

January 19, 2005  
**For Immediate Release**

## **Washington Mutual Announces Fourth Quarter and Annual 2004 Earnings** ***Board of Directors Increases Cash Dividend***

SEATTLE – Washington Mutual, Inc. (NYSE: WM) today announced fourth quarter 2004 net income of \$668 million, or 76 cents per diluted share versus \$842 million, or 93 cents per diluted share for the same period in the previous year. The company also announced 2004 annual net income of \$2.88 billion, or \$3.26 per diluted share compared to \$3.88 billion, or \$4.21 per diluted share in 2003.

The difference in net income from the fourth quarter of 2003 was primarily due to several unusual items in that period, including a reversal of reserves for loan and lease losses. For the year, the difference in net income from 2003 reflects not only the above unusual items, but also lower securities gains and lower home loan mortgage banking income, reflecting a steep decline in national mortgage originations.

Washington Mutual's Board of Directors declared a cash dividend of 46 cents per share on the company's common stock, up from 45 cents per share in the previous quarter. Dividends on the common stock are payable on February 15, 2005 to shareholders of record as of January 31, 2005.

"As we embark on a new five-year strategic plan, we leave 2004 with strong momentum in all areas of our business," said Kerry Killinger, chairman and chief executive officer. "I am particularly pleased with the success of the retail bank as well as the progress we're making to improve the efficiency of our mortgage operations. Within the commercial group, we also have a great opportunity to build on our industry leading multi-family lending business."

Killinger added: "Our teams are focused on delivering great service to our customers, executing our new strategic plan and delivering superior long-term returns to our shareholders."

### **Key fourth quarter and 2004 highlights:**

- Total assets grew \$32.74 billion or 12 percent from year end 2003, and increased \$19.09 billion or 7 percent from the third quarter, ending the year at \$307.92 billion;
- Net interest margin was up slightly at 2.79 percent in the fourth quarter compared to 2.77 percent in the third quarter but declined from 2.90 percent in the fourth quarter of 2003;
- Net income in the fourth quarter in the Retail Banking and Financial Services segment grew by 51 percent over the fourth quarter of 2003, driven by a higher mortgage portfolio balance, record growth during the year in the home equity loans and lines of credit portfolio, and a 9 percent increase in depositor and other retail banking fees;
- For the year we added 250 new retail banking stores, including 69 new stores in the fourth quarter;
- The Mortgage Banking segment continued to make progress in transforming its business as noninterest expense of \$2.61 billion in 2004 declined \$469 million, or 15 percent from the prior year;
- The company achieved its goal of limiting noninterest expense to \$7.5 billion for the year, while continuing to grow its retail banking and multi-family businesses;

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- Nonperforming assets as a percentage of total assets were 0.58 percent, down slightly from 0.61 percent as of September 30, 2004 and down from 0.70 percent as of December 31, 2003;
- The company announced that former JPMorgan Chase executive Steve Rotella has joined the company as President and Chief Operating Officer.

## **FOURTH QUARTER AND 2004 FINANCIAL SUMMARY**

### **Net Interest Income**

Net interest income was \$1.85 billion in the fourth quarter of 2004, up 6 percent from \$1.74 billion in both the third quarter of 2004 and the fourth quarter of 2003. The increase from the prior quarter reflects a 6 percent increase in average total interest-earning assets. The net interest margin in the fourth quarter was 2.79 percent, up slightly from the third quarter, but down 11 basis points from 2.90 percent in the fourth quarter of 2003.

For 2004, net interest income was \$7.12 billion, a decrease of \$513 million from \$7.63 billion in 2003. This decrease was primarily attributable to a 29 basis point decline in the net interest margin year over year, reflecting declining asset yields in the first half of the year, rising short term interest rates and lower noninterest bearing custodial and escrow deposit balances in the mortgage business.

### **Noninterest Income**

Noninterest income was \$1.22 billion in the fourth quarter of 2004, compared with \$1.26 billion in the third quarter of 2004 and \$1.47 billion in the fourth quarter of 2003. The decline from the fourth quarter of 2003 was driven primarily by lower home loan mortgage banking income.

For the year, noninterest income was \$4.61 billion, down 21 percent from \$5.85 billion in 2003. The decline was primarily the result of significantly lower securities gains and lower home loan mortgage banking income.

### **Noninterest Expense**

The company achieved its goal of limiting annual noninterest expense to \$7.5 billion, while executing on its targeted growth and retail expansion of 250 new stores in 2004. These expenses included \$274 million of technology-related and restructuring charges. Excluding technology-related and restructuring costs of \$110 million in the fourth quarter and \$71 million in the third quarter, noninterest expense increased \$30 million quarter over quarter due to a decrease in our deferral rate for loan origination expenses. The company's efficiency ratio was 63.18 percent, compared with 62.19 percent for the third quarter of 2004 and 65.51 percent in the fourth quarter of 2003.

### **Lending**

Total loan volume was \$63.22 billion in the fourth quarter, compared with \$61.83 billion in the third quarter of 2004 and \$69.90 billion in the fourth quarter of 2003, reflecting the company's ability to generate assets throughout the interest rate cycle.

While fourth quarter fixed rate home loan volume declined 46 percent compared with the fourth quarter of 2003, adjustable rate home loan volume was up 27 percent, while home equity loan and line of credit and multi-family volumes rose 17 percent and 36 percent, respectively. The home loan volume included a 55 percent increase in specialty mortgage finance loan volumes.

During the fourth quarter of 2004, ARMs represented 68 percent of the company's home loan volume, compared with 67 percent in the third quarter of 2004 and 48 percent in the fourth quarter of 2003.

## **Credit Quality**

At December 31, 2004, nonperforming assets as a percentage of total assets were 0.58 percent, down slightly from 0.61 percent at September 30, 2004 and down from 0.70 percent at December 31, 2003. Net charge offs for the quarter were \$38 million versus \$97 million in the fourth quarter of 2003, which included a one-time charge off of \$39 million that resulted from the sale of the franchise finance loan portfolio. Net charge offs for the third quarter of 2004 were \$27 million. The company's fourth quarter provision for loan and lease losses was \$37 million, while the allowance for loan and lease losses was \$1.30 billion at December 31, 2004.

## **Balance Sheet and Capital Management**

Total assets increased \$19.09 billion from the end of the third quarter to \$307.92 billion at year end, primarily the result of a \$13.56 billion increase in loans held for sale.

Total deposits increased \$4.96 billion from the previous quarter to \$173.66 billion as of December 31, 2004, as a result of increases of \$4.40 billion in wholesale deposits and \$665 million in retail deposits.

The company's ratio of tangible common equity to tangible assets was 5.05 percent at the end of 2004. In addition, the capital ratios of the company's banking subsidiaries continued to exceed the federal regulatory requirements for classification as "well-capitalized" institutions, the highest regulatory standard.

## **FOURTH QUARTER AND 2004 OPERATING SEGMENT RESULTS**

### **Retail Banking and Financial Services Financial Performance**

Net income for the company's Retail Banking and Financial Services segment was \$565 million in the fourth quarter, up 12 percent from \$506 million in the third quarter and up 51 percent from \$374 million in the fourth quarter of 2003. Net interest income performance was strong reflecting the growth in average balances of home equity loans and lines of credit and the mortgage loan portfolio.

For the year net income was \$1.98 billion, up 32 percent from the prior year due to an increase in net interest income, reflecting a 35 percent increase in average loans outstanding. At the same time, noninterest income grew 10 percent, primarily driven by a 10 percent year-over-year growth in depositor and other retail banking fees.

### **Highlights of the Retail Banking and Financial Services Segment included:**

- Total retail deposits of \$132.67 billion were up \$665 million from the prior quarter and \$4.22 billion, or 3 percent from the fourth quarter of 2003;
- The company's retail banking network grew to 1,939 retail stores with 250 new stores opened in 2004, including 69 opened during the fourth quarter;
- Record volume in home equity loans and lines of credit in 2004 led to a 58 percent annual increase in the portfolio to \$43.65 billion at year end 2004;
- The cross-sell ratio for the average mature retail banking household increased to 5.90 products and services, up from 5.83 at the end of the third quarter of 2004;
- WM Advisors assets under management grew by \$4.33 billion, or 24 percent, over the past year to \$22.20 billion at December 31, 2004.

## **Mortgage Banking Financial Performance**

Net income for the Mortgage Banking segment was \$138 million in the fourth quarter compared with \$270 million in the third quarter of 2004 and \$232 million in the fourth quarter of 2003.

For the year, net income was \$570 million, down \$728 million from \$1.30 billion in 2003, reflecting a steep decline in national mortgage originations. The slowing mortgage market led to reduced loan volumes and a 45 percent decline in average loan balances, as well as a decline in custodial and escrow deposit balances. Overall there was a 48 percent reduction in net interest income. In addition, the \$682 million decline in noninterest income was partially offset by a \$469 million reduction in noninterest expense reflecting the improved efficiencies and continued expense reductions in the Mortgage Banking segment.

