

RESULTS OF OPERATIONS

(In thousands except share and per share data)

	Quarters Ended		
	Mar 31, 2008	Dec 31, 2007	Mar 31, 2007
INTEREST INCOME:			
Loans receivable	\$ 68,073	\$ 72,592	\$ 61,828
Mortgage-backed securities	1,153	1,179	1,775
Securities and cash equivalents	2,727	2,471	1,843
	<u>71,953</u>	<u>76,242</u>	<u>65,446</u>
INTEREST EXPENSE:			
Deposits	30,063	34,091	27,610
Federal Home Loan Bank advances	1,849	435	2,277
Other borrowings	610	766	928
Junior subordinated debentures	2,064	2,288	2,454
	<u>34,586</u>	<u>37,580</u>	<u>33,269</u>
Net interest income before provision for loan losses	37,367	38,662	32,177
PROVISION FOR LOAN LOSSES	6,500	2,000	1,000
Net interest income	30,867	36,662	31,177
OTHER OPERATING INCOME:			
Deposit fees and other service charges	5,013	4,770	2,963
Mortgage banking operations	1,615	1,325	1,355
Loan servicing fees	402	625	375
Miscellaneous	331	800	461
	<u>7,361</u>	<u>7,520</u>	<u>5,154</u>
Increase in valuation of financial instruments carried at fair value	823	9,209	1,180
Total other operating income	8,184	16,729	6,334
OTHER OPERATING EXPENSE:			
Salary and employee benefits	19,638	19,441	16,468
Less capitalized loan origination costs	(2,241)	(2,459)	(2,594)
Occupancy and equipment	5,868	6,011	4,352
Information / computer data services	1,989	2,130	1,369
Payment and card processing services	1,531	1,663	988
Professional services	755	932	559
Advertising and marketing	1,418	2,163	1,857
State/municipal business and use taxes	564	566	408
Amortization of core deposit intangibles	736	736	-
Miscellaneous	3,450	4,090	2,664
	<u>33,708</u>	<u>35,273</u>	<u>26,071</u>
Total other operating expense	33,708	35,273	26,071
Income before provision for income taxes	5,343	18,118	11,440
PROVISION FOR INCOME TAXES	1,509	6,106	3,627
NET INCOME	\$ 3,834	\$ 12,012	\$ 7,813
Earnings per share			
Basic	\$ 0.24	\$ 0.75	\$ 0.63
Diluted	\$ 0.24	\$ 0.74	\$ 0.62
Cumulative dividends declared per common share			
	\$ 0.20	\$ 0.20	\$ 0.19
Weighted average shares outstanding			
Basic	15,847,921	15,936,430	12,322,067
Diluted	15,965,032	16,141,941	12,652,459
Shares repurchased during the period	613,903	58,157	7,986
Shares issued in connection with acquisitions	-	339,860	-
Shares issued in connection with exercise of stock options or DRIP	251,391	163,379	673,395
PRO FORMA DISCLOSURES EXCLUDING THE EFFECTS OF THE CHANGE IN THE VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			
NET INCOME from above	\$ 3,834	\$ 12,012	\$ 7,813
ADJUSTMENTS FOR CHANGE IN VALUATION OF FINANCIAL INSTRUMENTS			
Change in valuation of financial instruments carried at fair value	(823)	(9,209)	(1,180)
Income tax provision related to above item	296	3,315	425
Above item, net of income tax provision	<u>(527)</u>	<u>(5,894)</u>	<u>(755)</u>
NET INCOME FROM RECURRING OPERATIONS	\$ 3,307	\$ 6,118	\$ 7,058
Earnings per share EXCLUDING the effects of change in valuation of financial instruments carried at fair value			
Basic	\$ 0.21	\$ 0.38	\$ 0.57
Diluted	\$ 0.21	\$ 0.38	\$ 0.56

(more)

FINANCIAL CONDITION

(In thousands except share and per share data)

