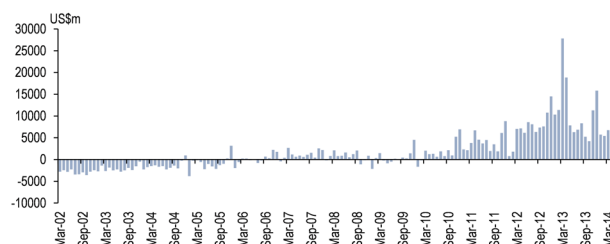


# Honey, Who Moved My Collateral?

## Global Banks Insights

- **Missing Alumina at Qingdao Port** – Earlier this month, there were press reports of banks being potentially exposed to a fraud at China's Qingdao Port, with commodity receipts fraudulently used multiple times by a local counterparty to raise finance from different banks (Reuters, 5 Jun). These concerns were highlighted again this week when Citic Resources, a commodities trader controlled by China's largest state-owned investment company, said it is missing more than half its alumina worth US\$49m stored at Qingdao Port (B'berg, 18 Jun). Our China banks team quotes local media (21cn Century) that there are 18 banks affected by the commodity financing issues at this port, with total loans of Rmb16bn (US\$2.6bn), including most major local Chinese banks ([Click for note](#)). According to earlier reports (WSJ, 6 Jun), many international banks are potentially affected, including ABN Amro, BNP Paribas, Natixis, Standard Chartered, among others. While the individual amounts may not be material it raises questions over the quality of parts of the trade finance business. In our recent China commodity trade finance report we highlighted concerns over exports "over-invoicing" in China with the trade finance activity data appearing to be in excess of the actual underlying trade flows ([Click for note](#)).
- **De-mystifying Bank Annual Reports** – Our analysis of 2013 annual reports of the Western European banks throw interesting insights. If measured on a full fair value basis, Bank of Ireland's shareholders' equity would be wiped out, while equity would be reduced significantly at Lloyds (-40%), Credit Agricole (-35%), Barclays (-25%) and RBS (-22%). Overall we believe Deutsche Bank, Credit Suisse, Barclays and Natixis are most exposed to valuation of level 2 and level 3 assets. We also find that UBS and Vontobel are most conservative, while French banks are the least conservative on impairment disclosures. Interestingly, our work confirms our view that UBS has considerable potential upside from its CHF 24bn of off-balance sheet tax assets and conservative approach to DTA capitalisation. ([Click for note](#))
- **Chart of the Week** – Our *Chart of the Week* below shows growing difference between CN exports to HK and HK imports from CN, supporting concerns over trade finance "over-invoicing" issues in China-HK trade.

Chart of the Week: China's Export to HK - HK's Import from China (US\$ mm)



Source: CEIC, Citi Research

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### Our recent "Global Banks Insights" notes:

[Euro Hopes, Mexico Mañana](#)

[Easing Europe, Internationalising Japan](#)

[How Big Is The India Bubble?](#)

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Citi Research is a division of Citigroup Global Markets Inc. (the "Firm"), which does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Certain products (not inconsistent with the author's published research) are available only on Citi's portals.

## ■ Citi's Most Read Last Week –

### Most Read 1. European Banks Annual Report Review — New Insights from Detailed Review of Banks' Disclosures ([Click for note](#))

Citi Research  
Deep Dive | Equities

16 June 2014 | 36 pages

Chuvstov Banks  
Western Europe

#### European Banks Annual Report Review

New Insights from Detailed Review of Banks' Disclosures

- Review of 30 banks annual reports** — We have reviewed the 2013 annual reports of the Western European banks covered by Citi. We believe that annual reports contain important disclosures, particularly relating to bank accounting for financial instruments, which are not well understood in the market. We have also reviewed deferred tax assets, an under-recognized issue with material valuation implications for some banks, notably UBS.
- Balance sheets at fair value** — Banks must report annually the fair value of all financial instruments on balance sheet. If measured on a fair value basis, bank of financial instruments equity would be wiped out, while equity would be reduced significantly at Lloyds (44%), Credit Agricole (20%), Barclays (12%) and BNP (12%). On the other hand, banks such as Citigroup and Bank of America could have unrecognized value in sovereign bond portfolios. The differences may be due partly to different methodologies applied.
- Swiftness to level 2 or 3 valuations** — Banks are also required to disclose instruments measured at fair value which are not based on input market prices (level 2 or level 3 valuations), which may be subject to significant estimation or judgment. Indeed, a review of level 3 assets is a key component of the FICC Risk Quality Review ([See the FICC Risk Quality Review](#), 11 March 2014). Overall we believe Deutsche Bank, Credit Suisse, Citigroup and HSBC are most exposed.
- Improved disclosures a litmus test for accounting conservatism** — We have reviewed banks' disclosures for assessing impairment of available-for-sale equities, which have been criticized by regulator ECB. Overall, we find UBS and Citigroup to be the most conservative, while French banks are the least conservative in our view.
- Deferred tax assets (DTAs)** are under-analyzed risk — This work confirms our view that UBS has considerable potential upside from its CFI share of offshore-subsidiary tax assets and conservative approach to CFI capitalization. UBS only runs a 5-year timeline vs peers of 4-6 years. Several other banks have very large on-balance sheet DTAs which may be at risk of impairment in future. Banks with large DTAs relative to shareholders' equity include Bankia (CITN 74% of eqy), Citigroup (34%) and Unibank (27%).
- What's worrying the auditor** — We have also reviewed the new auditor reports for the US and Irish banks, which are required to disclose the key audit risks. While there is an understanding focus on loan impairments and financial instrument valuations, 5 out of 6 reports highlight tax as a key risk. FICC's and Bankers' auditors highlight IT concerns, and HSBC's auditor flags the risk of impairment at available-for-sale.

Accounting & Valuation

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European Banks

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### Most Read 2. Credit Suisse (CSGN.VX) — Waking up to a Radical FICCx? ([Click for note](#))

Citi Research  
Equities

10 June 2014 | 10 pages

Chuvstov Banks  
Western Europe | Switzerland

#### Credit Suisse (CSGN.VX)

Waking up to a Radical FICCx?

- Project Waka** — The PFI reported that CS is considering a spin-off of its US government bond trading business, named Waka USA. This follows a recent risk "negative event" which triggered a request to transfer covered interest rate swaps and fixed structures to Waka, with technology provided by high-frequency trading firm Tower Research Capital. Any spin-off would be a significant step towards taking advantage of lower capital requirements.
- We believe interest rate** — Earlier this year, CS announced that JPM, in light of its recent problems, a prior report of failure, had stepped down to lead a new economic restructuring unit for the bank. We suspect this reflects a more fundamental rethink of FICC strategy, notably in rates, where returns remain relatively unattractive. We estimate that CS has the 5th largest fixed income portfolio, significantly increased on 2013 — and yet fails to make top tier (Figure 1 and 2).
- Leverage Ratios and Key Constraints** — CS's leverage ratio was 3.4x at 2014, up from 3.1x in 2013, vs the current 4% requirement for 2015. The key risk remains leverage requirements, which are going to be tightened. Indeed a recent report on 10/17 is expected to be published in early 2015. An increase in the leverage ratio to 5% would imply CS's minimum CET1 ratio requirements could go to 10% to 15%, thereby reducing the credit rating (see Figure 3).
- Need For Further Action on Rates** — Assuming an alternative approach to valuation of the most recent, short-maturity, part of the fixed income portfolio, CS's leverage ratio would be 3.1x, implying a need to reduce exposure. CS's leverage ratio is only 12-15% (see Figure 3). Meeting half-way in terms of targeted reduction would be a 50% reduction of short-term exposure. CS's leverage ratio would be 3.1x, implying a need to reduce exposure. CS's leverage ratio is only 12-15% (see Figure 3). Meeting half-way in terms of targeted reduction would be a 50% reduction of short-term exposure. CS's leverage ratio would be 3.1x, implying a need to reduce exposure. CS's leverage ratio is only 12-15% (see Figure 3). Meeting half-way in terms of targeted reduction would be a 50% reduction of short-term exposure.
- CS Capital Used to Buy FICCx** — As highlighted in CS's 2014 1000s, the US's radical approach to CFI underpins FICCx business could be a key catalyst to drive business recovery from its recent struggles (see Figure 4).

Key

Price (10 Jun 14) \$121.64

Target price \$145.00

Expected share price return 19.4%

Expected dividend yield 2.5%

Expected total return 21.9%

Market cap \$141.17B

US\$48.16B

Risk Parameters

BS: CSIGN.VX, BS: CSIGN.VX

Chuvstov Banks

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### — Most Read 3. Tough FICC Continues, Improving Confidence — Banking on Markets — 37th Edition ([Click for note](#))

Citi Research  
Equities

11 June 2014 | 29 pages

Chuvstov Banks  
Western Europe

#### Tough FICC Continues, Improving Confidence

Banking on Markets — 37th Edition

- 2014 Capital Markets Preview** — 2014-to-date has been characterized by further pressure on Global Macro revenues, as FFI and FFI volatility have increased. However, FICC continues to do relatively better than primary revenue pools. We expect 2014 to be supported by a 50% growth in announced M&A (see Figure 1). We continue to prefer FICC-based transactions for now, waiting for "trader" trigger points for the more FICC-based transactions which have significant client value, in our view.
- June Comps Much Better** — We expect 2014 to end better than recent management guidance given June 2013 was significantly impacted by a combination of market sell-off, spread widening and risk-off driven by Fed tapering as well as China growth & volatile market concerns.
- Sell to BCP Only Moderate Impact** — We continue to see the sell to BCP leading to a 10% to 15% increase in revenue, with business moving off from sell to electronic FFI (see Figure 2) rather than the CLOB (partial limit order books).
- FICC Continues to Weigh** — We believe double-digit declines in transaction FICC revenues, in line with guidance from various management bodies, in FICC, are likely to be offset by double-digit growth in FICC, notably in more capital than structure. With FICC, Credit should not be better than Rates and FX, which continue to be impacted by very low volatility.
- CS Resilient, ECM Stronger** — We forecast more European bank FICC revenue pool to decrease by 5% in 2014, supporting the global FICC revenue pool supported by CFI. Although three leverage measures should also benefit from higher AUM and leverage, CS, UBS, and UBS remain best placed to benefit from.
- Primary Asset Liquidity** — Despite volatility in CFI, overall top-line primary revenues are down 10% yoy, per Deutsche industry data. Primary was weighed down by smaller deal issuance and completed M&A revenues. However, in 2014, post-up in announced M&A volume should book very well for future quarters.
- Equities that the new FICCx may drive** — We continue to prefer more equity-linked transactions with CFI and UBS well placed, with Equities companies used by FICC and further restructuring. Many in the Rates business, we think CS remains best positioned to achieve leverage velocity from the FICCx. The business of Rates and Deutsche Bank are best to bring volatility and leverage in the Global Macro space, we see material upside, albeit more wary at the turn of 2015. Primary we expect to continue Bank of America to reflect the 40-50% rights issue and assuming 2015-16 EPS by 20% and correspondingly reduce the price target to \$10. We also make minor changes to our estimates for CFI and UBS.

Chuvstov Banks

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Source: Citi Research

Source: Citi Research

Source: Citi Research

## Highlighted Citi Events

- 23-25<sup>th</sup> June**  
**Beyond the Basics European Financials Conference**  
**London**
- 18-19<sup>th</sup> November**  
**Global Financials Conference**  
**Singapore**

*For participation and more details, please contact your Citi sales representative*

- Citi Ratings Changes** — Over the past 1 week, we changed ratings for three Polish banks we cover — we upgrade ING Bank Slaski and mBank from Sell to Neutral, and downgraded Bank Pekao from Buy to Neutral ([Click for note](#)). At the same time, we also upgraded Banregio in Mexico from Neutral to Buy ([Click for note](#)).
- Stock Performance Summary** — LTM, the best-performing region in absolute terms has been MEA (+44%), the worst performing Japan (+9%). Over the last month, bank share prices increased most in Greece (+23%), declined most in Indonesia (-6%). At the individual bank level, the best-performing bank over the last month was Monte dei Paschi (+52%); the worst was Bank of Baroda (-13%). (Refer to page 4 for details).

