

Spanish Banks

Santander and BBVA – Brazil vs. Mexico

Price Objective Change

BBVA dependant on Mexico growing volumes double-digit

Mexico represents a significant c.60% of BBVA's group profits. The bank has been reducing its sensitivity to rates, a -100bps parallel shift in Mexico currently accounts for -2.3% of NII, down from -3.7%. Our economists expect Banxico to begin cutting soon and the MXN to weaken in 2024, so it's volume growth that will likely sustain BBVA's NII in Mexico, with the market expecting >10% expansion in loan over 2024e. Delivery on volumes is key, we believe. Federal elections are also due in June.

Brazil: the best (of NIM expansion) has yet to come

Santander has a large share of funding tied to the SELIC rate in Brazil, while its loans are on fixed rates. The 18-month duration gap between assets and liabilities means Santander's funding cost started to drop, but it's only the start of the NIM expansion due. Given the loan mix skew towards households, lower rates would also support the LLPs outlook, 4Q was affected by single ticket, and increases appetite for new lending. We expect another c.225bps cuts by end of this year, for 9.5% in 2024e.

BBVA – Neutral (unchanged), PO €9.50 (from €9.30)

We updated our EPS after 4Q results. We reflect the move in Euribor and increase EPS by c.1% to reflect the exit rate at c2.6% on Spain, in-line with the Euribor forward curve and factor-in hedging against rate cuts in Mexico. NII estimates grow by c.4% in Spain in 2024e and by 8% YoY in Mexico. Resilience of double-digit volume growth in Mexico is key for consensus expectations to be met. We plan to be monitoring activity levels in Mexico closely. Reiterate Neutral

Santander – Buy (unchanged), PO €5.10 (from €5.00)

We lift NII in Spain and in the UK driving group NII up 1-2%. We have group NII growing 4% YoY in 2024e and group earnings up 14% YoY supported by progressive margin/volume improvement in Brazil and resilient asset quality in the US. Overall, we are c.13% ahead of consensus net profit in 2024-25e. Reiterate Buy – Santander is positively geared to rate cuts in Brazil & US and trades at attractive 4.5x P/E 2025e.

Santander remains our top pick in Spain

Santander is a 'show-me story' – it trades at the lowest P/PPPOP multiple in Europe and we believe its Brazilian unit, which accounts for >25% of profits, has inflected with SELIC cuts running at 50bps per BCB meeting. While the US auto lending market remains challenged short-term, data suggests loan losses will likely remain resilient vs. cons. We expect some rotation into SAN from BBVA. Reiterate SAN as top pick in Spain.

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Equity
Spain
Banks

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Refer to important disclosures on page 11 to 15. Analyst Certification on page 9. Price Objective Basis/Risk on page 8.

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Investment thesis

Exhibit 1: Investment thesis – Spanish banks
Buy SAN, CABK. Neutral on BBVA

Bank	Rating	Price Objective	Investment Thesis
Santander	Buy	EUR 5.10	Santander is a 'show-me story' as its shares have underperformed the synthetic valuation of its subsidiaries. It trades at the lowest P/PPOP multiple in Europe and we believe its Brazilian unit, which accounts for >25% of earnings, has inflected with SELIC cuts running at 50bps per BCB meeting. While we think its capital buffers will now be supported by the organic generation and although the US auto lending market remains challenged short-term, loan losses will likely be much more resilient than consensus expectations. With Santander trading on 4.5-5x P/E 2024e, we have a Buy rating.
BBVA	Neutral	EUR 9.50	Mexico represents a significant c.60% of BBVA's group profits. This has been a key source of growth for BBVA, which is set to normalize as we approach peak rates with early signs of an economic 'normalization' in Mexico and with elections this year. While Türkiye has been performing better than feared, it will likely continue to affect valuation both positively and negatively, being a source of volatility. BBVA is inexpensive in absolute terms trading at c.6-6.5x P/E 2024e, but we increasingly see growth expectations in Mexico as demanding. We have limited potential upside near-term – Neutral rating.

Source: BofA Global Research

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NII: Euribor forward curve moving up

Hedging policy is reducing NII impact deriving from rates

Banks use replicating investment portfolios to manage the interest rate risk of variable savings deposits. These are portfolios of fixed-income assets that aim to replicate the typical interest rate maturity of sight deposits. The strategy is set so that the margin between the portfolio return, and the savings interest rate is as stable as possible. This allows banks to base their interest rate risk on investments with a fixed maturity and price, even though sight deposits don't have a contractual maturity, by turning the investments into contractual obligations. Banks tend to pay variable and receive fixed. While the euroswap curve is not immune to rate cuts, the back-book yield is, in some cases negative and well below the front-book, suggesting a positive accrual from the maturity reinvestments. Inevitably, this is also a function of a banks' view when it comes to rate changes. For details, see Exhibit 2.

Exhibit 2: Change in NII sensitivity to +/-100bps parallel shift in yield curve from the start of the rate cycle to 4Q23

Average c.45% reduction in NII sensitivity across our coverage, with higher proportion of fixed rate assets and higher proportion of floating liabilities

	NII sensitivity to +/-100bps parallel shift in yield curve			
	As of 2Q/3Q22	As of 4Q23	% change	% NII 2024e
Santander Spain	1,700	1,000	-41%	6%
BBVA Spain	843	351	-58%	6%
BBVA Mexico	409	274	-33%	2%

Source: BofA Global Research estimates. Notes: we rebase sensitivities to +/-100bps shift in rates on a proportional basis when sensitivity is provided only to 25/50bps shift. Sensitivity in 2Q/3Q22 refers to positive NII impact from +100bps parallel shift in yield curve, whereas sensitivity as of 4Q23 refers to negative NII impact from -100bps shift in yield curve.

