

## U.S. Bancorp

## 2024 guidance supportive of \$4+ in EPS

Reiterate Rating: BUY | PO: 49.00 USD | Price: 40.52 USD

## No material changes to our EPS outlook

We are a bit surprised by the underperformance in the stock on the back of inline 4Q23 results with EPS of \$0.99 same as our forecast. The one thing we can point to is the larger than expected decline in non-interest bearing deposits (-8% QoQ) that may cause some to second guess mgmt's net interest income guidance. That said, no major surprises in FY24 guidance: net interest income \$4-4.1bn for 1Q24, \$16.6bn FY24, assumes four rate-cuts with more/fewer cuts not seen as needle moving. Fee revenue growth: mid-single digits YoY. Expenses flat vs. \$17bn in FY23, achieve positive operating leverage starting 2H24. No change to our FY24e EPS of \$4.02.

## Attractive risk/reward, 4.9% dividend yield

We believe the stock continues to offer a compelling risk/reward to add exposure to the group in light of the still prevailing macro uncertainties. Shares trading at 10x 2024e EPS (vs. 11-12x peers and 13.3x pre-pandemic median) and 1.8x YE24e TBV vs. our 18% return on tangible common equity (ROTCE) forecast. Stock also offers an attractive 4.9% dividend yield (8% CAGR over last decade), which should look increasingly compelling as interest rates drift lower. Reiterate Buy rating and \$49 PO.

## Idiosyncratic revenue growth opportunities

USB seems well-positioned to deliver superior revenue growth (driven by Union Bank synergies, FX, wealth management, payments) in an otherwise challenging growth backdrop for the industry. USB should also benefit if mortgage activity rebounds at some point this year. Additionally, USB's breadth of commercial product offerings should help with client penetration with mgmt. laser focused on client level profitability that should drive increased wallet share while boosting firmwide ROTCE. Relevant research: [USB: Mgmt meeting takeaways 06 Nov 2023](#).

## Superior returns, scale advantages

Best-in-class return profile aided by a differentiated revenue mix should not only help capital build (+20-25bp/qtr to Common Equity Tier 1 ratio) but also provides defensibility against a worse than expected macro backdrop. Moreover, at \$660bn in assets USB is ~20% larger than its next regional bank peer. USB's scale not only positions the bank to better adapt to a harsher regulatory regime vs. regional peers, but also sets it up to gain market share from smaller rivals (organically or via M&A).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	4.06	4.32	4.02	4.36	4.40
GAAP EPS	3.69	3.27	3.55	4.36	4.40
EPS Change (YoY)	-20.4%	6.3%	-6.8%	8.3%	1.0%
Consensus EPS (Bloomberg)			4.07	4.39	4.59
DPS	1.88	1.93	1.96	2.06	2.16
Valuation (Dec)					
P/E	10.0x	9.4x	10.1x	9.3x	9.2x
GAAP P/E	11.0x	12.4x	11.4x	9.3x	9.2x
Dividend Yield	4.6%	4.8%	4.8%	5.1%	5.3%

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17 January 2024

## Equity

## Key Changes

(US\$)	Previous	Current
2024E Rev (m)	27,710.3	27,847.9
2025E Rev (m)	28,770.3	28,892.2
2026E Rev (m)	29,442.6	29,581.0
2026E EPS	4.39	4.40
2024E DPS	1.92	1.96

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## Stock Data

Price	40.52 USD
Price Objective	49.00 USD
Date Established	14-Dec-2023
Investment Opinion	B-1-7
52-Week Range	27.27 USD -49.95 USD
Mrkt Val / Shares Out (mn)	70,707 USD / 1,745.0
Free Float	97.9%
Average Daily Value	405.33 USD
BofA Ticker / Exchange	USB / NYS
Bloomberg / Reuters	USB US / USB.N
ROE (2024E)	12.3%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

# iQprofile<sup>SM</sup> U.S. Bancorp

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	14,846	17,527	16,550	16,999	17,151
% change	17.8%	18.1%	-5.6%	2.7%	0.9%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	38	(27)	0	0	0
Total Operating Income	24,701	28,284	27,848	28,892	29,581
Operating Expenses	(14,577)	(17,020)	(17,092)	(17,585)	(18,182)
% change	6.2%	16.8%	0.4%	2.9%	3.4%
Provisions Expense	(1,977)	(2,032)	(2,100)	(2,000)	(2,000)
% change	NA	2.8%	3.3%	-4.8%	0%
Operating Pre-Tax Income	8,147	9,232	8,656	9,307	9,399
Operating Net Income to Comm S/Hold.	6,223	7,168	6,726	7,181	7,252
GAAP Net Income	6,547	7,546	7,066	7,502	7,573

