



Community Bank, Community Proud
Partnering With Our Community
to Build A Better Future

CCSB
Financial Corp.
Annual Report
Fiscal Year 2011

As we head into the Company's 10th year and the Bank's 90th year of existence, it comes at a time of reflection as the Company reports a net loss of \$1,592,824, or \$2.12 per share basic and diluted for fiscal year 2011. In the first annual report of the newly formed CCSB Financial Corp., Chairman Davis welcomed stockholders to our family with much optimism and anticipation for growth and prosperity, but much has changed since the initial public offering in 2003, particularly economic conditions and the regulatory landscape.

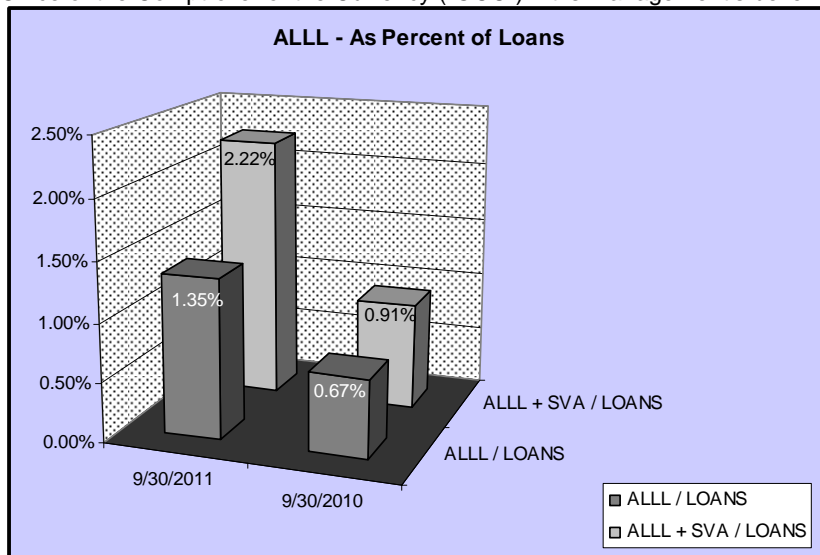
We understand that the operating loss for this fiscal year is significant and a concern to you, our stockholders. It is important to note that, while we are also extremely disappointed with the operating results, the Company remains safe and sound. The Company's primary asset, its subsidiary bank, continues to have capital that exceeds the amount to be considered "well-capitalized" by federal banking authorities.

The operating loss is attributed to a few significant items and the significant decline in the gain of the sale of loans and securities, which is not part of core operations. The most prominent of the items was the provision for loan loss in the amount of \$1,505,000, which comprises 85% of the pre-tax operating loss in fiscal year 2011. The provision for loan loss for fiscal year 2010 was \$90,000.

The substantial provision can be attributed to two major borrowers. In fiscal year 2011, the subsidiary bank acquired the assets through foreclosure securing two loans to one borrower that had been in default. The resulting charge-offs of these loans totaled \$362,000. The assets included a duplex and a partially developed subdivision. The Bank has filed for a deficiency judgment against the borrower due to the loss. In addition, a new appraisal obtained on a loan to another borrower, secured by a townhome project, resulted in another partial charge-off against this credit of \$388,000. The loan is paying as agreed under a modification plan, but, due to the collateral dependency of the loan, the additional valuation allowance was required under accounting standards and regulatory guidance.

Selected Income & Expense Comparative Statement		
(000's Omitted)		
	2011	2010
Net interest income(NII)	\$ 2,948	\$ 2,817
Provision for loan loss	1,505	90
NII after provision for loan loss	1,443	2,727
Gains on sale of loans, securities & other real estate owned	90	265
Fee & other noninterest income	549	529
Noninterest Income	639	794
Audit, legal & other professional	197	128
Net loss on operations of other real estate owned	168	15
Other noninterest expense	3,495	3,441
Noninterest expense	3,860	3,584
Net loss before income tax	\$ (1,778)	\$ (63)

These charge-offs significantly increased historical loan loss averages that are the basis of the evaluation of the adequacy of the allowance for loan loss. In July 2011, the Bank became regulated by the Office of the Comptroller of the Currency ("OCC"). It is management's belief that the expectation of the level of the ALLL by the OCC is considerably higher than its former regulator, the Office of Thrift Supervision. The OCC expects ALLL to be at levels comparable to its national banks, while ALLLs in the thrift industry have been historically lower than national banks. As a result, the provision for loan loss increased the allowance for loan losses (ALLL) and specific valuation allowances (SVA) from \$631,500, or 0.91% of loans, at September 30, 2010, to \$1,659,500, or 2.22% of loans, at September 30, 2011.



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Expenses (principally delinquent taxes) related to the acquisition of the above properties through foreclosure were approximately \$95,000, which attributed to an increase in the net loss on the operations of other real estate owned of \$153,000 from the 12 months ended September 30, 2010, compared to the 12 months ended September 30, 2011.

Audit, legal and other professional fees also increased significantly in fiscal year 2011. Legal fees increased \$66,000 from \$30,000 for the 12 months ended September 30, 2010, to \$96,000 for the 12 months ended September 30, 2011. The increase is in part attributed to the legal matters related to problem loans, but legal fees increased approximately \$24,000 at the parent company level due to actions taken by a dissident shareholder.

Finally, gain on the sales of loans, securities and other real estate owned declined substantially for the 12 months ended September 30, 2011. Gains on sales totaled \$90,000 compared to \$265,000 for the 12 months ended September 30, 2010, and \$165,000 for the 12 months ended September 30, 2009. Prior years had allowed the Bank to capitalize on declining interest rates by selling securities held in its available-for-sale portfolio, but the interest rates have remained relatively stable over the past 12 months. Gains on the sale of loans declined because the Bank focused on its loan portfolio, which had shrunk in the prior fiscal year.

Although operating results in fiscal year 2010 were near break-even, operating losses in fiscal year 2008 (\$296,000) and 2009 (\$254,000) were also unsatisfactory. This is the third (or fourth, depending on economist) year of a difficult economic time in our country. Regulatory pressures and constraints place increasing burdens. The level of nonperforming assets continues to impact earnings and resources. The lack of prudent investment and lending opportunities has impacted growth strategies which are an integral part of our overall strategic plan.

However, the operating loss overshadows the progress which has been made and actions taken since the prior fiscal year end to improve operating results.

- For the fiscal year, net interest income increased \$131,000, or 4.67%.
- For the fiscal year, loans increased \$3.9 million, or 5.68%, and, after adjusting for changes in deferred credits, discounts and ALLL, loans increased \$5.0 million, or 7.15%.
- For the fiscal year, noninterest-bearing checking increased \$933,000, or 16.46%, from \$5.7 million to \$6.6 million.

- For the fiscal year, interest-bearing checking accounts increased \$1,357,000, or 12.86%, from \$10.6 million to \$11.9 million.
- Although noninterest income decreased, the reason for the decline was past operating results were impacted by non-recurring sources such as gains on the sale of loans and securities, which were lower this year. Transaction fee income improved \$33,700, or 10.64%, for the fiscal year.

Although the substantial loss cannot be overlooked, much of the loss is due to non-recurring sources and core operations have improved. Loan growth has been achieved despite economic conditions and regulatory constraints in the banking industry. As large problem assets are resolved, there is no reason not to expect continued loan growth even in this economy.

The primary focus is to continue to increase net interest income, which is the primary source of income. As previously stated, net interest income prior to the provision for loan loss increased \$131,000, or 4.67%, from \$2,817,000 for the 12 months ended September 30, 2010, to \$2,948,000 for the 12 months ended September 30, 2011.

