

WASHINGTON FEDERAL INC
Form S-4/A
May 22, 2012
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As filed with the Securities and Exchange Commission on May 22, 2012

Registration No. 333-181283

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WASHINGTON FEDERAL, INC.

(Exact name of Registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

6035
(Primary Standard Industrial
Classification Code No.)
425 Pike Street

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

Seattle, Washington 98101

(206) 624-7930

(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

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Roy M. Whitehead

Chairman, President and Chief Executive Officer

Washington Federal, Inc.

425 Pike Street

Seattle, Washington 98101

(206) 624-7930

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Norman B. Antin, Esq.

Jeffrey D. Haas, Esq.

Patton Boggs LLP

2550 M Street, NW

Washington, DC 20037

Telephone: (202) 457-6000

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Lane Powell PC

601 SW Second Avenue

Suite 2100

Portland, Oregon 97204

Telephone: (503) 778-2169

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effectiveness of this Registration Statement, satisfaction or waiver of the other conditions to closing of the merger described herein, and consummation of the merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated Filer

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum		Amount of Registration Fee
		Offering Price Per Share or Unit(2)	Proposed Maximum Aggregate Offering Price(2)	
Common Stock, par value \$1.00 per share	1,996,338	N/A	\$70,273,000	\$8,054*

* Previously paid.

- (1) Based upon an estimate of the maximum number of shares of common stock of Washington Federal, Inc., or Washington Federal, to be issued pursuant to the Agreement and Plan of Merger, dated as of April 4, 2012, among Washington Federal, South Valley Bancorp, Inc., or South Valley, and the Stockholders Representative, based on (a) 6,739,831 shares of South Valley stock outstanding and (b) an exchange ratio of 0.2962 a share of Washington Federal common stock for each share of South Valley common stock. Pursuant to Rule 416, this Registration Statement also covers additional securities that may be issued as a result of stock splits, stock dividends or similar transactions.
- (2) Pursuant to Rule 457(f) under the Securities Act, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based on the aggregate book value of the South Valley common stock to be canceled upon completion of the merger described herein, as of April 30, 2012, the latest practicable date prior to the date of filing this Registration Statement, in accordance with Rule 457(f)(2). South Valley is a privately held company and no market exists for its common stock.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

DATED MAY 22, 2012, SUBJECT TO COMPLETION

SOUTH VALLEY BANCORP, INC.

803 Main Street

Klamath Falls, Oregon 97601

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

May 22, 2012

Dear South Valley shareholders:

You are cordially invited to attend a special meeting of shareholders of South Valley Bancorp, Inc. to be held at 5:00 p.m., Pacific Time, on June 28, 2012 at the Running Y Ranch Conference Center, 5500 Running Y Road, Klamath Falls, Oregon 97601. At the special meeting, you will be asked to consider and vote upon a proposal to approve an agreement and plan of merger pursuant to which South Valley will be merged with and into Washington Federal, Inc.

If the merger agreement is approved and the merger is subsequently completed, each outstanding share of South Valley common stock will be converted into the right to receive:

0.2962 of a share of Washington Federal common stock for an aggregate of 1,996,338 shares of Washington Federal common stock, with cash paid in lieu of any fractional shares of Washington Federal common stock;

a contingent cash payment equal to the pro rata portion of an earn out from the net proceeds collected from a pool of specified assets of South Valley, which may be paid over a five-year period, subject to a one-year extension by Washington Federal; and

a contingent cash payment equal to the pro rata portion of the net proceeds, if any, received by South Valley from the sale of its trust business and/or wealth management business prior to the closing of the merger.

The value implied by the exchange ratio for the stock portion of the merger consideration for one share of South Valley common stock on May 21, 2012 was \$5.04, based on the closing price per share of Washington Federal common stock on that date. Because the exchange ratio for the stock portion of the merger consideration is fixed, the implied value will fluctuate based on the market price of Washington Federal common stock and will not be known at the time you vote on the merger. Washington Federal common stock is listed on the Nasdaq Global Select Market under the symbol WAFD. You should obtain current market quotations for Washington Federal common stock. South Valley's common stock is not listed or traded on any established securities exchange or quotation system.

The cash portion of the merger consideration is contingent upon (a) the collection of up to a maximum of \$39.1 million of a specified pool of assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing of the merger and (b) South

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Valley's ability to complete the sale of its trust business and/or wealth management business prior to the closing of the merger. To the extent that South Valley is able to collect upon the specified pool of its assets prior to the closing of the merger, then the holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 100% of the cash collected and received on the assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. If collections on the specified South Valley assets are made by Washington Federal after the closing of the merger, then holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 51.2% of the cash collected and received on the specified South Valley assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. If the specified South Valley assets were collected in their entirety prior to the consummation of the merger, South Valley shareholders would receive an additional cash

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payment equal to \$5.81 per South Valley share, less the deductions and expenses related to such assets. If none of the specified pool of South Valley assets were collected prior to consummation of the merger, but were collected in full within five years (subject to extension) of the closing of the merger, South Valley shareholders would receive an additional cash payment of \$2.97 per South Valley share, less the deductions and expenses related to such assets. As of May 21, 2012, a total of approximately \$185,000 has been collected on the specified pool of South Valley assets, which amount will be available for distribution to the South Valley shareholders on a pro rata basis following completion of the merger, less deductions for accrued interest, amounts owed to third parties and other collection expenses. There is no assurance that any additional collections will be made on the assets or that South Valley shareholders will receive any additional amount of the contingent cash consideration for their shares of South Valley common stock. The terms and conditions for the contingent cash portions of the merger consideration are described more fully in the accompanying proxy statement/prospectus.

South Valley shareholders also will receive a cash payment, if any, equal to their pro rata portion of the net proceeds received from South Valley's sale of its trust business and/or wealth management business, provided that the sale of such business or businesses is completed prior to the closing of the merger. South Valley has not completed any appraisals or valuations with respect to the trust business and/or the wealth management business.

The merger cannot be completed unless the holders of a majority of the outstanding shares of South Valley common stock vote in favor of approval of the merger agreement at the special meeting.

Based on our reasons for the merger described in the accompanying document, including the fairness opinion issued by our financial advisor, D.A. Davidson & Co., our board of directors believes that the merger is fair to you and in your best interests. **Accordingly, our board of directors unanimously recommends that you vote FOR approval of the merger agreement.**

The accompanying proxy statement/prospectus gives you detailed information about the special meeting, the merger and related matters. **We urge you to read this entire document carefully, including the considerations discussed under Risk Factors, beginning on page 15, and the annexes to the accompanying proxy statement/prospectus, which include the merger agreement.**

Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by following the instructions to vote via the Internet or by telephone as indicated on the proxy card.

We appreciate your continuing loyalty and support, and we look forward to seeing you at the special meeting.

Sincerely,

William E. Castle
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Washington Federal common stock to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated May 22, 2012 and is being first mailed
to shareholders of South Valley on or about May 24, 2012

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SOUTH VALLEY BANCORP, INC.

803 Main Street

Klamath Falls, Oregon 97601

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on June 28, 2012

To the shareholders of South Valley Bancorp, Inc.:

We will hold a special meeting of shareholders of South Valley Bancorp, Inc. at 5:00 p.m., Pacific Time, on June 28, 2012, at the Running Y Ranch Conference Center, 5500 Running Y Road, Klamath Falls, Oregon 97601, for the following purposes:

to consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of April 4, 2012, among Washington Federal, Inc., South Valley and the Stockholders Representative, or the merger agreement, as described in the attached proxy statement/prospectus;

to consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

We have fixed the close of business on May 21, 2012 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting. Only holders of South Valley common stock of record at the close of business on that date will be entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has determined that the merger agreement is in the best interests of South Valley and its shareholders and unanimously recommends that shareholders vote FOR approval of the merger agreement and FOR approval of the proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Holders of South Valley common stock have the right to dissent from the merger and assert dissenters' rights, provided the requirements of Oregon law governing dissenters' rights are followed. A copy of Sections 60.551 to 60.594 of the Oregon Revised Statutes, which govern dissenters' rights, is attached as Annex C to the proxy statement/prospectus that accompanies this notice.

If you have any questions concerning the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need help voting your shares of South Valley common stock, please contact William E. Castle, South Valley's President and Chief Executive Officer, at (541) 880-5200.

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Your vote is very important. Whether or not you plan to attend the special meeting, please promptly complete, sign, date and return your proxy card in the enclosed envelope or vote via the Internet or by telephone as indicated on the proxy card.

By Order of the Board of Directors

William E. Castle
President and Chief Executive Officer

Klamath Falls, Oregon

May 22, 2012

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Washington Federal from documents that are not included in or delivered with this document. You can obtain these documents through the Securities and Exchange Commission, or Commission, website at <http://www.sec.gov>, or by requesting them in writing or by telephone from Washington Federal as follows:

Washington Federal, Inc.

425 Pike Street

Seattle, Washington 98101

Attention: Edwin C. Hedlund

(206) 624-7930

If you would like to request documents, please do so by June 21, 2012 in order to receive them before the special meeting.

For additional information regarding where you can find information about Washington Federal, please see [Where You Can Find More Information](#) beginning on page 83.

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QUESTIONS AND ANSWERS

ABOUT THE SPECIAL MEETING AND MERGER

Q: What am I being asked to vote on?

A: You are being asked to vote to approve the merger agreement and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement.

Q: Why is my vote important?

A: If you do not vote your shares of South Valley common stock, it will be more difficult for South Valley to obtain the necessary quorum to take action at the special meeting. The merger agreement must be approved by the holders of majority of the outstanding shares of South Valley common stock. If you do not vote, it will have the same effect as a vote against the merger agreement. **The South Valley board of directors recommends that you vote FOR approval of the merger agreement.**

Q: What do I need to do now?

A: After you have carefully read this document, indicate on your proxy card how you want your shares to be voted. Then sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Alternatively, you may vote by following the Internet and telephone voting instructions indicated on the proxy card. This will enable your shares of South Valley common stock to be represented and voted at the special meeting.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your bank, broker or other nominee will not be able to vote shares held by it in street name on your behalf without instructions from you. You should instruct your bank, broker or other nominee to vote your shares by following the directions your bank, broker or other nominee provides to you.

Q: What if I abstain from voting or fail to instruct my broker?

A: If you are a holder of South Valley common stock and you abstain from voting or fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, referred to as a broker non-vote, then the abstention or broker non-vote will be counted towards a quorum at the special meeting, but it will have the same effect as a vote against approval of the merger agreement. With respect to the proposal to adjourn the special meeting if necessary or appropriate in order to solicit additional proxies, an abstention or a broker non-vote will have no effect on the outcome of the proposal.

Q: Can I attend the meeting and vote my shares in person?

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A: Yes. All South Valley shareholders are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If your shares are held in street name, then you are not the shareholder of record and you must bring a legal proxy from your broker, bank or other nominee confirming that you are the beneficial owner of the shares in order to vote in person at the special meeting.

Q: Can I change my vote?

A: Yes. Regardless of the method you used to cast your vote, if you are a holder of record, you may change your vote by:

delivering to South Valley prior to the special meeting a written notice of revocation addressed to Loren L. Lawrie, Corporate Secretary, South Valley Bancorp, Inc., 803 Main Street, Klamath Falls, Oregon 97601;

completing, signing and returning a new proxy card with a later date before the date of the special meeting, and any earlier proxy will be revoked automatically;

calling the toll-free number listed on the South Valley proxy card or by accessing the Internet site listed on the South Valley proxy card to change your vote by 11:59 p.m., Eastern Time, on June 27, 2012, in

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which case your later submitted proxy via telephone or Internet, as the case may be, will be recorded and your earlier proxy revoked;
or

attending the special meeting and voting in person, and any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

Q: Will I have dissenters' rights in connection with the merger?

A: Yes. Holders of South Valley common stock have the right to dissent from the merger and assert dissenters' rights, provided the requirements of Oregon law governing dissenters' rights are followed.

Q: Will South Valley be required to submit the merger agreement to its shareholders even if the South Valley board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the special meeting, South Valley is required to submit the merger agreement to its shareholders even if the South Valley board of directors has withdrawn, modified or qualified its recommendation, consistent with the terms of the merger agreement.

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. Instructions for surrendering your South Valley common stock certificates in exchange for the merger consideration will be sent to you after we complete the merger.

Q: Where will my shares of Washington Federal common stock be listed?

A: Washington Federal intends to apply to have the shares of Washington Federal common stock to be issued in the merger approved for quotation on the Nasdaq Global Select Market. Washington Federal's common stock currently trades on the Nasdaq Global Select Market under the symbol WAFD.

Q: When do you expect to complete the merger?

A: The parties expect to complete the merger in the third quarter of 2012. However, there is no assurance when or if the merger will occur. South Valley shareholders must first approve the merger agreement at the special meeting, the necessary regulatory approvals must be obtained and other conditions to the consummation of the merger must be satisfied.

Q: Who should I call with questions?

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A: If you have questions about the merger or the process for voting or if you need additional copies of this document or a replacement proxy card, please contact William E. Castle, South Valley's President and Chief Executive Officer, at (541) 880-5200.

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement/prospectus, including the merger agreement and the other documents to which we have referred you. See *Where You Can Find More Information* beginning on page 83. Page references are included in this summary to direct you to a more complete description of the topics.*

*Throughout this proxy statement/prospectus, *South Valley*, *we* and *our* refers to *South Valley Bancorp, Inc.*, *Washington Federal* refers to *Washington Federal, Inc.* and *the Bank* refers to *Washington Federal, Washington Federal's* banking subsidiary. Also, we refer to the merger between *South Valley* and *Washington Federal* as the *merger*, the subsidiary merger between the *Bank* and *South Valley Bank & Trust*, *South Valley's* banking subsidiary, as the *subsidiary merger* and the agreement and plan of merger, dated as of April 4, 2012, among *Washington Federal, South Valley* and the *Stockholders' Representative*, as the *merger agreement*.*

Parties to the Proposed Merger (Page 68)

Washington Federal, Inc. Washington Federal is a savings and loan holding company incorporated under the laws of the State of Washington and the parent company of the Bank, a federally chartered savings and loan association with 166 full service banking offices located in Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas. Washington Federal's principal asset is all of the capital stock of the Bank. Washington Federal had total consolidated assets of approximately \$13.6 billion, total deposits of approximately \$8.8 billion and total consolidated shareholders' equity of approximately \$1.9 billion at March 31, 2012. Washington Federal's principal executive offices are located at 425 Pike Street, Seattle, Washington 98101 and its telephone number is (206) 624-7930.

South Valley Bancorp, Inc. South Valley is a bank holding company headquartered in Klamath Falls, Oregon. As of March 31, 2012, South Valley had consolidated assets of \$856.2 million, deposits of \$757.9 million and net loans of \$550.5 million. South Valley's wholly owned bank subsidiary, South Valley Bank & Trust, is the sixth largest bank in Oregon of all banks headquartered in Oregon (excluding banks with out-of-state holding companies). South Valley operates 24 full-service community banking offices across four regions in Oregon: Klamath/Lake, Central Oregon, Rogue and Three Rivers. As of March 31, 2012, South Valley Bank & Trust's trust department had \$165.5 million of assets under administration, 307 trust clients and 12 employees, including five trust officers. As of March 31, 2012, South Valley's broker-dealer and investment adviser subsidiary, South Valley Wealth Management, had \$312.8 million of assets under administration, 2,356 client relationships and 11 employees, including seven financial advisors. South Valley's corporate office is located at 803 Main Street, Klamath Falls, Oregon 97601 and its telephone number is (541) 884-1264.

In February 2011, South Valley Bank & Trust entered into a Memorandum of Understanding, or MOU, with the Federal Deposit Insurance Corporation, or FDIC, and the Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities, or DFCS. Under the MOU, South Valley Bank & Trust is required to take specified actions relating to its financial condition and business operations, and may not pay cash dividends to South Valley without prior written approval from the FDIC and the DFCS. In May 2011, the South Valley board of directors adopted resolutions at the direction of the Federal Reserve Bank of San Francisco, or Federal Reserve, requiring South Valley to take corrective actions and refrain from specified actions to ensure South Valley Bank & Trust's compliance with the MOU, and that are substantially similar in substance and scope to the MOU. Under these resolutions, South Valley may not pay any dividends on or repurchase its common stock, or receive dividends from South Valley Bank & Trust, without the prior written approval of the Federal Reserve and the DFCS. South Valley does not expect to be permitted to pay or receive dividends or

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repurchase shares until it meets all of the requirements of the MOU and the board resolutions. The MOU will remain in effect until stayed, modified, terminated or suspended by the FDIC and the DFCS.

In addition, the FDIC and the DFCS have requested that South Valley Bank & Trust's board of directors, on behalf of South Valley Bank & Trust, enter into a Stipulation to the Issuance of a Consent Order with the FDIC and the DFCS. The South Valley Bank & Trust board of directors is considering the request. If the stipulation is executed, it is expected that the FDIC and the DFCS would promptly thereafter and prior to the closing of the merger issue a Consent Order substantially similar in substance and scope to the MOU. Under the Consent Order, South Valley Bank & Trust would be required to, among other things, develop and adopt certain plans and policies, achieve and maintain Tier 1 capital in an amount equal to, or in excess of, 10% of South Valley Bank & Trust's average total assets, refrain from paying cash dividends, reduce certain classified assets within specified periods and refrain from extending credit to certain borrowers, except in limited circumstances. See

Information About South Valley beginning on page 69. Following the issuance of the Consent Order, South Valley would expect to become subject to a written agreement with the Federal Reserve, which South Valley anticipates would be substantially similar in substance and scope to the resolutions adopted by the South Valley board of directors at the direction of the Federal Reserve. If the closing of the merger were to occur, the Bank would not be subject to the Consent Order and Washington Federal would not be subject to any written agreement between the Federal Reserve and South Valley. If the closing of the merger does not occur, the Consent Order and any written agreement with the Federal Reserve would remain in effect until stayed, modified, terminated or suspended by the applicable bank regulators.

The Merger (Page 23)

The merger agreement is attached to this proxy statement/prospectus as Annex A, which is incorporated by reference into this proxy statement/prospectus. Please read the entire merger agreement. It is the legal document that governs the merger. In the proposed merger, South Valley will merge with and into Washington Federal. Immediately following the merger, the subsidiary merger is expected to be completed with South Valley Bank & Trust merging with the Bank, with the Bank as the surviving entity. The parties expect to complete the merger and the subsidiary merger in the third quarter of 2012.

South Valley Shareholders Will Receive Whole Shares of Washington Federal Common Stock and May Receive Contingent Cash Payments for Each Share of South Valley Common Stock Exchanged Pursuant to the Merger (Page 41)

If the merger of South Valley with and into Washington Federal is completed, each outstanding share of South Valley common stock (subject to certain exceptions) will be converted into the right to receive:

0.2962 of a share of Washington Federal common stock, with cash paid in lieu of any fractional shares of Washington Federal common stock;

a contingent cash payment equal to the pro rata portion of an earn out from the net proceeds collected from a pool of specified assets of South Valley, which may be paid over a five-year period, subject to a one-year extension by Washington Federal; and

a contingent cash payment equal to the pro rata portion of the net proceeds, if any, received by South Valley from the sale of its trust business and/or wealth management business prior to the closing of the merger.

Washington Federal will not issue fractional shares. Instead, South Valley shareholders will receive the value of any fractional share interest in cash, based on the closing price of a share of Washington Federal common stock on the business day immediately preceding the consummation of the merger.

The cash portion of the merger consideration is contingent upon (i) the collection up to a maximum of \$39.1 million of a specified pool of assets of South Valley prior to the closing of the merger by South Valley or

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by Washington Federal after the closing of the merger and (ii) South Valley's ability to complete the sale of its trust business and/or wealth management business prior to the closing of the merger.

The specified pool of assets of South Valley subject to collection for purposes of the contingent cash portion of the merger consideration had an aggregate book value of approximately \$39.1 million as of March 31, 2012. To the extent that South Valley is able to collect upon the specified pool of its assets prior to the closing of the merger, then the holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 100% of the cash collected and received on the specified South Valley assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. If collections on the specified South Valley assets are made by Washington Federal after the closing of the merger, then holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 51.2% of the cash collected and received on the specified South Valley assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. After the full amount of an expense reserve provided for in the merger agreement is funded, all proceeds recovered by Washington Federal with respect to each specified asset will be applied in the following order of priority: first, for the payment of all collection expenses relating to the specified asset recovered; second, for the payment of all accrued interest on the specified asset recovered; and third, on the principal of the specified asset recovered. See "The Merger-The Merger Consideration-Earn Out Amount" beginning on page 41.

If the specified South Valley assets were collected in their entirety prior to the consummation of the merger, then South Valley shareholders would receive an additional cash payment equal to \$5.81 per South Valley share, less the deductions and expenses related to such assets. If none of the specified pool of South Valley assets were collected prior to consummation of the merger, but were collected in full within five years (subject to extension) of the closing of the merger, then South Valley shareholders would receive an additional cash payment of \$2.97 per South Valley share, less the deductions and expenses related to such assets. As of May 21, 2012, a total of approximately \$185,000 has been collected on the specified pool of South Valley assets, which amount will be available for distribution to the South Valley shareholders on a pro rata basis following completion of the merger, less deductions for accrued interest, amounts owed to third parties and other collection expenses.

In addition, South Valley shareholders will receive a cash payment, if any, equal to their pro rata portion of the net proceeds received from South Valley's sale of its trust business and/or wealth management business, provided that the sale of such business is completed prior to the closing of the merger. South Valley has not completed any appraisals or valuations with respect to the trust business and/or the wealth management business.

There are no assurances that either South Valley, prior to the closing of the merger, or Washington Federal, after the closing of the merger, will be able to make any additional collections on the specified assets of South Valley or that South Valley will be able to sell its trust business or wealth management business prior to the closing of the merger. Accordingly, there are no assurances of the amount of cash consideration that you will receive in exchange for your shares of South Valley common stock.

Shareholders Should Wait to Surrender their South Valley Common Stock Certificates

Promptly following the effective date of the merger, you or, if applicable, the record holder of your shares, will be sent a notice of the effectiveness of the merger and a letter of transmittal. The letter of transmittal should be completed and returned to the designated exchange agent along with your stock certificates representing shares of South Valley common stock. After the letter of transmittal has been received and processed, you will be sent the Washington Federal common stock and contingent cash payments to which you are entitled. If you hold shares in street name, you will receive information from your broker or other holder of record advising you of the process for receiving the Washington Federal common stock and contingent cash payments to which you are entitled.

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You will need to surrender your South Valley common stock certificates prior to receiving the merger consideration, but you should not send us any certificates now. You will receive detailed instructions on how to exchange your shares along with your letter of transmittal after the merger is completed.

Per Share Market Price Information (Page 68)

Shares of Washington Federal common stock currently trade on the Nasdaq Global Select Market under the symbol WAFD. The South Valley common stock is not listed on an exchange or quoted on any automated services, and there is no established trading market for shares of South Valley common stock. The following table sets forth the closing sale prices of Washington Federal common stock as reported on the Nasdaq Stock Market on April 4, 2012, the last trading-day before the merger was announced, and on May 21, 2012, the last practicable trading-day before the distribution of this proxy statement/prospectus.

To help illustrate the market value of the stock portion of the merger consideration to be received by South Valley's shareholders, the following table also presents the equivalent price per share of South Valley common stock on April 4, 2012 and May 21, 2012, which were determined by multiplying the closing price of the Washington Federal common stock on those dates by the exchange ratio of 0.2962 of a share of Washington Federal common stock for each share of South Valley common stock. The equivalent price per share of South Valley common stock presented below does not reflect any of the contingent cash consideration that may be received from (1) collections of specified assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing of the merger and/or (2) the sale of South Valley's trust business and/or wealth management business prior to the closing of the merger. There is no assurance that South Valley shareholders will receive any of the contingent cash consideration for their shares of South Valley common stock.

Date	Historical Market Value Per Share of Washington		Equivalent Market Value Per Share of South Valley
	Federal Common Stock		
At April 4, 2012	\$	16.54	\$ 4.90
At May 21, 2012	\$	17.00	\$ 5.04

The market price of Washington Federal common stock will fluctuate prior to the merger. You should obtain a current price quotation for Washington Federal common stock.

Dividend Information (Page 67)

Washington Federal currently pays a quarterly cash dividend to its shareholders. On April 20, 2012, Washington Federal paid a cash dividend of \$0.08 per share to common shareholders of record on April 6, 2012. Washington Federal intends to continue to pay a quarterly cash dividend to its shareholders.

Under the MOU, South Valley Bank & Trust may not pay cash dividends to South Valley without the prior written approval from the FDIC and the DFCS. Under the board resolutions that South Valley adopted at the direction of the Federal Reserve, South Valley may not pay any dividends on or repurchase its common stock, or receive dividends from South Valley Bank & Trust, without the prior written approval of the Federal Reserve and the DFCS. South Valley does not anticipate seeking or receiving approval for dividend payments until the provisions of the MOU are stayed or terminated and South Valley's board of directors is permitted by the Federal Reserve to rescind the related board resolutions.

Material Federal Income Tax Consequences of the Merger (Page 60)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, and it is a condition to the respective obligations of

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Washington Federal and South Valley to complete the merger that each of them receives a legal opinion to that effect. If the merger is completed, the merger consideration that will be paid to the holders of South Valley common stock will include shares of Washington Federal common stock (including cash for any fractional shares) and potential cash payments (payable at the closing of the merger and/or after the closing of the merger), which payments are contingent upon (i) collections of certain specified assets of South Valley and (ii) the sale by South Valley of its trust business and/or its wealth management business prior to the closing of the merger. See *The Merger* *The Merger Consideration*, beginning on page 41.

Assuming the merger qualifies as a reorganization, subject to the limitations and more detailed discussion set forth in *The Merger* *Material Federal Income Tax Consequences* of this proxy statement/prospectus, a South Valley shareholder that is a U.S. holder that receives shares of Washington Federal common stock in exchange for its shares of South Valley common stock generally will not recognize gain or loss on such exchange, other than with respect to (1) cash received in lieu of fractional shares of Washington Federal common stock and (2) the receipt of one or more contingent cash payments as discussed above. The contingent cash payment(s) that may be received by a South Valley shareholder at the closing of the merger or during the five-year period after the closing of the merger (subject to a one year extension) will cause a South Valley shareholder to recognize gain (but not loss) equal to the lesser of (a) the excess of cash received plus the fair market value of the Washington Federal common stock received, over its adjusted tax basis in the shares of South Valley common stock exchanged in the merger and (b) the amount of cash received by such South Valley shareholder in the merger (other than cash received in lieu of fractional shares of Washington Federal common stock).

Tax matters are complicated, and the tax consequences of the merger to a particular South Valley shareholder will depend in part on such shareholder's individual circumstances. Accordingly, you are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

South Valley's Financial Advisor Believes that the Merger Consideration is Fair to South Valley Shareholders (Page 30)

Among other factors considered in deciding to approve the merger, the South Valley board of directors received the opinion of its financial advisor, D.A. Davidson & Co., that, as of April 4, 2012 (the date on which the South Valley board of directors approved the merger agreement), the merger consideration was fair to the holders of South Valley common stock from a financial point of view. D.A. Davidson & Co. reissued its opinion to the South Valley board of directors as of the date of this proxy statement/prospectus in order to confirm its opinion that the merger consideration was fair to the holders of South Valley common stock from a financial point of view as of that date. The written opinion of D.A. Davidson & Co., dated as of the date of this proxy statement/prospectus, is included as Annex B to this proxy statement/prospectus. You should read the opinion completely to understand the assumptions made, matters considered and limitations of the review undertaken by D.A. Davidson & Co. in providing its opinion. D.A. Davidson & Co. provided its opinion for the information and assistance of South Valley's board of directors in connection with its consideration of the merger. The D.A. Davidson & Co. opinion is not a recommendation as to how any holder of South Valley's common stock should vote with respect to the merger. Pursuant to the terms of D.A. Davidson & Co.'s engagement as financial advisor and other advisory services, South Valley agreed to pay D.A. Davidson & Co. a cash fee of \$250,000 concurrently with the rendering of its written opinion to the South Valley board of directors, which fee shall be credited against the contingent portion of D.A. Davidson's fee, which is based upon the aggregate value of the merger consideration payable to the holders of South Valley common stock at the closing of the merger, which (assuming there are no material fluctuations in the stock price of Washington Federal from the date of this proxy statement/prospectus to closing) is expected to range from 2.75% to 3.00% of the aggregate merger consideration paid by Washington Federal at the closing. D.A. Davidson's fee percentage is determined based on the multiple of merger consideration payable to South Valley shareholders at closing divided by South Valley's balance of tangible common equity as of December 31, 2011. Additionally, Washington Federal will pay to D.A.

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Davidson & Co. one year following the closing of the merger a contingent cash fee that is expected to range from 2.75% to 3.00% of the sum of (1) the aggregate value of the merger consideration payable to South Valley shareholders after closing and (2) the net present value of any remaining consideration payable to South Valley shareholders. As of the date of this proxy statement/prospectus \$250,000 has been paid by South Valley to D.A. Davidson & Co. in connection with this merger transaction.

Our Board of Directors Recommends Approval of the Merger (Page 19)

Based on South Valley's reasons for the merger described herein, including the fairness opinion of D.A. Davidson & Co., the South Valley board of directors believes that the merger is fair to you and in your best interests and unanimously recommends that you vote **FOR** approval of the merger agreement.

Date, Time and Location of the Special Meeting (Page 19)

The special meeting will be held at 5:00 p.m., Pacific Time, on June 28, 2012, at the Running Y Ranch Conference Center, 5500 Running Y Road, Klamath Falls, Oregon 97601. At the special meeting, South Valley shareholders will be asked to:

approve the merger agreement,

approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement, and

act on any other matters that may properly come before the special meeting.

Record Date and Voting Rights for the Special Meeting (Page 19)

You are entitled to vote at the special meeting if you owned shares of South Valley common stock as of the close of business on May 21, 2012. You will have one vote at the special meeting for each share of South Valley common stock that you owned on that date.

Shareholders of record may vote by mail, by telephone, via the Internet or by attending the special meeting and voting in person. Each proxy returned to South Valley (and not revoked) by a holder of South Valley common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted **FOR** approval of the merger agreement and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Each participant in, or beneficiary of, the South Valley's 2009 Restated Employee Stock Ownership and Retirement Plan, or ESOP, has the right to direct the trustees of the ESOP how to vote those shares of South Valley common stock allocated to the participant's account, or held for the benefit of the beneficiary, at the special meeting by returning signed voting instructions to the trustees of the ESOP. If an ESOP participant or beneficiary does not provide voting instructions to the trustees of the ESOP in a timely manner, the shares of South Valley common stock allocated to the participant's account, or held for the benefit of the beneficiary, will not be voted at the special meeting, which will have the same effect as a vote against the proposal to approve the merger agreement and will have no effect on the proposal to adjourn the special meeting.

