



Washington Federal Savings

Washington Federal, Inc.
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FOR IMMEDIATE RELEASE

Washington Federal's Earnings Per Share Increase 12%

SEATTLE – Washington Federal, Inc. (Nasdaq: WFSL), parent company of Washington Federal Savings, today announced earnings of \$36,259,000 or \$.46 per diluted share for the quarter ended December 31, 2004, compared to \$32,823,000 or \$.41 per diluted share for the same period one year ago, a 12.2% per share increase.

Washington Federal's total assets increased to \$7,543,302,000 as of December 31, 2004, a 5.2% increase from September 30, 2004. The Company's efficiency ratio improved to 17.6% for the quarter, compared to 18.1% for the same quarter last year. The first fiscal quarter produced a return on assets of 1.96%, while return on equity amounted to 12.84%.

Chief Executive Officer Roy M. Whitehead commented, "Earnings benefited from an increase in our net interest spread to 2.85% at December 31, 2004 from 2.43% at December 31, 2003, as a result of a shift in our asset mix from short-term assets to longer-term higher yielding assets. Additionally, we borrowed \$300 million in long-term debt during the quarter to protect against rising rates. We continue to focus our attention on providing superior long-term rewards to our customers, stockholders and employees."

(more)

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On January 14, 2005, Washington Federal will pay a cash dividend of \$.21 per share to common stockholders of record on December 31, 2004. This will be the Company's 88th consecutive quarterly cash dividend. For the calendar year ended December 31, 2004, an investment in Washington Federal common stock produced a total return of 7.1%.

The Company's Annual Meeting of Stockholders will be held at 2 p.m. on January 19, 2005, at the Seattle Westin Hotel.

Washington Federal Savings, with headquarters in Seattle, Washington, has 120 offices in eight western states.

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

December 31, 2004 September 30, 2004
(In thousands, except per share data)

ASSETS

Cash and cash equivalents.....	\$ 521,060	\$ 508,361
Securities purchased under agreements to resell.....	200,000	200,000
Available-for-sale securities, including mortgage-backed securities of \$705,755.....	1,071,369	899,525
Held-to-maturity securities, including mortgage-backed securities of \$113,039.....	150,099	156,373
Securitized assets subject to repurchase, net.....	98,537	110,607
Loans receivable, net.....	5,250,975	4,982,836
Interest receivable.....	34,217	29,832
Premises and equipment, net.....	62,975	63,049
Real estate held for sale.....	6,948	8,630
FHLB stock.....	81,066	137,274
Intangible assets.....	58,621	58,939
Other assets.....	7,435	13,779
	<u>\$ 7,543,302</u>	<u>\$ 7,169,205</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Customer accounts		
Savings and demand accounts.....	\$ 4,626,855	\$ 4,569,245
Repurchase agreements with customers.....	37,476	41,113
	<u>4,664,331</u>	<u>4,610,358</u>
FHLB advances.....	1,200,000	1,200,000
Other borrowings.....	400,000	100,000
Advance payments by borrowers for taxes and insurance.....	11,029	25,226
Federal and state income taxes.....	79,389	62,081
Accrued expenses and other liabilities.....	52,446	51,352
	<u>6,407,195</u>	<u>6,049,017</u>

Stockholders' equity

Common stock, \$1.00 par value, 100,000,000 shares authorized; 94,446,723 and 94,383,496 shares issued; 78,742,824 and 78,679,597 shares outstanding.....	94,457	94,383
Paid-in capital.....	1,162,714	1,161,627
Accumulated other comprehensive income, net of taxes.....	12,330	17,107
Treasury stock, at cost; 15,703,899 shares.....	(206,666)	(206,666)
Retained earnings.....	73,272	53,737
	<u>1,136,107</u>	<u>1,120,188</u>
	<u>\$ 7,543,302</u>	<u>\$ 7,169,205</u>

CONSOLIDATED FINANCIAL HIGHLIGHTS

Stockholders' equity per share.....	\$ 14.43	\$ 14.24
Stockholders' equity to total assets.....	15.06%	15.62%
Weighted average rates at period end		
Loans and mortgage-backed securities*.....	6.16%	6.17%
Investment securities**.....	2.86	3.01
Combined loans, mortgage-backed securities and investment securities.....	5.63	5.62
Customer accounts.....	2.11	1.96
Borrowings.....	4.74	4.96
Combined cost of customer accounts and borrowings.....	2.78	2.62
Interest rate spread.....	2.85	3.00

* 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>2004</u>	<u>2003</u>
	(In thousands, except per share data)	
INTEREST INCOME		
Loans and securitized assets subject to repurchase.....	\$ 86,885	\$ 82,395
Mortgage-backed securities.....	12,834	11,734
Investment securities and cash equivalents.....	<u>7,824</u>	<u>8,553</u>
	107,543	102,682
INTEREST EXPENSE		
Customer accounts.....	23,892	21,637
FHLB advances and other borrowings.....	<u>18,254</u>	<u>22,419</u>
	42,146	44,056
Net interest income	65,397	58,626
Provision for loan losses.....	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	65,397	58,626
OTHER INCOME		
Gain on sale of securities, net.....	64	536
Other.....	<u>2,515</u>	<u>2,569</u>
	2,579	3,105
OTHER EXPENSE		
Compensation and fringe benefits.....	8,334	7,559
Occupancy	1,836	1,805
Other.....	<u>1,808</u>	<u>1,796</u>
	11,978	11,160
Gain (loss) on real estate acquired through foreclosure, net.....	<u>218</u>	<u>125</u>
Income before income taxes.....	56,216	50,696
Income taxes.....	<u>19,957</u>	<u>17,873</u>
NET INCOME	\$ 36,259	\$ 32,823
PER SHARE DATA		
Basic earnings.....	\$.46	\$.42
Diluted earnings.....	.46	.41
Cash dividends.....	.21	.20
Weighted average number of shares outstanding, including dilutive stock options.....	79,491,074	79,124,444
Return on average assets.....	1.96%	1.74%