Washington Federal, Inc.

# FBR Investor Conference
# December 3, 2008

# Market Area

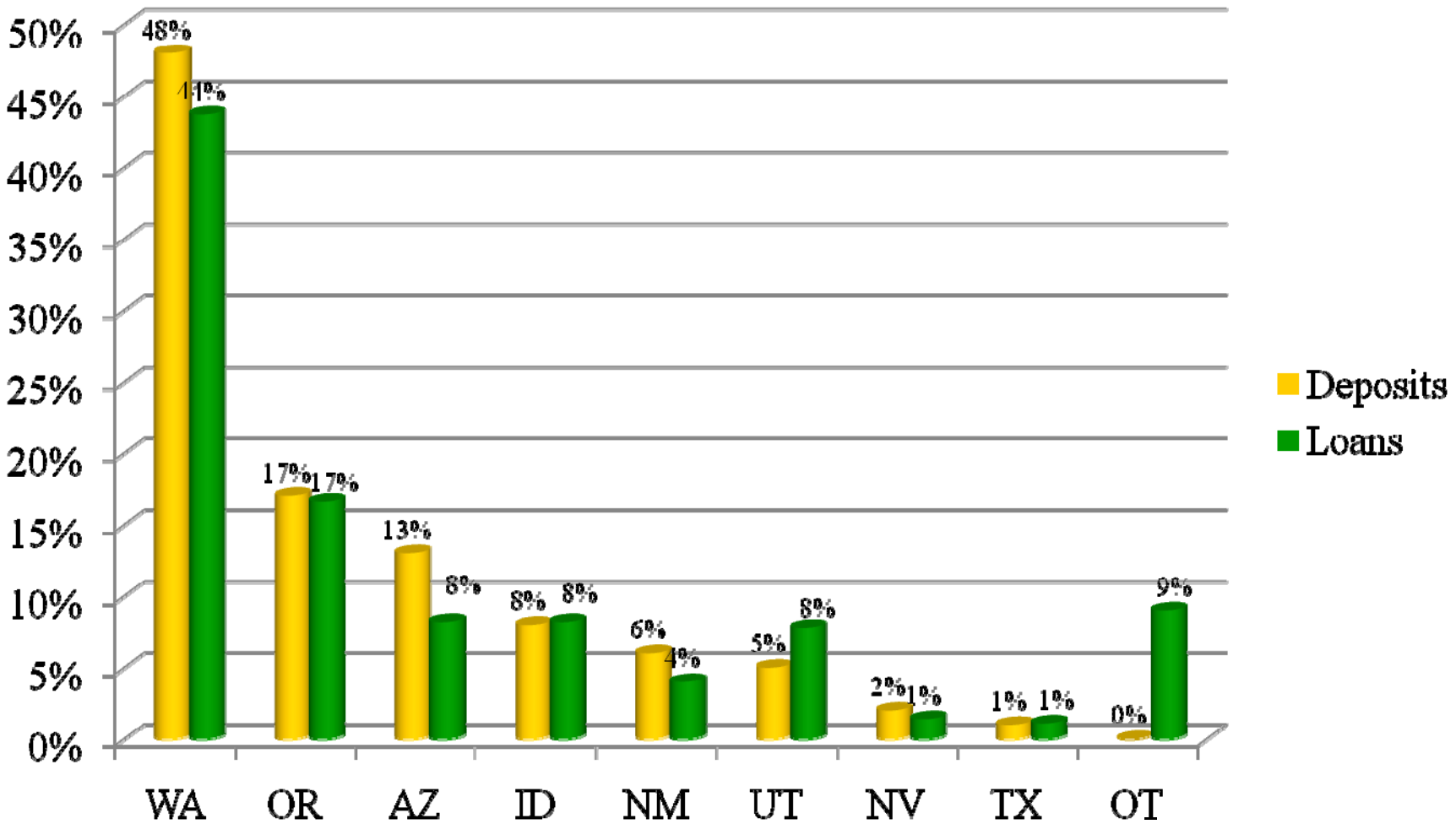
## 149 Offices in 8 western states

Washington Federal, Inc.

# *Loans & Deposits by State*

**September 30, 2008**

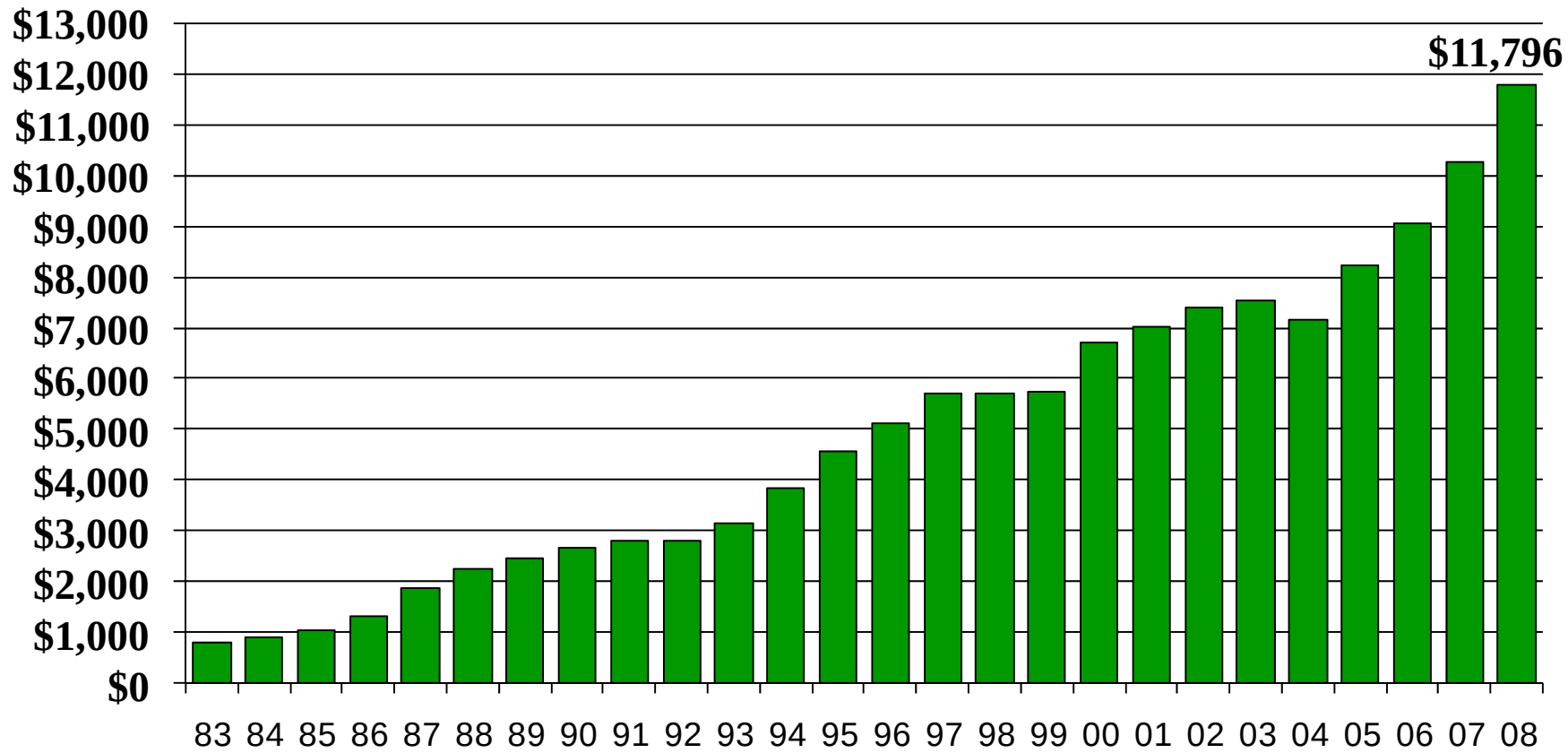
Washington Federal, Inc.



# TOTAL ASSETS

Washington Federal, Inc.

