



Washington Federal Savings

Washington Federal, Inc.
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FOR IMMEDIATE RELEASE

Washington Federal Reports 3rd Quarter Earnings

SEATTLE – Washington Federal, Inc. (Nasdaq: WFSL), parent company of Washington Federal Savings, today announced earnings of \$35,337,000 or \$.40 per diluted share for the quarter ended June 30, 2006, compared to \$34,281,000 or \$.39 per diluted share for the quarter ended June 30, 2005, a 3.1% increase. For the nine months ended June 30, 2006 earnings were \$107,823,000 or \$1.23 per diluted share, compared to \$111,500,000 or \$1.28 per diluted share for the nine months ended June 30, 2005, a 3.3% decrease.

Chief Executive Officer Roy M. Whitehead commented, “We are very pleased that the Company was able to report an increase in quarterly profits over the same period last year, despite a fifty-four percent increase in deposit costs and a softer housing market. ”

The third fiscal quarter produced a return on assets of 1.63%, while return on equity amounted to 11.57% for the quarter. Year-to-date, return on assets measured 1.70% and return on equity was 11.89%.

(more)

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As announced on June 19, 2006, the Board of Directors of the Company declared a 2.50% increase in the Company's quarterly cash dividend to 20.5 cents per share from 20 cents per share. The dividend will be payable today July 14, 2006 to common stockholders of record on June 30, 2006. This will be Washington Federal's 94th consecutive quarterly cash dividend and represents the 41st increase since Washington Federal began publicly trading in 1982.

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)

	<u>June 30, 2006</u>	<u>September 30, 2005</u>
(In thousands, except per share data)		
ASSETS		
Cash and cash equivalents.....	\$ 65,741	\$ 637,791
Available-for-sale securities, including mortgage-backed securities of \$1,189,121.....	1,423,234	1,077,856
Held-to-maturity securities, including mortgage-backed securities of \$155,251.....	190,283	212,479
Loans receivable, net.....	6,815,713	6,008,932
Interest receivable.....	39,396	34,048
Premises and equipment, net.....	64,074	63,287
Real estate held for sale.....	4,921	5,631
FHLB stock.....	129,453	129,453
Intangible assets, net.....	56,491	57,259
Other assets.....	13,829	7,714
	\$ 8,803,135	\$ 8,234,450
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Customer accounts		
Savings and demand accounts.....	\$ 5,255,882	\$ 5,002,172
Repurchase agreements with customers.....	28,077	29,333
	5,283,959	5,031,505
FHLB advances.....	1,500,000	1,230,000
Other borrowings.....	700,000	655,000
Advance payments by borrowers for taxes and insurance.....	17,637	27,533
Federal and state income taxes.....	28,655	44,617
Accrued expenses and other liabilities.....	53,659	58,487
	7,583,910	7,047,142
 Stockholders' equity		
Common stock, \$1.00 par value, 300,000,000 shares authorized; 104,404,861 and 104,140,966 shares issued; 87,255,600 and 86,933,294 shares outstanding.....	104,405	104,141
Paid-in capital.....	1,244,133	1,240,310
Accumulated other comprehensive loss, net of taxes.....	(29,877)	(704)
Treasury stock, at cost; 17,149,261 and 17,207,672 shares.....	(205,178)	(205,874)
Retained earnings.....	105,742	49,435
	1,219,225	1,187,308
	\$ 8,803,135	\$ 8,234,450

CONSOLIDATED FINANCIAL HIGHLIGHTS

Stockholders' equity per share.....	\$ 13.97	\$ 13.66
Stockholders' equity to total assets.....	13.85%	14.42%
Weighted average rates at period end		
Loans and mortgage-backed securities*.....	6.41%	6.19%
Investment securities**.....	4.17	3.74
Combined loans, mortgage-backed securities and investment securities.....	6.30	5.91
Customer accounts.....	3.78	2.94
Borrowings.....	4.50	4.51
Combined cost of customer accounts and borrowings.....	3.99	3.37
Interest rate spread.....	2.31	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 June 30,</u>		<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	(In thousands, except per share data)			
INTEREST INCOME				
Loans.....	\$ 112,325	\$ 94,206	\$ 321,004	\$ 271,412
Mortgage-backed securities.....	17,312	12,244	47,405	48,646
Investment securities and cash equivalents.....	<u>5,245</u>	<u>7,552</u>	<u>19,694</u>	<u>23,667</u>
	134,882	114,002	388,103	343,725
INTEREST EXPENSE				
Customer accounts.....	47,236	30,593	127,544	81,107
FHLB advances and other borrowings.....	<u>24,040</u>	<u>20,655</u>	<u>67,415</u>	<u>57,850</u>
	<u>71,276</u>	<u>51,248</u>	<u>194,959</u>	<u>138,957</u>
Net interest income.....	63,606	62,754	193,144	204,768
Provision for (reversal of) loan losses.....	<u>100</u>	<u>(134)</u>	<u>185</u>	<u>(134)</u>
Net interest income after provision for loan losses.....	63,506	62,888	192,959	204,902
OTHER INCOME				
Gain (loss) on securities, net.....	-	(121)	-	(3,534)
Other.....	<u>4,002</u>	<u>2,687</u>	<u>10,798</u>	<u>8,948</u>
	4,002	2,566	10,798	5,414
OTHER EXPENSE				
Compensation and fringe benefits.....	9,841	8,694	27,115	25,761
Occupancy	2,030	1,912	5,959	6,872
Other.....	<u>1,925</u>	<u>2,163</u>	<u>6,908</u>	<u>6,077</u>
	13,796	12,769	39,982	38,710
Gain on real estate acquired through foreclosure, net.....	<u>39</u>	<u>464</u>	<u>184</u>	<u>1,263</u>
Income before income taxes.....	53,751	53,149	163,959	172,869
Income taxes.....	<u>18,414</u>	<u>18,868</u>	<u>56,136</u>	<u>61,369</u>
NET INCOME.....	\$ 35,337	\$ 34,281	\$ 107,823	\$ 111,500
PER SHARE DATA				
Basic earnings.....	\$.41	\$.40	\$ 1.24	\$ 1.29
Diluted earnings.....	.40	.39	1.23	1.28
Cash dividends.....	.205	.20	.605	.58
Weighted average number of shares outstanding, including dilutive stock options.....	87,502,860	87,464,631	87,428,766	87,455,443
PERFORMANCE RATIOS				
Return on average assets.....	1.63%	1.76%	1.70%	1.96%
Return on average stockholders' equity.....	11.57%	11.82%	11.89%	12.97%
Net interest margin.....	3.00%	3.32%	3.12%	3.71%