

TAIWAN

# Chinatrust FHC

12 June 2009

2891 TT Underperform

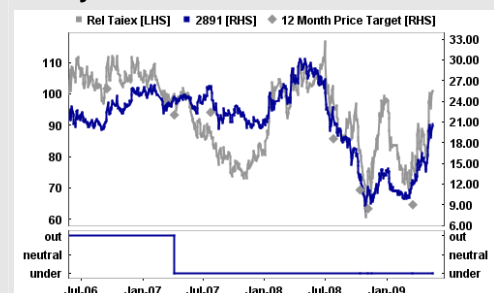
Stock price as of 11 Jun 09	NT\$	19.25
12-month target	NT\$	15.00
Upside/downside	%	-22.1
Valuation	NT\$	12.20-16.03
- ROE-g / COE-g		

GICS sector		banks
Market cap	NT\$m	175,149
30-day avg turnover	NT\$m	2,220.3
Market cap	US\$m	5,355
Foreign ownership	%	47.1
Number shares on issue	m	9,099

## Investment fundamentals

Year end 31 Dec		2008A	2009E	2010E	2011E
Net interest inc	m	29,767	24,816	27,564	29,364
Non interest inc	m	30,838	28,623	29,486	30,263
Underlying profit	m	29,768	25,183	28,498	29,929
Reported profit	m	14,642	7,667	10,772	13,966
Adjusted profit	m	13,722	6,617	9,722	13,966
EPS rep	NT\$	1.46	0.78	1.09	1.42
EPS rep growth	%	6.6	-46.8	40.5	29.7
PE rep	x	13.2	24.7	17.6	13.6
Total div yield	%	0.9	0.8	2.8	3.7
ROA	%	0.8	0.4	0.5	0.7
ROE	%	12.3	5.9	8.1	10.9
Equity to assets	%	6.4	6.5	6.6	6.5
Price/book	x	1.6	1.5	1.4	1.3

## 2891 TT rel Taiex performance, & rec history



Source: FactSet, Macquarie Research, May 2009  
(all figures in NT\$ unless noted)

## Analyst

Matthew Smith, CFA  
886 2 2734 7514 matthew.smith@macquarie.com

## US subsidiary NPLs approach 20%

### Event

- US subsidiary asset quality continues to sour, and we believe this will inevitably impact Chinatrust's earnings. Management has been reluctant to provision against Chinatrust USA's rising NPLs, preferring instead to boost capital ratios in an attempt to satisfy US regulators. But given that Chinatrust USA's NPLs are now nearing 20%, a rise in credit costs appears inevitable. Maintain Underperform.

### Impact

- Macq vs consensus.** Our 2009 earnings forecast is 29% below consensus. In forecasting earnings and valuing the stock, we strip out the impact of preferred shares on shareholders' equity and preferred share dividends on earnings available to shareholders. Based on discussions with clients, it is not clear to us that this rather basic adjustment is the norm on the sell side.
- Chinatrust's overall asset quality is now worse than average** among the domestic banks. Chinatrust USA contributes just 6.5% of group-level loans, but its asset quality issues are nevertheless very meaningful. Chinatrust's consolidated NPL ratio rose to 2.3% in May, worse than the sector average of 1.6–1.7%, while coverage of 60% is below the sector average of around 70% and simply not sufficient for comfort. The US bank is the key driver of poor asset quality. Chinatrust's non-consolidated NPLs, which do not include the US bank, were just 1.0% in May with coverage of around 100%. This implies that Chinatrust USA's NPL ratio is approaching 20% at end-May.
- Yes, yes – but what about China?** We are cognizant that cross-Strait newsflow – rather than fundamentals – has been the dominant factor in the recent rally. Chinatrust could become a target of strategic investment by a Chinese bank in the future, but 1) this is not likely to be a short-term event, and 2) investors can gain exposure to this theme in other private sector groups in Taiwan that did not gorge on credit risk in the US property markets. This includes large caps like Fubon.