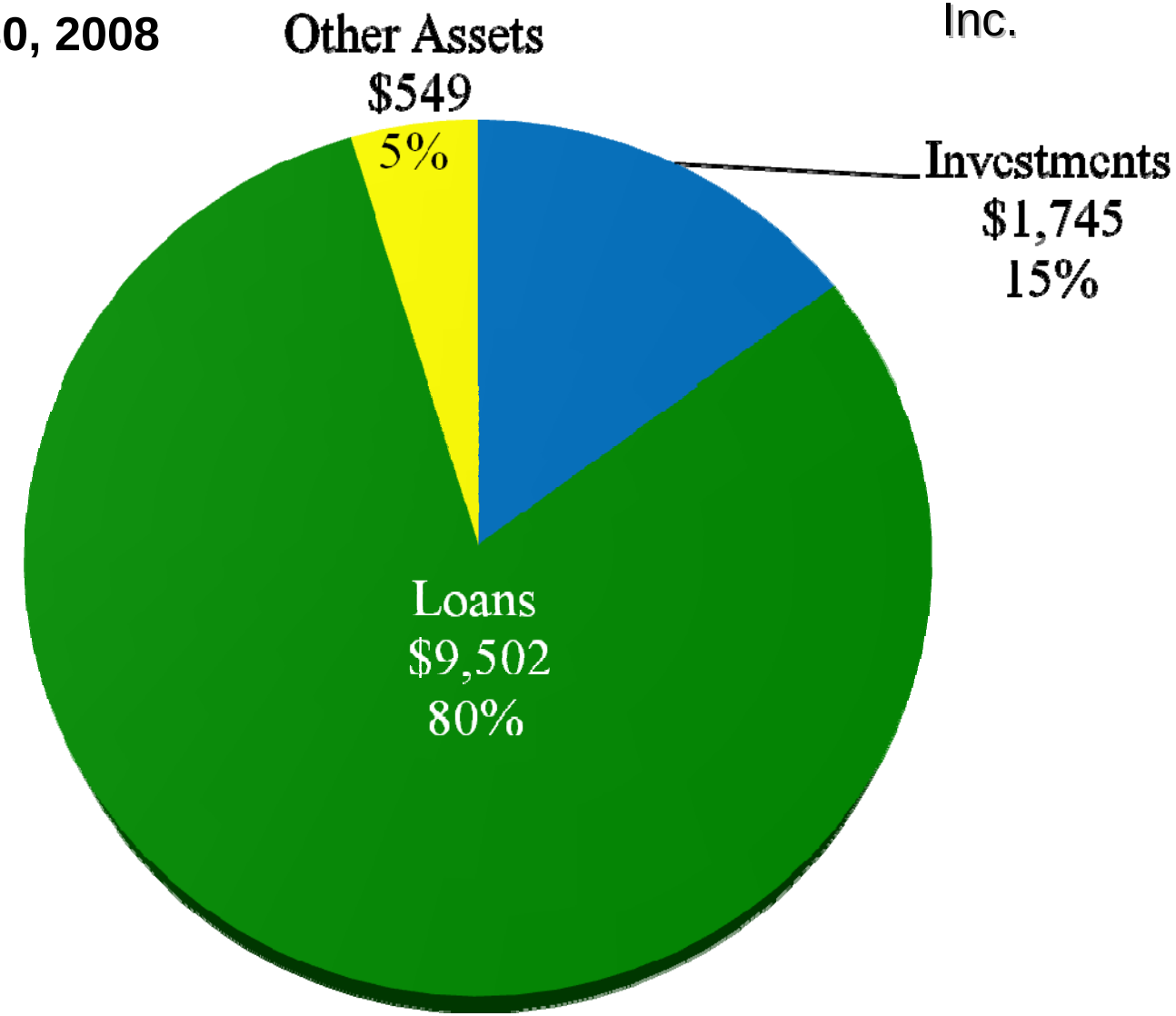
**September 30**
**(In Millions)**



# ASSET MIX

**September 30, 2008**
**(in millions)**

Washington Federal, Inc.



# Securities Portfolio

**September 30, 2008 (in thousands)**

Washington Federal, Inc.

| | 9/30/2008 | | |
|---|---|---|---|
| | Book Value | Fair Value Adjustment | Fair Value |
| MBS Pass Through: | | | |
| Freddie Mac | $ 850,671 | $ (7,210) | $ 843,461 |
| Fannie Mae | 700,982 | 5,412 | 706,394 |
| Ginnie Mae | 20 | 2 | 22 |
| | 1,551,673 | (1,796) | 1,549,877 |
| | | | |
| FHLB Seattle Stock | 144,480 | - | 144,480 * |
| GSE Preferred Stock | 2,453 | 506 | 2,959 |
| GSE Debt | 34,300 | 3,474 | 37,774 |
| Muni Bonds | 8,270 | 534 | 8,804 |
| TOTAL INVESTMENTS | $ 1,741,176 | $ 2,718 | $ 1,743,894 |
| | | | |

* FHLB is a non marketable security therefore fair value is presumed to equal book value

# Loans by Type

Washington Federal, Inc.

**September 30, 2008**
**Net of LIP and credits**
**(in thousands)**

| | Amount | % of Bal. | |
|---|---|---|---|
| | | | |
| Mortgage | $ 6,961,061 | 73.3% | |
| Land A&D and Spec. Const. | 1,013,459 | 10.7% | |
| Income Property | 938,548 | 9.9% | |
| Consumer | 438,641 | 4.6% | |
| Commercial & Industrial | 149,912 | 1.6% | |
| | $9,501,621 | | |
| | | | |

# Quality Control

Washington Federal, Inc.

- **Portfolio lender**
- **Salaried originators, no sales goals**
- **Hand underwriting – we don’t credit score**
- **Wholesale mortgage loans fully underwritten**
- **No yield spread premiums**
- **Plain vanilla, 30 year fixed rate loans. No option ARM’s, no IO’s, no Subprime**

# MORTGAGE LOAN RISK

**September 30, 2008**

Washington Federal, Inc.

| | | Amount | | % of Balance |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| **Total Balance** | $ | 6,961,061 | ** | 100% |
| **Delinquencies (includes non-performing)** | $ | 89,410 | | 1.3% |
| **Non Performing** | $ | 39,332 | | 0.6% |
| **Net Charge-Offs** | $ | 2,317 | * | 0.0% |
| **Loan to Value at Origination** | | 61% | | |

* Represents charge offs for the year ended 9/30/08

** Includes custom construction, balance net of related credits

# LAND & CONSTRUCTION LOAN RISK

Washington Federal, Inc.

**September 30, 2008**

| | | Amount | | % of Balance |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| **Total Balance** | $ | 1,013,459 | ** | 100% |
| **Delinquencies (includes non performing)** | $ | 124,653 | | 12.3% |
| **Non Performing** | $ | 84,565 | | 8.3% |
| **Net Charge-Offs** | $ | 10,371 | * | 1.0% |
| Loan to Value at Origination | | 62% | | |

* Represents charge offs for the year ended 9/30/08

** Balance net of related credits

# INCOME PROPERTY LOAN RISK

Washington Federal, Inc.

**September 30, 2008**

| | | Amount | | % of Balance |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| **Total Balance** | $ | 938,548 | ** | 100% |
| **Delinquencies (includes non performing)** | $ | 11,963 | | 1.3% |
| **Non Performing** | $ | 2,677 | | 0.3% |
| **Net Charge-Offs** | $ | 250 | * | 0.0% |
| Loan to Value at Origination | | 54% | | |
| * Represents charge offs for the year ended 9/30/08 | | | | |
| ** Balance net of related credits | | | | |

# CONSUMER LOANS BY TYPE

Washington Federal, Inc.

**September 30, 2008**

| | | |
|---|---|---|
| **Lot Loans** | $ | 208,163 |
| **Sales Finance** | | 150,072 |
| **HELOC** | | 80,406 |
| | | |
| **Total Consumer Loans** | $ | 438,641 |
| | | |
| Balances net of related credits | | |
| | | |

# CONSUMER LOAN RISK

Washington Federal, Inc.

**September 30, 2008**

| | | Amount | | % of Balance |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| **Total Balance** | $ | 438,641 | ** | 100% |
| **Delinquencies (includes non performing)** | $ | 9,415 | | 2.1% |
| **Non Performing** | $ | 535 | | 0.1% |
| **Net Charge-Offs** | $ | 2,241 | * | 0.5% |

* Represents charge offs for the year ended 9/30/08

** Balance net of related credits

# COMPARATIVE LOAN QUALITY

Washington Federal, Inc.

**September 30, 2008**

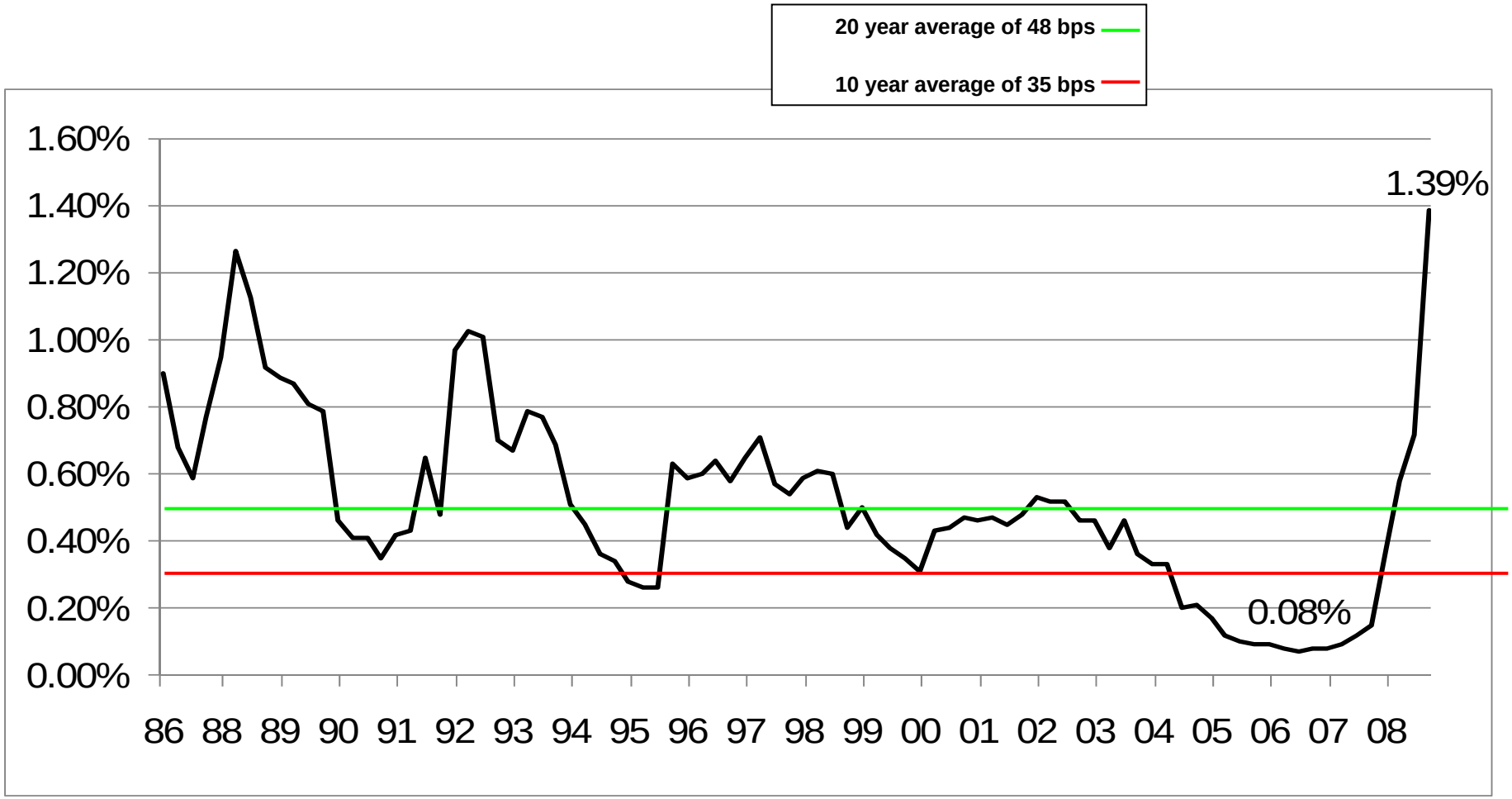
| | Peer Group Average 9/30/2008 | | WFS 9/30/2008 |
|---|---|---|---|
| **Delinquencies (% Past Due)** | 3.17% | | 2.46% |
| **Non Performing Assets / Total Assets** | 2.42% | | 1.39% |
| **Net Charge-Offs / Loans** | 1.33% | | 0.16% |

