REFINITIV

DELTA REPORT

10-Q

CFFN - CAPITOL FEDERAL FINANCIAL

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1357
CHANGES	263
DELETIONS	458
ADDITIONS	636

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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2023 March 31, 2024

or

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

Commission File Number: 001-34814

Capitol Federal Financial, Inc.

(Exact name of registrant as specified in its charter)

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

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

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

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

As of February 2, 2024 May 3, 2024, there were 133,732,975 132,733,765 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, except per share amounts)

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	December 31,		
	December 31,		
	December 31,	September 30,	
		2023	
	March 31,		
	March 31,		
		September 30,	
	March 31,		
	2024		2023
ASSETS:			
Cash and cash equivalents (includes interest-earning deposits of $287,748 and $213,830)			
Cash and cash equivalents (includes interest-earning deposits of $287,748 and $213,830)			
Cash and cash equivalents (includes interest-earning deposits of $287,748 and $213,830)			
Cash and cash equivalents (includes interest-earning deposits of $419,332 and $213,830)			
Cash and cash equivalents (includes interest-earning deposits of $419,332 and $213,830)			
Cash and cash equivalents (includes interest-earning deposits of $419,332 and $213,830)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $721,612 and $1,385,992)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $721,612 and $1,385,992)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $721,612 and $1,385,992)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $831,337 and $1,385,992)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $831,337 and $1,385,992)			
Available-for-sale ("AFS") securities, at estimated fair value (amortized cost of $831,337 and $1,385,992)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,178 and $23,759)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,178 and $23,759)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,178 and $23,759)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,634 and $23,759)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,634 and $23,759)			
Loans receivable, net (allowance for credit losses ("ACL") of $24,634 and $23,759)			
Federal Home Loan Bank Topeka ("FHLB") stock, at cost			
Premises and equipment, net			
Income taxes receivable, net			
Deferred income tax assets, net			
Other assets			
TOTAL ASSETS			
LIABILITIES:			
LIABILITIES:			
LIABILITIES:			
Deposits			
Deposits			
Deposits			
Borrowings			
Advances by borrowers			
Advances by borrowers			
Advances by borrowers			
Other liabilities			
Other liabilities			

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Other liabilities
Total liabilities
STOCKHOLDERS' EQUITY:
STOCKHOLDERS' EQUITY:
STOCKHOLDERS' EQUITY:
Preferred stock, $.01 par value; 100,000,000 shares authorized, no shares issued or outstanding
Preferred stock, $.01 par value; 100,000,000 shares authorized, no shares issued or outstanding
Preferred stock, $.01 par value; 100,000,000 shares authorized, no shares issued or outstanding
Common stock, $.01 par value; 1,400,000,000 shares authorized, 133,908,375 and 135,936,375 shares issued and outstanding as of December 31, 2023 and September 30, 2023, respectively
Common stock, $.01 par value; 1,400,000,000 shares authorized, 132,685,065 and 135,936,375 shares issued and outstanding as of March 31, 2024 and September 30, 2023, respectively
Additional paid-in capital
Unearned compensation, Employee Stock Ownership Plan ("ESOP")
Retained earnings
Accumulated deficit
Accumulated other comprehensive income ("AOCI"), net of tax
Total stockholders' equity
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY
See accompanying notes to consolidated financial statements.
See accompanying notes to consolidated financial statements.
See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)

	For the Three Months Ended December 31,	
	2023	**2022**
INTEREST AND DIVIDEND INCOME:		
Loans receivable	$ 75,941	$ 64,819
Mortgage-backed securities ("MBS")	5,859	4,811
Cash and cash equivalents	4,778	16,671
FHLB stock	2,586	4,158
Investment securities	2,528	881
Total interest and dividend income	91,692	91,340
INTEREST EXPENSE:		
Deposits	32,443	11,904
Borrowings	19,656	33,608
Total interest expense	52,099	45,512
NET INTEREST INCOME	39,593	45,828
PROVISION FOR CREDIT LOSSES	123	3,660
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	39,470	42,168
NON-INTEREST INCOME:		
Deposit service fees	2,575	3,461
Insurance commissions	863	795
Net loss from securities transactions	(13,345)	—
Other non-interest income	1,013	1,096
Total non-interest income	(8,894)	5,352
NON-INTEREST EXPENSE:		
Salaries and employee benefits	12,992	13,698
Information technology and related expense	5,369	5,070

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Occupancy, net	3,372	3,474
Federal insurance premium	1,860	812
Regulatory and outside services	1,643	1,533
Advertising and promotional	988	833
Deposit and loan transaction costs	542	611
Office supplies and related expense	361	633
Other non-interest expense	1,381	1,109
Total non-interest expense	28,508	27,773
INCOME BEFORE INCOME TAX (BENEFIT) EXPENSE	2,068	19,747
INCOME TAX (BENEFIT) EXPENSE	(475)	3,507
NET INCOME	$ 2,543	$ 16,240
Basic earnings per share ("EPS")	$ 0.02	$ 0.12
Diluted EPS	$ 0.02	$ 0.12
Basic weighted average common shares	132,353,313	134,640,932
Diluted weighted average common shares	132,353,313	134,640,932

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2024	2023	2024	2023
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 76,122	$ 69,319	$ 152,063	$ 134,138
Mortgage-backed securities ("MBS")	7,794	4,748	13,653	9,559
Cash and cash equivalents	4,513	10,977	9,291	27,648
FHLB stock	2,528	3,607	5,114	7,765
Investment securities	2,332	895	4,860	1,776
Total interest and dividend income	93,289	89,546	184,981	180,886
INTEREST EXPENSE:				
Deposits	33,415	16,140	65,858	28,044
Borrowings	18,554	31,447	38,210	65,055
Total interest expense	51,969	47,587	104,068	93,099
NET INTEREST INCOME	41,320	41,959	80,913	87,787
PROVISION FOR CREDIT LOSSES	301	891	424	4,551
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	41,019	41,068	80,489	83,236
NON-INTEREST INCOME:				
Deposit service fees	2,451	3,122	5,026	6,583
Insurance commissions	735	877	1,598	1,672
Net loss from securities transactions	—	—	(13,345)	—
Other non-interest income	1,457	1,084	2,470	2,180
Total non-interest income	4,643	5,083	(4,251)	10,435
NON-INTEREST EXPENSE:				
Salaries and employee benefits	12,887	12,789	25,879	26,487
Information technology and related expense	4,954	5,789	10,323	10,859
Occupancy, net	3,481	3,568	6,853	7,042
Federal insurance premium	1,727	1,246	3,587	2,058
Regulatory and outside services	1,380	1,305	3,023	2,838

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Advertising and promotional	1,271	1,333	2,259	2,166
Deposit and loan transaction costs	867	690	1,409	1,301
Office supplies and related expense	419	631	780	1,264
Other non-interest expense	1,459	1,280	2,840	2,389
Total non-interest expense	28,445	28,631	56,953	56,404
INCOME BEFORE INCOME TAX EXPENSE	17,217	17,520	19,285	37,267
INCOME TAX EXPENSE	3,455	3,331	2,980	6,838
NET INCOME	$ 13,762	$ 14,189	$ 16,305	$ 30,429
Basic earnings per share ("EPS")	$ 0.11	$ 0.11	$ 0.12	$ 0.23
Diluted EPS	$ 0.11	$ 0.11	$ 0.12	$ 0.23
Basic weighted average common shares	130,536,246	133,150,224	131,449,744	133,903,769
Diluted weighted average common shares	130,536,246	133,150,224	131,449,744	133,903,769

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)

	For the Three Months Ended December 31,	
	2023	2022
Net income	$ 2,543	$ 16,240
Other comprehensive income, net of tax:		
Unrealized gains on AFS securities arising during the period, net of taxes of $(5,350) and $(4,211)	16,581	13,050
Reclassification adjustment for gross gains on AFS securities included in net income, net of taxes of $383 and $0	(1,188)	—
Unrealized gains (losses) on cash flow hedges arising during the period, net of taxes of $967 and $(232)	(2,998)	715
Reclassification adjustment for cash flow hedge amounts included in net income, net of taxes of $626 and $237	(1,940)	(734)
Comprehensive income	$ 12,998	$ 29,271

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2024	2023	2024	2023
Net income	$ 13,762	$ 14,189	$ 16,305	$ 30,429
Other comprehensive income, net of tax:				
Unrealized (losses) gains on AFS securities arising during the period, net of taxes of $1,766, $(5,415), $(3,584), and $(9,626)	(5,471)	16,777	11,110	29,827
Reclassification adjustment for gross gains on AFS securities included in net income, net of taxes of $0, $0, $383, and $0	—	—	(1,188)	—
Unrealized gains (losses) on cash flow hedges arising during the period, net of taxes of $(814), $483, $153, and $251	2,521	(1,495)	(477)	(780)
Reclassification adjustment for cash flow hedge amounts included in net income, net of taxes of $542, $427, $1,168, and $664	(1,678)	(1,323)	(3,618)	(2,057)

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Comprehensive income	$ 9,134	$ 28,148	$ 22,132	$ 57,419

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

(Dollars in thousands, except per share amounts)

	For the Three Months Ended December 31, 2023					
	Common Stock	Additional Paid-In Capital	Unearned Compensation ESOP	Retained Earnings	AOCI	Total Stockholders' Equity
Balance at September 30, 2023	$ 1,359	$ 1,166,643	$ (28,083)	$ (104,565)	$ 8,700	$ 1,044,054
Net income				2,543		2,543
Cumulative effect of adopting Accounting Standards Update ("ASU") 2022-02, net of tax				(27)		(27)
Other comprehensive income, net of tax					10,455	10,455
ESOP activity		(190)	412			222
Restricted stock activity, net		(6)				(6)
Stock-based compensation		87				87
Repurchase of common stock	(20)	(11,879)				(11,899)
Cash dividends to stockholders ($0.085 per share)				(11,308)		(11,308)
Balance at December 31, 2023	$ 1,339	$ 1,154,655	$ (27,671)	$ (113,357)	$ 19,155	$ 1,034,121

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

(Dollars in thousands, except per share amounts)

	For the Six Months Ended March 31, 2024					
	Common Stock	Additional Paid-In Capital	Unearned Compensation ESOP	Accumulated Deficit	AOCI	Total Stockholders' Equity
Balance at September 30, 2023	$ 1,359	$ 1,166,643	$ (28,083)	$ (104,565)	$ 8,700	$ 1,044,054
Net income				2,543		2,543
Cumulative effect of adopting Accounting Standards Update ("ASU") 2022-02, net of tax				(27)		(27)
Other comprehensive income, net of tax					10,455	10,455
ESOP activity		(190)	412			222
Restricted stock activity, net		(6)				(6)
Stock-based compensation		87				87
Repurchase of common stock	(20)	(11,879)				(11,899)
Cash dividends to stockholders ($0.085 per share)				(11,308)		(11,308)
Balance at December 31, 2023	$ 1,339	$ 1,154,655	$ (27,671)	$ (113,357)	$ 19,155	$ 1,034,121
Net income				13,762		13,762
Other comprehensive loss, net of tax					(4,628)	(4,628)
ESOP activity		(168)	413			245
Restricted stock activity, net	1	(3)				(2)
Stock-based compensation		82				82
Repurchase of common stock	(13)	(7,537)				(7,550)
Cash dividends to stockholders ($0.085 per share)				(11,127)		(11,127)
Balance at March 31, 2024	$ 1,327	$ 1,147,029	$ (27,258)	$ (110,722)	$ 14,527	$ 1,024,903

For the Three Months Ended December 31, 2022

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For the Six Months Ended March 31, 2023																
For the Three Months Ended December 31, 2022																
For the Six Months Ended March 31, 2023																
For the Six Months Ended March 31, 2023																
	Common Stock	Additional Common Stock	Capital	Paid-In	ESOP	Additional Compensation Earnings	AOCI	Unearned Retained	Equity	Stock	Capital	Stockholders' ESOP	Common Earnings	Total AOCI	Paid In
Balance at September 30, 2022															
Net income															
Net income															
Net income															
Other comprehensive income, net of tax															
ESOP activity															
ESOP activity															
ESOP activity															
Stock-based compensation															
Stock-based compensation															
Stock-based compensation															
Repurchase of common stock															
Cash dividends to stockholders ($0.365 per share)															
Cash dividends to stockholders ($0.365 per share)															
Cash dividends to stockholders ($0.365 per share)															
Balance at December 31, 2022															
Net income															
Net income															
Net income															
Other comprehensive income, net of tax															
ESOP activity															
ESOP activity															
ESOP activity															
Stock-based compensation															
Stock-based compensation															
Stock-based compensation															

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Cash dividends to stockholders ($0.085 per share)

Cash dividends to stockholders ($0.085 per share)

Cash dividends to stockholders ($0.085 per share)

Balance at March 31, 2023

See accompanying notes to consolidated financial statements.

See accompanying notes to consolidated financial statements.

See accompanying notes to consolidated financial statements.

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)

	For the Three Months Ended December 31,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	2,543	16,240
Adjustments to reconcile net income to net cash provided by operating activities:		
FHLB stock dividends	(2,586)	(4,158)
Provision for credit losses	123	3,660
Originations of loans receivable held-for-sale ("LHFS")	(425)	—
Proceeds from sales of LHFS	433	—
Amortization and accretion of premiums and discounts on securities	(2,771)	837
Depreciation and amortization of premises and equipment	2,040	2,298
Amortization of intangible assets	199	274
Amortization of deferred amounts related to FHLB advances, net	383	459
Common stock committed to be released for allocation - ESOP	222	341
Stock-based compensation	87	89
Net loss from securities transactions	13,345	—
Changes in:		
Unrestricted cash collateral from derivative counterparties, net	(6,830)	530
Other assets, net	461	(2,527)
Income taxes payable/receivable, net	4,584	1,117
Deferred income tax liabilities, net	(7,836)	(245)
Other liabilities	(9,306)	(4,314)
Net cash (used in) provided by operating activities	(5,334)	14,601
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of AFS securities	(668,310)	—
Proceeds from calls, maturities and principal reductions of AFS securities	49,604	51,045
Proceeds from sale of AFS securities	1,272,512	—
Proceeds from the redemption of FHLB stock	3,134	90,423
Purchase of FHLB stock	—	(109,760)
Net change in loans receivable	22,815	(327,583)
Proceeds from sale of participating interest in loans receivable	—	5,563
Purchase of premises and equipment	(1,261)	(1,093)

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Proceeds from sale of other real estate owned ("OREO")	—	296
Net cash provided by (used in) investing activities	678,494	(291,109)

(Continued)

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)

	For the Six Months Ended March 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	16,305	30,429
Adjustments to reconcile net income to net cash provided by operating activities:		
FHLB stock dividends	(5,114)	(7,765)
Provision for credit losses	424	4,551
Originations of loans receivable held-for-sale ("LHFS")	(425)	(218)
Proceeds from sales of LHFS	431	215
Amortization and accretion of premiums and discounts on securities	(5,741)	1,559
Depreciation and amortization of premises and equipment	4,078	4,581
Amortization of intangible assets	379	548
Amortization of deferred amounts related to FHLB advances, net	762	886
Common stock committed to be released for allocation - ESOP	467	677
Stock-based compensation	169	163
Net loss from securities transactions	13,345	—
Changes in:		
Unrestricted cash collateral from derivative counterparties, net	(5,800)	(2,500)
Other assets, net	7,076	1,461
Income taxes payable/receivable, net	5,875	(2,650)
Deferred income tax liabilities, net	(7,656)	787
Other liabilities	(9,407)	(7,990)
Net cash provided by operating activities	15,168	24,734
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of AFS securities	(951,527)	—
Proceeds from calls, maturities and principal reductions of AFS securities	255,533	95,393
Proceeds from sale of AFS securities	1,272,512	—
Proceeds from the redemption of FHLB stock	6,758	214,120
Purchase of FHLB stock	—	(233,827)
Net change in loans receivable	92,101	(503,585)
Proceeds from sale of participating interest in loans receivable	—	5,563
Purchase of premises and equipment	(2,732)	(2,269)
Proceeds from sale of other real estate owned ("OREO")	396	347
Proceeds from sale of assets held-for-sale	180	—
Proceeds from bank-owned life insurance ("BOLI") death benefit	1,049	—
Net cash provided by (used in) investing activities	674,270	(424,258)

(Continued)

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

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(Dollars in thousands)

	For the Three Months Ended December 31,	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(11,308)	(49,209)
Net change in deposits	(29,625)	(120,317)
Proceeds from borrowings	175,100	2,000,100
Repayments on borrowings	(682,521)	(1,487,518)
Change in advances by borrowers	(38,154)	(43,860)
Repurchase of common stock	(11,900)	(22,196)
Net cash (used in) provided by financing activities	(598,408)	277,000
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	74,752	492
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	245,605	49,194
End of period	$ 320,357	$ 49,686

See accompanying notes to consolidated financial statements. (Concluded)

CAPITOL FEDERAL FINANCIAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)

	For the Six Months Ended March 31,	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid	(22,435)	(60,528)
Net change in deposits	90,491	(50,431)
Proceeds from borrowings	225,100	3,092,000
Repayments on borrowings	(754,942)	(2,528,436)
Change in advances by borrowers	(10,295)	(19,872)
Repurchase of common stock	(19,449)	(22,196)
Net cash (used in) provided by financing activities	(491,530)	410,537
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,908	11,013
CASH AND CASH EQUIVALENTS:		
Beginning of period	245,605	49,194
End of period	$ 443,513	$ 60,207
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Purchase of securities that will settle in a subsequent period	$ 29,467	$ —

See accompanying notes to consolidated financial statements. (Concluded)

Notes to Consolidated Financial Statements (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Basis of Presentation - The consolidated financial statements include the accounts of Capitol Federal Financial, Inc.® (the "Company") and its wholly-owned subsidiary, Capitol Federal Savings Bank (the "Bank"). The Bank has two wholly-owned subsidiaries, Capitol Funds, Inc. and Capital City Investments, Inc. Capitol Funds, Inc. has a wholly-owned subsidiary, Capitol Federal Mortgage Reinsurance Company. Capital City Investments, Inc. is a real estate and investment holding company. All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") 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, 2023, filed with the Securities and Exchange Commission ("SEC"). Interim results are not necessarily indicative of results for a full year.

Cash, Cash Equivalents and Restricted Cash - Cash, cash equivalents and restricted cash reported in the statement of cash flows consisted entirely of cash and cash equivalents at December 31, 2023 and September 30, 2023, respectively. At times, the Company holds restricted cash, which is reported in other assets on the consolidated balance sheet, related to collateral postings to/from the Bank's derivative counterparties associated with the Bank's interest rate swaps. There was no restricted cash at December 31, 2023 or September 30, 2023. See additional discussion regarding the interest rate swaps in Note 5. Borrowed Funds.

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

Recent Accounting Pronouncements - In March 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings* ("TDRs") *and Vintage Disclosures*. This ASU eliminates the accounting guidance for TDRs by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. Additionally, this ASU requires that an entity disclose current-period gross write-offs by year of origination for financing receivables within the scope of Accounting Standards Codification ("ASC") 326-20, *Financial Instruments-Credit Losses-Measured at Amortized Cost*. The Company adopted the ASU on October 1, 2023 on a prospective basis, except for the amendments impacting the measurement of the ACL for TDRs, which were adopted on a modified retrospective approach. Upon adoption, the Company recorded a $20 thousand increase in ACL, a $16 thousand increase in reserves for off-balance sheet exposures, and a cumulative effect-adjustment to retained earnings accumulated deficit of $27 thousand, net of tax. The adjustments are attributable to including TDRs in the ACL model, as of October 1 2023. October 1, 2023. The new disclosure requirements associated with this ASU are included below and in Note 4. Loans Receivable and Allowance for Credit Losses.

The following significant accounting policies have been updated since the Company's 2023 Annual Report on Form 10-K 10-K to reflect the adoption of ASU 2022-02.

Troubled debt restructurings - Prior to the Company's adoption of ASU 2022-02, a loan was accounted for as a TDR if the Bank granted a concession to a borrower experiencing financial difficulties. Such concessions generally involve extensions of loan maturity dates, the granting of periods during which reduced payment amounts are required, and/or reductions in interest rates. The Bank does not forgive principal or interest, nor does it commit to lend additional funds to these borrowers, except for situations generally involving the capitalization of delinquent interest and/or escrow on one- to four-family loans and consumer loans, not to exceed the original loan amount. In the case of commercial loans, the Bank generally does not forgive principal or interest or commit to lend additional funds unless the borrower provides additional collateral or other enhancements to improve the credit quality.

Loan modifications - The TDR policy outlined above regarding Bank concessions to a borrower experiencing financial difficulty continues to apply for loan modifications upon adoption of ASU 2022-02 on October 1, 2023. If the change in the loan terms resulting from the modification is deemed to be more than minor, all existing unamortized deferred loan origination fees and costs are recognized at the time of modification. Modifications of loans to borrowers experiencing financial difficulty that are in the form of principal forgiveness, interest rate reductions, other-than-insignificant payment delays, or a term extension (or a combination thereof) require disclosure in the Company's footnotes. The Company's modification disclosures are included in Note 4. Loans Receivable and Allowance for Credit Losses. Modified loans are included in the Company's ACL model based on the risk characteristics of the loan. If a modified loan is deemed uncollectible and no longer shares similar risk characteristics within the respective loan pool in the ACL model, the loan is evaluated on an individual basis and any loss is charged-off against the related ACL.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.* This ASU incorporates a variety of Topics into the Codification that are currently included in SEC Regulations S-X and S-K. The ASU is intended to align the accounting standards of GAAP with SEC Regulations S-X and S-K. Each amendment in the ASU will only become effective for the Company if the SEC removes the related disclosure or presentation requirement from its existing regulations by June 30, 2027. This may result in disclosures currently presented outside of the Company's financial statements being relocated to the Company's financial statements. The amendments will be applied

prospectively by the Company. The ASU is not expected to have a material impact to on the Company's disclosures as the Company is currently subject to SEC Regulations S-X and S-K.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures.* This ASU requires enhanced disclosures of segment information for all public entities, including those that have a single reportable segment, primarily in the area of segment revenues and expenses. Entities that have a single reportable segment, like the Company, will be required to provide all the disclosures required by this ASU and all existing segment disclosures requirements in ASC 280, *Segment Reporting*. This ASU is effective for the Company on October 1, 2024. The Company is currently evaluating the effect this ASU will have on the Company's segment disclosures.

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In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. This ASU requires public entities to provide additional annual disclosures regarding specific categories of the income tax rate reconciliation and additional information for reconciling items within the income tax rate reconciliation that meet a certain quantitative threshold. This ASU is effective for the Company on October 1, 2025. The Company is currently evaluating the effect this ASU will have on the Company's income tax disclosures.

In March 2024, the FASB issued ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concepts Statements.* This ASU removes references to various Concept Statements to simplify the Codification and provide a distinction between authoritative and nonauthoritative literature. This ASU is effective for the Company on October 1, 2025. The Company is currently evaluating this ASU, but it is not expected to have a significant impact on the Company's consolidated financial condition, results of operations, and disclosures.

2. EARNINGS PER SHARE

Shares acquired by the ESOP are not included in basic average shares outstanding until the shares are committed for allocation or vested to an employee's individual account. Unvested shares awarded pursuant to the Company's restricted stock benefit plans are treated as participating securities in the computation of EPS pursuant to the two-class method as they contain nonforfeitable rights to dividends. The two-class method is an earnings allocation that determines EPS for each class of common stock and participating security.

	For the Three Months Ended	For the Three Months Ended	For the Six Months Ended
	For the Three Months Ended		
	For the Three Months Ended		
	December 31,		
	December 31,		
	December 31,		
	2023		
	2023		
	2023		
	(Dollars in thousands, except per share amounts)		
	(Dollars in thousands, except per share amounts)		

	March 31,			
	2024	2023	2024	2023
	(Dollars in thousands, except per share amounts)	(Dollars in thousands, except per share amounts)		
Net income				
Income allocated to participating securities				
Income allocated to participating securities				
Income allocated to participating securities				
Net income available to common stockholders				
Net income available to common stockholders				
Net income available to common stockholders				
Total basic average common shares outstanding				
Total basic average common shares outstanding				
Total basic average common shares outstanding				
Effect of dilutive stock options				
Effect of dilutive stock options				
Effect of dilutive stock options				
Total diluted average common shares outstanding				
Total diluted average common shares outstanding				
Total diluted average common shares outstanding				
Net EPS:				
Net EPS:				
Net EPS:				
Basic				
Basic				
Basic				
Diluted				

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Diluted

Diluted

Antidilutive stock options, excluded from the diluted average

Antidilutive stock options, excluded from the diluted average

Antidilutive stock options, excluded from the diluted average

common shares outstanding calculation

common shares outstanding calculation

common shares outstanding calculation

3. SECURITIES

The following tables reflect the amortized cost, estimated fair value, and gross unrealized gains and losses of AFS securities at the dates presented. The majority of our securities are government guaranteed or issued by a Government Sponsored Enterprise ("GSE").

	December 31, 2023					March 31, 2024					
	Amortized Cost	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Estimated Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Estimated
	(Dollars in thousands)										
MBS											
MBS											
MBS											
U.S. Treasury bills											
Corporate bonds											
Corporate bonds											
GSE debentures											
Corporate bonds											
	$										
	$										
	$										

	September 30, 2023											
	Amortized Cost	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Estimated Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Estimated
	(Dollars in thousands)										
MBS											
MBS											
MBS											
Government-sponsored enterprise ("GSE") debentures											
GSE debentures											
Corporate bonds											
Municipal bonds											
	$										

The following tables summarize the estimated fair value and gross unrealized losses of those AFS securities on which an unrealized loss at the dates presented was reported and the continuous unrealized loss position for less than 12 months and equal to or greater than 12 months as of the dates presented.

December 31, 2023				March 31, 2024			
Less Than 12 Months		Less Than 12 Months		Equal to or Greater Than 12 Months	Less Than 12 Months		Equal to or Greater Than 12 Months	
Estimated	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized	Estimated	Unrealized

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	Fair Value	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
			(Dollars in thousands)						
MBS									
MBS									
MBS									
Corporate bonds									
Corporate bonds									
U.S. Treasury bills									
GSE debentures									
Corporate bonds									
	$								
	$								
	$								

	September 30, 2023			
	Less Than 12 Months		Equal to or Greater Than 12 Months	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)			
MBS	$ 6,179	$ 109	$ 34,555	$ 710
GSE debentures	—	—	24,818	182
Corporate bonds	—	—	3,378	622
	$ 6,179	$ 109	$ 62,751	$ 1,514

The unrealized losses at December 31, 2023 March 31, 2024 were a result of an increase in market yields from the time the securities were purchased. In general, as market yields rise, the fair value of securities will decrease; as market yields fall, the fair value of securities will increase. Management did not record an ACL on securities in an unrealized loss position at December 31, 2023 because March 31, 2024 as management does not believe any of the securities were impaired due to credit quality reasons. The issuers of these securities continue to make scheduled coupon and timely principal and interest payments, have been made, as applicable, under the contractual term of the securities so management anticipates that believes the entire principal balance will be collected as scheduled, and neither scheduled. Additionally, management does not have the Company intend intent to sell any of the securities nor and believes that it is it more likely than not that the Company will not be required to sell the securities before the recovery of the remaining amortized cost, amount, which could be at maturity. The fair value is expected to recover as the securities approach their maturity date, if not before, or if market yields for such securities decline.

The amortized cost and estimated fair value of AFS debt securities as of December 31, 2023 March 31, 2024, by contractual maturity, are shown below. Actual principal repayments may differ from contractual maturities due to prepayment or early call privileges by the issuer. In the case of MBS, borrowers on the underlying loans generally have the right to prepay their loans without penalty. For this reason, MBS are not included in the maturity categories.

	Amortized	
	Amortized	
	Amortized	
	Cost	
	Cost	
	Cost	
	(Dollars in thousands)	
	(Dollars in thousands)	
	(Dollars in thousands)	
One year or less		
One year or less		

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One year or less	
Five years through ten years	
Five years through ten years	
Five years through ten years	
	217,700
	194,950
	217,700
	194,950
	217,700
	194,950
MBS	
MBS	
MBS	
	$
	$
	$

The following table presents the taxable and non-taxable components of interest income on investment securities for the periods presented.

	For the Three Months Ended			For the Six Months Ended	
	For the Three Months Ended				
	For the Three Months Ended				
	December 31,				
	December 31,				
	December 31,				
	2023				
	2023				
	2023				
	(Dollars in thousands)				
	(Dollars in thousands)				
			March 31,		
		2024	2023	2024	2023
		(Dollars in thousands)		(Dollars in thousands)	
Taxable					
Non-taxable					
Non-taxable					
Non-taxable					
	$				
	$				
	$				

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

	December 31, 2023	September 30, 2023	March 31, 2024	September 30, 2023
		(Dollars in thousands)		
Public unit deposits				
Federal Reserve Bank of Kansas City ("FRB of Kansas City") borrowings				
	$			
	$			
	$			

.

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During the quarter ended December 31, 2023, the Bank sold $1.30 billion of AFS securities. The Bank received gross proceeds of $1.27 billion from the sale and realized gross losses of $14.9 million and gross gains of $1.6 million, resulting in a net loss of $13.3 million on the sale during the quarter. quarter ended December 31, 2023. All other dispositions of securities during the current year and prior year periods were the result of principal repayments, calls, or maturities.

