

A large green arc curves over the text. The text reads: **FIRST 100 YEARS** in black and green, **Washington Federal.** in teal, and **invested here.** in green.

FIRST 100 YEARS
Washington Federal.
invested here.

We're celebrating our first 100 years!

Hear our clients' stories at tinyurl.com/wafd100.

Piper Jaffray
Newport Coast, CA

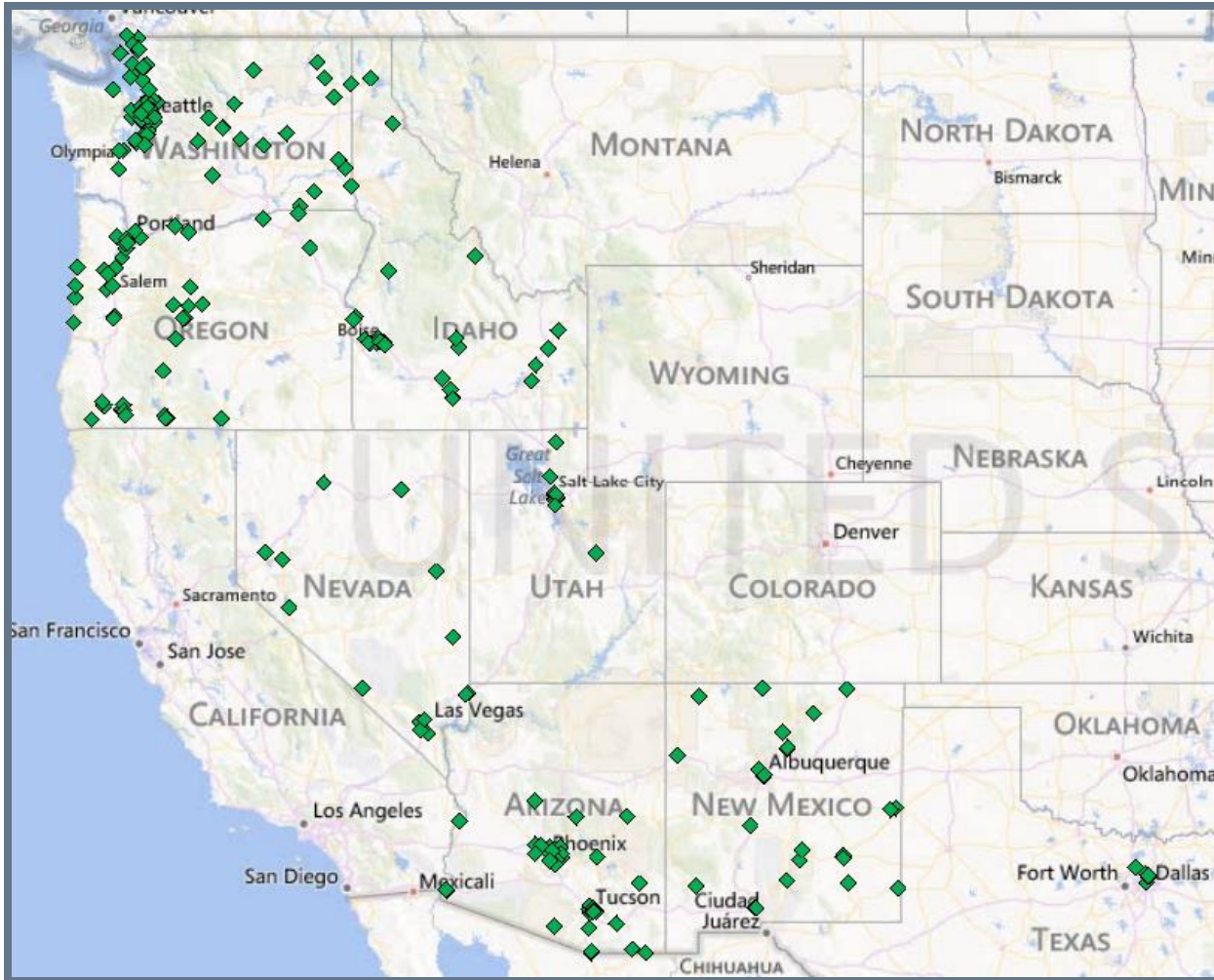
Western Bank Symposium
November 7-8 2018

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Washington Federal's management and are subject to significant risks and uncertainties. The forward-looking statements in this presentation speak only as of the date of the presentation, and Washington Federal assumes no duty, and does not undertake, to update them. Actual results or future events could differ, possibly materially, from those that we anticipated in these forward-looking statements.

WAFD PROFILE

- **Established in 1917; IPO in 1982;**
- **National Bank Charter – OCC, Fed, CFPB Regulated**
- **2nd Largest Bank Headquartered in the Pacific Northwest**
- **235 Branches**
- **Consumer & Commercial Banking**
- **Strong Capital, High Asset Quality, Low-Cost Provider**
- **Portfolio Mortgage Lender**
- **Profitable every year since 1982**
- **Interest rate risk Management – asset sensitive**
- **142 consecutive quarterly cash dividends**
- **12,674% Total shareholder return since IPO (as of 9/30/2018)**

Washington Federal. invested here.



Statistics as of September 30, 2018

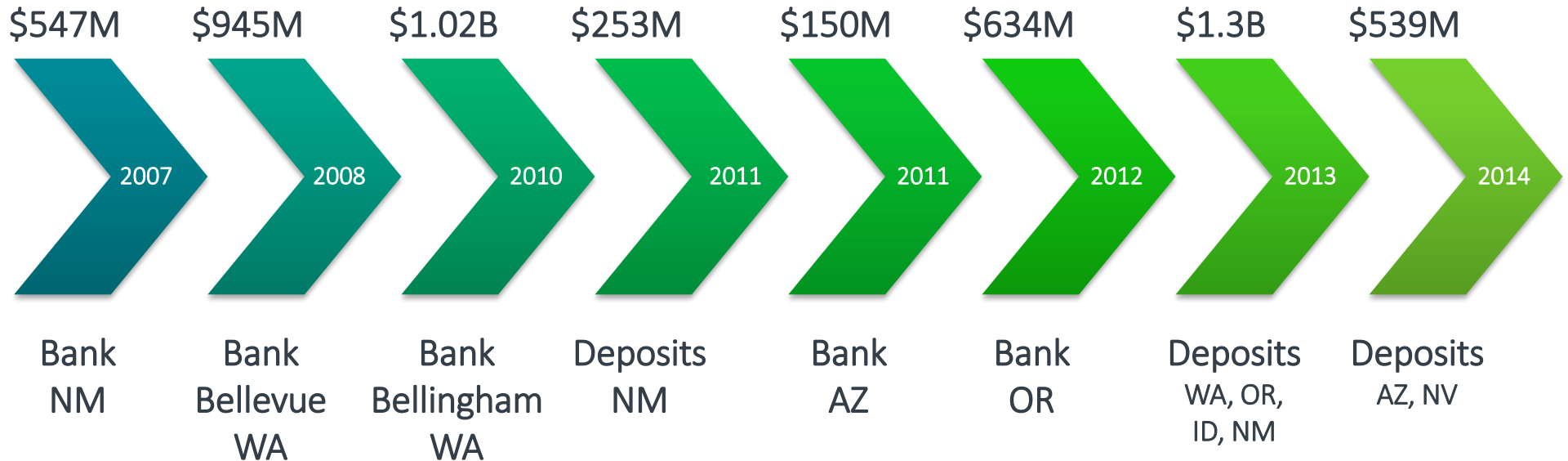
Washington Federal	NASDAQ: WAFD
Headquarters	Seattle, WA
President & Chief Executive Officer	Brent Beardall
Chief Financial Officer	Vince Beatty
Assets	\$15.87 billion
Deposits	\$11.39 billion
Stockholder Equity	\$2.0 billion
Branches	235
Footprint	8 states
ATMs	293
Employees	1877
Efficiency Ratio YTD	50.37%
Founded	1917

WAFD Demographics

Demographic Profile (Washington Federal, Inc)									
State	Number of Branches	Company Deposits in Market (\$000)	Deposit Market Share (%)	Percent of National Franchise (%)	Total Population 2018 (Actual)	Population Change 2010-2018 (%)	Projected Population Change 2018-2023 (%)	Median HH Income 2018 (\$)	Projected HH Income Change 2018-2023 (%)
Washington	80	5,967,219	3.47	52.4	7,445,877	10.73	6.04	69,697	9.79
Oregon	46	1,835,782	2.38	16.1	4,174,039	8.95	5.84	60,227	12.46
Arizona	31	1,205,696	0.95	10.6	7,079,688	10.76	6.02	56,059	8.64
New Mexico	27	869,478	2.80	7.6	2,081,363	1.08	0.96	48,212	6.13
Idaho	24	801,473	3.17	7.0	1,717,813	9.58	5.57	52,072	7.86
Nevada	11	340,204	0.51	3.0	3,012,578	11.55	6.58	57,334	7.64
Utah	10	266,934	0.42	2.3	3,127,752	13.77	7.12	69,694	11.63
Texas	6	100,360	0.01	0.9	28,531,603	13.47	7.10	61,175	9.51
Totals:	235	11,387,146		100	57,170,713				
Weighted Average						9.68	5.61	63,100	9.66
Aggregate: National					326,533,070	5.76	3.50	61,045	8.86

