Washington Federal Savings

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FOR IMMEDIATE RELEASE

Washington Federal Announces 4th Quarter Results

SEATTLE – Washington Federal, Inc. (Nasdaq: WFSL), parent company of Washington Federal Savings, today affirmed its previously announced net loss of $39,337,000 or $.45 per diluted share for the quarter ended September 30, 2008, compared to net income of $33,885,000 or $.39 per diluted share for the quarter ended September 30, 2007. For the year ended September 30, 2008 earnings were $62,332,000 or $.71 per diluted share, compared to $135,017,000 or $1.54 per diluted share for the year ended September 30, 2007, a 54% decrease in earnings.

The primary cause of the net loss for the quarter and the significant decrease in earnings for the year was an other than temporary impairment charge of $87.7 million pre tax on the Company's investment in Freddie Mac and Fannie Mae Preferred Stock. The value of these securities declined significantly after the U.S. Government placed both companies into conservatorship in September 2008. The securities have a new cost basis of approximately $2.5 million. Additionally, in response to increasing non-performing assets and a deteriorating housing market, the Company recorded a provision for loan losses of $60.5 million for the fiscal year, compared to $1.6 million for fiscal 2007.

The fiscal year produced a return on assets of .55%, while return on equity amounted to 4.59%. Fiscal 2007 produced a return on assets of 1.40%, while return on equity amounted to 10.46%. Non-performing assets totaled $164.2 million or 1.39% of assets as of September 30,

2008, an increase of $148.3 million over the prior year. Net charge-offs amounted to $15,160,000 for the year. The total allowance for loan losses increased during the year from $28.5 million to $85.1 million as of September 30,2008. Net interest spread increased from 2.05% at September 30, 2007 to 2.85% at September 30, 2008, contributing to the $43,606,000 increase in net interest income for the same period.

The fiscal year saw net loans outstanding grow by $1.3 billion or 16.0%. Deposits grew $1.2 billion or 19.6%. The primary driver of both loan and deposit growth during the year was the acquisition of First Mutual Bank on February 1, 2008. As of the date of acquisition, First Mutual had $945,351,000 in net loans, $744,182,000 in customer accounts, 169 employees and 12 offices primarily located on the rapidly growing east side of Seattle

Chief Executive Officer Roy M. Whitehead commented, "The Company was solidly profitable this year despite the significant one-time charge to the investment portfolio and materially higher credit costs. Of course we're disappointed to report our first quarterly loss since going public in 1982, yet it's important to note that the Company remains very well capitalized and on sound financial footing. We expect credit costs to continue at a higher than normal level, and also believe that growth in net interest income should allow us to report improved results in the 1st fiscal quarter."

On October 17, 2008, Washington Federal paid a cash dividend of $.21 per share to common stockholders of record on October 3rd, 2008. This was the Company's 103rd consecutive quarterly cash dividend.

During the quarter, Washington Federal opened a new branch in Bothell, Washington. This is the Company's second branch in the Bothell area.

Washington Federal Savings, with headquarters in Seattle, Washington, has 148 offices in eight western states.

To find out more about the Company, please visit our website. The Company uses its website to distribute financial and other material information about the Company, which is routinely posted on and accessible at www.washingtonfederal.com.

