Risk Factors Comparison 2023-11-17 to 2022-11-18 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

• fluctuating interest rates and the impact of inflation on the Company' s business and financial results; • **risks related to the Company' s pending merger with Luther Burbank Corporation; •** the effects of and changes in monetary and fiscal policies of the Board of Governors of the Federal Reserve System and the U. S. Government **; • economic uncertainty or a deterioration in economic conditions or slowdowns in economic growth** , including responses to the COVID- 19 pandemic **financial stress on borrowers (consumers and businesses) as a result of higher interest rates or an uncertain economic environment** ; • global economic trends, including developments related to Ukraine and Russia **, Israel and Gaza** , and related negative financial impacts on our borrowers, the financial markets and the global economy; • our ability to make accurate assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the assets securing these loans; • risks related to operational, technological, and third- party provided technology infrastructure **;** • risks associated with cybersecurity incidents and threat actors; • the effects of natural or man- made disasters, calamities, or conflicts, including terrorist events and pandemics (such as the COVID- 19 pandemic), and the resulting governmental and societal responses, including on our asset credit quality and business operations, as well as its impact on general economic and financial market conditions ; • risks associated with our participation in the Paycheck Protection Program ; • risks associated with our failure to retain or attract key employees; • risks associated with failures of our risk management framework; • risks related to the impacts of climate change on our business or reputation ; **.** Regulatory and Litigation Risk: • Unanticipated effects and expenses related to the completed charter conversion of the Bank from a federal to a state charter; • the Company' s ability to manage the risks and costs involved in the remediation efforts to the Bank' s Home Mortgage Disclosure Act (" HMDA ") compliance and reporting, and the impact of enforcement actions or legal proceedings with respect to the Bank' s HMDA program; • non- compliance with the USA PATRIOT Act, Bank Secrecy Act, Real Estate Settlement Procedures Act, Truth- in- Lending Act, Community Reinvestment Act, Fair Lending Laws, Flood Insurance Reform Act or other laws and regulations; • legislative and regulatory limitations, including those arising under the Dodd- Frank Act, the Washington Commercial Bank Act and potential limitations in the manner in which the Company conducts its business and undertakes new investments and activities; • **risks associated with increases to deposit insurance premiums or special assessments; •** litigation risks resulting in significant expenses, losses and reputational damage; • environmental risks resulting from our real estate lending business ; **.** Market and Industry Risk: • **eroding confidence** Risks associated with our geographic concentration, including the effects of a severe economic downturn, including high unemployment rates and declines in housing prices **the banking system** and **regional banks** property values, in **particular** our primary market areas ; • downturns in the real estate market; • changes in other economic, competitive, governmental, regulatory and technological factors affecting the Company' s markets, operations, pricing, products, services and fees; • risks associated with inadequate or faulty underwriting and loan collection practices; • changes in banking operations, including a shift from retail to online activities; • fluctuations in interest rate risk **risks associated with our geographic concentration, including the effects of a severe economic downturn, including high unemployment rates** and changes **declines** in **housing prices and property values, in our primary** market **areas** interest rates, including risk related to LIBOR reform, risk of an inverted yield curve and the effect on our net interest income and net interest margin ; • industry deficiencies in foreclosure practices, including delays and challenges in the foreclosure process; **• impairment of goodwill.** Competitive Risks: • **competition from** Our ability to effectively compete with government sponsored enterprises entering the market, other financial institutions and new market participants **, offering services similar to those offered by the Bank** ; • our ability to grow organically or through acquisitions; **• risks associated with our entry into the California market.** Security Ownership Risks: • Our **our** ability to continue to pay dividends, including on our outstanding Series A Preferred Stock **;** • risks related to the volatility of our common **Common** stock **Stock** , and future dilution; • effects of activist **the Company' s** shareholders **will have less influence as a shareholder of the combined company than as a shareholder of Company, if the merger with Luther Burbank obtains regulatory approval** ; • the ability of the Company to obtain external financing to fund its operations or obtain financing on favorable terms; **• risks related to Washington' s anti- takeover statute; • effects of activist shareholders.** General Risks: • the success of the Company at managing the risks involved in the foregoing and managing its business; and • the timing and occurrence or non- occurrence of events that may be subject to circumstances beyond the Company' s control. For the reasons described above, we caution you against relying on any forward- looking statements. You should not consider the summary of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, all forward- looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update or revise any forward- looking statements to reflect changed assumptions, the occurrence of unanticipated events, changes to future operating results over time, or the impact of circumstances arising after the date the forward- looking statement was made. Item 1. Business Washington Federal Bank, a federally- insured Washington state chartered commercial bank dba WaFd Bank (the " **"** Bank " **"** or " **"** WaFd Bank " **"**), was founded on April 24, 1917 in Ballard, Washington and is engaged primarily in providing lending, depository, insurance and other banking services to consumers, mid- sized to large businesses, and owners and developers of commercial real estate. **WaFd** Washington Federal , Inc., a Washington corporation **,** was formed as the Bank' s holding company in November, 1994 **under the name Washington Federal, Inc. On September 27, 2023, the Company filed Articles of Amendment to its Restated Articles of Incorporation, as amended, with the Washington Secretary of State, to change its name from**

Washington Federal, Inc. to WaFd, Inc. This change was effective on September 29, 2023. As used throughout this document, the terms **" WaFd** ~~“ Washington Federal~~, ~~”~~**"** the ~~“~~**"** Company ~~”~~**"** or" we" or" us" and" our" refer to **WaFd** ~~the Washington Federal~~, Inc. and its consolidated subsidiaries, and the term ~~“~~**"** Bank ~~”~~**"** or" WaFd Bank" refers to the operating subsidiary ~~, Washington Federal Bank~~. The Company is headquartered in Seattle, Washington ~~. On January 3, 2022, the Bank announced that it had applied to the Washington State Department of Financial Institutions (the" WDFI") to convert from a national association to a non- Federal Reserve member Washington state- chartered bank. The Bank completed the conversion of its charter from a national bank charter, supervised by the Office of the Comptroller of the Currency, to a Washington state chartered commercial bank effective February 4, 2022. The Bank cancelled its holdings of stock in the Federal Reserve Bank of San Francisco as part of the conversion and its legal name changed from “ Washington Federal Bank, National Association ” to “ Washington Federal Bank. ” As a result of the conversion, the WDFI is the Bank' s primary state regulator and the Federal Deposit Insurance Corporation (the" FDIC") is the Bank' s primary federal regulator. The Federal Reserve will continue to regulate the Bank' s holding company, Washington Federal, Inc~~. On November 9, 1982 the Company listed and began trading on the NASDAQ. Profitable operations have been recorded every year since going public. As of September 30, ~~2022~~ **2023**, the stock traded at ~~81~~ **69** times its original 1982 offering price, has paid ~~158~~ **162** consecutive quarterly cash dividends and has returned ~~13~~ **12**, ~~079~~ **425** % total shareholder return to those who invested ~~40~~ **41** years ago. The Company' s fiscal year end is September 30th. All references herein to **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ represent balances as of September 30, ~~2022~~ **2023**, September 30, ~~2021~~ **2022** and September 30, ~~2020~~ **2021**, respectively, or activity for the fiscal years then ended. The business of the Bank consists primarily of accepting deposits from the general public and investing these funds in loans of various types, including first lien mortgages on single- family dwellings, construction loans, land acquisition and development loans, loans on multi- family, commercial real estate and other income producing properties, home equity loans and business loans. The Bank also invests in certain United States government and agency obligations and other investments permitted by applicable laws and regulations. As of September 30, ~~2022~~ **2023**, Washington Federal Bank has ~~201~~ **198** branches located in Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas. Through the Bank' s subsidiaries, the Company is also engaged in insurance brokerage activities. The principal sources of funds for the Company' s activities are retained earnings, loan repayments, net deposit inflows, borrowings and repayments and sales of investments. **WaFd** ~~Washington Federal~~' s principal sources of revenue are interest on loans and interest and dividends on investments. Its principal expenses are interest paid on deposits, credit costs, general and administrative expenses, interest on borrowings and income taxes **. The Bank is subject to extensive regulation, supervision and examination by the Washington State Department of Financial Institutions (the" WDFI"), its primary state regulator, the Consumer Financial Protection Bureau (the" CFPB") and the Federal Deposit Insurance Corporation (" FDIC"), which insures its deposits up to applicable limits. The Company, as a bank holding company, is subject to extensive regulation, supervision and examination by the Board of Governors of the Federal Reserve System (" Federal Reserve")**. The regulatory structure gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities. Any change in such regulation, whether by the WDFI, the FDIC, the Federal Reserve, the CFPB or the U. S. Congress, could have a significant impact on the Company and its operations. See “ Regulation ” section below. Lending Activities General. The Company' s net loan portfolio totaled $ ~~16~~ **17**, ~~113~~ **476**, ~~564~~ **550**, 000 at September 30, ~~2022~~ **2023** and represents 77. ~~6~~ **8** % of total assets. Lending activities include the origination of loans secured by real estate, including long- term fixed- rate and adjustable- rate mortgage loans, adjustable- rate construction loans, adjustable- rate land development loans, fixed- rate and adjustable- rate multi- family loans, fixed- rate and adjustable- rate commercial real estate loans and fixed- rate and adjustable- rate business loans. The following table is a summary of loans receivable by loan portfolio segment and class. September 30, **2023September 30,** 2022September 30, 2021September 30, 2020September 30, ~~2019September 30, 2018~~ **2019** ($ in thousands) Gross loans by categoryCommercial loans Multi- family $ 2, **907, 086 14. 8 % $ 2,** 645, 801 13. 6 % $ 2, 291, 477 14. 1 % $ 1, 538, 762 10. 6 % $ 1, 422, 674 10. 7 % ~~$ 1, 385, 125 10. 8 %~~ Commercial real estate3, **344, 959 17. 0 3,** 133, 660 16. 2 2, 443, 845 15. 0 1, 895, 086 13. 1 1, 631, 170 12 ~~. 3 1, 452, 168 11~~. 3 Commercial & industrial2, **321, 717 11. 8 2,** 350, 984 12. 1 2, 314, 654 14. 2 2, 132, 160 14. 7 1, 268, 695 9. 5 ~~1~~ **Construction3**, ~~140~~ **318**, ~~874 8~~ **994 16**. 9 ~~Construction3~~ **3**, 784, 388 19. 5 2, 888, 214 17. 7 2, 403, 276 16. 6 2, 038, 052 15. 3 ~~1, 890, 668 14. 7~~ Land- acquisition & ~~development291~~ **development201 , 538 1. 0 291**, 301 1. 5 222, 457 1. 4 193, 745 1. 3 204, 107 1. 5 ~~155, 204 1. 2~~ Total commercial loans12, **094, 294 61. 6 12,** 206, 134 63. ~~1~~ **0** 10, 160, 647 62. 3 8, 163, 029 56. 4 6, 564, 698 49. 3 ~~6, 024, 039 46. 9~~ Consumer loans Single- family ~~residential5~~ **residential6 , 451, 270 32. 8 5**, 771, 862 29. 8 4, 951, 627 30. 4 5, 304, 689 36. 7 5, 835, 194 43. 8 ~~5, 798, 966 45. 1~~ Construction- ~~custom974~~ **custom672 , 643 3. 4 974**, 652 5. 0 783, 221 4. 8 674, 879 4. 7 540, 741 4. 1 ~~624, 479 4. 9~~ Land- consumer lot ~~loans153~~ - **loans125 , 723 0. 6 153**, 240 0. 8 149, 956 0. 9 102, 263 0. 7 99, 694 0. 7 ~~102, 036 0. 8 HELOC203~~ - **HELOC234 , 410 1. 2 203**, 528 1. 0 165, 989 1. 0 139, 703 1. 0 142, 178 1. 1 ~~130~~ **Consumer70**, **164** ~~852 1.~~ 0 ~~Consumer75~~ **. 4 75**, 543 0. 4 87, 892 0. 5 83, 159 0. 6 129, 883 1. 0 ~~173, 306 1. 3~~ Total consumer loans7, **554, 210 38. 4 7,** 178, 825 ~~36~~ **37**. ~~9~~ **0** 6, 138, 685 37. 7 6, 304, 693 43. 6 6, 747, 690 50. 7 ~~6, 829, 639 53. 1~~ Total gross loans19 **, 648, 504 100 % 19**, 384, 959 100 % 16, 299, 332 100 % 14, 467, 722 100 % 13, 312, 388 ~~100 % 12, 853, 678~~ 100 % Less: Allowance for credit losses (1) **177, 207** 172, 808 171, 300 166, 955 131, 534 ~~129, 257~~ Loans in ~~process3~~ **process1 , 895, 940 3**, 006, 023 2, 232, 836 1, 456, 072 1, 201, 341 ~~1, 195, 506~~ Net deferred fees, costs and ~~discounts92~~ **discounts98 , 807 92**, 564 61, 626 52, 378 48, 938 ~~51, 834~~ Total loan contra ~~accounts3~~ **accounts2 , 171, 954 3**, 271, 395 2, 465, 762 1, 675, 405 1, 381, 813 ~~1, 376, 597~~ Net loans $ **17, 476, 550 $** 16, 113, 564 $ 13, 833, 570 $ 12, 792, 317 $ 11, 930, 575 ~~$ 11, 477, 081~~ ____________________ (1) The **ACL within the table does not include the the** reserve for unfunded commitments **which** was $ **24, 500, 000, $** 32, 500, 000, $ 27, 500, 000, $ 25, 000, 000 ~~,~~ **and** $ 6, 900, 000 ~~and $ 7, 250, 000~~ as of September 30, **2023,** 2022, 2021, 2020 ~~,~~ **and** 2019 ~~and 2018~~ respectively. Lending Programs and Policies. The Bank' s lending activities include commercial and consumer loans, including the following loan categories. Multi- family residential loans. Multi- family residential (five or more dwelling units) loans generally are secured by multi- family rental properties, such

