

## Fifth Third Bank

**Strong execution + franchise investments should drive outperformance**

Reiterate Rating: BUY | PO: 40.00 USD | Price: 34.21 USD

**Revise EPS estimates higher**

Fifth Third (FITB) shares performed in-line with peers today after reporting 4Q23 EPS of \$0.99 vs. our/cons \$0.88/\$0.90 estimates, with the beat to our estimate driven by lower credit provisioning costs; pre-provision net revenue (PPNR) in line with our forecast. The muted stock reaction was not surprising given the strong stock performance last year, especially during the recent bank stock rally, FITB +44% vs. +27% for the bank index since 10/31. Moreover, FITB's liability sensitivity also likely weighed on the stock, during a week when markets have had to reassess their expectations for timing/magnitude of Fed rate-cuts. Revise FY24/25e EPS to \$3.12/\$3.50 from \$3.04/\$3.24, PO to \$40 (was \$38).

**The more (rate-cuts) the better**

Mgmt. FY24 guidance calls for net interest income (NII) to fall 2-4% YoY, with expectations for stabilization following 1Q24 (guide: down 2-3% QoQ). While mgmt. guidance assumes six rate-cuts for the year, it noted that three cuts should still lead to NII within the guidance range, but likely closer to down 4%. Mgmt. also indicated that rate cuts were likely needed to achieve a stabilization in non-interest bearing (NIB) deposits, in the absence of rate-cuts it did not rule out the potential for NIB mix to fall below 25% vs. 25.5% at YE23. We forecast FY24 NII -3.3%, NIB mix 24.3% by YE24.

**Franchise investments should pay-off**

Mgmt. sounded less optimistic vs. some peers when discussing growth outlook, noting that customers were "cautious but not pessimistic." This suggests muted capex activity given the macro uncertainties and the looming US Presidential elections. Guidance calls for FY24 avg. loan balances -2% YoY (+2% YoY 4Q24). We don't see any idiosyncratic reasons for FITB's loan growth to underperform and see potential for upside if lending demand rebounds. Franchise investments, incl. branch openings across the Southeast (slated to open 31 branches in 2024), should drive superior growth, in our opinion.

**Poised for superior performance**

We view FITB as a secular re-rating story. Increasing investor confidence in mgmt's execution, evidence of balance sheet defensibility (against credit, rates) and an attractive footprint (Midwest + Southeast) should drive superior growth/returns and stock outperformance. Stock trading at a deserved premium to peers at 11x 2024 P/E vs. 10x peer median and 1.8x YE24e TBV (vs. 19% ROTCE forecast). Reiterate Buy rating. Relevant research: [Stock poised for a secular re-rating: CEO/CFO meeting takeaways](#)

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	3.49	3.64	3.12	3.50	3.82
GAAP EPS	3.35	3.26	3.12	3.50	3.82
EPS Change (YoY)	-6.9%	4.3%	-14.1%	12.2%	9.1%
Consensus EPS (Bloomberg)			3.20	3.43	3.45
DPS	1.26	1.36	1.44	1.51	1.59
Valuation (Dec)					
P/E	9.8x	9.4x	11.0x	9.8x	8.9x
GAAP P/E	10.2x	10.5x	11.0x	9.8x	8.9x
Dividend Yield	3.7%	4.0%	4.2%	4.4%	4.6%

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19 January 2024

## Equity

**Key Changes**

(US\$)	Previous	Current
Price Obj.	38.00	40.00
2024E Rev (m)	8,602.1	8,657.1
2025E Rev (m)	8,921.8	9,001.4
2026E Rev (m)	9,200.3	9,289.6
2024E EPS	3.04	3.12
2025E EPS	3.24	3.50
2026E EPS	3.38	3.82

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**Stock Data**

Price	34.21 USD
Price Objective	40.00 USD
Date Established	19-Jan-2024
Investment Opinion	B-1-7
52-Week Range	22.11 USD -38.06 USD
Mkt Val / Shares Out (mn)	26,899 USD / 786.3
Free Float	99.2%
Average Daily Value	210.12 USD
BoFA Ticker / Exchange	FITB / NAS
Bloomberg / Reuters	FITB US / FITB.OQ
ROE (2024E)	12.2%
ESGMeter™	High

