

## SoFi Technologies Inc

## 4Q provides a solid beat and positive medium-term growth targets

Reiterate Rating: NEUTRAL | PO: 9.50 USD | Price: 9.03 USD

## Beat + medium-term guidance drives share reaction

SoFi Technologies (SOFI) reported a solid 4Q adj. revs/EBITDA beat of \$594M/\$181M above BofAe/cons at \$579M/\$148M and \$572M/\$143M, respectively. 4Q also beat the high end of guidance (\$585M/\$145M). As expected, the company also turned the corner and delivered GAAP net income profitability in 4Q and guided for this to continue. 2024 guidance is mostly in-line with expectations, and the company also unveiled a solid medium-term guide (through 2026). As such, we are not surprised to see shares trading sharply higher today. Overall, we view the quarter positively. While the debate around fair value marks is likely to persist (SOFI lowered discount rate), growth driven by non-lending segments is a positive and SOFI is executing against its plan. We maintain a Neutral rating as we view risk/reward as balanced at the current valuation.

## Headline '24 guide is mostly in-line, segment-level varies

For 2024, SoFi expects Lending segment revenue to be 92-95% of 2023 levels and for Financial Services and Technology, combined, to grow +50% y/y. Using 92% for Lending and the minimum for the combined Financial Services and Technology growth we estimate the low end of the revenue guide at \$2,445M vs consensus at \$2,491M. The company guided to 2024 Lending revenue to be approx. Financial Services + Technology, we note consensus has Lending revenues 35% higher than the combined segments – Lending forecasts should be reduced as the other two segments accelerate. SOFI plans to deliver adj. EBITDA of \$580-\$590M (cons at \$581M), GAAP net income of \$95-\$105M (cons at \$79M), and EPS of \$0.07-\$0.08. In 1Q24, the guide is back-half loaded with 1Q revs/EBITDA of \$550-\$560M/\$110-\$120M vs cons. at \$578M/\$127M.

## Medium-term guidance maintains aggressive growth

Somewhat unexpectedly, SOFI unveiled a medium-term guide in its 4Q earnings. Through 2026, SOFI expects a revenue CAGR of 20-25% which is driven by 50% compounding growth in Financial Services, mid-20% in Technology, and mid-teens in Lending. It also expects EPS of \$0.55-\$0.80 in 2026 with 20-25% EPS growth beyond 2026. The medium-term outlook is better than current consensus expectations for 2026 which imply only a 9% revenue CAGR and an EPS of \$0.43.

## Adjusting estimates – key metrics / variance table on pg. 3

We adjust our 2024 adj. revs/EBITDA estimate to \$2,449M/\$584M from \$2,555M/\$601M prior. We maintain our \$9.50 PO based on an 6x Tech revenue multiple (5x prior) and 2x current tangible book value (unchanged). We increase the tech multiple to 6x to move it in-line with the segment's closest peer.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	(0.40)	(0.36)	0.06	0.43	0.70
EPS Change (YoY)	71.4%	9.9%	NM	634.2%	61.8%
Consensus EPS (Bloomberg)			0.08	0.23	0.43
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	NM	153.2x	20.9x	12.9x

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## Equity

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## Stock Data

Price	9.03 USD
Price Objective	9.50 USD
Date Established	10-Jan-2024
Investment Opinion	C-2-9
52-Week Range	4.45 USD -11.70 USD
Mkt Val / Shares Out (mn)	8,657 USD / 958.7
Free Float	89.6%
Average Daily Value	433.18 USD
BofA Ticker / Exchange	SOFI / NAS
Bloomberg / Reuters	SOFI US / SOFI.OQ
ROE (2024E)	0%
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"](#).

