

Canadian Banks

Earnings & Beyond: Declining rates should increase investment appeal

Rating Change

Lower rates = reduced probability of tail risk events

A rapid decline in interest rates (5yr yield -120bp since Oct high) reduces the probability of tail risk events posed by a higher for longer scenario. While we still expect 2024 to be a challenging year, we see reduced likelihood for a materially worse credit outcome relative to expectations. We also lower our PCL (credit costs) forecast for FY25/26 for the group, driving EPS estimates higher. BofA Economics team calling for Canada GDP growth to accelerate in 2H24/2025; Bank of Canada (BoC) to cut rates by 125bp through YE24. Exhibits 1-68 for valuation, EPS revisions, operating trends.

Leaning-in as risk/reward becomes appealing

We believe a slightly more offensive positioning (vs. last year) is warranted given reduced potential for tail risk events. Notable, that less sticky US inflation gives the BoC more wiggle room to cut interest rates. Stocks trading at 10.4x/9.7x 2024/25e P/E vs 11.5x 5yr pre-pandemic median and 1.3x P/YE24e P/Book vs. ~13% ROE forecast. Capital build less of an overhang going forward vs. last year. Dividend yields, 5.3% on average to become a bigger factor in a world where the risk-free rate is dropping.

Self-help levers needed: upgrade RY/BMO to Buy

We prefer stocks that exhibit self-help potential and where we have greater conviction in mgmt. execution. This drives our ratings upgrade to Buy on Royal Bank of Canada-RY and BMO Financial-BMO – the two best bank management teams by a wide margin, in our opinion. Deal synergies (assuming RY closes its pending acquisition of HSBC) offer an idiosyncratic lever to both banks. We upgrade CIBC-CM to Neutral on improving EPS and macro visibility, healthy capital positioning. Please see here for Links to upgrade notes: [RY](#), [BMO](#), [CM](#).

Downgrade TD to Neutral: execution risk rising

We downgrade TD Bank-TD to Neutral, PO to \$88 (from \$90), driven by a change in market multiples (de-rating of P/BV multiple while P/E multiple moved up given the re-rating in the group as a whole). We see TD's relative balance sheet positioning (capital /deposits) as less of a differentiating factor given the capital build at peers and potential for rate-cuts which should easing funding cost pressures. Our investor conversations indicate growing concern around mgmt. execution driven by the failure to complete the First Horizon-FHN acquisition (potentially due to the now disclosed BSA/AML issues in the US franchise), and an uncertain succession plan (back in focus following the recent departure of head of the Canadian business). The risk of franchise attrition due to poor execution, front and center.

Expert call w/ Equifax highlights consumer pressure points

2024 to be the year of the "hard soft landing" according to our guests from Equifax. While aggregate GDP data could look ok (boosted by immigration), the speakers highlighted deteriorating per capital measures of economic health. Rising cohort of credit card borrowers only paying monthly minimums, deteriorating auto delinquencies signal building consumer stress. **Replay of the call available upon request.**

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Equity
Canada
Banks-Multinational/Universal

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

Isiah Austin
Research Analyst
BofAS
+1 646 855 0472
isiah.austin@bofa.com

Gabriel Angelini
Research Analyst
BofAS
+1 646 855 3081
gabriel.angelini@bofa.com

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

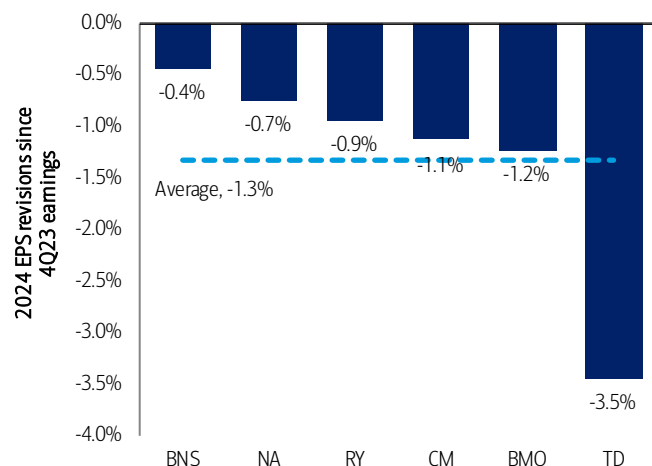
Christian Panebianco
Research Analyst
BofAS
+1 646 855 3912
christian.panebianco@bofa.com

Operating outlook snapshot

EPS outlook stabilizing as margin tailwinds, peaking credit costs, GDP acceleration in 2H24 open the door for a rebound in FY25 EPS growth.

Exhibit 1: Outlook for 2024e EPS has gotten incrementally worse...

2024e consensus EPS revisions vs. pre 4Q earnings

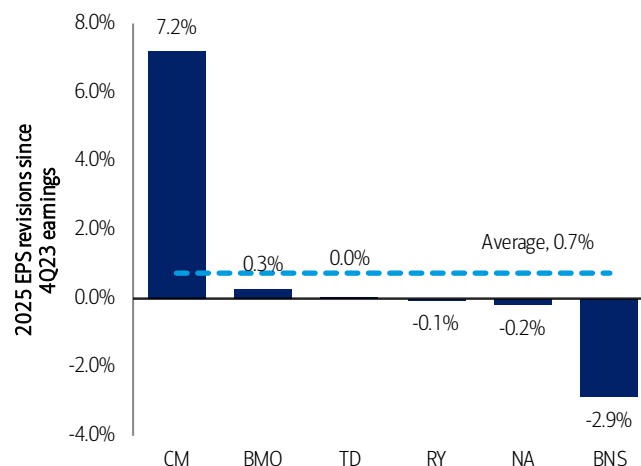


Source: BofA Global Research, Bloomberg

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Exhibit 2: ...however 2025e has seen positive revisions

2024e consensus EPS revisions vs. pre 4Q earnings



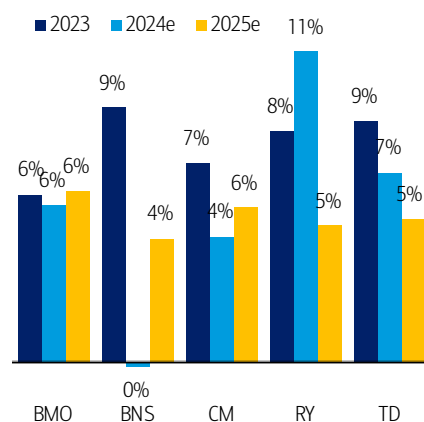
Source: BofA Global Research, Bloomberg

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Potentially rising net interest margins to mitigate the drag from moderating loan growth, rising credit costs.

Exhibit 3: We expect lagged growth in '24/25

YoY avg loan growth



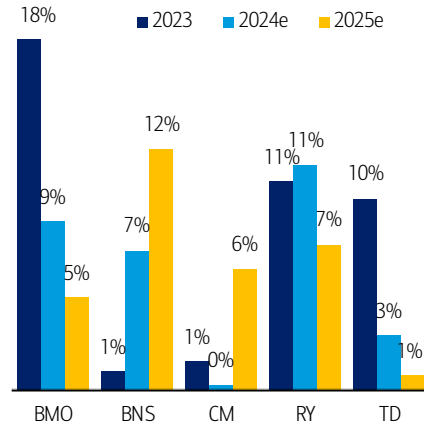
Source: BofA Global Research, company filings

Note: TD/BMO excludes M&A

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Exhibit 4: Expect mixed NII growth in '24/25

YoY NII growth

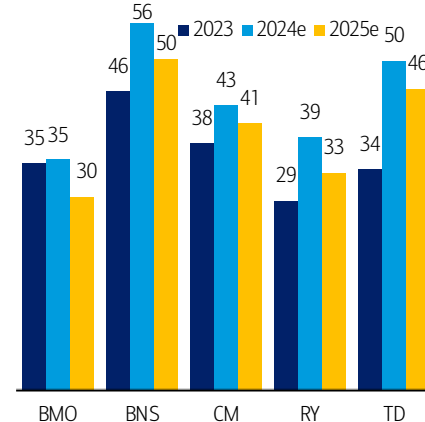


Source: BofA Global Research, company filings

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Exhibit 5: We see higher provisions in '24

Provision for credit losses (bp)



Source: BofA Global Research, company filings

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Lower rates reduce the probability of tail risk events.

Exhibit 6: Banks trading at 10.6x forward P/E, above historical median
Historical P/E



Source: BofA Global Research, Bloomberg

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Exhibit 7: Banks trading at 1.4x P/B, below historical median
Historical P/B

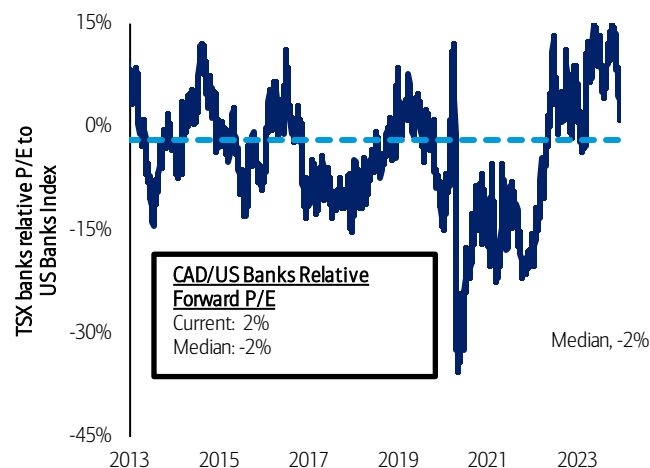


Source: BofA Global Research, Bloomberg

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Relative P/E valuation premium vs. US banks narrowed following last week's bounce in US bank stocks. Structurally higher interest rates less of a headwind in the US vs. Canada.

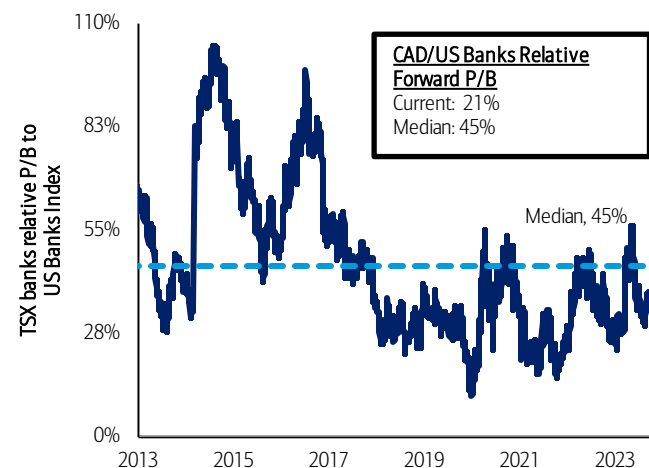
Exhibit 8: CAD banks trade at +2% premium, above -2% historically
Canadian banks relative P/E to U.S. banks



Source: BofA Global Research, Bloomberg

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Exhibit 9: CAD banks trade at +21% premium, below +45% historically
Canadian banks relative P/B to U.S. banks

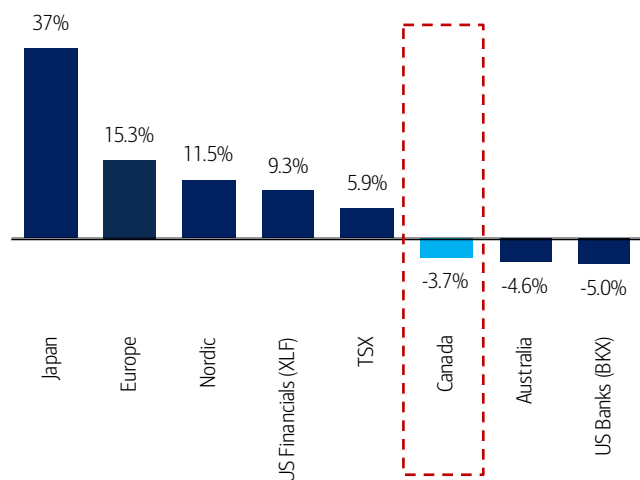


Source: BofA Global Research, Bloomberg

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Exhibit 10: CAD banks have underperformed most global bank peers