Due to loan growth and the increase in lower-costing transaction accounts, the Bank was able to improve the spread between the yield on interest-earning and the cost of interest-bearing assets. The net interest spread increased 34 basis points, from 3.20% for the fiscal year ended September 30, 2010, to 3.54% for the fiscal year ended September 30, 2011.

While total assets decreased from \$99.2 million at September 30, 2010, to \$98.5 million at September 30, 2011, net loans receivable increased \$3,917,000, or 5.68%, for the fiscal year. Prior to deferred credits, fees and valuation allowances, net loans increased \$4,977,000, or 7.15%, from \$69.6 million at September 30, 2010, to \$74.6 million at September 30, 2011. Loan growth was funded through excess liquidity as cash and cash equivalents decreased \$6,627,000, or 42.91%, during the same period. As a result, the yield on earning assets declined only 7 basis points from 4.68% for the fiscal year ended September 30, 2010, to 4.61% for the fiscal year ended September 30, 2011, despite historically low market interest rates. The subsidiary bank has made a concerted effort to increase the number of residential mortgage loans for its portfolio versus selling in the secondary market and to increase its commercial loan activity. To assist in the latter, a senior lender with substantial commercial lending experience was hired this past year.

In contrast, the cost of interest-bearing liabilities declined 31 basis points from 1.48% for the fiscal year

ended September 30, 2010, to 1.07% for the fiscal year ended September 30, 2011. This is due to the combination of the change in deposit mix and the historically low interest rates. Noninterest-bearing demand deposit accounts increased \$933,000, or 16.46%, and interest-bearing checking accounts increased \$1,357,000, or 12.86%, from fiscal year end 2010 to fiscal year end 2011.

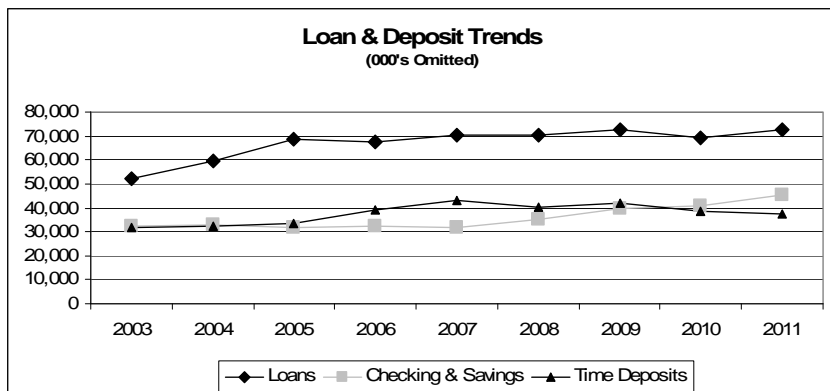
Checking, savings and money market accounts comprise 54.68% of deposits at September 30, 2011, compared to 51.43% of deposits at September 30, 2010. Additionally, the average cost of time deposits decreased 45 basis points and the average cost of FHLB Advances decreased 36 basis points during this same period due to repricing into lower interest rates.

The shift in deposits has been a continuance of a trend that began when the Company acquired the subsidiary bank.

Management is also working diligently on resolving some of the Company's problem and nonearning assets. As of September 30, 2011, other real estate owned totaled \$1,597,000 and nonperforming loans (loans on nonaccrual or past due 90 days or more) totaled \$2,995,000. At the weighted average yield on earning assets, this has an impact of \$212,000 annually. Nonperforming loans of \$2,811,000, or 93.87% of the total, is attributed to three borrowers. Other real estate owned consists of a partially completed subdivision of land (44.96% of the total), two nonresidential buildings and a small duplex. Since all these assets are real estate based, the ability to resolve these problem assets has and will continue to be dependent on the real estate market.

While noninterest income decreased from the prior fiscal year, this is attributed to the decrease in gains on the sale of loans, securities and other real estate owned. Noninterest income decreased

	Year Ended September 30,					
	2011			2010		
	Average outstanding balance	Interest earned/ paid	Interest yield/ rate	Average outstanding balance	Interest earned/ paid	Interest yield/ rate
	(Dollars in Thousands)					
INTEREST-EARNING ASSETS:						
Interest-bearing deposits in banks (1)	\$ 7,050	\$ 9	0.13 %	\$ 9,324	\$ 10	0.11 %
Federal funds sold	-	-	-	-	-	-
Interest-bearing time deposits	638	5	0.78	98	1	1.02
Available-for-sale securities	4,264	97	2.27	7,353	270	3.67
Federal Home Loan Bank stock	383	15	3.92	507	11	2.17
Loans receivable (2)	71,525	3,741	5.23	70,534	3,815	5.41
TOTAL INTEREST-EARNING ASSETS	\$ 83,860	\$ 3,867	4.61 %	\$ 87,816	\$ 4,107	4.68 %
INTEREST-BEARING LIABILITIES						
Demand (3)	\$ 6,046	\$ -	- %	\$ 5,618	\$ -	- %
Savings, NOW and money market	37,429	156	0.42	34,527	228	0.66
Time deposits	37,294	661	1.77	39,692	880	2.22
Federal funds purchased	-	-	-	-	-	-
Federal Home Loan Bank advances	4,850	102	2.10	7,400	182	2.46
TOTAL INTEREST-BEARING LIABILITIES	\$ 85,619	\$ 919	1.07 %	\$ 87,237	\$ 1,290	1.48 %
Net interest income		<u>\$ 2,948</u>			<u>\$ 2,817</u>	
Net interest spread			<u>3.54 %</u>			<u>3.20 %</u>
Net earning assets	\$ (1,759)			\$ 579		
Net yield on average interest-earning assets			3.52 %			3.21 %
Average interest-earning assets to average interest-bearing liabilities	97.95%			100.66%		
(1) Interest includes net earnings on checks issued, but still outstanding, at correspondent banks, while the amount of the checks issued is deducted from the balance at correspondent banks at the time of issue.						
(2) Includes loans held for sale and net of loans in process and deferred fees and credits.						
(3) Includes NOW deposits carrying a zero yield.						



\$155,000, or 19.55%, from \$794,000 for the 12 months ended September 30, 2010, to \$639,000 for the 12 months ended September 30, 2011. However, excluding the gains on the sale of various assets, noninterest income increased \$21,000, or 3.95%, from \$528,000 for the 12 months ended September 30, 2010, to \$549,000 for the 12 months ended September 30, 2011. Deposit fees and other charges increased \$37,000 from \$322,000 for the 12 months ended September 30, 2010, to \$359,000 for the 12 months ended September 30, 2011, due to the increase in transaction accounts and an increase in various fees and charges implemented midway through the fiscal year. While the Bank continues to sell home loans in the secondary market, the combination of a slow down in the residential real estate market and the emphasis on generating loans for its own portfolio places less reliance on this source of income. The gain on the sale of loans decreased from \$121,000 for the 12 months ended September 30, 2010, to \$52,000 for the 12 months ended September 30, 2011.

Noninterest expense increased \$276,000, or 7.71%, from \$3,583,000 for the 12 months ended September 30, 2010, to \$3,860,000 for the 12 months ended September 30, 2011, but this is attributed to net loss on the operations of other real estate owned and the increase in legal fees that has been addressed above. Compensation and benefits expense increased in part due to an accounting change related to vacation accruals and the addition of a senior lender. However, no annual increases in compensation were granted this past year and overall staff levels have been reduced by two full-time equivalents. In an effort to reduce future costs, the Liberty branch office was closed as of July 31, 2011, as it became no longer economically feasible to operate. The facility was sold in November 2011.

