



# WaFd Bank



## Investor Presentation As of August 18, 2023

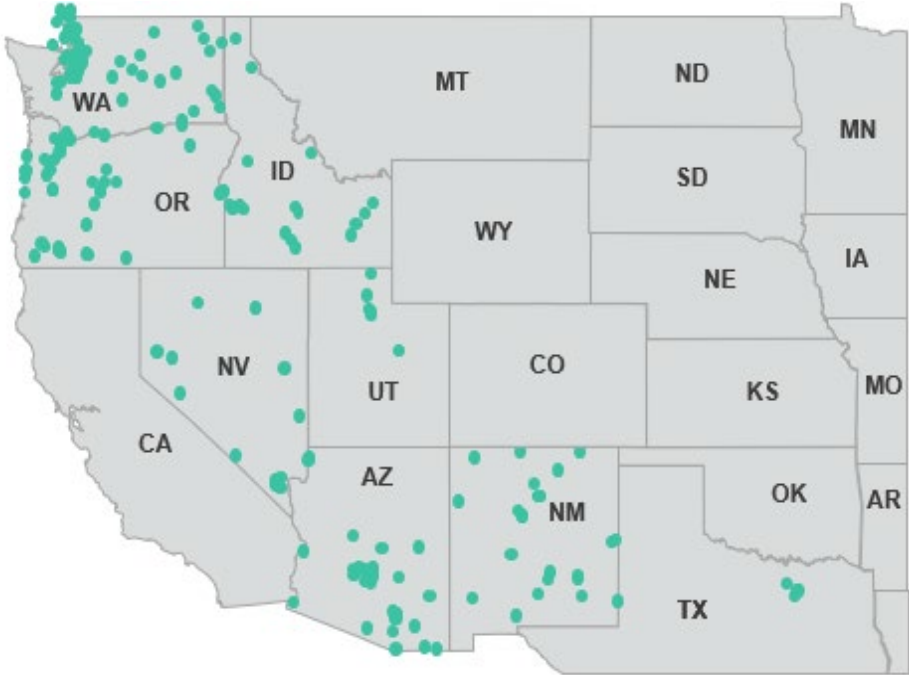
*This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Washington Federal's management and are subject to significant risks and uncertainties. The forward-looking 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.*

# Overview of WaFd Bank

## Overview

- Established in **1917**; IPO in 1982
- Washington State Charter Commercial Bank – WA DFI, FDIC, FRB, CFPB Regulated
- Headquartered in Seattle, WA; is the **second largest** bank headquartered in the Pacific Northwest
- **199 branches** across 8 western states
- **Full-service** consumer & commercial bank
- Strong capital, high asset quality, consistent results
- Portfolio mortgage lender
- Profitable **every year since 1965**
- Interest rate risk management – well controlled
- **162 consecutive** quarterly cash dividends
- 12,601% Total shareholder return since IPO

## Geographic Overview



## Company Highlights<sup>1</sup>

Total Assets  
**\$22.6Bn**

Total Loans  
**\$17.4Bn**

Total Deposits  
**\$16.1Bn**

Stockholder Equity  
**\$2.4Bn**

Efficiency Ratio  
**51.9%**

<sup>1</sup> As of or for the quarter-ended 6/30/2023

# WaFd Bank Executive Management Committee



Brent Beardall  
*President and Chief Executive  
Officer*



Kelli Holz  
*EVP Chief Financial Officer*



Cathy Cooper  
*EVP Chief Consumer Banker*



James Endrizzi  
*EVP Chief Commercial  
Banker*



Kim Robison  
*EVP Chief Operating Officer*



Ryan Mauer  
*EVP Chief Credit Officer*

# WaFd Bank Demographics

*Our markets are among the most desirable in the US and create a foundation for loan growth without excessive risk*

State	Number of Branches	Company Deposits in Market (\$000)	Deposit Market Share (%)	Percent of National Franchise (%)	Total Population 2023 (Actual)	Population Change 2010-2023 (%)	Projected Population Change 2023-2028 (%)	Median HH Income 2023 (\$)	Projected HH Income Change 2023-2028 (%)
Washington	71	7,505,777	3.06	43.9	7,863,719	16.94	4.33	89,976	15.87
Oregon	36	2,810,153	2.68	19.2	4,295,710	12.13	3.45	75,279	15.18
Arizona	28	1,605,868	0.74	10.3	7,380,760	15.47	3.76	71,447	16.88
New Mexico	19	1,453,424	2.93	8.2	2,120,216	2.96	0.74	58,342	13.27
Idaho	22	1,047,730	2.47	6.9	1,941,205	23.83	5.79	68,632	14.75
Utah	9	837,696	0.70	4.8	3,408,723	23.33	5.04	87,338	16.23
Nevada	8	496,316	0.47	3.3	3,198,164	18.43	3.95	70,540	11.48
Texas	6	363,460	0.05	3.4	30,065,904	19.57	4.14	71,347	11.18
<b>Totals:</b>	<b>199</b>	<b>16,120,424</b>		<b>100</b>	<b>60,274,401</b>				
<b>Weighted Average</b>						<b>15.64</b>	<b>3.92</b>	<b>79,775</b>	<b>15.27</b>
<b>Aggregate: National</b>					<b>334,500,069</b>	<b>8.34</b>	<b>2.14</b>	<b>73,503</b>	<b>13.37</b>

Deposit market share and percent of national franchise are from the FDIC's Summary of Deposit reports and is as of 09/30/2022. All other data is as of 6/30/2023.

# Vision 2025

## **Our Objective:**

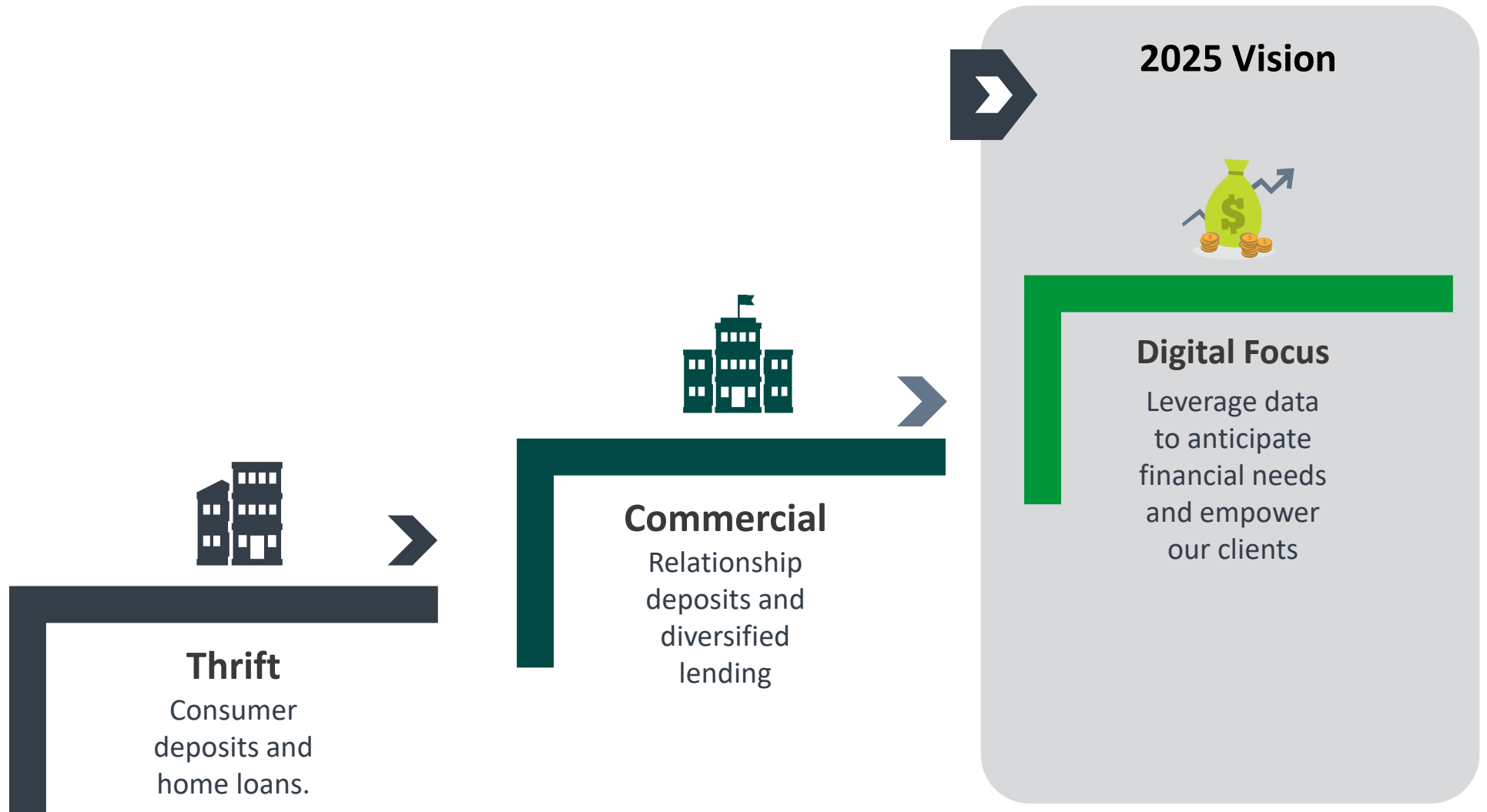
*A highly-profitable, digital-first bank that leverages data to anticipate financial needs and empower our clients by creating frictionless experiences across all interactions and devices.*

## *Our Values:*

*Integrity, Teamwork, Ownership, Service, Simplicity & Discipline*

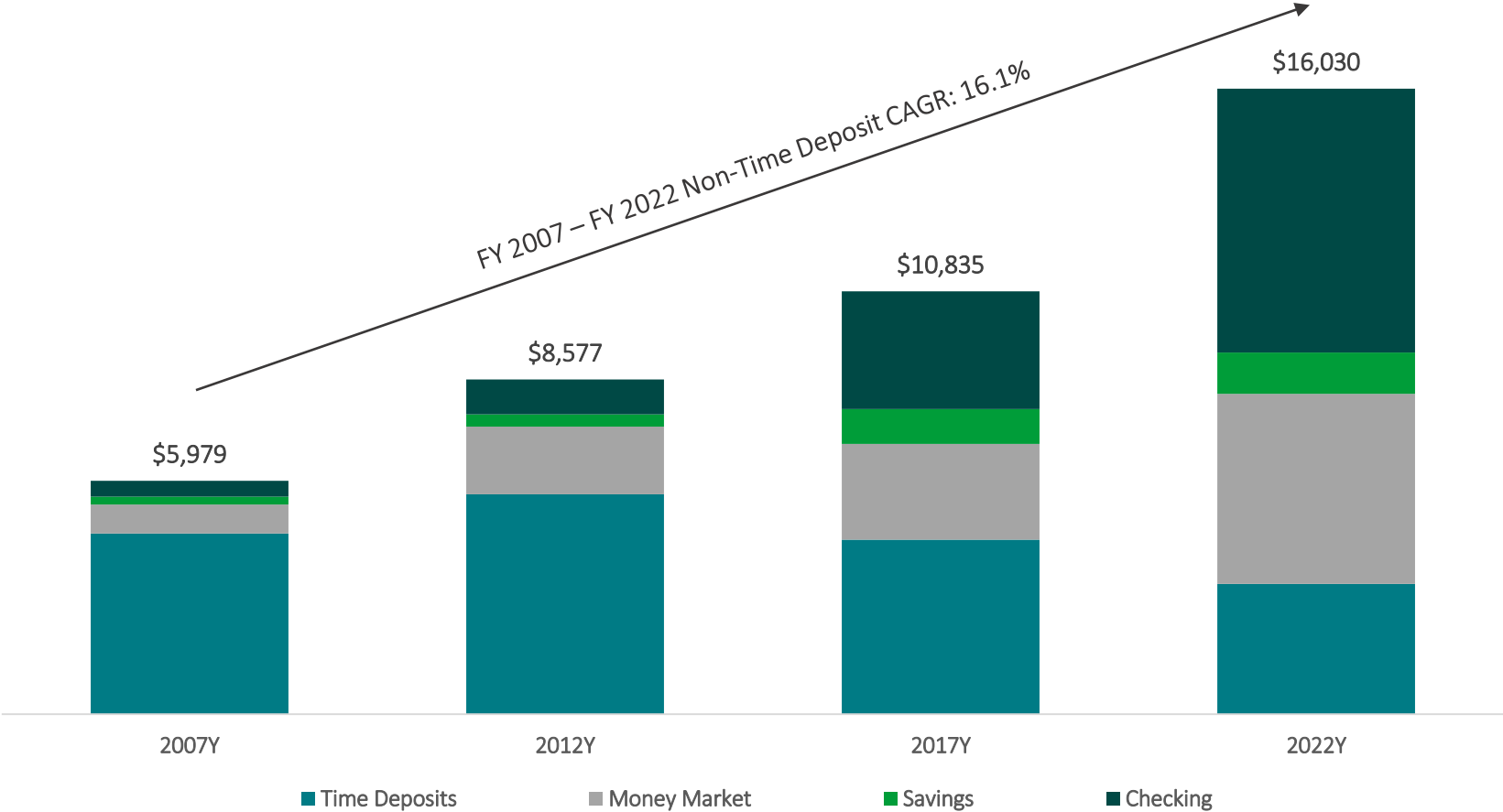
# Evolution of Our Franchise

*10 years of investment has put us on glide path to an even stronger balance sheet and deeper client relationships*