4. LOANS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans receivable, net at the dates presented is summarized as follows:

	December 31, 2023	September 30, 2023
	March 31, 2024	September 30, 2023
		(Dollars in thousands)
One- to four-family:		
Originated		
Originated		
Originated		
Correspondent purchased		
Bulk purchased		
Construction		
Total		
Commercial:		
Commercial real estate		
Commercial real estate		
Commercial real estate		
Commercial and industrial		
Construction		
Total		
Consumer:		
Home equity		
Home equity		
Home equity		
Other		
Total		
Total loans receivable		
Total loans receivable		
Total loans receivable		
Less:		
Less:		
Less:		
ACL		
ACL		
ACL		
Deferred loan fees/discounts		
Premiums/deferred costs		
	$	

Lending Practices and Underwriting Standards - Originating one- to four-family loans is the Bank's primary lending business. The Bank also purchases one- to four-family loans from correspondent lenders, but to a much lesser extent in the current fiscal year compared to prior years, and originates consumer loans primarily secured by one- to four-family residential properties and originates and participates in commercial loans. The Bank has a loan concentration in one- to four-family loans and a geographic concentration of these loans in Kansas and Missouri.

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One- to four-family loans - Full documentation to support an applicant's credit and income, and sufficient funds to cover all applicable fees and reserves at closing, are required on all loans. Properties securing one- to four-family loans are appraised by either staff appraisers or fee appraisers, both of which are independent of the loan origination function.

The underwriting standards for loans purchased from correspondent lenders are generally similar to the Bank's internal underwriting standards. The underwriting of loans purchased from correspondent lenders on a loan-by-loan basis is performed by the Bank's underwriters.

The Bank also originates owner-occupied construction-to-permanent loans secured by one- to four-family residential real estate. Construction draw requests and the supporting documentation are reviewed and approved by designated personnel. The Bank also performs regular documented inspections of the construction project to ensure the funds are being used for the intended purpose and the project is being completed according to the plans and specifications provided.

Commercial loans - The Bank's commercial real estate and commercial construction portfolio includes loans that are originated by the Bank or in participation with a lead bank. For commercial participation loans, the Bank performs the same underwriting procedures as if the loan was originated by the Bank.

When underwriting a commercial real estate or commercial construction loan, several factors are considered, such as the income producing potential of the property, cash equity provided by the borrower, the financial strength of the borrower, managerial expertise of the borrower or tenant, feasibility studies, lending experience with the borrower and the marketability of the property. For commercial real estate and commercial construction participation loans, the Bank performs the same underwriting procedures as if the loan

was being originated by the Bank. At the time of origination, loan-to-value ("LTV") ratios on commercial real estate loans generally do not exceed 85% of the appraised value of the property securing the loans and the minimum debt service coverage ratio is generally 1.15. For commercial construction loans, LTV ratios generally do not exceed 80% of the projected appraised value of the property securing the loans and the minimum debt service coverage ratio is generally 1.15, but it applies to the projected cash flows, and the borrower must have successful experience with the construction and operation of properties similar to the subject property. Appraisals on properties securing these loans are performed by independent state certified fee appraisers.

The Bank's commercial and industrial loans are generally made in the Bank's market areas and are underwritten on the basis of the borrower's ability to service the debt from income. Working capital loans are primarily collateralized by short-term assets whereas term loans are primarily collateralized by long-term assets. In general, commercial and industrial loans involve more credit risk than commercial real estate loans due to the type of collateral securing commercial and industrial loans. As a result of these additional complexities, variables and risks, commercial and industrial loans generally require more thorough underwriting and servicing than other types of loans.

Consumer loans - The Bank offers a variety of consumer loans, the majority of which are home equity loans and lines of credit for which the Bank also has the first mortgage or the first lien position.

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

Credit Quality Indicators - Based on the Bank's lending emphasis and underwriting standards, management has segmented the loan portfolio into three segments: (1) one- to four-family; (2) consumer; and (3) commercial. These segments are further divided into classes for purposes of providing disaggregated credit quality information about the loan portfolio. The classes are: one- to four-family - originated, one- to four-family - correspondent purchased, one- to four-family - bulk purchased, consumer - home equity, consumer - other, commercial - commercial real estate, and commercial - commercial and industrial. One- to four-family construction loans are included in the originated class and commercial construction loans are included in the commercial real estate class. As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related to loan classification and delinquency status.

Loan Classification - In accordance with the Bank's asset classification policy, management regularly reviews the problem loans in the Bank's portfolio to determine whether any require classification. Loan classifications are defined as follows:

- Special mention - These loans are performing loans on which known information about the collateral pledged or the possible credit problems of the borrower(s) have caused management to have doubts as to the ability of the borrower(s) to comply with present loan repayment terms and which may result in the future inclusion of such loans in the nonaccrual loan categories.
- Substandard - A loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard loans include those characterized by the distinct possibility the Bank will sustain some loss if the deficiencies are not corrected.
- Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses present make collection or liquidation in full on the basis of currently existing facts and conditions and values highly questionable and improbable.
- Loss - Loans classified as loss are considered uncollectible and of such little value that their continuance as assets on the books is not warranted.

The following tables set forth, as of the dates indicated, the amortized cost of loans by class of financing receivable, year of origination or most recent credit decision, and loan classification. All revolving lines of credit and revolving lines of credit converted to term loans are presented separately, regardless of origination year. Loans classified as doubtful or loss are individually evaluated for loss. At December 31, 2023 March 31, 2024 and September 30, 2023, there were no loans classified as doubtful, and all loans classified as loss were fully charged-off.

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	December 31, 2023									March 31, 2024							
					Revolving												
					Line of												
					Line of												
					Line of												
	Current																
	Current																
	Current																
	Fiscal																
	Fiscal																
	Fiscal																
	Year																
	Year																
	Year	2023	2022	2021	2020		Years	Credit	to Term	Total	2023	2022	2021	2020	Years	Credit	to Term	Total
	(Dollars in thousands)																
One- to four-family:																	
Originated																	
Originated																	
Originated																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Substandard																	
Correspondent purchased																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Substandard																	
Bulk purchased																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Substandard																	
	52,270																
	85,268																
Commercial:																	
Commercial real estate																	
Commercial real estate																	
Commercial real estate																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Substandard																	
Commercial and industrial																	
Pass																	
Pass																	
Pass																	

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Special Mention	
Substandard	
	128,122
	185,849
Consumer:	
Home equity	
Home equity	
Home equity	
Pass	
Pass	
Pass	
Special Mention	
Substandard	
Other	
Pass	
Pass	
Pass	
Special Mention	
Substandard	
	4,103
	6,050
Total	
Total	
Total	

	September 30, 2023								
	Fiscal Year 2023	**Fiscal Year 2022**	**Fiscal Year 2021**	**Fiscal Year 2020**	**Fiscal Year 2019**	**Prior Years**	**Revolving Line of Credit**	**Revolving Line of Credit Converted to Term**	**Total**
	(Dollars in thousands)								
One- to four-family:									
Originated									
Pass	$ 318,569	$ 597,298	$ 874,518	$ 568,081	$ 251,773	$ 1,398,616	$ —	$ —	$ 4,008,855
Special Mention	—	1,883	1,468	767	1,863	8,067	—	—	14,048
Substandard	292	155	221	564	939	7,954	—	—	10,125
Correspondent purchased									
Pass	346,084	517,976	607,968	246,926	62,744	643,520	—	—	2,425,218
Special Mention	308	674	1,674	420	357	1,133	—	—	4,566
Substandard	—	—	—	564	—	5,402	—	—	5,966
Bulk purchased									
Pass	—	—	—	—	—	134,464	—	—	134,464
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	3,208	—	—	3,208
	665,253	1,117,986	1,485,849	817,322	317,676	2,202,364	—	—	6,606,450
Commercial:									
Commercial real estate									
Pass	403,269	301,164	208,942	81,478	82,027	79,170	10,448	—	1,166,498

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Special Mention	2,483	—	—	—	—	—	—	—	2,483
Substandard	67	—	—	594	219	255	—	—	1,135
Commercial and industrial									
Pass	30,206	23,166	11,740	3,228	2,693	748	27,104	—	98,885
Special Mention	13,191	—	—	—	—	—	699	—	13,890
Substandard	—	—	—	73	—	82	—	—	155
	449,216	324,330	220,682	85,373	84,939	80,255	38,251	—	1,283,046
Consumer:									
Home equity									
Pass	5,501	5,624	1,955	1,069	746	2,224	72,119	6,205	95,443
Special Mention	—	46	—	—	—	21	62	195	324
Substandard	—	—	—	—	—	15	125	48	188
Other									
Pass	4,758	2,693	787	338	133	129	412	—	9,250
Special Mention	—	—	—	4	—	—	—	1	5
Substandard	2	—	—	—	—	—	—	—	2
	10,261	8,363	2,742	1,411	879	2,389	72,718	6,449	105,212
Total	$ 1,124,730	$ 1,450,679	$ 1,709,273	$ 904,106	$ 403,494	$ 2,285,008	$ 110,969	$ 6,449	$ 7,994,708

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

	December 31, 2023								March 31, 2024							
	Current Fiscal Year	Current Fiscal Year	Current Fiscal Year	Current Fiscal Year	Revolving Line of Credit	Revolving Line of Credit to Term	Revolving Line of Credit Total		Current Fiscal Year	Current Fiscal Year	Current Fiscal Year	Current Fiscal Year	Revolving Line of Credit	Revolving Line of Credit to Term	Revolving Line of Credit Total	
	2023	2022	2021	2020	Years				2023	2022	2021	2020	Years			
	(Dollars in thousands)															
One- to four-family:																
Originated																
Originated																
Originated																
Current																
Current																
Current																
30-89																
90+/FC																
Correspondent purchased																
Current																
Current																

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Current	
30-89	
90+/FC	
Bulk purchased	
Current	
Current	
Current	
30-89	
90+/FC	
	52,270
	85,268
Commercial:	
Commercial real estate	
Commercial real estate	
Commercial real estate	
Current	
Current	
Current	
30-89	
90+/FC	
Commercial and industrial	
Current	
Current	
Current	
30-89	
90+/FC	
	128,122
	185,849
Consumer:	
Home equity	
Home equity	
Home equity	
Current	
Current	
Current	
30-89	
90+/FC	
Other	
Current	
Current	
Current	
30-89	
90+/FC	
	4,103
	6,050
Total	
Total	
Total	

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	September 30, 2023								
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Prior Years	Revolving Line of Credit	Revolving Line of Credit Converted to Term	Total
	(Dollars in thousands)								
One- to four-family:									
Originated									
Current	$ 318,211	$ 598,283	$ 875,563	$ 567,975	$ 253,546	$ 1,407,090	$ —	$ —	$ 4,020,668
30-89	358	898	644	1,437	820	5,960	—	—	10,117
90+/FC	292	155	—	—	209	1,587	—	—	2,243
Correspondent purchased									
Current	346,084	518,650	608,573	247,346	62,652	643,739	—	—	2,427,044
30-89	308	—	1,069	564	449	2,862	—	—	5,252
90+/FC	—	—	—	—	—	3,454	—	—	3,454
Bulk purchased									
Current	—	—	—	—	—	136,577	—	—	136,577
30-89	—	—	—	—	—	153	—	—	153
90+/FC	—	—	—	—	—	942	—	—	942
	665,253	1,117,986	1,485,849	817,322	317,676	2,202,364	—	—	6,606,450
Commercial:									
Commercial real estate									
Current	404,867	301,164	208,942	81,478	82,027	79,188	10,448	—	1,168,114
30-89	36	—	—	—	—	—	—	—	36
90+/FC	916	—	—	594	219	237	—	—	1,966
Commercial and industrial									
Current	43,397	23,166	11,740	3,228	2,690	748	27,684	—	112,653
30-89	—	—	—	—	2	—	57	—	59
90+/FC	—	—	—	73	1	82	62	—	218
	449,216	324,330	220,682	85,373	84,939	80,255	38,251	—	1,283,046
Consumer:									
Home equity									
Current	5,428	5,631	1,955	990	746	2,195	71,986	6,312	95,243
30-89	73	39	—	79	—	50	239	125	605
90+/FC	—	—	—	—	—	15	81	11	107
Other									
Current	4,737	2,613	765	338	132	129	412	—	9,126
30-89	17	80	22	4	1	—	—	1	125
90+/FC	6	—	—	—	—	—	—	—	6
	10,261	8,363	2,742	1,411	879	2,389	72,718	6,449	105,212
Total	$ 1,124,730	$ 1,450,679	$ 1,709,273	$ 904,106	$ 403,494	$ 2,285,008	$ 110,969	$ 6,449	$ 7,994,708

Gross Charge-Offs - Upon Since the adoption of ASU 2022-02 on October 1, 2023, the Company is has been required to present gross charge-offs by class of financing receivable and year of origination or most recent credit decision. The following table sets forth the required gross charge-off information for the three months six month period ended December 31, 2023 March 31, 2024.

	Revolving	Revolving	Revolving

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	Current Fiscal Year	2023	2022	2021	2020	Lines Years	Lines Credit	Lines Term	Total	2023	2022	2021	2020	Years	Credit	Term	Total
		(Dollars in thousands)															
One- to four-family:																	
Originated																	
Originated																	
Originated																	
Correspondent purchased																	
Bulk purchased																	
Commercial:																	
Commercial:																	
Commercial:																	
Commercial real estate																	
Commercial real estate																	
Commercial real estate																	
Commercial and Industrial																	
Consumer:																	
Consumer:																	
Consumer:																	
Home Equity																	
Home Equity																	
Home Equity																	
Other																	
	1																
	2																
Total																	
Total																	
Total																	

Delinquent and Nonaccrual Loans - The following tables present the amortized cost, at the dates indicated, by class, of loans 30 to 89 days delinquent, loans 90 or more days delinquent or in foreclosure, total delinquent loans, current loans, and total loans. At December 31, 2023 March 31, 2024 and September 30, 2023, all loans 90 or more days delinquent were on nonaccrual status. The increase in correspondent and bulk purchased one- to four-family loans 30 to 89 days delinquent and in nonaccrual one- to four-family loans was due mainly to delinquencies returning to more historical levels as government payment assistance programs expired. The increase in commercial loans 30 to 89 days delinquent was a mix of several different borrowers and property types. There was not one underlying reason for the increase in commercial loan delinquencies from September 30, 2023. Management is working closely with the borrowers to address payment issues.

December 31, 2023				March 31, 2024		
90 or More Days	90 or More Days	Total		Total		90 or More Days

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	30 to 89 Days Delinquent	30 to 89 Days Delinquent	Delinquent or in Foreclosure	Delinquent Loans	Current Cost	Amortized	30 to 89 Days Delinquent	Delinquent or in Foreclosure	Delinquent Loans	Curre
	(Dollars in thousands)									
One- to four-family:										
Originated										
Originated										
Originated										
Correspondent purchased										
Bulk purchased										
Commercial:										
Commercial real estate										
Commercial real estate										
Commercial real estate										
Commercial and industrial										
Consumer:										
Home equity										
Home equity										
Home equity										
Other										
	$									

	September 30, 2023				
	30 to 89 Days Delinquent	90 or More Days Delinquent or in Foreclosure	Total Delinquent Loans	Current Loans	Total Amortized Cost
	(Dollars in thousands)				
One- to four-family:					
Originated	$ 10,117	$ 2,243	$ 12,360	$ 4,020,668	$ 4,033,028
Correspondent purchased	5,252	3,454	8,706	2,427,044	2,435,750
Bulk purchased	153	942	1,095	136,577	137,672
Commercial:					
Commercial real estate	36	1,966	2,002	1,168,114	1,170,116
Commercial and industrial	59	218	277	112,653	112,930
Consumer:					
Home equity	605	107	712	95,243	95,955
Other	125	6	131	9,126	9,257
	$ 16,347	$ 8,936	$ 25,283	$ 7,969,425	$ 7,994,708

The amortized cost of mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of December 31, 2023 March 31, 2024 and September 30, 2023 was $2.8 million $3.2 million and $2.5 million, respectively, which is included in loans 90 or more days delinquent or in foreclosure in the tables above. The carrying value of residential OREO held as a result of obtaining physical possession upon completion of a foreclosure or through completion of a deed in lieu of foreclosure was $444 $67 thousand at December 31, 2023 March 31, 2024 and $219 thousand at September 30, 2023.

The following table presents the amortized cost at December 31, 2023 March 31, 2024 and September 30, 2023, by class, of loans classified as nonaccrual. Additionally, the amortized cost of nonaccrual loans that had no related ACL is presented, all of which were individually evaluated for loss and any identified losses have been charged off.

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	December 31, 2023			September 30, 2023					
	March 31, 2024			September 30, 2023					
	Nonaccrual Loans	Nonaccrual Loans	Nonaccrual Loans with No ACL	Nonaccrual Loans	Nonaccrual Loans with No ACL	Nonaccrual Loans	Nonaccrual Loans with No ACL	Nonaccrual Loans	Nonaccrual Loans with No ACL
			(Dollars in thousands)						
One- to four-family:									
Originated									
Originated									
Originated									
Correspondent purchased									
Bulk purchased									
Commercial:									
Commercial real estate									
Commercial real estate									
Commercial real estate									
Commercial and industrial									
Consumer:									
Home equity									
Home equity									
Home equity									
Other									
	$								

Loan Modifications - The following table presents tables present the amortized cost basis of loans as of December 31, 2023 March 31, 2024 that were both experiencing financial difficulties and modified during the three months ended December 31, 2023, periods noted, by class of financing receivable and by type of modification. The Also presented in the tables is the percentage of the amortized cost basis of loans as of March 31, 2024 that were modified to borrowers experiencing financial difficulties as compared to the amortized cost basis of each class of financing receivable is also presented below. as of March 31, 2024. During the three months and six months ended December 31, 2023 March 31, 2024, the Company did not charge-off any amounts related to the loans presented in the table below. The Company has not committed to lend additional amounts to borrowers included in this table. these tables.

	For the Three Months Ended March 31, 2024																							
													Combination-Term Extension											
	Principal Forgiveness		Principal Forgiveness		Interest Rate Reduction		Payment Delay		Term Extension		and Payment Delay				Total				Receivable		Financir	
					(Dollars in thousands)																			
One- to four-family:																								
One- to four-family:																								
One- to four-family:																								
Originated																								
Originated																								
Originated	$	—	$		$	—	$		$	—	$		$	—	$		$	4,405	$		$	4,405	0.11	0.11 %	$	—	$
Correspondent																								
Purchased																								
Bulk purchased																								
	—																							

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Commercial:	
Commercial real estate	
Commercial real estate	
Commercial real estate	
Commercial and industrial	—
Consumer loans:	
Home equity	
Home equity	
Home equity	
Other	—
Total	
Total	
Total	

	For the Six Months Ended March 31, 2024						
	Principal Forgiveness	Interest Rate Reduction	Payment Delay	Term Extension	Combination-Term Extension and Payment Delay	Total	Total Class of Financing Receivable
	(Dollars in thousands)						
One- to four-family:							
Originated	$ —	$ —	$ —	$ —	$ 7,385	$ 7,385	0.19 %
Correspondent	—	—	—	—	1,744	1,744	0.07
Bulk purchased	—	—	—	—	—	—	—
	—	—	—	—	9,129	9,129	0.14
Commercial:							
Commercial real estate	—	—	—	—	238	238	0.02
Commercial and industrial	—	—	—	—	455	455	0.41
	—	—	—	—	693	693	0.05
Consumer loans:							
Home equity	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ 9,822	$ 9,822	0.12

Financial effect of loan modifications - All loan modifications during the three months and six months ended December 31, 2023 March 31, 2024 were a combination of term extensions and payment delays delays. The table below presents the financial impact of one- to four-family originated loans or one- to four-family correspondent loans. The weighted average length of loan modifications during the term extensions was 23 three and six months for one- to four-family originated loans and 12 months for one- to four-family correspondent loans. The weighted average payment delay was four months for both one- to four-family originated loans and one- to four-family correspondent loans. ended March 31, 2024.

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	For the Three Months Ended March 31, 2024		For the Six Months Ended March 31, 2024	
	Term Extension	Payment Delays	Term Extension	Payment Delays
One- to four-family:				
Originated	39 months	4 months	31 months	4 months
Correspondent	20 months	5 months	17 months	4 months
Commercial:				
Commercial real estate	26 months	26 months	26 months	26 months
Commercial and industrial	6 months	6 months	6 months	6 months

Performance of loan modifications - None of Of the loans modified during the three and six months ended December 31, 2023 March 31, 2024, $93 thousand of one- to four-family originated loans defaulted through December 31, 2023 March 31, 2024. The Company considers "default" to mean 90 days or more past due under the modified terms. Of the loans modified during the three and six months ended December 31, 2023 March 31, 2024, $231 $672 thousand of one-to four-family originated loans were 30-89 days delinquent at December 31, 2023 March 31, 2024. All other loans modified during the three and six months ended December 31, 2023 March 31, 2024 were current at December 31, 2023 March 31, 2024.

TDRs - Prior to the adoption of ASU 2022-02 on October 1, 2023, loans were accounted for as TDRs if the Bank granted a concession to a borrower experiencing financial difficulties. There were no loans was one one- to four-family bulk loan restructured during the three and six months ended December 31, 2022. March 31, 2023, with an amortized cost of $239 thousand prior to restructuring and an amortized cost of $257 thousand immediately after restructuring. During the three months ended December 31, 2022 March 31, 2023, there were no TDRs that became delinquent within 12 months after being restructured. During the six months ended March 31, 2023 there was one one-to one- to four-family originated TDR with an amortized cost of $8 thousand that became delinquent within 12 months after being restructured.

Allowance for Credit Losses - The following is a summary of ACL activity, by loan portfolio segment, for the periods presented.

	For the Three Months Ended December 31, 2023					For the Three Months Ended March 31, 2024				
	One- to Four-Family									
	Correspondent									
	Correspondent									
	Correspondent									
	Originated									
	Originated									
	Originated	Purchased	Total	Commercial	Consumer	Total	Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)									
Beginning balance										
Adoption of ASU 2022-02										
Balance at October 1, 2023										
Charge-offs										
Recoveries										
Provision for credit losses										
Ending balance										

	For the Three Months Ended December 31, 2022					For the Six Months Ended March 31, 2024				
	One- to Four-Family									
	Correspondent									
	Correspondent									
	Correspondent									
	Originated									
	Originated									
	Originated	Purchased	Total	Commercial	Consumer	Total	Purchased	Total	Commercial	Consumer	Total

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(Dollars in thousands)

Beginning balance	
Adoption of ASU 2022-02	
Balance at October 1, 2023	
Charge-offs	
Recoveries	
Provision for credit losses	
Ending balance	

	For the Three Months Ended March 31, 2023						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Beginning balance	$ 2,159	$ 2,987	$ 216	$ 5,362	$ 13,584	$ 243	$ 19,189
Charge-offs	—	—	—	—	—	(16)	(16)
Recoveries	—	—	—	—	1	1	2
Provision for credit losses	(20)	87	5	72	637	5	714
Ending balance	$ 2,139	$ 3,074	$ 221	$ 5,434	$ 14,222	$ 233	$ 19,889

	For the Six Months Ended March 31, 2023						
	One- to Four-Family						
	Originated	Correspondent Purchased	Bulk Purchased	Total	Commercial	Consumer	Total
	(Dollars in thousands)						
Beginning balance	$ 2,066	$ 2,734	$ 206	$ 5,006	$ 11,120	$ 245	$ 16,371
Charge-offs	—	—	—	—	—	(20)	(20)
Recoveries	1	—	—	1	1	2	4
Provision for credit losses	72	340	15	427	3,101	6	3,534
Ending balance	$ 2,139	$ 3,074	$ 221	$ 5,434	$ 14,222	$ 233	$ 19,889

The key assumptions in the Company's ACL model include the economic forecast, the forecast and reversion to mean time periods, and prepayment and curtailment assumptions. Management also considered certain qualitative factors when evaluating the adequacy of the ACL at December 31, 2023 March 31, 2024. The key assumptions utilized in estimating the Company's ACL at December 31, 2023 March 31, 2024 are discussed below.

- *Economic Forecast* - Management considered several economic forecasts provided by a third party and selected an economic forecast that was the most appropriate considering the facts and circumstances at December 31, 2023 March 31, 2024. The forecasted economic indices applied to the model at December 31, 2023 March 31, 2024 were the national unemployment rate, changes in commercial real estate price index, changes in home values, and changes in the U.S. gross domestic product. The economic index most impactful to all loan pools within the model at December 31, 2023 March 31, 2024 was the national unemployment rate. The forecasted national unemployment rate in the economic scenario selected by management at December 31, 2023 March 31, 2024 had the national unemployment rate gradually increasing to 4.0% 4.1%by December 31, 2024 March 31, 2025, which was the end of our four-quarter forecast time period.
- *Forecast and reversion to mean time periods* - The forecasted time period and the reversion to mean time period were each four quarters for all of the economic indices at December 31, 2023 March 31, 2024.
- *Prepayment and curtailment assumptions* - The assumptions used at December 31, 2023 March 31, 2024 were generally based on actual historical prepayment and curtailment speeds, adjusted by management as deemed necessary. The prepayment and curtailment assumptions vary for each respective loan pool in the model.
- *Qualitative factors* - The qualitative factors applied by management at December 31, 2023 March 31, 2024 included the following:
  - The economic uncertainties related to the unemployment rate, the labor force composition, and the labor participation rate that are not captured in the third-party economic forecast scenarios; and
  - Other management considerations related to commercial loans to account for credit risks not fully reflected in the discounted cash flow model.

Reserve for Off-Balance Sheet Credit Exposures - The following is a summary of the changes in reserve for off-balance sheet credit exposures during the periods indicated. At December 31, 2023 March 31, 2024 and September 30, 2023, the Bank's off-balance sheet credit exposures totaled $803.0 million $790.9 million and $837.7 million, respectively.

	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended

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	For the Three Months Ended			
	For the Three Months Ended			
	December 31, 2023			
	December 31, 2023			
	December 31, 2023			
	(Dollars in thousands)			
	(Dollars in thousands)			
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	(Dollars in thousands)		(Dollars in thousands)	
Beginning balance				
Beginning balance				
Beginning balance				
Adoption of ASU 2022-02				
Adoption of ASU 2022-02				
Adoption of ASU 2022-02				
Balance at October 1, 2023				
Balance at October 1, 2023				
Balance at October 1, 2023				
(Release)/provision for credit losses				
(Release)/provision for credit losses				
(Release)/provision for credit losses				
Ending balance				
Ending balance				
Ending balance				

5. BORROWED FUNDS

Borrowings - Borrowings at December 31, 2023 March 31, 2024 consisted of $2.38 billion $2.35 billion in FHLB advances, of which $2.01 billion $2.05 billion were fixed-rate advances and $365.0 million $300.0 million were variable-rate advances and $974 $971 thousand in finance leases. Borrowings at September 30, 2023 consisted of $2.38 billion in FHLB advances, of which $2.02 billion were fixed-rate advances and $365.0 million were variable-rate advances, and $500.0 million of borrowings from the Federal Reserve's Bank Term Funding Program ("BTFP"). During the current quarter, year period, the Bank paid off the $500.0 million of BTFP borrowings.

As of December 31, 2023 March 31, 2024 and September 30, 2023, the Bank held interest rate swap agreements with an aggregate notional amount of $300.0 million and $365.0 million, respectively, in order to hedge the variable cash flows associated with $300.0 million and $365.0 million, respectively, of adjustable-rate FHLB advances. At December 31, 2023 March 31, 2024 and September 30, 2023, the interest rate swap agreements had an average remaining term to maturity of 1.8 1.9 years and 2.1 years, respectively. The interest rate swaps were designated as cash flow hedges and involved the receipt of variable amounts from a counterparty in exchange for the Bank making fixed-rate payments over the life of the interest rate swap agreements. At December 31, 2023 March 31, 2024 and September 30, 2023, the interest rate swaps were in a gain position with a total fair value of $6.5 million $7.6 million and $13.0 million, respectively, which was reported in other assets on the consolidated balance sheet. During the three and six month periods ended December 31, 2023 March 31, 2024, $1.7 million and December 31, 2022 $3.6 million, $1.9 million respectively, was reclassified from AOCI as a decrease to interest expense. During the three and $734 thousand, six month periods ended March 31, 2023, $1.3 million and $2.1 million, respectively, was reclassified from AOCI as a decrease to interest expense. At December 31, 2023 March 31, 2024, the Company estimated that $5.2 million $4.9 million of interest expense associated with the interest rate swaps would be reclassified from AOCI as a decrease to interest expense on FHLB borrowings during the next 12 months. The Bank has minimum collateral posting thresholds with its derivative counterparties and posts collateral on a daily basis. The Bank held cash collateral of $7.2 million $8.2 million and $14.0 million at December 31, 2023 March 31, 2024 and September 30, 2023, respectively, in compliance with its minimum posting requirements.

At times, the Bank Periodically, management has utilized a leverage strategy to increase earnings which entails entering into short-term FHLB advances borrowings and depositing the proceeds from the these FHLB borrowings, net of the required cost to purchase FHLB stock holdings, to meet FHLB stock holding requirements, at the FRB of Kansas City. City ("leverage strategy"). The leverage strategy is not a core operating business for the Company. It provides the Company the ability to utilize excess capital to generate earnings. Additionally, it is a strategy that can be exited quickly without additional costs. Leverage strategy borrowings are repaid prior to each quarter end, or earlier if the strategy is suspended. end. The leverage strategy was not in place during the current quarter year six month period due to the strategy being unprofitable, but it was in place at points during the September 30, 2023 quarter. prior year six month period. When the leverage strategy is in place, it reduces the net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction. Management continues to monitor the net interest rate spread and overall profitability of the leverage strategy.

6. INCOME TAXES

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Prior to the Small Business Job Protection Act (the "1996 Act"), the Bank was permitted to deduct, up to a specified formula limit, a certain percentage of income as bad debts, for which the Bank was not required to establish a deferred tax liability. Rather, the difference was recorded in the Bank's retained earnings. As a result of the 1996 Act, savings institutions, like the Bank, have been required to use the specific charge-off method in computing bad debt deductions beginning with their 1996 Federal tax return. Pre-1988 bad debt reserves in retained earnings remain subject to recapture by the Bank on the occurrence of certain distributions in excess of current earnings and profits accumulated in tax years beginning after December 31, 1951 ("accumulated earnings and profits"). The Bank estimates its pre-1988 bad debt reserves to be $99.2 million at March 31, 2024, which equates to an unrecorded deferred tax liability of $24.3 million at March 31, 2024. Any distributions from the Bank to Capitol Federal Financial, Inc. which would be deemed to be drawn out of the Bank's pre-1988 bad debt reserves, would require a payment of taxes at the then-current rate by the Bank on the amount of earnings deemed to be removed from the bad debt reserves for such distribution, thereby reducing the amount of cash that can be distributed to the Company.

