

Equities

16 March 2012 | 56 pages

Trading Up Into 1Q12 Reporting Season

■ Industry Overview

- **Banking on Markets 21st Edition** — In this report, we preview the 1Q12 IB reporting season. Overall, we see a marked recovery in revenue pools from depressed 4Q11 levels led by stronger trading or market-making performance, in a post-ECB LTRO environment of tightening credit spreads and reversal of 'basis risk'.
- **Upgrading FICC Revenue Pool Forecasts** — The 2011 FICC revenue pool of US\$100bn was impacted by significant crisis 'hits' – we estimate US\$20-25bn driven by a combination of lower customer activity and challenging market conditions. Although volumes continue to track down, trading performance has clearly improved significantly. We are upgrading our 2012 FICC revenue pool forecast from a modest decline to high single-digit growth.
- **Credit Derivatives and Equity Derivatives Most To Gain** — In our view, 'dynamic hedging' franchises like credit trading and equity derivatives are likely to stand most to gain support by a reversal in 'basis risk' as well as improved metrics around volatility, correlation and dividends. Although volumes are generally tracking down, corporate DCM issuance has had a very strong start to the year, up 36% yoy. In particular, €-denominated issuance is up 78% yoy, which may partly reflect 'pent-up' supply but also the onset of a structural disintermediation trends.
- **Restructuring Has Kicked-Off, But Early Stages** — Weak industry profitability with 2011 Basel 3 RoE of 'only' 7% (13% in 2011) has kicked-off industry restructuring. However, we believe that this is still in the early stages with most of the capital reduction being driven by either legacy assets or long-dated trades as part of a more-efficient Basel 3 model.
- **Positioning for 1Q strength** — From a business mix perspective, Deutsche Bank (DBKGn.DE; €38.62; 2) and Barclays (BARC.L; £2.51; 1) have leading positions in credit trading while Credit Suisse (CSGN.VX; SFr27.39; 1) has a significant FICC bias; BNP Paribas (BNPP.PA; €39.34; 1) and SocGen (SOGN.PA; €24.88; 1) are global leaders in equity derivatives. Recent VaR trends also suggest Barclays and BNP Paribas as having relatively better inventory positioning into 1Q12.
- **Most Preferred Barclays, French Banks** — Our Most Preferred stocks, Barclays, BNP Paribas and SocGen (we are Overweight French banks), should benefit from their leading DCM franchises and the seasonal 1Q revenue strength. Although not one of our Most Preferred stocks, we believe Credit Suisse stands out as having lagged, despite being amongst the most exposed to the 1Q12 capital markets rebound (CS, *Lagging IB Recovery*, 7 March 2012).
- **Updating estimates and target prices** — Please see page 2 summary table.

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

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Data Summary

Ticker	Rating		Target Price		Current Year Earnings Estimates		Next Year Earnings Estimates	
	Old	New	Old	New	Old	New	Old	New
BNPP.PA	1	1	€47.00	€47.00	€4.91	€5.02	€5.63	€5.75
CSGN.VX	1	1	SFr29.00	SFr31.00	SFr2.20	SFr2.35	SFr3.59	SFr3.75
DBKGn.DE	2	2	€35.00	€39.00	€4.60	€4.76	€5.34	€5.50
SOGN.PA	1	1	€32.00	€32.00	€2.63	€2.66	€4.38	€4.41
CAGR.PA	2	2	€5.30	€5.30	€0.60	€0.65	€1.06	€1.06
UBSN.VX	1	1	SFr15.00	SFr15.50	SFr1.40	SFr1.43	SFr1.51	SFr1.54

Source: DataCentral

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Executive Summary

2012 gets off to a stronger start,
upgrading FICC revenue pool forecasts

Credit trading & equity derivatives likely
to fare best

Our Most Preferred stocks (Barclays,
BNP Paribas and SocGen) as well as
Credit Suisse stand best-placed

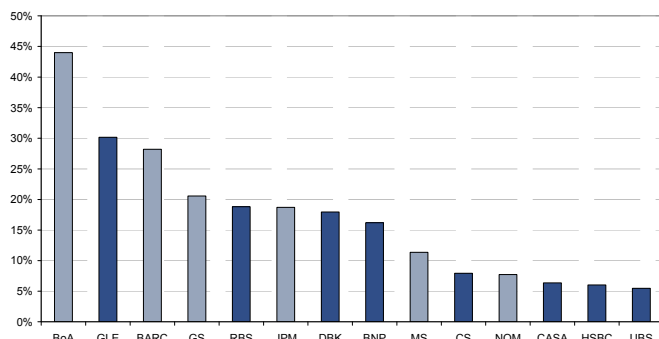
The start of 2012 has been somewhat stronger-than-expected for capital markets business. The ECB 'backstop' via 3-year LTROs has supported a re-risking environment, even if volume trends have yet to meaningfully improve. While 2011 represented a 'slower-motion' version of some of the 4Q08 issues (the worst quarter in IB history), 1Q12 should offer a tamer version of the exceptional 1Q09 recovery. We upgrade our 2012 FICC revenue pool forecast to high-single digit growth, from a modest decline.

We believe that there will be **3 key differentiating drivers in 1Q12**:

1. **Business mix** - Banks more exposed to credit trading and equity derivatives stand most to benefit in 1Q12. Amongst European banks, Deutsche Bank has a leading position in credit trading while Credit Suisse has a strong credit trading bias within its FICC franchise. Separately, BNP Paribas and SocGen have leading equity derivatives franchises and also have leading €-denominated DCM franchises.
2. **Recent VaR Trends** - Banks with relatively-better positioning into 1Q12 should potentially be better positioned into the dramatic spread-tightening environment year-to-date. Our analysis suggests that Barclays, BNP Paribas and HSBC are best-positioned out of the major European franchises.
3. **4Q11 Comps** - Banks that fared somewhat worse in 4Q11 - perhaps as a result of basis risk or other hedging losses - stand most to gain into 2012. Indeed, the ECB backstop, via LTROs, has reduced both banking & sovereign risks, and supported a reversal of 'stressed' trading metrics. In FICC, we would highlight Credit Suisse, Credit Agricole together with Deutsche Bank, RBS and Barclays from this perspective. In EQ, Credit Suisse, Barclays and SocGen could potentially see the greatest rebound from 4Q11.

- Our Most Preferred stocks – **Barclays, BNP Paribas and SocGen** – should be key beneficiaries of 1Q12 capital markets strength. Although not one of our Most Preferred stocks, we believe **Credit Suisse** (which has lagged peers year-to-date) should also be a key beneficiary of improved credit markets.

Figure 1. Wholesale Banks – Relative Share Performance, YTD



Source: DataStream
Note: Performance relative to MSCI World

Figure 2. Wholesale Banks – Relative Share Performance, Last 12m

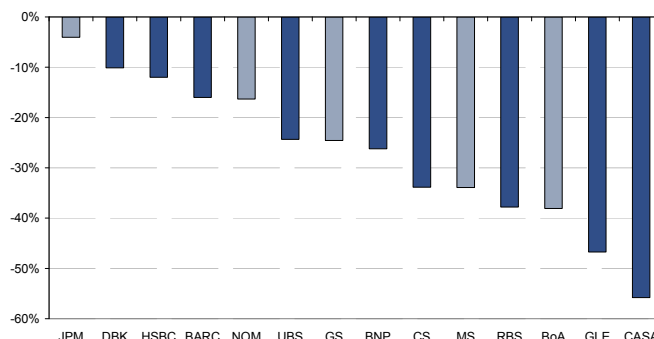


Figure 3. Industry Trends in Volumes & Spreads in 1Q12 vs 4Q11

	Trends versus 4Q11			Market Trend	=	Industry Revenue Impact
	Industry Volume (\$)	x	Industry Margin (%)			
Fixed Income						
Global Rates	↓		↔	Volatility ↓ Yields ↓ Significant decline in €zone periphery yield; Recent retracement in UST yields		↑
Foreign exchange	↓		↔	Volatility ↓		↔
Credit trading	↑		↔	Spreads ↓ Volatility ↓		↑↑
Equity						
Cash equities	↑		↔	Prices ↑		↑
Equity Derivatives	↓		↔	Volatility ↓ Correlation ↓ Dividends ↑ Skew ↓		↑↑
Prime services	↔		↔	HF performance ↑		↑
Primary						
Completed M&A	↓		↔	↔		↓
Investment grade debt underwriting	↑		↔	Recovering Issuance ↑		↑
High yield underwriting	↑		↔	Recovering Issuance ↑		↑↑
Equity underwriting	↓		↔	↓		↓

Source: Citi Investment Research and Analysis

Figure 4. Key Estimates Change Summary, 1Q12E (Reporting Currency)

Bank	FICC Revenues			IB Pre-tax Profit			Group Net Profit			EPS		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Credit Suisse	2,099	2,330	11%	340	571	68%	620	793	28%	0.50	0.64	28%
Deutsche Bank	2,850	3,128	10%	1,310	1,394	6%	1,352	1,411	4%	1.42	1.48	4%
UBS	1,436	1,547	8%	437	483	10%	1,609	1,645	2%	0.42	0.43	2%
BNP Paribas	1,370	1,550	13%	658	727	10%	1,480	1,528	3%	1.16	1.20	3%
Societe Generale	607	635	5%	323	333	3%	631	638	1%	0.70	0.71	1%
Credit Agricole*	422	470	11%	141	150	7%	456	576	26%	0.18	0.23	26%

Source: Citi Investment Research and Analysis

* CASA EPS changes also reflect recent announcement; refer to LME Gains Partly Offset by Further Greek PSI Losses (16 March 2012)

Figure 5. Key Estimates Change Summary, 2012E (Reporting Currency)

Bank	FICC Revenues			IB Pre-tax Profit			Group Net Profit			EPS		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Credit Suisse	5,035	5,483	9%	1,366	1,618	18%	2,768	2,957	7%	2.20	2.35	7%
Deutsche Bank	7,863	8,630	10%	3,466	3,684	6%	4,118	4,270	4%	4.60	4.76	3%
UBS	4,183	4,490	7%	1,193	1,319	11%	5,337	5,441	2%	1.40	1.43	2%
BNP Paribas	4,253	4,814	13%	1,967	2,166	10%	6,225	6,364	2%	4.91	5.02	2%
Societe Generale	1,847	1,931	5%	1,186	1,215	2%	2,401	2,421	1%	2.63	2.66	1%
Credit Agricole*	1,221	1,358	11%	215	232	8%	1,499	1,624	8%	0.60	0.65	8%

Source: Citi Investment Research and Analysis

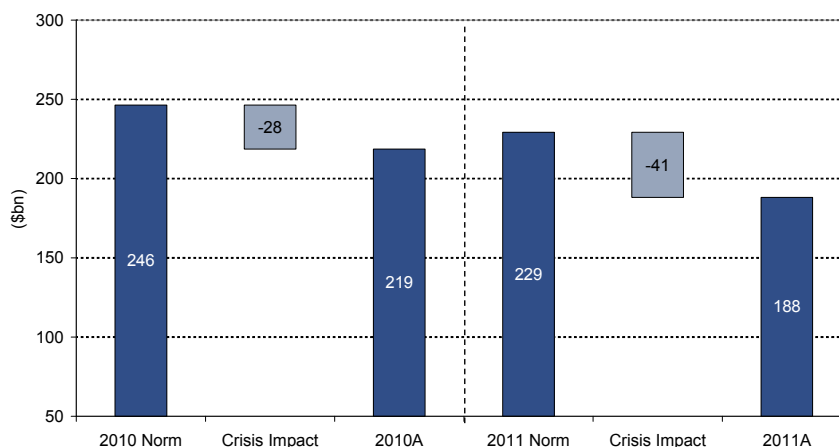
* CASA EPS changes also reflect recent announcement; refer to LME Gains Partly Offset by Further Greek PSI Losses (16 March 2012)

2011 - A Crisis Year

We estimate an overall 2011 crisis impact of US\$35-40bn, including FICC impact of US\$20-25bn

- The 2011 capital markets revenue pool disappointed, as the crisis weighed on customer activity and trading performance. At US\$195bn, the revenue pool was down c12% from 2010 levels (US\$221bn). The decline in the FICC revenue pool was greater at almost 20%.
- In 2011, we estimate a crisis impact of US\$35-40bn – driven by a combination of ‘risk-off’ environment and challenging trading conditions. We believe that trading conditions were most challenging in the ‘dynamic hedging’ franchises, namely credit trading and equity derivatives.

Figure 6. Capital Markets Revenue Pool & Crisis Impact, 2010-11



Source: Company Reports and CIRA Estimates

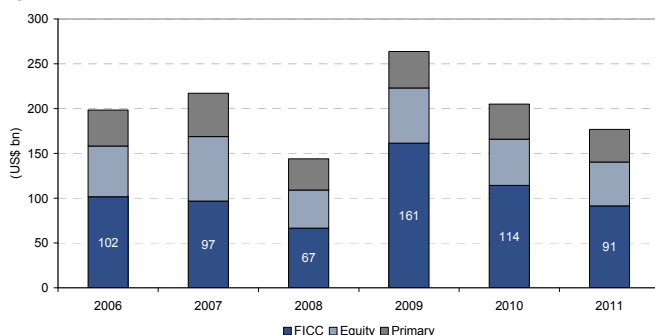
Note: IB revenue pool consists of 14 global wholesale banks. Normalised revenues based on historic sequential revenue trends applied to actual first quarter revenues

Industry Restructuring Kicks-Off

We estimate a 2011 Basel 3 RoE of 7%, down from 13% in 2010

- The 2011 capital markets revenue pool was significantly lower, off one-third, from peak 2009 levels (US\$295bn) and comparable to 2004-05 levels. In particular, the industry pretax margin fell sharply to 22%, from a 2010 level of c34%. Likewise, we estimate a Basel 3 RoE of c7% compared to a 2010 level of 13% (post-mitigation basis) clearly below cost of equity. This weakness has kicked-off the long-awaited industry restructuring although at the relatively early stages – with most of the capital/RWA reduction focus on legacy assets and historic long-dated trades.

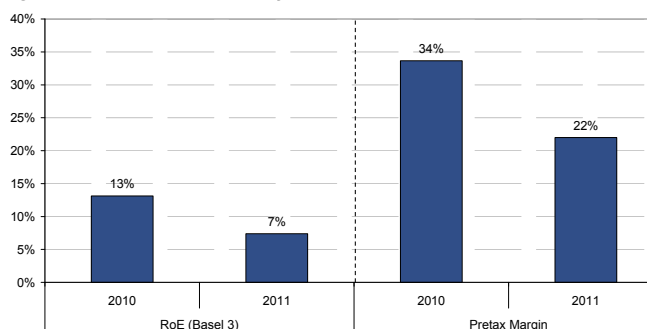
Figure 7. Global IB Revenue Pool Trends, 2006-11



Source: Company Reports

Note: Based on 12 global wholesale banks

Figure 8. Global IB Profitability Metrics, 2010-11



Source: Company Reports

Note: Based on GS, JPM, MS, BoA, BNPP, CASA, GLE, CS, DBK, UBS, BARC, RBS, Nomura & Macquarie.

1Q12 Trading Rebound

We upgrade our FICC revenue pool forecast to cUS\$110bn, from US\$100bn in 2011

Capital market businesses have generally had a stronger-than-expected start to the year. In our view, trading or 'market-making' performance has been the single, largest driver: Over & above the 'normal' seasonal rebound into 1Q, trading has been supported by a 'normalisation' in risk parameters – with ECB LTROs reducing Europe banking & sovereign 'tail-risk'.

We are upgrading our 2012 FICC revenue pool forecast to high-single digit growth, versus 2011 levels and our previous forecast of a modest decline. Whereas we expect the 1Q12 revenue pool to fall modestly short of strong 1Q11 levels, we expect 2Q-4Q12E to be comfortably ahead of 2Q-4Q11 levels which were notably impacted by the European sovereign crisis.

Figure 9. FICC Revenue Pool, Crisis Impact & Forecast, 2010-12E

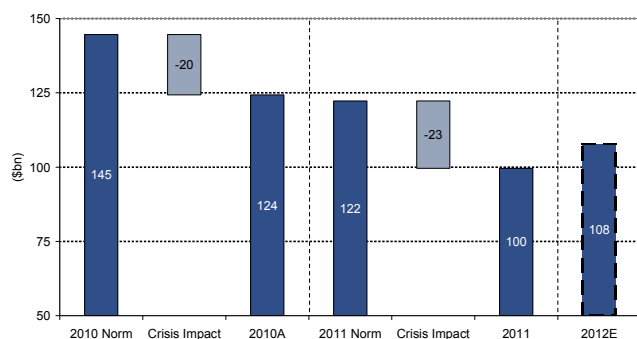
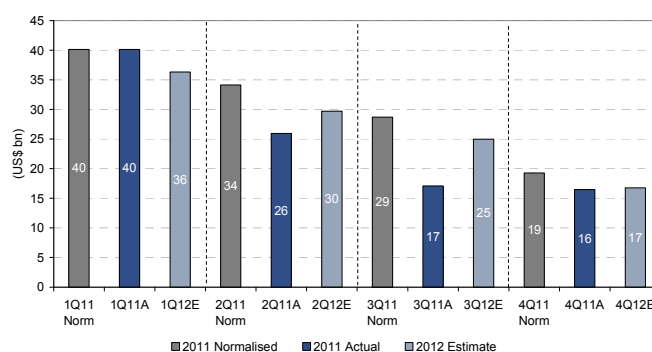


Figure 10. FICC Revenue Pool Progression



Source: Company Reports and CIRA Estimates

Note: IB revenue pool consists of 14 global wholesale banks. Normalised revenues based on historic sequential revenue trends applied to actual first quarter revenues

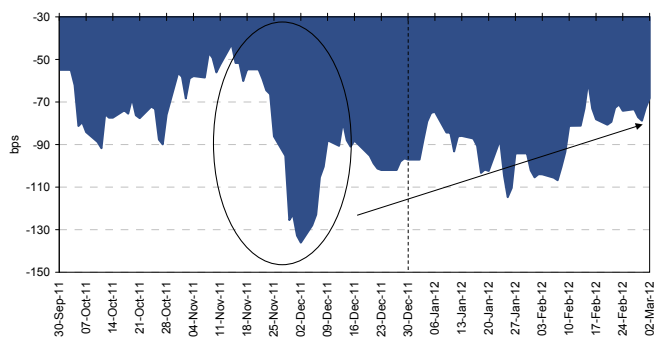
Credit & Equity Derivatives Lead The Way

Credit trading & equity derivatives will have notably benefited from basis risk reversal & a significant improvement in market parameters

In a reversal of 2H11 performance, we expect credit trading and equity derivatives to drive 1Q12 strength. 'Basis risk' reversal should notably support credit trading strength (Figure 11) as well as across-the-board tightening of credit spreads. Likewise, all key market metrics for the equity derivatives business have improved substantially, namely volatility, correlation, skew and dividends.

Despite substantial Fed Maiden Lane auctions year-to-date, structured credit indices (ABX & CMBX) have continued to improve (Figure 13-11). These included the sales of a \$7bn face value portfolio CS (Jan 19), \$6.2bn portfolio to GS (Feb 8) and \$6.0bn to CS (Feb 8). In our view, Credit Suisse is likely to have been one of the clear winners of the improved activity and market conditions in the non-agency US RMBS business with a leading market share (No 1 ranking in 2011, according to the bank, with a 13% market share).

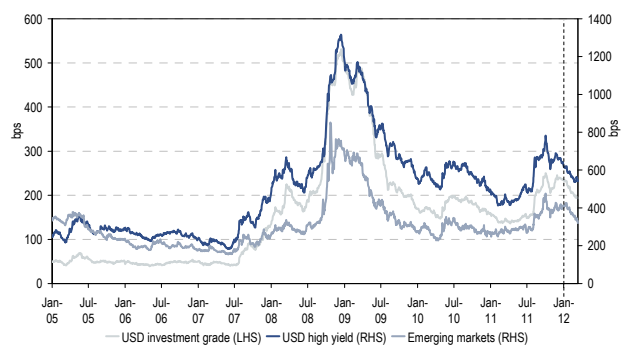
Figure 11. Basis Risk Trends - Financials



Source: Markit

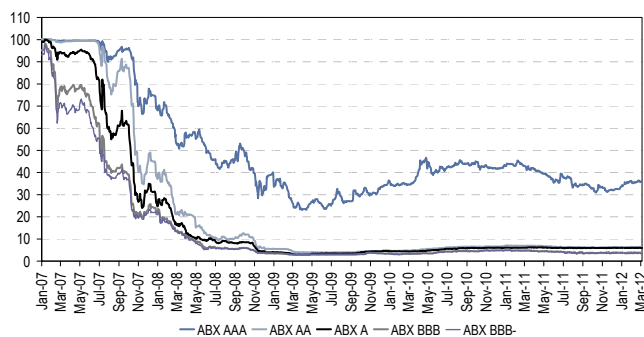
Note: Based on cash and CDS spreads for financial corporates

Figure 12. Corporate & Emerging Market Spreads



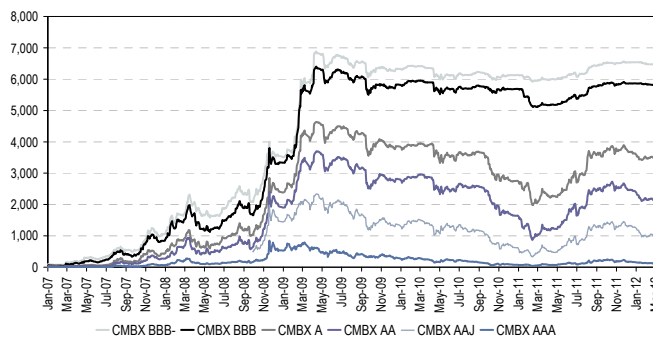
Source: Citi Investment Research and Analysis

Figure 13. ABX Price Index



Source: Markit

Figure 14. CMBX Spread Index



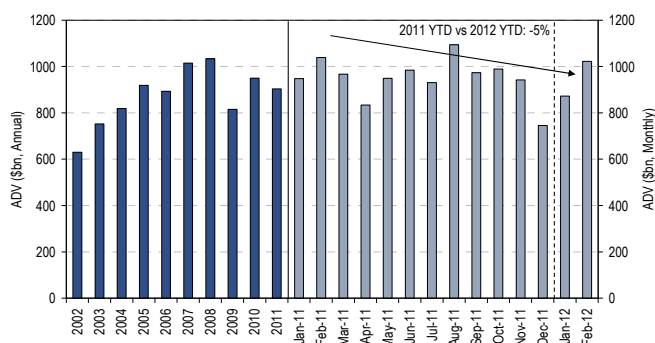
Source: Markit

Volume Trends Muted

Overall volumes remain relatively muted with Equities underperforming FICC

Overall, volume trends remain relatively muted. We attribute this primarily to lower trading velocity, with a more cautious and narrower investor base, lower use of leverage as well as perhaps the regulatory overhang. Equity volumes are clearly underperforming FICC, while DCM trends are significantly healthier than ECM. Fundamentally, such trends clearly support FICC-biased players (eg Barclays) versus those exposed to EQ (eg UBS).

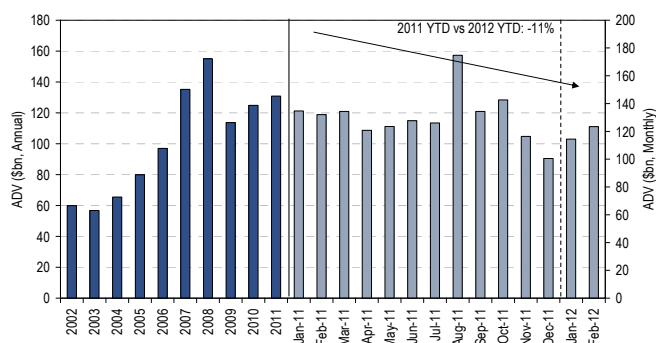
Figure 15. Aggregate FICC volume trends (ADV, \$bn)



Source: SIFMA

Note: Based on Municipal, Treasury, Agency MBS, Agency securities, & Corporate Debt

Figure 16. Aggregate Equity volume trends (ADV, \$bn)



Source: DataStream

Figure 17. Key Product Vols – Chg Year-on-Year (1Q12 vs 1Q11)

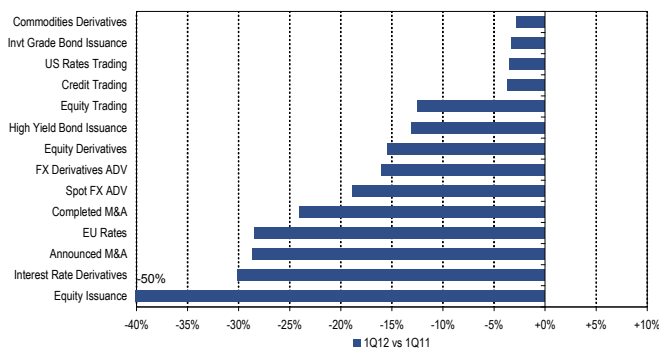
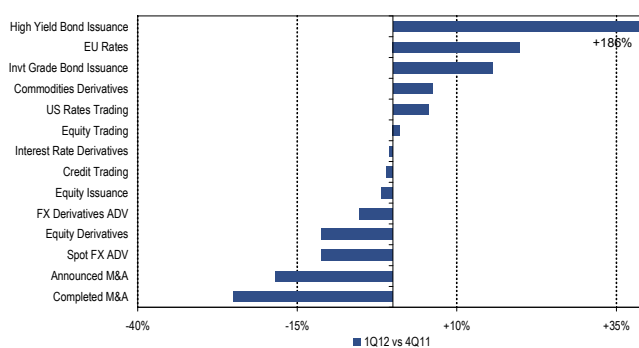


Figure 18. Key Product Vols – Chg Quarter-on-Quarter (1Q12 vs 4Q11)



Note: Figures show % change in US\$ value of European and US transactions with the exception of:

Credit trading shows ADV US bond trading only, sourced from the Fed. Rates trading based on average growth of European transactions traded on LSE and US transactions data from the Fed. Interest rate derivatives show volume of STIR derivatives traded on Liffe and LTIR derivatives on Eurex. Currency derivatives are as traded on CME, commodity derivatives are as traded on ICE and equity derivatives are as traded on Liffe and Eurex. Spot FX as traded via ICAP.

