

US Mid-cap Banks

Made your “beta”, but doesn’t mean you need to lie in it

Industry Overview

Evaluating drivers of potential NII risk: Deposit betas

In the first of a multi-part series that dissects the underlying assumptions of mgmt. guidance to identify which banks’ net interest income (NII) outlook could be at risk, we looked at deposit betas. (We acknowledge this exercise ignores potential offsetting dynamics). In a backdrop where Fed funds futures are pricing in fewer cuts than at the start of the year, net interest margin (NIM) pressure from [still] rising funding costs is ever-present. Mgmt. teams largely agree interest rate pressures on deposit costs have eased. Where there is some divergence is the pace or magnitude of decline when the Fed does cut rates.

Ahead of the curve: Promos pulled, select rates lowered

In the near term, continued mix shift (i.e., non-interest-bearing into interest-bearing and/or migration into CDs) will likely represent the primary driver of upward pressure from here. Interestingly, reverse deposit beta assumptions/commentary suggest little concern the liquidity events of March 2023 will affect trough deposit cost levels. After all, we’ve already begun to see banks reduce the rates offered on 1Y+ CDs and/or shorten the terms on promo rates (if not pulled entirely). Since mid-Nov., we’ve seen a subset of banks consistently (i.e., weekly) lower rates paid on 1Y CDs. The avg. 1Y CD APY is down ~40bp over the last three months (see Exhibit 7). More broadly, the spread between national 1Y-6M CD rates has narrowed to 36bp (vs. 60bp at peak, see Exhibit 2). Meanwhile, rates on high yield savings accounts have remained largely stable. On the wholesale side, several mgmt. teams have also begun testing the impact of rate reductions in small increments (see [BofA 2024 Financial Services Conf takeaways: What did we learn? 26 Feb 2024](#)).

See revision risk at ASB, CMA; FNB guide conservative

Within our coverage, **ASB** and **CMA** are the two banks with aggressive deposit beta assumptions (see Exhibit 1), in our view. Embedded within each of their FY24 NII outlook mgmt. is assuming a reverse deposit beta of similar magnitude to that observed cycle-to-date (CTD). ASB’s guidance assumes a reverse beta between 45%-55% vs. 59% CTD while CMA is assuming a ~60% beta (vs. 58% CTD). The relative underperformance of CMA shares since reporting 4Q23 results (1/19) likely suggests some skepticism already of mgmt.’s NII outlook. Instead, we review ASB, where the potential impact is a bit more nuanced.

We are forecasting FY24 NII growth of +1.4% (consistent with cons.), short of mgmt.’s +2-4% guidance, assuming a 33% reverse beta. Applying our interest expense forecast to the implied interest income (based on the mid-point of mgmt.’s guidance), we est. a pro forma NII of \$1.054bn or a 5% hit to cons. 2024e EPS, all else equal. That said, it is important to note that mgmt. had indicated fewer rate cuts should represent an incremental positive to ASB’s FY24 NII. We instead highlight Buy-rated **FNB** where mgmt.’s underlying assumptions (both in terms of rates and loan growth) appear conservative, in our view.

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ASB: Associated Banc-Corp**CMA:** Comerica Inc**FNB:** FNB Corp/PA**APY:** Annual percentage yield**CD:** Certificate of deposit

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Timestamp: 01 March 2024 05:08AM EST

Exhibit 1: NII outlook at higher risk among banks assuming more cuts, higher reverse betas