as apartment buildings. In underwriting multi- family residential loans, the Bank considers a number of factors, which include the projected net cash flow to the loan' s debt service requirement, the age and condition of the collateral, the financial resources and income level of the borrower and the borrower' s experience in owning or managing similar properties. Multi- family residential loans are originated in amounts up to 80 % of the appraised value of the property securing the loan. Loans secured by multi- family residential real estate generally involve different credit risk than single- family residential loans and carry larger loan balances. This different credit risk is a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the effects of general economic and societal conditions on income- producing properties, the primary source of cash flow for repayment being spread across multiple tenants, the effects of government orders such as eviction forbearance and the increased difficulty of evaluating and monitoring these types of loans. Repayment of loans secured by multi- family mortgages typically depends upon the successful operation of the related real estate property. If the cash flow from the project is reduced, the borrower' s ability to repay the loan may be impaired. The Bank seeks to minimize these risks through its underwriting policies, which require such loans to be qualified at origination on the basis of the property' s income and debt service ratio. It is the Bank' s policy to obtain title insurance ensuring that it has a valid first lien on the mortgaged real estate serving as collateral for the loan. Borrowers must also obtain hazard insurance prior to closing and, when required by regulation, flood insurance. Borrowers may be required to advance funds on a monthly basis, together with each payment of principal and interest, to a mortgage escrow account from which the Bank makes disbursements for items such as real estate taxes, hazard insurance premiums and private mortgage insurance premiums when due. Commercial and industrial loans. The Bank makes various types of business loans to customers in its market area for working capital, acquiring real estate, equipment or other business purposes, such as acquisitions. The terms of these loans generally range from less than one year to a maximum of ten years. The loans are either negotiated on a fixed- rate basis or carry adjustable interest rates indexed to the ~~LIBOR~~ **Secured Overnight Funding** ~~rate~~ **Rate** ~~,~~ **("** SOFR ~~rate~~ **")** , ~~BSBY rate, prime~~ **Prime** ~~rate~~ **Rate** or another market ~~rate. In most cases, loan agreements indexed to the LIBOR rate include language that will provide for a replacement for LIBOR as the index~~ rate. Commercial loans are made based upon assessment of the borrower' s ability and willingness to repay along with an evaluation of secondary repayment sources such as the value and marketability of collateral. Most such loans are extended to closely held businesses and the personal guaranty of the ~~principals~~ - **principal** is usually obtained. Commercial loans have a relatively high risk of default compared to residential real estate loans. Pricing of commercial loans is based on the credit risk of the borrower with consideration given to the overall relationship of the borrower, including deposits and contributed equity / loan- to- value ratio. The acquisition of business deposits is an important focus of this business line. The Bank provides a full line of treasury management products to support the depository needs of its clients ~~. The Company also participated in the Small Business Administration' s Paycheck Protection Program and made various business loans under this program~~ . Construction loans. The Bank originates construction loans to finance construction of single- family and multi- family residences as well as commercial properties. Loans made to builders are generally tied to an interest rate index and normally have maturities of two years or less or are structured such that they convert to a permanent loan after the completion of construction or stabilization of the property. Loans made to individuals for construction of their home generally are 30 **-** year fixed rate loans. The Bank' s policies provide that for residential construction loans, loans may be made for 85 % or less of the **construction cost or 80 % of the** appraised value of the property upon completion **, whichever is less** . As a result of activity over the past four decades, the Bank believes that builders of single- family residences in its primary market areas consider the Bank to be a construction lender of choice. Because of this history, the Bank has developed a staff with in- depth land development and construction experience and working relationships with selected builders based on their operating histories and financial stability. Construction lending involves a higher level of risk than single- family residential lending due to the concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions in the home building industry. Moreover, a construction loan can involve additional risks because of the complexities of completing the construction, the inherent difficulty in estimating both the ~~estimated~~ cost (including interest) of the project and the property' s value at completion of the project. Land development loans. The Bank' s land development loans are of a short- term nature and are generally made for 75 % or less of the appraised value of the unimproved property. Funds are disbursed periodically at various stages of completion as authorized by the ~~Company~~ **Bank** ' s personnel. The interest rate on these loans typically adjust daily or monthly in accordance with a designated index. Land development loans involve a higher degree of credit risk than long- term financing on owner- occupied real estate. Mitigation of risk of loss on a land development loan is dependent largely upon the accuracy of the initial estimate of the property' s value at completion of development compared to the estimated cost (including interest) of development and the financial strength of the borrower. Permanent land loans. The Bank' s permanent land loans (also called consumer lot loans) are generally made on improved land, with the intent of building a primary or secondary residence. These loans are limited to 70 % or less of the appraised value of the property, up to a maximum loan amount of $ 700, 000. The interest rate on permanent land loans is generally fixed for 20 years. Single- family residential loans. The Bank originates 30 **-** year fixed- rate mortgage loans secured by single- family residences. Moreover, it is the Bank' s general policy to include in the documentation evidencing its conventional mortgage loans a due- on- sale clause, which facilitates adjustment of interest rates on such loans when the property securing the loan is sold or transferred. All of the Bank' s mortgage lending is subject to written, nondiscriminatory underwriting standards, loan origination procedures and lending policies approved by the Company' s Board of Directors (the" Board"). Property valuations are required on all real estate loans. Appraisals are prepared by independent appraisers, reviewed by staff of the Bank, and approved by the Bank' s management. Property evaluations are sometimes utilized in lieu of appraisals on single- family real estate loans of $ 250, 000 or less and are reviewed by the Bank' s staff. Detailed loan applications are obtained to determine the borrower' s ability to repay and the more significant items on these applications are verified through the use of credit reports, financial statements or written confirmations. Depending on the size of the loan involved, a varying number of officers of the Bank must approve the loan application before the loan can be granted. Federal guidelines limit the

amount of a real estate loan made to a specified percentage of the value of the property securing the loan, as determined by an evaluation at the time the loan is originated. This is referred to as the loan- to- value ratio. The Board sets the maximum loan- to- value ratios for each type of real estate loan offered by the Bank. When establishing general reserves for loans with loan- to- value ratios exceeding 80 % that are not insured by private mortgage insurance, the Bank considers the additional risk inherent in these products, as well as their relative loan loss experience, and provides reserves when deemed appropriate. The total balance for loans with loan- to- value ratios exceeding 80 % at origination as of September 30, ~~2022~~ **2023** , was $ ~~177~~ **271** , ~~087~~ **020** , 000, with allocated reserves of $ ~~1~~ **2** , ~~578~~ **442** , 000. Consumer loans. The Bank' s non- mortgage consumer loan portfolio consists of prime quality student loans acquired from an independent financial investment firm that retains 1 % of each loan, plus various other non- mortgage consumer loans including personal lines of credit and credit cards. Home equity loans. The Bank extends revolving lines of credit to consumers that are secured by a first or second mortgage on a single **-** family residence. The interest rate on these loans adjusts monthly indexed to prime. Total loan- to- value ratios when combined with any underlying first liens held by the Bank are limited to 85 % or less. Total loan- to- value ratios are limited to 80 % or less when underlying first liens are held by any other investor. Loan terms are a ten **-** year draw period followed by a fifteen year amortization period. Origination and Purchase of Loans. The Bank has general authority to lend anywhere in the United States; however, its primary lending areas are within the states of Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas. Loan originations come from a variety of sources. Residential loan originations result from referrals from real estate brokers, walk- in customers, purchasers of property in connection with builder projects that are financed by the Bank, mortgage brokers and refinance activity for existing customers. Business purpose loans are obtained primarily by direct solicitation of borrowers and ongoing relationships. The Bank also purchases loans and mortgage- backed securities when lending rates and mortgage volume for new loan originations in its market area do not fulfill its needs. The table below shows the ~~Company~~ **Bank** ' s total loan origination, purchase and repayment activities. Twelve Months Ended September 30, ~~20222021202020192018~~ ---- **20232022202120202019** (In thousands) Commercial loan originations (1) Multi- family $ **136, 788 $** 675, 534 $ 821, 426 $ 403, 118 $ 210, 589 ~~$ 272, 046~~ Commercial Real ~~Estate880~~ **Estate223, 361 880** , 850 673, 117 466, 322 343, 172 ~~274, 242~~ Commercial & Industrial2, **032, 460 2,** 569, 682 2, 509, 512 2, 168, 908 1, 020, 296 ~~869, 337 Construction2~~ **Construction1 , 046, 971 2** , 486, 387 2, 178, 260 1, 457, 602 1, 271, 167 ~~1, 068, 443~~ Land – Acquisition & ~~Development175~~ **Development34 , 946 175** , 234 124, 871 88, 379 123, 758 ~~85, 208~~ Total commercial ~~loans6~~ **loans3 , 474, 526 6** , 787, 687 6, 307, 186 4, 584, 329 2, 968, 982 ~~2, 569, 276~~ Consumer loan originations (1) Single- family ~~residential892~~ **residential610 , 130 892** , 608 938, 822 910, 571 547, 057 ~~621, 431~~ Construction – ~~custom765~~ - **custom346 , 784 765** , 696 621, 928 576, 342 457, 328 ~~523, 951~~ Land – Consumer Lot ~~Loans61~~ **Loans21 , 133 61** , 731 94, 388 51, 678 37, 125 ~~33, 820 HELOC171~~ **HELOC154 , 030 171** , 393 130, 988 93, 285 101, 399 ~~82, 508 Consumer57~~ - **Consumer95 , 553 57** , 078 91, 421 4, 395 8, 580 ~~3, 008~~ Total consumer loans1, **227, 630 1,** 948, 506 1, 877, 547 1, 636, 271 1, 151, 489 ~~1, 264, 718~~ Total loans ~~originated8~~ **originated4 , 702, 156 8** , 736, 193 8, 184, 733 6, 220, 600 4, 120, 471 ~~3, 833, 994~~ Loans ~~purchased564~~ **purchased80 , 015 564** , 584 488, 147 15, 456 — ~~143, 605~~ Loan principal repayments (**4, 435, 269) (** 6, 194, 448) (6, 797, 043) (5, 096, 622) (3, 638, 622) ~~(3, 335, 896)~~ Net change in loans in process, discounts, etc. (2) **1, 016, 084** (826, 335) (834, 584) (277, 692) (28, 355 ~~) (47, 244~~) Net loan activity increase (decrease) $ **1, 362, 986 $** 2, 279, 994 $ 1, 041, 253 $ 861, 742 $ 453, 494 ~~$ 594, 459~~ Beginning balance $ **16, 113, 564 $** 13, 833, 570 $ 12, 792, 317 $ 11, 930, 575 $ 11, 477, 081 ~~$ 10, 882, 622~~ Ending balance $ **17, 476, 550 $** 16, 113, 564 $ 13, 833, 570 $ 12, 792, 317 $ 11, 930, 575 ~~$ 11, 477, 081~~ ____________________ (1) Includes undisbursed loan in process. (2) Includes non- cash transactions. Interest Rates, Loan Fees and Service Charges. Interest rates charged by the Bank on mortgage loans are primarily determined by the competitive loan rates offered in its lending areas and in the secondary market. Mortgage loan rates reflect factors such as general interest rates, the supply of money available to the industry and the demand for such loans. General economic conditions, the regulatory programs and policies of federal and state agencies, including the Federal Reserve Bank' s monetary policies, changes in tax laws and governmental budgetary programs influence these factors. The Bank receives fees for originating loans in addition to various fees and charges related to existing loans, including prepayment charges, late charges and assumption fees. In making one- to- four- family home mortgage loans, the Bank normally charges an origination fee and as part of the loan application, the borrower pays the Bank for out- of- pocket costs, such as the appraisal fee, whether or not the borrower closes the loan. The interest rate charged is normally the prevailing rate at the time the loan application is approved and accepted. In the case of construction loans, the Bank normally charges an origination fee. Loan origination fees and other terms of multi- family residential loans are individually negotiated. Investment Activities The Bank is obligated by its regulators to maintain adequate liquidity and does so by holding cash and cash equivalents and by investing in securities. These investments may include, among other things, certain certificates of deposit, repurchase agreements, bankers' acceptances, loans to financial institutions whose deposits are federally- insured, federal funds, United States government and agency obligations and mortgage- backed securities. Sources of Funds General. Deposits are the primary source of the Bank' s funds for use in lending and other general business purposes. In addition to deposits, the Bank derives funds from loan repayments, advances from the Federal Home Loan Bank of Des Moines (" FHLB"), ~~other~~ borrowings **from the Federal Reserve Bank (" FRB")** , and from investment repayments and sales. Loan repayments are a relatively stable source of funds, while deposit inflows and outflows are influenced by general interest rates, money market conditions, the availability of FDIC insurance and the market perception of the Company' s financial stability. Borrowings may be used on a short- term basis to compensate for reductions in normal sources of funds, such as deposit inflows at lower than projected levels. Borrowings may also be used on a longer- term basis to support expanded activities and to manage interest rate risk. Borrowing capacity and availability is influenced by interest rates, market conditions, availability of collateral and the market' s perception of the Bank' s financial stability. Deposits. The Bank relies on a mix of deposit types, including business and personal checking accounts, term certificates of deposit, and other savings deposit alternatives that have no fixed term, such as money market accounts and passbook savings accounts. The Bank offers several consumer checking account products, both interest bearing and non- interest

