

Washington  
Federal.  
invested here.



## 15<sup>th</sup> Annual Financial Services Conference

May 9, 2013

Washington Federal.  
invested here.

# Forward Looking Statements:

*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.*

# Company Profile:

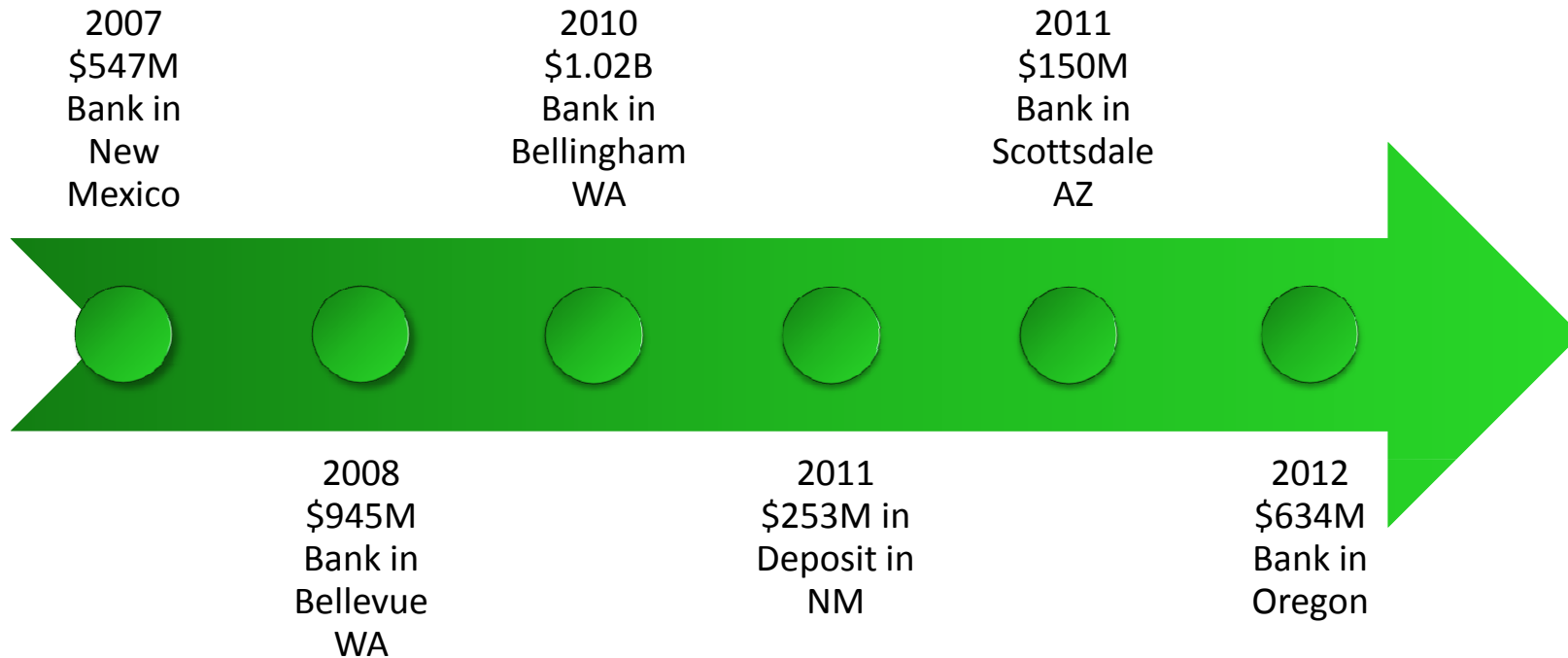
- **Since 1917**
- **188 Branches in Eight Western States**
- **Consumer Lending**
- **Commercial Real Estate**
- **Business Banking**
- **Strong Capital, High Asset Quality, Low-cost provider**
- **Portfolio Lender**
- **Profitable every year since 1982 IPO**
- **17 Acquisitions since IPO**
- **Largest Bank Headquartered in Pacific Northwest**



# Market Area:

8 Western States

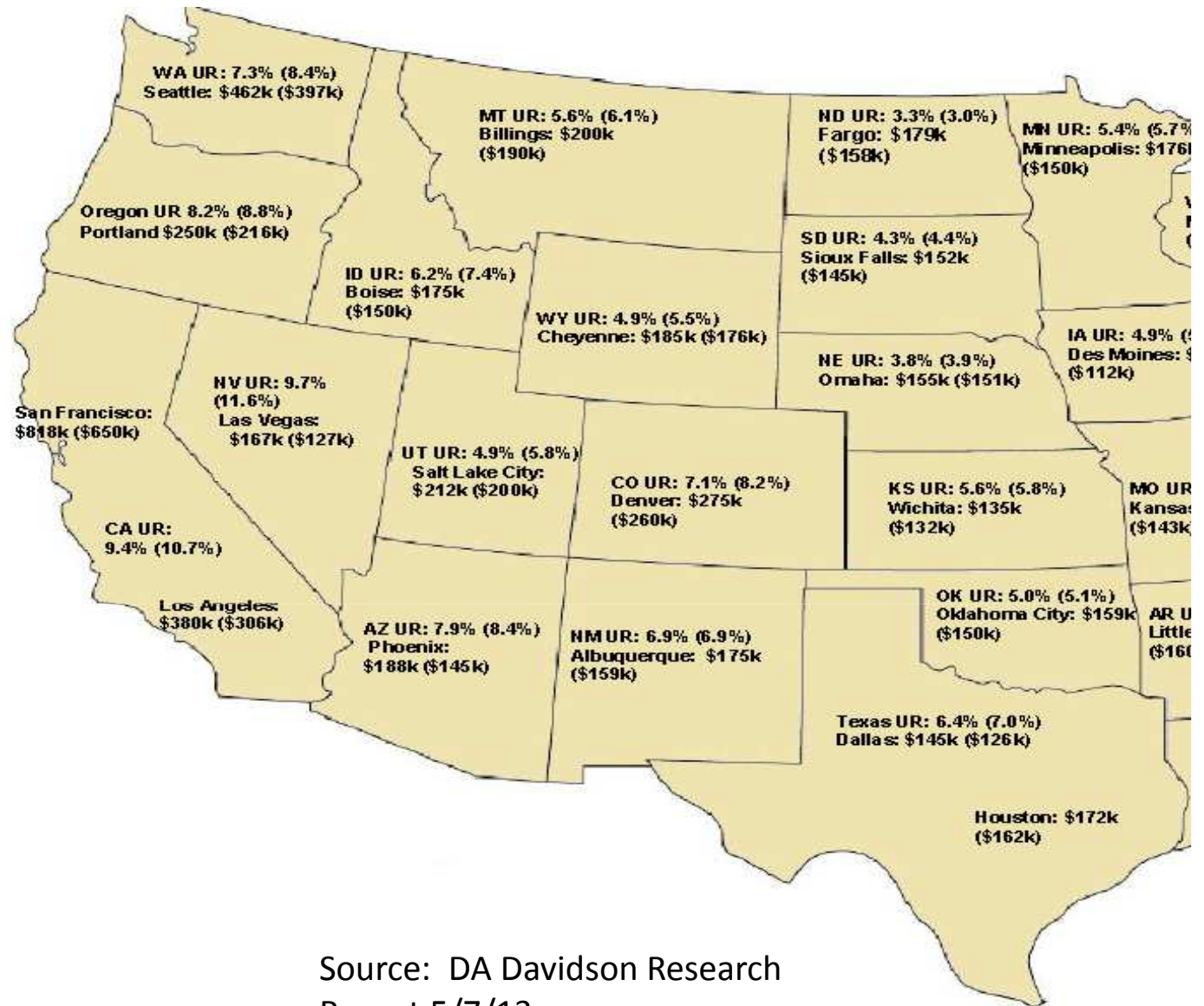
# History of Acquisitions:



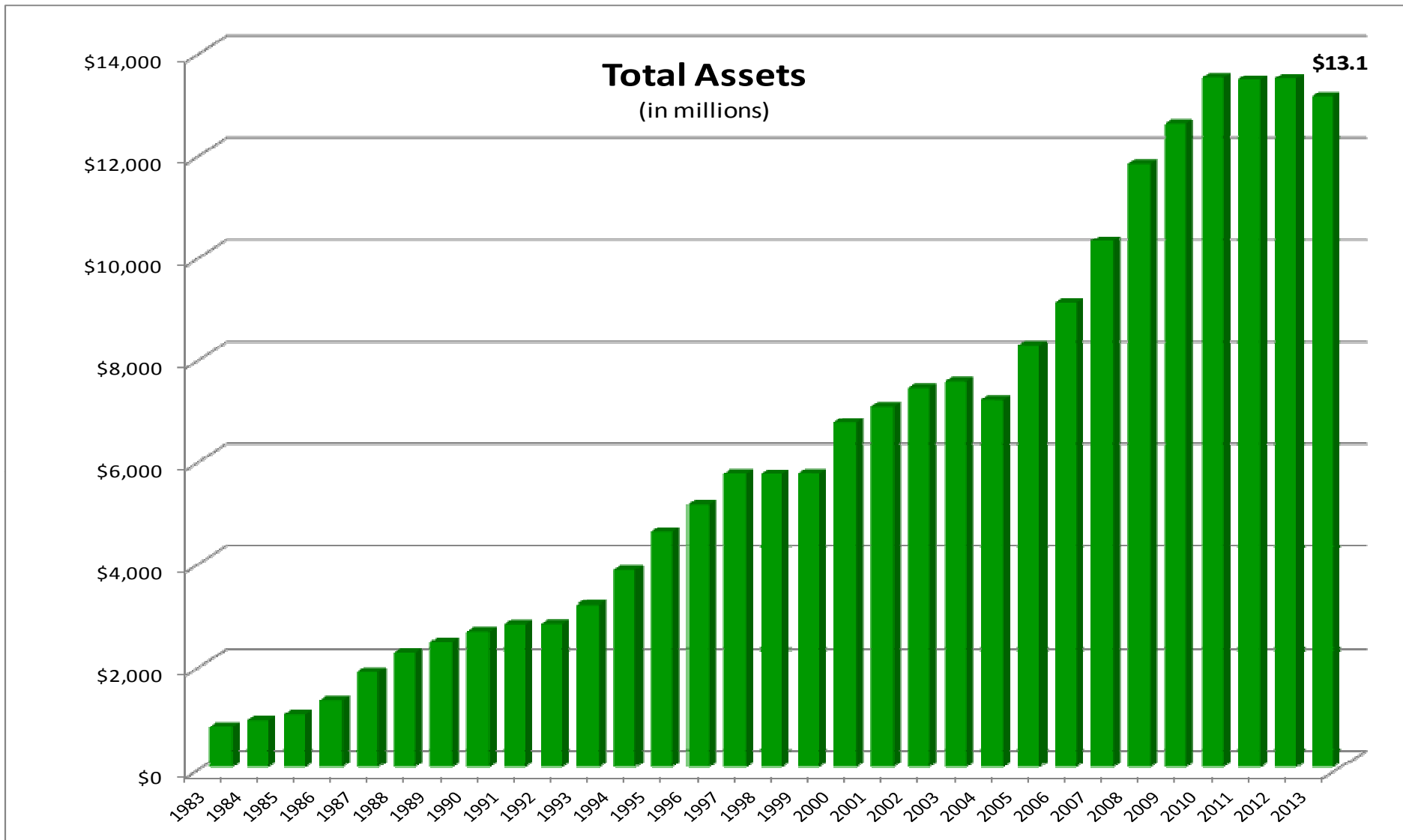
**Since going public in 1982, we have  
successfully integrated 17 acquisitions.**

