Capitol Federal Financial Inc
Form 10-Q
February 06, 2012

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

Form 10-Q

(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2011

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

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 (I.R.S.
Employer
or organization) Identification
No.)

700 Kansas Avenue, Topeka, Kansas 66603
(Address of principal executive offices) (Zip
Code)

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

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 requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files.) Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer, large accelerated filer, and smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	þ	Accelerated filer	¨	Non-accelerated filer (do not check if a smaller reporting company)	¨	Smaller Reporting Company	¨

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

As of January 30, 2012, there were 167,498,133 shares of Capitol Federal Financial, Inc. Common Stock outstanding.

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PART I -- FINANCIAL INFORMATION
Item 1. Financial Statements
CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	December 31, 2011	September 30, 2011
ASSETS:		
Cash and cash equivalents (includes interest-earning deposits of $148,323 and $105,292)	$ 170,175	$ 121,070
Securities:		
Available-for-sale (“AFS”) at estimated fair value (amortized cost of $1,528,191 and $1,443,529)	1,570,730	1,486,439
Held-to-maturity (“HTM”) at amortized cost (estimated fair value of $2,193,944 and $2,434,392)	2,129,417	2,370,117
Loans receivable, net (of allowance for credit losses (“ACL”) of $15,605 and $15,465)	5,224,942	5,149,734
Bank-owned life insurance (“BOLI”)	56,947	56,534
Capital stock of Federal Home Loan Bank (“FHLB”), at cost	129,503	126,877
Accrued interest receivable	28,285	29,316
Premises and equipment, net	50,383	48,423
Real estate owned (“REO”), net	11,189	11,321
Other assets	49,469	50,968
TOTAL ASSETS	$ 9,421,040	$ 9,450,799
LIABILITIES:		
Deposits	$ 4,501,144	$ 4,495,173
Advances from FHLB, net	2,531,304	2,379,462
Other borrowings	365,000	515,000
Advance payments by borrowers for taxes and insurance	22,285	55,138
Income taxes payable	9,353	2,289
Deferred income tax liabilities, net	20,266	20,447
Accounts payable and accrued expenses	40,379	43,761
Total liabilities	7,489,731	7,511,270
STOCKHOLDERS’ EQUITY:		
Preferred stock ($0.01 par value) 100,000,000 shares authorized; none issued	--	--
Common stock ($0.01 par value) 1,400,000,000 shares authorized, 167,498,133 shares issued; 167,498,133 shares outstanding as of December 31, 2011 and September 30, 2011	1,675	1,675
Additional paid-in capital	1,393,508	1,392,691
Unearned compensation, Employee Stock Ownership Plan (“ESOP”)	(49,804)	(50,547)
Unearned compensation, Recognition and Retention Plan (“RRP”)	(98)	(124)
Retained earnings	559,577	569,127
Accumulated other comprehensive income (“AOCI”), net of tax	26,451	26,707
Total stockholders' equity	1,931,309	1,939,529
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 9,421,040	$ 9,450,799

See accompanying notes to consolidated financial statements.

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CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(Dollars in thousands, except per share data)

	For the Three Months Ended December 31,	
	2011	2010
INTEREST AND DIVIDEND INCOME:		
Loans receivable	$60,675	$65,943
Mortgage-backed securities (“MBS”)	18,373	15,440
Investment securities	4,637	4,775
Capital stock of FHLB	1,091	902
Cash and cash equivalents	51	187
Total interest and dividend income	84,827	87,247
INTEREST EXPENSE:		
FHLB advances	22,339	23,131
Deposits	12,787	17,381
Other borrowings	4,327	6,730
Total interest expense	39,453	47,242
NET INTEREST INCOME	45,374	40,005
PROVISION FOR CREDIT LOSSES	540	650
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	44,834	39,355
OTHER INCOME:		
Retail fees and charges	4,164	3,943
Loan fees	575	655
Insurance commissions	569	818
Income from BOLI	412	332
Other income, net	432	569
Total other income	6,152	6,317
OTHER EXPENSES:		
Salaries and employee benefits	10,587	9,991
Communications, information technology, and occupancy	3,909	3,876
Regulatory and outside services	1,435	1,189
Deposit and loan transaction costs	1,230	1,352
Federal insurance premium	1,092	1,858
Advertising and promotional	910	831
Contribution to Capitol Federal Foundation (“Foundation”)	--	40,000
Other expenses, net	2,904	4,241
Total other expenses	22,067	63,338
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	28,919	(17,666)

INCOME TAX EXPENSE (BENEFIT)	10,130	(6,408)
NET INCOME (LOSS)	$ 18,789	$ (11,258)

(Continued)

Basic earnings (loss) per common share	$0.12	$(0.07)
Diluted earnings (loss) per common share	$0.12	$(0.07)
Dividends declared per public share	$0.18	$0.80
Basic weighted average common shares	161,922,633	165,540,789
Diluted weighted average common shares	161,930,727	165,540,789

(Concluded)

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Unearned Compensation - ESOP	Unearned Compensation - RRP	Retained Earnings	AOCI (Loss)	Total Stockholders' Equity
Balance at October 1, 2011	$ 1,675	$ 1,392,691	$ (50,547)	$ (124)	$ 569,127	$ 26,707	$ 1,939,529
Comprehensive income:							
Net income					18,789		18,789
Changes in unrealized gain/losses on securities AFS, net of deferred income taxes of $115						(256)	(256)
Total comprehensive income							18,533
ESOP activity, net		790	743				1,533
Stock based compensation - stock options and RRP		27		26			53
Dividends on common stock to stockholders ($0.175 per share)					(28,339)		(28,339)
Balance at December 31, 2011	$ 1,675	$ 1,393,508	$ (49,804)	$ (98)	$ 559,577	$ 26,451	$ 1,931,309

See accompanying notes to consolidated financial statements.
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CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	For the Three Months Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$18,789	$(11,258)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
FHLB stock dividends	(1,091)	(902)
Provision for credit losses	540	650
Originations of loans receivable held-for-sale (“LHFS”)	(1,641)	(5,424)
Proceeds from sales of LHFS	1,595	6,895
Amortization and accretion of premiums and discounts on securities	2,065	1,431
Depreciation and amortization of premises and equipment	1,199	1,108
Amortization of deferred amounts related to FHLB advances, net	1,842	1,755
Common stock committed to be released for allocation - ESOP	1,533	1,260
Stock based compensation - stock options and RRP	53	74
Changes in:		
Prepaid federal insurance premium	964	1,738
Accrued interest receivable	1,031	1,284
Other assets, net	70	394
Income taxes payable/receivable	6,998	(6,410)
Accounts payable and accrued expenses	(4,995)	662
Net cash provided by (used in) operating activities	28,952	(6,743)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of AFS securities	(273,634)	--
Purchase of HTM securities	(149,706)	(486,425)
Proceeds from calls, maturities and principal reductions of AFS securities	187,947	130,673
Proceeds from calls, maturities and principal reductions of HTM securities	389,366	245,632
Proceeds from the redemption of capital stock of FHLB	2,117	--
Purchases of capital stock of FHLB	(3,652)	--
Loan originations and purchases, net of principal collected and deferred loan fees	(77,848)	42,438
Purchases of premises and equipment	(1,546)	(1,633)
Proceeds from sales of REO	2,330	2,665
Net cash provided by (used in) investing activities	75,374	(66,650)

(Continued)

	For the Three Months Ended	
	December 31,	
	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(28,339)	(16,956)
Deposits, net of withdrawals	5,971	313,481
Proceeds from borrowings	250,000	300,000
Repayments of borrowings	(250,000)	(300,000)
Change in advance payments by borrowers for taxes and insurance	(32,853)	(34,074)
Net proceeds from common stock offering	--	1,075,585
Excess tax benefits from stock options	--	1
Net cash (used in) provided by financing activities	(55,221)	1,338,037
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,105	1,264,644
CASH AND CASH EQUIVALENTS:		
Beginning of period	121,070	65,217
End of period	$170,175	$1,329,861
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Income tax payments	$3,197	$--
Interest payments	$38,471	$46,412
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Note received from ESOP in exchange for common stock	$--	$47,260
Customer deposit holds related to common stock offering	$--	$17,690

(Concluded)

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011, filed with the Securities and Exchange Commission ("SEC"). Interim results are not necessarily indicative of results for a full year.

In preparing the financial statements, management is required 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 revenues and expenses during the reporting periods. The ACL is a significant estimate that involves a high degree of complexity and requires management to make difficult and subjective judgments and assumptions about highly uncertain matters. The use of different judgments and assumptions could cause reported results to differ significantly. In addition, bank regulators periodically review the Bank's ACL. The bank regulators have the authority to require the Bank, as they can require all banks, to increase the ACL or recognize additional charge-offs based upon their judgments, which may differ from management's judgments. Any increases in the ACL or recognition of additional charge-offs required by bank regulators could adversely affect the Company's financial condition and results of operations.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, the Bank. The Bank has a wholly-owned subsidiary, Capitol Funds, Inc. Capitol Funds, Inc. has a wholly-owned subsidiary, Capitol Federal Mortgage Reinsurance Company. All intercompany accounts and transactions have been eliminated in consolidation.

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

A loan is considered delinquent when payment has not been received within 30 days of its contractual due date. The accrual of income on loans is discontinued when interest or principal payments are 90 days in arrears. Loans on which the accrual of income has been discontinued are designated as non-accrual and impaired loans and outstanding interest previously credited beyond 90 days delinquent is reversed. A non-accrual loan is returned to accrual status once the contractual payments have been made to bring the loan less than 90 days past due.

Existing loan customers, whose loans have not been sold to third parties and who have not been delinquent on their contractual loan payments during the previous 12 months have the opportunity, for a fee, to endorse their original loan terms to current loan terms being offered. The fee assessed for endorsing the mortgage loan is deferred and amortized over the remaining life of the endorsed loan using the level-yield method and is reflected as an adjustment to interest income. Each endorsement is examined on a loan-by-loan basis and if the new loan terms represent more than a minor change to the loan, then the unamortized balance of the pre-endorsement deferred fees and/or costs associated

with the mortgage loan are recognized in interest income at the time of the endorsement. If the endorsement of terms does not represent more than a minor change to the loan, then the unamortized balance of the pre-endorsement deferred fees or costs continue to be deferred.

