

## WaFd, Inc. (WAFD)

**\$33.11** (Stock Price as of 12/24/2025)

Price Target (6-12 Months): **\$35.50**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 04/03/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: C

Value: B

Growth: D

Momentum: B

## Summary

Shares of WaFd have outperformed the industry over the past six months. Its pivot toward commercial lending, stabilization of funding costs as interest rates come down, and an improving lending backdrop are likely to support net interest income (NII) and net interest margin (NIM). We expect NII to witness a CAGR of 5.3% by fiscal 2028 and NIM to be 2.90%. This, along with efforts to grow fee income and the LBC buyout, is expected to drive the top line. We project total revenues to record a CAGR of 5.6% by fiscal 2028. However, rising operating expenses due to technological upgrades will likely hinder bottom-line growth. We expect non-interest expenses to rise 4.5% this year. A challenging macroeconomic environment and huge commercial loan exposure will likely weigh on the company's asset quality. We expect provisions to soar 80.9% in fiscal 2026.

## Data Overview

52 Week High-Low	<b>\$33.81 - \$23.75</b>
20 Day Average Volume (sh)	<b>645,709</b>
Market Cap	<b>\$2.5 B</b>
YTD Price Change	<b>2.4%</b>
Beta	<b>0.87</b>
Dividend / Div Yld	<b>\$1.08 / 3.3%</b>
Industry	<b><a href="#">Banks - West</a></b>
Zacks Industry Rank	<b>Top 19% (45 out of 243)</b>

Last EPS Surprise	<b>-4.0%</b>
Last Sales Surprise	<b>-1.0%</b>
EPS F1 Est- 4 week change	<b>0.3%</b>
Expected Report Date	<b>01/15/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>12.1</b>
P/E F1	<b>11.2</b>
PEG F1	<b>1.2</b>
P/S TTM	<b>1.8</b>

## Price, Consensus & Surprise<sup>(1)</sup>



## Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



## Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	202 E	203 E	204 E	206 E	815 E
2026	192 E	191 E	194 E	199 E	775 E
2025	171 A	180 A	186 A	188 A	725 A

## EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	0.79 E	0.82 E	0.82 E	0.84 E	3.27 E
2026	0.74 E	0.72 E	0.74 E	0.78 E	2.97 E
2025	0.62 A	0.65 A	0.73 A	0.72 A	2.72 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/24/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/19/2025.

## Overview

Headquartered in Seattle, WA, WaFd Inc. operates as the holding company for Washington Federal Bank, dba, WaFd Bank, a state-chartered commercial bank. Effective September 2023, the company changed its name from Washington Federal Inc. to WaFd Inc.

The company conducts operations through 208 branches in nine western states: Washington, California, Oregon, Arizona, New Mexico, Idaho, Utah, Nevada and Texas. In 2022, the bank completed its transition from a national bank charter, overseen by the Office of the Comptroller of the Currency, to a Washington state-chartered commercial bank. Following this change, the Washington State Department of Financial Institutions and the Federal Deposit Insurance Corporation became its primary regulators. At the same time, the bank's legal name was updated from Washington Federal Bank, National Association, to Washington Federal Bank.

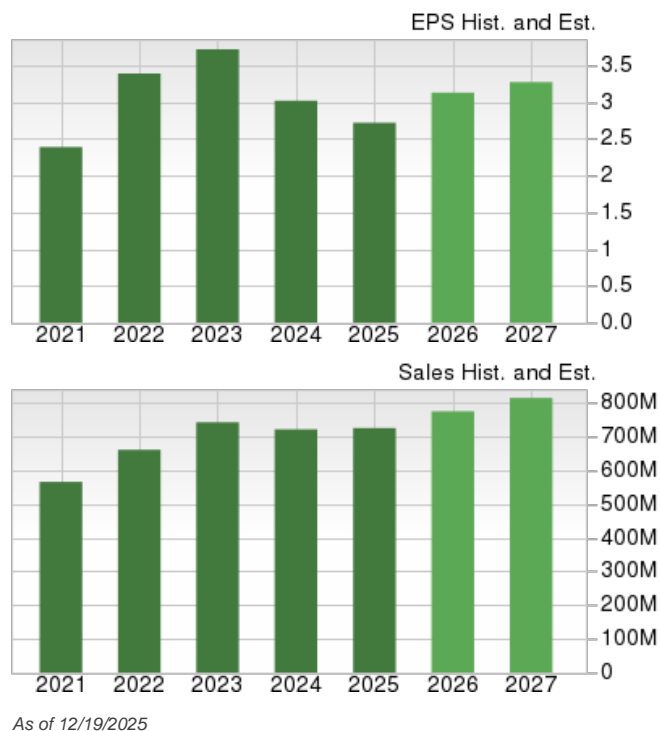
WaFd's core business involves gathering deposits from the public and using those funds to provide a range of loans, such as financing for multi-family and other income-producing properties, as well as home equity and business loans. WaFd further invests in certain U.S. government and agency obligations, among others. In August 2025, the company announced that it is now designated as a Preferred Lender with the U.S. Small Business Administration ("SBA"). This significant milestone allows the bank to deliver faster, more efficient financing solutions to small businesses.