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

# iQprofile<sup>SM</sup> Fifth Third Bank

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	5,624	5,853	5,661	5,842	5,966
% change	17.6%	4.1%	-3.3%	3.2%	2.1%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	(83)	19	0	0	0
Total Operating Income	8,476	8,766	8,657	9,001	9,290
Operating Expenses	(4,670)	(4,896)	(4,952)	(5,100)	(5,253)
% change	-0.4%	4.8%	1.1%	3.0%	3.0%
Provisions Expense	(509)	(515)	(690)	(650)	(600)
% change	NA	1.2%	34.0%	-5.8%	-7.7%
Operating Pre-Tax Income	3,248	3,314	2,980	3,223	3,408
Operating Net Income to Comm S/Hold.	2,422	2,501	2,136	2,333	2,476
GAAP Net Income	2,631	2,899	2,298	2,485	2,628

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	207,452	214,574	216,283	221,694	224,675
Average Interest Earning Assets	186,330	191,712	197,575	196,220	200,416
Total Gross Customer Loans	121,480	117,234	121,210	124,058	127,038
% change	8.4%	-3.5%	3.4%	2.3%	2.4%
Total Customer Deposits	163,690	168,912	168,468	176,091	184,733
% change	-3.3%	3.2%	-0.3%	4.5%	4.9%
Tangible Equity	10,127	12,012	12,838	13,545	14,353
Common Shareholders' Equity	15,211	17,056	17,847	18,526	19,306

## Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	3.02%	3.05%	2.87%	2.98%	2.98%
Effective Tax Rate	21.8%	20.4%	22.9%	22.9%	22.9%
Loan / Deposit Ratio	74.2%	69.4%	71.9%	70.5%	68.8%
Tangible Common Equity / Assets	4.9%	5.6%	5.9%	6.1%	6.4%
ROA	1.2%	1.2%	1.0%	1.1%	1.1%
ROE	14.4%	16.0%	12.2%	12.8%	13.1%
RoTE	19.0%	22.6%	17.2%	17.7%	17.7%
Dividend Payout Ratio	35.6%	36.9%	45.5%	42.7%	41.1%
Efficiency Ratio (Cost / Income Ratio)	54.6%	56.0%	57.2%	56.7%	56.6%

## Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	33.6%	33.2%	34.6%	35.1%	35.8%
NPLs plus Foreclosed Real Estate / Loans	0.4%	0.6%	0.8%	0.9%	0.9%
Loan Loss Reserves / NPLs	426.02%	357.78%	254.10%	235.67%	214.24%
Loan Loss Reserves / Total Loans	1.81%	1.98%	2.04%	2.03%	1.99%

## Company Sector

Banks-US Regionals

## Company Description

Fifth Third (FITB) is a large-cap regional bank with over \$200 billion in assets that operates primarily in the Midwest and Southeast. The company's lending portfolio focuses primarily on C&I, residential real estate, and auto loans.

## Investment Rationale

While not immune to cyclical challenges, a well-constructed digital strategy, market share growth in the Southeast, tailwinds from reshoring/capex cycle, position FITB attractively. Moreover, capital ratios are near management's target providing flexibility if loan growth moderates, the net interest margin appears well protected against potential interest rate cuts (hedges running out to 2030) and a healthy cushion on loan loss reserves.

