

## East West Bancorp, Incorporated

## Stock still undervalued, reiterate Buy

Reiterate Rating: BUY | PO: 82.00 USD | Price: 73.68 USD

## Solid results, but NII guide may weigh on stock near-term

EWBC reported 4Q23 adj. EPS of \$2.02 beating BofA/cons. \$1.91/\$1.95 ests, with the beat driven by stronger PPNR (\$431mn vs. \$387mn BofA) and lower credit provisioning costs (\$37mn vs. \$42mn). Mgmt. guidance for FY24 net interest income (NII) down 4 to 6% (assumes six rate-cuts) is worse than pre-4Q consensus of -2% (our -4.7%) and could likely weigh on the stock at the open. No material changes to our FY24/25e EPS \$7.68/\$7.82 from \$7.55/\$7.75 driven by lower credit costs. EWBC also raised the quarterly dividend by 15% to \$0.55/shr (29% EPS payout ratio; ~3% yield).

## Stage set for continued outperformance

Despite an impressive re-rating in the stock from distressed multiples (+37% vs. +28% for the regional bank index since 10/31) shares remains undervalued at 9.6x our FY24e P/E vs 10.5x peer median. This for a rare bank that should continue to deliver above average revenue/EPS growth and best-in-class returns. All this while it continues to operate with capital levels that are head-and-shoulders above most peers. On a P/TBV shares trade at 1.5x P/ YE24e TBV vs our forecast for 16%+ ROTCE and 1.5%+ ROA for FY24. While the disconnect is not as extreme as in October, we believe the market is undervaluing the strategic optionality, EPS defensibility and solid execution. Reiterate Buy rating, \$82 PO. Relevant research: [EWBC: Significant disconnect 19 Oct 2023](#)

## Capital optionality a strategic advantage

Despite repurchasing 1.5mn shares during the quarter (1% of o/s shares), EWBC's CET1 capital ratio stayed flat QoQ at 13.3% highlighting the strong internal capital generation. Besides capital return, we believe the excess capital provides defensibility against a worse than expected economic backdrop. On the other hand, it also affords mgmt. the flexibility to pursue market share opportunities, especially given the business overlap with its now failed California peers last year. Our forecast assumes \$150mn in buybacks.

## Credit proving resilient

EWBC's history of above average loan growth, exposure to commercial real estate (40% of total loans) and to California (70% of CRE) creates a perception of above average credit risk. The relatively stable credit trends (criticized loans -14bp QoQ; NPAs +1bp to 0.16%) support our thesis that a relationship driven lending model, with a loan book with superior credit characteristics should lead to below average credit losses. Mgmt. guidance calls for net charge-offs of 15-25bp for FY24 vs. 15bp reported for 4Q23.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	7.93	8.60	7.68	7.82	8.44
GAAP EPS	7.93	8.21	7.68	7.82	8.44
EPS Change (YoY)	30.1%	8.5%	-10.6%	1.7%	8.0%
Consensus EPS (Bloomberg)			7.98	8.41	NA
DPS	1.60	1.92	2.20	2.31	2.43
Valuation (Dec)					
P/E	9.3x	8.6x	9.6x	9.4x	8.7x
GAAP P/E	9.3x	9.0x	9.6x	9.4x	8.7x
Dividend Yield	2.2%	2.6%	3.0%	3.1%	3.3%

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24 January 2024

## Equity

## Key Changes

(US\$)	Previous	Current
2024E Rev (m)	2,502.7	2,526.1
2025E Rev (m)	2,608.8	2,592.7
2026E Rev (m)	2,755.0	2,736.4
2024E EPS	7.55	7.68
2025E EPS	7.75	7.82
2026E EPS	9.09	8.44
2024E DPS	1.92	2.20

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## Stock Data

Price	73.68 USD
Price Objective	82.00 USD
Date Established	14-Dec-2023
Investment Opinion	B-1-7
52-Week Range	33.86 USD -80.98 USD
Mkt Val / Shares Out (mn)	10,603 USD / 143.9
Free Float	99.1%
Average Daily Value	83.87 USD
BofA Ticker / Exchange	EWBC / NAS
Bloomberg / Reuters	EWBC US / EWBC.OQ
ROE (2024E)	15.4%
ESGMeter™	Medium

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# iQprofile<sup>SM</sup> East West Bancorp, Incorporated

## Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	2,046	2,312	2,224	2,270	2,395
% change	33.6%	13.0%	-3.8%	2.1%	5.5%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	1	(10)	0	0	0
Total Operating Income	2,345	2,604	2,526	2,593	2,736
Operating Expenses	(859)	(949)	(969)	(1,012)	(1,061)
% change	8.0%	10.4%	2.1%	4.5%	4.9%
Provisions Expense	(74)	(125)	(160)	(180)	(200)
% change	NA	70.1%	28.0%	12.5%	11.1%
Operating Pre-Tax Income	1,412	1,530	1,397	1,401	1,475
Operating Net Income to Comm S/Hold.	1,127	1,219	1,076	1,079	1,136
GAAP Net Income	1,127	1,219	1,076	1,079	1,136

## Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	64,112	69,613	72,185	76,911	81,796
Average Interest Earning Assets	59,304	64,026	67,993	71,780	76,586
Total Gross Customer Loans	48,228	52,211	54,469	58,229	62,292
% change	15.7%	8.3%	4.3%	6.9%	7.0%
Total Customer Deposits	NA	NA	NA	NA	NA
% change	NA	NA	NA	NA	NA
Tangible Equity	5,511	6,119	6,945	7,482	7,837
Common Shareholders' Equity	5,985	6,591	7,356	7,950	8,305

## Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	3.45%	3.61%	3.27%	3.16%	3.13%
Effective Tax Rate	20.1%	20.3%	23.0%	23.0%	23.0%
Loan / Deposit Ratio	NA	NA	NA	NA	NA
Tangible Common Equity / Assets	8.6%	8.8%	9.6%	9.7%	9.6%
ROA	1.80%	1.80%	1.52%	1.45%	1.43%
ROE	19.5%	19.4%	15.4%	14.1%	14.0%
RoTE	20.8%	21.0%	16.5%	15.0%	14.8%
Dividend Payout Ratio	20.2%	22.3%	28.6%	29.6%	28.7%
Efficiency Ratio (Cost / Income Ratio)	36.7%	36.3%	38.3%	39.0%	38.8%

## Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	12.7%	11.2%	12.0%	12.4%	12.5%
NPLs plus Foreclosed Real Estate / Loans	0.2%	0.2%	0.2%	0.2%	0.2%
Loan Loss Reserves / NPLs	598.48%	650.06%	574.91%	562.63%	561.06%
Loan Loss Reserves / Total Loans	1.24%	1.28%	1.32%	1.33%	1.36%

## Company Sector

Banks-US Regionals

## Company Description

Headquartered in California, East West Bancorp (EWBC) is a \$62 billion+ asset bank. The Company's wholly owned subsidiary, East West Bank is focused exclusively on the United States and Greater China markets and operates over 120 locations worldwide, which include California, New York, Georgia, Massachusetts, Texas and Washington. In Greater China, East West's presence includes full service branches in Hong Kong and Shanghai and representative offices in Beijing, Shenzhen and Taipei.

## Investment Rationale

We believe EWBC offers one of the most attractive risk/rewards in our coverage universe given the above-average growth potential, disciplined expense management, and superior profitability.

