

First Horizon Corporation

Solid execution on display, reiterate Buy

Reiterate Rating: BUY | PO: 17.00 USD | Price: 13.92 USD

EPS beat + upbeat outlook drives outperformance

FHN shares outperformed peers by ~400bp after reporting 4Q23 EPS of \$0.32 that beat our/cons \$0.28/0.31 estimates. Beat to our estimate was driven by higher pre provision net revenue (PPNR) +11% vs BofAe on back of lower expenses (-4%) and higher fees (+4%). Mgmt. maintained its prior FY24 guidance (from December) for net interest income (NII) +1-4%, fee income +4-6%, and expenses +4-6%. Stock reaction likely boosted by mgmt. commentary suggesting that the high-end of FHN's NII guide remains achievable even with four rate cuts in 2024. Revise FY24/25e EPS higher +9.5/+1.8% to \$1.42/\$1.50 on a higher revenue outlook. EPS revision drives PO from \$16 to \$17.

Repricing deposits provide NII defensibility

Mgmt. appears to be successfully executing on its strategy to lower the rate paid on promotional deposits that were raised during the mini banking panic in 2Q23. Per mgmt. these deposits have repriced lower by an avg. of 76bp, while also maintaining a high retention rate (96%). Flex on deposit costs should help NII defensibility given FHN's asset sensitive balance sheet (67% of loans floating rate). During the earnings call mgmt. noted that rate-cuts later in the year would be better for the bank. We forecast FY24 NII growth of +1.5% YoY and an average net interest margin of 3.46%.

Credit quality stable

Mgmt. reiterated outlook for FY24 net-charge offs (NCOs) of 25-30bp of average loans (vs. 28bp in FY23). Non-performing loans (NPLs) rose 17% QoQ to 75bp of average loans driven by a handful of commercial loans. During the call mgmt. downplayed credit concerns noting that it was not seeing outsized stress in any particular region or loan category. We forecast FY24 provisioning costs of \$240mn (vs. \$260mn FY23).

Stock attractively valued at < 10x P/E, 1x P/TBV

With the CET1 capital ratio at 11.4% (or 10.2% adjusted for unrealized losses on available for sale securities) FHN has significant flexibility to take advantage of market share opportunities and/or return capital via buybacks. While mgmt. did not guide to buybacks, its targeted CET1 ratio of ~11% implies room for capital return. We forecast buybacks of \$107mn implying a total earnings payout ratio of 57% for FY24. At 1.0x YE24e TBV and 9.8x FY24e EPS (4.3% divi. yield) we see risk/reward as attractive. Near-term tailwind from declining deposit costs, exposure to counter cyclical businesses (fixed income, mortgage), capital flexibility...all positives. Reiterate Buy rating.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	1.68	1.43	1.42	1.50	1.62
GAAP EPS	1.54	1.52	1.42	1.50	1.62
EPS Change (YoY)	-18.7%	-15.0%	-0.2%	5.5%	7.8%
Consensus EPS (Bloomberg)			1.41	1.54	1.68
DPS	0.60	0.60	0.60	0.63	0.66
Valuation (Dec)					
P/E	8.3x	9.7x	9.8x	9.3x	8.6x
GAAP P/E	9.1x	9.1x	9.8x	9.3x	8.6x
Dividend Yield	4.3%	4.3%	4.3%	4.5%	4.8%

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Timestamp: 18 January 2024 10:16PM EST

18 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	16.00	17.00
2024E Rev (m)	3,271.6	3,331.1
2025E Rev (m)	3,348.3	3,434.9
2026E Rev (m)	3,420.9	3,560.1
2024E EPS	1.30	1.42
2025E EPS	1.48	1.50

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Stock Data

Price	13.92 USD
Price Objective	17.00 USD
Date Established	18-Jan-2024
Investment Opinion	C-1-7
52-Week Range	8.99 USD -24.90 USD
Mrkt Val / Shares Out (mn)	3,321 USD / 238.6
Free Float	98.4%
Average Daily Value	120.22 USD
BofA Ticker / Exchange	FHN / NYS
Bloomberg / Reuters	FHN US / FHN.N
ROE (2024E)	9.0%
ESGMeter™	High