*** 28 Largest Thrifts - Source: FDIC**

# *Historical Non-Performing Assets to Total Assets Ratio*

Washington Federal, Inc.

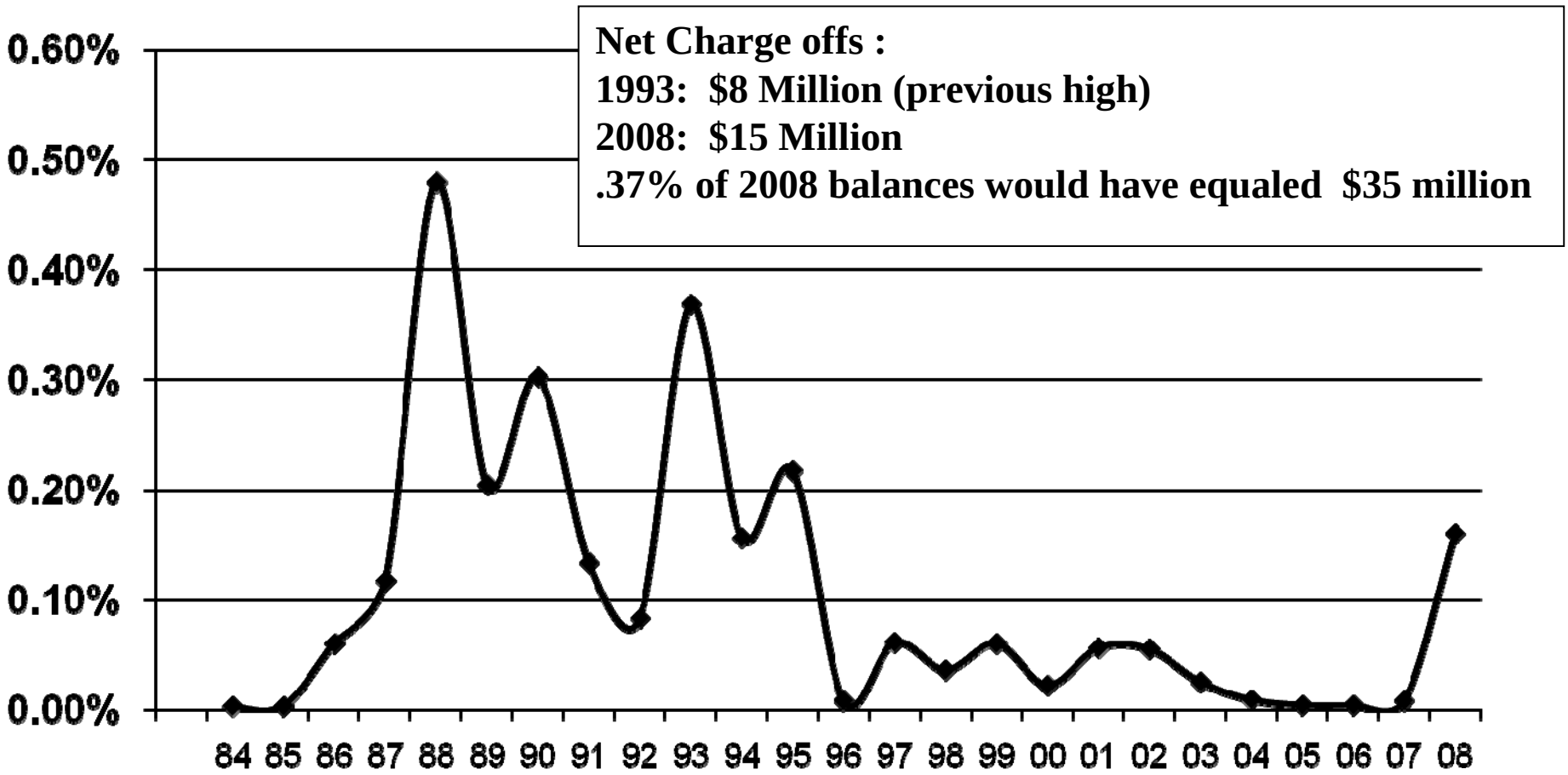
**Quarterly – last 22 years**



# NET CHARGE OFFs as % of Total Loans

Washington Federal, Inc.

**Years Ended September 30**

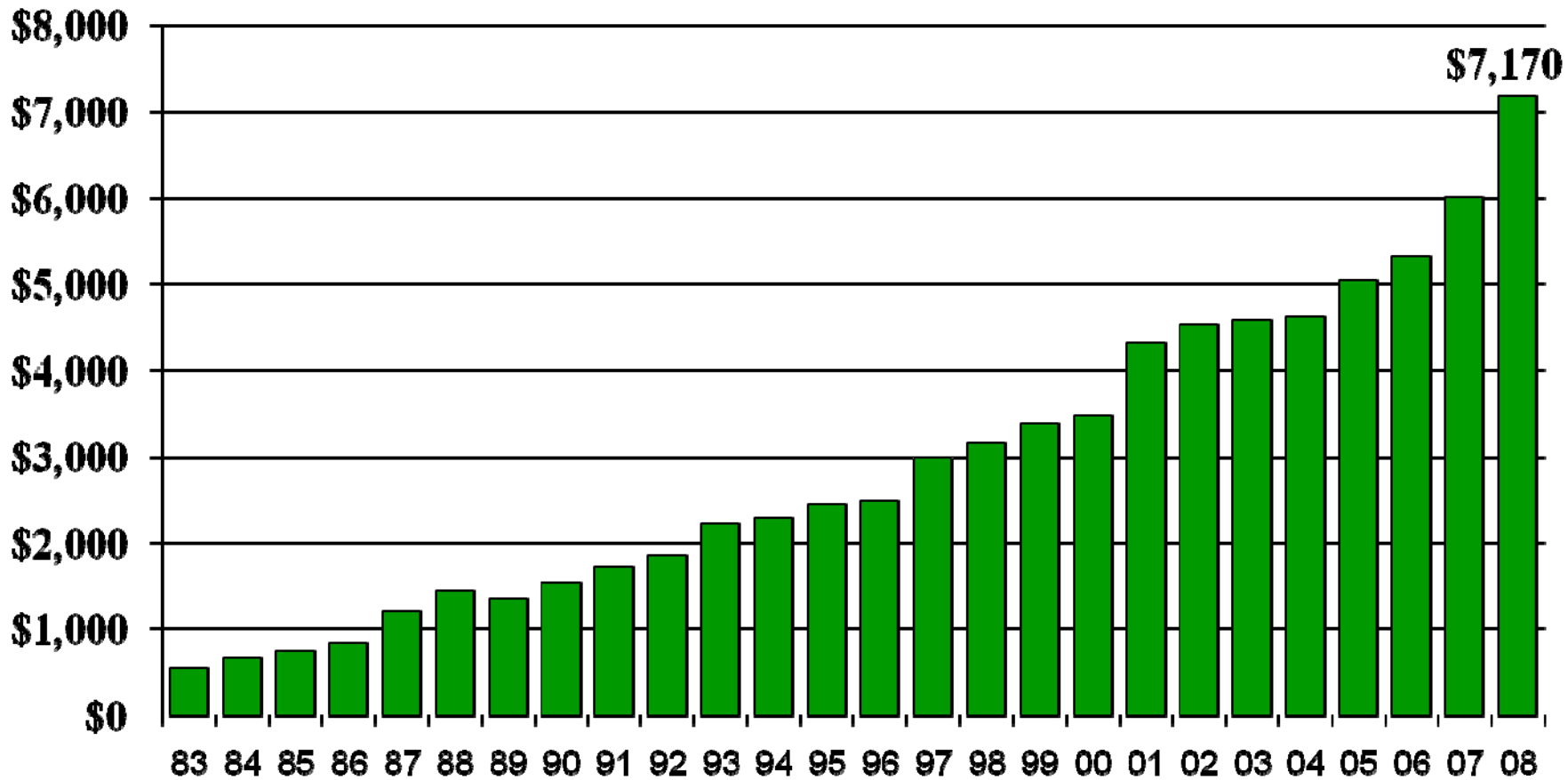



**Net Charge offs :**
**1993: $8 Million (previous high)**
**2008: $15 Million**
**.37% of 2008 balances would have equaled $35 million**

# TOTAL DEPOSITS

Washington Federal, Inc.

