

Higher US Rates, Lower EZ Spreads

Global Banks Insights

- The Rate Hike Timing Debate** – With **US** macro indicators turning better than expected, there is increased debate that the eventual short rate hike could be sooner than anticipated. Our economists' models suggest that gap between the FOMC's forecasted path of the fed funds rate and the rate implied by the FOMC's own forecasts of economic conditions has been growing, adding to the rate hike timing dilemma ([Click for note](#)). Higher US rates should be a positive for "under-earning" US\$ balance sheet banks. Given the backdrop, our US trust banks analyst has recently turned more positive on Trust banks (US trust bank stocks have historically rallied 12-14 mths before the first Fed rate hike) ([Click for note](#)) while our **HK** banks team sees a favourable mid/long term impact on HK banks as US rates normalize ([Click for note](#)). We noted a similar outlook for US\$ balance sheet linked HSBC in our note in late 2013 ([Click for note](#)). In the **Eurozone**, the key theme, however, has been the declining sovereign spreads ytd (Fig below). Of course, lower EZ spreads and higher US/UK yield curves are all reflections of underlying economic recovery.
- US Housing Finance Market at a Crossroad** – We feel that the \$10tr **US** housing finance market is undergoing extraordinary change, which we call the 5 forces: GSE reforms, new regulations, higher costs and capital, plus the transition from a refi to a purchase market. Large banks have historically priced the origination business to be a breakeven standalone business in order to get attractive servicing rights and customer relationships. In view of the above forces, we see only minor changes in this business with retail channel gaining share and broker channel shrinking, and non-banks going after niche non-QM markets. With higher capital requirements, we estimate bank servicing ROEs will fall to ~15% (vs 40% pre-crisis) and banks will optimize by selling non-core/delinquent MSRs. ([Click for note](#))
- Chart of the Week** – Our *Chart of the Week* below shows ytd trends in sovereign spreads for major Eurozone markets.

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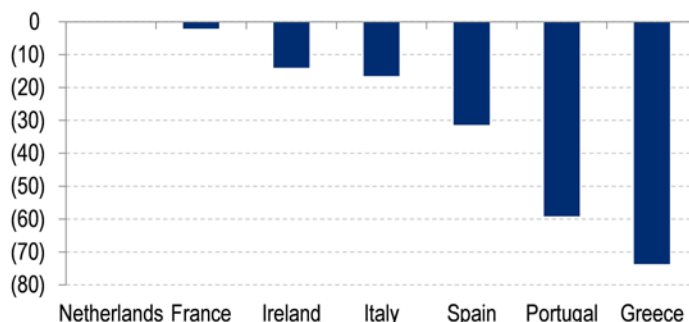
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Chart of the Week: YTD Change in 10Yr Bond Spreads for Major European Markets (bps)



Source: DataStream, Citi Research; Note: Spreads calculated vs 10Yr Bunds

Our recent "Global Banks Insights"

[Frabulous Banks](#)

[Volcker Rules](#)

[Pretty NIFTY](#)

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

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Other Key Highlights This Week:

- **Citi Ratings Changes** – We have had no ratings change in the past 1 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 (+53%), the worst performing LatAm (-9%). Over the last month, bank share prices increased most in Italy (+14%), declined most in Turkey (-12%). At the individual bank level, the best-performing bank over the last month was Banco Popular (+26%); the worst was China Construction Bank (-12%). *(Refer to page 4 for details).*
- **Citi's Most Read** – Our most-read banks publications over the past week includes our note on the outlook for US housing finance market ([Click for note](#)), our US large cap banks and broker preview note ([Click for note](#)) and our China banks debt audit note ([Click for note](#)).

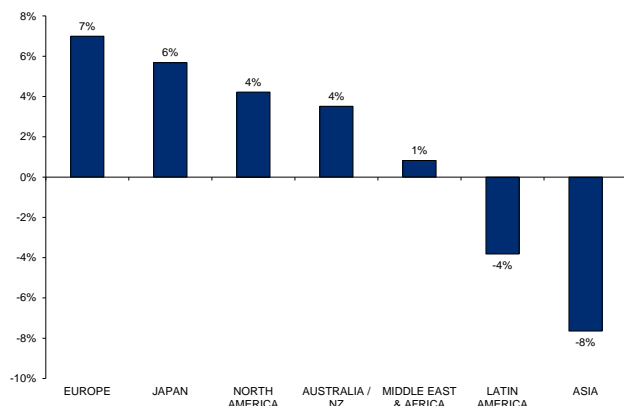
Other Highlighted Research this week:

We highlight the following research from this week:

- **Danske's** ROE expected to double from 5% (2013E) to 9%(2015E) and 10% (2017E) driven by cost cutting (+2.7ppt), lower impairments and running off non-core (+2.0ppt), and normalising insurance and trading (+1.2ppt). Danske's gearing to economies such as Denmark and Ireland has been a headwind relative to Nordic peers geared to strong Swedish or Norwegian markets. But several core countries in Danske's footprint, eg Denmark (54% of loans, 9M13), Ireland (26% of impaired loans, 9M13) and Finland, should see a c2ppt positive delta in GDP growth rates 2012-15E. ([Click for note](#))
- October **US** budget uncertainty and the holiday slowdown means lower client activity among market businesses while tapering in December helped offset some seasonal weakness, but not enough to significantly move estimates. Overall, we see FICC revenue down 9% vs 4Q12 roughly in-line with our prior expectations, and equity trading up 3% y/y (vs prior est -1%) a little better than our previous expectations. We see a robust 4Q for equity capital markets led by record IPO issuance and strong follow-on activity. We have ECM underwriting up 67% y/y on average for the group, led by BAC and JPM. ([Click for note](#))
- Our estimates for **US** large cap regional banks for 4Q13 are inline with consensus on average and we expect core revenue growth to remain challenging given headwinds from NIM pressure and mortgage banking. We anticipate core PTPP growth of 1% q/q in 4Q13, helped by slightly lower expenses, as efforts by banks to reduce mortgage cost structures in 3Q13 make their way into earnings in 4Q13 with a lag. We expect positive credit trends to continue, with loan loss provision falling 4% q/q across our names. ([Click for note](#))
- Asset quality concerns on loans to local government financing vehicles (LGFVs) has been a major valuation overhang for **Chinese** banks. As such, we view the outcome from the recent national audit on local government debt as positive for banks. We believe the message from the government – from the CEWC, which placed LG debt as a priority to the NDRC this week allowing debt rollover for LGFVs – is that LG debt risks will be controlled and significant defaults will be avoided. This is in contrast to some perceptions in the market that the government may want to trigger significant defaults to “clean out” NPLs. ([Click for note](#))
- According to a recent article in the Risk magazine, the Basel Committee is considering easing key components of its leverage ratio proposal via: (i) use of cash collateral netting against derivatives; (ii) allowing netting of Securities Financing Transactions (repo) under certain conditions; and (iii) a calibrated approach towards off-balance commitments. We continue to believe that a combination of regulatory forbearance, as well as reduction of leverage exposure, is likely to alleviate the leverage ratio concern over the coming quarters, notably at Barclays and Deutsche Bank. ([Click for note](#))

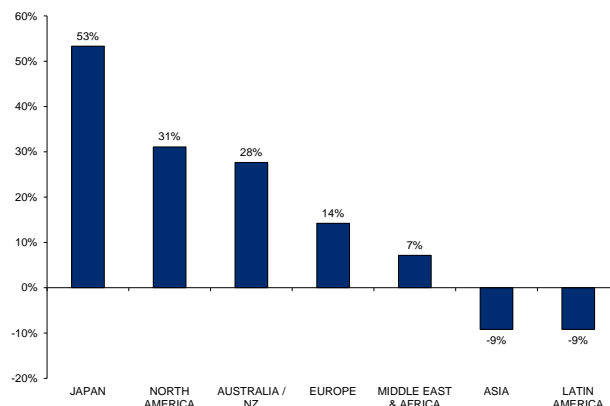
Global Banks Stock Performance

Figure 1. Regional Performance – 1 Month



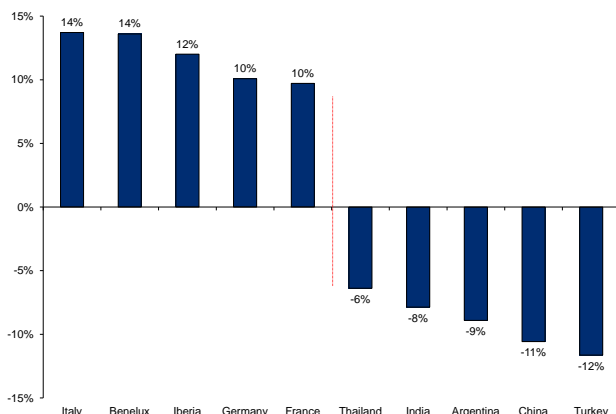
Source: Bloomberg, Citi Research; Note: Performance in local currency terms

Figure 2. Regional Performance – LTM



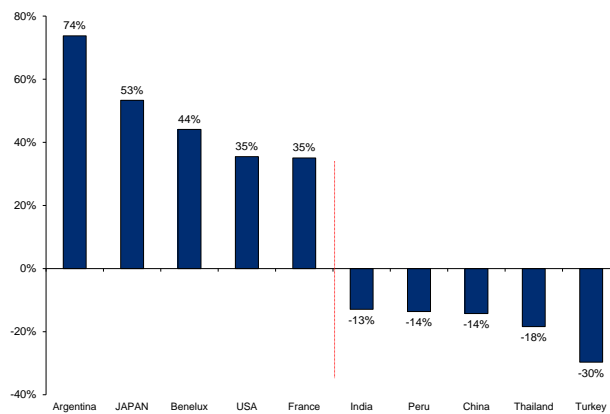
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months; Note: Performance in local currency terms

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



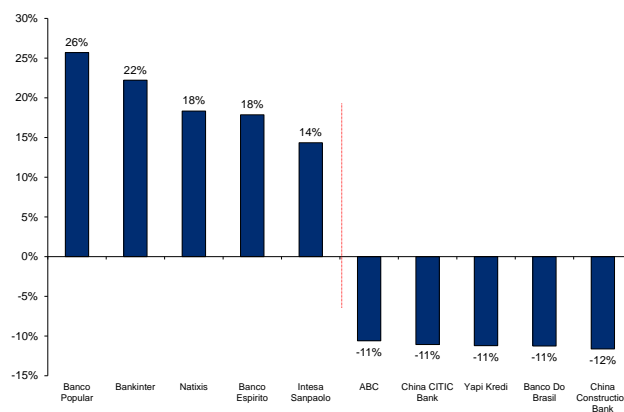
Source: Bloomberg, Citi Research; Note: Performance in local currency terms

