

Canadian Banks

Earnings & Beyond: Resilient but not immune

Earnings Review

Market structure, profitability positives

Canadian banks have been relative outperformers during the current crisis, with the group -9% MTD vs -28% US banks and -18% EU banks. This is consistent with history where Canadian bank stocks have acted defensively during periods of macro turmoil. Stock valuation at 9x 2023 P/E and 1.3x YE23e P/Book discounting slower growth, recession poses downside risks. **Exhibits 1-72 for valuation, operating trends.**

Market structure = stability: The six major banks are all D-SIBs (domestic systemically important bank) and have large, diversified retail deposit franchises. As a result, despite deposit insurance coverage at \$100k per account, we have not seen evidence of deposit flight. Also, while there is an outsized focus among investors on unrealized losses on held-to-collect securities, we don't view the loss as a trigger to sell these securities given the range of liquidity options available to the banks.

Profitability profile = buffer against worsening outlook: Banks came into this crisis with relatively strong profitability with our forecast for the big five banks to earn a 14% ROE during FY23. This provides a healthy cushion to absorb the negative impact from a worsening operating outlook (rising funding costs, slower growth, credit deterioration).

Higher for longer = downside risks: One of the outcomes of the current crisis could be a softening in inflation, opening the door for the BoC to ease interest rates. The 5yr govt bond yield pulled back sharply to 2.89% on Friday from 3.65% earlier in the month (although still near decade highs). In our view, a higher for longer rate backdrop remains among the key risks facing the Canadian economy given potential to squeeze consumer spending and thereby the growth outlook for the banks. From BofA FX strategy team (3/13): "We also see material upside risk for renewed BoC rate hikes if the CAD weakens by too much on monetary policy divergence with the Fed."

What happens to TD/First Horizon: Investors have wondered how the recent events in the US will impact the merger. We still believe that both parties are motivated to go through with the deal (terms being renegotiated). We see potential for increased willingness among US banking regulators to approve the deal on a faster timeline and remove deal overhang for what is a relatively large US regional bank. However, this assumes that the issue that led to the most recent delay in deal approval is manageable in nature. Relevant research: [FHN merger: not a done deal? 01 March 2023](#)

EPS risks skewed to the downside: 2023 consensus EPS revisions -1.4% (vs. pre-1Q23). Few drivers of positive EPS revisions ahead as loan growth slows, margin expansion moderates and credit costs (PCLs) normalize. Capital leverage non-existent as banks work toward building common equity tier 1 (CET1) capital ratios to 12% by YE23. Credit normalizing with new formations +14% QoQ. Gross impaired loans +8% QoQ; +8% YoY; net write offs +9% QoQ; +49% YoY. BofA 2023 GDP forecast Canada/US +1.0%/+1.0%.

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Equity
Canada
Banks-Multinational/Universal

Ebrahim H. Poonawala
Research Analyst
BofAS
+1 646 743 0490
ebrahim.poonawala@bofa.com

Brandon Berman
Research Analyst
BofAS
+1 646 855 3933
brandon.berman@bofa.com

Relevant Research

[BMO: Superior execution should shine](#)

[BNS: No easy way out](#)

[CM: Results should help restore investor confidence](#)

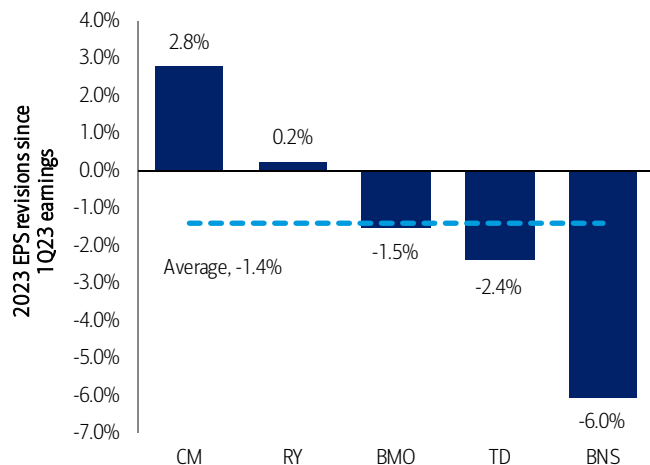
[RY: Results reflect a challenging operating backdrop](#)

[TD: Stock reaction puzzling](#)

Limited drivers for positive EPS revisions.

Exhibit 1: Consensus EPS revisions vs. pre-1Q earnings for 2023...

CM saw the largest positive revision to '23e EPS

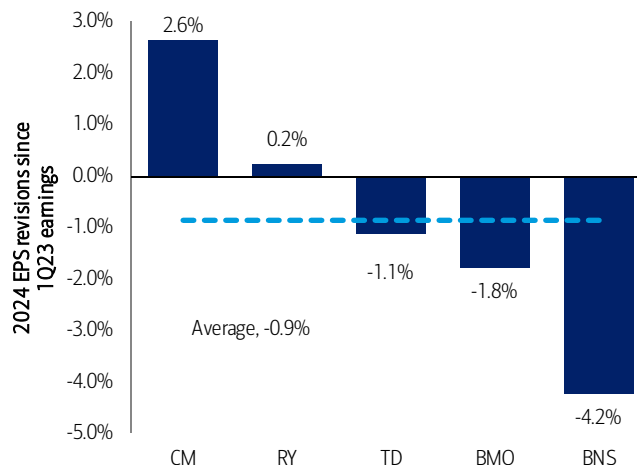


Source: BofA Global Research, Bloomberg

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Exhibit 2: ...and 2024 have been mixed

...and also the largest positive increase to '24e EPS



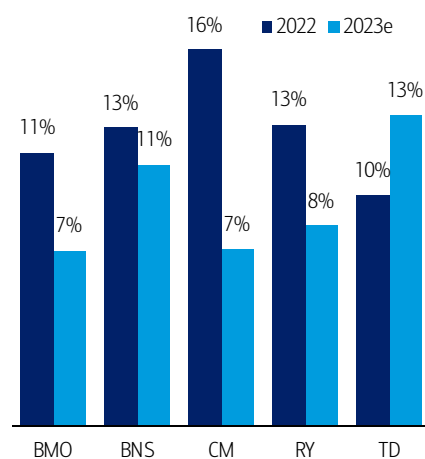
Source: BofA Global Research, Bloomberg

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Loan growth, net interest margin expansion to drive net interest income growth; credit costs normalizing.

Exhibit 3: Avg. YoY loan growth

We expect loan growth to slow in FY23



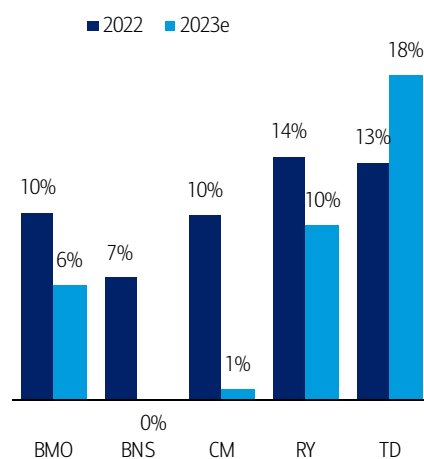
Source: BofA Global Research, company filings

Note: TD/BMO excludes M&A

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Exhibit 4: YoY NII growth

We expect NII growth to slow in FY23



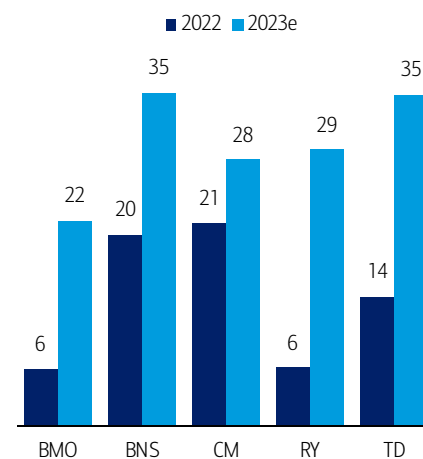
Source: BofA Global Research, company filings

Note: TD/BMO exclude M&A

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Exhibit 5: Provision for credit losses (bp)

We expect provisioning to increase in FY23



Source: BofA Global Research, company filings

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Discounted valuation reflects macro uncertainties.

Exhibit 6: Historical P/E

Banks are trading at 8.9x forward P/E or below historical median of 10.6x



Source: BofA Global Research, Bloomberg

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Exhibit 7: Historical P/B

...and 1.4x P/B, below the historical median



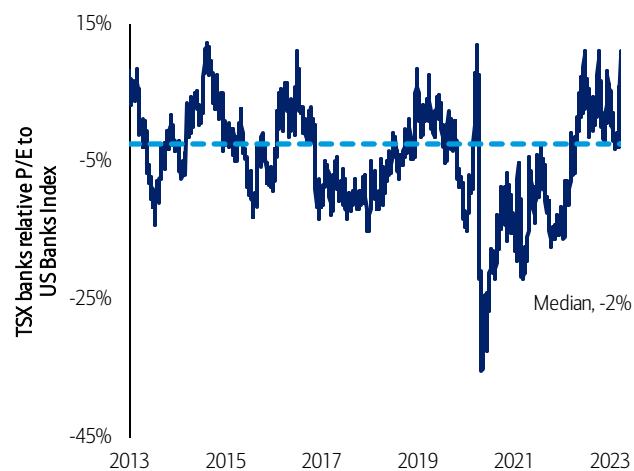
Source: BofA Global Research, Bloomberg

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Relative valuation vs. US peers has improved on the back of MTD outperformance.

Exhibit 8: Canadian banks relative P/E to US banks

CAD banks trade at a +11% premium to US banks, above -2% historically



Source: BofA Global Research, Bloomberg

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Exhibit 9: Canadian banks relative P/B to US banks

CAD banks trade at 48% premium to US banks compared to 46% historically

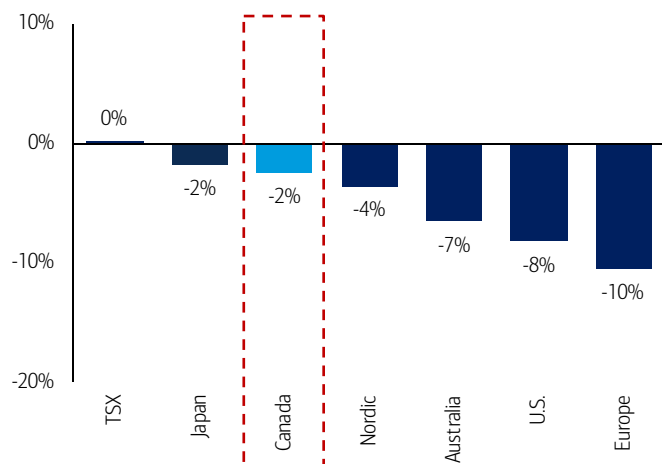


Source: BofA Global Research, Bloomberg

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Exhibit 10: Year-to-date (YTD) price performance

Canadian banks have outperformed most global banking peers...

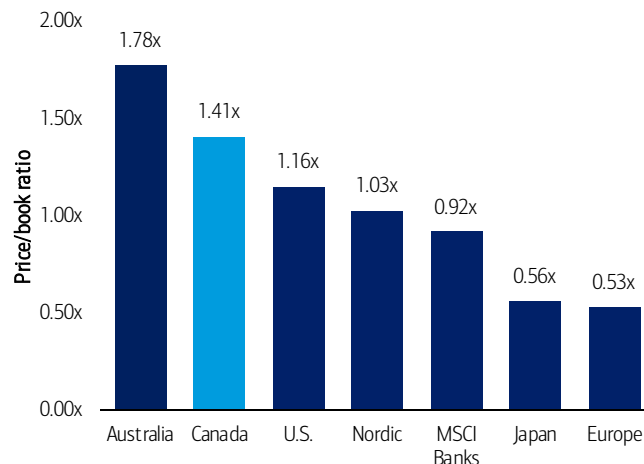


Source: BofA Global Research, Bloomberg

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Exhibit 11: Global Price to Book (P/B) comparison

...and trade at a premium P/B multiple given stronger ROE



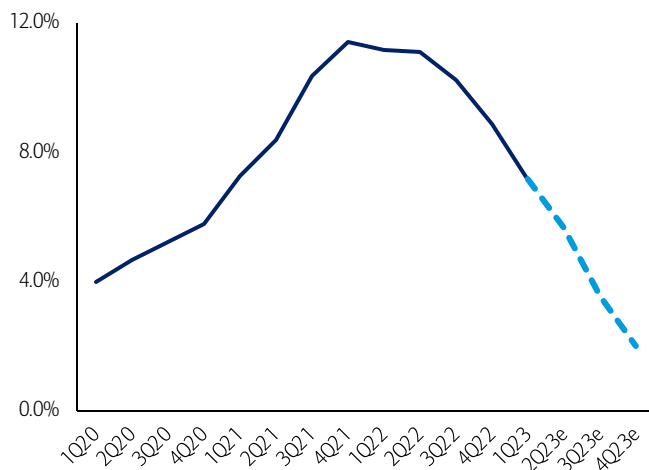
Source: BofA Global Research, Bloomberg

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We expect mortgage growth to slow throughout 2023 given the impact of rising interest rates, slowing economy.

Exhibit 12: BofAe average Canadian mortgage growth YoY

Canadian mortgage loan growth to moderate as interest rates rise



Source: BofA Global Research, company reports

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Exhibit 13: Canada 5-year yield

5yr yield down 95bp from peak levels



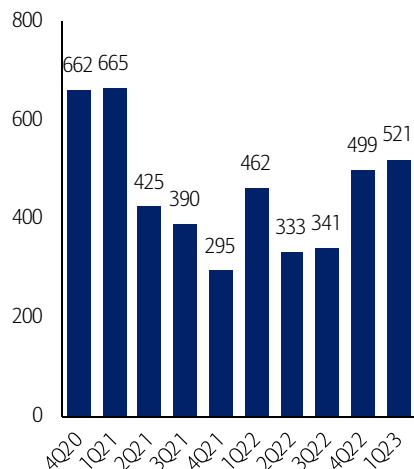
Source: BofA Global Research, Bloomberg

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Gross impaired loan (GIL) formations continue to increase.

