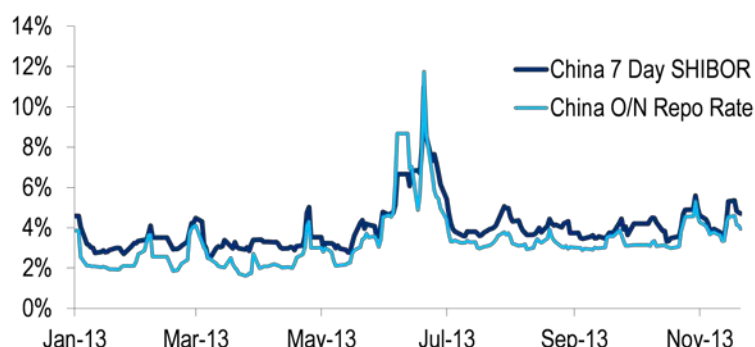


Citi Global Financials Conference Highlights

Global Banks Insights

- Key Themes During the Conference** – Citi hosted its second annual Global Financials Conference in Hong Kong this week. The **US banks and asset managers** that presented at our conference shared their growth strategies, including Asia expansion plans. [Goldman Sachs](#) noted that after a slow start, 4Q13 trading conditions had improved. Amongst the European banks that presented, the common theme was that of **European recovery**. [BBVA](#) highlighted “normalisation” in Spain in 2015-17, [Lloyds](#) gave a confident message on 4Q13/ 2014 outlook, while [NDA](#) noted the Danish recovery. The French Banks, [BNPP](#) and [CASA](#), highlighted a positive outlook on capital and flagged strategic updates in 1Q14 Investor Days. On **Regulation**, Lloyds expects “go to” CET1 at c11% for UK banks vs 10.5% before, while BBVA felt that AQR was not that big a problem for Spain vs Italy/France. Nordea said it is comfortable with consensus dividend expectations.
- Focus on Asia** – Investors’ key topics in Asian banks’ meetings were NIM/liquidity outlook and asset quality. Overall, banks remain relatively sanguine on these concerns. In **China** hard-landing concerns took a back seat and investors focused on implications from the reform blueprint from the recent Plenary, while in HK and SG, investors continued to express concern on potential property price drop. Both Asia-focused UK International banks, [HSBC](#) and [STAN](#), pointed towards stabilising trade NIMs in Asia. While Japanese banks remain flush with cash, most banks in Asia-ex markets have become return focused. This was evident not just in commercial bank spread stabilisation comments, but also Blackstone noting that investment opportunities in Asia were now more attractive as the previous flood of capital into the region was receding.
- Chart of the Week** – Our Chart of the Week shows the spike in short-term money market rates in China in June. Since July RMB client spreads are rising.
- More Inside** – Valuation Charts, Stock Performance, Citi Estimate Revision Trends, Bank Funding Indicators and Most Read notes.

Chart of the Week: China 7-Day SHIBOR and Overnight Repo Rate (YTD, %)



Source: Datastream

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Our recent “Global Banks Insights”

[The Ultimate Uncertainty](#)

[“Capital Taliban”](#)

[European Bank Relative Values Approach Decade Highs](#)

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

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Global Financials Conference Highlights

US I-Banks and Asset Managers

JP Morgan's biggest source of growth in Asia is inter-Asia trade – it is investing for the long term in the region

GS mentioned that early October was difficult but things have improved post US debt ceiling

Non-US markets, including Asia, remain a key strategic priority for US asset managers

Alternative allocations continue to rise, and asset managers are focused on tapping into retail opportunities

The US asset management sector is likely a net beneficiary of reforms for banks and other large scale financials

- JP Morgan and Global Sachs were amongst the investment banks that presented at our Global Financials Conference. **JPM** highlighted that its Asia strategy is not to compete with the local banks, but to focus on companies that want to expand globally. Its Asia business remains quite profitable with the biggest source of growth being inter-Asia trade. It has made US\$800m investment since 2010 in Asia to help lay the infrastructure for long-term growth. (Click [here](#) for our notes)
- **Goldman Sachs** stated that the market environment remains challenging with client activity levels at the bottom third or quartile of potential client activity. There was no update on targeted RoE, but it noted that 2007 should not be a benchmark for a good market and 2008 should not be a benchmark for a tough market. On Q4 performance so far, GS stated that first half of October was difficult, but has improved modestly since post debt ceiling. (Click [here](#) for our notes)
- Several key themes unfolded from the presentations of the four US asset managers (including **AllianceBernstein** and **Invesco** among the "Traditionals" and **KKR** and **Blackstone** among the "Alternatives") that presented at our conference:
 - Firstly, there is significant operating leverage across platforms and asset segments.
 - Secondly, non-US markets, including Asia, remain key strategic priorities with a number of management teams aligning with the urbanisation theme of faster-growth EMs. China remains high focus, though likely longer lived in nature given somewhat limited market access. Here, IVZ and BX seem most advanced in penetration.
 - Thirdly, demand for global products, both equities and FI, remains high with rising use of multi-strategic mandates to drive alpha generation.
 - Fourth, alternative allocations continue to rise, with all presenters focused on tapping into retail opportunities. At the moment the advantage is with the pure-play managers, such as BX, but we suspect such leadership could shift back to the Traditionals should they bolster either product offerings or deliver better returns reflecting superior global distribution. While not a focus of the conference, such a dynamic could shape industry consolidation longer term.
 - Fifth, continued strong capital return potential in the form of dividends / distributions and repurchases.
- More tactically, tapering uncertainty is tempering non-US FI flows, M&A yet to broadly pick up, large scale deals seem unlikely though there could be some targeted acquisitions. Regulation remains rather benign, with the sector likely a net beneficiary of reforms for banks and other large scale financials. Lastly, managements see further passive in-roads but believe the market backdrop could bolster active flows. For the complete alerts on each of the company presentations please click on the relevant links: [AllianceBernstein](#); [Invesco](#); [KKR](#); [Blackstone](#). Our top picks in the US asset manager space remains **Invesco**, **Blackstone** and **LPL Financial Holdings**.

The European recovery theme was a key highlight from European banks that presented at the conference

Lloyds spoke about macro recovery in UK while Nordea highlights Danish real estate pick-up

French banks sounded positive on capital – further news on strategic and capital plans at Investor Days in 2014

HSBC and STAN pointed towards stabilising NIM trends in Asia, although Korea CB and onshore India a concern

Asian banks sounded comfortable on NIM, asset quality and liquidity concerns

European/UK Banks: Recovery, Capital and Margins

- The Euro recovery theme played around most European bank presentations during the conference. **BBVA** was keen to highlight that in most of its key regions (Spain, US, Mexico) the macro is improving in 2014 vs 2013, as it noted upside from better margins in both US (1ppt increase in rates = 8% US NII boost) and Spain (lower 1 year deposit cost). The company highlighted "normalisation" in Spain is a 2015-17 event not 2014. On AQR, it highlighted that given the Spanish recap and provision increase post crisis, management does not see AQR as a problem for Spain vs Italy/France, for example. But it believes the ECB will need to be tough to be credible. (Click [here](#) for our note.)
- **Lloyds'** presentation highlighted the recovery in the UK economy and also the company's success in meeting its 2011-14 strategic plan early on many key metrics. The company gave a confident message on the 4Q13/2014 margin outlook and said it plans to pay a dividend in 2014. On regulation, the company expects the "go to" CET1 to be c11% for UK retail banks vs 10.5% before. During 1H14, management plans to start working on the next three-year plan for 2015-17: focus will be on 8-9 businesses where Lloyds believes it is "sub scale", e.g. cards, personal loans, transaction banking (click [here](#) for our note). On the theme of recovery, **Nordea**, highlighted the pick-up in Danish real estate though it expects the Swedish FSA to remain hawkish on capital if debt burdens rise (click [here](#) for our note).
- Amongst the French banks that presented at our conference, **BNPP** pointed towards a target to grow Asian revenues by 12% pa over 2013-16 and possibility of further surplus capital deployment – including higher payout ratios and share buybacks (click [here](#) for our note). **CASA** highlighted its declining expense base per quarter and reiterated that its capital plans were on track to achieve the 7.8-8.0% B3 target by end-2013, 8.8-9.0% by end-2014 and >9.5% by end-2015 (click [here](#) for our note). Further news on strategic and capital plans will be released at Investor Days planned for early 2014.
- Both the UK International Banks – HSBC and STAN – participated at our conference. **HSBC** focused on its Commercial Banking division in HK/APAC. A key takeaway was that margins had stabilised in 3Q13 and it was trying to push margins on its trade book up in 4Q13. It also noted that corporate client confidence in the region has improved as the US/Euro macro recovered (click [here](#) for our notes). **STAN** also noted that the NIM pressure was now easing and that it is focused on a capital accretive strategy. However, the new direction is still in an early stage and it remains cautious on Korea CB and onshore India (click [here](#) for our note).

Asian Banks: Margins, Liquidity and Asset Quality

- Investors' key topics in the Asian banks space were NIM/liquidity outlook and asset quality. Overall, banks remain relatively sanguine on these concerns. In **China**, hard-landing concerns took a back seat and investors focused on implications from the reform blueprint from the Third Plenary Session, financial reforms (rate liberalisation, deposit insurance), liquidity, NPL resolution (write-offs and disposals to asset management companies), wealth management products, and potential clampdown of interbank business. Both **CMB** and **ICBC** were positive on the government's reform blueprint and whilst financial reforms may initially be negative, the longer-term implications are positive. Negative real rates and strong growth in wealth management products have been cited as reasons for the tightness in interbank liquidity. Banks do not see a further significant

deterioration in the pace of NPL formation and may instead improve in 2014 on the back of a stable macro environment. Banks expect minimal impact from new private/online banks given the network strength and loan book size of existing players. We remain overweight Chinese banks in an Asian context as we believe much of the negatives are known and the economic reforms unveiled are positive for sentiment on asset quality.

Hong Kong and Singapore banks played down investor concerns over property sector exposures

- In **Hong Kong**, investors continued to express concern on a potential property price drop, but managements remain sanguine on banks underwriting quality and expect minimal impact on asset quality for a 10-15% property price drop. Investors also questioned Hong Kong banks abilities to cope with China's reform and increased China banks presence and management believes despite some loan and deposit competition, with LDR still low, NIM may maintain flat or with moderate upside via asset-liability management efforts. In **Taiwan**, most banks target for low-to-mid single digit loan growth with SME loans and FX loans being key drivers. Wealth management income showed differentiated trends but overall benefited from rising retail fund sales. That said, most banks are still at 9-10% Tier 1 ratio and remain conservative in RWA growth and dividend payout.
- In **Singapore**, the property market is a concern but UOB remains sanguine on the Singapore residential property market, although banks have commented that mortgage applications have fallen 30%yoy post property/TDSR measures. Overall UOB has not seen material asset quality concerns throughout the book and NIM appears to have stabilised in the past two quarters. In **Indonesia**, macro concerns are overriding management guidance and both [BMRI](#) and [BBNI](#) guide for stable NIMs due to repricing of assets and that NPLs remain under control and no significant deterioration is expected due to stringent underwriting standards. A price war for demand deposits amongst large banks has been cited as major risk. In **Philippines**, investors still remain positive on the macro backdrop and concerns raised on the impact of Typhoon Haiyan are muted relative to BDO's over-all operations. The surge in liquidity from the SDA closure is seen as a positive driver to NIMs in 2014 as top banks are still rational on loan pricing, mitigating concerns on the sharp fall in trading income on earnings.

China life expects accelerating NBV growth in 2H13, while AIA expects positive impact from rising interest rates

- In the **Insurance** space, [China Life](#) will likely see accelerating NBV growth in 2H13 as the company refocuses on protection products and the agency channel. Meanwhile, pension reform could take place in the near future as the Third Plenary Session emphasised the importance of old-age protection, and we see China Life as a key beneficiary. AIA on the other hand should see continued stable and good VoNB growth; AIA remains focused on high-margin protection products. Meanwhile, the expansion of partnership such as bancassurance continues to gain traction, which helps boost volume. Rising interest rates should be positive to the company. We expect progressive DPS. For Taiwan insurers, investors were concerned about the high cost of liability, but insurers confirmed that new policies will dilute the cost of liability down, and the steepening yield curve plus a future rate hike environment will benefit asset return; potential revision of long-term investment return assumptions should also be positive for EV.

Other Key Highlights This Week:

- **Citi Ratings Changes** – We have had no rating changes in the banks space over the past week. *(Refer to pages 6-12 for our global estimate revisions summary.)*
- **Stock Performance** – LTM, the best-performing region in absolute terms has been Japan (+87%), the worst performing Asia (+8%). Over the last month, bank share prices increased most in Egypt (+10%), declined most in Argentina (-16%). At the individual bank level, the best-performing bank over the last month was Daiwa Sec (+13%); the worst was Credicorp (-10%). *(Refer to page 4 for details.)*
- **Citi's Most Read** – Our most-read banks publications over the past week includes our note on **HSBC's** upside potential ([click for note](#)), our **China** banks big picture note ([click for note](#)) and our upgrade note on **CaixaBank** ([click for note](#)).
- **Highlighted Events** – Our Beyond the Basics: **European** Financials Conference 2013 is scheduled from 9-13 December in London. For participation and more details, please contact your Citi sales representative.