The inability to work through some of the problem assets and the impact that nonperforming loans and other assets has had on earnings is a concern; however, management placed a significant focus on working with borrowers to minimize any potential losses. Although management believes that the allowance for loan losses is adequate, sufficient to cover potential losses inherent in the loan portfolio

and supported by historical loan losses, the evaluation is subjective. As reported in the 2010 Annual Report, an increase in the ALLL may still be necessary in the future if the level of nonperforming assets are not significantly reduced or a determination is made by the new governing regulatory agency that the allowance for loan losses should be increased.

The impact of new or revised regulations from the Dodd-Frank bill in 2011 and the change in the regulatory landscape has led to more costs and changes to the Company's strategic plan. The economy has also impacted the Company's growth strategies and its ability to leverage capital and improve operating efficiencies.

Management anticipates that the historically low interest rates will remain through this upcoming fiscal year. The Bank plans to remain active in commercial real estate lending, but, as with many financial institutions, will likely continue to be constrained by the regulatory guidance provided by federal regulators. Further economic decline could also lead to less opportunity in this area. Management cautions that either could impact future earnings.

Company Profile

CCSB Financial Corp. (the "Company") is the parent company of Clay County Savings Bank (the "Bank"). Common shares of the Company's stock trade on the OTC (Over The Counter) Bulletin Board. The Company was formed in September 2002 to acquire the stock (through a mutual to stock conversion) of Clay County Savings Bank, a former mutual savings and loan association and previously known as Clay County Savings and Loan Association. The Bank was founded in 1922 as a state-chartered mutual savings and loan association with the name Clay County Building and Loan Association. Deposits of the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC"). The Company is regulated by the Federal Reserve Bank and the Bank regulated by the Office of the Comptroller of the Currency.

The Bank serves primarily communities located in Clay and Platte Counties that are amongst the 15 counties in the metropolitan statistical area of Kansas City, Missouri. In addition to the main office in Liberty, it has branch offices in Kansas City north, Kearney and Smithville. Liberty is the county seat of Clay County and is located in the eastern part of the county.

The Bank is a community-oriented savings institution offering a variety of financial products and

services to meet the needs of the communities it serves. The Bank was established primarily to serve the home financing needs of the public and now serves the expanded credit needs of area residents and businesses in its market area similar to a community bank, but with a focus on real estate lending.

The Bank's principal business consists of attracting retail deposits from the general public in the areas surrounding its branches and investing those deposits, together with funds generated from operations and borrowings, primarily in one- to four-family residential mortgage loans, construction loans,

multi-family and commercial real estate loans, mortgage-related securities and various other securities. The Bank also invests in commercial business loans and consumer and other loans, including home equity and automobile loans. The Bank's revenues are derived principally from the interest on mortgage, commercial and consumer loans, securities, loan origination and servicing fees, and service charges and fees collected on deposit accounts. The primary sources of funds are deposits, borrowings, and principal and interest payments on loans and securities.

Shareholder and Contact Information

The annual meeting of shareholders will be held Thursday, January 26, 2012, at 10 a.m., at the executive office of CCSB Financial Corp. and Clay County Savings Bank located at 1178 West Kansas Street, Liberty, Missouri.

The annual report is available electronically at www.claycountysavings.com. Copies are also available without charge upon written request to CCSB Financial Corp., Attention: Deborah A. Jones, Secretary, 1178 West Kansas Street, Liberty, Missouri 64068.

Transfer Agent	Registrar and Transfer Company 10 Commerce Drive Cranford, NJ 07016
Stock Trading Information	Symbol: CCFC
Independent Certified Public Accountants	BKD, LLP 211 North Broadway, Suite 600 St. Louis, Missouri 63102

Board of Directors:

John R. Davis, *Chairman and Chief Executive Officer*
Mario Usera, *President, Chief Operating Officer and
Chief Financial Officer*
Larry L. Blosser, *Owner – Dental Manufacturing/
Distributing Company*
Robert F. Durden, *Furniture Manufacturer Representative
and Realtor*
George A. McKinley, *Owner – Heavy Equipment Construction Company*
Keith A. Oberkrom, *Retired*
Paul D. Wheeler, *M.D.*

Additional Officers:

Deborah A. Jones, *Senior Vice President and Secretary*
Debra S. Coltman, *Senior Vice President*
Joseph D. Schoonover, *Senior Vice President*
Mary D. Gray, *Vice President and Treasurer*
Kathryn E. Varnon, *Vice President (Bank Only)*
David C. Wilmshorst, *Vice President (Bank Only)*

Independent Accountants' Report

Audit Committee, Board of
Directors and Stockholders
CCSB Financial Corp.
Liberty, Missouri

We have audited the accompanying consolidated balance sheets of CCSB Financial Corp. (“Company”) as of September 30, 2011 and 2010, and the related consolidated statements of operations, stockholders’ equity and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as 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 CCSB Financial Corp. as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

December 12, 2011

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS:		
Cash and due from banks	\$ 4,290,585	\$ 1,671,106
Interest-bearing deposits in banks	4,525,363	13,771,774
Total cash and cash equivalents	8,815,948	15,442,880
Interest-bearing time deposits	2,208,678	245,000
Available-for-sale securities	2,516,059	3,786,554
Federal Home Loan Bank stock	333,000	434,900
Loans, net of allowance for loan losses of \$1,659,543 and \$631,504 at September 30, 2011 and 2010, respectively	72,864,145	68,947,177
Mortgage loans held for sale	296,500	-
Other real estate owned and other repossessed assets	1,597,384	603,095
Premises and equipment, net	5,173,272	5,296,134
Accrued interest receivable	279,042	318,084
Bank-owned life insurance - cash surrender value	3,331,852	3,207,864
Deferred tax asset (net)	484,336	279,487
Other assets	594,530	682,696
TOTAL ASSETS	\$ 98,494,746	\$ 99,243,871
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits		
Demand	\$ 6,603,510	\$ 5,670,410
Savings, NOW and money market	38,684,071	35,271,485
Time deposits	37,530,620	38,660,863
Total deposits	82,818,201	79,602,758
Federal Home Loan Bank advances	3,750,000	6,000,000
Advances from borrowers for taxes and insurance	824,212	618,491
Interest payable and other liabilities	439,287	765,484
TOTAL LIABILITIES	87,831,700	86,986,733
<i>Commitments and contingencies</i>	-	-
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	-	-
Common stock, \$0.01 par value; 2,500,000 shares authorized; 978,650 shares issued	9,787	9,787
Additional paid-in capital	9,336,189	9,318,181
Treasury stock, at cost, of 198,347 and 195,120 shares at September 30, 2011 and 2010, respectively	(2,914,922)	(2,881,226)
Unearned ESOP shares	(268,777)	(319,418)
Retained earnings - substantially restricted	4,470,364	6,063,188
Accumulated other comprehensive income	30,405	66,626
TOTAL STOCKHOLDERS' EQUITY	10,663,046	12,257,138
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 98,494,746	\$ 99,243,871

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended September 30, 2011 and 2010