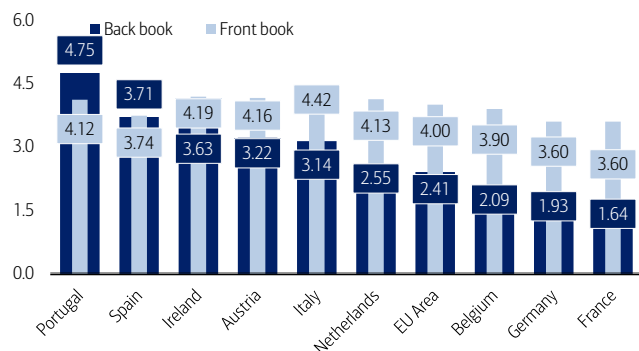
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Back book yields yet to catch up with front book in Italy

Spain is for the most part a variable rate market with about two-third of mortgages tied to Euribor 12 months. By now one would assume banks have mechanically repriced the entire mortgage book. In fact, looking at ECB data Spanish back-book mortgages are priced inline with their front book rates. However, front-book rates only reprice once or twice a year in Spain which would suggest even front-book repricing comes with a lag. In any case, looking at Exhibit 3 Spanish loan repricing seems mostly done. That's not the case for the Italian mortgage market. In fact, Italian mortgages are still priced c.130bps below their front book rates. So, when investors implicitly assume repricing has happened on the asset side, we think that is incorrect as it would understate the NII resilience in a falling rates environment, due to the starting back-book point being lower to begin with. Hence, when rates ultimately drop, it's simply the front book that will meet the back book, somewhere halfway, providing more resilience to customer loan yields. Although there is no symmetry in the way rate cuts affect loan yields, illustratively a potential 150-200bps rate cut could result in a mere c.25-75bps cut to loan yields in Italian mortgages, due to the repricing lag.

Exhibit 3: Delta front vs. back-book yield on mortgages

Still significant repricing to come through in Italy

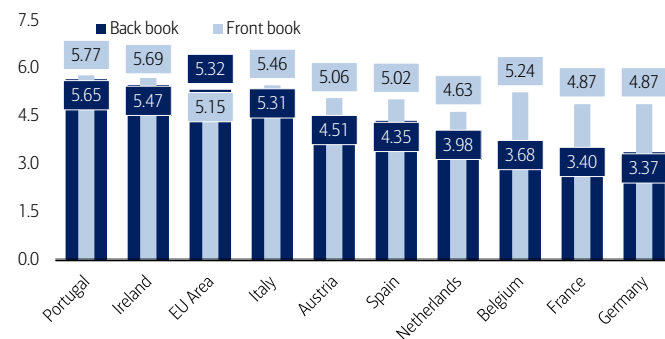


Source: BofA Global Research, Haver Analytics

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Exhibit 4: Delta front vs. back-book yield on corporate loans

Corporate repricing in Spain lagging Italy



Source: BofA Global Research, Haver Analytics

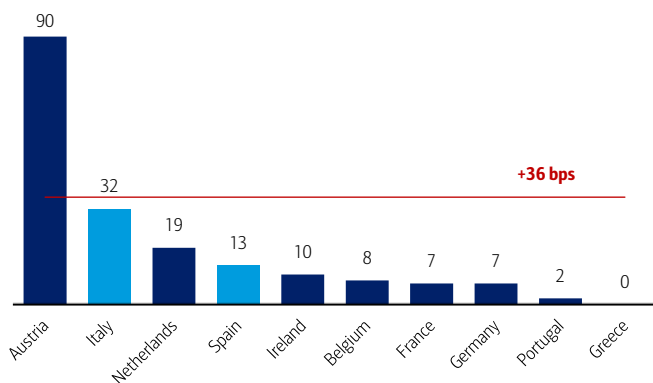
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Absolute deposit remuneration to drive NII in 2024

As rates fall, banks' pass-throughs would mechanically move up even if deposit remuneration remains unchanged. Deposit beta is currently at c.15% on average i.e. with rates at 4%, deposit cost stands at c.0.6% on average. Assuming rates were to fall to say c.3%, deposit beta would increase to c.25% even if deposit remuneration is unchanged. Hence, deposit beta assumptions are less relevant when rates fall. It's absolute deposit cost and deposit flows that would drive NII in 2024e. Stability in overall deposit flows will likely be key and absent a competitive war we believe this will be down in 2024e and 2025e sequentially, despite the mix effect. We've seen broadly stabilizing deposits overall, but with a sharp increase in more expensive term deposits combined with lower current accounts, see Exhibit 9. We believe this trend is set to continue as we forecast a varying portion of current accounts (c. 20-30%) moving into time deposits and retail bonds depending on the bank over the next few years. Below we show the front book pricing rates of sight deposits and term deposits. While retail sight deposits have barely repriced, term deposits are running at 2-2.5% in Spain and 3-3.5% in Italy from zero in July 2022.