bearing and three business checking accounts, two of which target small businesses with relatively simple and straightforward banking needs and one for larger, more complex business depositors with an account that prices monthly based on the volume and type of activity. Savings and money market accounts are offered to both businesses and consumers, with interest paid after certain threshold amounts are exceeded. The Bank' s deposits are obtained primarily from residents of Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas. Borrowings. The Bank has a credit line with the FHLB for up to 45 % of total assets, subject to availability of collateral. The Bank obtains advances from the FHLB based upon the security of the FHLB capital stock it owns and certain of its loans, provided certain standards related to credit worthiness have been met. Such advances are made pursuant to several different credit programs. Each credit program has its own interest rate and range of maturities, and the FHLB prescribes acceptable uses to which the advances pursuant to each program may be put, as well as limitations on the size of such advances. Depending on the program, such limitations are based either on a fixed percentage of assets or the Company' s credit worthiness. FHLB advances are used to meet seasonal and other withdrawals of deposit accounts and to fund expansion of the Bank' s lending. The Bank may need to borrow funds for short periods of time to meet day- to- day financing needs. In these instances, funds are borrowed from other financial institutions or the Federal Reserve **Bank**, for periods generally ranging from one to seven days at the then current borrowing rate. **The** ~~At September 30, 2022, the~~ Bank ~~had no such short-~~ **has elected to utilize the FRB' s Bank Term Funding program (the" BTFP") to leverage its highly favorable** ~~term~~ **terms to fortify the Bank' s liquidity position. These** borrowings **are repayable at any time without penalty and are the lowest cost funding source available**. For further information on these activities, see Note L to the Consolidated Financial Statements in " Item 8. Financial Statements and Supplementary Data " of this report. Subsidiaries The Company is a bank holding company that conducts its primary business through its ~~only~~ directly- owned subsidiary, WaFd Bank. The Bank has ~~four~~ **three** active wholly- owned subsidiaries, discussed further below. WAFD Insurance Group, Inc. is incorporated under the laws of the state of Washington and is an insurance agency that offers a full line of individual and business insurance policies to customers of the Bank, as well as to the general public. As of September 30, ~~2022~~ **2023** and September 30, ~~2021~~ **2022**, WAFD Insurance Group, Inc. had total assets of $ **20, 229, 000 and $** 18, 483 ~~, 000 and $ 19, 936~~, 000, respectively. Statewide Mortgage Services Company is incorporated under the laws of the state of Washington and it holds and markets real estate owned. As of September 30, ~~2022~~ **2023** and September 30, ~~2021~~ **2022**, Statewide Mortgage Services Company had total assets of $ 785, 000 and $ 785, 000, respectively. Washington Services, Inc. is incorporated under the laws of the state of Washington. It acts as a trustee under deeds of trust as to which the Bank is beneficiary. As of September 30, ~~2022~~ **2023** and September 30, ~~2021~~ **2022**, Washington Services, Inc. had total assets of $ 13, 000 and $ 13, 000, respectively. **The Company also currently holds a 33. 98 % interest in Archway Software, Inc. (" Archway "), a Delaware corporation focused on the business of developing and selling technology and software products and services for financial institutions, including the Bank. Archway was conceived in November 2022 as a joint venture between the Company and certain subsidiaries of Madrona Venture Group. As part of the formation of Archway, the Company contributed to Archway its ownership interests in its technology subsidiary,** Pike Street Labs, LLC **, including some of** ~~was formed in 2019 and is~~ **its related intellectual property, and made** ~~organized under the laws of the state of Washington. It provides data and~~ - **an** ~~technology services to the Bank. As of September 30, 2022 and September 30, 2021, Pike Street Labs had total assets of~~ $ ~~2, 934, 000 and $ 802, 000, respectively~~ **8 million investment in Archway in return for shares of Archway stock**. Human Capital At WaFd Bank, our culture is defined by our corporate values of integrity, teamwork, ownership, simplicity, service and discipline. We value our employees by investing in a healthy work- life balance, competitive compensation and benefit packages and a vibrant, team- oriented environment centered on professional service and open communication amongst employees. We strive to build and maintain a high- performing culture and be an " employer of choice " by creating a work environment that attracts and retains outstanding, engaged employees who embody our company mantra of " Love what you do. Make a difference. " Demographics. As of September 30, ~~2022~~ **2023**, we employed 2, ~~132~~ **120** full and part time employees. None of these employees are represented by a collective bargaining agreement. During fiscal year ~~2022~~ **2023** we hired ~~626~~ **470** employees. Our voluntary turnover rate was **15. 54 % in fiscal year 2023, a decrease from** 21. 18 % in ~~fiscal year~~ 2022 ~~, a slight decrease from 22. 37 % in 2021~~. Diversity, Equity and Inclusion. We strive toward having a powerful and diverse team of employees, knowing we are better together with our combined wisdom and intellect. With a commitment to equity, inclusion and workplace diversity, we focus on understanding, accepting, and valuing the differences between people. To accomplish this, we have established Diversity & Inclusion Advisory Councils in each of our regions made up of a diverse group of employee representatives throughout our footprint. We show our commitment to equal employment opportunity through, among other things, **our process of performing** ~~a robust affirmative action plan which includes~~ annual compensation analyses and ongoing reviews of our selection and hiring practices alongside a continued focus on building and maintaining a diverse workforce. As of September 30, ~~2022~~ **2023**, the population of our workforce was as follows: Learning and Development. We invest in the growth and development of our employees by providing a multi- dimensional approach to learning that empowers, intellectually grows, and professionally develops our colleagues. Our employees **, including leadership,** receive continuing education courses that are relevant to the banking industry and their job function within the Company. **All new employees attend our two- day new hire orientation, Welcome to WaFd.** In addition, we **offer our Education Assistance Program,** ~~have created learning paths for specific positions that are~~ designed to encourage an employee ~~'~~ **'** s advancement and growth ~~within our organization~~. We also offer ~~a~~ **the Retail Bank** ~~peer~~ **Peer** ~~mentor~~ **Mentor** ~~program~~ **Program** ~~, leadership~~ and ~~customer service training~~ **retail banking certifications for our retail employees**. These resources provide employees with the skills they need to achieve their career goals, build management skills and become leaders within our Company. Compensation and Benefits. We provide a competitive compensation and benefits program to help meet the needs of our employees. In addition to salaries, these programs include annual bonuses, stock awards, a 401 (k) Plan with an employer matching contribution in addition to an employer annual contribution, healthcare and insurance benefits, health savings, flexible spending accounts, paid time off, family leave and an

employee assistance program. Workplace Safety & Wellness. We prioritize the importance of our employees' health and the health of their families. We offer healthcare plans where the Company pays a significant portion of the monthly premiums for employees and their children. Our benefits program also includes a Health Savings Account (**"** HSA **"**) option in addition to Flexible Spending Accounts (**"** FSA **"**). We believe maintaining a competitive benefits program is a sound investment in attracting newcomers and retaining loyal, dedicated and enthusiastic colleagues. Benefits we offer to employees include: • Health insurance including dental & vision. • Flexible spending plans for healthcare and childcare expenses. • Employer- paid life insurance & accidental death and dismemberment coverage. • Long- term disability insurance. • Employee assistance program to provide access to counseling and support well- being. ~~The COVID- 19 pandemic led us to evaluate how we operate in an effort to ensure our employees are able to continue working safely. The Company implemented technology upgrades that included providing most of our employees with laptops and virtual interaction platforms that allowed many of them to work remotely.~~ Corporate Social and Environmental Responsibility We recognize the social and environmental responsibility that arises from the impact of our activities on peoples' lives and our community. The Company' s Corporate and Social Environmental Policy integrates social, environmental and ethical concerns into our daily business activities and our approach to stakeholder relationships. Through this policy, we strive to carry out our banking activities in a responsible manner, placing the financial needs of our clients and economic health of our communities at the core of our focus. Below is a summary of our community activities and financial contributions in ~~2022~~ **2023** . Additional information will be provided in the Company' s forthcoming ~~2022~~ **2023** Community and Social Responsibility Report which will be made available on the Company' s website. Nothing on our website, including the aforementioned report, shall be deemed incorporated by reference into this Annual Report. General. The Company is registered as a bank holding company and is subject to regulation, examination, supervision and reporting requirements of the Federal Reserve **Bank** . Regulation. The Company operates in a highly regulated industry. The regulatory structure governing the Company' s operations is designed primarily for the protection of the deposit insurance funds and consumers, and not to benefit our shareholders. As part of this regulatory structure, the Company is subject to policies and other guidance developed by the regulatory agencies with respect to capital levels, the timing and amount of dividend payments, the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Under this structure, regulators have broad discretion to impose restrictions and limitations on the Company' s operations if they determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations or with the supervisory policies of these agencies. Failure to comply with applicable laws and regulations can result in a range of sanctions and enforcement actions, including the imposition of civil money penalties, formal agreements and cease and desist orders. In order to ~~comply~~ **ensure the Bank' s programs and operations are in compliance** with regulatory requirements, the Bank has and will continue to incur additional significant costs in order to bring programs and operations into compliance. For further information on regulatory matters, see Note A to the Consolidated Financial Statements in " Item 8. Financial Statements and Supplementary Data " as well as the" Risk Factors" section of this report and the" USA Patriot Act of 2001" discussion below. Sections below include a description of certain laws and regulations that relate to the regulation of the Company and the Bank. The description of these laws and regulations, and descriptions of laws and regulations contained elsewhere herein, do not purport to be complete and are qualified in their entirety by reference to applicable laws and regulations. Restrictions on Activities and Acquisitions. Bank holding companies are subject to a variety of restrictions on their activities and the acquisitions they can make. Generally, the activities or acquisition of a bank holding company that is not a financial holding company are limited to those that constitute banking or managing or controlling banks or which are closely related to banking. In addition, without the prior approval of the **FRB** ~~Federal Reserve~~ , bank holding companies are generally prohibited from acquiring more than 5 % of the outstanding shares of any class of voting securities of a bank or bank holding company, taking any action that causes a bank to become a subsidiary of the bank holding company, acquiring all or substantially all of the assets of a bank, or merging with another bank holding company. Control of Company or Bank. Pursuant to the Change in Bank Control Act, (the " CIBC Act ") individuals, corporations or other entities acquiring Company equity interests may, alone or together with other investors, be deemed to control a holding company or a bank. If an acquisition is deemed to constitute control of the holding company or bank and is not subject to approval under the Bank Holding Company Act or certain other statutes, such person or group will be required to file a notice under the CIBC Act. Generally, ownership of, or power to vote, more than 25 % of any class of voting securities constitutes control. In the case of a bank or bank holding company the securities of which are registered with the Securities and Exchange Commission (" SEC"), ownership of or power to vote more than 10 % of any class of voting securities creates a presumption of control. Source of Strength. Under long- standing **FRB** ~~Federal Reserve~~ policy, a bank holding company is expected to serve as a source of financial and management strength to its subsidiary bank. Under this policy, a bank holding company is expected to stand ready to provide adequate capital funds to its subsidiary bank during periods of financial adversity and to maintain financial flexibility and capital raising capacity to assist its subsidiary bank. The Dodd- Frank Act codified the source of strength doctrine by adopting a statutory provision requiring, among other things, that bank holding companies serve as a source of financial strength to their subsidiary banks. Restrictions on Company Dividends. The Company' s ability to pay dividends to its shareholders is affected by several factors. Since the Company is a separate legal entity from the Bank and its subsidiaries and does not have significant operations of its own, the Company may not be able to pay dividends to its shareholders if the Bank is unable to pay dividends to the Company. The Bank' s ability to pay dividends is subject to various regulatory restrictions. In addition, the Company' s ability to pay dividends is subject to rules and policies of the **FRB** ~~Federal Reserve~~ . It is the policy of the Federal Reserve that bank holding companies should pay cash dividends only out of income available over the past year and only if prospective earnings retention is consistent with the company' s expected future needs and financial condition. Capital rules adopted by the Federal Reserve, effective January 2015, may limit the Company' s ability to pay dividends if the Company fails to meet certain requirements under the rules. In addition, if we do not or are unable to pay quarterly dividends on our Series A Preferred Stock, we may not

pay a dividend to the holders of our ~~common~~ **Common** ~~stock~~ **Stock** . See " Washington Federal Bank, wholly- owned operating subsidiary- Restrictions on Dividends. " Since the Company is a Washington state corporation, it is also subject to restrictions under Washington corporate law relating to dividends. Generally, under Washington law, a corporation may not pay a dividend if, after giving effect to the dividend, the corporation would be unable to pay its liabilities as they become due in the ordinary course of business or the corporation' s total assets would be less than the sum of its total liabilities plus (with some exceptions) the amount that would be needed, if the corporation were to be dissolved at the time of the dividend payment, to satisfy the dissolution preferences of senior equity securities. General. The Bank is a federally- insured Washington state chartered commercial bank dba WaFd Bank. The Bank is a member of the FDIC and its deposits are insured up to applicable limits of the Depository Insurance Fund (" DIF "), which is administered by the FDIC. As a result, the FDIC has certain regulatory and examination authority over the Bank. Regulation. The WDFI and FDIC have extensive authority over the operations of the Bank. As part of this authority, the Bank is required to file periodic reports with the WDFI and FDIC and is subject to periodic examinations by the WDFI and FDIC. As a Washington ~~state~~ **State** chartered commercial bank with branches in the States of Washington, Oregon, Idaho, Utah, Nevada, Arizona, New Mexico and Texas, the Bank is subject not only to the applicable laws and regulations of Washington ~~state~~ **State** , but is also subject to the applicable laws and regulations of these other states in which it does business. Various laws and regulations prescribe the investment and lending authority of the Bank, and the Bank is prohibited from engaging in any activities not permitted by such laws and regulations. While the Bank has broad authority to engage in all types of lending activities, a variety of restrictions apply to certain other investments by the Bank. Interstate Banking. Subject to certain limitations and restrictions, a bank holding company, with prior approval of the **FRB** ~~Federal Reserve~~ , may acquire an out- of- state bank; banks in states that do not prohibit out- of- state mergers may merge with the approval of the appropriate federal banking agency, and a bank may establish a de novo branch out of state if such branching is permitted by the other state for state banks chartered by such other state. Insurance of Deposit Accounts. Under the Dodd- Frank Act, the maximum amount of federal deposit insurance coverage was permanently increased from $ 100, 000 to $ 250, 000 per depositor, per institution. The Dodd- Frank Act also broadened the base for FDIC insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a financial institution. In addition, the Dodd- Frank Act raised the minimum designated reserve ratio, which the FDIC is required to set each year for the DIF, to 1. 35 %. The Dodd- Frank Act eliminated the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds. The FDIC has established a higher reserve ratio of 2 % as a long- term goal beyond what is required by statute. Brokered Deposits. The Federal Deposit Insurance Act prohibits an insured depository institution from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank' s normal market area or nationally (depending upon where the deposits are solicited), unless it is well- capitalized or is adequately capitalized and receives a waiver from the FDIC. A depository institution that is adequately capitalized and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposit in excess of **national and local** ~~75 basis points over certain prevailing market rates~~ **rate caps set by** ~~. On December 15, 2020,~~ the FDIC **and published on** ~~issued a final rule intended to modernize~~ its **website** ~~brokered deposit regulations in light of modern deposit- taking methods. The final rule established a new framework for certain provisions of the " deposit broker " definition and amends the FDIC' s interest rate methodology for calculating the national rate, the national rate cap, and the local market rate cap. The final rule became effective on April 1, 2021 with an extended compliance date of January 1, 2022~~ . Transactions with Affiliates; Insider Loans. Under current federal law, all transactions between and among a bank and its affiliates, including holding companies, are subject to Sections 23A and 23B of the Federal Reserve Act and Regulation W promulgated thereunder. Generally, these requirements limit extensions of credit and certain other such transactions by the bank to affiliates to a percentage of the institution' s capital and generally such transactions must be collateralized. Generally, all affiliate transactions must be on terms at least as favorable to the bank as transactions with non- affiliates. In addition, a bank may not lend to any affiliate engaged in non- banking activities that are not permissible for a bank holding company or acquire shares of any affiliate that is not a subsidiary. Federal law authorizes the imposition of additional restrictions on transactions with affiliates if necessary to protect the safety and soundness of a bank. Extensions of credit by a bank to executive officers, directors and principal shareholders are subject to Section 22 (h) of the Federal Reserve Act, which, among other things, generally prohibits loans to any such individual where the aggregate amount exceeds an amount equal to 15 % of an institution' s unimpaired capital and surplus plus an additional 10 % of unimpaired capital and surplus in the case of loans that are fully secured by readily marketable collateral. Section 22 (h) permits loans to directors, executive officers and principal shareholders made pursuant to a benefit or compensation program that is widely available to employees of a subject bank provided that no preference is given to any officer, director or principal shareholder, or related interest thereto, over any other employee. In addition, the aggregate amount of extensions of credit by a bank to all insiders cannot exceed the institution' s unimpaired capital and surplus. Furthermore, Section 22 (g) places additional restrictions on loans to executive officers. The affiliate transaction rules in Sections 23A and 23B of the Federal Reserve Act broaden the definition of affiliate and apply these rules to securities lending, repurchase agreements and derivatives. These rules also strengthen collateral requirements and limit Federal Reserve exemptive authority. Further, the definition of " extension of credit " for transactions with executive officers, directors and principal shareholders includes credit exposure arising from a derivative transaction, a repurchase or reverse repurchase agreement or a securities lending or borrowing transaction. These provisions have not had a material effect on the Company or the Bank. Restrictions on Dividends. The amount of dividends payable by the Bank to the Company depends upon its earnings and capital position, and is limited by federal and state laws, regulations and policies, including the capital conservation buffer requirement. Federal law further provides that no insured depository institution may make any capital distribution (which includes a cash dividend) if, after making the distribution, the institution would be " undercapitalized, " as defined in the prompt corrective action regulations. Moreover, the federal bank regulatory agencies also have the general authority to limit the dividends paid by insured banks if such payments should be

