

Ares Commercial Real Estate Corporation

Lots to work through in '24; downgrade to Underperform

Rating Change: UNDERPERFORM | PO: 7.00 USD | Price: 7.76 USD

Cautious on CRE mREITs broadly in 2024

[We are moving to a more cautious outlook for the CRE mREIT sector](#) and are downgrading Ares Commercial (ACRE) to an Underperform rating (Buy prior). CRE mREITs outperformed other financial stocks in 2023 (Exhibit 1), but we think the fundamental headwinds CRE faces are likely to persist throughout 2024. While we view ACRE as a quality operator, we think the next few quarters may be choppy and risks are to the downside, as evidenced by Q4 earnings. ACRE in particular faces idiosyncratic risks due to its high level of office exposure and high number of 2024 maturities.

High office exposure, maturity wall in '24 & '25

Data suggests that office properties are under the most stress due to post-pandemic work-from-home trends. As of 4Q, 39% of ACRE's portfolio was office loans (Exhibit 2), the highest percentage among its peers. Additionally, 46% of ACRE's portfolio is set to mature in 2024 (and another 43% in '25) (Exhibits 7&8) and we think borrowers may have difficulty refinancing loans due to higher rates and lower valuations.

Credit issues flare up in 4Q prompting div cut

ACRE's 4Q had several credit issues, with 6 loans moved to non-accrual (non-accruals now have principal balance of \$399M or 19% of portfolio), and the CECL reserve increased \$47M (to \$163M or 8% of portfolio). This prompted a cut to the dividend, which was reduced ~24% to \$0.25 for 1Q24 (\$0.33 prior). Positively, ACRE has already resolved one non-accrual and expects another resolution in 1H24.

Loans originated at low rates face valuation questions

Loans originated when rates were at historic lows are more likely to suffer from material valuation declines, in our view. 68% of ACRE's portfolio was originated when Fed Funds were 1.0% or below, and 82% when FF were at or below 2.0%, both at the upper end of the peer group.

Better risk/reward elsewhere; PO to \$7

ACRE shares currently trade at 0.65x BVPS, slightly below the peer group. Given ACRE's office concentration, sizeable 2024 maturities and general market headwinds, we move to a more conservative valuation and trim our target multiple slightly to an approximate 0.6x multiple to BVPS (~0.85x BVPS prior). Our PO moves to \$7 (\$11 prior).

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	1.53	1.08	0.78	1.00	1.07
GAAP EPS	0.57	(0.72)	0.64	0.86	0.93
EPS Change (YoY)	-1.3%	-29.4%	-27.8%	28.2%	7.0%
Consensus EPS (Bloomberg)			0.53	1.01	NA
DPS	1.40	1.36	1.00	1.00	1.00
Valuation (Dec)					
P/E	5.1x	7.2x	9.9x	7.8x	7.3x
GAAP P/E	13.6x	NM	12.1x	9.0x	8.3x
Dividend Yield	18.0%	17.5%	12.9%	12.9%	12.9%

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Timestamp: 04 March 2024 06:00AM EST

04 March 2024

Equity

Key Changes

(US\$)	Previous	Current
Inv. Opinion	B-1-8	B-3-8
Inv. Rating	BUY	UNDERPERFORM
Price Obj.	11.00	7.00
2024E DPS	1.20	1.00

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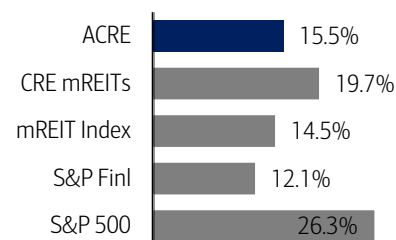
Stock Data

Price	7.76 USD
Price Objective	7.00 USD
Date Established	4-Mar-2024
Investment Opinion	B-3-8
52-Week Range	7.15 USD -11.74 USD
Mrkt Val / Shares Out (mn)	420 USD / 54.1
Free Float	89.0%
Average Daily Value	7.06 USD
BofA Ticker / Exchange	ACRE / NYS
Bloomberg / Reuters	ACRE US / ACRE.N
ROE (2024E)	6.9%
ESGMeter™	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

