to 14,562,200 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 filed with the SEC on January 8, 2021 by The Vanguard Group ("Vanguard"). With respect to the shares listed in the table, Vanguard reported having shared voting power as to 150,779 shares, sole dispositive power as to 13,638,768 shares and shared dispositive power as to 266,407 shares.

(6) As reported in a Schedule 13G amendment filed with the SEC on February 12, 2021 by Dimensional Fund Advisors LP ("Dimensional"). With respect to the shares listed in the table, Dimensional reported having sole voting power as to 7,051,667 shares and sole dispositive power as to 7,303,208 shares.

(7) Of the 7,320,232 shares held by the employee stock ownership plan as of December 3, 2021, 4,181,470 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.

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

(9) 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.

(10) 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.

(11) 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 211,026 shares of common stock issuable upon exercise of stock options that are currently exercisable or that will become exercisable within 60 days after December 3, 2021.

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 John B. Dicus, James G. Morris and Jeffrey R. Thompson to serve as directors, each for a term of three years to expire at the annual meeting of stockholders to be held in 2025. 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		
John B. Dicus	60	Chairman of the Board, President and Chief Executive Officer	1989	2025
James G. Morris	67	Director	2013	2025
Jeffrey R. Thompson	60	Director	2004	2025
		DIRECTORS REMAINING IN OFFICE		
Michel' Philipp Cole	58	Director	2017	2023
Jeffrey M. Johnson	55	Director	2005	2023
Michael T. McCoy, M.D.	72	Director	2005	2023
Morris J. Huey, II	72	Director	2009	2024
Carlton A. Ricketts	64	Director	2020	2024

(1) As of September 30, 2021.
(2) Includes service as a director of Capitol Federal Savings.

Board Diversity

On August 6, 2021, the SEC approved amendments to the Listing Rules of the NASDAQ Stock Market ("NASDAQ") related to board diversity. New Listing Rule 5605(f) (the "Diverse Board Representation Rule") requires each NASDAQ-listed company, subject to certain exceptions, (1) to have at least one director who self-identifies as female, and (2) to have at least one director who self-identifies as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, two or more races or ethnicities, or as LGBTQ+, or (3) to explain why the company does not have at least two directors on its board who self-identify in the categories listed above. In addition, new Listing Rule 5606 (the "Board Diversity Disclosure Rule") requires each NASDAQ-listed company, subject to certain exceptions, to provide statistical information about the company's board of directors, in a uniform format, related to each director's self-identified gender, race, and self-identification as LGBTQ+.

Although we are not required to fully comply with the Diverse Board Representation Rule until 2025, we believe we presently meet the requirements of that rule based on the self-identified characteristics of the current members of our Board of Directors. In the matrix below, we have provided the statistical information required by the Board Diversity Disclosure Rule.

Board Diversity Matrix (As of September 30, 2021)				
Total Number of Directors	8			
	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Part I: Gender Identity				
Directors	1	7	0	0
Part II: Demographic Background				
African American or Black	0	1	0	0
Alaskan Native or Native American	0	0	0	0
Asian	0	0	0	0
Hispanic or Latinx	0	1	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
White	1	6	0	0
Two or More Races or Ethnicities	0	1*	0	0
LGBTQ+	0			
Did Not Disclose Demographic Background	0			

* One director self-identified as African American/Black and Hispanic/Latinx.

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.

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 2021, Mr. Thompson became the Chief Financial Officer of Salina Vortex Corp., a Salina, Kansas-based manufacturing company. Mr. Thompson served as the company's President and CEO from 2007-2020 and CFO from 2002-2007. 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 nearly 40 years of business experience, including 30 years in the financial services business and 20 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 Salina and Wichita, Kansas business communities for over 30 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.

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.

Executive Officers Who Are Not Also Directors

Set forth below is a description of the business experience for at least the past five years of each executive officer who is not also a director of the Company. Each executive officer's age is as of September 30, 2021.

Kent G. Townsend. Mr. Townsend, age 60, serves as Executive Vice President and Chief Financial Officer of the Bank and the Company. Mr. Townsend also serves as Treasurer for the Company, Capitol Funds, Inc., a wholly owned subsidiary of the Bank ("Capitol Funds"), and Capitol Federal Mortgage Reinsurance Company, a wholly owned subsidiary of Capitol Funds ("CFMRC"). Mr. Townsend was promoted to Executive Vice President, Chief Financial Officer and Treasurer in September 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 other financial related positions since joining the Bank in 1984.

Rick C. Jackson. Mr. Jackson, age 56, serves as Executive Vice President, Chief Lending Officer and Community Development Director of the Bank and the Company. He also serves as Chief Executive Officer of Capitol Funds 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 served as Chief Lending Officer since February 2010.

Robert D. Kobbeman. Mr. Kobbeman, age 66, serves as Executive Vice President and Chief Commercial Banking Officer of the Bank and the Company. He joined the Bank in August 2018 at the time of the Company's acquisition of Capital City Bancshares, Inc. ("CCB") and CCB's subsidiary bank, Capital City Bank. From 2002 until the acquisition, Mr. Kobbeman served as President and Chief Executive Officer and as a director of CCB and Capital City Bank. From 1998 to 2002, Mr. Kobbeman served as Executive Vice President, Chief Lending Officer of Capital City Bank.

Natalie G. Haag. Ms. Haag, age 62, serves as Executive Vice President, General Counsel, and Corporate Secretary 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 June 2003. The Security Benefit companies are not parents, subsidiaries or affiliates of the Bank or the Company.

Anthony S. Barry. Mr. Barry, age 57, 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. Mr. Lehman, age 56, 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 September 2005.

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 NASDAQ Listing Rule 5605: 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 CCB and 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.

Proxy

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, 2021, the Board of Directors of the Company held eight meetings and the Board of Directors of Capitol Federal Savings held nine meetings. During fiscal year 2021, 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, McCoy 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 2021.

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 Listing 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 2021, this committee met five 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 five times during fiscal year 2021.

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, Huey, 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 three times during fiscal year 2021.

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 Listing 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 eight times in fiscal year 2021.

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 Listing 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 three times during fiscal year 2021.

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.

Employee, Officer and Director Hedging

The Company has not adopted any practices or policies regarding the ability of its employees, officers or directors, or any of their designees, to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities.

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 2021, 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 2021, Mr. Thompson received $5,000 for serving as the Audit Committee chair. Each outside director receives $1,000 per day for each conference or other meeting attended concerning Capitol Federal Savings and/or Company business that is outside of board meetings. During fiscal year 2021, Ms. Cole, Mr. Ricketts and Mr. Thompson received compensation of $1,000, $4,000 and $2,000, respectively, for attending conferences. During fiscal year 2021, 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 2021. 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 ($)[(1)]	Stock Awards ($)[(2)]	Option Awards ($)[(3)]	All Other Compensation ($)[(4)]	Total ($)
Michel' Philipp Cole	$ 66,000	---	---	$ 3,639	$ 69,639
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	66,000	$ 71,010	---	7,422	144,432
Jeffrey R. Thompson	71,000	---	---	2,000	73,000

(1) 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.

(2) Represents the grant date fair value under Accounting Standards Codification Topic No. 718, Compensation-Stock Compensation ("ASC Topic 718"), of an award to Mr. Ricketts on January 26, 2021 of 5,400 shares of restricted stock, with the following vesting schedule: 25% annual increments on July 22, 2021, 2022, 2023 and 2024, respectively. The assumptions used in the calculation of the grant date fair value amount are included in Note 11 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, 2021 filed with the Securities and Exchange Commission. As of September 30, 2021, Ms. Cole and Mr. Ricketts were the only directors listed in the table who held any unvested shares of restricted stock. Ms. Cole and Mr. Ricketts held 2,700 and 4,050 unvested shares of restricted stock as of that date, respectively.

(3) As of September 30, 2021, 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 – 15,000 shares; Dr. McCoy – 15,000 shares; and Mr. Thompson – 15,000 shares.

(4) For Ms. Cole, Mr. Ricketts and Mr. Thompson, includes fees paid for attending conferences of $1,000, $4,000 and $2,000, respectively. For Ms. Cole and Mr. Ricketts, also includes dividends paid on unvested shares of restricted stock of $2,639 and $3,422, respectively.

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 Banking 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. In fiscal year 2021, the Company resumed offering merit-based raises to officers and employees after suspending these increases in fiscal year 2020 due to uncertainty about operating results because of COVID-19. 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.

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 $6.2 billion and $33.1 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, Heartland Financial USA 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 within the 25th to 50th percentile 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 2022, in the case of the STPP award for the fiscal year ended September 30, 2021) (the "Scheduled Payment Date").

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. 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 2021, 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.

Proxy

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 2021, 2020 and 2019. 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 2021, 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 2021 was at the target. The Company's actual net income for fiscal year 2021 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. 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.

	Target			Performance			Percent of total			
Fiscal Year	Efficiency Ratio	Basic EPS	ROAE	Efficiency Ratio	Basic EPS	ROAE	Efficiency Ratio	Basic EPS	ROAE	Total
2021	55.36%	$0.53	5.64%	56.91%	$0.56	5.99%	50%	86%	85%	73%
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%

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 2021, 2020 or 2019.

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, 2021, in the case of the STPP award for fiscal year 2021, which will be paid in January 2022 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 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 the deferred funds 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 2021 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 2021, stockholders approved the compensation of the Company's executives, as disclosed in the Company's proxy statement for that meeting, with approximately 96% of the votes cast in favor.

Perquisites and Other Personal Benefits

For fiscal year 2021, 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 2021, 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, $389,000 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 2021, 2020 and 2019:

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	All Other Compensation ($)[5]	Total ($)
John B. Dicus, Chairman	2021	$ 706,750	$ ---	$ ---	$ 351,415	$ 129,413	$ 1,187,578
President and Chief Executive	2020	696,500	---	---	147,782	106,166	950,448
Officer	2019	684,962	---	---	252,379	153,480	1,090,821
Kent G. Townsend, Executive	2021	$ 383,250	$ ---	$ ---	$ 141,940	$ 29,472	$ 554,662
Vice President, Chief	2020	377,500	---	---	55,304	17,070	449,874
Financial Officer and Treasurer	2019	369,808	---	---	93,345	44,050	507,203
Rick C. Jackson, Executive	2021	$ 278,000	$ ---	$ ---	$ 102,648	$ 25,915	$ 406,563
Vice President and Chief	2020	273,000	---	---	39,995	16,274	329,269
Lending Officer	2019	265,308	---	---	68,117	37,135	370,560
Robert D. Kobbeman, Executive	2021	$ 310,500	$ ---	$ ---	$ 115,056	$ 34,677	$ 460,233
Vice President and Chief	2020	306,000	---	---	44,829	31,016	381,845
Commercial Banking Officer	2019	301,385	60,000	431,940	74,592	33,682	901,599
Natalie G. Haag, Executive	2021	$ 264,000	$ ---	$ ---	$ 98,410	$ 25,393	$ 387,803
Vice President, General Counsel	2020	260,000	---	---	38,090	16,097	314,187
and Corporate Secretary	2019	249,231	---	---	63,714	36,005	348,950

(1) For fiscal years 2021, 2020 and 2019, 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 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 11 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, 2021 filed with the SEC.

(4) Represents incentive bonus amounts awarded for performance in fiscal years 2021, 2020 and 2019 under the STPP. The bonuses for fiscal year 2021 have been approved by the Compensation Committee of the Company’s Board of Directors but will not be paid until January 2022. 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 2021, 2020 and 2019, as follows:

	2021	2020	2019
John B. Dicus	$ 50,000	$ 29,566	$ 50,000
Kent G. Townsend	$ 28,388	$ 11,061	$ 18,669
Rick C. Jackson	$ 20,530	$ 7,999	$ 13,623
Robert D. Kobbeman	$ 23,011	$ 8,996	$ 12,432
Natalie G. Haag	$ 19,682	$ 7,618	$ 12,743

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 2021, these include $2,138, $14,773, $630 and $26,774 for Mr. Dicus; $2,138, $14,773, $478 and $12,083 for Mr. Townsend; $2,138, $14,773, $347 and $8,657 for Mr. Jackson; $2,138, $14,773, $378 and $3,772 for Mr. Kobbeman; and $2,138, $14,773, $331 and $8,151 for Ms. Haag. For Mr. Dicus, the amount for fiscal year 2021 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 2021 also includes dividends paid on unvested shares of restricted stock totaling $13,616.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)
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 2021 under the Company's STPP. The actual amounts earned under these awards for fiscal year 2021 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 has had an employment agreement with us. 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, 2021 under circumstances entitling them to such payments, see "Payments Upon Termination or Change in Control."

Outstanding Equity Awards at September 30, 2021

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, 2021.

	Option Awards			Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	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	100,116 [1]	$11.91	05/14/2027	---	---	11,746 [4]	$24,138 [4]
	---	---	---	---	---	10,924 [5]	12,290 [5]
	---	---	---	---	---	7,093 [6]	4,646 [6]
Total	100,116					29,763	$41,074
Kent G. Townsend	---	---	---	---	---	6,421 [4]	$13,195 [4]
	---	---	---	---	---	4,079 [5]	4,589 [5]
	---	---	---	---	---	2,654 [6]	1,738 [6]
Total						13,154	$19,522
Rick C. Jackson	55,910 [2]	$14.43	01/26/2025	---	---	4,546 [4]	$9,342 [4]
	---	---	---	---	---	2,976 [5]	3,348 [5]
	---	---	---	---	---	1,919 [6]	1,257 [6]
Total	55,910					9,441	$13,947
Robert D. Kobbeman	---	---	---	15,650[3]	$179,819	2,716 [5]	$3,056 [5]
	---	---	---	---	---	2,151 [6]	1,409 [6]
	---	---	---	---	---	---	---
Total						4,867	$4,465
Natalie G. Haag	---	---	---	---	---	4,296 [4]	$8,828 [4]
	---	---	---	---	---	2,784 [5]	3,132 [5]
	---	---	---	---	---	1,828 [6]	1,197 [6]
Total						8,908	$13,157

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

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

(3) 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.

(4) 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, 2021, plus the amount of dividend equivalents credited during that period. See "Non-Qualified Deferred Compensation" below.

(5) 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, 2021, 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 2020 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, 2020. The phantom stock award will be paid in cash by the second business day following the regularly scheduled board meeting in January 2024, in an amount equal to the appreciation, if any, in the Company's stock price from December 31, 2020 to December 31, 2023, 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, 2020 through September 30, 2021, 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, 2021 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	25,188	$27,501	---	---
Kent G. Townsend	---	---	---	---
Rick C. Jackson	---	---	---	---
Robert D. Kobbeman	---	---	7,825	$87,797
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	$ 59,113	$ 29,556	$ 26,774	$ 176,620	$ 429,743
Kent G. Townsend	$ 22,122	$ 11,061	$ 12,083	$ 88,804	$ 190,717
Rick C. Jackson	$ 15,998	$ 7,999	$ 8,657	$ 62,833	$ 136,877
Robert D. Kobbeman	$ 17,932	$ 8,966	$ 3,772	$ 0	$ 68,658
Natalie G. Haag	$ 15,236	$ 7,618	$ 8,151	$ 58,337	$ 129,110

(1) Represents portion of bonus for fiscal year 2020 (otherwise payable in fiscal year 2021) under the STPP deferred by the named executive officer. This amount was previously reported as compensation for fiscal year 2020 for the named executive officer.
(2) Represents match by Capitol Federal Savings on portion of bonus for fiscal year 2020 (otherwise payable in fiscal year 2021) 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 2020 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, 2020.
(3) Represents stock price appreciation (depreciation) and dividend equivalents on phantom stock units from deferrals (and matches thereon) of STPP bonuses for fiscal year 2020 and prior years. This amount is reported as compensation for fiscal year 2021 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 2021 of phantom stock units for deferral (and 50% match thereon) of the STPP bonus for fiscal year 2017. The payout was comprised of appreciation in the Company's stock price from December 31, 2017 through December 31, 2020 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, 2021, in the case of the STPP award for fiscal year 2021, which will be paid in January 2022 at the earliest, as discussed under "Compensation Discussion and Analysis-Bonus Incentive Plans"). On the third anniversary date (e.g., December 31, 2024, in the case of the award for fiscal year 2021), 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, 2021 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, $1.2 million and $934 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, 2021, none of the NEOs held unvested stock options and Mr. Kobbeman was the only NEO who held unvested shares of restricted stock, holding 15,650 unvested shares as of that date. If a change in control of the Company had occurred on September 30, 2021, 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 $11.49, was $179,819.

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, 2021, 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 2021 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, 2021, the amounts of their DIBP accounts that would have vested and been payable within 90 days would have been $429,743, $190,717, $136,877, $68,658 and $129,110, 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, $389,000 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, 2021, the death benefit payable under this program would have been $500,000, $389,000, $283,000, $300,000 and $270,000 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, 2021, 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, 2021, 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

CEO Pay Ratio

For fiscal year 2021, the annual total compensation for our median employee was $33,208 and the annual total compensation for our CEO was $1,187,578. The resulting ratio of our CEO's pay to the pay of our median employee for fiscal year 2021 was 35.8 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 are using the same "median employee" for fiscal year 2021 as we used for fiscal year 2020 because there has been no change in our employee population or employee compensation arrangements that we believe would significantly impact our pay ratio disclosure.

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 2021 Summary Compensation Table in this proxy statement. In our fiscal year 2021 Summary Compensation Table, we report the annual cash incentive earned by our CEO for performance in fiscal year 2021. Our median employee did not earn any cash incentives for fiscal year 2021.

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, 2021, all Section 16(a) filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with during fiscal year 2021, other than the inadvertent failure to timely file a Form 4 to report two transactions by officer Natalie G. Haag.

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, Huey, 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 $1.6 million at September 30, 2021, which was approximately 0.13% of our consolidated equity at that date. All loans to directors and executive officers were performing in accordance with their terms at September 30, 2021.

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, 2021 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, 2021, 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, 2022, 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, 2022. 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, 2021 and 2020, 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: $1,032,000 – 2021; $1,008,000 – 2020.

(b) Audit-Related Fees: Aggregate fees billed for professional services rendered related to agreed-upon procedures engagements and acquisition-related audit services: $54,000 – 2021; $47,000 – 2020.

(c) Tax Fees: Aggregate fees billed for professional services rendered related to tax return preparation and tax consultations: $108,103 – 2021; $156,967 – 2020.

(d) All other fees: Aggregate fees billed for all other professional services, consisting of an accounting research tool subscription: $1,895 – 2021; $1,895 – 2020.

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, 2022.

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 16, 2022. 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 27, 2022 and not later than the close of business on October 27, 2022. If, however, the date of the next annual meeting is before January 5, 2023 or after March 26, 2023, 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.

(This page has been left blank intentionally)

(This page has been left blank intentionally)

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, 2021

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, 2021, was $1.75 billion.

As of November 18, 2021, there were issued and outstanding 138,845,184 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, 2021.

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;
- our ability to extend our commercial banking and trust asset management expertise;
- 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 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 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 with common stock traded on the Global Select tier of the NASDAQ Stock Market. The Bank is a wholly-owned subsidiary of the Company and is a federally chartered and insured savings bank headquartered in Topeka, Kansas. 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 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.

In August 2018, the Company completed the acquisition of Capital City Bancshares, Inc. and its wholly-owned subsidiary Capital City Bank, a commercial bank with $450 million in assets that was headquartered in Topeka, Kansas. The acquisition of Capital City Bank 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.

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.

Management Strategy

We seek 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 and participate in commercial loans with other lenders, both locally and outside our market areas. 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 loan business. We rely on our marketing efforts and customer service reputation to attract 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 our network of 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. We 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, 2021 was approximately $129.7 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 capital ratios in excess of the well-capitalized standards set by the Office of the Comptroller of the Currency (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. We continue to generate returns to stockholders through dividend payments. Total dividends declared and paid during fiscal year 2021 were $117.9 million, including a $0.40 per share, or $54.2 million, True Blue® Capitol Dividend paid in June 2021. The True Blue Capitol Dividend represented a $0.20 per share cash dividend for fiscal year 2020 and a $0.20 per share cash dividend for fiscal year 2021. 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, anticipated growth opportunities and market and economic conditions, 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 2022, it is the current 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 enhanced through common stock repurchases. During fiscal year 2021, the Company repurchased $1.5 million, or 164,400 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.

Market Area and Competition

Our corporate office is located in Topeka, Kansas. We currently have a network of 54 branches (45 traditional branches and nine in-store branches) located in nine counties throughout Kansas and two 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.

The Bank ranked second in deposit market share, at 6.87%, in the state of Kansas as reported in the June 30, 2021 Federal Deposit Insurance Corporation ("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. This has been achieved through strong relationships with real estate agents and our other marketing efforts, which are based on our reputation and competitive pricing. Competition in originating one- to four-family loans primarily comes from other savings institutions, commercial banks, credit unions, and mortgage bankers.

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.