Approval of the Merger Agreement Requires a Majority Vote by South Valley Shareholders

The affirmative vote of the holders of a majority of the outstanding shares of South Valley common stock is necessary to approve the merger agreement on behalf of South Valley.

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Management of South Valley Owns Shares Which May Be Voted at the Special Meeting (Pages 64 and 70)

The directors and executive officers of South Valley, who collectively own and have the power to vote approximately 8.01% of the outstanding shares of South Valley common stock as of May 21, 2012, have entered into shareholder agreements with Washington Federal and South Valley pursuant to which they have agreed to vote all of their shares in favor of the merger agreement.

Washington Federal and South Valley Must Meet Several Conditions to Complete the Merger (Page 46)

Completion of the merger depends on meeting a number of conditions, including the following:

shareholders of South Valley must approve the merger agreement;

Washington Federal and South Valley must receive all required regulatory approvals for the merger and the subsidiary merger, and any waiting periods required by law must have passed;

there must be no law, injunction or order enacted or issued preventing completion of the merger;

the Washington Federal common stock to be issued in the merger must have been approved for trading on the Nasdaq Global Select Market (or on any securities exchange on which the Washington Federal common stock may then be listed);

Washington Federal and South Valley must receive a legal opinion confirming the tax-free nature of the merger;

the representations and warranties of each of Washington Federal and South Valley in the merger agreement must be accurate, subject to exceptions that would not have a material adverse effect on Washington Federal or South Valley, respectively;

Washington Federal and South Valley must have complied in all material respects with their respective obligations in the merger agreement; and

dissenting shares shall not represent 15% or more of the outstanding South Valley common stock.

Unless prohibited by law, either Washington Federal or South Valley could elect to waive a condition that has not been satisfied and complete the merger anyway. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied, or waived where permissible, or that the merger will be completed.

Washington Federal and South Valley Must Obtain Regulatory Approvals to Complete the Merger (Page 48)

To complete the merger, the parties need the prior approval of or waiver from the Federal Reserve, the Office of the Comptroller of the Currency, or OCC, and the DFCS. The U.S. Department of Justice is able to provide input into the approval process of federal banking agencies and will have between 15 and 30 days following any approval of a federal banking agency to challenge the approval on antitrust grounds. Washington Federal and South Valley have filed all necessary applications with the OCC and DFCS, and a waiver request will be filed with the Federal Reserve. Washington Federal and South Valley cannot predict whether the required regulatory approvals and waivers will be obtained or whether any such approvals or waivers will have conditions which would be detrimental to Washington Federal following completion of the merger.

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In addition, the obligation of Washington Federal to complete the merger is conditioned on the receipt of the FDIC's consent to the assignment of the existing FDIC shared-loss agreements that South Valley Bank & Trust and the FDIC entered into in connection with the purchase and assumption agreement between the FDIC and South Valley Bank & Trust with respect to the assumption of deposits and purchase of assets by South Valley Bank & Trust of Home Valley Bank. The FDIC has consented to the assignment of the South Valley Bank & Trust shared-loss agreements to the Bank.

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Washington Federal and South Valley may Terminate the Merger Agreement (Page 55)

Washington Federal and South Valley can mutually agree at any time to terminate the merger agreement before completing the merger, even if shareholders of South Valley have already voted to approve it.

Either company also can terminate the merger agreement:

if any required regulatory approvals for consummation of the merger are not obtained;

if the merger is not completed by October 31, 2012;

if the shareholders of South Valley do not approve the merger agreement; or

if the other company breaches any of its representations, warranties or obligations under the merger agreement in a manner which would be reasonably expected to have a material adverse effect on it and the breach cannot be or has not been cured within 30 days of notice of the breach.

In addition, Washington Federal may terminate the merger agreement at any time prior to the special meeting if the board of directors of South Valley withdraws or modifies its recommendation to the South Valley shareholders that the merger agreement be approved in any way which is adverse to Washington Federal, or breaches its covenants requiring the calling and holding of a meeting of shareholders to consider the merger agreement and prohibiting the solicitation of other offers. Washington Federal also may terminate the merger agreement if a third party commences a tender offer or exchange offer for 15% or more of the outstanding South Valley common stock and the board of directors of South Valley recommends that South Valley shareholders tender their shares in the offer or otherwise fails to recommend that they reject the offer.

Washington Federal and South Valley May Amend and Extend the Merger Agreement (Page 55)

The parties may amend the merger agreement at any time before the merger actually takes place, and may agree to extend the time within which any action required by the merger agreement is to take place. No amendment may be made after the special meeting which by law requires further approval by the shareholders of South Valley without obtaining such approval.

South Valley's Directors and Executive Officers Have Some Interests in the Merger that Are in Addition to or Different than Your Interests (Page 58)

South Valley's directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of South Valley. These interests include, among other things:

officers and employees of South Valley and South Valley Bank & Trust participate in the ESOP which will be terminated prior to closing of the merger and all remaining assets will be allocated to the participants in the plan; and

Washington Federal's agreement to honor indemnification obligations of South Valley for a period of six years, as well as, to purchase liability insurance for South Valley's directors and officers for three years following the merger, subject to the terms of the merger agreement.

The board of directors of South Valley was aware of the foregoing interests and considered them, among other matters, in approving the merger agreement and the merger.

South Valley is Prohibited from Soliciting Other Offers (Page 53)

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South Valley has agreed that, while the merger is pending, it will not initiate or, subject to some limited exceptions, engage in discussions with any third party other than Washington Federal regarding extraordinary transactions such as a merger, business combination or sale of a material amount of assets or capital stock (other than its trust business and/or wealth management business).

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Accounting Treatment of the Merger (Page 64)

The merger will be accounted for under the purchase method of accounting under generally accepted accounting principles, or GAAP.

Shareholders of Washington Federal and South Valley Have Different Rights (Page 73)

Washington Federal is incorporated under the laws of the State of Washington and South Valley is incorporated under the laws of the State of Oregon. The rights of holders of South Valley common stock are governed by Oregon law and South Valley's restated articles of incorporation and restated bylaws and the rights of holders of Washington Federal common stock are governed by Washington law and Washington Federal's restated articles of incorporation and bylaws. Upon consummation of the merger, shareholders of South Valley will receive shares of Washington Federal common stock in exchange for their shares of South Valley common stock and become shareholders of Washington Federal and their rights as shareholders of Washington Federal will be governed by Washington Federal's restated articles of incorporation and bylaws and the Washington Business Corporation Act, or the WBCA. The rights of shareholders of Washington Federal differ from the rights of shareholders of South Valley.

Termination Fee (Page 56)

South Valley must pay Washington Federal a termination fee of \$4.7 million if the merger agreement is terminated under specified circumstances.

Stockholders' Representative (Page 59)

South Valley has designated Andrew C. Brandsness to serve as the representative of the South Valley shareholders in connection with the merger. By virtue of the approval of the merger by the shareholders of South Valley, the South Valley shareholders will be deemed to have agreed to appoint Mr. Brandsness to serve as their agent and attorney-in-fact, with full power of substitution, to take the actions that are expressly contemplated under the merger agreement for and on behalf of South Valley's shareholders.

South Valley's Shareholders Have Dissenters' Rights (Page 65)

Under Oregon law, holders of South Valley common stock have the right to dissent from the merger and, if the merger is consummated and all requirements of Oregon law are satisfied by holders seeking to exercise dissenters' rights, to receive cash for the fair value of their shares of South Valley common stock. To perfect dissenters' rights, a South Valley shareholder must send or deliver a notice to South Valley prior to the special meeting and must not vote in favor of the merger. If the merger is approved by South Valley's shareholders, no later than 10 days following the consummation of the merger, Washington Federal, as successor to South Valley, will deliver a written dissenters' notice to all shareholders who have satisfied the required statutory provisions. Dissenting shareholders who receive the notice must demand payment and satisfy other requirements. In any case, a shareholder electing to dissent must strictly comply with all the procedures required by Oregon law. These procedures are described later in this proxy statement/prospectus, and a copy of the relevant provisions of Oregon law is attached as Annex C.

The Shares of Washington Federal Common Stock to be Issued in the Merger Will Be Listed on the Nasdaq Global Select Market (Page 64)

Pursuant to the merger agreement, the shares of Washington Federal common stock issued in connection with the merger will be listed on the Nasdaq Global Select Market or on any securities exchange on which the Washington Federal common stock may then be listed.

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The following tables present selected consolidated historical financial data of Washington Federal and selected consolidated historical financial data of South Valley.

Selected Consolidated Historical Financial Data of Washington Federal

Set forth below are highlights derived from Washington Federal's audited consolidated financial statements as of and for the years ended September 30, 2007 through 2011 and Washington Federal's unaudited interim consolidated financial data as of and for the six months ended March 31, 2012 and 2011. The results of operations for the six months ended March 31, 2012 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of Washington Federal's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Washington Federal's consolidated financial statements and related notes included in Washington Federal's Annual Report on Form 10-K for the year ended September 30, 2011 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, which are incorporated by reference in this document and from which this information is derived. See "Where You Can Find More Information" on page 83.

	At or for the Six Months Ended March 31,		At or for the Year Ended September 30,				
	2012	2011	2011	2010	2009	2008	2007
	(In thousands, except per share data)						
Balance Sheet Summary:							
Total assets	\$ 13,564,108	\$ 13,388,805	\$ 13,440,749	\$ 13,486,379	\$ 12,582,475	\$ 11,830,141	\$ 10,285,417
Loans and mortgage-backed securities	11,407,960	11,079,534	10,992,053	10,626,842	11,266,295	11,053,223	9,601,947
Investment securities	316,023	340,205	246,004	358,061	21,259	49,001	240,391
Cash and cash equivalents	890,347	911,961	816,002	888,622	498,388	82,600	61,378
Customer accounts	8,798,440	8,790,272	8,665,903	8,852,540	7,842,310	7,169,539	5,996,785
FHLB advances	1,960,041	1,863,541	1,962,066	1,865,548	2,078,930	1,998,308	1,760,979
Other borrowings	800,000	800,000	800,000	800,000	800,600	1,177,600	1,075,000
Stockholders' equity	1,908,057	1,837,641	1,906,533	1,841,147	1,745,485	1,332,674	1,318,127
Stockholders' equity per share	17.85	16.40	17.49	16.37	15.55	15.16	15.07
Average equity to average assets	14.05%	13.75%	13.82%	13.54%	11.57%	11.99%	13.36%
Non-performing assets to total assets	2.11%	2.98%	2.76%	3.22%	4.43%	1.39%	0.15%
Income Statement Data:							
Interest income	\$ 310,507	\$ 324,129	\$ 644,635	\$ 663,560	\$ 691,774	\$ 701,428	\$ 618,682
Interest expense	102,191	117,840	227,696	269,101	318,627	397,641	358,501
Net interest income	208,316	206,289	416,939	394,459	373,147	303,787	260,181
Provision for loan losses	29,209	56,750	93,104	179,909	193,000	60,516	1,550
Other income	(2,478)	(3,261)	(14,117)	39,955	2,655	(60,212)	15,569
Other expense	71,176	67,600	136,059	131,480	107,060	87,220	64,888
Income before income taxes	105,453	78,678	173,659	123,025	75,742	95,839	209,312
Income taxes	37,964	28,324	62,518	4,372	27,570	33,507	74,295
Net income	\$ 67,489	\$ 50,354	\$ 111,141	\$ 118,653	\$ 48,172	\$ 62,332	\$ 135,017
Preferred dividends accrued					7,488		
Net income available to common shareholders	\$ 67,489	\$ 50,354	\$ 111,141	\$ 118,653	\$ 40,683	\$ 62,332	\$ 135,017
Per Share Data:							
Basic earnings	\$ 0.63	\$ 0.45	\$ 1.00	\$ 1.06	\$ 0.46	\$ 0.71	\$ 1.55

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Diluted earnings	0.63	0.45	1.00	1.05	0.46	0.71	1.54
Cash dividends	0.16	0.12	0.24	0.20	0.20	0.84	0.83
Return on average stockholders equity	7.07%	5.44%	5.99%	6.55%	2.87%	4.59%	10.46%
Return on average assets	0.99%	0.75%	0.83%	0.89%	0.33%	0.55%	1.40%
Efficiency ratio	32.65%	31.43%	31.30%	26.26%	27.30%	27.23%	23.56%

Table of Contents**Selected Consolidated Historical Financial Data of South Valley**

Set forth below are highlights from South Valley's consolidated financial data as of and for the years ended December 31, 2007 through 2011 and South Valley's unaudited consolidated financial data as of and for the three months ended March 31, 2012 and 2011. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of South Valley's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(In thousands, except per share data)						
Balance Sheet Summary:							
Total assets	\$ 856,217	\$ 849,170	\$ 867,691	\$ 845,271	\$ 606,065	\$ 614,566	\$ 598,761
Cash and cash equivalents	150,746	73,839	143,007	54,028	21,420	16,918	16,617
Investment securities, available-for-sale	55,685	49,052	45,758	51,096	44,091	48,581	59,615
Loans receivable, net	550,472	628,070	571,987	635,318	482,318	497,418	489,585
Customer accounts (Total deposits)	757,851	748,279	770,552	741,816	505,612	474,136	462,879
FHLB advances	25,240	25,301	25,255	25,316	30,408	30,520	20,614
Total shareholders' equity	70,074	73,067	68,835	72,336	65,272	70,410	68,406
Book value per common share	\$ 10.40	\$ 10.81	\$ 10.22	\$ 10.79	\$ 10.17	\$ 10.65	\$ 10.22
Average shareholders' equity to average assets	8.14%	8.73%	8.52%	9.98%	11.15%	11.78%	11.53%
Return on average shareholders equity	6.71%	0.29%	(5.87)%	3.81%	(2.88)%	7.77%	10.16%
Return on average assets	0.55%	0.02%	(0.50)%	0.38%	(0.32)%	0.91%	1.17%
Efficiency ratio	73.61%	83.42%	85.50%	69.71%	91.37%	71.66%	67.63%
Non-acquired non-performing assets to total assets	4.31%	3.83%	3.45%	2.82%	3.80%	0.82%	0.27%
Select Consolidated Statement of Operations Data:							
Interest income	\$ 8,899	\$ 10,031	\$ 38,917	\$ 36,705	\$ 34,963	\$ 37,844	\$ 42,161
Interest expense	1,235	1,908	6,618	6,910	8,797	11,566	15,797
Net interest income	7,664	8,123	32,299	29,795	26,166	26,278	26,364
Provision for loan losses	1,052	1,525	14,047	8,881	6,755	595	115
Net interest income after provision for loan losses	6,612	6,598	18,252	20,914	19,411	25,683	26,249
Non-interest income	2,107	1,538	6,295	9,928	4,049	4,164	4,676
Non-interest expense	7,192	8,059	32,996	27,689	27,606	21,816	20,991
Income (loss) before income taxes	1,527	77	(8,449)	3,153	(4,146)	8,031	9,934
Provision (benefit) for income taxes	366	25	(4,162)	423	(2,183)	2,527	3,205
Net income (loss)	\$ 1,161	\$ 52	\$ (4,287)	\$ 2,730	\$ (1,963)	\$ 5,504	\$ 6,729
Selected Share Data:							
Earnings (loss) per common share-basic	\$ 0.17	\$ 0.01	\$ (0.64)	\$ 0.41	\$ (0.30)	\$ 0.82	\$ 1.01
Earnings (loss) per common share-diluted	\$ 0.18	\$ 0.01	\$ (0.64)	\$ 0.41	\$ (0.30)	\$ 0.82	\$ 1.01
Dividends declared per common share	\$	\$	\$	\$	\$ 0.24	\$ 0.32	\$ 0.30

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Weighted average common shares outstanding-basic	6,737,986	6,712,105	6,733,496	6,616,058	6,555,699	6,723,246	6,659,975
Weighted average common shares outstanding-diluted	6,626,593	6,723,598	6,733,496	6,619,697	6,555,699	6,723,246	6,659,975

Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

The following table sets forth for the Washington Federal common stock and the South Valley common stock certain historical, pro forma and pro forma equivalent per share financial information. The pro forma and pro forma equivalent per share information gives effect to the merger as if the transaction had been effective on the dates presented, in the case of book value data, and as if the transaction had been effective on October 1, 2011, in the case of the income and dividend data. The pro forma information in the table assumes that the merger is accounted for under the purchase method of accounting. The information in the following table is based on, and should be read together with, the historical financial information that Washington Federal and South Valley have presented in prior filings with the Commission. See [Where You Can Find More Information](#) beginning on page 83.

The pro forma financial information is not necessarily indicative of results that would have occurred had the merger been completed on the date indicated or that may be obtained in the future.

	For the Six Months Ended March 31, 2012	For the Twelve Months Ended September 30, 2011
Net Income Per Common Share:		
Historical:		
Washington Federal		
Basic	\$ 0.63	\$ 1.00
Diluted	0.63	1.00
South Valley		
Basic	0.10	(0.44)
Diluted	0.11	(0.44)
Pro forma combined (1)		
Basic	0.62	0.95
Diluted	0.62	0.95
Equivalent Pro Forma South Valley (2)		
Basic	0.18	0.28
Diluted	0.18	0.28
Dividends Declared Per Common Share:		
Historical:		
Washington Federal (3)	\$ 0.16	\$ 0.24
South Valley		
Equivalent pro forma amount of South Valley (4)	0.05	0.07
Book Value Per Common Share (at period end):		
Historical:		
Washington Federal	\$ 17.85	\$ 17.49
South Valley	10.40	10.28
Pro forma combined (1)	17.73	17.11
Equivalent pro forma amount of South Valley (2)	5.25	5.07

- (1) Pro forma combined amounts are calculated by adding together the historical amounts reported by Washington Federal and South Valley, as adjusted for the estimated purchase accounting adjustments to be recorded in connection with the merger and an estimated 1.996 million shares of Washington Federal common stock to be issued in connection with the merger based on the terms of the merger agreement.
- (2) The equivalent pro forma per share data for South Valley is computed by multiplying the pro forma combined amounts by the exchange ratio of 0.2962.
- (3) It is anticipated that the initial pro forma combined dividend rate will be equal to the current dividend rate of Washington Federal. Accordingly, the pro forma combined dividends per share of Washington Federal common stock is equal to the historical dividends per common share paid by Washington Federal.
- (4)

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The equivalent pro forma cash dividends per common share represent the historical cash dividends per common share declared by Washington Federal and assume no change will occur, multiplied by the exchange ratio of 0.2962.

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RISK FACTORS

*Upon completion of the merger, in exchange for your shares of South Valley common stock, you will receive shares of Washington Federal common stock and, if the conditions for the contingent cash payments are satisfied, cash. Prior to deciding whether or not to approve the transaction, you should be aware of and consider the following risks and uncertainties that are applicable to the merger and Washington Federal, in addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the caption *Cautionary Statement Concerning Forward-Looking Statements* beginning on page 17.*

Because the exchange ratio in the merger is fixed and the market price of Washington Federal common stock will fluctuate, you cannot be sure of the value of the merger consideration you will receive.

Upon completion of the merger, each share of South Valley common stock will be converted into the right to receive 0.2962 of a share of Washington Federal common stock, with cash paid in lieu of any fractional shares of Washington Federal common stock. There will be no adjustment to this exchange ratio for changes in the market price of Washington Federal common stock. The market value of Washington Federal common stock that you will receive as part of the merger consideration may vary from the closing price of Washington Federal common stock on the date the merger was announced, on the date that this document was mailed to South Valley shareholders, on the date of the special meeting of the South Valley shareholders and on the date the merger is completed and thereafter. Accordingly, at the time of the special meeting, South Valley shareholders will not know or be able to calculate the market value of the Washington Federal common stock that they would receive as part of the merger consideration upon completion of the merger. The closing prices of Washington Federal common stock on April 4, 2012, the last trading day prior to the public announcement of the merger, and on May 21, 2012, the latest practicable date prior to the printing of this proxy statement/prospectus, were \$16.54 and \$17.00, respectively, resulting in implied values per South Valley share based on the exchange ratio of \$4.90 and \$5.04, respectively. South Valley does not have the right to terminate the merger agreement or to resolicit the vote of its shareholders solely because of changes in the market price of Washington Federal common stock.

South Valley shareholders will not receive any of the contingent cash consideration payments provided for in the merger agreement unless certain conditions are satisfied.

Because the cash portion of the merger consideration is contingent upon the net proceeds from the collection of specified assets of South Valley, both prior to and following the closing of the merger and the sale of South Valley's trust business and/or wealth management business prior to the closing of the merger, there are no assurances of the amount of cash that you will receive for your shares of South Valley common stock. As of May 21, 2012, a total of approximately \$185,000 has been collected on the specified pool of South Valley assets, which amount will be available for distribution to the South Valley shareholders on a pro rata basis following completion of the merger, less deductions for accrued interest, amounts owed to third parties and other collection expenses. If no additional collections are made on the specified assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing, then the shareholders of South Valley will not be entitled to receive any additional cash payments under the earn out provisions of the merger agreement. Similarly, if South Valley does not sell its trust business and/or wealth management business prior to the closing of the merger, then the shareholders of South Valley will not be entitled to receive any cash payment for those businesses. As a result, you will not know the amount of the contingent cash consideration that will be payable to shareholders of South Valley prior to the date of the special meeting.

The federal income tax consequences of the merger for South Valley shareholders will depend on the merger consideration received.

The federal income tax consequences of the merger to you will depend on the merger consideration that you receive. You generally will not recognize any gain or loss on the exchange of your shares of South Valley common stock for shares of Washington Federal common stock (other than cash received in lieu of any

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fractional shares of Washington Federal common stock). However, you generally will recognize gain (but not loss) if you receive any contingent cash payments as additional merger consideration in exchange for your shares of South Valley common stock. See *The Merger* *The Merger Consideration*, beginning on page 41. For a detailed discussion of the federal income tax consequences to you of the merger, see *The Merger* *Material Federal Income Tax Consequences* beginning on page 60.

Directors and officers of South Valley have interests in the merger that are in addition to or different than the interests of shareholders.

When considering the recommendation of South Valley's board of directors, you should be aware that some executive officers and directors of South Valley have interests in the merger that are somewhat different from your interests. These arrangements may create potential conflicts of interest. These and certain other additional interests of South Valley's directors and executive officers may cause some of these persons to view the proposed transaction differently than you view it, as a shareholder. See *The Merger* *Interests of Certain Persons in the Merger* beginning on page 58.

Washington Federal may fail to realize the anticipated benefits of the merger.

The success of the merger will depend on, among other things, Washington Federal's ability to realize anticipated cost savings and to combine the businesses of Washington Federal and South Valley in a manner that does not materially disrupt the existing customer relationships of South Valley or result in decreased revenues resulting from any loss of customers and that permits growth opportunities to occur. If Washington Federal is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Washington Federal and South Valley have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect Washington Federal's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Washington Federal and South Valley during the transition period and on the combined company following completion of the merger.

The market price of Washington Federal common stock after the merger may be affected by factors different from those affecting the shares of South Valley or Washington Federal currently.

Upon completion of the merger, holders of South Valley common stock will become holders of Washington Federal common stock. Washington Federal's business differs from that of South Valley, and, accordingly, the results of operations of the combined company and the market price of Washington Federal common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of Washington Federal and South Valley.

The merger is subject to the receipt of approvals, waivers or consents from regulatory authorities that may impose conditions that could have an adverse effect on Washington Federal.

Before the merger can be completed, various approvals, waivers or consents must be obtained from bank regulatory authorities. These authorities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although Washington Federal and South Valley do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Washington Federal following the merger. See *The Merger* *Regulatory Approvals* beginning on page 48.

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The fairness opinion obtained by South Valley from its financial advisor will not reflect changes in circumstances between the date of this proxy statement/prospectus and the completion of the merger.

Changes in the operations and prospects of South Valley or Washington Federal, general market and economic conditions and other factors that may be beyond the control of South Valley and Washington Federal, and on which the fairness opinion was based, may alter the value of South Valley or Washington Federal or the prices of shares of South Valley common stock or Washington Federal common stock by the time the merger is completed. The fairness opinion does not speak as of any date other than the date of such opinion, and the fairness opinion does not address the fairness of the merger consideration, from a financial point of view, at the time of the completion of the merger. The opinion is attached as Annex B to this proxy statement/prospectus. For a description of the opinion that South Valley received from its financial advisor, see *The Merger Opinion of South Valley's Financial Advisor* beginning on page 30. For a description of the other factors considered by South Valley's board of directors in determining to approve the merger, see *The Merger South Valley's Reasons for the Merger* beginning on page 28.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains or incorporates by reference a number of forward-looking statements regarding the financial condition, results of operations, earnings outlook and business prospects of Washington Federal, South Valley and the potential combined company and may include statements for the period following the completion of the merger. You can find many of these statements by looking for words such as *expects, projects, anticipates, believes, intends, estimates, strategy, plan, potential, possible* and other similar expressions. the expected timing, completion and effects of the merger and all other statements in this proxy statement/prospectus or in the documents incorporated by reference in this proxy statement/prospectus other than historical facts constitute forward-looking statements.

Forward-looking statements involve certain risks and uncertainties. The ability of either Washington Federal or South Valley to predict results or actual effects of its plans and strategies, or those of the combined company, is inherently uncertain. Accordingly, actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Some of the factors that may cause actual results or earnings to differ materially from those contemplated by the forward-looking statements include, but are not limited to, those discussed under *Risk Factors* and those discussed in the filings of Washington Federal that are incorporated into this proxy statement/prospectus by reference, as well as the following:

estimated cost savings and other financial benefits from the merger may not be fully realized within the expected time frame or at all;

deposit attrition, customer loss or revenue loss following the merger may occur or be greater than expected;

that required regulatory, shareholder or other approvals are not obtained or other closing conditions are not satisfied in a timely manner or at all;

the timing and amount of the contingent cash consideration payments under the merger agreement;

reputational risks and the reaction of the companies' customers to the merger transaction;

diversion of management time on merger-related issues;

competitive pressure among depository and other financial institutions may increase significantly;

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costs or difficulties related to the integration of the businesses of Washington Federal and South Valley may be greater than expected;

changes in the interest rate environment may reduce interest margins;

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general economic or business conditions, either nationally or in the states or regions in which Washington Federal does business, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit;

legislation or changes in regulatory requirements, including those arising under the Dodd-Frank Wall Street Reform and Consumer Protection Act, may adversely affect the businesses in which Washington Federal is engaged;

adverse changes may occur in the securities markets; and

competitors of Washington Federal may have greater financial resources and develop products and technology that enable those competitors to compete more successfully than Washington Federal.

Because these forward-looking statements are subject to assumptions and uncertainties, Washington Federal's and South Valley's actual results may differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this proxy statement/prospectus. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference in this proxy statement/prospectus.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Washington Federal or South Valley or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Washington Federal and South Valley undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events, unless obligated to do so under the federal securities laws.

GENERAL INFORMATION

This document constitutes a proxy statement and is being furnished to all record holders of South Valley common stock in connection with the solicitation of proxies by the board of directors of South Valley to be used at a special meeting of shareholders of South Valley to be held on June 28, 2012 and any adjournment or postponement of the special meeting. The purposes of the special meeting are to consider and vote upon a proposal to approve the merger agreement between Washington Federal and South Valley, which provides, among other things, for the merger of South Valley with and into Washington Federal, and a proposal to adjourn the special meeting to the extent necessary to solicit additional votes on the merger agreement.

This document also constitutes a prospectus of Washington Federal relating to the Washington Federal common stock to be issued upon completion of the merger to holders of South Valley common stock as part of the merger consideration. See "The Merger - The Merger Consideration" beginning on page 41. Based on 6,739,831 shares of South Valley common stock outstanding on May 21, 2012, and an exchange ratio of 0.2962, approximately 1.996 million shares of Washington Federal common stock will be issuable upon completion of the merger as payment for the stock portion of the merger consideration.

Washington Federal has supplied all of the information contained or incorporated by reference herein relating to Washington Federal, and South Valley has supplied all of the information relating to South Valley.

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THE SPECIAL MEETING

Time, Date and Place

A special meeting of shareholders of South Valley will be held at 5:00 p.m., Pacific Time, on June 28, 2012 at the Running Y Ranch Conference Center, 5500 Running Y Road, Klamath Falls, Oregon 97601.

Matters to be Considered

The purposes of the special meeting are to:

consider and approve the merger agreement;

consider and approve a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

consider any other matters that may be properly submitted for a vote at the special meeting.

At this time, the South Valley board of directors is unaware of any other matters that may be presented for action at the special meeting. If any other matters are properly presented at the special meeting, however, and you have completed, signed and submitted your proxy, the person(s) named as proxy will have the authority to vote your shares in accordance with his or her judgment with respect to such matters. A copy of the merger agreement is included in this proxy statement/prospectus as Annex A, and you are encouraged to read it carefully in its entirety.

Recommendation of the South Valley Board of Directors

The South Valley board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Based on South Valley's reasons for the merger described in this document, including D.A. Davidson & Co.'s fairness opinion, the board of directors of South Valley believes that the merger is in the best interests of South Valley's shareholders and unanimously recommends that you vote **FOR** approval of the merger agreement. See *The Merger - South Valley's Reasons for the Merger* beginning on page 28. The South Valley board of directors also unanimously recommends that you vote **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

Shares Outstanding and Entitled to Vote; Record Date

The close of business on May 21, 2012 has been fixed by South Valley as the record date for the determination of South Valley shareholders entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. At the close of business on the record date, there were 6,739,831 shares of South Valley common stock outstanding and entitled to vote, held by 415 holders of record. Each share of South Valley common stock entitles the holder to one vote at the special meeting on all matters properly presented at the meeting.

How to Vote Your Shares

Shareholders of Record. Shareholders of record may vote by mail, by telephone, via the Internet or by attending the special meeting and voting in person. If you choose to vote by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage-paid envelope provided. Internet and telephone voting is available until 11:59 p.m., Eastern Time, on June 27, 2012.

Shares Held in Street Name. If your shares of South Valley common stock are held through a bank, broker or other nominee, you are considered the beneficial owner of such shares held in street name. In such case, this proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee, who is

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considered, with respect to such shares, the shareholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee how to vote the shares by following the voting instructions that they have sent, or will send, to you. Without specific instructions from you, your bank, broker or other nominee is not empowered to vote your shares on the proposal to approve the merger agreement or any proposal of the South Valley board of directors to adjourn or postpone the special meeting, if necessary. Not voting these shares will have the effect of voting against the approval of the merger agreement, but will have no effect on the proposal to adjourn the special meeting. Alternatively, if you are a beneficial owner and wish to vote in person at the special meeting, you must provide a proxy executed in your favor by your bank, broker or other nominee.

