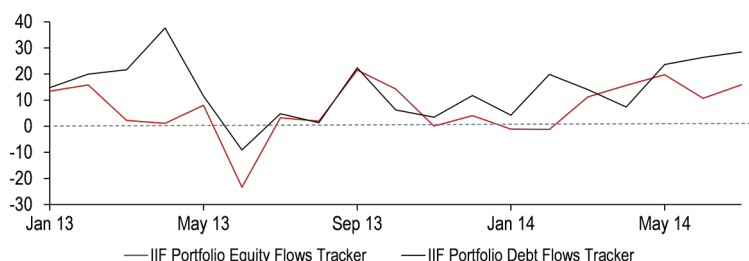


Fragile EM Banks Fashionable Again

Global Banks Insights

- Portfolios Flows into EM Equities Up** – EM bank stocks have been amongst the best performers among global peers over the past few months. The top 5 best performing countries for bank stock performance in USD over the past three months are: Argentina (+17%), India (+14%), China (+13%), Egypt (+13%) and Thailand (+13%). Although there are positive local factors driving stocks in some markets – for example, expectations of policy reforms by the new government in India – the EM recovery has been accompanied by a recovery in portfolio inflows. According to the Institute of International Finance (IIF) portfolio flow tracker, EMs are estimated to have received US\$44bn in portfolio inflows from global investors in July, after US\$37bn in June and US\$43bn in May. The July portfolio inflow to EM is almost double average inflows of US\$24bn during 2010-2013. Both EM equity and bond flows have been strong in July. The main country drivers for the strong inflows in July were buoyant portfolio flows into India, Indonesia and South Africa, which together received US\$11bn in inflows into their stock and bond markets. Perhaps not surprisingly European banks are down 7% -3M in USD.
- Opportunities from SH-HK Connect** – Post the April 10 announcement by Chinese Premier Li to allow investors in Hong Kong to buy stocks listed in Shanghai, and mainland investors (institutions and qualified individuals) to buy stocks listed in Hong Kong, the SH-HK Connect (as it is called), has paved the way for new opportunities in the banks space. Within our HK banks coverage, we feel that BoCHK is best positioned to benefit from this, given its high proportion of brokerage income and large RMB deposit base. Shares traded via SH-HK Stock Connect are denominated in RMB and may stimulate RMB lending, interbank and FX activities. Given the supportive outlook for SH-HK Stock Connect and other potential cross-border financing activities, we expect sector M2 growth momentum to persist, thus channeling the benefit into all banks in the sector. ([Click for note](#))
- Chart of the Week** – Our Chart of the Week below shows the IIF portfolio equity and debt trackers over the past few months.

Chart of the Week: IIF Portfolio Equity and Debt Trackers (USD Bn)



Source: IIF

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Our recent "Global Banks Insights" notes:

[Euro Banks Travelling Again](#)

[China Credit Taps Still On](#)

[AQR and Stress Tests](#)

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

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Citi's Most Read Last Week –

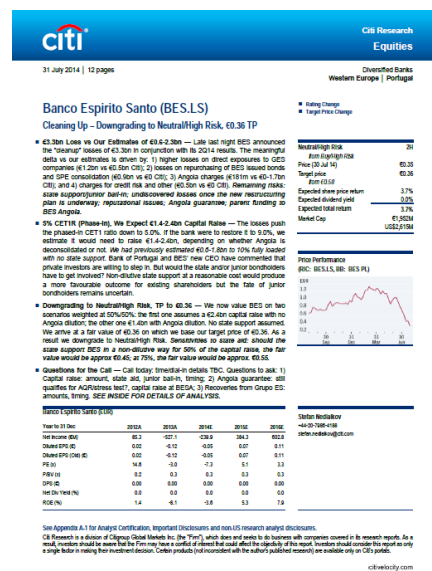
Most Read 1. Banco Espirito Santo (BES.LS) – BES Resolved Into Good & Bad Bank – Downgrading to Sell* ([Click for note](#))



Most Read 2. European Banks & Bail-In Mechanism — Implications Of The BES Bank Resolution ([Click for note](#))



– Most Read 3. Banco Espirito Santo (BES.LS) – Cleaning Up – Downgrading to Neutral/High Risk, €0.36 TP ([Click for note](#))



Source: Citi Research

Source: Citi Research

Source: Citi Research

Highlighted Citi Events

18-19th November
Global Financials Conference
Singapore

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

Citi Ratings Changes – Over the past week, we upgraded Banca Popolare di Milano from Sell to Neutral ([Click for note](#)) and downgraded BES to Sell/High Risk ([Click for note](#)).

Stock Performance Summary – LTM, the best-performing region in absolute terms has been MEA (+47%), the worst performing Japan (-3%). Over the last month, bank share prices increased most in Egypt (+22%), declined most in Russia (-17%). At the individual bank level, the best-performing bank over the last month was Commercial International Bank of Egypt (+22%); the worst was Piraeus Bank (-20%). (Refer to page 4 for details).

Other Highlighted Research this week:

We highlight the following research from this week:

European Banks & Bail-In Mechanism — Implications Of The BES Bank Resolution (Click for note)



Citi Research

Equities

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Overlooked Banks
Western Europe

European Banks & Bail-In Mechanism

Alert: Implications Of The BES Bank Resolution

BES Shareholders Take The Plunge — Over the weekend, the Bank of Portugal resolved BES into a good and bad bank. For the first time since the depths of the European sovereign crisis, a bank that was as recently as a week ago considered viable by the national central bank was legally split into two parts. The government got the good bank, but debt and equity holders got the bad bank with zero upside to the good bank. The 44.4bn euros of the good bank was transferred from the 40.4bn left over from Portugal's bailout, i.e. this is the Troika's money — with the good bank bank structure being imposed by the Troika. To regulators in Frankfurt and Brussels, this must have seemed the safest way to isolate any residual and tail risks (Anglo, Citicorp exposures ahead of the introduction of the Single Supervisory Mechanism on 1 November. See Figure 1 for updates on good/bad bank split for BES).

Implications for the European Banks — The EU's tough approach in the case of the BES resolution is likely to be the last of the kind until 2017 when the permanent BRRD rules come into force. That is unless the host country has enough reserves to fund the bailout itself, even then, state aid rules may limit flexibility. While the AQR and stress test have already shown a substantial "coupon" of the European banks, there is always a risk of more "unknown unknowns".

Outlook for Bank Funding Costs — Outside of Portugal, we do not see a systemic reason for why retail and wholesale funding costs should increase. Within Portugal, depositors may require higher rates in the short term, but more worrying is the partial depletion of the sovereign's cash reserves as part of the Novo Banco recap. The Portuguese government completed with the banks over the past several years in sourcing liquidity from the retail market.


And Finally, Some Lessons We Learned:

1. While the transitional state aid rules are supposed to be on a case-by-case basis, the EU Commission and the ECB have tightened up and will attempt to impose their own view on a resolution process and the structure of failed.
2. National authorities might have more options / be in a stronger position vs the EU Commission in dealing with stricken banks if the money they use is their own.
3. Statements by the Portuguese regulators affirming BES's capital adequacy (see Bloomberg point to the fact that when banks are hit with issues, regulators do not always know more from the market.

(BES.L, 60.12.34)

See Appendix A.1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.
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TSB Banking Group (TSB.L): 2020 Vision - Initiate Coverage With A Neutral Rating (Click for note)



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Deep Dive | Equities

1 August 2014 | 68 pages

Regional Banks
United Kingdom

TSB Banking Group (TSB.L)

2020 Vision - Initiate Coverage With A Neutral Rating*

- **Pure-Play UK Retail Bank** — TSB is the only listed pure-play retail bank in the UK. The business model is very simple, focused on servicing retail and micro-SME customers within the UK, with some international business and no corporate and/or investment banking exposure. TSB is the 12th largest UK retail bank, accounting for only 2% of mortgages, but 4% of personal current accounts and 6% of branches.
- **Strong Growth Potential** — We assess TSB's target of 40-50% growth in the stock of franchise lending over the next five years, including an analysis of the regional split and productivity of the branch network, relative to peers. We conclude that TSB's established credit infrastructure, coupled with new product launches, healthy new intermediary mortgages and digital capability should enable TSB to grow rapidly.
- **Geared to Rising Interest Rates** — TSB's secured asset margin is low with 65% of mortgages on a 5.0% capped at 2% over base rates, lower than the current front-book gross yield, at 0.3%. As base rates increase the DTVR will rise and customers should re-mortgage, transitioning to front-book rates. In addition, liability spreads should widen. Overall we believe TSB is more geared to rising rates than UK peers.
- **Low Credit Risk, Not Legacy Conduct Issues** — Secured mortgages account for 50% of total loans and the average LTV is only 45%. The group can use rate cuts on only 15-20% in 2012-13 and is expected to remain at 45-50% in 2014 and probably stable thereafter. TSB also has indemnity coverage, provided by Lloyd's, for any claims arising from pre-2010 breaches of laws and regulations, to include FRT.
- **Near-Term Pressures, Long-Term Opportunities** — In 2013 TSB stopped selling intermediary mortgages. TSB will weight on revenues, meanwhile, while the cap on DTVR mortgages, plus investment spend, will also not profitability. Re-launch of intermediary mortgages, coupled with rising rates, offers the potential for attractive returns and dividends, but this is unlikely to materialize until 2017-18. TSB target a double-digit ROE by mid-2019 with momentum and growth of 40-50% over time.
- **Neutral Rating** — We believe TSB will only approach a normalized ROE by 2020, at which point we forecast a ROE of 15.0%. This presents significant option value. TSB can successfully execute upon its strategy. However the glide path towards a normalized return is likely to be long, with the uplift being delayed. We see few positive catalysts near-term and initiate with a Neutral rating, target price 300p.
- **Correction** — We amend Pg 12 on page 19 to correct the quarterly numbers.

Key Metrics

Year to 31 Dec	2013A	2013B	2014E	2015E	2016E
Revenue (GBP)	11.4	12.8	12.7	14.8	16.1
Operating Profit (GBP)	2.3	3.0	3.5	5.0	5.4
Operating Profit (GBP)	2.3	3.0	3.5	5.0	5.4
PER	125.1	28.2	47.7	46.8	53.4
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0

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State Bank of India: In the Monsoons, the Search for Blue Skies (Click for note)



Citi Research

Equities

5 August 2014 | 12 pages

Overlooked Banks
Asia | India

State Bank of India (SBI.L)

In the Monsoons, the Search for Blue Skies

- **It's been peeing - breaking and optimism** — SBI's recent fortunes seem to track the season's monsoon, a very dry April (and quality-driven earnings), a hail of a revival (peaking in late May), and now, uncertainty (and rain). We will management mid-monsoon, to get a sense of the campaign ahead, and its beyond-the-season search for blue skies. We highlight its forecast (weather), while maintaining our Buy recommendation, and Rs1,000 target price.
- **It's been cloudy** — Management remains cautious on the immediate term, asset-quality pressures continue (at least two more Qs), there's little economic change on the ground, new loan growth remains sluggish and profitability trends (weak) are unlikely to change. So, while the underlying business has probably stopped deteriorating, it's not looking up yet. We would expect a score of 2 (Neutral).
- **No blue skies, but some breaks in the clouds** — It's still raining, but there are a few bright spots, some clouds (and a few bright spots). A equity markets opening up, a new project-based capex engine, interest in troubled assets from PFI/infrastructure funds, asset RS liquidity (not deposit rate pressure), well covered on wage hike settlement and no immediate pressure for capital. The weather is still more cloudy than clear, but clouds showing some signs of moving.
- **The banking & SBI climate might well be changing** — Climate change takes time, but medium term matters more than the weather. Mkt is optimistic on internal change, credit standards/pressure & accountability, matured progress, 12% (2014/15) recovery initiatives & cost control. And on RBI-driven change, SBI's regulatory keeping, AQRs will be longer term and long-term banks an update (SBI's MktCap). Disrupting system should be stronger — as the weather clears.
- **Play for clearer skies, and buy** — SBI's P&L/RS will be a slow fix, the near term remains cloudy, but also, strong asset/growth, reasonable ROE/RS will be some way off. But we believe during the transition, the stock should trade for clear skies, closer to mid-cycle rates (1.3x P/BV), our TP (Rs1,000), and other attractive returns.