# Market Updates:

Current vs. Prior Year  
Unemployment Rate (UR)  
Median Home Price

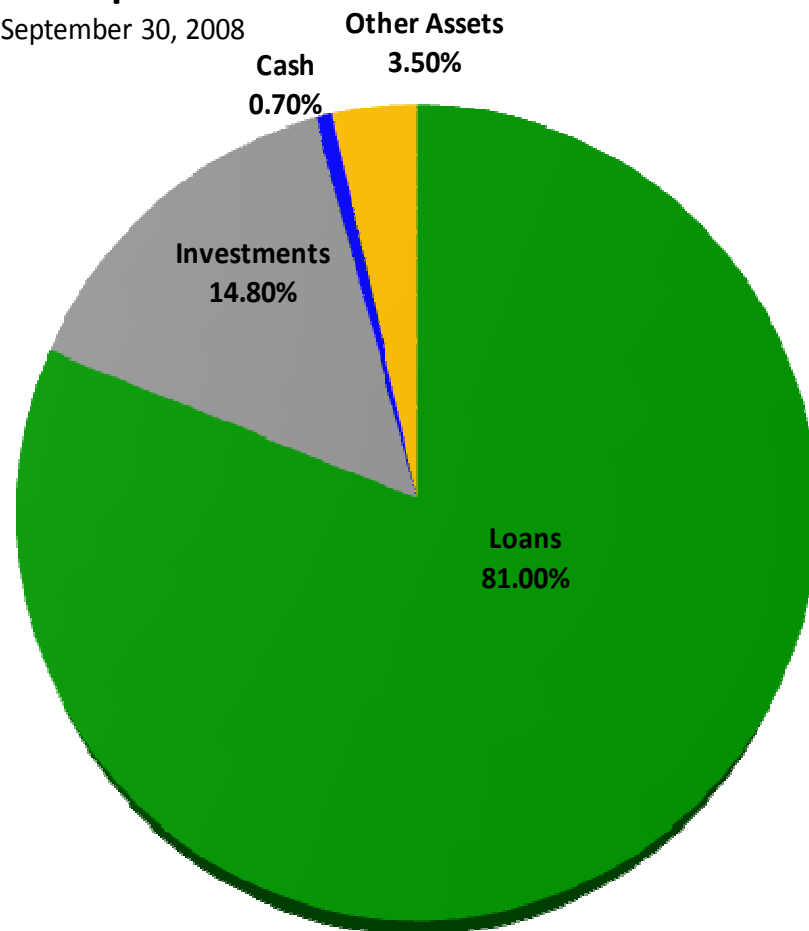


Source: DA Davidson Research  
Report 5/7/13



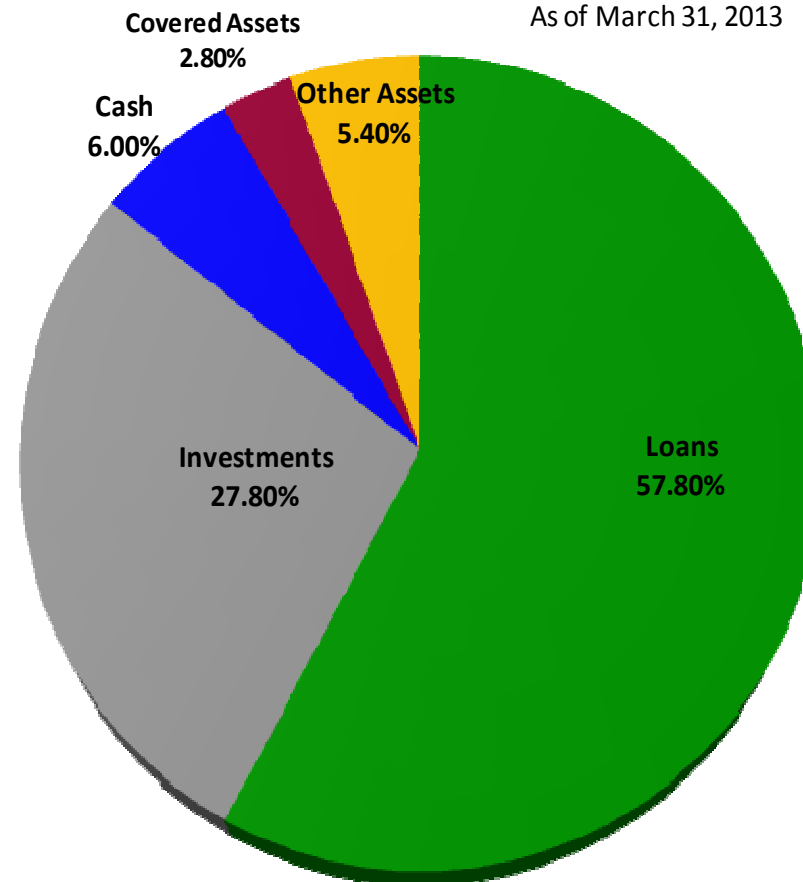
## Asset Composition

As of September 30, 2008



## Asset Composition

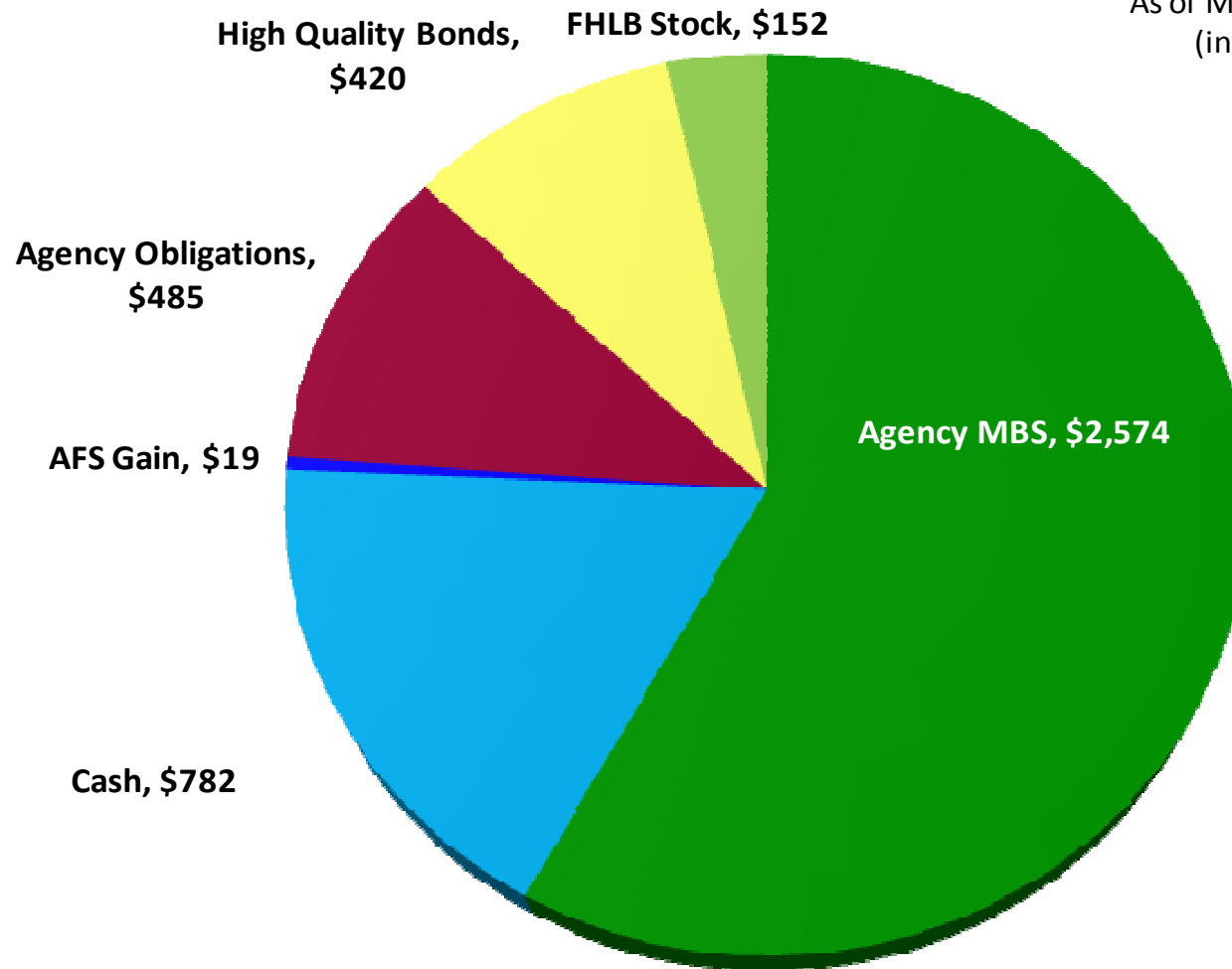
As of March 31, 2013

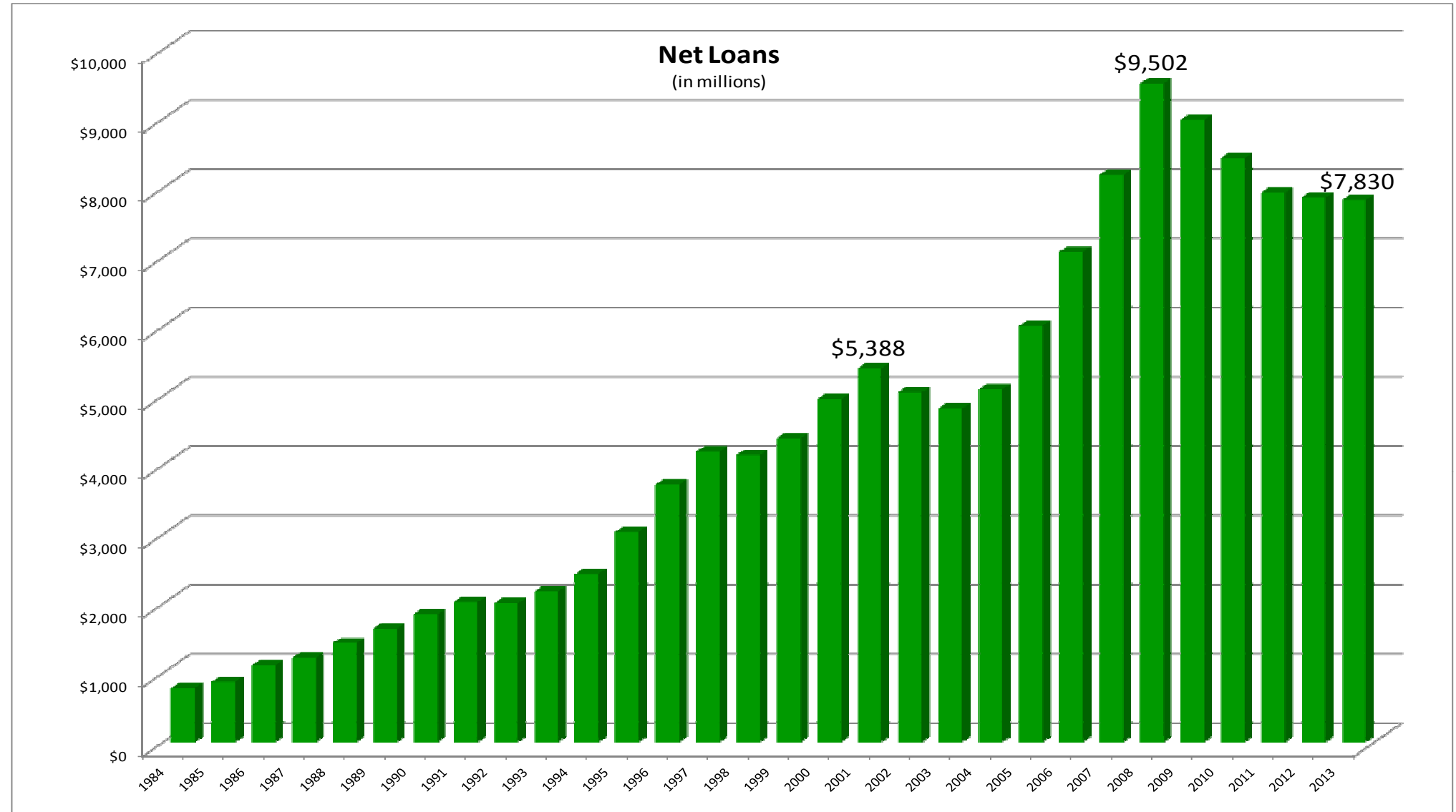




## Investments

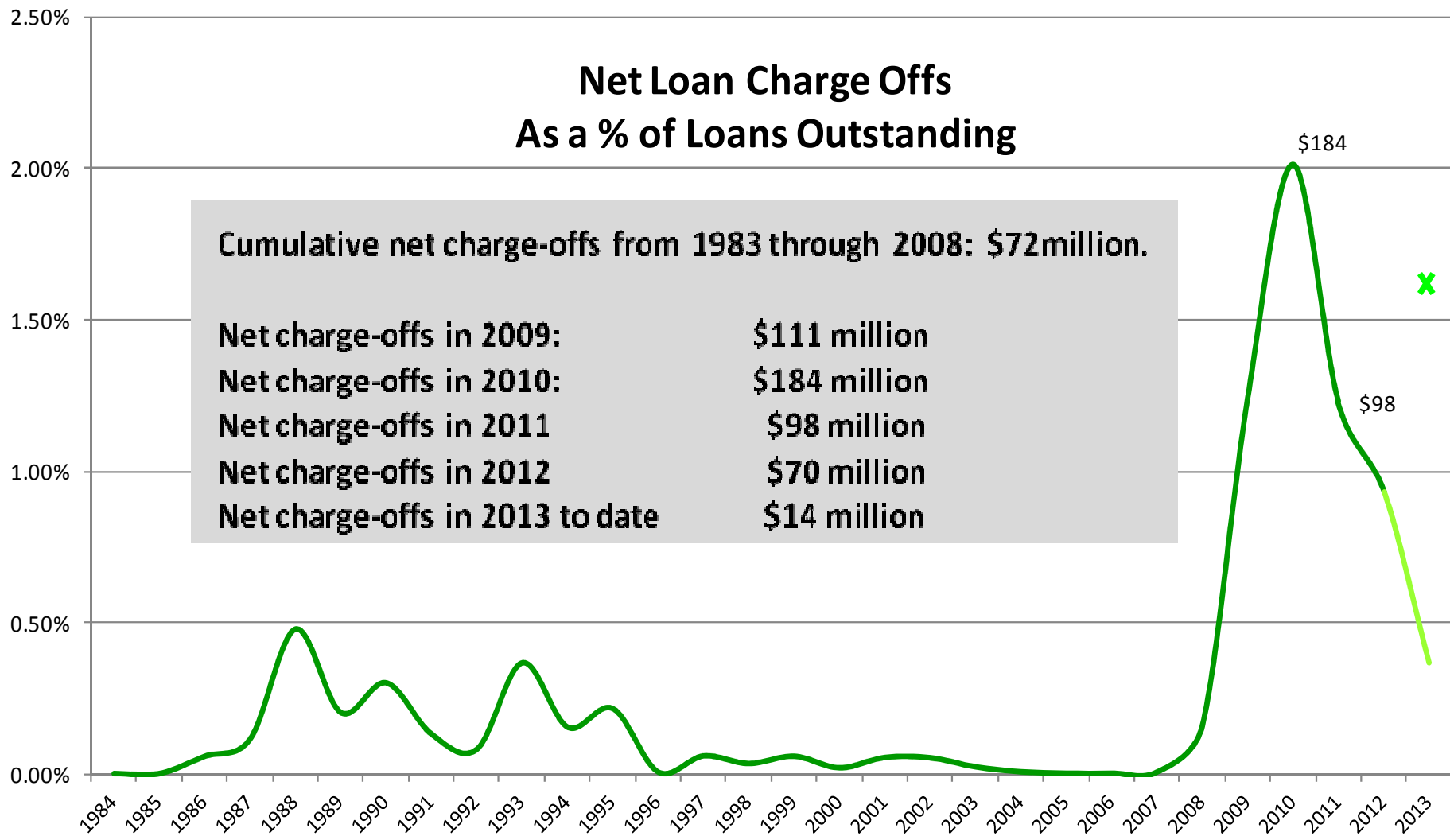
As of March 31, 2013  
(in millions)





<u>Gross Loan Portfolio by Category</u>	3/31/2013		9/30/2008		\$ Change	% Change
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>		
Single-Family Residential	\$ 5,454,807	66.0%	\$ 6,868,956	69.3%	\$ (1,414,149)	-20.6%
Construction - Speculative	124,040	1.5%	439,616	4.4%	(315,576)	-71.8%