**Years Ended September 30**
**(In Millions)**



# DEPOSIT MIX

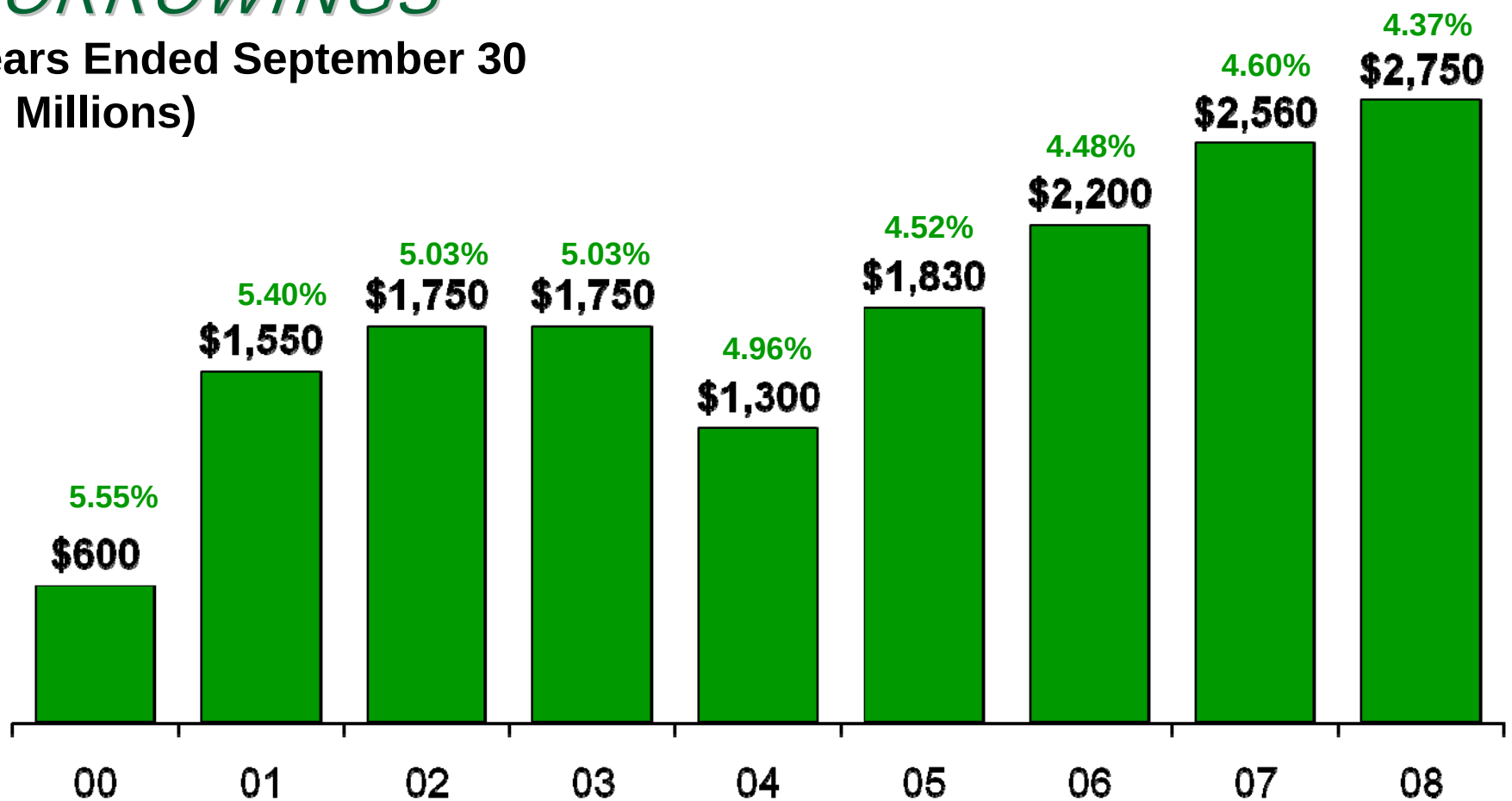
Washington Federal, Inc.

| | Total Balance | % of Total | WTD Rate |
|---|---|---|---|
| Interest Checking | 397,511,530 | 5.5% | 1.48% |
| Non-interest Checking | 119,460,042 | 1.7% | 0.00% |
| Savings | 188,546,097 | 2.6% | 1.22% |
| Money Market | 1,231,541,832 | 17.2% | 2.48% |
| CD's & Repo's | 5,232,479,707 | 73.0% | 3.72% |
| | 7,169,539,208 | 100.0% | 3.25% |

# LONG-TERM BORROWINGS

Washington Federal, Inc.

**Years Ended September 30**
**(In Millions)**



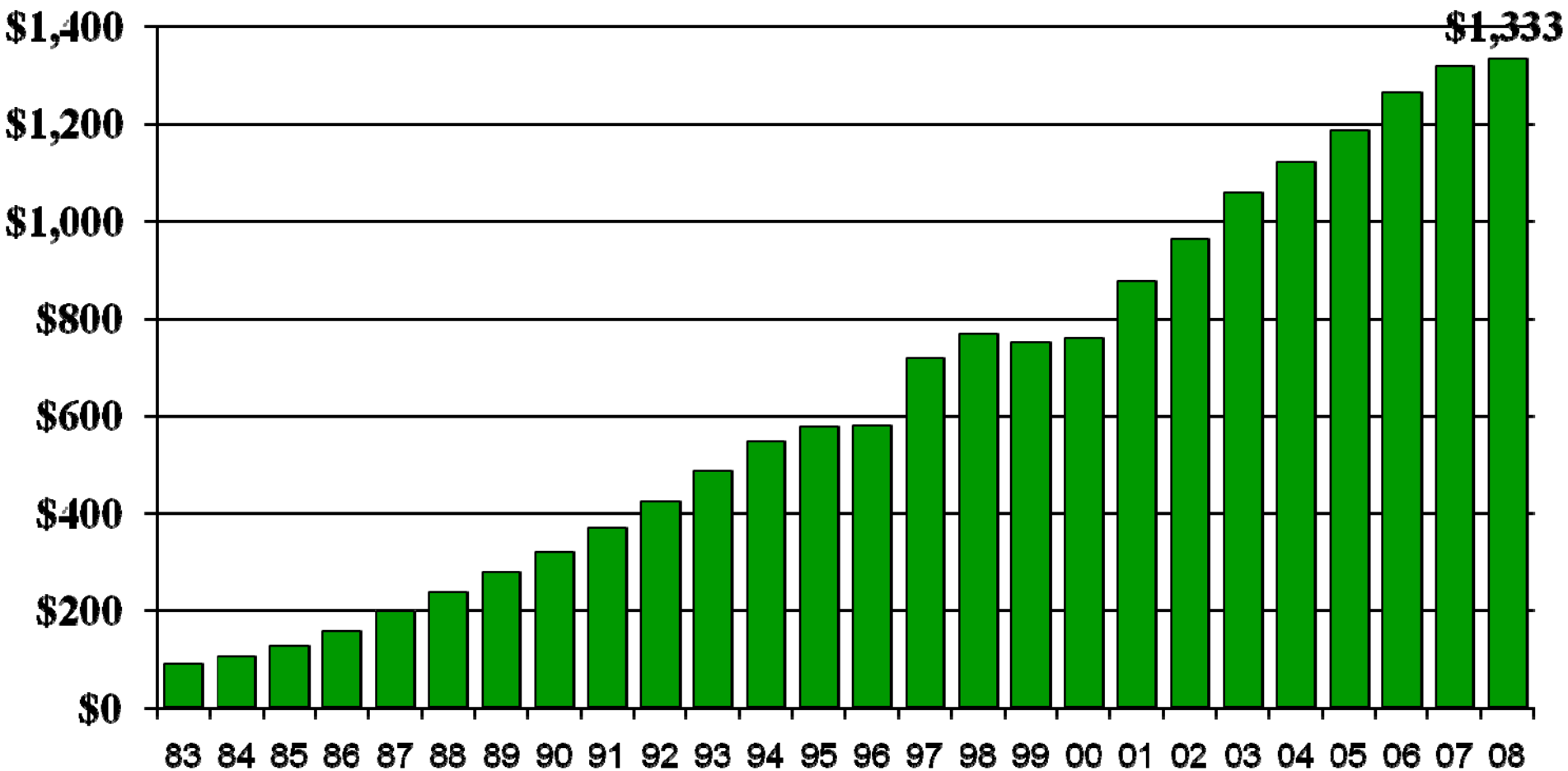

% represent the weighted average interest rate

**Additionally – as of 9/30/08 $377M in overnight borrowings @ 2%**

# STOCKHOLDERS' EQUITY

Washington Federal, Inc.