	2011	2010
INTEREST AND DIVIDEND INCOME:		
Loans	\$ 3,741,390	\$ 3,814,940
Investment and mortgage-backed securities	96,707	270,196
Federal Home Loan Bank stock	14,777	11,227
Other interest-earning assets	14,417	10,721
TOTAL INTEREST AND DIVIDEND INCOME	3,867,291	4,107,084
INTEREST EXPENSE:		
Deposits	817,426	1,108,561
Borrowings	101,865	181,959
TOTAL INTEREST EXPENSE	919,291	1,290,520
NET INTEREST INCOME	2,948,000	2,816,564
Provision for loan losses	1,505,214	90,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,442,786	2,726,564
NONINTEREST INCOME:		
Charges and other fees on loans	107,444	113,676
Charges and other fees on deposit accounts	359,488	321,888
Amortization of mortgage-servicing rights	(61,834)	(54,217)
Net gain on sale of loans	52,090	121,010
Gains on sale of securities available-for-sale	35,030	123,430
Net gain on disposition of other real estate owned and repossessed assets	2,483	21,233
Increase in cash surrender value of bank-owned life insurance	123,988	130,424
Other	19,914	16,392
TOTAL NONINTEREST INCOME	638,603	793,836
NONINTEREST EXPENSE:		
Compensation and benefits	2,096,627	2,033,435
Occupancy and equipment	555,897	546,953
Data processing	265,499	254,227
Federal Deposit Insurance Corporation insurance premium	105,439	127,380
Audit, legal and other professional services	196,679	128,350
Advertising & marketing	60,101	85,184
Correspondent banking service charges	10,512	15,528
Net loss on operations of other real estate owned	168,040	15,225
Other	400,984	377,184
TOTAL NONINTEREST EXPENSE	3,859,778	3,583,466
LOSS BEFORE INCOME TAXES	(1,778,389)	(63,066)
CREDIT FOR INCOME TAXES	(185,565)	(49,091)
NET LOSS	\$ (1,592,824)	\$ (13,975)
BASIC AND DILUTED LOSS PER SHARE	\$ (2.12)	\$ (0.02)

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended September 30, 2011 and 2010

	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned ESOP Shares	Unearned RRP Shares	Total Retained Earnings	Accumulated Other Comprehensive Income, Net of Taxes	Total Stockholders' Equity
Balance at October 1, 2009	\$ 9,787	\$ 9,297,659	\$ (2,881,226)	\$ (372,176)	\$ (277)	\$ 6,077,163	\$ 16,899	\$ 12,147,829
Net loss	-	-	-	-	-	(13,975)	-	(13,975)
Unrealized gain on securities available for sale	-	-	-	-	-	-	75,345	75,345
Income taxes	-	-	-	-	-	-	(25,618)	(25,618)
Unrealized gain on securities available for sale, net of taxes	-	-	-	-	-	-	49,727	49,727
Comprehensive income	-	-	-	-	-	(13,975)	49,727	35,752
Amortization of ESOP	-	20,522	-	52,758	-	-	-	73,280
Amortization of RRP	-	-	-	-	277	-	-	277
Balance at September 30, 2010	<u>9,787</u>	<u>9,318,181</u>	<u>(2,881,226)</u>	<u>(319,418)</u>	<u>-</u>	<u>6,063,188</u>	<u>66,626</u>	<u>12,257,138</u>
Net loss	-	-	-	-	-	(1,592,824)	-	(1,592,824)
Unrealized loss on securities available for sale	-	-	-	-	-	-	(54,880)	(54,880)
Income taxes	-	-	-	-	-	-	18,659	18,659
Unrealized loss on securities available for sale, net of taxes	-	-	-	-	-	-	(36,221)	(36,221)
Comprehensive loss	-	-	-	-	-	(1,592,824)	(36,221)	(1,629,045)
Amortization of ESOP	-	18,008	-	50,641	-	-	-	68,649
Purchase of Treasury Stock (3,227 shares)	-	-	(33,696)	-	-	-	-	(33,696)
Balance at September 30, 2011	<u>\$ 9,787</u>	<u>\$ 9,336,189</u>	<u>\$ (2,914,922)</u>	<u>\$ (268,777)</u>	<u>\$ -</u>	<u>\$ 4,470,364</u>	<u>\$ 30,405</u>	<u>\$ 10,663,046</u>

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2011 and 2010

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,592,824)	\$ (13,975)
Items not requiring (providing) cash:		
Depreciation	257,534	275,581
Provision for loan losses	1,505,214	90,000
Amortization of premiums and discounts on securities	4,489	6,882
Amortization of mortgage-servicing rights	61,834	54,217
Compensation related to incentive plans	-	277
Compensation related to ESOP	68,649	73,280
Deferred income taxes	(186,190)	(19,499)
Deferred loans fees, net	(33,213)	(26,403)
Cash surrender value of bank-owned life insurance	(123,988)	(130,424)
Originations of mortgage loans held for sale	(2,443,370)	(5,724,989)
Proceeds from the sale of mortgage loans	2,198,960	5,845,999
Net realized gains on loans sold	(52,090)	(121,010)
Net realized gains on the sale of other securities	(35,030)	(123,430)
Net realized gains on the sale of other real estate owned and repossessed assets	(2,483)	(21,233)
Changes in:		
Accrued interest receivable	39,042	43,686
Other assets	19,773	(438,584)
Accrued income taxes	6,559	(6,559)
Interest payable and other liabilities	(326,497)	530,226
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(633,631)	294,042
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(4,002,500)	(4,010,050)
Repayment of principal on and proceeds from sales, maturity or call of available-for-sale securities	5,037,990	6,991,971
Repayment of principal on mortgage-backed securities	210,666	559,768
Purchases of interest-bearing time deposits	(2,208,678)	(245,000)
Proceeds from maturity of interest-bearing time deposits	245,000	-
Redemption of FHLB stock	101,900	139,300
Net change in loans	(6,689,270)	3,585,001
Net change to other real estate owned and repossessed assets	(14,450)	1,250
Net proceeds from sale of other real estate owned and repossessed assets	305,277	246,926
Purchase of premises and equipment	(117,004)	(77,471)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,131,069)	7,191,695
CASH FROM FINANCING ACTIVITIES:		
Net change in deposits	3,215,443	(1,753,912)
Proceeds from Federal Home Loan Bank fixed-maturity advances	3,250,000	4,250,000
Repayments of Federal Home Loan Bank fixed-maturity advances	(5,500,000)	(6,250,000)
Acquisition of treasury stock	(33,696)	-
Net change in advances from borrowers for taxes and insurance	205,721	(56,628)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,137,468	(3,810,540)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,627,232)	3,675,197
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,442,880	11,767,683
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,815,648	\$ 15,442,880

Supplemental cash flow information:

Interest paid	\$ 919,291	\$ 1,290,527
Sale and financing of other real estate owned and other repossessed assets	\$ 403,600	\$ 276,843
Real estate and other repossessed assets acquired in settlement of loans	\$ 1,695,966	\$ 303,094

See accompanying notes to consolidated financial statements.

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NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

CCSB Financial Corp. (the "Company"), a Delaware corporation incorporated in September 2002, is a financial holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Clay County Savings Bank ("Bank"). The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in the northern part of metropolitan Kansas City, Missouri. The Bank is subject to competition from other financial institutions. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, valuation of deferred tax assets, and fair value of financial instruments.

CASH EQUIVALENTS

The Bank considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2011 and 2010, cash equivalents consisted of cash and accounts, noninterest-bearing and interest-bearing, with banks including the Federal Home Loan Bank and the Federal Reserve. Under the Dodd-Frank Deposit Insurance Provision, through December 31, 2012, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

INTEREST-BEARING DEPOSITS IN BANKS

Interest-bearing deposits in banks range in maturity from within one year to five years and are carried at cost, which approximates fair value.

SECURITIES

Available-for-sale securities, which include any security for which the Bank has no immediate plan to sell but which may be sold in the future, are carried at fair value. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

Securities are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

For debt securities with fair value below amortized cost when the Company does not intend to sell a debt security, and it is more likely than not that the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income. For available-for-sale securities that management has no intent to sell and believes that it more likely than not will not be required to sell prior to recovery, only the credit loss component of the impairment is recognized in earnings, while the noncredit loss is recognized in accumulated other comprehensive income. The credit loss component recognized in earnings is identified as the amount of principal cash flows not expected to be received over the remaining term of the security as projected based on cash flow projections.

