

# Apollo Commercial Real Estate Finance

## Key maturities loom; downgrade to Underperform

Rating Change: UNDERPERFORM | PO: 10.50 USD | Price: 11.28 USD

### Cautious on CRE mREITs broadly in 2024

[We are moving to a more cautious outlook for the CRE mREIT sector](#) and are downgrading Apollo Commercial Real Estate Finance (ARI) to an Underperform rating (Neutral prior). CRE mREITs outperformed other financial stocks in 2023 (Exhibit 1), but we think the fundamental headwinds CRE faces are likely to persist throughout 2024. While we think ARI's portfolio is less exposed to the worst performing sub-sectors, we think the next few quarters will likely be choppy and risks are to the downside with ARI in particular facing several high profile 2024 maturities.

### 21% of portfolio matures in '24, including Steinway

In the first half of 2024, ARI has limited loan maturities (just 2% of the portfolio), but 15% of the portfolio (approx. \$1.7B) matures in 3Q24 (and 4% in 4Q). Positively, less than 1% of 2024 maturities are office loans; however, \$582M or 34% of the 2024 maturities are related to the Steinway Tower at 111 W 57<sup>th</sup> St in Manhattan. ARI has been involved with Steinway's redevelopment since 2015, a process that has hit several snags (including COVID). The business plan was to develop a world-class residential building for ultra-high net worth individuals, but to date the property has had trouble selling all the units. Given the difficulties the project has encountered, a clean pay-off in September for the full principal amount may be unlikely and we think problems with this loan may linger and weigh on earnings.

### 4Q solid, but any earnings softening could put div at risk

ARI reported a solid 4Q which had no additional CECL reserves (4Q CECL was ~\$220M or 2.6% of loan book, slightly below peer avg of ~2.8%) and stable book value at \$14.43. That said, distributable earnings of \$0.36 (~10% ROE) and was a penny above ARI's quarterly dividend of \$0.35. With a more difficult 2024 looming, we reduce our distributable earnings est to \$1.25 (~9% ROE) from \$1.43, which we think puts the \$0.35/qtr dividend at risk.

### Maintain \$10.50 PO, dividend rating to "8"

ARI shares currently trade at 0.8x BVPS, in-line with its post-COVID average, while larger peers STWD & BXMT currently trade 15% below their post-COVID average. In our view, given elevated maturity risks, partially offset by limited office exposure, we think a slight discount valuation for ARI is warranted, driving our ~0.75x book value multiple and \$10.50 PO. We lower our dividend rating to an "8" from a "7" due to our lower EPS ests.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	1.67	1.09	1.25	1.23	1.31
GAAP EPS	1.68	0.30	0.95	0.97	1.04
EPS Change (YoY)	26.1%	-34.9%	14.4%	-1.4%	6.8%
Consensus EPS (Bloomberg)			1.27	1.15	1.42
DPS	1.40	1.40	1.40	1.20	1.20
Valuation (Dec)					
P/E	6.7x	10.4x	9.1x	9.2x	8.6x
GAAP P/E	6.7x	38.1x	11.9x	11.6x	10.8x
Dividend Yield	12.4%	12.4%	12.4%	10.6%	10.6%

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Timestamp: 04 March 2024 06:00AM EST

04 March 2024

Equity

#### Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-2-7	C-3-8
Inv. Rating	NEUTRAL	UNDERPERFORM

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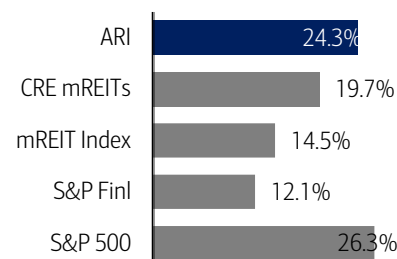
#### Stock Data

Price	11.28 USD
Price Objective	10.50 USD
Date Established	28-Apr-2023
Investment Opinion	C-3-8
52-Week Range	8.58 USD -12.74 USD
Mrkt Val / Shares Out (mn)	1,594 USD / 141.4
Free Float	80.0%
Average Daily Value	9.11 USD
BofA Ticker / Exchange	ARI / NYS
Bloomberg / Reuters	ARI US / ARI.N
ROE (2024E)	8.0%
ESGMeter™	Medium

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"](#).

