

Truist Financial

Turnaround on track

Reiterate Rating: BUY | PO: 45.00 USD | Price: 35.78 USD

Stock outperformance should continue

Truist Financial-TFC shares modestly outperformed (on another down day for large-cap bank stocks) after reporting 4Q23 core EPS of \$0.92, beating our \$0.89 est, with the beat driven by higher PPNR, more than offsetting higher credit costs. 2024 guidance (revenue down 1-3%, expenses flat/+1%) broadly was consistent with our/cons pre-4Q ests. Capital building with CET1 ratio +20bp QoQ to 10.1% (7.2% adj. for MTM loss on bond book), vs. 10%+ mgmt. target, buybacks remain on pause. We revise FY24e EPS +8.2% to \$3.40 driven by a higher revenue outlook. Revise PO to \$45 (from \$43).

Demographics provide credit defensibility

NCOs rose 6bp QoQ to 57bp of average loans as credit metrics continue to normalize. Mgmt. guidance calls for NCOs to average 65bp in FY24. While discussing the outlook for its multi-family commercial real estate portfolio (3% of loans) – a category that has received increased investor attention recently – mgmt. pointed to the solid demographic trends across its Southeast footprint as providing defensibility. Mgmt. acknowledged potential for near-term pressure, but it does not anticipate the same loss content as office CRE (consistent with our view). We forecast FY24 provisions of \$2.2bn.

NII nearing a trough, rate-cuts should help

NII is expected to fall 3-4% in 1Q24, before stabilizing in 2H24. Outlook assumes five rate cuts beginning in May. However (similar to several peers) mgmt. downplayed NII sensitivity to the exact number of rate-cuts (no/delayed cuts a potential headwind). NIM to come under pressure (+3bp QoQ in 4Q23) on continued repricing in deposits, decline in loan balances (avg. loans fall <1%) and an additional 1.5% decline in deposit balances (-1% QoQ in 4Q23). We forecast FY24 NII -7% YoY, or 4% below 4Q23 annualized and total revenues -3% YoY vs. guidance for down 1-3%.

Today's update supportive of our constructive thesis

We view today's results and the 2024 outlook as supportive of our constructive thesis on the stock. Mgmt. seems to be making progress in repositioning the franchise as it continues to deal with the integration of the 2019 STI/BBT merger. Potential sale of the insurance business (no update) provides idiosyncratic capital/EPS optionality, which is good to have in the current environment. Stock trading at 10.4x/10x 2024/25e EPS, 1.5x YE24e TBV vs. 16% ROTCE forecast; 5.7% dividend yield. Reiterate Buy. Relevant research: [TFC: Upgrade to Buy: Three reasons to buy the stock 04 January 2024](#)

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	4.96	3.80	3.40	3.55	3.65
GAAP EPS	4.37	(1.08)	3.39	3.55	3.65
EPS Change (YoY)	-10.5%	-23.4%	-10.5%	4.2%	2.9%
Consensus EPS (Bloomberg)			3.44	3.94	4.40
DPS	2.00	2.08	2.08	2.18	2.29
Valuation (Dec)					
P/E	7.2x	9.4x	10.5x	10.1x	9.8x
GAAP P/E	8.2x	NM	10.5x	10.1x	9.8x
Dividend Yield	5.6%	5.8%	5.8%	6.1%	6.4%

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Timestamp: 18 January 2024 03:37PM EST

18 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	43.00	45.00
2024E Rev (m)	22,762.1	22,909.3
2025E Rev (m)	23,371.9	23,262.6
2026E Rev (m)	24,010.3	23,778.4
2024E EPS	3.15	3.40