For borrowers experiencing financial difficulties, the Bank may grant a concession to the borrower. Generally, the Bank grants a short-term payment accommodation to borrowers who are experiencing a temporary cash flow problem. The most frequently used accommodation is to reduce the monthly payment amount for a period of six to 12 months, often by requiring payments of only interest and escrow during this period. These restructurings result in an extension of the maturity date of the loan. For more severe situations requiring long-term solutions, the Bank also offers interest rate reductions to currently-offered rates and more lengthy extensions of the maturity date. All such concessions are considered a troubled debt restructuring ("TDR"). The Bank does not forgive principal or interest nor does it commit to lend additional funds to debtors whose terms have been modified in TDRs.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the loan agreement. Interest income on impaired loans is recognized in the period collected unless the ultimate collection of principal is considered doubtful. Management considers the following loans to be impaired loans: all non-accrual loans, loans classified as substandard, loans with specific valuation allowances ("SVAs"), and TDRs that have not been performing under the new terms for 12 consecutive months or are required by the accounting literature to be classified as a TDR for the life of the loan due to a reduction in the stated interest rate to a rate lower than the current market rate for new debt with similar risk.

Allowance for Credit Losses - The ACL represents management's best estimate of the amount of known and inherent losses in the loan portfolio as of the balance sheet date. Management's methodology for assessing the appropriateness of the ACL consists of a formula analysis model and the establishment of SVAs for identified problem loans. Management maintains the ACL through provisions for credit losses that are charged to income.

For one- to four-family loans, losses are charged-off when a loan is transferred to REO or if there is a short-sale of the collateral. For consumer home equity loans where the Bank holds the first mortgage, if the loan balance is in excess of the fair value and the loan is in foreclosure, the difference between the loan balances and the fair value is charged-off. Estimated selling costs are also taken into consideration when calculating the amount to charge-off for home equity loans. For consumer home equity loans where the Bank does not hold the first mortgage, foreclosure is pursued or the loan balance is charged-off. Other consumer loans that are unsecured are entirely charged-off once the loan is 120 days past due. For multi-family and commercial loans, the Bank records an SVA when it is determined that the collection of all or a portion of a loan may not be collected and the amount of that loss is reasonably estimated.

As permitted by the Office of Thrift Supervision, the Bank had been establishing SVAs for potential loan loss amounts. Starting with the March 31, 2012 reporting period, the Bank will be required to file a Call Report with the Office of the Comptroller of the Currency ("OCC"). The OCC requirements do not permit SVAs; rather, loan charge-offs are required. Management will implement a loan charge-off policy during the second quarter of fiscal year 2012 in order to be in compliance with the OCC requirements. When the charge-off policy is implemented, all SVAs recorded at December 31, 2011, or $3.5 million, will be charged off. This will not impact the provision for credit losses in the consolidated statements of income as the amounts were expensed in previous periods; however, it will reduce the ACL and related loan balances.

The Bank's primary lending emphasis is the origination and purchase of one- to four-family first mortgage loans on residential properties and, to a lesser extent, second mortgage loans on one- to four-family residential properties, resulting in a loan concentration in residential mortgage loans. The Bank has a concentration of loans secured by residential property located in Kansas and Missouri. Based on the composition of the Bank's loan portfolio, the primary risks inherent in the one- to four-family and consumer loan portfolios are the continued weakened economic conditions, continued high levels of unemployment or underemployment, and a continuing decline in residential real estate values. Any one or a combination of these events may adversely affect borrowers' ability to repay their loans, resulting in increased delinquencies, non-performing assets, loan losses, and future loan loss provisions. Although the multi-family and commercial loan portfolio also shares the risk of continued weakened economic conditions, the primary risks for this portfolio include the ability of the borrower to sustain sufficient cash flows from leases and to control expenses to satisfy their contractual debt payments, and/or the ability to utilize personal and/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 multi-family or commercial loan, the pool of potential buyers is limited more than that for a residential property, therefore, the Bank could hold the property for an extended period of time and/or potentially be forced to sell at a discounted price, resulting in additional losses.

Management considers several quantitative and qualitative factors quarterly while monitoring the credit quality of the loan portfolio and evaluating the adequacy of the ACL. Such factors include: the trend and composition of delinquent and non-performing loans; the results of foreclosed property and short-sale transactions (historical losses and net charge-offs); charge-offs and the establishment of and increase in SVAs; the current status and trends of local and national economies; the trends and current conditions in the residential real estate markets; and loan portfolio growth and concentrations.

The formula analysis model is updated each quarter. Within the formula analysis model, the loan portfolio is segregated into the following categories: one- to four-family loans; multi-family and commercial loans; consumer home equity loans; and other consumer loans. Home equity loans with the same underlying collateral as a one- to four-family loan are combined with the one- to four-family loan in the formula analysis model to calculate a

combined loan-to-value ("LTV") ratio. Impaired loans are excluded from the formula analysis model as they are individually evaluated for impairment. The one- to four-family loan portfolio and related home equity loans are segregated into additional categories based on the following risk characteristics: originated or bulk purchased; interest payments (fixed-rate, adjustable-rate, and interest-only); LTV ratios; borrower's credit scores; and geographic location. The categories were derived by management based on reviewing the historical performance of the one- to four-family loan portfolio and taking into consideration current economic conditions, such as trends in residential real estate values in certain areas of the U.S. and unemployment rates. The geographic location category pertains primarily to certain states in which the Bank has experienced measurable losses on REO and short-sales.

Quantitative loss factors are applied to each loan category in the formula analysis model based on the historical loss experience, which includes charge-offs and current SVAs, adjusted for loan delinquency trends, for each respective loan category. Each quarter, management reviews the historical loss time periods and utilizes the historical loss time periods believed to be the most reflective of the current economic conditions and recent charge-off experience for each respective loan category.

Qualitative loss factors are applied to each loan category in the formula analysis model. The qualitative factors for the one- to four-family and consumer loan portfolios are: unemployment rate trends; collateral value trends; credit score trends; and delinquent loan trends. The qualitative factors for the multi-family and commercial loan portfolio are: unemployment rate trends; collateral value trends; and delinquent loan trends. As loans are classified as special mention or become 30 to 89 days delinquent, the qualitative loss factors increase based upon delinquent loan trends. The qualitative factors were derived by management based on a review of the historical performance of the respective loan portfolios and consideration of current economic conditions and their likely impact to the loan portfolio.

SVAs have been established in connection with individual loan reviews of impaired loans. Since the majority of the Bank's loan portfolio is composed of residential real estate, determining the estimated fair value of the underlying collateral is important in evaluating the amount of SVAs or charge-offs required for impaired one- to four-family loans. If the estimated fair value of the collateral, less estimated costs to sell and anticipated private mortgage insurance ("PMI") proceeds, is less than the current loan balance, an SVA is established, or a charge-off recorded, for the difference. Once a purchased one- to four-family loan is 90 days delinquent, new collateral values are obtained through automated valuation models ("AVMs") or broker price opinions ("BPOs"). An updated AVM or BPO is then requested approximately every six months while the loan is greater than 90 days delinquent. Due to the relatively stable home values in Kansas and Missouri, new appraisals on originated one- to four- family loans are not obtained until a loan enters foreclosure. For originated one- to four-family loans and home equity loans that are impaired and the most recent appraisal is more than one year old, management estimates the fair value of the collateral using the most recently published Federal Housing Finance Agency ("FHFA") index. For those loans where the FHFA fair value estimate results in a value less than the outstanding loan balance, an updated appraisal is obtained and is used to establish the SVA or charge-off amount. If the Bank holds the first and second mortgage, both loans are combined when evaluating the need for an SVA or charge-off amount.

Loans with an outstanding balance of $1.5 million or more are reviewed annually if secured by property in one of the following categories: multi-family (five or more units) property; unimproved land; other improved commercial property; acquisition and development of land projects; developed building lots; office building; single-use building; or retail building. Management may charge-off such losses if deemed appropriate.

Since the Bank's loan portfolio is primarily concentrated in one- to four-family real estate, management monitors residential real estate market value trends in the Bank's local market areas and geographic sections of the U.S. by reference to various industry and market reports, economic releases and surveys, and management's general and specific knowledge of the real estate markets in which the Bank lends, in order to determine what impact, if any, such trends may have on the level of ACL. Reviewing these quantitative and qualitative factors assists management in

evaluating the overall credit quality of the loan portfolio and the reasonableness of the ACL on an ongoing basis, and whether changes need to be made to the Bank's ACL methodology.

Management seeks to apply the ACL methodology in a consistent manner; however, the methodology can be modified in response to changing conditions. During the current quarter, management increased the historical loss amounts in the formula analysis model related to purchased loans and changed the time periods used for certain qualitative loss factors in the formula analysis model to reflect more recent data trends. The increase in historical losses for purchased loans was due to management's plan to implement a charge-off policy during the quarter ended March 31, 2012, as discussed above. Prior to December 31, 2011, the SVAs on purchased loans were not included in their entirety in historical losses, rather, they were adjusted for delinquent loan trends. Starting with the current quarter, the SVAs on purchased loans were included in their entirety in the historical loss amounts.

Assessing the adequacy of the ACL is inherently subjective. Actual results could differ from estimates as a result of changes in economic or market conditions. Changes in estimates could result in a material change in the ACL. In the opinion of management, the ACL, when taken as a whole, is adequate to absorb estimated losses inherent in the loan portfolio. However, future adjustments may be necessary if loan portfolio performance or economic or market conditions differ substantially from the conditions that existed at the time of the initial determinations.

Recent Accounting Pronouncements - In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05, which defers certain provisions of ASU 2011-05, Presentation of Comprehensive Income. One of ASU 2011-05's provisions requires entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented (for both interim and annual financial statements). Accordingly, this requirement is indefinitely deferred by ASU 2011-12 and will be further deliberated by the FASB at a future date. ASUs 2011-05 and 2011-12 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, which is October 1, 2012 for the Company, and should be applied retrospectively for all periods presented in the financial statements. The Company has not yet decided which statement format it will adopt.

In December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities. The ASU requires new disclosures regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures are designed to make GAAP financial statements more comparable to those prepared under International Financial Reporting Standards. The new disclosures entail presenting information about both gross and net exposures. The new disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, which is October 1, 2013 for the Company, and interim periods therein; retrospective application is required. The Company has not yet completed its evaluation of this ASU; however, since the provisions of ASU 2011-11 are disclosure-related, the Company's adoption of this ASU is not expected to have an impact to its financial condition or results of operations.

2. Earnings Per Share

The Company accounts for the shares acquired by its ESOP and the shares awarded pursuant to its RRP in accordance with Accounting Standards Codification ("ASC") 260, which requires that unvested RRP awards that contain nonforfeitable rights to dividends be treated as participating securities in the computation of earnings per share pursuant to the two-class method. The two-class method is an earnings allocation that determines earnings per share for each class of common stock and participating security. Shares acquired by the ESOP are not considered in the basic average shares outstanding until the shares are committed for allocation or vested to an employee's individual account.