### **Highlights of the Mortgage Banking Segment included:**

- Total home loan volume for the quarter, excluding specialty mortgage finance, was \$41.59 billion, compared to \$40.22 billion in the third quarter of 2004 and \$51.50 billion in the fourth quarter of 2003;
- MSR performance for the quarter, including amortization and the effect of hedges, contributed a net cost of \$277 million, compared to a net cost of \$123 million in the third quarter;
- Noninterest expense of \$635 million for the quarter was up slightly from the previous quarter due to a decrease in our deferral rate for loan origination expenses, but down \$230 million from \$865 million in the fourth quarter of 2003. For the year, noninterest expense of \$2.61 billion was down \$469 million from \$3.08 billion in 2003 reflecting the reduction in loan volume related expenses and the streamlining of business operations.

## **Commercial Group Financial Performance**

Net income for the Commercial Group was \$129 million, compared with \$146 million in the previous quarter and \$112 million from continuing operations in the fourth quarter of 2003. Net income for the year was \$633 million compared with \$696 million from continuing operations for 2003. The difference in net income from the prior year was primarily due to certain previously disclosed transactions occurring in the second half of 2003 totaling \$170 million pre-tax.

### **Highlights of the Commercial Group included:**

- Multi-family loan volume in 2004 was a record \$8.16 billion, up slightly from 2003 despite a rising interest rate environment;
- The average balance for multi-family loans grew 9 percent year over year and contributed significantly to the total Commercial Group average loan growth of \$3.31 billion or 9 percent;
- Total average deposits of \$7.79 billion in the fourth quarter of 2004 increased 27 percent from \$6.13 billion in the fourth quarter of 2003.

## **About Washington Mutual**

With a history dating back to 1889, Washington Mutual is a retailer of financial services that provides a diversified line of products and services to consumers and commercial clients. At December 31, 2004, Washington Mutual and its subsidiaries had assets of \$307.92 billion. Washington Mutual currently operates more than 2,400 retail banking, mortgage lending, commercial banking and financial services offices throughout the nation. Washington Mutual's press releases are available at [www.wamunewsroom.com](http://www.wamunewsroom.com).

**Webcast information:** A conference call to discuss the company's financial results will be held on Thursday, January 20, 2005, at 10:30 a.m. EST and will be hosted by Kerry Killinger, chairman and chief executive officer, and Tom Casey, executive vice president and chief financial officer. The conference call is available by telephone or on the Internet. The dial-in number for the live conference call is 888-780-9655. Participants calling from outside the United States may dial 712-421-1601. The passcode "WaMu" is required to access the call. Via the Internet, the conference call is available on the Investor Relations portion of the company's web site at [www.wamu.com/ir](http://www.wamu.com/ir). A transcript of the prepared remarks will be on the company's web site for 30 days following the call. A recording of the conference call will be available after 1 p.m. EST on Thursday, January 20, 2005, through 11:59 p.m. EST on Saturday, January 29, 2005. The recorded message will be available at 866-511-5153. Callers from outside the United States may dial 203-369-1953.

### **Forward Looking Statement**

Our Form 10-K/A for 2003 and other documents that we filed with the Securities and Exchange Commission have forward-looking statements. In addition, our senior management may make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Forward-looking statements provide our expectations or predictions of future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. These statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward looking statements were made. There are a number of factors, many of which are beyond our control that could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Some of these factors are described in detail in our Form 10K/A for 2003 and include:

- General business and economic conditions, including movements in interest rates, may significantly affect our earnings;
- If we are unable to effectively manage the volatility of our mortgage banking business, our earnings could be adversely affected;
- Our retail banking business faces competition for loans and deposits from banking and nonbanking companies, which may have a disparate impact on our operations in our emerging markets; and
- Changes in the regulation of financial services companies and housing government-sponsored enterprises could adversely affect our business.

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**Washington Mutual, Inc.**  
**Consolidated Statements of Income**  
*(dollars in millions, except per share data)*  
*(unaudited)*

	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Interest Income</b>					
Loans held for sale	\$ 393	\$ 341	\$ 406	\$ 332	\$ 441
Loans held in portfolio	2,421	2,226	2,111	2,067	1,967
Available-for-sale securities	157	163	180	265	353
Other interest and dividend income	95	81	55	57	38
Total interest income	3,066	2,811	2,752	2,721	2,799
<b>Interest Expense</b>					
Deposits	604	539	458	443	491
Borrowings	612	532	500	546	565
Total interest expense	1,216	1,071	958	989	1,056
Net interest income	1,850	1,740	1,794	1,732	1,743
Provision (reversal of reserve) for loan and lease losses	37	56	60	56	(202)
Net interest income after provision (reversal of reserve) for loan and lease losses	1,813	1,684	1,734	1,676	1,945
<b>Noninterest Income</b>					
Home loan mortgage banking income, net	352	504	-	531	592
Depositor and other retail banking fees	515	514	507	463	472
Securities fees and commissions	110	104	105	107	103
Insurance income	47	61	57	61	49
Portfolio loan related income	101	109	103	87	96
Gain (loss) from other available-for-sale securities	(23)	11	41	21	(13)
Loss on extinguishment of borrowings	-	(147)	(1)	(89)	-
Other income	115	108	82	56	166
Total noninterest income	1,217	1,264	894	1,237	1,465
<b>Noninterest Expense</b>					
Compensation and benefits	839	841	849	899	877
Occupancy and equipment	462	404	393	400	569
Telecommunications and outsourced information services	115	118	123	123	125
Depositor and other retail banking losses	61	54	40	40	40
Amortization of other intangible assets	13	14	14	15	15
Advertising and promotion	57	76	84	58	88
Professional fees	54	34	32	39	78
Other expense	337	328	313	306	309
Total noninterest expense	1,938	1,869	1,848	1,880	2,101
Income from continuing operations before income taxes	1,092	1,079	780	1,033	1,309
Income taxes	424	405	291	385	488
Income from continuing operations, net of taxes	668	674	489	648	821
<b>Discontinued Operations</b>					
Income (loss) from discontinued operations before income taxes	-	-	-	(32)	34
Gain on disposition of discontinued operations	-	-	-	676	-
Income taxes	-	-	-	245	13
Income from discontinued operations, net of taxes	-	-	-	399	21
<b>Net Income</b>	<b>\$ 668</b>	<b>\$ 674</b>	<b>\$ 489</b>	<b>\$ 1,047</b>	<b>\$ 842</b>
<b>Basic Earnings Per Common Share:</b>					
Income from continuing operations	\$ 0.77	\$ 0.78	\$ 0.57	\$ 0.75	\$ 0.93
Income from discontinued operations, net	-	-	-	0.46	0.02
Net income	0.77	0.78	0.57	1.21	0.95
<b>Diluted Earnings Per Common Share:</b>					
Income from continuing operations	\$ 0.76	\$ 0.76	\$ 0.55	\$ 0.73	\$ 0.91
Income from discontinued operations, net	-	-	-	0.45	0.02
Net income	0.76	0.76	0.55	1.18	0.93
Dividends declared per common share	0.45	0.44	0.43	0.42	0.41
Basic weighted average number of common shares outstanding (in thousands)	863,055	862,004	860,496	863,299	883,539
Diluted weighted average number of common shares outstanding (in thousands)	883,991	882,323	883,414	886,467	904,840

**Washington Mutual, Inc.**  
**Consolidated Statements of Income**  
*(dollars in millions, except per share data)*  
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	Year Ended	
	Dec. 31, 2004	Dec. 31, 2003
<b>Interest Income</b>		
Loans held for sale	\$ 1,472	\$ 2,501
Loans held in portfolio	8,825	7,668
Available-for-sale securities	764	1,738
Other interest and dividend income	289	256
Total interest income	11,350	12,163
<b>Interest Expense</b>		
Deposits	2,043	2,165
Borrowings	2,191	2,369
Total interest expense	4,234	4,534
Net interest income	7,116	7,629
Provision for loan and lease losses	209	42
Net interest income after provision for loan and lease losses	6,907	7,587
<b>Noninterest Income</b>		
Home loan mortgage banking income, net	1,387	1,974
Depositor and other retail banking fees	1,999	1,818
Securities fees and commissions	426	395
Insurance income	226	188
Portfolio loan related income	401	439
Gain from other available-for-sale securities	50	676
Loss on extinguishment of borrowings	(237)	(129)
Other income	360	489
Total noninterest income	4,612	5,850
<b>Noninterest Expense</b>		
Compensation and benefits	3,428	3,304
Occupancy and equipment	1,659	1,592
Telecommunications and outsourced information services	479	554
Depositor and other retail banking losses	195	154
Amortization of other intangible assets	56	61
Advertising and promotion	276	278
Professional fees	158	267
Other expense	1,284	1,198
Total noninterest expense	7,535	7,408
Income from continuing operations before income taxes	3,984	6,029
Income taxes	1,505	2,236
Income from continuing operations, net of taxes	2,479	3,793
<b>Discontinued Operations</b>		
Income (loss) from discontinued operations before income taxes	(32)	137
Gain on disposition of discontinued operations	676	-
Income taxes	245	50
Income from discontinued operations, net of taxes	399	87
<b>Net Income</b>	<b>\$ 2,878</b>	<b>\$ 3,880</b>
<b>Basic Earnings Per Common Share:</b>		
Income from continuing operations	\$ 2.88	\$ 4.20
Income from discontinued operations, net	0.46	0.09
Net income	3.34	4.29
<b>Diluted Earnings Per Common Share:</b>		
Income from continuing operations	\$ 2.81	\$ 4.12
Income from discontinued operations, net	0.45	0.09
Net income	3.26	4.21
Dividends declared per common share	1.74	1.40
Basic weighted average number of common shares outstanding (in thousands)	862,215	903,666
Diluted weighted average number of common shares outstanding (in thousands)	884,050	921,757

