

## Our Amazing Century

Learn more about our True Blue tradition of safety and service.

We at Capitol Federal Savings proudly celebrate more than 115 years of service to our customers and our communities. Throughout its history, the Association has remained steadfast in its commitment to the American dream of home ownership. We thank our many generations of customers for their loyalty and rededicate ourselves to the ideals of the Association's Corporate Philosophy of Safety in Savings, Sound Lending Policies, and Quality Customer Service. Customer trust in the strength of Capitol Federal has led us into a new century, and we look forward to a partnership with our customers in the development of our communities and in meeting the challenges our new century will bestow.

*-John B. Dicus, Chairman*

## History of Capitol Federal

- September 16, 1893 - Fifteen men gathered for the first time to form a savings and loan association for the people of Topeka.
- Founders included bankers, insurance agents, attorneys, railroad employees, the president of a dry goods store, the Topeka City School Superintendent and a physician.
- December 16, 1893 - Savings and Loan Association of Topeka official charter filed with State of Kansas.
- First office above Rock Island Railroad ticket office at 6th and Kansas in Topeka.
- After one year of operation, Association assets totaled \$8,171.
- July, 1899 - Because of a new Kansas state law establishing regulation of savings institutions, Association changed its name to the Capitol Building and Loan Association. Assets totaled \$229,536.
- 1913 assets totaled \$2 million.
- 1918 - Association celebrated 25 years - Assets totaled \$3 million.
- 1924 - Capitol Building and Loan Association constructed a new office, described as "an architectural landmark in the Midwest," at 534 South Kansas Avenue in Topeka. Architect George Grant Elmslie, sculptor Emil Robert Zettler, and muralist John W. Norton based the new building on a theme to "Symbolize the Kansas Home as a Safeguard of Liberty and Stability."
- 1926 - Henry A. Bubb hired as office boy and teller.
- 1928 - With the Great Depression on the horizon, the Association had grown four times its 1920 size to over \$12 million.
- 1932 - Capitol Building and Loan Association joined newly created Federal Home Loan Bank System.
- 1933 - Assets at \$10 million when Bank Holiday declared, closing all banks for one week by Presidential Order. Association did not have to close its doors.
- 1938 - Capitol Building and Loan Association changed name to Capitol Federal Savings and Loan Association, adopting a federal charter. Accounts automatically insured by the Federal Savings and Loan Insurance Corporation (FSLIC).
- 1940 - Not untouched by the Depression, Capitol Federal assets stood at \$6 million, half of what it had been prior to the Crash of 1929. Capitol Federal had survived, though, and with the determination of its leadership, the Association and its customers would not encounter the difficult experiences of the Depression again.
- 1941 - With continued drop in assets, Capitol Federal Board of Directors named Henry A. Bubb as President of the Association.
- 1943 - Capitol Federal turned 50 years old, with assets still low, having dropped below \$6 million. The year had been good, though, and the Association now was "the largest federally insured association in the state."
- During World War II, Henry A. Bubb and Capitol Federal continually sold War Bonds. For their efforts, both received a Distinguished Service Citation from the U.S. Treasury Department in recognition of the Association's record War Bond sales.
- 1945 - Capitol Federal celebrated the end of the war and the beginning of a promising future -- and what a future. Assets now stood at \$8.5 million.
- Americans returned home from the war to higher incomes, resulting in a "boom" age of growth in savings and mortgage loans. GI Bill of 1944 helped veterans fulfill their dream of home ownership.
- Capitol Federal assets grew from \$8.5 million in 1945 to over \$19.5 million by 1950, an increase of \$15 million since 1940.
- Henry A. Bubb became active nationally for savings and loan business. In early 1950s, he served as president of the U.S. League of Savings Associations and helped found the League's Legislative Committee and served as its first chairman for nine years (1954-63).
- It was during the 1950s that Capitol Federal set milestones in the financial world, and Henry Bubb's name became synonymous with the Association.
- 1950 - Henry Bubb introduced a new concept in customer service when he opened the first branch office in Kansas at