# iQprofile<sup>SM</sup> SoFi Technologies Inc

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
<b>Net Interest Income</b>	<b>584</b>	<b>1,262</b>	<b>1,512</b>	<b>1,842</b>	<b>2,183</b>
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	NA	NA	NA	NA	NA
Other Income	0	0	0	0	0
<b>Total Non-Interest Income</b>	<b>989</b>	<b>861</b>	<b>937</b>	<b>1,338</b>	<b>1,749</b>
<b>Total Operating Income</b>	<b>1,574</b>	<b>2,123</b>	<b>2,449</b>	<b>3,179</b>	<b>3,932</b>
Operating Expenses	(1,892)	(2,424)	(2,341)	(2,643)	(3,069)
<b>Pre-Provision Profit</b>	<b>(319)</b>	<b>(301)</b>	<b>108</b>	<b>536</b>	<b>864</b>
Provisions Expense	NA	NA	NA	NA	NA
<b>Operating Profit</b>	<b>(319)</b>	<b>(301)</b>	<b>108</b>	<b>536</b>	<b>864</b>
Non-Operating Items	0	0	0	0	0
<b>Pre-Tax Income</b>	<b>(319)</b>	<b>(301)</b>	<b>108</b>	<b>536</b>	<b>864</b>
Net Income to sh/holders	(361)	(341)	62.1	469	780
<b>Adjusted Cash Earnings</b>	<b>(361)</b>	<b>(341)</b>	<b>62.1</b>	<b>469</b>	<b>780</b>

## Key Balance Sheet Data

Total Assets	19,008	30,075	32,579	37,576	43,541
Average Interest Earning Assets	11,604	17,757	21,043	24,345	28,680
<b>Risk Weighted Assets</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Total Gross Customer Loans	NA	NA	NA	NA	NA
Total Customer Deposits	7,342	18,621	23,276	25,371	26,639
<b>Tier 1 Capital</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Tangible Equity	NA	NA	NA	NA	NA
<b>Common Shareholders' Equity</b>	<b>5,528</b>	<b>5,555</b>	<b>5,857</b>	<b>6,606</b>	<b>7,666</b>

## Key Metrics

Net Interest Margin	5.03%	7.11%	7.18%	7.56%	7.61%
<b>Tier 1 Ratio</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Effective Tax Rate	NM	0.14%	5.00%	5.00%	5.00%
Loan / Assets Ratio	0%	0%	0%	0%	0%
<b>Loan / Deposit Ratio</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Oper Leverage (Inc Growth - Cost Growth)	31.6%	6.81%	18.8%	16.9%	7.59%
Gearing (Assets / Equity)	3.44x	5.41x	5.56x	5.69x	5.68x
Tangible Equity / Assets	0%	0%	0%	0%	0%
Tangible Equity / RWAs	NA	NA	NA	NA	NA

## Business Performance

Revenue Growth	60.6%	34.9%	15.4%	29.8%	23.7%
Operating Expense Growth	29.1%	28.1%	-3.40%	12.9%	16.1%
Provisions Expense Growth	NA	NA	NA	NA	NA
Operating Revenue / Average Assets	NA	NA	NA	NA	NA
Operating Expenses / Average Assets	NA	NA	NA	NA	NA
<b>Pre-Provision ROA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
ROA	NA	NA	NA	NA	NA
<b>Pre-Provision ROE</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
ROE	NA	NA	NA	NA	NA
RoTE	NA	NA	NA	NA	NA
RoRWAs	NA	NA	NA	NA	NA
Dividend Payout Ratio	NA	NA	0%	0%	0%
<b>Efficiency Ratio (Cost / Income Ratio)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

## Quality of Earnings

<b>Total Non-Interest Inc / Operating Inc</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Market-Related Revenue / Total Revenues	0%	0%	0%	0%	0%
Provisioning Burden as % of PPP	0%	0%	0%	0%	0%
NPLs plus Foreclosed Real Estate / Loans	NA	NA	NA	NA	NA
<b>Loan Loss Reserves / NPLs</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Loan Loss Reserves / Total Loans	NA	NA	NA	NA	NA
<b>Provisions Expense / Average Loans</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

## Company Sector

Financial Services-Consumer/Commercial

## Company Description

Founded in 2011, SoFi Technologies (SOFI) is a tech-enabled personal finance company that is focused on building an all-inclusive financial services bundle. It provides financial products like student, home, and personal loans along with credit cards, investing products, and traditional retail banking. In addition, the company operates a technology platform, Galileo, which provides APIs and payment processing solutions for neobanks and other B2B customers looking for banking services.

