

The PNC Financial Services Group, Inc.

EPS resiliency to support premium stock valuation

Reiterate Rating: NEUTRAL | PO: 165.00 USD | Price: 149.02 USD

NII resiliency trumps downside to PPNR forecast

PNC shares outperformed peers by ~150bp after reporting core EPS of \$3.44 that beat BofA/cons. \$2.79/\$2.95 ests. The beat vs. our est. was driven by stronger revenue growth, lower credit costs and a lower tax rate. Although mgmt. guidance implied downside to consensus PPNR forecast, we believe that investors likely looked past this given the NII resiliency to rate-cuts outlined by mgmt. during the earnings call. CET1 capital ended the year at 9.9% (8.2% adj for AOCI, proposed regulatory changes).

Revise EPS estimates to reflect lower credit costs

Mgmt. outlook assumes a mild recession starting mid-2024, and three rate cuts (Jul/Nov/Dec). No recession could potentially lead to reserve releases as we move through the year, while greater-than-expected rate cuts are not expected to have a meaningful impact to mgmt's NII outlook. We revise FY24/25e EPS +8.1%/+9.6% to \$12.40/\$13.37 driven by lower credit costs and higher NII. Positive EPS revisions drive our PO to \$165 (from \$155). We view PNC as well-positioned to navigate the uncertain macro backdrop, with strong balance sheet positioning and solid execution reflected in the stock's premium valuation. Reiterate Neutral rating.

Positioned for M&A

During the earnings call, mgmt. discussed the increased need for scale given the events of last March (that are likely to steer customers towards larger, nationally recognized institutions) and given the rising regulatory burden on regional lenders. Mgmt. noted its desire to grow the bank into a franchise that enjoys strong brand recognition coast-to-coast. We view PNC as well-positioned to capitalize on M&A opportunities given mgmt's strong track record on deal-making. During the quarter mgmt. repurchased 0.5mn shares with buybacks expected to continue at a similar pace going forward.

Credit outlook stable

NCOs rose 9bp QoQ to 24bp or \$200mn, better than our \$250mn forecast. Mgmt. guidance calls for NCOs in the \$200-\$250mn range for 1Q24. NPLs rose modestly, +2.7% QoQ. NPLs within CRE loans stayed relatively stable QoQ with NPLs tied to office CRE loans (2.5% of total loans) +70bp QoQ to 8.4% of loans. CRE-office NCOs rose +40bp QoQ to 2%; reserves +20bp at 8.5% of loans. We forecast NCOs of \$1.15bn/\$1.25bn or 0.35%/0.37% of loans for FY24/25.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	14.05	14.66	12.40	13.37	14.18
GAAP EPS	13.86	12.79	12.40	13.37	14.18
EPS Change (YoY)	-12.3%	4.3%	-15.4%	7.8%	6.1%
Consensus EPS (Bloomberg)			12.52	14.18	15.65
DPS	5.75	6.10	6.20	6.46	6.74
Valuation (Dec)					
P/E	10.6x	10.2x	12.0x	11.1x	10.5x
GAAP P/E	10.8x	11.6x	12.0x	11.1x	10.5x
Dividend Yield	3.9%	4.1%	4.2%	4.3%	4.5%

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16 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	155.00	165.00
2024E Rev (m)	21,172.3	21,336.7
2025E Rev (m)	21,435.0	22,108.6
2026E Rev (m)	22,147.2	22,814.7
2024E EPS	11.48	12.40
2025E EPS	12.19	13.37
2026E EPS	13.21	14.18

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Stock Data

Price	149.02 USD
Price Objective	165.00 USD
Date Established	16-Jan-2024
Investment Opinion	B-2-7
52-Week Range	109.40 USD -167.12 USD
Mrkt Val / Shares Out (mn)	71,530 USD / 480.0
Free Float	99.3%
Average Daily Value	340.64 USD
BofA Ticker / Exchange	PNC / NYS
Bloomberg / Reuters	PNC US / PNC.N
ROE (2024E)	10.5%
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".

See page 4 for acronym definitions

iQprofileSM The PNC Financial Services Group, Inc.