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

iQprofileSM First Horizon Corporation

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	2,405	2,556	2,595	2,685	2,768
% change	19.8%	6.3%	1.5%	3.5%	3.1%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	16	0	0	0	0
Total Operating Income	3,187	3,254	3,331	3,435	3,560
Operating Expenses	(1,894)	(1,982)	(2,092)	(2,054)	(2,117)
% change	-4.7%	4.6%	5.6%	-1.8%	3.1%
Provisions Expense	(95)	(260)	(240)	(250)	(250)
% change	137.5%	173.7%	-7.7%	4.2%	0%
Operating Pre-Tax Income	1,278	1,108	1,095	1,131	1,193
Operating Net Income to Comm S/Hold.	980	835	826	854	902
GAAP Net Income	980	835	826	854	902

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	78,953	81,661	82,396	84,655	87,697
Average Interest Earning Assets	77,666	74,794	75,046	77,306	80,348
Total Gross Customer Loans	58,691	61,793	62,276	63,528	64,825
% change	4.7%	5.3%	0.8%	2.0%	2.0%
Total Customer Deposits	63,488	65,779	66,767	69,412	72,199
% change	-15.2%	3.6%	1.5%	4.0%	4.0%
Tangible Equity	5,494	6,779	7,394	7,723	8,083
Common Shareholders' Equity	7,533	8,771	9,090	9,419	9,779

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	3.10%	3.42%	3.46%	3.47%	3.45%
Effective Tax Rate	22.3%	22.9%	22.9%	22.8%	22.8%
Loan / Deposit Ratio	92.4%	93.9%	93.3%	91.5%	89.8%
Tangible Common Equity / Assets	7.0%	8.3%	9.0%	9.1%	9.2%
ROA	1.13%	0.99%	0.97%	0.98%	1.01%
ROE	12.9%	10.3%	9.0%	8.9%	9.1%
RoTE	16.7%	13.1%	11.2%	10.9%	11.0%
Dividend Payout Ratio	34.6%	40.5%	40.5%	40.4%	39.4%
Efficiency Ratio (Cost / Income Ratio)	59.7%	60.9%	62.8%	59.8%	59.5%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	24.5%	21.5%	22.1%	21.8%	22.2%
NPLs plus Foreclosed Real Estate / Loans	0.5%	0.7%	0.9%	1.0%	1.1%
Loan Loss Reserves / NPLs	216.77%	167.32%	151.20%	145.69%	139.54%
Loan Loss Reserves / Total Loans	1.17%	1.25%	1.34%	1.42%	1.50%

Company Sector

Banks-US Regionals

Company Description

First Horizon National Corporation is a bank holding company headquartered in Memphis, Tennessee with operations in Tennessee, Georgia and Mississippi. FHNs primary lending products residential real estate, C&I, and CRE.

Investment Rationale

While we are cautious on the fundamental outlook for the industry, we believe stock valuation offers an attractive risk/reward. While our EPS estimates imply downside risk to consensus forecast, we believe the lower EPS is adequately reflected in current stock valuation. Improved EPS visibility should drive positive re-rating.