## Investment Rationale

We rate SOFI Neutral. We view SOFI as well positioned to deliver strong revenue growth over the next few years as it drives member growth and cross-sell initiatives. The resumption of student loan payments is also a positive. However, currently trading at a premium to peers we view risk-reward as balanced.

## Stock Data

Average Daily Volume 47,971,360

## Quarterly Earnings Estimates

	2023	2024
Q1	-0.05A	0E
Q2	-0.06A	0E
Q3	-0.29A	0.01E
Q4	0.04A	0.04E

## 4Q details

**Lending:** segment revs/margins at \$353M/65% compared to consensus forecasts at \$367M/64%. Revenue slightly missed expectations likely due to higher losses and pre-payments. In the quarter, yield on originations was over 14% in personal loans and roughly 7% on student loans. SOFI noted that delinquency and charge-off rates continue to normalize and the charge-off rate on personal loans was 4.0% in 4Q. SOFI also increased the fair value marks on its personal loans to 104.9% and its student loans to 103.8% from 104.0% and 101.5% at the end of 3Q. The fair value changes were driven by lower discount rates due to lower benchmark rates, somewhat offset by higher default rate assumptions. SOFI noted that fair value benefits of lower discount rates were offset by hedge losses, so there was no net revenue benefit from discount rate changes.

In terms of company outlook, SOFI is taking a more prudent approach given its more unfavorable view of the macro backdrop. The company believes it can still maintain pricing power as rates fall, as displayed by its +100% betas as rates increased. It does expect to see modest balance sheet growth on a % basis in 2024 and over the long-term it should be mostly consistent with the Lending revenue growth outlook. It also expects to maintain solid net interest margins in addition to a continued normalization in personal loan loss rates (7-8% lifetime loss) with loss rates peaking in 1H24.

**Financial Services:** revs/margins of \$139M/18% came in better than consensus expectations of \$135M/12% due to faster product growth and improved monetization. Revenue contribution from Money and Credit Card were all time highs driven primarily by member growth and higher engagement – over 50% of Money accounts set up direct deposit within a month, driving higher usage. Debit transaction volume exceeded \$1.5B in 4Q. While this higher revenue from Money and Credit Card was in part driven by a significant amount of investment, the segment still posted a higher contribution profit than expected.

SoFi expects Financial Services to deliver that 50% medium-term CAGR primarily due to member growth, increased engagement, in addition to new product rollouts which should improve per-member monetization. The biggest limit SoFi sees to the growth outlook is the marketing dollars funneled to the channel.

**Technology:** revs/margins at \$97M/32% was mostly in-line with our expectations at \$97M/30%. We note contribution margins fell short of consensus at 55%, though we believe that estimate was not fairly calibrated. Accounts increased 8.7M q/q and 11% y/y, which is an acceleration from 3Q23 at 10% y/y.

SoFi is quite confident in its ability to drive growth through 2024 and beyond given cycle timing and existing RFPs. Growth in 2024 should be primarily driven by contracts signed in 2023 and cross-selling existing customers. SOFI also noted that it is in the final stages of some RFPs with traditional banks and is encouraged by the discussions they have had there. Its growth outlook somewhat contemplates a land and expand opportunity with the large companies they plan to win.