#### Exhibit 1: CRE mREITs outperformed in '23

2023 total returns; ARI outperformed peers



Source: Bloomberg, BofA Global Research  
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# iQprofile<sup>SM</sup> Apollo Commercial Real Estate Finance

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	244	252	205	230	249
% change	-8.3%	3.5%	-18.6%	11.8%	8.4%
Net Fee Income	2	2	7	7	7
Securities Gains / (Losses)	166	(135)	0	0	0
Total Operating Income	295	172	212	236	256
Operating Expenses	(121)	(149)	(150)	(66)	(73)
% change	35.3%	22.6%	0.9%	-56.0%	11.2%
Provisions Expense	18	(59)	0	0	0
% change	NA	NA	-100.0%	NA	NA
Operating Pre-Tax Income	192	(37)	62	170	182
Operating Net Income to Comm S/Hold.	179	(49)	50	158	170
GAAP Net Income	192	(37)	62	170	182

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	9,568	9,297	9,297	9,319	9,069
Average Interest Earning Assets	8,572	8,315	8,358	8,558	8,758
Total Gross Customer Loans	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Total Customer Deposits	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Tangible Equity	2,355	2,209	2,182	2,186	2,203
Common Shareholders' Equity	2,355	2,209	2,182	2,186	2,203

## Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	2.84%	3.03%	2.46%	2.68%	2.84%
Effective Tax Rate	NM	NM	NM	NM	NM
Loan / Deposit Ratio	NA	NA	NA	NA	NA
Tangible Common Equity / Assets	24.6%	23.8%	23.5%	23.5%	24.3%
ROA	2.5%	1.7%	1.9%	1.9%	2.1%
ROE	10.3%	7.0%	8.0%	8.0%	8.5%
RoTE	10.2%	7.1%	8.1%	8.0%	8.5%
Dividend Payout Ratio	129.1%	NA	453.4%	122.6%	114.1%
Efficiency Ratio (Cost / Income Ratio)	93.5%	48.5%	70.7%	27.9%	28.7%

## Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	17.5%	-46.9%	3.2%	2.9%	2.6%
NPLs plus Foreclosed Real Estate / Loans	NA	NA	NA	NA	NA
Loan Loss Reserves / NPLs	NA	NA	NA	NA	NA
Loan Loss Reserves / Total Loans	NA	NA	NA	NA	NA

## Company Sector

Mortgage Finance

## Company Description

Apollo Real Estate (ARI) is a REIT that focuses on commercial mortgage investments. It is externally managed by an indirect subsidiary of Apollo Global Management. ARI completed an IPO in September 2009, raising aggregate proceeds of \$210M.

## Investment Rationale

We are constructive on ARI's longer-term profitability and BVPS stability. That said, we think the risk associated with higher defaults/foreclosures and concerns about CRE values are not fully offset by a high current yield, an above peer loan loss reserve, and a valuation that largely reflects the more challenging commercial real estate macro backdrop.

## Stock Data

Average Daily Volume 807,304

## Quarterly Earnings Estimates

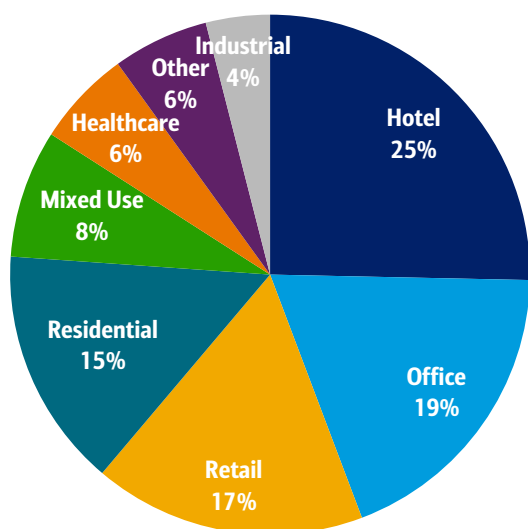
	2023	2024
Q1	0.48A	0.31E
Q2	-0.11A	0.32E
Q3	0.37A	0.31E
Q4	0.36A	0.31E