Regulation and Supervision

The Bank is examined and regulated by 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 FDIC. The Company, as a savings and loan holding company, is examined and regulated by the FRB.

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 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. The Bank and Company are required to maintain minimum levels of regulatory capital and the Bank is subject to some limitations on capital distributions to the Company.

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.

As a federally chartered savings bank, the Bank is required to maintain a significant portion of its assets in residential housing related loans and investments. An institution that fails to do so is immediately subject to restrictions on its operations, including a prohibition against capital distributions, except with the prior approval of both the OCC and the FRB. Failure to meet this qualification is a statutory violation subject to enforcement action. As of September 30, 2021, the Bank met the qualification.

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 related persons. The general limit is 15% of our unimpaired capital and surplus, plus an additional 10% for loans fully secured by readily marketable collateral. At September 30, 2021, the Bank's lending limit under this restriction was $171.0 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 was $128.1 million at September 30, 2021, all of which was current according to its terms.

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. The Bank is subject to periodic examinations by the OCC regarding these and related matters. 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.

Regulatory Capital Requirements. The Bank and Company are required to maintain specified levels of regulatory capital under regulations of the OCC and FRB, respectively. See "Part II, Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 13. Regulatory Capital Requirements" for additional regulatory capital information, including the Bank's and Company's Community Bank Leverage Ratio ("CBLR") as of September 30, 2021.

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 requirements 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 be restricted in, among other things, increasing its assets, acquiring another institution, establishing a branch or engaging in any new activities, and may not make capital distributions. As of September 30, 2021, the Bank and the Company met all capital adequacy requirements to which they are subject.

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 (to the extent not previously distributed). 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. 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.

Insurance of Accounts and Regulation by the FDIC. The DIF of the FDIC insures deposit accounts in the Bank up to applicable limits, with a maximum amount of deposit insurance for banks, savings institutions, and credit unions of $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, 2021, the Bank paid $2.5 million 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.

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 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 Consumer Financial Protection Bureau ("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.

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 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, 2021, the reserve requirement of zero percent was still in place.

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, 2021, 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. The Federal Home Loan Banks make loans, called advances, to members and provide 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 balance of loans sold into the Mortgage Partnership Finance Program. At September 30, 2021, the Bank had a balance of $73.4 million in FHLB stock, which was in compliance with the FHLB's stock requirement. In past years, the Bank has received dividends on its FHLB stock, although no assurance can be given that these dividends will continue. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information regarding FHLB stock.

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 bank 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. This policy now also applies to savings and loan holding companies.

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.

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 2018. 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, 2021, we had a total of 750 employees, including 101 part-time employees. The full-time equivalent of our total employees at September 30, 2021 was 721. 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. Physical well-being is supported by the Company's health, dental, vision, life and various other insurances, and a wellness program that incentivizes employees to live a healthy and balanced lifestyle. Volunteer opportunities are provided and encouraged for all employees. Capitol Federal employees recorded over 3,400 hours in volunteer time for local organizations and charities during fiscal year 2021.

Our Company respects, values and encourages diversity in our employees and customers. We seek to recognize and develop the unique contributions which each individual brings to our Company, and we are fully committed to supporting a culture of diversity as a pillar of our values and our success. These efforts are supported by our Board of Directors. Since 1977, at least one woman has served as a director of the Bank and, since its inception in 1999, at least one woman has served on the Board of Directors of the Company. In addition, since 2012, at least one underrepresented minority has served as a director of the Company and the Bank. The Board of Directors annually reviews the Company's diversity recruitment efforts and employment statistics.

To assist in expanding diversity, the Company recruits employees through sources and organizations targeted at diverse communities. The Company also provides multiple opportunities for professional development and growth, including continuing education when applicable and specialty education within banking, using universities that offer banking management programs. Leadership development is supported through our Leadership Forum services, on a biannual basis, for mid-level leaders within the organization. We have also used outside consultants for business simulations for training purposes, and this is expected to continue. During fiscal year 2021, the annual employee educational requirements included targeted diversity, equity and inclusion training for all managers. All employees receive annual training on providing fair service, which is targeted at addressing implicit bias in providing customer service.

The Company actively participates in initiatives to promote diversity and inclusion both internally and externally. Our employees, together with the Capitol Federal Foundation, contribute to programs that promote educational opportunities in all communities as well as housing in low-and-moderate income communities, including scholarships specifically for diverse candidates.

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, an 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.

There is 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. The Bank continues to have commercial borrowers that have deferred payments on their loans, and we recognize that those borrowers in the hotel and convention center industries are experiencing a slower recovery than certain other industries. The Bank has deferred foreclosures on one- to four-family loans as a result of federal and state foreclosure moratoriums, and when foreclosures resume, we could experience losses on the impacted loans. The Bank has been forced to leave staff positions unfilled, as qualified candidates for open positions have been difficult to find. The changes in market rates of interest and their impact on our ability to price our products may continue to reduce our net interest income or negatively impact the demand for our products.

The Company continues to follow Centers for Disease Control and Prevention (CDC) guidelines and governmental mandates regarding COVID-19 protocols and vaccinations. While it is not possible to predict the administrative costs, compliance costs or impacts to our available workforce, the Company continues to develop compliance processes for implementation of the Occupational Safety and Health Administration (OSHA) testing and vaccination mandates. In addition, we are monitoring legal actions and pending state legislation regarding the mandates for further guidance.

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 available-for-sale ("AFS") securities are reported at estimated fair value. We increase or decrease our stockholders' equity, specifically accumulated other comprehensive income (loss) ("AOCI"), 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 or commercial real estate participation loans, could have an adverse impact on 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. As we have grown our commercial real estate lending portfolio, we have continued to maintain relationships not only in our local markets but in geographically diverse markets. As a result, we are particularly exposed to downturns in regional housing and commercial real estate markets and, to a lesser extent, the U.S. housing and commercial real estate markets, 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, as well as commercial real estate markets, in our local market areas and certain areas where we have correspondent loans and commercial participation loans. 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. Adverse conditions in our local economies and in certain areas where we have correspondent loans and commercial participation loans, 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.

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.

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. On November 30, 2020, authorities announced a plan to extend the date that most U.S. LIBOR values would cease being published from December 31, 2021 to June 30, 2023. The announcement means the continuation of LIBOR cannot be guaranteed after June 30, 2023.

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; however, other market alternatives have been developed. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities in the repurchase agreement market. The use of SOFR continues to steadily grow. At this time, it is not possible to predict how markets will respond to alternative reference rates as markets continue to transition away from LIBOR.

The Company's LIBOR steering committee is 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, 2021, the Company has identified $268.6 million of adjustable-rate one- to four-family loans in its portfolio for which the repricing index was tied to LIBOR and the loan maturity date is after December 31, 2021. The majority of these loans have maturity dates after June 30, 2023. 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 Constant Maturity Treasury ("CMT") index for newly originated and correspondent purchased one- to four-family adjustable-rate loans. At September 30, 2021, none of the consumer or commercial loans in the Company's portfolio use a repricing index 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. During fiscal year 2021, the Bank began to preemptively transition its FHLB advances and interest rate swaps that were tied to LIBOR into SOFR instruments. The early transition was driven by the FHLB policy that no longer allows LIBOR-based advances with a maturity beyond December 31, 2021. The Bank has interest rate swaps maturing on December 1, 2021 with a notional amount of $100.0 million at September 30, 2021 that are tied to LIBOR.

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 with 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 and 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, including attacks on third party vendors and their applications and products used by the Bank.

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 an adverse effect on our business, financial condition and 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 an adverse effect on our business, financial condition and 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 an 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 an 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 an 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 and 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 CFPB has 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 an 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 an 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 "Item 1. Business – Regulation and Supervision" 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 be able to 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 an 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, 2021, we had 45 traditional branch offices and nine in-store branch offices. The Bank owns the office building and related land in which its home office and executive offices are located, and 35 of its other branch offices. The remaining 18 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 5. Premises, Equipment and 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 18, 2021, there were approximately 7,970 Capitol Federal Financial, Inc. stockholders of record.

Share Repurchases

During the current fiscal year, the Company repurchased $1.5 million, or 164,400 shares, of common stock. There is $44.7 million of common stock that may be purchased under the Company's current plan, which was approved in October 2015 for $70.0 million. This plan has no expiration date; however, the Federal Reserve Bank's approval for the Company to repurchase shares extends through August 2022. Since the Company completed its second-step conversion in December 2010, $393.4 million worth of shares of common stock have been repurchased.

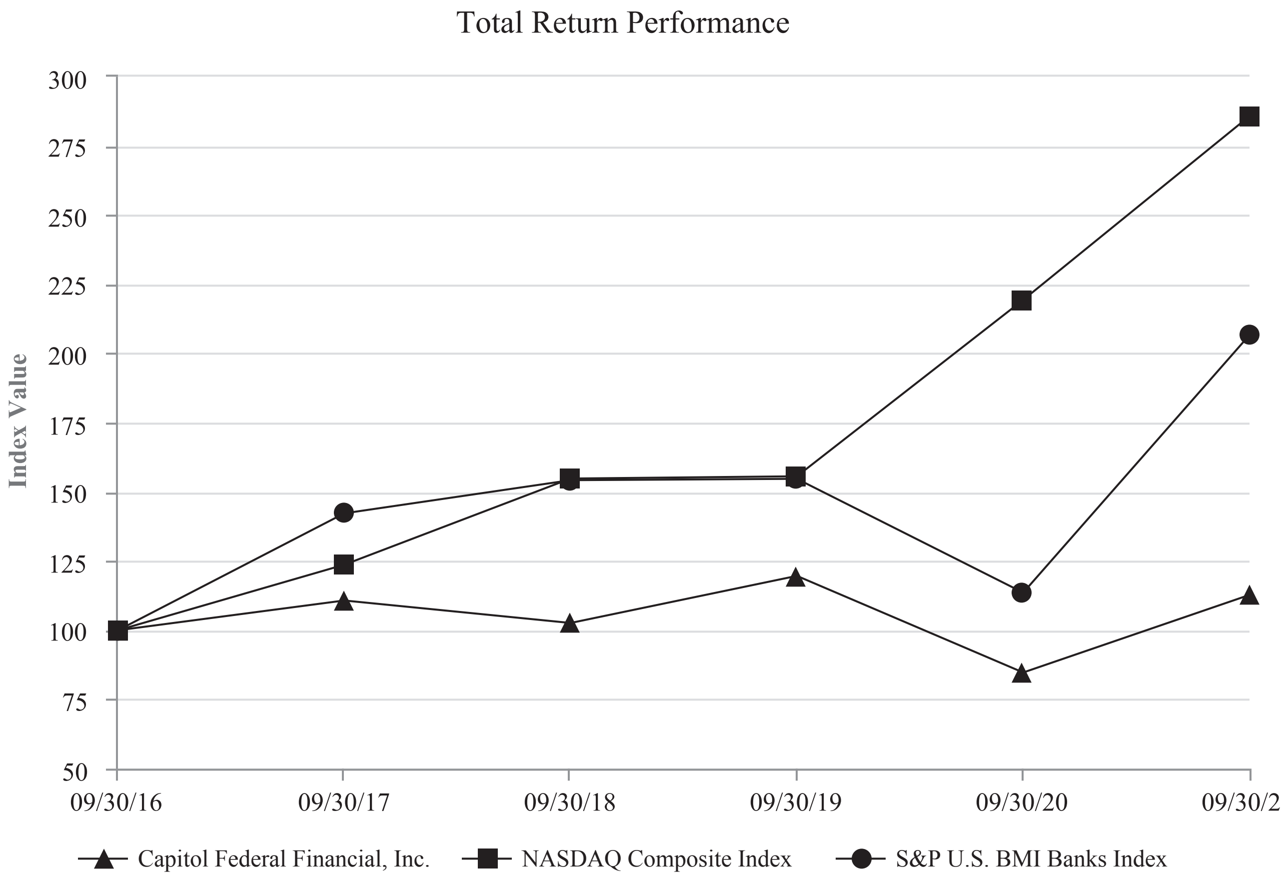
The following table summarizes our share repurchase activity during the three months ended September 30, 2021 and additional information regarding our share repurchase program.

	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, 2021 through July 31, 2021	—	$ —	—	$ 44,665,205
August 1, 2021 through August 31, 2021	—	—	—	44,665,205
September 1, 2021 through September 30, 2021	—	—	—	44,665,205
Total	—	—	—	44,665,205

Stockholders and General Inquiries

Copies of our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 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, 2016 in the Company's common stock and in each of the indices, and assumes the reinvestment of all dividends. In prior years, the Company compared its stock price performance to the SNL U.S. Bank & Thrift index; however, this index is no longer available from the Company's service provider, and has been replaced with the S&P U.S. BMI Banks index. Historical stock price performance is not necessarily indicative of future stock price performance.



	Period Ending					
Index	**9/30/2016**	**9/30/2017**	**9/30/2018**	**9/30/2019**	**9/30/2020**	**9/30/2021**
Capitol Federal Financial, Inc.	100.00	110.76	102.64	119.65	84.74	112.78
NASDAQ Composite Index	100.00	123.68	154.82	155.63	219.37	285.75
S&P U.S. BMI Banks Index	100.00	142.24	154.22	154.71	113.59	206.67

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.

Item 6. [Reserved]

Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>

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.

Net income for fiscal year 2021 increased $11.5 million, or 17.9% compared to the prior year, due primarily to recording a $22.3 million provision for credit losses during the prior year compared to recording a negative provision for credit losses of $8.5 million in the current year, as a result of improvements in economic conditions between periods. This was partially offset by a decrease in net interest income and an increase in income tax expense.

The net interest margin was 1.90% for the current year compared to 2.12% in the prior year. The decrease in the net interest margin was due primarily to a reduction in asset yields due to the low interest rate environment, partially offset by a decrease in the cost of deposits and borrowings. Additionally, cash flows from the one-to four-family loan portfolio not reinvested into loans were used to purchase lower yielding securities, which also decreased the overall asset yield. During the latter portion of the current year, the pace of loan refinance and payoff activity slowed, resulting in lower premium amortization related to correspondent one- to four-family loans compared to earlier in the year, and there was a reduction in the purchases of lower-yielding securities as cash flows from the loan and deposit portfolios slowed, all of which helped stabilize the net interest margin.

As discussed above, the Bank experienced high levels of loan refinance and payoff activity for the majority of the current year, before slowing later in the year. This was a trend continued from the last half of the prior year. Additionally, there was significant deposit growth during the latter part of the prior year and the first half of the current year due to a reduction in customer spending and high levels of government assistance. The loan portfolio decreased $121.7 million, or 1.7%, during the current year, primarily in the correspondent one-to four-family loan portfolio, while the securities portfolio increased $453.7 million, or 29.1%. Deposit growth during the current year was used to pay down certain maturing advances and purchase securities. The deposit portfolio increased $406.0 million, or 6.6%, during the current year, while borrowings decreased $206.5 million, or 11.5%. The deposit growth was primarily in non-maturity deposit accounts, partially offset by a decrease in retail certificates of deposit as customers moved some of the funds from maturing certificates into more liquid investment options such as the Bank's retail money market accounts. There is some uncertainty regarding how long the increased balance of non-maturity deposits will be retained by the Bank as customers return to more normal spending habits and/or choose to invest in higher-yielding investment options outside of the Bank. The Bank may be required to replace deposit outflows with higher costing borrowings, which would increase the cost of funds over time.

The Bank's asset quality continued to remain strong during the current fiscal year, reflected in low delinquency and charge-off ratios. At September 30, 2021, loans 30 to 89 days delinquent were 0.11% of total loans receivable, net, and loans 90 or more days delinquent or in foreclosure were 0.16% of total loans receivable, net. The ratio of net charge-offs (recoveries) ("NCOs") during the current year to average loans outstanding during the current year was 0.01%. In March 2020, the Bank initiated loan modification programs to support and provide relief to borrowers during the COVID-19 pandemic ("COVID-19 modifications"). As of September 30, 2021, $2.7 million of one- to four-family loans and $146.4 million of commercial loans with COVID-19 modifications were still in their deferral period, compared to $39.8 million and $367.4 million, respectively, as of September 30, 2020. We have observed very low delinquency rates for loans that were previously subject to COVID-19 modifications and have since resumed full payments. Additionally, in March 2020, the Bank suspended the initiation of foreclosure proceedings for owner-occupied one- to four-family loans, and this suspension remained in place at September 30, 2021. Approximately 75% of non-performing one- to four family loans at September 30, 2021 either had foreclosure proceedings initiated prior to the foreclosure suspension or would have had foreclosure proceedings initiated if the suspension were not in place.

At September 30, 2021, the Bank had a one-year gap position of $(664.1) million, or (6.9)% of total assets, meaning the amount of interest-bearing liabilities exceeds the amount of interest-earning assets maturing or repricing during the same period. Despite the negative gap, net interest income is projected to increase in a rising interest rate environment due to the assumption that the Bank's deposit balances are not expected to reprice to the full extent of the interest rate change. This assumption is based on a historical analysis of the Bank's deposit pricing behavior. See additional discussion in "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Critical Accounting Estimates

Our most critical accounting estimates are the methodologies used to determine the ACL and reserve for off-balance sheet credit exposures and fair value measurements. These estimates 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 about highly uncertain matters. The use of different judgments, assumptions, and estimates could affect reported results materially. These critical accounting estimates and their application are reviewed at least annually by our audit committee. The following is a description of our critical accounting estimates and an explanation of the methods and assumptions underlying their application.

Allowance for Credit Losses and Reserve for Off-Balance Sheet Credit Exposures. The ACL is a valuation amount that is deducted from the amortized cost basis of loans and represents management's estimate of lifetime credit losses expected on the Company's loan portfolio as of the balance sheet date. The reserve for off-balance sheet credit exposures represents expected credit losses on unfunded portions of existing loans and commitments to originate or purchase loans that are not unconditionally cancellable by the Company.

Management estimates the ACL by projecting future loss rates which are dependent upon forecasted economic indices and applying qualitative factors when deemed appropriate by management. The key assumptions used in projecting future loss rates include the economic forecast, the forecast and reversion to mean time periods, and prepayment and curtailment assumptions. The assumptions are used to calculate and aggregate estimated cash flows for the time period that remains in each loan's contractual life. The cash flows are discounted back to the balance sheet date using each loan's effective yield, to arrive at a present value of future cash flows, which is compared to the amortized cost basis of the loan pool to determine the amount of ACL required by the calculation. Management then considers qualitative factors when accessing the overall level of ACL. See "Allowance for Credit Losses on Loans Receivable" and "Reserve for Off-Balance Sheet Credit Exposures" within "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" for additional information.

One of the most significant judgments used in projecting loss rates when estimating the ACL and reserves for off-balance sheet credit exposures is the macro-economic forecast provided by a third party. The economic indices sourced from the macro-economic forecast and used in projecting loss rates are national unemployment rate, changes in commercial real estate prices, changes in home values, and changes in the United States gross domestic product. The economic index used in the calculation to which the calculation is most sensitive is the national unemployment rate. Each reporting period, several macro-economic forecast scenarios are considered by management. Management selects the macro-economic forecast(s) that is/are most reflective of expectations at that point in time. Changes in the macro-economic forecast, especially for the national unemployment rate, could significantly impact the calculated estimated credit losses between reporting periods.

Other key assumptions in the calculation of the ACL and reserve for off-balance sheet credit exposures estimates include the forecast and reversion to mean time periods and prepayment and curtailment assumptions. The calculation is much less sensitive to these assumptions than the macro-economic forecasts. The macro-economic forecast is applied for a reasonable and supportable time period before reverting to long-term historical averages for each economic index. The forecast and reversion to mean time period used for each economic index at September 30, 2021 was four quarters. Prepayment and curtailment assumptions are based on the Company's historical experience over the trailing 12 months and are adjusted by management as deemed necessary. The prepayment and curtailment assumptions vary based on loan product type.

The ACL and reserves for off-balance sheet credit exposures may be materially affected by qualitative factors, especially during periods of economic uncertainty, for items not reflected in the lifetime credit loss calculation, but which are deemed appropriate by management's current assessment of the risks related to the loan portfolio and/or external factors. Such qualitative factors may include changes in the Bank's loan portfolio composition and credit concentrations, changes in the balances and/or trends in asset quality and/or loan credit performance, changes in lending underwriting standards, the effect of other external factors such as significant unique events or conditions, and actual and/or expected change in economic conditions, real estate values, and/or other economic developments. The qualitative factors applied by management at September 30, 2021 were (1) the balance and trending of large-dollar special mention loans, (2) economic uncertainties related to the job market and the unevenness of the recovery in certain industries, and (3) COVID-19 loan modifications related to commercial real estate loans. The qualitative factors applied at September 30, 2021, and the importance and levels of the qualitative factors applied, may change in future periods depending on the level of changes to items such as the uncertainty of economic conditions and management's assessment of the level of credit risk within the loan portfolio as a result of such changes, compared to the amount of ACL calculated by the model. The evaluation of qualitative factors is inherently imprecise and requires significant management judgment. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 4. Loans Receivable and Allowance for Credit Losses - Allowance for Credit Losses" for additional information regarding the qualitative factors applied at September 30, 2021.

