

US Banks

Earnings & beyond: Bleak

Industry Overview

Stock price action pointing to 2024 hard landing...

The relentless sell-off in bank stocks seems somewhat disconnected vs. mgmt. outlooks indicating potential for net interest income stabilization, credit resiliency, investment banking pick-up. Although signs of credit stress building, with the job market likely to serve as the swing factor in determining the severity of the credit cycle. Consensus 2024e EPS stayed relatively unchanged vs. pre-3Q levels. [Exhibit 1–10](#).

...with EPS risks skewed to the downside

Investors understandably focused on downside EPS risks and tail risk events due to higher for longer rates, geo-politics. At the moment bank stocks have little going for them other than being “cheap” vs. history/S&P. As we have argued all year, the group likely needs a clearing event – peak rates, Fed cuts, credit cycle – before investors re-engage. The 25% YTD sell-off in stocks has kept pace with -25% revision to cons. 2024e EPS. [Exhibit 11–18](#).

10yr UST yields vs. bank stocks, something’s gotta give

The divergence in 10yr UST yield (higher) and bank stocks (lower) since August is notable, potentially setting-up for another bear market bounce (unless yields drop). Not many instances where these have diverged for long. Signs of cooling inflation without severe damage to the economy, easing geo-political tensions could drive stocks higher into year-end. [Exhibit 19](#).

Stocks best positioned to deliver alpha

Wells Fargo (self-help intact), Goldman Sachs (consumer noise fading, investment banking pick-up), US Bancorp (reg relief, B/S resiliency), BNY Mellon (strategic initiatives underestimated), KeyCorp (EPS trough nearing), East West (valuation disconnect vs. ROE/ROA). Catalyst watch: Truist could see a bounce on the announcement of sale of the insurance business.

Links to 3Q23 review notes: **Large-caps:** [BK](#), [C](#), [CFG](#), [FITB](#), [GS](#), [HBAN](#), [JPM](#), [KEY](#), [MS](#), [MTB](#), [NTRS](#), [PNC](#), [RF](#), [STT](#), [TFC](#), [USB](#), [WFC](#). **Mid-caps:** [ALLY](#), [ASB & TCBI](#), [BPOP](#), [CFR](#), [CMA](#), [EWBC](#), [FBP & BOH](#), [FHN](#), [NYCB](#), [PB](#), [SNV](#), [WAL](#), [ZION](#).

Regulatory overhang to persist, but not all bad news

Basel endgame remains a significant overhang, but comment period extended, push back from policymakers (regulators, Congress) suggests potential for meaningful changes vs. proposed rules. Proposed reduction in debit interchange fees (-30%; helps Fintechs by worsening regulatory arbitrage) likely a low single digit revenue hit for banks. Too soon to tell on real-world implications of finalized CRA (Community Reinvestment Act) rules.

3Q23 snapshot

Credit trends normalizing: nonperforming loans +2bp QoQ to 0.49% vs. 0.57% YE19; Net charge-offs +4bp QoQ to 0.24%, same as 2019. Depositor behavior a wildcard: net interest margin -8bp QoQ 3Q23, net interest income -1.5%. Capital markets rebound debated: investment banking fees -4% YoY, -22% vs 4Q19, trading -3% YoY, +40% vs 4Q19 levels. See [Exhibit 20–70](#) for operating trends.

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See Exhibit 87 for a list of stocks mentioned and acronym definitions

Earnings & Beyond

2024 EPS estimates -0.3% vs. pre-3Q and -25% YTD

Exhibit 1: Large cap 2024e EPS YTD 2024e EPS revision: -24.3%
YTD 2024e EPS revisions

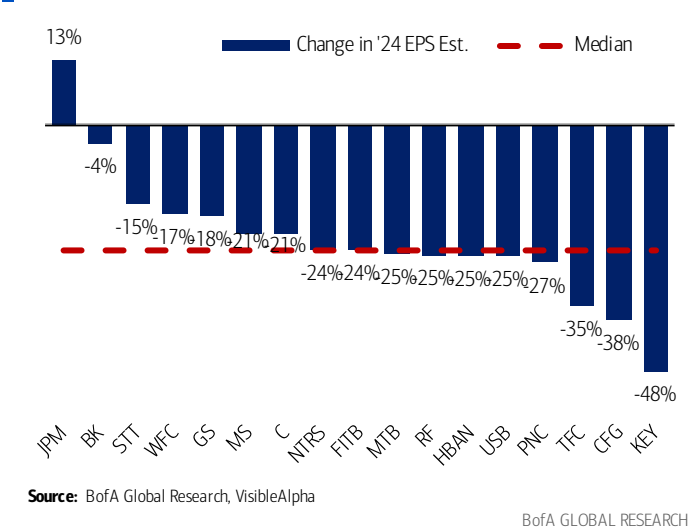


Exhibit 2: Mid cap 2024e EPS YTD 2024e EPS revision: -26.9%
YTD 2024e EPS revisions

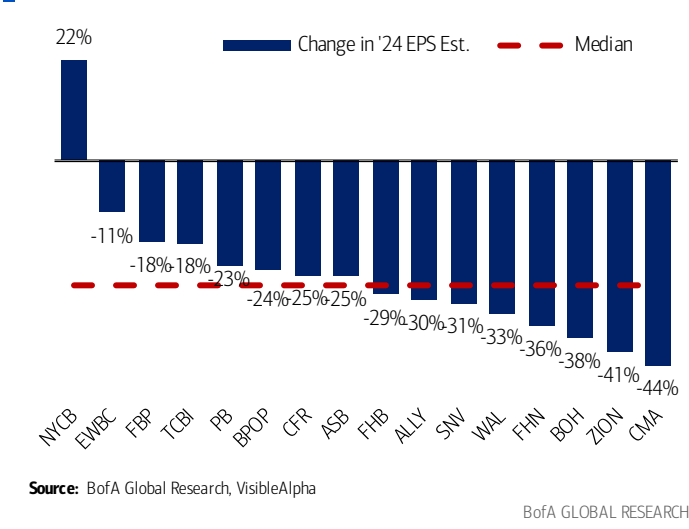


Exhibit 3: Large cap 2024e EPS revision: -30bp
Walk of EPS revisions vs. pre 3Q23 results

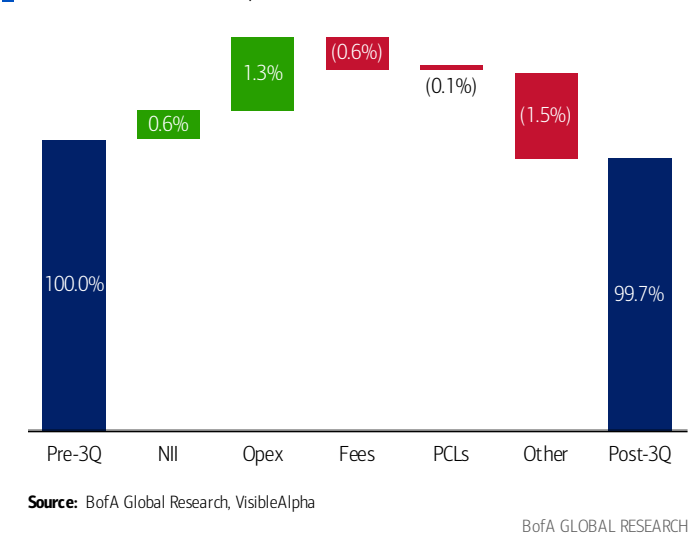


Exhibit 4: Mid cap 2024e EPS revision: -120bp
Walk of EPS revisions vs. pre 3Q23 results

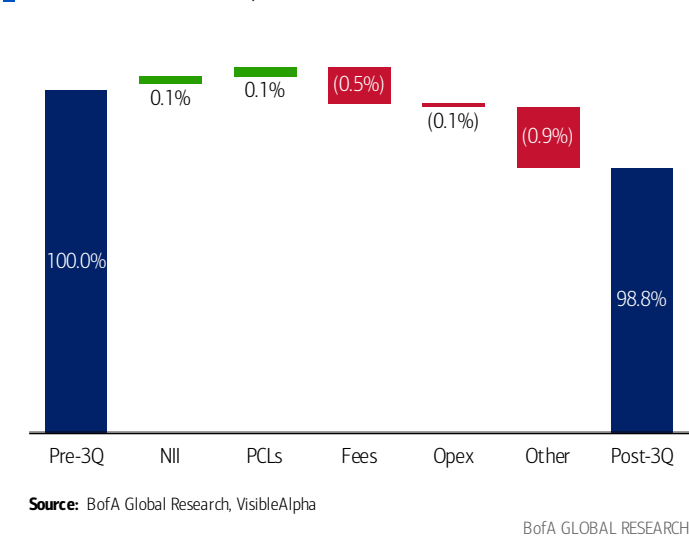


Exhibit 5: Large cap 4Q23e EPS revision: -290bp

Walk of EPS revisions vs. pre 3Q23 results



Source: BofA Global Research, VisibleAlpha

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Exhibit 6: Mid cap 4Q23e EPS revision: +80bp

Walk of EPS revisions vs. pre 3Q23 results

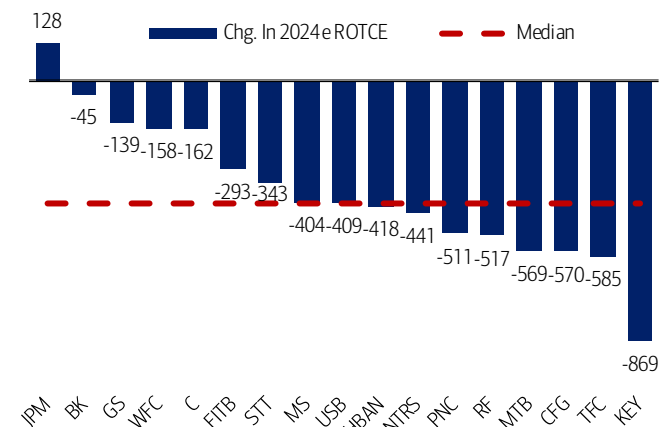


Source: BofA Global Research, VisibleAlpha

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Exhibit 7: Large cap change in 2024e ROTCE estimates: -409bp YTD

YTD 2024e ROTCE forecast revisions (bp)

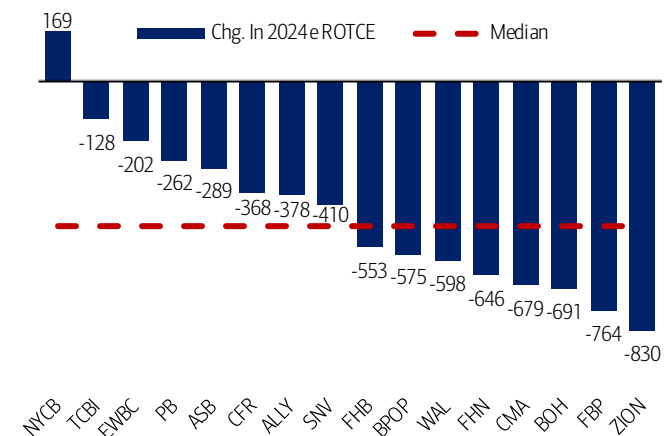


Source: BofA Global Research, VisibleAlpha

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Exhibit 8: Mid cap change in 2024e ROTCE estimates: -481bp YTD

YTD 2024e ROTCE forecast revisions (bp)

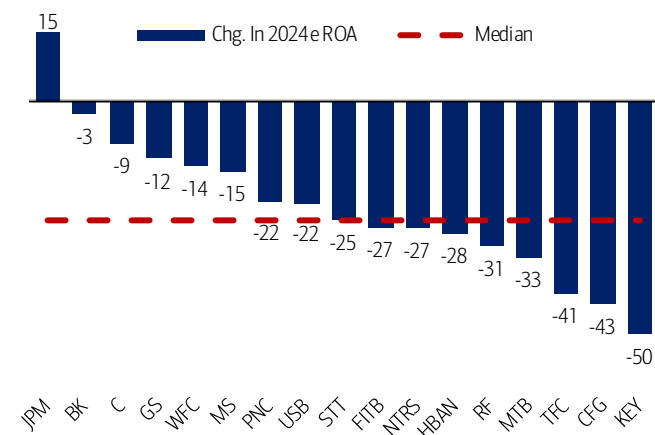


Source: BofA Global Research, VisibleAlpha

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Exhibit 9: Large cap change in 2024e ROA estimates: -25bp YTD

YTD 2024e ROA forecast revisions (bp)