# WAFD's Evolution from Thrift to Bank Funding

\$ in millions

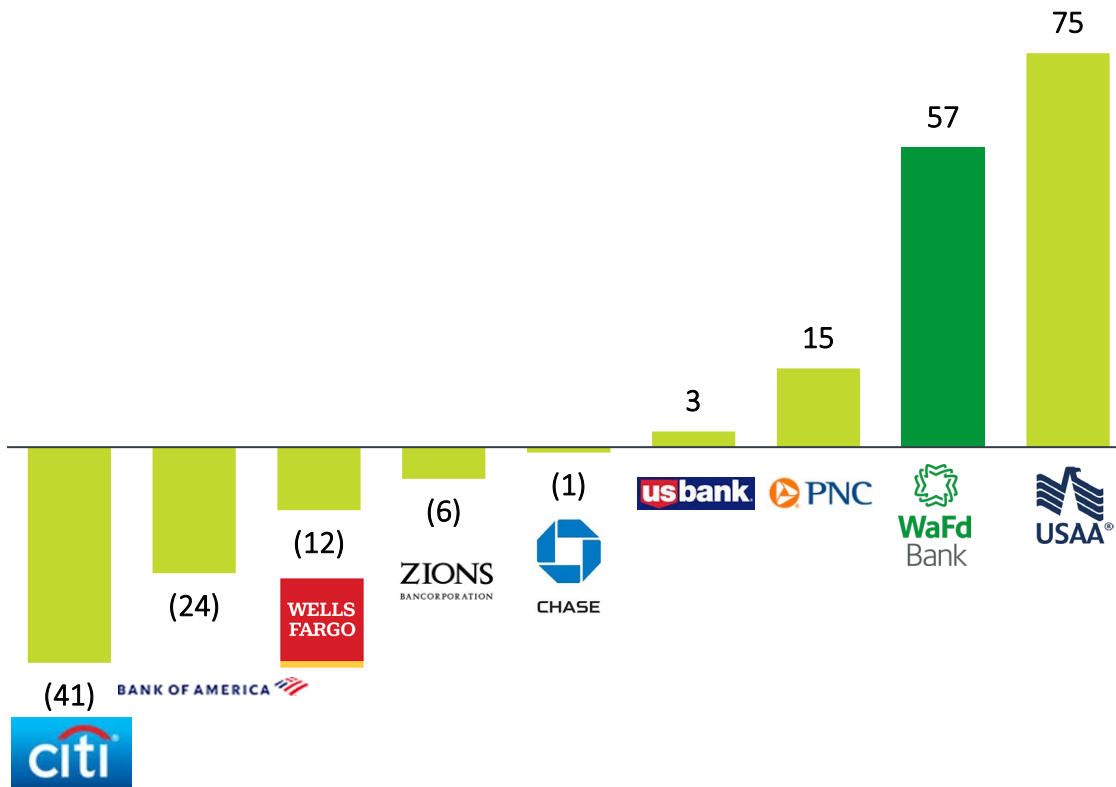


Note: Balances as of fiscal year ending September 30.

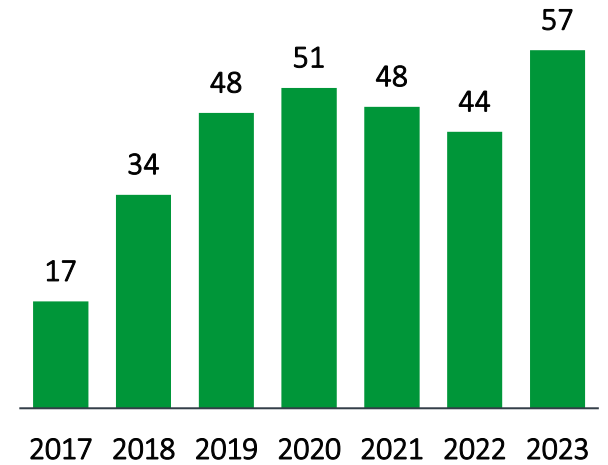
# Net Promoter Score Approaching Best in Class

*Our investments in customer service, usability and technology are translating into high customer satisfaction levels*

Peer Net Promoter Score <sup>1</sup>



WaFd Net Promoter Score <sup>1</sup>



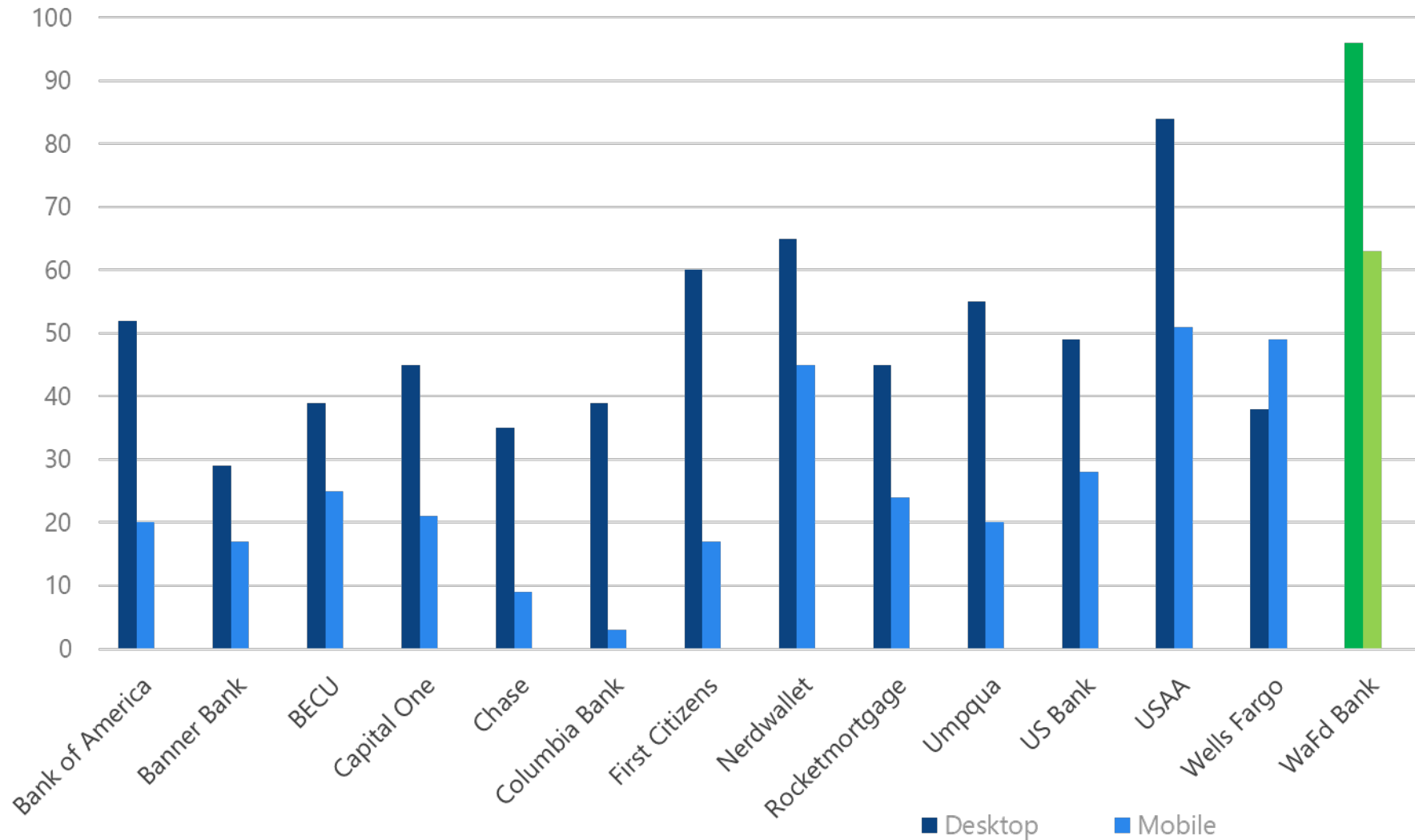
Source: Customer Guru

<sup>1</sup> 2023 Financial Services Banking Benchmarks

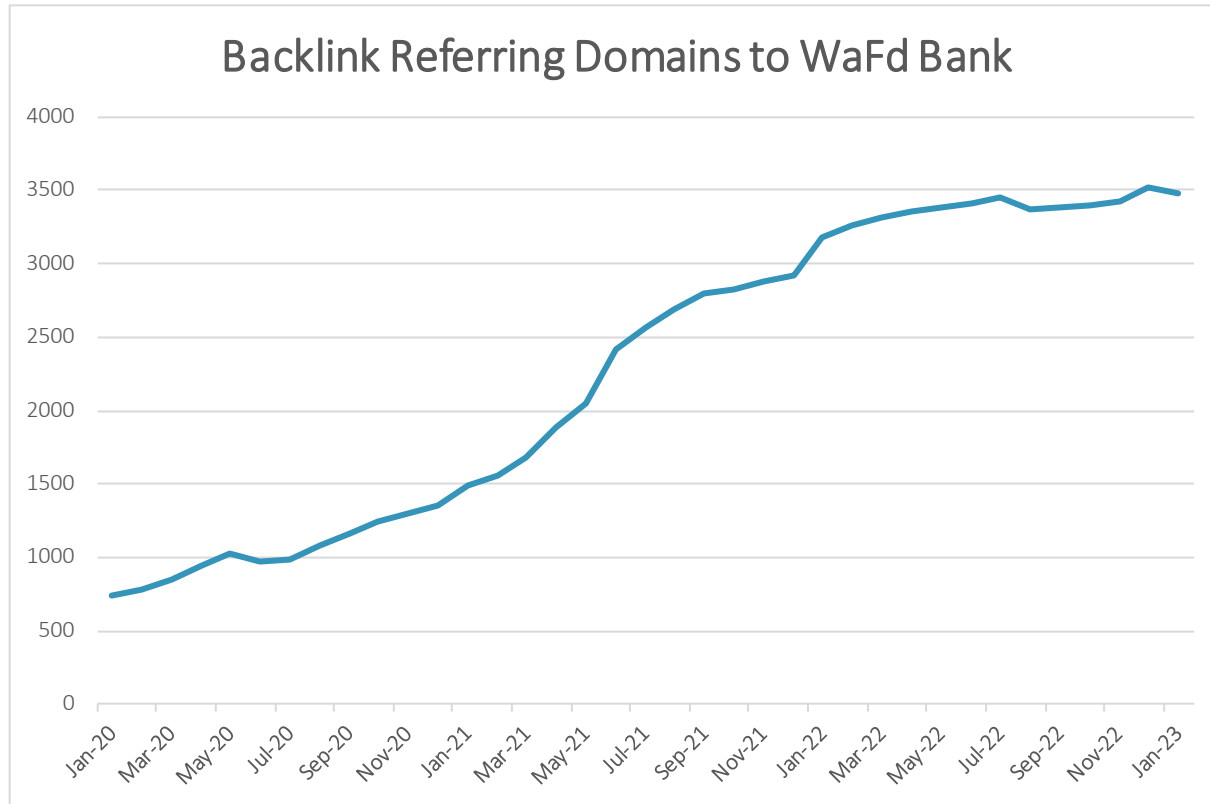


# Speed Matters – Website Is the New Storefront

wafdbank.com Google page speed scores



# Getting Customers to Your Website is Mission Critical



WaFd Bank's online presence and domain authority have been growing significantly year over year.

The number of referring domains has seen consistent increase over time – 368% from January 2020 to January 2023.

# Commitment to ESG & Diversity

We believe our enduring franchise comes from core principles focused on helping the neighborhoods we serve and creating long-term value for all stakeholders led by a Board, management and employee base that bring together a diversity of backgrounds

## Board Composition<sup>1</sup>

Gender Identity	Female	Male	Not Disclosed
Directors	2	7	1
Demographic Background			
African American or Black		2	
Hispanic or Latinx	1		
Asian		1	
White	1	4	
Not Disclosed			1

## ESG & Diversity Policy Highlights

Our Corporate Social and Environmental Responsibility Policy flows from WaFd Bank's core principles, which are:

Resolve to create long-term value for all stakeholders

Maintain transparency in its business practices



To provide common-sense banking that helps neighborhoods flourish

Adhere to the primary corporate value of integrity

Exercise prudent risk management



**Community Development**  
Over \$203 million dollars invested towards community development lending and affordable housing investments



**Volunteerism**  
WaFd employees participated in 8,179 volunteer hours in support of more than 447 organizations and initiatives



**Washington Federal Foundation**  
The Washington Federal Foundation awarded 218 grants to local community organizations totaling \$705,000 for the fiscal year



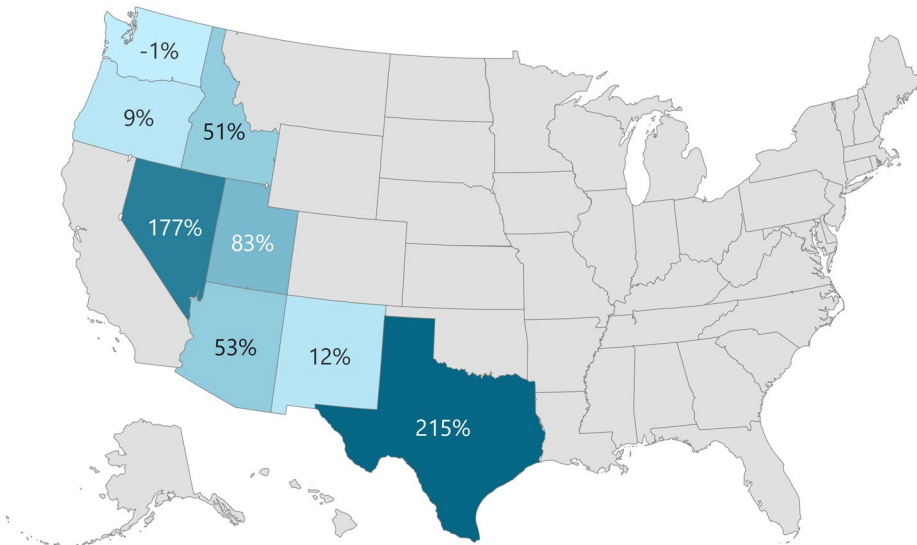
**United Way Matching Campaign**  
WaFd Bank matches employee contributions made to United Way agencies in all eight states. In fiscal year 2022 pledges from colleagues were \$402,109. WaFd matched \$327,375 for a total of \$729,484

