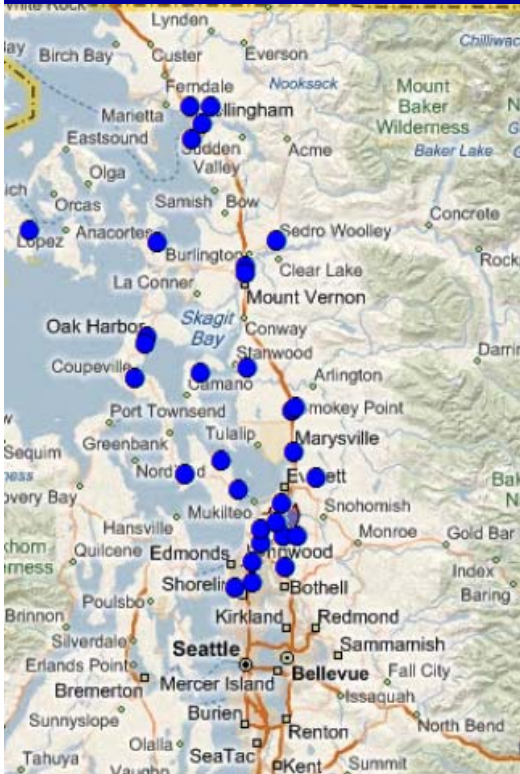
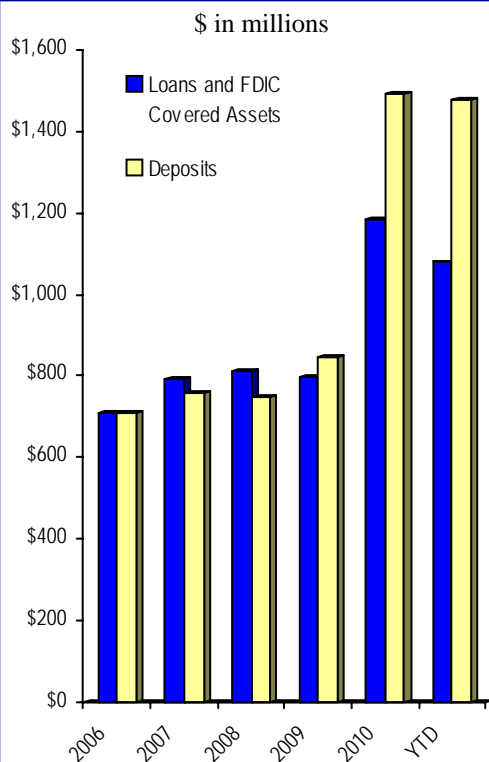


NORTHWEST FRANCHISE



LOANS and DEPOSITS



RECENT HIGHLIGHTS (At or for the period ended 6/30/11)

- ◆ **Washington Banking Company earnings** available to common shareholders was \$3.6 million or \$0.24 per diluted common share in 3Q11, compared to \$4.0 million, or \$0.26 per diluted common share in 2Q11. In 3Q10, earnings totaled \$16.0 million, or \$1.03 per diluted common share, which included a \$19.9 million pre-tax bargain purchase gain and after \$415,000 for preferred dividends.
- ◆ **Capital ratios exceed all regulatory requirements** for well-capitalized institutions, with Total Risk Based Capital to risk-adjusted assets of 20.01%.
- ◆ **Tangible book value per common share increased to \$10.40** from \$9.69 a year ago.
- ◆ Washington Banking was the **only company in the Pacific Northwest** that ranked in the **Top 100 Best Performing Community Banks** by SNL Financial in 2010.
- ◆ Keefe, Bruyette & Woods named Washington Banking to its **KBW 2010 Bank Honor Roll**, based on WBCO's superior 10-year track record.
- ◆ **Asset quality continues to be above average** with nonperforming non-covered assets (NPAs) at 1.75% of total assets.
- ◆ A quarterly **cash dividend** of \$0.05 will be paid November 21, 2011 to common shareholders of record on November 3, 2011.

ATTRACTIVE VALUATIONS

Ticker Symbol	WBCO
Recent Price as of (10/27/2011)	\$11.75
Market Capitalization	\$180.4 million
52 Week Price Range	\$9.03 - 14.28
Tangible Book Value	\$10.40
Price/Tangible Book Value	1.13X
Earnings Per Common Share (LTM)	\$0.95
Price/ Earnings	12.4X
Current Dividend Yield (annualized)	1.7%
Institutional Ownership	64.6%
Insider Ownership	2.8%

ABOUT WASHINGTON BANKING COMPANY

Washington Banking Company is a bank holding company based in Oak Harbor, Washington that operates Whidbey Island Bank, a state-chartered commercial bank with 30 full-service branches located in six counties in Northwestern Washington State. Washington Banking was added to the Russell 2000 Index, a subset of the Russell 3000 Index, in June 2009.

Founded in 1961, Whidbey Island Bank provides a wide range of deposit, loan and investment services to meet customers' financial needs. Particular strengths include commercial & industrial lending and commercial real estate lending, in addition to a sizable consumer lending business, which includes indirect loans generated through local auto dealers. Commercial and single-family construction loans make up 12% of total loans. The company has paid a cash dividend every quarter since its initial public offering in 1998. **Whidbey Island Bank has a 5-Star Superior** rating from Bauer Financial Inc.