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Stock Data

Price	35.78 USD
Price Objective	45.00 USD
Date Established	18-Jan-2024
Investment Opinion	B-1-7
52-Week Range	25.56 USD -51.26 USD
Mrkt Val / Shares Out (mn)	27,920 USD / 780.3
Free Float	99.3%
Average Daily Value	345.29 USD
BofA Ticker / Exchange	TFC / NYS
Bloomberg / Reuters	TFC US / TFC.N
ROE (2024E)	8.5%
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 definitions of acronyms used in the report

iQprofileSM Truist Financial

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	14,458	14,820	13,860	13,933	14,203
% change	10.2%	2.5%	-6.5%	0.5%	1.9%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	(71)	0	0	0	0
Total Operating Income	23,103	23,610	22,909	23,263	23,778
Operating Expenses	(13,650)	(14,506)	(14,532)	(14,805)	(15,156)
% change	2.9%	6.3%	0.2%	1.9%	2.4%
Provisions Expense	(777)	(2,109)	(2,200)	(2,000)	(2,000)
% change	NA	171.4%	4.3%	-9.1%	0%
Operating Pre-Tax Income	8,676	6,995	6,177	6,458	6,623
Operating Net Income to Comm S/Hold.	7,039	5,517	4,953	5,102	5,238
GAAP Net Income	12,168	(2,438)	9,492	9,867	10,141

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	555,255	535,349	531,373	538,311	547,884
Average Interest Earning Assets	480,228	493,843	476,115	482,297	491,634
Total Gross Customer Loans	327,435	313,341	318,755	327,855	337,428
% change	11.2%	-4.3%	1.7%	2.9%	2.9%
Total Customer Deposits	413,495	395,865	388,423	399,378	410,765
% change	-0.7%	-4.3%	-1.9%	2.8%	2.9%
Tangible Equity	23,156	28,367	31,602	33,855	36,098
Common Shareholders' Equity	53,841	52,428	55,186	57,019	58,842

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	3.01%	3.00%	2.91%	2.89%	2.89%
Effective Tax Rate	18.7%	18.2%	16.4%	16.4%	16.4%
Loan / Deposit Ratio	79.2%	79.2%	82.1%	82.1%	82.1%
Tangible Common Equity / Assets	4.2%	5.3%	5.9%	6.3%	6.6%
ROA	1.2%	0.9%	0.9%	0.9%	0.9%
ROE	11.6%	9.0%	8.5%	8.5%	8.5%
RoTE	23.6%	19.8%	15.2%	14.6%	14.0%
Dividend Payout Ratio	38.0%	50.5%	56.4%	57.5%	58.8%
Efficiency Ratio (Cost / Income Ratio)	58.9%	61.4%	63.4%	63.6%	63.7%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	37.4%	37.2%	39.5%	40.1%	40.3%
NPLs plus Foreclosed Real Estate / Loans	0.4%	0.5%	0.6%	0.6%	0.2%
Loan Loss Reserves / NPLs	368.43%	335.29%	274.94%	249.47%	730.84%
Loan Loss Reserves / Total Loans	1.34%	1.53%	1.55%	1.51%	1.47%

Company Sector

Banks-US Regionals

Company Description

Truist Financial Corp (TFC) is a Charlotte, North Carolina-based financial services company with more than \$500 billion in assets. With a history dating back to the Civil War, and now currently the 6th-largest bank in the US by deposits, TFC offers a wide variety of different financial products ranging from consumer and commercial banking to securities brokerage and asset management.

Investment Rationale

TFC has non-macro-related catalysts following the transformative deal that makes it the 6th-largest U.S. bank by assets. Unlike similarly sized super-regionals, TFC will have a dominant, contiguous, and concentrated presence down the Mid-Atlantic coast and Southeast. Moreover, we think there is upside potential to numbers, given potential for more cost cut identification, and potential for balance sheet optimization. Capital optionality from TIH also positive differentiator vs. peers.