<sup>1</sup> Based on self-identification <sup>2</sup> As of 9/30/22

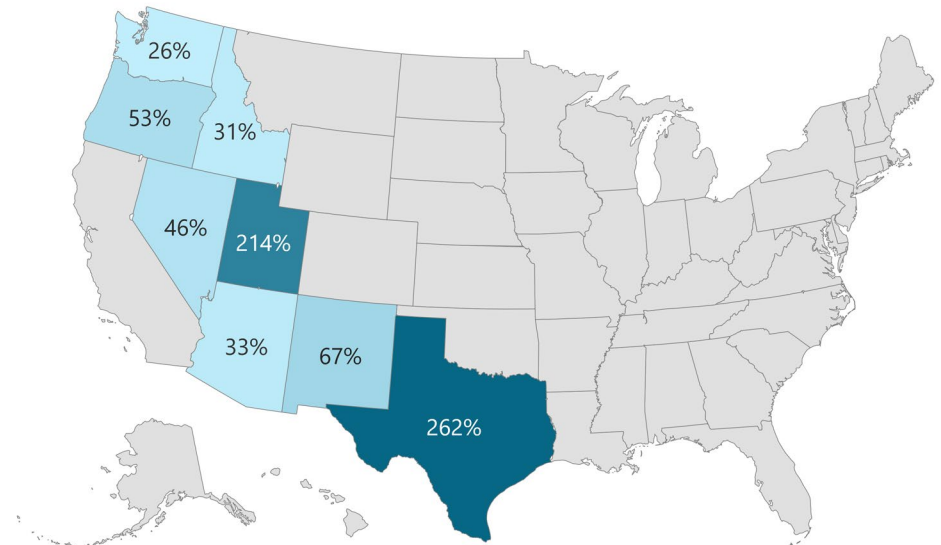
# 5 Year Change by Percentage in Each Geographical Area

*From June 30, 2018, to June 30, 2023*

5 Year percentage change in Loans by Geographical Area



5 Year percentage change in Deposits by Geographical Area

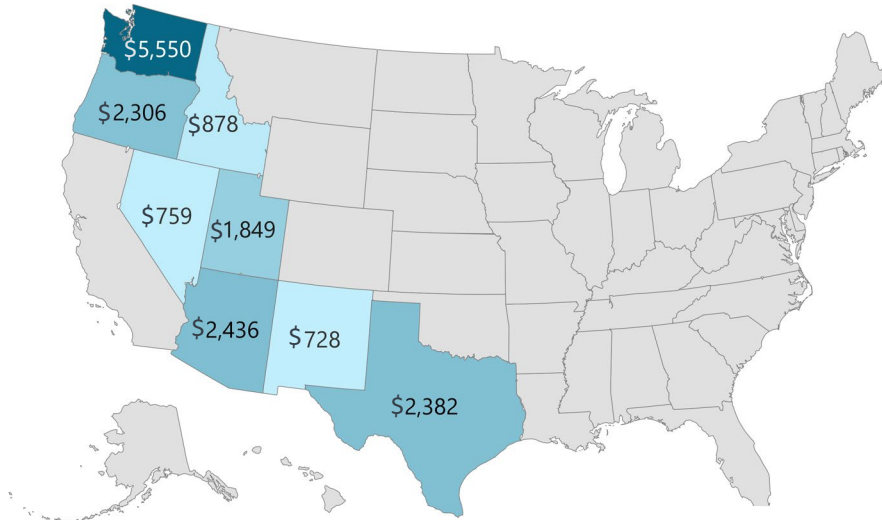


# Loan and Deposit Balances by Geographical Area

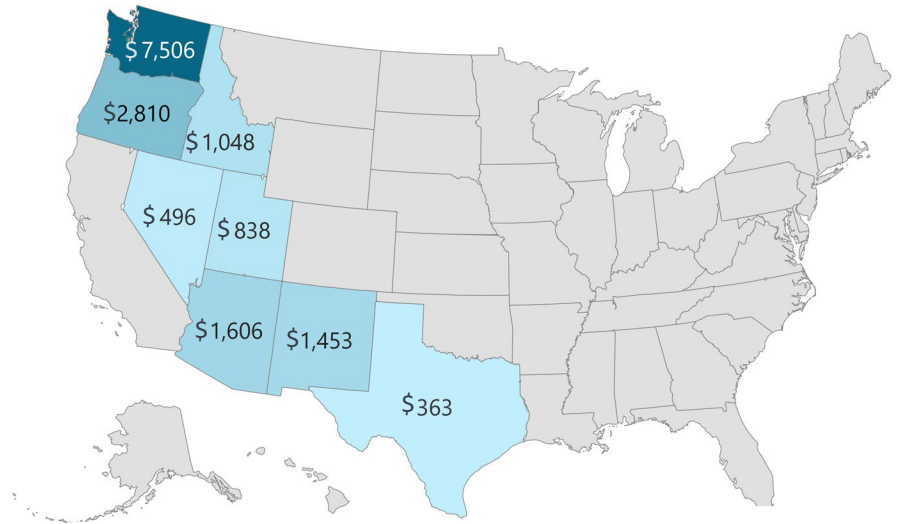
As of June 30, 2023

\$ In Millions

## Loan Balances by Geographical Area



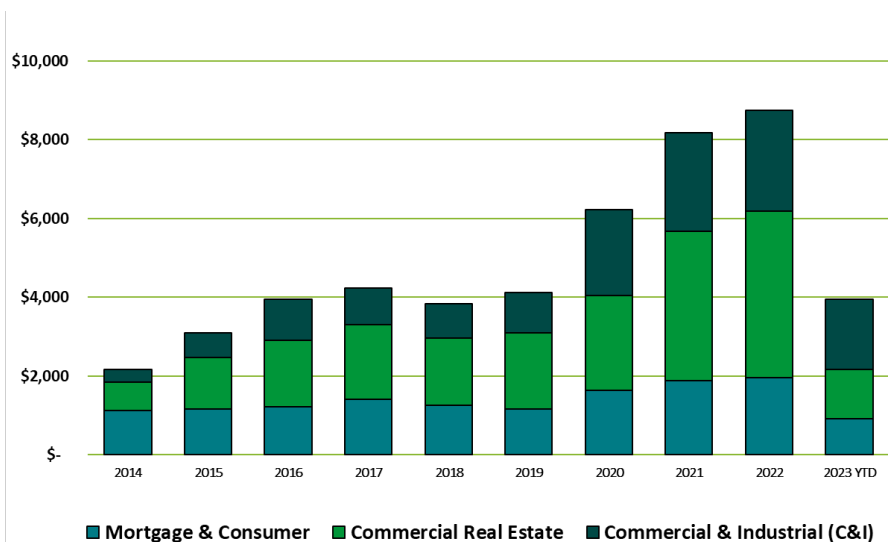
## Deposit Balances by Geographical Area



# Loan Growth – Through Different Interest Rate Environments

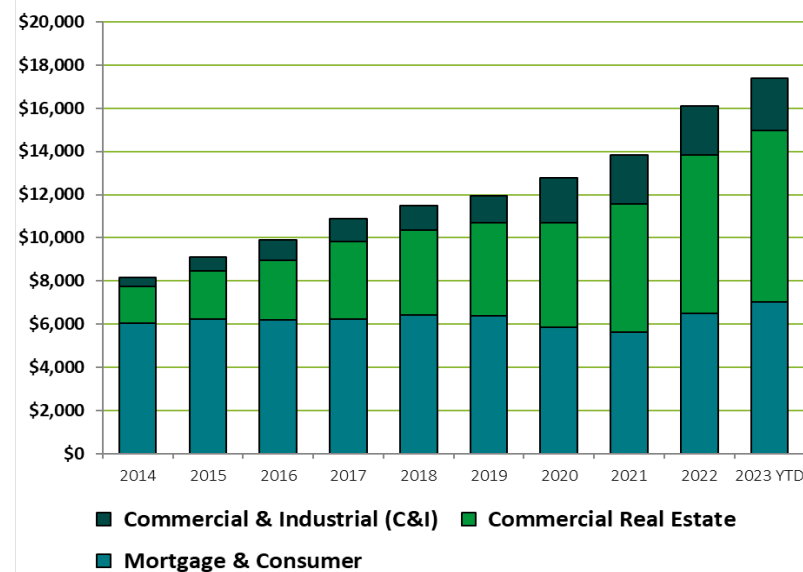
\$ in millions.

## New Loan Originations



- Originations overall are reduced due to both rising interest rates and an intentional slowing to temper growth
- Commercial loans make up a greater portion of all originations over time, making up 77% of all originations in 2023 compared to 49% in 2014

## Loan Growth



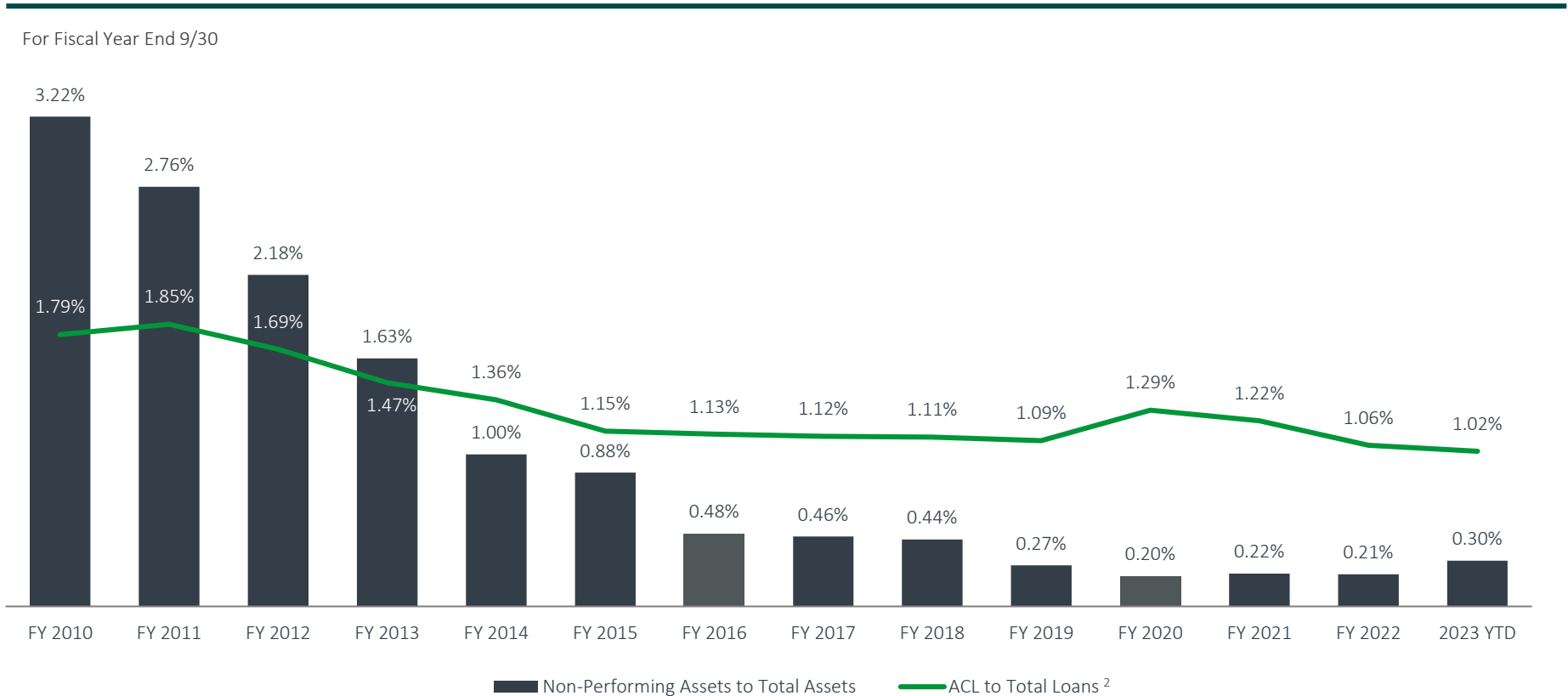
- Although originations are slowing, they are keeping up with repayments largely through funding previously unfunded commitments.
- Mortgage and Consumer loans currently make up 40% of total net loans compared to 74% in 2014 as a result in the origination trend noted at left

# Non-Performing Assets Near Record Lows

*We have retained a strong ACL while NPAs have declined since 2010*

- ACL at 6/30/2023 amounted to \$178.07 million, representing 266% of total NPAs <sup>1</sup>
- Non-performing assets \$67.0 million as of 6/30/2023

## Non-Performing Assets to Total Assets and ACL to Total Loans <sup>1</sup>



<sup>1</sup> ACL to Total Loans does not include ACL related to unfunded commitments of \$26.5 million.

