UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)
☒ **Annual Report Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934**

For fiscal year ended September 30, 2013

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 0-24033

NASB FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Missouri	**43-1805201**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

12498 South 71 Highway, Grandview, Missouri 64030
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code
(816) 765-2200

Securities registered pursuant to Section 12(b) of the Act: NONE

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

Common Stock, $0.15 par value
(Title of class)

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

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

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting Company ☐

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

The aggregate market value of the voting common equity held by non-affiliates of the registrant, computed by reference to the average of the closing bid and asked price of such common equity as of March 31, 2013, was approximately $75.3 million.

As of December 10, 2013, there were issued and outstanding 7,867,614 shares of the Registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

1. Part II - Annual report to Stockholders for the Fiscal Year Ended September 30, 2013.

2. Part III - Proxy Statement for the 2014 Annual Meeting of Stockholders.

Cautionary Statement about Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled "Risk Factors" (refer to Part I, Item 1A). We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

General Description

NASB Financial, Inc. (the "Company") was formed in 1998 as a unitary thrift holding company of North American Savings Bank, F.S.B. ("North American" or the "Bank"). The Bank is a federally chartered stock savings bank, with its headquarters in the Kansas City area. The Bank began operating in 1927, and became a member of the Federal Home Loan Bank of Des Moines ("FHLB") in 1940. Its customer deposit accounts are insured by the Deposit Insurance Fund ("DIF"), a division of the Federal Deposit Insurance Corporation ("FDIC"). The Bank converted to a stock form of ownership in September 1985.

The Bank's primary market area includes the counties of Jackson, Cass, Clay, Buchanan, Andrew, Platte, and Ray in Missouri, and Johnson and Wyandotte counties in Kansas. The Bank currently has nine retail deposit offices in Missouri including one each in Grandview, Lee's Summit, Independence, Harrisonville, Excelsior Springs, Platte City, and St. Joseph, and two in Kansas City. North American also operates loan production offices in Kansas City, Lee's Summit and Springfield in Missouri. The economy of the Kansas City area is diversified with major employers in agribusiness, greeting cards, automobile production, transportation, telecommunications, and government.

The Bank's principal business is to attract deposits from the general public and to originate real estate loans, other loans and short-term investments. The Bank obtains funds mainly from deposits received from the general public, sales of loans and loan participations, advances from the FHLB, and principal repayments on loans and mortgage-backed securities ("MBS"). The Bank's primary sources of income include interest on loans, interest on MBS, interest on investment securities, customer service fees, and mortgage banking fees. Its primary expenses are interest payments on customer deposit accounts and borrowings and normal operating costs.

Weighted Average Yields and Rates

The following table presents the balances of interest-earning assets and interest-costing liabilities with weighted average yields and rates. Average balances and weighted average yields include all accrual and non-accrual loans. Dollar amounts are expressed in thousands.

	Fiscal 2013		Fiscal 2012		Fiscal 2011	
	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate	Average Balance	Yield/ Rate
Interest-earning assets:						
Loans	$ 812,452	5.62%	$ 954,304	5.96%	$1,070,569	6.21%
Mortgage-backed securities	21,824	2.77%	33,455	5.15%	44,098	5.17%
Investments	252,101	1.69%	120,612	2.48%	67,624	5.88%
Bank deposits	15,993	0.14%	17,208	0.08%	11,081	0.07%
Total earning assets	1,102,370	4.59%	1,125,579	5.47%	1,193,372	6.09%
Non-earning assets	76,054		91,936		109,262	
Total	$1,178,424		$1,217,515		$1,302,634	
Interest-costing liabilities:						
Customer checking and savings deposit accounts	$ 336,386	0.43%	$ 269,166	0.48%	$ 209,737	0.50%
Customer and brokered certificates of deposit	485,764	0.80%	587,659	1.34%	674,655	2.10%
FHLB advances	129,082	1.55%	161,314	1.52%	222,551	2.17%
Subordinated debentures	25,000	2.02%	25,000	2.14%	25,000	1.98%
Other borrowings	356	5.06%	—	— %	—	— %
Total costing liabilities	976,588	0.81%	1,043,139	1.16%	1,131,943	1.81%
Non-costing liabilities	16,062		14,871		14,903	
Stockholders' equity	185,774		159,505		155,788	
Total	$1,178,424		$1,217,515		$1,302,634	
Net earning balance	$ 125,782		$ 82,440		$ 61,429	
Earning yield less costing rate		3.78%		4.31%		4.28%

Ratios

The following table sets forth, for the periods indicated, the Company's return on assets (net income divided by average total assets), return on equity (net income divided by average equity), equity-to-assets ratio (equity divided by total assets), and dividend payout ratio (total cash dividends paid divided by net income).

	Year ended September 30,				
	2013	2012	2011	2010	2009
Return on average assets	2.32%	1.45%	(1.21)%	0.42%	1.22%
Return on average equity	15.05%	11.25%	(10.23)%	3.78%	11.74%
Equity to assets ratio	17.09%	13.82%	12.00%	11.70%	10.67%
Dividend payout ratio	— %	— %	— %	55.99%	37.84%

The following table sets forth the amount of cash dividends per share paid on the Company's common stock during the months indicated.

	Calendar year				
	2013	2012	2011	2010	2009
February	—	—	—	$0.225	$0.225
May	—	—	—	—	0.225
August	—	—	—	—	0.225
November	—	—	—	—	0.225

ASSET ACTIVITIES

Lending Activities

The Bank has traditionally concentrated its lending activities on mortgage loans secured by residential and business property and, to a lesser extent, development lending. The residential mortgage loans originated have predominantly long-term fixed and adjustable rates. The Bank also has a portfolio of mortgage loans that are secured by multifamily, construction, development, and commercial real estate properties. The remaining part of the Bank's loan portfolio consists of non-mortgage commercial loans and installment loans. The following table presents the Bank's total loans receivable, held for investment plus held for sale, for the periods indicated. The related discounts, premiums, deferred fees and loans-in-process accounts are excluded. Dollar amounts are expressed in thousands.

	September 30,									
	2013		2012		2011		2010		2009	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Mortgage loans:										
Permanent loans on:										
Residential properties	$434,327	53	495,144	52	493,507	42	633,943	46	492,658	34
Business properties	268,641	33	321,559	34	409,737	35	450,305	32	474,487	34
Partially guaranteed by VA or insured by FHA	7,694	1	3,950	—	3,947	—	3,801	—	4,771	—
Construction and development	91,451	11	110,718	11	181,663	15	208,039	15	329,457	23
Total mortgage loans	802,113	98	931,371	97	1,088,854	92	1,296,088	93	1,301,373	91
Commercial loans	12,226	1	17,570	2	80,937	7	79,138	6	121,168	8
Installment loans to individuals	5,599	1	7,753	1	9,028	1	11,573	1	13,861	1
	$819,938	100	956,694	100	1,178,819	100	1,386,799	100	1,436,402	100

The following table sets forth information at September 30, 2013, regarding the dollar amount of loans maturing in the Bank's portfolio based on their contractual terms to maturity. Demand loans, which have no stated schedule of repayment and no stated maturity, are reported as due in one year or less. Scheduled repayments are reported in the maturity category in which the payment is due. Dollar amounts are expressed in thousands.

	2014	2015 Through 2018	After 2018	Total
Mortgage loans:				
Permanent:				
- at fixed rates	$ 9,813	79,799	285,569	375,181
- at adjustable rates	468	67,067	267,946	335,481
Construction and development:				
- at fixed rates	4,859	6,283	242	11,384
- at adjustable rates	66,803	12,388	876	80,067
Total mortgage loans	81,943	165,537	554,633	802,113
Commercial loans	11,250	976	—	12,226
Installment loans to individuals	574	1,089	3,936	5,599
Total loans receivable	$93,767	167,602	558,569	819,938

Residential Real Estate Loans

The Bank offers a range of residential loan programs. At September 30, 2013, 53% of total loans receivable were permanent loans on residential properties. Also, the Bank is authorized to originate loans guaranteed by the Veterans Administration ("VA") and loans insured by the Federal Housing Administration ("FHA"). Included in residential loans as of September 30, 2013, are $7.7 million or 1% of the Bank's total loans that were insured by the FHA or VA. The Bank's residential loans come from several sources. The loans that the Bank originates are generally a result of direct solicitations of real estate brokers, builders, developers, or potential borrowers via the internet. North American periodically purchases real estate loans from other financial institutions or mortgage bankers.

At the time a potential borrower applies for a residential mortgage loan, it is designated as either a portfolio loan, which is held for investment and carried at amortized cost, or a loan held-for-sale in the secondary market and carried at fair value. All the loans on single family property that the Bank holds for sale conform to secondary market underwriting criteria established by various institutional investors. All loans originated, whether held for sale or held for investment, conform to internal underwriting guidelines, which consider, among other things, a property's value and the borrower's ability to repay the loan.

A restructuring of debt is considered a Troubled Debt Restructuring ("TDR") if, because of a debtor's financial difficulty, a creditor grants concessions that it would not otherwise consider. At September 30, 2013, the Bank had TDRs in its residential real estate loan portfolio of $9.4 million. Management evaluates payment history of the loan and the modified terms to determine if a TDR should be in accrual or non-accrual status. TDRs that are placed in non-accrual status do not return to accrual status until they have made a minimum of six consecutive timely payments under the restructured terms. Loans are removed from the TDR classification after twelve consecutive months of satisfactory repayment performance under the new loan terms.

Construction and Development Loans

Construction and land development loans are made primarily to builders/developers, who construct properties for resale. As of September 30, 2013, 11% of the Bank's total loans receivable were construction and development loans. The Bank originates both fixed and variable rate construction loans, and most are due and payable within one year. In some cases, extensions are permitted if payments are current and construction has progressed satisfactorily.

During the year ended September 30, 2013, the Bank renewed seventy-six loans within its construction and land development portfolio due to slower home and lot sales in the current economic environment. Such extensions were accounted for as TDRs if the restructuring was related to the borrower's financial difficulty, and if the Bank made concessions that it would not otherwise consider. In order to determine whether or not a renewal should be accounted for as a TDR, management reviewed the borrower's current financial information, including an analysis of income and liquidity in relation to debt service requirements. The large majority of these modifications did not result in a reduction in the contractual interest rate or a write-off of the principal balance (although the Bank does commonly require the borrower to make a principal reduction at renewal). If such concessions were made and the modification was the result of the borrower's financial difficulty, the extension/renewal was accounted for as a TDR. The Bank expects to collect all principal and interest, including accrued interest, during the term of the extension for all restructured loans not accounted for as a TDR. At September 30, 2013, the Bank had TDRs in its construction and development loan portfolio of $23.1 million.

Commercial Real Estate Loans

The Bank purchases and originates several different types of commercial real estate loans. As of September 30, 2013, commercial real estate loans on business properties were $268.6 million or 33% of the Bank's total loan portfolio. Permanent multifamily mortgage loans on properties of 5 to 36 dwelling units have a 50% risk-weight for risk-based capital requirements if they have an initial loan-to-value ratio of not more than 80% and if their annual average occupancy rate exceeds 80%. All other performing commercial real estate loans have 100% risk-weights.

A restructuring of debt is considered a TDR if, because of a debtor's financial difficulty, a creditor grants concessions that it would not otherwise consider. In order to determine whether or not a modification should be accounted for as a TDR, the Bank reviews the current financial information of the borrower(s) and, if applicable, guarantor(s), including an analysis of income, assets and credit history. In addition, a market analysis of the property is prepared. All pertinent information is considered, including debt service requirements. The majority of these modifications did not result in a reduction in the contractual interest rate or a write-down of the principal balance. If such concessions were made and the modification was the result of the borrower's financial difficulty, the extension was accounted for as a TDR. The Bank expects to collect all principal and interest, including accrued interest, for restructured loans not accounted for as a TDR. At September 30, 2013, the Bank had TDRs in its commercial real estate loan portfolio of $6.1 million.

Installment Loans

As of September 30, 2013, consumer installment loans and lease financing to individuals represented approximately 1% of loans receivable. These loans consist primarily of loans on savings accounts and consumer lines of credit that are secured by a customer's equity in their primary residence.

Sales of Mortgage Loans

The Bank is an active seller of loans in the national secondary mortgage market. A portion of loans originated are sold to various institutional investors, along with the rights to service the loans (servicing released). Another portion are originated for sale with loan servicing rights kept by the Bank (servicing retained), or with servicing rights sold to a third party servicer. At the time of each loan commitment, management decides if the loan will be held in portfolio or sold and, if sold, which investor is appropriate. During fiscal 2013, proceeds of $1,820.8 million were received on the sale of loans sold with servicing released.

The Bank records loans held for sale at fair value, and any adjustments made to record them at estimated fair value are made through the income statement. As of September 30, 2013, the Bank had loans held for sale with a carrying value of $69.1 million.

Classified Assets, Delinquencies, and Allowance for Loss

Classified Assets. In accordance with the Bank's asset classification system, problem assets are classified with risk ratings of either "substandard," "doubtful," or "loss." An asset is considered substandard if it is inadequately protected by the borrower's ability to repay, or the value of collateral. Substandard assets include those characterized by a possibility that the institution will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have the same weaknesses of 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, conditions, and values, highly questionable and improbable. Assets classified as loss are considered uncollectible and of little value. Prior to quarter ended March 31, 2012, the Bank established a specific valuation allowance for such assets. In conjunction with the adoption of the Call Report during the quarter ended March 31, 2012, such assets are charged-off against the Allowance for Loan and Lease Losses ("ALLL") at the time they are deemed to be a "confirmed loss."

In addition to the risk rating categories for problem assets noted above, loans may be assigned a risk rating of "pass," "pass-watch," or "special mention." The pass category includes loans with borrowers and/or collateral that is of average quality or better. Loans in this category are considered average risk and satisfactory repayment is expected. Assets classified as pass-watch are those in which the borrower has the capacity to perform according to the terms and repayment is expected. However, one or more elements of uncertainty exist. Assets classified as special mention have a potential weakness that deserves management's close attention. If left undetected, the potential weakness may result in deterioration of repayment prospects.

A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent.

Each quarter, management reviews the problem loans in its portfolio to determine whether changes to the asset classifications or allowances are needed. The following table summarizes the Bank's classified assets as reported to their primary regulator, plus any classified assets of the holding company. Dollar amounts are expressed in thousands.

	September 30,				
	2013	2012	2011	2010	2009
Asset Classification					
Substandard	$ 82,760	156,117	149,336	142,085	69,158
Doubtful	168	777	—	—	—
Loss*	—	—	49,384	16,965	6,415
Total Classified	82,928	156,894	198,720	159,050	75,573
Allowance for loan/REO losses	(20,383)	(31,829)	(80,561)	(34,643)	(20,699)
Net classified assets	$ 62,545	125,065	118,159	124,407	54,874
Net classified to total classified assets	75%	80%	59%	78%	73%

* Assets classified as loss represent the amount of measured impairment related to loans and foreclosed assets held for sale that have been deemed impaired. Prior to quarter ended March 31, 2012, the Bank established a specific valuation allowance for such assets. In conjunction with the adoption of the Call Report during the quarter ended March 31, 2012, such assets are charged-off against the ALLL at the time they are deemed to be a "confirmed loss."

When a loan becomes 90 days past due, the Bank stops accruing interest and establishes a reserve for the interest accrued-to-date. The following table summarizes non-performing assets, troubled debt restructurings, and real estate acquired through foreclosure or in-substance foreclosure. Dollar amounts are expressed in thousands.

	September 30,				
	2013	2012	2011	2010	2009
Total assets	$1,144,155	1,240,826	1,253,584	1,434,196	1,559,562
Non-accrual loans	$ 31,622	74,767	41,271	29,368	40,639
Performing troubled debt restructurings	32,637	15,926	72,603	21,589	12,430
Net real estate and other assets acquired through foreclosure	11,252	17,040	16,937	38,362	10,140
Total	$ 75,511	107,733	130,811	89,319	63,209
Percent of total assets	6.60%	8.68%	10.44%	6.23%	4.05%

During the quarter ended March 31, 2012, the Company's nonaccrual loans increased $41.4 million. This increase resulted from management's decision to move certain impaired collateral dependent loans secured by land development, commercial real estate, and residential rental properties to nonaccrual, even though the majority of such loans were current and paying in accordance with their contractual terms. Due to the continued deterioration in the real estate markets, management had determined that the full collection of principal and interest was uncertain. In accordance with Generally Accepted Accounting Principles ("GAAP"), these loans were charged-down to the fair value of their underlying collateral, and therefore, the recorded investment in the loan is deemed fully collectable at September 30, 2013. Interest income is recognized on a cash-basis as payments are received. The majority of these loans currently remain in non-accrual status; however, loans with a carrying value of $12.6 million at September 30, 2013, were returned to a performing status during the fiscal year, based upon improvement in the real estate markets and the borrower's financial condition.

With the exception of certain residential loans, which are not deemed impaired until they reach 180 days past due, loans in non-accrual status are considered impaired. At September 30, 2013, residential loans of $2.1 million in non-accrual status were not deemed impaired. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Any measured impairment that is deemed a "confirmed loss" is charged off and netted from the respective loan balance. For collateral dependent loans, which make up the majority of the Bank's impaired loans, a "confirmed loss" is generally the amount by which the loan's recorded investment exceeds the fair value of its collateral. Therefore, risks associated with non-accrual loans have been addressed within Bank's quarterly analysis of the adequacy of its ALLL, as essentially all were individually analyzed for impairment.

If loans classified as substandard are also impaired, they are individually analyzed for impairment, as noted above. At September 30, 2013, $58.1 million of loans classified as substandard have also been deemed impaired. In addition, the Bank utilizes a qualitative adjustment related to changes and trends in past due, non-accrual, and adversely classified loans. This adjustment is applied to the various pools of unimpaired loans when determining adequacy of the Bank's ALLL.

Delinquencies. The following table summarizes delinquent loan information.

September 30, 2013			
Loans delinquent for	Number of Loans	Amount	Percent of Total Loans
30 to 89 days	26	$ 6,881	0.9%
90 or more days	55	8,182	1.0%
Total	81	$15,063	1.9%

September 30, 2012			
Loans delinquent for	Number of Loans	Amount	Percent of Total Loans
30 to 89 days	54	$ 5,545	0.6%
90 or more days	119	28,063	3.0%
Total	173	$33,608	3.6%

The effect of non-accrual loans on interest income for fiscal year 2013 is presented below. Dollar amounts are expressed in thousands.

Non-accrual loans as of September 30, 2013	$31,622
Gross amount of interest income that would have been recorded during fiscal 2013 if these loans had been accruing	$ 2,488
Actual amount included in interest income for fiscal 2013	1,813
Interest income not recognized on non-accrual loans	$ 675

Allowance for loan and lease losses. The ALLL recognizes the inherent risks associated with lending activities for individually identified problem assets as well as the entire homogenous and non-homogenous loan portfolios. ALLLs are established by charges to the provision for loan losses and carried as contra assets. Management analyzes the adequacy of the allowance on a quarterly basis and appropriate provisions are made to maintain the ALLLs at adequate levels. At any given time, the ALLL should be sufficient to absorb at least all estimated credit losses on outstanding balances over the next twelve months. While management uses information currently available to determine these allowances, they can fluctuate based on changes in economic conditions and changes in the information available to management. Also, regulatory agencies review the Bank's allowances for loan loss as part of their examination, and they may require the Bank to recognize additional loss provisions, within their regulatory filings, based on the information available at the time of their examinations.

The ALLL is determined based upon two components. The first is made up of specific reserves for loans which have been deemed impaired in accordance with GAAP. The second component is made up of general reserves for loans that are not impaired. A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Prior to the quarter ended March 31, 2012, the Bank recorded a specific allowance equal to the amount of measured impairment.

In July 2011, the Office of Thrift Supervision ("OTS") merged with and into the Office of the Comptroller of the Currency ("OCC"), and the OCC became the Bank's primary regulator. Beginning with the quarter ended March 31, 2012, the Bank was required to file a Consolidated Report of Condition and Income ("Call Report") instead of the previously required Thrift Financial Report ("TFR"). With the adoption of the Call Report, the Bank was required to discontinue using specific valuation allowances on loans deemed impaired. The TFR had allowed any measured impairments to be carried as specific valuation allowances, whereas the Call Report required any measured impairments that are deemed "confirmed losses" to be charged-off and netted from their respective loan balances. For impaired loans that are collateral dependent, a "confirmed loss" is generally the amount by which the loan's recorded investment exceeds the fair value of its collateral. If a loan is considered uncollectible, the entire balance is deemed a "confirmed loss" and is fully charged-off. During the quarter ended March 31, 2012, the Bank charged-off against ALLL the aggregate "confirmed losses" of $23.3 million that were carried as specific valuation allowances in prior periods, and netted them against their respective loan balances for reporting purposes. This change had no impact on net loans receivable as presented in the consolidated balance sheet. In addition, this change did not materially impact the analysis of ALLL, which is described in more detail in the following paragraph, as specific valuation allowances were previously considered in the determination of historical loss ratios.

Loans that are not impaired are evaluated based upon the Bank's historical loss experience, as well as various subjective factors, to estimate potential unidentified losses within the various loan portfolios. These loans are categorized into pools based upon certain characteristics such as loan type, collateral type and repayment source. In addition to analyzing historical losses, the Bank also evaluates the following subjective factors for each loan pool to estimate future losses: changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and volume of the portfolio, changes in management and other relevant staff, changes in the volume and severity of past due loans, changes in the quality of the Bank's loan review system, changes in the value of the underlying collateral for collateral dependent loans, changes in the level of lending concentrations, and changes in other external factors such as competition and legal and regulatory requirements. Historical loss ratios are adjusted accordingly, based upon the effect that the subjective factors have in estimated future losses. These adjusted ratios are applied to the balances of the loan pools to determine the adequacy of the ALLL each quarter. For purposes of calculating historical loss ratios, specific valuation allowances established prior to March 31, 2012, are considered charge-offs during the periods in which they are established.

Management believes that the allowance for losses on loans and real estate owned is adequate as of September 30, 2013. The provision can fluctuate based on changes in economic conditions, changes in the level of classified assets, changes in the amount of loan charge-offs and recoveries, or changes in other information available to management. The process for determining the amount of the ALLL includes various assumptions and subjective judgments about the collectability of the loan portfolio, including the creditworthiness of our borrowers and the value of real estate and other assets that serve as loan collateral. In determining the appropriate amount of the ALLL, management relies on loan quality reviews, past experience, an evaluation of economic conditions, and asset valuations and appraisals, among other factors.

The Bank makes construction and development loans within the metropolitan Kansas City area. Commercial real estate loans are originated through a network of brokers throughout the United States. Residential loans are originated through retail lending offices located in the Kansas City metro area and in all fifty states through the Bank's internet lending division; however, the majority of residential real estate loans originated by the Bank are subsequently sold on the secondary market. Although the Bank's residential and commercial lending is national in scope, its concentrations are primarily in markets areas where recent deterioration has not been as severe as national trends. At September 30, 2013, $315.0 million (or 43.0%) of the loans in the Bank's held to maturity portfolio were located within Kansas or Missouri, which have experienced some of the lowest declines in property values. The Bank does not have significant lending concentrations in Arizona, California, Nevada, or Florida, which have experienced some of the largest declines in property values in recent years. A disclosure of the location, by state, of real estate that secures loans in the Bank's mortgage loan portfolio is included in Footnote 6 of the consolidated financial statements, which appear in the Company's 2013 Annual Report to Stockholders.

During the year ended September 30, 2013, the Bank's net charge-offs totaled $1.8 million, a decrease of $47.1 million from the prior fiscal year. Of this decrease, $3.7 million related to loans secured by residential properties, $12.6 million related to loans secured by business properties, $27.5 million related to construction and development loans, $2.6 million related to commercial loans, and $711,000 related to installment loans. Charge-offs of $23.3 million in fiscal 2012 related to the elimination of the use of specific valuation allowances, in conjunction with the Bank's conversion from the TFR to the Call Report during the March 2012 quarter. Prior to the quarter ended March 31, 2012, measured impairments were recorded as specific valuation allowances and carried as contra-assets to reduce a loan's carrying value to fair value. When the Bank adopted the Call Report, the cumulative specific valuation allowances that were considered "confirmed losses" were charged-off and netted against their respective loans balances. For collateral dependent loans that are deemed impaired, a "confirmed loss" is defined as the amount by which the loan's recorded investment exceeds the fair value of its collateral. If a loan is considered uncollectible, the entire balance is deemed a "confirmed loss" and is fully charged-off.

The following table sets forth the activity in the allowance for loan losses. Dollar amounts are expressed in thousands.

	September 30,				
	2013	2012	2011	2010	2009
Balance at beginning of year	$31,829	70,266	32,316	20,699	13,807
Total provisions	(9,600)	10,500	49,394	30,500	11,250
Charge-offs on:					
Residential properties	(2,129)	(5,329)	(1,840)	(3,371)	(2,327)
Business properties	(1,196)	(15,121)	(2,186)	(1,723)	(254)
Construction and development	(684)	(27,966)	(7,164)	(13,439)	(1,326)
Commercial loans	—	(2,569)	(91)	(173)	(339)
Installment loans	(149)	(699)	(499)	(178)	(132)
Recoveries on:					
Residential properties	799	292	—	1	18
Business properties	425	1,716	—	—	—
Construction and development	891	703	327	—	—
Commercial loans	—	—	—	—	—
Installment loans	197	36	9	—	2
Total net charge-offs	(1,846)	(48,937)	(11,444)	(18,883)	(4,358)
Balance at end of year	$20,383	31,829	70,266	32,316	20,699

The following table sets forth the allocation of the allowance for loan losses. Dollar amounts are expressed in thousands.

	September 30,									
	2013		2012		2011		2010		2009	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Residential properties	$ 8,642	43	6,941	22	6,675	9	4,437	14	3,680	18
Business properties	6,561	32	7,086	22	13,201	19	6,708	21	8,936	43
Construction and development	4,841	24	16,590	52	41,863	60	19,018	59	6,272	30
Commercial loans	58	—	513	2	7,682	11	1,015	3	1,123	6
Installment loans	281	1	699	2	845	1	1,138	3	688	3
	$20,383	100	31,829	100	70,266	100	32,316	100	20,699	100

Real Estate Acquired Through Foreclosure

The Bank’s staff attempts to contact borrowers who fail to make scheduled payments, generally after a payment is more than 15 days past due. In most cases, delinquencies are cured promptly. If a delinquency exceeds 90 days, North American will implement measures to remedy the default, such as accepting a voluntary deed for the property in lieu of foreclosure or commencing a foreclosure action. If a foreclosure occurs, the property is classified as real estate owned (“REO”) until the property is sold. North American sometimes finances the sale of foreclosed real estate (“loan to facilitate”). Loans to facilitate may involve a reduced down payment, a reduced rate, or a longer term than the Bank’s typical underwriting standards. Foreclosed assets held for sale are initially recorded at fair value as of the date of foreclosure less any estimated selling costs (the “new basis”) and are subsequently carried at the lower of the new basis or fair value less selling costs on the current measurement date.

Management records a provision for losses on REO when, subsequent to foreclosure, the estimated net realizable value of a repossessed asset declines below its book value. The following table sets forth activity in the allowance for loss on REO. Dollar amounts are expressed in thousands.

	September 30,				
	2013	2012	2011	2010	2009
Beginning allowance for loss	$ —	10,295	2,327	—	669
Provisions	996	4,265	11,383	2,649	727
Net recoveries (charge-offs)	(996)	(14,560)	(3,415)	(322)	(1,396)
Allowance for loss at year-end	$ —	—	10,295	2,327	—

With the adoption of the Call Report during the quarter ended March 31, 2012, the Bank was required to begin following regulatory guidance related the Call Report requirements. One such requirement resulted in a change in the treatment of specific loss reserves for foreclosed assets held for sale. Previous Thrift Financial Report guidance allowed banks to reduce an asset's carrying value through a specific allowance when the fair value declined to an amount less than its carrying value. Call Report guidance requires that the carrying value of foreclosed assets held for sale be written down to fair value through a charge to earnings. During the quarter ended March 31, 2012, the Bank charged-off the previously established specific allowances on such assets. This change had no impact on net foreclosed assets held for sale as presented in the consolidated balance sheet.

Securities and Mortgage-Backed Securities Available for Sale

Management classifies securities as available for sale if the Bank does not have the intention or ability to hold until maturity. Assets available for sale are carried at estimated fair value, with all fair value adjustments recorded as accumulated other comprehensive income or loss. The Bank's portfolio of securities available for sale consists primarily of corporate debt and U.S. government sponsored agency securities.

Securities and Mortgage-Backed Securities Held to Maturity

The Bank's mortgage-backed securities ("MBS") held to maturity portfolio consists of collateralized mortgage obligations ("CMOs") and securities issued by the FHLMC, FNMA, and GNMA. As of September 30, 2013, the Bank had $31,000 in fixed rate and $14,000 in balloon and adjustable rate MBS issued by these agencies. In addition, the Bank had CMOs of $43.0 million at September 30, 2013. Of this amount, $9.3 million were backed by non-agency residential mortgages and $33.7 million were backed by U.S. government guaranteed multifamily mortgages.

Investment Securities

As of September 30, 2013, the Bank held no investment security from a single issuer for which the market value exceeded 10% of the Bank's stockholders' equity, excluding securities that are U.S. government guaranteed or issued by U.S. government sponsored agencies.

Source of Funds

In addition to customer and brokered deposits, the Bank obtains funds from loan and securities repayments, sales of loans held-for-sale and securities available-for-sale, investment maturities, FHLB advances, and other borrowings. Loan repayments, as well as the availability of customer deposits, are influenced significantly by the level of market interest rates. Borrowings may be used to compensate for insufficient customer deposits or to support expanded loan and investment activities.

Customer Deposit and Brokered Deposit Accounts

The following table sets forth the composition of various types of deposit accounts. Dollar amounts are expressed in thousands.

	September 30,									
	2013		2012		2011		2010		2009	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Type of Account and Rate:										
Demand deposit accounts	$103,401	14	91,190	10	95,071	12	79,948	8	80,201	9
Savings accounts	164,597	22	126,174	14	137,174	17	88,814	10	81,572	9
Money market demand accounts	107,337	14	78,407	9	33,214	4	20,033	2	14,991	2
Certificates of deposit	372,858	50	575,175	65	519,222	64	677,764	73	520,017	57
Brokered accounts	—	—	21,367	2	24,994	3	66,894	7	207,844	23
	$748,193	100	892,313	100	809,675	100	933,453	100	904,625	100
Weighted average interest rate	0.50%		0.82%		1.27%		1.86%		2.23%	

The following table presents the deposit activities at the Bank. Dollar amounts are expressed in thousands.

	For the years ended September 30,				
	2013	2012	2011	2010	2009
Deposit receipts	$1,152,590	1,287,090	963,763	1,219,802	1,218,488
Withdrawals	1,304,179	1,213,612	1,102,787	1,209,295	1,106,956
Deposit receipts and purchases in excess of (less than) withdrawals	(151,589)	73,478	(139,024)	10,507	111,532
Interest credited	7,469	9,160	15,246	18,321	23,714
Net increase (decrease)	$ (144,120)	82,638	(123,778)	28,828	135,246
Balance at end of year	$ 748,193	892,313	809,675	933,453	904,625

Customers who wish to withdraw certificates of deposit prior to maturity are subject to a penalty for early withdrawal.

The following table presents contractual maturities of certificate accounts of $100,000 or more at September 30, 2013. Dollar amounts are expressed in thousands.

Maturing in three months or less	$14,474
Maturing in three to six months	19,546
Maturing in six to twelve months	30,992
Maturing in over twelve months	33,469
	$98,481

FHLB Advances and Other Borrowings

FHLB advances are an important source of borrowing for North American. The FHLB functions as a central reserve bank providing credit for thrifts and other member institutions. As a member of the FHLB, North American is required to own stock in the FHLB of Des Moines and can apply for advances, collateralized by the stock and certain types of mortgages, provided that certain standards related to creditworthiness are met.

The Bank has historically relied on customer deposits and loan repayments as its primary sources of funds. Advances are sometimes used as a funding supplement, when management determines that it can profitably invest the advances over their term. During fiscal 2013, the Bank borrowed an additional $80.0 million in advances, repaid $52.0 million, and as of September 30, 2013, had a balance of $155.0 million (16% of total liabilities) of advances from the FHLB.

The following table presents, for the periods indicated, certain information as to the Bank's advances from the FHLB and other borrowings. Dollar amounts are expressed in thousands.

	September 30,				
	2013	2012	2011	2010	2009
FHLB advances	$155,000	127,000	247,000	286,000	441,026
Other borrowings	421	—	—	—	—
Total	$155,421	127,000	247,000	286,000	441,026
Weighted average rate	1.17%	1.64%	1.03%	3.44%	2.99%

Regulation

Regulation of the Company

General

NASB Financial, Inc. ("the Company") is a unitary savings and loan holding company of North American Savings Bank, F.S.B. ("the Bank" or "North American"). On July 21, 2011, supervisory responsibility for the Company was transferred from the Office of Thrift Supervision (the "OTS") to the Board of Governors of the Federal Reserve System ("Federal Reserve Board" or "FRB"), as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Accordingly, the Company is required to register and file reports with the Federal Reserve Board and is subject to regulation and examination by the Federal Reserve Board. In addition, the Federal Reserve Board has enforcement authority over the Company, which also permits the Federal Reserve Board to restrict or prohibit activities that are determined to present a serious risk to the Bank. In accordance with the Dodd-Frank Act, the FRB requires that all savings and loan holding companies serve as a source of strength for their depositary institution subsidiaries, with the ability to provide financial assistance if the institution suffers financial distress.

On April 30, 2010, the Company's Board of Directors entered into an agreement with the OTS, the Company's primary regulator at that time. The agreement restricts the payment of dividends or other capital distributions by the Company and restricts the Company's ability to incur, issue or renew any debt during the period of the agreement. On November 29, 2012 the Company's Board of Directors entered into a formal written agreement with the Federal Reserve Bank of Kansas City, which replaces and terminates the Company's previous agreement with the OTS. The agreement with FRB restricts the payment of dividends or other capital distributions by the Company, restricts the Company's ability to incur, increase, or guarantee any debt, and restricts the Company's ability to purchase or redeem any of its stock. In addition, the agreement restricts the Company and its wholly-owned statutory trust, NASB Preferred Trust I, from making distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities.