### Earnings and target price revision

- Increased target multiple to 1.1x P/BV to reflect the recent re-rating and rolled forward our valuation to 2010 in line with the other banks. We raise our target price to NT\$15 from the previous NT\$9.0.

### Price catalyst

- 12-month price target: NT\$15.00 based on a P/BV methodology.
- Catalyst: US bank woes, potential Lehman compensation, potential reduction in maximum credit card rate.

### Action and recommendation

- Maintain Underperform. While Chinatrust fits our preferred category of large-cap private sector names, its US exposure is a specific earnings hazard that we would seek to avoid. The key risk to the stock call – but not to earnings – is further excitement fostered by cross-Strait newsflow.

Please refer to the important disclosures and analyst certification on inside back cover of this document, or on our website [www.macquarie.com.au/research/disclosures](http://www.macquarie.com.au/research/disclosures).

## US subsidiary NPLs approach 20%

**Fig 1 Forecasts and ratings**

Year-end Dec	FY07A	FY08E	FY09E	FY10E	FY11E
Net Interest Inc. (NT\$m)	32,743	29,767	24,816	27,564	29,364
Total Revenue (NT\$m)	59,763	60,605	53,438	57,050	59,626
Pre - Prov OP. (NT\$m)	28,264	29,768	25,183	28,498	29,929
Net profit (NT\$m)	10,857	13,657	6,617	9,722	12,916
EPS (NT\$)	1.29	1.50	0.73	1.07	1.42
EPS growth (%)	nm	16.3	-51.5	46.9	32.9
PER (x)	16.0	13.8	28.5	19.4	14.6
PBR (X)	1.9	1.7	1.6	1.5	1.4
Yield (%)	1.0	0.9	0.7	2.6	3.4

Source: Company data, Macquarie Research, June 2009

We maintain our anti-consensus Underperform call on Chinatrust but raise our target price to NT\$15 from the previous NT\$9.0 to reflect the reality of the re-rating that has taken place among the Taiwan banks. Our key concern on the stock has been the US subsidiary bank, where rapid growth in construction-related lending in California and New York at the peak of the US property bubble was a glaring red flag for asset quality and therefore group-level earnings. It appears that we were right about Chinatrust USA, where NPLs are now approaching 20%.

**Where we were wrong.** Unfortunately, we were dead wrong about the most important element of this job – the stock price direction. Chinatrust's share price has climbed 53% since our last note (*It never rains in California*, published 20 March 2009), slightly better than the financials index gains of 46% in the same time period. We see this strong performance as entirely due to China-related excitement rather than the weakening fundamentals. Yet it makes little sense (to us) for investors seeking exposure to the China theme or emerging markets generally to purchase a bank with earnings risk from deteriorating credit exposures to California real estate. Investors can obtain exposure to the China theme by buying other large-cap private sector banks such as Fubon (2881 TT, NT\$29.6, OP, TP: NT\$32, 8.1% upside) and Cathay (2882 TT, NT\$46.85, Outperform, TP: NT\$55.5, 18% upside), which do not have the specific risk of the US exposure. We no longer expect Chinatrust's stock to fall to its previous lows, but we still see 22% downside to our new target price of NT\$15.

**Fig 2 Earnings revisions**

	2009E			2010E			2011E	
	Previous	New	%chg	Previous	New	%chg	Previous	New
Net income (NT\$m)	6,535	6,617	1.3	7,071	9,722	37.5	NA	12,916
Fully diluted EPS (NT\$)	0.72	0.73	1.0	0.78	1.07	37.0	NA	1.42
ROAA (%)	0.4	0.4		0.4	0.5		NA	0.7
ROAE (%)	5.8	5.9		6.0	8.1		NA	10.1
<b>Target price (NT\$)</b>	<b>9.00</b>	<b>15.00</b>	<b>66.7</b>					