Deposit and share data is from the FDIC's Summary of Deposit reports and is as of 9/30/2018

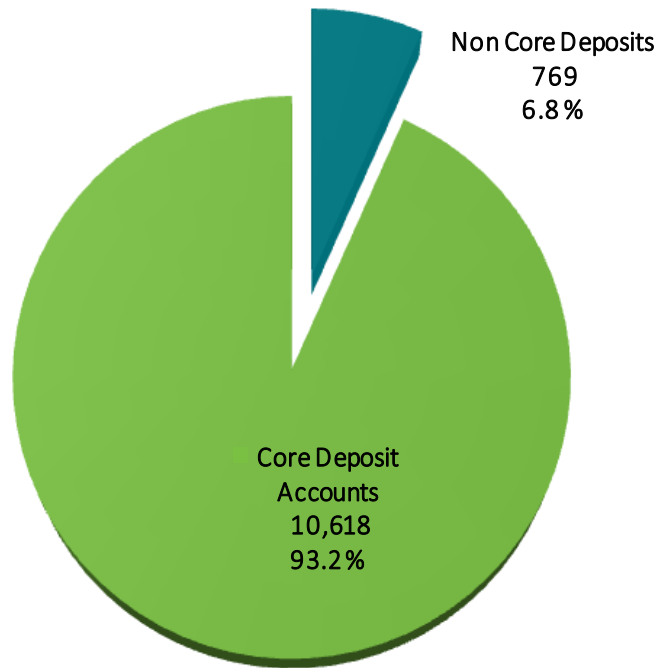
History of Acquisitions



Since going public in 1982 we have successfully integrated 19 acquisitions

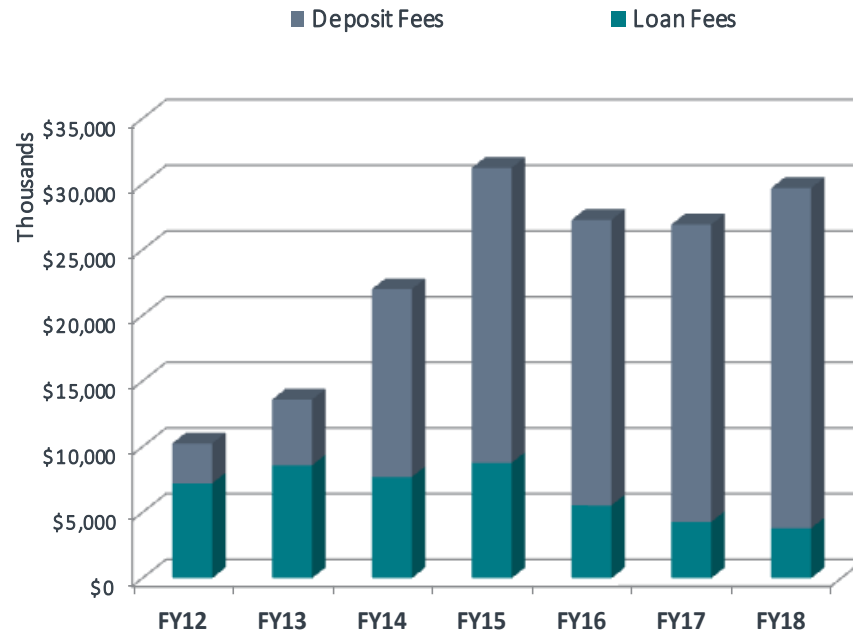
Deposit Mix

As of September 30, 2018

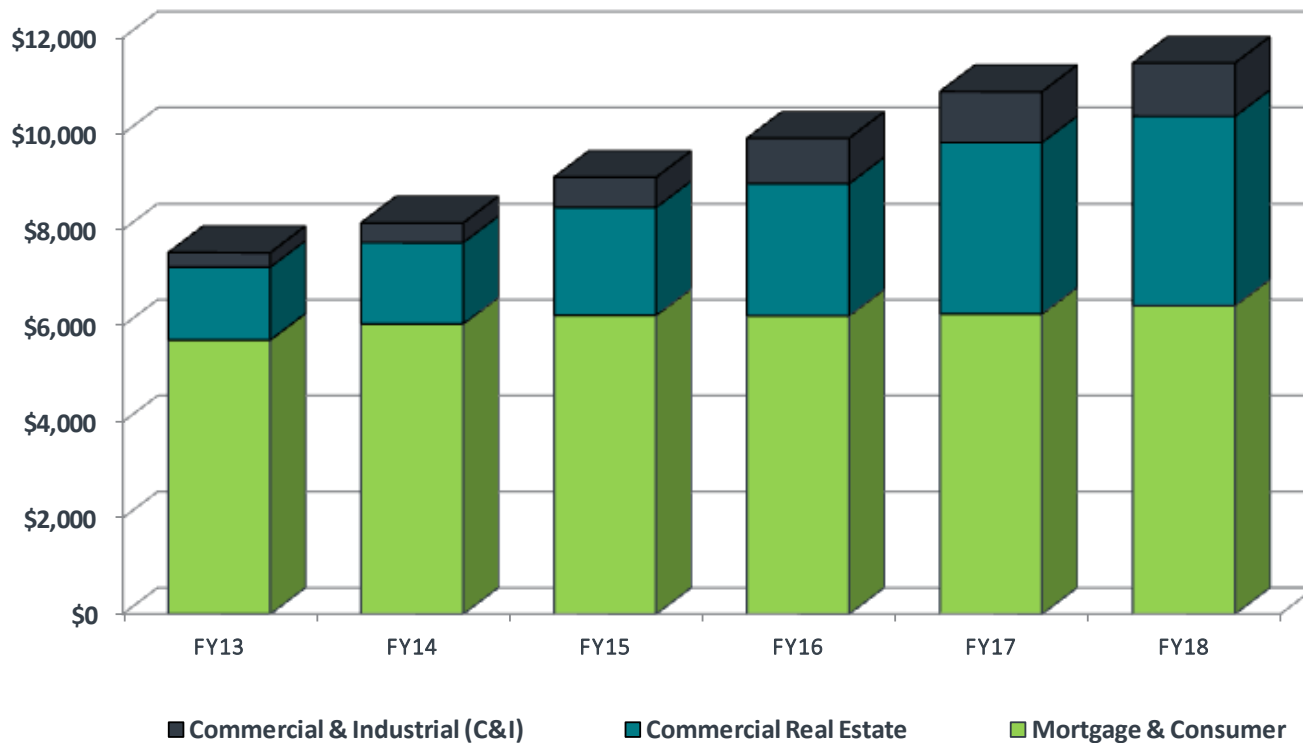


Core Deposits = All Now, MMDAs, savings deposits and time deposits under \$250,000

- Transaction Accounts represent 57.8% of total deposits
- Contributing to growth in fee income