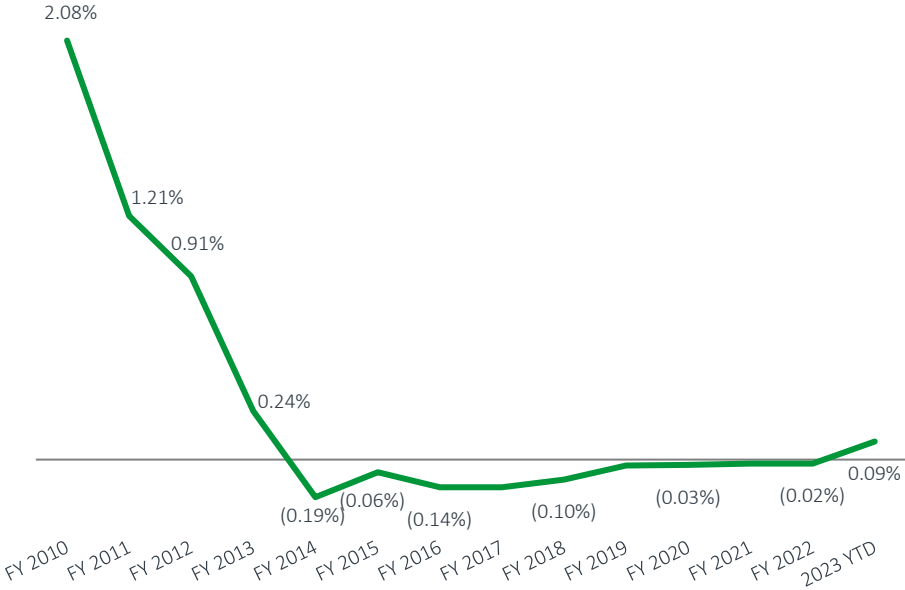
<sup>2</sup> Effective October 1, 2020, the Company implemented FASB's Current Expected Credit Loss (CECL) Standard

# Strong Credit Quality

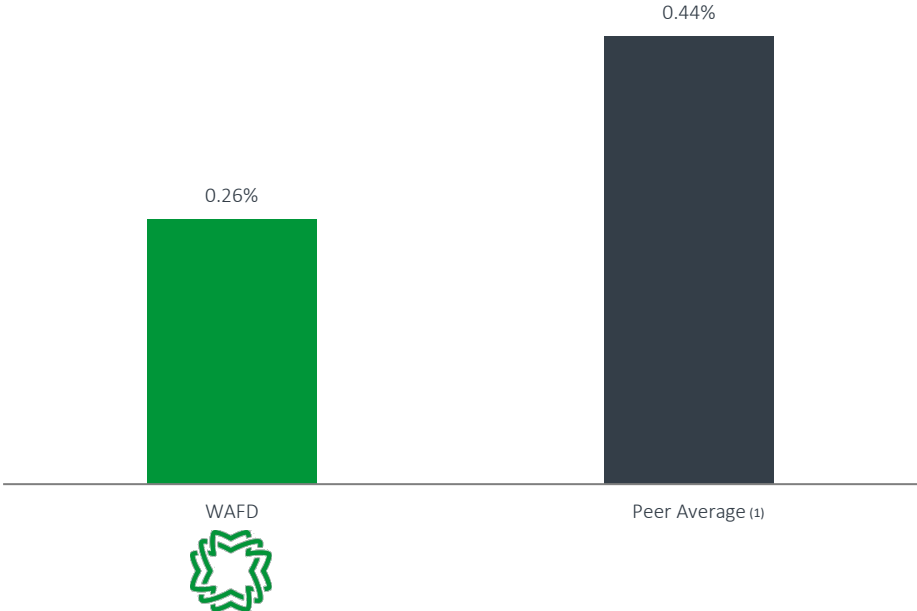
## *Strong Credit Quality Characterized by Limited Charge-Offs*

The Bank experienced nine consecutive years of net recoveries, fiscal 2014 through fiscal 2022, during which net recoveries totaled \$74.8 million. Although we have experienced net charge-offs YTD 2023, these have been the result of a two large charge-offs rather than a more widespread issue within the overall portfolio.

**Net Loan Charge-offs (Recoveries)**



**Average NCOs Per Year – Last 20 Years**



Source: SNL Financial, Company Filings  
 1 Peers represent Proxy Peers as specified in the Company's latest Proxy Statement



# Net Loan Portfolio Average Current LTV

As of June 30, 2023

\$ In Thousands

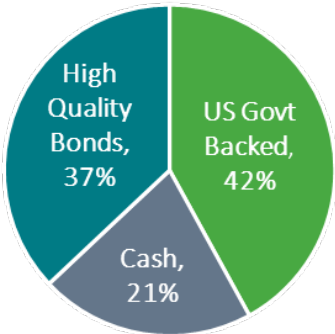
	Net Balance	% of Loans	WTD Avg Current LTV	% with Current LTV >75%	Avg LTV when above 75%
Multifamily	\$ 2,845,457	16%	45%	5%	78%
CRE - Office	793,792	5%	57%	47%	81%
CRE - Other	2,396,527	14%	43%	16%	81%
CRE Construction - Multifamily	1,042,168	6%	48%	5%	79%
CRE Construction - Other	689,351	4%	42%	22%	83%
C&I	2,428,825	14%	NA		
SFR	6,231,509	36%	36%	8%	84%
SFR Custom Construction	372,824	2%	59%	27%	80%
Other	583,735	3%	NA		
	\$ 17,384,188	100%			

# Significant Liquidity and High-Quality Securities Portfolio

High quality, \$3.6 billion cash and investment portfolio with \$9.8 billion remaining collateral and lines as a source of additional potential liquidity

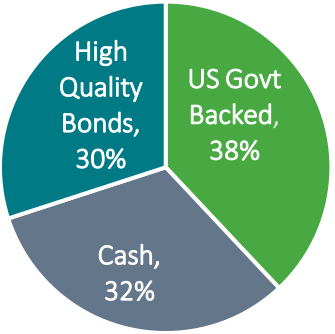
## Cash and Securities Composition

Sept 30, 2022



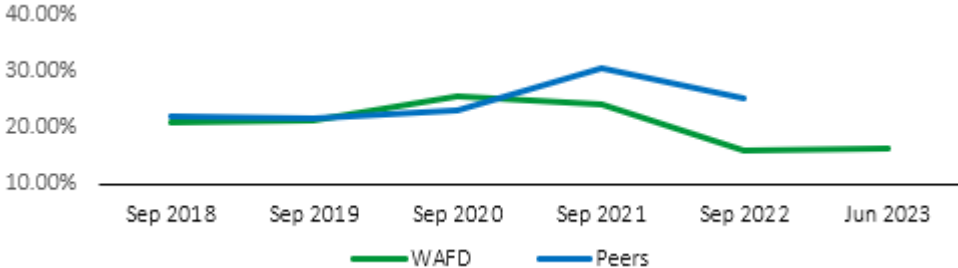
Total Cash and Securities: \$3.2Bn  
Cash and Securities / Total Assets: 16%

June 30, 2023



Total Cash and Securities: \$3.6Bn  
Cash and Securities / Total Assets: 16%

## Cash & Securities / Total Assets<sup>1</sup>



Source: SNL Financial, Company Filings  
<sup>1</sup> Peers represent Proxy Peers as specified in the Company's latest Proxy Statement

As of 6/30/2023, WAFD maintains over \$3.6bn of balance sheet liquidity.

- Cash and Securities is 16% of assets
- Investment Portfolio targets low credit risk / moderate duration
- 70% Cash, US Government-backed Agency Bonds and MBS <sup>2</sup>
- Yield on the Investment Portfolio is 4.17%

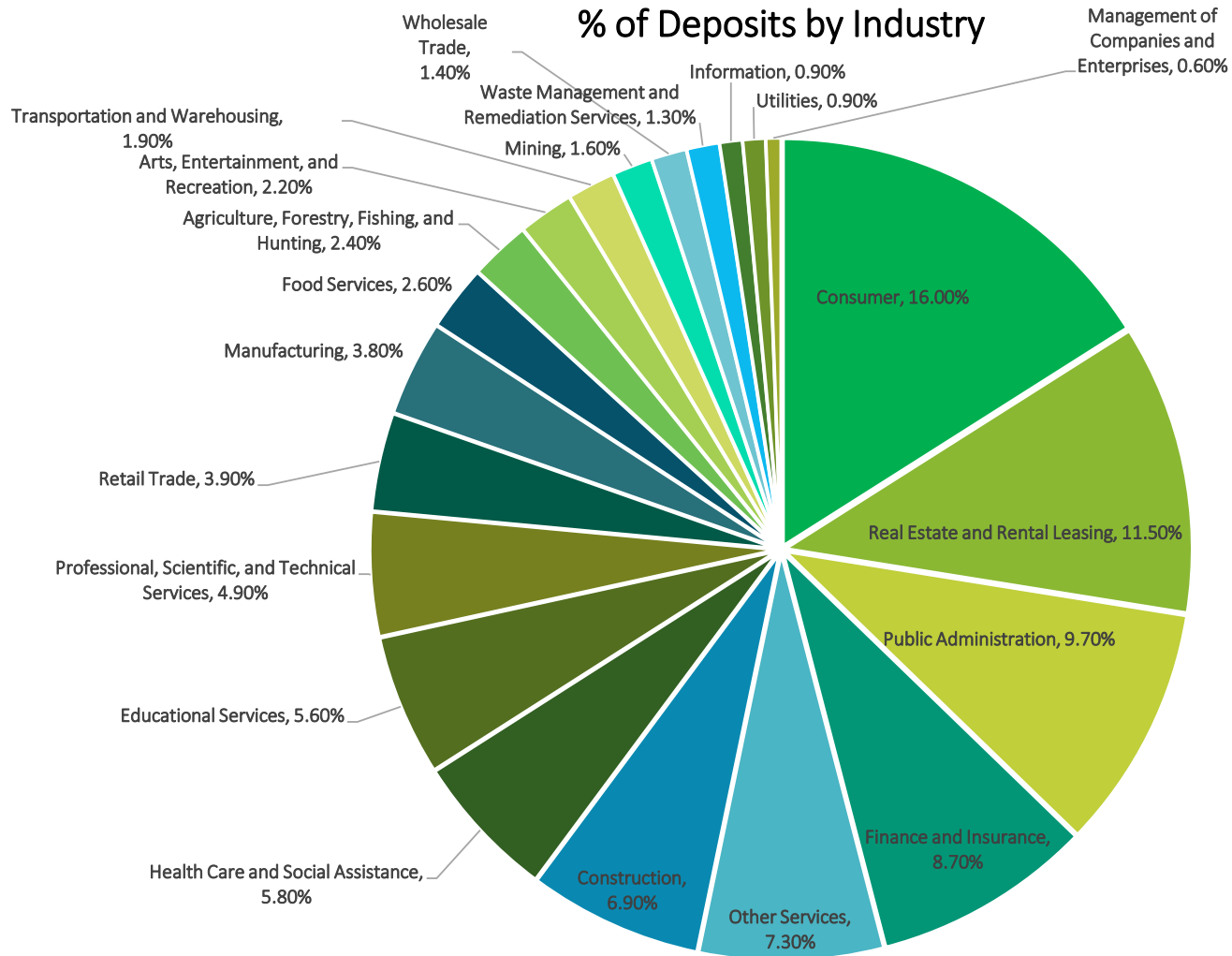
Liquidity is tested quarterly through running various scenarios to determine their affect on available liquidity. Whether minor or extreme, these tests show strong liquidity as a result of deposits and borrowing capacity from reliable collateralized sources.

# Investment Portfolio

High quality, \$2.5 Billion investment portfolio with a duration of 3.6 years. Portfolio is 40% variable rate.

HTM Investments	Fair Value	Gain/Loss	WAL	Expected Yield
Agency MBS	\$ 384,311	\$ (49,861)	6.5	2.77%
AFS Investments	Fair Value	Gain/Loss	WAL	Expected Yield
Agency MBS	\$ 950,210	\$ (73,309)	4.2	3.33%
Agency and Student Loan Bonds	804,343	(11,859)	13.6	5.99%
Corporate Bonds	246,632	(18,660)	4.2	4.00%
Municipal Bonds	35,048	(521)	12.6	5.19%
	\$ 2,036,233	\$ (104,349)		
Hedges		Gain/Loss	WAL	
Borrowing Cash Flow Hedges		165,924		

# Highly Diversified Deposit Base

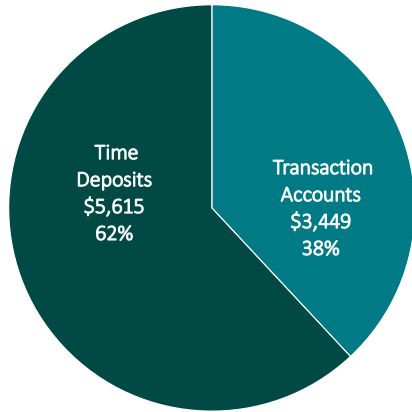


*Top 20 depositors make up 11% of total deposits. 25 % of total deposits are uninsured as of June 30, 2023.*

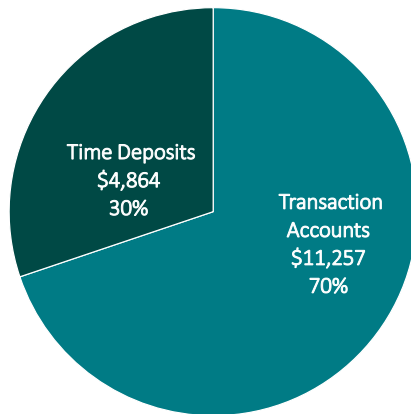
# Deposit Trends

Shifting away from time deposits in favor of transaction accounts. Checking accounts now make up 43%.