deemed to constitute an unsafe and unsound practice. In addition, under Washington law, no bank may declare or pay any dividend in an amount greater than its retained earnings without the prior approval of the WDFI. WDFI also has the power to require any bank to suspend the payment of any and all dividends. Federal Home Loan Bank System. The Bank is a member of the Federal Home Loan Bank ~~(" FHLB")~~ of Des Moines, which is one of 11 regional FHLBs that provide funding to their members for making home mortgage loans, as well as loans for affordable housing and community development. Each FHLB serves members within its assigned region and is funded primarily through proceeds derived from the sale of consolidated obligations of the FHLB system. Loans are made to members in accordance with the policies and procedures established by the Board of Directors of the FHLB. At September 30, ~~2022~~ **2023** , FHLB advances to the Bank amounted to $ 2, ~~125~~ **900** , 000, 000. As a member, the Bank is required to purchase and maintain stock in the FHLB of Des Moines. At September 30, ~~2022~~ **2023** , the Bank held $ ~~95~~ **126** , ~~073~~ **820** , 000 in FHLB of Des Moines stock, which was in compliance with this requirement. Community Reinvestment Act and Fair Lending Laws. Banks have a responsibility under the Community Reinvestment Act (" CRA") and related regulations of the FDIC to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. In addition, the Equal Credit Opportunity Act and the Fair Housing Act (together, the" Fair Lending Laws") prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. An institution' s failure to comply with the provisions of the CRA could, at a minimum, result in regulatory restrictions on its activities. Failure to comply with the Fair Lending Laws could result in enforcement actions by the ~~OCC~~ **FDIC** , the CFPB and other federal regulatory agencies, including the U. S. Department of Justice. USA Patriot Act of 2001. The USA PATRIOT Act of 2001 (" Patriot Act"), through amendments to the federal Bank Secrecy Act (“ BSA ”), substantially broadened the scope of United States anti money- laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra- territorial scope of United States jurisdiction. The United States Treasury Department has issued a number of regulations under the Patriot Act that apply to financial institutions such as the Bank. These regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Failure of a financial institution to maintain and implement adequate **risk- based** programs **reasonably designed** to combat money laundering and terrorist financing, or to comply satisfactorily with all relevant Patriot Act and BSA requirements, could have serious legal and reputational consequences for the institution **. Anti- Money Laundering Act of 2020. The Anti- Money Laundering act of 2020 (“ AML Act ”) was enacted as part of the National Defense Authorization Act and requires the U. S. Treasury Department to issue National Anti- Money Laundering and Countering the Financing of Terrorism Priorities, which occurred in June 2021. The AML Act also includes a requirement to conduct studies and issue regulations that may alter some of the due diligence, recordkeeping and reporting requirements that the BSA and Patriot Act impose on financial institutions. The AML Act also promotes increased information- sharing and use of technology and increases penalties for violations of the BSA and includes whistleblower incentives, both of which could increase the prospect of regulatory enforcement** . Regulatory Capital Requirements. Bank holding companies and federally insured banks are required to maintain minimum levels of regulatory capital. The Federal Reserve establishes capital standards applicable to all bank holding companies, and the WDFI and FDIC establish capital standards applicable to Washington state chartered, non- member banks. The capital rules reflect, in part, certain standards initially adopted by the Basel Committee on Banking Supervision in December 2010 (which standards are commonly referred to as “ Basel III ”) as well as requirements contemplated by the Dodd- Frank Act. The capital rules require a capital ratio of common equity Tier 1 capital to risk based assets. Common equity Tier 1 capital generally consists of retained earnings and common stock instruments (subject to certain adjustments) as well as accumulated other comprehensive income (“ AOCI ”) except to the extent that the Company and the Bank exercise a one- time irrevocable option to exclude certain components of AOCI, which the Company and the Bank have done. Tier 1 capital also includes non- cumulative perpetual preferred stock and limited amounts of minority interests. Regulatory deductions from capital include goodwill and intangible assets. The capital rules prescribe the manner in which certain capital elements are determined, including but not limited to, requiring certain deductions related to mortgage servicing rights and deferred tax assets. Total capital consists of Tier 1 capital and supplementary capital. Supplementary capital consists of certain capital instruments that do not qualify as core capital as well as general valuation loan and lease loss allowances up to a maximum of 1. 25 % of risk- weighted assets. Supplementary capital may be used to satisfy the risk- based requirement only in an amount equal to the amount of Tier 1 capital. In determining the required amount of risk- based capital, total assets, including certain off- balance- sheet items, are multiplied by a risk- weight factor based on the risks inherent in the type of assets held by an institution. The risk categories range from 0 % for low- risk assets such as U. S. Treasury securities and GNMA securities to 1, 250 % for various types of loans and other assets deemed to be of higher risk. Single- family residential loans having loan- to-value ratios not exceeding ~~80~~ **90** % and meeting certain additional criteria, as well as certain multi- family residential loans, qualify for a 50 % risk- weight treatment. The book value of each asset is multiplied by the risk factor applicable to the asset category, and the sum of the products of this calculation equals total risk- weighted assets. The rules set forth the methods of calculating certain risk- based assets, which in turn affects the calculation of risk- based ratios. Higher or more sensitive risk weights are assigned to various categories of assets, among which are commercial real estate, credit facilities that finance the acquisition, development or construction of real property, certain exposures or credit that are 90 days past due or are nonaccrual, foreign exposures, certain corporate exposures, securitization exposures, equity exposures and in certain cases mortgage servicing rights and deferred tax assets. Both the Company and the Bank are required to have a common equity Tier 1 capital ratio of 4. 5 %. In addition, both the Company and the Bank are required to have a Tier 1 leverage ratio of 4. 0 %, a Tier 1 risk-based ratio of 6. 0 % and a total risk- based ratio of 8. 0 %. Both the Company and the Bank are required to establish a “ conservation buffer, ” consisting of common equity Tier 1 capital, equal to 2. 5 %. The capital conservation buffer is designed to ensure that banks build up capital buffers outside periods of stress, which can be drawn down as losses are incurred. An

institution that does not meet the conservation buffer will be subject to restrictions on certain activities including payment of dividends, stock repurchases and discretionary bonuses to executive officers. The Federal Reserve and the FDIC are also authorized to impose capital requirements in excess of these standards on individual institutions on a case- by- case basis. Management believes that the current capital levels of the Company and the Bank are sufficient to be in compliance with the fully phased- in standards under the rules. Any bank holding company or bank that fails to meet the capital requirements is subject to possible enforcement actions. Such actions could include a capital directive, a cease and desist or consent order, civil money penalties, restrictions on an institution' s operations and / or the appointment of a conservator or receiver. **FRB** ~~Federal Reserve~~ and WDFI capital regulations provide that such supervisory actions, through enforcement proceedings or otherwise, could require one or more of a variety of corrective actions. For information regarding compliance with each of these capital requirements by the Company and the Bank as of September 30, ~~2022~~ **2023** , see Note Q to the Consolidated Financial Statements included in Item 8 hereof. Prompt Corrective Action. Federal statutes establish a supervisory framework based on five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. An institution' s category depends upon its capital levels in relation to relevant capital measures, which include a risk- based capital measure, a leverage ratio capital measure and certain other factors. The federal banking agencies have adopted regulations that implement this statutory framework. The prompt corrective action rules, which apply to the Bank but not the Company, are modified to include a common equity Tier 1 risk- based ratio and to increase certain other capital requirements for the various thresholds. For example, the requirements for the Bank to be considered well- capitalized under the rules are a 5. 0 % Tier 1 leverage ratio, a 6. 5 % common equity Tier 1 risk- based ratio, an 8. 0 % Tier 1 risk- based capital ratio and a 10. 0 % total risk- based capital ratio. To be adequately capitalized, those ratios are 4. 0 %, 4. 5 %. 6. 0 % and 8. 0 %, respectively. An institution that is not well capitalized is subject to certain restrictions on brokered deposits, including restrictions on the rates it can offer on its deposits, generally. Any institution that is neither well capitalized nor adequately capitalized is considered undercapitalized. Federal law authorizes the FDIC to reclassify a well **-** capitalized institution as adequately capitalized and may require an adequately capitalized institution or an undercapitalized institution to comply with supervisory actions as if it were in the next lower category. The FDIC may not reclassify a significantly undercapitalized institution as critically undercapitalized. As of September 30, ~~2022~~ **2023** , the Bank exceeded the requirements of a well **-** capitalized institution. Dodd- Frank Act Stress Tests (" DFAST"). On July 6, 2018, bank regulatory agencies (the **FRB** ~~Federal Reserve~~ , **FDIC** ~~Federal Deposit Insurance Corporation~~ and the Office of the Comptroller of the Currency) issued a joint interagency statement regarding the impact of the Economic Growth, Regulatory Relief, and Consumer Protection Act (" EGRRCPA") on financial institutions. The EGRRCPA gave immediate relief from stress testing for applicable bank holding companies but not financial institutions until November 25, 2019. Pursuant to direction from the Bank' s regulators, the Bank was provided similar relief and is no longer required to submit company- run annual stress tests. Notwithstanding these amendments to the stress testing requirements, the federal banking agencies indicated through interagency guidance that the capital planning and risk management practices of institutions with total assets less than $ 100 billion would continue to be reviewed through the regular supervisory process. Although the Bank will continue to monitor its capital consistent with the safety and soundness expectations of the federal regulators, the Bank will no longer conduct company- run stress testing as a result of the legislative and regulatory amendments. The Bank continues to use customized stress testing to support the business and as part of its risk management and capital planning process. EGRRCPA also enacted several important changes in some technical compliance areas that we believe will help reduce our regulatory burden, including: • Prohibiting federal banking regulators from imposing higher capital standards on High Volatility Commercial Real Estate (" HVCRE ") exposures unless they are for acquisition, development or construction (" ADC "), and clarifying ADC status; • ~~Requiring the federal banking agencies to amend the Liquidity Coverage Ratio Rule such that all qualifying investment- grade, liquid and readily- marketable municipal securities are treated as level 2B liquid assets, making them more attractive investment alternatives; •~~ Exempting from appraisal requirements certain transactions involving real property in rural areas and valued at less than $ 400, 000; and • Directing the Consumer Financial Protection Bureau to provide guidance on the applicability of the TILA- RESPA Integrated Disclosure rule to mortgage assumption transactions and construction- to- permanent home loans, as well the extent to which lenders can rely on model disclosures that do not reflect recent regulatory changes. Despite the improvements for mid- size financial institutions such as the Company that has resulted from EGRRCPA, many provisions of the Dodd- Frank Act and its implementing regulations remain in place and will continue to result in additional operating and compliance costs that could have a material adverse effect on our business, financial condition, and results of operation. In addition, the EGRRCPA requires the enactment of a number of implementing regulations, the details of which may have a material effect on the ultimate impact of the law. Cybersecurity. The federal banking agencies have established certain expectations with respect to an institution' s information security and cybersecurity programs, with an increasing focus on risk management, processes related to information technology and operational resiliency, and the use of third ~~-~~ parties in the provision of financial services. In January 2020, the federal banking agencies jointly issued a statement reminding supervised financial institutions of sound cybersecurity risk management principles that expanded on areas articulated in the Interagency Guidelines Establishing Information Security Standards written in Section 39 of the Federal Deposit Insurance Act and Sections 501 and 505 (b) of the Gramm- Leach- Bliley Act. State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. We expect this trend of state- level activity in those areas to continue ~~,~~ and are continually monitoring developments in the states in which the Company operates ~~. In February 2018, the SEC published interpretive guidance to assist public companies in preparing disclosures about cybersecurity risks and incidents. These SEC guidelines, and any other regulatory guidance, are in addition to notification and~~