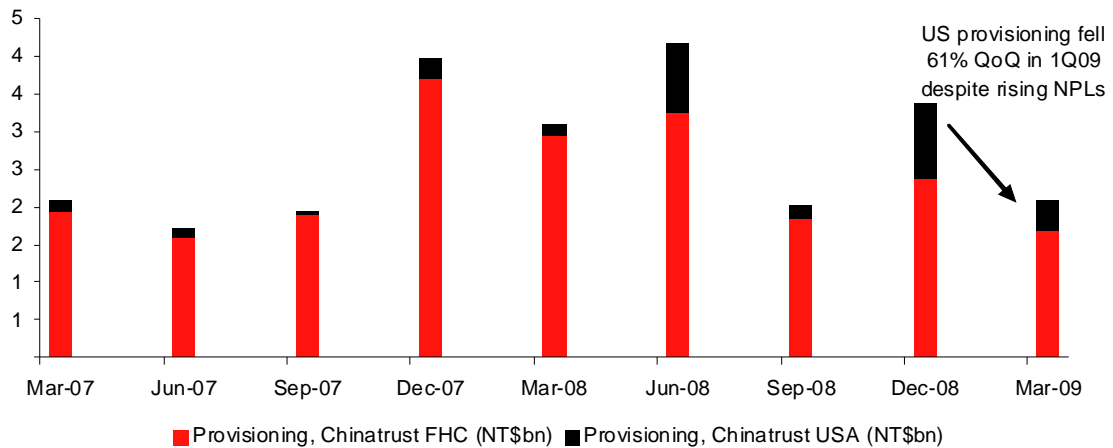
Source: Macquarie Research, June 2009

**Our negative argument on Chinatrust is based on three negative earnings drivers** – collapsing credit quality at Chinatrust USA, potential compensation for clients who bought Lehman-related structured notes, and the likely reduction in mandatory credit card rates that will have an impact on one of Chinatrust's core business operations. To be clear, we do not believe these risks are structural for the well-capitalised Chinatrust FHC. However, earnings over the next couple of years are likely to be negatively impacted. We do not think this is reflected in current valuations, which imply that the market continues to view Chinatrust as the 'gold standard' (or the closest thing to it) for Taiwan.

**1) Collapsing asset quality at Chinatrust USA.** The US subsidiary grew its real estate loans by 37% over 1Q07–2Q08, just as the US property bubble had peaked and begun to deflate. Our concerns about this have been borne out by rising NPLs, which we believe are close to 20% as at end-May. We estimate coverage at the US bank is around 30%, which is not adequate and this is despite the provisioning costs that Chinatrust says it recognised in May.

Chinatrust USA accounts for just 6% of total loans, so this is really about the negative earnings impact rather than systemic risk for Chinatrust FHC. Management has been loathe to increase provisioning at the US bank to adequate levels, but we think the hit to earnings is inevitable.

**Fig 3 Provisioning at Chinatrust USA was too low in 1Q09, but it will go higher**



Source: FDIC, Macquarie Research, June 2009

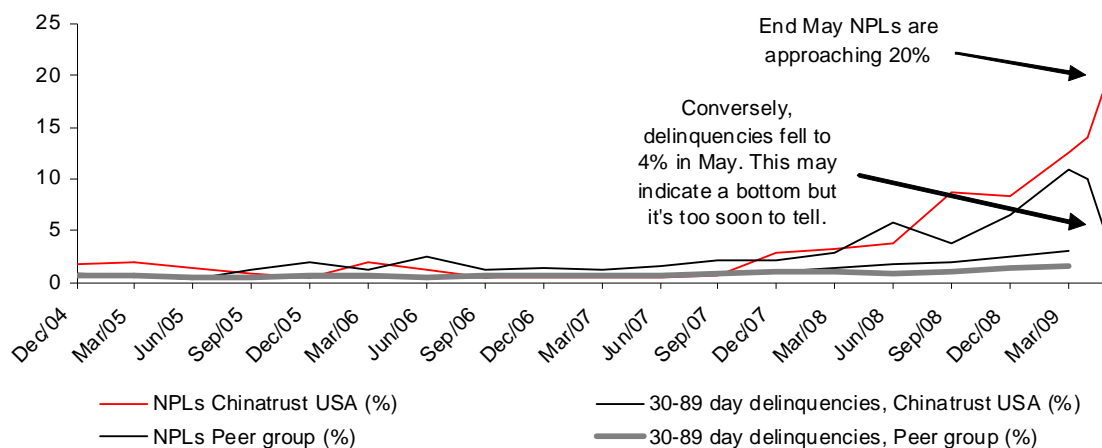
**Fig 4 Chinatrust USA matters – significant contribution to group asset quality deterioration**