The ACL and the reserves for off balance sheet credit exposures was $19.8 million and $5.7 million, respectively at September 30, 2021, compared to $26.8 million and $7.8 million, respectively, at October 1, 2020, which was the date we adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The $7.0 million decrease in the ACL and $2.0 million decrease in the reserves for off-balance sheet credit exposures was primarily attributable to the improved economic conditions between time periods, specifically in the national unemployment rate. The average national unemployment rate during the four-quarter macro-economic forecast selected by management as of October 1, 2020 was 10.8%, compared to 3.8% during the four-quarter macro-economic forecast selected at September 30, 2021. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 4. Loans Receivable and Allowance for Credit Losses - Allowance for Credit Losses" for additional information regarding the assumptions used in the Company's September 30, 2021 estimate of ACL.

While management utilizes its best judgment and information available, the adequacy of the ACL and reserve for off-balance sheet credit exposures is determined by certain factors outside of the Company's control, such as the performance of our portfolios, changes in the economic environment including economic uncertainty, changes in interest rates, and the view of the regulatory authorities toward classification of assets and the level of ACL and reserves for off-balance sheet credit exposures. Additionally, the level of ACL and reserves for off-balance sheet credit exposures may fluctuate based on the balance and mix of the loan portfolio and off-balance sheet credit exposures. If actual results differ significantly from our assumptions, our ACL and reserve for off-balance sheet credit exposures 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.

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, not related to credit loss, 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, 2021.

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."

Financial Condition

The following table summarizes the Company's financial condition at the dates indicated.

	September 30,		Change expressed in:	
	2021	2020	Dollars	Percent
	(Dollars in thousands)			
Total assets	$ 9,631,246	$ 9,487,218	$ 144,028	1.5 %
AFS securities	2,014,608	1,560,950	453,658	29.1
Loans receivable, net	7,081,142	7,202,851	(121,709)	(1.7)
Deposits	6,597,396	6,191,408	405,988	6.6
Borrowings	1,582,850	1,789,313	(206,463)	(11.5)
Stockholders' equity	1,242,273	1,284,859	(42,586)	(3.3)
Equity to total assets at end of period	12.9%	13.5%		
Average number of basic shares outstanding	135,481	137,897	(2,416)	(1.8)
Average number of diluted shares outstanding	135,496	137,901	(2,405)	(1.7)

Assets. Total assets increased due mainly to an increase in the securities portfolio, partially offset by decreases in cash and cash equivalents and loans receivable. Cash flows from the deposit portfolio were used to purchase securities and pay down certain maturing borrowings.

Loans Receivable. Originating and purchasing loans secured by one- to four-family residential properties is the Bank's primary lending business, resulting in a 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.

The Bank purchases one- to four-family loans, on a loan-by-loan basis, from a select group of correspondent lenders ("correspondent purchased"). Loan purchases enable the Bank to attain geographic diversification in the one- to four-family loan portfolio. We generally pay a premium of 0.50% to 1.0% of the loan balance to purchase these loans, and 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. During the current fiscal year, the Bank recognized a significant amount of premium amortization due to payoffs and endorsements.

In the past, the Bank has also purchased one- to four-family loans from correspondent and nationwide lenders in bulk loan packages ("bulk purchased"). The majority of the Bank's bulk purchased loans were guaranteed by one seller. The Bank has not experienced any losses with this group of loans since the loan package was purchased in August 2012.

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. 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.

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.

The Bank's commercial loan portfolio is composed of commercial real estate loans, commercial construction loans and commercial and industrial loans. 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 12 other states. The Bank's commercial and industrial loan portfolio consists largely of loans secured by accounts receivable, inventory and equipment.

Commercial borrowers are generally required to provide financial information annually, including borrower financial statements, subject property rental rates and income, maintenance costs, updated real estate property tax and insurance payments, and personal financial information for the guarantor(s). This 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. 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. The Bank regularly monitors the level of risk in the entire commercial loan 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.

The following table presents the balance and weighted average rate of our loan portfolio as of the dates indicated.

	September 30, 2021		September 30, 2020	
	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
One- to four-family:				
Originated	$ 3,956,064	3.18%	$ 3,937,310	3.50%
Correspondent purchased	2,003,477	3.02	2,101,082	3.49
Bulk purchased	173,662	1.65	208,427	2.41
Construction	39,142	2.82	34,593	3.30
Total	6,172,345	3.09	6,281,412	3.46
Commercial:				
Commercial real estate	676,908	4.00	626,588	4.29
Commercial and industrial	66,497	3.83	97,614	2.79
Construction	85,963	4.03	105,458	4.04
Total	829,368	3.99	829,660	4.08
Consumer loans:				
Home equity	86,274	4.60	103,838	4.66
Other	8,086	4.19	10,086	4.40
Total	94,360	4.57	113,924	4.64
Total loans receivable	7,096,073	3.21	7,224,996	3.55
Less:				
ACL	19,823		31,527	
Discounts/unearned loan fees	29,556		29,190	
Premiums/deferred costs	(34,448)		(38,572)	
Total loans receivable, net	$ 7,081,142		$ 7,202,851	

The following table presents the contractual maturity of our loan portfolio, along with associated weighted average yields, at September 30, 2021. 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 year or less[1]		Over one year to five years		Over five years to 15 years		Over 15 years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
					(Dollars in thousands)					
One- to four-family:										
Originated	$ 845	4.17%	$ 63,633	3.81%	$ 1,438,945	2.93%	$ 2,452,641	3.39%	$ 3,956,064	3.23%
Correspondent purchased	79	3.63	4,515	3.16	508,895	2.49	1,489,988	3.05	2,003,477	2.91
Bulk purchased	6	5.88	313	4.39	34,651	2.10	138,692	1.42	173,662	1.56
Construction[2]	—	—	—	—	2,568	2.71	36,574	2.83	39,142	2.82
Total	930	4.13	68,461	3.77	1,985,059	2.80	4,117,895	3.20	6,172,345	3.08
Commercial:										
Commercial real estate	117,713	3.75	142,047	4.46	329,868	4.25	87,280	4.08	676,908	4.18
Commercial and industrial	17,626	4.17	34,216	4.00	9,615	4.59	5,040	4.17	66,497	4.14
Construction[2]	6,369	4.05	38,260	3.87	15,706	3.78	25,628	4.57	85,963	4.07
Total	141,708	3.81	214,523	4.28	355,189	4.24	117,948	4.19	829,368	4.17
Consumer:										
Home equity[3]	1,672	4.83	2,071	5.74	44,874	4.51	37,657	4.57	86,274	4.57
Other	868	3.02	6,770	4.30	448	6.64	—	—	8,086	4.29
Total	2,540	4.21	8,841	4.64	45,322	4.53	37,657	4.57	94,360	4.55
Total loans receivable	$ 145,178	3.82	$ 291,825	4.17	$ 2,385,570	3.05	$ 4,273,500	3.24	7,096,073	3.23
Less:										
ACL									19,823	
Discounts/unearned loan fees									29,556	
Premiums/deferred costs									(34,448)	
Total loans receivable, net									$ 7,081,142	

(1) Includes demand loans, loans having no stated maturity, and overdraft loans.
(2) Construction loans are presented based upon the contractual maturity date, which includes the permanent financing period for construction-to-permanent loans.
(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, 2021, the amount of loans due after September 30, 2022, and whether these loans have fixed or adjustable interest rates.

	Fixed	Adjustable	Total
		(Dollars in thousands)	
One- to four-family:			
Originated	$ 3,709,020	$ 246,199	$ 3,955,219
Correspondent purchased	1,838,138	165,260	2,003,398
Bulk purchased	5,477	168,179	173,656
Construction	36,492	2,650	39,142
Total	5,589,127	582,288	6,171,415
Commercial:			
Commercial real estate	304,031	255,164	559,195
Commercial and industrial	35,197	13,674	48,871
Construction	37,956	41,638	79,594
Total	377,184	310,476	687,660
Consumer:			
Home equity	11,518	$ 73,084	84,602
Other	5,262	1,956	7,218
Total	16,780	75,040	91,820
Total loans receivable	$ 5,983,091	$ 967,804	$ 6,950,895

Loan Activity - The following table summarizes 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. Commercial loan renewals are not included in the activity in the following table unless new funds are disbursed at the time of renewal. The renewal balance and rate are included in the ending loan portfolio balance and rate.

	For the Year Ended			
	September 30, 2021		September 30, 2020	
	Amount	Rate	Amount	Rate
		(Dollars in thousands)		
Beginning balance	$ 7,224,996	3.55%	$ 7,412,473	3.81%
Originated and refinanced	1,437,454	2.89	1,166,235	3.30
Purchased and participations	824,241	2.89	541,596	3.44
Change in undisbursed loan funds	(174,416)		(3,998)	
Repayments	(2,215,585)		(1,890,975)	
Principal recoveries/(charge-offs), net	(478)		1	
Other	(139)		(336)	
Ending balance	$ 7,096,073	3.21	$ 7,224,996	3.55

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. During the current fiscal year, the Bank endorsed $765.5 million of one- to four-family loans, reducing the average rate on those loans by 92 basis points. 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.

	For the Year Ended					
	September 30, 2021			September 30, 2020		
	Amount	Rate	% of Total	Amount	Rate	% of Total
	(Dollars in thousands)					
Fixed-rate:						
One- to four-family	$1,615,165	2.66%	71.4%	$1,189,835	3.21%	69.6%
One- to four-family construction	125,309	2.77	5.5	44,754	3.28	2.6
Commercial:						
Real estate	28,944	3.85	1.3	44,005	4.17	2.7
Commercial and industrial	49,857	2.45	2.2	65,174	1.92	3.8
Construction	42,505	3.65	1.9	39,346	4.71	2.3
Home equity	3,491	5.42	0.2	4,493	5.83	0.3
Other	2,994	5.48	0.1	4,209	5.67	0.2
Total fixed-rate	1,868,265	2.71	82.6	1,391,816	3.24	81.5
Adjustable-rate:						
One- to four-family	59,813	2.52	2.6	131,665	2.94	7.7
One- to four-family construction	11,069	2.64	0.5	12,984	2.97	0.8
Commercial:						
Real estate	120,202	3.70	5.3	50,697	4.56	3.0
Commercial and industrial	18,581	3.97	0.8	6,360	4.72	0.4
Construction	126,155	4.08	5.6	53,563	4.06	3.1
Home equity	55,740	4.42	2.5	58,709	4.95	3.4
Other	1,870	3.34	0.1	2,037	3.86	0.1
Total adjustable-rate	393,430	3.73	17.4	316,015	3.81	18.5
Total originated, refinanced and purchased	$2,261,695	2.89	100.0%	$1,707,831	3.35	100.0%
Purchased and participation loans included above:						
Fixed-rate:						
Correspondent purchased - one- to four-family	$ 671,077	2.65		$ 395,778	3.34	
Participations - commercial	40,314	3.66		46,126	4.29	
Total fixed-rate purchased/participations	711,391	2.70		441,904	3.44	
Adjustable-rate:						
Correspondent purchased - one- to four-family	18,450	2.45		52,192	2.94	
Participations - commercial	94,400	4.36		47,500	4.04	
Total adjustable-rate purchased/participations	112,850	4.05		99,692	3.47	
Total purchased/participation loans	$ 824,241	2.89		$ 541,596	3.44	

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 rate, weighted average credit score, weighted average loan-to-value ("LTV") ratio, and average balance per loan as of September 30, 2021. Credit scores are updated at least annually, with the latest update in September 2021, 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.

	Amount	% of Total	Rate	Credit Score	LTV	Average Balance
	(Dollars in thousands)					
Originated	$ 3,956,064	64.5%	3.18%	771	61%	$ 152
Correspondent purchased	2,003,477	32.7	3.02	765	64	407
Bulk purchased	173,662	2.8	1.65	771	58	294
	$ 6,133,203	100.0%	3.09	769	62	194

The following table presents originated and correspondent purchased activity in our one- to four-family loan portfolio, excluding endorsement activity, along with associated weighted average rates, weighted average LTVs and weighted average credit scores for the current fiscal year.

	Amount	Rate	LTV	Credit Score
	(Dollars in thousands)			
Originated	$ 1,121,829	2.68%	70%	767
Correspondent purchased	689,527	2.64	69	772
	$ 1,811,356	2.66	70	769

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, 2021, 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.

	Amount	Rate
	(Dollars in thousands)	
Originate/refinance	$ 87,117	2.78%
Correspondent	95,395	2.54
	$ 182,512	2.65

Commercial Loans - During fiscal year 2021, the Bank originated $251.5 million of commercial loans, including $22.8 million of Paycheck Protection Program ("PPP") loans, and entered into commercial loan participations totaling $134.7 million. The Bank also processed commercial loan disbursements, excluding lines of credit, of approximately $270.0 million at a weighted average rate of 3.59%. Additionally, during the current fiscal year, $63.5 million of PPP loans were paid off, primarily by the U.S. Small Business Administration (SBA) following completion of the loan forgiveness process.

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, 2021. Because the commitments to pay out undisbursed funds are not cancellable by the Bank, unless the loan is in default, we generally anticipate fully funding the related projects.

	Count	Unpaid Principal	Undisbursed Amount	Gross Loan Amount	Outstanding Commitments	Total	% of Total
				(Dollars in thousands)			
Senior housing	34	$ 229,082	$ 36,202	$ 265,284	$ 30,500	$ 295,784	27.8%
Retail building	135	158,834	49,705	208,539	11,622	220,161	20.7
Hotel	10	137,301	57,364	194,665	—	194,665	18.3
Office building	92	49,608	60,379	109,987	—	109,987	10.3
One- to four-family property	385	61,717	7,457	69,174	1,453	70,627	6.6
Single use building	25	42,155	4,873	47,028	21,300	68,328	6.4
Multi-family	38	53,173	13,026	66,199	690	66,889	6.3
Other	101	31,001	5,166	36,167	1,502	37,669	3.6
	820	$ 762,871	$ 234,172	$ 997,043	$ 67,067	$ 1,064,110	100.0%
Weighted average rate		4.00%	4.03%	4.01%	3.73%	3.99%	

The following table summarizes the Bank's commercial real estate and commercial construction loans and loan commitments by state as of September 30, 2021.

	Count	Unpaid Principal	Undisbursed Amount	Gross Loan Amount	Outstanding Commitments	Total	% of Total
				(Dollars in thousands)			
Kansas	636	$ 327,419	$ 21,416	$ 348,835	$ 44,302	$ 393,137	36.9%
Texas	11	135,644	137,480	273,124	—	273,124	25.7
Missouri	146	205,989	26,052	232,041	21,265	253,306	23.8
Colorado	7	16,087	20,012	36,099	—	36,099	3.4
Arkansas	3	12,143	21,620	33,763	—	33,763	3.2
Nebraska	6	33,464	4	33,468	—	33,468	3.1
Other	11	32,125	7,588	39,713	1,500	41,213	3.9
	820	$ 762,871	$ 234,172	$ 997,043	$ 67,067	$ 1,064,110	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, 2021.

	Count	Amount
	(Dollars in thousands)	
Greater than $30 million	4	$ 180,500
>$15 to $30 million	16	363,129
>$10 to $15 million	7	85,141
>$5 to $10 million	15	96,776
$1 to $5 million	111	251,794
Less than $1 million	1,324	194,423
	1,477	$ 1,171,763

Asset Quality

Delinquent and nonaccrual 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, if any. Of the loans 30 to 89 days delinquent at September 30, 2021 and 2020, approximately 61% and 70%, respectively, were 59 days or less delinquent.

	Loans Delinquent for 30 to 89 Days at September 30,			
	2021		2020	
	Number	Amount	Number	Amount
	(Dollars in thousands)			
One- to four-family:				
Originated	48	$ 4,156	42	$ 3,012
Correspondent purchased	7	2,590	8	3,123
Bulk purchased	4	541	12	2,532
Commercial	2	37	2	45
Consumer	25	498	26	398
	86	$ 7,822	90	$ 9,110
Loans 30 to 89 days delinquent to total loans receivable, net		0.11%		0.13%

The following table presents the Company's nonaccrual loans and OREO at the dates indicated. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs, if any. Nonaccrual 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 nonaccrual loans and OREO. OREO primarily includes assets acquired in settlement of loans. In late March 2020, the Bank suspended the initiation of foreclosure proceedings for owner-occupied one- to four-family loans. At September 30, 2021, there were $7.4 million of nonaccrual one- to four-family loans for which foreclosure proceedings either had been initiated prior to the foreclosure suspension or would have been initiated if the foreclosure suspension were not in place.

	September 30,			
	2021		2020	
	Number	Amount	Number	Amount
	(Dollars in thousands)			
Loans 90 or More Days Delinquent or in Foreclosure:				
One- to four-family:				
Originated	50	$ 3,693	51	$ 4,362
Correspondent purchased	10	3,210	6	2,397
Bulk purchased	9	2,974	12	2,903
Commercial	6	1,214	5	1,360
Consumer	21	498	14	304
	96	11,589	88	11,326
Loans 90 or more days delinquent or in foreclosure as a percentage of total loans		0.16%		0.16%
Nonaccrual loans less than 90 Days Delinquent:(1)				
One- to four-family:				
Originated	7	$ 1,288	9	$ 691
Correspondent purchased	—	—	—	—
Bulk purchased	1	131	—	—
Commercial	4	419	3	464
Consumer	1	9	1	9
	13	1,847	13	1,164
Total nonaccrual loans	109	13,436	101	12,490
Nonaccrual loans as a percentage of total loans		0.19%		0.17%
OREO:				
One- to four-family:				
Originated(2)	3	$ 170	4	$ 183
Total non-performing assets	112	$13,606	105	$12,673
Non-performing assets as a percentage of total assets		0.14%		0.13%

(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.
(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.

Of the one- to four-family COVID-19 loan modifications that had completed the deferral period by September 30, 2021, $2.2 million were 30 to 89 days delinquent and $2.8 million were 90 or more days delinquent as of September 30, 2021. Of the commercial COVID-19 loan modifications that had completed the deferral period by September 30, 2021, $3 thousand were 30 to 89 days delinquent and none were 90 or more days delinquent as of September 30, 2021.

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, 2021. 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, 2021, potential losses, after taking into consideration anticipated private mortgage insurance 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	$ 3,516,327	57.3%	$ 3,900	53.5%	$ 3,511	35.6%	57%
Missouri	1,042,467	17.0	1,316	18.1	1,442	14.6	56
Texas	597,161	9.8	—	—	1,929	19.5	41
Other states	977,248	15.9	2,071	28.4	2,995	30.3	56
	$ 6,133,203	100.0%	$ 7,287	100.0%	$ 9,877	100.0%	53

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 4. Loans Receivable and Allowance for Credit Losses" for asset classification definitions.

The following table presents loans classified as special mention or substandard at the dates presented. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs, if any. The increase in commercial special mention loans at September 30, 2021 compared to September 30, 2020 was due mainly to the addition of two commercial loans for which the borrowers have been impacted by the COVID-19 pandemic. Both of these loans were subject to COVID-19 loan modifications during fiscal year 2020 and have since resumed full payments. Subsequent to September 30, 2021, the underlying economic considerations being monitored for these two loans returned to levels deemed appropriate by the Company, and the loans were removed from special mention, resulting in a $49.4 million reduction in the balance of special mention loans. The special mention ACL associated with these two loans at September 30, 2021 was approximately $2.2 million.

	September 30, 2021		**September 30, 2020**	
	Special Mention	**Substandard**	**Special Mention**	**Substandard**
		(Dollars in thousands)		
One- to four-family	$ 14,332	$ 23,458	$ 11,339	$ 25,630
Commercial	99,729	3,259	52,006	4,914
Consumer	135	718	332	589
	$ 114,196	$ 27,435	$ 63,677	$ 31,133

Allowance for Credit Losses. The distribution of our ACL at the dates indicated is summarized below. The Company adopted ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* on October 1, 2020. The ASU, as amended, replaces the incurred loss methodology in accounting principles generally accepted in the United States of America ("GAAP"), which required credit losses to be recognized when it is probable that a loss has been incurred, with an expected credit loss methodology, which is commonly known as the current expected credit loss ("CECL") methodology. Information as of October 1, 2020 is included in the tables below for comparability purposes.