Year-to-date (YTD) price performance

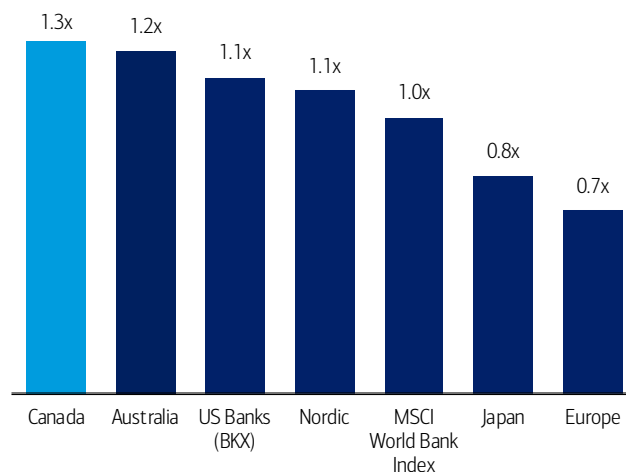


Source: BofA Global Research, Bloomberg

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Exhibit 11: CAD banks trade at a P/B premium given stronger ROE

Global Price to Book (P/B) comparison



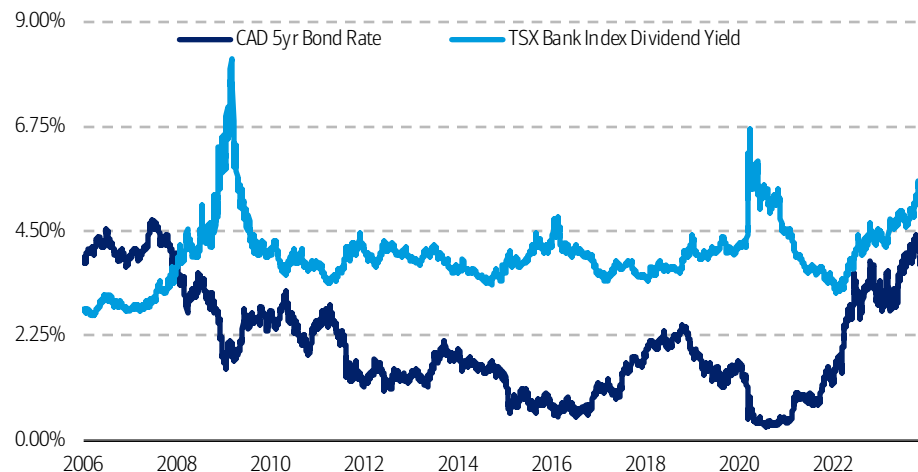
Source: BofA Global Research, Bloomberg

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Declining interest rates could increase the appeal of 4-5% dividend yields offered by bank stocks.

Exhibit 12: Spread at 152bp vs. historical 5/10yr avg. of 259/238bp

Canadian 5-year bond rate vs. Canadian bank index dividend yield



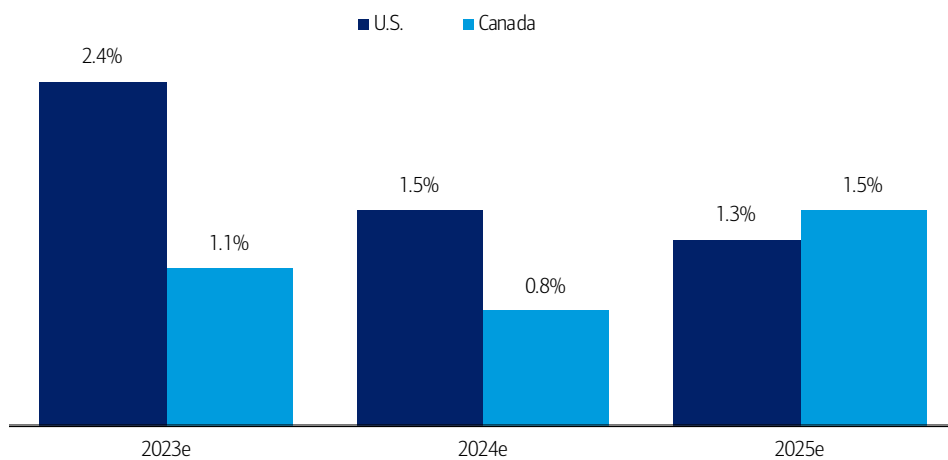
Source: BofA Global Research, Bloomberg

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Rebounding Canada GDP growth in 2H24/2025 should serve as a tailwind for EPS growth for the banks.

Exhibit 13: BofA now expects U.S. GDP growth to outpace Canada +130bps in FY23

BofA GDP outlook for U.S./Canada



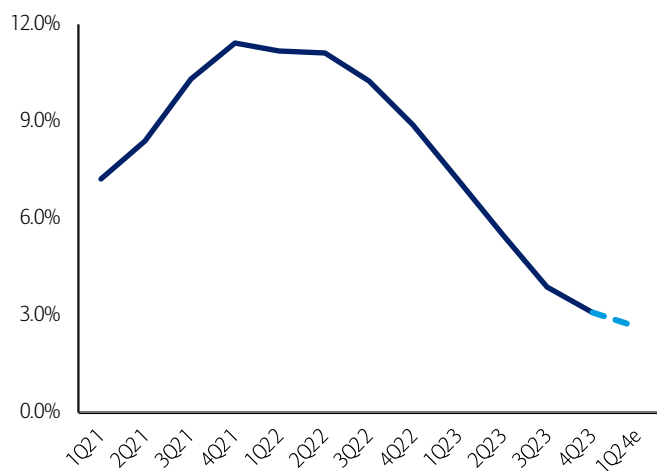
Source: BofA Global Research

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Higher rates and uncertain economic outlook have weighed on mortgage growth.

Exhibit 14: We see YoY Canadian mortgage growth continuing to slow

BofAe average YoY Canadian mortgage growth



Source: BofA Global Research, company reports

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Exhibit 15: 5yr yields have pulled back 117bp since 10/3 peak

Canada 5-year yield hovering near decade highs



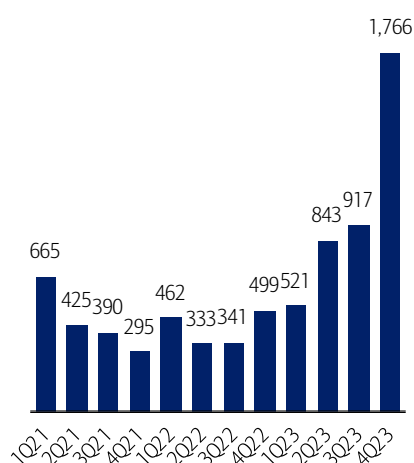
Source: BofA Global Research, Bloomberg

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Gross impaired loan (GIL) formations rising as credit normalizes.

Exhibit 16: BMO formations: +93% QoQ

BMO GIL formations (CAD \$mns)

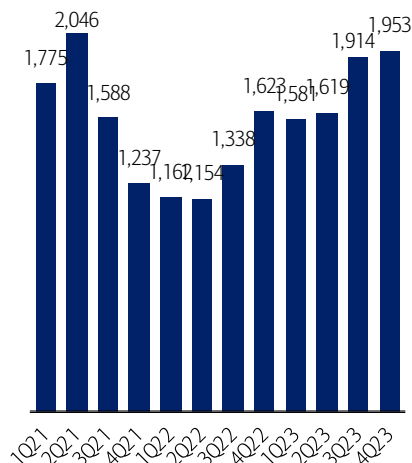


Source: BofA Global Research, company reports

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Exhibit 17: BNS formations: +2% QoQ

BNS GIL formations (CAD \$mns)

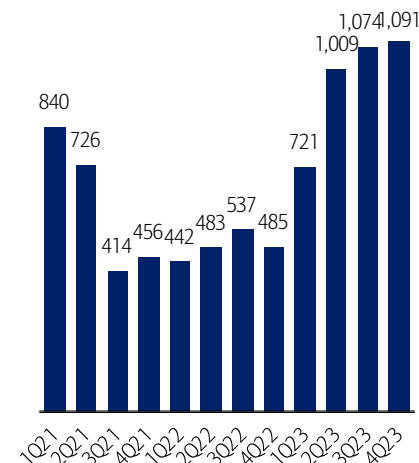


Source: BofA Global Research, company reports

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Exhibit 18: CM formations: +2% QoQ

CM GIL formations (CAD \$mns)

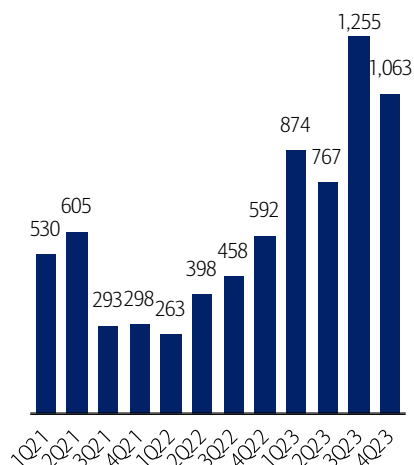


Source: BofA Global Research, company reports

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Exhibit 19: RY formations: -15% QoQ

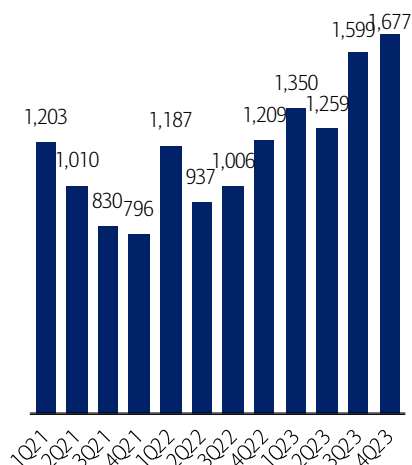
RY GIL formations (CAD \$mns)



Source: BofA Global Research, company reports
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Exhibit 20: TD formations: +5% QoQ

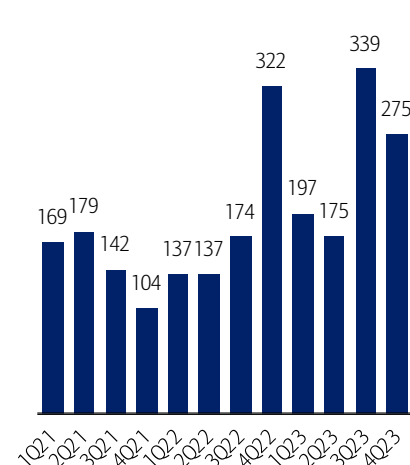
TD GIL formations (CAD \$mns)



Source: BofA Global Research, company reports
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Exhibit 21: NA formations: -19% QoQ

NA GIL formations (CAD \$mns)

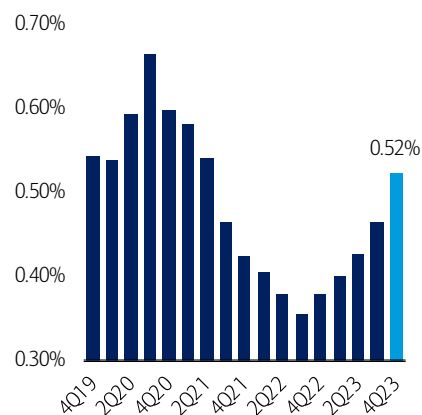


Source: BofA Global Research, company reports
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Impaired loans and write-offs continue to mount as credit normalizes.