LOANS

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balance adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

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The accrual of interest on mortgage and commercial loans is discounted at the time the loan is 90 days past due unless the credit is well-secured and in collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal and interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses (ALLL) is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The ALLL is evaluated on a regular basis by management. The analysis is based on the federal regulatory interagency guidelines on ALLL issued in December 2009. The ALLL is to cover estimated credit losses on individually evaluated loans that are determined to be impaired as well as estimated credit losses inherent in the remainder of the loan and lease portfolio. The analysis is based on historical losses as well as qualitative factors such as economic conditions, trends, and concentrations. The recent downturn in the economy and decline in real estate values in general resulted in the qualitative factors being given substantially more weight than in prior fiscal years in assessing the future probability of collection of loans. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance also consists of allocated components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, a specific valuation allowance is established when collection in full is not probable and the level of impairment can be measured. After December 31, 2011, pursuant to federal regulatory guidance, specific valuation allowances will no longer be allowed and the subsidiary bank will be required to charge-off the amount established in specific valuation allowances.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for all loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

PREMISES AND EQUIPMENT

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for each major depreciable classification of premises and equipment are as follows:

Building and improvements	30-40 Years
Furniture, fixtures and equipment (non computer related)	3-10 Years
Computer related equipment and software	2-5 Years

FEDERAL HOME LOAN BANK STOCK

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

FORECLOSED ASSETS HELD FOR SALE

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

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MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance (ASC 860-50), servicing rights resulting from the sale or securitization of loans originated by the Bank are initially measured at fair value at the date of transfer. The Bank subsequently measures each class of servicing asset using either the fair value or the amortization method. The Bank has elected to initially and subsequently measure the mortgage servicing rights for consumer mortgage loans using the fair value method. Under the fair value method, the servicing rights are carried in the balance sheet at fair value and the changes in fair value are reported in earnings in the period in which the changes occur. Amortized mortgage servicing rights include commercial mortgage servicing rights. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Fair value is based on market prices for comparable mortgage servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. These variables change from quarter to quarter as market conditions and projected interest rates change, and may have an adverse impact on the value of the mortgage servicing right and may result in a reduction to noninterest income. Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. There was no impairment, and resulting valuation allowances, in the years ended September 30, 2011 and 2010. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized. Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned.

INCENTIVE PLANS

In accordance with ASC 718, Share-Based Payment, the Company expenses the fair value of stock options granted, modified, repurchased or cancelled. The aggregate purchase price of all shares owned by the incentive plan is reflected as a reduction of stockholders' equity. Compensation expense is based on the market price of the Company's stock on the date the shares are granted and is recorded over the vesting period. The difference between the aggregate purchase price and the fair value on the date granted of the shares earned is recorded as an adjustment to additional paid-in capital.

EMPLOYEE STOCK OWNERSHIP PLAN

The Company accounts for its employee stock ownership plan (ESOP) in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position 93-6. The cost of shares issued to the ESOP but not yet allocated to participants is presented in the consolidated balance sheet as a reduction of stockholders' equity. Compensation expense is recorded based on the market price of the shares as they are committed to be released for allocation to participant accounts. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to additional paid-in capital. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are reflected as a reduction of debt.

Shares are considered outstanding for earnings per share calculations when they are committed to be released; unallocated shares are not considered outstanding.

TREASURY STOCK

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

INCOME TAXES

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Uncertain tax positions are recognized if it is more likely than not based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management's judgment.

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The Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiary.

EARNINGS PER SHARE

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

Treasury stock shares are not deemed outstanding for earnings per share calculations.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income, net of applicable income taxes. Other comprehensive income includes unrealized appreciation (depreciation) on available-for-sale securities.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2011, which is the date the financial statements were issued.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2010 consolidated financial statements to conform to the 2011 financial statement presentation. The reclassifications had no effect on net loss.

NOTE 2: SECURITIES

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of available-for-sale securities are as follows:

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
U.S. Government - sponsored enterprises (GSEs)	\$ 1,000,000	\$ 7,070	\$ -	\$ 1,007,070
SBA-backed securities	29,912	-	(251)	29,661
Mortgage-backed securities: GSE residential	1,440,078	39,950	(700)	1,479,328
	<u>\$ 2,469,990</u>	<u>\$ 47,020</u>	<u>\$ (951)</u>	<u>\$ 2,516,059</u>
	September 30, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
U.S. Government - sponsored enterprises (GSEs)	\$ 2,000,648	\$ 55,292	\$ -	\$ 2,055,940
SBA-backed securities	32,320	-	(269)	32,051
Mortgage-backed securities: GSE residential	1,652,637	45,942	(16)	1,698,563
	<u>\$ 3,685,605</u>	<u>\$ 101,234</u>	<u>\$ (285)</u>	<u>\$ 3,786,554</u>

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The amortized cost and fair value of available-for-sale securities at September 30, 2011, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
U.S. Government - sponsored enterprises (GSEs)		
One to five years	\$ 1,000,000	\$ 1,007,070
Mortgage-backed securities: GSE residential	1,440,078	1,479,328
SBA-backed securities	29,912	29,661
	<u>\$ 2,469,990</u>	<u>\$ 2,516,059</u>

There were no securities pledged as collateral as of September 30, 2011 and 2010. Gross gains of \$35,030 and \$123,430 on the sale of available for securities were realized in 2011 and 2010, respectively.

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. The total fair value of these investments at September 30, 2011, was \$105,492, which is 4% of the Company's available-for-sale investment portfolio compared to \$41,403, at September 30, 2010, which was approximately 1% of the Company's available-for-sale investment portfolio. This is primarily the result of a decline in market interest rates from the time these securities were purchased. Based on an evaluation of available evidence, including recent changes in market interest rates and credit rating information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

The following table shows the Company's investments' gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of:

	September 30, 2011					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SBA-backed securities	\$ -	\$ -	\$ 29,661	\$ (251)	\$ 29,661	\$ (251)
Mortgage-backed securities: GSE residential	75,831	(700)	-	-	75,831	(700)
Total temporarily-impaired securities	<u>\$ 75,831</u>	<u>\$ (700)</u>	<u>\$ 29,661</u>	<u>\$ (251)</u>	<u>\$ 105,492</u>	<u>\$ (951)</u>
	September 30, 2010					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SBA-backed securities	\$ -	\$ -	\$ 32,320	\$ (269)	\$ 32,320	\$ (269)
Mortgage-backed securities: GSE residential	9,083	(16)	-	-	9,083	(16)
Total temporarily-impaired securities	<u>\$ 9,083</u>	<u>\$ (16)</u>	<u>\$ 32,320</u>	<u>\$ (269)</u>	<u>\$ 41,403</u>	<u>\$ (285)</u>

Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial asset impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses the debt and equity securities impairment model.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Economic models are used to determine whether an other-than-temporary impairment has occurred on these securities. Various inputs to the economic models are used to determine if an unrealized loss is other-than-temporary. The most significant inputs are default rate and severity. Other inputs may include the actual collateral attributes, which include geographic concentrations, credit ratings and other performance indicators of the underlying asset. To determine if the unrealized loss for securities is other-than-temporary, the Company projects total estimated defaults of the underlying assets and multiples that calculated amount by an estimate of realizable value upon sale in the marketplace (severity) in order to determine the projected collateral loss. The Company also evaluates the current credit enhancement underlying the bond to determine the impact on cash flows. If the Company determines that a given security position will be subject to a write-down or loss, the Company records the expected credit loss as a charge to earnings.

