WaFd Bank

Investor Presentation
As of March 31, 2023

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Washington Federal's management and are subject to significant risks and uncertainties. The forward-looking statements in this presentation speak only as of the date of the presentation, and Washington Federal assumes no duty, and does not undertake, to update them. Actual results or future events could differ, possibly materially, from those that we anticipated in these forward-looking statements.

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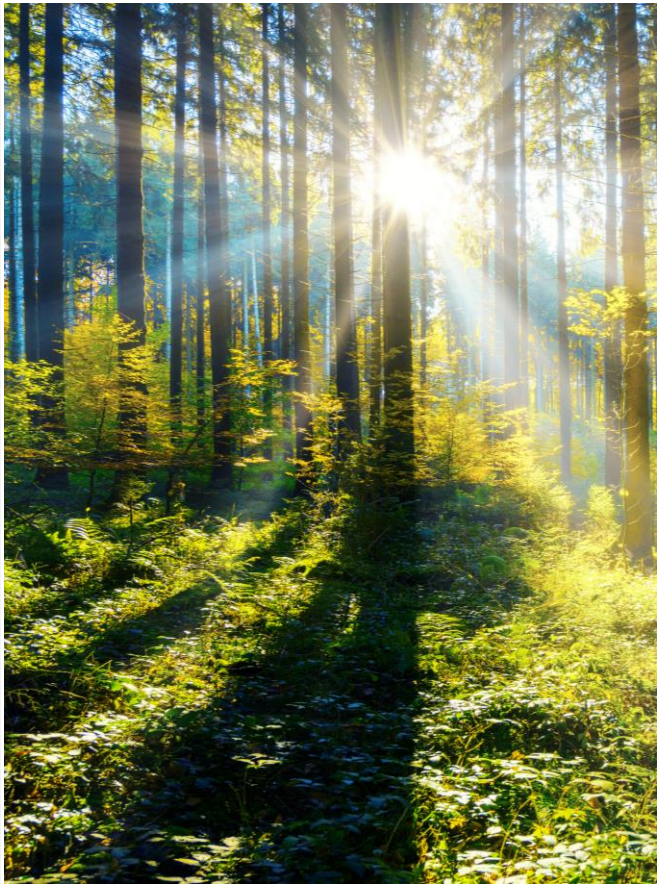
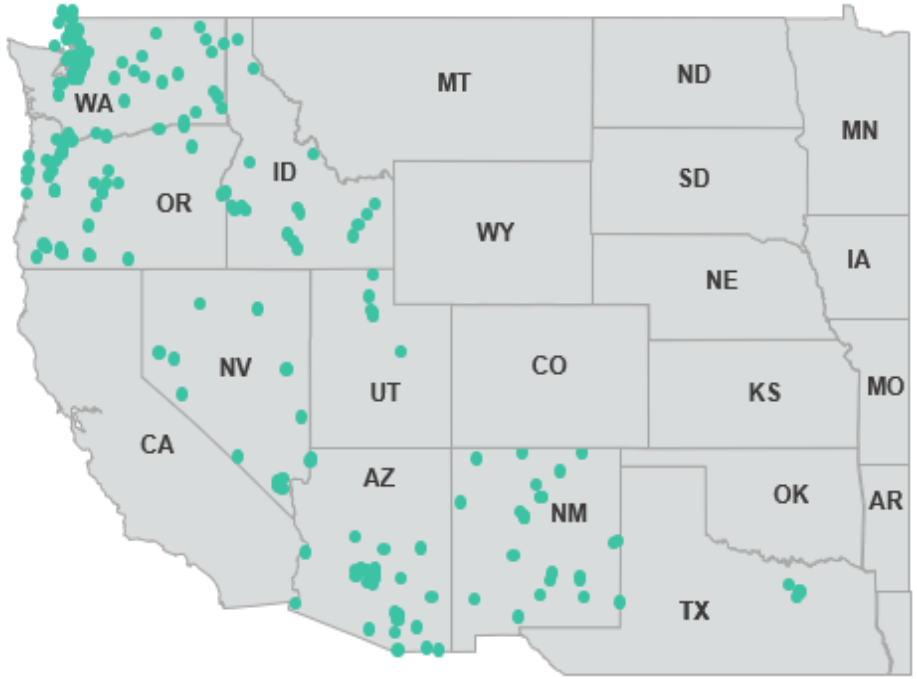


Overview of WaFd Bank

Overview

- Established in **1917**; IPO in 1982
- Washington State Charter Commercial Bank – WA DFI, FDIC, FRB, CFPB Regulated
- Headquartered in Seattle, WA; is the **second largest** bank headquartered in the Pacific Northwest
- Exited BSA Consent Order Dec 2021
- **199 branches** across 8 western states
- **Full-service** consumer & commercial bank
- Strong capital, high asset quality, consistent results
- Portfolio mortgage lender
- Profitable **every year since 1965**
- Interest rate risk management – well controlled
- **161 consecutive** quarterly cash dividends
- 13,505% Total shareholder return since IPO

Geographic Overview



Company Highlights[1]

Total Assets	Total Loans	Total Deposits	Stockholder Equity	Efficiency Ratio
$22.3Bn	$17.3Bn	$15.9Bn	$2.4Bn	49.53%

[1] As of or for the quarter-ended 3/31/2023

WaFd Bank Executive Management Committee

Brent Beardall
President and Chief Executive Officer

Kelli Holz
EVP Chief Financial Officer

Cathy Cooper
EVP Chief Consumer Banker

James Endrizzi
EVP Chief Commercial Banker

Kim Robison
EVP Chief Operating Officer

Ryan Mauer
EVP Chief Credit Officer

WaFd Bank Demographics

Our markets are among the most desirable in the US and create a foundation for loan growth without excessive risk

State	Number of Branches	Company Deposits in Market ($000)	Deposit Market Share (%)	Percent of National Franchise (%)	Total Population 2023 (Actual)	Population Change 2010-2023 (%)	Projected Population Change 2023-2028 (%)	Median HH Income 2023 ($)	Projected HH Income Change 2023-2028 (%)
Washington	71	7,273,498	3.06	43.9	7,863,719	16.94	4.33	89,976	15.87
Oregon	36	2,750,323	2.68	19.2	4,295,710	12.13	3.45	75,279	15.18
Arizona	28	1,579,815	0.74	10.3	7,380,760	15.47	3.76	71,447	16.88
New Mexico	19	1,446,675	2.93	8.2	2,120,216	2.96	0.74	58,342	13.27
Idaho	22	1,020,154	2.47	6.9	1,941,205	23.83	5.79	68,632	14.75
Utah	9	852,062	0.70	4.8	3,408,723	23.33	5.04	87,338	16.23
Nevada	8	527,449	0.47	3.3	3,198,164	18.43	3.95	70,540	11.48
Texas	6	410,972	0.05	3.4	30,065,904	19.57	4.14	71,347	11.18
Totals:	**199**	**15,860,948**		**100**	**60,274,401**				
Weighted Average						**15.64**	**3.92**	**79,775**	**15.27**
Aggregate: National					**334,500,069**	**8.34**	**2.14**	**73,503**	**13.37**

Deposit market share and percent of national franchise are from the FDIC's Summary of Deposit reports and is as of 09/30/2022. All other data is as of 3/31/2023.

Vision 2025

Our Objective:

A highly-profitable, digital-first bank that leverages data to anticipate financial needs and empower our clients by creating frictionless experiences across all interactions and devices.

Our Values:

Integrity, Teamwork, Ownership, Service, Simplicity & Discipline

Evolution of Our Franchise

10 years of investment has put us on glide path to an even stronger balance sheet and deeper client relationships

Thrift

Consumer deposits and home loans.

Commercial

Relationship deposits and diversified lending

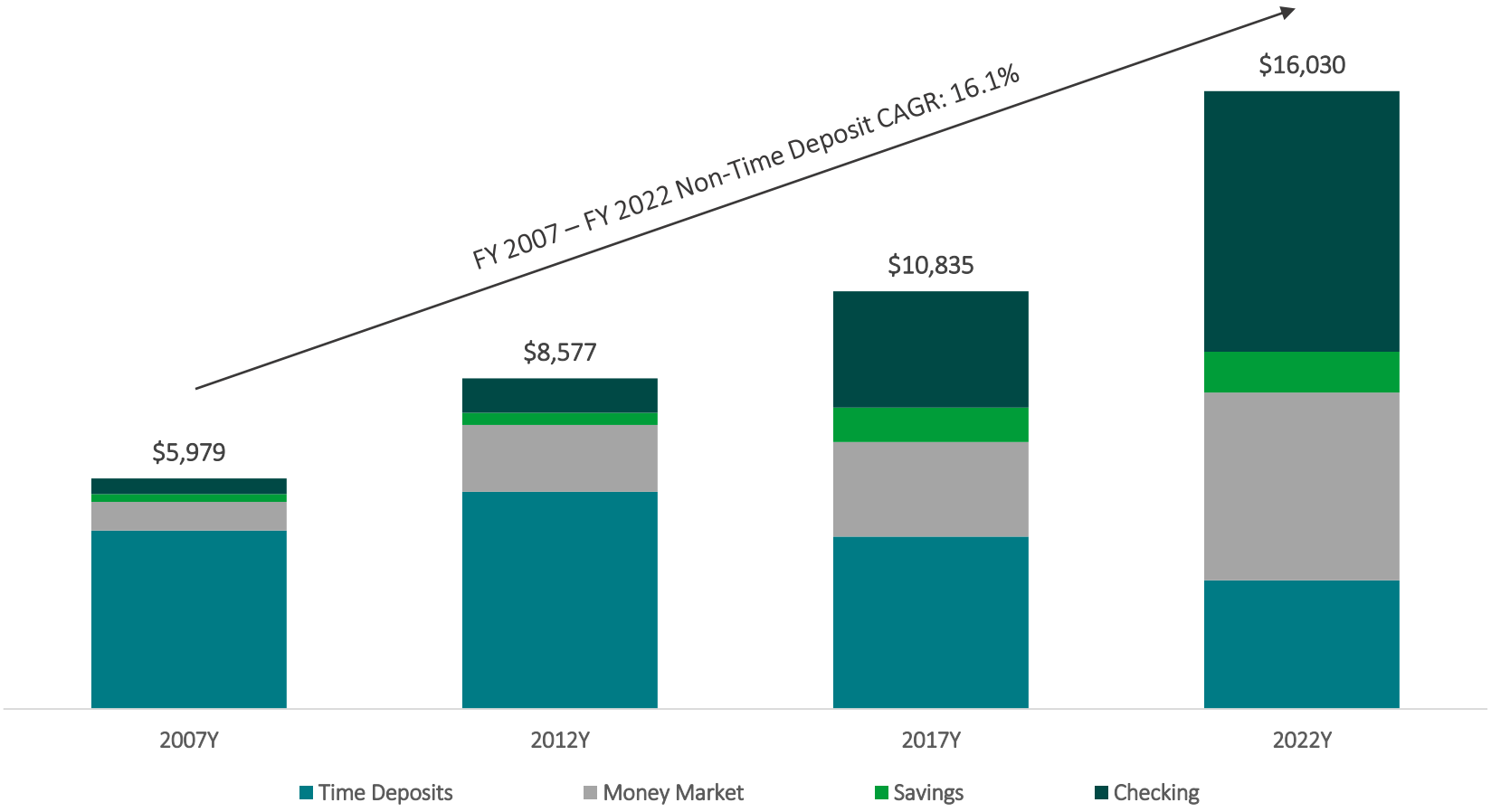
2025 Vision

Digital Focus

Leverage data to anticipate financial needs and empower our clients

WAFD's Evolution from Thrift to Bank Funding

$ in millions



Note: Balances as of fiscal year ending September 30.

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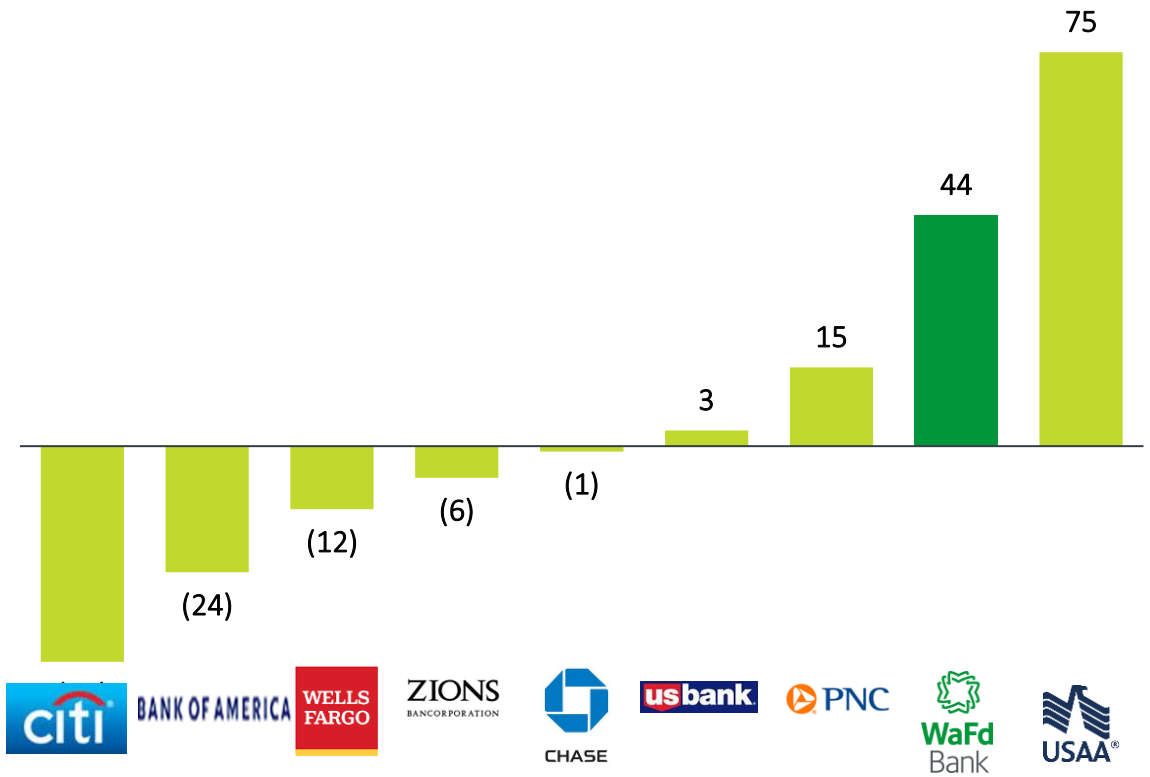
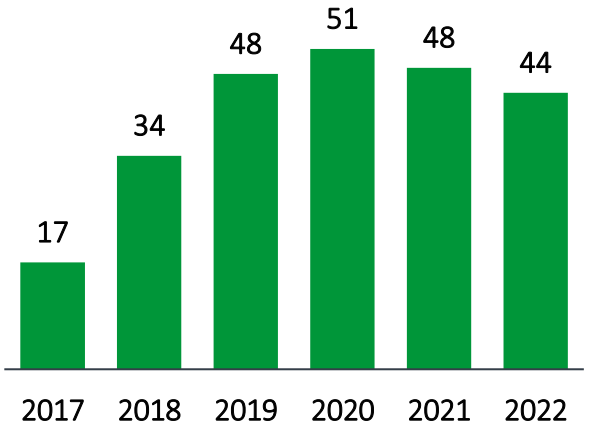
Net Promoter Score Approaching Best in Class