Participants in the ESOP. Each participant in, or beneficiary of, the ESOP has the right to direct the voting of the shares of South Valley common stock allocated to the participant's account, or held for the benefit of the beneficiary, at the special meeting. Each ESOP participant or beneficiary will receive with this proxy statement/prospectus an ESOP Voting Instructions form to direct the voting of the shares of South Valley common stock allocated to his or her ESOP account. If an ESOP participant or beneficiary does not timely submit a properly completed Voting Instruction form to the trustee of the ESOP, the shares of South Valley common stock allocated to the participant's account, or held for the benefit of the beneficiary, will not be voted at the special meeting, which will have the same effect as a vote against the proposal to approve the merger agreement and will have no effect on the proposal to adjourn the special meeting. Voting instructions received from ESOP participants and beneficiaries with respect to the shares of South Valley common stock allocated to such participant's account, or held for the benefit of such beneficiary, under the ESOP will be held in strict confidence.

Revocation of Proxies

You can revoke your proxy at any time before your shares are voted. If you are a shareholder of record, you can revoke your proxy by:

delivering to South Valley prior to the special meeting a written notice of revocation addressed to Loren L. Lawrie, Corporate Secretary, South Valley Bancorp, Inc., 803 Main Street, Klamath Falls, Oregon 97601;

completing, signing and returning a new proxy card with a later date before the date of the special meeting, and any earlier proxy will be revoked automatically;

calling the toll-free number listed on the South Valley proxy card or by accessing the Internet site listed on the South Valley proxy card to change your vote by 11:59 p.m., Eastern Time, on June 27, 2012, in which case your later submitted proxy via telephone or Internet, as the case may be, will be recorded and your earlier proxy revoked; or

attending the special meeting and voting in person, and any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote. ESOP participants must follow the directions in the ESOP Voting Instructions to change their vote.

Attendance at the special meeting will not, in and of itself, constitute revocation of a proxy.

Each proxy returned to South Valley (and not revoked) by a holder of South Valley common stock will be voted in accordance with the instructions indicated thereon. If no instructions are indicated, the proxy will be voted **FOR** approval of the merger agreement and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

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Quorum

A quorum, consisting of the holders of a majority of the shares entitled to vote at the special meeting, must be present in person or by proxy before any action may be taken at the special meeting. Once a share of common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum not only at the special meeting but also at any adjournment or postponement of the special meeting. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

Abstentions and broker non-votes will not be counted for purposes of determining the number of votes cast on a proposal but will be treated as present for quorum purposes. Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under the applicable New York Stock Exchange rules. Under these rules, the proposals to approve the merger agreement and to adjourn the special meeting are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions.

Vote Required

The affirmative vote of the holders of a majority of the outstanding shares of South Valley common stock is necessary to approve the merger agreement on behalf of South Valley. The proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement, and any other matter properly submitted to shareholders for their consideration at the special meeting, will be approved if the votes cast in favor of the proposal exceeds the votes cast against.

Because the proposal to approve the merger agreement is required to be approved by the holders of a majority of the outstanding shares of South Valley common stock, abstentions and broker non-votes will have the same effect as a vote against the proposal to approve the merger agreement at the special meeting. And for the same reason, the failure of a South Valley shareholder to vote by proxy or in person at the special meeting will have the effect of a vote against this proposal. Because of the vote required for the proposal to adjourn the special meeting, abstentions and broker non-votes will have no effect on this proposal.

Shares of South Valley Subject to Voting Agreements

The directors and executive officers of South Valley, who collectively own and have the power to vote approximately 8.01% of the outstanding shares of South Valley common stock as of May 21, 2012, have entered into shareholder agreements with Washington Federal pursuant to which they have agreed to vote all of their shares in favor of the merger agreement. See *The Merger Shareholder Agreements* on page 64.

As of the close of business on the record date for the special meeting, Washington Federal did not beneficially own any shares of South Valley common stock.

Solicitation of Proxies

South Valley will pay for the costs of mailing this proxy statement/prospectus to its shareholders, as well as all other costs incurred by it in connection with the solicitation of proxies from its shareholders on behalf of its board of directors. In addition to solicitation by mail, the directors, officers and employees of South Valley and its subsidiaries may solicit proxies from shareholders of South Valley in person or by telephone, facsimile or other electronic methods without compensation other than reimbursement for their actual expenses.

Arrangements also will be made with custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and South Valley will

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reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Attending the Special Meeting

All holders of South Valley common stock, including shareholders of record and shareholders who hold their shares in street name through banks, brokers or other nominees, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record and would like to vote in person at the special meeting, you must produce a proxy executed in your favor by the record holder of your shares. In addition, you must bring a form of personal photo identification with you in order to be admitted at the special meeting. South Valley reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meeting is prohibited without South Valley's express written consent.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed, including for the purpose of soliciting additional proxies, if there are insufficient votes at the time of the special meeting to approve the proposal to approve the merger agreement or if a quorum is not present at the special meeting. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Questions and Additional Information

If you have questions about the merger or the process for voting or if you need additional copies of this document or a replacement proxy card, please contact William E. Castle, South Valley's President and Chief Executive Officer, at (541) 880-5200.

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THE MERGER

(PROPOSAL ONE)

The following information describes the material aspects of the merger agreement and the merger. This description does not purport to be complete and is qualified in its entirety by reference to the annexes to this proxy statement/prospectus, including the merger agreement. You are urged to carefully read the annexes in their entirety.

General

Under the terms and conditions set forth in the merger agreement, South Valley will be merged with and into Washington Federal, with Washington Federal as the surviving corporation. At the effective time of the merger, each share of common stock of South Valley, no par value per share, outstanding immediately before the effective time of the merger, except as provided below, will, by virtue of the merger and without any action on the part of a South Valley shareholder, be converted into the right to receive:

0.2962 of a share of Washington Federal common stock, with cash paid in lieu of any fractional shares of Washington Federal common stock;

a contingent cash payment equal to the pro rata portion of an earn out from the net proceeds collected from a pool of specified assets of South Valley, which may be paid over a five-year period, subject to a one-year extension by Washington Federal; and

a contingent cash payment equal to the pro rata portion of the net proceeds, if any, received by South Valley from the sale of its trust business and/or wealth management business prior to the closing of the merger.

The value implied by the exchange ratio for the stock portion of the merger consideration for one share of South Valley common stock on May 21, 2012 was \$5.04, based on the closing price per share of Washington Federal common stock on that date, which was the last practicable trading-day before the distribution of this proxy statement/prospectus. Because the exchange ratio for the stock portion of the merger consideration is fixed, the implied value will fluctuate based on the market price of Washington Federal common stock and will not be known at the time you vote on the merger. The contingent cash portion of the merger consideration will be based upon the collections up to a maximum of \$39.1 million on specified assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing of the merger and South Valley's ability to complete the sale of its trust business and/or wealth management business prior to the closing of the merger. There is no assurance as to the amount of the contingent cash consideration that South Valley shareholders will receive in the merger. The terms and conditions for the stock and contingent cash portions of the merger consideration are described more fully in this proxy statement/prospectus under "The Merger Consideration" beginning on page 41.

Shares of South Valley common stock held by South Valley shareholders who have elected dissenters' rights will not be converted into the right to receive the merger consideration upon consummation of the merger. The dissenters' rights available to South Valley shareholders are described more fully in this proxy statement/prospectus under "Dissenters' Rights" beginning on page 65.

Background of the Merger

The board of directors and management of South Valley have periodically considered various strategic alternatives available to South Valley in evaluating its business and plans, including whether South Valley should continue as an independent entity or combine with a larger financial institution. These reviews have focused on, among other things, South Valley's regulatory status, banking industry trends and conditions, capital markets conditions, the need for shareholder liquidity, the availability of equity capital and the terms on which South Valley could raise capital, the merger and acquisition environment affecting financial institutions, South Valley's historical and projected earnings and prospects, South Valley's competitive position relative to other banks and financial services institutions, and the values that might be obtained from each alternative.

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From 2005 to 2010, South Valley grew from 14 to 24 branches and from \$508.6 million in assets at December 31, 2005 to \$845.3 million in assets at December 31, 2010. During the second quarter of 2009, although South Valley received notification that its application for participation in the TARP Capital Purchase Program was approved, the South Valley board of directors elected not to participate in the program. On May 20, 2010, South Valley sold 246,132 shares of its common stock raising approximately \$3.3 million in capital. On July 23, 2010, South Valley completed the FDIC-assisted acquisition of Home Valley Bank, acquiring approximately \$244.9 million of assets and assuming \$242.6 million of liabilities, including \$227.2 million of deposits. Primarily as a result of the FDIC-assisted acquisition, South Valley Bank & Trust's ratio of Tier 1 capital to average total assets, or Tier 1 leverage ratio, declined to 7.97% as of September 30, 2010, from 11.09% at June 30, 2010.

In 2009 and 2010, as a result of the challenging economic environment, which was especially pronounced in South Valley's Central and Southern Oregon market areas, South Valley experienced increased levels of non-performing assets, delinquencies and adversely classified assets. South Valley recorded a net loss from operations in 2009 and, excluding a one-time bargain purchase gain related to the Home Valley Bank acquisition, would have recorded a net loss from operations in 2010. On September 20, 2010, the FDIC and the DFCS issued a joint safety and soundness examination report, which is referred to in the proxy statement/prospectus as the 2010 Examination Report, following a regular examination of South Valley Bank & Trust. On February 22, 2011, South Valley Bank & Trust entered into the MOU with the FDIC and the DFCS. Under the MOU, South Valley Bank & Trust is required to, among other things, reduce all assets classified as Substandard in the 2010 Examination Report by 50% by June 22, 2011, and by 70% by August 22, 2011; develop and implement plans to improve asset quality and lending and collection practices, and to increase profitability; and increase by August 22, 2011 South Valley Bank & Trust's Tier 1 leverage ratio so that it equals or exceeds 10%. On May 18, 2011, South Valley's board of directors adopted resolutions at the direction of the Federal Reserve requiring South Valley to take corrective actions and refrain from specified actions to ensure South Valley Bank & Trust's compliance with the MOU, and that are substantially similar in substance and scope to the MOU. South Valley Bank & Trust has not met the MOU's Substandard asset reduction requirements or the Tier 1 leverage ratio requirement.

As a result of the MOU, the South Valley board of directors passed a resolution to suspend all repurchases of South Valley common stock. The suspension of stock repurchases, combined with the lack of a liquid market for South Valley common stock and the board of directors' determination to suspend payment of cash dividends, posed a significant liquidity problem for existing South Valley shareholders, many of whom were retired employees of South Valley, and relied on South Valley's repurchase program and past cash dividends as a source of income.

Prior to the issuance of the MOU, South Valley's board of directors formed a Capital Committee to explore strategic alternatives to provide capital to support the Home Valley Bank acquisition, future growth and workout of problem assets during the economic downturn. On January 31, 2011, the Capital Committee and South Valley executive officers met with the investment banking firm of D.A. Davidson & Co., the law firm of Lane Powell PC and independent auditors Moss Adams LLP, to discuss strategic alternatives, including the possibility of raising capital through an initial public offering or private placement. On February 16, 2011, the South Valley board of directors received the Capital Committee's report of its meeting with advisors, discussed the 2010 Examination Report and proposed MOU, as well as capital raise alternatives, and approved the engagement of D.A. Davidson & Co. and Lane Powell PC to further explore capital raise alternatives.

On February 28, 2011, South Valley formally engaged D.A. Davidson & Co. to render financial advisory and investment banking services in connection with a possible capital raise transaction. South Valley and D.A. Davidson & Co. explored and discussed the Small Business Lending Fund, or SBLF, capital investment program offered through the U.S. Department of the Treasury, a private equity led private placement transaction and an initial public offering. On March 23, 2011, D.A. Davidson & Co., together with Lane Powell PC, presented a detailed review of South Valley's strategic alternatives to the South Valley board of directors.

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At a special meeting held on May 3, 2011, the South Valley board of directors further discussed capital needs and options with D.A. Davidson & Co. and discussed the key goals of a capital raise. The board of directors focused on how to most effectively reach the 10% Tier 1 leverage ratio and achieve compliance with the MOU, establish a foundation to explore opportunities for future growth and to provide for shareholder liquidity. The board of directors reviewed the advantages and disadvantages of possible capital raise transactions and discussed valuation, dilution and timing issues. After weighing the alternatives, the board of directors determined to move forward with an initial public offering, with D.A. Davidson & Co. as lead underwriter, and authorized commencement of underwriter and legal counsel due diligence, including a third party credit review.

From May 2011 to July 2011, D.A. Davidson & Co., its counsel and Lane Powell PC completed due diligence and, together with South Valley, prepared a Registration Statement on Form S-1 for filing with the Commission to publicly offer shares of its common stock. South Valley filed the Form S-1 with the Commission on July 29, 2011, initially registering up to \$46.0 million of shares of common stock. On September 28, 2011, South Valley filed an amendment to Form S-1 with the Commission. D.A. Davidson & Co. provided regular reports on the state of capital markets to the South Valley board of directors and the Capital Committee from June 2011 through November 2011. The South Valley board of directors had determined that market conditions in August and September 2011 were not conducive to an initial public offering due to macro-economic factors such as the escalation of the European debt crisis, the United States debt ceiling crisis, the volatility of the stock market and the resulting adverse effect on the capital markets for public offerings. The board of directors decided that South Valley needed to be in a position to explore other alternatives to raise capital. During the initial public offering process, on September 13, 2011, South Valley withdrew, at the request of the U.S. Department of the Treasury, its application for participation in the U.S. Department of the Treasury's SBLF program.

At the direction of the South Valley board of directors, D.A. Davidson & Co. contacted three private equity firms with experience in investments in financial institutions and investments in privately held companies. On September 29 and 30, 2011, D.A. Davidson & Co. and South Valley management held in-person meetings with the three private equity firms to discuss a potential investment in South Valley in a private placement transaction. Two private equity firms expressed interest and executed non-disclosure agreements to receive additional due diligence information. On October 19, 2011, one of the private equity firms that expressed interest in a possible transaction made a presentation to the South Valley board of directors, outlining the potential structure of an investment.

On October 24, 2011, the FDIC and DFCS commenced a regular joint safety and soundness examination of South Valley Bank & Trust, which is referred to in this proxy statement/prospectus as the 2011 Examination. On October 28, 2011, South Valley determined to postpone further work on the initial public offering due to the uncertainty of the results of the 2011 Examination and the impending staleness, on November 14, 2011, of financial statements included in the Form S-1 filed with the Commission. As a result of the foregoing and due to capital markets and economic conditions, South Valley formally withdrew the Form S-1 on November 7, 2011, but continued to explore alternative strategies to comply with the MOU.

On November 10, 2011, South Valley executive officers and its board of directors participated in an exit review with the FDIC and DFCS following completion of the 2011 Examination. The regulatory agencies commented on levels of non-performing assets and the continued need for additional capital for South Valley Bank & Trust, and indicated that South Valley Bank & Trust may be subject to further regulatory action. At a meeting of the South Valley board of directors held on November 16, 2011, D.A. Davidson & Co. provided an update of discussions with private equity firms and reviewed other options available to South Valley. In November 2011, the South Valley board of directors hired a third party consultant to perform an in-depth cost savings review. After receiving the final report from the third party consultant on December 21, 2011, the board of directors approved cost savings initiatives to preserve capital, including the elimination of discretionary ESOP contributions for 2011 and 2012, and, in January 2012, a reduction in workforce. On November 22, 2011, South Valley engaged a third party credit review firm to provide a due diligence review of South Valley Bank & Trust's loan portfolio for potential private equity investors. The final report from the third party credit review firm was received on December 22, 2011.

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On December 21, 2011, the South Valley board of directors held a strategic planning meeting, discussing all alternatives, including returning to the capital markets through a public offering, continuing discussions with respect to private equity investment and the potential sale or merger of South Valley with a strategic buyer. The board of directors authorized management to enter into an updated engagement with D.A. Davidson & Co., dated December 21, 2011, to include advice with respect to the sale or merger of South Valley or a similar transaction with a strategic buyer. On January 27, 2012, members of South Valley management and its board of directors, representatives of D.A. Davidson & Co. and a representative of one of South Valley Bank & Trust's significant customers, participated in a conference call with a private equity firm to perform continuing due diligence in connection with a potential private capital raise.

In January and February 2012, D.A. Davidson & Co. began to solicit interest in a potential merger transaction with South Valley. D.A. Davidson & Co. created a list of 16 potential merger partners and began to contact the parties to solicit non-binding indications of interest. From the original list of potential parties, six indicated sufficient interest to sign a confidentiality agreement and two parties ultimately provided written, non-binding indications of interest to South Valley on February 9, 2012, each of which was subject to due diligence on South Valley. On February 9, 2012, South Valley also received a verbal indication of interest from one private equity firm in a private placement transaction to raise up to \$32.5 million with a proposed price of \$2.50 to \$3.50 per share, provided that South Valley Bank & Trust resolved its exposure to a pool of identified assets prior to a transaction.

On February 13, 2012, the South Valley board of directors met to discuss the initial indications of interest and authorized management to proceed with the due diligence process with both potential merger partners. The board of directors considered the proposals from each of the institutions and evaluated the proposals on the amount and form of consideration proposed.

On February 20, 2012, senior management of Washington Federal and South Valley met in Medford, Oregon, to discuss due diligence and the business prospects of their respective institutions. On February 25, 2012, senior management of Washington Federal and South Valley met in Klamath Falls to continue discussions regarding the general business and operations of South Valley. During late February through mid-March 2011, Washington Federal and one other bidder conducted a business, legal and financial due diligence review of South Valley. Washington Federal and the other bidder reviewed, among other items of South Valley's operations, a portion of its loan portfolio and related documentation. On March 5, 2012, the other potential merger partner indicated that it would not proceed with further discussions and withdrew its non-binding, initial indication of interest.

On March 8, 2012, after Washington Federal completed its due diligence, South Valley received a revised non-binding indication of interest from Washington Federal for the acquisition of South Valley. Washington Federal offered \$5.00 per South Valley share (or an approximate implied value of \$33.7 million at that time) to be paid in Washington Federal common stock, for the guaranteed stock portion of the merger consideration, and a contingent earn out portion of the merger consideration to be paid in cash, which could total up to approximately \$13.6 million in value, or \$2.02 per share, for total consideration of up to \$7.02 per share. The earn out portion of the merger consideration related to collections on a certain pool of specified assets of South Valley. The proposal also contemplated the subsidiary merger of South Valley Bank & Trust with and into the Bank.

On March 9, 2012, the South Valley board of directors discussed the revised indication of interest with D.A. Davidson & Co. and Lane Powell PC. Various terms of the proposal were considered at the meeting, including the value of the guaranteed stock portion of the merger consideration, the fixed exchange ratio, and the structure of a contingent earn out portion of the merger consideration, with Washington Federal proposing to share 50% of the collection from the earn out assets, whether collections occurred before or after the merger. At the special meeting, South Valley senior management presented an overview of the status of the assets that would be subject to the earn out and reiterated their belief that the assets remained collectible, but that not all of the earn

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out assets would be collected prior to a potential merger closing. As a result of the discussion at the meeting, the board of directors requested that D.A. Davidson & Co. contact Washington Federal to propose an increase in the guaranteed stock portion of the merger consideration and a revision to the earn out consideration to provide that South Valley shareholders received 100% of the value of collections on the earn out assets prior to the closing of the merger and 80% of collections following the closing of the merger.

On March 12, 2012, senior management of Washington Federal met with D.A. Davidson & Co. to discuss South Valley's counteroffer. On March 14, 2012, Washington Federal proposed a revised earn out structure, with South Valley shareholders receiving 100% of the value of pre-closing earn out asset collections and approximately 51.2% of the value of the post-closing collections. The range in value of the contingent earn out portion of the merger consideration to be paid in cash to South Valley shareholders increased to a range of \$2.82 per share (assuming post-closing collection of all earn out assets and \$1.0 million of collection related expenses) to \$5.81 per share (assuming pre-closing collection of all earn out assets). The range in value of the total consideration to South Valley shareholders increased to a range of \$7.82 per share (assuming post-closing collection of all earn out assets and \$1.0 million of collection related expenses) to \$10.81 per share (assuming pre-closing collection of all earn out assets). On March 15, 2012, the South Valley board of directors held a special meeting to discuss the revised Washington Federal proposal and after thorough discussion authorized senior management and D.A. Davidson & Co. to proceed towards a merger with Washington Federal and to begin negotiations leading to a definitive merger agreement.

On March 23, 2012, Patton Boggs LLP, counsel to Washington Federal, delivered an initial draft of the definitive merger agreement and related documents to Lane Powell PC. On March 27, 2012, representatives of Washington Federal and South Valley senior management, together with Patton Boggs LLP, Lane Powell PC and D.A. Davidson & Co., discussed the initial draft of the merger agreement. On March 28, 2012, the South Valley board of directors held a special meeting to discuss with senior management and South Valley's legal and financial advisors the status of the merger negotiations and to review the proposed merger terms and draft merger agreement. Representatives of Lane Powell PC reviewed the legal terms of the proposed merger agreement and related transaction agreements. Following the meeting, Lane Powell PC presented proposed revisions to the merger agreement to Patton Boggs LLP and on March 29, 2012, representatives of the two law firms discussed the revisions. On March 30, 2012, Patton Boggs LLP distributed a revised merger agreement.

On March 26, 2012, Washington Federal's board of directors held a meeting at which its management reviewed in detail with the board of directors the terms of the merger agreement. Based upon the board of directors' review and discussion of the merger agreement and the relevant factors (described below in Washington Federal's Reasons for the Merger), Washington Federal's board of directors unanimously authorized and approved the execution of the merger agreement with South Valley.

On April 2, 2012, at a special meeting of the South Valley board of directors, Lane Powell PC and D.A. Davidson & Co. reviewed the updated draft of the merger agreement with South Valley's directors and senior management. Following the special meeting, and continuing through April 3, 2012, the parties proposed and discussed final revisions to the merger agreement.

At a regular meeting of the South Valley board of directors on April 4, 2012, senior management and South Valley's legal and financial advisors provided an update on the merger and reviewed the final merger agreement as presented by Washington Federal. Representatives of Lane Powell PC discussed with the South Valley board of directors the legal standards applicable to its decisions and actions with respect to its consideration of the proposed merger and also reviewed the final draft of the merger agreement and related documents, including any changes from the drafts distributed on March 30, 2012. At the meeting, D.A. Davidson & Co. reviewed the structure and other terms of the proposed transaction and financial information regarding Washington Federal, historical market information on Washington Federal's common stock, South Valley and the transaction, information regarding peer companies and comparable transactions, and other relevant analyses. D.A. Davidson & Co. and Lane Powell PC also responded to questions from South Valley.

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directors concerning the proposed merger and the final version of the merger agreement and related documents. In connection with the deliberations by the South Valley board of directors, D.A. Davidson & Co. rendered its oral opinion (subsequently confirmed in writing) that as of such date, the merger consideration to be received by the shareholders of South Valley, was fair, from a financial point of view, to South Valley and its shareholders. After receiving D.A. Davidson & Co.'s opinion, and further discussion of the revised terms of the merger, the board of directors voted unanimously to approve the proposed merger agreement, determining that the merger is in the best interest of South Valley and its shareholders. On April 4, 2012, the parties entered into the merger agreement, and announced the terms of the merger.

South Valley's Reasons for the Merger

In evaluating Washington Federal's proposal and concluding that the merger presented a more favorable opportunity for maximizing shareholder value than South Valley's other options, including continuing to operate independently, the South Valley board of directors consulted with senior management, as well as with its outside financial and legal advisors, and reviewed various financial data, due diligence and evaluation materials. After such consultation and review, and considering South Valley's future prospects and strategic options, the board of directors concluded that partnering with a larger, financially sound financial institution would better maximize the long-term shareholder value than if South Valley remained independent, and it made a determination that the proposed merger with Washington Federal was in the best interests of South Valley and its shareholders. The board of directors considered a number of factors, including the following:

the belief that the terms of the acquisition are fair to and in the best interest of the South Valley shareholders;

the information presented by South Valley's financial advisor, D.A. Davidson & Co., to the South Valley board of directors with respect to the merger and the opinion of D.A. Davidson & Co. that, as of the date of the merger agreement, the merger consideration is fair from a financial point of view to South Valley shareholders;

the current condition of South Valley and the future prospects of its business in light of the requirements to reduce problem assets and raise capital to achieve compliance with the MOU and the need to realize further cost savings;

the current and prospective economic, regulatory and competitive environment facing the financial services industry generally, and South Valley in particular, including the continued rapid consolidation in the financial services industry and the competitive effects of the increased consolidation on relatively smaller financial institutions such as South Valley;

increased shareholder liquidity as a result of the merger that will enable South Valley's shareholders to exchange their shares, in a tax-free transaction, for registered shares of a company trading on a recognized stock market, except for the contingent cash portion of the merger consideration thereby providing enhanced liquidity for South Valley shareholders to sell their shares quickly and efficiently, as compared to the lack of liquidity in South Valley stock;

that Washington Federal currently pays a cash dividend on its common stock and has authority to repurchase shares of its common stock, while South Valley does not and is not likely to be able to pay a cash dividend to its shareholders or repurchases shares in the near future;

the results of the 2011 Examination of South Valley Bank & Trust and the possibility of further regulatory action;

South Valley's lack of receipt of an offer superior to the Washington Federal proposal and the assessment that it was unlikely that another acquirer had both the willingness and the financial capability to offer to acquire South Valley at a value that was materially higher than that being offered by Washington Federal;

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the fact that South Valley's existing capital resources could potentially limit management's ability to effectively manage certain problem credits and to continue to support future growth;

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Washington Federal's interest in expanding its business banking and commercial real estate businesses in South Valley's market areas;

the effects of the merger on South Valley's employees, including the prospects for employment with a strong, growing organization such as Washington Federal and the severance benefits agreed to be provided by Washington Federal to employees whose employment is terminated in connection with the merger;

available current and historical information regarding the businesses, operations, earnings, financial condition, management and prospects of Washington Federal;

Washington Federal's historical record and commitment with respect to the communities and employees of the companies it has acquired and its belief that Washington Federal is a high quality financial services company with a compatible business culture and shared approach to customer service and increasing shareholder value;

the ability of the combined entities to compete in South Valley's markets and the strength of the combined institution;

that the acquisition is expected to be accretive to GAAP earnings per share of Washington Federal;

the belief that the receipt of Washington Federal common stock in the merger generally would permit South Valley shareholders who receive common stock consideration to defer any federal income tax liability as a result of the merger; and

the assessment of the likelihood that the merger would be completed without unacceptable regulatory conditions or requirements, and the ability of Washington Federal's management team to successfully integrate and operate the business of the combined company after the merger.

The South Valley board of directors also considered the potential adverse consequences of the proposed acquisition including:

that the exchange ratio of the stock portion of the merger consideration is fixed, so, if the market price of Washington Federal common stock decreases to a price below \$16.88 at the time of the consummation of the merger, the value of the per share stock consideration to be received by holders of South Valley common stock will decrease below \$5.00 per share;

the risk that the contingent cash portion of the merger consideration may not be earned and, therefore, no cash payments will be made to South Valley's shareholders in exchange for their shares of common stock;

the merger agreement limiting South Valley's ability to pursue other merger opportunities;

the merger agreement obligating South Valley to pay a substantial termination fee if it later chooses to pursue a more attractive, uninvited merger proposal or if the agreement is terminated under certain circumstances;

the loss of autonomy associated with being an independent financial institution;

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the risk that the acquisition will not be consummated;

potential reaction of some local communities within South Valley's operating footprint and of South Valley customers to Washington Federal;

the challenges of combining the businesses, assets and workforces of the two companies;

the possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of South Valley's on-going business and in the loss of customers;

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the fact that South Valley's officers and employees will have to focus extensively on actions required to complete the merger, which will divert their attention from South Valley's business, and that South Valley will incur substantial transaction costs even if the merger is not consummated; and

that while the merger is pending, South Valley will be subject to restrictions on how it conducts business that could delay or prevent South Valley from pursuing business opportunities or preclude it from taking actions that would be advisable if it was to remain independent.

The above discussion of the information and factors considered by the South Valley board of directors is not intended to be exhaustive, but includes the material factors the board of directors considered. In reaching its determination to approve and recommend the acquisition, the board of directors did not assign any relative or specific weights to the foregoing factors, and individual directors may have given differing weights to different factors.

The South Valley board of directors believes that the merger is in the best interests of South Valley and its shareholders. Accordingly, the board of directors unanimously approved the merger agreement and unanimously recommends that you vote FOR the approval of the merger agreement.

Washington Federal's Reasons for the Merger

Washington Federal entered into the merger agreement with South Valley because, among other things, Washington Federal believes the merger is consistent with its acquisition strategy in targeted markets. The acquisition of South Valley will expand the Bank's operations and complement its existing banking network in the state of Oregon. In addition, the South Valley franchise will expand the Bank's business banking and commercial real estate businesses in the Oregon market.

Opinion of South Valley's Financial Advisor

D.A. Davidson & Co. was retained to act as financial advisor to South Valley in connection with the merger and to render an opinion as to whether the merger consideration was fair to the holders of South Valley common stock from a financial point of view. At a meeting of South Valley's board of directors held on April 4, 2012, D.A. Davidson & Co. rendered its opinion to the effect that, based upon and subject to the considerations set forth in the opinion and based upon such other matters as D.A. Davidson & Co. considered relevant, the merger consideration was fair, from a financial point of view, to the shareholders of South Valley as of the date of the opinion.

D.A. Davidson & Co. reissued its opinion to the South Valley board of directors as of the date of this proxy statement/prospectus in order to confirm its opinion that the merger consideration was fair to the holders of South Valley common stock from a financial point of view as of that date. The full text of the written opinion of D.A. Davidson & Co., dated as of the date of this proxy statement/prospectus, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. South Valley's shareholders should read the opinion in its entirety. D.A. Davidson & Co. provided its opinion for the information and assistance of South Valley's board of directors in connection with its consideration of the merger. The D.A. Davidson & Co. opinion is not a recommendation as to how any holder of South Valley's common stock should vote with respect to the merger.