The net loss associated with the securities strategy that was recognized in fiscal year 2023 net income will be recognized in the Company's fiscal year 2024 income tax return due to the sale of the securities occurring in October 2023 (in fiscal 2024). As a result, the Company anticipates it will report a taxable net loss on its September 30, 2024 corporate income tax return. Due to the anticipated taxable net loss in fiscal year 2024, the Bank's earning distributions to the Company during fiscal year 2024 will be deemed to draw upon the Bank's pre-1988 bad debt reserves. This will result in an increase in income tax expense in fiscal year 2024 equivalent to the distributions paid by the Bank that are deemed to be drawn upon the Bank's pre-1988 bad debt reserves times the Bank's current statutory tax rate. These amounts will be treated as discrete tax items in the quarters the distributions are paid and will offset the Bank's net operating loss deferred tax asset.

During the current fiscal year, the Company reversed the $47.0 million deferred tax asset as of September 30, 2023 related to the net loss on the securities transaction and recorded a deferred tax asset for the anticipated taxable net loss in the current fiscal year. The deferred tax asset related to the anticipated taxable net loss, or net operating loss, was $42.3 million at March 31, 2024. In addition, the Company recorded a deferred tax asset in the current fiscal year related to its low income housing tax credits that are currently not

utilized due to tax return income limitations. The related deferred tax asset at March 31, 2024 was $7.6 million. Federal net operating losses carry forward indefinitely and federal tax credits carry forward for 20 years.

The Company assesses the available positive and negative evidence surrounding the recoverability of its deferred tax assets and applies its judgment in estimating the amount of valuation allowance necessary under the circumstances. At March 31, 2024, the Company does not believe a valuation allowance is necessary on the deferred income tax assets recorded during the current quarter as it is more likely than not that these amounts will be realized through the reversal of the Company's existing taxable temporary differences and projected future taxable income.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements - The Company uses fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures in accordance with ASC 820 and ASC 825. The Company's AFS securities and interest rate swaps are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other financial instruments on a non-recurring basis, such as OREO and loans individually evaluated for impairment. These non-recurring fair value adjustments involve the application of lower of cost or fair value accounting or write-downs of individual financial instruments.

The Company groups its financial instruments at fair value in three levels based on the markets in which the financial instruments are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the financial instrument. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques. The results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the financial instrument.

The Company bases the fair value of its financial instruments on the price that would be received from the sale of an instrument in an orderly transaction between market participants at the measurement date under current market conditions. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The following is a description of valuation methodologies used for financial instruments measured at fair value on a recurring basis.

AFS Securities - The Company's AFS securities portfolio is carried at estimated fair value. The Company primarily uses prices obtained from third party third-party pricing services to determine the fair value of its securities. On a quarterly basis, management corroborates a sample of prices obtained from the third party third-party pricing service for Level 2 securities by comparing them to an independent source. If

the price provided by the independent source varies by more than a predetermined percentage from the price received from the third party third-party pricing service, then the variance is researched by management. The Company did not have to adjust prices obtained from the third party third-party pricing service when determining the fair value of its securities during the three six months ended December 31, 2023 March 31, 2024 or during fiscal year 2023. The Company's major security types, based on the nature and risks of the securities, are:

- U.S. Treasury bills - Estimated fair values are based on pricing data from active primary and secondary markets, and inter-dealer brokers. (Level 1)

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- GSE debentures - Estimated fair values are based on a discounted cash flow method. Cash flows are determined by taking any embedded options into consideration and are discounted using current market yields for similar securities. (Level 2)
- MBS - The majority of these securities are issued by GSEs. Estimated fair values are based on a discounted cash flow method. Cash flows are determined based on prepayment projections of the underlying mortgages and are discounted using current market yields for benchmark securities. (Level 2)
- GSE debentures - Estimated fair values are based on a discounted cash flow method. Cash flows are determined by taking any embedded options into consideration and are discounted using current market yields for similar securities. (Level 2)
- Corporate Bonds and Municipal Bonds - Estimated fair values are based on a discounted cash flow method. Cash flows are determined by taking any embedded options into consideration and are discounted using current market yields for securities with similar credit profiles. (Level 2)

Interest Rate Swaps - The Company's interest rate swaps are designated as cash flow hedges and are reported at fair value in other assets on the consolidated balance sheet if in a gain position, and in other liabilities if in a loss position, with any unrealized gains and losses, net of taxes, reported as AOCI in stockholders' equity. See "Note 5. Borrowed Funds" for additional information. The estimated fair values of the interest rates swaps are obtained from the counterparty and are determined by a discounted cash flow analysis using observable market-based inputs. On a quarterly basis, management corroborates the estimated fair values by internally calculating the estimated fair value using a discounted cash flow analysis with independent observable market-based inputs from a third party. No adjustments were made to the estimated fair values obtained from the counterparty during the three six months ended December 31, 2023 March 31, 2024 or during fiscal year 2023. (Level 2)

The following tables provide the level of valuation assumption used to determine the carrying value of the Company's financial instruments measured at fair value on a recurring basis at the dates presented. The Company did not have any Level 3 financial instruments measured at fair value on a recurring basis at December 31, 2023 March 31, 2024 or September 30, 2023.

	December 31, 2023				March 31, 2024				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets Inputs (Level 2)	Other Observable Inputs (Level 3)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets Inputs (Level 2)	Other Observable Inputs (Level 3)	Significant Unobservab
	(Dollars in thousands)								
Assets:									
AFS Securities:									
AFS Securities:									
AFS Securities:									
MBS									
MBS									
MBS									
U.S. Treasury bills									
Corporate bonds									
Corporate bonds									
GSE debentures									
Corporate bonds									
	740,462								
	740,462								
	740,462								

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	842,950
	842,950
	842,950
Interest rate swaps	
	$

	September 30, 2023			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Dollars in thousands)			
Assets:				
AFS Securities:				
MBS	$ 900,734	$ —	$ 900,734	$ —
GSE debentures	479,428	—	479,428	—
Corporate bonds	3,378	—	3,378	—
Municipal bonds	942	—	942	—
	1,384,482	—	1,384,482	—
Interest rate swaps	13,018	—	13,018	—
	$ 1,397,500	$ —	$ 1,397,500	$ —

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

Loans Receivable - Collateral dependent assets are assets evaluated on an individual basis. Those collateral dependent assets that are evaluated on an individual basis are considered financial assets measured at fair value on a non-recurring basis. The fair value of collateral dependent loans/loans individually evaluated for loss on a non-recurring basis during the three six months ended December 31, 2023 March 31, 2024 and 2022 2023 that were still held in the portfolio as of December 31, 2023 March 31, 2024 and 2022 2023 was $1.1 million $1.2 million and $4.1 million $3.6 million, respectively. Fair values of collateral dependent loans/loans individually evaluated for loss cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the loan and, as such, are classified as Level 3.

The one- to four-family loans included in this amount were individually evaluated to determine if the carrying value of the loan was in excess of the fair value of the collateral, less estimated selling costs of 10%. Fair values were estimated through current appraisals. Management does not adjust or apply a discount to the appraised value of one- to four-family loans, except for the estimated sales cost noted above, and the primary unobservable input for these loans was the appraisal.

For commercial loans, if the most recent appraisal or book value of the collateral does not reflect current market conditions due to the passage of time and/or other factors, management will adjust the existing appraised or book value based on knowledge of local market conditions, recent transactions, and estimated selling costs, if applicable. Adjustments to appraised or book values are generally based on assumptions not observable in the marketplace. The primary significant unobservable inputs for commercial loans individually evaluated during the three six months ended December 31, 2023 March 31, 2024 and December 31, 2022 March 31, 2023 were downward adjustments to the book value of the collateral for lack of marketability. During the three six months ended December 31, 2023 March 31, 2024, the adjustments ranged from 5% to 100%, with a weighted average of 17% 16%. During the three six months ended December 31, 2022 March 31, 2023, the adjustments ranged from 8% to 100%, with a weighted average of 21%. The basis utilized in calculating the weighted averages for these adjustments was the original unadjusted value of each collateral item.

OREO - OREO primarily represents real estate acquired as a result of foreclosure or by deed in lieu of foreclosure and is carried at the lower of cost or fair value. The fair value for one- to four-family OREO is estimated through current appraisals or listing prices, less estimated selling costs of 10%. Management does not adjust or apply a discount to the appraised value or listing price, except for the estimated sales costs noted above. The primary significant unobservable input for one- to four-family OREO was the appraisal or listing price. There was $67 thousand and $93 thousand of one- to four-family OREO measured on a non-recurring basis during the six months ended March 31, 2024 and March 31, 2023, respectively. The carrying value of the properties equaled the fair value of the properties at March 31, 2024 and 2023.

For commercial OREO, if the most recent appraisal or book value of the collateral does not reflect current market conditions due to the passage of time and/or other factors, management will adjust the existing appraised or book value based on knowledge of local market conditions, recent transactions, and estimated selling costs, if applicable. Adjustments to appraised or book values are generally based on assumptions not observable in the marketplace. The primary significant unobservable input for commercial OREO is downward adjustments to book value of the collateral for lack of marketability. Fair values of foreclosed property cannot be determined with precision and may not be realized in

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an actual sale of the property and, as such, are classified as Level 3. There was $219 thousand and $93 thousand of one- to four-family OREO measured on a non-recurring basis during the three months ended December 31, 2023 and December 31, 2022, respectively. The carrying value of the properties equaled the fair value of the properties at December 31, 2023 and 2022. There was no commercial OREO measured on a non-recurring basis during the three six months ended December 31, 2023 or 2022. March 31, 2024 and 2023.

Fair Value Disclosures - The Company estimated fair value amounts using available market information and a variety of valuation methodologies as of the dates presented. Considerable judgment is required to interpret market data to develop the estimates of fair value. The estimates presented are not necessarily indicative of amounts the Company would realize from a current market exchange at subsequent dates.

The carrying amounts and estimated fair values of the Company's financial instruments by fair value hierarchy, at the dates presented, were as follows:

	December 31, 2023				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					
Cash and cash equivalents	$ 320,357	$ 320,357	$ 320,357	$ —	$ —
AFS securities	740,462	740,462	213,758	526,704	—
Loans receivable	7,947,510	7,561,055	—	—	7,561,055
FHLB stock	110,166	110,166	110,166	—	—
Interest rate swaps	6,487	6,487	—	6,487	—
Liabilities:					
Deposits	6,021,595	6,003,615	3,282,768	2,720,847	—
Borrowings	2,373,064	2,331,484	—	2,331,484	—

	September 30, 2023				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					
Cash and cash equivalents	$ 245,605	$ 245,605	$ 245,605	$ —	$ —
AFS securities	1,384,482	1,384,482	—	1,384,482	—
Loans receivable	7,970,949	7,358,462	—	—	7,358,462
FHLB stock	110,714	110,714	110,714	—	—
Interest rate swaps	13,018	13,018	—	13,018	—
Liabilities:					
Deposits	6,051,220	6,004,975	3,321,028	2,683,947	—
Borrowings	2,879,125	2,802,849	—	2,802,849	—

7. INCOME TAXES

At September 30, 2023, the Company recorded a deferred income tax asset of $47.0 million related to the net loss on a securities transaction. The related securities were sold during the current quarter which resulted in the Company reversing the $47.0 million deferred tax asset at September 30, 2023 and recognizing a $45.0 million net operating loss deferred income tax asset as of December 31, 2023. Additionally, the Company recorded a $4.6 million deferred tax asset at December 31, 2023 related to low income housing tax credits.

The Company assesses the available positive and negative evidence surrounding the recoverability of its deferred tax assets and applies its judgment in estimating the amount of valuation allowance necessary under the circumstances. At December 31, 2023, the Company does not believe a valuation allowance is necessary on the deferred income tax assets recorded during the current quarter as it is more likely than not that these amounts will be realized through the reversal of the Company's existing taxable temporary differences and projected future taxable income.

	March 31, 2024				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					

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Cash and cash equivalents	$ 443,513	$ 443,513	$ 443,513	$ —	$ —
AFS securities	842,950	842,950	99,403	743,547	—
Loans receivable	7,877,569	7,433,829	—	—	7,433,829
FHLB stock	109,070	109,070	109,070	—	—
Interest rate swaps	7,602	7,602	—	7,602	—
Liabilities:					
Deposits	6,141,711	6,119,242	3,235,421	2,883,821	—
Borrowings	2,351,022	2,300,949	—	2,300,949	—

	September 30, 2023				
	Carrying	Estimated Fair Value			
	Amount	Total	Level 1	Level 2	Level 3
	(Dollars in thousands)				
Assets:					
Cash and cash equivalents	$ 245,605	$ 245,605	$ 245,605	$ —	$ —
AFS securities	1,384,482	1,384,482	—	1,384,482	—
Loans receivable	7,970,949	7,358,462	—	—	7,358,462
FHLB stock	110,714	110,714	110,714	—	—
Interest rate swaps	13,018	13,018	—	13,018	—
Liabilities:					
Deposits	6,051,220	6,004,975	3,321,028	2,683,947	—
Borrowings	2,879,125	2,802,849	—	2,802,849	—

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present the changes in the components of AOCI, net of tax, for the periods indicated.

	For the Three Months Ended December 31, 2023					For the Three Months Ended March 31, 2024				
	Unrealized Gains (Losses) on AFS Securities	Gains (Losses) on AFS Securities	Gains (Losses) on Cash Flow Hedges	Total AOCI		Gains (Losses) on Cash Flow Hedges	Gains (Losses) on AFS Securities	Total AOCI		
	(Dollars in thousands)									
Beginning balance										
Other comprehensive income (loss), before reclassifications										
Other comprehensive income (loss), before reclassifications										
Other comprehensive income (loss), before reclassifications										
Amount reclassified from AOCI, net of taxes of $626										
Reclassification adjustment for gross gains on AFS securities included in net income, net of taxes of $383										
Amount reclassified from AOCI, net of taxes of $542										
Other comprehensive income (loss)										
Other comprehensive income (loss)										
Other comprehensive income (loss)										
Ending balance										
Ending balance										
Ending balance										

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	For the Three Months Ended December 31, 2022		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ (155,119)	$ 9,486	$ (145,633)
Other comprehensive income (loss), before reclassifications	13,050	715	13,765
Amount reclassified from AOCI, net of taxes of $237	—	(734)	(734)
Other comprehensive income (loss)	13,050	(19)	13,031
Ending balance	$ (142,069)	$ 9,467	$ (132,602)

	For the Six Months Ended March 31, 2024		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	(1,142)	9,842	8,700
Other comprehensive income (loss), before reclassifications	11,110	(477)	10,633
Amount reclassified from AOCI, net of taxes of $1,168	—	(3,618)	(3,618)
Reclassification adjustment for gross gains on AFS securities included in net income, net of taxes of $383	(1,188)	—	(1,188)
Other comprehensive income (loss)	9,922	(4,095)	5,827
Ending balance	8,780	5,747	14,527

	For the Three Months Ended March 31, 2023		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	(142,069)	9,467	(132,602)
Other comprehensive income (loss), before reclassifications	16,777	(1,495)	15,282
Amount reclassified from AOCI, net of taxes of $427	—	(1,323)	(1,323)
Other comprehensive income (loss)	16,777	(2,818)	13,959
Ending balance	(125,292)	6,649	(118,643)

	For the Six Months Ended March 31, 2023		
	Unrealized Gains (Losses) on AFS Securities	Unrealized Gains (Losses) on Cash Flow Hedges	Total AOCI
	(Dollars in thousands)		
Beginning balance	$ (155,119)	$ 9,486	$ (145,633)
Other comprehensive income (loss), before reclassifications	29,827	(780)	29,047
Amount reclassified from AOCI, net of taxes of $664	—	(2,057)	(2,057)
Other comprehensive income (loss)	29,827	(2,837)	26,990
Ending balance	$ (125,292)	$ 6,649	$ (118,643)

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

The Company and the Bank may from time to time make written or oral "forward-looking statements," including statements contained in documents filed or furnished by the Company with the 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 pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

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

- our ability to maintain overhead costs at reasonable levels;
- our ability to originate and purchase a sufficient volume of one- to four-family loans in order to maintain the balance of that portfolio at a level desired by management;
- our ability to invest funds in wholesale or secondary markets at favorable yields compared to the related funding source;
- our ability to access cost-effective funding and maintain sufficient liquidity;
- the expected synergies and other benefits from our acquisition activities might not be realized to the extent anticipated, within the anticipated time frames, or at all;
- our ability to extend our commercial banking and trust asset management expertise across our market areas;
- fluctuations in deposit flows;
- transactions or activities that may result in the recapture of base-year, tax basis bad debt reserves;
- the future earnings and capital levels of the Bank and the continued non-objection by our primary federal banking regulators, to the extent required, to distribute capital from the Bank to the Company, which could affect the ability of the Company to pay dividends in accordance with its dividend policy; policy or repurchase shares;
- the strength of the U.S. economy in general and the strength and/or the availability of labor in the local economies in which we conduct operations, including areas where we have purchased large amounts of correspondent loans, originated commercial loans, and entered into commercial loan participations;
- changes in real estate values, unemployment levels, general economic trends, and the level and direction of loan delinquencies and charge-offs may require changes in the estimates of the adequacy of the ACL and may adversely affect our business;
- increases in classified and/or non-performing assets, which may require the Bank to increase the ACL, charge-off loans and incur elevated collection and carrying costs related to such non-performing assets;
- results of examinations of the Bank and the Company by their respective primary federal banking regulators, including the possibility that the regulators may, among other things, require us to increase our ACL;
- changes in accounting principles, policies, or guidelines;
- the effects of, and changes in, monetary and interest rate policies of the Board of Governors of the Federal Reserve System ("FRB");
- the effects of, and changes in, trade and fiscal policies and laws of the United States government;
- the effects of, and changes in, foreign and military policies of the United States government;
- inflation, interest rate, market, monetary, and currency fluctuations and the effects of a potential economic recession or slower economic growth;
- the impact of bank failures or adverse developments at other banks and related negative press about the banking industry in general on investor or depositor sentiment;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users, including the features, pricing, and quality compared to competitors' products and services;
- the willingness of users to substitute competitors' products and services for our products and services;
- our success in gaining regulatory approval of our products and services and branching locations, when required;
- the impact of interpretations of, and changes in, financial services laws and regulations, including laws concerning taxes, banking, securities, consumer protection, trust and insurance and the impact of other governmental initiatives affecting the financial services industry;
- the ability to attract and retain skilled employees;
- implementing business initiatives may be more difficult or expensive than anticipated;
- significant litigation;
- technological changes;
- our ability to maintain the security of our financial, accounting, technology, and other operating systems and facilities, including the ability to withstand cyberattacks;
- changes in consumer spending, borrowing and saving habits; and
- our success at managing the risks involved in our business.

This list of factors is not all inclusive. For a discussion of risks and uncertainties related to our business that could adversely impact our operations and/or financial results, see "Part I, Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023 and Part II, Item 1A. Risk Factors within this Quarterly Report on Form 10-Q. 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 or the context indicates otherwise, "the Company," "we," "us," and "our" refer to Capitol Federal Financial, Inc. a Maryland corporation, and its subsidiaries. "Capitol Federal Savings," and "the Bank," refer to Capitol Federal Savings Bank, a federal savings bank and the wholly-owned subsidiary of Capitol Federal Financial, Inc.

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The following discussion and analysis is intended to assist in understanding the financial condition, results of operations, liquidity, and capital resources of the Company. The Bank comprises almost all of the consolidated assets and liabilities of the Company and the Company is dependent primarily upon the performance of the Bank for the results of its operations. Because of this relationship, references to management actions, strategies and results of actions apply to both the Bank and the Company except where the context indicates otherwise. This discussion and analysis should be read in conjunction with Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023, filed with the SEC.

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 Estimates

Our most critical accounting estimates are the methodologies used to determine the ACL and reserve for off-balance sheet credit exposures and fair value measurements. These estimates are important to the presentation of our financial condition and results of operations, involve a high degree of complexity, and require management to make difficult and subjective judgments that may require assumptions about highly uncertain matters. The use of different judgments, assumptions, and estimates could affect reported results materially. These critical accounting estimates and their application are reviewed at least annually by the audit committee of our Board of Directors. For a full discussion of our critical accounting estimates, see "Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

Executive Summary

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

During the current quarter, In October 2023, the Company completed initiated a strategic securities transaction ("securities strategy") strategy by selling $1.30 billion of securities, with a weighted average yield representing 94% of 1.22% and an average duration of 3.6 years and purchased $632.0 million of its securities yielding 5.75% and paid down $500.0 million of borrowings with a cost of 4.70% portfolio ("securities strategy"). The Company plans to hold the remaining cash associated with the securities strategy at the FRB of Kansas City earning interest at the reserve balances rate, until such time as it can be used to fund commercial loan activity or other Bank operations. The Company recognized net interest margin benefits in the current quarter associated with the securities strategy and total assets were reduced below $10.0 billion at December 31, 2023.

Since the Company did not have the intent to hold the $1.30 billion of securities to maturity at September 30, 2023, the Company recognized an impairment loss on those securities, $192.6 million of which was reflected in the Company's financial statements for the quarter and fiscal year ended September 30, 2023. The securities strategy was designed to allow the Company to improve its earnings stream going forward, beginning in the current fiscal year, by redeploying most of the proceeds into current market rate securities and to provide liquidity to deleverage the balance sheet utilizing the remaining proceeds. During the current quarter $10.0 million after tax, ended December 31, 2023 the Company completed the sale of securities and recognized $13.3 million ($10.0 million net of tax), or $0.08 per share, of additional loss related to the sale of the securities. See additional information regarding the impact of the securities was recorded, which reflected strategy on our financial measurements in "Comparison of Operating Results for the market value loss on these Three Months Ended March 31, 2024 and December 31, 2023 - Average Balance Sheet" and "Comparison of Operating Results for the Six Months Ended March 31, 2024 and March 31, 2023 - Average Balance Sheet" below. The $1.30 billion of securities sold had a weighted average yield of 1.22% and an average duration of 3.6 years. With the proceeds from October 1, 2023 until the sale of the securities, the Company purchased $632.0 million of securities yielding 5.75%, paid down $500.0 million of borrowings with a cost of 4.70%, and held the remaining cash at the

FRB of Kansas City earning interest at the reserve balance rate until such securities. time as it can be used to fund commercial activity or other Bank operations.

The Company recognized net income of $2.5 million, or $0.02 per share, for the current quarter compared to net income of $16.2 million $16.3 million, or $0.12 per share, for the current year six month period compared to net income of $30.4 million, or $0.23 per share, for the prior year quarter. six month period. The lower net income in for the current quarter year six month period was primarily a result of the $13.3 million net loss on the sale of securities associated with the securities strategy, along with higher lower net interest expense, income, partially offset by lower provision for credit losses and an income tax benefit expense in the current quarter. Excluding year six month period. Absent the effects effect of the net loss associated with the securities strategy, EPS would have been $0.10 $0.20 for the current quarter. year six month period.

The Periodically at management's discretion, we have utilized a strategy to increase earnings which entails entering into short-term FHLB borrowings and depositing the proceeds from these FHLB borrowings, net interest margin was 1.71% for the current quarter, an increase of ten basis points from 1.61% for the prior year quarter. Excluding the effects of the cost to purchase FHLB stock to meet FHLB stock holding requirements, at the FRB of Kansas City (the "leverage strategy"). See additional information regarding the leverage strategy discussed in the "Financial Condition - Borrowings" section below, below. When the leverage strategy is in place, it increases assets and liabilities and reduces the net interest margin decreased due to the amount of earnings from the transaction in comparison to the size of the transaction.

The net interest margin increased 17 basis points, from 1.88% 1.59% for the prior year quarter six month period to 1.71% 1.76% for the current quarter. year six month period, due primarily to the leverage strategy being in place during portions of the prior year six month period but not in place during the current year six month period. The decrease in leverage strategy negatively impacted the net interest margin excluding for the effects prior year six month period by 20 basis points. The absence of the leverage strategy during the current year six month period was due mainly to partially offset by the negative effect on the net interest margin of an increase in the cost costs of deposits and borrowings, which exceeded the increase in yields on securities and loans.

The Company's efficiency ratio was 92.86% 74.29% for the current quarter year six month period compared to 54.27% 57.43% for the prior year quarter. Excluding six month period. Absent the net losses loss from the securities strategy, the efficiency ratio would have been 64.73% 63.28% for the current quarter. year six month period. The change in the

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efficiency ratio, excluding absent the securities strategy, was due primarily to lower net interest income in the current quarter year six month period compared to the prior year quarter. six month period. The Company's operating expense ratio (annualized) for the current quarter year six month period was 1.18% compared to 0.96% 1.00% for the prior year quarter, six month period, due mainly to lower average assets in the current quarter. year six month period. The leverage strategy was in place at times during the prior year six month period, which increased assets, but was not in place during the current year six month period.

Total assets were $9.58 billion $9.72 billion at December 31, 2023 March 31, 2024, a $601.4 million $456.2 million decrease from September 30, 2023, due primarily to the securities strategy. The loan portfolio was $7.95 billion $7.88 billion at December 31, 2023 March 31, 2024, a $23.4 million $93.4 million decrease from September 30, 2023. The loan portfolio mix continued , due mainly to shift from a $154.4 million decrease in one- to four-family loans, to partially offset by a $62.5 million increase in commercial loans during the current quarter. year six month period. As a result of rising interest rates and lack of housing inventory, there has been a slowdown in the housing market which has impacted the demand for residential loans and has directly impacted the Bank's one- to four-family loan portfolio. Origination and refinance activity has slowed considerably and there has been a reduction in one- to four-family loan balances through scheduled repayments and loan payoffs. While the Bank's loan activity levels are down, partially due to the interest rate environment and seasonality, management expects the Bank's one- to four-family loan portfolio will continue to decrease as cash flows from the one- to four-family portfolio will be used to fund commercial loan growth. During the current quarter, several large commercial loans matured or prepaid which contributed to the slower growth in the balance of commercial loans. Management anticipates the balance of commercial loans will trend upward in future periods.

Total deposits were $6.02 billion $6.14 billion at December 31, 2023 March 31, 2024, a decrease an increase of $29.6 million $90.5 million from September 30, 2023. The decrease increase in deposits was primarily in non-maturity deposits and public unit certificates of deposit, partially offset by an increase in retail certificates of deposit. The increase in retail certificates of deposit, was all in the 14 month or shorter term category, partially offset by a decrease in retail money market accounts. During the current quarter, the Bank held a Presidents' Day certificate of deposit campaign which resulted in some customers electing to move funds from money market accounts at the Bank into the certificate of deposit portfolio. The Presidents' Day certificate of deposit campaign resulted in $147.0 million in new certificates with terms of 14 months as management deposit at a weighted average rate of 5.27% and a weighted average term of 7 months. Management continues to competitively price certain short-term retail certificate of deposit products so that if rates were to decrease in the near future, the Bank would be able to more quickly reprice those balances to lower market rates at maturity.

Total borrowings were $2.37 billion $2.35 billion at December 31, 2023 March 31, 2024, a decrease of $506.1 million $528.1 million from September 30, 2023. The decrease was due primarily to $500.0 million of borrowings under the BTFP that were paid off during the current quarter ended December 31, 2023 in conjunction with the securities strategy. Management estimates that the Bank had $2.70 billion $2.87 billion in additional liquidity available at December 31, 2023 March 31, 2024, based on the Bank's blanket collateral agreement with FHLB and unencumbered securities.

The Bank's asset quality remained strong, reflected in low delinquency and charge-off ratios. At December 31, 2023 March 31, 2024, loans 30 to 89 days delinquent were 0.24% 0.19% of total loans receivable, net, and loans 90 or more days delinquent or in foreclosure were 0.13% 0.11% of total loans receivable, net. During the current quarter, year six month period, net charge-offs ("NCOs") were $1 thousand.

At December 31, 2023 March 31, 2024, the Bank's gap between the amount of interest-earning assets and interest-bearing liabilities projected to reprice within one year was $(1.10) billion, or (11.3)% of total assets, compared to $(679.7) million, or (7.1)% of total assets, compared to $(1.19) billion, or (11.7)% of total assets, at September 30, 2023 December 31, 2023. The change in the one-year gap amount was due to both an increase in the amount of interest-earning assets cash flows coming due in one year at December 31, 2023 and a decrease in the amount of liability cash flows coming due in one year compared to September 30, 2023. These changes were due, in part, to the securities strategy, which decreased the amount of borrowings coming due in one year, increased the balance of cash, and increased the amount of securities projected to reprice within one year, at March 31, 2024, partially offset by an increase in the amount of asset cash flows coming due during the same time period, compared to December 31, 2023. The increase in liability cash flows was due primarily to an increase in certificates of deposit scheduled to mature within one year as management continues of March 31, 2024, compared to competitively price certain short-term retail certificate December 31, 2023, as the Bank continued to offer its highest rates on shorter-term certificates of deposit products. deposit. The increase in asset cash flows was due primarily to an increase in the balance of cash between the two periods.

Available Information

Financial The Bank's Digital Transformation 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, Business Initiatives

With the implementation of our new core system and all amendments its ancillary systems ("digital transformation") in August 2023, we improved our internal and customer-facing technology. The digital transformation implemented technology needed to those reports can be obtained free of charge from enhance our investor relations website, http://ir.capfed.com. SEC filings are available on customer's experience, deepen our website immediately after they are electronically filed wallet share with or furnished existing customers, and attract new customers. In addition to the SEC, technology improvements, management has adjusted staffing in several areas to align with the Bank's strategy to grow and are also available on enhance commercial banking and lending. Pairing improved technology, products and services with the SEC's website at www.sec.gov. right organizational structure has provided benefits in each customer segment: consumer, small business and commercial.