Our investments in customer service, usability and technology are translating into high customer satisfaction levels

Peer Net Promoter Score [1]



WaFd Net Promoter Score [1]

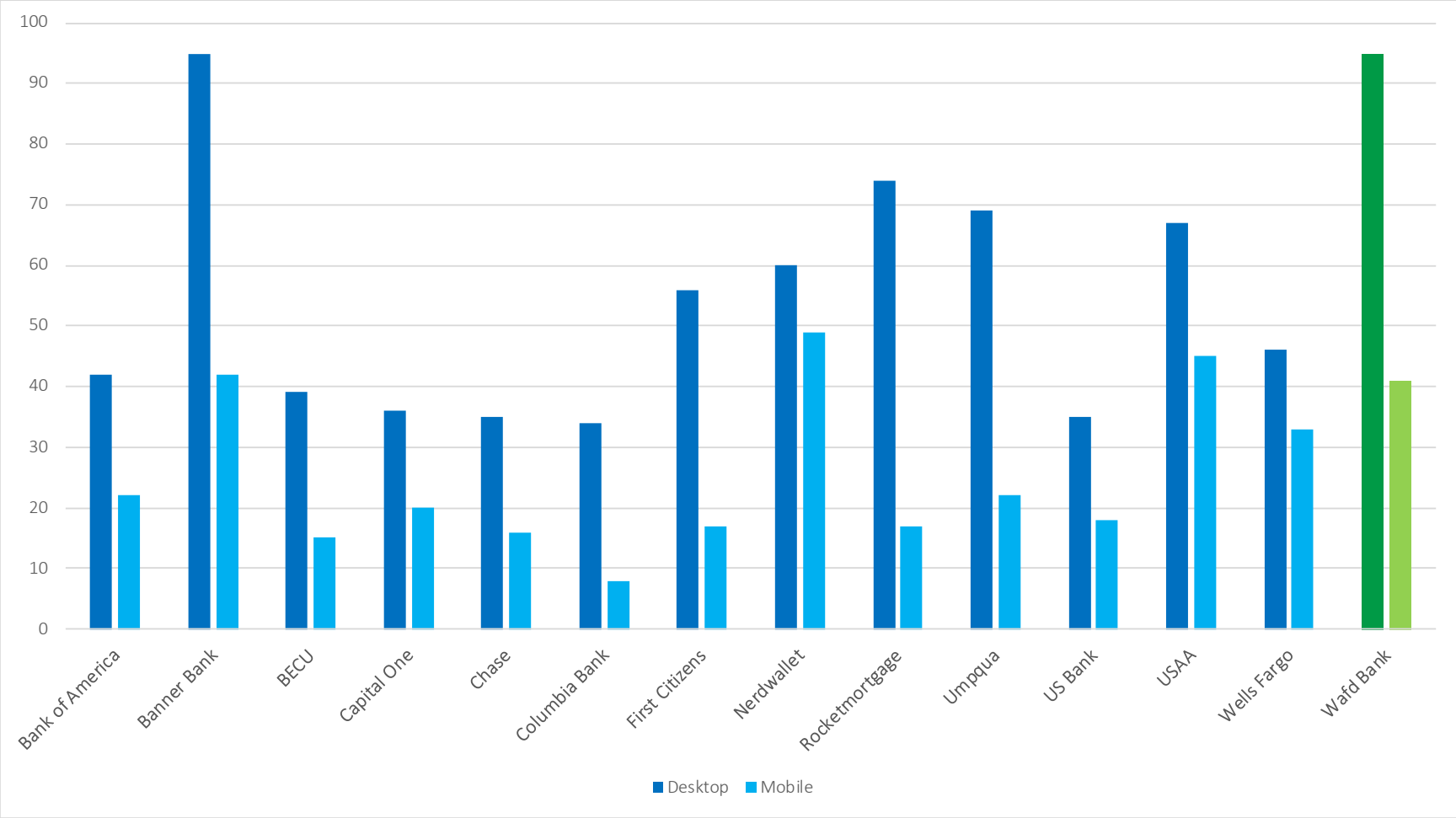


Source: Customer Guru

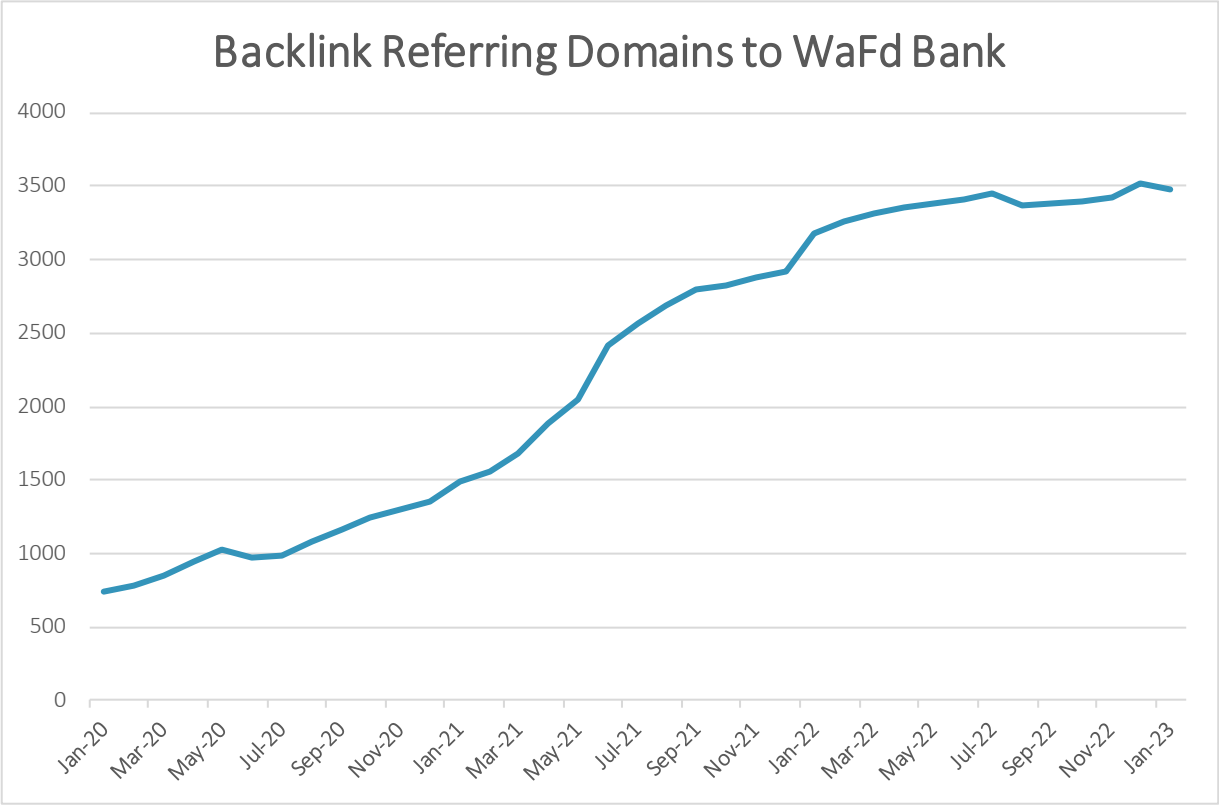
[1] As of 12/31/2022

Speed Matters – Website Is the New Storefront

New wafdbank.com Google page speed scores



Getting Customers to Your Website is Mission Critical



WaFd Bank's online presence and domain authority have been growing significantly year over year.

The number of referring domains has seen consistent increase over time – 368% from January 2020 to January 2023.

Commitment to ESG & Diversity

We believe our enduring franchise comes from core principles focused on helping the neighborhoods we serve and creating long-term value for all stakeholders led by a Board, management and employee base that bring together a diversity of backgrounds

Board Composition[1]

Gender Identity	Female	Male	Not Disclosed
Directors	2	7	1
Demographic Background			
African American or Black		2	
Hispanic or Latinx	1		
Asian		1	
White	1	4	
Not Disclosed			1

ESG & Diversity Policy Highlights

Our Corporate Social and Environmental Responsibility Policy flows from WaFd Bank's core principles, which are:

Community Development
Over $203 million dollars invested towards community development lending and affordable housing investments

Volunteerism
WaFd employees participated in 8,179 volunteer hours in support of more than 447 organizations and initiatives

Washington Federal Foundation
The Washington Federal Foundation awarded 218 grants to local community organizations totaling $705 million for the fiscal year

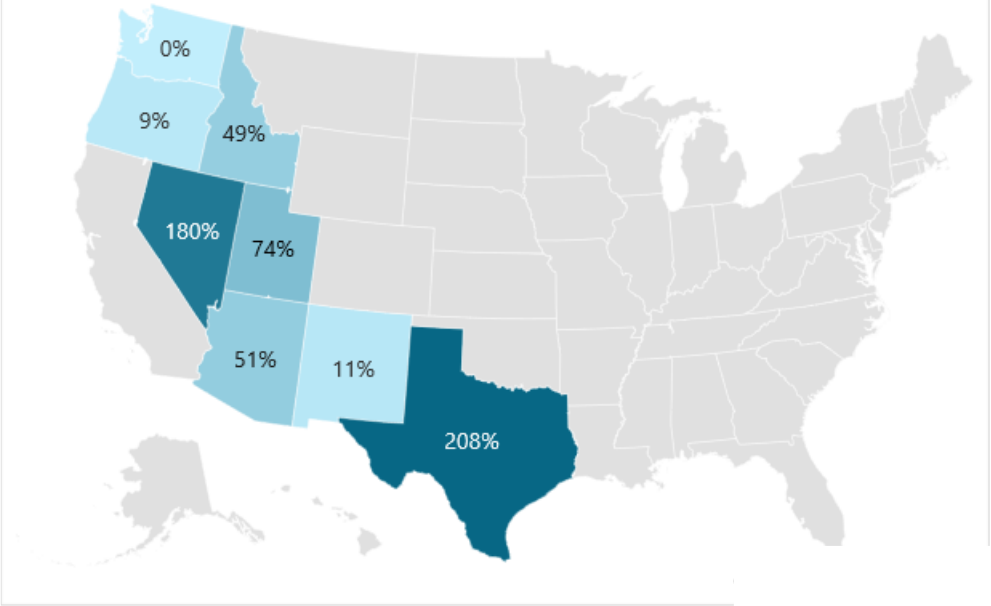
United Way Matching Campaign
WaFd Bank matches employee contributions made to United Way agencies in all eight states. In fiscal year 2022 pledges from colleagues were $402,109. WaFd matched $327,375 for a total of $729,484

[1] Based on self-identification [2] As of 9/30/22

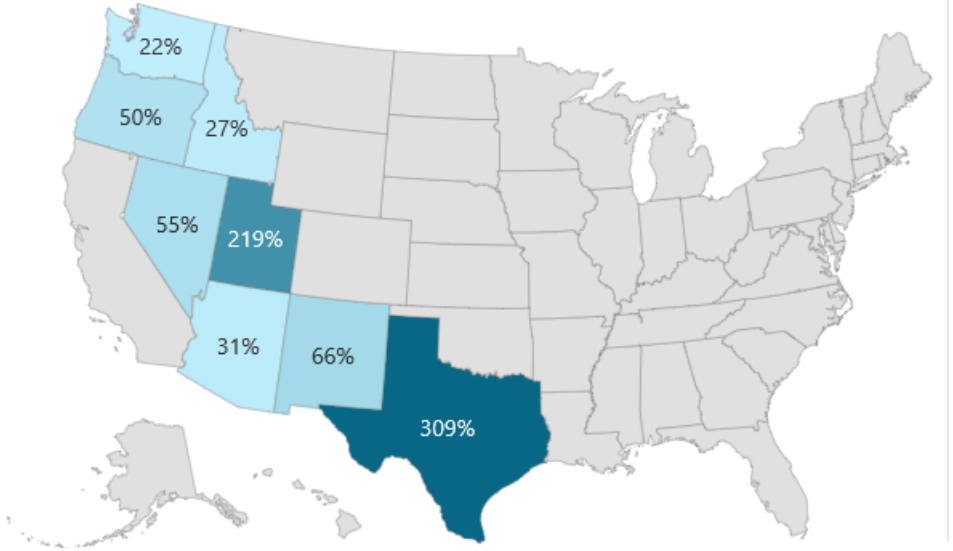
5 Year Change by Percentage in Each Geographical Area