Stock Data

Average Daily Volume 9,650,423

Quarterly Earnings Estimates

	2023	2024
Q1	1.09A	NA
Q2	0.95A	NA
Q3	0.84A	NA
Q4	0.92A	NA

Exhibit 1: We raise our TFC 2024e estimate by 8%

TFC 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	317,112	313,341	313,974	-0.20%	318,755	320,634	-0.59%	327,855	329,715	-0.56%
Average Loans	319,881	313,832	315,543	-0.54%	314,789	317,395	-0.82%	323,305	325,175	-0.58%
Average Earning Assets	488,794	481,345	483,591	-0.46%	476,115	480,017	-0.81%	482,297	488,156	-1.20%
Net Interest Margin (%)	2.95	2.98	2.88	10bp	2.91	2.86	5bp	2.89	2.87	2bp
Net Interest Income (FTE)	3,621.0	3,601.0	3,512.1	2.53%	13,859.6	13,731.2	0.94%	13,933.3	13,992.3	-0.42%
Loan Loss Provision	497.0	572.0	550.0	4.00%	2,200.0	2,145.0	2.56%	2,000.0	1,750.0	14.29%
Noninterest Revenues	2,108.0	2,155.0	2,169.5	-0.67%	9,049.7	9,032.5	0.19%	9,329.4	9,381.4	-0.55%
Tot. Revenue	5,729	5,756	5,682	1.31%	22,909	22,764	0.64%	23,263	23,374	-0.48%
Staff Expenses	2,200.0	2,017.0	2,156.0	-6.45%	8,430.8	8,924.9	-5.54%	8,683.7	9,192.7	-5.54%
Other Expenses	1,472.0	1,495.0	1,406.3	6.31%	6,101.4	5,703.4	6.98%	6,121.0	5,722.2	6.97%
Total Expenses	3,672.0	3,512.0	3,562.3	-1.41%	14,532.2	14,628.3	-0.66%	14,804.8	14,914.9	-0.74%
Pre-Tax Income (FTE)	1,560.0	1,672.0	1,569.4	6.54%	6,177.1	5,990.4	3.12%	6,457.9	6,708.8	-3.74%
FTE Tax Rate (%)	17.4	18.8	15.5	3pp	17.0	20.0	-3pp	17.0	20.0	-3pp
Net Income	1,241.0	1,310.0	1,278.0	2.51%	4,934.4	4,609.9	7.04%	5,167.5	5,184.6	-0.33%
Available For Common	1,129.0	1,233.0	1,195.0	38mn	4,571.4	4,220.3	351mn	4,765.6	4,759.9	6mn
Op. EARNINGS PER SHARE (F.D.)	\$0.84	\$0.92	\$0.89	3%	\$3.40	\$3.15	8%	\$3.55	\$3.55	0%
GAAP EPS (F.D.)	\$0.80	(\$3.85)	\$0.58	-764%	\$3.39	\$3.15	8%	\$3.55	\$3.55	0%
Book Value Per Share	\$41.36	\$39.31	\$41.63	(\$2.33)	\$41.38	\$43.55	(\$2.17)	\$42.75	\$44.92	(\$2.17)
Tangible Book Value Per Share	\$19.25	\$21.83	\$22.59	(\$0.76)	\$23.69	\$21.32	\$2.38	\$25.38	\$23.00	\$2.38
Dividend Per Share	\$0.52	\$0.52	\$0.52	\$0.00	\$2.08	\$2.08	\$0.00	\$2.18	\$2.18	\$0.00
Average Fully Diluted Shares	1,340.6	1,342.8	1,340.6	2mn	1,342.8	1,340.6	2mn	1,342.8	1,340.6	2mn
CAPITAL RATIOS:										
EOP Common Equity/Assets (%)	10.17	9.79	10.31	-51bp	10.39	10.78	-39bp	10.59	10.92	-33bp
Tang. Common Equity/Assets (%)	5.70	4.60	4.99	-39bp	6.22	5.58	64bp	6.57	5.91	66bp
Tangible Common Equity/RWA (%)	7.06	5.66	6.13	-47bp	7.73	6.85	87bp	8.17	7.27	90bp
Tier 1 Common/RWA (%)	9.86	10.06	10.02	4bp	10.45	10.27	18bp	10.21	9.97	24bp
Tier 1/RWA (%)	13.47	12.99	13.59	-60bp	13.37	13.78	-41bp	13.23	13.56	-32bp
PROFITABILITY RATIOS:										
Return On Assets (%)	0.90	0.96	0.94	3bp	0.93	0.85	7bp	0.97	0.95	1bp
Return On Common Equity (%)	7.93	8.73	8.57	16bp	8.50	7.43	107bp	8.49	8.07	43bp
Return On Tangible Common Equity (%)	16.34	18.53	19.02	-49bp	16.94	17.08	-14bp	15.63	17.24	-162bp