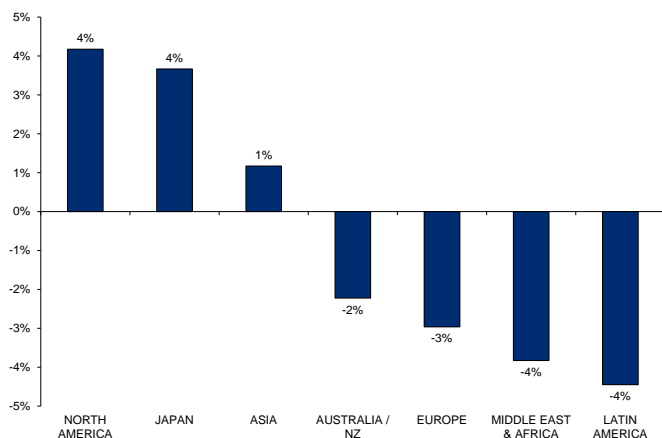
Highlighted Research this week:

We highlight the following research from this week:

- **HSBC's** profitability is not at its required level. We forecast HSBC to generate an ROE of c10% in 2013 and 2014 versus its recent management target of c12%, which in itself was a downgrade from the prior 12-15% ROE target set out by Stuart Gulliver at his first investor day as CEO in 2011. At the group level, all else equal, if NIMs and LLPs normalise to 20year averages, it would mean a positive EPS impact of c24% to our 2015 forecasts. Looking only at HK, a normalisation of NIMs and LLPs to their 10Yr and 15Yr medians would boost our 2015 PBT for HK by c15% and 19% respectively, boosting Group EPS by 6% and 7% respectively. Having divested over 50 non-core or non-profitable businesses during 2011-13, we do not expect CEO Gulliver and team to wait for ROEs to be boosted by higher rates – there are large, low return businesses to fix, especially in the Americas. ([Click for note](#))
- Our **China** team met several banks and the regulator at Citi's China Investor Conference 2013. Feedback is a bit of a mixed bag – capital is a positive, asset quality is neutral and upcoming interbank clampdown is a near-term negative. But this is reflected in valuations (2014E 0.9x P/B, 5.1x PE), and we estimate 6-7% NPLs are priced in for major banks. The government now seems focused on the problems (local government debt, shadow banking, NPL sales to AMCs) – we view this positively. We prefer big banks as they are less leveraged and have strong liquidity and deposit profiles. Joint stock banks have somewhat overstretched balance sheets and are vulnerable to tightening of interbank/ shadow banking. Top picks CCB, ABC and CRCB. Least favoured MSB. ([Click for note](#))
- We reiterate our view on **Indonesian** banks based on 1) resilient earnings, illustrated by Q3 results, 2) room for large banks to manage costs, 3) mean valuations, and 4) improved clarity on macroeconomic policy. Our PPOP growth forecast for large banks is 12-15% pa. Almost flat share prices over 12 months have de-rated the sector. BBKA is trading +1std and BBRI and BDMN are below mean. We expect slower 2014F loan growth (at 15%), stable NIMs and higher credit cost (+90bps for Buy-rated stocks, but with scope to spread impact over 2014/15F). ([Click for note](#))

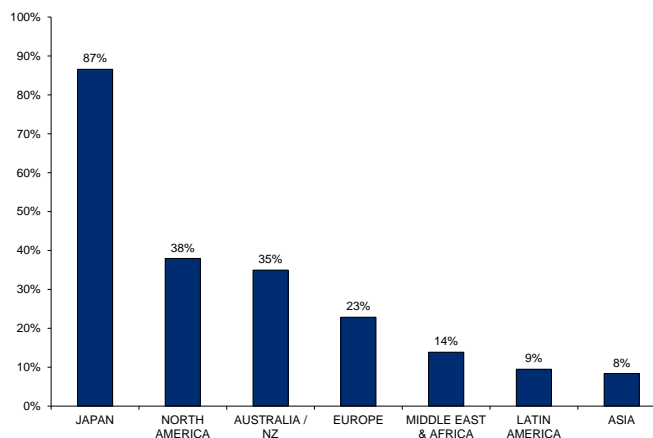
Global Banks Stock Performance

Figure 1. Regional Performance – 1 Month



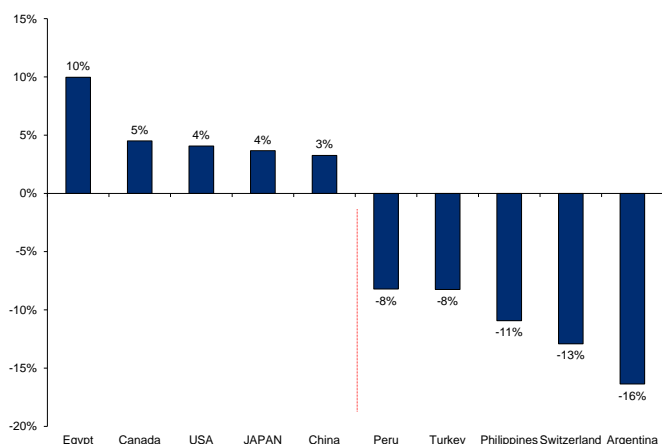
Source: Bloomberg, Citi Research

Figure 2. Regional Performance – LTM



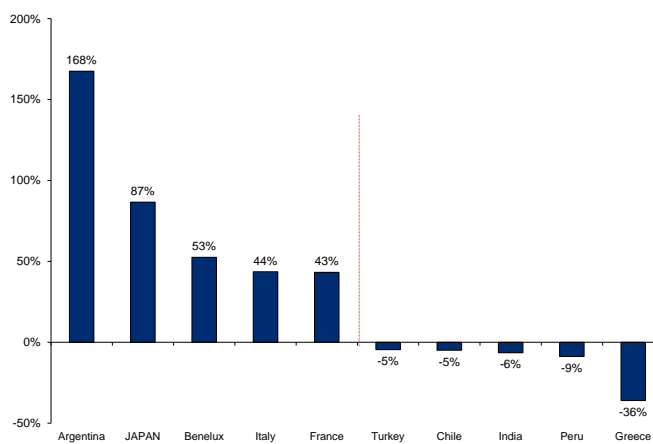
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months

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



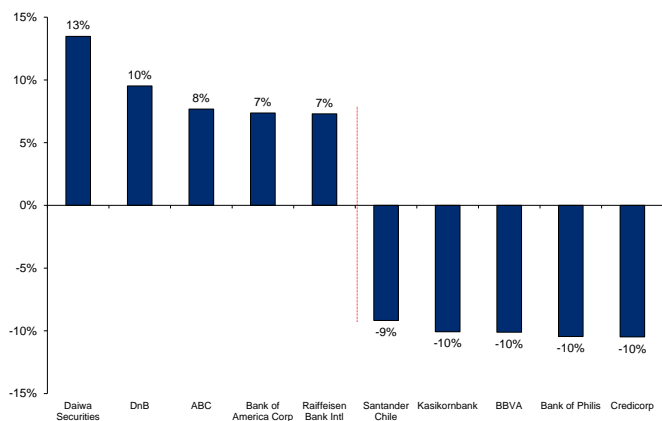
Source: Bloomberg, Citi Research

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



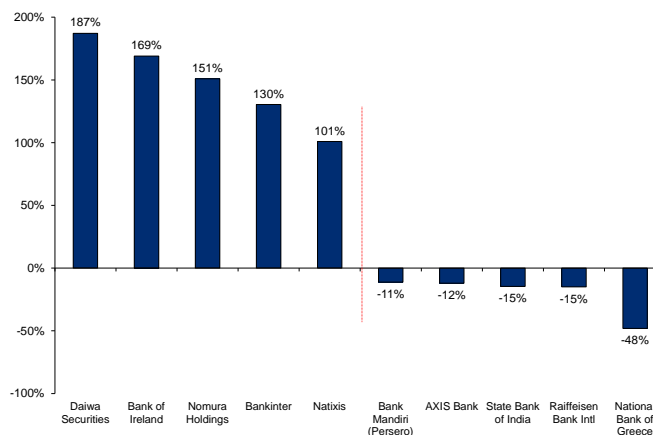
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months

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

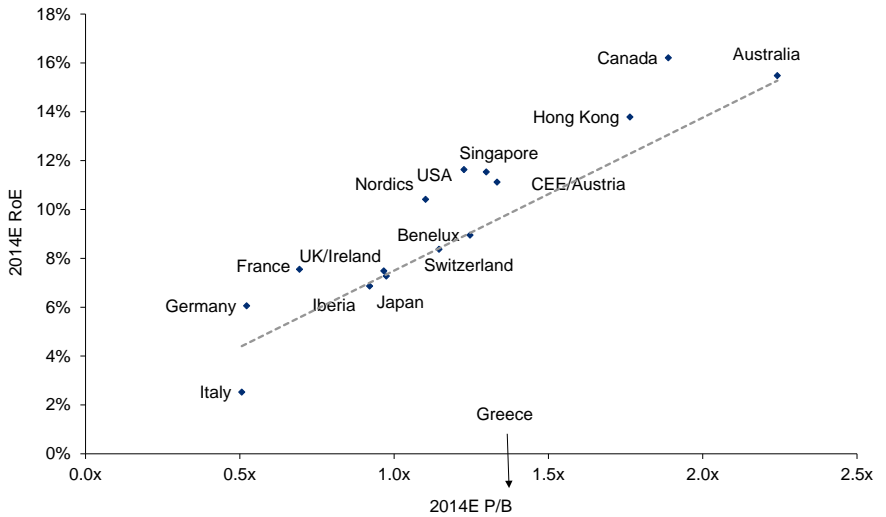
Figure 6. Stock Performance – LTM (Top 5 & Bottom 5)



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

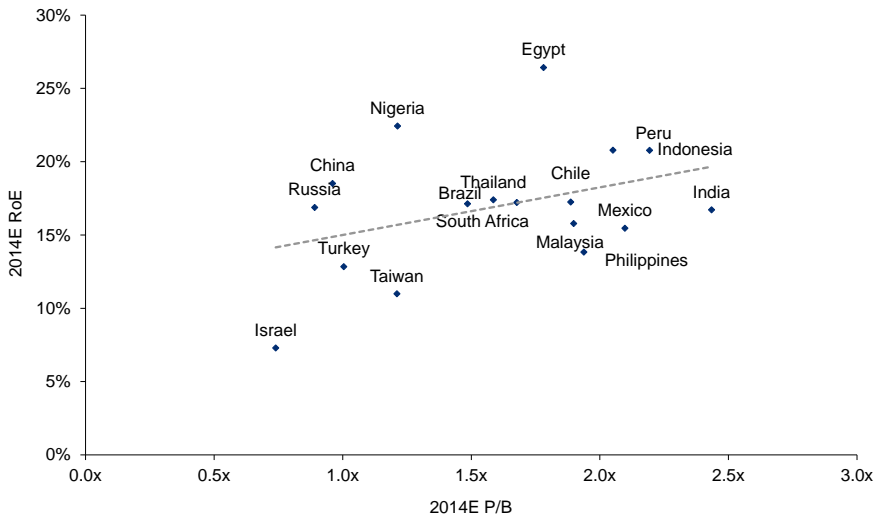
PB vs ROE Scatter

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



Source: Powered by dataCentral

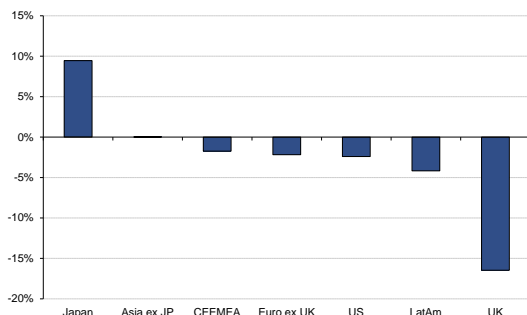
Figure 8. 2014E P/B vs ROE – Emerging Markets