## Stock Data

Average Daily Volume 6,142,042

## Quarterly Earnings Estimates

	2023	2024
Q1	0.85A	0.65E
Q2	0.88A	0.75E
Q3	0.92A	0.82E
Q4	0.99A	0.90E

**Exhibit 1: FITB Variance table**

New vs. old EPS estimates, assumptions

FITB FORECAST VARIABLES:	3Q23	Actual 4Q23	Estimate 4Q23E	Variance	New 2024E	Old 2024E	Variance	New 2025E	Old 2025E	Variance
EOP Loans	120,088	117,234	117,149	0.07%	121,210	120,667	0.45%	124,058	123,544	0.42%
Average Loans	122,266	119,309	119,063	0.21%	119,890	120,074	-0.15%	123,190	123,004	0.15%
Average Earning Assets	192,216	198,166	194,169	2.06%	197,575	194,590	1.53%	196,220	197,723	-0.76%
Net Interest Margin (%)	2.98	2.85	2.89	-4bp	2.87	2.92	-6bp	2.98	2.99	-1bp
Net Interest Income (FTE)	1,445.0	1,423.0	1,415.2	0.55%	5,661.1	5,692.2	-0.55%	5,841.5	5,905.1	-1.08%
Loan Loss Provision	119.0	55.0	130.0	-57.69%	690.0	710.0	-2.82%	650.0	710.0	-8.45%
Noninterest Revenues	732.0	751.0	745.9	0.68%	2,996.0	2,910.0	2.96%	3,159.9	3,016.7	4.75%
Securities Transactions	(7.0)	15.0	0.0	NA	0.0	0.0	NA	0.0	0.0	NA
Tot. Revenue	2,170	2,189	2,161	1.29%	8,657	8,602	0.64%	9,001	8,922	0.89%
Total Expenses	1,188.0	1,211.0	1,198.2	1.07%	4,986.8	4,969.2	0.35%	5,128.3	5,110.3	0.35%
Pre-Tax Income (FTE)	863.0	923.0	832.9	10.81%	2,980.3	2,922.9	1.96%	3,223.1	3,101.5	3.92%
FTE Tax Rate (%)	22.1	22.2	23.0	-1pp	22.9	23.0	0pp	22.9	23.0	0pp
Net Income	672.0	718.0	641.4	11.95%	2,298.0	2,250.6	2.10%	2,485.2	2,388.2	4.06%
Available For Common	635.0	680.0	603.4	77mn	2,136.1	2,086.6	50mn	2,332.9	2,224.2	109mn
<b>Op. EARNINGS PER SHARE (F.D.)</b>	<b>\$0.92</b>	<b>\$0.99</b>	<b>\$0.88</b>	<b>13%</b>	<b>\$3.12</b>	<b>\$3.04</b>	<b>3%</b>	<b>\$3.50</b>	<b>\$3.24</b>	<b>8%</b>
<b>GAAP EPS (F.D.)</b>	<b>\$0.91</b>	<b>\$0.72</b>	<b>\$0.62</b>	<b>15%</b>	<b>\$3.12</b>	<b>\$3.04</b>	<b>3%</b>	<b>\$3.50</b>	<b>\$3.24</b>	<b>8%</b>
Book Value Per Share	\$21.19	\$25.04	\$21.46	\$3.58	\$26.59	\$23.07	\$3.52	\$28.36	\$24.81	\$3.55
Tangible Book Value Per Share	\$13.76	\$17.64	\$14.05	\$3.58	\$19.13	\$15.72	\$3.41	\$20.74	\$17.50	\$3.24
Dividends Per Share	\$0.35	\$0.35	\$0.35	\$0.00	\$1.44	\$1.44	\$0.00	\$1.51	\$1.51	\$0.00
Average Fully-Diluted Shares	687.1	687.7	687.1	1mn	683.9	687.1	-3mn	665.6	687.1	-21mn
<b>CAPITAL RATIOS:</b>										
EOP Common Equity/Assets (%)	6.77	7.95	6.80	115bp	8.25	7.21	104bp	8.36	7.52	84bp
Tang. Common Equity/Assets (%)	4.51	5.73	4.56	118bp	6.08	5.03	105bp	6.25	5.42	83bp
Tangible Common Equity/RWA (%)	5.56	7.36	5.49	186bp	7.77	6.02	175bp	8.05	6.54	151bp
Tier 1 Common/RWA (%)	9.80	10.29	9.60	69bp	10.67	10.04	62bp	10.84	10.40	43bp
Tier 1/RWA (%)	10.29	10.37	10.30	8bp	10.16	10.18	-3bp	10.25	10.46	-21bp
<b>PROFITABILITY RATIOS:</b>										
Return On Assets (%)	1.28	1.33	1.19	14bp	1.06	1.04	3bp	1.13	1.08	6bp
Return On Common Equity (%)	16.73	17.14	16.48	65bp	12.22	13.80	-158bp	12.83	13.64	-81bp
Return On Tangible Common Equity (%)	26.32	28.38	26.86	152bp	18.45	22.30	-385bp	18.84	21.12	-228bp
Operating Expenses/Revenues (%)	54.75	55.32	55.44	-12bp	57.60	57.77	-16bp	56.97	57.28	-31bp
<b>BALANCE SHEET ITEMS:</b>										
EOP Total Deposits	167,672	168,912	166,488	1.46%	168,468	168,128	0.20%	176,091	176,366	-0.16%
AVG Total Deposits	165,644	169,447	167,080	1.42%	168,256	166,792	0.88%	172,280	172,247	0.02%
EOP Total Assets	212,967	214,574	215,061	-0.23%	216,283	217,979	-0.78%	221,694	224,848	-1.40%
EOP Equity	16,544	19,172	16,732	14.58%	19,963	17,829	11.97%	20,642	19,015	8.56%
EOP Preferred Equity	2,116	2,116	2,116	0.00%	2,116	2,116	0.00%	2,116	2,116	0.00%
EOP Common Equity	14,428	17,056	14,616	16.69%	17,847	15,713	13.58%	18,526	16,899	9.63%
EOP Tangible Common Equity	9,373	12,012	9,571	25.50%	12,838	10,703	19.95%	13,545	11,917	13.66%
<b>CREDIT QUALITY INDICATORS:</b>										
Net Charge-Offs	124	96	105	-8.57%	540	540	0.00%	600	600	0.00%
% Average Loans	0.40	0.32	0.35	-3bp	0.45	0.45	0bp	0.49	0.49	0bp
Nonperforming Assets	612	688	755	-8.81%	1,012	1,110	-8.85%	1,109	1,217	-8.85%
% EOP Loans + OREO	0.51	0.59	0.64	-6bp	0.83	0.92	-9bp	0.89	0.98	-9bp
Nonperforming Loans	570	649	713	-8.91%	973	1,068	-8.91%	1,070	1,175	-8.91%
% EOP Loans (excl. OREO)	0.47	0.55	0.61	-5bp	0.80	0.89	-8bp	0.86	0.95	-9bp
Loan Loss Reserve	2,340	2,322	2,365	-1.82%	2,472	2,535	-2.49%	2,522	2,645	-4.65%
% EOP Loans	1.95	1.98	2.02	-4bp	2.04	2.10	-6bp	2.03	2.14	-11bp
% Nonperforming Loans	410.53	357.78	331.93	2585bp	254.10	237.35	1675bp	235.67	225.13	1053bp