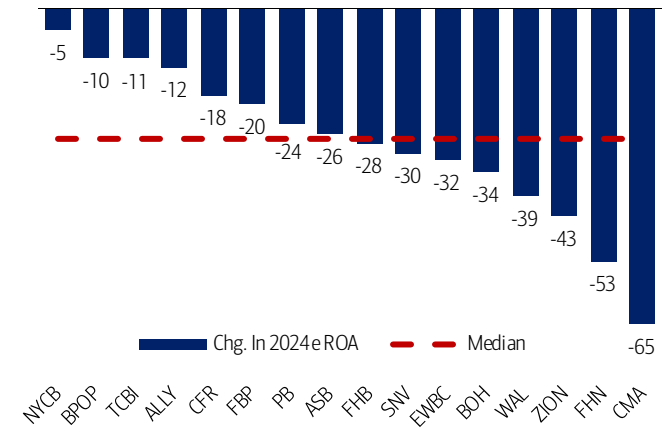


Source: BofA Global Research, VisibleAlpha

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Exhibit 10: Mid cap change in 2024e ROA estimates: -27bp YTD

YTD 2024e ROA forecast revisions (bp)



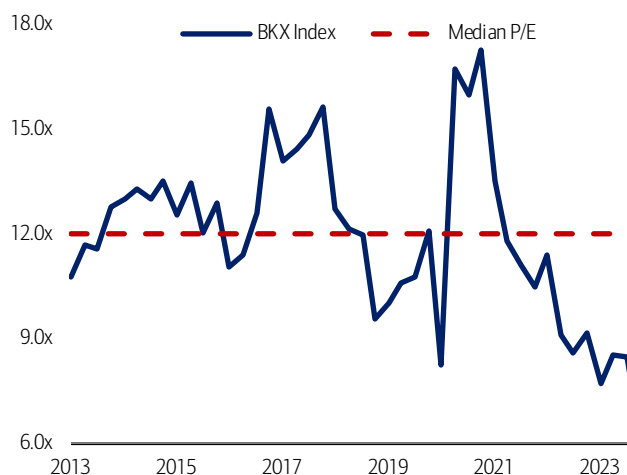
Source: BofA Global Research, VisibleAlpha

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Stock valuations flirting with historical lows

Exhibit 11: BKX trading at 7.8x, below its historical median of 12x
BKX Index P/E ratio over the last decade



Source: BofA Global Research, Bloomberg

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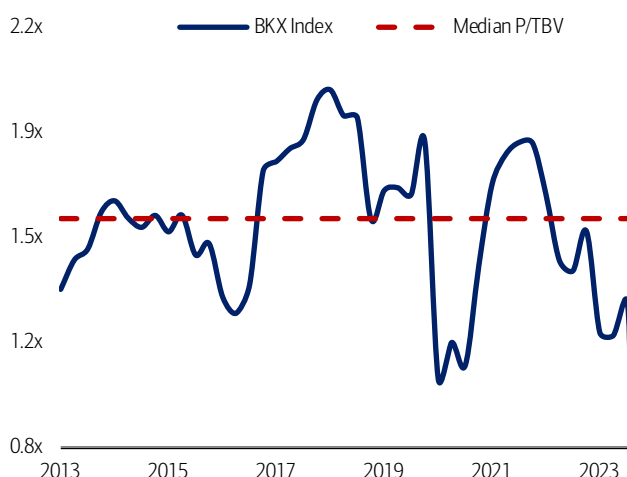
Exhibit 12: KRX trading at 8.4x, below its historical median of 14.3x
KRX Index P/E ratio over the last decade



Source: BofA Global Research, Bloomberg

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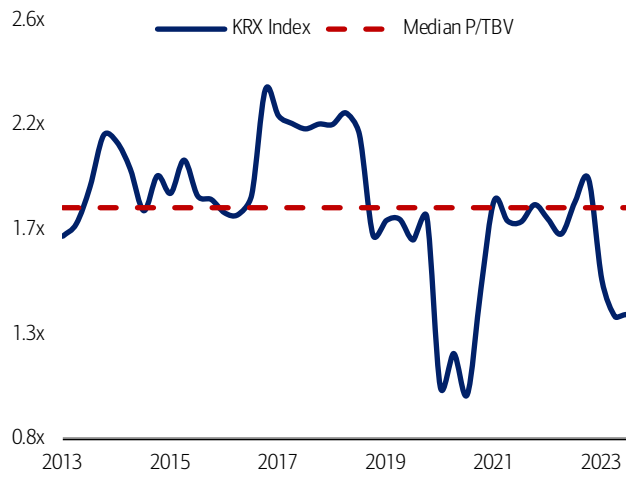
Exhibit 13: BKX trading at 1.0x, below its historical median of 1.6x
BKX Index P/TBV ratio over the last decade



Source: BofA Global Research, Bloomberg

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Exhibit 14: KRX trading at 0.9x, below its historical median of 1.8x
KRX Index P/TBV ratio over the last decade

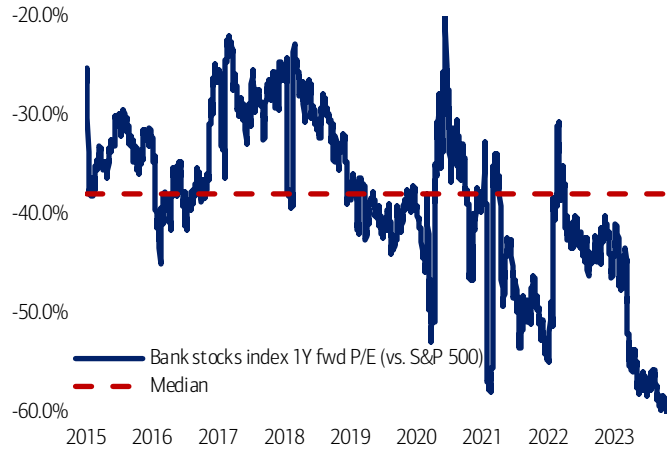


Source: BofA Global Research, Bloomberg

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Exhibit 15: Bank stocks below relative P/E historical median of -38%

Bank stock index P/E relative to S&P 500

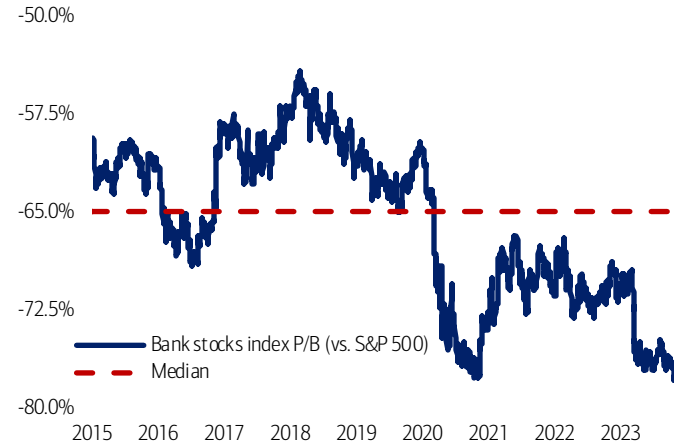


Source: BofA Global Research, Bloomberg

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Exhibit 16: Bank stocks below relative P/B historical median of -65%

Bank stock index P/B relative to S&P 500

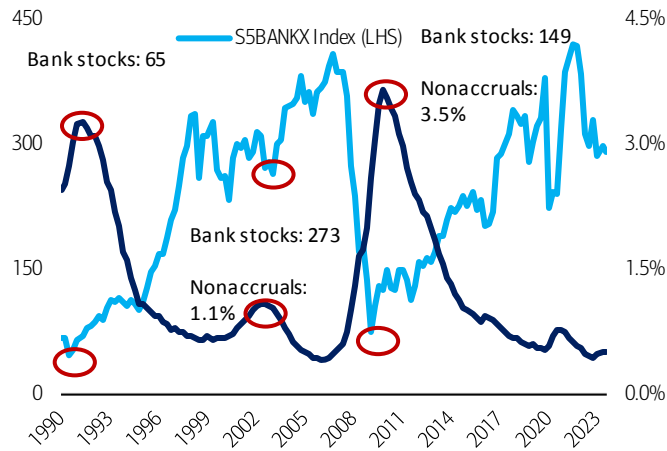


Source: BofA Global Research, Bloomberg

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Exhibit 17: Bank stock need a clearing event: credit cycle

Bank stock index vs. Nonaccrual ratios

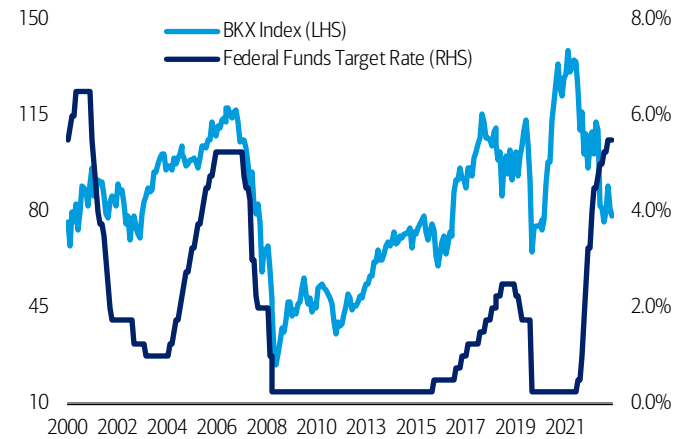


Source: BofA Global Research, Bloomberg, FDIC

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Exhibit 18: Bank stocks need a clearing event: Fed rate cuts

Bank stock index vs. Federal funds rate

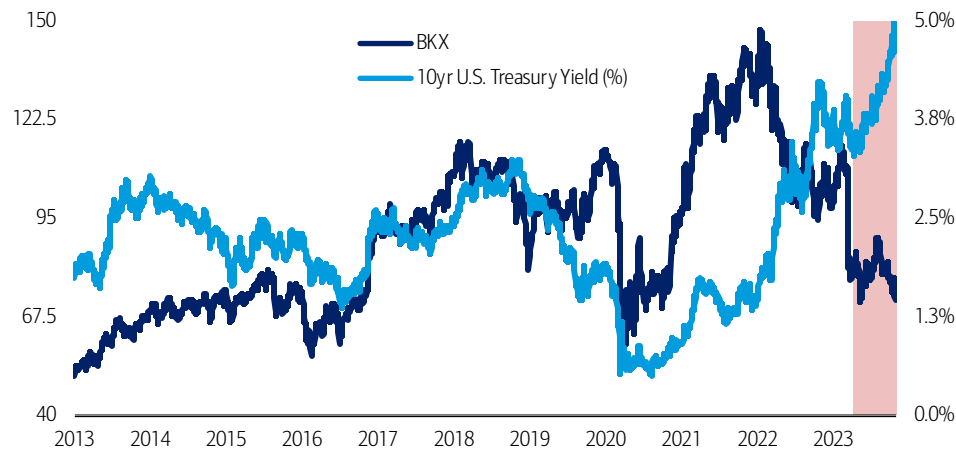


Source: BofA Global Research, Bloomberg

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Exhibit 19: Bank stocks falling as 10yr treasury rises

BKX Index vs. U.S. 10yr treasury yield



Source: BofA Global Research, Bloomberg

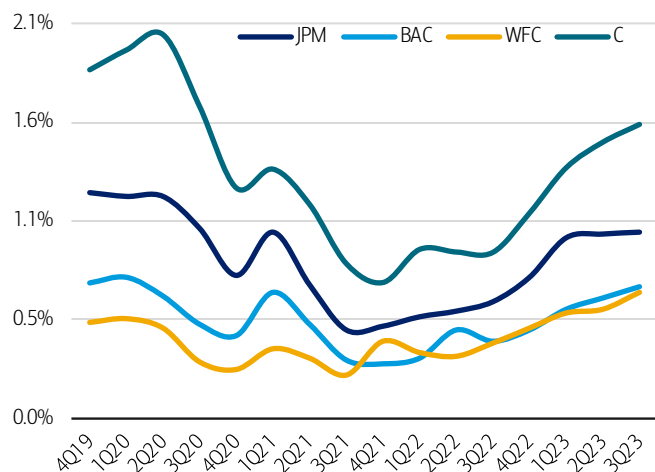
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Credit quality hanging-in, but for how long

Credit trends gradually normalizing but remain well-behaved. CRE office and lower FICO consumer were cited as the soft spots. CRE multifamily being watched for pressure in oversupplied markets. 30-90 day past due credit card loans 2.02% vs. 1.98% YE19. Nonperforming loans +7bp/flat QoQ to 0.54%/0.42% large/mid-caps vs. 0.59%/0.53% FY19. Net charge-offs +1bp/+7bp QoQ to 0.36%/0.16% large/mid-caps vs. 0.39%/0.17% FY19. Consensus FY24 credit provisioning forecast +14% YoY.