**Washington Mutual, Inc.**  
**Consolidated Statements of Financial Condition**  
*(dollars in millions, except per share data)*  
*(unaudited)*

	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Assets</b>					
Cash and cash equivalents	\$ 4,455	\$ 4,689	\$ 5,133	\$ 6,045	\$ 7,018
Federal funds sold and securities purchased under agreements to resell	82	30	70	1,783	19
Available-for-sale securities, total amortized cost of \$19,047, \$16,312, \$19,392, \$22,843 and \$36,858:					
Mortgage-backed securities	14,923	10,168	10,042	10,766	10,695
Investment securities	4,296	6,319	9,337	12,565	26,012
Loans held for sale	42,743	29,184	27,795	34,207	20,837
Loans held in portfolio	207,071	206,158	194,543	186,380	175,150
Allowance for loan and lease losses	(1,301)	(1,322)	(1,293)	(1,260)	(1,250)
Total loans held in portfolio, net of allowance for loan and lease losses	205,770	204,836	193,250	185,120	173,900
Investment in Federal Home Loan Banks	4,059	3,883	3,965	3,916	3,462
Mortgage servicing rights	5,906	6,112	7,501	5,239	6,354
Goodwill	6,196	6,196	6,196	6,196	6,196
Assets of discontinued operations	-	-	-	-	4,184
Other assets	19,488	17,411	15,255	14,931	16,501
<b>Total assets</b>	<b>\$ 307,918</b>	<b>\$ 288,828</b>	<b>\$ 278,544</b>	<b>\$ 280,768</b>	<b>\$ 275,178</b>
<b>Liabilities</b>					
Deposits:					
Noninterest-bearing deposits	\$ 32,780	\$ 32,250	\$ 33,343	\$ 35,714	\$ 29,968
Interest-bearing deposits	140,878	136,445	129,123	125,267	123,213
Total deposits	173,658	168,695	162,466	160,981	153,181
Federal funds purchased and commercial paper	4,045	7,025	2,293	4,501	2,011
Securities sold under agreements to repurchase	15,944	15,611	15,764	18,306	28,333
Advances from Federal Home Loan Banks	70,074	59,758	61,379	58,494	48,330
Other borrowings	18,498	12,747	12,113	13,692	15,483
Liabilities of discontinued operations	-	-	-	-	3,578
Other liabilities	4,473	4,172	4,160	4,411	4,520
<b>Total liabilities</b>	<b>286,692</b>	<b>268,008</b>	<b>258,175</b>	<b>260,385</b>	<b>255,436</b>
<b>Stockholders' equity</b>	<b>21,226</b>	<b>20,820</b>	<b>20,369</b>	<b>20,383</b>	<b>19,742</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 307,918</b>	<b>\$ 288,828</b>	<b>\$ 278,544</b>	<b>\$ 280,768</b>	<b>\$ 275,178</b>
Common shares outstanding at end of period (in thousands) <sup>(1)</sup>	874,262	873,085	872,246	868,953	880,986
Book value per common share <sup>(2)</sup>	\$ 24.45	\$ 24.01	\$ 23.51	\$ 23.62	\$ 22.56
Tangible book value per common share <sup>(2)</sup>	17.45	16.99	16.47	16.53	15.58
Employees at end of period <sup>(3)</sup>	52,579	55,488	57,274	59,173	63,720

<sup>(1)</sup> Includes 6,000,000 shares held in escrow in all periods reported.

<sup>(2)</sup> Excludes 6,000,000 shares held in escrow in all periods reported.

<sup>(3)</sup> Includes 2,346 employees reported as part of discontinued operations at December 31, 2003.



**Washington Mutual, Inc.**  
**Selected Financial Information**  
*(dollars in millions)*  
*(unaudited)*

	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Stockholders' Equity Rollforward</b>					
Balance, beginning of period	\$ 20,820	\$ 20,369	\$ 20,383	\$ 19,742	\$ 20,441
Net income	668	674	489	1,047	842
Other comprehensive income (loss), net of tax	49	98	(210)	512	(105)
Cash dividends declared on common stock	(390)	(381)	(372)	(367)	(368)
Cash dividends returned <sup>(1)</sup>	-	-	-	-	45
Common stock repurchased and retired	-	-	-	(712)	(1,269)
Common stock issued	79	60	79	161	156
<b>Balance, end of period</b>	<b>\$ 21,226</b>	<b>\$ 20,820</b>	<b>\$ 20,369</b>	<b>\$ 20,383</b>	<b>\$ 19,742</b>

<sup>(1)</sup> Represents accumulated dividends on shares returned from escrow.

**Washington Mutual, Inc.**  
**Selected Financial Information**  
*(dollars in millions)*  
*(unaudited)*

	Quarter Ended					Year Ended	
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
<b>RETAIL BANKING AND FINANCIAL SERVICES GROUP</b>							
<b>Condensed income statement:</b>							
Net interest income	\$ 1,323	\$ 1,255	\$ 1,224	\$ 1,187	\$ 1,074	\$ 4,989	\$ 3,872
Provision for loan and lease losses	34	42	43	58	49	177	183
Noninterest income	717	715	703	623	647	2,758	2,500
Inter-segment revenue	8	3	7	6	20	24	179
Noninterest expense	1,132	1,116	1,115	1,071	1,072	4,434	3,939
Income before income taxes	882	815	776	687	620	3,160	2,429
Income taxes	317	309	294	260	246	1,180	931
Net income	\$ 565	\$ 506	\$ 482	\$ 427	\$ 374	\$ 1,980	\$ 1,498
<b>Performance and other data:</b>							
Efficiency ratio <sup>(1)</sup>	48.95%	49.97%	50.97%	51.86%	54.14%	50.39%	52.24%
Average loans	\$ 177,204	\$ 167,569	\$ 158,966	\$ 149,377	\$ 135,338	\$ 163,329	\$ 120,705
Average assets	189,872	180,003	171,343	161,359	147,281	175,696	132,427
Average deposits	132,771	131,850	128,680	128,000	128,651	130,337	125,440
Employees at end of period	30,107	30,069	29,640	29,077	29,364	30,107	29,364
<b>MORTGAGE BANKING GROUP</b>							
<b>Condensed income statement:</b>							
Net interest income	\$ 293	\$ 287	\$ 369	\$ 288	\$ 403	\$ 1,237	\$ 2,382
Provision for loan and lease losses	-	-	-	-	-	-	14
Noninterest income	566	769	208	761	867	2,304	2,986
Inter-segment expense	8	3	7	6	20	24	179
Noninterest expense	635	619	671	682	865	2,607	3,076
Income (expense) before income taxes	216	434	(101)	361	385	910	2,099
Income taxes (benefit)	78	164	(38)	136	153	340	801
Net income (loss)	\$ 138	\$ 270	\$ (63)	\$ 225	\$ 232	\$ 570	\$ 1,298
<b>Performance and other data:</b>							
Efficiency ratio <sup>(1)</sup>	68.51%	53.78%	108.54%	60.45%	65.00%	68.19%	55.28%
Average loans	\$ 24,880	\$ 22,611	\$ 26,999	\$ 19,871	\$ 24,677	\$ 23,591	\$ 42,990
Average assets	44,209	40,047	44,573	38,918	48,090	41,938	70,308
Average deposits	15,121	15,385	19,837	14,877	18,347	16,299	27,112
Employees at end of period	14,197	16,826	18,916	21,203	22,541	14,197	22,541
<b>COMMERCIAL GROUP</b>							
<b>Condensed income statement:</b>							
Net interest income	\$ 322	\$ 325	\$ 342	\$ 343	\$ 364	\$ 1,332	\$ 1,321
Provision for loan and lease losses	11	8	10	16	65	45	103
Noninterest income	61	65	102	86	53	314	472
Noninterest expense	184	160	144	151	174	639	602
Income from continuing operations before income taxes	188	222	290	262	178	962	1,088
Income taxes	59	76	102	92	66	329	392
Income from continuing operations	129	146	188	170	112	633	696
Income from discontinued operations, net of taxes	-	-	-	-	21	-	87
Net income	\$ 129	\$ 146	\$ 188	\$ 170	\$ 133	\$ 633	\$ 783
<b>Performance and other data:</b>							
Efficiency ratio <sup>(1)</sup>	40.21%	33.37%	25.90%	28.44%	34.64%	31.67%	26.95%
Average loans	\$ 40,917	\$ 38,799	\$ 38,496	\$ 36,984	\$ 37,801	\$ 38,804	\$ 35,490
Average assets	45,668	43,724	43,749	42,805	46,306	43,990	44,037
Average deposits	7,791	7,811	6,898	6,049	6,130	7,141	5,407
Employees at end of period <sup>(2)</sup>	3,100	3,248	3,207	3,130	5,627	3,100	5,627

(This table is continued on "WM-6".)

<sup>(1)</sup> The efficiency ratio is defined as noninterest expense, excluding a cost of capital charge on goodwill, divided by total revenue (net interest income and noninterest income).