Exhibit 14: BMO GIL formations

GIL formations increased 4% QoQ

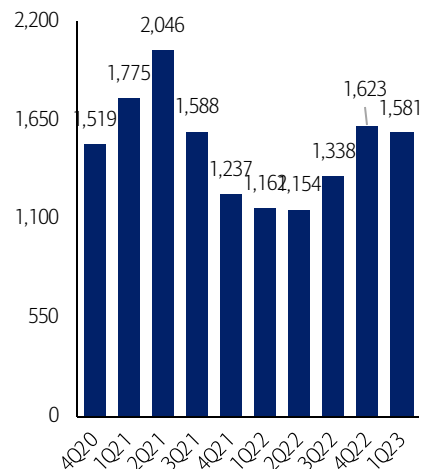


Source: BofA Global Research, company reports

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Exhibit 15: BNS GIL formations

GIL formations decreased 3% QoQ

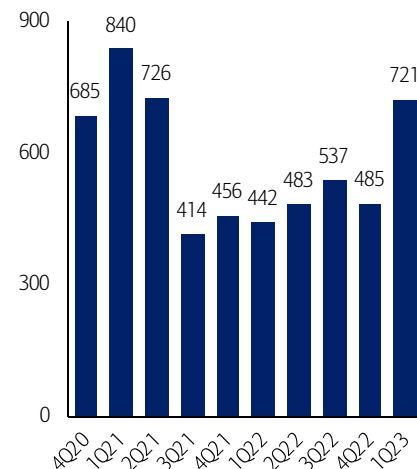


Source: BofA Global Research, company reports

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Exhibit 16: CM GIL formations

GIL formations increased 49% QoQ

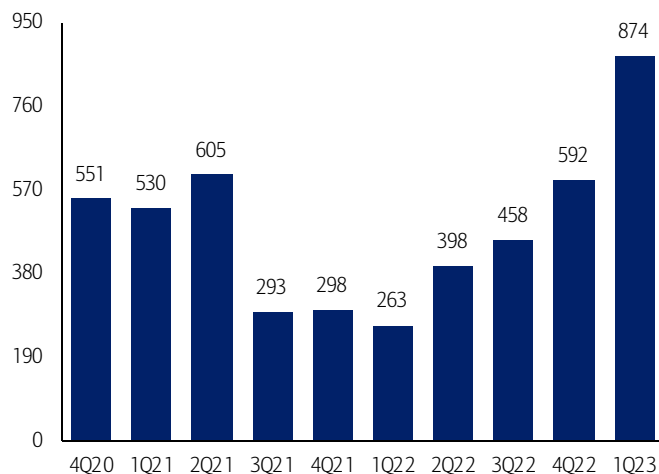


Source: BofA Global Research, company reports

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Exhibit 17: RY GIL formations

GIL formations increased 48% QoQ

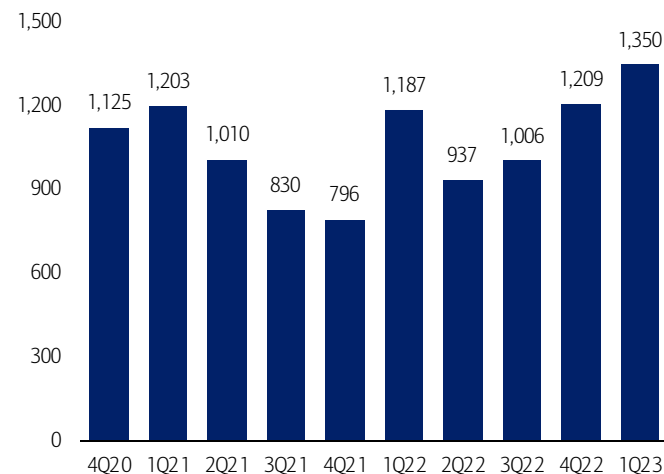


Source: BofA Global Research, company reports

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Exhibit 18: TD GIL formations

GIL formations increased 10% QoQ



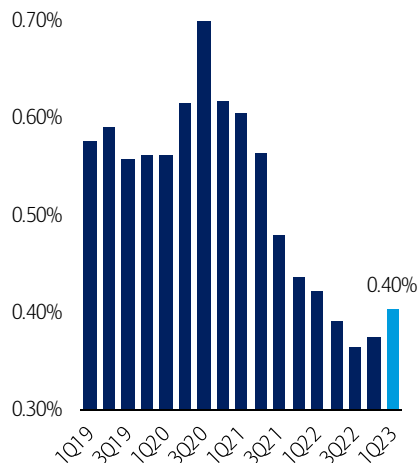
Source: BofA Global Research, company reports

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Despite an expected normalization, credit remains strong.

Exhibit 19: GILs/total loans

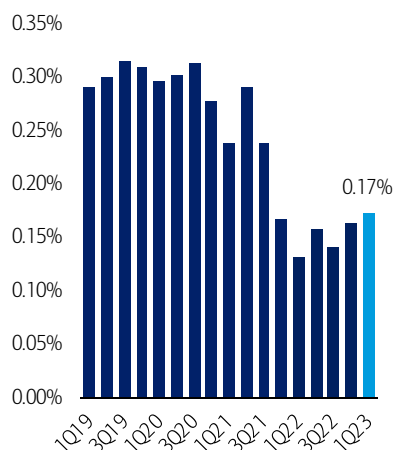
GILs increased 2bp QoQ on avg to 40bp



Source: BofA Global Research, company reports
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Exhibit 20: Net write-offs/total loans

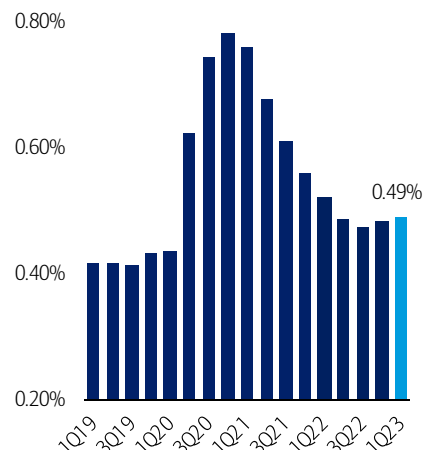
NCOs increased 1bp QoQ on avg to 17bp



Source: BofA Global Research, company reports
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Exhibit 21: Perf loan allowance ratio

Perf. ACL remained flat QoQ on avg at 49bp

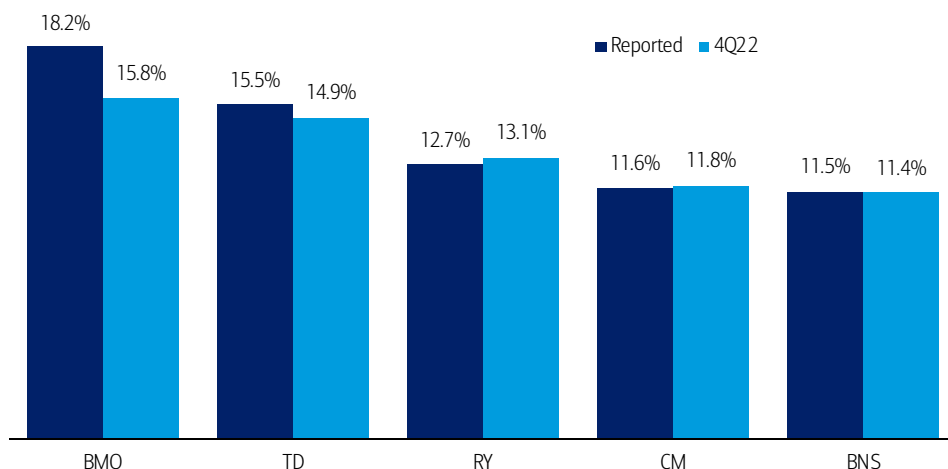


Source: BofA Global Research, company reports
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Banks targeting 12% CET1 capital ratio by YE23 vs. 11% current regulatory minimum.

Exhibit 22: 1Q23 CET1 ratio change QoQ

CET1 ratios increased 16bp QoQ on average

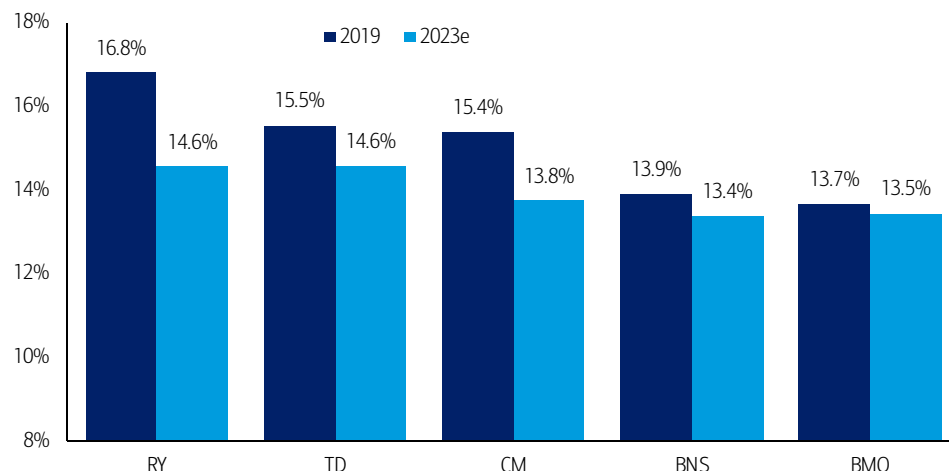


Source: BofA Global Research, company reports

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Exhibit 23: ROE comparison: 2019 vs 2023e

ROEs pressured by higher capital as banks await deal closings



Source: BofA Global Research, company reports

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Exhibit 24: Capital commentary: From bank management teams during 1Q23 earnings calls

We expect capital to continue to be constrained due to pending regulatory changes

Capital: Management commentary during 1Q23 earnings

BMO We've continued to bolster our capital position in light of the new regulatory capital requirements while supporting customer growth. And we expect our CET1 ratio to be above 11.5% in the second quarter now that the Bank of the West acquisition has closed. As discussed previously, we remain confident that our CET1 ratio will remain above 11.5% in Q2 and continue to build to 12% by the end of the fiscal year. **On Basel III update in Q2:** there is going to be a benefit and that benefit potentially could be 35 to 40 basis points for the quarter.

BNS In the interim, a few notable near-term focus areas: from an all-bank perspective, achieving a 12% CET1 ratio by fiscal year end is important, a 11.5% was a good outcome for the quarter and we will continue to see internal capital generation throughout the year, as well as the benefit from Basel III implementation next quarter. **On Basel III update in Q2:** The adoption of Basel III reforms in Q2 2023 is estimated to benefit capital by approximately 20 basis points to 30 basis points.

CM We currently forecast our CET1 ratio to continue trending higher from here, ending 2023 around 12%. **On Basel III update in Q2:** And from that point on, we've got the Basel III coming in. There may be some positive there. Honestly, what we're assuming at this point, there's a few things we're still landing, net neutral from the implementation of the Basel III in Q2.

RY We ended the quarter with a CET1 ratio of 12.7% and expect to maintain a CET1 ratio of at least 12% up to and following the close of our proposed acquisition of HSBC Canada. **On Basel III update in Q2:** Next quarter, we expect Basel III regulatory reforms to drive a 70 to 80 basis point benefit, largely reflecting the removal of the sector wide credit risk RWA scaling factor under the new IRB framework.

TD With TD's strong internal capital generation capabilities and the various capital levers available to the bank, we continue to expect TD's CET1 ratio to be comfortably above 11% post-closing of the First Horizon transaction. **On Basel III update in Q2:** So, in Q2, we expect the impact of Basel III to be small, either way.

Source: BofA Global Research, company reports

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Unrealized losses on available for sale securities (FVOCI) reflected in book value and CET1 capital ratios. Unrealized losses on held-to-collect not reflected, but we don't see a trigger event that would force a sale of these securities given ample liquidity options available to the banks.