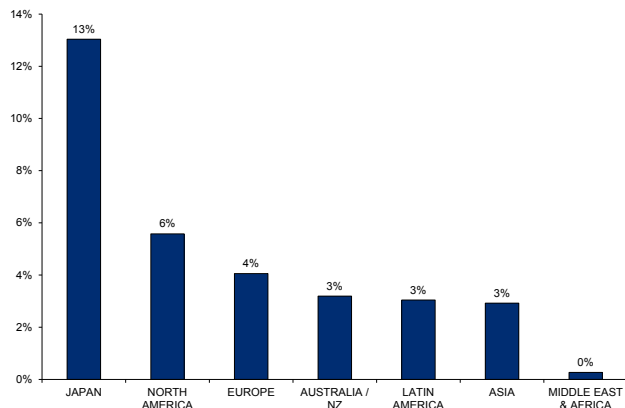
## Other Highlighted Research this week:

We highlight the following research from this week:

- Our **Asean** banks team have constructed a bottom-up analysis of 68 Asia ex-Japan banks, studying how much of YTD-2014 price performance is supported by consensus earnings revisions, the rest being a PER multiple re-rating/de-rating. A benign global rates backdrop supported an extended 1H14 Asean banks rally, some valuations at/above mean; YTD-14 consensus earnings provide meager support. The two halves of 2013 remind us to guard against complacency. Asean post-1Q14 results consensus revisions (ex-SG) have gone sideways or fallen. Another quarter of soft results may leave share prices vulnerable. Prefer banks showing stronger earnings momentum. Focus stocks: DBS, BBNI, Maybank, KBANK, BDO ([Click for note](#))
- **Polish** banks guide for broadly flat earnings growth in 2014 while consensus is looking for 11% yoy growth; we forecast a 6% yoy increase. This relatively low growth is caused by the high base as the cost of risk in 2013 was close to the normalised level and as revenues were supported by trading gains on bonds. We expect earnings acceleration in the coming years and forecast net profit of our universe of seven large and medium size banks to rise 21% in 2015 and 10% in 2016. ([Click for note](#))
- **DNB** (1.25x P/TB '14E) is trading at a 0.5x price/tangible book discount relative to Swedish peers, not far from a decade high discount of 0.6x. DNB's implied cost of equity is c2ppt higher versus Nordic peers and country averages for retail/commercial banks in North America and Europe. We believe a lot of "bad news" is still reflected in the current share price. ([Click for note](#))

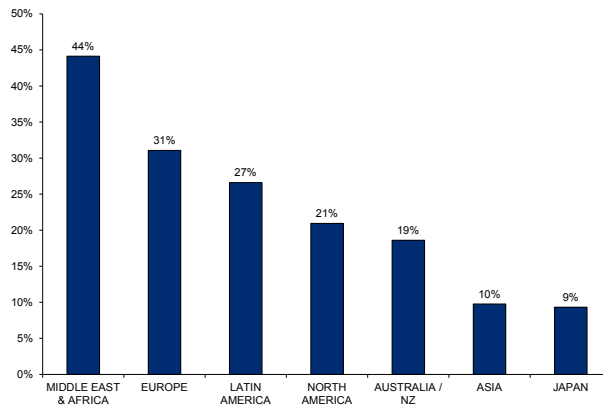
## Global Banks Stock Performance

Figure 1. Regional Performance – 1 Month



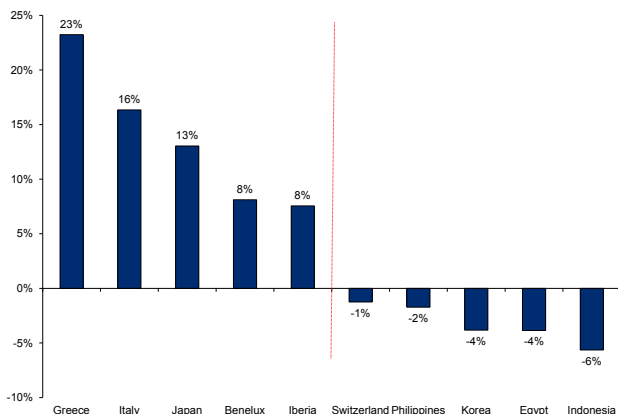
Source: Bloomberg, Citi Research; Note: Performance in local currency terms; Mexico included in the LatAm region instead of NA

Figure 2. Regional Performance – LTM



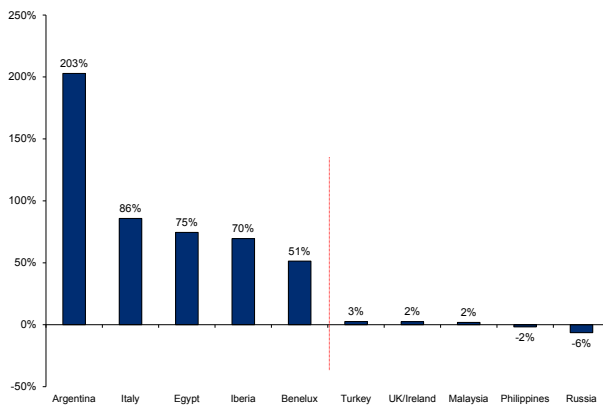
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months; Note: Perf in local currency terms; Mexico included in the LatAm region instead of NA

Figure 3. Market Performance – 1 Month (Top 5 & Bottom 5)



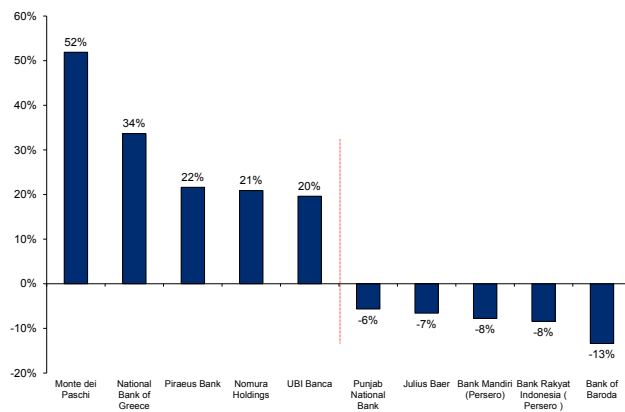
Source: Bloomberg, Citi Research; Note: Performance in local currency terms

Figure 4. Market Performance – LTM (Top 5 & Bottom 5)



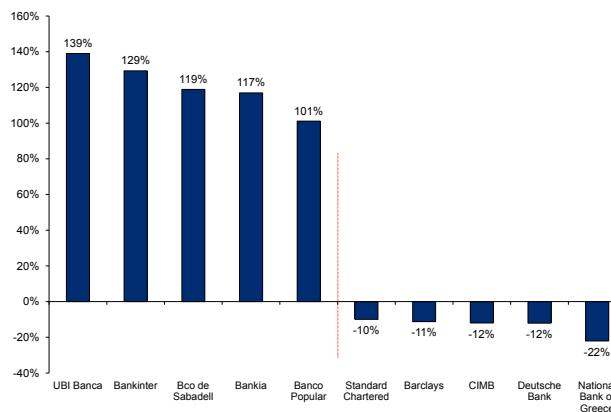
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months; Note: Performance in local currency terms

Figure 5. Stock Performance – 1 Month (Top 5 & Bottom 5)



Source: Bloomberg, Citi Research; Note: We have screened stocks with MCap >USD 5Bn for this analysis; Note: Performance in local currency terms

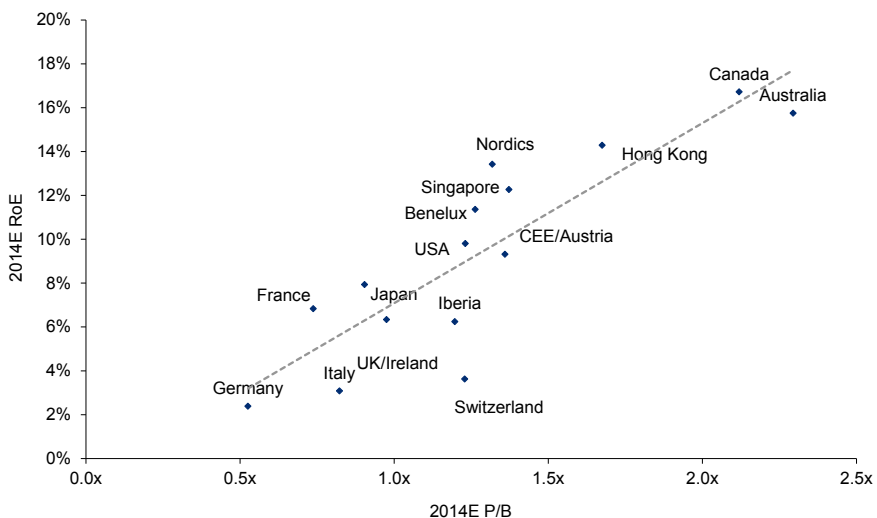
Figure 6. Stock Performance – LTM (Top 5 & Bottom 5)



Source: Bloomberg, Citi Research; Note: We have screened stocks with MCap >USD 5Bn for this analysis; Note: LTM stands for last 12 Months; Note: Performance in local currency terms

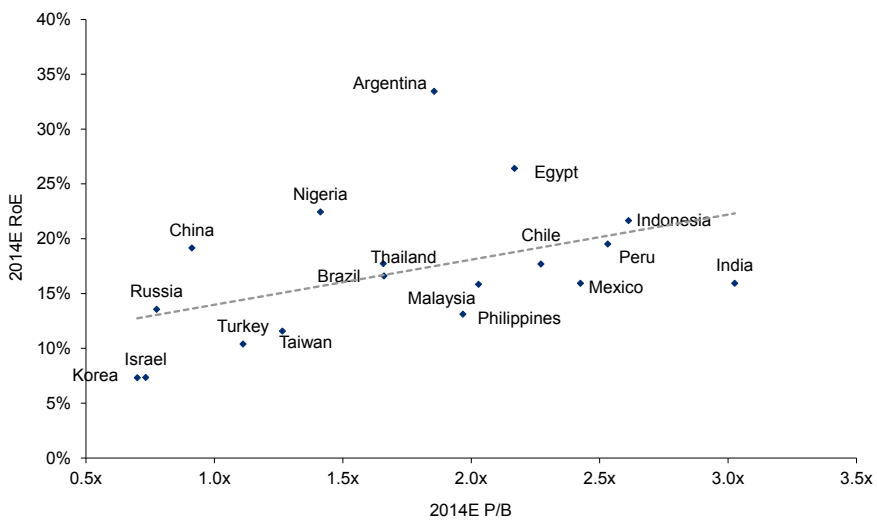
## PB vs ROE Scatter

Figure 7. 2014E P/B vs ROE – Developed Markets



Source: Powered by dataCentral

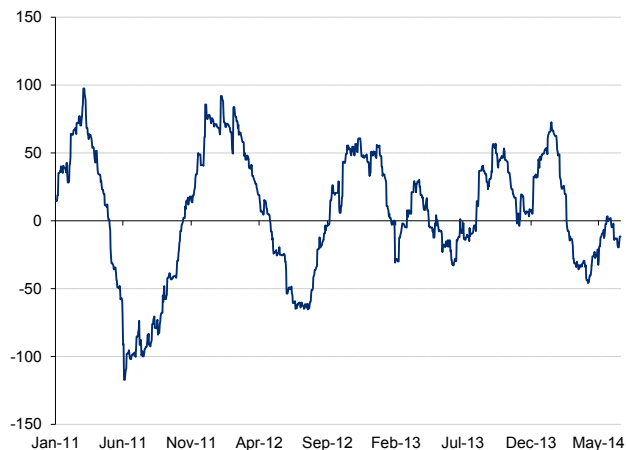
Figure 8. 2014E P/B vs ROE – Emerging Markets



Source: Powered by dataCentral

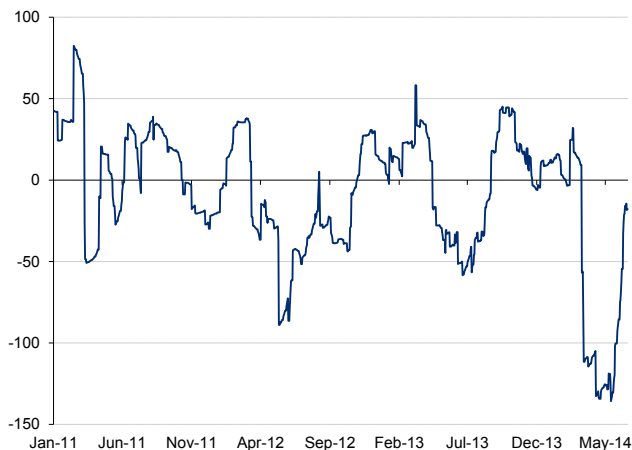
## Citi Economic Surprise Indices (CESI)\*