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NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

Categories of loans at September 30, include:

	<u>2011</u>	<u>2010</u>
Real estate loans:		
Single-family, 1-4 units	\$ 37,810,515	\$ 33,831,857
Multi-family, 5 or more units	5,818,391	2,956,338
Construction, land & land development	3,681,016	6,844,143
Commercial	17,639,182	16,848,422
Consumer loans	5,636,177	5,870,790
Commercial non-real estate loans	4,227,451	4,030,766
Loans secured by deposits	133,361	113,793
	<u>74,946,093</u>	<u>70,496,109</u>
Allowance for losses	(1,659,543)	(631,504)
Loans in process	(336,142)	(850,525)
Deferred loan fees, net	(86,263)	(66,903)
	<u>\$ 72,864,145</u>	<u>\$ 68,947,177</u>

During the September 30, 2011, fiscal year, the Company purchased a \$780,000 participation interest in a loan from the FDIC at a discount of \$635,125. The participation interest in the loan is reported net of the discount under the category of construction, land and development loans.

Activity in the allowance for loan losses was as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 631,504	\$ 574,184
Loan charge-offs	(502,736)	(33,182)
Loan recoveries	25,560	502
Provision charged to expense	1,505,214	90,000
Balance, end of year	<u>\$ 1,659,543</u>	<u>\$ 631,504</u>

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance of other actions intended to maximize collection.

Included in certain loan categories in the impaired loans are troubled debt restructurings that were classified as impaired. At September 30, 2011, the Company had \$1,708,637 in residential single-family real estate loans, \$2,001,564 in multi-family real estate loans, \$664,853 in commercial real estate loans, \$17,483 in home equity loans, and \$236,137 in other consumer loans that were modified in troubled debt restructurings and impaired. In addition to these amounts, the Company had troubled debt restructurings that were performing in accordance with their modified terms of \$1,274,366 in residential single-family real estate loans, \$470,243 in multi-family real estate loans, \$127,396 in commercial loans, \$133,800 in home equity loans, and \$21,027 in other consumer loans at September 30, 2011.

The allowance for loan losses includes valuation allowances specific to certain loans established by the subsidiary bank. As of September 30, 2011 and 2010, the amount of specific valuation allowances totaled \$659,543 and \$169,419. After December 31, 2011, pursuant to federal regulatory guidance, specific valuation allowances will no longer be allowed and the subsidiary bank will be required to charge-off the amount established in specific valuation allowances. This will have no impact on the aggregate net loan balance or total assets.

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The following table presents the Company's nonaccrual and impaired loans at September 30, 2011 and 2010. This table excludes performing troubled debt restructurings.

	<u>2011</u>	<u>2010</u>
Impaired loans without a valuation allowance	\$ 1,026,568	\$ 1,242,736
Impaired loans with a valuation allowance	4,628,673	2,208,785
Total impaired loans	<u>\$ 5,655,241</u>	<u>\$ 3,451,521</u>
Valuation allowance related to impaired loans	923,139	169,419
Total nonaccrual loans	2,988,824	3,451,521
Total loans past due 90 days or more and still accruing	-	-
	<u>2011</u>	<u>2010</u>
Average investment in impaired loans	\$ 2,459,017	\$ 2,329,357
Interest income recognized on impaired loans	176,790	91,712
Interest income recognized on a cash basis on impaired loans	176,790	91,712

NOTE 4: PREMISES AND EQUIPMENT

Major classifications of premises and equipment, stated at cost, are as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,584,022	\$ 1,584,022
Buildings and improvements	4,878,532	4,845,596
Equipment	869,153	803,085
Automobiles	63,699	63,699
	<u>7,395,406</u>	<u>7,296,402</u>
Less accumulated depreciation	2,222,134	2,000,268
	<u>\$ 5,173,272</u>	<u>\$ 5,296,134</u>

NOTE 5: LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of mortgage loans serviced for others were \$19,490,063 and \$24,959,425 at September 30, 2011 and 2010, respectively.

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were \$480,316 and \$562,639 at September 30, 2011 and 2010, respectively.

The aggregate fair value of capitalized mortgage servicing rights at September 30, 2011 and 2010, totaled \$49,596 and \$86,997, respectively. Fair values are estimated using discounted cash flows based on a current market interest rate. For purposes of measuring impairment, risk characteristics, including type of loan, interest rate and remaining term to maturity, were used to stratify the originated servicing rights.

Activity in mortgage servicing rights were as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 86,997	\$ 83,963
Servicing rights capitalized	24,433	57,251
Amortization of servicing rights	(61,834)	(54,217)
Balance, end of year	<u>\$ 49,596</u>	<u>\$ 86,997</u>

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NOTE 6: INTEREST-BEARING DEPOSITS

Interest-bearing deposits in denominations of \$250,000 or more at September 30, 2011 and 2010, were \$6,453,727 and \$6,397,086, respectively.

At September 30, 2011, the scheduled maturities of time deposits are as follows:

October 1, 2012 to September 30, 2013	2,000,000
October 1, 2013 to September 30, 2014	750,000
October 1, 2015 to September 30, 2016	1,000,000
	<u>\$ 3,750,000</u>

NOTE 7: FEDERAL HOME LOAN BANK ADVANCES & LETTERS OF CREDIT

The Federal Home Loan Bank advances of \$3,750,000, bearing a weighted average interest rate of 1.19%, and letters of credit of \$1,665,000, to secure public unit fund deposits, at September 30, 2011, are secured by single-family loans of \$7,310,000 (135% of the amount of total indebtedness) and FHLB stock. Federal Home Loan Bank advances of \$6,000,000, bearing a weighted average interest rate of 2.04%, and a letter of credit of \$1,250,000, to secure public unit fund deposits, at September 30, 2010, were secured by single-family loans of \$9,787,500 (135% of the amount of total indebtedness) and FHLB stock.

Federal Home Loan Bank advances are summarized by maturity at September 30, 2011, as follows:

October 1, 2011 to September 30, 2012	\$ -
October 1, 2012 to September 30, 2013	2,000,000
October 1, 2013 to September 30, 2014	750,000
October 1, 2014 to September 30, 2015	-
October 1, 2015 to September 30, 2016	1,000,000
	<u>\$ 3,750,000</u>

NOTE 8: INCOME TAXES

The Company or its subsidiary files income tax returns in the U.S. federal jurisdiction and the state of Missouri. With a few exceptions, the Company is no longer subject to U.S. federal or state tax examination by tax authorities for years before 2008.

The credit for income taxes includes these components:

	<u>2011</u>	<u>2010</u>
Taxes currently payable (refundable)	\$ 625	\$ (29,592)
Deferred income taxes	(186,190)	(19,499)
Income tax credit	<u>\$ (185,565)</u>	<u>\$ (49,091)</u>

A reconciliation of income tax credit at the statutory rate to the Company's actual income tax credit is shown below:

	<u>2011</u>	<u>2010</u>
Computed at the statutory rate	\$ (444,597)	\$ (19,550)
Increase (decrease) resulting from:		
Tax-exempt income	(30,997)	(40,431)
Change in valuation allowance	571,000	-
Other	(280,971)	10,890
Actual tax credit	<u>\$ (185,565)</u>	<u>\$ (49,091)</u>

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The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2011	2010
Deferred tax assets:		
Allowance for loan losses	\$ 498,000	\$ 197,000
Net operating loss carryforward	425,000	204,000
Capital loss carryforward	70,000	-
Nonaccrual loan interest	29,000	-
Other real estate owned	38,000	-
Charitable contributions	19,000	-
Other	7,000	9,810
Total deferred tax assets	1,086,000	410,810
Deferred tax liabilities:		
FHLB stock dividends	-	70,000
Mortgage-servicing rights	15,000	27,000
Unrealized gain on securities available for sale	15,664	34,323
Total deferred tax liabilities	30,664	131,323
Valuation Allowance - Tax Deferred Asset	571,000	-
Net deferred tax asset	\$ 484,336	\$ 279,487

As of September 30, 2011, the Company had approximately \$1,413,000 of net operating loss carryforwards available to offset future income taxes. The carryforwards expire in various years through 2031.