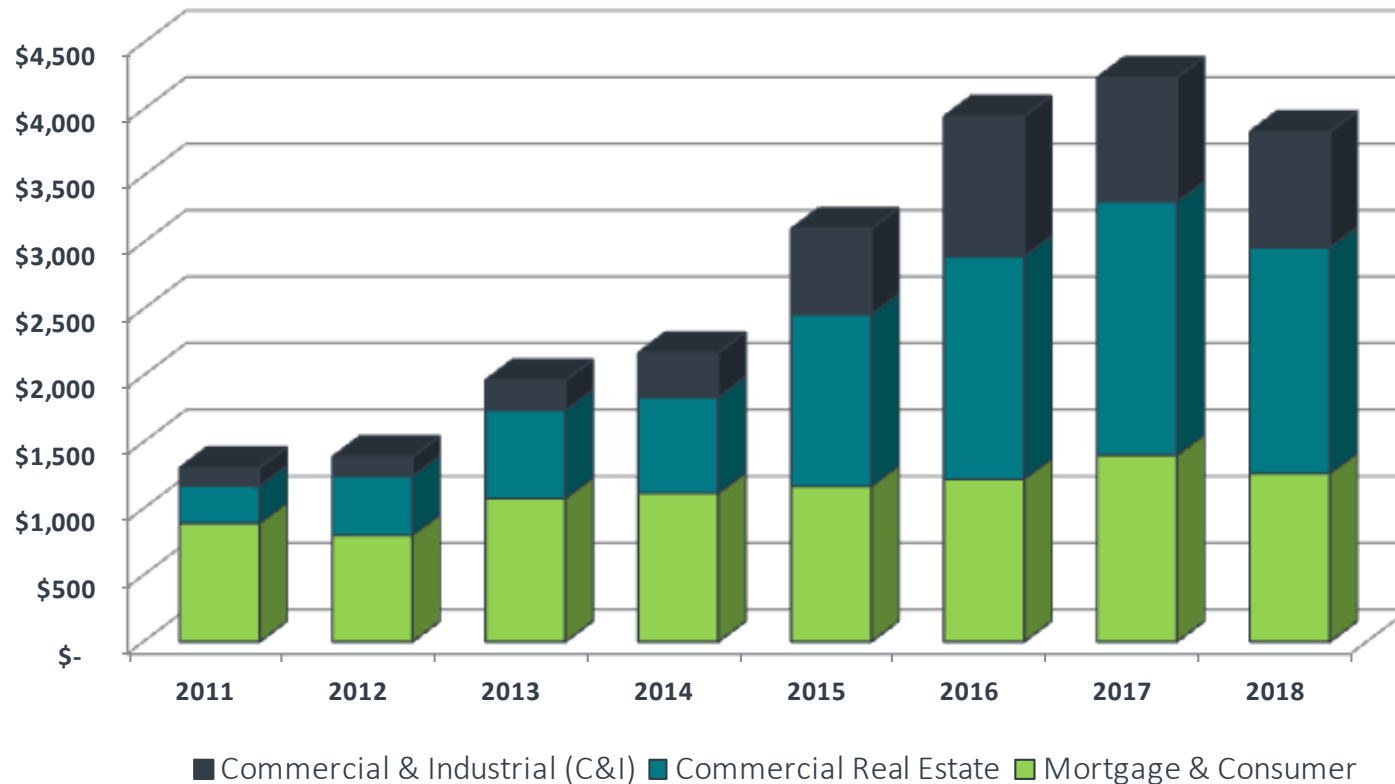


Total Net Loans (in millions)



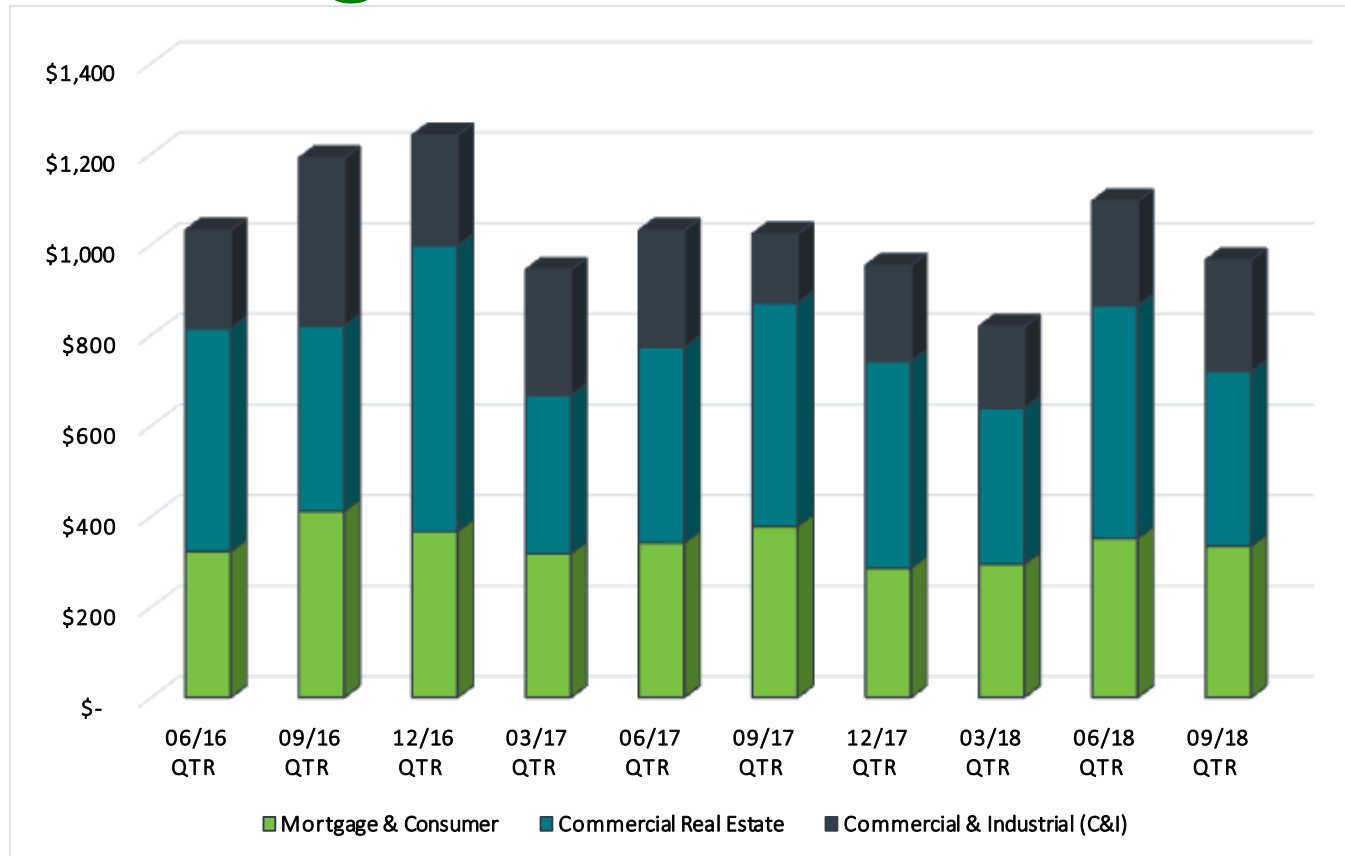
- Mortgage and Consumer are 56 % of total net loans
- Commercial segments growing fastest over last three years
- Mortgage originations tempered by Wafd's appetite to portfolio at current rates.
- Will invest primarily in Commercial growth

New Loan Originations (in millions)



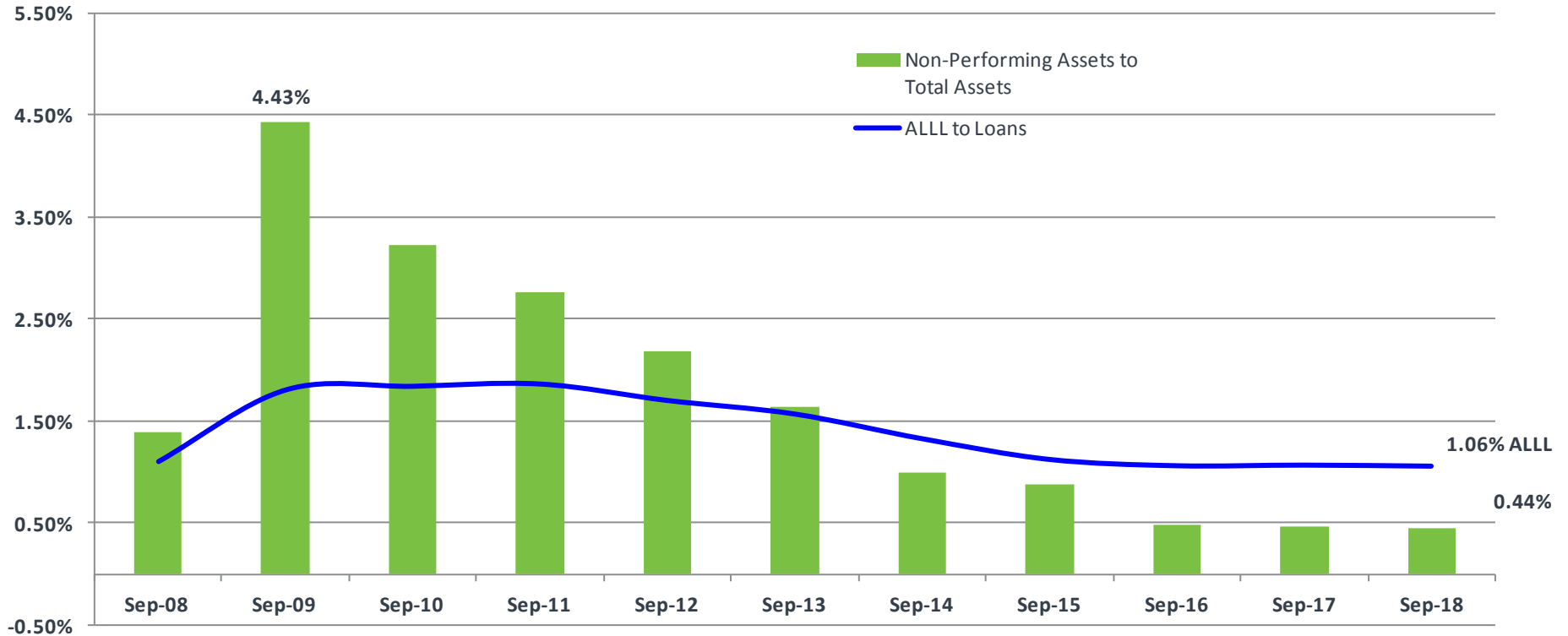
- C&I and Commercial Real Estate loans make up 67% of all originations (32% in 2011)
- Mortgage and Consumer Loans are largely holding flat in the rising rate environment