From March 31, 2017, to March 31, 2023

5 Year percentage change in Loans by Geographical Area



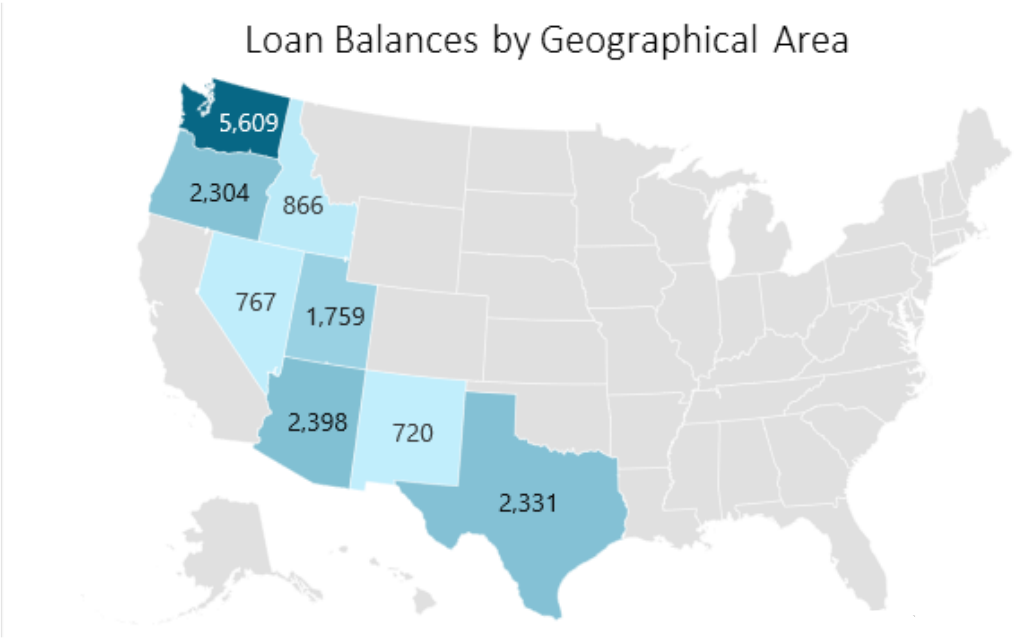
5 Year percentage change in Deposits by Geographical Area

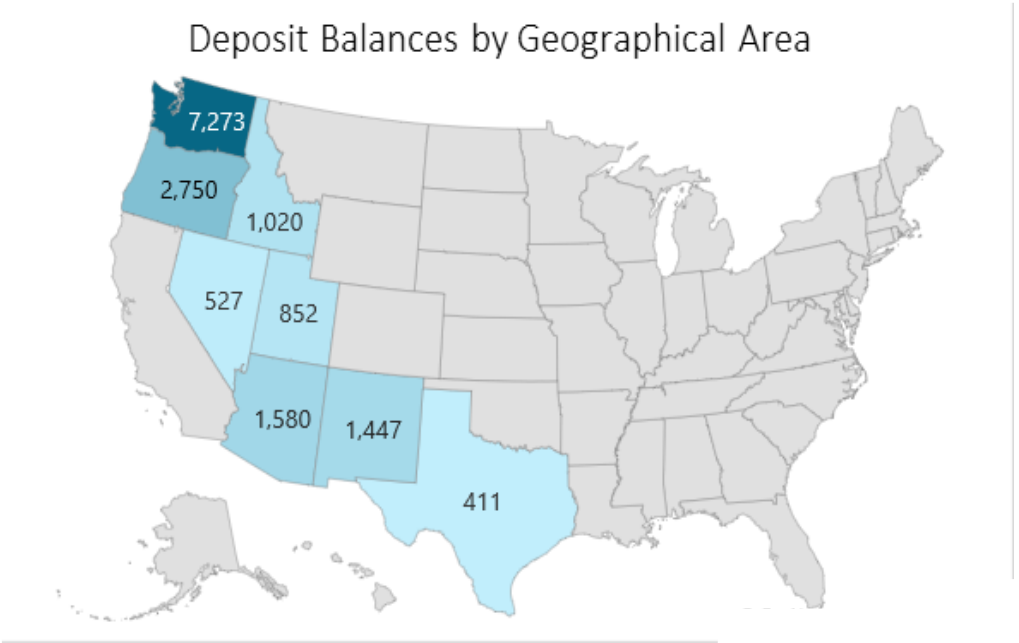


Loan and Deposit Balances by Geographical Area

As of March 31, 2023

$ In Millions

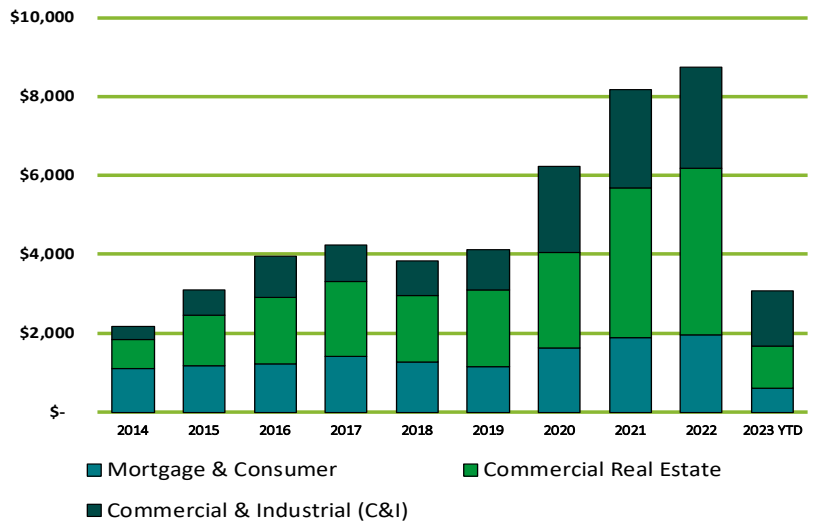




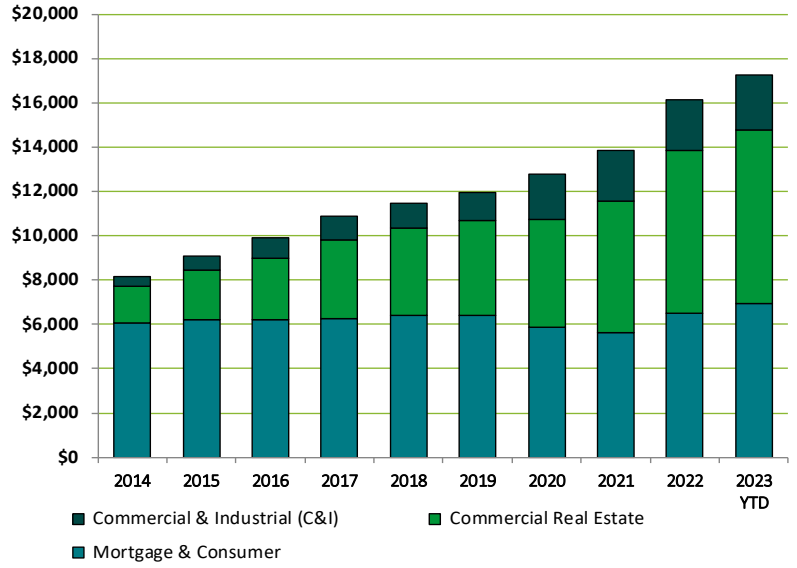
Loan Growth – Through Different Interest Rate Environments

$ in millions.

New Loan Originations



Loan Growth



- C&I and Commercial Real Estate loans made up 80% of all originations in 2023 compared to 49% in 2014
- Mortgage and Consumer Loans are largely holding flat in the current rate environment

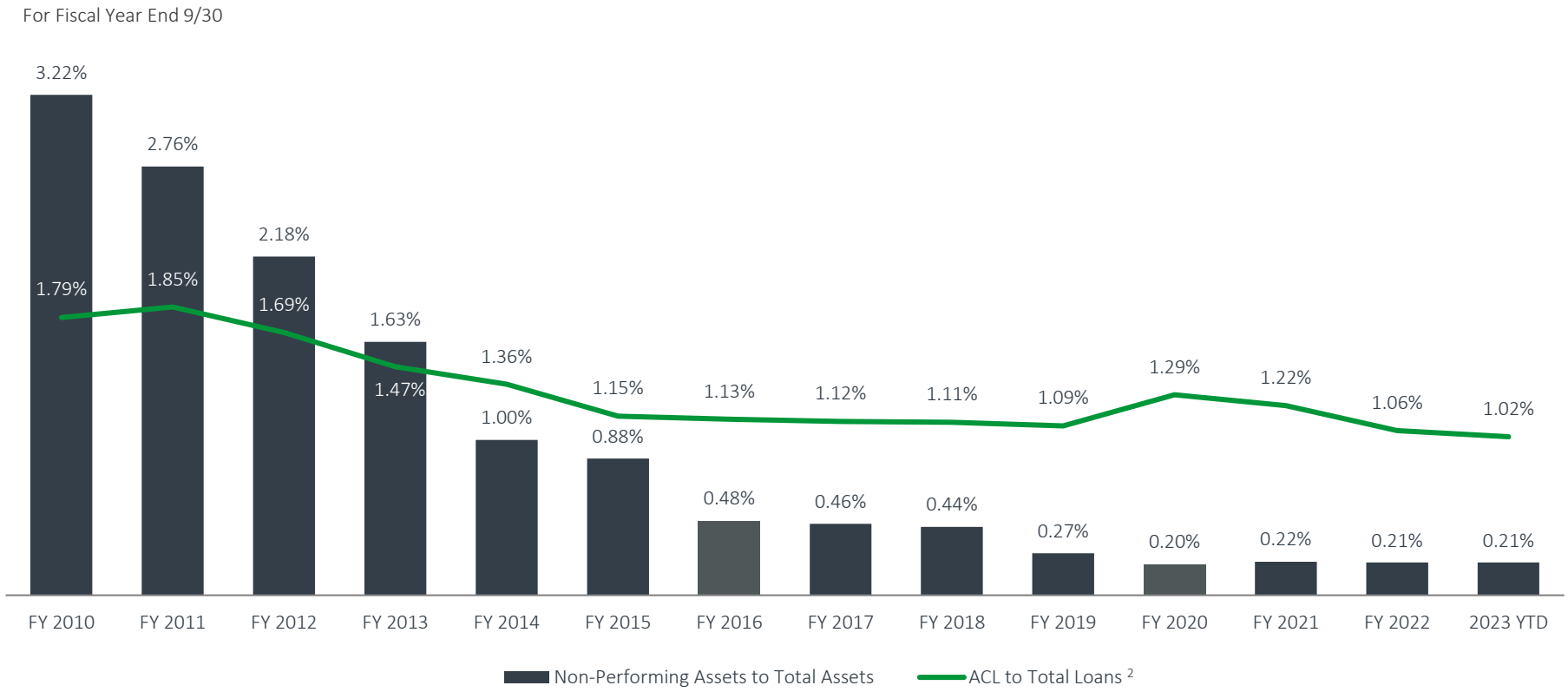
- Mortgage and Consumer loans - 40 % of total net loans
- Commercial loans growing fastest over last eight years
- Office Building loans make up 5% of Net loans. Avg LTV for Office Buildings are 56%

Non-Performing Assets Near Record Lows

We have retained a strong ACL while NPAs have declined since 2010

- ACL at 3/31/2023 amounted to $177.4 million, representing 379% of total NPAs [1]
- Non-performing assets $46.7 million as of 3/31/2023

Non-Performing Assets to Total Assets and ACL to Total Loans [1]



[1] ACL to Total Loans does not include ACL related to unfunded commitments of $28.5 million.

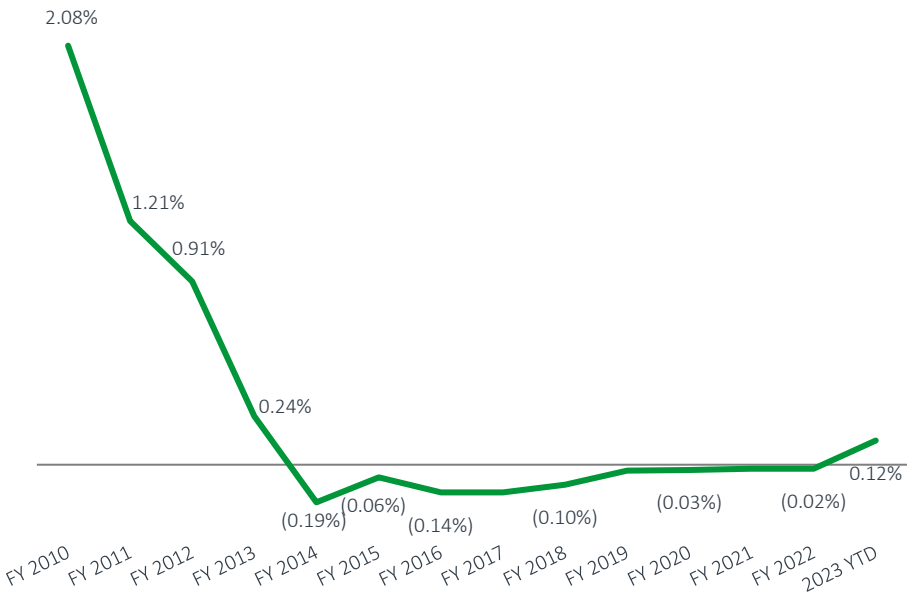
[2] Effective October 1, 2020, the Company implemented FASB's Current Expected Credit Loss (CECL) Standard

Strong Credit Quality

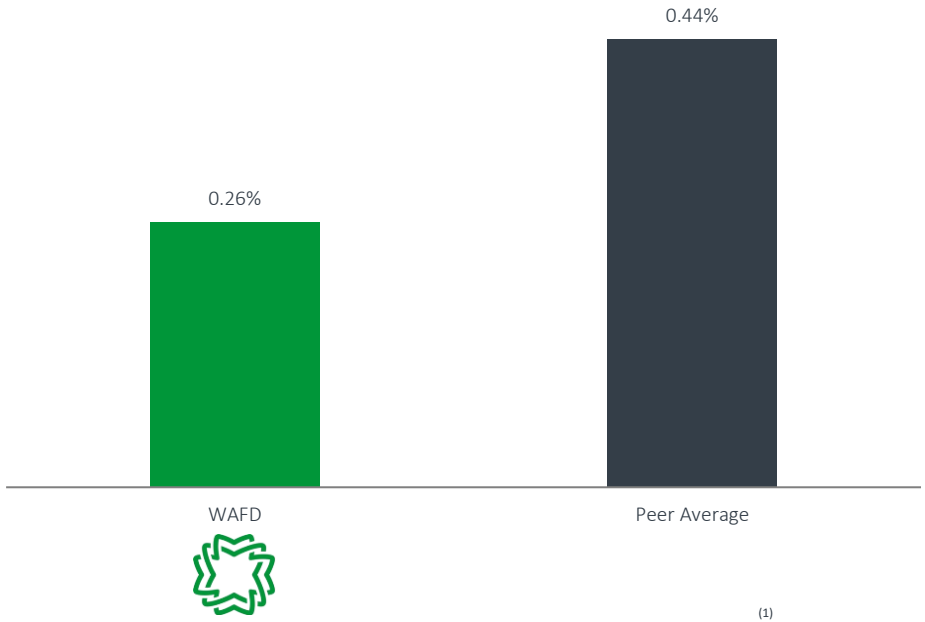
Strong Credit Quality Characterized by Limited Charge-Offs