	For the Three Months Ended December 31,	
	2011	2010
	(Dollars in thousands, except per share data)	
Net income (loss) (1)	$18,789	$(11,258)
Average common shares outstanding	161,921,133	165,539,517
Average committed ESOP shares outstanding	1,500	1,272
Total basic average common shares outstanding	161,922,633	165,540,789
Effect of dilutive RRP shares (2)	4,351	--
Effect of dilutive stock options (2)	3,743	--
Total diluted average common shares outstanding	161,930,727	165,540,789
Net earnings (loss) per share:		
Basic	$0.12	$(0.07)
Diluted	$0.12	$(0.07)
Antidilutive stock options and RRP shares, excluded from the diluted average common shares outstanding calculation	897,136	--

(1) Net income (loss) available to participating securities (unvested RRP shares) was inconsequential for the three months ended December 31, 2011 and 2010.

(2) RRP shares totaling 4,753 and options totaling 4,743 which were outstanding at December 31, 2010 were not included in the computation of diluted earnings per share as the effect on earnings per share would be antidilutive, due to the net loss for the three months ended December 31, 2010.

3. Securities

The following tables reflect the amortized cost, estimated fair value, and gross unrealized gains and losses of AFS and HTM securities at December 31, 2011 and September 30, 2011. The majority of the MBS and investment portfolios are composed of securities issued by U.S. government-sponsored enterprises ("GSEs").

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
AFS:				
GSE debentures	$879,175	$3,264	$111	$882,328
Municipal bonds	2,450	117	--	2,567
Trust preferred securities	3,547	--	545	3,002
MBS	643,019	39,814	--	682,833
	1,528,191	43,195	656	1,570,730
HTM:				
GSE debentures	349,922	1,498	--	351,420
Municipal bonds	56,643	2,130	--	58,773
MBS	1,722,852	61,092	193	1,783,751
	2,129,417	64,720	193	2,193,944
	$3,657,608	$107,915	$849	$3,764,674

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
AFS:				
GSE debentures	$746,545	$1,996	$233	$748,308
Municipal bonds	2,628	126	--	2,754
Trust preferred securities	3,681	--	740	2,941
MBS	690,675	41,764	3	732,436
	1,443,529	43,886	976	1,486,439
HTM:				
GSE debentures	633,483	3,171	--	636,654
Municipal bonds	56,994	2,190	4	59,180
MBS	1,679,640	59,071	153	1,738,558
	2,370,117	64,432	157	2,434,392
	$3,813,646	$108,318	$1,133	$3,920,831

The following tables summarize the estimated fair value and gross unrealized losses of those securities on which an unrealized loss at December 31, 2011 and September 30, 2011 was reported and the continuous unrealized loss position for at least 12 months or less than 12 months as of December 31, 2011 and September 30, 2011.

	December 31, 2011					
		Less Than 12 Months			Equal to or Greater Than 12 Months	
	Count	Estimated Fair Value	Unrealized Losses	Count	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)					
AFS:						
GSE debentures	3	$56,712	$111	--	$--	$--
Trust preferred securities	--	--	--	1	3,002	545
MBS	--	--	--	--	--	--
	3	$56,712	$111	1	$3,002	$545
HTM:						
GSE debentures	--	$--	$--	--	$--	$--
Municipal bonds	--	--	--	--	--	--
MBS	1	24,356	193	--	--	--
	1	$24,356	$193	--	$--	$--

	September 30, 2011					
		Less Than 12 Months			Equal to or Greater Than 12 Months	
	Count	Estimated Fair Value	Unrealized Losses	Count	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)					
AFS:						
GSE debentures	7	$230,848	$233	--	$--	$--
Trust preferred securities	--	--	--	1	2,941	740
MBS	5	1,189	3	--	--	--
	12	$232,037	$236	1	$2,941	$740
HTM:						
GSE debentures	--	$--	$--	--	$--	$--
Municipal bonds	2	615	4	--	--	--
MBS	1	25,142	153	--	--	--
	3	$25,757	$157	--	$--	$--

On a quarterly basis, management conducts a formal review of securities for the presence of an other-than-temporary impairment. Management assesses whether an other-than-temporary impairment is present when the fair value of a security is less than its amortized cost basis at the balance sheet date. For such securities, other-than-temporary impairment is considered to have occurred if the Company intends to sell the security, if it is more likely than not the Company will be required to sell the security before recovery of its amortized cost basis, or if the present value of expected cash flows is not sufficient to recover the entire amortized cost.

The unrealized losses at December 31, 2011 and September 30, 2011 are primarily a result of increases in market yields from the time of purchase. In general, as market yields rise, the fair value of securities will decrease; as market yields fall, the fair value of securities will increase. Management generally views changes in fair value caused by changes in interest rates as temporary; therefore, these securities have not been classified as other-than-temporarily impaired. Additionally, the impairment is also considered temporary because scheduled coupon payments have been made, it is anticipated that the entire principal balance will be collected as scheduled, and management neither intends to sell the securities, nor is it more likely than not that the Company will be required to sell the securities before the recovery of the remaining amortized cost amount, which could be at maturity.

The amortized cost and estimated fair value of securities by remaining contractual maturity without consideration for call features or pre-refunding dates as of December 31, 2011 are shown below. Actual maturities of MBS may differ from contractual maturities because borrowers have the right to prepay obligations, generally without penalties. As of December 31, 2011, the amortized cost of the securities in our portfolio which are callable or have pre-refunding dates within one year totaled $788.2 million. Maturities of MBS depend on the repayment characteristics and experience of the underlying financial instruments. Issuers of certain investment securities have the right to call and prepay obligations with or without prepayment penalties.

	AFS		HTM	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
One year or less	$271,316	$271,821	$2,429	$2,445
One year through five years	585,866	588,643	381,204	383,871
Five years through ten years	170,854	182,375	452,046	470,494
Ten years and thereafter	500,155	527,891	1,293,738	1,337,134
	$1,528,191	$1,570,730	$2,129,417	$2,193,944

The following table presents the carrying value of the MBS in our portfolio by issuer at December 31, 2011 and September 30, 2011.

	December 31, 2011	September 30, 2011
	(Dollars in thousands)	
Federal National Mortgage Association (“FNMA”)	$1,346,180	$1,384,396
Federal Home Loan Mortgage Corporation (“FHLMC”)	859,644	823,728
Government National Mortgage Association	198,505	202,340
Private Issuer	1,356	1,612
	$2,405,685	$2,412,076

The following table presents the taxable and non-taxable components of interest income on investment securities for the three months ended December 31, 2011 and 2010.

	For the Three Months Ended December 31,

	2011	2010
	(Dollars in thousands)	
Taxable	$4,196	$4,271
Non-taxable	441	504
	$4,637	$4,775

The following table summarizes the amortized cost and estimated fair value of securities pledged as collateral as of the dates indicated.

	December 31, 2011		September 30, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Repurchase agreements	$408,804	$429,311	$571,016	$597,286
Retail deposits	--	--	44,429	44,991
Public unit deposits	126,161	133,683	116,472	124,785
Federal Reserve Bank	61,486	63,752	26,666	27,939
	$596,451	$626,746	$758,583	$795,001

4. Loans Receivable and Allowance for Credit Losses

Loans receivable, net at December 31, 2011 and September 30, 2011 is summarized as follows:

	December 31, 2011	September 30, 2011
	(Dollars in thousands)	
Real estate loans:		
One- to four-family	$5,003,708	$4,918,778
Multi-family and commercial	52,524	57,965
Construction	58,869	47,368
Total real estate loans	5,115,101	5,024,111
Consumer loans:		
Home equity	160,029	164,541
Other	7,355	7,224
Total consumer loans	167,384	171,765
Total loans receivable	5,282,485	5,195,876
Less:		
Undisbursed loan funds	33,239	22,531
ACL	15,605	15,465
Discounts/unearned loan fees	20,315	19,093
Premiums/deferred costs	(11,616)	(10,947)
	$5,224,942	$5,149,734

Lending Practices and Underwriting Standards - Originating and purchasing loans secured by one- to four-family residential properties is the Bank’s primary business, resulting in a loan concentration in residential first mortgage

loans. The Bank purchases one- to four-family loans, on a loan-by-loan basis, from a select group of correspondent lenders located throughout the central United States. As a result of originating loans in our branches, along with the correspondent lenders in our local markets, the Bank has a concentration of loans secured by real property located in Kansas and Missouri. Additionally, the Bank purchases whole one- to four-family loans in bulk packages from nationwide and correspondent lenders. The Bank also makes consumer loans, construction loans secured by residential or commercial properties, and real estate loans secured by multi-family dwellings.

One- to four-family loans - One- to four-family loans are underwritten manually or by an automated underwriting system developed by a third party. The system's components closely resemble the Bank's manual underwriting standards which are generally in accordance with FHLMC and FNMA manual underwriting guidelines. The automated underwriting system analyzes the applicant's data, with emphasis on credit history, employment and income history, qualifying ratios reflecting the applicant's ability to repay, asset reserves, and LTV ratio. Full

documentation to support the applicant's credit, income, and sufficient funds to cover all applicable fees and reserves at closing is required on all loans. Loans that do not meet the automated underwriting standards are referred to a staff underwriter for manual underwriting. 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 and nationwide lenders are generally similar to the Bank's internal underwriting standards. The underwriting of correspondent loans is generally performed by the Bank's underwriters. Before committing to a bulk loan purchase, the Bank's Chief Lending Officer or Secondary Marketing Manager reviews specific criteria such as loan amount, credit scores, LTV ratios, geographic location, and debt ratios of each loan in the pool. If the specific criteria do not meet the Bank's underwriting standards and compensating factors are not sufficient, then a loan will be removed from the population. Before the bulk loan purchase is funded, an internal Bank underwriter or a third party reviews at least 25% of the loan files to confirm loan terms, credit scores, debt service ratios, property appraisals, and other underwriting related documentation. For the tables within this footnote, correspondent loans are included with originated loans, and bulk loan purchases are reported as purchased loans.

The Bank also originates construction-to-permanent loans secured by one- to four-family residential real estate. The majority of the one- to four-family construction loans are secured by property located within the Bank's Kansas City market area. Construction loans are obtained by homeowners who will occupy the property when construction is complete. Construction loans to builders for speculative purposes are not permitted. The application process includes submission of complete plans, specifications, and costs of the project to be constructed. All construction loans are manually underwritten using the Bank's internal underwriting standards. Construction draw requests and the supporting documentation are reviewed and approved by management. 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.

Multi-family and commercial loans - The Bank's multi-family and commercial real estate loans are secured primarily by properties generally located in the Bank's market areas or surrounding areas. These loans are granted based on the income producing potential of the property and the financial strength of the borrower. At the time of origination, LTV ratios on multi-family and commercial real estate loans cannot exceed 80% of the appraised value of the property securing the loans. The net operating income, which is the income derived from the operation of the property less all operating expenses, must be sufficient to cover the payments related to the outstanding debt at the time of origination. The Bank generally requires personal guarantees of the borrowers covering a portion of the debt in addition to the security property as collateral for these loans. Appraisals on properties securing these loans are performed by independent state certified fee appraisers. Bank policy permits a limited amount of construction-to-permanent loans secured by multi-family dwellings and commercial real estate.