M&A completed, Equity Issuance, and High and Invt Grade bond issuance are revenue based, and M&A announced is volume based, as per Dealogic.

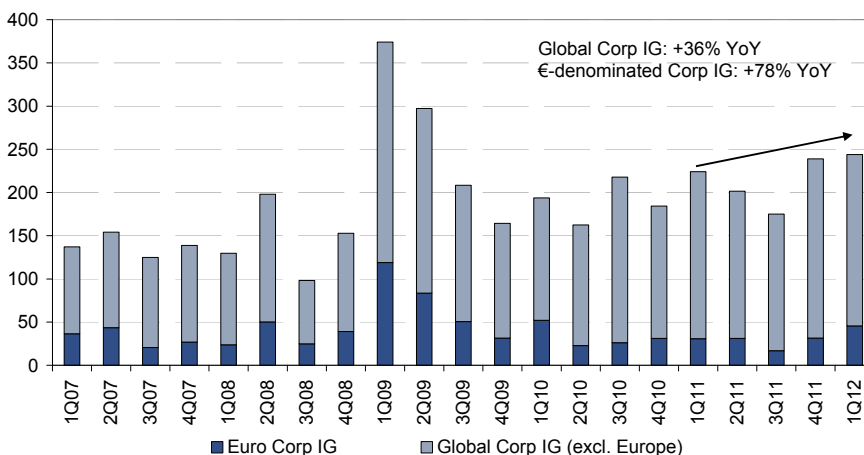
Source: CME, Datastream, Dealogic, Eurex, Euronext.Liffe, Federal Reserve, ICAP, ICE, LSE, and Citi Investment Research and Analysis

Debt issuance – notably €-denominated corporate issuance – has been notably strong...

DCM showing leadership

The strongest volume trends have been seen DCM issuance, notably in corporate issuance. On a year-to-date basis, corporate bond issuance is up 36% yoy, although part of this strength may relate to 'pent-up' issuance from 2H11. Corporates are clearly taking advantage of the benign market conditions in the context of tightening credit spreads and a low interest rate environment.

Figure 19. Corporate DCM Volumes 1Q07 – 1Q12 (€bn)



Source: Dealogic
Note: Based on investment grade credit.

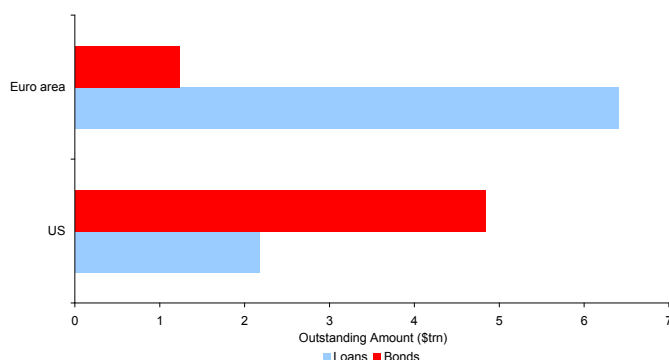
Disintermediation kicks-off in Eurozone

...signaling the onset of disintermediation in Europe

In particular, €-denominated IG corporate issuance is up 78% yoy, year-to-date. , we believe the notable strength in €-corporate issuance also reflects the onset of a structural trend of disintermediation, driven by the deleveraging of European bank balance sheets and more competitive funding costs.

In our view, disintermediation is likely to be notably supportive for large corporate banks with strong DCM franchises. The shift to capital markets funding would 'naturally' ease the pressure on bank balance sheets while DCM offers relatively higher returns both directly and via related credit trading and interest rate swaps revenues.

Figure 20. US vs Europe Corporate Funding Disintermediation



Source: Federal Reserve and ECB

Figure 21. Euro-Denominated Corporate DCM Rankings

Bank	2012 YTD		2011 YTD		2007-2010	
	Rank	%share	Rank	%share	Rank	%share
BNP Paribas	1	9.8	2	9.8	2	10.4
Deutsche Bank	2	7.8	1	11.3	1	10.8
SocGen	3	7.5	3	7.8	3	8.6
UniCredit	4	6.7	8	4.4	10	3.3
Santander	5	6.5	13	3.2	16	2.1
HSBC	6	5.2	6	4.5	8	5.4
RBS	7	4.6	5	4.9	4	8.6
JPMorgan	8	4.1	9	4.3	5	5.9
Credit Agricole CIB	9	3.8	4	5.0	6	5.6
Barclays Capital	10	3.7	7	4.5	7	5.5

Source: Dealogic

Non-agency RMBS activity has picked up, with CS likely to notably benefit

Structured Credit Supported By Search For Yield

We believe that non-agency RMBS trading volumes have materially improved year-to-date. On one hand, banks are actively looking to reduce their structured credit exposure, given their onerous Basel 3 treatment. On the other hand, investors are increasingly on a 'search for yield'. The recent sell-down of Fed Maiden Lane exposure is a case in point, with Credit Suisse winning two out of the three auctions representing a total notional volume of US\$13bn. Moreover, there have been recent press reports of potential interest in Maiden Lane III exposures (US\$47bn face value, US\$19bn fair value, mainly of ABS CDOs).

FICC Flow – Mixed Trends

While overall FICC flow product volumes are tracking down on a yoy basis – partly impacted by lower levels of volatility – there are material differences between products. US rates volumes have been relatively more resilient than European, given the euro zone sovereign crisis. Moreover, credit trading volumes appear to be holding up better than FX. The

Figure 22. Rates volatility trends (MOVE index)



Source: Bloomberg

Figure 23. FX volatility trends (CVIX index)

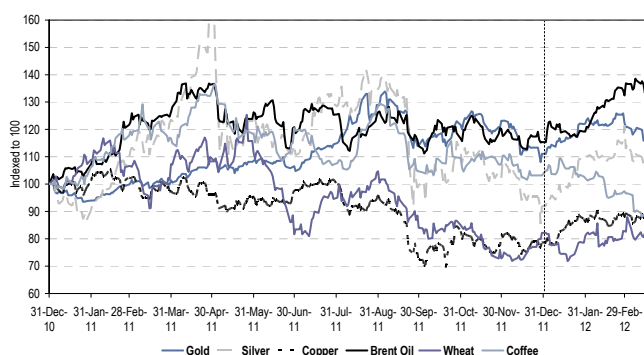


Source: Bloomberg

Commodities Should Fare Relatively Well

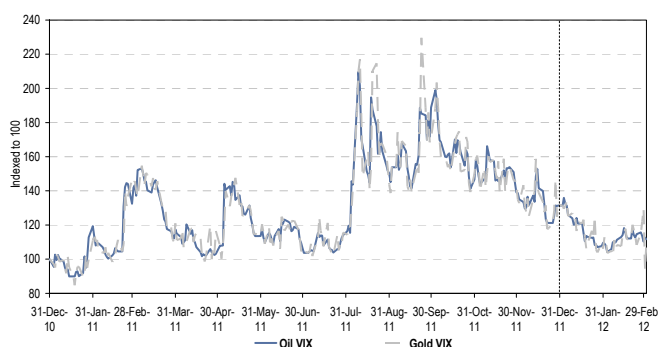
In the context of rising commodity prices and relatively stronger volume trends, we believe that the commodities business is likely to have performed relatively well. ICAP has also indicated that energy has been a relative outperformer amongst its major products. Amongst the major European banks, Barclays and Deutsche Bank are amongst the best-positioned.

Figure 24. Commodity Prices



Source: DataStream

Figure 25. Commodity Volatility



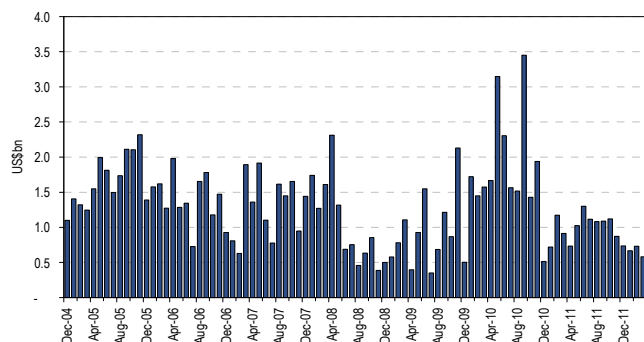
Source: Bloomberg

Equities & M&A Lag

Equities & M&A activity levels continue to lag

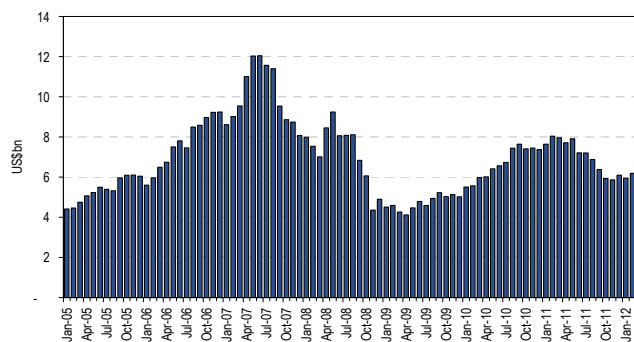
By contrast, other primary activity such as ECM and M&A remain relatively muted in a backdrop of a relatively weak macroeconomic environment & relative low CEO confidence. Likewise, equity trading volumes have yet to show a meaningful rebound from 2011-exit levels. This also has a cautious read-through for transactional activity within the wealth management business.

Figure 26. ECM Pipeline Trends



Source: Dealogic

Figure 27. M&A Pipeline Trends



Source: Dealogic

Key Takes from Inter-Dealer Brokers

We highlight some key takes from the IDBs, which clearly operate in the OTC space

ICAP

- Year-on-year volumes are down, but there's been a sequential improvement since December
- Credit and money markets relative underperformer; energy relative outperformer

Tullett Prebon

- Underlying revenues in January and February down 1% year-on-year. Growth for FY2012 should be better

Who is Most Geared?

Overall, we believe that banks most geared to credit trading and equity derivatives - so-called 'dynamic hedging' businesses - stand most to gain.

Credit Suisse has the greatest FICC bias to credit trading

Credit trading conditions have notably improved as a function of basis risk reversal, sharp tightening of credit spreads as well as strong corporate DCM issuance, with a corresponding knock-on benefit on sales & trading revenues. Credit Suisse stands most to gain from this trend given its strong credit-trading bias as do BNP Paribas, Deutsche Bank and SocGen from their leading €-denominated DCM platforms.

BNP Paribas and SocGen have the greatest bias to Equity Derivatives

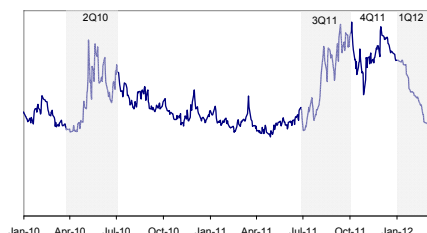
Equity derivatives trading is also likely to have benefited from an 'alignment of the stars' with sharp declines across correlation, skew and volatility, together with an improvement in dividend expectations. SocGen and BNP Paribas stand most to gain given their leading Equity Derivatives platforms.

Figure 28. Equity Derivative Market Metrics

	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12
Equity Rev.	1.9	1.8	1.3	1.2	0.9	1.5	1.0	-2.4	0.7	1.8	1.7	1.1	1.6	0.6	1.2	1.3	1.6	1.3	0.7	0.8	
o/w BNPP	0.8	0.8	0.6	0.6	0.3	0.8	0.5	-1.9	0.0	0.8	0.6	0.5	0.8	0.3	0.5	0.6	0.7	0.7	0.3	0.4	
o/w SocGen	1.1	1.0	0.7	0.6	0.5	0.8	0.5	-0.5	0.6	1.0	1.0	0.7	0.8	0.4	0.6	0.7	0.9	0.6	0.5	0.4	
% qoq	64%	-2%	-32%	-5%	-28%	78%	-35%	-343%	127%	172%	-7%	-32%	44%	-62%	86%	9%	24%	-18%	-41%	-6%	
Market Metric																					
Volatility	↑	↔	↑	↔	↑↑	↓	↑↑	↑↑	↔	↓↓	↓	↓	↓	↑↑	↓	↓	↓↑	↑	↑↑	↓	↓↓
Skew	↑↑	↓	↑↑	↔	↑↑	↓	↑↑	↑↑	↓↓	↓↓	↓	↔	↓↓	↑↑	↓	↓	↔	↔	↑↑	↓↓	↓↓
Correlation	↑↑	↓↓	↑↑	↓↓	↑↑	↓↓	↑↑	↔	↓↓	↑	↑	↑↑	↓	↑↑	↔	↓	↓	↑	↑↑	↔	↓↓
Dividend	↔	↑↑	↓	↓	↓↓	↔	↓	↓↓	↓↓	↑↑	↑↑	↑	↔	↓↓	↔	↑	↑	↔	↓↓	↔	↑↑

Note: Volatility = 3m implied volatility on SX5E; Skew = 3m normalised index skew on SX5E; Correlation = realised correlation on SX5E; Dividend = 2-year rolling dividend swap ask on SX5E. * To be reported Source: Company Reports, Bloomberg and CIRA

Figure 29. Volatility



Source: Bloomberg; Note: See Figure 28

Figure 30. Correlation



Source: CIRA; Note: See Figure 28

Figure 31. Dividends



Source: Bloomberg; Note: See Figure 28

Figure 32. FICC Product Strength Matrix

Product	BARC	DB	BAC	GS	JPM	MS	CS	UBS	HSBC	RBS	STAN	BNP	CASA	SG
FX - G10	●	●	◐	●	◐	◐	◐	●	●	●	◐	◐	◐	◐
FX - EM	◐	●	◐	◐	◐	◐	◐	●	●	◐	◐	●	◐	◐
Rates - G10	●	●	●	●	●	◐	◐	◐	◐	●	◐	●	◐	◐
Rates - EM	◐	◐	◐	◐	●	◐	●	◐	●	◐	◐	◐	◐	◐
Credit - IG & HY	◐	●	◐	●	●	◐	◐	◐	◐	◐	◐	◐	◐	◐
Mortgages	●	◐	●	◐	◐	◐	●	◐	◐	●	◐	◐	◐	◐
Commodities	◐	◐	◐	●	◐	●	◐	◐	◐	◐	◐	◐	◐	◐

Key

Relative to Peers	Symbol	Relative to Peers	Symbol
Under weight	◐	Over weight	●
Equal weight	◐	Dominant	●

Source: Citi Investment Research and Analysis

Figure 33. Equity Product Strength Matrix

Product	BARC	DB	BAC	GS	JPM	MS	CS	UBS	HSBC	RBS	STAN	BNP	CASA	SG
Cash	◐	◐	◐	◐	●	◐	●	●	◐	◐	◐	◐	◐	◐
Flow derivatives	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	●	◐	●
Structured derivatives	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	●	◐	●
Prime services	◐	◐	◐	●	●	●	◐	◐	◐	◐	◐	◐	◐	◐
Electronic execution	◐	◐	◐	●	◐	◐	●	◐	◐	◐	◐	◐	◐	◐

Key

Relative to Peers	Symbol	Relative to Peers	Symbol
Under weight	◐	Over weight	●
Equal weight	◐	Dominant	●

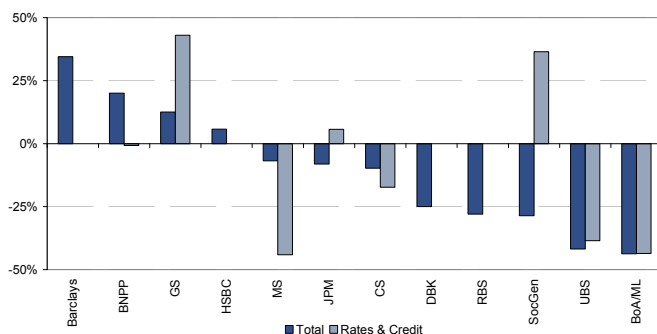
Source: Citi Investment Research and Analysis

VaR Trends Highlight Differentiated Positioning Into 1Q12

Barclays, BNP Paribas and HSBC appear best-placed to benefit from inventory positioning into 1Q

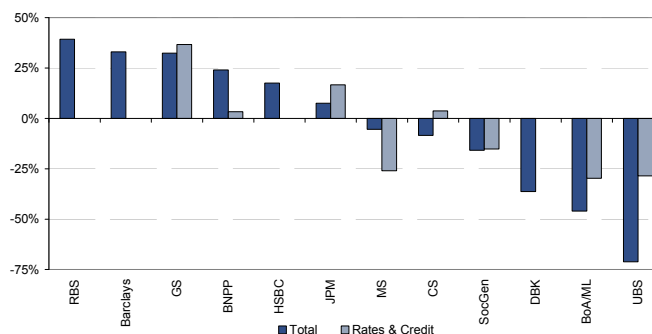
In our view, recent VaR trends also highlight inventory and positioning into the year-to-date trading strength. From the major European franchises, Barclays, BNP Paribas and HSBC appear best-placed, and UBS least. Although Deutsche Bank's positioning also appears at the weaker end of the spectrum, it is also worth noting that management guided to €12bn of market risk RWA pick-up into 2012 (c18% of end-2011 levels) "as markets normalize and client activity returns", suggesting better positioning than the charts below suggest.

Figure 34. 4Q11 Comparative VaR Trends, YoY



Source: Company Reports
Note: VaR data on a US\$ basis, standardized to 99% 1-day.

Figure 35. 4Q11 Comparative VaR Trends, QoQ



Source: Company Reports
Note: VaR data on a US\$ basis, standardized to 99% 1-day. Barclays, HSBC based on H-o-H data with 2H11 on estimated basis. Decline in UBS total VaR driven by Equity VaR – probably related to unauthorised trading loss in 3Q11

The Comps

CS likely to have greatest reversal of basis risk losses

Relative revenue performance in 4Q11 may also provide some guide to the potential degree of reversal in 1Q12. In other words, the greater the trading losses in 4Q11, the sharper the trading rebound could be into 2012 as basis risk & other latent losses are reversed. We would highlight Credit Suisse, Credit Agricole together with Deutsche Bank, RBS and Barclays from this perspective.

Figure 36. 4Q11 FICC Trading Revenue Momentum (Underlying Revenues, \$bn)

	4Q10	1Q11	2Q11	3Q11	4Q11	4Q11 vs Av. 4Q10-3Q11
US						
Goldman Sachs	1.7	4.3	1.5	1.4	1.4	-39%
JP Morgan	2.9	5.2	4.1	2.8	2.6	-30%
Morgan Stanley	1.1	2.2	1.4	1.1	1.2	-17%
BoA/ML	1.7	3.6	2.7	0.3	1.4	-31%
Europe + Other						
Credit Suisse	1.0	2.7	0.8	0.7	0.3	-73%
Deutsche Bank	1.9	4.8	3.3	2.0	1.4	-53%
UBS	0.9	2.0	1.2	0.5	1.3	9%
Barclays	2.9	3.5	2.6	2.2	1.5	-46%
RBS	1.5	2.8	1.6	1.0	0.9	-48%
Nomura	0.9	0.8	0.8	0.6	0.9	18%
HSBC	1.0	2.0	1.4	0.5	0.9	-28%
BNP Paribas	1.4	2.4	1.6	1.1	1.2	-30%
Credit Agricole	0.5	0.7	0.5	0.4	0.2	-62%
Societe Generale	0.6	1.1	0.8	0.3	0.5	-30%
US	7.4	15.4	9.8	5.6	6.6	-30%
Europe + Other	12.5	22.9	14.7	9.4	9.1	-39%
Total	21.9	42.2	27.3	17.6	17.3	-36%

Source: Company Reports

Figure 37. 4Q11 Equity Trading Revenue Momentum (Underlying Revenues, \$bn)

	4Q10	1Q11	2Q11	3Q11	4Q11	4Q11 vs ave 4Q10-3Q11
US						
Goldman Sachs	2.0	2.3	1.9	2.2	1.7	-19%
JP Morgan	1.1	1.4	1.2	1.0	0.8	-32%
Morgan Stanley	1.2	1.7	1.8	1.2	1.3	-14%
BoA/ML	0.8	1.3	1.1	0.8	0.6	-34%
Europe + Other						
Credit Suisse	1.4	1.7	1.4	1.2	0.8	-42%
Deutsche Bank	1.2	1.3	0.8	0.5	0.7	-24%
UBS	1.0	1.4	1.2	0.8	0.8	-29%
Barclays	1.0	0.9	0.9	0.5	0.5	-42%
RBS	0.3	0.4	0.4	0.2	0.2	-23%
Nomura	0.7	0.8	0.7	0.4	0.5	-23%
HSBC	0.2	0.3	0.3	0.3	0.1	-66%
BNP Paribas	0.8	0.9	1.0	0.4	0.5	-30%
Credit Agricole	0.5	0.5	0.5	0.5	0.4	-21%
Societe Generale	0.9	1.2	0.9	0.7	0.5	-40%
US	5.1	6.7	6.0	5.2	4.4	-23%
Europe + Other	8.0	9.5	8.1	5.5	5.2	-34%
Total	13.1	16.2	14.1	10.7	9.6	-29%

Source: Company Reports

Cost & Deleveraging Plans

Figure 38. Announced RWA Mitigation Plans

	RWA run-off	Deleveraging / RWA Management
US		
Bank of America	~\$65 bil	<ul style="list-style-type: none"> ■ Run-off low rated RMBS (~\$65 bil RWA), exit prop trading ■ Reduce CVA (~\$25 bil RWA)
JP Morgan	~\$110 bil	<ul style="list-style-type: none"> ■ Data model enhancements = \$60 bil mitigation by 4Q13 ■ Legacy portfolio runoff through 2014 = \$80 bil by 4Q13 ■ Offset by line of business growth +\$30 bil by 4Q13 ■ Includes I-Bank RWA reduction from 4Q11 to 4Q12 of \$54 billion
Goldman Sachs	~\$135 bil	<ul style="list-style-type: none"> ■ \$89 bil passive RWA reduction from market risk and credit risk by 4Q13 ■ \$45 billion of further passive RWA reduction from 2013 to 2015
Morgan Stanley	~\$100 bil	<ul style="list-style-type: none"> ■ Implied RWA reduction of approx. \$100 billion from 4Q11 to 4Q12
Europe		
Deutsche Bank	not specified	<ul style="list-style-type: none"> ■ End-2012 guidance of €499bn, vs previous guidance of €513bn, driven by model changes during 4Q11 ■ Unwinds and roll-off of portfolios in Emerging Markets, Correlation trading and US RMBS portfolios ■ Credit correlation notional reduced 61% from end-2009
Credit Suisse	~\$60 bil	<ul style="list-style-type: none"> ■ Targeting 2012E IB B3 RWAs of \$190bn, from \$248bn at end-2011 ■ Downscale/exiting: Long-dated unsecured trades, CMBS origination, and 'de-layering' of EMEA I-Banking
UBS	\$120 bil	<ul style="list-style-type: none"> ■ Targeting SFr270bn group B3 RWAs by end-2016, from SFr380bn at end-2011 ■ \$120 bil of RWA reduction, with roughly half from legacy businesses (ARS, Credit products) ■ Rescaling structured credit, long-dated flow rates. Exiting Securitization, Complex structuring, Prop and directional macro ■ Clear change in de-risking the ban
BNP Paribas	~\$60 bil	<ul style="list-style-type: none"> ■ about 2/3 in Financing, 1/3 in IB
Societe Generale	\$40-\$55 bil	<ul style="list-style-type: none"> ■ \$40-55 bil RWA deleveraging in the Corporate & Investment Bank, primarily 'legacy assets' (structured credit) and selected Financing products (e.g. aircraft leasing, shipping, real estate, leveraged finance)
Credit Agricole	\$20-\$25 bil	<ul style="list-style-type: none"> ■ \$20-25 bil RWA deleveraging in the Corporate & Investment Bank ■ Exiting equity derivatives & commodities given lack of critical mass
UK		
Barclays	\$71-\$97 bil	<ul style="list-style-type: none"> ■ Target £45-£62bn of RWA reduction via "sell-down & other management actions".
RBS	~\$110 bil	<ul style="list-style-type: none"> ■ \$110 bil in Basel 3 RWA reduction from exiting equities & reducing other b/s intensive businesses. Sold \$7.3 bil RBS Aviation to SMFG
HSBC	not specified	
Japan		
Nomura	not specified	
Total	>\$700 bil	Identified Passive & Active