Capital Requirements

Savings and loan holding companies are not currently subject to specific regulatory capital requirements. The Dodd-Frank Act, however, requires the Federal Reserve Board to promulgate consolidated capital requirements for depository institution holding companies that are no less stringent, both quantitatively and in terms of components of capital, than those applicable to institutions themselves. In July 2013, the federal banking agencies announced new risk-based capital and leverage ratios to conform to the Basel III framework and address provisions of the Dodd-Frank Act. With respect to the Company and the Bank, these requirements will become effective on January 1, 2015. See "Recent Amendments to Regulatory Capital Requirements" below for a discussion of these new Basel III requirements.

Regulation of the Bank

General

The Bank is a federally chartered stock savings bank, formed under the authority provided in the Home Owners' Loan Act (as amended, "HOLA"). On July 21, 2011, supervisory responsibility for the Bank was transferred from the OTS to the OCC, as required by the Dodd-Frank Act. All previously existing OTS guidance, orders, interpretations, and procedures remained in effect until modified, terminated set aside or superseded by the OCC in accordance with applicable law. The OCC has adopted most of the substantive OTS regulations.

On April 30, 2010 the Bank entered into a Supervisory Agreement with the OTS, which, among other things, required the Bank to review and revise its internal asset review process, reduce its classified assets and reliance on brokered deposits, and to obtain regulatory approval prior to declaring or paying dividends or making other capital distributions. On May 22, 2012, the Board of Directors of the Bank agreed to a Consent Order with the OCC, which replaces and terminates the previous Supervisory Agreement the Bank had entered with the OTS. The Consent Order requires, like the Supervisory Agreement that it replaces, that the Bank establish various plans and programs to improve the asset quality of the Bank and to ensure the adequacy of allowances for loan and lease losses. The Consent Order also requires the Bank to obtain an independent assessment of its allowance for loan and lease losses methodology, to conduct independent third-party reviews of its commercial and construction loan portfolios and to enhance its credit administration systems. Among other items, it also requires that the Bank's written capital maintenance plan will contain objectives that ensure the Bank's Tier 1 leverage capital remains equal to or greater than 10% of adjusted total assets and that the Bank's risk-based capital remains equal to or greater than 13% of risk-weighted assets.

On February 1, 2013, the Board of Directors of the Bank signed an additional Consent Order with the OCC, effective as of that date. This Consent Order requires the Bank to take corrective action to enhance its program for compliance with the Bank Secrecy Act ("BSA") and other anti-money laundering requirements. The Consent Order requires, among other things, that the Bank improve its processes to better identify and monitor accounts and transactions that pose a greater than normal risk for compliance with the BSA. The Consent Order also requires the Bank to maintain an effective risk assessment process, monitoring mechanisms, training programs and appropriate systems to review the activities of customer accounts.

Activity Powers

The Bank derives its lending, investment and other activity powers primarily from HOLA, and the regulations issued thereunder. Under these laws and regulations, federal savings banks, including the Bank, generally may invest in real estate mortgages, consumer and commercial loans, certain types of debt securities and certain other assets. The Bank may also establish service corporations that may engage in activities not otherwise permissible for the Bank, including certain real estate equity investments and securities and insurance brokerage activities. These investment powers are subject to various limitations, including (1) a prohibition against the acquisition of any corporate debt security that is not rated in one of the four highest rating categories, (2) a limit of 400% of an association's capital on the aggregate amount of loans secured by non-residential real estate property, (3) a limit of 20% of an association's assets on commercial loans, with the amount of commercial loans in excess of 10% of assets being limited to small business loans, (4) a limit of 35% of an association's assets on the aggregate amount of consumer loans and acquisitions of certain debt securities, (5) a limit of 5% of assets on non-conforming loans (loans in excess of the specific limitations of HOLA), and (6) a limit of the greater of 5% of assets or an association's capital on certain construction loans made for the purpose of financing what is or is expected to become residential property.

Recent Legislation

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act implements far-reaching changes across the financial regulatory landscape, including provisions that, among other things:

- Centralize responsibility for consumer financial protection by creating the Bureau of Consumer Financial Protection, with broad rulemaking, supervision and enforcement authority for a wide range of consumer protection laws that would apply to all banks and thrifts. Smaller financial institutions, including the Bank, will be subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.
- Require new capital rules that apply the same leverage and risk-based capital requirements applicable to insured depository institutions to savings and loan holding companies.

- Require the federal banking regulators to seek to make their capital requirements countercyclical, so that capital requirements increase in times of economic expansion and decrease in times of economic contraction.
- Provide for new disclosure and other requirements relating to executive compensation and corporate governance.
- Make permanent the $250,000 limit for federal deposit insurance and provide unlimited federal deposit insurance until January 1, 2013 for non-interest bearing demand transaction accounts at all insured depository institutions.
- Effective July 21, 2011, repealed the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts.
- Require all depository institution holding companies to serve as a source of financial strength to their depository institution subsidiaries in the event such subsidiaries suffer from financial distress.

Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company and the financial services industry more generally. The elimination of the prohibition on the payment of interest on demand deposits could materially increase our interest expense, depending on how the marketplace responds. Provisions in the legislation that require revisions to the capital requirements of the Company and the Bank could require the Company and the Bank to seek additional sources of capital in the future.

On January 10, 2013, the Consumer Finance Protection Bureau ("CFPB") issued a final rule that implements certain provision of the Dodd-Frank Act which prohibit creditors from making residential mortgage loans without regard to the borrower's repayment ability. The rule sets forth specific verification requirements, product features, and underwriting criteria that a lender must follow for residential mortgage loans to be treated as "qualified mortgages" and, therefore, subject to certain protections from liability. The final rule is effective for residential mortgage loan applications received on or after January 10, 2014.

In July 2013, the federal banking agencies announced new risk-based capital and leverage ratios to conform to the Basel III framework and address provisions of the Dodd-Frank Act. With respect to the Company and the Bank, these requirements will become effective on January 1, 2015. See *"Recent Amendments to Regulatory Capital Requirements"* below for a discussion of these new Basel III requirements.

Insurance of Accounts and Regulation by the FDIC

The Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund ("DIF") of the FDIC. As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of, and to require reporting by, FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious risk to the DIF. The FDIC also has the authority to initiate enforcement actions against savings institutions, after giving the OCC an opportunity to take such action, and may terminate the deposit insurance if it determines that the institution has engaged in unsafe or unsound practices or is in an unsafe or unsound condition.

As a result of a decline in the reserve ratio (the ratio of the DIF to estimated insured deposits) and concerns about expected failure costs and available liquid assets in the DIF, the FDIC adopted a rule requiring each insured institution to prepay on December 30, 2009 the estimated amount of its quarterly assessments for the fourth quarter of 2009 and all quarters through the end of 2012 (in addition to the regular quarterly assessment for the third quarter which was due on December 30, 2009). The prepaid amount was recorded as an asset with a zero risk weight and the institutions continued to record quarterly expenses for deposit insurance. For purposes of calculating the prepaid amount, assessments were measured at the institution's assessment rate as of September 30, 2009, with a uniform increase of three basis points effective January 1, 2011, and were based on the institution's assessment base for the third quarter of 2009, with growth assumed quarterly at annual rate of 5%. If events cause actual assessments during the prepayment period to vary from the prepaid amount, institutions paid excess assessments in cash or received a rebate of prepaid amounts not exhausted after collection of assessments due on June 30, 2013, as applicable. Collection of the prepayment did not preclude the FDIC from changing assessment rates or revising the risk-based assessment system in the future. The rule included a process for exemption from the prepayment for institutions whose safety and soundness would be affected adversely. In December 2009, the Bank paid the prepaid assessment of $6.3 million. The June 2013 quarterly FDIC insurance premium calculation resulted in an amount due from the Bank of $375,000, which was the amount due in excess of the estimated prepaid assessment.

As required by the Dodd-Frank Act, the FDIC adopted rules effective April 1, 2011, under which insurance premium assessments are based on an institution's total assets minus its tangible equity (defined as Tier 1 capital) instead of its deposits. Under these rules, an institution with total assets of less than $10 billion will be assigned one of four risk categories based on its capital, supervisory ratings and other factors. Well capitalized institutions that are financially sound with only a few minor weaknesses are assigned to Risk Category I. Risk Categories II, III and IV present progressively greater risks to the DIF. A range of initial base assessment rates will apply to each category, subject to adjustment downward based on unsecured debt issued by the institution and, except for an institution in Risk Category I, adjustment upward if the institution's brokered deposits exceed 10% of its domestic deposits, to produce total base assessment rates. Total base assessment rates range from 2.5 to nine basis points for Risk Category I, nine to 24 basis points for Risk Category II, 18 to 33 basis points for Risk Category III and 30 to 45 basis points for Risk Category IV, all subject to further adjustment upward if the institution holds more than a de minimis amount of unsecured debt issued by another FDIC-insured institution. The FDIC may increase or decrease its rates by 2.0 basis points without further rulemaking. In an emergency, the FDIC may also impose a special assessment.

The Dodd-Frank Act establishes 1.35% as the minimum reserve ratio. The FDIC has adopted a plan under which it will meet this ratio by September 30, 2020, the deadline imposed by the Dodd-Frank Act. The Dodd-Frank Act requires the FDIC to offset the effect on institutions with assets less than $10 billion of the increase in the statutory minimum reserve ratio to 1.35% from the former statutory minimum of 1.15%. The FDIC has not yet announced how it will implement this offset. In addition to the statutory minimum ratio the FDIC must designate a reserve ratio, known as the designated reserve ratio ("DRR"), which may exceed the statutory minimum. The FDIC has established 2.0% as the DRR. In addition, all institutions with deposits insured by the FDIC are required to pay assessments to fund interest payments on bonds issued by the Financing Corporation, an agency of the Federal government established to fund the costs of failed thrifts in the 1980s. For the quarterly period ended June 30, 2013, the Financing Corporation assessment equaled 0.64 basis points. These assessments, which may be revised based upon the level of DIF deposits, will continue until the bonds mature in the years 2017 through 2019.

Under the Dodd-Frank Act, beginning on January 1, 2011, all non-interest bearing transaction accounts and IOLTA accounts qualified for unlimited deposit insurance by the FDIC through December 31, 2012. NOW accounts, which were previously fully insured under the Transaction Account Guarantee Program, are no longer eligible for an unlimited guarantee due to the expiration of this program on December 31, 2010. NOW accounts, along with all other deposits maintained at the Bank, are now insured by the FDIC up to $250,000 per account owner.

As insurer, the FDIC is authorized to conduct examinations of and to require reporting by FDIC-insured institutions. It also may prohibit any FDIC-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious threat to the DIF. The FDIC also has the authority to take enforcement actions against banks and savings associations.

Federal Home Loan Bank System

The Bank is a member of the FHLB-Des Moines, which is one of 12 regional FHLBs that administer the home financing credit function of member financial institutions. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is funded primarily from proceeds derived from the sale of consolidated obligations of the FHLB System. It makes loans or advances to members in accordance with policies and procedures, established by the Board of Directors of the FHLB, which are subject to the oversight of the Federal Housing Finance Agency. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB. In addition, all long-term advances are required to provide funds for residential home financing. As a member, the Bank is required to purchase and maintain stock in the FHLB-Des Moines. At September 30, 2013, the Bank had $7.7 million in FHLB-Des Moines stock, which was in compliance with this requirement.

Safety and Soundness Standards

Pursuant to the requirements of the Federal Deposit Insurance Corporation Improvement Act ("FDICIA"), as amended by the Riegle Community Development and Regulatory Improvement Act of 1994, each federal banking agency has adopted guidelines establishing general standards relating to internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director, or principal shareholder.

Prompt Corrective Action

Federal statutes establish a supervisory framework based on five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. An institution's category depends upon where its capital levels are in relation to relevant capital measures, which include a risk-based capital measure, a leverage ratio capital measure and certain other factors. The federal banking agencies have adopted regulations that implement this statutory framework. Under these regulations, an institution is treated as well capitalized if its ratio of total capital to risk-weighted assets is 10% or more, its ratio of core capital to risk-weighted assets is 6% or more, its ratio of core capital to adjusted total assets (leverage ratio) is 5% or more, and it is not subject to any federal supervisory order or directive to meet a specific capital level. In order to be adequately capitalized, an institution must have a total risk-based capital ratio of not less than 8%, a Tier 1 risk-based capital ratio of not less than 4%, and a leverage ratio of not less than 4%. Any institution which is neither well capitalized nor adequately capitalized is considered undercapitalized.

Undercapitalized institutions are subject to certain prompt corrective action requirements, regulatory controls and restrictions which become more extensive as an institution becomes more severely undercapitalized. Failure by institutions to comply with applicable capital requirements would, if not remedied, result in progressively more severe restrictions on their respective activities and lead to enforcement actions, including, but not limited to, the issuance of a capital directive to ensure the maintenance of required capital levels and, ultimately, the appointment of the FDIC as receiver or conservator. Banking regulators will take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. Additionally, approval of any regulatory application filed for their review may be dependent on compliance with capital requirements.

Qualified Thrift Lender Test

All savings associations, including the Bank, are required to meet a qualified thrift lender test to avoid certain restrictions on their operations. This test requires a savings association to have at least 65% of its total assets, as defined by regulation, in qualified thrift investments on a monthly average for nine out of every 12 months on a rolling basis. As an alternative, the savings association may maintain 60% of its assets in those assets specified in Section 7701(a)(19) of the Internal Revenue Code of 1986, as amended ("Code"). Under either test, such assets primarily consist of residential housing related loans and investments. A savings association that fails to meet the qualified thrift lender test is subject to certain operating restrictions and may be required to convert to a national bank charter. At September 30, 2013, the Bank meets the qualified thrift lender test.

Capital Requirements

Regulations currently require that thrifts meet three minimum capital ratios.

Leverage Limit. The leverage limit requires that thrifts maintain "core capital" of at least 4% of its adjusted tangible assets. "Core capital" includes (i) common stockholders' equity, including retained earnings; non-cumulative preferred stock and related earnings; and minority interest in the equity accounts of consolidated subsidiaries, minus (ii) those intangibles (including goodwill) and investments in and loans to subsidiaries not permitted in computing capital for national banks, plus (iii) certain purchased mortgage servicing rights and certain qualifying supervisory goodwill. At September 30, 2013, intangible assets of $2.3 million were deducted from the Bank's regulatory capital. At September 30, 2013, the Bank's core capital ratio was 17.7%.

Tangible Capital Requirement. The tangible capital requirement mandates that a thrift maintain tangible capital of at least 1.5% of tangible assets. For the purposes of this requirement, adjusted total assets are generally calculated on the same basis as for the leverage ratio requirement. Tangible capital is defined in the same manner as core capital, except that all goodwill and certain other intangible assets must be deducted. As of September 30, 2013, North American's regulatory tangible capital was 17.7% of tangible assets.

Risk-Based Capital Requirement. OCC standards require that institutions maintain risk-based capital equal to at least 8% of risk-weighted assets. Total risk-based capital includes core capital plus supplementary capital. In determining risk-weighted assets, all assets including certain off-balance-sheet items are multiplied by a risk weight factor from 0% to 100%, based on risk categories assigned by the OCC. Banking regulations categorize banks with risk-based capital ratios over 10% as well capitalized, 8% to 10% as adequately capitalized, and under 8% as undercapitalized. As of September 30, 2013, the Bank's current risk-based regulatory capital was 23.8% of risk-weighted assets.

At September 30, 2013, the Bank exceeded all capital requirements prescribed by the OCC. To calculate these requirements, a thrift must deduct any investments in and loans to subsidiaries that are engaged in activities not permissible for a national bank. As of September 30, 2013, the Bank did not have any investments in or loans to subsidiaries engaged in activities not permissible for national banks.

On May 22, 2012, the Board of Directors of the Bank agreed to a Consent Order with the OCC. Among other items, the Consent Order requires that the Bank maintain a Tier 1 leverage capital ratio equal to or greater than 10% and a risk-based capital ratio equal to or greater than 13%. As of September 30, 2013, the Bank's actual Tier 1 leverage capital and total risk-based capital ratios were 17.7% and 23.8%, respectively. The existence of individual minimum capital requirements means that the Bank may not be deemed well capitalized.

Limitations on Capital Distributions

OCC regulations impose various 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. Generally, savings institutions, such as the Bank, that before and after the proposed distribution are well-capitalized, may make capital distributions during any calendar year up to 100% of net income for the year-to-date plus retained net income for the two preceding years. However, an institution deemed to be in need of more than normal supervision or in troubled condition by the OCC may have its dividend authority restricted by the OCC.

Generally, savings institutions proposing to make any capital distribution need not submit written notice to the FDIC prior to such distribution unless they are a subsidiary of a holding company or would not remain well-capitalized following the distribution. Savings institutions that do not, or would not meet their current minimum capital requirements following a proposed capital distribution or propose to exceed these net income limitations, must obtain OCC approval prior to making such distribution. The OCC may object to the distribution during that 30-day period based on safety and soundness concerns.

Loans to One Borrower

Federal law provides that savings institutions are generally subject to the national bank limit on loans to one borrower. A savings institution may not make a loan or extend credit to a single or related group of borrowers in excess of 15% of its unimpaired capital and surplus. An additional amount may be lent, equal to 10% of unimpaired capital and surplus, if such loan is secured by specified readily-marketable collateral.

Transactions with Affiliates

The Bank's authority to engage in transactions with "affiliates" is limited by FDIC regulations and by Sections 23A and 23B of the Federal Reserve Act as implemented by the Federal Reserve Board's Regulation W. The term "affiliates" for these purposes generally means any company that controls or is under common control with an institution. The Company and its non-savings institution subsidiaries would be affiliates of the Bank. In general, transactions with affiliates must be on terms that are as favorable to the institution as comparable transactions with non-affiliates. In addition, certain types of transactions are restricted to an aggregate percentage of the institution's capital. Collateral in specified amounts must be provided by affiliates in order to receive loans from an institution. In addition, savings institutions are prohibited from lending to any affiliate that is engaged in activities that are not permissible for bank holding companies and no savings institution may purchase the securities of any affiliate other than a subsidiary. Federally insured savings institutions are subject, with certain exceptions, to certain restrictions on extensions of credit to their parent holding companies or other affiliates, on investments in the stock or other securities of affiliates and on the taking of such stock or securities as collateral from any borrower. In addition, these institutions are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit or the providing of any property or service. An institution deemed to be in "troubled condition" must file a notice with the OCC and obtain its non-objection to any transaction with an affiliate (subject to certain exemptions).

The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") generally prohibits a company from making loans to its executive officers and directors. However, that act contains a specific exception for loans by a depository institution to its executive officers and directors in compliance with federal banking laws. Under such laws, the Bank's authority to extend credit to executive officers, directors and 10% stockholders ("insiders"), as well as entities which such person's control, is limited. The law restricts both the individual and aggregate amount of loans the Bank may make to insiders based, in part, on the Bank's capital position and requires certain Board approval procedures to be followed. Such loans must be made on terms substantially the same as those offered to unaffiliated individuals and not involve more than the normal risk of repayment. There is an exception for loans made pursuant to a benefit or compensation program that is widely available to all employees of the institution and does not give preference to insiders over other employees. There are additional restrictions applicable to loans to executive officers.

Federal Reserve System

The Federal Reserve Board requires that all depository institutions maintain reserves on transaction accounts or non-personal time deposits. These reserves may be in the form of cash or non-interest-bearing deposits with the regional Federal Reserve Bank. Negotiable order of withdrawal ("NOW") accounts and other types of accounts that permit payments or transfers to third parties fall within the definition of transaction accounts and are subject to the reserve requirements, as are any non-personal time deposits at a savings bank. As of September 30, 2013, the Bank's deposit with the Federal Reserve Bank and vault cash exceeded its reserve requirements.

Community Reinvestment Act

Under the Community Reinvestment Act ("CRA"), every FDIC-insured institution has a continuing and affirmative obligation consistent with safe and sound banking practices to help meet the credit needs of its entire community, including low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community, consistent with the CRA. The CRA requires the FDIC, in connection with the examination of the Bank, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications, such as a merger or the establishment of a branch, by the Bank. The FDIC may use an unsatisfactory rating as the basis for the denial of an application. The Bank received a rating of "satisfactory" in its latest examination.

Privacy Standards

The Bank is subject to OCC regulations implementing the privacy protection provisions of the Gramm-Leach-Bliley Act ("Gramm-Leach"). These regulations require the Bank to disclose its privacy policy, including identifying with whom it shares "non-public personal information," to customers at the time of establishing the customer relationship and annually thereafter. The regulations also require the Bank to provide its customers with initial and annual notices that accurately reflect its privacy policies and practices. In addition, the Bank is required to provide its customers with the ability to "opt-out" of having the Bank share their non-public personal information with unaffiliated third parties before they can disclose such information, subject to certain exceptions. The Bank is subject to regulatory guidelines establishing standards for safeguarding customer information. These regulations implement certain provisions of Gramm-Leach. The guidelines describe the Agencies' expectations for the creation, implementation and maintenance of an information security program, which would include administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

Regulatory and Criminal Enforcement Provisions

The OCC has primary enforcement responsibility over savings institutions and has the authority to bring action against all "institution-affiliated parties," including stockholders, attorneys, appraisers and accountants who knowingly or recklessly participate in wrongful action likely to have an adverse effect on an insured institution. Formal enforcement action may range from the issuance of a capital directive or cease and desist order to the removal of officers or directors, receivership, conservatorship or termination of deposit insurance. Civil penalties may be issued for a wide range of violations. Federal law also establishes criminal penalties for certain violations.

Recent Amendments to Regulatory Capital Requirements

In July 2013, the federal banking agencies approved amendments to their regulatory capital rules to conform them to the international regulatory standards agreed to by the Basel Committee on Banking Supervision in the accord often referred to as "Basel III". The revisions establish new higher capital ratio requirements, tighten the definitions of capital, impose new operating restrictions on banking organizations with insufficient capital buffers and increase the risk weighting of certain assets. The new capital requirements will apply to all banks and savings associations, bank holding companies with more than $500 million in assets and all savings and loan holding companies (other than certain savings and loan holding companies engaged in insurance underwriting and grandfathered diversified holding companies) regardless of asset size. The rules will become effective for the institutions with assets over $250 billion and internationally active institutions starting in January 2014 and will become effective for all other institutions beginning in January 2015. The following discussion summarizes the changes which are believed most likely to affect the Company and the Bank.

New and Higher Capital Requirements. The regulations establish a new capital measure called "Common Equity Tier 1 Capital" which will consist of common stock instruments and related surplus (net of treasury stock), retained earnings, accumulated other comprehensive income and, subject to certain adjustments, minority common equity interests in subsidiaries. Unlike the current rules which exclude unrealized gains and losses on available-for-sale debt securities from regulatory capital, the amended rules would require accumulated other comprehensive income to flow through to regulatory capital unless a one-time, irrevocable opt-out election is made in the first regulatory reporting period under the new rule. Depository institutions and their holding companies will be required to maintain Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets by 2015.

The regulations increase the required ratio of Tier 1 Capital to risk-weighted assets from the current 4% to 6% by 2015. Tier 1 Capital will consist of Common Equity Tier 1 Capital plus Additional Tier 1 Capital elements which would include non-cumulative perpetual preferred stock. Cumulative preferred stock (other than cumulative preferred stock issued to the U.S. Treasury under the TARP Capital Purchase Program or the Small Business Lending Fund) will no longer qualify as Additional Tier 1 Capital. Trust preferred securities and other non-qualifying capital instruments issued prior to May 19, 2010 by bank and savings and loan holding companies with less than $15 billion in assets as of December 31, 2009 or by mutual holding companies may continue to be included in Tier 1 Capital but will be phased out over 10 years beginning in 2016 for all other banking organizations. These non-qualifying capital instruments, however, may be included in Tier 2 Capital which could also include qualifying subordinated debt. The amended regulations also require a minimum Tier 1 leverage ratio of 4% for all institutions, eliminating the 3% option for institutions with the highest supervisory ratings. The minimum required ratio of total capital to risk-weighted assets will remain at 8%.

Capital Conservation Buffer Requirement. In addition to higher capital requirements, depository institutions and their holding companies will be required to maintain a common equity Tier 1 capital conservation buffer of at least 2.5% of risk-weighted assets over and above the minimum risk-based capital requirements. Institutions that do not maintain the required capital buffer will become subject to progressively more stringent limitations on the percentage of earnings that can be paid out in dividends or used for stock repurchases and on the payment of discretionary bonuses to senior executive management. The capital conservation buffer requirement will be phased in over four years beginning in 2016. The capital conservation buffer requirement effectively raises the minimum required risk-based capital ratios to 7% Common Equity Tier 1 Capital, 8.5% Tier 1 Capital and 10.5% Total Capital on a fully phased-in basis.

Changes to Prompt Corrective Action Capital Categories. The Prompt Corrective Action rules will be amended effective January 1, 2015 to incorporate a Common Equity Tier 1 Capital requirement and to raise the capital requirements for certain capital categories. In order to be adequately capitalized for purposes of the prompt corrective action rules, a banking organization will be required to have at least an 8% Total Risk-Based Capital Ratio, a 6% Tier 1 Risk-Based Capital Ratio, a 4.5% Common Equity Tier 1 Risk Based Capital Ratio and a 4% Tier 1 Leverage Ratio. To be well capitalized, a banking organization will be required to have at least a 10% Total Risk-Based Capital Ratio, an 8% Tier 1 Risk-Based Capital Ratio, a 6.5% Common Equity Tier 1 Risk Based Capital Ratio and a 5% Tier 1 Leverage Ratio. Federal savings associations will be required to calculate their prompt corrective action capital ratios in the same manner as national banks. Accordingly, tangible equity ratios will be based on average total assets rather than period-end total assets.

Additional Deductions from Capital. Banking organizations will be required to deduct goodwill and other intangible assets (other than certain mortgage servicing assets), net of associated deferred tax liabilities, from Common Equity Tier 1 Capital. Deferred tax assets arising from temporary timing differences that cannot be realized through net operating loss carrybacks will continue to be deducted. Deferred tax assets that can be realized through NOL carrybacks will not be deducted but will be subject to 100% risk weighting. Defined benefit pension fund assets, net of any associated deferred tax liability, will be deducted from Common Equity Tier 1 Capital unless the banking organization has unrestricted and unfettered access to such assets. Reciprocal cross-holdings of capital instruments in any other financial institutions will now be deducted from capital, not just holdings in other depository institutions. For this purpose, financial institutions are broadly defined to include securities and commodities firms, hedge and private equity funds and non-depository lenders. Banking organizations will also be required to deduct non-significant investments (less than 10% of outstanding stock) in the capital of other financial institutions (including investments in trust preferred securities) to the extent these exceed 10% of Common Equity Tier 1 Capital subject to a 15% of Common Equity Tier 1 Capital cap. Greater than 10% investments must be deducted if they exceed 10% of Common Equity Tier 1 Capital. If the aggregate amount of certain items excluded from capital deduction due to a 10% threshold exceeds 17.65% of Common Equity Tier 1 Capital, the excess must be deducted. Savings associations will continue to be required to deduct investments in subsidiaries engaged in activities not permitted for national banks.

Changes in Risk-Weightings. The federal banking agencies did not adopt a proposed rule that would have significantly changed the risk-weighting for residential mortgages. Instead, the amended regulations will continue to follow the current capital rules which assign a 50% risk-weighting to "qualifying mortgage loans" which generally consist of residential first

mortgages with an 80% loan-to-value ratio (or which carry mortgage insurance that reduces the bank's exposure to 80%) that are not more than 90 days past due. All other mortgage loans will have a 100% risk weight. The revised regulations apply a 250% risk-weighting to mortgage servicing rights, deferred tax assets that cannot be realized through NOL carrybacks and investments in the capital instruments of other financial institutions that are not deducted from capital. The revised regulations also create a new 150% risk-weighting category for "high volatility commercial real estate loans" which are credit facilities for the acquisition, construction or development of real property other than for certain community development projects, agricultural land and one- to four-family residential properties or commercial real projects where: (i) the loan-to-value ratio is not in excess of interagency real estate lending standards; and (ii) the borrower has contributed capital equal to not less than 15% of the real estate's "as completed" value before the loan is made.

Taxation

The Company is subject to the general applicable corporate tax provisions of the Internal Revenue Code ("Code") and the Bank is subject to certain additional provisions of the Code, which apply to savings institutions and other types of financial institutions.

Bad Debt Reserves

Prior to October 1, 1996, the Bank was allowed a special bad debt deduction for additions to tax bad debt reserves established for the purpose of absorbing losses. This deduction was either based on an institution's actual loss experience (the "experience method") or, subject to certain tests relating to the composition of assets, based on a percentage of taxable income ("percentage method"). Under the percentage method, qualifying institutions generally deducted 8% of their taxable income.

As a result of changes in the Federal tax code, the Bank's bad debt deduction was based on actual experience beginning with the fiscal year ended September 30, 1997, as the percentage method for additions to the tax bad debt reserve was eliminated. Under the new tax rules, thrift institutions were required to recapture their accumulated tax bad debt reserve, except for the portion that was established prior to 1988, the "base-year". The recapture was completed over a six-year phase-in period that began with the fiscal year ended September 30, 1999. A deferred tax liability is required to the extent the tax bad debt reserve exceeds the 1988 base year amount. As of September 30, 2013, North American had approximately $3.7 million established as a tax bad debt reserve in the base-year. Distributing the Bank's capital in the form of purchasing treasury stock forced North American to recapture its after-base-year bad debt reserve prior to the phase-in period. Management believes that accelerating the recapture was more than offset by the opportunity to buy treasury stock at lower average market prices.

Minimum Tax

For taxable years beginning after December 31, 1986, the alternative minimum tax rate is 20%. The alternative minimum tax generally applies to a base of regular taxable income plus certain tax preferences and is payable to the extent such preferences exceed an exemption amount.

State Taxation

The Bank is subject to a special financial institution state tax based on approximately 7% of net income. This tax is in lieu of all other taxes on thrift institutions except taxes on real estate, tangible personal property owned by the Bank, contributions paid to the State unemployment insurance fund, and sales/use taxes.

Other Information

Employees

As of September 30, 2013, the Bank and its subsidiaries had 463 employees. Management considers its relations with the employees to be excellent.

The Bank currently maintains a comprehensive employee benefit program including a 401(k) retirement plan, hospitalization and major medical insurance, paid vacations, paid sick leave, long-term disability insurance, life insurance, and reduced loan fees for employees who qualify. The Bank's employees are not represented by any collective bargaining group.

Competition

The Bank, like other savings institutions, is operating in a changing environment. Non-depository financial service companies such as securities dealers, insurance agencies, and mutual funds have become competitors for retail savings and investments. In addition to offering competitive interest rates, a savings institution can attract customer deposits by offering a variety of services and convenient office locations and business hours. Mortgage banking/brokerage firms compete for the residential mortgage business. The primary factors in competing for loans are interest rates and rate adjustment provisions, loan maturity, loan fees, and the quality of service to borrowers and brokers.

Materials Available on Our Website

The Bank's internet website address is www.nasb.com. We make available, free of charge, through our website copies of our Annual Report to Stockholders, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to the Securities and Exchange Commission (the "Commission" or "SEC"). You may also view our Ethical Standards Policy and Code of Ethics and our Audit Committee Charter on our website. Copies of these documents are also available in print to any person who requests them.

ITEM 1A. Risk Factors

The following is a description of the risk factors relating to the future business, operating results and financial performance of the Bank and the Company. To the extent that any of the information contained in this report constitutes forward-looking statements, the risk factors set forth are additional cautionary statements that identify important factors that may cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of the Company.

If difficult market conditions continue, particularly in our geographic market, our results of operations and financial condition could be adversely affected. We are exposed to downturns in the U.S. real estate market, particularly related to existing residential homes, new residential construction, residential development properties, and commercial real estate. The housing market has experienced dramatic declines over the past four years, greatly affected by falling home prices, increasing foreclosures, and unemployment. All of these have impacted credit performance and resulted in a significant level of write-downs of asset values by the industry, in general, and by us, specifically. Because of the concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing credit to borrowers, including to other financial institutions. High levels of unemployment, the weakened U.S. economy and tightening of credit have led to an increased level of commercial and consumer delinquencies, a lack of consumer confidence, increased market volatility and widespread reduction of overall business activity. A worsening of these conditions or prolonged economic stagnation would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institution industry, and could further materially increase our loan losses and further negatively impact our financial condition and operating results.

Recent changes in banking regulations could materially affect our business. The current political environment is demanding increased regulation of the banking industry. Various new regulations have been imposed over the past year, with much additional regulation that has been proposed. Such changing regulation, along with possible changes in tax laws and accounting rules, may have a significant impact on the ways that financial institutions conduct their businesses, implement strategic initiatives, engage in tax planning and make financial disclosures. Complying with increased regulations may increase our costs and limit the availability of our business opportunities.

On July 21, 2010, The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. The Dodd-Frank Act has significantly changed, and will continue to significantly change, the current bank regulatory structure and affect the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies. The Bank's former primary federal regulator, the Office of Thrift Supervision, or OTS, was eliminated in July

2011. The Bank is now subject to regulation and supervision by the Office of the Comptroller of the Currency, or OCC, which supervises and regulates all national banks. Existing federal savings bank holding companies, such as us, are now subject to regulation and supervision by the Federal Reserve Board, or FRB. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the rules and regulations, and consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many months or years.

The Dodd-Frank Act created a new Consumer Financial Protection Bureau with broad powers to supervise and enforce consumer protection laws. The CFPB has broad rule-making authority for a wide range of consumer protection laws that apply to all banks and savings institutions, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. The CFPB has examination and enforcement authority over all banks with more than $10 billion in assets. Banks with $10 billion or less in assets will continue to be examined for compliance with the consumer laws by their primary bank regulators. The Dodd-Frank Act also weakens the federal preemption rules that have been applicable for national banks and federal savings associations, and gives state attorneys general the ability to enforce federal consumer protection laws. We do not currently have assets in excess of $10 billion, but we may at some point in the future.

It is difficult to predict at this time what specific impact the Dodd-Frank Act and the yet to be written implementing rules and regulations will have on community banks. However, we anticipate that, at a minimum, they will increase our operating and compliance costs and could increase our interest expense.