The Bank has gained immediate traction with the new and improved True Blue Online ("TBO"), the Bank's digital banking platform for consumers and small businesses. Those gains include:

Critical Accounting Estimates

Our most critical accounting estimates are

- Mobile app store ratings have improved by 100% for Android year-over-year and approximately 24% for iOS since the methodologies used to determine the ACL and reserve for off-balance sheet credit exposures and fair value measurements. These estimates are important to the presentation digital transformation,
- Over 24,000 new users of our financial condition credit score service in TBO since August 2023, and results of operations, involve a high degree of complexity,
- 64% increase in person-to-person payment volume and require management to make difficult and subjective judgments that may require assumptions about highly uncertain matters. The use of different judgments, assumptions, and estimates could affect reported results materially. These critical accounting estimates and their application are reviewed at least annually by the audit committee of our Board of Directors. For a full discussion of our critical accounting estimates, see "Part II, Item 7 -

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Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" 40% increase in the Company's Annual Report on Form 10-Kcombined payment amounts year-over-year for the fiscal year ended September 30, 2023. current quarter following the integration of Zelle into TBO.

During the current quarter, we continued to improve our consumer banking products and services, leveraging technology from the digital transformation. We implemented relationship-based pricing for our Presidents' Day certificate of deposit campaign in February 2024, resulting in new retail checking accounts from a campaign that has traditionally only yielded certificates of deposit. Currently, the Bank is working on new digital banking services for our debit card products that will give consumers more control and faster access to their card.

Our small business customers now have access to improved digital services, and management has realigned staffing to focus on growing small business banking. We are in the process of adding more small business services into TBO to continue deposit and fee income growth in this area.

For commercial banking and lending, alignment of technology, people, products and services is crucial to our objective of capturing complete banking relationships as we continue to strategically grow this business. The technology implemented with the digital transformation provides more flexibility for structuring commercial loan transactions and has allowed us to build digital banking services to meet our customers' deposit and payment requirements to capture deposit and treasury management fee income growth. The Bank has made two strategic hires within the treasury management area, bringing over 40 years of combined in-market experience to help with our business development efforts and to increase the profitability of our existing commercial customer base.

Management has completed staffing realignments, including reductions and reassignments where appropriate, in numerous areas of the Bank, including deposit operations, lending, and commercial banking, to ensure resources are aligned with our priorities and strategies.

Financial Condition

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

							Annualized				**Annualized**	**Annualized**
							Annualized					
							Annualized					
		December 31,										
		December 31,										
		December 31,										
		2023										
		2023										
		2023										
		(Dollars and shares in thousands)										
		(Dollars and shares in thousands)										
				March 31, 2024			**December 31, 2023**		**Percent Change**		**September 30, 2023**	**Percent Change**
				(Dollars and shares in thousands)					(Dollars and shares in thousands)			
Total assets	Total assets	$	9,721,286	$		$9,576,064	6.1	6.1	%	$ 10,177,461	(9.0)	(9.0) %
AFS securities												
AFS securities												
AFS securities												
Loans receivable, net												
Loans receivable, net												
Loans receivable, net												
Deposits												
Deposits												
Deposits												
Borrowings												
Borrowings												
Borrowings												
Stockholders' equity												
Stockholders' equity												
Stockholders' equity												
Equity to total assets at end of period												
Equity to total assets at end of period												

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Equity to total assets at end of period

Average number of basic shares outstanding

Average number of basic shares outstanding

Average number of basic shares outstanding

Average number of diluted shares outstanding

Average number of diluted shares outstanding

Average number of diluted shares outstanding

During the current quarter, total assets decreased $601.4 million increased $145.2 million, to $9.58 $9.72 billion at December 31, 2023 March 31, 2024, due primarily to increases in cash and securities, partially offset by a decrease in the securities strategy. The loan portfolio decreased $23.4 million, or 1.2% annualized, during the current quarter. portfolio. The loan portfolio mix continued to shift from one- to four-family loans to commercial loans during the current quarter with a $66.4 million an $88.0 million decrease in one- to four-family loans, including a $45.1 million $46.4 million decrease in one- to four-family correspondent loans and a $36.4 million decrease in one- to four-family originated loans, partially offset by a $42.1 million $20.3 million increase in commercial loans. The Bank continues to reduce purchases of correspondent loans, with See additional discussion regarding the intention of minimizing correspondent purchases, which will continue to decrease loan portfolio in the balance of that portfolio. Executive Summary discussion above.

Total liabilities increased $154.4 million during the current quarter due primarily to a $120.1 million increase in deposits. The increase in deposits was primarily in retail certificates of deposit, all in the 14 months or shorter term category, partially offset by a decrease in retail money market accounts. During the current quarter, the Bank held a Presidents' Day certificate of deposit campaign which resulted in some customers electing to move funds from money market accounts at the Bank into the certificate of deposit portfolio. Total borrowings decreased $591.5 million $22.0 million during the current quarter as $500.0 million of BTFP not all maturing FHLB borrowings were paid off as part of the securities strategy, along with a $38.1 million decrease in advances by borrowers due to the payment of property taxes during the current quarter and a $29.6 million decrease in deposits. The decrease in deposits was primarily in non-maturity deposits and public unit certificates of deposit, partially offset by an increase in retail certificates of deposit. replaced.

Loans Receivable. The following table presents the balance and weighted average rate of our loan portfolio as of the dates indicated. The loan portfolio rate increased six basis points during the current quarter due primarily to originations at higher market rates and one- to four-family adjustable-rate loans repricing to higher market interest rates, as well as disbursements on commercial construction loans at rates higher than the overall portfolio rate.

	December 31, 2023													
	December 31, 2023													
	December 31, 2023													
	March 31, 2024					**December 31, 2023**				**September 30, 2023**				
	Amount		**Amount**		**Rate**		**Amount**		**Rate**		**Amount**		**Rate**	
	Amount													
	Amount													
	(Dollars in thousands)													
	(Dollars in thousands)													
	(Dollars in thousands)									(Dollars in thousands)				
One- to four-family:														
Originated														
Originated														
Originated	$ 3,950,097	3.47		3.47 %		$ 3,986,479	3.44		3.44 %	$ 3,978,837	3.39		3.39 %	
Correspondent purchased														
Correspondent purchased														
Correspondent purchased														
Bulk purchased														
Bulk purchased														
Bulk purchased														
Construction														
Construction														
Construction														
Total														
Total														
Total														
Commercial:														

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Commercial:
Commercial:
Commercial real estate
Commercial real estate
Commercial real estate
Commercial and industrial
Commercial and industrial
Commercial and industrial
Construction
Construction
Construction
Total
Total
Total
Consumer loans:
Consumer loans:
Consumer loans:
Home equity
Home equity
Home equity
Other
Other
Other
Total
Total
Total
Total loans receivable
Total loans receivable
Total loans receivable
Less:
Less:
Less:
ACL
ACL
ACL
Deferred loan fees/discounts
Deferred loan fees/discounts
Deferred loan fees/discounts
Premiums/deferred costs
Premiums/deferred costs
Premiums/deferred costs
Total loans receivable, net
Total loans receivable, net
Total loans receivable, net

Loan Activity - The following table summarizes activity in the loan portfolio, along with weighted average rates where applicable, for the periods indicated, excluding changes in ACL, deferred loan fees/discounts, and premiums/deferred costs. Loans that were paid off as a result of refinances are included in repayments. Loan endorsements are not included in the activity in the following table because a new loan is not generated at the time of the endorsement. The endorsed balance and rate are included in the ending loan portfolio balance and rate. Commercial loan renewals are not included in the activity presented in the following table unless new funds are disbursed at the time of renewal. The renewal balance and rate are included in the ending loan portfolio balance and rate. The decrease in the amount of loans originated and refinanced as well as purchased and participations in the current quarter was driven by the decrease in single family loan volume in our local markets and our minimizing single-family loan purchases. The change in undisbursed loan funds between periods was due to disbursements on construction loans outpacing new construction loan activity during the current quarter, while new construction loan activity outpaced construction loan disbursements on existing loans during the quarter ended December 31, 2022.

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	For the Three Months Ended						For the Six Months Ended							
	For the Three Months Ended													
	For the Three Months Ended													
	December 31, 2023			December 31, 2022										
	March 31, 2024			March 31, 2024			March 31, 2023							
	Amount			Amount	Rate		Amount	Rate		Amount	Rate		Amount	
	(Dollars in thousands)						(Dollars in thousands)							
Beginning balance	Beginning balance	$7,984,381	3.76	3.76 %	$7,471,670	3.33	3.33 %	Beginning balance	$7,961,689	3.82	3.82 %	$7,984,381	3.76	3.76 % $7,471,67
Originated and refinanced														
Purchased and participations														
Change in undisbursed loan funds														
Repayments														
Repayments														
Repayments														
Principal (charge-offs)/recoveries, net														
Principal (charge-offs)/recoveries, net														
Principal (charge-offs)/recoveries, net														
Other														
Other														
Other														
Ending balance														
Ending balance														
Ending balance														

The following table presents loan origination, refinance, and purchase purchase/participation activity for the periods indicated, excluding endorsement activity, along with associated weighted average rates and percent of total. Commercial loan renewals are not included in the activity in the following table except to the extent new funds are disbursed at the time of renewal. Loan originations, purchases, purchases/participations, and refinances are reported together.

	For the Three Months Ended												
	December 31, 2023					December 31, 2022							
	For the Six Months Ended												
	March 31, 2024					March 31, 2023							
	Amount		Rate		% of Total	Amount		Rate		% of Total	Amount		
	(Dollars in thousands)												
Fixed-rate:													
One- to four-family													
One- to four-family													
One- to four-family	$	37,167	6.89	6.89 %	35.5 %	$	167,439	5.10	5.10 %	23.9 %	$64,347	6.64	6.
One- to four-family construction													

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Commercial:						
Real estate						
Real estate						
Real estate						
Commercial and industrial						
Construction						
Home equity						
Other						
Consumer other						
Total fixed-rate						
Adjustable-rate:						
Adjustable-rate:						
Adjustable-rate:						
One- to four-family						
One- to four-family						
One- to four-family						
One- to four-family construction						
Commercial:						
Real estate						
Real estate						
Real estate						
Commercial and industrial						
Construction						
Home equity						
Other						
Consumer other						
Total adjustable-rate						
Total originated, refinanced and purchased						
Total originated, refinanced and purchased						
Total originated, refinanced and purchased	$ 104,899	6.96	100.0 %	$ 699,692	5.21	100.0 %
Total originated, refinanced and purchased/participations						
Total originated, refinanced and purchased/participations						
Total originated, refinanced and purchased/participations	$ 215,665	7.16	100.0 %	$1,096,303	5.41	100.0 %
Purchased and participation loans included above:						
Purchased and participation loans included above:						

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Purchased and participation loans included above:
Fixed-rate:
Fixed-rate:
Fixed-rate:
Correspondent purchased - one- to four-family
Correspondent purchased - one- to four-family
Correspondent purchased - one- to four-family
Participations and purchases - commercial
Participations and purchases - commercial
Participations and purchases - commercial
Total fixed-rate purchased/participations
Total fixed-rate purchased/participations
Total fixed-rate purchased/participations
Adjustable-rate:
Adjustable-rate:
Adjustable-rate:
Correspondent purchased - one- to four-family
Correspondent purchased - one- to four-family
Correspondent purchased - one- to four-family
Participations and purchases - commercial
Participations and purchases - commercial
Participations and purchases - commercial
Total adjustable-rate purchased/participations
Total adjustable-rate purchased/participations

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Total adjustable-rate purchased/participations															
Total purchased/participation loans															
Total purchased/participation loans															
Total purchased/participation loans															

One- to Four-Family Loans - The following table presents, for our portfolio of one- to four-family loans, excluding construction loans, the amount, percent of total, weighted average rate, weighted average credit score, weighted average LTV ratio, and average balance per loan as of December 31, 2023. March 31, 2024 Credit scores are were updated at least annually, with the latest update in September 2023 from a nationally recognized consumer rating agency. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. In most cases, the most recent appraisal was obtained at the time of origination.

		% of													
		% of													
		% of			Credit			Average			Credit			Average	
	Amount	Amount	Total	Rate		Score	LTV	Balance	Amount	Total		Rate	Score		LTV	Balance
			(Dollars in thousands)												
Originated															
Correspondent purchased															
Bulk purchased															
Construction															
	$														

The following table presents originated and correspondent purchased activity in our one- to four-family loan portfolio, excluding endorsement activity, along with associated weighted average rates, weighted average LTVs and weighted average credit scores for the period periods indicated. The majority of the correspondent loans purchased during the current quarter were from applications in the pipeline at September 30, 2023, as the Bank continues to minimize correspondent purchases.

	For the Three Months Ended		For the Three Months Ended		For the Six Months Ended								
	For the Three Months Ended												
	For the Three Months Ended												
	December 31, 2023				March 31, 2024								
		Credit							Credit				Credit
	Amount		Amount	Rate	LTV	Score	Amount	Rate		LTV	Score	Amount	Rate	LTV	Score
	(Dollars in thousands)				(Dollars in thousands)			(Dollars in thousands)							
Originated															
Correspondent purchased															
	$														
	$														
	$														

As of December 31, 2023 March 31, 2024, the Bank had one- to four-family loan origination and refinance commitments of $20.7 million $54.5 million at a weighted average rate of 6.75% 6.39%. There were no one- to four-family correspondent loan purchase commitments at December 31, 2023 March 31, 2024.

Commercial Loans - During the quarter six months ended December 31, 2023 March 31, 2024, the Bank originated $20.3 million $52.9 million of commercial loans. The Bank did not enter loans and entered into any commercial loan participations during the current quarter. totaling $24.4 million. The Bank also processed commercial loan disbursements, excluding lines of credit, during the quarter six months ended December 31, 2023 March 31, 2024 of $64.6 million $134.9 million at a weighted average rate of 6.27% 6.15%.

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As of December 31, 2023 March 31, 2024, September 30, 2023 December 31, 2023, and December 31, 2022 September 30, 2023, the Bank's commercial and industrial gross loan amounts (unpaid principal plus undisbursed amounts) totaled $157.2 million $164.8 million, $158.5 million $157.2 million and $113.2 million $158.5 million, respectively, and commitments totaled $2.4 million $2.9 million, $2.6 million $2.4 million and $5.1 million $2.6 million, respectively.

The following table presents the Bank's commercial real estate and commercial construction loans by type of primary collateral as of the dates indicated. As of December 31, 2023 March 31, 2024, the Bank had seven six commercial real estate and commercial construction loan commitments, totaling $100.4 million $85.0 million, at a weighted average rate of 7.52% 7.89%. Because the commitments to pay out undisbursed funds are not cancellable by the Bank, unless the loan is in default, we generally anticipate fully funding the related projects. Of the total commercial real estate and commercial construction undisbursed amounts and commitments outstanding as of December 31, 2023 March 31, 2024, management anticipates funding approximately $94 million during the March 2024 quarter, $84 million $85 million during the June 2024 quarter, $77 million $76 million during the September 2024 quarter, and $137 million $70 million during the December 2024 quarter, and $141 million during the March 2025 quarter or later. At March 31, 2024, the unpaid principal balance of non-owner occupied commercial real estate loans was $750.4 million and the unpaid principal balance of owner occupied commercial real estate loans was $145.0 million, which are included in the table below.

	December 31, 2023						
	December 31, 2023						
	December 31, 2023						
	Unpaid						
	Unpaid						
	March 31, 2024			December 31, 2023		September 30, 2023	
	Unpaid		Unpaid	Undisbursed		Gross Loan	Gross Loan
	Count	Count	Principal			Amount	
	Count						
	Count						
		(Dollars in thousands)					
		(Dollars in thousands)					
		(Dollars in thousands)				(Dollars in thousands)	
Retail building							
Senior housing							
Senior housing							
Senior housing							
Multi-family							
Multi-family							
Multi-family							
Hotel							
Hotel							
Hotel							
Office building							
Office building							
Office building							
One- to four-family property							
One- to four-family property							
One- to four-family property							
Single use building							
Single use building							
Single use building							
Warehouse/manufacturing							
Other							
Other							
Other							
	810						
	810						
	810						
796							

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Weighted average rate					
Weighted average rate					
Weighted average rate	5.36 %	6.25 %	5.53 %	5.44 %	5.47 %

The following table summarizes the Bank's commercial real estate and commercial construction loans by state as of the dates indicated.

	December 31, 2023					
	December 31, 2023					
	December 31, 2023					
	Unpaid					
	Unpaid					
	March 31, 2024		December 31, 2023	September 30, 2023		
	Unpaid		Unpaid	Undisbursed	Gross Loan	Gross Loan
	Count	Count	Principal		Amount	
	Count					
	Count					
	(Dollars in thousands)					
	(Dollars in thousands)					
	(Dollars in thousands)				(Dollars in thousands)	
Kansas						
Missouri						
Texas						
Texas						
Texas						
Missouri						
Missouri						
Missouri						
Colorado						
Colorado						
Colorado						
Nebraska						
Tennessee						
Tennessee						
Tennessee						
Nebraska						
Nebraska						
Nebraska						
Arkansas						
Other						
Other						
Other						
	810					
	810					
	810					
796						

The following table presents the Bank's commercial loan portfolio and outstanding loan commitments, categorized by gross loan amount (unpaid principal plus undisbursed amounts) or outstanding loan commitment amount, as of December 31, 2023 March 31, 2024.

	Count	Count	Amount	Count	Amount
		(Dollars in thousands)			

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Greater than $30 million	
>$15 to $30 million	
>$10 to $15 million	
>$5 to $10 million	
$1 to $5 million	
Less than $1 million	
	1,415
	1,389

Asset Quality

Delinquent and nonaccrual loans and OREO. The following table presents the Company's 30 to 89 day delinquent loans at the dates indicated. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs, if any. Of the loans 30 to 89 days delinquent at December 31, 2023 March 31, 2024, 82% 68% were 59 days or less delinquent. The increase in correspondent and bulk purchased one- to four-family loans 30 to 89 days delinquent and in nonaccrual one- to four-family loans was due mainly to delinquencies returning to more historical levels as government payment assistance programs expired. The increase in commercial loans 30 to 89 days delinquent was a mix of several different borrowers and property types. There was not one underlying reason for the increase in commercial loan delinquencies from September 30, 2023. Management is working closely with the borrowers to address payment issues.

	Loans Delinquent for 30 to 89 Days at:				Loans Delinquent for 30 to 89 Days at:			
	Loans Delinquent for 30 to 89 Days at:							
	Loans Delinquent for 30 to 89 Days at:							
	December 31,							
	2023							
	2023							
	2023							
		March 31, 2024		December 31, 2023		September 30,		
	Number	Number		Amount	Number		Amount	Number		Amount
	Number									
	Number									
	(Dollars in thousands)									
	(Dollars in thousands)									
	(Dollars in thousands)				(Dollars in thousands)					
One- to four-family:										
Originated										
Originated										
Originated										
Correspondent purchased										
Correspondent purchased										
Correspondent purchased										
Bulk purchased										
Bulk purchased										
Bulk purchased										
Construction										
Construction										
Construction										
Commercial										
Commercial										
Commercial										
Consumer										
Consumer										
Consumer										
	151									

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	151		
	151		
	133		
Loans 30 to 89 days delinquent			
Loans 30 to 89 days delinquent			
Loans 30 to 89 days delinquent			
to total loans receivable, net			
to total loans receivable, net			
to total loans receivable, net	0.19 %	0.24 %	0.21 %

The following table presents the Company's nonaccrual loans and OREO at the dates indicated. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs, if any. Nonaccrual loans are loans that are 90 or more days delinquent or in foreclosure and other loans required to be reported as nonaccrual pursuant to accounting and/or regulatory reporting requirements and/or internal policies, even if the loans are current. At all dates presented, there were no loans 90 or more days delinquent that were still accruing interest. Non-performing assets include nonaccrual loans and OREO.

	Nonaccrual Loans and OREO at:			Nonaccrual Loans and OREO at:					
	Nonaccrual Loans and OREO at:								
	Nonaccrual Loans and OREO at:								
	December 31,								
	2023								
	2023								
	2023								
		March 31,		December 31,		September 30,			
		2024			2023				
	Number	Number		Amount	Number		Amount	Number		Amount
	Number									
	Number									
		(Dollars in thousands)								
		(Dollars in thousands)								
		(Dollars in thousands)					(Dollars in thousands)			
Loans 90 or More Days Delinquent or in Foreclosure:										
One- to four-family:										
One- to four-family:										
One- to four-family:										
Originated										
Originated										
Originated										
Correspondent purchased										
Correspondent purchased										
Correspondent purchased										
Bulk purchased										
Bulk purchased										
Bulk purchased										
Commercial										
Commercial										
Commercial										
Consumer										
Consumer										
Consumer										
	54									
	54									

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	54			
55				
Loans 90 or more days delinquent or in foreclosure				
Loans 90 or more days delinquent or in foreclosure				
Loans 90 or more days delinquent or in foreclosure				
as a percentage of total loans				
as a percentage of total loans				
as a percentage of total loans		0.11 %	0.13 %	0.11 %
Nonaccrual loans less than 90 Days Delinquent:(1)				
Nonaccrual loans less than 90 Days Delinquent:(1)				
Nonaccrual loans less than 90 Days Delinquent:(1)				
One- to four-family:				
One- to four-family:				
One- to four-family:				
Originated				
Originated				
Originated				
Correspondent purchased				
Correspondent purchased				
Correspondent purchased				
Bulk purchased				
Bulk purchased				
Bulk purchased				
Commercial				
Commercial				
Commercial				
Consumer				
Consumer				
Consumer				
	1			
	1			
	1			
Total nonaccrual loans				
Total nonaccrual loans				
Total nonaccrual loans				
Nonaccrual loans as a percentage of total loans				
Nonaccrual loans as a percentage of total loans				
Nonaccrual loans as a percentage of total loans		0.11 %	0.13 %	0.12 %
OREO:				
OREO:				
OREO:				
One- to four-family:				
One- to four-family:				
One- to four-family:				
Originated(2)				
Originated(2)				
Originated(2)				
Correspondent purchased				
Correspondent purchased				
Correspondent purchased				
	3			

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	1		
	3		
	1		
	3		
Total non-performing assets			
Total non-performing assets			
	1		
Total non-performing assets			
Non-performing assets as a percentage of total assets			
Non-performing assets as a percentage of total assets			
Non-performing assets as a percentage of total assets	0.09 %	0.11 %	0.09 %

(1) Includes loans required to be reported as nonaccrual pursuant to accounting and/or regulatory reporting requirements and/or internal policies, even if the loans are current.

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

The following table presents the states where the properties securing ten percent or more of the total amount of our one- to four-family loans are located and the corresponding balance of loans 30 to 89 days delinquent, 90 or more days delinquent or in foreclosure, and weighted average LTV ratios for loans 90 or more days delinquent or in foreclosure at December 31, 2023 March 31, 2024. The LTV ratios were based on the current loan balance and either the lesser of the purchase price or original appraisal, or the most recent Bank appraisal, if available. At December 31, 2023 March 31, 2024, potential losses, after taking into consideration anticipated private mortgage insurance proceeds and estimated selling costs, have been charged-off.

			Loans 30 to 89				Loans 30 to 89		Loans 90 or More Days Delinquent			
		One- to Four-Family		One- to Four-Family		Days Delinquent		or in Foreclosure		One- to Four-Family		Day Delinq
State	State	Amount	% of Total	Amount	% of Total	Amount	% of Total	LTV	State	Amount	% of Total	Amount
					(Dollars in thousands)							
Kansas	Kansas	$3,531,138	54.5	54.5 %	$ 6,519	45.3	45.3 %	$ 2,506	28.3	28.3 %	54 % Kansas	$3,526,285	54.8	54.8 %	$
Missouri															
Other states															
Other states															
Other states															
		$													
		$													
		$													

Classified loans. The following table presents loans classified as special mention or substandard at the dates presented. The amounts in the table represent the unpaid principal balance of the loans less related charge-offs, if any. The increase in commercial special mention loans at March 31, 2024 compared to December 31, 2023 and September 30, 2023 was due mainly to one loan moving to special mention during the March 31, 2024 quarter as certain underlying economic considerations related to this loan are being monitored by management.

	December 31, 2023						
	December 31, 2023						
	December 31, 2023						
	Special Mention						
	Special Mention						
		March 31, 2024		December 31, 2023		September 30, 2023	
	Special Mention	Special Mention	Substandard	Special Mention	Substandard	Special Mention	Substandard
		(Dollars in thousands)			(Dollars in thousands)		
	(Dollars in thousands)						

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	(Dollars in thousands)
One- to four-family	
One- to four-family	
One- to four-family	
Commercial	
Commercial	
Commercial	
Consumer	
Consumer	
Consumer	
	$
	$
	$

Allowance for Credit Losses. The distribution of our ACL and the ratio of ACL to loans receivable, by loan type, at the dates indicated is summarized below. See "Note 4. Loans Receivable and Allowance for Credit Losses" for additional information related to the calculation of ACL as of December 31, 2023 March 31, 2024.

	Distribution of ACL		Distribution of ACL		Ratio of ACL to Loans Receivable		
	Distribution of ACL						
	Distribution of ACL			Ratio of ACL to Loans Receivable			
December 31,							
	2023						
	2023						
	2023						
	(Dollars in thousands)						
	(Dollars in thousands)						
		March 31, 2024	December 31, 2023	September 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(Dollars in thousands)						
One- to four-family:							
One- to four-family:							
One- to four-family:							
Originated							
Originated							
Originated	$ 2,035	$	$2,055	$ $ 2,084	0.05	0.05 %	0.05 % 0.05 %
Correspondent purchased							
Correspondent purchased							
Correspondent purchased							
Bulk purchased							
Bulk purchased							
Bulk purchased							
Construction							
Construction							
Construction							
Total							
Total							
Total							
Commercial:							

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Commercial:
Commercial:
Real estate
Real estate
Real estate
Commercial and industrial
Commercial and industrial
Commercial and industrial
Construction
Construction
Construction
Total
Total
Total
Consumer
Consumer
Consumer
Total
Total
Total

The following table presents ACL activity and related ratios at the dates and for the periods indicated. On October 1, 2023, the Company Bank adopted ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* ("ASU 2022-02"), which eliminates eliminated the accounting guidance for TDRs by creditors. The Company applied ASU 2022-02 on a prospective basis, except for the amendments impacting the measurement of the ACL for TDRs, which were adopted on a modified retrospective basis, approach when adopting ASU 2022-02, resulting in a cumulative-effect adjustment that which is reflected in the table below ("ASU 2022-02 Adoption"). See "Note 1. Summary of Significant Accounting Policies" for additional information regarding the adoption of ASU 2022-02.

	At or For the Three Months Ended							
	December 31, 2023				December 31, 2022			
	At or For the Six Months Ended							
	March 31, 2024				March 31, 2023			
	(Dollars in thousands)							
Balance at beginning of period								
ASU 2022-02 Adoption								
Charge-offs								
Recoveries								
Net (charge-offs) recoveries								
Provision for credit losses								
Balance at end of period								
Ratio of NCOs during the period								
Ratio of NCOs during the period								
Ratio of NCOs during the period								
to average non-performing assets								
to average non-performing assets								
to average non-performing assets	0.01	%	0.02	%	0.01	%	0.20	%
ACL to nonaccrual loans at end of period								
ACL to nonaccrual loans at end of period								
ACL to nonaccrual loans at end of period								

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ACL to loans receivable, net at end of period				
ACL to loans receivable, net at end of period				
ACL to loans receivable, net at end of period				
ACL to NCOs (annualized)				
ACL to NCOs (annualized)				
ACL to NCOs (annualized)	6,474x	3,032x	10,971x	620x

The ratio of NCOs to average non-performing assets was lower at the end of the current year period due primarily to lower NCOs compared to the prior year period. The ratio of ACL to nonaccrual loans was higher lower at the end of the current quarter year period compared to the end of the prior year quarter period due mainly to higher ACL at December 31, 2023, partially offset by a higher balance of nonaccrual loans compared to the prior year quarter. period, partially offset by a higher ACL balance at March 31, 2024. The ratio of ACL to loans receivable, net was higher at the end of the current quarter year period compared to the end of the prior year quarter period due to a higher commercial loan ACL balance at December 31, 2023 March 31, 2024. The ratio of ACL to NCOs was higher for at the end of the current quarter year period compared to the end of the prior year quarter period due mainly to lower net charge-offs, NCOs, along with a higher ACL balance. See "Note 4. Loans Receivable and Allowance for Credit Losses" for additional information related to ACL activity by specific loan categories.

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

	For the Three Months Ended										
	December 31, 2023				December 31, 2022						
	For the Six Months Ended										
	March 31, 2024				March 31, 2023						
	NCOs	NCOs	Average Loans	% of Average Loans	NCOs	Average Loans	% of Average Loans	NCOs	Average Loans	% of Average Loans	N
	(Dollars in thousands)										
One- to four-family:											
Originated											
Originated											
Originated	$ (5)	$	$3,985,425 —	— %	$(1) $	$3,984,609 —	— %	$ (8) $ $	3,965,723 —	— %	$(1) $
Correspondent											
Bulk purchased											
Construction											
Total											
Commercial:											
Real estate											
Real estate											
Real estate											
Commercial and industrial											
Construction											
Total											
Consumer:											
Home equity											
Home equity											
Home equity											
Other											
Total											
	$										

While management utilizes its best judgment and information available, the adequacy of the ACL is determined by certain factors outside of the Company's control, such as the performance of our loan portfolio, changes in the economic environment including economic uncertainty, changes in interest rates, and the views of regulatory authorities toward classification of assets and the level of ACL. Additionally, the level of ACL may fluctuate based on the balance and mix of the loan portfolio. If actual results reflect significant

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underperformance compared to our assumptions and/or if one or more of our assumptions, such as the economic forecast, represents a more negative outlook in a future period, there could be additions to our ACL and an increase in the provision for credit losses.