	NPLs (Chinatrust Commercial Bank unconsolidated)	NPLs (consolidated, ie, including Chinatrust USA)	Coverage (Chinatrust Bank unconsolidated)	Coverage (consolidated, ie, including Chinatrust USA)
4Q07	1.43	1.68	87	82
1Q08	1.42	1.68	89	84
2Q08	1.24	1.54	86	82
3Q08	1.09	1.72	89	69
4Q08	1.06	1.68	95	75
1Q09	1.08	1.86	98	68
Apr-09	1.04	2.05	102	64
May-09	1.01	2.30	106	60

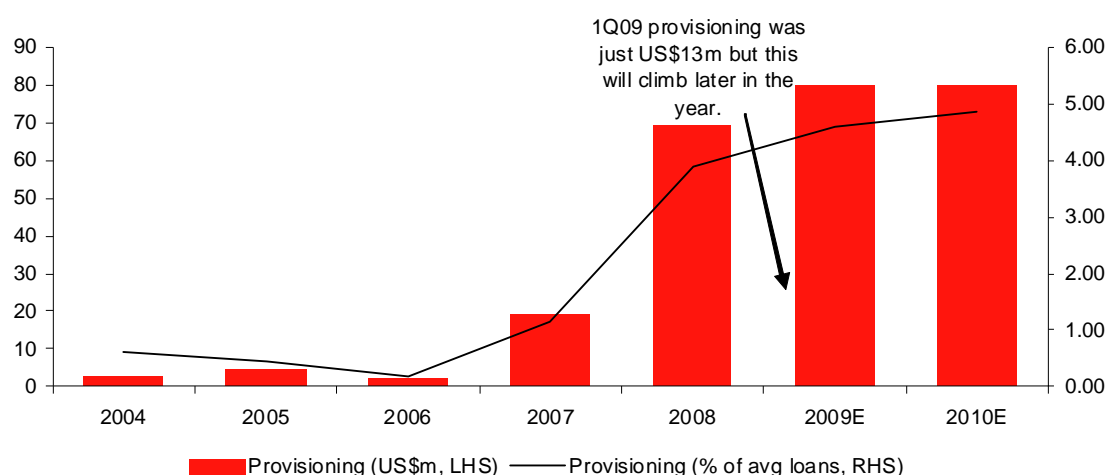
Source: Company data, Macquarie Research, June 2009

One notable and potential positive from the May preliminary numbers: Chinatrust reports that 30–90 day delinquencies actually fell from around 12% in March to 4% in May. This could be an early indication that the spike in new NPL formation will ease going forward. However, with NPLs approaching 20% and significant provisioning costs likely to be realised either in June audited results or else in the normal year-end big bath, we do not see this one-month data point as sufficient reason for turning positive on Chinatrust.

