

Initiated 2026-10-14 · Price \$28.93 (close 2026-10-14, stockanalysis.com) · Mkt cap \$2.14bn · Financials / regional bank (thrift converting to commercial bank) · Model: verified (standalone; pending EverBank combination not modeled)

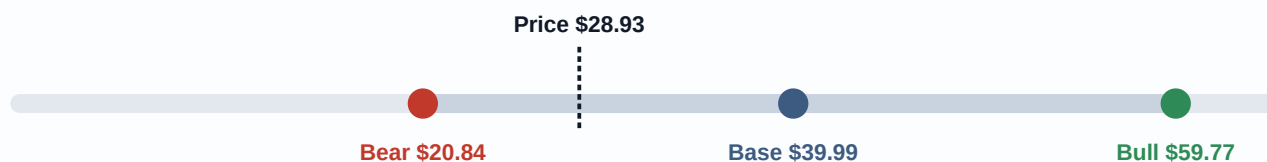
## Rating: Buy — Conviction: Medium

WaFd trades at 0.94x tangible book and 8.5x forward earnings while earning an 11% ROTCE against a ~9.6% cost of equity. The price is down 20% since the EverBank reverse merger was announced (\$36.30 on 9/4). On standalone numbers the stock is below the value of a thrift that is slowly remixing into commercial lending. On management's pro forma numbers it trades at about 1.0x the \$29.24 TBV per share at close and under 7x 2027E EPS. Either path looks underpriced, so Buy, but the call depends on a pending deal the model cannot express.

*Conviction tests (3a-v-c): T1 pass (Base +19.9% at +1pp, +63.1% at -1pp) · T2 pass · T3 pass · T4 fail — pending EverBank combination (WaFd holder vote and regulatory approval; close expected 1Q 2027) turns each WaFd share into 40.8% ownership of a different bank*

Rule-derived Medium may overstate it: the model values a standalone company that will cease to exist if the deal closes.

### MODEL VALUE RANGE VS PRICE



## Business overview

WaFd is a \$27.6bn-asset Seattle-based bank with 212 branches in nine Western states. It is converting from a mortgage-heavy thrift into a commercial bank. It exited mortgage lending in January 2025, yet single-family loans were still more than a third of the book at Q2 2026 (American Banker). Multifamily is ~23% of loans, CRE ~21%, C&I ~10% (3/31/26 call report). Commercial loans were 96% of Q3 FY26 originations, and active loan books grew 10.4% annualized while inactive residential books ran off \$299mm in the quarter. Revenue is ~90% net interest income. Three variables drive earnings. First, NIM (2.81%, up from 2.69% a year earlier), set by how fast \$8.2bn of time deposits and the low-yield mortgage book reprice. Second, the pace of the commercial remix. Third, credit on the multifamily and CRE book (FY2025 NCOs only \$11.8mm).

## Competition

For commercial relationships and deposits, WaFd competes with the national banks and with Columbia Banking (COLB), Banner (BANR), First Interstate (FIBK) and CVB Financial (CVBF). The gap is in funding. Columbia's cost of interest-bearing deposits was 1.96% in Q2 2026, with a 3.93% NIM (Q2 2026 release). WaFd's period-end interest-bearing customer rate was 2.71%, with a 2.81% NIM. WaFd is the price-taker on deposits; pressure shows first in time-deposit pricing and transaction-deposit share (60.9%). On valuation, Columbia trades at 1.45x tangible book and 8.9x forward earnings and Banner at 1.38x and 10.4x, against WaFd's 0.94x and 8.5x (stockanalysis, 2026-10-14).