The short-term and long-term impact of the changing regulatory capital requirements and new capital rules is uncertain. The federal banking agencies have recently adopted proposals that when effective will substantially amend the regulatory capital rules applicable to us and the Bank. The amendments implement the “Basel III” regulatory capital reforms and changes required by the Dodd-Frank Act. The new rules would apply regulatory capital requirements to us for the first time. The amended rules include new minimum risk-based capital and leverage ratios, which will become effective in January 2015, with certain requirements to be phased in beginning in 2016, and will refine the definition of what constitutes “capital” for purposes of calculating those ratios.

The application of more stringent capital requirements to us and the Bank could, among other things, result in lower returns on invested capital, require the raising of additional capital, and result in regulatory actions if we were to be unable to comply with such requirements. Implementation of changes to asset risk weightings for risk based capital calculations, items included or deducted in calculating regulatory capital and/or additional capital conservation buffers could result in management modifying its business strategy and could further limit our ability to make distributions, including paying out dividends or buying back shares.

Our performance is dependent on the economic conditions in the primary market in which we operate. We operate primarily within the greater Kansas City area and are influenced by the general economic conditions in Kansas City. Any further adverse changes in economic conditions in our market area could impair our ability to collect loans, obtain and retain customer deposits, and negatively impact our overall financial condition.

The current real estate market makes our concentrations in real estate lending susceptible to credit losses. Our loan portfolios are concentrated in real estate lending, which has made, and will continue to make, our loan portfolios susceptible to credit losses in the current real estate market, particularly because of continuing declines in the new home real estate market. Specifically, we have a concentration of residential real estate construction loans and residential land development, most of which are located within the metropolitan Kansas City area. Additionally, we have a concentration of commercial real estate loans that are located around the country. Because of our heightened exposure to credit losses in these concentrations, the downturns in the real estate market and the general economy have resulted in an increase in classified assets over the past several years. If the current economic environment continues for a prolonged additional period, or deteriorates even further, the asset collateral values may further decline and may result in increased credit losses and foreclosures in these portfolios.

We may suffer losses in our loan portfolio despite our underwriting and loan collection practices. We seek to mitigate the risks inherent in our loan portfolio by adhering to specific underwriting and loan collection practices. Underwriting practices generally include analysis of a borrower’s prior credit history, financial statements, tax returns,

cash flow projections, valuation of collateral, personal guarantees of loans to businesses and verification of liquid assets. If the underwriting process fails to capture accurate information or proves to be inadequate, we may incur losses on loans that meet our underwriting criteria, and those losses may exceed the amounts set aside as reserves in the allowance for loan losses. Our loan collection practices have expanded to meet the increase in nonperforming loans resulting from the current economic environment, which has increased loan administration costs.

If our allowance for loan and lease losses ("ALLL") is not sufficient to cover actual loan losses, our provision for losses could increase in future periods, causing a negative impact on operating results. Our borrowers may not repay their loans according to the terms of the loans and, as a result of the declines in home prices, the collateral securing the payment of these loans may be insufficient to pay remaining loan balances. We may experience significant loan losses, which could have a material adverse impact on our operating results. When determining the adequacy of the ALLL, we make various assumptions and subjective judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of real estate and other assets that serve as collateral for the repayment of many of our loans. In determining the adequacy of the ALLL, we rely on our loan quality reviews, our experience, our evaluation of economic conditions, and asset valuations and appraisals, among other factors. If our assumptions prove to be incorrect, our ALLL may not be sufficient to cover the losses inherent in our loan portfolio, which could result in additions to our allowance through provisions for loan losses. Material additions to our allowance would have a material adverse impact on our operating results.

The OCC, as an integral part of the regulatory examination process, periodically reviews our loan portfolio. Regulators may require us to add to the allowance for loan losses based on their judgments and interpretations of information available to them at the time of their examinations. Any increase that the regulators require in our allowance for loan losses would negatively impact our operating results in the period in which the increase occurs.

We use valuation methodologies, estimations and assumptions for certain assets and loan collateral which are subject to differing interpretations and could result in changes to asset or collateral valuations that could have an adverse material impact on our financial condition or operating results. We use estimates, assumptions and judgments when measuring the fair value of financial assets, liabilities and loan collateral. Fair values and the information used to record valuation adjustments are based on quoted market prices, third-party appraisals and/or other observable inputs provided by third-party sources, when available. Any changes in underlying factors, assumptions or estimates in any of these areas could materially impact our future financial condition and operating results.

During periods of market disruption, it may be difficult to value certain assets if comparable sales become less frequent and/or market data becomes less observable. Certain classes of assets or loan collateral that were in active markets with significant observable data may become illiquid due to the current financial environment. In such cases, asset valuations may require more estimation and subjective judgment. The rapidly changing real estate market conditions could materially impact the valuation of assets and loan collateral as reported within our financial statements and changes in estimated values could vary significantly from one period to the next. Decreases in value may have a material adverse impact on our future financial condition or operating results.

Changes in interest rates could have an adverse impact on our results of operations and financial condition. Our results of operations are largely dependent on net interest income, which is the difference between the interest we earn on our earning-asset portfolio and the interest paid on our cost of liability portfolio. Market interest rates are beyond our control, and they can fluctuate in response to general economic conditions and the policies of various governmental and regulatory agencies. Changes in monetary policy, including changes in interest rates, will influence market rates and prices for loan originations, purchases of investment securities, and customer deposit accounts. Changes in interest rates could have an adverse impact on our results of operations and financial condition because the majority of our assets included in the earning-asset portfolio are long-term, fixed-rate loans, while the majority of our interest-bearing liabilities are shorter term, and therefore subject to a greater degree of interest rate fluctuation. This type of risk is known as interest rate risk, and is affected by prevailing economic and competitive conditions.

The impact of changes in interest rates on the interest earning-asset portfolio is generally observed on the balance sheet and income statement in later periods than the impact of changes on liability portfolio due to the duration of assets versus liabilities, and also to the time lag between our commitment to originate or purchase a loan and the time we fund the loan, during which time interest rates may change. Interest-bearing liabilities tend to reflect changes in interest rates closer to the time of market rate changes, so the difference in timing may have an adverse effect on our net interest income.

A rapid rise in interest rates could adversely impact the mortgage markets and the level of loans originated by the Bank's mortgage banking segment, thereby reducing income derived from gains on the sale of loans held for sale. Changes in interest rates can also have an adverse effect on our financial condition, as certain assets, including loans held for sale, are reported at their estimated fair value, and therefore may be impacted by fluctuations in interest rates.

Changes in interest rates, as they relate to customers, can also have an adverse impact on our financial condition and results of operations. In times of rising interest rates, default risk may increase among customers with ARM loans as the rates on their loans adjust upward and their payments increase. Rising interest rate environments also entice customers with ARM loans to refinance into fixed-rate loans further exposing the Bank to additional interest rate risk. If the loan is refinanced externally, we could be unable to reinvest cash received from the resulting prepayments at rates comparable to existing loans, which subjects us to reinvestment risk. In decreasing interest rate environments, payments received will likely be invested at the prevailing (decreased) market rate. An influx of prepayments can result in an excess of liquidity, which could impact our net interest income if profitable reinvestment opportunities are not immediately available. Prepayment rates are based on demographics, local economic factors, and seasonality, with the main factors affecting prepayment rates being prevailing interest rates and competition. Fluctuations in interest rates also affect customer demand for deposit products. Local competition for deposit dollars could affect our ability to attract deposits, or could result in us paying more for deposits.

Changes in income tax laws or interpretations or in accounting standards could materially affect our financial condition or results of operations. Changes in income tax laws could be enacted or interpretations of existing income tax laws could change causing an adverse effect to our financial condition or results of operations. Similarly, our accounting policies and methods are fundamental to how we report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the value of our assets, liabilities, and financial results. Periodically, new accounting standards are imposed or existing standards are revised, changing the methods for preparing our financial statements. Such changes are not within our control and could significantly impact our financial condition and results of operations.

We are subject to liquidity risk that could impair our ability to fund operations. Liquidity is essential to our business and we rely on a number of different sources in order to meet our potential liquidity demands. Our primary sources of liquidity are our retail and wholesale customer deposit accounts, cash flows from payments and sales of loans and securities, and advances from the Federal Home Loan Bank. Any inability to raise or retain funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities or on terms which are acceptable to us could be impaired by factors that affect us specifically or by factors affecting the financial services industry in general. Even if funding remains available, issues of liquidity pricing could raise our cost of funds and have an adverse material impact on our financial condition and operating results.

Any loss of key personnel could adversely affect our operations. Our success is, in large part, dependent on our ability to attract and retain key employees. Management believes it has implemented effective succession planning strategies to reduce the potential impact of the loss of certain key personnel; however, because of their skill-level and experience, the unexpected loss of key personnel could have an adverse material impact on our business.

We are subject to various legal claims and litigation. We are periodically involved in routine litigation incidental to our business. Regardless of whether these claims and legal actions are founded or unfounded, if such legal actions are not resolved in a manner favorable to us, they may result in significant financial liability and/or adversely affect our reputation. In addition, litigation can be costly. Any financial liability, litigation costs or reputational damage caused by these legal claims could have a material adverse impact on our business, financial condition and results of operations.

We operate in a competitive industry and market area. The financial services industry in which we operate is rapidly changing, with numerous types of competitors including banks, thrifts, insurance companies, and mortgage bankers. Consolidation in the industry is accelerating and there are many new changes in technology, products, and regulations. We believe the competition for retail deposit accounts is especially significant in our market area. We must continue to invest in products and delivery systems in order to remain competitive or our financial performance may be impacted negatively.

Any electronic system failure or breach to our network security could increase our operating costs or impair our reputation. The Bank provides customers with electronic banking options, including online banking, bill payment services, online account opening and online loan applications. Management has implemented a layered security approach

which incorporates all reasonable means of protection for our electronic services; however, there can be no absolute assurances that failures, interruptions, or electronic security breaches will not occur. The Bank outsources processing of its core data system, in addition to other systems such as online bill payment services and online account opening, to third party vendors. Prior to establishing an outsourcing relationship, and on an ongoing basis thereafter, management monitors key vendors controls and procedures related to information technology, which includes reviewing reports of service auditor's examinations performed in accordance with Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization. Should any of our electronic systems be compromised, our reputation could be damaged and/or relationships with customers impaired. A loss of business could result and we could incur significant expenses in remedying the security breach.

The FDIC's changes in the calculation of deposit insurance premiums and ability to levy special assessments could increase our non-interest expense and may reduce our profitability. The Dodd-Frank Act required the FDIC to amend its regulations to redefine the assessment base used for calculating deposit insurance assessments. On February 9, 2011, the FDIC adopted a final rule that defines the assessment base as the average consolidated total assets during the assessment period minus the average tangible equity of the insured depository institution during the assessment period. The FDIC also imposed a new assessment rate scale. Under the new system, banks pay a base assessment at a rate between 5 and 35 basis points per assets minus tangible equity, depending upon an institution's risk category (the final rule also includes progressively lower assessment rate schedules when the FDIC's reserve ratio reaches certain levels). The rulemaking changes the current assessment rate schedule so the schedule will result in the collection of assessment revenue that is approximately the same as generated under the current rate schedule and current assessment base. Nearly all banks with assets less than $10 billion will pay smaller deposit insurance assessments as a result of the new rule. The majority of the changes in the FDIC's final rule became effective on April 1, 2011. The FDIC has the statutory authority to impose special assessments on insured depository institutions in an amount, and for such purposes, as the FDIC may deem necessary. The change in the calculation methodology for deposit insurance premiums and the possible emergency special assessments could increase our non-interest expense and may adversely affect our profitability.

We may elect or be compelled to seek additional capital in the future, but that capital may not be available when we need it. We are required by our regulatory authorities to maintain adequate levels of capital to support our operations. In addition, we may elect to raise additional capital to support the growth of our business or to finance acquisitions, if any, or we may elect to raise additional capital for other reasons. In that regard, a number of financial institutions have recently raised considerable amounts of capital as a result of a deterioration in their results of operations and financial condition arising from the turmoil in the mortgage loan market, deteriorating economic conditions, declines in real estate values and other factors. Although we are not aware of any requests for additional capital at this time, should we elect or be required by regulatory authorities to raise additional capital, we may seek to do so through the issuance of, among other things, our common stock or securities convertible into our common stock, which could dilute your ownership interest in us. The future cost and availability of capital may be adversely affected by illiquid credit markets, economic conditions and a number of other factors, many of which are outside of our control. Accordingly, we cannot assure you of our ability to raise additional capital if needed or on terms acceptable to us. If we cannot raise additional capital when needed or on terms acceptable to us, it may have a material adverse effect on our financial condition and results of operations.

A downgrade of the United States' credit rating could have a material adverse effect on our business, financial condition and results of operations. Recently, each of Moody's Investors Service, Standard & Poor's Corp. and Fitch Ratings has publicly warned of the possibility of a downgrade to the United States' credit rating. On August 5, 2011, S&P downgraded its rating of the United States' debt to AA+. Each of Moody's and Fitch has maintained its rating of U.S. debt at AAA. Recently, we experienced the first U.S. government shutdown in 17 years along with a stalemate in the U.S. Congress over whether to raise the debt ceiling. Similar activities by the U.S. government or U.S. Congress could increase the likelihood of a credit downgrade. Any credit downgrade (whether by S&P, Moody's, or Fitch), and the attendant perceived risk that the United States may not pay its debt obligations when due, could have a material adverse effect on financial markets and economic conditions in the United States and throughout the world. In turn, this could have a material adverse effect on our business, financial condition and results of operations.

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

North American's main office is located at 12498 South 71 Highway, Grandview, Missouri. In addition to its main office, the Bank has nine branch offices, three loan origination offices, and one customer service office. Net book value of premises owned and leasehold improvements (net of accumulated depreciation) at September 30, 2013, was approximately $9.1 million.

Location	Date Occupied	Owned/ Leased	Lease Expiration
12498 South 71 Highway Grandview, Missouri	1972	Owned	
646 North 291 Highway Lees Summit, Missouri	1992	Owned	
8501 North Oak Trafficway Kansas City, Missouri	1994	Owned	
920 North Belt St. Joseph, Missouri	1979	Owned	
2002 East Mechanic Harrisonville, Missouri	1975	Owned	
11400 East 23rd Street Independence, Missouri	2000	Owned	
7012 NW Barry Road Kansas City, Missouri	2001	Owned	
1001 North Jesse James Road Excelsior Springs, Missouri	2002	Owned	
12520 South 71 Highway Grandview, Missouri	2005	Owned	
2707 NW Prairie View Road Platte City, Missouri	2007	Owned	
789 NE Rice Road Lee's Summit, Missouri	2008	Leased	March 2016
4350 South National, Suite A100 Springfield, Missouri	2005	Leased	July 2015
903 East 104th Street Building C, Suite 400 Kansas City, Missouri	2011	Leased	November 2017

ITEM 3. Legal Proceedings

The Company is involved in various legal actions that arose in the normal course of business. There are no legal proceedings to which the Company or its subsidiaries is a party that would have a material impact on its consolidated financial statements.

ITEM 4. Mine Safety Disclosures

Not applicable

PART II

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

The Company's 2013 Annual Report to Stockholders (the "Annual Report") contains under captions "Investor Information" and "Common Stock Prices and Dividend" the information required by Item 5 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 6. Selected Financial Data

The Company's Annual Report contains under the caption "Selected Consolidated Financial and Other Data" the information required by Item 6 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

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

The Company's Annual Report contains under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" the information required by Item 7 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 7A. Qualitative and Quantitative Disclosures About Market Risk

The Company's Annual Report contains under the caption "Asset/Liability Management" the information required by Item 7A of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 8. Financial Statements and Supplementary Data

The Company's Annual Report contains the information required by Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by this reference, with the exception of the report on the effectiveness of internal control over financial reporting, which is included in Item 9A below. See Item 15 below for a list of the financial statements and notes so incorporated.

ITEM 9. Change in and Disagreements With Accountants on Accounting and Finance Disclosure

None.

ITEM 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective at the end of the period covered by this annual report.

There have not been any changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of the fiscal year to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15 (f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework,* our management concluded that our internal control over financial reporting was effective as of September 30, 2013.

The effectiveness of our internal control over financial reporting as of September 30, 2013 has been audited by BKD, LLP, an independent registered public accounting firm, and BKD LLP has issued a report on the effectiveness of our internal control over financial reporting as of September 30, 2013, which is included below.

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
NASB Financial, Inc.
Grandview, Missouri

We have audited NASB Financial, Inc.'s internal control over financial reporting as of September 30, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, NASB Financial, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of NASB Financial, Inc. and our report dated December 16, 2013, expressed an unqualified opinion thereon.

BKD, LLP

Kansas City, Missouri
December 16, 2013

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on January 28, 2014 (the "Proxy Statement"), contains under the captions "Structure and Practices of the Board of Directors," "Proposal 1 – Election of Directors," "Executive Officers," and "Security Ownership of Beneficial Owners – Section 16 Compliance" the information required by Item 10 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

The Company has adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and all other officers, employees and directors. The Code of Ethics may be viewed on our website at www.nasb.com.

ITEM 11. Executive Compensation

The Company's Proxy Statement contains under the captions "Structure and Practices of the Board of Directors – Compensation of Directors and Committee Members," "Executive Compensation," "Benefits" and "Compensation Committee Report " the information required by Item 11 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The Company's Proxy Statement contains under the caption "Security Ownership of Certain Beneficial Owners" the information required by Item 12 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The Company's Proxy Statement contains under the caption "Security Ownership of Certain Beneficial Owners – Transactions Between the Company and its Directors, Officers or Their Affiliates" the information required by Item 13 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

ITEM 14. Principal Accounting Fees and Services

The Company's Proxy Statement contains under the caption "Proposal 4 – Ratification of Appointment of Independent Auditors – Audit Fees" the information required by Item 14 of this Annual Report on Form 10-K, which information is incorporated herein by this reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements

The following consolidated financial statements of NASB Financial, Inc. and the independent accountants' report thereon which appear in the Company's 2013 Annual Report to Stockholders ("Annual Report") have been incorporated herein by reference to Item 8.

Consolidated Balance Sheets at September 30, 2013, and 2012.

Consolidated Statements of Operations for the years ended September 30, 2013, 2012, and 2011.

Consolidated Statements of Cash Flows for the years ended September 30, 2013, 2012, and 2011.

Consolidated Statements of Comprehensive Income for the years ended September 30, 2013, 2012, and 2011.

Consolidated Statements of Stockholders' Equity for the years ended September 30, 2013, 2012, and 2011.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

(2) Financial Statement Schedules.

Schedules are provided in the Consolidated Financial Statements.

(3) Exhibits.

Exhibit Number	
2	Agreement and Plan of Merger by and among North American Savings Bank, F.S.B., NASB Interim Savings Bank, F.S.B., and NASB Financial Inc. Exhibit 2 to Form 8-K, dated April 15, 1998, and incorporated herein by reference.
3	Federal Stock Savings Bank Charter and Bylaws. Exhibit 3 to Form 10-K for fiscal year ended September 30, 1992, dated December 27, 1992, and incorporated herein by reference.
3.1	Articles of Incorporation of NASB Financial, Inc. Exhibit 3.1 to Form 8-K, dated April 15, 1998, and incorporated herein by reference.
3.2	Bylaws of NASB Financial, Inc. Exhibit 3.2 to Form 8-K, dated April 15, 1998, and incorporated herein by reference.
10.1	Employees' Stock Option Plan and specimen copy of Option Agreement entered into between the Company and the Plan participants. (Exhibit 10.4 to Form 10-K for fiscal year ended September 30, 1986, dated December 26, 1986, and incorporated herein by reference).
10.2	Amended and Restated Retirement Income Plan for Employees of North American Savings Bank dated September 30, 1988, dated December 20, 1988, and incorporated herein by reference).
10.3	NASB Financial, Inc. Equity Incentive Compensation Plan adopted on October 28, 2003. (Exhibit B to the Company's Proxy Statement for the 2004 Annual Meeting and incorporated herein by reference).
* 13	2013 Annual Report to Stockholders.
21	Subsidiaries of the Registrant at September 30, 2013, listed on page 1.
22	Proxy Statement of NASB Financial, Inc. for the 2014 Annual Meeting of Stockholders to be filed with the SEC (certain portions of such proxy Statement are incorporated herein by reference).
* 31.1	Certification of Chief Executive Officer pursuant to Rules 13a-15(e) and 15d-15(e)

* 31.2	Certification of Chief Financial Officer pursuant to Rules 13a-15(e) and 15d-15(e)
* 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
* 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NASB FINANCIAL, INC.

By: /s/ David H. Hancock
David H. Hancock
Chairman

Date: December 16, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on December 16, 2013, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ David H. Hancock David H. Hancock	Chairman
/s/ Paul L. Thomas Paul L. Thomas	Chief Executive Officer
/s/ Rhonda Nyhus Rhonda Nyhus	Chief Financial Officer (Principal Accounting Officer)
/s/ Keith B. Cox Keith B. Cox	Director
/s/ Frederick V. Arbanas Frederick V. Arbanas	Director
/s/ Barrett Brady Barrett Brady	Director
/s/ Laura Brady Laura Brady	Director
/s/ Linda S. Hancock Linda S. Hancock	Director
/s/ W. Russell Welsh W. Russell Welsh	Director

Exhibit 13

NASB Financial, Inc.

December 13, 2013

Dear Shareholder:

Fiscal 2013 Results:

The twelve months ended September 30, 2013, was a very successful period for your company. Net income for the fiscal year was $27.6 million, a 52.6% increase from the previous year. Without the after-tax impact of negative loan loss provisions, we achieved a very satisfactory return on assets of 1.8%. Return on equity of 12.0% was challenged by our 17.1% capital ratio.

These results enabled us to increase our book value per share by 14.0%, to $24.85. Since 1990, our compounded annual return is 17.7%.

Fiscal 2014 and Beyond:

NASB faces multiple challenges as we attempt to continue the successes we have enjoyed over the past two years. While your management would like to take a bow for the large gains produced by our residential mortgage business, the truth is that the historically low interest rates created by various government programs to stimulate our economy were a huge contributor to our success. Our mortgage managers positioned us to take advantage of this environment, and are to be commended for their achievements.

Interest rates have increased somewhat, and although still relatively low, the rise has had the predicted negative impact on mortgage volumes. All lenders are attempting to take advantage of increased housing activity, and while we expect to get our share of this purchase mortgage business, it's not as easy or as profitable as when there was a huge urgency by a large portion of qualified borrowers to refinance their mortgages to the historically low rates. NASB ranked among the top 100 lenders nationally in 2013; we still expect to be among that group in 2014, but in a smaller volume industry.

A second obstacle we face is the competition for loans on commercial properties. This has always been a large revenue source for NASB, but we have been unwilling to satisfy borrowers' demands for long-term fixed rates. I believe this is a good choice for our potential customers who wish to lock in these very low rates for extended periods, but NASB has elected to limit the durations to which we would be obligated to fund over the next ten to twenty years. A consequence of this reluctance is that in a period when we have considerable excess capital and can borrow at very attractive rates, our commercial real estate loan portfolio decreased by 16.4% during the past year. We intend to maintain "duration discipline" in the coming year.

I have had the pleasure of serving as NASB's Chairman and CEO since 1990. In May, Paul Thomas succeeded to my position as CEO. Paul has served in various capacities at NASB for the past twenty years, and our board has complete confidence that he will continue our successes.

As we enter 2014 with more capital, more experience, and greater market knowledge than in any previous year, I am confident that we will continue to ably serve our shareholders. Thank you for your continued support.

Sincerely,

David H. Hancock
Board Chairman

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Financial Highlights

	2013	2012	2011	2010	2000	1990
	(Dollars in thousands, except per share data)					
For the year ended September 30:						
Net interest income	$ 42,693	49,479	52,166	53,848	35,838	7,983
Net interest spread	3.78%	4.31%	4.28%	3.73%	3.71%	1.99%
Other income	$ 62,735	53,295	24,474	43,580	9,409	2,774
General and administrative expenses	70,107	62,827	53,698	57,667	20,120	8,169
Net income (loss)	27,627	18,110	(16,268)	6,323	14,721	(369)
Basic earnings per share	3.51	2.30	(2.07)	0.80	1.66	(0.18)
Cash dividends paid	—	—	—	3,540	3,370	—
Dividend payout ratio	—	—	—	55.99%	22.89%	—
At year end:						
Assets	$1,144,155	1,240,826	1,253,584	1,434,196	984,525	388,477
Loans, net	764,409	898,606	1,032,568	1,220,886	914,012	180,348
Investment securities	296,203	240,665	111,986	76,511	20,451	179,599
Customer and brokered deposit accounts	748,193	892,313	809,675	933,453	621,665	333,634
Stockholders' equity	195,517	171,503	150,378	167,762	83,661	16,772
Book value per share	24.85	21.80	19.11	21.32	9.84	1.83
Basic shares outstanding (in thousands)	7,868	7,868	7,868	7,868	8,500	9,148
Other Financial Data:						
Return on average assets	2.32%	1.45%	(1.21)%	0.42%	1.63%	(0.20)%
Return on average equity	15.05%	11.25%	(10.23)%	3.78%	18.12%	(2.50)%
Stockholders' equity to assets	17.09%	13.82%	12.00%	11.70%	8.50%	4.30%
Average shares outstanding (in thousands)	7,868	7,868	7,868	7,868	8,863	8,116
Selected year end information:						
Stock price per share: Bid	$ 27.43	24.85	10.00	15.90	14.50	1.03
Ask	27.88	24.99	10.07	16.79	15.50	1.13

Per share amounts have been adjusted to give retroactive effect to the four-for-one stock split, which occurred during the fiscal year ended September 30, 1999.

Selected Consolidated Financial and Other Data

The following tables include selected information concerning the financial position of NASB Financial, Inc., (including consolidated data from the operations of subsidiaries) for the years ended September 30. Dollar amounts are expressed in thousands, except per share data.

SUMMARY STATEMENT OF OPERATIONS	2013	2012	2011	2010	2009
Interest income	$ 50,569	61,619	72,709	83,216	89,825
Interest expense	7,876	12,140	20,543	29,368	42,420
Net interest income	42,693	49,479	52,166	53,848	47,405
Provision for loan losses	(9,600)	10,500	49,394	30,500	11,250
Net interest income after provision for loan losses	52,293	38,979	2,772	23,348	36,155
Other income	62,735	53,295	24,474	43,580	40,494
General and administrative expenses	70,107	62,827	53,698	57,667	46,716
Income (loss) before income tax expense	44,921	29,447	(26,452)	9,261	29,933
Income tax expense (benefit)	17,294	11,337	(10,184)	2,938	11,224
Net income (loss)	$ 27,627	18,110	(16,268)	6,323	18,709
Earnings (loss) per share:					
Basic	$ 3.51	2.30	(2.07)	0.80	2.38
Diluted	3.51	2.30	(2.07)	0.80	2.38
Average shares outstanding (in thousands)	7,868	7,868	7,868	7,868	7,868

SUMMARY BALANCE SHEET	2013	2012	2011	2010	2009
Assets:					
Bank deposits	$ 3,477	5,656	995	9,669	60,771
Stock in Federal Home Loan Bank	7,679	7,073	13,551	15,873	26,640
Securities	296,203	240,665	111,986	76,511	80,618
Loans receivable held for sale, net	69,079	163,834	115,434	179,845	81,367
Loans receivable held for investment, net	695,330	734,772	917,134	1,041,041	1,238,995
Non-interest earning assets	72,387	88,826	94,484	111,257	71,171
Total assets	$ 1,144,155	1,240,826	1,253,584	1,434,196	1,559,562
Liabilities:					
Customer & brokered deposit accounts	$ 748,193	892,313	809,675	933,453	904,625
Advances from Federal Home Loan Bank	155,000	127,000	247,000	286,000	441,026
Subordinated debentures	25,774	25,774	25,774	25,774	25,774
Non-interest costing liabilities	19,671	24,236	20,757	21,207	21,749
Total liabilities	948,638	1,069,323	1,103,206	1,266,434	1,393,174
Stockholders' equity	195,517	171,503	150,378	167,762	166,388
Total liabilities and stockholders' equity	$ 1,144,155	1,240,826	1,253,584	1,434,196	1,559,562
Book value per share	$ 24.85	21.80	19.11	21.32	21.15

OTHER DATA	2013	2012	2011	2010	2009
Loans serviced for others	$ 24,393	27,346	65,484	60,637	93,350
Number of full service branches	9	9	9	9	9
Number of employees (full-time equivalents)	463	425	384	398	367
Basic shares outstanding (in thousands)	7,868	7,868	7,868	7,868	7,868

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

NASB Financial, Inc. ("the Company") was formed in April 1998 to become a unitary thrift holding company of North American Savings Bank, F.S.B. ("the Bank" or "North American"). The Company's principal business is to provide banking services through the Bank. Specifically, the Bank obtains savings and checking deposits from the public and uses those funds to originate and purchase real estate loans and other loans. The Bank also purchases mortgage-backed securities ("MBS") and other investment securities from time to time as conditions warrant. In addition to customer deposits, the Bank obtains funds from the sale of loans held-for-sale, the sale of securities available-for-sale, repayments of existing mortgage assets, and advances from the Federal Home Loan Bank ("FHLB"). The Bank's primary sources of income are interest on loans, MBS, and investment securities plus income from lending activities and customer service fees. Expenses consist primarily of interest payments on customer and brokered deposits and other borrowings and general and administrative costs.

The Bank operates nine deposit branch locations, three residential loan origination offices, and one residential construction loan origination office, primarily in the greater Kansas City area. The Bank also operates one commercial real estate loan origination office at its headquarters in Grandview, Missouri. Consumer loans are also offered through the Bank's branch network. On July 21, 2011, supervisory responsibility for the Company was transferred from the Office of Thrift Supervision (the "OTS") to the Board of Governors of the Federal Reserve System ("Federal Reserve Board" or "FRB"), as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Accordingly, the Company is required to register and file reports with the Federal Reserve Board and is subject to regulation and examination by the Federal Reserve Board. In addition, the Federal Reserve Board has enforcement authority over the Company, which also permits the Federal Reserve Board to restrict or prohibit activities that are determined to present a serious risk to the Bank. On July 21, 2011, supervisory responsibility for the Bank was transferred from the OTS to the Office of the Comptroller of the Currency ("OCC"), as required by the Dodd-Frank Act. Although the Bank remains subject to regulations previously promulgated by the OTS, in general, those regulations are now enforced by the OCC. The Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund ("DIF") of the Federal Deposit Insurance Corporation ("FDIC"). As insurer, the FDIC imposes deposit insurance premiums and is authorized to conduct examinations of, and to require reporting by, FDIC-insured institutions. The Bank is also subject to the regulations of the FRB, which establishes rules regarding reserves that must be maintained against customer deposits.

Forward-Looking Statements

We may from time to time make written or oral "forward-looking statements," including statements contained in our filings with the Securities and Exchange Commission ("SEC"). These forward-looking statements may be included in this annual report to shareholders and in other communications by the Company, which are made in good faith by us pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements include statements about our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, that are subject to significant risks and uncertainties, and are subject to change based on various factors, some of which are beyond our control. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," and similar expressions are intended to identify forward-looking statements. The following factors, as well as those discussed under Item 1A. "Risk Factors" in our Annual Report on Form 10-K, among others, could cause our financial performance to differ materially from the plans, objectives, goals, expectations, anticipations, estimates and intentions expressed in the forward-looking statements:

- the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations;
- the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board;
- the effects of, and changes in, foreign and governmental policy; inflation, interest rate, market and monetary fluctuations;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services;
- the willingness of users to substitute competitors' products and services for our products and services;
- our success in gaining regulatory approval of our products, services and branching locations, when required;
- the impact of changes in financial services' laws and regulations, including laws concerning taxes, banking, securities and insurance;
- technological changes;
- acquisitions and dispositions;

- changes in consumer spending and saving habits;
- our success at managing the risks involved in our business; and
- changes in the fair value or economic value of, impairments of, and risks associated with the Bank's investments in real estate owned, mortgage backed securities and other assets.

This list of important factors is not all-inclusive. We do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company or the Bank.

Financial Condition

Total assets as of September 30, 2013, were $1,144.2 million, a decrease of $96.7 million from the prior year-end. Average interest-earning assets decreased $23.2 million from the prior year to $1,102.4 million.

As the Bank originates loans each month, management evaluates the existing market conditions to determine which loans will be held in the Bank's portfolio and which loans will be sold in the secondary market. Residential mortgage loans sold in the secondary market are sold with servicing released or converted into mortgage-backed securities ("MBS") and sold with the servicing retained by the Bank. At the time of each loan commitment, a decision is made to either hold the loan for investment, hold it for sale with servicing retained, or hold it for sale with servicing released. Management monitors market conditions to decide whether loans should be held in the portfolio or sold and if sold, which method of sale is appropriate. During the year ended September 30, 2013, the Bank originated and purchased $1,820.8 million in mortgage loans held for sale, $178.2 million in mortgage loans held for investment, and $2.1 million in other loans. This total of $2,001.1 million in loan originations was an increase of $61.3 million over the prior fiscal year.

Loans held for sale as of September 30, 2013, were $69.1 million, a decrease of $94.8 million from September 30, 2012. This portfolio consisted entirely of residential mortgage loans originated by the Company's mortgage banking division that will be sold with servicing released. The Company has elected to carry loans held for sale at fair value, as permitted under Generally Accepted Accounting Principles ("GAAP").