Figure 9. Citi Economic Surprise Index - US



Source: Bloomberg, Citi Research

Figure 10. Citi Economic Surprise Index - China



Source: Bloomberg, Citi Research

Figure 11. Citi Economic Surprise Index – Euro Area



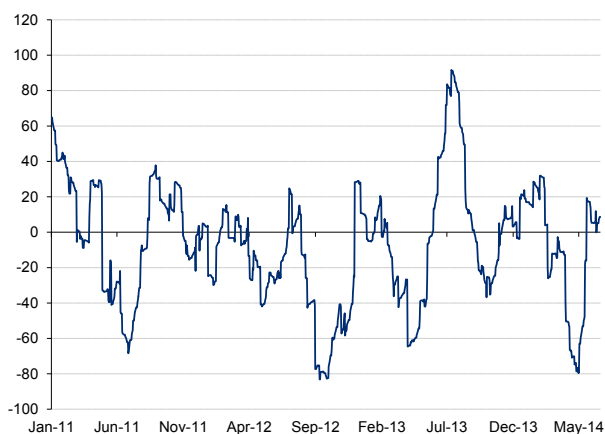
Source: Bloomberg, Citi Research

Figure 12. Citi Economic Surprise Index – Emerging Markets



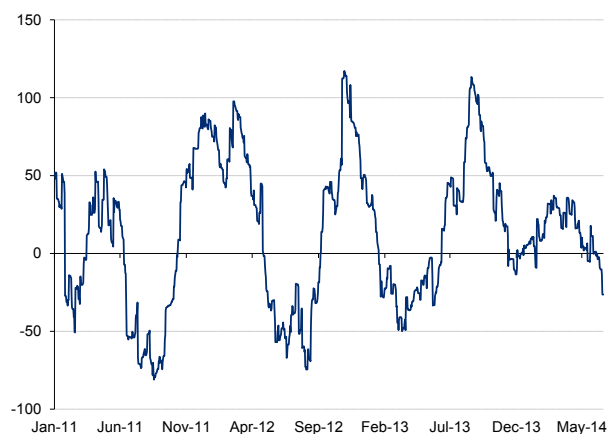
Source: Bloomberg, Citi Research

Figure 13. Citi Economic Surprise Index - Japan



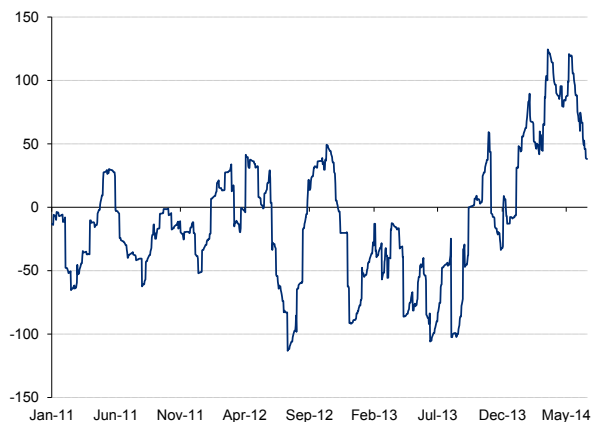
Source: Bloomberg, Citi Research

Figure 14. Citi Economic Surprise Index - UK



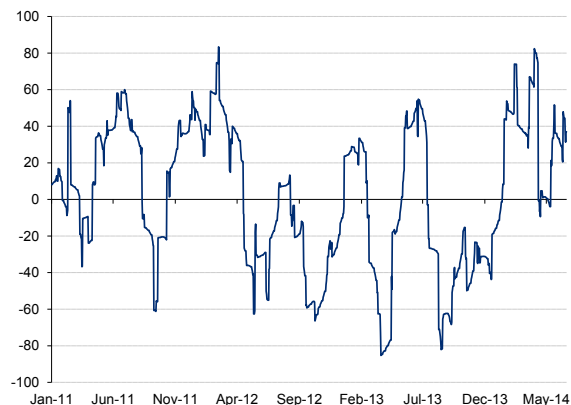
Source: Bloomberg, Citi Research

Figure 15. Citi Economic Surprise Index - Brazil



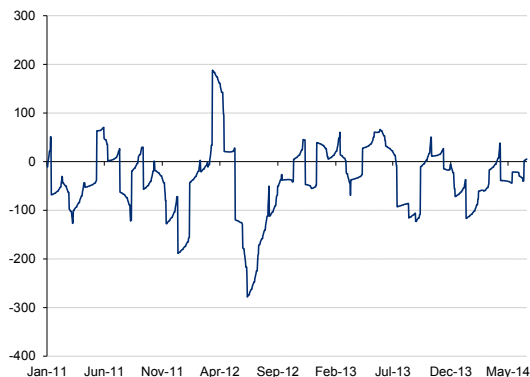
Source: Bloomberg, Citi Research

Figure 16. Citi Economic Surprise Index - Russia



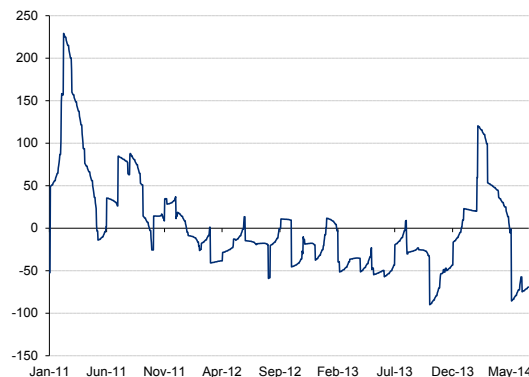
Source: Bloomberg, Citi Research

Figure 17. Citi Economic Surprise Index - India



Source: Bloomberg, Citi Research

Figure 18. Citi Economic Surprise Index - Indonesia



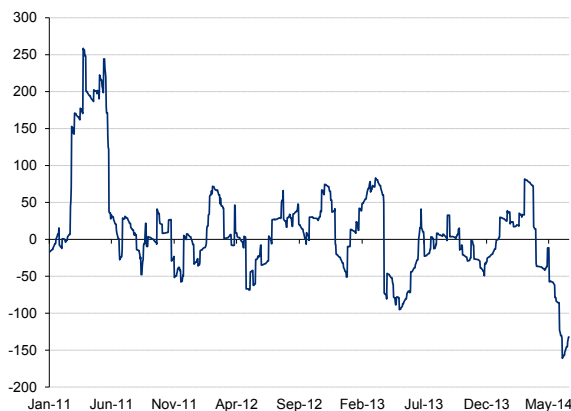
Source: Bloomberg, Citi Research

Figure 19. Citi Economic Surprise Index - Australia



Source: Bloomberg, Citi Research

Figure 20. Citi Economic Surprise Index - HK

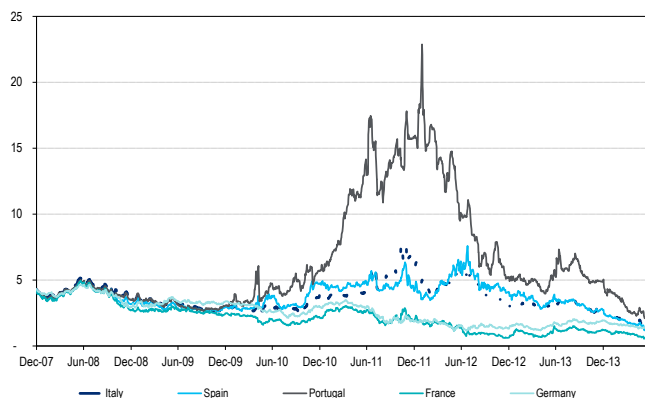


Source: Bloomberg, Citi Research

\* Note: The Citi Economic Surprise Indices are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets.

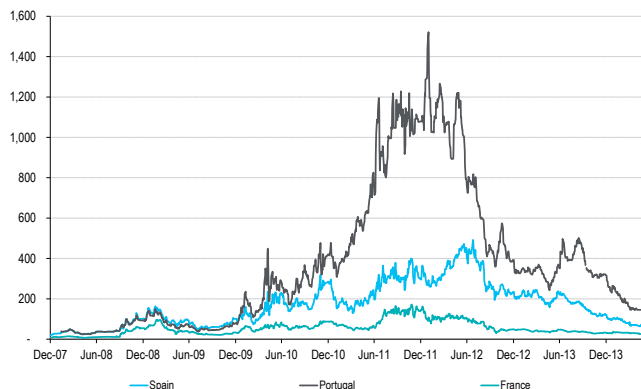
## Key Bank Funding Indicators

Figure 21. European Sovereign Cash Bond Yield (Senior 5Y)



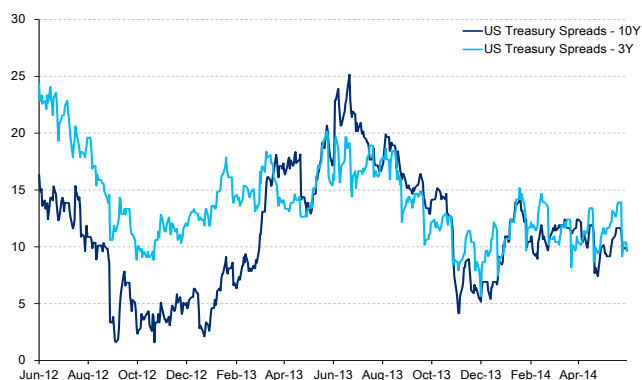
Source: Bloomberg

Figure 22. European Sovereign CDS (Senior 5Y)



Source: Bloomberg

Figure 23. US Treasury Spreads



Source: Datastream; Note: Spreads over effective Fed funds target rate

Figure 24. 3M Eur/US Basis Swap



Source: Bloomberg

Figure 25. 10Y US Swap Spread



Source: Bloomberg

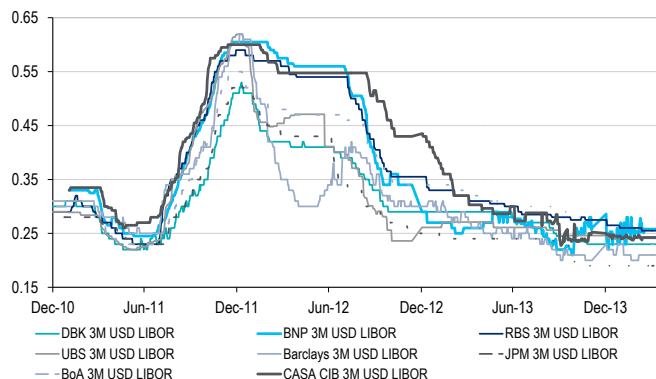
Figure 26. 10Y Euro Swap Spread



Source: Bloomberg

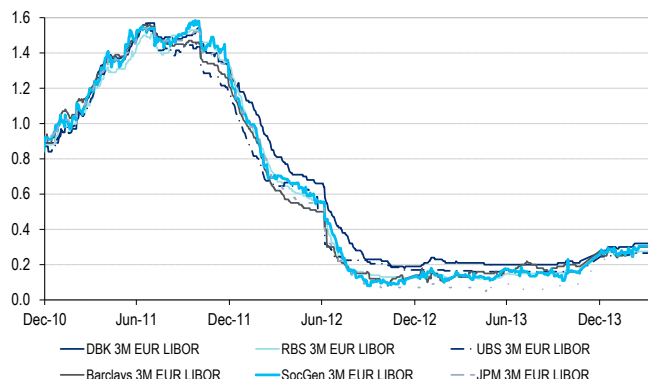


Figure 27. 3M USD Libor Rates



Source: Bloomberg, Citi Research

Figure 28. 3M EUR Libor Rates



Source: Bloomberg, Citi Research

Figure 29. US 3m FRA – OIS Spread



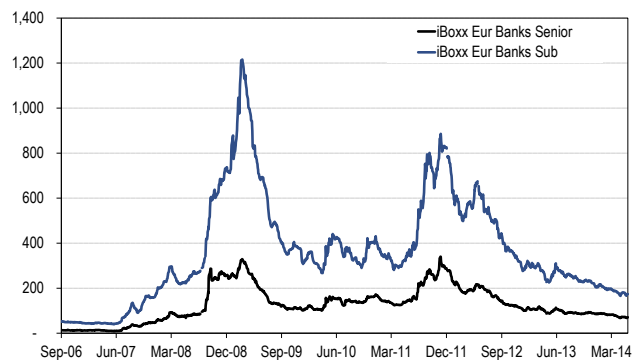
Source: Bloomberg

Figure 30. EUR 3m FRA – OIS Spread



Source: Bloomberg

Figure 31. iBoxx Europe Banks Indices



Source: Markit

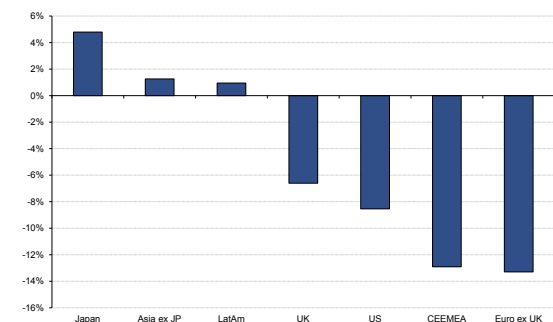
Figure 32. 3M Shanghai Interbank Rate (SHIBOR)