New Loan Originations (in millions)



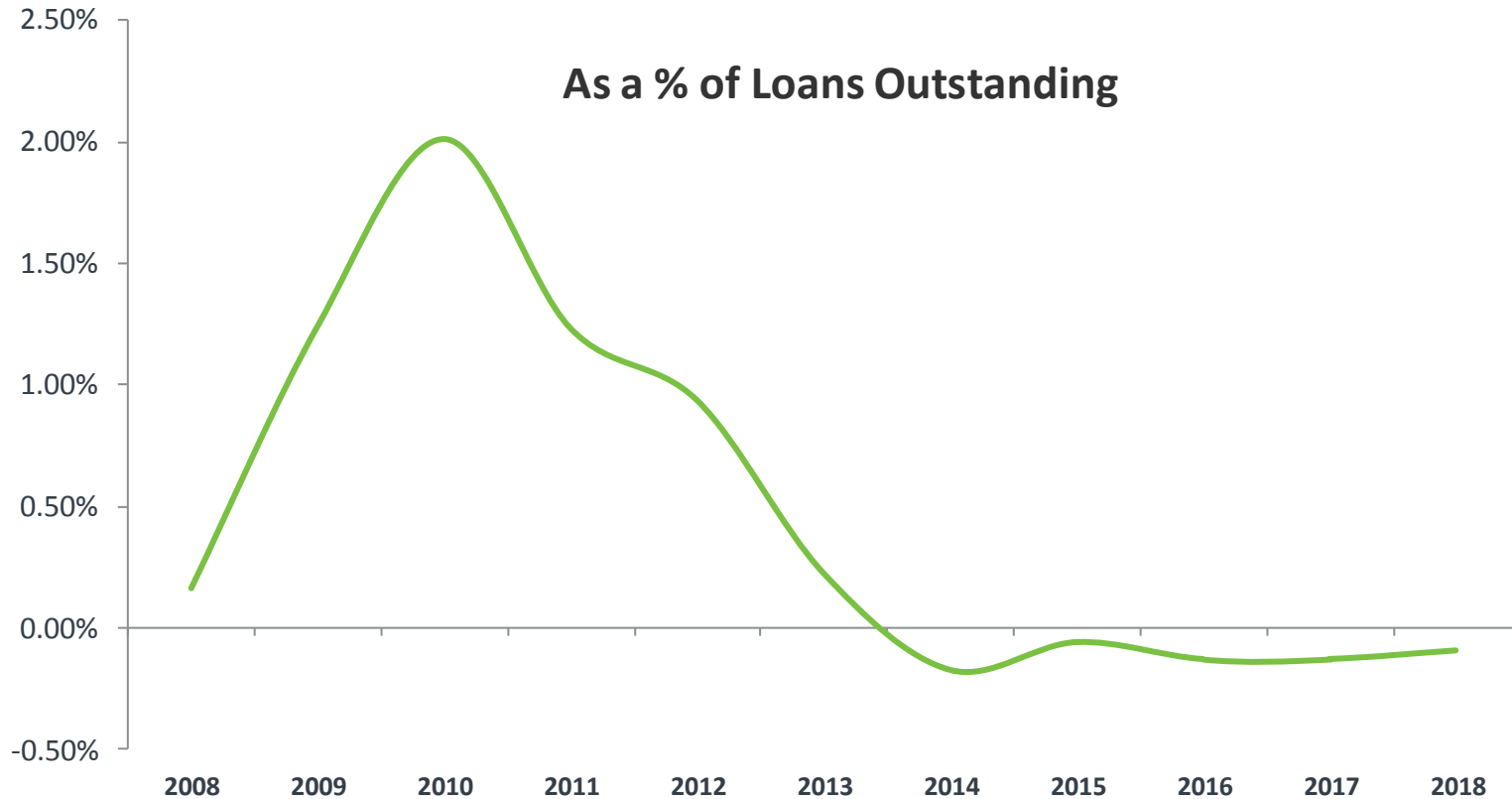
- Fiscal year to date originations are 19% lower than same period last year
- Mortgage and Consumer Loans fiscal year to date originations are 15% lower than same period last year
- Commercial continues to invest in Staff and growing our reputation

Non-Performing Assets & Allowance Trends



- Steady annual improvement in credit quality
- Non performing assets continue to decline as economic conditions improve
- Allowance for loan and lease losses trended down and now stabilized

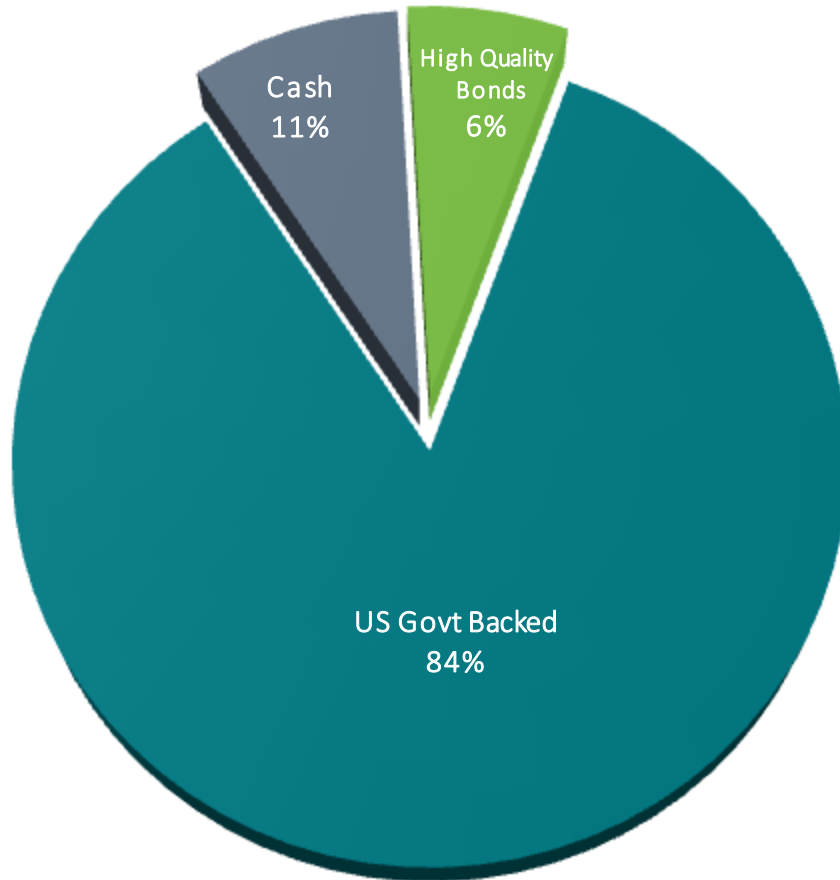
Net Loan Charge-offs (Recoveries)



- Recoveries are not budgeted going forward but the Bank continues to work over \$100 million of loans that were previously charged off