Exhibit 22: GILs increased 6bp QoQ to 52bp

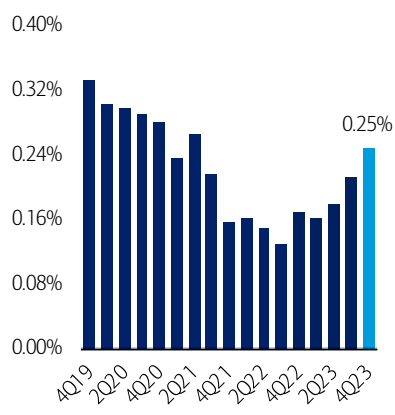
Avg. gross impaired loans/total loans in bp



Source: BofA Global Research, company reports
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Exhibit 23: NCOs increased 4bp QoQ to 25bp

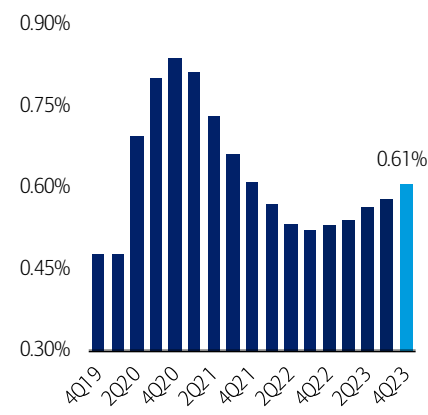
Avg. net write-offs/total loans in bp



Source: BofA Global Research, company reports
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Exhibit 24: Perf. ACL rose 3bp QoQ to 61bp

Avg. performing allowance/total loans in bp

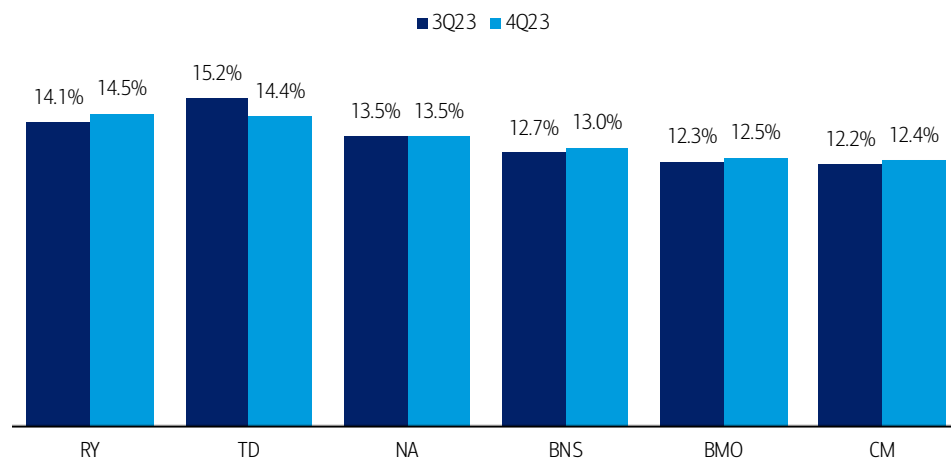


Source: BofA Global Research, company reports
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Big five banks in healthy shape in terms of capital; no change to the DSB buffer provided breathing room.

Exhibit 25: CET1 ratios rose by 13bp on average QoQ

4Q23 CET1 ratios vs. 3Q23 CET1 ratios



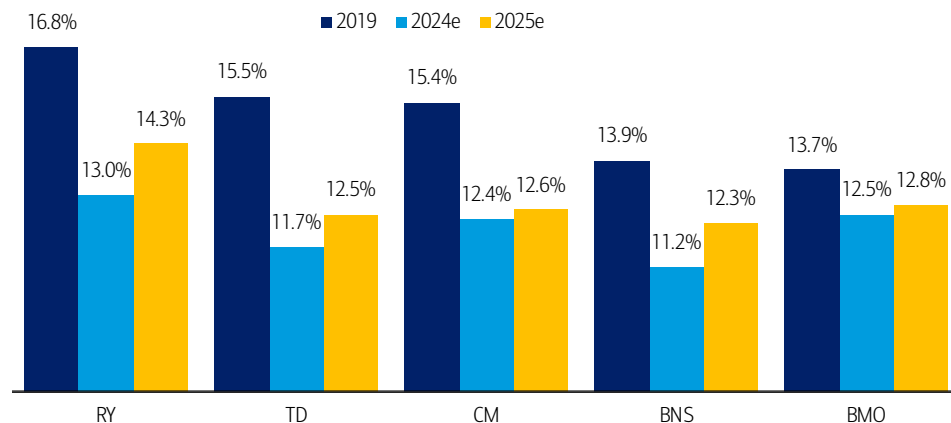
Source: BofA Global Research, company reports

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We don't see any of the banks achieving their medium-term ROE targets in FY24/25.

Exhibit 26: We see the outlook for medium-term ROEs as challenged given top line pressures

ROE comparison: 2019 vs. BofA 2024e/2025e



Source: BofA Global Research, company reports

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Housing/consumer snapshot

Exhibit 27: Housing sales continue decline in Toronto and Vancouver

Toronto and Vancouver housing sales since January 2015

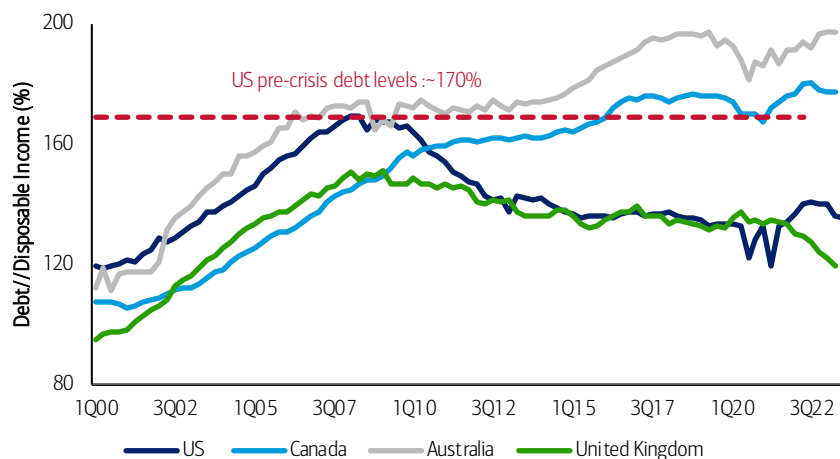


Source: BofA Global Research, TRREB, Vancouver Housing Board

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Exhibit 28: Canadian consumer debt at elevated levels with servicing costs rising

Household debt to disposable income



Source: BofA Global Research, Haver

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Operating trends

Exhibit 29: We are -1.1% below the Street on 2024 EPS outlook

EPS estimates: BofA vs. consensus

	1Q24e			2024e			2025e			2026e		
	BofAe	Cons.	BofA vs. cons.	BofAe	Cons.	BofA vs. cons.	BofAe	Cons.	BofA vs. cons.	BofAe	Cons.	BofA vs. cons.
Canada Banks												
BMO	\$3.16	\$3.16	0.1%	\$12.18	\$12.02	1.3%	\$13.46	\$12.92	4.2%	\$14.11	\$13.48	4.7%
BNS	\$1.55	\$1.66	-6.4%	\$6.52	\$6.49	0.4%	\$7.32	\$6.95	5.3%	\$7.70	\$7.42	3.8%
CM	\$1.80	\$1.69	6.3%	\$6.61	\$6.70	-1.3%	\$7.12	\$6.90	3.3%	\$7.49	\$6.87	9.1%
RY	\$2.67	\$2.86	-6.8%	\$11.24	\$11.41	-1.4%	\$12.68	\$11.99	5.7%	\$13.60	N/A	N/A
TD	\$1.92	\$1.97	-2.4%	\$7.45	\$7.80	-4.6%	\$8.31	\$8.36	-0.6%	\$8.44	\$7.75	8.9%
Average			-1.8%			-1.1%			3.6%			5.8%

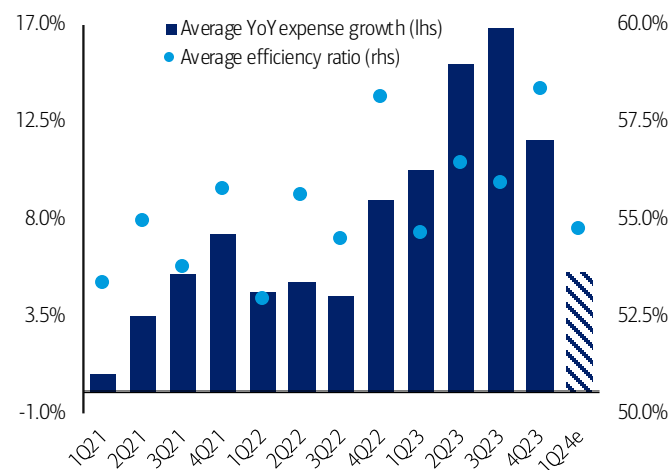
Source: BofA Global Research, Bloomberg

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Mgmt. teams aiming for positive operating leverage in 2024 as expense control comes into focus amid weakening revenue outlooks.

Exhibit 30: We expect expense growth to continue to fall in 2024

BofAe average expense growth YoY

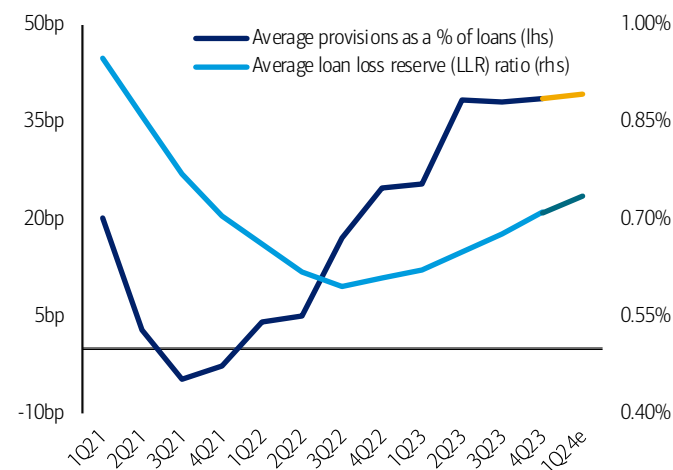


Source: BofA Global Research, company reports

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Exhibit 31: We see provisions and reserves continuing to rise in 2024

BofAe provisioning and reserve levels



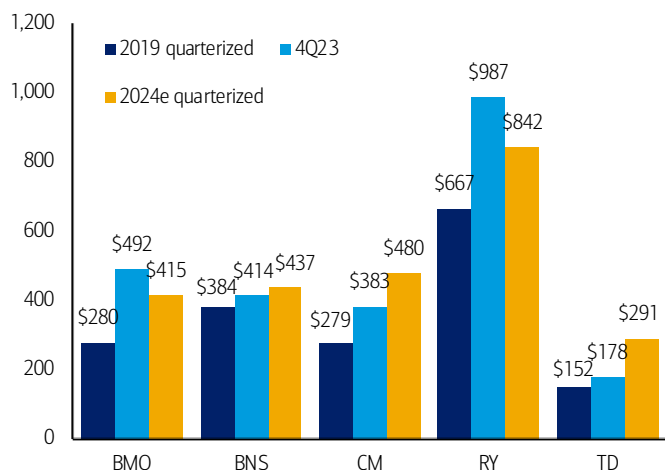
Source: BofA Global Research, company reports

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We forecast a normalization in capital markets revenues (albeit expect these to stay above pre-COVID levels) and see margins recover in 2024 as funding cost pressures abate.

Exhibit 32: We see continued cap. markets strength in '24 vs. '19

Capital markets earnings 2019 quarterly vs 4Q23 (\$mn)

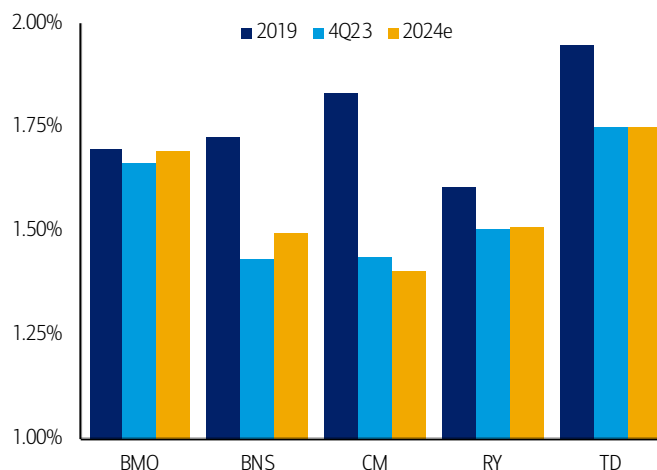


Source: BofA Global Research, company reports

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Exhibit 33: Margins to improve in 2024 as pressures ease

Net interest margins vs. 2019 and 2024e



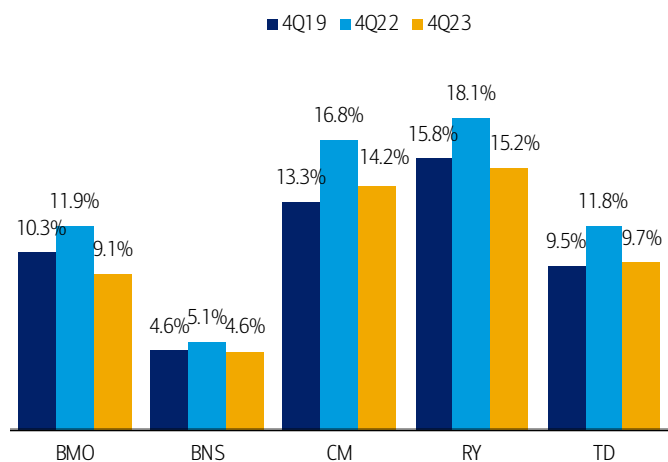
Source: BofA Global Research, company reports

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Mgmt. teams expect to see mix-shift into higher yielding products slow, potentially leading to a bottoming in NII.