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	13,126	14,063	13,426	13,860	14,224
% change	22.4%	7.1%	-4.5%	3.2%	2.6%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	0	0	0	0	0
Total Operating Income	21,292	21,871	21,337	22,109	22,815
Operating Expenses	(13,142)	(13,347)	(13,343)	(13,675)	(14,018)
% change	7.1%	1.6%	0%	2.5%	2.5%
Provisions Expense	(477)	(742)	(1,200)	(1,200)	(1,200)
% change	NA	55.6%	61.7%	0%	0%
Operating Pre-Tax Income	7,673	7,782	6,794	7,233	7,597
Operating Net Income to Comm S/Hold.	4,318	4,603	3,625	14,842	15,345
GAAP Net Income	5,739	4,471	5,034	5,392	5,688

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	557,263	561,580	572,477	588,796	600,024
Average Interest Earning Assets	495,503	509,404	510,821	523,859	537,632
Total Gross Customer Loans	327,035	322,242	334,677	345,347	356,575
% change	12.5%	-1.5%	3.9%	3.2%	3.3%
Total Customer Deposits	436,282	421,418	425,975	439,421	453,634
% change	-4.6%	-3.4%	1.1%	3.2%	3.2%
Tangible Equity	28,889	33,771	38,429	42,038	45,833
Common Shareholders' Equity	40,028	44,864	49,441	52,972	56,690

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	2.65%	2.76%	2.63%	2.65%	2.65%
Effective Tax Rate	17.9%	15.9%	18.5%	18.5%	18.5%
Loan / Deposit Ratio	75.0%	76.5%	78.6%	78.6%	78.6%
Tangible Common Equity / Assets	5.2%	6.0%	6.7%	7.1%	7.6%
ROA	1.1%	1.1%	0.9%	0.9%	0.9%
ROE	13.6%	14.1%	10.5%	10.4%	10.2%
RoTE	16.9%	18.8%	13.7%	13.2%	12.8%
Dividend Payout Ratio	54.9%	53.1%	68.4%	17.3%	17.4%
Efficiency Ratio (Cost / Income Ratio)	61.7%	61.0%	62.5%	61.9%	61.4%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	38.4%	35.7%	37.1%	37.3%	37.7%
NPLs plus Foreclosed Real Estate / Loans	0.6%	0.7%	0.8%	0.8%	0.9%
Loan Loss Reserves / NPLs	238.84%	219.77%	188.34%	170.22%	153.83%
Loan Loss Reserves / Total Loans	1.45%	1.49%	1.45%	1.39%	1.33%

Company Sector

Banks-US Regionals

Company Description

The PNC Financial Services Group, Inc. (PNC) is a Pittsburgh, Pennsylvania based financial services organization with approximately \$600 billion in assets. Founded in 1983 with the merger of Pittsburgh National and Provident National, PNC has grown to become a top 10 bank in the US by deposits. PNC offers a wide array of financial products ranging from retail and business banking to wealth and asset management.

Investment Rationale

We believe the stock's premium valuation to be defensible given relative balance sheet defensibility against higher rates, worsening credit, and quality preference among institutional investors. Capital flexibility allows PNC to remain defensive while also opening opportunities to gain market share.

Stock Data

Average Daily Volume 2,285,872

Quarterly Earnings Estimates

	2023	2024
Q1	3.98A	3.00E
Q2	3.53A	3.00E
Q3	3.71A	3.10E
Q4	3.44A	3.30E

Exhibit 1: We raise PNC 2024e/2025e estimates by 8%/10%, respectively

PNC Variance Table (new vs. old estimates, assumptions)