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



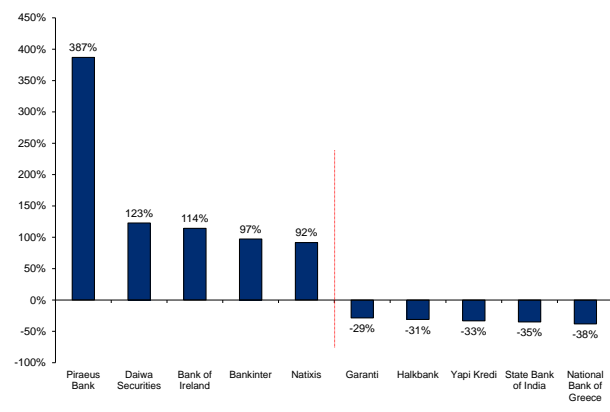
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months; ; Note: Performance in local currency terms

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

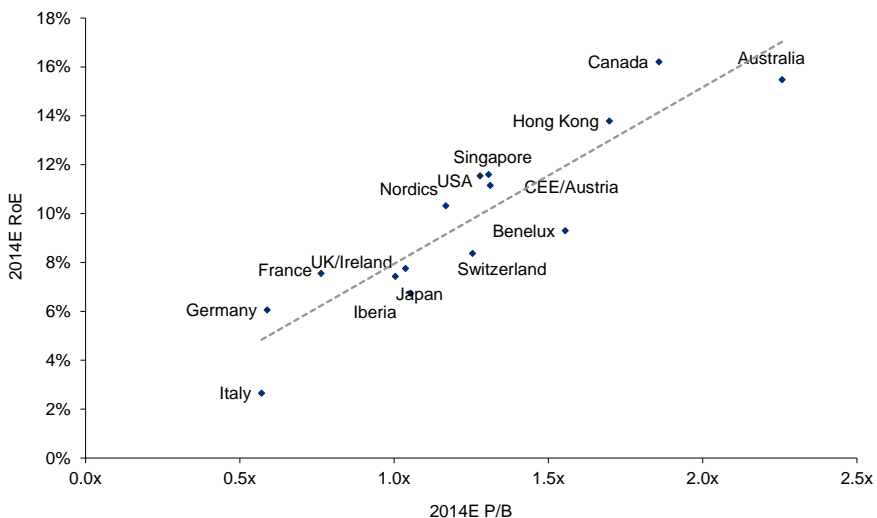
Figure 6. Stock Performance – LTM (Top 5 & Bottom 5)



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

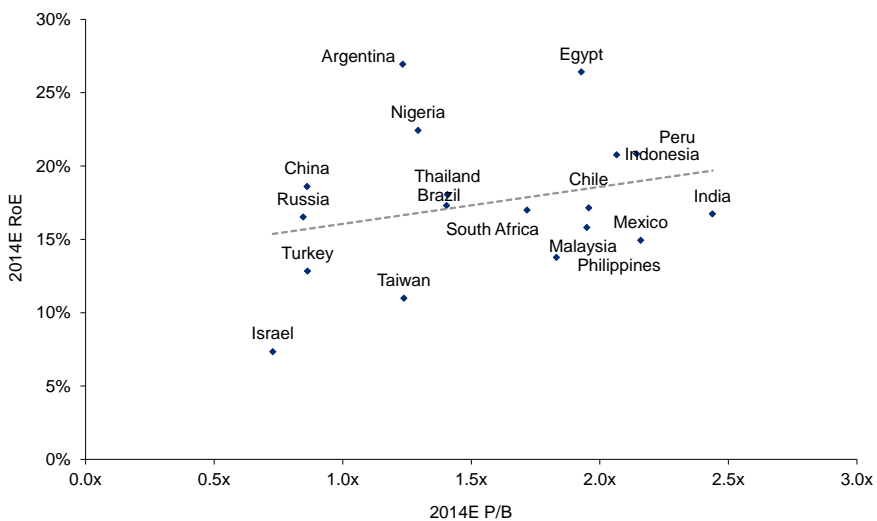
PB vs ROE Scatter

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



Source: Powered by dataCentral

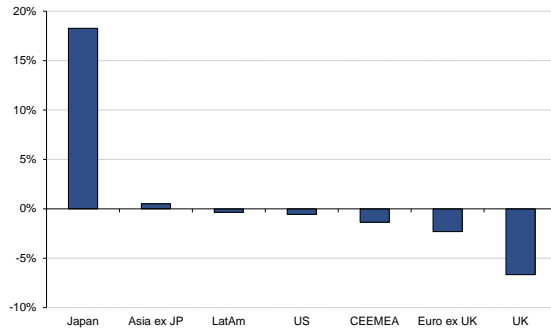
Figure 8. 2014E P/B vs ROE – Emerging Markets



Source: Powered by dataCentral

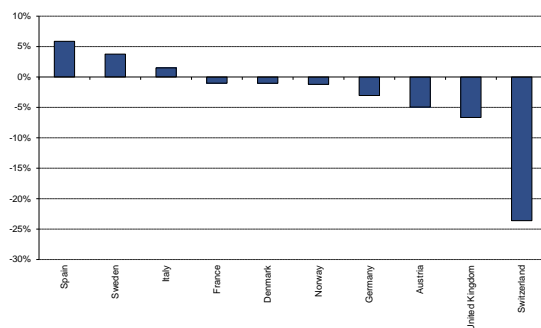
Global Estimates Revisions Summary

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



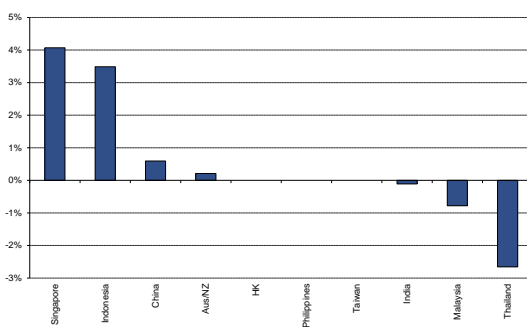
Source: Citi Research

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



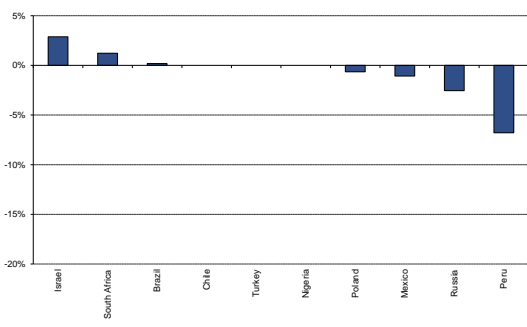
Source: Citi Research

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



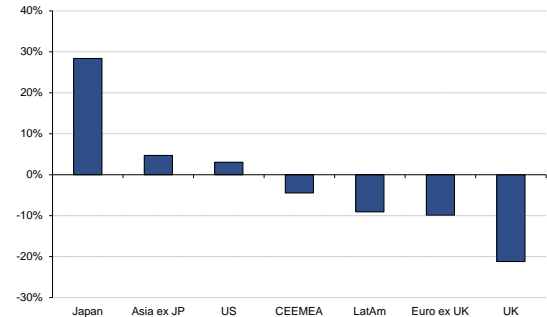
Source: Citi Research

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



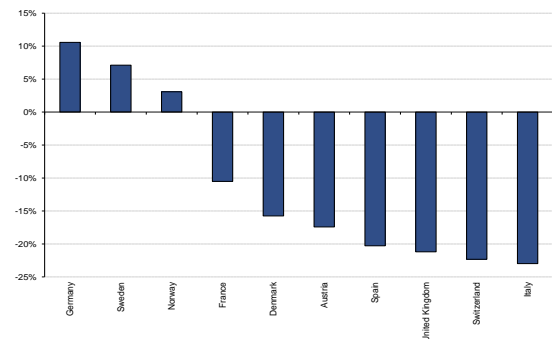
Source: Citi Research

Figure 10. Citi 2014E Revisions LTM - Global



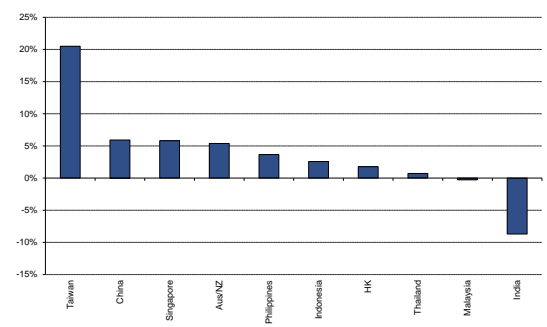
Source: Citi Research

Figure 12. Citi 2014E Revisions LTM - Europe



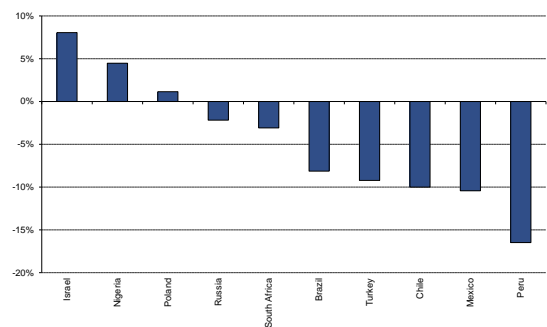
Source: Citi Research

Figure 14. Citi 2014E Revisions LTM - Asia



Source: Citi Research

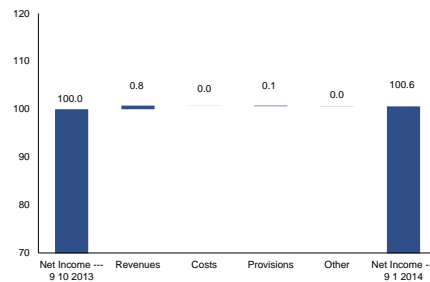
Figure 16. Citi 2014E Revisions LTM - LatAm + CEEMEA



Source: Citi Research

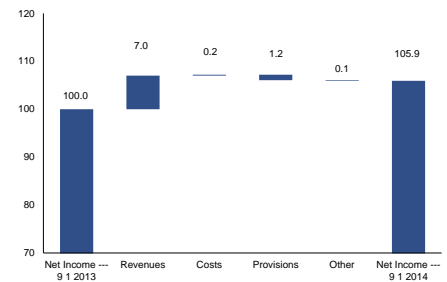
Asia:

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



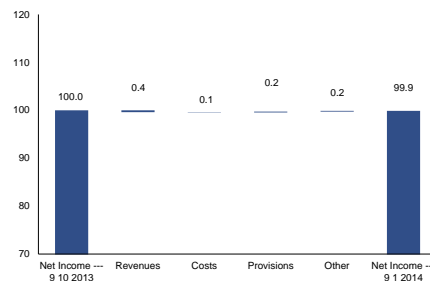
Source: Citi Research

Figure 18. China – LTM '14 Estimates Change



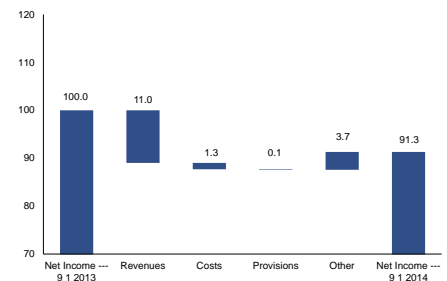
Source: Citi Research

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



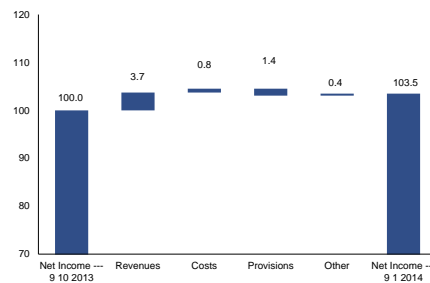
Source: Citi Research

Figure 20. India – LTM '14 Estimates Change



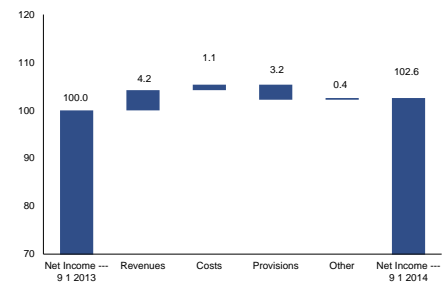
Source: Citi Research

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



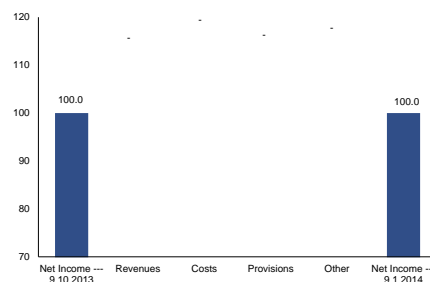
Source: Citi Research

Figure 22. Indonesia – LTM '14 Estimates Chg



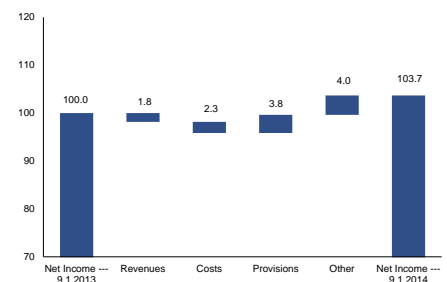
Source: Citi Research

Figure 23. Phils – 3M '14 Estimates Chg



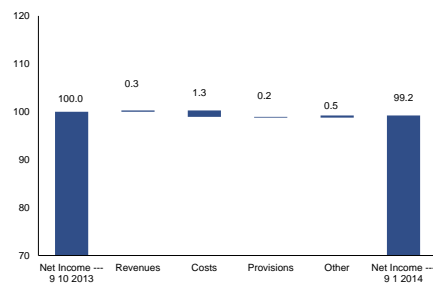
Source: Citi Research

Figure 24. Phils– LTM '14 Estimates Chg



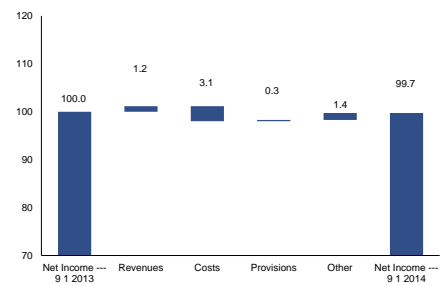
Source: Citi Research

Figure 25. Malaysia – 3M '14 Estimates Chg



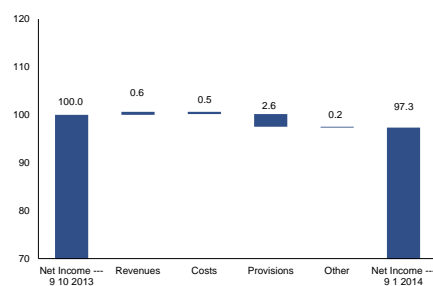
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Figure 26. Malaysia – LTM '14 Estimates Chg



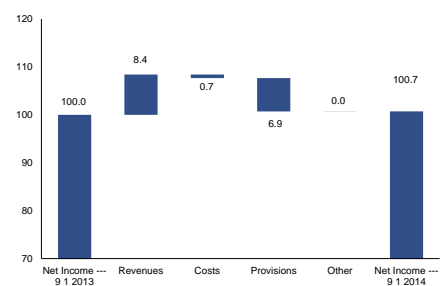
Source: Citi Research

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



Source: Citi Research

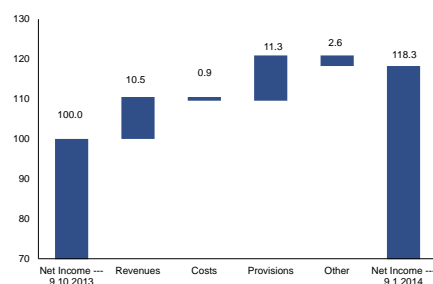
Figure 28. Thai. – LTM '14 Estimates Change



Source: Citi Research

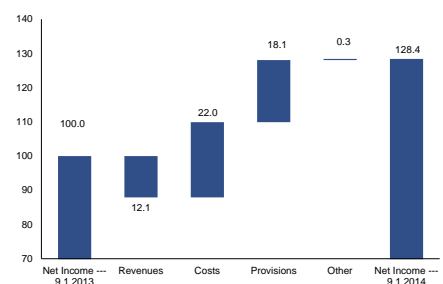
Japan:

Figure 29. Japan – 3M '14 Estimates Change



Source: Citi Research

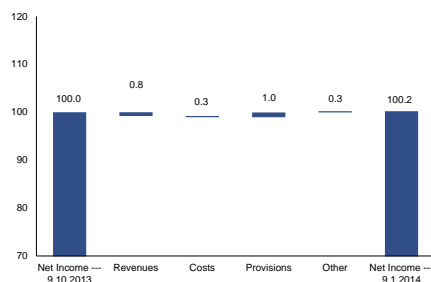
Figure 30. Japan – LTM '14 Estimates Change



Source: Citi Research

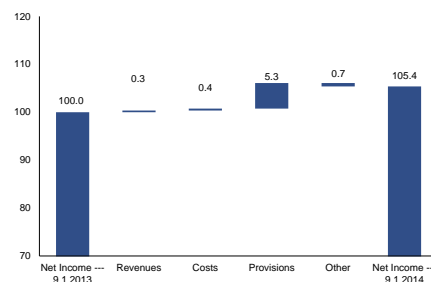
Australia / New Zealand:

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



Source: Citi Research

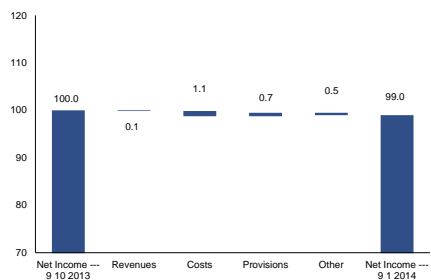
Figure 32. AU/NZ – LTM '14 Estimates Change



Source: Citi Research

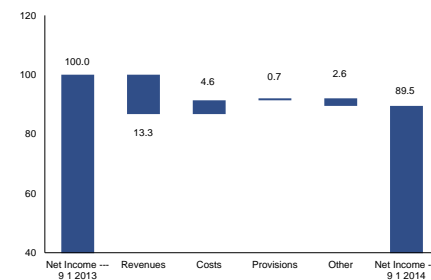
Europe:

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



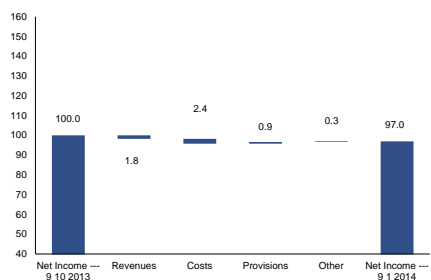
Source: Citi Research

Figure 34. France – LTM '14 Estimates Chg



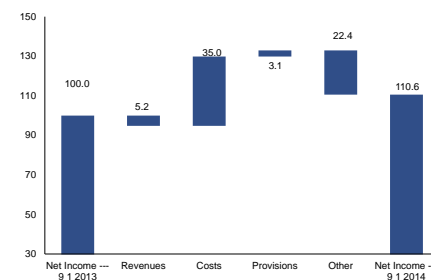
Source: Citi Research

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



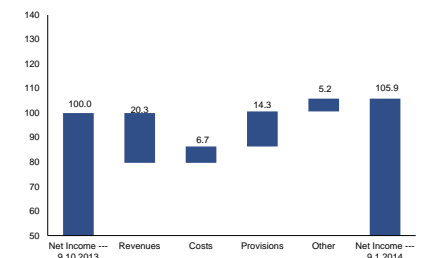
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Figure 36. Germany – LTM '14 Estimates Chg



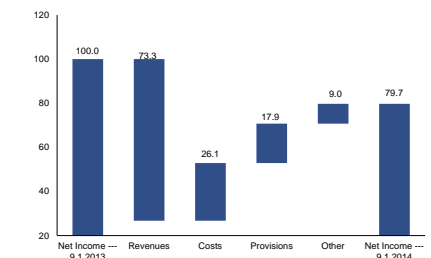
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Figure 37. Iberia – -3M '14 Estimates Change



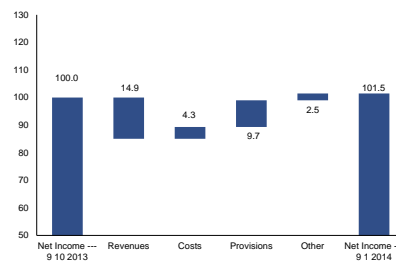
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Figure 38. Iberia – LTM '14 Estimates Change