Securities. The following table presents the distribution of our securities portfolio, at amortized cost, at the dates indicated. The majority of our securities are government guaranteed or issued by GSEs. Overall, fixed-rate securities comprised 93% 94% of our securities portfolio at December 31, 2023 March 31, 2024. The weighted average life ("WAL") is the estimated remaining maturity (in years) after three-month three month historical prepayment speeds and projected call option assumptions have been applied. Weighted average yields on tax-exempt securities are not calculated on a fully tax-equivalent basis. The change in the portfolio yield at March 31, 2024 and December 31, 2023 compared to September 30, 2023 was primarily related to the securities strategy.

	December 31, 2023											
	December 31, 2023											
	December 31, 2023											
	March 31, 2024					December 31, 2023				September 30, 2023		
	Amount	Amount	Yield	WAL		Amount	Yield	WAL				An
	Amount											
	Amount											
	(Dollars in thousands)											
	(Dollars in thousands)											
	(Dollars in thousands)											
MBS												
MBS												
MBS	$ 636,387	5.68	5.68 %	6.2	$	$503,912	5.76	5.76 %	5.4	$	$901,440	1.
U.S. Treasury bills												
U.S. Treasury bills												
U.S. Treasury bills												
GSE debentures												
GSE debentures												
GSE debentures	GSE debentures 91,542	5.62	5.62	5.5	5.5	—	—	—	—	—	—	479,610	4
Corporate bonds	Corporate bonds 4,000	5.12	5.12	8.1	8.1	4,000	4,000	5.12	5.12	8.4	8.4	4,000
Corporate bonds												
Corporate bonds												
Municipal bonds												
Municipal bonds												
Municipal bonds	Municipal bonds —	—	—	—	—	—	—	—	—	—	—	942
	$	$ 831,337	5.63	5.63 %	5.4	$	$ 721,612	5.67	5.67 %	3.9	$	$1,3
	$											
	$											

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The following table summarizes the activity in our securities portfolio for the periods presented. The weighted average yields for the beginning and ending balances are as of the first and last days of the periods presented and are generally derived from recent prepayment activity on the securities in the portfolio. The beginning and ending WALs are the estimated remaining principal repayment terms (in years) after three-month three month historical prepayment speeds and projected call option assumptions have been applied.

	For the Three Months Ended																							
	December 31, 2023									December 31, 2022														
	For the Six Months Ended																							
	March 31, 2024									March 31, 2023														
	Amount		Amount			Yield		WAL			Amount			Yield			WAL					Amount		
	(Dollars in thousands)																							
Beginning balance - carrying value	Beginning balance - carrying value	$1,384,482	1.35		1.35	%		3.8		$1,563,307		1.29		1.29	%		4.2	Beginning balance - carrying value		$1,384,482		1.35		1.35
Maturities and repayments																								
Proceeds from sale																								
Proceeds from sale																								
Proceeds from sale																								
Net amortization of (premiums)/discounts																								
Net amortization of (premiums)/discounts																								
Net amortization of (premiums)/discounts																								
Purchases																								
Purchases																								
Purchases		668,310	5.72		5.72		3.8		3.8			—		—		—		—		—	980,994		5.60	
Net loss from securities transactions																								
Change in valuation on AFS securities																								
Change in valuation on AFS securities																								
Change in valuation on AFS securities																								
Ending balance - carrying value																								
Ending balance - carrying value																								
Ending balance - carrying value		$ 740,462	5.67		5.67		3.9		3.9			$1,528,686		1.31		1.31		4.3		4.3	$842,950		5.63	

Liabilities. Total liabilities were $8.54 billion $8.70 billion at December 31, 2023 March 31, 2024, compared to $9.13 billion at September 30, 2023. The decrease was due primarily to a decrease in borrowings as some of the cash flows from the sale of securities associated with the securities strategy were used to repay $500.0 million of BTFP borrowings that were paid off in the current quarter as part of the securities strategy, along with a $38.1 million decrease in advances by borrowers due to the payment of property taxes during the current quarter and a $29.6 million decrease in deposits. borrowings.

Deposits. The following table presents the amount, weighted average rate and percent of total for the components of our deposit portfolio at the dates presented. The $29.6 million decrease increase in deposits during the current quarter as of March 31, 2024 compared to December 31, 2023 and September 30, 2023 was mainly primarily in public unit retail certificates of deposit, and money market account balances, all in the 14 months or shorter term category, partially offset by an a decrease in retail money market balances as some customers elected to move funds to the Bank's certificate of deposit offerings. The increase in the retail certificate of deposit portfolio. The weighted average rate on the deposit portfolio increased 13 basis points during the current quarter rate at March 31, 2024 compared to December 31, 2023 and September 30, 2023 was due mainly to higher rates on

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retail certificates of deposit. Management continues to competitively price certain short-term retail certificate of deposit products so that if rates were to decrease in the near future, the Bank would be able to more quickly reprice those balances to lower market rates at maturity.

		December 31, 2023																							
		December 31, 2023																							
		December 31, 2023																							
			% of																						
			% of																						
		March 31, 2024								December 31, 2023								September 30, 2023							
			% of																						
		Amount		Amount		Rate		Total			Amount		Rate		Total			Amount							
		Amount																							
		Amount																							
		(Dollars in thousands)																							
		(Dollars in thousands)																							
		(Dollars in thousands)																				(Dollars in thousands)			
Non-interest-bearing checking	Non-interest-bearing checking	$549,818	—		—	%	8.9	%		$555,382	—		—	%	9.2	%		$ 558,326	—			—	%			
Interest-bearing checking																									
Interest-bearing checking																									
Interest-bearing checking																									
Savings																									
Savings																									
Savings																									
Money market																									
Money market																									
Money market																									
Retail certificates of deposit																									
Retail certificates of deposit																									
Retail certificates of deposit																									
Commercial certificates of deposit																									
Commercial certificates of deposit																									
Commercial certificates of deposit																									
Public unit certificates of deposit																									
Public unit certificates of deposit																									

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Public unit certificates of deposit															
	$	$ 6,141,711	2.32	2.32	100.0	100.0 %	$6,021,595	2.20	2.20	100.0	100.0 %	$ 6,051,220	2.(
	$												
	$												

As of March 31, 2024, approximately $752.0 million (or approximately 7%) of the Bank's Call Report deposit balance was uninsured, of which approximately $430.8 million related to commercial and retail deposit accounts and the remainder was mainly comprised of fully collateralized public unit deposits and intercompany accounts. The uninsured amounts are estimates based on the methodologies and assumptions used for the Bank's regulatory reporting requirements.

Borrowings. Total borrowings at December 31, 2023 March 31, 2024 were $2.37 billion $2.35 billion, which was comprised of $2.01 billion $2.05 billion in fixed-rate FHLB advances, $365.0 million $300.0 million in FHLB variable-rate advances tied to interest rate swaps, and $974 $971 thousand in finance leases.
The following table presents the maturity of term borrowings, which consist of FHLB advances, along with associated weighted average contractual and effective rates as of December 31, 2023 March 31, 2024. Amortizing FHLB advances are presented based on their maturity dates versus their quarterly scheduled repayment dates.

Maturity by	Maturity by	Maturity by		Contractual		Effective				Contractual		Effective
Fiscal Year	Fiscal Year	Amount	Rate	Rate(1)	Fiscal Year	Amount	Rate	Rate(1)				
		(Dollars in thousands)										
	2024											
	2024											
	2024	$ 340,000	4.15	4.15 %	2.61 %	$ 275,000	3.77	3.77 %	2.57 %			
2025												
2026												
2027												
2028												
2029												
		$										
		$										
		$										

(1) The effective rate includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid.

The following table presents borrowing activity for the periods shown. The borrowings presented in the table have original contractual terms of one year or longer or are tied to interest rate swaps with original contractual terms of one year or longer. Line of credit borrowings and finance leases are excluded from the table. The effective rate is shown as a weighted average and includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid. The weighted average maturity ("WAM") is the remaining weighted average contractual term in years. The beginning and ending WAMs represent the remaining maturity at each date presented. During the current quarter, year six month period, BTFP borrowings were paid off with the proceeds received from the securities strategy.

	For the Three Months Ended							For the Three Months Ended							For the Six Months Ended				
	For the Three Months Ended																		
	For the Three Months Ended																		
	December 31, 2023				December 31, 2022														
	March 31, 2024				March 31, 2024			March 31, 2023											
	Effective																		
	Amount																		
	Amount																		
	Amount	Rate	WAM	Amount	Rate	WAM	Rate	WAM	Amount	Rate	WAM	Amount							
	(Dollars in thousands)						(Dollars in thousands)												

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Beginning balance																										
Maturities and repayments																										
New FHLB borrowings																										
New FHLB borrowings																										
New FHLB borrowings	150,000	4.66	4.66	3.7		3.7		450,000	4.45		4.45	3.3		3.3	50,000	4.17	4.17	5.0		5.0		200,000	4.54		4.54	4.0
BTFP, net																										
Ending balance																										

Leverage Strategy

At times, Periodically, the Bank has utilized a leverage strategy to increase earnings which entails entering into short-term FHLB advances borrowings and depositing the proceeds from the these FHLB borrowings, net of the required cost to purchase FHLB stock holdings, to meet FHLB stock holding requirements, at the FRB of Kansas City. The leverage strategy is not a core operating business for the Company. It provides the Company the ability to utilize excess capital to generate earnings. Additionally, it is a strategy that can be exited quickly without additional costs. The profitability of the leverage strategy is attributable to net income derived from the dividends received on the increased FHLB stock holdings, plus the net interest rate spread between the yield on the leverage strategy cash at the FRB of Kansas City and the rate paid on the leverage strategy FHLB borrowings, less applicable Federal Deposit Insurance Corporation ("FDIC") premiums and estimated income tax expense. Leverage strategy borrowings are repaid prior to each quarter end or earlier if the strategy so there is suspended. no impact to quarter end capital ratios. The leverage strategy was not in place during the current quarter year six month period due to the strategy being unprofitable, but it was in place at points during the September 2023 quarter prior year six month period. During the prior year six month period, the average balance of cash associated with the leverage strategy was $1.37 billion and December 2022 quarter. interest earned on that cash was $27.2 million, the average balance of FHLB stock associated with the leverage strategy was $64.4 million and dividends earned on that stock were $2.8 million, and the average balance of FHLB borrowings associated with the leverage strategy was $1.43 billion and the related interest expense was $28.6 million. Additionally, the Company recognized $286 thousand of FDIC premiums and $197 thousand of income tax expense during the prior year six month period related to the leverage strategy. When the leverage strategy is in place, it reduces the

net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction. Management continues to monitor the net interest rate spread and overall profitability of the leverage strategy.

Maturities of Interest-Bearing Liabilities. The following table presents the maturity and weighted average repricing rate, which is also the weighted average effective rate, of certificates of deposit, split between retail/commercial and public unit amounts, and non-amortizing FHLB advances for the next four quarters as of December 31, 2023 March 31, 2024.

	March 31,																	
	June 30,																	
		2024																
		2024																
		2024			**2024**			**Total**				**2024**			**2025**			**Total**
					(Dollars in thousands)													
Retail/Commercial Certificates:																		
Amount																		
Amount																		
Amount																		
Repricing Rate	Repricing Rate	2.90 %	3.86 %		4.37 %		4.24 %		3.95 %	Repricing Rate	4.05 %		4.45 %		4.41 %		4.43 %	4.33 %
Public Unit Certificates:																		
Amount																		
Amount																		
Amount																		
Repricing Rate	Repricing Rate	4.30 %	4.42 %		4.63 %		4.67 %		4.53 %	Repricing Rate	4.42 %		4.63 %		4.67 %		4.90 %	4.62 %
Term Borrowings:																		
Amount																		

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Amount												
Amount												
Repricing Rate	Repricing Rate	2.72 %	1.98 %	2.93 %	3.35 %	2.88 %	Repricing Rate	1.98 %	2.91 %	3.35 %	1.93 %	2.67 %
Total												
Amount												
Amount												
Amount												
Repricing Rate	Repricing Rate	2.94 %	3.55 %	3.99 %	4.01 %	3.72 %	Repricing Rate	3.73 %	4.08 %	4.15 %	3.86 %	3.97 %

The following table sets forth the WAM information for our certificates of deposit, in years, as of December 31, 2023 March 31, 2024.

Retail certificates of deposit	1.1	1.0
Commercial certificates of deposit		0.8
Public unit certificates of deposit		0.6
Total certificates of deposit	1.1	0.9

Stockholders' Equity. Stockholders' equity totaled $1.03 billion $1.02 billion at December 31, 2023 March 31, 2024, a decrease of $9.9 $19.2 million from September 30, 2023. The decrease in stockholders' equity during

During the current quarter was due to a $12.0 million decrease in additional paid-in capital, due mainly to share repurchases, and a $8.8 million decrease in retained earnings, due primarily to dividend payments, partially offset by a $10.5 million increase in accumulated other comprehensive income. During the quarter ended December 31, 2023, year six month period, the Company paid a regular quarterly cash dividend dividends totaling $11.3 million $22.4 million, or $0.085 $0.17 per share. On January 23, 2024 April 23, 2024, the Company announced a regular quarterly cash dividend of $0.085 per share, or approximately $11.1 million $11.0 million, payable on February 16, 2024 May 17, 2024 to stockholders of record as of the close of business on February 2, 2024 May 3, 2024.

During the current year six month period, the Company repurchased 3,280,110 shares of common stock at an average price of $5.87 per share, or $19.3 million. There remains $2.0 million authorized under the existing stock repurchase plan for additional purchases of the Company's common stock. Shares may be repurchased from time to time based upon market conditions, available liquidity and other factors. This plan has no expiration date; however, the FRB's existing approval for the Company to repurchase shares expires in August 2024. In February 2024, the Company received approval from the FRB for a new share repurchase plan of up to $75 million in additional common stock over a period of time, depending upon market conditions, cash balances at the Company level, and after the completion of the Company's existing share repurchase program. This new plan has no expiration date; however, the FRB's approval for the Company to repurchase shares expires in February 2025.

Consistent with our goal to operate a sound and profitable financial organization, we actively seek to maintain a well-capitalized status for the Bank in accordance with regulatory standards. As of December 31, 2023 March 31, 2024, the Bank's capital ratios exceeded the well-capitalized requirements and the Bank exceeded all internal policy thresholds for sensitivity to changes in interest rates. See "Liquidity and Capital Resources" below for additional information regarding the Bank's regulatory capital requirements. As of December 31, 2023 March 31, 2024, the Bank's tier 1 community bank leverage ratio ("CBLR") was 8.9% 9.1%, which exceeded the minimum requirement. requirement of 9.0%.

At December 31, 2023 March 31, 2024, Capitol Federal Financial, Inc., at the holding company level, had $63.2 million $46.3 million in cash on deposit at the Bank. For fiscal year 2024, it is the intention of the Board of Directors to pay out the regular quarterly cash dividend of $0.085 per share, totaling $0.34 per share for the year. To the extent that earnings in fiscal year 2024 exceed $0.34 per share, the Board of Directors will consider the payment of additional dividends. Dividend payments depend upon a number of factors, including the Company's financial condition and results of operations, regulatory capital requirements, regulatory limitations on the Bank's ability to make capital distributions to the Company, and the amount of cash at the holding company level. Additionally, management is currently evaluating the timing of capital distributions from the Bank to the holding company during the current fiscal year in relation to the tax issues associated with the Bank's pre-1988 bad debt recapture. See additional discussion regarding the Bank's pre-1988 bad debt recapture in "Comparison of Operating Results for the Three Months Ended March 31, 2024 and December 31, 2023", "Item 1. Financial Statements - Note 6. Income Taxes", and "Item 1A. Risk Factors".

During The following table presents regular quarterly cash dividends and special cash dividends paid in calendar years 2024, 2023, and 2022. The amounts represent cash dividends paid during each period. For the current quarter the Company repurchased 2,034,000 shares of common stock at an average price of $5.79 per share. Subsequent to December 31, 2023 and through February 2, 2024 ended June 30, 2024, the Company repurchased 199,400 shares at an average price amount presented represents the dividend payable on May 17, 2024 to stockholders of $6.53 per share. There remains $8.1 million authorized under the existing stock repurchase plan for additional purchases record as of the Company's common stock. Shares may be repurchased from time to time based upon market conditions, available liquidity and other factors. This plan has no expiration date; however, the FRB close of Kansas City's existing approval for the Company to repurchase shares expires in August 2024. business on May 3, 2024.

	Calendar Year												
	2024		2024		2023	2022		2024		2023	2022		
	Amount	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
	(Dollars in thousands, except per share amounts)												
Regular quarterly dividends paid													
Quarter ended March 31													

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Quarter ended March 31
Quarter ended March 31
Quarter ended June 30
Quarter ended September 30
Quarter ended December 31
True-up dividends paid
True Blue Capitol dividends paid
Calendar year-to-date dividends paid

Operating Results

The following table presents selected income statement and other information for the quarters indicated.

	For the Three Months Ended				
	December 31, 2023	September 30,	June 30, 2023	March 31, 2022	December 31,
	March 31, 2024	December 31,	September 30,	June 30, 2023	March 31,

(Dollars in thousands, except per share data)

Interest and dividend income:
Loans receivable
Loans receivable
Loans receivable
MBS
Cash and cash equivalents
FHLB stock
Investment securities
Total interest and dividend income
Interest expense:
Interest expense:
Interest expense:
Borrowings
Borrowings
Borrowings
Deposits
Total interest expense
Total interest expense
Total interest expense
Net interest income
Net interest income
Net interest income
Provision for credit losses
Provision for credit losses

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Provision for credit losses										
Net interest income										
Net interest income										
Net interest income										
(after provision for credit losses)										
(after provision for credit losses)										
(after provision for credit losses)										
Non-interest income										
Non-interest income										
Non-interest income										
Non-interest expense										
Income tax (benefit) expense										
Net income (loss)										
Efficiency ratio										
Efficiency ratio										
Efficiency ratio	92.86 %	(17.96 %)	72.32 %	60.86 %	54.27 %	61.89 %	92.86 %	(17.96 %)	72.32 %	60.86 %
Operating expense ratio (annualized)	1.19 %	1.18 %	1.08 %	1.09 %	1.04 %					
Basic EPS										
Basic EPS										
Basic EPS										
Diluted EPS										

Comparison of Operating Results for the Three Months Ended March 31, 2024 and December 31, 2023

For the quarter ended March 31, 2024, the Company recognized net income of $13.8 million, or $0.11 per share, compared to net income of $2.5 million, or $0.02 per share, for the quarter ended December 31, 2023. The higher net income in the current quarter was due primarily to the prior quarter including $13.3 million ($10.0 million net of tax) of net losses related to the sale of securities associated with the securities strategy discussed in the Executive Summary above. Absent the net loss on the sale of securities, EPS would have been $0.10 for the prior quarter, compared to $0.11 per share in the current quarter. The increase in EPS in the current quarter was due primarily to an increase in the net interest margin. The net interest margin increased 11 basis points, from 1.71% for the prior quarter to 1.82% for the current quarter due mainly to a full quarter of income from higher yielding securities that were purchased during the prior quarter in association with the securities strategy.

Interest and Dividend Income

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

	For the Three Months Ended			
	March 31, 2024	December 31, 2023	Change Expressed in: Dollars	Percent
		(Dollars in thousands)		
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 76,122	$ 75,941	$ 181	0.2 %
MBS	7,794	5,859	1,935	33.0
Cash and cash equivalents	4,513	4,778	(265)	(5.5)
FHLB stock	2,528	2,586	(58)	(2.2)
Investment securities	2,332	2,528	(196)	(7.8)
Total interest and dividend income	$ 93,289	$ 91,692	$ 1,597	1.7

The increase in interest income on MBS was due to an increase in the weighted average yield from having a full quarter of income from securities at higher market yields purchased in association with the securities strategy. The weighted average yield on MBS increased 133 basis points compared to the prior quarter. The decrease in interest income on

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investment securities was due to a decrease in the average balance of the portfolio, partially offset by a higher weighted average yield, both a result of the securities strategy as not all the proceeds from the securities sale were reinvested into the securities portfolio. See additional discussion regarding the use of the proceeds from the sale of securities associated with the securities strategy in the Executive Summary discussion above.

Interest Expense

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

	For the Three Months Ended			
	March 31, 2024	December 31, 2023	Change Expressed in: Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
Deposits	$ 33,415	$ 32,443	$ 972	3.0 %
Borrowings	18,554	19,656	(1,102)	(5.6)
Total interest expense	$ 51,969	$ 52,099	$ (130)	(0.2)

The increase in interest expense on deposits was due primarily to increases in the weighted average rate paid and the average balance of the retail certificate of deposit portfolio, partially offset by decreases in the weighted average rate paid and the average balance of money market accounts. A large portion of the decrease in the average balance of money market accounts during the current quarter was related to the Presidents' Day certificate of deposit campaign as funds from money market accounts moved to certificates of deposit as a result of the campaign. The weighted average rate of the money market portfolio decreased due primarily to management lowering the rates for certain tiers during the current quarter. The decrease in interest expense on borrowings was due mainly to the pay down of $500.0 million of borrowings under the Federal Reserve's BTFP, as part of the securities strategy during the prior quarter.

Provision for Credit Losses

For the quarter ended March 31, 2024, the Bank recorded a provision for credit losses of $301 thousand, compared to a provision for credit losses of $123 thousand for the prior quarter. The provision for credit losses in the current quarter was comprised of a $456 thousand increase in the ACL for loans, partially offset by a $155 thousand release in the reserve for off-balance sheet credit exposures. The provision for credit losses associated with the ACL was due primarily to commercial loan growth and disbursements on commercial loans, along with changes in the commercial loan mix. See additional discussion regarding changes to the loan mix in the Executive Summary section above. The release of provision for credit losses associated with the reserve for off-balance sheet credit exposures was due primarily to a reduction in the balance of commercial off-balance sheet credit exposures due to loans funding.

Non-Interest Income

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

	For the Three Months Ended			
	March 31, 2024	December 31, 2023	Change Expressed in: Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
Deposit service fees	$ 2,451	$ 2,575	$ (124)	(4.8) %
Insurance commissions	735	863	(128)	(14.8)
Net loss from securities transactions	—	(13,345)	13,345	100.0
Other non-interest income	1,457	1,013	444	43.8
Total non-interest income	$ 4,643	$ (8,894)	$ 13,537	152.2

The net loss from securities transactions in the prior quarter related to the sale of securities associated with the securities strategy. There was no similar transaction in the current quarter. The increase in other non-interest income was due mainly to an increase in income on BOLI related to the receipt of death benefits in the current quarter while none were received in the prior quarter.

Non-Interest Expense

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

	For the Three Months Ended			
	March 31, 2024	December 31, 2023	Change Expressed in: Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST EXPENSE:				
Salaries and employee benefits	$ 12,887	$ 12,992	$ (105)	(0.8) %

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Information technology and related expense	4,954	5,369	(415)	(7.7)
Occupancy, net	3,481	3,372	109	3.2
Federal insurance premium	1,727	1,860	(133)	(7.2)
Regulatory and outside services	1,380	1,643	(263)	(16.0)
Advertising and promotional	1,271	988	283	28.6
Deposit and loan transaction costs	867	542	325	60.0
Office supplies and related expense	419	361	58	16.1
Other non-interest expense	1,459	1,381	78	5.6
Total non-interest expense	$ 28,445	$ 28,508	$ (63)	(0.2)

The decrease in salaries and employee benefits was due mainly to a decrease in loan commissions compared to the prior quarter. The decrease in information technology and related expense was due primarily to lower software licensing expenses and professional services, mainly related to costs associated with the digital transformation. The decrease in regulatory and outside services was due primarily to the timing of external audit expenses. The increase in advertising and promotional expense was due mainly to the timing of campaigns. The increase in deposit and loan transaction costs was due primarily to expenses related to calendar year-end processing.

The Company's efficiency ratio was 61.89% for the current quarter compared to 92.86% for the prior quarter. Absent the net loss on the sale of securities associated with the securities strategy, the efficiency ratio would have been 64.73% for the prior quarter. The improvement in the efficiency ratio, absent the net loss associated with the securities strategy, was due primarily to higher net interest income. The efficiency ratio is a measure of a financial institution's total non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. A higher value generally indicates that it is costing the financial institution more money to generate revenue, relative to its net interest income and non-interest income. The Company's operating expense ratio (annualized) for the current quarter was 1.19% compared to 1.18% for the prior quarter. The operating expense ratio is a measure of a financial institution's total non-interest expense as a percentage of average assets. The ratio provides insight into how efficiently the Company is managing its expenses in relation to its assets, without the impact of changes in interest rates which factors into the efficiency ratio.

Income Tax Expense

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

	For the Three Months Ended		Change Expressed in:	
	March 31, 2024	December 31, 2023	Dollars	Percent
	(Dollars in thousands)			
Income before income tax expense (benefit)	$ 17,217	$ 2,068	$ 15,149	732.5 %
Income tax expense (benefit)	3,455	(475)	3,930	(827.4)
Net income	$ 13,762	$ 2,543	$ 11,219	441.2
Effective Tax Rate	20.1 %	(23.0 %)		

The income tax benefit in the prior quarter was a result of treating the $13.3 million net loss on sale of the securities associated with the securities strategy as a discrete tax benefit in the prior quarter. The tax benefit related to the net loss was $3.3 million. Without the tax benefit, income tax expense would have been $2.8 million and the effective tax rate, without the $13.3 million net pre-tax loss, would have been 18.0% for the prior quarter.

The increase in the effective tax rate from 18.0% for the prior quarter, without the tax benefit related to the net loss associated with the securities strategy, to 20.1% for the current quarter was due primarily to recording income taxes on the current quarter distribution of earnings from the Bank to the Company. The tax on the earnings distribution was due to the recapture of a portion of the Bank's bad debt reserves which were established prior to September 30, 1988, and are included in the Bank's retained earnings ("pre-1988 bad debt reserves"). The federal tax regulations prior to September 30, 1988 allowed banks to deduct, up to specified formula limits, a certain percentage of income as bad debts, for which the Bank was not required to establish a deferred tax liability. Rather, the difference was recorded in the Bank's retained earnings. The pre-1988 bad debt reserves in retained earnings are subject to recapture by the Bank on the occurrence of certain distributions in excess of earnings and profits accumulated in tax years beginning after December 31, 1951 ("accumulated earnings and profits"). For federal tax return purposes, the net loss on the securities strategy in fiscal years 2023 and 2024 will be reported on the Company's September 30, 2024 federal tax return, as the actual sales of the securities occurred during fiscal year 2024. Therefore, it is anticipated that a taxable net loss will be reported on the Company's September 30, 2024 federal tax return which will result in the Bank and Company having a negative current and accumulated earnings and profit position. This requires the Bank to draw upon the pre-1988 bad debt reserves for any distributions from the Bank to the Company during the current fiscal year. The Bank is required to pay taxes on the reductions to the pre-1988 bad debt reserves equal to the current corporate tax rate at the time of the distribution of the amount of Bank earnings paid to the Company. Management is researching and analyzing the Bank's tax issues associated with the pre-1988 bad debt recapture. Additionally, management and the Board of Directors are evaluating alternatives regarding additional fiscal year 2024 earnings distributions from the Bank to the Company as well as the implications of continuing negative current and accumulated earnings and profit. At March 31, 2024, Capitol Federal Financial, Inc., at the holding company level, had $46.3 million in cash on deposit at the Bank. See additional discussion regarding the Bank's pre-1988 bad debt recapture in "Item 1. Financial Statements - Note 6. Income Taxes", and "Item 1A. Risk Factors".

