



## Washington Federal Savings

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FOR IMMEDIATE RELEASE

### Washington Federal Reports 3<sup>rd</sup> Quarter Earnings

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SEATTLE – Washington Federal, Inc. (Nasdaq: WFSL), parent company of Washington Federal Savings, today announced earnings of \$34,281,000 or \$.39 per diluted share for the quarter ended June 30, 2005, compared to \$35,032,000 or \$.40 per diluted share for the quarter ended June 30, 2004, a decrease of 2.1%. For the nine months ended June 30, 2005 earnings were \$111,500,000 or \$1.27 per diluted share, compared to \$100,375,000 or \$1.15 per diluted share for the nine months ended June 30, 2004, an 11.1% increase.

The third fiscal quarter produced a return on assets of 1.76%, while return on equity amounted to 11.82% for the quarter. Year-to-date, return on assets measured 1.96% and return on equity was 12.97%.

Chief Executive Officer Roy M. Whitehead commented, “Higher deposit costs versus the same period one year ago were offset by interest income attributable to an increase in earning assets and higher yields on construction loans due to increases in the prime rate. However, net income was adversely affected by an increase in operating expenses. The increase in expenses is due primarily to additional personnel and the consolidation of a low-income housing investment. Asset quality continues to be pristine.”

(more)

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As announced on June 20, 2005, the Board of Directors of the Company declared a 5.26% increase in the Company's quarterly cash dividend to 20 cents per share from 19 cents per share. The dividend will be payable July 15, 2005 to common stockholders of record on July 1, 2005. This will be Washington Federal's 90th consecutive quarterly cash dividend and represents the 40th increase since Washington Federal began publicly trading in 1982.

Washington Federal Savings, with headquarters in Seattle, Washington, has 121 offices in seven western states.

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

	<u>June 30, 2005</u>	<u>September 30, 2004</u>
	(In thousands, except per share data)	
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 499,700	\$ 508,361
Securities purchased under agreements to resell.....	-	200,000
Available-for-sale securities, including mortgage-backed securities of \$861,964.....	1,188,487	899,525
Held-to-maturity securities, including mortgage-backed securities of \$101,405.....	138,464	156,373
Securitized assets subject to repurchase, net.....	79,210	110,607
Loans receivable, net.....	5,697,437	4,982,836
Interest receivable.....	33,330	29,832
Premises and equipment, net.....	62,324	63,049
Real estate held for sale.....	5,545	8,630
FHLB stock.....	129,453	137,274
Intangible assets.....	58,022	58,939
Other assets.....	38,484	13,779
	<u>\$ 7,930,456</u>	<u>\$ 7,169,205</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

<b>Customer accounts</b>		
Savings and demand accounts.....	\$ 4,777,216	\$ 4,569,245
Repurchase agreements with customers.....	31,469	41,113
	<u>4,808,685</u>	<u>4,610,358</u>
FHLB advances.....	1,200,000	1,200,000
Other borrowings.....	600,000	100,000
Advance payments by borrowers for taxes and insurance.....	16,085	25,226
Federal and state income taxes.....	41,718	62,081
Accrued expenses and other liabilities.....	89,790	51,352
	<u>6,756,278</u>	<u>6,049,017</u>

**Stockholders' equity**

Common stock, \$1.00 par value, 300,000,000 shares authorized; 104,009,983 and 103,821,846 shares issued; 86,777,363 and 86,547,557 shares outstanding.....		
	104,010	94,383
Paid-in capital.....	1,238,456	1,161,627
Accumulated other comprehensive income, net of taxes.....	6,503	17,107
Treasury stock, at cost; 17,232,620 and 17,274,289 shares.....	(206,170)	(206,666)
Retained earnings.....	31,379	53,737
	<u>1,174,178</u>	<u>1,120,188</u>
	<u>\$ 7,930,456</u>	<u>\$ 7,169,205</u>