Source: Company Reports and CIRA Estimates

Figure 39. Announced Cost Saving Measures

Cost Saves Targets (\$bil)		Comments
US		
Bank of America	\$5.0 (Phase 1)	<ul style="list-style-type: none"> ■ BAC eliminating 30K positions across firm over several years. Phase 1 targets Consumer segment (18% expenses or \$5.0 bil) ■ Commercial & I-Bank & Wlth Mgmt targeted in Phase 2 of cuts reportedly ~\$3 bil (~10% of expense base). Phase 2 begins 2Q12
JP Morgan	unclear	<ul style="list-style-type: none"> ■ Assessing cutting costs from operations & technology across lbank and Treasury Security Services from a \$1.6 billion expense base.
Goldman Sachs	\$1.4	<ul style="list-style-type: none"> ■ \$1.4 bil in cuts or ~1K heads, 3% of total. Also 2011 will include higher percent of partner retirements
Morgan Stanley	\$1.4	<ul style="list-style-type: none"> ■ \$1.4 bil in cost cutting by 2014 ■ 1,600 Investment Bank positions to be eliminated
Europe		
Deutsche Bank	unclear	<ul style="list-style-type: none"> ■ 500 positions in Corporate & Inv Bank from slow business volumes
Credit Suisse	\$2.2	<ul style="list-style-type: none"> ■ Cuts across business in 2011, ~7% of total heads ■ Cuts up from 2,000 originally planned in 2011 ■ Expense reduction of SFr2 bil by 2013, o/w SFr1.2bn by 2012; Split SFr0.4bn from Private Banking, SFr1.4bn from IB, SFr0.2bn from AM
UBS	unclear	<ul style="list-style-type: none"> ■ Targeting SFr2bn cost saves by end-2013. 3,500 in staff reductions, with half from I-Bank (~10% of IB heads)
BNP Paribas	\$0.7	<ul style="list-style-type: none"> ■ Planning cuts from struct finance & capital mkts, ~7% of total. 1/3 France, 2/3 international. ■ 1023 job cuts in ClB, o/w c1/3 in France (Bloomberg)
Societe Generale	\$0.35	<ul style="list-style-type: none"> ■ 1,580 job cuts (FT)
Credit Agricole	\$0.45	<ul style="list-style-type: none"> ■ 2,350 jobs to be cut; 1,750 in the Investment Bank
UK		
Barclays	unclear	<ul style="list-style-type: none"> ■ 3K cuts through 2011, w/t 1,500 in I-Bank ■ Barclays cost saves confirmed at £2.0bn. Focused on "non performance" costs. £1.2bn already achieved.
RBS	unclear	<ul style="list-style-type: none"> ■ Over 5K of 19K (~25%) in planned cuts RBS. Will exit cash equities, Corporate broking, ECM and M&A. Likely downsizing in equity derivatives, structured credit & rates as well.
HSBC	unclear	<ul style="list-style-type: none"> ■ 30K jobs (10% global workforce), distributed across the business
Japan		
Nomura	\$1.2	<ul style="list-style-type: none"> ■ Reviewing loss making European operations acquired from LEH (losses for 6 consecutive quarters)

Source: Company Reports and CIRA Estimates

Credit Suisse – Financial forecasts

We increase our 2012E-2014E estimates by 4-7% to reflect our expectation of a better trading environment for investment banking during 2012-2014.

Figure 40. Credit Suisse – Summary of Estimate Changes (2012E-2014E)

SFr m	2012E old	2012E new	Change (%)	2013E old	2013E new	Change (%)	2014E old	2014E new	Change (%)
MAIN P&L ITEMS									
Operating income	25,423	25,870	+2%	28,311	28,777	+2%	30,650	31,134	+2%
Operating expenses	-21,171	-21,367	+1%	-21,734	-21,935	+1%	-22,769	-22,975	+1%
Operating profit pre provisions	4,251	4,503	+6%	6,577	6,842	+4%	7,881	8,159	+4%
Bad debt provisions	-374	-374	+0%	-351	-351	+0%	-294	-294	+0%
Profit before tax	3,877	4,129	+6%	6,227	6,491	+4%	7,587	7,865	+4%
Tax	-969	-1,032	+6%	-1,557	-1,623	+4%	-1,897	-1,966	+4%
Minorities	-140	-140	+0%	-140	-140	+0%	-140	-140	+0%
Attributable profit	2,768	2,957	+7%	4,530	4,728	+4%	5,550	5,759	+4%
PER SHARE									
Sharecount - basic period end	1,253	1,253	+0%	1,253	1,253	+0%	1,253	1,253	+0%
EPS, reported earnings / reported sharecount	2.26	2.41	+7%	3.69	3.85	+4%	4.52	4.69	+4%
EPS, adjusted earnings / diluted sharecount	2.20	2.35	+7%	3.59	3.75	+4%	4.40	4.57	+4%
DPS	0.75	0.75	+0%	0.75	0.75	+0%	0.75	0.75	+0%

Source: Citi Investment Research and Analysis

Target Price

We increase our target price from SFr29 to SFr31 as we reduce our cost of equity from 11% to 10%.

Figure 41. Credit Suisse — Group P&L by Year

SFr millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
Net interest income	6,891	6,541	-5%	6,433	-2%	6,711	+4%	7,047	+5%	7,399	+5%
Commissions & fees	13,750	14,078	+2%	12,952	-8%	14,500	+12%	15,805	+9%	17,227	+9%
Trading revenues	12,151	9,338	-23%	5,020	-46%	2,659	-47%	3,865	+45%	4,385	+13%
Other ex FIN46R minority interest revs	179	668	+273%	1,024	+53%	2,000	+95%	2,060	+3%	2,122	+3%
Revenues (net of claims, benefits & MI)	32,971	30,625	-7%	25,429	-17%	25,870	+2%	28,777	+11%	31,134	+8%
Compensation & benefits	-15,013	-14,599	-3%	-13,213	-9%	-12,827	-3%	-13,184	+3%	-14,008	+6%
Other expenses	-9,698	-9,379	-3%	-9,364	-0%	-8,540	-9%	-8,751	+2%	-8,967	+2%
Operating expenses	-24,711	-23,978	-3%	-22,577	-6%	-21,367	-5%	-21,935	+3%	-22,975	+5%
Operating profit pre provisions	8,260	6,647	-20%	2,852	-57%	4,503	+58%	6,842	+52%	8,159	+19%
Provisions for credit losses	-506	79	-116%	-187	-337%	-374	nm	-351	-6%	-294	-16%
Operating profit	7,754	6,726	-13%	2,665	-60%	4,129	+55%	6,491	+57%	7,865	+21%
Goodwill impairment	0.0	0.0	nm	0.0	nm	0.0	nm	0.0	nm	0.0	nm
Restructuring & other extraordinaries	0.0	0.0	nm	0.0	nm	0.0	nm	0.0	nm	0.0	nm
Profit before tax	7,754	6,726	0	2,665	-1	4,129	1	6,491	1	7,865	0
Taxes	-1,835	-1,548	-16%	-671	nm	-1,032	nm	-1,623	nm	-1,966	nm
FIN 46R minority interest revenues	323	761	136%	796	nm	0	nm	0	nm	0	nm
Minority interests	313	-822	nm	-837	nm	-140	nm	-140	nm	-140	nm
Net income from continuing operations	6,555	5,117	-22%	1,953	-62%	2,957	51.4%	4,728	59.9%	5,759	21.8%
Discontinued ops, extraords, acct chgs	169	-19	nm	0	nm	0	nm	0	nm	0	nm
Net income	6,724	5,098	-24%	1,953	-62%	2,957	51.4%	4,728	59.9%	5,759	21.8%
Attributable profit (adjusted basis)	6,410	4,646	-28%	1,543	-67%	2,619	+70%	4,302	+64%	5,281	+23%
PER SHARE FIGURES											
EPS - reported (reported / diluted)	5.19	3.90	-25%	1.28	-67%	2.12	+65%	3.48	+64%	4.27	+23%
EPS - adjusted (adjusted / diluted)	5.44	4.06	-25%	1.57	-61%	2.35	+50%	3.75	+60%	4.57	+22%
Dividend per share	2.00	1.30	-35%	0.75	-42%	0.75	+0%	0.75	+0%	0.75	+0%
Tangible book value per share	23.88	20.77	-13%	20.32	-2%	22.54	+11%	25.34	+12%	29.19	+15%
Reported book value per share	32.09	28.35	-12%	27.59	-3%	29.63	+7%	32.65	+10%	36.50	+12%
OPERATING RATIOS											
Net interest margin	1.5%	1.4%		1.4%		1.4%		1.4%		1.4%	
Non-interest income as % of total	79.1%	78.6%		74.7%		74.1%		75.5%		76.2%	
Compensation ratio (bkg comp / total revs)	45.5%	47.7%		52.0%		49.6%		45.8%		45.0%	
Cost / income ratio	74.9%	78.3%		88.8%		82.6%		76.2%		73.8%	
Operating Profit / avg RWAs	3.2%	3.1%		1.2%		2.0%		2.8%		3.1%	
Prov'n charge / cust loans (ex repos)	0.2%	0.0%		0.1%		0.2%		0.1%		0.1%	
Effective tax rate (ex goodwill etc)	21.8%	23.0%		25.2%		25.0%		25.0%		25.0%	
Return on avg RWAs	2.8%	2.3%		0.9%		1.4%		2.0%		2.3%	
Return on Equity (as reported)	19.3%	14.4%		5.8%		8.4%		12.1%		13.3%	
Return on Equity (Adjusted)	18.4%	13.1%		4.6%		7.4%		11.0%		12.2%	
Return on Tangible Equity (Adjusted)	25.7%	17.8%		6.3%		9.9%		14.3%		15.5%	
SHARES OUTSTANDING											
Basic (period avg, m)	1,117	1,195	+7%	1,199	+0%	1,227	+2%	1,227	+0%	1,227	+0%
Diluted (period avg, m)	1,236	1,255	+2%	1,246	-1%	1,261	+1%	1,261	+0%	1,261	+0%
BALANCE SHEET ITEMS (bn)											
Total Assets	1,031	1,032	+0%	1,049	+2%	1,092	+4%	1,135	+4%	1,181	+4%
Gross customer loans	239	220	-8%	234	+7%	244	+4%	254	+4%	264	+4%
Loan / deposit ratio	83%	76%		74%		74%		74%		74%	
Goodwill	9.3	8.6	-7%	8.6	+0%	8.6	+0%	8.9	+3%	8.9	+0%
Shareholders equity (excl minorities)	37.5	33.3	-11%	33.7	+1%	37.1	+10%	40.9	+10%	45.7	+12%
Tangible sh'hldrs equity (ex. minorities)	27.9	24.4		24.8		28.2		31.7		36.6	
Risk-Weighted Assets (Basel II)	222	219	-1%	210	-4%	209	-0%	255	-1%	253	-1%
Risk-Weighted Assets (Basel II.5)				242 na		241	-0%	286	+19%	285	-0%
Risk-Weighted Assets (Basel III)				339 na		283	-17%	292	+3%	291	-1%
Tier 1 capital (Basel II)	36.2	37.7	+4%	37.1	-2%	41.2	+11%	45.2	+10%	50.2	+11%
Core tier 1 ratio (ex hybrids, Basel II)	10.8%	12.2%		12.5%		14.5%		13.5%		15.5%	
Core tier 1 ratio (ex hybrids, Basel II.5)				10.7%		12.1%		11.6%		13.4%	
Core tier 1 ratio (ex hybrids, Basel III)				5.1%		7.2%		9.5%		11.3%	
Tier 1 ratio (Basel II)	16.3%	17.2%		17.6%		19.7%		17.7%		19.8%	
Equity/ Assets	3.6%	3.2%		3.2%		3.4%		3.6%		3.9%	
Tangible Equity/ Assets	2.7%	2.4%		2.4%		2.6%		2.8%		3.1%	

Source: Company Reports and CIRA Estimates

Figure 42. Credit Suisse — Group P&L by Quarter

SFR millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
Net interest income	1,947	1,202	1,716	1,676	1,753	1,377	1,646	1,657	1,665	1,674	1,682	1,690
Commissions & fees	3,407	3,586	3,258	3,827	3,671	3,463	3,061	2,757	3,600	3,700	3,600	3,600
Trading revenues	3,452	3,628	943	1,315	2,011	1,116	1,920	-27	1,577	602	367	113
Other ex FIN46R minority interest revs	155	4	367	142	378	370	190	86	500	500	500	500
Revenues (net of claims, benefits & MI)	8,961	8,420	6,284	6,960	7,813	6,326	6,817	4,473	7,342	6,475	6,149	5,904
Compensation & benefits	-3,893	-3,980	-3,355	-3,371	-4,029	-3,096	-3,067	-3,021	-4,017	-3,175	-2,875	-2,760
Other expenses	-2,195	-2,630	-2,236	-2,318	-2,168	-2,143	-2,694	-2,359	-2,140	-2,130	-2,135	-2,135
Operating expenses	-6,088	-6,610	-5,591	-5,689	-6,197	-5,239	-5,761	-5,380	-6,157	-5,305	-5,010	-4,895
Operating profit pre provisions	2,873	1,810	693	1,271	1,616	1,087	1,056	-907	1,185	1,170	1,139	1,009
Provisions for credit losses	50	-20	26	23	7	-13	-84	-97	-81	-76	-99	-119
Operating profit	2,923	1,790	719	1,294	1,623	1,074	972	-1,004	1,104	1,094	1,040	890
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring & other extraordinaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	2,923	1,790	719	1,294	1,623	1,074	972	-1,004	1,104	1,094	1,040	890
Taxes	-839	-187	-117	-405	-465	-271	-332	397	-276	-274	-260	-223
FIN 46R minority interest revenues	52	119	282	308	343	566	-128	15	0	0	0	0
Minority interests	-62	-129	-275	-356	-362	-601	171	-45	-35	-35	-35	-35
Net income from continuing operations	2,074	1,593	609	841	1,139	768	683	-637	793	786	745	633
Discontinued ops, extraords, acct chgs	-19	0	0	0	0	0	0	0	0	0	0	0
Net income	2,055	1,593	609	841	1,139	768	683	-637	793	786	745	633
Attributable profit (adjusted basis)	1,974	1,392	575	705	1,074	575	645	-751	754	651	708	506
PER SHARE FIGURES												
EPS - reported (reported / diluted)	1.64	1.15	0.48	0.59	0.90	0.48	0.53	-0.62	0.62	0.53	0.58	0.41
EPS - adjusted (adjusted / diluted)	1.64	1.25	0.49	0.67	0.92	0.62	0.54	-0.51	0.64	0.63	0.59	0.50
Dividend per share	-	-	-	-	-	-	-	-	-	-	-	-
Tangible book value per share	23.4	21.6	21.0	20.8	21.1	19.2	20.7	20.3	20.8	20.6	21.1	22.5
Reported book value per share	31.9	30.0	28.8	28.4	28.4	26.0	27.9	27.6	28.1	27.8	28.2	29.6
OPERATING RATIOS												
Net interest margin	1.7%	1.1%	1.5%	1.5%	1.6%	1.2%	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%
Non-interest income as % of total	78.3%	85.7%	72.7%	75.9%	77.6%	78.2%	75.9%	63.0%	77.3%	74.2%	72.6%	71.4%
Compensation ratio (bkg comp / total revs)	43.4%	47.3%	53.4%	48.4%	51.6%	48.9%	45.0%	67.5%	54.7%	49.0%	46.8%	46.7%
Cost / income ratio	67.9%	78.5%	89.0%	81.7%	79.3%	82.8%	84.5%	120.3%	83.9%	81.9%	81.5%	82.9%
Operating Profit / avg RWAs	5.2%	3.1%	1.2%	2.3%	3.0%	2.1%	1.9%	-1.9%	2.1%	2.1%	2.0%	1.7%
Prov'n charge / cust loans (ex repos)	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.1%	0.2%	0.2%
Effective tax rate (ex goodwill etc)	28.7%	10.4%	16.3%	31.3%	28.7%	25.2%	34.2%	39.5%	25.0%	25.0%	25.0%	25.0%
Return on avg RWAs	3.6%	2.8%	1.1%	1.5%	2.1%	1.5%	1.3%	-1.2%	1.5%	1.5%	1.4%	1.2%
Return on Equity (as reported)	22.1%	17.6%	7.0%	10.0%	13.5%	9.4%	8.4%	-7.6%	9.3%	9.1%	8.6%	7.0%
Return on Equity (Adjusted)	21.2%	15.4%	6.6%	8.4%	12.8%	7.0%	8.0%	-8.9%	8.8%	7.6%	8.2%	5.6%
Return on Tangible Equity (Adjusted)	28.7%	21.1%	9.1%	11.4%	17.3%	9.5%	10.8%	-12.1%	12.0%	10.2%	11.0%	7.4%
SHARES OUTSTANDING												
Basic (period avg, m)	1,194	1,208	1,191	1,187	1,184	1,199	1,204	1,207	1,215	1,223	1,231	1,239
Diluted (period avg, m)	1,252	1,270	1,250	1,248	1,233	1,244	1,258	1,241	1,249	1,257	1,265	1,273
BALANCE SHEET ITEMS (bn)												
Total Assets	1,074	1,138	1,067	1,032	1,016	977	1,062	1,049	1,060	1,070	1,081	1,092
Gross customer loans	230	228	224	220	223	221	227	234	237	239	241	244
Loan / deposit ratio	83%	79%	80%	76%	76%	77%	72%	74%	74%	74%	74%	74%
Goodwill	9.4	9.6	8.9	8.6	8.4	7.9	8.4	8.6	8.6	8.6	8.6	8.6
Shareholders equity (excl minorities)	36.8	35.6	34.1	33.3	34.1	31.2	33.5	33.7	34.5	34.3	35.1	37.1
Tangible sh'hldrs equity (ex. minorities)	27.0	25.7	24.9	24.4	25.3	23.0	24.9	24.8	25.6	25.5	26.2	28.2
Risk-Weighted Assets (Basel II)	229	233	228	219	212	204	210	210	210	210	210	209
Risk-Weighted Assets (Basel II.5)							244	242	241	241	241	241
Risk-Weighted Assets (Basel III)								339	312	302	293	283
Tier 1 capital (Basel II)	37.5	38.0	37.9	37.7	38.5	37.1	37.1	38.0	38.0	38.8	39.4	41.2
Core tier 1 ratio (ex hybrids, Basel II)	10.9%	11.1%	11.6%	12.2%	13.0%	13.1%	12.6%	12.9%	12.9%	13.3%	13.6%	14.5%
Core tier 1 ratio (ex hybrids, Basel II.5)							10.0%	10.7%	10.7%	11.1%	11.3%	12.1%
Core tier 1 ratio (ex hybrids, Basel III)								5.1%	5.5%	6.0%	6.4%	7.2%
Tier 1 ratio (Basel II)	16.4%	16.3%	16.7%	17.2%	18.2%	18.2%	17.7%	18.1%	18.1%	18.5%	18.8%	19.7%
Equity/ Assets	3.4%	3.1%	3.2%	3.2%	3.4%	3.2%	3.2%	3.2%	3.3%	3.2%	3.2%	3.4%
Tangible Equity/ Assets	2.5%	2.3%	2.3%	2.4%	2.5%	2.4%	2.3%	2.4%	2.4%	2.4%	2.4%	2.6%

Source: Company Reports and CIRA Estimates

Figure 43. Credit Suisse — Divisional P&L by Year

SFr millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
INVESTMENT BANKING											
Fixed income trading (ex marks)	10,792	6,904	-36%	4,135	-40%	5,483	+33%	5,702	+4%	5,930	+4%
Equity trading (ex marks)	7,526	6,015	-20%	4,605	-23%	4,996	+8%	5,346	+7%	5,720	+7%
Debt underwriting (ex marks)	1,228	2,016	+64%	1,441	-29%	1,450	+1%	1,523	+5%	1,599	+5%
Equity underwriting	1,185	900	-24%	719	-20%	775	+8%	829	+7%	887	+7%
Advisory & other fees	796	1,090	+37%	857	-21%	925	+8%	1,064	+15%	1,223	+15%
Other incl loan portfolio (ex marks)	-417	-122	nm	-145	nm	0	nm	0	+3%	0	+3%
Markdowns/Markups (net incl own debt)	-573	-589	nm	254	nm	-840	nm	-240	nm	-240	nm
Net revenues	20,537	16,214	-21%	11,866	-27%	12,789	+8%	14,223	+11%	15,120	+6%
Total operating expenses	-12,975	-12,751	-2%	-11,127	-13%	-10,966	-1%	-11,382	+4%	-11,819	+4%
Operating profit pre provisions	7,562	3,463	-54%	739	-79%	1,823	+147%	2,842	+56%	3,300	+16%
Provisions for credit losses	-326	97	-130%	-77	-179%	-205	+166%	-213	+4%	-182	-14%
Profit before tax, mins, extraords	7,236	3,560	-51%	662	-81%	1,618	+144%	2,629	+63%	3,118	+19%
Cost/income ratio	0.63	0.79		0.94		0.86		80%		78%	
Pre-tax margin	35.2%	22.0%		5.6%		12.6%		18.5%		20.6%	
PBT / Avg Equity	34.0%	16.9%		3.3%		7.7%		12.0%		13.5%	
WEALTH MANAGEMENT CLIENTS											
Net revenues	9,871	9,829	-0%	8,958	-9%	9,220	+3%	10,167	+10%	11,281	+11%
Total operating expenses	-7,040	-7,187	+2%	-7,001	-3%	-7,017	+0%	-7,429	+6%	-7,897	+6%
Operating profit pre provisions	2,831	2,642	-7%	1,957	-26%	2,204	+13%	2,738	+24%	3,384	+24%
Provisions for credit losses	-33	-70	+112%	-83	+19%	-70	-16%	-20	-71%	-20	+0%
Profit before tax, mins, extraords	2,798	2,572	-8%	1,874	-27%	2,134	+14%	2,718	+27%	3,364	+24%
Gross margin	1.31%	1.20%		1.13%		1.12%		1.13%		1.15%	
Assets under Management (EoP)	803	808	+1%	792	-2%	859	+9%	940	+10%	1,030	+10%
Assets under Management (Ave)	755	811		798		826		0		0	
Net New Money	35	45		38		35		47		52	
Net New Assets (Ann.,%)	5%	6%		5%		4%		6%		6%	
Cost/income ratio	71%	73%		78%		76%		74%		71%	
Pre-tax margin	28%	26%		21%		23%		27%		30%	
CORPORATE & INSTITUTIONAL CLIENTS											
Net revenues	1,909	1,852	-3%	1,848	-0%	1,823	-1%	1,938	+6%	2,057	+6%
Total operating expenses	-891	-956	+7%	-940	-2%	-942	+0%	-982	+4%	-1,022	+4%
Operating profit pre provisions	1,018	896	-12%	908	+1%	880	-3%	955	+9%	1,035	+8%
Provisions for credit losses	-147	52	-135%	-27	nm	-99	+268%	-118	+18%	-92	-22%
Profit before tax, mins, extraords	871	948	+9%	881	-7%	781	-11%	838	+7%	943	+13%
Cost/income ratio	47%	52%		51%		52%		51%		50%	
Pre-tax margin	46%	51%		48%		43%		43%		46%	
ASSET MANAGEMENT											
Net revenues	1,447	2,156	+49%	2,146	-0%	1,938	-10%	2,348	+21%	2,577	+10%
Total operating expenses	-1,785	-1,829	+2%	-1,593	-13%	-1,522	-4%	-1,702	+12%	-1,797	+6%
Profit before tax, mins, extraords	-338	327	-197%	553	+69%	417	-25%	646	+55%	780	+21%
Revenue Margin	0.35%	0.51%		0.51%		0.46%		0.51%		0.52%	
Assets under Management (EoP)	416	426	+2%	408	-4%	442	+8%	477	+8%	515	+8%
Net New Money	0.3	20.6		-0.9		16.8		17.7		19.1	
Net New Money (Ann.,%)	0%	5%		0%		4%		4%		4%	
Cost/income ratio	123%	85%		74%		79%		80%		80%	
Pre-tax margin	-23%	15%		26%		21%		28%		30%	
PBT / Avg Equity	-10%	9%		16%		12%		17%		19%	
FIN46 ADJUSTMENTS											
Net revenues	-323	761		796		0		0	+0%	0	+0%
Total operating expenses	-183	-74		-84		0		0	+0%	0	+0%
Profit before tax, mins, extraords	-506	687		712		0		0	+0%	0	+0%
CORPORATE CENTRE											
Net revenues	-147	577	-493%	611	+6%	100	-84%	100	+0%	100	+0%
Total operating expenses	-1,837	-1,181		-1,832		-920		-440	-	-440	-
Operating profit pre provisions	-1,984	-604		-1,221		-820		-340	+0%	-340	+0%
Profit before tax, mins, extraords	-1,984	-604		-1,221		-820		-340	-	-340	-