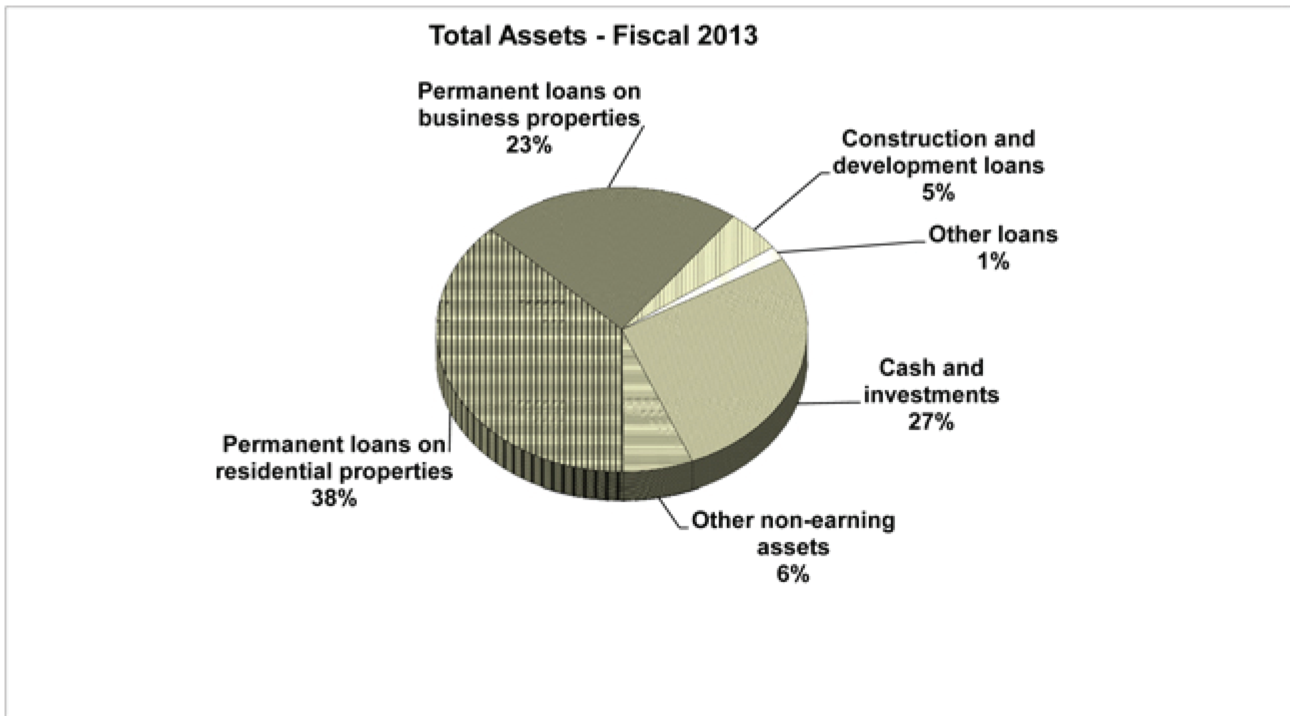
The balance of total loans held for investment at September 30, 2013, was $715.7 million, a decrease of $50.9 million from September 30, 2012. During fiscal 2013, total originations and purchases of mortgage loans and other loans held for investment were $180.3 million. At September 30, 2013, the gross balance of loans secured by residential properties was $365.2 million, compared to $331.3 million at September 30, 2012. The gross balance of loans secured by business properties was $268.6 million at September 30, 2013, compared to $321.6 million as of the previous year-end. The gross balance of construction and development loans was $91.5 million at September 30, 2013, a decrease from $110.7 million at September 30, 2012. The weighted average rate earned on loans held for investment as of September 30, 2013, was 5.29%, a decrease from 5.78% at September 30, 2012.

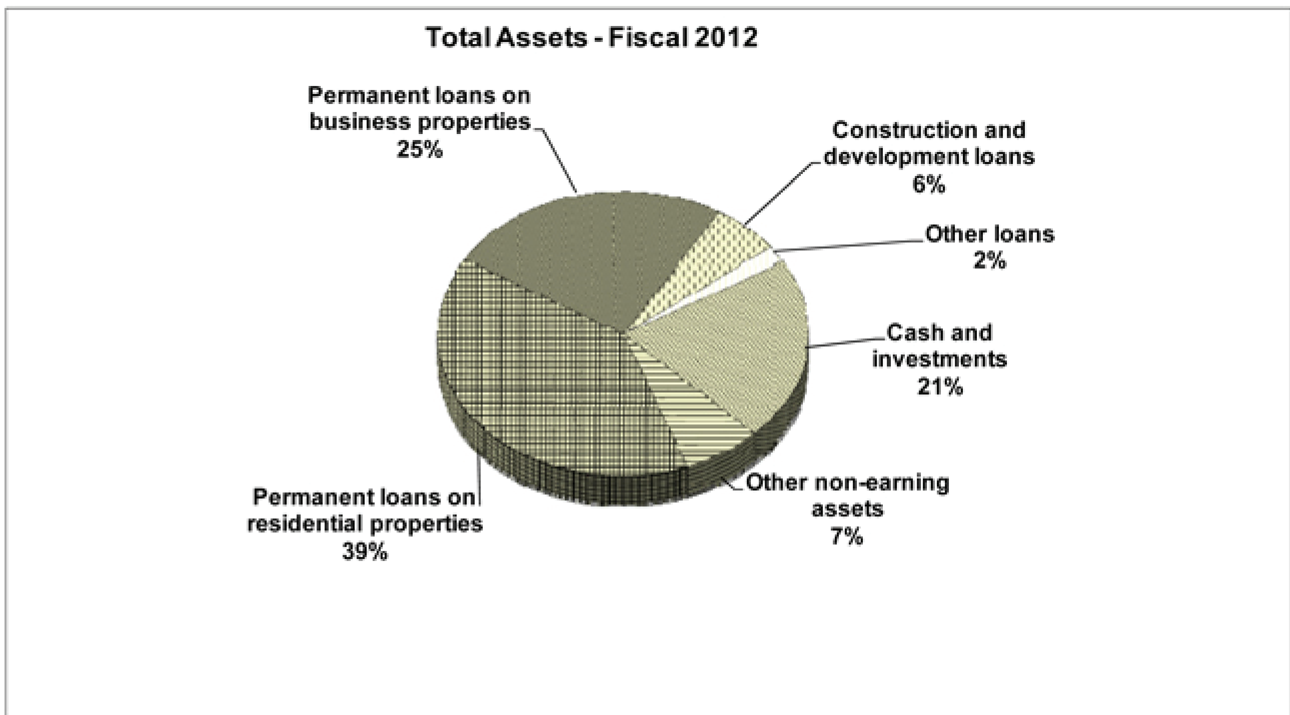
Investment securities were $252.7 million as of September 30, 2013, an increase of $38.5 million from September 30, 2012. During fiscal year 2013, the Bank purchased securities of $88.4 million. There were no sales of securities available for sale during the year ended September 30, 2013. The Bank purchased securities during fiscal 2013, primarily U.S. government sponsored agency securities, to increase its level of highly liquid assets. The weighted average rate earned on investment securities as of September 30, 2013, was 1.85%, an increase from 1.60% at September 30, 2012.

Mortgage-backed securities were $43.5 million as of September 30, 2013, an increase of $17.0 million from the prior year end. During fiscal 2013, the Bank purchased mortgage-backed securities held to maturity of $33.8 million and sold $10.8 million of such securities following a significant deterioration in the issuer's creditworthiness. The Company did not purchase or sell any mortgage-backed securities available for sale during the year. The weighted average rate earned on mortgage-backed securities as of September 30, 2013, was 3.56%, a decrease from 4.50% at September 30, 2012.

The Company's investment in LLCs was $16.5 million at September 30, 2013, a decrease of $723,000 from September 30, 2012. The Company holds partnership interests in two limited liability companies, Central Platte Holdings, LLC ("Central Platte") and NBH, LLC, which are both accounted for using the equity method. The primary business of Central Platte is to develop residential lots in the Seven Bridges residential subdivision in Platte City, Missouri, for sale to area home builders. Activity in the Seven Bridges subdivision improved during fiscal 2013, as Central Platte sold 35 lots, compared to 12 lot sales in fiscal 2012 and 3 lot sales in fiscal 2011. The primary business of NBH is to hold raw ground for future sale to commercial developers. During fiscal 2012, the Company recorded a $200,000 impairment charge related to its investment in Central Platte after list prices of fully-developed lots in the Seven Bridges subdivision were reduced. Management evaluates these investments for impairment each quarter; however, there were no events during fiscal 2013 that would indicate any additional impairment to the Company's investment in either Central Platte or NBH, LLC, which were $15.1 million and $1.4 million, respectively, at September 30, 2013.

The following graphs summarize the Company's total assets as of September 30, 2013 and 2012:





Total liabilities were $948.6 million at September 30, 2013, a decrease of $120.7 million from the previous year. Average interest-costing liabilities during fiscal year 2013 were $976.6 million, a decrease of $66.6 million from fiscal 2012.

Total customer deposit accounts at September 30, 2013, were $748.2 million, a decrease of $122.8 million from the prior year-end. The total change in customer deposits was comprised of increases of $38.4 million in savings accounts, $28.9 million in money market demand accounts, and $12.2 million in demand deposit accounts. These increases were offset by a decrease of $202.3 million in certificates of deposit. The Company held no brokered deposits at September 30, 2013, a decrease of $21.4 million from September 30, 2012. The average interest rate on customer and brokered deposits at September 30, 2013, was 0.50%, a decrease of 32 basis points from the prior year-end. The average balance of customer and brokered deposits during fiscal 2013 was $822.2 million, a decrease of $34.7 million from fiscal 2012.

Advances from the FHLB were $155.0 million at September 30, 2013, an increase of $28.0 million from the prior fiscal year-end. During fiscal year 2013, the Bank borrowed $80.0 million of new advances and made $52.0 million of repayments. Management continues to use FHLB advances as a primary funding source to provide operating liquidity and to fund the origination of mortgage loans.

Subordinated debentures were $25.8 million as of September 30, 2013. Such debentures resulted from the issuance of pooled Trust Preferred Securities through the Company's wholly owned statutory trust, NASB Preferred Trust I during fiscal 2007. The Trust used the proceeds from the offering to purchase a like amount of the Company's subordinated debentures. The debentures, which have a variable rate of 1.65% over the 3-month LIBOR and a 30-year term, are the sole assets of the Trust. The debentures are callable, in whole or in part.

Total stockholders' equity as of September 30, 2013, was $195.5 million (17.1% of total assets). This compares to $171.5 million (13.8% of total assets) at September 30, 2012. On a per share basis, stockholders' equity was $24.85 on September 30, 2013, compared to $21.80 on September 30, 2012.

The Company did not pay any cash dividends to its stockholders during the year ended September 30, 2013. In accordance with an agreement, which is described more fully in Footnote 25, Regulatory Agreements, the Company is restricted from the payment of dividends or other capital distributions during the period of the agreement without prior written consent from its primary regulator.

Net Interest Margin

The Bank's net interest margin is comprised of the difference ("spread") between interest income on loans, MBS, and investments and the interest cost of customer and brokered deposits, FHLB advances, and other borrowings. Management monitors net interest spreads and, although constrained by certain market, economic, and competition factors, it establishes loan rates and customer deposit rates that maximize net interest margin.

During fiscal year 2013, average interest-earning assets exceeded average interest-costing liabilities by $125.8 million, which was 10.7% of average total assets. In fiscal year 2012, average interest-earning assets exceeded average interest-costing liabilities by $82.4 million, which was 6.8% of average total assets.

The net interest spread (earning yield less costing rate) for the fiscal year ended September 30, 2013, was 3.78%, a decrease of 53 basis points from the prior year. The net interest spread for the fiscal year ended September 30, 2012, was 4.31%, an increase of 3 basis points from the prior year.

The table below presents the total dollar amounts of interest income and expense on the indicated amounts of average interest-earning assets or interest-costing liabilities, with the average interest rates for the year and at the end of each year. Average yields reflect yield reductions due to non-accrual loans. Average balances and weighted average yields at year-end include all accrual and non-accrual loans. Dollar amounts are expressed in thousands.

	Fiscal 2013			As of 9/30/13	Fiscal 2012			As of 9/30/12	Fiscal 2011			As of 9/30/11
	Average Balance	Interest	Yield/ Rate	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Yield/ Rate
Interest-earning assets:												
Loans receivable	$ 812,452	45,681	5.62%	5.19%	$ 954,304	56,896	5.96%	5.36%	$1,070,569	66,445	6.21%	5.91%
Mortgage-backed securities	21,824	605	2.77%	3.56%	33,455	1,723	5.15%	4.50%	44,098	2,281	5.17%	4.72%
Investments	252,101	4,260	1.69%	1.85%	120,612	2,987	2.48%	1.60%	67,624	3,975	5.88%	4.87%
Bank deposits	15,993	23	0.14%	0.05%	17,208	13	0.08%	0.01%	11,081	8	0.07%	0.01%
Total earning assets	1,102,370	50,569	4.59%	4.31%	1,125,579	61,619	5.47%	4.61%	1,193,372	72,709	6.09%	5.79%
Non-earning assets	76,054				91,936				109,262			
Total	$1,178,424				$1,217,515				$1,302,634			
Interest-costing liabilities:												
Customer checking and savings deposit accounts	$ 336,386	1,440	0.43%	0.33%	$ 269,166	1,283	0.48%	0.42%	$ 209,737	1,052	0.50%	0.44%
Customer and brokered certificates of deposit	485,764	3,907	0.80%	0.68%	587,659	7,868	1.34%	1.02%	674,655	14,169	2.10%	1.67%
FHLB advances	129,082	2,007	1.55%	1.16%	161,314	2,453	1.52%	1.64%	222,551	4,828	2.17%	1.03%
Subordinated debentures	25,000	504	2.02%	1.92%	25,000	536	2.14%	2.10%	25,000	494	1.98%	1.90%
Other borrowings	356	18	5.06%	5.00%	—	—	— %	— %	—	—	— %	— %
Total costing liabilities	976,588	7,876	0.81%	0.65%	1,043,139	12,140	1.16%	0.95%	1,131,943	20,543	1.81%	1.23%
Non-costing liabilities	16,062				14,871				14,903			
Stockholders' equity	185,774				159,505				155,788			
Total	$1,178,424				$1,217,515				$1,302,634			
Net earnings balance	$ 125,782				$ 82,440				$ 61,429			
Earning yield less costing rate			3.78%	3.66%			4.31%	3.66%			4.28%	4.56%
Avg. interest-earning assets	$1,102,370				$1,125,579				$1,193,372			
Net interest		42,693				49,479				52,166		
Net yield spread on avg. interest-earning assets			3.87%				4.40%				4.37%	

The following tables set forth information regarding changes in interest income and interest expense. For each category of interest-earning asset and interest-costing liability, information is provided on changes attributable to (1) changes in rates (change in rate multiplied by the old volume), (2) changes in volume (change in volume multiplied by the old rate), and (3) changes in rate and volume (change in rate multiplied by the change in volume). Average balances, yields and rates used in the preparation of this analysis come from the preceding table. Dollar amounts are expressed in thousands.

	Year ended September 30, 2013 compared to year ended September 30, 2012			
	Rate	Volume	Rate/ Volume	Total
Components of interest income:				
Loans receivable	$(3,245)	(8,454)	484	(11,215)
Mortgage-backed securities	(796)	(599)	277	(1,118)
Investments	(953)	3,261	(1,035)	1,273
Bank deposits	10	(1)	1	10
Net change in interest income	(4,984)	(5,793)	(273)	(11,050)
Components of interest expense:				
Customer and brokered deposit accounts	(3,599)	(371)	166	(3,804)
FHLB advances	48	(490)	(4)	(446)
Subordinated debentures	(30)	—	(2)	(32)
Other borrowings	—	—	18	18
Net change in interest expense	(3,581)	(861)	178	(4,264)
Decrease in net interest income	$(1,403)	(4,932)	(451)	(6,786)

	Year ended September 30, 2012 compared to year ended September 30, 2011			
	Rate	Volume	Rate/ Volume	Total
Components of interest income:				
Loans receivable	$(2,676)	(7,220)	347	(9,549)
Mortgage-backed securities	(9)	(550)	1	(558)
Investments	(2,299)	3,116	(1,805)	(988)
Bank deposits	1	4	—	5
Net change in interest income	(4,983)	(4,650)	(1,457)	(11,090)
Components of interest expense:				
Customer and brokered deposit accounts	(5,749)	(474)	153	(6,070)
FHLB advances	(1,447)	(1,329)	401	(2,375)
Subordinated debentures	40	—	2	42
Net change in interest expense	(7,156)	(1,803)	556	(8,403)
Increase (decrease) in net interest income	$ 2,173	(2,847)	(2,013)	(2,687)

Comparison of Years Ended September 30, 2013 and 2012

For the fiscal year ended September 30, 2013, the Company had net income of $27.6 million, or $3.51 per share, compared to a net income of $18.1 million, or $2.30 per share in the prior year.

Total interest income for the year ended September 30, 2013, was $50.6 million, a decrease of $11.1 million from fiscal year 2012. The average yield on interest-earning assets decreased during fiscal 2013 to 4.59% from 5.47% during fiscal 2012, which resulted in a decrease in interest income of $5.0 million. The average balance of interest-earning assets decreased from $1,125.6 million during fiscal 2012 to $1,102.4 million during fiscal 2013, resulting in a decrease in interest income of $5.8 million.

Interest income on loans decreased $11.2 million to $45.7 million in fiscal 2013, compared to $56.9 million during fiscal 2012. A decrease of $8.5 million resulted from a $141.9 million decrease in the average balance of loans outstanding from the prior year. Additionally, a decrease of $3.2 million resulted from a 34 basis point decrease in the average yield on loans outstanding during the fiscal year. The weighted average rate on loans receivable at September 30, 2013, was 5.19%, a 17 basis point decrease from September 30, 2012. Interest income on mortgage-backed securities decreased $1.1 million to $605,000 in fiscal 2013, compared to $1.7 million during fiscal 2012. A decrease of $796,000 resulted from a 238 basis point decrease in the average yield on mortgage-backed securities during the fiscal year. Additionally, a decrease of $599,000 resulted from an $11.6 million decrease in the average balance of such securities over the prior year. These decreases in interest income were partially offset by a $1.3 million increase in interest and dividend income on investment securities, which was $4.3 million in fiscal 2013, compared to $3.0 million during fiscal 2012. An increase of $3.3 million, which resulted from a $131.5 million increase in the average balance of investment securities over the prior year, was partially offset by a $953,000 decrease resulting from a 79 basis point decrease in the average yield on such securities during the fiscal year.

Total interest expense during the year ended September 30, 2013, decreased $4.3 million from the prior year. Specifically, interest on customer and brokered deposit accounts decreased $3.8 million during fiscal 2013, resulting from a $34.7 million decrease in the average balance and a 42 basis point decrease in the average rate paid on such interest-costing liabilities. Interest on FHLB advances decreased $446,000 resulting primarily from a $32.2 million decrease in the average balance of FHLB advances from the prior year. Management continues to use FHLB advances as a primary source of short-term financing.

The Bank's net interest income is impacted by changes in market interest rates, which have varied greatly over time. Changing interest rates also affect the level of loan prepayments and the demand for new loans. Management monitors the Bank's net interest spreads (the difference between yields received on assets and paid on liabilities) and, although constrained by market conditions, economic conditions, and prudent underwriting standards, it offers deposit rates and loan rates that maximize net interest income. Since the relative spread between financial assets and liabilities is constantly changing, North American's current net interest spread may not be an indication of future net interest income.

The provision for losses on loans was $(9.6) million during the year ended September 30, 2013, compared to $10.5 million during fiscal 2012. The allowance for loan losses was $20.4 million or 2.85% of the total loan portfolio held for investment and approximately 64% of total nonaccrual loans as of September 30, 2013. This compares with an allowance for loan losses of $31.8 million or 4.15% of the total loan portfolio held for investment and approximately 43% of the total nonaccrual loans as of September 30, 2012.

The negative provision for loan loss recorded during fiscal 2013 was based upon the Bank's ALLL methodology, which contains both qualitative and quantitative factors. Specifically, activity during the fiscal year reflected in quantitative factors included the following:

- The Bank's portfolio of loans held to maturity decreased $50.9 million during fiscal 2013, to $715.7 million. The Bank's commercial real estate and construction and land development portfolios, which historically have experienced higher credit losses than the Bank's other portfolios, declined $81.4 million from the prior year.
- The level of criticized loans (those classified as special mention, substandard, or doubtful) decreased $72.4 million during the fiscal year. Of this decline, $55.5 million related to loans within the Bank's commercial real estate and construction and land development portfolios.
- The Bank's loss experience during the current fiscal year was much better than the previous three years. During the year ended September 30, 2013, the Bank recorded net charge-offs of $1.8 million.
- The level of nonperforming loans decreased $43.1 million during fiscal 2013. Similar to the decrease in gross loan balances, this decline consisted almost entirely of loans within the Bank's commercial real estate and construction and land development portfolios.

In addition to the quantitative factors noted above, management observed the following qualitative factors when determining the appropriate level of the Bank's ALLL at September 30, 2013:

- The housing market in the Kansas City metropolitan area, where the Bank's construction and land development lending is concentrated, has shown renewed strength during the period. New building permits issued during the first nine months of the 2013 calendar year were at their highest level since 2008.
- During the fiscal year, an independent third party review was completed, which included approximately 80% of the loans within the Bank's commercial real estate and construction and land development portfolios. This review resulted in no loan classification discrepancies, validating the effectiveness of the Bank's internal asset review process.

Management believes that the allowance for losses on loans and real estate owned is adequate as of September 30, 2013. The provision can fluctuate based on changes in economic conditions, changes in the level of classified assets, changes in the amount of loan charge-offs and recoveries, or changes in other information available to management. The process for determining the amount of the ALLL includes various assumptions and subjective judgments about the collectability of the loan portfolio, including the creditworthiness of our borrowers and the value of real estate and other assets that serve as loan collateral. In determining the appropriate amount of the ALLL, management relies on loan quality reviews, past experience, an evaluation of economic conditions, and asset valuations and appraisals, among other factors.

With regard to loan portfolio concentrations at September 30, 2013, loans secured by business properties made up 37% of the Bank's total loans receivable held for investment, and 32% of the allowance for loan losses was allocated to such loans. This compares to 42% of total loans receivable and 22% of the allowance at September 30, 2012. At September 30, 2013, loans secured by residential properties made up 52% percent of the Bank's total loans receivable held for investment, and 42% of the allowance for loan losses was allocated to such loans. This compares to 43% of total loans receivable and 22% of the allowance at September 30, 2012. At September 30, 2013, construction and development loans made up 8% of the Bank's total loans receivable held for investment, and 24% percent of the allowance for loan losses was allocated to such loans. This compares to 12% of total loans receivable and 52% of the allowance at September 30, 2012.

Other income for fiscal year 2013 was $62.7 million, an increase of $9.4 million from the amount earned in fiscal year 2012. Specifically, gain on sale of loans held for sale increased $13.4 million from the prior year due to increased mortgage banking volume and spreads. Provision for loss on real estate owned decreased $3.3 million due to fewer declines in the fair value of properties within the Bank's portfolio of foreclosed assets held for sale during fiscal 2013. Gain (loss) on sale of securities held to maturity increased $289,000 as compared to the same period in the prior year, due primarily to the sales of two mortgage-backed securities held to maturity during fiscal 2013, after it was determined that there was a significant deterioration in the issuer's creditworthiness. Gain (loss) on sale of securities available for sale increased $343,000 as compared to the prior year, due to the fact that there were no sales of such securities during fiscal 2013. In addition, the Company recorded a $200,000 impairment charge related to its investment in Central Platte Holdings, LLC during fiscal 2012, resulting from a decrease in the sales price of fully-developed lots in Central Platte's residential development. These fiscal 2013 increases were partially offset by a $7.5 million decrease in other income from the prior year, due primarily to a $5.5 million decrease in the effect of recording the net fair value of certain loan-related commitments in accordance with GAAP, a $1.4 million decrease in gains on the sale of real estate owned, and a decrease in loan prepayment penalties. In addition, customer service fees and charges decreased $470,000 during fiscal 2013, primarily due to decreases in fee income related to the origination of residential mortgage loans and overdraft service charges.

Total general and administrative expenses for fiscal 2013, were $70.1 million, an increase of $7.3 million from the prior year. Specifically, compensation and fringe benefits increased $3.6 million from the prior year due primarily to the addition of personnel in the Company's residential lending, internal asset review, compliance, information technology, and loan servicing departments. Commission-based mortgage banking compensation increased $1.6 million due to an increase in residential mortgage loan origination volume from fiscal 2012. Advertising and business promotion expense increased $712,000 from the prior year due primarily to an increase in advertising costs related to the mortgage banking operation. Premises and equipment expense increased $459,000 in fiscal 2013, due to the addition of office space leased for the Company's mortgage banking and information technology staff and increased costs associated with both hardware and software related to the Bank's various information systems. Federal deposit insurance premiums increased $356,000, due primarily to an increase in premium rates from the prior year. In addition, other expenses increased $569,000 primarily due to costs related to the increase in residential origination volume and costs incurred to move the Bank's disaster recovery site during fiscal 2013.

Comparison of Years Ended September 30, 2012 and 2011

For the fiscal year ended September 30, 2012, the Company had net income of $18.1 million, or $2.30 per share, compared to a net loss of $16.3 million, or $(2.07) per share in the prior year.

Total interest income for the year ended September 30, 2012, was $61.6 million, a decrease of $11.1 million from fiscal year 2011. The average yield on interest-earning assets decreased during fiscal 2012 to 5.47% from 6.09% during fiscal 2011, which resulted in a decrease in interest income of $5.0 million. The average balance of interest-earning assets decreased from $1,193.4 million during fiscal 2011 to $1,125.6 million during fiscal 2012, resulting in a decrease in interest income of $4.7 million.

Interest income on loans decreased $9.5 million to $56.9 million in fiscal 2012, compared to $66.4 million during fiscal 2011. A decrease of $7.2 million resulted from a $116.3 million decrease in the average balance of loans outstanding over the prior year. Additionally, a decrease of $2.7 million resulted from a 25 basis point decrease in the average yield on loans outstanding during the fiscal year. The weighted average rate on loans receivable at September 30, 2012, was 5.36%, a 55 basis point decrease from September 30, 2011. Interest income on mortgage-backed securities decreased $558,000 to $1.7 million in fiscal 2012, compared to $2.3 million during fiscal 2011. This decrease primarily resulted from a $10.6 million decrease in the average balance of mortgage-backed securities from the prior year. Interest and dividend income on investment securities decreased $988,000 to $3.0 million in fiscal 2012, compared to $4.0 million during fiscal 2011. Although the average balance of investment securities increased $53.0 million from the prior year, this increase was offset by a 340 basis point decrease in the average yield on such securities during the fiscal year. This significant decrease in the average yield on investment securities resulted from the Bank purchasing $183.1 million in investment securities during the year, primarily lower-yielding U.S. government sponsored agency securities, to increase its level of highly liquid assets.

Total interest expense during the year ended September 30, 2012, decreased $8.4 million from the prior year. Specifically, interest on customer and brokered deposit accounts decreased $6.1 million during fiscal 2012, resulting primarily from a 65 basis point decrease in the average rate paid on such interest-costing liabilities. Interest on FHLB advances decreased $2.4 million during fiscal 2012. A decrease of approximately $1.3 million resulted from a $61.2 million decrease in the average balance of FHLB advances over the prior year. In addition, a decrease of approximately $1.4 million resulted from a 65 basis point decrease in the average rate paid on FHLB advances during the fiscal year. Management continues to use FHLB advances as a primary source of short-term financing.

The Bank's net interest income is impacted by changes in market interest rates, which have varied greatly over time. Changing interest rates also affect the level of loan prepayments and the demand for new loans. Management monitors the Bank's net interest spreads (the difference between yields received on assets and paid on liabilities) and, although constrained by market conditions, economic conditions, and prudent underwriting standards, it offers deposit rates and loan rates that maximize net interest income. Since the relative spread between financial assets and liabilities is constantly changing, North American's current net interest spread may not be an indication of future net interest income.

The provision for losses on loans was $10.5 million during the year ended September 30, 2012, compared to $49.4 million during fiscal 2011. The allowance for loan losses was $31.8 million or 4.15% of the total loan portfolio held for investment and approximately 43% of total nonaccrual loans as of September 30, 2012. This compares with an allowance for loan losses of $70.3 million or 7.12% of the total loan portfolio held for investment and approximately 170% of the total nonaccrual loans as of September 30, 2011.

The Company recorded a provision for loan losses of $3.0 million during the quarter ended June 30, 2012, due primarily to declines in the value of collateral securing impaired land development loans that are collateral dependent. The Company recorded a provision for loan losses of $5.0 million during the quarter ended March 31, 2012, due primarily to declines in the value of collateral securing impaired loans that are collateral dependent. This increase in the ALLL, resulting from the provision for loan loss, was offset by net charge offs of $26.2 million during the three month period, as the Bank's elimination of the use of specific valuation allowances. Prior to the quarter ended March 31, 2012, measured impairments were recorded as specific valuation allowances and carried as contra-assets to reduce a loan's carrying value to fair value. When the Bank adopted the Call Report, during the quarter ended March 31, 2012, the cumulative specific valuation allowance that were considered "confirmed losses" were charged-off and netted against their respective loans balances. For collateral dependent loans that are deemed impaired, a "confirmed loss" is defined as the amount by which the loan's recorded investment exceeds the fair value of its collateral. If a loan is considered uncollectible, the entire balance is deemed a "confirmed loss" and is fully charged-off. The Company recorded a provision for loan losses of $2.5 million during the three month period ended December 31, 2011, due primarily to increases in specific reserves related to impaired commercial real estate loans. This increase in the ALLL, resulting from the provision for loan loss, was offset by net charge offs of $14.8 million during the period, which primarily resulted from the foreclosure or sale of certain impaired collateral dependent commercial and land development loans which were being carried at the fair value of the collateral.

Management believes that the allowance for losses on loans and real estate owned is adequate as of September 30, 2012. The provision can fluctuate based on changes in economic conditions, changes in the level of classified assets, changes in the amount of loan charge-offs and recoveries, or changes in other information available to management. The process for determining the amount of the ALLL includes various assumptions and subjective judgments about the collectability of the loan portfolio, including the creditworthiness of our borrowers and the value of real estate and other assets that serve as loan collateral. In determining the appropriate amount of the ALLL, management relies on loan quality reviews, past experience, an evaluation of economic conditions, and asset valuations and appraisals, among other factors.

With regard to loan portfolio concentrations at September 30, 2012, loans secured by business properties made up 42% of the Bank's total loans receivable held for investment, and 22% of the allowance for loan losses was allocated to such loans. This compares to 41% of total loans receivable and 19% of the allowance at September 30, 2011. At September 30, 2012, loans secured by residential properties made up 43% percent of the Bank's total loans receivable held for investment, and 22% of the allowance for loan losses was allocated to such loans. This compares to 33% of total loans receivable and 10% of the allowance at September 30, 2011. At September 30, 2012, construction and development loans made up 12% of the Bank's total loans receivable held for investment, and 52% percent of the allowance for loan losses was allocated to such loans. This compares to 16% of total loans receivable and 60% of the allowance at September 30, 2011.

Total other income for fiscal year 2012 was $53.3 million, an increase of $24.5 million from the amount earned in fiscal year 2011. Specifically, gain on sale of loans held for sale increased $19.5 million from the same period in the prior year due primarily to increased mortgage banking volume and spreads. Provision for loss on real estate owned decreased $7.1 million due primarily to a change in methodology for the valuation of properties within the Bank's land development real estate portfolio during the quarter ended March 31, 2011. Given the adverse economic environment and negative outlook in the residential development real estate market, as of March 31, 2011, the Company adopted a change in methodology for the valuation of its development real estate portfolio that applied downward "qualitative" adjustments to the real estate appraised values for foreclosed development properties. Other income increased $4.0 million, due to the effect of recording the net fair value of certain loan-related commitments in accordance with GAAP, an increase in commercial loan prepayment penalties, and a decrease in expensed related to foreclosed assets held for sale. There were no other-than-temporary impairments recorded on investments in the Bank's portfolio in fiscal 2012, which resulted in a $640,000 increase in other income from the prior year. These increases were partially offset by a $946,000 decrease in customer service fees due primarily to a decrease in miscellaneous loan fees. This decrease was primarily due to a significant increase in the volume of government insured loans in the current period, which result in lower fee income. Gain on sale of securities decreased $1.5 million from the prior year, resulting from a decrease in the volume of security sales during fiscal 2012. In addition, the Company recorded a $200,000 impairment charge related to its investment in Central Platte Holdings, LLC during fiscal 2012, resulting from a decrease in the sales prices of fully-developed lots in Central Platte's residential development. The Company incorporated these lower prices into its internal valuation model, which resulted in an additional impairment charge.

Total general and administrative expenses for fiscal 2012, was $62.8 million, an increase of $9.1 million from the prior year. Specifically, compensation and fringe benefits increased $2.7 million from the prior year due to the addition of personnel in the Company's information technology, residential lending, internal asset review, accounting, and administrative departments. Commission-based mortgage banking compensation increased $3.6 million due to an increase in residential mortgage loan origination volume from fiscal 2011. Premises and equipment expense increased $702,000 from the prior year, primarily due to increased costs associated with moving the Company's mortgage banking operation from Overland Park, Kansas to a new location in Kansas City, Missouri. Other expenses increased $1.6 million from fiscal 2011, primarily due to consulting and other expenses related to the conversion of the Bank's core processing system, which was completed in the quarter ended March 31, 2012, and other costs related to the increase in residential origination volume during the current period. Federal deposit insurance premiums increased $391,000 due to an increase in the rates paid for such insurance during fiscal 2012.

Quantitative and Qualitative Disclosure About Market Risk

Management recognizes that there are certain market risk factors present in the structure of the Bank's financial assets and liabilities. Since the Bank does not have material amounts of derivative positions, equity securities, or foreign currency positions, other than its mortgage banking activities, interest rate risk ("IRR") is the primary market risk that is inherent in the Bank's portfolio.

The objective of the Bank's IRR management process is to maximize net interest income over a range of possible interest rate paths. The monitoring of interest rate sensitivity on both the interest-earning assets and the interest-costing liabilities are key to effectively managing IRR. Management maintains an IRR policy, which outlines a methodology for monitoring interest rate risk. The Board of Directors reviews this policy and approves changes on an annual basis. The IRR policy also identifies the duties of the Bank's Asset/Liability Committee ("ALCO"). Among other things, the ALCO is responsible for assessing and mitigating the Bank's liquidity risk, monitoring anticipated weekly cash flows, establishing prices for the Bank's various products, and implementing strategic IRR decisions.

On a quarterly basis, the Bank monitors the estimate of changes that would potentially occur to its net portfolio value ("NPV") of assets, liabilities, and off-balance sheet items assuming a sudden change in market interest rates. Management presents a NPV analysis to the Board of Directors each quarter and NPV policy limits are reviewed and approved.