Cash and Investments

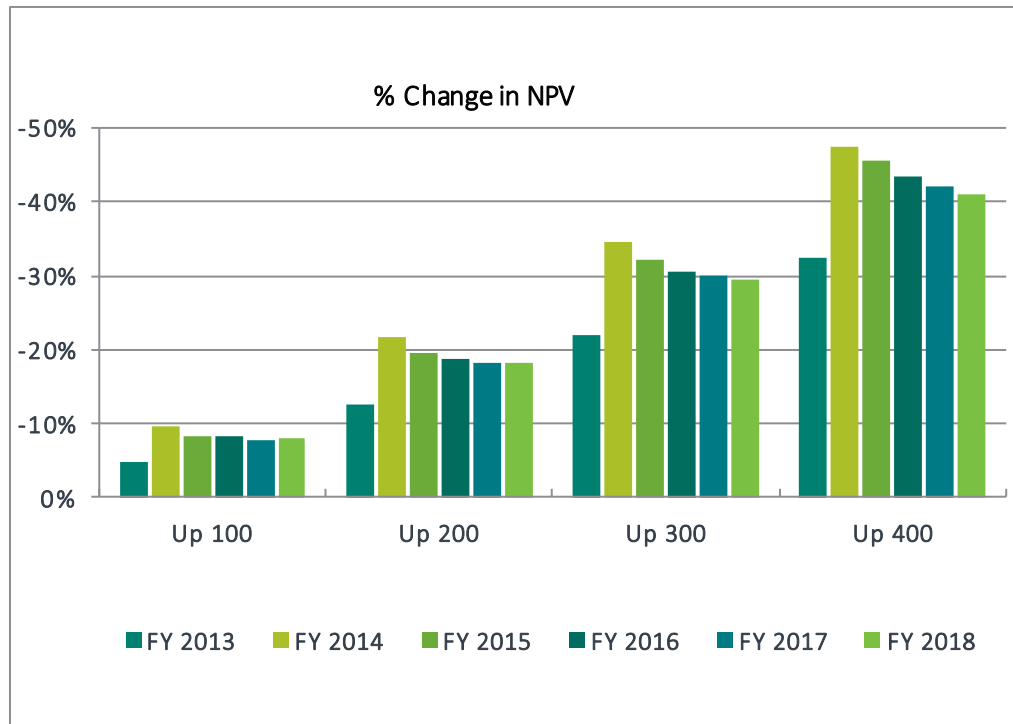
as of September 30, 2018



■ US Govt Backed ■ Cash ■ High Quality Bonds

- Investment Portfolio targets low credit risk / moderate duration
- 94% Cash, US Government backed Agency Bonds and MBS
- Current yield on the Investment Portfolio is 2.96% and duration is 5.2 years

Interest Rate Risk Sensitivity

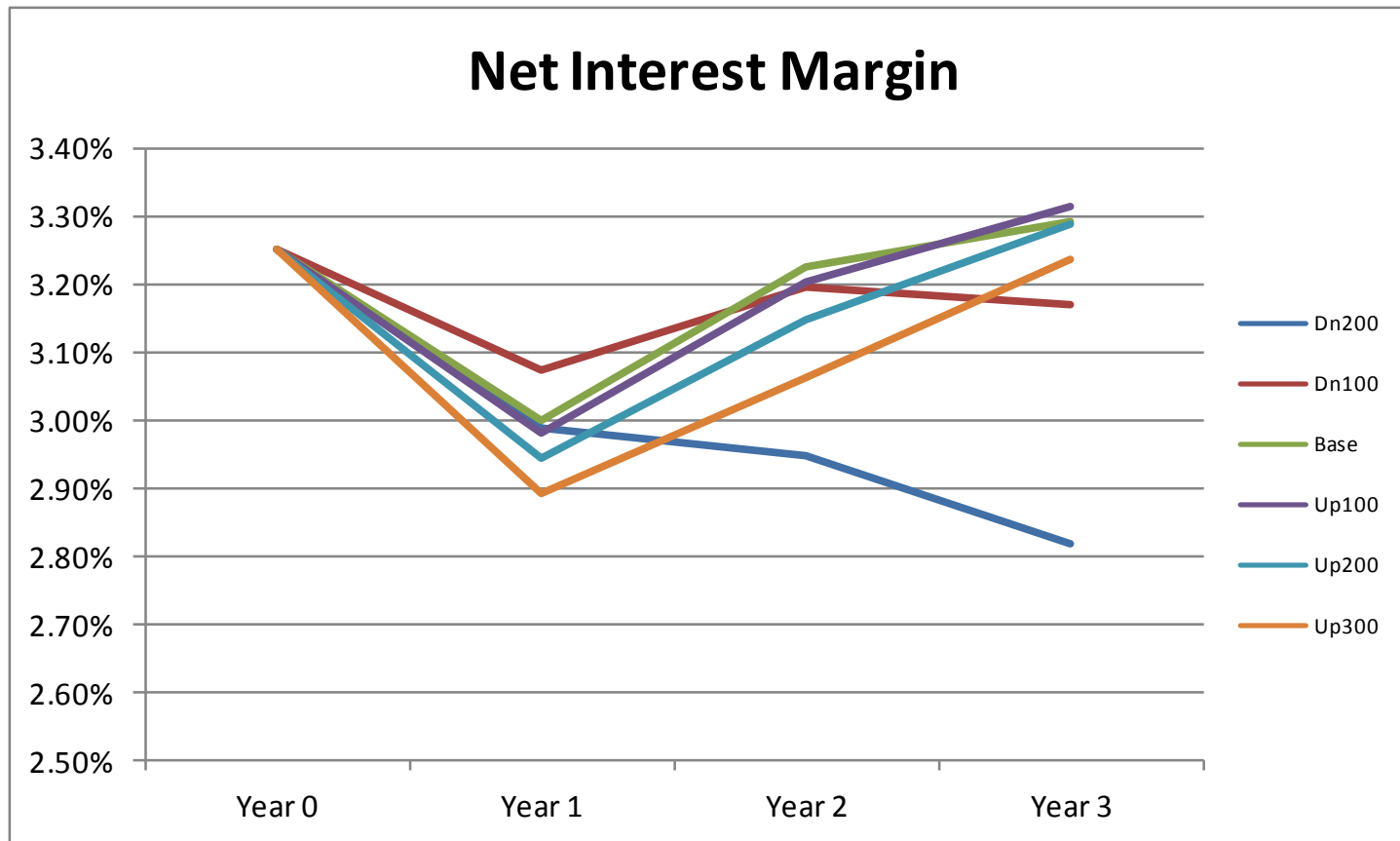


IRR measures as of
Sept 30, 2018:

- Net Interest Income (NII) would decrease by 1.9% in +200 bps immediate and parallel shock
- Net Portfolio Value after +200 bps shock is 18.2% lower at 12.89%

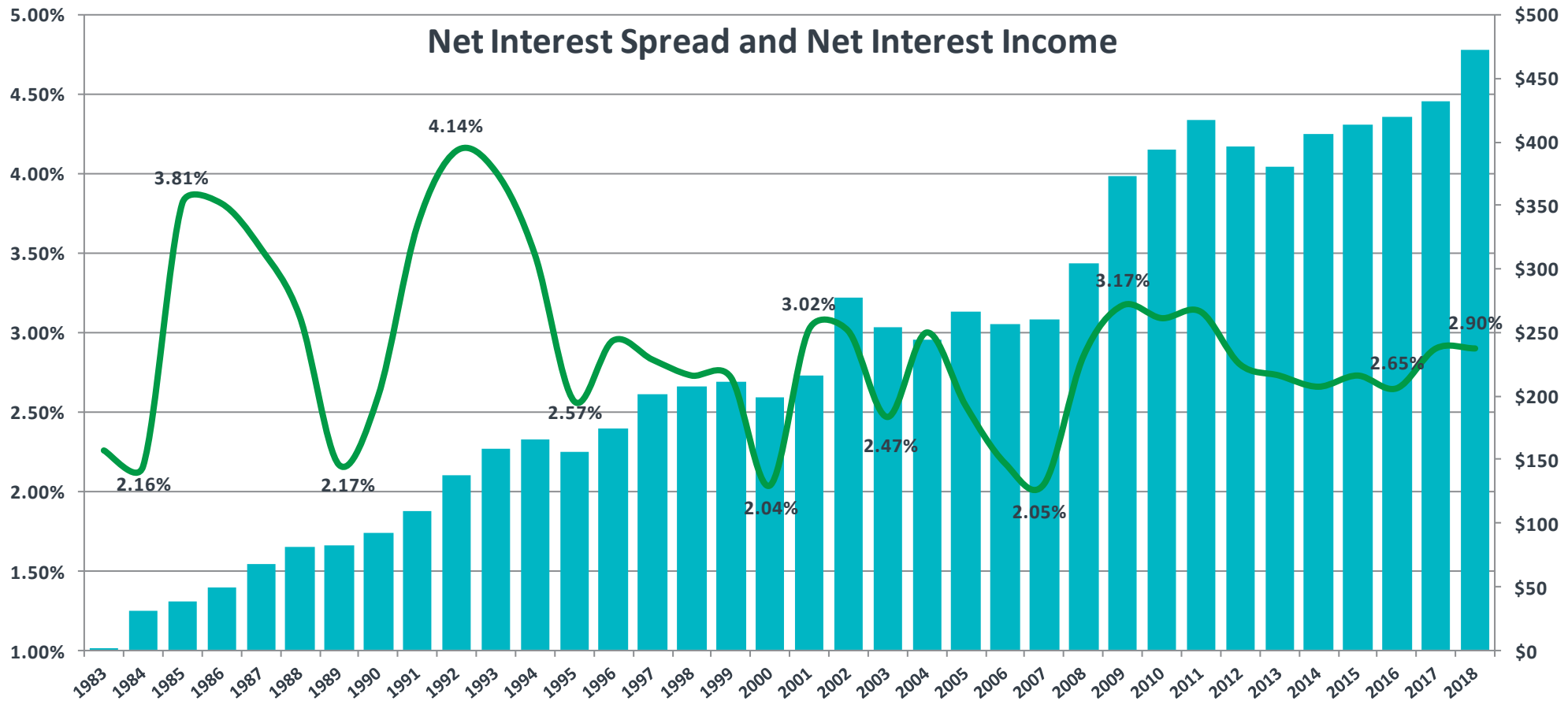
- These scenarios assume no management actions taken
- Flattening rates with short term up more than long term would have a larger negative impact