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Average Balance Sheet

The following table presents the average balances of our assets, liabilities, and stockholders' equity, and the related annualized weighted average yields and rates on our interest-earning assets and interest-bearing liabilities for the periods indicated, as well as selected performance ratios and other information for the periods shown. Weighted average yields are derived by dividing annualized income by the average balance of the related assets, and weighted average rates are derived by dividing annualized expense by the average balance of the related liabilities, for the periods shown. Average outstanding balances are derived from average daily balances. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yields/rates. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	For the Three Months Ended					
	March 31, 2024			December 31, 2023		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
Assets:			(Dollars in thousands)			
Interest-earning assets:						
One- to four-family loans:						
Originated	$ 3,987,323	$ 35,151	3.53 %	$ 4,025,539	$ 35,060	3.48 %
Correspondent purchased	2,369,131	19,274	3.25	2,413,900	19,660	3.26
Bulk purchased	133,832	735	2.20	136,609	694	2.03
Total one- to four-family loans	6,490,286	55,160	3.40	6,576,048	55,414	3.37
Commercial loans	1,351,574	18,708	5.48	1,306,917	18,267	5.47
Consumer loans	106,267	2,254	8.53	105,958	2,260	8.46
Total loans receivable(1)	7,948,127	76,122	3.82	7,988,923	75,941	3.78
MBS(2)	538,882	7,794	5.78	526,733	5,859	4.45
Investment securities(2)(3)	175,832	2,332	5.31	266,873	2,528	3.79
FHLB stock(4)	107,562	2,528	9.45	108,648	2,586	9.44
Cash and cash equivalents(5)	330,751	4,513	5.40	346,220	4,778	5.40
Total interest-earning assets	9,101,154	93,289	4.09	9,237,397	91,692	3.95
Other non-interest-earning assets	467,949			466,084		
Total assets	$ 9,569,103			$ 9,703,481		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Checking	$ 878,243	438	0.20	$ 886,530	445	0.20
Savings	471,239	224	0.19	472,819	138	0.12
Money market	1,335,269	5,706	1.72	1,364,565	6,737	1.96
Retail certificates	2,623,613	25,297	3.88	2,555,375	23,199	3.60
Commercial certificates	51,304	510	4.00	49,558	463	3.70
Wholesale certificates	112,077	1,240	4.45	130,857	1,461	4.43
Total deposits	5,471,745	33,415	2.46	5,459,704	32,443	2.36
Borrowings(6)	2,360,776	18,554	3.15	2,467,410	19,656	3.15
Total interest-bearing liabilities	7,832,521	51,969	2.67	7,927,114	52,099	2.61
Non-interest-bearing deposits	528,278			537,144		
Other non-interest-bearing liabilities	172,042			202,743		
Stockholders' equity	1,036,262			1,036,480		
Total liabilities and stockholders' equity	$ 9,569,103			$ 9,703,481		
Net interest income(7)		$ 41,320			$ 39,593	
Net interest-earning assets	$ 1,268,633			$ 1,310,283		
Net interest margin(8)			1.82			1.71
Ratio of interest-earning assets to interest-bearing liabilities			1.16x			1.17x
Selected performance ratios:						
Return on average assets (annualized)(9)(14)			0.58 %			0.10 %
Return on average equity (annualized)(10)(14)			5.31			0.98
Average equity to average assets			10.83			10.68

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Operating expense ratio (annualized)(11)	1.19	1.18
Efficiency ratio(12)(14)	61.89	92.86
Pre-tax yield on leverage strategy(13)	—	—

	For the Three Months Ended								
	December 31, 2023			September 30, 2023			December 31, 2022		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
Assets:					(Dollars in thousands)				
Interest-earning assets:									
One- to four-family loans:									
Originated	$ 4,025,539	$ 35,060	3.48 %	$ 4,036,609	$ 34,584	3.43 %	$ 4,049,790	$ 33,364	3.29 %
Correspondent purchased	2,413,900	19,660	3.26	2,454,407	19,794	3.23	2,305,362	17,261	2.99
Bulk purchased	136,609	694	2.03	138,922	524	1.51	147,091	434	1.18
Total one- to four-family loans	6,576,048	55,414	3.37	6,629,938	54,902	3.31	6,502,243	51,059	3.14
Commercial loans	1,306,917	18,267	5.47	1,249,498	16,930	5.30	1,025,402	11,993	4.58
Consumer loans	105,958	2,260	8.46	104,252	2,199	8.37	102,760	1,767	6.82
Total loans receivable(1)	7,988,923	75,941	3.78	7,983,688	74,031	3.69	7,630,405	64,819	3.38
MBS(2)	526,733	5,859	4.45	1,078,957	4,399	1.63	1,221,035	4,811	1.58
Investment securities(2)(3)	266,873	2,528	3.79	524,574	894	0.68	525,081	881	0.67
FHLB stock(4)	108,648	2,586	9.44	120,159	2,796	9.23	197,577	4,158	8.35
Cash and cash equivalents(5)	346,220	4,778	5.40	453,486	6,139	5.30	1,801,493	16,671	3.62
Total interest-earning assets	9,237,397	91,692	3.95	10,160,864	88,259	3.45	11,375,591	91,340	3.19
Other non-interest-earning assets	466,084			271,074			248,022		
Total assets	$ 9,703,481			$ 10,431,938			$ 11,623,613		
Liabilities and stockholders' equity:									
Interest-bearing liabilities:									
Checking	$ 886,530	445	0.20	$ 900,526	449	0.20	$ 1,007,569	289	0.11
Savings	472,819	138	0.12	492,737	145	0.12	545,885	100	0.07
Money market	1,364,565	6,737	1.96	1,404,496	6,913	1.95	1,759,804	3,035	0.68
Retail certificates	2,555,375	23,199	3.60	2,498,839	20,268	3.22	2,064,929	7,767	1.49
Commercial certificates	49,558	463	3.70	30,735	273	3.53	34,298	104	1.20
Wholesale certificates	130,857	1,461	4.43	158,598	1,730	4.33	97,828	609	2.47
Total deposits	5,459,704	32,443	2.36	5,485,931	29,778	2.15	5,510,313	11,904	0.86
Borrowings(6)	2,467,410	19,656	3.15	3,150,179	27,746	3.48	4,260,685	33,608	3.10
Total interest-bearing liabilities	7,927,114	52,099	2.61	8,636,110	57,524	2.64	9,770,998	45,512	1.84
Non-interest-bearing deposits	537,144			540,607			576,519		
Other non-interest-bearing liabilities	202,743			191,978			191,474		
Stockholders' equity	1,036,480			1,063,243			1,084,622		
Total liabilities and stockholders' equity	$ 9,703,481			$ 10,431,938			$ 11,623,613		
Net interest income(7)		$ 39,593			$ 30,735			$ 45,828	
Net interest-earning assets	$ 1,310,283			$ 1,524,754			$ 1,604,593		
Net interest margin(8)(9)			1.71			1.21			1.61
Ratio of interest-earning assets to interest-bearing liabilities			1.17x			1.18x			1.16x
Selected performance ratios:									
Return on average assets (annualized)(9)			0.10 %			(5.38 %)			0.56 %
Return on average equity (annualized)(9)			0.98			(52.82)			5.99
Average equity to average assets			10.68			10.19			9.33
Operating expense ratio (annualized)(10)			1.18			1.08			0.96

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Efficiency ratio(9)(11)	92.86	(17.96)	54.27
Pre-tax yield on leverage strategy(12)	—	0.07	0.20

(1) Balances are adjusted for unearned loan fees and deferred costs. Loans that are 90 or more days delinquent are included in the loans receivable average balance with a yield of zero percent.

(2) AFS securities are adjusted for unamortized purchase premiums or discounts.

(3) The There were no nontaxable securities included in the average balance of investment securities includes for the quarter ended March 31, 2024. Included in the average balance of investments securities for the quarter ended December 31, 2023 are nontaxable securities with an average balance of nontaxable securities of $201 thousand, $1.0 million and $1.1 million for the quarters ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively. thousand.

(4) There was no FHLB stock related to the leverage strategy for the quarter ended December 31, 2023. Included in this line, for the quarters ended September 30, 2023 March 31, 2024 and December 31, 2022, respectively, is FHLB stock related to the leverage strategy with an average outstanding balance of $10.8 million and $84.3 million, respectively, and dividend income of $251 thousand and $1.8 million, respectively, at a weighted average yield of 9.25% and 8.49%, respectively. Included in this line for the quarters ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively, is FHLB stock not related to the leverage strategy with an average outstanding balance of $108.6 million, $109.4 million and $113.3 million, respectively, and dividend income of $2.6 million, $2.5 million, and $2.4 million respectively, at a weighted average yield of 9.44%, 9.23%, and 8.24%, respectively. .

(5) There was no cash and cash equivalents related to the leverage strategy during the quarter ended December 31, 2023. The average balance of cash and cash equivalents includes an average balance of cash related to the leverage strategy of $228.4 million and $1.79 billion during the quarters ended September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023.

(6) There were was no borrowings related to the leverage strategy during the quarter ended December 31, 2023. Included in this line, for the quarters ended September 30, 2023 and December 31, 2022, are FHLB borrowings related to the leverage strategy with an average outstanding balance of $239.1 million and $1.87 billion, respectively, and interest paid of $3.3 million and $17.3 million, respectively, at a weighted average rate of 5.33% and 3.61% respectively. Included in this line for the quarters ended December 31, 2023, September 30, 2023, March 31, 2024 and December 31, 2022 were borrowings not related to the leverage strategy with an average outstanding balance of $2.47 billion, $2.91 billion, and $2.39 billion respectively, and interest paid of $19.7 million, $24.5 million, and $16.3 million respectively, at a weighted average rate of 3.15%, 3.33%, and 2.70% respectively. December 31, 2023. The FHLB advance amounts and rates included in this line include the effect of interest rate swaps and are net of deferred prepayment penalties.

(7) Net interest income represents the difference between interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income depends on the average balance of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

(8) Net interest margin represents annualized net interest income as a percentage of average interest-earning assets. Management believes the net interest margin is important to investors as it is a profitability measure for financial institutions.

(9) The table below provides Return on average assets represents annualized net income as a reconciliation between performance measures presented in accordance with GAAP and the same performance measures excluding the effects percentage of the leverage strategy and the securities strategy, which are not presented in accordance with GAAP. total average assets. Management believes it that the return on average assets is important for comparability purposes to provide investors as it shows the performance measures without the leverage strategy because of the unique nature of the leverage strategy and without the securities transactions due Company's profitability in relation to the non-recurring nature Company's average assets.

(10) Return on average equity represents annualized net income as a percentage of total average equity. Management believes that the securities strategy. The leverage strategy reduces some of our performance measures due return on average equity is important to investors as it shows the Company's profitability in relation to the amount of earnings associated with the transaction in comparison to the size of the transaction, while increasing our net income. The leverage strategy was not in place for the quarter ended December 31, 2023. The Excluding Leverage Strategy (Non-GAAP) columns and the Excluding Securities Strategy (Non-GAAP) columns each begin with Actual (GAAP) before applying the respective strategy adjustments. Company's average equity.

	For the Three Months Ended										
	December 31, 2023			September 30, 2023					December 31, 2022		
	Actual (GAAP)	Securities Strategy	Excluding Securities Strategy (Non-GAAP)	Actual (GAAP)	Leverage Strategy	Excluding Leverage Strategy (Non-GAAP)	Securities Strategy	Excluding Securities Strategy (Non-GAAP)	Actual (GAAP)	Leverage Strategy	Excluding Leverage Strategy (Non-GAAP)
Yield on interest-earning assets	3.95 %			3.45 %	0.05 %	3.40 %			3.19 %	0.13 %	3.06 %
Cost of interest-bearing liabilities	2.61			2.64	0.08	2.56			1.84	0.42	1.42
Return on average assets	0.10	(0.42)%	0.52 %	(5.38)	0.13	(5.51)	(5.58)%	0.20 %	0.56	(0.07)	0.63
Return on average equity	0.98	(3.89)	4.87	(52.82)	0.01	(52.83)	(54.79)	1.97	5.99	0.28	5.71
Net interest margin	1.71			1.21	(0.03)	1.24			1.61	(0.27)	1.88
Efficiency ratio	92.86	28.13	64.73	(17.96)	(0.03)	(17.93)	(97.04)	79.08	54.27	(0.87)	55.14
EPS	$ 0.02	$ (0.08)	$ 0.10	$ (1.05)			$ (1.09)	$ 0.04			

(10) (11) The operating expense ratio represents annualized non-interest expense as a percentage of average assets. Management believes the operating expense ratio is important to investors as it provides insight into how efficiently the Company is managing its expenses in relation to its assets. It is a financial measurement ratio that does not take into consideration changes in interest rates.

(11) (12) The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. Management believes the efficiency ratio is important to investors as it is a measure of a financial institution's total non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. A higher value generally indicates that it is costing the financial institution more money to generate revenue, related to its net interest margin and non-interest income.

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(12) (13) The pre-tax yield on the leverage strategy represents annualized pre-tax income resulting from the transaction as a percentage of the average interest-earning assets associated with the transaction. Management believes this ratio is important to investors as it provides the yield the Company is earning on the leverage strategy transaction.

(14) The table below provides a reconciliation between performance measures presented in accordance with GAAP and the same performance measures absent the impact of the net loss on the securities transactions associated with the securities strategy, which are not presented in accordance with GAAP. The securities strategy was non-recurring in nature; therefore management believes it is meaningful to investors to present certain financial measures without the securities strategy to better evaluate the Company's core operations. See information regarding the securities strategy in the Executive Summary discussion above.

	For the Three Months Ended December 31, 2023		
	Actual (GAAP)	Securities Strategy	Without Securities Strategy (Non-GAAP)
Return on average assets (annualized)	0.10 %	(0.42)%	0.52 %
Return on average equity (annualized)	0.98	(3.89)	4.87
Efficiency Ratio	92.86	28.13	64.73
EPS(15)	$ 0.02	$ (0.08)	$ 0.10

(15) EPS is calculated as net income divided by average shares outstanding. Management believes EPS is an important measure to investors as it shows the Company's earnings in relation to the Company's outstanding shares.

Rate/Volume Analysis

The table below presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities, comparing the three months ended March 31, 2024 to the three months ended December 31, 2023. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in volume, which are changes in the average balance multiplied by the previous year's average rate and (2) changes in rate, which are changes in the average rate multiplied by the average balance from the previous year period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate.

	For the Three Months Ended March 31, 2024 vs. December 31, 2023		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable	$ (137)	$ 318	$ 181
MBS	139	1,796	1,935
Investment securities	(1,021)	825	(196)
FHLB stock	(57)	(1)	(58)
Cash and cash equivalents	(264)	(1)	(265)
Total interest-earning assets	(1,340)	2,937	1,597
Interest-bearing liabilities:			
Checking	(8)	1	(7)
Savings	—	86	86
Money market	(154)	(878)	(1,032)
Certificates of deposit	400	1,525	1,925
Borrowings	(1,033)	(69)	(1,102)
Total interest-bearing liabilities	(795)	665	(130)
Net change in net interest income	$ (545)	$ 2,272	$ 1,727

Comparison of Operating Results for the Six Months Ended March 31, 2024 and 2023

The Company recognized net income of $16.3 million, or $0.12 per share, for the current year period, compared to net income of $30.4 million, or $0.23 per share, for the prior year period. The lower net income for the current year period was primarily a result of the $13.3 million net loss on the securities sales associated with the securities strategy, along with

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lower net interest income, partially offset by lower provision for credit losses and income tax expense in the current year period. Without the effects of the securities strategy, EPS would have been $0.20 for the current year period. See the Executive Summary section above for additional discussion.

Periodically at management's discretion, we have utilized the leverage strategy to increase earnings which entails entering into short-term FHLB borrowings and depositing the proceeds from these FHLB borrowings, net of the cost to purchase FHLB stock to meet FHLB stock holding requirements, at the FRB of Kansas City. See additional information regarding the leverage strategy in the "Financial Condition - Borrowings" section above. When the leverage strategy is in place, it reduces the net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction.

The net interest margin increased 17 basis points, from 1.59% for the prior year period to 1.76% for the current year period, due primarily to the leverage strategy being in place during the prior year period but not in place during the current year period. The leverage strategy negatively impacted the net interest margin for the prior year period by 20 basis points. The absence of the leverage strategy during the current year period was partially offset by the negative effect on the net interest margin of an increase in the costs of deposits and borrowings, which exceeded the increase in yields on securities and loans.

Interest and Dividend Income

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

	For the Six Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 152,063	$ 134,138	$ 17,925	13.4 %
MBS	13,653	9,559	4,094	42.8
Cash and cash equivalents	9,291	27,648	(18,357)	(66.4)
FHLB stock	5,114	7,765	(2,651)	(34.1)
Investment securities	4,860	1,776	3,084	173.6
Total interest and dividend income	$ 184,981	$ 180,886	$ 4,095	2.3

The increase in interest income on loans receivable was due to an increase in the weighted average yield and the average balance of the loan portfolio. The increase in the weighted average yield was due primarily to originations and purchases/participations at higher market yields between periods, as well as disbursements on commercial construction loans at rates higher than the overall portfolio rate and upward repricing of existing adjustable-rate loans due to higher market interest rates. The increase in the average balance was mainly in the commercial real estate loan portfolio. The increase in interest income on MBS and investment securities was due to an increase in the weighted average yield, partially offset by a decrease in the average balance, both a result of the securities strategy. The decrease in interest income on cash and cash equivalents and the decrease in dividend income on FHLB stock were due mainly to the leverage strategy being utilized during the prior year period and not being utilized during the current year period. Interest income on cash and cash equivalents related to the leverage strategy decreased $27.2 million and dividend income on FHLB stock related to the leverage strategy decreased $2.8 million compared to the prior year period. Interest income on cash and cash equivalents not associated with the leverage strategy increased $8.8 million related to an increase in the average balance of cash and cash equivalents as a result of the securities strategy.

Interest Expense

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

	For the Six Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
Deposits	$ 65,858	$ 28,044	$ 37,814	134.8 %
Borrowings	38,210	65,055	(26,845)	(41.3)
Total interest expense	$ 104,068	$ 93,099	$ 10,969	11.8

The increase in interest expense on deposits was due almost entirely to an increase in the weighted average rate paid on the deposit portfolio, specifically retail certificates of deposit and money market accounts. Interest expense on borrowings associated with the leverage strategy decreased $28.5 million compared to the prior year period due to the leverage strategy being in place during the prior year period and not being in place during the current year period. Interest expense on borrowings not associated with the leverage strategy increased $1.7 million due to new borrowings being added between periods, at market interest rates higher than the overall portfolio rate, to replace maturing advances and to fund operational needs.

Provision for Credit Losses

The Bank recorded a provision for credit losses of $424 thousand during the current year period, compared to a provision for credit losses of $4.6 million for the prior year period. The provision for credit losses in the current year period was comprised of an $856 thousand increase in the ACL for loans, partially offset by a $432 thousand release in the reserve

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for off-balance sheet credit exposures. The provision for credit losses associated with the ACL was due primarily to commercial loan growth. The release of provision for credit losses associated with the reserve for off-balance sheet credit exposures was due primarily to a reduction in the balance of commercial off-balance sheet credit exposures due to construction loans being funded and converted to permanent loans.

Non-Interest Income

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

	For the Six Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
Deposit service fees	$ 5,026	$ 6,583	$ (1,557)	(23.7)%
Insurance commissions	1,598	1,672	(74)	(4.4)
Net loss from securities transactions	(13,345)	—	(13,345)	N/A
Other non-interest income	2,470	2,180	290	13.3
Total non-interest income	$ (4,251)	$ 10,435	$ (14,686)	(140.7)

The decrease in deposit service fees was due primarily to a change in the fee structure of certain deposit products after the digital transformation. The net loss from securities transactions relates to the securities strategy, with no similar transaction in the prior year period. The increase in other non-interest income was due mainly to an increase in income on BOLI related to the receipt of death benefits in the current year period while none were received in the prior year period.

Non-Interest Expense

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

	For the Six Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST EXPENSE:				
Salaries and employee benefits	$ 25,879	$ 26,487	$ (608)	(2.3)%
Information technology and related expense	10,323	10,859	(536)	(4.9)
Occupancy, net	6,853	7,042	(189)	(2.7)
Federal insurance premium	3,587	2,058	1,529	74.3
Regulatory and outside services	3,023	2,838	185	6.5
Advertising and promotional	2,259	2,166	93	4.3
Deposit and loan transaction costs	1,409	1,301	108	8.3
Office supplies and related expense	780	1,264	(484)	(38.3)
Other non-interest expense	2,840	2,389	451	18.9
Total non-interest expense	$ 56,953	$ 56,404	$ 549	1.0

The decrease in salaries and employee benefits was a result of a decrease in full-time equivalent employees between the two periods as a result of management's decision to not backfill non-critical employees through natural attrition, along with a reduction in loan commissions. During fiscal year 2023, the Bank moved to a new branch staffing model comprised of decision makers and well-rounded employees that is intended to add an elevated experience for customers who choose in-person banking activities. The decrease in information technology and related expenses was due mainly to lower third-party project management expenses related to the Bank's digital transformation project during the prior year period along with other costs no longer incurred that were associated with the previous system, partially offset by higher software licensing expenses resulting from new agreements associated with the digital transformation project. The increase in the federal insurance premium was due to an increase in the FDIC assessment rate as a result of the way the rate is adjusted for the occurrence of a net loss during the quarter ending September 30, 2023, along with an FDIC rule that increased the FDIC initial base deposit assessment rate by approximately two basis points on January 1, 2023. The decrease in office supplies and related expense was due primarily to the outsourcing of statement processing associated with the digital transformation and the timing of office supply purchases, along with the write-off of the Bank's remaining inventory of unissued non-contactless debit cards during the prior year period which had become obsolete. The increase in other non-interest expense was due mainly to an increase in fraud losses and other miscellaneous expenses.

The Company's efficiency ratio was 74.29% for the current year period compared to 57.43% for the prior year period. Absent the net loss from the securities strategy, the efficiency ratio would have been 63.28% for the current year period. The change in the efficiency ratio, without the securities strategy, was due primarily to lower net interest income in the current year period compared to the prior year period. The Company's operating expense ratio (annualized) for the current year period was 1.18% compared to 1.00% for the prior

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year period, due mainly to lower average assets in the current year period. The leverage strategy was in place at times during the prior year period, which increased assets, but was not in place during the current year period.

Income Tax Expense

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

	For the Six Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
Income before income tax expense	$ 19,285	$ 37,267	$ (17,982)	(48.3) %
Income tax expense	2,980	6,838	(3,858)	(56.4)
Net income	$ 16,305	$ 30,429	$ (14,124)	(46.4)
Effective Tax Rate	15.5 %	18.3 %		

The lower income tax expense in the current year period was a result of treating the $13.3 million net loss on the securities sale associated with the securities strategy as a discrete tax benefit. The tax benefit related to the net loss was $3.3 million. Without the tax benefit, income tax expense would have been $6.2 million and the effective tax rate, would have been 19.1% for the current year period.

Average Balance Sheet

The following table presents the average balances of our assets, liabilities, and stockholders' equity, and the related annualized weighted average yields and rates on our interest-earning assets and interest-bearing liabilities for the periods indicated, as well as selected performance ratios and other information for the periods shown. Weighted average yields are derived by dividing annualized income by the average balance of the related assets, and weighted average rates are derived by dividing annualized expense by the average balance of the related liabilities, for the periods shown. Average outstanding balances are derived from average daily balances. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yields/rates. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	For the Six Months Ended					
	March 31, 2024			March 31, 2023		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
Assets:	(Dollars in thousands)					
Interest-earning assets:						
One- to four-family loans:						
Originated	$ 4,006,536	$ 70,211	3.50 %	$ 4,050,149	$ 67,024	3.31 %
Correspondent purchased	2,391,638	38,934	3.26	2,383,295	36,642	3.07
Bulk purchased	135,228	1,429	2.11	145,779	847	1.16
Total one- to four-family loans	6,533,402	110,574	3.38	6,579,223	104,513	3.18
Commercial loans	1,329,123	36,974	5.47	1,085,870	25,917	4.72
Consumer loans	106,112	4,515	8.51	102,705	3,708	7.24
Total loans receivable(1)	7,968,637	152,063	3.80	7,767,798	134,138	3.45
MBS(2)	532,774	13,653	5.13	1,197,462	9,559	1.60
Investment securities(2)(3)	221,601	4,860	4.39	525,047	1,776	0.68
FHLB stock(4)	108,108	5,114	9.46	182,737	7,765	8.52
Cash and cash equivalents(5)	338,528	9,291	5.40	1,389,121	27,648	3.94
Total interest-earning assets	9,169,648	184,981	4.02	11,062,165	180,886	3.26
Other non-interest-earning assets	467,011			255,882		
Total assets	$ 9,636,659			$ 11,318,047		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Checking	$ 882,409	883	0.20	$ 998,604	657	0.13

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Savings	472,034	362	0.15	543,630	201	0.07
Money market	1,349,997	12,443	1.84	1,690,893	6,218	0.74
Retail certificates	2,589,307	48,496	3.75	2,119,905	18,882	1.79
Commercial certificates	50,426	973	3.86	36,413	301	1.66
Wholesale certificates	121,518	2,701	4.45	112,272	1,785	3.19
Total deposits	5,465,691	65,858	2.41	5,501,717	28,044	1.02
Borrowings(6)	2,414,384	38,210	3.16	3,983,434	65,055	3.25
Total interest-bearing liabilities	7,880,075	104,068	2.64	9,485,151	93,099	1.96
Non-interest-bearing deposits	532,735			575,518		
Other non-interest-bearing liabilities	187,477			182,083		
Stockholders' equity	1,036,372			1,075,295		
Total liabilities and stockholders' equity	$ 9,636,659			$ 11,318,047		
Net interest income(7)		$ 80,913			$ 87,787	
Net interest-earning assets	$ 1,289,573			$ 1,577,014		
Net interest margin(8)			1.76			1.59
Ratio of interest-earning assets to interest-bearing liabilities			1.16x			1.17x
Selected performance ratios:						
Return on average assets (annualized)(9)(14)			0.34 %			0.54 %
Return on average equity (annualized)(10)(14)			3.15			5.66
Average equity to average assets			10.75			9.50
Operating expense ratio (annualized)(11)			1.18			1.00
Efficiency ratio(12)(14)			74.29			57.43
Pre-tax yield on leverage strategy(13)			—			0.15

(1) Balances are adjusted for unearned loan fees and deferred costs. Loans that are 90 or more days delinquent are included in the loans receivable average balance with a yield of zero percent.

(2) AFS securities are adjusted for unamortized purchase premiums or discounts.

(3) The average balance of investment securities includes an average balance of nontaxable securities of $101 thousand and $1.1 million for the six month periods ended March 31, 2024 and March 31, 2023, respectively.

(4) There was no FHLB stock related to the leverage strategy for the six month period ended March 31, 2024. Included in this line, for the six month period ended March 31, 2023, is FHLB stock related to the leverage strategy with an average outstanding balance of $64.4 million and dividend income of $2.8 million, at a weighted average yield of 8.58%, and FHLB stock not related to the leverage strategy with an average outstanding balance of $118.4 million and dividend income of $5.0 million, at a weighted average yield of 8.49%.

(5) There was no cash and cash equivalents related to the leverage strategy during the six month period ended March 31, 2024. The average balance of cash and cash equivalents includes an average balance of cash related to the leverage strategy of $1.37 billion and interest income of $27.2 million, at a weighted average yield of 3.93% during the six month period ended March 31, 2023.

(6) There were no borrowings related to the leverage strategy during the six month period ended March 31, 2024. Included in this line, for the six month period ended March 31, 2023, are FHLB borrowings related to the leverage strategy with an average outstanding balance of $1.43 billion and interest paid of $28.6 million, at a weighted average rate of 3.95%, and borrowings not related to the leverage strategy with an average outstanding balance of $2.55 billion and interest paid of $36.5 million, at a weighted average rate of 2.86%. The FHLB advance amounts and rates included in this line include the effect of interest rate swaps and are net of deferred prepayment penalties.

(7) Net interest income represents the difference between interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income depends on the average balance of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

(8) Net interest margin represents annualized net interest income as a percentage of average interest-earning assets. Management believes the net interest margin is important to investors as it is a profitability measure for financial institutions.

(9) Return on average assets represents annualized net income as a percentage of total average assets. Management believes that the return on average assets is important to investors as it shows the Company's profitability in relation to the Company's average assets.

(10) Return on average equity represents annualized net income as a percentage of total average equity. Management believes that the return on average equity is important to investors as it shows the Company's profitability in relation to the Company's average equity.

(11) The operating expense ratio represents annualized non-interest expense as a percentage of average assets. Management believes the operating expense ratio is important to investors as it provides insight into how efficiently the Company is managing its expenses in relation to its assets. It is a financial measurement ratio that does not take into consideration changes in interest rates.

(12) The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. Management believes the efficiency ratio is important to investors as it is a measure of a financial institution's total non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. A higher value generally indicates that it is costing the financial institution more money to generate revenue, related to its net interest margin and non-interest income.

(13) The pre-tax yield on the leverage strategy represents annualized pre-tax income resulting from the transaction as a percentage of the average interest-earning assets associated with the transaction. Management believes this ratio is important to investors as it provides the yield the Company is earning on the leverage strategy transaction.

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(14) The table below provides a reconciliation between performance measures presented in accordance with GAAP and the same performance measures absent the impact of the net loss on the securities transactions associated with the securities strategy, which are not presented in accordance with GAAP. The securities strategy was non-recurring in nature; therefore management believes it is meaningful to investors to present certain financial measures without the securities strategy to better evaluate the Company's core operations. See information regarding the securities strategy in the Executive Summary discussion above.

	For the Six Months Ended March 31, 2024		
	Actual (GAAP)	Securities Strategy	Without Securities Strategy (Non-GAAP)
Return on average assets (annualized)	0.34 %	(0.21)%	0.55 %
Return on average equity (annualized)	3.15	(1.94)	5.09
Efficiency Ratio	74.29	11.01	63.28
EPS(15)	$ 0.12	$ (0.08)	$ 0.20

(15) EPS is calculated as net income divided by average shares outstanding. Management believes EPS is an important measure to investors as it shows the Company's earnings in relation to the Company's outstanding shares.

Rate/Volume Analysis

The table below presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities, comparing the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in volume, which are changes in the average balance multiplied by the previous period's average rate, and (2) changes in rate, which are changes in the average rate multiplied by the average balance from the previous period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate.

	For the Three Months Ended									
	December 31, 2023 vs. September 30, 2023				December 31, 2023 vs. December 31, 2022					
	For the Six Months Ended									
	For the Six Months Ended									
	For the Six Months Ended									
	March 31, 2024 vs. March 31, 2023									
	Increase (Decrease) Due to				Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Volume	Rate	Total	Volume	Rate	Total	Volume	Rate	Total
	(Dollars in thousands)					(Dollars in thousands)				(Dollars in thousands)
Interest-earning assets:										
Loans receivable										
Loans receivable										
Loans receivable										
MBS										
Investment securities										
FHLB stock										
Cash and cash equivalents										
Total interest-earning assets										
Interest-bearing liabilities:										
Interest-bearing liabilities:										
Interest-bearing liabilities:										
Checking										
Checking										
Checking										

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Savings

Money market

Certificates of deposit

Borrowings

Total interest-bearing liabilities

Net change in net interest income

Net change in net interest income

Net change in net interest income

Comparison of Operating Results for the Three Months Ended December 31, 2023 March 31, 2024 and September 30, 2023 2023

For the quarter ended December 31, 2023 March 31, 2024, the Company recognized net income of $2.5 million $13.8 million, or $0.02 $0.11 per share, compared to a net loss income of $140.4 million $14.2 million, or $(1.05) $0.11 per share for the quarter ended September 30, 2023 March 31, 2023. The decrease in net loss for the prior quarter was due to the securities strategy. Excluding the securities strategy, EPS would have been $0.10 for the current quarter and $0.04 for the prior quarter. The increase in EPS, excluding the securities strategy, income was due primarily to an increase a decrease in net interest income partially offset by lower provision for credit losses in the net interest margin resulting from securities and borrowings activity related to the securities strategy. current quarter. The net interest margin increased 50 26 basis points, from 1.21% 1.56% for the prior year quarter to 1.71% 1.82% for the current quarter, due primarily to the leverage strategy being in place during the prior year quarter but not in place during the current year quarter. Excluding The leverage strategy negatively impacted the effects net interest margin for the prior year period by 15 basis points. The absence of the leverage strategy during the prior quarter, current year period was partially offset by the negative effect on the net interest margin increased 47 basis points, from 1.24% for of an increase in the prior quarter to 1.71% for cost of retail certificates of deposit, which exceeded the current quarter. The leverage strategy was increase in place during a portion of the prior quarter yields on securities and was not in place during the current quarter. loans.