## Bull case

1. **Commercial remix outruns runoff.** Originations of ~\$1.5bn per quarter, 96% commercial, outpace mortgage runoff and keep earning assets growing ~5% a year. Plays out if C&I and construction demand holds in the Pacific Northwest and Mountain West. *Model: ea\_growth*
2. **Margin rebuild.** Time deposits reprice and ~5% MBS and 6–7% commercial loans replace 5.33%-yielding loans. NIM reaches ~3.2% by FY2029, and efficiency improves toward 50%. Plays out if deposit costs keep falling (the weighted deposit rate went from 2.69% to 2.39% in nine months). *Model: nim, efficiency\_ratio*

## Bear case

1. **Funding stays expensive.** Deposit competition holds WaFd's rates near today's levels while asset repricing slows, so NIM slips to ~2.65% and efficiency drifts to ~57.5%. Plays out if the 10Y stays above 5% (S3/S4) and the time-deposit book rolls at current rates. *Model: nim, efficiency\_ratio*
2. **The remix stalls.** Commercial demand fades and runoff dominates, leaving earning assets flat. Plays out if commercial line demand weakens or integration distracts the bankers. *Model: ea\_growth*
3. **Multifamily and CRE credit turns.** About half of loans are multifamily, CRE and construction. Criticized loans rose to 4.93% from 4.24% in Q3 FY26, and Q3's provision was \$11.0mm against \$4.0mm in Q2. NCOs peak near 50bp and the reserve rebuilds by 30bp. Plays out in a slow default cycle (S7b). *Model: nco\_rate, reserve\_build*

## Valuation & balance sheet

| Metric (definition)                               | Current                                | Own history (range or 5y avg)                                                        | Peers                                                                   | Source, as-of                            |
|---------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------|
| P/TBV (price ÷ period-end TCE/share)              | 0.94x on \$30.82 (stockanalysis 0.94x) | TCE/share \$28.05 FY23 · \$27.73 FY24 · \$29.38 FY25; P/TBV history n/a (unverified) | BANR 1.38x · COLB 1.45x · FIBK 1.50x · CVBF 1.93x (stockanalysis basis) | er3q26 6/30/26; stockanalysis 2026-10-14 |
| Forward P/E (stockanalysis consensus, standalone) | 8.50x                                  | n/a (unverified)                                                                     | COLB 8.86x · BANR 10.42x · CVBF 11.31x · FIBK 12.48x                    | stockanalysis 2026-10-14                 |
| ROTCE (company, annualized)                       | 11.04% (Q3 FY26)                       | 9.20% FY2025; 10.82% Q2 FY26                                                         | n/a (unverified)                                                        | er3q26; er4q25                           |
| NIM (reported)                                    | 2.81% (Q3 FY26)                        | 3.40% FY23 · 2.69% FY24 · 2.71% Q4 FY25                                              | COLB 3.93% (Q2 2026)                                                    | er3q26; er4q24; er4q25; colb2q26         |