**Years Ended September 30**
**(In Millions)**



# CAPITAL RATIOS

Washington Federal, Inc.

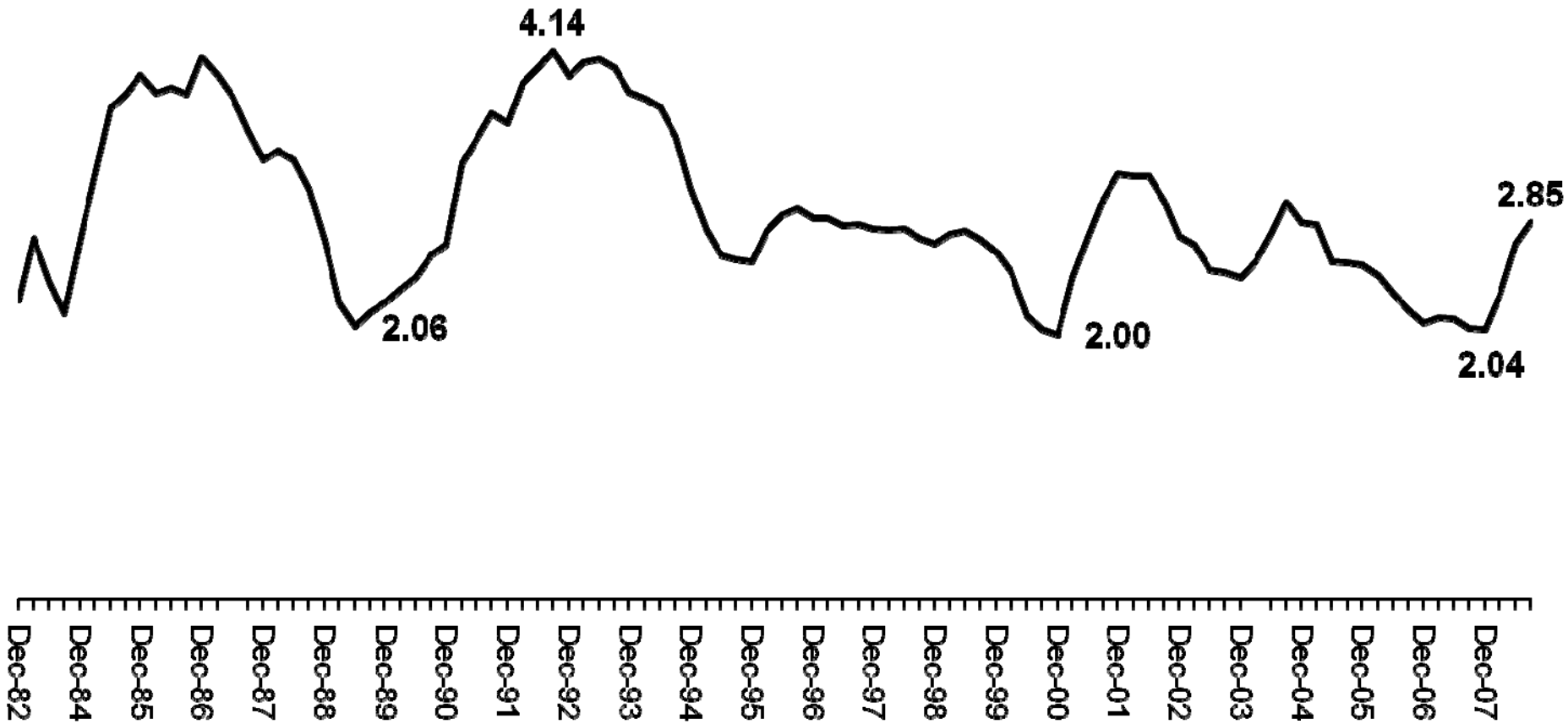
| | Peer Group Average 9/30/2008 | * | WFS 9/30/2008 | Proforma w / TARP 9/30/2008 | | Minimum to be "well capitalized" |
|---|---|---|---|---|---|---|
| Regulatory Capital Ratios: | | | | | | |
| Core | 8.04% | | 9.66% | 11.20% | | 3.00% |
| Risk Based | 12.49% | | 16.44% | 19.38% | | 8.00% |
| Capital / Assets | 8.91% | | 11.30% | 12.78% | | |

***28 Largest Thrifts - Source: FDIC**

# INTEREST RATE SPREAD

Washington Federal, Inc.

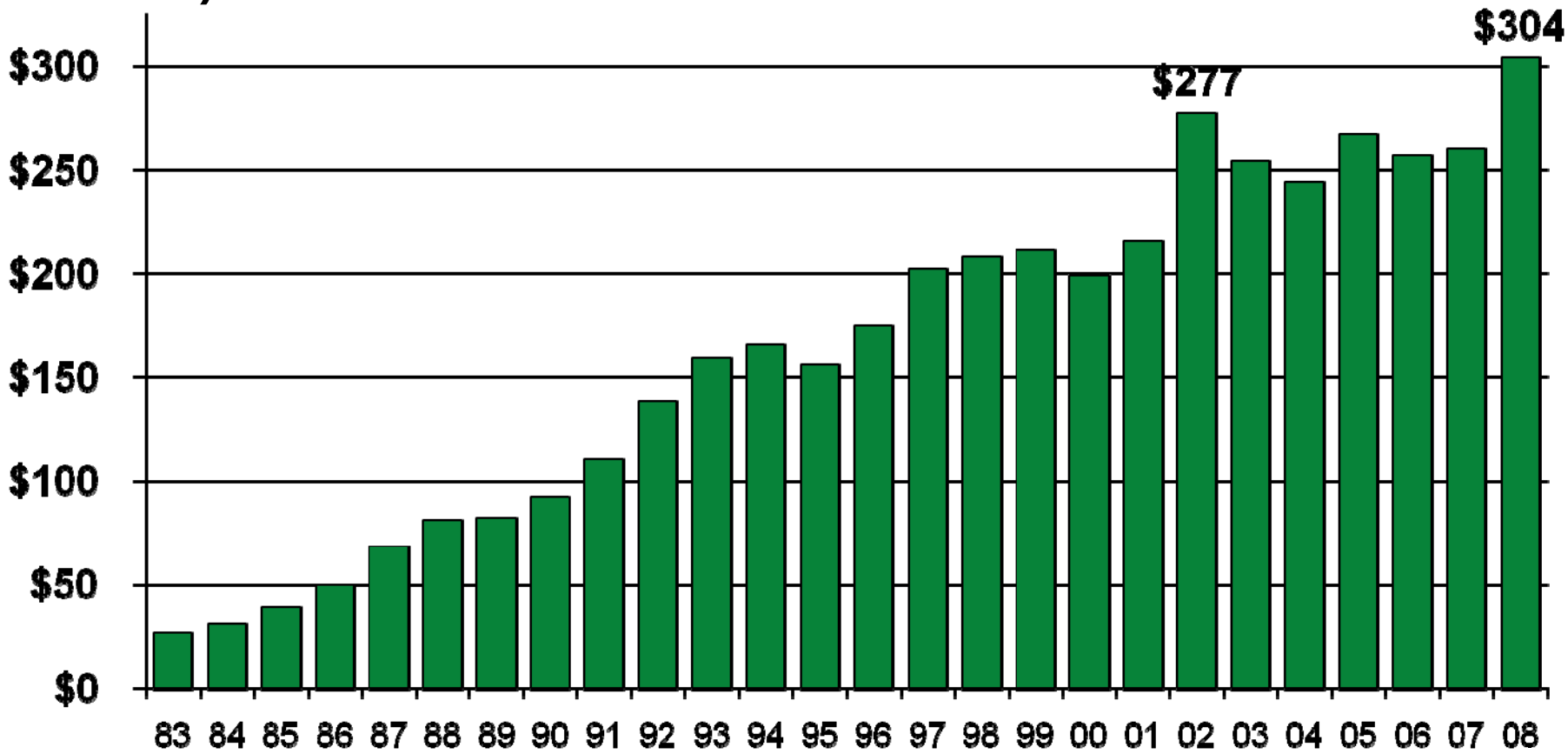
**Quarterly**



# NET INTEREST INCOME

Washington Federal, Inc.

**Years Ended September 30**
**(In Millions)**



# EFFICIENCY RATIOS

Washington Federal, Inc.