Interest Rate Risk Sensitivity



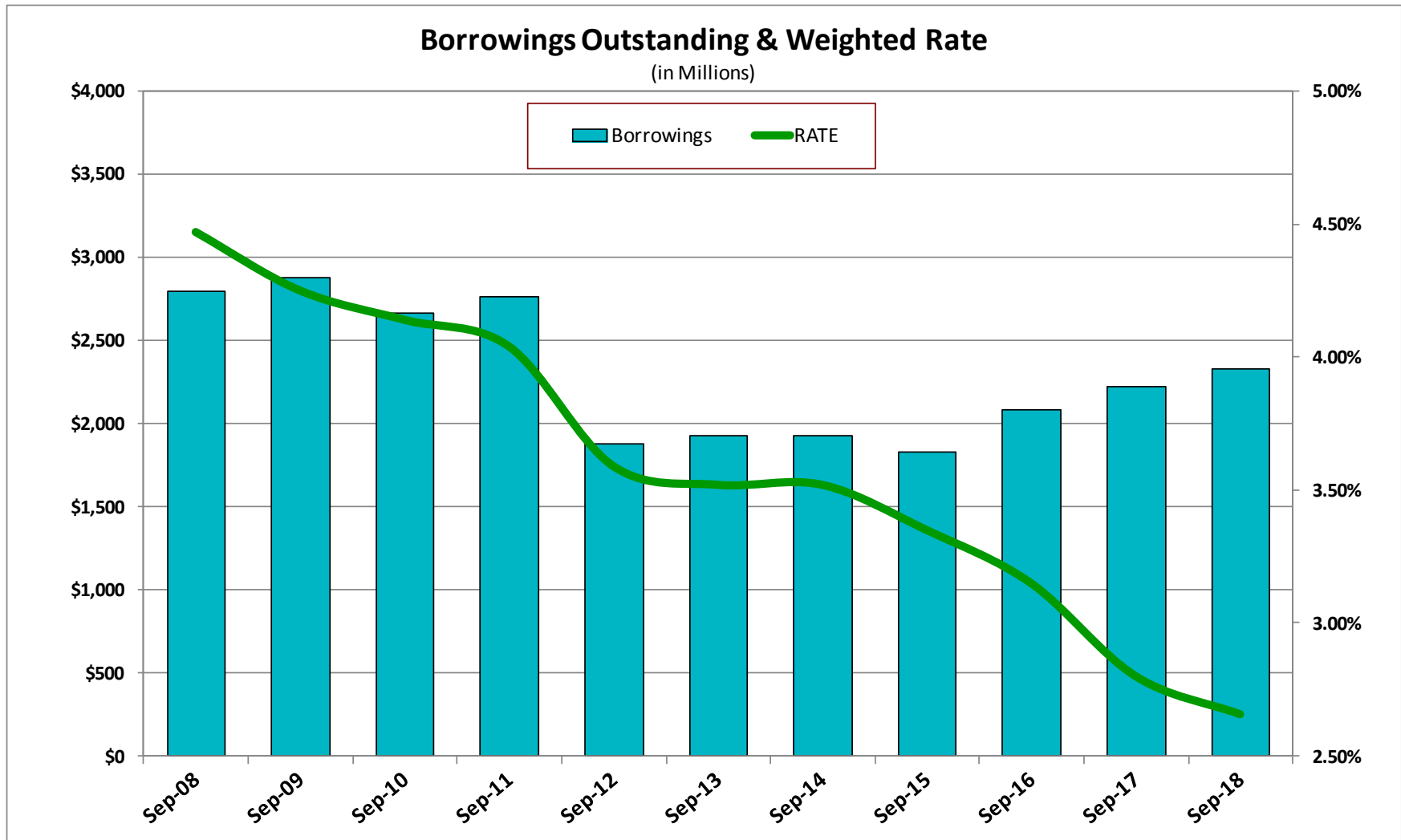
- These scenarios assume no management actions taken to proactively manage the balance sheet in the changing interest rate scenarios

Interest Rate Spread

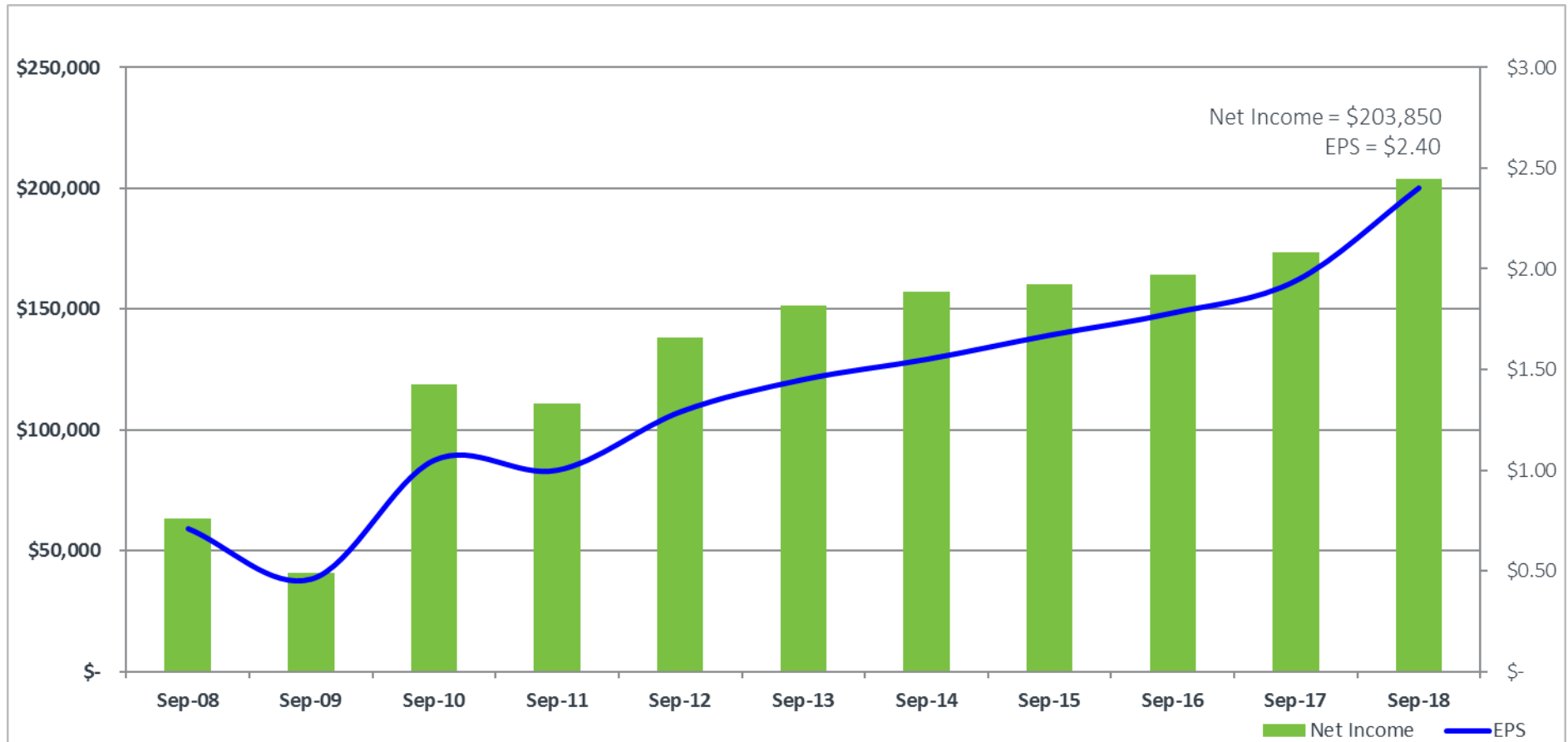


- Proactively managing interest rate risk has reduced spreads
- Objective is to grow the \$ amount of NII through the interest rate cycles
- Commercial loans are shorter in duration and often floating rate