WaFd's deposit products include checking accounts, passbook and statement accounts, money market accounts and time deposits or certificate accounts. WaFd also engages in providing real estate investment and insurance brokerage services.

In 2024, WaFd acquired Luther Burbank Corporation (LBC).

WaFd operates with Sept. 30 as its fiscal year-end.

As of Sept. 30, 2025, WaFd had total assets of \$26.7 billion, cash and cash equivalents of \$657.3 million, net loans receivable of \$20.1 billion and total customer deposits of \$21.4 billion. As of the same date, the company had shareholders' equity worth \$3 billion.



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## Reasons To Buy:

- ▲ WaFd is focused on organic growth efforts. The company's revenues witnessed a compound annual growth rate (CAGR) of 3.2% over the last three fiscal years (2022-2025). The upswing was largely driven by improving net loan balances (CAGR of 7.6%), relatively higher interest rates and efforts to expand non-interest income (CAGR of 2.4%). In 2024, the company acquired LBC, thus entering the lucrative California market. The acquisition will continue to be accretive to its earnings and lead to cost savings. Further, the company has exited the single-family mortgage lending market and plans to focus on originating commercial loans going forward. Given the decent loan demand, focus on expanding fee income sources (including wealth management and insurance) and the buyout of LBC, the company's top line will keep rising. We expect total revenues to grow 6.8%, 5.1% and 4.7% in fiscal 2026, fiscal 2027 and fiscal 2028, respectively. We project net loans receivable to witness a CAGR of 2.6% by fiscal 2028.
- ▲ WaFd's net interest margin (NIM) has remained under pressure over the past couple of years because of elevated funding costs. The metric declined to 2.58% in fiscal 2025 from 2.69% in fiscal 2024 and 3.40% in fiscal 2023. Nonetheless, as the Federal Reserve lowers interest rates (already down 150 basis points from the peak), funding costs are expected to stabilize and then decline over time. Further, the company is targeting to increase non-interest-bearing deposits to 20% of total deposits by fiscal 2030 from 12% as of Sept. 30, 2025. These efforts are expected to support the company's NIM as rates come down and the lending scenario improves. For fiscal 2026, fiscal 2027 and fiscal 2028, we expect NIM to be 2.76%, 2.82% and 2.90%, respectively.
- ▲ WaFd has a decent balance sheet. As of Sept. 30, 2025, WaFd had total borrowings of \$1.82 billion, and cash and cash equivalents were \$657.3 million. Given the company's decent earnings strength and liquidity position, it is expected to continue meeting debt obligations in the near term, even if the economic situation worsens.
- ▲ WaFd's strong balance sheet position and the trend of returning capital to shareholders are expected to boost investors' confidence in the stock. Since fiscal 2011, the company has been increasing its quarterly dividend regularly, with the latest one announced in February 2025. The bank also has a share repurchase plan in place. As of Sept. 30, 2025, almost 8.2 million shares remained available under the authorization. Given its earnings strength, the company is expected to be able to sustain efficient capital distributions.

Pivot toward commercial loans, stabilizing funding costs and fee income expansion efforts will support WaFd. Also, capital distributions seem sustainable on a robust balance sheet and decent liquidity.