Source: Powered by dataCentral

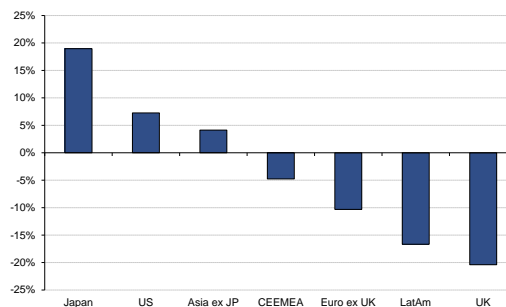
Global Estimates Revisions Summary

Figure 9. Citi 2014E Revisions -3M - Global



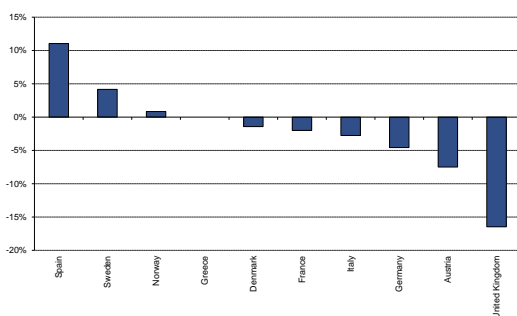
Source: Citi Research

Figure 10. Citi 2014E Revisions LTM - Global



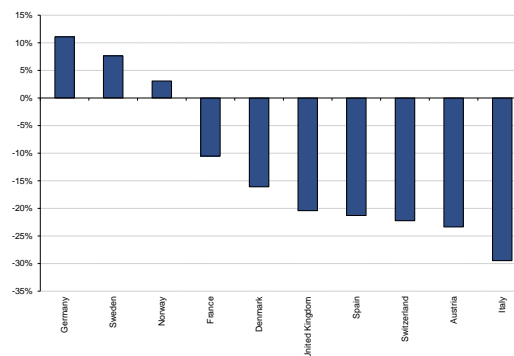
Source: Citi Research

Figure 11. Citi 2014E Revisions -3M - Europe



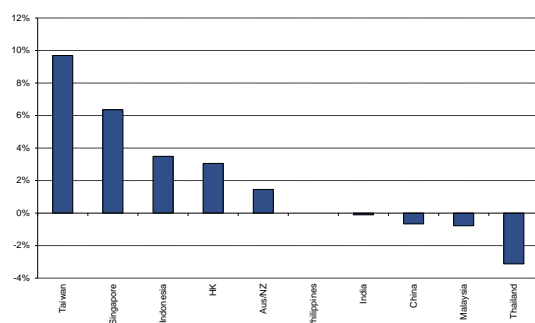
Source: Citi Research

Figure 12. Citi 2014E Revisions LTM - Europe



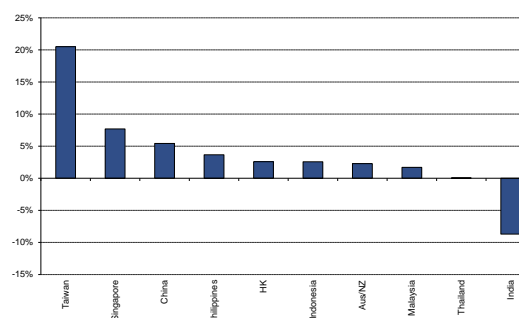
Source: Citi Research

Figure 13. Citi 2014E Revisions -3M - Asia



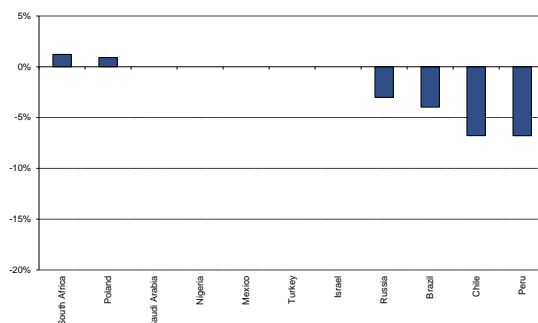
Source: Citi Research

Figure 14. Citi 2014E Revisions LTM - Asia



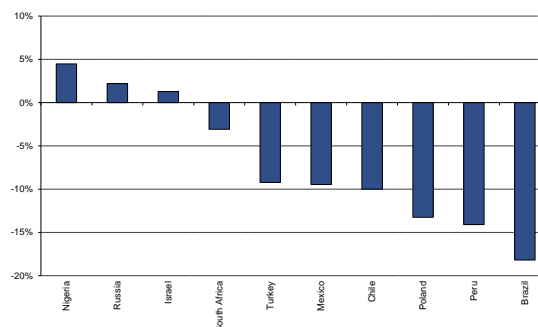
Source: Citi Research

Figure 15. Citi 2014E Revisions -3M - LatAm + CEEMEA



Source: Citi Research

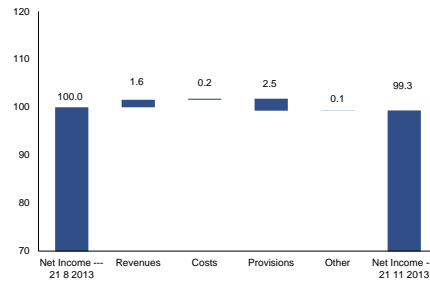
Figure 16. Citi 2014E Revisions LTM - LatAm + CEEMEA



Source: Citi Research

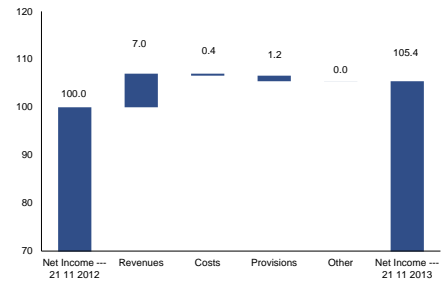
Asia:

Figure 17. China – -3M '14 Estimates Change



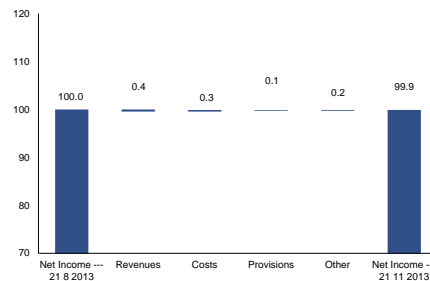
Source: Citi Research

Figure 18. China – LTM '14 Estimates Change



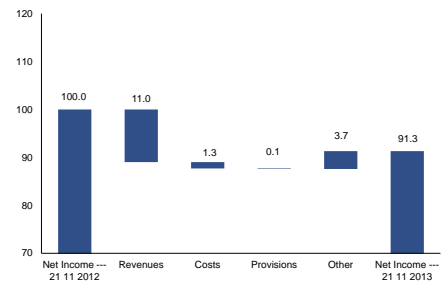
Source: Citi Research

Figure 19. India – -3M '14 Estimates Change



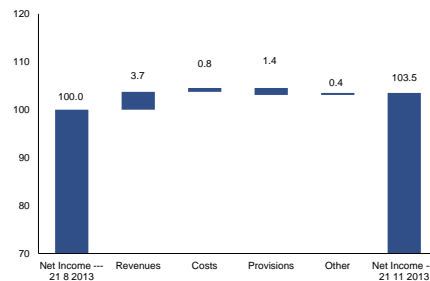
Source: Citi Research

Figure 20. India – LTM '14 Estimates Change



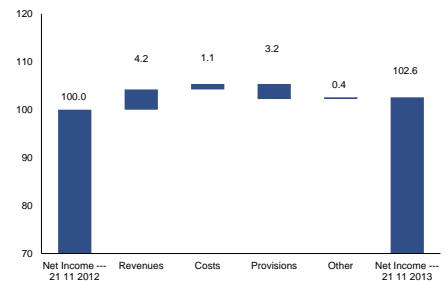
Source: Citi Research

Figure 21. Indonesia – -3M '14 Estimates Chg



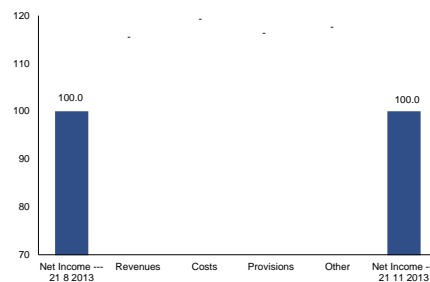
Source: Citi Research

Figure 22. Indonesia – LTM '14 Estimates Chg



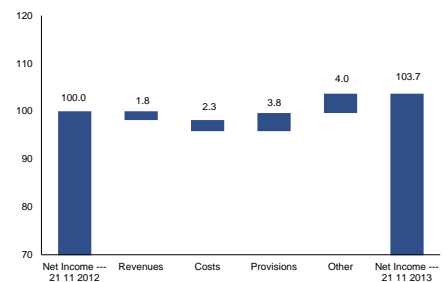
Source: Citi Research

Figure 23. Phils – 3M '14 Estimates Chg



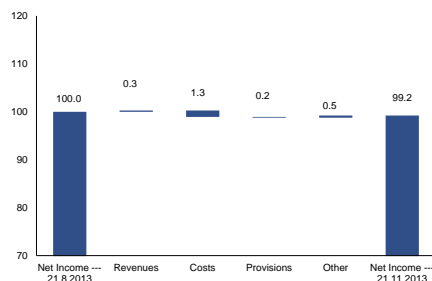
Source: Citi Research

Figure 24. Phils– LTM '14 Estimates Chg



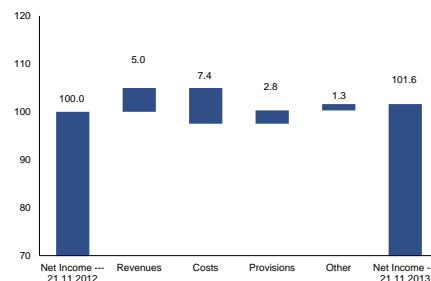
Source: Citi Research

Figure 25. Malaysia – 3M '14 Estimates Chg



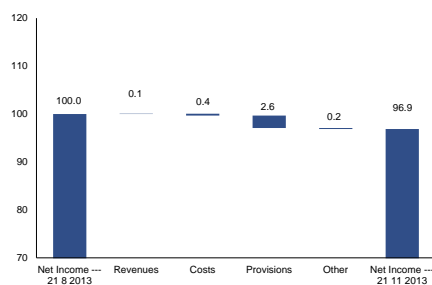
Source: Citi Research

Figure 26. Malaysia – LTM '14 Estimates Chg



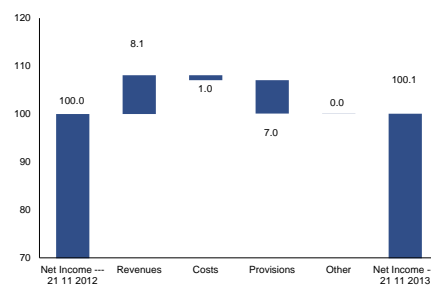
Source: Citi Research

Figure 27. Thai. – 3M '14 Estimates Change



Source: Citi Research

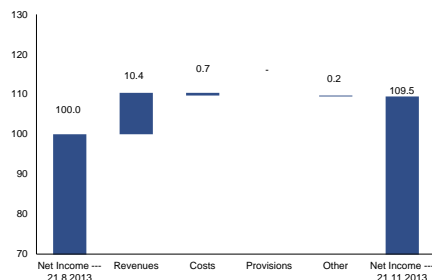
Figure 28. Thai. – LTM '14 Estimates Change



Source: Citi Research

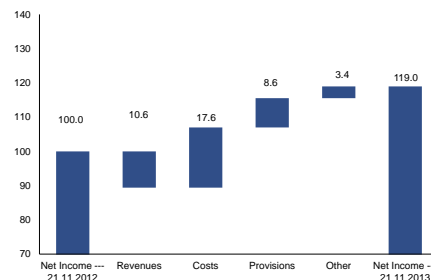
Japan:

Figure 29. Japan – 3M '14 Estimates Change



Source: Citi Research

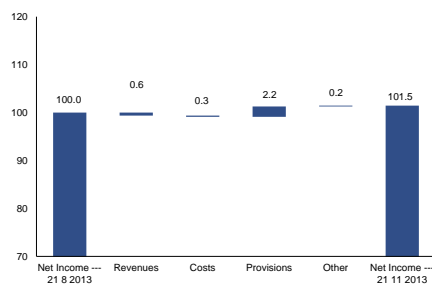
Figure 30. Japan – LTM '14 Estimates Change



Source: Citi Research

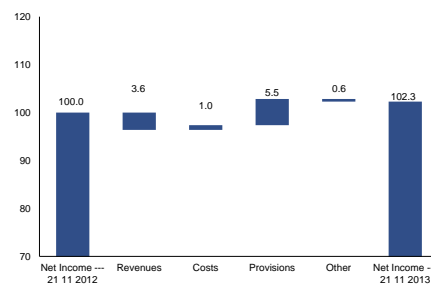
Australia / New Zealand:

Figure 31. AU/NZ – 3M '14 Estimates Change



Source: Citi Research

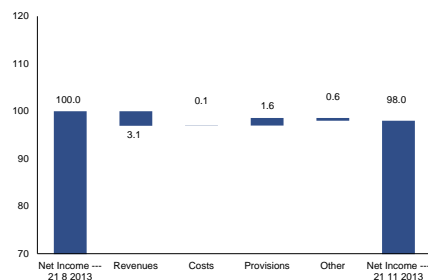
Figure 32. AU/NZ – LTM '14 Estimates Change



Source: Citi Research

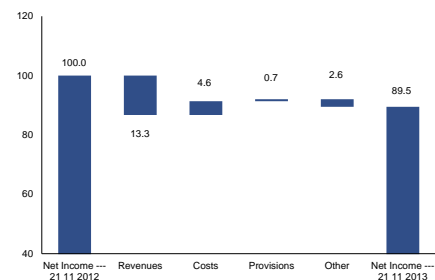
Europe:

Figure 33. France – -3M '14 Estimates Chg



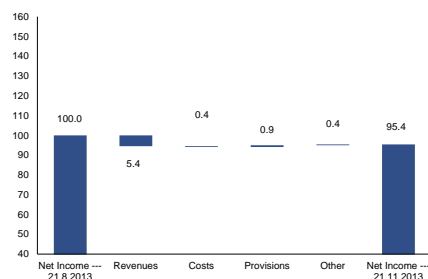
Source: Citi Research

Figure 34. France – LTM '14 Estimates Chg



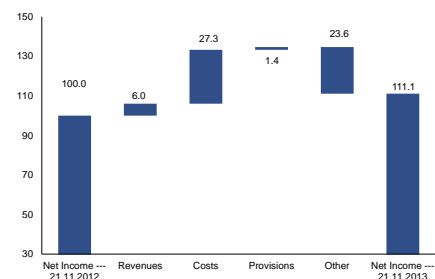
Source: Citi Research

Figure 35. Germany – -3M '14 Estimates Chg



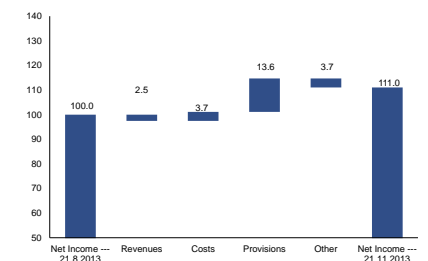
Source: Citi Research

Figure 36. Germany – LTM '14 Estimates Chg



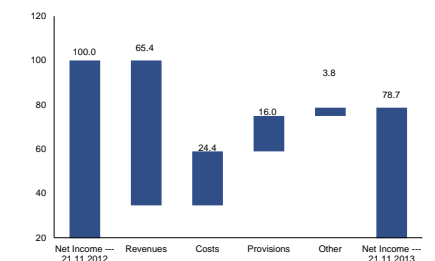
Source: Citi Research

Figure 37. Iberia – -3M '14 Estimates Change



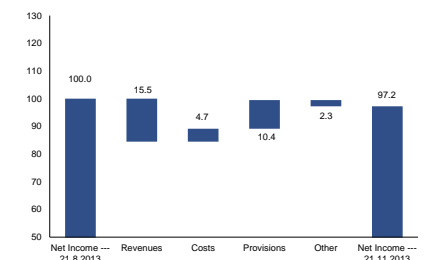
Source: Citi Research

Figure 38. Iberia – LTM '14 Estimates Change



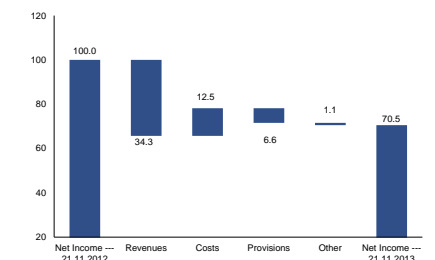
Source: Citi Research

Figure 39. Italy – -3M '14 Estimates Change



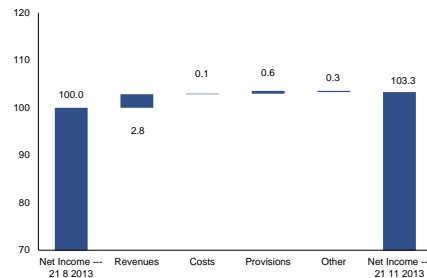
Source: Citi Research

Figure 40. Italy – LTM '14 Estimates Change



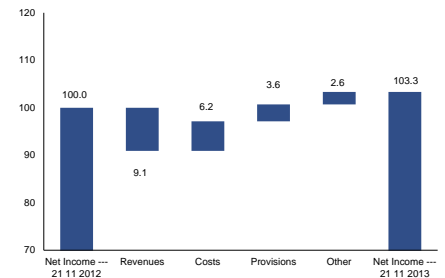
Source: Citi Research

Figure 41. Nordics – -3M '14 Estimates Chg



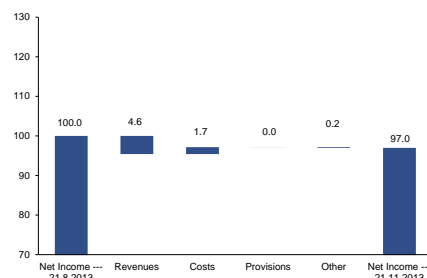
Source: Citi Research

Figure 42. Nordics – '14 LTM Estimates Chg



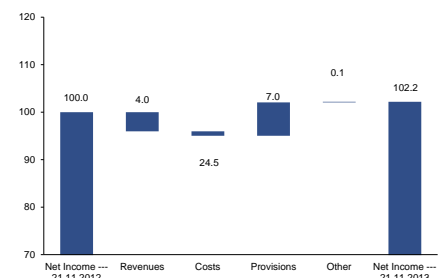
Source: Citi Research

Figure 43. Russia – -3M '14 Estimates Chg



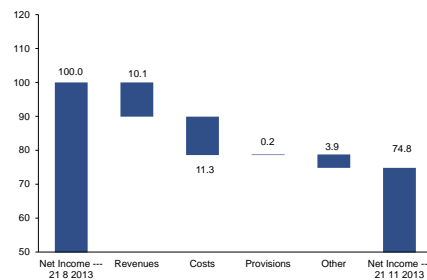
Source: Citi Research

Figure 44. Russia – LTM '14 Estimates Chg



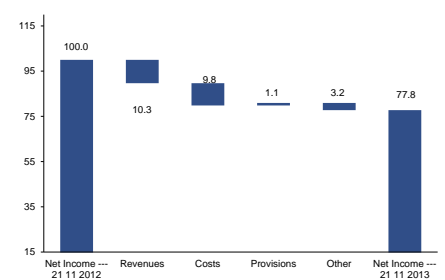
Source: Citi Research

Figure 45. Switz. – -3M '14 Estimates Chg



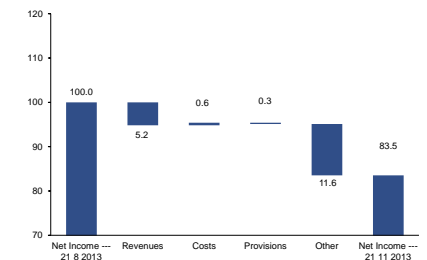
Source: Citi Research

Figure 46. Switz. – LTM '14 Estimates Chg



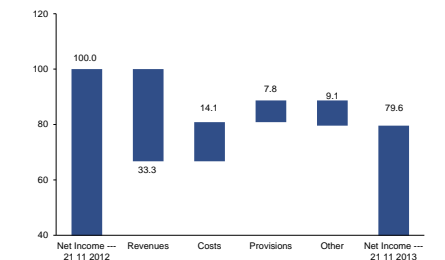
Source: Citi Research

Figure 47. UK – -3M '14 Estimates Chg



Source: Citi Research

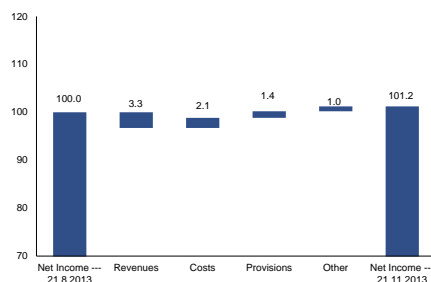
Figure 48. UK – LTM '14 Estimates Chg



Source: Citi Research

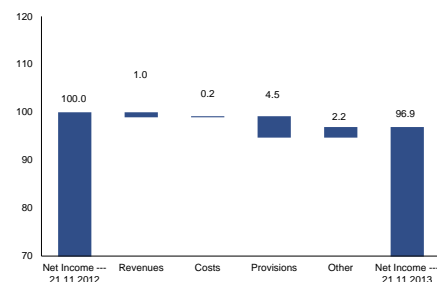
MENA/Africa:

Figure 49. S. Africa – -3M '14 Estimates Chg



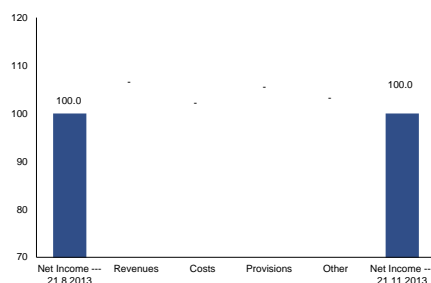
Source: Citi Research

Figure 50. S. Africa – '14 LTM Estimates Chg



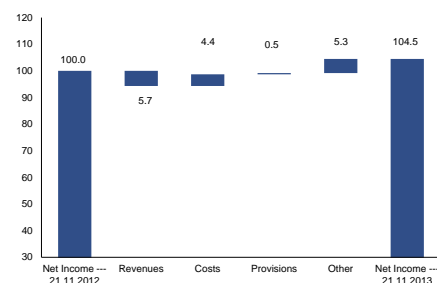
Source: Citi Research

Figure 51. Nigeria – -3M '14 Estimates Chg



Source: Citi Research

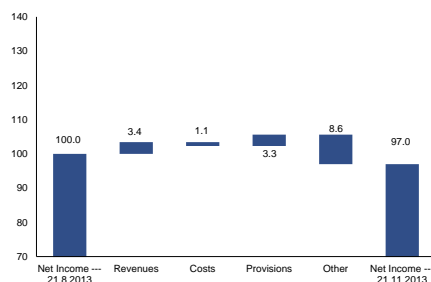
Figure 52. Nigeria – LTM '14 Estimates Chg



Source: Citi Research

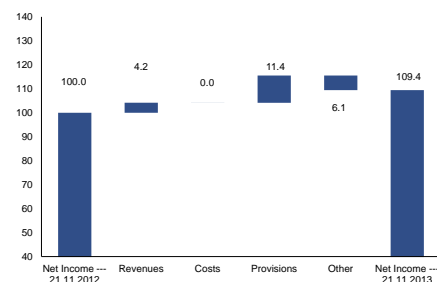
United States:

Figure 53. US (Money Centres) – -3M '14 Estimates Change



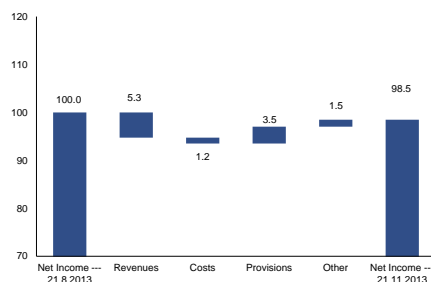
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 54. US (Money Centres) – LTM '14 Estimates Change



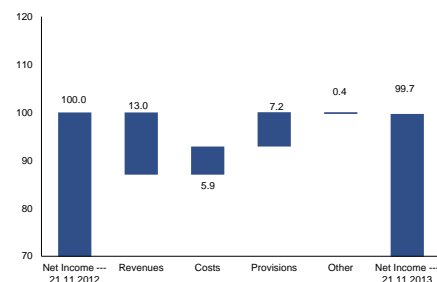
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 55. US (Regionals) – -3M '14 Estimates Change



Source: Citi Research

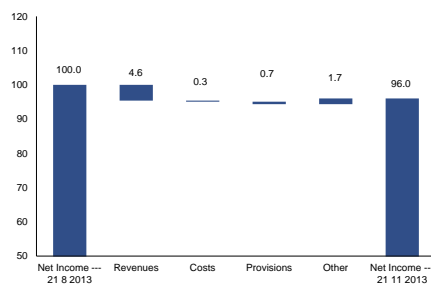
Figure 56. US (Regionals) – LTM '14 Estimates Change



Source: Citi Research

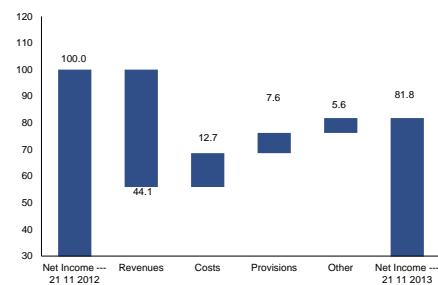
LatAm:

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



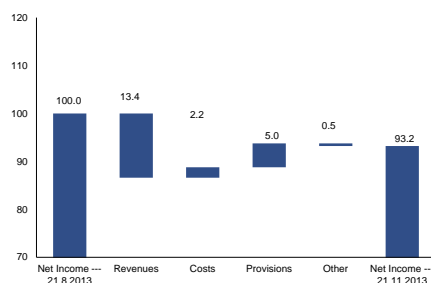
Source: Citi Research

Figure 58. Brazil – LTM '14 Estimates Chg



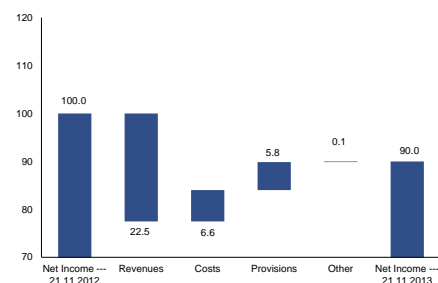
Source: Citi Research

Figure 59. Chile – -3M '14 Estimates Change



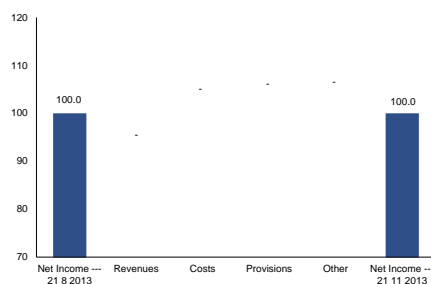
Source: Citi Research

Figure 60. Chile – LTM '14 Estimates Change



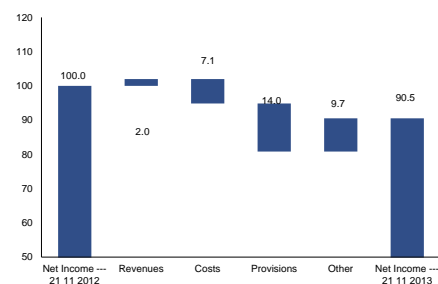
Source: Citi Research

Figure 61. Mexico – -3M '14 Estimates Chg



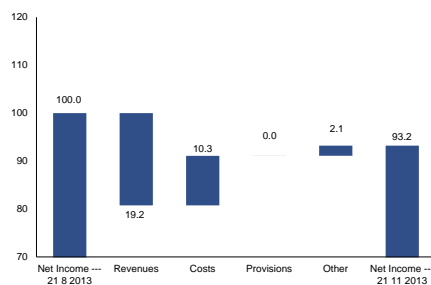
Source: Citi Research

Figure 62. Mexico – LTM '14 Estimates Chg



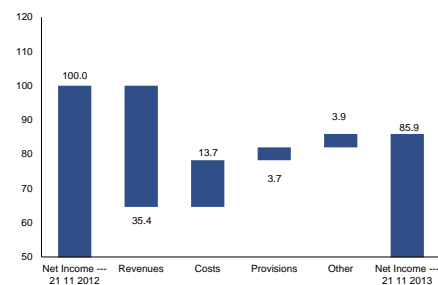
Source: Citi Research

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



Source: Citi Research

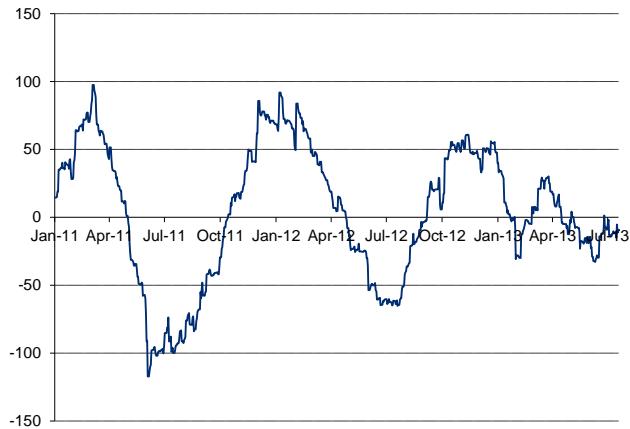
Figure 64. Peru – LTM '14 Estimates Change



Source: Citi Research

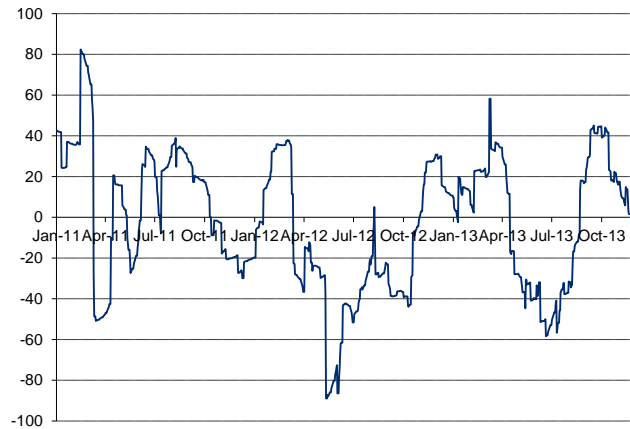
Citi Economic Surprise Indices (CESI)*

Figure 65. Citi Economic Surprise Index - US



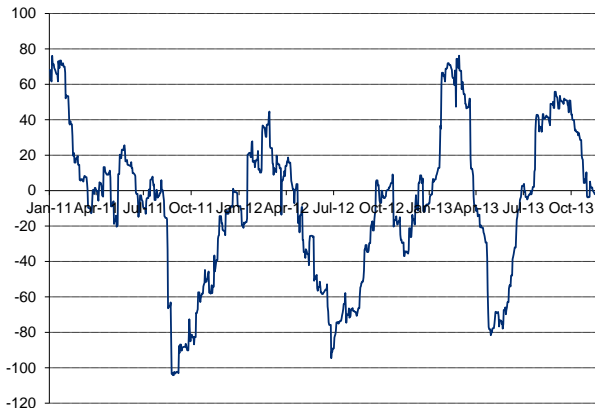
Source: Bloomberg, Citi Research

Figure 66. Citi Economic Surprise Index - China



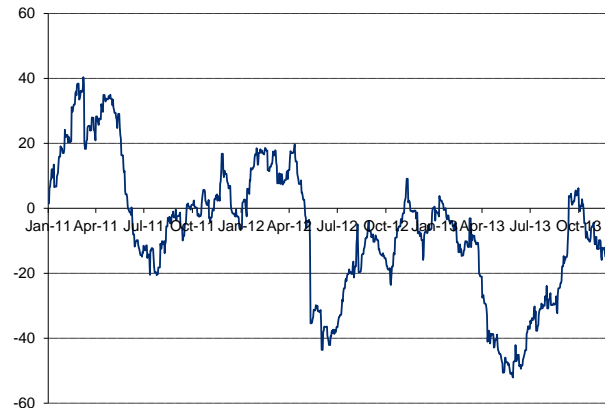
Source: Bloomberg, Citi Research

Figure 67. Citi Economic Surprise Index - Euro Area



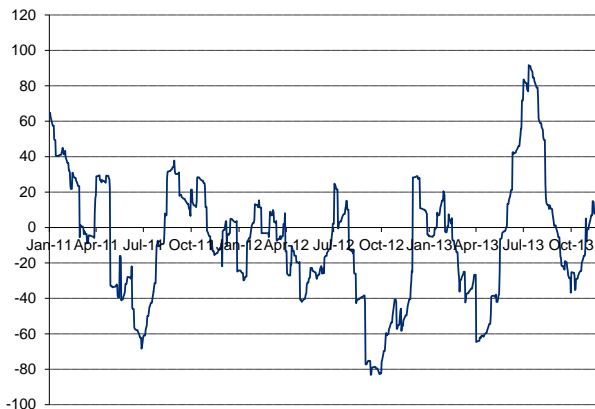
Source: Bloomberg, Citi Research

Figure 68. Citi Economic Surprise Index - Emerging Markets



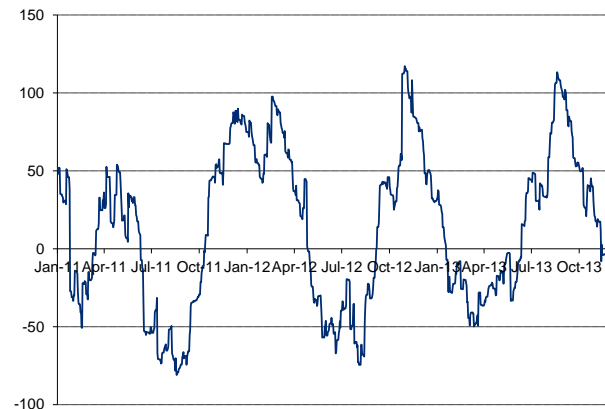
Source: Bloomberg, Citi Research

Figure 69. Citi Economic Surprise Index - Japan



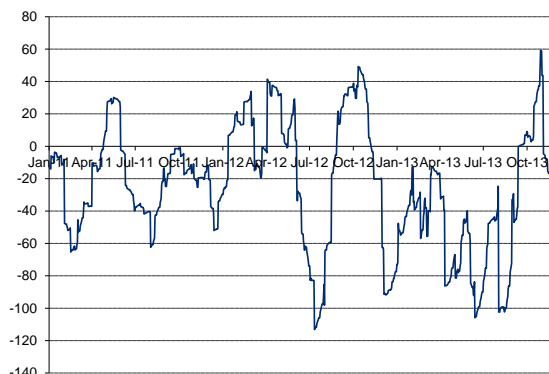
Source: Bloomberg, Citi Research

Figure 70. Citi Economic Surprise Index - UK



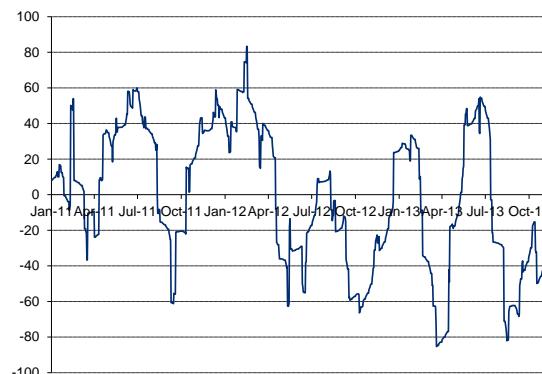
Source: Bloomberg, Citi Research

Figure 71. Citi Economic Surprise Index - Brazil



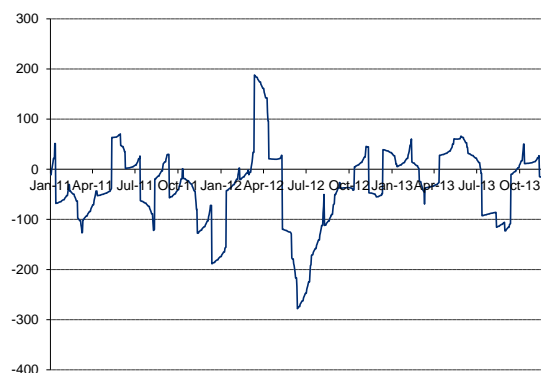
Source: Bloomberg, Citi Research

Figure 72. Citi Economic Surprise Index - Russia



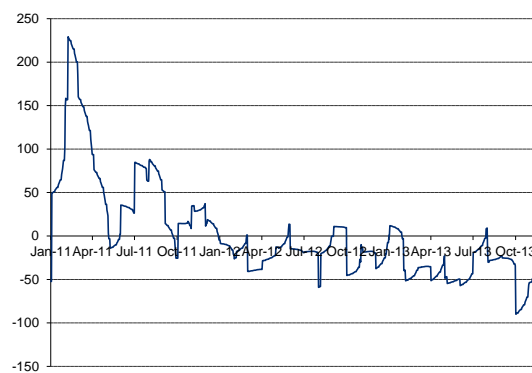
Source: Bloomberg, Citi Research

Figure 73. Citi Economic Surprise Index - India



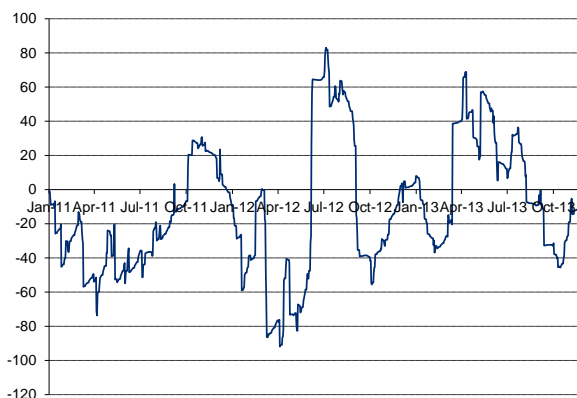
Source: Bloomberg, Citi Research

Figure 74. Citi Economic Surprise Index - Indonesia



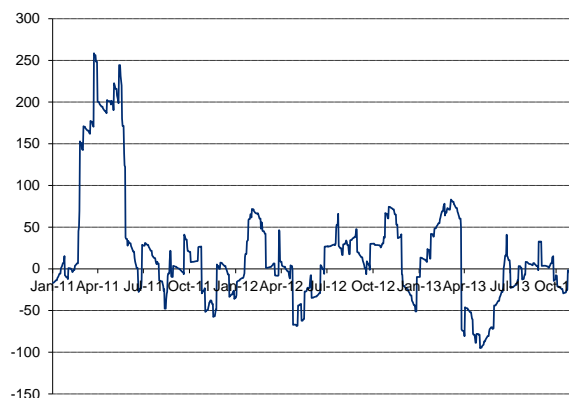
Source: Bloomberg, Citi Research

Figure 75. Citi Economic Surprise Index - Australia



Source: Bloomberg, Citi Research

Figure 76. Citi Economic Surprise Index - HK

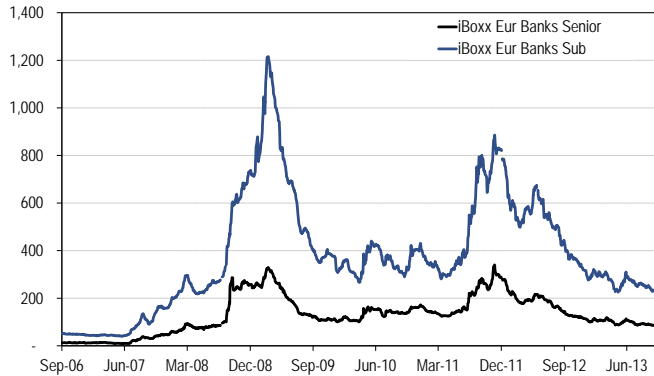


Source: Bloomberg, Citi Research

* 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.