Source: Datastream

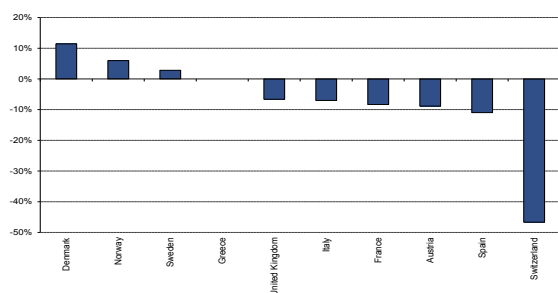
## Global Estimates Revisions Summary

Figure 33. Citi 2014E Revisions -3M - Global



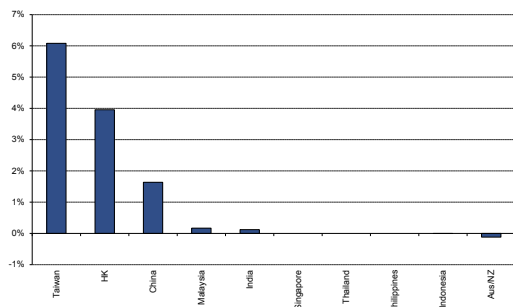
Source: Citi Research

Figure 35. Citi 2014E Revisions -3M - Europe



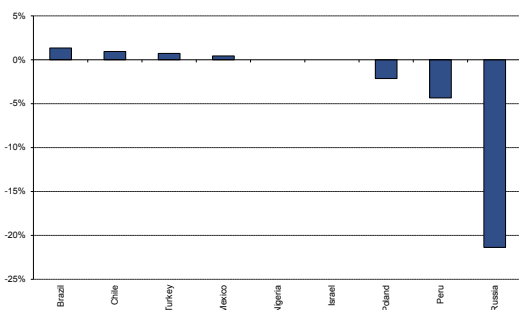
Source: Citi Research

Figure 37. Citi 2014E Revisions -3M - Asia



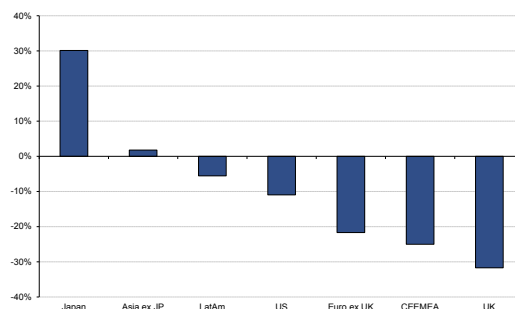
Source: Citi Research

Figure 39. Citi 2014E Revisions -3M - LatAm + CEEMEA



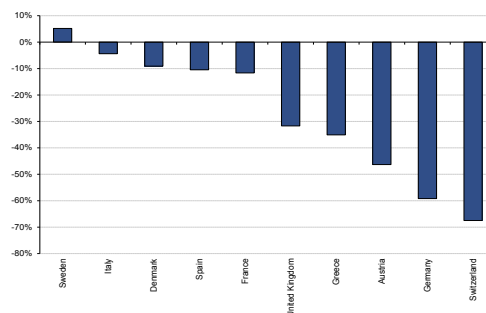
Source: Citi Research

Figure 34. Citi 2014E Revisions LTM - Global



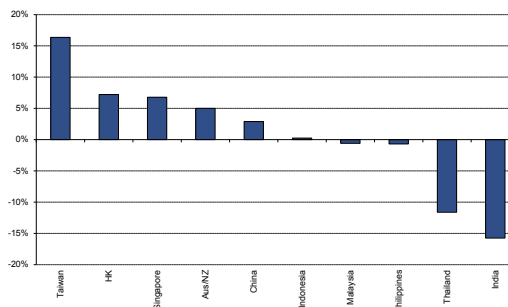
Source: Citi Research

Figure 36. Citi 2014E Revisions LTM - Europe



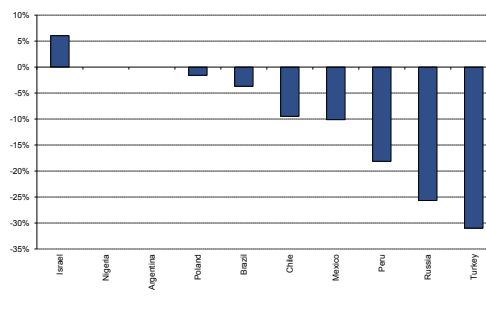
Source: Citi Research

Figure 38. Citi 2014E Revisions LTM - Asia



Source: Citi Research

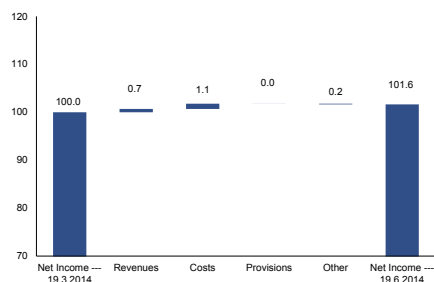
Figure 40. Citi 2014E Revisions LTM - LatAm + CEEMEA



Source: Citi Research

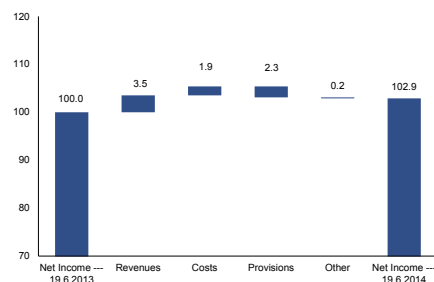
## Asia:

Figure 41. China – 3M '14 Estimates Change



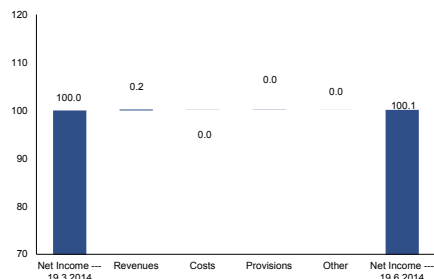
Source: Citi Research

Figure 42. China – LTM '14 Estimates Change



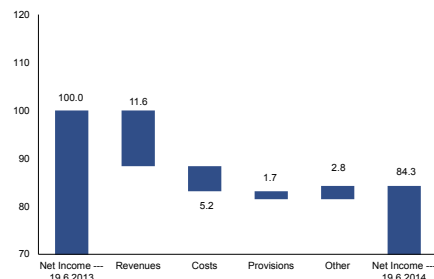
Source: Citi Research

Figure 43. India – 3M '14 Estimates Change



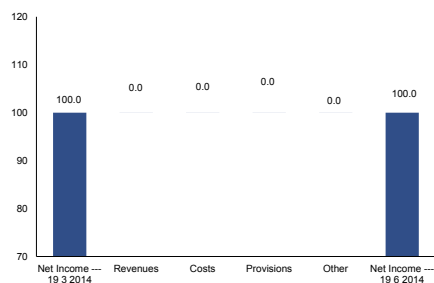
Source: Citi Research

Figure 44. India – LTM '14 Estimates Change



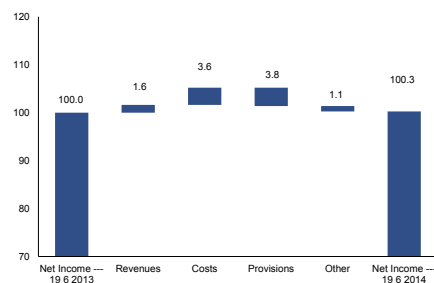
Source: Citi Research

Figure 45. Indonesia – 3M '14 Estimates Chg



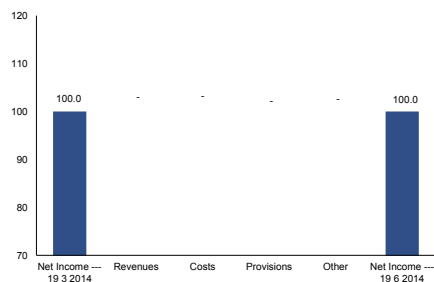
Source: Citi Research

Figure 46. Indonesia – LTM '14 Estimates Chg



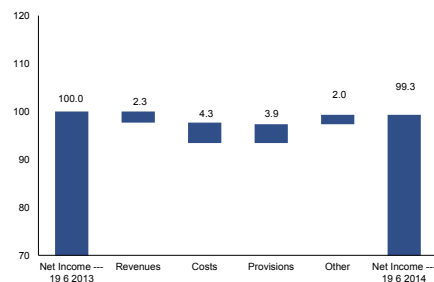
Source: Citi Research

Figure 47. Phils – 3M '14 Estimates Chg



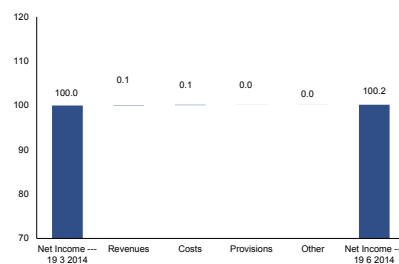
Source: Citi Research

Figure 48. Phils– LTM '14 Estimates Chg



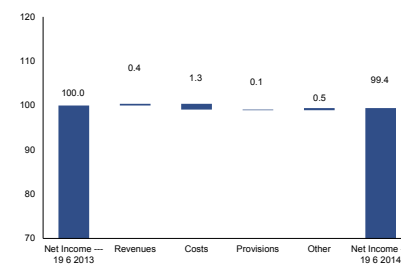
Source: Citi Research

Figure 49. Malaysia – -3M '14 Estimates Chg



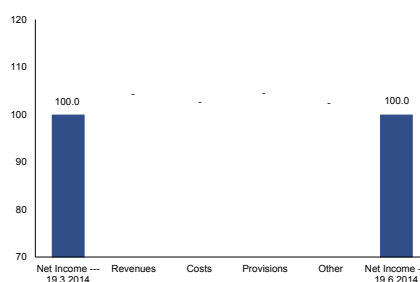
Source: Citi Research

Figure 50. Malaysia – LTM '14 Estimates Chg



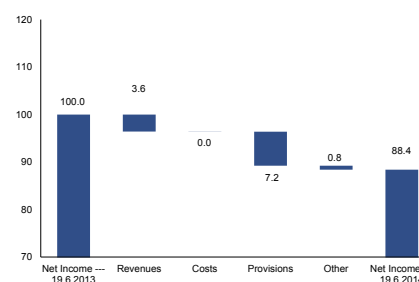
Source: Citi Research

Figure 51. Thai. – -3M '14 Estimates Change



Source: Citi Research

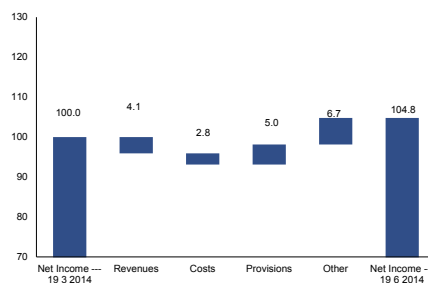
Figure 52. Thai. – LTM '14 Estimates Change



Source: Citi Research

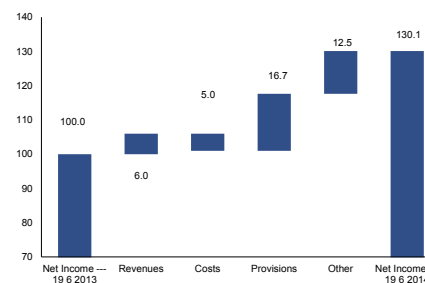
## Japan:

Figure 53. Japan – -3M '14 Estimates Change



Source: Citi Research

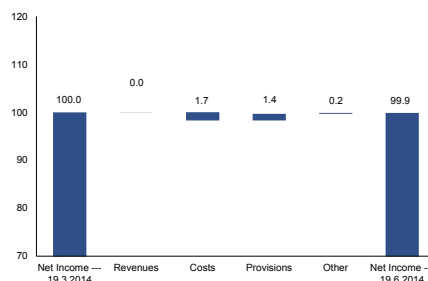
Figure 54. Japan – LTM '14 Estimates Change



Source: Citi Research

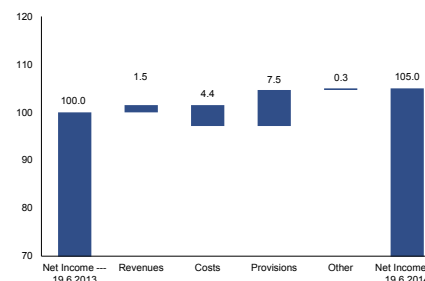
## Australia / New Zealand:

Figure 55. AU/NZ – -3M '14 Estimates Change



Source: Citi Research

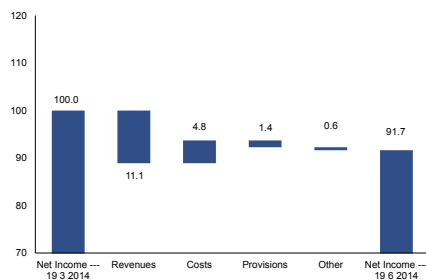
Figure 56. AU/NZ – LTM '14 Estimates Change



Source: Citi Research

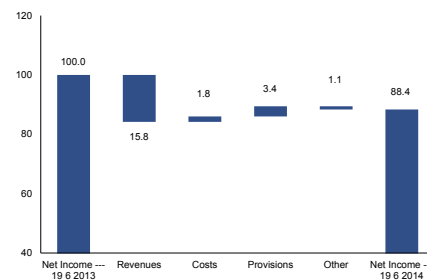
## Europe:

Figure 57. France – -3M '14 Estimates Chg



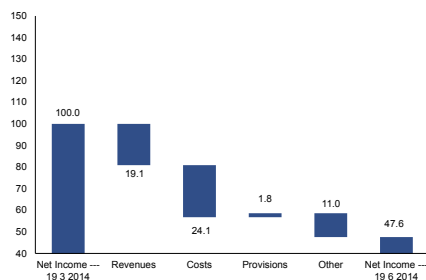
Source: Citi Research

Figure 58. France – LTM '14 Estimates Chg



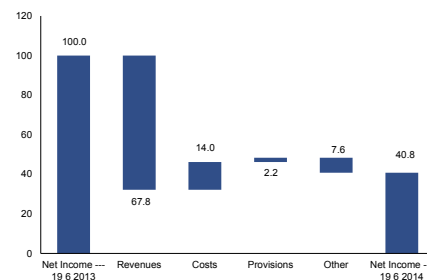
Source: Citi Research

Figure 59. Germany – -3M '14 Estimates Chg



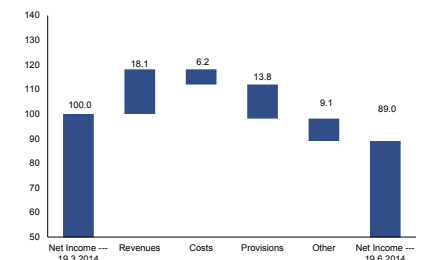
Source: Citi Research

Figure 60. Germany – LTM '14 Estimates Chg



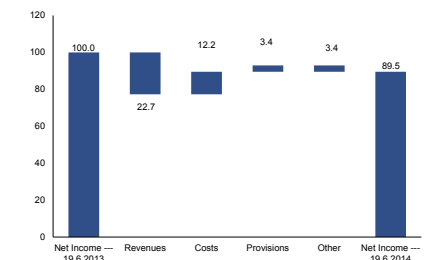
Source: Citi Research

Figure 61. Iberia – -3M '14 Estimates Change



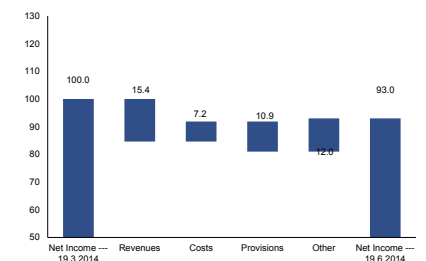
Source: Citi Research

Figure 62. Iberia – LTM '14 Estimates Change



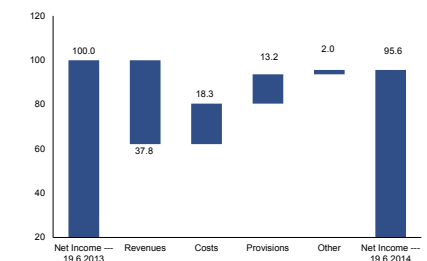
Source: Citi Research

Figure 63. Italy – -3M '14 Estimates Change



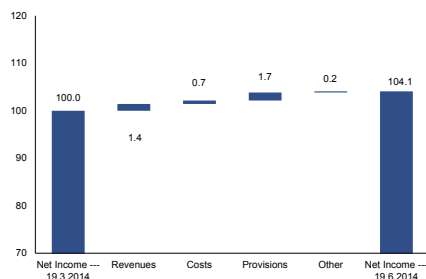
Source: Citi Research

Figure 64. Italy – LTM '14 Estimates Change



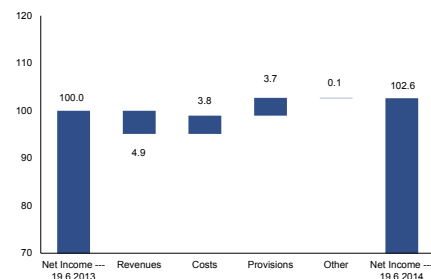
Source: Citi Research

Figure 65. Nordics – -3M '14 Estimates Chg



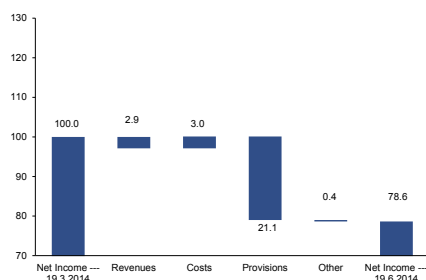
Source: Citi Research

Figure 66. Nordics – '14 LTM Estimates Chg



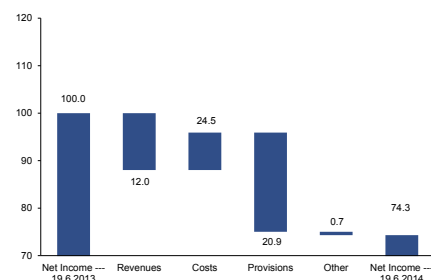
Source: Citi Research

Figure 67. Russia – -3M '14 Estimates Chg



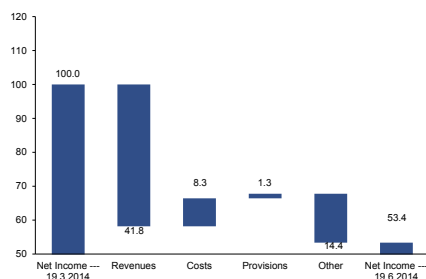
Source: Citi Research

Figure 68. Russia – LTM '14 Estimates Chg



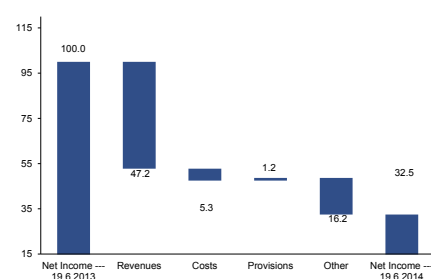
Source: Citi Research

Figure 69. Switz. – -3M '14 Estimates Chg



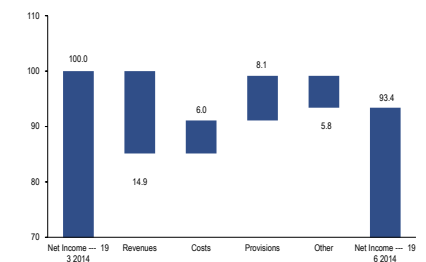
Source: Citi Research

Figure 70. Switz. – LTM '14 Estimates Chg



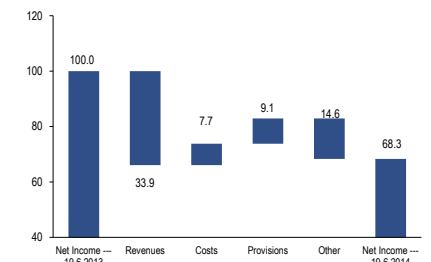
Source: Citi Research

Figure 71. UK – -3M '14 Estimates Chg



Source: Citi Research

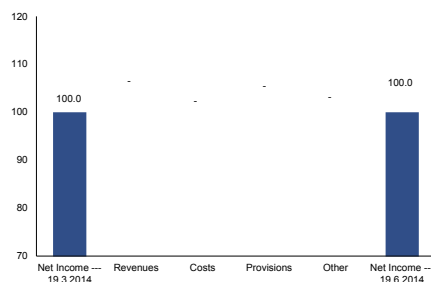
Figure 72. UK – LTM '14 Estimates Chg



Source: Citi Research

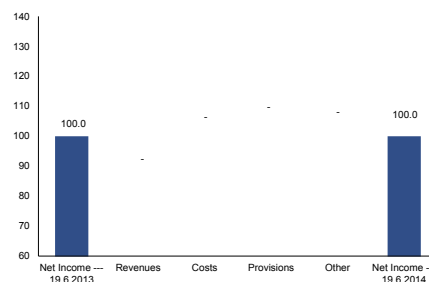
## MENA/Africa:

Figure 73. Nigeria – -3M '14 Estimates Chg



Source: Citi Research

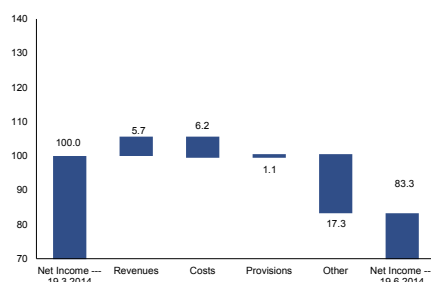
Figure 74. Nigeria – LTM '14 Estimates Chg



Source: Citi Research

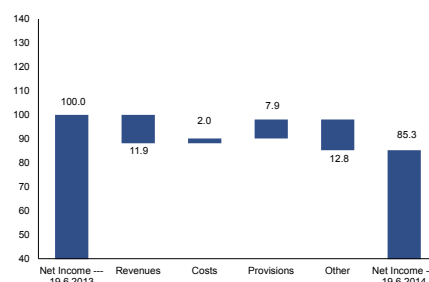
## United States:

Figure 75. US (Money Centres) – -3M '14 Estimates Change



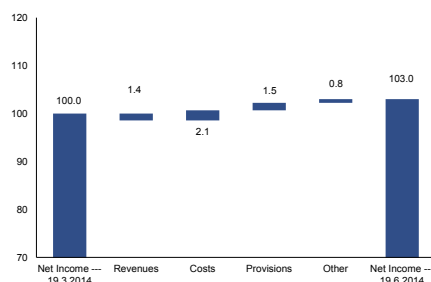
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 76. US (Money Centres) – LTM '14 Estimates Change



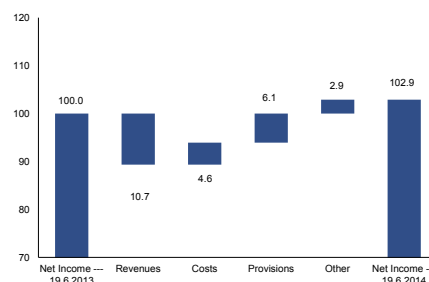
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 77. US (Regionals) – -3M '14 Estimates Change



Source: Citi Research

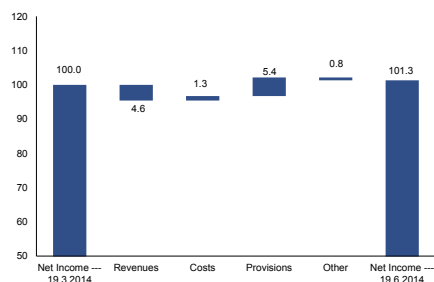
Figure 78. US (Regionals) – LTM '14 Estimates Change



Source: Citi Research

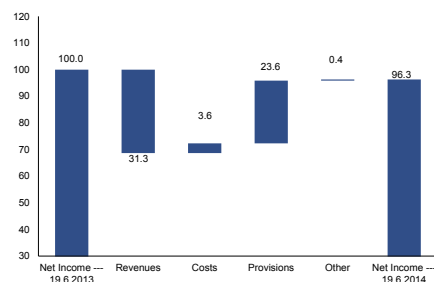
## LatAm:

Figure 79. Brazil – -3M '14 Estimates Chg



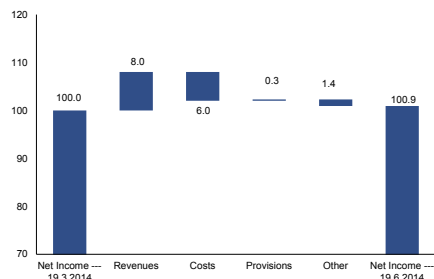
Source: Citi Research

Figure 80. Brazil – LTM '14 Estimates Chg



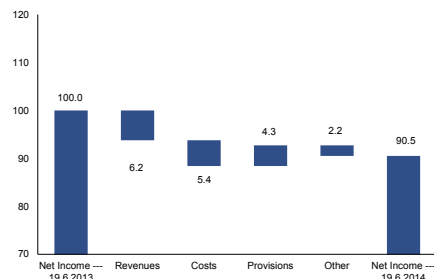
Source: Citi Research

Figure 81. Chile – -3M '14 Estimates Change



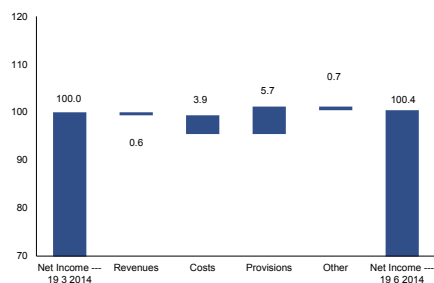
Source: Citi Research

Figure 82. Chile – LTM '14 Estimates Change



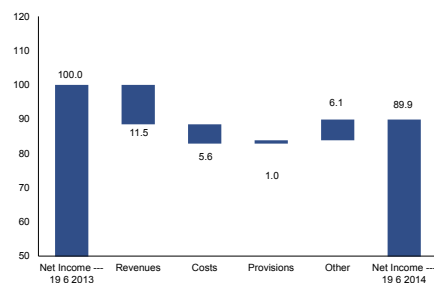
Source: Citi Research

Figure 83. Mexico – -3M '14 Estimates Chg



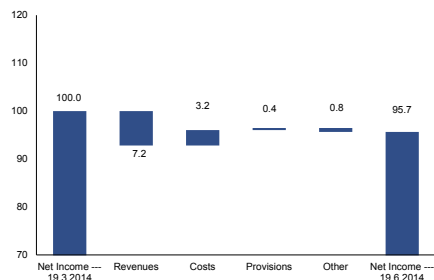
Source: Citi Research

Figure 84. Mexico – LTM '14 Estimates Chg



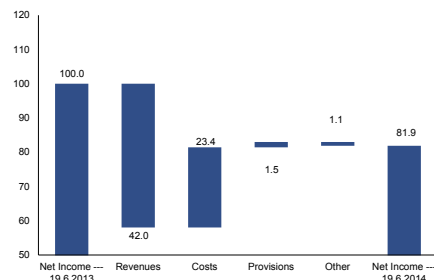
Source: Citi Research

Figure 85. Peru – -3M '14 Estimates Change



Source: Citi Research

Figure 86. Peru – LTM '14 Estimates Change



Source: Citi Research



## Global Banks Valuations

Figure 87. Global Valuation Table – Europe, 20 Jun 2014

		M Cap	Share Price			Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield	
Bank	Rec	(\$bn)		Now	Target	+/-%	2014E	2015E	2016E				2014E	
EUROPE														
Benelux		80				+11%	10.4x	8.9x	8.2x	1.5x	1.5x	15%	17%	4.8%
KBC	Buy	24	E	41.6	46.0	+11%	10.4x	8.9x	8.2x	1.5x	1.5x	15%	17%	4.8%
ING		56												
CEE/Austria		106				+2%	15.4x	11.5x	10.1x	1.5x	1.4x	10%	13%	4.1%
Bank Millennium	Sell	3	Zl	8.3	5.6	-33%	16.6x	15.0x	14.1x	1.8x	1.7x	11%	11%	3.0%
Alior Bank	Neutral / H	2	Zl	83	88	+6%	17.6x	14.1x	11.4x	2.2x	1.9x	14%	14%	0.0%
Bank of Georgia	Buy	1	p	2329	2670	+15%	9.6x	8.1x	7.1x	1.9x	1.6x	22%	22%	3.1%
Bank Pekao	Neutral	15	Zl	180	193	+7%	17.2x	14.3x	12.8x	2.1x	2.0x	12%	14%	5.6%
Erste Bank	Neutral	15	E	25.5	26.0	+2%	21.2x	10.2x	8.3x	1.1x	1.0x	5%	10%	3.1%
Halyk Bank	Buy	3	¢	1020	1010	-1%	8.2x	7.9x	6.7x	1.2x	1.1x	17%	17%	2.9%
ING Bank Slaski	Neutral	6	Zl	131	124	-5%	16.3x	13.4x	12.4x	1.9x	1.9x	12%	14%	4.6%
Kazkommertsbank	Neutral / H	1	¢	200	180	-10%	5.2x	3.7x	3.5x	0.5x	0.4x	8%	12%	0.0%
Komerčni Banka	Neutral	9	Kc	4670	4880	+4%	14.7x	14.0x	12.9x	2.0x	1.9x	14%	14%	5.1%
mBank	Neutral	7	Zl	508	498	-2%	16.0x	14.3x	12.3x	2.1x	2.0x	13%	14%	4.7%
OTP Bank	Sell	6	Ft	4555	4425	-3%	10.8x	8.5x	7.5x	0.9x	0.8x	8%	10%	4.4%
PKO BP	Neutral	16	Zl	39.6	43.0	+9%	15.2x	12.4x	11.5x	2.0x	1.9x	14%	16%	3.3%
Raiffeisen Bank Intl	Neutral	10	E	25.8	25.5	-1%	15.8x	8.5x	7.2x	0.8x	0.8x	6%	10%	4.1%
France		194				+29%	11.0x	8.7x	7.6x	0.9x	0.9x	9%	10%	4.0%
BNP Paribas	Buy	88	E	52.2	68	+30%	10.8x	9.1x	7.7x	0.9x	0.8x	9%	9%	4.2%
Credit Agricole	Buy	39	E	11.4	15.0	+32%	9.2x	7.8x	7.1x	1.0x	0.9x	11%	12%	3.7%
Natixis	Neutral	21	E	5.0	4.6	-8%	12.8x	11.8x	11.0x	1.1x	1.0x	9%	9%	3.9%
Societe Generale	Buy	46	E	41.9	59	+41%	12.6x	7.8x	6.9x	0.9x	0.8x	7%	10%	4.2%
Germany		71				+26%	9.0x	7.4x	6.2x	0.7x	0.7x	8%	10%	1.6%
Commerzbank	Neutral / H	19	E	12.4	12.0	-3%	26.5x	13.0x	9.1x	0.6x	0.6x	2%	5%	0.0%
Deutsche Bank	Buy	52	E	28	38	+37%	7.2x	6.3x	5.5x	0.7x	0.7x	10%	12%	2.2%
Greece/Cyprus		41					<0	31.8x	11.5x	1.5x	1.3x	NM	4%	0.0%
Alpha Bank	Neutral	12	E	.7	na		<0	nm	13.2x	1.4x	1.4x	NM	1%	0.0%
NBG	Neutral	14	E	2.9	na		nm	12.8x	8.6x	1.8x	1.4x	NM	12%	0.0%
Piraeus Bank	Neutral	15	E	1.8	na		<0	nm	14.6x	1.3x	1.3x	NM	1%	0.0%
Iberia		309				-4%	19.5x	13.8x	11.3x	1.5x	1.5x	8%	11%	4.3%
Banco BPI	Neutral / H	3	E	1.6	1.6	-1%	12.1x	9.1x	7.6x	1.1x	1.0x	9%	11%	0.0%
Banco Espirito	Buy / H	7	E	.91	1.58	+73%	nm	6.9x	5.4x	0.7x	0.7x	1%	10%	0.0%
Banco Popular	Sell	15	E	5.4	4.6	-14%	24.2x	13.7x	11.2x	1.3x	1.2x	5%	9%	1.5%
Banco Santander	Neutral	126	E	7.9	6.8	-13%	16.3x	13.9x	12.4x	1.8x	1.8x	11%	13%	6.4%
Bankia	Buy	23	E	1.5	1.7	+15%	18.7x	13.7x	11.4x	1.4x	1.3x	8%	10%	1.3%
Bankinter	Neutral	7	E	6.0	5.8	-5%	18.9x	15.4x	12.6x	1.7x	1.7x	9%	11%	1.3%
BBVA	Neutral	78	E	9.7	9.5	-2%	20.4x	14.4x	11.0x	1.6x	1.6x	8%	11%	3.8%
Bco de Sabadell	Sell	14	E	2.7	1.9	-28%	32.6x	17.9x	12.4x	1.2x	1.2x	4%	7%	1.1%
CaixaBank	Buy	35	E	4.7	5.1	+10%	28.3x	14.3x	10.3x	1.3x	1.2x	5%	9%	4.3%
Israel		16				+2%	10.4x	9.5x	8.4x	0.7x	0.7x	7%	8%	0.7%
Bank Hapoalim	Neutral	8	NIS	20.5	19.2	-6%	11.0x	10.6x	9.9x	0.9x	0.8x	8%	8%	1.4%
Bank Leumi	Neutral	6	NIS	13.7	14.6	+6%	10.0x	9.0x	7.7x	0.7x	0.7x	7%	8%	0.0%
Israel Discount	Neutral	2	NIS	6.0	7.4	+24%	9.8x	7.7x	6.0x	0.5x	0.4x	5%	6%	0.0%

Source: Powered by dataCentral

Figure 88. Global Valuation Table – Europe (cont.), 20 Jun 2014

		M Cap	Share Price				Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield
Bank	Rec	(\$bn)		Now	Target	+/-%	2014E	2015E	2016E					2014E
Italy		151				+1%	23.7x	14.6x	11.0x	0.9x	0.9x	4%	6%	1.8%
Banco Popolare	Neutral	7	E	13.9	na		26.3x	18.4x	13.1x	0.7x	0.6x	2%	4%	0.2%
BP Milano	Sell	4	E	.67	.5	-20%	23.1x	18.0x	12.6x	0.7x	0.7x	3%	4%	0.0%
Intesa Sanpaolo	Neutral	54	E	2.4	2.5	+3%	18.1x	12.8x	10.4x	1.0x	1.0x	6%	8%	2.7%
Mediobanca	Buy / H	9	E	7.8	8.0	+2%	11.6x	10.1x	9.4x	0.9x	0.8x	8%	8%	2.1%
Monte dei Paschi	Neutral / H	15	E	2.1	1.5	-28%	<0	42.0x	23.1x	1.2x	1.2x	-5%	3%	0.0%
UBI Banca	Neutral / H	9	E	7.0	7.3	+5%	26.2x	19.3x	14.7x	0.8x	0.8x	3%	4%	1.5%
UniCredit	Buy	54	E	6.8	7.3	+8%	21.5x	14.0x	9.7x	0.9x	0.9x	4%	6%	1.8%
Nordics		209				+7%	11.5x	10.9x	10.2x	1.5x	1.4x	14%	13%	4.6%
Danske Bank	Buy	29	Dkr	156	175	+12%	12.2x	10.4x	9.3x	1.1x	1.1x	10%	11%	2.6%
DnB	Buy	31	NKr	116	140	+21%	9.5x	9.0x	8.5x	1.2x	1.1x	14%	13%	3.0%
Nordea	Buy	58	SKr	96	101	+5%	11.1x	10.9x	10.3x	1.5x	1.4x	14%	14%	5.2%
SE Banken AB	Buy	29	SKr	90	100	+11%	12.2x	11.4x	10.6x	1.7x	1.6x	15%	15%	5.0%
SHB	Neutral	31	SKr	329	320	-3%	13.6x	12.9x	12.2x	1.9x	1.8x	14%	14%	5.0%
Swedbank	Neutral	30	SKr	179	180	+1%	12.2x	11.7x	11.1x	1.9x	1.8x	16%	16%	6.1%
Russia		77				+29%	6.1x	4.6x	3.9x	0.8x	0.7x	15%	17%	2.9%
Bank St Petersburg	Buy	1	Rbl	40	54.0	+34%	3.9x	3.5x	2.8x	0.3x	0.3x	9%	10%	0.3%
Bank Vozrozhdenie	Buy	0	Rbl	390	454	+16%	6.4x	4.4x	3.1x	0.4x	0.4x	6%	9%	0.1%
Bank VTB	Sell	17	¢	265	250	-6%	10.4x	6.1x	4.8x	0.8x	0.7x	8%	12%	1.6%
Sberbank	Buy	55	Rbl	85	120	+42%	5.4x	4.3x	3.7x	0.9x	0.8x	17%	19%	3.5%
Switzerland		135				+25%	13.8x	9.7x	8.4x	1.5x	1.4x	11%	15%	2.8%
Credit Suisse	Buy	48	SFr	26.9	33.0	+23%	12.8x	8.5x	7.7x	1.3x	1.2x	11%	15%	2.6%
EFG Internatnl	Neutral	2	SFr	10.3	10.5	+2%	13.7x	11.5x	9.4x	1.8x	1.7x	14%	15%	3.9%
Julius Baer	Neutral	9	SFr	37.1	43.0	+16%	15.0x	11.2x	9.5x	4.0x	3.3x	21%	32%	1.6%
UBS	Buy	74	SFr	17.1	22.0	+29%	14.3x	10.4x	8.7x	1.5x	1.5x	11%	14%	2.9%
Vontobel	Neutral	2	SFr	31.1	30.0	-3%	13.6x	11.6x	9.8x	1.3x	1.2x	9%	11%	4.5%
Turkey		54				-13%	10.6x	7.3x	6.1x	1.1x	1.0x	11%	15%	2.0%
Bank Asya	Buy	1	TL	1.6	1.9	+19%	4.3x	4.9x	3.4x	0.5x	0.5x	12%	10%	0.0%
Garanti	Buy	16	TL	8.4	7.4	-11%	12.3x	8.0x	6.6x	1.4x	1.3x	12%	17%	2.0%
Halkbank	Buy	9	TL	15.7	14.3	-9%	9.4x	7.4x	6.2x	1.2x	1.1x	14%	16%	2.5%
Isbank	Buy	12	TL	5.7	4.9	-14%	9.5x	7.3x	6.3x	1.0x	0.9x	11%	13%	2.7%
Vakifbank	Buy	6	TL	4.9	3.9	-20%	10.7x	6.7x	5.5x	0.9x	0.8x	9%	13%	1.2%
Yapi Kredi	Buy	9	TL	4.7	4.1	-13%	12.1x	7.0x	5.8x	1.2x	1.0x	10%	15%	1.5%
UK/Ireland		489				+10%	10.8x	9.8x	9.0x	1.2x	1.1x	11%	11%	3.2%
Bank of Ireland	Sell / H	12	E	.3	.2	-43%	25.2x	13.1x	10.0x	1.3x	1.2x	5%	9%	0.0%
Barclays	Buy	66	p	236	305	+29%	9.1x	7.6x	6.7x	0.8x	0.7x	9%	10%	3.6%
HSBC	Neutral	198	p	610	685	+12%	11.7x	10.6x	9.8x	1.3x	1.2x	11%	12%	4.7%
Lloyds Banking Grp	Neutral	94	p	77	83	+7%	10.1x	10.2x	9.7x	1.5x	1.3x	15%	14%	1.9%
RBS	Sell / H	66	p	339	300	-11%	13.3x	13.0x	11.5x	0.9x	1.0x	7%	7%	0.0%
Standard Chartered	Buy	53	p	1270	1550	+22%	10.5x	9.6x	8.7x	1.3x	1.2x	12%	13%	3.9%
EUROPE		1930				+10%	12.8x	10.1x	8.6x	1.1x	1.1x	9%	11%	3.2%

Source: Powered by dataCentral; \*Additional listings: (0005.HK; HK\$80.90; 2) (2888.HK; HK\$169.20; 1)