**Fig 5 Chinatrust USA – NPLs skyrocketing, but delinquencies fell in May**



Source: FDIC, Macquarie Research, June 2009

**Fig 6 Management provisioned US\$13m in 1Q09, which is not sufficient, in our view**

Source: FDIC, Macquarie Research, June 2009

**Fig 7 Chinatrust USA – contribution to group**

	2006A	2007A	2008A	2009E	2010E	2011E
Net interest income	7.7%	8.3%	6.9%	5.7%	4.9%	4.7%
Non interest income	0.9%	1.0%	0.7%	0.7%	0.8%	0.8%
PPoP	2.7%	6.2%	1.7%	-0.4%	-0.4%	-0.6%
Provisioning	0.2%	6.3%	17.9%	30.3%	20.1%	1.4%
Pre-tax profit	-6.1%	6.5%	-10.7%	-45.0%	-20.8%	-1.7%
CT USA Loans / FHC Total Loans	5.8%	6.6%	6.4%	6.3%	5.8%	5.8%
CT USA Loans / FHC FX loans	26.8%	29.2%	24.6%	23.4%	20.3%	19.4%
CT USA Assets / FHC Assets	4.7%	4.9%	4.9%	4.7%	4.4%	4.4%
CT USA Liabilities / FHC Liabilities	4.5%	4.8%	4.8%	4.5%	4.3%	4.3%
CT USA Shareholders' equity / FHC Shareholders' equity	8.7%	7.8%	7.2%	8.9%	6.9%	6.4%
CT USA real estate loans / FHC equity	40.5%	41.5%	44.5%	40.9%	36.2%	37.4%
CT USA loans / FHC equity	52.4%	52.0%	54.9%	51.0%	45.2%	46.6%
CT USA total assets as %ge of FHC equity	88.9%	74.3%	76.7%	72.2%	72.2%	72.9%

Source: Company data, Macquarie Research, June 2009

**2) Potential Lehman-related compensation.** Chinatrust sold NT\$16.9bn in Lehman-related structured notes to wealth management clients. So far, Chinatrust has only admitted to compensating clients who purchased products in the two weeks before Lehman collapsed in September 2008, and this is reflected in NT\$600m in non-operating losses recognised in 2008.

However, we have factored in compensation losses of 30% of the total sales figure to be recognised as arbitration and judicial rulings emerge in 2009–11. We also anticipate this becoming a political issue as the 4Q09 municipal elections loom in the not-too-distant future (likely November).

Last Friday, the Bankers' Association of the ROC began issuing rulings on some of the nearly 20,000 complaints that it has received from investors who bought Lehman-linked structured notes through the domestic banks. The BAROC, which is dominated by the Ministry of Finance, issued arbitration rulings in the first 100 cases, of which 77 complainants were granted compensation.

Total compensation amount for the 100 cases comes to 16% of the original investment, ie, for the lucky 77 investors granted compensation, each will get 20% of their original cost, and the unlucky 23 will get zero. Wealth management customers who put a maximum of NT\$1m into these notes are entitled to arbitration. Larger investors must deal directly with the banks (ie, direct negotiations with the banks or else fighting it out in the courts).

Banks are bound by the BAROC arbitration rulings, but investors are not. They can opt to take their cases to the court system, or else apply pressure via the Legislative Yuan.

As a reminder, Chinatrust sold NT\$16.9bn of Lehman notes, while another major wealth management player that just sold its brokerage subsidiary sold NT\$10bn. The third biggest player, First FHC (2892 TT, NT\$19.2, Underperform, TP: NT\$13.1, 32% downside), sold just NT\$4bn. Chinatrust had no comment on its losses for the first 100 cases, but this is just the tip of the iceberg anyway – the reality is that there are still tens of thousands of cases yet to be ruled on and an undetermined number of legal cases brought by investors of more than NT\$1m.

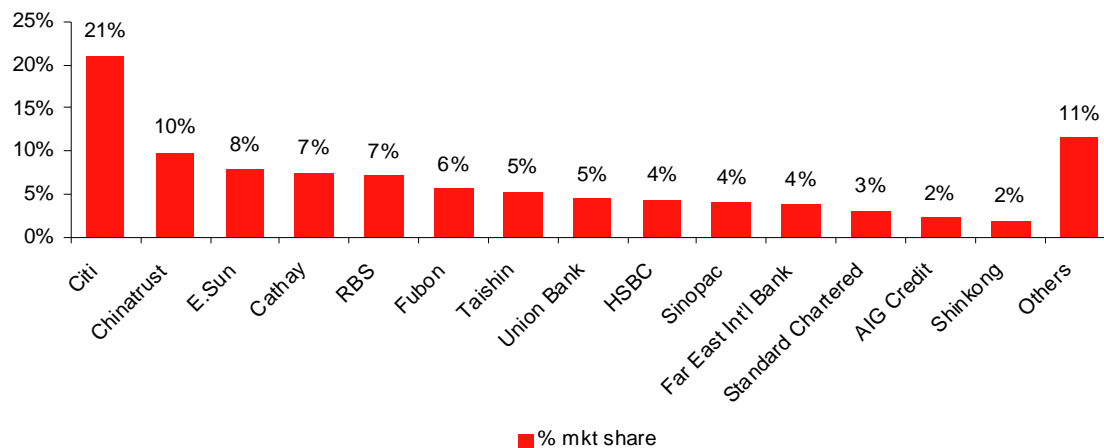
Our view is that this is just the first trickle of rulings and losses for the banks. Not all investors will be satisfied with the compensation levels established in the arbitration proceedings, and many will continue to fight for more. Additionally, these are only the smaller cases as investments of more than NT\$1m are being handled by the court system.