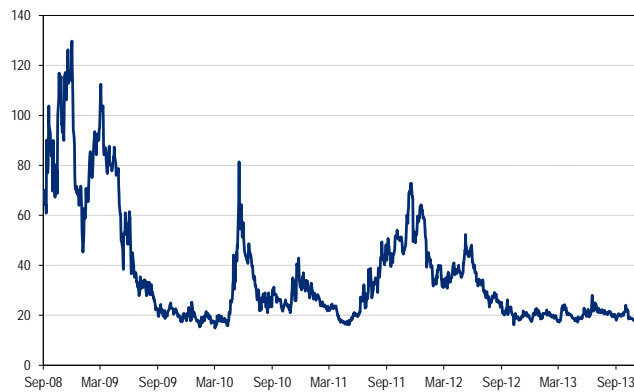
Key Bank Funding Indicators

Figure 77. iBoxx Europe Banks Indices



Source: Markit

Figure 79. US 3m FRA – OIS Spread



Source: Bloomberg

Figure 81. 10Y US Swap Spread



Source: Bloomberg, Citi Research

Figure 78. 3M Eur/US Basis Swap



Source: Bloomberg

Figure 80. EUR 3m FRA – OIS Spread



Source: Bloomberg

Figure 82. 10Y Euro Swap Spread



Source: Bloomberg, Citi Research

Global Banks Valuations

Figure 83. Global Valuation Table – Europe, 22 Nov 2013

		M Cap	Share Price				Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield
Bank	Rec	(\$bn)		Now	Target	+/-%	2013E	2014E	2015E					2013E
EUROPE														
Benelux		71				+13%	8.1x	9.2x	7.9x	1.3x	1.2x	9%	9%	0.0%
KBC	Buy	22	E	39.4	42.0	+7%	8.1x	9.2x	7.9x	1.3x	1.2x	15%	14%	0.0%
ING Groep NV	Buy	49	E	9.5	11.0	+16%	11.7x	8.7x	7.4x			6%	7%	0.0%
CEE/Austria		101				-8%	18.5x	12.5x	10.6x	1.4x	1.3x	8%	11%	3.1%
Bank Millennium	Sell	3	ZL	7.5	4.2	-44%	17.8x	15.6x	14.5x	1.7x	1.6x	10%	11%	2.8%
Alior Bank	Neutral / H	2	ZL	75	100	+33%	19.6x	11.1x	9.3x	2.4x	1.9x	13%	19%	0.0%
Bank of Georgia	Neutral	1	p	2166	2070	-4%	10.1x	9.4x	7.8x	1.7x	1.6x	18%	18%	2.5%
Bank Pekao	Neutral	16	ZL	192	149	-22%	20.4x	17.3x	15.8x	2.1x	2.1x	11%	12%	4.4%
BRE	Sell	7	ZL	543	363	-33%	20.5x	17.9x	15.4x	2.2x	2.1x	11%	12%	2.4%
Erste Bank	Neutral	15	E	25.2	25.0	-1%	nm	10.7x	8.7x	1.0x	0.9x	1%	9%	2.4%
Halyk Bank	Buy	3	¢	1000	1000	0%	7.4x	7.5x	6.4x	1.1x	1.0x	19%	16%	2.5%
ING Bank Slaski	Buy	5	ZL	119	106	-11%	20.5x	17.1x	12.7x	1.8x	1.7x	9%	10%	3.7%
Kazkommertsbank	Neutral / H	1	¢	170	240	+41%	5.4x	3.2x	2.3x	0.3x	0.3x	7%	11%	0.0%
Komercni Banka	Neutral	8	Kc	4466	4880	+9%	13.5x	13.7x	13.2x	1.8x	1.7x	13%	13%	5.2%
OTP Bank	Buy	6	Ft	4441	5135	+16%	10.4x	7.3x	6.4x	0.7x	0.7x	7%	10%	3.4%
PKO BP	Buy	16	ZL	41.1	42.0	+2%	18.0x	13.8x	11.6x	2.0x	1.8x	11%	14%	1.1%
Raiffeisen Bank Intl	Sell	7	E	27.2	23.0	-15%	15.6x	8.2x	6.7x	0.7x	0.7x	5%	9%	4.3%
France		180				+17%	11.5x	9.3x	7.8x	0.7x	0.7x	6%	8%	3.4%
BNP Paribas	Buy	90	E	54.1	66	+22%	11.7x	10.1x	8.3x	0.8x	0.8x	7%	8%	3.7%
Credit Agricole SA	Buy	30	E	8.8	10.0	+13%	8.7x	7.6x	6.9x	0.6x	0.5x	6%	7%	3.4%
Natixis	Neutral	17	E	4.0	4.0	+0%	13.6x	10.3x	9.8x	0.7x	0.7x	5%	7%	3.7%
Societe Generale	Buy	43	E	40.4	46	+14%	12.9x	8.8x	7.0x	0.7x	0.7x	5%	7%	2.8%
Germany		62				+26%	11.7x	7.2x	5.7x	0.5x	0.5x	3%	6%	1.7%
Commerzbank	Neutral / H	16	E	10.3	10.7	+4%	39.7x	12.0x	8.5x	0.4x	0.4x	0%	4%	0.0%
Deutsche Bank	Buy	46	E	34	45	+33%	9.5x	6.3x	5.1x	0.6x	0.6x	5%	7%	2.2%
Greece/Cyprus		23					4.9x	<0	18.8x	1.4x	1.4x	NM	-5%	0.0%
Alpha Bank	Neutral	9	E	.6	na		1.9x	<0	nm	1.1x	1.3x	NM	-14%	0.0%
National Bank	Neutral	14	E	4.3	na		<0	nm	12.0x	1.6x	1.5x	NM	3%	0.0%
Iberia		218				+4%	19.2x	13.6x	10.3x	0.9x	0.9x	5%	7%	6.3%
Banco BPI	Neutral / H	2	E	1.2	1.3	+7%	16.0x	13.0x	7.8x	0.9x	0.8x	6%	6%	0.0%
Banco Espirito	Buy / H	5	E	1.01	1.40	+39%	<0	11.9x	6.4x	0.6x	0.6x	-4%	5%	0.0%
Banco Popular	Sell / H	10	E	4.1	3.4	-19%	<0	28.7x	9.7x	0.8x	0.8x	0%	3%	0.2%
Banco Santander	Neutral / H	97	E	6.4	6.5	+2%	13.0x	11.6x	10.5x	1.0x	1.0x	7%	8%	9.4%
Bankinter	Neutral	5	E	4.4	4.6	+6%	17.8x	18.3x	12.3x	1.1x	1.1x	7%	6%	1.4%
BBVA	Neutral / H	65	E	8.4	8.9	+6%	31.8x	15.4x	10.8x	1.1x	1.1x	3%	7%	5.0%
Bco de Sabadell	Sell / H	10	E	1.8	1.5	-15%	39.7x	17.0x	9.1x	0.7x	0.7x	2%	4%	0.0%
CaixaBank	Buy	23	E	3.5	4.2	+19%	14.8x	15.0x	10.3x	0.7x	0.8x	5%	5%	5.7%
Israel		15				-13%	10.9x	10.4x	9.9x	0.8x	0.7x	7%	7%	0.5%
Bank Hapoalim	Neutral	7	NIS	19.1	17.0	-11%	11.3x	10.2x	9.9x	0.9x	0.8x	8%	8%	1.0%
Bank Leumi	Sell	6	NIS	13.9	11.6	-17%	11.0x	10.3x	10.3x	0.8x	0.7x	7%	7%	0.0%
Israel Discount	Neutral	2	NIS	7.0	6.2	-11%	9.3x	11.7x	9.1x	0.6x	0.6x	6%	5%	0.0%

Source: Powered by dataCentral

Figure 84. Global Valuation Table – Europe (cont.), 22 Nov 2013

		M Cap		Share Price			Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield
Bank	Rec	(\$bn)		Now	Target	+/-%	2013E	2014E	2015E					2013E
Italy		101				-2%	31.7x	16.6x	11.3x	0.5x	0.5x	1%	3%	2.0%
Banco Popolare	Neutral	3	E	1.4	na		22.1x	16.1x	12.3x	0.3x	0.3x	3%	2%	2.3%
BP Milano	Neutral	2	E	.45	.5	-0%	22.1x	14.6x	11.0x	0.4x	0.4x	3%	3%	0.0%
Intesa Sanpaolo	Sell / H	38	E	1.7	1.5	-17%	23.9x	14.7x	11.6x	0.6x	0.6x	2%	3%	2.9%
Mediobanca	Buy / H	7	E	6.1	7.2	+18%	18.4x	9.7x	8.3x	0.7x	0.7x	2%	7%	0.8%
Monte dei Paschi	Sell / H	3	E	.2	.2	-12%	<0	<0	24.6x	0.4x	0.5x	-12%	-6%	0.0%
UBI Banca	Neutral / H	6	E	5.1	4.7	-7%	33.3x	22.1x	16.6x	0.5x	0.4x	1%	2%	1.1%
UniCredit	Neutral / H	41	E	5.3	5.8	+10%	26.9x	16.1x	10.6x	0.5x	0.5x	1%	2%	1.7%
Nordics		183				+7%	12.5x	10.9x	10.1x	1.3x	1.2x	11%	12%	4.2%
Danske Bank	Buy	22	Dkr	122	140	+15%	16.0x	10.7x	9.3x	0.8x	0.8x	5%	8%	1.8%
DnB	Neutral	28	NKkr	107	100	-7%	12.3x	10.3x	9.5x	1.3x	1.1x	11%	12%	2.1%
Nordea	Buy	50	SKr	82	92	+13%	11.6x	10.4x	9.6x	1.3x	1.2x	11%	12%	5.5%
SE Banken AB	Buy	26	SKr	78	90	+15%	12.0x	10.8x	10.1x	1.4x	1.3x	13%	13%	4.1%
SHB	Neutral	29	SKr	300	280	-7%	13.3x	12.5x	11.9x	1.7x	1.6x	13%	13%	3.8%
Swedbank	Neutral	28	SKr	166	180	+8%	13.8x	11.1x	10.6x	1.7x	1.6x	12%	15%	6.0%
Russia		94				+36%	6.2x	5.6x	5.0x	1.0x	0.9x	17%	17%	2.6%
Bank St Petersburg	Buy	1	Rbl	45	57.0	+26%	5.8x	4.0x	3.5x	0.4x	0.4x	7%	10%	0.2%
Bank Vozrozhdenie	Buy	0	Rbl	433	606	+40%	5.9x	3.7x	3.0x	0.5x	0.4x	8%	12%	0.1%
Bank VTB	Buy	18	¢	280	370	+32%	6.4x	5.3x	4.4x	0.7x	0.6x	11%	12%	2.3%
Sberbank	Buy	71	Rbl	105	145	+38%	6.4x	5.7x	5.1x	1.2x	1.0x	20%	19%	2.7%
Switzerland		129				+29%	15.8x	11.1x	8.5x	1.2x	1.1x	7%	8%	1.9%
Credit Suisse	Buy	45	SFr	26.1	34.0	+30%	13.7x	10.6x	7.6x	1.0x	0.9x	8%	10%	2.9%
EFG Internatnl	Neutral	2	SFr	11.7	14.0	+20%	13.1x	10.8x	8.9x	1.5x	1.4x	14%	13%	1.3%
Julius Baer	Neutral	10	SFr	41.5	45.0	+9%	19.1x	14.7x	11.4x	2.0x	2.1x	3%	1%	1.4%
UBS	Buy	70	SFr	16.6	22.0	+33%	17.3x	11.0x	8.8x	1.3x	1.3x	6%	7%	1.2%
Vontobel	Buy	2	SFr	33.6	35.5	+6%	14.6x	11.9x	10.1x	1.3x	1.3x	9%	11%	3.9%
Turkey		52				+18%	7.4x	7.8x	6.5x	1.1x	1.0x	15%	13%	2.0%
Bank Asya	Buy	1	TL	2.0	2.5	+24%	8.2x	6.8x	5.0x	0.7x	0.6x	9%	9%	0.0%
Garanti	Buy	16	TL	7.5	9.2	+22%	8.5x	8.3x	7.1x	1.4x	1.3x	16%	15%	1.9%
Halkbank	Buy	9	TL	15.3	18.3	+20%	7.0x	8.8x	6.8x	1.4x	1.2x	20%	14%	2.4%
Isbank	Buy	12	TL	5.2	6.1	+18%	6.6x	6.9x	6.3x	0.9x	0.8x	14%	12%	2.9%
Vakifbank	Buy	6	TL	4.4	5.0	+11%	6.4x	6.8x	5.4x	0.9x	0.8x	13%	11%	0.9%
Yapi Kredi	Buy	9	TL	4.3	4.9	+12%	8.3x	8.0x	6.6x	1.0x	0.9x	12%	12%	1.6%
UK/Ireland		492				+9%	11.6x	10.1x	9.2x	1.0x	1.0x	4%	7%	2.8%
Bank of Ireland	Sell / H	11	E	.3	.1	-50%	<0	23.1x	11.2x	1.3x	1.2x	-7%	4%	0.0%
Barclays	Buy	67	p	257	320	+24%	9.7x	7.3x	6.5x	0.8x	0.7x	3%	9%	2.4%
HSBC	Buy	209	p	694	770	+11%	11.8x	11.4x	10.3x	1.2x	1.1x	10%	10%	4.3%
Lloyds Banking Group	Neutral	87	p	75	83	+10%	12.3x	10.0x	9.8x	1.3x	1.2x	2%	8%	0.7%
RBS	Sell / H	62	p	330	275	-17%	<0	14.0x	11.2x	0.6x	0.6x	-5%	-1%	0.0%
Standard Chartered	Buy	57	p	1458	1775	+22%	10.4x	9.9x	8.9x	1.3x	1.2x	12%	12%	3.8%
EUROPE		1721				+11%	12.2x	10.3x	8.6x	0.9x	0.9x	6%	8%	3.1%