Exhibit 5: Change in front-book household sight deposit rates

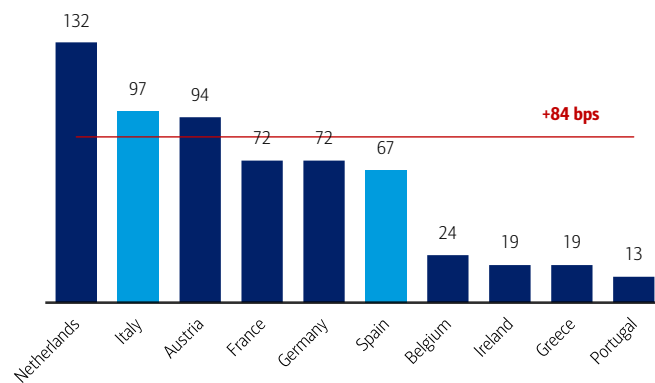
Italy ahead of EU peers ex. Austria



Source: BofA Global Research, Haver Analytics. Notes: change in rates from Jul-22 to Dec-23
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Exhibit 6: Change in front-book corporate sight deposit rates

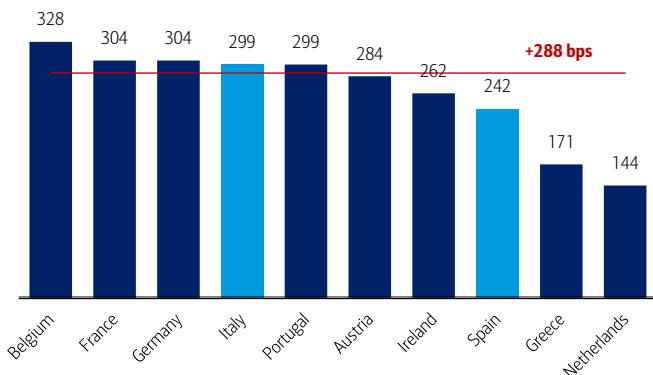
Italy ahead of EU peers, Spain below



Source: BofA Global Research, Haver Analytics. Notes: change in rates from Jul-22 to Dec-23
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Exhibit 7: Change in front-book household term deposit rates

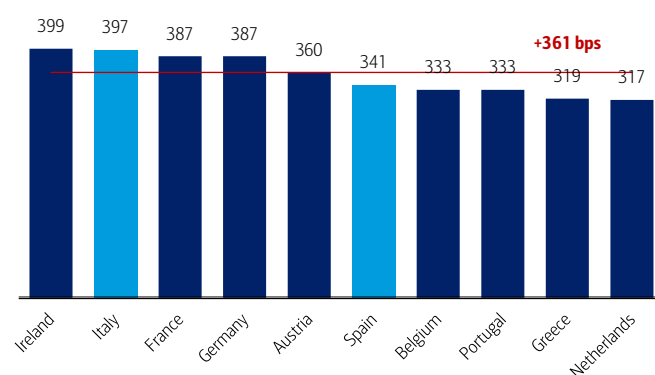
Italy in line with EU peers, Spain below



Source: BofA Global Research, Haver Analytics. Notes: change in rates from Jul-22 to Dec-23
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Exhibit 8: Change in front-book corporate term deposit rates

Italy ahead of EU peers, Spain slightly below



Source: BofA Global Research, Haver Analytics. Notes: change in rates from Jul-22 to Dec-23
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Exhibit 9: Change in YoY deposit growth 2023 vs. 2022 across European countries

Clear shift in mix from sight to term deposits across all countries. Deposits volumes in Italy contracting in 2023 driven by migration to AUC products; more flattish development in Spain, with sight deposit contraction in sight deposits almost fully offset by increase in term deposits