~~disclosure requirements under state and federal banking law and regulations~~ . In November 2021, the U. S. federal bank regulatory agencies adopted a rule regarding notification requirements for banking organizations related to significant computer security incidents. Under the final rule, a bank holding company, such as the Company, and an FDIC- supervised insured depository institution, such as the Bank, are required to notify the Federal Reserve or FDIC, respectively, within 36 hours of incidents that have materially disrupted or degraded, or are reasonably likely to materially disrupt or degrade, the banking organization' s ability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or impact the stability of the financial sector. Service providers are required under the rule to notify any affected bank client it provides services to as soon as possible when it determines it has experienced a computer- security incident that has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, covered services provided by that entity to the Bank for four or more hours. **In July 2023, the SEC adopted rules requiring registrants to disclose material cybersecurity incidents experienced and describe the material aspects of their nature, scope and timing. The rules, which supersede their previously interpretive guidance published in February 2018, also require annual disclosures describing a company' s cybersecurity risk management, strategy and governance. These SEC rules, and any other regulatory guidance, are in addition to notification and disclosure requirements under state and federal banking law and regulations.** Taxation In addition to federal income tax, the Company is also subject to income, franchise, excise or gross receipts tax in states (and some cities) where the Company has branches or is deemed to have sufficient nexus for tax purposes. The Company generally files consolidated federal and state income tax returns with its subsidiaries. The Company' s federal income tax returns are open and subject to potential examination by the IRS for fiscal year ~~2019~~ **2020** and later. Competition We operate in a highly competitive environment. Our competitors include other banks, savings associations, community banks, credit unions and other financial intermediaries, and new market participants offering services similar to those that we offer. We compete with some competitors within our geographic market area, and with others on a product specific basis, such as the residential mortgage market. Our ability to compete effectively depends on our ability to provide first-rate, friendly and professional customer service and deliver the banking solutions that our customers want and need. We are also dependent upon our ability to attract and retain employees while managing compensation and other costs. Availability of Financial Data Under the Securities Exchange Act of 1934 (" Exchange Act"), the Company is required to file annual, quarterly and current reports, proxy statements and other information with the SEC. We file reports on Forms 10- K, 10- Q and 8- K, and amendments to those reports, with the SEC. The public may obtain copies of these reports at the SEC' s website: www. sec. gov. The Company has adopted and posted on its website a code of ethics that applies to its senior financial officers. The Company' s website also includes the charters for its audit committee, compensation committee, risk management committee, **executive committee, technology committee and** nominating and governance ~~committee and regulatory compliance~~ committee. The address for the Company' s website is www. wafdbank. com. The Company makes available on its website, free of charge, its annual reports on Form 10- K, quarterly reports on Form 10- Q, current reports on Form 8- K, proxy statements and any amendments to those reports (among others), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). We also make available on our website public financial information for which a report is not required to be filed with or furnished to the SEC. Our SEC reports and such other information can be accessed through the investor relations section of our website (https: / / www. wafdbank. com / about- us / investor- relations). The Company' s website provides a link to all our filings on the SEC' s Edgar website, and the company will provide a printed copy of any of our annual reports on Form 10- K, quarterly reports on Form 10- Q, current reports on Form 8- K, proxy statements and any amendments to those reports (among others) to any requesting shareholder, free of charge. The information found on our website is not part of this or any other report that we file or furnish to the SEC. Item 1A. Risk Factors Ownership of our ~~common~~ **Common** ~~stock~~ **Stock** involves risk. Investors should carefully consider, in addition to the other information included in this Annual Report on Form 10- K, the following risk factors. The risks described below may adversely affect our business, financial condition and results of operations. These risks are not the only risks we face; additional risks and uncertainties not currently known or that are currently considered to be immaterial may also materially and adversely affect our business. Operational Risks ~~loans~~ and attract and retain deposits;the fair values of its securities and other financial assets;the fair values of its liabilities;and the average lives of its loan and securities portfolios.Additionally,decreases in interest rates could lead to increased loan refinancing activity,which,in turn,would alter the balance of our interest- earning assets and impact net interest income.Increases in interest rates could reduce loan refinancing activity,which could result in compression of the spread between loan yields and more quickly rising funding rates.We may also be exposed to movements in market rates to a degree not experienced by other financial institutions,as a result of our significant portfolio of fixed- rate single- family home loans,which are longer- term in nature than the customer accounts and borrowed money that constitute our **liabilities** Current uncertain economic conditions pose challenges, and could adversely affect our business, financial condition and results of operations. We are operating in an uncertain economic environment. The pandemic caused a global economic slowdown, and while we have seen **some** economic recovery, continuing supply chain issues, labor shortages and inflation ~~risk~~ **risks continue to affect the economic recovery. U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns, or a recession in the United States. There remain increased risks of a government shutdown if the spending bills necessary to fund the government through the fiscal year that ends September 30, 2024** are **not passed by Congress. Future deterioration in the U. S. credit and financial markets could result in losses or significant deterioration in the fair value of our U. S. government issued, sponsored or guaranteed investments. At September 30, 2023, we had $ 1. 6 billion invested in U. S. government and agency obligations, and further downgrades could** ~~affecting~~ --- **affect** the ~~continued recovery~~ **stability of securities issued or guaranteed by the federal government and the valuation or liquidity of our portfolio of such investment securities** . ~~Continued~~ **While a government- wide shutdown can reduce GDP growth, the additional** economic uncertainty ~~and~~ **, or** a recessionary or

stagnant economy **,** could result in financial stress on the Bank' s borrowers, which could adversely affect our business, financial condition and results of operations. We decreased the expense for credit losses over fiscal year 2021 and 2022 as the economy began to recover, however, deteriorating conditions in the regional economies we serve, or in certain sectors of those economies **, in excess of the reasonable and supportable forecasts used to estimate credit losses** , could drive losses beyond that which is provided for in our allowance for loan losses. We could also face the following risks in connection with the following events: • Market developments and economic stagnation or slowdown may affect consumer confidence levels and may cause adverse changes in payment patterns, resulting in increased delinquencies and default rates on loans and other credit facilities. • The processes we use to estimate the allowance for credit losses and other reserves may prove to be unreliable. Such estimates rely upon complex modeling inputs and judgments, including forecasts of economic conditions, which may be rendered inaccurate and / or no longer subject to accurate forecasting. • Our ability to assess the creditworthiness of our borrowers may be impaired if the models and approaches we use to select, manage, and underwrite loans become less predictive of future charge- offs. • Regulatory scrutiny of the industry could increase, leading to increased regulation of the industry that could lead to a higher cost of compliance, limit our ability to pursue business opportunities and increase our exposure to litigation or fines. • Ineffective monetary policy or other market conditions could cause rapid changes in interest rates and asset values that would have a materially adverse impact on our profitability and overall financial condition. • Further erosion in the fiscal condition of the U. S. Treasury could lead to new taxes that would limit our ability to pursue growth and return profits to shareholders. If these conditions or similar ones continue to exist or worsen, we could experience continuing or increased adverse effects on our financial condition . Fluctuating interest rates could adversely affect......, financial condition and results of operations . Changes to monetary policy by the Federal Reserve could adversely impact our results of operations. The Federal Reserve is responsible for regulating the supply of money in the United States, including open market operations used to stabilize prices in times of economic stress, as well as setting monetary policies. These activities strongly influence our rate of return on certain investments, our hedge effectiveness for mortgage servicing and our mortgage origination pipeline, as well as our costs of funds for lending and investing, all of which may adversely impact our liquidity, results of operations, financial condition and capital position. Unstable global economic conditions may have serious adverse consequences on our business, financial condition, and operations. The global credit and financial markets have from time to time experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, high rates of inflation, and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the ~~current~~ conflict between Russia and Ukraine, ~~which is~~ **and the evolving conflict in Israel and Gaza. These events have increased and are expected to continue to** ~~increasing~~ **increase** volatility in commodity and energy prices, ~~creating~~ **including oil, and continuing hostilities raise the possibility of** supply ~~chain issues~~ **disruptions. Rising tensions** and ~~causing~~ **global** instability **have the potential to affect consumer confidence** in **the U. S. and abroad, therefore having a broader effect on** financial markets. Sanctions imposed by the United States and other countries in response to such conflict could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability ~~. The specific consequences of the conflict in Ukraine on our business is difficult to predict at this time, but in addition to inflationary pressures affecting our operations and those of our customers and borrowers, we may also experience an increase in cyberattacks against us, our customers and borrowers, service providers and other third parties. There can be no assurance that further deterioration in markets and confidence in economic conditions will not occur~~ . Our general business strategy may be adversely affected by any such economic downturn, volatile business environment, hostile third- party action or continued unpredictable and unstable market conditions. Our allowance for credit losses (" ACL") may not be adequate to cover future loan losses, which could adversely affect our financial condition and results of operations. Due to the declining economic conditions, our customers may not be able to repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. **We** ~~While we~~ maintain ~~our~~ **an** ACL to provide for loan defaults and non- performance **, however** , losses may exceed the value of the collateral securing the loans and the allowance may not fully cover any excess loss. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. Our ACL is based on these judgments, as well as historical loss experience and an evaluation of the other risks associated with our loan portfolio, including but not limited to, economic trends and conditions, changes in underwriting standards, management, competition, and trends in delinquencies, non- accrual and adversely classified loans ~~.~~ **,** the size and composition of the loan portfolio, current economic conditions and geographic concentrations within the portfolio. Federal regulatory agencies, as part of their examination process, review our loans and ACL. If our assumptions and judgments used to determine the ACL prove to be incorrect, if the value of the collateral securing the loans decreases substantially or if regulators disagree with ~~its~~ **our** judgments, we may need to increase the ACL in amounts that exceed our expectations. Material additions to the ACL would adversely affect our results of operations and financial condition. We are exposed to risks related to our operational, technological, and third- party provided technology infrastructure. We rely extensively on the successful and uninterrupted functioning of information technology and telecommunications systems to conduct our business. This includes internally developed systems, internally managed systems, outsourced systems provided by third- party service providers, internet facing digital products and services, mobile technologies and the on- going operational maintenance of each service. Any disruptions, failures, or inaccuracies of these systems, including changes and improvements, could result in our inability to service customers, manage operations, manage risk, meet regulatory obligations, or provide timely and accurate financial reporting which could damage our reputation, result in loss of customer business, subject us to regulatory scrutiny, or expose us to civil litigation and possible financial liability. In many instances, the Company' s products and services to customers are dependent upon third- party service providers, who provide necessary, or critical, services and

support. Any disruption of such services, or an unplanned termination of a third- party license or service agreement related thereto, could adversely affect our ability to provide necessary products and services for our customers. In recent years, we have made a significant ongoing investment to enhance our technological capabilities with the objectives of enhancing customer experience, growing revenue, and improving operating efficiency. There is a risk that these investments may not provide the anticipated benefits and / or will prove significantly more costly and time consuming to produce. If this occurs, we may see a loss of customers, and our financial results and ability to execute on our strategic plan may be adversely impacted. We are exposed to risks related to fraud and cyber- attacks. Cybersecurity, and the continued development and enhancement of controls, processes, and practices designed to protect customer information, systems, computers, software, data, and networks from attack, damage, or unauthorized access remain a priority for the Company. As cybersecurity threats continue to evolve, we may be required to expend additional resources to continue to enhance, modify, and refine our protective measures against these evolving threats. We are continuously enhancing and expanding our digital products and services to meet customer and business needs with desired outcomes. These digital products and services often include storing, transmitting, and processing confidential customer, employee, financial, and business information. Due to the nature of this information, and the value it has for internal and external threat actors, we, and our third- party service providers, continue to be subject to cyber- attacks and fraud activity that attempts to gain unauthorized access, misuse information and information systems, steal information, disrupt or degrade information systems, spread malicious software, and other illegal activities. We ~~have recently changed our consumer online and mobile banking platforms to provide more flexibility and customizable feature sets to improve customer experience. This change provides the Company more opportunity to differentiate ourselves in the market, but also increases our direct responsibility for managing cybersecurity risk associated with digital banking, when historically, the responsibility for providing adequate safeguards and security controls was managed by third party vendors. We~~ believe we have robust preventive, detective, and administrative safeguards and security controls to minimize the probability and magnitude of a material event. However, **if we are unable to maintain them, we may fall victim to a material adverse cybersecurity event.** ~~because~~ **Because** the tactics and techniques used by threat actors to bypass safeguards and security controls change frequently, and often are not recognized until after an event has occurred, we may be unable to anticipate future tactics and techniques, or to implement adequate and timely protective measures. ~~In June 2022~~ **We are subject to additional risk with respect to third- party vendors that process or handle personal and financial data of our customers** , ~~we were notified~~ **partners, suppliers or employees. These third-party vendors may themselves use other vendors to store or process our data, which further elevates our risk exposure. Our third- party vendors have been, and may in the future be, subject to security incidents, including those caused** by ~~a third- party vendor that it experienced a network security incident involving~~ **computer viruses, malware, ransomware, phishing attempts, social engineering, hacking or other means of** unauthorized access ~~to certain personal and financial data of some of our customers~~ . **Control failures of** ~~We immediately suspended services with the vendor. After the incident was detected, this third- party vendor engaged a third- party~~ security **measures managed** ~~firm to investigate the incident, provide support to remove the unauthorized access, enhance its security controls, and help the third- party vendor safely resume operations. After an investigation into the extent of the data that was compromised we notified all customers impacted~~ by ~~this breach. There was no breach of our own systems due to this incident. After receiving assurances that this third- party is operating in a safe and secure manner, we have resumed operations with it. We are not aware of any continuing cybersecurity threats or~~ **our** ~~breaches involving this vendor or our systems generally. Future incidents involving this vendor or other~~ third-party service providers could cause us to suffer damage to our reputation and could require us to incur substantial expenses, which could have a materially adverse effect on our business, financial condition, and results of operations. To date, we have no knowledge of a ~~successful~~ **material** cyber- attack or other material information security ~~breach~~ **incident** affecting the systems we operate and control. However, our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, the continuation of a remote or hybrid work environment for our employees and service providers, and our plans to continue to implement and expand digital banking services, expand operations, and use third- party information systems that includes cloud- based infrastructure, platforms, and software. Recent instances of attacks specifically targeting banks and financial services businesses indicate that the risk to our systems remains significant. We, and our third-party providers, are regularly the subject of attempted attacks and the ability of the attackers continues to grow in sophistication. Potential threats to our technologies, systems, networks, and other devices, as well as those of our employees, third party vendors, and other third parties with whom we interact, include **Distributed Denial of Service ("** DDoS **")** attacks, computer viruses, hacking, malware, ransomware, credential stuffing, ~~or~~ phishing ~~or~~ **, and** other forms of social engineering. Such cyber-attacks and other security incidents are designed to lead to various harmful outcomes, such as unauthorized transactions **against** our customers' accounts, unauthorized or unintended access to **confidential information,** or **the** release, gathering, monitoring, disclosure, loss, destruction, corruption, disablement, encryption, misuse, modification or other processing of confidential or sensitive information (including personal information), intellectual property, software, methodologies or business secrets, disruption, sabotage or degradation of service, systems or networks, or other damage. These threats may derive from, among other things, error, fraud or malice on the part of our employees, insiders, or third parties or may result from accidental technological failure. Any of these parties may also attempt to fraudulently induce employees, service providers, customers, partners or other third- party users of our systems or networks to disclose confidential or sensitive information (including personal information) in order to gain access to our systems, networks or data or that of our customers, partners, or third parties with whom we interact, or to unlawfully obtain monetary benefit through misdirected or otherwise improper payment. ~~For example, any party that obtains our confidential or sensitive information (including personal information) through a cyber-attack or other security incident may use this information for ransom, to be paid by us or a third party, as part of a fraudulent activity that is part of a broader criminal activity, or for other illicit purposes.~~ A cyber- attack or other security incident on the systems we operate and control could cause us to suffer damage to our reputation, result in productivity losses, require us to