The following table is an interest rate sensitivity analysis, which summarizes information calculated by the Bank's internal model that estimates the changes in NPV of the Bank's portfolio of assets, liabilities, and off-balance sheet items given a range of assumed changes in market interest rates. These computations estimate the effect on the Bank's NPV of an instantaneous and sustained change in market interest rates of plus and minus 300 basis points, as well as the Bank's current IRR policy limits on such estimated changes. The computations of the estimated effects of interest rate changes are based on numerous assumptions, including a constant relationship between the levels of various market interest rates and estimates of prepayments of financial assets. The Bank's model compiled this information using data as of September 30, 2013. The model output data associated with the -200 and -300 basis point scenarios was suppressed because of the relatively low current interest rate environment. Dollar amounts are expressed in thousands.

Changes in market interest rates	Net Portfolio Value			NPV as % of PV of assets	
	$ Amount	$ Change	% Change	Actual	Board approved minimum
+3%	199,245	(28,936)	-13%	18.8%	10%
+2%	208,740	(19,442)	-9%	19.2%	10%
+1%	218,788	(9,394)	-4%	19.6%	12%
no change	228,181	—	—	19.9%	12%
-1%	245,528	17,347	+8%	21.0%	12%
-2%	—	—	—	—	12%
-3%	—	—	—	—	12%

Management cannot predict future interest rates and the effect of changing interest rates on future net interest margin, net income, or NPV can only be estimated. However, management believes that its overall system of monitoring and managing IRR is effective.

Impact of Inflation and Changing Prices

The consolidated financial statements and related data presented have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, most of the Bank's assets and liabilities are monetary in nature. Except for inflation's impact on general and administrative expenses, interest rates have a more significant impact on the Bank's performance than do the effects of inflation. However, the level of interest rates may be significantly affected by the potential changes in the monetary policies of the Board of Governors of the Federal Reserve System in an attempt to impact inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services.

Changing interest rates impact the demand for new loans, which affect the value and profitability of North American's loan origination department. Rate fluctuations inversely affect the value of the Bank's mortgage servicing portfolio because of their impact on mortgage prepayments. Falling rates usually stimulate a demand for new loans, which makes the mortgage banking operation more valuable. However, this also encourages mortgage prepayments, which depletes the value of mortgage servicing rights. Rising rates generally have the opposite effect on these operations. A rapid rise in interest rates could adversely impact the mortgage markets and the level of loans originated by the Bank's mortgage banking segment, thereby reducing income derived from gains on the sale of loans held for sale.

Impact of Current Economic Conditions

The recent protracted economic decline presented financial institutions with unprecedented circumstances and challenges which in some cases resulted in large declines in the fair values of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The financial statements have been prepared using values and information currently available to the Company.

Given the volatility of recent economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses, and capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

Liquidity and Capital Resources

The Bank maintains sufficient liquidity to ensure safe and sound operations. North American maintains a level of liquid assets adequate to meet the requirements of normal banking activities, including the repayment of maturing debt and potential deposit withdrawals. The Bank's primary sources of liquidity are cash and cash equivalents, the sale and repayment of loans, the retention of existing or newly acquired retail deposits, and FHLB advances. Additional sources of liquidity include the sale of investment securities available for sale, reverse repurchase agreements, FRB advances, and the acquisition of deposits through a nationwide internet listing service.

Management continues to use FHLB advances as a primary source of short-term funding. FHLB advances are secured by a blanket pledge agreement covering portions of the loan and securities portfolio as collateral, supported by quarterly reporting of eligible collateral to FHLB. FHLB borrowings are limited based upon a percentage of the Bank's assets and eligible collateral, as adjusted by collateral eligibility and maintenance levels. Management continually monitors the balance of eligible collateral relative to the amount of advances outstanding to determine the availability of additional FHLB advances. At September 30, 2013, the Bank had a total borrowing capacity at FHLB of $224.6 million, and outstanding advances of $155.0 million. As an additional source of liquidity, the Bank has $100.9 million of highly liquid short term U.S. Government sponsored agency securities in its portfolio at September 30, 2013.

In accordance with the Consent Order with the OCC, which is described more fully in Footnote 25, Regulatory Agreements, the Bank is required to meet and maintain specific capital levels. This requirement prohibits the Bank from accepting, renewing, or rolling over any brokered deposits.

Fluctuations in the level of interest rates typically impact prepayments on mortgage loans and mortgage related securities. During periods of falling rates, these prepayments increase and a greater demand exists for new loans. The Bank's ability to attract and retain customer deposits is partially impacted by area competition and by other alternative investment sources that may be available to the Bank's customers in various interest rate environments. Management believes that the Bank will retain most of its maturing time deposits in the foreseeable future. However, any material funding needs that may arise in the future can be reasonably satisfied through the use of the Bank's primary and additional liquidity sources, described above. Management is not currently aware of any other trends, market conditions, or other economic factors that could materially impact the Bank's primary sources of funding or affect its future ability to meet obligations as they come due. Although future changes to the level of market interest rates are uncertain, management believes its sources of funding will continue to remain stable during upward and downward interest rate environments.

Off Balance Sheet Arrangements and Contractual Obligations

Various commitments and contingent liabilities arise in the normal course of business, which are not required to be recorded on the balance sheet. The most significant of these are loan commitments and standby letters of credit. The Bank had outstanding commitments to originate mortgage loans for its portfolio and standby letters of credit totaling $23.2 million and $646,000, respectively, at September 30, 2013. In addition, the Bank had outstanding commitments to originate mortgage loans totaling $177.6 million at September 30, 2013, which it had committed to sell to outside investors. Since commitments may expire unused or be only partially used, these totals do not necessarily reflect future cash requirements. Management does not anticipate any material losses arising from commitments and contingent liabilities and believes that there are no material commitments to extend credit that represent risk of an unusual nature.

Management anticipates that the Company will continue to have sufficient funds through repayments and maturities of loans and securities, deposits and borrowings, to meet its commitments.

The following table discloses payments due on the Company's contractual obligations at September 30, 2013:

	Total	Due in less than one year	Due from one to three years	Due from three to five years	Due in more than five years
Advances from FHLB	$155,000	55,000	75,000	25,000	—
Subordinated debentures	25,774	—	—	—	25,774
Operating leases	3,792	1,225	1,723	844	—
Total contractual obligations	$184,566	56,225	76,723	25,844	25,774

Critical Accounting Policies

The Company has identified the accounting policies below as critical to the Company's operations and to understanding the Company's consolidated financial statements. Following is an explanation of the methods and assumptions underlying their application.

Allowance for Loan and Lease Losses

The Allowance for Loan and Lease Losses ("ALLL") recognizes the inherent risks associated with lending activities for individually identified problem assets as well as the entire homogenous and non-homogenous loan portfolios. ALLLs are established by charges to the provision for loan losses and carried as contra assets. Management analyzes the adequacy of the allowance on a quarterly basis and appropriate provisions are made to maintain the ALLLs at adequate levels. At any given time, the ALLL should be sufficient to absorb at least all estimated credit losses on outstanding balances over the next twelve months. While management uses information currently available to determine these allowances, they can fluctuate based on changes in economic conditions and changes in the information available to management. Also, regulatory agencies review the Bank's allowances for loan loss as part of their examination, and they may require the Bank to recognize additional loss provisions, within their regulatory filings, based on the information available at the time of their examinations.

The ALLL is determined based upon two components. The first is made up of specific reserves for loans which have been deemed impaired in accordance with GAAP. The second component is made up of general reserves for loans that are not impaired. A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Prior to the quarter ended March 31, 2012, the Bank recorded a specific allowance equal to the amount of measured impairment.

In July 2011, the Office of Thrift Supervision ("OTS") merged with and into the Office of the Comptroller of the Currency ("OCC"), and the OCC became the Bank's primary regulator. Beginning with the quarter ended March 31, 2012, the Bank was required to file a Consolidated Report of Condition and Income ("Call Report") instead of the previously required Thrift Financial Report ("TFR"). With the adoption of the Call Report, the Bank was required to discontinue using specific valuation allowances on loans deemed impaired. The TFR had allowed any measured impairments to be carried as specific valuation allowances, whereas the Call Report required any measured impairments that are deemed "confirmed losses" to be charged-off and netted from their respective loan balances. For impaired loans that are collateral dependent, a "confirmed loss" is generally the amount by which the loan's recorded investment exceeds the fair value of its collateral. If a loan is considered uncollectible, the entire balance is deemed a "confirmed loss" and is fully charged-off. During the quarter ended March 31, 2012, the Bank charged-off against ALLL the aggregate "confirmed losses" that were carried as specific valuation allowances in prior periods, and netted them against their respective loan balances for reporting purposes. This change had no impact on net loans receivable as presented in the consolidated balance sheet. In addition, this change did not materially impact the analysis of ALLL, which is described in more detail in the following paragraph, as specific valuation allowances were previously considered in the determination of historical loss ratios.

Loans that are not impaired are evaluated based upon the Bank's historical loss experience, as well as various subjective factors, to estimate potential unidentified losses within the various loan portfolios. These loans are categorized into pools based upon certain characteristics such as loan type, collateral type and repayment source. In addition to analyzing historical losses, the Bank also evaluates the following subjective factors for each loan pool to estimate future losses: changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and volume of the portfolio, changes in management and other relevant staff, changes in the volume and severity of past due loans, changes in the quality of the Bank's loan review system, changes in the value of the underlying collateral for collateral dependent loans, changes in the level of lending concentrations, and changes in other external factors such as competition and legal and regulatory requirements. Historical loss ratios are adjusted accordingly, based upon the effect that the subjective factors have in estimated future losses. These adjusted ratios are applied to the balances of the loan pools to determine the adequacy of the ALLL each quarter. For purposes of calculating historical loss ratios, specific valuation allowances established prior to March 31, 2012, are considered charge-offs during the periods in which they are established.

Valuation of Derivative Instruments

The Bank has commitments outstanding to extend credit that have not closed prior to the end of the period. As the Bank enters into commitments to originate loans, it also enters into commitments to sell the loans in the secondary market on a "best-efforts" basis. Additionally, the Bank has commitments to sell loans that have closed prior to the end of the period. Such commitments to originate loans held for sale and to sell loans are considered derivative instruments in accordance with GAAP, which requires the Bank to recognize all derivative instruments in the balance sheet and to measure those instruments at fair value.

Commitments to originate loans held for sale and forward sales commitments are valued using a valuation model which considers differences between current market interest rates and committed rates. The model also includes assumptions which estimate fall-out percentages for commitments to originate loans.

Valuation of Equity Method Investments

The Company is a partner in two limited liability companies, which were formed for the purpose of purchasing and developing vacant land in Platte County, Missouri. These investments are accounted for using the equity method of accounting.

The Company evaluates its investments for impairment, in accordance with ASC 323-10-35-32, which provides guidance related to a loss in value of an equity method investment. The Company utilizes a multi-faceted approach to measure the potential impairment. The internal model utilizes the following valuation methods: 1) liquidation or appraised values determined by an independent third party appraisal; 2) an on-going business, or discounted cash flows method wherein the cash flows are derived from the sale of fully-developed lots, the development and sale of partially-developed lots, the operation of the homeowner's association, and the value of raw land obtained from an independent third party appraiser; and 3) another on-going business method, which utilizes the same inputs as method 2, but presumes that cash flows will first be generated from the sale of raw ground and then from the sale of fully-developed and partially-developed lots and the operation of the homeowner's association. The internal model also includes an on-going business method wherein the cash flows are derived from the sale of fully-developed lots, the development and sale of partially-developed lots, the operation of the homeowner's association, and the development and sale of lots from the property that is currently raw land. However, management does not feel the results from this method provide a reliable indication of value because the time to "build-out" the development exceeds 18 years. Because of this unreliability the results from this method are given a zero weighting in the final impairment analysis. The significant inputs include raw land values, absorption rates of lot sales, and a market discount rate. Management believes this multi-faceted approach is reasonable given the highly subjective nature of the assumptions and the differences in valuation techniques that are utilized within each approach (e.g., order of distribution of assets upon potential liquidation). It is management's opinion that no one valuation method within the model is preferable to the other and that no one method is more likely to occur than the other. Therefore, the final estimate of value is determined by assigning an equal weight to the values derived from each of the first three methods described above.

Valuation of Foreclosed Assets Held for Sale

Foreclosed assets held for sale are initially recorded at fair value as of the date of foreclosure less any estimated selling costs (the "new basis") and are subsequently carried at the lower of the new basis or fair value less selling costs on the current measurement date. When foreclosed assets are acquired any excess of the loan balance over the new basis of the foreclosed asset is charged to the allowance for loan losses. Subsequent adjustments for estimated losses are charged to operations when the fair value declines to an amount less than the carrying value. The fair value of foreclosed assets held for sale is monitored by obtaining an updated opinion of value for each asset on an annual basis, or more frequently if a material deterioration in market conditions has occurred. Costs and expenses related to major additions and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed.

NASB Financial, Inc. and Subsidiary
Consolidated Balance Sheets

	September 30, 2013	September 30, 2012
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	$ 6,347	8,716
Securities available for sale, at fair value	252,696	214,190
Stock in Federal Home Loan Bank, at cost	7,679	7,073
Mortgage-backed securities:		
Available for sale, at fair value	433	554
Held to maturity, at cost	43,074	25,921
Loans receivable:		
Held for sale, at fair value	69,079	163,834
Held for investment, net	715,713	766,601
Allowance for loan losses	(20,383)	(31,829)
Accrued interest receivable	4,098	4,402
Foreclosed assets held for sale, net	11,252	17,040
Premises and equipment, net	12,033	11,637
Investment in LLCs	16,499	17,222
Deferred income tax asset, net	12,273	17,199
Other assets	13,362	18,266
	$1,144,155	1,240,826
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Customer deposit accounts	$ 748,193	870,946
Brokered deposit accounts	—	21,367
Advances from Federal Home Loan Bank	155,000	127,000
Subordinated debentures	25,774	25,774
Escrows	8,458	8,760
Income taxes payable	70	3,490
Accrued expenses and other liabilities	11,143	11,986
Total liabilities	948,638	1,069,323
Stockholders' equity:		
Common stock of $0.15 par value: 20,000,000 authorized; 9,857,112 shares issued at September 30, 2013 and 2012	1,479	1,479
Additional paid-in capital	16,613	16,657
Retained earnings	217,143	189,516
Treasury stock, at cost; 1,989,498 shares at September 30, 2013 and 2012	(38,418)	(38,418)
Accumulated other comprehensive income (loss)	(1,300)	2,269
Total stockholders' equity	195,517	171,503
	$1,144,155	1,240,826

See accompanying notes to consolidated financial statements.

NASB Financial, Inc. and Subsidiary
Consolidated Statements of Operations

	Years Ended September 30,		
	2013	2012	2011
	(Dollars in thousands, except share data)		
Interest on loans receivable	$ 45,681	56,896	66,445
Interest on mortgage-backed securities	605	1,723	2,281
Interest and dividends on securities	4,260	2,987	3,975
Other interest income	23	13	8
Total interest income	50,569	61,619	72,709
Interest on customer and brokered deposit accounts	5,347	9,151	15,221
Interest on advances from Federal Home Loan Bank	2,007	2,453	4,828
Interest on subordinated debentures	504	536	494
Other interest expense	18	—	—
Total interest expense	7,876	12,140	20,543
Net interest income	42,693	49,479	52,166
Provision for loan losses	(9,600)	10,500	49,394
Net interest income after provision for loan losses	52,293	38,979	2,772
Other income (expense):			
Loan servicing fees, net	102	132	(105)
Impairment recovery on mortgage servicing rights	—	—	67
Customer service fees and charges	5,114	5,584	6,530
Provision for loss on real estate owned	(996)	(4,265)	(11,383)
Gain (loss) on sale of securities available for sale	—	(343)	673
Gain (loss) on sale of securities held to maturity	257	(32)	411
Gain from loans receivable held for sale	62,142	48,791	29,279
Impairment loss on investment in LLCs	—	(200)	—
Impairment loss on securities	—	—	(640)
Other income (expense)	(3,884)	3,628	(358)
Total other income	62,735	53,295	24,474
General and administrative expenses:			
Compensation and fringe benefits	25,996	22,375	19,670
Commission-based mortgage banking compensation	18,766	17,203	13,601
Premises and equipment	5,492	5,033	4,331
Advertising and business promotion	6,328	5,616	5,501
Federal deposit insurance premiums	2,385	2,029	1,638
Other	11,140	10,571	8,957
Total general and administrative expenses	70,107	62,827	53,698
Income (loss) before income tax expense	44,921	29,447	(26,452)
Income tax expense (benefit):			
Current	10,134	11,198	(6,451)
Deferred	7,160	139	(3,733)
Total income tax expense (benefit)	17,294	11,337	(10,184)
Net income (loss)	$ 27,627	18,110	(16,268)
Basic earnings (loss) per share	$ 3.51	2.30	(2.07)
Diluted earnings (loss) per share	$ 3.51	2.30	(2.07)
Basic weighted average shares outstanding	7,867,614	7,867,614	7,867,614

See accompanying notes to consolidated financial statements.

NASB Financial, Inc. and Subsidiary
Consolidated Statements of Comprehensive Income

	Years ended September 30,		
	2013	2012	2011
	(Dollars in thousands)		
Net income (loss)	$27,627	18,110	(16,268)
Other comprehensive income (loss):			
Unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of $(2,234), $1,752 and $(717) at September 30, 2013, 2012 and 2011, respectively	(3,569)	2,799	(1,145)
Other-than-temporary loss recognized in earnings, net of income tax benefit of $246 at September 30, 2011	—	—	394
Reclassification adjustment for (gain) loss included in net income, net of income tax (expense) benefit of $132 and $(259) at September 30, 2012 and 2011, respectively	—	211	(414)
Change in unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of $(2,234), $1,884, and $(730) at September 30, 2013, 2012, and 2011, respectively	(3,569)	3,010	(1,165)
Comprehensive income (loss)	$24,058	21,120	(17,433)

See accompanying notes to condensed consolidated financial statements.

NASB Financial, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Years ended September 30,		
	2013	2012	2011
	(Dollars in thousands)		
Cash flows from operating activities:			
Net income (loss)	$ 27,627	18,110	(16,268)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,429	1,663	1,603
Amortization and accretion, net	1,620	(348)	111
Deferred income tax expense (benefit)	7,160	139	(3,733)
(Gain) loss on sale of securities available for sale	—	343	(673)
(Gain) loss on sale of securities held to maturity	(257)	32	(411)
Loss from investment in LLCs	731	257	126
Impairment loss on investment in LLCs	—	200	—
Impairment loss on investments	—	—	640
Impairment recovery on mortgage servicing rights	—	—	(67)
Gain from loans receivable held for sale	(62,142)	(48,791)	(29,279)
Provision for loan losses	(9,600)	10,500	49,394
Provision for loss on real estate owned	996	4,265	11,383
Origination of loans receivable held for sale	(1,820,842)	(1,849,564)	(1,599,313)
Sale of loans receivable held for sale	1,977,739	1,849,956	1,693,002
Stock based compensation – stock options	(44)	5	49
Changes in:			
Net fair value of loan-related commitments	3,079	(2,420)	(381)
Accrued interest receivable	304	468	650
Accrued expenses, other liabilities, income taxes receivable, and income taxes payable	(3,223)	9,492	390
Net cash provided by (used in) operating activities	124,577	(5,693)	107,223
Cash flows from investing activities:			
Principal repayments of mortgage-backed securities:			
Held to maturity	5,943	12,297	15,852
Available for sale	107	153	186
Principal repayments of mortgage loans receivable held for investment	218,700	245,162	171,928
Principal repayments of other loans receivable	3,210	3,792	5,575
Principal repayments of investment securities:			
Held to maturity	—	—	166
Available for sale	42,468	25,114	8,199
Loan origination - mortgage loans receivable held for investment	(177,037)	(85,750)	(110,834)
Loan origination - other loans receivable	(2,089)	(3,516)	(3,030)
Purchase of mortgage loans receivable held for investment	(1,203)	(964)	(1,219)
Proceeds from sale (purchase) of Federal Home Loan Bank stock	(606)	6,478	2,322
Purchase of mortgage-backed securities held to maturity	(33,762)	—	(8,768)
Purchase of securities available for sale	(88,431)	(183,137)	(81,282)
Proceeds from sale of mortgage-backed securities available for sale	—	—	—
Proceeds from sale of mortgage-backed securities held to maturity	10,800	859	—

NASB Financial, Inc. and Subsidiary
Consolidated Statements of Cash Flows (continued)

	Years ended September 30,		
	2013	2012	2011
	(Dollars in thousands)		
Cash flows from investing activities (continued):			
Proceeds from sale of securities available for sale	—	19,678	26,916
Proceeds from sale of securities held to maturity	—	—	1,491
Proceeds from sale of real estate owned	13,452	10,406	23,063
Purchases of premises, equipment and software, net	(2,867)	(2,877)	(2,461)
Investment in LLC	(7)	(5)	(1)
Other	385	309	(450)
Net cash provided by (used in) investing activities	(10,937)	47,999	47,653
Cash flows from financing activities:			
Net (decrease) increase in customer and brokered deposit accounts	(144,129)	82,701	(123,812)
Proceeds from advances from Federal Home Loan Bank	80,000	27,000	128,000
Repayment of advances from Federal Home Loan Bank	(52,000)	(147,000)	(167,000)
Change in escrows	(302)	(1,321)	(1,067)
Proceeds from other borrowings	422	—	—
Net cash used in financing activities	(116,009)	(38,620)	(163,879)
Net increase (decrease) in cash and cash equivalents	(2,369)	3,686	(9,003)
Cash and cash equivalents at beginning of year	8,716	5,030	14,033
Cash and cash equivalents at end of year	$ 6,347	8,716	5,030
Supplemental disclosure of cash flow information:			
Cash paid for income taxes (net of refunds)	$ 13,554	4,586	(2,823)
Cash paid for interest	7,469	12,010	20,653
Supplemental schedule of non-cash investing and financing activities:			
Conversion of loans receivable to real estate owned	$ 10,113	18,665	34,085
Conversion of real estate owned to loans receivable	1,132	3,907	5,804
Transfer of securities from held to maturity to available for sale	—	—	—

See accompanying notes to consolidated financial statements.

NASB Financial, Inc. and Subsidiary
Consolidated Statements of Stockholders' Equity

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total stockholders' equity
			(Dollars in thousands)			
Balance at October 1, 2010	$ 1,479	16,603	187,674	(38,418)	424	167,762
Comprehensive income (loss):						
Net loss	—	—	(16,268)	—	—	(16,268)
Other comprehensive income, net of tax						
Unrealized loss on securities	—	—	—	—	(1,165)	(1,165)
Total comprehensive loss						(17,433)
Stock based compensation	—	49	—	—	—	49
Balance at September 30, 2011	$ 1,479	16,652	171,406	(38,418)	(741)	150,378
Comprehensive income:						
Net income	—	—	18,110	—	—	18,110
Other comprehensive income, net of tax						
Unrealized gain on securities	—	—	—	—	3,010	3,010
Total comprehensive income						21,120
Stock based compensation	—	5	—	—	—	5
Balance at September 30, 2012	$ 1,479	16,657	189,516	(38,418)	2,269	171,503
Comprehensive income:						
Net income	—	—	27,627	—	—	27,627
Other comprehensive income, net of tax						
Unrealized loss on securities	—	—	—	—	(3,569)	(3,569)
Total comprehensive income						24,058
Stock based compensation	—	(44)	—	—	—	(44)
Balance at September 30, 2013	$ 1,479	16,613	217,143	(38,418)	(1,300)	195,517

See accompanying notes to consolidated financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of NASB Financial, Inc. (the "Company"), its wholly-owned subsidiary, North American Savings Bank, F.S.B. (the "Bank"), and the Bank's wholly-owned subsidiary, Nor-Am Service Corporation. All significant inter-company transactions have been eliminated in consolidation. The consolidated financial statements do not include the accounts of our wholly owned statutory trust, NASB Preferred Trust I (the "Trust"). The Trust qualifies as a special purpose entity that is not required to be consolidated in the financial statements of NASB Financial, Inc. The Trust Preferred Securities issued by the Trust are included in Tier I capital for regulatory capital purposes.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand plus interest-bearing deposits in the Federal Home Loan Bank of Des Moines totaling $3.5 million and $5.7 million as of September 30, 2013 and 2012, respectively. The Federal Reserve Board ("FRB") requires federally chartered savings banks to maintain non-interest-earning cash reserves at specified levels against their transaction accounts. Required reserves may be maintained in the form of vault cash, a non-interest-bearing account at a Federal Reserve Bank, or a pass-through account, as defined by FRB. At September 30, 2013, the Bank's reserve requirement was $4.1 million.

Securities and Mortgage-Backed Securities

Securities and mortgage-backed securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Securities and mortgage-backed securities not classified as held to maturity or trading are classified as available for sale. As of September 30, 2013 and 2012, the Company had no assets designated as trading. Securities and mortgage-backed securities held to maturity are stated at cost. Securities and mortgage-backed securities classified as available for sale are recorded at their fair values, with unrealized gains and losses, net of income taxes, reported as accumulated other comprehensive income or loss.

Premiums and discounts are recognized as adjustments to interest income over the life of the securities using a method that approximates the level yield method. Gains or losses on the disposition of securities are based on the specific identification method. Securities are valued using market prices in an active market, if available. Less frequently traded securities are valued using industry standard models which utilize various assumptions such as historical prices of the same or similar securities, and observation of market prices of securities of the same issuer, market prices of same-sector issuers, and fixed income indexes. Mortgage-backed securities are valued by using industry standard models which utilize various inputs and assumptions such as historical prices of benchmark securities, prepayment estimates, loan type, and year of origination.

Management monitors the securities and mortgage-backed securities portfolios for impairment on an ongoing basis. This process involves monitoring market conditions and other relevant information, including external credit ratings, to determine whether or not a decline in value is other-than-temporary. If management intends to sell an impaired security or mortgage-backed security, or if it is more likely than not that management will be required to sell the impaired security prior to recovery of its amortized cost basis, the Bank will recognize a loss in earnings. If management does not intend to sell a debt security or mortgage-backed security, or if it is more likely than not that management will not be required to sell the impaired security prior to recovery of its amortized cost, regardless of whether the security is classified as available for sale or held to maturity, the Bank will recognize the credit component of the loss in earnings and the remaining portion in other comprehensive income. The credit loss component recognized in earnings is the amount of principal cash flows not expected to be received over the remaining life of the security. The amount of other-than temporary-impairment included in other comprehensive income is amortized over the remaining life of the security.

Loans Receivable Held for Sale

As the Bank originates loans each month, management evaluates the existing market conditions to determine which loans will be held in the Bank's portfolio and which loans will be sold in the secondary market. Loans sold in the secondary market are sold with servicing released or converted into mortgage-backed securities ("MBS") and sold with the servicing retained by the Bank. At the time of each loan commitment, a decision is made to either hold the loan for investment, hold it for sale with servicing retained, or hold it for sale with servicing released. Management monitors market conditions to decide whether loans should be held in the portfolio or sold and if sold, which method of sale is appropriate.

Loans held for sale are carried at fair value. Gains or losses on such sales are recognized using the specific identification method. The transfer of a loan receivable held for sale is accounted for as a sale when control over the asset has been surrendered. The Bank issues various representations and warranties and standard recourse provisions associated with the sale of loans, which are described more fully in Footnote 6.

Loans Receivable Held for Investment, Net

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at the amount of unpaid principal less an allowance for loan losses, undisbursed loan funds and unearned discounts and loan fees, net of certain direct loan origination costs. Interest on loans is credited to income as earned and accrued only when it is deemed collectible. Loans are placed on nonaccrual status when, in the opinion of management, the full timely collection of principal or interest is in doubt. The accrual of interest is discontinued when principal or interest payments become doubtful. As a general rule, this occurs when the loan becomes ninety days past due. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is reversed against current income. Subsequent collections of cash may be applied as reductions to the principal balance, interest in arrears or recorded as income, depending on Bank management's assessment of the ultimate collectability of the loan. Nonaccrual loans may be restored to accrual status when principal and interest become current and the full payment of principal and interest is expected.

A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. A restructuring of debt is considered a TDR if, because of a debtor's financial difficulty, a creditor grants concessions that it would not otherwise consider. Loans modified in troubled debt restructurings are also considered impaired. Concessions granted in a TDR could include a reduction in interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Unless the loan is performing prior to the restructure, TDRs are placed in non-accrual status at the time of restructuring and may only be returned to performing status after the borrower demonstrates sustained repayment performance for a reasonable period, generally six months.

Net loan fees and direct loan origination costs are deferred and amortized as yield adjustments to interest income using the level-yield method over the contractual lives of the related loans.

Allowance for Loan Losses

The Bank considers a loan to be impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. If a loan is impaired, the Bank records a loss valuation equal to the excess of the loan's carrying value over the present value of the estimated future cash flows discounted at the loan's initial effective rate, or the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. One-to-four family residential loans and consumer loans are collectively evaluated for impairment. Loans on residential properties with greater than four units, on construction and development and commercial properties are evaluated for impairment on a loan by loan basis. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent losses in the portfolio, and various subjective factors such as economic and business conditions. Assessing the adequacy of the allowance for loan losses is inherently subjective as it requires making material estimates, including the amount and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change. In management's opinion, the allowance, when taken as a whole, is adequate to absorb reasonable estimated loan losses inherent in the Bank's loan portfolio.

Foreclosed Assets Held for Sale

Foreclosed assets held for sale are initially recorded at fair value as of the date of foreclosure less any estimated selling costs (the "new basis") and are subsequently carried at the lower of the new basis or fair value less selling costs on the current measurement date. When foreclosed assets are acquired any excess of the loan balance over the new basis of the foreclosed asset is charged to the allowance for loan losses. Subsequent adjustments for estimated losses are charged to operations when the fair value declines to an amount less than the carrying value. Costs and expenses related to major additions and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. Applicable gains and losses on the sale of real estate owned are realized when the asset is disposed of, depending on the adequacy of the down payment and other requirements.

Premises and Equipment

Premises and equipment are recorded at cost, less accumulated depreciation. Depreciation of premises and equipment is provided over the estimated useful lives (from three to forty years for buildings and improvements and from three to ten years for furniture, fixtures, and equipment) of the respective assets using the straight-line method. Maintenance and repairs are charged to expense. Major renewals and improvements are capitalized. Gains and losses on dispositions are credited or charged to earnings as incurred.

Investment in LLCs

The Company is a partner in two limited liability companies, which were formed for the purpose of purchasing and developing vacant land in Platte County, Missouri. These investments are accounted for using the equity method of accounting.

Goodwill

The Company has goodwill of $1.8 million at September 30, 2013 and 2012. This asset, which resulted from the Bank's acquisition of CBES Bancorp, Inc. in fiscal 2003, was assigned to the banking segment of the business. In accordance with GAAP, the Company tests its goodwill for impairment annually, or more frequently if events indicate that the asset might be impaired. The first step of the goodwill impairment test compares the fair value of a reporting segment with its carrying amount, including goodwill. If the carrying value of a reporting unit exceeds its fair value, a second step of the goodwill impairment test is required, which compares the implied fair value of reporting unit goodwill to its carrying value. The implied fair value is determined in the same manner as the amount of goodwill recognized in a business combination is determined. At September 30, 2013 and 2012, the Company's stock price was in excess of its book value per share; thus, the Company did not perform the second step of the goodwill impairment test as of that date.

Stock Options

The Company has a stock-based employee compensation plan which is described more fully in Footnote 17, Stock Option Plan. The Company recognizes compensation cost over the five-year service period for its stock option awards. Stock based compensation related to stock options totaled $(44,000), $5,000 and $49,000 during the years ended September 30, 2013, 2012 and 2011, respectively.

Income Taxes

The Company files a consolidated Federal income tax return with its subsidiaries using the accrual method of accounting.

The Company provides for income taxes using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The Bank's bad debt deduction for the years ended September 30, 2013, 2012 and 2011, was based on the specific charge off method. The percentage method for additions to the tax bad debt reserve was used prior to the fiscal year ended September 30, 1997. Under the current tax rules, Banks are required to recapture their accumulated tax bad debt reserve, except for the portion that was established prior to 1988, the "base-year." The recapture of the excess reserve was completed over a six-year phase-in-period that began with the fiscal year ended September 30, 1999. A deferred income tax liability is required to the extent the tax bad debt reserve exceeds the 1988 base year amount. Retained earnings include approximately $3.7 million representing such bad debt reserve for which no deferred taxes have been provided. Distributing the Bank's capital in the form of stock redemptions caused the Bank to recapture a significant amount of its bad debt reserve prior to the phase-in period.

Derivative Instruments

The Bank regularly enters into commitments to originate and sell loans held for sale. Certain commitments are considered derivative instruments under GAAP, which requires the Bank to recognize all derivative instruments in the balance sheet and to measure those instruments at fair value. As of September 30, 2013 and 2012, the fair value of loan related commitments resulted in a net asset of $1.0 million and $4.1 million, respectively.

Revenue Recognition

Interest income, loan servicing fees, customer service fees and charges and ancillary income related to the Bank's deposits and lending activities are accrued as earned.

Earnings Per Share

Basic earnings per share is computed based upon the weighted-average common shares outstanding during the year. Diluted earnings per share is computed using the weighted average common shares and all potential dilutive common shares outstanding during the year. Dilutive securities consist entirely of stock options granted to employees as incentive stock options under Section 442A of the Internal Revenue Code as amended.

The computations of basic and diluted earnings (loss) per share are presented in the following table. Dollar amounts are expressed in thousands, except per share data.

	Year Ended September 30,		
	2013	2012	2011
Net income (loss)	$ 27,627	18,110	(16,268)
Average common shares outstanding	7,867,614	7,867,614	7,867,614
Average common share stock options outstanding	—	—	—
Average diluted common shares	7,867,614	7,867,614	7,867,614
Earnings per share:			
Basic earnings (loss) per share	$ 3.51	2.30	(2.07)
Diluted earnings (loss) per share	3.51	2.30	(2.07)

At September 30, 2013 and 2012, options to purchase 41,138 and 47,538 shares of the Company's stock were outstanding. These options were not included in the calculation of diluted earnings (loss) per share because the option exercise price was greater than the average market price of the common shares for the period, thus making the options anti-dilutive.