Change in deposit growth '23 vs. '22	Euro Area	Austria	Belgium	France	Germany	Greece	Ireland	Italy	Netherlands	Portugal	Spain
Household	↓ -2.1pp	↓ -0.7pp	↓ -6.3pp	↓ -1.9pp	↓ -0.3pp	↓ -0.8pp	↓ -2.8pp	↓ -4.6pp	↓ -3.3pp	↓ -7.1pp	↓ -5.1pp
Sight	↓ -10.9pp	↓ -13.6pp	↓ -22.2pp	↓ -10.3pp	↓ -9.5pp	↓ -14.8pp	↓ -6.5pp	↓ -10.8pp	↓ -18.8pp	↓ -20.2pp	↓ -13.7pp
Term	↑ 47.5pp	↑ 32.8pp	↑ 196.2pp	↑ 12.1pp	↑ 71.7pp	↑ 64.1pp	↑ 176.9pp	↑ 103.1pp	↑ 28.7pp	↑ 8.9pp	↑ 110.7pp
Corporate	↓ -5.3pp	↓ -0.4pp	↓ -4.4pp	↓ -6.4pp	↓ -8.4pp	↓ -7.7pp	↓ -4.3pp	↓ 0.7pp	↓ -11.3pp	↓ -13.0pp	↓ -0.8pp
Sight	↓ -9.1pp	↓ -3.4pp	↓ -18.6pp	↓ -10.3pp	↓ -10.6pp	↓ -7.1pp	↓ -7.7pp	↓ -0.1pp	↓ -20.1pp	↓ -25.7pp	↓ -3.7pp
Term	↓ -4.2pp	↓ -10.7pp	↓ -43.9pp	↓ -6.8pp	↓ -12.0pp	↓ -31.4pp	↓ -7.8pp	↓ -36.8pp	↑ 37.6pp	↑ 43.8pp	↓ -17.8pp
Total	↓ -3.0pp	↓ -0.6pp	↓ -5.8pp	↓ -3.4pp	↓ -2.1pp	↓ -2.4pp	↓ -3.3pp	↓ -3.3pp	↓ -6.6pp	↓ -8.7pp	↓ -4.0pp
Dec-23 y/y	Euro Area	Austria	Belgium	France	Germany	Greece	Ireland	Italy	Netherlands	Portugal	Spain
Household	1.2%	1.1%	-4.6%	2.5%	2.2%	3.8%	2.7%	-3.3%	2.7%	-1.4%	-0.4%
Sight	-7.7%	-10.5%	-20.7%	-9.2%	-6.9%	-5.7%	-0.2%	-8.6%	-10.5%	-10.7%	-7.1%
Term	52.1%	31.3%	327.6%	15.4%	88.5%	52.3%	162.5%	94.1%	29.1%	8.6%	94.4%
Corporate	-0.6%	-1.4%	-0.8%	-2.9%	1.0%	0.9%	2.7%	-0.6%	-4.3%	-4.6%	0.4%
Sight	-11.1%	-11.8%	-18.4%	-16.6%	-8.2%	-8.1%	-5.4%	-5.6%	-16.8%	-21.8%	-8.7%
Term	46.5%	35.0%	149.9%	35.9%	35.4%	41.1%	49.0%	77.9%	71.9%	79.4%	59.7%
Total	0.7%	0.5%	-3.6%	0.7%	1.9%	3.1%	2.7%	-2.7%	-0.1%	-2.2%	-0.2%
Dec-22 y/y	Euro Area	Austria	Belgium	France	Germany	Greece	Ireland	Italy	Netherlands	Portugal	Spain
Household	3.3%	1.8%	1.7%	4.4%	2.5%	4.6%	5.5%	1.2%	6.1%	5.7%	4.7%
Sight	3.2%	3.1%	1.4%	1.2%	2.6%	9.1%	6.4%	2.2%	8.2%	9.5%	6.6%
Term	4.6%	-1.4%	131.4%	3.3%	16.8%	-11.8%	-14.4%	-9.1%	0.4%	-0.3%	-16.3%
Corporate	4.6%	-1.0%	3.7%	3.5%	9.4%	8.7%	6.9%	-1.3%	7.0%	8.4%	1.2%
Sight	-2.0%	-8.5%	0.3%	-6.3%	2.4%	-1.0%	2.2%	-5.5%	3.3%	3.9%	-5.0%
Term	50.7%	45.7%	193.7%	42.6%	47.4%	72.5%	56.8%	114.7%	34.3%	35.6%	77.5%
Total	3.7%	1.1%	2.2%	4.1%	4.0%	5.5%	6.1%	0.6%	6.4%	6.4%	3.8%

Source: BofA Global Research, Have Analytics

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Exhibit 10: Change in YoY deposit growth 2023 vs. 2022 across Italian and Spanish banks

Material pick-up in term deposits in 2023 across banks in our coverage (ex BAMI), with migration from sight to term deposits driving large part of the increase

Change in deposit growth '23 vs. '22	Intesa Sanpaolo	UniCredit	Banco BPM	Mediobanca	Monte Paschi	Santander	BBVA	CaixaBank	Sabadell	Bankinter
Sight	↓ -8pp	↓ -9pp	↓ -4pp	↓ -6pp	↔ 0pp	↓ -14pp	↓ -11pp	↓ -11pp	↓ -9pp	↓ -18pp
Term	↑ 56pp	↓ -17pp	↑ 58pp	↓ -101pp	↑ 70pp	↓ -35pp	↔ 1pp	↑ 132pp	↑ 50pp	↑ 234pp
Total	↓ -5pp	↓ -7pp	↓ -3pp	↓ -16pp	↑ 5pp	↓ -15pp	↓ -9pp	↓ -1pp	↓ -3pp	↑ 5pp
Dec-23 y/y	Intesa Sanpaolo	UniCredit	Banco BPM	Mediobanca	Monte Paschi	Santander	BBVA	CaixaBank	Sabadell	Bankinter
Sight	-10%	-12%	-5%	-20%	-1%	-10%	-5%	-8%	-9%	-16%
Term	62%	36%	-13%	16%	37%	23%	23%	109%	59%	248%
Total	-7.0%	-4.6%	-4.7%	-8.6%	1.8%	-4.2%	-2.3%	-0.1%	-2.4%	7.7%
Dec-22 y/y	Intesa Sanpaolo	UniCredit	Banco BPM	Mediobanca	Monte Paschi	Santander	BBVA	CaixaBank	Sabadell	Bankinter
Sight	-3%	-4%	-1%	-14%	-1%	4%	6%	3%	0%	2%
Term	6%	53%	-71%	117%	-33%	58%	22%	-23%	9%	14%
Total	-2.2%	2.5%	-1.3%	7.0%	-3.4%	10.9%	6.9%	0.5%	1.0%	2.9%

Source: BofA Global Research, company report. Notes: we use deposit data as of 1H23 for ISP as FY23 data are not available

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Share price performance

Exhibit 11: 2-week vs. 3-month share price performance across EU Banks with SX7P as intersecting axes