- Net Recoveries since 2013 total $69.4 million
- The Bank continues to work $50 million of loans previously charged off
- 9 Consecutive years of Net Recoveries until 3/31/2023

Net Loan Charge-offs (Recoveries)



Average NCOs Per Year – Last 20 Years



Source: SNL Financial, Company Filings

[1] Peers represent Proxy Peers as specified in the Company's latest Proxy Statement

Net Loan Portfolio Average Current LTV

As of March 31, 2023
$ In Thousands

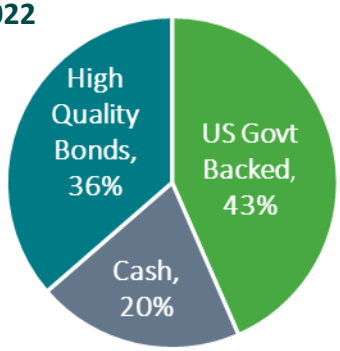
	Net Balance	% of Loans	WTD Avg Current LTV	% with Current LTV >75%	Avg LTV when above 75%
Multifamily	$ 2,846,956	16%	43%	2%	77%
CRE - Office	839,179	5%	56%	38%	80%
CRE - Other	2,391,323	14%	41%	13%	80%
CRE Construction - Multifamily	938,312	5%	49%	1%	83%
CRE Construction - Other	644,175	4%	43%	14%	81%
C&I	2,521,895	15%	NA		
SFR	6,107,105	35%	36%	7%	84%
SFR Custom Construction	400,327	2%	59%	22%	80%
Other	582,636	3%	NA		
	$ 17,271,906	100%			

Significant Liquidity and High-Quality Securities Portfolio

High quality, $3.5 billion cash and investment portfolio with $9.8 billion remaining collateral and lines as a source of additional potential liquidity

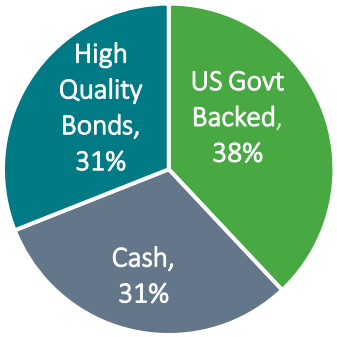
Cash and Securities Composition

December 31, 2022



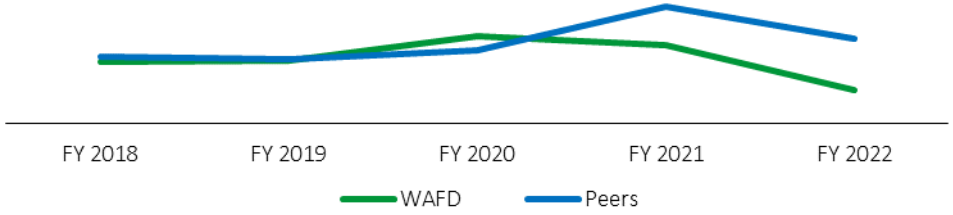
Total Cash and Securities: $3.2Bn
Cash and Securities / Total Assets: 15%

March 31, 2023



Total Cash and Securities: $3.5Bn
Cash and Securities / Total Assets: 16%

Cash & Securities / Total Assets[1]



Source: SNL Financial, Company Filings
[1] Peers represent Proxy Peers as specified in the Company's latest Proxy Statement

As of 3/31/2023, WAFD maintains over $3.5bn of balance sheet liquidity.

- Cash and Securities is 16% of assets
- Investment Portfolio targets low credit risk / moderate duration
- 69% Cash, US Government-backed Agency Bonds and MBS [2]
- Yield on the Investment Portfolio is 3.92%

Liquidity is tested quarterly through running various scenarios to determine their affect on available liquidity. Whether minor or extreme, these tests show strong liquidity as a result of deposits and borrowing capacity from reliable collateralized sources.

Investment Portfolio

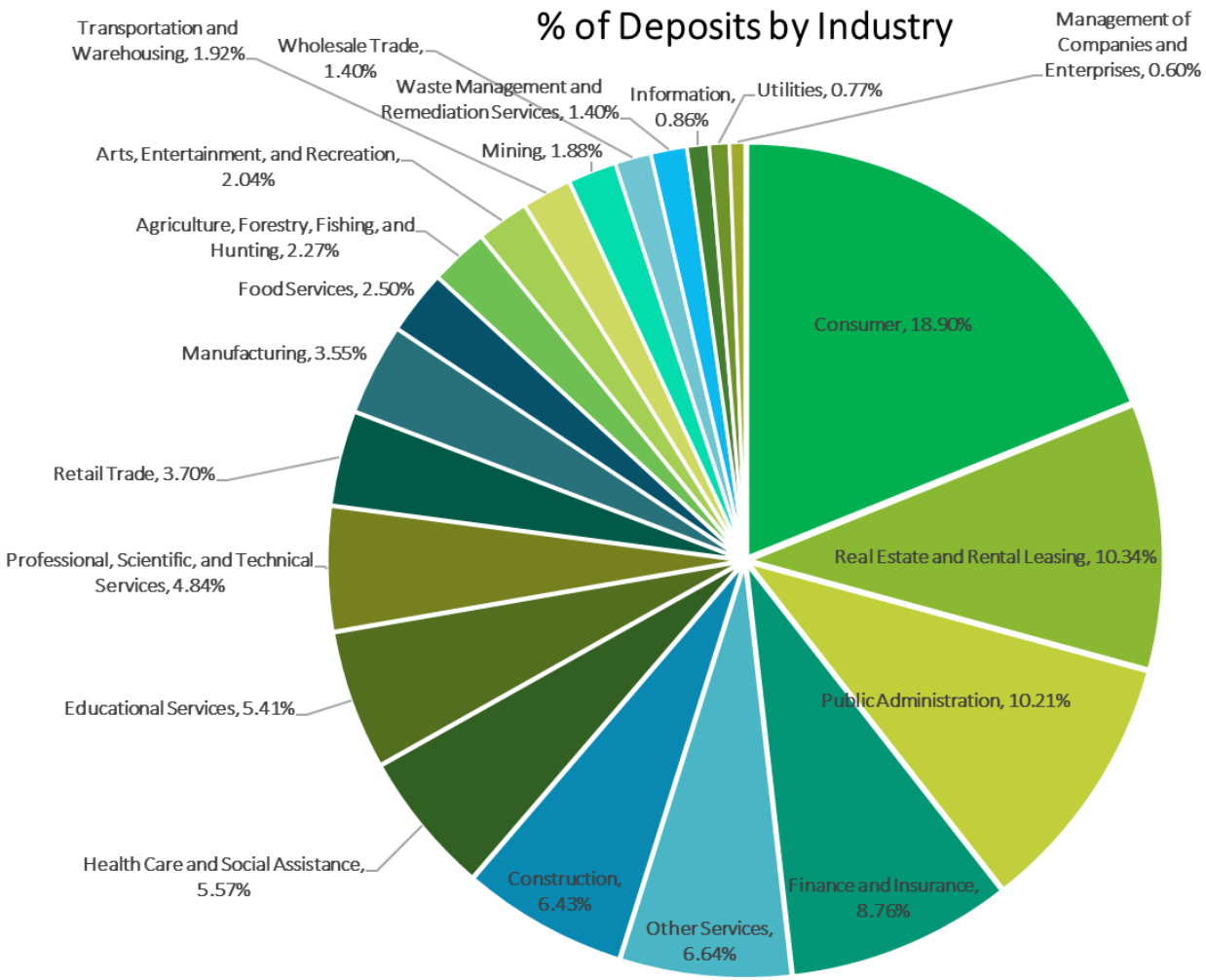
High quality, $2.5 Billion investment portfolio with a duration of 3.6 years. Portfolio is 37% variable rate.

HTM Investments	Fair Value	Gain/Loss	WAL	Expected Yield
Agency MBS	$ 401,076	$ (44,147)	6.5	2.73%

AFS Investments	Fair Value	Gain/Loss	WAL	Expected Yield
Agency MBS	$ 899,743	$ (60,511)	4.2	3.05%
Agency and Student Loan Bonds	748,843	(15,292)	13.0	5.00%
Corporate Bonds	322,380	(18,089)	4.2	4.20%
Municpal Bonds	35,297	(289)	12.6	5.20%
	$ 2,006,263	$ (94,181)		

Hedges	Gain/Loss	WAL
Borrowing Cash Flow Hedges	179,945	

Highly Diversified Deposit Base

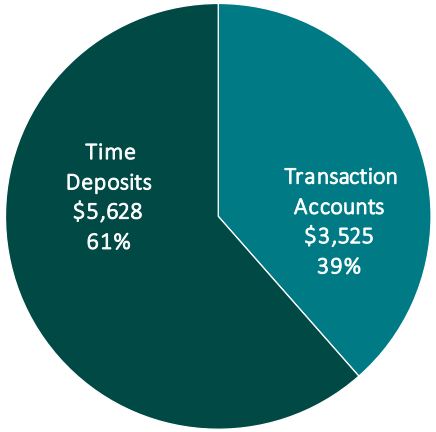


Top 20 depositors make up 11% of total deposits. 26.7% of total deposits are uninsured as of March 31, 2023.

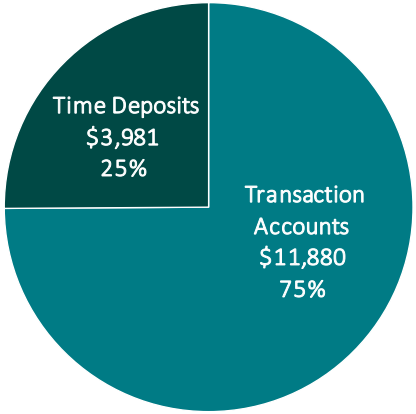
Deposit Trends

Shifting away from time deposits in favor of transaction accounts. Checking accounts now make up 44%.