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	674,805	663,491	664,770	670,392	675,739
Average Interest Earning Assets	545,355	605,236	595,157	600,807	606,180
Total Gross Customer Loans	390,413	376,036	383,969	389,163	394,510
% change	22.1%	-3.7%	2.1%	1.4%	1.4%
Total Customer Deposits	524,976	512,312	510,833	521,152	531,723
% change	15.1%	-2.4%	-0.3%	2.0%	2.0%
Tangible Equity	NA	NA	NA	NA	NA
Common Shareholders' Equity	44,424	48,963	52,961	58,058	63,066

## Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	2.72%	2.90%	2.78%	2.83%	2.83%
Effective Tax Rate	21.6%	23.5%	23.0%	23.0%	23.0%
Loan / Deposit Ratio	74.4%	73.4%	75.2%	74.7%	74.2%
Tangible Common Equity / Assets	0%	0%	0%	0%	0%
ROA	1.0%	1.0%	0.9%	1.0%	1.0%
ROE	13.9%	14.2%	12.3%	12.2%	11.3%
RoTE	NA	NA	NA	NA	NA
Dividend Payout Ratio	45.0%	41.5%	45.4%	44.7%	46.4%
Efficiency Ratio (Cost / Income Ratio)	59.1%	60.1%	61.4%	60.9%	61.5%

## Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	39.9%	38.0%	40.6%	41.2%	42.0%
NPLs plus Foreclosed Real Estate / Loans	0.2%	0.4%	0.5%	0.5%	0.4%
Loan Loss Reserves / NPLs	203.40%	140.23%	115.91%	95.96%	130.44%
Loan Loss Reserves / Total Loans	0.51%	0.54%	0.55%	0.51%	0.51%

## Company Sector

Banks-US Regionals

## Company Description

U.S. Bancorp (USB), with approx. \$600bn in total assets, is the parent company of U.S. Bank, the fifth largest commercial bank in the US, and fourth largest by branches. Founded in 1929, and headquartered in Minneapolis, Minnesota, USB offers a comprehensive line of banking, investment, brokerage, trust and mortgage services to consumers, businesses, and institutions

## Investment Rationale

We expect the stock to outperform given discounted valuation, reducing concerns around capital and as investors begin to reflect superior EPS/ROTCE/credit defensibility.

## Stock Data

Average Daily Volume 10,003,145

## Quarterly Earnings Estimates

	2023	2024
Q1	1.16A	0.87E
Q2	1.12A	0.96E
Q3	1.05A	1.05E
Q4	0.99A	1.15E

**Exhibit 1: Our USB 2024e/2025e estimates remain relatively unchanged**

USB Variance Table (new vs. old estimates, assumptions)