As of 6/30/2013

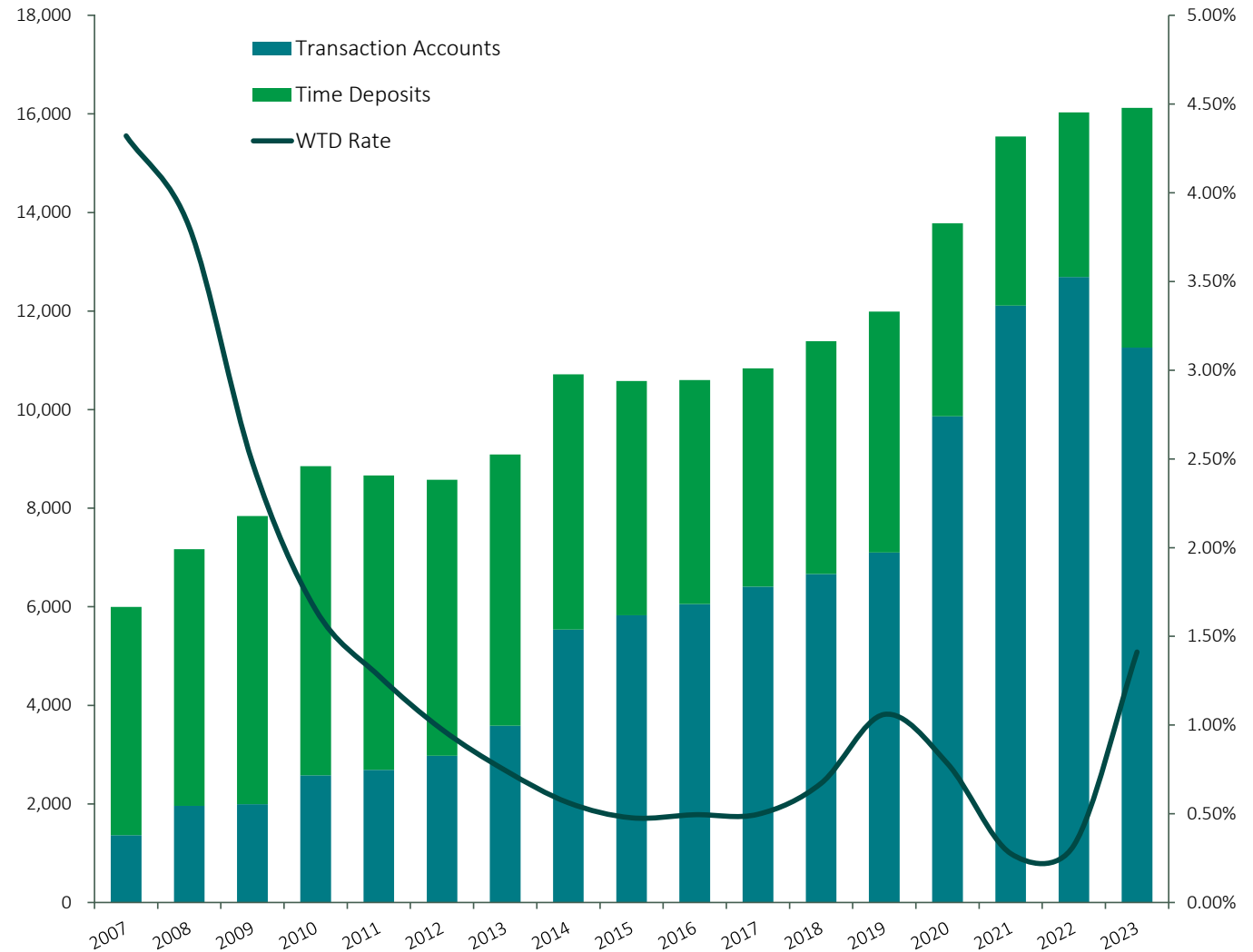


As of 6/30/2023



Core Deposits = 89.7% of Total

In Millions



# Deposit Flows

*Overall changes by quarter and balances by type*

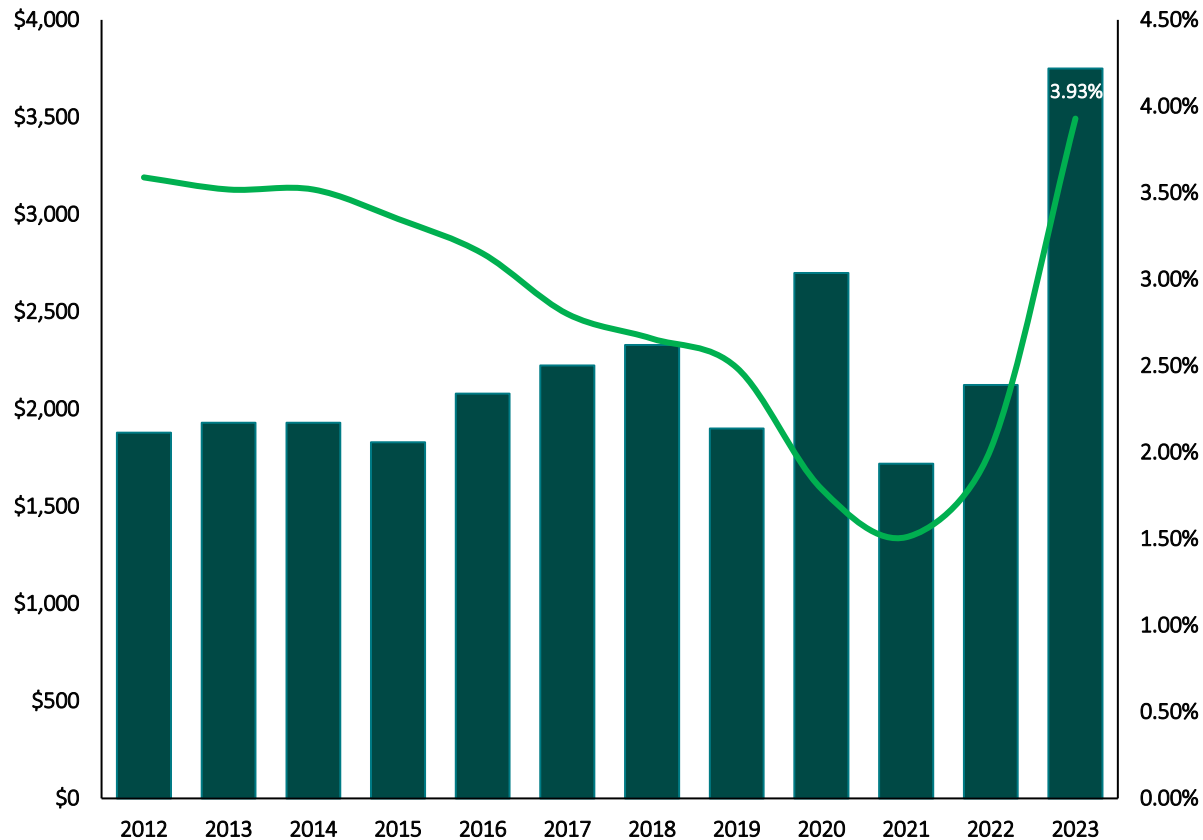
Customer Deposit Accounts	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023	7/31/2023	8/17/2023
Checking - Noninterest Bearing	3,279,841	3,251,603	3,269,773	3,266,734	3,070,895	2,856,165	2,729,888	2,663,384	2,656,024
Checking - Interest Bearing	3,688,822	3,897,185	3,472,402	3,497,795	3,971,814	4,125,554	4,124,463	4,042,389	3,931,748
Savings	1,043,003	1,078,146	1,069,801	1,059,093	1,002,034	943,915	874,256	848,086	838,377
Money Market	4,538,396	4,912,671	4,856,275	4,867,905	4,503,090	3,954,709	3,527,968	3,465,217	3,449,224
CDs	3,351,985	3,251,042	3,297,369	3,338,043	3,412,203	3,980,605	4,863,849	5,051,986	5,086,321
Total	15,902,046	16,390,648	15,965,620	16,029,570	15,960,035	15,860,948	16,120,424	16,071,061	15,961,695
Quarter % Change		3.1%	-2.6%	0.4%	-0.4%	-0.6%	1.6%	-0.3%	-1.0%
Quarter \$ Change	(359,934)	488,602	(425,028)	63,950	(69,534)	(99,088)	259,477	(49,363)	(158,730)
Uninsured & Uncollateralized Deposits	7,551,781	7,914,122	7,463,761	4,856,149	4,876,840	4,238,629	4,033,174	3,970,855	4,021,361
% of Total Deposits	47.5%	48.3%	46.7%	30.3%	30.6%	26.7%	25.0%	24.7%	25.2%

- Deposit flows have fluctuated over the prior 2 years with the balance hovering around \$16 billion
- Positive Quarterly and YTD deposit net inflows as of 6/30/2023
- Q4: Small net outflows seen to date.
- 75% of deposits are collateralized or insured

\*(Balances \$ in thousands)

# Borrowings Outstanding & Weighted Rate

Borrowings are 80% FHLB and 20% Fed's Bank Term Funding and are used in part to manage interest rate risk. Current period increase reflects increased use of short-term borrowings to fund loan growth. Rates have increased with market rates. Increase in borrowings for 2020 was from locking in \$1 billion of funding at a fixed rate of 66 bps for 10 years.



## Effective Maturity Schedule

	Amount \$ million	Rate
Within 1 year:	\$2,650	5.14%
1 to 3 years:	\$ 300	2.11%
3 to 5 years:	\$ -	- %
5+ years:	\$ 800	0.61%

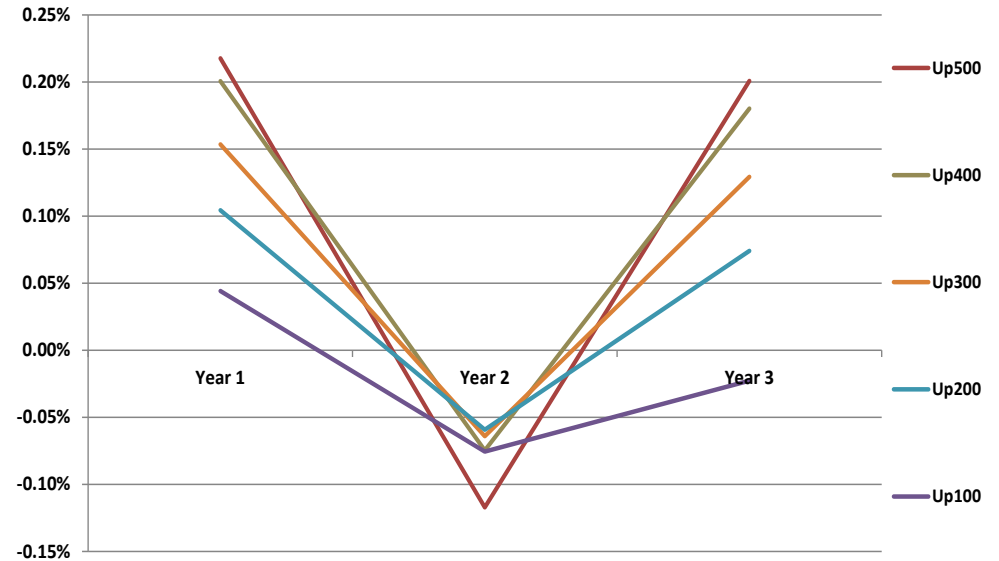
# Balanced Interest Rate Risk

*Interest Rate Risk is well managed and skewed toward the upside in the current environment given asset sensitivity*

### Change in NPV (%)



### Net Interest Margin Sensitivity vs. Base Case



## IRR measures as of June 30, 2023:

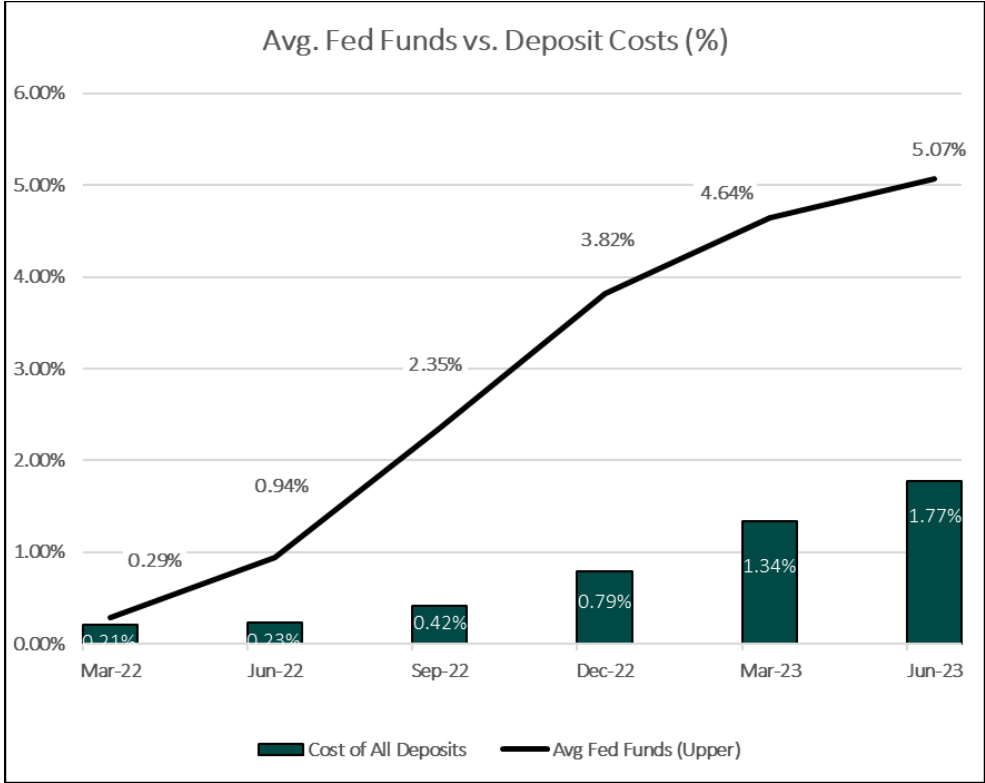
- Net Interest Income (NII) would increase by 3.0% in +200 bps immediate and parallel shock
- Net Portfolio Value after +200bps shock is 24% lower (\$643mm) and at \$2.018 billion would be 9.92% of total assets

Scenarios assume no management actions taken. Flattening/inverted rates with short term up more than long term would result in a larger negative affect.