Statistical Abstract

Year to 31 Dec	2013A	2013B	2014E	2015E	2016E
Revenue (INR)	117,273	124,208	124,208	137,127	152,127
Operating Profit (INR)	14,106	21,116	21,116	21,116	21,116
Operating Profit (INR)	14,106	21,116	21,116	21,116	21,116
PER	125.1	28.2	47.7	46.8	53.4
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0
EPS (p)	0.0	0.0	0.0	0.0	0.0

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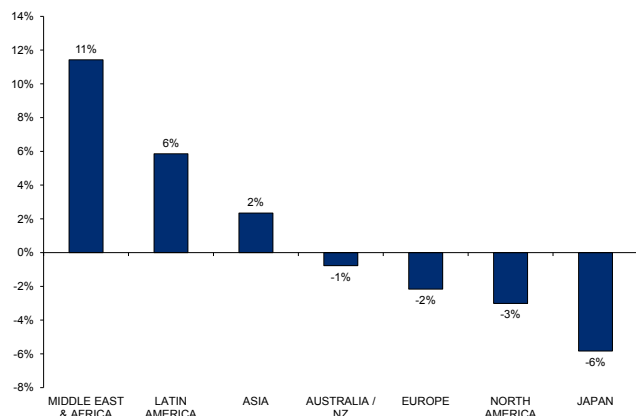
Source: Citi Research

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Source: Citi Research

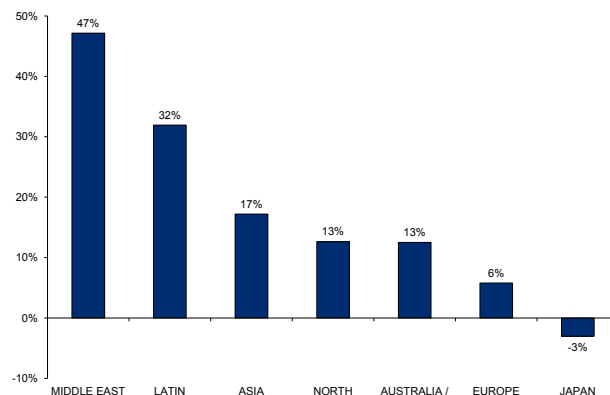
Global Banks Stock Performance

Figure 1. Regional Performance – 1 Month



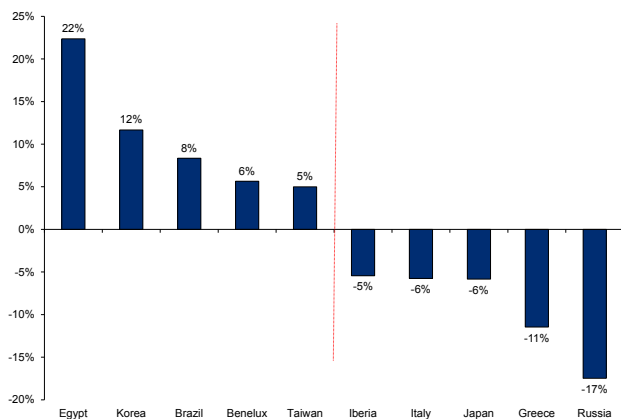
Source: Bloomberg, Citi Research; Note: Performance in local currency terms; Mexico included in the LatAm region instead of NA

Figure 2. Regional Performance – LTM



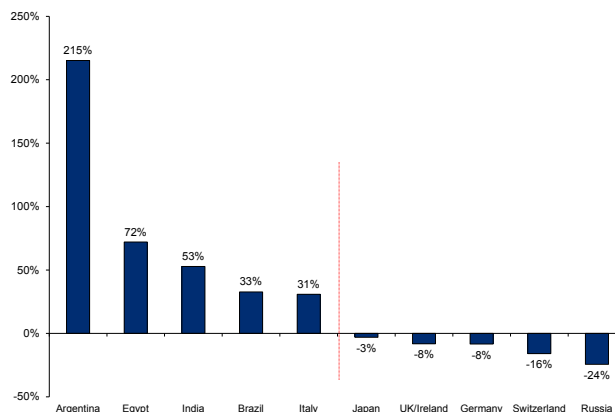
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months; Note: Perf in local currency terms; Mexico included in the LatAm region instead of NA

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



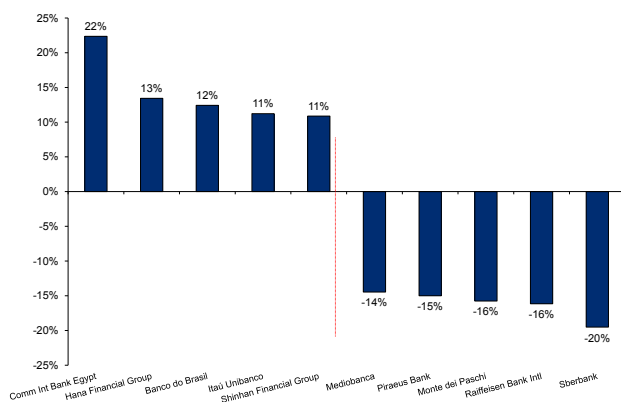
Source: Bloomberg, Citi Research; Note: Performance in local currency terms

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



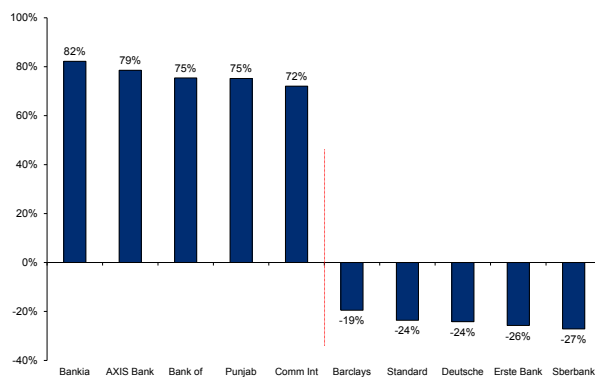
Source: Bloomberg, Citi Research; Note: LTM stands for last 12 Months. ; Note: Performance in local currency terms

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



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

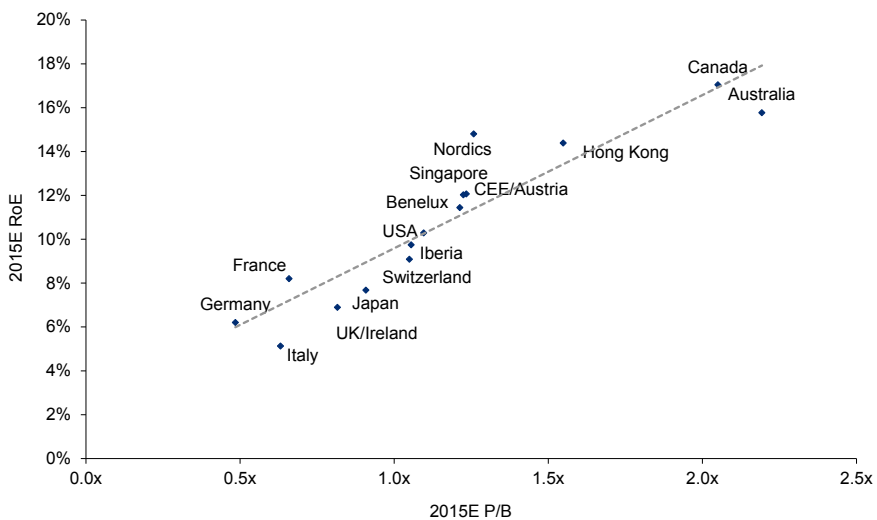
Figure 6. Stock Performance – LTM (Top 5 & Bottom 5)