KEY FORECAST VARIABLES:	3Q23	Actual 4Q23	Estimate 4Q23E	Variance	New 2024E	Old 2024E	Variance	New 2025E	Old 2025E	Variance
EOP Loans	319,339	322,242	338,821	-4.89%	334,677	350,606	-4.54%	345,347	362,001	-4.60%
Average Loans	319,504	324,569	328,157	-1.09%	325,390	344,358	-5.51%	339,278	355,380	-4.53%
Average Earning Assets	506,296	513,322	500,971	2.47%	510,821	500,872	1.99%	523,859	511,617	2.39%
Net Interest Margin (%)	2.71	2.66	2.68	-2bp	2.63	2.65	-2bp	2.65	2.58	6bp
Net Interest Income (FTE)	3,454.0	3,439.0	3,385.5	1.58%	13,425.5	13,288.2	1.03%	13,859.6	13,223.5	4.81%
Loan Loss Provision	129.0	232.0	350.0	-33.71%	1,200.0	1,600.0	-25.00%	1,200.0	1,300.0	-7.69%
Noninterest Revenues	1,866.0	2,058.0	1,914.0	7.52%	7,911.1	7,886.8	0.31%	8,249.0	8,213.7	0.43%
Tot. Revenue	5,320	5,497	5,300	3.73%	21,337	21,175	0.76%	22,109	21,437	3.13%
Staff Expenses	1,773.0	1,983.0	1,843.9	7.54%	7,600.8	7,070.9	7.49%	7,752.8	7,141.6	8.56%
Other Expenses	1,472.0	1,426.0	1,514.3	-5.83%	5,741.9	6,223.3	-7.74%	5,922.6	6,380.4	-7.18%
Total Expenses	3,245.0	3,409.0	3,358.2	1.51%	13,342.8	13,294.3	0.36%	13,675.4	13,522.0	1.13%
Pre-Tax Income (FTE)	1,946.0	1,856.0	1,591.4	16.63%	6,793.9	6,280.7	8.17%	7,233.1	6,615.2	9.34%
FTE Tax Rate (%)	15.5	16.3	19.0	-3pp	18.5	18.0	0pp	18.5	18.0	0pp
Net Income	1,613.1	1,523.3	1,253.0	21.57%	5,393.0	5,006.2	7.73%	5,751.0	5,280.5	8.91%
Available For Common	1,491.1	1,384.3	1,117.0	267mn	4,958.0	4,582.2	376mn	5,316.0	4,856.5	460mn
Op. EARNINGS PER SHARE (F.D.)	\$3.71	\$3.44	\$2.79	23%	\$12.40	\$11.48	8%	\$13.37	\$12.20	10%
GAAP EPS (F.D.)	\$3.60	\$1.85	\$1.44	28%	\$12.40	\$11.48	8%	\$13.37	\$12.20	10%
Book Value Per Share	\$106.07	\$112.16	\$107.60	\$4.56	\$124.22	\$119.47	\$4.75	\$133.77	\$128.68	\$5.09
Tangible Book Value Per Share	\$78.45	\$84.43	\$79.79	\$4.64	\$96.56	\$91.79	\$4.76	\$106.16	\$101.13	\$5.03
Dividend Per Share	\$1.55	\$1.55	\$1.55	\$0.00	\$6.20	\$6.20	\$0.00	\$6.46	\$6.46	\$0.00
Average Fully Diluted Shares	400.0	401.0	399.8	1mn	399.8	399.1	1mn	397.8	398.1	0mn
CAPITAL RATIOS:										
EOP Common Equity/Assets (%)	7.57	7.99	7.59	40bp	8.64	8.43	21bp	9.00	8.78	22bp
Tang. Common Equity/Assets (%)	5.72	6.13	5.74	40bp	6.84	6.60	24bp	7.27	7.03	24bp
Tangible Common Equity/RWA (%)	7.33	7.95	7.36	59bp	8.87	8.47	40bp	9.44	9.03	41bp
Tier 1 Common/RWA (%)	9.81	9.88	9.67	21bp	10.13	10.09	4bp	10.33	10.20	13bp
Tier 1/RWA (%)	11.51	11.92	11.35	57bp	12.37	11.77	59bp	12.51	11.83	67bp
PROFITABILITY RATIOS:										
Return On Assets (%)	1.15	1.07	0.89	19bp	0.95	0.89	6bp	0.99	0.92	7bp
Return On Common Equity (%)	14.06	12.90	10.43	248bp	10.53	10.17	35bp	10.38	9.88	50bp
Return On Tangible Common Equity (%)	19.10	17.44	14.10	334bp	13.75	13.47	28bp	13.21	12.71	51bp
Operating Expenses/Revenues (%)	61.00	62.02	63.37	-135bp	62.53	62.78	-25bp	61.86	63.08	-122bp
BALANCE SHEET ITEMS:										
EOP Total Deposits	423,609	421,418	411,421	2.43%	425,975	415,478	2.53%	439,421	428,488	2.55%
AVG Total Deposits	422,536	423,931	417,515	1.54%	426,123	421,859	1.01%	439,391	434,910	1.03%
EOP Total Assets	557,334	561,580	564,103	-0.45%	572,477	562,596	1.76%	588,796	580,131	1.49%
EOP Equity	49,454	52,103	50,037	4.13%	56,680	54,639	3.73%	60,211	58,163	3.52%
EOP Preferred Equity	7,239	7,239	7,239	0.00%	7,239	7,239	0.00%	7,239	7,239	0.00%
EOP Common Equity	42,215	44,864	42,798	4.83%	49,441	47,400	4.30%	52,972	50,924	4.02%
EOP Tangible Common Equity	31,225	33,771	31,735	6.41%	38,429	36,419	5.52%	42,038	40,021	5.04%
CREDIT QUALITY INDICATORS:										
Net Charge-Offs	121	200	250	-20.00%	1,150	1,325	-13.21%	1,250	1,500	-16.67%
% Average Loans	0.15	0.25	0.30	-6bp	0.35	0.38	-3bp	0.37	0.42	-5bp
Nonperforming Assets	2,158	2,216	2,405	-7.87%	2,642	2,892	-8.66%	2,888	3,157	-8.54%
% EOP Loans + OREO	0.68	0.69	0.71	-2bp	0.79	0.82	-4bp	0.84	0.87	-4bp
Nonperforming Loans	2,123	2,180	2,335	-6.65%	2,570	2,754	-6.65%	2,815	3,015	-6.65%
% EOP Loans (excl. OREO)	0.66	0.68	0.69	-1bp	0.77	0.79	-2bp	0.82	0.83	-2bp
Loan Loss Reserve	4,767	4,791	4,867	-1.56%	4,841	5,142	-5.85%	4,791	4,942	-3.06%
% EOP Loans	1.50	1.49	1.44	5bp	1.45	1.47	-2bp	1.39	1.37	2bp
% Nonperforming Loans	224.54	219.77	208.41	11bp	188.34	186.74	2bp	170.22	163.91	6bp