Construction - Custom	218,546	2.6%	317,894	3.2%	(99,348)	-31.3%
Land - Acquisition & Development	135,831	1.6%	724,421	7.3%	(588,590)	-81.2%
Land - Consumer Lot Loans	134,812	1.6%	210,816	2.1%	(76,004)	-36.1%
Multi-Family	765,050	9.3%	683,508	6.9%	81,542	11.9%
Commercial Real Estate	878,851	10.6%	282,138	2.8%	596,713	211.5%
Commercial & Industrial	332,353	4.0%	151,844	1.5%	180,509	118.9%
HELOC	156,034	1.9%	80,407	0.8%	75,627	94.1%
Consumer	66,973	0.8%	153,072	1.5%	(86,099)	-56.2%
	<u>8,267,297</u>	<u>100%</u>	<u>9,912,672</u>	<u>100%</u>	<u>(1,645,375)</u>	<u>-16.6%</u>

## Net Loan Charge Offs As a % of Loans Outstanding



# Accounting Guidance:

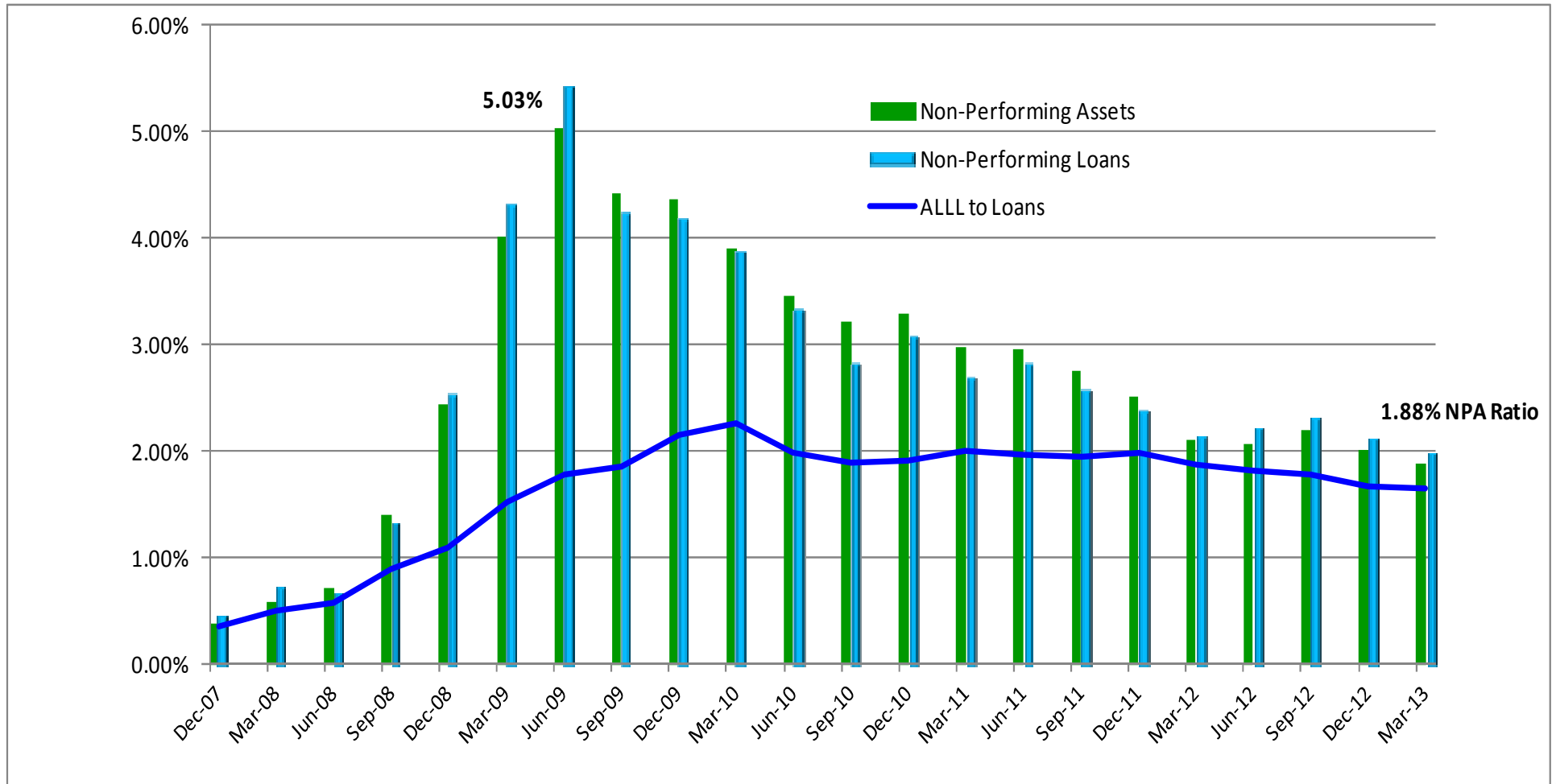
A modification is a Troubled Debt Restructuring if:

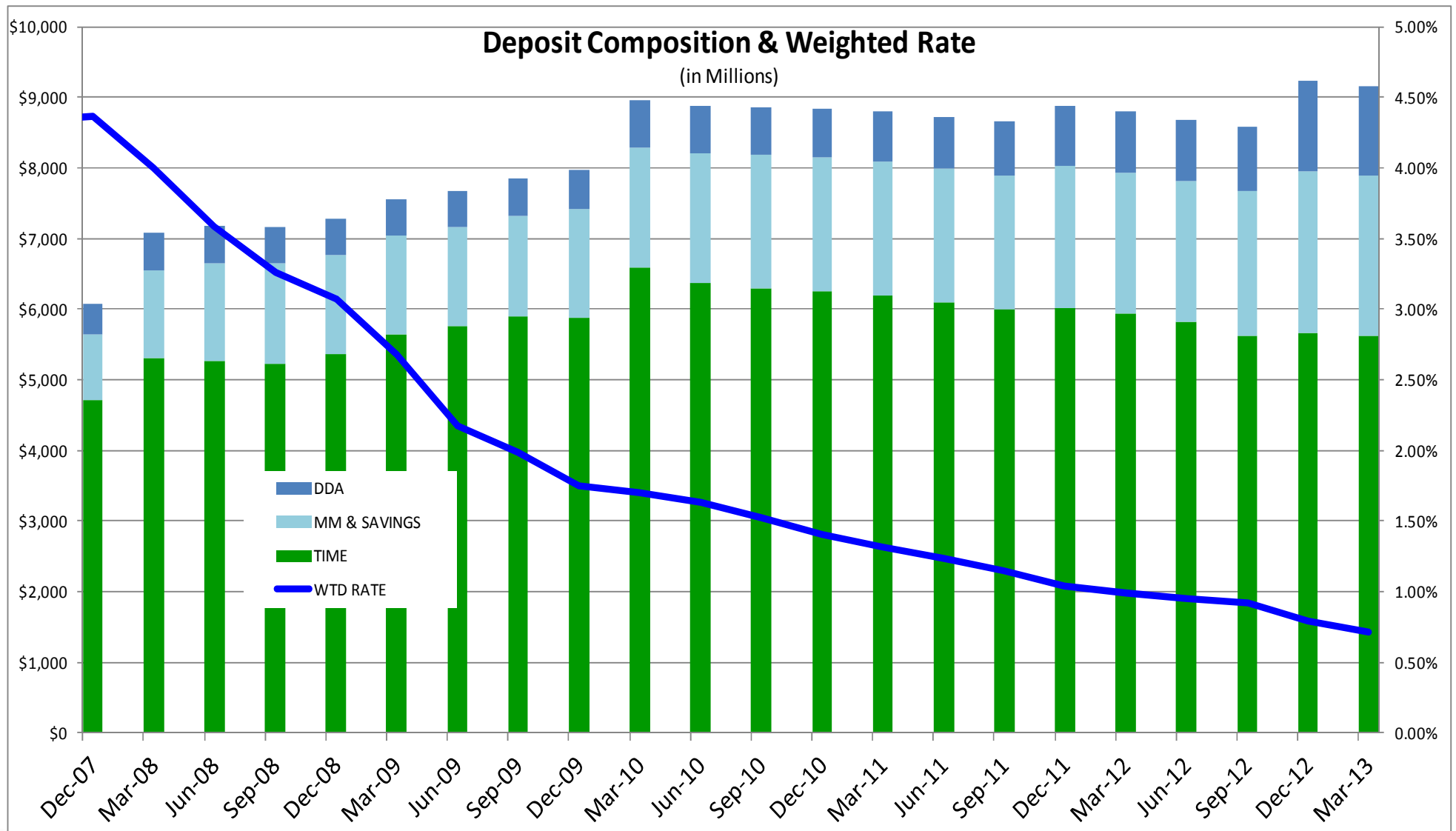
- 1) Borrower is experiencing financial difficulties.
- 2) A concession is made.

Most importantly – Current GAAP says once a TDR, always a TDR.

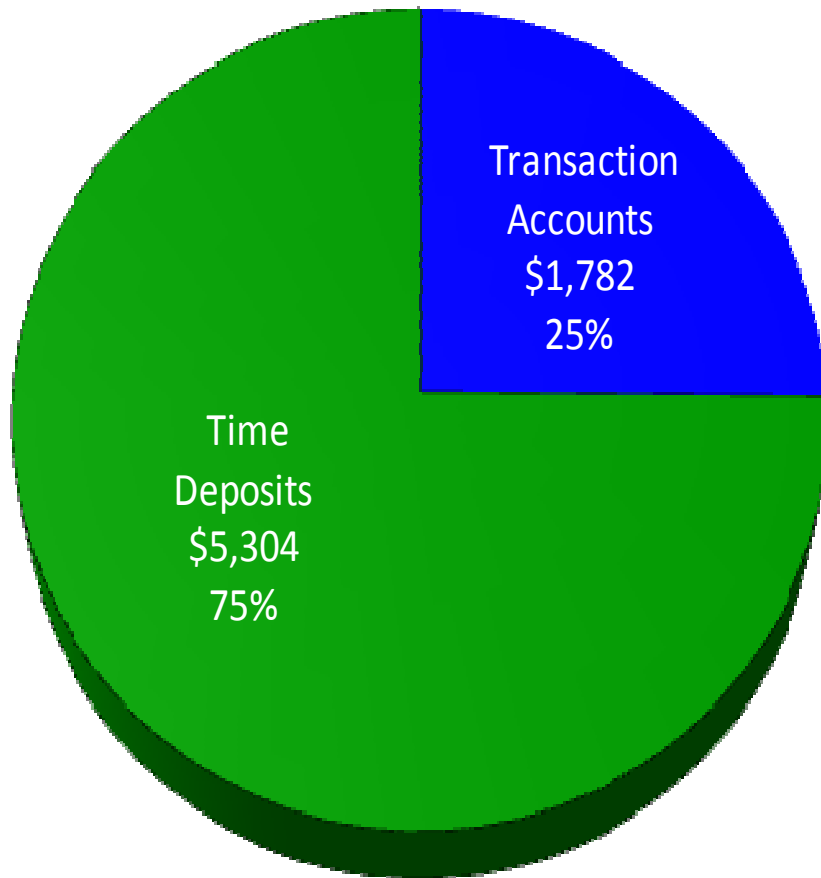
Total TDR's as of 03/31/13		
	Balance	
Performing TDR's	\$ 379,637,185	91.1%
Perf. Del 30 to 90 days	15,439,394	3.7%
Non-Performing TDR's	21,760,921	5.2%
<b>Total TDR's</b>	<b>416,837,501</b>	<b>100%</b>
Performing TDR's		
Months since Modification		
3 Mo	51,150,196	13.5%
6 Mo	24,702,325	6.5%
9 Mo	40,884,934	10.8%
12 Mo	56,220,141	14.8%
15 Mo	41,696,977	11.0%
18 Mo	41,042,381	10.8%
Over 18 Mo	123,940,232	32.6%
<b>Total Current TDR's</b>	<b>379,637,185</b>	<b>100%</b>

# Non-Performing Assets & Allowance Trends:

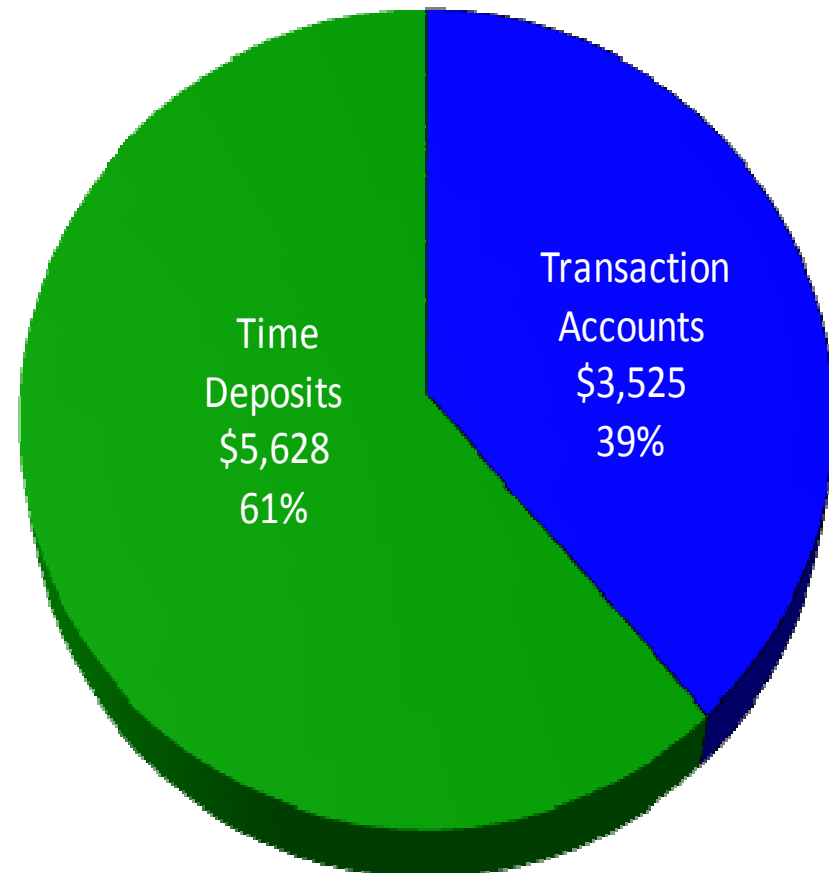




## Deposit Composition As of 03/31/2008



## Deposit Composition As of 03/31/2013





## Capital – Market Comparison:

(in Billions)

Company Name	Total Assets	Asset Rank	Tangible Assets	Tang	TCE / TA RANK
				Common Eqty/ Tang Assts (%)	
JPMorgan Chase & Co.	2,359.1	1	2,309.0	6.67	93
Bank of America Corp.	2,210.0	2	2,135.0	7.59	79
Citigroup Inc.	1,864.7	3	1,835.2	8.80	51
Wells Fargo & Co.	1,423.0	4	1,390.2	9.07	43
Bank of New York Mellon Corp.	359.0	5	336.1	4.28	99
U.S. Bancorp	353.9	6	343.7	8.76	54
Capital One Financial Corp.	312.9	7	298.3	8.68	56
PNC Financial Services Group	305.1	8	295.3	10.82	18
State Street Corp.	222.6	9	214.1	5.77	98
HSBC USA Inc.	196.6	10	194.3	8.03	68
<b>Washington Federal, Inc.</b>	<b>13.1</b>	<b>58</b>	<b>12.9</b>	<b>13.0</b>	<b>7</b>

Source: SNL as of March 2013.