Consumer loans - The Bank offers a variety of secured consumer loans, including home equity loans and lines of credit, home improvement loans, auto loans, and loans secured by savings deposits. The Bank also originates a very limited amount of unsecured loans. The Bank does not originate any consumer loans on an indirect basis, such as contracts purchased from retailers of goods or services which have extended credit to their customers. The majority of the consumer loan portfolio is comprised of home equity lines of credit.

The underwriting standards for consumer loans include a determination of the applicant's payment history on other debts and an assessment of their ability to meet existing obligations and payments on the proposed loan. Although creditworthiness of the applicant is a primary consideration, the underwriting process also includes a comparison of the value of the security in relation to the proposed loan amount.

Credit quality indicators – Based on the Bank's lending emphasis and underwriting standards, management has segmented the loan portfolio into three segments: one- to four-family loans, consumer loans, and multi-family and

commercial loans. The one- to four-family and consumer segments are further grouped into classes for purposes of providing disaggregated information about the credit quality of the loan portfolio. The classes are: one- to four-family loans – originated, one- to four-family loans – purchased, consumer loans – home equity, and consumer loans – other.

The Bank's primary credit quality indicators for the one- to four-family loan and consumer - home equity loan portfolios are delinquency status, asset classifications in accordance with applicable regulations, LTV ratios and borrower credit scores. The Bank's primary credit quality indicators for the multi-family and commercial loan and consumer – other loan portfolios are delinquency status and asset classifications in accordance with applicable regulations.

The following table presents the recorded investment of loans, defined as the unpaid loan principal balance (net of unadvanced funds related to loans in process) inclusive of unearned loan fees and deferred costs, of the Company's 30 to 89 day delinquent loans, 90 or more day delinquent loans, total delinquent loans, total current loans, and the total loans receivable balance at December 31, 2011 and September 30, 2011 by class. In the formula analysis model, loans in the 30 to 89 day delinquent category are assigned a higher loss factor than corresponding performing loans. Loans 90 or more days delinquent are considered impaired loans and are individually evaluated for impairment. At December 31, 2011 and September 30, 2011, all loans in the 90 or more days delinquent category were on nonaccrual status and represented the entire balance of nonaccrual loans. At December 31, 2011 and September 30, 2011, there were no loans 90 or more days delinquent that were still accruing interest.

	December 31, 2011				
	30 to 89 Days Delinquent	90 or More Days Delinquent	Total Delinquent Loans	Current Loans	Total Recorded Investment
	(Dollars in thousands)				
One- to four-family loans - originated	$18,136	$13,793	$31,929	$4,449,883	$4,481,812
One- to four-family loans - purchased	6,854	14,220	21,074	516,739	537,813
Multi-family and commercial loans	--	--	--	53,538	53,538
Consumer - home equity	518	520	1,038	158,991	160,029
Consumer - other	225	8	233	7,122	7,355
	$25,733	$28,541	$54,274	$5,186,273	$5,240,547

	September 30, 2011				
	30 to 89 Days Delinquent	90 or More Days Delinquent	Total Delinquent Loans	Current Loans	Total Recorded Investment
	(Dollars in thousands)				
One- to four-family loans - originated	$19,682	$12,363	$32,045	$4,362,498	$4,394,543
One- to four-family loans - purchased	6,243	13,836	20,079	520,876	540,955
Multi-family and commercial loans	--	--	--	57,936	57,936
Consumer - home equity	759	380	1,139	163,402	164,541
Consumer - other	92	3	95	7,129	7,224
	$26,776	$26,582	$53,358	$5,111,841	$5,165,199

In accordance with the Bank’s asset classification policy, management regularly reviews the problem loans in the Bank's portfolio to determine whether any assets require classification. Loan classifications, other than pass loans, 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 borrowers have caused management to have doubts as to the ability of the borrowers to comply with present loan repayment terms and which may result in the future inclusion of such loans in the non-performing loan categories.
- Substandard - A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans include those characterized by the distinct possibility the Bank will sustain some loss if the deficiencies are not corrected.
    - Doubtful - Loans classified as doubtful have all the weaknesses inherent as 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 loans without the establishment of specific loss allowance is not warranted.

Special mention loans are included with loans 30 to 89 days delinquent in the formula analysis model, if the loan is not considered impaired. Loans classified as substandard, doubtful, or loss are considered impaired loans and are individually evaluated for impairment.

The following tables set forth the recorded investment in loans, less SVAs and charge-offs, classified as special mention or substandard at December 31, 2011 and September 30, 2011, by class. At December 31, 2011 there were no loans classified as doubtful and $34 thousand of one- to four-family purchased loans classified as loss that were not fully reserved or charged-off. At September 30, 2011, there were no loans classified as doubtful or loss that were not fully reserved or charged-off. In addition to the classified loans discussed above and noted below, at December 31, 2011 and September 30, 2011, the Bank had other assets with a carrying value of $10.2 million and $10.3 million, respectively, comprised of municipal bonds and a trust preferred security, also classified per its asset classification policy.

	December 31, 2011		September 30, 2011	
	Special Mention	Substandard	Special Mention	Substandard
	(Dollars in thousands)			
One- to four-family - originated	$28,825	$ 22,697	$32,673	$ 18,419
One- to four-family - purchased	435	16,481	447	15,987
Multi-family and commercial	2,864	--	7,683	--
Consumer - home equity	237	631	50	592
Consumer - other	--	9	--	5
	$32,361	$ 39,818	$40,853	$ 35,003

The following table shows the weighted average LTV and credit score information for originated and purchased one- to four-family loans and originated consumer home equity loans at December 31, 2011 and September 30, 2011. Borrower credit scores are intended to provide an indication as to the likelihood that a borrower will repay their debts. Credit scores are typically updated in the last month of the quarter and are obtained from a nationally recognized consumer rating agency. The LTV ratios provide an estimate of the extent to which the Bank may incur a loss on any given loan that may go into foreclosure. The 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, BPO or AVM, if available. In most cases, the most recent appraisal was obtained at the time of origination.

	December 31, 2011		September 30, 2011	
	Weighted Average Credit Score	Weighted Average LTV	Weighted Average Credit Score	Weighted Average LTV
One- to four-family - originated	763	66 %	762	66 %
One- to four-family - purchased	740	60	740	60
Consumer - home equity	744	19	742	20
	760	64 %	759	64 %

Troubled Debt Restructurings - The following table presents the recorded investment of TDRs at the dates presented, including restructurings granted to borrowers who were experiencing financial difficulties and certain restructurings of loans to current market interest rates through the Bank's loan endorsement program. The endorsed loans classified as TDRs represent loans where there has been a decrease in soft credit scores and/or estimated LTV ratios since the time the loan was originated. As a result of these decreases, the borrower could be experiencing financial difficulties even though they have not been delinquent in the previous 12 months on their existing loan payments.

	December 31, 2011		
	Restructurings Due to Financial Difficulties	Loan Endorsement Program	Total
	(Dollars in thousands)		
One- to four-family loans - originated	$25,617	$ 26,458	$52,075
One- to four-family loans - purchased	5,998	--	5,998
Multi-family and commercial loans	554	--	554
Consumer - home equity	416	--	416
Consumer - other	2	--	2
	$32,587	$ 26,458	$59,045

	September 30, 2011		
	Restructurings Due to Financial Difficulties	Loan Endorsement Program	Total
	(Dollars in thousands)		
One- to four-family loans - originated	$23,534	$ 19,624	$43,158
One- to four-family loans - purchased	6,155	--	6,155
Multi-family and commercial loans	563	--	563
Consumer - home equity	413	--	413
Consumer - other	2	--	2
	$30,667	$ 19,624	$50,291

The recorded investment of TDRs classified as impaired totaled $44.8 million at December 31, 2011. Impaired loans are individually evaluated for losses. TDRs not classified as impaired, which totaled $14.2 million at December 31, 2011, are included in the formula analysis model in their appropriate loan category. At December 31, 2011, $877 thousand was recorded in the ACL related to TDRs.

The following table presents the recorded investment prior to restructuring and immediately after restructuring for all loans restructured during the quarter ended December 31, 2011. This table does not reflect the recorded investment at December 31, 2011.

	Number of Contracts	Pre-Restructured Outstanding	Post-Restructured Outstanding
		(Dollars in thousands)	
One- to four-family loans - originated	70	$ 10,331	$ 10,370
One- to four-family loans - purchased	--	--	--
Multi-family and commercial loans	--	--	--
Consumer - home equity	1	--	10
Consumer - other	--	--	--
	71	$ 10,331	$ 10,380

As of December 31, 2011, the recorded investment of TDRs 30 to 89 days delinquent and over 90 days delinquent was $2.4 million and $3.1 million, respectively. The following table provides information on TDRs restructured within the last 12 months that subsequently became delinquent during the quarter ended December 31, 2011. Of the two loans in the table that became delinquent during the quarter, one loan, with a recorded investment of $76 thousand as of December 31, 2011, had returned to current status as of December 31, 2011.

	Number of Contracts	Recorded Investment
		(Dollars in thousands)
One- to four-family loans - originated	1	$ 76
One- to four-family loans - purchased	1	401
Multi-family and commercial loans	--	--
Consumer - home equity	--	--
Consumer - other	--	--
	2	$ 477

Impaired loans - Impaired loans are defined as non-accrual loans, loans classified as substandard, loans with SVAs, and TDRs that have not yet performed under the restructured terms for 12 consecutive months or are required by the accounting literature to be classified as a TDR for the life of the loan due to a reduction in the stated interest rate to a rate lower than the current market rate for new debt with similar risk. Substantially all of the impaired loans at December 31, 2011 and September 30, 2011 were secured by residential real estate. Impaired loans related to residential real estate are individually evaluated to ensure that the carrying value of the loan is not in excess of the fair value of the collateral, less estimated selling costs. Fair values of residential real estate are estimated through such methods as current appraisals, AVMs, BPOs, or listing prices. Fair values may be adjusted by management to reflect current economic and market conditions. If the outstanding loan balance is in excess of the estimated fair value determined by management, less estimated costs to sell, then an SVA or charge-off is recorded for the difference.