KEY FORECAST VARIABLES:	3Q23	Actual 4Q23	Estimate 4Q23E	Variance	New 2024E	Old 2024E	Variance	New 2025E	Old 2025E	Variance
EOP Loans	377,570	376,036	377,993	-0.52%	383,969	383,975	0.00%	389,163	389,154	0.00%
Average Loans	379,538	375,010	377,781	-0.73%	377,868	380,076	-0.58%	386,566	386,565	0.00%
Average Earning Assets	605,245	594,244	604,194	-1.65%	595,157	601,936	-1.13%	600,807	607,513	-1.10%
Net Interest Margin (%)	2.81	2.78	2.74	4bp	2.78	2.73	5bp	2.83	2.75	8bp
Net Interest Income (FTE)	4,268.0	4,142.0	4,166.0	-0.58%	16,549.8	16,426.0	0.75%	16,998.8	16,698.9	1.80%
Loan Loss Provision	515.0	512.0	550.0	-6.91%	2,100.0	2,100.0	0.00%	2,000.0	2,000.0	0.00%
Noninterest Revenues	2,764.0	2,736.0	2,693.1	1.59%	11,298.1	11,284.3	0.12%	11,893.3	12,071.5	-1.48%
Securities Transactions	0.0	2.0	0.0	NA	0.0	0.0	NA	0.0	0.0	NA
Tot. Revenue	7,032	6,880	6,859	0.30%	27,848	27,710	0.50%	28,892	28,770	0.42%
Staff Expenses	2,615.0	2,509.0	2,667.3	-5.93%	10,236.5	10,882.4	-5.93%	10,646.0	11,317.7	-5.93%
Total Expenses	4,246.0	4,204.0	4,200.5	0.08%	17,092.2	17,029.6	0.37%	17,585.3	17,530.2	0.31%
Pre-Tax Income (FTE)	2,271.0	2,164.0	2,108.6	2.63%	8,655.7	8,580.6	0.87%	9,306.9	9,240.2	0.72%
FTE Tax Rate (%)	23.5	24.2	23.0	1pp	23.0	23.0	0pp	23.0	23.0	0pp
Net Income	1,737.0	1,641.0	1,623.6	1.07%	6,664.9	6,607.1	0.87%	7,166.3	7,114.9	0.72%
Available For Common	1,625.0	1,546.0	1,545.6	0mn	6,268.8	6,262.8	6mn	6,788.9	6,788.9	0mn
<b>Op. EARNINGS PER SHARE (F.D.)</b>	<b>\$1.05</b>	<b>\$0.99</b>	<b>\$0.99</b>	<b>0%</b>	<b>\$4.02</b>	<b>\$4.02</b>	<b>0%</b>	<b>\$4.36</b>	<b>\$4.36</b>	<b>0%</b>
<b>GAAP EPS (F.D.)</b>	<b>\$0.91</b>	<b>\$0.49</b>	<b>\$0.54</b>	<b>-8%</b>	<b>\$3.55</b>	<b>\$3.55</b>	<b>0%</b>	<b>\$4.36</b>	<b>\$4.36</b>	<b>0%</b>
Book Value Per Share	\$29.74	\$31.13	\$29.99	\$1.14	\$33.69	\$32.39	\$1.30	\$36.97	\$35.51	\$1.46
Tangible Book Value Per Share	\$17.94	\$19.56	\$18.30	\$1.26	\$22.49	\$21.07	\$1.42	\$26.08	\$24.50	\$1.58
Dividend Per Share	\$0.48	\$0.49	\$0.48	\$0.01	\$1.96	\$1.92	\$0.04	\$2.06	\$2.02	\$0.04
Average Fully-Diluted Shares	1,549.0	1,558.0	1,557.0	1mn	1,558.0	1,557.0	1mn	1,558.0	1,557.0	1mn
<b>CAPITAL RATIOS:</b>										
EOP Common Equity/Assets (%)	7.00	7.38	7.04	34bp	7.97	7.64	33bp	8.66	8.30	36bp
Tang. Common Equity/Assets (%)	4.37	4.79	4.44	35bp	5.48	5.13	36bp	6.28	5.89	39bp
Tangible Common Equity/RWA (%)	6.15	6.83	6.33	50bp	7.97	7.45	52bp	9.15	8.58	57bp
Tier 1 Common/RWA (%)	9.68	9.93	9.79	14bp	10.58	10.52	6bp	11.22	11.18	4bp
Tier 1/RWA (%)	11.25	11.53	11.47	6bp	12.31	12.25	6bp	12.94	12.89	4bp
<b>PROFITABILITY RATIOS:</b>										
Return On Assets (%)	1.04	1.00	0.96	4bp	1.01	0.99	1bp	1.07	1.06	1bp
Return On Common Equity (%)	13.71	12.91	13.06	-15bp	12.26	12.72	-46bp	12.23	12.73	-50bp
Return On Tangible Common Equity (%)	21.27	19.80	20.30	-50bp	17.93	18.95	-103bp	16.92	17.92	-100bp
Operating Expenses/Revenues (%)	60.38	61.12	61.24	-12bp	61.38	61.46	-8bp	60.87	60.93	-7bp
<b>BALANCE SHEET ITEMS:</b>										
EOP Total Deposits	518,358	512,312	516,214	-0.76%	510,833	515,623	-0.93%	521,152	525,955	-0.91%
AVG Total Deposits	512,291	502,782	517,286	-2.80%	510,672	515,364	-0.91%	515,992	520,789	-0.92%
EOP Total Assets	668,039	663,491	669,872	-0.95%	664,770	666,265	-0.22%	670,392	671,756	-0.20%
EOP Equity	53,578	55,771	53,965	3.35%	59,769	57,706	3.57%	64,866	62,556	3.69%
EOP Preferred Equity	6,808	6,808	6,808	0.00%	6,808	6,808	0.00%	6,808	6,808	0.00%
EOP Common Equity	46,770	48,963	47,157	3.83%	52,961	50,898	4.05%	58,058	55,748	4.14%
EOP Tangible Common Equity	28,400	30,934	28,954	6.84%	35,504	33,267	6.72%	41,091	38,607	6.43%
<b>CREDIT QUALITY INDICATORS:</b>										
Net Charge-Offs	420	463	450	2.89%	2,150	2,150	0.00%	2,250	2,250	0.00%
% Average Loans	0.44	0.49	0.48	2bp	0.57	0.57	0bp	0.59	0.59	0bp
Nonperforming Assets	1,310	1,494	1,480	0.97%	1,902	1,915	-0.67%	2,161	2,152	0.43%
% EOP Loans + OREO	0.35	0.40	0.39	1bp	0.50	0.50	0bp	0.56	0.55	0bp
Nonperforming Loans	1,267	1,449	1,394	3.97%	1,812	1,743	3.97%	2,084	2,005	3.97%
% EOP Loans (excl. OREO)	0.34	0.39	0.37	2bp	0.47	0.45	2bp	0.54	0.52	2bp
Loan Loss Reserve	7,790	7,839	7,890	-0.65%	7,789	7,840	-0.65%	7,539	7,590	-0.67%
% EOP Loans	2.08	2.10	2.10	0bp	2.04	2.05	-1bp	1.95	1.96	-1bp
% Nonperforming Loans	614.84	540.99	566.12	-2513bp	429.91	449.89	-1998bp	361.73	378.62	-1690bp