Summary of select management guidance by bank

	BofA Rating	Rate Outlook	Loan Growth	Deposit Growth	NII Growth	Assumed Beta	2021-23 Beta	Oper Leverage	4Q23 NCOs	2024e NCOs	Perf since 4Q
ALLY	Neutral	0	Stable			~70%	68%	-1%	1.77%	1.45%	20%
ASB	Neutral	6	MSD	MSD	2-4%	50%	59%	-6%	0.21%		4%
BOH	U/P	3	LSD				42%	-6%	0.05%		-5%
BPOP	Neutral	2	MSD		9-11%		46%	1%	0.66%	0.75%	9%
CBSH	Neutral	5	MSD	LSD	(1)%*	14%*	36%	-5%	0.19%		5%
CMA	Neutral	6	MSD	Stable	(11)%	60%	58%	-11%	0.15%	0.25%	-1%
COLB	Not rated	3			-4%		46%	N/A	0.31%		-19%
FBP	Buy	5	MSD				35%	-6%	0.69%		15%
FHB	U/P	5	LSD			45%	45%	-6%	0.16%		7%
FNB	Buy	3	MSD	LSD	(2)-2%	35%	33%	-4%	0.10%		8%
PNFP	Not rated	3	LDD	HS/LDD	HS/LDD	~100%	70%	N/A	0.17%	0.16%	4%
OZK	Not rated						70%	N/A	0.06%		0%
TCBI	U/P	5	HSD*	LDD*	Stable*	60%	80%	-1%	0.27%		-1%
VLY	Not rated	7	MSD		3-5%	45%	73%	N/A	0.14%		-16%
WBS	Buy	4	MSD	MSD	3-5%	25%	40%	-7%	0.27%		3%
ZION	U/P	6	Stable		(2)-(3)%	43%	60%	-5%	0.06%		-1%
CFR	Buy	5	M/HSD	LSD	2-4%	60%	41%	-9%	0.23%		10%
EWBC	Buy	6	MSD		(4)-(6)%	50%	64%	-5%	0.15%		8%
FHN	Buy	4	Muted		1-4%	60%	60%	-5%	0.23%		11%
NYCB	Neutral	0	(MSD)	MSD			61%	0%	0.86%		-43%
WAL	Buy	4	MSD	15%	6-11%	100%	62%	-2%	0.07%		-2%
PB	U/P		MSD	LSD			33%	-1%	0.36%		4%
SNV	Buy	0	LSD	MSD	1-4%		58%	-4%	0.38%		13%

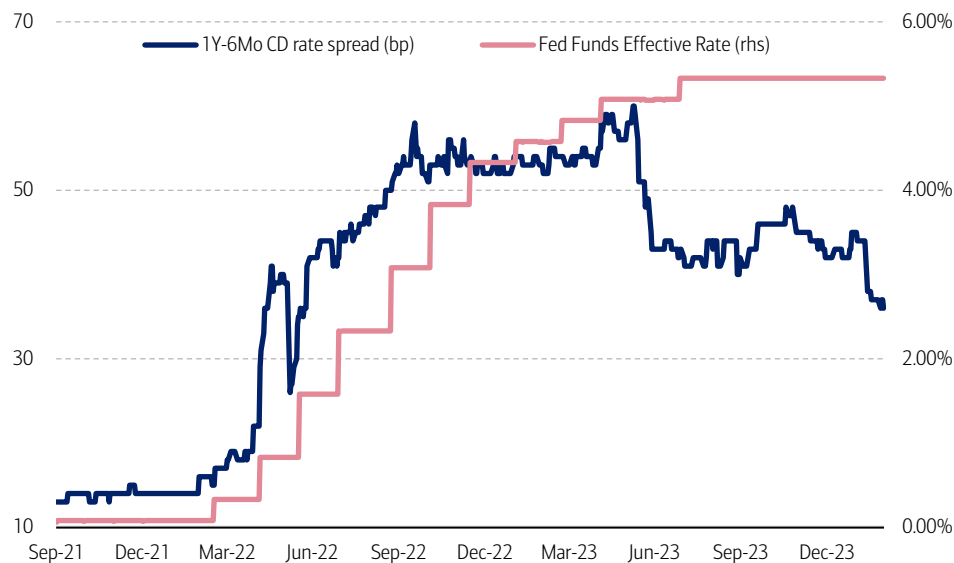
Source: BofA Global Research estimates, company filings, Bloomberg

Note: Rate outlook denotes the number of 25bp rate cuts assumed within guidance; FNB & TCBI expect to realize a little more than half of its TTC beta in 2024; 2021-23 deposit beta & operating leverage calculated by BofA; Asterisk denotes BofA est. (if formal guidance not provided); LSD = low-single digits; MSD = mid-single digits; HSD = high-single digits; LDD = low-double digits

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Exhibit 2: Banks seen shortening CD duration ahead of Fed rate cuts