Source: Company Reports and CIRA Estimates

Figure 44. Credit Suisse — Divisional P&L by Quarter

SFr millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
INVESTMENT BANKING												
Fixed income trading (ex marks)	2,715	1,694	1,563	932	2,560	719	538	318	2,330	1,398	1,090	665
Equity trading (ex marks)	1,700	1,729	1,204	1,382	1,599	1,245	998	763	1,407	1,365	1,147	1,078
Debt underwriting (ex marks)	452	461	509	594	501	399	312	229	450	350	300	350
Equity underwriting	219	215	169	297	201	294	113	111	150	225	150	250
Advisory & other fees	216	312	212	350	228	272	181	176	200	250	225	250
Other incl loan portfolio (ex marks)	-27	-50	-7	-38	-23	-7	-56	-59	0	0	0	0
Markdowns/Markups (net incl own debt)	-59	-262	-229	-39	-137	-100	491	0	-360	-360	-60	-60
Net revenues	5,216	4,099	3,421	3,478	4,929	2,822	2,577	1,538	4,177	3,228	2,852	2,533
Total operating expenses	-3,491	-3,298	-3,015	-2,947	-3,605	-2,576	-2,535	-2,411	-3,566	-2,694	-2,425	-2,282
Operating profit pre provisions	1,725	801	406	531	1,324	246	42	-873	611	534	426	251
Provisions for credit losses	69	-17	18	27	19	-15	-59	-22	-40	-40	-50	-75
Profit before tax, mins, extraords	1,794	784	424	558	1,343	231	-17	-895	571	494	376	176
Cost/income ratio	67%	80%	88%	85%	73%	91%	98%	157%	85%	83%	85%	90%
Pre-tax margin	34.4%	19.1%	12.4%	16.0%	27.2%	8.2%	-0.7%	-58.2%	13.7%	15.3%	13.2%	7.0%
PBT / Avg Equity	34.4%	13.9%	7.9%	11.5%	27.3%	4.6%	-0.3%	-17.6%	11.1%	9.5%	7.2%	3.3%
WEALTH MANAGEMENT CLIENTS												
Net revenues	2,464	2,516	2,385	2,464	2,433	2,258	2,148	2,119	2,223	2,293	2,320	2,384
Total operating expenses	-1,755	-1,867	-1,721	-1,844	-1,798	-1,727	-1,684	-1,792	-1,731	-1,753	-1,754	-1,778
Operating profit pre provisions	709	649	664	620	635	531	464	327	491	540	566	606
Provisions for credit losses	-32	-16	-8	-14	-12	-8	-20	-43	-20	-15	-20	-15
Profit before tax, mins, extraords	677	633	656	606	623	523	444	284	471	525	546	591
Gross margin	1.21%	1.20%	1.18%	1.20%	1.18%	1.11%	1.14%	1.09%	1.11%	1.12%	1.11%	1.12%
Assets under Management (EoP)	825	805	813	808	830	787	762	792	810	828	844	859
Assets under Management (Ave)	814	837	809	824	824	813	752	778	0	0	0	0
Net New Money	13	12	12	8	16	12	7	4	11	9	8	6
Net New Assets (Ann.,%)	6%	6%	6%	4%	8%	6%	3%	2%	6%	5%	4%	3%
Cost/income ratio	71%	74%	72%	75%	74%	76%	78%	85%	78%	76%	76%	75%
Pre-tax margin	27%	25%	28%	25%	26%	23%	21%	13%	21%	23%	24%	25%
CORPORATE & INSTITUTIONAL CLIENTS												
Net revenues	448	476	462	466	474	471	456	447	454	456	456	456
Total operating expenses	-234	-247	-233	-242	-231	-229	-240	-240	-237	-230	-238	-238
Operating profit pre provisions	214	229	229	224	243	242	216	207	217	226	219	218
Provisions for credit losses	13	13	16	10	0	10	-5	-32	-21	-21	-29	-29
Profit before tax, mins, extraords	227	242	245	234	243	252	211	175	197	205	190	189
Cost/income ratio	52%	52%	50%	52%	49%	49%	53%	54%	52%	50%	52%	52%
Pre-tax margin	51%	51%	53%	50%	51%	54%	46%	39%	43%	45%	42%	42%
ASSET MANAGEMENT												
Net revenues	524	466	546	617	591	629	471	455	463	473	496	506
Total operating expenses	-465	-480	-447	-437	-419	-427	-379	-368	-373	-378	-383	-388
Profit before tax, mins, extraords	59	-14	99	180	172	202	92	87	90	95	113	118
Revenue Margin	0.49%	0.43%	0.52%	0.58%	0.55%	0.59%	0.45%	0.45%	0.45%	0.45%	0.46%	0.46%
Assets under Management (EoP)	434	423	423	426	436	422	410	408	416	424	433	442
Net New Money	11.2	1.3	3.6	4.5	4.5	4.0	0.2	-9.6	4.1	4.2	4.2	4.3
Net New Money (Ann.,%)	11%	1%	3%	4%	4%	4%	0%	-9%	4%	4%	4%	4%
Cost/income ratio	89%	103%	82%	71%	71%	68%	80%	81%	81%	80%	77%	77%
Pre-tax margin	11%	-3%	18%	29%	29%	32%	20%	19%	19%	20%	23%	23%
PBT / Avg Equity	7%	-2%	11%	20%	20%	24%	11%	10%	10%	11%	12%	13%
FIN46 ADJUSTMENTS												
Net revenues	52	119	282	308	343	566	-128	15	0	0	0	0
Total operating expenses	-11	-16	-34	-13	-2	-12	-64	-6	0	0	0	0
Profit before tax, mins, extraords	41	103	248	295	341	554	-192	9	0	0	0	0
CORPORATE CENTRE												
Net revenues	309	863	-530	-65	-614	146	1,165	-86	25	25	25	25
Total operating expenses	-132	-702	-141	-206	-142	-268	-859	-563	-250	-250	-210	-210
Operating profit pre provisions	177	161	-671	-271	-756	-122	306	-649	-225	-225	-185	-185
Profit before tax, mins, extraords	177	161	-671	-271	-756	-122	306	-649	-225	-225	-185	-185

Source: Company Reports and CIRA Estimates

Deutsche Bank – Financial forecasts

We increase our 2012E-2014E estimates by 3% to reflect our expectation of a better trading environment for investment banking during 2012-2014.

Figure 45. Deutsche Bank – Summary of Estimate Changes (2012E-2014E)

€m	2012E old	2012E new	Change (%)	2013E old	2013E new	Change (%)	2014E old	2014E new	Change (%)
MAIN P&L ITEMS									
Operating income	32,696	33,463	+2%	34,267	35,057	+2%	35,722	36,535	+2%
Operating expenses	-24,244	-24,793	+2%	-25,028	-25,590	+2%	-25,848	-26,422	+2%
Operating profit pre provisions	8,453	8,670	+3%	9,239	9,467	+2%	9,874	10,113	+2%
Bad debt provisions	-1,820	-1,820	+0%	-1,569	-1,569	+0%	-1,430	-1,430	+0%
Amortisation of goodwill & intangibles	0	0	na	0	0	na	0	0	na
Profit before tax	6,633	6,851	+3%	7,670	7,898	+3%	8,444	8,683	+3%
Tax	-2,315	-2,380	+3%	-2,489	-2,557	+3%	-2,730	-2,801	+3%
Minorities	-200	-200	nm	-220	-220	nm	-240	-240	nm
Attributable profit	4,118	4,270	+4%	4,961	5,121	+3%	5,474	5,642	+3%
PER SHARE									
Sharecount - diluted year average	965	965	+0%	965	965	+0%	965	965	+0%
EPS, reported earnings / reported sharecount	4.42	4.58	+4%	5.32	5.49	+3%	5.87	6.05	+3%
EPS, adjusted earnings / diluted sharecount	4.60	4.76	+3%	5.34	5.50	+3%	5.88	6.05	+3%
DPS	0.75	0.75	+0%	1.00	1.00	+0%	1.10	1.10	+0%

Source: Citi Investment Research and Analysis

Target Price

We increase our target price from €35 to €39 to reflect a higher sustainable RoE following our earnings upgrades.

Figure 46. Deutsche Bank — Group P&L by Year

€ millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
Net interest income	12,460	15,582	+25%	17,444	+12%	17,644	+1%	18,526	+5%	19,452	+5%
Net fee & commission income	8,918	10,670	+20%	11,544	+8%	11,676	+1%	12,610	+8%	13,619	+8%
Trading profit	7,109	3,353	-53%	3,059	-9%	3,217	+5%	2,984	-7%	2,516	-16%
Other operating income	-124	-1,239	+899%	1,059	-185%	1,071	+1%	1,082	+1%	1,093	+1%
Total operating income	28,363	28,366	+0%	33,106	+17%	33,608	+2%	35,202	+5%	36,680	+4%
Staff expenses	-11,310	-12,672	+12%	-13,135	+4%	-13,663	+4%	-14,261	+4%	-14,985	+5%
Other expenses (incl depreciation)	-8,409	-10,132	+20%	-12,658	+25%	-11,130	-12%	-11,329	+2%	-11,437	+1%
Total operating expenses	-19,719	-22,804	+16%	-25,793	+13%	-24,793	-4%	-25,590	+3%	-26,422	+3%
Operating profit pre provisions	8,644	5,562	-36%	7,313	+31%	8,815	+21%	9,612	+9%	10,258	+7%
Provisions for loan losses	-2,630	-1,273	-52%	-1,840	+45%	-1,820	-1%	-1,569	-14%	-1,430	-9%
Goodwill amortisation	134	-29	nm	0	nm	0	nm	0	nm	0	nm
Insurance premiums & claims	-543	-484	nm	-205	nm	-145	nm	-145	nm	-145	nm
Net gains from securities available for sale	-403	200	nm	122	nm	0	nm	0	nm	0	nm
Restructuring activities	0	0	nm	0	nm	0	nm	0	nm	0	nm
Profit before tax	5,202	3,976	-24%	5,390	36%	6,851	27%	7,898	15%	8,683	10%
Taxes	-243	-1,646	577%	-1,310	-20%	-2,380	82%	-2,557	7%	-2,801	10%
Minority interests	14	-20	nm	-194	nm	-200	nm	-220	nm	-240	nm
Attributable profit	4,973	2,310	-54%	3,886	+68%	4,270	+10%	5,121	+20%	5,642	+10%
Adjusted attributable profit	3,844	2,644	-31%	3,494	+32%	4,595	+32%	5,308	+16%	5,838	+10%
PER SHARE FIGURES											
EPS - basic (reported/reported)	7.22	3.07	-58%	4.19	+37%	4.58	+9%	5.49	+20%	6.05	+10%
EPS - adjusted (adjusted/diluted)	5.37	3.38	-37%	3.64	+7%	4.76	+31%	5.50	+16%	6.05	+10%
Dividend per share	0.75	0.75	+0%	0.75	+0%	0.75	+0%	1.00	+33%	1.10	+10%
Book value / share (as reported incl gains)	51.2	52.4	+2%	57.3	+9%	61.4	+7%	63.88	+4%	68.76	+8%
Tangible book value per share	37.0	35.0	+0%	40.0	+0%	43.3	+0%	47.86	+0%	52.74	+0%
OPERATING RATIOS											
Net interest margin	4.68%	4.63%		4.22%		4.20%		4.3%		4.4%	
Non-interest income as % of total	56%	45%		47%		48%		47.4%		47.0%	
Compensation ratio	40%	45%		40%		41%		40.5%		40.9%	
Cost / income ratio	70%	80%		78%		74%		72.7%		72.0%	
Operating Profit pre Provns / avg RWAs	2.99%	1.80%		2.01%		2.27%		2.1%		2.0%	
Provision charge / customer loans	1.02%	0.31%		0.45%		0.43%		0.37%		0.33%	
Return on avg RWAs	1.72%	0.75%		1.07%		1.10%		1.14%		1.12%	
Return on Equity (as reported)	14.8%	5.4%		7.6%		7.7%		8.6%		8.8%	
Return on Equity (adjusted / adjusted)	11.6%	6.3%		6.9%		8.4%		9.1%		9.3%	
Return on Tangible Equity (adj'd / adj'd)	14.5%	8.0%		9.2%		11.0%		11.5%		11.5%	
Return on Equity (adjusted / DB 'active')	10.2%	5.8%		6.6%		8.0%		8.7%		8.9%	
Return on Equity (adj'd pre-tax/DB 'active')	14.6%	8.4%		9.9%		12.0%		12.9%		13.2%	
SHARES OUTSTANDING											
Basic (period end, m)	695	932	+0%	932	+0%	932	+0%	932	+0%	932	+0%
Diluted (period avg, m)	716	781	+9%	961	+23%	965	+0%	965	+0%	965	+0%
BALANCE SHEET ITEMS											
Risk-Weighted Assets	270,565	346,204	28%	381,000	10%	394,087	3%	502,548	28%	505,317	1%
Tier 1 capital	34,406	42,565	24%	49,047	15%	52,868	8%	57,057	8%	61,674	8%
Total capital	37,929	48,688	28%	55,226	13%	59,295	7%	63,741	7%	68,625	8%
"Core" tier 1 ratio	8.8%	8.7%		9.6%		10.2%		8.9%		9.7%	
Tier 1 ratio	12.7%	12.3%		12.9%		13.4%		11.4%		12.2%	
Total ratio	14.0%	14.1%		14.5%		15.0%		12.7%		13.6%	
Tangible Equity / Assets	1.8%	1.7%		1.8%		1.9%		2.1%		2.2%	

Source: Company Reports and CIRA Estimates

Figure 47. Deutsche Bank — Group P&L by Quarter

€ millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
Net interest income	3,671	3,975	3,415	4,521	4,167	4,492	4,274	4,511	5,063	4,622	4,172	3,787
Net fee & commission income	2,461	2,587	2,567	3,055	3,081	3,047	2,806	2,610	3,351	3,059	2,761	2,506
Trading profit	2,579	110	833	-169	2,653	710	-422	118	923	843	761	691
Other operating income	261	492	-1,997	5	158	305	794	-198	307	281	253	230
Total operating income	8,972	7,164	4,818	7,412	10,059	8,554	7,452	7,041	9,644	8,804	7,946	7,214
Staff expenses	-3,575	-3,037	-2,983	-3,077	-4,278	-3,365	-2,694	-2,798	-3,889	-3,578	-3,219	-2,977
Other expenses (incl depreciation)	-2,200	-2,349	-2,528	-3,055	-2,737	-2,857	-3,324	-3,740	-3,180	-2,884	-2,673	-2,393
Total operating expenses	-5,775	-5,386	-5,511	-6,132	-7,015	-6,222	-6,018	-6,538	-7,069	-6,461	-5,893	-5,370
Operating profit pre provisions	3,197	1,778	-693	1,280	3,044	2,332	1,434	503	2,575	2,343	2,053	1,843
Provisions for loan losses	-262	-243	-362	-406	-373	-464	-463	-540	-404	-435	-483	-497
Goodwill amortisation	-29	0	0	0	0	0	0	0	0	0	0	0
Insurance premiums & claims	-140	-2	-160	-182	-65	-76	108	-172	-36	-36	-36	-36
Net gains from securities available for sale	27	-9	167	15	415	-14	-137	-142	0	0	0	0
Restructuring activities	0	0	0	0	0	0	0	0	0	0	0	0
Profit before tax	2,793	1,524	-1,048	707	3,021	1,778	942	-351	2,135	1,872	1,534	1,310
Taxes	-1,016	-358	-170	-102	-891	-545	-165	537	-659	-580	-479	-412
Minority interests	-15	-6	5	-4	-68	-35	-52	-39	-65	-40	-45	-50
Attributable profit	1,762	1,160	-1,213	601	2,062	1,198	725	147	1,411	1,251	1,010	849
Adjusted attributable profit	1,942	1,067	-846	480	1,756	1,219	703	-185	1,429	1,270	1,029	867
PER SHARE FIGURES												
EPS - basic (reported/reported)	2.53	1.66	-1.75	0.65	2.20	1.28	0.79	0.16	1.51	1.34	1.08	0.91
EPS - adjusted (adjusted/diluted)	2.67	1.47	-1.22	0.51	1.81	1.26	0.74	-0.20	1.48	1.32	1.07	0.90
Dividend per share	-	-	-	-	-	-	-	-	-	-	-	-
Book value / share (as reported incl gains)	53.84	57.21	55.41	51.50	51.58	51.71	54.56	56.27	56.80	57.37	58.42	59.30
Tangible book value per share	37.84	39.95	38.57	35.05	36.00	36.33	38.30	39.98	40.78	41.35	42.39	43.27
OPERATING RATIOS												
Net interest margin	1.4%	1.4%	1.2%	1.3%	1.2%	1.1%	1.1%	1.1%	1.2%	1.1%	1.0%	0.9%
Non-interest income as % of total	59.1%	44.5%	29.1%	39.0%	58.6%	47.5%	42.6%	35.9%	47.5%	47.5%	47.5%	47.5%
Compensation ratio	39.8%	42.4%	61.9%	41.5%	42.5%	39.3%	36.2%	39.7%	40.3%	40.6%	40.5%	41.3%
Cost / income ratio	64.4%	75.2%	114.4%	82.7%	69.7%	72.7%	80.8%	92.9%	73.3%	73.4%	74.2%	74.4%
Operating Profit pre Provs / avg RWAs	1.1%	0.6%	-0.2%	0.4%	1.0%	0.7%	0.4%	0.1%	0.7%	0.6%	0.5%	0.5%
Provision charge / customer loans	0.10%	0.08%	0.13%	0.10%	0.09%	0.12%	0.11%	0.13%	0.10%	0.10%	0.12%	0.12%
Return on avg RWAs	0.61%	0.40%	-0.43%	0.19%	0.68%	0.36%	0.22%	0.04%	0.39%	0.32%	0.26%	0.22%
Return on Equity (as reported)	18.6%	11.5%	-12.1%	5.5%	16.7%	9.6%	5.7%	1.1%	10.4%	9.1%	7.2%	6.0%
Return on Equity (adjusted / adjusted)	20.8%	10.7%	-8.5%	4.5%	14.5%	9.9%	5.6%	-1.4%	10.7%	9.3%	7.4%	6.2%
Return on Tangible Equity (adj'd/adj'd)	28.2%	14.7%	-12.6%	5.8%	20.1%	13.9%	7.7%	-2.0%	14.5%	12.7%	10.1%	8.3%
Return on Equity (adjusted / DB 'active')	19.1%	10.2%	-8.1%	4.2%	13.6%	9.2%	5.2%	-1.4%	10.2%	8.9%	7.1%	5.9%
Return on Equity (adj'd pre-tax/DB 'active')	27.5%	14.6%	-11.6%	6.0%	20.1%	13.5%	8.0%	-1.5%	15.2%	13.1%	10.6%	8.9%
SHARES OUTSTANDING												
Basic (period end, m)	699	701	692	932	940	928	932	932	932	932	932	932
Diluted (period avg, m)	727	726	695	948	969	968	951	949	965	965	965	965
BALANCE SHEET ITEMS												
Total Assets	1,670,442	1,925,655	1,957,748	1,905,630	1,842,245	1,849,695	2,282,479	2,164,000	2,174,740	2,185,533	2,196,380	2,207,280
Gross customer loans	270,290	291,683	283,483	411,025	397,697	398,219	416,258	416,258	418,324	420,400	422,486	424,583
Provisions on customer loans	3,455	3,542	3,657	3,296	3,362	3,491	3,813	4,083	4,048	4,030	4,035	4,046
Net customer loans	266,835	288,141	279,826	407,729	394,335	394,728	412,445	412,175	414,276	416,370	418,451	420,537
Problem Loans (NPLs)	9,075	9,399	9,398	8,435	9,065	10,678	11,350	11,205	10,428	9,704	9,031	8,404
NPLs / gross loans	3.4%	3.2%	3.3%	2.1%	2.3%	2.7%	2.7%	2.7%	2.5%	2.3%	2.1%	2.0%
Coverage ratio	38.1%	37.7%	38.9%	39.1%	37.1%	32.7%	33.6%	36.4%	38.8%	41.5%	44.7%	48.1%
Shareholders equity excl minorities	39,118	41,538	38,508	48,819	49,981	50,055	51,884	53,400	54,811	55,363	56,373	57,221
Goodwill	9,020	9,020	9,020	10,762	10,762	10,762	10,762	10,762	10,762	10,762	10,762	10,762
Risk-Weighted Assets	292,466	303,460	277,065	346,204	327,874	319,669	337,618	381,000	393,276	393,519	393,789	394,087
Tier 1 capital	32,837	34,316	31,787	42,565	43,802	44,658	46,638	49,047	50,283	51,359	52,195	52,868
Total capital	34,537	36,174	33,897	48,688	48,784	49,994	51,813	55,226	56,523	57,661	58,558	59,295
"Core" tier 1 ratio	7.5%	7.5%	7.6%	8.7%	9.6%	10.2%	10.1%	9.6%	9.6%	9.9%	10.1%	10.2%
Tier 1 ratio	11.2%	11.3%	11.5%	12.3%	13.4%	14.0%	13.8%	12.9%	12.8%	13.1%	13.3%	13.4%
Total ratio	11.8%	11.9%	12.2%	14.1%	14.9%	15.6%	15.3%	14.5%	14.4%	14.7%	14.9%	15.0%
Tangible Equity / Assets	1.6%	1.5%	1.4%	1.7%	1.9%	1.9%	1.6%	1.8%	1.8%	1.8%	1.9%	1.9%