Recently Issued Accounting Standards

In April 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-02, which clarifies the guidance on how creditors evaluate whether a restructuring of debt qualifies as a TDR. Examples of restructurings include an extension of a loan's maturity date, a reduction in the interest rate, forgiveness of a debt's face amount and/or accrued interest, and a deferral or decrease in payments for a period of time. The amendments clarify the definition of a TDR in ASC 310-40, which provides that a debt restructuring is considered a TDR if the creditor, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. The framework for evaluating a restructuring requires that a creditor determine if both of the following conditions are met: 1) the borrower is experiencing financial difficulties, and 2) the restructuring includes a concession by the creditor to the borrower. For public companies, this standard was effective for the first interim or annual period beginning on or after June 15, 2011. The Company early adopted the ASU in its second fiscal quarter, as permitted by the standard. As a result of adopting the amendments in ASU 2011-02, the Company reassessed all restructurings that occurred on or after October 1, 2010, the beginning of the prior fiscal year, for identification as TDRs. The Company identified as TDRs certain receivables for which the allowance for credit losses had previously been measured under a general allowance for credit losses methodology. Upon identifying those receivables as TDRs, the Company identified them as impaired under the guidance in ASC 310-10-35. The amendments in ASU 2011-02 require prospective application of impairment measured in accordance with the guidance of ASC 310-10-35 for the receivables that are newly identified as impaired. The early adoption of the ASU resulted in a significant increase in the number of loans within its construction and development portfolios that are considered TDRs and had a substantially material impact on the Company's financial statements for the period ended March 31, 2011. At March 31, 2011, the period of adoption, the recorded investment in receivables for which the allowance for credit losses was previously measured under a general allowance for credit losses methodology and are now impaired under ASC 310-10-35 was $28.1 million, and the resulting allowance for credit losses associated with those receivables, on the basis of a current evaluation of loss, was $8.0 million. In addition, the Company identified loans with a recorded investment of $6.7 million which were previously deemed impaired under the guidance in ASC 310-10-35, but were not considered TDRs. As a result of adopting the amendments in ASU 2011-02, these loans were identified as TDRs and the resulting increase in the allowance for credit losses associated with those receivables, on the basis of a current evaluation of loss, was $3.3 million. This increase in estimated loss was due to the Company's adoption of a change in methodology for valuing its real estate development portfolio, given the current adverse economic environment, during the quarter ended March 31, 2011.

In December 2011, the FASB issued ASU No. 2011-11, which requires an entity to disclose both gross information and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. This additional disclosure is intended to provide greater transparency of the effect or potential effect of rights of offset associated with certain financial instruments and derivative instruments. This standard is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The amendments within this update are to be applied retrospectively for all comparative periods presented. Management does not anticipate that that this standard will have a material impact on the Company's consolidated financial statements.

In January 2013, the FASB issued ASU No. 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, which clarifies the scope of the requirements ASU 2011-11. This standard is effective for fiscal years beginning on or after January 1, 2013. The amendments within this update are to be applied retrospectively for all comparative periods presented. Management does not anticipate that that this standard will have a material impact on the Company's consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, to improve the transparency of reporting reclassification out of accumulated other comprehensive income. The new standard is effective for fiscal years beginning after December 15, 2012, including interim periods within those years. The amendments should be prospectively applied. The amendments do not change the current requirement for reporting net income or other comprehensive income. The amendments require an organization to present on the face of the financial statements, or in the footnotes, the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income if the item reclassified is required to be reclassified to net income in its entirety in the same reporting period. Additionally, for other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required to provide additional detail about those amounts. Management does not believe that the adoption of this standard will have a material impact on the Company's consolidated financial statements.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reported periods. Estimates were used to establish loss reserves for both loans and foreclosed assets, accruals for loan recourse provisions, and fair values of financial instruments, among other items. Actual results could differ from those estimates.

Reclassifications

Certain amounts for 2012 and 2011 have been reclassified to conform to the current year presentation.

(2) SECURITIES AVAILABLE FOR SALE

The following tables present a summary of securities available for sale. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities	$ 67,320	2,482	692	69,110
U.S. government sponsored agency securities	187,087	322	4,245	183,164
Municipal securities	422	—	—	422
Total	$254,829	2,804	4,937	252,696

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities	$ 57,983	3,035	—	61,018
U.S. government sponsored agency securities	152,546	624	4	153,166
Municipal securities	6	—	—	6
Total	$210,535	3,659	4	214,190

There were no sales of securities available for sale during the year ended September 30, 2013. During the year ended September 30, 2012, the Company realized gross gains of $227,000 and gross losses of $570,000 on the sale of securities available for sale. During the year ended September 30, 2011, the Company realized gross gains of $673,000 and no gross losses on the sale of securities available for sale.

The following table presents a summary of the fair value and gross unrealized losses of those securities available for sale which had unrealized losses at September 30, 2013. Dollar amounts are expressed in thousands.

	Less than 12 months		12 months or longer	
	Estimated Fair Value	Gross unrealized Losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	$15,896	692	$ —	—
U.S. government sponsored agency securities	73,347	3,045	18,800	1,200
Total	$89,243	3,737	$18,800	1,200

Management monitors the securities portfolio for impairment on an ongoing basis. This process involves monitoring market conditions and other relevant information, including external credit ratings, to determine whether or not a decline in value is other-than-temporary. There are no securities available for sale at September 30, 2013, for which the Company has taken an other-than-temporary impairment loss through earnings. During the quarter ended September 30, 2011, the Bank was notified that one holding in its trust preferred securities portfolio was being called in October 2011, prior to its original call date. Management determined that the security was other-than-temporarily impaired at September 30, 2011, and recognized a $640,000 impairment loss in earnings. There were no other securities held at September 30, 2012 and 2011, for which the Company had taken an other-than-temporary impairment loss through earnings.

The scheduled maturities of securities available for sale at September 30, 2013, are presented in the following table. Dollar amounts are expressed in thousands.

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Due in less than one year	$ 60,720	178	—	60,898
Due from one to five years	105,806	2,626	126	108,306
Due from five to ten years	11,895	—	586	11,309
Due after ten years	76,408	—	4,225	72,183
Total	$254,829	2,804	4,937	252,696

The principal balances of securities available for sale that are pledged to secure certain obligations of the Bank as of September 30 are as follows. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
FRB advance commitments	$ 3,000	18	—	3,018

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
FRB advance commitments	$ 3,037	95	—	3,132

(3) SECURITIES HELD TO MATURITY

There were no securities held to maturity at September 30, 2013 and 2012.

During the year ended September 30, 2011, the Bank recognized a gain of $411,000 on the sale of an asset backed security which was classified as held to maturity. The security, which was secured by a pool of trust preferred securities issued by various banks, had an amortized cost of $1.1 million at the time of sale. The decision was made to sell the security after it was determined that there was significant deterioration in the issuer's creditworthiness.

(4) MORTGAGE-BACKED SECURITIES AVAILABLE FOR SALE

The following tables present a summary of mortgage-backed securities available for sale. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Pass-through certificates guaranteed by GNMA – fixed rate	$ 68	2	—	70
Pass-through certificates guaranteed by FNMA – adjustable rate	119	7	—	126
FHLMC participation certificates:				
Fixed rate	122	5	—	127
Adjustable rate	105	5	—	110
Total	$ 414	19	—	433

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Pass-through certificates guaranteed by GNMA – fixed rate	$ 78	3	—	81
Pass-through certificates guaranteed by FNMA – adjustable rate	143	9	—	152
FHLMC participation certificates:				
Fixed rate	176	14	—	190
Adjustable rate	123	8	—	131
Total	$ 520	34	—	554

There were no sales of mortgage-backed securities available for sale during the years ended September 30, 2013, 2012 and 2011.

The scheduled maturities of mortgage-backed securities available for sale at September 30, 2013, are presented in the following table. Dollar amounts are expressed in thousands.

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Due from five to ten years	$ 122	5	—	127
Due after ten years	292	14	—	306
Total	$ 414	19	—	433

Actual maturities of mortgage-backed securities available for sale may differ from scheduled maturities depending on the repayment characteristics and experience of the underlying financial instruments, on which borrowers have the right to prepay certain obligations.

The principal balances of mortgage-backed securities available for sale that are pledged to secure certain obligations of the Bank as of September 30 are as follows. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Customer deposit accounts	$ 65	3	—	68

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Customer deposit accounts	$ 393	26	—	419

(5) MORTGAGE-BACKED SECURITIES HELD TO MATURITY

The following tables present a summary of mortgage-backed securities held to maturity. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
FHLMC participation certificates:				
Fixed rate	$ 30	2	—	32
FNMA pass-through certificates:				
Fixed rate	1	—	—	1
Balloon maturity and adjustable rate	14	—	—	14
Collateralized mortgage obligations	43,029	94	27	43,096
Total	$ 43,074	96	27	43,143

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
FHLMC participation certificates:				
Fixed rate	$ 37	3	—	40
FNMA pass-through certificates:				
Fixed rate	3	—	—	3
Balloon maturity and adjustable rate	24	1	—	25
Collateralized mortgage obligations	25,857	390	198	26,049
Total	$ 25,921	394	198	26,117

During the year ended September 30, 2013, the Bank recognized a gain of $295,000 and a loss of $38,000 on the sale of two mortgage backed securities which were classified as held to maturity. The securities had a combined amortized cost of $10.5 million at the time of sale. During fiscal 2012, the Bank recognized a loss of $32,000 on the sale of a mortgage backed security which was classified as held to maturity. The security had an amortized cost of $891,000 at the time of sale. The decision was made to sell these securities after it was determined that there was significant deterioration in the issuer's creditworthiness. All dispositions of mortgage-backed securities held to maturity during fiscal 2011 were the result of maturities.

The following tables present a summary of the fair value and gross unrealized losses of those mortgage-backed securities held to maturity which had unrealized losses at September 30, 2013. Dollar amounts are expressed in thousands.

	Less Than 12 Months		12 Months or Longer	
	Estimated Fair Value	Gross unrealized losses	Estimated Fair Value	Gross unrealized losses
Collateralized mortgage obligations	$ 3,255	27	$ —	—

Management monitors the securities portfolio for impairment on an ongoing basis by evaluating market conditions and other relevant information, including external credit ratings, to determine whether or not a decline in value is other-than-temporary. When the fair value of a security is less than its amortized cost, an other-than-temporary impairment is considered to have occurred if the present value of expected cash flows is not sufficient to recover the entire amortized cost, or if the Company intends to, or will be required to, sell the security prior to the recovery of its amortized cost. The unrealized losses at September 30, 2013, are primarily the result of changes in market yields from the time of purchase. Management generally views changes in fair value caused by changes in interest rates as temporary. In addition, all scheduled payments for securities with unrealized losses at September 30, 2013, have been made, and it is anticipated that the entire principal balance of such securities will be collected.

The scheduled maturities of mortgage-backed securities held to maturity at September 30, 2013, are presented in the following table. Dollar amounts are expressed in thousands.

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Due from one to five years	$ 689	2	18	673
Due from five to ten years	23	1	—	24
Due after ten years	42,362	93	9	42,446
Total	$ 43,074	96	27	43,143

Actual maturities of mortgage-backed securities held to maturity may differ from scheduled maturities depending on the repayment characteristics and experience of the underlying financial instruments, on which borrowers have the right to prepay certain obligations.

The principal balances of mortgage-backed securities held to maturity that are pledged to secure certain obligations of the Bank as of September 30 are as follows. Dollar amounts are expressed in thousands.

	September 30, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
FRB advance commitments	$ 4,772	65	—	4,837

	September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Customer deposit accounts	$ 19	1	—	20
FRB advance commitments	6,216	56	—	6,272
Total	$ 6,235	57	—	6,292

(6) LOANS RECEIVABLE

The Bank has traditionally concentrated its lending activities on mortgage loans secured by residential and business property and, to a lesser extent, development lending. Residential mortgage loans have either long-term fixed or adjustable rates. The Bank also has a portfolio of mortgage loans that are secured by multifamily, construction, development, and commercial real estate properties. The remaining part of North American's loan portfolio consists of non-mortgage commercial and installment loans.

The following table presents the Bank's total loans receivable at September 30. Dollar amounts are expressed in thousands.

HELD FOR INVESTMENT	2013	2012
Mortgage loans:		
Permanent loans on:		
Residential properties	$365,248	331,310
Business properties	268,641	321,559
Partially guaranteed by VA or insured by FHA	7,694	3,950
Construction and development	91,451	110,718
Total mortgage loans	733,034	767,537
Commercial loans	12,226	17,570
Installment loans and lease financing to individuals	5,599	7,753
Total loans receivable held for investment	750,859	792,860
Less:		
Undisbursed loan funds	(30,749)	(21,014)
Unearned discounts and fees on loans, net of deferred costs	(4,397)	(5,245)
Net loans receivable held for investment	$715,713	766,601

HELD FOR SALE	2013	2012
Mortgage loans:		
Permanent loans on:		
Residential properties	$ 69,079	163,834

Included in the loans receivable balances are participating interests in mortgage loans and wholly owned mortgage loans serviced by other institutions of approximately $976,000 and $4.1 million at September 30, 2013 and 2012, respectively.

Whole loans and participations serviced for others were approximately $24.4 million and $27.3 million at September 30, 2013 and 2012, respectively. Loans serviced for others are not included in the accompanying consolidated balance sheets.

First mortgage loans were pledged to secure FHLB advances in the amount of approximately $522.1 million and $508.9 million at September 30, 2013 and 2012, respectively.

Aggregate loans to executive officers, directors and their associates, including companies in which they have partial ownership interest, did not exceed 5% of equity as of September 30, 2013 and 2012. Such loans were made under terms and conditions substantially the same as loans made to parties not affiliated with the Bank.

Proceeds from the sale of loans receivable held for sale during fiscal 2013, 2012 and 2011, were $1,977.7 million, $1,850.0 million, and $1,693.0 million, respectively. In fiscal 2013, the Bank realized gross gains of $62.2 million and $30,000 of gross losses. In fiscal 2012, the Bank realized gross gains of $48.8 million and $2,000 of gross losses. In fiscal 2011, the Bank realized gross gains of $29.4 million and gross losses of $140,000 on those sales

Lending Practices and Underwriting Standards

Residential real estate loans - The Bank offers a range of residential loan programs, including programs offering loans guaranteed by the Veterans Administration ("VA") and loans insured by the Federal Housing Administration ("FHA"). The Bank's residential loans come from several sources. The loans that the Bank originates are generally a result of direct solicitations of real estate brokers, builders, developers, or potential borrowers via the internet. North American periodically purchases real estate loans from other financial institutions or mortgage bankers.

The Bank's residential real estate loan underwriters are grouped into three different levels, based upon each underwriter's experience and proficiency. Underwriters within each level are authorized to approve loans up to prescribed dollar amounts. Any loan over $1 million must also be approved by either the Board Chairman, CEO or EVP/Residential Lending. Conventional residential real estate loans are underwritten using FNMA's Desktop Underwriter or FHLMC's Loan Prospector automated underwriting systems, which analyze credit history, employment and income information, qualifying ratios, asset reserves, and loan-to-value ratios. If a loan does not meet the automated underwriting standards, it is underwritten manually. Full documentation to support each applicant's credit history, income, and sufficient funds for closing is required on all loans. An appraisal report, performed in conformity with the Uniform Standards of Professional Appraisers Practice by an approved outside licensed appraiser, is required for substantially all loans. Typically, the Bank requires borrowers to purchase private mortgage insurance when the loan-to-value ratio exceeds 80%.

NASB originates Adjustable Rate Mortgages (ARMs), which fully amortize and typically have initial rates that are fixed for one to seven years before becoming adjustable. Such loans are underwritten based on the initial interest rate and the borrower's ability to repay based on the maximum first adjustment rate. Each underwriting decision takes into account the type of loan and the borrower's ability to pay at higher rates. While lifetime rate caps are taken into consideration, qualifying ratios may not be calculated at this level due to an extended number of years required to reach the fully-indexed rate. NASB does not originate any hybrid loans, such as payment option ARMs, nor does the Bank originate any subprime loans, generally defined as high risk or loans of substantially impaired quality.

At the time a potential borrower applies for a residential mortgage loan, it is designated as either a portfolio loan, which is held for investment and carried at amortized cost, or a loan held-for-sale in the secondary market and carried at fair value. All the loans on single family property that the Bank holds for sale conform to secondary market underwriting criteria established by various institutional investors. All loans originated, whether held for sale or held for investment, conform to internal underwriting guidelines, which consider, among other things, a property's value and the borrower's ability to repay the loan.

Construction and development loans - Construction and land development loans are made primarily to builders/developers, who construct properties for resale. The Bank's requirements for a construction loan are similar to those of a mortgage on an existing residence. In addition, the borrower must submit accurate plans, specifications, and cost projections of the property to be constructed. All construction and development loans are manually underwritten using NASB's internal underwriting standards. All construction and development loans require two approvals, from either the Board Chairman, CEO, or SVP/Construction Lending. Prior approval is required from the Bank's Board of Directors for newly originated construction and development loans with a proposed balance of $1.0 million or greater. The bank has adopted internal loan-to-value limits consistent with regulations, which are 65% for raw land, 75% for land development, and 85% for residential and non-residential construction. An appraisal report performed in conformity with the Uniform Standards of Professional Appraisers Practice by an approved outside licensed appraiser is required on all loans in excess of $250,000. Generally, the Bank will commit to an initial term of 12 to 18 months on construction loans, and an initial term of 24 to 48 months on land acquisition and development loans, with six month renewals thereafter. Interest rates on construction loans typically adjust daily and are tied to a predetermined index. NASB's staff regularly performs inspections of each property during its construction phase to help ensure adequate progress is achieved before making scheduled loan disbursements.

When construction and development loans mature, the Bank typically considers extensions for short, six-month term periods. This allows the Bank to more frequently evaluate the loan, including creditworthiness and current market conditions and, if management believes it's in the best interest of the Company, to modify the terms accordingly. This portfolio consists primarily of assets with rates tied to the prime rate and, in most cases, the conditions for loan renewal include an interest rate "floor" in accordance with the market conditions that exist at the time of renewal.

During the year ended September 30, 2013, the Bank renewed seventy-six loans within its construction and land development portfolio due to slower home and lot sales in the current economic environment. Such extensions were accounted for as Troubled Debt Restructurings ("TDRs") if the restructuring was related to the borrower's financial difficulty, and if the Bank made concessions that it would not otherwise consider. In order to determine whether or not a renewal should be accounted for as a TDR, management reviewed the borrower's current financial information, including an analysis of income and liquidity in relation to debt service requirements. The large majority of these modifications did not result in a reduction in the contractual interest rate or a write-off of the principal balance (although the Bank does commonly require the borrower to make a principal reduction at renewal).

Commercial real estate loans - The Bank purchases and originates several different types of commercial real estate loans. Permanent multifamily mortgage loans on properties of 5 to 36 dwelling units have a 50% risk-weight for risk-based capital requirements if they have an initial loan-to-value ratio of not more than 80% and if their annual average occupancy rate exceeds 80%. All other performing commercial real estate loans have 100% risk-weights.

The Bank's commercial real estate loans are secured primarily by multi-family and nonresidential properties. Such loans are manually underwritten using NASB's internal underwriting standards, which evaluate the sources of repayment, including the ability of income producing property to generate sufficient cash flow to service the debt, the capacity of the borrower or guarantors to cover any shortfalls in operating income, and, as a last resort, the ability to liquidate the collateral in such a manner as to completely protect the Bank's investment. All commercial real estate loans require two approvals, from either the Board Chairman, CEO, or EVP/Chief Lending Officer. Prior approval is required from the Bank's Board of Directors for newly originated commercial loans with a proposed balance of $1.0 million or greater. Typically, loan-to-value ratios do not exceed 80%; however, exceptions may be made when it is determined that the safety of the loan is not compromised, and the rationale for exceeding this limit is clearly documented. An appraisal report performed in conformity with the Uniform Standards of Professional Appraisers Practice by an approved outside licensed appraiser is required on all loans in excess of $250,000. Interest rates on commercial loans may be either fixed or tied to a predetermined index and adjusted daily.

The Bank typically obtains full personal guarantees from the primary individuals involved in the transaction. Guarantor financial statements and tax returns are reviewed annually to determine their continuing ability to perform under such guarantees. The Bank typically pursues repayment from guarantors when the primary source of repayment is not sufficient to service the debt. However, the Bank may decide not to pursue a guarantor if, given the guarantor's financial condition, it is likely that the estimated legal fees would exceed the probable amount of any recovery. Although the Bank does not typically release guarantors from their obligation, the Bank may decide to delay the decision to pursue civil enforcement of a deficiency judgment.

At least once during each calendar year, a review is prepared for each borrower relationship in excess of $5 million and for each individual loan over $1 million. Collateral inspections are obtained on an annual basis for each loan over $1 million, and on a triennial basis for each loan between $500,000 and $1 million. Financial information, such as tax returns, is requested annually for all commercial real estate loans over $500,000, which is consistent with industry practice, and the Bank believes it has sufficient monitoring procedures in place to identify potential problem loans. A loan is deemed impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Any loans deemed impaired, regardless of their balance, are reviewed by management at the time of the impairment determination, and monitored on a quarterly basis thereafter, including calculation of specific valuation allowances, if applicable.

Installment Loans - These loans consist primarily of loans on savings accounts and consumer lines of credit that are secured by a customer's equity in their primary residence.

Allowance for Loan Losses

The Allowance for Loan and Lease Losses ("ALLL") recognizes the inherent risks associated with lending activities for individually identified problem assets as well as the entire homogenous and non-homogenous loan portfolios. ALLLs are established by charges to the provision for loan losses and carried as contra assets. Management analyzes the adequacy of the allowance on a quarterly basis and appropriate provisions are made to maintain the ALLLs at adequate levels. At any given time, the ALLL should be sufficient to absorb at least all estimated credit losses on outstanding balances over the next twelve months. While management uses information currently available to determine these allowances, they can fluctuate based on changes in economic conditions and changes in the information available to management. Also, regulatory agencies review the Bank's allowances for loan loss as part of their examination, and they may require the Bank to recognize additional loss provisions, within their regulatory filings, based on the information available at the time of their examinations.

The ALLL is determined based upon two components. The first is made up of specific reserves for loans which have been deemed impaired in accordance with GAAP. The second component is made up of general reserves for loans that are not impaired. A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Prior to the quarter ended March 31, 2012, the Bank recorded a specific allowance equal to the amount of measured impairment.

In July 2011, the Office of Thrift Supervision ("OTS") merged with and into the Office of the Comptroller of the Currency ("OCC"), and the OCC became the Bank's primary regulator. Beginning with the quarter ended March 31, 2012, the Bank was required to file a Consolidated Report of Condition and Income ("Call Report") instead of the previously required Thrift Financial Report ("TFR"). With the adoption of the Call Report, the Bank was required to discontinue using specific valuation allowances on loans deemed impaired. The TFR had allowed any measured impairments to be carried as specific valuation allowances, whereas the Call Report required any measured impairments that are deemed "confirmed losses" to be charged-off and netted from their respective loan balances. For impaired loans that are collateral dependent, a "confirmed loss" is generally the amount by which the loan's recorded investment exceeds the fair value of its collateral. If a loan is considered uncollectible, the entire balance is deemed a "confirmed loss" and is fully charged-off. During the quarter ended March 31, 2012, the Bank charged-off against ALLL the aggregate "confirmed losses" of $23.3 million that were carried as specific valuation allowances in prior periods, and netted them against their respective loan balances for reporting purposes. This change had no impact on net loans receivable as presented in the consolidated balance sheet. In addition, this change did not materially impact the analysis of ALLL, which is described in more detail in the following paragraph, as specific valuation allowances were previously considered in the determination of historical loss ratios.

Loans that are not impaired are evaluated based upon the Bank's historical loss experience, as well as various subjective factors, to estimate potential unidentified losses within the various loan portfolios. These loans are categorized into pools based upon certain characteristics such as loan type, collateral type and repayment source. In addition to analyzing historical losses, the Bank also evaluates the following subjective factors for each loan pool to estimate future losses: changes in lending policies and procedures, changes in economic and business conditions, changes in the nature and volume of the portfolio, changes in management and other relevant staff, changes in the volume and severity of past due loans, changes in the quality of the Bank's loan review system, changes in the value of the underlying collateral for collateral dependent loans, changes in the level of lending concentrations, and changes in other external factors such as competition and legal and regulatory requirements. Historical loss ratios are adjusted accordingly, based upon the effect that the subjective factors have in estimated future losses. These adjusted ratios are applied to the balances of the loan pools to determine the adequacy of the ALLL each quarter. For purposes of calculating historical loss ratios, specific valuation allowances established prior to March 31, 2012, are considered charge-offs during the periods in which they are established.

The Bank does not routinely obtain updated appraisals for their collateral dependent loans that are not adversely classified. However, when analyzing the adequacy of its allowance for loan losses, the Bank considers potential changes in the value of the underlying collateral for such loans as one of the subjective factors used to estimate future losses in the various loan pools.

The following table presents the balance in the allowance for loan losses for the years ended September 30, 2013, 2012 and 2011. Dollar amounts are expressed in thousands.

	Residential	Residential Held For Sale	Commercial Real Estate	Construction & Development	Commercial	Installment	Total
Allowance for loan losses:							
Balance at October 1, 2012	$ 6,941	—	7,086	16,590	513	699	31,829
Provision for loan losses	3,031	—	246	(11,956)	(455)	(466)	(9,600)
Losses charged off	(2,129)	—	(1,196)	(684)	—	(149)	(4,158)
Recoveries	799	—	425	891	—	197	2,312
Balance at September 30, 2013	$ 8,642	—	6,561	4,841	58	281	20,383
Balance at October 1, 2011	$ 6,663	12	13,201	41,863	7,682	845	70,266
Provision for loan losses	5,318	(16)	7,291	1,990	(4,600)	517	10,500
Losses charged off	(5,329)	—	(15,122)	(27,966)	(2,569)	(699)	(51,685)
Recoveries	289	4	1,716	703	—	36	2,748
Balance at September 30, 2012	$ 6,941	—	7,086	16,590	513	699	31,829
Balance at October 1, 2010	$ 4,427	10	6,708	19,018	1,015	1,138	32,316
Provision for loan losses	4,076	2	8,679	29,682	6,758	197	49,394
Losses charged off	(1,840)	—	(2,186)	(7,164)	(91)	(499)	(11,780)
Recoveries	—	—	—	327	—	9	336
Balance at September 30, 2011	$ 6,663	12	13,201	41,863	7,682	845	70,266

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2013. Dollar amounts are expressed in thousands.

	Residential	Residential Held For Sale	Commercial Real Estate	Construction & Development	Commercial	Installment	Total
Allowance for loan losses:							
Ending balance of allowance for loan losses related to loans:							
Individually evaluated for impairment	$ 333	—	35	4	25	—	397
Collectively evaluated for impairment	$ 8,309	—	6,526	4,837	33	281	19,986
Acquired with deteriorated credit quality *	$ 31	—	—	—	—	—	31
Loans:							
Balance at September 30, 2013	$370,296	69,079	266,895	60,697	12,226	5,599	784,792
Ending balance:							
Loans individually evaluated for impairment	$ 18,864	—	10,235	23,917	11,250	3	64,269
Loans collectively evaluated for impairment	$351,432	69,079	256,660	36,780	976	5,596	720,523
Loans acquired with Deteriorated credit quality	$ 4,196	—	—	—	—	—	4,196

The following table presents the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method at September 30, 2012. Dollar amounts are expressed in thousands.

	Residential	Residential Held For Sale	Commercial Real Estate	Construction & Development	Commercial	Installment	Total
Allowance for loan losses:							
Ending balance of allowance for loan losses related to loans:							
Individually evaluated for impairment	$ 975	—	7	42	—	—	1,024
Collectively evaluated for impairment	$ 5,966	—	7,079	16,548	513	699	30,805
Acquired with deteriorated credit quality	$ —	—	—	—	—	—	—
Loans:							
Balance at September 30, 2012	$332,320	163,834	319,272	89,689	17,567	7,753	930,435
Ending balance:							
Loans individually evaluated for impairment	$ 18,440	—	24,895	42,267	—	69	85,671
Loans collectively evaluated for impairment	$313,880	163,834	294,377	47,422	17,567	7,684	844,764
Loans acquired with Deteriorated credit quality*	$ 3,245	—	—	—	—	—	3,245

* Included in ending balance of allowance for loan losses related to loans individually evaluated for impairment at September 30, 2013 and 2012.

Classified Assets, Delinquencies, and Non-accrual Loans

Classified assets **-** In accordance with the Bank's asset classification system, problem assets are classified with risk ratings of either "substandard," "doubtful," or "loss." An asset is considered substandard if it is inadequately protected by the borrower's ability to repay, or the value of collateral. Substandard assets include those characterized by a possibility that the institution will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have the same weaknesses of 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, conditions, and values, highly questionable and improbable. Assets classified as loss are considered uncollectible and of little value. Prior to the quarter ended March 31, 2012, the Bank established a specific valuation allowance for such assets. In conjunction with the adoption of the Call Report during the quarter ended March 31, 2012, such assets are charged-off against the ALLL at the time they are deemed to be a "confirmed loss."

In addition to the risk rating categories for problem assets noted above, loans may be assigned a risk rating of "pass," "pass-watch," or "special mention." The pass category includes loans with borrowers and/or collateral that is of average quality or better. Loans in this category are considered average risk and satisfactory repayment is expected. Assets classified as pass-watch are those in which the borrower has the capacity to perform according to the terms and repayment is expected. However, one or more elements of uncertainty exist. Assets classified as special mention have a potential weakness that deserves management's close attention. If left undetected, the potential weakness may result in deterioration of repayment prospects.

Each quarter, management reviews the problem loans in its portfolio to determine whether changes to the asset classifications or allowances are needed. The following table presents the credit risk profile of the Company's loan portfolio based on risk rating category as of September 30, 2013. Dollar amounts are expressed in thousands.

	Residential	Residential Held For Sale	Commercial Real Estate	Construction & Development	Commercial	Installment	Total
Rating:							
Pass	$320,090	69,079	194,070	20,789	—	5,595	609,623
Pass – Watch	24,449	—	56,640	20,698	976	—	102,763
Special Mention	227	—	583	—	—	—	810
Substandard	25,397	—	15,567	19,210	11,250	4	71,428
Doubtful	133	—	35	—	—	—	168
Loss	—	—	—	—	—	—	—
Total	$370,296	69,079	266,895	60,697	12,226	5,599	784,792

The following table presents the credit risk profile of the Company's loan portfolio based on risk rating category as of September 30, 2012. Dollar amounts are expressed in thousands.

	Residential	Residential Held For Sale	Commercial Real Estate	Construction & Development	Commercial	Installment	Total
Rating:							
Pass	$283,771	163,834	256,158	14,370	1,318	7,621	727,072
Pass – Watch	11,076	—	28,439	19,054	—	—	58,569
Special Mention	4,689	—	323	—	—	—	5,012
Substandard	32,011	—	34,352	56,261	16,249	132	139,005
Doubtful	773	—	—	4	—	—	777
Loss	—	—	—	—	—	—	—
Total	$332,320	163,834	319,272	89,689	17,567	7,753	930,435

The following table presents the Company's loan portfolio aging analysis as of September 30, 2013. Dollar amounts are expressed in thousands.

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Residential	$ 1,044	1,308	7,079	9,431	360,865	370,296	—
Residential held for sale	—	—	—	—	69,079	69,079	—
Commercial real estate	4,195	334	328	4,857	262,038	266,895	—
Construction & development	—	—	774	774	59,923	60,697	—
Commercial	—	—	—	—	12,226	12,226	—
Installment	—	—	1	1	5,598	5,599	—
Total	$ 5,239	1,642	8,182	15,063	769,729	784,792	—

The following table presents the Company's loan portfolio aging analysis as of September 30, 2012. Dollar amounts are expressed in thousands.

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Residential	$ 1,727	1,439	16,430	19,596	312,724	332,320	5,183
Residential held for sale	—	—	—	—	163,834	163,834	—
Commercial real estate	217	714	6,082	7,013	312,259	319,272	—
Construction & development	567	633	5,487	6,687	83,002	89,689	1,931
Commercial	—	—	—	—	17,567	17,567	—
Installment	181	67	64	312	7,441	7,753	—
Total	$ 2,692	2,853	28,063	33,608	896,827	930,435	7,114

When a loan becomes 90 days past due, or when full payment of interest and principal is not expected, the Bank stops accruing interest and establishes a reserve for the unpaid interest accrued-to-date. In some instances, a loan may become 90 days past due if it has exceeded its maturity date but the Bank and borrower are still negotiating the terms of an extension agreement. In those instances, the Bank typically continues to accrue interest, provided the borrower has continued making interest payments after the maturity date and full payment of interest and principal is expected.

The following table presents the Company's loans meeting the regulatory definition of nonaccrual, which includes certain loans that are current and paying as agreed. This table does not include purchased impaired loans or troubled debt restructurings that are performing. Dollar amounts are expressed in thousands.

	2013	2012
Residential	$18,073	23,147
Residential held for sale	—	—
Commercial real estate	8,354	20,952
Construction & development	5,195	30,606
Commercial	—	—
Installment	—	62
Total	$31,622	74,767

As of September 30, 2013, $20.2 million (63.8%) of the loans classified as nonaccrual were current and paying as agreed.

Gross interest income would have increased by $675,000, $1.2 million and $2.8 million for the years ended September 30, 2013, 2012 and 2011, respectively, if the nonaccrual loans had been performing.

During the quarter ended March 31, 2012, the Company's nonaccrual loans increased $41.4 million. This increase resulted from management's decision to move certain impaired collateral dependent loans secured by land development, commercial real estate, and residential rental properties to nonaccrual, even though the majority of such loans were current and paying in accordance with their contractual terms. Due to the continued deterioration in the real estate markets, management determined that the full collection of principal and interest was uncertain. In accordance with GAAP, these loans were charged-down to the fair value of their underlying collateral, and therefore, the recorded investment in the loan is deemed fully collectable at September 30, 2013. Interest income is recognized on a cash-basis as payments are received. The majority of these loans currently remain in non-accrual status; however, loans with a carrying value of $12.6 million at September 30, 2013, were returned to a performing status during the fiscal year, based upon improvement in the real estate markets and the borrower's financial condition.

A loan becomes impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. A restructuring of debt is considered a TDR if, because of a debtor's financial difficulty, a creditor grants concessions that it would not otherwise consider. Loans modified in troubled debt restructurings are also considered impaired. Concessions granted in a TDR could include a reduction in interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection. Once a loan has been deemed impaired, the impairment must be measured by comparing the recorded investment in the loan to the present value of the estimated future cash flows discounted at the loan's effective rate, or to the fair value of the loan based on the loan's observable market price, or to the fair value of the collateral if the loan is collateral dependent. Unless the loan is performing prior to the restructure, TDRs are placed in non-accrual status at the time of restructuring and may only be returned to performing status after the borrower demonstrates sustained repayment performance for a reasonable period, generally six months.