Interest and Dividend Income

The following table presents the components of interest and dividend income for the time periods presented along with the change measured in dollars and percent. The weighted average yield on MBS increased 282 basis points and the weighted average yield on investment securities increased 311 basis points compared to the prior quarter as a result of the securities strategy.

	For the Three Months Ended																							
	December 31,																							
	December 31,																							
	December 31,						September 30,						Change Expressed in:											
				2023					2023						Dollars					Percent				
	March 31,																							
	March 31,																							
	March 31,												Change Expressed in:											
				2024			2023						Dollars					Percent						
	(Dollars in thousands)																							
INTEREST AND DIVIDEND INCOME:																								
INTEREST AND DIVIDEND INCOME:																								
INTEREST AND DIVIDEND INCOME:																								
Loans receivable																								
Loans receivable																								
Loans receivable	$	75,941	$		$	74,031	$		$	1,910	2.6	2.6	%	$ 76,122	$	$	69,319	$	$	6,803	9.8	9.8	%	
MBS																								
Cash and cash equivalents																								
FHLB stock																								
Investment securities																								
Total interest and dividend income																								

The increase in interest income on loans receivable was due to an increase in the weighted average yield of the portfolio, along with an increase in and the average balance of commercial loans, which also contributed to the increase in the overall portfolio yield. loan portfolio. The increase in the weighted average yield was due primarily to originations and purchases/participations at higher market rates and one- to four-family adjustable-rate loans repricing to higher market interest rates, yields between periods, as well as

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disbursements on commercial construction loans at rates higher than the overall portfolio rate. rate and upward repricing of existing adjustable-rate loans due to higher market interest rates. The increase in the average balance was primarily in the commercial loan portfolio. The increase in interest income on MBS and investment securities was due to an increase in the weighted average yield, of the portfolios due to the securities strategy, partially offset by a decrease in the average balance, as not all both a result of the proceeds from the securities sales were reinvested into the securities portfolio. strategy. The decrease in interest income on cash and cash equivalents and the decrease in dividend income on FHLB stock was were due mainly to the leverage strategy being in place for a portion of utilized during the prior year quarter and not being in place utilized during the current year quarter. Excluding Interest income on cash and cash equivalents related to the leverage strategy decreased $10.6 million and dividend income on FHLB stock related to the leverage strategy decreased $951 thousand compared to the prior year quarter. Interest income on cash and cash equivalents not associated with the leverage strategy increased $4.1 million due primarily to an increase in the average balance of cash and cash equivalents increased during the current quarter as which was mainly a result of the securities strategy.

Interest Expense

The following table presents the components of interest expense for the time periods presented, along with the change measured in dollars and percent. The weighted average rate paid on deposits increased 21 basis points and the weighted average rate paid on borrowings not associated with the leverage strategy decreased 18 basis points compared to the prior quarter.

	For the Three Months Ended			
	December 31,			
	December 31,			
	December 31,	September 30,	Change Expressed in:	
	2023	2023	Dollars	Percent
	March 31,			
	March 31,			
	March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
INTEREST EXPENSE:				
INTEREST EXPENSE:				
Deposits				
Deposits				
Deposits	$ 32,443 $ $	29,778 $	$ 2,665	8.9 8.9 % $ 33,415 $ $ 16,140 $ $ 17,275 107.0 107.0 %
Borrowings				
Total interest expense				

The increase in interest expense on deposits was due almost entirely primarily to increases an increase in the weighted average rate paid and on the average balance of the deposit portfolio, mainly retail certificate certificates of deposit portfolio. The growth and money market accounts. Interest expense on borrowings associated with the leverage strategy decreased $11.3 million compared to the prior year quarter due to the leverage strategy being in place during the retail certificate of deposit portfolio was prior year quarter and not being in certificates with terms of 14 months. During place during the current quarter, interest year quarter. Interest expense on borrowings not associated with the leverage strategy decreased

$4.9 million, $1.6 million due primarily to a decrease in the average balance of FHLB borrowings compared to the pay down of $500.0 million of borrowings under the BTFP, as part of the securities strategy. Interest expense on borrowings associated with the leverage strategy decreased $3.2 million due to the leverage strategy being in place during a portion of the prior quarter and not being in place during the current year quarter.

Provision for Credit Losses

For the quarter ended December 31, 2023, the The Bank recorded a provision for credit losses during the current quarter of $123 $301 thousand, compared to a provision for credit losses of $963 $891 thousand during the prior year quarter. See "Comparison of Operating Results for the prior quarter. The Three Months Ended March 31, 2024 and December 31, 2023" above for additional discussion regarding the provision for credit losses in during the current quarter was comprised of a $400 thousand increase in the ACL for loans, partially offset by a $277 thousand decrease in the reserve for off-balance sheet credit exposures. The provision for credit losses associated with the ACL was due primarily to commercial loan growth. The release of provision for credit losses associated with the reserve for off-balance sheet credit exposures was due primarily to commercial construction loans converting to permanent loans. quarter.

Non-Interest Income

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

	For the Three Months Ended		
	December 31,		
	December 31,		
	December 31,	September 30,	Change Expressed in:

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	2023	2023	Dollars	Percent
	March 31,			
	March 31,			
	March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
NON-INTEREST INCOME:				
NON-INTEREST INCOME:				
Deposit service fees				
Deposit service fees				
Deposit service fees	$ 2,575	$ $ 2,758	$ $ (183)	(6.6) (6.6)%
Insurance commissions				
Net loss from securities transactions				
Other non-interest income				
Net loss from securities transactions				
Other non-interest income				
Net loss from securities transactions				
Other non-interest income				
Total non-interest income				

The net loss from securities transactions decrease in deposit service fees was due primarily to a change in the current quarter and prior quarter relate to fee structure of certain deposit products after the securities strategy. digital transformation in August 2023. The decrease increase in other non-interest income was due mainly to a decrease an increase in loan fees during income on BOLI related to the receipt of death benefits in the current year quarter along with several other miscellaneous non-interest income items. while none were received in the prior year quarter.

Non-Interest Expense

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

	For the Three Months Ended					
	December 31,					
	December 31,					
	December 31,		September 30,		Change Expressed in:	
		2023		2023	Dollars	Percent
	March 31,					
	March 31,					
	March 31,				Change Expressed in:	
		2024	2023		Dollars	Percent
	(Dollars in thousands)					
NON-INTEREST EXPENSE:						
NON-INTEREST EXPENSE:						
NON-INTEREST EXPENSE:						
Salaries and employee benefits						
Salaries and employee benefits						
Salaries and employee benefits	$ 12,992	$	$ 11,804	$	$ 1,188	10.1 10.1 %
Information technology and related expense						
Occupancy, net						
Federal insurance premium						
Regulatory and outside services						
Advertising and promotional						
Deposit and loan transaction costs						
Office supplies and related expense						
Other non-interest expense						

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Other non-interest expense

Other non-interest expense

Total non-interest expense

The increase in salaries and employee benefits was mainly related to accruals associated with the Bank's short-term performance plan for fiscal year 2024 as the prior quarter included a reversal of the entire fiscal year 2023 accrual because the plan does not allow for the payment of incentive compensation if, as was the case for fiscal year 2023, the Company has a net loss for the fiscal year. The decrease in information technology and related expense expenses was due primarily to a reduction in IT professional services and software maintenance expenses due mainly to costs lower third-party project management expenses associated with the Company's implementation of a new core processing system ("digital transformation") transformation project during the prior quarter. year quarter along with other costs no longer incurred that were associated with the previous system, partially offset by higher software licensing expenses resulting from new agreements associated with the digital transformation project. The increase in the federal insurance premium was due mainly to an increase in the Federal Deposit Insurance Corporation ("FDIC") FDIC assessment rate as a result of the way the rate is adjusted for the occurrence of a net loss. loss during the quarter ending September 30, 2023. The increase in advertising and promotional expense was due mainly to the timing of campaigns. The decrease in deposit and loan transaction costs was due primarily to lower electronic banking new statement and check processing expenses due mainly related to non-recurring fees paid during the prior quarter agreements associated with the digital transformation. The decrease in office supplies and related expense was due mainly primarily to postage expense associated with the outsourcing of statement processing related to the digital transformation, mailings and the timing of office supply purchases between periods. The increase in the prior quarter. other non-interest expense was due mainly to an increase in customer fraud losses.

The Company's efficiency ratio was 92.86% 61.89% for the current quarter compared to (17.96)% 60.86% for the prior year quarter. Excluding the net losses from the securities strategy, The change in the efficiency ratio would have been 64.73% was due primarily to lower net interest income in the current quarter. The Company's operating expense ratio (annualized) for the current quarter and 79.08% was 1.19% compared to 1.04% for the prior year quarter, due mainly to lower average assets in the current quarter. The improvement leverage strategy was in place at times during the prior year quarter, which increased assets, but was not in place during the current year quarter.

Income Tax Expense

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

	For the Three Months Ended March 31,		Change Expressed in:	
	2024	2023	Dollars	Percent
	(Dollars in thousands)			
Income before income tax expense	$ 17,217	$ 17,520	$ (303)	(1.7) %
Income tax expense	3,455	3,331	124	3.7
Net income	$ 13,762	$ 14,189	$ (427)	(3.0)
Effective Tax Rate	20.1 %	19.0 %		

Income tax expense was higher in the efficiency ratio, excluding the securities strategy, current year quarter due to a higher effective tax rate, partially offset by lower pretax income. The higher effective tax rate was due primarily to higher recording income taxes on the current quarter distribution of earnings from the Bank to the Company. See "Comparison of Operating Results for the Three Months Ended March 31, 2024 and December 31, 2023" above for additional discussion.

Average Balance Sheet

The following table presents the average balances of our assets, liabilities, and stockholders' equity, and the related annualized weighted average yields and rates on our interest-earning assets and interest-bearing liabilities for the periods indicated, as well as selected performance ratios and other information for the periods shown. Weighted average yields are derived by dividing annualized income by the average balance of the related assets, and weighted average rates are derived by dividing annualized expense by the average balance of the related liabilities, for the periods shown. Average outstanding balances are derived from average daily balances. The weighted average yields and rates include amortization of fees, costs, premiums and discounts, which are considered adjustments to yields/rates. Weighted average yields on tax-exempt securities are not calculated on a fully taxable equivalent basis.

	For the Three Months Ended					
	March 31, 2024			March 31, 2023		
	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Amount	Interest Earned/ Paid	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Interest-earning assets:						
One- to four-family loans:						

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Originated	$ 3,987,323	$ 35,151	3.53 %	$ 4,050,515	$ 33,660	3.32 %
Correspondent purchased	2,369,131	19,274	3.25	2,462,960	19,380	3.15
Bulk purchased	133,832	735	2.20	144,438	413	1.14
Total one- to four-family loans	6,490,286	55,160	3.40	6,657,913	53,453	3.21
Commercial loans	1,351,574	18,708	5.48	1,147,681	13,924	4.85
Consumer loans	106,267	2,254	8.53	102,649	1,942	7.67
Total loans receivable(1)	7,948,127	76,122	3.82	7,908,243	69,319	3.51
MBS(2)	538,882	7,794	5.78	1,173,366	4,748	1.62
Investment securities(2)(3)	175,832	2,332	5.31	525,012	895	0.68
FHLB stock(4)	107,562	2,528	9.45	167,567	3,607	8.73
Cash and cash equivalents(5)	330,751	4,513	5.40	967,586	10,977	4.54
Total interest-earning assets	9,101,154	93,289	4.09	10,741,774	89,546	3.34
Other non-interest-earning assets	467,949			263,916		
Total assets	$ 9,569,103			$ 11,005,690		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Checking	$ 878,243	438	0.20	$ 989,440	368	0.15
Savings	471,239	224	0.19	541,324	101	0.08
Money market	1,335,269	5,706	1.72	1,620,451	3,184	0.80
Retail certificates	2,623,613	25,297	3.88	2,176,103	11,115	2.07
Commercial certificates	51,304	510	4.00	38,575	197	2.07
Wholesale certificates	112,077	1,240	4.45	127,037	1,175	3.75
Total deposits	5,471,745	33,415	2.46	5,492,930	16,140	1.19
Borrowings(6)	2,360,776	18,554	3.15	3,700,022	31,447	3.42
Total interest-bearing liabilities	7,832,521	51,969	2.67	9,192,952	47,587	2.09
Non-interest-bearing deposits	528,278			574,495		
Other non-interest-bearing liabilities	172,042			172,481		
Stockholders' equity	1,036,262			1,065,762		
Total liabilities and stockholders' equity	$ 9,569,103			$ 11,005,690		
Net interest income(7)		$ 41,320			$ 41,959	
Net interest-earning assets	$ 1,268,633			$ 1,548,822		
Net interest margin(8)			1.82			1.56
Ratio of interest-earning assets to interest-bearing liabilities			1.16x			1.17x
Selected performance ratios:						
Return on average assets (annualized)(9)			0.58 %			0.52 %
Return on average equity (annualized)(10)			5.31			5.33
Average equity to average assets			10.83			9.68
Operating expense ratio (annualized)(11)			1.19			1.04
Efficiency ratio(12)			61.89			60.86
Pre-tax yield on leverage strategy(13)			—			0.06

(1) Balances are adjusted for unearned loan fees and deferred costs. Loans that are 90 or more days delinquent are included in the loans receivable average balance with a yield of zero percent.

(2) AFS securities are adjusted for unamortized purchase premiums or discounts.

(3) There were no nontaxable securities included in the average balance of investment securities for the three months ended March 31, 2024. The average balance of investment securities includes an average balance of nontaxable securities of $1.0 million for the three months ended March 31, 2023.

(4) There was no FHLB stock related to the leverage strategy for the three months ended March 31, 2024. Included in this line, for the three months ended March 31, 2023 is FHLB stock related to the leverage strategy with an average outstanding balance of $44.1 million and dividend income of $951 thousand, at a weighted average yield of 8.75%, and FHLB stock not related to the leverage strategy with an average outstanding balance of $123.5 million and dividend income of $2.7 million, at a weighted average yield of 8.72%.

(5) There was no cash and cash equivalents related to the leverage strategy during the three months ended March 31, 2024. The average balance of cash and cash equivalents includes an average balance of cash related to the leverage strategy of $935.1 million and interest income of $10.6 million, at a weighted average yield of 4.54% during the three months ended March 31, 2023.

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(6) There was no FHLB borrowings related to the leverage strategy for the three months ended March 31, 2024. Included in this line, for the three months ended March 31, 2023 are FHLB borrowings related to the leverage strategy with an average outstanding balance of $979.2 million and interest paid of $11.3 million, at a weighted average rate of 4.60%, and borrowings not related to the leverage strategy with an average outstanding balance of $2.72 billion and interest paid of $20.2 million, at a weighted average rate of 3.00%. The FHLB advance amounts and rates included in this line include the effect of interest rate swaps and are net of deferred prepayment penalties.

(7) Net interest income represents the difference between interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income depends on the average balance of interest-earning assets and interest-bearing liabilities, and the interest rates earned or paid on them.

(8) Net interest margin represents annualized net interest income. income as a percentage of average interest-earning assets. Management believes the net interest margin is important to investors as it is a profitability measure for financial institutions.

(9) Return on average assets represents annualized net income as a percentage of total average assets. Management believes that the return on average assets is important to investors as it shows the Company's profitability in relation to the Company's average assets.

(10) Return on average equity represents annualized net income as a percentage of total average equity. Management believes that the return on average equity is important to investors as it shows the Company's profitability in relation to the Company's average equity.

(11) The operating expense ratio represents annualized non-interest expense as a percentage of average assets. Management believes the operating expense ratio is important to investors as it provides insight into how efficiently the Company is managing its expenses in relation to its assets. It is a financial measurement ratio that does not take into consideration changes in interest rates.

(12) The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. Management believes the efficiency ratio is important to investors as it is a measure of a financial institution's total non-interest expense as a percentage of the sum of net interest income (pre-provision for credit losses) and non-interest income. A higher value generally indicates that it is costing the financial institution more money to generate revenue, relative related to its net interest income margin and non-interest income.

Income Tax Expense

(13) The following table presents pretax pre-tax yield on the leverage strategy represents annualized pre-tax income income tax expense, and net income for resulting from the time periods presented, along with transaction as a percentage of the change measured in dollars and percent and the effective tax rate.

	For the Three Months Ended		Change Expressed in:	
	December 31, 2023	September 30, 2023	Dollars	Percent
	(Dollars in thousands)			
Income (loss) before income tax (benefit)	$ 2,068	$ (186,126)	$ 188,194	(101.1) %
Income tax (benefit)	(475)	(45,736)	45,261	(99.0)
Net income (loss)	$ 2,543	$ (140,390)	$ 142,933	(101.8)
Effective Tax Rate	(23.0 %)	24.6 %		

The income tax benefit in the current quarter was a result of treating the $13.3 million net loss average interest-earning assets associated with the securities transaction. Management believes this ratio is important to investors as it provides the yield the Company is earning on the leverage strategy as a discrete tax benefit transaction.

Rate/Volume Analysis

The table below presents the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities, comparing the three months ended March 31, 2024 to the three months ended March 31, 2023. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in volume, which are changes in the current quarter. average balance multiplied by the previous year's average rate and (2) changes in rate, which are changes in the average rate multiplied by the average balance from the previous year period. The tax benefit related net changes attributable to the net loss was $3.3 million. Excluding the $3.3 million benefit, income tax expense would combined impact of both rate and volume have been $2.8 million allocated proportionately to the changes due to volume and the effective tax rate, excluding the $13.3 million net loss, would have been 18.0% for the current quarter. The income tax benefit in the prior quarter was a result of the pretax loss. The pretax loss, combined with the Company's permanent differences, contributed changes due to the increase in the effective tax rate. Generally, the Company's permanent differences lower the effective tax rate when the Company has pretax income and tax expense, but as a result of the prior quarter pretax loss, the Company's permanent differences have the impact of raising the effective tax rate.

	For the Three Months Ended March 31, 2024 vs. 2023		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable	$ 1,307	$ 5,496	$ 6,803
MBS	(3,715)	6,761	3,046
Investment securities	(955)	2,392	1,437
FHLB stock	(1,353)	274	(1,079)
Cash and cash equivalents	(8,251)	1,787	(6,464)

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Total interest-earning assets	(12,967)	16,710	3,743
Interest-bearing liabilities:			
Checking	(44)	114	70
Savings	(14)	137	123
Money market	(638)	3,160	2,522
Certificates of deposit	2,796	11,764	14,560
Borrowings	(14,768)	1,875	(12,893)
Total interest-bearing liabilities	(12,668)	17,050	4,382
Net change in net interest income	$ (299)	$ (340)	$ (639)

Comparison of Operating Results for the Three Months Ended December 31, 2023 and 2022

The Company recognized net income of $2.5 million, or $0.02 per share, for the current quarter, compared to net income of $16.2 million, or $0.12 per share, for the prior year quarter. The lower net income for the current quarter was primarily a result of the $13.3 million net loss associated with securities strategy, along with higher interest expense, partially offset by a lower provision for credit losses and the income tax benefit in the current quarter. Excluding the effects of the securities strategy, EPS would have been $0.10 for the current quarter. The net interest margin increased ten basis points, from 1.61% for the prior year quarter to 1.71% for the current quarter. The leverage strategy was in place during the prior year quarter and not in place during the current quarter. When the leverage strategy is in place, it reduces the net interest margin due to the amount of earnings from the transaction in comparison to the size of the transaction. Excluding the effects of the leverage strategy, the net interest margin decreased 17 basis points, from 1.88% for the prior year quarter to 1.71% for the current quarter. The decrease in the net interest margin excluding the effects of the leverage strategy was due mainly to an increase in the cost of deposits and borrowings, which exceeded the increase in yields on securities and loans.

Interest and Dividend Income

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

	For the Three Months Ended December 31,		Change Expressed in:	
	2023	2022	Dollars	Percent
	(Dollars in thousands)			
INTEREST AND DIVIDEND INCOME:				
Loans receivable	$ 75,941	$ 64,819	$ 11,122	17.2 %
MBS	5,859	4,811	1,048	21.8
Cash and cash equivalents	4,778	16,671	(11,893)	(71.3)
FHLB stock	2,586	4,158	(1,572)	(37.8)
Investment securities	2,528	881	1,647	186.9
Total interest and dividend income	$ 91,692	$ 91,340	$ 352	0.4

The increase in interest income on loans receivable was due to an increase in the weighted average yield and the average balance of the loan portfolio. The increase in the weighted average yield was due primarily to originations and purchases at higher market yields between periods, as well as disbursements on commercial construction loans at rates higher than the overall portfolio rate and upward repricing of existing adjustable-rate loans due to higher market interest rates. The increase in the average balance was mainly in the commercial real estate and correspondent one-to four-family loan portfolios. The increase in interest income on MBS and investment securities was due mainly to an increase in the weighted average yield, partially offset by a decrease in the average balance, both a result of the securities strategy. The decrease in interest income on cash and cash equivalents and the decrease in dividend income on FHLB stock was due mainly to the leverage strategy being utilized during the prior year quarter and not being utilized during the current quarter. Excluding the leverage strategy, the average balance of cash and cash equivalents increased during the current quarter as a result of the securities strategy.

Interest Expense

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

	For the Three Months Ended December 31,		Change Expressed in:	
	2023	2022	Dollars	Percent
	(Dollars in thousands)			
INTEREST EXPENSE:				
Deposits	$ 32,443	$ 11,904	$ 20,539	172.5 %
Borrowings	19,656	33,608	(13,952)	(41.5)
Total interest expense	$ 52,099	$ 45,512	$ 6,587	14.5

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The increase in interest expense on deposits was due almost entirely to an increase in the weighted average rate paid on the deposit portfolio, specifically retail certificates of deposit and money market accounts. Interest expense on borrowings associated with the leverage strategy decreased $17.3 million compared to the prior year quarter due to the leverage strategy being in place during the prior year quarter and not being in place during the current quarter. Interest expense on borrowings not associated with the leverage strategy increased $3.3 million due to new borrowings being added between periods, at market interest rates higher than the overall portfolio rate, to replace maturing advances and to fund operational needs.

Provision for Credit Losses

The Bank recorded a provision for credit losses during the current quarter of $123 thousand, compared to a provision for credit losses of $3.7 million during the prior year quarter. See "Comparison of Operating Results for the Three Months Ended December 31, 2023 and September 30, 2023" above for additional information regarding the provision for credit losses for the current quarter.

Non-Interest Income

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

	For the Three Months Ended December 31,		Change Expressed in:	
	2023	2022	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST INCOME:				
Deposit service fees	$ 2,575	$ 3,461	$ (886)	(25.6)%
Insurance commissions	863	795	68	8.6
Net loss from securities transactions	(13,345)	—	(13,345)	N/A
Other non-interest income	1,013	1,096	(83)	(7.6)
Total non-interest income	$ (8,894)	$ 5,352	$ (14,246)	(266.2)

The decrease in deposit service fees was due primarily to a change in the fee structure of certain deposit products after the digital transformation. The net loss from securities transactions relates to the securities strategy.

Non-Interest Expense

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

	For the Three Months Ended December 31,		Change Expressed in:	
	2023	2022	Dollars	Percent
	(Dollars in thousands)			
NON-INTEREST EXPENSE:				
Salaries and employee benefits	$ 12,992	$ 13,698	$ (706)	(5.2)%
Information technology and related expense	5,369	5,070	299	5.9
Occupancy, net	3,372	3,474	(102)	(2.9)
Federal insurance premium	1,860	812	1,048	129.1
Regulatory and outside services	1,643	1,533	110	7.2
Advertising and promotional	988	833	155	18.6
Deposit and loan transaction costs	542	611	(69)	(11.3)
Office supplies and related expense	361	633	(272)	(43.0)
Other non-interest expense	1,381	1,109	272	24.5
Total non-interest expense	$ 28,508	$ 27,773	$ 735	2.6

The decrease in salaries and employee benefits was a result of a decrease in full-time equivalent employees between the two quarter ends as a result of management's decision to not backfill non-critical employees through natural attrition. During fiscal year 2023, the Bank moved to a new branch staffing model comprised of decision makers and well-rounded employees that is intended to add an elevated experience for customers who choose in-person banking activities. The increase in information technology and related expenses was due mainly to higher software licensing expenses resulting from new agreements associated with the digital transformation, partially offset by lower software maintenance and third-party project management expenses provided in association with the Bank's digital transformation project during the prior year quarter. The increase in the federal insurance premium was due to an increase in the FDIC assessment rate as a result of the way the rate is adjusted for the occurrence of a net loss, along with an FDIC

rule that increased the FDIC initial base deposit assessment rate two basis points on January 1, 2023. The increase in advertising and promotional expense was due to the timing of campaigns. The decrease in office supplies and related expense was due primarily to the write-off of the Bank's remaining inventory of unissued non-contactless debit cards during the prior year quarter, which had become obsolete, along with lower postage expense. The increase in other non-interest expense was due mainly to an increase in fraud losses and other miscellaneous expenses.

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The Company's efficiency ratio was 92.86% for the current quarter compared to 54.27% for the prior year quarter. Excluding the net losses from the securities strategy, the efficiency ratio would have been 64.73% for the current quarter. The change in the efficiency ratio, excluding the securities strategy, was due primarily to lower net interest income in the current quarter compared to the prior year quarter.

Income Tax Expense

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

	For the Three Months Ended December 31,		Change Expressed in:	
	2023	2022	Dollars	Percent
	(Dollars in thousands)			
Income before income tax (benefit) expense	$ 2,068	$ 19,747	$ (17,679)	(89.5) %
Income tax (benefit) expense	(475)	3,507	(3,982)	(113.5)
Net income	$ 2,543	$ 16,240	$ (13,697)	(84.3)
Effective Tax Rate	(23.0 %)	17.8 %		

The income tax benefit in the current quarter was a result of treating the $13.3 million net loss associated with the securities strategy as a discrete tax benefit in the current quarter. The tax benefit related to the net loss was $3.3 million. Excluding the $3.3 million benefit, income tax expense would have been $2.8 million and the effective tax rate, excluding the $13.3 million net loss, would have been 18.0% for the current quarter.

Fiscal Year 2024 Outlook

The federal insurance premium is anticipated to be approximately $1.5 million higher in fiscal year 2024 compared to fiscal year 2023 due to the increase in the FDIC assessment rate as discussed above. Management anticipates the effective tax rate for fiscal year 2024 will be approximately 18%.

Liquidity and Capital Resources

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

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

In the event short-term liquidity needs exceed available cash, the Bank has access to a line of credit at the FHLB, in addition to the FRB of Kansas City's discount window, as well as the BTFP through March 2024. window. Per FHLB's lending guidelines, total FHLB borrowings cannot exceed 40% of Bank Call Report total assets without the pre-approval of FHLB senior management. The Bank's FHLB borrowing limit was 50% of Bank Call Report total assets as of December 31, 2023 March 31, 2024, as approved by the president of FHLB. FHLB senior management. FHLB borrowings are secured by certain qualifying loans pursuant to a blanket collateral agreement with FHLB. When the leverage strategy is in place, the Bank maintains the resulting excess cash reserves from the FHLB borrowings at the FRB of Kansas City, which can be used to meet any short-term liquidity needs. Additionally, FHLB borrowings may exceed 40% of Bank Call Report total assets if the Bank continues its leverage strategy and FHLB senior management continues to approve the Bank's borrowing limit being in excess of 40% of Call Report total assets. All or a portion of the short-term FHLB borrowings in conjunction with the leverage strategy can be repaid at maturity, if necessary or desired. The amount that can be borrowed from the FRB of Kansas City's discount window is based upon the fair value of securities pledged as collateral. At December 31, 2023 March 31, 2024, the amount of securities pledged for the discount window was $124.3 million $117.8 million. Management tests the Bank's access to the FRB of Kansas City's discount window annually with a nominal overnight borrowing. The amount that can be borrowed under the BTFP is based upon the par value of securities pledged as collateral, the term can be up to one year in length, and the borrowings can be prepaid without penalty.

If management observes unusual trends in the amount and frequency of line of credit utilization and/or short-term borrowings that is not in conjunction with a planned strategy, such as the leverage strategy, the Bank will likely utilize long-term wholesale borrowing sources such as FHLB advances and/or repurchase agreements to provide long-term, fixed-rate funding. The maturities of these long-term borrowings are generally staggered in order to mitigate the risk of a highly negative cash flow position at maturity. The Bank's internal policy limits total borrowings to 55% of total assets. At December 31, 2023 March 31, 2024, the Bank had total borrowings, at par, of $2.38 billion $2.35 billion, or approximately 25% 24% of total assets. The borrowings balance was composed of FHLB advances. Of this amount, $362.3 million $664.7 million is scheduled to be repaid or mature in the next 12 months. Management estimated that the Bank had $2.70 billion $2.87 billion in additional liquidity available at December 31, 2023 March 31, 2024 based on the Bank's blanket collateral agreement with FHLB and unencumbered securities.