1201 Topeka Boulevard in Topeka.

- 1953 - Second office opened in Lawrence.
- 1954 - Capitol Federal moved into Mission, Kansas, adding a third office to its young branch network.
- 1958 - Assets reached \$100 million.
- March, 1959 - John C. Dicus joined the Association.
- 1959 - Henry Bubb helped form Mortgage Guaranty Insurance Corporation (MGIC) to help people purchase homes with lower down payment. Mr. Bubb elected as first Chairman of Board of Directors for MGIC in Milwaukee, Wisconsin.
- December 9, 1961 - New Home Office opened at 700 South Kansas Avenue in Topeka. Capitol Federal installed its first "computer" -- a Univac "tab" machine.
- 1962 - Opened fifth office located at 95th and Nall in Overland Park, Kansas. Capitol Federal reached a new milestone -- \$200 million in assets. Capitol Federal is now the largest financial institution in Kansas, a position it did not relinquish until the mid-1980s when the Kansas legislature authorized multi-bank holding companies and the first major regional commercial banking center was formed.
- November, 1962 - New office on State Line Road in Prairie Village, Kansas, opened.
- 1963 - Third Topeka office opened on Fairlawn Road.
- 1969 - Capitol Federal modernized its computer system toward on-line functioning. John C. Dicus was elected President and Mr. Bubb retained chairmanship of the now nearly one-half-billion-dollar financial institution.
- Although the 1970s brought a booming housing market, unstable mortgage interest rates and a decline in earnings eventually hurt businesses as inflation and interest rates climbed. Capitol Federal Board of Directors took action to assure that Capitol Federal would maintain high liquidity.
- 1971 - Capitol Federal opened its ninth office in Manhattan, Kansas.
- 1972 - Capitol Federal took lead in technological advances with installation of an online data processing computer system.
- 1974 - Introduced Passcard, moving Association into the electronic funds transfer era with its plastic card/statement savings account.
- 1975 - Association became second savings and loan association in nation to offer customers off-premise access to their accounts through Money\*Matic, an electronic funds transfer system offered in local supermarkets. It was not long before the Association introduced its P.S.\* Telephone Bill Payment System, another first in Kansas for Capitol Federal.
- 1977 - Capitol Federal achieved ONE-BILLION-DOLLAR mark and by the end of the decade, opened additional offices in Johnson County, Lawrence, Emporia, Salina and Topeka.
- The 1980s brought tremendous change for the savings and loan business and for Capitol Federal. The Association introduced Automated Teller Machines, Checking With Interest, and Consumer Loans as "deregulation" began to impact the business. The greatest impact of deregulation came with the Money Market Deposit Account, allowing all financial institutions to compete unregulated for consumer deposits. Home owners became familiar with such terms as RRM's (Renegotiable Rate Mortgage) and ARM's (Adjustable Rate Mortgage).
- 1980 - First Wichita office opened. In 1983, expanded its position in Wichita with the merger of Southwest Federal Savings and its three Wichita office locations into Capitol Federal.
- 1984 - Association assets passed TWO-BILLION-DOLLAR milestone.
- During 1980s, Capitol Federal "weathered" one of the most difficult periods in the history of financial institutions. Choosing a conservative business plan, Capitol Federal continued to build on strong earnings and capital, remaining "family-oriented" with "more than 90% of loans to single-family home buyers, the savings and loan industry's traditional niche of borrowers." Association continued to produce excellent earnings, with capital reaching \$250 million in 1988. Offices opened in East Olathe and West Wichita, and Capitol Federal joined a regional ATM network system.
- The year of 1989 will be remembered for the death of Chairman Henry A. Bubb. Recognized for his outstanding leadership nationwide in the savings and loan business, it was Mr. Bubb's commitment to strength, safety and basic values which guided Capitol Federal through the savings and loan industry crisis of the 1980s.
- FIRREA (Financial Institutions Reform, Recovery and Enforcement Act) passed to resolve the FSLIC problems, reassure the public that a strong insurance fund guarantees depositor safety and establish tougher capital standards for the business. The new law dissolved FSLIC, and the Federal Deposit Insurance Corporation (FDIC) began insuring the deposits of institutions formerly insured by FSLIC, including Capitol Federal, through the new, separate fund in the FDIC, the Savings Association Insurance Fund (SAIF).
- 1989 - John C. Dicus named Chairman.
- December, 1991 - Federal Reserve Board dramatically dropped interest rates hoping to bring the nation out of the recession begun in July, 1990. Chairman Dicus stated, "not since the 1970s have we seen interest rates at the current low levels. For our mortgage customers, the news has been good, as evidenced by a 300% increase in mortgage applications at Capitol Federal over the same period last year."
- 1993 - Capitol Federal reaches its 100th anniversary, with assets of more than \$3.9 billion. Core tangible capital stood at \$445 million, 11.31% of assets and ranking the Association among the strongest in the nation. The Association was recognized nationally with its history being listed in the *Congressional Record* and read on the floors

of the United States Senate by Senator Bob Dole and the United States House of Representatives by Congressman Jim Slattery. Kansas Governor Joan Finney declared December 16, 1993, as "Capitol Federal Day" in recognition of its 100th anniversary.