<sup>(2)</sup> Includes 2,346 employees reported as part of discontinued operations at December 31, 2003.

**Washington Mutual, Inc.**  
**Selected Financial Information**  
*(dollars in millions)*  
*(unaudited)*

	Quarter Ended					Year Ended	
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
<b>CORPORATE SUPPORT/TREASURY AND OTHER</b>							
<b>Condensed income statement:</b>							
Net interest expense	\$ (201)	\$ (237)	\$ (247)	\$ (189)	\$ (195)	\$ (874)	\$ (302)
Provision for loan and lease losses	-	-	-	-	4	-	4
Noninterest income (expense)	12	(123)	24	(69)	138	(156)	644
Noninterest expense	199	186	128	186	202	699	634
Income (expense) from continuing operations	(388)	(546)	(351)	(444)	(263)	(1,729)	(296)
Income taxes (benefit)	(151)	(205)	(131)	(165)	(98)	(652)	(110)
Income (expense) from continuing operations	(237)	(341)	(220)	(279)	(165)	(1,077)	(186)
Income from discontinued operations, net of taxes	-	-	-	399	-	399	-
Net income (loss)	\$ (237)	\$ (341)	\$ (220)	\$ 120	\$ (165)	\$ (678)	\$ (186)
<b>Performance and other data:</b>							
Average assets	\$ 19,275	\$ 21,717	\$ 26,020	\$ 29,992	\$ 37,675	\$ 24,230	\$ 38,168
Average deposits	18,190	13,820	9,391	5,028	5,558	11,631	5,626
Employees at end of period	5,175	5,345	5,511	5,763	6,188	5,175	6,188
<b>RECONCILING ADJUSTMENTS</b>							
<b>Condensed income statement:</b>							
Net interest income <sup>(3)</sup>	\$ 113	\$ 110	\$ 106	\$ 103	\$ 97	\$ 432	\$ 356
Provision (reversal of reserve) for loan and lease losses <sup>(4)</sup>	(8)	6	7	(18)	(320)	(13)	(262)
Noninterest income (expense) <sup>(5)</sup>	(139)	(162)	(143)	(164)	(240)	(608)	(752)
Noninterest (income) expense <sup>(6)</sup>	(212)	(212)	(210)	(210)	(212)	(844)	(843)
Income before income taxes	194	154	166	167	389	681	709
Income taxes <sup>(7)</sup>	121	61	64	62	121	308	222
Net income	\$ 73	\$ 93	\$ 102	\$ 105	\$ 268	\$ 373	\$ 487
<b>Performance and other data:</b>							
Average loans <sup>(8)</sup>	\$ (1,622)	\$ (1,600)	\$ (1,553)	\$ (1,505)	\$ (1,421)	\$ (1,570)	\$ (1,260)
Average assets <sup>(8)(9)</sup>	(1,866)	(1,822)	(1,745)	(1,668)	(1,912)	(1,776)	(1,821)
<b>TOTAL CONSOLIDATED</b>							
<b>Condensed income statement:</b>							
Net interest income	\$ 1,850	\$ 1,740	\$ 1,794	\$ 1,732	\$ 1,743	\$ 7,116	\$ 7,629
Provision (reversal of reserve) for loan and lease losses	37	56	60	56	(202)	209	42
Noninterest income	1,217	1,264	894	1,237	1,465	4,612	5,850
Noninterest expense	1,938	1,869	1,848	1,880	2,101	7,535	7,408
Income from continuing operations before income taxes	1,092	1,079	780	1,033	1,309	3,984	6,029
Income taxes	424	405	291	385	488	1,505	2,236
Income from continuing operations	668	674	489	648	821	2,479	3,793
Income from discontinued operations, net of taxes	-	-	-	399	21	399	87
Net income	\$ 668	\$ 674	\$ 489	\$ 1,047	\$ 842	\$ 2,878	\$ 3,880
<b>Performance and other data:</b>							
Efficiency ratio <sup>(10)</sup>	63.18%	62.19%	68.77%	63.34%	65.51%	64.25%	54.96%
Average loans	\$ 241,379	\$ 227,379	\$ 222,908	\$ 204,727	\$ 196,395	\$ 224,154	\$ 197,925
Average assets	297,158	283,669	283,940	271,406	277,440	284,078	283,119
Average deposits	173,873	168,866	164,806	153,954	158,686	165,408	163,585
Employees at end of period <sup>(2)</sup>	52,579	55,488	57,274	59,173	63,720	52,579	63,720

<sup>(2)</sup> Includes 2,346 employees reported as part of discontinued operations at December 31, 2003.

<sup>(3)</sup> Represents the difference between home loan premium amortization recorded by the Retail Banking and Financial Services segment and the amount recognized in the Company's Consolidated Statements of Income. For management reporting purposes, loans that are held in portfolio by the Retail Banking and Financial Services segment are treated as if they are purchased from the Mortgage Banking segment. Since the cost basis of these loans includes an assumed profit factor paid to the Mortgage Banking segment, the amortization of loan premiums recorded by the Retail Banking and Financial Services segment includes this assumed profit factor and must therefore be eliminated as a reconciling adjustment.

<sup>(4)</sup> Represents the difference between the long-term, normalized net charge-off ratio used to assess expected loan and lease losses for the operating segments and the "losses inherent in the loan portfolio" methodology used by the Company.

<sup>(5)</sup> Represents the difference between gain from mortgage loans recorded by the Mortgage Banking segment and the gain from mortgage loans recognized in the Company's Consolidated Statements of Income. As the Mortgage Banking segment holds no loans in portfolio, all loans originated or purchased by this segment are considered to be salable for management reporting purposes.

<sup>(6)</sup> Represents the corporate offset for the cost of capital related to goodwill that has been allocated to the segments.

<sup>(7)</sup> Represents the tax effect of reconciling adjustments.

<sup>(8)</sup> Includes the inter-segment offset for inter-segment loan premiums that the Retail Banking and Financial Services segment recognized from the transfer of portfolio loans from the Mortgage Banking segment.

<sup>(9)</sup> Includes the impact to the allowance for the loan and lease losses per the following table that results from the difference between the long-term, normalized net charge-off ratio used to assess expected loan and lease losses for the operating segments and the "losses inherent in the loan portfolio" methodology used by the Company.

Quarter Ended					Year Ended	
Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
\$(244)	\$(222)	\$(192)	\$(163)	\$(491)	\$(206)	\$(561)

<sup>(10)</sup> The efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and noninterest income).

**Washington Mutual, Inc.**  
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*(dollars in millions, except per share data)*  
*(unaudited)*

	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>PROFITABILITY</b>					
Net interest income	\$ 1,850	\$ 1,740	\$ 1,794	\$ 1,732	\$ 1,743
Net interest margin	2.79 %	2.77 %	2.86 %	2.89 %	2.90 %
Noninterest income	\$ 1,217	\$ 1,264	\$ 894	\$ 1,237	\$ 1,465
Noninterest expense	1,938	1,869	1,848	1,880	2,101
Basic earnings per common share:					
Income from continuing operations	\$ 0.77	\$ 0.78	\$ 0.57	\$ 0.75	\$ 0.93
Income from discontinued operations, net	-	-	-	0.46	0.02
Net income	0.77	0.78	0.57	1.21	0.95
Diluted earnings per common share:					
Income from continuing operations	\$ 0.76	\$ 0.76	\$ 0.55	\$ 0.73	\$ 0.91
Income from discontinued operations, net	-	-	-	0.45	0.02
Net income	0.76	0.76	0.55	1.18	0.93
Dividends declared per common share	\$ 0.45	\$ 0.44	\$ 0.43	\$ 0.42	\$ 0.41
Return on average assets <sup>(1)</sup>	0.90 %	0.95 %	0.69 %	1.54 %	1.21 %
Return on average common equity <sup>(1)</sup>	12.71	13.03	9.63	20.85	16.83
Efficiency ratio <sup>(2)(3)</sup>	63.18	62.19	68.77	63.34	65.51
<b>ASSET QUALITY</b>					
Nonaccrual loans <sup>(4)(5)</sup>	\$ 1,534	\$ 1,471	\$ 1,396	\$ 1,542	\$ 1,626
Foreclosed assets <sup>(5)</sup>	261	281	286	307	311
Total nonperforming assets <sup>(5)</sup>	1,795	1,752	1,682	1,849	1,937
Nonperforming assets/total assets <sup>(5)</sup>	0.58 %	0.61 %	0.60 %	0.66 %	0.70 %
Restructured loans <sup>(5)</sup>	\$ 34	\$ 38	\$ 79	\$ 107	\$ 111
Total nonperforming assets and restructured loans <sup>(5)</sup>	1,829	1,790	1,761	1,956	2,048
Allowance for loan and lease losses <sup>(5)</sup>	1,301	1,322	1,293	1,260	1,250
Allowance as a percentage of total loans held in portfolio <sup>(5)</sup>	0.63 %	0.64 %	0.66 %	0.68 %	0.71 %
Provision (reversal of reserve) for loan and lease losses	\$ 37	\$ 56	\$ 60	\$ 56	\$ (202)
Net charge-offs <sup>(5)</sup>	38	27	24	46	97
<b>CAPITAL ADEQUACY<sup>(5)</sup></b>					
Stockholders' equity/total assets	6.89 %	7.21 %	7.31 %	7.26 %	7.17 %
Tangible common equity <sup>(6)</sup> /total tangible assets <sup>(6)</sup>	5.05	5.26	5.32	5.21	5.26
Estimated total risk-based capital/risk-weighted assets <sup>(7)</sup>	11.13	10.64	10.39	10.53	10.94
<b>SUPPLEMENTAL DATA</b>					
Average balance sheet:					
Total loans held for sale	\$ 33,083	\$ 28,220	\$ 33,096	\$ 24,464	\$ 29,606
Total loans held in portfolio	208,296	199,159	189,812	180,263	166,789
Total interest-earning assets	266,375	252,235	251,264	239,979	241,718
Total assets	297,158	283,669	283,940	271,406	277,440
Total interest-bearing deposits	139,938	135,600	127,670	123,336	125,201
Total noninterest-bearing deposits	33,935	33,266	37,136	30,618	33,485
Total stockholders' equity	21,025	20,703	20,288	20,088	20,027
Period-end balance sheet:					
Loans held for sale	42,743	29,184	27,795	34,207	20,837
Loans held in portfolio, net of allowance for loan and lease losses	205,770	204,836	193,250	185,120	173,900
Interest-earning assets <sup>(2)</sup>	273,174	255,742	245,752	249,617	236,175
Total assets	307,918	288,828	278,544	280,768	275,178
Interest-bearing deposits	140,878	136,445	129,123	125,267	123,213
Noninterest-bearing deposits	32,780	32,250	33,343	35,714	29,968
Total stockholders' equity	21,226	20,820	20,369	20,383	19,742