Exhibit 34: NIB balances near or below pre-pandemic levels

Non-interest-bearing deposits as a % of total deposits comparison

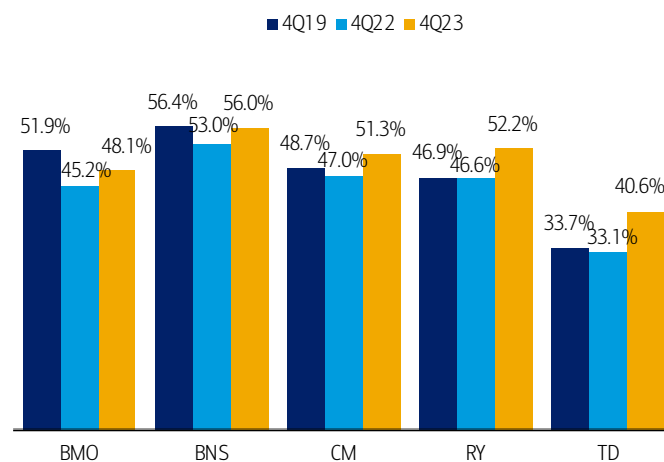


Source: BofA Global Research, company reports

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Exhibit 35: Term deposits/GICS nearing or above pre-pandemic levels

Term deposits (GICS) as a % of total deposits comparison

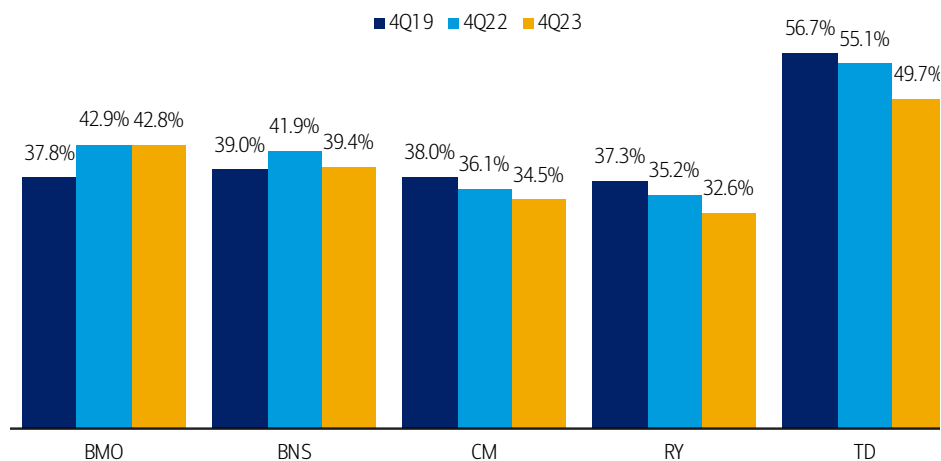


Source: BofA Global Research, company reports

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Exhibit 36: IB Demand deposits nearing or below pre-pandemic levels as customers seek yield

Interest-bearing demand deposits as a % of total deposits comparison



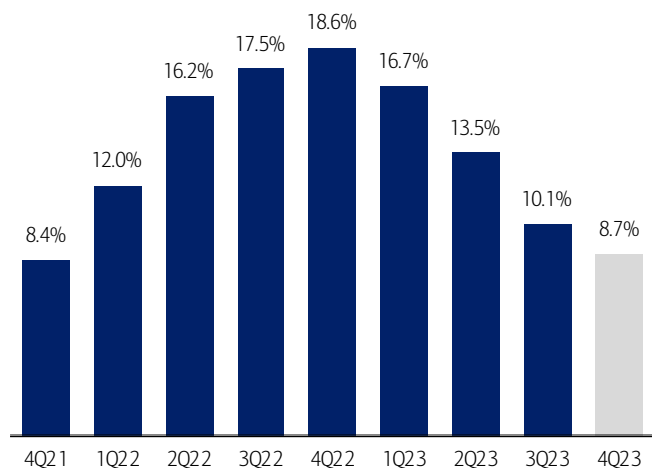
Source: BofA Global Research, company reports

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Banks witnessing muted growth in both residential mortgage and commercial loan demand as higher rates impact demand.

Exhibit 37: Commercial loan growth moderating amid weak demand

Avg. Canadian commercial loan growth YoY

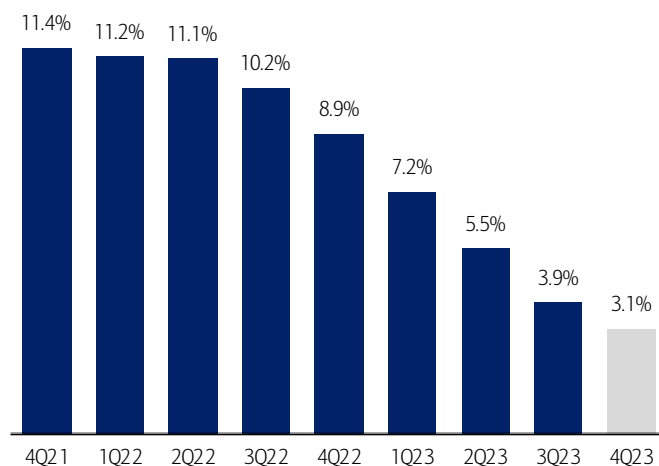


Source: BofA Global Research, company reports

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Exhibit 38: Mortgage lending slowed in reaction to elevated rates

Avg. Canadian mortgage loan growth



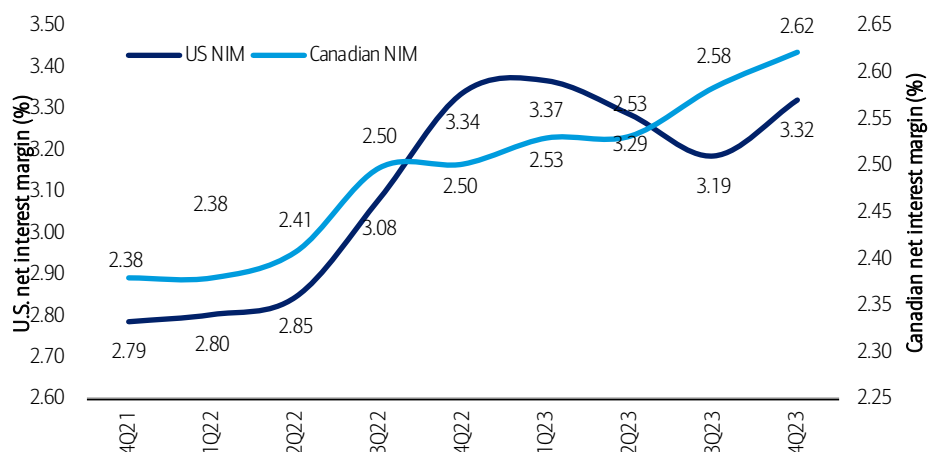
Source: BofA Global Research, company reports

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Margins continuing to drift higher.

Exhibit 39: Both US and Canadian NIM expanded in 4Q23, with US posting larger gain

Avg. Canadian and U.S. margin trends



Source: BofA Global Research, company reports

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Credit trends normalizing

Exhibit 40: Provision build continuing into 2024

PCL summary by bank

4Q23	BMO	BNS	CM	RY	TD	NA
Total PCL ratio	0.27%	0.65%	0.40%	0.34%	0.39%	0.21%
Performing PCL ratio	0.02%	0.23%	0.04%	0.09%	0.08%	0.05%
Impaired PCL ratio	0.25%	0.42%	0.36%	0.25%	0.31%	0.16%
Impaired PCL ratios						
Total Consumer	0.33%	0.58%	0.31%	0.21%	0.41%	0.21%
Total Commercial	0.18%	0.13%	0.43%	0.32%	0.14%	0.10%
Canada	0.25%	N/A	0.25%	0.22%	0.25%	N/A
US	0.25%	N/A	1.05%	0.41%	0.65%	N/A

Source: BofA Global Research, company reports

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PCLs rose 3bp sequentially to 41bp from 38bp in 4Q23. We forecast provisions for credit losses/total loans peaking in FY24, average 45bp in FY24, 40bp in FY25.

Exhibit 41: Banks continue to build reserves anticipating deterioration

ACL summary by bank

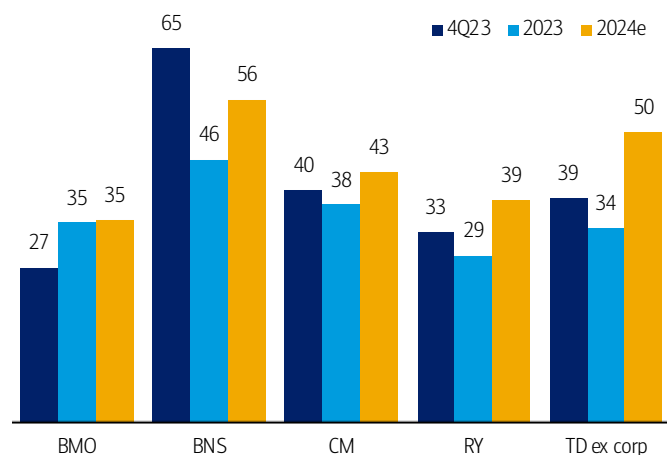
4Q23	BMO	BNS	CM	RY	TD	NA
Loan loss allowance ratio	0.58%	0.84%	0.73%	0.61%	0.79%	0.61%
Credit loss allowance ratio	0.65%	0.88%	0.77%	0.61%	0.91%	0.53%
Loan allowances	3,807	6,372	3,902	5,348	7,136	1,377
Credit allowances	4,267	6,629	4,117	5,366	8,189	1,184
Total loans	660,285	757,283	533,239	879,522	903,083	225,433

Source: BofA Global Research, company reports

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Exhibit 42: We expect PCLs to average 45bp in 2024

PCL forecast compared to 4Q23 results* (bp)



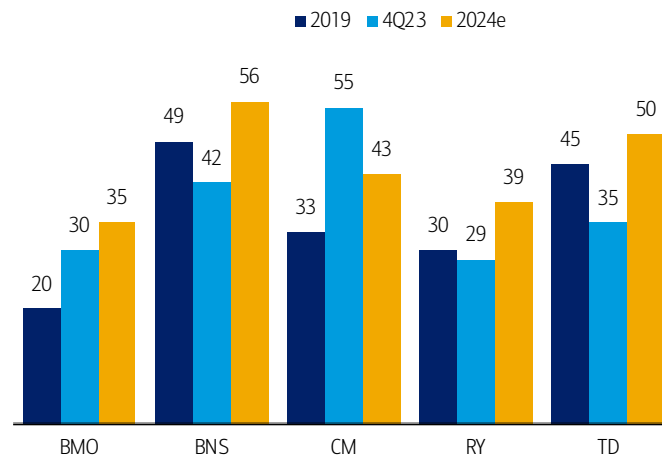
Source: BofA Global Research, company reports

Note: TD's PCL ratio excludes corp segment

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Exhibit 43: Elevated 4Q23 PCLs reflect continued normalization

PCL ratio 2019 vs 4Q23 (bp)

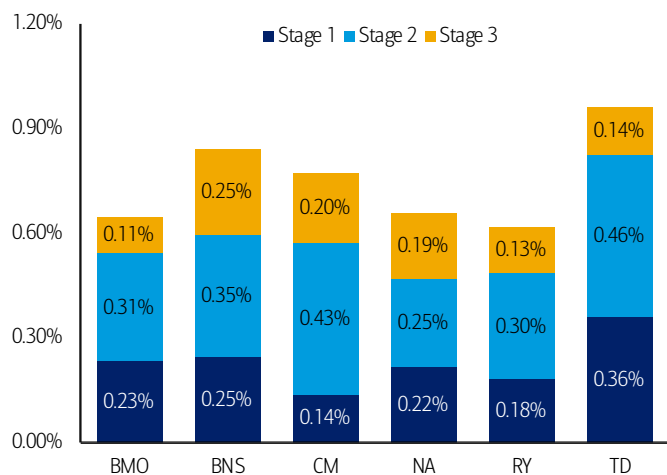


Source: BofA Global Research, company reports

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Continued build in allowances likely as management teams remain cautious on the macro-outlook.