		December 31, 2011				
		Recorded Investment	Unpaid Principal Balance	Related ACL	Current Quarter Average Recorded Investment	Current Quarter Interest Income Recognized
		(Dollars in thousands)				
With no related allowance recorded						
	One- to four-family - originated	$48,392	$48,541	$--	$48,051	$385
	One- to four-family - purchased	7,549	7,512	--	6,812	25
	Multi-family and commercial	554	555	--	558	9
	Consumer - home equity	585	585	--	526	5
	Consumer - other	9	9	--	7	--
		57,089	57,202	--	55,954	424
With an allowance recorded						
	One- to four-family - originated	2,705	2,713	280	3,001	25
	One- to four-family - purchased	12,554	12,446	3,154	13,097	30
	Multi-family and commercial	--	--	--	--	--
	Consumer - home equity	110	110	64	187	1
	Consumer - other	--	--	--	--	--
		15,369	15,269	3,498	16,285	56
Total						
	One- to four-family - originated	51,097	51,254	280	51,052	410
	One- to four-family - purchased	20,103	19,958	3,154	19,909	55
	Multi-family and commercial	554	555	--	558	9
	Consumer - home equity	695	695	64	713	6
	Consumer - other	9	9	--	7	--
		$72,458	$72,471	$3,498	$72,239	$480

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	September 30, 2011		
	Recorded Investment	Unpaid Principal Balance	Related ACL
	(Dollars in thousands)		
With no related allowance recorded			
One- to four-family - originated	$ 47,710	$ 47,845	$ --
One- to four-family - purchased	6,075	6,056	--
Multi-family and commercial	563	565	--
Consumer - home equity	468	468	--
Consumer - other	5	5	--
	54,821	54,939	--
With an allowance recorded			
One- to four-family - originated	3,297	3,299	335
One- to four-family - purchased	13,640	13,546	3,280
Multi-family and commercial	--	--	--
Consumer - home equity	264	264	140
Consumer - other	--	--	--
	17,201	17,109	3,755
Total			
One- to four-family - originated	51,007	51,144	335
One- to four-family - purchased	19,715	19,602	3,280
Multi-family and commercial	563	565	--
Consumer - home equity	732	732	140
Consumer - other	5	5	--
	$ 72,022	$ 72,048	$ 3,755

Allowance for credit losses - The following is a summary of the activity in the ACL by segment and the ending balance of the ACL based on the Company's
impairment methodology for and at the periods presented.

	For the Three Months Ended December 31, 2011					
	One- to Four- Family - Originated	One- to Four- Family - Purchased	One- to Four- Family - Total	Multi-family and Commercial	Consumer	Total
						(Dollars in thousands)
Beginning balance	$4,915	$9,901	$14,816	$ 254	$395	$15,465
Charge-offs	(90)	(304)	(394)	--	(6)	(400)
Recoveries	--	--	--	--	--	--
Provision (recovery) for credit losses	96	745	841	(171)	(130)	540
Ending balance	$4,921	$10,342	$15,263	$ 83	$259	$15,605
Ratio of net charge-offs to average loans outstanding during the quarter						0.01%
Ratio of net charge-offs during the quarter to average non-performing assets						1.03%
ACL for loans collectively evaluated for impairment	$4,641	$7,188	$11,829	$ 83	$195	$12,107
ACL for loans individually evaluated for impairment	$280	$3,154	$3,434	$ --	$64	$3,498

	For the Three Months Ended September 30, 2011					
	One- to Four-Family - Originated	One- to Four-Family - Purchased	One- to Four-Family - Total	Multi-family and Commercial	Consumer	Total
	(Dollars in thousands)					
Beginning balance	$4,458	$9,912	$14,370	$ 272	214	$14,856
Charge-offs	(115)	(922)	(1,037)	--	(4)	(1,041)
Recoveries	--	--	--	--	--	--
Provision (recovery) for credit losses	572	911	1,483	(18)	185	1,650
Ending balance	$4,915	$9,901	$14,816	$ 254	$395	$15,465
Ratio of net charge-offs to average loans outstanding during the quarter						0.02 %
Ratio of net charge-offs during the quarter to average non-performing assets						2.74 %
ACL for loans collectively evaluated for impairment	$4,580	$6,621	$11,201	$ 254	$255	$11,710
ACL for loans individually evaluated for impairment	$335	$3,280	$3,615	$ --	$140	$3,755

The following is a summary of the loan portfolio at December 31, 2011 and September 30, 2011 by loan portfolio segment disaggregated by the Company's impairment method.

	December 31, 2011					
	One- to Four-Family - Originated	One- to Four-Family - Purchased	One- to Four-Family - Total	Multi-family and Commercial	Consumer	Total
	(Dollars in thousands)					
Recorded investment of loans collectively evaluated for impairment	$4,430,715	$517,710	$4,948,425	$ 52,984	$166,680	$5,168,089
Recorded investment of loans individually evaluated for impairment	51,097	20,103	71,200	554	704	72,458
	$4,481,812	$537,813	$5,019,625	$ 53,538	$167,384	$5,240,547

	September 30, 2011					
	One- to Four-Family - Originated	One- to Four-Family - Purchased	One- to Four-Family - Total	Multi-family and Commercial	Consumer	Total
	(Dollars in thousands)					
Recorded investment of loans collectively evaluated for impairment	$4,343,536	$521,240	$4,864,776	$ 57,373	$171,028	$5,093,177
Recorded investment of loans individually evaluated for impairment	51,007	19,715	70,722	563	737	72,022
	$4,394,543	$540,955	$4,935,498	$ 57,936	$171,765	$5,165,199

As noted above, the Bank has a loan concentration in residential first mortgage loans. Continued declines in residential real estate values could adversely impact the property used as collateral for the Bank's loans. Adverse changes in the economic conditions and increasing unemployment rates may have a negative effect on the ability of the Bank's borrowers to make timely loan payments, which would likely increase delinquencies and have an adverse impact on the Bank's earnings. Further increases in delinquencies will decrease interest income on loans receivable and will likely adversely impact the Bank's loan loss experience, resulting in an increase in the Bank's ACL and provision for credit losses. Although management believes the ACL was at an adequate level to absorb known and inherent losses in the loan portfolio at December 31, 2011, the level of the ACL remains an estimate that is subject to significant judgment and short-term changes. Additions to the ACL may be necessary if future economic and other conditions differ substantially from the current environment.

5. Fair Value of Financial Instruments

Fair Value Measurements - ASC 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies only to fair value measurements already required or permitted by other accounting standards and does not impose requirements for additional fair value measures. ASC 820 was issued to increase consistency and comparability in reporting fair values.

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The Company did not have any liabilities that were measured at fair value at December 31, 2011 and September 30, 2011. The Company's AFS securities 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 assets or liabilities on a non-recurring basis, such as REO, LHFS, and impaired loans. These non-recurring fair value adjustments involve the application of lower-of-cost-or-fair value accounting or write-downs of individual assets.

In accordance with ASC 820, the Company groups its assets at fair value in three levels, based on the markets in which the assets 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 asset or liability. 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 asset or liability.

The Company bases its fair values on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As required by ASC 820, 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 assets measured at fair value on a recurring basis.

AFS Securities - The Company's AFS securities portfolio is carried at estimated fair value, with any unrealized gains and losses, net of taxes, reported as AOCI in stockholders' equity. The Company's major security types based on the nature and risks of the securities are included in the table below. The majority of the securities within the AFS portfolio are issued by U.S. GSEs. The fair values for all AFS securities are based on quoted prices for similar securities. Various modeling techniques are used to determine pricing for the Company's securities, including option pricing and discounted cash flow estimates. The inputs to these models may include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. There is an AFS security in the AFS portfolio that has significant unobservable inputs requiring the independent pricing services to use

some judgment in pricing it. This AFS security is classified as Level 3. All other AFS securities are classified as Level 2.

The following table provides the level of valuation assumption used to determine the carrying value of the Company's assets measured at fair value on a recurring basis, which consists of AFS securities, at December 31, 2011 and September 30, 2011.

	December 31, 2011			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (1)
	(Dollars in thousands)			
AFS Securities:				
GSE debentures	$882,328	$--	$882,328	$ --
Municipal bonds	2,567	--	2,567	--
Trust preferred securities	3,002	--	--	3,002
MBS	682,833	--	682,833	--
	$1,570,730	$--	$1,567,728	$ 3,002

	September 30, 2011			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (2)
	(Dollars in thousands)			
AFS Securities:				
GSE debentures	$748,308	$--	$748,308	$ --
Municipal bonds	2,754	--	2,754	--
Trust preferred securities	2,941	--	--	2,941
MBS	732,436	--	732,436	--
	$1,486,439	$--	$1,483,498	$ 2,941

(1) The Company's Level 3 AFS securities had no activity from September 30, 2011 to December 31, 2011, except for principal repayments of $178 thousand and reductions in net unrealized losses recognized in other comprehensive income. Reductions of net unrealized losses included in other comprehensive income for the three months ended December 31, 2011 were $121 thousand.

(2) The Company's Level 3 AFS securities had no activity from September 30, 2010 to September 30, 2011, except for principal repayments of $87 thousand and reductions in net unrealized losses recognized in other comprehensive income. Reductions of net unrealized losses included in other comprehensive income for the year

ended September 30, 2011 were $115 thousand.

The following is a description of valuation methodologies used for significant assets measured at fair value on a non-recurring basis.

Loans Receivable - Loans which meet certain criteria are evaluated individually for impairment. A loan is considered impaired when, based upon current information and events, it is probable the Bank will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the loan agreement. The unpaid principal balance of impaired loans at December 31, 2011 and September 30, 2011 was $72.5 million and $72.0 million, respectively. Substantially all of the Bank's impaired loans at December 31, 2011 and September 30, 2011 were secured by residential real estate. These impaired loans are individually assessed to ensure that the carrying value of the loan is not in excess of the fair value of the collateral, less estimated selling costs. Fair value is estimated through current appraisals, AVMs, BPOs, or listing prices. Fair values may be adjusted by management to reflect current economic and market conditions and, as such, are classified as Level 3. Based on this evaluation, the Company maintained an ACL of $3.5 million and $3.8 million at December 31, 2011 and September 30, 2011, respectively, for such impaired loans.

REO, net - REO 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. Fair value is estimated through current appraisals, AVMs, BPOs, or listing prices. As these properties are actively marketed, estimated fair values may be adjusted by management to reflect current economic and market conditions and, as such, are classified as Level 3. The fair value of REO at December 31, 2011 and September 30, 2011 was $11.2 million and $11.3 million, respectively.

The following table provides the level of valuation assumption used to determine the carrying value of the Company's assets measured at fair value on a non-recurring basis at December 31, 2011 and September 30, 2011.

	December 31, 2011			
	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)			
Impaired loans	$72,471	$--	$--	$ 72,471
REO, net	11,189	--	--	11,189
	$83,660	$--	$--	$ 83,660

	September 30, 2011			
	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)			
Impaired loans	$72,048	$--	$--	$ 72,048
REO, net	11,321	--	--	11,321
	$83,369	$--	$--	$ 83,369

Fair Value Disclosures - The Company determined estimated fair value amounts using available market information and a selection from a variety of valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amount the Company could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material impact on the estimated fair value amounts. The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2011 and September 30, 2011. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates.

The estimated fair values of the Company's financial instruments as of December 31, 2011 and September 30, 2011 were as follows.