	September 30, 2021		October 1, 2020		September 30, 2020	
	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	$ 1,590	55.8%	$ 1,609	54.5%	$ 6,044	54.5%
Correspondent purchased	2,062	28.2	2,324	29.1	2,691	29.1
Bulk purchased	304	2.4	903	2.9	467	2.9
Construction	22	0.6	25	0.5	41	0.5
Total	3,978	87.0	4,861	87.0	9,243	87.0
Commercial:						
Real estate	13,706	9.6	16,595	8.6	16,869	8.6
Commercial and industrial	344	0.9	559	1.4	1,451	1.4
Construction	1,602	1.2	4,452	1.5	3,480	1.5
Total	15,652	11.7	21,606	11.5	21,800	11.5
Consumer loans:						
Home equity	126	1.2	81	1.4	370	1.4
Other consumer	67	0.1	218	0.1	114	0.1
Total consumer loans	193	1.3	299	1.5	484	1.5
	$ 19,823	100.0%	$ 26,766	100.0%	$ 31,527	100.0%

The ratio of ACL to loans receivable, by loan type, at the dates indicated is summarized below.

	September 30, 2021	October 1, 2020	September 30, 2020
One- to four-family:			
Originated	0.04%	0.04%	0.15%
Correspondent purchased	0.10	0.11	0.13
Bulk purchased	0.18	0.43	0.22
Construction	0.06	0.07	0.12
Total	0.06	0.08	0.15
Commercial:			
Commercial real estate	2.02	2.65	2.69
Commercial and industrial	0.52	0.57	1.49
Construction	1.86	4.22	3.30
Total	1.89	2.60	2.63
Consumer	0.20	0.26	0.42
Total	0.28	0.37	0.44

See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies and Note 4. Loans Receivable and Allowance for Credit Losses" for additional information regarding the Bank's ACL.

The following tables present ACL activity and related ratios at the dates and for the periods indicated. The current year NCOs were primarily in the commercial loan portfolio. The ratio of NCOs during the current year to average non-performing assets was higher than the prior year due to higher NCOs in the current year compared to a net recovery in the prior year. The ACL to nonaccrual loans at end of period ratio and ACL to loans receivable, net at end of period ratio were lower in the current year compared to the prior year due primarily to a lower ACL balance at September 30, 2021. As discussed above, on October 1, 2020, the Company adopted CECL, which is a different credit loss estimate methodology than the methodology applicable at September 30, 2020.

	Year Ended September 30,		
	2021	2020	2019
		(Dollars in thousands)	
Balance at beginning of period	$ 31,527	$ 9,226	$ 8,463
Adoption of CECL	(4,761)	—	—
Charge-offs	(715)	(443)	(262)
Recoveries	237	444	275
Net (charge-offs) recoveries	(478)	1	13
Provision for credit losses	(6,465)	22,300	750
Balance at end of period	$ 19,823	$ 31,527	$ 9,226
Ratio of NCOs during the period to average non-performing assets	3.63%	(0.01)%	(0.12)%
ACL to nonaccrual loans at end of period	147.54	252.42	121.99
ACL to loans receivable, net at end of period	0.28	0.44	0.12
ACL to NCOs	41.5x	N/M(1)	N/M(1)

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

The following table presents NCOs, average loans, and NCOs as a percentage of average loans, by loan type, for the periods indicated.

	Year Ended September 30,								
	2021			2020			2019		
	NCOs	Average Loans	NCOs as a % of Average Loans	NCOs	Average Loans	NCOs as a % of Average Loans	NCOs	Average Loans	NCOs as a % of Average Loans
	(Dollars in thousands)								
One- to four-family:									
Originated	$ 20	$ 3,936,166	0.00 %	$ 23	$ 3,916,716	0.00 %	$ 53	$ 3,892,585	0.00 %
Correspondent	—	2,010,823	0.00	—	2,348,120	0.00	—	2,487,560	0.00
Bulk purchased	21	191,029	0.01	(265)	230,720	(0.11)	(80)	274,289	(0.03)
Construction	—	29,893	0.00	—	33,709	0.00	—	27,007	0.00
Total	41	6,167,911	0.00	(242)	6,529,265	0.00	(27)	6,681,441	0.00
Commercial:									
Real estate	465	637,712	0.07	215	602,482	0.04	(22)	535,151	0.00
Commercial and industrial	—	75,219	0.00	24	76,473	0.03	122	61,044	0.20
Construction	—	75,771	0.00	—	106,172	0.00	(25)	105,576	(0.02)
Total	465	788,702	0.06	239	785,127	0.03	75	701,771	0.01
Consumer:									
Home equity	(26)	92,495	(0.03)	(13)	112,939	(0.01)	(52)	125,164	(0.04)
Other	(2)	8,782	(0.02)	15	10,395	0.14	(9)	10,519	(0.09)
Total	(28)	101,277	(0.03)	2	123,334	0.00	(61)	135,683	(0.04)
	$ 478	$ 7,057,890	0.01	$ (1)	$ 7,437,726	0.00	$ (13)	$ 7,518,895	0.00

Securities. The following table presents the distribution of our securities portfolio, at amortized cost, at the dates indicated. Overall, fixed-rate securities comprised 94% of our securities portfolio at September 30, 2021. During the current fiscal year purchases exceeded maturities and repayments, resulting in a $453.7 million increase in the balance. Securities were purchased with cash flows from the loan portfolio and growth in the deposit portfolio that was not used to pay down maturing borrowings. The portfolio weighted average yield decreased due to purchases of securities at yields lower than the existing portfolio due to the low interest rate environment during the current year. Weighted average yields on tax-exempt securities are not calculated on a fully tax-equivalent basis.

	September 30, 2021			September 30, 2020		
	Amount	Yield	WAL[(1)]	Amount	Yield	WAL[(1)]
	(Dollars in thousands)					
Fixed-rate securities:						
MBS	$ 1,363,645	1.30%	3.5	$ 945,432	1.82%	3.7
U.S. government-sponsored enterprises ("GSE") debentures	519,971	0.61	3.7	369,967	0.62	1.7
Municipal bonds	4,274	1.81	0.3	9,716	1.69	0.7
Total fixed-rate securities	1,887,890	1.11	3.6	1,325,115	1.49	3.1
Adjustable-rate securities:						
MBS	120,566	1.99	3.2	204,490	2.49	2.9
Total securities portfolio	$ 2,008,456	1.16	3.5	$ 1,529,605	1.62	3.1

(1) 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.

The composition and maturities of the investment and MBS portfolio at September 30, 2021 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. The weighted average yields were calculated by multiplying each carrying value by its yield and dividing the sum of these results by the total carrying values. Yields on tax-exempt investments are not calculated on a fully tax 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	$ 325	2.87%	$ 58,838	2.48%	$ 277,200	1.65%	$ 1,157,630	1.23%	$ 1,493,993	1.35%
GSE debentures	—	—	491,475	0.59	24,851	1.00	—	—	516,326	0.61
Municipal bonds	4,079	1.80	210	2.00	—	—	—	—	4,289	1.81
	$ 4,404	1.87	$ 550,523	0.79	$ 302,051	1.60	$ 1,157,630	1.23	$ 2,014,608	1.16

The following table summarizes the activity in our securities portfolio 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 WALs are the estimated remaining principal repayment terms (in years) after three-month historical prepayment speeds have been applied.

	For the Year Ended					
	September 30, 2021			September 30, 2020		
	Amount	Yield	WAL	Amount	Yield	WAL
	(Dollars in thousands)					
Beginning balance - carrying value	$ 1,560,950	1.63 %	3.1	$ 1,204,863	2.55 %	2.9
Maturities and repayments	(594,294)			(667,952)		
Net amortization of (premiums)/discounts	(6,206)			(1,661)		
Purchases	1,079,351	1.01	5.0	1,007,763	1.11	3.9
Change in valuation on AFS securities	(25,193)			17,937		
Ending balance - carrying value	$ 2,014,608	1.16	3.5	$ 1,560,950	1.63	3.1

Liabilities. Total liabilities increased $186.6 million, or 2.3% during the current year, due to an increase in deposits, partially offset by a decrease in borrowings, as cash flows from deposit growth were used to pay off maturing borrowings.

Deposits. The following table presents the amount, weighted average rate and percent of total for the components of our deposit portfolio at the dates presented. The decrease in the deposit portfolio rate during the current year was due to a reduction in offered rates due to the low interest rate environment, which resulted in certificates of deposit repricing to lower offered rates as balances renewed, along with growth in lower costing non-maturity deposits.

	At September 30,					
	2021			2020		
	Amount	Rate	% of Total	Amount	Rate	% of Total
	(Dollars in thousands)					
Non-interest-bearing checking	$ 543,849	—%	8.2%	$ 451,394	—%	7.3%
Interest-bearing checking	1,037,362	0.07	15.7	865,782	0.10	14.0
Savings	519,069	0.05	7.9	433,808	0.06	7.0
Money market	1,753,525	0.19	26.6	1,419,180	0.37	22.9
Retail certificates of deposit	2,341,531	1.41	35.5	2,623,336	1.88	42.4
Commercial certificates of deposit	190,215	0.66	2.9	143,125	1.05	2.3
Public unit certificates of deposit	211,845	0.21	3.2	254,783	0.74	4.1
	$ 6,597,396	0.59	100.0%	$ 6,191,408	0.95	100.0%

The following table sets forth the weighted average maturity ("WAM") information for our certificates of deposit, in years, as of September 30, 2021.

Retail certificates of deposit	1.3
Commercial certificates of deposit	0.5
Public unit certificates of deposit	0.5
Total certificates of deposit	1.1

As of September 30, 2021 and 2020, approximately $866.0 million and $557.0 million, respectively, of our deposit portfolio was uninsured. The uninsured amounts are estimates based on the methodologies and assumptions used for the Bank's regulatory reporting requirements.

The following table sets forth the portion of the Bank's time deposits, by account, that are in excess of the FDIC insurance limit, by remaining time until maturity, as of September 30, 2021 (dollars in thousands).

3 months or less	$ 179,393
Over 3 through 6 months	130,300
Over 6 through 12 months	158,123
Over 12 months	129,588
	$ 597,404

Borrowings. 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 following table presents the maturity of term borrowings, which consist entirely of FHLB advances, along with associated weighted average contractual and effective rates as of September 30, 2021.

Maturity by Fiscal Year	FHLB Advances	Interest rate swaps(1)	Contractual Rate	Effective Rate(2)
	(Dollars in thousands)			
2022	$ 75,000	$ 100,000	0.26%	1.92%
2023	300,000	—	1.70	1.81
2024	150,000	165,000	1.32	2.46
2025	300,000	100,000	1.33	2.09
2026	250,000	—	0.96	1.27
2027	150,000	—	0.93	1.24
	$ 1,225,000	$ 365,000	1.18	1.88

(1) Represents adjustable-rate FHLB advances for which the Bank has entered into interest rate swaps with a notional amount of $365.0 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 4.1 years at September 30, 2021.
(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 borrowing activity for the periods shown with borrowings being reported at par. 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. The decrease in total borrowings during the current year was due to not renewing borrowings that matured. Cash flows from deposit growth were used to pay off maturing borrowings. 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 decrease in the effective rate during the current year was due primarily to terminating certain interest rate swaps, prepaying certain advances, and replacing maturing advances at lower market interest rates. The 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 Year Ended					
	September 30, 2021			September 30, 2020		
	Amount	Effective Rate	WAM	Amount	Effective Rate	WAM
	(Dollars in thousands)					
Beginning balance	$ 1,790,000	2.31%	3.0	$ 2,140,000	2.38%	2.6
Maturities and prepayments	(1,305,000)	2.18	—	(1,505,000)	2.44	—
New FHLB borrowings	1,105,000	1.96	3.7	1,155,000	2.36	4.3
Ending balance	$ 1,590,000	1.88	3.3	$ 1,790,000	2.31	3.0

Maturities of Interest-Bearing Liabilities. 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/commercial and public unit amounts, and term borrowings for the next four quarters as of September 30, 2021.

	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	Total
	(Dollars in thousands)				
Retail/Commercial Certificates:					
Amount	$ 385,038	$ 329,419	$ 314,758	$ 432,378	$ 1,461,593
Repricing Rate	1.09%	1.15%	1.15%	1.40%	1.21%
Public Unit Certificates:					
Amount	$ 69,063	$ 70,776	$ 32,175	$ 21,501	$ 193,515
Repricing Rate	0.26%	0.28%	0.09%	0.09%	0.22%
Term Borrowings:(1)					
Amount	$ —	$ —	$ —	$ 75,000	$ 75,000
Repricing Rate	—%	—%	—%	0.29%	0.29%
Total					
Amount	$ 454,101	$ 400,195	$ 346,933	$ 528,879	$ 1,730,108
Repricing Rate	0.96%	0.99%	1.05%	1.19%	1.06%

(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. During the current year, the Company paid cash dividends totaling $117.9 million and repurchased common stock totaling $1.5 million. The cash dividends paid during the current year totaled $0.87 per share and consisted of a $0.40 per share True Blue Capitol cash dividend, a $0.13 per share cash true-up dividend related to fiscal year 2020 earnings, 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 9% an appropriate level of capital. At September 30, 2021, this ratio was 11.5%.

On October 19, 2021, the Company announced a regular quarterly cash dividend of $0.085 per share, or approximately $11.5 million, payable on November 19, 2021 to stockholders of record as of the close of business on November 5, 2021. On October 28, 2021, the Company announced a fiscal year 2021 cash true-up dividend of $0.22 per share, or approximately $29.9 million, related to fiscal year 2021 earnings. The $0.22 per share cash true-up dividend was determined by taking the difference between total earnings for fiscal year 2021 and total regular quarterly cash dividends paid during fiscal year 2021, divided by the number of shares outstanding. The cash true-up dividend is payable on December 3, 2021 to stockholders of record as of the close of business on November 19, 2021, 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 2021.

There remains $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 FRB's existing approval for the Company to repurchase shares extends through August 2022.

At October 1, 2021, Capitol Federal Financial, Inc., at the holding company level, had $93.8 million on deposit at the Bank. For fiscal year 2022, it is 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 2022 earnings in excess of the amount paid as regular quarterly cash dividends during fiscal year 2022. It is anticipated that the fiscal year 2022 cash true-up dividend will be paid in December 2022. 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 paid a True Blue Capitol cash dividend of $0.25 per share in June for six consecutive years ending in 2019. Given the state of economic uncertainty, the Company elected to defer the annual True Blue dividend in June 2020. In June 2021, the Company paid a True Blue Capitol cash dividend of $0.40 per share. The $0.40 per share True Blue Capitol cash dividend represented a $0.20 per share cash dividend from fiscal year 2020 and a $0.20 per share cash dividend from fiscal year 2021. 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.

The following table presents regular quarterly cash dividends and special cash dividends paid in calendar years 2021, 2020, and 2019. The amounts represent cash dividends paid during each period. The 2021 true-up dividend amount presented represents the dividend payable on December 3, 2021 to stockholders of record as of November 19, 2021.

	Calendar Year					
	2021		2020		2019	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
	(Dollars in thousands, except per share amounts)					
Regular quarterly dividends paid						
Quarter ended March 31	$ 11,518	$ 0.085	$ 11,733	$ 0.085	$ 11,700	$ 0.085
Quarter ended June 30	11,516	0.085	11,733	0.085	11,708	0.085
Quarter ended September 30	11,518	0.085	11,733	0.085	11,713	0.085
Quarter ended December 31	11,534	0.085	11,514	0.085	11,731	0.085
True-up dividends paid	29,853	0.220	17,614	0.130	46,932	0.340
True Blue dividends paid	54,210	0.400	—	—	34,446	0.250
Calendar year-to-date dividends paid	$ 130,149	$ 0.960	$ 64,327	$ 0.470	$ 128,230	$ 0.930

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 2019 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, 2020. 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,					
	2021			2020		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
			(Dollars in thousands)			
Assets:						
Interest-earning assets:						
One- to four-family loans:						
Originated	$ 3,966,059	$ 137,461	3.47%	$ 3,950,425	$ 150,526	3.81%
Correspondent purchased	2,010,823	48,066	2.39	2,348,120	70,112	2.99
Bulk purchased	191,029	3,601	1.89	230,720	6,065	2.63
Total one- to four-family loans	6,167,911	189,128	3.07	6,529,265	226,703	3.47
Commercial loans	788,702	36,085	4.51	785,127	37,320	4.68
Consumer loans	101,277	4,684	4.63	123,334	6,471	5.25
Total loans receivable(1)	7,057,890	229,897	3.25	7,437,726	270,494	3.63
MBS(2)	1,446,466	21,399	1.48	954,197	23,009	2.41
Investment securities(2)(3)	482,641	2,825	0.59	270,683	4,467	1.65
FHLB stock	77,250	3,916	5.07	100,251	5,827	5.81
Cash and cash equivalents	131,798	144	0.11	179,142	1,181	0.65
Total interest-earning assets	9,196,045	258,181	2.80	8,941,999	304,978	3.40
Other non-interest-earning assets	443,724			461,614		
Total assets	$ 9,639,769			$ 9,403,613		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Checking	$ 1,482,698	772	0.05	$ 1,180,110	762	0.06
Savings	487,146	280	0.06	388,662	292	0.08
Money market	1,598,838	4,128	0.26	1,252,992	6,647	0.53
Retail/commercial certificates	2,688,811	42,034	1.56	2,716,945	55,238	2.03
Wholesale certificates	252,623	1,192	0.47	282,947	4,659	1.65
Total deposits	6,510,116	48,406	0.74	5,821,656	67,598	1.16
Borrowings(4)	1,636,399	34,774	2.11	2,065,966	48,045	2.31
Total interest-bearing liabilities	8,146,515	83,180	1.02	7,887,622	115,643	1.46
Other non-interest-bearing liabilities	219,328			203,990		
Stockholders' equity	1,273,926			1,312,001		
Total liabilities and stockholders' equity	$ 9,639,769			$ 9,403,613		
Net interest income(5)		$ 175,001			$ 189,335	
Net interest rate spread(6)			1.78			1.94
Net interest-earning assets	$ 1,049,530			$ 1,054,377		
Net interest margin(7)			1.90			2.12
Ratio of interest-earning assets to interest-bearing liabilities			1.13x			1.13x

(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 $6.6 million, and $13.8 million, for the years ended September 30, 2021 and 2020, respectively.
(4) 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.
(5) 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.
(6) Net interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
(7) Net interest margin represents net interest income as a percentage of average interest-earning assets.

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 2021 to 2020. For the comparison of fiscal years 2020 to 2019, 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, 2020. 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, 2021 vs. 2020		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable	$ (13,055)	$ (27,542)	$ (40,597)
MBS	9,247	(10,857)	(1,610)
Investment securities	2,261	(3,903)	(1,642)
FHLB stock	(1,235)	(676)	(1,911)
Cash and cash equivalents	(250)	(787)	(1,037)
Total interest-earning assets	(3,032)	(43,765)	(46,797)
Interest-bearing liabilities:			
Checking	172	(163)	9
Savings	65	(77)	(12)
Money market	1,495	(4,014)	(2,519)
Certificates of deposit	(1,154)	(15,516)	(16,670)
Borrowings	(7,892)	(5,379)	(13,271)
Total interest-bearing liabilities	(7,314)	(25,149)	(32,463)
Net change in net interest income	$ 4,282	$ (18,616)	$ (14,334)

Comparison of Operating Results for the Years Ended September 30, 2021 and 2020

The Company recognized net income of $76.1 million, or $0.56 per share, for fiscal year 2021 compared to net income of $64.5 million, or $0.47 per share, for fiscal year 2020. The increase in net income was due primarily to recording a $22.3 million provision for credit losses during the prior year compared to recording a negative provision for credit losses of $8.5 million in the current year, partially offset by a decrease in net interest income and an increase in income tax expense. Net interest income decreased $14.3 million, or 7.6%, from the prior year to $175.0 million for the current year. The net interest margin decreased 22 basis points, from 2.12% for the prior year to 1.90% for the current year. The decreases in net interest income and net interest margin were due mainly to a decrease in asset yields, along with a change in asset mix as cash flows from the loan portfolio have been used to purchase lower yielding securities, partially offset by a decrease in the cost of deposits and borrowings.

Interest and Dividend Income

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, 2021	For the Year Ended September 30, 2020	Change Expressed in: Dollars	Change Expressed in: Percent
	(Dollars in thousands)			
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 229,897	$ 270,494	$ (40,597)	(15.0)%
MBS	21,399	23,009	(1,610)	(7.0)
FHLB stock	3,916	5,827	(1,911)	(32.8)
Investment securities	2,825	4,467	(1,642)	(36.8)
Cash and cash equivalents	144	1,181	(1,037)	(87.8)
Total interest and dividend income	$ 258,181	$ 304,978	$ (46,797)	(15.3)

The decrease in interest income on loans receivable was due mainly to a decrease in the weighted average yield, primarily in the one- to four-family loan portfolio. The decrease in the weighted average yield on the one- to four-family loan portfolio was due to endorsements and refinances to lower market rates, higher premium amortization related to correspondent one- to four-family loans due to high payoff and endorsement activity, along with adjustable-rate loans repricing to lower market rates, and the origination and purchase of new loans at lower market rates. Additionally, the average balance of the portfolio decreased compared to the prior year due primarily to a reduction in the correspondent one-to four-family loan portfolio. See "Average Balance Sheets" above.