Exhibit 25: Canadian bank held-to-maturity securities unrealized losses

Canadian bank HTM unrealized losses represent a small portion of CET1 capital

As of 1Q23 (CAD \$mns)	Carrying Value	Fair Value	Amortized Cost (Held-to-Collect/HTM)		Impact from Hedges	Unrealized ex-Hedges	RWA	% of RWA
			Unrealized Gain/(Loss) (post-tax)*					
BMO	105,784	96,859	-7,140		5,667	-1,473	347,454	0.4%
BNS	24,195	23,206	-791			-791	471,528	0.2%
CM	59,971	58,409	-1,250			-1,250	315,038	0.4%
RY	77,056	71,919	-4,110			-4,110	614,250	0.7%
TD	339,706	327,836	-9,496		576	-8,920	531,644	1.7%

Source: BofA Global Research, company filings

*assumes a tax rate of 20%

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Exhibit 26: Canadian bank available-for-sale securities unrealized losses

Canadian bank AFS unrealized losses are minute and already factored into CET1

As of 1Q23 (CAD \$mns)	FVOCI (AFS)		
	Carrying Value	Fair Value	Unrealized Gain/(Loss)
BMO	49,031	48,365	-533
BNS	85,684	82,431	-2,602
CM	58,050	57,672	-302
RY	99,899	97,980	-1,535
TD	70,166	69,821	-276

Source: BofA Global Research, company filings

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Exhibit 27: Canadian bank securities portfolio composition and % of total assets

TD holds the highest % of amortized cost/HTM securities to total assets at 18%, with BNS holding the least at 2%

As of 1Q23 (CAD \$mns)	Total Securities* (at Carrying Value)					
	Amortized Cost	FVOCI	Total Securities	Total Assets	Amortized Cost as a % of Securities	Amortized Cost as a % of Total Assets
BMO	105,784	49,031	168,888	1,145,706	62.6%	9.2%
BNS	24,195	85,684	217,739	1,374,400	11.1%	1.8%
CM	59,971	58,050	187,350	921,991	32.0%	6.5%
RY	77,056	99,899	320,553	1,933,019	24.0%	4.0%
TD	339,706	70,166	416,904	1,928,284	81.5%	17.6%

Source: BofA Global Research, company filings

*Total securities includes Debt securities at amortized cost, FVOCI, and FVTPL

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Operating trends

Exhibit 28: EPS estimates: BofA vs. consensus

We are -3.9% below the Street on 2023 EPS outlook

			2Q23e			2023e			2024e			2025e		
	Rating	PO	BofAe	Cons.	BofA vs. cons	BofAe	Cons.	BofA vs. cons	BofAe	Cons.	BofA vs. cons	BofAe	Cons.	BofA vs cons
Canada Banks														
BMO	Neutral	\$134.00	\$3.05	\$3.27	-6.8%	\$13.20	\$13.41	-1.5%	\$13.02	\$14.04	-7.3%	\$14.76	\$14.16	4.2%
BNS	Neutral	\$73.00	\$1.79	\$1.86	-3.8%	\$7.45	\$7.65	-2.6%	\$8.05	\$8.25	-2.4%	\$8.93	\$8.75	2.0%
CM	Underperform	\$61.00	\$1.60	\$1.68	-5.0%	\$6.25	\$7.05	-11.4%	\$6.50	\$6.99	-6.9%	\$6.73	\$7.08	-4.9%
RY	Neutral	\$141.00	\$2.76	\$2.87	-3.7%	\$11.48	\$11.81	-2.8%	\$12.40	\$12.61	-1.7%	\$13.30	\$13.88	-4.2%
TD	Buy	\$99.00	\$2.12	\$2.12	-0.3%	\$8.78	\$8.90	-1.3%	\$9.70	\$9.54	1.7%	\$10.50	\$9.47	10.9%
Average					-3.9%			-3.9%			-3.3%			-0.7%

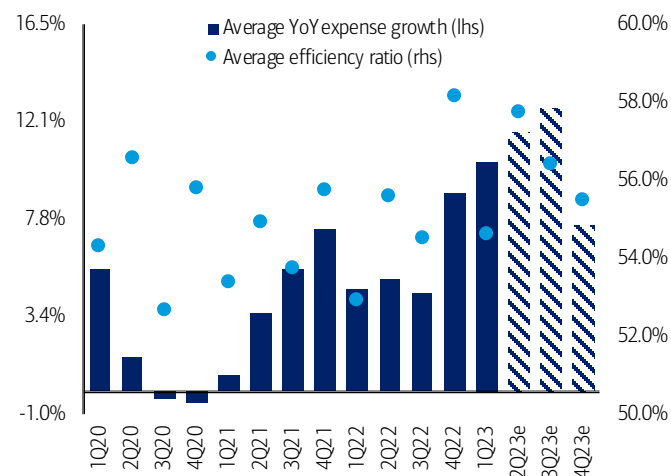
Source: BofA Global Research, Bloomberg, company reports

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Positive operating leverage in focus as growth moderates, credit normalizes.

Exhibit 29: BofAe average expense growth YoY

Expenses remain elevated YoY but are expected to moderate

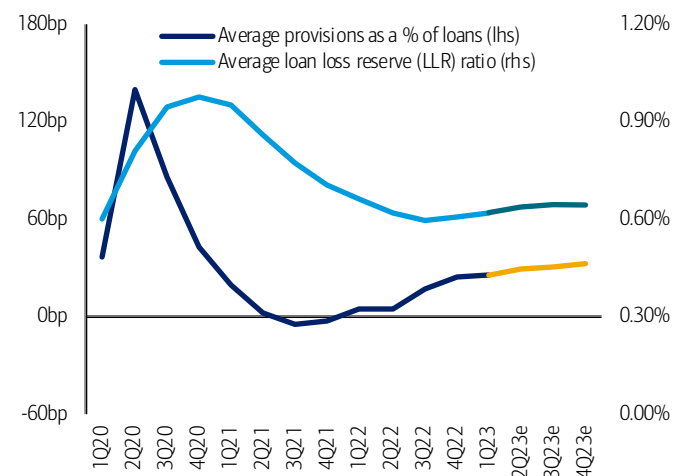


Source: BofA Global Research, company reports

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Exhibit 30: BofAe provisioning and reserve levels

We expect more reserve build given the softening macro environment



Source: BofA Global Research, company reports

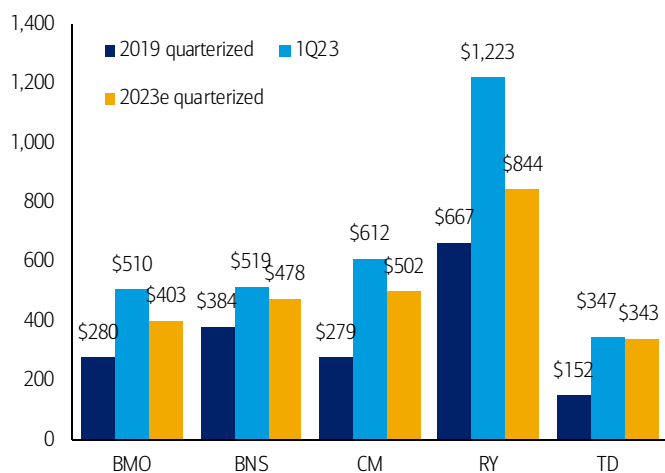
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We expect provisioning to tick higher in FY23 given a softening macro environment.

We forecast a normalization in capital markets revenues (albeit expect these to stay above pre-COVID levels) and PCLs (credit costs) in 2022.

Exhibit 31: Capital markets earnings 2019 quarterly vs 1Q23 (\$mn)

We expect capital markets revenue to modestly decline compared to 1Q23

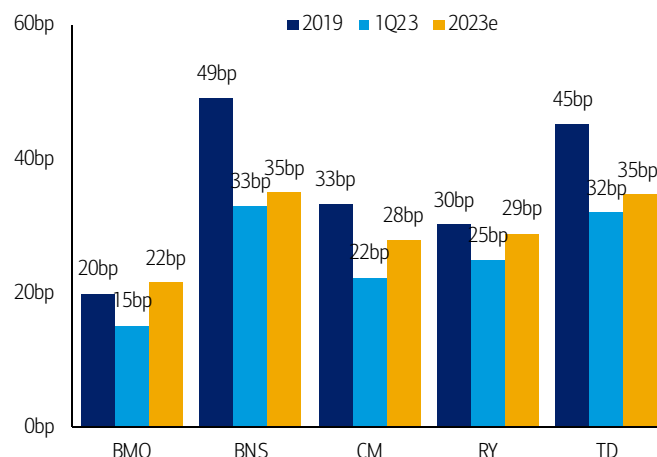


Source: BofA Global Research, company reports

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Exhibit 32: PCL ratio 2019 vs 1Q23

Banks reported lower PCL ratios in 1Q23 vs 2019

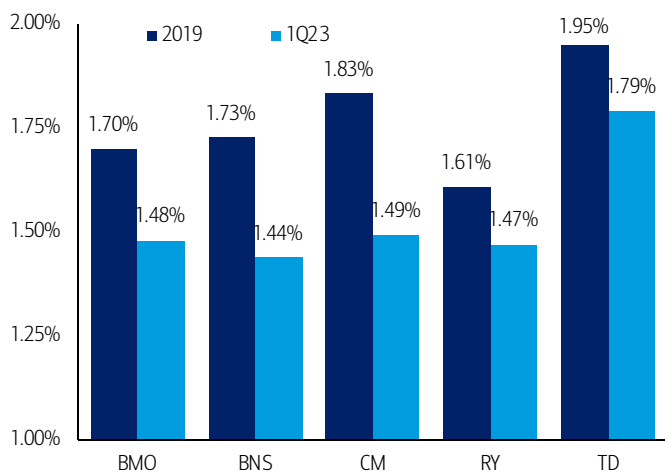


Source: BofA Global Research, company reports

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Exhibit 33: Net interest margins vs. 2019

Margins ticked up QoQ along with rate hikes in Canada and the U.S.

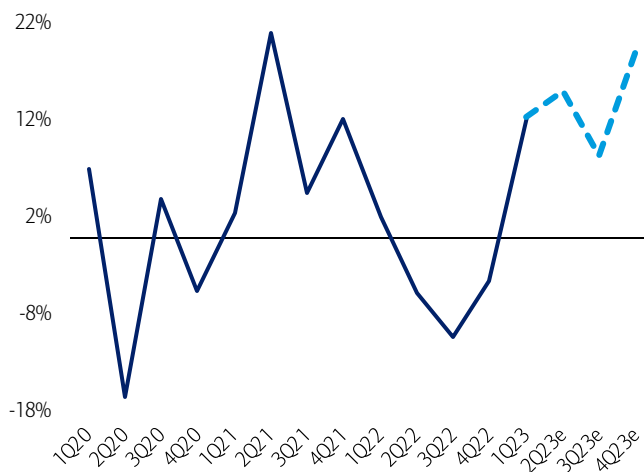


Source: BofA Global Research, company reports

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Exhibit 34: BofAe average fee revenue growth YoY

Fee growth to rebound from 2022 given cap mkts. rebound, deal closing



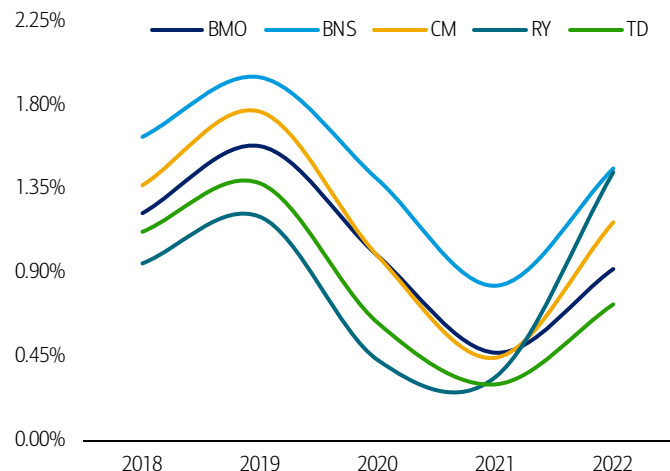
Source: BofA Global Research, company reports

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Cost of deposits continue to rise.

Exhibit 35: Canadian bank cost of deposits from 2018-2022

After a trough in 2021, deposit costs are returning to pre pandemic levels

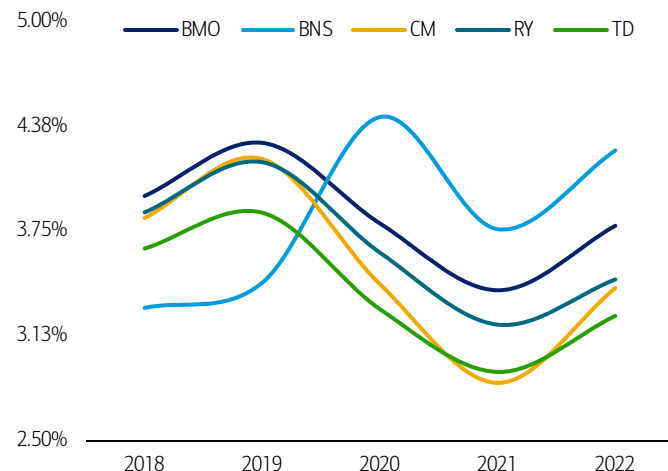


Source: BofA Global Research, company filings

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Exhibit 36: Canadian bank loan yields from 2018-2022

BNS has achieved higher yields than peers over the last three years



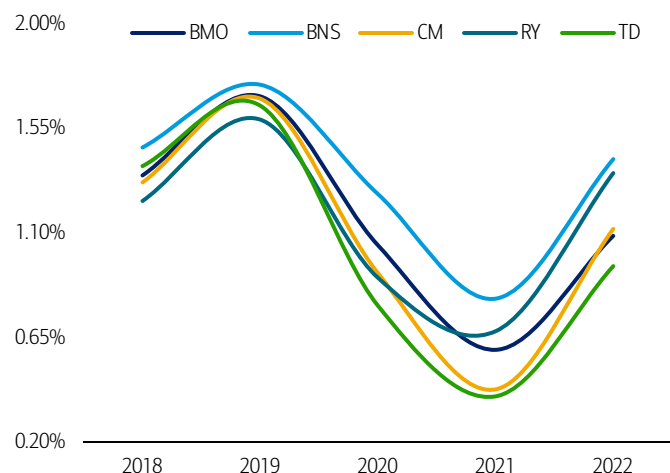
Source: BofA Global Research, company filings

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High interest rates were a positive for Canadian bank asset yields, but deposit and borrowing costs are beginning to grow at a faster pace.