- 1994 - Assets surpassed the \$4 billion mark, with equity capital at \$485.5 million, over 12% of assets. Return on average assets (ROA) of 1.00% added more than \$39.8 million of retained earnings to capital.
- 1994 - Introduced Home-at-Last mortgage loan program, providing qualified low-to-moderate income home buyers the opportunity to purchase or refinance a home with a lower cash down payment, easier qualifying ratios, and in some cases, reduced closing costs. Capitol Federal's 24th office, its ninth in the Greater Kansas City area, opened on 87th Street Parkway in Lenexa. INVEST Financial Corporation, member NASD, SIPC, opened Centers at six Capitol Federal offices in Topeka and Greater Kansas City.
- 1995 - Opened 25th office, located inside the *SuperTarget* Store at 3201 Iowa in Lawrence. Capitol Federal's first office within a retail store, the Lawrence Target office provides customers with flexible hours and the convenience of banking while shopping.
- October, 1996 - John B. Dicus elected President, with John C. Dicus continuing as Chairman.
- Fiscal year 1997 saw Capitol Federal assets near the \$5 billion milestone, with capital reserves of \$550 million or 12.25% of assets. The branch network continued to grow, including a new full service branch in Wichita and two additional SuperTarget offices in Olathe and Overland Park. The opening of the Wichita branch at the KenMar Shopping Center, 13th and Oliver, marked Capitol Federal's 26th office and sixth in the Wichita area. The Olathe *SuperTarget* at the Blackbob Shopping Center, 119th and Blackbob, serves as Capitol Federal's 27th office, and the Overland Park SuperTarget office located at 12200 Blue Valley Parkway marks the Association's third in-store branch and 28th office.
- The Association installed its fourth generation of mortgage loan origination software to prepare for the electronic global marketplace for the 21st Century. With loan activity strong and Capitol Federal continuing its position as the number one residential lender in Kansas, the Association proudly accepted the 1997 Community Partnership Award presented by the Federal Housing Finance Board. Capitol Federal remains steadfast in its commitment to help low- to moderate-income families buy homes.
- Capitol Federal also opened a Customer Service Center to provide added convenience by phone for customers. The Customer Service Center allows customers to call Capitol Federal any day between 7 a.m. and 11 p.m. to ask a wide range of questions regarding any Capitol Federal product or service. Operators can open accounts, help with account inquiries, transfer money and refer customers regarding mortgage applications.
- The Association introduced several new products in fiscal year 1997. The popular Visa® True Blue® direct check card offers customers convenience and access to their account around the world and the Blue Bucks Kids' Club gives a new generation of customers a fun and educational way to start saving money.
- In August, 1998, Capitol Federal moved its Wichita headquarters into a new facility at 21st and North Rock Road. Capitol Federal celebrated the opening of its fourth in-store office in 1998. Located in the *SuperTarget* at 15700 Shawnee Mission Parkway, Shawnee Kansas, the new office became Capitol Federal's 29th office location and twelfth in the Greater Kansas City area.
- On August 25, 1998, Capitol Federal's Board of Directors approved a Plan of Reorganization and Stock Issuance Plan. Capitol Federal would reorganize from a mutual savings association to a stock savings association utilizing a mid-tier mutual holding company structure. A stock offering would occur the first quarter of 1999. This reorganization also included the establishment of the Capitol Federal Foundation.
- Fiscal year 1998 was the year Capitol Federal surpassed the \$5 billion mark in assets, reaching a total of \$5.32 billion by year end with capital at a new high of \$662.3 million. Year-end net income was \$53.9 million and the capital-to-assets ratio was 12.46%.
- Loan activity in 1998 far exceeded all previous highs with total loan volume of \$1.54 billion, an increase of over 32% from 1997. Mortgage loan originations were also the best ever at \$1.08 billion.
- In early fiscal year 1999, the Association held a ribbon-cutting ceremony for the opening of its 30th office, the 13th in Greater Kansas City, located at 135th and Metcalf. Capitol Federal brought its total number of in-store offices to six with the openings of the *Price Chopper* offices at 7734 State Avenue, Kansas City, Kansas, and 11700 West 135 Street, Overland Park.
- Following approval of Capitol Federal's Plan of Reorganization and Stock Issuance Plan and the formation of Capitol Federal Foundation by Association members and final review and acceptance by the Office of Thrift Supervision, the Capitol Federal stock conversion occurred on March 31, 1999. At that time, the Association, which had been known as Capitol Federal Savings and Loan Association since 1938, became known as Capitol Federal Savings Bank.
- At the close of 1999, Capitol Federal Savings Bank assets stood at \$6.54 billion, an increase of \$1.22 billion over 1998. Capital totaled \$961.0 million and net income was \$60.6 million. Indicative of Capitol Federal's continued dedication to balance safety and soundness with efforts to increase shareholder value, tangible equity to assets was 14.70% at September 30, 1999. Capitol Federal continued its position as the number one residential lender in Kansas, ending fiscal year 1999 with record originations. Loans receivable increased \$580.1 million and mortgage-related securities grew \$1.01 billion. For the fiscal year ended September 30, 1999, loan originations totaled \$1.34 billion compared to \$1.19 billion one year ago.
- Capitol Federal began its 107th year with the opening of an office within the Dillon's store at 6th & Wakarusa in Lawrence.