FINANCIAL HIGHLIGHTS

(in thousands, except per share)

Income Statement

(unaudited)	Quarter Ended		
	9/30/2011	6/30/2011	9/30/2010
Interest Income	\$ 22,512	\$ 22,157	\$ 21,240
Interest Expense	2,430	2,669	3,269
Net Interest Income	20,082	19,488	17,971
Provision for Non-covered Loan Losses	2,500	3,000	3,950
Provision for Covered Loan Losses	-	(318)	-
Net Interest Income after Provision	17,582	16,806	14,021
Noninterest Income	1,431	2,622	23,572
Noninterest Expense	13,807	13,671	12,844
Income before Taxes	5,206	5,757	24,749
Provision for Taxes	1,581	1,745	8,377
Net Income	3,625	4,012	16,372
Preferred Dividends	-	-	415
Net Income Available to Common Shareholders	\$ 3,625	\$ 4,012	\$ 15,957
Net Income per Common Share, Diluted	\$ 0.24	\$ 0.26	\$ 1.03
Diluted Weighted Avg. Shares O/S	15,391	15,404	15,473

Balance Sheet

	9/30/2011	6/30/2011	9/30/2010
Total Cash and Cash Equivalents	\$ 115,838	\$ 163,244	\$ 171,165
Securities, Loans HFS, and FHLB Stock	296,275	197,310	215,809
Non-covered Loans	821,635	830,038	837,485
Less: Allowance for Loan Losses	(18,936)	(19,407)	(17,936)
Non-covered Loans, Net	802,699	810,631	819,549
Covered Loans, Net	276,448	298,478	385,972
Other Assets	187,554	207,625	624,625
Total Assets	\$ 1,678,814	\$ 1,677,288	\$ 1,831,148
Total Deposits	\$ 1,480,148	\$ 1,482,912	\$ 1,611,264
Other Liabilities	31,915	33,086	38,542
Total Liabilities	1,512,063	1,515,998	1,649,806
Total Stockholders' Equity	166,751	161,290	181,342
Total Liabilities & Stockholders' Equity	\$ 1,678,814	\$ 1,677,288	\$ 1,831,148
Tangible Book Value / Share	\$ 10.40	\$ 10.04	\$ 9.69

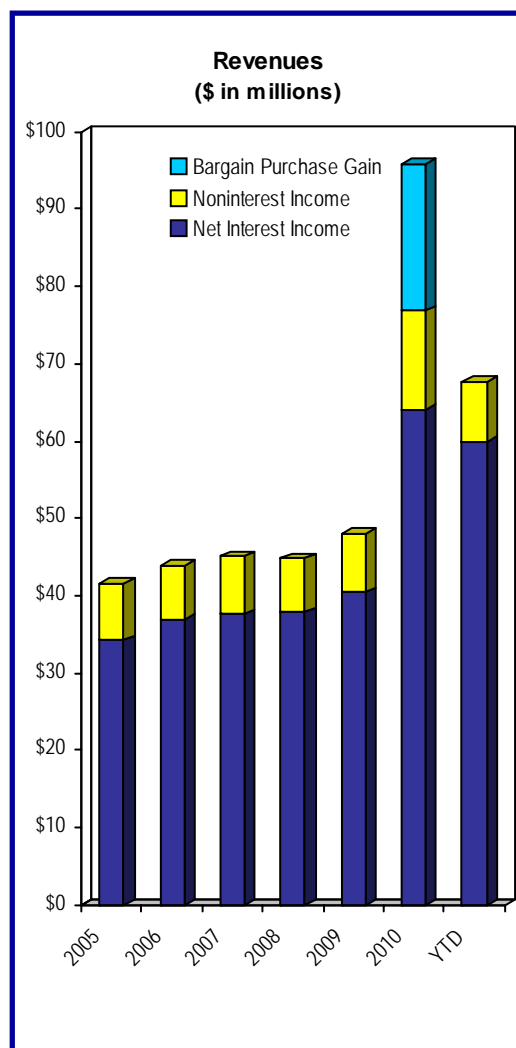
Selected Ratios

	9/30/2011	6/30/2011	9/30/2010
Return on Average Common Equity	8.80%	10.15%	38.09%
Efficiency Ratio	63.44%	61.13%	30.74%
Net Interest Margin	5.43%	5.39%	5.06%

RESEARCH COVERAGE

D.A. Davidson
Jeff Rulis
 FIG Partners
Tim Coffey
 RBC Capital
Joe Morford
 Roth Capital
David King

Keefe Bruyette & Woods
Jacqueline Chimera
 Raymond James Financial
Don Worthington
 Sandler O'Neill & Partners
Tim O'Brien
 Wunderlich Securities
Kevin Reynolds



CORPORATE INFORMATION

Jack Wagner, President & CEO
 Rick Shields, EVP & CFO
 Bryan McDonald, EVP & COO
 Shelly Angus, SVP, Investor Relations

435 E George Hopper Road
 Burlington, WA. 98233
 (360) 240-6458
 www.wibank.com



The Cereghino Group
 Corporate Investor Relations

Revised: October 27, 2011

The company described in this report is a client of The Cereghino Group, a securities industry relations firm. This report was prepared using information obtained from the client company's management and from publications available to the general public. This report does not purport to be a complete statement of all material facts related to the company mentioned herein and is not to be construed as a recommendation or solicitation to buy or sell securities of the company described herein. Upon receiving a written request sent to 2505 2nd Avenue, Suite 700 Seattle, WA 98121, (or through its website at www.stockvalues.com), The Cereghino Group will provide a complete package of detailed information on the client company to any interested securities industry professional or stockholder of the client company. The Cereghino Group is compensated by the client company for services rendered on a continuing basis and consequently, the amount of such compensation related to the preparation and distribution of this report is not separately determinable. The Cereghino Group and/or its employees and/or members of their families, may have a long position in the securities of the company described herein.