

WASHINGTON FEDERAL INC
Form 10-Q
August 10, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2009**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-25454

WASHINGTON FEDERAL, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

425 Pike Street, Seattle, Washington 98101

(Address of principal executive offices and zip code)

(206) 624-7930

(Registrant's telephone number, including area code)

91-1661606
(I.R.S. Employer

Identification No.)

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(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of class:	at August 7, 2009
Common stock, \$1.00 par value	88,047,260

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WASHINGTON FEDERAL, INC. AND SUBSIDIARIES

PART I

Item 1. Financial Statements (Unaudited)

The Condensed Consolidated Financial Statements of Washington Federal, Inc. and Subsidiaries filed as a part of the report are as follows:

Consolidated Statements of Financial Condition as of June 30, 2009 and September 30, 2008 Page 3

Consolidated Statements of Operations for the quarter and nine months ended June 30, 2009 and 2008 Page 4

Consolidated Statements of Cash Flows for the nine months ended June 30, 2009 and 2008 Page 5

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	June 30, 2009	September 30, 2008
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 166,031	\$ 82,600
Available-for-sale securities, including encumbered securities of \$888,908 and \$762,857, at fair value	1,927,873	1,476,067
Held-to-maturity securities, including encumbered securities of \$86,475 and \$98,917, at amortized cost	109,690	124,537
Loans receivable, net	9,111,340	9,501,620
Interest receivable	51,975	54,365
Premises and equipment, net	133,746	133,357
Real estate held for sale	113,591	37,107
FHLB stock	144,494	144,874
Intangible assets, net	257,579	260,158
Other assets	26,299	15,456
	\$ 12,042,618	\$ 11,830,141
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Customer accounts		
Savings and demand accounts	\$ 7,622,452	\$ 7,146,045
Repurchase agreements with customers	48,528	23,494
	7,670,980	7,169,539
FHLB advances	2,087,099	1,998,308
Other borrowings	800,600	1,177,600
Advance payments by borrowers for taxes and insurance	22,726	37,206
Federal and state income taxes	5,669	33,716
Accrued expenses and other liabilities	61,463	81,098
	10,648,537	10,497,467
Stockholders' equity		
Common stock, \$1.00 par value, 300,000,000 shares authorized; 105,158,753 and 105,092,724 shares issued; 88,048,226 and 87,916,286 shares outstanding	105,159	105,093
Paid-in capital	1,264,753	1,261,032
Accumulated other comprehensive income, net of taxes	42,060	2,472
Treasury stock, at cost; 17,110,527 and 17,176,438 shares	(209,449)	(210,250)
Retained earnings	191,558	174,327
	1,394,081	1,332,674
	\$ 12,042,618	\$ 11,830,141

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents**WASHINGTON FEDERAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

	Quarter Ended June 30, 2009	2008	Nine Months Ended June 30, 2009	2008
	(In thousands, except per share data)			
INTEREST INCOME				
Loans	\$ 141,120	\$ 155,008	\$ 440,477	\$ 446,703
Mortgage-backed securities	27,919	22,407	81,572	66,187
Investment securities and cash equivalents	762	3,066	2,459	11,035
	169,801	180,481	524,508	523,925
INTEREST EXPENSE				
Customer accounts	44,062	66,195	151,096	200,241
FHLB advances and other borrowings	31,486	33,622	95,665	104,154
	75,548	99,817	246,761	304,395
Net interest income	94,253	80,664	277,747	219,530
Provision for loan losses	52,200	13,216	141,200	23,716
Net interest income after provision for loan losses	42,053	67,448	136,547	195,814
OTHER INCOME				
Gain on sale of loans		32		433
Gain on sale of real estate		3,164		11,876
Gain on sale of investments	959		959	
Other	4,386	4,364	12,949	12,578
	5,345	7,560	13,908	24,887
OTHER EXPENSE				
Compensation and fringe benefits	14,522	14,127	43,165	38,252
Occupancy	3,215	2,916	9,748	7,992
FDIC insurance	6,779	170	8,243	513
Other	6,417	6,440	19,423	15,963
	30,933	23,653	80,579	62,720
Gain (loss) on real estate acquired through foreclosure, net	(4,786)	72	(7,745)	(182)
Income before income taxes	11,679	51,427	62,131	157,799
Income taxes	5,646	18,258	23,564	56,130
NET INCOME	6,033	33,169	38,567	101,669
Preferred dividends and discounts	3,533		7,488	
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 2,500	\$ 33,169	\$ 31,079	\$ 101,669
PER SHARE DATA				
Basic earnings	\$.03	\$.38	\$.35	\$ 1.16

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Diluted earnings	.03	.38	.35	1.16
Cash dividends per share	.05	.21	.15	.63
Basic weighted average number of shares outstanding	88,047,527	87,789,556	88,011,571	87,619,645
Diluted weighted average number of shares outstanding, including dilutive stock options	88,082,467	87,811,275	88,043,422	87,756,490

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents**WASHINGTON FEDERAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	Nine Months Ended	
	June 30, 2009	June 30, 2008
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.	\$ 31,079	\$ 101,669
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization (accretion) of fees, discounts, premiums and intangible assets, net	3,285	1,459
Depreciation	3,825	2,940
Stock option compensation expense	900	947
Provision for loan losses	141,200	23,716
Loss (gain) on investment securities and real estate held for sale, net	6,596	(11,695)
Gain on sale of loans		(448)
Decrease in accrued interest receivable	2,390	466
Decrease in income taxes payable	(51,049)	(666)
FHLB stock dividends	(14)	(70)
Increase in other assets	(10,843)	(14,783)
Increase (decrease) in accrued expenses and other liabilities	(19,635)	6,495
Net cash provided by operating activities	107,734	110,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans originated		
Single-family residential	(597,649)	(644,514)
Construction - speculative	(64,779)	(187,576)
Construction - custom	(164,867)	(208,881)
Land - acquisition & development	(37,851)	(132,354)
Land - consumer lot loans	(10,769)	(19,998)
Multi-family	(72,758)	(82,615)
Commercial real estate	(94,938)	(27,571)
Commercial & industrial	(176,013)	