	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u> Restated(1)
<u>ASSETS</u>			
Cash and due from banks	\$ 93,634	\$ 98,120	\$ 59,521
Federal funds and interest-bearing deposits	28,760	310	46,122
Securities -at fair value	226,910	202,863	218,477
Securities -held to maturity	55,647	53,516	47,831
Federal Home Loan Bank stock	37,371	37,371	35,844
Loans receivable:			
Held for sale	6,118	4,596	5,340
Held for portfolio	3,833,875	3,805,021	3,006,481
Allowance for loan losses	(50,446)	(45,827)	(36,299)
	<u>3,789,547</u>	<u>3,763,790</u>	<u>2,975,522</u>
Accrued interest receivable	23,795	24,980	22,064
Real estate owned held for sale, net	7,572	1,867	918
Property and equipment, net	98,808	98,098	63,091
Goodwill and other intangibles, net	136,918	137,654	36,248
Bank-owned life insurance	51,725	51,483	38,935
Other assets	21,538	22,606	25,202
	<u>\$ 4,572,225</u>	<u>\$ 4,492,658</u>	<u>\$ 3,569,775</u>
<u>LIABILITIES</u>			
Deposits:			
Non-interest-bearing	\$ 486,201	\$ 484,251	\$ 348,890
Interest-bearing transaction and savings accounts	1,297,215	1,288,112	959,593
Interest-bearing certificates	1,909,894	1,848,230	1,612,665
	<u>3,693,310</u>	<u>3,620,593</u>	<u>2,921,148</u>
Advances from Federal Home Loan Bank at fair value	155,405	167,045	93,431
Customer repurchase agreements and other borrowings	135,032	91,724	94,369
Junior subordinated debentures at fair value	105,516	113,270	124,119
Accrued expenses and other liabilities	39,263	47,989	42,105
Deferred compensation	12,224	11,596	7,588
Deferred income tax liability, net	38	2,595	--
Income taxes payable (1)	1,899	--	5,165
	<u>4,142,687</u>	<u>4,054,812</u>	<u>3,287,925</u>
<u>STOCKHOLDERS' EQUITY</u>			
Common stock (1)	292,061	300,486	164,677
Retained earnings (1)	139,722	139,636	119,618
Other components of stockholders' equity	(2,245)	(2,276)	(2,445)
	<u>429,538</u>	<u>437,846</u>	<u>281,850</u>
	<u>\$ 4,572,225</u>	<u>\$ 4,492,658</u>	<u>\$ 3,569,775</u>
Shares Issued:			
Shares outstanding at end of period	15,903,637	16,266,149	12,979,679
Less unearned ESOP shares at end of period	240,381	240,381	240,381
Shares outstanding at end of period excluding unearned ESOP shares	<u>15,663,256</u>	<u>16,025,768</u>	<u>12,739,298</u>
Book value per share (1) (2)	\$ 27.42	\$ 27.32	\$ 22.12
Tangible book value per share (1) (2) (3)	\$ 18.68	\$ 18.73	\$ 19.28
Consolidated Tier 1 leverage capital ratio	9.57%	10.04%	9.78%

(1) - Income taxes payable, common stock and retained earnings have been restated to reflect adjustments related to the tax treatment of certain elements of stock-based compensation.

(2) - Calculation is based on number of shares outstanding at the end of the period rather than weighted average shares outstanding and excludes unallocated shares in the ESOP.

(3) - Tangible book value excludes goodwill, core deposit and other intangibles.

(more)

ADDITIONAL FINANCIAL INFORMATION

(Dollars in thousands)

	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
<u>LOANS (including loans held for sale):</u>			
Commercial real estate	\$ 899,333	\$ 882,523	\$ 583,478
Multifamily real estate	163,110	165,886	150,488
Commercial construction	75,849	74,123	97,007
Multifamily construction	38,434	35,318	45,897
One- to four-family construction	571,720	613,779	587,290
Land and land development	502,077	497,962	421,407
Commercial business	735,802	696,350	480,730
Agricultural business including secured by farmland	181,403	186,305	159,652
One- to four-family real estate	456,199	445,222	364,986
Consumer	216,066	212,149	120,886
Total loans outstanding	<u>\$ 3,839,993</u>	<u>\$ 3,809,617</u>	<u>\$ 3,011,821</u>
Restructured loans performing under their restructured terms	<u>\$ 2,026</u>	<u>\$ 2,750</u>	<u>\$ --</u>
Total delinquent loans	<u>\$ 85,927</u>	<u>\$ 69,031</u>	<u>\$ 14,655</u>
Total delinquent loans / Total loans outstanding	2.24%	1.81%	0.49%