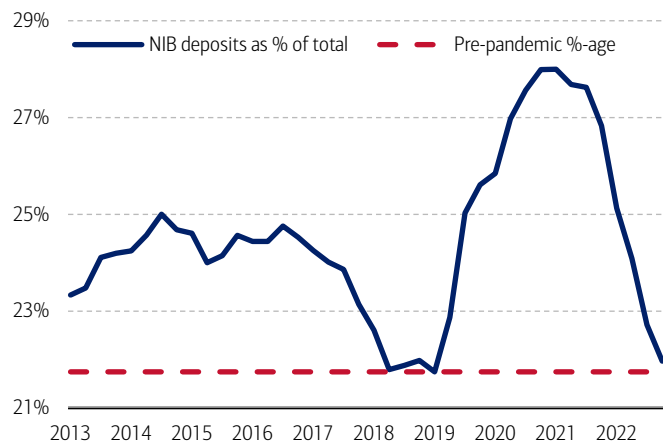
Spread between 1Y and 6Mo national CD rates

**Source:** Bloomberg

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Exhibit 3: Noninterest-bearing deposits nearly at pre-pandemic levels

Noninterest-bearing deposits as % of total deposits

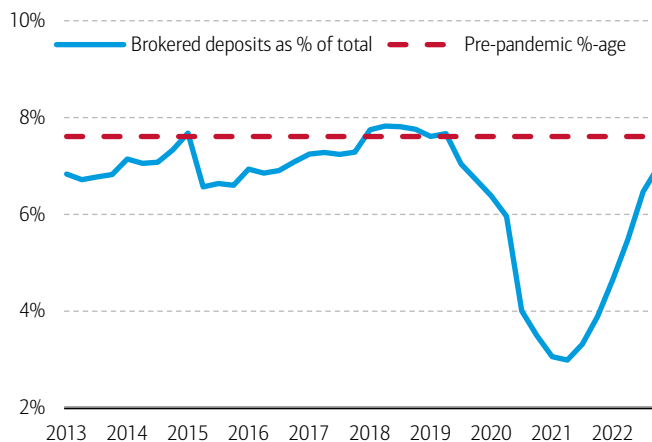


Source: FDIC

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Exhibit 4: ... as are brokered deposits

Brokered deposits as % of total deposits

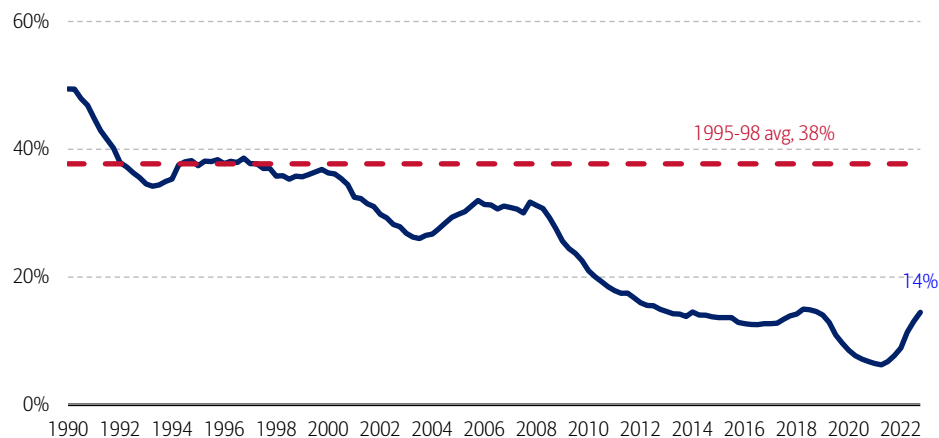


Source: FDIC

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Exhibit 5: CDs represent less than half of total that they did during 1995-98 rate cycle

CDs as % of total deposits



Source: FDIC

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Exhibit 6: Comparison of deposit betas by account type