incur substantial expenses, including response costs associated with investigation and resumption of services, remediation expenses costs associated with customer notification and credit monitoring services, increased insurance premiums, regulatory penalties and fines, and costs associated **with** civil litigation, any of which could have a materially adverse effect on our business, financial condition, and results of operations. We also face additional costs when our customers become the victims of cyber- attacks. For example, various retailers have reported that they have been the victims of a cyber- attack in which large amounts of their customers' data, including debit and credit card information, is obtained. Our customers may be the victims of phishing scams, providing cyber criminals access to their accounts, or credit or debit card information. In these situations, we incur costs to replace compromised cards and address fraudulent transaction activity affecting our customers, as well as potential increases to insurance premiums for policies we may maintain to cover these losses. Both internal and external fraud and theft are risks. If confidential customer, employee, monetary, or business information were to be mishandled or misused, we could suffer significant regulatory consequences, reputational damage, and financial loss. Such mishandling or misuse could include, for example, if such information were erroneously provided to parties who are not permitted to have the information, either by fault of our systems, employees, or counterparties, or if such information were to be intercepted or otherwise inappropriately taken by third parties, or if our own employees abused their access to financial systems to commit fraud against our customers and the Company. These activities can occur in connection with activities such as the origination of loans and lines of credit, ACH transactions, wire transactions, ATM transactions, and checking transactions, and result in financial losses as well as reputational damage. Operational errors can include information system misconfiguration, clerical or record- keeping errors, or disruptions from faulty or disabled computer or telecommunications systems. Because the nature of the financial services business involves a high volume of transactions, certain errors, which may be automated or manual, may be repeated or compounded before they are discovered and successfully rectified. Because of the Company' s large transaction volume and its necessary dependence upon automated systems to record and process these transactions, there is a risk that technical flaws, tampering, or manipulation of those automated systems, arising from events wholly or partially beyond its control, may give rise to disruption of service to customers and to financial loss or liability. The occurrence of any of these risks could result in a diminished ability for us to operate our business, additional costs to correct defects, potential liability to clients, reputational damage ~~.~~ **,** and regulatory intervention, any of which could adversely affect our business, financial condition and results of operations. ~~The ongoing~~ **A resurgence of the** COVID- 19 pandemic, or a similar health crisis, may adversely affect our business and our customers, counterparties, employees, and third- party service providers in the future. The spread of COVID- 19 created a global public- health crisis that resulted in significant economic uncertainty, and has impacted household, business, economic, and market conditions, including in the western United States where we conduct nearly all of our business. Throughout the pandemic our operations **were** ~~have been~~ impacted by the need to close certain offices and limit how customers conduct business through our branch network. Many of our employees continue to work remotely, which exposes us to increased cybersecurity risks such as phishing, malware, and other cybersecurity attacks, all of which could expose us to liability and could seriously disrupt our business operations. ~~Continuation~~ **A resurgence** of the COVID- 19 pandemic, or a similar crisis, could negatively impact our capital, liquidity, and other financial positions and our business, results of operations, and prospects. A resurgence in spread, caused by the rise of new variants, could affect significantly more households and businesses, or cause additional limitations on commercial activity, increased unemployment, increased property vacancy rates and general economic and financial instability. A slow- down or reversal in the economic recovery of the regions in which we conduct our business could result in declines in loan demand and collateral values. Negative impacts on our customers caused by COVID- 19 **or other pathogens** could result in increased risk of delinquencies, defaults, foreclosures and losses on our loans. **Future** ~~The duration and severity of the pandemic continues to be impossible to predict, as is the potential for a seasonal or other resurgence. We also believe we will continue to see the economic effects of the pandemic even after the COVID- 19 outbreak has subsided, which is expected to continue to affect our business, financial position, operations and prospects. • Additional~~ actions of governmental authorities ~~. To date~~ **taken in response to a pandemic or similar crisis** , **such as** ~~many of the actions of governmental authorities, including~~ eviction forbearance, occupancy restrictions ~~and~~ **,** vaccine mandates, ~~have been directed toward curtailing household and business activity to contain COVID- 19 while simultaneously deploying fiscal and monetary policy measures to partially mitigate the adverse effects on individual households and businesses. The ultimate success or impact of these actions and their effect on our~~ - **or** ~~customers and the economy generally is still unclear. Further, some measures, such as a~~ suspension of mortgage ~~and other loan payments and~~ foreclosures, ~~may~~ **could** have a negative impact on our business ~~. • The effect on our customers, counterparties, employees, and third- party service providers. COVID- 19 and its associated consequences and uncertainties are affecting individuals, households, and businesses differently and unevenly. Negative impacts on our customers could result in increased risk of delinquencies, defaults, foreclosures and losses on our loans. • The effect on economies and markets. Whether the actions of governmental and nongovernmental authorities will be successful in mitigating the adverse effects of COVID- 19 is unclear. National, regional, and local economies and markets could suffer disruptions that are lasting. Governmental actions are meaningfully influencing the interest- rate environment and financial- market activity and could have lasting effects on taxes and other economic factors, which could adversely affect our results of operations and financial condition. Governments have taken unprecedented steps to partially mitigate the adverse effects of their containment measures. For example, in late March 2020, the CARES Act was enacted to inject more than $ 2 trillion of financial assistance into the U. S. economy, followed by additional COVID relief legislation of approximately $ 900 million in December 2020. In March 2021 the American Rescue Plan Act, also called the COVID- 19 Stimulus Package or American Rescue Plan, Pub L. No. 117- 2, was enacted to inject an additional $ 1. 9 trillion in financial relief and economic stimulus. Whether the economic stimulus will have a lasting positive effect or whether it will contribute to higher inflation or other economic ill effects is unknown. As a participating lender in the SBA Paycheck Protection Program (" PPP "), we are subject to additional risks of litigation from our customers or other parties regarding our processing of loans for the PPP and~~

~~risks that the SBA may not fund some or all PPP loan guaranties. On March 27, 2020, President Trump signed the CARES Act, which included a loan program administered through the SBA referred to as the PPP. Under the PPP (and its expansion in 2021), small businesses and other entities and individuals were eligible to apply for loans from existing SBA lenders and other approved regulated lenders that enroll in the program, subject to numerous limitations and eligibility criteria. We participated as a lender in the PPP, and ultimately assisted approximately 9, 000 businesses with approximately $ 1, 085, 000, 000 in PPP loans. As of September 30, 2022, approximately 8, 800 PPP loans totaling approximately $ 1, 075, 000, 000 have been forgiven by the SBA, and we continued to hold PPP loans receivable of $ 10, 141, 000. We have credit risk on PPP loans if a determination is made by the SBA that there is a deficiency in the manner in which a PPP loan was originated, funded, or serviced by us, such as an issue with the eligibility of a borrower to receive a PPP loan, which may or may not be related to the ambiguity in the laws, rules and guidance regarding the operation of the PPP. In the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded, or serviced by us, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of any loss related to the deficiency from us. In addition, several larger banks were subject to litigation regarding their processing of PPP loan applications. We could be exposed to the risk of similar litigation, from both customers and non- customers that approached us seeking PPP loans. We and other PPP lenders may also be subject to the risk of litigation in connection with other aspects of the PPP, including but not limited to borrowers seeking forgiveness of their loans. If any such litigation is filed against us, it may result in significant financial or reputational harm to us~~ . If we are not able to retain or attract key employees, or if we were to suffer the loss of a significant number of employees, we could experience a disruption in our business. If a key employee or a substantial number of employees depart or become unable to perform their duties, it may negatively impact our ability to conduct business as usual. ~~We~~ **Unanticipated departures** might ~~then have~~ **require us** to divert resources from other areas of our operations, which could create additional stress for other employees, including those in key positions. The loss of qualified and key personnel, or an inability to continue to attract, retain and motivate key personnel could adversely affect our business and consequently impact our financial condition and results of operations. Our risk management framework may not be effective in mitigating risks and losses to us. Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of ~~risk~~ **risks** to which we are subject, including, among others, credit, market, liquidity, interest rate and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances and may not adequately mitigate any risk of loss to us. If our framework is not effective, we could suffer unexpected losses and our financial condition, operations or business prospects could be materially and adversely affected. We may also be subject to potentially adverse regulatory consequences. Climate change could adversely affect our business, affect client activity levels and damage our reputation. Concerns over the long- term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses are also changing their behavior and business preferences as a result of these concerns. New governmental regulations or guidance relating to climate change, as well as changes in consumers' and businesses' behaviors and business preferences, may affect whether and on what terms and conditions we will engage in certain activities or offer certain products or services. The governmental and supervisory focus on climate change could also result in our becoming subject to new or heightened regulatory requirements, such as requirements relating to operational resiliency or stress testing for various climate stress scenarios. Any such new or heightened requirements could result in increased regulatory, compliance or other costs or higher capital requirements. In connection with the transition to a low carbon economy, legislative or public policy changes and changes in consumer sentiment could negatively impact the businesses and financial condition of our clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Our business, reputation and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient. Furthermore, the long- term impacts of climate change will have a negative impact **on** our customers and their business. Physical risks include extreme storms **or wildfires** that damage or destroy property and inventory securing loans we make, or may interrupt our customer' s business operations, putting them in financial difficulty, and increasing the risk of default. Our customers are also facing changes in energy and commodity prices driven by climate change, as well as new regulatory requirements resulting in increased operational costs. Regulatory and Litigation Risks Failure to comply with the 2020 and 2013 Consent Orders from the Consumer Financial Protection Bureau regarding our Home Mortgage Disclosure Act submissions could result in additional regulatory enforcement action. In March 2020, the Consumer Financial Protection Bureau (the " CFPB ") Office of Enforcement formally notified us of alleged violations of the Home Mortgage Disclosure Act (" HMDA ") associated with our HMDA reporting submissions. The CFPB alleged that the Bank did not accurately report all required relevant information within the annual HMDA submissions. We responded to the CFPB, noting that the Bank has instituted enhanced procedures to ensure compliance with HMDA, and submitted amended HMDA filings. In October 2020, after further discussions with the CFPB, we entered into a consent order related to our HMDA reporting, under which we agreed to pay a $ 200, 000 civil money penalty and implement a HMDA compliance management system while adhering to a compliance plan. The consent order will be in effect for 10 years. We had previously entered ~~in~~ **into** a consent order with the CFPB in 2013, also relating to HMDA reporting deficiencies, resulting in a $ 34, 000 civil money penalty. The 2013 HMDA Consent Order remains in effect. Any further deficiencies in our HMDA reporting submissions could result in additional regulatory enforcement actions, cause us to incur additional significant compliance costs and subject us to larger fines. Moreover, continued deficiencies in our HMDA reporting could have serious reputational consequences for the Bank. Any of these results could have a material adverse effect on our business, financial condition and results of operations. Non- Compliance with the USA PATRIOT Act, Bank Secrecy Act, Real Estate Settlement Procedures Act, Truth- in- Lending Act, Community Reinvestment Act, Fair Lending Laws, Flood Insurance Reform Act or

other laws and regulations could result in fines or sanctions, and curtail our expansion opportunities. Financial institutions are required under the USA PATRIOT Act of 2001 (the " Patriot Act ") and Bank Secrecy Act (" BSA") to develop programs to prevent financial institutions from being used for money- laundering ~~(" AML")~~ and terrorist activities. Financial institutions are also obligated to file suspicious activity reports with the U. S. Treasury Department' s Office of Financial Crimes Enforcement Network. These rules also require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. **Our** ~~Failure~~ **failure or** ~~or~~ **our** ~~the~~ inability to comply with the Patriot Act and BSA statutes and regulations could result in fines or penalties, curtailment of expansion opportunities, enforcement actions, intervention or sanctions by regulators and costly litigation or expensive additional controls and systems. During the last few years, several banking institutions have received large fines for non- compliance with these laws and regulations, and we were subject to a Consent Order and have paid a civil money penalty with respect to our **Anti Money Laundering / Combating the Financing of Terrorism Program, (" AML / CFT Program ") (formerly known as our** BSA Program **)** , as described below. In addition, the U. S. Government imposed and is expected to continue to expand laws and regulations relating to residential and consumer lending activities that could create significant new compliance burdens and financial costs. The Bank was previously subject to a Consent Order from the **Office of the Comptroller of the Currency ("** OCC **")** for its BSA program that was issued in February 2018 (the " BSA Consent Order "). The BSA Consent Order resulted in the Bank incurring significant expenses to ~~comply with it~~ **implement an effective AML / CFT Program** , including payment of a $ 2, 500, 000 civil money penalty. The OCC terminated the BSA Consent Order in December 2021. However, the Bank remains subject to the BSA, the Patriot Act, and other laws and regulations requiring financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. Failure to maintain an effective ~~BSA~~ **AML / CFT** program could have serious business, financial and reputational consequences for the Bank. Any of these results could have a material adverse effect on our business, financial condition and results of operations. We operate in a highly regulated industry, which limits the manner and scope of our business activities. We are subject to extensive supervision, regulation and examination by the WDFI, CFPB and the FDIC. In addition, the **FRB** ~~Federal Reserve~~ is responsible for regulating the holding company. This regulatory structure is designed primarily for the protection of the deposit insurance funds and consumers and not to benefit our shareholders. This regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies to address not only compliance with applicable laws and regulations (including laws and regulations governing consumer credit, and anti- money laundering and anti- terrorism laws), but also capital adequacy, asset quality and risk, management ability and performance, earnings, liquidity, data reporting and various other factors. As part of this regulatory structure, we are subject to policies and other guidance developed by the regulatory agencies with respect to capital levels, the timing and amount of dividend payments, the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Under this structure the WDFI, the FDIC, the CFPB and the Federal Reserve have broad discretion to impose restrictions and limitations on our operations if they determine, among other things, that our operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations or with the supervisory policies of these agencies. This supervisory framework could materially impact the conduct, growth and profitability of our operations. Failure to comply with applicable laws and...... financial condition and results of operations. In ~~addition~~ **particular** , the FDIC has specific authority to take " prompt corrective action, " **if** ~~depending on~~ the Bank ~~'~~ **'** s capital **falls below** ~~level. Currently, the Bank is~~ **its** ~~considered~~ **current** " well ~~-~~ capitalized " **level, including limiting** ~~for prompt corrective action purposes. If~~ the Bank **' s** ~~were designated as " adequately capitalized, " its~~ ability to take brokered deposits **, requiring** ~~would become limited. If~~ the Bank ~~were to be designated in one of the lower capital levels " undercapitalized, " " significantly undercapitalized " or " critically undercapitalized, " it would be required~~ to raise additional capital and ~~would be~~ subject **it** to progressively more severe restrictions on its operations, management and capital distributions, and replacement of senior executive officers and directors. If the Bank **ever** became " critically undercapitalized, " it would also be subject to the appointment of a conservator or receiver ~~.~~ Failure to comply with applicable laws and regulations can result in a range of sanctions and enforcement actions,including the imposition of civil money penalties,formal agreements and cease and desist orders;identified deficiencies in our HMDA reporting and **BSA /** AML ~~/ CFT~~ programs have resulted in Consent Orders from the CFPB and OCC,required us to incur significant expenses and compliance costs and subjected us to civil penalties.Failure to meet regulatory requirements could require the Bank to incur additional significant costs in order to bring our programs and operations into compliance,negatively impact our reputation,and have a material adverse effect on our business,financial condition and results of operations **.** . Recent national and state legislation and regulatory initiatives to support the financial services industry have been coupled with numerous restrictions and requirements that could detrimentally affect our business. The Dodd- Frank Act has had a substantial impact on the financial services industry since its passage in 2010. The Dodd- Frank Act creates a framework through which regulatory reform has been and continues to be written. While many of the rules required by the Dodd- Frank Act have been implemented, others are still being drafted. As a result, the impact of the future regulatory requirements continues to be uncertain. We expect the way we conduct business to continue to be affected by these regulatory requirements, including through limitations on our ability to pursue certain lines of business, capital requirements, enhanced reporting obligations, and increased costs. **The recent failures of Silicon Valley Bank and Signature Bank are expected to result in modifications to or additional laws and regulations governing banks and bank holding companies, including increasing capital requirements, modifications to regulatory requirements with respect to liquidity risk management, deposit concentrations, capital adequacy, stress testing and contingency planning, and safe and sound banking practices, or enhanced supervisory or enforcement activities.** Other legislative initiatives could detrimentally impact our operations in the future. **Regulatory bodies may enact new laws or promulgate new regulations or view matters or interpret laws and regulations differently than they have in the past, or commence investigations or inquiries into our business practices.**