# Potential earnings power provided by excess capital

TCE Ratio	Total Assets	Incremental Assets
11.00%	15,193,600	2,077,767
10.00%	16,712,960	3,597,127
9.00%	18,569,956	5,454,123
8.00%	20,891,200	7,775,367

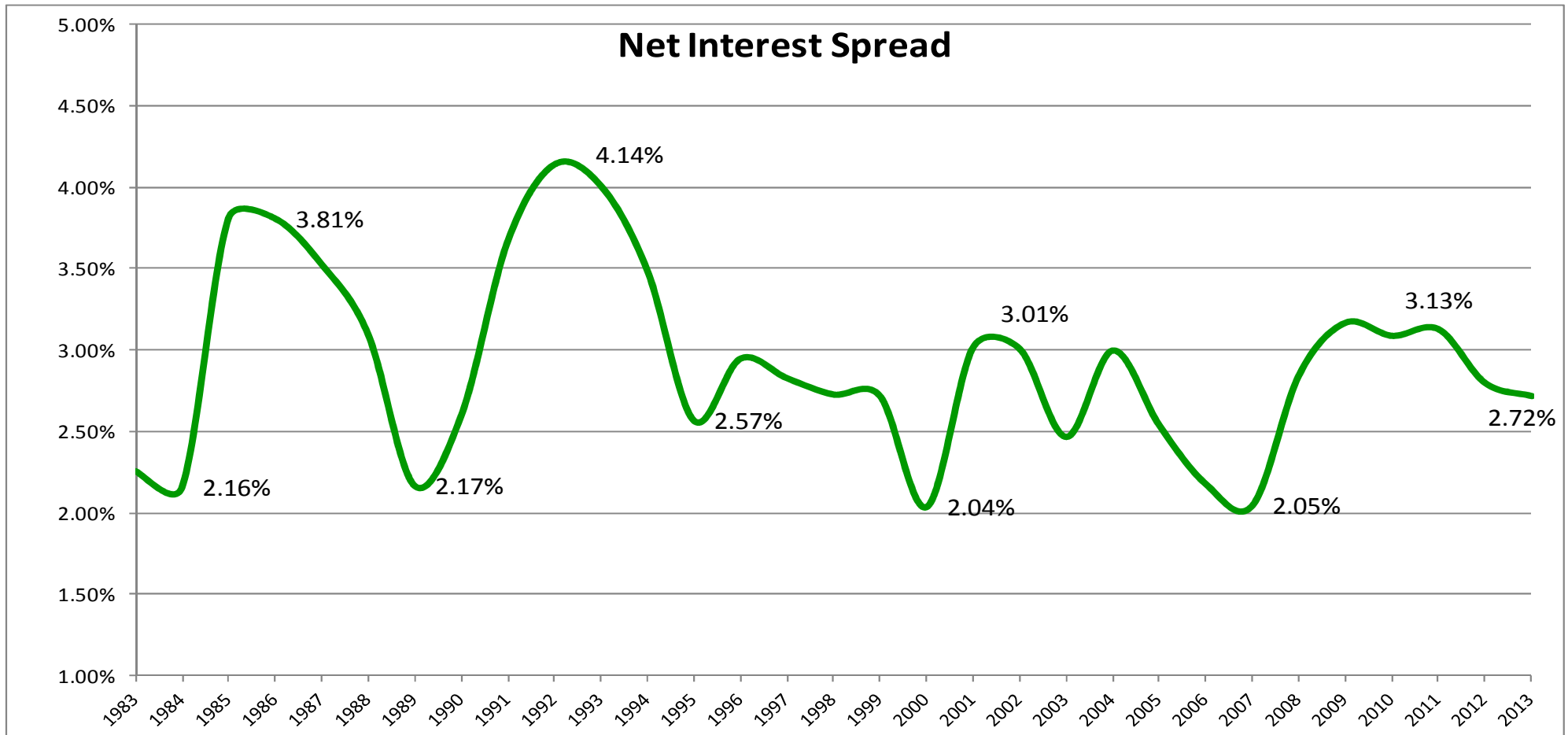
## Earning Power

Hypothetical Return on Incremental Assets		
0.90%	1.00%	1.10%
18,700	20,778	22,855
32,374	35,971	39,568
49,087	54,541	59,995
69,978	77,754	85,529

## Earning Power

### % Change in Earnings

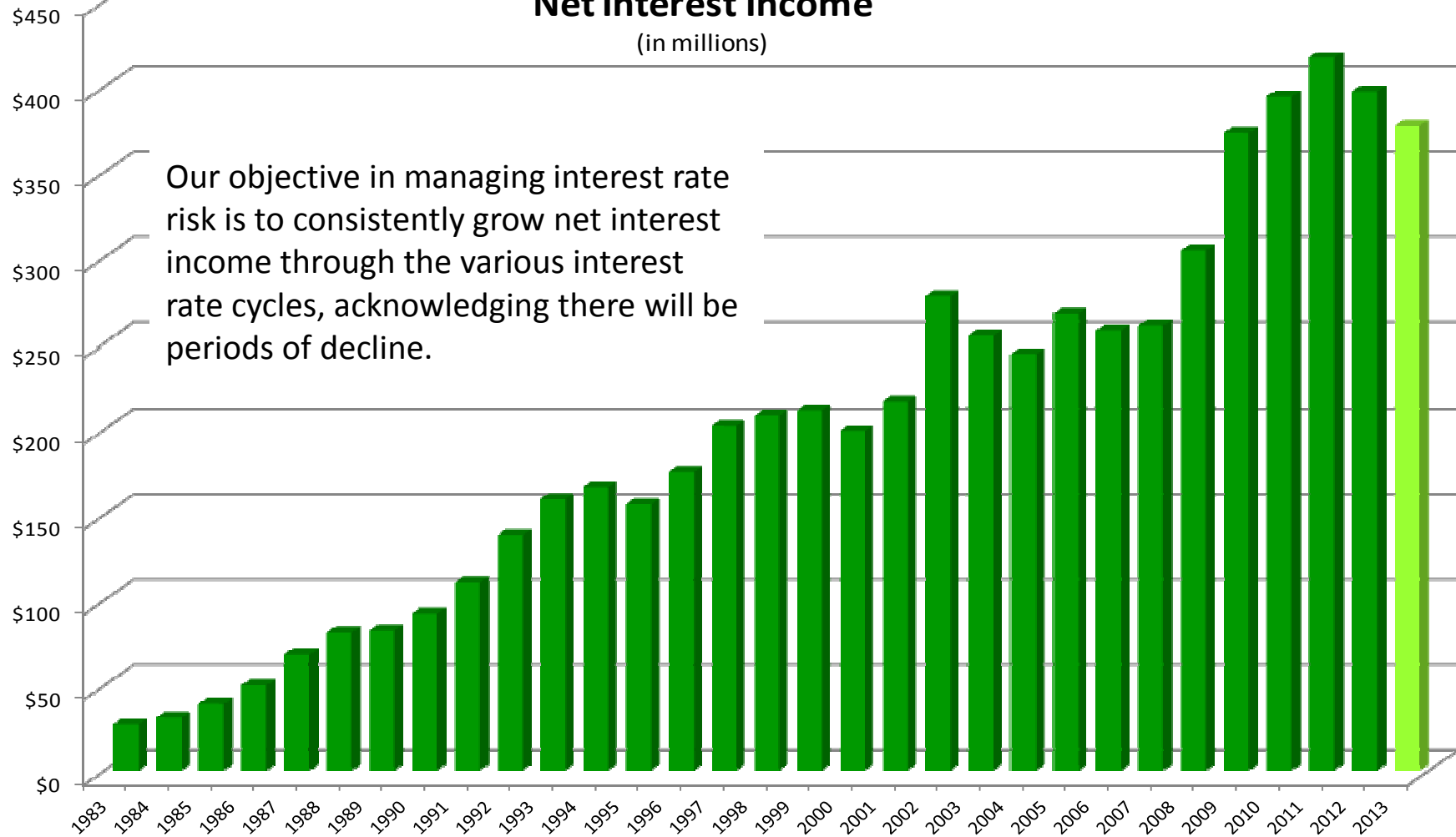
0.90%	1.00%	1.10%
13%	15%	16%
23%	25%	28%
34%	38%	42%
49%	55%	60%