Stock Data

Average Daily Volume 8,735,962

Quarterly Earnings Estimates

	2023	2024
Q1	0.45A	0.35E
Q2	0.39A	0.37E
Q3	0.27A	0.36E
Q4	0.32A	0.34E

Exhibit 1: FHN Variance table

New vs. old EPS estimates, assumptions

KEY FORECAST VARIABLES:	3Q23	Actual 4Q23	Estimate 4Q23	Variance	New 2024E	Old 2024E	Variance	New 2025E	Old 2025E	Variance
EOP Loans	62,391	61,793	62,600	-1.29%	62,276	64,935	-4.09%	63,528	66,256	-4.12%
Average Loans	62,214	61,743	62,496	-1.20%	61,967	63,707	-2.73%	62,902	65,596	-4.11%
Average Earning Assets	76,306	75,447	75,246	0.27%	75,046	75,371	-0.43%	77,306	76,034	1.67%
Net Interest Margin (%)	3.17	3.27	3.26	1bp	3.46	3.38	8bp	3.47	3.40	7bp
Net Interest Income (FTE)	609.0	621.0	617.4	0.59%	2,595.0	2,546.3	1.91%	2,685.0	2,583.8	3.92%
Loan Loss Provision	110.0	50.0	50.0	0.00%	240.0	280.0	-14.29%	250.0	250.0	0.00%
Noninterest Revenues	174.0	179.0	172.5	3.76%	736.2	725.3	1.50%	749.9	764.5	-1.90%
Securities Transactions	0.0	0.0	0.0	NA	0.0	0.0	NA	0.0	0.0	NA
Tot. Revenue	783	800	790	1.28%	3,331	3,272	1.82%	3,435	3,348	2.59%
Total Expenses	464.0	503.0	522.0	-3.64%	1,996.0	1,999.5	-0.17%	2,053.6	2,060.3	-0.32%
Pre-Tax Income (FTE)	209.0	247.0	217.9	13.36%	1,095.1	992.0	10.39%	1,131.3	1,038.0	8.99%
FTE Tax Rate (%)	20.0	21.8	20.0	2pp	21.8	21.7	0pp	21.8	21.7	0pp
Net Income	164.0	190.0	171.1	11.04%	844.8	764.4	10.52%	873.2	800.4	9.09%
Available For Common	151.0	177.0	157.9	19mn	793.8	713.4	80mn	822.2	749.4	73mn
Op. EARNINGS PER SHARE (F.D.)	\$0.27	\$0.32	\$0.28	12%	\$1.42	\$1.30	9%	\$1.50	\$1.48	2%
GAAP EPS (F.D.)	\$0.23	\$0.31	\$0.18	68%	\$1.42	\$1.30	9%	\$1.50	\$1.48	2%
Book Value Per Share	\$14.27	\$15.16	\$14.52	\$0.64	\$16.48	\$15.83	\$0.65	\$17.40	\$17.00	\$0.39
Tangible Book Value Per Share	\$11.22	\$12.13	\$11.46	\$0.66	\$13.41	\$12.66	\$0.74	\$14.26	\$13.58	\$0.68
Dividends Per Share	\$0.15	\$0.15	\$0.15	\$0.00	\$0.60	\$0.60	\$0.00	\$0.63	\$0.63	\$0.00
Average Fully-Diluted Shares	561.0	561.0	561.0	0mn	557.2	548.5	9mn	547.1	507.8	39mn
CAPITAL RATIOS:										
EOP Common Equity/Assets (%)	9.67	10.38	9.87	51bp	11.03	10.34	70bp	11.13	10.20	93bp
Tang. Common Equity/Assets (%)	7.76	8.48	7.96	52bp	9.16	8.44	72bp	9.31	8.31	100bp
Tangible Common Equity/RWA (%)	8.73	9.55	8.89	65bp	10.51	9.51	100bp	10.86	9.69	117bp
Tier 1 Common/RWA (%)	11.10	11.40	11.24	16bp	10.87	11.50	-63bp	11.21	11.73	-52bp
Tier 1/RWA (%)	12.10	12.40	11.82	58bp	12.59	12.09	51bp	12.87	12.28	59bp
PROFITABILITY RATIOS:										
Return On Assets (%)	0.72	0.85	0.76	9bp	0.97	0.86	11bp	0.98	0.90	8bp
Return On Common Equity (%)	7.34	8.68	7.78	90bp	9.02	8.58	44bp	8.88	8.81	8bp
Return On Tangible Common Equity (%)	9.29	10.99	9.88	111bp	11.18	10.79	38bp	10.88	11.02	-14bp
Operating Expenses/Revenues (%)	59.56	63.19	66.42	-323bp	60.14	61.34	-121bp	60.00	61.75	-176bp
BALANCE SHEET ITEMS:										
EOP Total Deposits	67,014	65,778	67,808	-2.99%	66,767	68,198	-2.10%	69,412	70,935	-2.15%
AVG Total Deposits	66,524	66,862	67,412	-0.82%	66,241	68,001	-2.59%	68,089	69,566	-2.12%
EOP Total Assets	82,533	81,661	82,246	-0.71%	82,396	82,562	-0.20%	84,655	83,225	1.72%
EOP Equity	8,498	8,996	8,637	4.16%	9,610	9,055	6.14%	9,939	9,005	10.38%
EOP Preferred Equity	520	520	520	0.00%	520	520	0.00%	520	520	0.00%
EOP Common Equity	7,978	8,476	8,117	4.42%	9,090	8,535	6.51%	9,419	8,485	11.02%
EOP Tangible Common Equity	6,270	6,779	6,408	5.79%	7,394	6,826	8.33%	7,723	6,776	13.99%
CREDIT QUALITY INDICATORS:										
Net Charge-Offs	95	36	50	-28.00%	180	250	-28.00%	180	250	-28.00%
% Average Loans	0.61	0.23	0.32	-9bp	0.29	0.39	-10bp	0.29	0.38	-9bp
Nonperforming Assets	394	462	433	6.60%	551	517	6.60%	620	581	6.60%
% EOP Loans + OREO	0.63	0.75	0.69	6bp	0.88	0.80	9bp	0.98	0.88	10bp
Nonperforming Loans	394	462	433	6.60%	551	517	6.60%	620	581	6.60%
Loan Loss Reserve	760	773	760	1.71%	833	790	5.44%	903	790	14.30%
% EOP Loans	1.23	1.26	1.22	4bp	1.35	1.23	12bp	1.44	1.21	23bp
% Nonperforming Loans	192.89	167.32	175.36	-8bp	151.20	152.85	-2bp	145.69	135.87	10bp