Heatmap denotes relative betas cycle-to-date

	ASB	BOH	BPOP	CBSH	CFR	CMA	EWBC	FBP	FHB	FHN	FNB	NYCB	PB	SNV	TCBI	WAL	WBS	ZION
Savings	31%	45%	13%	-1%	-	4%	11%	-	27%	64%	22%	32%	-	2%	85%	-	-	-
Savings and interest checking	-	-	-	-	7%	-	-	-	-	-	-	-	-	-	-	-	-	-
Demand Deposits	49%	14%	-	-	-	-	50%	-	-	-	46%	-	8%	41%	48%	53%	-	-
Money Market Deposits	66%	-	-	-	52%	-	71%	-	52%	-	-	-	-	57%	-	-	-	-
Savings and money market	53%	44%	13%	-1%	52%	4%	63%	-	37%	64%	22%	32%	36%	53%	85%	58%	-	51%
NOW and money market	-	-	66%	29%	-	55%	-	-	-	-	-	64%	-	-	-	-	-	87%
Int-bearing checking, MMkt and savings	51%	35%	46%	26%	31%	51%	59%	-	37%	64%	41%	56%	26%	47%	79%	55%	54%	60%
Health savings accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2%	-
Foreign deposits	-	-	-	-	-	98%	-	-	-	-	-	-	-	-	-	-	-	-
Other interest-bearing deposits	51%	35%	46%	26%	31%	57%	59%	24%	37%	52%	41%	56%	26%	47%	79%	55%	43%	60%
Time Deposits	81%	68%	42%	82%	83%	66%	74%	60%	64%	74%	62%	76%	65%	73%	87%	89%	-	-
CDs and brokered deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79%	-
Core deposits, ex Brokered CDs	59%	42%	46%	36%	42%	58%	66%	32%	45%	59%	47%	62%	34%	54%	80%	64%	43%	60%
Brokered CDs	-	-	-	-	-	-	-	59%	-	-	-	-	-	91%	-	-	-	-
Total Interest-bearing Deposits	59%	42%	46%	36%	42%	58%	66%	35%	45%	62%	47%	62%	34%	60%	80%	64%	49%	60%

Source: company filings

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**Exhibit 7: Banks are reducing rates on CD products ahead of Fed rate cuts while maintain those on high yield savings accounts**

Not a comprehensive list; for illustrative purposes only

Wk beginning	2-Oct	9-Oct	16-Oct	23-Oct	30-Oct	6-Nov	13-Nov	20-Nov	27-Nov	4-Dec	11-Dec	18-Dec	25-Dec	1-Jan	8-Jan	15-Jan	22-Jan	29-Jan	5-Feb	12-Feb	19-Feb	26-Feb
HY Savings accounts																						
Bask Bank	5.00%	5.00%	5.00%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
My Banking Direct	5.00%	5.00%	5.00%	5.00%	5.00%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%
LendingClub	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Live Oak Bank	4.15%	4.15%	4.15%	4.15%	4.15%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%
Synchrony	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
CIBC	4.76%	4.76%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%
GS Bank USA	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Amex	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
Ally Financial	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
Citibank	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
Capital One	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
Barclays	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
Citizens Access	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
SoFi	4.50%	4.50%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
Laurel Road	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
CDs (term: 1-year)																						
My Banking Direct	3.50%	3.50%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Live Oak Bank	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.30%	5.30%	5.20%	5.20%	5.20%	5.20%
LendingClub	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.55%	5.55%	5.55%	5.55%	5.55%	5.55%	5.55%	5.55%	5.55%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Synchrony	5.10%	5.10%	5.10%	5.10%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.00%	5.00%	5.00%	4.90%	4.90%	4.90%
GS Bank USA	5.10%	5.10%	5.10%	5.20%	5.20%	5.30%	5.30%	5.30%	5.30%	5.30%	5.30%	5.50%	5.50%	5.50%	5.50%	5.50%	5.35%	5.35%	5.15%	5.05%	5.05%	5.05%
Capital One	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Sallie Mae	5.10%	5.10%	5.10%	5.10%	5.25%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.35%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Ally Financial	5.00%	5.00%	5.00%	5.00%	5.00%	5.10%	5.10%	5.10%	5.10%	5.10%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.00%	5.00%	4.90%	4.80%	4.65%	4.65%
BankUnited Direct	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.75%	4.75%	4.75%	4.75%
Citizens Access	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
CIBC	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%	5.51%
Barclays	5.15%	5.15%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.40%	5.40%	5.40%	5.40%	5.30%	5.30%	5.30%	5.30%	5.15%	5.15%	5.15%	5.15%
Citibank	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.75%
VirtualBank	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%	3.87%