The following table presents the recorded balance of troubled debt restructurings as of September 30. Dollar amounts are expressed in thousands.

	2013	2012
Troubled debt restructurings:		
Residential	$ 9,381	6,156
Residential held for sale	—	—
Commercial real estate	6,079	17,384
Construction & development	23,144	39,844
Commercial	11,250	—
Installment	3	—
Total	$49,857	63,384
Performing troubled debt restructurings:		
Residential	$ 1,626	593
Residential held for sale	—	—
Commercial real estate	1,036	3,812
Construction & development	18,722	11,521
Commercial	11,250	—
Installment	3	—
Total	$32,637	15,926

At September 30, 2013 and 2012, the Bank had outstanding commitments of $1,000 and $235,000 to be advanced in connection with TDRs, respectively.

The following table presents the number of loans and the Company's recorded investment in TDRs modified during the fiscal year ended September 30, 2013. Dollar amounts are expressed in thousands.

	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification	Increase in ALLL or Charge-offs
Residential	20	$ 7,716	$ 7,658	$ 19
Residential held for sale	—	—	—	—
Commercial real estate	3	1,471	1,338	133
Construction & development	25	25,511	25,511	—
Commercial	1	16,251	13,751	25
Installment	2	5	5	—
Total	51	$ 50,954	$ 48,263	$ 177

The following table presents the number of loans and the Company's recorded investment in TDRs modified during the fiscal year ended September 30, 2012. Dollar amounts are expressed in thousands.

	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification	Increase in ALLL or Charge-offs
Residential	8	$ 2,089	$ 2,054	$ —
Residential held for sale	—	—	—	—
Commercial real estate	5	14,517	13,708	1,007
Construction & development	36	32,213	31,794	418
Commercial	1	3,000	1,500	—
Installment	—	—	—	—
Total	50	$ 51,819	$ 49,056	$ 1,425

The following table presents TDRs restructured during the fiscal year ended September 30, 2013 by type of modification. Dollar amounts are expressed in thousands.

	Extension Of Maturity	Interest Only Period	Combination of Terms Modified	Total Recorded Investment Prior to Modification
Residential	$ 6,719	—	997	7,716
Residential held for sale	—	—	—	—
Commercial real estate	—	—	1,471	1,471
Construction & development	25,488	—	23	25,511
Commercial	—	—	16,251	16,251
Installment	—	—	5	5
Total	$32,207	—	18,747	50,954

The following table presents TDRs restructured during the fiscal year ended September 30, 2012 by type of modification. Dollar amounts are expressed in thousands.

	Extension of Maturity	Interest Only Period	Combination of Terms Modified	Total Recorded Investment Prior to Modification
Residential	$ 155	—	1,934	2,089
Residential held for sale	—	—	—	—
Commercial real estate	—	2,578	11,939	14,517
Construction & development	32,213	—	—	32,213
Commercial	—	—	3,000	3,000
Installment	—	—	—	—
Total	$32,368	2,578	16,873	51,819

The following table presents the Company's recorded investment and number of loans considered TDRs at September 30 that defaulted during the fiscal year. Dollar amounts are expressed in thousands.

	2013		2012	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Residential	24	$ 5,271	16	$ 3,993
Residential held for sale	—	—	—	—
Commercial real estate	3	2,802	4	11,438
Construction & development	—	—	5	2,586
Commercial	—	—	—	—
Installment	1	3	—	—
Total	28	$ 8,076	25	$ 18,017

The following table presents impaired loans, including troubled debt restructurings, as of September 30, 2013. Dollar amounts are expressed in thousands.

	Recorded Balance	Unpaid Principal Balance	Specific Allowance	YTD Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Residential	$17,063	20,053	—	17,317	900
Residential held for sale	—	—	—	—	—
Commercial real estate	9,199	16,925	—	9,576	985
Construction & development	22,138	25,377	—	28,436	1,803
Commercial	—	—	—	—	—
Installment	3	457	—	54	44
Loans with a specific valuation allowance:					
Residential	$ 1,801	1,828	333	1,813	79
Residential held for sale	—	—	—	—	—
Commercial real estate	1,036	1,036	35	1,056	67
Construction & development	1,779	1,779	4	1,779	122
Commercial	11,250	11,250	25	12,709	897
Installment	—	—	—	—	—
Total:					
Residential	$18,864	21,881	333	19,130	979
Residential held for sale	—	—	—	—	—
Commercial real estate	10,235	17,961	35	10,632	1,052
Construction & development	23,917	27,156	4	30,215	1,925
Commercial	11,250	11,250	25	12,709	897
Installment	3	457	—	54	44

The following table presents impaired loans, including troubled debt restructurings, as of September 30, 2012. Dollar amounts are expressed in thousands.

	Recorded Balance	Unpaid Principal Balance	Specific Allowance	YTD Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Residential	$16,849	19,394	—	18,252	776
Residential held for sale	—	—	—	—	—
Commercial real estate	21,574	30,652	—	24,961	1,796
Construction & development	40,633	45,873	—	46,820	2,658
Commercial	—	—	—	—	—
Installment	68	570	—	69	17
Loans with a specific valuation allowance:					
Residential	$ 4,836	4,910	974	4,836	260
Residential held for sale	—	—	—	—	—
Commercial real estate	3,322	3,955	7	3,949	215
Construction & development	1,634	1,668	42	1,698	100
Commercial	—	—	—	—	—
Installment	—	—	—	—	—
Total:					
Residential	$21,685	24,304	974	23,088	1,036
Residential held for sale	—	—	—	—	—
Commercial real estate	24,896	34,607	7	28,910	2,011
Construction & development	42,267	47,541	42	48,518	2,758
Commercial	—	—	—	—	—
Installment	68	570	—	69	17

The following table presents impaired loans, including troubled debt restructurings, as of September 30, 2011. Dollar amounts are expressed in thousands.

	Recorded Balance	Unpaid Principal Balance	Specific Allowance	YTD Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Residential	$ 5,035	5,088	—	5,006	181
Residential held for sale	—	—	—	—	—
Commercial real estate	5,703	5,732	—	5,816	445
Construction & development	31,072	31,074	—	29,786	1,520
Commercial	—	—	—	—	—
Installment	—	—	—	—	—
Loans with a specific valuation allowance:					
Residential	$ 4,591	6,188	1,498	5,299	198
Residential held for sale	—	12	12	11	—
Commercial real estate	11,079	15,985	4,871	13,525	663
Construction & development	49,252	77,322	28,031	58,272	3,413
Commercial	4,675	8,790	4,038	6,063	91
Installment	62	704	640	216	40
Total:					
Residential	$ 9,626	11,276	1,498	10,305	379
Residential held for sale	—	12	12	11	—
Commercial real estate	16,782	21,717	4,871	19,341	1,108
Construction & development	80,324	108,396	28,031	88,058	4,933
Commercial	4,675	8,790	4,038	6,063	91
Installment	62	704	640	216	40

Although the Bank has a diversified loan portfolio, a substantial portion is secured by real estate. The following table presents information as of September 30 about the location of real estate that secures loans in the Bank's mortgage loan portfolio. The line item "Other" includes total investments in other states of less than $10 million each. Dollar amounts are expressed in thousands.

	2013				
	Residential				
State	1-4 family	5 or more family	Commercial real estate	Construction and development	Total
Missouri	$ 124,561	17,588	25,848	49,149	217,146
Kansas	42,670	437	13,239	41,473	97,819
Texas	26,979	4,035	36,964	—	67,978
Colorado	7,093	1,474	25,797	—	34,364
California	25,072	878	6,974	—	32,924
Florida	17,803	155	5,955	—	23,913
Indiana	1,915	—	20,343	—	22,258
Illinois	6,572	—	13,395	615	20,582
Arizona	12,524	—	4,188	—	16,712
North Carolina	7,843	—	7,788	—	15,631
Ohio	2,803	—	12,645	—	15,448
Washington	5,007	311	8,470	—	13,788
Virginia	7,916	—	3,885	—	11,801
Georgia	5,020	820	5,038	—	10,878
Other	79,164	3,801	48,613	214	131,792
	$372,942	29,499	239,142	91,451	733,034

	2012				
	Residential				
State	1-4 Family	5 or more family	Commercial real estate	Construction and development	Total
Missouri	$ 132,459	17,319	41,306	56,437	247,521
Kansas	41,320	457	15,278	46,573	103,628
Texas	21,519	5,583	41,555	—	68,657
Colorado	5,035	1,595	37,510	—	44,140
California	20,719	—	7,784	—	28,503
Florida	14,459	—	7,313	1,751	23,523
Illinois	5,069	—	11,956	3,180	20,205
Georgia	4,226	847	12,742	—	17,815
Arizona	10,242	—	4,377	2,777	17,396
North Carolina	6,967	—	9,965	—	16,932
Ohio	2,865	—	13,749	—	16,614
Indiana	2,001	—	14,397	—	16,398
Washington	5,463	—	9,007	—	14,470
Other	62,916	4,348	64,471	—	131,735
	$335,260	30,149	291,410	110,718	767,537

The Bank issues various representations and warranties and standard recourse provisions associated with the sale of loans to outside investors, which may require the Bank to repurchase a loan that defaults or has identified defects, or to indemnify the investor in the event of a material breach of contractual representations and warranties. Such provisions related to early payoff and early payment default typically expire 90 to 180 days after purchase. Repurchase obligations related to fraud or misrepresentation remain outstanding during the life of the loan. During the fiscal years ended September 30, 2013, 2012 and 2011, the Bank established reserves related to various representations and warranties that reflect management's estimate of losses based on various factors. Such factors include estimated level of defects, historical repurchase demand, success rate in avoiding claims, and projected loss severity. Reserves are established at the time loans are sold, and updated during their estimated life. During the last eight fiscal years, the Bank sold loans with recourse totaling $11.4 billion. It is management's estimate that the total recourse liability associated with such loans was $2.6 million and $5.3 million at September 30, 2013 and 2012, respectively. The reserve for such losses is included in "Accrued expenses and other liabilities" in the Bank's consolidated financial statements.

During the fiscal years ended September 30, 2013, 2012 and 2011, the Bank experienced increased losses resulting from investor charges for loans with defects, repurchased loans, and early prepayment and early default penalties. This trend accelerated during the last half of the fiscal 2009 and has continued through fiscal 2013. The Company repurchased or incurred losses on loans with balances of $13.6 million, $9.9 million, and $11.6 million during fiscal year 2013, 2012 and 2011, respectively. Total losses incurred on these loans were $923,000, $290,000 and $1.4 million during fiscal year 2013, 2012 and 2011, respectively. Repurchased loans are recorded at fair value and evaluated for impairment in accordance with GAAP. In addition, during fiscal 2013, the Bank negotiated global settlements with two investors, which release the Bank from further liability for all known and unknown claims, subject to certain exceptions for fraud committed by Bank employees.

The following table presents the activity in the reserve related to representations and warranties for the year ended September 30. Dollar amounts are expressed in thousands.

	2013	2012	2011
Balance at beginning of year	$ 5,267	3,535	2,157
Additions to reserve	1,433	2,022	2,754
Losses, settlements, and penalties incurred	(4,063)	(290)	(1,376)
Balance at end of year	$ 2,637	5,267	3,535

The increase in repurchase loans and settlement losses originated primarily due to weak economic conditions, as investors made increased demands associated with the higher level of loans in default. The Bank has had some success in avoiding claims. During fiscal 2013, the Bank successfully cleared twenty-five out of fifty, or fifty percent, of the repurchase requests that it received. During fiscal 2012, the Bank successfully cleared twenty-nine out of seventy-one, or forty-one percent, of the repurchase requests that it received. This success rate is one indicator of future losses, but it is affected by various factors such as the type of claim and the investor making the claim. If economic conditions, particularly the housing market, decline in future periods, it is management's opinion that the Bank may experience increased loss severity on repurchased loans, resulting in further additions to the reserve. However, the Bank began to tighten underwriting standards in mid 2008, so it expects a lower level of repurchase requests for loans originated thereafter. Management believes that the current reserve is adequate to cover the expected settlement amount on loans that remain outstanding and are not covered under the aforementioned global settlements.

(7) FORECLOSED ASSETS HELD FOR SALE

The carrying value of real estate owned and other repossessed property was $11.3 million and $17.0 million at September 30, 2013 and 2012, respectively

Foreclosed assets held for sale are initially recorded at fair value as of the date of foreclosure less any estimated selling costs (the "new basis") and are subsequently carried at the lower of the new basis or fair value less selling costs on the current measurement date. When foreclosed assets are acquired, any excess of the loan balance over the new basis of the foreclosed asset is charged to the allowance for loan losses. Subsequent adjustments for estimated losses are charged to operations when the fair value declines to an amount less than the carrying value. Costs and expenses related to major additions and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed. Applicable gains and losses on the sale of real estate owned are realized when the asset is disposed of, depending on the adequacy of the down payment and other requirements.

With the adoption of the Call Report during the quarter ended March 31, 2012, the Bank was required to begin following regulatory guidance related to the Call Report requirements. One such requirement resulted in a change in the treatment of specific loss reserves for foreclosed assets held for sale. Previous Thrift Financial Report guidance allowed banks to reduce an asset's carrying value through a specific allowance when the fair value declined to an amount less than its carrying value. Call Report guidance requires that the carrying value of foreclosed assets held for sale be written down to fair value through a charge to earnings. During the quarter ended March 31, 2012, the Bank charged-off the previously established specific allowances on such assets of $9.4 million. This change had no impact on net foreclosed assets held for sale as presented in the consolidated balance sheet.

The allowance for losses on real estate owned includes the following activity for the years ended September 30. Dollar amounts are expressed in thousands.

	2013	2012	2011
Balance at beginning of year	$ —	10,295	2,327
Provision for loss	996	4,265	11,383
Charge-offs	(1,037)	(14,715)	(3,982)
Recoveries	41	155	567
Balance at end of year	$ —	—	10,295

In addition to the provision for loss noted above, the Company incurred net expenses of $1.5 million, $1.7 million, and $1.9 million related to foreclosed assets held for sale during the fiscal years ended September 30, 2013, 2012 and 2011, respectively.

(8) PREMISES AND EQUIPMENT

The following table summarizes premises and equipment as of September 30. Dollar amounts are expressed in thousands.

	2013	2012
Land	$ 4,308	4,308
Buildings and improvements	13,198	12,954
Furniture, fixtures and equipment	8,901	8,181
	26,407	25,443
Accumulated depreciation	(14,374)	(13,806)
Total	$ 12,033	11,637

Certain facilities of the Bank are leased under various operating leases. Amounts paid for rent expense for the fiscal years ended September 30, 2013, 2012, and 2011, were approximately $1.1 million, $866,000, and $704,000, respectively.

Future minimum rental commitments under noncancelable leases are presented in the following table. Dollar amounts are expressed in thousands.

Fiscal year ended September 30,	Amount
2014	$1,225
2015	988
2016	735
2017	723
2018	121
Thereafter	—

(9) INVESTMENT IN LLCs

The Company is a partner in two limited liability companies, Central Platte Holdings LLC ("Central Platte") and NBH, LLC ("NBH"), which were formed for the purpose of purchasing and developing vacant land in Platte County, Missouri. These investments are accounted for using the equity method of accounting.

The Company's investment in Central Platte consists of a 50% ownership interest in an entity that develops land for residential real estate sales. Sales of lots have not met previous expectations and, as a result, the Company evaluated its investment for impairment, in accordance with ASC 323-10-35-32, which provides guidance related to a loss in value of an equity method investment. The Company utilizes a multi-faceted approach to measure the potential impairment. The internal model utilizes the following valuation methods: 1) liquidation or appraised values determined by an independent third party appraisal; 2) an on-going business, or discounted cash flows method wherein the cash flows are derived from the sale of fully-developed lots, the development and sale of partially-developed lots, the operation of the homeowner's association, and the value of raw land obtained from an independent third party appraiser; and 3) another on-going business method, which utilizes the same inputs as method 2, but presumes that cash flows will first be generated from the sale of raw ground and then from the sale of fully-developed and partially-developed lots and the operation of the homeowner's association. The internal model also includes method 4, an on-going business method wherein the cash flows are derived from the sale of fully-developed lots, the development and sale of partially-developed lots, the operation of the homeowner's association, and the development and sale of lots from the property that is currently raw land. However, management does not feel the results from this method provide a reliable indication of value because the time to "build-out" the development exceeds 18 years. Because of this unreliability, the results from method 4 are given a zero weighting in the final impairment analysis. The significant inputs include raw land values, absorption rates of lot sales, and a market discount rate. Management believes this multi-faceted approach is reasonable given the highly subjective nature of the assumptions and the differences in valuation techniques that are utilized within each approach (e.g., order of distribution of assets upon potential liquidation). It is management's opinion that no one valuation method within the model is preferable to the other and that no one method is more likely to occur than the other. Therefore, the final estimate of value is determined by assigning an equal weight to the values derived from each of the first three methods described above.

As a result of this analysis, the Company determined that its investment in Central Platte was materially impaired and recorded an impairment charge of $2.0 million ($1.2 million, net of tax) during the year ended September 30, 2010. During the quarter ended March 31, 2012, list prices of fully-developed lots in Central Platte's residential development were reduced. The Company incorporated these lower prices into its internal valuation model, which resulted in an additional impairment charge of $200,000 ($123,000, net of tax) during the quarter ended March 31, 2012. No other events have occurred that would indicate any additional impairment of the Company's investment in Central Platte.

The following table displays the results derived from the Company's internal valuation model at September 30, 2013, and the carrying value of its investment in Central Platte at September 30, 2013. Dollar amounts are expressed in thousands.

Method 1	$15,527
Method 2	16,495
Method 3	17,930
Average of methods 1, 2, and 3	$16,651
Carrying value of investment in Central Platte Holdings, LLC	$15,132

The Company’s investment in NBH consists of a 50% ownership interest in an entity that holds raw land, which is currently zoned as agricultural. The general managers intend to rezone this property for commercial and/or residential development. The raw land was purchased in 2002. The Company accounts for its investment in NBH under the equity method. Due to the overall economic conditions surrounding real estate, the Company evaluated its investment for impairment in accordance with ASC 323-10-35-32, which provides guidance related to a loss in value of an equity method investment. Potential impairment was measured based on liquidation or appraised values determined by an independent third party appraisal. As a result of this analysis, the Company determined that its investment in NBH was materially impaired and recorded an impairment charge of $1.1 million ($693,000, net of tax) during the year ended September 30, 2010. The results of this analysis as of September 30, 2013, did not indicate any additional impairment of the Company’s investment in NBH. The carrying value of the Company’s investment in NBH was $1.4 million at September 30, 2013.

(10) CUSTOMER AND BROKERED DEPOSIT ACCOUNTS

Customer and brokered deposit accounts as of September 30 are illustrated in the following table. Dollar amounts are expressed in thousands.

	2013		2012	
	Amount	%	Amount	%
Demand deposit accounts	$103,401	14	91,190	10
Savings accounts	164,597	22	126,174	14
Money market demand accounts	107,337	14	78,407	9
Certificate accounts	372,858	50	575,175	65
Brokered accounts	—	—	21,367	2
	$748,193	100	892,313	100
Weighted average interest rate	0.50%		0.82%	

The aggregate amount of certificate accounts in excess of $100,000 was approximately $98.5 million and $213.2 million as of September 30, 2013 and 2012, respectively.

At September 30, 2013 and 2012, the Bank had certificate accounts in the amount of $496,000 and $36.5 million which were acquired through a deposit listing service, respectively.

The following table presents contractual maturities of certificate accounts as of September 30, 2013. Dollar amounts are expressed in thousands.

	Maturing during the fiscal year ended September 30,						
	2014	2015	2016	2017	2018	2019 and after	Total
Certificate accounts	$253,070	81,870	22,774	10,547	3,767	830	372,858
Brokered accounts	—	—	—	—	—	—	—
Total	$253,070	81,870	22,774	10,547	3,767	830	372,858

The following table presents interest expense on customer deposit accounts for the years ended September 30. Dollar amounts are expressed in thousands.

	2013	2012	2011
Savings accounts	$ 678	658	746
Money market demand and demand deposit accounts	663	525	291
Certificate and brokered accounts	4,006	7,968	14,184
	$5,347	9,151	15,221

(11) ADVANCES FROM FEDERAL HOME LOAN BANK

Advances from the FHLB are secured by all stock held in the FHLB, mortgage-backed securities and first mortgage loans with aggregate unpaid principal balances equal to approximately 140% of outstanding advances not secured by FHLB stock. The following table provides a summary of advances by year of maturity as of September 30. Dollar amounts are expressed in thousands.

	2013		2012	
Year ending September 30,	Amount	Weighted average rate	Amount	Weighted average rate
2013			$ 27,000	1.45%
2014	$ 55,000	0.21%	—	— %
2015	50,000	1.83%	50,000	1.83%
2016	25,000	1.57%	25,000	1.57%
2017	25,000	1.53%	25,000	1.53%
	$155,000	1.16%	$127,000	1.64%

The Bank's advances have a fixed interest rate and require monthly interest payments, with a single principal payment due at maturity. At September 30, 2013 and 2012, the Bank had no advances that were callable at the option of the Federal Home Loan Bank.

(12) SUBORDINATED DEBENTURES

On December 13, 2006, the Company, through its wholly owned statutory trust, NASB Preferred Trust I (the "Trust"), issued $25 million of pooled Trust Preferred Securities. The Trust used the proceeds from the offering to purchase a like amount of the Company's subordinated debentures. The debentures, which have a variable rate of 1.65% over the 3-month LIBOR and a 30-year term, are the sole assets of the Trust. In exchange for the capital contributions made to the Trust by the Company upon formation, the Company owns all the common securities of the Trust.

In accordance with Financial Accounting Standards Board ASC 810-10, the Trust qualifies as a special purpose entity that is not required to be consolidated in the financial statements of the Company. The $25.0 million Trust Preferred Securities issued by the Trust will remain on the records of the Trust. The Trust Preferred Securities are included in Tier I capital for regulatory capital purposes.

The Trust Preferred Securities have a variable interest rate of 1.65% over the 3-month LIBOR, and are mandatorily redeemable upon the 30-year term of the debentures, or upon earlier redemption as provided in the Indenture. The debentures are callable, in whole or in part, after five years of the issuance date. The Company did not incur a placement or annual trustee fee related to the issuance. The securities are subordinate to all other debt of the Company and interest may be deferred up to five years.

On July 11, 2012, the Company notified security holders that it was exercising its right to defer the payment of interest on its Trust Preferred Securities for a period of up to five years. Accrued but unpaid interest on such securities was $729,000 and $225,000 at September 30, 2013 and 2012, respectively.

(13) INCOME TAXES

The differences between the effective income tax rates and the statutory federal corporate tax rate for the years ended September 30 are as follows:

	2013	2012	2011
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.2	3.1	3.0
Other, net	1.3	0.4	0.5
	38.5%	38.5%	38.5%

Deferred income tax expense (benefit) results from temporary differences in the recognition of income and expense for tax purposes and financial statement purposes. The following table lists these temporary differences and their related tax effect for the years ended September 30. Dollar amounts are expressed in thousands.

	2013	2012	2011
Deferred loan fees and costs	$ 201	(28)	3
Accrued interest receivable	405	410	(522)
Tax depreciation vs. book depreciation	(121)	97	132
Basis difference on investments	—	(5)	2
Loan loss reserves	6,546	(237)	(1,661)
Mark-to-market adjustment	(1,180)	935	149
Mortgage servicing rights	—	—	(64)
Impairment loss on investment in LLCs	—	(74)	—
Accrued expenses	1,511	(845)	(1,732)
Other	(202)	(114)	(40)
	$ 7,160	139	(3,733)

The tax effect of significant temporary differences representing deferred tax assets and liabilities are presented in the following table. Dollar amounts are expressed in thousands.

	2013	2012
Deferred income tax assets:		
Loan loss reserves	$ 9,678	16,220
Accrued interest receivable	147	552
Accrued expenses	1,367	2,878
Unrealized loss on securities available for sale	814	—
Impairment loss on LLCs	1,281	1,281
Other	49	—
	13,336	20,931
Deferred income tax liabilities:		
Basis difference on investments	(7)	(7)
Deferred loan fees and costs	(595)	(394)
Unrealized gain on securities available for sale	—	(1,420)
Mark-to-market adjustment	(389)	(1,569)
Tax depreciation in excess of book depreciation	(72)	(193)
Other	—	(149)
	(1,063)	(3,732)
Net deferred tax asset	$12,273	17,199

The Company's policy is to recognize interest and penalties related to unrecognized tax benefits within income tax expense in the consolidated statements of income.

The Company's federal and state income tax returns for fiscal years 2010 through 2012 remain subject to examination by the Internal Revenue Service and various state jurisdictions, based on the statute of limitations.

(14) STOCKHOLDERS' EQUITY

The Company did not pay any cash dividends to its stockholders during the years ended September 30, 2013 and 2012. In accordance with the regulatory agreement, which is described more fully in Footnote 25, the Company is restricted from the payment of dividends or other capital distributions during the period of the agreement without prior written consent from its primary regulator.

During fiscal 2013, 2012 and 2011, the Company did not repurchase any shares of its own stock.

(15) REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements as administered by Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by the regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under the capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum capital amounts and ratios (set forth in the table below). The Bank's primary regulatory agency requires that the Bank maintain minimum ratios of tangible capital (as defined in the regulations) of 1.5%, core capital (as defined) of 4%, and total risk-based capital (as defined) of 8%. The Bank is also subject to prompt corrective action capital requirement regulations set forth by the FDIC. The FDIC requires the Bank to maintain a minimum of Tier 1, total and core capital (as defined) to risk-weighted assets (as defined), and of core capital (as defined) to adjusted tangible assets (as defined). Management believes that, as of September 30, 2013, the Bank meets all capital adequacy requirements, to which it is subject.

On May 22, 2012, the Board of Directors of the Bank agreed to a Consent Order with the OCC, which is described more fully in Footnote 25, Regulatory Agreements. Among other items, the Consent Order requires that the Bank maintain a Tier 1 leverage capital ratio equal to or greater than 10% and a risk-based capital ratio equal to or greater than 13%. As of September 30, 2013, the Bank's actual Tier 1 leverage capital and total risk-based capital ratios were 17.7% and 25.1%, respectively. The existence of individual minimum capital requirements means that the Bank may not be deemed well capitalized.

The following tables summarize the relationship between the Bank's capital and regulatory requirements. Dollar amounts are expressed in thousands.

	September 30,	
	2013	2012
GAAP capital (Bank only)	$200,221	175,352
Adjustment for regulatory capital:		
Intangible assets	(2,271)	(2,371)
Reverse the effect of ASC 320-10	1,300	(2,269)
Tangible capital	199,250	170,712
Qualifying intangible assets	—	—
Tier 1 capital (core capital)	199,250	170,712
Qualifying valuation allowance	10,586	12,814
Risk-based capital	$209,836	183,526

	As of September 30, 2013					
	Actual		Minimum Required For Capital Adequacy		Minimum Required To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk based capital to risk-weighted assets	$209,836	25.1%	66,968	≥8%	83,710	≥10%
Tier 1 capital to adjusted tangible assets	199,250	17.7%	44,978	≥4%	56,223	≥5%
Tangible capital to tangible assets	199,250	17.7%	16,867	≥1.5%	—	—
Tier 1 capital to risk-weighted assets	199,250	23.8%	—	—	50,226	≥6%

	As of September 30, 2012					
	Actual		Minimum Required For Capital Adequacy		Minimum Required To Be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk based capital to risk-weighted assets	$183,526	18.2%	80,565	≥8%	100,707	≥10%
Tier 1 capital to adjusted tangible assets	170,712	14.1%	48,581	≥4%	60,726	≥5%
Tangible capital to tangible assets	170,712	14.1%	18,218	≥1.5%	—	—
Tier 1 capital to risk-weighted assets	170,712	17.0%	—	—	60,424	≥6%

(16) EMPLOYEES' RETIREMENT PLAN

Substantially all of the Bank's full-time employees participate in a 401(k) retirement plan (the "Plan"). The Plan is administered by Standard Insurance Company, through which employees can choose from a variety of retail mutual funds to invest their fund contributions. Under the terms of the Plan, the Bank makes monthly contributions for the benefit of each participant in an amount that matches one-half of the participant's contribution, not to exceed 3% of the participants' monthly base salary. All contributions made by participants are immediately vested and cannot be forfeited. Contributions made by the Bank, and related earnings thereon, become vested to the participants according to length of service requirements as specified in the Plan. Any forfeited portions of the contributions made by the Bank and the allocated earnings thereon are used to reduce future contribution requirements of the Bank. The Plan may be modified, amended or terminated at the discretion of the Bank.

The Bank's contributions to the Plan amounted to $716,000, $645,000, and $523,000 for the years ended September 30, 2013, 2012, and 2011, respectively. These amounts have been included as compensation and fringe benefits expense in the accompanying consolidated statements of operations.

(17) STOCK OPTION PLAN

On January 27, 2004, the Company's stockholders approved an equity stock option plan through which options to purchase up to 250,000 shares of common stock may be granted to officers and employees of the Company. Options may be granted over a period of ten years. The option price may not be less than 100% of the fair market value of the shares on the date of the grant.

The following table summarizes Option Plan activity during fiscal years 2013, 2012, and 2011.

	Number of shares	Weighted avg. exercise price per share	Range of exercise price per share
Options outstanding at October 1, 2010	49,538	35.15	30.33-42.53
Forfeited	—	—	—
Options outstanding at September 30, 2011	49,538	35.15	30.33-42.53
Forfeited	(2,000)	37.54	32.91-42.17
Options outstanding at September 30, 2012	47,538	$ 35.05	$30.33-42.53
Forfeited	(6,400)	34.14	30.33-42.53
Options outstanding at September 30, 2013	41,138	$ 35.19	$30.33-42.17

The weighted average remaining contractual life of options outstanding at September 30, 2013, 2012, and 2011, were 2.8 years, 3.8 years and 4.8 years, respectively.

The following table provides information regarding the expiration dates of the stock options outstanding at September 30, 2013.

	Number of shares	Weighted average exercise price
Expiring on:		
July 27, 2014	3,000	$ 35.50
November 30, 2014	500	39.79
August 1, 2015	8,000	42.17
July 21, 2016	12,000	32.91
November 29, 2016	6,000	39.33
July 24, 2017	11,638	30.33
	41,138	$ 35.19

All of the options outstanding at September 30, 2013, are currently exercisable in accordance with the vesting schedules outlined in each stock option agreement.

The following table illustrates the range of exercise prices and the weighted average remaining contractual lives for options outstanding under the Option Plan as of September 30, 2013.

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number	Weighted avg. remaining contractual life	Weighted avg. exercise price	Number	Weighted avg. exercise price
$ 35.50	3,000	0.8 years	$ 35.50	3,000	$ 35.50
39.79	500	1.2 years	39.79	500	39.79
42.17	8,000	1.8 years	42.17	8,000	42.17
32.91	12,000	2.8 years	32.91	12,000	32.91
39.33	6,000	3.2 years	39.33	6,000	39.33
30.33	11,638	3.8 years	30.33	11,638	30.33
	41,138			41,138	

(18) SEGMENT INFORMATION

The Company has identified two principal operating segments for purposes of financial reporting: Banking and Mortgage Banking. These segments were determined based on the Company’s internal financial accounting and reporting processes and are consistent with the information that is used to make operating decisions and to assess the Company’s performance by the Company’s key decision makers.

The Mortgage Banking segment originates mortgage loans for sale to investors and for the portfolio of the Banking segment. The Banking segment provides a full range of banking services through the Bank’s branch network, exclusive of mortgage loan originations. A portion of the income presented in the Mortgage Banking segment is derived from sales of loans to the Banking segment based on a transfer pricing methodology that is designed to approximate economic reality. The Other and Eliminations segment includes financial information from the parent company plus inter-segment eliminations.

The following table presents financial information from the Company's operating segments for the years ended September 30, 2013, 2012, and 2011. Dollar amounts are expressed in thousands.

Year ended September 30, 2013	Banking	Mortgage Banking	Other and Eliminations	Consolidated
Net interest income	$ 43,196	—	(503)	42,693
Provision for loan losses	(9,600)	—	—	(9,600)
Other income	1,990	64,509	(3,764)	62,735
General and administrative expenses	28,658	42,593	(1,144)	70,107
Income tax expense	10,059	8,438	(1,203)	17,294
Net income	$ 16,069	13,478	(1,920)	27,627
Total assets	$ 1,122,948	1,673	19,534	1,144,155

Year ended September 30, 2012	Banking	Mortgage Banking	Other and Eliminations	Consolidated
Net interest income	$ 50,015	—	(536)	49,479
Provision for loan losses	10,500	—	—	10,500
Other income	(419)	55,631	(1,917)	53,295
General and administrative expenses	26,114	37,445	(732)	62,827
Income tax expense	4,998	7,002	(663)	11,337
Net income	$ 7,984	11,184	(1,058)	18,110
Total assets	$ 1,218,998	1,623	20,205	1,240,826

Year ended September 30, 2011	Banking	Mortgage Banking	Other and Eliminations	Consolidated
Net interest income	$ 52,634	—	(468)	52,166
Provision for loan losses	49,326	—	68	49,394
Other income	(8,878)	34,736	(1,384)	24,474
General and administrative expenses	23,263	31,124	(689)	53,698
Income tax expense (benefit)	(11,101)	1,391	(474)	(10,184)
Net income (loss)	$ (17,732)	2,221	(757)	(16,268)
Total assets	$ 1,231,109	1,496	20,979	1,253,584

(19) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank has entered into financial agreements with off-balance-sheet risk to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk, interest rate risk, and liquidity risk, which may exceed the amount recognized in the consolidated financial statements. The contract amounts or notional amounts of those instruments express the extent of involvement the Bank has in particular classes of financial instruments.

