

CAPITOL FEDERAL FINANCIAL
Form 10-Q
February 05, 2007

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, 2006

or

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

Commission file number: 000-25391

Capitol Federal Financial

(Exact name of registrant as specified in its charter)

United States

(State or other jurisdiction of incorporation

48-1212142

(I.R.S.

Employer

or organization)

Identification

No.)

700 Kansas Avenue, Topeka, Kansas

66603

(Address of principal executive offices)

(Zip

Code)

Registrant's telephone number, including area code:

(785) 235-1341

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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 January 29, 2007, there were 74,123,605 shares of Capitol Federal Financial Common Stock outstanding.

	Page Number
PART I -- FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited):	
<u>Consolidated Balance Sheets</u> at December 31, 2006 and September 30, 2006	3
<u>Consolidated Statements of Income</u> for the three months ended December 31, 2006 and December 31, 2005	4
<u>Consolidated Statement of Stockholders' Equity</u> for the three months ended December 31, 2006	5
<u>Consolidated Statements of Cash Flows</u> for the three months ended December 31, 2006 and December 31, 2005	6
<u>Notes to Consolidated Interim Financial Statements</u>	8
Item 2. <u>Management's Discussion and Analysis</u> of Financial Condition and Results of Operations	9
Item 3. <u>Quantitative and Qualitative Disclosure about Market Risk</u>	34
Item 4. <u>Controls and Procedures</u>	43
PART II -- OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	43
Item 1A. <u>Risk Factors</u>	43
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 3. <u>Defaults Upon Senior Securities</u>	44
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	45
Item 5. <u>Other Information</u>	45
Item 6. <u>Exhibits</u>	45
Signature Page	46
INDEX TO EXHIBITS	47

PART I -- FINANCIAL INFORMATION**Item 1. Financial Statements****CAPITOL FEDERAL FINANCIAL AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands except per share data and amounts)

	December 31, 2006 (Unaudited)	September 30, 2006
ASSETS:		
Cash and cash equivalents	\$ 187,479	\$ 183,242
Investment securities:		
Available-for-sale, at market (amortized cost of \$145,927 and \$189,275)	145,984	189,480
Held-to-maturity, at cost (market value of \$692,115 and \$233,525)	698,530	240,000
Mortgage-related securities:		
Trading, at market	--	396,904
Available-for-sale, at market (amortized cost of \$486,541 and \$558,939)	485,748	556,248
Held-to-maturity, at cost (market value of \$1,157,631 and \$1,101,159)	1,182,800	1,131,634
Loans receivable held-for-sale, net	1,420	1,440
Loans receivable, net	5,229,032	5,221,117
Mortgage servicing rights ("MSR"), net	6,508	6,917
Capital stock of Federal Home Loan Bank ("FHLB"), at cost	167,829	165,130
Accrued interest receivable	35,848	38,032
Premises and equipment, net	27,620	26,500
Real estate owned, net	1,770	2,409
Income taxes receivable, net	4,857	5,359
Deferred income taxes, net	14,955	20,967
Other assets	15,453	13,694
TOTAL ASSETS	\$ 8,205,833	\$ 8,199,073
LIABILITIES:		
Deposits	\$ 3,934,707	\$ 3,900,431
Advances from FHLB	3,270,125	3,268,705
Other borrowings, net	53,481	53,467
Advance payments by borrowers for taxes and insurance	15,826	48,353
Accounts payable and accrued expenses	64,555	64,898
Total liabilities	7,338,694	7,335,854
STOCKHOLDERS' EQUITY:		
Preferred stock (\$0.01 par value) 50,000,000 shares authorized; none issued	--	--
Common stock (\$0.01 par value) 450,000,000 shares authorized; 91,512,287 shares issued as of December 31, 2006 and September 30, 2006	915	915
Additional paid-in capital	431,931	429,286
Unearned compensation, Employee Stock Ownership Plan ("ESOP")	(13,611)	(14,784)
Unearned compensation, Recognition and Retention Plan ("RRP")	(737)	(825)
Retained earnings	759,086	760,890
Accumulated other comprehensive loss	(457)	(1,543)

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Less shares held in treasury (17,396,732 and 17,480,537 shares as of

December 31, 2006 and September 30, 2006, at cost)	(309,988)	(310,720)
Total stockholders' equity	867,139	863,219
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 8,205,833	\$ 8,199,073

See accompanying notes to consolidated interim financial statements.

<Index>

CAPITOL FEDERAL FINANCIAL AND SUBSIDIARY
 CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars and share counts in thousands except per share data and amounts)

	For the Three Months Ended	
	December 31,	
	2006	2005
INTEREST AND DIVIDEND INCOME:		
Loans receivable	\$ 73,192	\$ 75,160
Mortgage-related securities	19,521	19,344
Investment securities	6,684	4,894
Cash and cash equivalents	3,070	79
Capital stock of FHLB	2,699	