Exhibit 20: Consumer NCOs above pre-pandemic levels at BAC/WFC

Consumer charge offs as a % of average consumer loans

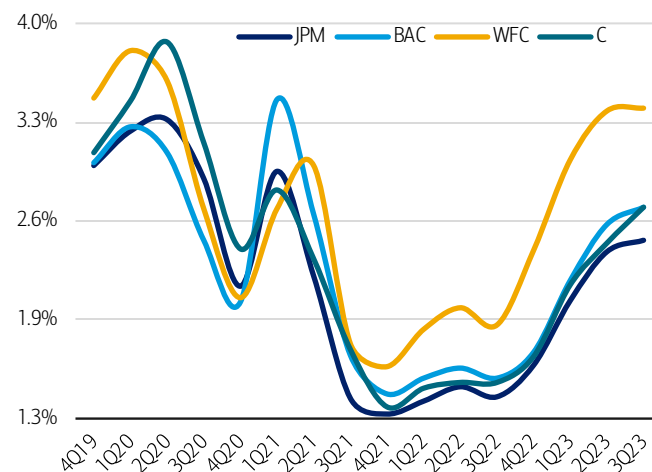


Source: BofA Global Research, company filings

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Exhibit 21: Credit card NCOs remain below pre-pandemic levels for all

Credit card charge offs as a % of average credit card loans

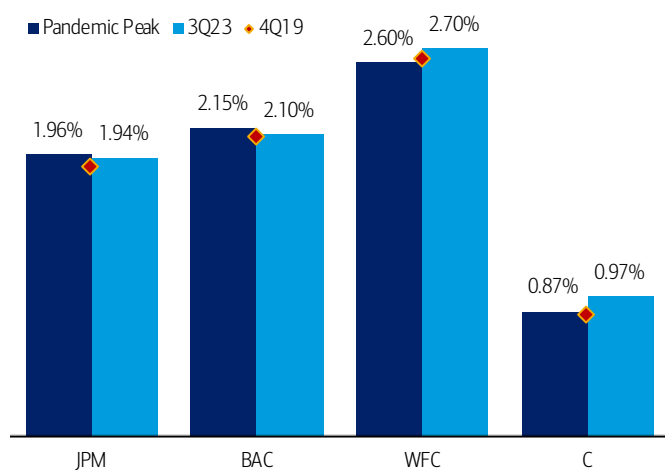


Source: BofA Global Research, company filings

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Exhibit 22: Banks are near/above their pre-pandemic 30-89 PD levels

30-89 day past due credit card delinquencies as a % of credit card loans

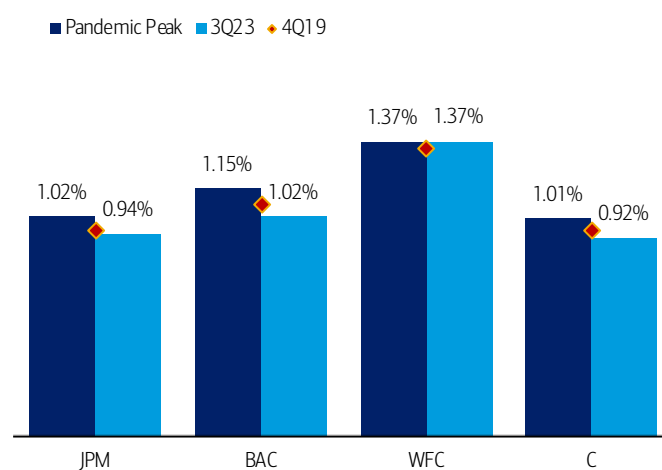


Source: BofA Global Research, company filings

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Exhibit 23: Credit deterioration underway as 90+ PD creeps higher

90+ day past due credit card delinquencies as a % of credit card loans

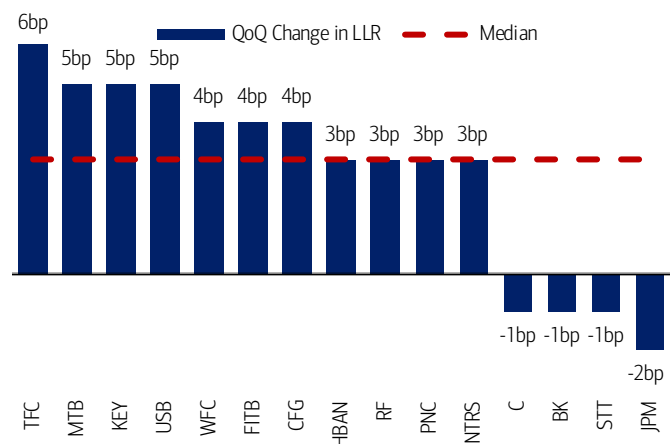


Source: BofA Global Research, company filings

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Exhibit 24: Large-cap banks: Change in loan loss reserves: +3bp

Large cap change in LLR 3Q23 vs. 2Q23

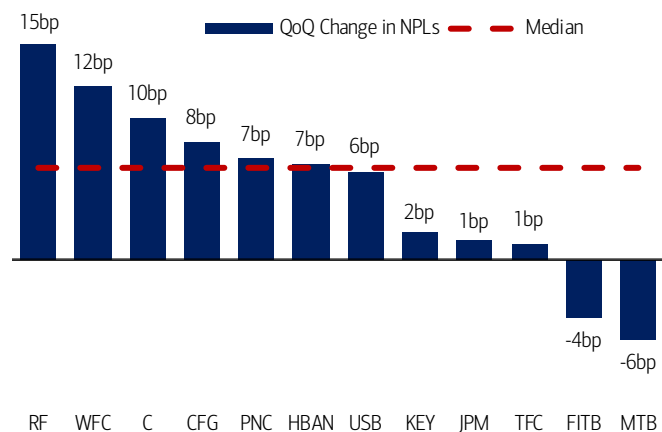


Source: BofA Global Research, company filings

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Exhibit 26: Large-cap banks: QoQ chg in non-performing loans: +7bp

Large cap change in NPLs 3Q23 vs. 2Q23

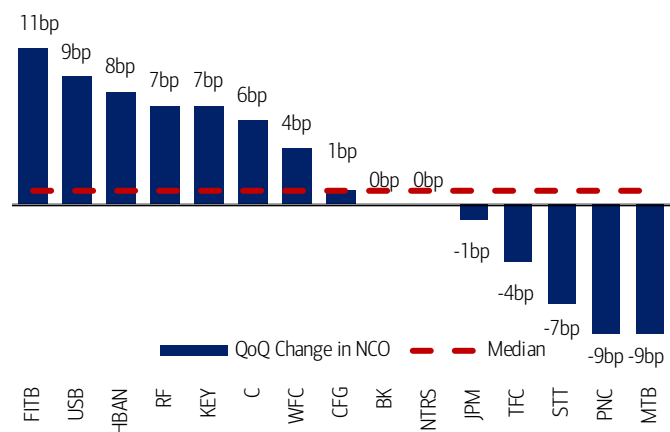


Source: BofA Global Research, company filings

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Exhibit 28: Large-cap banks: QoQ chg in net charge-offs: +1bp

Large cap change in NCOs 3Q23 vs. 2Q23

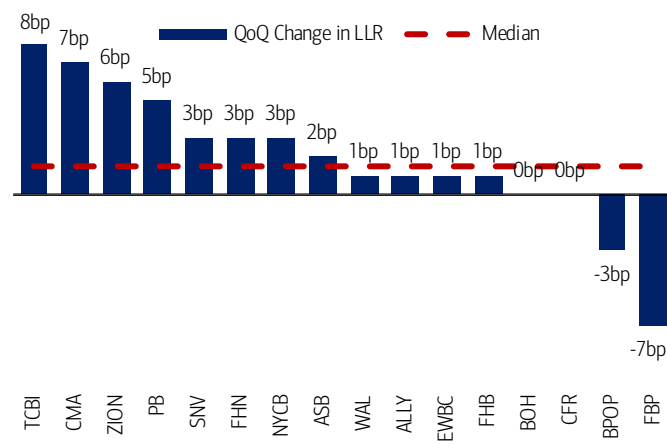


Source: BofA Global Research, company filings

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Exhibit 25: Mid-cap banks: Change in loan loss reserves: +2bp

Mid cap change in LLR 3Q23 vs. 2Q23

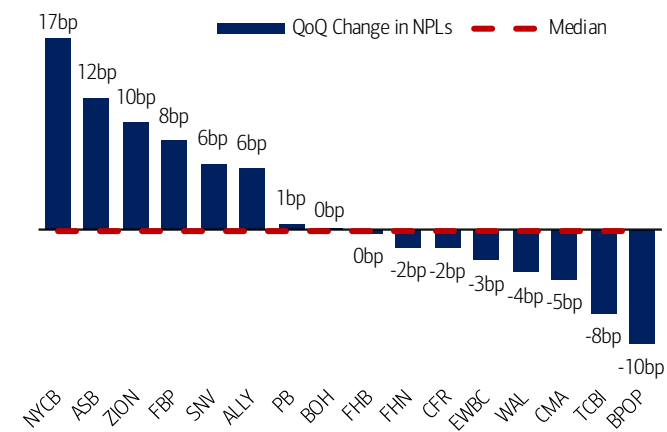


Source: BofA Global Research, company filings

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Exhibit 27: Mid-cap banks: QoQ chg in non-performing loans: +0bp

Mid cap change in NPLs 3Q23 vs. 2Q23

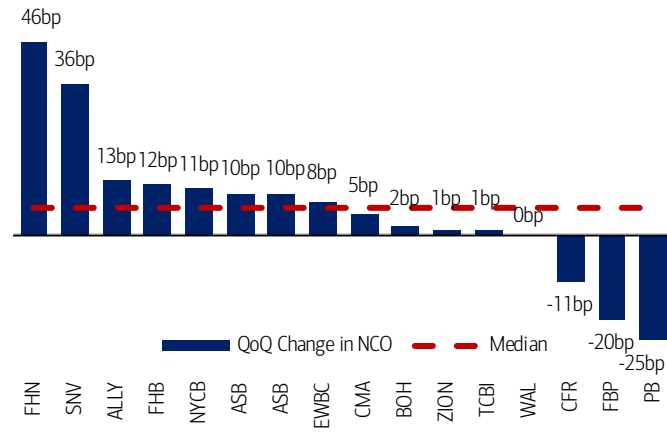


Source: BofA Global Research, company filings

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Exhibit 29: Mid-cap banks: QoQ chg in net charge-offs: +7bp

Mid cap change in NCOs 3Q23 vs. 2Q23



Source: BofA Global Research, company filings

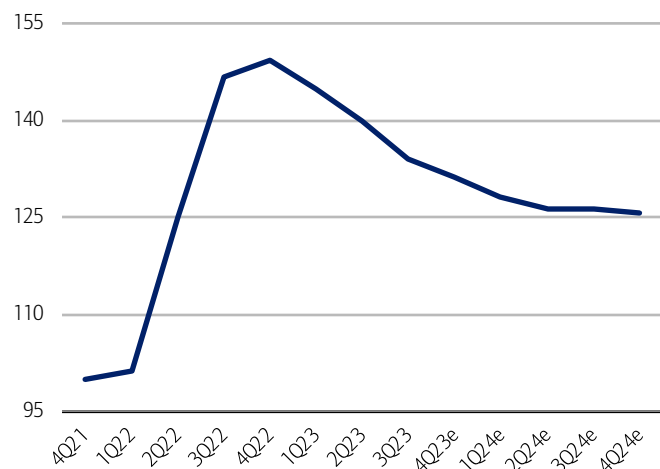
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What do depositors want?

Base case expectations for NII to stabilize on moderating deposit pricing pressures (3 months since the last Fed rate hike) and repricing of fixed rate assets. But downside risks persist given the gap between 5.5% overnight rate and 2.59% average interest bearing deposit cost. Swaps to guard against lower rates to serve as a headwind. Consensus FY24 net interest income forecast -3% YoY.