The decrease in interest income on the MBS portfolio was due to a decrease in the weighted average yield as a result of purchases at lower market yields and the repricing of existing adjustable-rate MBS to lower market yields, partially offset by an increase in the average balance of the portfolio. Cash flows from the loan portfolio were used to purchase securities during the current fiscal year.

The decrease in dividend income on FHLB stock was due mainly to a decrease in the average balance of FHLB stock, along with a decrease in the dividend rate paid by FHLB. The average balance decreased as the Bank did not replace certain maturing FHLB advances between periods, which reduced the amount of FHLB stock owned by the Bank per FHLB requirements.

The decrease in interest income on investment securities was due to a decrease in the weighted average yield as a result of purchases at lower market yields, partially offset by an increase in the average balance of the portfolio.

The decrease in interest income on cash and cash equivalents was due primarily to a decrease in the yield earned on cash held at the Federal Reserve Bank of Kansas City ("FRB of Kansas City").

Interest Expense
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:	
	2021	2020	Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
Deposits	$ 48,406	$ 67,598	$ (19,192)	(28.4)%
Borrowings	34,774	48,045	(13,271)	(27.6)
Total interest expense	$ 83,180	$ 115,643	$ (32,463)	(28.1)

The decrease in interest expense on deposits was due mainly to a decrease in the weighted average rate paid on retail certificates of deposit, money market accounts, and wholesale certificates of deposit. Since the onset of the COVID-19 pandemic, retail certificates of deposit have been repricing downward as they renew or are replaced at lower offered rates, and rates on money market accounts have been lowered.

The decrease in interest expense on borrowings was due primarily to a decrease in the average balance, as certain maturing FHLB advances and repurchase agreements were not replaced and the Bank paid down its FHLB line of credit with liquidity generated from the deposit portfolio. The decrease in interest expense on borrowings was also a result of lowering the cost of FHLB advances by prepaying certain advances during the current and prior years.

Provision for Credit Losses
The Bank recorded a negative provision for credit losses during the current year of $8.5 million, compared to a $22.3 million provision for credit losses during the prior year. The negative provision in the current fiscal year was composed of a $6.5 million decrease in the ACL for loans and a $2.0 million decrease in reserves for off-balance sheet credit exposures. The negative provision for credit losses in the current fiscal year was due primarily to favorable forecasted economic outlooks during the year, largely related to commercial loans. See additional discussion regarding the Bank's ACL and reserve for off-balance sheet credit exposures at September 30, 2021 in the "Asset Quality" section and in the "Critical Accounting Estimates - Allowance for Credit Losses and Reserve for Off-Balance Sheet Credit Exposures" section above.

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,		Change Expressed in:	
	2021	2020	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
Deposit service fees	$ 12,282	$ 11,285	$ 997	8.8 %
Gain on sale of Visa Class B shares	7,386	—	7,386	N/A
Insurance commissions	3,030	2,487	543	21.8
Other non-interest income	5,388	5,827	(439)	(7.5)
Total non-interest income	$ 28,086	$ 19,599	$ 8,487	43.3

The increase in deposit service fees was due primarily to an increase in debit card income as a result of higher transaction volume. During the current year, the Bank sold its Visa Class B Shares, resulting in a $7.4 million gain. The increase in insurance commissions was due primarily to higher annual contingent insurance commissions received in the current year compared to the prior year. The decrease in other non-interest income was primarily related to lower income from bank-owned life insurance ("BOLI"), due to a reduction in the yield as a result of lower market rates and reduced death benefit receipts.

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,		Change Expressed in:	
	2021	2020	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST EXPENSE:				
Salaries and employee benefits	$ 56,002	$ 52,996	$ 3,006	5.7 %
Information technology and related expense	17,922	16,974	948	5.6
Occupancy, net	14,045	13,870	175	1.3
Regulatory and outside services	5,764	5,762	2	—
Advertising and promotional	5,133	4,889	244	5.0
Loss on interest rate swap termination	4,752	—	4,752	N/A
Deposit and loan transaction costs	2,761	2,890	(129)	(4.5)
Federal insurance premium	2,545	914	1,631	178.4
Office supplies and related expense	1,715	2,195	(480)	(21.9)
Other non-interest expense	4,930	5,514	(584)	(10.6)
Total non-interest expense	$ 115,569	$ 106,004	$ 9,565	9.0

The increase in salaries and employee benefits was due primarily to an increase in incentive compensation, as well as an increase in loan commissions related to higher loan origination activity. The increase in information technology and related expense was due mainly to an increase in software licensing expense and professional services expense. During the current fiscal year, the Bank terminated interest rate swaps designated as cash flow hedges with a notional amount of $200.0 million resulting in the reclassification of unrealized losses totaling $4.8 million from AOCI into earnings. The increase in the federal insurance premium was due mainly to the Bank utilizing an assessment credit from the FDIC during the prior year.

The Company's efficiency ratio was 56.91% for the current year compared to 50.74% for the prior year. The change in the efficiency ratio was due to lower net interest income and higher non-interest expense, partially offset by higher non-interest income. 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 and non-interest income. Management continues to strive to control operating costs. The increase in the efficiency ratio in the current year related to higher non-interest expense was due primarily to the loss on the termination of interest rate swaps, which was a unique transaction during the current year, along with higher federal insurance premium expense as the Bank utilized an assessment credit from the FDIC during the prior year.

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:	
	2021	2020	Dollars	Percent
	(Dollars in thousands)			
Income before income tax expense	$ 96,028	$ 80,630	$ 15,398	19.1 %
Income tax expense	19,946	16,090	3,856	24.0
Net income	$ 76,082	$ 64,540	$ 11,542	17.9
Effective Tax Rate	20.8%	20.0%		

The increase in income tax expense was due primarily to higher pretax income in the current year, as well as a higher effective tax rate compared to the prior year. The effective tax rate was lower in the prior year due primarily to a discrete benefit recognized in the prior year related to certain previously acquired BOLI policies. Management anticipates the effective income tax rate for fiscal year 2022 will be approximately 21% to 22%, absent any tax law changes.

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

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, 2020 and 2019" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

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, 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.

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. 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 was 50% of Bank Call Report total assets during the current year, as approved by the president of FHLB. 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 unusual trends in the amount and frequency of line of credit utilization and/or short-term borrowings, 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, 2021, the Bank had total borrowings, at par, of $1.59 billion, or approximately 16% of total assets, all of which were FHLB advances.

The amount of FHLB borrowings outstanding at September 30, 2021 was $1.59 billion, of which $175.0 million were advances scheduled to mature in the next 12 months, all of which were 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, 2021, 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, 2021, the Bank had $1.68 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, 2021, the Bank's policy allowed for combined brokered and public unit certificates of deposit up to 15% of total deposits. At September 30, 2021, the Bank did not have any brokered certificates of deposit and public unit certificates of deposit were approximately 3% of total deposits. The Bank had pledged securities with an estimated fair value of $264.9 million as collateral for public unit certificates of deposit at September 30, 2021. 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, 2021, $1.66 billion of the Bank's certificate of deposit portfolio was scheduled to mature within the next 12 months, including $193.5 million of public unit certificates of deposit and $176.6 million of commercial 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. The same is anticipated for our commercial certificates of deposit; however, due to the nature of these funds, retention rates are not as predictable as for retail certificates of deposit. 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.

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. Additionally, the Company has investments in several low income housing partnerships and, under the terms of the agreements, the Company has a commitment to fund a specified amount that will be due in installments over the life of the agreements. See "Part II, Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 6. Low Income Housing Partnerships and Note 12. Commitments and Contingencies" for additional information regarding these commitments.

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

Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>

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 Asset and Liability Management Committee ("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. In addition to the interest rate environments presented below, management reviews the impact of non-parallel rate shock scenarios on a quarterly basis. This analysis helps management quantify the Bank's exposure to changes in the shape of the yield curve.

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, 2021.

Qualitative Disclosure about Market Risk

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)	$ 1,768,041	$1,769,152	$ 1,100,966	$2,451,152	$7,089,311
Securities(2)	441,934	512,654	638,319	415,549	2,008,456
Other interest-earning assets	24,347	—	—	—	24,347
Total interest-earning assets	2,234,322	2,281,806	1,739,285	2,866,701	9,122,114
Interest-bearing liabilities:					
Non-maturity deposits(3)	1,166,875	442,353	376,637	1,943,493	3,929,358
Certificates of deposit	1,655,108	906,752	181,364	367	2,743,591
Borrowings(4)	76,446	618,036	653,236	279,495	1,627,213
Total interest-bearing liabilities	2,898,429	1,967,141	1,211,237	2,223,355	8,300,162
Excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ (664,107)	$ 314,665	$ 528,048	$ 643,346	$ 821,952
Cumulative excess of interest-earning assets over interest-bearing liabilities	$ (664,107)	$ (349,442)	$ 178,606	$ 821,952	
Cumulative excess of interest-earning assets over interest-bearing liabilities as a percent of total Bank assets at:					
September 30, 2021	(6.90)%	(3.63)%	1.85 %	8.53 %	
September 30, 2020	4.58				
Cumulative one-year gap - interest rates +200 bps at:					
September 30, 2021	(13.40)				
September 30, 2020	(6.44)				

(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, 2021, 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 $3.43 billion, for a cumulative one-year gap of (35.6)% of total assets.

(4) Borrowings exclude deferred prepayment penalty costs. Included in this line item are $365.0 million of FHLB adjustable-rate advances tied to interest rate swaps. The repricing for these liabilities is projected to occur at the maturity date of each interest rate swap.

At September 30, 2021, the Bank's gap between the amount of interest-earning assets and interest-bearing liabilities projected to reprice within one year was $(664.1) million, or (6.9)% of total assets, compared to $436.4 million, or 4.6% of total assets, at September 30, 2020. The change in the one-year gap amount was due primarily to a decrease in the amount of assets projected to reprice as higher interest rates resulted in lower prepayment projections on the Bank's mortgage-related assets. In addition, the lower balance of cash at September 30, 2021 compared to September 30, 2020 resulted in a decrease in the assets repricing in the one-year horizon.

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, 2021, the Bank's one-year gap is projected to be $(1.29) billion, or (13.4)% of total assets. The change in the gap compared to when there is no change in rates is due to lower anticipated net cash flows primarily due to lower repayments on mortgage-related assets in the higher rate environment. This compares to a one-year gap of $(609.6) million, or (6.4)% of total assets, if interest rates were to have increased 200 basis points as of September 30, 2020.

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 (in Basis Points) in Interest Rates(1)	Net Interest Income At September 30, 2021 Amount ($)	2021 Change ($)	2021 Change (%)	2020 Amount ($)	2020 Change ($)	2020 Change (%)
	(Dollars in thousands)					
000 bp	$ 185,285	$ —	— %	$ 183,596	$ —	— %
+100 bp	190,060	4,775	2.58	188,084	4,488	2.44
+200 bp	191,998	6,713	3.62	188,417	4,821	2.63
+300 bp	192,590	7,305	3.94	186,441	2,845	1.55

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

The net interest income projection was higher in the base case scenario at September 30, 2021 compared to September 30, 2020 due to a larger decrease in the projected interest expense than interest income compared to the prior year. This was caused by the decrease in the cost of the Bank's deposits and borrowings during the year, mostly offset by a decrease in the yield on loans receivable.

Despite a negative gap, net interest income increases in all rising interest rate scenarios due to the assumption that the Bank's deposit balances are not expected to reprice to the full extent of the interest rate change. This assumption is based on a historical analysis of the Bank's deposit pricing behavior.

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,					
	2021			2020		
	Amount ($)	Change ($)	Change (%)	Amount ($)	Change ($)	Change (%)
	(Dollars in thousands)					
000 bp	$ 1,451,795	$ —	— %	$ 1,301,409	$ —	— %
+100 bp	1,354,766	(97,029)	(6.68)	1,290,877	(10,532)	(0.81)
+200 bp	1,170,646	(281,149)	(19.37)	1,157,368	(144,041)	(11.07)
+300 bp	968,543	(483,252)	(33.29)	967,997	(333,412)	(25.62)

(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, 2021 and September 30, 2020 was negative in all scenarios. The negative impact to the Bank's MVPE is greater at September 30, 2021 compared to September 30, 2020 due primarily to an increase in the duration of the Bank's mortgage-related assets at September 30, 2021 compared to September 30, 2020, due in part to higher interest rates at September 30, 2021. 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. In addition, as mortgage loans are refinanced or endorsed to lower interest rates, their average lives also increase as further prepayments are expected to be diminished.

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, 2021. 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.

	Amount	Yield/Rate	WAL	% of Category	% of Total
		(Dollars in thousands)			
Securities	2,014,608	1.16	3.9		21.8%
Loans receivable:					
Fixed-rate one- to four-family	5,553,556	3.14	5.4	78.3%	60.2
Fixed-rate commercial	451,166	4.21	3.8	6.3	4.9
All other fixed-rate loans	53,793	3.73	6.4	0.8	0.6
Total fixed-rate loans	6,058,515	3.23	5.3	85.4	65.7
Adjustable-rate one- to four-family	579,647	2.46	4.0	8.2	6.3
Adjustable-rate commercial	378,202	4.12	7.2	5.3	4.1
All other adjustable-rate loans	79,709	4.25	2.5	1.1	0.8
Total adjustable-rate loans	1,037,558	3.20	5.1	14.6	11.2
Total loans receivable	7,096,073	3.23	5.2	100.0%	76.9
FHLB stock	73,421	5.21	2.9		0.8
Cash and cash equivalents	42,262	0.09	—		0.5
Total interest-earning assets	$ 9,226,364	2.78	4.9		100.0%
Non-maturity deposits	$ 3,853,805	0.11	5.9	58.4%	47.1%
Retail certificates of deposit	2,341,531	1.41	1.3	35.5	28.6
Commercial certificates of deposit	190,215	0.66	0.5	2.9	2.3
Public unit certificates of deposit	211,845	0.21	0.5	3.2	2.6
Total deposits	6,597,396	0.59	3.9	100.0%	80.6
Term borrowings	1,590,000	1.88	3.3		19.4
Total interest-bearing liabilities	$ 8,187,396	0.84	3.8		100.0%

Item 8. <u>Financial Statements and Supplementary Data</u>

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, 2021, 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, 2021, 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, 2021, of the Company and our report dated November 24, 2021, 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 24, 2021

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, 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, 2021, 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 24, 2021, 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 4 to the financial statements

Critical Audit Matter Description

The allowance for credit losses (ACL) is a valuation amount that is deducted from the amortized cost basis of loans which represents management's current expectations of total expected credit losses included in the Company's loan portfolio as of the balance sheet date. In management's ACL model, average historical loss rates on loan pools with similar risk characteristics are compared to historical data and a correlation is estimated using regression analysis. Each quarter, the Company's ACL model pairs the results of the regression analysis with a third party provided economic forecast in order to project future loss rates for a reasonable and supportable time period before reverting back to long-term historical averages for each economic index. The forecast-adjusted loss rate is applied to the loans over their remaining contractual lives, adjusted for prepayments and curtailments. The ACL model generates aggregated estimated cash flows for the time period that remains in each loan's contractual life which are discounted back to the reporting date using each loan's effective yield, to arrive at a present value of future cash flows which is compared to the amortized cost basis of the loan pool to determine the amount of ACL necessary. Management evaluates qualitative factors not included in historical loss rates, macroeconomic forecasts, or other model inputs and/or other ACL processes, considering risks related to loan portfolio attributes and external factors and adjusts the modeled ACL as deemed appropriate based upon the assessment.

We identified the allowance for credit losses as a critical audit matter because of the significant estimates and assumptions required by management in determining qualitative factor adjustments. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our credit specialists, when performing audit procedures to evaluate the reasonableness of management's qualitative factor adjustments.

How the Critical Audit Matter Was Addressed in the Audit

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

- We tested the effectiveness of controls over the Company's ACL model including those over the determination of the qualitative adjustments and management's review of the adequacy of the ACL.
- With the assistance of our credit specialists, we evaluated the appropriateness of the ACL model, evaluated data elements utilized in the ACL model such as portfolio segmentation into loan pools, forecast and reversion to mean time periods, and economic forecasts, and evaluated reasonableness of the use of qualitative adjustments to the outputs of the modeled ACL.
- We evaluated the qualitative adjustments including reasonableness and basis for the adjustments which include market and economic conditions and/or portfolio performance metrics.
- We evaluated the appropriateness and relevance of the data elements by comparing to relevant internal and external sources.
- We evaluated the magnitude and proportion of the overall allowance, including the directional consistency and magnitude of the qualitative adjustments.
- We reviewed independent economic statistics such as common macroeconomic indicators, as well as industry peers, and we used data analytics to identify changes in the loan portfolio to assess the completeness of management's qualitative adjustments.

/s/ Deloitte & Touche LLP

Kansas City, Missouri
November 24, 2021

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

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021 and 2020 (Dollars in thousands, except per share amounts)

	2021	**2020**
ASSETS:		
Cash and cash equivalents (includes interest-earning deposits of $24,289 and $172,430)	$ 42,262	$ 185,148
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $2,008,456 and $1,529,605)	2,014,608	1,560,950
Loans receivable, net (allowance for credit losses ("ACL") of $19,823 and $31,527)	7,081,142	7,202,851
Federal Home Loan Bank Topeka ("FHLB") stock, at cost	73,421	93,862
Premises and equipment, net	99,127	101,875
Other assets	320,686	342,532
TOTAL ASSETS	$9,631,246	$9,487,218
LIABILITIES:		
Deposits	$6,597,396	$6,191,408
Borrowings	1,582,850	1,789,313
Advance payments by borrowers for taxes and insurance	72,729	65,721
Income taxes payable, net	918	795
Deferred income tax liabilities, net	5,810	8,180
Other liabilities	129,270	146,942
Total liabilities	8,388,973	8,202,359
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, 138,832,284 and 138,956,296 shares issued and outstanding as of September 30, 2021 and 2020, respectively	1,388	1,389
Additional paid-in capital	1,189,633	1,189,853
Unearned compensation, Employee Stock Ownership Plan ("ESOP")	(31,387)	(33,040)
Retained earnings	98,944	143,162
Accumulated other comprehensive (loss) income ("AOCI"), net of tax	(16,305)	(16,505)
Total stockholders' equity	1,242,273	1,284,859
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,631,246	$9,487,218

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019 (Dollars in thousands, except per share amounts)

	2021	2020	2019
INTEREST AND DIVIDEND INCOME:			
Loans receivable	$ 229,897	$ 270,494	$ 284,229
Mortgage-backed securities ("MBS")	21,399	23,009	25,730
FHLB stock	3,916	5,827	7,823
Investment securities	2,825	4,467	6,366
Cash and cash equivalents	144	1,181	5,806
Total interest and dividend income	258,181	304,978	329,954
INTEREST EXPENSE:			
Deposits	48,406	67,598	66,201
Borrowings	34,774	48,045	57,363
Total interest expense	83,180	115,643	123,564
NET INTEREST INCOME	175,001	189,335	206,390
PROVISION FOR CREDIT LOSSES	(8,510)	22,300	750
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	183,511	167,035	205,640
NON-INTEREST INCOME:			
Deposit service fees	12,282	11,285	12,740
Gain on sale of Visa Class B shares	7,386	—	—
Insurance commissions	3,030	2,487	2,821
Other non-interest income	5,388	5,827	6,397
Total non-interest income	28,086	19,599	21,958
NON-INTEREST EXPENSE:			
Salaries and employee benefits	56,002	52,996	53,145
Information technology and related expense	17,922	16,974	17,615
Occupancy, net	14,045	13,870	13,032
Regulatory and outside services	5,764	5,762	5,813
Advertising and promotional	5,133	4,889	5,244
Loss on interest rate swap termination	4,752	—	—
Deposit and loan transaction costs	2,761	2,890	2,478
Federal insurance premium	2,545	914	1,172
Office supplies and related expense	1,715	2,195	2,439
Other non-interest expense	4,930	5,514	6,006
Total non-interest expense	115,569	106,004	106,944
INCOME BEFORE INCOME TAX EXPENSE	96,028	80,630	120,654
INCOME TAX EXPENSE	19,946	16,090	26,411
NET INCOME	$ 76,082	$ 64,540	$ 94,243
Basic earnings per share ("EPS")	$ 0.56	$ 0.47	$ 0.68
Diluted EPS	$ 0.56	$ 0.47	$ 0.68

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019 (Dollars in thousands)

	2021	2020	2019
Net income	$ 76,082	$ 64,540	$ 94,243
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on AFS securities arising during the period, net of taxes of $6,116, $(4,359), and $(3,468)	(19,077)	13,578	10,804
Unrealized gains on securities reclassified from held-to-maturity ("HTM") to AFS during the period, net of taxes of $0, $0, and $(750)	—	—	2,336
Changes in unrealized gains (losses) on cash flow hedges, net of taxes of $(6,153), $4,875, and $10,394	19,277	(15,184)	(32,379)
Comprehensive income	$ 76,282	$ 62,934	$ 75,004