<sup>(1)</sup> Includes income from continuing and discontinued operations through the period ending March 31, 2004.

<sup>(2)</sup> Based on continuing operations.

<sup>(3)</sup> The efficiency ratio is defined as noninterest expense divided by total revenue (net interest income and noninterest income).

<sup>(4)</sup> Excludes nonaccrual loans held for sale.

<sup>(5)</sup> As of quarter end.

<sup>(6)</sup> Excludes unrealized net gain/loss on available-for-sale securities and derivatives, goodwill and intangible assets, but includes MSR.

<sup>(7)</sup> Estimate of what the total risk-based capital ratio would be if Washington Mutual, Inc. were a bank holding company that is subject to Federal Reserve Board capital Requirement.

**Washington Mutual, Inc.**  
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*(dollars in millions)*  
*(unaudited)*

	Quarter Ended			Quarter Ended			Quarter Ended		
	Dec. 31, 2004			Sept. 30, 2004			Dec. 31, 2003		
	Balance	Rate	Interest Income/Expense	Balance	Rate	Interest Income/Expense	Balance	Rate	Interest Income/Expense
<b>Average Balances and Weighted Average Interest Rates</b>									
<b>Assets</b>									
Interest-earning assets:									
Federal funds sold and securities purchased under agreements to resell	\$ 560	1.92%	\$ 3	\$ 922	1.44%	\$ 3	\$ 414	2.26%	\$ 2
Available-for-sale securities <sup>(1)</sup> :									
Mortgage-backed securities	11,398	3.85	110	9,726	3.85	94	12,584	4.14	130
Investment securities	4,387	4.27	47	7,597	3.62	69	27,386	3.24	223
Loans held for sale <sup>(2)</sup>	33,083	4.74	393	28,220	4.83	341	29,606	5.95	441
Loans held in portfolio <sup>(2)</sup> :									
Loans secured by real estate:									
Home	113,352	4.30	1,218	108,594	4.19	1,137	94,713	4.41	1,045
Purchased subprime	17,389	4.87	212	16,279	4.57	186	11,799	5.05	149
Total home loans	130,741	4.37	1,430	124,873	4.24	1,323	106,512	4.48	1,194
Home equity loans and lines of credit	42,034	4.93	520	38,329	4.55	438	25,850	4.71	306
Home construction <sup>(3)</sup>	2,434	5.87	36	2,693	5.41	36	2,160	5.61	31
Multi-family	21,922	4.92	270	21,240	4.90	260	20,177	5.07	256
Other real estate	6,133	6.03	93	6,364	5.78	93	6,941	6.39	111
Total loans secured by real estate	203,264	4.62	2,349	193,499	4.44	2,150	161,640	4.69	1,898
Consumer	813	10.20	21	860	10.17	22	1,066	9.02	24
Commercial business	4,219	4.78	51	4,800	4.43	54	4,083	4.32	45
Total loans held in portfolio	208,296	4.64	2,421	199,159	4.46	2,226	166,789	4.71	1,967
Other	8,651	4.28	92	6,611	4.70	78	4,939	2.87	36
Total interest-earning assets	266,375	4.59	3,066	252,235	4.45	2,811	241,718	4.62	2,799
Noninterest-earning assets:									
Mortgage servicing rights	5,928			6,698			6,408		
Goodwill	6,196			6,196			6,196		
Other <sup>(4)</sup>	18,659			18,540			23,118		
Total assets	\$ 297,158			\$ 283,669			\$ 277,440		
<b>Liabilities</b>									
Interest-bearing liabilities:									
Deposits:									
Interest-bearing checking deposits	\$ 52,171	1.32	173	\$ 54,377	1.25	172	\$ 67,896	1.44	247
Savings and money market deposits	44,017	1.36	151	43,278	1.27	138	27,550	0.82	56
Time deposits	43,750	2.53	280	37,945	2.40	229	29,755	2.50	188
Total interest-bearing deposits	139,938	1.71	604	135,600	1.58	539	125,201	1.56	491
Federal funds purchased and commercial paper	4,828	1.98	24	2,733	1.54	10	3,872	1.08	11
Securities sold under agreements to repurchase	13,528	2.09	72	14,213	2.75	100	27,394	2.17	152
Advances from Federal Home Loan Banks	63,053	2.34	376	59,227	2.02	306	44,837	2.47	283
Other	15,164	3.70	140	12,922	3.62	116	13,675	3.51	119
Total interest-bearing liabilities	236,511	2.03	1,216	224,695	1.89	1,071	214,979	1.94	1,056
Noninterest-bearing sources:									
Noninterest-bearing deposits	33,935			33,266			33,485		
Other liabilities <sup>(5)</sup>	5,687			5,005			8,949		
Stockholders' equity	21,025			20,703			20,027		
Total liabilities and stockholders' equity	\$ 297,158			\$ 283,669			\$ 277,440		
Net interest spread and net interest income		2.56	\$ 1,850		2.56	\$ 1,740		2.68	\$ 1,743
Impact of noninterest-bearing sources		0.23			0.21			0.22	
Net interest margin		2.79			2.77			2.90	

<sup>(1)</sup> The average balance and yield are based on average amortized cost balances.

<sup>(2)</sup> Nonaccrual loans are included in the average loan amounts outstanding.

<sup>(3)</sup> Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

<sup>(4)</sup> Includes assets of continuing and discontinued operations for the three months ended December 31, 2003.

<sup>(5)</sup> Includes liabilities of continuing and discontinued operations for the three months ended December 31, 2003.

**Washington Mutual, Inc.**  
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*(dollars in millions)*  
*(unaudited)*

	Year Ended					
	Dec. 31, 2004			Dec. 31, 2003		
	Balance	Rate	Interest Income/ Expense	Balance	Rate	Interest Income/ Expense
<b>Average Balances and Weighted Average Interest Rates</b>						
<b>Assets</b>						
Interest-earning assets:						
Federal funds sold and securities purchased under agreements to resell	\$ 884	1.42%	\$ 13	\$ 2,570	1.45%	\$ 37
Available-for-sale securities <sup>(1)</sup> :						
Mortgage-backed securities	10,255	3.99	409	20,977	4.91	1,030
Investment securities	10,732	3.30	355	18,742	3.77	708
Loans held for sale <sup>(2)</sup>	29,721	4.95	1,472	45,438	5.51	2,501
Loans held in portfolio <sup>(2)</sup> :						
Loans secured by real estate:						
Home	107,518	4.21	4,529	86,443	4.77	4,124
Purchased subprime	15,767	4.84	763	10,794	5.43	586
Total home loans	123,285	4.29	5,292	97,237	4.84	4,710
Home equity loans and lines of credit	35,859	4.69	1,683	21,163	4.98	1,053
Home construction <sup>(3)</sup>	2,489	5.50	137	2,062	5.90	122
Multi-family	21,090	4.96	1,046	19,409	5.30	1,029
Other real estate	6,396	5.94	380	7,243	6.35	460
Total loans secured by real estate	189,119	4.51	8,538	147,114	5.01	7,374
Consumer	899	10.11	91	1,208	8.87	107
Commercial business	4,415	4.43	196	4,165	4.49	187
Total loans held in portfolio	194,433	4.54	8,825	152,487	5.03	7,668
Other	6,476	4.27	276	5,109	4.27	219
Total interest-earning assets	252,501	4.50	11,350	245,323	4.96	12,163
Noninterest-earning assets:						
Mortgage servicing rights	6,406			5,721		
Goodwill	6,196			6,198		
Other <sup>(4)</sup>	18,975			25,877		
Total assets	\$ 284,078			\$ 283,119		
<b>Liabilities</b>						
Interest-bearing liabilities:						
Deposits:						
Interest-bearing checking deposits	\$ 59,826	1.28	766	\$ 62,723	1.69	1,057
Savings and money market deposits	35,927	1.11	399	28,085	0.94	263
Time deposits	35,917	2.44	878	31,416	2.69	845
Total interest-bearing deposits	131,670	1.55	2,043	122,224	1.77	2,165
Federal funds purchased and commercial paper	3,522	1.50	53	3,158	1.18	37
Securities sold under agreements to repurchase	16,660	2.26	377	22,318	2.44	545
Advances from Federal Home Loan Banks	58,622	2.16	1,268	49,441	2.62	1,296
Other	13,724	3.59	493	13,315	3.68	491
Total interest-bearing liabilities	224,198	1.89	4,234	210,456	2.15	4,534
Noninterest-bearing sources:						
Noninterest-bearing deposits	33,738			41,361		
Other liabilities <sup>(5)</sup>	5,614			10,724		
Stockholders' equity	20,528			20,578		
Total liabilities and stockholders' equity	\$ 284,078			\$ 283,119		
Net interest spread and net interest income		2.61	\$ 7,116		2.81	\$ 7,629
Impact of noninterest-bearing sources		0.21			0.30	
Net interest margin		2.82			3.11	