Exhibit 30: Large cap NII to continue falling, remain above 4Q21

Large cap NII growth indexed to 100

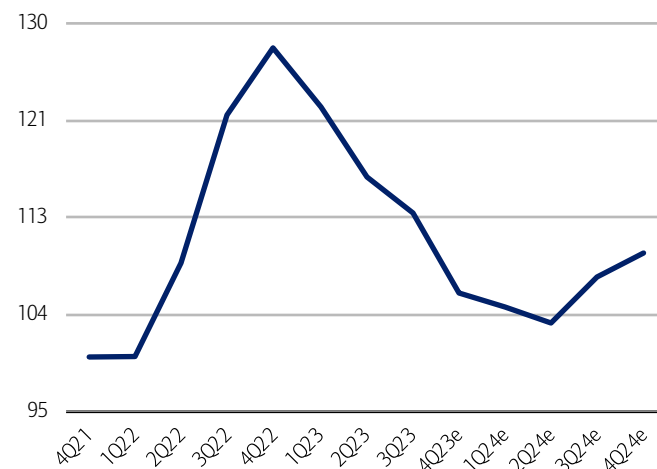


Source: BofA Global Research, company filings

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Exhibit 31: Mid cap NII to rebound in 2H24

Mid cap NII growth indexed to 100

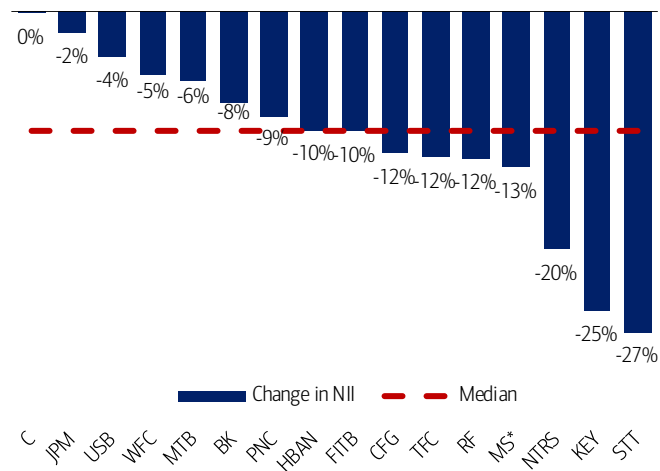


Source: BofA Global Research, company filings

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Exhibit 32: Large-cap banks: Median YoY NII forecast -10%*

Consensus implied large cap YoY change in NII 4Q23e/4Q22

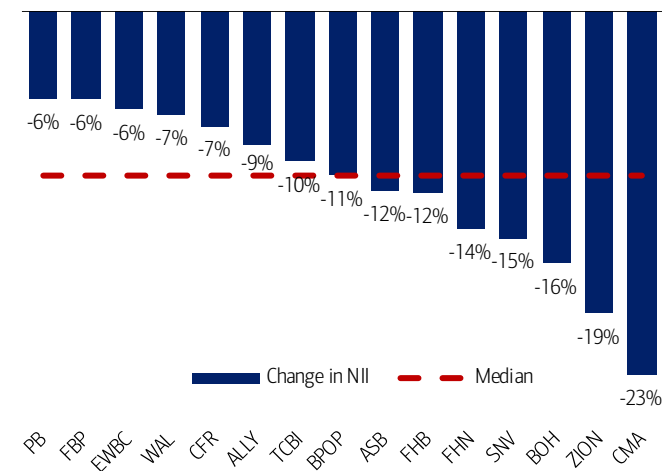


Source: BofA Global Research, company filings, Visible Alpha
* MS denotes Wealth Management NII, JPM excluding FRC impact

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Exhibit 33: Mid-cap banks: Median YoY NII forecast: -11%

Consensus implied mid cap YoY change in NII 4Q23e/4Q22

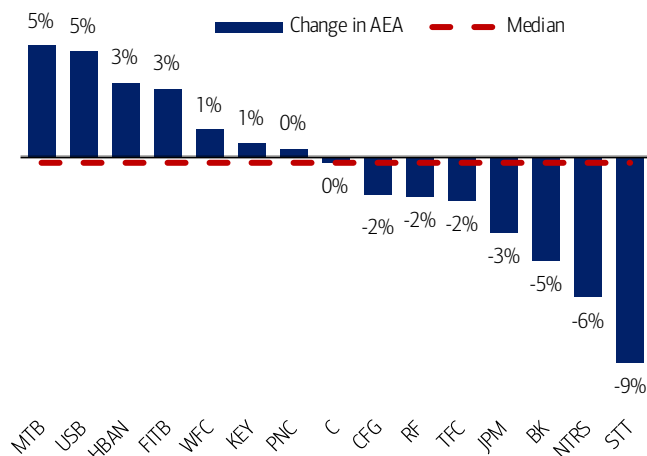


Source: BofA Global Research, company filings, Visible Alpha

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Exhibit 34: Large-cap banks: Median YoY AEA growth: -0.3%

Consensus implied YoY change in AEA 4Q23e/4Q22

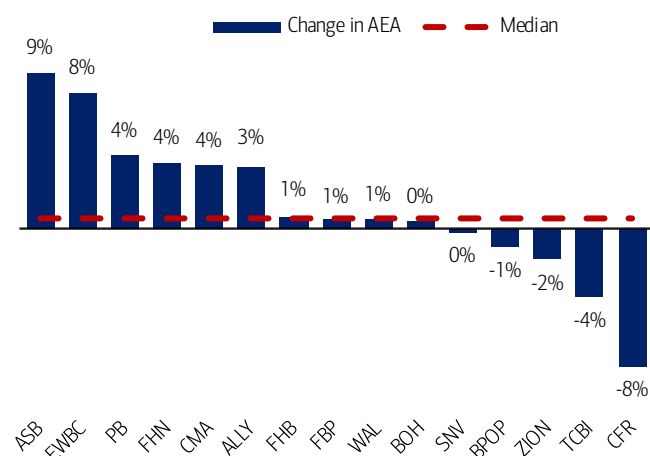


Source: BofA Global Research, company filings, Visible Alpha

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Exhibit 35: Mid-cap banks: Median YoY AEA growth: +0.6%

Consensus implied YoY change in AEA 4Q23e/4Q22

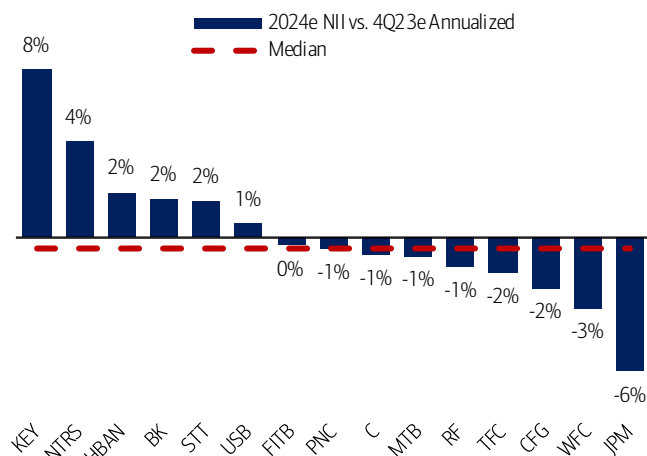


Source: BofA Global Research, company filings, Visible Alpha

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Exhibit 36: Large-cap banks: 2024e NII vs 4Q23e NII annualized: -1%

Consensus difference between 2024e NII vs. 4Q23e NII annualized

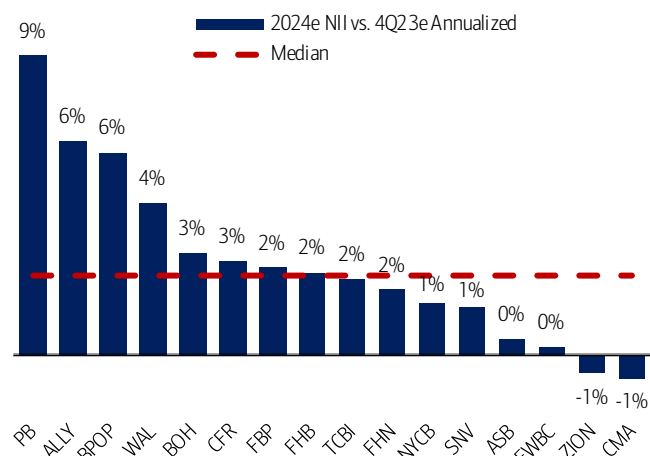


Source: BofA Global Research, Visible Alpha

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Exhibit 37: Mid-cap banks: 2024e NII vs. 4Q23e NII annualized: +2%

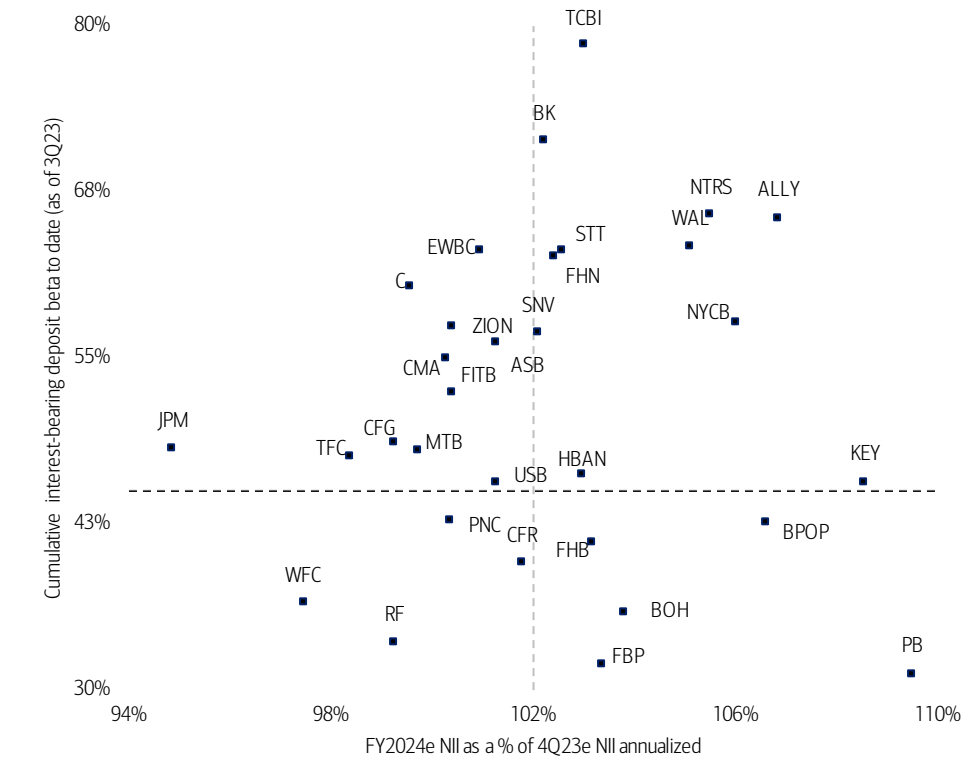
Consensus difference between 2024e NII vs. 4Q23e NII annualized



Source: BofA Global Research, Visible Alpha

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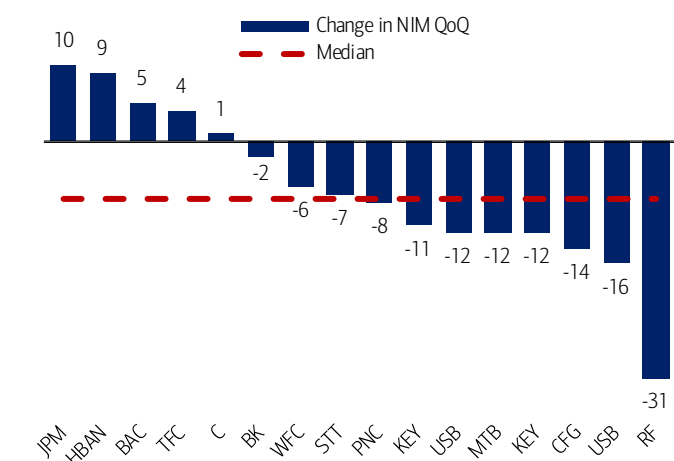
Exhibit 38: Negative revisions to 2024e NII may continue as betas continue to creep higher
FY2024e NII as a % of 4Q23e NII annualized vs. cumulative interest-bearing deposit beta to date as of 3Q23



Source: BofA Global Research, company filings, SNL Financial, VisibleAlpha

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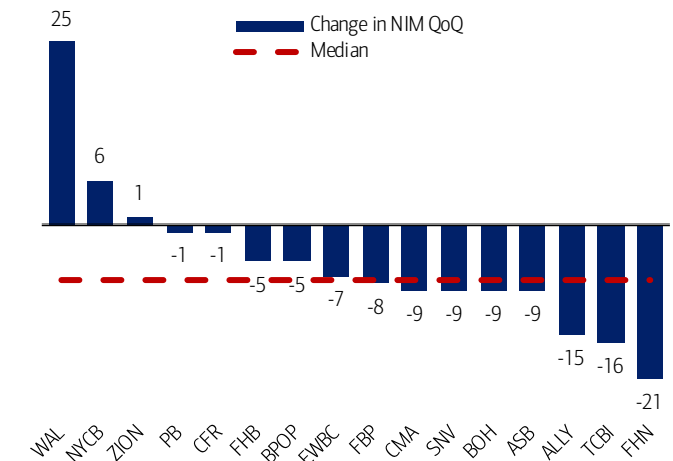
Exhibit 39: Large cap change in net interest margin: -8bp
QoQ change in NIM for large cap banks, 3Q23 vs 2Q23 (bp)