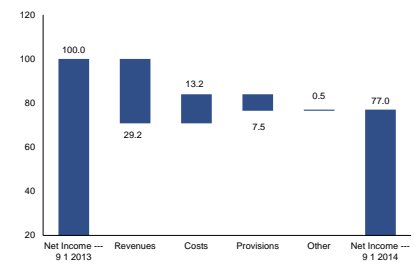
Source: Citi Research

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



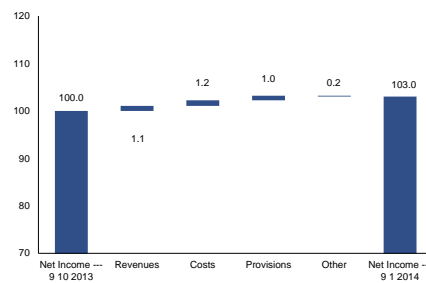
Source: Citi Research

Figure 40. Italy – LTM '14 Estimates Change



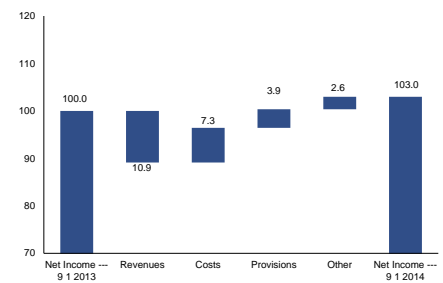
Source: Citi Research

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



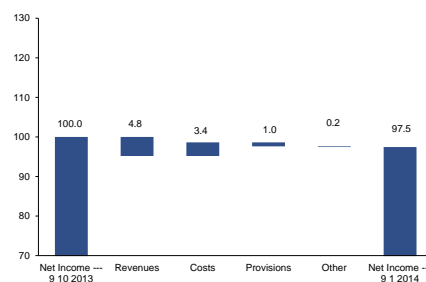
Source: Citi Research

Figure 42. Nordics – '14 LTM Estimates Chg



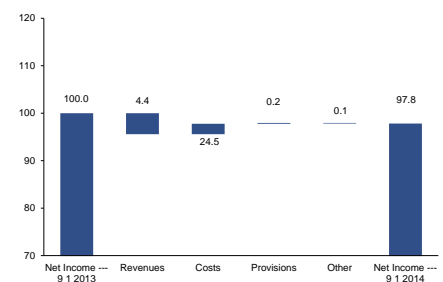
Source: Citi Research

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



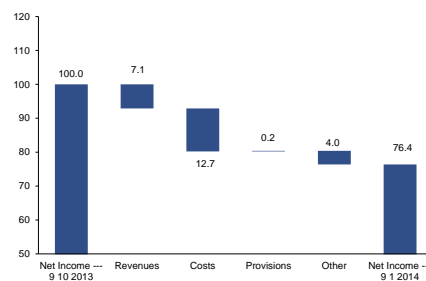
Source: Citi Research

Figure 44. Russia – LTM '14 Estimates Chg



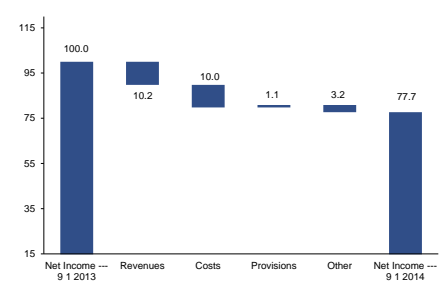
Source: Citi Research

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



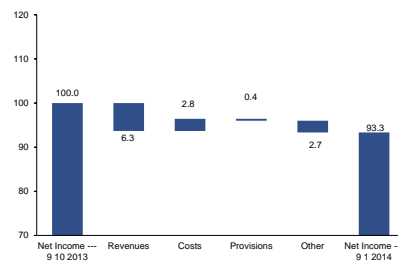
Source: Citi Research

Figure 46. Switz. – LTM '14 Estimates Chg



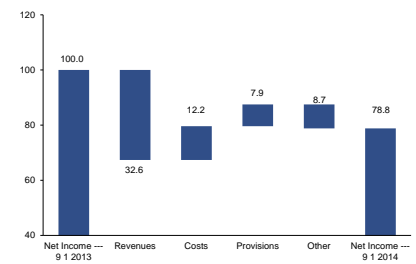
Source: Citi Research

Figure 47. UK – -3M '14 Estimates Chg



Source: Citi Research

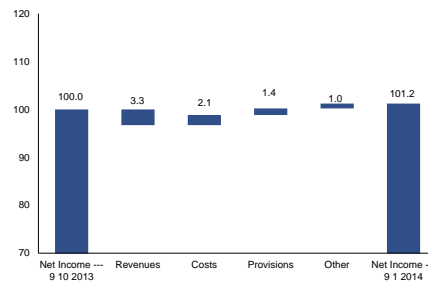
Figure 48. UK – LTM '14 Estimates Chg



Source: Citi Research

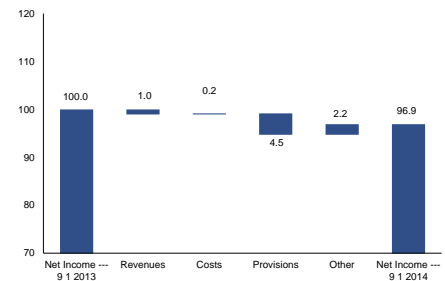
MENA/Africa:

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



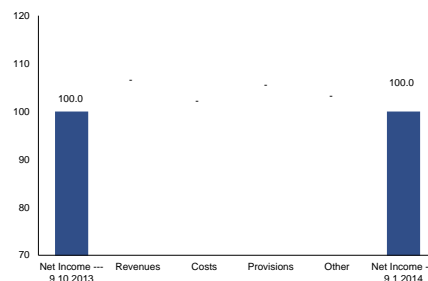
Source: Citi Research

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



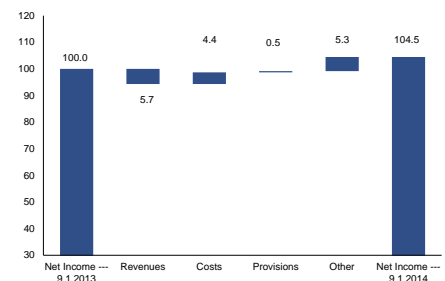
Source: Citi Research

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



Source: Citi Research

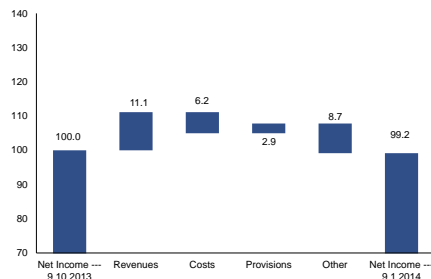
Figure 52. Nigeria – LTM '14 Estimates Chg



Source: Citi Research

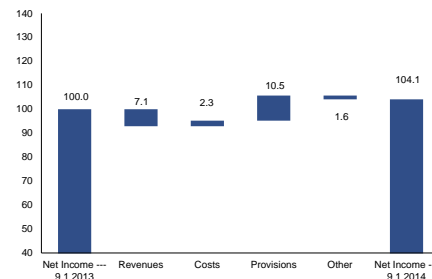
United States:

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



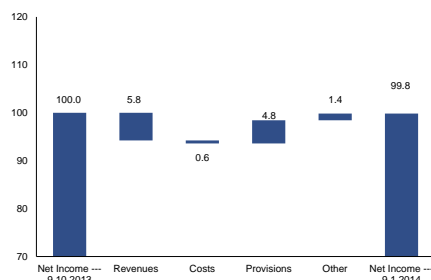
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

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



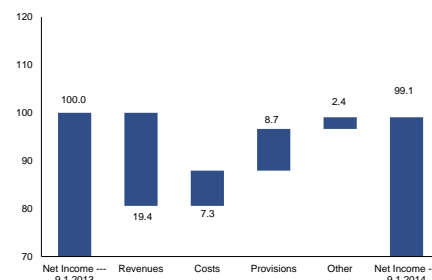
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

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



Source: Citi Research

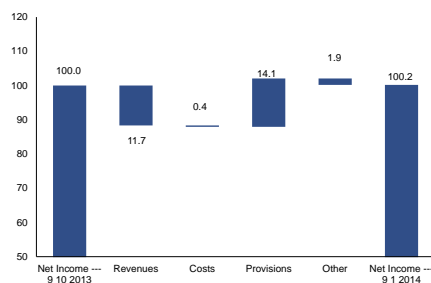
Figure 56. US (Regionals) – LTM '14 Estimates Change



Source: Citi Research

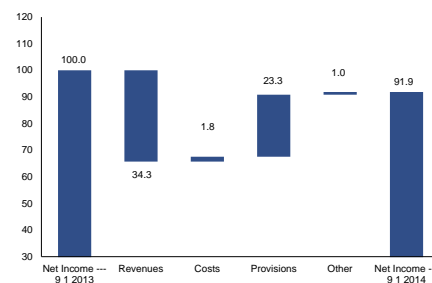
LatAm:

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



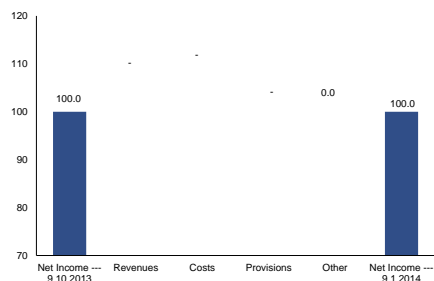
Source: Citi Research

Figure 58. Brazil – LTM '14 Estimates Chg



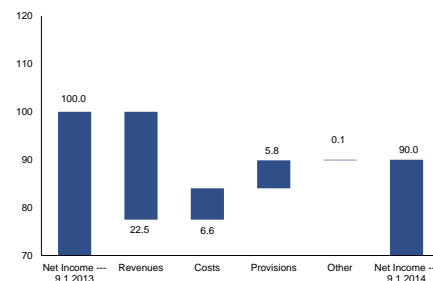
Source: Citi Research

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



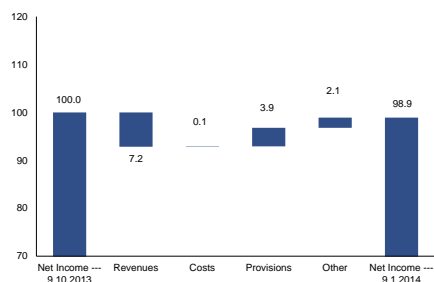
Source: Citi Research

Figure 60. Chile – LTM '14 Estimates Change



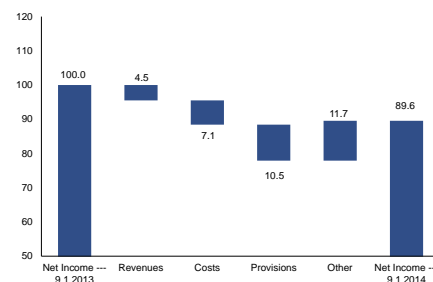
Source: Citi Research

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



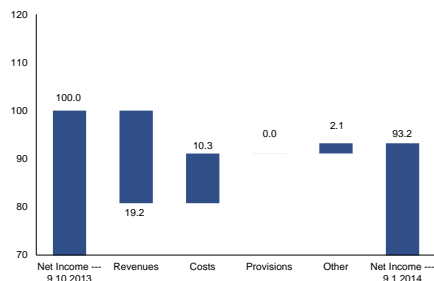
Source: Citi Research

Figure 62. Mexico – LTM '14 Estimates Chg



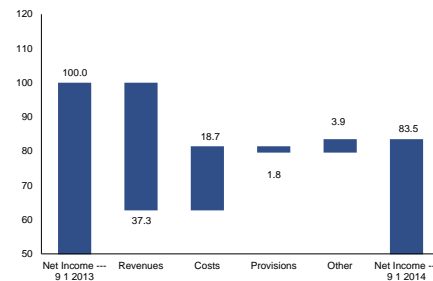
Source: Citi Research

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



Source: Citi Research

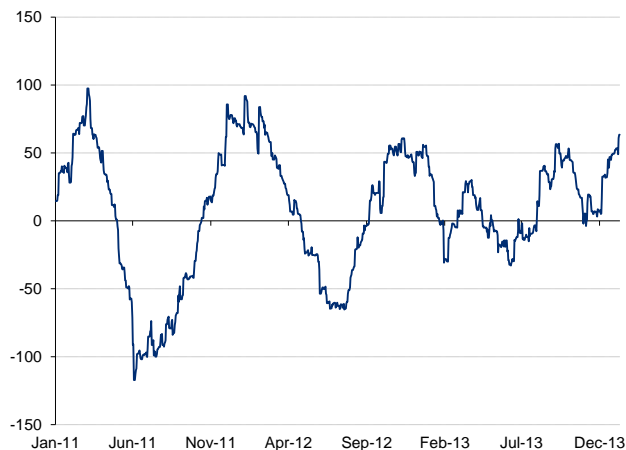
Figure 64. Peru – LTM '14 Estimates Change