Operating Expenses/Revenues (%)	64.09	61.01	62.70	-168bp	63.4	64.26	-83bp	63.6	63.81	-17bp
BALANCE SHEET ITEMS:										
EOP Total Deposits	400,024	395,865	395,067	0.20%	388,423	395,506	-1.79%	399,378	406,566	-1.77%
AVG Total Deposits	401,038	395,333	397,545	-0.56%	389,897	395,027	-1.30%	393,901	401,036	-1.78%
EOP Total Assets	542,707	535,349	538,769	-0.63%	531,373	538,995	-1.41%	538,311	548,407	-1.84%
EOP Equity	61,840	59,101	62,200	-4.98%	61,859	64,752	-4.47%	63,692	66,584	-4.34%
EOP Preferred Equity	6,673	6,673	6,673	0.00%	6,673	6,673	0.00%	6,673	6,673	0.00%
EOP Common Equity	55,167	52,428	55,527	-5.58%	55,186	58,079	-4.98%	57,019	59,911	-4.83%
EOP Tangible Common Equity	29,491	23,306	25,399	-8.24%	31,602	28,428	11.17%	33,855	30,680	10.35%
CREDIT QUALITY INDICATORS:										
Net Charge-Offs	405	453	475	-4.63%	2,050	2,150	-4.65%	2,000	2,000	0.00%
% Average Loans	0.50	0.57	0.60	-2bp	0.65	0.68	-3bp	0.62	0.62	0bp
Nonperforming Assets	1,584	1,488	1,678	-11.31%	1,871	2,114	-11.50%	2,062	2,291	-10.01%
% EOP Loans + OREO	0.50	0.47	0.53	-6bp	0.59	0.66	-7bp	0.63	0.69	-7bp
Nonperforming Loans	1,527	1,431	1,564	-8.49%	1,800	1,972	-8.72%	1,983	2,134	-7.07%
% EOP Loans (excl. OREO)	0.48	0.46	0.50	-4bp	0.56	0.61	-5bp	0.60	0.65	-4bp
Loan Loss Reserve	4,693	4,798	4,768	0.63%	4,948	4,763	3.88%	4,948	4,513	9.64%
% EOP Loans	1.49	1.54	1.53	1bp	1.56	1.49	7bp	1.52	1.37	14bp
% Nonperforming Loans	307.33	335.29	304.91	3038bp	274.94	241.59	3335bp	249.47	211.45	3802bp

Source: BofA Global Research estimates, company filings

Acronyms

CET1 – common equity tier 1

CRE – commercial real estate

MTM – mark-to-market

NCOs – net charge-offs

NII – net interest income

NIM – net interest margin

PPNR – pre-provision net revenue

ROTCE – return on tangible common equity

STI – Sun Trust

TBV – tangible book value

Price objective basis & risk

Truist Financial (TFC)

Our \$45 PO is based on 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 13.5x/1.8x multiples respectively, in-line with the bank's 5 year pre pandemic median of 13.2x/2.2x given reduced uncertainty surrounding EPS/ROTCE outlooks, owing to the macro backdrop.

Downside risks to our PO: higher than expected credit losses, greater than expected revenue pressure, regulatory changes that would impact growth/profitability, execution risk tied to STI/BBT merger of equals that completed in December 2019.

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	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
	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

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Truist Financial (TFC) Price Chart



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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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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%

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