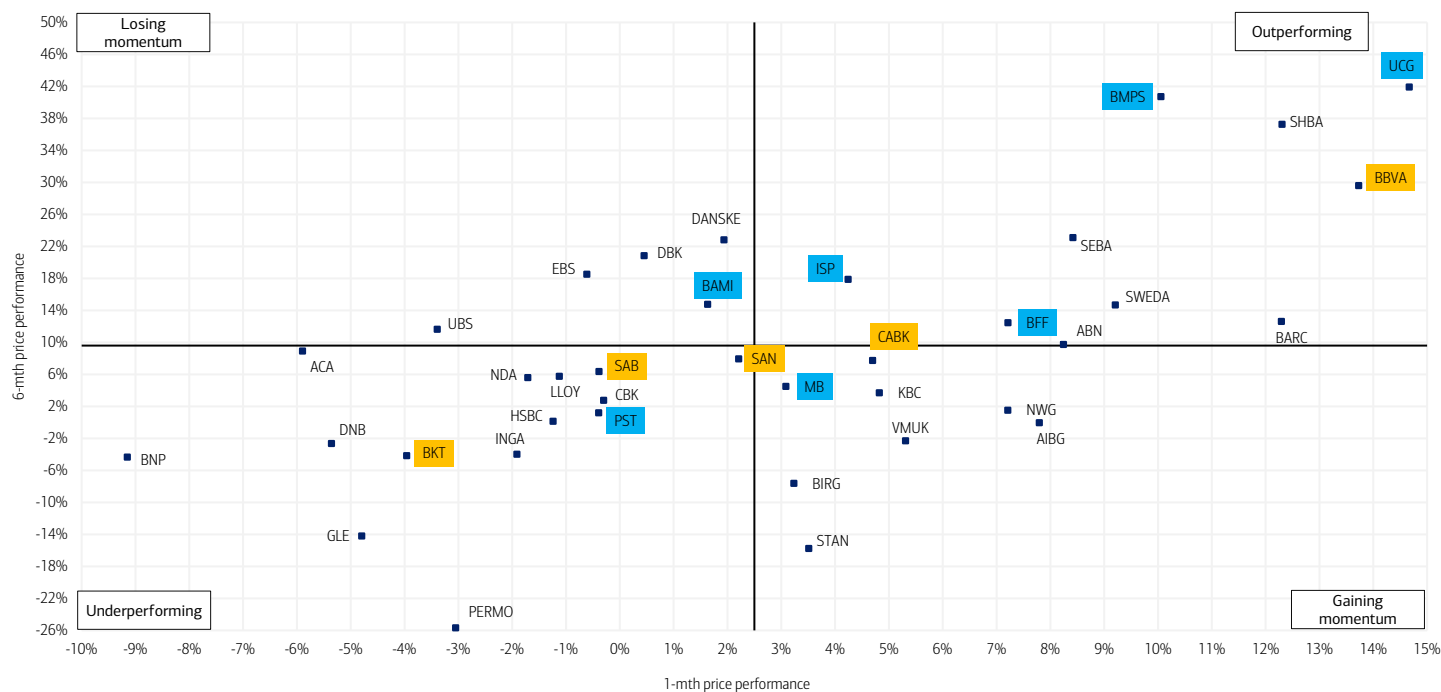
Italian banks outperforming the index over the last 3 months, ex. BAMI. Spanish domestics and SAN underperforming



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Exhibit 12: 1-month vs. 6-month share price performance across EU Banks with SX7P as intersecting axes

UCG and BBVA best performing banks in Europe over the last 1 month. BKT worst performer in Southern Europe



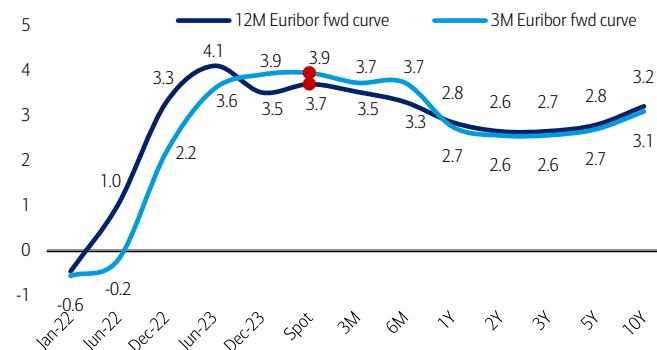
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What's changed: new estimates & ratings

We update estimates, POs and ratings reflecting changes to the following three main items: i) latest Euribor and Euro swap forward curves – and we now assume terminal rate at year-end 2024 at c.2.7%; ii) higher NII due to hedging policies implemented to lower impact from rates, iii) higher capital distributions given CET1 levels and organic generation. This is what drives a re-rating in our POs as we believe the market already over-discounts the NII 'peak' as reflected by consensus estimates. Peak in NII does not equal peak in EPS however. Our estimates also incorporate some house-keeping post 4Q results. We also update for latest FX where applicable. For more details, we highlight below key changes to earnings reflected in our updated POs & ratings.

Exhibit 13: Euribor 3m/12m forward curves

Market pricing peak Euribor behind us

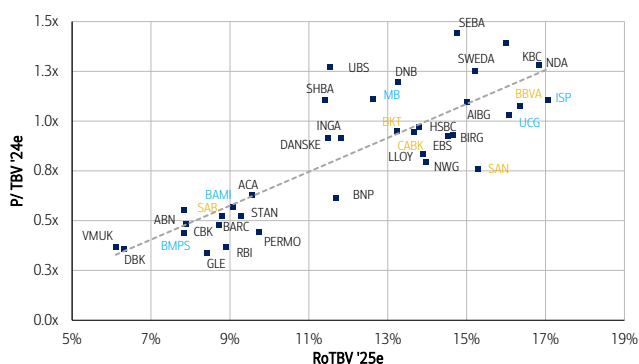


Source: BofA Global Research, Bloomberg. Notes: as of 22/02/2024

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Exhibit 14: RoTBV 2025e vs. P/TBV 2024e