Source: BofA Global Research, company filings, SNL Financial

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Exhibit 40: Mid cap change in net interest margin: -8bp
QoQ change in NIM for mid cap banks, 3Q23 vs 2Q23 (bp)



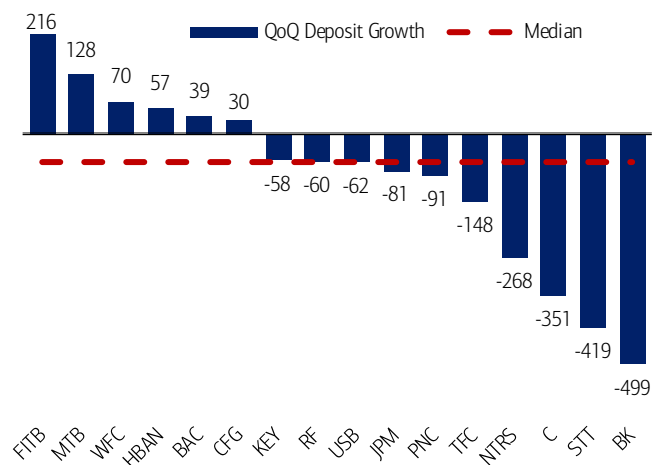
Source: BofA Global Research, company filings, SNL Financial

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Exhibit 41: Large-cap change in deposits: -61bp

QoQ growth in deposits for large cap banks, 3Q23 vs 2Q23 (bp)

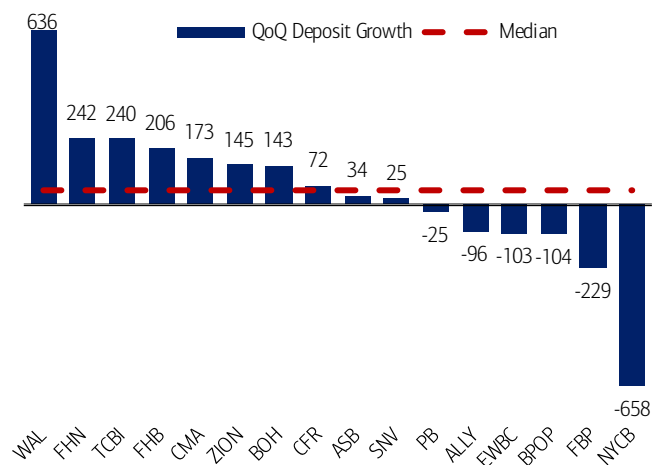


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 42: Mid-cap change in deposits: +53bp

QoQ growth in deposits for mid cap banks, 3Q23 vs 2Q23 (bp)

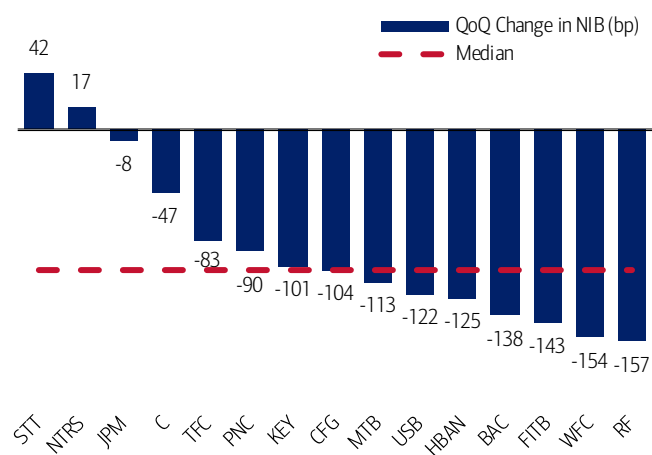


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 43: Large cap change in NIB deposit mix: -104bp

QoQ change in NIB deposit mix for large cap banks, 3Q23 vs 2Q23 (bp)

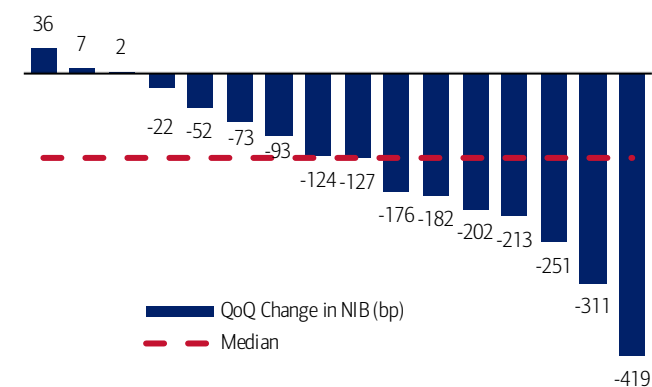


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 44: Mid cap change in NIB deposit mix: -126bp

QoQ change in NIB deposit mix for mid cap banks, 3Q23 vs 2Q23 (bp)

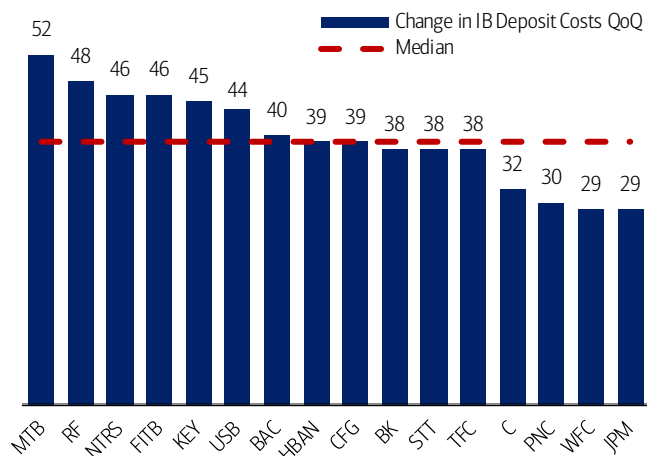


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 45: Large cap change in IB deposit costs: +39bp

QoQ change in IB deposit costs for large cap banks, 3Q23 vs 2Q23 (bp)

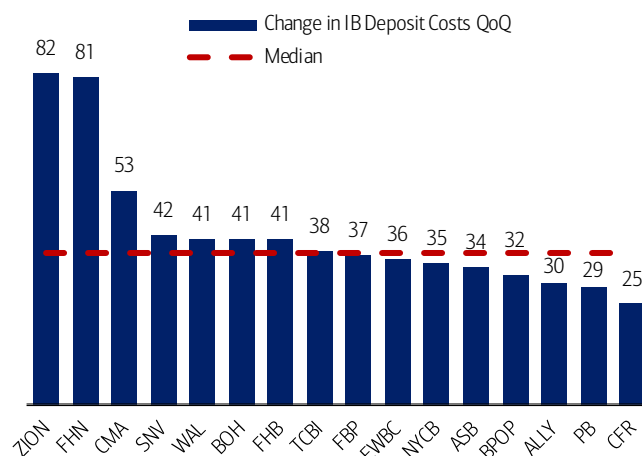


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 46: Mid cap change in IB deposit costs: +38bp

QoQ change in IB deposit costs for mid cap banks, 3Q23 vs 2Q23 (bp)

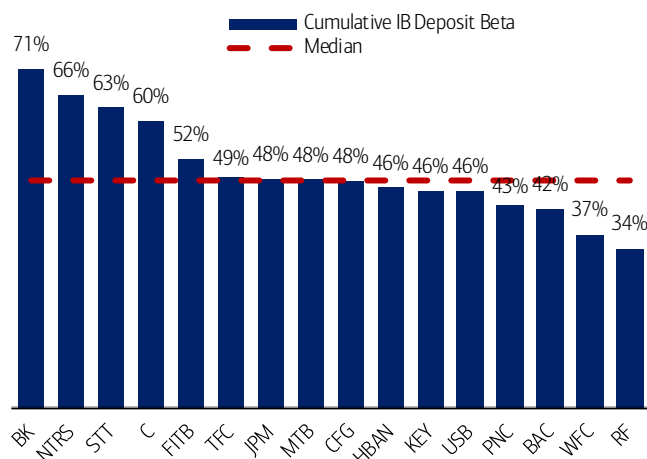


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 47: Large cap interest-bearing-deposit beta: 48%

Cumulative interest-bearing deposit beta for large cap banks, as of 3Q23

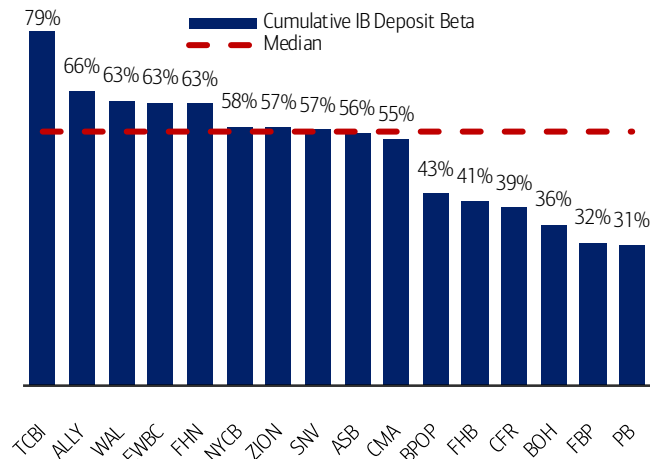


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 48: Mid cap interest-bearing-deposit beta: 57%

Cumulative interest-bearing deposit beta for mid cap banks, as of 3Q23

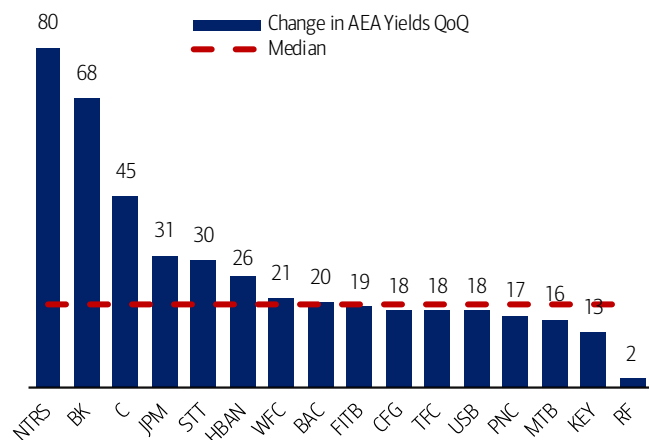


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 49: Large cap change in AEA yields: 20bp

QoQ change in AEA yields for large cap banks, 3Q23 vs 2Q23 (bp)

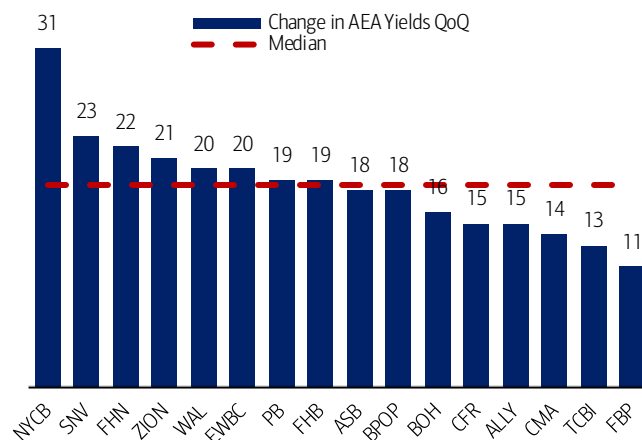


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 50: Mid cap change in AEA yields: 19bp

QoQ change in AEA yields for mid cap banks, 3Q23 vs 2Q23 (bp)

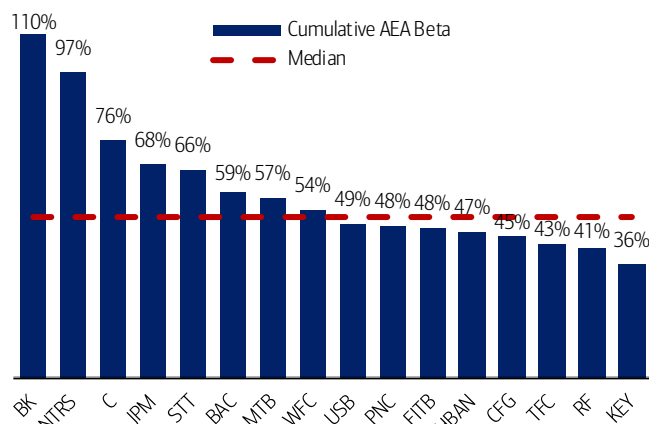


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 51: Large cap earning asset beta: 51%