## Unique portfolio with lots of European CRE

ARI's portfolio is less focused on multifamily and office and instead is overweight hotel and retail. (Exhibit 2). Additionally, the portfolio is differentiated from peers as 51% of loans are located in Europe (Exhibit 3). Consensus view is that European office (~10% of ARI's total portfolio) has fared better than US office due to stronger return-to-office trends. However, we have begun to see European banks call out CRE weakness, with Deutsche bank increasing provisions and calling it, "the greatest real estate crisis since the financial crisis". Positively, ARI's total portfolio has less office (19%) and multifamily (16%) exposure than most peers.

### Exhibit 2: ARI has less office & residential exposure; overweight hotel, retail

ARI portfolio allocation by property type



Source: Company reports, BofA Global Research

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### Exhibit 3: ARI is uniquely exposed to European CRE

% of CRE mREIT portfolio by geography

Ticker	Northeast	Southeast	Midwest	Southwest	West	Diversified	International
ACRE	30%	19%	20%	14%	11%	6%	0%
BXMT**	20%	13%	4%	10%	18%	2%	34%
STWD*	26%	16%	2%	15%	9%		31%
ARI	27%	6%	6%	1%	4%	5%	51%
BRSP*	14%	7%	0%	36%	43%		0%
LADR*	29%	36%	11%	12%	10%	2%	0%
TRTX	24%	23%	4%	17%	28%	4%	0%
AVERAGE	24%	17%	7%	15%	18%	4%	17%

Source: Company reports, BofA Global Research

\* Loan portfolio only

\*\*Based on 150 largest loans

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## Originations in low-rate environment may carry added risk

By our math, BRSP originated ~65% of its loan portfolio post-COVID and ~75% of loans were originated with fed funds below 2.0% (Exhibits 4 & 5). This matters not only because higher rates weigh on property valuations, but also because CRE mREIT loans are floating rate, and borrowers purchase rate caps to hedge against the risk of rate spikes which expire at loan maturity. Given the sharp move higher in rates, these rate



caps have been important in keeping interest expenses in check. As loans mature, new rate caps will need to be purchased at prohibitive prices.

#### Exhibit 4: ~65% of ARI's portfolio originated post-COVID

Origination vintage as a % of total loan portfolio

	Vintage by year						
	2017 or prior	2018	2019	2020	2021	2022	2023
ACRE	2%	5%	10%	14%	35%	28%	5%
BXMT	2%	17%	17%	4%	39%	21%	0%
STWD	Not disclosed						
ARI	7%	3%	19%	7%	27%	32%	5%
BRSP*	2%	12%	10%	2%	43%	31%	0%
LADR*		14%		0%	57%	29%	0%
TRTX	1%	4%	17%	3%	42%	27%	6%

Source: Company reports, BofA Global Research

\* Loan portfolio only

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#### Exhibit 5: 74% of ARI's portfolio originated with FF rates below 2.0%

% of portfolio originated at or below given FF rate

	FF Rate below...			
	1.00%	2.00%	3.00%	4.00%
ACRE	68%	82%	92%	95%
BXMT	52%	75%	94%	94%
STWD	Not disclosed			
ARI	55%	74%	92%	92%
BRSP	63%	82%	100%	100%
LADR	Not disclosed			
TRTX	47%	60%	95%	96%

Source: Company reports, BofA Global Research

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## Steinway loan in 3Q looms

ARI's 1H24 has limited maturities (just 2% of the portfolio), but in 3Q 15% of the portfolio is set to mature, largely made up of the Steinway building, which has been a legacy issue in the portfolio. Commentary on the 4Q earnings call indicated that 1 unit was sold in 4Q and 2 more units are under contract, and that trends are largely in-line with their previous expectations. We think that ARI will largely trade based on Steinway, given its outsized impact on net book value at almost \$600M or over 25% of NAV.