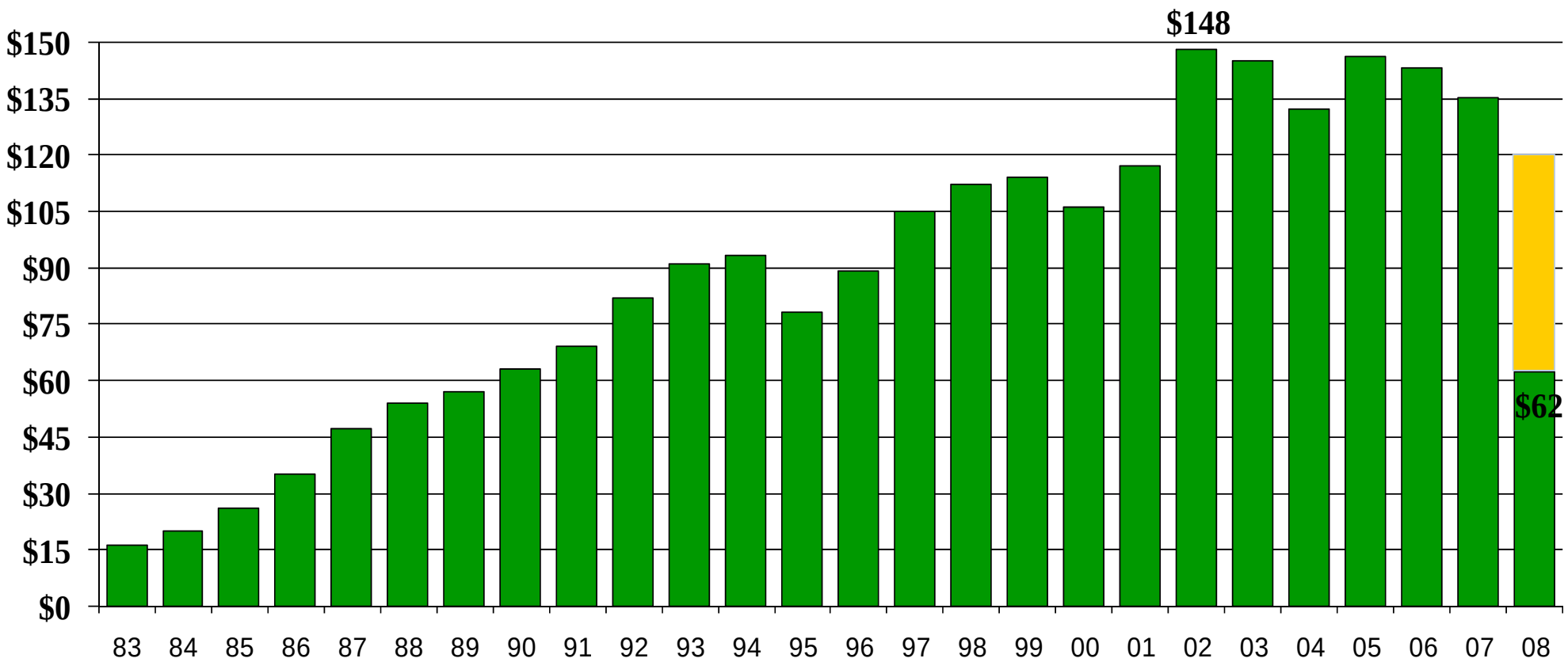
| | Peer Group Average 9/30/2008 | * | WFS 9/30/2008 |
|---|---|---|---|
| Efficiency: | 58.63% | | 27.23% |
| Exp. to Assets: | 2.53% | | 0.77% |

*** 28 Largest Thrifts - Source: FDIC**

# NET INCOME

Washington Federal, Inc.

**Years Ended September 30**
**(In Millions)**




**Excluding the OTTI charge, 2008 income would have been $119 million**

# PERFORMANCE RATIOS

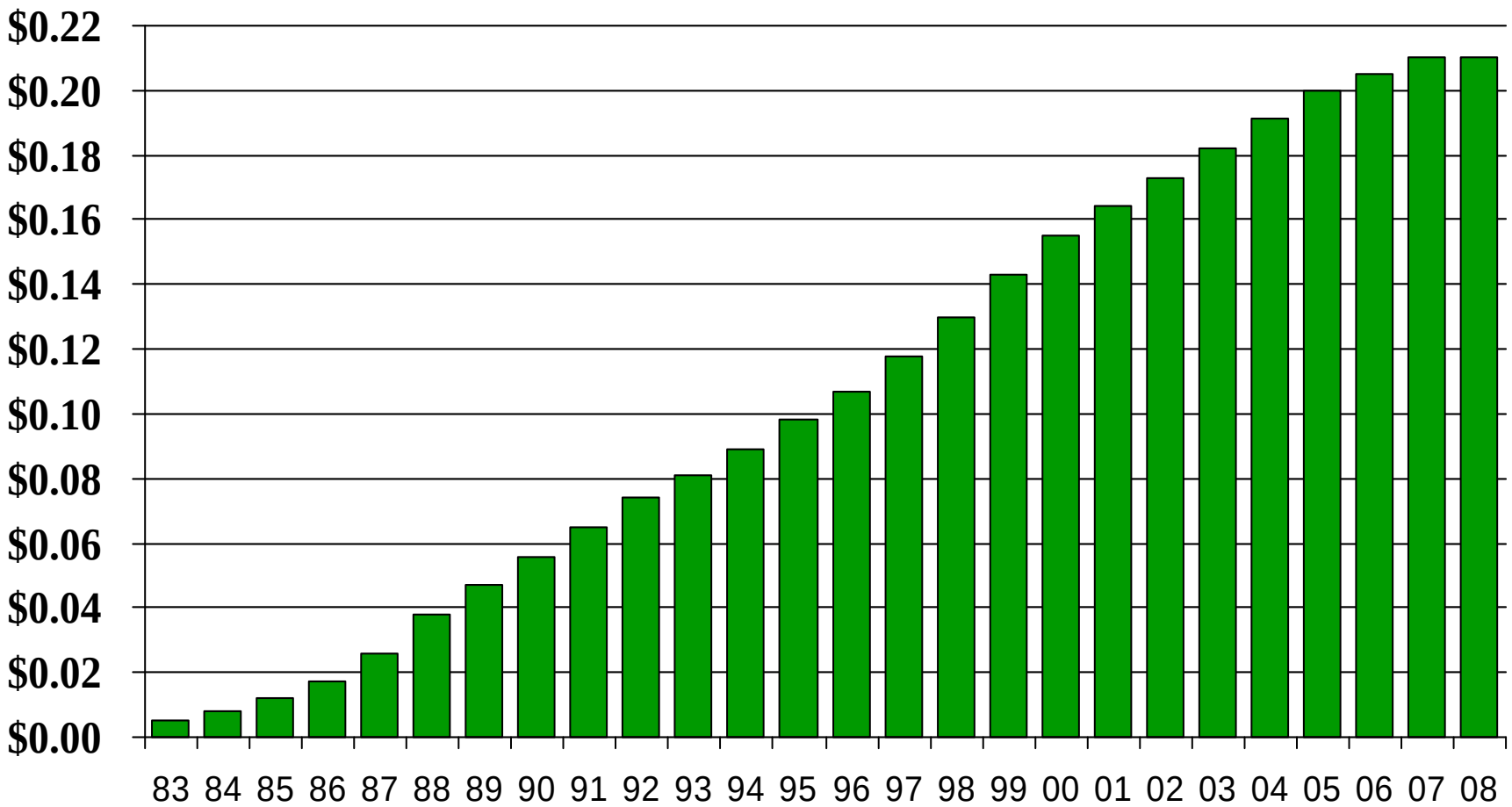
Washington Federal, Inc.

| | Peer Group Average 9/30/2008 | * | WFS 9/30/2008 |
|---|---|---|---|
| Return on Assets: | -0.56% | | 0.55% |
| Return on Equity: | -6.28% | | 4.59% |

***28 Largest Thrifts - Source: FDIC**

# Quarterly Cash Dividends

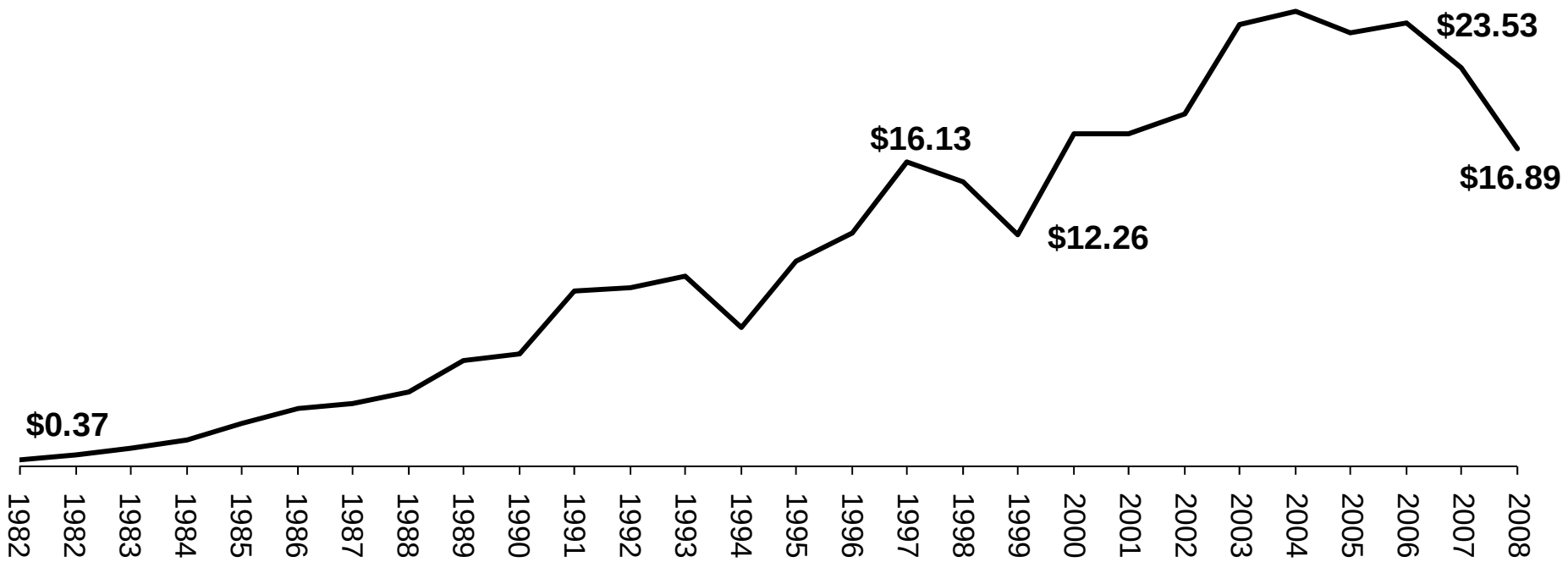
Washington Federal, Inc.