Figure 89. Global Valuation Table – US & Canada, 20 Jun 2014

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '14E P/B '15E		ROE '14E	ROE '15E	Div Yield
			Now	Target	+/-%	2014E	2015E	2016E					2014E
<b>USA</b>		<b>1191</b>			<b>+12%</b>	<b>13.6x</b>	<b>11.6x</b>	<b>10.4x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>+10%</b>	<b>10%</b>	<b>2.0%</b>
Bank of America Corp	Buy	164	\$ 15.6	19	+22%	19.4x	10.4x	9.1x	0.7x	0.7x	4%	7%	1.0%
BB&T	Buy	28	\$ 39	46	+18%	12.9x	12.3x	11.3x	1.3x	1.2x	10%	10%	2.5%
Bank of New York Mellon Corp	Buy	41	\$ 36	40	+12%	15.2x	13.2x	10.8x	1.1x	1.0x	7%	8%	1.9%
Capital One Financial Corp.	Buy	47	\$ 82	87	+6%	11.7x	11.5x	10.7x	1.1x	1.0x	9%	9%	1.5%
Comerica Inc	Buy	9	\$ 51	53	+4%	16.4x	15.4x	13.2x	1.2x	1.2x	8%	8%	1.6%
Fifth Third Bancorp	Neutral	18	\$ 22	25	+16%	12.3x	11.9x	10.8x	1.3x	1.2x	11%	10%	2.4%
First Horizon National Corp	Neutral	3	\$ 12	12	+1%	15.9x	14.0x	13.2x	1.3x	1.2x	8%	9%	1.7%
First Niagara Financial Group	Neutral	3	\$ 8.7	9	+4%	11.9x	11.9x	10.0x	0.6x	0.6x	5%	5%	0.0%
Goldman Sachs Group, Inc.	Neutral	76	\$ 170	195	+15%	11.0x	10.1x	9.2x	1.1x	1.0x	10%	11%	1.3%
Huntington Bancshares Inc	Neutral	8	\$ 10	10	-1%	13.1x	12.7x	11.2x	1.3x	1.3x	10%	10%	2.2%
JP Morgan Chase & Co	Buy	217	\$ 57	68	+19%	11.5x	10.2x	9.2x	1.0x	1.0x	9%	10%	2.8%
Keycorp	Neutral	13	\$ 14	14	-2%	13.6x	12.4x	11.4x	1.2x	1.1x	9%	9%	1.8%
M&T Bank Corp	Neutral	16	\$ 124	130	+5%	16.4x	13.9x	12.0x	1.4x	1.3x	9%	10%	2.3%
Morgan Stanley	Neutral	64	\$ 33	35	+8%	13.0x	11.4x	10.3x	1.0x	0.9x	8%	8%	1.1%
Northern Trust Corp	Neutral	15	\$ 64	66	+3%	18.9x	16.0x	13.8x	1.8x	1.8x	10%	11%	2.0%
PNC Financial Services Group	Neutral	47	\$ 89	94	+6%	12.3x	12.4x	11.2x	1.2x	1.1x	10%	9%	2.1%
Regions Financial Corp	Neutral	15	\$ 11	11	+3%	12.6x	11.9x	10.7x	0.9x	0.8x	8%	7%	1.7%
State Street Corp	Buy	29	\$ 67	89	+32%	13.7x	12.0x	9.9x	1.4x	1.3x	11%	12%	1.7%
SunTrust Banks	Neutral	21	\$ 40	39	-3%	13.4x	12.8x	11.2x	1.0x	0.9x	7%	7%	1.7%
US Bancorp	Neutral	79	\$ 43	46	+6%	14.2x	13.5x	12.0x	2.0x	1.8x	15%	14%	2.2%
Wells Fargo & Co	Neutral	274	\$ 52	56	+8%	12.5x	12.1x	11.1x	1.6x	1.5x	14%	13%	2.6%
Zions Bancorp	Neutral	6	\$ 30	32	+8%	18.0x	15.7x	12.9x	1.0x	0.9x	6%	6%	0.8%
<b>Canada</b>		<b>355</b>			<b>-1%</b>	<b>13.1x</b>	<b>12.0x</b>	<b>11.1x</b>	<b>2.1x</b>	<b>2.0x</b>	<b>17%</b>	<b>17%</b>	<b>3.7%</b>
Royal Bank of Canada	Neutral	100	\$ 75	77	+3%	13.0x	11.8x	11.0x	2.4x	2.3x	19%	20%	3.8%
Toronto Dominion	Neutral	93	\$ 55	52	-5%	14.0x	12.8x	11.8x	2.0x	1.9x	15%	15%	3.3%
Scotiabank	Neutral	80	\$ 71	66	-7%	13.7x	12.4x	11.3x	2.0x	1.9x	15%	16%	3.6%
Bank of Montreal	Buy	46	\$ 77	80	+3%	12.1x	11.2x	10.1x	1.6x	1.5x	15%	15%	3.9%
CIBC	Buy	36	\$ 98	102	+4%	11.5x	11.0x	10.2x	2.3x	2.1x	21%	20%	4.1%
<b>US &amp; Canada</b>		<b>1546</b>			<b>+9%</b>	<b>13.5x</b>	<b>11.7x</b>	<b>10.5x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>11%</b>	<b>12%</b>	<b>2.4%</b>

Source: Powered by dataCentral

Figure 90. Global Valuation Table – Japan, 20 Jun 2014

		M Cap	Share Price				Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield
Bank	Rec	(\$bn)	Now	Target	+/-%	2014E	2015E	2016E						2014E
JAPAN														
Aozora Bank	Buy	4	¥	329	350	+6%	12.0x	11.5x	11.1x	1.5x	1.5x	8%	8%	4.4%
Bank of Yokohama	Buy	7	¥	598	700	+17%	13.7x	13.0x	13.2x	0.9x	0.8x	7%	7%	2.0%
Chiba Bank	Buy	6	¥	727	850	+17%	13.9x	14.7x	15.0x	0.8x	0.8x	6%	5%	1.7%
Sumitomo Mitsui Trust Holdings	Buy	18	¥	473	580	+23%	15.6x	14.1x	12.4x	0.9x	0.9x	6%	7%	2.1%
Daiwa Securities Group	Buy	15	¥	880	1200	+36%	8.8x	9.2x	10.5x	1.4x	1.4x	17%	15%	3.4%
Fukuoka Financial Group	Buy	4	¥	488	550	+13%	8.3x	9.4x	9.6x	0.6x	0.6x	7%	6%	2.5%
Hiroshima Bank	Buy	3	¥	491	600	+22%	13.2x	13.4x	14.4x	0.9x	0.9x	6%	6%	1.6%
Joyo Bank	Buy	4	¥	550	700	+27%	18.0x	19.1x	19.9x	0.8x	0.8x	4%	4%	1.5%
Mitsubishi UFJ Financial Group	Buy	88	¥	634	800	+26%	11.0x	12.8x	12.4x	0.7x	0.7x	6%	5%	2.2%
Mizuho Financial Group	Buy	50	¥	211	320	+52%	9.1x	10.0x	9.1x	0.9x	0.8x	9%	8%	3.1%
Nomura Holdings	Buy	26	¥	741	1000	+35%	12.9x	13.9x	10.3x	1.1x	1.0x	9%	8%	1.9%
Resona Holdings	Buy	12	¥	575	700	+22%	8.1x	11.4x	10.9x	1.1x	1.0x	11%	7%	2.6%
Seven Bank	Sell	5	¥	413	300	-27%	22.1x	22.6x	20.3x	3.2x	2.8x	14%	13%	1.8%
Shiga Bank	Buy	2	¥	611	750	+23%	15.7x	21.6x	23.9x	0.6x	0.5x	4%	3%	1.1%
Shinsei Bank	Buy	6	¥	217	330	+52%	15.1x	22.4x	19.2x	0.9x	0.8x	6%	4%	0.5%
Shizuoka Bank	Buy	7	¥	1105	1200	+9%	15.9x	18.7x	20.8x	0.9x	0.8x	5%	4%	1.4%
Sumitomo Mitsui Financial	Buy	59	¥	4412	6500	+47%	9.9x	11.2x	10.2x	0.8x	0.8x	8%	7%	2.7%
JAPAN		253				+31%	11.6x	12.9x	12.1x	0.9x	0.9x	8%	7%	2.3%

Source: Powered by dataCentral

Figure 91. Global Valuation Table – Middle East & Africa, 20 Jun 2014

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield 2014E	
			Now	Target	+/-%	2014E	2015E	2016E						
MIDDLE EAST & AFRICA														
Egypt		5			-30%	8.9x	7.4x	6.4x	2.1x	1.8x	26%	27%	3.4%	
Commercial International Bank	Neutral / H	5	£	36.4	25.3	-30%	8.9x	7.4x	6.4x	2.1x	1.8x	26%	27%	3.4%
Nigeria		5			+21%	6.4x	5.4x	4.5x	1.4x	1.2x	22%	24%	8.6%	
Zenith Bank Plc	Buy	5	₦	24.0	29.0	+21%	6.4x	5.4x	4.5x	1.4x	1.2x	22%	24%	8.6%
MIDDLE EAST & AFRICA														
		9			-5%	7.6x	6.4x	5.4x	1.8x	1.5x	24%	25%	6.0%	

Source: Powered by dataCentral

Figure 92. Global Valuation Table – Asia, 20 Jun 2014

		M Cap (\$bn)	Share Price				Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield 2014E
Bank	Rec		Now	Target	+/-%	2014E	2015E	2015E						
ASIA														
China		855			+23%	5.1x	4.6x	4.1x	0.9x	0.8x	19%	18%	6.7%	
ABC	Buy	153	Rmb	2.9	3.4	+15%	5.3x	4.9x	4.4x	1.0x	0.9x	20%	19%	6.6%
Bank of China	Buy	125	Rmb	2.8	3.4	+21%	5.1x	4.8x	4.2x	0.8x	0.7x	17%	16%	7.2%
Bank of Communications	Neutral	51	Rmb	4.3	4.5	+5%	4.7x	4.5x	4.2x	0.7x	0.6x	15%	14%	6.2%
China CITIC Bank	Neutral	28	Rmb	3.7	3.1	-16%	4.3x	3.9x	3.5x	0.7x	0.6x	17%	17%	5.8%
China Construction Bank	Buy	188	Rmb	4.7	6.3	+34%	5.1x	4.5x	4.0x	1.0x	0.8x	20%	20%	6.9%
China Merchants Bank	Buy	49	Rmb	12.2	15.3	+26%	5.4x	4.8x	4.2x	1.0x	0.9x	20%	19%	5.6%
China Minsheng Banking	Sell	27	Rmb	5.6	4.7	-17%	4.1x	3.8x	3.4x	0.8x	0.7x	21%	20%	4.8%
ICBC	Buy	224	Rmb	4.0	5.3	+34%	5.2x	4.7x	4.2x	1.0x	0.8x	20%	19%	6.9%
CRCB	Buy	4	Rmb	2.8	4.0	+41%	4.0x	3.6x	3.3x	0.6x	0.6x	17%	17%	7.7%
Huishang Bank	Sell	5	Rmb	2.8	2.6	-8%	6.1x	5.7x	5.3x	0.9x	0.8x	15%	14%	3.3%
Hong Kong		77			+17%	12.3x	11.3x	8.3x	1.7x	1.6x	14%	15%	4.5%	
Bank of East Asia	Neutral	10	\$	32.3	33.0	+2%	12.8x	11.8x		1.1x	1.1x	9%	10%	3.7%
BOC(HK)	Buy	32	\$	23.1	30.0	+30%	10.2x	9.3x	8.3x	1.4x	1.3x	15%	15%	5.0%
Dah Sing Banking	Buy	2	\$	13.0	13.1	+1%	9.9x	9.2x		1.0x	0.9x	10%	10%	2.8%
Dah Sing Financial	Buy	2	\$	41.6	47.0	+13%	9.2x	8.4x		0.6x	0.6x	8%	8%	3.2%
Hang Seng Bank	Buy	31	\$	127	140	+10%	14.7x	13.4x		2.2x	2.1x	16%	16%	4.4%
India		175			+11%	19.3x	16.2x	13.4x	3.0x	2.6x	16%	17%	1.3%	
AXIS Bank	Buy	14	Rs	1846	2300	+25%	14.3x	13.7x	11.3x	2.0x	1.8x	17%	16%	1.1%
Bank of Baroda	Buy	6	Rs	840	1150	+37%	8.2x	7.3x	6.4x	1.0x	0.9x	13%	13%	2.2%
Canara Bank	Neutral	3	Rs	432	510	+18%	7.7x	6.6x	5.6x	0.7x	0.6x	9%	10%	2.8%
Federal Bank	Buy	2	Rs	122	145	+19%	12.5x	11.0x	8.5x	1.5x	1.4x	13%	13%	1.6%
HDFC Bank	Neutral	33	Rs	828	830	+0%	23.9x	19.2x	15.5x	4.7x	3.9x	21%	22%	0.8%
HDFC	Neutral	25	Rs	967	1000	+3%	26.3x	22.4x	19.1x	5.4x	4.7x	22%	23%	1.5%
ICICI Bank	Buy	27	Rs	1409	1700	+21%	16.9x	14.2x	11.5x	2.2x	2.0x	14%	15%	1.5%
Indusind Bank	Sell	5	Rs	556	500	-10%	22.4x	18.0x	14.3x	3.3x	2.9x	16%	17%	0.6%
Kotak Mahindra Bank	Neutral	12	Rs	922	870	-6%	26.7x	22.1x	17.9x	3.8x	3.2x	15%	16%	0.1%
State Bank of India	Buy	32	Rs	2609	3030	+16%	17.8x	15.1x	12.8x	1.7x	1.5x	10%	11%	1.3%
Union Bank Of India	Neutral	2	Rs	229	270	+18%	8.9x	8.3x	7.0x	0.8x	0.7x	9%	9%	3.1%
Yes Bank	Neutral	4	Rs	540	620	+15%	12.3x	10.7x	8.5x	2.8x	1.9x	25%	23%	1.4%
IDFC	Buy	3	Rs	130	135	+4%	9.8x	8.8x	7.7x	1.3x	1.2x	14%	14%	2.1%
Punjab National Bank	Buy	6	Rs	967	1240	+28%	10.4x	7.0x	5.9x	1.0x	0.9x	10%	13%	1.0%
Indonesia		75			-11%	12.8x	11.7x	10.3x	2.6x	2.2x	22%	20%	1.7%	
Bank Central Asia	Sell	23	Rp	11050	8150	-26%	16.8x	14.8x	12.9x	3.5x	3.0x	23%	22%	1.2%
BDMN	Sell	3	Rp	4190	3225	-23%	9.9x	9.0x	8.0x	1.2x	1.1x	12%	13%	3.0%
Bank Mandiri (Persero)	Neutral	19	Rp	9800	9150	-7%	12.4x	11.7x	10.2x	2.3x	2.0x	19%	18%	1.6%
Bank Negara Indonesia	Buy	7	Rp	4835	5450	+13%	9.6x	9.1x	8.5x	1.8x	1.5x	19%	18%	2.1%
BBRI	Neutral	21	Rp	10050	9450	-6%	11.1x	10.1x	8.8x	2.6x	2.2x	26%	23%	1.8%
PT Bank Bukopin	Sell / H	0	Rp	630	600	-5%	6.7x	5.8x		0.8x	0.7x	12%	13%	0.0%
BJBR	Sell / H	1	Rp	830	900	+8%	7.2x	6.6x	6.1x	1.1x	1.1x	16%	17%	7.6%
Bank Tabungan Negara	Neutral / H	1	Rp	1030	1225	+19%	6.7x	5.7x	4.8x	0.8x	0.8x	13%	14%	3.9%