	December 31, 2011		September 30, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Dollars in thousands)			
Assets:				
Cash and cash equivalents	$ 170,175	$ 170,175	$ 121,070	$ 121,070
AFS securities	1,570,730	1,570,730	1,486,439	1,486,439
HTM securities	2,129,417	2,193,944	2,370,117	2,434,392
Loans receivable	5,224,942	5,533,163	5,149,734	5,475,150
BOLI	56,947	56,947	56,534	56,534
Capital stock of FHLB	129,503	129,503	126,877	126,877
Liabilities:				
Deposits	4,501,144	4,553,531	4,495,173	4,553,516
Advances from FHLB	2,531,304	2,717,330	2,379,462	2,569,958
Other borrowings	365,000	391,439	515,000	545,096

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Cash and Cash Equivalents - The carrying amounts of cash and cash equivalents are considered to approximate their fair value due to the nature of the financial asset.

AFS and HTM Securities - Estimated fair values of securities are based on one of three methods: 1) quoted market prices where available, 2) quoted market prices for similar instruments if quoted market prices are not available, 3) unobservable data that represents the Bank's assumptions about items that market participants would consider in determining fair value where no market data is available. AFS securities are carried at estimated fair value. HTM securities are carried at amortized cost.

Loans Receivable - Fair values are estimated for portfolios with similar financial characteristics. Loans are segregated by type, such as one- to four-family residential mortgages, multi-family residential mortgages, nonresidential, and installment loans. Each loan category is further segmented into fixed- and adjustable interest rate categories. Market pricing sources are used to approximate the estimated fair value of fixed- and adjustable-rate one- to four-family residential mortgages. For all other loan categories, future cash flows are discounted using the LIBOR curve plus a margin at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturity.

BOLI - The carrying value of BOLI is considered to approximate its fair value due to the nature of the financial asset.

Capital Stock of FHLB - The carrying value of FHLB stock equals cost. The fair value is based on redemption at par value.

Deposits - The estimated fair value of demand deposits, savings and money market accounts is the amount payable on demand at the reporting date. The estimated fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using a margin to the LIBOR curve.

Advances from FHLB - The estimated fair value of advances from FHLB is determined by discounting the future cash flows of each advance using a margin to the LIBOR curve.

Other Borrowings - Other borrowings consists of repurchase agreements. The estimated fair value of the repurchase agreements is determined by discounting the future cash flows of each agreement using a margin to the LIBOR curve.

6. Subsequent Events

In preparing these financial statements, management has evaluated events occurring subsequent to December 31, 2011, for potential recognition and disclosure. There have been no material events or transactions which would require adjustments to the consolidated financial statements at December 31, 2011.

Subsequent to December 31, 2011, the Bank prepaid a $200.0 million fixed-rate FHLB advance with an interest rate of 3.88% and a remaining term to maturity of 15 months. The prepaid FHLB advance was replaced with a $200.0 million fixed-rate FHLB advance, with a contractual interest rate of 0.86% and a term of 46 months.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company and its wholly-owned subsidiary 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 SEC. These forward-looking statements may be included in this Quarterly Report on Form 10-Q 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 by us 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, that 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 plans, objectives, goals, expectations, anticipations, estimates and intentions expressed in the forward-looking statements:

- our ability to continue to maintain overhead costs at reasonable levels;
- our ability to continue to originate a significant volume of one- to four-family mortgage loans in our market areas or to purchase loans through correspondents;
- our ability to acquire funds from or invest funds in wholesale or secondary markets;
- 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 policies;
- fluctuations in deposit flows, loan demand, and/or real estate values, as well as unemployment levels, which may adversely affect our business;
- the credit risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs, changes in property values, and changes in estimates of the adequacy of the ACL;
- 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;
- the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations;
- the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System ("FRB");
- the effects of, and changes in, foreign and military policies of the United States government;
- inflation, interest rate, market and monetary fluctuations;
- our ability to access cost-effective funding;
- the timely development and acceptance of our 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 changes in financial services laws and regulations, including laws concerning taxes, banking, securities 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;
- technological changes;
- acquisitions and dispositions;
- changes in consumer spending and saving habits; and
- our success at managing the risks involved in our business.

This list of important factors is not all inclusive. 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.

As used in this Form 10-Q, unless we specify otherwise, “the Company,” “we,” “us,” and “our” refer to Capitol Federal Financial, Inc., a Maryland corporation, and its predecessor, Capitol Federal Financial, a United States

corporation. "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.

The following discussion and analysis is intended to assist in understanding the financial condition, results of operations, liquidity and capital resources of the Company. It should be read in conjunction with the consolidated financial statements and notes presented in this report. The discussion includes comments relating to the Bank, since the Bank is wholly-owned by the Company and comprises the majority of its assets and is the principal source of income for the Company. This discussion and analysis should be read in conjunction with management's discussion and analysis included in the Company's 2011 Annual Report on Form 10-K filed with the SEC.

Executive Summary

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

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 generally attract retail deposits from the general public and invest those funds primarily in permanent loans secured by first mortgages on owner-occupied, one- to four-family residences. To a much lesser extent, we also originate consumer loans, loans secured by first mortgages on non-owner-occupied one- to four-family residences, multi-family and commercial real estate loans, and construction loans. While our primary business is the origination of one- to four-family mortgage loans funded through retail deposits, we also purchase whole one- to four-family mortgage loans from correspondent and nationwide lenders, and invest in certain investment securities and MBS funded through retail deposits, advances from FHLB, and repurchase agreements. The Company is significantly affected by prevailing economic conditions including federal monetary and fiscal policies and federal regulation of financial institutions. Retail deposit balances are influenced by a number of factors including interest rates paid on competing personal 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 other loans, changing loan underwriting guidelines, as well as interest rate pricing competition from other lending institutions. The primary sources of funds for lending activities include deposits, loan repayments, investment income, borrowings, and funds provided from operations.

The Company's results of operations are primarily dependent on net interest income, which is the difference between the interest earned on loans, MBS, investment 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. We generally price our loan and deposit products based upon an analysis of our competition and changes in market rates. The Bank generally prices its first mortgage loan products based on secondary market and competitor pricing. 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 deposits have maturity or repricing dates of less than two years.

The Federal Open Market Committee of the Federal Reserve (the "FOMC") noted in their January 2012 meeting minutes that the economic recovery was continuing at a moderate pace, but was hampered by a weak job market, a high unemployment rate, and persistent depression in the housing sector. The FOMC continued to maintain the target range for federal funds rate at zero to 25 basis points, and projected that economic conditions could warrant this target range through late 2014. Additionally, the FOMC committed to maintain its existing policy of reinvesting principal payments from securities holdings, and intends to extend the average maturity of its securities holdings. These actions are intended to lower long-term rates and increase economic activity. These actions, along with previous FOMC

actions, have effectively increased the amount of excess reserves in the banking system, which is intended to reduce long-term interest rates and increase liquidity in an effort to stimulate borrowing and investment. The FOMC has also indicated that other methods of quantitative easing are a possibility, while simultaneously revealing a potential exit strategy from the accommodative monetary policies should the economic outlook and financial developments warrant it.

Economic conditions in the Bank's local market areas have a significant impact on the ability of borrowers to repay loans and the value of the collateral securing these loans. Our asset quality has remained high, as our local market areas have not experienced the large fluctuations in property values as experienced by many segments of the United States, and our unemployment rate has remained relatively low, currently at 7.4% in our combined market areas, compared to the national average of 8.5%. The unemployment rate remains relatively low, compared to the national average, due to diversified industries within our market areas, primarily in the Kansas City metropolitan

statistical area, but it is higher than the historical average. The FHFA price index for Kansas and Missouri has not experienced significant fluctuations during the past ten years, which indicates relative stability in property values. Our Kansas City market area comprises the largest segment of our loan portfolio and deposit base, and the average household income for our Kansas City market area is approximately $79 thousand per annum. The average household income in our combined market areas is approximately $68 thousand per annum, with 92% of the population at or above poverty level.

Total assets decreased $29.8 million, from $9.45 billion at September 30, 2011 to $9.42 billion at December 31, 2011, due to a $156.4 million decrease in securities, partially offset by a $75.2 million increase in loans receivable. The decrease in securities was a result of calls and maturities that were not reinvested in their entirety into the securities portfolio. The increase in loans receivable was primarily due to an increase in the one- to four-family portfolio as a result of originations and purchases.

The historically low interest rate environment over the past three years has spurred an increased demand for our loan endorsement program and mortgage refinances. Our loan endorsement program allows existing loan customers, whose loans have not been sold to third parties, who have not been delinquent on their contractual loan payments for the previous 12 months, and are not currently in bankruptcy, the opportunity to modify, for a fee, their original loan terms to current loan terms being offered. During fiscal year 2011, the Bank endorsed $965.1 million in loans, with a weighted average rate decrease of 101 basis points; along with refinancing $292.8 million of customers' loans. During the first quarter of fiscal year 2012, the Bank endorsed $341.2 million in loans, with a weighted average rate decrease of 114 basis points; along with refinancing $93.2 million of customers' loans.

The principal balance of loans 30 to 89 days delinquent decreased $1.1 million, from $26.8 million at September 30, 2011 to $25.7 million at December 31, 2011. The balance of loans 30 to 89 days delinquent and non-performing loans continue to remain at historically high levels for the Bank due to persistently elevated levels of unemployment coupled with declines in real estate activity and property values. Non-performing loans increased $1.9 million, from $26.5 million at September 30, 2011 to $28.4 million at December 31, 2011. Our ratio of non-performing loans to total loans increased from 0.51% at September 30, 2011 to 0.54% at December 31, 2011. Our ratio of non-performing assets to total assets increased to 0.42% at December 31, 2011 from 0.40% at September 30, 2011.

Total liabilities decreased $21.5 million, from $7.51 billion at September 30, 2011 to $7.49 billion at December 31, 2011, due primarily to a decrease of $32.9 million in escrow funds resulting from the payment of real estate taxes and insurance on behalf of our borrowers, partially offset by an increase in deposits of $6.0 million. The increase in deposits was primarily in the money market and checking portfolios.

Stockholders' equity decreased $8.2 million, from $1.94 billion at September 30, 2011 to $1.93 billion at December 31, 2011. The decrease was due primarily to dividends paid of $28.3 million, partially offset by net income of $18.8 million. On December 21, 2011, the Company announced that the Board of Directors approved the repurchase of up to $193.0 million of the Company's common stock. There were no stock repurchases during the current quarter. This plan has no expiration date.