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

	September 30, 2008	September 30, 2007
	(In thousands, except per share data)	
ASSETS		
Cash and cash equivalents	**$ 82,600**	$ 61,378
Available-for-sale securities, including mortgage-backed securities of $1,434,835	**1,476,067**	1,515,688
Held-to-maturity securities, including mortgage-backed securities of $116,767	**124,537**	138,373
Loans receivable, net	**9,501,620**	8,188,278
Interest receivable	**54,365**	49,611
Premises and equipment, net	**133,357**	74,807
Real estate held for sale	**37,107**	4,873
FHLB stock	**144,874**	132,397
Intangible assets, net	**221,294**	107,245
Federal and state income taxes	**5,148**	-
Other assets	**15,456**	12,767
	$ 11,796,425	$ 10,285,417
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Customer accounts		
Savings and demand accounts	**$ 7,146,045**	$ 5,979,049
Repurchase agreements with customers	**23,494**	17,736
	7,169,539	5,996,785
FHLB advances	**1,998,308**	1,760,979
Other borrowings	**1,177,600**	1,075,000
Advance payments by borrowers for taxes and insurance	**37,206**	31,824
Federal and state income taxes	**-**	38,032
Accrued expenses and other liabilities	**81,098**	64,670
	10,463,751	8,967,290
Stockholders' equity		
Common stock, $1.00 par value, 300,000,000 shares authorized; **105,092,724** and 104,921,450 shares issued; **87,916,286** and 87,441,750 shares outstanding	**105,093**	104,921
Paid-in capital	**1,261,032**	1,254,490
Accumulated other comprehensive income (loss), net of taxes	**2,472**	(13,033)
Treasury stock, at cost; **17,176,438** and 17,479,700 shares	**(210,250)**	(213,934)
Retained earnings	**174,327**	185,683
	1,332,674	1,318,127
	$ 11,796,425	$ 10,285,417
CONSOLIDATED FINANCIAL HIGHLIGHTS		
Stockholders' equity per share	**$ 15.16**	$ 15.07
Stockholders' equity to total assets	**11.30%**	12.82%
Tangible stockholders' equity to tangible assets	**9.60**	11.90
Weighted average rates at period end		
Loans and mortgage-backed securities	**6.33%**	6.57%
Investment securities*	**2.78**	4.61
Combined loans, mortgage-backed securities and investment securities	**6.26**	6.50
Customer accounts	**3.25**	4.36
Borrowings	**3.77**	4.64
Combined cost of customer accounts and borrowings	**3.41**	4.45
Interest rate spread	**2.85**	2.05

* Includes municipal bonds at tax equivalent yields and cash equivalents

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

	Quarter Ended September 30,		Year Ended September 30,	
	2008	2007	**2008**	2007
	(In thousands, except per share data)			
INTEREST INCOME				
Loans	**$ 153,176**	$ 138,994	**$ 599,878**	$ 526,923
Mortgage-backed securities	**22,238**	19,262	**88,425**	75,478
Investment securities and cash equivalents	**2,090**	4,328	**13,125**	16,281
	177,504	162,584	**701,428**	618,682
INTEREST EXPENSE				
Customer accounts	**59,529**	65,139	**259,769**	243,837
FHLB advances and other borrowings	**33,718**	31,266	**137,872**	114,664
	93,247	96,405	**397,641**	358,501
Net interest income	**84,257**	66,179	**303,787**	260,181
Provision for loan losses	**36,800**	350	**60,516**	1,550
Net interest income after provision for loan losses	**47,457**	65,829	**243,271**	258,631
OTHER INCOME				
Gain on sale of loans	**83**	-	**517**	-
Other than temporary impairment charge	**(87,747)**	-	**(87,747)**	-
Gain on sale of real estate	**-**	-	**13,123**	-
Other	**3,585**	3,586	**14,916**	15,241
	(84,079)	3,586	**(59,191)**	15,241
OTHER EXPENSE				
Compensation and fringe benefits	**14,580**	11,576	**52,832**	43,566
Occupancy	**3,221**	2,266	**11,213**	8,720
Other	**6,697**	3,820	**23,175**	12,602
	24,498	17,662	**87,220**	64,888
Gain (loss) on real estate acquired through foreclosure, net	**(840)**	188	**(1,021)**	328
Income (loss) before income taxes	**(61,960)**	51,941	**95,839**	209,312
Income tax provision (benefit)	**(22,623)**	18,056	**33,507**	74,295
NET INCOME (LOSS)	**$ (39,337)**	$ 33,885	**$ 62,332**	$ 135,017
PER SHARE DATA				
Basic earnings (loss)	**$ (0.45)**	$ .39	**$ .71**	$ 1.55
Diluted earnings (loss)	**(0.45)**	.39	**.71**	1.54
Cash dividends	**.21**	.21	**.84**	.83
Weighted average number of shares outstanding, including dilutive stock options	**87,961,784**	87,657,256	**87,818,580**	87,696,225
PERFORMANCE RATIOS				
Return on average assets	**- 1.33%**	1.34%	**.55%**	1.40%
Return on average stockholders' equity	**- 11.52%**	10.39%	**4.59%**	10.46%
Net interest margin	**2.97%**	2.70%	**2.78%**	2.77%