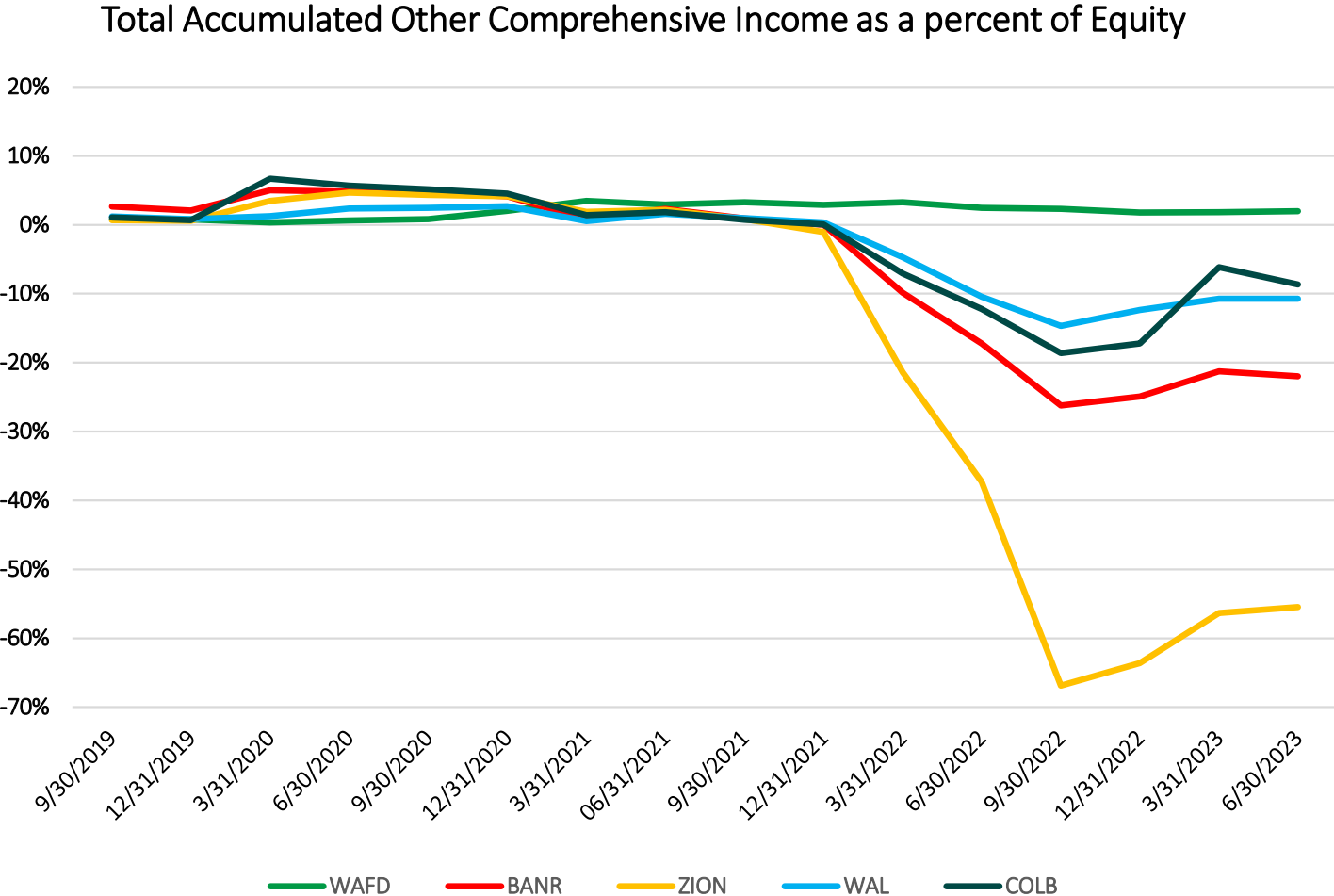


# Cost of Deposits in the Rising Rate Environment

Cumulative Beta (Current Cycle)					
	Avg Fed Funds (Upper)	Cost of Interest-bearing Deposits	Cost of All Deposits	Actual Cumulative Beta	Quarterly Beta
3/31/2022	0.29%	0.26%	0.21%	--	--
6/30/2022	0.94%	0.29%	0.23%	3%	3%
9/30/2022	2.35%	0.53%	0.42%	10%	13%
12/31/2022	3.82%	1.00%	0.79%	16%	25%
3/31/2023	4.64%	1.66%	1.34%	26%	67%
6/30/2023	5.07%	2.16%	1.77%	32%	100%



# AOCI vs our Peers



# Income Statement Comparison

*In thousands*

	Three Months Ended,			
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>\$ Change</u>	<u>% Change</u>
<b>INTEREST INCOME</b>				
Loans.....	\$ 232,167	\$ 149,113	\$ 83,054	56%
Mortgage-backed securities.....	10,454	8,618	1,836	21%
Investment securities and cash equivalents.....	29,859	9,417	20,442	217%
	<u>272,480</u>	<u>167,148</u>	<u>105,332</u>	<u>63%</u>
<b>INTEREST EXPENSE</b>				
Customer accounts.....	70,062	9,284	60,778	655%
FHLB advances and other borrowings.....	33,718	6,118	27,600	451%
	<u>103,780</u>	<u>15,402</u>	<u>88,378</u>	<u>574%</u>
<b>NET INTEREST INCOME .....</b>	<b>168,700</b>	<b>151,746</b>	<b>16,954</b>	<b>11.2%</b>
Provision (release) for credit losses.....	9,000	1,500	7,500	
<b>Net interest income after provision(reversal).....</b>	<b>\$ 159,700</b>	<b>\$ 150,246</b>	<b>\$ 9,454</b>	<b>6.3%</b>

# Income Statement Comparison

*In thousands*

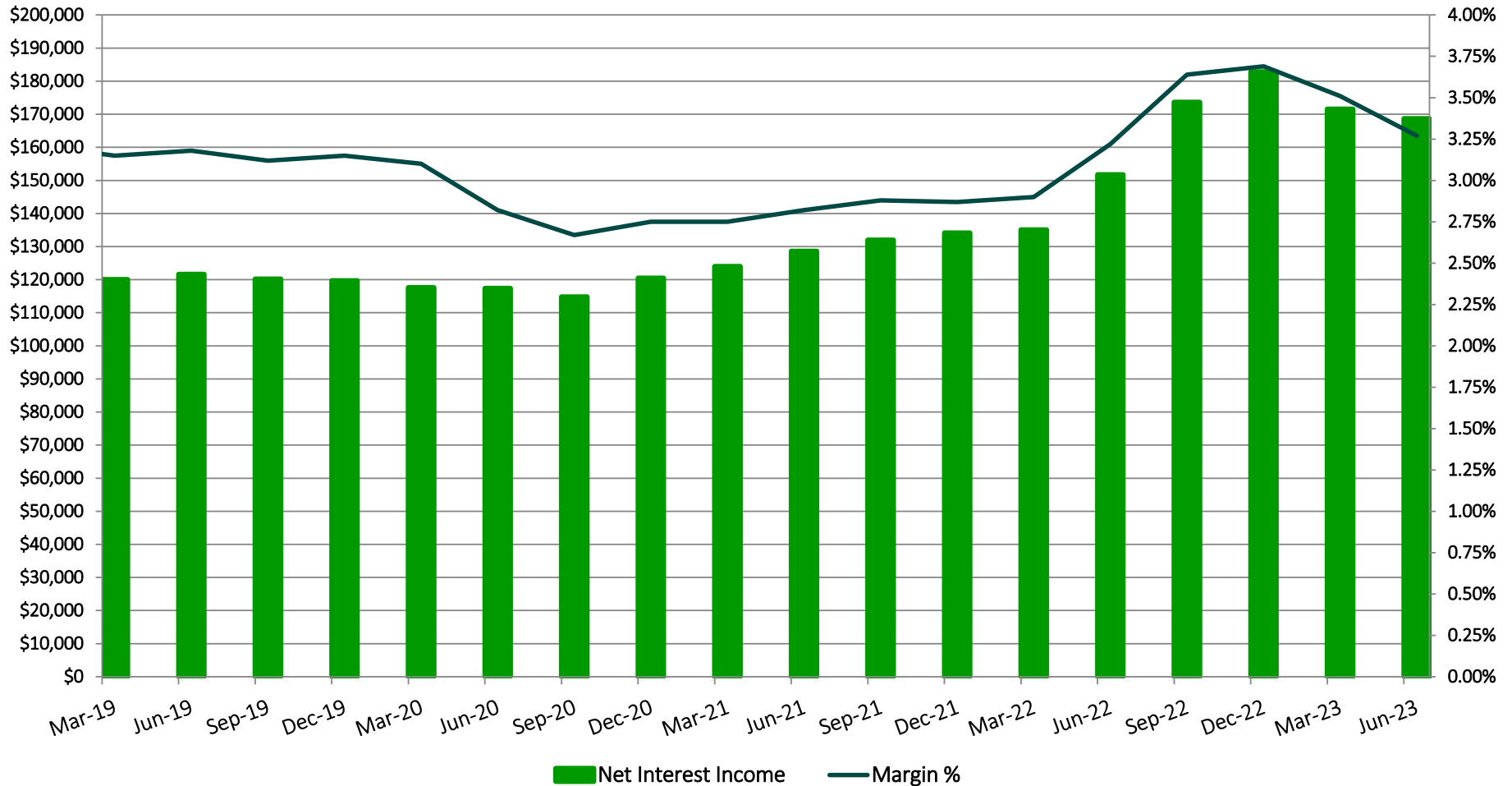
	Three Months Ended,			
	<u>6/30/2023</u>	<u>6/30/2022</u>	\$ Change	% Change
<b>OTHER INCOME</b>	\$ 13,771	\$ 17,550	\$ (3,779)	-21.5%
<b>OTHER EXPENSE</b>				
Compensation and benefits.....	50,456	48,073	2,383	5.0%
Occupancy.....	10,444	10,053	391	3.9%
FDIC insurance.....	5,350	2,100	3,250	154.8%
Product delivery.....	5,217	4,667	550	11.8%
Information technology.....	11,661	11,831	(170)	-1.4%
Other expense.....	11,571	10,679	892	8.4%
	<u>94,699</u>	<u>87,403</u>	<u>7,296</u>	<u>8.3%</u>
Gain (loss) on REO.....	<u>722</u>	<u>448</u>	<u>274</u>	<u>61%</u>
Income before income taxes.....	79,494	80,841	(1,347)	-1.7%
Income taxes.....	17,719	17,546	173	1.0%
<b>NET INCOME</b> .....	<u>\$ 61,775</u>	<u>\$ 63,295</u>	<u>\$ (1,520)</u>	<u>-2.4%</u>
Dividends on preferred stock.....	3,656	3,656	0	
<b>Net Income available to common shareholders</b> .....	<u>\$ 58,119</u>	<u>\$ 59,639</u>	<u>\$ (1,520)</u>	<u>-2.5%</u>

*Efficiency Ratio of 50.29% for YTD fiscal year 2023 down from 56.13% for the same period of the prior year.*

*Effective tax rate year to date ended June 2023 is 22.09% compared to 21.31% from the same period ended June 2022*

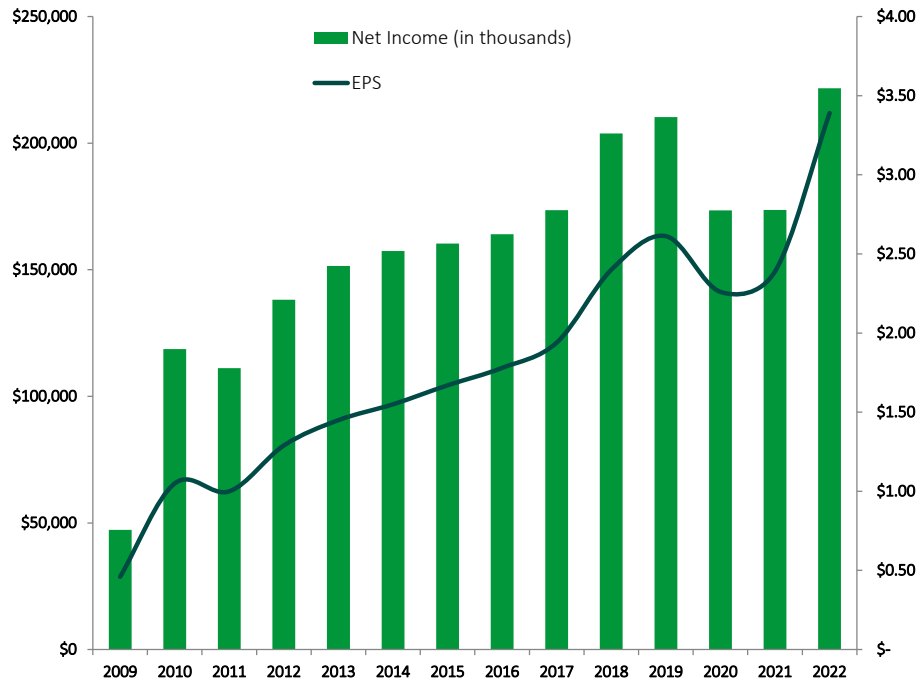
# Net Interest Income and Net Interest Margin

*Net interest income in thousands.*

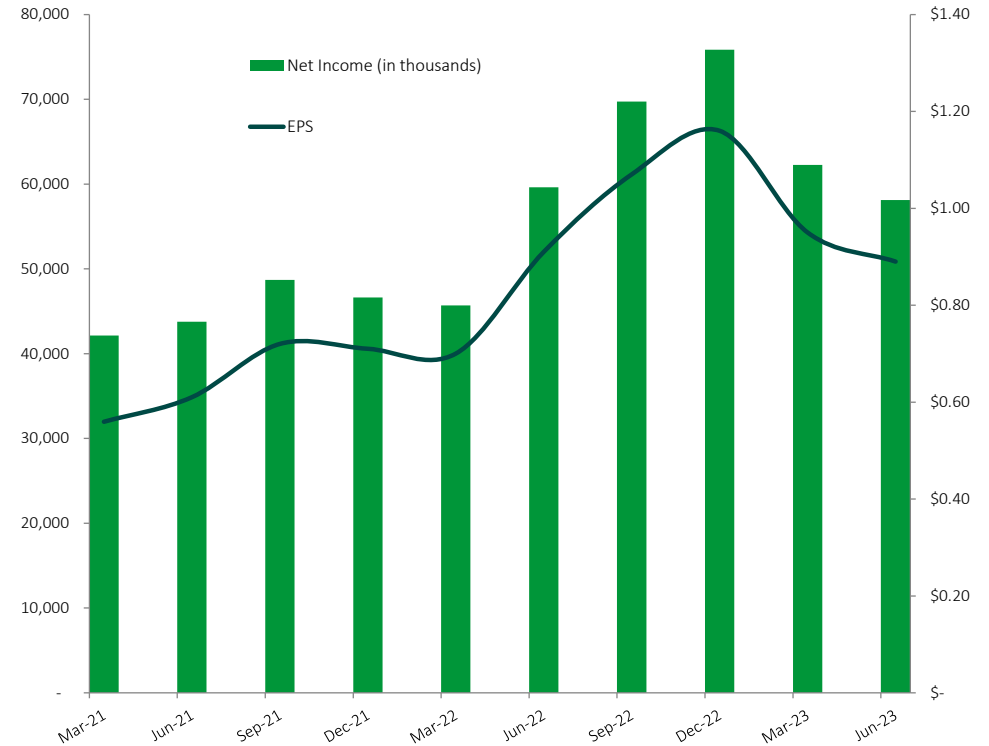


# Net Income and Common Earnings Per Share

Annual



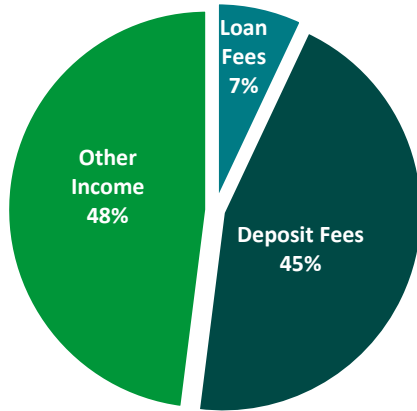
Quarterly



# Non-Interest Income

*Diverse sources of Non-Interest Income provide steady growth and balance our revenue profile*