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## Reasons To Sell:

- ▼ WaFd has been witnessing a persistent rise in operating expenses. Over the last three fiscal years (2022-2025), the metric witnessed a compound annual growth rate (CAGR) of 6%, primarily due to higher compensation costs and information technology costs. Overall non-interest expenses will remain elevated due to the bank's business expansion strategy, technology upgrades and inflationary pressure. We expect non-interest expense to rise 4.5%, 4.7% and 4% on a year-over-year basis in fiscal 2026, fiscal 2027 and fiscal 2028, respectively.
- ▼ WaFd's asset quality has been weakening over the past few years. While provision for credit losses declined in fiscal 2024 and fiscal 2025, the metric increased in the years before that as the company continued to build reserves to combat the worsening macroeconomic backdrop. Further, the company's net charge-offs (NCOs) jumped to \$11.8 million in fiscal 2025 from \$1.4 million in the prior-year period. Given a tough macroeconomic environment, provisions and NCOs are likely to remain elevated in the near term. While we expect NCOs to decline going forward, provisions are likely to jump 80.9% in fiscal 2026.
- ▼ WaFd has significant exposure to commercial loans. As of Sept. 30, 2025, the company's exposure to these loan portfolios was 58.5% of net loans receivable. Though these types of loans have floating interest rates and shorter durations, a rapidly changing macroeconomic backdrop might strain borrowers' creditworthiness. Thus, huge exposure in only one category of the loan portfolio is likely to hurt the company's financials if the economic situation deteriorates. We project commercial loans to be 61.3% of net loans receivable in fiscal 2026.
- ▼ WaFd's return on equity (ROE) of 8.40% compares unfavorably with the industry's ROE of 10.53%. This implies that the company is inefficient in allocating capital to generate superior returns.

Rising compensation and technological costs will likely hamper WaFd's bottom-line growth. Deteriorating asset quality and substantial exposure to commercial loans are other near-term headwinds.

## Last Earnings Report

### WaFd's Q4 Earnings Miss Estimates, Revenues Decline Y/Y

WaFd's fourth quarter fiscal 2025 (ended Sept. 30) earnings of 72 cents per share missed the Zacks Consensus Estimate of 75 cents. However, the bottom line increased 1.4% year over year.

Results were primarily hurt by a decline in NII and higher provisions. A sequential decline in the loan balance was another headwind. However, a rise in non-interest income and lower expenses supported results to some extent.

Quarterly net income available to common shareholders was \$56.9 million, down 1% from the prior-year quarter. Our estimate for the metric was \$56.8 million.

Full-year earnings per share of \$2.63 missed the Zacks Consensus Estimate of \$2.73. The bottom line grew 5.2% year over year. Net income available to common shareholders was \$211.4 million, up 14% from the previous year. Our estimate for the metric was \$211.3 million.

### Revenues Down, Expenses Fall

Quarterly net revenues were \$188.3 million, down marginally from the prior-year quarter. The top line missed the Zacks Consensus Estimate of \$190.2 million.

Full-year net revenues were \$725.5 million, up marginally from the previous year. The top line missed the Zacks Consensus Estimate of \$727.4 million.

NII for the quarter was \$169.9 million, declining 1.7% year over year. Then again, the net interest margin (NIM) rose 9 basis points (bps) to 2.71%. Our estimates for NII and NIM were \$172.3 million and 2.69%, respectively.

The total non-interest income of \$18.4 million rose 15.8% year over year. Our estimate for the metric was \$18 million.

Total non-interest expenses were \$107 million, falling 1% year over year. The fall was due to a decrease in FDIC insurance premiums and other expenses. Our estimate for the metric was \$105.8 million.

The company's efficiency ratio was 56.82%, down from 57.21% in the prior-year quarter. A fall in the efficiency ratio reflects improved profitability.

At the end of the fiscal fourth quarter, the return on average common equity was 8.36%, down from 8.53% at the end of the prior-year quarter. Return on average assets was 0.91%, increasing from 0.87%.

### Loans Decline, Deposits Increase Marginally

As of Sept. 30, 2025, net loans receivable were \$20.09 billion, down 1% from the prior quarter. We projected the metric to be \$20.72 billion.