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



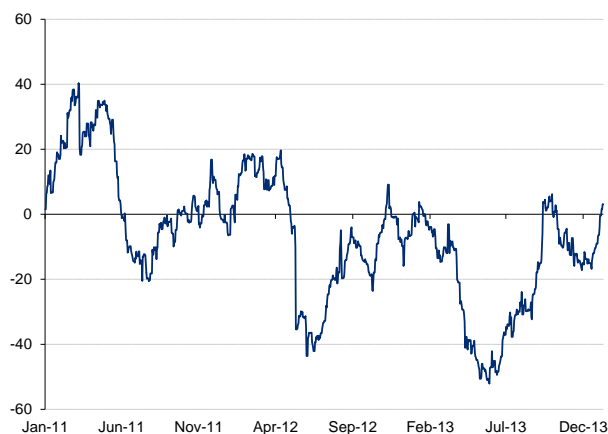
Source: Bloomberg, Citi Research

Figure 67. Citi Economic Surprise Index - Euro Area



Source: Bloomberg, Citi Research

Figure 68. Citi Economic Surprise Index - Emerging Markets



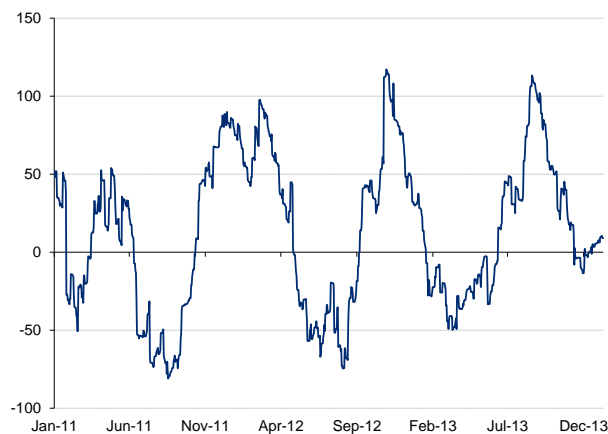
Source: Bloomberg, Citi Research

Figure 69. Citi Economic Surprise Index - Japan



Source: Bloomberg, Citi Research

Figure 70. Citi Economic Surprise Index - UK



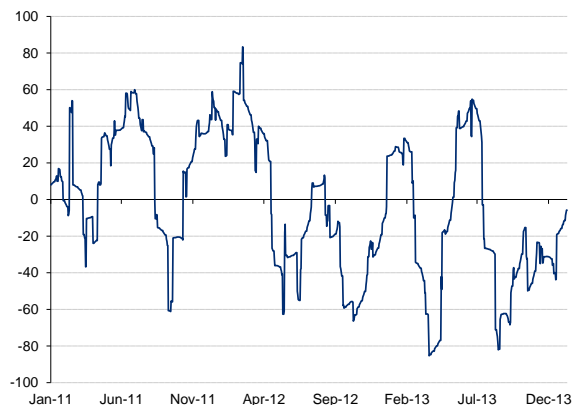
Source: Bloomberg, Citi Research

Figure 71. Citi Economic Surprise Index - Brazil



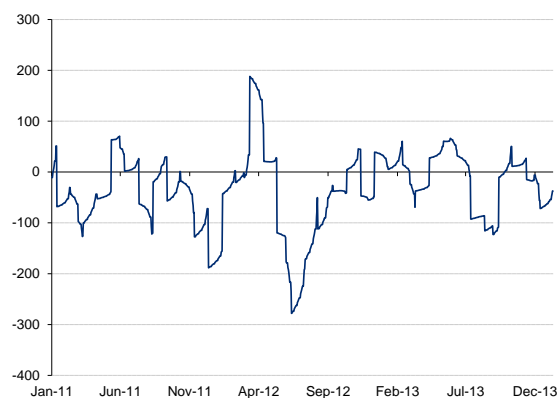
Source: Bloomberg, Citi Research

Figure 72. Citi Economic Surprise Index - Russia



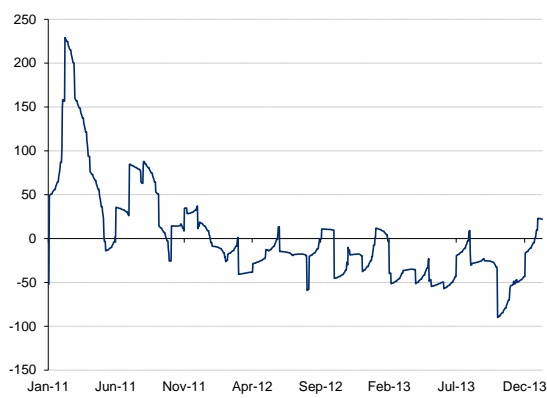
Source: Bloomberg, Citi Research

Figure 73. Citi Economic Surprise Index - India



Source: Bloomberg, Citi Research

Figure 74. Citi Economic Surprise Index - Indonesia



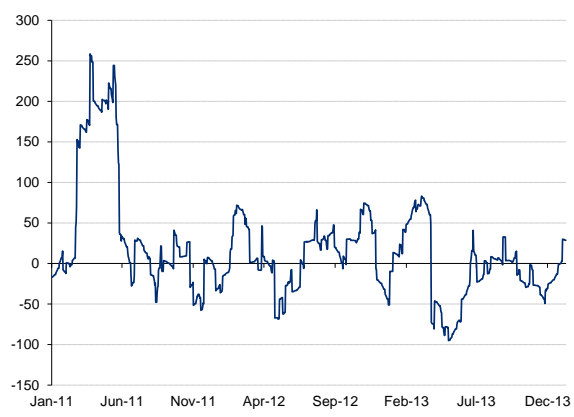
Source: Bloomberg, Citi Research

Figure 75. Citi Economic Surprise Index - Australia



Source: Bloomberg, Citi Research

Figure 76. Citi Economic Surprise Index - HK

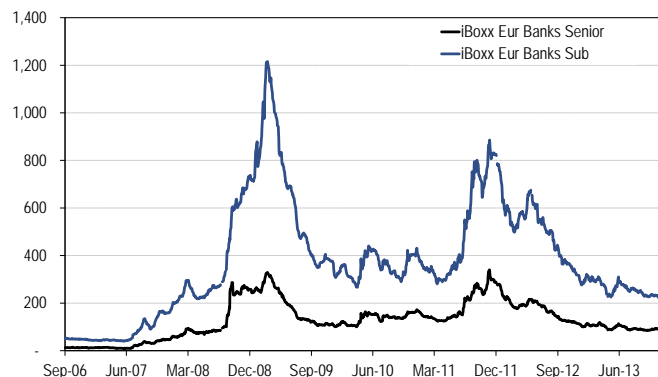


Source: Bloomberg, Citi Research

* 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



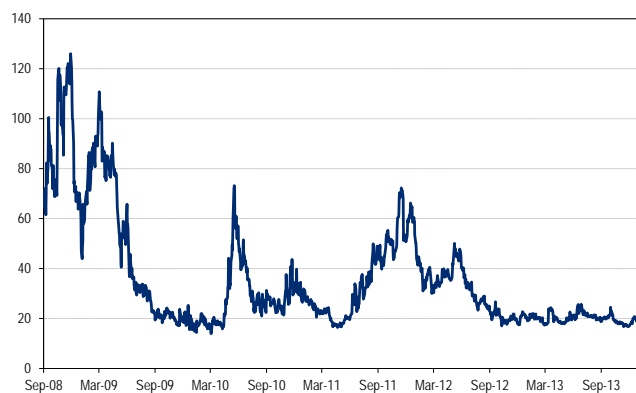
Source: Markit

Figure 78. 3M Eur/US Basis Swap



Source: Bloomberg

Figure 79. US 3m FRA – OIS Spread



Source: Bloomberg

Figure 80. EUR 3m FRA – OIS Spread



Source: Bloomberg

Figure 81. 10Y US Swap Spread



Source: Bloomberg, Citi Research

Figure 82. 10Y Euro Swap Spread



Source: Bloomberg, Citi Research

Global Banks Valuations

Figure 83. Global Valuation Table – Europe, 10 Jan 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				+7%	10.6x	9.1x	8.1x	1.6x	1.4x	9%	11%	0.7%
KBC	Buy	25	E	44.2	50.0	+13%	10.6x	9.1x	8.1x	1.6x	1.4x	15%	16%	2.3%
ING Groep NV	Buy	55	E	10.5	11.0	+5%	9.6x	8.2x				7%	8%	0.0%
CEE/Austria		99				+4%	12.1x	10.3x	9.5x	1.3x	1.2x	11%	12%	4.2%
Bank Millennium	Sell	3	Zl	7.0	5.9	-16%	11.9x	11.9x	11.3x	1.5x	1.4x	13%	12%	4.2%
Alior Bank	Sell / H	2	Zl	80	74	-7%	19.5x	15.6x	12.0x	2.0x	1.8x	12%	12%	0.0%
Bank of Georgia	Neutral	1	p	2526	2450	-3%	10.8x	8.8x		1.9x	1.6x	19%	20%	2.4%
Bank Pekao	Neutral	15	Zl	173	182	+5%	15.6x	14.1x	12.9x	1.9x	1.9x	12%	13%	6.4%
Erste Bank	Neutral	16	E	28.0	25.0	-11%	11.9x	9.7x	8.3x	1.0x	0.9x	9%	10%	2.9%
Halyk Bank	Buy	3	¢	1073	1000	-7%	8.1x	6.9x		1.0x	0.9x	16%	16%	2.3%
ING Bank Slaski	Neutral	5	Zl	108	116	+7%	14.7x	12.4x	10.9x	1.6x	1.5x	11%	13%	5.1%
Kazkommertsbank	Neutral / H	1	¢	195	240	+23%	3.6x	2.6x		0.4x	0.3x	11%	13%	0.0%
Komerčni Banka	Neutral	8	Kc	4299	4880	+14%	13.2x	12.7x	11.7x	1.7x	1.6x	13%	13%	5.6%
M bank	Sell	6	Zl	471	466	-1%	15.6x	13.4x	11.6x	1.8x	1.7x	12%	13%	3.2%
OTP Bank	Buy	6	Ft	4336	5135	+18%	7.1x	6.2x	5.7x	0.7x	0.6x	10%	10%	4.6%
PKO BP	Buy	15	Zl	38.0	47.0	+24%	13.6x	11.0x	9.7x	1.7x	1.5x	13%	14%	3.7%
Raiffeisen Bank Intl	Sell	7	E	26.5	24.7	-7%	7.8x	6.4x	5.7x	0.7x	0.6x	9%	10%	4.5%
France		199				+7%	10.1x	8.5x	7.6x	0.8x	0.7x	8%	9%	4.0%
BNP Paribas	Buy	97	E	57.2	66	+15%	10.7x	8.7x		0.8x	0.8x	8%	9%	4.2%
Credit Agricole SA	Buy	34	E	9.9	10.0	+1%	8.5x	7.7x	7.2x	0.6x	0.6x	7%	7%	3.5%
Natixis	Neutral	19	E	4.6	4.0	-13%	12.0x	11.4x	10.6x	0.8x	0.8x	7%	7%	4.2%
Societe Generale	Buy	48	E	44.6	46	+3%	9.7x	7.7x	7.1x	0.7x	0.7x	7%	9%	3.9%
Germany		70				+13%	8.0x	6.4x	8.1x	0.6x	0.5x	6%	8%	1.5%
Commerzbank	Neutral / H	20	E	12.9	10.7	-17%	15.1x	10.6x	8.1x	0.5x	0.5x	4%	5%	0.0%
Deutsche Bank	Buy	50	E	36	45	+24%	6.8x	5.5x		0.6x	0.6x	7%	10%	2.1%
Greece/Cyprus		36					<0	39.5x	13.1x	1.4x	1.4x	NM	3%	0.0%
Alpha Bank	Neutral	11	E	.7	na		<0	nm	13.0x	1.3x	1.4x	NM	1%	0.0%
National Bank	Neutral	14	E	4.3	na		nm	19.1x	12.7x	1.8x	1.6x	NM	9%	0.0%
Piraeus Bank	Neutral	12	E	1.7	na		<0	nm	13.7x	1.1x	1.1x	NM	1%	0.0%
Iberia		246				-8%	15.6x	12.2x	10.0x	1.0x	1.0x	7%	8%	4.9%
Banco BPI	Neutral / H	3	E	1.4	1.3	-13%	16.0x	9.6x	7.1x	1.0x	0.9x	6%	10%	0.0%