Exhibit 37: Canadian bank cost of liabilities from 2018-2022

Liability costs saw a quick rise in 2022

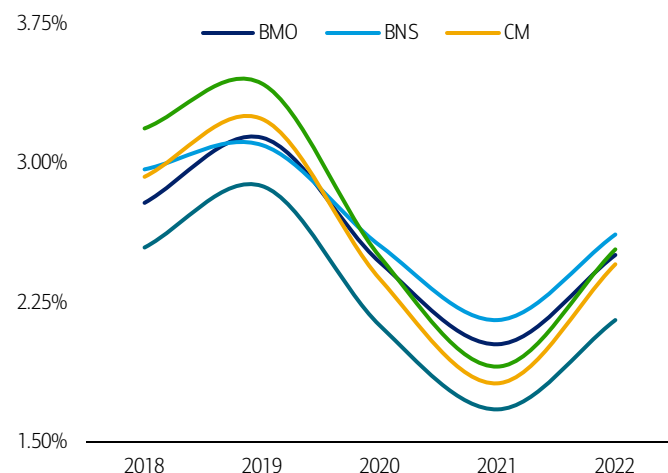


Source: BofA Global Research, company filings

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Exhibit 38: Canadian bank AEA yields from 2018-2022

Average earning asset yields saw solid recovery after a steep decline in 2021

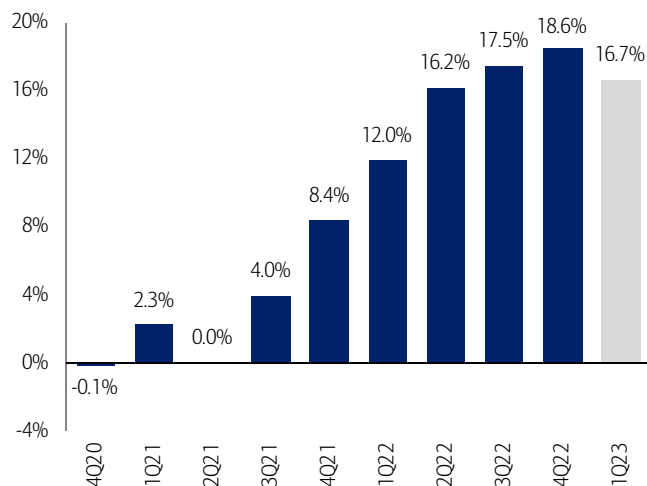


Source: BofA Global Research, company filings

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Exhibit 39: CAD commercial loan growth YoY

BNS and RY saw the strongest commercial loan growth YoY

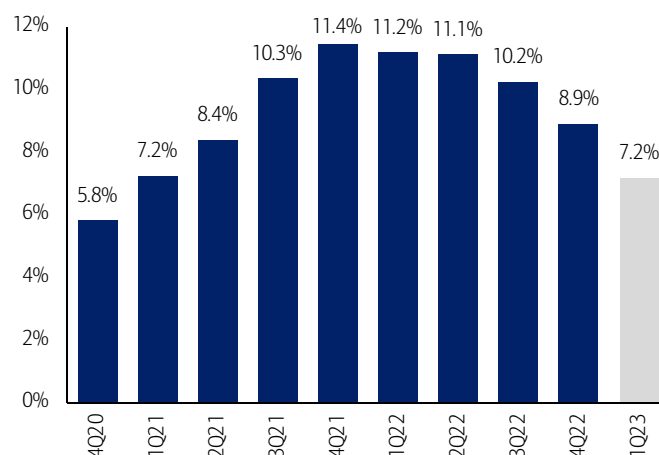


Source: BofA Global Research, company reports

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Exhibit 40: CAD mortgage loan growth YoY

BMO and RY saw the strongest mortgage growth YoY



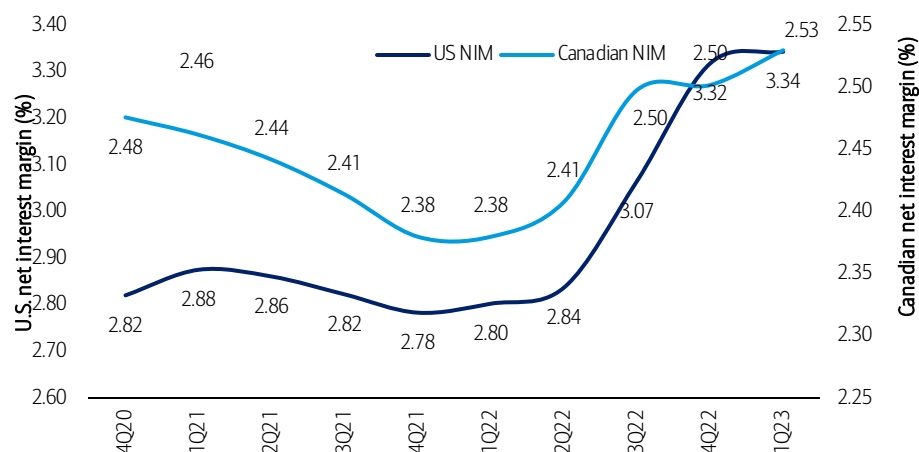
Source: BofA Global Research, company reports

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Net interest margins improving driven by the boost from Bank of Canada and US Fed rate hikes.

Exhibit 41: CAD and US margin trends

CAD and US margin have continued to increase along with central bank rate hikes



Source: BofA Global Research, company reports

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Credit trends normalizing

Exhibit 42: PCL summary by bank

PCL ratios are expected to rise as credit continues to normalize

1Q23	BMO	BNS	CM	RY	TD
Total PCL ratio	0.15%	0.33%	0.22%	0.25%	0.32%
Performing PCL ratio	0.01%	0.04%	0.03%	0.08%	0.06%
Impaired PCL ratio	0.14%	0.29%	0.20%	0.17%	0.26%
Impaired PCL ratios					
Total Consumer	0.22%	0.41%	0.24%	0.17%	0.37%
Total Commercial	0.08%	0.11%	0.13%	0.16%	0.07%
Canada	0.17%	N/A	0.19%	0.16%	0.23%
US	0.09%	N/A	0.21%	0.22%	0.51%

Source: BofA Global Research, company reports

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Exhibit 43: Allowance summary by bank

TD and BNS reported the highest loan loss reserve ratios in 1Q23

1Q23	BMO	BNS	CM	RY	TD
Loan loss allowance ratio	0.48%	0.72%	0.60%	0.53%	0.77%
Credit loss allowance ratio	0.55%	0.75%	0.65%	0.53%	0.89%
Loan allowances					
	2,617	5,513	3,159	4,449	6,492
Credit allowances					
	2,998	5,668	3,371	4,485	7,479
Total loans					
	548,901	760,670	522,469	847,022	843,173

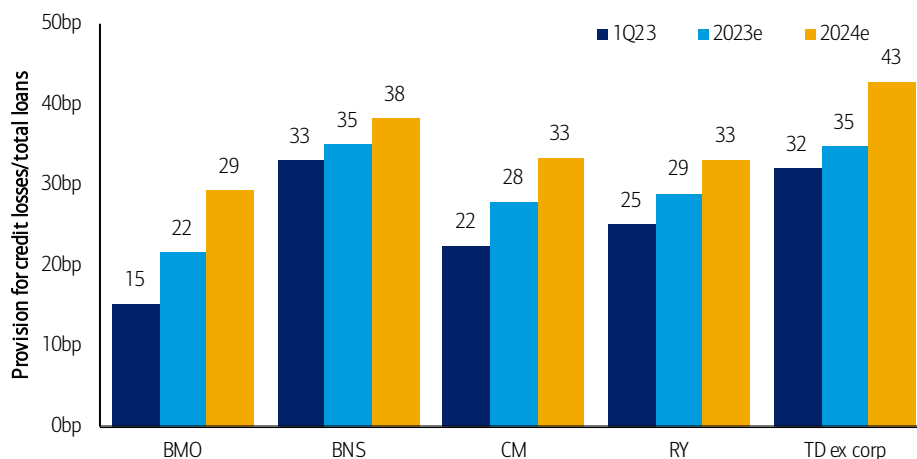
Source: BofA Global Research, company reports

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We forecast provisions for credit losses/total loans to average 30bp and 35bp in 2023 and 2024 respectively vs. 26bp reported for 1Q23.

Exhibit 44: PCL forecast compared to 1Q23 results*

We forecast provisions for credit losses/total loans to average 30bp and 35bp in 2023 and 2024



Source: BofA Global Research, company reports

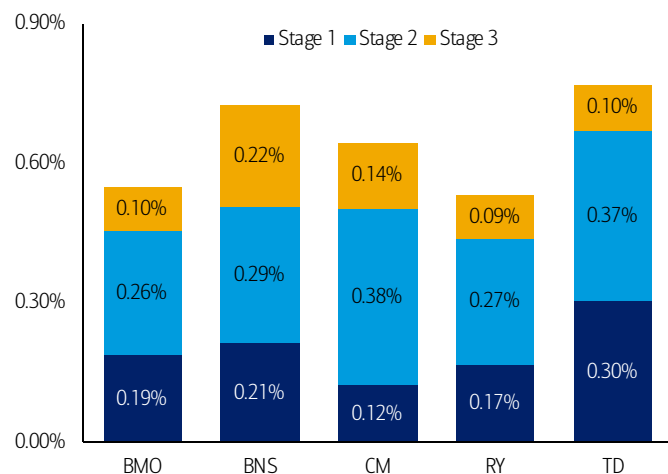
Note: TD's PCL ratio excludes corp segment

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Impaired allowances increased slightly QoQ. Banks are expecting a return to normalized levels of PCLs (credit costs) as the macro environment becomes increasingly uncertain.

Exhibit 45: 1Q23 allowance ratio

RY & CM reported the largest increases in ACL, +3bp/+2bp QoQ respectively



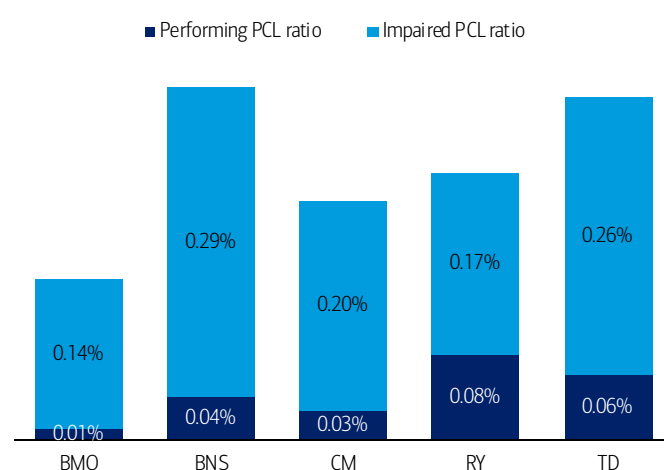
Source: BofA Global Research, company reports

Note: BMO, CM, RY represent credit allowances, BNS, TD represent loan allowances

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Exhibit 46: 1Q23 PCL summary by bank

Banks continue to report higher impaired PCL ratios



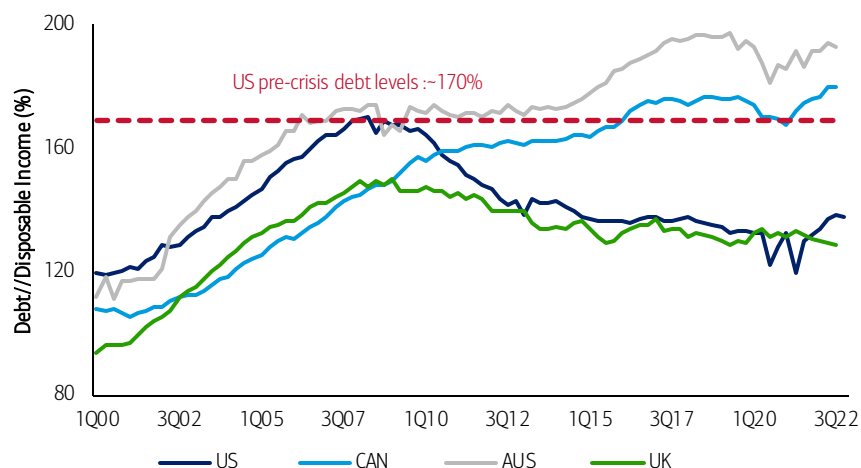
Source: BofA Global Research, company reports

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Increasing mortgage debt likely contributing to Canadian consumer debt levels rising.

Exhibit 47: Household debt to disposable income

Consumer debt continues to rise following pandemic lows



Source: BofA Global Research, Haver

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Exhibit 48: Allowance by loan type vs US mega cap peers

Allowance ratios average roughly 0.6% for the banks compared to 1.7% for US mega cap peers

1Q23	BMO	BNS	CM	RY	TD	Canada average	US mega cap average
Resi mortgages	0.11%	0.27%	0.11%	0.11%	0.11%	0.14%	0.35%
Consumer Instalment and other personal	0.64%	2.18%	2.10%	1.18%	0.81%	1.38%	1.32%

Exhibit 48: Allowance by loan type vs US mega cap peers

Allowance ratios average roughly 0.6% for the banks compared to 1.7% for US mega cap peers

Credit class	BMO	RY	BNS	CM	TD	US mega cap peers	US mega cap peers
Business and government	0.64%	0.44%	0.68%	0.60%	0.88%	0.65%	1.40%
Total allowances	0.55%	0.72%	0.65%	0.53%	0.77%	0.64%	1.72%

Source: BofA Global Research, company reports

Note: BMO, RY represent credit allowances, BNS, CM, TD represent loan allowances

US represents 4Q22

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Data Snapshot

Exhibit 49: EPS growth (YoY)

Canadian bank EPS growth was -3.8% YoY on average in 1Q23

	YoY EPS Growth (%)									1Q23 chg (bp)			YoY EPS Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023e	2024e
BMO	26.8	202.0	86.0	38.2	27.0	3.4	(10.1)	(8.8)	(17.1)	(823)	(4,409)		13.3	4.7	(18.2)	68.1	2.3	(3.3)	12.0



Exhibit 49: EPS growth (YoY)

Canadian bank EPS growth was -3.8% YoY on average in 1Q23

	YoY EPS Growth (%)										1Q23 chg (bp)		YoY EPS Growth (%)							
BNS	3.0	83.2	92.8	44.7	14.5	14.6	4.7	(1.5)	(14.1)	(1,262)	(2,864)	6.7	2.2	(25.0)	47.3	7.8	(12.3)	8.1		
CM	10.4	280.9	39.7	20.5	14.2	(1.5)	(2.6)	(21.4)	(5.0)	1,639	(1,927)	12.1	(2.4)	(18.7)	47.8	(2.5)	(1.1)	2.8		
RY	10.5	170.2	34.6	22.4	4.8	5.7	(15.1)	0.2	9.9	968	507	13.8	3.2	(10.5)	41.4	(1.4)	3.4	7.6		
TD	10.2	140.3	58.3	31.3	13.8	(1.0)	6.4	4.6	7.5	292	(631)	16.9	3.5	(20.3)	48.3	5.7	5.5	12.3		
Average	12.2	175.3	62.3	31.4	14.9	4.3	(3.3)	(5.4)	(3.8)	163	(1,865)	12.6	2.2	(18.5)	50.6	2.4	(1.6)	8.6		

Source: BofA Global Research, company reports

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Exhibit 50: Net interest margin - consolidated