Cumulative average earning asset beta for large cap banks, as of 3Q23

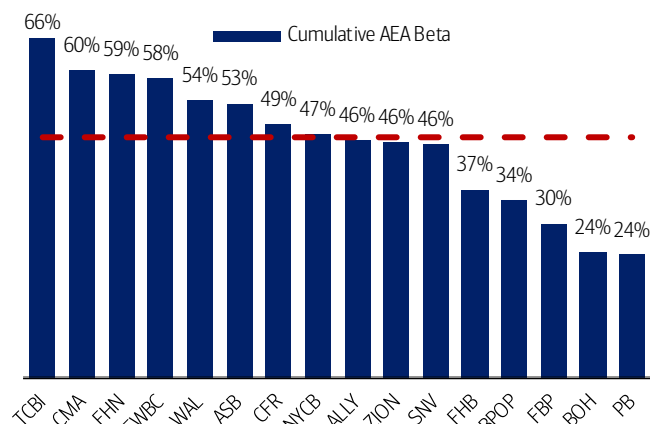


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 52: Mid cap earning asset beta: 47%

Cumulative average earning asset beta for mid cap banks, as of 3Q23

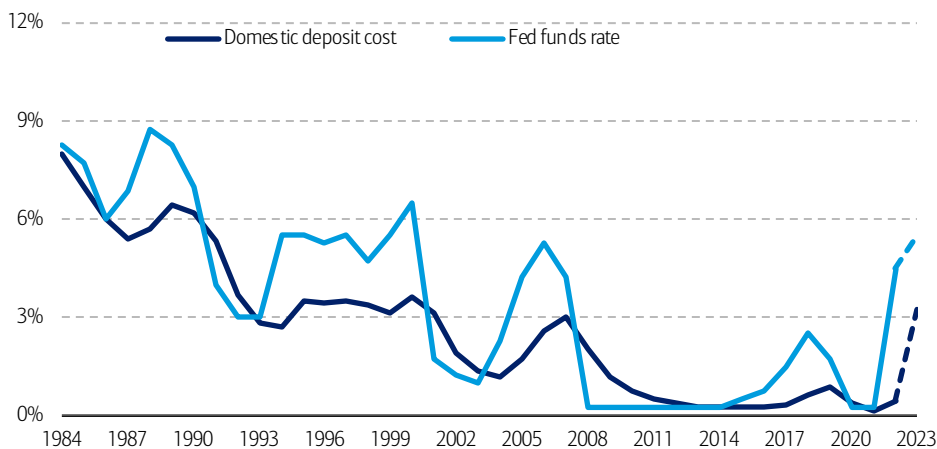


Source: BofA Global Research, company filings, SNL Financial

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Exhibit 53: Deposit costs beginning to rise quicker after lag

Deposit costs vs. Federal funds rate



Source: BofA Global Research, FDIC

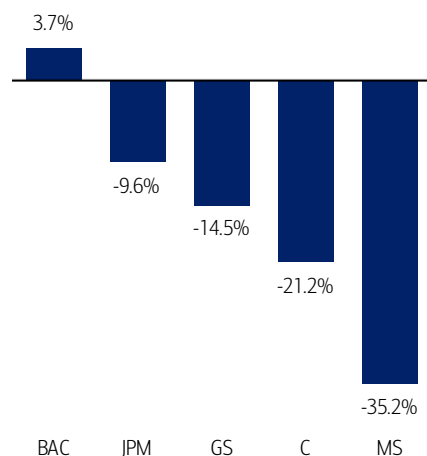
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Capital markets rebound debated

Poor performance of recent IPOs, rising geo-political risks, tightening funding markets topped with uncertainties tied to next year's US Presidential elections raising doubts for an investment banking rebound. Investment banking fees -4% YoY, -22% vs 4Q19 levels, total trading -3% YoY, +40% vs 4Q19 levels.

Exhibit 54: 3Q23 M&A revenue

YoY change

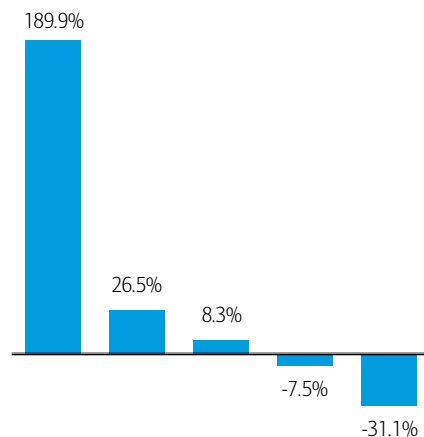


Source: BofA Global Research, company filings

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Exhibit 55: 3Q23 DCM revenue

YoY change

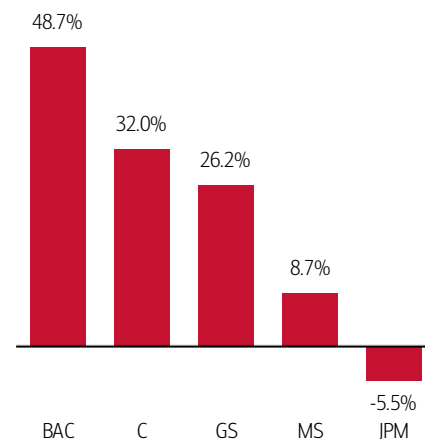


Source: BofA Global Research, company filings

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Exhibit 56: 3Q23 ECM revenue

YoY change

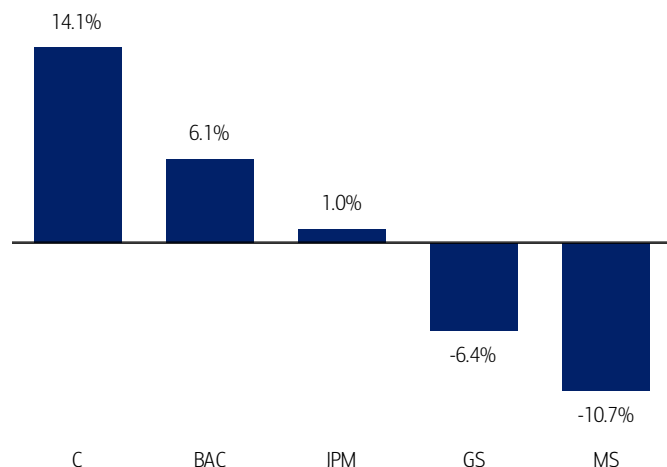


Source: BofA Global Research, company filings

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Exhibit 57: 3Q23 FICC trading revenue

YoY change

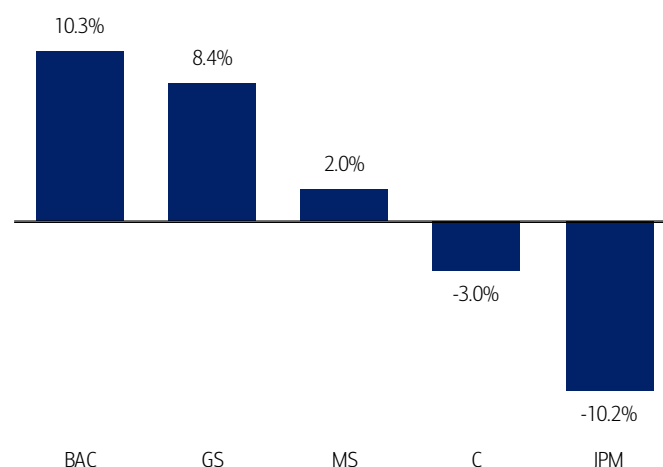


Source: BofA Global Research, company filings

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Exhibit 58: 3Q23 equities trading revenue

YoY change

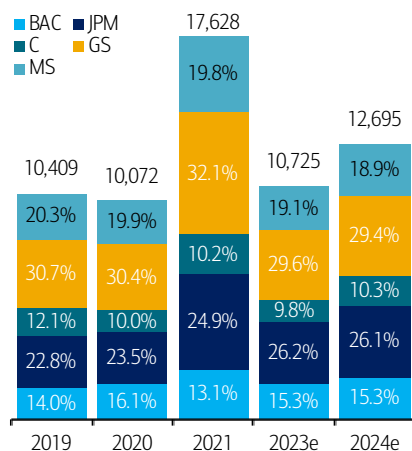


Source: BofA Global Research, company filings

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Exhibit 59: M&A revenues +18% YoY in 2024

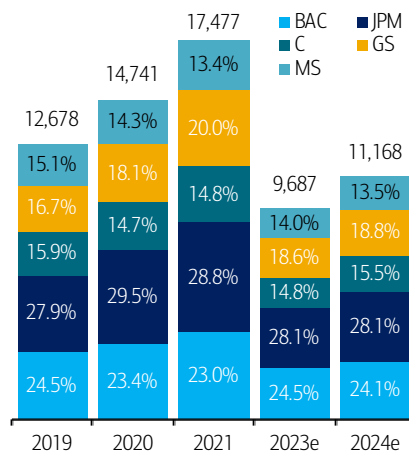
M&A market share, reported/cons (\$bn)



Source: BofA Global Research, company filings, VisibleAlpha
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Exhibit 60: DCM revenues +15% YoY in 2024

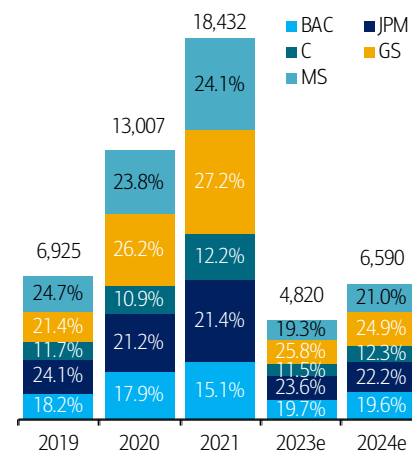
DCM market share, reported/cons (\$bn)



Source: BofA Global Research, company filings, VisibleAlpha
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Exhibit 61: ECM revenues +37% YoY in 2024

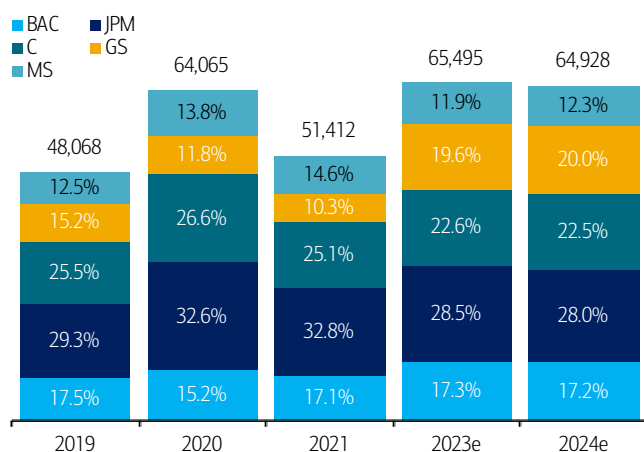
ECM market share, reported/cons (\$bn)



Source: BofA Global Research, company filings, VisibleAlpha
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Exhibit 62: FICC trading revenues -1% YoY in 2024

FICC trading market share, reported/cons (\$bn)

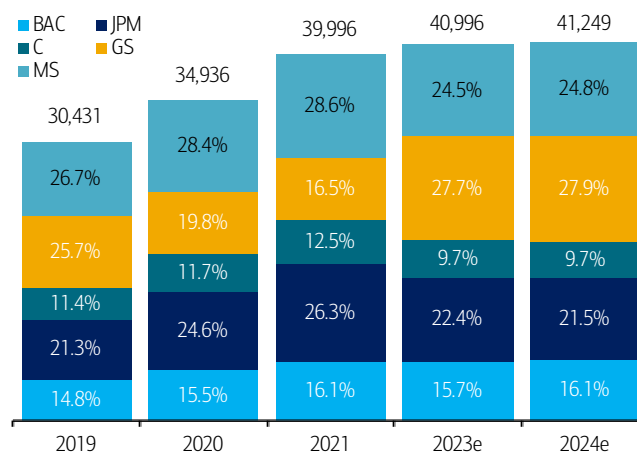


Source: BofA Global Research, company filings, VisibleAlpha

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Exhibit 63: Equities trading +1% YoY in 2024