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

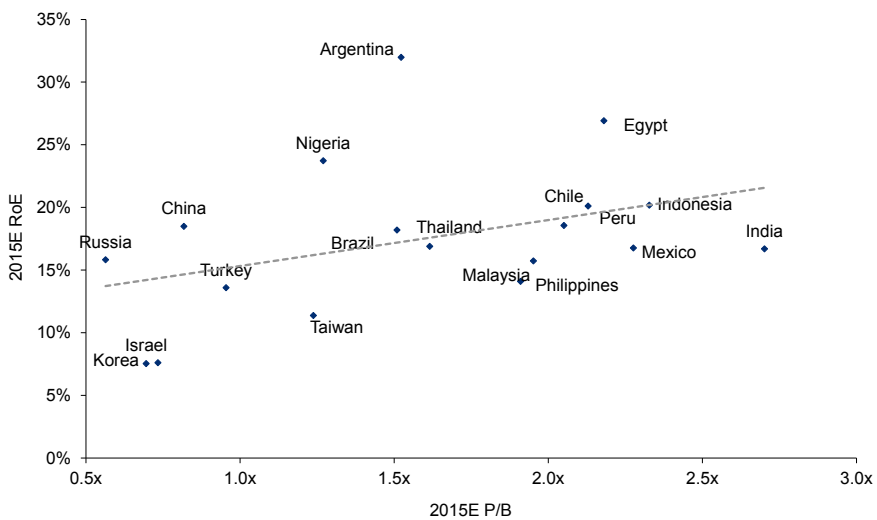
PB vs ROE Scatter

Figure 7. 2015E P/B vs ROE – Developed Markets



Source: Powered by dataCentral

Figure 8. 2015E P/B vs ROE – Emerging Markets



Source: Powered by dataCentral

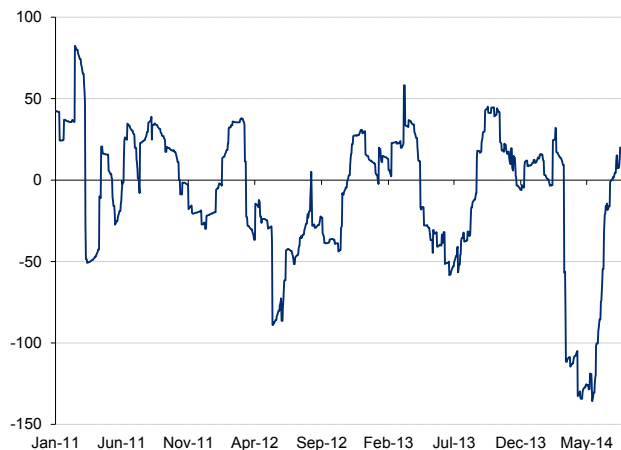
Citi Economic Surprise Indices (CESI)*

Figure 9. Citi Economic Surprise Index - US



Source: Bloomberg, Citi Research

Figure 10. Citi Economic Surprise Index - China



Source: Bloomberg, Citi Research

Figure 11. Citi Economic Surprise Index – Euro Area



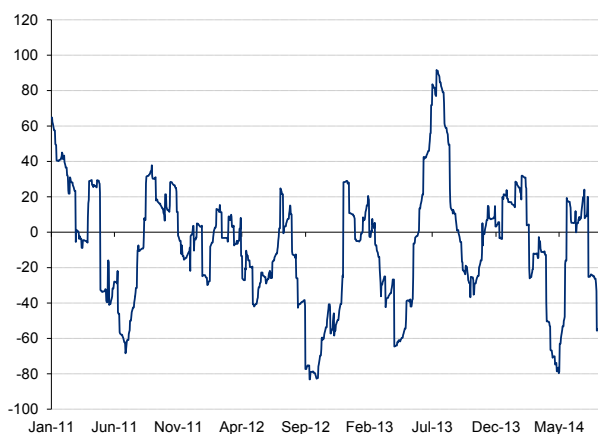
Source: Bloomberg, Citi Research

Figure 12. Citi Economic Surprise Index – Emerging Markets



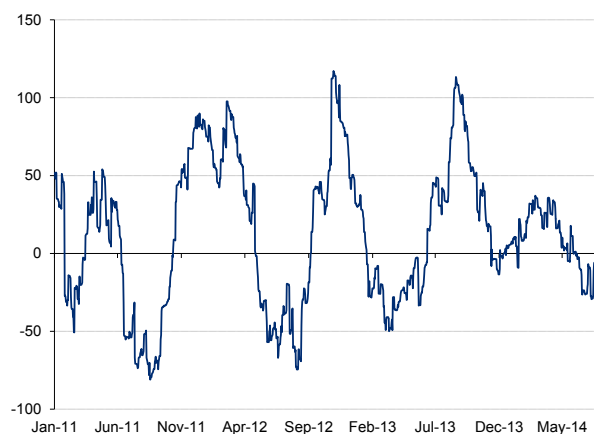
Source: Bloomberg, Citi Research

Figure 13. Citi Economic Surprise Index - Japan



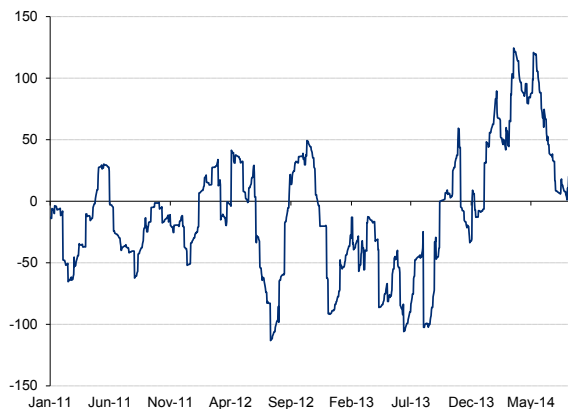
Source: Bloomberg, Citi Research

Figure 14. Citi Economic Surprise Index - UK



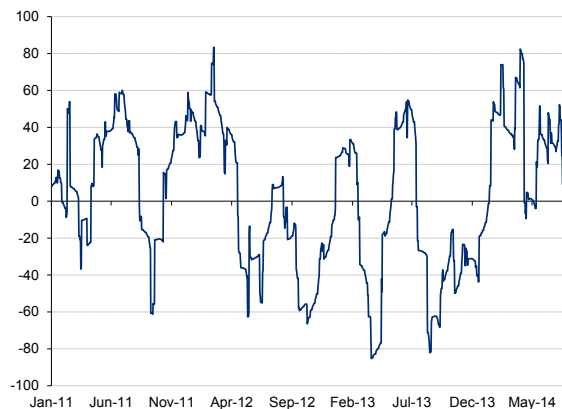
Source: Bloomberg, Citi Research

Figure 15. Citi Economic Surprise Index - Brazil



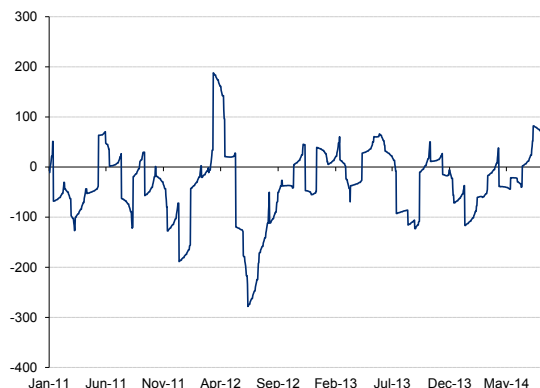
Source: Bloomberg, Citi Research

Figure 16. Citi Economic Surprise Index - Russia



Source: Bloomberg, Citi Research

Figure 17. Citi Economic Surprise Index - India



Source: Bloomberg, Citi Research

Figure 18. Citi Economic Surprise Index - Indonesia



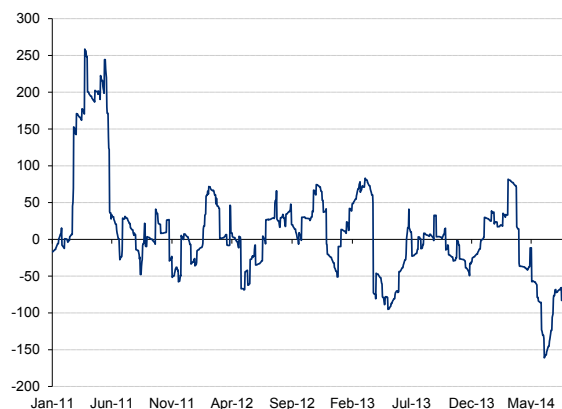
Source: Bloomberg, Citi Research

Figure 19. Citi Economic Surprise Index - Australia



Source: Bloomberg, Citi Research

Figure 20. Citi Economic Surprise Index - HK

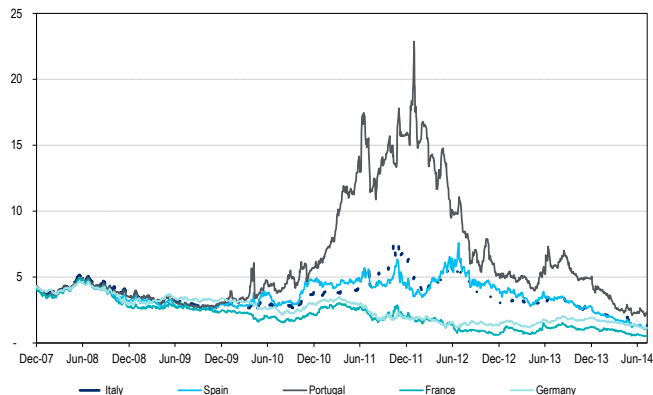


Source: Bloomberg, Citi Research

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

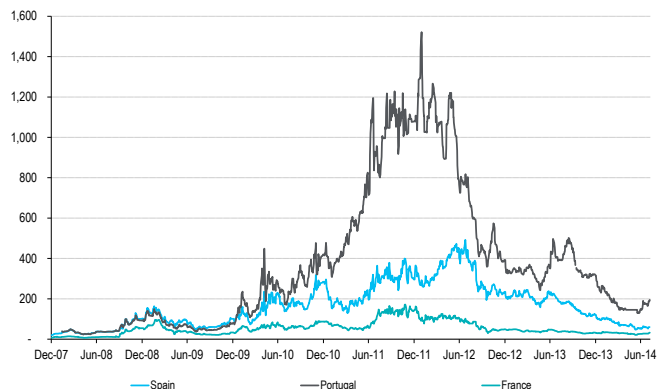
Key Bank Funding Indicators

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



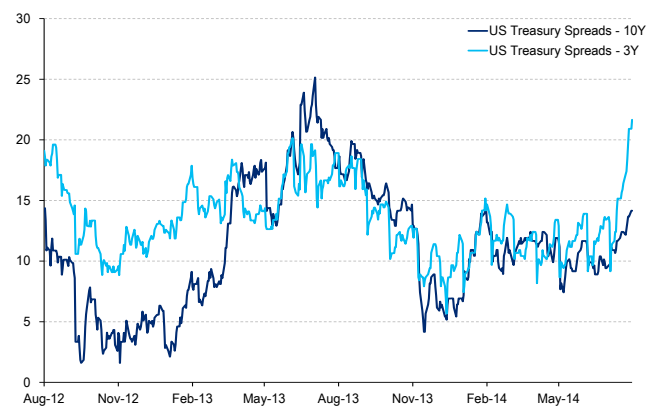
Source: Bloomberg

Figure 22. European Sovereign CDS (Senior 5Y)



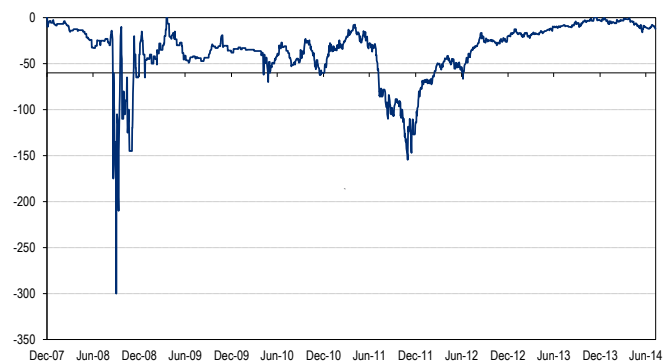
Source: Bloomberg

Figure 23. US Treasury Spreads



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

Figure 24. 3M Eur/US Basis Swap



Source: Bloomberg

Figure 25. 10Y US Swap Spread



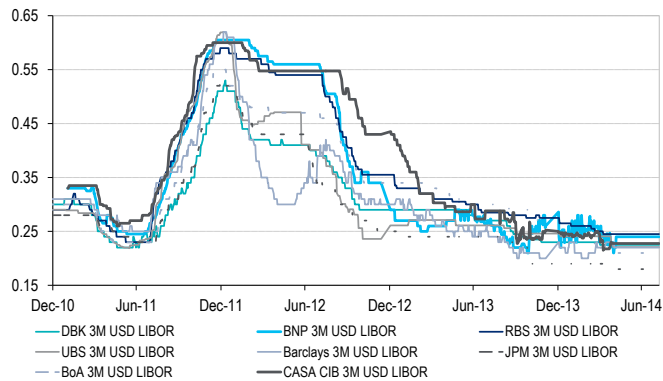
Source: Bloomberg

Figure 26. 10Y Euro Swap Spread



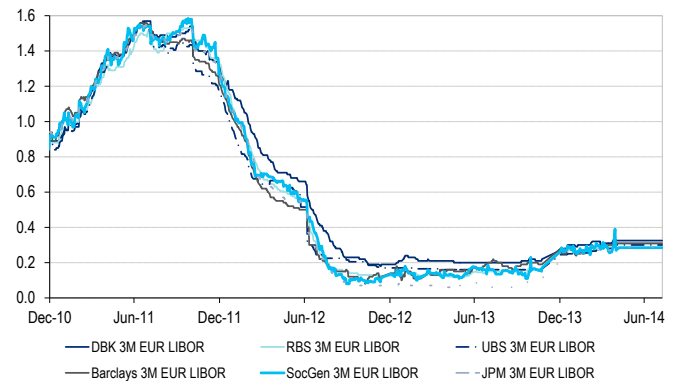
Source: Bloomberg

Figure 27. 3M USD Libor Rates



Source: Bloomberg, Citi Research

Figure 28. 3M EUR Libor Rates



Source: Bloomberg, Citi Research

Figure 29. US 3m FRA – OIS Spread



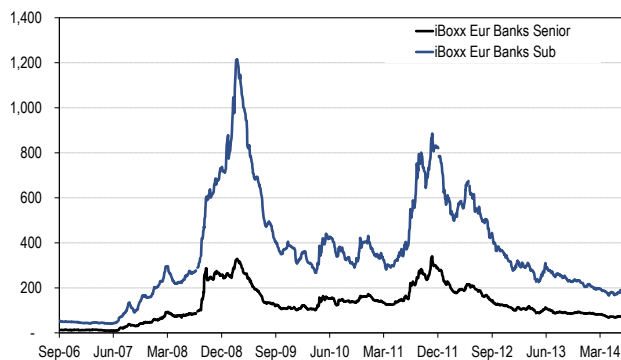
Source: Bloomberg

Figure 30. EUR 3m FRA – OIS Spread



Source: Bloomberg

Figure 31. iBoxx Europe Banks Indices



Source: Markit

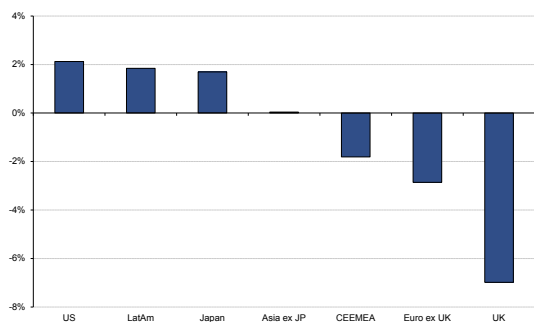
Figure 32. 3M Shanghai Interbank Rate (SHIBOR)