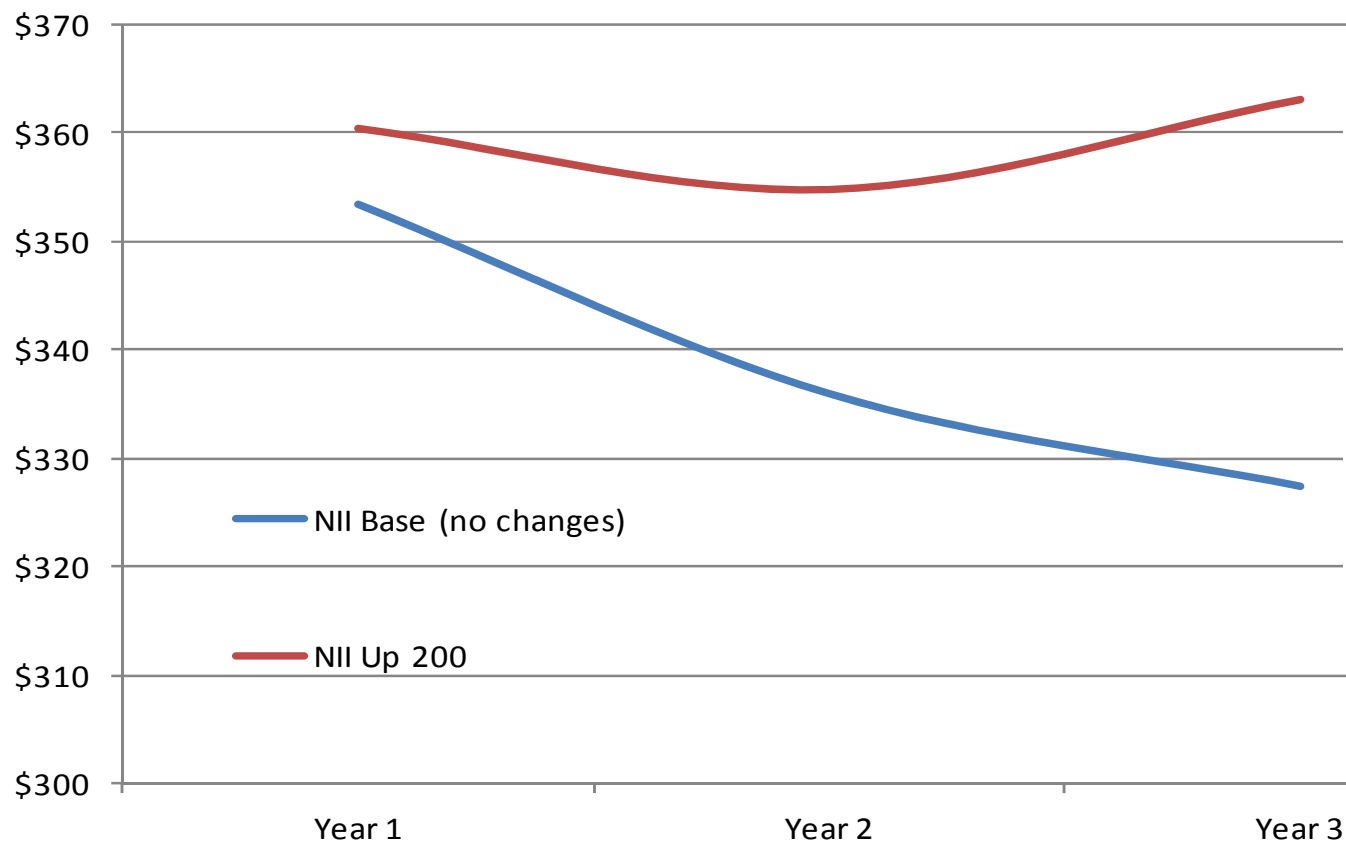
Net Interest Spread is the difference between the weighted averaged rate earned on assets and the weighted average rate paid on liabilities.

## Net Interest Income

(in millions)



## Potential Impact of Rising Rates

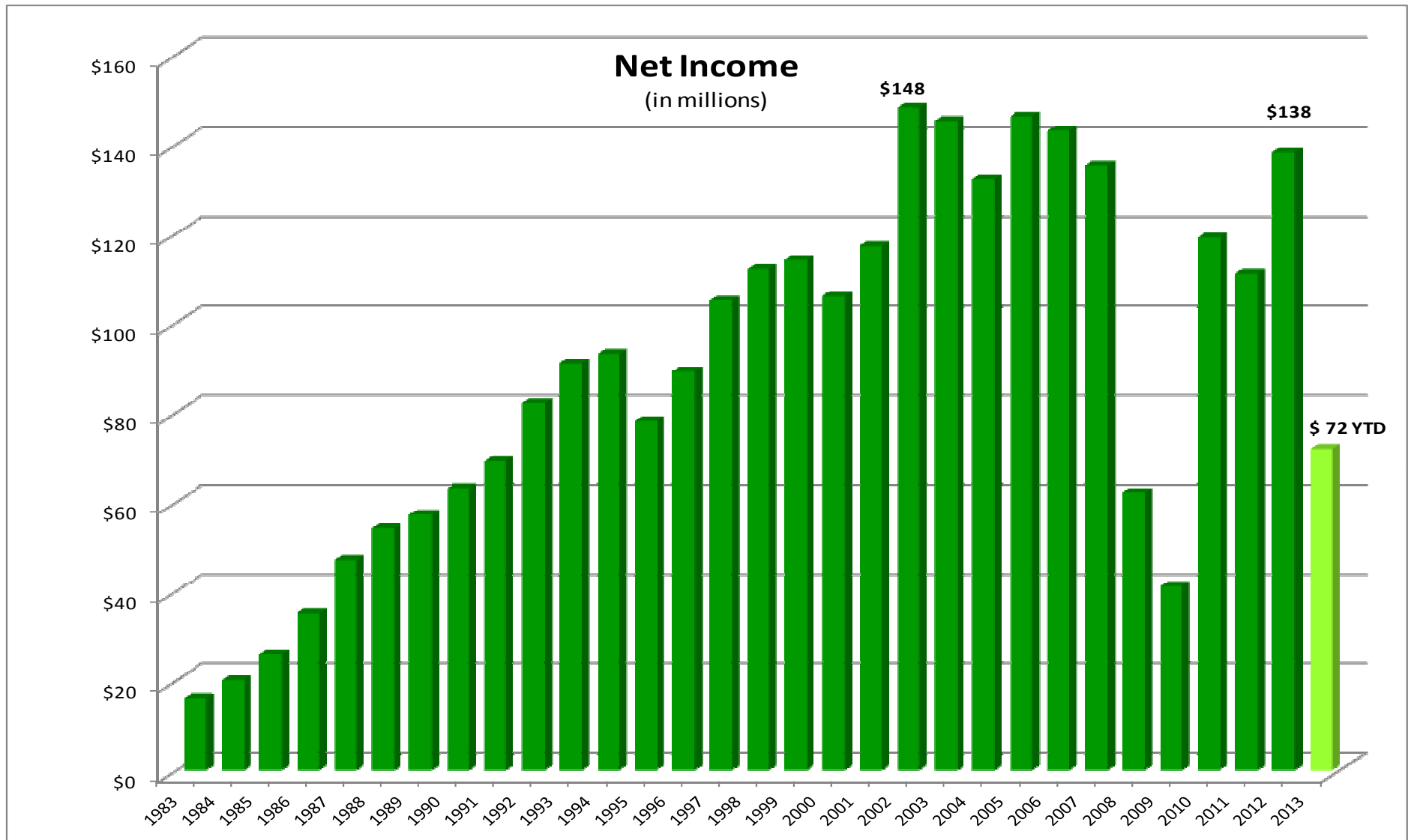


This assumes immediate increases in rates and no change in size or composition of balance sheet. Investing cash, lagging deposit or lending rates are a few options that would be available.