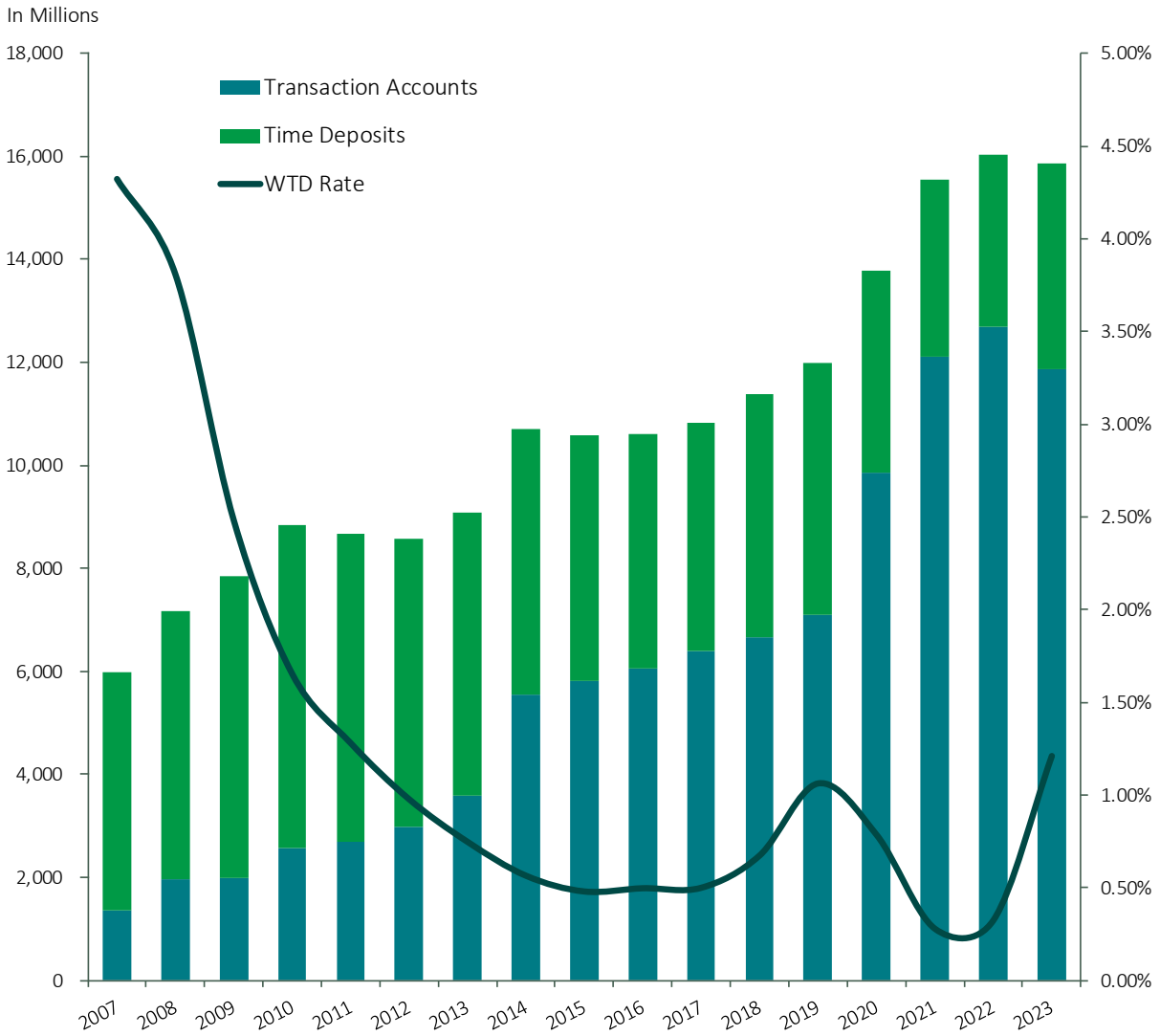
As of 3/31/2013



As of 3/31/2023

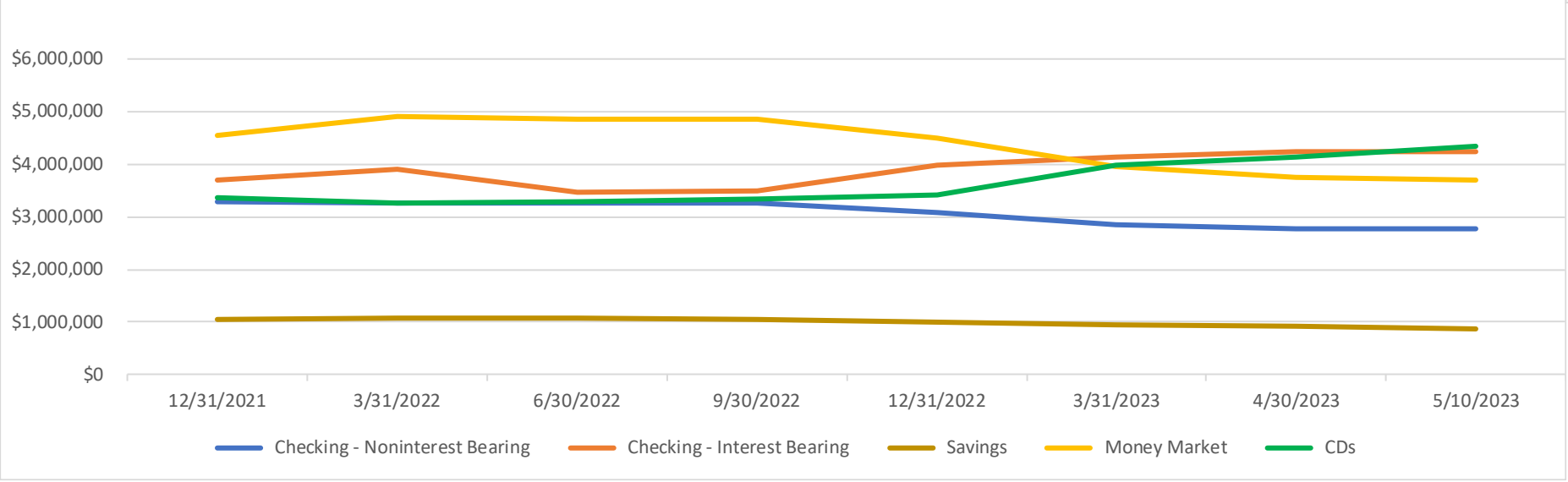


Core Deposits = 92.3% of Total



Deposit Flows

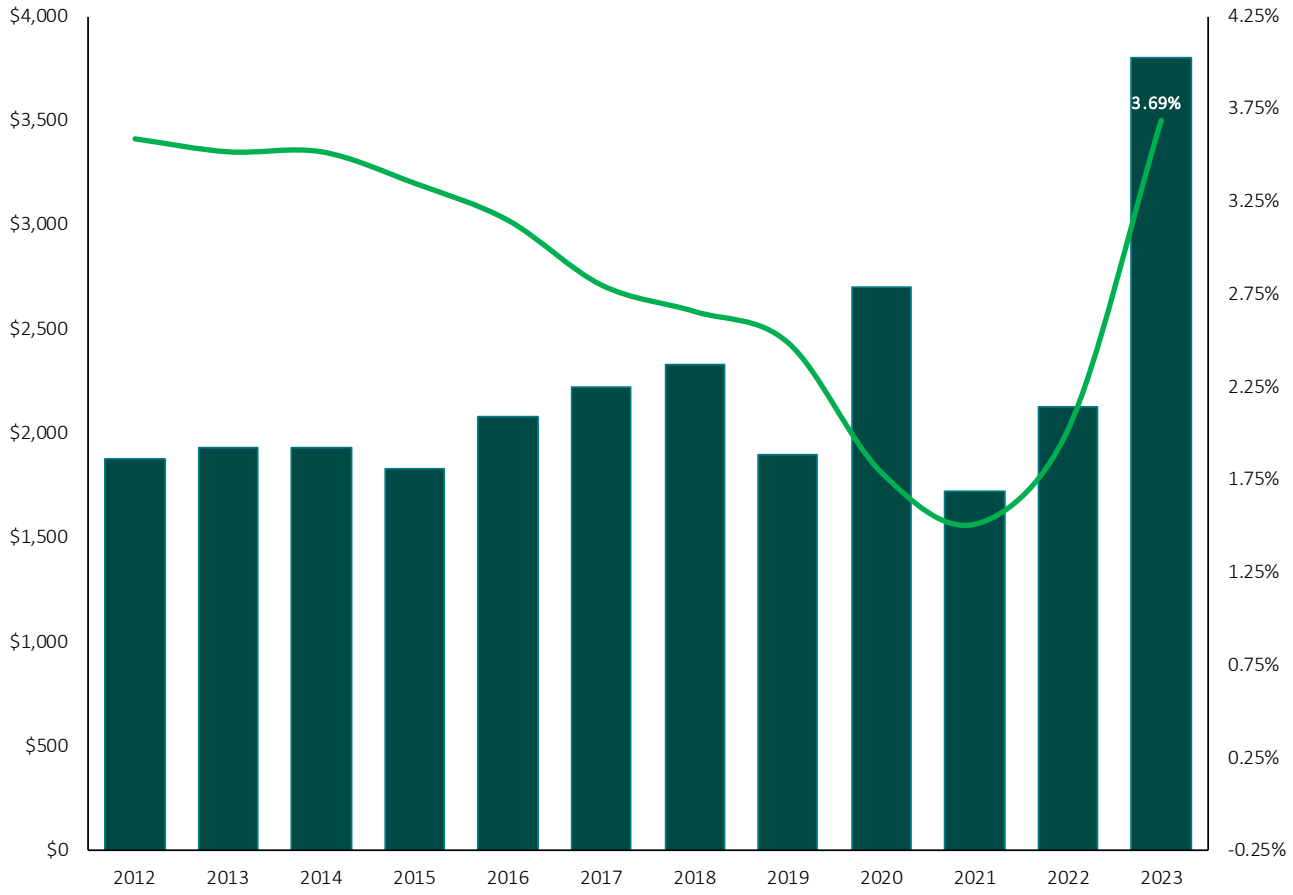
Customer Deposit Accounts	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	4/30/2023	5/10/2023
Checking - Noninterest Bearing	$ 3,279,841	$ 3,251,603	$ 3,269,773	$ 3,266,734	$ 3,070,895	$ 2,856,165	$ 2,770,925	$ 2,775,067
Checking - Interest Bearing	3,688,822	3,897,185	3,472,402	3,497,795	3,971,814	4,125,554	4,251,496	4,236,364
Savings	1,043,003	1,078,146	1,069,801	1,059,093	1,002,034	943,915	910,463	873,296
Money Market	4,538,396	4,912,671	4,856,275	4,867,905	4,503,090	3,954,709	3,743,075	3,702,273
CDs	3,351,985	3,251,042	3,297,369	3,338,043	3,412,203	3,980,605	4,129,682	4,333,860
Total	15,902,046	16,390,648	15,965,620	16,029,570	15,960,035	15,860,948	15,805,641	15,920,860
Quarter Change	(359,934)	488,602	(425,028)	63,950	(69,534)	(99,088)		59,912
Month to Date Change						25,418	(55,307)	115,219
Uninsured Deposits	5,016,880	5,334,562	5,164,602	4,856,149	4,876,840	4,238,629	4,077,855	4,093,845
% of Total Deposits	31.5%	32.5%	32.3%	30.3%	30.6%	26.7%	25.8%	25.7%



*(Balances $ in thousands)

Borrowings Outstanding & Weighted Rate

Borrowings are 90% FHLB and 10% Fed's Bank Term Funding and are used in part to manage interest rate risk. Current period increase reflects increased use of short-term borrowings to fund loan growth. Rates have increased with market rates. Increase in borrowings for 2020 was from locking in $1 billion of funding at a fixed rate of 66 bps for 10 years.



Effective Maturity Schedule

	Amount $ million	Rate
Within 1 year:	$2,700	4.74%
1 to 3 years:	$ 300	2.07%
3 to 5 years:	$ -	- %
5+ years:	$ 800	0.76%

Utilization of Fed's Bank Term Funding Program

Due to the highly favorable terms of the program WaFd has elected to borrow from the program and use savings relative to other wholesale costs to subsidize further actions to strengthen fortress liquidity position.

Sources and Uses of Funds & Net Interest Income Impacts

	Amount ($MM)	Rate	Quarterly NII Impact ($MM)
Sources			
Draw Fed Bank Term Funding Program	375	4.37%	-4.10
FHLB Advance Draw	125	5.13%	-1.60
	500	**4.56%**	**-5.70**
Uses			
Increase in Cash Held at Fed	500	4.90%	6.13
	500	**4.90%**	**6.13**

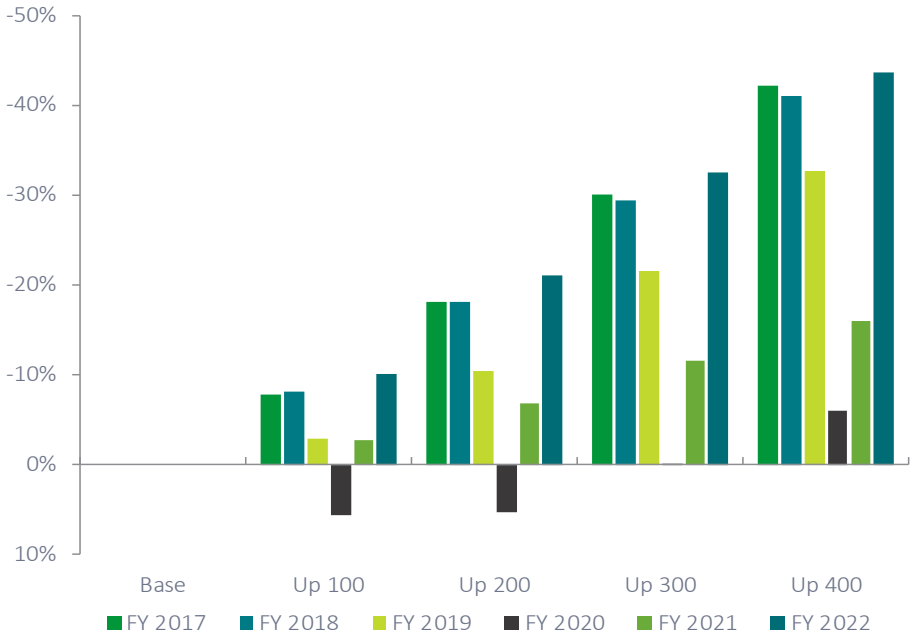
Features of Bank Term Funding Program in Support of Utilization

- Prepayable at any time without penalty – great given high volatility/uncertainty
- Lowest cost funding source available – yield curve inversion outstrips 10bps pay-up over 1-year Fed Funds Overnight Interest Rate Swaps
- Additional collateral value on small portion of securities portfolio with mark to market losses
- Enables increasing cash position without a drag to net interest income
- Wholesale deposits added at terms up to 1 year and 5.4% rate to ensure there is ample liquidity on-hand in case of persistent stresses on banking sector

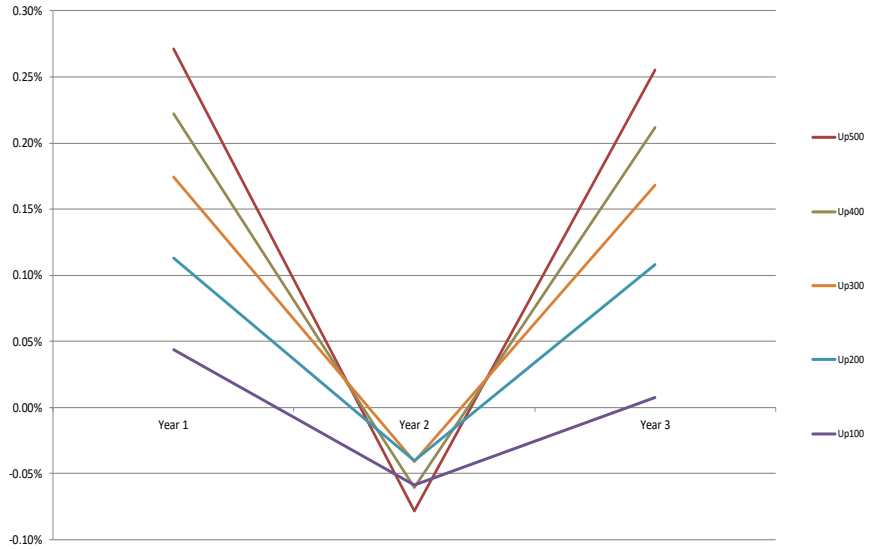
Balanced Interest Rate Risk

Interest Rate Risk is well managed and skewed toward the upside in the current environment given asset sensitivity

Change in NPV (%)



Net Interest Margin Sensitivity vs. Base Case

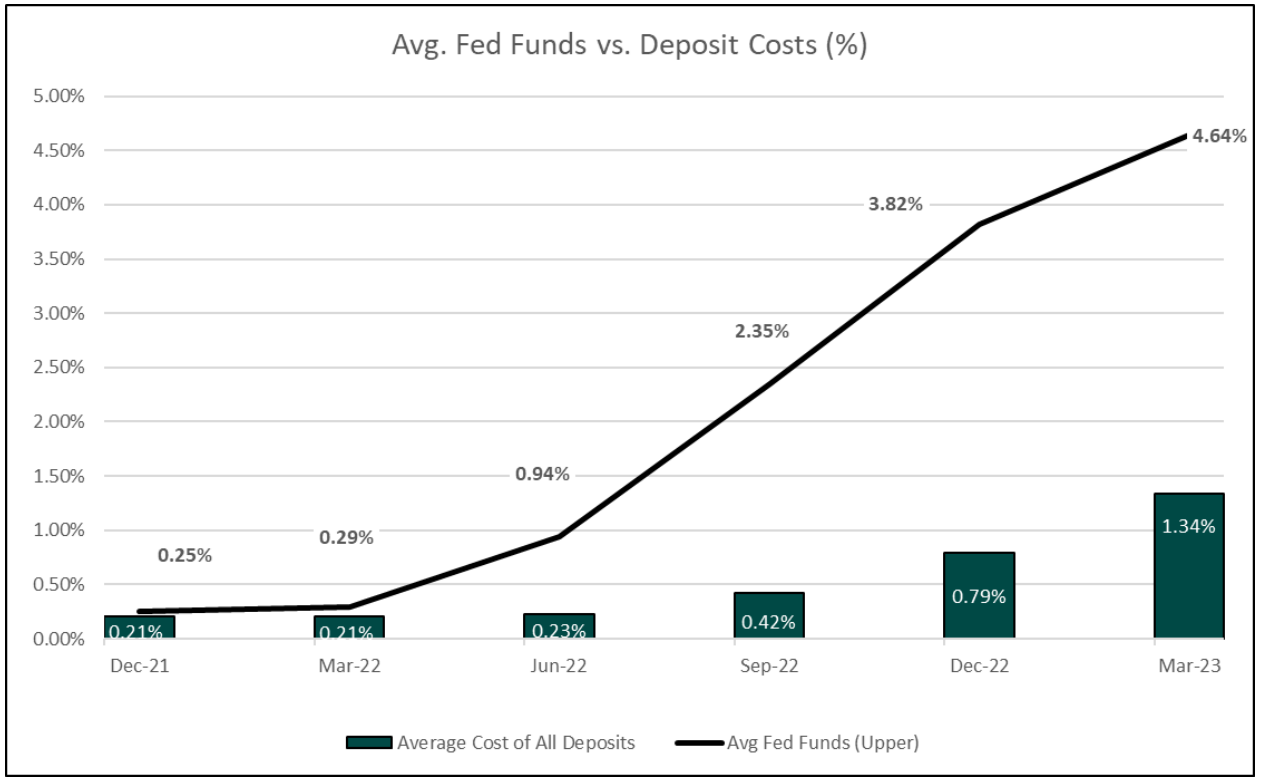


IRR measures as of Mar 31, 2023:

- Net Interest Income (NII) would increase by 3.3% in +200 bps immediate and parallel shock
- Net Portfolio Value after +200bps shock is 25% lower ($667mm) and at $1.98 billion would be 9.9% of total assets

Scenarios assume no management actions taken. Flattening/inverted rates with short term up more than long term would result in a larger negative affect.