#### Exhibit 6: 21% of ARI's portfolio matures in '24, 3Q elevated due to Steinway

% of portfolio maturing in given quarter

	Maturities in...							
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
ACRE	5%	11%	13%	17%	18%	9%	9%	7%
BXMT	3%	2%	6%	7%	1%	7%	4%	7%
STWD	Not disclosed				Not disclosed			
ARI	0%	2%	15%	4%	3%	6%	4%	2%
BRSP	0%	3%	4%	5%	4%	3%	3%	6%
LADR	Not disclosed				Not disclosed			
TRTX	1%	3%	5%	8%	1%	0%	0%	2%

Source: Company reports, BofA Global Research

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## Run-rate earnings may not support current dividend

ARI's 4Q Distributable EPS was \$0.01 above the \$0.35/share quarterly dividend and management commentary on the 4Q call was upbeat about ARI's ability to keep the dividend stable (ARI has not cut the dividend since COVID). That said, our estimates are for ARI to underearn the dividend throughout 2024. We model a 14% reduction (to \$0.30/qtr) in the quarterly dividend to occur in 1Q25.

### Exhibit 7: We forecast a dividend reduction in 2025

ARI summary income statement

(\$000s)	2022A	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025-E	2026-E
<b>Income Statement</b>									
Interest Income from Comm Mtge Loans	456,513	701,002	178,321	178,321	173,367	172,377	702,385	690,656	707,656
Interest income from Subordinate Loans	55,590	17,280	2,164	2,164	2,164	2,164	8,655	10,991	21,637
Interest Expense	(268,531)	(466,110)	(129,158)	(128,556)	(124,379)	(123,719)	(505,812)	(472,119)	(480,521)
Net Interest Income	243,572	252,172	51,326	51,928	51,152	50,822	205,228	229,528	248,771
G&A Expenses	11,410	12,077	2,789	2,789	2,789	2,789	11,156	11,000	18,201
Stock-based Compensation	18,252	17,443	4,352	4,352	4,352	4,352	17,408	17,408	17,408
Depreciation and Amortization on REO	704	8,248	1,040	1,040	1,040	1,040	4,160	-	-
Operating Expenses Related to REO	52,368	72,759	19,842	19,842	19,842	19,842	79,368	-	-
Management Fees	38,419	37,978	9,483	9,455	9,427	9,397	37,762	37,558	37,727
Total OpEx	121,153	148,505	37,506	37,478	37,450	37,420	149,854	65,966	73,336
Loan loss provision	17,623	(59,427)	-	-	-	-	-	-	-
Income from Cash Balances / Other Income	2,427	2,276	1,691	1,691	1,691	1,691	6,763	6,763	6,763
Realized Gains / (Losses) from Sales	18,683	(86,604)	-	-	-	-	-	-	-
Foreign currency gain	(116,398)	52,030	-	-	-	-	-	-	-
Gain on foreign currency forward contracts	146,981	(48,213)	-	-	-	-	-	-	-
Unrealized loss on interest rate hedges	11,368	(414)	(292)	(292)	(292)	(292)	(1,168)	(1,168)	(1,168)
Revenue from real estate owned operations	62,062	92,419	26,146	26,146	26,146	26,146	104,584	-	-
Other income	68	2,415	-	-	-	-	-	-	-
Preferred dividends	12,272	12,272	3,068	3,068	3,068	3,068	12,271	12,271	12,271
Net Income / (Losses)	252,961	45,855	38,297	38,927	38,179	37,879	153,281	156,886	168,759
<b>Total Operating EPS Adjustments</b>	(32,349)	197,788	5,684	5,684	5,684	5,684	22,736	18,576	18,576
<b>GAAP EPS</b>	1.68	0.30	0.24	0.24	0.24	0.23	0.95	0.97	1.04
Distributable EPS	1.54	1.69	0.31	0.32	0.31	0.31	1.25	1.23	1.31
Operating EPS (includes realized G/L)	1.67	1.09	0.31	0.32	0.31	0.31	1.25	1.23	1.31
Dividends (DPS)	1.40	1.40	0.35	0.35	0.35	0.35	1.40	1.20	1.20
Shares Outstanding (Common - EOP)	140,596	141,353	141,353	141,353	141,353	141,353	141,353	141,353	141,353
Shares Outstanding (F.D. - Wtd. Avg.)	165,505	141,280	161,503	161,503	161,503	161,503	161,503	161,503	161,503
Shares Outstanding (Operating EPS)	143,092	144,214	141,353	141,353	141,353	141,353	141,353	142,953	142,953
<b>GAAP BV</b>	15.54	14.43	14.38	14.34	14.29	14.24	14.24	14.27	14.39
Core payout ratio	91%	83%					112%	98%	92%