Source: BofA Global Research, company websites, Bankrate.com

Note: Green text denotes rate increase, red text denotes rate cut

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Exhibit 8: Stocks mentioned

Prices and ratings for stocks mentioned in the report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ASB	ASB US	Associated Banc	US\$ 20.84	B-2-7
CMA	CMA US	Comerica	US\$ 49.38	C-2-7
FNB	FNB US	FNB Corp	US\$ 13.34	B-1-7

Source: BofA Global Research

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Price objective basis & risk**Associated Banc-Corp (ASB)**

Our \$23 PO is based on a 50%/50% weighting between our 2024e EPS and 2024e tangible book value (TBV). We assign 12.0x/1.0x multiples respectively, below peer multiples (12.3x/1.1x) due to its below-average EPS growth momentum.

Upside risk: stronger-than-expected balance sheet growth and greater NIM expansion relative to peers. Downside risk: higher-than-expected expense growth, accelerated credit migration, slower balance sheet growth.

Comerica Incorporated (CMA)

Our \$56 PO is based on applying a 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 12.5x/1.2x multiples respectively, below the bank's 5 year pre-pandemic median of 14.8x/1.6x given the bank's lack of idiosyncratic catalysts in the current environment.

Upside risks to our PO are stable-to-rising interest rates, continued improvement in credit quality, and/or higher-than-expected capital return. Downside risks to our PO are Fed rate cuts and/or higher-than-expected expenses.

FNB Corporation of Pennsylvania (FNB)

Our \$16 PO is based on a 50%/50% weighting between our 2024e EPS and 2024e tangible book value (TBV). We assigned 10.5x/1.6x multiples, respectively, improved capital levels and above-average ROTCE profile.

Upside risk: stronger than expected balance sheet growth, quicker return to profitability, and greater NIM expansion relative to peers. Downside risk: higher than expected expense growth, accelerated credit migration, and slower balance sheet growth.

Analyst Certification

I, Brandon Berman, 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
BUY				
	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
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Nuveen Churchill Direct Lending	NCDL	NCDL US	Derek Hewett
	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
	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
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	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
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Palmer Square Capital BDC	PSBD	PSBD 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

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett

UNDERPERFORM

	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

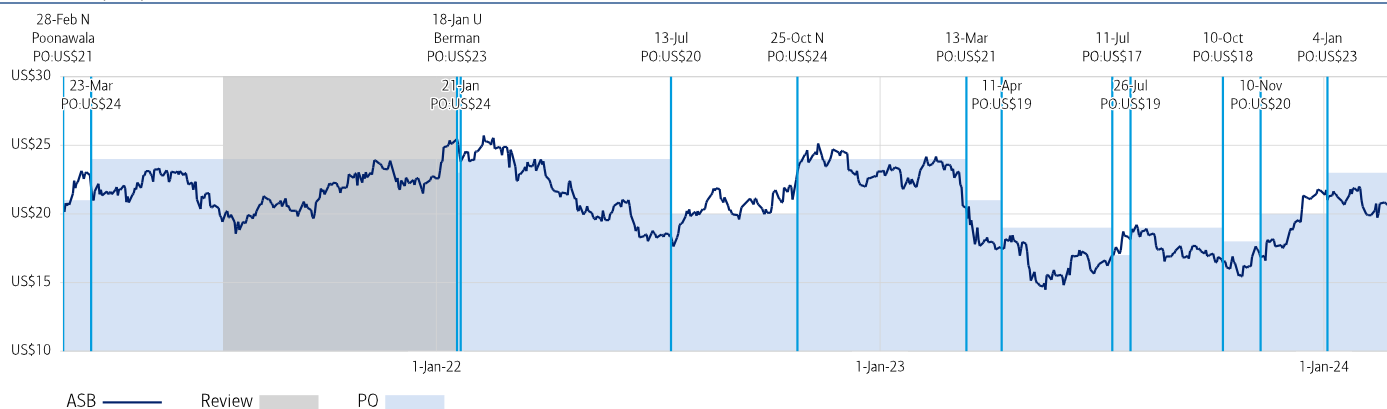
RSTR

	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
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Disclosures