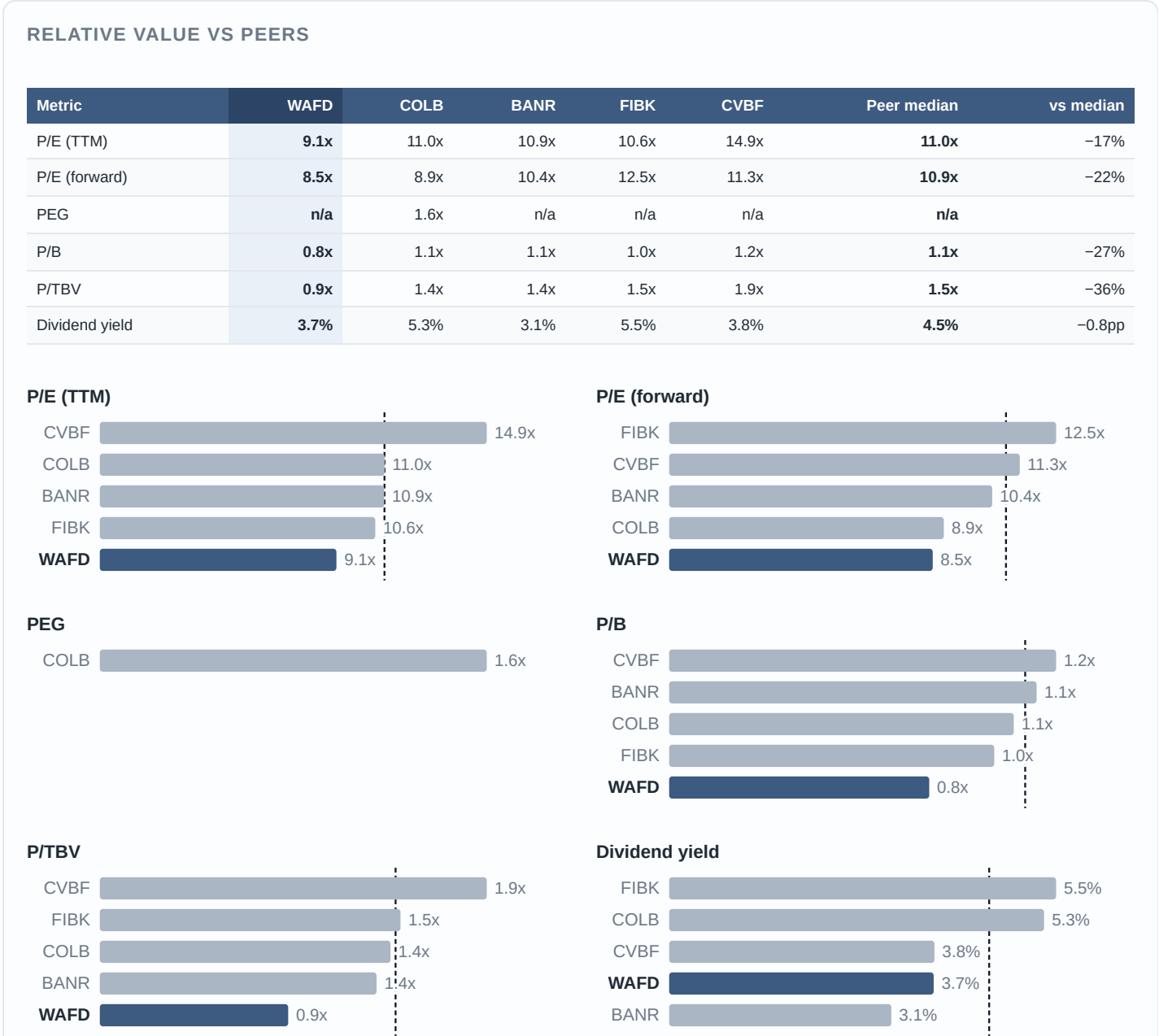
WaFd trades ~36% below the 1.48x peer-median P/TBV and ~22% below the 10.9x forward P/E median.

**Model-implied value range** (from `model-summary.json` ; bank, residual income and justified P/TBV, midpoints): Bear \$20.84 · Base \$39.99 · Bull \$59.77 per share, i.e. implied returns of –28.0% / +38.2% / +106.6% vs \$28.93. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits nearer Bear than Base: the market prices flat margins and credit cost, or a dilutive deal. Re-rating: on the model's own basis, today's multiple is 0.93x FY2025 TBV/share (\$31.03). Base justified P/TBV (\$37.78) embeds ~1.22x, a ~31% re-rating. Residual income (\$42.20, ~1.36x) embeds ~46%, so the methods differ by 12% and residual income carries the larger re-rating. Tail sensitivity (multifamily, CRE and construction ≈ 51% of loans): NCOs 80–90bp in FY27–28, a 30bp reserve rebuild, NIM 2.55%, efficiency 60%, earning assets –2% in FY27, cost of equity 11.61% and terminal growth 1.5% give a midpoint of \$13.42 (–54%).

**Deal overlay (not in the model; management figures, merger\_deck):** EverBank holders get 59.2% of the combined company. Management projects TBV/share of \$29.24 at close (8.6% dilution, 2.0-year earnback), 2027E EPS of \$4.34 against \$3.37 standalone consensus (+29%), and 15%+ ROATCE. That rests on \$135mm of cost saves (~11% of combined expense), a \$601mm loan mark and a \$145mm securities mark that accrete into earnings, and pro forma CET1 of 9.8% at close. EverBank's private-equity holders face a lock-up that releases 10%/10%/40%/40% over 12 months, a supply overhang.