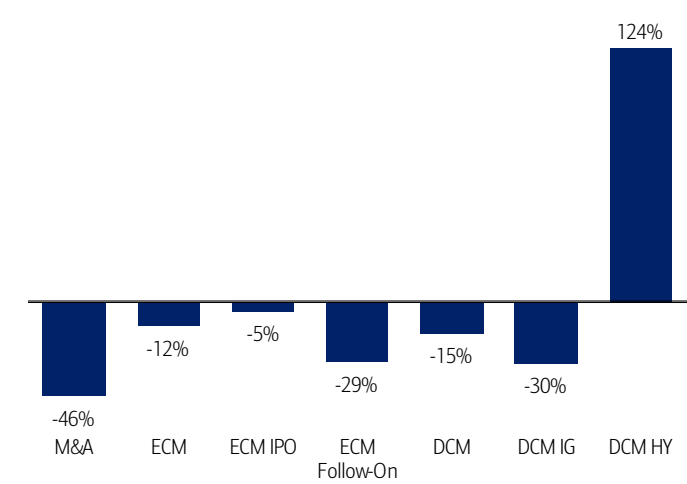
Equities trading market share, reported/cons (\$bn)



Source: BofA Global Research, company filings, VisibleAlpha

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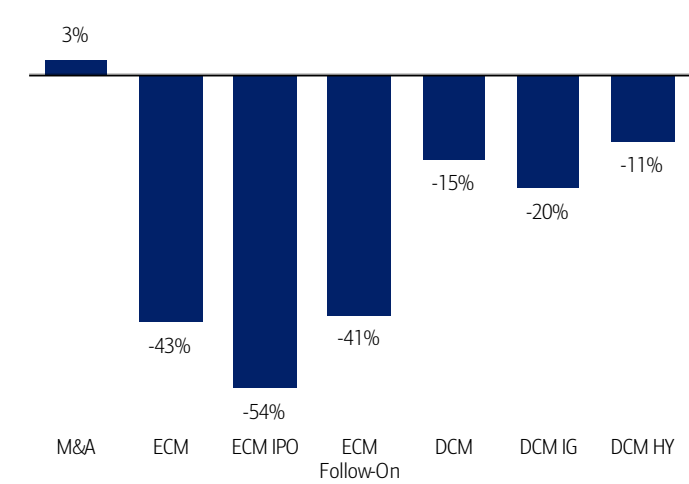
Exhibit 64: High yield DCM posts growth while other fees struggle
4Q23 QTD investment banking revenue growth YoY



Source: Dealogic, BofA Global Research

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Exhibit 65: M&A showing small improvement
4Q23 QTD investment banking revenue growth QoQ

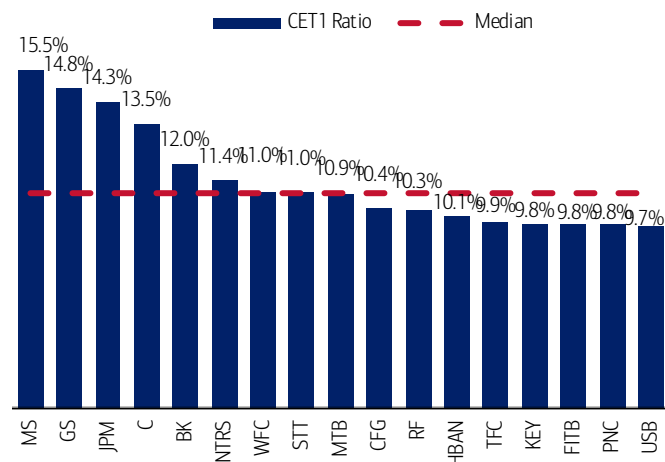


Source: Dealogic, BofA Global Research

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Capital: build continuing

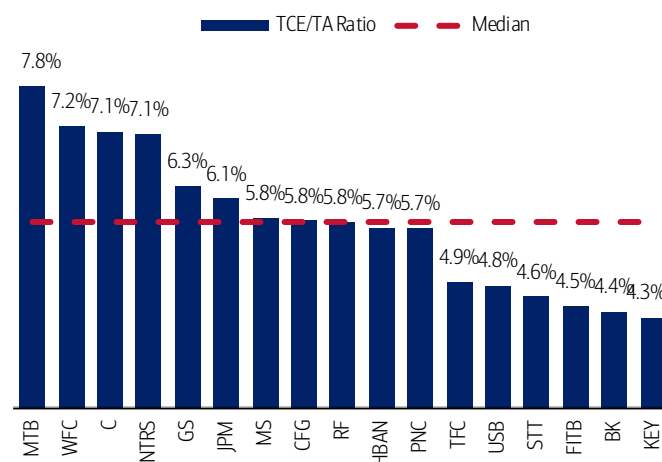
Exhibit 66: Large cap banks median CET1 ratio: +50bp QoQ to 10.9%
Large cap banks CET1 ratios as of 3Q23



Source: BofA Global Research, company filings, SNL Financial

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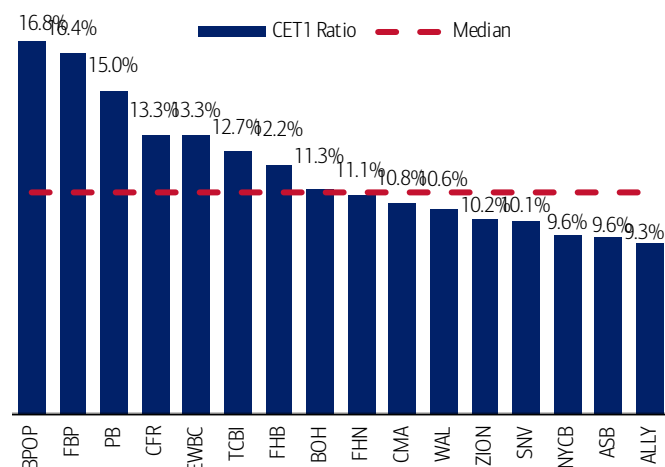
Exhibit 67: Large cap banks TCE/TA ratio: -10bp QoQ to 5.8%
Large cap banks TCE/TA ratios as of 3Q23



Source: BofA Global Research, company filings, SNL Financial

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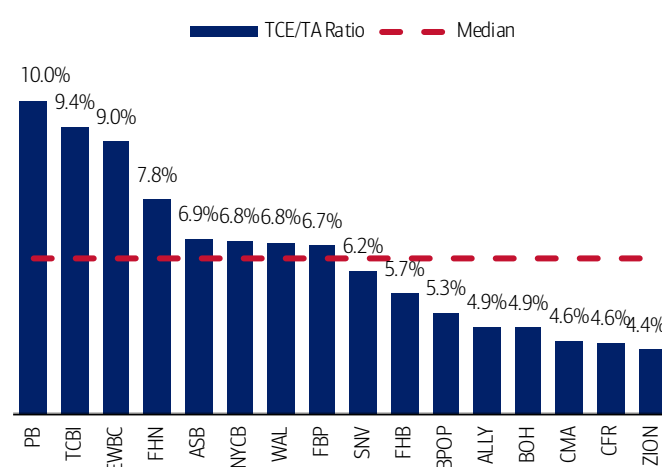
Exhibit 68: Mid cap banks median CET1 ratio: +20bp QoQ to 11.2%
Mid cap banks CET1 ratios as of 3Q23



Source: BofA Global Research, company filings, SNL Financial

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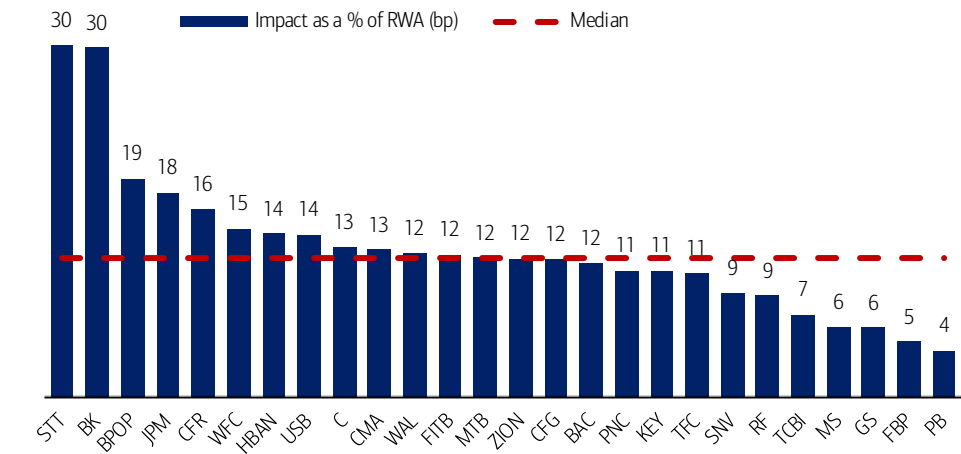
Exhibit 69: Mid cap banks median TCE/TA ratio: +10bp QoQ to 6.5%
Mid cap banks TCE/TA ratios as of 3Q23



Source: BofA Global Research, company filings, SNL Financial

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Exhibit 70: FDIC assessment expected to impact CET1 by 30bp
FDIC impact to RWA for coverage



Source: BofA Global Research, company filings

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Key operating trends

Exhibit 71: Reported/consensus YoY EPS growth (%)

Mega-caps were the sole group to see EPS growth QoQ in 3Q23

	EPS Growth YoY												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	163%	16%	29%	9%	-10%	-23%	-19%	-14%	3%	3%	4%	-1%	100	2300	46%	-21%	-5%	2%	11%
Large Regionals Median	181%	175%	33%	11%	-24%	-19%	-1%	6%	15%	0%	-15%	-29%	-1500	-1400	90%	-9%	-10%	-8%	11%
SMID-Caps Median	60%	110%	40%	23%	-8%	-1%	7%	10%	3%	2%	-20%	-30%	-2200	-2700	65%	1%	-4%	-7%	9%

Source: Visible Alpha, BofA Global Research

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Exhibit 72: Reported/consensus net interest margin (%)

NIM contracted for all bank groups in 3Q23

	Net interest margin (%)												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	1.35	1.30	1.30	1.31	1.36	1.58	1.83	2.01	2.02	2.02	1.97	1.89	-5	14	1.32	1.70	1.97	1.91	1.92
Large Regionals Median	2.81	2.69	2.70	2.58	2.63	2.90	3.25	3.43	3.31	3.02	2.97	2.91	-5	-28	2.66	3.08	3.08	2.91	3.00
SMID-Caps Median	2.71	2.65	2.47	2.42	2.42	2.74	3.13	3.31	3.43	3.29	3.17	3.10	-12	4	2.54	3.00	3.24	3.17	3.27

Source: Visible Alpha, BofA Global Research

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Exhibit 73: Reported/consensus consolidated efficiency ratio (%)

Efficiency ratios rose in 3Q23 for all bank groups

	Consolidated Efficiency Ratio (%)												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	68.45	67.02	67.90	68.01	69.25	69.10	69.44	72.35	69.70	70.45	71.37	72.69	92	193	67.65	70.47	71.17	69.58	67.99
Large Regionals Median	60.55	59.05	59.69	59.90	63.70	58.29	54.78	54.16	58.53	59.17	60.98	62.36	255	704	60.11	57.06	60.61	61.82	60.82
SMID-Caps Median	57.43	55.49	54.15	59.10	59.65	57.68	52.42	51.75	54.95	57.06	60.14	59.84	308	772	54.77	55.60	58.21	59.82	59.32

Source: Visible Alpha, BofA Global Research

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Exhibit 74: Reported/consensus YoY fee income growth (%)

All banks saw fees grow YoY in 3Q23

	YoY Fee Growth (%)												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	39.14	6.92	7.60	4.97	-9.23	-11.57	-12.00	-16.12	-3.29	2.11	3.80	13.67	169	1580	6.79	-10.24	0.07	4.18	4.24
Large Regionals Median	10.73	8.77	8.44	5.38	-7.13	-3.87	-8.05	-8.81	3.13	2.16	-0.23	0.62	-239	782	10.01	-5.78	0.42	4.39	4.19
SMID-Caps Median	6.27	13.78	0.63	1.03	-0.88	0.33	-4.20	-3.33	1.38	5.91	3.78	4.11	-213	798	6.19	-5.20	4.92	2.76	4.15

Source: Visible Alpha, BofA Global Research

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Exhibit 75: Reported/consensus YoY expense growth (%)