- In October, 1999, Capitol Federal welcomed CMIC Financial Services\*, a division of Creative Marketing International Corporation, as the new provider of insurance and securities products available at Capitol Federal Savings locations. CMIC provides Capitol Federal customers an expanded portfolio of investment options including fixed and variable annuities, mutual funds, estate planning, college funding and retirement savings products.
- Capitol Federal's Y2K Task Force completed the testing and implementation of all its internal systems by mid-year 1999. Capitol Federal completed its comprehensive five-step readiness plan and was 100% ready for the Year 2000.
- In February, 2000, Capitol Federal's 34th office, its sixth Topeka office, opened at Northwest 46th Street and Highway 75. In March, Capitol Federal Financial completed its first year as a public company. It reported record earnings due in part to the conversion to a public company and to greater loan demand in the face of increasing interest rates. The Company grew from \$5.73 billion in assets at March 31, 1999 to \$7.61 billion at March 31, 2000. This growth, while maintaining a sound capital position, made Capitol Federal Financial the 15th largest thrift in the nation.
- At the close of the fiscal year, September 30, 2000, Capitol Federal Financial total assets reached \$8.27 billion, shareholders' equity totaled \$986.2 million and our net income for the year increased to \$76.3 million. During fiscal year 2000, Capitol Federal initiated a series of three stock buybacks totaling 11.1 million shares, with basic earnings per share of \$0.91.
- On January 23, 2001, Capitol Federal Financial held its second annual stockholders meeting having completed its first full year as a public company. In fiscal year 2000, stockholders were paid quarterly dividends totaling \$0.44 per share, with an annualized increase of the dividend of 10% over the prior fiscal year rate.
- The year 2001 saw Capitol Federal introduce a new, convenient service, True Blue Online®, a fully interactive, real-time and secure Internet banking alternative for our customers. In just over two months, over 10,000 customers had signed up to use this service, offering convenience for the purposes of bill payment, account balance inquiries, transferring funds and ordering checks. It further provides customers the ability to download account information to Quicken®.
- Longer-term interest rates, which dropped during late 2000, remained fairly stable and encouraged home purchases and loan refinancings at attractive levels. Capitol Federal closed nearly \$460 million in loans through the first six months of fiscal year 2001.
- The Bank recorded six-month earnings for 2001 of \$39.2 million, \$2.7 million ahead of the previous year. Capital remained strong at \$946.8 million, or 11.2 percent of assets.
- On June 1, 2001, Governor Bill Graves and the Kansas Department of Commerce and Housing honored Capitol Federal Savings with the 2001 Governor's Award of Excellence. This most prestigious quality award is bestowed on one Kansas company each year and is a source of pride for everyone at Capitol Federal. This award shows appreciation for the business in Kansas most exemplifying service to customers, a positive work environment and a commitment to its communities and to Kansas. When presenting the award, Governor Graves recognized Capitol Federal and its employees for their achievements and impact on the communities served by the Bank.
- In 2001, the Kansas Department of Human Resources and Aging named Capitol Federal Kansas Employer of the Year, recognizing the Bank "...for providing an exemplary model to promote positive older worker images."
- "The events of September 11, 2001 will forever be etched in our memories," Chairman Dicus stated. During this time of national tragedy, we found ourselves standing united and strong, relying heavily on the cornerstones of our American way of life. We discovered our community expanded to include New York and Washington, as Capitol Federal Foundation worked with the United Way of Greater Topeka, the American Red Cross and other agencies to send contributions to those whose lives had been forever ravaged by terror.
- While the terrorist attack targeted the core of our nation's financial system, it failed to destroy it. With heavy hearts, Capitol Federal remembers friends lost at Sandler O'Neill and Keefe, Bruyette and Woods. This event brings sympathy for the many families, friends and business associates experiencing great losses and inspires an appreciation for the relationships built among those of us within the financial community. As President Bush professed, "These acts shattered steel, but they cannot dent the steel of American resolve."
- Capitol Federal Savings started 2002 with a strong balance sheet and a sound capital position. In light of the news surrounding companies like Enron, Global Crossing and others, Capitol Federal reassured depositors that "...we have not undertaken any activity that would put depositors at risk. Capitol Federal maintains a conservative business philosophy that has been our standard for many, many years."
- On January 22, 2002, Capitol Federal Financial held its Third Annual Shareholders' Meeting. A *Topeka Capital-Journal* report stated, "In a year when the stock market performed like a bear, the stock of Capitol Federal Financial performed like a bull." Chairman Dicus announced a 28% return on investment, including dividends, for CFFN shareholders in 2001. He continued to state that at the close of fiscal year 2001 at September 30, asset growth was 4% to \$8.6 billion with over \$5.46 billion in total loans and over \$4.37 billion in deposits. The Bank grew nearly \$330 million in deposits and closed over \$1.27 billion in loans. Earnings for the year exceeded the previous year by increasing \$2.2 million to \$77.6 million. While many in the stock market acknowledged severe losses during 2001, Capitol Federal Financial's substantial growth in its share price reflects the strength and proficiency of its board of directors, management and the entire staff.
- The Bank announced plans for the 2003 opening of its 35th office to be located at the entrance to Shawnee Crossings, a new development at the southeast corner of Highway 7 and Shawnee Mission Parkway in Shawnee, Kansas.
- "As an \$8.83 billion financial institution," Chairman Dicus wrote in the Summer 2002 issue of *True Blue Review*,