## Stock Data

Average Daily Volume 1,138,328

## Quarterly Earnings Estimates

	2023	2024
Q1	2.35A	1.95E
Q2	2.20A	1.94E
Q3	2.02A	1.91E
Q4	2.02A	1.88E

**Exhibit 1: EWBC Variance table**

New vs. old EPS estimates, assumptions

KEY FORECAST VARIABLES:	3Q23	Actual 4Q23	Estimate 4Q23E	Variance	New 2024E	Old 2024E	Variance	New 2025E	Old 2025E	Variance
EOP Loans	50,912	52,211	51,475	1.43%	54,469	53,537	1.74%	58,229	56,783	2.55%
Average Loans	49,889	51,252	51,189	0.12%	53,273	52,492	1.49%	56,348	55,155	2.16%
Average Earning Assets	65,051	65,506	64,526	1.52%	67,993	65,473	3.85%	71,780	69,757	2.90%
Net Interest Margin (%)	3.48	3.48	3.45	3bp	3.27	3.34	-7bp	3.16	3.28	-12bp
Net Interest Income (FTE)	571	574.8	560.8	2.51%	2,223.9	2,189.2	1.58%	2,270.3	2,287.2	-0.74%
Loan Loss Provision	42.0	37.0	42.0	-11.90%	160.0	180.0	-11.11%	180.0	234.9	-23.37%
Noninterest Revenues	76.8	76.8	79.0	-2.86%	302.1	313.4	-3.61%	322.4	321.6	0.26%
Tot. Revenue	648	652	640	1.85%	2,526	2,503	0.93%	2,593	2,609	-0.62%
Total Expenses	252.0	220.5	253.0	-12.84%	968.6	1,018.6	-4.91%	1,011.8	1,054.2	-4.02%
Pre-Tax Income (FTE)	353.6	394.1	344.8	14.30%	1,397.4	1,304.0	7.16%	1,400.9	1,319.7	6.16%
FTE Tax Rate (%)	18.6	27.4	21.5	6pp	23.0	19.5	4pp	23.0	19.5	4pp
Net Income	287.7	286.0	270.7	5.68%	1,076.0	1,049.8	2.50%	1,078.7	1,062.3	1.54%
Available For Common	287.7	286.0	270.7	15mn	1,076.0	1,049.8	26mn	1,078.7	1,062.3	16mn
<b>Op. EARNINGS PER SHARE (F.D.)</b>	<b>\$2.02</b>	<b>\$2.02</b>	<b>\$1.91</b>	<b>6%</b>	<b>\$7.68</b>	<b>\$7.55</b>	<b>2%</b>	<b>\$7.82</b>	<b>\$7.75</b>	<b>1%</b>
<b>GAAP EPS (F.D.)</b>	<b>\$2.02</b>	<b>\$1.69</b>	<b>\$1.52</b>	<b>11%</b>	<b>\$7.68</b>	<b>\$7.55</b>	<b>2%</b>	<b>\$7.82</b>	<b>\$7.75</b>	<b>1%</b>
Book Value Per Share	\$46.62	\$47.07	\$48.19	(\$1.12)	\$53.29	\$54.49	(\$1.20)	\$58.45	\$60.28	(\$1.83)
Tangible Book Value Per Share	\$43.29	\$43.70	\$44.83	(\$1.13)	\$49.90	\$51.07	(\$1.17)	\$55.01	\$56.85	(\$1.84)
Dividends Per Share	\$0.48	\$0.48	\$0.48	\$0.00	\$2.20	\$1.92	\$0.28	\$2.31	\$2.02	\$0.29
Average Fully-Diluted Shares	142.1	141.4	141.7	0mn	140.0	139.0	1mn	138.0	137.0	1mn
<b>CAPITAL RATIOS:</b>										
EOP Common Equity/Assets (%)	9.66	9.47	9.98	-51bp	10.19	10.48	-29bp	10.34	10.84	-50bp
Tang. Common Equity/Assets (%)	9.03	8.85	9.46	-61bp	9.68	9.95	-28bp	9.79	10.29	-50bp
Tangible Common Equity/RWA (%)	11.57	11.40	12.14	-73bp	12.48	12.77	-29bp	12.62	13.19	-56bp
Tier 1 Common/RWA (%)	13.30	13.31	13.64	-33bp	13.89	13.94	-4bp	14.00	14.33	-33bp
Tier 1/RWA (%)	13.30	13.31	13.64	-33bp	13.89	13.94	-4bp	14.00	14.33	-33bp
<b>PROFITABILITY RATIOS:</b>										
Return On Assets (%)	1.66	1.63	1.58	5bp	1.52	1.52	0bp	1.45	1.45	0bp
Return On Common Equity (%)	17.28	16.95	16.10	85bp	15.43	14.83	60bp	14.10	13.61	48bp
Return On Tangible Common Equity (%)	18.61	18.23	17.33	91bp	16.35	15.72	63bp	15.01	14.48	54bp
Operating Expenses/Revenues (%)	38.92	33.84	39.54	-570bp	38.35	40.70	-236bp	39.02	40.41	-139bp
<b>BALANCE SHEET ITEMS:</b>										
EOP Total Deposits	55,087	56,092	55,194	1.63%	60,092	59,166	1.57%	64,338	63,526	1.28%
AVG Total Deposits	55,198	55,407	55,141	0.48%	58,283	57,041	2.18%	62,215	61,346	1.42%
EOP Total Assets	68,289	69,613	67,625	2.94%	72,185	70,747	2.03%	76,911	75,629	1.70%
EOP Equity	6,597	6,591	6,746	-2.30%	7,356	7,411	-0.74%	7,950	8,197	-3.01%
EOP Preferred Equity	0	0	0	NA	0	0	NA	0	0	NA
EOP Common Equity	6,597	6,591	6,746	-2.30%	7,356	7,411	-0.74%	7,950	8,197	-3.01%
EOP Tangible Common Equity	6,125	6,119	6,363	-3.84%	6,945	7,002	-0.82%	7,482	7,731	-3.22%
<b>CREDIT QUALITY INDICATORS:</b>										
Net Charge-Offs	18	20	20	-0.19%	110	155	-29.13%	125	175	-28.57%
% Average Loans	0.14	0.15	0.16	0bp	0.21	0.30	-9bp	0.22	0.32	-10bp
Nonperforming Assets	104	114	114	-0.05%	136	139	-1.78%	146	153	-3.97%
% EOP Loans + OREO	0.20	0.22	0.22	0bp	0.25	0.26	-1bp	0.25	0.27	-2bp
Nonperforming Loans	104	103	114	-9.82%	125	139	-9.82%	138	153	-9.82%
% EOP Loans (excl. OREO)	0.20	0.20	0.22	-2bp	0.23	0.26	-3bp	0.24	0.27	-3bp
Loan Loss Reserve	656	669	678	-1.30%	719	703	2.33%	774	762	1.50%
% EOP Loans	1.29	1.28	1.32	-4bp	1.32	1.31	1bp	1.33	1.34	-1bp