NOTE 9: STOCKHOLDERS' EQUITY AND REGULATORY MATTERS

The Company is a Delaware holding company formed to acquire the Bank in 2003 as a result of the Bank's conversion from mutual to stock form. Deposit account holders and borrowers do not have voting rights in the Bank. Voting rights are vested exclusively with stockholders of the holding company. Deposit account holders are insured by the Federal Deposit Insurance Corporation. The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under 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 classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table that follows). Management believes, as of September 30, 2011 and 2010, that the Bank meets all capital adequacy requirements to which it is subject.

As of September 30, 2011, the most recent notification from the regulatory agencies categorized the Bank as well capitalized under the framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

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The Bank's actual capital amounts and ratios are also presented in the table.

	Actual		Minimum Required			
			for Capital Adequacy		to be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)						
AS OF SEPTEMBER 30, 2011:						
Total risk-based capital to risk-weighted assets	\$ 10,171	15.4%	\$ 5,285	8.0%	\$ 6,606	10.0%
Tier 1 capital to risk-weighted assets	\$ 9,343	14.1%	\$ 2,642	4.0%	\$ 3,964	6.0%
Tier 1 capital to adjusted total assets	\$ 9,343	9.6%	\$ 3,897	4.0%	\$ 4,871	5.0%
AS OF SEPTEMBER 30, 2010:						
Total risk-based capital to risk-weighted assets	\$ 11,356	17.2%	\$ 5,280	8.0%	\$ 6,600	10.0%
Tier 1 capital to risk-weighted assets	\$ 10,894	16.5%	\$ 2,640	4.0%	\$ 3,960	6.0%
Tier 1 capital to adjusted total assets	\$ 10,894	11.1%	\$ 3,939	4.0%	\$ 4,924	5.0%

The Bank's ability to pay dividends on its common stock to the Company is restricted to maintaining adequate capital as shown in the above table.

NOTE 10: RELATED PARTY TRANSACTIONS

At September 30, 2011 and 2010, the Bank had loans outstanding to executive officers, directors, significant stockholders of the Company and their associates (related parties), in the amount of \$1,127,330 and \$824,250, respectively. Deposits from related parties held by the Bank at September 30, 2011 and 2010, totaled \$1,230,869 and \$1,604,005, respectively. In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectibility or present other unfavorable features.

NOTE 11: EMPLOYEE BENEFITS

The Bank has a defined contribution pension plan, which covers substantially all employees. Participants can contribute up to 75% of their salary, subject to certain restrictions imposed by Internal Revenue Code, which the Bank will match 50% of the employee contribution, up to a maximum employee contribution of 6% of salary. Pension plan expense was \$38,856 and \$37,213 for the years ended September 30, 2011 and 2010, respectively.

The Company has an ESOP covering substantially all employees. The ESOP acquired 78,292 shares of Company common stock at \$10 per share with funds provided by a loan from the Company. Accordingly, \$782,920 of common stock acquired by the ESOP was shown as a reduction of stockholders' equity. As of September 30, 2011 and 2010, there remained 72,010 and 73,159 shares, respectively, of Company common stock in the ESOP after distributions to employees no longer with the Company. Shares are released to participants proportionately as the loan is repaid. Dividends on allocated shares are recorded as dividends and charged to retained earnings. Dividends on unallocated shares are used to repay the loan and are treated as compensation expense. Compensation expense is recorded equal to the fair market value of the stock when contributions, which are determined annually, at December 31, by the Board of Directors of the Company, are made to the ESOP.

	2011	2010
Allocated shares	41,374	37,408
Shares ratably released for allocation	3,758	3,809
Unallocated shares	26,878	31,942
Total ESOP shares	<u>72,010</u>	<u>73,159</u>
Fair value of unreleased shares	<u>\$ 290,551</u>	<u>\$ 316,226</u>

The Company has a Recognition and Retention Plan (the "RRP"), which provides for the granting of shares of common stock to eligible directors, officers and employees. The RRP was approved for 39,146 shares of common stock of the Company. A total of 351 shares were not allocated and awards totaling 580 shares were forfeited due to employees' termination of employment prior to vesting. As of September 30, 2011 and 2010, the RRP had granted 38,215 shares to existing directors, officers and employees with 931 shares available for future grants. As of September 30, 2011 and 2010, there were 38,115 shares vested under the plan. Directors, officers, and employees granted shares retain voting rights and dividends (if dividends are paid) during the vesting period. The RRP will continue in effect for 10 years unless otherwise terminated. The Company's stock price was \$15.95 on the RRP approval date. There was no expense recognized under the RRP during the year ended September 30, 2011. Expense recognized under the RRP totaled \$277 for the year ended September 30, 2010.

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NOTE 12: STOCK OPTION PLAN

The Company has a Stock Option Plan, providing for the awards in the form of stock options, reload options, dividend equivalent rights and/or limited stock appreciation rights to officers and employees of the Company and the Bank. The Stock Option Plan authorizes the granting of options to purchase up to 97,865 shares of common stock. On January 21, 2004, the Company awarded 92,500 shares under the Stock Option Plan to directors, officers and employees. All options awarded have been fully vested. In previous periods, options to purchase 16,054 shares of common stock either have expired, have been forfeited due to termination of employment, or were forfeited voluntarily by individuals awarded the options and who are still active in the plan. As of September 30, 2011, there were outstanding unexercised fully vested options to purchase 71,556 shares of common stock at an exercise price of \$15.95 with a weighted average remaining contractual life of 2.3 years.

NOTE 13: LOSS PER SHARE

For the year ended September 30, 2011, the net loss, basic and diluted, per share was \$2.12 based upon weighted-average shares outstanding of 751,381. For the year ended September 30, 2010, the net loss, basic and diluted, per share was \$0.02 based upon weighted-average shares outstanding of 748,312. Options to purchase 71,556 shares of common stock at \$15.95 were outstanding at September 30, 2011 and 2010, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

NOTE 14: DISCLOSURES ABOUT FAIR VALUE OF ASSETS

ASC Topic 820, Fair Value Measurements, defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets;
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets; and
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheet, as well as the general classification of such assets pursuant to the valuation hierarchy.

Available-for-sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. Government sponsored enterprises, SBA-backed securities and mortgage-backed securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2011 and 2010, there are no securities classified within Level 3.

Interest-bearing Time Deposits

Interest-bearing time deposits are classified with the Level 2 of the hierarchy and the fair value is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities.

Mortgage Servicing Rights

Mortgage servicing rights do not trade in an active, open market with readily observable prices. Accordingly, fair value is estimated using discounted cash flow models. Due to the nature of the valuation inputs, mortgage servicing rights are classified within Level 3 of the hierarchy.

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The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheet measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2011 and 2010:

	September 30, 2011			
	Fair Value Measurements Using			
	Fair Value	Active Markets (Level 1)	Observable (Level 2)	Unobservable (Level 3)
U.S. Government - sponsored enterprises (GSEs)	\$ 1,007,070	\$ -	\$ 1,007,070	\$ -
SBA-backed securities	29,661	-	29,661	-
Mortgage-backed securities: GSE residential	1,479,328	-	1,479,328	-
Interest-bearing time deposits	2,208,678	-	2,208,678	-
Mortgage servicing rights	49,596	-	-	49,596
	\$ 4,774,333	\$ -	\$ 4,724,737	\$ 49,596

	September 30, 2010			
	Fair Value Measurements Using			
	Fair Value	Active Markets (Level 1)	Observable (Level 2)	Unobservable (Level 3)
U.S. Government - sponsored enterprises (GSEs)	\$ 2,055,940	\$ -	\$ 2,055,940	\$ -
SBA-backed securities	32,051	-	32,051	-
Mortgage-backed securities: GSE residential	1,698,563	-	1,698,563	-
Interest-bearing time deposits	245,000	-	245,000	-
Mortgage servicing rights	86,997	-	-	86,997
	\$ 4,118,551	\$ -	\$ 4,031,554	\$ 86,997

The reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheet using significant unobservable (Level 3) inputs can be found in Footnote 5, Loan Servicing.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheet, as well as the general classification of such assets pursuant to the valuation hierarchy.