Exhibit 1: CRE mREITs outperformed in '23

2023 total returns, ACRE slightly lagged peers



Source: Bloomberg, BofA Global Research
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iQprofileSM Ares Commercial Real Estate Corporation

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	104	89	56	69	71
% change	24.7%	-14.6%	-36.7%	21.8%	2.9%
Net Fee Income	0	0	0	0	0
Securities Gains / (Losses)	0	0	0	0	0
Total Operating Income	104	89	56	69	71
Operating Expenses	(33)	(29)	(34)	(32)	(30)
% change	-19.9%	-12.9%	19.6%	-7.1%	-5.4%
Provisions Expense	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Operating Pre-Tax Income	30	(39)	35	47	51
Operating Net Income to Comm S/Hold.	30	(39)	35	47	51
GAAP Net Income	30	(39)	35	47	51

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	2,523	2,280	2,264	2,499	2,474
Average Interest Earning Assets	2,410	2,060	1,962	2,247	2,322
Total Gross Customer Loans	2,264	2,127	2,122	2,322	2,322
% change	-6.2%	-6.1%	-0.2%	9.4%	0%
Total Customer Deposits	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Tangible Equity	748	626	606	599	595
Common Shareholders' Equity	748	626	606	599	595

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	4.32%	4.32%	2.87%	3.05%	3.04%
Effective Tax Rate	1.6%	0.1%	0.1%	NM	NM
Loan / Deposit Ratio	NA	NA	NA	NA	NA
Tangible Common Equity / Assets	29.6%	27.5%	26.8%	24.0%	24.1%
ROA	3.1%	2.5%	1.9%	2.2%	2.3%
ROE	10.8%	8.6%	6.9%	9.0%	9.7%
RoTE	10.8%	9.4%	7.0%	9.0%	9.7%
Dividend Payout Ratio	NA	NA	NA	NA	NA
Efficiency Ratio (Cost / Income Ratio)	31.4%	32.1%	60.6%	46.2%	42.4%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	0%	0%	0%	0%	0%
NPLs plus Foreclosed Real Estate / Loans	0%	0%	0%	0%	0%
Loan Loss Reserves / NPLs	0%	0%	0%	0%	0%
Loan Loss Reserves / Total Loans	0%	0%	0%	0%	0%

Company Sector

Mortgage Finance

Company Description

ACRE is a commercial mortgage REIT focused on originating, investing in and managing middle market CRE loans. ACRE targets the transitional loan segment and more difficult to underwrite real estate loan transactions. ACRE is externally managed by Ares Management, a leading alternative asset manager with deep credit expertise and experience in capital markets.

Investment Rationale

We rate ACRE Underperform. We are taking a cautious outlook on CRE mREITs given the secular headwinds the sector faces due to elevated rates and weakening CRE fundamentals. While ACRE trades roughly in line with peers, we think its high level of office exposure, large amount of upcoming maturities, and number of loans originated at historically low rates adds risk.

Stock Data

Average Daily Volume 910,255

Quarterly Earnings Estimates

	2023	2024
Q1	0.28A	0.20E
Q2	0.35A	0.18E
Q3	0.25A	0.18E
Q4	0.20A	0.21E

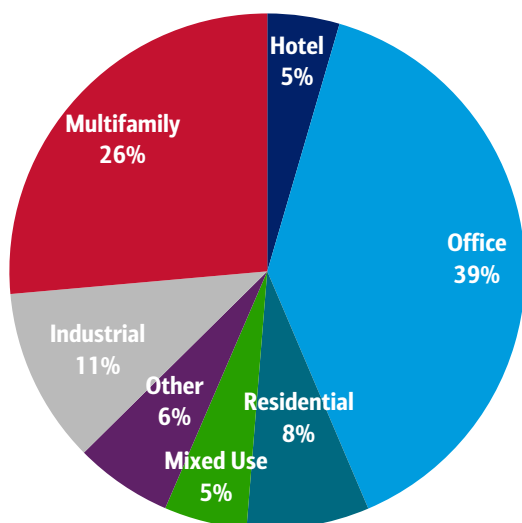
Portfolio details

Office space

ACRE's portfolio is highly exposed to office properties (Exhibit 2), which are the most troubled asset type in CRE. As of 4Q, 71% of ACRE's \$163M CECL reserve is related to office properties. The office loans are across the US, with 12% in the Sunbelt and 13% in the Midwest (Exhibit 3). ACRE also has 26% of its portfolio in Multifamily, which is primarily in the Sunbelt and Northeast (Exhibit 4).

