



Washington Federal Savings

Washington Federal, Inc.
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FOR IMMEDIATE RELEASE

Washington Federal Reports 1st Quarter Results

SEATTLE – Washington Federal, Inc. (Nasdaq: WFSL), parent company of Washington Federal Savings, today announced earnings of \$36,146,000 or \$.41 per diluted share for the quarter ended December 31, 2005, compared to \$36,258,000 or \$.42 per diluted share for the same period one year ago.

Washington Federal's net loans outstanding increased to \$6,264,599,000 as of December 31, 2005, a 4.3% increase from September 30, 2005. Loan production for the quarter totaled \$597 million, an increase of \$33 million or 6% over the same quarter last year. Non-performing assets amounted to only 0.09% of total assets at quarter-end. The Company's efficiency ratio of 18.75% for the quarter remains among the lowest in the industry. The quarter produced a return on assets of 1.75%, while return on equity amounted to 12.10%.

Chief Executive Officer Roy M. Whitehead commented, "In light of a rising interest rate environment which was primarily responsible for a 62% increase in deposit costs over the same period one year ago, we are very pleased with the Company's operating results for the quarter. We were able to leverage the strength of our balance sheet last quarter to offset the margin pressure created by a flat to inverted yield curve. It's a solid start to the new fiscal year."

(more)

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On January 13, 2006, Washington Federal will pay a cash dividend of \$.20 per share to common stockholders of record on December 30, 2005. This will be the Company's 92nd consecutive quarterly cash dividend.

The Company's Annual Meeting of Stockholders will be held at 2 p.m. on January 18, 2006, at the Benaroya Hall in Seattle, Washington.

Washington Federal Savings, with headquarters in Seattle, Washington, has 122 offices in seven western states.

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WASHINGTON FEDERAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)

December 31, 2005 September 30, 2005
(In thousands, except per share data)

ASSETS

Cash and cash equivalents.....	\$ 428,585	\$ 637,791
Available-for-sale securities, including mortgage-backed securities of \$936,152.....	1,106,848	1,077,856
Held-to-maturity securities, including mortgage-backed securities of \$167,602.....	202,641	212,479
Loans receivable, net.....	6,264,599	6,008,932
Interest receivable.....	35,529	34,048
Premises and equipment, net.....	63,467	63,287
Real estate held for sale.....	5,196	5,631
FHLB stock.....	129,453	129,453
Intangible assets, net.....	56,991	57,259
Other assets.....	11,992	7,714
	<u>\$ 8,305,301</u>	<u>\$ 8,234,450</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Customer accounts		
Savings and demand accounts.....	\$ 5,057,434	\$ 5,002,172
Repurchase agreements with customers.....	29,893	29,333
	<u>5,087,327</u>	<u>5,031,505</u>
FHLB advances.....	1,300,000	1,230,000
Other borrowings.....	600,000	655,000
Advance payments by borrowers for taxes and insurance.....	12,218	27,533
Federal and state income taxes.....	58,986	44,617
Accrued expenses and other liabilities.....	48,131	58,487
	<u>7,106,662</u>	<u>7,047,142</u>

Stockholders' equity

Common stock, \$1.00 par value, 300,000,000 shares authorized; 104,225,461 and 104,140,966 shares issued; 87,017,789 and 86,933,294 shares outstanding.....	104,225	104,141
Paid-in capital.....	1,240,391	1,240,310
Accumulated other comprehensive loss, net of taxes.....	(9,500)	(704)
Treasury stock, at cost; 17,207,672 shares.....	(205,874)	(205,874)
Retained earnings.....	69,397	49,435
	<u>1,198,639</u>	<u>1,187,308</u>
	<u>\$ 8,305,301</u>	<u>\$ 8,234,450</u>

CONSOLIDATED FINANCIAL HIGHLIGHTS

Stockholders' equity per share.....	\$ 13.77	\$ 13.66
Stockholders' equity to total assets.....	14.43%	14.42%
Weighted average rates at period end		
Loans and mortgage-backed securities*.....	6.24%	6.19%
Investment securities**.....	4.04	3.74
Combined loans, mortgage-backed securities and investment securities.....	6.04	5.91
Customer accounts.....	3.16	2.94
Borrowings.....	4.46	4.51
Combined cost of customer accounts and borrowings.....	3.51	3.37
Interest rate spread.....	2.53	2.54

* Includes securitized assets subject to repurchase

** Includes municipal bonds at tax equivalent yields and cash equivalents

WASHINGTON FEDERAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
	(In thousands, except per share data)	
INTEREST INCOME		
Loans.....	\$ 102,405	\$ 86,885
Mortgage-backed securities.....	14,368	12,834
Investment securities and cash equivalents.....	<u>7,789</u>	<u>7,824</u>
	124,562	107,543
INTEREST EXPENSE		
Customer accounts.....	38,850	23,892
FHLB advances and other borrowings.....	<u>21,650</u>	<u>18,254</u>
	60,500	42,146
Net interest income.....	64,062	65,397
Provision for loan losses.....	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses.....	64,062	65,397
OTHER INCOME		
Gain on sale of securities, net.....	-	64
Other.....	<u>3,391</u>	<u>2,514</u>
	3,391	2,578
OTHER EXPENSE		
Compensation and fringe benefits.....	8,235	8,334
Occupancy	1,912	1,836
Other.....	<u>2,522</u>	<u>1,808</u>
	12,669	11,978
Gain on real estate acquired through foreclosure, net.....	<u>139</u>	<u>218</u>
Income before income taxes.....	54,923	56,215
Income taxes.....	<u>18,777</u>	<u>19,957</u>
NET INCOME.....	\$ 36,146	\$ 36,258
PER SHARE DATA		
Basic earnings.....	\$.42	\$.42
Diluted earnings.....	.41	.42
Cash dividends.....	.20	.19
Weighted average number of shares outstanding, including dilutive stock options.....	87,346,842	87,440,185
Return on average assets.....	1.75%	1.96%