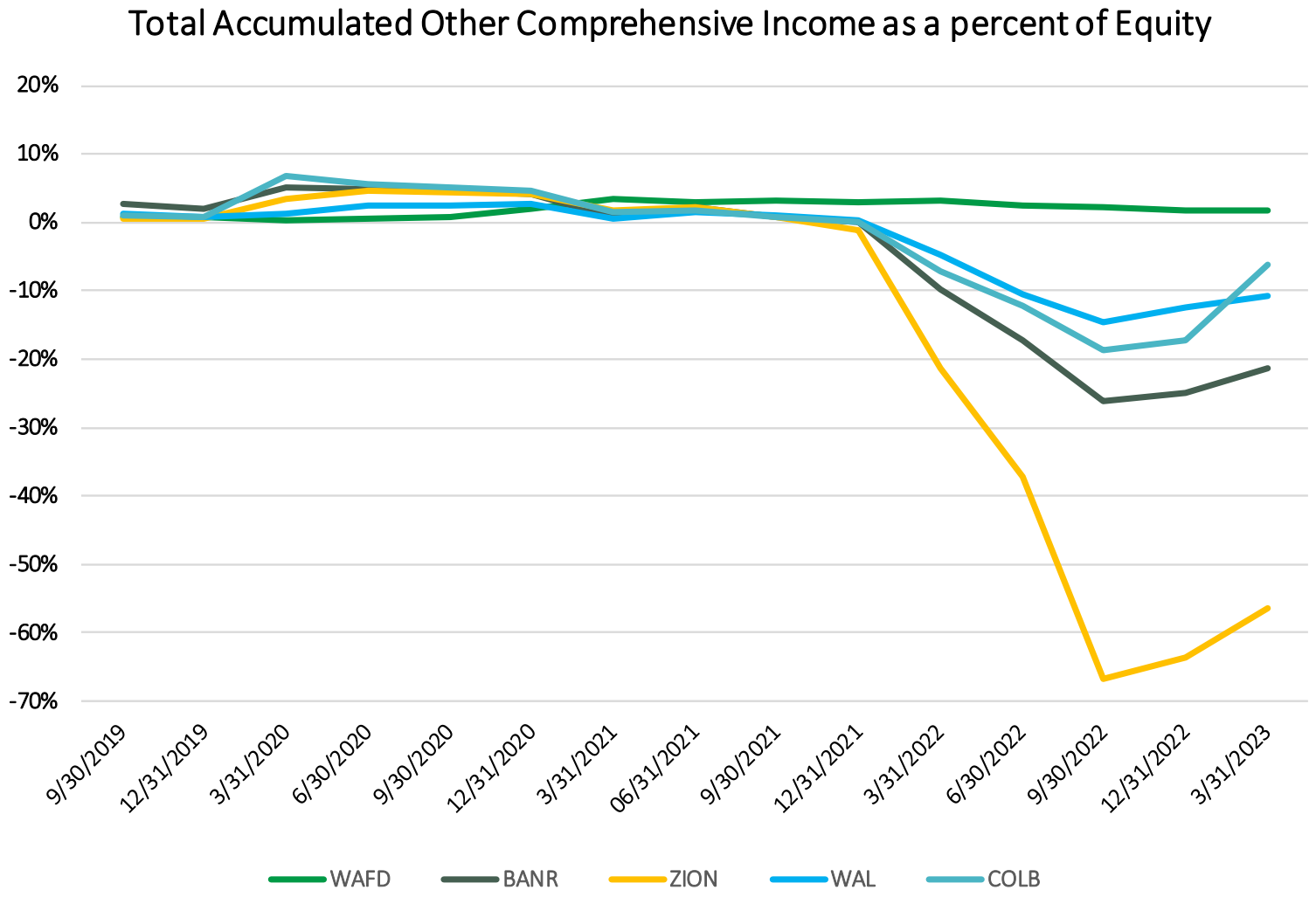
Cost of Deposits in the Rising Rate Environment



Cumulative Beta (Current Cycle)

	Avg Fed Funds (Upper)	Cost of Interest-bearing Deposits	Cost of All Deposits	Actual Cumulative Beta	Quarterly Beta
12/31/2021	0.25%	0.27%	0.21%	--	--
3/31/2022	0.29%	0.26%	0.21%	--	--
6/30/2022	0.94%	0.29%	0.23%	3%	3%
9/30/2022	2.35%	0.53%	0.42%	10%	13%
12/31/2022	3.82%	1.00%	0.79%	16%	25%
3/31/2023	4.64%	1.66%	1.34%	26%	67%

AOCI vs our Peers



Income Statement Comparison

	Three Months Ended, 3/31/2023	3/31/2022	$ Change	% Change
INTEREST INCOME				
Loans	$ 222,957	$ 139,260	$ 83,697	60%
Mortgage-backed securities	10,422	4,659	5,763	124%
Investment securities and cash equivalents	21,967	6,919	15,048	217%
	255,346	150,838	104,508	69%
INTEREST EXPENSE				
Customer accounts	52,123	8,225	43,898	534%
FHLB advances and other borrowings	28,185	7,525	20,660	275%
	80,308	15,750	64,558	410%
NET INTEREST INCOME	**175,038**	**135,088**	**39,950**	**29.6%**
Provision (release) for credit losses	3,500	(500)	4,000	
Net interest income after provision(reversal)	**$ 171,538**	**$ 135,588**	**$ 35,950**	**26.5%**

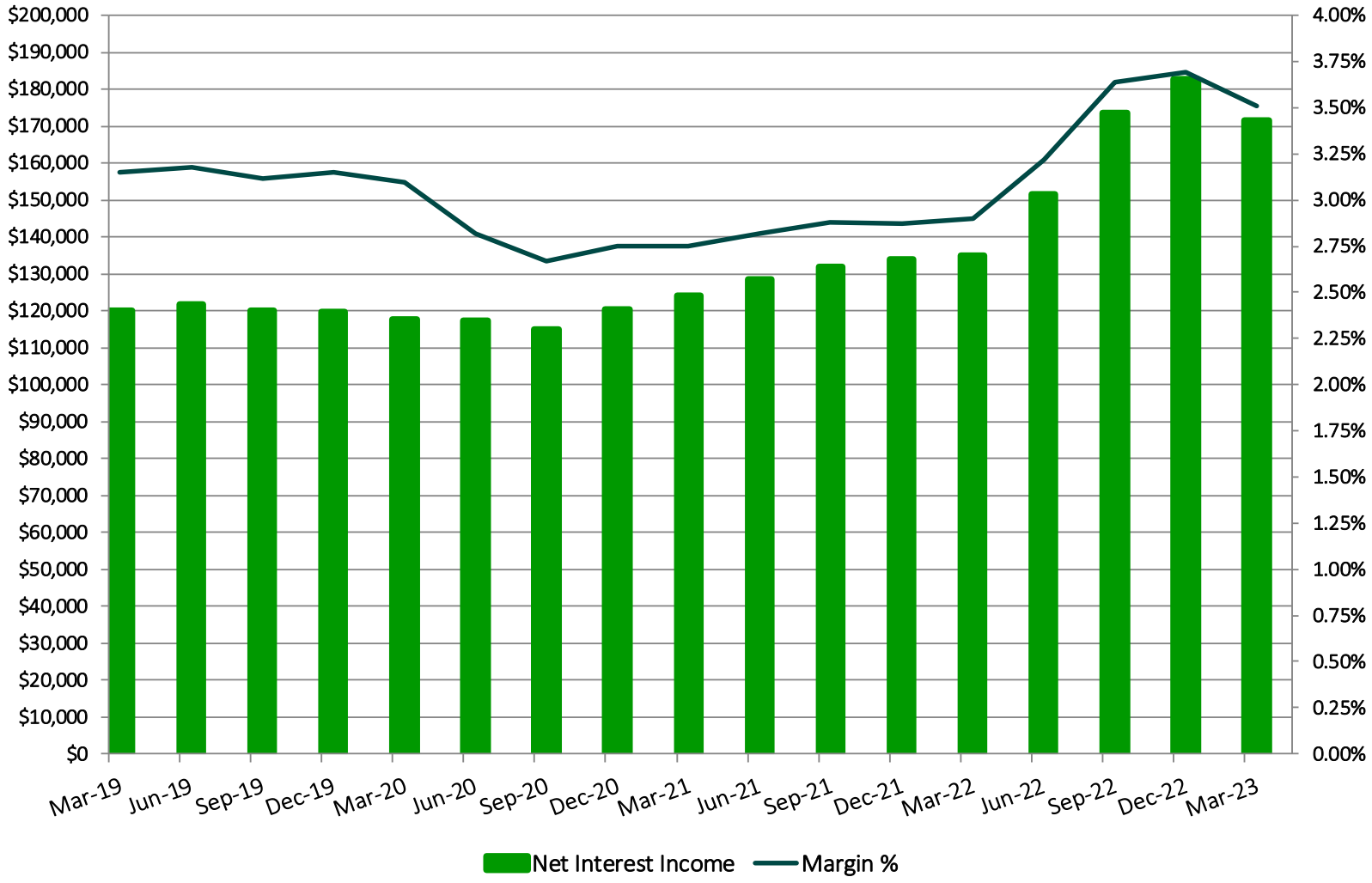
Income Statement Comparison

	Three Months Ended, 3/31/2023	3/31/2022	$ Change	% Change
OTHER INCOME	$ 10,072	$ 15,659	$ (5,587)	-35.7%
OTHER EXPENSE				
Compensation and benefits	51,444	47,115	4,329	9.2%
Occupancy	10,918	11,788	(870)	-7.4%
FDIC insurance	4,000	2,100	1,900	90.5%
Product delivery	5,316	5,044	272	5.4%
Information technology	12,785	11,722	1,063	9.1%
Other expense	12,418	10,648	1,770	16.6%
	96,881	88,417	8,464	9.6%
Gain (loss) on REO	(199)	129	(328)	-254%
Income before income taxes	84,530	62,959	21,571	34.3%
Income taxes	18,596	13,600	4,996	36.7%
NET INCOME	**$ 65,934**	**$ 49,359**	**$ 16,575**	**33.6%**
Dividends on preferred stock	3,656	3,656	0	
Net Income available to common shareholders	**$ 62,278**	**$ 45,703**	**$ 16,575**	**36.3%**

Efficiency Ratio of 49.53% for YTD fiscal year 2023 down from 58.65% for the same period of the prior year.
Effective tax rate year to date ended March 2023 is 22.0% compared to 21.6% from the same period ended March 2022

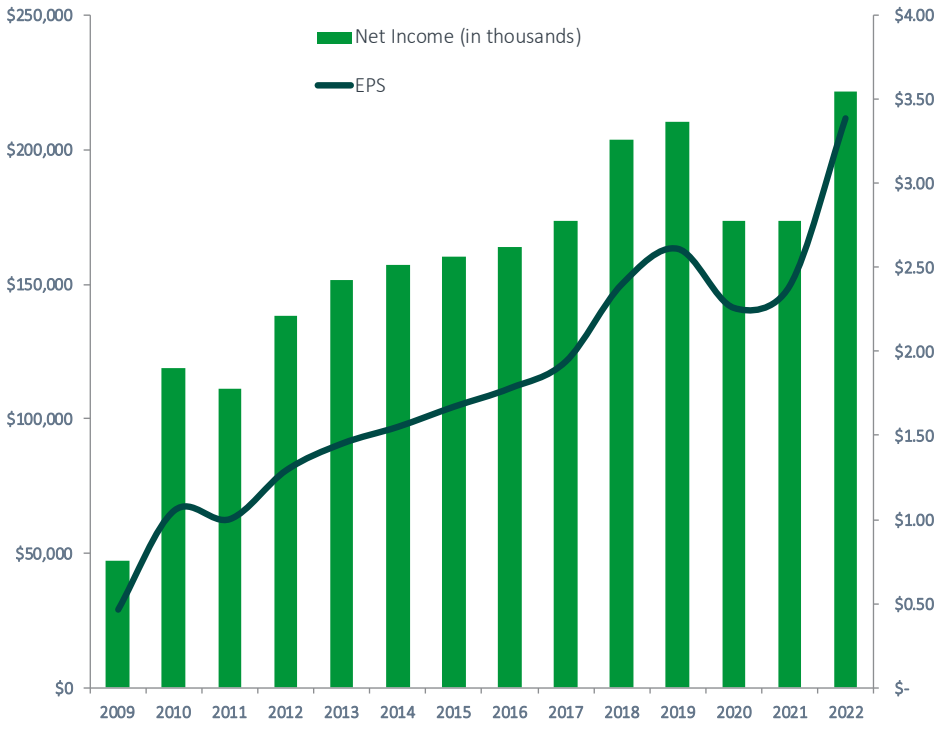
Net Interest Income and Net Interest Margin

Net interest income in thousands.