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019 (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, 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 Accounting Standards Update ("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
Cumulative effect of adopting ASU 2016-02				88		88
Other comprehensive loss, net of tax					(1,606)	(1,606)
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
Cumulative effect of adopting ASU 2016-13				(2,288)		(2,288)
Net income, fiscal year 2021				76,082		76,082
Other comprehensive income, net of tax					200	200
ESOP activity		383	1,653			2,036
Restricted stock activity, net		(16)				(16)
Stock-based compensation		496				496
Repurchase of common stock	(1)	(1,407)		(122)		(1,530)
Stock options exercised		324				324
Cash dividends to stockholders ($0.87 per share)				(117,890)		(117,890)
Balance at September 30, 2021	$ 1,388	$ 1,189,633	$ (31,387)	$ 98,944	$ (16,305)	$ 1,242,273

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019 (Dollars in thousands)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 76,082	$ 64,540	$ 94,243
Adjustments to reconcile net income to net cash provided by operating activities:			
FHLB stock dividends	(3,916)	(5,827)	(7,823)
Provision for credit losses	(8,510)	22,300	750
Originations of loans receivable held-for-sale ("LHFS")	(1,780)	—	—
Proceeds from sales of LHFS	1,825	—	—
Amortization and accretion of premiums and discounts on securities	6,206	1,661	1,242
Depreciation and amortization of premises and equipment	9,372	9,133	9,143
Amortization of intangible assets	1,578	1,964	2,316
Amortization of deferred amounts related to FHLB advances, net	1,582	539	8
Common stock committed to be released for allocation - ESOP	2,036	1,988	2,200
Stock-based compensation	496	570	552
Provision for deferred income taxes	(1,668)	(5,588)	(361)
Gain on the sale of Visa Class B shares	(7,386)	—	—
Changes in:			
Unrestricted cash collateral (provided to)/received from derivative counterparties, net	—	—	(9,970)
Other assets, net	12,751	9,105	6,220
Income taxes payable/receivable, net	105	774	2,173
Other liabilities	(14,306)	(8,231)	(19,746)
Net cash provided by operating activities	74,467	92,928	80,947
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of AFS securities	(1,079,351)	(1,007,763)	(386,702)
Proceeds from calls, maturities and principal reductions of AFS securities	594,294	667,952	359,551
Proceeds from calls, maturities and principal reductions of HTM securities	—	—	165,336
Proceeds from the redemption of FHLB stock	25,386	10,421	197,054
Purchase of FHLB stock	(1,029)	—	(187,961)
Net change in loans receivable	132,800	191,359	95,358
Purchase of premises and equipment	(9,410)	(14,742)	(11,732)
Proceeds from sale of other real estate owned ("OREO")	194	993	2,053
Proceeds from the redemption of common equity securities related to the redemption of junior subordinated debentures	—	—	302
Proceeds from the sale of Visa Class B shares	7,386	—	—
Proceeds from sale of assets held-for-sale	2,619	—	—
Proceeds from bank-owned life insurance ("BOLI") death benefit	443	490	—
Net cash (used in) provided by investing activities	(326,668)	(151,290)	233,259

(Continued)

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019 (Dollars in thousands)

	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends paid	(117,890)	(93,862)	(134,929)
Net change in deposits	405,988	609,541	(21,487)
Proceeds from borrowings	1,143,800	1,665,600	5,518,700
Repayments on borrowings	(1,346,800)	(2,112,600)	(5,563,752)
Change in advance payments by borrowers for taxes and insurance	7,008	35	422
Payment of FHLB prepayment penalties	(5,077)	(4,215)	—
Repurchase of common stock	(4,568)	(20,767)	—
Stock options exercised	324	638	1,485
Net cash provided by financing activities	82,785	44,370	(199,561)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS	(169,416)	(13,992)	114,645
CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS:			
Beginning of year	239,708	253,700	139,055
End of year	$ 70,292	$ 239,708	$ 253,700
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Income tax payments	$ 13,057	$ 13,045	$ 17,779
Interest payments	$ 83,646	$ 118,610	$ 123,508
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Operating lease right-of-use assets obtained	$ —	$ 16,841	$ —
Operating lease liabilities obtained	$ —	$ 16,726	$ —
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 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. 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 $42.3 million and $185.1 million at September 30, 2021 and 2020, respectively, and restricted cash and cash equivalents of $28.0 million and $54.6 million at September 30, 2021 and 2020, 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 8. Deposits and Borrowed Funds."

Regulations of the Board of Governors of the Federal Reserve System ("FRB") have required federally chartered savings banks to maintain cash reserves against their transaction accounts. Required reserves were required to 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, 2021 and 2020 was $24.1 million and $172.2 million, respectively. In March 2020, the FRB eliminated reserve requirements for all depository institutions; thus, there was no reserve requirement in place at September 30, 2021 or 2020.

Securities - Securities include MBS and agency debentures issued primarily by United States Government-Sponsored Enterprises ("GSEs"), 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.

Accrued interest receivable for all securities is reported in other assets on the consolidated balance sheet. When the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments,* the practical expedient to exclude accrued interest from all required disclosures of amortized cost was elected. Additionally, an election was made to not measure ACL for accrued interest receivables. Interest accrued but not received is reversed against interest income.

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, 2021 and 2020, 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 non-credit 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 14. 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, 2021 and 2020, neither the Company nor the Bank maintained a trading securities portfolio.

Allowance for Credit Losses on AFS Debt Securities - Management monitors AFS debt securities for impairment on an ongoing basis and performs a formal review quarterly. If an AFS debt security is in an unrealized loss position at the time of the quarterly review, the Company first assesses whether it intends to sell, or if it is more likely than not that it will be required to sell the security before recovery of its amortized cost. If either condition is met, the entire loss in fair value is recognized in current earnings. If neither condition is met, and the Company does not expect to recover the amortized cost basis, the Company determines whether the decline in fair value resulted from credit losses or other factors. In making this assessment, management considers the security structure, the cause(s) and severity of the loss, expectations of future performance including 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, and external credit ratings and recent downgrades in such ratings. Management's assessment involves a high degree of subjectivity and judgment that is based on information available at a point in time. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss has occurred, and an ACL is recorded, which became effective October 1, 2020 when the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. Accrued interest receivable on AFS debt securities is excluded from the estimate of credit losses. The ACL is limited by the amount that the fair value is less than the amortized cost basis. Any impairment not recorded through the provision for credit losses is recognized in other comprehensive income. Prior to the adoption of ASU 2016-13, management assessed all known facts and circumstances to determine whether an other-than-temporary loss should be recognized for impaired securities. If an other-than-temporary impairment had occurred, the difference between the amortized cost and fair value was recognized as a loss in earnings and the security was written down to fair value.

Changes in the ACL on AFS debt securities are recorded as an increase or decrease in the provision for credit losses on the consolidated statements of income. Losses are charged against the ACL on securities when management believes the collectability of an AFS security is in doubt or when either of the conditions regarding intent or requirement to sell is met. Interest accrued on AFS debt securities but not received is also reversed against interest income. As of October 1, 2020 and September 30, 2021, the Company did not identify any credit losses related to the Company's AFS debt securities so there was no ACL on AFS debt securities as of those dates.

Loans Receivable - Loans receivable that management has the intention and ability to hold for the foreseeable future are carried at amortized cost, excluding accrued interest. Amortized cost is the amount of unpaid principal, net of 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. Loans are presented on the consolidated balance sheet net of ACL on loans.

Interest on loans is accrued based on the principal amount outstanding. When the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments,* the practical expedient to exclude all accrued interest receivable from all required disclosures of amortized cost was elected. Additionally, an election was made to not measure ACL for accrued interest receivables.

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, without being required to complete the standard application and underwriting process. 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 modifications - In March 2020, the Bank announced loan modification programs to support and provide relief for its borrowers during the COVID-19 pandemic ("COVID-19 loan modifications"). 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 as a result of COVID-19 loan modifications 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. Loans reported as COVID-19 loan modifications include all loans modified under the programs, including loans classified as TDRs.

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.

Allowance for Credit Losses on Loans Receivable - The ACL is a valuation amount that is deducted from the amortized cost basis of loans. It represents management's current expectations of total expected credit losses included in the Company's loan portfolio as of the balance sheet date and is determined using relevant information about past events, including historical credit loss experience on loans with similar risk characteristics, current conditions, and reasonable and supportable forecasts, along with the application of qualitative factors when necessary. The ACL is recorded upon origination or purchase of a loan and is updated at subsequent reporting dates. Changes in the ACL are recorded through increases or decreases to the provision for credit losses in the consolidated statements of income. The ACL is an estimate that requires significant judgment including projections of the macroeconomic environment as of a point in time. The macroeconomic environment continuously changes, which can cause fluctuations in estimated expected losses.

The Bank's ACL is measured on a collective ("pool") basis, with loans aggregated into pools based on similar risk characteristics such as collateral type, historical loss experience, loan-to-value ("LTV") for one- to four-family loans, and payment sources for commercial loans. Loans that do not share similar risk characteristics are evaluated on an individual basis. Charge-offs against the related ACL amounts for any loan type may be recorded at any time if the Bank has knowledge of the existence of a probable loss.

One- to four-family loans and consumer home equity loans are deemed to be collateral dependent and individually evaluated for loss when the loan is generally 180 days delinquent, and any identified losses are charged-off at that time. 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. 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, loans are individually evaluated for loss if management determines they exhibit unique risk characteristics. Specific allocations of ACL are established and/or 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 regarding the borrower, that the borrower is not able to service the debt and there is little or no prospect for near term improvement. In the case of secured loans, the loan is deemed to be collateral dependent when this occurs, and the specific allocation of ACL and/or charge-off amount is based on a comparison of the amounts due from the borrower and calculated current fair value of the collateral after consideration of estimated costs to sell.

The primary credit 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, charge-offs, and provisions for credit losses. 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.

For loans evaluated for credit losses on a pool basis, average historical loss rates are calculated for each pool using the Company's historical charge-offs, or peer data when the Company's own historical loss rates are not reflective of future loss expectations, and outstanding loan balances during a historical time period. The historical time periods can be different based on the individual pool and represent management's credit expectations for the pool of loans over the remaining contractual life. Generally, the historical time periods are at least one economic cycle. These historical loss rates are compared to historical data related to economic variables including national unemployment rate, changes in commercial real estate price index, changes in home values, and changes in the United States gross domestic product during the same time periods over which the historical loss rates were calculated, and a correlation is estimated using regression analysis. Each quarter, the Company's ACL model pairs the results of the regression analysis with an economic forecast of these same macroeconomic variables, which is provided by a third party, in order to project future loss rates. The forecast is applied for a reasonable and supportable time period, as determined by management, before reverting back to long-term historical averages at the macroeconomic variable level using a straight-line method. The forecast-adjusted loss rate is applied to the loans over their remaining contractual lives, adjusted for expected prepayments and curtailments. The contractual term excludes expected extensions, renewals and modifications unless there is a reasonable expectation that a TDR will be executed. In the case of revolving lines of credit, since the rate of principal reduction is generally at the discretion of the borrower, remaining contractual lives are calculated by estimating future cash flows expected to be received from the borrower until the outstanding balance has been reduced to zero.

Using all of these inputs, the ACL model generates aggregated estimated cash flows for the time period that remains in each loan's contractual life. These cash flows are discounted back to the reporting date using each loan's effective yield, to arrive at a present value of future cash flows. Each loan pool's ACL is equal to the aggregate shortage, if any, of the present value of future cash flows compared to the amortized cost basis of the loan pool.

Additionally, qualitative factors are considered for items not included in historical loss rates, macroeconomic forecasts, or other model inputs and/or other ACL processes, as deemed appropriate by management's current assessment of risks related to loan portfolio attributes and external factors. Such qualitative factor considerations include changes in the Bank's loan portfolio composition and credit concentrations, changes in the balances and/or trends in asset quality and/or loan credit performance, changes in lending underwriting standards, the effect of other external factors such as significant unique events or conditions, and actual and/or expected changes in economic conditions, real estate values, and/or other economic developments in which the Bank operates. Management assesses the potential impact of such items and adjusts the modeled ACL as deemed appropriate based upon the assessment.

Reserve for Off-Balance Sheet Credit Exposures - The Company's off-balance sheet credit exposures are comprised of unfunded portions of existing loans, such as lines of credit and construction loans, and commitments to originate or purchase loans that are not unconditionally cancellable by the Company. Expected credit losses on these amounts are calculated using the same methodology that is applied in the ACL model; however, the estimate of credit risk for off-balance sheet credit exposures also takes into consideration the likelihood that funding of the unfunded amount/commitment will occur. The reserve for these off-balance sheet credit exposures is recorded as a liability and is presented in other liabilities on the consolidated balance sheet. Changes to the reserve on off-balance sheet credit exposures are recorded through increases or decreases to the provision for credit losses on the consolidated statements of income.

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, Equipment, and Leases - 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.

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 other liabilities 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. 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.

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.

Other Assets - Included in other assets on the consolidated balance sheet are the Company's intangible assets, 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 determined at the time of acquisition and are tested for impairment whenever events or circumstances change.

Interest Rate Swaps - 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.

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. 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.

Accounting Standards Codification ("ASC") Topic 740 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.

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.

Revenue Recognition - Non-interest income within the scope of 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 16. Revenue Recognition" for additional information.

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.

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.

Recent Accounting Pronouncements - In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU, as amended, replaces the incurred loss methodology in GAAP, which required credit losses to be recognized when it is probable that a loss has been incurred, with an expected credit loss methodology, which is commonly known as the current expected credit loss ("CECL") methodology. The CECL 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 off-balance sheet credit exposures, over their remaining contractual lives. Under the CECL methodology, expected credit losses are measured at each reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Additionally, the ASU amended the credit loss measurements for AFS debt securities. Credit losses related to AFS debt securities are now recorded through the ACL rather than as a direct write-down. The ASU also requires enhanced disclosures related to credit quality and significant estimates and judgments used by management when estimating credit losses. The ASU, as amended, became effective for the Company on October 1, 2020.

The Company adopted the ASU, as amended, on October 1, 2020 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Financial results for reporting periods beginning on or after October 1, 2020 are reported in accordance with the new ASU, as amended, while prior period amounts continue to be reported in accordance with previous GAAP. Upon adoption, the Company recorded a cumulative-effect adjustment for the change in the ACL and reserve for off-balance sheet credit exposures of $2.3 million, net of tax of $739 thousand, which was recognized as a decrease in retained earnings. The following table presents the impact of the cumulative-effect adjustment for the change in the ACL and reserve for off-balance sheet credit exposures.

	September 30, 2020	October 1, 2020	
	Balance	Cumulative-Effect Adjustment	Balance
		(Dollars in thousands)	
ACL			
One- to four-family:			
Originated	$ 6,085	$ (4,452)	$ 1,633
Correspondent purchased	2,691	(367)	2,324
Bulk purchased	467	436	903
Commercial:			
Commercial real estate	20,349	699	21,048
Commercial and industrial	1,451	(892)	559
Consumer:			
Home equity	370	(289)	81
Other	114	104	218
Total ACL	31,527	(4,761)	26,766
Reserve for off-balance sheet credit exposures	—	7,788	7,788
ACL and reserve for off-balance sheet credit exposures	$ 31,527	$ 3,027	$ 34,554

The Company elected the practical expedient to exclude accrued interest receivable from the amortized cost of financing receivables and AFS debt securities. Accrued interest totaled $18.7 million and $2.9 million at September 30, 2021 for loans receivable and AFS securities, respectively, and was included in other assets on the consolidated balance sheet. Additionally, an election was made not to measure ACL for accrued interest receivables.

The enhanced disclosures required by the ASU, as amended, are included in the relevant significant accounting policies above and in "Note 4. Loans Receivable and Allowance for Credit Losses."

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. This ASU, which was adopted on October 1, 2020, did not have a material impact on the Company's consolidated financial condition, results of operations, or disclosures.

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 licenses). The ASU was adopted by the Company on October 1, 2020. The Company includes hosting arrangements that are service contracts in its evaluation of projects for capitalization. The adoption of this ASU did not have a material impact on the Company's consolidated financial condition, results of operations, or 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 must adopt the provisions of both ASUs at the same time. Since the Company previously adopted ASU 2017-12, the related provisions included in ASU 2019-04 were adopted at the same time. The Company adopted the non-hedging amendments contained in ASU 2019-04, including amendments related to ASU 2016-13, on October 1, 2020. The adoption of this ASU did not have a material impact on the Company's consolidated financial condition, results of operations, or disclosures. For additional information regarding the impact of adopting ASU 2016-13, see ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* above.

2. 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,		
	2021	2020	2019
	(Dollars in thousands, except per share amounts)		
Net income	$ 76,082	$ 64,540	$ 94,243
Income allocated to participating securities	(50)	(52)	(55)
Net income available to common stockholders	$ 76,032	$ 64,488	$ 94,188
Average common shares outstanding	135,418,774	137,834,304	137,614,465
Average committed ESOP shares outstanding	62,458	62,400	62,458
Total basic average common shares outstanding	135,481,232	137,896,704	137,676,923
Effect of dilutive stock options	14,363	4,484	58,478
Total diluted average common shares outstanding	135,495,595	137,901,188	137,735,401
Net EPS:			
Basic	$ 0.56	$ 0.47	$ 0.68
Diluted	$ 0.56	$ 0.47	$ 0.68
Antidilutive stock options, excluded from the diluted average common shares outstanding calculation	206,284	437,731	470,938

3. 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, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
MBS	$ 1,484,211	$ 18,690	$ 8,908	$ 1,493,993
GSE debentures	519,971	—	3,645	516,326
Municipal bonds	4,274	15	—	4,289
	$ 2,008,456	$ 18,705	$ 12,553	$ 2,014,608

	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

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, 2021			
	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	$ 881,975	$ 8,843	$ 10,612	$ 65
GSE debentures	516,325	3,645	—	—
Municipal bonds	—	—	—	—
	$ 1,398,300	$ 12,488	$ 10,612	$ 65

	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

The unrealized losses at September 30, 2021 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 did not record ACL on securities in an unrealized loss position at September 30, 2021 because scheduled coupon payments have been made, management anticipates that the entire principal balance will be collected as scheduled, and neither does the Company intend 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.

The amortized cost and estimated fair value of AFS debt securities as of September 30, 2021, 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 penalty. For this reason, MBS are not included in the maturity categories.

	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)	
One year or less	$ 4,064	$ 4,079
One year through five years	495,181	491,685
Five years through ten years	25,000	24,851
	524,245	520,615
MBS	1,484,211	1,493,993
	$ 2,008,456	$ 2,014,608

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, 2021	2020	2019
	(Dollars in thousands)		
Taxable	$ 2,710	$ 4,242	$ 6,020
Non-taxable	115	225	346
	$ 2,825	$ 4,467	$ 6,366

The following table summarizes the carrying value of securities pledged as collateral for the obligations indicated below as of the dates presented.

	September 30, 2021	2020
	(Dollars in thousands)	
Public unit deposits	$ 264,885	$ 330,986
FRB of Kansas City	64,707	259,851
Commercial deposits	66,256	—
	$ 395,848	$ 590,837

During fiscal year 2021, the Company sold its Visa Class B shares. The proceeds and realized gain related to the sale of the Visa Class B shares were each $7.4 million. All other dispositions of securities during fiscal years 2021, 2020, and 2019 were the result of principal repayments, calls, or maturities.

4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable, net at September 30, 2021 and 2020 is summarized as follows:

	2021	2020
	(Dollars in thousands)	
One- to four-family:		
Originated	$ 3,956,064	$ 3,937,310
Correspondent purchased	2,003,477	2,101,082
Bulk purchased	173,662	208,427
Construction	39,142	34,593
Total	6,172,345	6,281,412
Commercial:		
Commercial real estate	676,908	626,588
Commercial and industrial	66,497	97,614
Construction	85,963	105,458
Total	829,368	829,660
Consumer:		
Home equity	86,274	103,838
Other	8,086	10,086
Total	94,360	113,924
Total loans receivable	7,096,073	7,224,996
Less:		
ACL	19,823	31,527
Discounts/unearned loan fees	29,556	29,190
Premiums/deferred costs	(34,448)	(38,572)
	$ 7,081,142	$ 7,202,851

As of September 30, 2021 and 2020, the Bank serviced loans for others aggregating $63.4 million and $87.2 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 $1.4 million and $1.7 million as of September 30, 2021 and 2020, 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, which are unsecured but are generally guaranteed by the U.S. Small Business Administration, 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 consumer 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. See discussion regarding the credit risks for these loan segments in "Note 1. Summary of Significant Accounting Policies - Allowance for Credit Losses on Loans Receivable." These segments are further divided into classes for purposes of providing disaggregated credit quality information about 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 the originated class and commercial construction loans are included in the commercial real estate class. As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related to loan classification and delinquency status.