<sup>(1)</sup> The average balance and yield are based on average amortized cost balances.

<sup>(2)</sup> Nonaccrual loans are included in the average loan amounts outstanding.

<sup>(3)</sup> Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

<sup>(4)</sup> Includes assets of continuing and discontinued operations for the twelve months ended December 31, 2003.

<sup>(5)</sup> Includes liabilities of continuing and discontinued operations for the twelve months ended December 31, 2003.

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	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Deposits</b>					
Retail deposits:					
Checking deposits:					
Noninterest bearing	\$ 17,463	\$ 16,178	\$ 15,666	\$ 15,107	\$ 13,724
Interest bearing	51,099	52,378	59,395	66,618	67,990
Total checking deposits	68,562	68,556	75,061	81,725	81,714
Savings and money market deposits	36,836	38,620	30,413	22,452	22,131
Time deposits <sup>(1)</sup>	27,268	24,825	23,990	24,128	24,605
Total retail deposits	132,666	132,001	129,464	128,305	128,450
Commercial business deposits	7,611	7,369	7,176	6,426	6,433
Wholesale deposits	18,448	14,052	8,874	6,219	2,579
Custodial and escrow deposits <sup>(2)</sup>	14,933	15,273	16,952	20,031	15,719
Total deposits	\$ 173,658	\$ 168,695	\$ 162,466	\$ 160,981	\$ 153,181

(1) Weighted average remaining maturity of time deposits was 16 months at December 31, 2004, September 30, 2004, June 30, 2004 and March 31, 2004, and 14 months at December 31, 2003.

(2) Substantially all custodial and escrow deposits reside in noninterest-bearing checking accounts.

	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Transaction Accounts<sup>(1)</sup></b>					
Accounts, beginning of period	13,905,707	13,579,961	13,193,298	12,794,902	12,507,374
Net accounts opened during the quarter	186,027	325,746	386,663	398,396	287,528
Accounts, end of period	14,091,734	13,905,707	13,579,961	13,193,298	12,794,902

(1) Transaction accounts include retail checking, small business checking, retail savings and small business savings. The information provided refers to the number of accounts.

	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Retail Banking Stores</b>					
Stores, beginning of period	1,872	1,816	1,755	1,776	1,677
Net stores opened during the quarter	67	56	61	(21) <sup>(1)</sup>	99
Stores, end of period	1,939	1,872	1,816	1,755	1,776

(1) The Company consolidated 79 grocery store locations into larger, existing, retail banking stores.

	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Assets Under Management</b>	\$ 22,196	\$ 20,617	\$ 20,106	\$ 19,438	\$ 17,868

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	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Loan Volume</b>					
Home loans:					
Adjustable rate	\$ 26,141	\$ 25,589	\$ 29,753	\$ 21,822	\$ 23,397
Fixed rate	15,448	14,635	26,076	21,564	28,105
Specialty mortgage finance <sup>(1)</sup>	9,362	7,536	7,323	7,113	6,031
Total home loan volume	50,951	47,760	63,152	50,499	57,533
Home equity loans and lines of credit	9,307	10,527	11,572	8,416	7,922
Home construction loans <sup>(2)</sup>	293	640	839	609	1,013
Multi-family	2,240	2,050	2,346	1,525	1,647
Other real estate	257	352	760	370	655
Total loans secured by real estate	63,048	61,329	78,669	61,419	68,770
Consumer	77	138	63	58	72
Commercial business	96	358	789	688	1,061
Total loan volume	\$ 63,221	\$ 61,825	\$ 79,521	\$ 62,165	\$ 69,903
<b>Loan Volume by Channel</b>					
Retail	\$ 28,766	\$ 30,285	\$ 37,720	\$ 28,126	\$ 31,630
Wholesale	18,441	16,079	19,534	15,419	16,334
Purchased/correspondent	16,014	15,461	22,267	18,620	21,939
Total loan volume by channel	\$ 63,221	\$ 61,825	\$ 79,521	\$ 62,165	\$ 69,903
<b>Refinancing Activity<sup>(3)</sup></b>					
Home loan refinancing	\$ 30,752	\$ 23,834	\$ 40,201	\$ 33,233	\$ 36,817
Home equity loans and lines of credit and consumer	336	360	1,147	1,107	848
Home construction loans	13	9	13	12	6
Multi-family and other real estate	565	621	883	575	690
Total refinancing	\$ 31,666	\$ 24,824	\$ 42,244	\$ 34,927	\$ 38,361
<b>Home Loan Volume by Index</b>					
Short-term adjustable-rate loans <sup>(4)</sup> :					
Treasury indices	\$ 18,967	\$ 18,883	\$ 16,467	\$ 13,440	\$ 13,021
COFI	846	145	167	110	151
Other	57	45	812	218	628
Total short-term adjustable-rate loans	19,870	19,073	17,446	13,768	13,800
Medium-term adjustable-rate loans <sup>(5)</sup>	14,890	12,866	17,536	12,814	13,667
Fixed-rate loans	16,191	15,821	28,170	23,917	30,066
Total home loan volume	\$ 50,951	\$ 47,760	\$ 63,152	\$ 50,499	\$ 57,533

Note: Pursuant to regulatory guidance issued in December 2003, buyouts of delinquent mortgages contained within Government National Mortgage Association (GNMA) loan servicing pools must be classified as loans on the balance sheet. Accordingly, total home loan volume includes GNMA pool buy-out volume of \$785 million, \$898 million, \$689 million, \$1.05 billion and \$1.30 billion for the quarters ended December 31, 2004, September 30, 2004, June 30, 2004, March 31, 2004 and December 31, 2003.

(1) Represents purchased subprime loan portfolios and mortgages originated by Long Beach Mortgage Company.

(2) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

(3) Includes loan refinancing entered into by both new and pre-existing loan customers.

(4) Short-term is defined as adjustable-rate loans that reprice within one year or less.

(5) Medium-term is defined as adjustable-rate loans that reprice after one year.



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	Year Ended	
	Dec. 31, 2004	Dec. 31, 2003
<b>Loan Volume</b>		
Home loans:		
Adjustable rate	\$ 103,305	\$ 99,899
Fixed rate	77,723	263,604
Specialty mortgage finance <sup>(1)</sup>	31,334	20,678
Total home loan volume	212,362	384,181
Home equity loans and lines of credit	39,822	29,639
Home construction loans <sup>(2)</sup>	2,382	3,682
Multi-family	8,161	8,065
Other real estate	1,740	1,969
Total loans secured by real estate	264,467	427,536
Consumer	336	339
Commercial business	1,930	4,370
Total loan volume	\$ 266,733	\$ 432,245
<b>Loan Volume by Channel</b>		
Retail	\$ 124,897	\$ 169,546
Wholesale	69,474	95,671
Purchased/correspondent	72,362	167,028
Total loan volume by channel	\$ 266,733	\$ 432,245
<b>Refinancing Activity<sup>(3)</sup></b>		
Home loan refinancing	\$ 128,020	\$ 297,983
Home equity loans and lines of credit and consumer	2,950	4,775
Home construction loans	47	47
Multi-family and other real estate	2,644	3,453
Total refinancing	\$ 133,661	\$ 306,258
<b>Home Loan Volume by Index</b>		
Short-term adjustable-rate loans <sup>(4)</sup> :		
Treasury indices	\$ 67,756	\$ 30,147
COFI	1,268	722
Other	1,132	1,404
Total short-term adjustable-rate loans	70,156	32,273
Medium-term adjustable-rate loans <sup>(5)</sup>	58,107	81,404
Fixed-rate loans	84,099	270,504
Total home loan volume	\$ 212,362	\$ 384,181

Note: Pursuant to regulatory guidance issued in December 2003, buyouts of delinquent mortgages contained within Government National Mortgage Association (GNMA) loan servicing pools must be classified as loans on the balance sheet. Accordingly, total home loan volume includes GNMA pool buy-out volume of \$3.42 billion and \$6.94 billion for the years ended December 31, 2004 and December 31, 2003.