Banco Espirito	Buy / H	7	E	1.20	1.40	+17%	nm	8.2x	6.5x	0.7x	0.7x	1%	9%	0.0%
Banco Popular	Sell / H	13	E	5.2	3.7	-30%	18.1x	12.8x	11.8x	0.9x	0.9x	5%	7%	0.9%
Banco Santander	Neutral / H	104	E	6.7	6.4	-5%	12.0x	11.8x	10.7x	1.0x	1.0x	9%	9%	7.4%
Bankinter	Neutral	7	E	5.5	4.8	-14%	23.4x	15.4x	10.8x	1.4x	1.4x	6%	9%	1.1%
BBVA	Neutral / H	73	E	9.3	8.6	-8%	19.3x	12.9x	9.9x	1.2x	1.2x	6%	9%	4.0%
Bco de Sabadell	Sell / H	11	E	2.0	1.5	-25%	23.3x	12.6x	8.4x	0.8x	0.8x	4%	6%	1.1%
CaixaBank	Buy	29	E	4.3	4.2	-2%	18.1x	12.4x	9.4x	0.9x	0.9x	5%	7%	3.5%
Israel		15				+5%	10.2x	9.3x	8.2x	0.7x	0.7x	7%	8%	0.7%
Bank Hapoalim	Neutral	7	NIS	18.9	19.2	+1%	10.1x	9.9x	9.2x	0.8x	0.8x	8%	8%	1.5%
Bank Leumi	Neutral	6	NIS	13.9	14.6	+5%	10.2x	9.1x	7.8x	0.7x	0.7x	7%	8%	0.0%
Israel Discount	Neutral	2	NIS	6.4	7.4	+16%	10.5x	8.2x	6.4x	0.5x	0.5x	5%	6%	0.0%

Source: Powered by dataCentral

Figure 84. Global Valuation Table – Europe (cont.), 10 Jan 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		113				-11%	18.3x	12.5x	7.4x	0.6x	0.6x	3%	4%	2.4%
Banco Popolare	Neutral	4	E	1.6	na		20.7x	15.7x	11.8x	0.4x	0.4x	3%	3%	2.3%
BP Milano	Neutral	2	E	.51	.5	-12%	16.4x	12.4x	9.5x	0.4x	0.4x	3%	4%	3.0%
Intesa Sanpaolo	Sell / H	43	E	1.9	1.5	-25%	16.0x	12.9x	5.4x	0.6x	0.6x	4%	4%	3.3%
Mediobanca	Buy / H	8	E	6.9	7.2	+4%	11.1x	9.4x		0.8x	0.7x	7%	8%	2.0%
Monte dei Paschi	Sell / H	3	E	.2	.2	+3%	<0	20.9x	11.2x	0.4x	0.4x	-6%	2%	0.0%
UBI Banca	Neutral / H	7	E	5.3	4.7	-11%	23.1x	17.4x	13.6x	0.5x	0.5x	2%	2%	2.2%
UniCredit	Neutral / H	47	E	5.9	5.8	-2%	18.2x	11.9x	9.2x	0.6x	0.5x	2%	4%	1.8%
Nordics		198				+2%	11.7x	10.6x	9.6x	1.3x	1.2x	12%	12%	4.5%
Danske Bank	Buy	24	Dkr	129	150	+16%	11.3x	9.1x	8.1x	0.8x	0.8x	8%	9%	3.1%
DnB	Neutral	29	NKr	110	100	-9%	10.6x	9.8x		1.2x	1.1x	12%	11%	2.3%
Nordea	Buy	54	SKr	88	95	+8%	11.3x	10.4x	9.8x	1.3x	1.2x	12%	12%	5.6%
SE Banken AB	Buy	29	SKr	86	90	+5%	11.8x	11.0x		1.5x	1.4x	13%	13%	4.4%
SHB	Neutral	31	SKr	316	280	-11%	13.2x	12.5x		1.7x	1.6x	13%	13%	3.9%
Swedbank	Neutral	31	SKr	181	180	-0%	12.1x	11.5x	10.8x	1.7x	1.7x	15%	15%	6.2%
Russia		89				+41%	5.5x	4.9x	4.3x	0.8x	0.7x	17%	16%	3.4%
Bank St Petersburg	Buy	1	Rbl	41	57.0	+39%	3.9x	3.3x	2.9x	0.4x	0.3x	9%	10%	0.3%
Bank Vozrozhdenie	Buy	0	Rbl	447	583	+30%	4.7x	3.5x	3.3x	0.4x	0.4x	10%	12%	0.1%
Bank VTB	Buy	18	¢	282	320	+13%	6.0x	5.2x	4.6x	0.6x	0.6x	11%	12%	2.6%
Sberbank	Buy	66	Rbl	98	148	+51%	5.3x	4.8x	4.2x	0.9x	0.8x	19%	18%	3.8%
Switzerland		143				+18%	12.2x	9.3x		1.3x	1.2x	8%	13%	2.6%
Credit Suisse	Buy	51	SFr	28.9	34.0	+18%	11.7x	8.4x		1.0x	0.9x	10%	13%	2.6%
EFG Internatnl	Neutral	2	SFr	12.8	14.0	+10%	11.8x	9.6x		1.5x	1.3x	13%	14%	2.0%
Julius Baer	Neutral	11	SFr	43.1	45.0	+4%	15.3x	11.9x		2.1x	1.9x	1%	14%	1.6%
UBS	Buy	77	SFr	18.2	22.0	+21%	12.1x	9.7x		1.4x	1.3x	7%	12%	2.7%
Vontobel	Buy	3	SFr	37.1	35.5	-4%	13.1x	11.1x		1.4x	1.3x	11%	12%	3.8%
Turkey		42				+37%	6.7x	5.6x	4.7x	0.9x	0.8x	13%	14%	2.6%
Bank Asya	Buy	1	TL	1.4	2.5	+75%	4.9x	3.6x	3.0x	0.4x	0.4x	9%	11%	0.0%
Garanti	Buy	13	TL	6.7	9.2	+37%	7.4x	6.3x	5.2x	1.1x	1.0x	15%	16%	2.5%
Halkbank	Buy	7	TL	12.4	18.3	+48%	7.2x	5.5x	4.5x	1.0x	0.9x	14%	16%	3.2%
Isbank	Buy	10	TL	4.6	6.1	+32%	6.1x	5.6x	4.8x	0.7x	0.7x	12%	12%	3.4%
Vakifbank	Buy	4	TL	3.8	5.0	+31%	5.8x	4.6x	3.8x	0.7x	0.6x	11%	13%	1.6%
Yapi Kredi	Buy	7	TL	3.6	4.9	+33%	6.7x	5.5x	4.8x	0.8x	0.7x	12%	13%	1.9%
UK/Ireland		515				+6%	10.5x	9.6x	12.0x	1.0x	0.9x	7%	10%	3.7%
Bank of Ireland	Sell / H	13	E	.3	.2	-50%	28.2x	15.5x	12.0x	1.4x	1.3x	4%	14%	0.0%
Barclays	Buy	76	p	284	320	+13%	8.1x	7.2x		0.8x	0.7x	9%	10%	4.2%
HSBC	Buy	207	p	668	770	+15%	11.2x	10.1x		1.1x	1.0x	10%	11%	4.8%
Lloyds Banking Group	Neutral	100	p	85	83	-3%	11.4x	11.2x		1.4x	1.3x	8%	11%	2.6%
RBS	Sell / H	67	p	360	275	-24%	15.2x	12.2x		0.7x	0.7x	-1%	5%	1.4%
Standard Chartered	Buy	51	p	1284	1650	+29%	9.5x	8.6x		1.1x	1.0x	12%	12%	4.6%
EUROPE		1845				+6%	11.1x	9.3x	7.9x	0.9x	0.9x	8%	9%	3.5%

Source: Powered by dataCentral; *Additional listings: HSBC Holdings Plc (0005.HK; HK\$85.25; 1); Standard Chartered Plc (2888.HK; HK\$168.00; 1)