We have factored in a 30% loss on the Lehman contingency for Chinatrust to be recognised in 2009–11, as it will take time for arbitration cases to be handled and even longer for judicial rulings to be finalised. First FHC last week stated that it will take NT\$1.4bn in losses in 2009–10 related to this issue, implying 35% losses. The other major wealth management player that just sold its brokerage subsidiary previously guided for 20% compensation. Chinatrust has not provided any guidance other than to say that it has fully compensated for products sold after 1 September 2008.

**3) Potential reduction in credit card rates.** Legislators appear to have put this issue on the back burner for now, but expect it to be resurrected ahead of the 4Q09 municipal elections. Taiwan law prescribes a cap of 20% on unsecured consumer lending, but this could change. The legislature has mooted the idea of reducing the cap to 12.5%, while the FSC is pushing for a slightly higher rate of 15%. This is bad public policy given that banks will simply stop lending to the higher-risk borrowers that the lawmakers are eager to be seen as protecting, and this would mean a reversion to ‘traditional’ informal lending wherein borrowers quite literally have no protection at all.

Of course, for the consumer-focused private banks, the result would be a reduction in both high-margin interest revenues and fee income. This would be bad for Chinatrust, the largest credit card player in the domestic financial companies and the second largest overall, after Citi.

**Fig 8 Credit card revolving – Chinatrust is the second biggest player in market share**



Source: Company data, Macquarie Research, June 2009

According to Chinatrust’s monthly reports to the Banking Bureau under the FSC, average yields on credit cards over the past 12 months have been 14.7% vs the mandatory cap of 20%. Gross credit card interest revenue represents about 16% of 2008 pre-provisioning operating profit and 29% of pretax earnings. Should the mandatory cap be reduced, the average yield for Chinatrust’s credit card loans would likewise fall. Chinatrust states that it could mitigate the loss of interest revenues by charging higher fees, but we note that the Taiwan banks have never been able to maintain cartel-like pricing behaviour in the past. We suspect that any agreement on fees would be swiftly broken as the financial groups vie for market share of transactions.

**Macq vs consensus.** Our 2009 earnings forecast is 29% below the consensus mean. We do not believe the sell-side fully appreciates the earnings risk from the US business. Chinatrust's management states that it is comfortable with asset quality at the US bank due to high capital ratios, which please the US regulator, as well as collateralisation of the loans. Our view is that provisioning costs must inevitably rise as market-based collateral values for the residential construction and commercial real estate projects to which Chinatrust USA is 80% exposed are not likely to achieve Chinatrust's assessed valuations.

Another area where we may differ from consensus is in our forecasts and valuations, which strip out the impact of preferred shares on shareholders' equity and preferred share dividends on earnings available to shareholders. This rather basic adjustment may not be the norm on the sell side, and if so this would tend to boost consensus earnings forecasts for Chinatrust.