In connection with rendering its opinion and performing its related financial analyses, D.A. Davidson & Co. reviewed, among other things:

a draft of the merger agreement dated April 3, 2012;

certain financial statements and other historical financial and business information about South Valley and Washington Federal made available to D.A. Davidson & Co. from published sources and/or from the internal records of South Valley and Washington Federal that D.A. Davidson & Co. deemed relevant;

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the existing MOU between South Valley Bank & Trust and the FDIC and the DFCS, and other relevant regulatory correspondence;

the current market environment generally and the banking environment in particular;

the net present value of South Valley with consideration of projected financial results through 2016 based on management guidance;

the financial terms of certain other transactions in the financial institutions industry, to the extent publicly available;

the market and trading characteristics of public companies;

the relative contributions of South Valley and Washington Federal to the combined company;

the pro forma financial impact of the merger, taking into consideration the amounts and timing of the transaction costs and cost savings;

publicly available average analyst earnings estimates for Washington Federal;

discussions with executive management of South Valley regarding the past and present business, financial condition, results of operations and future prospects for South Valley; and

such other financial studies, analyses and investigations and financial, economic and market criteria and other information as D.A. Davidson & Co. considered relevant including discussions with the management and other representatives and advisors of South Valley and Washington Federal concerning the business, financial condition, regulatory relations, results of operations and prospects of South Valley and Washington Federal.

D.A. Davidson & Co. also has reviewed the final executed merger agreement, and believes that none of the changes from the draft merger agreement on April 3, 2012 to the final executed merger agreement affected its fairness opinion or fairness opinion analysis in any material respects.

In rendering its opinion, D.A. Davidson & Co. assumed and relied upon the accuracy and completeness of all information supplied or otherwise made available to D.A. Davidson & Co., discussed with or reviewed by or for D.A. Davidson & Co., or publicly available, and D.A. Davidson & Co. has not assumed responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of South Valley or Washington Federal, nor has D.A. Davidson & Co. been furnished with any such evaluation or appraisal. In addition, D.A. Davidson & Co. has not assumed any obligation to conduct, nor has it conducted, any physical inspection of the properties or facilities of South Valley or Washington Federal. D.A. Davidson & Co. has further relied on statements from the management of South Valley and Washington Federal that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. D.A. Davidson & Co. did not make an independent evaluation of the adequacy of the allowance for loan losses of South Valley or Washington Federal nor has D.A. Davidson & Co. reviewed any individual credit files relating to South Valley or Washington Federal. D.A. Davidson & Co. has assumed that the respective allowances for loan losses for both South Valley and Washington Federal are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. D.A. Davidson & Co. has assumed that there has been no material change in South Valley's or Washington Federal's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements provided.

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D.A. Davidson & Co. has assumed in all respects material to the analysis that South Valley and Washington Federal will remain as going concerns for all periods relevant to the analysis. It has also assumed in all respects material to the analysis that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement will not be waived.

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D.A. Davidson & Co. has assumed that in the course of obtaining necessary regulatory or other consents or approvals (contractual or otherwise) for the transaction, no restrictions, including any divestiture requirements or amendment or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the transaction.

D.A. Davidson & Co. does not express any view as to, and its opinion does not address, the relative merits of the transaction as compared to any alternative business strategies that might exist for South Valley or the effect of any other transaction in which South Valley might engage. Additionally, D.A. Davidson & Co. is not expressing any opinion herein as to the prices at which the shares of Washington Federal currently trade or may trade in the future. The opinion of D.A. Davidson & Co. is necessarily based upon information available to D.A. Davidson & Co. and economic, market, financial and other conditions as they exist and can be evaluated on the date of the opinion.

Set forth below is a summary of the material financial analyses performed by D.A. Davidson & Co. in connection with rendering its opinion. The summary of the analyses of D.A. Davidson & Co. set forth below is not a complete description of the analysis underlying its opinion, and the order in which these analyses are described below is not indicative of any relative weight or importance given to those analyses by D.A. Davidson & Co. The following summaries of financial analyses include information presented in tabular format. You should read these tables together with the full text of the summary financial analyses, as the tables alone are not a complete description of the analyses.

Unless otherwise indicated, the following quantitative information, to the extent it is based on market data, is based on market data as of April 3, 2012, the last trading day prior to the date on which D.A. Davidson & Co. made its presentation to South Valley's board of directors, and is not necessarily indicative of market conditions after such date.

Summary of Proposal. D.A. Davidson & Co. reviewed the financial terms of the proposed transaction, including the possible scenarios related to the contingent cash portion of the merger consideration. The terms of the merger agreement provide for holders of South Valley common stock to receive in exchange for their shares of South Valley common stock (1) 0.2962 of a share of Washington Federal common stock for each share of South Valley common stock and (2) their pro rata portion of the cash portion of the merger consideration, which is contingent upon (i) the collection of a specified pool of assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing of the merger and (ii) South Valley's ability to complete the sale of its trust business and/or wealth management business prior to the closing of the merger. The specified pool of assets of South Valley subject to collection for purposes of the contingent cash portion of the merger consideration had an aggregate book value of approximately \$39.1 million as of March 31, 2012. To the extent that South Valley is able to collect upon the specified pool of its assets prior to the closing of the merger, then the holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 100% of the cash collected and received on the assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. If collections on the specified South Valley assets are made by Washington Federal after the closing of the merger, which may be a five-year period, subject to a one-year extension by Washington Federal, then holders of South Valley common stock will receive their pro rata share of the earn out amount equal to 51.2% of the cash collected and received on the specified South Valley assets after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. For purposes of this section of the proxy statement/prospectus, the contingent cash portion of the merger consideration is also referred to as the Earn-Out Transaction Value.

The table below includes four scenarios of merger consideration with different values for the contingent earn out portion of the merger consideration: (1) Minimum Consideration assumes 0.0% of the contingent cash portion of the merger consideration is collected; (2) Management's Estimate includes assumptions provided from South Valley's management as of April 3, 2012, which includes 38.8% of the pool of

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specified assets of South Valley being recovered prior to the closing of the merger and 61.2% of these specified South Valley assets being recovered after the closing of the merger, net of an estimated \$1.0 million in collection related expenses; (3) 100.0% Recovery Post-Closing assumes 0.0% of the pool of specified assets of South Valley are recovered prior to the closing of the merger and 100.0% of the specified South Valley assets are recovered after the closing of the merger, net of an estimated \$1.0 million in accrued interest, third party amounts and collection related fees and expenses; and (4) 100.0% Recovery Pre-Closing assumes 100.0% of the pool of specified assets of South Valley are recovered prior to the closing of the merger and 0.0% of the specified South Valley assets are recovered after the closing of the merger. The identified scenarios do not reflect the sale of the trust business or wealth management business prior to the closing of the merger. In each of the identified scenarios the Base Transaction Value consists of the Washington Federal shares of common stock issued to South Valley shareholders based on the fixed exchange ratio of 0.2962x. The exchange ratio of 0.2962x was determined by dividing \$5.00 per share by the average closing price of Washington Federal common stock on the Nasdaq Stock Market on each of the ten consecutive trading days immediately preceding the date of the signing of the merger agreement, which was \$16.88. The scenarios outlined above and below should not be interpreted as final and are based on identified assumptions.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	Minimum Consideration	Management's Estimate	100.0% Recovery Post-Closing	100.0% Recovery Pre-Closing
Base Transaction Value	\$ 33,699	\$ 33,699	\$ 33,699	\$ 33,699
Earn-Out Transaction Value	\$	\$ 26,443	\$ 19,034	\$ 39,130
Total Transaction Value	\$ 33,699	\$ 60,142	\$ 52,733	\$ 72,829
Base Transaction Value Per Share	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Earn-Out Transaction Value Per Share	\$	\$ 3.92	\$ 2.82	\$ 5.81
Total Transaction Value Per Share	\$ 5.00	\$ 8.92	\$ 7.82	\$ 10.81
Transaction Value / Tangible Book Value Per Share	50.8%	90.6%	79.4%	109.7%
Transaction Value / Last Twelve Months Earnings Per Share	NM	NM	NM	NM

D.A. Davidson & Co. also evaluated the above scenarios with respect to the collection of the \$39.1 million of the pool of specified South Valley assets if South Valley did not enter into the merger agreement with Washington Federal and continued operations as an independent entity. It was determined that if these assets were to continue to deteriorate in value, the potential consequences to South Valley, as an independent entity, could be extremely adverse and would negatively impact South Valley's capital. D.A. Davidson & Co. also considered the potential impact with respect to South Valley's current regulatory condition and existing MOU with the FDIC and the DFCS. D.A. Davidson & Co. and South Valley management concluded that as an independent entity the downside risk is significant if the specified pool of South Valley assets were to deteriorate in value. In the merger, the South Valley shareholders are able to benefit if the specified South Valley assets are recovered, while limiting the downside risk.

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South Valley Comparable Companies Analysis. D.A. Davidson & Co. used publicly available information to compare selected financial and market trading information for South Valley and two separate groups of financial institutions selected by D.A. Davidson & Co. The two South Valley peer groups consisted of (1) **Regional Peers** which included 11 publicly traded banks headquartered in Oregon, Washington and Northern/Central California; and (2) **Regional Peers with Regulatory Issues** which consisted of eight publicly traded banks and thrifts headquartered in Oregon, Washington and California with informal or formal regulatory issues or recently resolved regulatory issues, as set forth below:

Regional Peers	Regional Peers with Regulatory Issues
American River Bankshares	Community West Bancshares
Bank of Commerce Holdings	HomeStreet, Inc.
Central Valley Community Bancorp	North Valley Bancorp
Heritage Financial Corporation	Plumas Bancorp
Heritage Oaks Bancorp	PremierWest Bancorp
North Valley Bancorp	Riverview Bancorp, Inc.
Pacific Continental Corporation	Timberland Bancorp, Inc.
Sierra Bancorp	United Security Bancshares
TriCo Bancshares	
Washington Banking Company	
West Coast Bancorp	

The analysis compared financial information for South Valley provided by management and the average and median financial and market trading data for the South Valley peer groups. The table below sets forth the data for South Valley and the median data for the South Valley peer groups for the quarter ended December 31, 2011 or most recently reported period, with pricing data as of April 3, 2012. The 2012 and 2013 earnings per share estimates used in the table below were based on FactSet Research Systems, Inc. average estimates for the comparable companies.

	South Valley Bancorp, Inc.	Regional Peer Median	Comparable Group Medians Regional Peers with Regulatory Issues Median
Total Assets (in millions)	\$ 867.7	\$ 1,270.2	\$ 799.1
Non-Performing Assets / Total Assets	4.05%	3.59%	7.55%
Non-Performing Assets / Loans + OREO	7.54%	6.03%	10.65%
Loan Loss Reserves / Non-Performing Loans	46.3%	48.2%	33.1%
Texas Ratio	45.8%	27.4%	85.3%
Tangible Common Equity Ratio	7.67%	9.94%	7.80%
Net Interest Margin	4.17%	4.50%	4.05%
Cost of Deposits	0.60%	0.45%	0.60%
Efficiency Ratio	99.1%	63.9%	73.1%
Return on Average Assets	-0.21%	0.81%	-0.42%
Core Return on Average Assets	1.35%	1.82%	1.29%

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Last Twelve Months Net Income (in millions)	\$	(4.3)	\$	7.7	\$	(4.8)
Market Capitalization (in millions)		NA	\$	139.3	\$	34.0
Price / Tangible Book Value		NA		110.8%		58.0%
Price / 2012E Earnings Per Share		NA		15.0x		8.5x
Price / 2013E Earnings Per Share		NA		12.9x		10.7x

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Washington Federal Comparable Companies Analysis. D.A. Davidson & Co. used publicly available information to compare selected financial and market trading information for Washington Federal and two separate groups of financial institutions selected by D.A. Davidson & Co. The two Washington Federal peer groups consisted of (1) Western U.S. Peers which included 17 banks and thrifts headquartered in the Western U.S. with assets between \$4.0 billion and \$25.0 billion; and (2) Regional Peers which consisted of 13 banks and thrifts headquartered in Oregon, Washington, Idaho and Montana with market capitalization greater than \$150.0 million, as set forth below:

Western U.S. Peers	Regional Peers
Banner Corporation	Banner Corporation
City National Corporation	Cascade Bancorp
Columbia Banking System, Inc.	Columbia Banking System, Inc.
Cullen/Frost Bankers, Inc.	First Interstate BancSystem, Inc.
CVB Financial Corp.	Glacier Bancorp, Inc.
First Financial Bankshares, Inc.	Heritage Financial Corporation
First Interstate BancSystem, Inc.	Home Federal Bancorp, Inc.
Glacier Bancorp, Inc.	HomeStreet, Inc.
International Bancshares Corporation	Pacific Continental Corporation
PacWest Bancorp	Sterling Financial Corporation
Prosperity Bancshares, Inc.	Umpqua Holdings Corporation
Sterling Financial Corporation	Washington Banking Company
SVB Financial Group	West Coast Bancorp
Texas Capital Bancshares, Inc.	
Umpqua Holdings Corporation	
Westamerica Bancorporation	

Western Alliance Bancorporation

The analysis compared publicly available financial information for Washington Federal and the average and median financial and market trading data for the Washington Federal peer groups. The table below sets forth the data for Washington Federal and the median data for the Washington Federal peer groups as of the quarter ended December 31, 2011 or most recently reported period, with pricing data as of April 3, 2012. The 2012 and 2013 Earnings Per Share estimates used in the table below were based on FactSet Research Systems, Inc. average estimates for the comparable companies.

	Washington Federal, Inc.	Comparable Group Medians	
		Western U.S. Peer Median	Regional Peer Median
Total Assets (in millions)	\$ 13,649.7	\$ 7,325.5	\$ 2,429.9

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Non-Performing Assets / Total Assets	5.17%	1.77%	3.59%
Non-Accrual Loans / Total Loans	2.33%	1.89%	2.70%
Loan Loss Reserves / Non-Performing Loans	28.2%	77.1%	62.4%
Texas Ratio	39.0%	18.1%	27.4%
Tangible Common Equity Ratio	12.35%	8.95%	10.19%
Net Interest Margin	3.27%	3.82%	4.12%
Cost of Deposits	1.09%	0.36%	0.51%
Efficiency Ratio	31.7%	60.1%	64.0%
Return on Average Assets	0.98%	1.01%	0.72%
Core Return on Average Assets	2.18%	1.95%	1.92%
Last Twelve Months Net Income (in millions)	\$ 120.0	\$ 74.5	\$ 16.1
Market Capitalization (in millions)	\$ 1,805.7	\$ 1,258.5	\$ 366.0
Price / Tangible Book Value	109.2%	172.2%	124.6%
Price / 2012E Earnings Per Share	13.7x	15.2x	16.6x
Price / 2013E Earnings Per Share	10.8x	14.1x	14.0x

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Washington Federal Stock Price Performance. D.A. Davidson & Co. reviewed the history of the publicly reported trading prices of Washington Federal common stock and the relationship between the movements in the prices of Washington Federal's common stock to movements in certain stock indices, including the Keefe, Bruyette & Woods, Inc. Regional Bank Index, SNL Bank Index and the Standard & Poor's 500 Index. As reflected in the table below, D.A. Davidson & Co. reviewed the stock price performance during the one-year period and two-year period ending April 3, 2012.

Washington Federal's One-Year Relative Stock Performance

	Beginning Index Value on April 1, 2011	Ending Index Value on April 3, 2012
Washington Federal, Inc.	100.00%	96.94%
Keefe Bruyette & Woods, Inc. Index	100.00%	104.80%
SNL Bank Index	100.00%	96.57%
Standard & Poor's 500 Index	100.00%	106.08%

Washington Federal's Two-Year Relative Stock Performance

	Beginning Index Value on April 1, 2010	Ending Index Value on April 3, 2012
Washington Federal, Inc.	100.00%	81.83%
Keefe Bruyette & Woods, Inc. Index	100.00%	107.21%
SNL Bank Index	100.00%	93.69%
Standard & Poor's 500 Index	100.00%	119.97%

Precedent Transactions Analysis. D.A. Davidson & Co. reviewed two sets of comparable mergers and acquisitions. The sets of mergers and acquisitions included: (1) *Nationwide Deals* which included 13 transactions announced from January 1, 2010 through April 3, 2012 involving commercial banks headquartered nationwide where the selling bank's total assets were between \$250.0 million and \$2.5 billion and non-performing assets to total assets ratio between 4.00% and 10.00%; and (2) *Pacific Northwest Deals* which included 2 transactions announced from January 1, 2010 through April 3, 2012 involving commercial banks headquartered in the Pacific Northwest where the selling bank's total assets were greater than \$250.0 million; as set forth below:

Nationwide Deals

Announcement Date	Acquirer	Target
1/12/2012*	First Volunteer Corporation	Gateway Bancshares, Inc.
3/19/2012*	IBERIABANK Corporation	Florida Gulf Bancorp, Inc.
12/19/2011*	SCBT Financial Corporation	Peoples Bancorporation, Inc.
7/25/2011	Wintrust Financial Corporation	Elgin State Bancorp, Inc.
3/30/2011	Park Sterling Corporation	Community Capital Corporation
3/03/2011	Opus Bank	Cascade Financial Corporation
2/21/2011	IBERIABANK Corporation	Omni Bancshares, Inc.
10/06/2010	Community Bancorp, LLC	Cadence Financial Corporation
10/05/2010	Old National Bancorp	Monroe Bancorp

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9/30/2010	FNB United Corp.	Bank of Granite Corporation
9/01/2010	Old Line Bancshares, Inc.	Maryland Bankcorp, Inc.
7/15/2010	People s United Financial, Inc.	Smithtown Bancorp, Inc.
5/10/2010	Jacksonville Bancorp, Inc.	Atlantic BancGroup, Inc.

* *Indicates the transaction was pending as of April 3, 2012*

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Announcement Date 9/08/2011	Acquirer SKBHC Holdings LLC	Target Viking Financial Services Corporation
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3/03/2011	Opus Bank	Cascade Financial Corporation
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D.A. Davidson & Co. reviewed the following multiples for both sets of comparable mergers and acquisitions: transaction price to tangible book value and transaction price at announcement to last twelve months earnings per share. As illustrated in the following table, D.A. Davidson & Co. compared the proposed merger multiples to the median multiples of the comparable transaction groups and other operating financial data where relevant. The table below sets forth the South Valley merger consideration scenarios based on the assumptions outlined in the Summary of Proposal discussion in this section of the proxy statement/prospectus. The table below sets forth the median data for the comparable transaction groups as of the last twelve months ended prior to the transaction announcement and South Valley data for the last twelve months ended December 31, 2011.

	South Valley Merger Consideration Scenarios				Comparable Group Medians	
	Minimum Consideration	Management's Estimate	100.0% Recovery	100.0% Recovery	Nationwide Deals Median	Pacific Northwest Deals Median
			Post-Closing	Pre-Closing		
Transaction Value / Tangible Book Value Per Share	50.8%	90.6%	79.4%	109.7%	69.2%	47.3%
Transaction Value / Last Twelve Months Earnings Per Share	NM	NM	NM	NM	22.2x	NM
Total Assets (in millions)	\$ 867.7	\$ 867.7	\$ 867.7	\$ 867.7	\$ 655.9	\$ 951.7
Return on Average Assets (Last Twelve Months)	-0.50%	-0.50%	-0.50%	-0.50%	-0.78%	-3.16%
Return on Average Equity (Last Twelve Months)	-5.87%	-5.87%	-5.87%	-5.87%	-12.00%	-62.21%
Tangible Common Equity Ratio	7.67%	7.67%	7.67%	7.67%	6.44%	3.25%
Core Deposits / Total Deposits	79.3%	79.3%	79.3%	79.3%	83.0%	82.4%
Non-Interest Expense / Average Assets (Last Twelve Months)	4.16%	4.16%	4.16%	4.16%	2.66%	2.56%
Efficiency Ratio (Last Twelve Months)	86.4%	86.4%	86.4%	86.4%	70.0%	95.4%
Non-Performing Assets / Total Assets	4.05%	4.05%	4.05%	4.05%	6.41%	10.69%
Loan Loss Reserves / Non-Performing Loans	46.3%	46.3%	46.3%	46.3%	47.1%	24.8%

Net Present Value Analysis. D.A. Davidson & Co. performed an analysis that estimated the net present value per share of South Valley common stock under various circumstances. The analysis assumed South Valley performed in accordance with the financial forecasts for the years ending December 31, 2012 through December 31, 2016 as discussed with management of South Valley. To approximate the terminal value of South Valley common stock at December 31, 2016, D.A. Davidson & Co. applied price to forward earnings multiples of 10.0x to 16.0x and multiples of tangible book value ranging from 80.0% to 140.0% and assumed a special dividend for shareholders in 2016 for the amount of excess equity based on a targeted tangible common equity ratio of 10.00%, if any. The income streams and terminal values were then discounted to present values using different discount rates ranging from 12.00% to 15.00% chosen to reflect different assumptions regarding

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required rates of return of holders or prospective buyers of South Valley's common stock. In evaluating the discount rate, D.A. Davidson & Co. used the industry standard methods of adding the current risk-free rate, which is based on the 10-year Treasury yield, plus the published Ibbotson Equity Risk Premium, plus the published Ibbotson Size Premium, plus the published Ibbotson Industry Premium.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of South Valley common stock of \$4.55 to \$8.20 when applying the price to earnings multiples to the financial forecasts and \$5.47 to \$10.79 when applying the same multiples of tangible book value to the financial forecasts.

Earnings Per Share Multiples

Discount Rate	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
12.00%	\$ 5.15	\$ 5.66	\$ 6.17	\$ 6.68	\$ 7.19	\$ 7.69	\$ 8.20
12.50%	\$ 5.05	\$ 5.54	\$ 6.04	\$ 6.54	\$ 7.04	\$ 7.53	\$ 8.03
13.00%	\$ 4.94	\$ 5.43	\$ 5.92	\$ 6.40	\$ 6.89	\$ 7.38	\$ 7.86
13.50%	\$ 4.84	\$ 5.32	\$ 5.79	\$ 6.27	\$ 6.75	\$ 7.22	\$ 7.70
14.00%	\$ 4.74	\$ 5.21	\$ 5.67	\$ 6.14	\$ 6.61	\$ 7.07	\$ 7.54
14.50%	\$ 4.64	\$ 5.10	\$ 5.56	\$ 6.01	\$ 6.47	\$ 6.93	\$ 7.39
15.00%	\$ 4.55	\$ 4.99	\$ 5.44	\$ 5.89	\$ 6.34	\$ 6.79	\$ 7.23

Tangible Book Value Multiples

Discount Rate	80.0%	90.0%	100.0%	110.0%	120.0%	130.0%	140.0%
12.00%	\$ 6.20	\$ 6.96	\$ 7.73	\$ 8.50	\$ 9.26	\$ 10.03	\$ 10.79
12.50%	\$ 6.07	\$ 6.82	\$ 7.57	\$ 8.32	\$ 9.07	\$ 9.82	\$ 10.57
13.00%	\$ 5.94	\$ 6.68	\$ 7.41	\$ 8.14	\$ 8.88	\$ 9.61	\$ 10.35
13.50%	\$ 5.82	\$ 6.54	\$ 7.26	\$ 7.98	\$ 8.69	\$ 9.41	\$ 10.13
14.00%	\$ 5.70	\$ 6.40	\$ 7.11	\$ 7.81	\$ 8.51	\$ 9.22	\$ 9.92
14.50%	\$ 5.58	\$ 6.27	\$ 6.96	\$ 7.65	\$ 8.34	\$ 9.03	\$ 9.72
15.00%	\$ 5.47	\$ 6.14	\$ 6.82	\$ 7.49	\$ 8.17	\$ 8.84	\$ 9.52

D.A. Davidson & Co. also evaluated how this analysis would be affected by changes in the underlying assumptions, including variations with respect to forecasted net income. To illustrate this impact, D.A. Davidson & Co. performed a similar analysis assuming South Valley net income varied from 30.0% above forecasts to 30.0% below forecasts. This analysis resulted in the following range of per share values for South Valley common stock, using the same discount rates ranging from 12.00% to 15.00% and a price to forward earnings multiple of 12.0x.

Forecasted 2016 Net Income Variance

Discount Rate	-30.0%	-20.0%	-10.0%	0.0%	10.0%	20.0%	30.0%
12.00%	\$ 4.34	\$ 4.95	\$ 5.56	\$ 6.17	\$ 6.78	\$ 7.39	\$ 8.00
12.50%	\$ 4.25	\$ 4.85	\$ 5.44	\$ 6.04	\$ 6.64	\$ 7.23	\$ 7.83
13.00%	\$ 4.16	\$ 4.75	\$ 5.33	\$ 5.92	\$ 6.50	\$ 7.08	\$ 7.67
13.50%	\$ 4.08	\$ 4.65	\$ 5.22	\$ 5.79	\$ 6.36	\$ 6.94	\$ 7.51
14.00%	\$ 3.99	\$ 4.55	\$ 5.11	\$ 5.67	\$ 6.23	\$ 6.79	\$ 7.35
14.50%	\$ 3.91	\$ 4.46	\$ 5.01	\$ 5.56	\$ 6.10	\$ 6.65	\$ 7.20
15.00%	\$ 3.83	\$ 4.37	\$ 4.90	\$ 5.44	\$ 5.98	\$ 6.52	\$ 7.06

Net Present Value Analysis With A Capital Offering. D.A. Davidson & Co. performed an analysis that estimated the net present value per share of South Valley common stock under various circumstances, which included the assumption that South Valley completed a common stock offering of \$30.0 million at \$3.50 per

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share assumed to take place during 2012 to raise South Valley's pro forma Tier 1 Leverage Ratio to above 10.00% as required by the MOU with the FDIC and the DFCS. As of December 31, 2012, South Valley Bank & Trust had a capital shortfall of \$24.8 million below the required 10.00% Tier 1 Leverage Ratio. The analysis assumed South Valley performed in accordance with the financial forecasts for the years ending December 31, 2012 through December 31, 2016 as discussed with management of South Valley. To approximate the terminal value of South Valley common stock at December 31, 2016, D.A. Davidson & Co. applied price to forward earnings multiples of 10.0x to 16.0x and multiples of tangible book value ranging from 80.0% to 140.0% and assumed a special dividend for shareholders in 2016 for the amount of excess equity based on a targeted tangible common equity ratio of 10.00%, if any. The income streams and terminal values were then discounted to present values using different discount rates ranging from 12.00% to 15.00% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of South Valley's common stock. In evaluating the discount rate, D.A. Davidson & Co. used the industry standard methods of adding the current risk-free rate, which is based on the 10-year Treasury yield, plus the published Ibbotson Equity Risk Premium, plus the published Ibbotson Size Premium, plus the published Ibbotson Industry Premium.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of South Valley common stock of \$2.95 to \$4.76 when applying the price to earnings multiples to the financial forecasts and \$4.08 to \$7.33 when applying the same multiples of tangible book value to the financial forecasts.

Earnings Per Share Multiples

Discount Rate	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x
12.00%	\$ 3.35	\$ 3.58	\$ 3.82	\$ 4.05	\$ 4.29	\$ 4.52	\$ 4.76
12.50%	\$ 3.28	\$ 3.51	\$ 3.74	\$ 3.97	\$ 4.20	\$ 4.43	\$ 4.66
13.00%	\$ 3.21	\$ 3.44	\$ 3.66	\$ 3.89	\$ 4.11	\$ 4.33	\$ 4.56
13.50%	\$ 3.14	\$ 3.36	\$ 3.58	\$ 3.80	\$ 4.02	\$ 4.24	\$ 4.46
14.00%	\$ 3.08	\$ 3.30	\$ 3.51	\$ 3.73	\$ 3.94	\$ 4.16	\$ 4.37
14.50%	\$ 3.02	\$ 3.23	\$ 3.44	\$ 3.65	\$ 3.86	\$ 4.07	\$ 4.28
15.00%	\$ 2.95	\$ 3.16	\$ 3.37	\$ 3.57	\$ 3.78	\$ 3.99	\$ 4.19

Tangible Book Value Multiples

Discount Rate	80.0%	90.0%	100.0%	110.0%	120.0%	130.0%	140.0%
12.00%	\$ 4.62	\$ 5.07	\$ 5.52	\$ 5.98	\$ 6.43	\$ 6.88	\$ 7.33
12.50%	\$ 4.52	\$ 4.97	\$ 5.41	\$ 5.85	\$ 6.29	\$ 6.74	\$ 7.18
13.00%	\$ 4.43	\$ 4.86	\$ 5.30	\$ 5.73	\$ 6.16	\$ 6.60	\$ 7.03
13.50%	\$ 4.34	\$ 4.76	\$ 5.19	\$ 5.61	\$ 6.03	\$ 6.46	\$ 6.88
14.00%	\$ 4.25	\$ 4.66	\$ 5.08	\$ 5.49	\$ 5.91	\$ 6.33	\$ 6.74
14.50%	\$ 4.16	\$ 4.57	\$ 4.97	\$ 5.38	\$ 5.79	\$ 6.19	\$ 6.60
15.00%	\$ 4.08	\$ 4.47	\$ 4.87	\$ 5.27	\$ 5.67	\$ 6.07	\$ 6.47

D.A. Davidson & Co. also evaluated how this analysis would be affected by changes in the underlying assumptions, including variations with respect to forecasted net income. To illustrate this impact, D.A. Davidson & Co. performed a similar analysis assuming South Valley net income varied from 30.0% above forecasts to 30.0% below forecasts. This analysis resulted in the following range of per share values for South Valley common stock, using the same discount rates ranging from 12.00% to 15.00% and a price to forward earnings multiple of 12.0x.

Table of Contents**Forecasted 2016 Net Income Variance**

Discount Rate	-30.0%	-20.0%	-10.0%	0.0%	10.0%	20.0%	30.0%
12.00%	\$ 2.97	\$ 3.26	\$ 3.54	\$ 3.82	\$ 4.10	\$ 4.38	\$ 4.66
12.50%	\$ 2.91	\$ 3.19	\$ 3.46	\$ 3.74	\$ 4.01	\$ 4.29	\$ 4.56
13.00%	\$ 2.85	\$ 3.12	\$ 3.39	\$ 3.66	\$ 3.93	\$ 4.20	\$ 4.47
13.50%	\$ 2.79	\$ 3.06	\$ 3.32	\$ 3.58	\$ 3.85	\$ 4.11	\$ 4.38
14.00%	\$ 2.73	\$ 2.99	\$ 3.25	\$ 3.51	\$ 3.77	\$ 4.03	\$ 4.29
14.50%	\$ 2.68	\$ 2.93	\$ 3.19	\$ 3.44	\$ 3.69	\$ 3.94	\$ 4.20
15.00%	\$ 2.62	\$ 2.87	\$ 3.12	\$ 3.37	\$ 3.62	\$ 3.86	\$ 4.11

D.A. Davidson & Co. prepared its analyses for purposes of providing its opinion to South Valley's board of directors as to the fairness from a financial point of view to holders of shares of South Valley common stock of the merger consideration and to assist South Valley's board of directors in analyzing the proposed merger. The analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties and their respective advisors, none of South Valley, Washington Federal or D.A. Davidson & Co. or any other person assumes responsibility if future results are materially different from those forecasted.