"Capitol Federal ranks among the top 15 thrifts in the nation in asset size and as one of the most efficient operations in the country. Capitol Federal values its high quality loans and the many products and services we provide through our varied points of customer contact."

- Capitol Federal Financial (CFFN) announced that the Board of Directors elected John B. Dicus as Chief Executive Officer of the Company and Capitol Federal Savings, effective January 1, 2003. He also retains his position as President of both entities. While passing his Chief Executive Officer duties to President Dicus, Chairman John C. Dicus will continue to serve as Chairman of the Board and in an executive capacity with both the Company and the Bank.
- "We are extremely pleased to move John into the top leadership role at Capitol Federal Savings," said Chairman Dicus. "He has served as President and Chief Operating Officer for six years and was instrumental in the successful conclusion of the Bank's plan of reorganization and stock issuance in 1999. The Company is performing very well and the Board has great confidence in his ability to take the Company to new heights," Dicus added. Following the Fourth Annual Capitol Federal Financial Shareholders' Meeting, Topeka Capital-Journal Business Editor Michael Hooper reported, "Capitol Federal stock outperforms the market". He went on to say that CFFN stock "rose 33% in 2002 compared with an 18% decline in the Dow Jones Industrial average, a 32% decline in the Nasdaq and a 24% decline in the Standard and Poors 500. With the stock closing at \$31.62 on January 21, 2003, he revealed that Capitol Federal stock is worth more than three times its initial public offering price of \$10 per share in March 1999.
- In his report to the stockholders, President Dicus stated that Capitol Federal Financial had paid \$2 per share in dividends during 2002, with part being paid in a special year-end dividend. "We are very proud to have been able to provide this special dividend to our shareholders and hope to do it again in 2003. We also are pleased to announce that the Board of Directors voted to increase the next quarterly dividend to 22 cents, payable February 21. With the CFFN stock just up under 40%, we hope you are pleased with the value of your stock and dividend."
- President Dicus announced that at the close of fiscal year 2002 on September 30, assets grew from \$8.635 billion to \$8.781 billion with over \$4.867 billion in total loans and \$4.391 billion in deposits. Earnings for fiscal 2002 rose to \$89.592 million. President Dicus was pleased to announce a 31.81% efficiency ratio to shareholders.
- Capitol Federal Financial finished its 2003 fiscal year with earnings of \$52.0 million and a capital ratio of 11.0%. During the calendar year, Capitol Federal Financial paid \$2.00 in dividends to shareholders.
- Fiscal year 2003 was a challenging year as historically low interest rates persisted resulting in downward pressure on our net interest margin. Borrowers took advantage of the low interest rates as evidenced by our loan originations and modifications, which together exceed \$3.7 billion for the year.
- President Dicus announced to stockholders, "One of our major accomplishments this year was to prepay the entire balance due on two loans which Capitol Federal Financial obtained in 2001 to fund the repurchase of shares. By satisfying this obligation, CFFN is able to reduce its future annual cash flow requirements by approximately \$24 million."
- In April 2003, Capitol Federal opened its 35th office, located in the Shawnee Crossings area of Shawnee at 22400 Midland Drive. We are excited to provide this traditional branch, catering to the borrowing and savings needs of the area, located in a rapidly developing residential area of Johnson County, Kansas.
- In 2003, Frederick P. Reynolds retired from the Board of Directors after 25 years of service. During his tenure, Capitol Federal increased its assets from \$1.3 billion to over \$8.5 billion, added 20 branch offices, changed its charter and completed a corporate restructure. We express our gratitude to Mr. Reynolds for his leadership and guidance during this exciting period in Capitol Federal's history.
- Elected to fill the position left by Mr. Reynolds is Jeffrey R. Thompson, Chief Financial Officer of Salina Vortex Corporation, a Salina-based manufacturing company. "His experience and excellent knowledge in finance," remarked Chairman Dicus, "will help steer Capitol Federal Financial as it moves forward through the 21st century. We welcome him to our Capitol Federal team."
- For fiscal year 2004, President Dicus reported three major transactions took place that "put Capitol Federal in a better position for the future." The first transaction was an interest rate swap conducted in December 2003, converting \$800 million of the Bank's fixed-rate debt to floating-rate debt, resulting in a savings of \$15.7 million for fiscal year 2004.
- In March 2004, Capitol Federal Financial ("CFFN") issued \$53.6 million in debt securities to be utilized at the holding company for cash reserves. The proceeds are for general, corporate and capital purposes, including the payment of dividends.
- CFFN refinanced \$2.40 billion of its FHLBank fixed-rate advances into new fixed-rate, fixed-term advances in July 2004. President Dicus stated, "This was a major transaction for the Bank...providing significant savings in interest expense, contributing \$9.7 million to the 4th quarter pre-tax earnings in fiscal year 2004..."
- As a result of the prepayment penalty, CFFN reported a loss of \$106.3 million in fiscal year 2004. With the refinancing decision made to better position the Bank, if one excluded the prepayment penalty and the related tax impact, net income for the year was \$40.3 million with an efficiency ratio of 52.35% (based on the exclusion of the one-time after-tax charge for the FHLBank refinance). Reflecting the good quality of our loans, Capitol Federal's ratio of non-performing assets to total assets was 0.12%.
- In 2004, Chairman Dicus announced the retirements of Robert B. "Bob" Maupin and Carl Quarnstrom. "With their 30 years and 20 years, respectively, as members of the board, they have been big, big contributors to the growth and direction of Capitol Federal Savings."
- Elected to serve in the positions vacated by Mr. Maupin and Mr. Quarnstrom are Jeffrey M. Johnson, president of the