Loan Classification - 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 nonaccrual 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, as of September 30, 2021, the amortized cost of loans by class of financing receivable, year of origination or most recent credit decision, and loan classification. All revolving lines of credit are presented separately, regardless of origination year. Loans classified as doubtful or loss are individually evaluated for loss. At September 30, 2021, there were no loans classified as doubtful, and all loans classified as loss were fully charged-off. In the table below, certain commercial loans are presented in the "Current Fiscal Year" column and are reported as special mention or substandard. These loans were generally first originated in prior years but were renewed or modified in the current year.

	September 30, 2021							
	Current Fiscal Year	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Prior Years	Revolving Line of Credit	Total
	(Dollars in thousands)							
One- to four-family:								
Originated								
Pass	$ 958,080	$ 705,561	$ 326,156	$ 250,846	$ 281,104	$ 1,434,455	$ —	$ 3,956,202
Special Mention	402	443	501	678	237	7,805	—	10,066
Substandard	—	966	867	51	192	11,192	—	13,268
Correspondent purchased								
Pass	630,977	334,042	88,057	136,572	162,938	664,530	—	2,017,116
Special Mention	760	—	356	—	—	3,160	—	4,276
Substandard	—	—	169	504	—	4,527	—	5,200
Bulk purchased								
Pass	—	—	—	—	—	169,519	—	169,519
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	4,848	—	4,848
	1,590,219	1,041,012	416,106	388,651	444,471	2,300,036	—	6,180,495
Commercial:								
Commercial real estate								
Pass	272,329	149,244	94,972	61,214	38,962	35,591	5,231	657,543
Special Mention	50,352	—	—	—	—	49,369	—	99,721
Substandard	810	627	225	669	—	34	—	2,365
Commercial and industrial								
Pass	32,651	10,168	6,988	2,213	1,155	595	11,709	65,479
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	86	48	—	765	899
	356,142	160,039	102,185	64,182	40,165	85,589	17,705	826,007
Consumer:								
Home equity								
Pass	3,295	2,218	1,428	1,563	536	2,473	74,036	85,549
Special Mention	—	—	37	12	—	—	82	131
Substandard	—	60	—	—	—	9	636	705
Other								
Pass	3,491	1,631	1,086	944	465	105	339	8,061
Special Mention	—	—	4	—	—	—	—	4
Substandard	—	3	6	1	3	—	—	13
	6,786	3,912	2,561	2,520	1,004	2,587	75,093	94,463
Total	$ 1,953,147	$ 1,204,963	$ 520,852	$ 455,353	$ 485,640	$ 2,388,212	$ 92,798	$ 7,100,965

The following table sets forth the recorded investment in loans classified as special mention or substandard, by class, at September 30, 2020 (prior to the adoption of CECL). At that date, there were no loans classified as doubtful, and all loans classified as loss were fully charged-off.

	Special Mention	Substandard
	(Dollars in thousands)	
One- to four-family:		
Originated	$ 9,249	$ 15,729
Correspondent purchased	2,076	4,512
Bulk purchased	—	5,319
Commercial:		
Commercial real estate	50,957	3,541
Commercial and industrial	1,040	1,368
Consumer:		
Home equity	331	581
Other	—	8
	$ 63,653	$ 31,058

Delinquency Status - The following table sets forth, as of September 30, 2021, the amortized cost of current loans, loans 30 to 89 days delinquent, and loans 90 or more days delinquent or in foreclosure ("90+/FC"), by class of financing receivable and year of origination or most recent credit decision. All revolving lines of credit are presented separately, regardless of origination year.

	September 30, 2021							
	Current Fiscal Year	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Prior Years	Revolving Line of Credit	Total
	(Dollars in thousands)							
One- to four-family:								
Originated								
Current	$ 958,482	$ 706,970	$ 327,408	$ 251,524	$ 281,341	$ 1,445,992	$ —	$ 3,971,717
30-89	—	—	—	51	—	4,091	—	4,142
90+/FC	—	—	116	—	192	3,369	—	3,677
Correspondent purchased								
Current	630,977	334,042	88,413	136,572	162,017	668,685	—	2,020,706
30-89	760	—	—	—	921	948	—	2,629
90+/FC	—	—	169	504	—	2,584	—	3,257
Bulk purchased								
Current	—	—	—	—	—	170,809	—	170,809
30-89	—	—	—	—	—	555	—	555
90+/FC	—	—	—	—	—	3,003	—	3,003
	1,590,219	1,041,012	416,106	388,651	444,471	2,300,036	—	6,180,495
Commercial:								
Commercial real estate								
Current	323,491	149,244	94,972	61,651	38,962	84,957	5,231	758,508
30-89	—	—	—	—	—	37	—	37
90+/FC	—	627	225	232	—	—	—	1,084
Commercial and industrial								
Current	32,651	10,168	6,988	2,212	1,155	595	12,474	66,243
30-89	—	—	—	—	—	—	—	—
90+/FC	—	—	—	87	48	—	—	135
	356,142	160,039	102,185	64,182	40,165	85,589	17,705	826,007
Consumer:								
Home equity								
Current	3,295	2,218	1,465	1,575	536	2,357	73,958	85,404
30-89	—	—	—	—	—	121	375	496
90+/FC	—	60	—	—	—	4	421	485
Other								
Current	3,491	1,631	1,088	944	465	105	339	8,063
30-89	—	—	2	—	—	—	—	2
90+/FC	—	3	6	1	3	—	—	13
	6,786	3,912	2,561	2,520	1,004	2,587	75,093	94,463
Total	$ 1,953,147	$ 1,204,963	$ 520,852	$ 455,353	$ 485,640	$ 2,388,212	$ 92,798	$ 7,100,965

Delinquent and Nonaccrual Loans - The following tables present the amortized cost at September 30, 2021 and, prior to the adoption of CECL, the recorded investment, which is identical to amortized cost, at September 30, 2020, by class, of loans 30 to 89 days delinquent, loans 90 or more days delinquent or in foreclosure, total delinquent loans, current loans, and total. At September 30, 2021 and 2020, all loans 90 or more days delinquent were on nonaccrual status.

	September 30, 2021				
	30 to 89 Days Delinquent	90 or More Days Delinquent or in Foreclosure	Total Delinquent Loans	Current Loans	Total Amortized Cost
	(Dollars in thousands)				
One- to four-family:					
Originated	$ 4,142	$ 3,677	$ 7,819	$ 3,971,717	$ 3,979,536
Correspondent purchased	2,629	3,257	5,886	2,020,706	2,026,592
Bulk purchased	555	3,003	3,558	170,809	174,367
Commercial:					
Commercial real estate	37	1,084	1,121	758,508	759,629
Commercial and industrial	—	135	135	66,243	66,378
Consumer:					
Home equity	496	485	981	85,404	86,385
Other	2	13	15	8,063	8,078
	$ 7,861	$ 11,654	$ 19,515	$ 7,081,450	$ 7,100,965

	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

The amortized cost of mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of September 30, 2021 and 2020 was $799 thousand and $1.5 million, respectively, which is included in loans 90 or more days delinquent or in foreclosure in the tables 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 $170 thousand at September 30, 2021 and $183 thousand at September 30, 2020.

The following table presents the amortized cost at September 30, 2021 and, prior to the adoption of CECL, the recorded investment at September 30, 2020, by class, of loans classified as nonaccrual. Additionally, the amortized cost of nonaccrual loans that had no related ACL is presented as of September 30, 2021, all of which were individually evaluated for loss and any identified losses have been charged off.

	September 30, 2021		September 30, 2020
	Nonaccrual Loans	Nonaccrual Loans with No ACL	Nonaccrual Loans
	(Dollars in thousands)		
One- to four-family:			
Originated	$ 4,965	$ 2,237	$ 5,037
Correspondent purchased	3,257	307	2,433
Bulk purchased	3,134	1,564	2,938
Commercial:			
Commercial real estate	1,496	485	1,663
Commercial and industrial	134	86	157
Consumer:			
Home equity	494	84	305
Other	13	—	8
	$ 13,493	$ 4,763	$ 12,541

TDRs - The following tables present the amortized cost for the current year and, prior to the adoption of CECL, the recorded investment for prior years, prior to restructuring and immediately after restructuring in all loans restructured during the years presented. These tables do not reflect the amortized cost at the end of the periods indicated. Any increase in the amortized cost 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, 2021		
	Number of Contracts	Pre-Restructured Outstanding	Post-Restructured Outstanding
	(Dollars in thousands)		
One- to four-family:			
Originated	7	$ 1,685	$ 1,576
Correspondent purchased	—	—	—
Bulk purchased	—	—	—
Commercial:			
Commercial real estate	—	—	—
Commercial and industrial	—	—	—
Consumer:			
Home equity	—	—	—
Other	—	—	—
	7	$ 1,685	$ 1,576

	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

The following table provides information on TDRs that became delinquent during the periods presented within 12 months after being restructured.

	For the Year Ended					
	September 30, 2021		September 30, 2020		September 30, 2019	
	Number of Contracts	Amortized Cost	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
	(Dollars in thousands)					
One- to four-family:						
Originated	—	$ —	1	$ 38	1	$ 45
Correspondent purchased	—	—	—	—	—	—
Bulk purchased	—	—	1	134	—	—
Commercial:						
Commercial real estate	—	—	—	—	—	—
Commercial and industrial	—	—	—	—	—	—
Consumer:						
Home equity	—	—	1	9	—	—
Other	—	—	—	—	—	—
	—	$ —	3	$ 181	1	$ 45

Impaired Loans - The following information pertains to impaired loans, by class, as of September 30, 2020 (prior to the adoption of CECL). Prior to the adoption of CECL, a loan was considered impaired when, based on current information and events, it was probable that the Bank would be unable to collect all amounts due, including principal and interest, according to the original contractual terms of the loan agreement.

	Recorded Investment	Unpaid Principal Balance	Related ACL
	(Dollars in thousands)		
With no related allowance recorded			
One- to four-family:			
Originated	$ 12,385	$ 12,813	$ —
Correspondent purchased	1,955	2,058	—
Bulk purchased	3,843	4,302	—
Commercial:			
Commercial real estate	1,052	1,379	—
Commercial and industrial	99	244	—
Consumer:			
Home equity	280	360	—
Other	—	45	—
	19,614	21,201	—
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	—
Correspondent purchased	1,955	2,058	—
Bulk purchased	3,843	4,302	—
Commercial:			
Commercial real estate	1,712	2,039	83
Commercial and industrial	1,368	1,512	240
Consumer:			
Home equity	280	360	—
Other	—	45	—
	$ 21,543	$ 23,129	$ 323

The following information pertains to impaired loans, by class, for the periods presented (prior to the adoption of CECL).

	For the Year Ended			
	September 30, 2020		September 30, 2019	
	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
Correspondent purchased	1,878	73	2,071	82
Bulk purchased	4,720	179	5,257	180
Commercial:				
Commercial real estate	725	15	—	—
Commercial and industrial	41	—	5	—
Consumer:				
Home equity	318	20	417	28
Other	—	—	—	—
	21,600	893	23,780	961
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
Correspondent purchased	1,878	73	2,071	82
Bulk purchased	4,720	179	5,257	180
Commercial:				
Commercial real estate	776	15	—	—
Commercial and industrial	1,454	91	5	—
Consumer:				
Home equity	318	20	417	28
Other	—	—	—	—
	$ 23,064	$ 984	$ 23,780	$ 961

Allowance for Credit Losses **-** The following is a summary of ACL activity, by loan portfolio segment, for the periods presented. Activity during fiscal years 2020 and 2019 occurred prior to the adoption of CECL.

	For the Year Ended September 30, 2021						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
				(Dollars in thousands)			
Beginning balance	$ 6,085	$ 2,691	$ 467	$ 9,243	$ 21,800	$ 484	$ 31,527
Adoption of CECL	(4,452)	(367)	436	(4,383)	(193)	(185)	(4,761)
Balance at October 1, 2020	1,633	2,324	903	4,860	21,607	299	26,766
Charge-offs	(164)	—	(21)	(185)	(515)	(15)	(715)
Recoveries	144	—	—	144	50	43	237
Provision for credit losses	(1)	(262)	(578)	(841)	(5,490)	(134)	(6,465)
Ending balance	$ 1,612	$ 2,062	$ 304	$ 3,978	$ 15,652	$ 193	$ 19,823

	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

The following is a summary of the loan portfolio and related ACL balances by loan portfolio segment disaggregated by the Company's impairment method as of September 30, 2020 (prior to the adoption of CECL).

	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

The key assumptions in the Company's ACL model at September 30, 2021 include the economic forecast, the forecast and reversion to mean time periods, and prepayment and curtailment assumptions. Management also considered certain qualitative factors when evaluating the adequacy of the ACL at September 30, 2021. The key assumptions utilized in estimating the Company's ACL at September 30, 2021 are discussed below.

- *Economic Forecast* - Management considered several economic forecasts provided by a third party and selected the economic forecast believed to be the most appropriate considering the facts and circumstances at September 30, 2021. The forecasted economic indices applied to the model at September 30, 2021 were the national unemployment rate, changes in commercial real estate price index, changes in home values, and changes in the U.S. gross domestic product. The economic index most impactful to all loan pools within the model at September 30, 2021 was the national unemployment rate. The forecast national unemployment rate in the economic scenario selected by management at September 30, 2021 had the national unemployment rate gradually declining to 3.4% at September 30, 2022 which was the end of our four-quarter forecast time period.
- *Forecast and reversion to mean time period* - The forecasted time period and the reversion to mean time period were each four quarters for all of the economic indices at September 30, 2021.
- *Prepayment and curtailment assumptions* - The assumptions used at September 30, 2021 were generally based on actual historical prepayment and curtailment speeds for each respective loan pool in the model.
- *Qualitative factors* - The qualitative factors applied by management at September 30, 2021 included the following:
    - The balance and trending of large-dollar special mention commercial loans;
    - The economic uncertainties related to (1) the job market, specifically the unemployment rate and labor participation rate and how the significant federal aid may be impacting those measures and the true state of the financial position of borrowers and (2) the unevenness of the recovery in certain industries; and
    - COVID-19 loan modifications related to commercial real estate loans.

The decrease in ACL at September 30, 2021 compared to October 1, 2020 (CECL adoption date) was primarily a result of a negative provision for credit losses of $6.5 million. The negative provision for credit losses was due primarily to a reduction in the commercial loan ACL related to improvements in forecasted economic conditions since CECL adoption, partially offset by an increase in commercial loan qualitative factors as discussed above.

***Reserve for Off-Balance Sheet Credit Exposures* -** The following is a summary of the changes in reserve for off-balance sheet credit exposures during the period indicated. The negative provision for credit losses was due primarily to a reduction in the commercial loan reserves related to improvements in forecasted economic conditions since CECL adoption.

For the Year Ended September 30, 2021	
(Dollars in thousands)	
Beginning balance	$ —
Adoption of CECL	7,788
Balance at October 1, 2020	7,788
Provision for credit losses	(2,045)
Ending balance	$ 5,743

5. PREMISES, EQUIPMENT AND LEASES

A summary of the net carrying value of premises and equipment at September 30, 2021 and 2020 was as follows:

	2021	2020
	(Dollars in thousands)	
Land	$ 15,706	$ 16,566
Building and improvements	120,065	116,595
Furniture, fixtures and equipment	57,129	57,504
	192,900	190,665
Less accumulated depreciation	93,773	88,790
	$ 99,127	$ 101,875

During the current year, management decided to relocate one of the Bank's branches. As a result, the Company classified as held-for-sale and subsequently sold the property where the branch was previously located. The sale of this property resulted in a loss of $940 thousand, which was included in other non-interest expense on the consolidated statements of income.

The Company leases real estate property for branches, ATMs, and certain equipment. These leases have remaining terms that range from one year to 46 years, some of which include exercising renewal options that the Company considers to be reasonably certain. As of September 30, 2021, a right-of-use asset of $12.7 million was included in other assets and a lease liability of $12.8 million was included in other liabilities on the consolidated balance sheets.

As of September 30, 2021, for the Company's operating leases, the weighted average remaining lease term was 21.8 years and the weighted average discount rate was 2.51%.

The following table presents lease expenses and supplemental cash flow information related to the Company's leases for the years indicated.

	For the Year Ended September 30,	
	2021	2020
	(Dollars in thousands)	
Operating lease expense	$ 1,404	$ 1,511
Variable lease expense	176	201
Short-term lease expense	2	17
Cash paid for amounts included in the measurement of lease liabilities	1,301	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, 2021 (dollars in thousands):

Fiscal year 2022	$ 1,210
Fiscal year 2023	1,224
Fiscal year 2024	993
Fiscal year 2025	759
Fiscal year 2026	711
Thereafter	13,477
Total future minimum lease payments	18,374
Amounts representing interest	(5,552)
Present value of net future minimum lease payments	$ 12,822

6. 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 $101.2 million and $89.7 million at September 30, 2021 and 2020, respectively. The Bank's obligations related to unfunded commitments, which are included in other liabilities in the consolidated balance sheets, were $51.6 million and $44.5 million at September 30, 2021 and 2020, respectively. The majority of the commitments at September 30, 2021 are projected to be funded through the end of calendar year 2023.

For fiscal year 2021, 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 2021, 2020 and 2019 was $8.4 million, $7.9 million and $6.8 million, respectively, and the amount of affordable housing tax credits and other related tax benefits was $10.5 million, $9.8 million and $8.6 million, respectively, resulting in a net income tax benefit of $2.1 million, $1.9 million and $1.8 million, respectively. There were no impairment losses during fiscal years 2021, 2020, or 2019 resulting from the forfeiture or ineligibility of tax credits or other circumstances.

7. INTANGIBLE ASSETS

The Company recognized goodwill of $8.0 million associated with an acquisition in 2018. The goodwill was 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. 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, 2018	$ 7,989	$ 9,819
Purchase accounting adjustments	1,335	—
Less: Amortization	—	(2,316)
Balance at September 30, 2019	9,324	7,503
Less: Amortization	—	(1,964)
Balance at September 30, 2020	9,324	5,539
Less: Amortization	—	(1,578)
Balance at September 30, 2021	$ 9,324	$ 3,961

As of September 30, 2021, 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, 2021 is presented in the following table (dollars in thousands):

2022	$ 1,371
2023	1,069
2024	775
2025	523
2026	223

8. DEPOSITS AND BORROWED FUNDS

Deposits - Non-interest-bearing deposits totaled $543.8 million and $451.4 million as of September 30, 2021 and 2020, respectively. Certificates of deposit with a minimum denomination of $250 thousand were $597.4 million and $643.0 million as of September 30, 2021 and 2020, respectively. Deposits in excess of $250 thousand may not be fully insured by the Federal Deposit Insurance Corporation.

Borrowings - FHLB borrowings at September 30, 2021 consisted of $1.58 billion in FHLB advances, of which $1.23 billion were fixed-rate advances and $365.0 million were variable-rate advances, and no borrowings against the variable-rate FHLB line of credit. 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. On November 12, 2021, the line of credit was renewed by FHLB for a one-year period. Additionally, the Bank is authorized to borrow from the Federal Reserve Bank's "discount window."

FHLB advances at September 30, 2021 and 2020 were comprised of the following:

	2021	2020
	(Dollars in thousands)	
FHLB advances	$ 1,590,000	$ 1,793,000
Deferred prepayment penalty	(7,150)	(3,687)
	$ 1,582,850	$ 1,789,313
Weighted average contractual interest rate on FHLB advances	1.18%	1.41%
Weighted average effective interest rate on FHLB advances[(1)]	1.88	2.31

(1) The effective interest rate includes the net impact of deferred amounts and interest rate swaps related to the adjustable-rate FHLB advances.

At September 30, 2021 and 2020, the Bank had entered into interest rate swap agreements with a total notional amount of $365.0 million and $640.0 million, respectively, in order to hedge the variable cash flows associated with $365.0 million and $640.0 million, respectively, of adjustable-rate FHLB advances. At September 30, 2021 and 2020, the interest rate swap agreements had an average remaining term to maturity of 4.1 years and 3.5 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, 2021 and September 30, 2020, the interest rate swaps were in a loss position with a total fair value of $27.7 million and $53.1 million, respectively, which was reported in other liabilities on the consolidated balance sheet. During fiscal year 2021, $13.6 million was reclassified from AOCI. Of this amount, $10.0 million was recognized as an increase to interest expense and $3.6 million, net of tax, was reclassified as a result of the termination of the related interest rate swaps, as discussed below, and reported in the loss on interest rate swap termination line item within the consolidated statements of operations. During fiscal year 2020, $6.3 million was reclassified from AOCI as an increase to interest expense. At September 30, 2021, the Company estimated that $9.2 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 $28.0 million at September 30, 2021 and $54.6 million at September 30, 2020.

During the current fiscal year, the Bank terminated interest rate swaps with a notional amount of $200.0 million which were tied to FHLB advances totaling $200.0 million. The interest rate swaps were designated as cash flow hedges and involved 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. Since it was management's intention to prepay the related FHLB advances, it is no longer probable that the original forecasted transactions subject to the cash flow hedges will occur. Therefore, the termination of the interest rate swaps resulted in the reclassification of unrealized losses, net of tax, totaling $3.6 million ($4.8 million pretax) from AOCI into earnings.