With regard to financial instruments for commitments to extend credit, standby letters of credit, and financial guarantees, the Bank's exposure to credit loss because of non-performance by another party is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

As of September 30, 2013, the Bank had outstanding commitments to originate $6.6 million in commercial real estate loans, $181.8 million of fixed rate residential first mortgage loans and $12.4 million of adjustable rate residential first mortgage loans. Commercial real estate loan commitments have approximate average committed rates of 5.0%. Residential mortgage loan commitments have an approximate average committed rate of 4.2% and approximate average fees and discounts of 0.1%. The interest rate commitments on residential loans generally expire 60 days after the commitment date. Interest rate commitments on commercial real estate loans have varying terms to expiration. As of September 30, 2013, the Bank had outstanding commitments related to stand-by letters of credit of $646,000.

As of September 30, 2012, the Bank had outstanding commitments to originate $361.5 million of fixed rate residential first mortgage loans and $47.1 million of adjustable rate residential first mortgage loans. Such residential mortgage loan commitments have an approximate average committed rate of 3.4% and approximate average fees and discounts of 0.1%. The interest rate commitments on residential loans generally expire 60 days after the commitment date. As of September 30, 2012, the Bank had outstanding commitments related to stand-by letters of credit of $794,000.

At September 30, 2013 and 2012, the Bank had commitments to sell loans of approximately $177.6 million and $405.2 million, respectively. These instruments contain an element of risk in the event that other parties are unable to meet the terms of such agreements. In such event, the Bank's loans receivable held for sale would be exposed to market fluctuations. Management does not expect any other party to default on its obligations and, therefore, does not expect to incur any costs due to such possible default.

(20) LEGAL CONTINGENCIES

Various legal claims arise from time to time within the normal course of business which, in the opinion of management, are not expected to have a material effect on the Company's consolidated financial statements.

(21) SIGNIFICANT ESTIMATES AND CONCENTRATIONS

The recent protracted economic decline presented financial institutions with unprecedented circumstances and challenges which in some cases resulted in large declines in the fair values of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The financial statements have been prepared using values and information currently available to the Company.

Given the volatility of recent economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses, and capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

The Company's construction and development loan portfolio includes loans that are in excess of supervisory loan-to-value limits. As of September 30, 2013 and 2012, 5.0% and 14.0% of this portfolio was made up of such loans, respectively.

(22) FAIR VALUE OPTION

On October 1, 2008, the Company elected to measure loans held for sale at fair value. This portfolio is made up entirely of mortgage loans held for immediate sale with servicing released. Such loans are sold prior to origination at a contracted price to outside investors on a best-efforts basis (i.e., the loan becomes mandatorily deliverable to the investor only when, and if, it closes) and remain on the Company's balance sheet for a very short period of time, typically less than one month. It is management's opinion, given the short-term nature of these loans, that fair value provides a reasonable measure of the economic value of these assets. In addition, carrying such loans at fair value eliminates some measure of volatility created by the timing of sales proceeds from outside investors, which typically occur in the month following origination.

The aggregate fair value of these loans was $2.1 million and $3.8 million greater than the aggregate unpaid principal balance at September 30, 2013 and 2012, respectively. Interest income on loans held for sale is included in interest on loans receivable in the accompanying statements of income.

(23) DERIVATIVE INSTRUMENTS

The Company has commitments outstanding to extend credit that have not closed prior to the end of the period. As the Company enters into commitments to originate loans, it also enters into commitments to sell the loans in the secondary market on a "best-efforts" basis. Such commitments to originate loans held for sale are considered derivative instruments in accordance with GAAP, which requires the Company to recognize all derivative instruments in the balance sheet and to measure those instruments at fair value. As a result of marking to market commitments to originate loans, the Company recorded a decrease in other assets of $1.2 million, a decrease in other liabilities of $299,000, and a decrease in other income of $873,000 for the year ended September 30, 2013. The Company recorded an increase in other assets of $1.3 million, a decrease in other liabilities of $382,000, and an increase in other income of $1.7 million for the year ended September 30, 2012.

Additionally, the Company has commitments to sell loans that have closed prior to the end of the period. Due to the mark to market adjustment on commitments to sell loans held for sale, the Company recorded a decrease in other assets of $2.0 million, an increase in other liabilities of $230,000, and a decrease in other income of $2.2 million during the year ended September 30, 2013. The Company recorded an increase in other assets of $571,000, a decrease in other liabilities of $162,000, and an increase in other income of $733,000 during the year ended September 30, 2012.

The balance of derivative instruments related to commitments to originate and sell loans at September 30, 2013 and 2012, is disclosed in Footnote 24, Fair Value Measurements.

(24) FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would likely be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. GAAP identifies three primary measurement techniques: the market approach, the income approach, and the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuations or techniques to convert future amounts, such as cash flows or earnings, to a single present amount. The cost approach is based on the amount that currently would be required to replace the service capability of an asset.

GAAP establishes a fair value hierarchy and prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The maximization of observable inputs and the minimization of the use of unobservable inputs are required. Classification within the fair value hierarchy is based upon the objectivity of the inputs that are significant to the valuation of an asset or liability as of the measurement date. The three levels within the fair value hierarchy are characterized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.
- Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Company's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The Company measures certain financial assets and liabilities at fair value in accordance with GAAP. These measurements involve various valuation techniques and assume that the transactions would occur between market participants in the most advantageous market for the Company.

The following is a summary of valuation techniques utilized by the Company for its significant financial assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy:

Available for sale securities

Securities available for sale consist of corporate debt, trust preferred, U. S. government sponsored agency, and municipal securities. Such securities are valued using market prices in an active market, if available. This measurement is classified as Level 1 within the hierarchy. Less frequently traded securities are valued using industry standard models which utilize various assumptions such as historical prices of the same or similar securities, and observation of market prices of securities of the same issuer, market prices of same-sector issuers, and fixed income indexes. Substantially all of these assumptions are observable in the marketplace or can be derived from observable data. These measurements are classified as Level 2 within the hierarchy.

Mortgage-backed securities available for sale, which consist of agency pass-through and participation certificates issued by GNMA, FNMA, and FHLMC, were valued by using industry standard models which utilize various inputs and assumptions such as historical prices of benchmark securities, prepayment estimates, loan type, and year of origination. Substantially all of these assumptions are observable in the marketplace or can be derived from observable data. These measurements are classified as Level 2 within the hierarchy.

Loans held for sale

Loans held for sale are valued using quoted market prices for loans with similar characteristics. This measurement is classified as Level 2 within the hierarchy.

Commitments to Originate Loans and Forward Sales Commitments

Commitments to originate loans and forward sales commitments are valued using a valuation model which considers differences between current market interest rates and committed rates. The model also includes assumptions, which estimate fall-out percentages, for commitments to originate loans, and average lives. Fall-out percentages, which range from ten to forty percent, are estimated based upon the difference between current market rates and committed rates. Average lives are based upon estimates for similar types of loans. These measurements use significant unobservable inputs and are classified as Level 3 within the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall at September 30, 2013 (in thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities, available for sale				
U. S. government agency securities	$183,164	110,982	72,182	—
Corporate debt securities	69,110	—	69,110	—
Municipal securities	422	—	422	—
Mortgage-backed securities, available for sale				
Pass through certificates guaranteed by GNMA – fixed rate	70	—	70	—
Pass through certificates guaranteed by FNMA – adjustable rate	126	—	126	—
FHLMC participation certificates:				
Fixed rate	127	—	127	—
Adjustable rate	110	—	110	—
Loans held for sale	69,079	—	69,079	—
Commitments to originate loans	1,387	—	—	1,387
Forward sales commitments	217	—	—	217
Total assets	$323,812	110,982	211,226	1,604
Liabilities:				
Commitments to originate loans	$ 213	—	—	213
Forward sales commitments	362	—	—	362
Total liabilities	$ 575	—	—	575

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall at September 30, 2012 (in thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities, available for sale				
U. S. government agency securities	$153,166	142,359	10,807	—
Corporate debt securities	61,018	—	61,018	—
Municipal securities	6	—	6	—
Mortgage-backed securities, available for sale				
Pass through certificates guaranteed by GNMA – fixed rate	81	—	81	—
Pass through certificates guaranteed by FNMA – adjustable rate	152	—	152	—
FHLMC participation certificates:				
Fixed rate	190	—	190	—
Adjustable rate	131	—	131	—
Loans held for sale	163,834	—	163,834	—
Commitments to originate loans	2,559	—	—	2,559
Forward sales commitments	2,194	—	—	2,194
Total assets	$383,331	142,359	236,219	4,753
Liabilities:				
Commitments to originate loans	$ 512	—	—	512
Forward sales commitments	133	—	—	133
Total liabilities	$ 645	—	—	645

The following table is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheet using significant unobservable (Level 3) inputs (in thousands):

	Commitments to Originate Loans	Forward Sales Commitments
Balance at October 1, 2011	$ 360	1,328
Total realized and unrealized gains (losses):		
Included in net income	1,687	733
Balance at September 30, 2012	2,047	2,061
Total realized and unrealized gains:		
Included in net income	(873)	(2,206)
Balance at September 30, 2013	$ 1,174	(145)

Realized and unrealized gains and losses noted in the table above and included in net income for the year ended September 30, 2013, are reported in the consolidated statements of operations as follows (in thousands):

	Other Income
Total gains (losses)	$(3,079)
Changes in unrealized gains (losses) relating to assets still held at the balance sheet date	$ —

Realized and unrealized gains and losses noted in the table above and included in net income for the year ended September 30, 2012, are reported in the consolidated statements of operations as follows (in thousands):

	Other Income
Total gains (losses)	$2,420
Changes in unrealized gains (losses) relating to assets still held at the balance sheet date	$ —

The following is a summary of valuation techniques utilized by the Company for its significant financial assets and liabilities measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy:

Impaired loans

Loans for which it is probable that the Company will not collect principal and interest due according to contractual terms are measured for impairment. If the impaired loan is identified as collateral dependent, then the fair value method of measuring the amount of impairment is utilized. This method requires obtaining a current independent appraisal of the collateral and other internal assessments of value. Appraisals are obtained when an impaired loan is deemed to be collateral dependent and at least annually thereafter. Fair value is generally the appraised value less estimated selling costs and may be discounted further if management believes any other factors or events have affected the fair value. Impaired loans are classified within Level 3 of the fair value hierarchy.

The carrying value of impaired loans that were re-measured during the years ended September 30, 2013 and 2012, was $21.2 million and $72.5 million, respectively.

Foreclosed Assets Held For Sale

Foreclosed assets held for sale are initially recorded at fair value as of the date of foreclosure less any estimated selling costs (the "new basis") and are subsequently carried at the lower of the new basis or fair value less selling costs on the current measurement date. Fair value is estimated through current appraisals, broker price opinions, or listing prices. Appraisals are obtained when the real estate is acquired and at least annually thereafter. Foreclosed assets held for sale are classified within Level 3 of the fair value hierarchy.

The carrying value of foreclosed assets held for sale was $11.3 million and $17.0 million at September 30, 2013 and 2012, respectively. During fiscal 2013, charge-offs and increases in specific reserves related to foreclosed assets held for sale that were re-measured during the period totaled $1.0 million. During fiscal 2012, charge-offs and increases in specific reserves related to foreclosed assets held for sale that were re-measured during the period totaled $3.9 million.

Investment in LLCs

Investments in LLCs are accounted for using the equity method of accounting. On a quarterly basis, these investments are analyzed for impairment in accordance with ASC 323-10-35-32, which states that an other than temporary decline in value of an equity method investment should be recognized. The Company utilizes a multi-faceted approach to measure the potential impairment. The internal model utilizes the following valuation methods: 1) liquidation or appraised values determined by an independent third party appraisal; 2) an on-going business, or discounted cash flows method wherein the cash flows are derived from the sale of fully-developed lots, the development and sale of partially-developed lots, the operation of the homeowner's association, and the value of raw land obtained from an independent third party appraiser; and 3) an on-going business method, which utilizes the same inputs as method 2, but presumes that cash flows will first be generated from the sale of raw ground and then from the sale of fully-developed and partially-developed lots and the operation of the homeowner's association. The significant inputs include raw land values, absorption rates of lot sales, and a market discount rate. Management believes this multi-faceted approach is reasonable given the highly subjective nature of the assumptions and the differences in valuation techniques that are utilized within each approach (e.g., order of distribution of assets upon potential liquidation). As a result of this analysis, the Company determined that its investment in Central Platte was materially impaired and recorded an impairment charge of $2.0 million ($1.2 million, net of tax) during the year ended September 30, 2010. During the quarter ended March 31, 2012, list prices of fully-developed lots in Central Platte's residential development were reduced. The Company incorporated these lower prices into its internal valuation model, which resulted in an additional impairment charge of $200,000 ($123,000, net of tax) during the quarter ended March 31, 2012. No other events have occurred that would indicate any additional impairment of the Company's investment in Central Platte. Investment in LLCs is classified within Level 3 of the fair value hierarchy.

The carrying value of the Company's investment in LLCs was $16.5 million and $17.2 million at September 30, 2013 and 2012, respectively

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value:

Cash and cash equivalents

The carrying amount reported in the consolidated balance sheets is a reasonable estimate of fair value.

Securities and mortgage-backed securities held to maturity

Securities that trade in an active market are valued using market prices, if available. Securities that do not trade in an active market were valued by using industry standard models which utilize various inputs and assumptions such as historical prices of similar securities, estimated delinquencies, defaults, and loss severity.

Stock in Federal Home Loan Bank ("FHLB")

The carrying value of stock in Federal Home Loan Bank approximates its fair value.

Loans receivable held for investment

Fair values are computed for each loan category using market spreads to treasury securities with similar maturities and management's estimates of prepayments.

Customer and brokered deposit accounts

The estimated fair values of demand deposits and savings accounts are equal to the amount payable on demand at the reporting date. Fair values of certificates of deposit are computed at fixed spreads to treasury securities with similar maturities.

Advances from FHLB

The estimated fair values of advances from FHLB are determined by discounting the future cash flows of existing advances using rates currently available for new advances with similar terms and remaining maturities.

Subordinated debentures

Fair values are based on quotes from broker-dealers that reflect estimated offer prices.

Commitments to originate, purchase and sell loans

The estimated fair value of commitments to originate, purchase, or sell loans is based on the difference between current levels of interest rates and the committed rates.

The following table presents estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2013 (in thousands):

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Cash and cash equivalents	$ 6,347	6,347	—	—
Stock in Federal Home Loan Bank	7,679	—	7,679	—
Mortgage-backed securities held to maturity	43,074	—	43,143	—
Loans receivable held for investment	695,330	—	—	726,408
Financial Liabilities:				
Customer deposit accounts	748,193	—	—	749,561
Advances from FHLB	155,000	—	—	156,885
Subordinated debentures	25,774	—	—	10,310

The following table presents estimated fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2012 (in thousands):

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:				
Cash and cash equivalents	$ 8,716	8,716	—	—
Stock in Federal Home Loan Bank	7,073	—	7,073	—
Mortgage-backed securities held to maturity	25,921	—	26,117	—
Loans receivable held for investment	734,772	—	—	763,017
Financial Liabilities:				
Customer deposit accounts	870,946	—	—	872,160
Brokered deposit accounts	21,367	—	—	21,365
Advances from FHLB	127,000	—	—	130,393
Subordinated debentures	25,774	—	—	9,021

The following tables present the carrying values and fair values of the Company's unrecognized financial instruments. Dollar amounts are expressed in thousands.

	September 30, 2013		September 30, 2012	
	Contract or notional amount	Estimated unrealized gain (loss)	Contract or notional amount	Estimated unrealized gain
Unrecognized financial instruments:				
Lending commitments – fixed rate, net	$ 17,421	(73)	$ 2,446	11
Lending commitments – floating rate	5,813	34	926	9
Commitments to sell loans	—	—	—	—

The fair value estimates presented are based on pertinent information available to management as of September 30, 2013 and 2012. Although management is not aware of any factors that would significantly affect the estimated fair values, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since that date. Therefore, current estimates of fair value may differ significantly from the amounts presented above.

(25) REGULATORY AGREEMENTS

On April 30, 2010, the Board of Directors of North American Savings Bank, F.S.B. (the "Bank"), a wholly-owned subsidiary of the Company, entered into a Supervisory Agreement with the Office of Thrift Supervision ("OTS"), the Bank's primary regulator at that time. The agreement required, among other things, that the Bank revise its policies regarding internal asset review, obtain an independent assessment of its allowance for loan and lease losses methodology and conduct an independent third-party review of a portion of its commercial and construction loan portfolios. The agreement also directed the Bank to provide a plan to reduce its classified assets and its reliance on brokered deposits, and restricted the payment of dividends or other capital distributions by the Bank during the period of the agreement. The agreement did not direct the Bank to raise capital, make management or board changes, revise any loan policies or restrict lending growth.

On April 30, 2010, the Company's Board of Directors entered into an agreement with the OTS, the Company's primary regulator at that time. The agreement restricted the payment of dividends or other capital distributions by the Company and restricted the Company's ability to incur, issue or renew any debt during the period of the agreement.

The Bank's Supervisory Agreement and the Company's agreement with the OTS were assigned to their new primary regulators, the Office of the Comptroller of the Currency ("OCC") and Board of Governors of the Federal Reserve System ("Federal Reserve Board" or "FRB"), respectively, on July 21, 2011.

On May 22, 2012, the Board of Directors of the Bank agreed to a Consent Order with the OCC. This Consent Order replaces and terminates the previous Supervisory Agreement. The Consent Order requires that the Bank establish various plans and programs to improve its asset quality and to ensure the adequacy of allowances for loan and lease losses. It requires the Bank to obtain an independent third-party review of its non-homogenous loan portfolios and to enhance its credit administration systems. Among other items, it also requires a written capital maintenance plan to ensure that the Bank's Tier 1 leverage capital and total risk-based capital ratios remain equal to or greater than 10% and 13%, respectively. As of September 30, 2013, the Bank's actual Tier 1 leverage capital and total risk-based capital ratios were 17.7% and 25.1%, respectively. The Consent Order does not direct the Bank to raise capital, make management or board changes, or restrict lending.

On November 29, 2012 the Company's Board of Directors entered into a formal written agreement with the Federal Reserve Bank of Kansas City, which replaces and terminates the Company's previous agreement with the OTS. The agreement with FRB restricts the payment of dividends or other capital distributions by the Company, restricts the Company's ability to incur, increase, or guarantee any debt, and restricts the Company's ability to purchase or redeem any of its stock. In addition, the agreement restricts the Company and its wholly-owned statutory trust, NASB Preferred Trust I, from making distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities.

On February 1, 2013, the Board of Directors of the Bank signed an additional Consent Order with the OCC, effective as of that date. This Consent Order requires the Bank to take corrective action to enhance its program for compliance with the Bank Secrecy Act ("BSA") and other anti-money laundering requirements. The Consent Order requires, among other things, that the Bank improve its processes to better identify and monitor accounts and transactions that pose a greater than normal risk for compliance with the BSA. The Consent Order also requires the Bank to maintain an effective risk assessment process, monitoring mechanisms, training programs and appropriate systems to review the activities of customer accounts.

(26) PARENT COMPANY FINANCIAL INFORMATION

NASB Financial, Inc.

Balance Sheets

	September 30, 2013	September 30, 2012
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	$ 1,977	1,567
Investment in subsidiary	200,220	175,352
Investment in LLCs	16,499	17,222
Investment in NASB Trust Preferred I	774	774
Income taxes receivable	1,658	1,752
Other assets	892	835
	$ 222,020	197,502
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Subordinated debentures	$ 25,774	25,774
Accrued interest payable	729	225
Total liabilities	26,503	25,999
Stockholders' equity		
Common stock	1,479	1,479
Additional paid-in capital	16,613	16,657
Retained earnings	217,143	189,516
Treasury stock	(38,418)	(38,418)
Accumulated other comprehensive income (loss)	(1,300)	2,269
Total stockholders' equity	195,517	171,503
	$ 222,020	197,502

NASB Financial, Inc.

Statements of Operations

	Years Ended September 30,		
	2013	2012	2011
	(Dollars in thousands)		
Income:			
Income (loss) from subsidiary	$28,482	18,835	(15,801)
Interest and dividend income	—	—	26
Provision for loan losses	—	—	(68)
Gain on sale of real estate	45	25	37
Impairment loss on investment in LLCs	—	(200)	—
Loss from investment in LLCs	(731)	(257)	(126)
Total income (loss)	27,796	18,403	(15,932)
Expenses:			
Interest on subordinated debentures	504	536	494
Professional fees	119	155	75
Other expense	82	55	60
Total expenses	705	746	629
Income (loss) before income tax expense	27,091	17,657	(16,561)
Income tax benefit	(536)	(453)	(293)
Net income (loss)	$27,627	18,110	(16,268)

NASB Financial, Inc.

Statements of Cash Flows

	Years ended September 30,		
	2013	2012	2011
	(Dollars in thousands)		
Cash flows from operating activities:			
Net income (loss)	$ 27,627	18,110	(16,268)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision for loan losses	—	—	68
Gain on sale of real estate	(45)	(25)	(37)
Loss from investment in LLCs	731	257	126
Impairment loss on investment in LLCs	—	200	—
Equity in undistributed (earnings) loss of subsidiary	(28,482)	(18,835)	15,801
Change in income taxes receivable	94	(330)	(40)
Change in accrued interest payable	504	143	(11)
Other	(12)	297	(537)
Net cash provided by (used in) operating activities	417	(183)	(898)
Cash flows from investing activities:			
Principal repayments of loans receivable	—	—	630
Investment in LLC	(7)	(5)	(1)
Net cash provided by (used in) investing activities	(7)	(5)	629
Cash flows from financing activities:			
Change in escrows	—	—	(36)
Net cash used in financing activities	—	—	(36)
Net increase (decrease) in cash and cash equivalents	410	(188)	(305)
Cash and cash equivalents at beginning of period	1,567	1,755	2,060
Cash and cash equivalents at end of period	$ 1,977	1,567	1,755

The Statement of Comprehensive Income is not applicable for the parent company.

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
NASB Financial, Inc.
Grandview, Missouri

We have audited the accompanying consolidated balance sheets of NASB Financial, Inc. (the "Company") as of September 30, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity for each of the three years in the period ended September 30, 2013. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NASB Financial, Inc. as of September 30, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NASB Financial, Inc.'s internal control over financial reporting as of September 30, 2013 based on criteria established in, *Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and our report dated December 16, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

BKD, LLP

Kansas City, Missouri
December 16, 2013

Summary of Unaudited Quarterly Operating Results

The following tables include certain information concerning the quarterly consolidated results of operations of the Company at the dates indicated. Dollar amounts are expressed in thousands, except per share data.

2013	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Interest income	$13,593	12,913	12,091	11,972	50,569
Interest expense	2,412	2,022	1,818	1,624	7,876
Net interest income	11,181	10,891	10,273	10,348	42,693
Provision for loan losses	(4,000)	(5,600)	—	—	(9,600)
Net interest income after provision for loan losses	15,181	16,491	10,273	10,348	52,293
Other income	16,497	18,965	10,997	16,276	62,735
General and administrative expenses	18,155	17,540	18,384	16,028	70,107
Income before income tax expense	13,523	17,916	2,886	10,596	44,921
Income tax expense	5,206	6,898	1,111	4,079	17,294
Net income	$ 8,317	11,018	1,775	6,517	27,627
Earnings per share - basic	$ 1.06	1.40	0.23	0.83	3.51
Average shares outstanding	7,868	7,868	7,868	7,868	7,868

2012	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Interest income	$17,362	15,235	14,750	14,272	61,619
Interest expense	3,243	3,138	3,034	2,725	12,140
Net interest income	14,119	12,097	11,716	11,547	49,479
Provision for loan losses	2,500	5,000	3,000	—	10,500
Net interest income after provision for loan losses	11,619	7,097	8,716	11,547	38,979
Other income	10,549	8,289	15,561	18,896	53,295
General and administrative expenses	14,137	14,771	16,063	17,856	62,827
Income before income tax expense	8,031	615	8,214	12,587	29,447
Income tax expense	3,092	240	3,159	4,846	11,337
Net income	$ 4,939	375	5,055	7,741	18,110
Earnings per share - basic	$ 0.63	0.05	0.64	0.98	2.30
Average shares outstanding	7,868	7,868	7,868	7,868	7,868

Board of Directors of NASB Financial, Inc. and North American Savings Bank, F.S.B.

David H. Hancock
Chairman
NASB Financial, Inc. and
North American Savings Bank

Paul L. Thomas
Chief Executive Officer
NASB Financial, Inc. and
North American Savings Bank

Keith B. Cox
President
NASB Financial, Inc. and
North American Savings Bank

Frederick V. Arbanas
Retired
Jackson County Legislature

Barrett Brady
Retired

Laura Brady
President
Chief Executive Officer
Medical Positioning, Inc.
Kansas City, Missouri

Linda S. Hancock
Linda Smith Hancock Interiors
Kansas City, Missouri

W. Russell Welsh
Chairman
Chief Executive Officer
Polsinelli Shughart PC
Kansas City, Missouri

Officers of NASB Financial, Inc.

David H. Hancock
Chairman

Paul L. Thomas
Chief Executive Officer

Keith B. Cox
President

Rhonda Nyhus
Vice President and Treasurer

Shauna Olson
Corporate Secretary

Mike Anderson
Vice President

Michael Braman
Vice President

John M. Nesselrode
Vice President

Dena Sanders
Vice President

Bruce Thielen
Vice President

Officers of North American Savings Bank, F.S.B.

David H. Hancock
Chairman

Paul L. Thomas
Chief Executive Officer

Keith B. Cox
President

Rhonda Nyhus
Senior Vice President
Chief Financial Officer

Shauna Olson
Corporate Secretary

Michael Braman
Executive Vice President
Chief Lending Officer

Bruce Thielen
Executive Vice President
Residential Lending

Mike Anderson
Senior Vice President
Construction Lending

John M. Nesselrode
Senior Vice President
Chief Investment Officer

Dena Sanders
Senior Vice President
Retail Banking

Mark Bitteker
Vice President
Asset Management

Mitch Castor
Vice President
Commercial Loan Servicing

Sherrie Eimer
Vice President
Compliance

Jesseka Endecott
Vice President
Financial Reporting

Bill Evans
Vice President
Controller

Katherine Foster
Vice President
Compliance

Cathleen Gwin
Vice President
Residential Lending

Scott Haase
Vice President
Residential Lending

Jeff Jackson
Vice President
Information Technology

Karen Jacobson
Vice President
Branch Operations

Christine Halla
Vice President
Compliance

Lisa Lillard
Vice President
Information Technology

Marquise Mansaw
Vice President
Residential Lending

Dan Morton
Vice President
Information Technology

Dan Reynoldson
Vice President
Residential Lending

Christine Schaben
Vice President
Human Resources

Rick Speciale
Vice President
Internal Audit

Ron Stafford
Vice President
Residential Lending

Drake Vidrine
Vice President
Construction Lending

Lori West
Vice President
Residential Loan Servicing

Donna Williams
Vice President
Construction Lending

Branch Offices

Headquarters **Grandview, Missouri** 12498 South 71 Highway	**Harrisonville, Missouri** 2002 East Mechanic	**<u>Residential Lending</u>** 903 East 104th Street Building C, Suite 400 Kansas City, Missouri	**<u>Construction Lending</u>** 12520 South 71 Highway Grandview, Missouri
Lee's Summit, Missouri 646 North 291 Highway	**St. Joseph, Missouri** 920 North Belt	789 NE Rice Road Lee's Summit, Missouri	**<u>Loan Administration</u>** 12520 South 71 Highway Grandview, Missouri
Excelsior Springs, Missouri 1001 North Jesse James Road	**Independence, Missouri** 11400 East 23rd Street	4350 S National, Suite A100 Springfield, Missouri	
Kansas City, Missouri 8501 North Oak Trafficway and 7012 NW Barry Road	**Platte City, Missouri** 2707 NW Prairie View Road		

Investor Information

Annual Meeting of Stockholders:

The Annual Meeting of Stockholders will be held on Tuesday, January 28, 2014, at 8:30 a.m. in the lobby of North American Savings Bank, 12498 South 71 Highway, Grandview, Missouri.

Annual Report on 10-K:

Copies of NASB Financial, Inc. Form 10-K Report to the Securities and Exchange Commission are available without charge upon written request to Keith B. Cox, President, NASB Financial, Inc., 12498 South 71 Highway, Grandview, Missouri 64030.

Transfer Agent:

Registrar and Transfer Co., 10 Commerce Drive, Cranford, New Jersey 07016, (800) 368-5948, www.rtco.com

Stock Trading Information:

The common stock of NASB Financial, Inc. is traded on the NASDAQ Capital Market. The Company's symbol is **NASB.**

Independent Registered Public Accounting Firm:

BKD LLP, 1201 Walnut, Suite 1700, Kansas City, Missouri 64106

Shareholder and Financial Information:

Contact Keith B. Cox, NASB Financial, Inc., 12498 South 71 Highway, Grandview, Missouri 64030, (816) 765-2200.

Common Stock Prices and Dividends

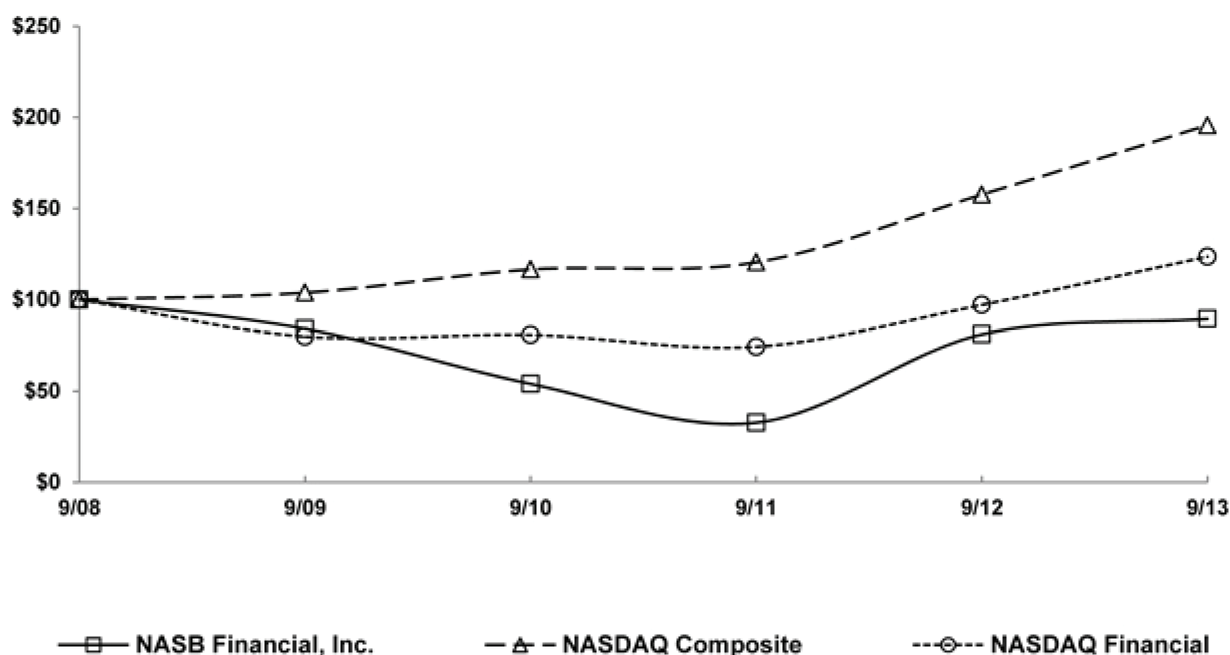
At September 30, 2013, stockholders held 7,867,614 outstanding shares of NASB Financial, Inc. common stock, held by approximately 1,100 record holders. The Company paid cash dividends of $0.225 per share in November 2009 and February 2010. Since that date, no dividends have been declared or paid by the Company. In accordance with an agreement, which is described more fully in Footnote 25, Regulatory Agreements, the Company is restricted from the payment of dividends or other capital distributions during the period of the agreement without prior written consent from its primary regulator.

The table below reflects high and low bid prices for the Company's common stock. The quotations represent intra-dealer quotations without retail markups, markdowns or commissions, and do not necessarily represent actual transactions.

Quarter ended	Fiscal 2013		Fiscal 2012	
	High	Low	High	Low
December 31	$24.81	19.90	11.44	9.45
March 31	23.44	20.93	14.75	10.43
June 30	25.94	20.95	19.44	14.05
September 30	29.14	25.69	24.85	18.01

Stockholder Return Performance Presentation

The line graph below compares the cumulative total stockholder return on the Company's common stock to the cumulative total return total return of a broad index of the NASDAQ Capital Market and the NASDAQ Financial Index for the period from September 30, 2008 to September 30, 2013. The information presented below assumes $100 invested on September 30, 2008 in the Company's common stock and in each of the indices, and assumes the reinvestment of all dividends. Historical stock price performance is not necessarily indicative of future stock price performance.



*$100 invested on 9/30/08 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

	9/08	9/09	9/10	9/11	9/12	9/13
NASB Financial, Inc.	**100.00**	**84.04**	**53.96**	**32.67**	**80.99**	**89.43**
NASDAQ Composite	**100.00**	**103.76**	**116.52**	**120.44**	**157.60**	**195.67**
NASDAQ Financial	**100.00**	**79.80**	**80.72**	**74.26**	**97.14**	**123.53**

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) OR 15d-14(a)

I, Paul L. Thomas, certify that:

1. I have reviewed this report on Form 10-K of NASB 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 officers 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 officers 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: December 16, 2013

By: /s/ Paul L. Thomas
Paul L. Thomas
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) OR 15d-14(a)

I, Rhonda Nyhus, certify that:

1. I have reviewed this report on Form 10-K of NASB 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 officers 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 officers 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: December 16, 2013

By: /s/ Rhonda Nyhus
Rhonda Nyhus
Vice President and Treasurer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
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 Annual Report of NASB Financial, Inc. (the "Company") on Form 10-K for the period ending September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul L. Thomas, Chief Executive Officer of the Company, certify that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief:

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 result of operations of the Company.

December 16, 2013

By: /s/ Paul L. Thomas
Paul L. Thomas
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to NASB Financial, Inc. and will be retained by NASB Financial, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
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 Annual Report of NASB Financial, Inc. (the "Company") on Form 10-K for the period ending September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rhonda Nyhus, Chief Financial Officer of the Company, certify that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief:

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 result of operations of the Company.

December 16, 2013

By: /s/ Rhonda Nyhus
Rhonda Nyhus
Vice President and Treasurer

A signed original of this written statement required by Section 906 has been provided to NASB Financial, Inc. and will be retained by NASB Financial, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.