(1) Represents purchased subprime loan portfolios and mortgages originated by Long Beach Mortgage Company.

(2) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

(3) Includes loan refinancing entered into by both new and pre-existing loan customers.

(4) Short-term is defined as adjustable-rate loans that reprice within one year or less.

(5) Medium-term is defined as adjustable-rate loans that reprice after one year.

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	Change from Sept. 30, 2004 to Dec. 31, 2004	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Loans by Property Type</b>						
Loans held in portfolio:						
Loans secured by real estate:						
Home	\$ (2,239)	\$ 109,991	\$ 112,230	\$ 106,312	\$ 104,946	\$ 100,043
Purchased subprime	1,838	19,143	17,305	16,217	15,437	12,973
Total home loans	(401)	129,134	129,535	122,529	120,383	113,016
Home equity loans and lines of credit	3,145	43,650	40,505	36,077	31,264	27,647
Home construction <sup>(1)</sup>	(388)	2,344	2,732	2,605	2,370	2,220
Multi-family	642	22,282	21,640	21,156	20,579	20,324
Other real estate	(604)	5,664	6,268	6,513	6,508	6,649
Total loans secured by real estate	2,394	203,074	200,680	188,880	181,104	169,856
Consumer	(39)	792	831	892	954	1,028
Commercial business	(1,442)	3,205	4,647	4,771	4,322	4,266
Total loans held in portfolio	913	207,071	206,158	194,543	186,380	175,150
Less: allowance for loan and lease losses	21	(1,301)	(1,322)	(1,293)	(1,260)	(1,250)
Total net loans held in portfolio	934	205,770	204,836	193,250	185,120	173,900
Loans held for sale <sup>(2)</sup>	13,559	42,743	29,184	27,795	34,207	20,837
Total net loans	\$ 14,493	\$ 248,513	\$ 234,020	\$ 221,045	\$ 219,327	\$ 194,737

<sup>(1)</sup> Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

<sup>(2)</sup> Fair value of loans held for sale was \$43.02 billion, \$29.32 billion, \$27.92 billion, \$34.36 billion and \$20.84 billion as of December 31, 2004, September 30, 2004, June 30, 2004, March 31, 2004 and December 31, 2003.

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	Change from Sept. 30, 2004 to Dec. 31, 2004	Dec. 31, 2004	Weighted Average Coupon Rate	Sept. 30, 2004	Weighted Average Coupon Rate	Dec. 31, 2003	Weighted Average Coupon Rate
<b>Loans Secured by Real Estate and MBS</b>							
Selected loans held in portfolio secured by real estate <sup>(1)</sup> :							
Short-term adjustable-rate loans <sup>(2)</sup> :							
COFI	\$ (668)	\$ 7,636	4.91%	\$ 8,304	4.81%	\$ 10,766	4.93%
Treasury indices	1,075	73,140	4.25	72,065	3.97	51,494	3.66
Other	3,104	41,686	5.42	38,582	4.97	26,867	4.81
Total short-term adjustable-rate loans	3,511	122,462	4.69	118,951	4.35	89,127	4.16
Medium-term adjustable-rate loans <sup>(3)</sup>	182	52,578	5.40	52,396	5.39	53,576	5.56
Fixed-rate loans	(307)	20,026	6.56	20,333	6.61	18,284	6.91
Total loans held in portfolio secured by real estate <sup>(4)</sup>	3,386	195,066	5.07	191,680	4.87	160,987	4.94
Loans held for sale <sup>(5)</sup>	13,538	42,599	4.70	29,061	4.87	20,705	6.41
Total loans secured by real estate	16,924	237,665	5.01	220,741	4.87	181,692	5.10
MBS <sup>(6)</sup> :							
Short-term adjustable-rate MBS <sup>(2)</sup> :							
COFI	(444)	3,673	3.72	4,117	3.74	5,270	3.87
Treasury indices	1,033	5,583	3.15	4,550	2.89	3,401	2.94
Other	660	668	5.04	8	3.42	9	3.15
Total short-term adjustable-rate MBS	1,249	9,924	3.49	8,675	3.30	8,680	3.50
Medium-term adjustable-rate MBS <sup>(3)</sup>	453	702	4.25	249	3.22	-	-
Fixed-rate MBS	3,148	3,928	5.32	780	6.47	1,496	6.35
Total MBS <sup>(7)</sup>	4,850	14,554	4.02	9,704	3.55	10,176	3.92
Total loans secured by real estate and MBS	\$ 21,774	\$252,219	4.95	\$ 230,445	4.82	\$191,868	5.04

(1) Includes total home loans, home equity loans and lines of credit and multi-family loans.

(2) Short-term is defined as adjustable-rate loans and MBS that reprice within one year or less.

(3) Medium-term is defined as adjustable-rate loans and MBS that reprice after one year.

(4) At December 31, 2004, September 30, 2004 and December 31, 2003, the adjustable-rate loans with lifetime caps were \$171.4 billion, \$167.6 billion and \$138.58 billion with a lifetime weighted average cap rate of 12.31%, 12.24% and 12.21%.

(5) Excludes student loans.

(6) Excludes principal-only strips and interest-only strips.

(7) At December 31, 2004, September 30, 2004 and December 31, 2003, the adjustable-rate MBS with lifetime caps were \$10.58 billion, \$8.87 billion and \$8.12 billion with a lifetime weighted average cap rate of 10.23%, 10.55% and 11.32%.

	Sept. 30, 2004 to Dec. 31, 2004	Dec. 31, 2003 to Dec. 31, 2004
<b>Rollforward of Loans Held for Sale</b>		
Balance, beginning of period	\$ 29,184	\$ 20,837
Loans originated, purchased and transferred from held in portfolio	40,892	153,635
Loans sold, transferred to held in portfolio and other	(27,333)	(131,729)
Balance, end of period	\$ 42,743	\$ 42,743
<b>Rollforward of Loans Held in Portfolio</b>		
Balance, beginning of period	\$ 206,158	\$175,150
Loans originated, purchased and transferred from held for sale	28,282	120,961
Loan payments, transferred to held for sale and other	(27,369)	(89,040)
Balance, end of period	\$ 207,071	\$207,071

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	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Home Loan Mortgage Banking Income (Expense)</b>					
Loan servicing fees	\$ 481	\$ 482	\$ 485	\$ 502	\$ 524
Amortization of mortgage servicing rights	(636)	(589)	(546)	(750)	(604)
Net mortgage servicing rights valuation adjustments <sup>(1)</sup>	257	165	(51)	(606)	615
Other, net	(62)	(62)	(89)	(66)	(75)
Net home loan servicing income (expense)	40	(4)	(201)	(920)	460
Revaluation gain (loss) from derivatives:					
Mortgage servicing rights risk management <sup>(2)</sup>	14	130	(322)	1,108	(314)
Loans held for sale risk management	28	(23)	142	(66)	8
Total revaluation gain (loss) from derivatives	42	107	(180)	1,042	(306)
Net settlement income from certain interest-rate swaps	53	126	192	167	190
Gain from mortgage loans <sup>(3)</sup>	155	210	113	171	63
Loan related income	60	65	76	71	124
Gain from sale of originated mortgage-backed securities	2	-	-	-	61
Total home loan mortgage banking income	352	504	-	531	592
Impact of other mortgage servicing rights risk management instruments <sup>(4)</sup> :					
Gain (loss) from certain available-for-sale securities	(4)	-	-	5	(11)
Revaluation gain from principal-only mortgage-backed trading securities	36	45	-	-	-
Total home loan mortgage banking income, net of other mortgage servicing rights risk management instruments	\$ 384	\$ 549	\$ -	\$ 536	\$ 581

	Year Ended	
	Dec. 31, 2004	Dec. 31, 2003
<b>Home Loan Mortgage Banking Income (Expense)</b>		
Loan servicing fees	\$ 1,950	\$ 2,273
Amortization of mortgage servicing rights	(2,521)	(3,269)
Net mortgage servicing rights valuation adjustments <sup>(1)</sup>	(235)	712
Other, net	(279)	(592)
Net home loan servicing expense	(1,085)	(876)
Revaluation gain (loss) from derivatives:		
Mortgage servicing rights risk management <sup>(2)</sup>	931	526
Loans held for sale risk management	80	(188)
Total revaluation gain from derivatives	1,011	338
Net settlement income from certain interest-rate swaps	538	543
Gain from mortgage loans <sup>(3)</sup>	649	1,250
Loan related income	272	399
Gain from sale of originated mortgage-backed securities	2	320
Total home loan mortgage banking income	1,387	1,974
Impact of other mortgage servicing rights risk management instruments <sup>(4)</sup> :		
Gain from certain available-for-sale securities	1	305
Revaluation gain from principal-only mortgage-backed trading securities	81	-
Total home loan mortgage banking income, net of other mortgage servicing rights risk management instruments	\$ 1,469	\$ 2,279

(1) Represents fair value hedge ineffectiveness as well as any impairment/reversal recognized on MSR accounted for under the lower of cost or market value methodology. The Company prospectively applied fair value hedge accounting treatment, as prescribed by Statement of Financial Accounting Standards No. 133, to most of its MSR on April 1, 2004.

(2) Represents the change in fair value from certain derivatives that economically hedge the MSR.