At December 31, 2023 March 31, 2024, the Bank had no repurchase agreements. The Bank may enter into repurchase agreements as management deems appropriate, not to exceed 15% of total assets, and subject to the total borrowings internal policy limit of 55% as discussed above.

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The Bank has the ability to utilize the repayment and maturity of outstanding loans, MBS, and other investments for liquidity needs rather than reinvesting such funds into the related portfolios. At December 31, 2023 March 31, 2024, the Bank had $467.8 million $539.0 million of securities that were eligible but unused as collateral for borrowing or other liquidity needs. The Bank also has access to other sources of funds for liquidity purposes, such as brokered and public unit certificates of deposit. As of December 31, 2023 March 31, 2024, the Bank's policy allowed for combined brokered and public unit certificates of deposit up to 15% of total deposits. At December 31, 2023 March 31, 2024, the Bank did not have any brokered certificates of deposit, and public unit certificates of deposit were approximately 2% of total deposits. The Bank had pledged securities with an estimated fair value of $148.3 million $156.7 million as collateral for public unit certificates of deposit at December 31, 2023 March 31, 2024. The securities pledged as collateral for public unit certificates of deposit are held under joint custody with FHLB and generally will be released upon deposit maturity.

At December 31, 2023 March 31, 2024, $1.71 billion $2.15 billion of the Bank's certificate of deposit portfolio was scheduled to mature within the next 12 months, including $112.7 million $113.1 million of public unit certificates of deposit and $35.4 million $47.0 million of commercial certificates of deposit. Based on our deposit retention experience and our current pricing strategy, we anticipate the majority of the maturing retail certificates of deposit will renew or transfer to other deposit products of the Bank at prevailing rates, although no assurance can be given in this regard. Due

to the nature of public unit certificates of deposit and commercial certificates of deposit, retention rates are not as predictable as for retail certificates of deposit.

While scheduled payments from the amortization of loans and MBS and payments on short-term investments are relatively predictable sources of funds, deposit flows, prepayments on loans and MBS, and calls of investment securities are greatly influenced by general interest rates, economic conditions, and competition, and are less predictable sources of funds. To the extent possible, the Bank manages the cash flows of its loan and deposit portfolios by the rates it offers customers. We anticipate we will continue to have sufficient funds, through the repayments and maturities of loans and securities, deposits and borrowings, to meet our current commitments.

Limitations on Dividends and Other Capital Distributions

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

The long-term ability of the Company to pay dividends to its stockholders is based primarily upon the ability of the Bank to make capital distributions to the Company. So long as the Bank remains well capitalized after each capital distribution (as evidenced by maintaining regulatory capital ratios greater than the required percentages) and operates in a safe and sound manner, it is management's belief that the OCC and FRB will continue to allow the Bank to distribute its earnings to the Company, although no assurance can be given in this regard. Management is currently evaluating the timing and amount of capital distributions from the Bank to the holding company during the current fiscal year in relation to the tax issues associated with the Bank's pre-1988 bad debt recapture. See additional discussion regarding the Bank's pre-1988 bad debt recapture in "Comparison of Operating Results for the Three Months Ended March 31, 2024 and December 31, 2023", "Item 1. Financial Statements - Note 6. Income Taxes", and "Item 1A. Risk Factors".

Regulatory Capital

Consistent with our goal to operate a sound and profitable financial organization, we actively seek to maintain a well-capitalized status for the Bank per the regulatory framework for prompt corrective action ("PCA"). As of December 31, 2023, Qualifying institutions that elect to use the CBLR framework, such as the Bank and the Company, that maintain the required minimum leverage ratio of 9.0% will be considered to have satisfied the generally applicable risk-based and leverage capital requirements in the regulatory agencies' capital rules, and to have met the capital requirements for the well capitalized category under the agencies' PCA framework. As of March 31, 2024, the Bank's CBLR was 9.1% and the Company's CBLR was 10.0%, which exceeded all regulatory capital the minimum requirements. The following table presents the regulatory Bank's risk-based tier 1 capital ratios of the Bank and Company ratio at December 31, 2023 March 31, 2024 was 16.3%.

	Bank Ratios	Company Ratios	Minimum Regulatory Requirement	Regulatory Requirement For Well-Capitalized Status of Bank Under PCA Provisions
Tier 1 leverage ratio	8.9 %	9.9 %	4.0 %	5.0 %
Common equity tier 1 capital ratio	15.9	17.7	4.5	6.5
Tier 1 capital ratio	15.9	17.7	6.0	8.0
Total capital ratio	16.4	18.3	8.0	10.0

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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Asset and Liability Management and Market Risk

For a complete discussion of the Bank's asset and liability management policies, as well as the potential impact of interest rate changes upon the market value of the Bank's portfolios, see "Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2023. The analysis presented in the tables below reflects the level of market risk at the Bank, including the cash the holding company has on deposit at the Bank.

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

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

Qualitative Disclosure about Market Risk

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

	Within One Year	More Than One Year to Three Years	More Than Three Years to Five Years	Over Five Years	Total
Interest-earning assets:			(Dollars in thousands)		
Loans receivable(1)	$ 1,586,804	$ 1,780,614	$ 1,359,266	$ 3,234,782	$ 7,961,466
Securities(2)	364,481	155,412	83,018	118,701	721,612
Other interest-earning assets	291,395	—	—	—	291,395
Total interest-earning assets	2,242,680	1,936,026	1,442,284	3,353,483	8,974,473
Interest-bearing liabilities:					
Non-maturity deposits(3)	635,855	401,306	345,767	1,963,050	3,345,978
Certificates of deposit	1,715,316	896,365	126,977	169	2,738,827
Borrowings(4)	571,214	1,287,580	524,864	26,999	2,410,657
Total interest-bearing liabilities	2,922,385	2,585,251	997,608	1,990,218	8,495,462
Excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ (679,705)	$ (649,225)	$ 444,676	$ 1,363,265	$ 479,011
Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ (679,705)	$ (1,328,930)	$ (884,254)	$ 479,011	

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Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities as a percent of total Bank assets at:				
December 31, 2023	(7.1)%	(13.9)%	(9.2)%	5.0 %
September 30, 2023	(11.7)			
Cumulative one-year gap - interest rates +200 bps at:				
December 31, 2023	(8.3)			
September 30, 2023	(11.9)			

	Within One Year	More Than One Year to Three Years	More Than Three Years to Five Years	Over Five Years	Total
Interest-earning assets:			(Dollars in thousands)		
Loans receivable(1)	$ 1,559,344	$ 1,814,578	$ 1,327,688	$ 3,191,772	$ 7,893,382
Securities(2)	350,379	179,305	106,866	194,787	831,337
Other interest-earning assets	422,414	—	—	—	422,414
Total interest-earning assets	2,332,137	1,993,883	1,434,554	3,386,559	9,147,133
Interest-bearing liabilities:					
Non-maturity deposits(3)	613,477	390,908	337,485	1,939,859	3,281,729
Certificates of deposit	2,150,206	628,465	127,450	169	2,906,290
Borrowings(4)	666,214	1,307,580	387,445	26,997	2,388,236
Total interest-bearing liabilities	3,429,897	2,326,953	852,380	1,967,025	8,576,255
Excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ (1,097,760)	$ (333,070)	$ 582,174	$ 1,419,534	$ 570,878
Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ (1,097,760)	$ (1,430,830)	$ (848,656)	$ 570,878	
Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities as a percent of total Bank assets at:					
March 31, 2024	(11.3)%	(14.7)%	(8.7)%	5.9 %	
December 31, 2023	(7.1)				
September 30, 2023	(11.7)				
Cumulative one-year gap - interest rates +200 bps at:					
March 31, 2024	(12.5)				
December 31, 2023	(8.3)				
September 30, 2023	(11.9)				

(1) Adjustable-rate loans are included in the period in which the rate is next scheduled to adjust or in the period in which repayments are expected to occur, or prepayments are expected to be received, prior to their next rate adjustment, rather than in the period in which the loans are due. Fixed-rate loans are included in the periods in which they are scheduled to be repaid, based on scheduled amortization and prepayment assumptions. Balances are net of undisbursed amounts and deferred fees and exclude loans 90 or more days delinquent or in foreclosure.

(2) MBS reflect projected prepayments at amortized cost. All other securities are presented based on contractual maturities, term to call dates or pre-refunding dates as of December 31, 2023 March 31, 2024, at amortized cost.

(3) Although the Bank's checking, savings, and money market accounts are subject to immediate withdrawal, management considers a substantial amount of these accounts to be core deposits having significantly longer effective maturities. The decay rates (the assumed rates at which the balances of existing accounts decline) used on these accounts are based on assumptions developed from our actual experiences with these accounts. If all of the Bank's checking, savings, and money market accounts had been assumed to be subject to repricing within one year, interest-bearing liabilities estimated to mature or reprice within one year would have exceeded interest-earning assets with comparable characteristics by $3.39 billion $3.77 billion, for a cumulative one-year gap of (35.4) (38.7)% of total assets.

(4) Borrowings exclude deferred prepayment penalty costs. Included in this line item are $365.0 million $300.0 million of FHLB adjustable-rate advances tied to interest rate swaps. The repricing of these liabilities is projected to occur at the maturity date of each interest rate swap.

At December 31, 2023 March 31, 2024, the Bank's gap between the amount of interest-earning assets and interest-bearing liabilities projected to reprice within one year was $(679.7) million, $(1.10) billion, or (7.1) (11.3)% of total assets, compared to $(1.19) billion, or (11.7)% of total assets, at September 30, 2023. The change in the one-year gap amount was due to both an increase in the amount of interest-earning asset cash flows coming due in one year at December 31, 2023 and March 31, 2024, partially offset by a decrease net increase in the amount of liability cash flows coming due in one year, compared to September 30, 2023. These changes were The increase in interest-earning assets

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projected to reprice within one year was due in part, primarily to the securities strategy, which resulted in a decrease in borrowings that were coming due in one year, an increase in the balance of cash between periods, largely related to the securities strategy, and an increase in the amount of securities projected loans expected to mature or reprice within one year. These results increases were partially offset by an a net increase in liability cash flows coming due in one year primarily related to the retail certificate of deposit portfolio, partially offset by a decrease in borrowings coming due in one year as the Bank repaid its BTFP amount outstanding in conjunction with the securities strategy. The increase in the one year cash flow for retail certificates of deposit scheduled was due to mature within one year as of December 31, 2023, compared to September 30, 2023, as the Bank continued continuing to offer its highest rate on shorter-term certificates of deposit.

The amount of interest-bearing liabilities expected to reprice in a given period is not typically significantly impacted by changes in interest rates because the Bank's borrowings and certificate of deposit portfolios have contractual maturities and generally cannot be

terminated early without a prepayment penalty. If interest rates were to increase 200 basis points, as of December 31, 2023 March 31, 2024, the Bank's one-year gap is projected to be $(789.7) million, $(1.21) billion, or (8.2) (12.5)% of total assets. The change in the gap compared to when there is no change in rates was due to lower anticipated net cash flows primarily as a result of lower prepayments on mortgage-related assets in the higher rate environment. This compares to a one-year gap of $(1.21) billion, or (11.9)% of total assets, if interest rates were to have increased 200 basis points as of September 30, 2023. The increase in the percentage of total assets between the two periods was due to a reduction in total assets, due primarily to the securities strategy and related transactions that occurred during the quarter ended December 31, 2023.

Change in Net Interest Income. For each date presented in the following table, the estimated change in the Bank's net interest income is based on the indicated instantaneous, parallel and permanent change in interest rates. The change in each interest rate environment represents the difference between estimated net interest income in the zero basis point interest rate environment ("base case," assumes the forward market and product interest rates implied by the yield curve are realized) and the estimated net interest income in each alternative interest rate environment (assumes market and product interest rates have a parallel shift in rates across all maturities by the indicated change in rates). Projected cash flows for each scenario are based upon varying prepayment assumptions to model anticipated customer behavior changes as market rates change. Estimations of net interest income used in preparing the table below were based upon the assumptions that the total composition of interest-earning assets and interest-bearing liabilities does not change materially and that any repricing of assets or liabilities occurs at anticipated product and market rates for the alternative rate environments as of the dates presented. The estimation of net interest income does not include any projected gains or losses related to the sale of loans or securities, or income derived from non-interest income sources, but does include the use of different prepayment assumptions in the alternative interest rate environments. It is important to consider that estimated changes in net interest income are for a cumulative four-quarter period. These do not reflect the earnings expectations of management. Estimates for the -300 basis point scenario were not prepared at September 30, 2023.

Change (in Basis Points) in Interest Rates(1)	Change (in Basis Points) in Interest Rates(1)	Net Interest Income At December 31, 2023 Amount ($)		Change ($)		Change (%)		Net Interest Income At September 30, 2023 Amount ($)		Change (in Basis Points) Change ($)		Change (%)	Net Interest Income At March 31, 2024 in Interest Rates(1)	Amount ($)	
		(Dollars in thousands)													
-300 bp	-300 bp	$138,290	$	$(27,736)	(16.7)	(16.7)	%	N/A		N/A		N/A	-300 bp	$143,894	$
-200 bp	-200 bp	148,482	(17,544)	(17,544)	(10.6)	(10.6)	$	$ 126,495	$	$(6,963)	(5.2)	(5.2)	% -200 bp	153,455	(
-100 bp															
000 bp															
+100 bp															
+200 bp															
+300 bp															

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

The net interest income projection was higher in the base case scenario at December 31, 2023 March 31, 2024 compared to September 30, 2023, due primarily to transactions associated with the securities strategy, which resulted in a decrease in interest expense on borrowings an increase in due to the balance of cash, Bank repaying the BTFP borrowing and an increase in interest income projections on the Bank's securities portfolio. cash and securities. These increases income benefits were partially offset by higher interest expense projections on the Bank's deposit portfolio, primarily on its retail certificates certificate of deposit portfolio, due to increases in both the balance and rate between periods.

In both the rising and declining interest rate scenarios, variability of net interest income projections has become more significant, relative to prior periods, September 30, 2023, due primarily to the composition of the Bank's balance sheet in this elevated interest rate environment. At December 31, 2023 sheet. For example, at March 31, 2024, the Bank's balance of cash and cash equivalents was $320.4 million $443.5 million compared to $245.6 million at September 30, 2023. As a result of the $74.8 million $197.9 million increase in the balance of cash between periods, in each interest rate scenario, there was a greater impact on net interest income at December 31, 2023 March 31, 2024 compared to September 30, 2023. More generally, Generally, however, increases/(decreases) in net interest income in the various interest rate scenarios are due to the degree to which loan repayments that are projected to reprice are greater/(less) than the projected change in deposit and borrowing rates in the next 12 months.

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Change in MVPE. The following table sets forth the estimated change in the MVPE for each date presented based on the indicated instantaneous, parallel, and permanent change in interest rates. The change in each interest rate environment represents the difference between the MVPE in the base case (assumes the forward market interest rates implied by the yield curve are realized) and the MVPE in each alternative interest rate environment (assumes market interest rates have a parallel shift in rates). Projected cash flows for each scenario are based upon varying prepayment assumptions to model anticipated customer behavior as market rates change. The estimations of the MVPE used in preparing the table below were based upon the assumption that the total composition of interest-earning assets and interest-bearing liabilities do not change, that any repricing of assets or liabilities occurs at current product or market rates for the alternative rate environments as of the dates presented, and that different prepayment rates were used in each alternative interest rate environment. The estimated MVPE results from the valuation of cash flows from financial assets and liabilities over the anticipated lives of each for each interest rate environment. The table below presents the effects of the changes in interest rates on our assets and liabilities as they mature, repay, or reprice, as shown by the change in the MVPE for alternative interest rates. Estimates for the -300 basis point scenario were not prepared at September 30, 2023.

Change (in Basis Points) in Interest Rates(1)	Change (in Basis Points) in Interest Rates(1)	Market Value of Portfolio Equity At December 31, 2023 Amount ($)	Change ($)	Change (%)	September 30, 2023 Amount ($)	Change (in Basis Points) Change ($)	Change (%)	Market Value of Portfo March 31, 2024 Amount ($)
		(Dollars in thousands)						
-300 bp	-300 bp	$1,208,029	$ $150,587	14.2 %	14.2 %	N/A	N/A	-300 bp $1,252,891 $
-200 bp	-200 bp	1,229,286	171,844 171,844	16.3 %	16.3 $	$ 1,302,781 $	$283,093 27.8 %	27.8 % -200 bp
-100 bp								
000 bp								
+100 bp								
+200 bp								
+300 bp								

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

The Bank's MVPE increased from $1.02 billion at September 30, 2023 to $1.06 billion $1.08 billion at December 31, 2023 March 31, 2024. The increase was due primarily to significant decreases in market interest rates between the two periods, most notably across all medium- the intermediate and long-term tenors of the yield curve, between the two dates, as well as to balance sheet composition changes resulting from the securities strategy. The decrease in market interest rates most notably in rates between 3- and 30-years, resulted in an increase in the value of the Bank's longer-term interest-earning assets more than it increased the value of its interest-bearing liabilities.

As interest rates increase, borrowers have less economic incentive to prepay or to refinance their mortgages and agency debt issuers have less economic incentive or opportunity to exercise their call options in order to issue new debt at lower interest rates, resulting in lower projected cash flows on these assets. As interest rates increase in the rising interest rate scenarios, prepayments on mortgage-related assets are more likely to decrease and only be realized through significant changes in borrowers' lives such as divorce, death, job-related relocations, or other major events as there is less economic incentive for borrowers to prepay their debt, resulting in an increase in the average life lives of mortgage-related assets. Similarly, call projections for callable agency debentures decrease as interest rates rise, which results in cash flows related to these assets moving closer to their contractual maturity dates. The longer expected average lives of these assets increases the sensitivity of their market value to changes in interest rates.

In the increasing rate scenarios, the sensitivity reflects the negative impacts of rates on the value of the Bank's loan and securities portfolios more so than on its deposit and borrowings portfolios. In the decreasing interest rate scenarios, the Bank's MVPE increased due to a larger increase in the market value of the Bank's assets than the Bank's liabilities. This is because the Bank's mortgage-related assets continue to have a longer duration in these interest rate scenarios, which results in greater sensitivity in market value as interest rates change.

The following table presents the weighted average yields/rates and WALs (in years), after applying prepayment, call assumptions, and decay rates for our interest-earning assets and interest-bearing liabilities as of December 31, 2023 March 31, 2024. Yields presented for interest-earning assets include the amortization of fees, costs, premiums and discounts, which are considered adjustments to the yield. The interest rate presented for term borrowings is the effective rate, which includes the impact of interest rate swaps and the amortization of deferred prepayment penalties resulting from FHLB advances previously prepaid. The WAL presented for term borrowings includes the effect of interest rate swaps.

	Amount	Amount	Yield/Rate	WAL	% of Category	% of Total	Amount	
			(Dollars in thousands)					
Securities	Securities $ 740,462	5.67	5.67 %	2.7	8.1	8.1 %	Securities $ 842,950	5.63
Loans receivable:								

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Fixed-rate one- to four-family																		
Fixed-rate one- to four-family																		
Fixed-rate one- to four-family																		
Fixed-rate commercial																		
All other fixed-rate loans																		
Total fixed-rate loans																		
Adjustable-rate one- to four-family																		
Adjustable-rate commercial																		
All other adjustable-rate loans																		
Total adjustable-rate loans																		
Total loans receivable																		
FHLB stock																		
Cash and cash equivalents																		
Total interest-earning assets	Total interest-earning assets	$9,132,674	4.07	4.07	5.7	5.7		100.0				100.0 %	Total interest-earning assets	$	9,288,265	4.		
Non-maturity deposits																		
Non-maturity deposits																		
Non-maturity deposits		$2,727,386	1.05	1.05	6.7	6.7	49.9	49.9 %		34.8 %	$2,685,603	0.92			0.92			
Retail certificates of deposit																		
Commercial certificates of deposit																		
Public unit certificates of deposit																		
Total interest-bearing deposits																		
Term borrowings																		
Total interest-bearing liabilities																		
Total interest-bearing liabilities																		

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Total interest-bearing liabilities	$7,842,597	2.64	2.64	3.3	3.3	100.0	100.0 %	$ 7,945,856	2.73

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, the "Act") as of December 31, 2023 March 31, 2024. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of December 31, 2023 March 31, 2024, such disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Act is accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act) that occurred during the Company's quarter ended December 31, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

On November 2, 2022, the Bank was served a putative class action lawsuit, captioned Jennifer Harding, et al. vs. Capitol Federal Savings Bank (Case No. 2022-CV-00598), filed in the Third Judicial District Court, Shawnee County, Kansas against the Bank, alleging the Bank improperly charged overdraft fees on (1) debit card transactions that were authorized for payment on sufficient funds but later settled against a negative account balance (commonly known as "authorize positive purportedly settle negative" or "APPSN" transactions) and (2) merchant re-presentments of previously rejected payment requests. The complaint asserts a breach of contract claim (including breach of an implied covenant of good faith and fair dealing) for each practice and seeks restitution for alleged improper fees, alleged actual damages, costs and disbursements, and injunction relief. On April 5, 2023, the court granted the Bank's motion to dismiss the complaint, with prejudice. The plaintiffs have appealed this decision.

The Company assesses the liabilities and loss contingencies in connection with pending or threatened legal and regulatory proceedings on at least a quarterly basis and establishes accruals when it is believed to be probable that a loss may be incurred and that the amount of such loss can be reasonably estimated.

Item 1A. Risk Factors

There have been no material changes to our risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.; however, the Company is supplementing its risk factors in this Form 10-Q, with the following:

The Company's ability to pay dividends and repurchase shares is subject to the ability of the Bank to make capital distributions to the Company.

The long-term ability of the Company to pay dividends to its stockholders and repurchase shares is based primarily upon the ability of the Bank to generate earnings and to, therefore, make capital distributions to the Company, and on the availability of cash at the holding company level in the event the Bank's earnings are not sufficient to pay dividends or repurchase shares. Under certain circumstances, capital distributions from the Bank to the Company may be subject to regulatory approvals.

The Bank's bad debt recapture amount may impact the amount and timing of capital distributions to the Company

The Bank had $99.2 million in pre-1988 bad debt reserves in accumulated deficit at March 31, 2024, which equates to an unrecorded deferred tax liability of $24.3 million. The Bank is anticipated to have a net loss for tax purposes in the current year due to the sale of securities in October 2023 associated with the securities strategy and will therefore have a negative accumulated earnings and profits for fiscal year 2024. As a result of the negative accumulated earnings and profits, any capital distributions from the Bank to the holding company during fiscal year 2024 would be deemed to be drawn out of the Bank's pre-1988 bad debt reserves and will result in the recognition of income tax expense at the then-current rate by the Bank. This additional tax expense will reduce the amount of earnings that will be available to be distributed to the holding company during the current fiscal year, at a minimum. Management is researching and analyzing the Bank's tax issues associated with the pre-1988 bad debt recapture. Management is also evaluating the timing of capital distributions from the Bank to the holding company during the current fiscal year. See additional discussion regarding the Bank's pre-1988 bad debt recapture in "Comparison of Operating Results for the Three Months Ended March 31, 2024 and December 31, 2023" and "Item 1. Financial Statements - Note 6. Income Taxes".

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

See "Liquidity and Capital Resources - Limitations on Dividends and Other Capital Distributions" in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding OCC restrictions on dividends from the Bank to the Company.

The following table summarizes our stock repurchase activity during the three months ended December 31, 2023 March 31, 2024 and additional information regarding our stock repurchase program. As of December 31, 2023 March 31, 2024, the Company had $9.4 million $2.0 million of common stock authorized under its existing stock repurchase plan.

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There is no expiration for this repurchase plan; however, the Federal Reserve Bank's existing approval for the Company to repurchase shares is through August 2024. In February 2024, the Company notified the FRB of its intent to authorize the repurchase of up to $75 million in additional common stock over a period of time, depending upon market conditions, cash balances at the Company level, and after the completion of the Company's existing share repurchase program. This plan has no expiration date; however, the FRB's new approval for the Company to repurchase shares expires in February 2025. Shares may be repurchased from time to time in the open market or in privately negotiated transactions based upon market conditions and available liquidity.

	Total Number of Shares Purchased	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs	N Va S
October 1, 2023 through										
October 31, 2023										
October 31, 2023										
October 31, 2023										
November 1, 2023 through										
November 30, 2023										
November 30, 2023										
November 30, 2023										
December 1, 2023 through										
December 31, 2023										
December 31, 2023										
December 31, 2023										
January 1, 2024 through										
January 31, 2024										
January 31, 2024										
January 31, 2024										
February 1, 2024 through										
February 29, 2024										
February 29, 2024										
February 29, 2024										
March 1, 2024 through										
March 31, 2024										
March 31, 2024										
March 31, 2024										
Total										

Item 3. Defaults Upon Senior Securities

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Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable. Trading Plans
During the quarter ended March 31, 2024, no director or executive officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

See Index to Exhibits.

INDEX TO EXHIBITS

Exhibit Number	Document
3(i)	Charter of Capitol Federal Financial, Inc., as filed on May 6, 2010, as Exhibit 3(i) to Capitol Federal Financial, Inc.'s Registration Statement on Form S-1 (File No. 333-166578) and incorporated herein by reference
3(ii)	Bylaws of Capitol Federal Financial, Inc., as amended, filed on March 30, 2020, as Exhibit 3.2 to Form 8-K for Capitol Federal Financial Inc. and incorporated herein by reference
10.1	Form of Amended and Restated Change of Control Agreement with each of John B. Dicus, Kent G. Townsend, Rick C. Jackson, Natalie G. Haag, Robert D. Kobbeman, Anthony S. Barry, and William J. Skrobacz filed on November 29, 2023 as Exhibit 10.1 to the Registrant's September 30, 2023 Form 10-K and incorporated herein by reference
10.2	Capitol Federal Financial's 2000 Stock Option and Incentive Plan (the "Stock Option Plan") filed on April 13, 2000 as Appendix A to Capitol Federal Financial's Revised Proxy Statement (File No. 000-25391) and incorporated herein by reference
10.3	Capitol Federal Financial Deferred Incentive Bonus Plan, as amended, filed on May 8, 2020 as Exhibit 10.3 to the Registrant's March 31, 2020 Form 10-Q and incorporated herein by reference
10.4	Form of Incentive Stock Option Agreement under the Stock Option Plan filed on February 4, 2005 as Exhibit 10.5 to the December 31, 2004 Form 10-Q for Capitol Federal Financial and incorporated herein by reference
10.5	Form of Non-Qualified Stock Option Agreement under the Stock Option Plan filed on February 4, 2005 as Exhibit 10.6 to the December 31, 2004 Form 10-Q for Capitol Federal Financial and incorporated herein by reference
10.6	Description of Director Fee Arrangements, as filed on November 23, 2022 as Exhibit 10.6 to the Registrant's September 30, 2022 Form 10-K and incorporated herein by reference
10.7	Short-term Performance Plan, as amended, filed on May 8, 2020 as Exhibit 10.7 to the Registrant's March 31, 2020 Form 10-Q and incorporated herein by reference
10.8	Capitol Federal Financial, Inc. 2012 Equity Incentive Plan (the "Equity Incentive Plan") filed on December 22, 2011 as Appendix A to Capitol Federal Financial, Inc.'s Proxy Statement (File No. 001-34814) and incorporated herein by reference
10.9	Form of Incentive Stock Option Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.12 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.10	Form of Non-Qualified Stock Option Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.13 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.11	Form of Stock Appreciation Right Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.14 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
10.12	Form of Restricted Stock Agreement under the Equity Incentive Plan filed on February 6, 2012 as Exhibit 10.15 to the Registrant's December 31, 2011 Form 10-Q and incorporated herein by reference
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 made by John B. Dicus, Chairman, President and Chief Executive Officer

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31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 made by Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 made by John B. Dicus, Chairman, President and Chief Executive Officer, and Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer
101	The following information from the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2023 March 31, 2024, filed with the Securities and Exchange Commission on February 7, 2024 May 10, 2024, has been formatted in Inline eXtensible Business Reporting Language ("XBRL"): (i) Consolidated Balance Sheets at December 31, 2023 March 31, 2024 and September 30, 2023, (ii) Consolidated Statements of Income for the three and six months ended December 31, 2023 March 31, 2024 and 2022, 2023, (iii) Consolidated Statements of Comprehensive Income for the three and six months ended December 31, 2023 March 31, 2024 and 2022, 2023, (iv) Consolidated Statements of Stockholders' Equity for the three and six months ended December 31, 2023 March 31, 2024 and 2022, 2023, (v) Consolidated Statements of Cash Flows for the three six months ended December 31, 2023 March 31, 2024 and 2022, 2023, and (vi) Notes to the Unaudited Consolidated Financial Statements.
104	Cover Page Interactive Data File, formatted in Inline XBRL and included in Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITOL FEDERAL FINANCIAL, INC.

Date: February 7, 2024 May 10, 2024

By: /s/ John B. Dicus

John B. Dicus, Chairman, President and Chief Executive Officer

Date: February 7, 2024 May 10, 2024

By: /s/ Kent G. Townsend

Kent G. Townsend, Executive Vice President,
Chief Financial Officer and Treasurer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, John B. Dicus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Capitol Federal Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2024 May 10, 2024

By: /s/ John B. Dicus

John B. Dicus

Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Kent G. Townsend, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Capitol Federal Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2024 May 10, 2024

By: /s/ Kent G. Townsend

Kent G. Townsend

Executive Vice President, Chief Financial Officer and Treasurer

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EXHIBIT 32

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Capitol Federal Financial, Inc. (the "Company") on Form 10-Q for the quarterly period ended December 31, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Dicus, Chairman, President and Chief Executive Officer of the Company, and I, Kent G. Townsend, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, in my capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such Report.

Date: February 7, 2024 May 10, 2024

By: /s/ John B. Dicus

John B. Dicus

Chairman, President and Chief Executive Officer

Date: February 7, 2024 May 10, 2024

By: /s/ Kent G. Townsend

Kent G. Townsend

Executive Vice President, Chief Financial Officer and Treasurer

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