D.A. Davidson & Co.'s opinion was one of many factors considered by the South Valley board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors of South Valley or management with respect to the merger or the merger consideration.

D.A. Davidson & Co. and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions. D.A. Davidson & Co. acted as financial advisor to South Valley in connection with, and participated in certain of the negotiations leading to the merger. D.A. Davidson & Co. is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, D.A. Davidson & Co. and its affiliates may provide such services to South Valley, Washington Federal and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of South Valley and Washington Federal for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities. South Valley selected D.A. Davidson & Co. as its financial advisor because it is a recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement dated December 21, 2011, South Valley engaged D.A. Davidson & Co. as its financial advisor in connection with the contemplated transaction. Pursuant to the terms of the engagement letter, South Valley agreed to pay D.A. Davidson & Co. a cash fee of \$250,000 concurrently with the rendering of its opinion, the amount of which fee will be credited against the amount of any contingent fee that becomes payable. South Valley will pay to D.A. Davidson & Co. at the time of closing of the merger a contingent cash fee determined by the aggregate value of the merger consideration payable to South Valley shareholders at closing, which (assuming there are no material fluctuations in the stock price of Washington Federal from the date of this proxy statement/prospectus to closing) is expected to range from 2.75% to 3.00% of the merger consideration paid by Washington Federal at the closing. The contingent cash fee percentage is determined based on the multiple of merger consideration payable to South Valley shareholders at closing divided by South Valley's balance of tangible common equity as of December 31, 2011. Additionally, Washington Federal will pay to D.A. Davidson & Co. one year following the time of closing of the merger a contingent cash fee that is expected to range from 2.75% to 3.00% of the sum of (1) the aggregate value of the merger consideration payable to South

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Valley shareholders after closing and (2) the net present value of any remaining consideration payable to South Valley shareholders. South Valley has also agreed to reimburse D.A. Davidson & Co. for all reasonable out-of-pocket expenses, including fees of counsel, and to indemnify D.A. Davidson & Co. and certain related persons against specified liabilities, including liabilities under the federal securities laws, relating to or arising out of its engagement.

During the two years preceding the date of the opinion, D.A. Davidson & Co. has had a material relationship with South Valley in which compensation was received. In February 2011, D.A. Davidson & Co. served as financial advisor to South Valley in connection with the evaluation of capital alternatives, for which D.A. Davidson & Co. received a retainer in the amount of \$50,000 and a non-accountable expense allowance of \$100,000. In July 2010, D.A. Davidson & Co. served as financial advisor to South Valley in connection with the FDIC-assisted acquisition of Home Valley Bank, for which D.A. Davidson & Co. received compensation in the amount of \$240,000 and reimbursement of out-of-pocket expenses. Additionally, D.A. Davidson & Co. may provide investment banking services to the combined company in the future and may receive future compensation.

The Merger Consideration

General. If the acquisition of South Valley is completed, each share of South Valley common stock outstanding at the time of the merger will be converted into the right to receive the following:

0.2962 of a share of Washington Federal common stock, with cash paid in lieu of any fractional shares of Washington Federal common stock;

a contingent cash payment equal to the pro rata portion of an Earn Out Amount, which is described below in Earn Out Amount and which may be paid over a five-year period, subject to a one year extension by Washington Federal; and

a contingent cash payment equal to the pro rata portion of the net cash proceeds received by South Valley from the sale of its trust business and/or its wealth management business, provided that the sale is completed prior to the closing of the merger.

Washington Federal Common Stock. As part of the merger consideration, holders of South Valley common stock will be entitled to receive Washington Federal common stock in exchange for their shares of South Valley common stock. The exchange ratio for each share of South Valley common stock is fixed at 0.2962 of a share of Washington Federal common stock. See Procedures for Exchanging South Valley Common Stock Certificates beginning on page 45. Washington Federal will not be issuing fractional shares, but South Valley shareholders will receive the value of any fractional share interest in cash. The value implied by the exchange ratio for one share of South Valley common stock on May 21, 2012 was \$5.04, based on the closing price per share of Washington Federal common stock on that date, which was the last practicable trading day before the distribution of this proxy statement/prospectus. Because the exchange ratio is fixed, the implied value will fluctuate based on the market price of Washington Federal common stock, and will not be known at the time you vote on the merger. Washington Federal common stock is listed on the Nasdaq Global Select Market under the symbol WAFD. You should obtain current market quotations for Washington Federal common stock. South Valley's common stock is not listed or traded on any established securities exchange or quotation system.

Earn Out Amount. As part of the merger consideration, holders of South Valley common stock will be entitled to receive their pro rata portion of an Earn Out Amount, which is a cash amount equal to the dollar amount of the collections up to \$39.1 million, net of accrued interest, any amounts owed to third parties and expenses, of specified assets of South Valley, which assets are referred to in this proxy statement/prospectus as the Earn Out Assets. The Earn Out Assets consist of commercial loans, lines of credit and an equity investment, which collectively had an aggregate book value of approximately \$39.1 million as of March 31, 2012. Any Earn Out Asset that is a line of credit will not be eligible to be included as part of the Earn Out

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Amount, and thereby payable to the holders of South Valley common stock as an Earn Out Amount, unless and until such line of credit has been terminated in accordance with its terms. The following table sets forth additional information regarding the loans included in the Earn Out Assets:

Loan	Type of Loan	Maturity Date
Loan Number 1	Unsecured term loan	6/15/2017
Loan Number 2	Stock secured term loan	6/30/2014
Loan Number 3	Stock secured revolving line of credit	11/15/2013
Loan Number 4	Real estate secured term loan	1/15/2017
Loan Number 5	Real estate and stock secured term loan	Matured Forbearance
Loan Number 6	Unsecured line of credit	6/30/2012
Loan Number 7	Portfolio real estate loan	7/5/2013
Loan Number 8	Acquisition and development loan	6/30/2012
Loan Number 9	Unsecured consumer loan	9/15/2012
Loan Number 10	Unsecured business line of credit	8/15/2012
Loan Number 11	Owner occupied commercial real estate loan	12/15/2014

The aggregate balance of the loans included in the Earn Out Assets is \$37.2 million at March 31, 2012. The balance of each of these loans is between approximately \$10.8 million and \$565 thousand. As of the date of this proxy statement/prospectus, three of the loans included in the Earn Out Assets, which have an aggregate balance at March 31, 2012 of approximately \$21.1 million, are internally rated by South Valley as Substandard, which means that (1) these loans are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, and (2) there are well defined weaknesses that are jeopardizing the repayment of the loan. The remaining eight loans included in the Earn Out Assets, which have an aggregate balance at March 31, 2012 of approximately \$16.1 million, are internally rated by South Valley as Pass, which means the borrower is considered by South Valley to be creditworthy and to have the ability to repay the loan in the normal course of business. The Earn Out Assets also include shares of private company common stock, which South Valley has valued at \$1.9 million at March 31, 2012.

Pre-Closing Earn Out Amount. To the extent that all or any collections have been made on the Earn Out Assets prior to the closing of the merger, then the Pre-Closing Earn Out Amount will be payable to the South Valley shareholders, without interest, as of the closing of the merger. The Pre-Closing Earn Out Amount is the cash amount equal to the sum of (1) the dollar amount of the collections, after deducting related expenses and fees, on the Earn Out Assets that are received by South Valley from January 1, 2012 through March 31, 2012, plus (2) 100% of the Net Asset Collections (as defined below) that are received by South Valley on the Earn Out Assets, without interest, during the period commencing on March 31, 2012 and ending on the closing date of the merger, which period is referred to in this proxy statement/prospectus as the Pre-Closing Earn Out Period. The Net Asset Collections is the cash amount collected and received by South Valley during the Pre-Closing Earn Out Period and by Washington Federal during the Post-Closing Earn Out Period (as defined below), which reduce the outstanding balance of the Earn Out Assets, after deducting any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees that are reasonably incurred in connection with collecting or attempting to collect on the Earn Out Assets. Under the terms of the merger agreement, the Stockholders Representative is entitled to receive any cash amounts due and payable to the South Valley shareholders from the Net Asset Collections for reimbursement of out-of-pocket fees and expenses (including legal, accounting and other advisors fees and expenses, if applicable) incurred by the Stockholders Representative in performing his duties and obligations under the merger agreement. If the specified South Valley assets were collected in their entirety prior to the consummation of the merger, South Valley shareholders would receive an additional cash payment equal to \$5.81 per South Valley share, subject to reduction to take into account the payment of any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. As of May 21, 2012, a total of approximately \$185,000 has been collected on the specified pool of South Valley assets, which amount will be available for distribution to the South Valley shareholders on a pro rata basis following completion of the merger, less deductions for accrued

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interest, amounts owed to third parties and other collection expenses. There is no assurance that South Valley will be able to make any additional collections on the Earn Out Assets prior to the closing of the merger.

Post-Closing Earn Out Amount. To the extent that all or any collections have been made on the Earn Out Assets after the closing of the merger and through the expiration of the Post-Closing Earn Out Period (as defined below), the Post-Closing Earn Out Amount will be paid periodically to the former shareholders of South Valley during the Post-Closing Earn Out Period. The Post-Closing Earn Out Amount is the amount of cash equal to the sum of 51.2% of the Net Asset Collections that are received by Washington Federal, without interest, with respect to the Earn Out Assets during the period commencing on the date immediately following the closing date of the merger and ending on the five-year anniversary of the closing date of the merger or on such earlier date that all Earn Out Assets have been collected and received by Washington Federal, which period is referred to in this proxy statement/prospectus as the Post-Closing Earn Out Period. The Post-Closing Earn Out Period may be extended by Washington Federal, in its sole discretion, for one additional year beyond the five-year period by providing written notice to the Stockholders Representative. To the extent that any Earn Out Assets remain within six months prior to the expiration of the Post-Closing Earn Out Period, Washington Federal shall use reasonable efforts to liquidate or sell such remaining Earn Out Assets prior to the expiration of the Post-Closing Earn Out Period and will use its reasonable best efforts to obtain the best available price for such remaining Earn Out Assets. If any portion of the Earn Out Assets have not been collected prior to the expiration of the Post-Closing Earn Out Period or any extension thereof by Washington Federal, then the holders of South Valley common stock will not be entitled to receive any additional payments with respect to the remaining balance of the Earn Out Assets. See Procedure for Delivering the Post-Closing Earn Out Amount beginning on page 44. If none of the specified pool of South Valley assets were collected prior to consummation of the merger, but were collected in full within five years (subject to extension) of the closing of the merger, South Valley shareholders would receive an additional cash payment of \$2.97 per South Valley share, subject to reduction to take into account the payment of any interest accrued on the assets, any amounts owed to third parties and the costs, expenses and fees related to such collection efforts. There is no assurance that Washington Federal will be able to collect any additional amounts of the Earn Out Assets prior to the expiration of the Post-Closing Earn Out Period, which will impact the Post-Closing Earn Out Amount you receive.

Before payment of the Post-Closing Earn Out Amount may be made to holders of South Valley common stock during the Post-Closing Earn Out Period, Washington Federal will withhold the first \$1.0 million, which amount is referred to in this proxy statement/prospectus as the Expense Reserve, of collections with respect to the Earn Out Assets by Washington Federal during the Post-Closing Earn Out Period. Washington Federal will deduct from the Expense Reserve the fees and expenses incurred by it in collecting on the Earn Out Assets during the Post-Closing Earn Out Period. After the full amount of the Expense Reserve is funded, all proceeds recovered by Washington Federal with respect to each Earn Out Asset will be applied in the following order of priority: first, for the payment of all collection expenses relating to the Earn Out Asset for which recovery was made; second, for the payment of all accrued interest on the Earn Out Asset for which recovery was made; and third, on the principal of the Earn Out Asset for which recovery was made. The net collections, if any, on the Earn Out Assets will be available for payment as Post-Closing Earn Out Amounts in accordance with the procedures set forth in Procedure for Delivering the Post-Closing Earn Out Amount beginning on page 44. To the extent that any funds remain in the Expense Reserve upon expiration of the Post-Closing Earn Out Period, such funds will be distributed by the exchange agent on a pro rata basis to all shareholders of record of South Valley immediately prior to the effective time of the merger.

Trust and Wealth Management Business Net Proceeds. Prior to the closing of the merger, South Valley may, but is not required to, either:

sell its trust business and/or its wealth management business to a third party, which may include one or more of the directors, officers or employees of South Valley or South Valley Bank & Trust; or

spin-off its trust business and/or its wealth management business to the shareholders of South Valley.

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As part of the merger consideration, holders of South Valley common stock will receive a cash payment equal to their pro rata portion of the Trust and Wealth Management Business Net Proceeds (as defined below), provided that the sale of South Valley's trust business and/or its wealth management business is completed prior to the closing of the merger. The sale of its trust business and/or its wealth management business is subject to South Valley receiving consideration that is:

paid in cash to South Valley or South Valley Bank & Trust;

equal to or in excess of the tangible carrying value of its trust business and/or its wealth management business, as applicable, as of December 31, 2011; and

not subject to any earn out or any mechanism, which would result in any reduction in the consideration paid for its trust business and/or its wealth management business after such sale.

In addition, the Trust and Wealth Management Business Net Proceeds may not be a dollar amount that, when combined with the Earn Out Amount, will cause the stock portion of the merger consideration that will be paid to holders of South Valley common stock in connection with the merger to be less than 40% of the aggregate merger consideration as of the closing. The Trust and Wealth Management Business Net Proceeds means an amount equal to the lesser of (1) the sum of the purchase price received by South Valley for the sale of its trust business and/or its wealth management business prior to the closing of the merger, less all third party costs, taxes, expenses and liabilities incurred by South Valley or its subsidiaries relating to the negotiation, execution and consummation of the sale of the business, and (2) \$5.0 million.

As of March 31, 2012, South Valley Bank & Trust's trust department had \$165.5 million of assets under administration, 307 trust clients and 12 employees, including five trust officers. As of March 31, 2012, South Valley's broker-dealer and investment adviser subsidiary, South Valley Wealth Management, had \$312.8 million of assets under administration, 2,356 client relationships and 11 employees, including seven financial advisors. South Valley has not completed any appraisals or valuations with respect to the trust business and/or the wealth management business.

The amount, if any, of the Trust and Wealth Management Business Net Proceeds cannot be known until South Valley completes the sale of its trust business and/or its wealth management business. As of the date of this proxy statement/prospectus, South Valley has not entered into any agreement for the sale of its trust business or its wealth management business. There is no assurance that South Valley will be able to complete the sale of its trust business or its wealth management business prior to the closing of the merger.

In the event that South Valley completes a spin-off of its trust business and/or its wealth management business prior to the closing, then no cash or other consideration will be paid by Washington Federal to the holders of South Valley common stock for the business that South Valley spins-off to its shareholders prior to the closing of the merger. South Valley currently does not intend to spin-off either its trust business or its wealth management business to the holders of South Valley common stock. If South Valley is not able to sell, or it has not completed a spin-off of, its wealth management business prior to the closing of the merger, then South Valley intends to dissolve or otherwise terminate that business prior to the closing of the merger.

Procedure for Delivering the Post-Closing Earn Out Amount

The Post-Closing Earn Out Amount that is collected by Washington Federal by each January 31st and July 31st for each calendar year (each a Payment Period, and collectively, the Payment Periods) during the Post-Closing Earn Out Period, including an extension of this period, if any, by Washington Federal, that exceeds \$100,000 shall be payable to the holders of South Valley common stock as soon as practicable after Washington Federal completes the procedural requirements for calculating and confirming the payment of the Post-Closing Earn Out Amount for each Payment Period with the Stockholders Representative. See Procedures for Exchanging South Valley Common Stock Certificates beginning on page 45. To the extent that the Post-Closing Earn Out Amount payable during any Payment Period, except for the final Payment Period, is less than \$100,000

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in the aggregate or is a negative number, then such amount or negative amount will carryover to the next Payment Period to be taken into account in calculating the Post-Closing Earn Out Amount for such period. Washington Federal will pay the applicable Post-Closing Earn Out Amount due for the final Payment Period, if any, which shall be payable as long as such Post-Closing Earn Out Amount is a positive amount. No payment will be required to be paid by Washington Federal in the event that the Post-Closing Earn Out Amount is zero or a negative amount in the final Payment Period.

Procedures for Exchanging South Valley Common Stock Certificates

Promptly following the completion of the merger, the exchange agent will mail to each holder of record of shares of South Valley common stock who does not exercise dissenters' rights a letter of transmittal and instructions for surrendering certificates representing shares of South Valley common stock in exchange for the merger consideration payable to them. Upon surrender of a stock certificate of South Valley common stock for exchange and cancellation to the exchange agent, together with a duly executed letter of transmittal, the holder of such certificate will be entitled to receive the merger consideration payable to them and the certificate for South Valley common stock so surrendered will be canceled. No interest will be paid or accrued on any cash constituting merger consideration. Any portion of the cash delivered to the exchange agent by Washington Federal that remains unclaimed by the shareholders of South Valley for six months after the effective time of the merger or the expiration of the Post-Closing Earn Out Period, as applicable, will be returned to Washington Federal and any former shareholder of South Valley must thereafter look only to Washington Federal for payment of their pro rata share of such cash or Post-Closing Earn Out Amount, if any.

Upon the effectiveness of the merger, Washington Federal is required to deposit a cash amount equal to the Pre-Closing Earn Out Amount to the exchange agent for distribution on a pro rata basis to all shareholders of record of South Valley immediately prior to the effective time of the merger.

South Valley shareholders should not send in their stock certificates until they receive the letter of transmittal and instructions.

South Valley shareholders who surrender their stock certificates and complete the letter of transmittal, will receive the merger consideration payable to them as a result of the merger promptly following completion of the merger and, if applicable, after each Payment Period, as described above in Procedures for Delivering the Post-Closing Earn Out Amount. Other shareholders will receive the merger consideration payable to them as soon as practicable after their stock certificates have been surrendered with appropriate documentation to the exchange agent or other steps have been taken to surrender the evidence of their stock interest in South Valley in accordance with the instructions accompanying the letter of transmittal.

No stock certificates representing fractional shares of Washington Federal common stock will be issued upon the surrender for exchange of South Valley stock certificates. In lieu of the issuance of any such fractional share, Washington Federal will pay to each former shareholder of South Valley who otherwise would be entitled to receive a fractional share of Washington Federal common stock an amount in cash determined by multiplying the fraction of a share of Washington Federal common stock which such holder would otherwise be entitled to receive pursuant to the merger agreement by the closing price of Washington Federal common stock on the business day immediately preceding the effective time of the merger.

You will receive dividends and other distributions declared by Washington Federal after the completion of the merger on your shares of Washington Federal common stock only if you have surrendered your South Valley stock certificates in accordance with the letter of transmittal. Only then will you be entitled to receive all previously withheld dividends and distributions, if any, without interest.

After completion of the merger, no transfers of South Valley common stock issued and outstanding immediately prior to the completion of the merger will be allowed. South Valley stock certificates that are presented for transfer after the completion of the merger will be canceled and exchanged for the appropriate merger consideration.

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Washington Federal will only issue a Washington Federal stock certificate in a name other than the name in which a surrendered South Valley stock certificate is registered if you present the exchange agent with all documents required to show and effect the unrecorded transfer of ownership of the shares of South Valley common stock formerly represented by such South Valley stock certificate, and show that you paid any applicable stock transfer taxes.

If your South Valley stock certificate has been lost, stolen or destroyed, you may be required to deliver an affidavit and a lost certificate bond as a condition to receiving any merger consideration to which you may be entitled.

Conditions to the Merger

Completion of the merger is subject to the satisfaction of certain conditions set forth in the merger agreement, or the waiver of such conditions by the party entitled to do so, at or before the closing date of the merger. Each of the parties' obligation to consummate the merger under the merger agreement is subject to the following conditions:

the holders of a majority of the outstanding shares of South Valley common stock must have approved the merger agreement;

all regulatory approvals required to consummate the merger by any governmental authority must have been obtained and must remain in full force and effect, all statutory waiting periods in respect thereof must have expired, and no required approval may contain any condition, restriction or requirement which Washington Federal's board of directors reasonably determines in good faith would, individually or in the aggregate, materially reduce the benefits of the merger to such a degree that Washington Federal would not have entered into the merger agreement had such conditions, restrictions or requirements been known or could reasonably have been known at the date of the merger agreement;

no statute, rule, regulation, judgment, decree, injunction or other order shall have been enacted, issued, promulgated, enforced or entered which prohibits the consummation of the merger;

the registration statement of Washington Federal, of which this document is a part, must have become effective under the Securities Act of 1933 and no stop order suspending the effectiveness of such registration statement shall have been issued and no proceedings for that purpose shall have been initiated by the Commission and not withdrawn;

the shares of Washington Federal common stock to be issued in connection with the merger must have been approved for listing on the Nasdaq Global Select Market (or on any securities exchange on which the Washington Federal common stock may then be listed); and

each of Washington Federal and South Valley must have received an opinion of Patton Boggs LLP to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code.

In addition to the foregoing conditions, the obligation of Washington Federal to consummate the merger under the merger agreement is subject to the following conditions, which may be waived by Washington Federal:

the representations and warranties of South Valley in the merger agreement must be true and correct as of the date of the merger agreement and as of the effective time of the merger, except as to any representation or warranty which specifically relates to an earlier date and except that the representations and warranties of South Valley will be deemed true and correct unless the failure or failures of those representations and warranties to be true and correct has had or is reasonably likely to have a material adverse effect (as defined below) on South Valley, and Washington Federal shall have received a certificate

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signed by the chief executive officer and chief financial officer of South Valley to that effect;

South Valley must have performed in all material respects all obligations required to be performed by it at or prior to consummation of the merger, and Washington Federal shall have received a

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certificate signed by the chief executive officer and chief financial officer of South Valley to that effect;

dissenting shares shall not represent 15% or more of the outstanding South Valley common stock;

all regulatory approvals required to consummate the subsidiary merger, including the approval of the OCC, the DFCS and the FDIC (with respect to South Valley's shared-loss agreements with the FDIC) shall have been obtained and shall remain in full force and effect, and all statutory waiting periods shall have expired or been terminated; no order, injunction, or decree issued by any governmental authority of competent jurisdiction preventing the consummation of the subsidiary merger shall be in effect; and no statute, rule, regulation, order, injunction, or decree shall have been enacted, entered, promulgated, or enforced by any governmental authority that prohibits the consummation of the subsidiary merger; and

Washington Federal shall have received such certificates of South Valley's officers or others and such other documents to evidence fulfillment of the conditions to its obligations as Washington Federal may reasonably request.

In addition to the other conditions set forth above, the obligation of South Valley to consummate the merger under the merger agreement is subject to the following conditions, which may be waived by South Valley:

the representations and warranties of Washington Federal in the merger agreement must be true and correct as of the date of the merger agreement and as of the effective time of the merger, except as to any representation or warranty which specifically relates to an earlier date and except that the representations and warranties of Washington Federal will be deemed true and correct unless the failure or failures of those representations and warranties to be true and correct has had or is reasonably likely to have a material adverse effect (as defined below) on Washington Federal, and South Valley shall have received a certificate signed by the chief executive officer and chief financial officer of Washington Federal to that effect;

Washington Federal must have performed in all material respects all obligations required to be performed by it at or prior to consummation of the merger, and South Valley shall have received a certificate signed by the chief executive officer and chief financial officer of Washington Federal to that effect; and

South Valley shall have received such certificates of Washington Federal's officers or others and such other documents to evidence fulfillment of the conditions to its obligations as South Valley may reasonably request.

Under the terms of the merger agreement, a material adverse effect on either Washington Federal or South Valley is defined to mean any effect that, taken individually or together with any other effect, (1) is material and adverse to the financial condition, results of operations or business of such entity and its subsidiaries taken as a whole or (2) would materially impair the ability of such entity and its subsidiaries to perform their respective obligations under the merger agreement or otherwise materially impede the consummation of the merger. However, under the terms of the merger agreement, none of the following would be deemed to constitute a material adverse effect on any entity:

changes in banking, savings institution, and similar laws of general applicability or interpretations of them by governmental authorities;

changes in United States GAAP or regulatory accounting requirements applicable to banks, savings institutions or their holding companies generally;

changes in general economic conditions affecting banks, savings institutions and their holding companies generally;

the announcement of the merger transaction;

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with respect to South Valley only, the effects of any action or omission taken with the prior consent or at the request of Washington Federal or as otherwise contemplated by the merger agreement; and

changes that are the result of natural disasters, calamities, acts of God or act of war or terrorism, provided that the effect of the changes described in the first, second, third and sixth bullet points above will not be excluded as a material adverse effect to the extent of a materially disproportionate impact, if any, that they have on Washington Federal and its subsidiaries as a whole on the one hand, or South Valley and its subsidiaries as a whole on the other hand, as measured relative to similarly situated companies in the banking and savings institution industries. In addition, if South Valley and/or South Valley Bank & Trust enters into or becomes subject to any order, consent, decree, directive, agreement, memorandum of understanding or similar arrangement with a bank regulator as of or after the date of the merger agreement, Washington Federal is not precluded from determining whether the effect of entry into or issuance of the order, consent, decree, directive, agreement, memorandum of understanding or similar arrangement, taken as a whole, is a material adverse effect. See Information About South Valley beginning on page 69 for information about the proposed Stipulation to the Issuance of a Consent Order with the FDIC and the DFCS.

Regulatory Approvals

Consummation of the merger is subject to receipt of certain regulatory approvals, which are summarized below.

Federal Reserve. The parties currently intend to merge South Valley with and into Washington Federal. Prior to completing the merger, Washington Federal must receive a waiver of certain approval requirements from the Federal Reserve otherwise applicable to acquisitions of control of banks, such as South Valley Bank & Trust. In the event that the Federal Reserve does not grant the waiver, Washington Federal may be required to file an application with the Federal Reserve under the Bank Holding Company Act of 1956, as amended, in connection with the merger.

Office of the Comptroller of the Currency. Following the merger, South Valley Bank & Trust will merge with and into the Bank. The subsidiary merger is subject to the prior approval of the OCC under the Home Owners Loan Act. The Bank and South Valley Bank & Trust have filed an application with the OCC to obtain prior approval of the merger and the subsidiary merger. In reviewing applications under the Home Owners Loan Act, the OCC considers:

the effect of the transaction upon competition;

the financial and managerial resources and future prospects of the merging and resulting institutions;

the performance of the applicants in helping to meet the credit needs of the relevant communities, including low- and moderate-income neighborhoods; and

the convenience and needs of the community served.

The OCC will not approve a transaction:

that would result in a monopoly or would be in furtherance of any combination, conspiracy or attempt to monopolize the business of banking in any part of the United States; or

whose effect in any section of the United States may be to substantially lessen competition, or tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the probable effects of the transaction in meeting the convenience and needs of the community clearly outweigh the anti-competitive effects of the transaction.

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Any transaction approved by the OCC may not be completed until 30 days after the OCC's approval, during which time the U.S. Department of Justice may challenge such transaction on antitrust grounds. With the approval of the OCC and the U. S. Department of Justice, the waiting period may be reduced to 15 days.

Oregon DFCS. The subsidiary merger is also subject to the prior approval of the DFCS. Under Oregon law, the Bank and South Valley Bank & Trust must submit a letter application with the DFCS describing the terms of the subsidiary merger transaction and providing evidence of the approval of the transaction by the

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boards of directors of the parties to the merger agreement. The Bank and South Valley Bank & Trust have filed the required letter application with the DFCS.

Status of Applications, Notices and Waivers. Washington Federal, the Bank, South Valley and South Valley Bank & Trust have filed all required applications with the OCC and DFCS, and the waiver request will be filed with the Federal Reserve, in connection with the merger and the subsidiary merger. There can be no assurance that all requisite approvals and waivers will be obtained, that such approvals and waivers will be received on a timely basis or that such approvals and waivers will not impose conditions, restrictions or requirements which, individually or in the aggregate, would so materially reduce the benefits of the transactions contemplated by the merger agreement to Washington Federal that had such condition, restriction or requirement been known or could reasonably have been known, Washington Federal, in its reasonable, good faith judgment, would not have entered into the merger agreement. If any such condition or requirement is imposed, Washington Federal may elect not to consummate the merger. See Conditions to the Merger beginning on page 46.

In addition, the obligation of Washington Federal to complete the merger is conditioned on the receipt of the FDIC's consent to the assignment of the existing FDIC shared-loss agreements that South Valley Bank & Trust and the FDIC entered into in connection with the purchase and assumption agreement between the FDIC and South Valley Bank & Trust with respect to the assumption of deposits and purchase of assets by South Valley Bank & Trust of Home Valley Bank. The FDIC has consented to the assignment of the South Valley Bank & Trust shared-loss agreements to the Bank.

Business Pending the Merger

The merger agreement contains certain covenants of the parties regarding the conduct of their respective businesses pending consummation of the merger. These covenants, which are contained in Article IV of the merger agreement included as Annex A hereto, are briefly described below.