SAN, UCG, ISP and BBVA screening undervalued



Source: BofA Global Research. Notes: prices as of 21/02/2024

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Exhibit 15: BofA ratings, price objectives and EPS estimates new vs. old, 2024-26e

We slightly increase our EPS estimates at SAN & BBVA in 2025-26e

Company	BofA rating		Price Objective		Potential Upside / Downside	Adj. EPS FY24e			Adj. EPS FY25e			Adj. EPS FY26e		
	New	Old	New	Old		New	Old	% change	New	Old	% change	New	Old	% change
Santander	Buy	Buy	5.10	5.00	34%	0.79	0.78	1%	0.85	0.83	2%	0.93	0.90	4%
BBVA	Neutral	Neutral	9.50	9.30	2%	1.45	1.44	0%	1.49	1.48	1%	1.58	1.55	2%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 16: BofA EPS estimates vs. consensus, 2024-26e

We are ahead of consensus earnings

Company	Adj. EPS FY24e			Adj. EPS FY25e			Adj. EPS FY26e		
	BofA est.	Cons	BofA vs Cons	BofA est.	Cons	BofA vs Cons	BofA est.	Cons	BofA vs Cons
Santander	0.79	0.71	11.0%	0.85	0.75	13.7%	0.93	0.80	16.2%
BBVA	1.45	1.37	5.6%	1.49	1.36	9.7%	1.58	1.38	14.7%

Source: BofA Global Research estimates, Visible Alpha.

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Rationale behind our ratings

Santander – Buy (unchanged), PO €5.10 (from €5.00)

We lift NII in Spain and in the UK driving group NII up 1-2%. We have group NII growing 4% YoY in 2024e and group earnings up 14% YoY supported by progressive margin/volume improvement in Brazil and resilient asset quality in the US. Overall, we

are c.13% ahead of consensus net profit in 2024-25e. Reiterate Buy and top pick in Spain – Santander is positively geared to rate cuts in key regions (Brazil, US) and shares trade at an undemanding 4.5x P/E 2025e.

BBVA – Neutral (unchanged), PO €9.50 (from €9.30)

We updated our EPS after 4Q results. We reflect the move in Euribor and increase EPS by c.1% to reflect the exit rate at c2.6% on Spain, in-line with the Euribor forward curve and factor-in hedging against rate cuts in Mexico. NII estimates grow by c.4% in Spain in 2024e and by 8% YoY in Mexico. Resilience of double-digit volume growth in Mexico is key for consensus expectations to be met. We will be monitoring activity levels in Mexico closely. Reiterate Neutral.

Exhibit 17: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BBVA	BBVA US	BBVA	US\$ 10.09	B-2-7
BBVXF	BBVA SQ	BBVA	EUR 9.332	B-2-7
BCDRF	SAN SQ	Santander	EUR 3.839	B-1-7
SAN	SAN US	Santander	US\$ 4.09	B-1-7

Source: BofA Global Research

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Investment Rationale

BBVA

Mexico represents a significant c.60% of BBVA's group profits. This has been a key source of growth for BBVA, which is set to normalize as we approach peak rates with early signs of an economic 'normalization' in Mexico and with elections this year. While Türkiye has been performing better than feared, it will continue to affect valuation both positively and negatively being a source of volatility. We have limited upside near-term - Neutral rating.

Santander

Santander is a 'show-me story' its shares have underperformed the synthetic valuation of its subsidiaries. It trades at the lowest P/PPOP multiple in Europe and we believe its Brazilian unit (>25% of earnings) has inflected with SELIC cuts running at 50bps per BCB meeting. While its capital buffers will now be supported by the organic generation and although the US auto lending market remains challenged short-term, loan losses will be more resilient than cons. especially as rates fall. Buy.

Price objective basis & risk

BBVA (BBVXF / BBVA)

We derive our PO of €9.50 (ADR USD 10.28) using a sum of the parts (SoTP) on our 2024e estimates whereby we value each geography using a Gordon growth-implied P/CET1 multiple assuming 13% common equity tier 1 (CET1) allocation to each region's risk-weighted assets (RWAs). We assume 13% CoE for Spain, 14% for Mexico, 30% for Türkiye and a blended 18% for South America. We then add the market value of the stake in Telefonica, the cumulative dividends over 2023-24 and capital excess/deficit to steady-state CET1 and discount to 1 year forward from today.

Upside risks to our forecasts:

1. Positive earnings revision deriving from NII and cost of risk, provide upside to capital distribution

2. More stable markets would favour a recovery in AUMs, driving fee growth
3. Stronger real GDP growth in Spain and Mexico

Downside risks to our forecasts:

1. Deterioration in sovereign risk in key geographies
2. Türkiye risk could still affect capital and shareholders' returns
3. Asset quality deteriorating more than we forecast

Santander (BCDRF / SAN)

We derive our PO of €5.10 (ADR USD 5.52) using a SoTP on 2024e estimates where we value each geography using a Gordon growth-implied P/CET1 multiple assuming 13% CET1 allocation to each region's RWAs. We assume 13% CoE for Spain, 13.5% for the UK and the US, 14% for Mexico and 15% for Brazil. We then add cumulative dividends over 2023-24 and capital excess/deficit to the steady-state CET1, and discount back to 1yr fwd from today.