Net income for the quarter ended December 31, 2011 was $18.8 million, compared to a net loss of $11.3 million for the quarter ended December 31, 2010. The $30.1 million increase for the current year was due primarily to the $40.0 million ($26.0 million, net of income tax benefit) contribution to the Capitol Federal Foundation (the "Foundation") in connection with the corporate reorganization in December 2010. Additionally, net interest income increased $5.4 million, or 13.4%, from $40.0 million for the quarter ended December 31, 2010 to $45.4 million for the quarter ended December 31, 2011. The increase in net interest income was due primarily to a decrease in interest expense of $7.8 million, or 16.5%, partially offset by a decrease in interest income of $2.4 million, or 2.8%. The net interest margin increased 10 basis points, from 1.88% for the quarter ended December 31, 2010 to 1.98% for the quarter ended December 31, 2011, largely due to the decrease in interest expense on interest-bearing liabilities.

The Bank has two branches expected to open in calendar year 2012 in our Kansas City market area. Management continues to consider expansion opportunities in all of our market areas.

Available Information

Financial and other Company information, including press releases, 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 investor relations website, http://ir.capfed.com. SEC filings are available on our website immediately after they are electronically filed with or furnished to the SEC, and are also available on the SEC's website at www.sec.gov.

Critical Accounting Policies

Our most critical accounting policies are the methodologies used to determine the ACL and fair value measurements. These policies are important to the presentation of our financial condition and results of operations, involve a high degree of complexity, and require management to make difficult and subjective judgments that may require assumptions or estimates about highly uncertain matters. The use of different judgments, assumptions, and estimates could cause reported results to differ materially. These critical accounting policies and their application are reviewed at least annually by our audit committee. For a full discussion of our critical accounting policies, see Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

Financial Condition

Assets, liabilities and stockholders' equity decreased slightly from September 30, 2011 to December 31, 2011. Total assets decreased $29.8 million, from $9.45 billion at September 30, 2011 to $9.42 billion at December 31, 2011, due to a $156.4 million decrease in securities, partially offset by a $75.2 million increase in loans receivable. Total liabilities decreased $21.5 million, from $7.51 billion at September 30, 2011 to $7.49 billion at December 31, 2011, due primarily to a decrease of $32.9 million in escrow funds resulting from the payment of real estate taxes and insurance on behalf of our borrowers. Stockholders' equity decreased $8.2 million, from $1.94 billion at September 30, 2011 to $1.93 billion at December 31, 2011. The decrease was due primarily to dividends paid of $28.3 million, partially offset by net income of $18.8 million.

	Balance at				
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
	(Dollars in thousands, except per share amounts)				
Total assets	$9,421,040	$9,450,799	$9,602,457	$9,733,111	$9,798,294
Cash and cash equivalents	170,175	121,070	161,872	122,002	1,329,861
AFS securities	1,570,730	1,486,439	1,269,987	1,250,153	923,125
HTM securities	2,129,417	2,370,117	2,693,719	2,953,661	2,119,826
Loans receivable, net	5,224,942	5,149,734	5,162,846	5,096,615	5,121,018
Capital stock of FHLB	129,503	126,877	125,797	122,651	121,768
Deposits	4,501,144	4,495,173	4,558,574	4,711,189	4,682,101
Advances from FHLB	2,531,304	2,379,462	2,453,642	2,351,863	2,350,126
Other borrowings	365,000	515,000	565,000	643,609	668,609
Stockholders' equity	1,931,309	1,939,529	1,934,011	1,926,409	2,018,973
Equity to total assets at end of period	20.5 %	20.5 %	20.1 %	19.8 %	20.6 %
Bank tangible equity ratio(1)	15.0 %	15.1 %	14.7 %	14.7 %	13.9 %

(1) See tangible equity to GAAP equity reconciliation in "Liquidity and Capital Resources – Regulatory Capital."

Loans Receivable. The loans receivable portfolio increased $75.2 million, or at an annualized rate of 5.8%, to $5.22 billion at December 31, 2011, from $5.15 billion at September 30, 2011. The increase in loans receivable was primarily due to an increase in the one- to four-family portfolio as a result of originations and purchases. During the first quarter of fiscal year 2012, the Bank purchased $63.6 million in correspondent one- to four-family loans and $20.3 million of one- to four-family loans in a bulk package.

Included in the loan portfolio at December 31, 2011 were $160.6 million, or 3.1% of the total loan portfolio, of adjustable-rate mortgage ("ARM") loans that were originated as interest-only. Of these interest-only loans, $129.7 million were purchased in bulk loan packages from nationwide lenders, primarily during fiscal year 2005. Interest-only ARM loans do not typically require principal payments during their initial term, and have initial interest-only terms of either five or ten years. The $129.7 million of purchased interest-only ARM loans had a weighted average credit score of 723 and a weighted average LTV ratio of 75% at December 31, 2011. In order to reduce future credit risk, the Bank has not purchased any interest-only ARM loans since 2006 and discontinued offering the product in its local markets during 2008. At December 31, 2011, $83.6 million, or 52%, of interest-only loans were still in their interest-only payment term. At December 31, 2011, $8.2 million, or 29% of non-performing loans, were interest-only ARMs.

The following table presents information concerning the composition of our loan portfolio as of December 31, 2011 and September 30, 2011. Within the one- to four-family loan portfolio at December 31, 2011, 75% of the loans had a balance at origination of less than $417 thousand. The weighted average rate of the loan portfolio decreased 16 basis points from 4.69% at September 30, 2011 to 4.53% at December 31, 2011. The decrease in the weighted average portfolio rate was due to loan endorsements, loan originations at current market rates below that of the existing portfolio, refinances, and ARMs repricing down to lower market rates.

	December 31, 2011		September 30, 2011	
	Amount	Average Rate	Amount	Average Rate
	(Dollars in thousands)			
Real Estate Loans:				
One-to four-family	$ 5,003,708	4.49 %	$ 4,918,778	4.65 %
Multi-family and commercial	52,524	6.15	57,965	6.13
Construction	58,869	4.35	47,368	4.27
Total real estate loans	5,115,101	4.51	5,024,111	4.66
Consumer Loans:				
Home equity	160,029	5.46	164,541	5.48
Other	7,355	4.89	7,224	5.10
Total consumer loans	167,384	5.44	171,765	5.46
Total loans receivable	5,282,485	4.53 %	5,195,876	4.69 %
Less:				
Undisbursed loan funds	33,239		22,531	
ACL	15,605		15,465	
Discounts/unearned loan fees	20,315		19,093	
Premiums/deferred costs	(11,616)		(10,947)	
Total loans receivable, net	$ 5,224,942		$ 5,149,734	

The following tables present the weighted average credit score, LTV ratio, and the average unpaid principal balance for our one- to four-family loans as of the dates presented. Credit scores are typically updated in the last month of the quarter and are obtained 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, BPO or AVM. In most cases, the most recent appraisal was obtained at the time of origination.

	December 31, 2011				
	Principal Balance	Credit Score	LTV		Average Balance
	(Dollars in thousands)				
Originated	$ 4,030,538	763	65	%	$ 124
Correspondent purchases	440,721	760	64		301
Bulk purchases	532,449	740	60		254
	$ 5,003,708	761	65	%	$ 138

	September 30, 2011				
	Principal Balance	Credit Score	LTV		Average Balance
	(Dollars in thousands)				
Originated	$ 3,986,957	763	66	%	$ 123
Correspondent purchases	396,063	759	64		290
Bulk purchases	535,758	740	60		252
	$ 4,918,778	760	65	%	$ 137

Since March 2010, the Bank has entered into correspondent lending relationships with 13 new correspondent lenders in our local market areas and also in states generally located throughout the central United States. At December 31, 2011, the Bank had 19 correspondent lending relationships. Management continues its efforts to expand our network of lending relationships related to our bulk purchase program that would provide mortgage loans in selected geographic locations that adhere to the Bank's underwriting standards.

The following table presents the weighted average life ("WAL"), which reflects prepayment assumptions, of our one- to four-family loan portfolio, excluding construction loans and non-performing loans, as of December 31, 2011.

	Principal Balance		Average WAL (years)
	(Dollars in thousands)		
Fixed-Rate	$4,148,691		3.20
Adjustable-Rate	827,096		2.94
	$4,975,788		3.16
Weighted average rate	4.49	%	
Average remaining contractual term (in years)	21		

The following table presents our fixed-rate one- to four-family loan portfolio, including construction loans and non-performing loans, and the annualized prepayment speeds for the quarter ended December 31, 2011 by interest rate tier. Loan endorsements and refinances are considered a prepayment and are included in the prepayment speeds presented below.

	Original Term					
	15 years or less			More than 15 years		
		Prepayment Speed (annualized)			Prepayment Speed (annualized)	
Rate Range	Principal Balance	Including Endorsements	Excluding Endorsements	Principal Balance	Including Endorsements	Excluding Endorsements
	(Dollars in thousands)					
<=4.50 %	$ 647,031	30.17 %	10.76 %	$ 1,283,611	17.12 %	5.35 %
4.51 - 4.99 %	176,825	68.41	27.99	376,253	47.17	12.60
5.00 - 5.50 %	171,425	33.84	20.91	966,124	73.39	16.35
5.51 - 5.99 %	36,682	56.01	27.21	247,898	53.74	17.03
6.00 - 6.50 %	19,207	32.24	19.03	199,688	46.59	16.88
6.51 - 6.99 %	5,424	20.00	17.86	34,851	35.92	16.39
>=7.00%	1,760	205.81	13.49	27,770	25.98	13.55
	$ 1,058,354	39.82 %	16.89 %	$ 3,136,195	46.54 %	12.22 %

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The following table summarizes the activity in the loan portfolio for the periods indicated, excluding changes in loans in process, deferred fees, and ACL. Loans that were paid-off as a result of refinances are included in repayments. During the three months ended December 31, 2011, the Bank endorsed $341.2 million of loans, with a weighted average rate decrease of 114 basis points. 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, however, included in the ending loan portfolio balance and rate.

	For the Three Months Ended							
	December 31, 2011		September 30, 2011		June 30, 2011		March 31, 2011	
	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
	(Dollars in thousands)							
Beginning balance	$5,195,876	4.69 %	$5,211,991	4.79 %	$5,144,050	4.81 %	$5,163,319	4.87 %
Originations and refinances:								
Fixed	180,198	3.77	141,123	4.11	118,438	4.55	153,272	4.33
Adjustable	57,321	3.52	47,009	3.77	37,721	4.12	43,434	3.91
Purchases and Participations:								
Fixed	44,800	4.03	29,585	4.47	102,030	5.49	16,468	4.47
Adjustable	53,206	3.79	13,864	3.49	5,114	3.65	5,979	3.57
Repayments	(247,935)		(244,607)		(192,682)		(233,473)	
Other (1)	(981)		(3,089)		(2,680)		(4,949)	
Ending balance	$5,282,485	4.53 %	$5,195,876	4.69 %	$5,211,991	4.79 %	$5,144,050	4.81 %

(1) “Other” consists of transfers to REO, endorsement fees advanced, and reductions in commitments.