Impaired Loans

Loans for which it is probable that the Company will not collect all principal and interest due according to contractual terms are measured for impairment. Allowable methods for estimating fair value include using the fair value of the collateral for collateral dependent loans or, where a loan is determined not to be collateral dependent, using the discounted cash flow method.

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 applying a discount factor to the value.

Impaired loans that are classified within Level 3 of the fair value hierarchy had a fair value of \$3,705,534 as of September 30, 2011, and a fair value of \$2,039,366 as of September 30, 2010.

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

Cash and Cash Equivalents and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

Loans

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations. The carrying amount of accrued interest approximates its fair value.

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Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities.

Interest Payable and Advances from Borrowers for Taxes and Insurance

The carrying amount approximates fair value.

Federal Home Loan Bank Advances

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

The following table presents estimated fair values of the Company's financial instruments not previously disclosed at September 30, 2011 and 2010:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	\$ 8,815,948	\$ 8,815,948	\$ 15,442,880	\$ 15,442,880
FHLB stock	333,000	333,000	434,900	434,900
Loans receivable, net of allowance for loan losses	72,864,145	73,270,286	68,947,177	69,764,753
Interest receivable	279,042	279,042	318,084	318,084
FINANCIAL LIABILITIES				
Deposits	\$ 82,818,201	\$ 82,405,589	\$ 79,602,758	\$ 79,792,907
FHLB advances	3,750,000	3,795,684	6,000,000	6,073,228
Interest payable	513	513	162	162
Advances from borrowers for taxes and insurance	824,212	824,212	618,491	618,491

NOTE 15: SIGNIFICANT ESTIMATE AND CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk. Other significant estimates and concentrations not discussed in those footnotes include:

Foreclosed Assets Held for Sale

The Company had four foreclosed properties held for sale totaling \$1,597,384 at September 30, 2011. The carrying value reflects management's best estimate to be realized from the sale of the properties. While the estimate is based on valuations from independent appraisers, the volatility in the valuation of real estate under current economic conditions could result in an amount realized from the sale of the properties materially different from the carrying value reflected in these financial statements.

Investments

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheet.

Contingencies

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

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Current Economic Conditions

The current economic environment presents financial institutions with unprecedented circumstances and challenges which in some cases have 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 consolidated financial statements have been prepared using values and information currently available to the Company.

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

NOTE 16: COMMITMENTS AND CREDIT RISK

LETTERS OF CREDIT - In the normal course of business, the Bank issues various financial standby, performance standby and commercial letters of credit for its customers. As consideration for the letters of credit, the institution charges letter of credit fees based on the face amount of the letters and creditworthiness of the counterparties. These letters of credit are stand-alone agreements, and are unrelated to any obligation the depositor has to the Bank.

Standby letters of credit are irrevocable conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under non-financial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as the risk that is involved in extending loans to customers.

The Bank had total outstanding standby letters of credit amounting to \$17,715 at September 30, 2011, and \$37,715 at September 30, 2010.

LINES OF CREDIT - Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At September 30, 2011, unused lines of credit aggregated \$5,553,000, consisting of \$3,546,000 in home equity lines of credit, \$1,994,000 in commercial lines of credit and \$12,000 in other consumer lines of credit. At September 30, 2010, the Bank's unused lines of credit aggregated \$5,477,000, of which \$3,688,000 were home equity lines of credit, \$1,778,000 in commercial lines of credit and \$11,000 in other consumer lines of credit.

COMMITMENTS - Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At September 30, 2011, the Bank had outstanding commitments to originate loans aggregating approximately \$808,000. The commitments were extended over varying periods of time with all to be disbursed within 90 days. Loan commitments at fixed rates of interest amounted to \$454,000 and at floating rates amounted to \$354,000 at September 30, 2011. At September 30, 2010, the Bank had one fixed-rate commitment to originate loans totaling \$81,000. In addition, at September 30, 2011, loans in process totaled \$336,000 with fixed rates between 4.75% and 6.5%. At September 30, 2010, loans in process totaled \$851,000 including \$848,000 with fixed rates between 4.75% and 6% and \$3,000 with adjustable rates.

Mortgage loans in the process of origination represent amounts that the Bank plans to fund within a normal period of 60 to 90 days, which includes loans intended for sale to investors in the secondary market. The Bank had one loan for \$296,500 held for sale at September 30, 2011, and no mortgage loans in the process of origination or held for sale at either September 30, 2010.

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NOTE 17: CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company:

CONDENSED BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS:		
Noninterest-bearing deposit in subsidiary bank	\$ 17,450	\$ 17,843
Interest-bearing deposits in banks, including subsidiary bank	20,084	201,782
Total cash and cash equivalents	37,534	219,625
Loan participations with subsidiary bank	63,214	164,522
ESOP loan receivable	365,363	417,557
Investment in subsidiary bank	9,823,752	10,960,320
Other real estate owned	409,244	412,463
Other assets	921	113,742
TOTAL ASSETS	\$ 10,700,028	\$ 12,288,229
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Total liabilities	\$ 36,982	\$ 31,091
Stockholders' equity	10,663,046	12,257,138
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 10,700,028	\$ 12,288,229

CONDENSED STATEMENTS OF OPERATIONS
Years Ended September 30, 2011 and 2010

	2011	2010
Interest income	\$ 28,947	\$ 29,882
Provision for loan losses	(61,471)	-
Net gain (loss) on sale of other real estate owned	(947)	17,967
Noninterest expense	(286,394)	(245,795)
Provision (credit) for income taxes	(103,963)	49,486
Net loss before share in undistributed income		
(loss) of the subsidiary bank	(423,828)	(148,460)
Share of undistributed income (loss) of the subsidiary bank	(1,168,996)	134,485
Net loss	\$ (1,592,824)	\$ (13,975)

CCSB FINANCIAL CORP. AND SUBSIDIARY
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CONDENSED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2011 and 2010

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,592,824)	\$ (13,975)
Items not requiring (providing) cash:		
Share of undistributed (income) loss of the subsidiary bank	1,168,996	(134,485)
Provision for loan losses	61,471	-
Other	136,381	(53,087)
Net cash used in operating activities	(225,976)	(201,547)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in loans	(163)	(141)
Net additions to other real estate owned	(14,450)	-
Net proceeds from sale of other real estate owned	40,000	248,175
Principal collected on ESOP loan	52,194	52,195
Net cash provided by investing activities	77,581	300,229
CASH FLOW FROM FINANCING ACTIVITY:		
Acquisition of treasury stock	(33,696)	-
Net cash used in financing activity	(33,696)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(182,091)	98,682
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	219,625	120,943
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 37,534	\$ 219,625
Sale and financing of other real estate owned	\$ -	\$ 164,381

CCSB

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Clay County
Savings Bank



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ON THE COVER

Tom Goodpasture (*second to right*), Pride Manufacturing, explains how he uses the Puma 700 CNC lathe to Clay County Savings Bank's SVP Joe Schoonover, SVP Deb Coltman and VP Kathy Varnon

Photograph taken by:
Neal Ray Shoger
Neal Ray's Photography
White Crane Imaging
Liberty, Missouri