NON-PERFORMING ASSETS:

	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
Loans on non-accrual status	\$ 53,874	\$ 42,068	\$ 13,059
Loans more than 90 days delinquent, still on accrual	561	315	55
Total non-performing loans	54,435	42,383	13,114
Real estate owned (REO) / Repossessed assets	7,579	1,885	958
Total non-performing assets	<u>\$ 62,014</u>	<u>\$ 44,268</u>	<u>\$ 14,072</u>
Total non-performing assets / Total assets	1.36%	0.99%	0.39%

CHANGE IN THE ALLOWANCE FOR LOAN LOSSES:

	<u>Quarters Ended</u>		
	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
Balance, beginning of period	\$ 45,827	\$ 44,212	\$ 35,535
Acquisitions / (divestitures)	--	1,319	--
Provision	6,500	2,000	1,000
Recoveries of loans previously charged off	144	127	664
Loans charged-off	(2,025)	(1,831)	(900)
Net (charge-offs) recoveries	<u>(1,881)</u>	<u>(1,704)</u>	<u>(236)</u>
Balance, end of period	<u>\$ 50,446</u>	<u>\$ 45,827</u>	<u>\$ 36,299</u>
Net charge-offs (recoveries) / Average loans outstanding	0.05%	0.05%	0.01%
Allowance for loan losses / Total loans outstanding	1.31%	1.20%	1.21%

DEPOSITS

	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
Non-interest-bearing	\$ 486,201	\$ 484,251	\$ 348,890
Interest-bearing checking	452,531	430,636	345,805
Regular savings accounts	610,085	609,073	432,823
Money market accounts	234,599	248,403	180,965
Interest-bearing transaction & savings accounts	1,297,215	1,288,112	959,593
Three-month maturity money market certificates	174,957	165,693	187,382
Other certificates	1,734,937	1,682,537	1,425,283
Interest-bearing certificates	1,909,894	1,848,230	1,612,665
Total deposits	<u>\$ 3,693,310</u>	<u>\$ 3,620,593</u>	<u>\$ 2,921,148</u>

Included in other borrowings

Customer repurchase agreements / "Sweep accounts"	<u>\$ 85,032</u>	<u>\$ 91,724</u>	<u>\$ 69,023</u>
---	------------------	------------------	------------------

(more)

ADDITIONAL FINANCIAL INFORMATION

(Dollars in thousands)
 (Rates / Ratios Annualized)

	<u>Quarters Ended</u>		
	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
<u>OPERATING PERFORMANCE:</u>			
			Restated(1)
Average loans	\$ 3,830,992	\$ 3,716,512	\$ 2,985,248
Average securities and deposits	312,596	301,071	324,403
Average non-interest-earning assets	<u>359,474</u>	<u>356,752</u>	<u>192,422</u>
Total average assets	<u>\$ 4,503,062</u>	<u>\$ 4,374,335</u>	<u>\$ 3,502,073</u>
Average deposits	\$ 3,606,121	\$ 3,628,581	\$ 2,795,532
Average borrowings	411,560	258,431	393,136
Average non-interest-earning liabilities	<u>42,997</u>	<u>62,415</u>	<u>49,020</u>
Total average liabilities	4,060,678	3,949,427	3,237,688
Total average stockholders' equity	<u>442,384</u>	<u>424,908</u>	<u>264,385</u>
Total average liabilities and equity	<u>\$ 4,503,062</u>	<u>\$ 4,374,335</u>	<u>\$ 3,502,073</u>
Interest rate yield on loans	7.15%	7.75%	8.40%
Interest rate yield on securities and deposits	<u>4.99%</u>	<u>4.81%</u>	<u>4.52%</u>
Interest rate yield on interest-earning assets	<u>6.98%</u>	<u>7.53%</u>	<u>8.02%</u>
Interest rate expense on deposits	3.35%	3.73%	4.01%
Interest rate expense on borrowings	<u>4.42%</u>	<u>5.36%</u>	<u>5.84%</u>
Interest rate expense on interest-bearing liabilities	<u>3.46%</u>	<u>3.84%</u>	<u>4.23%</u>
Interest rate spread	<u>3.52%</u>	<u>3.69%</u>	<u>3.79%</u>
Net interest margin	<u>3.63%</u>	<u>3.82%</u>	<u>3.94%</u>
Other operating income / Average assets	0.73%	1.52%	0.73%
Other operating expense / Average assets	3.01%	3.20%	3.02%
Efficiency ratio (other operating expense / revenue)	74.00%	63.68%	67.70%
Return on average assets	0.34%	1.09%	0.90%
Return on average equity	3.49%	11.22%	11.98%
Return on average tangible equity (2)	4.80%	15.28%	13.89%
Average equity / Average assets	9.82%	9.71%	7.55%