Source: Powered by dataCentral

Figure 93. Global Valuation Table – Asia (Cont.), 20 Jun 2014

		M Cap		Share Price			Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield
Bank	Rec	(\$bn)		Now	Target	+/-%	2014E	2015E	2015E					2014E
Korea		37				+14%	9.9x	8.9x	8.2x	0.7x	0.7x	7%	8%	1.4%
Hana	Buy	11	W	37800	45000	+19%	9.1x	7.5x	6.8x	0.5x	0.5x	6%	6%	0.8%
Shinhan	Neutral	21	W	45400	49000	+8%	10.8x	10.0x	9.2x	0.8x	0.7x	7%	8%	1.5%
BSB	Buy	3	W	14950	18426	+23%	8.3x	8.3x	7.6x	0.8x	0.8x	10%	10%	1.9%
DGB	Buy / H	2	W	15500	20000	+29%	7.4x	6.4x	5.8x	0.7x	0.6x	10%	11%	2.6%
Malaysia		95				+3%	13.2x	12.1x	10.9x	2.1x	1.9x	16%	16%	3.8%
AMMB	Neutral	7	RM	7.2	7.6	+6%	11.8x	10.8x	9.7x	1.6x	1.5x	15%	15%	3.4%
CIMB	Sell	19	RM	7.3	6.8	-8%	12.3x	11.1x	9.9x	1.6x	1.5x	14%	14%	3.7%
Maybank	Buy	28	RM	9.8	11.1	+13%	12.6x	11.5x	10.3x	1.8x	1.7x	14%	15%	5.1%
Public Bank	Buy	25	RM	20.4	20.4	-0%	16.1x	14.6x	13.3x	3.2x	2.8x	21%	21%	2.8%
Alliance Financial Group	Sell	2	RM	4.7	4.7	-1%	12.9x	11.8x	10.6x	1.7x	1.6x	13%	14%	3.9%
Hong Leong Bank	Sell	8	RM	14.0	13.8	-1%	12.3x	11.5x	10.7x	1.7x	1.5x	15%	14%	3.3%
RHB Capital	Buy	7	RM	8.4	8.9	+5%	10.6x	9.6x	8.6x	1.2x	1.1x	12%	12%	3.1%
Philippines		20				+8%	16.2x	13.7x		2.0x	1.8x	13%	13%	1.7%
Banco de Oro	Buy	7	P	89	96	+8%	16.6x	14.0x		1.8x	1.6x	11%	12%	1.9%
Bank of Philippine Islands	Neutral	8	P	87	90	+3%	17.5x	14.8x		2.4x	2.2x	16%	15%	2.1%
Metrobank	Buy	5	P	84	98	+16%	13.6x	11.8x		1.6x	1.4x	12%	12%	0.9%
Singapore		62				+5%	11.4x	10.1x	9.3x	1.3x	1.2x	11%	12%	3.8%
DBS Group	Buy	33	\$	17.1	19.0	+11%	10.9x	9.4x	8.6x	1.2x	1.1x	11%	12%	4.1%
UOB	Neutral	29	\$	22.4	21.7	-3%	12.0x	10.8x	10.1x	1.4x	1.3x	12%	12%	3.5%
Taiwan		29				-6%	11.4x	10.9x	10.1x	1.3x	1.2x	12%	11%	3.3%
E. Sun FHC	Sell	4	\$	19.5	17.0	-13%	11.9x	11.2x	10.1x	1.2x	1.2x	11%	11%	2.0%
Taishin FHC	Buy	4	\$	15.4	17.0	+10%	9.3x	9.3x	8.7x	1.1x	1.0x	12%	11%	1.8%
CTBC Financial Holding	Neutral	10	\$	19.7	20.0	+2%	11.6x	10.7x	10.1x	1.4x	1.3x	13%	13%	3.5%
Mega FHC	Sell	10	\$	24.8	20.5	-17%	11.9x	11.5x	10.7x	1.2x	1.2x	11%	10%	4.2%
Thailand		57				+6%	10.6x	9.3x	8.2x	1.7x	1.5x	17%	17%	3.5%
Bangkok Bank	Buy	11	Bt	191	210	+10%	10.0x	9.1x	8.3x	1.1x	1.1x	12%	12%	4.0%
Kasikornbank	Buy	15	Bt	202	215	+6%	10.9x	9.5x	8.2x	1.9x	1.7x	19%	19%	2.5%
Krung Thai Bank	Buy	9	Bt	20.9	22.0	+5%	9.7x	8.2x	7.4x	1.3x	1.2x	14%	15%	4.1%
Siam Commercial Bank	Buy	17	Bt	167	182	+9%	11.0x	9.7x	8.4x	2.0x	1.8x	20%	20%	3.6%
TISCO Financial Group	Sell	1	Bt	41.8	35.0	-16%	7.9x	6.9x	6.0x	1.3x	1.2x	18%	18%	5.1%
TMB Bank	Sell	3	Bt	2.4	2.1	-12%	13.1x	10.8x	9.4x	1.5x	1.4x	12%	14%	2.5%
ASIA		1445				+16%	8.9x	7.9x	6.8x	1.4x	1.3x	18%	17%	5.1%

Source: Powered by dataCentral

Figure 94. Global Valuation Table – Australia and Latin America, 20 Jun 2014

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '14E	P/B '15E	ROE '14E	ROE '15E	Div Yield 2014E	
			Now	Target	+/-%	2014E	2015E	2016E						
AUSTRALIA														
ANZ	Neutral	88	\$	34	31	-10%	14.2x	13.3x	12.9x	2.1x	2.0x	15%	15%	5.1%
Bendigo and Adelaide	Neutral	5	\$	12.2	11.0	-10%	15.5x	14.3x	13.6x	1.2x	1.2x	8%	9%	5.1%
Bank Of Queensland Ltd	Neutral	4	\$	12.4	11.5	-7%	14.5x	13.7x	13.5x	1.4x	1.3x	9%	9%	5.3%
CBA	Buy	125	\$	82	84	+2%	16.1x	15.5x	14.8x	2.8x	2.6x	18%	18%	4.7%
National Australia Bank	Sell	74	\$	34	34	+1%	13.8x	13.1x	13.1x	2.0x	1.9x	13%	14%	6.0%
Westpac Banking Corp	Neutral	101	\$	34	36	+4%	14.5x	14.1x	13.8x	2.4x	2.3x	16%	15%	5.3%
AUSTRALIA / NZ		398				-1%	14.8x	14.2x	13.8x	2.3x	2.2x	16%	16%	5.2%
LATIN AMERICA														
Argentina		6				-7%	6.1x	4.7x	3.6x	1.7x	1.3x	33%	32%	1.3%
BBVA Francés	Sell / H	2	Ar\$	34.0	33.0	-3%	6.0x	4.6x	3.6x	1.8x	1.3x	35%	33%	0.2%
Galicia	Sell / H	2	Ar\$	13.1	10.2	-22%	7.0x	5.4x	4.2x	1.8x	1.4x	31%	29%	0.2%
Macro	Sell / H	2	Ar\$	31.5	32.5	+3%	5.4x	4.1x	3.2x	1.6x	1.2x	34%	34%	3.2%
Brazil		224				+9%	9.4x	8.1x	7.2x	1.7x	1.5x	18%	18%	3.6%
Banco Do Brasil	Neutral	33	R\$	25.9	24.0	-7%	7.0x	6.1x	5.3x	1.0x	0.9x	15%	15%	5.8%
Bradesco	Neutral	65	R\$	34.4	35.5	+3%	10.1x	8.8x	7.7x	1.8x	1.6x	19%	19%	3.0%
Itaú Unibanco	Buy	85	R\$	34.1	41.8	+23%	10.1x	8.5x	7.4x	2.0x	1.7x	22%	22%	3.0%
BTG Pactual	Buy	14	R\$	35.1	40.0	+14%	8.4x	7.0x	5.9x	1.7x	1.4x	21%	21%	2.8%
Santander Brasil	Neutral	27	R\$	15.7	15.4	-2%	9.3x	8.4x	8.2x	1.0x	1.0x	5%	6%	4.8%
Chile		23				+12%	13.4x	11.8x	10.5x	2.3x	2.1x	18%	18%	3.8%
Santander Chile	Buy	13	ChP	37.2	40.0	+8%	14.9x	13.2x	11.8x	2.8x	2.5x	19%	20%	3.8%
BCI	Buy	6	ChP	31750	40000	+26%	11.3x	9.7x	8.7x	1.8x	1.6x	18%	18%	3.7%
Corpbanca	Neutral	4	ChP	6.7	7.1	+7%	12.2x	10.6x	9.2x	1.5x	1.4x	13%	14%	3.9%
Mexico		63				+9%	18.1x	15.5x	13.3x	2.5x	2.2x	16%	17%	0.9%
Banorte	Neutral	20	P\$	96	104	+8%	16.4x	13.7x	11.4x	2.2x	1.9x	14%	15%	0.5%
Santander México	Neutral	18	P\$	34.6	34.5	-0%	16.2x	14.1x	12.2x	2.2x	2.0x	14%	15%	1.4%
Banregio	Buy	2	P\$	75	90	+21%	14.9x	12.4x	10.3x	2.5x	2.2x	20%	19%	0.0%
Inbursa	Buy	20	P\$	39.1	44.8	+15%	22.2x	19.3x	16.8x	2.8x	2.5x	17%	19%	1.0%
Gentera	Buy	3	P\$	25.0	32.5	+30%	15.6x	13.6x	11.8x	3.6x	3.1x	26%	24%	0.0%
Peru		15				+11%	14.1x	12.2x	10.4x	2.5x	2.2x	20%	19%	2.2%
Credicorp	Buy	12	\$	437	490	+12%	14.8x	12.6x	10.7x	2.5x	2.2x	18%	19%	1.4%
Intercorp	Neutral	3	NS	92	99	+7%	10.9x	10.9x	9.5x	2.5x	2.3x	24%	22%	5.1%
LATIN AMERICA		333				+9%	11.5x	9.9x	8.6x	1.9x	1.7x	18%	18%	3.0%

Source: Powered by dataCentral



Figure 95. Citi Global Banks Team (For informational purposes only)

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## Appendix A-1

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The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

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SA, Industrial & Commercial Bank of China, JP Morgan Chase & Co, CIBC, Sumitomo Mitsui Financial Group, Garanti Bank, Inbursa, Societe Generale, PKO BP, Israel Discount Bank, Credicorp, Lloyds Banking Group PLC, Toronto Dominion, DBS Group, Wells Fargo & Co, Banco Popular Espanol, Skandinaviska Enskilda Banken AB, Capital One Financial Corp., National Australia Bank Ltd, Banco Espirito Santo, ICICI Bank, Alpha Bank A E, Santander Brasil, Swedbank AB, Hana Financial Group, Intesa Sanpaolo, Zenith Bank Plc, Yapi Kredi Bank, Bank of Baroda, Banco Popolare, Danske Bank A/S, Commonwealth Bank of Australia, Barclays PLC, Dah Sing Banking, Raiffeisen Bank Intl, Agricultural Bank of China, Canara Bank, Credit Suisse, Banco Bilbao Vizcaya Argentaria SA, Australia and New Zealand Banking Group Ltd, Maybank, Banca Popolare di Milano, State Bank of India, Natixis, ING Groep NV, UniCredit Group, Royal Bank of Canada, Piraeus Bank, China CITIC Bank, Banco Santander, Dah Sing Financial, SunTrust Banks, Komerční Banka as, Mizuho Financial Group, CaixaBank SA, Genera, Fifth Third Bancorp, Bank of China (Hong Kong), Bank of East Asia, Bank of New York Mellon Corp, AXIS Bank.

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<i>Data current as of 31 Mar 2014</i>	12 Month Rating			Relative Rating		
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