Exhibit 2: ACRE's portfolio has a high concentration of office loans

ACRE's portfolio allocation by property type



Source: Company reports, BofA Global Research

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Exhibit 3: ACRE's office exposure is diversified across the US

Office loans by geography as % of the portfolio

	Office % of loan portfolio						Total % of Portfolio
	US office					Int'l Office	
	Northeast	Sunbelt	West	Midwest	Diversified		
ACRE	7%	12%	2%	13%	6%	0%	39%
BXMT**	12%	6%	9%	3%	0%	5%	34%
STWD*				Not disclosed			22%
ARI	5%	0%	0%	2%	0%	10%	19%
BRSP*	7%	12%	13%	0%	0%	0%	33%
LADR*				Not disclosed			28%
TRTX	11%	6%	3%	0%	0%	0%	20%

Source: Company reports, BofA Global Research

* Loan portfolio only

** Based on 150 largest loans

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Exhibit 4: ACRE's multifamily exposure is primarily Sunbelt and Northeast

Multifamily loans by geography as % of the portfolio

	Multifamily % of portfolio						Total % of Portfolio
	Northeast	Sunbelt	West	Midwest	International	Diversified	
ACRE	7%	13%	3%	3%	0%	0%	26%
BXMT**	4%	10%	4%	1%	3%	0%	22%
STWD*				Not disclosed			37%
ARI	7%	0%	0%	1%	3%	2%	13%
BRSP*	1%	41%	11%	0%	0%	0%	53%
LADR*				Not disclosed			37%
TRTX	13%	22%	10%	5%	0%	0%	49%

Source: Company reports, BofA Global Research

* Loan portfolio only

**Based on 150 largest loans

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Originations in low-rate environment may carry added risk

By our math, ACRE originated ~70% of its loan portfolio post-COVID and over 80% of loans were originated with fed funds below 2.0% (Exhibits 5 & 6). This matters not only because higher rates weigh on property valuations, but also because CRE mREIT loans are floating rate, and borrowers purchase rate caps to hedge against the risk of rate spikes which expire at loan maturity. Given the sharp move higher in rates, these rate caps have been important in keeping interest expenses in check. As loans mature, new rate caps will need to be purchased at prohibitive prices.

ACRE disclosed that 89% of their loans have SOFR floors below 2.0%, and 100% of loans have SOFR floors below 3.0%.

Exhibit 5: ~70% of ACRE portfolio originated post COVID

Origination vintage as a % of total loan portfolio

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

Source: Company reports, BofA Global Research

* Loan portfolio only

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Exhibit 6: 82% of ACRE's portfolio originated with FF rates below 2.0%

% of portfolio originated at or below given FF rate

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

Source: Company reports, BofA Global Research

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Difficult conversations at maturities

ACRE has 46% of its portfolio slated to mature in 2024 and another 43% in 2025 (Exhibits 7 & 8). In our view, this adds risk as the borrowers are forced to either refinance the loan (which will be difficult given the move in base rates and lower valuations) or ask for a loan extension which will require a significant equity infusion.