Source: BofA Global Research estimates, company filings

BofA GLOBAL RESEARCH





## Price objective basis & risk

### U.S. Bancorp (USB)

Our \$49 PO is based on 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 13.0x/2.2x multiples respectively, below the bank's 5 year pre pandemic median of 13.3x/2.5x given heightened uncertainty surrounding EPS/ROTCE outlooks, owing to the macro backdrop.

Downside risks to our PO: higher than expected credit losses, greater than expected revenue pressure, regulatory changes that would impact growth/profitability, not fully realizing synergies expected with the acquisition of Union Bank.

## Analyst Certification

I, Ebrahim H. Poonawala, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Starwood Property Trust	STWD	STWD US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
<b>NEUTRAL</b>				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman



## North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Apollo Commercial Real Estate Finance	ARI	ARI US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	BrightSpire Capital Inc.	BRSP	BRSP US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett
<b>UNDERPERFORM</b>				
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Brandon Berman

IQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

## Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

## Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

## Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

## Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

## Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

## Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

**Valuation Toolkit**

**Numerator**

**Denominator**

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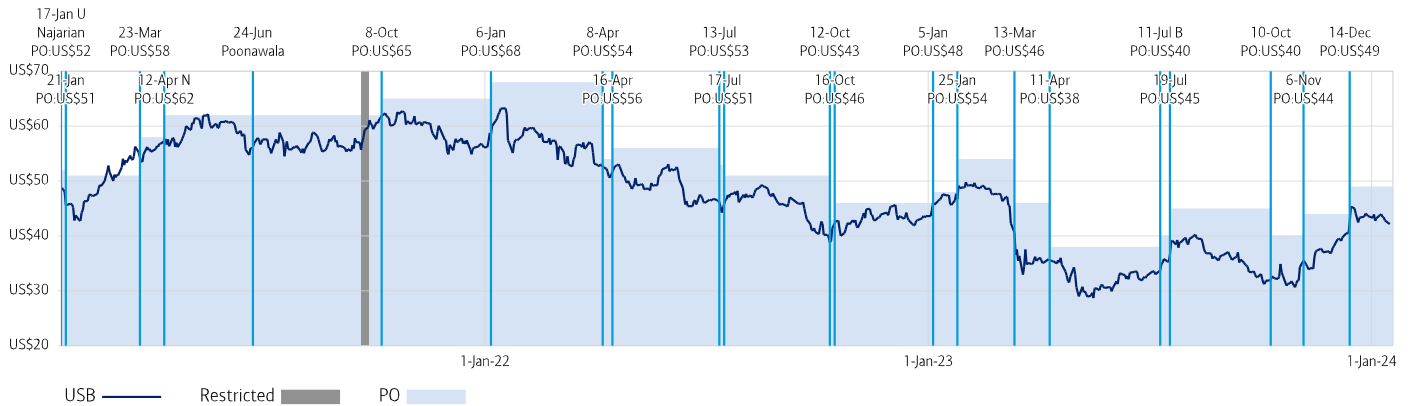
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### Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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