Source: Company filings, BofA Global Research

BofA GLOBAL RESEARCH



## Price objective basis & risk

### Apollo Commercial Real Estate Finance (ARI)

Our \$10.50 price objective is based on a roughly 0.75x multiple to BVPS, which is roughly in line with commercial mortgage REITs peers.

Downside/upside risks to our price objective are: delays in/faster-than-anticipated capital deployment, unfavorable/favorable price movements in the target asset classes, credit deterioration/improvement in commercial real estate mortgages, disruptions/strengthening in the capital markets and unexpected changes in government regulations of the financial markets.

## Analyst Certification

I, Eric Dray, CFA, 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
	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
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Nuveen Churchill Direct Lending	NCDL	NCDL US	Derek Hewett
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
<b>NEUTRAL</b>				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett

## North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Eric Dray, CFA
	Blackstone Secured Lending Fund	BXSL	BXSL 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	Eric Dray, CFA
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Palmer Square Capital BDC	PSBD	PSBD US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	Starwood Property Trust	STWD	STWD US	Eric Dray, CFA
	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

## UNDERPERFORM

	Apollo Commercial Real Estate Finance	ARI	ARI US	Eric Dray, CFA
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Eric Dray, CFA
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	BrightSpire Capital Inc.	BRSP	BRSP US	Eric Dray, CFA
	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
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Eric Dray, CFA
	Zions Bancorp	ZION	ZION US	Brandon Berman

IQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

## Quality of Earnings

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

## Valuation Toolkit

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales  
  
EV / EBITDA

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization  
  
Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

## Numerator

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

## Numerator

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +  
Other LT Liabilities  
Enterprise Value

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

## Denominator

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

## Denominator

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales  
  
Basic EBIT + Depreciation + Amortization



Valuation Toolkit

Numerator

Denominator

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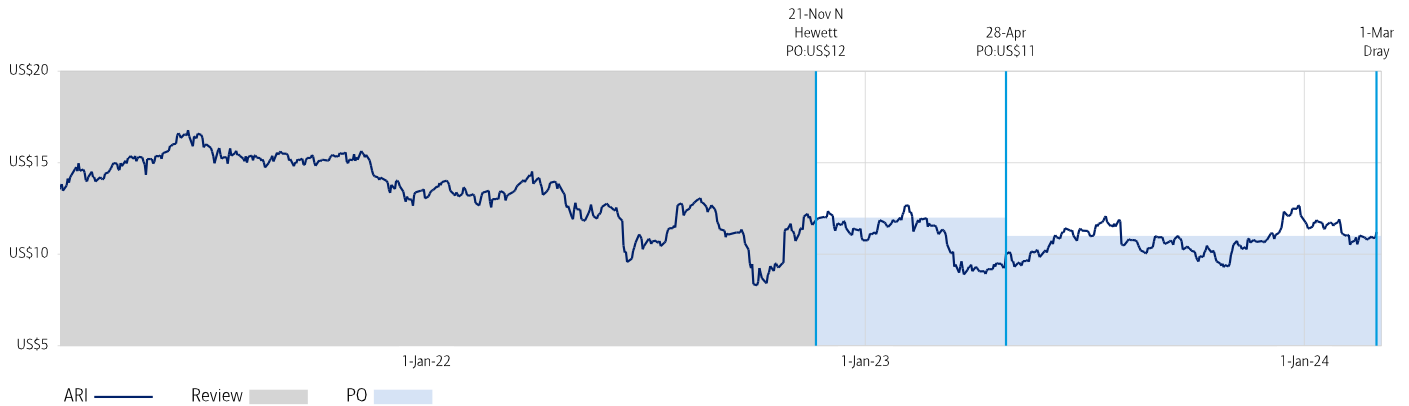




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### Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

### 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%
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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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