Borrowings



Net Income and Earnings Per Share



- Record Annual Earnings

Income Statement Comparison

	Fiscal YTD			
	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>\$ Change</u>	<u>% Change</u>
INTEREST INCOME				
Loans.....	\$ 515,807	\$ 470,523	\$ 45,284	9.6%
Mortgage-backed securities.....	70,407	60,612	9,795	16.2%
Investment securities and cash equivalents.....	<u>20,869</u>	<u>17,783</u>	<u>3,086</u>	17.4%
	607,083	548,918	58,165	10.6%
INTEREST EXPENSE				
Customer accounts.....	72,492	52,023	20,469	39.3%
FHLB advances and other borrowings.....	<u>62,452</u>	<u>64,969</u>	<u>(2,517)</u>	-3.9%
	134,944	116,992	17,952	15.3%
NET INTEREST INCOME	472,139	431,926	40,213	9.3%
Provision(reversal) for loan losses.....	<u>(5,450)</u>	<u>(2,100)</u>	<u>(3,350)</u>	
Net interest income after provision(reversal).....	\$ <u>477,589</u>	\$ <u>434,026</u>	\$ <u>43,563</u>	10.0%

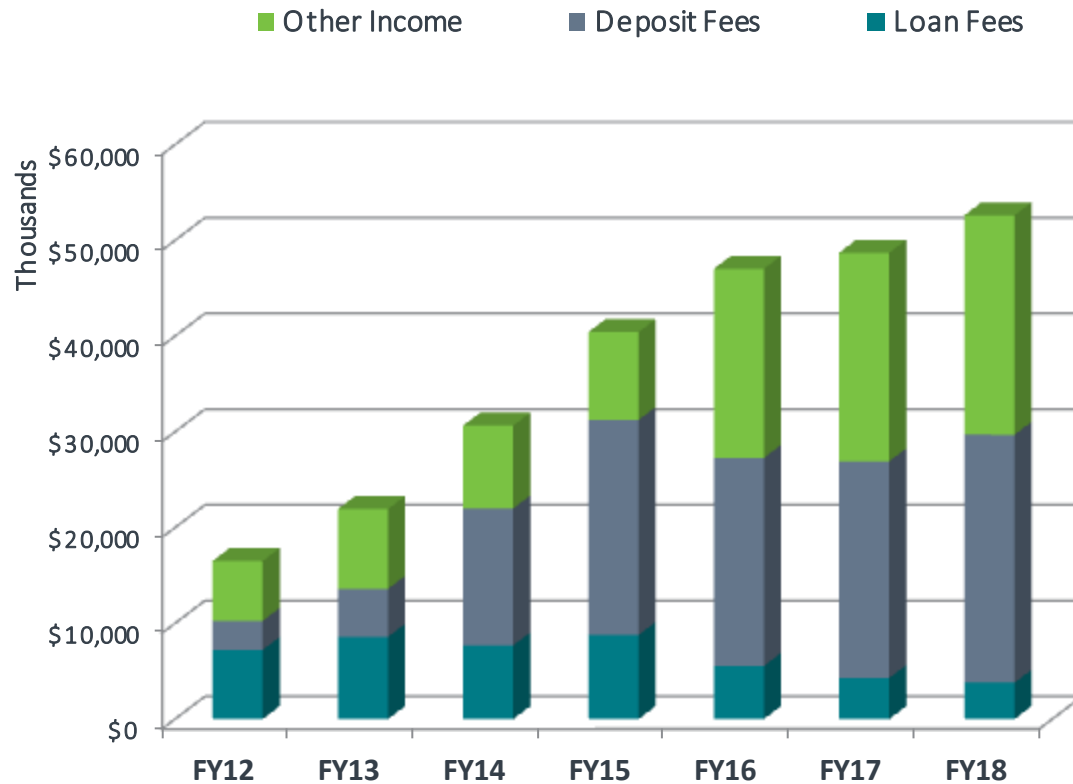
Income Statement Comparison

	Fiscal YTD		\$ Change	% Change
	<u>9/30/2018</u>	<u>9/30/2017</u>		
OTHER INCOME	\$ 44,078	\$ 52,215	\$ (8,137)	-15.6%
OTHER EXPENSE				
Compensation and benefits.....	123,554	112,257	11,297	10.1%
Occupancy.....	36,453	35,260	1,193	3.4%
FDIC Insurance.....	11,592	11,410	182	1.6%
Product Delivery.....	16,372	13,972	2,400	17.2%
Information technology.....	34,643	28,859	5,784	20.0%
Other Expense.....	41,708	29,761	11,947	40.1%
	<u>264,322</u>	<u>231,519</u>	<u>32,803</u>	14.2%
Gain (loss) on REO.....	<u>(102)</u>	<u>1,494</u>	<u>(1,596)</u>	-106.8%
Income before income taxes.....	257,243	256,216	1,027	0.4%
Income taxes.....	53,393	82,684	(29,291)	-35.4%
NET INCOME.....	<u>\$ 203,850</u>	<u>\$ 173,532</u>	<u>\$ 30,318</u>	17.5%

Efficiency Ratio of 50.4% for YTD 2018 up from 47.8% for the prior year.

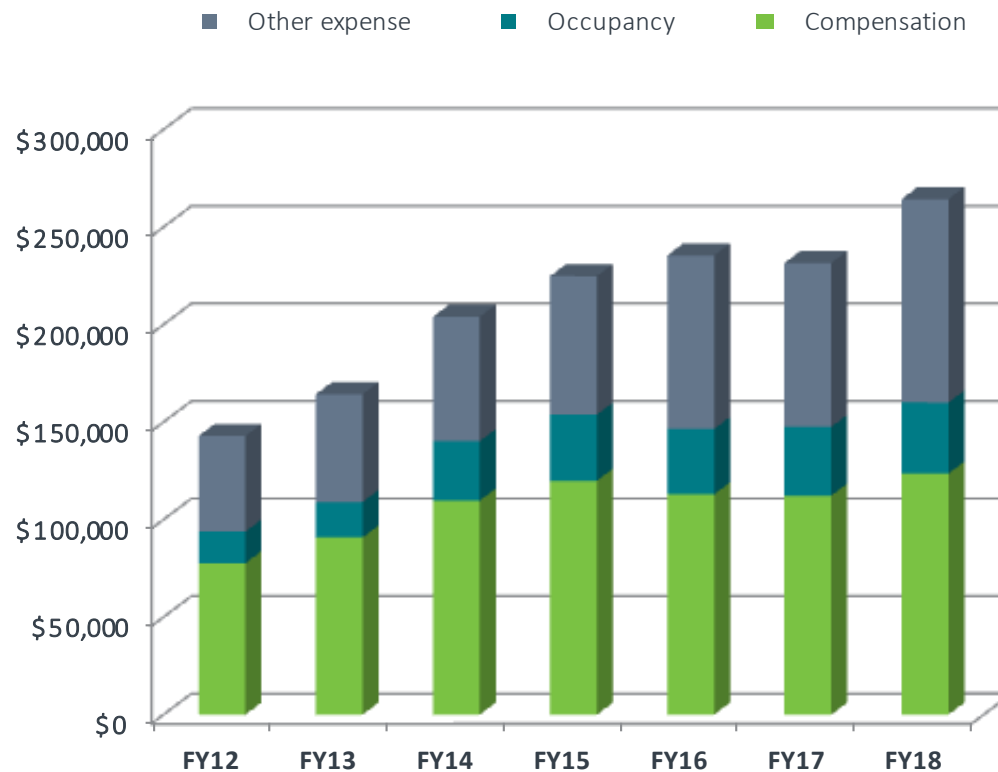
Effective tax rate for fiscal 2018 20.76% and expected 20.5-21.5 for fiscal 2019

Non Interest Income



- **Non-Interest Income growth driven by deposit transaction fees + BOLI**
- **Strategic Objective to grow non-interest income**

Expenses



- **Other expense includes marketing, printing, professional services, and regulatory fees**
- **2016 Efficiency Ratio: 50.8%**
- **2017 Efficiency Ratio: 47.8%**
- **2018 Efficiency Ratio: 50.4%**
- **20th Most Efficient Bank in the US**

Capital Ratios

	Sept 2015	Sept 2016	Sept 2017	Sept 2018
Tangible Common Equity/Tangible Assets	11.61%	11.51%	11.41%	10.84%
Common Equity Tier 1 Ratio	18.73%	17.32%	15.68%	14.55%
Total Risk-Based Capital	19.98%	18.54%	16.91%	15.75%

Capital Management

WAFD does not seek to maximize leverage. Rather, we aspire to be the bank that can best weather the next storm on the horizon.