Figure 85. Global Valuation Table – North America, 10 Jan 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					
USA		1173			+11%	12.0x	10.8x	9.8x	1.2x	1.1x	+10%	11%	2.0%
Bank of America Corp	Buy	180	\$ 16.8	19	+13%	12.9x	10.2x	8.6x	0.8x	0.7x	6%	8%	1.0%
BB&T	Buy	27	\$ 38	44	+15%	13.0x	11.6x	10.7x	1.3x	1.2x	9%	10%	2.6%
Bank of New York Mellon	Buy	40	\$ 35	40	+15%	13.6x	11.6x	10.4x	1.0x	1.0x	8%	9%	1.9%
Capital One Financial Corp.	Buy	45	\$ 78	76	-2%	11.5x	10.8x		1.0x	0.9x	9%	9%	1.8%
Comerica Inc	Neutral	9	\$ 48	42	-13%	17.1x	14.8x		1.2x	1.1x	7%	8%	1.5%
Fifth Third Bancorp	Neutral	19	\$ 21	23	+8%	12.9x	12.2x	10.9x	1.3x	1.2x	9%	10%	2.5%
First Horizon National Corp	Neutral	3	\$ 12	11	-10%	16.3x	12.9x		1.4x	1.3x	8%	10%	2.0%
First Niagara Financial Group	Sell	4	\$ 10.2	9	-12%	12.8x	11.1x		0.7x	0.7x	6%	6%	3.1%
Goldman Sachs Group, Inc.	Neutral	80	\$ 177	195	+10%	11.6x	10.8x	9.8x	1.2x	1.1x	10%	11%	1.2%
Huntington Bancshares Inc	Neutral	8	\$ 10	9	-8%	13.0x	12.2x		1.4x	1.3x	11%	11%	2.0%
JP Morgan Chase & Co	Buy	221	\$ 59	72	+23%	9.8x	9.0x	8.8x	1.0x	1.0x	11%	11%	2.8%
Keycorp	Neutral	12	\$ 14	12	-13%	14.5x	12.5x		1.2x	1.4x	8%	9%	1.9%
M&T Bank Corp	Neutral	15	\$ 117	130	+12%	14.4x	13.2x	11.3x	1.4x	1.2x	10%	10%	2.5%
Morgan Stanley	Neutral	62	\$ 32	35	+11%	12.4x	10.5x	9.1x	0.9x	0.8x	7%	8%	0.6%
Northern Trust Corp	Neutral	15	\$ 61	68	+11%	18.1x	15.4x	13.1x	1.8x	1.7x	10%	12%	2.3%
PNC Financial Services Group	Neutral	42	\$ 79	86	+9%	12.1x	11.6x	10.8x	1.1x	1.0x	9%	9%	2.4%
Regions Financial Corp	Neutral	14	\$ 10	10	-4%	13.1x	12.3x		0.9x	0.8x	7%	7%	1.4%
State Street Corp	Buy	33	\$ 75	92	+22%	14.2x	12.4x	10.8x	1.5x	1.5x	12%	13%	1.7%
SunTrust Banks	Neutral	20	\$ 38	35	-8%	13.6x	11.9x		0.9x	0.9x	7%	7%	1.4%
US Bancorp	Neutral	75	\$ 41	45	+9%	13.3x	12.3x	11.2x	2.0x	1.8x	15%	15%	2.3%
Wells Fargo & Co	Neutral	243	\$ 46	50	+8%	11.3x	10.7x	10.3x	1.4x	1.3x	13%	13%	2.7%
Zions Bancorp	Neutral	6	\$ 30	30	-1%	16.3x	13.1x		1.0x	0.9x	6%	7%	0.8%
Canada		325			-2%	12.1x	11.3x		1.9x	1.7x	16%	16%	3.9%
Royal Bank of Canada	Neutral	95	\$ 71	68	-4%	12.7x	11.9x		2.2x	2.0x	18%	17%	3.8%
Toronto Dominion	Buy	83	\$ 98	100	+2%	12.2x	11.4x		1.7x	1.6x	15%	15%	3.6%
Scotiabank	Neutral	72	\$ 65	62	-4%	12.0x	11.1x		1.8x	1.7x	16%	16%	4.0%
Bank of Montreal	Buy	42	\$ 71	74	+4%	11.6x	10.7x		1.5x	1.3x	14%	14%	4.3%
CIBC	Neutral	33	\$ 89	84	-5%	10.6x	10.2x		1.9x	1.8x	19%	18%	4.5%
North America		1497			+9%	12.0x	10.9x	9.8x	1.3x	1.2x	12%	12%	2.4%

Source: Powered by dataCentral

Figure 86. Global Valuation Table – Japan, 10 Jan 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	3	¥	302	350	+16%	11.7x	12.7x	11.9x	1.2x	0.9x	7%	5%	4.6%
Bank of Yokohama	Buy	7	¥	581	700	+20%	13.4x	13.7x	13.8x	1.0x	0.9x	7%	7%	1.9%
Chiba Bank	Buy	6	¥	699	850	+22%	14.1x	14.0x	13.9x	0.8x	0.8x	6%	6%	1.7%
Sumitomo Mitsui Trust Holdings	Buy	21	¥	551	580	+5%	16.4x	15.0x	13.5x	1.1x	1.1x	7%	7%	1.8%
Daiwa Securities Group	Buy	17	¥	1041	1200	+15%	10.4x	10.0x	9.5x	1.6x	1.5x	17%	15%	2.9%
Fukuoka Financial Group	Buy	4	¥	457	550	+20%	7.7x	8.9x	8.9x	0.6x	0.6x	8%	7%	2.6%
Hiroshima Bank	Buy	3	¥	433	600	+39%	14.3x	14.7x	14.1x	0.8x	0.8x	6%	5%	1.6%
Joyo Bank	Buy	4	¥	535	700	+31%	17.9x	19.0x	17.6x	1.0x	0.9x	5%	5%	1.7%
Mitsubishi UFJ Financial Group	Buy	92	¥	681	800	+17%	14.0x	14.1x	13.2x	0.8x	0.8x	6%	5%	2.1%
Mizuho Financial Group	Buy	54	¥	232	320	+38%	9.9x	11.0x	10.0x	1.0x	0.9x	9%	8%	2.6%
Nomura Holdings	Buy	29	¥	823	1000	+22%	15.8x	14.5x	13.9x	1.3x	1.2x	8%	8%	1.8%
Resona Holdings	Buy	12	¥	547	640	+17%	9.4x	10.9x	9.2x	0.9x	0.8x	9%	7%	2.7%
Seven Bank	Sell	5	¥	424	300	-29%	24.0x	22.3x	21.0x	3.0x	2.7x	14%	13%	1.7%
Shiga Bank	Buy	1	¥	537	750	+40%	21.5x	19.9x	17.1x	0.7x	0.7x	3%	4%	1.1%
Shinsei Bank	Buy	6	¥	252	330	+31%	31.6x	26.1x	22.3x	1.0x	0.9x	3%	4%	0.4%
Shizuoka Bank	Buy	7	¥	1109	1200	+8%	17.5x	19.4x	19.2x	0.9x	0.8x	5%	4%	1.4%
Sumitomo Mitsui Financial	Buy	70	¥	5350	6500	+21%	12.6x	14.0x	12.9x	1.0x	1.0x	8%	7%	2.2%
JAPAN		266				+21%	13.8x	13.8x	12.8x	1.0x	1.0x	8%	7%	2.1%

Source: Powered by dataCentral

Figure 87. Global Valuation Table – Middle East & Africa, 10 Jan 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	
MIDDLE EAST & AFRICA														
Egypt		4			-23%	8.1x	6.7x	5.8x	2.0x	1.7x	26%	27%	3.8%	
Commercial International Bank	Neutral / H	4	£	33.1	25.3	-23%	8.1x	6.7x	5.8x	2.0x	1.7x	26%	27%	3.8%
Nigeria		5			+25%	6.2x	5.2x	4.3x	1.3x	1.2x	22%	24%	8.9%	
Zenith Bank Plc	Buy	5		23.1	29.0	+25%	6.2x	5.2x	4.3x	1.3x	1.2x	22%	24%	8.9%
South Africa		53			+7%	10.6x	9.1x	8.0x	1.7x	1.5x	17%	18%	4.8%	
FirstRand Limited	Buy	18	R	33.8	37.9	+12%	10.7x	9.2x	8.0x	2.3x	2.0x	23%	23%	4.7%
Nedbank Ltd	Neutral	10	R	203	213	+5%	9.8x	8.5x	7.5x	1.5x	1.3x	16%	17%	5.4%
Standard Bank Group	Neutral	19	R	127	123	-3%	10.4x	9.0x	7.9x	1.5x	1.3x	15%	15%	4.7%
Investec PLC	Buy	6	p	428	530	+24%	12.3x	10.5x	9.1x	1.1x	1.1x	9%	10%	4.2%
MIDDLE EAST & AFRICA		61			+6%	10.1x	8.7x	7.6x	1.7x	1.5x	18%	19%	5.0%	

Source: Powered by dataCentral

Figure 88. Global Valuation Table – Asia, 10 Jan 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
ASIA														
China		831			+26%	4.9x	4.4x		0.8x	0.7x	19%	18%	6.9%	
ABC	Buy	149	Rmb	2.8	3.3	+18%	5.1x	4.6x	0.9x	0.8x	19%	19%	6.9%	
Bank of China	Buy	123	Rmb	2.7	3.3	+23%	4.8x	4.4x	0.7x	0.7x	16%	16%	7.3%	
Bank of Communications	Neutral	49	Rmb	4.0	4.4	+9%	4.7x	4.4x	0.6x	0.6x	14%	14%	6.4%	
China CITIC Bank	Neutral	24	Rmb	3.1	3.0	-2%	4.1x	3.6x	0.6x	0.5x	15%	15%	6.1%	
China Construction Bank	Buy	179	Rmb	4.3	6.1	+41%	4.7x	4.3x	0.9x	0.8x	20%	19%	7.4%	
China Merchants Bank	Buy	49	Rmb	11.8	14.8	+26%	5.3x	4.7x	1.0x	0.8x	19%	19%	5.7%	
China Minsheng Banking	Sell	30	Rmb	6.3	5.5	-14%	4.0x	3.5x	0.8x	0.6x	21%	20%	5.0%	
ICBC	Buy	224	Rmb	3.9	5.2	+34%	5.1x	4.6x	0.9x	0.8x	20%	19%	7.0%	
CRCB	Buy	4	Rmb	2.8	3.9	+41%	3.7x	3.4x	0.6x	0.5x	18%	17%	8.3%	
Huishang Bank	Sell	5	Rmb	2.8	2.6	-7%	5.4x	5.0x	0.8x	0.7x	16%	15%	3.7%	
Hong Kong		81			+15%	12.9x	11.9x		1.7x	1.6x	14%	14%	4.8%	
Bank of East Asia	Neutral	9	\$	31.5	33.0	+5%	12.5x	11.5x	1.1x	1.0x	9%	10%	3.8%	
Bank of China (HK)	Buy	33	\$	24.2	30.0	+24%	11.6x	10.7x	1.6x	1.5x	14%	14%	5.7%	
Dah Sing Banking	Buy	2	\$	13.6	13.6	+0%	10.0x	9.2x	1.0x	0.9x	10%	10%	2.8%	
Dah Sing Financial	Buy	2	\$	42.8	49.0	+14%	9.0x	8.3x	0.6x	0.6x	8%	8%	3.2%	
Hang Seng Bank	Buy	30	\$	123	140	+14%	14.1x	12.9x	2.1x	2.0x	16%	16%	4.6%	
Wing Hang Bank	Buy	5	\$	117	94	-20%	17.2x	16.4x	1.6x	1.5x	10%	10%	2.4%	
India		121			+23%	14.6x	12.2x	10.3x	2.4x	2.1x	17%	17%	1.8%	
AXIS Bank	Buy	9	Rs	1185	1430	+21%	10.2x	8.8x	1.3x	1.1x	16%	16%	1.7%	
Bank of Baroda	Buy	4	Rs	620	775	+25%	6.0x	5.3x	0.7x	0.7x	13%	13%	3.0%	
Canara Bank	Neutral	2	Rs	267	485	+81%	2.7x	2.2x	0.4x	0.3x	16%	17%	4.5%	
Federal Bank	Buy	1	Rs	82	110	+35%	9.5x	7.4x	1.0x	0.9x	11%	13%	2.4%	
HDFC Bank	Neutral	26	Rs	663	750	+13%	19.1x	15.3x	3.7x	3.0x	21%	22%	0.7%	
HDFC	Neutral	20	Rs	801	940	+17%	21.8x	18.5x	4.5x	3.9x	22%	23%	1.8%	
ICICI Bank	Buy	20	Rs	1052	1290	+23%	12.6x	10.5x	1.6x	1.5x	14%	15%	2.0%	
Indusind Bank	Sell	4	Rs	417	375	-10%	16.8x	13.5x	2.5x	2.2x	16%	17%	0.8%	
Kotak Mahindra Bank	Neutral	9	Rs	709	790	+11%	20.5x	17.0x	2.9x	2.5x	15%	16%	0.2%	
State Bank of India	Buy	18	Rs	1639	2200	+34%	9.6x	8.4x	1.0x	1.0x	11%	12%	2.3%	
Union Bank Of India	Neutral	1	Rs	126	245	+95%	3.1x	2.5x	0.5x	0.4x	16%	17%	7.2%	
Yes Bank	Neutral	2	Rs	351	410	+17%	8.2x	6.4x	1.8x	1.5x	25%	25%	2.1%	
IDFC	Buy	2	Rs	102	160	+58%	7.7x	6.9x	1.0x	0.9x	14%	14%	2.7%	
Punjab National Bank	Buy	3	Rs	605	845	+40%	4.7x	4.3x	0.6x	0.5x	13%	13%	5.0%	
Indonesia		59			+6%	10.7x	10.0x		2.1x	1.8x	21%	19%	2.4%	
Bank Central Asia	Sell	19	Rp	9400	8000	-15%	14.5x	13.4x	2.9x	2.5x	22%	20%	1.4%	
Bank Danamon	Sell	3	Rp	3600	3100	-14%	8.8x	7.4x	1.0x	0.9x	12%	13%	3.4%	
Bank Mandiri (Persero)	Buy	15	Rp	7800	9000	+15%	10.0x	9.6x	1.8x	1.6x	20%	18%	3.0%	
Bank Negara Indonesia	Buy	6	Rp	3820	4950	+30%	8.4x	8.0x	1.3x	1.2x	17%	16%	3.6%	
Bank Rakyat Indonesia	Buy	15	Rp	7325	8550	+17%	8.4x	8.1x	1.9x	1.6x	24%	21%	2.4%	
PT Bank Bukopin	Sell / H	1	Rp	615	600	-2%	6.6x	5.7x	0.8x	0.7x	12%	13%	0.0%	
PT Bank Pembangunan	Neutral / H	1	Rp	855	975	+14%	6.9x	6.2x	1.1x	1.0x	17%	17%	4.3%	
Bank Tabungan Negara	Neutral / H	1	Rp	860	1125	+31%	5.9x	5.2x	0.7x	0.6x	13%	13%	3.4%	