Source: Datastream

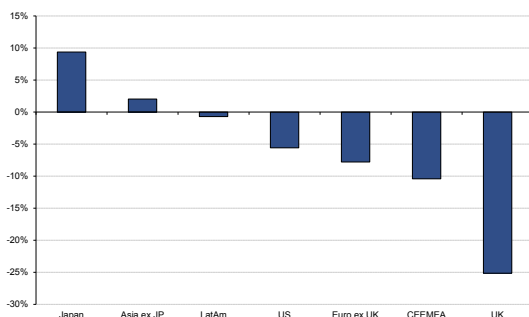
Global Estimates Revisions Summary

Figure 33. Citi 2015E Revisions -3M - Global



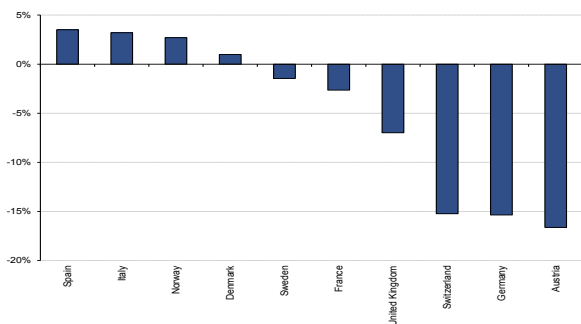
Source: Citi Research

Figure 34. Citi 2015E Revisions LTM - Global



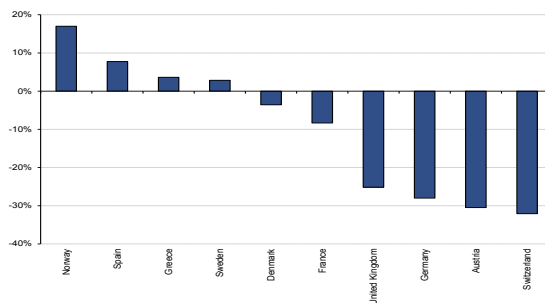
Source: Citi Research

Figure 35. Citi 2015E Revisions -3M - Europe



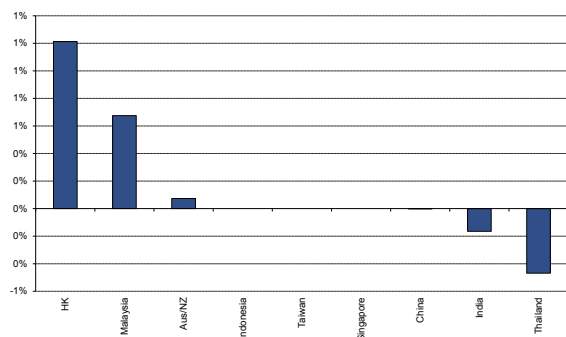
Source: Citi Research

Figure 36. Citi 2015E Revisions LTM - Europe



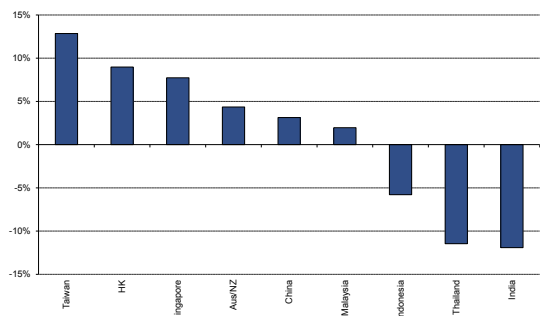
Source: Citi Research

Figure 37. Citi 2015E Revisions -3M - Asia



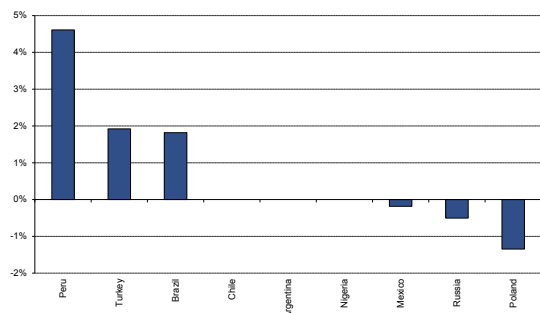
Source: Citi Research

Figure 38. Citi 2015E Revisions LTM - Asia



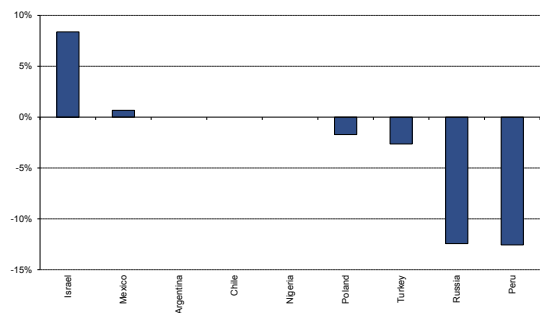
Source: Citi Research

Figure 39. Citi 2015E Revisions -3M - LatAm + CEEMEA



Source: Citi Research

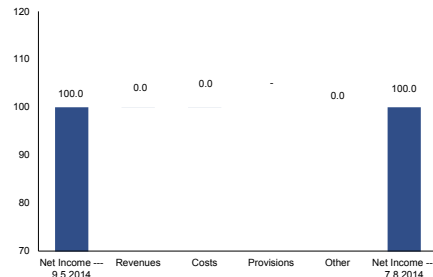
Figure 40. Citi 2015E Revisions LTM - LatAm + CEEMEA



Source: Citi Research

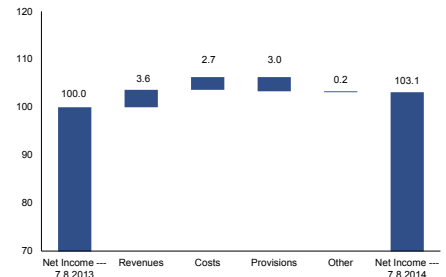
Asia:

Figure 41. China – 3M '15 Estimates Change



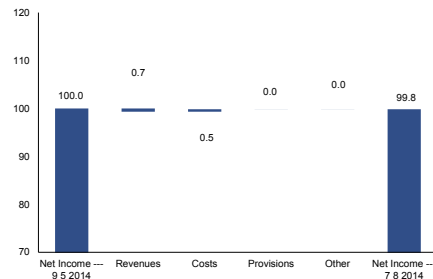
Source: Citi Research

Figure 42. China – LTM '15 Estimates Change



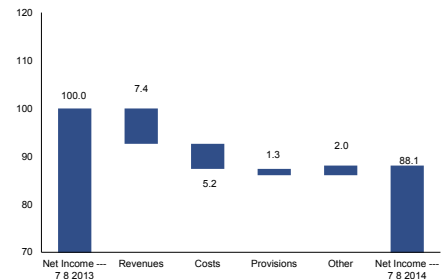
Source: Citi Research

Figure 43. India – 3M '15 Estimates Change



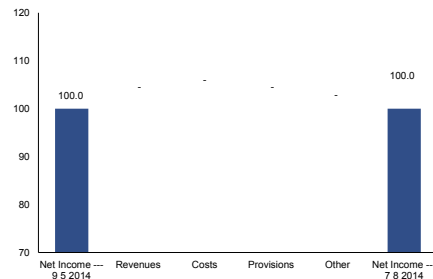
Source: Citi Research

Figure 44. India – LTM '15 Estimates Change



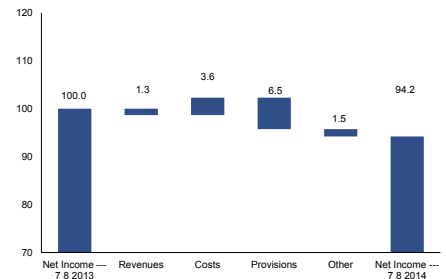
Source: Citi Research

Figure 45. Indonesia – 3M '15 Estimates Chg



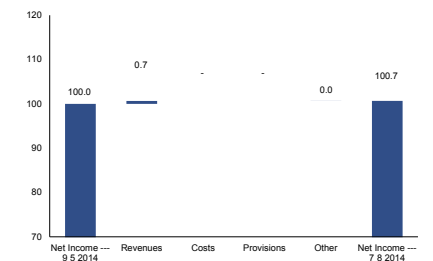
Source: Citi Research

Figure 46. Indonesia – LTM '15 Estimates Chg



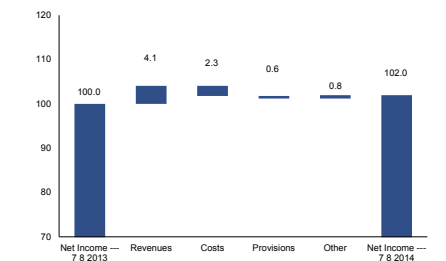
Source: Citi Research

Figure 47. Malaysia – 3M '15 Estimates Chg



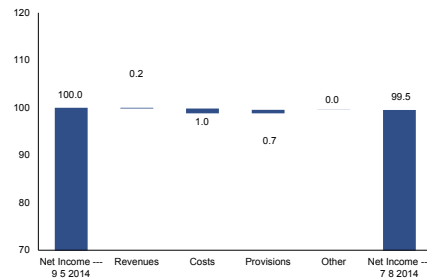
Source: Citi Research

Figure 48. Malaysia – LTM '15 Estimates Chg



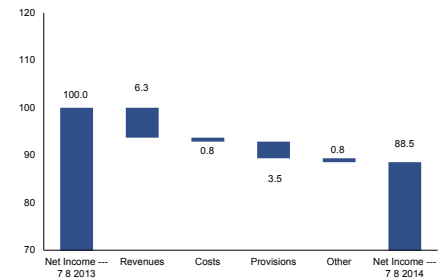
Source: Citi Research

Figure 49. Thai. – 3M '15 Estimates Change



Source: Citi Research

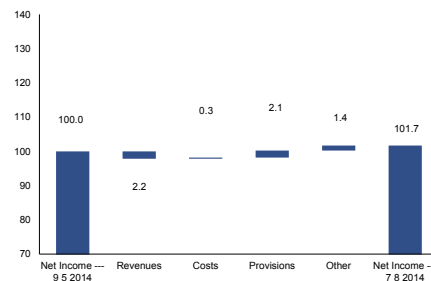
Figure 50. Thai. – LTM '15 Estimates Change



Source: Citi Research

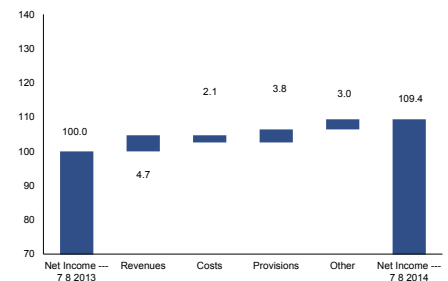
Japan:

Figure 51. Japan – 3M '15 Estimates Change



Source: Citi Research

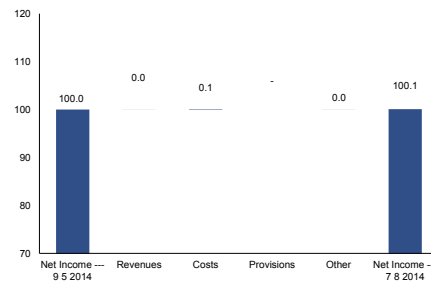
Figure 52. Japan – LTM '15 Estimates Change



Source: Citi Research

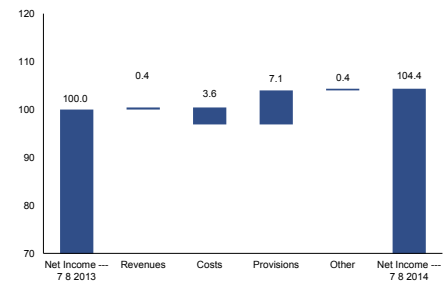
Australia / New Zealand:

Figure 53. AU/NZ – 3M '15 Estimates Change



Source: Citi Research

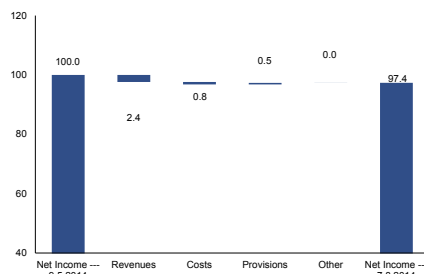
Figure 54. AU/NZ – LTM '15 Estimates Change



Source: Citi Research

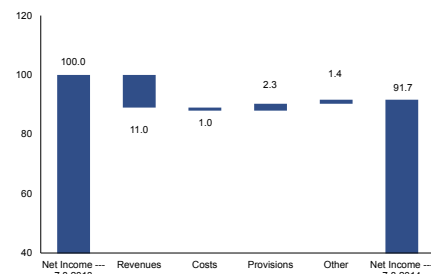
Europe:

Figure 55. France – -3M '15 Estimates Chg



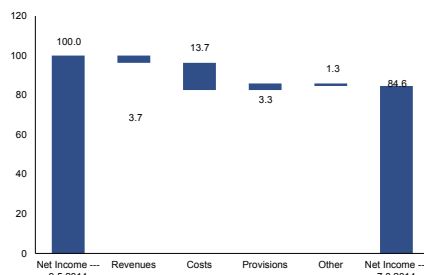
Source: Citi Research

Figure 56. France – LTM '15 Estimates Chg



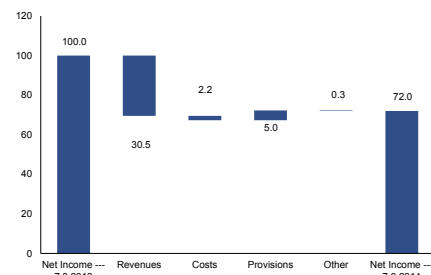
Source: Citi Research

Figure 57. Germany – -3M '15 Estimates Chg



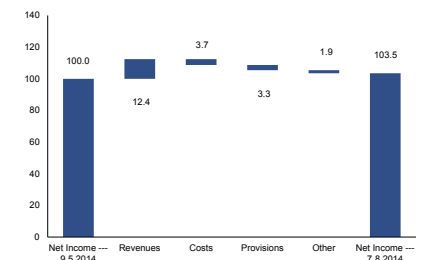
Source: Citi Research

Figure 58. Germany – LTM '15 Estimates Chg



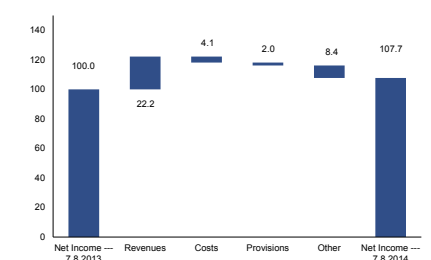
Source: Citi Research

Figure 59. Iberia – -3M '15 Estimates Change



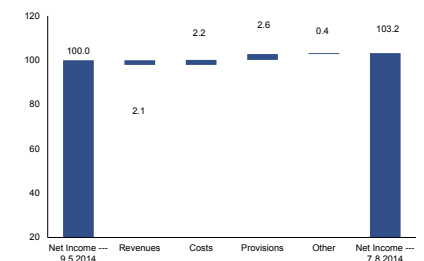
Source: Citi Research

Figure 60. Iberia – LTM '15 Estimates Change



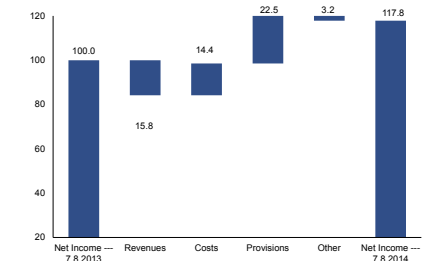
Source: Citi Research

Figure 61. Italy – -3M '15 Estimates Change



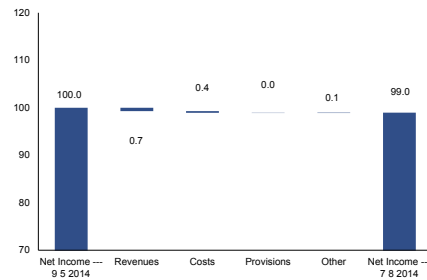
Source: Citi Research

Figure 62. Italy – LTM '15 Estimates Change



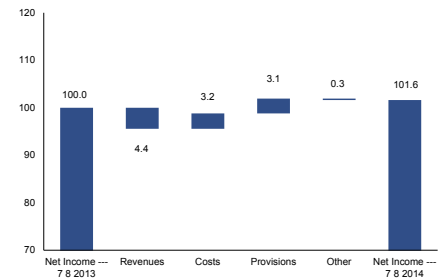
Source: Citi Research

Figure 63. Nordics – -3M '15 Estimates Chg



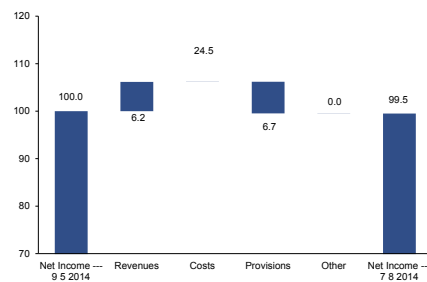
Source: Citi Research

Figure 64. Nordics – '15 LTM Estimates Chg



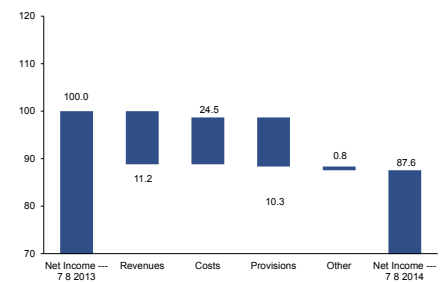
Source: Citi Research

Figure 65. Russia – -3M '15 Estimates Chg



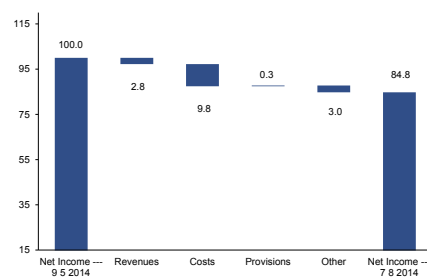
Source: Citi Research

Figure 66. Russia – LTM '15 Estimates Chg



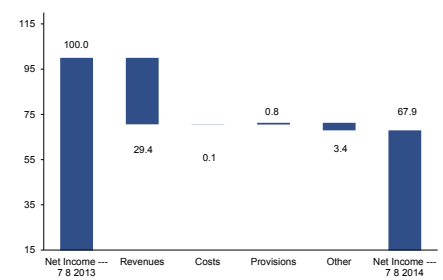
Source: Citi Research

Figure 67. Switz. – -3M '15 Estimates Chg



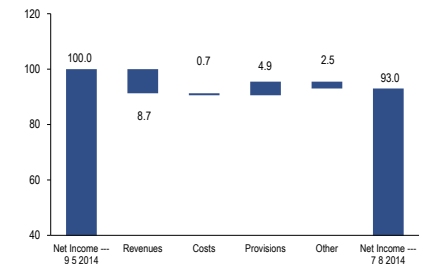
Source: Citi Research

Figure 68. Switz. – LTM '15 Estimates Chg



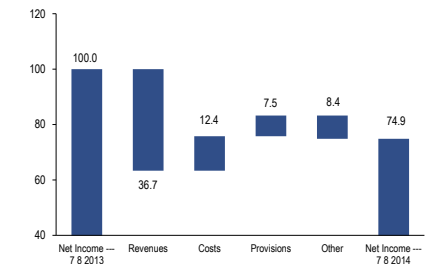
Source: Citi Research

Figure 69. UK – -3M '15 Estimates Chg



Source: Citi Research

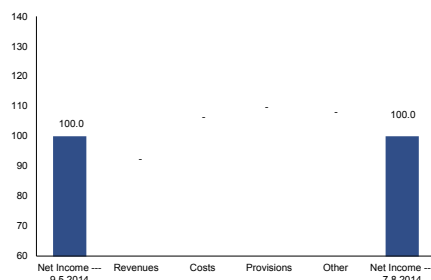
Figure 70. UK – LTM '15 Estimates Chg



Source: Citi Research

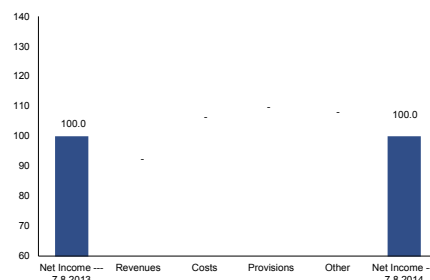
MENA/Africa:

Figure 71. Nigeria – -3M '15 Estimates Chg



Source: Citi Research

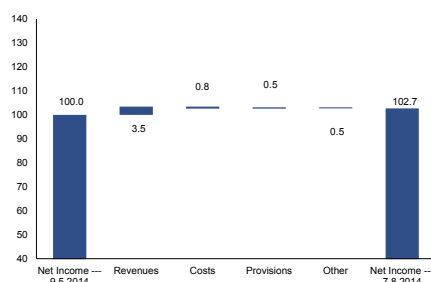
Figure 72. Nigeria – LTM '15 Estimates Chg



Source: Citi Research

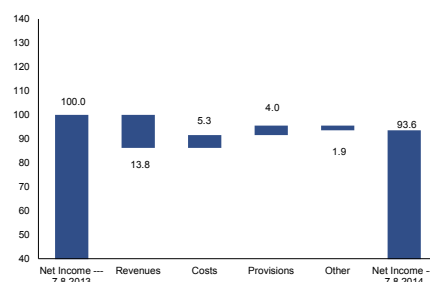
United States:

Figure 73. US (Money Centres) – -3M '15 Estimates Change



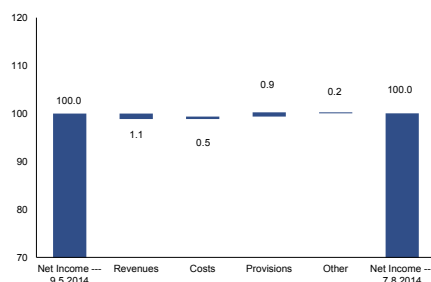
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 74. US (Money Centres) – LTM '15 Estimates Change



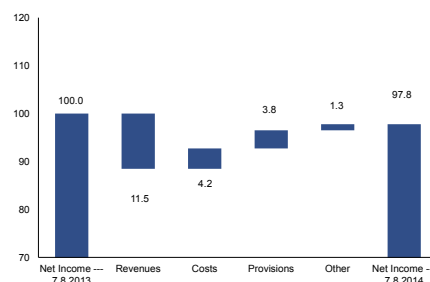
Source: Citi Research; Money Centres includes BAC, JPM, GS and MS

Figure 75. US (Regionals) – -3M '15 Estimates Change



Source: Citi Research

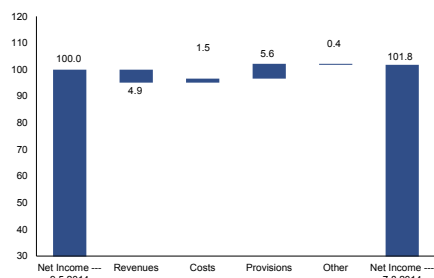
Figure 76. US (Regionals) – LTM '15 Estimates Change



Source: Citi Research

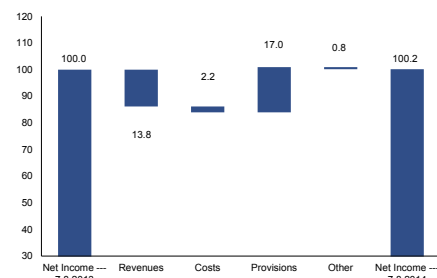
LatAm:

Figure 77. Brazil – -3M '15 Estimates Chg



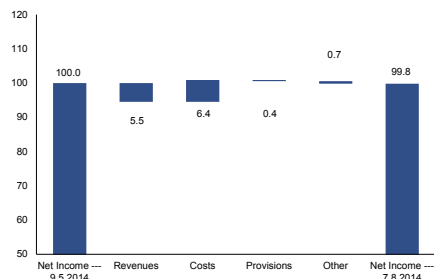
Source: Citi Research

Figure 78. Brazil – LTM '15 Estimates Chg



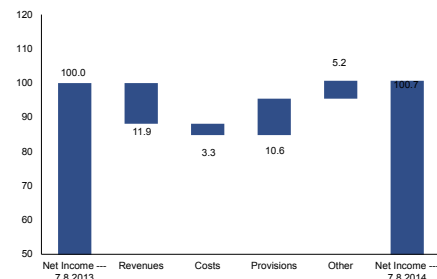
Source: Citi Research

Figure 79. Mexico – -3M '15 Estimates Chg



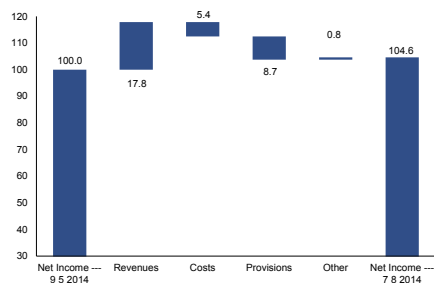
Source: Citi Research

Figure 80. Mexico – LTM '15 Estimates Chg



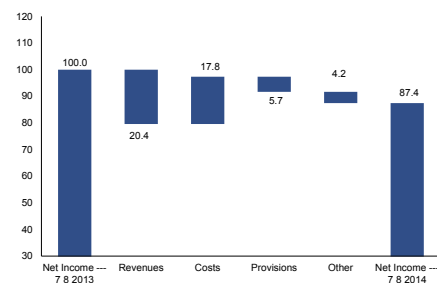
Source: Citi Research

Figure 81. Peru – -3M '15 Estimates Change



Source: Citi Research

Figure 82. Peru – LTM '15 Estimates Change



Source: Citi Research

Global Banks Valuations

Figure 83. Global Valuation Table – Europe, 8 Aug 2014

Bank	RIC	Rec	M Cap (\$bn)		Share Price			P/E			P/B		ROE		Div Yield
					Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E
EUROPE															
Benelux			23				+12%	8.9x	8.2x	7.7x	1.3x	1.1x	15%	15%	0.0%
KBC	KBC.BR	Buy	23	E	41.2	46.0	+12%	8.9x	8.2x	7.7x	1.3x	1.1x	15%	15%	0.0%
CEE/Austria			93				+13%	10.9x	9.6x	10.2x	1.2x	1.1x	11%	12%	5.2%
Bank Millennium	MILP.WA	Sell	3	Zl	7.6	6.9	-9%	12.6x	11.2x	10.1x	1.5x	1.4x	12%	13%	4.0%
Alior Bank	ALRR.WA	Neutral / H	2	Zl	78	88	+12%	13.3x	10.8x		1.7x	1.5x	14%	15%	0.0%
Bank of Georgia	BGEO.L	Buy	1	p	2470	2670	+8%	8.3x	7.3x		1.6x	1.4x	21%	20%	3.6%
Bank Pekao	PEO.WA	Neutral	14	Zl	170	193	+14%	13.5x	12.1x		1.8x	1.8x	14%	15%	7.4%
Erste Bank	ERST.VI	Neutral	11	E	19.1	21.0	+10%	10.4x	9.3x		0.8x	0.8x	8%	9%	4.2%
Halyk Bank	HSBKQ.L	Buy	3	¢	1020	1130	+11%	7.1x	6.0x		1.0x	0.9x	17%	18%	4.1%
ING Bank Slaski	INGP.WA	Neutral	5	Zl	130	124	-4%	13.4x	12.3x		1.8x	1.7x	14%	14%	5.6%
Kazkommertsbank	KKGBYQ.L	Neutral / H	2	¢	480	518	+8%	9.3x	7.7x		0.9x	0.8x	10%	11%	0.0%
Komercni Banka	BKOM.PR	Neutral	8	Kc	4540	4930	+9%	13.7x	12.6x		1.7x	1.6x	13%	13%	5.5%
mBank	MBK.WA	Neutral	6	Zl	451	492	+9%	13.2x	11.1x	10.3x	1.7x	1.6x	13%	15%	5.7%
OTP Bank	OTPB.BU	Neutral	5	Ft	3823	4355	+14%	7.7x	6.5x		0.7x	0.6x	9%	10%	6.5%
PKO BP	PKO.WA	Neutral	15	Zl	36.6	43.0	+17%	11.4x	10.6x		1.5x	1.4x	14%	14%	4.4%
Raiffeisen Bank Intl	RBIV.VI	Buy	7	E	18.3	26.6	+45%	6.2x	5.2x		0.5x	0.5x	8%	9%	6.0%
France			174				+35%	8.0x	7.0x	6.3x	0.6x	0.6x	8%	9%	5.8%
BNP Paribas	BNPP.PA	Buy	80	E	48.2	62	+29%	8.5x	7.2x		0.7x	0.7x	8%	9%	5.3%
Credit Agricole	CAGR.PA	Buy	36	E	10.4	15.0	+45%	7.4x	6.7x		0.6x	0.6x	8%	8%	6.4%
Natixis	CNAT.PA	Neutral	20	E	4.9	5.0	+3%	11.0x	10.2x	9.6x	0.8x	0.8x	8%	8%	5.5%
Societe Generale	SOGN.PA	Buy	38	E	35.4	56	+58%	6.7x	5.9x	5.3x	0.6x	0.5x	8%	9%	6.4%
Germany			61				+38%	6.7x	5.5x	6.3x	0.5x	0.5x	6%	9%	2.3%
Commerzbank	CBKG.DE	Neutral / H	16	E	10.5	12.0	+15%	11.0x	7.7x	6.3x	0.4x	0.4x	4%	5%	0.0%
Deutsche Bank	DBGn.DE	Buy	45	E	25	36	+46%	5.9x	5.0x		0.5x	0.5x	7%	10%	3.1%
Greece/Cyprus			32					17.1x	9.4x	7.8x	0.8x	0.8x	NM	8%	0.0%
Alpha Bank	ACBr.AT	Neutral	10	E	.6	na		17.6x	9.9x	8.1x	0.8x	0.7x	NM	7%	0.0%
National Bank of Greece	NBGr.AT	Neutral	11	E	2.3	na		10.9x	8.5x	7.6x	0.9x	0.8x	NM	9%	0.0%
Piraeus Bank	BOPr.AT	Buy	11	E	1.4	2.0	+47%	36.6x	10.0x	7.9x	0.9x	0.8x	NM	9%	0.0%
Iberia			268				+10%	11.5x	9.3x	5.1x	1.0x	1.0x	9%	11%	5.8%
Banco BPI	BBPI.LS	Neutral / H	2	E	1.2	1.6	+29%	7.0x	5.8x	5.1x	0.7x	0.7x	11%	12%	0.0%
Banco Espirito	BES.LS	Sell / H	1	E	.12	.01	-92%	3.0x	1.4x		0.2x	0.2x	6%	12%	0.0%
Banco Popular	POP.MC	Sell	12	E	4.2	4.4	+4%	11.6x	9.1x		0.7x	0.7x	6%	7%	2.6%
Banco Santander	SAN.MC	Neutral	114	E	7.1	7.6	+7%	10.6x	9.6x		1.1x	1.1x	11%	11%	8.4%
Bankia	BKIA.MC	Buy	21	E	1.4	1.8	+32%	11.7x	9.6x		1.2x	1.1x	11%	12%	3.0%
Bankinter	BKT.MC	Neutral	7	E	5.9	6.2	+4%	14.6x	12.0x		1.5x	1.4x	11%	12%	3.4%
BBVA	BBVA.MC	Neutral	68	E	8.6	9.5	+10%	13.1x	9.5x		1.1x	1.0x	8%	11%	4.3%
Bco de Sabadell	SABE.MC	Sell	12	E	2.2	1.9	-13%	15.9x	10.1x		0.9x	0.8x	6%	8%	3.2%
CaixaBank	CABK.MC	Buy	31	E	4.1	5.1	+23%	12.1x	9.0x		1.0x	0.9x	8%	10%	4.8%
Israel			15				+3%	9.4x	8.3x		0.7x	0.7x	8%	8%	1.5%
Bank Hapoalim	POLI.TA	Neutral	8	NIS	20.2	19.2	-5%	10.5x	9.8x		0.8x	0.8x	8%	8%	2.9%
Bank Leumi	LUMI.TA	Neutral	6	NIS	13.5	14.6	+8%	8.8x	7.5x		0.6x	0.6x	8%	8%	0.0%
Israel Discount	DSCT.TA	Neutral	2	NIS	6.0	7.4	+23%	7.7x	6.0x		0.5x	0.4x	6%	7%	0.0%

Source: Powered by dataCentral

Figure 84. Global Valuation Table – Europe (cont.), 8 Aug 2014

Bank	RIC	Rec	M Cap (\$bn)		Share Price			P/E			P/B		ROE		Div Yield
					Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E
Italy			119				+26%	11.5x	8.7x	7.3x	0.6x	0.6x	5%	6%	3.8%
Banco Popolare	BAPO.MI	Neutral	5	E	9.9	na		13.2x	9.2x	7.6x	0.4x	0.3x	3%	4%	0.8%
BP Milano	PMIL.MI	Neutral	3	E	.53	.7	+32%	13.5x	9.6x	8.2x	0.5x	0.5x	4%	5%	3.3%
Intesa Sanpaolo	ISP.MI	Neutral	46	E	2.1	2.5	+19%	10.8x	8.7x	7.6x	0.7x	0.7x	7%	8%	5.4%
Mediobanca	MDBI.MI	Buy / H	7	E	5.9	8.0	+35%	7.7x	7.1x	6.7x	0.6x	0.6x	8%	8%	3.4%
Monte dei Paschi	BMPS.MI	Neutral / H	8	E	1.1	1.5	+31%	25.7x	14.2x	9.4x	0.5x	0.5x	2%	3%	0.0%
UBI Banca	UBI.MI	Neutral / H	7	E	5.5	7.3	+33%	16.1x	12.5x	10.2x	0.5x	0.4x	3%	3%	3.5%
UniCredit	CRDI.MI	Buy	44	E	5.6	7.3	+31%	11.2x	7.9x	6.5x	0.6x	0.6x	5%	7%	3.1%
Nordics			194				+14%	10.5x	9.8x	9.2x	1.2x	1.2x	12%	12%	5.6%
Danske Bank	DANSKE.CO	Buy	28	Dkr	155	185	+20%	10.3x	9.1x	8.3x	0.9x	0.9x	9%	10%	3.9%
DnB	DNB.OL	Buy	28	NKr	108	140	+30%	8.4x	7.9x	7.6x	1.0x	0.9x	13%	12%	4.2%
Nordea	NDA.ST	Buy	52	SKr	89	101	+13%	10.3x	9.6x	9.0x	1.2x	1.2x	12%	12%	6.7%
SE Banken AB	SEBa.ST	Buy	28	SKr	88	100	+14%	11.1x	10.4x	9.7x	1.4x	1.3x	13%	13%	5.8%
SHB	SHBa.ST	Neutral	30	SKr	322	325	+1%	12.6x	11.8x	11.0x	1.6x	1.5x	13%	13%	5.3%
Swedbank	SWEDa.ST	Neutral	28	SKr	170	180	+6%	11.3x	10.8x	10.3x	1.6x	1.5x	14%	14%	6.6%
Russia			56				+62%	3.7x	3.2x	2.8x	0.6x	0.5x	16%	16%	4.9%
Bank St Petersburg	BSPB.MM	Buy	0	Rbl	33	54.0	+65%	2.8x	2.3x		0.3x	0.2x	9%	10%	0.3%
Bank Vozrozhdenie	VZRZ.MM	Buy	0	Rbl	392	454	+16%	4.4x	3.1x		0.4x	0.3x	9%	11%	0.1%
Bank VTB	VTBRQL	Sell	13	¢	209	250	+20%	5.1x	4.0x		0.5x	0.4x	10%	12%	3.1%
Sberbank	SBER.MM	Buy	42	Rbl	68.5	120	+75%	3.5x	3.0x	2.8x	0.6x	0.5x	18%	18%	5.5%
Switzerland			121				+37%	8.8x	7.3x		1.0x	1.0x	10%	14%	5.9%
Credit Suisse	CSGN.VX	Buy	43	SFr	24.2	33.0	+37%	8.2x	6.7x		0.8x	0.8x	11%	13%	8.3%
EFG Internatl	EFGN.S	Neutral	2	SFr	10.4	10.5	+1%	11.5x	9.4x		1.3x	1.2x	12%	14%	5.8%
Julius Baer	BAER.VX	Neutral	10	SFr	38.6	44.0	+14%	10.7x	9.2x		1.7x	1.5x	13%	16%	2.3%
UBS	UBSN.VX	Buy	65	SFr	15.4	22.0	+43%	8.9x	7.5x		1.2x	1.1x	9%	15%	4.9%
Vontobel	VONN.S	Neutral	2	SFr	32.6	30.0	-8%	10.3x	8.9x		1.2x	1.1x	12%	13%	4.9%
Turkey			52				+3%	7.0x	6.0x		0.9x	0.8x	14%	14%	1.3%
Bank Asya	ASYAB.IS	Neutral	1	TL	1.2	1.5	+19%	14.9x	7.4x		0.4x	0.4x	3%	5%	0.0%
Garanti	GARAN.IS	Sell	16	TL	8.3	8.0	-3%	8.0x	6.7x		1.2x	1.0x	14%	15%	1.1%
Halkbank	HALKB.IS	Neutral	9	TL	15.0	16.4	+10%	6.4x	5.6x		1.0x	0.8x	16%	16%	1.1%
Isbank	ISCTR.IS	Neutral	12	TL	5.6	6.1	+10%	6.7x	5.9x		0.9x	0.7x	13%	13%	2.0%
Vakifbank	VAKBN.IS	Neutral	6	TL	4.8	5.1	+5%	5.9x	5.0x		0.7x	0.7x	13%	13%	0.4%
Yapi Kredi	YKBK.IS	Sell	9	TL	4.6	4.4	-5%	7.3x	6.1x		0.9x	0.8x	13%	13%	1.2%
UK/Ireland			477				+12%	10.2x	9.2x	7.5x	0.9x	0.9x	8%	9%	4.6%
Bank of Ireland	BKIR.I	Sell / H	11	E	.3	.2	-23%	16.3x	10.2x	8.9x	1.1x	1.0x	7%	10%	0.0%
Barclays	BARC.L	Buy	59	p	213	300	+41%	7.2x	6.0x	5.6x	0.6x	0.6x	7%	9%	5.6%
HSBC	HSBA.L	Neutral	202	p	629	685	+9%	11.9x	10.9x		1.0x	1.0x	9%	9%	5.2%
Lloyds Banking Grp	LLOY.L	Neutral	87	p	72	80	+11%	9.0x	8.7x	8.6x	1.1x	1.1x	11%	11%	4.9%
RBS	RBS.L	Sell / H	65	p	337	330	-2%	13.6x	11.4x	9.9x	0.7x	0.7x	2%	4%	3.0%
Standard Chartered	STAN.L	Buy	50	p	1213	1400	+15%	10.1x	9.2x	8.5x	1.0x	0.9x	10%	10%	4.0%
TSB Banking Group	TSB.L	Neutral	2	p	287	300	+4%	<0	nm	<0	0.9x	0.8x	3%	6%	0.0%
EUROPE			1735				+20%	9.3x	7.9x	7.0x	0.8x	0.8x	9%	10%	4.7%