Source: BofA Global Research estimates, Company filings



Price objective basis & risk

First Horizon Corporation (FHN)

Our \$17 PO is based on 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 12.5x/1.2x multiples respectively, below the bank's 5 year pre pandemic median of 15.4x/1.7x given heightened uncertainty surrounding EPS/ROTCE outlooks, owing to the macro backdrop.

Risks to the upside are stronger-than-expected loan/deposit growth and better-than-expected mgmt. execution post-TD acquisition termination. Risks to the downside are: greater than expected expense growth as mgmt plays catch-up on tech spend, a deterioration in the funding backdrop that drives higher than expected deposit pricing, worse than expected credit losses.

Analyst Certification

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

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TS LX	TS LX 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

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	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

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

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

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

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

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM 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.

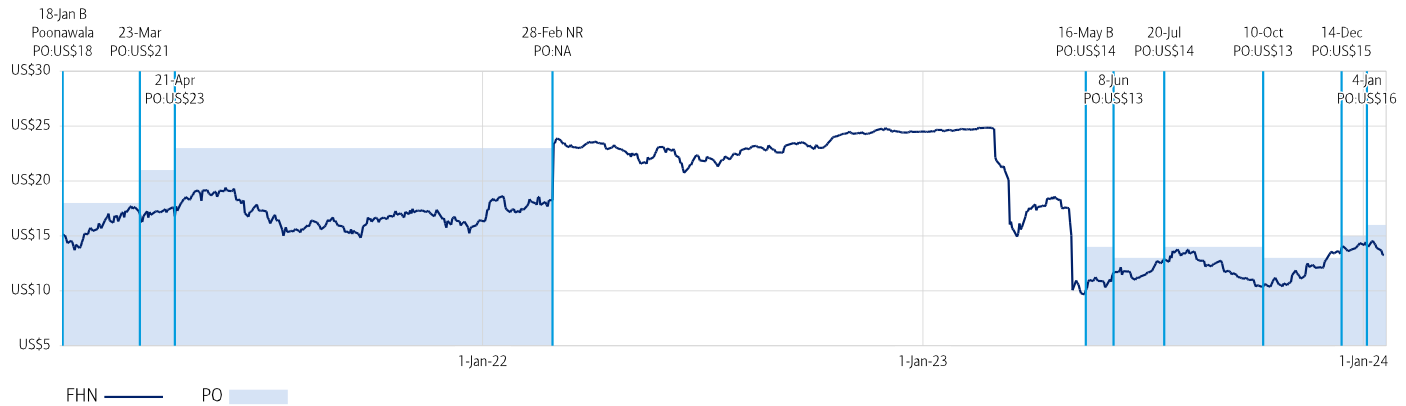
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Disclosures

Important Disclosures

First Horizon Corp. (FHN) Price Chart



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 ^{R1}	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} 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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