**Exhibit 1: SOFI reported a top and bottom-line beat in 4Q**

Variance table

(\$ in millions)	Actual	Estimate	Variance	Var per share	Consensus	Guidance
	Dec-23-A	Dec-23-E	(Act - Est)			
<b>Income Statement</b>						
Interest income	\$645.2	\$646.9	(\$2)	(\$0.00)	\$632.5	
y/y growth	110%	110%			106%	
Interest expense	\$255.6	\$274.4	(\$19)	\$0.02	\$260.3	
y/y growth	159%	178%			163%	
Net interest income	\$389.6	\$372.4	\$17	\$0.02	\$374.3	
y/y growth	87%	79%			79%	
Total non-interest income	\$225.8	\$206.7	\$19	\$0.02	\$200.4	
y/y growth	-9%	-17%			-19%	
Total net revenue	\$615.4	\$579.2	\$36	\$0.04	\$575.3	
y/y growth	35%	27%			26%	
Total non-interest expense	\$564.2	\$566.6	(\$2)	\$0.00	\$559.6	
y/y growth	14%	14%			13%	
As a % of revenue (Operating efficiency)	92%	98%			97%	
Income (loss) before income taxes	\$51.2	\$12.6	\$39	\$0.04	\$15.8	
Income tax (expense) benefit	(\$3.2)	(\$0.0)	(\$3)		\$2.2	
Net income	\$47.9	\$12.6	\$35	\$0.04	\$14.1	
y/y growth	-220%	-131%			-135%	
<b>Diluted EPS</b>	<b>\$0.04</b>	<b>\$0.00</b>	<b>\$0.03</b>		<b>\$0.01</b>	
y/y growth	-187%	-106%			-110%	
<b>Adjusted metrics</b>						
Adjusted net revenue	\$594.2	\$579.2	\$15		\$572.1	
y/y growth	34.0%	30.6%			29.0%	
Adjusted EBITDA	\$181.2	\$148.3	\$33		\$143.2	
y/y growth	159%	112%			104%	
Adjusted EBITDA Margin	30%	26%			25%	
<b>Other Key Metrics</b>						
Financial products	9,479,470	9,962,139				
Technology Accounts (M)	145.4	143.9				
Loans	\$22,958	\$24,492			\$23,004	
<b>Segment Financials</b>						
Revenue - Lending	\$353.1	\$366.0	(\$13)	(\$0.01)	\$367.0	
Contribution margin - Lending	65%	59%			64%	
Revenue - Financial Services	\$139.1	\$134.2	\$5	\$0.01	\$134.7	
Contribution margin - Financial Services	18%	11%			12%	
Revenue - Technology	\$96.9	\$97.2	(\$0)	(\$0.00)	\$94.6	
Contribution margin - Technology	32%	30%			55%	

Source: BofA Global Research estimates, Visible Alpha, company reports

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## Price objective basis & risk

### SoFi Technologies Inc (SOFI)

Our \$9.50 price objective is based on a sum-of-the-parts of 2x current tangible book value and 6x on Technology segment's 2024 net revenue. 2x TBV reflects SOFI's faster growth and 6x to Technology net revenue is in-line with its closest peer.

Risks are dependence on volatile gain-on-sale (GoS) margins, execution risk, consumer credit / recession risk, customer concentration risk and regulation / consumer data privacy concerns.

## Analyst Certification

I, Mihir Bhatia, 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.

### US - Payments, Processors, Specialty Finance and IT services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Accenture Plc	ACN	ACN US	Jason Kupferberg
	American Express Company	AXP	AXP US	Mihir Bhatia
	Block Inc	SQ	SQ US	Jason Kupferberg
	Capital One Financial	COF	COF US	Mihir Bhatia
	Discover Financial	DFS	DFS US	Mihir Bhatia
	Enact Holdings	ACT	ACT US	Mihir Bhatia
	Essent Group	ESNT	ESNT US	Mihir Bhatia
	Fidelity National Information Services	FIS	FIS US	Jason Kupferberg
	Fiserv Inc	FI	FI US	Jason Kupferberg
	FleetCor Technologies Inc.	FLT	FLT US	Mihir Bhatia
	Flywire	FLYW	FLYW US	Jason Kupferberg
	Global Payments Inc	GPN	GPN US	Jason Kupferberg
	Jack Henry & Associates	JKHY	JKHY US	Jason Kupferberg
	Mastercard Inc	MA	MA US	Jason Kupferberg
	MGIC Investment Corp.	MTG	MTG US	Mihir Bhatia
	NMI Holdings	NMIH	NMIH US	Mihir Bhatia
	Nuvei	NVEI	NVEI US	Jason Kupferberg
	Nuvei	YNVEI	NVEI CN	Jason Kupferberg
	OneMain Holdings, Inc.	OMF	OMF US	Mihir Bhatia
	Shift4 Payments, Inc	FOUR	FOUR US	Jason Kupferberg
	Telus International	TIXT	TIXT US	Cassie Chan
	Telus International	YTIXT	TIXT CN	Cassie Chan
	Visa Inc.	V	V US	Jason Kupferberg
	WEX Inc.	WEX	WEX US	Mihir Bhatia
<b>NEUTRAL</b>				
	ADP	ADP	ADP US	Jason Kupferberg
	Affirm Holdings	AFRM	AFRM US	Jason Kupferberg
	Bread Financial Holdings Inc	BFH	BFH US	Mihir Bhatia
	DLocal	DLO	DLO US	Jason Kupferberg
	Globant SA	GLOB	GLOB US	Jason Kupferberg
	Marqeta	MQ	MQ US	Jason Kupferberg
	PayPal Holdings Inc	PYPL	PYPL US	Jason Kupferberg
	SoFi Technologies Inc	SOFI	SOFI US	Mihir Bhatia
	Synchrony Financial	SYF	SYF US	Mihir Bhatia
	Thoughtworks	TWKS	TWKS US	Jason Kupferberg
	Toast	TOST	TOST US	Jason Kupferberg
	TTEC Holdings	TTEC	TTEC US	Cassie Chan
<b>UNDERPERFORM</b>				
	CGI Inc.	GIB	GIB US	Jason Kupferberg
	CGI Inc.	YGIBA	GIB/A CN	Jason Kupferberg
	Cognizant Technology Solutions	CTSH	CTSH US	Jason Kupferberg