Source: Company Reports and CIRA Estimates

Figure 48. Deutsche Bank — Divisional P&L by Year

€ millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
CORPORATE BANKING & SECURITIES											
Origination - equities	663	705	+6%	560	-21%	640	+14%	672	+5%	706	+5%
Origination - debt (ex marks)	1,175	1,199	+2%	1,055	-12%	1,025	-3%	1,056	+3%	1,087	+3%
Sales & trading - equities	2,884	3,108	+8%	2,421	-22%	2,547	+5%	2,674	+5%	2,808	+5%
Sales & trading - debt (ex marks)	11,388	10,195	-10%	8,268	-19%	8,630	+4%	8,889	+3%	9,156	+3%
Advisory	401	573	+43%	621	+8%	650	+5%	748	+15%	860	+15%
Loan products	1,623	1,735	+7%	1,573	-9%	1,500	-5%	1,500	+0%	1,500	+0%
Other	-190	-54	-72%	-179	+231%	-140	-22%	-144	+3%	-149	+3%
Credit crisis marks (net incl own debt)	-2,281	-455	nm	231	nm	0	nm	0	nm	0	nm
Net revenues	15,663	17,006	+9%	14,550	-14%	14,852	+2%	15,395	+4%	15,968	+4%
Operating expenses	-9,461	-11,154	+18%	-10,629	-5%	-10,663	+0%	-10,975	+3%	-11,304	+3%
Operating profit pre provisions	6,202	5,852	-6%	3,921	-33%	4,189	+7%	4,419	+5%	4,664	+6%
Provisions	-1,877	-349	-81%	-303	-13%	-505	+67%	-339	-33%	-336	-1%
Profit before tax & minorities	4,325	5,503	0	3,618	0	3,684	+2%	4,081	0	4,328	0
Cost / income ratio	60%	63%		73%		72%		71%		71%	
Cost/income ratio (ex-marks)	53%	61%		71%		72%		0%		0%	
Pre-tax margin	28%	32%		25%		25%		27%		27%	
PBT / Avg Equity	24%	29%		20%		15%		12%		13%	
TRANSACTION BANKING											
Net revenues	2,446	3,149	+29%	3,609	+15%	3,843	+6%	4,074	+6%	4,318	+6%
Operating expenses	-1,788	-2,134	+19%	-2,312	+8%	-2,402	+4%	-2,485	+3%	-2,569	+3%
Operating profit pre provisions	658	1,015	+54%	1,297	+28%	1,441	+11%	1,589	+10%	1,749	+10%
Provisions	-27	-113	nm	-157	nm	-210	+34%	-221	+5%	-209	-5%
Profit before tax & minorities	631	902	+43%	1,140	+26%	1,231	+8%	1,368	+11%	1,540	+13%
Cost / income ratio	73%	68%		64%		62%		61%		59%	
Pre-tax margin	26%	29%		32%		32%		34%		36%	
PBT / Avg Equity	55%	35%		47%		47%		49%		52%	
PRIVATE & BUSINESS CLIENTS											
Net revenues	5,578	6,090	+9%	10,143	+67%	10,362	+2%	10,701	+3%	11,008	+3%
Operating expenses	-4,137	-4,460	+8%	-7,026	+58%	-7,298	+4%	-7,455	+3%	-7,668	+3%
Operating profit pre provisions	1,441	1,630	+13%	3,117	+91%	3,064	-2%	3,246	+6%	3,340	+3%
Provisions	-934	-727	-22%	-909	+25%	-1,004	+10%	-970	-3%	-845	-13%
Profit before tax & minorities	507	903	+78%	2,208	+145%	2,059	-7%	2,276	+11%	2,494	+10%
Cost / income ratio	74%	73%		69%		67%		66%		66%	
Pre-tax margin	9%	15%		22%		20%		21%		23%	
PBT / Avg Equity	14%	20%		20%		18%		20%		21%	
ASSET & WEALTH MANAGEMENT											
Net revenues	2,924	3,675	+26%	3,705	+1%	3,751	+1%	4,032	+7%	4,387	+9%
Operating expenses	-2,662	-3,190	+20%	-2,916	-9%	-2,936	+1%	-3,095	+5%	-3,301	+7%
Operating profit pre provisions	262	485	+85%	789	+63%	816	+3%	937	+15%	1,086	+16%
Provisions	-3	-39	nm	-54	nm	-60	nm	0	nm	0	nm
Profit before tax & minorities	259	446	+72%	735	+65%	756	+3%	937	+24%	1,086	+16%
Total Revenue Margin	0.45%	0.49%		0.45%		0.45%		0.45%		0.45%	
Assets under Management (EoP)	686	825	+20%	813	-1%	861	+6%	936	+9%	1,017	+9%
Total Net New Money	16	-1		-10		15		40		44	
Net New Money (Ann., %)	3%	0%		-1%		2%		5%		5%	
Cost / income ratio (adjusted)	91%	87%		79%		78%		77%		75%	
Pre-tax margin	9%	12%		20%		20%		23%		25%	
PBT / Avg Equity	5%	8%		14%		15%		17%		18%	
CORPORATE INVESTMENTS											
Net revenues	1,119	749	+0%	890	+0%	900	+1%	1,100	+22%	1,100	+0%
Operating expenses	-431	-968	+125%	-1,357	+40%	-1,340	-1%	-1,300	-3%	-1,300	+0%
Operating profit pre provisions	688	-219	-132%	-467	+113%	-440	-6%	-200	-55%	-200	+0%
Provisions	-9	1	nm	-13	nm	0	nm	0	nm	0	nm
Profit before tax & minorities	679	-218	-132%	-480	+120%	-440	-8%	-200	-55%	-200	+0%
CONSOLIDATION / ADJUSTMENTS											
Net revenues	230	-2,103	nm	331	nm	-100	nm	-100	nm	-100	nm
Operating expenses	-1,649	-1,411	nm	-1,758	nm	-300	nm	-425	nm	-425	nm
Operating profit pre provisions	-1,419	-3,514	nm	-1,427	nm	-400	nm	-525	nm	-525	nm
Provisions	220	-46	nm	-404	nm	-40	nm	-40	nm	-40	nm
Profit before tax & minorities	-1,199	-3,560	nm	-1,831	nm	-440	nm	-565	nm	-565	nm

Source: Company Reports and CIRA Estimates

Figure 49. Deutsche Bank — Divisional P&L by Quarter

€ millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
CORPORATE BANKING & SECURITIES												
Origination - equities	116	135	120	334	181	244	68	67	150	180	130	180
Origination - debt (ex marks)	316	283	306	294	377	318	169	191	350	275	175	225
Sales & trading - equities	944	605	687	872	943	555	384	539	773	711	562	500
Sales & trading - debt (ex marks)	4,043	2,460	2,325	1,367	3,475	2,310	1,440	1,043	3,128	2,439	1,903	1,161
Advisory	131	124	137	181	159	152	138	172	165	160	155	170
Loan products	513	350	556	316	484	316	429	344	400	350	400	350
Other	0	0	0	-54	-27	-4	-82	-66	-20	-30	-40	-50
Credit crisis marks (net incl own debt)	-241	-289	-127	202	175	0	56	0	0	0	0	0
Net revenues	5,822	3,668	4,004	3,512	5,767	3,891	2,602	2,290	4,946	4,086	3,285	2,536
Operating expenses	-2,984	-2,747	-2,722	-2,701	-3,413	-2,780	-2,255	-2,181	-3,462	-2,901	-2,398	-1,902
Operating profit pre provisions	2,838	921	1,282	811	2,354	1,111	347	109	1,484	1,185	887	634
Provisions	-93	-46	-135	-75	-12	-95	-51	-145	-90	-119	-148	-148
Profit before tax & minorities	2,745	875	1,147	736	2,342	1,016	296	-36	1,394	1,066	738	486
Cost / income ratio	51%	75%	68%	77%	59%	71%	87%	95%	70%	71%	73%	75%
Cost/income ratio (ex-marks)	49%	69%	66%	82%	54%	71%	89%	95%	70%	71%	73%	75%
Pre-tax margin	47%	24%	29%	21%	41%	26%	11%	-2%	28%	26%	22%	19%
PBT / Avg Equity	63%	18%	23%	15%	50%	22%	7%	-1%	22%	17%	12%	8%
TRANSACTION BANKING												
Net revenues	595	843	837	874	853	886	941	929	943	955	967	979
Operating expenses	-464	-541	-563	-566	-556	-548	-638	-570	-594	-601	-599	-607
Operating profit pre provisions	131	302	274	308	297	338	303	359	349	353	367	372
Provisions	8	-24	-43	-54	-21	-31	-41	-64	-50	-50	-55	-55
Profit before tax & minorities	139	278	231	254	276	307	262	295	299	303	312	317
Cost / income ratio	78%	64%	67%	65%	65%	62%	68%	61%	63%	63%	62%	62%
Pre-tax margin	23%	33%	28%	29%	32%	35%	28%	32%	32%	32%	32%	32%
PBT / Avg Equity	8%	11%	8%	10%	11%	13%	11%	12%	12%	12%	12%	12%
PRIVATE & BUSINESS CLIENTS												
Net revenues	1,413	1,444	1,455	1,778	2,645	2,594	2,402	2,502	2,607	2,608	2,575	2,571
Operating expenses	-1,050	-1,036	-1,038	-1,336	-1,792	-1,696	-1,689	-1,849	-1,890	-1,840	-1,805	-1,764
Operating profit pre provisions	363	408	417	442	853	898	713	653	717	769	771	807
Provisions	-198	-171	-165	-193	-203	-238	-248	-220	-239	-241	-255	-269
Profit before tax & minorities	165	237	252	249	650	660	465	433	478	528	516	538
Cost / income ratio	74%	72%	71%	75%	68%	64%	69%	72%	70%	68%	68%	66%
Pre-tax margin	12%	16%	17%	14%	25%	25%	19%	17%	18%	20%	20%	21%
PBT / Avg Equity	17%	23%	24%	17%	23%	23%	17%	16%	17%	19%	18%	19%
ASSET & WEALTH MANAGEMENT												
Net revenues	829	897	939	1,010	1,001	919	876	909	948	956	919	928
Operating expenses	-768	-739	-795	-888	-780	-732	-680	-724	-749	-745	-717	-724
Operating profit pre provisions	61	158	144	122	221	187	196	185	199	210	202	204
Provisions	-3	-3	-20	-13	-19	-13	-11	-11	-15	-15	-15	-15
Profit before tax & minorities	58	155	124	109	202	174	185	174	184	195	187	189
Total Revenue Margin	0.44%	0.44%	0.46%	0.50%	0.49%	0.46%	0.44%	0.46%	0.46%	0.46%	0.44%	0.43%
Assets under Management (EoP)	808	825	799	825	800	797	780	813	825	838	848	861
Total Net New Money	9	-14	0	4	-2	0	-13	5	4	4	2	5
Net New Money (Ann.,%)	5%	-7%	0%	2%	-1%	0%	-7%	3%	2%	2%	1%	2%
Cost / income ratio (adjusted)	93%	82%	85%	88%	78%	80%	78%	80%	79%	78%	78%	78%
Pre-tax margin	7%	17%	13%	11%	20%	19%	21%	19%	19%	20%	20%	20%
PBT / Avg Equity	5%	10%	9%	8%	15%	13%	14%	13%	16%	16%	15%	15%
CORPORATE INVESTMENTS												
Net revenues	220	239	247	43	269	194	213	214	225	225	225	225
Operating expenses	-156	-208	-261	-343	-344	-329	-299	-385	-335	-335	-335	-335
Operating profit pre provisions	64	31	-14	-300	-75	-135	-86	-171	-110	-110	-110	-110
Provisions	0	8	1	-8	-1	-4	0	-8	0	0	0	0
Profit before tax & minorities	64	39	-13	-308	-76	-139	-86	-179	-110	-110	-110	-110
CONSOLIDATION / ADJUSTMENTS												
Net revenues	120	64	-2,497	210	-61	56	281	55	-25	-25	-25	-25
Operating expenses	-522	-117	-292	-480	-195	-213	-349	-1,001	-75	-75	-75	-75
Operating profit pre provisions	-402	-53	-2,789	-270	-256	-157	-68	-946	-100	-100	-100	-100
Provisions	24	-7	0	-63	-117	-83	-112	-92	-10	-10	-10	-10
Profit before tax & minorities	-378	-60	-2,789	-333	-373	-240	-180	-1,038	-110	-110	-110	-110

Source: Company Reports and CIRA Estimates

UBS – Financial forecasts

We increase our 2012E-2014E estimates by 1-2% to reflect our expectation of a better trading environment for investment banking during 2012-2014.

Figure 50. UBS – Summary of Estimate Changes (2012E-2014E)

SFr m	2012E old	2012E new	Change (%)	2013E old	2013E new	Change (%)	2014E old	2014E new	Change (%)
MAIN P&L ITEMS									
Operating income	28,473	28,780	+1%	30,295	30,593	+1%	32,313	32,602	+1%
Operating expenses	-21,175	-21,357	+1%	-22,458	-22,633	+1%	-23,451	-23,618	+1%
Operating profit pre provisions	7,298	7,424	+2%	7,837	7,960	+2%	8,862	8,984	+1%
Bad debt provisions	-387	-387	+0%	-374	-374	+0%	-207	-207	+0%
Profit before tax	6,774	6,900	+2%	7,327	7,450	+2%	8,519	8,641	+1%
Tax	-1,137	-1,159	+2%	-1,282	-1,304	+2%	-1,491	-1,512	+1%
Minorities	-300	-300	+0%	-300	-300	+0%	-300	-300	+0%
Attributable profit (as reported)	5,337	5,441	+2%	5,745	5,847	+2%	6,728	6,828	+1%
PER SHARE									
Sharecount - basic period end	3,748	3,748	+0%	3,748	3,748	+0%	3,748	3,748	+0%
EPS, reported earnings / reported sharecount	1.42	1.45	+2%	1.53	1.56	+2%	1.80	1.82	+1%
EPS, adjusted earnings / diluted sharecount	1.40	1.43	+2%	1.51	1.54	+2%	1.77	1.80	+1%
DPS	0.10	0.10	+0%	0.25	0.25	+0%	0.50	0.50	+0%

Source: Citi Investment Research and Analysis

Target Price

We increase our target price from SFr15.0 to SFr15.5 to reflect a higher sustainable RoE following our earnings upgrades.

Figure 51. UBS — Group P&L by Year

SFr millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
GROUP P&L											
Net interest income	6,445	6,215	-4%	6,827	+10%	6,827	+0%	7,257	+6%	7,734	+7%
Net fee & commission income	17,711	17,160	-3%	15,174	-12%	15,233	+0%	16,192	+6%	17,256	+7%
Net trading income	-324	7,471	-2406%	4,509	-40%	4,700	+4%	4,996	+6%	5,324	+7%
Other income	599	1,214	+103%	1,468	+21%	2,020	+38%	2,148	+6%	2,289	+7%
Total operating income	24,431	32,060	+31%	27,978	-13%	28,780	+3%	30,593	+6%	32,602	+7%
Personnel expenses	-16,542	-16,920	+2%	-15,593	-8%	-14,641	-6%	-15,675	+7%	-16,391	+5%
General & administrative expenses	-6,248	-6,585	+5%	-5,959	-10%	-5,930	-0%	-6,157	+4%	-6,412	+4%
Depreciation of property & equipment	-1,048	-918	-12%	-762	-17%	-786	+3%	-800	+2%	-815	+2%
Amortisation of other intangibles	-201	-117	-42%	-126	+8%	-136	+8%	-136	+0%	-136	+0%
Total operating expenses	-24,039	-24,540	+2%	-22,440	-9%	-21,493	-4%	-22,769	+6%	-23,754	+4%
Operating profit pre provisions	392	7,520	nm	5,538	nm	7,288	nm	7,824	+7%	8,848	+13%
Credit loss expense	-1,832	-64	-97%	-82	+28%	-387	+372%	-374	-4%	-207	-45%
Amortisation of goodwill	-1,123	0	nm	0	nm	0	nm	0	0	0	0
Profit before tax	-2,563	7,456	nm	5,456	nm	6,900	nm	7,450	+8%	8,641	+16%
Tax	443	380	nm	-952	nm	-1,159	nm	-1,304	12%	-1,512	16%
Net profit	-2,120	7,836	nm	4,504	nm	5,741	nm	6,147	7%	7,128	16%
Minority interests	-611	-304	-50%	-269	-12%	-300	12%	-300	0.0%	-300	0.0%
Industrial holdings	0	0		0		0		0	0.0%	0	0.0%
Attributable profit	-2,738	7,534	nm	4,235	nm	5,441	nm	5,847	+7%	6,828	+17%
Adjusted attributable profit	-1,609	7,534	nm	4,235	nm	5,441	nm	5,847	+7%	6,828	+17%
PER SHARE FIGURES											
EPS - basic (reported/reported)	-0.75	1.99	nm	1.12	nm	1.45	nm	1.56	+7%	1.82	+17%
EPS - adjusted (adjusted/diluted)	-0.74	1.96	nm	1.11	nm	1.43	nm	1.54	7%	1.80	17%
Dividend per share	-	-	nm	0.10	-	0.10	-	0.25	-	0.50	-
Book value per share	10.7	12.2	13%	14.0	15%	15.4	10%	16.9	9%	18.4	9%
Tangible book value per share	7.9	9.6	22%	11.5	19%	12.9	12%	14.3	11%	15.9	11%
OPERATING RATIOS											
Net interest margin	1.97%	2.17%		2.57%		2.42%		2.32%		2.22%	
Non-interest income as % of total	74%	81%		76%		76%		76%		76%	
Compensation ratio	68%	53%		56%		51%		51%		50%	
Cost / income ratio	98%	77%		80%		75%		74%		73%	
Operating Profit pre Provns / avg RWAs	0.15%	3.71%		2.79%		3.65%		3.85%		4.35%	
Provision charge / customer loans	0.60%	0.02%		0.03%		0.13%		0.12%		0.06%	
Effective tax rate (ex goodwill etc)	31%	-5%		17%		17%		18%		18%	
Return on avg RWAs	-1.08%	3.72%		2.13%		2.73%		2.87%		3.36%	
Return on Equity (as reported)	-7%	17%		8%		10%		10%		10%	
Return on Equity (adjusted)	-4%	17%		8%		10%		10%		10%	
Return on Tangible Equity (adjusted)	-6%	22%		10%		12%		11%		12%	
SHARES OUTSTANDING											
Basic (period end, m)	3,794	3,793	-0%	3,748	-1%	3,748	+0%	3,748	+0%	3,748	+0%
Diluted (period avg, m)	3,677	3,848	+5%	3,824	-1%	3,801	-1%	3,801	+0%	3,801	+0%
BALANCE SHEET ITEMS											
Total Assets	1,340,538	1,317,247	-2%	1,419,313	+8%	1,575,437	+11%	1,748,736	+11%	1,941,096	+11%
Gross customer loans	309,508	264,070	-15%	267,408	+1%	296,823	+11%	329,473	+11%	365,715	+11%
Loan / deposit ratio	75%	79%		78%		78%		78%		78%	
Shareholders equity excl minorities	41,013	46,820	+14%	53,551	+14%	58,610	+9%	64,076	+9%	69,954	+9%
Tangible shrhldrs equity ex minorities	30,005	36,998	+23%	43,856	+19%	48,915	+12%	54,381	+11%	60,259	+11%
Risk-Weighted Assets (Basel 2)	206,525	198,875	-4%	198,494	-0%	200,479	+1%	206,493	+3%	200,299	-3%
Tier 1 Capital (Basel 2)	31,798	35,272	+11%	39,059	+11%	44,420	+14%	49,316	+11%	54,244	+10%
Tier 1 ratio	15.4%	17.7%		19.7%		22.2%		23.9%		27.1%	
Core tier 1 ratio (ex hybrids, Basel 2)	11.9%	15.3%		17.5%		20.0%		21.8%		24.9%	
Tangible Equity/ Assets	2.2%	2.8%		3.1%		3.1%		3.1%		3.1%	

Source: Company Reports and CIRA Estimates

Figure 52. UBS — Group P&L by Quarter

SFr millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
GROUP P&L												
Net interest income	1,818	1,093	1,601	1,703	1,781	1,440	1,861	1,745	1,781	1,440	1,861	1,745
Net fee & commission income	4,372	4,366	3,978	4,444	4,240	3,879	3,557	3,498	4,240	3,879	3,557	3,557
Net trading income	2,368	3,450	868	785	2,203	1,724	-28	610	1,175	1,175	1,175	1,175
Other income	337	324	180	373	117	112	1,111	128	394	1,010	370	246
Total operating income	8,895	9,233	6,627	7,305	8,341	7,155	6,501	5,981	7,590	7,504	6,963	6,723
Personnel expenses	-4,521	-4,645	-3,977	-3,777	-4,407	-3,925	-3,758	-3,503	-3,637	-3,947	-3,611	-3,445
General & administrative expenses	-1,419	-1,638	-1,634	-1,894	-1,488	-1,408	-1,411	-1,652	-1,487	-1,435	-1,410	-1,599
Depreciation of property & equipment	-234	-257	-196	-231	-191	-161	-212	-198	-196	-196	-196	-198
Amortisation of other intangibles	-27	-31	-33	-26	-24	-22	-51	-29	-34	-34	-34	-34
Total operating expenses	-6,201	-6,571	-5,840	-5,928	-6,110	-5,516	-5,432	-5,382	-5,354	-5,612	-5,252	-5,276
Operating profit pre provisions	2,694	2,662	787	1,377	2,231	1,639	1,069	599	2,236	1,892	1,712	1,448
Credit loss expense	116	-48	30	-164	3	16	-89	-14	-86	-85	-109	-108
Amortisation of goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Profit before tax	2,810	2,614	817	1,213	2,234	1,655	980	585	2,150	1,807	1,603	1,340
Tax	-603	-311	825	469	-426	-377	40	-189	-430	-361	-200	-168
Net profit	2,207	2,303	1,642	1,682	1,808	1,278	1,020	396	1,720	1,446	1,403	1,173
Minority interests	-6	-298	21	-21	-2	-263	-2	-2	-75	-75	-75	-75
Industrial holdings	0	0	0	0	0	0	0	0	0	0	0	0
Attributable profit	2,203	2,005	1,663	1,661	1,806	1,015	1,018	394	1,645	1,371	1,328	1,098
Adjusted attributable profit	2,201	2,005	1,663	1,661	1,806	1,015	1,018	394	1,645	1,371	1,328	1,098
PER SHARE FIGURES												
EPS - basic (reported/reported)	0.58	0.53	0.44	0.44	0.48	0.27	0.27	0.11	0.44	0.37	0.35	0.29
EPS - adjusted (adjusted/diluted)	0.58	0.52	0.43	0.43	0.47	0.26	0.27	0.10	0.43	0.36	0.35	0.29
Dividend per share	-	-	-	-	-	-	-	-	-	-	-	-
Book value per share	11.2	12.0	12.4	12.2	12.1	12.2	13.6	14.1	14.5	14.8	15.1	15.4
Tangible book value per share	8.3	9.1	9.7	9.6	9.6	9.9	11.1	11.5	12.0	12.2	12.6	12.9
OPERATING RATIOS												
Net interest margin	2.36%	1.44%	2.26%	2.56%	2.68%	2.16%	2.80%	2.61%	2.63%	2.07%	2.61%	2.38%
Non-interest income as % of total	80%	88%	76%	77%	79%	80%	71%	71%	77%	81%	73%	74%
Compensation ratio	51%	50%	60%	52%	53%	55%	58%	59%	48%	53%	52%	51%
Cost / income ratio	70%	71%	88%	81%	73%	77%	84%	90%	71%	75%	75%	78%
Operating Profit pre Provns / avg RWAs	5.18%	5.14%	1.52%	2.71%	4.44%	3.20%	2.07%	1.18%	4.50%	3.80%	3.43%	2.89%
Provision charge / customer loans	-0.15%	0.06%	-0.05%	0.25%	0.00%	-0.02%	0.13%	0.02%	0.13%	0.12%	0.15%	0.15%
Effective tax rate (ex goodwill etc)	21%	12%	-101%	-39%	19%	23%	-4%	32%	20%	20%	13%	13%
Return on avg RWAs	4.24%	3.87%	3.22%	3.26%	3.59%	1.98%	1.97%	0.78%	3.31%	2.75%	2.66%	2.19%
Return on Equity (as reported)	21%	18%	14%	14%	15%	9%	8%	3%	12%	10%	9%	8%
Return on Equity (adjusted)	21%	18%	14%	14%	15%	9%	8%	3%	12%	10%	9%	8%
Return on Tangible Equity (adjusted)	29%	24%	18%	18%	20%	11%	10%	4%	15%	12%	11%	9%
SHARES OUTSTANDING												
Basic (period end, m)	3,795	3,793	3,797	3,793	3,804	3,768	3,741	3,748	3,748	3,748	3,748	3,748
Diluted (period avg, m)	3,806	3,845	3,847	3,850	3,849	3,869	3,815	3,800	3,801	3,801	3,801	3,801
BALANCE SHEET ITEMS												
Total Assets	1,356,427	1,458,223	1,460,509	1,317,247	1,291,286	1,236,770	1,446,845	1,419,313	1,456,830	1,495,339	1,534,866	1,575,437
Gross customer loans	307,919	300,308	267,226	264,070	268,490	265,584	267,014	267,408	274,476	281,732	289,179	296,823
Loan / deposit ratio	74%	72%	81%	79%	80%	82%	80%	78%	78%	78%	78%	78%
Shareholders equity excl minorities	42,800	46,017	47,713	46,820	46,695	47,263	51,817	53,551	55,196	56,184	57,512	58,610
Tangible sh'hldrs equity ex minorities	31,689	34,815	37,392	36,998	37,046	38,406	42,424	43,856	45,501	46,489	47,817	48,915
Risk-Weighted Assets	209,138	204,848	208,289	198,875	203,361	206,224	207,257	198,494	198,988	199,484	199,981	200,479
Tier 1 capital	33,404	33,685	34,817	35,272	36,379	37,387	38,121	39,059	41,066	42,035	43,342	44,420
Tier 1 ratio	16.0%	16.4%	16.7%	17.7%	17.9%	18.1%	18.4%	19.7%	20.6%	21.1%	21.7%	22.2%
Core tier 1 ratio (ex hybrids)	12.5%	13.0%	14.2%	15.3%	15.6%	16.1%	16.3%	17.5%	18.4%	18.9%	19.5%	20.0%
Tangible Equity/ Assets	2.3%	2.4%	2.6%	2.8%	2.9%	3.1%	2.9%	3.1%	3.1%	3.1%	3.1%	3.1%