Source: Powered by dataCentral; *Additional listings: HSBC Holdings Plc (0005.HK; HK\$85.20; 1); Standard Chartered Plc (2888.HK; HK\$177.70; 1)

Figure 85. Global Valuation Table – North America, 22 Nov 2013

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '13E P/B '14E		ROE '13E	ROE '14E	Div Yield 2013E
			Now	Target	+/-%	2013E	2014E	2015E					
USA		1076			+5%	13.5x	11.4x	10.2x	1.2x	1.1x	+10%	10%	1.8%
Bank of America Corp	Neutral	166	\$ 15.6	16	+3%	17.9x	12.0x	9.4x	0.7x	0.7x	5%	6%	0.3%
BB&T	Buy	24	\$ 34	40	+16%	15.8x	11.7x	10.4x	1.2x	1.1x	7%	9%	2.7%
Capital One Financial Corp.	Buy	40	\$ 70	76	+9%	9.8x	10.2x	9.6x	1.0x	0.9x	10%	9%	1.4%
Comerica Inc	Neutral	8	\$ 45	42	-7%	15.4x	16.2x	13.9x	1.2x	1.1x	8%	7%	1.5%
Fifth Third Bancorp	Neutral	18	\$ 20	20	-2%	10.2x	12.7x	11.6x	1.3x	1.2x	12%	9%	2.3%
First Horizon National Corp	Neutral	3	\$ 11	11	-3%	16.6x	15.1x	11.9x	1.4x	1.3x	8%	8%	1.8%
First Niagara Financial Group	Neutral	4	\$ 11.1	11	-1%	14.4x	13.9x	12.1x	0.8x	0.8x	6%	6%	2.9%
Goldman Sachs Group, Inc.	Neutral	76	\$ 167	150	-10%	11.0x	11.1x	10.5x	1.2x	1.1x	11%	10%	1.2%
Huntington Bancshares Inc	Neutral	7	\$ 9	9	+0%	13.2x	11.9x	11.2x	1.3x	1.3x	11%	11%	2.1%
JP Morgan Chase & Co	Buy	215	\$ 57	66	+15%	13.0x	9.4x	8.5x	1.1x	1.0x	8%	11%	2.5%
Keycorp	Neutral	12	\$ 13	12	-7%	13.6x	13.6x	11.8x	1.2x	1.1x	8%	8%	1.7%
M&T Bank Corp	Neutral	15	\$ 115	130	+13%	13.5x	13.3x	11.8x	1.5x	1.3x	11%	11%	2.4%
Morgan Stanley	Neutral	60	\$ 31	30	-3%	16.7x	12.6x	10.8x	0.9x	0.9x	6%	7%	0.6%
Northern Trust Corp	Neutral	14	\$ 58	60	+4%	18.9x	17.0x	14.0x	1.8x	1.7x	10%	10%	2.1%
PNC Financial Services Group	Neutral	41	\$ 76	78	+2%	10.4x	11.6x	11.4x	1.1x	1.0x	11%	9%	2.3%
Regions Financial Corp	Neutral	13	\$ 10	10	+3%	12.2x	12.2x	11.5x	0.9x	0.8x	7%	7%	1.0%
State Street Corp	Buy	32	\$ 72	78	+8%	15.8x	13.7x	11.6x	1.6x	1.5x	11%	12%	1.4%
SunTrust Banks	Neutral	19	\$ 36	35	-2%	13.7x	12.8x	11.2x	0.9x	0.9x	7%	7%	1.1%
US Bancorp	Neutral	71	\$ 39	41	+6%	13.0x	12.5x	11.4x	2.0x	1.8x	16%	15%	2.3%
Wells Fargo & Co	Neutral	232	\$ 44	46	+4%	11.4x	10.8x	10.1x	1.5x	1.4x	14%	13%	2.6%
Zions Bancorp	Neutral	5	\$ 29	30	+3%	16.6x	16.6x	13.2x	1.0x	0.9x	6%	6%	0.4%
Canada		341			-3%	13.3x	12.2x	11.4x	2.1x	1.9x	16%	16%	3.6%
Royal Bank of Canada	Neutral	99	\$ 72	68	-5%	13.6x	12.7x	12.0x	2.4x	2.2x	19%	18%	3.5%
Toronto Dominion	Buy	86	\$ 98	100	+2%	14.5x	12.2x	11.4x	1.9x	1.7x	14%	15%	3.3%
Scotiabank	Neutral	76	\$ 66	62	-6%	13.3x	12.2x	11.3x	2.0x	1.9x	16%	16%	3.6%
Bank of Montreal	Buy	45	\$ 74	74	+0%	12.6x	12.0x	11.1x	1.6x	1.5x	14%	14%	4.0%
CIBC	Neutral	35	\$ 91	84	-8%	11.0x	10.9x	10.5x	2.2x	2.0x	21%	19%	4.2%
North America		1417			+3%	13.5x	11.6x	10.5x	1.4x	1.3x	11%	12%	2.3%

Source: Powered by dataCentral

Figure 86. Global Valuation Table – Japan, 22 Nov 2013

		M Cap	Share Price				Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield
Bank	Rec	(\$bn)	Now	Target	+/-%	2013E	2014E	2015E						2013E
JAPAN														
Bank of Yokohama	Buy	7	¥	558	700	+25%	13.5x	12.9x	13.2x	1.0x	0.9x	7%	7%	2.0%
Chiba Bank	Buy	6	¥	723	850	+18%	14.3x	14.6x	14.5x	0.9x	0.8x	6%	6%	1.7%
Sumitomo Mitsui Trust Holdings	Buy	19	¥	493	580	+18%	13.3x	14.6x	13.4x	1.0x	1.0x	6%	7%	1.7%
Daiwa Securities Group	Buy	17	¥	1002	1200	+20%	22.9x	10.0x	9.6x	1.9x	1.6x	9%	17%	1.5%
Fukuoka Financial Group	Buy	4	¥	458	550	+20%	6.4x	9.3x	9.3x	0.6x	0.6x	7%	7%	2.2%
Hiroshima Bank	Buy	3	¥	429	600	+40%	15.5x	14.1x	14.6x	0.8x	0.8x	5%	6%	1.4%
Joyo Bank	Buy	4	¥	521	700	+34%	18.4x	17.4x	18.5x	1.0x	0.9x	5%	5%	1.6%
Mitsubishi UFJ Financial Group	Buy	94	¥	661	800	+21%	14.3x	14.8x	13.7x	0.8x	0.8x	6%	5%	2.0%
Mizuho Financial Group	Buy	52	¥	216	320	+48%	10.4x	10.6x	10.2x	1.0x	0.9x	9%	8%	2.8%
Nomura Holdings	Buy	30	¥	808	1000	+24%	27.8x	15.5x	14.2x	1.3x	1.2x	5%	8%	1.0%
Resona Holdings	Buy	12	¥	523	640	+22%	7.7x	11.3x	10.4x	1.3x	0.9x	12%	7%	2.3%
Seven Bank	Sell	4	¥	365	300	-18%	21.7x	20.7x	19.2x	3.0x	2.6x	14%	14%	1.8%
Shiga Bank	Buy	1	¥	550	750	+36%	27.4x	22.0x	20.4x	0.7x	0.7x	3%	3%	1.1%
Shinsei Bank	Buy	6	¥	237	330	+39%	23.4x	29.7x	24.5x	1.0x	0.9x	4%	3%	0.4%
Shizuoka Bank	Buy	7	¥	1169	1200	+3%	18.4x	18.4x	20.5x	0.9x	0.9x	5%	5%	1.3%
Sumitomo Mitsui Financial	Buy	70	¥	5100	6500	+27%	11.1x	12.7x	12.7x	1.1x	1.0x	10%	8%	2.4%
JAPAN		267				+26%	15.7x	14.1x	13.2x	1.1x	1.0x	7%	7%	1.9%

Source: Powered by dataCentral

Figure 87. Global Valuation Table – Middle East & Africa, 22 Nov 2013

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield 2013E	
			Now	Target	+/-%	2013E	2014E	2015E						
MIDDLE EAST & AFRICA														
Egypt		4			-16%	9.6x	7.3x	6.1x	2.1x	1.8x	24%	26%	3.2%	
Commercial International Bank	Neutral / H	4	£	45.0	38.0	-16%	9.6x	7.3x	6.1x	2.1x	1.8x	24%	26%	3.2%
Nigeria		4			+37%	7.2x	5.6x	4.8x	1.3x	1.2x	19%	22%	8.0%	
Zenith Bank Plc	Buy	4	₦	21.2	29.0	+37%	7.2x	5.6x	4.8x	1.3x	1.2x	19%	22%	8.0%
South Africa		54			+9%	11.9x	10.2x	8.7x	1.8x	1.7x	16%	17%	4.2%	
FirstRand Limited	Neutral	18	R	33.0	37.9	+15%	12.1x	10.4x	9.0x	2.5x	2.2x	22%	23%	4.1%
Nedbank Ltd	Neutral	10	R	208	213	+2%	11.6x	10.1x	8.8x	1.6x	1.5x	15%	16%	4.3%
Standard Bank Group	Neutral	20	R	122	123	+1%	11.6x	10.1x	8.7x	1.5x	1.4x	14%	15%	4.2%
Investec PLC	Buy	6	p	423	540	+28%	12.3x	10.0x	8.3x	1.2x	1.1x	8%	11%	4.3%
MIDDLE EAST & AFRICA		62			+9%	11.4x	9.7x	8.3x	1.8x	1.6x	17%	18%	4.4%	

Source: Powered by dataCentral

Figure 88. Global Valuation Table – Asia, 22 Nov 2013

Bank	Rec	M Cap (\$bn)	Share Price			Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield 2013E
			Now	Target	+/-%	2013E	2014E	2015E					
ASIA													
China		920			+12%	5.9x	5.5x	5.0x	1.1x	0.9x	20%	19%	5.7%
ABC	Buy	165	Rmb 3.1	3.3	+7%	6.1x	5.6x	5.1x	1.2x	1.0x	20%	19%	5.8%
Bank of China	Buy	133	Rmb 2.9	3.3	+14%	5.4x	5.2x	4.7x	0.9x	0.8x	17%	16%	6.4%
Bank of Communications	Neutral	55	Rmb 4.5	4.4	-2%	5.5x	5.2x	4.9x	0.8x	0.7x	15%	14%	5.5%
China CITIC Bank	Neutral	27	Rmb 3.5	3.1	-13%	5.1x	4.7x	4.1x	0.8x	0.7x	16%	15%	4.9%
China Construction Bank	Buy	200	Rmb 4.9	6.1	+26%	5.8x	5.3x	4.8x	1.1x	1.0x	21%	20%	6.0%
China Merchants Bank	Neutral	53	Rmb 12.9	10.9	-15%	7.1x	6.5x	5.9x	1.2x	1.1x	20%	18%	4.2%
China Minsheng Banking	Sell	34	Rmb 7.3	5.5	-25%	5.1x	4.6x	4.1x	1.0x	0.9x	22%	21%	3.9%
ICBC	Buy	249	Rmb 4.3	5.2	+20%	6.1x	5.7x	5.1x	1.2x	1.0x	21%	20%	5.8%
CRCB	Buy	5	Rmb 3.2	3.9	+23%	4.7x	4.3x	4.0x	0.8x	0.7x	19%	18%	6.5%
Hong Kong		85			+10%	13.5x	13.4x	12.3x	1.9x	1.8x	18%	14%	4.4%
Bank of East Asia	Neutral	10	\$ 34.0	33.0	-3%	13.8x	13.5x	12.5x	1.3x	1.2x	10%	9%	3.5%
Bank of China (HK)	Buy	35	\$ 26.0	30.0	+15%	12.6x	12.5x	11.5x	1.8x	1.7x	15%	14%	5.3%
Dah Sing Banking	Buy	2	\$ 14.0	13.6	-3%	10.7x	10.3x	9.5x	1.1x	1.0x	10%	10%	2.5%
Dah Sing Financial	Buy	2	\$ 45.3	49.0	+8%	9.7x	9.6x	8.8x	0.7x	0.7x	8%	8%	2.9%
Hang Seng Bank	Buy	31	\$ 126	140	+11%	14.2x	14.5x	13.3x	2.3x	2.2x	27%	16%	4.3%
Wing Hang Bank	Buy	4	\$ 104	94	-10%	18.6x	15.3x	14.5x	1.5x	1.4x	10%	10%	2.5%
India		118			+18%	16.3x	14.3x	12.0x	2.7x	2.4x	18%	17%	1.7%
AXIS Bank	Buy	8	Rs 1086	1080	-1%	10.0x	9.3x	8.0x	1.4x	1.2x	19%	16%	1.9%
Bank of Baroda	Buy	4	Rs 608	645	+6%	5.7x	5.9x	5.2x	0.8x	0.7x	15%	13%	3.0%
Canara Bank	Neutral	2	Rs 241	485	+101%	2.9x	2.4x	1.9x	0.4x	0.4x	15%	16%	4.8%
Federal Bank	Buy	1	Rs 78	118	+52%	7.4x	6.5x	5.4x	1.0x	0.9x	15%	15%	2.4%
HDFC Bank	Neutral	24	Rs 638	750	+18%	22.6x	18.3x	14.7x	4.2x	3.5x	20%	21%	0.9%
HDFC	Neutral	19	Rs 779	940	+21%	25.0x	21.2x	18.0x	4.9x	4.3x	22%	22%	1.6%
ICICI Bank	Buy	19	Rs 1030	1250	+21%	14.3x	12.3x	10.3x	1.8x	1.6x	13%	14%	1.9%
Indusind Bank	Sell	3	Rs 402	360	-10%	19.4x	16.2x	13.1x	2.8x	2.4x	17%	16%	0.7%
Kotak Mahindra Bank	Neutral	9	Rs 712	762	+7%	24.2x	20.6x	17.0x	3.5x	2.9x	16%	15%	0.2%
State Bank of India	Buy	19	Rs 1760	1933	+10%	8.3x	10.3x	9.0x	1.2x	1.1x	16%	11%	2.0%
Union Bank Of India	Neutral	1	Rs 121	245	+102%	3.8x	3.0x	2.4x	0.5x	0.4x	14%	16%	7.0%
Yes Bank	Neutral	2	Rs 354	430	+21%	10.4x	8.2x	6.5x	2.3x	1.8x	25%	25%	1.7%
IDFC	Buy	3	Rs 103	155	+50%	8.5x	7.8x	7.0x	1.1x	1.0x	14%	14%	2.5%
Punjab National Bank	Buy	3	Rs 518	820	+58%	3.8x	4.0x	3.6x	0.6x	0.5x	16%	13%	5.2%
Indonesia		64			+2%	12.0x	11.2x	10.4x	2.6x	2.2x	23%	21%	2.5%
Bank Central Asia	Sell	21	Rp 9850	8000	-19%	17.0x	15.2x	14.0x	3.7x	3.1x	24%	22%	1.2%
Bank Danamon	Sell	3	Rp 3850	3100	-19%	9.4x	9.4x	7.9x	1.2x	1.1x	13%	12%	3.2%
Bank Mandiri (Persero)	Buy	15	Rp 7550	9000	+19%	10.4x	9.7x	9.3x	2.0x	1.8x	21%	20%	2.9%
Bank Negara Indonesia	Buy	7	Rp 4350	4950	+14%	9.8x	9.6x	9.1x	1.7x	1.5x	18%	17%	3.1%
Bank Rakyat Indonesia	Buy	16	Rp 7700	8550	+11%	9.2x	8.9x	8.5x	2.4x	2.0x	28%	24%	3.3%
PT Bank Bukopin	Sell / H	0	Rp 600	600	0%	5.2x	6.4x	5.5x	0.8x	0.7x	17%	12%	0.0%
PT Bank Pembangunan	Neutral / H	1	Rp 820	975	+19%	5.7x	6.6x	5.9x	1.2x	1.1x	22%	17%	5.3%
Bank Tabungan Negara	Neutral / H	1	Rp 960	1125	+17%	6.9x	6.6x	5.7x	0.9x	0.8x	13%	13%	2.9%