Consolidated net interest margin contracted -4bp on avg in 1Q23

	Net Interest Margin (%)									1Q23 chg (bp)		Net Interest Margin (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e	
BMO	1.59	1.59	1.57	1.62	1.64	1.69	1.71	1.46	1.48	2	-16	1.68	1.70	1.64	1.59	1.62	1.67	1.79	
BNS	1.63	1.62	1.58	1.55	1.51	1.58	1.57	1.52	1.44	-8	-7	1.90	1.73	1.64	1.60	1.54	1.42	1.50	
CM	1.58	1.59	1.60	1.58	1.60	1.61	1.61	1.51	1.49	-2	-11	1.88	1.83	1.69	1.59	1.58	1.48	1.52	
RY	1.50	1.50	1.51	1.43	1.39	1.45	1.52	1.56	1.47	-9	8	1.64	1.61	1.56	1.48	1.48	1.48	1.53	
TD	1.53	1.56	1.56	1.58	1.57	1.64	1.74	1.81	1.79	-2	22	1.94	1.95	1.72	1.56	1.69	1.85	1.97	
Average	1.57	1.57	1.56	1.55	1.54	1.59	1.63	1.57	1.53	-4	-1	1.81	1.76	1.65	1.56	1.58	1.58	1.66	

Source: BofA Global Research, company reports

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Exhibit 51: Net interest margin – US

US net interest margin increased 3bp QoQ on avg in 1Q23

	US NIM									1Q23 chg (bp)		US Net Interest Margin (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23		QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	3.51	3.51	3.49	3.46	3.49	3.50	3.70	3.88	3.92		4	43	3.72	3.53	3.34	3.49	3.64	3.92	3.80
RY	2.22	2.28	2.15	1.98	2.06	2.25	2.59	2.77	2.62		-15	56	3.45	3.55	2.74	2.15	2.42	2.62	2.62
TD	2.24	2.15	2.16	2.21	2.21	2.21	2.62	3.13	3.29		16	108	3.27	3.31	2.66	2.19	2.54	3.35	3.30
CM	3.53	3.51	3.49	3.48	3.45	3.39	3.36	3.49	3.54		5	9	3.42	3.72	3.35	3.50	3.42	3.55	3.50
Average	2.88	2.86	2.82	2.78	2.80	2.84	3.07	3.32	3.34		3	54	3.47	3.53	3.02	2.83	3.01	3.36	3.31

Note: for RY, US NIM based on wealth division, which houses the City National franchise.

Source: BofA Global Research, company reports

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Exhibit 52: Net interest margin – Canada

Canadian net interest margin increased 3bp QoQ on avg in 1Q23

	Canadian Net Interest Margin (%)										1Q23 chg (bp)		Canadian Net Interest Margin (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23		QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e	

Exhibit 52: Net interest margin – Canada

Canadian net interest margin increased 3bp QoQ on avg in 1Q23

	Canadian Net Interest Margin (%)									1Q23 chg (bp)		Canadian Net Interest Margin (%)							
BMO	2.66	2.66	2.62	2.63	2.68	2.66	2.72	2.66	2.70	4	2	2.61	2.65	2.60	2.64	2.68	2.73	2.74	
BNS	2.26	2.26	2.23	2.20	2.19	2.22	2.29	2.26	2.26	0	7	2.38	2.41	2.30	2.24	2.24	2.28	2.35	
CM	2.28	2.22	2.19	2.17	2.18	2.19	2.29	2.19	2.16	-3	-2	2.40	2.41	2.35	2.21	2.21	2.19	2.26	
RY	2.54	2.55	2.51	2.42	2.41	2.45	2.60	2.70	2.73	3	32	2.73	2.79	2.64	2.50	2.54	2.76	2.80	
TD	2.57	2.52	2.52	2.48	2.44	2.52	2.59	2.70	2.80	10	36	2.81	2.84	2.68	2.52	2.57	2.85	2.85	
Average	2.46	2.44	2.41	2.38	2.38	2.41	2.50	2.50	2.53	3	15	2.59	2.62	2.51	2.42	2.45	2.56	2.60	

Source: BofA Global Research, company reports

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Exhibit 53: Efficiency ratio

Efficiency ratios decreased 350bp QoQ on avg in 1Q23

	Consolidated Efficiency Ratio (%)									1Q23 chg (bp)		Efficiency (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e	
BMO	56.2	56.3	55.7	57.4	53.9	55.6	56.7	61.8	60.5	(138)	659	61.9	61.4	59.8	56.4	56.9	60.8	54.9	
CM	54.9	55.9	57.7	61.9	55.0	57.9	57.1	64.6	55.6	(908)	58	57.3	56.4	57.1	57.6	58.6	57.7	57.5	
BNS	52.1	52.2	52.8	53.1	52.5	52.4	53.7	54.0	55.9	196	347	52.7	53.1	53.5	51.9	53.0	55.9	54.3	
RY	50.5	54.9	50.3	52.3	51.0	58.1	52.6	57.4	50.8	(652)	(12)	53.4	52.3	52.8	51.9	54.7	53.6	53.4	
TD	53.0	55.4	52.2	54.0	52.4	54.1	52.3	52.9	50.4	(249)	(203)	51.8	51.8	50.9	53.6	52.9	51.9	52.7	
Average	53.4	55.0	53.7	55.8	52.9	55.6	54.5	58.1	54.6	(350)	170	55.4	55.0	54.8	54.3	55.2	56.0	54.6	

Source: BofA Global Research, company reports

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Exhibit 54: Fee growth (YoY)

Fee income growth increased 1,684bp QoQ on avg. in 1Q23

	YoY Fee Growth (%)									1Q23 chg (bp)		YoY Fee Growth (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e	
BMO	0.0	42.9	6.0	9.1	(8.0)	(29.6)	(28.1)	(13.2)	31.9	4,511	3,990	7.1	10.0	(10.2)	10.8	(19.8)	22.4	15.9	
BNS	1.1	3.7	5.1	10.5	2.8	1.3	(9.7)	(2.7)	(9.1)	(633)	(1,188)	5.9	9.8	(3.2)	8.1	(4.4)	(1.6)	7.6	
CM	0.2	18.1	9.3	14.3	12.4	5.0	8.2	7.1	15.6	842	315	12.3	2.0	(4.2)	10.1	8.2	13.3	3.7	
RY	3.5	38.5	(1.0)	20.4	(1.2)	(11.4)	(19.3)	(13.5)	13.6	2,714	1,479	5.1	5.8	2.6	10.8	(11.2)	17.2	6.3	
TD	7.5	2.3	2.7	7.0	4.3	6.1	(3.0)	(0.2)	9.7	985	533	10.1	3.8	3.0	4.9	1.8	14.5	10.2	
Average	2.5	21.1	4.5	12.3	2.1	(5.7)	(10.4)	(4.5)	12.3	1,684	1,026	8.1	6.3	(2.4)	8.9	(5.1)	13.1	8.7	

Source: BofA Global Research, company reports

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Exhibit 55: Expense growth (YoY)

Expense growth increased 568bp YoY on avg. in 1Q23

	YoY Expense Growth (%)									1Q23 chg (bp)		YoY Expense Growth (%)							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e	
BMO	(1.4)	2.9	7.5	5.8	6.8	1.9	2.7	6.4	9.0	264	217	3.5	4.9	0.3	3.6	4.5	17.4	7.3	
BNS	(2.8)	(6.5)	3.0	1.3	0.4	2.9	2.3	5.6	5.7	12	535	3.6	9.2	0.6	(1.4)	2.8	4.7	5.5	
CM	0.0	1.9	10.9	18.9	10.9	13.0	9.1	11.1	8.9	(217)	(196)	7.2	2.0	2.2	7.8	11.0	4.1	4.9	
RY	2.6	7.4	0.6	6.8	1.8	2.2	(0.5)	11.5	15.2	377	1,344	4.8	5.1	5.0	2.6	3.7	11.4	9.3	
TD	5.6	12.1	5.4	3.8	3.1	5.3	8.6	9.9	12.5	262	941	4.0	5.5	1.2	6.6	6.8	14.5	15.6	
Average	0.8	3.6	5.5	7.3	4.6	5.1	4.4	8.9	10.3	139	568	4.6	5.4	1.9	3.8	5.7	10.4	8.5	

Source: BofA Global Research, company reports

Exhibit 56: Average Canadian commercial loan growth (YoY)

Avg Canadian commercial loans increased 16.7% YoY on avg in 1Q23

	Canadian Commercial Loan Growth YoY									1Q23 chg (bp)		YoY Avg Loan Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	1.4%	-0.6%	1.2%	6.0%	9.9%	13.3%	16.3%	17.5%	16.2%	(135)	629	10.0%	15.9%	4.3%	2.0%	14.3%	11.2%	6.0%
BNS	4.6%	3.6%	7.1%	11.3%	16.0%	19.2%	22.9%	25.0%	22.5%	(245)	659	13.1%	14.7%	4.6%	6.7%	20.9%	15.1%	5.0%
CM	1.5%	2.1%	8.7%	14.4%	18.8%	22.2%	20.5%	19.6%	14.3%	(528)	(451)	9.2%	12.3%	5.8%	6.7%	20.3%	7.8%	8.0%
RY	0.4%	-6.8%	-3.9%	-0.2%	1.6%	10.4%	13.2%	16.1%	16.7%	66	1,517	12.9%	11.0%	6.1%	-2.7%	10.3%	12.6%	43.4%
TD	3.4%	1.9%	6.8%	10.5%	13.6%	16.1%	14.7%	14.7%	13.8%	(88)	12	10.0%	8.7%	6.9%	5.7%	14.8%	10.3%	5.0%
Average	2.3%	0.0%	4.0%	8.4%	12.0%	16.2%	17.5%	18.6%	16.7%	(186)	473	11.1%	12.5%	5.5%	3.7%	16.1%	11.4%	13.5%

Source: BofA Global Research, company reports

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Exhibit 57: Average Canadian commercial loan growth (QoQ)

Avg Canadian commercial loans increased 2.3% QoQ in 1Q23

	Canadian Commercial Loan Growth QoQ									1Q23 chg (bp)		YoY Avg Loan Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	-0.3%	2.4%	1.7%	2.1%	3.3%	5.6%	4.5%	3.1%	2.1%	-100	-118	10.0%	15.9%	4.3%	2.0%	14.3%	11.2%	6.0%
BNS	1.2%	3.6%	3.8%	2.4%	5.4%	6.4%	7.0%	4.1%	3.3%	-78	-207	13.1%	14.7%	4.6%	6.7%	20.9%	15.1%	5.0%
CM	1.2%	3.2%	5.8%	3.6%	5.1%	6.2%	4.3%	2.8%	0.4%	-234	-464	9.2%	12.3%	5.8%	6.7%	20.3%	7.8%	8.0%
RY	0.7%	-4.8%	2.0%	2.0%	2.5%	3.5%	4.6%	4.6%	3.1%	-145	59	12.9%	11.0%	6.1%	-2.7%	10.3%	12.6%	43.4%
TD	0.5%	2.2%	4.8%	2.6%	3.3%	4.5%	3.6%	2.6%	2.5%	-7	-80	10.0%	8.7%	6.9%	5.7%	14.8%	10.3%	5.0%
Average	0.6%	1.3%	3.6%	2.5%	3.9%	5.2%	4.8%	3.4%	2.3%	-113	-162	11.1%	12.5%	5.5%	3.7%	16.1%	11.4%	13.5%

Source: BofA Global Research, company reports

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Exhibit 58: Average Canadian mortgage loan growth (YoY)

Avg Canadian mortgage loans increased 7.2% YoY in 1Q23

	Canadian Mortgage Growth YoY									1Q23 chg (bp)		YoY Avg Loan Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	5.1%	6.3%	8.3%	9.3%	8.2%	7.6%	7.1%	7.9%	9.3%	134	108	0.9%	0.8%	3.5%	7.3%	7.7%	7.9%	4.0%
BNS	7.2%	7.8%	10.2%	13.2%	14.7%	15.8%	14.4%	10.6%	6.8%	-382	-788	4.8%	3.1%	6.1%	9.7%	13.8%	3.3%	4.0%
CM	5.4%	7.7%	10.9%	12.8%	13.1%	12.4%	10.8%	8.8%	6.6%	-223	-657	5.6%	-4.5%	1.3%	9.3%	11.2%	3.8%	4.0%
RY	12.3%	12.6%	12.9%	12.5%	10.8%	11.0%	10.5%	9.8%	8.2%	-164	-269	5.9%	5.9%	9.6%	12.6%	10.5%	5.0%	13.4%
TD	6.2%	7.5%	9.3%	9.3%	9.0%	8.8%	8.3%	7.3%	5.1%	-226	-394	1.2%	2.2%	4.1%	8.1%	8.3%	2.8%	4.0%
Average	7.2%	8.4%	10.3%	11.4%	11.2%	11.1%	10.2%	8.9%	7.2%	-172	-400	3.7%	1.5%	4.9%	9.4%	10.3%	4.6%	5.9%

Source: BofA Global Research, company reports

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Exhibit 59: Provisions to loans (PCLs)

PCLs increased in 1Q23, up +1bp QoQ on avg

	Consolidated PCLs (bp)									1Q23 chg (bp)		PCLs (bp)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	14	5	(6)	(11)	(8)	4	10	16	15	-1	23	17	20	63	0	6	22	29
BNS	49	33	24	10	13	13	22	28	33	5	20	42	49	97	30	20	35	38
CM	14	3	(9)	7	6	25	19	33	22	-11	16	23	33	62	4	21	28	33
RY	6	(6)	(31)	(12)	6	(18)	17	18	25	7	19	23	30	65	(11)	6	29	33
TD	17	(21)	(2)	(7)	4	1	17	29	32	3	28	39	45	102	(3)	14	35	43
Average	20	3	(5)	(3)	4	5	17	25	26	1	21	29	36	78	4	13	30	35

Source: BofA Global Research, company reports

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Exhibit 60: YoY average deposit growth