Source: Company Reports and CIRA Estimates

Figure 53. UBS — Divisional P&L by Year

SFr millions	2009	2010	% chg	2011	% chg	2012E	% chg	2013E	% chg	2014E	% chg
INVESTMENT BANK											
Equities trading	4,937	4,407	-11%	3,699	-16%	3,853	+4%	4,085	+6%	4,330	+6%
Fixed Income trading (ex marks)	3,097	5,013	+62%	4,490	-10%	4,490	+0%	4,356	-3%	4,225	-3%
Equities origination	1,609	1,021	-37%	574	-44%	600	+5%	642	+7%	687	+7%
Fixed Income origination	904	974	+8%	755	-22%	725	-4%	747	+3%	769	+3%
Advisory	859	846	-2%	964	+14%	950	-1%	1,093	+15%	1,256	+15%
Total operating income	4,835	11,950	+147%	9,529	-20%	9,719	+2%	10,121	+4%	10,467	+3%
Total operating expenses	-8,572	-9,574	+12%	-8,572	-10%	-8,140	-5%	-8,250	+1%	-8,384	+2%
Credit loss expense	-1,699	0	-100%	13	nm	-259	-2095%	-244	-6%	-102	-58%
PBT (ex goodwill)	-5,436	2,376	-144%	970	-59%	1,319	+36%	1,627	+23%	1,981	+22%
Cost/income ratio	177%	80%		90%		84%		82%		80%	
Pretax margin	-112%	20%		10%		14%		0%		0%	
PBT / Avg Equity	-23%	9%		3%		5%		7%		9%	
WEALTH MANAGEMENT											
Total operating income	7,427	7,375	-1%	7,201	-2%	7,358	+2%	8,077	+10%	8,869	+10%
Total operating expenses	-4,509	-4,992	+11%	-4,888	-2%	-4,818	-1%	-5,250	+9%	-5,632	+7%
Credit loss expense	45	11	-76%	12	+9%	0	-100%	0	+0%	0	+0%
PBT (ex goodwill)	2,963	2,394	-19%	2,325	-3%	2,539	+9%	2,827	+11%	3,237	+15%
Invested assets (bn)	825	768	+0%	750	+0%	814	+0%	885	+9%	962	+9%
Net New Money (bn)	-87.1	-12.2		23.5		25.8		38.0		41.3	
Revenues / AuM	0.90%	0.93%		0.95%		0.94%		0.95%		0.96%	
Cost/income ratio	60.7%	67.7%		66.7%		66.5%		65.0%		63.5%	
Pretax margin	40%	32%		32%		35%		35%		36%	
PBT / Avg Equity	67%	54%		47%		47%		48%		50%	
RETAIL & CORPORATE											
Total operating income	4,095	3,946	-4%	3,909	-1%	3,832	-2%	3,878	+1%	3,955	+2%
Total operating expenses	-2,289	-2,099	-8%	-2,133	+2%	-1,690	-21%	-2,061	+0%	-2,083	+0%
Credit loss expense	-177	-75	-58%	-101	+35%	-120	+19%	-125	+0%	-100	+0%
PBT (ex goodwill)	1,629	1,772	+9%	1,675	-5%	2,022	+21%	1,692	+0%	1,773	+0%
Invested assets (bn)	135	136		134		145		160		176	
Net New Money (bn)	-2.8	2.1		1.9		4.2		4.4		4.8	
Net New Money (Ann., %)	-2%	2%		1%		3%		3%		3%	
Cost/income ratio	56%	53%		54%		54%		53%		53%	
Regulatory equity used (avg)	4,600	4,600	+0%	5,000	+0%	5,000	+0%	5,060	+1%	5,161	+2%
PBT / Avg Equity	35%	39%		34%		40%		33%		34%	
WEALTH MGMT AMERICAS											
Total operating income	5,528	5,558	+1%	5,181	-7%	5,671	+9%	6,154	+9%	6,701	+9%
Total operating expenses	-5,332	-5,318	-0%	-4,731	-11%	-5,072	+7%	-5,362	+6%	-5,689	+6%
PBT (ex goodwill)	199	240	+21%	444	+85%	591	+33%	787	+33%	1,007	+28%
Revenue Margin	0.81%	0.80%		0.77%		0.77%		0.78%		0.79%	
Invested assets (bn)	690	689	-0%	709	+3%	760	+7%	813	+7%	878	+8%
Net New Money (ex. intt & dividend inc, bn)	-12	-6		+12		+22		+23		+33	
Net New Money (Ann., %)	-2%	-1%		2%		3%		3%		4%	
Cost/income ratio	96%	96%		92%		89%		87%		85%	
Pretax margin	4%	4%		9%		10%		13%		15%	
GLOBAL ASSET MANAGEMENT											
Total operating income	2,137	2,060	-4%	1,801	-13%	1,901	+6%	2,062	+8%	2,309	+12%
Total operating expenses	-1,508	-1,536	+2%	-1,348	-12%	-1,403	+4%	-1,475	+5%	-1,596	+8%
PBT (ex goodwill)	629	524	-17%	453	-14%	498	+10%	588	+18%	713	+21%
Revenue Margin	0.37%	0.36%		0.32%		0.32%		0.33%		0.34%	
Invested assets (bn)	583	558		574		603		657		717	
Net New Money (bn)	-46	+2		+4		+6		+30		+33	
Net New Money (Ann., %)	-8%	0%		1%		1%		5%		5%	
Cost/income ratio	71%	75%		73%		73%		71%		69%	
Pretax Margin	29%	25%		25%		26%		0%		0%	
PBT/ Avg Equity	25%	20%		17%		18%		20%		23%	
CORPORATE FUNCTIONS											
Total operating income	409	1,171	+186%	357	-70%	300	-16%	300	+0%	300	+0%
Total operating expenses	-1,829	-1,021	-97%	-768	-96%	-370	-44%	-370	+0%	-370	+0%
PBT (ex goodwill)	-1,424	150	-111%	-411	-374%	-70	-83%	-70	+0%	-70	+0%

Source: Company Reports and CIRA Estimates

Figure 54. UBS — Divisional P&L by Quarter

SFr millions	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
INVESTMENT BANK												
Equities trading	1,255	1,303	904	945	1,310	1,055	630	704	1,080	1,076	881	817
Fixed Income trading (ex marks)	1,865	1,503	768	877	1,838	1,072	432	1,148	1,547	1,280	1,020	643
Equities origination	262	208	90	461	176	159	120	119	125	175	125	175
Fixed Income origination	213	193	272	296	212	212	182	149	200	200	150	175
Advisory	208	153	221	264	273	236	201	254	200	250	250	250
Total operating income	3,778	4,080	1,807	2,285	3,444	2,590	1,434	2,061	2,927	2,756	2,201	1,835
Total operating expenses	-2,700	-2,585	-2,248	-2,041	-2,611	-2,229	-1,839	-1,893	-2,385	-2,174	-1,821	-1,760
Credit loss expense	112	-39	35	-108	1	15	-6	3	-59	-58	-72	-71
PBT (ex goodwill)	1,190	1,456	-406	136	834	376	-411	171	483	524	308	4
Cost/income ratio	71%	63%	124%	89%	76%	86%	128%	92%	81%	79%	83%	96%
Pretax margin	31%	36%	-22%	6%	24%	15%	-29%	8%	16%	19%	14%	0%
PBT / Avg Equity	20%	24%	-6%	2%	12%	5%	-5%	2%	11%	12%	7%	0%
WEALTH MANAGEMENT												
Total operating income	1,932	1,891	1,757	1,795	1,919	1,865	1,745	1,672	1,783	1,844	1,838	1,892
Total operating expenses	-1,208	-1,233	-1,249	-1,302	-1,283	-1,195	-1,204	-1,206	-1,111	-1,226	-1,213	-1,268
Credit loss expense	1	-1	3	8	9	2	0	1	0	0	0	0
PBT (ex goodwill)	725	657	511	501	645	672	541	467	672	618	625	624
Invested assets (bn)	827	786	787	768	790	748	719	750	771	785	800	814
Net New Money (bn)	-8.0	-5.2	1.0	0.0	11.1	5.6	3.8	3.0	6.2	6.4	6.5	6.7
Revenues / AuM	0.94%	0.94%	0.89%	0.92%	0.99%	0.97%	0.97%	0.91%	0.94%	0.95%	0.93%	0.94%
Cost/income ratio	62.5%	65.2%	71.1%	72.5%	66.9%	64.1%	69.0%	72.1%	62.3%	66.5%	66.0%	67.0%
Pretax margin	38%	35%	29%	28%	34%	36%	31%	28%	38%	34%	34%	33%
PBT / Avg Equity	66%	60%	46%	46%	52%	54%	43%	37%	52%	47%	47%	46%
RETAIL & CORPORATE												
Total operating income	976	1,002	973	995	972	974	1,010	953	964	960	951	958
Total operating expenses	-512	-522	-521	-544	-562	-553	-511	-507	-159	-518	-510	-503
Credit loss expense	2	-7	-7	-63	-7	0	-81	-13	-25	-25	-35	-35
PBT (ex goodwill)	466	473	445	388	403	421	418	433	780	416	406	420
Invested assets (bn)	136	131	133	136	138	134	130	134	138	140	143	145
Net New Money (bn)	-0.2	-0.3	-0.1	2.7	2.0	-0.6	-0.3	0.8	1.0	1.0	1.1	1.1
Net New Money (Ann., %)	-1%	-1%	0%	8%	6%	-2%	-1%	2%	3%	3%	3%	3%
Cost/income ratio	52%	52%	54%	55%	58%	57%	51%	53%	16%	54%	54%	53%
Regulatory equity used (avg)	4,600	4,600	4,600	4,600	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
PBT / Avg Equity	41%	41%	39%	34%	32%	34%	33%	35%	62%	33%	32%	34%
WEALTH MGMT AMERICAS												
Total operating income	1,361	1,478	1,338	1,381	1,347	1,260	1,244	1,330	1,381	1,405	1,425	1,460
Total operating expenses	-1,347	-1,406	-1,305	-1,260	-1,236	-1,144	-1,141	-1,210	-1,252	-1,260	-1,269	-1,291
PBT (ex goodwill)	14	73	33	120	112	115	102	115	127	143	154	167
Revenue Margin	0.78%	0.84%	0.77%	0.80%	0.78%	0.75%	0.76%	0.78%	0.77%	0.77%	0.77%	0.78%
Invested assets (bn)	714	693	693	689	700	650	651	709	721	734	747	760
Net New Money (ex. interest & div inc, bn)	-7	-3	+0	+3	+4	+3	+4	+2	+5	+5	+6	+6
Net New Money (Ann., %)	-4%	-1%	0%	2%	2%	1%	2%	1%	3%	3%	3%	3%
Cost/income ratio	99%	95%	98%	91%	92%	91%	92%	91%	91%	90%	89%	88%
Pretax margin	1%	5%	2%	9%	8%	9%	8%	9%	9%	10%	11%	11%
GLOBAL ASSET MANAGEMENT												
Total operating income	522	522	474	542	496	444	399	462	461	463	473	504
Total operating expenses	-385	-405	-360	-386	-373	-337	-307	-331	-354	-341	-346	-361
PBT (ex goodwill)	137	117	114	156	123	107	92	131	106	122	127	142
Revenue Margin	0.36%	0.36%	0.33%	0.39%	0.35%	0.32%	0.30%	0.34%	0.32%	0.32%	0.32%	0.34%
Invested assets (bn)	590	569	566	558	570	536	524	574	579	585	594	603
Net New Money (bn)	-3	+3	+0	+1	+6	+1	-3	+0	-1	+1	+2	+4
Net New Money (Ann., %)	-2%	2%	0%	1%	4%	1%	-2%	0%	0%	0%	2%	2%
Cost/income ratio	74%	78%	76%	71%	75%	76%	72%	72%	77%	74%	73%	72%
Pretax Margin	26%	22%	24%	29%	25%	24%	23%	28%	23%	26%	27%	28%
PBT / Avg Equity	22%	19%	18%	25%	20%	17%	15%	21%	17%	20%	20%	23%
CORPORATE FUNCTIONS												
Total operating income	326	260	278	307	163	22	669	-497	75	75	75	75
Total operating expenses	-49	-420	-157	-395	-45	-58	-430	-235	-93	-93	-93	-93
PBT (ex goodwill)	278	-162	120	-88	117	-36	238	-732	-18	-18	-18	-18

Source: Company Reports and CIRA Estimates

BNP Paribas – Financial Forecasts

We increase our 2012E-2014E estimates by 2% to reflect our expectation of a better trading environment for investment banking during 2012-2014.

Figure 55. BNP Paribas – Summary of Estimate Changes (2012E-2014E)

€ m	2012E Old	2012E New	Change	2013E Old	2013E New	Change	2014E Old	2014E New	Change
Revenues	40,563	41,125	1%	41,880	42,470	1%	43,075	43,682	1%
Costs	-25,883	-26,245	1%	-25,984	-26,360	1%	-26,577	-26,965	1%
Profit Before Loan Losses	14,680	14,879	1%	15,897	16,110	1%	16,498	16,717	1%
Loan Losses	-4,368	-4,368	0%	-4,229	-4,229	0%	-4,215	-4,215	0%
Profit before tax	10,312	10,511	2%	11,668	11,881	2%	12,283	12,502	2%
Associate income	438	438	0%	414	414	0%	421	421	0%
Tax	-3,225	-3,285	2%	-3,625	-3,689	2%	-3,811	-3,877	2%
Minorities	-1,300	-1,300	0%	-1,365	-1,365	0%	-1,433	-1,433	0%
Net profit (attributable)	6,225	6,364	2%	7,093	7,242	2%	7,459	7,613	2%
EPS basic (attributable, incl hybrid funding €)	4.91	5.03	2%	5.63	5.76	2%	5.94	6.06	2%
EPS basic (reported - excl hybrid funding, €)	5.15	5.27	2%	5.87	6.00	2%	6.18	6.30	2%
EPS diluted (attributable, €)	4.91	5.02	2%	5.63	5.75	2%	5.93	6.06	2%

Source: Citi Investment Research and Analysis

Figure 56. BNPP – Quarterly Profit & Loss Account, 1Q10-4Q12E

€ m	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
Total operating income	11,530	11,174	10,856	10,320	11,685	10,981	10,032	9,686	10,443	10,384	10,352	9,946
Total operating expenses	-6,596	-6,414	-6,620	-6,887	-6,728	-6,602	-6,108	-6,678	-6,848	-6,636	-6,428	-6,333
Operating profit pre provisions	4,934	4,760	4,236	3,433	4,957	4,379	3,924	3,008	3,596	3,747	3,924	3,613
Credit loss expense	-1,337	-1,081	-1,222	-1,162	-919	-1,350	-3,010	-1,518	-1,059	-1,083	-1,104	-1,123
Profit before tax	3,597	3,679	3,014	2,271	4,038	3,029	914	1,490	2,537	2,664	2,820	2,490
Associate income	248	-4	140	75	71	239	34	-164	111	108	111	108
Tax	-1,188	-1,248	-951	-469	-1,175	-956	-240	-386	-794	-832	-879	-779
Minorities & Hybrids	-369	-323	-295	-334	-318	-184	-167	-175	-325	-325	-325	-325
Net profit (reported)	2,288	2,104	1,908	1,543	2,616	2,128	541	7	8	9	10	11

Source: Company Reports and CIRA Estimates

Figure 57. BNPP — Group Profit and Loss Account by Year

€ m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
Net interest income	21,021	24,060	+14%	23,981	-0%	23,262	-3%	23,959	+3%	24,918	+4%
Net fee & commission income	7,467	8,486	+14%	8,419	-1%	8,166	-3%	8,411	+3%	8,748	+4%
Net trading income	5,649	4,657	-18%	3,453	-26%	3,591	+4%	3,807	+6%	4,111	+8%
Net insurance income	1,282	1,553	+21%	1,626	+5%	1,598	-2%	1,673	+5%	1,774	+6%
Other income	4,772	5,113	+7%	4,905	-4%	4,508	-8%	4,619	+2%	4,131	-11%
Total operating income	40,191	43,869	+9%	42,384	-3%	41,125	-3%	42,470	+3%	43,682	+3%
Total operating expenses	-23,340	-26,517	+14%	-26,116	-2%	-26,245	+0%	-26,360	+0%	-26,965	+2%
Operating profit pre provisions	16,851	17,352	+3%	16,268	-6%	14,879	-9%	16,110	+8%	16,717	+4%
Credit loss expense	-8,369	-4,802	-43%	-6,797	+42%	-4,368	-36%	-4,229	-3%	-4,215	-0%
Profit before tax	8,482	12,550	+48%	9,471	-25%	10,511	+11%	11,881	+13%	12,502	+5%
Associate income	340	191	-44%	180	-6%	438	+143%	414	-5%	421	+2%
Tax	-2,526	-3,856	+53%	-2,757	-29%	-3,285	+19%	-3,689	+12%	-3,877	+5%
Minorities & Hybrids	-642	-1,321	+106%	-844	-36%	-1,300	+54%	-1,365	+5%	-1,433	+5%
Net profit (reported)	5,832	7,832	+34%	6,050	-23%	6,364	+5%	7,242	+14%	7,613	+5%
PER SHARE FIGURES											
EPS - incl hybrid funding (€)	5.51	6.34	+15%	4.80	-24%	5.03	+5%	5.76	+14%	6.06	+5%
EPS - excl hybrid funding (€)	5.39	6.41	+19%	5.03	-22%	5.27	+5%	6.00	+14%	6.30	+5%
Dividend per share	1.50	2.10	+40%	1.20	-43%	1.26	+5%	1.73	+37%	1.82	+5%
Payout Ratio	0.27	0.33	nm	0.25	nm	0.25	nm	0.30	nm	0.30	nm
Book value per share	51.85	55.56	+7%	56.40	+1%	60.47	+7%	65.21	+8%	69.78	+7%
Tangible Book Value per share	40.73	44.03	+0%	44.90	+0%	48.97	+0%	53.71	+0%	58.29	+0%
Diluted (period avg, m)	1,059	1,193	+13%	1,204	+1%	1,209	+0%	1,209	+0%	1,209	+0%
OPERATING RATIOS											
Net interest margin	1.02%	1.19%		1.21%		1.20%		1.25%		1.31%	
Cost / income ratio	58%	60%		62%		64%		62%		62%	
Provision charge / customer loans	1.33%	0.75%		1.07%		0.69%		0.66%		0.64%	
NPL ratio	5.0%	5.5%		5.2%		5.6%		5.9%		6.2%	
Coverage ratio	81.1%	74.9%		84.5%		84.5%		84.5%		84.5%	
Return on Tangible Equity	14.9%	15.5%		11.3%		11.2%		11.7%		11.3%	
BALANCE SHEET ITEMS											
Total Assets	2,057,698	1,998,158	+0%	1,965,283	-2%	1,925,977	-2%	1,906,718	-1%	1,887,650	-1%
Gross customer loans	652,900	668,163	+2%	664,413	-1%	664,413	+0%	677,701	+2%	691,255	+2%
Customer deposits	604,903	580,913	-4%	546,284	-6%	557,210	+2%	579,498	+4%	602,678	+4%
Loan / deposit ratio	108%	115%	0%	122%	0%	119%	0%	117%	0%	115%	0%
Shareholders equity excl minorities	69,501	74,632	+7%	75,370	+1%	80,285	+7%	86,010	+7%	91,539	+6%
REGULATORY CAPITAL											
Risk-Weighted Assets	620,714	600,424	-3%	614,000	+2%	570,360	-7%	623,991	+9%	644,594	+3%
Tier 1 capital	62,900	68,536	+9%	71,000	+4%	76,605	+8%	81,674	+7%	87,003	+7%
Core Tier 1	49,600	55,239	+11%	58,900	+7%	64,505	+10%	62,074	-4%	67,403	+9%
Total capital (Tier 2 & 3, deductions)	88,198	88,324	+0%	85,960	-3%	91,565	+7%	96,634	+6%	101,963	+6%
Tier 1 ratio	10.1%	11.4%	+13%	11.6%	+1%	13.4%	+16%	13.1%	-3%	13.5%	+3%
Total ratio	14.2%	14.7%	+4%	14.0%	-5%	16.1%	+15%	15.5%	-4%	15.8%	+2%
Core Tier 1 ratio	8.0%	9.2%		9.6%		11.3%		9.9%		10.5%	
T1 capital to assets	3.1%	3.4%		3.6%		4.0%		4.3%		4.6%	

Source: Company Reports and CIRA Estimates

Figure 58. BNPP — Divisional Profit and Loss Account by Year

€ m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
FRENCH RETAIL BANKING											
Total operating income	6,247	6,600	+6%	6,717	+1%	6,648	-1%	6,747	+1%	6,849	+1%
Total operating expenses	-4,249	-4,406	+4%	-4,462	+1%	-4,408	-1%	-4,452	+1%	-4,497	+1%
Operating profit pre provisions	1,998	2,194	+10%	2,255	+3%	2,239	-1%	2,295	+2%	2,352	+2%
Provisions	-515	-481	-7%	-315	-35%	-438	+39%	-492	+12%	-462	-6%
Pre-tax Profit	1,484	1,716	+16%	1,942	+13%	1,801	-7%	1,803	+0%	1,890	+5%
Cost/income ratio	68%	67%		66%		66%		66%		66%	
INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES											
Total operating income	9,549	10,452	9%	10,436	0%	10,290	-1%	10,554	3%	10,826	3%
Total operating expenses	-5,169	-5,647	9%	-5,770	2%	-5,752	0%	-5,875	2%	-6,002	2%
Operating profit pre provisions	4,380	4,805	10%	4,666	-3%	4,538	-3%	4,679	3%	4,824	3%
Provisions	-4,309	-2,979	-31%	-2,288	-23%	-2,351	3%	-2,107	-10%	-2,112	0%
Operating pre-tax Profit	71	1,826	NM	2,378	+30%	2,187	-8%	2,572	+18%	2,712	+5%
Non Operating Items	102	134	+31%	246	+84%	168	-32%	174	+4%	181	+4%
Pre-tax Profit	173	1,960	NM	2,624	+34%	2,355	-10%	2,746	+17%	2,893	+5%
Cost/income ratio	54%	54%		55%		56%		56%		55%	
BNL bc											
Total operating income	2,975	3,026	2%	3,101	2%	3,136	1%	3,167	1%	3,199	1%
Total operating expenses	-1,780	-1,776	0%	-1,806	2%	-1,835	2%	-1,844	1%	-1,853	1%
Operating profit pre provisions	1,195	1,250	5%	1,295	4%	1,301	0%	1,323	2%	1,346	2%
Provisions	-671	-817	22%	-793	-3%	-862	9%	-933	8%	-945	1%
Operating pre-tax Profit	524	433	-17%	502	16%	439	-12%	390	-11%	401	3%
Non Operating Items	0	-1	NM	0	0%	0	0%	0	0%	0	0%
Pre-tax Profit	524	432	-18%	502	16%	439	-12%	390	-11%	401	3%
Cost/income ratio	60%	59%		58%		59%		58%		58%	
BELUX RETAIL BANKING											
Total operating income	1,931	3,261	69%	3,409	5%	3,438	1%	3,507	2%	3,577	2%
Total operating expenses	-1,444	-2,354	63%	-2,433	3%	-2,457	1%	-2,482	1%	-2,507	1%
Operating profit pre provisions	487	907	86%	976	8%	981	1%	1,025	5%	1,071	4%
Provisions	-352	-222	-37%	-169	-24%	-237	40%	-245	4%	-236	-4%
Operating pre-tax Profit	135	685	407%	807	18%	745	-8%	780	5%	835	7%
Non Operating Items	-4	4	-200%	12	0%	13	8%	13	0%	13	0%
Pre-tax Profit	131	689	NM	819	19%	758	-8%	793	5%	848	7%
Cost/income ratio	75%	72%		71%		71%		71%		70%	
INVESTMENT SOLUTIONS											
Total operating income	5,363	6,096	14%	6,265	3%	6,142	-2%	6,481	6%	6,881	6%
Total operating expenses	-3,835	-4,297	12%	-4,554	6%	-4,506	-1%	-4,691	4%	-4,912	5%
Operating profit pre provisions	1,528	1,799	18%	1,711	-5%	1,637	-4%	1,789	9%	1,969	10%
Provisions	-41	21	N/M	-64		0		0		0	
Operating pre-tax Profit	1,487	1,820	22%	1,647	-10%	1,637	-1%	1,789	9%	1,969	10%
Non Operating Items	-24	162	-775%	-74	-146%	113	-253%	113	0%	113	0%
Pre-tax Profit	1,463	1,982	35%	1,573	-21%	1,750	11%	1,902	9%	2,082	9%
Cost/income ratio	72%	70%		73%		73%		72%		71%	
CORPORATE AND INVESTMENT BANKING											
Total operating income	13,497	12,125	-10%	9,731	-20%	10,020	3%	11,013	10%	11,350	3%
Total operating expenses	-6,174	-6,500	5%	-6,126	-6%	-6,275	2%	-6,231	-1%	-6,386	2%
Operating profit pre provisions	7,323	5,625	-23%	3,605	-36%	3,745	4%	4,782	28%	4,964	4%
Provisions	-2,473	-350	-86%	-75	-79%	-480	540%	-451	-6%	-460	2%
Operating pre-tax Profit	4,850	5,275	9%	3,530	-33%	3,265	-8%	4,331	33%	4,504	4%
Non Operating Items	16	94	488%	80	-15%	80	0%	50	-37%	50	0%
Pre-tax Profit	4,866	5,369	10%	3,610	-33%	3,345	-7%	4,381	31%	4,554	4%
Cost/income ratio	46%	54%		63%		63%		57%		56%	
CORPORATE CENTRE AND OTHER ACTIVITIES											
Total operating income	629	2,309	NA	2,725	18%	1,450	-47%	1,000	0%	1,000	0%
Total operating expenses	-689	-1,537	123%	-965	-37%	-1,012	5%	-785	7%	-808	3%
Operating profit pre provisions	-60	772	-1387%	1,760	128%	438	NM	215	NM	192	NM
Provisions	-8	26	NM	-3,093	NM	0	NM	0	NM	0	NM
Operating pre-tax Profit	-68	798	-1274%	-1,333	-267%	438	NM	215	NM	192	NM
Non Operating Items	427	76	-82%	-86	-213%	64	-174%	64	0%	64	0%
Pre-tax Profit	359	874	143%	-1,419	-262%	502	-135%	279	NM	256	NM
Cost/income ratio	110%	67%		35%		70%		78%		81%	