(3) Gain from mortgage loans net of loans held for sale hedging and risk management instruments was a net gain of \$180 million for the quarter ended December 31, 2004, compared with a net gain of \$187 million for the quarter ended September 30, 2004, a net gain of \$252 million for the quarter ended June 30, 2004, a net gain of \$112 million for the quarter ended March 31, 2004, and a net gain of \$91 million for the quarter ended December 31, 2003. Gain from mortgage loans net of loans held for sale hedging and risk management instruments was a net gain of \$729 million for the year ended December 31, 2004, compared with a net gain of \$1.09 billion for the year ended December 31, 2003.

(4) Includes only instruments designated for mortgage servicing rights risk management and does not include the effects of instruments held for asset/liability risk management.

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	Quarter Ended				Year Ended
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2004
<b>Mortgage Servicing Rights ("MSR") Performance</b>					
Statement No. 133 MSR accounting valuation adjustments	\$ (123)	\$ (885)	\$ 1,707	\$ -	\$ 699
Statement No. 133 fair value hedging adjustments	201	1,316	(1,985)	-	(468)
Statement No. 133 ineffectiveness	78	431	(278)	-	231
Change in value of MSR accounted for under lower of aggregate cost or market value methodology	179	(266)	227	(606)	(466)
Net mortgage servicing rights valuation adjustments <sup>(1)</sup>	257	165	(51)	(606)	(235)
Amortization of mortgage servicing rights	(636)	(589)	(546)	(750)	(2,521)
MSR risk management:					
Revaluation gain (loss) from derivatives	14	130	(322)	1,108	931
Net settlement income from certain interest-rate swaps	56	126	195	160	538
Gain (loss) from certain available-for-sale securities	(4)	-	-	5	1
Revaluation gain from principal-only mortgage-backed trading securities	36	45	-	-	81
Net MSR valuation less hedging expense	\$ (277)	\$ (123)	\$ (724)	\$ (83)	\$ (1,205)

<sup>(1)</sup> Represents fair value hedge ineffectiveness as well as any impairment/reversal recognized on MSR accounted for under the lower of cost or market value methodology. The Company began applying fair value hedge accounting treatment, as prescribed by Statement No. 133, to most of its MSR on a prospective basis as of April 1, 2004.

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	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Rollforward of Mortgage Servicing Rights ("MSR")<sup>(1)</sup></b>					
Balance, beginning of period	\$ 6,112	\$ 7,501	\$ 5,239	\$ 6,354	\$ 5,870
Home loans:					
Additions	372	348	874	241	701
Amortization	(636)	(589)	(546)	(750)	(604)
(Impairment) reversal	179	(266)	227	(606)	615
Statement No. 133 MSR accounting valuation adjustments	(123)	(885)	1,707	-	-
Sales	-	-	-	-	(231)
Net change in commercial real estate MSR	2	3	-	-	3
Balance, end of period <sup>(2)</sup>	\$ 5,906	\$ 6,112	\$ 7,501	\$ 5,239	\$ 6,354
<b>Rollforward of Valuation Allowance for MSR Impairment</b>					
Balance, beginning of period	\$ 2,653	\$ 2,417	\$ 3,035	\$ 2,435	\$ 3,075
Impairment (reversal)	(179)	266	(227)	606	(615)
Other than temporary impairment	(486)	(22)	(388)	-	-
Sales	-	-	-	-	(25)
Other	(7)	(8)	(3)	(6)	-
Balance, end of period	\$ 1,981	\$ 2,653	\$ 2,417	\$ 3,035	\$ 2,435
<b>Rollforward of Loans Serviced for Others</b>					
Balance, beginning of period	\$ 551,245	\$ 558,388	\$ 559,807	\$ 582,669	\$ 577,822
Home loans:					
Additions	27,218	29,699	54,201	22,009	51,480
Sales	-	-	-	-	(195)
Loan payments and other	(38,529)	(37,035)	(56,388)	(46,058)	(47,062)
Net change in commercial real estate loans serviced for others	458	193	768	1,187	624
Balance, end of period	\$ 540,392	\$ 551,245	\$ 558,388	\$ 559,807	\$ 582,669
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Total Servicing Portfolio</b>					
Loans serviced for others	\$ 540,392	\$ 551,245	\$ 558,388	\$ 559,807	\$ 582,669
Servicing on retained MBS without MSR	1,808	2,713	2,938	3,208	3,455
Servicing on owned loans	229,879	217,592	205,714	204,449	182,604
Subservicing portfolio	461	502	563	1,528	1,852
Total servicing portfolio	\$ 772,540	\$ 772,052	\$ 767,603	\$ 768,992	\$ 770,580
				December 31, 2004	
				Unpaid Principal Balance	Weighted Average Servicing Fee
				(in basis points, annualized )	
<b>Loans Serviced for Others by Loan Type</b>					
Government				\$ 54,009	48
Agency				347,605	30
Private				120,868	36
Specialty home loans				17,910	50
Total loans serviced for others <sup>(3)</sup>				\$ 540,392	34

(1) Net of valuation allowance.

(2) At December 31, 2004, the aggregate MSR fair value was \$5.91 billion.

(3) Weighted average coupon rate (annualized) was 5.86% at December 31, 2004.

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	Quarter Ended				
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Allowance for Loan and Lease Losses</b>					
Balance, beginning of quarter	\$ 1,322	\$ 1,293	\$ 1,260	\$ 1,250	\$ 1,549
Other	(20)	-	(3)	-	-
Provision (reversal of reserve) for loan and lease losses	37	56	60	56	(202)
	1,339	1,349	1,317	1,306	1,347
Loans charged off:					
Loans secured by real estate:					
Home	(9)	(6)	(8)	(16)	(18)
Purchased subprime	(10)	(11)	(9)	(9)	(11)
Total home loan charge-offs	(19)	(17)	(17)	(25)	(29)
Home equity loans and lines of credit	(3)	(6)	(5)	(7)	(2)
Home construction <sup>(1)</sup>	(1)	-	-	(1)	(1)
Multi-family	(2)	-	-	-	(1)
Other real estate	(1)	(1)	(1)	(8)	(52)
Total loans secured by real estate	(26)	(24)	(23)	(41)	(85)
Consumer	(17)	(11)	(11)	(14)	(14)
Commercial business	(8)	(4)	(4)	(6)	(15)
Total loans charged off	(51)	(39)	(38)	(61)	(114)
Recoveries of loans previously charged off:					
Loans secured by real estate:					
Home	-	-	-	-	1
Purchased subprime	1	1	1	1	1
Total home loan recoveries	1	1	1	1	2
Home equity loans and lines of credit	2	-	1	1	-
Multi-family	-	1	-	2	-
Other real estate	2	2	4	2	5
Total loans secured by real estate	5	4	6	6	7
Consumer	4	5	5	5	5
Commercial business	4	3	3	4	5
Total recoveries of loans previously charged off	13	12	14	15	17
Net charge-offs	(38)	(27)	(24)	(46)	(97)
Balance, end of quarter	\$ 1,301	\$ 1,322	\$ 1,293	\$ 1,260	\$ 1,250
Net charge-offs (annualized) as a percentage of average loans held in portfolio	0.07 %	0.05 %	0.05 %	0.10 %	0.23 %
Allowance as a percentage of total loans held in portfolio	0.63	0.64	0.66	0.68	0.71

<sup>(1)</sup> Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.

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	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003
<b>Nonperforming Assets and Restructured Loans</b>					
Nonaccrual loans <sup>(1)</sup> :					
Loans secured by real estate:					
Home	\$ 542	\$ 538	\$ 535	\$ 622	\$ 736
Purchased subprime	674	608	585	615	597
Total home nonaccrual loans	1,216	1,146	1,120	1,237	1,333
Home equity loans and lines of credit	66	50	48	45	47
Home construction <sup>(2)</sup>	28	31	24	31	35
Multi-family	12	23	20	23	19
Other real estate	162	173	133	153	153
Total nonaccrual loans secured by real estate	1,484	1,423	1,345	1,489	1,587
Consumer	9	11	9	7	8
Commercial business	41	37	42	46	31
Total nonaccrual loans held in portfolio	1,534	1,471	1,396	1,542	1,626
Foreclosed assets	261	281	286	307	311
Total nonperforming assets	\$ 1,795	\$ 1,752	\$ 1,682	\$ 1,849	\$ 1,937
As a percentage of total assets	0.58%	0.61%	0.60%	0.66%	0.70%
Restructured loans	\$ 34	\$ 38	\$ 79	\$ 107	\$ 111
Total nonperforming assets and restructured loans	\$ 1,829	\$ 1,790	\$ 1,761	\$ 1,956	\$ 2,048

(1) Excludes nonaccrual loans held for sale of \$76 million at December 31, 2004. Prior periods also reflect the exclusion of nonaccrual loans held for sale of \$84 million, \$99 million, \$135 million and \$66 million at September 30, 2004, June 30, 2004, March 31, 2004 and December 31, 2003. Loans held for sale are accounted for at lower of aggregate cost or market value, with valuation changes included as adjustments to gain from mortgage loans.

(2) Represents loans to builders for the purpose of financing the acquisition, development and construction of single-family residences for sale and construction loans made directly to the intended occupant of a single-family residence.