Source: BofA Global Research estimates, Company filings

BofA GLOBAL RESEARCH



**Acronyms:**

CRE: Commercial real estate

ROTCE: Return on tangible common equity

NPA: Non-performing assets

PPNR: Pre-provision net revenue

P/TBV: Price to tangible book value per share

ROA: Return on assets

CET1: Common equity tier 1 capital

EWBC: East-West Bancorp

## Price objective basis & risk

### East West Bancorp, Incorporated (EWBC)

Our \$82 PO is based on 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 11.6x/1.5x multiples respectively, below the bank's 5 year pre pandemic median of 14.3x/2.4x given heightened uncertainty surrounding EPS/ROTCE outlooks, owing to the macro backdrop.

Downside risks to our PO are: worse than expected credit losses, greater than expected net interest margin compression, and slower than expected economic growth. Upside risks to our PO are: credit resilience, better than expected margin performance, and stronger than expected economic growth.

## Analyst Certification

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

### North America - Banks Coverage Cluster

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



## North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Apollo Commercial Real Estate Finance	ARI	ARI US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	BrightSpire Capital Inc.	BRSP	BRSP US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett

## UNDERPERFORM

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

IQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity  
Operating Margin  
Earnings Growth  
Free Cash Flow

## Quality of Earnings

Cash Realization Ratio  
Asset Replacement Ratio  
Tax Rate  
Net Debt-To-Equity Ratio  
Interest Cover

## Valuation Toolkit

Price / Earnings Ratio  
Price / Book Value  
Dividend Yield  
Free Cash Flow Yield  
Enterprise Value / Sales

EV / EBITDA

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income  
Operating Profit  
Expected 5 Year CAGR From Latest Actual  
Cash Flow From Operations – Total Capex

## Numerator

Cash Flow From Operations  
Capex  
Tax Charge  
Net Debt = Total Debt – Cash & Equivalents  
EBIT

## Numerator

Current Share Price  
Current Share Price  
Annualised Declared Cash Dividend  
Cash Flow From Operations – Total Capex  
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +  
Other LT Liabilities  
Enterprise Value

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill  
Amortization  
Shareholders' Equity  
Sales  
N/A  
N/A

## Denominator

Net Income  
Depreciation  
Pre-Tax Income  
Total Equity  
Interest Expense

## Denominator

Diluted Earnings Per Share (Basis As Specified)  
Shareholders' Equity / Current Basic Shares  
Current Share Price  
Market Cap = Current Share Price × Current Basic Shares  
Sales

Basic EBIT + Depreciation + Amortization



Valuation Toolkit

Numerator

Denominator

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

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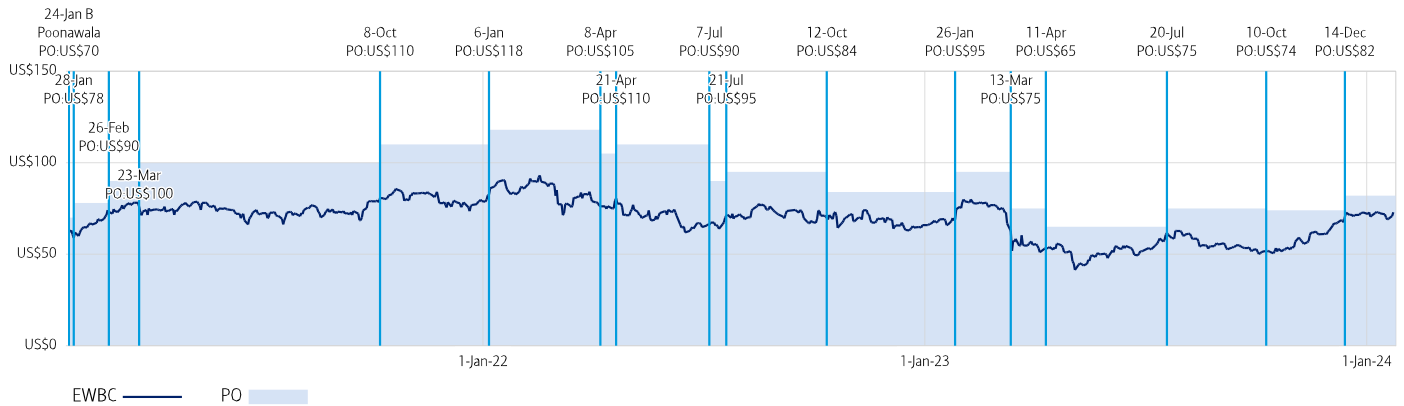
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B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

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

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	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 <sup>R1</sup>	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%

<sup>R1</sup> 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 <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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