Source: Company Reports and CIRA Estimates

Credit Agricole – Financial forecasts

We increase our 2012E estimates by 8% to partly reflect our expectation of a better trading environment for investment banking during 2012 and mainly 1Q12 LME gains (€550m), partly offset by further Greek PSI charges. 2013-14E EPS changes are more limited

Figure 59. Credit Agricole – Summary of Estimate Changes (2012E-2014E)

€m	2012E Old	2012E New	Change	2013E Old	2013E New	Change	2014E Old	2014E New	Change
Revenues	18,534	18,671	1%	19,605	19,746	1%	20,333	20,480	1%
Costs	-12,668	-12,788	1%	-12,932	-13,055	1%	-13,313	-13,440	1%
Profit Before Provisions	5,866	5,883	0%	6,673	6,691	0%	7,020	7,040	0%
Loan Losses	-3,969	-4,277	8%	-3,462	-3,462	0%	-2,736	-2,736	0%
Profit Before Taxes	1,896	1,607	-15%	3,211	3,229	1%	4,284	4,305	0%
Net Income	1,499	1,624	8%	2,637	2,649	0%	3,586	3,600	0%
EPS - diluted, as reported	0.60	0.65	8%	1.06	1.06	0%	1.44	1.44	0%

Source: Citi Investment Research and Analysis

Figure 60. Credit Agricole – Quarterly Profit and Loss Account, 1Q10-4Q12E

€m	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
Total operating income	4,824	5,470	4,982	4,858	5,303	5,532	5,286	4,665	4,744	4,804	4,442	4,681
Total operating expenses	-3,163	-3,406	-3,198	-3,420	-3,276	-3,311	-3,226	-3,781	-3,283	-3,210	-3,141	-3,153
Operating profit pre provisions	1,661	2,064	1,784	1,438	2,027	2,221	2,060	884	1,461	1,594	1,301	1,528
Credit loss expenses	-1,073	-980	-973	-751	-821	-1,125	-1,851	-1,859	-1,307	-1,003	-979	-987
Profit before tax	588	1,084	811	687	1,206	1,096	209	-975	154	590	322	541
Associate Income & Other	266	-132	361	-1,035	439	-84	242	-2,285	893	219	212	191
Tax	-270	-457	-292	144	-520	-611	-114	195	-379	-286	-203	-269
Minorities	-114	-119	-133	-123	-124	-69	-78	-1	-92	-89	-89	-91
Net profit (attributable)	470	376	747	-327	1,001	332	259	-3,066	576	435	242	372

Source: Company Reports and CIRA Estimates

Figure 61. Credit Agricole — Group Profit and Loss Account by Year

€ m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
Net interest income	14,290	14,894	+4%	15,192	+2%	15,344	+1%	15,804	+3%	16,594	+5%
Net fee & commission income	4,776	4,896	+3%	4,994	+2%	5,044	+1%	5,296	+5%	5,720	+8%
Net trading income	5,055	5,447	+8%	5,175	-5%	4,916	-5%	5,162	+5%	5,420	+5%
Other income	-6,227	-5,103	-18%	-4,574	-10%	-6,633	+45%	-6,516	-2%	-7,254	+11%
Total operating income	17,894	20,134	+13%	20,786	+3%	18,671	-10%	19,746	+6%	20,480	+4%
Total operating expenses	-12,142	-13,187	+9%	-13,594	+3%	-12,788	-6%	-13,055	+2%	-13,440	+3%
Operating profit pre provisions	5,752	6,947	+21%	7,192	+4%	5,883	-18%	6,691	+14%	7,040	+5%
Credit loss expenses	-4,705	-3,777	-20%	-5,673	+50%	-4,277	-25%	-3,462	-19%	-2,736	-21%
Profit before tax	1,047	3,170	+203%	1,519	-52%	1,607	+6%	3,229	+101%	4,305	+33%
Capital gains and non-recurring income	-419	-622	NM	0	NM	0	NM	0	NM	0	NM
Associate Income & Other	847	65	-92%	-1,719	-2745%	1,516	-188%	1,123	-26%	1,212	+8%
Tax	-211	-874	+314%	-755	-14%	-1,138	+51%	-1,263	+11%	-1,424	+13%
Minorities	-321	-489	+52%	-272	-44%	-361	+33%	-440	+22%	-492	+12%
Attributable Net profit (reported)	943	1,250	+33%	-1,227	-198%	1,624	-232%	2,649	+63%	3,600	+36%
PER SHARE FIGURES											
EPS - basic, as reported	0.42	0.53	+27%	-0.50	-195%	0.65	-230%	1.06	+63%	1.44	+36%
Dividend per share	0.45	0.45	0%	0.00	-100%	0.21	nm	35%	63%	48%	36%
Payout Ratio (%)	108%	85%	nm	0%	nm	33%	nm	33%	nm	33%	nm
Book value per share	19.60	19.01	-3%	17.60	-7%	17.78	+1%	18.63	+5%	19.72	+6%
Tangible Book Value per share	10.6	10.5	-1%	10.0	-5%	10.2	+2%	11.0	+8%	12.1	+10%
Basic (period avg. m)	2,256	2,361		2,450		2,498	0	2,498	+0%	2,498	+0%
OPERATING RATIOS											
Net interest margin	0.89%	0.95%		0.92%		0.91%		0.94%		0.96%	
Cost / income ratio	68%	65%		65%		68%		66%		66%	
Provision charge / customer loans	1.30%	0.99%		1.42%		1.11%		0.87%		0.66%	
NPL ratio	5.0%	5.5%		5.8%		6.5%		5.9%		5.4%	
Coverage ratio	51.4%	67.0%		64.4%		72.2%		83.3%		93.7%	
Return on Equity (underlying)	2.8%	5.4%		-2.2%		3.7%		5.8%		7.5%	
BALANCE SHEET ITEMS											
Total Assets	1,557,300	1,593,500	+2%	1,723,600	+8%	1,655,556	-4%	1,705,223	+3%	1,756,380	+3%
Gross customer loans	374,413	397,217	+6%	415,379	+5%	403,052	-3%	419,174	+4%	435,941	+4%
Customer deposits	464,080	501,360	+8%	525,600	+5%	536,191	+2%	552,277	+3%	568,845	+3%
Loan / deposit ratio	78%	76%	-2%	76%	-1%	72%	-5%	72%	1%	73%	1%
Shareholders equity ex minorities (avg)	43,594	45,562	+5%	44,815	-2%	44,194	-1%	45,481	+3%	47,900	+5%
REGULATORY CAPITAL											
Risk-Weighted Assets	326,400	371,700	+14%	334,158	-3%	273,497	-5%	282,141	+3%	292,850	+4%
Core Tier 1	30,300	31,400	+4%	28,600	-9%	29,688	+4%	26,963	-9%	29,375	+9%
Tier 1 capital	31,000	39,500	+27%	37,400	-5%	32,757	-12%	34,870	+6%	37,595	+8%
Core Tier 1 ratio	9.3%	8.4%	+0%	8.6%	+1%	10.6%	+0%	8.4%	+0%	8.9%	+0%
Tier 1 ratio	9.5%	10.6%	+12%	11.2%	+5%	12.0%	+7%	12.4%	+3%	12.8%	+4%

Source: Company Reports and CIRA Estimates

Figure 62. Credit Agricole — Divisional Profit and Loss Account by Year

€ m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
DOMESTIC RETAIL BANKING											
Total operating income	3,849	3,945	+2%	3,822	-3%	3,778	-1%	3,832	+1%	3,913	+2%
Total operating expenses	-2,551	-2,575	+1%	-2,497	-3%	-2,477	-1%	-2,502	+1%	-2,540	+1%
Operating profit pre provisions	1,298	1,370	+6%	1,325	-3%	1,300	-2%	1,330	+2%	1,373	+3%
Provisions	-435	-359	-17%	-286	-20%	-359	+25%	-349	-3%	-343	-2%
Operating pre-tax Profit	863	1,011	+17%	1,039	+3%	942	-9%	981	+4%	1,031	+5%
Other	822	955	+16%	1,009	+6%	905	-10%	949	+5%	989	+4%
Pre-tax Profit	1,685	1,966	+17%	2,048	+4%	1,846	-10%	1,930	+5%	2,020	+5%
Tax	-351	-302	-14%	-331	+10%	-283	-15%	-294	+4%	-309	+5%
Net Profit after tax	1,334	1,664	+25%	1,717	+3%	1,564	-9%	1,636	+5%	1,710	+5%
Cost/income ratio	66%	65%	-2%	65%	0%	66%	0%	65%	0%	65%	-1%
O/W FRENCH RETAIL BANKING CREDIT AGRICOLE											
Net Profit after tax	730	957	+31%	1,008	+5%	905	-10%	949	+5%	989	+4%
Cost/income ratio (Regional Banks)	54%	54%	-1%	55%	3%	56%	1%	55%	0%	55%	0%
O/W FRENCH RETAIL BANKING LCL											
Total operating income	2,071	2,144	+4%	2,105	-2%	2,107	+0%	2,128	+1%	2,171	+2%
Total operating expenses	3,849	3,945	+2%	3,822	+0%	3,778	-1%	3,832	+1%	3,913	+2%
Operating profit pre provisions	-2,551	-2,575	+1%	-2,497	-0%	-2,477	-1%	-2,502	+1%	-2,540	+2%
Provisions	1,298	1,370	+6%	1,325	-3%	1,300	-2%	1,330	+2%	1,373	+3%
Operating pre-tax Profit	-435	-359	-17%	-286	-20%	-359	+25%	-349	-3%	-343	-5%
Other	863	1,011	+17%	1,039	+3%	942	-9%	981	+4%	1,031	+5%
Pre-tax Profit	863	1,009	+17%	1,040	+3%	942	-9%	981	+4%	1,031	+5%
Tax	-259	-302	+17%	-331	+10%	-283	-15%	-294	+4%	-309	+5%
Net Profit	604	707	17%	709	0%	659	-7%	687	4%	721	5%
Cost/income ratio	66%	65%	-2%	65%	0%	66%	0%	65%	0%	65%	-1%
INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES											
Total operating income	6,561	6,919	+5%	6,995	+1%	6,856	-2%	6,871	+0%	7,029	+2%
Total operating expenses	-3,653	-3,685	+1%	-3,848	+4%	-3,691	-4%	-3,685	-0%	-3,751	+2%
Operating profit pre provisions	2,908	3,234	+11%	3,147	-3%	3,165	+1%	3,186	+1%	3,279	+3%
Provisions	-2,409	-2,742	+14%	-3,453	+26%	-3,197	-7%	-2,709	-15%	-2,105	-22%
Operating pre-tax Profit	499	492	-1%	-306	-162%	-31	-90%	477	-1620%	1,173	+146%
Other	-119	-295	+148%	-1,751	+494%	48	-103%	158	+233%	207	+30%
Pre-tax Profit	380	197	-48%	-2,057	-1144%	16	-101%	636	+3826%	1,380	+117%
Tax	-314	-513	+63%	-489	-5%	-478	-2%	-382	-20%	-425	+11%
Net Profit after tax	66	-316	-579%	-2,546	+706%	-462	-82%	254	-155%	955	+276%
Cost/income ratio	56%	53%	-4%	55%	3%	54%	-2%	54%	0%	53%	-1%
ASSET MANAGEMENT, INSURANCE & PRIVATE BANKING											
Total operating income	3,911	4,983	+27%	5,244	+5%	4,973	-5%	5,140	+3%	5,488	+7%
Total operating expenses	-1,980	-2,490	+26%	-2,508	+1%	-2,424	-3%	-2,547	+5%	-2,702	+6%
Operating profit pre provisions	1,931	2,493	+29%	2,736	+10%	2,549	-7%	2,593	+2%	2,787	+7%
Pre-tax Profit	1,913	2,460	+29%	1,661	-32%	2,557	+54%	2,602	+2%	2,797	+7%
Tax	-534	-800	+50%	-311	-61%	-833	+168%	-846	+2%	-908	+7%
Net Profit after tax	1,379	1,660	+20%	1,350	-19%	1,725	+28%	1,756	+2%	1,889	+8%
Cost/income ratio	51%	50%	0%	48%	0%	49%	0%	50%	0%	49%	0%
PROPRIETARY ASSET MANAGEMENT AND OTHER ACTIVITIES											
Total operating income	-1,930	-1,402	-27%	-1,026	-27%	-1,080	+5%	-1,050	-3%	-1,103	+5%
Total operating expenses	-901	-1,038	+15%	-1,064	+3%	-1,000	-6%	-1,010	+1%	-1,020	+1%
Pre-tax Profit	-3,880	-4,133	+7%	-2,641	-36%	-1,670	-37%	-2,135	+28%	-2,173	+2%
Net Profit after tax	-2,525	-2,822	+12%	-1,666	-41%	-1,004	-40%	-1,495	+49%	-1,521	+2%
CORPORATE AND INVESTMENT BANKING											
Total operating income	5,503	5,689	+3%	5,751	+1%	4,144	-28%	4,952	+20%	5,152	+4%
Total operating expenses	-3,057	-3,399	+11%	-3,677	+8%	-3,195	-13%	-3,310	+4%	-3,428	+4%
Operating profit pre provisions	2,446	2,290	-6%	2,074	-9%	948	-54%	1,642	+73%	1,724	+5%
Provisions	-1,032	-283	-73%	-329	+16%	-577	+75%	-325	-44%	-233	-28%
Operating pre-tax Profit	1,414	2,007	+42%	1,745	-13%	371	-79%	1,317	+255%	1,491	+13%
Other	127	133	+5%	-956	-819%	2	-100%	2	+0%	2	+0%
Pre-tax Profit	1,541	2,140	+39%	789	-63%	373	-53%	1,319	+254%	1,493	+13%
Tax	-364	-570	+57%	-599	+5%	-211	-65%	-382	+81%	-434	+14%
Net Profit after tax	1,177	1,570	+33%	190	-88%	162	-15%	938	+478%	1,059	+13%
Cost/income ratio	56%	60%	0%	64%	0%	77%	0%	67%	0%	67%	0%

Source: Company Reports and CIRA Estimates

Societe Generale – Financial Forecasts

We increase our 2012E-2014E estimates by 1% to reflect our expectation of a better trading environment for investment banking during 2012-2014.

Figure 63. Societe Generale – Summary of Estimate Changes (2012E-2014E)

€m	2012E Old	2012E New	Change	2013E Old	2013E New	Change	2014 Old	2014E New	Change
Revenues	24,007	24,090	0%	25,762	25,850	0%	26,694	26,786	0%
Costs	-16,472	-16,527	0%	-16,649	-16,705	0%	-16,993	-17,050	0%
Profit before loan losses	7,535	7,563	0%	9,113	9,144	0%	9,701	9,736	0%
Loan Losses	-3,629	-3,629	0%	-2,981	-2,981	0%	-2,916	-2,916	0%
Operating profit before tax	3,906	3,934	1%	6,132	6,163	1%	6,785	6,820	1%
Net profit (attributable)	2,401	2,421	1%	3,822	3,844	1%	4,376	4,401	1%
EPS - incl. Hybrid Funding (€) - reported	2.64	2.67	1%	4.40	4.43	1%	5.06	5.09	1%
EPS - excl. Hybrid Funding (€)	3.07	3.10	1%	4.82	4.85	1%	5.48	5.51	1%
EPS - diluted, incl. Hybrid Funding (€)	2.63	2.66	1%	4.38	4.41	1%	4.77	4.80	1%

Source: Citi Investment Research and Analysis

Figure 64. Societe Generale – Quarterly Profit and Loss Account, 1Q10-4Q12E

€m	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12E	2Q12E	3Q12E	4Q12E
Total operating income	6,581	6,679	6,301	6,857	6,619	6,504	6,504	6,010	6,200	5,978	5,963	5,949
Total operating expenses	-4,001	-4,065	-4,039	-4,440	-4,376	-4,241	-4,018	-4,401	-4,312	-4,104	-4,024	-4,087
Operating profit pre provisions	2,580	2,614	2,262	2,417	2,243	2,263	2,486	1,609	1,889	1,874	1,938	1,862
Credit loss expense	-1,132	-1,010	-918	-1,100	-878	-1,185	-1,192	-1,075	-884	-881	-898	-966
Profit before tax	1,448	1,604	1,344	1,317	1,365	1,078	1,294	534	1,004	992	1,041	897
Net other income	52	5	32	42	39	103	-148	-154	32	32	32	38
Tax	-375	-431	-372	-364	-370	-317	-455	-181	-293	-290	-303	-265
Minorities	-62	-95	-107	-122	-118	-116	-69	-101	-105	-100	-111	-93
Net profit (attributable)	1,063	1,083	897	873	916	748	622	98	638	633	659	576

Source: Company Reports and CIRA Estimates

Figure 65. SocGen — Group Profit and Loss Account

€ m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
Net Interest Income	11,635	11,970	+3%	12,207	+2%	11,597	-5%	11,365	-2%	11,137	-2%
Net fee & commission income	7,812	7,485	-4%	7,179	-4%	6,820	-5%	6,684	-2%	6,550	-2%
Net trading income	947	5,374	+467%	4,432	-18%	4,265	-4%	4,316	+1%	4,369	+1%
Other income	1,344	1,589	+18%	1,819	+14%	1,408	-23%	3,485	+147%	4,729	+36%
Total operating income	21,738	26,418	+22%	25,637	-3%	24,090	-6%	25,850	+7%	26,786	+4%
Total operating expenses	-15,766	-16,545	+5%	-17,036	+3%	-16,527	-3%	-16,705	+1%	-17,050	+2%
Operating profit pre provisions	5,972	9,873	+65%	8,601	-13%	7,563	-12%	9,144	+21%	9,736	+6%
Credit loss expense	-5,842	-4,160	-29%	-4,330	+4%	-3,629	-16%	-2,981	-18%	-2,916	-2%
Profit before tax	130	5,713	+4295%	4,271	-25%	3,934	-8%	6,163	+57%	6,820	+11%
Net other income	684	131	-81%	-157	-220%	134	-185%	137	+2%	148	+8%
Associate income	0	0	NM	0	NM	0	NM	0	NM	0	NM
Net non-recurring expense	0	0	NM	0	NM	0	NM	0	NM	0	NM
Tax	308	-1,542	-601%	-1,323	-14%	-1,238	-6%	-1,891	+53%	-1,946	+3%
Minorities	-430	-386	-10%	-403	+4%	-409	+2%	-564	+38%	-622	+10%
Net profit (attributable)	692	3,916	+466%	2,388	-39%	2,421	+1%	3,844	+59%	4,401	+14%
PER SHARE FIGURES											
EPS - incl. Hybrid Funding (€) - reported	1.08	4.96	+359%	2.73	-45%	2.67	-2%	4.43	+66%	4.82	+9%
Dividend per share	0.25	1.75	+600%	0.00	+0%	0.50	+0%	1.00	+100%	1.50	+50%
Payout Ratio	23%	35%	+0%	0%	+0%	19%	+0%	23%	+0%	29%	+0%
Book value per share	48.9	53.9	+10%	52.4	-3%	54.9	+5%	58.5	+7%	63.6	+9%
Tangible Book Value per Share	37.5	41.6	+11%	41.3	-1%	43.9	+6%	47.7	+9%	52.7	+10%
Basic (period avg, m)	640	725		776		785		799		799	
OPERATING RATIOS											
Net interest margin	1.08%	1.11%		1.06%		0.99%		0.97%		0.92%	
Cost / income ratio	73%	63%		66%		69%		65%		64%	
Provision charge / customer loans	1.46%	0.81%		1.00%		0.84%		0.68%		0.64%	
NPL ratio	5.2%	5.4%		5.6%		5.6%		5.5%		5.3%	
Coverage ratio	53.0%	59.3%		61.4%		68.9%		75.1%		81.2%	
Return on Tangible Equity	2.7%	13.7%		7.7%		7.3%		10.6%		11.0%	
BALANCE SHEET											
Total Assets	1,023,701	1,132,072	+11%	1,181,372	+4%	1,157,745	-2%	1,192,477	+3%	1,228,251	+3%
Gross customer loans	400,400	426,000	+6%	434,000	+2%	431,732	-1%	440,366	+2%	453,577	+3%
Customer deposits	300,054	337,447	+12%	340,172	+1%	353,779	+4%	367,930	+4%	382,647	+4%
Loan / deposit ratio	133%	126%		128%		122%		120%		119%	
Shareholders equity excl minorities	35,128	39,118	+11%	40,700	+4%	43,121	+6%	46,769	+8%	50,770	+9%
CAPITAL POSITION											
Risk-Weighted Assets	324,080	334,800	+3%	349,300	+4%	342,784	-2%	384,329	+1%	388,100	+3%
Tier 1 capital	34,700	35,400	+2%	37,500	+6%	39,849	+6%	41,247	+4%	43,028	+4%
Core Tier 1	26,800	28,458	+6%	31,437	+10%	33,747	+7%	35,144	+4%	38,641	+10%
Core Tier 1 ratio	8.3%	8.5%		9.0%		9.8%		9.1%		10.0%	
Tier 1 ratio	10.7%	10.6%		10.7%		11.6%		10.7%		11.1%	

Source: Company Reports and CIRA Estimates

Figure 66. SocGen — Divisional Profit and Loss Account

€m	2009	2010	% Chg	2011	% Chg	2012E	% Chg	2013E	% Chg	2014E	% Chg
TOTAL RETAIL BANKING											
Total Operating Income	15,454	16,260	5%	16,625	2%	16,458	-1%	16,899	3%	17,398	3%
Total Operating Expenses	-9,410	-9,668	3%	-10,082	4%	-9,967	-1%	-10,000	0%	-10,134	1%
Operating Profit Pre Provisions	6,044	6,592	9%	6,543	-1%	6,491	-1%	6,899	6%	7,264	5%
Provisions	-3,492	-3,378	-3%	-2,858	-15%	-2,957	3%	-2,606	-12%	-2,459	-6%
Operating Pre-tax Profit	2,552	3,214	26%	3,685	15%	3,534	-4%	4,293	21%	4,805	12%
Non Operating Items	-86	10	-112%	-211	0%	29	-114%	17	-41%	17	0%
Pre-tax Profit	2,466	3,224	31%	3,474	8%	3,563	3%	4,310	21%	4,822	12%
Cost/Income Ratio	61%	59%		61%		61%		59%		58%	
o/w FRENCH RETAIL BANKING											
Total Operating Income	7,466	7,791	4%	8,165	2%	8,081	-1%	8,202	2%	8,366	2%
Total Operating Expenses	-4,911	-5,058	3%	-5,248	2%	-5,187	-1%	-5,213	1%	-5,239	1%
Operating Profit Pre Provisions	2,555	2,733	7%	2,917	7%	2,894	-1%	2,989	3%	3,127	5%
Provisions	-970	-864	-11%	-745	-14%	-807	8%	-866	7%	-822	-5%
Operating Pre-tax Profit	1,585	1,869	18%	2,172	16%	2,087	-4%	2,123	2%	2,305	9%
Non Operating Items	15	14	NA	14	0%	13	-7%	13	0%	13	0%
Pre-tax Profit	1,600	1,883	18%	2,186	16%	2,100	-4%	2,136	2%	2,318	9%
Cost/Income Ratio	66%	65%		64%		64%		64%		63%	
o/w IRBFS											
Total Operating Income	7,988	8,469	6%	8,460	0%	8,377	-1%	8,697	4%	9,032	4%
Total Operating Expenses	-4,499	-4,610	2%	-4,834	5%	-4,780	-1%	-4,787	0%	-4,894	2%
Operating Profit Pre Provisions	3,489	3,859	11%	3,626	-6%	3,598	-1%	3,910	9%	4,138	6%
Provisions	-2,522	-2,514	0%	-2,113	-16%	-2,150	2%	-1,740	-19%	-1,637	-6%
Operating Pre-tax Profit	967	1,345	39%	1,513	12%	1,447	-4%	2,171	50%	2,500	15%
Non Operating Items	-101	-4	NA	-225	NA	16	NA	4	NA	4	NA
Pre-tax Profit	866	1,341	55%	1,288	-4%	1,463	14%	2,175	49%	2,504	15%
Cost/Income Ratio	56%	54%		57%		57%		55%		54%	
GLOBAL INVESTMENT MANAGEMENT											
Total Operating Income	2,542	2,270	-11%	2,169	-4%	2,221	2%	2,421	9%	2,629	9%
Total Operating Expenses	-2,241	-2,002	-11%	-1,967	-2%	-1,990	1%	-2,104	6%	-2,221	6%
Operating Profit Pre Provisions	301	268	-11%	202	-25%	231	14%	317	37%	408	29%
Provisions	-34	-7	NA	-13	NA	-12	NA	0	NA	0	NA
Pre-tax Profit	266	360	35%	216	-40%	324	50%	433	34%	535	24%
Cost/Income Ratio	88%	88%		91%		90%		87%		84%	
CORPORATE AND INVESTMENT BANKING											
Total Operating Income	9,848	7,765	-21%	6,457	-17%	5,751	-11%	6,629	15%	6,859	3%
Total Operating Expenses	-3,941	-4,634	18%	-4,688	1%	-4,277	-9%	-4,301	1%	-4,387	2%
Operating Profit Pre Provisions	5,907	3,131	-47%	1,769	-44%	1,475	-17%	2,328	58%	2,472	6%
Provisions	-922	-72	-92%	-138	92%	-260	88%	-325	25%	-406	25%
Operating Pre-tax Profit	4,985	3,059	NM	1,631	-47%	1,215	-26%	2,003	65%	2,066	3%
Non Operating Items	46	2	NM	75	NM	0	NM	4	NM	4	NM
Pre-tax Profit	5,031	3,061	NM	1,706	-44%	1,215	-29%	2,007	65%	2,070	3%
Cost/Income Ratio	40%	60%	49%	66%	10%	66%	1%	65%	-2%	64%	-1%
CORPORATE CENTRE											
Total Operating Income	-3,286	52	-102%	862	0%	-280	-132%		-46%		0%
Pre-tax Profit	-2,590	-104	-96%	-321	NM	-520	62%		-23%		3%

Source: Company Reports and CIRA Estimates

Figure 67. Companies mentioned

Company	RIC	Rating	SP Currency	Share Price
Banco Santander	SAN.MC	2 H	EUR	6.34
Bank of America	BAC.N	2	USD	9.59
Barclays	BARC.L	1	GBP	2.54
BNP Paribas	BNPP.PA	1	EUR	39.00
Credit Agricole	CAGR.PA	2	EUR	5.17
Credit Suisse	CSGN.VX	1	CHF	27.20
Deutsche Bank	DBKGN.DE	2	EUR	38.62
Goldman Sachs	GS.N	1	USD	122.17
HSBC	HSBA.L	1	GBP	5.80
ICAP	IAP.L	1	GBP	4.32
JP Morgan Chase	JPM.N	1	USD	44.29
Macquarie Group	MQG.AX	2	AUD	27.53
Morgan Stanley	MS.N	2	USD	19.50
Nomura	8604.T	1	JPY	404.00
RBS	RBS.L	2	GBP	0.28
Societe Generale	SOGN.PA	1	EUR	25.22
Standard Chartered	STAN.L	1	GBP	16.63
Tullett Prbn	TLPR.L	2	GBP	3.56
UBS	UBSN.VX	1	CHF	13.24
UniCredit	CRDI.MI	1 H	EUR	4.16

Source: Citi Investment Research and Analysis. Priced March 16th

Credit Suisse

Valuation

We have a target price of SFr31 for Credit Suisse, based on our warranted equity valuation model. Our key assumptions are as follows: discounted valuation assuming 2012E RoTE of 14%, cost of equity of 10% and 0% growth rate to reflect significant uncertainties regarding the business, economic and regulatory environments.