Exhibit 44: Banks on average increased their allowances by +7bp QoQ
4Q23 ACL summary by bank

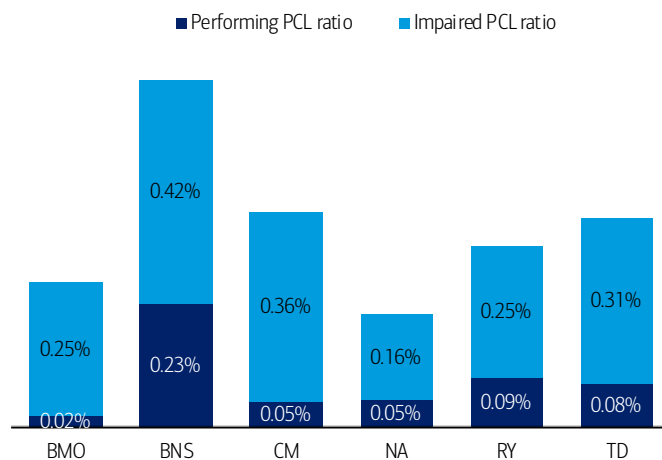


Source: BofA Global Research, company reports

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

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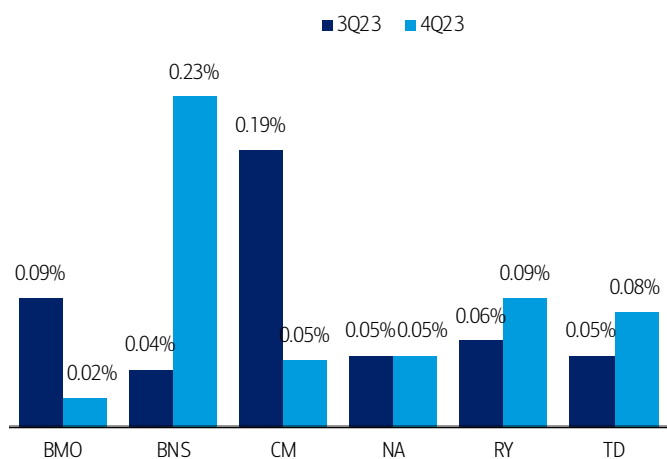
Exhibit 45: Banks on average saw a +3bp increase to PCL ratios QoQ
4Q23 PCL summary by bank



Source: BofA Global Research, company reports

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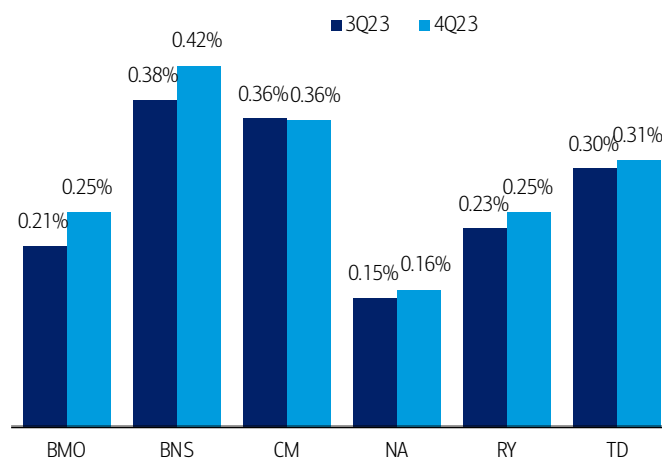
Exhibit 46: Performing PCLs grew 1bp on average QoQ
Performing PCL ratio, 4Q23 vs 3Q23



Source: BofA Global Research, company filings

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Exhibit 47: Impaired PCLs grew 2bp on average QoQ
Impaired PCL ratio, 4Q23 vs 3Q23



Source: BofA Global Research, company filings

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Exhibit 48: Allowance ratios for the Canadian banks remain low compared to U.S. mega cap peers; 75bp vs. 182bp

Allowance by loan type vs US mega cap peers

4Q23	BMO	BNS	CM	NA	RY	TD	Canada average	US mega cap average
Resi mortgages	0.13%	0.31%	0.17%	0.29%	0.11%	0.13%	0.19%	0.21%
Consumer Instalment and other personal	0.77%	2.32%	2.33%	0.64%	1.24%	3.22%	1.76%	1.57%
Credit cards	4.03%	7.23%	4.16%	7.15%	4.64%	5.00%	5.37%	7.23%
Business and government	0.74%	0.56%	0.94%	0.85%	0.81%	0.92%	0.80%	1.30%
Total allowances	0.65%	0.84%	0.77%	0.66%	0.62%	0.96%	0.75%	1.82%

Source: BofA Global Research, company reports

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

US represents 3Q23

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Data Snapshot

Exhibit 49: EPS growth was -8.8% YoY on average in 4Q23

EPS growth (YoY)

	YoYEPS Growth (%)									4Q23 chg(bp)			YoYEPS Growth (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e	
BMO	38.2	27.0	3.4	(10.1)	(8.8)	(17.3)	(9.5)	(9.9)	(7.6)	231	121		13.3	4.7	(18.2)	68.1	2.3	(11.5)	3.8	
BNS	44.7	14.5	14.6	4.7	(1.5)	(14.1)	(21.9)	(17.5)	(39.2)	(2,166)	(3,770)		6.7	2.2	(25.0)	47.3	7.8	(23.1)	(1.2)	
CM	20.5	14.2	(1.5)	(2.6)	(21.4)	(5.0)	(4.0)	(17.7)	18.5	3,625	3,996		12.1	(2.4)	(18.7)	47.8	(2.5)	(3.7)	(1.7)	
RY	22.6	5.0	5.9	(15.0)	0.1	9.8	(10.1)	11.5	(0.0)	(1,149)	(14)		13.8	3.2	(10.5)	41.4	(1.3)	2.4	(1.3)	
TD	31.3	13.8	(1.0)	6.4	4.6	7.5	(4.1)	(4.5)	(15.9)	(1,137)	(2,049)		16.9	3.5	(20.3)	48.3	5.7	(4.3)	(6.9)	
Average	31.4	14.9	4.3	(3.3)	(5.4)	(3.8)	(9.9)	(7.6)	(8.8)	(119)	(343)		12.6	2.2	(18.5)	50.6	2.4	(8.0)	(1.4)	

Source: BofA Global Research, company reports

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Exhibit 50: Consolidated net interest margin expanded 1bp in 4Q23

Net interest margin - consolidated

	Net Interest Margin (%)									4Q23 chg(bp)		Net Interest Margin (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e	
BMO	1.62	1.64	1.69	1.71	1.46	1.48	1.69	1.68	1.66	(1)	20	(3.9)	1.3	(3.5)	(2.6)	1.7	0.5	3.8	
BNS	1.55	1.51	1.58	1.57	1.52	1.44	1.43	1.41	1.43	3	(9)	3.7	(9.1)	(4.7)	(2.9)	(3.4)	(7.5)	4.9	
CM	1.58	1.60	1.61	1.61	1.51	1.49	1.54	1.49	1.44	(5)	(8)	1.6	(2.5)	(7.5)	(6.2)	(0.4)	(5.8)	(5.8)	
RY	1.43	1.39	1.45	1.52	1.56	1.47	1.53	1.50	1.51	1	(5)	(3.9)	(2.2)	(2.9)	(4.8)	(0.1)	1.1	0.7	
TD	1.58	1.57	1.64	1.74	1.81	1.79	1.76	1.69	1.75	6	(6)	(0.9)	0.1	(11.5)	(9.6)	8.6	3.3	0.2	
Average	1.55	1.54	1.59	1.63	1.57	1.53	1.59	1.55	1.56	1	(1)	(0.7)	(2.5)	(6.0)	(5.2)	1.3	(1.7)	0.8	

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 51: U.S. net interest margin expanded 13bp in 4Q23

Net interest margin - U.S.

	US NIM									4Q23 chg (bp)		US Net Interest Margin (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e	
BMO	3.46	3.49	3.50	3.70	3.88	3.92	3.96	3.80	3.87	7	-1	3.72	3.53	3.34	3.49	3.64	3.89	3.83	
RY	2.00	2.07	2.28	2.65	2.86	2.73	2.53	2.48	2.91	43	5	3.45	3.55	2.74	2.16	2.47	2.66	3.03	
TD	2.21	2.21	2.21	2.62	3.13	3.29	3.25	3.00	3.07	7	-6	3.27	3.31	2.66	2.19	2.54	3.15	3.05	
CM	3.48	3.44	3.39	3.37	3.49	3.54	3.41	3.47	3.44	-3	-5	3.42	3.72	3.35	3.50	3.42	3.46	3.45	
Average	2.79	2.80	2.85	3.08	3.34	3.37	3.29	3.19	3.32	13	-2	3.47	3.53	3.02	2.84	3.02	3.29	3.34	

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

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 52: Canadian net interest margin expanded 4bp in 4Q23

Net interest margin - Canada

	Canadian Net Interest Margin (%)									4Q23 chg(bp)		Canadian Net Interest Margin (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e	
BMO	2.63	2.68	2.66	2.72	2.66	2.70	2.70	2.77	2.77	0	11	2.61	2.65	2.60	2.64	2.68	2.73	2.77	
BNS	2.20	2.19	2.22	2.29	2.26	2.26	2.30	2.35	2.47	12	21	2.38	2.41	2.30	2.24	2.24	2.34	2.62	
CM	2.17	2.18	2.19	2.29	2.19	2.16	2.27	2.38	2.38	0	19	2.40	2.41	2.35	2.21	2.21	2.30	2.44	
RY	2.42	2.41	2.45	2.60	2.70	2.73	2.65	2.68	2.71	3	1	2.73	2.79	2.64	2.50	2.54	2.69	2.74	
TD	2.48	2.44	2.52	2.59	2.70	2.80	2.74	2.74	2.78	4	8	2.81	2.84	2.68	2.52	2.57	2.77	2.77	
Average	2.38	2.38	2.41	2.50	2.50	2.53	2.53	2.58	2.62	4	12	2.59	2.62	2.51	2.42	2.45	2.57	2.67	

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH



Exhibit 53: Efficiency ratios rose 264bp QoQ on average in 4Q23

Consolidated efficiency ratio

	Consolidated EfficiencyRatio (%)									4Q23 chg(bp)			Efficiency (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e	
BMO	57.4	53.9	55.6	56.7	61.8	60.4	61.7	62.1	60.8	(136)	(106)		61.9	61.4	59.8	56.4	56.9	61.3	57.9	
BNS	53.1	52.5	52.4	53.7	54.0	55.9	57.7	56.4	59.7	332	574		52.7	53.1	53.5	51.9	53.0	57.2	56.2	
CM	61.9	55.0	57.9	57.1	64.6	55.6	57.0	56.5	58.4	187	(629)		57.3	56.4	57.1	57.6	58.6	56.8	56.7	
RY	52.3	51.0	58.1	52.6	57.4	50.8	55.4	54.3	62.5	826	513		53.4	52.3	52.8	51.9	54.7	55.5	52.3	
TD	54.0	52.4	54.1	52.3	52.9	50.4	54.2	53.7	54.8	109	190		51.8	51.8	50.9	53.6	52.9	53.2	54.6	
Average	55.8	52.9	55.6	54.5	58.1	54.6	57.2	56.6	59.2	264	108		55.4	55.0	54.8	54.3	55.2	56.8	55.5	