Avg. deposits increased 9.9% YoY in 1Q23

	YoY Average Deposit Growth (%)									1Q23 chg (bp)		YoY Average Deposit Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	15.4	8.7	6.4	6.1	7.0	5.7	3.7	8.1	10.0	184	292	3.6	9.7	15.1	9.0	6.1	20.2	5.6
BNS	1.0	(3.5)	(2.0)	4.9	9.2	14.8	13.6	16.1	13.0	-311	381	4.7	11.1	7.5	0.0	13.5	8.8	2.4
CM	24.8	18.9	11.2	9.9	9.2	11.0	11.6	13.5	12.5	-102	330	10.8	8.6	15.9	15.8	11.4	10.3	7.7
RY	14.5	9.1	4.6	8.8	10.5	9.8	10.1	9.6	6.9	-267	-359	6.3	6.2	11.6	9.1	10.0	4.3	8.3
TD	26.7	13.6	3.1	0.8	0.4	3.8	6.6	8.4	7.3	-111	681	5.2	4.2	18.0	10.2	4.8	5.4	9.1
Average	16.5	9.4	4.7	6.1	7.3	9.0	9.1	11.1	9.9	-121	265	6.1	8.0	13.6	8.8	9.1	9.8	6.6

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 61: Common Equity Tier 1 Ratio

Common Equity Tier 1 ratios increased 16bp QoQ on average in 1Q23

	Common Equity Tier 1 Ratio (%)									1Q23 chg (bp)		Common Equity Tier 1 Ratio (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	12.4	13.0	13.4	13.7	14.1	16.0	15.8	16.7	18.2	150	410	11.3	11.4	11.9	13.7	16.7	11.9	11.9
BNS	12.2	12.3	12.2	12.3	12.0	11.6	11.4	11.5	11.5	0	(54)	11.1	11.1	11.8	12.3	11.5	11.9	12.2
CM	12.3	12.4	12.3	12.4	12.2	11.7	11.8	11.7	11.6	(9)	(61)	11.4	11.6	12.1	12.4	11.7	12.0	12.3
RY	12.5	12.8	13.6	13.7	13.5	13.2	13.1	12.6	12.7	9	(83)	11.5	12.1	12.5	13.7	12.6	12.0	12.5
TD	13.6	14.2	14.5	15.2	15.2	14.7	14.9	16.2	15.5	(70)	30	12.0	12.1	13.1	15.2	16.2	11.7	13.7
Average	12.6	12.9	13.2	13.4	13.4	13.4	13.4	13.7	13.9	16	48	11.5	11.6	12.3	13.4	13.7	11.9	12.5

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 62: Dividend growth YoY

Dividends increased 6.8% YoY in 1Q23

	YoY Dividend Growth (%)									1Q23 chg (bp)		YoY Dividend Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	0.0	0.0	0.0	0.0	25.5	25.5	31.1	31.1	7.5	(2,361)	(1,795)	6.2	7.4	4.4	0.0	28.3	7.8	10.0
BNS	0.0	0.0	0.0	0.0	11.1	11.1	14.4	14.4	3.0	(1,144)	(811)	7.5	6.4	3.2	0.0	12.8	1.5	2.0
CM	1.4	0.0	0.0	0.0	10.3	10.3	13.7	13.7	5.6	(811)	(468)	4.7	5.3	3.9	0.3	12.0	4.0	0.0
RY	2.9	0.0	0.0	0.0	11.1	11.1	18.5	18.5	10.0	(852)	(111)	8.3	8.0	5.4	0.7	14.8	8.0	5.0
TD	6.8	0.0	0.0	0.0	12.7	12.7	12.7	12.7	7.9	(479)	(479)	11.1	10.7	7.6	1.6	12.7	7.9	20.0
Average	2.2	0.0	0.0	0.0	14.1	14.1	18.1	18.1	6.8	(1,130)	(733)	7.6	7.6	4.9	0.5	16.1	5.8	7.4

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 63: Risk-weighted asset (RWA) growth

RWAs ticked higher in the quarter, increasing 0.2% QoQ on avg in 1Q23

	RWA Growth (QoQ)									1Q23 chg (bp)		RWA Growth						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	-2.3%	-2.7%	0.9%	0.9%	3.8%	1.4%	2.8%	3.5%	-4.5%	(804)	(830)	7.6%	9.6%	6.2%	-3.3%	11.9%	22.3%	8.8%
BNS	-2.5%	-0.5%	2.3%	0.5%	4.2%	2.7%	1.7%	2.1%	2.0%	(17)	(226)	6.4%	5.2%	-1.0%	-0.2%	11.1%	3.4%	5.5%
CM	0.5%	0.7%	4.3%	1.4%	4.2%	5.4%	1.4%	3.9%	-0.2%	(410)	(437)	6.3%	11.0%	6.3%	7.0%	15.7%	2.5%	5.6%
RY	2.1%	-0.3%	-2.3%	1.7%	3.0%	2.9%	0.5%	3.5%	0.7%	(282)	(231)	4.4%	3.5%	6.5%	1.2%	10.4%	4.0%	5.9%
TD	-2.4%	-2.6%	2.3%	-1.1%	2.3%	3.9%	1.4%	4.3%	2.8%	(148)	52	0.0%	4.7%	5.0%	-3.9%	12.3%	37.7%	-8.3%
Average	-0.9%	-1.1%	1.5%	0.7%	3.5%	3.2%	1.6%	3.5%	0.2%	(332)	(334)	5.0%	6.8%	4.6%	0.1%	12.3%	14.0%	3.5%

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 64: Consolidated tax rate

Consolidated tax rates increased 211bp on avg in 1Q23

	Consolidated Tax Rate %									1Q23 chg (bp)		Consolidated Tax Rate %						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	22.6	22.9	23.2	22.8	23.5	23.6	22.0	21.8	21.8	0	(171)	20.7	21.1	19.8	22.9	19.2	7.9	22.9
BNS	22.6	23.2	22.5	21.5	24.0	22.9	18.8	17.5	18.3	83	(566)	21.7	20.6	19.6	22.4	21.0	15.2	19.0
CM	22.2	23.0	22.7	22.2	22.1	22.3	22.3	19.3	22.1	281	2	20.0	20.6	21.9	22.5	21.7	21.5	21.4
RY	21.3	22.6	22.9	21.9	24.1	19.7	21.5	20.2	21.9	172	(218)	20.0	19.3	20.6	22.2	21.4	26.3	21.9
TD	21.6	22.2	22.0	20.9	22.4	23.1	20.8	16.9	22.0	517	(36)	21.3	21.5	20.0	21.7	20.8	20.5	19.8
Average	22.1	22.8	22.7	21.9	23.2	22.3	21.1	19.1	21.2	211	(198)	20.7	20.6	20.4	22.4	20.8	18.3	21.0

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 65: Capital markets tax rate

...while capital markets tax rate rose 79bp QoQ in 1Q23

	Capital Markets Tax Rate %									1Q23 chg (bp)		Capital Markets Tax Rate %						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	26.0	25.6	26.5	25.0	25.7	25.5	25.7	21.9	21.1	(88)	(463)	24.1	22.1	24.1	25.8	24.9	23.6	23.6
BNS	22.6	22.5	22.3	21.1	25.2	25.5	26.2	25.2	27.4	222	221	25.0	24.8	21.7	22.1	25.5	27.4	27.4
CM	23.8	25.8	26.8	27.0	27.2	26.8	27.3	28.3	27.2	(104)	2	26.3	26.2	27.9	25.8	27.3	27.2	27.2
RY	17.8	22.5	21.5	21.4	23.9	23.3	11.4	8.0	9.7	174	(1,419)	18.1	7.8	15.6	20.8	18.6	15.2	18.0
TD	24.5	25.6	26.0	26.2	26.1	25.7	24.7	20.3	22.2	191	(387)	24.1	23.4	26.6	25.6	24.6	22.3	22.3
Average	23.0	24.4	24.6	24.1	25.6	25.4	23.1	20.7	21.5	79	(409)	23.5	20.9	23.2	24.0	24.2	23.2	23.7

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 66: Capital markets revenue growth YoY

Capital markets revenue increased 2.7% YoY in 1Q23

	YoY Capital Markets Revenue Growth (%)									1Q23 chg (bp)		YoY Capital Markets Revenue Growth (%)						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023e	2024e
BMO	15.0	46.3	3.7	3.8	23.2	1.7	(20.2)	(1.7)	(11.4)	(965)	(3,459)	(4.1)	8.5	11.9	15.0	0.8	(3.7)	1.9
BNS	5.3	(13.9)	(18.9)	(2.7)	5.1	0.4	(8.1)	15.0	7.1	(799)	196	(2.1)	(1.1)	22.4	(8.4)	3.0	7.1	1.0
CM	16.7	23.5	(0.5)	8.4	11.1	10.2	5.2	16.8	13.6	(322)	250	4.0	18.4	16.6	11.5	10.6	8.1	2.8
RY	12.4	23.1	(6.1)	1.2	4.5	(12.1)	(27.7)	2.3	4.3	201	(19)	2.6	(1.3)	19.3	3.1	(10.5)	17.5	1.9
TD	25.2	(8.2)	(22.5)	(8.3)	2.7	8.0	(0.6)	0.8	(0.1)	(86)	(282)	5.8	(8.1)	53.5	(5.2)	2.8	22.3	16.7
Average	14.9	14.2	(8.9)	0.5	9.3	1.6	(10.3)	6.6	2.7	(394)	(663)	1.2	3.3	24.7	3.2	1.3	10.2	4.9

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 67: Global Comp Sheet (as of March 17th, 2023)

Global Comp Sheet (US, Europe Canada, Australia, Nordic, Japan)