Source: BofA Global Research, Company filings



## Price objective basis & risk

### Fifth Third Bank (FITB)

Our \$40 PO is based on a 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 13.5x/2.0x multiples, respectively, above the bank's 5 year pre pandemic median of 12.0x/1.4x given favorable EPS/ROTCE outlooks.

Downside risks to our PO: slower-than-guided loan growth on weaker economic activity, and/or a deterioration in credit quality.

Upside risks to our PO are a better-than-expected improvement in the macro environment, stronger-than-anticipated balance sheet growth, and/or better expense management.

## Analyst Certification

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

### North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TS LX	TS LX 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



## North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>NEUTRAL</b>				
	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
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett
<b>UNDERPERFORM</b>				
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Brandon Berman

## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

### Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

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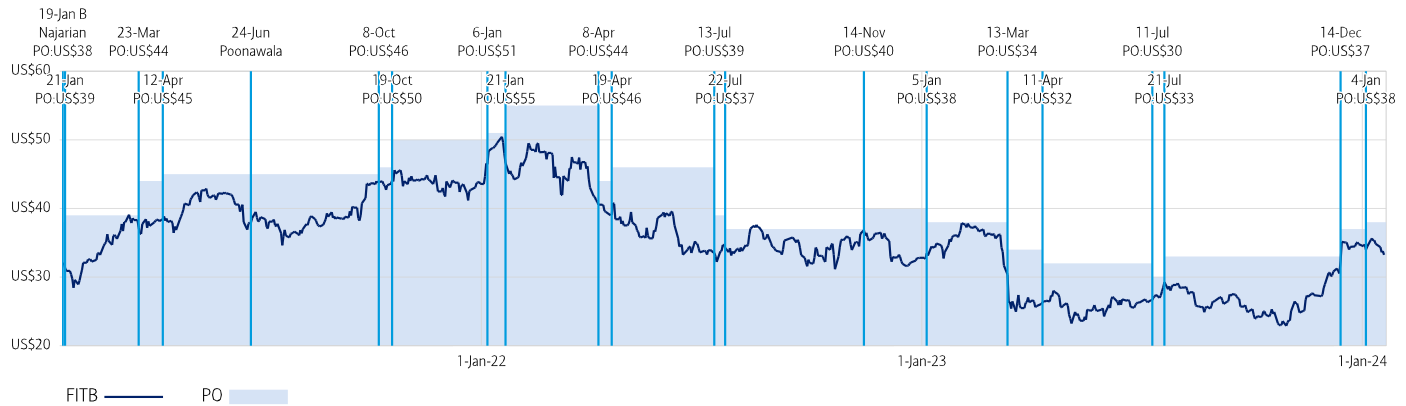
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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

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

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

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

<sup>R1</sup> 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 <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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