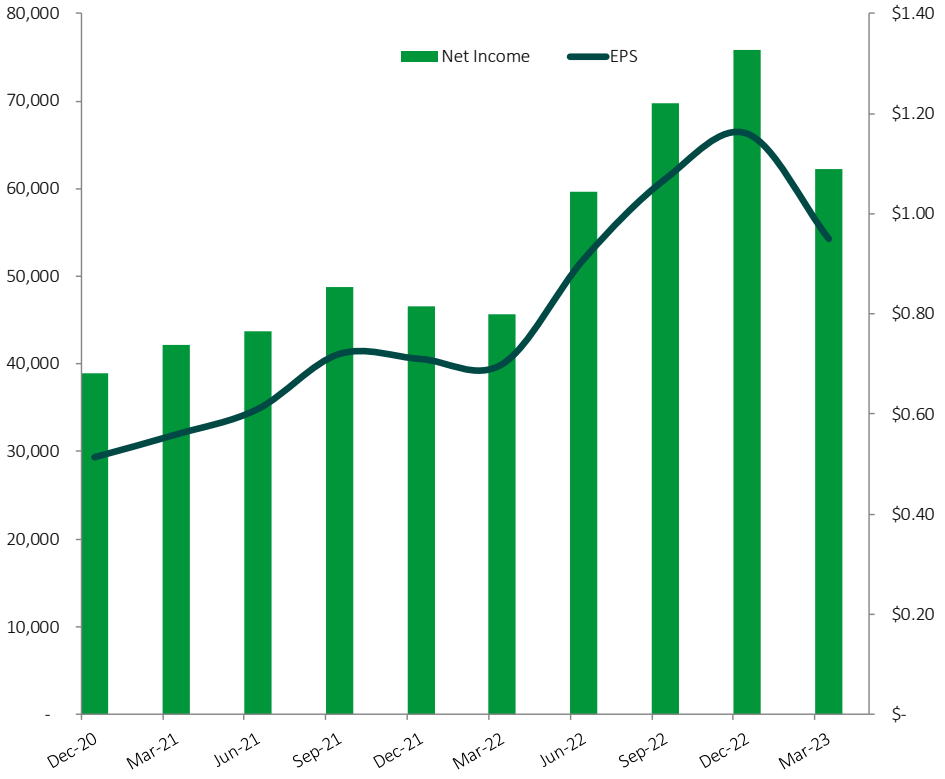


Net Income and Common Earnings Per Share

Annual



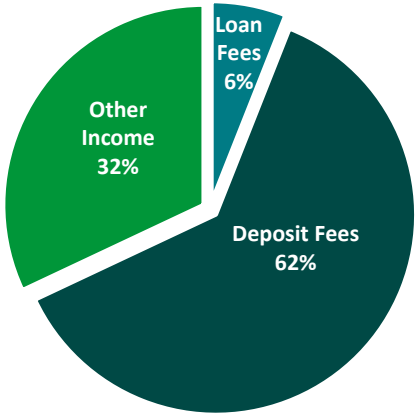
Quarterly



Non-Interest Income

Diverse sources of Non-Interest Income provide steady growth and balance our revenue profile

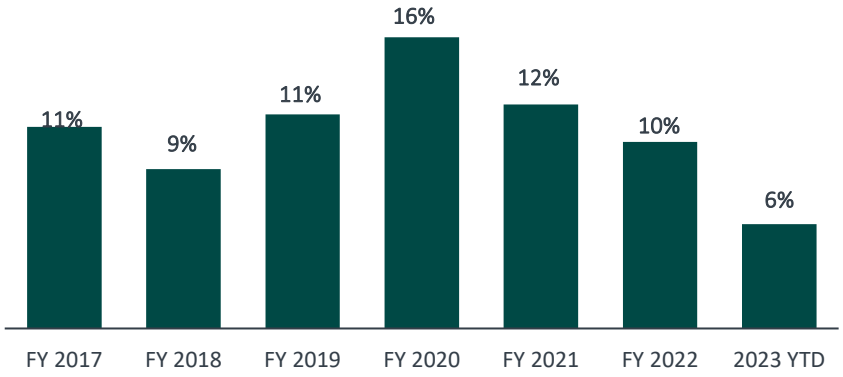
Non-Interest Income for Quarter-Ended 3/31/2023



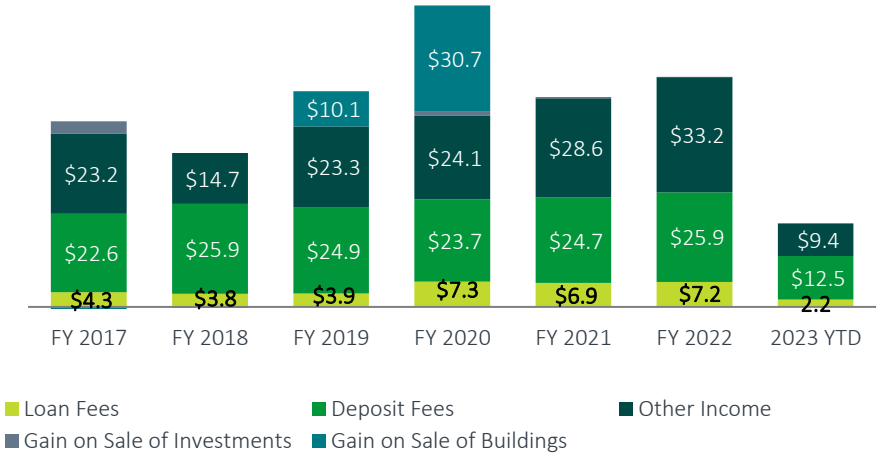
Other Income includes:

- BOLI income
- Rental income
- Gains on property sales
- WAFD Insurance Income
- Income on equity method investments

Non-Interest Income / Total Loan Revenue



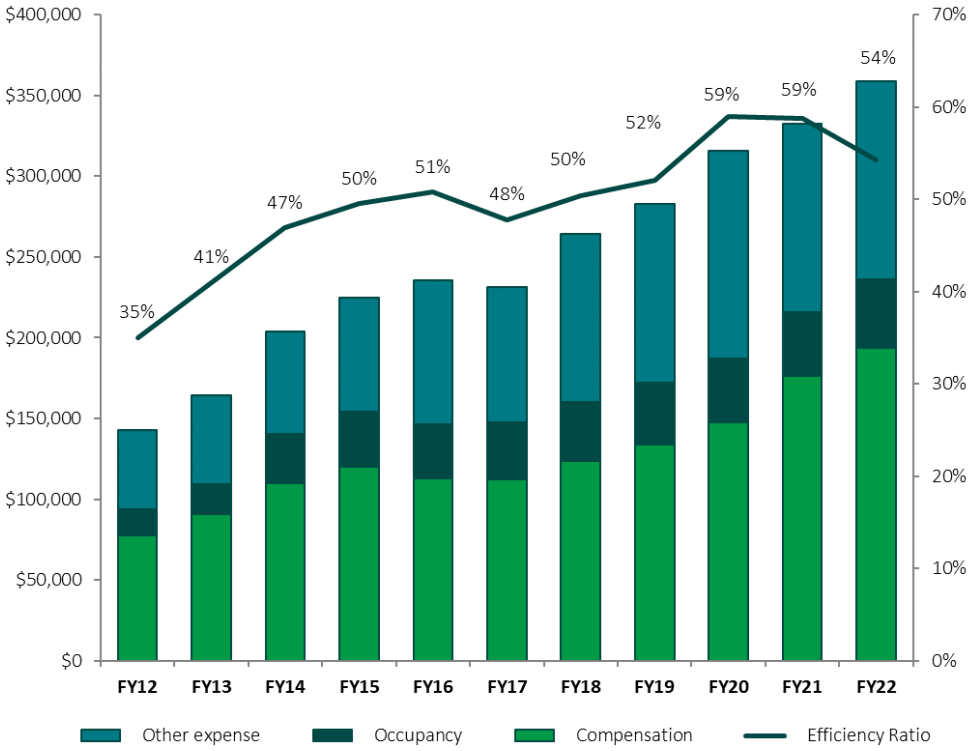
Non-Interest Income Over Time ($MM)



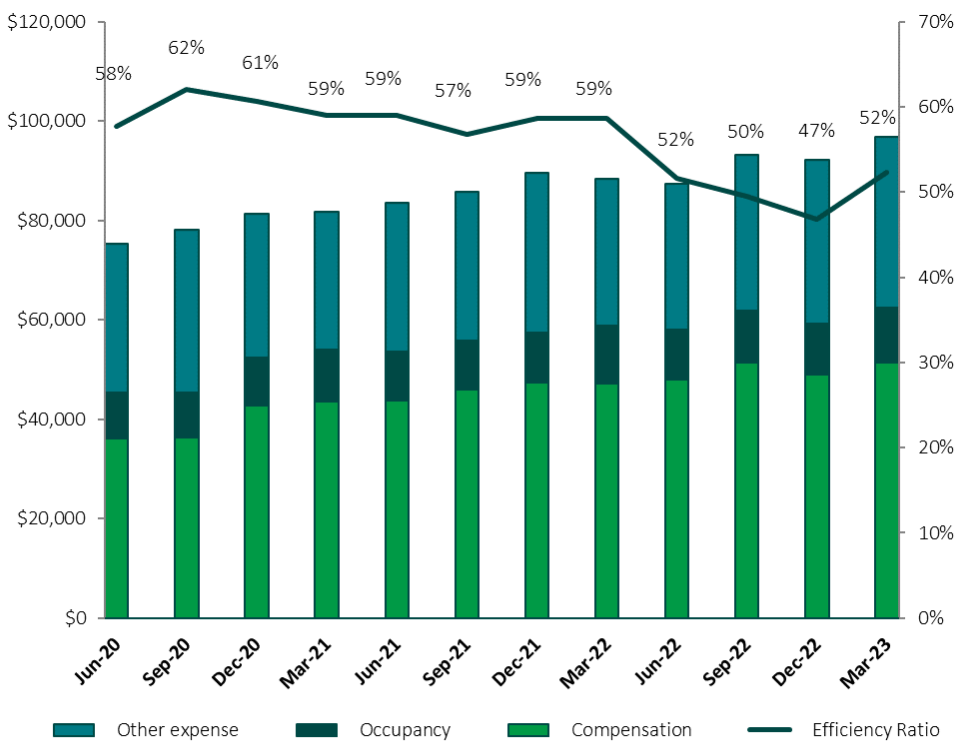
Non-Interest Expense Over Time

Annual and Quarterly - Expenses in millions

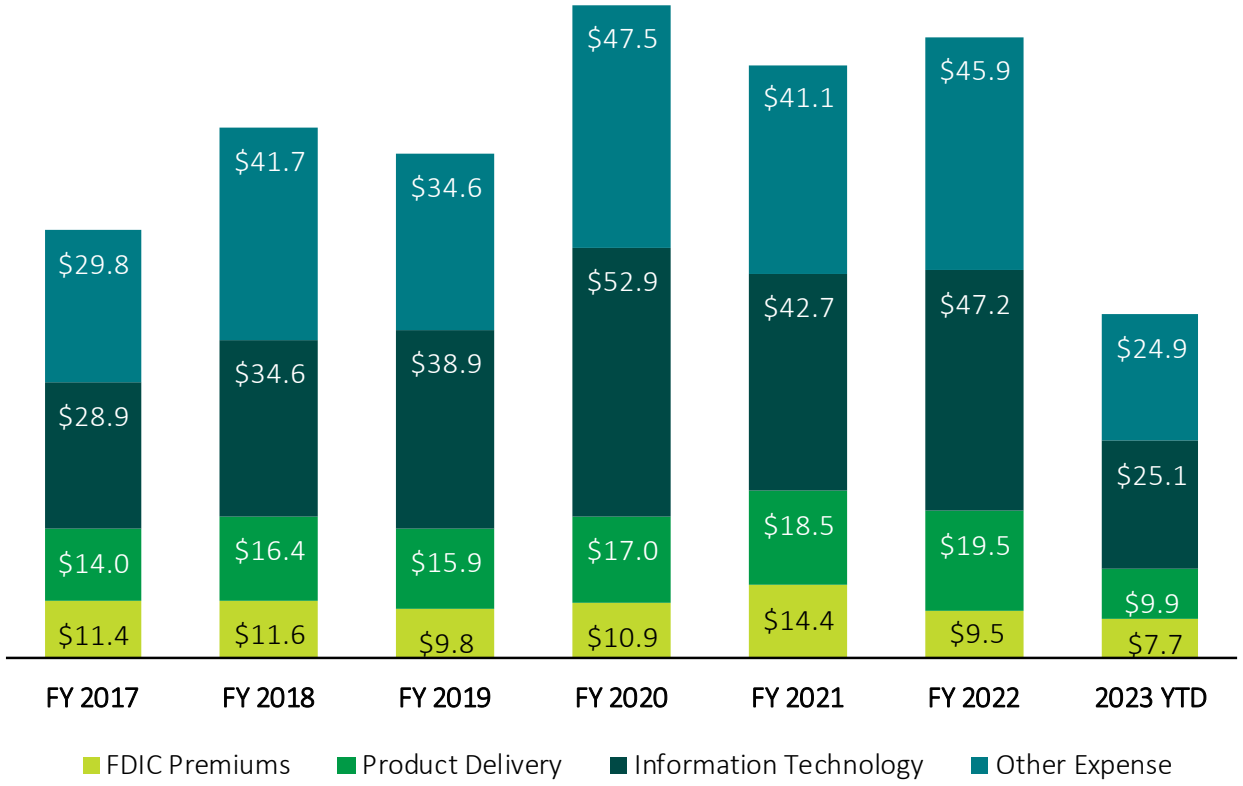
Annual



Quarterly



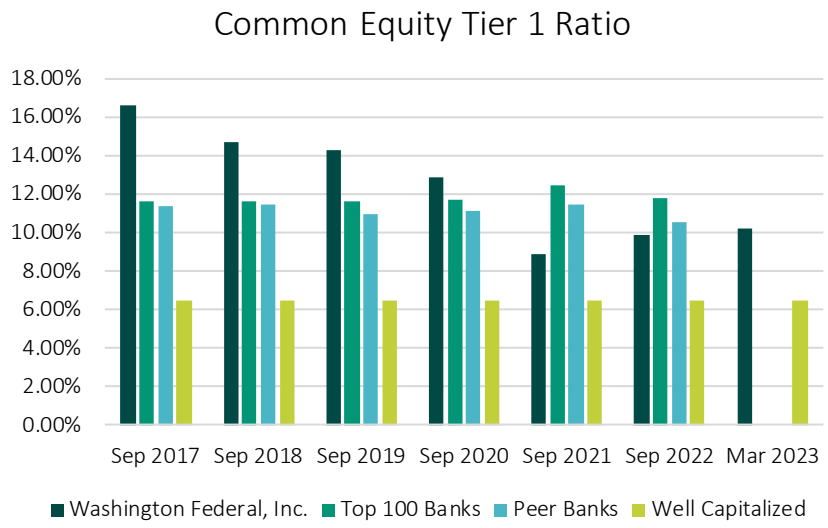
Breakout of Other Expense

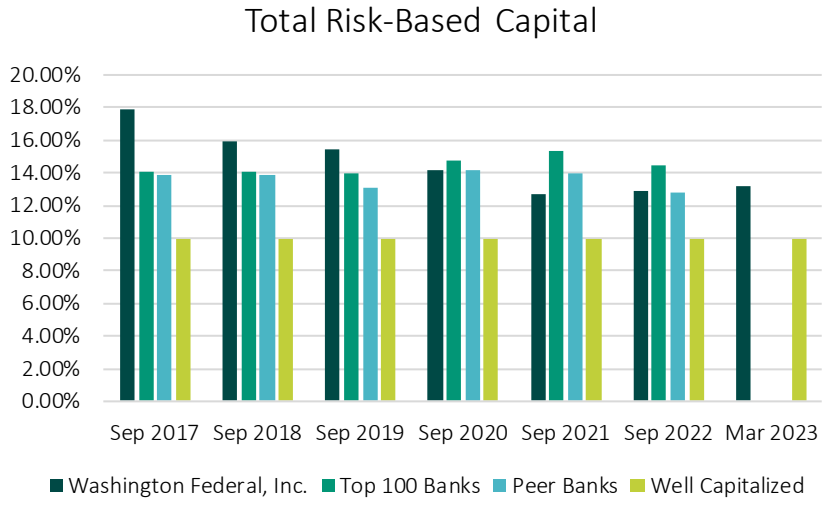


Other Expense includes:

- FDIC Premiums
- Product Delivery
- Information Technology
- Miscellaneous 'Other' line-item expenses include professional services, marketing and administrative costs.