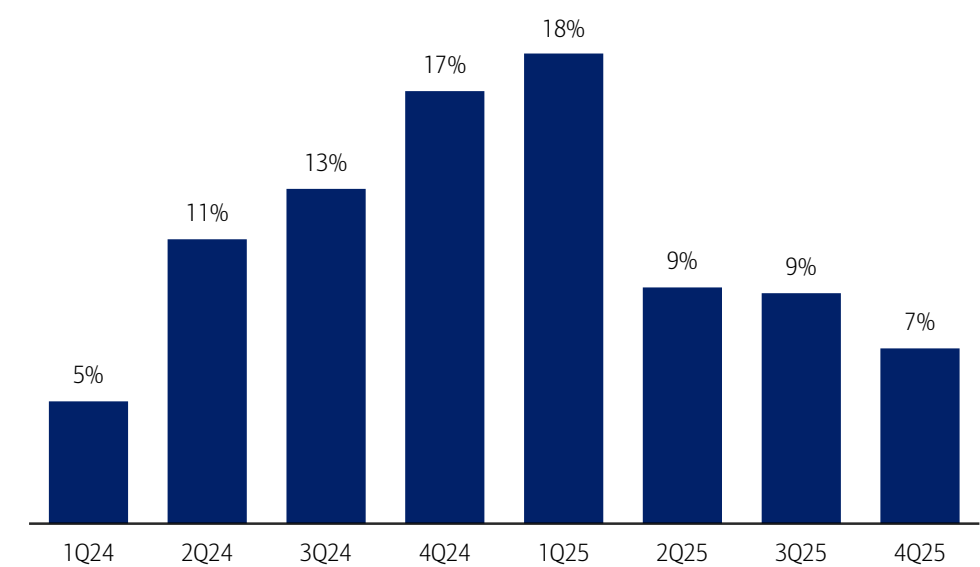
Exhibit 7: 46% of ACRE's portfolio matures in '24, another 43% in '25
% of portfolio set to mature, quarterly

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

Source: Company reports, BofA Global Research

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Exhibit 8: ACRE loan maturities pick up throughout '24 and peak in 1Q25
% of portfolio set to mature, quarterly



Source: Company reports, BofA Global Research

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Exhibit 9: ACRE summary income statement

2021A-2026E

(\$'000s)	2021A	2022E	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E
Income statement										
Interest income	133,630	170,170	198,608	44,726	43,400	42,074	42,074	172,274	175,761	176,436
Interest expense	50,080	65,994	109,652	30,337	29,845	28,595	27,185	115,963	107,162	105,858
Net interest income	83,550	104,176	88,956	14,389	13,555	13,479	14,889	56,311	68,600	70,577
Total Operating Expense	40,877	32,727	28,513	8,605	8,694	8,425	8,383	34,107	31,674	29,954
Unrealized losses on loans HFS	-	-	995	-	-	-	-	-	-	-
Net income	61,183	30,257	(38,906)	8,945	8,022	8,215	9,667	34,848	46,926	50,624
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Net income before tax	61,183	30,257	(38,906)	8,945	8,022	8,215	9,667	34,848	46,926	50,624
Taxes Expense (Benefit)	723	472	(39)	9	8	8	10	35	-	-
Net income to ACRE	60,460	29,785	(38,867)	8,936	8,014	8,206	9,657	34,813	46,926	50,624
Net income to non-controlling interest	-	-	-	50	50	50	50	200	200	-
Net income attributable to common	60,460	29,785	(38,867)	8,886	7,964	8,156	9,607	34,613	46,726	50,624
Stock-based compensation	1,940	2,876	3,991	1,041	1,041	1,041	1,041	4,164	4,164	4,164
Incentive fees to affiliate	2,753	3,442	334	-	-	-	-	-	-	-
Depreciation of real estate owned	825	(2,385)	1,015	809	809	809	809	3,236	3,236	3,236
CECL provision	9	46,061	91,825	-	-	-	-	-	-	-
Unrealized losses on loans HFS	-	-	995	-	-	-	-	-	-	-
Shares Outstanding										
Basic (EOP)	47,144	54,444	54,149	54,149	54,149	54,149	54,149	54,149	54,149	54,149
Diluted (WTD)	42,634	52,683	54,282	54,149	54,149	54,149	54,149	54,149	54,149	54,149
Earnings Per Share (EPS)										
GAAP F.D.	\$1.42	\$0.57	(\$0.72)	\$0.16	\$0.15	\$0.15	\$0.18	\$0.64	\$0.86	\$0.93
Distributable EPS	\$1.55	\$1.53	\$1.08	\$0.20	\$0.18	\$0.18	\$0.21	\$0.78	\$1.00	\$1.07
Dividends (p.s.)	\$1.40	\$1.40	\$1.36	\$0.25	\$0.25	\$0.25	\$0.25	\$1.00	\$1.00	\$1.00
Dividend payout ratio	99%	248%	-190%	126%	138%	135%	118%	156%	116%	107%
Book value per share	\$14.39	\$13.73	\$11.56	\$11.47	\$11.37	\$11.27	\$11.20	\$11.20	\$11.06	\$10.99

Source: Company reports, BofA Global Research estimates

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Price objective basis & risk

Ares Commercial Real Estate Corporation (ACRE)

Our \$7 Price Objective is based on an approximate 0.6x multiple to current book value. In our view, ACRE should trade at a discount to the peer average given its high exposure to office CRE and wall of upcoming maturities. Valuations for the comparable mortgage REIT peers are around 0.7x BV. We think our PO is achievable as ACRE delivers modest growth, improving margins, and stable credit performance.