All banks saw expense growth decrease YoY and QoQ in 3Q23

	YoY Expense Growth (%)												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	7.22	5.34	6.44	6.55	1.79	2.71	7.80	4.38	3.27	6.74	4.99	4.12	-175	-281	6.65	5.75	4.92	1.10	2.78
Large Regionals Median	3.48	5.23	5.77	4.77	4.06	8.15	6.23	7.16	10.70	9.25	4.78	3.77	-447	-145	5.64	7.56	7.34	0.98	2.61
SMID-Caps Median	0.78	5.85	7.51	5.14	4.83	6.80	11.31	7.96	9.53	10.55	4.50	6.36	-605	-681	6.27	10.75	8.30	5.42	3.24

Source: Visible Alpha, BofA Global Research

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Exhibit 76: Reported/consensus YoY avg. loan growth (%)

YoY Avg. loan growth contracted QoQ at all banks in 3Q23, led by large regionals

					YoY Avg. Loan Growth (%)								3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	-0.18	0.85	9.67	12.27	10.53	10.35	8.71	5.20	3.22	0.75	0.46	0.56	-29	-825	6.55	8.81	1.30	3.33	3.64		
Large Regionals Median	1.64	-5.63	-4.25	0.01	3.33	9.21	10.81	11.70	11.38	8.91	3.63	2.12	-528	-718	-2.13	11.48	6.50	0.12	2.66		
SMID-Caps Median	7.04	2.30	-4.32	-3.59	-1.49	2.63	6.36	9.59	9.83	9.26	6.48	5.89	-278	12	2.44	4.55	7.58	4.52	4.48		

Source: Visible Alpha, BofA Global Research

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Exhibit 77: Reported/consensus YoY avg. deposit growth (%)

YoY Avg. deposit growth grew at all banks QoQ in 3Q23

					YoY Avg. Deposit Growth (%)								3Q23 chg bp									
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e			
Mega-Caps Median	26.41	14.91	14.27	6.52	3.11	0.54	-2.97	-6.09	-7.75	-6.80	-4.80	-5.44	200	-183	17.39	-2.14	-7.26	-2.19	2.69			
Large Regional Median	25.08	13.82	10.86	11.20	8.69	6.70	2.58	-1.06	-2.70	-3.88	-1.50	-0.39	238	-408	15.35	4.80	-0.74	1.22	1.81			
SMID-Caps Median	21.02	18.10	14.45	13.49	11.14	4.14	1.90	-0.29	-0.65	-5.18	-2.36	0.47	282	-426	16.99	3.85	-3.84	3.38	3.23			

Source: Visible Alpha, BofA Global Research

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Exhibit 78: Reported/consensus provisions as % of avg. loans

Provisions as a % of average loans grew QoQ at mega-caps and smid-regionals, but fell at large regionals in 3Q23

	Provisions as % of avg. loans												3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	-0.53	-0.58	-0.21	-0.16	0.02	0.26	0.17	0.26	0.52	0.38	0.28	0.33	3	-3	-0.38	0.15	0.30	0.10	0.10		
Large Regionals Median	-0.53	-0.50	-0.25	-0.07	-0.01	0.25	0.37	0.49	0.44	0.47	0.42	0.44	-5	5	-0.33	0.27	0.44	0.47	0.45		
SMID-Caps Median	-0.31	-0.33	-0.12	-0.25	-0.07	0.13	0.24	0.30	0.27	0.23	0.31	0.31	8	7	-0.30	0.17	0.29	0.36	0.33		

Source: Visible Alpha, BofA Global Research

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Exhibit 79: Reported/consensus common equity tier 1 ratio (%)

CET1 ratios increased in 3Q23 in anticipation of new capital regulation

					Common Equity Tier 1 Ratio (%)								3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	12.71	12.92	13.25	13.51	11.98	12.38	12.40	12.88	12.79	12.75	13.37	13.71	62	97	13.52	12.88	13.71	14.18	13.99		
Large Regionals Median	10.37	10.31	10.27	9.91	9.74	9.56	9.30	9.32	9.41	9.70	9.98	10.10	28	68	9.91	9.32	10.10	10.49	10.52		
SMID-Caps Median	12.35	12.36	11.66	12.12	11.83	11.66	11.42	11.82	11.97	12.05	12.20	12.22	15	78	12.12	11.82	12.22	12.26	12.33		

Source: Visible Alpha, BofA Global Research

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Exhibit 80: Reported/consensus YoY dividend growth (%)

Dividend growth grew for mega-caps and smid-regionals in 3Q23, but fell at large regionals

					YoY Dividend Growth (%)								3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY		2021	2022	2023e	2024e	2025e	
Mega-Caps Median	0.00	0.00	10.39	10.39	10.39	10.39	9.67	9.67	9.67	9.67	9.76	9.31	9	9		4.82	9.66	10.12	7.20	6.00	
Large Regionals Median	0.00	0.00	7.68	8.89	8.89	9.31	8.11	7.79	7.79	6.41	1.67	1.74	-474	-644		3.84	7.17	3.99	2.20	2.91	
SMID-Caps Median	0.00	0.00	6.08	5.30	5.30	5.30	2.94	4.02	3.93	3.93	4.02	2.02	9	108		4.36	6.30	3.26	1.87	3.10	

Source: Visible Alpha, BofA Global Research

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Exhibit 81: Reported/consensus YoY risk-weighted asset (RWA) growth (%)

RWA growth contracted at both large and smid-regionals in 3Q23, but grew at mega-cap banks

				YoY RWA Growth (%)									3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	3.60	6.24	6.76	1.73	3.73	1.60	-0.29	0.33	-0.98	-1.19	-0.41	-0.34	78	-12	1.73	0.33	-0.34	1.99	6.08		
Large Regionals Median	-2.73	0.86	2.70	6.51	9.71	12.13	13.05	11.58	9.60	4.26	1.27	-0.09	-299	-1178	6.51	11.58	-0.09	1.48	2.82		
SMID-Caps Median	3.03	2.90	2.41	5.80	8.98	12.24	12.26	11.08	9.46	6.59	3.60	2.51	-299	-866	5.80	11.08	2.51	3.37	3.87		

Source: Visible Alpha, BofA Global Research

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Exhibit 82: Reported/consensus consolidated tax rate (%)

Consolidated tax rates increased in 3Q23 for mega-caps and smid-regionals, but fell at large regionals

				Consolidated Tax Rate %									3Q23 chg bp							
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e	
Mega-Caps Median	20.62	19.41	21.49	22.01	18.77	20.04	21.13	19.26	21.09	21.77	21.82	23.34	5	69	20.58	19.31	21.12	21.81	21.86	
Large Regionals Median	21.75	21.66	21.35	20.83	20.15	22.58	22.49	21.43	21.38	21.31	20.86	21.01	-45	-163	21.56	21.91	21.19	21.28	21.37	
SMID-Caps Median	22.86	24.30	24.08	22.69	23.83	24.28	23.55	21.17	23.88	23.30	23.91	22.88	61	36	23.95	22.59	23.18	23.36	23.48	

Source: Visible Alpha, BofA Global Research

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Exhibit 83: Reported/consensus return on average assets (%)

ROA fell at all banks in 3Q23

					Return on Average Assets (%)								3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY		2021	2022	2023e	2024e	2025e	
Mega-Caps Median	1.12	1.08	0.98	1.01	0.80	0.81	0.94	0.96	0.87	1.01	0.90	0.76	-11	-4		1.00	0.88	0.85	0.88	0.94	
Large Regionals Median	1.49	1.42	1.27	1.14	0.98	1.10	1.20	1.25	1.10	1.02	1.01	0.83	-1	-19		1.29	1.14	0.97	0.89	0.97	
SMID-Caps Median	1.33	1.30	1.24	1.14	1.02	1.07	1.22	1.34	1.30	1.06	0.86	0.90	-20	-36		1.29	1.11	1.03	0.91	0.95	

Source: Visible Alpha, BofA Global Research

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Exhibit 84: Reported/consensus return on tangible common equity (%)

Large regional and smid-regionals banks saw a drop in ROTCE in 3Q23

					Return on Tangible Common Equity (%)								3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	17.69	18.33	18.13	16.65	15.57	14.90	15.64	10.52	14.52	13.45	14.69	12.57	124	-95	17.40	14.45	13.89	14.19	14.30		
Lg. Regionals Median	18.84	18.32	17.14	15.35	14.66	17.77	21.13	23.89	20.91	18.47	17.51	15.14	-96	-362	17.03	17.72	18.24	15.81	15.72		
SMID-Caps Median	16.87	17.52	15.59	15.87	15.42	17.02	21.53	23.70	18.55	18.10	13.78	12.90	-432	-775	17.10	18.47	16.51	14.09	14.15		

Source: Visible Alpha, BofA Global Research

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Exhibit 85: Reported/consensus YoY pre-provision net revenue (%)

PPNR growth fell meaningfully in 3Q23 for all aside from mega-caps

				YoY Pre-Provision Net Revenue (%)									3Q23 chg bp								
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e		
Mega-Caps Median	5.1	3.6	32.1	3.9	-12.7	-6.7	-1.0	3.0	12.7	-4.2	-0.2	5.4	398	75	5.41	2.36	-0.57	-1.09	7.46		
Large Regionals Median	-3.9	0.0	3.9	0.1	-6.2	8.0	27.4	35.4	39.2	2.8	-12.2	-20.1	-1502	-3959	1.63	16.85	-0.65	-5.08	6.12		
SMID-Caps Median	4.4	10.2	-2.7	-5.8	-0.7	7.1	16.2	24.5	33.9	10.9	-14.7	-23.1	-2555	-3091	5.64	12.34	-1.04	-4.10	5.14		

Source: Visible Alpha, BofA Global Research

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Exhibit 86: Reported/consensus tangible common equity/tangible assets (%)

TCE/TA fell in 3Q23

	Tangible Common Equity/Tangible Assets (%)												3Q23 chg bp						
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23e	QoQ	YoY	2021	2022	2023e	2024e	2025e
Mega-Caps Median	6.43	6.41	6.31	6.36	6.02	6.11	6.22	6.27	6.25	6.18	6.17	6.22	-1	-5	6.23	5.94	6.23	6.29	6.29
Large Regionals Median	7.49	7.51	7.33	7.10	6.27	5.80	4.98	5.03	5.48	5.26	5.11	5.10	-15	13	7.10	5.12	5.11	5.83	6.39
SMID-Caps Median	7.68	7.74	7.62	7.40	6.80	6.48	6.43	6.67	6.75	6.96	6.83	7.02	-13	40	7.40	6.67	7.03	7.36	7.97

Source: Visible Alpha, BofA Global Research

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Exhibit 87: Stocks mentioned and acronyms**Tickers and acronyms in this report****Stocks mentioned**

ALLY: Ally Financial
 ASB: Associated Banc
 BK: BNY Mellon
 BOH: Bank of Hawaii
 BPOP: Popular Inc
 C: Citigroup
 CFG: Citizens Financial
 CFR: Cullen/Frost
 CMA: Comerica
 EWBC: East-West
 FBP: First Bancorp PR
 FHN: First Horizon Corp.
 FITB: Fifth Third Bank
 GS: Goldman Sachs
 HBAN: Huntington
 JPM: JP Morgan Chase
 KEY: KeyCorp
 MS: Morgan Stanley
 MTB: M&T Bank
 NTRS: Northern Trust
 NYCB: New York Community
 PB: Prosperity Bancsh
 PNC: The PNC Financial
 RF: Regions Financial
 SNV: Synovus
 STT: State Street
 TCBI: Texas Capital Bancsh
 TFC: Truist Financial
 USB: U.S. Bancorp
 WAL: Western Alliance
 WFC: Wells Fargo
 ZION: Zions

Source: BofA Global Research

Acronyms

AEA: average earning assets
 AOI: accumulated other comprehensive income
 BoC: bank of Canada
 BOE: bank of England
 CCAR: comprehensive capital analysis and review
 CET1: common equity tier 1
 CMBS: commercial mortgage-backed securities
 DCM: debt capital markets
 ECM: equity capital markets
 EOP: end of period
 EPS: Earnings per share
 FF: federal funds (rate)
 HFI: held for investment
 HY: high yield
 IG: investment grade
 LLR: loan loss reserve
 M&A: mergers and acquisitions
 NCOs: net charge-offs
 NIB: non-interest-bearing
 NII: Net interest income
 NIM: Net interest margin
 NPL: non-performing loans
 NPR: notice of proposed rulemaking
 PPNR: pre-provision net revenue
 ROA: return on assets
 ROTCE: return on tangible common equity
 ROCE: return on common equity
 RWA: risk-weighted assets
 SCB: stress capital buffer
 TCE/TA: tangible common equity/tangible assets

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} 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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