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 – US & Canada, Australia, 8 Aug 2014

Bank	RIC	Rec	M Cap (\$bn)	Share Price			P/E			P/B		ROE		Div Yield
				Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E
North America														
USA			1036			+18%	10.9x	9.8x		1.1x	1.1x	+10%	11%	2.5%
Bank of America Corp	BAC.N	Buy	159	\$ 15.1	19	+26%	10.1x	8.9x		0.6x	0.7x	7%	7%	1.7%
BB&T	BBT.N	Buy	26	\$ 36	44	+22%	11.8x	10.6x		1.1x	1.0x	10%	10%	3.0%
Capital One Financial Corp.	COF.N	Buy	44	\$ 78	96	+23%	10.4x	9.8x		0.9x	0.9x	9%	9%	1.5%
Comerica Inc	CMA.N	Neutral	9	\$ 49	53	+9%	14.7x	13.0x		1.1x	1.1x	8%	9%	1.8%
Fifth Third Bancorp	FITB.O	Neutral	16	\$ 20	24	+23%	11.2x	10.0x		1.1x	1.1x	10%	11%	2.8%
Goldman Sachs Group, Inc.	GS.N	Neutral	75	\$ 169	195	+15%	9.6x	8.8x		1.0x	1.0x	11%	12%	1.3%
JP Morgan Chase & Co	JPM.N	Buy	210	\$ 56	68	+22%	9.6x	8.7x		0.9x	0.9x	10%	11%	3.2%
Keycorp	KEY.N	Neutral	11	\$ 13	15	+15%	11.3x	9.6x		1.1x	1.0x	9%	10%	2.3%
M&T Bank Corp	MTB.N	Neutral	16	\$ 119	135	+14%	13.4x	11.4x		1.2x	1.2x	10%	11%	2.5%
Morgan Stanley	MS.N	Neutral	62	\$ 31	35	+12%	10.8x	9.8x		0.9x	0.9x	8%	9%	1.8%
PNC Financial Services Group Inc	PNC.N	Neutral	43	\$ 81	100	+23%	11.4x	9.8x		1.0x	1.0x	9%	10%	2.6%
Regions Financial Corp	RF.N	Neutral	13	\$ 10	12	+24%	11.4x	10.2x		0.8x	0.7x	7%	8%	2.4%
SunTrust Banks	STI.N	Neutral	19	\$ 37	43	+18%	11.8x	10.8x		0.8x	0.8x	7%	8%	2.2%
US Bancorp	USB.N	Neutral	73	\$ 41	47	+16%	12.5x	11.1x		1.7x	1.6x	14%	14%	2.5%
Wells Fargo & Co	WFC.N	Neutral	259	\$ 50	56	+13%	11.7x	10.7x		1.4x	1.4x	13%	13%	2.9%
Canada			363			-4%	12.4x	11.4x		2.0x	1.9x	17%	17%	3.8%
Royal Bank of Canada	RY.TO	Neutral	105	\$ 79	77	-3%	12.5x	11.7x		2.4x	2.3x	20%	20%	3.8%
Toronto Dominion	TD.TO	Neutral	94	\$ 56	52	-7%	13.1x	12.0x		1.9x	1.8x	15%	15%	3.6%
Scotiabank	BNS.TO	Neutral	80	\$ 72	66	-9%	12.6x	11.6x		1.9x	1.8x	16%	16%	3.8%
Bank of Montreal	BMO.TO	Buy	47	\$ 79	80	+1%	11.5x	10.3x		1.6x	1.5x	15%	15%	4.0%
CIBC	CM.TO	Buy	36	\$ 100	102	+2%	11.3x	10.4x		2.1x	1.9x	20%	19%	4.0%
North America			1399			+12%	11.3x	10.2x		1.3x	1.3x	12%	12%	2.8%
AUSTRALIA / NEW ZEALAND														
ANZ	ANZ.AX	Neutral	84	\$ 33	31	-6%	12.8x	12.3x	11.9x	1.9x	1.8x	15%	14%	5.4%
Bendigo and Adelaide Bank Ltd	BEN.AX	Neutral	5	\$ 12.4	11.0	-11%	14.0x	13.3x	12.9x	1.2x	1.2x	9%	9%	5.3%
Bank Of Queensland Ltd	BOQ.AX	Neutral	4	\$ 12.2	11.5	-6%	13.5x	13.3x		1.3x	1.3x	9%	9%	5.7%
CBA	CBA.AX	Buy	122	\$ 81	84	+3%	15.0x	14.5x	14.0x	2.6x	2.5x	18%	18%	5.2%
National Australia Bank Ltd	NAB.AX	Sell	76	\$ 34	34	-1%	13.5x	13.5x	13.5x	1.9x	1.8x	14%	13%	5.8%
Westpac Banking Corp	WBC.AX	Neutral	97	\$ 34	36	+6%	13.7x	13.5x	13.3x	2.2x	2.1x	15%	15%	5.6%
AUSTRALIA / NZ			388			+1%	13.9x	13.5x	13.2x	2.2x	2.1x	16%	15%	5.5%

Source: Powered by dataCentral

Figure 86. Global Valuation Table – LatAm, MEA and Japan, 8 Aug 2014

Bank	RIC	Rec	M Cap (\$bn)	Share Price			P/E			P/B		ROE		Div Yield
				Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E
LATIN AMERICA														
Argentina			8			-23%	5.7x	4.4x		1.6x	1.2x	32%	31%	2.0%
BBVA Francés	FRA.BA	Sell / H	3	Ar\$ 41.3	33.0	-20%	5.6x	4.3x		1.6x	1.2x	33%	32%	1.7%
Galicía	GFG.BA	Sell / H	2	Ar\$ 15.3	10.2	-33%	6.3x	4.9x		1.6x	1.2x	29%	28%	0.3%
Macro	BMA.BA	Sell / H	3	Ar\$ 39.0	32.5	-17%	5.1x	3.9x		1.5x	1.2x	34%	33%	3.8%
Brazil			223			+6%	8.3x	7.3x		1.5x	1.3x	18%	19%	4.1%
Banco do Brasil	BBAS3.SA	Neutral	35	R\$ 28.0	24.0	-14%	6.6x	5.7x		0.9x	0.9x	15%	16%	6.1%
Bradesco	BBDC4.SA	Neutral	64	R\$ 34.8	35.5	+2%	8.9x	7.7x		1.6x	1.4x	19%	19%	3.4%
Itaú Unibanco	ITUB4.SA	Buy	85	R\$ 35.5	41.8	+18%	8.9x	7.7x		1.8x	1.6x	22%	22%	3.4%
BTG Pactual	BBTG11.SA	Buy	14	R\$ 36.0	40.0	+11%	7.2x	6.1x		1.5x	1.3x	21%	22%	3.3%
Santander Brasil	SANB11.SA	Neutral	25	R\$ 14.9	15.4	+4%	7.9x	7.7x		1.0x	1.0x	6%	9%	5.7%
Chile			22			+20%	11.5x	10.3x		2.0x	1.9x	19%	19%	3.8%
Santander Chile	STG.SN	Buy	12	ChP 36.8	44.0	+20%	12.3x	11.2x		2.5x	2.3x	21%	21%	4.4%
BCI	BCI.SN	Buy	6	ChP 32200	42000	+30%	10.0x	9.0x		1.6x	1.4x	17%	17%	2.5%
Corpbanca	COB.SN	Neutral	4	ChP 6.8	7.1	+4%	11.0x	9.8x		1.4x	1.3x	13%	13%	4.0%
Mexico			64			+7%	16.1x	13.8x		2.3x	2.0x	17%	17%	2.3%
Banorte	GFNORTEO.MX	Neutral	19	P\$ 92	104	+13%	13.1x	10.9x		1.8x	1.6x	15%	16%	1.1%
Santander México	SANMEXB.MX	Neutral	19	P\$ 36.3	34.5	-5%	14.8x	12.8x		2.1x	2.0x	15%	16%	3.3%
Banregio	GFREGIOO.MX	Buy	2	P\$ 75	90	+20%	12.4x	10.4x		2.2x	1.8x	19%	19%	1.2%
Inbursa	GFINBURO.MX	Buy	21	P\$ 41.4	44.8	+8%	20.5x	17.8x		2.6x	2.4x	19%	18%	2.8%
Gentera	GENTERA.MX	Buy	3	P\$ 27.5	32.5	+18%	15.0x	13.0x		3.4x	2.9x	24%	24%	2.3%
Peru			15			+27%	11.3x	9.6x		2.1x	1.8x	20%	21%	2.8%
Credicorp	BAP.N	Buy	12	\$ 418	540	+29%	11.4x	9.7x		2.1x	1.8x	20%	20%	2.3%
Intercorp	IFS.LM	Buy	3	NS 91	106	+17%	10.8x	9.4x		2.3x	2.0x	22%	23%	4.9%
LATIN AMERICA			331			+8%	10.1x	8.8x		1.7x	1.5x	18%	19%	3.6%
MIDDLE EAST & AFRICA														
Egypt			6			-42%	8.9x	7.7x	6.6x	2.2x	1.9x	27%	27%	5.1%
Commercial International Bank Egypt	COMI.CA	Neutral / H	6	£ 43.9	25.3	-42%	8.9x	7.7x	6.6x	2.2x	1.9x	27%	27%	5.1%
Nigeria			5			+16%	5.6x	4.6x	3.9x	1.3x	1.1x	24%	25%	8.9%
Zenith Bank Plc	ZENITHB.LG	Buy	5	₦ 25.0	29.0	+16%	5.6x	4.6x	3.9x	1.3x	1.1x	24%	25%	8.9%
MIDDLE EAST & AFRICA			10			-15%	7.4x	6.3x	5.4x	1.8x	1.5x	25%	26%	6.9%
JAPAN														
Aozora Bank	8304.T	Buy	4	¥ 344	350	+2%	12.0x	11.6x	9.7x	1.5x	1.4x	8%	8%	4.4%
Bank of Yokohama	8332.T	Buy	7	¥ 568	700	+23%	12.4x	12.5x	12.0x	0.8x	0.8x	7%	6%	2.3%
Chiba Bank	8331.T	Buy	6	¥ 716	850	+19%	14.5x	14.8x	14.1x	0.8x	0.7x	5%	5%	1.7%
Sumitomo Mitsui Trust Holdings	8309.T	Buy	16	¥ 425	580	+36%	12.7x	11.2x	10.3x	0.8x	0.8x	7%	7%	2.8%
Daiwa Securities Group	8601.T	Buy	14	¥ 844	1200	+42%	8.8x	10.0x	9.8x	1.4x	1.2x	15%	13%	3.3%
Fukuoka Financial Group	8354.T	Buy	4	¥ 516	550	+7%	9.9x	10.1x	9.9x	0.6x	0.6x	6%	6%	2.1%
Hiroshima Bank	8379.T	Buy	3	¥ 490	600	+22%	13.4x	14.4x	14.1x	0.9x	0.8x	6%	6%	1.6%
Joyo Bank	8333.T	Buy	4	¥ 541	700	+29%	18.8x	19.5x	18.3x	0.8x	0.7x	4%	4%	1.8%
Mitsubishi UFJ Financial Group	8306.T	Buy	82	¥ 592	800	+35%	12.0x	11.6x	10.3x	0.6x	0.6x	5%	5%	2.5%
Mizuho Financial Group	8411.T	Buy	47	¥ 197	320	+63%	9.3x	8.5x	8.1x	0.8x	0.7x	8%	8%	3.6%
Nomura Holdings	8604.T	Buy	23	¥ 644	1000	+55%	12.1x	8.9x	8.0x	0.9x	0.8x	8%	10%	2.5%
Resona Holdings	8308.T	Buy	12	¥ 549	700	+27%	10.9x	10.4x	9.3x	1.0x	0.9x	7%	7%	2.7%
Seven Bank	8410.T	Sell	5	¥ 414	300	-28%	22.6x	20.3x	19.2x	2.8x	2.5x	13%	13%	1.9%
Shiga Bank	8366.T	Buy	2	¥ 597	750	+26%	21.1x	23.3x	20.3x	0.5x	0.5x	3%	2%	1.0%
Shinsei Bank	8303.T	Buy	6	¥ 215	330	+53%	22.2x	19.0x	17.5x	0.8x	0.7x	4%	4%	0.5%
Shizuoka Bank	8355.T	Buy	7	¥ 1077	1200	+11%	18.2x	20.2x	21.6x	0.8x	0.8x	4%	4%	1.5%
Sumitomo Mitsui Financial Group	8316.T	Buy	55	¥ 4100	6500	+59%	10.4x	9.4x	8.4x	0.7x	0.7x	7%	7%	3.2%
JAPAN			237			+40%	12.1x	11.5x	10.6x	0.8x	0.8x	7%	7%	2.6%