**Balance sheet:** net leverage not meaningful (deposit-funded bank). CET1 11.4% and total risk-based capital 14.4% (3/31/26; Q3 expected in line), tangible equity/tangible assets 9.50%. Customer deposits are \$20.9bn, 25.4% of them uninsured or uncollateralized. Borrowings are \$3.26bn at a 3.08% effective rate plus \$52mm of junior subordinated debentures. The maturity ladder was not retrieved, so the model's 2027 bucket is a placeholder. Model TCE/earning assets is 9.0% across the forecast, and PPNR/provision coverage is 13.3x in Y2. ACL 1.08% of loans. Ratings: n/a (unverified).

**Model note:** Verified (LibreOffice recalculated all 3,393 formula cells and they match). Unverified inputs: none. Assumptions without basis: none. Scenario consistency checks: all OK. The model is standalone: the EverBank combination is outside it. Earning assets are period-end cash + securities + net loans; preferred dividends sit in a 26.4% all-in `tax_rate` . Base Y1 (FY2026, three quarters reported) EPS is \$3.34 vs ~\$3.29 implied by actuals, because FY0 uses the post-buyback Q3 share count. There is no company EPS guidance. Base Y2 (FY2027) EPS of \$3.60 sits ~7% above the \$3.37 calendar-2027 standalone consensus cited in the merger deck: the base assumes ~10bp of NIM gain in FY27.



As of 2026-10-14. One source and one definition for every company: aggregator TTM and consensus-forward multiples; P/TBV on the source's tangible book. Not the model's own TBV basis (see the report's valuation table). Quotes are 2026-10-14 closing figures (4:00 PM ET). Dashed line = peer median. Source: [stockanalysis.com /stocks/<ticker>/statistics/](https://stockanalysis.com/stocks/<ticker>/statistics/), fetched 2026-10-14.

**Notes.** The source shows no PEG for WAFD, BANR, FIBK or CVBF; COLB's is the source's figure. None computed here. WAFD's forward P/E is on standalone consensus; the pending EverBank combination (close expected 1Q 2027) is not in it. Omitted: EV-based multiples are not meaningful for deposit-funded banks. Omitted: bank operating cash flow mixes loan-sale and trading flows, so FCF yield is not meaningful.

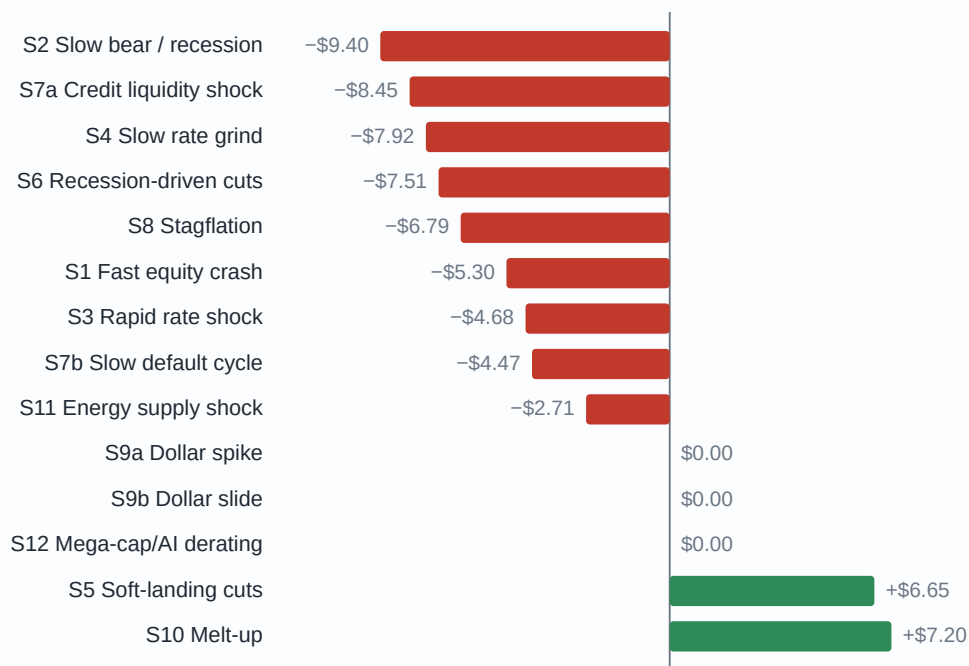
## Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