Pending consummation of the merger, South Valley may not, and will cause each of its subsidiaries not to, among other things, take the following actions without the prior written consent of Washington Federal:

other than with respect to collection efforts on the Earn Out Assets, conduct its business other than in the ordinary and usual course consistent with past practice or fail to use reasonable best efforts to preserve its business organization, keep available the present services of its employees and preserve for itself and Washington Federal the goodwill of the customers of South Valley and its subsidiaries and others with whom business relations exist;

issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of capital stock or rights to acquire stock, or permit any additional shares of stock to become subject to grants of employee or director stock options or other rights;

(1) make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on any shares on its capital stock, other than as required by the ESOP, or (2) directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire any shares of its capital stock;

hire any person as an employee of South Valley or any of its subsidiaries or promote any employee, except (1) to fill existing vacancies at South Valley Bank & Trust and previously disclosed to Washington Federal, (2) to satisfy contractual obligations existing as of the date of the merger agreement and previously disclosed to Washington Federal, and (3) persons hired to fill a vacancy arising after the date of the merger agreement, provided that the person's employment is terminable at the will of South Valley or a subsidiary of South Valley, as applicable, and that the person is not subject to or eligible for any severance or similar benefits or payments that would become payable as a result of the merger or its consummation;

enter into or amend or renew any employment, consulting, severance, change in control, bonus, salary continuation or similar agreement or arrangement with any director, officer or employee of

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South Valley or its subsidiaries or grant any salary or wage increase or increase any employee benefit, except for changes that are required by applicable law;

enter into, establish, adopt, amend, or terminate or make any contributions to (except (1) as may be required by applicable law, (2) as required under the terms of a contract, plan, arrangement or agreement existing as of the date of the merger agreement and previously disclosed, or (3) as directed by the IRS in order to receive a favorable determination letter), any employee benefit plan with respect to any director, officer, or employee of South Valley or its subsidiaries, or take any action to accelerate the vesting or exercisability of compensation or benefits payable thereunder;

except for the sale or liquidation of Earn Out Assets, the sale of South Valley's trust and/or wealth management business, and real estate acquired by foreclosure that is sold in the ordinary course of business consistent with past practices or as previously disclosed, sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties;

acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice), including without limitation, by merger or consolidation or by investment in a partnership or joint venture, all or any portion of the assets, business, securities (other than as permitted in the merger agreement), deposits or properties of any other entity;

make any capital expenditures, other than capital expenditures in the ordinary course of business consistent with past practice not exceeding \$50,000 individually or \$200,000 in the aggregate;

amend the South Valley restated articles of incorporation, restated bylaws or the articles of incorporation or bylaws (or equivalent documents) of any subsidiary of South Valley or enter into a plan of consolidation, merger, share exchange, or reorganization with any person, or a letter of intent or agreement in principle with respect thereto;

implement or adopt any change in its accounting principles, practices or methods other than as may be required by changes in laws or regulations or GAAP;

except as otherwise permitted under the merger agreement, enter into, cancel, fail to renew, terminate, amend, or modify any material contract or amend or modify in any material respect any of its existing material contracts;

enter into any settlement or similar agreement with respect to any claims if the settlement, agreement, or action involves payment by South Valley or any of its subsidiaries of an amount that exceeds \$25,000 and/or would impose any material restriction on the business of South Valley or any of its subsidiaries or create precedent for claims that reasonably are likely to be material to South Valley and its subsidiaries taken as a whole;

enter into any new material line of business; introduce any material new products or services; change its material banking and operating policies, except as required by applicable law, regulation or policy, or the manner in which its investment securities or loan portfolio is classified or reported; or invest in any mortgage-backed or mortgage-related security that would be considered high risk under applicable regulatory guidance; or file any application or enter into any contract with respect to the opening, relocation or closing of, or open, relocate or close, any branch, office, service center or other facility;

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introduce any material new marketing campaigns or any material new sales compensation or incentive programs or arrangements (except if the material terms have been fully disclosed in writing to Washington Federal prior to the date of the merger agreement);

enter into derivatives contracts;

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incur any indebtedness for borrowed money (other than certain short-term borrowings) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than with respect to the collection of checks and other negotiable instruments in the ordinary course of business consistent with past practice;

acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity investment, other than certain short-term investments or, except as expressly contemplated under the merger agreement, dispose of any debt security or equity investment other than sales above book value in the ordinary course of business consistent with past practice or the sale or liquidation of the Earn Out Assets;

(1) make any new loan, loan commitment, letter of credit or other extension of credit, which are collectively referred to as the Loans, other than Loans with a principal balance of \$500,000 or less that are originated in the ordinary course of business consistent with past practice and in compliance with the entity's internal loan policies, provided that Washington Federal written approval is required for (a) Loans to any person that is a party to any of the Earn Out Assets, (b) unsecured Loans (except for overdraft Loans), (c) Loans with a maturity in excess of three (3) years that have an interest rate of less than 5.0% and (d) Loans secured by equity in a specified entity or South Valley common stock; (2) renew or otherwise modify any Loan, other than Loans made or acquired in the ordinary course of business consistent with past practice and in compliance with the entity's internal loan policies which have (i) in the case of consumer loans, a principal balance not in excess of \$500,000 and (ii) in the case of commercial loans, a principal balance not in excess of \$2,000,000; (3) modify, amend or waive the terms and conditions of any of the Loans included in the Earn Out Assets; (4) take any action that would result in any discretionary release of collateral or guarantees or otherwise restructure the respective amounts set forth in clauses (1), (2) or (3) above; or (5) enter into any Loan securitization or create any special purpose funding entity;

make any investment or commitment to invest in real estate or in any real estate development project (other than by way of foreclosure or acquisitions in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted in good faith, in each case in the ordinary course of business consistent with past practice);

make or change any material tax election, settle or compromise any material tax liability of South Valley or any of its subsidiaries, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of a material amount of taxes of South Valley or any of its subsidiaries, enter into any closing agreement with respect to any material amount of taxes, or surrender any right to claim a material tax refund, or adopt or change any method of accounting with respect to taxes, or file any amended tax return;

take any action that would cause the merger agreement or the merger to be subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, or to exempt or make not subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Washington Federal or its subsidiaries) or any action taken thereby, if that person or action would otherwise have been subject to the restrictive provisions of that law;

make or propose to make any loan to or enter into any transaction with South Valley, any of its subsidiaries, or any of their respective directors or executive officers or any affiliate thereof, except renewals of loans with any of the foregoing existing as of the date of the merger agreement in accordance with South Valley Bank & Trust lending policies and consistent with past practices;

take any action that would or is reasonably likely to prevent or impede the merger from qualifying as a reorganization under the Code;

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take any action that is intended or is reasonably likely to result in (1) any of the representations and warranties of South Valley set forth in the merger agreement being or becoming untrue in any material respect at or prior to the effective time of the merger, (2) any of the conditions to the merger set forth in the merger agreement not being satisfied, (3) a material violation of any provision of the merger agreement, except as may be required by applicable law and regulation, or (4) a material delay in the ability of Washington Federal or South Valley to perform any of their obligations under the merger agreement on a timely basis; or

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

The merger agreement also provides that pending consummation of the merger, Washington Federal may not, and will cause each of its subsidiaries not to, take the following actions without the prior written consent of South Valley:

take any action that would prevent or impede the merger from qualifying as a reorganization under the Code;

take any action that is intended or is reasonably likely to result in (1) any of the representations and warranties of Washington Federal set forth in the merger agreement being or becoming untrue in any material respect at or prior to the effective time of the merger, (2) any of the conditions to the merger set forth in the merger agreement not being satisfied, (3) a material violation of any provision of the merger agreement, except as may be required by applicable law and regulation, or (4) a material delay in the ability of Washington Federal or South Valley to perform any of their obligations under the merger agreement on a timely basis; or

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

Board of Directors Covenant to Recommend the Merger Agreement

Pursuant to the merger agreement and except as set forth below, the South Valley board of directors is required to recommend that South Valley shareholders approve the merger agreement at all times prior to and during the meeting of South Valley shareholders at which the merger agreement is to be considered by them. The South Valley board of directors may not withdraw, modify or qualify in any manner adverse to Washington Federal such recommendation or take any other action or make any other public statement in connection with the meeting of its shareholders inconsistent with such recommendation, except as described below. Regardless of whether the South Valley board of directors changes its recommendation, the merger agreement must be submitted to the shareholders of South Valley at the meeting of South Valley shareholders for the purpose of approving the merger agreement and any other matters required to be approved by South Valley's shareholders for consummation of the transaction. South Valley may not submit to the vote of its shareholders any acquisition proposal other than the merger.

The South Valley board of directors is permitted to change its recommendation if South Valley has complied with the merger agreement and the South Valley board of directors, based on the advice of its outside counsel, has determined in good faith that failure to do so would result in a violation of the board of directors' fiduciary duties under applicable law. If the South Valley board of directors intends to change its recommendation following an acquisition proposal, as described in **No Solicitation** below, it must have first concluded in good faith, after giving effect to all of the adjustments to the terms and conditions of the merger agreement that may be offered by Washington Federal, that another acquisition proposal constitutes a superior proposal, as defined in **No Solicitation** below. South Valley also must notify Washington Federal at least five business days in advance of its intention to change its recommendation in response to the superior proposal, including the identity of the party making the acquisition proposal, and furnish to Washington Federal a copy of the relevant proposed transaction agreements with the party making the superior proposal and all other material documents. Prior to changing its recommendation, South Valley must, and must cause its financial and legal advisors to, during the period following its delivery of the required notice, negotiate in good faith with

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Washington Federal for a period of up to five business days to the extent Washington Federal desires to negotiate to make the adjustments in the terms and conditions of the merger agreement so that the other acquisition proposal ceases to constitute a superior proposal.

No Solicitation

The merger agreement provides that South Valley will and will direct and use its reasonable best efforts to cause its affiliates, directors, officers, employees, agents and representatives, including, without limitation, any investment banker, financial advisor, attorney, accountant, or other representative retained by it, to immediately cease any discussions or negotiations with any other parties that may be ongoing with respect to the possibility or consideration of any acquisition proposal and will use its reasonable best efforts to enforce any confidentiality or similar agreement relating to any acquisition proposal, including by requesting the other party to promptly return or destroy any confidential information previously furnished by or on behalf of South Valley and by specifically enforcing the terms in a court of competent jurisdiction. For purposes of the merger agreement, acquisition proposal is defined to mean any inquiry, proposal or offer, filing of any regulatory application or notice, whether in draft or final form, or disclosure of an intention to do any of the foregoing from any person relating to any (1) direct or indirect acquisition or purchase of a business that constitutes 10% or more of the total revenues, net income, assets, or deposits of South Valley and its subsidiaries taken as a whole; (2) direct or indirect acquisition or purchase of any class of equity securities representing 10% or more of the voting power of South Valley or any of its subsidiaries; (3) tender offer or exchange offer that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of South Valley; or (4) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving South Valley or any of its subsidiaries, other than the transactions contemplated by the merger agreement.

From the date of the merger agreement through the effective time of the merger or the valid termination of the merger agreement, South Valley will not, and will use reasonable efforts to cause its directors, officers or employees, and those of any South Valley subsidiary, or any other representative retained by it or any subsidiary, not to, directly or indirectly through another person (1) solicit, initiate, or encourage, including by way of furnishing information or assistance, or take any other action designed to facilitate or that is likely to result in, any inquiries or the making of any proposal or offer that constitutes, or is reasonably likely to lead to, any acquisition proposal, (2) provide any confidential information or data to any person relating to any acquisition proposal, (3) participate in any discussions or negotiations regarding any acquisition proposal, (4) waive, terminate, modify, or fail to enforce any provision of any contractual standstill or similar obligations of any person other than Washington Federal or its affiliates, (5) approve or recommend, propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase agreement or share exchange agreement, option agreement or similar agreement related to any acquisition proposal or propose to take any of these actions, or (6) make or authorize any statement, recommendation, or solicitation in support of any acquisition proposal.

However, prior to the date of the special meeting of the South Valley shareholders, if the South Valley board of directors determines in good faith, after consulting with its outside legal and financial advisors, that the failure to do so would breach, or would reasonably be expected to result in a breach of, its fiduciary duties under applicable law, South Valley may, in response to a bona fide, written acquisition proposal not solicited in violation of the merger agreement, that the South Valley board of directors determines in good faith constitutes a superior proposal, subject to providing 48 hours prior written notice of its decision to take such action to Washington Federal and identifying the person making the proposal and all the material terms and conditions of the proposal and compliance with the merger agreement:

furnish information with respect to itself and its subsidiaries to any person making the superior proposal pursuant to a customary confidentiality agreement, as determined by South Valley after consultation with its outside counsel, on terms no more favorable to the person than the terms

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contained in the confidentiality agreement between South Valley and Washington Federal are to Washington Federal; and

participate in discussions or negotiations regarding the superior proposal.

For purposes of the merger agreement, superior proposal is defined to mean any bona fide written proposal made by a third party to acquire, directly or indirectly, including pursuant to a tender offer, exchange offer, merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction, for consideration consisting of cash and/or securities, more than 50% of the combined voting power of the shares of South Valley common stock then outstanding or all or substantially all of South Valley's consolidated assets, that the South Valley board of directors determines in good faith, after taking into account all legal, financial, regulatory, and other aspects of the proposal and the person making the proposal, including any break-up fees, expense reimbursement provisions, and conditions to consummation, and after taking into account the advice of South Valley's financial advisor, which will be a nationally recognized investment banking firm, and outside counsel, (1) is more favorable from a financial point of view to its shareholders than the merger, (2) is reasonably likely to be consummated on the terms set forth, and (3) for which financing, to the extent required, is then committed or which, in the good faith judgment of the South Valley board of directors, is reasonably likely to be obtained by the third party.

In addition to these obligations, South Valley will promptly, within 24 hours, advise Washington Federal orally and in writing of its receipt of any acquisition proposal, or any inquiry that could lead to an acquisition proposal, and keep Washington Federal informed, on a current basis, of the continuing status of the inquiry, including the terms and conditions of the inquiry and any changes to the inquiry, and will contemporaneously provide to Washington Federal all materials provided to or made available to any third party pursuant to the merger agreement that were not previously provided to Washington Federal.

South Valley has agreed that any violations of the restrictions set forth in the merger agreement by any representative of South Valley or its subsidiaries will be deemed a breach of the merger agreement by South Valley.

Washington Federal and South Valley have agreed that irreparable damage would occur in the event South Valley, its subsidiaries or any of their representatives violated any of the restrictions described above regarding discussions and negotiations with other parties with respect to the possibility or consideration of any acquisition proposal. As such, Washington Federal is entitled to injunctive relief to prevent breaches of these restrictions and to enforce specifically the terms of these restrictions.

Representations and Warranties of the Parties

Pursuant to the merger agreement, Washington Federal and South Valley made certain customary representations and warranties relating to their respective companies, subsidiaries, businesses and matters related to the merger. For detailed information concerning these representations and warranties, reference is made to Article V of the merger agreement included as Annex A hereto. Such representations and warranties generally must remain accurate through the completion of the merger unless the fact or facts that caused a breach of a representation and warranty has not had or is not reasonably likely to have a material adverse effect on the party making the representation and warranty. See Conditions to the Merger beginning on page 46.

The merger agreement contains representations and warranties that Washington Federal and South Valley made to and solely for the benefit of each other. These representations and warranties are subject to materiality standards which may differ from what may be viewed as material by investors and shareholders, and, in certain cases, were used for the purpose of allocating risk among the parties rather than establishing matters as facts. The assertions embodied in those representations and warranties also are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger

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agreement. Although neither Washington Federal nor South Valley believes that the disclosure schedules contain information that the federal securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement.

Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of the merger agreement and are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in Washington Federal's public disclosures.

Effective Time of the Merger

The merger will become effective upon the filing of articles of merger with the Secretary of State of the State of Washington pursuant to the Washington Business Corporation Act, or WBCA, and the Secretary of State of the State of Oregon pursuant to the Oregon Business Corporation Act, or the OBCA, unless a different date and time is specified as the effective time in such documents. The articles of merger will be filed only after the satisfaction or waiver of all conditions to the merger set forth in the merger agreement on a date selected by Washington Federal after such satisfaction or waiver, which is no later than the later of (1) five business days after such satisfaction or waiver or (2) the first month end following such satisfaction or waiver, or on such other date as Washington Federal and South Valley may mutually agree upon.

A closing will take place immediately prior to the effective time of the merger or on such other date as Washington Federal and South Valley may mutually agree upon.

Amendment of the Merger Agreement

To the extent permitted under applicable law, the merger agreement may be amended or supplemented at any time by written agreement of the parties whether before or after the approval of the shareholders of South Valley, except that after shareholders of South Valley have approved the merger agreement no amendment or supplement which by law requires further approval by the shareholders of South Valley may be made without obtaining such approval.

Termination of the Merger Agreement

The merger agreement may be terminated:

by the mutual written consent of the parties;

if the terminating party is not in material breach of any representation, warranty, covenant, or agreement contained in the merger agreement, by either Washington Federal or South Valley in the event of a breach by the other party of any representation, warranty, covenant, or agreement contained in the merger agreement that (1) cannot be or has not been cured within 30 days of the giving of written notice to the breaching party and (2) would entitle the non-breaching party not to consummate the merger;

by either Washington Federal or South Valley in the event that the merger is not consummated by October 31, 2012, except to the extent that the failure to consummate the merger by October 31, 2012 is due to (1) the failure of the party seeking to terminate to perform or observe its covenants and agreements set forth in the merger agreement, or (2) the failure of any of the shareholders (if South Valley is the party seeking to terminate) to perform or observe their respective covenants under the relevant shareholder agreement;

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by either party in the event the approval of any governmental authority required for consummation of the merger and the subsidiary merger has been denied by final non-appealable action of the governmental authority or an application for approval has been permanently withdrawn at the request of a governmental authority, provided that no party has the right to terminate the merger agreement if the denial is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants;

by either Washington Federal or South Valley if approval of the merger agreement by South Valley shareholders has not been obtained by reason of the failure to obtain the required vote;

by Washington Federal, if South Valley materially breaches the covenants described under No Solicitation on page 53, in any respect adverse to Washington Federal, the South Valley board of directors fails to recommend that the shareholders of South Valley approve the merger agreement or withdraws, modifies or changes its recommendation in a manner that is adverse to Washington Federal, or South Valley breaches its covenants requiring the calling and holding of a meeting of shareholders in accordance with the merger agreement; and

by Washington Federal if a third party commences a tender offer or exchange offer for 15% or more of the outstanding South Valley common stock and the board of directors of South Valley recommends that South Valley shareholders tender their shares in the offer or otherwise fails to recommend that they reject the offer.

Termination Fee

The merger agreement provides that South Valley must pay Washington Federal a \$4.7 million termination fee under the circumstances and in the manner described below:

if the merger agreement is terminated by Washington Federal for any of the reasons described in the sixth or seventh bullet points under Termination of the Merger Agreement on pages 55 and 56, South Valley must pay the termination fee to Washington Federal on the second business day following the termination of the merger agreement; or

if the merger agreement is terminated by (1) Washington Federal pursuant to the second bullet point under Termination of the Merger Agreement on page 55, (2) by either Washington Federal or South Valley pursuant to the third bullet point under Termination of the Merger Agreement on page 55 and at the time of the termination no vote of the South Valley shareholders contemplated by the merger agreement at the South Valley special meeting shall have occurred, or (3) by either Washington Federal or South Valley pursuant to the fifth bullet point under Termination of the Merger Agreement on page 56, and in the case of any termination referenced in clause (1), (2) or (3), an acquisition proposal (as defined under No Solicitation on page 53) shall have been publicly announced or otherwise communicated or made known to the senior management of South Valley or the board of directors of South Valley (or any person shall have publicly announced, communicated or made known an intention, whether or not conditional, to make an acquisition proposal, or reiterated a previously expressed plan or intention to make an acquisition proposal) at any time after the date of the merger agreement and prior to the time that shareholders of South Valley vote on the merger agreement (in the case of clause (3)) or the date of termination of the merger agreement (in the case of clause (1) or (2)) and (a) within 12 months after the termination, South Valley or a South Valley subsidiary enters into an agreement with respect to a control transaction, then South Valley shall pay to Washington Federal an amount equal to \$2.35 million on the date of execution of such agreement and upon consummation of any such control transaction at any time thereafter, South Valley shall pay to Washington Federal the remainder of the termination fee on the date of such consummation and (b) if a control transaction is consummated otherwise than pursuant to an agreement with South Valley within 15 months after such termination, then South Valley shall pay to Washington

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Federal the termination fee (less any amount previously paid by South Valley pursuant to clause (a) above) on the date of such consummation of such control transaction. A control transaction is defined as (i) the acquisition by any person whether by purchase, merger, consolidation, sale, transfer, or otherwise, in one transaction or any series of transactions, of a majority of the voting power of the outstanding securities of South Valley or South Valley Bank & Trust or a majority of the assets of South Valley or South Valley Bank & Trust, (ii) any issuance of securities resulting in the ownership by any person of more than 50% of the voting power of South Valley or by any person other than South Valley or its subsidiaries of more than 50% of the voting power of South Valley Bank & Trust, or (iii) any merger, consolidation, or other business combination transaction involving South Valley or any of its subsidiaries as a result of which the shareholders of South Valley cease to own, in the aggregate, at least 50% of the total voting power of the entity surviving or resulting from such transaction.

Any termination fee that becomes payable pursuant to the merger agreement must be paid by wire transfer of immediately available funds to an account designated by Washington Federal.

If South Valley fails to timely pay the termination fee to Washington Federal, South Valley will be obligated to pay the costs and expenses incurred by Washington Federal to collect such payment, together with interest.

Certain Employee Matters

The merger agreement contains certain agreements of the parties with respect to various employee matters, which are briefly described below.

As soon as administratively practicable after the effective time of the merger, Washington Federal will take all reasonable action so that employees of South Valley and its subsidiaries will be entitled to participate in the Washington Federal employee benefit plans of general applicability to the same extent as similarly-situated employees of Washington Federal and its subsidiaries, provided that coverage shall be continued under the corresponding benefit plans of South Valley and its subsidiaries until such employees are permitted to participate in the Washington Federal benefit plans. For purposes of determining eligibility to participate in, the vesting of benefits and for all other purposes, other than for accrual of pension benefits, under the Washington Federal employee benefit plans, Washington Federal will recognize years of service with South Valley and its subsidiaries to the same extent as such service was credited for such purpose by South Valley.

If employees of South Valley or any of its subsidiaries become eligible to participate in a medical, dental or health plan of Washington Federal, Washington Federal will cause each such plan to:

waive any preexisting condition limitations and exclusions to the extent such conditions and exclusions are covered under the applicable medical, health or dental plans of Washington Federal;

provide full credit under such plans for any deductibles, co-payment and out-of-pocket expenses incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation; and

waive any waiting period limitation, actively-at-work or evidence of insurability requirement which would otherwise be applicable to such employee on or after the effective time of the merger to the extent such employee had satisfied any similar limitation or requirement under an analogous plan prior to the effective time of the merger and to the extent permitted under the applicable benefit plan of Washington Federal.

Those employees of South Valley or its subsidiaries who are not offered comparable employment with respect to salary and location by Washington Federal or its subsidiaries following the effective time of the merger and who sign and timely deliver a termination and release agreement will be entitled to receive severance

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pay as follows: (1) non-exempt employees will receive an amount equal to two weeks of pay for each full year of service, subject to a maximum of eight weeks of pay and (2) exempt employees will receive an amount equal to two weeks of pay for each full year of service, subject to a maximum of twenty-four weeks of pay. Such payments will be made by Washington Federal on the date the employee's termination and release agreement becomes effective. If South Valley or South Valley Bank & Trust also has a severance pay plan, then any amounts paid pursuant to that plan will reduce the amount described above that the employee will receive and in no event will there be any duplication of severance pay.

At least five business days prior to the closing of the merger, South Valley will terminate the ESOP and distribute the ESOP assets to the ESOP's participants and beneficiaries such that the ESOP participants and beneficiaries are the holders of record of the South Valley common stock. In connection with such termination, South Valley will obtain from the IRS a favorable determination letter on the tax-qualified status of the ESOP on termination and any amendments made to the ESOP in connection with its termination or otherwise, if such amendments have not previously received a favorable determination letter from the IRS with respect to their qualification under Section 401(a) of the Code. In addition, South Valley must obtain and deliver to Washington Federal an opinion of an independent appraiser dated as of the ESOP's termination date and reasonably satisfactory to Washington Federal, to the effect that the distributions to be received by the ESOP participants upon termination of the ESOP and distribution of ESOP assets is not less than the fair market value (as such term is used in determining adequate consideration under Section 3(18) of ERISA) of South Valley common stock as of the date of distribution of ESOP assets. South Valley must also cause the ESOP trustee to deliver a duly executed certificate to Washington Federal dated as of the termination date of the ESOP which certifies to Washington Federal that the ESOP trustee has determined that, to the best of the ESOP trustee's knowledge, the distribution of ESOP assets to ESOP participants and beneficiaries in the form of shares of South Valley common stock (1) is consistent with the ESOP trustee's fiduciary duties under ERISA, (2) is prudent and in the best interests of participants and beneficiaries of the ESOP and for the exclusive purpose of providing benefits to participants and beneficiaries of the ESOP, (3) is in accordance with the governing documents of the ESOP, and (4) does not constitute a prohibited transaction or otherwise violate ERISA or the Code. Prior to the closing of the merger, South Valley must purchase fiduciary liability insurance continuation coverage that (i) is at least as comprehensive as the amount provided under South Valley's current fiduciary liability insurance policy and (ii) has a term that is equal to the expiration of the Post-Closing Earn Out Period and (iii) is acceptable to Washington Federal.

Interests of Certain Persons in the Merger

When you are considering the recommendation of South Valley's board of directors with respect to approving the merger agreement, you should be aware that South Valley directors and executive officers have interests in the merger as individuals which are in addition to, or different from, their interests as shareholders of South Valley. The South Valley board of directors was aware of these factors and considered them, among other matters, in approving the merger agreement and the merger. These interests are described below.

Stock Ownership. The directors and executive officers of South Valley beneficially owned and had the power to vote as of May 21, 2012, a total of 539,662 shares of South Valley common stock, representing approximately 8.01% of the outstanding shares of South Valley common stock. They will receive the same merger consideration as the other South Valley shareholders.

Employee Stock Ownership Plan. South Valley maintains an employee stock ownership plan. At least five business days prior to the closing of the merger, the ESOP will terminate and all remaining assets will be distributed to the participants and beneficiaries such that the ESOP participants and beneficiaries are holders of record of shares of South Valley common stock. Officers of South Valley and South Valley Bank & Trust participate in the ESOP on the same basis as all other participants.

Indemnification. South Valley's directors, officers and employees are entitled to continuing indemnification against certain liabilities by virtue of provisions contained in South Valley's restated articles of

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incorporation and restated bylaws and the merger agreement. Pursuant to the merger agreement, Washington Federal agreed for a period of six years to indemnify and hold harmless each present and former director, officer and employee of South Valley or any of its subsidiaries, as applicable, determined as of the effective time of the merger against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the effective time of the merger, whether asserted or claimed prior to, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was a director, officer, employee, fiduciary or agent of South Valley or any of its subsidiaries or is or was serving at the request of South Valley or any of its subsidiaries as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise, including without limitation matters related to the negotiation, execution and performance of the merger agreement or the consummation of any of the transactions contemplated by the merger agreement, to the fullest extent to which such indemnified parties would be entitled under the restated articles of incorporation and restated bylaws of South Valley or equivalent documents of any South Valley subsidiary, as applicable, or any agreement, arrangement or understanding previously disclosed by South Valley to Washington Federal pursuant to the merger agreement, in each case as in effect on the date of the merger agreement.

Pursuant to the merger agreement, Washington Federal has agreed to purchase an extended reporting period endorsement under South Valley's existing directors' and officers' liability insurance policy for South Valley's directors and officers or a substitute policy which shall provide such directors and officers with coverage following the effective time of the merger for an additional three years provided that Washington Federal will not be required to expend in any one year an amount in excess of 200% of the annual premiums paid by South Valley for such insurance, which is referred to as the maximum insurance amount. If Washington Federal is unable to maintain or obtain the insurance specified above as a result of the preceding provision, Washington Federal shall obtain the most advantageous coverage as is available for the maximum insurance amount.

Other than as set forth above, no director or executive officer of South Valley has any direct or indirect material interest in the merger, except insofar as ownership of South Valley common stock might be deemed such an interest.

Stockholders' Representative

South Valley has designated Andrew C. Brandsness to serve as the representative of the South Valley shareholders of record as of the effective time of the merger. By virtue of the approval of the merger by the shareholders of South Valley, the South Valley shareholders will be deemed to have agreed to appoint Mr. Brandsness to serve as their agent and attorney-in-fact, with full power of substitution, to take the actions that are expressly contemplated under the merger agreement for and on behalf of South Valley's shareholders. As stockholders' representative, Mr. Brandsness has the authority to, among other things:

receive all notices or documents relating to the calculation of the Post-Closing Earn Out Amount for a Payment Period;

review and, in his discretion, object to the calculation of the Post-Closing Earn Out Amount for a Payment Period in accordance with the terms of the merger agreement;

enforce the terms of the Post-Closing Earn Out Amount on behalf of the South Valley shareholders in accordance with the terms of the merger agreement; and

engage counsel, accountants and such other advisors and incur such expenses in connection with the merger agreement and the transactions contemplated by the merger agreement as he may in good faith and in his reasonable discretion deem appropriate.

Under the terms of the merger agreement, Mr. Brandsness, as the stockholders' representative, will not be liable to South Valley's shareholders with respect to any action taken or omitted, decision made or instruction

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given by him in connection with the merger agreement while acting in good faith and without gross negligence or willful misconduct.

Mr. Brandsness, as the stockholders' representative, will be indemnified by South Valley's shareholders for, and will be held harmless against, any loss, liability or expense incurred by him relating to his conduct as the stockholders' representative, other than losses, liabilities or expenses resulting from his gross negligence or willful misconduct in connection with his performance under the merger agreement. This indemnification will survive the termination of the merger agreement. The costs of such indemnification (including the costs and expenses of enforcing this right of indemnification) will be first made available from any Net Asset Collections owed to South Valley's shareholders during the Post-Closing Earn Out Period as provided in the merger agreement and will thereafter be individual obligations of South Valley's shareholders based on their pro rata share of such costs in accordance with the terms of the merger agreement. In no event will the stockholders' representative be liable under or in connection with the merger agreement for any indirect, punitive, special or consequential damages.

Record holders of a majority of shares of South Valley's common stock immediately prior to the effective time of the merger have the right at any time during the term of the Post-Closing Earn Out Period to (1) remove the then-acting stockholders' representative and to appoint a successor stockholders' representative or (2) appoint a new stockholders' representative to the extent that the then-serving stockholders' representative resigns or is otherwise unable to fulfill his, her or its obligations and responsibilities under the merger agreement; provided, however, that neither the removal of the then-acting stockholders' representative nor such appointment of a successor stockholders' representative will be effective until the delivery to the exchange agent and the then-acting stockholders' representative of a writing signed by a majority in interest of the South Valley shareholders with respect to such removal and appointment, together with an acknowledgement signed by the successor stockholders' representative that he, she or it accepts the responsibility of successor stockholders' representative and agrees to perform and be bound by all of the provisions the merger agreement applicable to the stockholders' representative.

The stockholders' representative is entitled to receive any cash amounts due and payable to South Valley's shareholders from the Net Asset Collections for reimbursement of out-of-pocket fees and expenses (including legal, accounting and other advisors' fees and expenses, if applicable) incurred by the stockholders' representative in performing his duties and obligations under the merger agreement. In the event that there are insufficient funds from the cash amounts due and payable to South Valley's shareholders, if any, from Net Asset Collections to cover such out-of-pocket fees and expenses, then South Valley's shareholders will be obligated to pay, on a pro rata basis in accordance with the portion of the merger consideration each such shareholder received pursuant to the merger agreement, such fees and expenses to the stockholders' representative. Under no circumstances will Washington Federal be required to pay or reimburse the fees and expenses of the stockholders' representative.

