

WASHINGTON FEDERAL INC
Form 10-Q
August 06, 2010
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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, 2010

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 001-34654

WASHINGTON FEDERAL, INC.

(Exact name of registrant as specified in its charter)

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Washington
(State or other jurisdiction of
incorporation or organization)

91-1661606
(I.R.S. Employer
Identification No.)

425 Pike Street Seattle, Washington 98101

(Address of principal executive offices and zip code)

(206) 624-7930

(Registrant's telephone number, including area code)

(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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

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:
Common stock, \$1.00 par value

at August 2, 2010
112,473,960

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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, 2010 and September 30, 2009 Page 3

Consolidated Statements of Operations for the quarter and nine months ended June 30, 2010 and 2009 Page 4

Consolidated Statements of Cash Flows for the nine months ended June 30, 2010 and 2009 Page 5

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	June 30, 2010	September 30, 2009
	(Dollars in thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 1,128,943	\$ 498,388
Available-for-sale securities, including encumbered securities of \$871,704 and \$860,655, at fair value	2,255,787	2,201,083
Held-to-maturity securities, including encumbered securities of \$65,472 and \$80,717, at amortized cost	85,220	103,042
Loans receivable, net	8,577,791	8,983,430
Covered loans, net	558,593	0
Interest receivable	49,995	53,288
Premises and equipment, net	160,098	133,477
Real estate held for sale	180,786	176,863
Covered real estate held for sale	45,699	0
FDIC indemnification asset	154,247	0
FHLB stock	151,746	144,495
Intangible assets, net	258,120	256,797
Federal and state income taxes, net	9,928	0
Other assets	92,942	31,612
	\$ 13,709,895	\$ 12,582,475
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Customer accounts		
Savings and demand accounts	\$ 8,831,525	\$ 7,786,467
Repurchase agreements with customers	55,222	55,843
	8,886,747	7,842,310
FHLB advances	2,067,444	2,078,930
Other borrowings	800,000	800,600
Advance payments by borrowers for taxes and insurance	24,175	38,376
Federal and state income taxes, net	0	18,075
Accrued expenses and other liabilities	95,782	58,699
	11,874,148	10,836,990
Stockholders equity		
Common stock, \$1.00 par value, 300,000,000 shares authorized; 129,546,736 and 129,320,072 shares issued; 112,474,412 and 112,247,748 shares outstanding	129,547	129,320
Paid-in capital	1,578,132	1,574,555
Accumulated other comprehensive income, net of taxes	55,028	54,431
Treasury stock, at cost; 17,072,324 shares	(208,985)	(208,985)
Retained earnings	282,025	196,164
	1,835,747	1,745,485
	\$ 13,709,895	\$ 12,582,475

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

	Quarter Ended June 30, 2010	2009	Nine Months Ended June 30, 2010	2009
	(Dollars in thousands, except per share data)			
INTEREST INCOME				
Loans & covered loans	\$ 141,744	\$ 141,120	\$ 421,513	\$ 440,477
Mortgage-backed securities	21,790	27,919	70,169	81,572
Investment securities and cash equivalents	3,837	762	6,394	2,459
	167,371	169,801	498,076	524,508
INTEREST EXPENSE				
Customer accounts	37,682	44,062	111,865	151,095
FHLB advances and other borrowings	30,404	31,486	92,120	95,665
	68,086	75,548	203,985	246,760
Net interest income	99,285	94,253	294,091	277,748
Provision for loan losses	20,736	52,200	153,909	141,200
Net interest income after provision for loan losses	78,549	42,053	140,182	136,548
OTHER INCOME				
Gain on FDIC-assisted transaction	0	0	85,608	0
Gain on sale of investments	0	959	20,428	959
Other	5,154	4,386	14,409	12,949
	5,154	5,345	120,445	13,908
OTHER EXPENSE				
Compensation and benefits	16,756	14,522	54,570	43,165
Occupancy	3,711	3,215	10,358	9,748
FDIC premiums	4,874	6,779	13,313	8,243
Other	7,536	6,417	21,574	19,424
	32,877	30,933	99,815	80,580
Loss on real estate acquired through foreclosure, net	(31,031)	(4,786)	(60,386)	(7,745)
Income before income taxes	19,795	11,679	100,426	62,131
Income tax provision (benefit)	7,127	5,646	(2,264)	23,564
NET INCOME	12,668	6,033	102,690	38,567
Preferred dividends accrued	0	3,533	0	7,488
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 12,668	\$ 2,500	\$ 102,690	\$ 31,079

PER SHARE DATA

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Basic earnings	\$.11	\$.03	\$.91	\$.35
Diluted earnings		.11		.03		.91		.35
Cash dividends per share		.05		.05		.15		.15
Basic weighted average number of shares outstanding		112,470,205		88,047,527		112,424,364		88,011,571
Diluted weighted average number of shares outstanding, including dilutive stock options		112,705,160		88,082,467		112,693,009		88,043,422

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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WASHINGTON FEDERAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended	
	June 30,	June 30,
	2010	2009
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 102,690	\$ 31,079
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization (accretion) of fees, discounts, premiums and intangible assets, net	83,628	3,285
Depreciation		