Flint Hills National Golf Club, Wichita, and Michael T. McCoy, M.D., orthopedic surgeon and Chief of Surgery at Stormont-Vail Regional Medical Center, Topeka. "We welcome these men as they bring a broad scope of experience and knowledge to Capitol Federal Financial to direct our company as it grows and expands into the future," remarked President Dicus.

- In June 2004, Capitol Federal opened a branch within the Corinth Hen House in Prairie Village, Kansas, the 36th branch in our network and our eighth in-store branch. In October, we opened our second branch in Manhattan at Commons Place, the 37th in our network. Both of these promising locations will support our strategy of serving customers through gathering retail deposits and originating single-family home loans.
- At the end of Fiscal Year September 30, 2005, Capitol Federal total assets were \$8.41 billion, with reported earnings of \$65.1 million. With loans a major focus for the Bank, the balance increased from \$4.75 billion in 2004 to \$5.46 billion in 2005. Total deposits were \$3.96 billion. President Dicus reported, "The Total Stockholders' Equity of \$865 million indicates that Capitol Federal Financial remains a very strong and stable company." Other indicators include a strong financial performance: Efficiency Ratio of 41.19%, Operating Expense Ratio of 0.87%, Non-Performing Assets to Total Assets of 0.08% and Equity to Total Assets of 10.29% - all very good numbers compared to peers.
- Also, in calendar year 2005, Capitol Federal Foundation set a new record for grants of over \$3 million to numerous nonprofit and charitable organizations in Capitol Federal market areas. Included was \$250,000 to ten Wichita organizations in recognition of the Bank's 25th anniversary in the market area. Foundation total grants to date, since first initiated in 1999, reached \$12.3 million.
- During the Capitol Federal Financial Seventh Annual Meeting, President Dicus announced that with the Board's declaration of a \$0.50 per share dividend, payable February 17, 2006 to holders of record on February 3, 2006, "We are proud to have returned the initial investment of \$10 to our stockholders who have been with us since the beginning on April 1, 1999. Today is a milestone. With the February dividend, we will have returned cumulative dividends of \$10.18 per share to you. Any price appreciation from the beginning forward is just that - appreciation!"
- In fiscal year 2006, Executive Vice President, Chief Financial Officer and Treasurer Neil F. M. McKay retired, and President Dicus announced the promotion of Kent G. Townsend to the vacated position. In September 2006, Capitol Federal opened its 38th office, its ninth in-store branch, within the Price Chopper at 135th and Mission Road, Leawood. Located one mile from the state line area, this new branch offers excellent convenience for customers, on both the Kansas and Missouri side.