During the current fiscal year, the Bank prepaid fixed-rate FHLB advances totaling $400.0 million with a weighted average contractual interest rate of 1.29% and a weighted average remaining term of 0.9 years, and replaced these advances with fixed-rate FHLB advances totaling $400.0 million with a weighted average contractual interest rate of 0.80% and a weighted average term of 5.0 years. The Bank paid penalties of $5.1 million to FHLB as a result of prepaying these FHLB advances. The weighted average effective interest rate of the new advances is 1.03%. The majority of 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 2021, the president of FHLB approved an increase, through July 2022, in the Bank's borrowing limit to 50% of Bank Call Report total assets. At September 30, 2021, the ratio of the par value of the Bank's FHLB borrowings to the Bank's Call Report total assets was 16%.

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, 2021:

	FHLB Advances Amount	Certificates of Deposit Amount
	(Dollars in thousands)	
2022	$ 175,000	$ 1,655,108
2023	300,000	593,098
2024	315,000	313,206
2025	400,000	129,805
2026	250,000	51,530
Thereafter	150,000	844
	$ 1,590,000	$ 2,743,591

9. INCOME TAXES

Income tax expense for the years ended September 30, 2021, 2020, and 2019 consisted of the following:

	2021	2020	2019
		(Dollars in thousands)	
Current:			
Federal	$ 17,586	$ 17,610	$ 22,030
State	4,028	4,068	4,742
	21,614	21,678	26,772
Deferred:			
Federal	(1,405)	(4,857)	(456)
State	(263)	(731)	95
	(1,668)	(5,588)	(361)
	$ 19,946	$ 16,090	$ 26,411

The Company's effective tax rates were 20.8%, 20.0%, and 21.9% for the years ended September 30, 2021, 2020, and 2019, 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:

	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
			(Dollars in thousands)			
Federal income tax expense						
computed at statutory Federal rate	$ 20,166	21.0 %	$ 16,932	21.0 %	$ 25,337	21.0 %
Increases (decreases) in taxes resulting from:						
State taxes, net of Federal tax effect	3,102	3.2	2,626	3.3	4,024	3.3
Low income housing tax credits, net	(2,085)	(2.1)	(1,897)	(2.4)	(1,745)	(1.4)
ESOP related expenses, net	(662)	(0.7)	(525)	(0.6)	(757)	(0.6)
Acquired BOLI policies	—	—	(636)	(0.8)	—	—
Other	(575)	(0.6)	(410)	(0.5)	(448)	(0.4)
	$ 19,946	20.8 %	$ 16,090	20.0 %	$ 26,411	21.9 %

The components of the net deferred income tax liabilities as of September 30, 2021 and 2020 were as follows:

	2021	2020
	(Dollars in thousands)	
Deferred income tax assets:		
Unrealized loss on interest rate swaps	$ 6,763	$ 12,916
ACL	4,163	6,553
Lease liabilities	3,129	3,590
Salaries, deferred compensation and employee benefits	2,017	1,622
ESOP compensation	1,422	1,360
Reserve for off-balance sheet credit exposures	1,402	—
Low income housing partnerships	522	655
Net purchase discounts related to acquired loans	287	577
Other	417	2,717
Gross deferred income tax assets	20,122	29,990
Valuation allowance	(72)	(1,808)
Gross deferred income tax asset, net of valuation allowance	20,050	28,182
Deferred income tax liabilities:		
FHLB stock dividends	12,563	15,699
Premises and equipment	4,256	4,625
Lease right-of-use assets	3,088	3,588
ACL	2,892	2,388
Unrealized gain on AFS securities	1,501	7,617
Deposit intangible	1,047	1,475
Other	513	970
Gross deferred income tax liabilities	25,860	36,362
Net deferred tax liabilities	$ 5,810	$ 8,180

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 September 30, 2021 and 2020, the Company had a valuation allowance of $72 thousand and $1.8 million, respectively, 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, 2021 and 2020. The decrease in the valuation allowance at September 30, 2021 compared to September 30, 2020 was due primarily to the expiration of operating losses generated during fiscal year 2011, which resulted in the removal of the related deferred tax asset and corresponding valuation allowance.

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, 2021, 2020, and 2019 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 ending before 2018.

10. 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, 2021, 165,198 shares were released from collateral. On September 30, 2022, 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 $2.3 million for the year ended September 30, 2021, $2.0 million for the year ended September 30, 2020, and $3.1 million for the year ended September 30, 2019. Of these amounts, $383 thousand, $336 thousand, and $549 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, 2021, 2020, and 2019, respectively. The amount included in compensation expense for dividends on unallocated ESOP shares in excess of the debt service payments was $219 thousand, $0 and $906 thousand for the years ended September 30, 2021, 2020, and 2019, 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, 2021 and 2020:

	2021	2020
	(Dollars in thousands)	
Allocated ESOP shares	4,168,102	4,200,964
Unreleased ESOP shares	3,138,762	3,303,960
Total ESOP shares	7,306,864	7,504,924
Fair value of unreleased ESOP shares	$ 36,064	$ 30,628

11. 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 61,565 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, 2021, the Company had 4,214,316 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 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, 2021, the Company had 545,087 stock options outstanding with a weighted average exercise price of $12.32 per option and a weighted average contractual life of 3.3 years, and 545,087 options exercisable with a weighted average exercise price of $12.32 per option and a weighted average contractual life of 3.3 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.

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, 2021, the Company had 1,612,319 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, 2021, the Company had 80,250 unvested shares of restricted stock with a weighted average grant date fair value of $13.43 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, 2021, 2020, and 2019 totaled $480 thousand, $540 thousand, and $501 thousand, respectively. The fair value of restricted stock that vested during the years ended September 30, 2021, 2020, and 2019 totaled $441 thousand, $535 thousand, and $294 thousand, respectively. As of September 30, 2021, there was $760 thousand of unrecognized compensation cost related to unvested restricted stock to be recognized over a weighted average period of 2.2 years.

12. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Bank's loan commitments as of September 30, 2021 and 2020:

	2021	2020
	(Dollars in thousands)	
Originate fixed-rate	$ 85,492	$ 96,126
Originate adjustable-rate	52,288	21,801
Purchase/participate fixed-rate	124,128	65,600
Purchase/participate adjustable-rate	6,767	65,080
	$ 268,675	$ 248,607

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, 2021 and 2020, there were no significant loan-related commitments that met the definition of derivatives or commitments to sell mortgage loans. As of September 30, 2021 and 2020, the Bank had approved but unadvanced lines of credit of $287.9 million and $283.2 million, respectively.

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, 2021, or future periods.

13. 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. Effective January 1, 2020, the regulatory agencies, including the Office of the Comptroller of Currency and FRB, created 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. Management elected to use the CBLR framework for the Bank and Company as of the effective date. 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 increased to 8.5% and will return to 9% in calendar year 2022.

Management believes, as of September 30, 2021, 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, 2021 that would change the Bank's or Company's category.

	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
As of September 30, 2021				
Bank	$1,114,325	11.5%	$ 822,194	8.5%
Company	1,246,259	12.9	822,053	8.5
As of September 30, 2020				
Bank	1,168,808	12.4	754,884	8.0
Company	1,287,854	13.7	754,767	8.0

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, 2021, the balance of this liquidation account was $103.9 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.

14. 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, 2021 and 2020. 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 other liabilities if in a loss position, with any unrealized gains and losses, net of taxes, reported as AOCI in stockholders' equity. See "Note 8. 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 obtained from the counterparty during the years ended September 30, 2021 and 2020. (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, 2021 or 2020.

	September 30, 2021			
	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	$ 1,493,993	$ —	$ 1,493,993	$ —
GSE debentures	516,326	—	516,326	—
Municipal bonds	4,289	—	4,289	—
	$ 2,014,608	$ —	$ 2,014,608	$ —
Liabilities:				
Interest rate swaps	$ 27,719	$ —	$ 27,719	$ —

	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	$ —

The following is a description of valuation methodologies used for significant financial instruments measured at fair value on a non-recurring basis. The significant unobservable inputs used in the determination of the fair value of assets classified as Level 3 have an inherent measurement uncertainty that, if changed, could result in higher or lower fair value measurements of these assets as of the reporting date.

Loans Receivable – With the adoption of CECL, collateral dependent assets are assets evaluated on an individual basis. Those collateral dependent assets that are evaluated on an individual basis are considered financial assets measured at fair value on a non-recurring basis. Prior to the adoption of CECL, loans identified as impaired were considered financial assets measured at fair value on a non-recurring basis. The valuation method for collateral dependent assets and impaired loans is identical.

The fair value of collateral dependent loans/loans individually evaluated for loss on a non-recurring basis during fiscal years 2021 and 2020 that were still held in the portfolio as of September 30, 2021 and 2020 was $7.4 million and $5.7 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 commercial loans individually evaluated during the year ended September 30, 2021 were downward adjustments to the book value of the collateral for lack of marketability. During fiscal year 2021, the adjustments ranged from 7% to 50%, with a weighted average of 21%. During fiscal year 2020, the adjustments ranged from 4% to 50%, with a weighted average of 18%. The basis utilized in calculating the weighted averages for these adjustments was the original unadjusted value of each collateral item.

Fair values of collateral dependent loans/loans individually evaluated for loss 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 2021 and 2020 that was still held in the portfolio as of September 30, 2021 and 2020 was $170 thousand and $183 thousand, respectively. The carrying value of the properties equaled the fair value of the properties at September 30, 2021 and 2020.

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:

	2021				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
			(Dollars in thousands)		
Assets:					
Cash and cash equivalents	$ 42,262	$ 42,262	$ 42,262	$ —	$ —
AFS securities	2,014,608	2,014,608	—	2,014,608	—
Loans receivable	7,081,142	7,534,278	—	—	7,534,278
FHLB stock	73,421	73,421	73,421	—	—
Liabilities:					
Deposits	6,597,396	6,649,954	3,838,656	2,811,298	—
Borrowings	1,582,850	1,611,414	—	1,611,414	—
Interest rate swaps	27,719	27,719	—	27,719	—

	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	—

15. 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, 2021		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ 23,728	$ (40,233)	$ (16,505)
Other comprehensive income (loss), before reclassifications	(19,077)	5,712	(13,365)
Amount reclassified from AOCI, net of taxes of $(4,378)	—	13,565	13,565
Other comprehensive income (loss)	(19,077)	19,277	200
Ending balance	$ 4,651	$ (20,956)	$ (16,305)

	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)

16. 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 2021, 2020 and 2019, revenue from contracts with customers totaled $16.5 million, $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 interchange transaction fee income is reported net of interchange network charges. Interchange network charges totaled $3.6 million, $3.2 million and $3.4 million for fiscal years 2021, 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.

17. 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, 2021 and 2020
(Dollars in thousands, except per share amounts)

	2021	2020
ASSETS:		
Cash and cash equivalents	$ 75,553	$ 82,466
Investment in the Bank	1,110,339	1,165,813
Note receivable - ESOP	37,213	38,614
Receivable from the Bank	18,158	—
Income taxes receivable, net	467	492
Other assets	625	707
TOTAL ASSETS	$1,242,355	$1,288,092
LIABILITIES:		
Deferred income tax liabilities, net	82	91
Other liabilities	—	3,142
Total liabilities	82	3,233
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, 138,832,284 and 138,956,296 shares issued and outstanding as of September 30, 2021 and 2020, respectively	1,388	1,389
Additional paid-in capital	1,189,633	1,189,853
Unearned compensation - ESOP	(31,387)	(33,040)
Retained earnings	98,944	143,162
AOCI, net of tax	(16,305)	(16,505)
Total stockholders' equity	1,242,273	1,284,859
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,242,355	$1,288,092

STATEMENTS OF INCOME
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019
(Dollars in thousands)

	2021	2020	2019
INTEREST AND DIVIDEND INCOME:			
Dividend income from the Bank	$ 132,063	$ 68,329	$ 129,409
Interest income from other investments	1,509	2,036	2,428
Total interest and dividend income	133,572	70,365	131,837
INTEREST EXPENSE	—	—	403
NET INTEREST INCOME	133,572	70,365	131,434
NON-INTEREST INCOME	—	—	14
NON-INTEREST EXPENSE:			
Salaries and employee benefits	908	988	829
Regulatory and outside services	287	292	286
Other non-interest expense	608	622	652
Total non-interest expense	1,803	1,902	1,767
INCOME BEFORE INCOME TAX EXPENSE AND EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	131,769	68,463	129,681
INCOME TAX (BENEFIT) EXPENSE	(62)	28	57
INCOME BEFORE EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	131,831	68,435	129,624
EQUITY IN EXCESS OF DISTRIBUTION OVER EARNINGS OF SUBSIDIARY	(55,749)	(3,895)	(35,381)
NET INCOME	$ 76,082	$ 64,540	$ 94,243

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021, 2020, and 2019
(Dollars in thousands)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 76,082	$ 64,540	$ 94,243
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in excess of distribution over earnings of subsidiary	55,749	3,895	35,381
Depreciation of equipment	45	45	37
Loss on disposal of premises and equipment	—	—	8
Provision for deferred income taxes	(9)	91	—
Changes in:			
Receivable from the Bank	(18,257)	—	—
Income taxes receivable/payable	25	(63)	57
Other assets	21	(60)	54
Other liabilities	(5)	13	(86)
Net cash provided by operating activities	113,651	68,461	129,694
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal collected on note receivable from ESOP	1,401	1,357	1,314
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	1,401	1,357	1,193
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net payment from subsidiary related to restricted stock awards	169	319	1,245
Cash dividends paid	(117,890)	(93,862)	(134,929)
Repurchase of common stock	(4,568)	(20,767)	—
Repayment of other borrowings	—	—	(10,052)
Stock options exercised	324	638	1,485
Net cash used in financing activities	(121,965)	(113,672)	(142,251)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,913)	(43,854)	(11,364)
CASH AND CASH EQUIVALENTS:			
Beginning of year	82,466	126,320	137,684
End of year	$ 75,553	$ 82,466	$ 126,320

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

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, 2021. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of September 30, 2021, 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, 2021. 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, 2021.

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, 2021 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, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item concerning the Company's directors and executive officers and any delinquent reports under Section 16(a) of the Act is incorporated herein by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, a copy of which will be filed not later than 120 days after the close of the fiscal year.

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 Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, 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 Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, 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 Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, 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, 2021 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	545,087	$ 12.32	5,826,635 (1)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
	545,087	$ 12.32	5,826,635

(1) This amount includes 1,612,319 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 Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 14. Principal Accountant Fees and Services

Information required by this item concerning principal accountant fees and services is incorporated herein by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held in January 2022, 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, 2021 and 2020.
3. Consolidated Statements of Income for the Years Ended September 30, 2021, 2020, and 2019.
4. Consolidated Statements of Comprehensive Income for the Years Ended September 30, 2021, 2020, and 2019.
5. Consolidated Statements of Stockholders' Equity for the Years Ended September 30, 2021, 2020, and 2019.
6. Consolidated Statements of Cash Flows for the Years Ended September 30, 2021, 2020, and 2019.
7. Notes to Consolidated Financial Statements for the Years Ended September 30, 2021, 2020, and 2019.

(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)	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, 2021, filed with the SEC on November 24, 2021, has been formatted in Inline eXtensible Business Reporting Language ("XBRL"): (i) Consolidated Balance Sheets at September 30, 2021 and 2020, (ii) Consolidated Statements of Income for the fiscal years ended September 30, 2021, 2020, and 2019, (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended September 30, 2021, 2020, and 2019, (iv) Consolidated Statement of Stockholders' Equity for the fiscal years ended September 30, 2021, 2020, and 2019, (v) Consolidated Statements of Cash Flows for the fiscal years ended September 30, 2021, 2020, and 2019, and (vi) Notes to the Consolidated Financial Statements
104	Cover Page Interactive Data File, formatted in Inline XBRL and included in Exhibit 101

* Management contract or compensatory plan or arrangement.
**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 24, 2021

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 24, 2021

By: /s/ Kent G. Townsend
Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
Date: November 24, 2021

By: /s/ Jeffrey R. Thompson
Jeffrey R. Thompson, Director
Date: November 24, 2021

By: /s/ Jeffrey M. Johnson
Jeffrey M. Johnson, Director
Date: November 24, 2021

By: /s/ Morris J. Huey II
Morris J. Huey II, Director
Date: November 24, 2021

By: /s/ Michael T. McCoy, M.D.
Michael T. McCoy, M.D., Director
Date: November 24, 2021

By: /s/ James G. Morris
James G. Morris, Director
Date: November 24, 2021

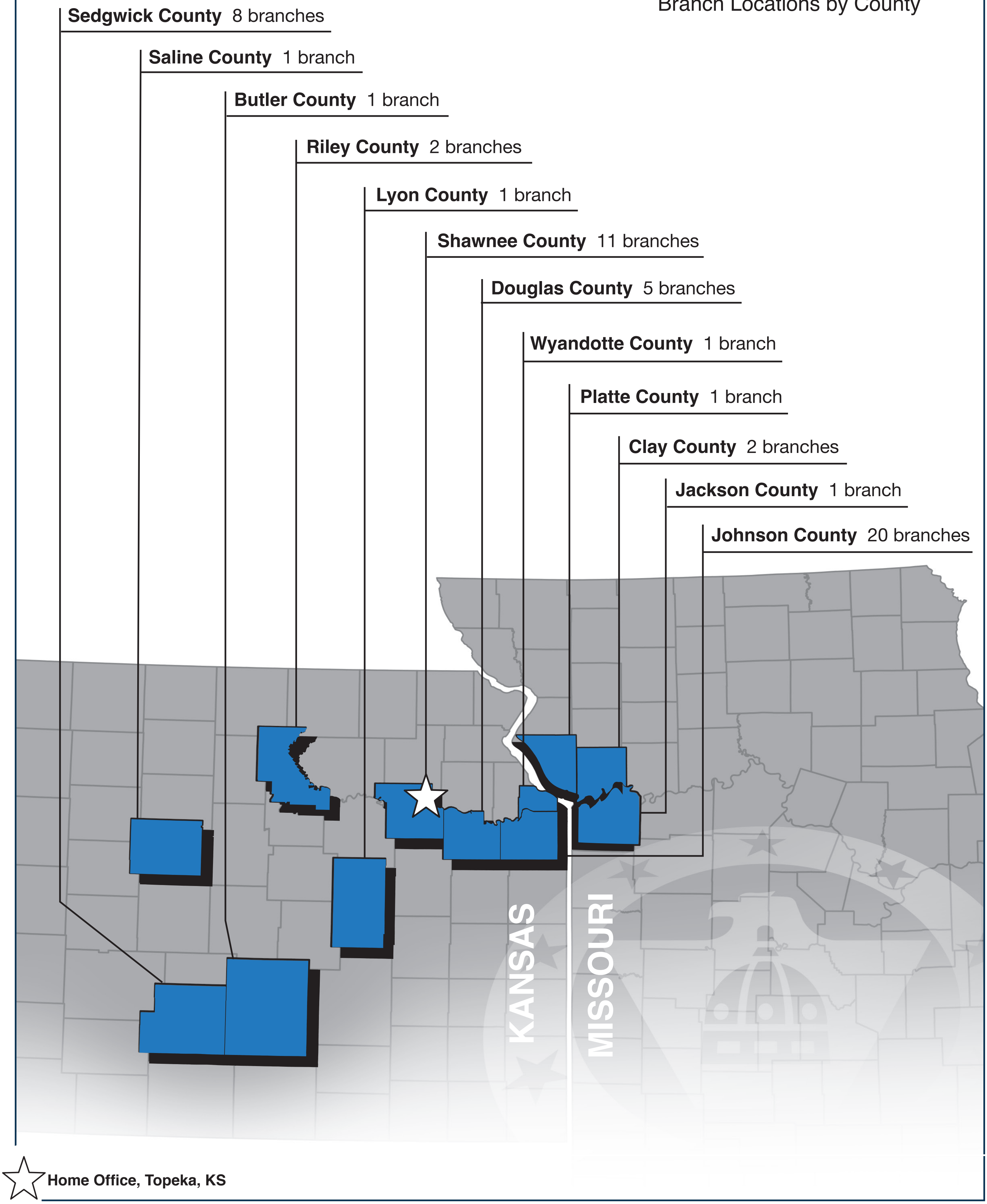
By: /s/ Michel' P. Cole
Michel' P. Cole, Director
Date: November 24, 2021

By: /s/ Carlton A. Ricketts
Carlton A. Ricketts, Director
Date: November 24, 2021

By: /s/ Tara D. Van Houweling
Tara D. Van Houweling, First Vice President and Reporting Director
(Principal Accounting Officer)
Date: November 24, 2021

Capitol Federal®

Branch Locations by County



Capitol Federal Financial, Inc.®