Upside risks to our forecasts:

1. Geared to interest rates in Spain
2. Positive earnings revision deriving from NII and cost of risk, from more resilient US and better growth in Brazil
3. Better asset quality than market fears

Downside risks to our forecasts:

1. Selic rate in Brazil may not drop as fast as we forecast
2. Deposit beta may be higher than we forecast affecting funding mix
3. Higher default rates may affect cost of risk normalization and capital levels

Analyst Certification

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EMEA - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Allied Irish Banks	AIBRF	AIBG ID	Alastair Ryan
	Bank of Ireland Group	XBOIF	BIRG ID	Alastair Ryan
	BFF Banking Group	XBBZF	BFF IM	Antonio Reale
	BNP Paribas	BNPQF	BNP FP	Tarik El Mejjad
	BNP Paribas	BNPQY	BNPQY US	Tarik El Mejjad
	CaixaBank	CIXPF	CABK SQ	Antonio Reale
	Credit Agricole	CRARF	ACA FP	Tarik El Mejjad
	Danske Bank	DNSKF	DANSKE DC	Tarik El Mejjad
	Erste Bank	EBKOF	EBS AV	Alastair Ryan
	Erste Bank	EBKDY	EBKDY US	Alastair Ryan
	HSBC	XHSBF	5 HK	Alastair Ryan
	HSBC	HBCYF	HSBA LN	Alastair Ryan
	HSBC -A	HSBC	HSBC US	Alastair Ryan
	Intesa Sanpaolo	IITSF	ISP IM	Antonio Reale
	Intesa Sanpaolo	ISNPY	ISNPY US	Antonio Reale
	KBC Group	KBCSF	KBC BB	Tarik El Mejjad
	KBC Group NV	KBCSY	KBCSY US	Tarik El Mejjad
	NatWest Group	RBSPF	NWG LN	Rohith Chandra-Rajan
	Natwest Group PLC	NWG	NWG US	Rohith Chandra-Rajan
	Nordea	NBNKF	NDA FH	Tarik El Mejjad
	Nordea	XSABF	NDA SS	Tarik El Mejjad
	Nordea Bank Abp	NRDBY	NRDBY US	Tarik El Mejjad
	Santander	SAN	SAN US	Antonio Reale
	Santander	BCDRF	SAN SQ	Antonio Reale
	Societe Generale	SCGLF	GLE FP	Tarik El Mejjad
	Societe Generale	SCGLY	SCGLY US	Tarik El Mejjad
	Unicredit	UNCF	UCG IM	Antonio Reale
	Unicredit	UNCRY	UNCRY US	Antonio Reale
NEUTRAL				
	ABN AMRO	ABMRF	ABN NA	Tarik El Mejjad
	Banco Bilbao Vizcaya Argentaria	BBVA	BBVA US	Antonio Reale
	Banco BPM	BNCZF	BAMI IM	Antonio Reale
	Bankinter	BKIMF	BKT SQ	Antonio Reale
	BBVA	BBVXF	BBVA SQ	Antonio Reale
	Handelsbanken	SVNLF	SHBA SS	Tarik El Mejjad
	ING Groep NV	ING	ING US	Tarik El Mejjad
	ING Groep NV	INGVF	INGA NA	Tarik El Mejjad
	Lloyds Banking Group	LLDTF	LLOY LN	Rohith Chandra-Rajan
	Lloyds Banking Group	LYG	LYG US	Rohith Chandra-Rajan
	Monte dei Paschi	BMDPF	BMPS IM	Antonio Reale
	Raiffeisen Bank International	RAIFF	RBI AV	Alastair Ryan
	StanChart	SCBFF	STAN LN	Alastair Ryan
	StanChart	XCHBF	2888 HK	Alastair Ryan
	Svenska Handelsbanke	SVNLY	SVNLY US	Tarik El Mejjad
	UBS	XUHJF	UBSG SW	Alastair Ryan
	UBS	UBS	UBS US	Alastair Ryan
UNDERPERFORM				
	Banco Sabadell	BNSDF	SAB SQ	Antonio Reale
	Barclays	BCLYF	BARC LN	Rohith Chandra-Rajan
	Barclays	BCS	BCS US	Rohith Chandra-Rajan
	Commerzbank	CRZBF	CBK GY	Rohith Chandra-Rajan
	Deutsche Bank	DB	DB US	Rohith Chandra-Rajan
	Deutsche Bank	XDUSF	DBK GY	Rohith Chandra-Rajan
	DNB	DNBBF	DNB NO	Tarik El Mejjad
	DNB ASA	DNBBY	DNBBY US	Tarik El Mejjad
	Mediobanca	MDIBF	MB IM	Antonio Reale
	Permanent TSB	ILPMF	PTSB ID	Alastair Ryan
	Poste Italiane	PITAF	PST IM	Antonio Reale
	SEB	SVKEF	SEBA SS	Tarik El Mejjad
	Swedbank	SWDBF	SWEDA SS	Tarik El Mejjad
	Swedbank AB	SWDBY	SWDBY US	Tarik El Mejjad
	Virgin Money UK PLC	CBBYF	VMUK LN	Rohith Chandra-Rajan
	Virgin Money UK PLC	CYBBF	VUK AU	Rohith Chandra-Rajan