Source: Powered by dataCentral

Figure 89. Global Valuation Table – Asia (Cont.), 10 Jan 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	2015E					
Malaysia		88			+7%	12.7x	11.6x	10.5x	2.0x	1.8x	16%	16%	3.9%
AMMB	Neutral	7	\$ 7.3	7.6	+4%	12.0x	10.9x	9.9x	1.7x	1.5x	15%	15%	3.3%
CIMB	Sell	17	\$ 7.3	7.2	-2%	11.4x	10.3x		1.6x	1.5x	14%	15%	4.0%
Maybank	Buy	27	\$ 9.9	11.1	+13%	12.8x	11.7x		1.8x	1.7x	14%	15%	5.1%
Public Bank	Buy	21	\$ 19.2	21.0	+10%	14.7x	13.4x		2.9x	2.6x	21%	21%	3.0%
Alliance Financial Group	Sell	2	\$ 4.8	4.8	-1%	13.1x	12.0x	10.8x	1.7x	1.6x	13%	14%	3.8%
Hong Leong Bank	Sell	8	\$ 14.2	13.8	-3%	12.5x	11.7x	10.9x	1.7x	1.6x	15%	14%	3.2%
RHB Capital	Buy	6	\$ 8.0	8.9	+11%	9.8x	8.9x		1.1x	1.0x	12%	12%	3.3%
Philippines		17			+24%	13.4x	10.6x		1.8x	1.5x	14%	13%	1.8%
Banco de Oro	Buy	6	P 71	96	+36%	13.2x	11.1x		1.4x	1.3x	11%	12%	2.3%
Bank of Philippine Islands	Sell	7	P 86	92	+7%	15.8x	13.5x		2.6x	2.3x	17%	18%	2.4%
Metrobank	Buy	5	P 74	98	+32%	11.9x	10.3x		1.4x	1.2x	12%	12%	1.0%
Philippine National Bank	Neutral	2	P 84	105	+26%	8.7x			1.1x		14%		0.0%
Singapore		86			+6%	11.3x	10.1x		1.3x	1.2x	12%	12%	3.8%
DBS	Buy	33	\$ 17.3	19.0	+10%	10.8x	9.3x		1.2x	1.1x	11%	12%	4.0%
OCBC	Neutral	26	\$ 9.7	10.3	+6%	11.9x	10.9x		1.3x	1.3x	11%	12%	3.5%
UOB	Neutral	26	\$ 21.2	21.7	+3%	11.4x	10.2x		1.3x	1.2x	12%	12%	3.7%
Taiwan		25			-3%	11.7x	10.9x		1.2x	1.2x	11%	11%	3.5%
Fubon FHC	Sell	15	\$ 43.0	38.0	-12%	12.0x	11.5x		1.3x	1.2x	11%	11%	2.5%
Mega FHC	Buy	10	\$ 24.6	27.1	+10%	11.2x	10.2x		1.2x	1.2x	11%	12%	4.9%
Thailand		47			+43%	8.3x	7.2x		1.4x	1.2x	18%	18%	4.4%
Bangkok Bank	Buy	10	Bt 180	240	+33%	8.6x	7.7x		1.1x	1.0x	13%	13%	4.7%
Kasikornbank	Buy	12	Bt 163	242	+49%	8.1x	7.0x		1.6x	1.4x	21%	21%	3.7%
Krung Thai Bank	Buy	7	Bt 15.9	26.0	+64%	6.3x	5.3x		1.0x	0.9x	17%	18%	6.3%
Siam Commercial Bank	Buy	15	Bt 142	203	+43%	8.6x	7.4x		1.7x	1.5x	21%	21%	4.1%
TISCO Financial Group	Sell	1	Bt 38.5	37.5	-3%	7.0x	5.6x		1.3x	1.1x	19%	21%	5.7%
TMB Bank	Sell	3	Bt 2.0	2.3	+15%	10.8x	9.4x		1.3x	1.2x	13%	13%	3.1%
ASIA		1355			+22%	7.7x	6.9x	10.4x	1.2x	1.1x	17%	17%	5.5%

Source: Powered by dataCentral

Figure 90. Global Valuation Table – Australia and Latin America, 10 Jan 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	Buy	77	\$	32	31	-2%	13.2x	12.6x	11.8x	2.0x	1.9x	15%	15%	5.4%
Bendigo and Adelaide	Neutral	4	\$	11.9	9.6	-19%	16.1x	15.6x	14.7x	1.1x	1.1x	8%	8%	5.4%
Bank Of Queensland Ltd	Sell	4	\$	12.3	9.8	-21%	15.0x	14.6x	14.1x	1.4x	1.4x	9%	9%	5.0%
CBA	Buy	112	\$	78	74	-5%	15.9x	15.2x	14.3x	2.7x	2.6x	18%	18%	4.9%
National Australia Bank	Neutral	72	\$	34	34	-1%	14.1x	13.4x	13.1x	2.0x	1.9x	14%	14%	5.6%
Westpac Banking Corp	Buy	88	\$	32	33	+4%	13.7x	13.4x	13.1x	2.2x	2.1x	15%	15%	6.3%
AUSTRALIA / NZ		357				-2%	14.4x	13.8x	13.2x	2.3x	2.2x	15%	16%	5.5%
LATIN AMERICA														
Argentina		5				-16%	5.2x	4.2x		1.2x	0.9x	27%	25%	0.0%
BBVA Francés	Sell / H	2	Ar\$	20.5	16.5	-19%	5.5x	4.4x		1.3x	1.0x	26%	25%	0.0%
Galicía	Sell / H	2	Ar\$	8.9	7.2	-19%	5.5x	4.4x		1.3x	1.0x	28%	26%	0.0%
Macro	Sell / H	2	Ar\$	20.9	19.0	-9%	4.8x	3.9x		1.1x	0.9x	27%	26%	0.0%
Brazil		171				+26%	7.9x	6.9x		1.4x	1.2x	17%	17%	4.4%
Banco Do Brasil	Neutral	27	R\$	22.2	25.6	+16%	5.8x	5.4x		0.9x	0.8x	16%	16%	6.9%
Bradesco	Buy	48	R\$	27.4	37.5	+37%	8.2x	7.1x		1.5x	1.3x	19%	19%	4.0%
Itaú Unibanco	Buy	65	R\$	30.8	40.0	+30%	8.7x	7.5x		1.7x	1.4x	20%	20%	3.5%
BTG Pactual	Buy	9	R\$	25.6	40.0	+56%	6.1x	5.2x		1.2x	1.1x	21%	21%	3.9%
Santander Brasil	Neutral	22	R\$	13.8	12.8	-8%	8.1x	7.3x		0.9x	0.9x	5%	6%	5.5%
Chile		21				+13%	11.7x	10.1x		1.9x	1.7x	17%	8%	3.5%
Santander Chile	Neutral	10	ChP	29.5	33.0	+12%	12.2x	10.4x		2.2x	2.0x	18%		4.2%
BCI	Buy	6	ChP	29910	39000	+30%	10.0x	8.8x		1.6x	1.4x	17%	17%	2.5%
Corpbanca	Buy	5	ChP	7.4	6.9	-7%	12.9x	11.2x		1.7x	1.6x	14%	15%	3.2%
Mexico		57				+5%	16.0x	13.8x		2.2x	1.9x	15%	16%	1.6%
Banorte	Neutral	19	P\$	91	96	+5%	15.3x	13.0x		1.9x	1.7x	13%	14%	0.5%
Santander México	Neutral	18	P\$	34.0	36.5	+7%	13.1x	11.4x		2.2x	2.0x	17%	18%	3.5%
Banregio	Neutral	2	P\$	79	78	-2%	15.8x	13.4x		2.7x	2.3x	19%	19%	0.0%
Inbursa	Neutral	18	P\$	34.8	35.5	+2%	19.8x	17.2x		2.4x	2.1x	14%	16%	1.2%
Peru		13				+26%	11.0x	9.4x		2.1x	1.8x	21%	21%	2.7%
Credicorp	Buy	10	\$	128	165	+29%	11.2x	9.5x		2.1x	1.8x	20%	20%	2.2%
Intercorp	Buy	3	NS	91	107	+18%	10.3x	8.9x		2.3x	2.0x	24%	24%	4.5%
LATIN AMERICA		267				+20%	10.0x	8.7x		1.6x	1.4x	17%	17%	3.6%

Source: Powered by dataCentral

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

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Appendix A-1

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