Returning Capital to Shareholders

Return of Income to Shareholders

	Net Income	Stock Buyback & Dividends	Percent of Income returned to Shareholders
2013	151,506	146,398	97%
2014	157,364	146,347	93%
2015	160,316	177,791	111%
2016	164,049	137,808	79%
2017	173,532	172,892	100%
2018	203,850	220,246	108%

	# of Shares	Wtd Price Paid	% Outstanding at beginning of the year
2013	6,315,196	\$ 17.46	6%
2014	4,830,400	\$ 21.59	5%
2015	5,841,204	\$ 21.70	6%
2016	3,867,563	\$ 22.72	4%
2017	3,137,178	\$ 31.36	3%
2018	4,865,357	\$ 33.74	6%

Recent Capital Activities

WAFD paid its 142nd consecutive quarterly cash dividend on August 24th

Current cash dividend of \$.18 provides a yield of 2.57% based on the stock price as of 11/5/18

During fiscal 2018 the company repurchased 4.9 million shares of common stock at a weighted average price \$33.74

2 million shares remaining in buyback authorization as of September 30, 2018

Strategic Execution Highlights

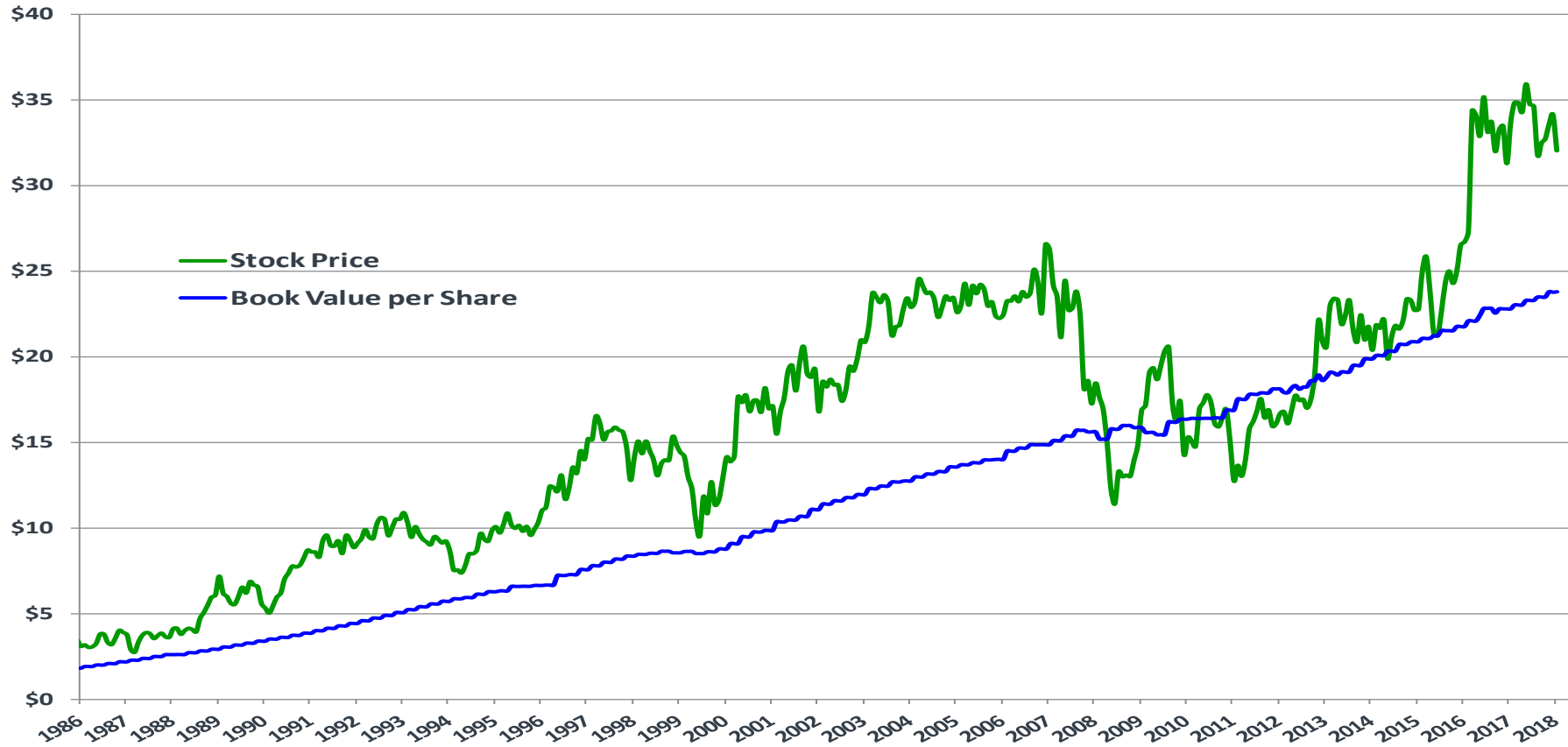
Organic Growth

- Emphasis on commercial lending
- Growth in Commercial transaction accounts – treasury prime
- New “Green” Consumer Checking

Shareholder Returns

- Constancy and staying power
- Efficiency ratio
- Capital Management
- Disciplined on M&A

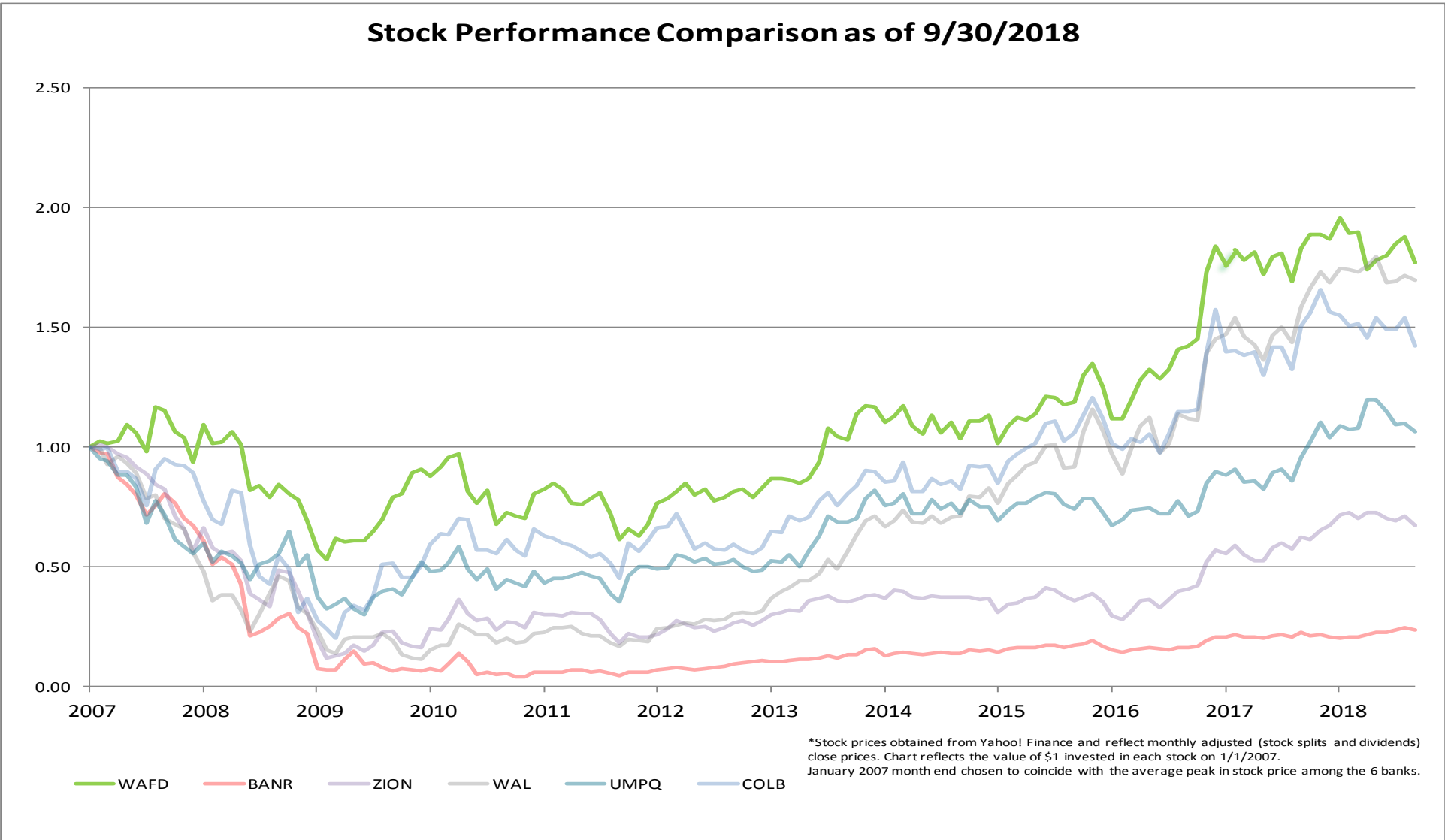
Stock Price & Book Value Per Share



Book Value per Share \$24.14
Price to BV: 1.33

Tangible Book Value per Share \$20.38
Price to TBV: 1.57

Stock Performance Comparison





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