Risks

The key risks to our investment thesis on Credit Suisse are: (1) changing capital markets conditions, with shifting valuations and volumes in the broader markets and, (2) the overhang risk from large shareholders should they choose to dispose of their holdings.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price. Conversely, if the impact of any of these upside risks is greater than we anticipate, the stock could exceed our target price.

Deutsche Bank

Valuation

We have a €39 price target for Deutsche Bank shares based on our warranted equity valuation (WEV) methodology, taking an average of the value derived from using stated and tangible financials. We use a cost of equity of CIB operations of 13% to reflect the impact of funding pressures to the business model. Our key assumptions are highlighted as follows: a sustainable tangible RoE of 11%, a cost of equity of 11%, a capital shortfall of 5bn and a 2012E TBVPS of €43.3

Risks

The key risks to our investment thesis on Deutsche Bank are: (1) the size of provisions related to the reclassified leveraged finance and commercial real estate assets, which are dependent on the macro scenario; (2) the realised level of organic capital generation over the coming quarters or additional regulatory requirements, which will determine any need to raise capital; (3) the pace of the turnaround in the asset & wealth management operation; and (4) the resilience of capital market revenues.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price. Conversely, if the impact of any of these upside risks is greater than we anticipate, the stock could exceed our target price.

UBS

Valuation

We have a SF15.5 target price for UBS shares, based on our warranted equity valuation (WEV) methodology. Our key assumptions are as follows: discounted valuation assuming 2012E tangible RoE of 12%, cost of equity of 10% and 0% growth rate to reflect significant uncertainties regarding the business, economic and regulatory environment.

Risks

The key risks to our investment thesis on UBS are: (1) changing capital markets conditions and their impact on the group's investment banking activities and, (2) any future challenges by foreign tax authorities to the Swiss private banking model and the resultant impact on net new flows.

If any of these risk factors has a greater downside impact than we anticipate, the share price will likely have difficulty attaining our target price. Conversely, if the impact of any of these upside risks is greater than we anticipate, the stock could exceed our target price.

Notes

Appendix A-1

Analyst Certification

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

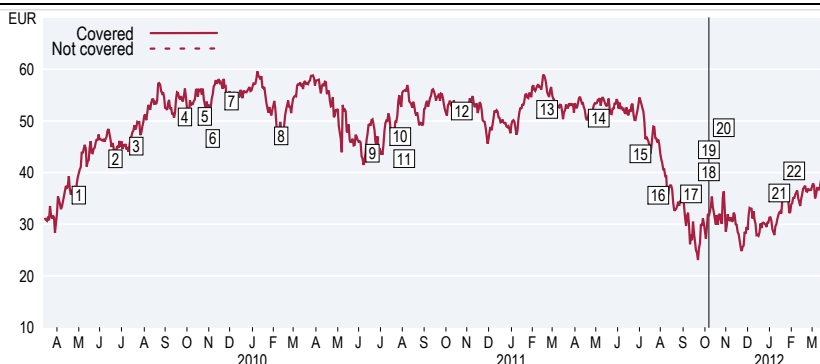
IMPORTANT DISCLOSURES

BNP Paribas SA (BNPP.PA)

Ratings and Target Price History Fundamental Research

Analyst: Kinner Lakhani

Covered since June 17 2010



	Date	Rating	Target Price	Closing Price
1	1-May-09	*1M	*48.59	39.12
2	23-Jun-09	1M	*53.45	42.67
3	22-Jul-09	1M	*58.31	48.79
4	29-Sep-09	1M	*60.00	56.27
5	27-Oct-09	1M	*65.00	53.24
6	6-Nov-09	1M	*68.00	55.17
7	3-Dec-09	1M	*70.00	54.73
8	11-Feb-10	1M	*65.00	48.50

* Indicates change

	Date	Rating	Target Price	Closing Price
9	21-Jun-10	1M	*60.00	50.32
10	29-Jul-10	1M	*62.00	53.40
11	4-Aug-10	1M	*66.00	55.89
12	25-Oct-10	1M	*64.00	52.84
13	22-Feb-11	1M	*67.00	55.56
14	5-May-11	1M	*69.00	53.98
15	4-Jul-11	1M	*65.00	53.95
16	28-Jul-11	1M	*64.00	46.40

	Date	Rating	Target Price	Closing Price
17	13-Sep-11	1M	*44.00	28.00
18	7-Oct-11	Stock rating system changed		
19	7-Oct-11	*1	44.00	31.55
20	28-Oct-11	1	*40.00	36.35
21	15-Jan-12	1	*38.00	31.79
22	5-Feb-12	1	*47.00	35.20

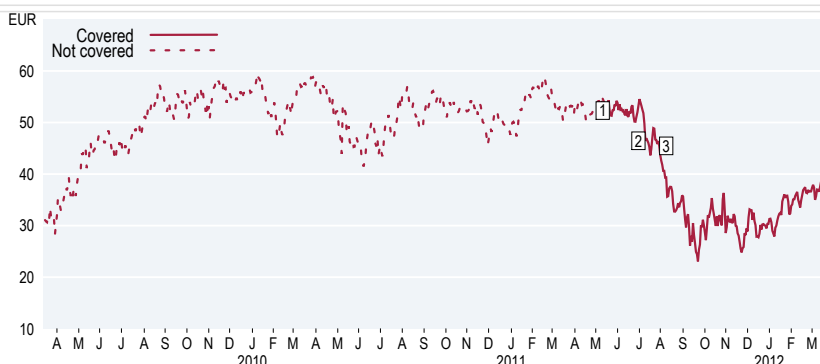
Rating/target price changes above reflect Eastern Standard Time

BNP Paribas SA (BNPP.PA)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Kinner Lakhani

Covered since June 17 2010



	Date	Rating	Target Price	Closing Price
1	11-May-11	*ADD MP	-	54.62

* Indicates change

	Date	Rating	Target Price	Closing Price
2	30-Jun-11	*REM MP	-	53.23

	Date	Rating	Target Price	Closing Price
3	9-Aug-11	*ADD MP	-	39.34

Rating/target price changes above reflect Eastern Standard Time

Credit Agricole SA (CAGR.PA)

Ratings and Target Price History Fundamental Research

Analyst: Kinner Lakhani
Covered since June 17 2010



	Date	Rating	Target Price	Closing Price
1	14-May-09	1M	*12.00	10.18
2	27-Aug-09	1M	*15.00	13.06
3	27-Oct-09	*2M	15.00	13.65
4	11-Feb-10	2M	*12.00	10.40
5	21-Jun-10	2M	*10.50	9.96
6	25-Oct-10	2M	*11.50	11.91
7	16-Mar-11	2M	*12.00	11.29

* Indicates change

	Date	Rating	Target Price	Closing Price
8	13-Jun-11	2M	*11.10	10.01
9	4-Jul-11	2M	*10.80	10.65
10	29-Jul-11	2M	*9.60	8.62
11	1-Sep-11	2M	*7.00	6.68
12	13-Sep-11	2M	*5.30	5.15
13	7-Oct-11	Stock rating system changed		
14	7-Oct-11	*2	5.30	5.36

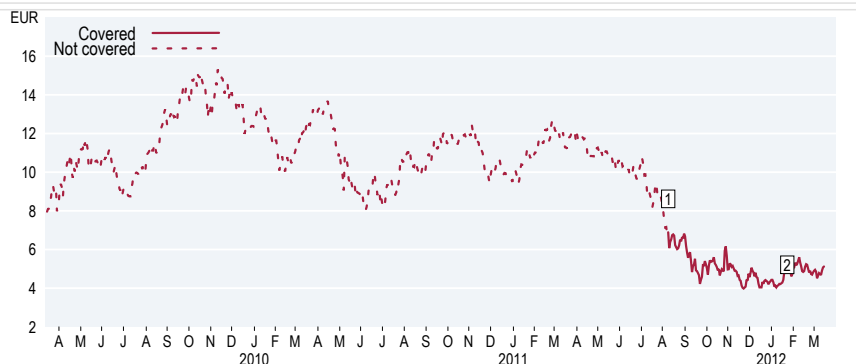
	Date	Rating	Target Price	Closing Price
15	28-Oct-11	2	*6.20	6.16
16	11-Nov-11	2	*5.00	4.90
17	15-Jan-12	2	*4.30	4.21
18	5-Feb-12	2	*5.80	5.32
19	6-Mar-12	2	*5.30	4.51

Rating/target price changes above reflect Eastern Standard Time

Credit Agricole SA (CAGR.PA)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Kinner Lakhani
Covered since June 17 2010



	Date	Rating	Target Price	Closing Price
1	9-Aug-11	*ADD LP	-	6.89

* Indicates change

	Date	Rating	Target Price	Closing Price
2	24-Jan-12	*REM LP	-	5.00

Rating/target price changes above reflect Eastern Standard Time

Credit Suisse (CSGN.VX)

Ratings and Target Price History Fundamental Research

Analyst: Kinner Lakhani
Covered since November 3 2009



	Date	Rating	Target Price	Closing Price
1	8-Apr-09	2H	*37.00	35.82
2	27-Apr-09	2H	*47.00	44.16
3	23-Jun-09	2H	*50.00	45.50
4	27-Jul-09	2H	*56.00	50.00
5	21-Oct-09	2H	*60.00	60.05

* Indicates change

	Date	Rating	Target Price	Closing Price
6	1-Nov-09	*1M	*65.00	55.45
7	1-Jul-10	1M	*55.00	40.19
8	18-Oct-10	1M	*53.00	42.99
9	20-Jul-11	1M	*41.00	29.08
10	20-Sep-11	1M	*31.00	21.61

	Date	Rating	Target Price	Closing Price
11	7-Oct-11	Stock rating system changed		
12	7-Oct-11	*1	31.00	23.87
13	21-Oct-11	1	*28.50	23.86
14	15-Jan-12	1	*26.50	21.54
15	8-Mar-12	1	*29.00	24.50

Rating/target price changes above reflect Eastern Standard Time

Credit Suisse (CSGN.VX)

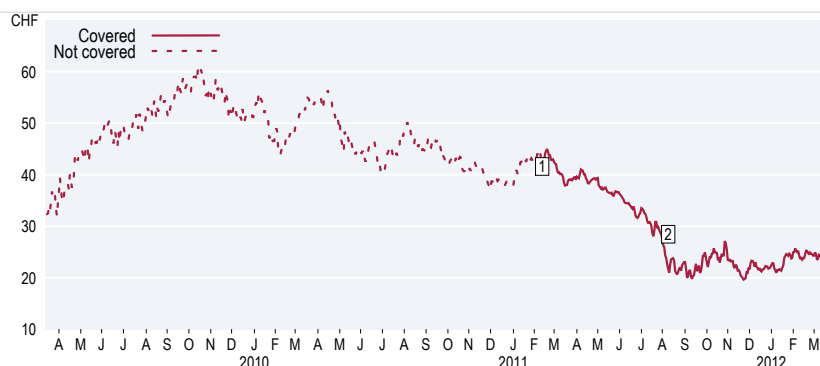
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Kinner Lakhani

Covered since November 3 2009



	Date	Rating	Target Price	Closing Price
[1]	11-Feb-11	*ADD MP	-	41.60

* Indicates change

	Date	Rating	Target Price	Closing Price
[2]	9-Aug-11	*REM MP	-	21.75

Rating/target price changes above reflect Eastern Standard Time

Deutsche Bank (DBKGn.DE)

Ratings and Target Price History

Fundamental Research

Analyst: Kinner Lakhani

Covered since November 3 2009



	Date	Rating	Target Price	Closing Price
[1]	8-Apr-09	*3H	*21.90	30.62
[2]	28-Apr-09	3H	*31.02	36.74
[3]	23-Jun-09	*2H	*38.32	36.68
[4]	30-Jul-09	2H	*43.80	42.60
[5]	28-Sep-09	2H	*48.36	48.47
[6]	1-Nov-09	2H	*50.19	45.22

* Indicates change

	Date	Rating	Target Price	Closing Price
[7]	5-Apr-10	2H	*52.92	53.01
[8]	1-Jul-10	2H	*48.36	41.06
[9]	2-Aug-10	2H	*51.10	50.28
[10]	18-Oct-10	2H	*45.00	41.45
[11]	2-Aug-11	2H	*43.00	36.08
[12]	20-Sep-11	2H	*28.00	24.45

	Date	Rating	Target Price	Closing Price
[13]	7-Oct-11	Stock rating system changed		
[14]	7-Oct-11	*2	28.00	26.73
[15]	21-Oct-11	2	*26.50	27.83
[16]	28-Oct-11	2	*32.50	33.20
[17]	15-Jan-12	2	*30.00	28.95
[18]	7-Feb-12	2	*35.00	33.95

Rating/target price changes above reflect Eastern Standard Time

Deutsche Bank (DBKGn.DE)

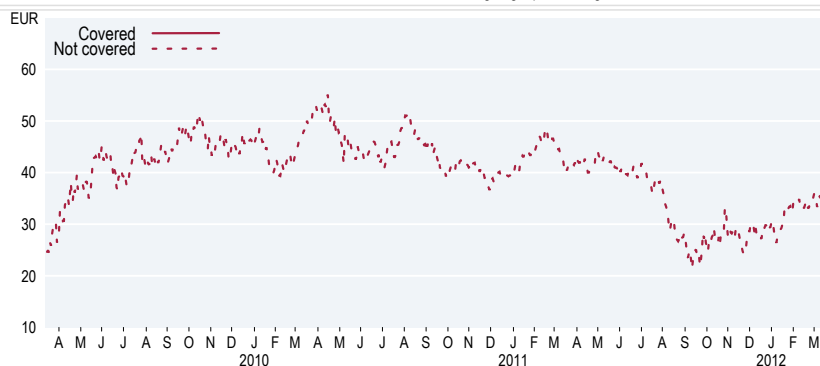
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Kinner Lakhani

Covered since November 3 2009



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

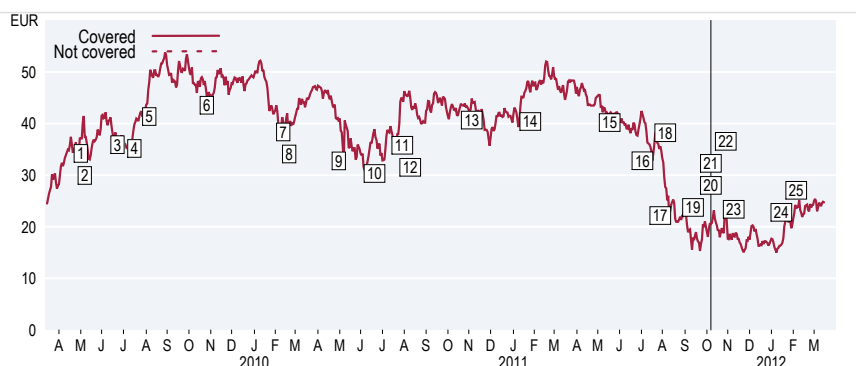
Societe Generale (SOGN.PA)

Ratings and Target Price History

Fundamental Research

Analyst: Kinner Lakhani

Covered since June 17 2010



Date	Rating	Target Price	Closing Price
1 1-May-09	*1M	*42.65	37.12
2 7-May-09	*2M	42.65	37.41
3 23-Jun-09	2M	*40.76	36.25
4 16-Jul-09	*1M	*44.55	39.85
5 6-Aug-09	1M	*52.13	48.05
6 27-Oct-09	1M	*55.00	45.33
7 11-Feb-10	1M	*50.00	40.26
8 19-Feb-10	1M	*48.00	39.70
9 30-Apr-10	1M	*52.00	40.40

* Indicates change

Date	Rating	Target Price	Closing Price
10 21-Jun-10	1M	*50.00	38.89
11 29-Jul-10	1M	*54.00	44.71
12 10-Aug-10	1M	*57.00	45.07
13 4-Nov-10	1M	*59.00	44.85
14 26-Jan-11	1M	*62.00	46.07
15 18-May-11	1M	*60.00	41.93
16 4-Jul-11	1M	*56.00	41.87
17 28-Jul-11	1M	*55.00	35.61
18 4-Aug-11	1M	*50.00	27.70

Date	Rating	Target Price	Closing Price
19 13-Sep-11	1M	*38.00	17.90
20 7-Oct-11	Stock rating system changed		
21 7-Oct-11	*1	38.00	20.51
22 28-Oct-11	1	*35.00	23.39
23 9-Nov-11	1	*33.00	18.20
24 15-Jan-12	1	*28.00	16.34
25 5-Feb-12	1	*32.00	24.25

Rating/target price changes above reflect Eastern Standard Time

Societe Generale (SOGN.PA)

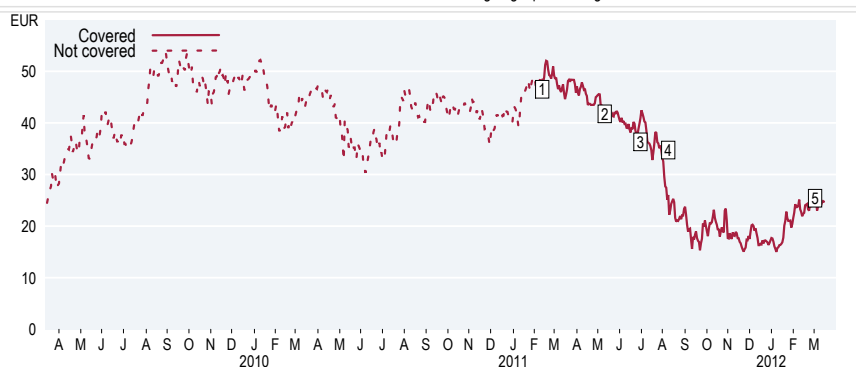
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Kinner Lakhani

Covered since June 17 2010



Date	Rating	Target Price	Closing Price
1 11-Feb-11	*ADD MP	-	48.40
2 11-May-11	*REM MP	-	42.98

* Indicates change

Date	Rating	Target Price	Closing Price
3 30-Jun-11	*ADD MP	-	40.92
4 9-Aug-11	*REM MP	-	26.02

Date	Rating	Target Price	Closing Price
5 2-Mar-12	*ADD MP	-	25.40

Rating/target price changes above reflect Eastern Standard Time

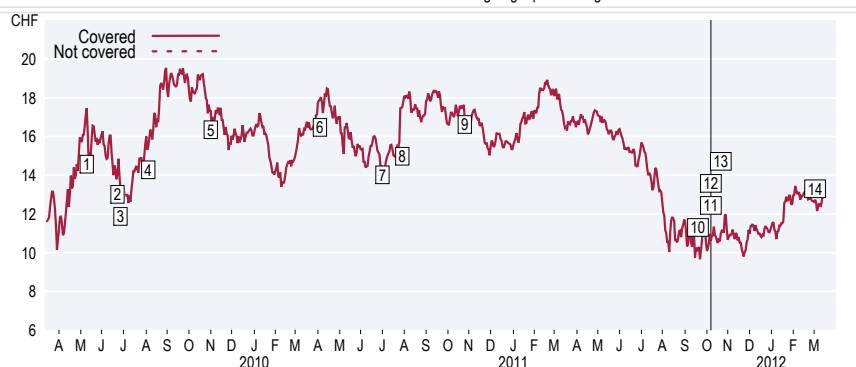
UBS (UBSN.VX)

Ratings and Target Price History

Fundamental Research

Analyst: Kinner Lakhani

Covered since November 3 2009



Date	Rating	Target Price	Closing Price
1 11-May-09	1H	*21.00	17.47
2 23-Jun-09	1H	*17.50	14.08
3 26-Jun-09	1H	*16.50	13.22
4 5-Aug-09	1H	*18.50	15.48
5 1-Nov-09	1H	*19.50	17.30

* Indicates change

Date	Rating	Target Price	Closing Price
6 5-Apr-10	1H	*21.00	17.76
7 1-Jul-10	1H	*19.00	14.02
8 29-Jul-10	*1M	*20.50	17.52
9 26-Oct-10	1M	*20.00	16.76
10 20-Sep-11	1M	*14.00	10.21

Date	Rating	Target Price	Closing Price
11 7-Oct-11	Stock rating system changed		
12 7-Oct-11	*1	14.00	10.62
13 21-Oct-11	1	*13.50	10.99
14 2-Mar-12	1	*15.00	12.73

Rating/target price changes above reflect Eastern Standard Time

UBS (UBSN.VX)

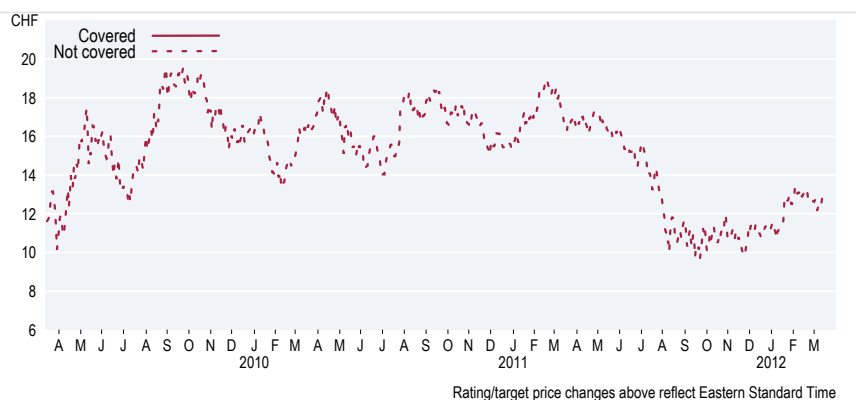
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Kinner Lakhani

Covered since November 3 2009



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Data current as of 31 Dec 2011

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% of companies in each rating category that are investment banking clients

12 Month Rating			Relative Rating		
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45%	41%	40%	49%	43%	41%

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