Total customer deposits were \$21.44 billion, up marginally from the previous quarter's end. Our estimate for the metric was \$21.71 billion.

### Credit Quality Worsens

As of Sept. 30, 2025, allowance for credit losses (including reserve for unfunded commitments) was 1.04% of gross loans outstanding, up from 1.01% in the prior-year quarter. The ratio of non-performing assets to total assets was 0.54%, up from 0.28%.

In the reported quarter, the provision for credit losses was \$3 million, as against no provisions in the year-ago quarter.

### Update on Share Repurchases

In the reported quarter, WAFD repurchased 0.97 million shares at an average price of \$29.74 per share.

### Outlook

Management expects the active loan portfolio (consisting of multi-family, commercial real estate, C&I, construction, land A&D and consumer) to grow 8-12% in fiscal 2026. Moreover, as the company has exited the single-family mortgage lending market, which also includes custom construction, consumer lot loans and HELOCs, these inactive loan portfolios are anticipated to witness a run-off of \$200-\$300 million per quarter.

The company expects the Wealth business to gradually become an important fee income driver.

Management anticipates non-interest expenses to rise as the company invests in franchise and technology.

### FY Quarter Ending 9/30/2025

Earnings Reporting Date	Oct 16, 2025
Sales Surprise	-1.01%
EPS Surprise	-4.00%
Quarterly EPS	0.72
Annual EPS (TTM)	2.72

## Recent News

### Dividend Update

On Nov. 11, WaFd announced a quarterly cash dividend of 27 cents per share. The dividend was paid out on Dec. 5 to stockholders of record as of Nov. 21.

## Valuation

WaFd's shares have risen 19.2% in the past six months and 2.9% over the trailing 12-month period. Stocks in the Zacks sub-industry have gained 16.9%, while those in the Zacks Finance sector have risen 10.2% over the past six months. Over the past year, the Zacks sub-industry has been up 5.6% and the sector 16.4%.

The S&P 500 index has increased 15.2% in the past six months as well as in the past year.

The stock is currently trading at 10.83X forward 12 months earnings, which compares to 10.54X for the Zacks sub-industry, 17.22X for the Zacks sector and 22.90X for the S&P 500 index.

Over the past five years, the stock has traded as high as 17.33X and as low as 6.39X, with a 5-year median of 10.17X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$35.50 price target reflects 11.45X forward earnings.

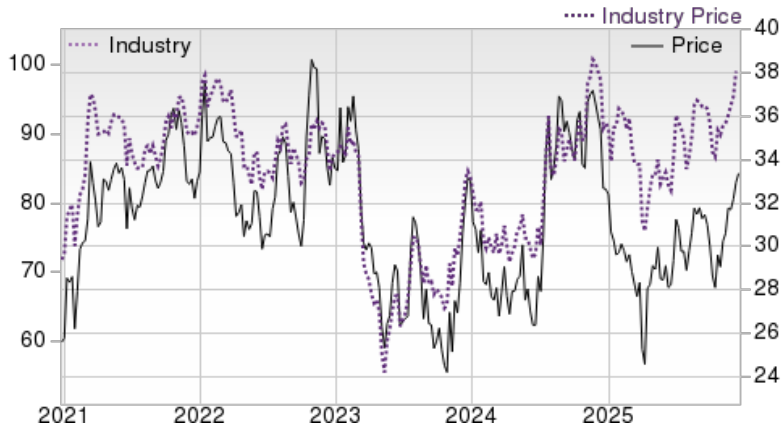
The table below shows summary valuation data for WAFD

Valuation Multiples - WAFD					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.83	10.54	17.22	22.90
	5-Year High	17.33	14.15	18.28	23.78
	5-Year Low	6.39	6.05	12.36	15.73
	5-Year Median	10.17	10.00	16.12	21.22
P/TB TTM	Current	1.15	1.58	5.98	12.61
	5-Year High	1.61	2.14	6.05	16.57
	5-Year Low	0.85	0.95	3.44	10.53
	5-Year Median	1.23	1.65	4.74	13.65
P/S F12M	Current	3.27	3.47	9.08	5.18
	5-Year High	4.67	4.35	10.06	5.50
	5-Year Low	2.11	1.89	6.69	3.83
	5-Year Median	3.07	3.09	8.39	5.05