Company Name	Ticker	Current Price	P/E (x)						P/BV (x)			P/TBV (x)			Price Change (%)						Dividend Yield (%)	Market Cap	Assets (bn)
			2019	2020	2021	2022	2023E	2024E	Current	2022	2023E	Current	2022	2023E	1-Day	1-Wk	MTD	QTD	YTD				
Bank of America Corporation	BAC	27.82	9.7	15.5	8.1	8.9	8.2	7.6	1.27	0.91	0.85	1.31	1.16	1.06	(4.0)	(8.9)	(18.9)	(16.0)	(16.0)	3.16	222,667	3,051	
Citigroup Inc	C	44.25	5.8	9.1	1.0	6.5	7.6	7.0	0.54	0.47	0.45	0.55	0.52	0.48	(3.0)	(9.0)	(12.7)	(2.2)	(2.2)	4.61	86,131	2,417	
JPMorgan Chase & Co.	JPM	125.81	12.2	14.1	8.2	10.0	11.1	10.6	1.72	1.39	1.31	1.81	1.60	1.50	(3.8)	(3.5)	(12.2)	(6.2)	(6.2)	3.18	370,304	3,666	
Wells Fargo & Co.	WFC	37.76	9.2	N/A	7.9	8.7	9.0	7.5	1.08	0.90	0.85	1.09	1.02	0.95	(3.9)	(8.2)	(19.3)	(8.5)	(8.5)	3.18	142,623	1,881	
U.S. Universal Bank average			9.2	12.9	6.3	8.5	9.0	8.2	1.15	0.92	0.86	1.19	1.07	1.00	(3.7)	(7.4)	(15.8)	(8.2)	(8.2)	3.53	205,431	2,754	
The Goldman Sachs Group	GS	303.54	14.5	12.3	5.1	10.1	10.1	7.6	1.09	1.00	0.95	1.09	1.15	1.21	(3.7)	(11.3)	(13.7)	(11.6)	(11.6)	3.30	105,752	1,442	
Morgan Stanley	MS	84.18	16.2	12.8	10.3	13.3	12.0	11.5	2.10	1.54	1.49	2.10	2.04	1.98	(3.3)	(8.7)	(12.8)	(1.0)	(1.0)	3.68	141,586	1,180	
U.S. Broker-Dealer average			15.3	12.6	7.7	11.7	11.1	9.6	1.59	1.27	1.22	1.59	1.59	1.60	(3.5)	(10.0)	(13.2)	(6.3)	(6.3)	3.49	123,669	1,311	
Bardays PLC	BARC	139.56	6.0	14.4	3.8	3.6	4.8	4.2	0.40	0.40	0.37	0.47	0.47	0.44	(2.0)	(14.6)	(20.1)	(12.0)	(12.0)	5.19	22,107	1,514	
Credit Suisse	CSGN	1.86	1.7	1.8	(3.1)	-	-	(62.6)	0.16	-	-	0.18	-	-	(8.0)	(29.1)	(34.8)	(32.7)	(32.7)	2.69	7,444	531	
Deutsche Bk Aktiengesellschaft	DBK	9.30	NA	NA	6.3	5.5	5.4	5.0	0.31	0.28	0.27	0.35	0.30	0.29	(4.7)	(17.6)	(21.0)	(12.1)	(12.1)	3.22	18,980	1,337	
UBS Group AG	UBSG	17.11	13.0	10.4	8.2	7.5	8.2	6.3	1.01	1.02	0.95	1.13	1.36	1.37	(1.2)	(14.8)	(16.3)	(0.6)	(0.6)	2.98	60,307	1,104	
HSBC Holdings plc	HSBA	542.10	24.7	38.9	11.8	8.8	5.2	5.8	0.79	0.70	0.66	0.90	0.77	0.73	(2.9)	(12.7)	(14.7)	5.1	5.1	14.22	108,264	2,967	
European Bank average			11.3	16.4	5.4	6.4	5.9	(8.3)	0.53	0.60	0.56	0.61	0.73	0.71	(3.7)	(17.8)	(21.4)	(10.4)	(10.4)	5.66	43,420	1,491	
Bank of Montreal	BMO	117.07	12.4	15.2	9.0	8.8	9.1	8.2	1.31	1.22	1.18	1.49	1.57	1.44	(2.0)	(6.7)	(9.5)	(4.6)	(4.6)	4.89	83,090	1,139	
The Bank Nova Scotia	BNS	65.81	9.2	12.3	8.4	7.8	8.8	8.2	1.22	1.20	1.14	1.63	1.48	1.28	0.1	(2.2)	(2.4)	(0.9)	(0.9)	6.26	78,429	1,349	
Royal Bank of Canada	RY	127.26	14.3	16.0	11.3	11.5	11.1	10.3	1.84	1.74	1.67	2.18	2.24	2.03	(2.5)	(6.0)	(8.1)	(0.0)	(0.0)	4.15	176,364	1,917	
The Toronto-Dominion Bank	TD	77.90	11.6	14.6	9.8	9.3	8.8	7.9	1.51	1.42	1.35	1.90	2.08	1.89	(1.8)	(9.0)	(14.3)	(11.1)	(11.1)	4.93	142,558	1,918	
Canadian Imperial Bk Commerce	CM	57.02	9.6	11.8	8.0	8.2	8.3	8.0	1.19	1.14	1.11	1.41	1.33	1.23	(0.4)	(3.1)	(8.6)	4.1	4.1	5.96	51,981	944	
National Bank of Canada	NA	93.88	14.9	16.0	10.4	9.6	9.5	9.2	2.31	2.31	2.15	1.98	1.79	1.60	(3.3)	(8.3)	(6.3)	2.9	2.9	4.13	31,661	404	
Laurentian Bank	LB	31.50	7.2	11.5	7.1	6.1	6.5	6.2	0.74	0.74	0.71	0.59	0.57	0.54	(1.4)	(6.1)	(8.7)	(2.5)	(2.5)	5.84	1,365	51	
Canadian Western Bank	CWB	23.94	7.5	8.2	6.6	6.6	6.7	6.2	0.95	0.95	0.91	0.71	0.74	0.69	(0.8)	(5.6)	(13.8)	(0.5)	(0.5)	5.35	2,297	41	
Canadian Bank average (Big 5)			11.4	14.0	9.3	9.1	9.2	8.5	1.41	1.35	1.29	1.72	1.74	1.57	(1.3)	(5.4)	(8.6)	(2.5)	(2.5)	5.24	106,484	1,453	
Canadian Bank average (Total)			10.9	13.2	8.8	8.5	8.6	8.0	1.38	1.34	1.28	1.49	1.47	1.34	(1.5)	(5.9)	(9.0)	(1.6)	(1.6)	5.19	70,968	970	
Australia and New Zealand Banking Grp Ltd	ANZ	22.81	10.0	17.2	10.5	10.0	9.7	9.4	1.56	1.04	0.99	1.10	1.10	1.05	0.4	(6.9)	(7.5)	(3.6)	(3.6)	6.38	68,507	1,086	
Bank of Queensland	BOQ	6.51	8.2	12.6	8.8	8.2	8.0	8.3	0.97	0.64	0.62	0.77	0.78	0.76	0.5	(6.5)	(7.8)	(5.7)	(5.7)	7.07	4,248	100	
Bendigo and Adelaide Bank	BEN	8.93	10.6	16.0	11.1	10.0	8.6	9.5	1.08	0.76	0.73	1.02	1.03	0.99	1.2	(5.3)	(8.7)	(9.0)	(9.0)	6.22	5,073	95	
Commonwealth Bank of Australia	CBA	96.45	19.9	23.4	19.7	17.3	16.1	16.1	3.14	2.24	2.24	2.49	2.47	2.48	1.2	(2.3)	(4.2)	(6.0)	(6.0)	4.35	162,848	1,215	
National Australia Bank	NAB	28.28	15.5	23.4	14.2	12.8	10.8	10.9	2.29	1.50	1.45	1.64	1.63	1.57	1.7	(5.4)	(5.7)	(5.9)	(5.9)	5.34	88,761	1,055	
Westpac Banking	WBC	21.24	10.7	29.3	14.5	14.3	9.7	9.4	1.64	1.06	1.01	1.24	1.24	1.17	0.2	(5.1)	(5.7)	(9.0)	(9.0)	5.89	74,533	1,014	
Australian Bank average			12.5	20.3	13.1	12.1	10.5	10.6	1.78	1.20	1.17	1.37	1.38	1.34	0.9	(5.2)	(6.6)	(6.5)	(6.5)	5.87	67,328	761	
Danske Bank	DANSKE	139.65	7.8	27.1	9.5	11.6	7.0	6.6	0.73	0.73	0.68	0.77	0.71	0.69	(0.7)	(14.4)	(14.6)	1.7	1.7	0.00	120,404	3,763	
Skandinaviska Enskilda Banken	SEBA	110.70	11.8	15.3	9.5	8.3	7.6	7.1	1.16	1.16	1.08	1.19	1.13	1.06	(1.4)	(13.9)	(15.5)	(7.7)	(7.7)	6.10	241,607	3,533	
Handelsbanken	SHBA	94.80	11.1	12.2	9.5	8.9	8.1	7.9	0.95	0.95	0.93	1.00	0.96	0.93	(1.4)	(12.5)	(14.7)	(9.8)	(9.8)	5.79	188,468	3,454	
Swedbank	SWEDA	175.05	10.0	15.2	9.4	8.5	6.7	7.0	1.13	1.13	1.04	1.26	1.15	1.08	(3.8)	(17.1)	(18.1)	(1.3)	(1.3)	5.59	198,158	2,855	
Nordea Bank	NDA	112.72	18.6	20.4	11.7	98.8	83.4	78.1	1.19	1.19	1.16	1.15	1.49	1.42	(2.5)	(15.6)	(15.0)	0.9	0.9	7.97	408,903	595	
Nordic Bank average			11.9	18.0	9.9	27.2	22.5	21.4	1.03	1.03	0.98	1.07	1.09	1.04	(2.0)	(14.7)	(15.6)	(3.2)	(3.2)	5.09	231,508	2,840	
Mitsubishi UFJ Financial	8306	840.90	12.6	20.5	13.9	9.5	9.6	8.0	0.61	73.81	78.70	0.67	0.64	0.61	0.4	(15.4)	(12.9)	(5.4)	(5.4)	3.81	10,669,096	373,732	
Mizuho Financial Group	8411	1,868.50	49.1	10.6	10.1	8.9	8.6	7.9	0.50	61.21	68.46	0.57	0.55	0.53	2.0	(16.0)	(12.0)	0.7	0.7	4.55	4,744,588	237,066	
Sumitomo Mitsui Financial	8316	5,258.00	10.1	10.3	14.0	10.2	9.2	8.9	0.59	71.99	76.53	0.62	0.60	0.58	0.0	(15.8)	(12.0)	(0.7)	(0.7)	4.37	7,228,126	257,705	
Japanese Bank average			23.9	13.8	12.7	9.5	9.1	8.3	0.56	69.00	74.56	0.62	0.59	0.57	0.8	(15.7)	(12.3)	(1.8)	(1.8)	4.24	7,547,270	289,500	

Source: BofA Global Research estimates, Bloomberg estimates for companies not covered (NC), SNL

Financial, Pricing metrics reflected in local currency

BofA GLOBAL RESEARCH

Past performance should not and cannot be viewed as an indicator of future performance. The BofA performance data in this chart relates to BofA covered companies that have been aggregated into a BofA sector by us for purposes of this report. This performance data is not intended to be representative of the larger market sectors or sub-sectors, which may include companies not covered by BofA Global Research. The performance data for the sector presented does not represent and is not intended to represent the performance of any BofA analyst's ratings over the relevant periods.



Exhibit 68: Bank of Montreal: Management commentary

Management's commentary during the 1Q23 earnings call and RBC Capital Markets Financial Institution Conference

Bank of Montreal	Notes
Revenue	By the end of 2025, we anticipate that the Bank of the West acquisition will add over \$2 billion in run rate pre-provision, pre-tax earnings to BMO.
Net interest margin	And as we move beyond the temporary factors over the next couple of quarters, we expect the BMO standalone NIM to resume expanding during the second half of the year as deposit spreads begin to stabilize. With the addition of Bank of the West balance sheet, we expect the widening NIM to be a core relative strength for BMO. Post-closing, we expect our NIM to widen by approximately 10 basis points for both the second quarter and the full year. On U.S. NIM: And I expect the NIM to continue to be pretty strong given the deposit base. We haven't – just I'll throw in, it's going to only get better in terms of overall NIM for the bank when we add the very solid and consistent type of deposit business we'll get with Bank of the West. We are still expecting some expansion in the second half of the year based on what I said while we keep an eye on the downside.
Provisions/Credit quality	The strong impaired loan performance is due to low formations, which continue to be below pre-pandemic levels. We do expect impaired provisions to return to more normal levels over time.
Expenses	We expect expense growth to moderate through this year with continued momentum in revenue. As a result, with a follow-through impact of last year's investment subsiding after the second quarter, we expect our year-over-year expense growth to moderate in the second half of the year. And once we cross into the second half of the year, I expect on average, you're going to see 3%, 4% drop in our year-over-year expense growth
Operating leverage	We remain committed to delivering positive full year operating leverage on a BMO standalone basis as we have for the last five years.
Loans	Looking ahead, we expect full year average loan growth to be in the mid-to-high single-digit range, reflecting strong diversified pipelines and matching similar growth rates in deposits. We continue to be pretty bullish, very bullish long term in terms of where our loan growth has been. It's consistently outpaced the peers as we've added new clients. I expect that to continue.
Mortgages	So you can anticipate our going forward mortgage balances or our growth, I should say, to slow down, what you're seeing from the market overall.
Deposits	And as we look across the next few months, you're going to see us grow further in our deposit taking from our digital channels.
Capital	We've continued to bolster our capital position in light of the new regulatory capital requirements while supporting customer growth. And we expect our CET1 ratio to be above 11.5% in the second quarter now that the Bank of the West acquisition has closed. As discussed previously, we remain confident that our CET1 ratio will remain above 11.5% in Q2 and continue to build to 12% by the end of the fiscal year. On Basel III update in Q2: there is going to be a benefit and that benefit potentially could be 35 to 40 basis points for the quarter.
M&A	We continue to expect the future benefit from annualized expense synergies to be approximately \$670 million and initiatives to be fully executed by the end of the first year after closing

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

Exhibit 69: Bank of Nova Scotia: Management commentary

Management's commentary during the 1Q23 earnings call and RBC Capital Markets Financial Institution Conference

Bank of Nova Scotia	Notes
Net interest margin	If rates stop rising, our term funding cost, which tends to be exposed to the short end of the curve, will stop rising and our assets continue to reprice. So, yes, if they stabilize, we should start seeing NIM benefiting from it, NII benefiting from it, and obviously we'll benefit much more when rate cuts start happening. I think what we're saying now, we're pretty clear that we're cautious about the next quarter in terms of earnings, but we're also recognizing we're at the bottom here in terms of NIM or close to the bottom in terms of NIM compression, so that is good news. RBC Conf: (on international banking NIM) So, I think the 400 basis points that we reported this quarter is likely the trough. I don't know how quickly it will grow. International NIM is complicated in the best of times, as you know... we'll find the opportunities to either improve the NIM or just find the investment gains with the bond portfolio we have. And this is one of those quarters where all of them contributed very well. And I see that continuing in Q2, three less days and all that apart because of February being a month in between for our Q2. I see that trend continuing, and the NIM continuing to expand... the NIM should be stable and then go from here.
Provisions/Credit quality	As I outlined last quarter, we expect to be in the mid-30s PCL range for fiscal 2023.
Expenses	I think achieving an expense growth of 4% excluding FX even for this quarter, I would say, is quite a good achievement for this bank. FX is not something that we can forecast, but if we can settle down around the mid-single digit range, call it, 4%, 5%, we will be quite pleased for the whole year. I think the year-over-year comps get a little better as we go through the rest of the year compared to what it has been in the beginning of last year.
Loans	going forward, we will be cognizant of the need to pace loan growth, particularly in less profitable product segments.
Mortgages	I just confirm the outlook that you're giving with regards to our intentionally slowing the mortgage portfolio, even in light of the fact that the market has been slow. I think that trend will continue.
LatAm	(On LatAm tax rate): We expect the tax rate to continue to increase in line with the reduction in inflation. RBC Conf: I think a closer rate for the rest of this year will be likely around CAD 250 million but it will be more stable than you think because it's driven off the lending book.
Chile	a modest slowdown in 2023 is expected to be followed by a rebound in 2024. International Banking NIM, the most recent compression was all relating to the impact of inflation in Chile. The way it works in Chile, you have inflation-based pricing. Inflation goes up, NIM will expand, inflation starts contracting. Year-over-year you'll see compression. That's what you saw this quarter. I think that's mostly done because Chile is the biggest contributor to inflation and therefore Internet interest margin impact.
Capital	In the interim, a few notable near-term focus areas: from an all-bank perspective, achieving a 12% CET1 ratio by fiscal year end is important, a 11.5% was a good outcome for the quarter and we will continue to see internal capital generation throughout the year, as well as the benefit from Basel III implementation next quarter. On Basel III update in Q2: The adoption of Basel III reforms in Q2 2023 is estimated to benefit capital by approximately 20 basis points to 30 basis points.