# Stock Price

**As December 31 each year**

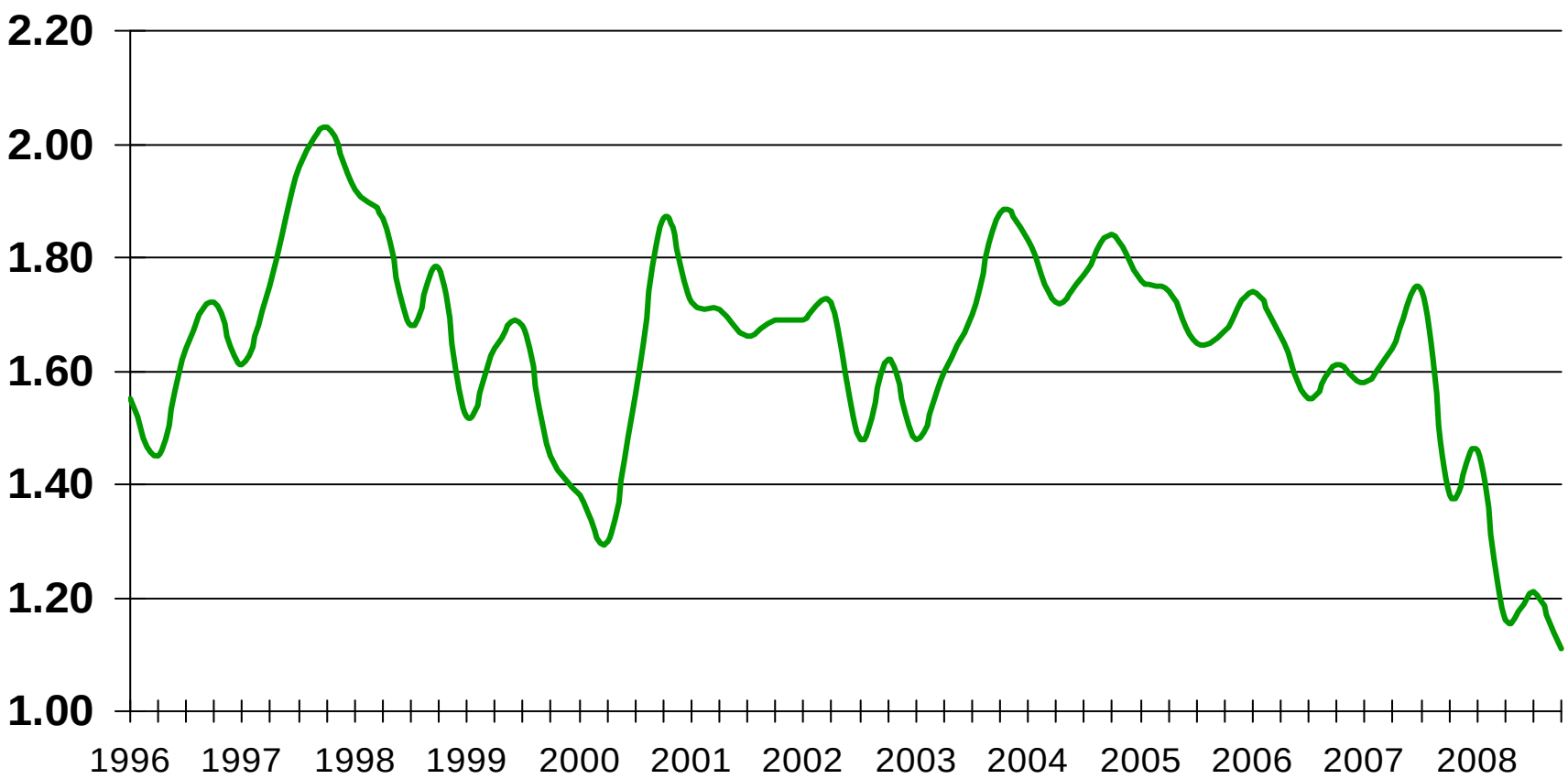
Washington Federal, Inc.



# *Price to Book Value*

**Per Quarter through 9/30/08**

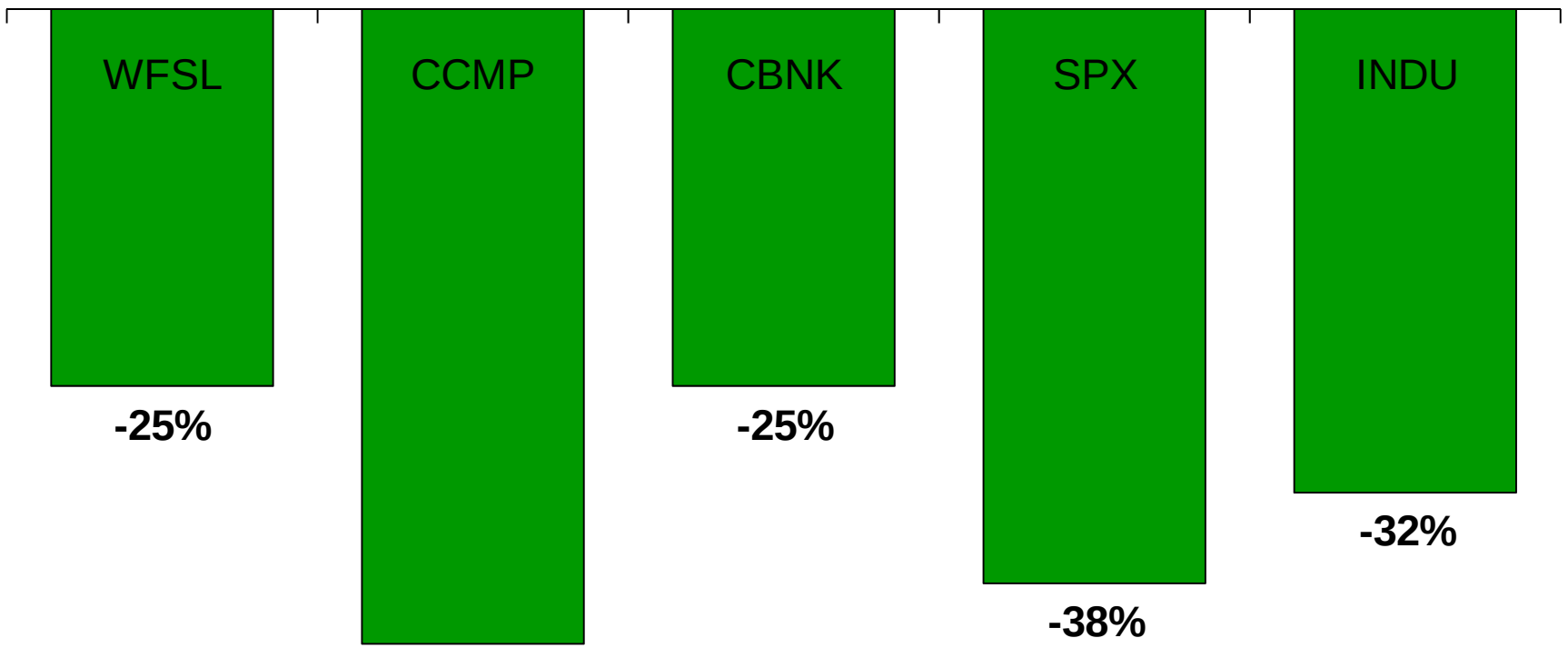
Washington Federal, Inc.



# Total Return

**Period ending on 11/28/08**

Washington Federal, Inc.