Upside/Downside risks to our achieving our price objective are: 1) faster/slower than expected origination volumes could increase/reduce earnings, 2) Widening/tightening assets spreads could increase/reduce returns on incremental investments, 3) Ability/inability to access capital at reasonable prices could accelerate/limit portfolio growth and impact earnings, 4) material strengthening/weakening in real estate fundamentals could lead to stronger/weaker asset values and potentially lead to gains/losses and 5) material decrease/increase in interest rates could inflate/impair the value of underlying assets.

Analyst Certification

I, Eric Dray, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Nuveen Churchill Direct Lending	NCDL	NCDL US	Derek Hewett
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala



North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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
	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 Mortgage Trust Inc	BXMT	BXMT US	Eric Dray, CFA
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Eric Dray, CFA
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Palmer Square Capital BDC	PSBD	PSBD US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	Starwood Property Trust	STWD	STWD US	Eric Dray, CFA
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
UNDERPERFORM				
	Apollo Commercial Real Estate Finance	ARI	ARI US	Eric Dray, CFA
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Eric Dray, CFA
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	BrightSpire Capital Inc.	BRSP	BRSP US	Eric Dray, CFA
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Eric Dray, CFA
	Zions Bancorp	ZION	ZION US	Brandon Berman

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

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

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

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

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

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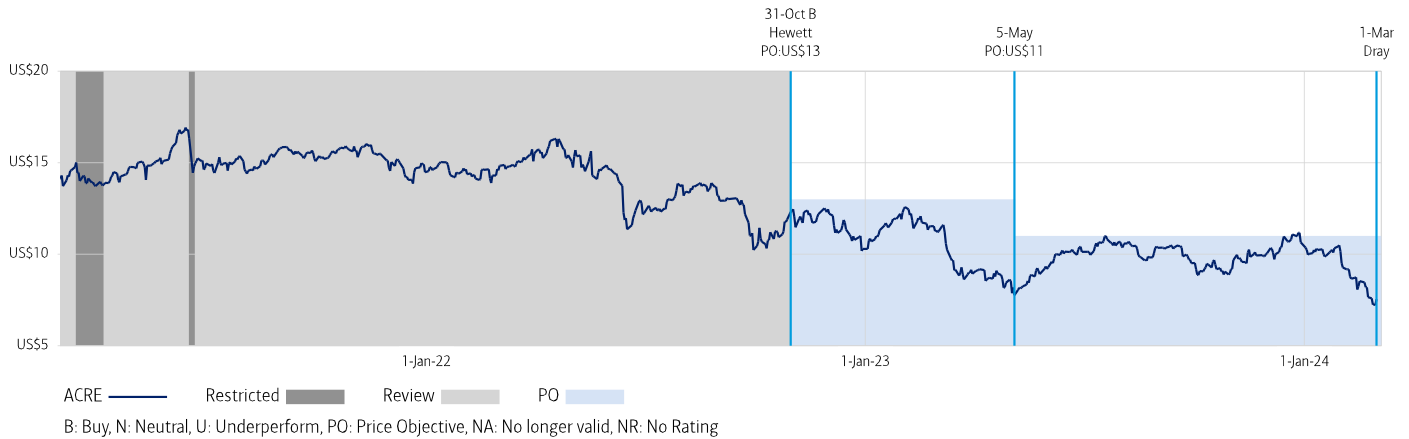
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Equity Investment Rating Distribution: Financial Services Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	156	53.79%	Buy	94	60.26%
Hold	72	24.83%	Hold	48	66.67%
Sell	62	21.38%	Sell	35	56.45%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
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^{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}
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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