**US - Payments, Processors, Specialty Finance and IT services Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Coinbase	COIN	COIN US	Jason Kupferberg
	DXC Technology	DXC	DXC US	Jason Kupferberg
	EPAM Systems	EPAM	EPAM US	Jason Kupferberg
	Paychex	PAYX	PAYX US	Jason Kupferberg
	Radian Group Inc	RDN	RDN US	Mihir Bhatia
	Rocket Companies, Inc.	RKT	RKT US	Mihir Bhatia
	TaskUs	TASK	TASK US	Cassie Chan
	Western Union	WU	WU US	Jason Kupferberg

**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 &amp; 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

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.

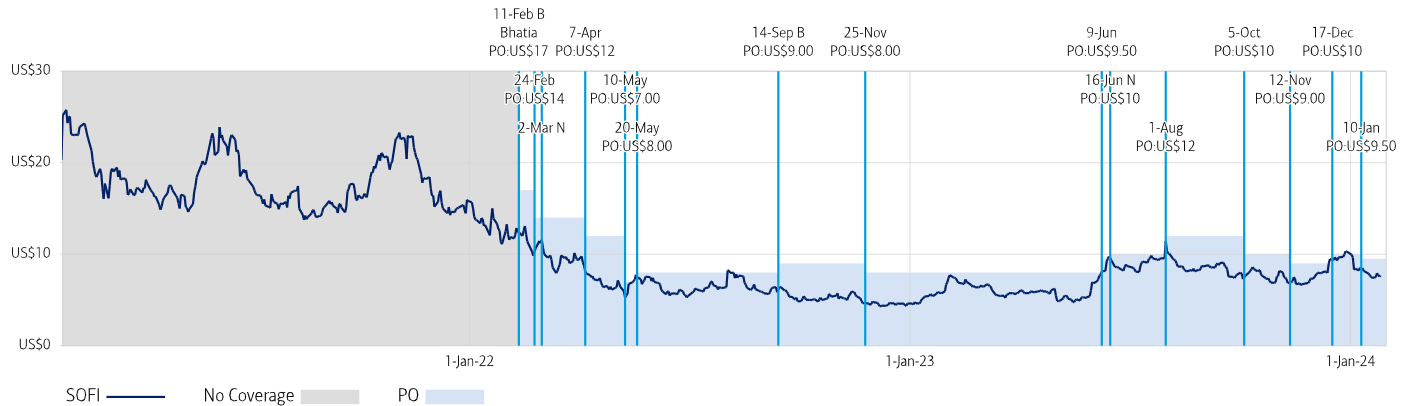
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# Disclosures

## Important Disclosures

### SoFi Technologies (SOFI) Price Chart



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: Financial Services Group (as of 31 Dec 2023)

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

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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%

<sup>R2</sup> 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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