As of 12/18/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 19% (45 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
First Hawaiian, Inc. (FHB)	Outperform	2
TriCo Bancshares (TCBK)	Outperform	2
Bank of Hawaii Corpo...(BOH)	Neutral	3
Cathay General Banco...(CATY)	Neutral	2
Columbia Banking Sys...(COLB)	Neutral	3
CVB Financial Corpor...(CVBF)	Neutral	3
Glacier Bancorp, Inc...(GBCI)	Neutral	2
Hope Bancorp, Inc. (HOPE)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Banks - West

	WAFD	X Industry	S&P 500	BOH	CATY	FHB
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	2	2
VGM Score	C	-	-	D	C	F
Market Cap	2.52 B	812.86 M	39.21 B	2.79 B	3.40 B	3.25 B
# of Analysts	3	3	22	4	2	5
Dividend Yield	3.27%	2.66%	1.39%	3.99%	2.72%	3.96%
Value Score	B	-	-	C	B	B
Cash/Price	0.26	0.37	0.04	0.35	0.38	0.57
EV/EBITDA	10.37	6.03	14.70	10.07	5.99	3.95
PEG Ratio	1.16	0.98	2.22	0.75	NA	1.68
Price/Book (P/B)	0.95	1.22	3.33	1.93	1.19	1.19
Price/Cash Flow (P/CF)	10.73	11.53	15.40	14.26	9.79	12.52
P/E (F1)	11.15	11.77	19.84	15.64	11.29	12.03
Price/Sales (P/S)	1.79	2.47	3.13	2.64	2.48	2.84
Earnings Yield	9.27%	8.30%	5.03%	6.40%	8.86%	8.30%
Debt/Equity	0.64	0.11	0.56	0.39	0.11	0.00
Cash Flow (\$/share)	3.08	3.08	8.98	4.93	5.13	2.10
Growth Score	D	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	6.44%	1.46%	8.16%	-8.52%	6.30%	-0.04%
Proj. EPS Growth (F1/F0)	9.19%	13.21%	8.50%	27.20%	6.49%	21.79%
Curr. Cash Flow Growth	-34.87%	-12.56%	6.86%	-10.04%	-20.42%	-3.46%
Hist. Cash Flow Growth (3-5 yrs)	4.71%	3.98%	7.48%	-6.68%	1.55%	-5.70%
Current Ratio	0.96	0.86	1.18	0.70	1.04	0.77
Debt/Capital	36.74%	10.12%	38.01%	23.76%	10.12%	0.00%
Net Margin	16.02%	17.32%	12.78%	17.41%	22.26%	22.60%
Return on Equity	8.40%	10.53%	17.00%	13.33%	10.60%	9.68%
Sales/Assets	0.05	0.05	0.53	0.04	0.06	0.05
Proj. Sales Growth (F1/F0)	6.90%	5.71%	5.83%	11.70%	10.80%	12.80%
Momentum Score	B	-	-	A	A	F
Daily Price Chg	0.27%	0.07%	0.32%	0.19%	0.36%	-0.11%
1 Week Price Chg	1.28%	0.31%	1.61%	2.59%	0.86%	0.96%
4 Week Price Chg	2.60%	4.15%	2.13%	5.90%	2.18%	4.29%
12 Week Price Chg	10.63%	7.61%	3.31%	8.32%	5.04%	6.92%
52 Week Price Chg	0.55%	6.99%	14.40%	-0.30%	4.30%	0.85%
20 Day Average Volume	645,709	69,500	2,745,060	395,009	516,433	1,281,421
(F1) EPS Est 1 week change	0.27%	0.00%	0.00%	0.11%	0.57%	-0.09%
(F1) EPS Est 4 week change	0.27%	0.00%	0.00%	0.11%	0.57%	-0.09%
(F1) EPS Est 12 week change	2.62%	2.88%	0.66%	2.88%	-1.77%	6.28%
(Q1) EPS Est Mthly Chg	3.17%	0.00%	0.00%	0.61%	2.14%	-0.36%