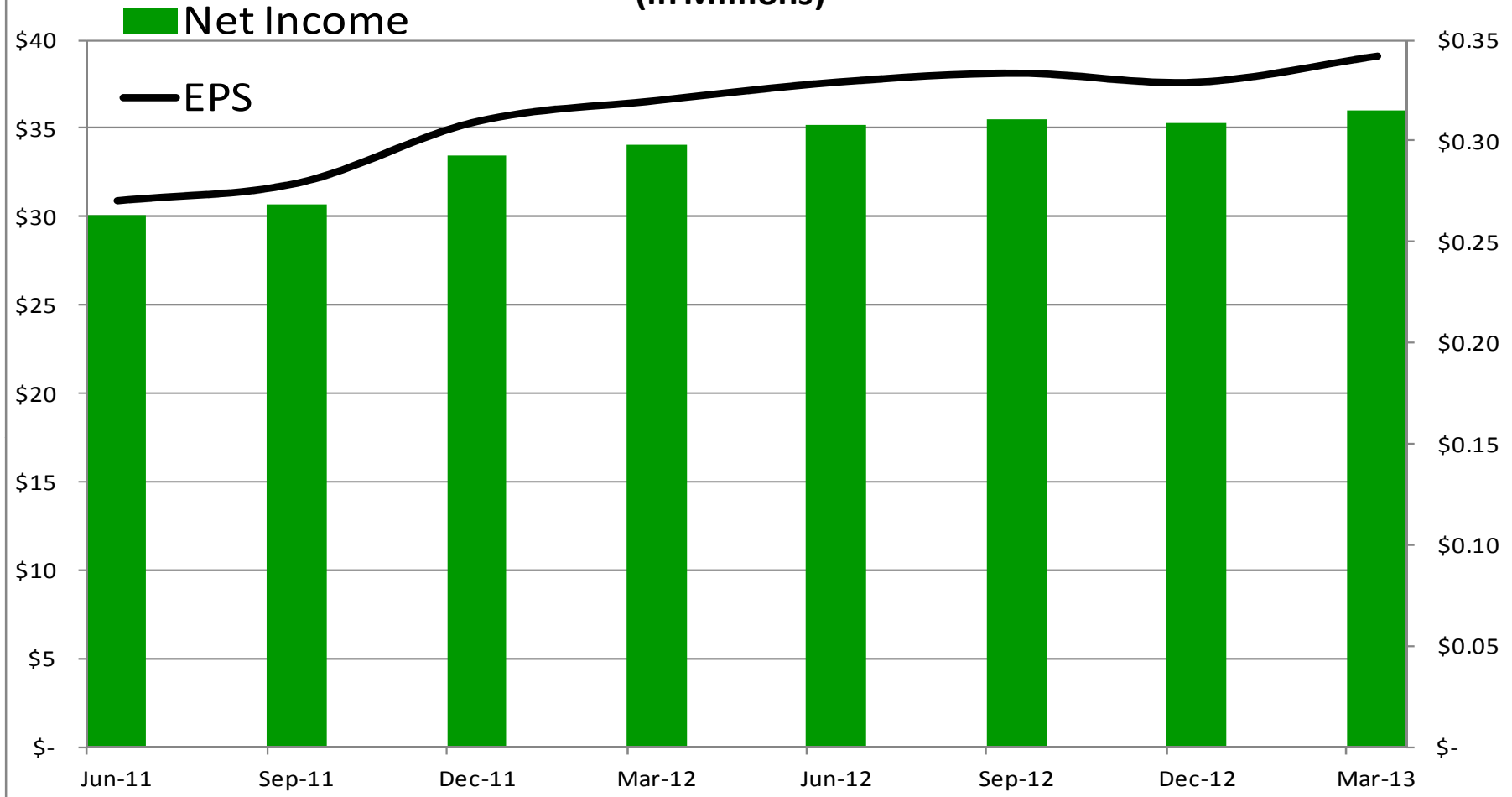
# Efficiency:

	<b>Peer Group Average* 03-31-13</b>	<b>Washington Federal 03-31-13</b>
<b>Efficiency Ratio</b>	<b>61.77%</b>	<b>41.55%</b>
<b>Operating Expenses to Average Assets</b>	<b>1.49%</b>	<b>1.26%</b>

**\*100 Largest Public Banks and Thrifts - Source: SNL Financial**



## Net Income - Last 8 Quarters and EPS (in Millions)





# Performance Ratios:

	<b>Peer Group Average* 3-31-13</b>	<b>Washington Federal 3-31-13</b>
<b>Return on Average Equity (ROE)</b>	<b>8.56%</b>	<b>7.49%</b>
<b>Return on Average Assets (ROA)</b>	<b>.97%</b>	<b>1.10%</b>

**\*100 Largest Public Banks and Thrifts - Source: SNL Financial**

# Returning Capital to Shareholders:

WAFD has paid 121 consecutive quarterly cash dividends.

Increased cash dividend \$.01 or 12.5% in March.

Current cash dividend of \$.09 provides a yield of 2.11% based on recent prices.

Year to date through March 31 the Company has returned 100% of net income to shareholders.

For the 3<sup>rd</sup> Quarter through May 2, we have repurchased 975,000 shares at a wtd avg price of \$16.56.

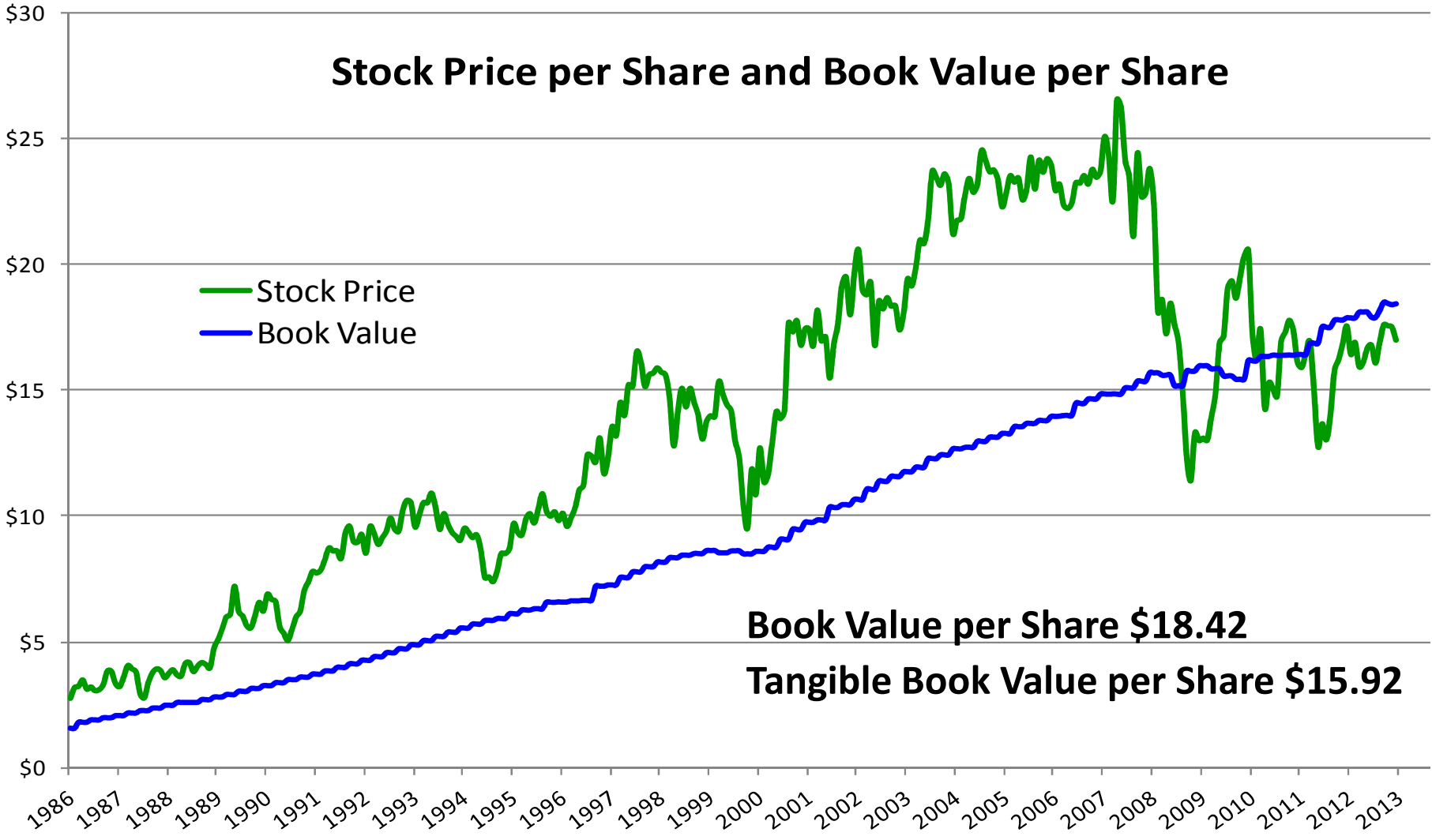
# Application to Convert to National Bank:

No meaningful change in the way we do business today.

Why are we making the change:

1. National bank charter aligns best with our business plan
2. Perception in the market place
3. Regulation

# Stock Price per Share and Book Value per Share





D.A.  
Davidson  
& Co. member  
SIPC

# Washington Federal. invested here.

**NASDAQ: WAFD**