Important Disclosures

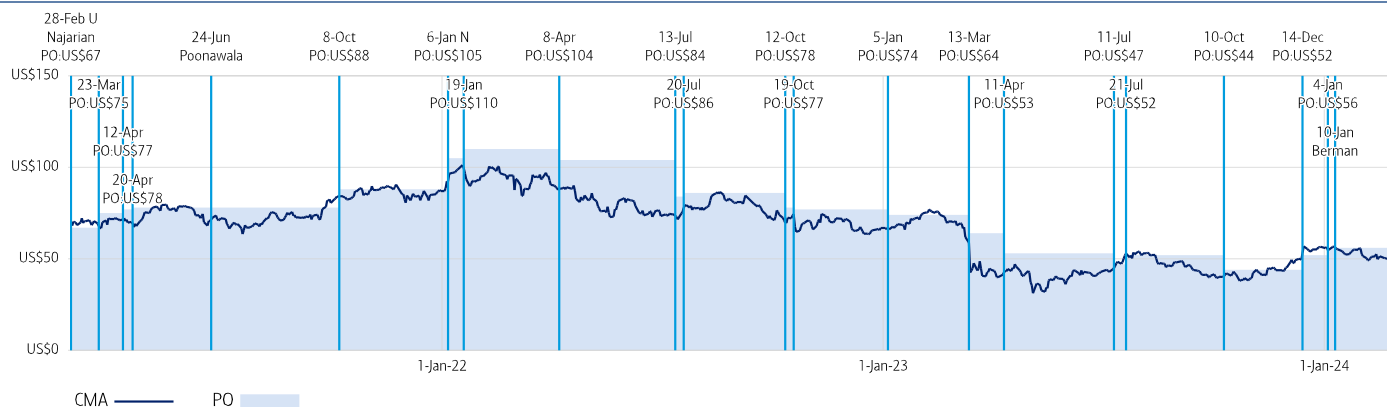
Associated Banc (ASB) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

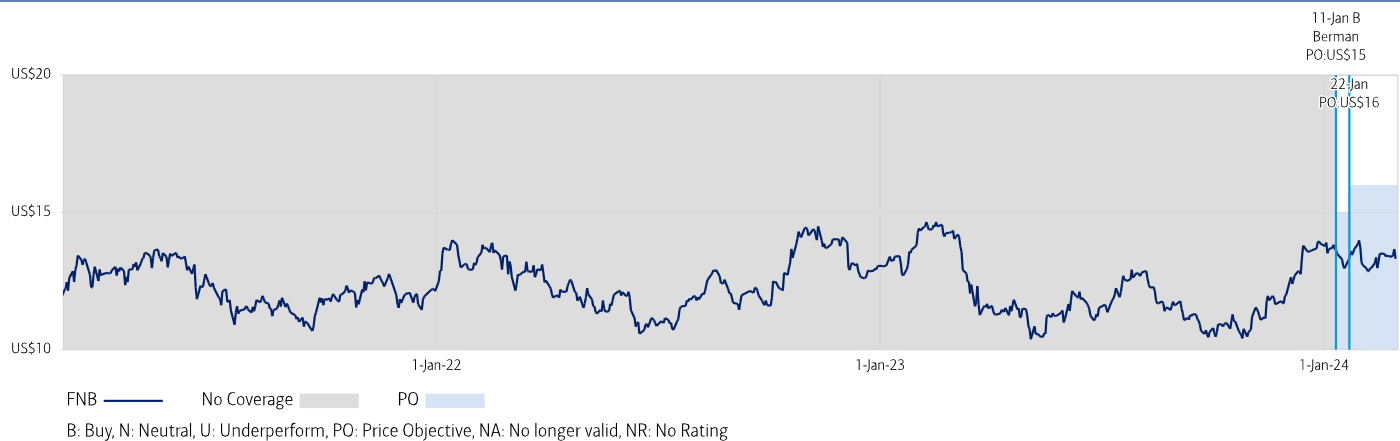
Comerica (CMA) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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FNB Corp (FNB) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	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 ^{R1}	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%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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