

Questions & Answers

Annual Shareholder Meeting

January 26, 2021

Q1 How have you helped your front-line employees during this pandemic?


As an essential business, we've worked to help protect the health of our employees while maintaining banking services for our clients ever since COVID-19 was detected just two miles from our Juanita Branch in Kirkland, Washington.

To start, we requested that our support employees who were able to work remotely do so. This includes our call center team, who continues to handle calls 24/7 with little disruption to service, though wait times did increase during periods when stimulus payments were being received.

We also implemented a short-term 25% "premium pay" for our retail banking frontline at the beginning of the Pandemic, when there was a great deal of uncertainty over the impact of COVID-19 on top of a shortage of masks.

We stepped up our cleaning protocols and can complete a branch deep-cleaning same-day. By May, we had installed acrylic shields, acquired masks and sanitizer, and mandated social distancing, all of which helped reduce risk.

While the number of employees who have taken formal leaves of absence have gone up considerably since the start of the Pandemic, the number of employees on leave has stayed below 2%. When local COVID-19 case counts warrant it, we have limited client access to our lobbies and encouraged drive-up banking or banking by appointment.



Q2 What is WaFd doing to encourage gender diversity, particularly among management?

Across the organization, almost 70% of all employees identify as female. Of our 9 Regional Presidents, three of them are women. Of our 20 Retail Division Managers, 12 are women. Of our 691 Bank Officers, 409 (59%), are women.

Our executive team is committed to encouraging diversity and is working to recruit, identify, develop, and mentor future leaders at every level who reflect the diversity of our communities and to foster an inclusive culture. We know we have work yet to do and look forward to making further strides.

Q3 What has WaFd done in response to the Black Lives Matter movement to achieve racial equity?

The leadership at the bank realized it was time to listen and learn about systemic racism in our society with the goal to be part of the broader solution.

So, under the leadership of our Chief Executive Officer and moderated by our Human Resources Director, we formed a Diversity and Inclusion Council that consists of 18 employees from various areas of the bank with diverse backgrounds.

The Council has been meeting regularly with the mission to advise the bank's executive team on diversity and inclusion needs and promote initiatives that support a culture where all employees feel valued, included, and empowered to do their best work.

We are committed to fostering an environment that values diversity of social, economic, and cultural identities and builds our capacity to lead and manage a diverse workforce.

- Q4** I note yet another civil money penalty related to your HMDA compliance program and the CFPB. This issue has gone on for 7 years. We are 3 years into the Consent Order entered into with the OCC relating to BSA and the costs continue to increase. Please provide an update on both and the actions the board and executives are taking to exit these agreements. Why should shareholders trust you can deliver compliant programs?

We are operating under and working through three regulatory consent orders; two regarding HMDA loan disclosure reporting and one related to the Bank Secrecy Act.

We have recognized that we needed to change and improve our commitment to a “culture of compliance” and that is why we have added the last value of being “disciplined.” We have invested significantly in increased staffing levels who have the expertise to “get it right the first time.” We are well aware that building a culture of compliance is a process and not an event.

The HMDA consent orders have not been resolved due to staffing constraints, as the CFPB examines us only once every three years.

The BSA consent order includes ten articles. Management believes we have properly addressed all ten articles, however is up to the OCC to come in and make a determination whether 1) the item has been corrected and 2) if the process is mature enough to ensure consistent performance into future.

The OCC examines our BSA program every six months. You should know that management’s top priority is to achieve compliance with the BSA consent order.

- Q5** How are we going to continue to attract and retain depositors in the current and prospective interest-rate environment?

The answer is our investments in our technology platforms. Our goal is to make banking with WaFd simple, reliable, and FAST. We have demonstrated over the last two years that the opportunity is real to organically grow core deposits.

Q6 Proposal two "Advisory Vote" has no information in the Annual Report. What are the respective compensation values that are recommended?

That information is detailed in the proxy you received as a shareholder prior to the annual meeting.

Q7 Why has the Auburn Branch closed its lobby PLUS the company refuses to repair the bank-from-car device? You call this service?

We completely understand your frustration. We've looked into this issue with our branch leadership and facilities group and they assure me the drive-thru banking equipment will be fixed and operating again by the end of January.

In the meantime, our branch manager and the staff can help you with an appointment or you can just pull up to the window and call the branch and they will come out to your car to handle your transaction.