- President Dicus reported CFFN's performance for the fiscal year ended September 30, 2006 was highlighted by net income of \$48.1 million, total assets of \$8.20 billion, and stockholder's equity of \$863.2 million. Total loans were \$5.22 billion with total deposits at \$3.90 billion. The \$210.6 million decrease in assets from 2005 is related to the repayment of FHLB advances which matured in the first half of fiscal year 2006. President Dicus stated the Efficiency Ratio of 48.03% for Fiscal Year 2006 was "a respectable number compared to our peers." He went on to declare the Non-performing Assets to Total Assets Ratio of 0.10% was "one of the leading numbers in the industry - an excellent number - an important number with today's credit quality concerns."
- At the annual meeting on Tuesday, January 23, 2007, President Dicus announced that as of closing Monday, January 22, the stock was at \$38.77. "Continuing our commitment to stockholder value," announced President Dicus, "the Board declared a \$0.50 per share dividend, payable February 16, 2007 to holders of record on February 2, 2007, making cumulative dividends to date over \$12 since 1999."
- In his report on Capitol Federal Foundation, President Dicus reminded all of our "Commitment to Community". The Foundation set a new record by donating over \$3.25 million to numerous nonprofit and charitable organizations in our market areas during calendar year 2006. Foundation total gifts to date reached approximately \$15.5 million in calendar year 2006.
- President Dicus concluded by stating, "In the 7½ years since Capitol Federal went public, we have paid \$245 million in dividends, with buybacks of \$350 million. Proud of our dividend strategy as shown on the Dividend History chart, we will continue our efforts to return value to our shareholders."
- Beginning February 20, 2007, CMIC Financial Services partnered with Broker Dealer Financial Services Corporation\*, a full-service broker-dealer, for the sale of non-deposit investment products at its licensed Capitol Federal locations.
- On December 4, 2007, Capitol Federal's 39<sup>th</sup> branch and its 7<sup>th</sup> in Topeka opened at the Aquarian Center, located at 3310 SE 29<sup>th</sup> Street.
- During the eighth CFFN annual meeting, held January 9, 2008, President Dicus announced that this was a time for Capitol Federal and its employees to be proud. He reported an Efficiency Ratio of 59.60%, Expense Ratio of 0.98%, a Non-Performing Assets to Total Assets Ratio of 0.12% and Equity to Total Assets of 11.30%. He stated, "You'd be hard pressed to find such totals in the country. We are proud to have not been a participant in the subprime market, continuing our commitment to sound lending policies with full documentation and strong underwriting standards. We believe in making loans to those who can afford them."
- *The Topeka Capital-Journal* reported, "Management at Capitol Federal Financial revealed a powerful yet tiny number during its annual meeting Tuesday - a number that describes the bank's low default rate on loans to customers. It's a number worth noting considering so many lenders nationwide have been suffering as a result of the subprime mortgage lending crisis. On September 30, 2007, the ratio of nonperforming loans (to total loans) was 0.14 percent, which means nearly all of Capitol Federal's customers are paying their loans back."
- President Dicus reported that Capitol Federal Foundation set a new record by donating over \$3.35 million to

numerous nonprofit and charitable organizations during calendar year 2007. Foundation total gifts to date reached approximately \$18.8 million in calendar year 2007.