Source: Powered by dataCentral

Figure 89. Global Valuation Table – Asia (Cont.), 22 Nov 2013

		M Cap	Share Price				Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield
Bank	Rec	(\$bn)	Now	Target	+/-%	2013E	2014E	2015E						2013E
Malaysia		89			+9%	13.6x	12.4x	11.3x	2.1x	1.9x	16%	16%	3.7%	
AMMB	Neutral	7	RM 7.3	7.6	+3%	13.5x	12.1x	11.0x	1.8x	1.7x	14%	15%	3.0%	
CIMB	Sell	18	RM 7.4	7.2	-3%	12.6x	11.6x	10.4x	1.7x	1.6x	15%	14%	3.6%	
Maybank	Buy	27	RM 9.6	11.1	+16%	13.6x	12.4x	11.3x	1.8x	1.7x	14%	14%	4.8%	
Public Bank	Buy	20	RM 18.3	21.0	+15%	15.5x	14.0x	12.8x	3.1x	2.8x	22%	21%	3.0%	
Alliance Financial Group	Sell	2	RM 4.9	4.8	-3%	14.0x	13.3x	12.2x	1.9x	1.8x	14%	13%	3.4%	
Hong Leong Bank	Sell	8	RM 14.2	13.8	-3%	13.4x	12.5x	11.7x	1.9x	1.7x	15%	15%	3.2%	
RHB Capital	Buy	6	RM 7.5	8.9	+18%	11.0x	9.3x	8.4x	1.2x	1.1x	11%	12%	3.1%	
Philippines		18			+18%	14.1x	14.1x	7.8x	2.1x	1.9x	15%	14%	1.7%	
Banco de Oro	Buy	6	P 74	96	+30%	13.4x	13.8x		1.6x	1.5x	12%	11%	1.6%	
Bank of Philippine Islands	Sell	8	P 93	92	-1%	18.6x	17.2x	14.6x	3.1x	2.8x	18%	17%	2.7%	
Metrobank	Buy	5	P 74	98	+32%	9.1x	12.0x	10.4x	1.5x	1.4x	14%	12%	1.0%	
Philippine National Bank	Neutral	2	P 84	105	+25%	11.1x	8.7x		1.3x	1.1x	12%	14%	0.0%	
Singapore		89			+5%	12.3x	11.5x	10.2x	1.4x	1.3x	11%	12%	3.5%	
DBS	Buy	33	\$ 17.0	19.0	+12%	11.7x	10.6x	9.1x	1.3x	1.2x	11%	11%	3.5%	
OCBC	Neutral	29	\$ 10.4	10.3	-1%	13.5x	12.7x	11.6x	1.5x	1.4x	11%	11%	3.3%	
UOB	Neutral	27	\$ 20.9	21.7	+4%	11.8x	11.3x	10.1x	1.4x	1.3x	12%	12%	3.6%	
Taiwan		24			+2%	12.4x	11.2x	10.4x	1.3x	1.2x	10%	11%	3.3%	
Fubon FHC	Sell	14	\$ 40.9	38.0	-7%	12.6x	11.4x	10.9x	1.3x	1.2x	10%	11%	2.4%	
Mega FHC	Buy	10	\$ 23.7	27.1	+14%	12.0x	10.8x	9.8x	1.2x	1.2x	10%	11%	4.6%	
Thailand		62			+25%	11.3x	9.7x	8.5x	1.8x	1.5x	17%	17%	3.3%	
Bangkok Bank	Buy	12	Bt 194	240	+24%	9.9x	9.2x	8.3x	1.3x	1.2x	13%	13%	4.0%	
Bank of Ayudhya	Neutral	7	Bt 38.8	39.0	+1%	15.2x	12.7x	11.5x	1.9x	1.4x	13%	13%	2.6%	
Kasikornbank	Buy	13	Bt 174	242	+39%	10.0x	8.7x	7.5x	1.9x	1.7x	21%	21%	2.5%	
Krung Thai Bank	Buy	8	Bt 19.0	26.0	+37%	8.6x	7.5x	6.4x	1.3x	1.2x	16%	17%	4.7%	
Siam Commercial Bank	Buy	17	Bt 158	203	+29%	10.8x	9.6x	8.2x	2.2x	1.9x	22%	21%	3.3%	
TISCO Financial Group	Sell	1	Bt 39.8	37.5	-6%	7.1x	7.3x	5.8x	1.5x	1.3x	23%	19%	5.7%	
TMB Bank	Sell	4	Bt 2.7	2.3	-15%	21.3x	14.5x	12.7x	1.9x	1.8x	9%	13%	1.6%	
ASIA		1469			+12%	8.7x	8.0x	7.2x	1.4x	1.3x	19%	17%	4.7%	

Source: Powered by dataCentral

Figure 90. Global Valuation Table – Australia and Latin America, 22 Nov 2013

		M Cap	Share Price			Adj P/E			P/B '13E	P/B '14E	ROE '13E	ROE '14E	Div Yield
Bank	Rec	(\$bn)	Now	Target	+/-%	2013E	2014E	2015E					2013E
AUSTRALIA													
ANZ	Buy	81	\$ 31	31	-1%	14.0x	13.2x	12.5x	2.1x	2.0x	15%	15%	5.2%
Bendigo and Adelaide	Neutral	4	\$ 11.0	9.6	-13%	14.8x	14.9x	14.4x	1.0x	1.0x	8%	8%	5.5%
Bank Of Queensland Ltd	Sell	4	\$ 12.6	9.8	-22%	16.5x	15.3x	14.8x	1.4x	1.4x	7%	9%	4.6%
CBA	Buy	115	\$ 76	74	-3%	16.4x	15.5x	14.8x	2.7x	2.6x	18%	18%	4.8%
National Australia Bank	Neutral	74	\$ 34	30	-12%	14.9x	13.8x	13.2x	2.0x	2.0x	13%	14%	5.6%
Westpac Banking Corp	Buy	94	\$ 32	33	+3%	14.5x	13.8x	13.6x	2.3x	2.2x	15%	15%	6.0%
AUSTRALIA / NZ		371			-3%	15.1x	14.2x	13.7x	2.3x	2.2x	15%	15%	5.4%
LATIN AMERICA													
Argentina		6											
BBVA Francés	Sell / H	2	Ar\$ 22.7	10.5									
Galicia	Sell / H	2	Ar\$ 9.4	4.0									
Macro	Sell / H	2	Ar\$ 24.5	11.0									
Brazil		197			+18%	9.8x	8.6x	7.5x	1.7x	1.5x	18%	17%	4.0%
Banco Do Brasil	Neutral	32	R\$ 25.6	28.0	+10%	7.1x	6.6x	5.8x	1.1x	1.0x	24%	16%	8.2%
Bradesco	Buy	56	R\$ 30.5	37.5	+23%	10.5x	9.1x	7.9x	1.8x	1.6x	17%	19%	3.2%
Itaú Unibanco	Buy	73	R\$ 32.8	40.0	+22%	11.0x	9.5x	8.3x	2.0x	1.8x	19%	20%	2.7%
BTG Pactual	Buy	11	R\$ 28.7	40.0	+39%	8.8x	6.9x	5.8x	1.6x	1.4x	18%	21%	2.7%
Santander Brasil	Neutral	25	R\$ 14.7	13.9	-6%	8.8x	8.3x	7.4x	0.9x	1.0x	4%	5%	5.1%
Chile		20			+20%	12.9x	11.1x	9.5x	2.0x	1.8x	17%	17%	3.6%
Santander Chile	Neutral	11	ChP 29.4	33.0	+12%	14.3x	12.2x	10.4x	2.4x	2.1x	17%	18%	4.2%
BCI	Buy	6	ChP 28090	39000	+39%	10.7x	9.4x	8.3x	1.8x	1.5x	18%	17%	3.0%
Corpbanca	Buy	4	ChP 6.1	6.9	+13%	12.5x	10.5x	9.2x	1.5x	1.4x	13%	14%	2.9%
Mexico		57			+6%	17.5x	15.2x	13.1x	2.3x	2.1x	15%	15%	1.9%
Banorte	Neutral	18	P\$ 85	90	+6%	16.1x	13.9x	11.8x	1.9x	1.7x	13%	13%	0.8%
Santander México	Neutral	18	P\$ 34.6	37.5	+8%	13.7x	12.2x	10.6x	2.2x	2.1x	19%	18%	3.8%
Banregio	Sell	2	P\$ 71	77	+8%	16.3x	13.6x	11.3x	2.7x	2.3x	18%	19%	0.9%
Inbursa	Neutral	17	P\$ 32.9	32.5	-1%	23.2x	20.2x	17.5x	2.6x	2.3x	12%	14%	1.0%
Genera	Buy	3	P\$ 23.9	29.0	+22%	17.6x	14.7x	12.2x	4.0x	3.4x	25%	25%	2.0%
Peru		13			+32%	14.5x	10.5x	9.0x	2.4x	2.0x	17%	21%	3.1%
Credicorp	Buy	10	\$ 125	165	+32%	15.7x	10.9x	9.2x	2.3x	2.0x	15%	20%	2.5%
InterCorp	Buy	3	NS 83	107	+29%	10.1x	9.4x	8.2x	2.5x	2.1x	23%	24%	5.2%
LATIN AMERICA		294			+16%	11.5x	10.0x	8.7x	1.8x	1.6x	17%	17%	3.5%

Source: Powered by dataCentral

Other Companies Mentioned on this Report: AIA Group (1299.HK; HK\$39.25; 1); China Life Insurance (2628.HK; HK\$24.45; 1); AllianceBernstein Holding LP (AB.N; US\$21.49; 2); Blackstone Group L.P. (BX.N; US\$26.74; 1); Invesco Ltd (IVZ.N; US\$33.78; 1); KKR & Co. L.P. (KKR.N; US\$22.89; 1); LPL Financial Holdings Inc (LPLA.O; US\$42.78; 1)

Figure 91. Citi Global Banks Team (For informational purposes only)

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Appendix A-1

Analyst Certification

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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Craig Williams, Analyst, holds a long position in the securities of Australia and New Zealand Banking Group Ltd.

A member of the household of Keith Horowitz, CFA, Analyst, holds a long position in the securities of JP Morgan Chase & Co.

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