Each of Washington Federal and its affiliates and subsidiaries and the exchange agent (1) are entitled to rely conclusively on any decision, act, consent or instruction of the stockholders' representative as being the decision, act, consent or instruction of each and every South Valley shareholder and (2) will not have or incur any liability to any of South Valley's shareholders or third parties for any act or omission by the stockholders' representative or for any action taken by Washington Federal or its affiliates and subsidiaries at the direction of the stockholders' representative.

Material Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences of the merger. This discussion is based upon the opinion of Patton Boggs LLP, counsel to Washington Federal, and the Code, Treasury regulations, judicial authorities, published positions of the IRS, and other applicable authorities, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive

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effect). Except as specifically stated herein, this discussion is limited to U.S. holders (as defined below) who hold shares of South Valley common stock as capital assets within the meaning of Section 1221 of the Code for U.S. federal income tax purposes. This discussion does not address the tax consequences applicable to South Valley shareholders who are not U.S. holders, nor does it address all of the tax consequences that may be relevant to particular U.S. holders who are subject to special treatment under U.S. federal income tax laws, including, without limitation, financial institutions, insurance companies, partnerships and other pass-through entities, tax-exempt organizations, regulated investment companies, real estate investment trusts, dealers in securities or currencies, U.S. persons whose functional currency is not the U.S. dollar, traders in securities that elect to use a mark-to-market method of accounting, persons that hold South Valley common stock as part of a straddle, hedge, constructive sale or conversion transaction, and U.S. holders who acquired their shares of South Valley common stock through the exercise of an employee stock option or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds South Valley common stock, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships holding South Valley common stock and partners in such partnerships should consult their tax advisors about the tax consequences of the merger to them.

This discussion does not address the tax consequences of the merger under state, local or foreign tax laws. This discussion also does not address the tax consequences of any transaction other than the merger.

SOUTH VALLEY SHAREHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, LOCAL OR FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.

For purposes of this section, the term "U.S. holder" means a beneficial owner of South Valley common stock that for U.S. federal income tax purposes is (1) an individual who is a citizen or resident of the United States, (2) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state or the District of Columbia, (3) an estate that is subject to U.S. federal income tax on its income regardless of its source or (4) a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or that has validly elected under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

Tax Consequences of the Merger. As a condition to the completion of the merger, Patton Boggs LLP must deliver an opinion to Washington Federal and South Valley, dated the closing date of the merger, to the effect that the merger will be treated as a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code. The opinion will assume that the merger will be completed according to the terms of the merger agreement and that the parties will report the transaction in a manner consistent with the opinion. The opinion will rely on the facts as stated in the merger agreement, the Registration Statement on Form S-4, of which this proxy statement/prospectus is a part, and certain other documents. In rendering the tax opinion, counsel will rely on written representations of Washington Federal and South Valley, to be delivered at the time of closing (and will assume that any such representation that is qualified by belief, knowledge or materiality is true, correct and complete without such qualification). If any such assumption or representation is or becomes inaccurate, the U.S. federal income tax consequences of the merger could be adversely affected. The opinion will be based on statutory, regulatory and judicial authority existing as of the date of the opinion, any of which may be changed at any time with retroactive effect. An opinion of counsel represents counsel's best legal judgment, but is not binding on the IRS or on any court. Neither Washington Federal nor South Valley intends to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the income tax consequences set forth below or any of the income tax consequences described in the tax opinion.

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Based on representations contained in representation letters of officers of Washington Federal and South Valley, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, and subject to the other matters set forth above, it is the opinion of Patton Boggs LLP, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Based upon the foregoing, the material U.S. federal income tax consequences of the merger will be as described below.

Tax Consequences of the Merger for Washington Federal and South Valley. No gain or loss will be recognized by Washington Federal or South Valley as a result of the merger.

Tax Consequences of the Merger for U.S. Holders of South Valley Common Stock. The federal income tax consequences of the merger to U.S. holders of South Valley common stock will depend on the merger consideration received. As discussed above under The Merger Consideration beginning on page 41, South Valley shareholders will receive shares of Washington Federal common stock and may receive one or more contingent cash payments, in exchange for their shares of South Valley common stock in connection with the merger. The potential cash payments that may be received by South Valley shareholders are payments that are contingent upon (i) collections of certain specified assets of South Valley and (ii) the sale by South Valley of its trust business and/or its wealth management business prior to the closing of the merger. The contingent cash payment(s) may be paid to South Valley shareholders at the closing of the merger and/or during the five-year period after the closing of the merger (subject to a one year extension). The federal income tax consequences of the merger to U.S. holders of South Valley common stock will differ depending on whether or not the merger consideration they receive includes one or more contingent cash payments and are described below.

Exchange of South Valley common stock for Washington Federal common stock. Except as discussed below, see Cash in Lieu of Fractional Shares of Washington Federal Common Stock and Exchange of South Valley common stock for contingent cash payments, a U.S. holder that receives shares of Washington Federal common stock in exchange for its shares of South Valley common stock will not recognize gain or loss in connection with the receipt of such shares of Washington Federal common stock.

A U.S. holder's aggregate tax basis in the Washington Federal common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in Cash in Lieu of Fractional Shares of Washington Federal Common Stock, will equal such U.S. holder's aggregate tax basis in the South Valley common stock surrendered by such U.S. holder in the merger. The holding period for the shares of Washington Federal common stock received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in Cash in Lieu of Fractional Shares of Washington Federal Common Stock, will include the holding period for the shares of South Valley common stock exchanged therefor.

Exchange of South Valley common stock for contingent cash payments. Except as discussed below in Cash in Lieu of Fractional Shares of Washington Federal Common Stock, a U.S. holder that receives one or more contingent cash payments will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the amount of cash plus the fair market value of any Washington Federal common stock received in the merger, over such U.S. holder's adjusted tax basis in the shares of South Valley common stock surrendered by such U.S. holder in the merger and (ii) the amount of cash received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of Washington Federal common stock).

A U.S. holder that receives one or more contingent cash payments will have an aggregate tax basis in the Washington Federal common stock to be received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in Cash in Lieu of Fractional Shares of Washington Federal Common Stock, equal to such U.S. holder's aggregate tax basis in the South Valley common stock surrendered in the merger, increased by the amount of gain or dividend income (see below), if any, recognized by such U.S. holder in the merger (other than with respect to cash received in lieu of fractional shares of Washington Federal common stock), and decreased by the amount of any contingent cash payments received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of

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Washington Federal common stock). The holding period for the shares of Washington Federal common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in Cash in Lieu of Fractional Shares of Washington Federal Common Stock, will include the holding period for the shares of South Valley common stock exchanged therefor.

Any gain recognized by a U.S. holder on account of the merger should be capital gain although the receipt of any contingent cash payments may be treated as having the effect of the distribution of a dividend to the U.S. holder under the tests set forth in Section 302 of the Code. These tests are complex and dependent upon the specific factual circumstances particular to each U.S. holder. As such, it is not possible to provide an opinion as to whether these tests would apply. If these tests do apply to treat the receipt of the cash as having the effect of the distribution of a dividend, then this would mean that all or a portion of the recognized gain would be treated as ordinary dividend income, rather than capital gain. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

Any capital gain will be long-term capital gain if the U.S. holder held the shares of South Valley common stock for more than one year at the effective time of the merger.

Cash in Lieu of Fractional Shares of Washington Federal common stock. A U.S. holder who receives cash instead of a fractional share of Washington Federal common stock will be treated as having received the fractional share of Washington Federal common stock pursuant to the merger and then as having exchanged the fractional share of Washington Federal common stock for cash in a redemption by Washington Federal. This deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (1) the amount of cash received by such U.S. holder and (2) the portion of the basis of the shares of South Valley common stock allocable to such fractional interest. Such gain or loss will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. holder's holding period for the South Valley common stock exchanged by such U.S. holder is greater than one year as of the effective time of the merger. The deductibility of capital losses is subject to limitations.

Notwithstanding the previous paragraph, if the receipt of the cash has the effect of the distribution of a dividend to the U.S. holder, as described above, all or portion of the cash would be treated as ordinary dividend income as described above.

Backup Withholding. Cash payments received in the merger by a U.S. holder may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the U.S. holder, unless the U.S. holder provides proof of an applicable exemption, furnishes its taxpayer identification number (in the case of individuals, their social security number) and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Reporting Requirements. A U.S. holder receiving shares of Washington Federal common stock as a result of the merger will be required to retain records pertaining to the merger. Each U.S. holder who is required to file a U.S. tax return and who is a significant holder that receives Washington Federal common stock in the merger will be required to file a statement with the significant holder's U.S. federal income tax return setting forth such significant holder's basis (determined immediately before the exchange) in the South Valley common stock surrendered and the fair market value (determined immediately before the exchange) of the South Valley common stock that is exchanged by such significant holder. A significant holder is a U.S. holder who receives shares of Washington Federal common stock in the merger and who, immediately before the merger, owned at least 5% of the outstanding stock of South Valley (by vote or value) or securities of South Valley with a tax basis of \$1 million or more.

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Accounting Treatment of the Merger

The merger will be accounted for under the purchase method of accounting under accounting principles generally accepted in the United States of America. Under this method, South Valley's assets and liabilities as of the date of the merger will be recorded at their respective fair values and added to those of Washington Federal. Any difference between the purchase price for South Valley and the fair value of the identifiable net assets acquired (including core deposit intangibles) will be recorded as goodwill. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," issued in July 2001, the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. Core deposit and other intangibles with definite useful lives recorded by Washington Federal in connection with the merger will be amortized to expense in accordance with the new rules. The financial statements of Washington Federal issued after the merger will reflect the results attributable to the acquired operations of South Valley beginning on the date of completion of the merger.

Expenses of the Merger

The merger agreement provides that each of South Valley and Washington Federal will bear and pay all costs and expenses incurred by it in connection with the transactions contemplated by the merger agreement, including fees and expenses of its own financial consultants, accountants and counsel.

Listing of the Washington Federal Common Stock

Washington Federal has agreed to use its reasonable best efforts to cause the shares of Washington Federal common stock to be issued in the merger to be approved for listing on the Nasdaq Global Select Market, or any national securities exchange on which the Washington Federal common stock may then be listed, before the completion of the merger.

Shareholder Agreements

In connection with the execution of the merger agreement, each director and executive officer of South Valley and South Valley Bank & Trust entered into a shareholder agreement with Washington Federal pursuant to which each director and executive officer agreed that at any meeting of the shareholders of South Valley, or in connection with any written consent of the shareholders of South Valley, the director and/or officer shall:

appear at such meeting or otherwise cause all shares of South Valley common stock owned by him to be counted as present thereat for purposes of calculating a quorum;

vote (or cause to be voted), in person or by proxy, or deliver a written consent (or cause a consent to be delivered) covering, all shares of South Valley common stock beneficially owned by him or as to which he has, directly or indirectly, the right to direct the voting:

in favor of adoption and approval of the merger agreement and the merger;

against any action or agreement that could reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of South Valley contained in the merger agreement or of the director or officer contained in the shareholder agreement; and

against any acquisition proposal (as defined in "No Solicitation" on page 53) or any other action, agreement or transaction that is intended, or could reasonably be expected, to materially impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect consummation of the merger or the performance of his,

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her, or its obligations under the shareholder agreement.

Pursuant to the shareholder agreement, each director also agreed, while the shareholder agreement is in effect, not to, directly or indirectly, sell, transfer, pledge, encumber (except for pledges or encumbrances existing

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as of the date of the shareholder agreement), distribute by gift, or otherwise dispose of any of the shares whether by actual disposition, physical settlement, or effective economic disposition through hedging transactions; nor to enter into any agreement with any person that violates shareholder's representations, warranties, covenants, and obligations under the shareholder agreement; nor to take any other action that reasonably could be expected to adversely effect, in any material respect, shareholder's power, authority, and ability to comply with and perform his, her, or its covenants and obligations under the shareholder agreement. Each director also agreed not to deposit any shares in a voting trust, grant any proxy, or enter into any voting agreement or similar agreement or arrangement with respect to any shares.

The shareholder agreements will remain in effect until the earlier of the effective time of the merger or the termination of the merger agreement in accordance with its terms.

Dissenters' Rights

Holders of South Valley common stock have the right to dissent from the merger and assert dissenters' rights, provided the requirements of Oregon law governing dissenters' rights are followed. A copy of Sections 60.551 through 60.594 of the Oregon Revised Statutes, or ORS, which governs dissenters' rights, are attached to this proxy statement/prospectus as Annex C.

To perfect dissenters' rights, a shareholder of South Valley wishing to dissent must send or deliver a notice of intent to demand payment under the dissenters' rights statute to South Valley, prior to the vote on the merger at the special meeting. Additionally, such shareholder must not vote in favor of the proposed merger.

A shareholder of record may only dissent with respect to all of the shareholder's shares, except that a shareholder of record holding shares that are beneficially owned by another person may assert dissenters' rights as to fewer than all of the South Valley shares registered in such shareholder's name only if such shareholder of record:

dissents with respect to all shares beneficially owned by any one person, and

notifies South Valley in writing of the name and address of each person on whose behalf the shareholder of record asserts dissenters' rights.

A beneficial shareholder may assert dissenters' rights as to shares held on the beneficial shareholder's behalf only if:

the beneficial shareholder submits to South Valley the record shareholder's written consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights, and

the beneficial shareholder does so with respect to all shares of which such shareholder is the beneficial shareholder or over which such shareholder has the power to direct the vote.

If the merger is approved by South Valley's shareholders, Washington Federal, as successor to South Valley, will deliver a written dissenters' notice to all shareholders who have satisfied the statutory requirements described above. The notice will be sent no later than 10 days after the merger is completed and will, among other things, state where the payment demand must be sent (and where and when stock certificates should be deposited) and supply a form for demanding payment. The form will include the date of the first announcement of the terms of the merger and will require certification as to whether or not the dissenting shareholder acquired beneficial ownership before that date. The dissenters' notice will also set a date by which Washington Federal must receive the payment demand.

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A shareholder who receives the dissenters' notice and does not properly and timely satisfy the following requirements will not be entitled to payment for his or her shares under Oregon's dissenters' rights statutes and will instead receive the merger consideration:

demand payment,

certify whether or not he or she acquired beneficial ownership of the shares before the date set forth in the notice, and

deposit stock certificates in accordance with the terms of the notice.

Upon receipt of a proper and timely demand for payment, Washington Federal will pay to each dissenting shareholder the amount that Washington Federal estimates to be the fair value of such shareholder's shares, plus accrued interest. The payment will be accompanied by, among other things, a copy of South Valley's balance sheet and income statement, a statement of the estimate of the fair value of the shares, an explanation of how interest was calculated, and a copy of the applicable provisions of the ORS.

Washington Federal may elect to withhold payment from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenters' notice. If Washington Federal elects to do so, it will estimate the fair value of the shares plus accrued interest and will pay this amount to each dissenter who agrees to accept it in full satisfaction of such demand. A dissenting shareholder may notify Washington Federal in writing as to the dissenting shareholder's own estimate of the fair value of the shares and amount of interest due, and demand payment of the dissenter's estimate, or reject Washington Federal's offer and demand payment of the dissenter's estimate of the fair value and interest due, under certain conditions specified in Section 60.587 of the ORS.

If a demand for payment remains unsettled, Washington Federal will commence a proceeding, within 60 days after receiving the dissenting shareholder's payment demand, and petition the court to determine the fair value of the shares and accrued interest.

In view of the complexity of the Oregon dissenters' rights statute and the requirement that shareholders must strictly comply with its provisions, shareholders of South Valley who wish to dissent from the merger and pursue dissenters' rights should consult their legal advisors.

The failure of a South Valley shareholder to comply strictly with the Oregon statutory requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions is attached as Annex C. You are urged to refer to Annex C for a complete statement concerning dissenters' rights. The foregoing summary of such rights is qualified in its entirety by reference to Annex C.

Table of Contents**MARKET FOR COMMON STOCK AND DIVIDENDS**

The Washington Federal common stock is traded on the Nasdaq Global Select Market under the symbol WAFD. The South Valley common stock is not listed on an exchange or quoted on any automated services, and there is no established trading market for shares of South Valley common stock.

As of May 18, 2012, there were 106,880,944 shares of Washington Federal common stock outstanding, which were held by approximately 1,726 holders of record; and as of the record date for the special meeting, there were 6,739,831 shares of South Valley common stock outstanding, which were held by approximately 415 holders of record. Such numbers of shareholders do not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

The following table sets forth during the periods indicated the high and low sales prices of the Washington Federal common stock as reported on the Nasdaq Stock Market and the dividends declared per share of Washington Federal common stock.

	Washington Federal Market Price		Dividends Declared Per Share
	High	Low	
2012			
March 31, 2012	\$ 17.18	\$ 14.31	\$ 0.08
Second Quarter through (May 21, 2012)	18.42	16.33	
2011			
March 31, 2011	\$ 18.52	\$ 16.69	\$ 0.06
June 30, 2011	17.40	14.98	0.06
September 30, 2011	17.43	12.74	0.06
December 31, 2011	14.10	12.39	0.08
2010			
March 31, 2010	\$ 20.99	\$ 18.65	\$ 0.05
June 30, 2010	21.56	16.44	0.05
September 30, 2010	17.42	14.43	0.05
December 31, 2010	17.00	14.63	0.06

Since January 1, 2010, there have been isolated private transactions in shares of South Valley common stock which may not represent the market value of such shares due to the absence of a liquid market for South Valley common stock. Since January 1, 2010, management of South Valley understands that a total of 13,547 shares of South Valley common stock have been sold in four privately negotiated transactions at prices ranging from \$10.28 per share in December 2011 to \$15.06 per share in January 2010.

Washington Federal currently pays a quarterly cash dividend to its shareholders.

Under the MOU, South Valley Bank & Trust may not pay cash dividends to South Valley without prior written approval from the FDIC and the DFCS. Under the board resolutions that South Valley adopted at the direction of the Federal Reserve, South Valley may not pay any dividends on or repurchase its common stock, or receive dividends from South Valley Bank & Trust, without the prior written approval of the Federal Reserve and the DFCS. South Valley does not anticipate seeking or receiving approval for dividend payments until the provisions of the MOU are stayed or terminated and South Valley's board of directors is permitted by the Federal Reserve to rescind the related board resolutions.

The following table shows the closing price per share of the Washington Federal common stock on (1) April 4, 2012, the last trading day preceding public announcement of the merger agreement, and

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(2) May 21, 2012, the last practicable trading day before the distribution of this proxy statement/prospectus. The historical prices for Washington Federal common stock are as reported on the Nasdaq Stock Market.

To help illustrate the market value of the stock portion of the merger consideration to be received by South Valley's shareholders, the following table also presents the equivalent price per share of South Valley common stock on April 4, 2012 and May 21, 2012, which were determined by multiplying the closing price of the Washington Federal common stock on those dates by the exchange ratio of 0.2962 of a share of Washington Federal common stock for each share of South Valley common stock. The equivalent price per share of South Valley common stock presented below does not reflect any of the contingent cash consideration that may be received from (1) collections of specified assets of South Valley prior to the closing of the merger by South Valley or by Washington Federal after the closing of the merger and/or (2) the sale of South Valley's trust business and/or wealth management business prior to the closing of the merger. There is no assurance that South Valley shareholders will receive any of the contingent cash consideration for their shares of South Valley common stock.

Date	Historical Market Value Per Share of Washington Federal	Equivalent Market Value Per Share of South Valley
April 4, 2012	\$ 16.54	\$ 4.90
May 21, 2012	\$ 17.00	\$ 5.04

Shareholders are advised to obtain current market quotations for the Washington Federal common stock. The market price of the Washington Federal common stock at the effective time of the merger or at the time shareholders of South Valley who receive Washington Federal common stock in the merger receive certificates evidencing such shares following the consummation of the merger may be higher or lower than the market price at the time the merger agreement was executed, at the date of mailing of this proxy statement/prospectus or at the time of the special meeting.

INFORMATION ABOUT WASHINGTON FEDERAL**General**

Washington Federal is a savings and loan holding company incorporated under the laws of the State of Washington and the parent company of the Bank, which is a federally chartered savings and loan association. Washington Federal had total consolidated assets of approximately \$13.6 billion, total deposits of approximately \$8.8 billion and total consolidated shareholders' equity of approximately \$1.9 billion at March 31, 2012. Washington Federal is subject to regulation by the Federal Reserve.

Washington Federal's principle asset is all of the capital stock of the Bank. The business of the Bank consists primarily of attracting 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 and other income producing properties, home equity loans and business loans. It also invests in certain United States government and agency obligations and other investments permitted by applicable laws and regulations. The Bank is subject to regulation by the OCC, its primary federal regulator, and by the FDIC, which insures its deposits up to applicable limits. As of March 31, 2012, the Bank had 166 offices located in Washington, Oregon, Idaho, Arizona, Utah, Nevada, New Mexico and Texas, all of which are full service branches. Through its subsidiaries, Washington Federal is also engaged in real estate investment and insurance brokerage activities.

Washington Federal's principal executive offices are located at 425 Pike Street, Seattle, Washington 98101. Washington Federal's telephone number is (206) 624-7930.

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Management and Additional Information

Certain information relating to executive compensation, benefit plans, voting securities and the principal holders thereof, certain relationships and related transactions and other related matters as to Washington Federal is incorporated by reference or set forth in Washington Federal's annual report on Form 10-K for the year ended September 30, 2011, which is incorporated herein by reference. Shareholders wishing to obtain a copy of such document may contact Washington Federal at its address or telephone number indicated under "Where You Can Find More Information" beginning on page 83.

INFORMATION ABOUT SOUTH VALLEY

South Valley is a bank holding company headquartered in Klamath Falls, Oregon. As of March 31, 2012, South Valley had consolidated assets of \$856.2 million, deposits of \$757.9 million and net loans of \$550.5 million. South Valley's wholly owned bank subsidiary, South Valley Bank & Trust, is the sixth largest bank in Oregon of all banks headquartered in Oregon (excluding banks with out-of-state holding companies). South Valley operates 24 full-service community banking offices across four regions in Oregon: Klamath/Lake, Central Oregon, Rogue and Three Rivers. As of March 31, 2012, South Valley Bank & Trust's trust department had \$165.5 million of assets under administration, 307 trust clients and 12 employees, including five trust officers. As of March 31, 2012, South Valley's broker-dealer and investment adviser subsidiary, South Valley Wealth Management, had \$312.8 million of assets under administration, 2,356 client relationships and 11 employees, including seven financial advisors. South Valley's corporate office is located at 803 Main Street, Klamath Falls, Oregon 97601 and its telephone number is (541) 884-1264.

In February 2011, South Valley Bank & Trust entered into the MOU with the FDIC and the DFCS. Under the MOU, South Valley Bank & Trust is required to, among other things, reduce its assets classified as Substandard, develop and implement plans to improve asset quality and lending and collection practices, increase profitability, maintain specified liquidity ratios and capital requirements. In addition, under the MOU, South Valley Bank & Trust may not pay cash dividends to us without prior written approval from the FDIC and the DFCS.

In May 2011, the South Valley board of directors adopted resolutions at the direction of the Federal Reserve requiring South Valley to take corrective actions and refrain from specified actions to ensure South Valley Bank & Trust's compliance with the MOU, and that are substantially similar in substance and scope to the MOU. Under the board resolutions, South Valley may not pay any dividends on or repurchase its common stock, or receive dividends from South Valley Bank & Trust, without the prior written approval of the Federal Reserve and the DFCS. South Valley Bank & Trust has not met the MOU's Substandard asset reduction requirements or the Tier 1 leverage ratio requirement. South Valley does not expect to be permitted to pay or receive dividends or repurchase shares until South Valley meets all of the requirements of the MOU and the board resolutions. The MOU will remain in effect until stayed, modified, terminated or suspended by the FDIC and the DFCS.

In addition, the FDIC and DFCS have requested that South Valley Bank & Trust's board of directors, on behalf of South Valley Bank & Trust, enter into a Stipulation to the Issuance of a Consent Order with the FDIC and DFCS. The South Valley Bank & Trust board of directors is considering the request. If the stipulation is executed, it is expected that the FDIC and DFCS would promptly thereafter and prior to the closing of the merger issue a Consent Order substantially similar in substance and scope to the MOU. Under the Consent Order, South Valley Bank & Trust would be required to, among other things:

complete a third party management study;

develop and adopt a plan to maintain capital, a plan for determining the adequacy of the allowance for loan and lease losses, or ALLL, a financial plan and lending and collection policies, and ensure that internal loan grading policies and practices are appropriate;

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in addition to a fully funded ALLL, achieve and maintain Tier 1 capital in an amount equal to, or in excess of, 10% of the South Valley Bank & Trust's average total assets;

refrain from paying cash dividends without prior regulatory consent;

reduce assets classified as Substandard (that have not been previously charged off) to not more than 70%, within 90 days of the Consent Order, and 50%, within 180 days of the Consent Order, of Tier 1 capital and ALLL;

refrain from approving any extension of credit to any borrower who had a loan charged off or classified as Loss that is uncollected, and refrain from approving any extension of credit to any borrower who had a loan classified as Doubtful or Substandard without prior approval of a majority of the board of directors or loan committee thereof without first collecting in cash all past due interest;

adhere to FDIC regulations regarding brokered deposits; and

provide periodic written progress reports on steps being taken to comply with the Consent Order.

Other than the management study, South Valley Bank & Trust has been operating under substantially similar regulatory requirements as described above since February 22, 2011 as a result of the MOU. South Valley Bank & Trust believes that it is in substantial compliance with the MOU, except for the 10% leverage capital ratio and reduction of substandard assets requirements. Following the issuance of the Consent Order, South Valley would expect to become subject to a written agreement with the Federal Reserve, which South Valley anticipates would be substantially similar in substance and scope to the resolutions adopted by the South Valley board of directors at the direction of the Federal Reserve. If the closing of the merger were to occur, the Bank would not be subject to the Consent Order and Washington Federal would not be subject to any written agreement between the Federal Reserve and South Valley. If the closing of the merger does not occur, the Consent Order and any written agreement with the Federal Reserve would remain in effect until stayed, modified, terminated or suspended by the applicable bank regulators.

CERTAIN BENEFICIAL OWNERSHIP OF

SOUTH VALLEY COMMON STOCK

The following table sets forth as of May 21, 2012 information with respect to the beneficial ownership of South Valley's common stock by (1) each person who is known to South Valley to be the beneficial owner of more than five percent of its common stock, (2) each director of South Valley, (3) each of South Valley's executive officers, and (4) all directors and executive officers of South Valley as a group. Applicable percentage ownership in the table is based on 6,739,831 shares of South Valley common stock outstanding as of May 21, 2012. Except as otherwise indicated in the footnotes to the table, the beneficial owners listed have sole voting and investment power as to all of the shares beneficially owned by them. Unless otherwise indicated, the address for each of the shareholders below is South Valley Bancorp, Inc., 803 Main Street, Klamath Falls, Oregon 97601.

Name of Executive Officers and Directors	Amount of Beneficial Ownership (# Shares)	Percent of Outstanding Common Shares Owned Beneficially
Harold Ashford, Director	12,466	*
Gary Bedell, EVP / Chief Credit Officer	23,958(1)	*
Andy Brandsness, Director	95,026(2)	1.41%

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Bill Castle, President & CEO, Director	48,293(3)	*
Allan Craigmiles, Director	87,246(4)	1.29%

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	Amount of Beneficial Ownership (# Shares)	Percent of Outstanding Common Shares Owned Beneficially
Doug Kintzinger, Chairman of the Board	77,036(5)	1.14%
Loren Lawrie, EVP / Chief Financial Officer	74,867(6)	1.11%
Richard Ledgerwood, Director	122,152(7)	1.81%
Laura Naumes, Director	7,379(8)	*
Linda Stelle, Director	3,661	*
Paul Stewart, Director	103,131(9)	1.53%
All directors and executive officers as a group (11 persons)	655,215	9.72%
Name and address of beneficial owners of more than 5% of voting stock		
South Valley Bancorp, Inc. ESOP, 803 Main Street, Klamath Falls, Oregon 97601	985,404	14.62%
William P. Brandsness, 411 Pine Street, Klamath Falls, Oregon	621,562	9.22%
Ronald A. Woolworth, P.O. Box 973, Anacortes WA 98221	576,460	8.55%

* Less than one percent

- (1) Includes 16,030 shares allocated to his ESOP account. 4,128 of the 23,851 shares are held by family members of Mr. Bedell, which Mr. Bedell disclaims beneficial ownership of and does not have voting control.
- (2) Includes 20,000 shares held by Brandsness Enterprises, Inc. Mr. Brandsness serves as President and as a Director of Brandsness Enterprises, Inc., but does not have voting control of the shares held by Brandsness Enterprises, Inc. In addition, 75,026 of the 95,026 shares are either held jointly with spouse or in trust for Mr. Brandsness firm's profit sharing plan, and Mr. Brandsness does not have voting control of those shares.
- (3) Includes shares held by his spouse and 36,789 shares allocated to his ESOP account.
- (4) Includes 12,350 shares held by his spouse. Mr. Craigmiles disclaims beneficial ownership of the shares held by his spouse and does not have voting control of those shares.
- (5) Includes shares held by his spouse and sons. Mr. Kintzinger disclaims beneficial ownership of 2,949 shares held by his son and 1,100 shares held by his spouse, and does not have voting control of those shares.
- (6) Includes 63,356 shares allocated to his ESOP account.
- (7) Includes shares held by his spouse and 10,798 shares allocated to his ESOP account.
- (8) Includes 6,032 shares held by Naumes, Inc. Ms. Naumes serves as Vice President and as a director, and her spouse serves as President and a director, of Naumes, Inc.
- (9) Includes 74,075 shares held by Skylakes Medical Center. Mr. Stewart serves as President and CEO, and as a director, of Skylakes Medical Center.

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DESCRIPTION OF WASHINGTON FEDERAL CAPITAL STOCK

Washington Federal is authorized to issue up to 300,000,000 shares of common stock, par value \$1.00 per share, and up to 5,000,000 shares of preferred stock, par value \$1.00 per share. The capital stock of Washington Federal does not represent or constitute a deposit account and is not insured by the FDIC.

The following description of the Washington Federal capital stock does not purport to be complete and is qualified in all respects by reference to Washington Federal's restated articles of incorporation, as amended, and bylaws and the WBCA. Washington Federal's restated articles of incorporation, as amended, are referred to as its articles of incorporation.