(1) - Average non-interest-earning liabilities and average stockholders' equity have been restated to reflect adjustments related to the tax treatment of certain elements of stock-based compensation.

(2) - Average tangible equity excludes goodwill, core deposit and other intangibles.

Operating performance for the periods presented excluding the effects of change in valuation of financial instruments carried at fair value

Other operating income (loss) EXCLUDING change in valuation of financial instruments carried at fair value / Average assets	0.66%	0.68%	0.60%
Efficiency ratio (other operating expense / revenue) EXCLUDING change in valuation of financial instruments carried at fair value	75.36%	76.38%	69.84%
Return on average assets EXCLUDING change in valuation of financial instruments carried at fair value	0.30%	0.55%	0.82%
Return on average equity EXCLUDING change in valuation of financial instruments carried at fair value	3.01%	5.71%	10.83%
Return on average tangible equity EXCLUDING change in valuation of financial instruments carried at fair value	4.14%	7.78%	12.55%

(more)

ADDITIONAL FINANCIAL INFORMATION

(Dollars in thousands)

	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Mar 31, 2007</u>
<u>NON-PERFORMING ASSETS:</u>			
Loans on non-accrual status			
Secured by real estate:			
One- to four-family	\$ 2,869	\$ 3,371	\$ 1,536
Commercial	3,273	1,357	3,329
Multifamily	--	1,222	792
Construction and land	44,192	33,432	1,842
Commercial business	3,114	2,250	4,529
Agricultural business, including secured by farmland	386	436	1,031
Consumer	40	--	--
	<u>53,874</u>	<u>42,068</u>	<u>13,059</u>
Loans more than 90 days delinquent, still on accrual			
Secured by real estate:			
One- to four-family	488	221	55
Commercial	--	--	--
Multifamily	--	--	--
Construction and land	--	--	--
Commercial business	--	--	--
Agricultural business, including secured by farmland	--	--	--
Consumer	73	94	--
	<u>561</u>	<u>315</u>	<u>55</u>
Total non-performing loans	<u>54,435</u>	<u>42,383</u>	<u>13,114</u>
Real estate owned (REO) / Repossessed assets	<u>7,579</u>	<u>1,885</u>	<u>958</u>
Total non-performing assets	<u>\$ 62,014</u>	<u>\$ 44,268</u>	<u>\$ 14,072</u>

Loans by geographic concentration at the end of the current period March 31, 2008

	<u>Washington</u>	<u>Oregon</u>	<u>Idaho</u>	<u>Other</u>	<u>Total</u>
Commercial real estate	\$ 706,235	\$ 116,326	\$ 45,792	\$ 30,980	\$ 899,333
Multifamily real estate	119,646	20,332	4,747	18,385	163,110
Commercial construction	53,488	11,492	10,703	166	75,849
Multifamily construction	30,306	8,128	--	--	38,434
One- to four-family construction	270,728	261,513	39,479	--	571,720
Land and land development	209,607	204,158	88,312	--	502,077
Commercial business	543,628	93,676	84,811	13,687	735,802
Agricultural business including secured by farmland	73,783	45,999	61,535	86	181,403
One- to four-family real estate	398,065	31,148	20,012	6,974	456,199
Consumer	163,274	36,141	11,308	5,343	216,066
Total loans outstanding	<u>\$ 2,568,760</u>	<u>\$ 828,913</u>	<u>\$ 366,699</u>	<u>\$ 75,621</u>	<u>\$ 3,839,993</u>
Percent of total loans	66.89%	21.59%	9.55%	1.97%	100.00%