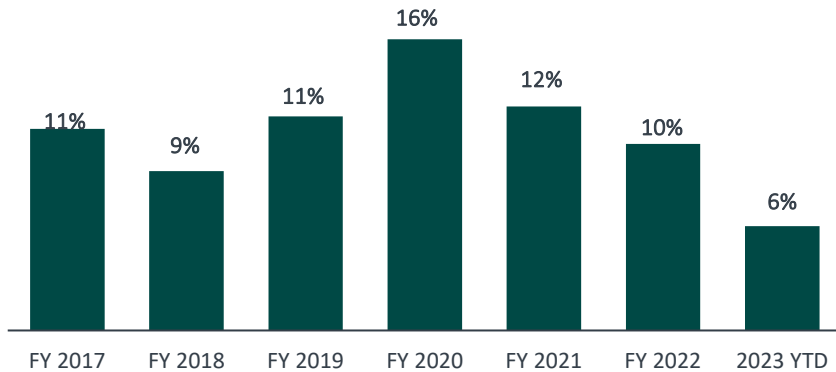
Non-Interest Income for Quarter-Ended 6/30/2023



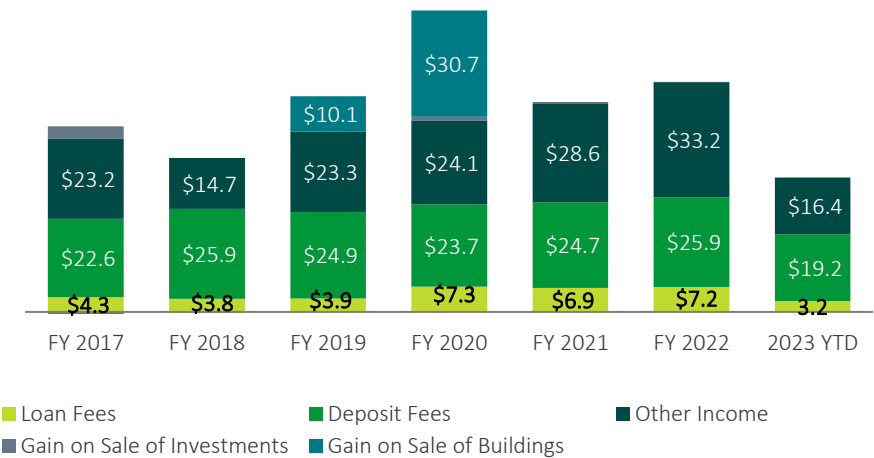
Other Income includes:

- BOLI income
- Rental income
- Gains on property sales
- WAFD Insurance Income
- Income on equity method investments

Non-Interest Income / Total Loan Revenue



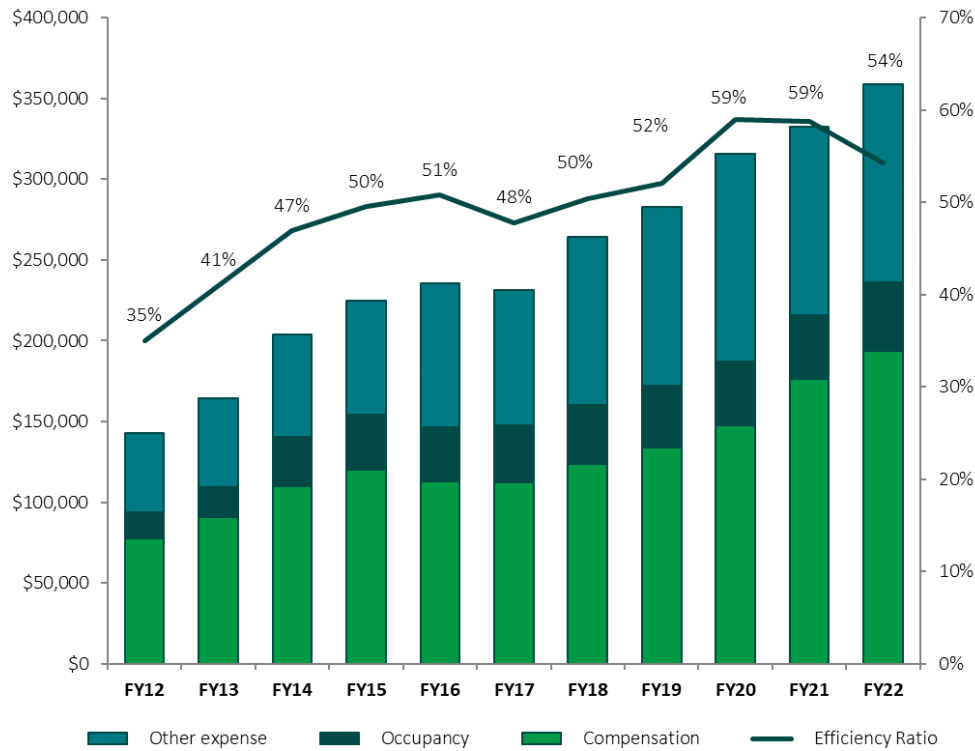
Non-Interest Income Over Time (\$MM)



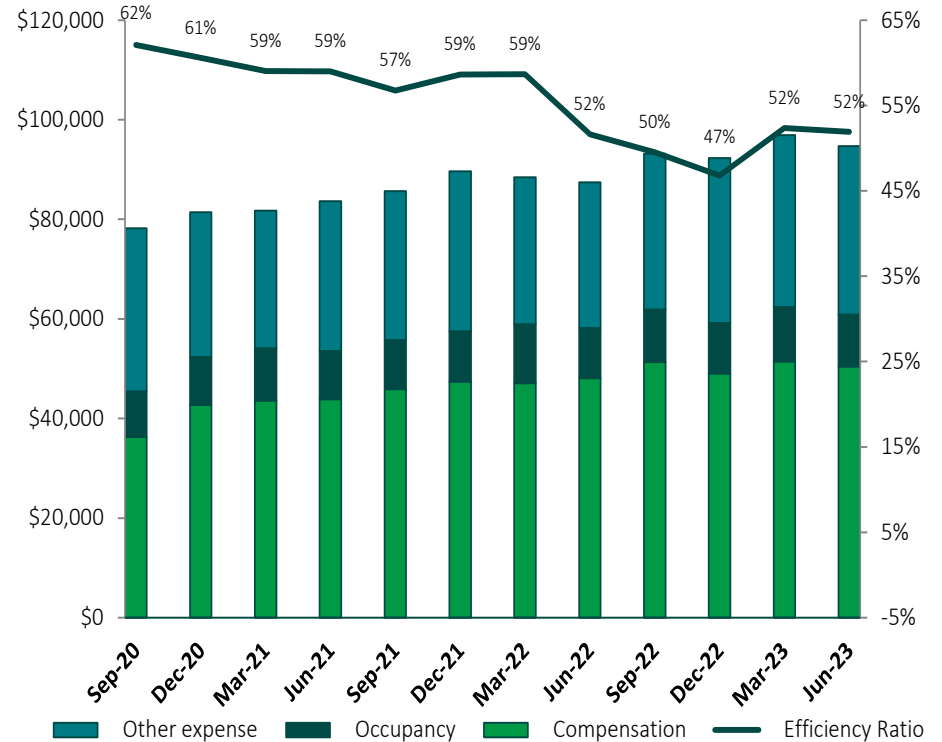
# Non-Interest Expense Over Time

Annual and Quarterly - Expenses in thousands

## Annual



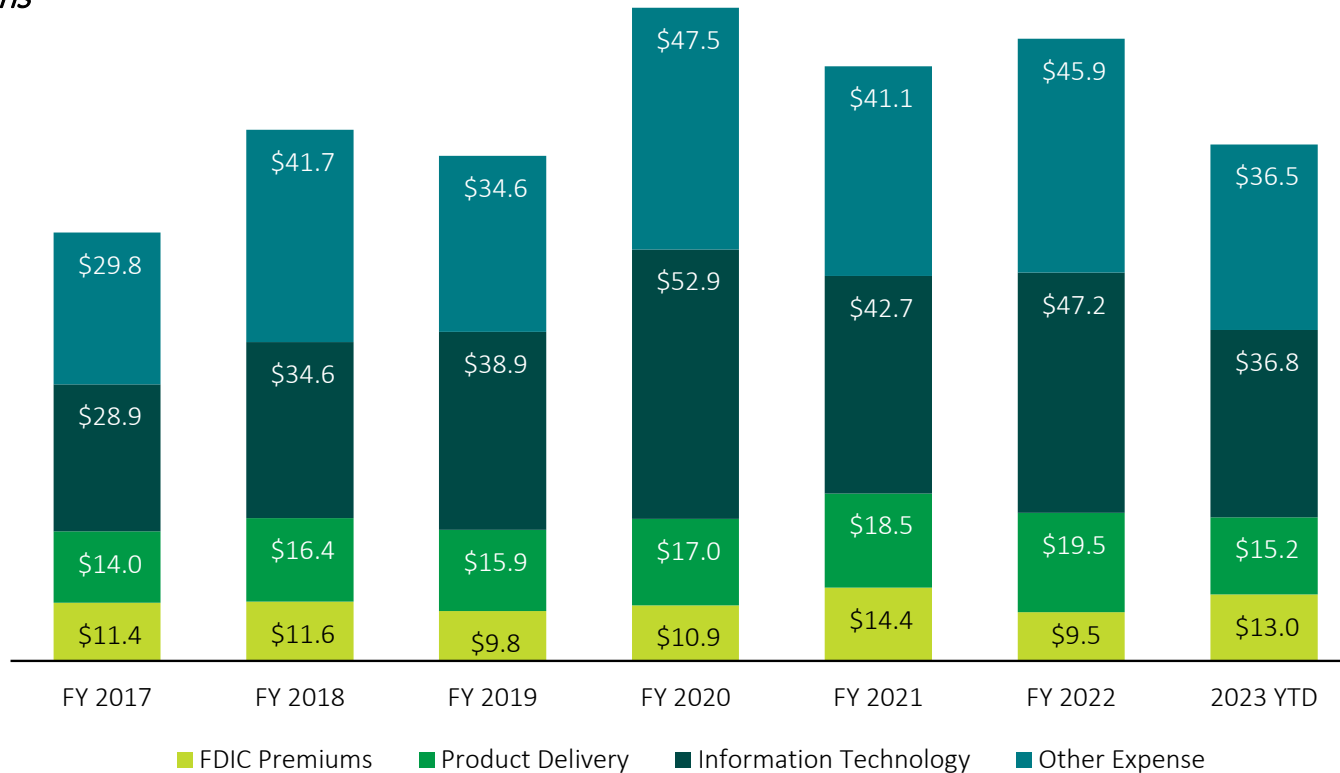
## Quarterly





# Breakout of Other Expense

*Expenses in millions*

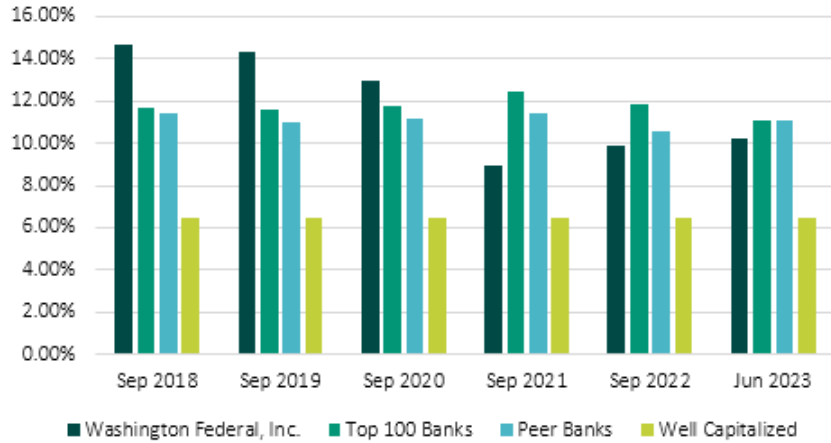


Other Expense includes:

- FDIC Premiums
- Product Delivery
- Information Technology
- Miscellaneous 'Other' line-item expenses include professional services, marketing and administrative costs.