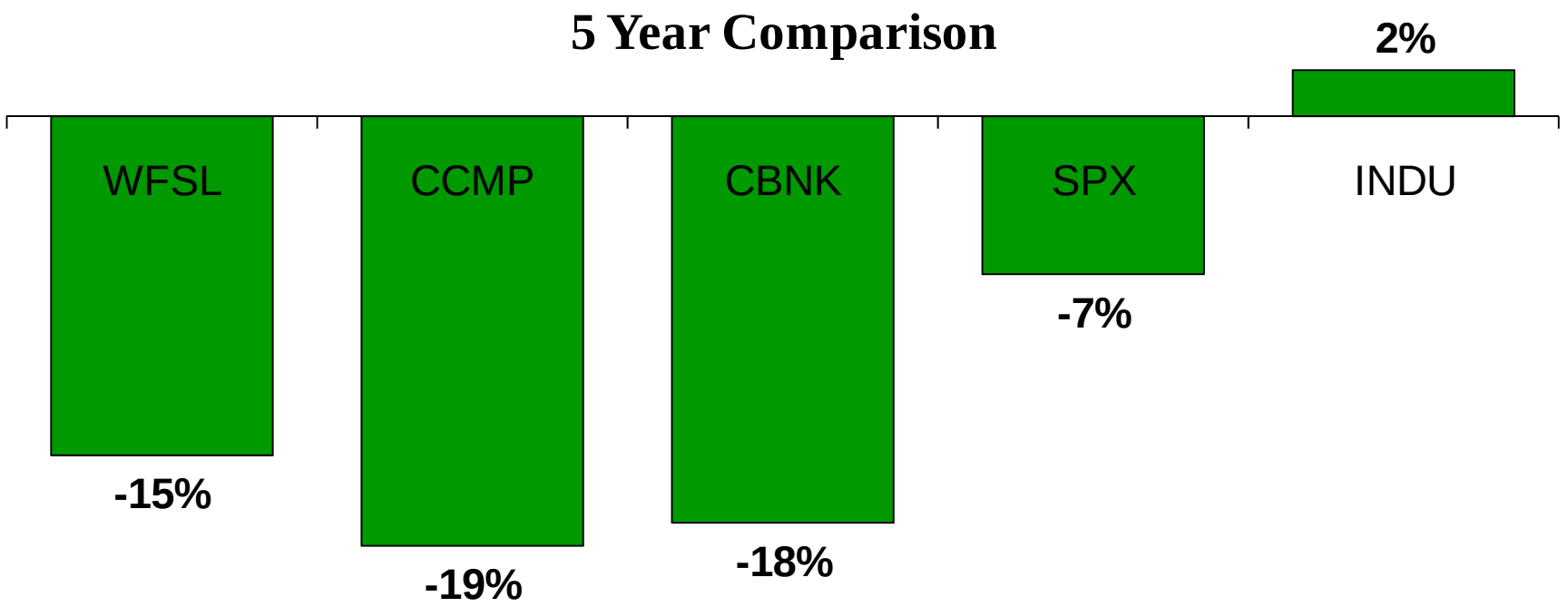



**1 Year Comparison**

# Total Return

**Period ending on 11/28/08**

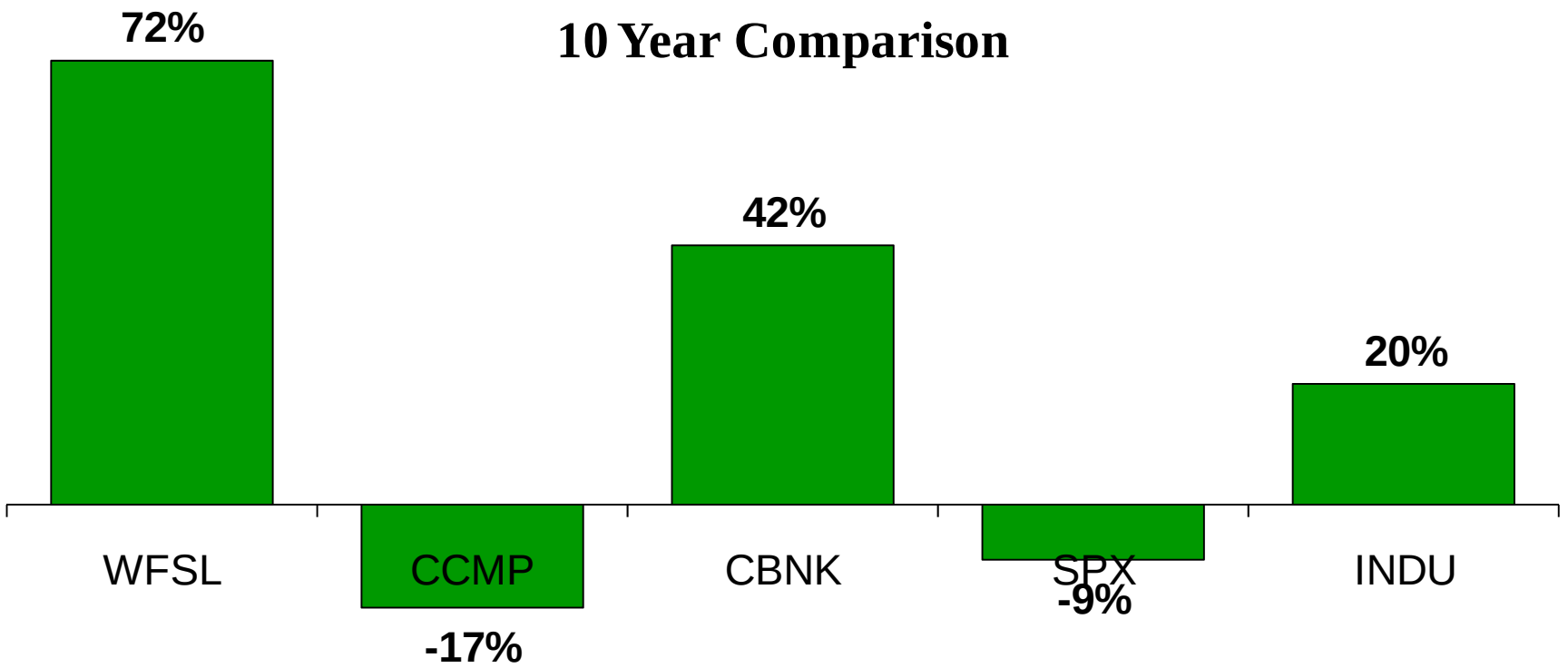
Washington Federal, Inc.



# Total Return

**Period ending on 11/28/08**

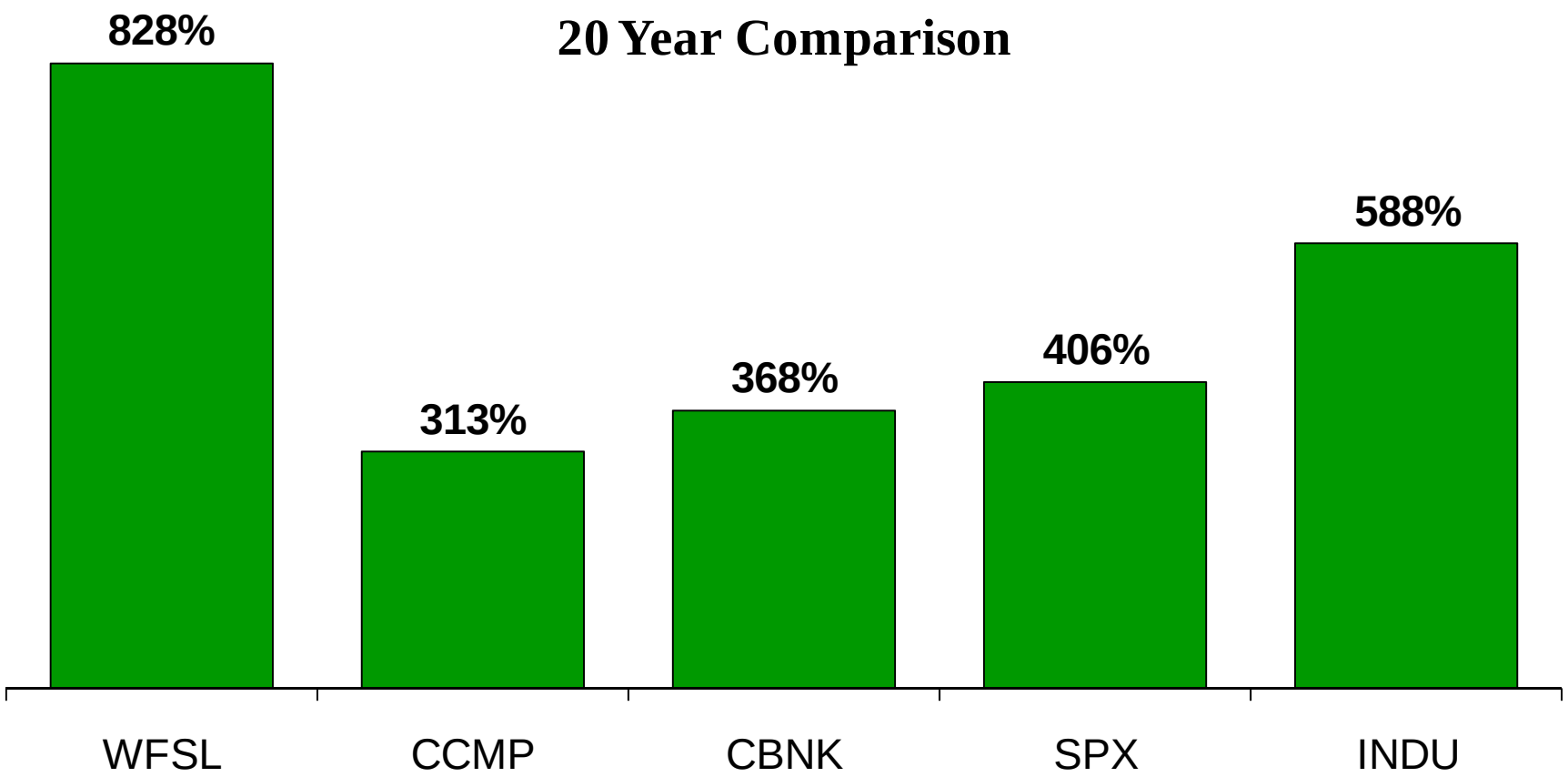
Washington Federal, Inc.



# Total Return

**Period ending on 11/28/08**

Washington Federal, Inc.



# Washington Federal, Inc.

***NASDAQ WFSL***