The Bank generally prices its first mortgage loan products based on secondary market and competitor pricing. During the three months ended December 31, 2011, the average rate offered on the Bank’s 30-year fixed-rate one- to four-family loans, with no points paid by the borrower, was approximately 210 basis points above the average 10-year Treasury rate, while the average rate offered on the Bank’s 15-year fixed-rate one- to four-family loans was approximately 130 basis points above the average 10-year Treasury rate.

The following table presents loan origination, refinance and purchase activity for the periods indicated. Loan originations, purchases and refinances are reported together. The fixed-rate one- to four-family loans less than or equal to 15 years have a maturity at origination of less than or equal to 15 years, while fixed-rate one- to four-family loans greater than 15 years have a maturity at origination of greater than 15 years. The adjustable-rate one- to four-family loans less than or equal to 36 months have a term to first reset of less than or equal to 36 months at origination and adjustable-rate one- to four-family loans greater than 36 months have a term to first reset of greater than 36 months at origination. Of the $218.4 million of one- to four-family loan originations and refinances for the three months ended December 31, 2011, 83% had loan values of $417 thousand or less. Of the $83.9 million of one- to four-family correspondent and bulk loan purchases for the three months ended December 31, 2011, 23% had loan values of $417 thousand or less.

	For the Three Months Ended					
	December 31, 2011			December 31, 2010		
	Amount	Rate	% of Total	Amount	Rate	% of Total
Fixed-Rate:			(Dollars in thousands)			
One- to four-family:						
<= 15 years	$113,116	3.44 %	33.7 %	$105,951	3.75 %	34.7 %
> 15 years	110,831	4.18	33.0	142,533	4.30	46.7
Multi-family and commercial real estate	--	--	--	892	6.00	0.3
Home equity	607	7.01	0.2	585	6.89	0.2
Other	444	6.87	0.1	267	8.24	0.1
Total fixed-rate	224,998	3.82	67.0	250,228	4.09	82.0
Adjustable-Rate:						
One- to four-family:						
<= 36 months	2,759	2.57	0.8	1,303	2.96	0.4
> 36 months	75,617	3.17	22.5	34,803	3.51	11.4
Multi-family and commercial real estate	13,975	5.00	4.2	--	--	--
Home equity	17,336	4.83	5.2	18,281	4.79	6.0
Other	840	3.28	0.3	564	4.22	0.2
Total adjustable-rate	110,527	3.65	33.0	54,951	3.93	18.0
Total originations, refinances and purchases	$335,525	3.77 %	100.0 %	$305,179	4.06 %	100.0 %
Purchased and participation loans included above:						
Fixed-Rate:						
Correspondent - one- to four-family	$44,275	4.04 %		$4,977	4.38 %	
Bulk - one- to four-family	392	3.25		--	--	
Participations - commercial real estate	--	--		--	--	
Participations - other	133	2.57		--	--	
Total fixed-rate purchases/participation	44,800	4.03		4,977	4.38	
Adjustable-Rate:						

Correspondent - one- to four-family	19,363	3.16		3,954	3.96	
Bulk - one- to four-family	19,868	3.55		--	--	
Participations - commercial real estate	13,975	5.00		--	--	
Participations - other	--	--		--	--	
Total adjustable-rate purchases/participations	53,206	3.79		3,954	3.96	
Total purchased/participation loans	$98,006	3.90	%	$8,931	4.20	%

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The following table presents the origination and purchase activity in our one- to four-family loan portfolio for the three months ended December 31, 2011, excluding endorsement activity, and the LTV and credit score at the time of origination.

	For the Three Months Ended December 31,		
	Amount	LTV	Credit Score
	(Dollars in thousands)		
Originations	$125,192	73 %	764
Refinances by Bank customers	93,233	67	774
Correspondent purchases	63,638	66	771
Bulk purchases	20,260	60	763
	$302,323	69 %	769

The following table summarizes our one- to four-family loan commitments for originations, refinances, and purchases at the dates noted. Commitments to originate and refinance one- to four-family loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and 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 below does not necessarily represent future cash requirements.

	December 31, 2011	September 30, 2011	December 31, 2010
	(Dollars in thousands)		
Originate/refinance fixed-rate	$79,627	$89,059	$116,996
Originate/refinance adjustable-rate	18,253	24,047	25,230
Purchase/participate fixed-rate	27,232	30,650	11,504
Purchase/participate adjustable-rate	19,070	26,556	8,888
	$144,182	$170,312	$162,618

Asset Quality – Loans and REO

The Bank's traditional underwriting guidelines have provided the Bank with generally low delinquencies and low levels of non-performing assets compared to national levels. Of particular importance is the complete and full documentation required for each loan the Bank originates and purchases. This allows the Bank to make an informed credit decision based upon a thorough assessment of the borrower's ability to repay the loan compared to underwriting methodologies that do not require full documentation. See additional discussion regarding underwriting standards in "Lending Practices and Underwriting Standards" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011. In the following asset quality discussion, correspondent purchased loans are included with originated loans and bulk purchased loans are reported as purchased loans.

Delinquent and non-performing loans and REO

The following tables present the Company's 30 to 89 day delinquent loans, non-performing loans, and REO at the dates indicated. Non-performing loans are non-accrual loans that are 90 or more days delinquent or are in the process of foreclosure. At all dates presented, there were no loans 90 or more days delinquent that were still accruing interest. Loans classified as TDRs are not included in delinquent or non-performing loans unless the restructured loans are 30 or more days delinquent. TDR's 30 to 89 days delinquent were $2.4 million and non-performing TDR's were $3.1 million at December 31, 2011. REO primarily includes assets acquired in settlement of loans. Non-performing assets include non-performing loans and REO.

	Loans Delinquent for 30 to 89 Days at:							
	December 31, 2011		September 30, 2011		June 30, 2011		December 31, 2010	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Loans 30 to 89 Days Delinquent:	(Dollars in thousands)							
One- to four-family:								
Originated	169	$18,165	178	$19,710	158	$17,669	181	$20,009
Purchased	40	6,799	34	6,199	38	6,150	35	7,573
Multi-family and commercial	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--
Consumer Loans:								
Home equity	38	518	43	759	36	837	47	767
Other	12	225	14	92	16	77	24	313
	259	$25,707	269	$26,760	248	$24,733	287	$28,662
30 to 89 days delinquent loans to total loans receivable, net		0.49 %		0.52 %		0.48 %		0.56 %

	Non-Performing Loans and REO at:							
	December 31, 2011		September 30, 2011		June 30, 2011		December 31, 2010	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(Dollars in thousands)							
Non-performing loans:								
One- to four-family:								
Originated	110	$13,814	106	$12,375	111	$12,023	125	$13,248
Purchased	50	14,106	46	13,749	49	15,637	53	17,176
Multi-family and commercial	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--
Consumer Loans:								
Home equity	26	520	21	380	24	322	29	530
Other	5	8	3	3	5	52	8	33
	191	28,448	176	26,507	189	28,034	215	30,987
Non-performing loans as a percentage of total loans receivable, net		0.54 %		0.51 %		0.54 %		0.61 %
REO:								
One- to four-family:								
Originated (1)	77	6,630	74	6,942	73	6,627	71	7,307
Purchased	11	3,040	12	2,877	16	3,437	19	3,672
Multi-family and commercial	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--
Consumer Loans:								
Home equity	2	17	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
Other (2)	1	1,502	1	1,502	--	--	--	--
	91	11,189	87	11,321	89	10,064	90	10,979
Total non-performing assets	282	$39,637	263	$37,828	278	$38,098	305	$41,966
Non-performing assets as a percentage of total assets		0.42 %		0.40 %		0.40 %		0.43 %

(1) 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.

(2) The $1.5 million property classified as Other REO represents a single property the Bank purchased for a potential branch site but now intends to sell.

The following table presents the weighted average percentage of one- to four-family loans, by principal balance, that entered the 30 to 89 days delinquent category during the 12 months ended December 31, 2011 that subsequently paid off, returned to non-delinquent status, stayed 30 to 89 days delinquent, or progressed to the non-performing or REO categories.

	Paid Off	Performing	30 to 89 Days Delinquent	Non-Performing	REO	Total
Originated	3.4 %	38.5 %	41.9 %	15.0 %	1.2 %	100.0 %
Correspondent	5.2	25.4	43.7	21.0	4.7	100.0
Bulk	2.3	38.2	39.1	19.6	0.8	100.0
Total portfolio average	3.2 %	38.0 %	41.2 %	16.3 %	1.3 %	100.0 %

The following table presents the year of origination for originated and purchased one- to four-family loans, and the year of origination for non-performing originated and purchased one- to four-family loans at December 31, 2011. The origination date for endorsed loans is based on when the loan was originated, rather than the endorsement date.

Origination Calendar Year	Originated Loans	Purchased Loans	Total Loans	Originated Non-Performing Loans	Purchased Non-Performing Loans	Total Non-Performing Total
	(Dollars in thousands)					
2002 and prior	$483,858	$51,731	$535,589	$ 2,819	$ 305	$3,124
2003	271,865	50,626	322,491	2,144	362	2,506
2004	214,229	168,553	382,782	1,715	6,645	8,360
2005	271,458	163,397	434,855	1,341	6,055	7,396
2006	295,919	24,214	320,133	1,862	--	1,862
2007	405,131	14,580	419,711	1,659	213	1,872
2008	452,528	30,199	482,727	1,166	526	1,692
2009	705,245	8,906	714,151	663	--	663
2010	595,897	--	595,897	445	--	445
2011	775,129	20,243	795,372	--	--	--
	$4,471,259	$532,449	$5,003,708	$ 13,814	$ 14,106	$27,920

The following table presents the top 12 states where the properties securing our one- to four-family loans are located and the corresponding balance of 30 to 89 day delinquent loans, non-performing loans and the weighted average LTV ratios for non-performing loans at December 31, 2011. The LTV ratios were based on the unpaid principal balance and either the lesser of the purchase price or original appraisal or the most recent bank appraisal, BPO or AVM, if available. As a result of updated estimated fair values, the LTV of some non-performing loans in the table below are now in excess of 100%. At December 31, 2011, SVAs were recorded on these loans, after taking into consideration potential PMI proceeds and the costs to sell the property.

	One- to Four-Family		Loans 30 to 89 Days Delinquent		Non-Performing Loans		
State	Balance	% of Total	Balance	% of Total	Balance	% of Total	Average LTV
	(Dollars in thousands)						
Kansas	$3,695,960	73.8 %	$13,933	55.8 %	$11,500	41.2 %	79 %
Missouri	784,059	15.7	5,195	20.8	2,350	8.4	82
Nebraska	59,160	1.2	644	2.6	40	0.1	65
Illinois	48,652	1.0	281	1.1	1,712	6.1	91
Florida	33,962	0.7	296	1.2	3,259	11.7	129
Texas	32,559	0.6	333	1.3	--	--	n/a
New York	29,143	0.6					