Source: BofA Global Research estimates, company filings



Acronyms

AOI – accumulated other comprehensive income/loss

CET1 – common equity tier 1

CRE – commercial real estate

NCO – net charge-off

NII – net interest income

NPL – non-performing loan

PPNR – pre-provision net revenue

Price objective basis & risk

The PNC Financial Services Group, Inc. (PNC)

Our \$165 PO is based on 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 13.3x/1.7x multiples respectively, above the bank's 5 year pre pandemic median of 13.1x/1.7x given reduced uncertainty surrounding EPS/ROTCE outlooks, owing to the improving macro backdrop.

Downside risks to our PO: higher than expected credit losses, greater than expected revenue pressure, regulatory changes that would impact growth/profitability, an acquisition that is not well received by the markets.

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
	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
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman



North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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
UNDERPERFORM				
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Brandon Berman

IQmethodSM 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

*IQmethod*SM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

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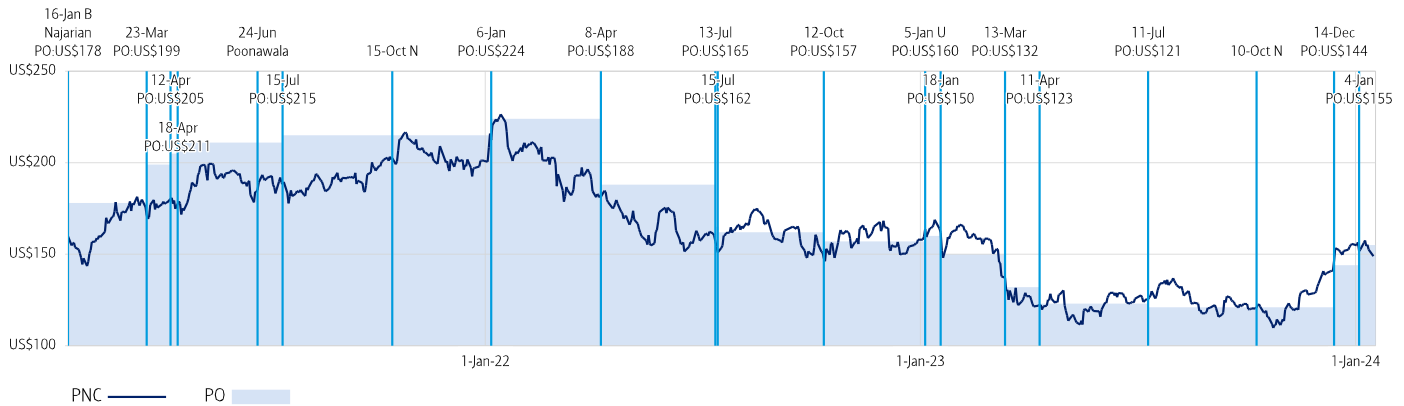
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Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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

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Underperform	N/A	≥ 20%

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