## Analyst Earnings Model<sup>(2)</sup>

### WaFd, Inc (WAFD)

In \$MM, except per share data

	2023A	2024A	2025A				2026E				2027E	2028E		
	FY	FY	1QA	2QA	3QA	4QA	FY	1QE	2QE	3QE	4QE	FY	FY	
FY Ends September 30th	Sep-23	Sep-24	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	Sep-25	31-Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	Sep-26	Sep-27	Sep-28
Income Statement														
Net Interest Income	\$690.2	\$660.8	\$155.4	\$160.9	\$168.0	\$169.9	\$654.2	\$172.5	\$170.4	\$173.2	\$177.7	\$693.8	\$728.7	\$764.6
Provision for Credit Losses	\$41.5	\$17.5	\$0.0	\$2.8	\$2.0	\$3.0	\$7.8	\$3.3	\$3.3	\$3.6	\$3.8	\$14.0	\$14.6	\$14.0
Net Interest Income After Provision (Release)	\$648.7	\$643.3	\$155.4	\$158.2	\$166.0	\$166.9	\$646.5	\$169.2	\$167.1	\$169.6	\$173.9	\$679.8	\$714.1	\$750.6
Gain (Loss) on Sale of Investment Securities	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain (Loss) on Termination of Hedging Derivatives	(\$0.9)	\$0.2	\$0.0	\$0.1	\$0.1	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Prepayment Penalty on Long-Term Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loan Fee Income	\$3.9	\$2.7	\$1.3	\$1.8	\$1.7	\$2.1	\$6.9	\$2.5	\$2.8	\$3.1	\$3.2	\$11.6	\$13.7	\$14.0
Deposit Fee Income	\$26.1	\$27.5	\$7.0	\$7.1	\$7.6	\$8.0	\$29.7	\$8.5	\$8.3	\$8.2	\$8.5	\$33.5	\$35.0	\$36.1
Other Income	\$23.1	\$29.9	\$7.3	\$9.9	\$9.0	\$8.3	\$34.5	\$8.8	\$9.0	\$9.2	\$9.2	\$36.2	\$37.4	\$38.7
Total Non-Interest Income	\$52.2	\$60.7	\$15.7	\$18.9	\$18.3	\$18.4	\$71.2	\$19.8	\$20.1	\$20.5	\$21.0	\$81.2	\$86.2	\$88.9
Total Revenue	\$742.4	\$721.5	\$171.1	\$179.8	\$186.3	\$188.3	\$725.5	\$192.3	\$190.5	\$193.7	\$198.6	\$775.0	\$814.8	\$853.4
Net Revenue (After Provision)	\$700.9	\$704.0	\$171.1	\$177.0	\$184.3	\$185.3	\$717.7	\$189.0	\$187.1	\$190.1	\$194.8	\$761.0	\$800.2	\$839.4
Compensation and Benefits	\$196.5	\$234.1	\$59.9	\$52.7	\$53.5	\$56.0	\$222.1	\$57.6	\$57.4	\$57.9	\$58.4	\$231.4	\$242.8	\$253.5
Occupancy	\$41.6	\$42.0	\$10.8	\$11.5	\$11.8	\$10.9	\$44.9	\$11.5	\$11.6	\$11.6	\$11.1	\$45.8	\$47.1	\$48.2
FDIC Insurance Premiums	\$20.0	\$28.9	\$4.9	\$5.8	\$5.2	\$4.4	\$20.2	\$5.3	\$5.3	\$5.3	\$5.2	\$21.1	\$21.4	\$21.9
Product Delivery	\$21.0	\$24.0	\$5.8	\$6.9	\$6.6	\$6.6	\$25.9	\$6.5	\$6.6	\$6.8	\$6.7	\$26.5	\$27.2	\$28.0
Information Technology	\$49.4	\$53.3	\$14.2	\$14.5	\$15.0	\$16.4	\$60.1	\$15.5	\$15.8	\$16.0	\$16.8	\$64.1	\$66.9	\$69.4
Other	\$47.5	\$65.9	\$15.8	\$13.4	\$12.3	\$12.7	\$54.2	\$13.8	\$14.4	\$14.7	\$15.0	\$57.8	\$62.2	\$65.3