Washington Federal Common Stock

Each share of Washington Federal common stock is entitled to one vote on all matters submitted to a vote at any meeting of shareholders. Holders of Washington Federal common stock are entitled to receive dividends as may be declared by the Washington Federal board of directors out of funds legally available therefore and, upon liquidation, to receive pro rata all assets, if any, of Washington Federal available for distribution after the payment of creditors. Holders of Washington Federal common stock have no preemptive rights to subscribe for any additional securities of any class that Washington Federal may issue, nor any conversion, redemption or sinking fund rights. Each holder of Washington Federal common stock is entitled to one vote for each share held of record. Shareholders of Washington Federal are permitted to cumulate their votes with respect to the election of directors. Cumulative voting entitles each shareholder to cast a number of votes in the election of directors equal to the number of shares of common stock held by the shareholder multiplied by the number of directors to be elected, and to distribute such votes among one or more of the nominees to be elected. Washington Federal's board of directors is divided into three classes, with directors serving staggered three-year terms, and currently consists of nine directors. The rights and privileges of holders of Washington Federal common stock are subject to any preferences that the Washington Federal board of directors may set for any series of Washington Federal preferred stock that Washington Federal may issue in the future.

Washington Federal Preferred Stock

Under Washington Federal's articles of incorporation, Washington Federal may issue shares of Washington Federal preferred stock in one or more series, as may be determined by Washington Federal's board of directors. The Washington Federal board of directors may fix the number of shares to be included in each series and the designation, powers, preferences and rights of the shares of each series and any qualifications, limitations or restrictions thereof, and may decrease the number of shares of any series, but not below the number of shares of such series then outstanding, without any further vote or action by the shareholders. In addition, any shares of Washington Federal preferred stock may have class or series voting rights. Under certain circumstances, the issuance of shares of Washington Federal preferred stock, or merely the existing authorization of the Washington Federal board of directors to issue shares of Washington Federal preferred stock, may tend to discourage or impede a merger or other change in control of Washington Federal. The number of shares of preferred stock to be issued, its par or face value, voting powers, designations, preferences, interest rate, limitations, restrictions and relative rights would be determined from time to time by resolution of the board of directors of Washington Federal. No shares of preferred stock are currently outstanding.

Dividends

Under the WBCA, a corporation may make a distribution in cash or in property to its shareholders upon the authorization of its board of directors unless, after giving effect to this distribution, (a) the corporation would not be able to pay its debts as they become due in the usual course of business or (b) the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution

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to satisfy the preferential rights of shareholders whose preferential rights are superior to those receiving the distribution.

Anti-Takeover Considerations

Washington law and Washington Federal's articles of incorporation and bylaws contain certain provisions which may have the effect of discouraging transactions that involve an actual or threatened change of control of Washington Federal. These provisions of Washington Federal's articles of incorporation and bylaws include, among others, the authorization of directors to fill vacancies on the board, the procedures for calling special meetings of shareholders, and the requirement that any shareholder action by written consent must be unanimous. See Comparison of the Rights of Shareholders below.

Transfer Agent

The transfer agent and registrar for the Washington Federal common stock is American Stock Transfer & Trust Company.

COMPARISON OF THE RIGHTS OF SHAREHOLDERS

When the merger becomes effective, shareholders of South Valley will receive shares of Washington Federal common stock in exchange for their shares of South Valley common stock and will become shareholders of Washington Federal. Washington Federal is a Washington corporation and the rights of Washington Federal shareholders are governed by the WBCA, as well as its articles of incorporation and bylaws. South Valley is an Oregon corporation, and its shareholders' rights are governed by the OBCA, as well as its restated articles of incorporation and restated bylaws. South Valley's restated articles of incorporation, are referred to as its articles of incorporation, and its restated bylaws are referred to as its bylaws.

After the merger, as Washington Federal shareholders, the rights of former South Valley shareholders will be governed by Washington Federal's articles of incorporation, its bylaws and the WBCA. The following is a summary of material differences between the rights of holders of Washington Federal common stock and holders of South Valley common stock.

The following summary does not purport to be a complete statement of the provisions affecting, and differences between, the rights of holders of Washington Federal common stock and holders of South Valley common stock. This summary is intended to provide a general overview of the differences in shareholders' rights under the governing corporate instruments of Washington Federal and South Valley, and other known material differences.

Authorized Capital Stock

Washington Federal. Washington Federal's authorized capital stock consists of 300,000,000 shares of Washington Federal common stock, par value \$1.00 per share, and 5,000,000 shares of Washington Federal preferred stock, par value \$1.00 per share. Washington Federal's articles of incorporation authorize Washington Federal's board of directors to issue shares of Washington Federal preferred stock in one or more series and to fix the designation, powers, preferences, and rights of the shares of Washington Federal preferred stock in each series. As of May 18, 2012, there were 106,880,944 shares of Washington Federal common stock outstanding. No shares of Washington Federal preferred stock were issued and outstanding as of that date.

South Valley. South Valley's authorized capital stock consists of 50,000,000 shares of South Valley common stock without par value, and 1,000,000 shares of South Valley preferred stock without par value. South Valley's articles of incorporation authorize South Valley's board of directors to issue shares of South Valley's

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preferred stock in one or more series, and each series of preferred stock will have the preferences, limitations and relative rights as may be set forth for such series in either South Valley's articles of incorporation or in an amendment to its articles of incorporation adopted either by action of the South Valley's board of directors or by an action of South Valley's shareholders. As of May 21, 2012, there were 6,739,831 shares of South Valley common stock outstanding. No shares of South Valley preferred stock were issued and outstanding as of that date.

Issuance of Capital Stock

Washington Federal. Under the articles of incorporation of Washington Federal and the WBCA, Washington Federal may issue shares of Washington Federal capital stock and rights or options for the purchase of shares of capital stock of Washington Federal on such terms and for such consideration as may be determined by the Washington Federal board of directors. None of the WBCA nor Washington Federal's articles of incorporation and bylaws require shareholder approval of any such actions. Washington Federal may, however, elect to seek shareholder approval of stock-related compensation plans in certain instances in order to qualify such plans for favorable federal income tax treatment and to comply with the continued listing rules of the Nasdaq stock market and securities laws treatment under current laws and regulations. Holders of Washington Federal capital stock do not have preemptive rights with respect to any shares of Washington Federal capital stock which may be issued.

South Valley. Under the OBCA, South Valley may issue shares of South Valley common stock and rights or options for the purchase of shares of common stock of South Valley on such terms and for such consideration as may be determined by the South Valley board of directors. None the OBCA nor South Valley's articles of incorporation and bylaws require shareholder approval of any such actions. South Valley may, however, elect to seek shareholder approval of stock-related compensation plans in certain instances in order to qualify such plans for favorable federal income tax treatment. Holders of South Valley common stock do not have preemptive rights with respect to any shares of South Valley common stock which may be issued.

Voting Rights

Washington Federal. Each holder of Washington Federal common stock is entitled to one vote for each share held of record. Shareholders of Washington Federal are permitted to cumulate their votes with respect to the election of directors. Cumulative voting entitles each shareholder to cast a number of votes in the election of directors equal to the number of shares of common stock held by the shareholder multiplied by the number of directors to be elected, and to distribute such votes among one or more of the nominees to be elected.

South Valley. Each holder of South Valley common stock is entitled to vote for the election of directors and upon all other matters that may be submitted to a vote of South Valley's shareholders generally, with each share being entitled to one vote for each share held of record. Holders of South Valley common stock do not have cumulative voting rights and directors are elected by a plurality of votes cast.

Number and Election of Directors

Washington Federal. Washington Federal's bylaws provide for a board of directors having not less than five nor more than 15 members, which may be increased or decreased by a vote of a majority of the board of directors. Currently, Washington Federal's board of directors consists of nine directors. Washington Federal's board of directors is divided into three classes, with directors serving staggered three-year terms.

South Valley. South Valley's articles of incorporation and bylaws provide for a board of directors consisting of no less than six members nor more than 16 members as determined from time to time by resolution of the South Valley board of directors. Currently, South Valley's board of directors consists of nine directors.

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Members of the South Valley board of directors serve one-year terms and are elected annually by South Valley's shareholders.

Removal of Directors

Washington Federal. Under its articles of incorporation, Washington Federal directors may be removed only for cause by an affirmative vote of not less than a majority of the votes eligible to be cast by shareholders at a meeting of shareholders called expressly for such purpose, provided that a director may not be removed if the number of votes sufficient to elect the director under cumulative voting is voted against the director's removal. The WBCA provides that if a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove the director.

South Valley. South Valley's articles of incorporation and bylaws provide that South Valley directors may be removed from office at any time with or without cause, by the affirmative vote of the holders of a majority of the outstanding shares of capital stock entitled to elect such director, at a meeting of shareholders called for that purpose, if the notice of meeting states that a purpose of the meeting is the removal of one or more directors. The OBCA provides that if a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove the director.

Vacancies of Directors

Washington Federal. Under Washington Federal's bylaws, any vacancy occurring on its board of directors may be filled by a majority vote of the directors then in office, whether or not a quorum is present. Each director so chosen will hold office until the next shareholders' meeting at which directors are elected.

South Valley. Under South Valley's articles of incorporation and bylaws, any vacancy on the board of directors may be filled by the board of directors, and if the directors remaining in office are fewer than a quorum of the board, the board of directors may fill the vacancy by the affirmative vote of a majority of the directors remaining in office. Each director so chosen will hold office for the unexpired term of the director's predecessor in office and until the director's successor is elected and qualified.

Indemnification and Limitation of Liability

Washington Federal. The WBCA permits a corporation to indemnify an individual who is made a party to a proceeding because such individual is or was a director of the corporation against liability incurred in the proceeding if:

his or her conduct was in good faith;

he or she reasonably believed that his or her conduct was in the corporation's best interest, or at least not opposed to the corporation's best interests; and

in the case of a criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

Under the WBCA, a corporation may not, however, indemnify the individual if the individual was adjudged liable:

to the corporation in a proceeding by or in the right of the corporation; or

in any proceeding charging improper personal benefit on the basis that he or she improperly received a personal benefit.

The WBCA further provides that, unless a corporation's articles of incorporation provide otherwise, indemnification is mandatory if the director is wholly successful on the merits or otherwise in such a proceeding,

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and permits a director to apply for court-ordered indemnification. Washington Federal's articles of incorporation do not limit the statutory right to mandatory indemnification.

Under the WBCA, a corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if the director furnishes the corporation:

a written affirmation of the director's good faith belief that the director has met the standard of conduct described in the WBCA; and

a written undertaking to repay the advance if it is ultimately determined that the director did not meet the standard of conduct. The WBCA further provides that, unless the articles of incorporation provide otherwise, an officer of the corporation who is not a director is entitled to mandatory indemnification and is entitled to apply for court-ordered indemnification to the same extent as a director. The corporation may also indemnify and advance expenses to an officer to the same extent as to a director. Washington Federal's articles of incorporation do not limit the ability of officers of Washington Federal who are not also directors of Washington Federal to receive indemnification to the same extent as a director

Washington Federal's bylaws generally provide that Washington Federal will indemnify and hold harmless its directors, officers or employees, or individuals who, at Washington Federal's request, are serving or served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against all expense, liability or loss actually and reasonably incurred or suffered in connection with any actual or threatened action, suit or proceeding relating to service for or at the request of Washington Federal. Washington Federal will not indemnify a director, officer or employee for:

acts or omissions of such person which are finally adjudged to be intentional misconduct or a knowing violation of the law;

for conduct finally adjudged to be in violation of Section 23B.08.310 of the WBCA, relating to unlawful distributions; or

any transaction with respect to which it is finally adjudged that such person personally received a benefit in money, property or services to which he or she was not entitled.

The WBCA also provides that a corporation's articles of incorporation may limit or eliminate the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that no such provision shall eliminate the liability of a director for:

any breach of the director's duty of loyalty to the corporation or its shareholders;

acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

any unlawful distribution; or

any transaction from which the director derived an improper personal benefit.

Washington Federal's articles of incorporation do not limit monetary liability of its directors for their conduct as directors as permitted under the WBCA.

Washington Federal maintains insurance coverage relating to certain liabilities of directors and officers.

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South Valley. The OBCA permits a corporation to indemnify an individual who is made a party to a proceeding because such individual is or was a director of the corporation against liability incurred in the proceeding if:

his or her conduct was in good faith;

he or she reasonably believed that his or her conduct was in the corporation's best interest, or at least not opposed to the corporation's best interests; and

in the case of a criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Under the OBCA, a corporation may not, however, indemnify the individual if the individual was adjudged liable:

to the corporation in a proceeding by or in the right of the corporation; or

in any proceeding charging improper personal benefit on the basis that he or she improperly received a personal benefit. The OBCA further provides that, unless a corporation's articles of incorporation provide otherwise, indemnification is mandatory if the director is wholly successful on the merits or otherwise in such a proceeding, and permits a director to apply for court-ordered indemnification. *South Valley*'s articles of incorporation do not limit the statutory right to mandatory indemnification.

Under the OBCA, a corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if the director furnishes the corporation:

a written affirmation of the director's good faith belief that the director has met the standard of conduct described in the OBCA; and

a written undertaking to repay the advance if it is ultimately determined that the director did not meet the standard of conduct. The OBCA further provides that, unless the articles of incorporation provide otherwise, an officer of the corporation is entitled to mandatory indemnification and is entitled to apply for court-ordered indemnification to the same extent as a director. The corporation may also indemnify and advance expenses to an officer to the same extent as to a director.

South Valley's articles of incorporation provide that *South Valley* will indemnify and advance expenses to its directors and officers who were, are or are threatened to be made a party to an action, suit or proceeding by reason of the fact that the person was serving as a director or officer or, at *South Valley*'s request, as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against reasonable expenses (including attorney fees), judgments, fines, penalties, excise taxes or settlement payments incurred or suffered.

The OBCA also provides that a corporation's articles of incorporation may limit or eliminate the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, provided that no such provision shall eliminate the liability of a director for:

any breach of the director's duty of loyalty to the corporation or its shareholders;

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acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

any unlawful distribution; or

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any transaction from which the director derived an improper personal benefit.

South Valley's articles of incorporation limit monetary liability of its directors for their conduct as directors to the fullest extent permitted under the OBCA. If the OBCA is amended to further limit the directors' liability, South Valley's articles of incorporation would incorporate such amendment on its effective date.

South Valley also maintains insurance coverage relating to certain liabilities of directors and officers.

Amendments to Articles of Incorporation and Bylaws

Washington Federal. Under the WBCA, a board of directors may adopt one or more amendments to the articles of incorporation to make certain ministerial changes without shareholder action. Other amendments to the articles of incorporation generally must be recommended to the shareholders by the board of directors, unless the board of directors determines that because of a conflict of interest or other special circumstances it should not make such recommendation to the shareholders and communicates the basis for its determination to the shareholders with the amendment. Under the WBCA, amendments to a public corporation's articles of incorporation must generally be approved by a majority of all the votes entitled to be cast by any voting group entitled to vote unless another proportion is specified (1) in the articles of incorporation, (2) by the board of directors as a condition to its recommendation, or (3) by other provisions of the WBCA. Washington Federal's articles of incorporation provide that no amendment of the articles of incorporation shall be made unless it is first approved by the board of directors by the affirmative vote of a majority of the directors then in office and, to the extent required by the WBCA or otherwise, subsequently approved by a majority of the shares entitled to vote generally in an election of directors.

Under the WBCA, a corporation's board of directors can amend or repeal the bylaws, or adopt new bylaws, unless the articles of incorporation or the WBCA reserve this power exclusively to the shareholders in whole or in part (the articles of incorporation of Washington Federal do not do so) or if the shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw. Subject to certain limitations, the WBCA provides that a corporation's shareholders may amend or repeal the bylaws, or adopt new bylaws. Washington Federal's bylaws authorize Washington Federal's board of directors to amend its bylaws by vote of a majority of the board of directors at a meeting. The bylaws also may be amended by the affirmative vote of the holders of a majority of the votes cast by shareholders of Washington Federal at a meeting of shareholders.

South Valley. Under the OBCA, a board of directors may adopt one or more amendments to the articles of incorporation to make certain ministerial changes without shareholder action. Other amendments to the articles of incorporation generally must be recommended to South Valley's shareholders by its board and generally will be approved if the votes cast by shareholders favoring the amendment exceed the votes cast by shareholders opposing the amendment, subject to certain exceptions applicable if the amendment creates dissenters' rights for one or more voting groups of shareholders. South Valley's bylaws may be amended by a majority vote of the board of directors or by the shareholders if the votes cast by shareholders in favor of the amendment exceed the votes cast in opposition.

Notice of Shareholder Meetings

Washington Federal. In accordance with the WBCA, Washington Federal's bylaws provide that a written notice of the time and place, and in the case of a special meeting, the purpose, of the meeting must be given to each shareholder entitled to vote at the meeting not less than 10 days nor more than 60 days prior to the meeting. Notice of a meeting to act on an amendment to the articles of incorporation, a plan of merger or share exchange, the sale, lease, exchange or other disposition of all or substantially all of Washington Federal's assets other than in the regular course of business or the dissolution of Washington Federal must be given not less than 20 nor more than 60 days prior to the date of the meeting.

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South Valley. South Valley's bylaws provide that written notice of the date, time, place and purposes of the meeting of shareholders must be delivered not less than 10 nor more than 60 days before the date of the meeting to each shareholder of record entitled to vote at such meeting.

Special Meetings of Shareholders

Washington Federal. Under the WBCA, a special meeting of the shareholders may be called by a corporation's board of directors, the persons authorized to do so in the corporation's articles of incorporation or bylaws or, unless limited or denied by a corporation's articles of incorporation, by the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the special meeting. The bylaws of Washington Federal provide that special meetings of shareholders can only be called by (1) the board of directors; (2) the chairman of the board of directors; (3) the president; or (4) a written request of holders of not less than one-tenth of all of the outstanding capital stock of Washington Federal entitled to vote at the meeting.

South Valley. Under the OBCA, a special meeting of shareholders may be called by a corporation's board of directors, the persons authorized to do so in the corporation's articles of incorporation or bylaws, or, unless otherwise provided by a corporation's articles of incorporation in accordance with the OBCA, by the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the special meeting. Pursuant to South Valley's bylaws, special meetings of the shareholders may be called by South Valley's president or its board of directors. South Valley's articles of incorporation do not modify the OBCA regarding the ability of shareholders to call a special meeting.

Shareholder Nominations and Shareholder Proposals

Washington Federal. Washington Federal's bylaws provide that shareholders of Washington Federal may nominate one or more persons for election as director only if such nominations are made in writing and delivered or mailed to the secretary of Washington Federal not later than (1) 90 days prior to the anniversary date of the mailing of proxy materials for the immediately preceding annual meeting of shareholders, and (2) with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to shareholders. Each such notice must set forth information concerning the nominee, the nominating shareholder and the other information specified in Washington Federal's bylaws. Washington Federal's bylaws provide that a proposal by shareholders for submission to a vote of shareholders at an annual meeting must be made in writing and delivered to or mailed and received by the secretary of Washington Federal not later than 90 days prior to the anniversary date of the mailing of proxy materials for the immediately preceding annual meeting. Each such notice must set forth information concerning the proposal, the proposing shareholder and the information specified in Washington Federal's bylaws.

South Valley. South Valley shareholders can nominate candidates for election to its board of directors and propose business to be transacted by the shareholders at an annual meeting of the shareholders. To do so, a shareholder must follow the advance notice procedures described in South Valley's bylaws. In general, a shareholder's notice of nomination or proposal must be delivered to or mailed and received by South Valley's Secretary at least 90 calendar days and not more than 120 calendar days prior to the one-year anniversary of the date on which South Valley first mailed its proxy materials for the preceding year's annual meeting. However, if the date of the annual meeting is more than 30 calendar days before or more than 30 calendar days after such anniversary date, the shareholder's notice of nomination must be so delivered or mailed and received not later than the close of business on the later of (1) the 90th day before such annual meeting or (2) the 10th day following the date on which public announcement of the meeting date is first made. Any proposal for business to be transacted by the shareholders at an annual meeting of the shareholders must be a proper matter for shareholder action under Oregon law.

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Shareholder Action by Written Consent

Washington Federal. Under Washington law, any corporate action required or permitted to be approved by a shareholder vote at a meeting may be approved by the unanimous written consent of Washington Federal's shareholders entitled to vote on the corporate action.

South Valley. Under South Valley's bylaws, any corporate action required or permitted to be approved by a shareholder vote at a meeting may be approved by the unanimous written consent of South Valley's shareholders entitled to vote on the corporate action.

Transactions with Interested Persons

Washington Federal. Washington law imposes restrictions on certain transactions between a corporation and certain significant shareholders. Chapter 23B.19 of the WBCA prohibits a target corporation, with certain exceptions, from engaging in certain significant business transactions with an acquiring person who acquires 10% or more of the voting securities of a target corporation for a period of five years after such acquisition, unless the transaction or acquisition of shares is approved by a majority of the members of the target corporation's board of directors prior to the date of the acquisition or, at or subsequent to the date of the acquisition, the transaction is approved by a majority of the members of the target corporation's board of directors and authorized at a shareholders' meeting by the vote of at least two-thirds of the outstanding voting shares of the target corporation, excluding shares owned or controlled by the acquiring person. The prohibited transactions include, among others, a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or 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, or allowing the acquiring person to receive any disproportionate benefit as a shareholder. After the five-year period during which significant business transactions are prohibited, certain significant business transactions may occur if certain fair price criteria or shareholder approval requirements are met. Target corporations include all publicly traded corporations incorporated under Washington law, as well as publicly traded foreign corporations that meet certain requirements.

South Valley. South Valley is subject to the Oregon Control Share Act, under which a person who acquires voting stock in a transaction that results in the person holding more than 20%, 33 1/3% or 50% of the total voting power cannot vote the shares it acquires in the acquisition unless voting rights are accorded to such control shares:

by the holders of a majority of the outstanding voting shares, excluding the control shares held by such person and shares held by South Valley officers and inside directors, and

by the holders of a majority of the outstanding voting shares, including the control shares held by such person and shares held by South Valley officers and inside directors.

This vote would be required at the time an acquiring person's holdings exceed 20% of the total voting power, and again at the time the acquiring person's holdings exceed 33 1/3% and 50%, respectively. An acquiring person can include persons acting as a group. A transaction in which voting power is acquired solely by receipt of an immediately revocable proxy generally does not, however, constitute an acquisition covered by the provisions of the Oregon Control Share Act. The acquiring person may, but is not required to, submit to us an Acquiring Person Statement setting forth certain information about the acquiring person and its plans with respect to us. The Acquiring Person Statement may also request that South Valley call a special meeting of shareholders to determine whether the control shares will be allowed to retain voting rights. If the acquiring person does not request a special meeting of shareholders, the issue of voting rights of control shares will be considered at the next annual meeting or special meeting of shareholders that is held more than 60 days after the date of the acquisition of control shares. If the acquiring person's control shares are accorded voting rights and represent a majority or more of all voting power, shareholders who do not vote in favor of the restoration of these

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voting rights will have the right to receive the appraised fair value of their shares, which may not be less than the highest price paid per share by the acquiring person for the control shares.

South Valley also is subject to the Oregon Business Combination Act, which generally provides that in the event a person or entity acquires 15% or more of our voting stock, South Valley and such person or entity, or any affiliated entity, may not engage in the following business combination transactions for a period of three years following the date the person acquired 15% or more of the voting stock:

a merger or plan of share exchange;

any sale, lease, mortgage or other disposition of the assets of the corporation where the assets have an aggregate market value equal to 10% or more of the aggregate market value of South Valley's assets or outstanding capital stock; and

transactions that result in the issuance of South Valley's capital stock to the shareholder that acquired 15% or more of the voting stock, subject to specified exceptions.

These restrictions do not apply if:

the shareholder that acquired 15% or more of the voting stock, as a result of such acquisition, owns at least 85% of South Valley's outstanding voting stock disregarding shares owned by directors who are also officers and certain employee benefit plans;

South Valley's board of directors approves the share acquisition or business combination before the shareholder acquired 15% or more of South Valley's voting stock; or

South Valley's board of directors and the holders of at least two-thirds of our outstanding voting stock, disregarding shares owned by the shareholder that acquired 15% or more of the voting stock, approve the transaction after the shareholder acquires 15% or more of South Valley's voting stock.

The Oregon Control Share Act and the Oregon Business Combination Act will have the effect of encouraging any potential acquirer to negotiate with South Valley's board of directors and will also discourage potential acquirers unwilling to comply with the provisions of these laws. An Oregon corporation may provide in its articles of incorporation or bylaws that the laws described above do not apply to its shares. South Valley has not adopted such a provision and does not currently intend to do so. These laws may delay, defer or prevent a tender offer or takeover attempt of South Valley that a shareholder might consider in the shareholder's best interest, including those attempts that might result in a premium over the market price for the shares held by South Valley's shareholders.

Dividends

Washington Federal. Under the WBCA, a corporation may make a distribution in cash or in property to its shareholders upon the authorization of its board of directors unless, after giving effect to this distribution, (a) the corporation would not be able to pay its debts as they become due in the usual course of business or (b) the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution to satisfy the preferential rights of shareholders whose preferential rights are superior to those receiving the distribution.

South Valley. Under the OBCA, a corporation is allowed to make a distribution, including payment of a dividend, only if, after giving effect to the distribution, in the judgment of the board of directors: (a) the corporation would be able to pay its debts as they become due in the usual course of business; and (b) the corporation's total assets would at least equal the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed if the corporation were to be dissolved at the

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time of the distribution to satisfy the preferential rights upon dissolution, if any, of shareholders whose preferential rights are superior to those receiving the distribution. In May 2011, the South Valley board of directors adopted resolutions at the direction of the Federal Reserve requiring South Valley to take corrective actions and refrain from specified actions. Under the board resolutions, South Valley may not pay any dividends on or repurchase its common stock, or receive dividends from South Valley Bank & Trust, without the prior written approval of the Federal Reserve and the DFCS.

Shareholders Right of Dissent and Appraisal

The holders of Washington Federal common stock and South Valley common stock are entitled to dissenters rights under the WBCA and the OBCA, respectively. South Valley s shareholders have dissenters rights in connection with the merger. For a discussion of the dissenters rights under the OBCA, please refer to the section entitled The Merger Dissenters Rights beginning on page 65, and to Sections 60.551 to 60.549 of the ORS, a copy of which is attached as Annex C to this document.

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ADJOURNMENT OF THE SPECIAL MEETING

(PROPOSAL TWO)

In the event that there are not sufficient votes to constitute a quorum or approve the merger agreement at the time of the special meeting, the merger agreement cannot be approved at the meeting unless the special meeting is adjourned to a later date or dates to permit further solicitation of proxies. In order to allow proxies that have been received by South Valley at the time of the special meeting to be voted for an adjournment, if deemed necessary, South Valley has submitted the question of adjournment to its shareholders as a separate matter for their consideration. The board of directors of South Valley unanimously recommends that shareholders vote **FOR** the adjournment proposal. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without notice. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

LEGAL MATTERS

The validity of the Washington Federal common stock to be issued in the merger has, and the material U.S. federal income tax consequences of the merger have, been passed upon for Washington Federal by Patton Boggs LLP, Washington, DC. As of May 22, 2012, attorneys employed by that law firm beneficially owned approximately 6,090 shares of Washington Federal common stock.

EXPERTS

The financial statements, incorporated in this proxy statement/prospectus by reference from Washington Federal Inc.'s Annual Report on Form 10-K for the year ended September 30, 2011, and the effectiveness of Washington Federal Inc.'s internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Washington Federal files annual, quarterly and current reports, proxy statements and other information with the Commission. You may read and copy any reports, proxy statements or other information filed by Washington Federal at the Commission's public reference room in Washington, D.C., which is located at the following address: Public Reference Room, 100 F Street N.E., Washington, D.C. 20549.

You can request copies of these documents, upon payment of a duplicating fee, by writing to the Commission. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the Commission's public reference rooms. Washington Federal's Commission filings are also available to the public from document retrieval services and at the Commission's Internet website (<http://www.sec.gov>). Washington Federal's filings with the Commission are also available at their respective websites at www.washingtonfederal.com.

Washington Federal has filed with the Commission a registration statement on Form S-4 under the Securities Act of 1933, as amended, and the rules and regulations thereunder. This proxy statement/prospectus is a part of that registration statement. As permitted by the Commission's rules, this proxy statement/prospectus

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does not contain all of the information you can find in the registration statement. The registration statement is available for inspection and copying as set forth above.

The Commission allows Washington Federal to incorporate by reference into this proxy statement/prospectus, which means that Washington Federal can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is considered to be part of this proxy statement/prospectus, except for any information superseded by information contained in later filed documents incorporated by reference in this proxy statement/prospectus.

Washington Federal incorporates by reference the respective documents filed by it with the Commission listed below and any future filings made by it with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the date of the special meeting (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the rules of the Commission).

Washington Federal SEC Filings

Period/Date

Annual Report on Form 10-K
 Quarterly Report on Form 10-Q
 Current Reports on Form 8-K

Year ended September 30, 2011
 Quarters ended December 31, 2011 and March 31, 2012
 Filed on December 21, 2011, and January 1, January 20, February 17, March 7, April 10, April 18, and May 10, 2012

The description of Washington Federal common stock set forth in Washington Federal's registration statements filed with the Commission pursuant to Section 12 of the Exchange Act, including any amendment or report filed for purposes of updating any such description.

The portions of Washington Federal's proxy statement for the annual meeting of shareholders held on January 18, 2012, that have been incorporated by reference in Washington Federal's 2011 Annual Report on Form 10-K.

You may request a copy of documents incorporated by reference in this document but not otherwise accompanying this document, at no cost, by writing or telephoning Washington Federal at the following addresses:

Washington Federal, Inc.

425 Pike Street

Seattle, Washington 98101

Attention: Edwin C. Hedlund

(206) 624-7930

To obtain timely delivery, you should request desired information no later than five business days prior to the date of the special meeting, or by June 21, 2012.

You should rely only on the information contained or incorporated by reference in this proxy statement/prospectus. Washington Federal and South Valley have not authorized anyone else to provide you with information that is different from that which is contained in this proxy statement/prospectus. Moreover, neither Washington Federal nor South Valley is making an offer to sell or soliciting an offer to buy any securities other than the Washington Federal common stock to be issued by Washington Federal in the merger, and neither Washington Federal nor South Valley is making an offer of such securities in any state where the offer is not permitted. The information contained in this proxy statement/prospectus speaks only as of its date unless the information specifically indicates that another date applies.

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ANNEX A

AGREEMENT AND PLAN OF MERGER

DATED AS OF APRIL 4, 2012

AMONG

WASHINGTON FEDERAL, INC.,

SOUTH VALLEY BANCORP, INC.

AND

ANDREW C. BRANDSNESS,

AS STOCKHOLDERS REPRESENTATIVE

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