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

Exhibit 70: Canadian Imperial Bank of Commerce: Management commentary

Management's commentary during the 1Q23 earnings call and RBC Capital Markets Financial Institution Conference

CIBC	Notes
Revenue	In aggregate, we anticipate our plans to generate continued but moderating revenue growth through share gains, mid single-digit expense growth, and improving operating leverage for fiscal 2023
Net interest margin	But I think the core NIM ex-trading from that 1.64% level is positioned to continue increasing a few basis points a quarter, particularly accelerating, I would say, the back half of the year and maybe more stable here in the shorter term. But between that and continued balance sheet growth as we continue deploying capital with our clients to grow our businesses, we think that will continue driving strong NII growth. RBC Conf: And while we had said 10 to 15 basis points Q4 to Q4 over 2023, now we're saying probably closer to 10.
Provisions/Credit quality	And I would reiterate our outlook of normalization towards pre-COVID levels and expecting our impaired PCL ratios to trending towards that mid to – 20 to 30-basis-point range that we previously communicated. I think, for fiscal 2023, we can expect to be at the lower end of that range. But, overall, that guidance and outlook still remains intact.
Expenses	expect sequential expense growth to stabilize through fiscal 2023. We will stabilize expenses around these levels. And as we indicated last quarter, with many of our key strategic investments completed or in flight, we expect expense growth to continue to moderate through the fiscal year. RBC Conf: full year will be mid-single digits 2023 over fiscal 2022.
Loans	I see loan growth in the mid-single-digit range and I think we'll be in the mix on that. That's the commercial side. I think you'll see growth in the – where I think loans in the commercial side will be mid-single digit, in the consumer side it might be low-mid-single digits, but the general sentiment, roughly the same.
Mortgages	And in terms of – again, I think you'll see mortgages in the low-single-digit range throughout the year. RBC Conf: We just assume the forward curve continues to realize and we expect mortgage margins based on what we're seeing to get a little bit better.
Deposits	RBC Conf: A few percent a quarter going into term products and interest-bearing products from the non-interest bearing side. And so that we expect will continue
Capital	We currently forecast our CET1 ratio to continue trending higher from here, ending 2023 around 12%. On Basel III update in Q2: And from that point on, we've got the Basel III coming in. There may be some positive there. Honestly, what we're assuming at this point, there's a few things we're still landing, net neutral from the implementation of the Basel III in Q2.

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

Exhibit 71: Royal Bank of Canada: Management commentary

Management's commentary during the 1Q23 earnings call and RBC Capital Markets Financial Institution Conference

Royal Bank of Canada	Notes
Net interest margin	We will continue to see the margin expansion benefit for our structural deposit base. I think what you could expect in the next quarter is continue to see a bit of that pressure as it relates to the deposit mix movement. But we do expect to see the margin expansion still continuing through the latter half of 2023. Nonetheless, we expect margin expansion through 2023 for both Canadian Banking and City National. Our focus remains on growing net interest income. We anticipate mid-teen growth in Canadian Banking net interest income for fiscal 2023, and we expect even stronger growth for City National.
Provisions/Credit quality	Our PCL ratio on impaired loans remains below pre-pandemic levels but we have seen the normalization of delinquencies and impairments as higher interest rates start to impact credit outcomes. We expect PCL on impaired loans to increase through 2023 as we head into a forecasted recession. Although PCL on impaired loans remain well below historical averages, given strong employment and consumer balance sheets, we expect them to continue increasing from cyclical lows.
Expenses	For the remainder of the year, we expect non-interest expense growth excluding variable and stock-based compensation to decelerate, reflecting the distancing from lower COVID era comparatives. We also expect a slowdown in FTE growth following a period of heightened investment in sales capacity.
Efficiency	Full year efficiency ratio below 40%.
Operating leverage	Focus on cost control underpin our commitment to deliver positive All Bank operating leverage in fiscal 2023. In Canadian Banking, we continue to expect operating leverage for fiscal 2023 to be in the mid-single-digits.
Loans	RBC conf: Our expansion is strong and I think that's a really strong story driving what you just said is along with good growth, not as growth that we've seen in the mortgage portfolio certainly in the past years, but mid-single in mortgage but strong commercial growth
Mortgages	Looking forward, we continue to expect annual mortgage growth to slow to the mid-single digits, given deteriorating affordability. Originations are down materially, probably about in the range of 40% in terms of transactions. Loan growth at City National remain both diversified and robust, up 20%, excluding the impact from PPP loans. Going forward, we expect loan growth to moderate from these heightened levels, particularly in the jumbo mortgage space where refinancing activity has pulled back.
Deposits	I think what you could expect in the next quarter is continue to see a bit of that pressure as it relates to the deposit mix movement. RBC Conf: So while we do expect some pressure from City National as it relates to that deposit mix, know we expect that to subside a bit going forward.
ROE	We continue to be well positioned to deliver a premium return on equity.
Capital	We ended the quarter with a CET1 ratio of 12.7% and expect to maintain a CET1 ratio of at least 12% up to and following the close of our proposed acquisition of HSBC Canada. On Basel III update in Q2: Next quarter, we expect Basel III regulatory reforms to drive a 70 to 80 basis point benefit, largely reflecting the removal of the sector wide credit risk RWA scaling factor under the new IRB framework.
Dividends	Our outlook includes a regular cadence of twice a year dividend increases, while also deploying capital to support further organic growth.
M&A	We still remain confident that this is a good transaction for Canada, a good transaction for HSBC clients and employees, and a good transaction for our shareholders. And therefore, we're going through that process now. It's a normal process. Doesn't feel any different than the last process we went through in the United States, where you provide a lot of information on your business and we're confident the numbers tell the story. So, that's how I can comment so far as we're early days, but everything's proceeding according to what we expected.

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

Exhibit 72: The Toronto-Dominion Bank: Management commentary

Management's commentary during the 1Q23 earnings call and RBC Capital Markets Financial Institution Conference

Toronto-Dominion Bank	Notes
Revenue	On Cowen revenue synergies: We're basically at the same place we were at the time when we announced the transaction, Scott, when we talked about having CAD 300 million to CAD 350 million of revenue synergies, and we said that we would add about a CAD 100 million in net income by year-end volume.
Net interest margin	And we expect that the margin expansion continue to be positive for the remainder of 2023, but the trend is going to be similar that it's going to be moderating. We currently expect net interest margin expansion to moderate for the remainder of fiscal 2023.
Provisions/Credit quality	Looking forward, while results may vary by quarter, I continue to expect total PCLs to be in the range of 35 to 45 basis points in 2023 as credit performance continues to normalize and we progress along the economic paths.
Expenses	On our Q4 call, I noted that we expected adjusted expense growth excluding FX to moderate in fiscal 2023 on a quarter-over-quarter basis.
Tax Rate	(paraphrase) 4Q22 was lower than normal from a total bank tax rate standpoint, and the last seven or eight quarters would be more consistent with normal expectations.
Operating leverage	Our goal of delivering positive offering leverage over the medium term remains unchanged
EPS	As you know, we have said that we expect to grow adjusted EPS by 7% to 10% over the medium term.
Loans	RBC Conf: On CAD loan growth: And then in terms of other loan categories, we continue to see good spending on credit cards. Paydown rates are still high, but normalizing. And so we expect that to continue to grow and also add to not just the volume and I and margin as well because they are a higher margin business and then business, banking loans, you know, continue to hit double-digit growth year-over-year.
Deposits	On U.S. deposit trends: on the commercial side, your more institutional clients, looking for either more attractive, higher priced deposit solutions or in some cases, off balance sheet investment alternatives. And so you're seeing that play out. And I would expect as long as rates continue to be where they are and/or continue to increase, I think you'll see some degree of rate sensitivity. Just to give you one final stab at this quarter, just on a year-on-year basis, core checking account volumes were up 13%. So, we're continuing to see strong momentum there and I would expect us to be able to continue to grow the franchise. RBC Conf: But we're seeing more a shift from non-interest bearing to interest bearing.
Capital	With TD's strong internal capital generation capabilities and the various capital levers available to the bank, we continue to expect TD's CET1 ratio to be comfortably above 11% post-closing of the First Horizon transaction. On Basel III update in Q2: So, in Q2, we expect the impact of Basel III to be small, either way.
Buybacks	RBC conf: And so, we go through that framework and say at the end if we have – and do we have any major acquisition aspiration in the market because we might have to grow certain sectors or not and if all those turned out to be there's no opportunity, it would be buy back our shares.
M&A	As you know, on February 9, we mutually agreed with First Horizon to extend the close date to May 27 as provisioned in our contract. Since then, we've come to believe that the deal is not expected to receive regulatory approval in time to close the transaction by that date. Regulatory approval is not within the bank's control. So, we are doing what is prudent and appropriate. We've opened discussions with First Horizon about a potential additional extension. I cannot speculate on when we will receive approval. I can tell you that we are fully committed to the transaction. We have a robust Community Benefits Plan in place with broad community support across our combined footprint and our teams have made progress on integration plans. This is a great transaction that offers scale and new capabilities to our US franchise.

Source: BofA Global Research, company filings

BofA GLOBAL RESEARCH

Exhibit 73: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BMO	BMO US	Bank of Montreal	US\$ 85.25	B-2-7
YBMO	BMO CN	Bank of Montreal	C\$ 117.07	A-2-7
BNS	BNS US	Bank of Nova Scotia	US\$ 47.92	B-2-7
YBNS	BNS CN	Bank of Nova Scotia	C\$ 65.81	A-2-7
CM	CM US	Canadian Imp Bank	US\$ 41.52	B-3-7
YCM	CM CN	Canadian Imp Bank	C\$ 57.02	B-3-7
RY	RY US	Royal Bank	US\$ 92.65	A-2-7
YRY	RY CN	Royal Bank	C\$ 127.26	A-2-7
TD	TD US	TD Bank	US\$ 56.72	B-1-7
YTD	TD CN	TD Bank	C\$ 77.9	A-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH



Price objective basis & risk

Bank of Montreal (YBMO / BMO)

Our \$134 PO (US\$99) incorporates recession risk. We apply a trough P/BV multiple of 1.0x to our YE23 BV (50% weighting). The remaining 50% is based on 2023 P/E and P/BV multiples (equally-weighted). We assigned 11.5x/1.7x multiples, respectively, slightly above peer multiples as the company's superior growth outlook is offset by lower profitability.

Upside risks to our PO: 1) continued resilience of the Canadian consumer and thereby its housing market could alleviate the risk from a housing slowdown, 2) better than expected economic growth in the US, specifically within BMO's business footprint, 3) lower for longer global rate backdrop could cause investors to increase exposure to higher dividend yielding stocks, potentially pushing valuations higher, and 4) a continuing rebound in oil could reduce the risks associated with BMO's exposure to the energy sector.

Downside risks: 1) a sharp downturn in the Canadian housing market and rise in unemployment rate that could lead to higher credit losses, 2) a prolonged slowdown in US econ. could lead to anemic loan growth and accelerating credit losses.

Bank of Nova Scotia (YBNS / BNS)

Our \$70 PO (US\$52) incorporates recession risk. We apply a trough P/BV multiple of 1.1x to our YE23e BV (50% weighting). The remaining 50% is based on 2023e P/E and P/BV multiples (equally-weighted). We assigned 10.5x/1.4x multiples, respectively, in line with peer multiples given in-line profitability.

Upside risks: 1) continued resilience of the Canadian consumer and thereby its housing market could alleviate the risk from a housing slowdown, 2) better than expected economic growth in the LatAm markets, which could accelerate loan growth and keep credit losses at a moderate level, and 3) a rebound in oil could reduce risks associated with BNS' exposure to the energy sector.

Downside risks: 1) a sharp downturn in the Canadian housing market and rise in unemployment rate could lead to higher credit losses, 2) a slowdown in Latin American economies could lead to anemic loan growth and accelerating credit losses, 3) another plunge in oil prices could hurt credit quality/loan growth tied to energy dependent markets.

Canadian Imperial Bank of Commerce (YCM / CM)

Our \$65 PO (US\$48) incorporates recession risk. We apply a trough P/BV multiple of 1.2x to our YE23 BV (50% weighting). The remaining 50% is based on 2023 P/E and P/BV multiples (equally-weighted). We assign 11.0x/1.5x multiples, respectively, slightly below peer multiples (median 11.5x/1.7x) given the company's above average mortgage exposure and related risks from a slowdown in the mortgage market.

Upside risks: 1) Continued resilience of the Canadian consumer and a faster-than-expected rebound in residential mortgage growth, 2) better-than-expected growth in the capital markets business due to increased markets activity and/or continuing market share gains, 3) a rebound in oil, which could reduce the risks associated with CM's exposure to the energy sector.

Downside risks: 1) a sharp downturn in the Canadian housing market and rise in unemployment rate that could lead to higher credit losses. 2) Another plunge in oil prices that could hurt credit quality and loan growth tied to energy dependent markets.

Royal Bank of Canada (YRY / RY)

Our \$141 PO (US\$104) incorporates recession risk. We apply a trough P/BV multiple of 1.4x to our YE23 BV (50% weighting). The remaining 50% is based on 2023 P/E and P/BV multiples (equally-weighted). We assigned 12.0x/2.6x multiples, respectively, above peer multiples given higher profitability.

Downside risks to our price objective are: (1) a deeper and more protracted Canadian and/or U.S. recession relative to current expectation, (2) a deterioration in capital market conditions similar to the prevailing environment at the height of the credit crisis, (3) a dramatic swing in interest rates to the downside and the related impact on bank funding costs and asset quality, (4) any imposed political or regulatory measures that result in increased taxation or capital requirements that materially affect profitability.

Upside risk to our PO is: upward swing in interest rates in both the US and Canada and the related impact on bank funding costs/asset quality.

Toronto-Dominion Bank (YTD / TD)

Our \$99 PO (US\$73) incorporates recession risk. We apply a trough P/BV multiple of 1.2x to our year-end 2023 book value (BK, 50% weighting). The remaining 50% is based on 2023 P/E and P/BV multiples (equally weighted). We assigned 12.0x/2.4x multiples, respectively, above peer multiples given idiosyncratic growth opportunities.

Downside risks to our PO are (1) a deeper and more protracted Canadian and/or US recession than expected, (2) a deterioration in capital market conditions similar to the prevailing environment at the height of the credit crisis, (3) acquisition, integration, and legal risk associated with M&A activity.

Upside risks to our PO are a dramatic upward swing in long-term interest rates and better-than-expected credit metrics.

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
BUY				
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	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
	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 York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
NEUTRAL				
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Ebrahim H. Poonawala
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
UNDERPERFORM				
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Zions Bancorp	ZION	ZION US	Ebrahim H. Poonawala

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	87	51.48%	Buy	76	87.36%
Hold	44	26.04%	Hold	34	77.27%
Sell	38	22.49%	Sell	27	71.05%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1853	52.58%	Buy	1040	56.13%
Hold	840	23.84%	Hold	493	58.69%
Sell	831	23.58%	Sell	404	48.62%

^{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}
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Underperform	N/A	≥ 20%

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