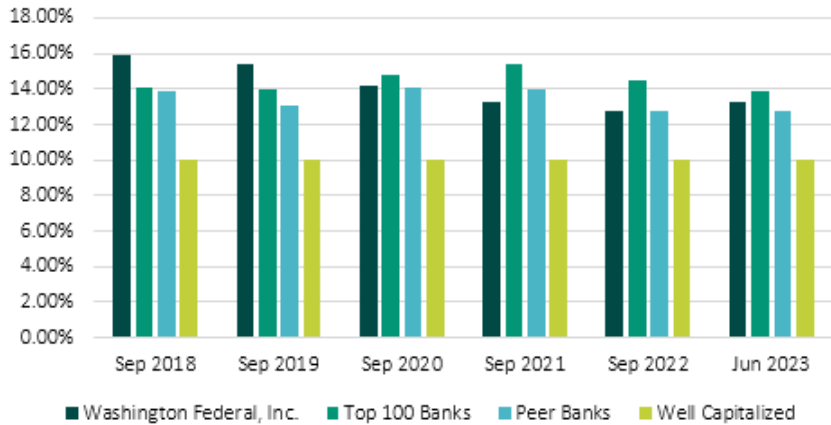
# Capital Ratios

## Common Equity Tier 1 Ratio

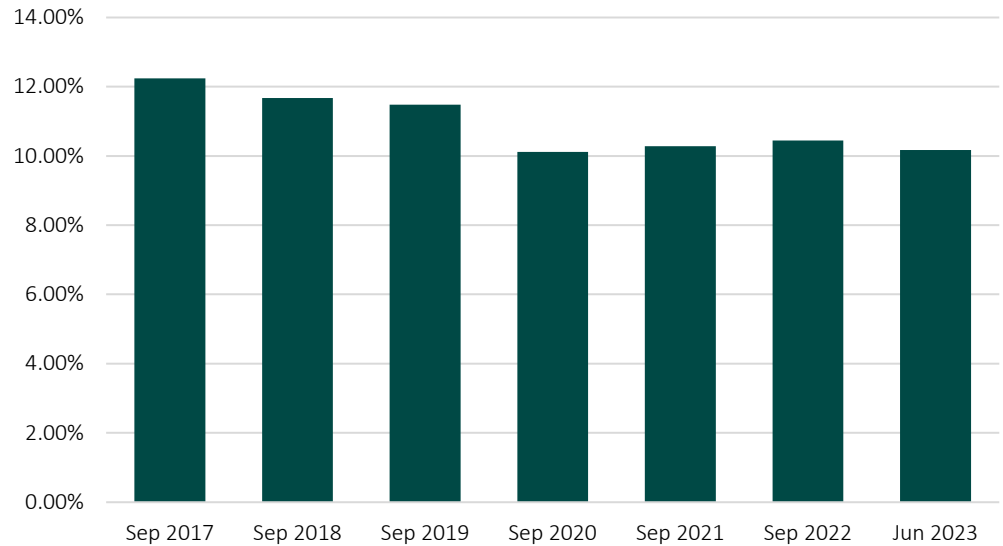


*WAFD does not seek to maximize leverage. Rather, we aspire to be the bank that can best weather the next storm on the horizon.*

## Total Risk-Based Capital



## TCE+ACL/Tang Assets



• Source: SNL Financial, Company Filings

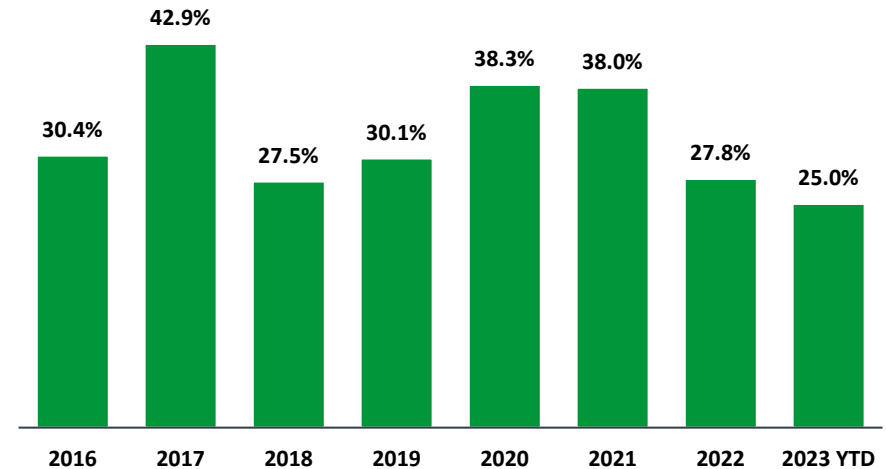
# Returning Capital to Shareholders

## Return of Income to Common Shareholders

	Net Income	Stock Buyback & Dividends	Percent of Income returned to Shareholders
2015	\$160,316	\$177,791	111%
2016	\$164,049	\$137,808	84%
2017	\$173,532	\$172,892	100%
2018	\$203,850	\$220,246	108%
2019	\$210,256	\$187,163	89%
2020	\$173,438	\$178,629	103%
2021	\$173,581	\$414,527 *	239%
2022	\$221,705	\$64,837	29%

\*Preferred stock issuance proceeds were used to repurchase 8 million shares

## Common Dividend as a % of Net Income

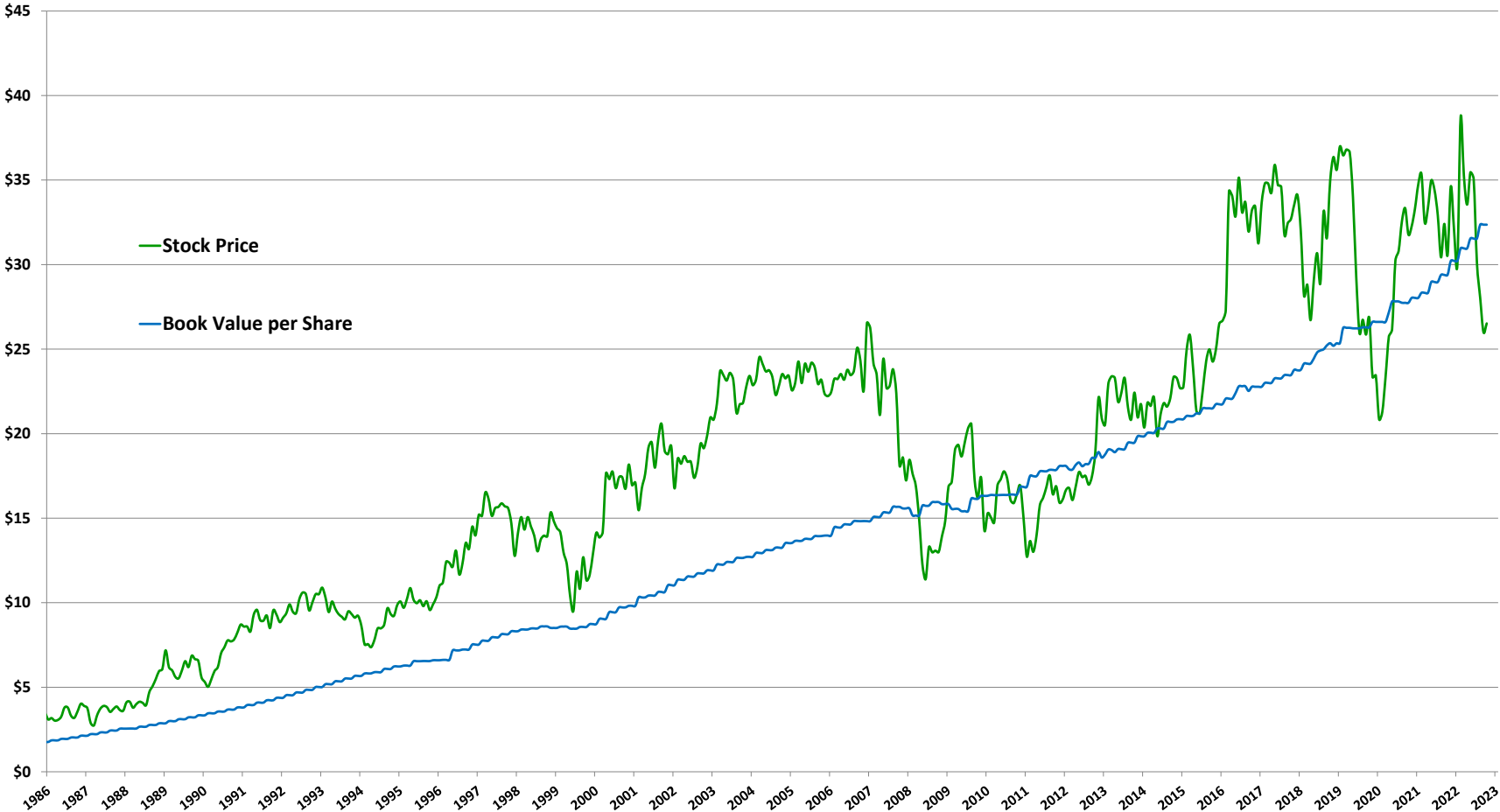


	# of Shares	Wtd Price Paid	% Outstanding at beginning of the year
2015	5,841,204	\$21.70	6%
2016	3,867,563	\$22.72	4%
2017	3,137,178	\$31.36	3%
2018	4,865,357	\$33.74	6%
2019	4,065,352	\$30.46	5%
2020	3,339,530	\$33.58	4%
2021	10,810,113	\$32.25	14%
2022	92,774	\$35.14	0.1%

## Recent Capital Activities

- Current cash dividend of \$0.25 provides a yield of 3.28% based on the current stock price (8/9)
- 1.2 million shares were repurchased fiscal YTD with a weighted price of \$26.14
- Since 2013, 48 million shares repurchased which is 45% of total outstanding shares as of 9/30/2012
- 2.6 million shares remain in buyback authorization

# Stock Price & Book Value Per Share



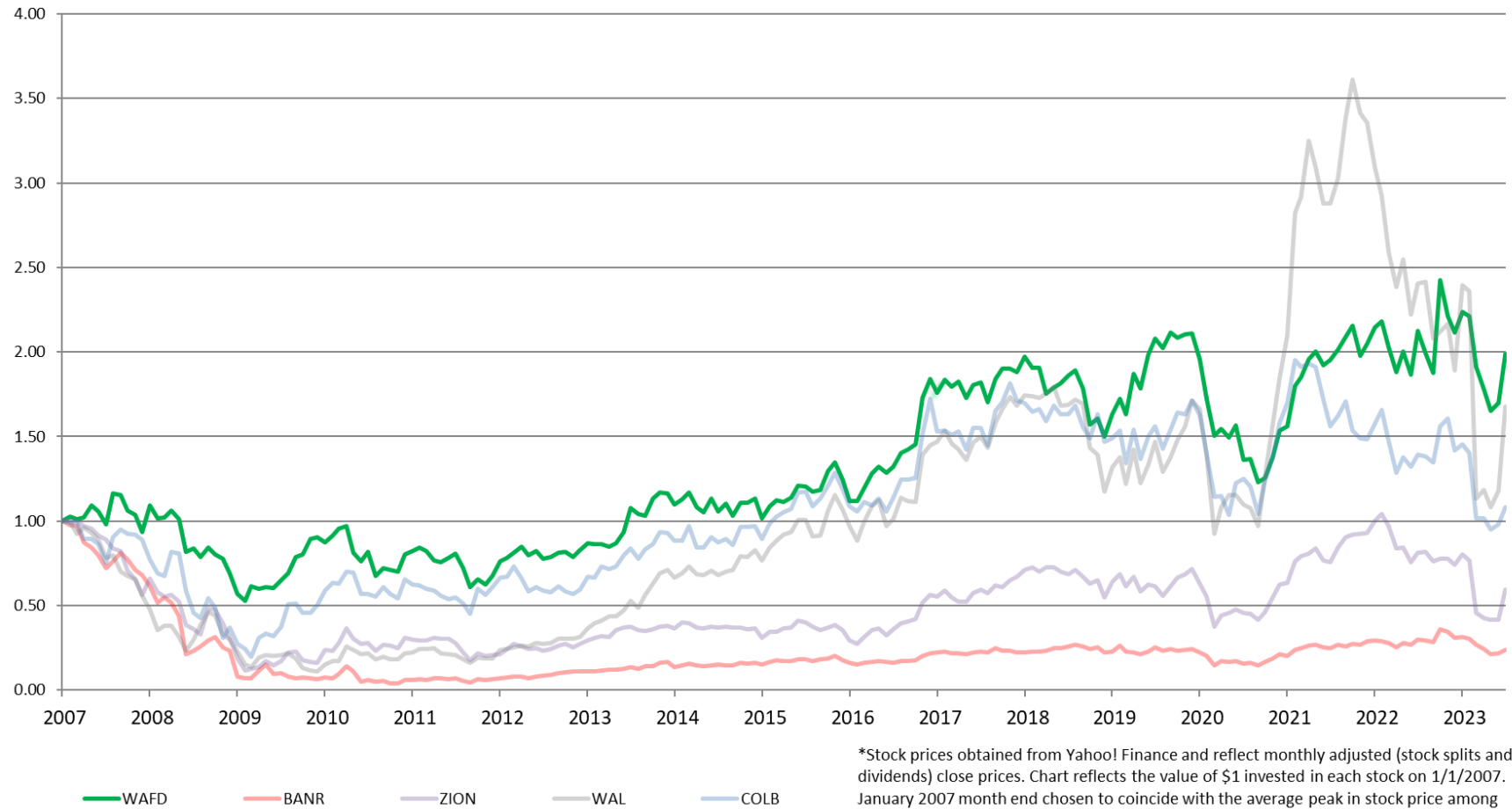
**As of 6/30/2023:**

Book Value per Share \$32.36  
Price to BV: 0.82

Tangible Book Value per Share \$27.58  
Price to TBV: 1.12

# Perspective through the last Credit Cycle

*Stock Performance Comparison as of 6/30/2023*



\*Stock prices obtained from Yahoo! Finance and reflect monthly adjusted (stock splits and dividends) close prices. Chart reflects the value of \$1 invested in each stock on 1/1/2007. January 2007 month end chosen to coincide with the average peak in stock price among the 5 banks.



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