Source: Powered by dataCentral

Figure 87. Global Valuation Table – Asia, 8 Aug 2014

Bank	RIC	Rec	M Cap (\$bn)	Share Price			P/E			P/B		ROE		Div Yield	
				Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E	
ASIA															
China			888			+19%	4.7x	4.2x		0.8x	0.7x	18%	18%	7.1%	
Agricultural Bank of China	1288.HK	Buy	156	Rmb	3.0	3.3	+13%	4.9x	4.4x		0.9x	0.8x	19%	18%	7.1%
Bank of China	3988.HK	Buy	132	Rmb	2.9	3.3	+15%	5.0x	4.4x		0.7x	0.6x	16%	16%	7.4%
Bank of Communications	3328.HK	Neutral	56	Rmb	4.6	4.5	-4%	4.9x	4.5x		0.7x	0.6x	14%	14%	6.1%
China CITIC Bank	0998.HK	Neutral	30	Rmb	4.0	3.1	-22%	4.2x	3.7x		0.7x	0.6x	17%	17%	6.0%
China Construction Bank	0939.HK	Buy	188	Rmb	4.6	6.2	+34%	4.4x	3.9x		0.8x	0.7x	20%	20%	7.9%
China Merchants Bank	3968.HK	Buy	50	Rmb	12.1	15.1	+24%	4.8x	4.2x		0.9x	0.8x	19%	19%	6.2%
China Minsheng Banking	1988.HK	Sell	34	Rmb	6.2	4.6	-25%	4.2x	3.7x		0.8x	0.6x	20%	20%	5.0%
Industrial & Commercial Bank of China	1398.HK	Buy	234	Rmb	4.1	5.2	+28%	4.9x	4.4x		0.9x	0.8x	19%	19%	7.3%
Chongqing Rural Commercial Bank	3618.HK	Buy	5	Rmb	3.1	4.0	+29%	3.9x	3.6x		0.6x	0.5x	17%	17%	7.9%
Huishang Bank	3698.HK	Sell	5	Rmb	2.7	2.5	-5%	5.4x	5.1x		0.7x	0.7x	14%	14%	3.7%
Hong Kong			80			+18%	11.5x	10.6x		1.6x	1.4x	14%	14%	4.4%	
Bank of East Asia	0023.HK	Neutral	10	\$	33.3	33.0	-1%	11.4x	10.5x		1.1x	1.0x	10%	10%	3.6%
Bank of China (Hong Kong)	2388.HK	Buy	33	\$	24.6	32.0	+30%	9.7x	8.6x		1.4x	1.3x	15%	15%	4.9%
Dah Sing Banking	2356.HK	Buy	3	\$	14.0	13.1	-6%	9.9x			1.0x		10%		2.8%
Dah Sing Financial	0440.HK	Buy	2	\$	43.6	47.0	+8%	8.8x			0.6x		8%		3.3%
Hang Seng Bank	0011.HK	Buy	32	\$	131	150	+15%	13.6x	12.6x		2.0x	1.9x	16%	16%	4.4%
India			172			+16%	16.4x	13.6x	14.7x	2.7x	2.3x	17%	18%	1.4%	
AXIS Bank	AXBK.BO	Buy	15	Rs	381	460	+21%	13.9x	11.4x		2.0x	1.8x	16%	17%	1.0%
Bank of Baroda	BOB.BO	Buy	6	Rs	878	1150	+31%	7.7x	6.7x		0.9x	0.8x	13%	13%	2.1%
Canara Bank	CNBK.BO	Neutral	3	Rs	394	510	+29%	6.0x	5.1x		0.6x	0.5x	10%	11%	3.6%
Federal Bank	FED.BO	Buy	2	Rs	117	145	+24%	10.6x	8.1x		1.3x	1.1x	13%	15%	1.8%
HDFC Bank	HDBK.BO	Neutral	32	Rs	812	910	+12%	18.8x	15.2x		3.9x	3.2x	22%	23%	1.0%
Housing Development Finance	HDFC.BO	Neutral	27	Rs	1039	1100	+6%	24.0x	20.5x		5.1x	4.5x	23%	23%	1.6%
ICICI Bank	ICBK.BO	Buy	27	Rs	1448	1700	+17%	14.5x	11.8x		2.0x	1.8x	15%	16%	1.5%
Indusind Bank	INBK.BO	Sell	5	Rs	549	500	-9%	17.7x	14.1x		2.8x	2.4x	17%	18%	0.7%
Kotak Mahindra Bank	KTKM.BO	Neutral	12	Rs	941	930	-1%	23.9x	18.7x	14.7x	3.3x	2.8x	15%	16%	0.1%
State Bank of India	SBI.BO	Buy	30	Rs	2441	3030	+24%	14.1x	12.0x		1.4x	1.3x	11%	12%	1.4%
Union Bank Of India	UNBK.BO	Neutral	2	Rs	202	270	+34%	7.3x	6.2x		0.6x	0.6x	9%	10%	4.5%
Yes Bank	YESB.BO	Neutral	4	Rs	532	620	+17%	10.5x	8.4x		1.9x	1.6x	23%	21%	1.6%
IDFC	idfc.BO	Buy	4	Rs	149	175	+17%	10.2x	8.8x		1.3x	1.2x	14%	14%	2.0%
Punjab National Bank	PNBK.BO	Buy	5	Rs	925	1240	+34%	6.7x	5.6x		0.8x	0.8x	13%	14%	2.7%
Indonesia			80			-15%	12.3x	10.7x		2.3x	2.0x	20%	19%	1.8%	
Bank Central Asia	BBCA.JK	Sell	24	Rp	11600	8150	-30%	15.6x	13.6x		3.1x	2.6x	22%	21%	1.3%
Bank Danamon Indonesia	BDMN.JK	Sell	3	Rp	3800	3225	-15%	8.1x	7.2x		1.0x	0.9x	13%	13%	3.7%
Bank Mandiri (Persero)	BMRI.JK	Neutral	20	Rp	10200	9150	-10%	12.2x	10.6x		2.0x	1.8x	18%	18%	1.6%
Bank Negara Indonesia	BBNI.JK	Buy	8	Rp	5075	5450	+7%	9.6x	8.9x		1.6x	1.4x	18%	17%	2.1%
Bank Rakyat Indonesia (Persero)	BBRI.JK	Neutral	22	Rp	10800	9450	-13%	10.9x	9.5x		2.3x	1.9x	23%	22%	1.8%
PT Bank Bukopin	BBKP.JK	Sell / H	1	Rp	695	600	-14%	6.4x			0.8x		13%		0.0%
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	BJBR.JK	Sell / H	1	Rp	830	900	+8%	6.6x	6.1x		1.1x	1.0x	17%	17%	8.4%
Bank Tabungan Negara	BBTN.JK	Neutral / H	1	Rp	1135	1225	+8%	6.3x	5.3x		0.8x	0.7x	14%	15%	4.1%

Source: Powered by dataCentral

Figure 88. Global Valuation Table – Asia (Cont.), 8 Aug 2014

			M Cap	Share Price				P/E			P/B		ROE		Div Yield
Bank	RIC	Rec	(\$bn)		Now	Target	+/-%	2015E	2016E	2017E	15E	16E	15E	16E	2015E
Korea			41				+2%	10.0x	9.1x	8.4x	0.7x	0.7x	8%	8%	1.5%
Hana Financial Group	086790.KS	Buy	12	W	41800	45000	+8%	8.3x	7.5x	6.9x	0.5x	0.5x	6%	7%	1.0%
Shinhan Financial Group	055550.KS	Neutral	23	W	51000	49000	-4%	11.2x	10.3x	9.6x	0.8x	0.8x	8%	8%	1.6%
BS Financial Group	138930.KS	Buy	4	W	16700	19000	+14%	9.4x	8.5x	7.7x	0.8x	0.8x	9%	10%	1.8%
DGB Financial Group	139130.KS	Buy / H	2	W	16600	20000	+20%	6.5x	5.9x	5.6x	0.7x	0.6x	11%	11%	3.0%
Malaysia			70				+7%	12.6x	11.5x	8.8x	2.0x	1.8x	16%	16%	4.3%
AMMB	AMMB.KL	Neutral	7	RM	7.1	7.6	+6%	10.7x	9.7x	8.8x	1.5x	1.4x	15%	15%	3.8%
Maybank	MBBM.KL	Buy	28	RM	10.0	11.1	+11%	11.7x	10.5x		1.7x	1.6x	15%	16%	5.6%
Public Bank	PUBM.KL	Neutral	24	RM	19.8	20.9	+6%	14.7x	13.4x		2.5x	2.3x	18%	18%	3.1%
Alliance Financial Group	ALFG.KL	Sell	2	RM	4.9	4.8	-3%	12.4x	11.4x		1.8x	1.6x	14%	15%	4.5%
Hong Leong Bank	HLBB.KL	Sell	8	RM	14.0	13.8	-2%	11.6x	10.8x		1.5x	1.4x	14%	14%	3.5%
Philippines			21				+6%	14.1x	11.0x		1.9x	0.5x	14%	5%	1.8%
Banco de Oro	BDO.PS	Buy	7	P	91	105	+15%	13.1x	11.0x		1.7x	1.6x	14%	15%	2.3%
Bank of Philippine Islands	BPI.PS	Neutral	9	P	96	90	-7%	16.3x			2.4x		15%		1.9%
Metrobank	MBT.PS	Buy	5	P	86	98	+13%	12.1x			1.4x		12%		0.9%
Singapore			65				+2%	10.4x	9.6x		1.2x	1.1x	12%	12%	4.1%
DBS Group	DBSM.SI	Buy	36	\$	18.1	19.0	+5%	10.0x	9.1x		1.2x	1.1x	12%	12%	4.4%
UOB	UOBH.SI	Sell	29	\$	22.6	22.6	-0%	10.9x	10.2x		1.3x	1.2x	12%	12%	3.8%
Taiwan			30				-10%	11.4x	10.6x		1.3x	1.2x	11%	12%	3.2%
E. Sun FHC	2884.TW	Sell	4	\$	19.8	17.0	-14%	11.4x	10.3x		1.2x	1.1x	11%	11%	2.1%
Taishin FHC	2887.TW	Buy	5	\$	16.0	17.0	+7%	9.7x	9.0x		1.1x	1.0x	11%	12%	1.8%
CTBC Financial Holding	2891.TW	Neutral	10	\$	21.0	20.0	-5%	11.4x	10.7x		1.4x	1.3x	13%	13%	3.5%
Mega FHC	2886.TW	Sell	11	\$	26.1	20.5	-21%	12.1x	11.2x		1.2x	1.2x	10%	11%	4.0%
Thailand			62				+9%	10.2x	9.0x		1.6x	1.5x	17%	17%	3.6%
Bangkok Bank	BBLf.BK	Buy	12	Bt	199	225	+13%	9.5x	8.6x		1.1x	1.0x	12%	12%	4.2%
Kasikornbank	KBANKf.BK	Buy	16	Bt	221	246	+11%	10.3x	8.9x		1.8x	1.6x	19%	19%	2.5%
Krung Thai Bank	KTb.BK	Neutral	10	Bt	22.3	23.5	+5%	9.2x	8.2x		1.3x	1.2x	15%	15%	4.4%
Siam Commercial Bank	SCB.BK	Buy	19	Bt	182	205	+13%	10.2x	9.1x		2.0x	1.7x	20%	20%	3.9%
TISCO Financial Group	TISCO.BK	Sell	1	Bt	40.8	38.0	-7%	7.3x	6.3x		1.2x	1.1x	17%	18%	5.5%
TMB Bank	TMB.BK	Sell	4	Bt	2.8	2.1	-26%	14.7x	13.2x		1.7x	1.6x	12%	12%	2.2%
ASIA			1468				+14%	8.0x	7.0x	13.0x	1.3x	1.1x	17%	17%	5.5%

Source: Citi Research

Figure 89. Citi Global Banks Team (For informational purposes only)

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Appendix A-1

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