For example, the Biden Administration announced a government- wide effort to eliminate " junk fees " which could subject our business practices to even further scrutiny. The CFPB' s action on junk fees thus far has largely focused on fees associated with deposit products, such as " surprise " overdraft fees and non- sufficient funds fees. However, what constitutes a " junk fee " remains undefined. The CFPB is actively soliciting consumer input on fee practices associated with other consumer financial products or services, signaling that the " junk fee " initiative is likely to continue to broaden in scope. As a result of this regulatory focus, we have changed how we assess overdraft and non- sufficient funds fees and we may be required to implement additional changes based on regulatory directives or guidance. Such changes have led to and may continue to cause a reduction in our non- interest income thus impacting our overall net income. The extent of the impact of any ~~such~~ **future** legislation will be dependent on the specific details of the final legislation passed, if any **, but the potential changes outlined above could, among other things, increase our costs, limit our ability to pursue business opportunities and the types of financial services and products we may offer, and impact future growth, any of which could materially and adversely affect our business, results of operations or financial condition** . Deposit insurance premiums could increase further in the future. The FDIC insures deposits at FDIC- insured financial institutions, including the Bank. The FDIC charges insured financial institutions premiums to maintain the Deposit Insurance Fund (" DIF") at a specific level. Historically, unfavorable economic conditions increased bank failures and these additional **bank** failures decreased the DIF **. Extraordinary growth in insured deposits during the first and second quarters of 2020 caused the ratio of the DIF to total insured deposits to fall below the current statutory minimum of 1. 35 %** . In order to restore the DIF to its statutorily mandated minimums **,** the FDIC significantly increased deposit insurance premium rates, including the Bank' s **, resulting in** ~~. FDIC insurance premiums could increase~~ **increased expenses** ~~in the future in response to similar declining economic conditions~~ . **The revised assessment rate schedules became effective January** ~~More recently, extraordinary growth in insured deposits caused the ratio of the DIF to total insured deposits to fall below the current statutory minimum of~~ 1 **, 2023, and are applicable to the first quarterly assessment period** ~~. 35 %. The FDIC has also established a higher reserve ratio~~ of ~~2 % as a long term goal~~ **2023 (i. e., January 1 through March 31, 2023, with** ~~and~~ - **an invoice payment date** ~~the minimum level needed to withstand future financial crises~~ of ~~the magnitude of past crises~~ **June 30, 2023)** . The FDIC may **further** increase the assessment rates or impose additional special assessments in the future to restore and then steadily increase the DIF to these statutory target levels. Any increase in the Bank' s FDIC premiums could have an adverse effect on its business, financial condition and results of operations. **FDIC insurance premiums could increase in the future in response to similar declining economic conditions.** We are subject to various claims and litigation, which could result in significant expenses, losses and damage to our reputation. We are, from time to time, subject to claims and proceedings related to our operations. These claims and legal actions could include supervisory or enforcement actions by our regulators, criminal proceedings by prosecutorial authorities, or civil claims by our customers, former customers, contractual counterparties, and current and former employees. We may also face class action lawsuits for alleged violations of employment, state wage and hour and consumer protection laws. These claims could involve large monetary demands, including civil money penalties or fines imposed by government authorities, and significant defense costs. If such claims and legal actions are brought, and are not resolved in a manner favorable to the Company, they could result in financial liability and / or reputational harm, which could have a material adverse effect on our financial condition and results of operations. Banking institutions are also increasingly the target of class action lawsuits **, including** ~~. Most recently there has been an increase in~~ claims **alleging** ~~filed claiming~~ deceptive practices or violations of account terms in connection with non- sufficient funds or overdraft charges **and violations of the Fair Labor Standards Act (" FLSA ")** . In ~~September 2020~~ **2022** , ~~we received notice a similar class action had been filed against~~ the Bank **paid** ~~, alleging that we have been improperly charging our customers overdraft fees on items re- presented for payment. In May 2022, the Bank settled this lawsuit for a payment of~~ $ 495, 000 plus claims administrative expenses **to settle a class action lawsuit related to allegations of improper assessments of overdraft and insufficient funds fees** . In ~~June~~ **April** ~~2022~~ **2023** , **we received a letter from** ~~the court granted preliminary approval of the settlement, and~~ - **an attorney alleging violations of the FLSA and seeking to recover damages for allegedly unpaid wages and overtime for certain of our non- exempt employees. We do not believe** ~~the~~ **these** ~~claims administration process~~ **allegations have merit and will oppose any lawsuit if one** is ~~ongoing~~ **filed** . If **this** ~~the settlement is not approved by the court~~ , or ~~if~~ another class action lawsuit is filed or determined adversely to us, or we were to enter into a settlement agreement in connection with such a matter, we could be exposed to monetary damages, reputational harm, or subject to limits on our ability to operate our business, which could have an adverse effect on our financial condition, and operating results. Our real estate lending also exposes us to the risk of environmental liabilities. In the course of our business, it is necessary to foreclose and take title to real estate, which could subject us to environmental liabilities with respect to these properties. Hazardous substances or waste, contaminants, pollutants or sources thereof may be discovered on properties during our ownership or after a sale to a third party. We could be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean- up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances or chemical releases at such properties. The costs associated with investigation or remediation activities could be substantial and could substantially exceed the value of the real property. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. We may be unable to recover costs from any third party. These occurrences may materially reduce the value of the affected property, and we may find it difficult or impossible to use or sell the property prior to or following any environmental remediation. If we ever become subject to significant environmental liabilities, our business, financial condition and results of operations could be materially and adversely affected. Market and Industry Risks **Recent negative developments affecting** ~~Our operations are focused in~~ the **banking industry** ~~western United States~~ , ~~subjecting us to~~ **and resulting media coverage, have eroded customer confidence in** the ~~risks of~~ **banking system. The recent high- profile bank failures have** ~~general~~ **generated**

~~economic~~ **significant market volatility among publicly traded bank holding companies and, in particular, regional banks like the Company. These market developments have negatively impacted customer confidence in the safety and soundness of regional banks. While the Department of the Treasury, the FRB, and the FDIC have taken steps to ensure that depositors of these recently failed banks would have access to their deposits, including uninsured deposit accounts, there is no guarantee that such actions will be successful in restoring customer confidence in regional banks and the banking system more broadly. If other banks and financial institutions enter receivership or become insolvent in the future due to financial** conditions ~~in~~ **affecting** ~~these~~ -- **the banking system and financial** ~~market~~ **markets** ~~areas. Substantially~~ **, it could cause further disruption to the financial services industry and customers may choose to maintain deposits with larger financial institutions or invest in higher yielding short- term fixed income securities,** all of **which** ~~the Bank' s loans are to individuals, businesses and real estate developers in the Pacific Northwest, Arizona, Utah, Texas, New Mexico and Nevada. As a result, our business depends significantly on general economic conditions in these market areas. A substantial increase in unemployment rates, or severe declines in housing prices and property values in these primary market areas~~ could ~~have a material~~ **materially** ~~adverse~~ **adversely** effect on our business due to a...... loans made by the Bank and negatively impact the ~~collateral~~ **Company** ' s ~~value~~ **liquidity, loan funding capacity, net interest margin, capital** and **results of operations. Reflecting concerns about liquidity and the uncertain economic environment, many lenders have reduced funding to borrowers. This tightening of credit has also contributed to** a ~~customer' s~~ **lack of consumer confidence and increased market volatility. A worsening of any of the foregoing conditions would likely exacerbate the adverse effects of these challenging market conditions on us and others in the banking industry. In particular, we may face increased regulation of our industry, including increased compliance costs and limitations on our** ability to ~~repay loans~~ **pursue business opportunities; significantly higher Federal Deposit Insurance Corporation premiums; adverse impacts on our stock price and volatility of our Common Stock; and increased competition for deposits due to a lack of consumer confidence in regional banks. If these conditions or similar ones continue to exist or worsen, we could experience continuing or increased adverse effects on our financial condition** . A downturn in the real estate market would hurt our business. The Bank' s business activities and credit exposure are concentrated in real estate lending, in particular commercial real estate loans which are generally viewed as having more risk of default than residential real estate loans or certain other types of loans or investments. The market for real estate is cyclical and the outlook for this sector is uncertain. A downturn in the real estate market, accompanied by falling values and increased foreclosures would hurt our business because a large majority of our loans are secured by real estate. If a significant decline in market values occurs, the collateral for loans will provide decreasing levels of security. As a result, our ability to recover the principal amount due on defaulted loans by selling the underlying real estate will be diminished, and we will be more likely to suffer losses on defaulted loans. Because our loan portfolio contains commercial real estate loans with relatively large balances, the deterioration of these loans may cause a significant increase in our nonperforming loans which could result in a loss of earnings from these loans, an increase in the provision for loan losses, or an increase in loan charge- offs, any of which would have an adverse impact, which could be material, on our business, financial condition, and results of operations. We own real estate as a result of foreclosures resulting from non- performing loans. If other lenders or borrowers liquidate significant amounts of real estate in a rapid or disorderly fashion, or if the FDIC elects to dispose of significant amounts of real estate from failed financial institutions in a similar fashion, it could have an adverse effect on the values of the properties owned by the Company by depressing the value of these real estate holdings. In such a case, we may incur further write- downs and charge- offs, which could, in turn, adversely affect our business, financial condition and results of operations. Changes in retail distribution strategies and consumer behavior may adversely impact our business, financial condition and results of operations. We have significant investments in bank premises and equipment for our branch network as well as our retail work force and other branch banking assets. Advances in technology such as e- commerce, telephone, internet and mobile banking, and in- branch self- service technologies including automatic teller machines and other equipment, as well as changing customer preferences for these other methods of accessing our products and services, could decrease the value of our branch network or other retail distribution assets and may cause us to change our retail distribution strategy, close and / or sell certain branches or parcels of land held for development and restructure or reduce our remaining branches and work force. **As a result of the current market environment and customer behavior, we have undertaken a branch optimization strategy that has led to the closure, consolidation or sale of certain branches in our network.** These actions could lead to losses on these assets or could adversely impact the carrying value of other long- lived assets and may lead to increased expenditures to renovate and reconfigure remaining branches or to otherwise **further** reform our retail distribution channel. In addition, any changes in our branch network strategy could adversely impact our business, financial condition or operations if it results in the loss of customers or deposits which we rely on as a low cost and stable source of funds for our loans and operations. We may suffer losses in our loan portfolio due to inadequate or faulty underwriting and loan collection practices. There are risks inherent in any loan portfolio, which we attempt to address by adhering to specific underwriting and loan collection practices. Underwriting practices often include analysis of a borrower' s prior credit history; financial statements; tax returns; cash flow projections; valuation of collateral; personal guarantees of loans to businesses; and verification of liquid assets. If the underwriting process fails to capture accurate information or proves to be inadequate, we may incur losses on loans that appeared to meet our underwriting criteria, and those losses may exceed the amounts set aside as reserves in the allowance for credit losses. Loan collection resources may be expanded to meet increases in nonperforming loans resulting from economic downturns or to service any loans acquired, resulting in higher loan administration costs. We are also exposed to the risk of improper documentation of foreclosure proceedings that would also increase the cost of collection. Our ~~business is~~ **operations are focused in the western United States,** ~~subject~~ **subjecting us** to **the** ~~interest rate risk~~ **risks** ~~, and changes~~ **of general economic conditions** in **these** market ~~interest rates may negatively affect our business, financial condition and results of operations. Our primary source of income is net interest income, which is the difference between the interest income generated~~