Non-Interest Expense	\$376.0	\$448.3	\$111.3	\$104.8	\$104.3	\$107.0	\$427.5	\$110.2	\$111.0	\$112.3	\$113.2	\$446.7	\$467.6	\$486.3
Non-Interest Expense, Non-GAAP		\$415.0	\$105.7	\$104.8	\$104.3	\$107.0	\$421.9	\$110.2	\$111.0	\$112.3	\$113.2	\$446.7	\$467.6	\$486.3
Gain (Loss) on Real Estate Owned, Net	\$0.2	\$0.3	\$0.4	(\$0.2)	(\$0.2)	(\$0.7)	(\$0.6)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$2.7)	(\$2.7)	(\$2.7)
Pre-Tax Pre-Provision Income	\$366.2	\$272.9	\$59.4	\$75.2	\$82.1	\$82.0	\$298.6	\$82.7	\$80.2	\$82.0	\$86.1	\$331.0	\$350.0	\$369.9
Pre-Tax Income	\$325.1	\$256.1	\$60.3	\$72.0	\$79.8	\$77.6	\$289.6	\$78.1	\$75.5	\$77.1	\$81.0	\$311.6	\$329.9	\$350.4
Income Tax	\$67.7	\$56.0	\$13.0	\$15.8	\$17.8	\$17.0	\$63.6	\$17.1	\$16.6	\$16.9	\$17.8	\$68.3	\$72.4	\$76.9
Tax Rate	20.8%	21.9%	21.6%	21.9%	22.3%	21.9%	22.3%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%
Net Income	\$257.4	\$200.0	\$47.3	\$56.3	\$62.0	\$60.6	\$226.1	\$61.0	\$58.9	\$60.2	\$63.2	\$243.2	\$257.5	\$273.6
Net Income - Non-GAAP	\$262.6	\$239.0	\$54.3	\$56.1	\$62.1	\$60.3	\$232.8	\$61.0	\$58.9	\$60.2	\$63.2	\$243.2	\$257.5	\$273.6
Preferred Dividend	\$14.6	\$14.6	\$3.7	\$3.7	\$3.7	\$3.7	\$14.6	\$3.7	\$3.7	\$3.7	\$3.7	\$14.6	\$14.6	\$14.6
Net Income Applicable to Common Shareholders	\$242.8	\$185.4	\$43.6	\$52.6	\$58.3	\$56.9	\$211.4	\$57.3	\$55.3	\$56.5	\$59.5	\$228.6	\$242.9	\$258.9
Net Income Applicable to Common Shareholders, Non-GAAP	\$248.0	\$224.4	\$50.6	\$52.4	\$58.5	\$56.6	\$218.1	\$57.3	\$55.3	\$56.5	\$59.5	\$228.6	\$242.9	\$258.9
Basic Shares Outstanding	65.2	74.2	81.3	81.1	79.9	78.5	80.2	77.8	77.2	76.5	75.8	76.8	74.2	71.5
Diluted Shares Outstanding	65.3	74.3	81.4	81.1	79.9	78.6	80.3	77.9	77.2	76.6	75.9	76.9	74.2	71.5
Basic EPS	\$3.72	\$2.50	\$0.54	\$0.65	\$0.73	\$0.73	\$2.64	\$0.74	\$0.72	\$0.74	\$0.79	\$2.98	\$3.28	\$3.62
Diluted EPS	\$3.72	\$2.50	\$0.54	\$0.65	\$0.73	\$0.72	\$2.63	\$0.74	\$0.72	\$0.74	\$0.78	\$2.97	\$3.27	\$3.62
Diluted EPS, Adjusted	\$3.80	\$3.02	\$0.62	\$0.65	\$0.73	\$0.72	\$2.72	\$0.74	\$0.72	\$0.74	\$0.78	\$2.97	\$3.27	\$3.62
Dividend per Share	\$0.99	\$1.03	\$0.26	\$0.27	\$0.27	\$0.27	\$1.07	\$0.27	\$0.27	\$0.27	\$0.27	\$1.08	\$1.08	\$1.08



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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>B</b>
Growth Score	<b>D</b>
Momentum Score	<b>B</b>
VGM Score	<b>C</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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