Source: BofA Global Research, company reports

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Exhibit 54: Fee income growth fell 62bp QoQ on average in 4Q23

Fee growth (YoY)

	YoY Fee Growth (%)									4Q23 chg (bp)			YoY Fee Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	9.1	(8.0)	(29.6)	(28.1)	(13.2)	31.9	103.2	13.3	48.4	3,514	6,159		7.1	10.0	(10.2)	10.8	(19.8)	43.3	(6.3)
BNS	10.5	2.8	1.3	(9.7)	(2.7)	(9.1)	(1.8)	11.4	(0.7)	(1,216)	202		5.9	9.8	(3.2)	8.1	(4.4)	(0.1)	1.8
CM	14.3	12.4	5.0	8.2	7.1	15.6	9.3	11.1	19.1	807	1,202		12.3	2.0	(4.2)	10.1	8.2	13.7	7.8
RY	20.4	(1.2)	(11.4)	(19.3)	(13.5)	13.6	23.4	31.6	2.8	(2,882)	1,629		5.1	5.8	2.6	10.8	(11.2)	17.5	3.0
TD	7.0	4.3	6.1	(3.0)	(0.2)	9.7	10.1	26.1	20.8	(536)	2,092		10.1	3.8	3.0	4.9	1.8	16.5	1.7
Average	12.3	2.1	(5.7)	(10.4)	(4.5)	12.3	28.8	18.7	18.1	(62)	2,257		8.1	6.3	(2.4)	8.9	(5.1)	18.2	1.6

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 55: Expense growth increased 277bp YoY on average in 4Q23

Expense growth (YoY)

	YoY Expense Growth (%)									4Q23 chg(bp)			YoY Expense Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	5.8	6.8	1.9	2.7	6.3	9.0	32.6	33.2	26.3	(689)	1,997		3.5	4.9	0.3	3.6	4.5	25.2	1.4
BNS	1.3	0.4	2.9	2.3	5.6	5.7	10.0	8.9	10.0	115	441		3.6	9.2	0.6	(1.4)	2.8	8.6	2.6
CM	18.9	10.9	13.0	9.1	11.1	8.9	4.4	3.8	(2.1)	(590)	(1,320)		7.2	2.0	2.2	7.8	11.0	3.6	3.0
RY	6.8	1.8	2.2	(0.5)	11.5	15.2	15.0	23.1	12.9	(1,015)	142		4.8	5.1	5.0	2.6	3.8	16.4	0.1
TD	3.8	3.1	5.3	8.6	9.9	12.5	14.0	15.3	11.2	(412)	125		4.0	5.5	1.2	6.6	6.8	13.2	5.0
Average	7.3	4.6	5.1	4.4	8.9	10.3	15.2	16.8	11.7	(518)	277		4.6	5.4	1.9	3.8	5.7	13.4	2.4

Source: BofA Global Research, company reports

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Exhibit 56: Avg. Canadian commercial loans increased 8.7% YoY on average in 4Q23

Average Canadian commercial loan growth (YoY)

	Canadian Commercial Loan Growth YoY									4Q23 chg(bp)		YoY Avg Loan Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e
BMO	6.0%	9.9%	13.3%	16.3%	17.5%	16.2%	11.7%	7.4%	5.1%	(222)	(1,237)	10.0%	15.9%	4.3%	2.0%	14.3%	9.9%	3.6%
BNS	11.3%	16.0%	19.2%	22.9%	25.0%	22.5%	17.7%	13.0%	11.2%	(175)	(1,377)	13.1%	14.7%	4.6%	6.7%	20.9%	15.8%	6.8%
CM	14.4%	18.8%	22.2%	20.5%	19.6%	14.3%	9.8%	5.7%	4.1%	(157)	(1,543)	9.2%	12.3%	5.8%	6.7%	20.3%	8.3%	8.1%
RY	-0.2%	1.6%	10.4%	13.2%	16.1%	16.7%	17.0%	15.0%	14.3%	(76)	(181)	12.9%	11.0%	6.1%	-2.7%	10.3%	15.7%	38.4%
TD	10.5%	13.6%	16.1%	14.7%	14.7%	13.8%	11.4%	9.5%	8.7%	(80)	(598)	10.0%	8.7%	6.9%	5.7%	14.8%	10.8%	8.5%
Average	8.4%	12.0%	16.2%	17.5%	18.6%	16.7%	13.5%	10.1%	8.7%	(142)	(987)	11.1%	12.5%	5.5%	3.7%	16.1%	12.1%	13.1%

Source: BofA Global Research, company reports

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Exhibit 57: Avg. Canadian commercial loans increased 2.1% QoQ on average in 4Q23

Average Canadian commercial loan growth (QoQ)

	Canadian Commercial Loan Growth QoQ									4Q23 chg(bp)		YoY Avg Loan Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e
BMO	2.1%	3.3%	5.6%	4.5%	3.1%	2.1%	1.5%	0.4%	1.0%	65	-213	10.0%	15.9%	4.3%	2.0%	14.3%	9.9%	3.6%
BNS	2.4%	5.4%	6.4%	7.0%	4.1%	3.3%	2.3%	2.7%	2.5%	-18	-161	13.1%	14.7%	4.6%	6.7%	20.9%	15.8%	6.8%
CM	3.6%	5.1%	6.2%	4.3%	2.8%	0.4%	2.0%	0.4%	1.2%	81	-152	9.2%	12.3%	5.8%	6.7%	20.3%	8.3%	8.1%
RY	2.0%	2.5%	3.5%	4.6%	4.6%	3.1%	3.7%	2.8%	3.9%	106	-69	12.9%	11.0%	6.1%	-2.7%	10.3%	15.7%	38.4%
TD	2.6%	3.3%	4.5%	3.6%	2.6%	2.5%	2.3%	1.8%	1.8%	6	-75	10.0%	8.7%	6.9%	5.7%	14.8%	10.8%	8.5%
Average	2.5%	3.9%	5.2%	4.8%	3.4%	2.3%	2.4%	1.6%	2.1%	48	-134	11.1%	12.5%	5.5%	3.7%	16.1%	12.1%	13.1%

Source: BofA Global Research, company reports

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Exhibit 58: Avg. Canadian mortgage loans increased 3.1% YoY on average in 4Q23

Average Canadian mortgage loan growth (YoY)

	Canadian Mortgage Growth YoY									4Q23 chg(bp)		YoY Avg Loan Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e
BMO	9.3%	8.2%	7.6%	7.1%	7.9%	9.3%	9.1%	8.4%	7.8%	-62	-14	0.9%	0.8%	3.5%	7.3%	7.7%	8.6%	4.0%
BNS	13.2%	14.7%	15.8%	14.4%	10.6%	6.8%	3.4%	-0.5%	-3.9%	-336	-1448	4.8%	3.1%	6.1%	9.7%	13.8%	1.4%	-4.8%
CM	12.8%	13.1%	12.4%	10.8%	8.8%	6.6%	4.5%	2.5%	1.4%	-105	-735	5.6%	-4.5%	1.3%	9.3%	11.2%	3.7%	3.4%
RY	12.5%	10.8%	11.0%	10.5%	9.8%	8.2%	6.5%	4.9%	4.1%	-86	-574	5.9%	5.9%	9.6%	12.6%	10.5%	5.9%	12.6%
TD	9.3%	9.0%	8.8%	8.3%	7.3%	5.1%	3.9%	4.1%	6.0%	192	-128	1.2%	2.2%	4.1%	8.1%	8.3%	4.8%	7.8%
Average	11.4%	11.2%	11.1%	10.2%	8.9%	7.2%	5.5%	3.9%	3.1%	-79	-580	3.7%	1.5%	4.9%	9.4%	10.3%	4.9%	4.6%

Source: BofA Global Research, company reports

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Exhibit 59: Avg. Canadian mortgage loans increased 1.1% QoQ on average in 4Q23

Average Canadian mortgage loan growth (QoQ)

	Canadian Mortgage Growth QoQ									4Q23 chg(bp)		YoY Avg Loan Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY	2018	2019	2020	2021	2022	2023	2024e
BMO	2.3%	1.2%	1.1%	2.4%	3.0%	2.4%	0.9%	1.8%	2.4%	63	-59	0.9%	0.8%	3.5%	7.3%	7.7%	8.6%	4.0%
BNS	4.9%	3.8%	2.6%	2.4%	1.4%	0.2%	-0.6%	-1.5%	-2.0%	-56	-342	4.8%	3.1%	6.1%	9.7%	13.8%	1.4%	-4.8%
CM	3.4%	2.7%	1.9%	2.4%	1.5%	0.6%	-0.1%	0.4%	0.5%	5	-104	5.6%	-4.5%	1.3%	9.3%	11.2%	3.7%	3.4%
RY	2.9%	2.6%	2.0%	2.6%	2.3%	1.1%	0.4%	1.1%	1.4%	37	-83	5.9%	5.9%	9.6%	12.6%	10.5%	5.9%	12.6%
TD	2.2%	2.1%	1.5%	2.3%	1.3%	-0.1%	0.4%	2.5%	3.2%	66	187	1.2%	2.2%	4.1%	8.1%	8.3%	4.8%	7.8%
Average	3.1%	2.5%	1.8%	2.4%	1.9%	0.8%	0.2%	0.9%	1.1%	23	-80	3.7%	1.5%	4.9%	9.4%	10.3%	4.9%	4.6%

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 60: Avg. deposits increased 4.8% YoY in 4Q23

Average deposit growth (YoY)

	YoY Average Deposit Growth (%)									4Q23 chg (bp)			YoY Average Deposit Growth (%)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	6.1	7.0	5.7	3.7	8.1	10.0	24.8	21.9	19.5	(238)	1,138		3.6	9.7	15.1	9.0	6.1	19.0	4.9
BNS	4.9	9.2	14.8	13.6	16.1	13.0	9.7	8.4	3.4	(507)	(1,275)		4.7	11.1	7.5	0.0	13.5	8.5	2.0
CM	9.9	9.2	11.0	11.6	13.5	12.5	10.8	7.3	2.6	(468)	(1,091)		10.8	8.6	15.9	15.8	11.4	8.2	6.3
RY	8.8	10.5	9.8	10.1	9.6	6.9	4.6	3.3	1.4	(190)	(815)		6.3	6.2	11.6	9.1	10.0	4.0	6.0
TD	0.8	0.4	3.8	6.6	8.4	7.3	2.8	(1.5)	(3.0)	(151)	(1,142)		5.2	4.2	18.0	10.2	4.8	1.3	1.8
Average	6.1	7.3	9.0	9.1	11.1	9.9	10.6	7.9	4.8	(311)	(637)		6.1	8.0	13.6	8.8	9.1	8.2	4.2

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 61: PCLs rose 3bp QoQ in 4Q23

Provisions for credit losses/total loans (PCLs)

	Consolidated PCLs (bp)									4Q23 chg(bp)			PCLs (bp)						
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	(11)	(8)	4	10	16	15	65	30	27	-3	11		17	20	63	0	6	35	35
BNS	10	13	13	22	28	33	37	42	65	23	37		42	49	97	30	20	46	56
CM	7	6	25	19	33	22	33	55	40	-15	7		23	33	62	4	21	38	43
RY	(12)	6	(18)	17	18	25	29	29	33	4	15		23	30	65	(11)	6	29	39
TD	(7)	4	1	17	29	32	28	35	39	4	10		39	45	102	(3)	14	34	50
Average	(3)	4	5	17	25	26	38	38	41	3	16		29	36	78	4	13	36	45

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 62: Common Equity Tier 1 ratios increased 4bp QoQ on average in 4Q23