| Scenario                   | Effect | Mechanism                                                                                                                                                                  | Magnitude | Model Δ value vs Base (\$/sh) |
|----------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------|
| S1 Fast equity crash       | –      | Regional-bank multiple de-rates; no credit channel without recession                                                                                                       | Med       | –\$5.30                       |
| S2 Slow bear / recession   | –      | Multifamily, CRE and construction losses, lower commercial demand and fees, operating deleverage. About half of Base–Bear because it's transitory, while Bear is permanent | High      | –\$9.40                       |
| S3 Rapid rate shock        | –      | Thrift-like balance sheet: time deposits reprice faster than fixed-rate mortgages and MBS; higher CoE                                                                      | Med       | –\$4.68                       |
| S4 Slow rate grind         | –      | Sustained higher funding costs, slower remix, multifamily refinancing strain                                                                                               | High      | –\$7.92                       |
| S5 Soft-landing cuts       | +      | Deposit costs fall faster than asset yields; lower CoE; faster prepayments speed the remix                                                                                 | Med       | +\$6.65                       |
| S6 Recession-driven cuts   | –      | Labor-market break drives CRE and commercial losses; cuts only partly help a liability-sensitive margin                                                                    | High      | –\$7.51                       |
| S7a Credit liquidity shock | –      | Funding scare: uninsured deposits (25.4%) move to wholesale funding; strong TCE limits the damage                                                                          | High      | –\$8.45                       |
| S7b Slow default cycle     | –      | CRE and multifamily defaults flow into charge-offs                                                                                                                         | Med       | –\$4.47                       |
| S8 Stagflation             | –      | Higher funding costs and CoE, borrower strain, cost inflation                                                                                                              | Med       | –\$6.79                       |
| S9a Dollar spike           | 0      | no material effect, not modeled                                                                                                                                            | Low       | \$0.00                        |
| S9b Dollar slide           | 0      | no material effect, not modeled                                                                                                                                            | Low       | \$0.00                        |
| S10 Melt-up                | +      | Regional-bank risk premium compresses                                                                                                                                      | High      | +\$7.20                       |
| S11 Energy supply shock    | –      | Rates spill over into deposit costs; modest borrower strain                                                                                                                | Low       | –\$2.71                       |
| S12 Mega-cap/AI derating   | 0      | no material effect, not modeled                                                                                                                                            | Low       | \$0.00                        |

**Currently active/on watch per the playbook:** S3 active; S8, S10 and S11 on watch.

## MODEL VALUE CHANGE VS BASE, BY SCENARIO



## What would change the call

**Upgrades if:** WaFd holders approve the deal and integration disclosures confirm the \$135mm cost saves and  $\geq 9.8\%$  CET1 at close, or standalone NIM reaches  $\geq 2.90\%$  with criticized loans back below 4.5%. **Downgrades if:** NIM falls below 2.75%, criticized loans keep rising ( $> 5.5\%$ ) or NCOs move above  $\sim 25\text{bp}$ , the proxy reveals materially worse marks or TBV dilution than the 8.6% guided, or the price recovers to the  $\sim \$40$  Base midpoint without new evidence.

## Watch items

- **W1:** Q4 FY26 NIM  $\geq 2.81\%$  and weighted deposit rate below 2.39% — Q4 FY26 earnings release — 2026-10-15 — *Model: nim*
- **W2:** Criticized loans  $\leq 4.93\%$  of loans and quarterly NCOs  $\leq \$5\text{mm}$  — Q4 FY26 / Q1 FY27 releases — 2026-10-15 / Jan 2027 — *Model: nco\_rate*
- **W3:** WaFd shareholder vote and regulatory approvals for the EverBank combination; proxy marks and TBV dilution vs the 8.6% guided — S-4/proxy and 8-K — expected before 1Q 2027 close — *Model: none*
- **W4:** Active (commercial) loan growth  $\geq 8\%$  annualized with total earning assets growing — Q4 FY26 release / FY2026 10-K — Oct–Nov 2026 — *Model: ea\_growth*

## Sources

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- Macro log (10Y 5.21%) — <logs/macro-2026-10.md> — accessed 2026-10-14

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*Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.*