EMEA - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst

Disclosures

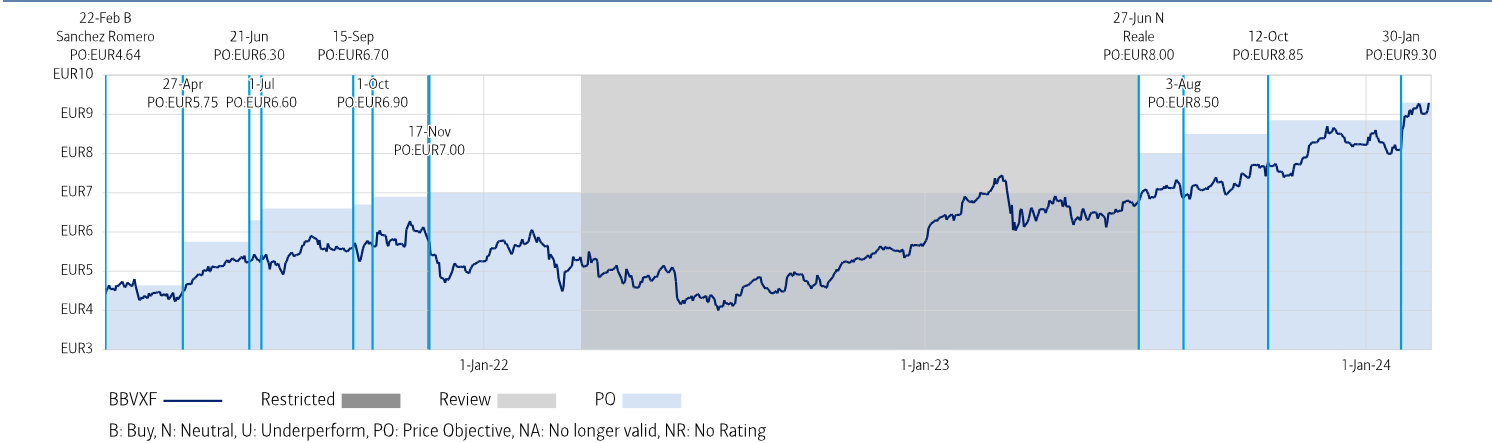
Important Disclosures

BBVA (BBVA) Price Chart

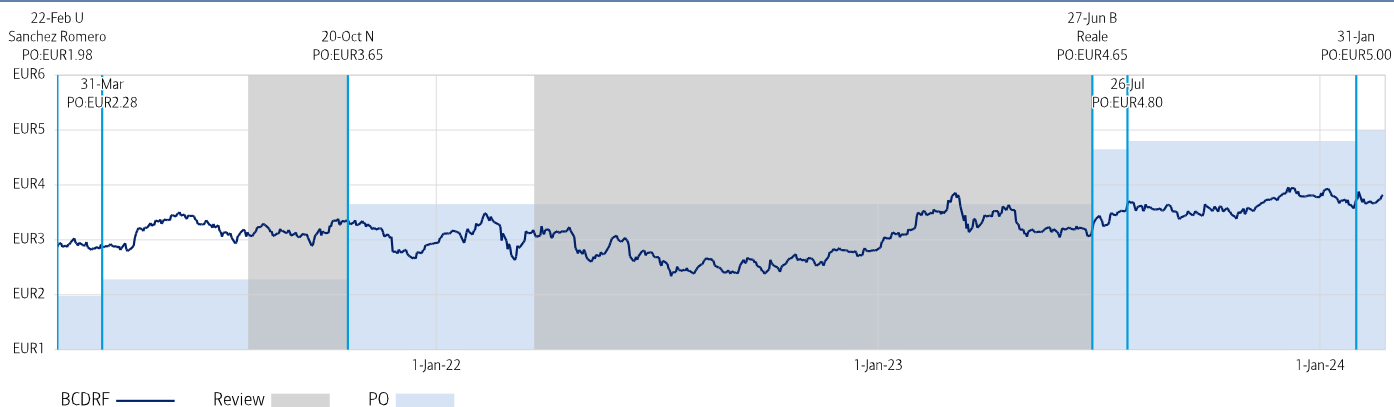


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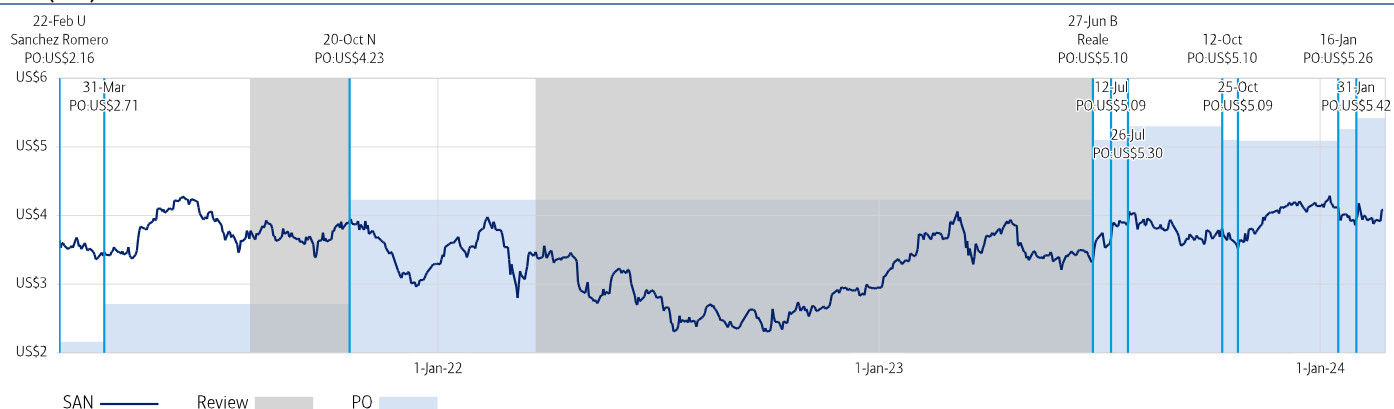


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Santander (BCDRF) Price Chart

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

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Santander (SAN) 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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