~~by interest- earning assets and the interest expense generated by interest- bearing liabilities. The level of net interest income is a function of the average balances of interest- earning assets and interest- bearing liabilities and the spread between the amounts of the yield on such assets and the cost of such liabilities. These factors are~~ **areas** ~~influenced by both the pricing and the mix of interest- earning assets and interest- bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the " FOMC ") and market interest rates~~ . **Substantially all** ~~Management is unable to predict these external factors, including the fluctuations~~ of market interest rates, which are affected......, changes in interest rates could affect the Bank' s **effect** on our business due to a number of factors,including:• Loan delinquencies may increase.• Problem assets and foreclosures may increase.• Demand for the Bank' s products and services may decline.• Collateral for loans made by the Bank,especially real estate,may decline in value,in turn reducing a customer' s borrowing power and reducing the value of assets and collateral associated with the loans.• Natural disasters and catastrophic events such as wildfires,floods and earthquakes may damage or destroy collateral for loans made by the Bank and negatively ~~impact~~ ability to ~~originate~~ **repay** loans and attract and retain deposits; the...... and borrowed money that constitute our liabilities . Our liquidity may be adversely impacted by issues arising from certain industry deficiencies in foreclosure practices, including delays and challenges in the foreclosure process. Foreclosure process issues and the potential legal and regulatory responses to them could negatively impact the process and timing to completion of foreclosures for residential mortgage lenders, including the Bank. **During** ~~Due to~~ the COVID- 19 emergency, certain states in which we do business enacted temporary stays on evictions and foreclosures, or instituted a right to forbearance for homeowners experiencing financial hardship. Even before the adoption of these emergency policies, foreclosure timelines have increased in recent years due to, among other reasons, delays associated with the significant increase in the number of foreclosure cases as a result of economic downturns, additional consumer protection initiatives related to the foreclosure process and voluntary or mandatory programs intended to permit or require lenders to consider loan modifications or other alternatives to foreclosure. Should these stays or rights to forbearance ~~continue~~ **be enacted again, or if new legislation is passed regarding residential foreclosures** , we may be limited in our ability to take timely possession of real estate assets collateralizing loans, which may increase our loan losses. Increases in the foreclosure timeline may also have an adverse effect on collateral values and the our ability to minimize our losses. **Impairment** ~~The replacement~~ of **goodwill** ~~the LIBOR benchmark interest rate~~ may **adversely** ~~have an~~ impact **future** ~~on our business, financial condition or~~ results of operations. **Accounting standards require** ~~Certain loans made by us are made at variable rates~~ that **we account** ~~use LIBOR as a benchmark~~ for **acquisitions using a method** ~~establishing the interest rate. In addition, we also have investments and interest rate derivatives~~ that ~~reference LIBOR. On July 27, 2017, the United Kingdom' s Financial Conduct Authority (" FCA") announced that it intended to stop persuading or compelling banks to submit LIBOR rates after 2021. On November 30, 2020 to facilitate an orderly LIBOR transition the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve jointly announced that entering into new contracts using LIBOR as a reference rate after December 31, 2021 would~~ **could result in goodwill** ~~create a safety and soundness risk~~ . **If** ~~On March 5, 2021,~~ the ~~FCA announced that all LIBOR settings~~ **purchase price of the acquired company exceeds the fair value of the acquired net assets, the excess** will ~~either cease to~~ be **included** ~~provided by any administrator or no longer be representative immediately after December 31, 2021,~~ in the **Company** ~~case of 1- week and 2- month U. S. dollar LIBOR, and immediately after June 30, 2023, in the case of the remaining U. S. dollar LIBOR settings. In the United States, efforts to identify a set of alternative U. S. dollar reference interest rates are ongoing, and the Alternative Reference Rate Committee (" ARRC") has recommended the use of a Secured Overnight Funding Rate (" SOFR"). SOFR is different from LIBOR in that it is a backward looking secured rate rather than a forward looking unsecured rate. These differences could lead to a greater disconnect between the Bank~~ ' s **Statement of Financial Condition** ~~costs to raise funds for SOFR~~ as **goodwill** ~~compared to LIBOR. For cash products and loans, the ARRC has also recommended Term SOFR, which is a forward looking SOFR based on SOFR futures and may in part reduce differences between SOFR and LIBOR. To further reduce differences between replacement indices and substitute indices market practitioners have also gravitated towards credit sensitive rates, the leading among them being the Bloomberg Short- term Bank Yield Index (" BSBY "). The ARRC announced on October 21, 2020 that they are not well positioned to adjudicate the development of a credit sensitive rate and will not criticize firms solely for using reference rates other than SOFR, such as BSBY~~ . The Company has ~~prepared to originate new loans to customers~~ **a significant goodwill balance and, in accordance with GAAP, we evaluate it for impairment at least annually and more often if events or circumstances indicate the possibility of impairment. Evaluations may be** based on ~~SOFR~~ **many factors** , **some of which are** ~~Term SOFR, BSBY, Prime and other~~ -- **the** ~~indices but~~ **price of our Common Stock, discounted cash flow projections and data from comparable** market ~~acceptance~~ **acquisitions. A significant and sustained decline in** ~~or~~ **our** ~~availability of these~~ **stock price and market capitalization, a significant decline in** ~~or~~ **our expected future cash flows, a significant adverse change in** ~~other~~ -- **the** ~~alternate reference~~ **business climate or slower growth** rates **could result in impairment** ~~remain uncertain. The implementation~~ of ~~a substitute index or~~ **our** ~~indices for the calculation~~ **goodwill. Future evaluations** of **goodwill** ~~interest rates under our loan agreements with our borrowers may incur significant expenses in effecting the transition,~~ may result in ~~reduced loan~~ **the impairment and write- down of our goodwill** ~~balances~~ - **balance** ~~if borrowers do not accept the substitute index or indices, and may result in disputes or litigation with customers over the appropriateness or comparability to LIBOR of the substitute index or indices,~~ which could have **a material** ~~an adverse effect on our results of operations. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established or the establishment of multiple alternative reference rate (s). These consequences cannot be entirely predicted and could have an~~ adverse impact on ~~the market value for or~~ **our earnings** ~~value of LIBOR- linked securities, loans,~~ and ~~other financial obligations or extensions of credit held by or due to us. Our ability to originate mortgage loans has been~~ adversely ~~affected~~ -- **affect** ~~by the increased competition resulting from the involvement of the U. S. Government, the Federal Reserve and Government- Sponsored Enterprises (" GSEs ") in the residential mortgage~~

~~market. Over the past few years, we have faced increased competition for mortgage loans due to the increased involvement of the GSEs in the mortgage market, which has caused interest rates for thirty year fixed- rate mortgage loans that conform to GSE guidelines to remain artificially low. Mortgage loan repayments on one- to- four -~~ **our operating** ~~family residential properties have been elevated, and it is possible that these mortgage loan repayments will outpace our loan production as a result~~ **results** ~~of this competition, making it difficult for us to grow our mortgage loan portfolio and balance sheet, and having an adverse effect on our business~~ . The Bank faces strong competition from other financial institutions and new market participants, offering services similar to those offered by the Bank. Many competitors, including fintech companies, offer the same types of loan and deposit services that the Company offers. These competitors include national and multinational banks, other regional banks, savings associations, community banks, credit unions and other financial intermediaries. In particular, our competitors include national banks and major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, recent technological breakthroughs have made it possible for other non- traditional competitors to enter the marketplace and compete for traditional banking services. Increased competition within our geographic market area may result in reduced loan originations and deposits. Ultimately, competition from current and future competitors may affect our business materially and adversely. We may not be able to continue to grow organically or through acquisitions. Historically, we have expanded through a combination of organic growth and acquisitions. If market and regulatory conditions change, we may be unable to grow organically or successfully compete for, complete, and integrate potential future acquisitions at the same pace as we have achieved in recent years, or at all. We have historically used our strong stock currency and capital resources to complete acquisitions. Downturns in the stock market and the market price of our stock, changes in our capital position, and changes in our regulatory standing could each have a negative impact on our ability to complete future acquisitions. **The Company' s entry into California may present increased risk that may adversely impact our business, prospects and financial condition. The merger will result in WaFd significantly expanding our operations into the state of California where we have limited operating experience. The banking and financial services business in California is highly competitive. Our entry into California will present us with different competitive conditions and we will be required to compete for loans, deposits and customers for financial services with many new competitors in California. Many of these competitors are much larger in total assets and capitalization, have greater access to capital markets and offer a broader array of financial services than we do. As a result, there can be no assurance that we will be able to compete effectively in California, and the results of our operations could be materially and adversely affected if we are unable to compete effectively.** Our ability to pay dividends is subject to limitations that may affect our ability to continue to pay dividends to shareholders. The Company is a separate legal entity from the bank subsidiary and does not have significant operations of its own. The availability of dividends from the Bank is limited by the Bank' s earnings and capital, as well as various **federal and state** statutes and regulations. It is possible, depending upon the financial condition of the Bank and other factors, that the Bank may not be able to pay dividends to the Company. If the Bank is unable to pay dividends to the Company, then we may not be able to pay dividends on our preferred or ~~common~~ **Common** ~~stock~~ **Stock** to our shareholders ~~. There are various federal law limitations on the extent to which the Bank can finance or otherwise supply funds to the Company through dividends and loans. These limitations include capital adequacy regulations and policies of its regulators generally and specifically the FDIC' s Prompt Corrective Action regulations, federal banking law requirements concerning the payment of dividends out of net profits or surplus, Sections 23A and 23B of the Federal Reserve Act and Regulation W governing transactions between an insured depository institution and its affiliates, as well as general federal regulatory oversight to prevent unsafe or unsound practices~~ . If the Bank earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, then our liquidity may be affected and our stock price may be negatively affected by our inability to pay dividends, which will have an adverse impact on both the Company and our shareholders. Our 4. 875 % Fixed Rate Non- Cumulative Perpetual Preferred Stock, Series A (" Series A Preferred Stock ") ranks senior to our Common Stock, and we are prohibited from paying dividends on our ~~common~~ **Common** ~~stock~~ **Stock** unless we have paid dividends on our Series A Preferred. Shares of our Series A Preferred Stock rank senior to our Common ~~stock~~ **Stock** with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up. Holders of Series A Preferred Stock are entitled to receive, when, as, and if declared by our Board of Directors (or a duly authorized committee of our Board of Directors), out of assets legally available for the payment of dividends under Washington law, non- cumulative cash dividends based on the liquidation preference of the Series A Preferred Stock at a rate equal to 4. 875 % per annum for each quarterly dividend period, beginning on April 15, 2021. If we do not or are unable to pay quarterly dividends on our Series A Preferred Stock, we may not pay a dividend to the holders of our Common Stock. Our stock price may be negatively affected by our inability to pay dividends, which will have an adverse impact on both the Company and our shareholders. In addition, if we fail to pay, or declare and set apart for payment, dividends on our Series A Preferred Stock for six quarterly dividend periods, whether or not consecutive, the number of directors on our Board of Directors will automatically be increased by two, and the holders of shares of Series A Preferred Stock will have the right to elect two additional members of our Board of Directors (the " Preferred Stock Directors ") to fill such newly created directorships. The market price for our Common Stock may be volatile. The market price of our Common Stock could fluctuate substantially in the future in response to a number of factors, including those discussed below. The market price of our Common Stock has in the past fluctuated significantly. We expect to see additional volatility in the financial markets due to the uncertainty caused by the continuing ~~COVID- 19 pandemic, disruption in~~ global ~~supply chains~~ **conflicts, commodity shortages and price fluctuations, recent bank failures** , uncertainty over the U. S. government debt ceiling **, risks of government shutdowns** and changing Federal Reserve policy. Some additional factors that may cause the price of our ~~common~~ **Common** ~~stock~~ **Stock** to fluctuate include: • general conditions in the financial markets and real estate markets. • macro- economic and political conditions in the U. S. and the financial markets generally ~~(including the effects of the COVID- 19 pandemic)~~ . •

variations in the operating results of the Company and our competitors. • events affecting other companies that the market deems comparable to the Company. • changes in securities analysts' estimates of our future performance and the future performance of our competitors. • announcements by the Company or our competitors of mergers, acquisitions and strategic partnerships **, including the pending merger with Luther Burbank** . • additions or departure of key personnel. • the presence or absence of short selling of the Company' s Common Stock. • future sales by us of our Common Stock or debt securities. The stock markets in general have experienced substantial price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations are expected to continue for the near future, and may adversely affect the trading price of our Common Stock. **If the merger with Luther Burbank is approved, the Company' s shareholders will have less influence as a shareholder of the combined company than as a shareholder of Company. The Company' s shareholders currently have the right to vote in the election of the Board of Directors and on other matters affecting the Company. Based on WaFd' s stock price as of November 1, 2023, following completion of the merger, the shareholders of Luther Burbank as a group are expected to hold a maximum ownership interest of approximately 21 % of the Company. As a result, after the merger, a current Company' s shareholders' percentage ownership of the combined company will be smaller than such shareholder' s current percentage ownership of the Company' s Common Stock.** There may be future sales or other dilution of the Company' s equity, which may adversely affect the market price of our common stock or depositary shares. ~~We are not restricted from issuing additional shares of common stock, preferred stock, or securities that are convertible into or exchangeable for, or that represent the right to receive, Common Stock or preferred stock.~~ Our Board of Directors is authorized to cause ~~Washington Federal~~ **the Company** to issue one or more classes or series of preferred stock junior to our Series A Preferred Stock from time to time without any action on the part of our shareholders, and our Board of Directors also has the power, without shareholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over the Common Stock with respect to dividends or upon our dissolution, winding up and liquidation and other terms. ~~Although the approval of holders of depositary shares representing interests in the Series A Preferred Stock will be needed to issue any equity security ranking above the Series A Preferred Stock, if we were to issue preferred stock in the future that has preference over the Series A Preferred Stock with respect to the payment of dividends or upon liquidation, or if we were to issue preferred stock with voting rights that dilute the voting power of the Series A Preferred Stock or depositary shares, the rights of holders of the depositary shares or the market price of the depositary shares could be adversely affected.~~ The issuance of any additional shares of common or of preferred stock or convertible securities or the exercise of such securities could be substantially dilutive to existing shareholders. ~~For instance, exercise of the warrant issued to the U. S. Treasury in connection with our participation in the Capital Purchase Program diluted the value of our Common Stock.~~ We may also elect to use Common Stock to fund new acquisitions, which will **further** dilute existing shareholders. Holders of our Common Stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. We rely, in part, on external financing to fund our operations and the unavailability of such funding in the future could adversely impact our growth and prospects. We rely on customer deposits, advances from the FHLB and other borrowings to fund our operations. Management has historically been able to replace maturing deposits, if desired; however, we may not be able to replace such funds at any given point in time if our financial condition or market conditions change or if the cost of doing so might adversely affect our business, financial condition and results of operations. ~~Although~~ **If** we **need additional** ~~consider current sources of~~ funds ~~adequate~~ for our liquidity needs, we may seek additional debt ~~in the future~~ to achieve our long- term business objectives. Such borrowings, if sought, may not be available to us or, if available, may not be on favorable terms. If additional financing sources are unavailable or are not available on reasonable terms, our business, financial condition and results of operations may be adversely affected. A person holding our Common Stock could have the voting power of their shares of Common Stock on all matters significantly reduced under Washington' s anti- takeover statutes, if the person acquires 10 % or more of the voting stock of the Company. We are incorporated in the state of Washington and subject to Washington state law. Some provisions of Washington state law could interfere with or restrict takeover bids or other change- in- control events affecting us. For example, Chapter 23B. 19 of the Washington Business Corporation Act, with limited exceptions, prohibits a " target corporation " from engaging in specified " significant business transactions " for a period of five years after the share acquisition by an acquiring person, **without complying with certain** ~~unless: • the prohibited transaction or the acquiring person' s purchase of shares was approved by a majority of the members of the target corporation' s board of directors prior to the acquiring person' s share acquisition; or • the prohibited transaction was both approved by the majority of the members of the target corporation' s board and authorized at a~~ shareholder **approval requirements** ~~meeting by at least two-thirds of the outstanding voting shares (excluding the acquiring person' s shares) at or subsequent to the acquiring person' s share acquisition~~ . An acquiring person is defined as a person or group of persons that beneficially own 10 % or more of ~~the~~ **our** voting securities ~~of the target corporation~~ . Such prohibited transactions include, among other things: • certain mergers, or consolidations with, disposition of assets to, or issuances of stock to or redemption of stock from, the acquiring person; • termination of 5 % or more of the employees of the target corporation as a result of the acquiring person' s acquisition of 10 % or more of the shares; • allowing the acquiring person to receive any disproportionate benefit as a shareholder; and • liquidating or dissolving the target corporation. After the five- year period, certain " significant business transactions " are permitted, if they comply with certain " fair price " provisions of the statute or are approved by a majority of the outstanding shares other than those of which the acquiring person has beneficial ownership. As a Washington corporation, the Company is not permitted to " opt out " of this statute. The Company' s business or the value of its common shares could be negatively affected as a result of actions by activist shareholders. The Company values constructive input from shareholders, and our Board of Directors and management team are committed to acting in the best interests of all of the Company' s shareholders. Activist shareholders who

disagree with the composition of the Board of Directors, the Company' s strategic direction, or the way the Company is managed may seek to effect change through various strategies that range from private engagement to public filings, proxy contests, efforts to force transactions not supported by the Board of Directors, and litigation. Responding to some of these actions can be costly and time- consuming, may disrupt the Company' s operations and divert the attention of the Board of Directors and management. Such activities could interfere with the Company' s ability to execute its strategic plan and to attract and retain qualified executive leadership. The perceived uncertainty as to the Company' s future direction resulting from activist strategies could also affect the market price and volatility of the Company' s common shares.