Common Equity Tier 1 (CET1) ratios

	CET1 Ratio (%)									4Q23 chg(bp)			CET1 Ratio (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e	
BMO	13.7	14.1	16.0	15.8	16.7	18.2	12.2	12.3	12.5	20	(420)		11.3	11.4	11.9	13.7	16.7	12.5	12.9	
BNS	12.3	12.0	11.6	11.4	11.5	11.5	12.3	12.7	13.0	27	149		11.1	11.1	11.8	12.3	11.5	13.0	13.0	
CM	12.4	12.2	11.7	11.8	11.7	11.6	11.9	12.2	12.4	18	64		11.4	11.6	12.1	12.4	11.7	12.4	12.8	
RY	13.7	13.5	13.2	13.1	12.6	12.7	13.7	14.1	14.5	38	191		11.5	12.1	12.5	13.7	12.6	14.5	13.0	
TD	15.2	15.2	14.7	14.9	16.2	15.5	15.3	15.2	14.4	(81)	(177)		12.0	12.1	13.1	15.2	16.2	14.4	13.6	
Average	13.4	13.4	13.4	13.4	13.7	13.9	13.1	13.3	13.4	4	(39)		11.5	11.6	12.3	13.4	13.7	13.3	13.1	

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 63: Dividends grew 5.4% YoY in 4Q23

Dividend growth (YoY)

	YoY Dividend Growth (%)									4Q23 chg (bp)			YoY Dividend Growth (%)							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e	
BMO	0.0%	25.5%	25.5%	31.1%	31.1%	7.5%	7.5%	5.8%	5.8%	0	(25)		6.2%	7.4%	4.4%	0.0%	28.3%	6.6%	5.2%	
BNS	0.0%	11.1%	11.1%	14.4%	14.4%	3.0%	3.0%	2.9%	2.9%	0	(12)		7.5%	6.4%	3.2%	0.0%	12.8%	3.0%	1.4%	
CM	0.0%	10.3%	10.3%	13.7%	13.7%	5.6%	8.1%	4.8%	4.8%	0	(9)		4.7%	5.3%	3.9%	0.3%	12.0%	5.8%	4.0%	
RY	0.0%	11.1%	11.1%	18.5%	18.5%	10.0%	10.0%	5.5%	5.5%	0	(13)		8.3%	8.0%	5.4%	0.7%	14.8%	7.7%	4.9%	
TD	0.0%	12.7%	12.7%	12.7%	12.7%	7.9%	7.9%	7.9%	7.9%	0	(5)		11.1%	10.7%	7.6%	1.6%	12.7%	7.9%	6.3%	
Average	0.0%	14.1%	14.1%	18.1%	18.1%	6.8%	7.3%	5.4%	5.4%	0	(13)		7.6%	7.6%	4.9%	0.5%	16.1%	6.2%	4.4%	

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 64: RWAs grew 2.4% QoQ on average in 4Q23

Risk weighted asset (RWA) growth (QoQ)

	RWA Growth (QoQ)									4Q23 chg (bp)		RWA Growth							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	0.9%	3.8%	1.4%	2.8%	3.5%	-4.5%	20.9%	-1.7%	2.7%	440	(77)		7.6%	9.6%	6.2%	-3.3%	11.9%	16.5%	4.2%
BNS	0.5%	4.2%	2.7%	1.7%	2.1%	2.0%	-4.3%	-2.5%	0.0%	254	(208)		6.4%	5.2%	-1.0%	-0.2%	11.1%	-4.9%	8.8%
CM	1.4%	4.2%	5.4%	1.4%	3.9%	-0.2%	2.0%	-1.1%	2.6%	369	(129)		6.3%	11.0%	6.3%	7.0%	15.7%	3.3%	3.9%
RY	1.7%	3.0%	2.9%	0.5%	3.5%	0.7%	-3.4%	-1.3%	1.8%	305	(177)		4.4%	3.5%	6.5%	1.2%	10.4%	-2.2%	15.8%
TD	-1.1%	2.3%	3.9%	1.4%	4.3%	2.8%	3.3%	-0.8%	4.8%	565	52		0.0%	4.7%	5.0%	-3.9%	12.3%	10.5%	3.8%
Average	0.7%	3.5%	3.2%	1.6%	3.5%	0.2%	3.7%	-1.5%	2.4%	387	(108)		5.0%	6.8%	4.6%	0.1%	12.3%	4.6%	7.3%

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 65: Consolidated tax rates fell 394bp QoQ on average in 4Q23

Consolidated tax rates

Consolidated Tax Rate %										4Q23 chg (bp)		Consolidated Tax Rate %							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	22.8	23.5	23.6	22.0	21.8	21.8	21.1	20.5	22.7	214	85		20.7	21.1	19.8	22.9	19.2	11.9	21.3
BNS	21.5	24.0	22.9	18.8	17.5	18.3	18.3	18.3	14.6	(378)	(291)		21.7	20.6	19.6	22.4	21.0	17.6	18.8
CM	22.2	22.1	22.3	22.3	19.3	22.1	20.1	20.8	20.2	(60)	90		20.0	20.6	21.9	22.5	21.7	20.9	20.2
RY	21.8	23.9	19.6	21.4	20.1	21.9	17.4	16.0	(1.5)	(1,751)	(2,158)		20.0	19.3	20.6	22.2	21.3	19.3	21.7
TD	20.9	22.4	23.1	20.8	16.9	22.0	21.6	20.3	20.3	3	348		21.3	21.5	20.0	21.7	20.8	21.1	20.8
Average	21.8	23.2	22.3	21.1	19.1	21.2	19.7	19.2	15.3	(394)	(385)		20.7	20.6	20.4	22.3	20.8	18.2	20.6

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 66: Capital markets tax rates fell 593bp QoQ on average in 4Q23

Capital markets tax rates

	Capital Markets Tax Rate %									4Q23 chg (bp)			Capital Markets Tax Rate %							
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e	
BMO	25.0	25.7	25.5	25.7	21.9	21.1	25.2	21.2	20.5	(68)	(142)		24.1	22.1	24.1	25.8	24.9	21.9	24.5	
BNS	21.1	25.2	25.5	26.2	25.2	27.4	26.7	26.6	22.8	(380)	(243)		25.0	24.8	21.7	22.1	25.5	26.0	24.0	
CM	27.0	27.2	26.8	27.3	28.3	27.2	26.8	26.9	30.6	369	234		26.3	26.2	27.9	25.8	27.3	27.7	28.0	
RY	21.0	23.4	22.8	11.0	7.8	9.6	3.3	(12.2)	(31.8)	(1,954)	(3,958)		18.1	7.8	15.6	20.7	18.2	(4.4)	15.0	
TD	26.2	26.1	25.7	24.7	20.3	22.2	23.7	14.1	4.8	(931)	(1,548)		24.1	23.4	26.6	25.6	24.6	17.5	21.0	
Average	24.1	25.5	25.3	23.0	20.7	21.5	21.1	15.3	9.4	(593)	(1,131)		23.5	20.9	23.2	24.0	24.1	17.7	22.5	

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 67: Capital markets revenue increased 11.7% YoY on average in 4Q23

Capital markets revenue growth (YoY)

	YoY Capital Markets Revenue Growth (%)									4Q23 chg (bp)		YoY Capital Markets Revenue Growth (%)								
	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23		QoQ	YoY		2018	2019	2020	2021	2022	2023	2024e
BMO	3.8	23.2	1.7	(20.2)	(1.7)	(11.4)	1.4	16.9	18.7		1,552	3,713		(4.1)	8.5	11.9	15.0	0.8	4.5	2.6
BNS	(2.7)	5.1	0.4	(8.1)	15.0	7.1	7.1	16.6	0.0		945	2,464		(2.1)	(1.1)	22.4	(8.4)	3.0	7.3	(2.0)
CM	8.4	11.1	10.2	5.2	16.8	13.6	3.5	13.0	9.1		952	784		4.0	18.4	16.6	11.5	10.6	9.7	(0.4)
RY	2.4	5.6	(11.1)	(26.8)	2.0	4.0	5.2	41.8	2.4		3,665	6,858		2.6	(1.3)	19.3	3.1	(10.5)	20.4	1.0
TD	(8.3)	2.7	8.0	(0.6)	0.8	(0.1)	13.4	45.7	28.4		3,236	4,637		5.8	(8.1)	53.5	(5.2)	2.8	20.4	6.4
Average	0.7	9.5	1.8	(10.1)	6.6	2.6	6.1	26.8	11.7		2,070	3,691		1.2	3.3	24.7	3.2	1.3	12.5	1.5

Source: BofA Global Research, company reports

BofA GLOBAL RESEARCH

Exhibit 68: Global Comp Sheet (as of December 15th, 2023)