**CONSOLIDATED FINANCIAL HIGHLIGHTS**

Stockholders' equity per share.....	\$ 13.53	\$ 12.94
Stockholders' equity to total assets.....	14.81%	15.62%
<b>Weighted average rates at period end</b>		
Loans and mortgage-backed securities*.....	6.14%	6.17%
Investment securities**.....	3.22	3.01
Combined loans, mortgage-backed securities and investment securities.....	5.78	5.62
Customer accounts.....	2.70	1.96
Borrowings.....	4.66	4.96
Combined cost of customer accounts and borrowings.....	3.23	2.62
Interest rate spread.....	2.55	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 June 30,</u>		<u>Nine Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(In thousands, except per share data)			
<b>INTEREST INCOME</b>				
Loans and securitized assets subject to repurchase.....	<b>\$ 94,206</b>	\$ 82,651	<b>\$ 271,413</b>	\$ 247,434
Mortgage-backed securities.....	<b>12,244</b>	11,659	<b>48,646</b>	35,773
Investment securities and cash equivalents.....	<b>7,552</b>	8,900	<b>23,667</b>	25,367
	<b>114,002</b>	103,210	<b>343,726</b>	308,574
<b>INTEREST EXPENSE</b>				
Customer accounts.....	<b>30,593</b>	21,101	<b>81,107</b>	63,971
FHLB advances and other borrowings.....	<b>20,655</b>	19,939	<b>57,850</b>	64,531
	<b>51,248</b>	41,040	<b>138,957</b>	128,502
<b>Net interest income.....</b>	<b>62,754</b>	62,170	<b>204,769</b>	180,072
Provision (reversal of reserve) for loan losses.....	<b>(134)</b>	(231)	<b>(134)</b>	(231)
<b>Net interest income after provision for loan losses.....</b>	<b>62,888</b>	62,401	<b>204,903</b>	180,303
<b>OTHER INCOME</b>				
Gain (loss) on sale of securities, net.....	<b>(121)</b>	(596)	<b>(3,534)</b>	(719)
Gain on sale of real estate.....	<b>120</b>	-	<b>362</b>	-
Other.....	<b>2,567</b>	3,021	<b>8,586</b>	8,570
	<b>2,566</b>	2,425	<b>5,414</b>	7,851
<b>OTHER EXPENSE</b>				
Compensation and fringe benefits.....	<b>8,694</b>	7,797	<b>25,761</b>	22,966
Occupancy .....	<b>1,912</b>	1,815	<b>6,872</b>	5,489
Other.....	<b>2,164</b>	1,415	<b>6,079</b>	5,214
	<b>12,770</b>	11,027	<b>38,712</b>	33,669
Gain (loss) on real estate acquired through foreclosure, net.....	<b>464</b>	303	<b>1,263</b>	556
Income before income taxes.....	<b>53,148</b>	54,102	<b>172,868</b>	155,041
Income taxes.....	<b>18,867</b>	19,070	<b>61,368</b>	54,666
<b>NET INCOME.....</b>	<b>\$ 34,281</b>	<b>\$ 35,032</b>	<b>\$ 111,500</b>	<b>\$ 100,375</b>
<b>PER SHARE DATA</b>				
Basic earnings.....	<b>\$ .40</b>	\$ .41	<b>\$ 1.29</b>	\$ 1.16
Diluted earnings.....	<b>.39</b>	.40	<b>1.27</b>	1.15
Cash dividends.....	<b>.20</b>	.19	<b>.58</b>	.55
Weighted average number of shares outstanding, including dilutive stock options.....	<b>87,464,631</b>	87,000,061	<b>87,455,443</b>	87,094,161
<b>PERFORMANCE RATIOS</b>				
Return on average assets.....	<b>1.76%</b>	1.91%	<b>1.96%</b>	1.79%
Return on average stockholders' equity.....	<b>11.82%</b>	12.76%	<b>12.97%</b>	12.39%
Net interest margin.....	<b>3.32%</b>	3.51%	<b>3.71%</b>	3.34%