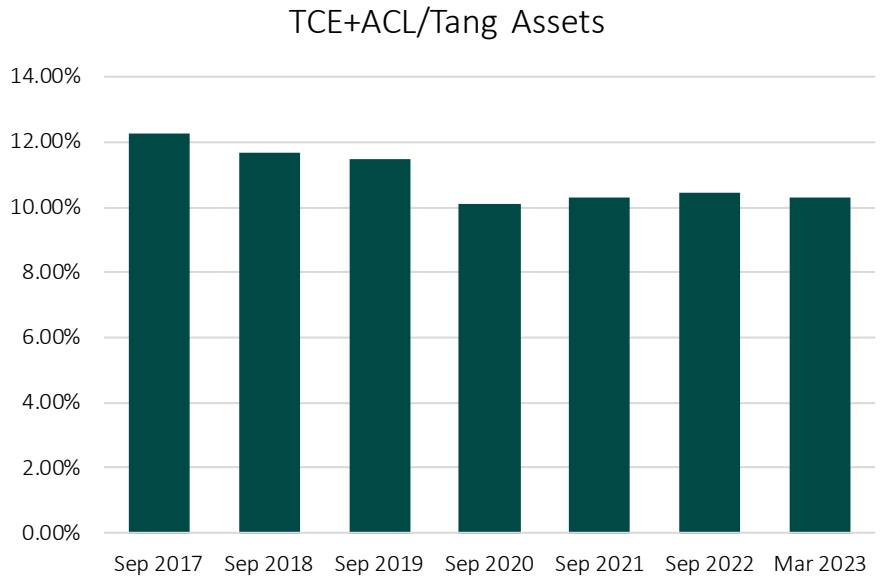
Capital Ratios





- Source: SNL Financial, Company Filings

WAFD does not seek to maximize leverage. Rather, we aspire to be the bank that can best weather the next storm on the horizon.

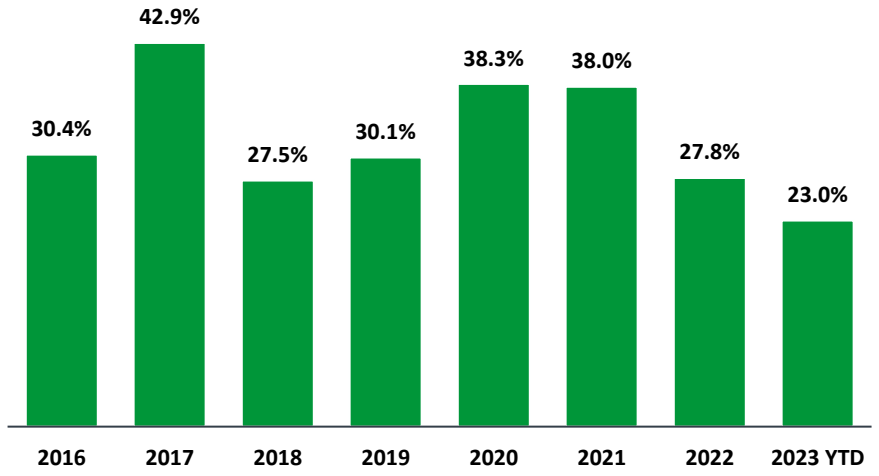


Returning Capital to Shareholders

Return of Income to Common Shareholders

	Net Income	Stock Buyback & Dividends	Percent of Income returned to Shareholders
2015	$160,316	$177,791	111%
2016	$164,049	$137,808	84%
2017	$173,532	$172,892	100%
2018	$203,850	$220,246	108%
2019	$210,256	$187,163	89%
2020	$173,438	$178,629	103%
2021	$173,581	$414,527	239%
2022	$221,705	$64,837	29%

Common Dividend as a % of Net Income

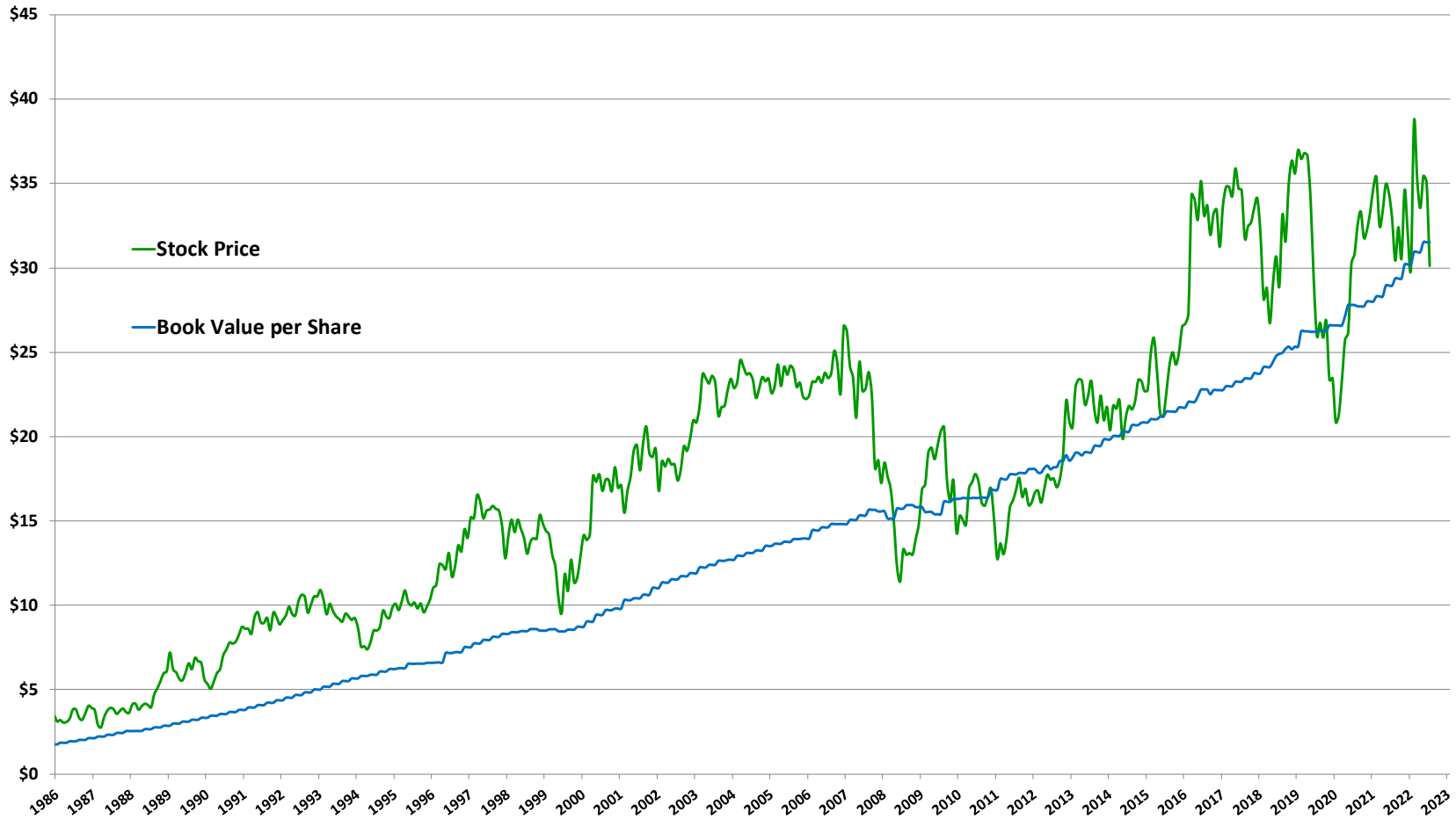


	# of Shares	Wtd Price Paid	% Outstanding at beginning of the year
2015	5,841,204	$21.70	6%
2016	3,867,563	$22.72	4%
2017	3,137,178	$31.36	3%
2018	4,865,357	$33.74	6%
2019	4,065,352	$30.46	5%
2020	3,339,530	$33.58	4%
2021	10,810,113	$32.25	14%
2022	92,774	$35.14	0.1%

Recent Capital Activities

- Current cash dividend of $0.25 provides a yield of 3.91% based on the current stock price (5/9)
- Since 2013, 47 million shares repurchased which is 44% of total outstanding shares as of 9/30/2012
- 3.7 million shares remaining in buyback authorization
- During the 3rd and 4th Fiscal Quarters of 2021, the Company used additional proceeds from the preferred stock issuance to repurchase 7,952,529 shares of common stock.

Stock Price & Book Value Per Share



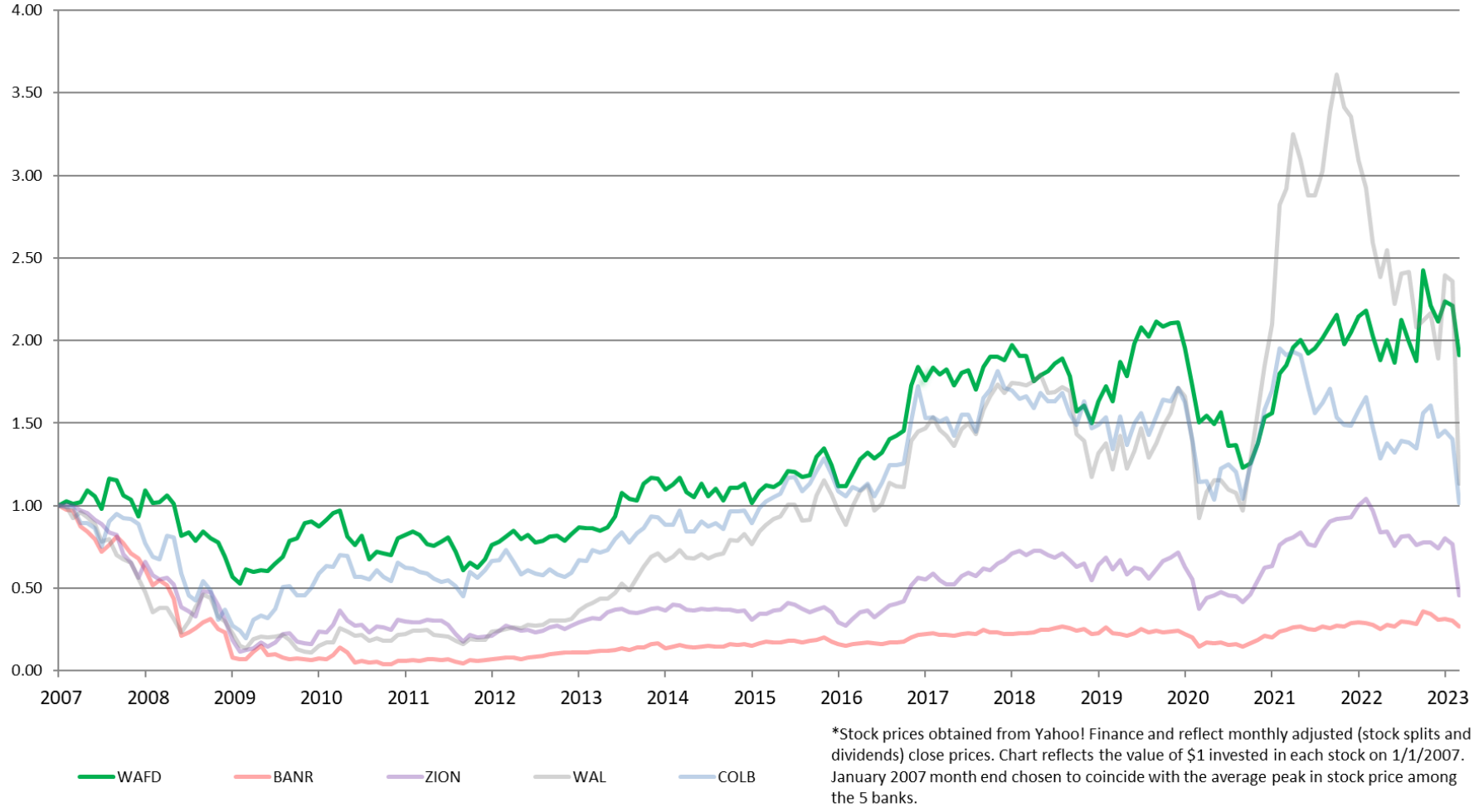
As of 3/31/2023:

Book Value per Share $31.54
Price to BV: 0.96

Tangible Book Value per Share $26.85
Price to TBV: 1.12

Perspective through the last Credit Cycle

Stock Performance Comparison as of 3/31/2023



*Stock prices obtained from Yahoo! Finance and reflect monthly adjusted (stock splits and dividends) close prices. Chart reflects the value of $1 invested in each stock on 1/1/2007. January 2007 month end chosen to coincide with the average peak in stock price among the 5 banks.

WaFd Bank

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