**Fig 9 Consensus comparison**

Net income (NT\$m)	2009E	2010E	2011E
Consensus mean	9,363	11,337	14,269
Macquarie forecast	6,617	9,722	12,916
%ge difference	-29.3	-14.2	-9.5
Consensus high	14,650	16,484	18,100
Consensus low	1,177	1,313	6,514
<b>EPS (NT\$)</b>			
Consensus mean	0.89	1.18	1.56
Macquarie forecast	0.73	1.07	1.42
%ge difference	-17.9	-9.8	-9.1
Consensus high	1.47	1.81	1.91
Consensus low	-0.21	0.14	0.72

Source: Bloomberg, Macquarie Research, June 2009

### Valuations

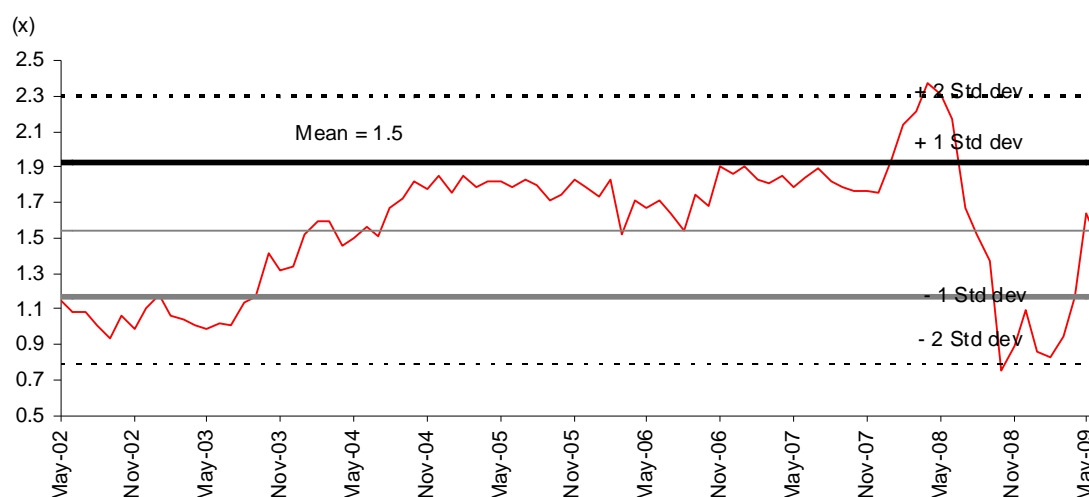
We set our target price for Chinatrust at NT\$15 based on 1.1x 2010 P/BV. This represents an upward adjustment of 66% from our previous target price, which is due largely to an increase in our price multiple to reflect the re-rating of the Taiwan financials that has occurred due to hopes for improved cross-Strait links. We have also rolled over our valuation year from 2009 to 2010. Our new price multiple represents a discount to Chinatrust's historical trading average of 1.5x forward P/BV, but this is still a premium to the stock's fair value based on both forecast and historical ROEs.

Our ROE-based fair value for Chinatrust is NT\$12.8 or 34% below the current market price. This is based on forecast 2009–12E average ROE of 8.8%. Sell-side analysts who are bulls on the stock (ie, the permanent majority) often justify their buy recommendations by pointing to a mythical 'normalised ROE' somewhere in the mid-teens for Chinatrust. In reality, average ROE for the FHC since inception in 2002 has been 8.9%, and this includes last year's inflated ROE number (inflated by accounting changes to its Mega shares, wherein 1H08 gains were recognised through the P&L but the much-larger 2H08 losses were not). Our forecast numbers for the next four years are in line with this historical average, which is generous if anything given the clear earnings risks cited above.

**Fig 10 Valuation summary**

TARGET PRICE	15.00	-22.1%	Underperf			
TARGET PRICE	Price NT\$	Premium / (discount)	Implied Rating	Key Assumptions		
CURRENT PRICE	19.25					
TARGET PRICE: Price to Book	15.00	-22.1%	Underperf	based on:	1.10	2010 PBV
Target Price: PER	16.03	-16.7%	Underperf	based on:	15.00	2009 PER
Target Price: DDM	13.57	-29.5%	Underperf	Perp. Growth	2.00	%
Fair Value: sum of the parts	14.29	-25.8%	Underperf	Based on ROE-g/COE-g by group co.		
Fair value: Historical ROE-g / COE-g	13.06	-32.1%	Underperf	ROE	8.92	2002A-08A
FAIR VALUE: ROE-g / COE-g (4yr)	12.80	-33.5%	Underperf	ROE	8.78	2009-12E
FV Discount to target price		-12.9%				
Mkt price implied ROE		12.2%				
Tgt price implied ROE		9.9%				