- During 2007, Capitol Federal, its employees and Capitol Federal Foundation were honored for their philanthropy within our communities. Meals on Wheels of Shawnee and Jefferson Counties presented Capitol Federal with its 2007 Corporate Citizen Award in recognition of Foundation support and 20 years of exceptional Bank employee service to homebound individuals. With nominations from both ERC Resource & Referral and the Kansas Masonic Foundation, The Association of Fundraising Professionals: Topeka Chapter on Philanthropy named Capitol Federal Foundation the Outstanding Foundation for 2007.
- On September 16, 2008, Capitol Federal celebrated 115 years of True Blue® service. During its history, Capitol Federal has seen the country face many economic challenges. Through it all, the Bank has “weathered the storms”, because it stands by its strong capital position and its corporate principles.
- Capitol Federal began the 2009 fiscal year in October 2008 with the opening of its 40<sup>th</sup> office, its 7<sup>th</sup> in the Greater Wichita area, located in the Derby Marketplace at 1636 North Rock Road, Derby.
- During the Capitol Federal Financial ninth annual meeting, held January 14, 2009, President Dicus recognized Chairman John C. “Jack” Dicus for his 50 years of service to Capitol Federal. While closing the annual meeting Chairman Jack Dicus announced that President John B. Dicus will be assuming the role of Chairman, continuing as President and CEO. As Chairman Emeritus, Jack Dicus will continue to serve as a key figure in the future of Capitol Federal, working as part of the day-to-day Capitol Federal management team. John Dicus remarked, “When searching for a name synonymous with the core values of leadership – caring, honesty, respect, responsibility – one does not have to go far. Jack exemplifies these values, not only in business, but in his day-to-day living. In any venue, the mention of his name evokes respect and honor.” The employees and board of directors of Capitol Federal are proud to have had such a man of integrity at the helm.
- As Jack Dicus retires from the Board, he is excited to pass the Chairman’s baton to John Dicus as he continues to grow the financial institution Jack has spent many years building. “I am proud to know that John will lead Capitol Federal with the integrity and dedication that have been a tradition at Capitol Federal for more than 115 years,” remarked Jack Dicus. “With John Dicus as Chairman, President and CEO, Capitol Federal continues ‘Generations Strong’.”
- During the annual meeting, President Dicus announced the election of Jack Huey to the Board of Directors for Capitol Federal Financial. Jack serves as Executive Vice President-Chief Lending Officer for Capitol Federal Savings Bank. He also is President of Capitol Funds, Inc. Jack joined the Bank in 1991.
- President Dicus reported Capitol Federal Financial’s performance for the fiscal year that ended September 30, 2008. It was highlighted by net income of \$51.0 million, total assets ending at \$8.05 billion and equity at \$871.2 million. Total loans were \$5.32 billion with total deposits at \$3.92 billion. President Dicus reported the Efficiency Ratio of 49.93% for Fiscal Year 2008, an Operating Expense Ratio of 1.04%, and the non-performing Assets to Total Assets Ratio of 0.23%. With the Equity to Total Assets at 10.82%, John Dicus remarked, “This is a very good number which allowed us to keep out of the TARP funds and keeping Capitol Federal comfortably in a good position today and going forward.”
- President Dicus reported a Book Value per Share of \$11.93 for fiscal year 2008. CFFN paid dividends of \$2.11 per share and had a cash reserve of \$110.4 million as of December 31, 2008. President Dicus stated, “This cash reserve gives confidence for the Board to continue paying quarterly dividends.”
- During the Greater Topeka Chamber of Commerce annual meeting, Capitol Federal was recognized as the Chamber Member Firm for 2008. Chamber/GO Topeka president and CEO Doug Kinsinger stated, “Capitol Federal and their many associates have been behind the scenes supporters for the Chamber during 2008.”
- In recognition of Capitol Federal Foundation’s continuing support for its students, Wichita State University honored the Foundation as a New Life Associate of the WSU Fairmont Society. Each year Capitol Federal presents scholarships to 20 students of the Wichita State University W. Frank Barton School of Business.
- Capitol Federal is a financial institution of people helping people “achieve the habit of thrift and joy of home ownership.” Our Mission Statement includes the objective that we “shall be the premier residential real estate lender and provider of enhanced retail financial services” in our markets. The foundation of our management strategy has always been to be a portfolio lender with excellent asset quality and to offer a wide range of retail financial services, with a commitment to cost control while maintaining a strong capital position.
- It is our intention to continue to be a traditional thrift providing an exceptional level of service to our entire customer base. As part of this objective, Capitol Federal Management looks for opportunities to remain competitive and develop banking convenience through online and telephone access services from anywhere, at anytime.
- Capitol Federal and its staff have made a “Commitment to Community”, working to make life better by providing affordable housing for all. Capitol Federal and its people seek out and meet the needs of the communities we serve. We support civic and charitable organizations such as the United Way and American Cancer Society. Special emphasis is given to housing-related organizations and our own affordable housing programs.
- Capitol Federal continues to be known as “the leader in residential mortgage lending.” During a past shareholders’ meeting, Chairman Dicus expressed that it is Capitol Federal’s commitment to single-family mortgage lending that allows the Bank to continue its excellent earnings, thus providing a strong stock performance.
- Chairman Dicus states, “Throughout its more than 115 years of service, Capitol Federal has distinguished itself with balance sheet strength, consistent earnings and sound operations. The Bank remains steadfast to operating under

the principles upon which it was founded: Safety in Savings, Sound Lending Policies, Quality Customer Service and Commitment to Community. As tradition has proven, Capitol Federal will remain constant -- performing sound financial practices and providing safe, True Blue® service for our customers."

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