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

Company Name	Ticker	Current	P/E (x)				P/BV (x)					P/TBV (x)					Price Change (%)					Dividend	Market	Assets		
		Price	2022	2023E	2024E	2025E	Current	2022	2023E	2024E	2025E	Current	2021	2022	2023E	2024E	2025E	1-Day	1-Wk	MTD	QTD	YTD	Yield (%)	Cap	(bn)	
Citigroup Inc.	C	49.83	7.3	9.2	7.7	7.0	0.50	0.53	0.50	0.47	0.44	0.58	0.63	0.61	0.57	0.54	0.50	(0.8)	2.7	8.1	21.2	10.2	4.26	95,369	2,417	
JPMorgan Chase & Co.	JPM	165.23	13.1	10.0	11.2	11.0	1.65	1.83	1.61	1.46	1.35	1.95	2.31	2.26	1.95	1.75	1.59	0.8	5.4	5.9	13.9	23.2	2.55	477,681	3,666	
Wells Fargo & Co.	WFC	50.31	11.2	10.0	11.5	9.6	1.14	1.20	1.11	1.02	0.95	1.31	1.38	1.44	1.31	1.20	1.11	(0.4)	10.8	12.8	23.1	21.8	2.78	182,708	1,881	
U.S. Universal Bank average			10.6	9.8	10.2	9.4	1.08	1.17	1.06	0.98	0.91	1.31	1.47	1.46	1.30	1.19	1.09	(0.4)	7.1	9.2	20.2	14.2	3.11	255,415	2,754	
The Goldman Sachs Group	GS	380.51	12.7	15.4	12.4	10.2	1.17	1.25	1.24	1.21	1.18	1.33	1.40	1.36	1.33	1.30	1.27	(0.8)	10.4	11.4	17.6	10.8	2.89	128,485	1,442	
Morgan Stanley	MS	91.58	14.4	16.8	15.0	12.7	1.66	1.68	1.67	1.61	1.55	2.27	2.24	2.29	2.27	2.18	2.07	0.6	14.0	15.4	12.1	7.7	3.72	150,311	1,180	
U.S. Broker-Dealer average			13.5	16.1	13.7	11.5	1.42	1.47	1.45	1.41	1.36	1.80	1.82	1.82	1.80	1.74	1.67	(0.1)	12.2	13.4	14.9	9.3	3.31	139,398	1,311	
Deutsche Bk Aktiengesellschaft	DBK	12.00	7.3	5.8	6.1	5.6	0.39	0.36	0.34	0.32	0.31	0.44	0.41	0.39	0.38	0.36	0.34	0.5	3.9	5.2	15.2	13.4	2.50	24,491	1,337	
UBS Group AG	UBSG	25.65	11.3	32.9	31.5	9.0	1.13	1.64	1.14	1.13	1.02	1.24	2.04	2.19	1.43	1.44	1.40	(1.2)	4.4	4.1	13.0	51.1	1.92	88,803	1,104	
HSBC Holdings plc	HSBA	609.00	10.7	6.0	5.6	5.6	0.90	0.87	0.86	0.86	0.83	0.97	0.85	0.91	0.92	0.98	0.99	(1.2)	(0.6)	1.1	(5.6)	18.1	7.11	117,431	2,949	
European Bank average			8.3	14.9	11.9	6.0	0.70	0.82	0.69	0.67	0.62	0.78	0.94	0.99	0.80	0.80	0.78	(1.0)	3.1	3.6	3.7	18.8	4.19	63,229	1,726	
Bank of Montreal	BMO	123.74	9.3	10.5	10.2	9.7	1.27	1.29	1.27	1.21	1.14	1.85	1.81	1.46	1.85	1.72	1.58	(0.5)	5.8	11.0	8.0	0.9	4.88	89,214	1,293	
The Bank Nova Scotia	BNS	61.99	7.3	9.5	9.5	8.5	1.09	1.13	1.09	1.05	1.00	1.44	1.52	1.51	1.44	1.34	1.21	(1.9)	3.1	2.1	1.8	(6.6)	6.84	75,259	1,411	
Royal Bank of Canada	RY	131.39	11.8	11.5	11.7	10.7	1.67	1.80	1.67	1.58	1.47	2.00	2.44	2.20	2.00	2.05	1.86	0.4	5.7	7.2	10.7	3.2	4.20	184,256	2,005	
The Toronto-Dominion Bank	TD	83.52	10.0	10.4	11.2	10.4	1.48	1.52	1.48	1.43	1.38	1.87	2.01	1.90	1.87	1.82	1.76	(1.0)	3.5	0.9	2.1	(4.7)	4.89	150,506	1,957	
Canadian Imperial Bk Commerce	CM	60.89	8.7	9.1	9.4	9.2	1.18	1.22	1.18	1.12	1.06	1.42	1.60	1.48	1.42	1.33	1.25	(0.1)	5.1	8.5	16.1	11.2	5.91	56,694	976	
National Bank of Canada*	NA	98.60	10.0	10.5	10.5	10.0	1.66	1.78	1.66	1.50	1.39	1.88	2.53	2.06	1.89	1.69	1.55	(0.1)	4.8	9.7	9.3	8.1	4.30	33,352	424	
Laurentian Bank*	LB	25.97	5.1	5.5	5.9	5.5	0.43	0.45	0.43	0.42	N/A	0.48	0.57	0.52	0.50	0.00	0.00	(1.5)	2.6	0.5	(14.2)	(19.6)	7.24	1,131	50	
Canadian Western Bank*	CWB	31.38	8.7	8.9	8.4	7.8	0.87	0.91	0.87	0.81	N/A	0.89	1.07	1.02	0.98	0.91	0.84	(0.0)	3.8	7.1	11.5	30.4	4.33	3,026	42	
Canadian Bank average (Big 5)			9.4	10.2	10.4	9.7	1.34	1.39	1.34	1.28	1.21	1.72	1.88	1.71	1.72	1.65	1.53	(0.6)	4.6	5.9	7.7	0.8	5.34	111,186	1,528	
Canadian Bank average (Total)			8.9	9.5	9.6	9.0	1.21	1.26	1.21	1.14	1.24	1.48	1.69	1.52	1.49	1.36	1.26	(0.6)	4.3	5.9	5.7	2.9	5.32	74,180	1,020	
Australia and New Zealand Banking Grp Ltd	ANZ	25.54	11.2	10.3	11.6	11.0	1.09	1.16	1.10	1.09	1.06	1.17	1.29	1.24	1.17	1.16	1.12	1.2	3.8	4.8	(0.5)	7.9	6.85	76,755	1,106	
Bank of Queensland	BOQ	6.06	7.7	8.8	11.5	11.0	0.64	0.60	0.65	0.64	0.62	0.78	0.80	0.73	0.79	0.77	0.75	1.8	8.6	10.2	5.6	(12.2)	6.77	3,998	105	
Bendigo and Adelaide Bank	BEN	9.58	10.7	9.4	10.4	10.9	0.79	0.81	0.79	0.76	0.74	1.09	1.13	1.11	1.09	1.03	0.98	0.8	5.0	7.4	7.3	(2.3)	6.37	5,444	98	
Commonwealth Bank of Australia	CBA	110.07	19.8	18.3	19.1	19.3	2.53	2.53	2.56	2.56	2.48	2.85	2.57	2.80	2.85	2.85	2.76	0.5	3.6	5.2	10.1	7.3	4.09	184,329	1,253	
National Australia Bank	NAB	30.18	13.7	12.2	13.2	12.8	1.52	1.60	1.54	1.50	1.44	1.68	1.61	1.74	1.68	1.63	1.56	0.8	3.4	6.3	3.8	0.4	5.53	94,215	1,059	
Westpac Banking	WBC	22.49	14.0	11.0	12.6	12.6	1.09	1.12	1.09	1.08	1.05	1.28	1.10	1.31	1.28	1.27	1.23	0.9	2.6	5.2	6.3	(3.7)	6.31	78,919	1,030	
Australian Bank average			12.8	11.7	13.1	12.9	1.28	1.30	1.29	1.27	1.23	1.47	1.42	1.49	1.48	1.45	1.40	1.0	4.5	6.5	5.4	(0.4)	5.99	73,943	775	
Danske Bank	DANSKE	179.70	14.2	7.4	7.4	7.1	0.88	0.95	0.88	0.83	0.79	0.95	0.95	1.00	0.93	0.88	0.84	0.9	1.0	1.4	9.3	30.9	3.90	154,935	3,791	
Skandinaviska Enskilda Banken	SEBA	136.00	10.3	7.5	8.6	7.9	1.27	1.43	1.27	1.22	1.16	1.35	1.63	1.48	1.33	1.26	1.20	0.7	3.0	7.1	4.1	13.4	4.96	291,067	3,533	
Handelsbanken	SHBA	107.50	10.0	7.7	8.5	8.4	1.02	1.09	1.02	0.99	0.97	1.09	1.26	1.14	1.09	1.05	1.02	0.9	5.1	8.1	10.2	5.1	5.11	213,611	3,454	
Swedbank	SWEDA	203.70	10.2	6.9	8.1	7.4	1.17	1.32	1.17	1.10	1.06	1.33	1.58	1.47	1.30	1.22	1.15	0.8	3.1	5.9	1.2	14.9	4.79	230,590	2,855	
Nordea Bank	NDA	11.17	9.8	7.7	7.6	7.3	1.34	1.18	1.34	1.34	1.34	1.54	1.45	1.50	1.51	1.44	1.39	1.5	4.5	8.3	7.3	11.3	7.16	39,483	595	
Nordic Bank average			10.9	7.4	8.1	7.6	1.13	1.19	1.13	1.09	1.06	1.25	1.38	1.32	1.23	1.17	1.12	1.0	3.3	6.2	6.4	15.1	5.19	185,937	2,845	
Mitsubishi UFJ Financial	8306	1,204.50	13.6	13.3	10.1	9.7	0.85	0.87	0.85	0.78	0.75	0.85	0.99	0.87	0.89	0.83	0.80	(1.8)	(3.9)	(4.0)	(5.0)	35.5	3.40	14,860,773	386,799	
Mizuho Financial Group	8411	2,390.50	11.4	10.9	9.1	8.6	0.66	0.64	0.66	0.63	0.61	0.67	0.67	0.66	0.70	0.64	0.62	(1.2)	(3.8)	(4.8)	(5.9)	28.8	4.18	6,070,077	254,258	
Sumitomo Mitsui Financial	8316	6,760.00	13.1	11.4	10.5	9.9	0.74	0.76	0.74	0.67	0.64	0.71	0.81	0.77	0.77	0.69	0.66	(3.2)	(6.5)	(6.9)	(8.0)	27.6	3.99	9,041,697	270,429	
Japanese Bank average			12.7	11.9	9.9	9.4	0.75	0.76	0.75	0.69	0.66	0.74	0.83	0.77	0.79	0.72	0.69	(2.1)	(4.7)	(5.2)	(6.3)	30.6	3.86	9,990,849	303,829	

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 69: Companies mentioned – SAs to update

Companies mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BMO	BMO US	Bank of Montreal	US\$ 92.49	B-1-7
YBMO	BMO CN	Bank of Montreal	C\$ 123.74	A-1-7
BNS	BNS US	Bank of Nova Scotia	US\$ 46.36	B-1-7
YBNS	BNS CN	Bank of Nova Scotia	C\$ 61.99	A-1-7
CM	CM US	Canadian Imp Bank	US\$ 45.49	B-1-7
YCM	CM CN	Canadian Imp Bank	C\$ 60.89	A-1-7
RY	RY US	Royal Bank	US\$ 98.16	A-2-7
YRY	RY CN	Royal Bank	C\$ 131.39	A-2-7
TD	TD US	TD Bank	US\$ 62.4	A-3-7
YTD	TD CN	TD Bank	C\$ 83.52	A-3-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Bank of Montreal (YBMO / BMO)

Our \$145 PO (US\$109) is based on applying a P/BV multiple of 1.4x (50% weight) to our YE24e BV and a 12.0x P/E (50% weight) multiple to our 2024e P/E. These multiples are in line with the median of the group (12.0x P/E, 1.4x P/B).

Downside risks: 1) a Canadian and/or U.S. recession that would drive higher than expected credit costs, 2) deterioration in capital markets activity, 3) a dramatic shift in the interest rate outlook, and 4) unforeseen risks tied to the integration of Bank of the West

Upside risks to our PO: 1) a stronger economy/growth, 2) better than expected synergies from the Bank of the West acquisition, and 3) an economic soft landing that leads to reduce funding cost pressures while asset quality holds up

Bank of Nova Scotia (YBNS / BNS)

Our \$67 PO (US\$51) is calculated based off of applying a P/BV multiple of 1.2x (50% weight) to our YE24e BV and a 9.4x P/E (50% weight) to our 2024eP/E. These multiples are below peer multiples at 12.0x P/E and 1.4 P/B for the group.

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) successful push to grow core deposits and thereby improve profitability through a shift in funding mix toward lower-cost source of funds.

Downside risks: 1) a sharp downturn in the Canadian housing market and rise in unemployment rate could lead to higher credit losses, 2) a worse than expected slowdown in Latin American economies could lead to anemic loan growth and accelerating credit losses, 3) inability to grow core deposits and continued reliance on higher cost of funds, thereby weakening profitability.

Canadian Imperial Bank of Commerce (YCM / CM)

Our \$66 PO (US\$50) is calculated based off of applying a P/BV multiple of 1.2x (50% weight) to our YE24e BV and a 10.0x P/E (50% weight) to our 2024eP/E. These multiples are below peer multiples at 12.0x P/E and 1.4x P/B for the group.

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) stronger than expected margin expansion, which would drive profitability higher.

Downside risks: 1) a sharp downturn in the Canadian housing market and rise in unemployment rate that could lead to higher credit losses. 2) inability to defend against a worsening revenue backdrop via expense actions. 3) weaker than expected margin expansion, which would be a headwind for profitability.

Royal Bank of Canada (YRY / RY)

Our \$146 PO (USD \$110) is based on applying a P/BV multiple of 1.8x (50% weight) to our YE24e BV and an 12.5x P/E (50% weight) multiple to our 2024e P/E. These multiples are a premium to the 12.0x P/E and 1.4x P/B for the group. We see a premium valuation as warranted given RY's superior EPS/ROE defensibility and franchise diversity.

Downside risks to our price objective are: 1) a Canadian and/or U.S. recession that would drive higher than expected credit costs, 2) deterioration in capital markets activity 3) a dramatic shift in the interest rate outlook, 4) unforeseen risks tied to the integration of HSBC Canada.

Upside risk to our PO is: (1) a stronger economy/growth, (2) better than expected synergies from the HSBC Canada acquisition, and (3) economic soft landing that leads to reduced funding cost pressures while asset quality holds-up.

Toronto-Dominion Bank (YTD / TD)

Our \$88 PO (USD \$66) is based on applying a P/BV multiple of 1.4x (50% weight) to our YE24 BV and an 12.5x P/E (50% weight) multiple to our 2024e P/E. These multiples are in-line/slightly above the median of 12.0x P/E and 1.4x P/B for the group.

Downside risks to our price objective are: 1) a Canadian and/or U.S. recession that would drive higher than expected credit costs, 2) deterioration in capital markets activity 3) a dramatic shift in the interest rate outlook, 4) the DOJ's investigation into TD's compliance with anti-money laundering rules that leads to a worse than expected outcome 5) greater than expected margin compression due to the interest rate backdrop and competitive environment.

Upside risks to our price objective are: (1) stronger economic growth, (2) better growth driven by market share gains (3) faster pace of capital deployment.

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				
	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
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Starwood Property Trust	STWD	STWD US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Apollo Commercial Real Estate Finance	ARI	ARI US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	BrightSpire Capital Inc.	BRSP	BRSP US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Ebrahim H. Poonawala
	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
	State Street Corporation	STT	STT 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
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
UNDERPERFORM	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHL	GHL 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
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Ebrahim H. Poonawala

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Banks Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	98	50.78%	Buy	81	82.65%
Hold	47	24.35%	Hold	35	74.47%
Sell	48	24.87%	Sell	36	75.00%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

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

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

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

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