Source: Macquarie Research, June 2009

**Fig 11 Stock has traded back up to its historical mean P/BV despite weak operations**

Source: TEJ, Macquarie Research, June 2009

**Fig 12 Contribution breakdown by subsidiary**

	Net profit (NT\$m)					Contribution (%)				
	2007A	2008A	2009E	2010E	2011E	2007A	2008A	2009E	2010E	2011E
Chinatrust FHC	13,339	14,707	7,667	10,772	13,966	100.0	100.0	100.0	103.4	105.4
Preferred dividends	2,482	1,050	1,050	1,050	1,050	18.6	7.1	13.7	9.7	7.5
Avlbl to shareholders	10,857	13,657	6,617	9,722	12,916	81.4	92.9	86.3	90.3	92.5
Chinatrust Comm Bank	10,614	12,542	4,819	7,867	11,235	79.6	85.3	62.9	73.0	80.4
Chinatrust Insurnce Brkr	1,639	1,342	1,853	1,952	2,057	12.3	9.1	24.2	18.1	14.7
Chinatrust Securities	452	-271	18	81	107	3.4	(1.8)	0.2	0.8	0.8
Chinatrust Bills Finance*	-487	-91	0	0	0	(3.7)	(0.6)	0.0	0.0	0.0
Chinatrust AMC	523	344	226	189	267	3.9	2.3	2.9	1.8	1.9
Adj for FHC	-1,884	-208	-298	-368	-751	(14.1)	(1.4)	(3.9)	(3.4)	(5.4)
	Assets (NT\$m)					Contribution (%)				
	2007A	2008A	2009E	2010E	2011E	2007A	2008A	2009E	2010E	2011E
Chinatrust FHC	1,687,754	1,727,266	1,782,571	1,874,111	2,029,508	100.0	100.0	100.0	100.0	100.0
Chinatrust Comm Bank	1,635,663	1,690,666	1,781,450	1,870,959	2,022,660	96.9	97.9	99.9	99.8	99.7
Chinatrust Insurnce Brkr	4,184	3,260	3,770	4,376	5,095	0.2	0.2	0.2	0.2	0.3
Chinatrust Securities	11,411	9,862	9,467	10,053	11,414	0.7	0.6	0.5	0.5	0.6
Chinatrust Bills Finance*	45,247	44,124	0	0	0	2.7	2.6	0.0	0.0	0.0
Chinatrust AMC	8,573	5,500	5,791	6,104	6,422	0.5	0.3	0.3	0.3	0.3
Adj for FHC	-17,324	-26,146	-17,907	-17,381	-16,083	(1.0)	(1.5)	(1.0)	(0.9)	(0.8)
	Equity (NT\$m)					Contribution (%)				
	2007A	2008A	2009E	2010E	2011E	2007A	2008A	2009E	2010E	2011E
Chinatrust FHC	113,157	110,267	115,303	123,728	131,811	100.0	100.0	100.0	100.0	100.0
Chinatrust Comm Bank	108,198	114,850	118,000	122,688	129,076	95.6	104.2	102.3	99.2	97.9
Chinatrust Insurnce Brkr	3,692	2,787	3,713	4,689	5,718	3.3	2.5	3.2	3.8	4.3
Chinatrust Securities	5,517	5,140	5,145	5,170	5,202	4.9	4.7	4.5	4.2	3.9
Chinatrust Bills Finance*	4,736	4,645	0	0	0	4.2	4.2	0.0	0.0	0.0
Chinatrust AMC	8,510	5,469	5,695	5,884	6,151	7.5	5.0	4.9	4.8	4.7
Adj for FHC	-17,495	-22,624	-17,250	-14,703	-14,335	(15.5)	(20.5)	(15.0)	(11.9)	(10.9)
	ROAE (%)					ROAA (%)				
	2007A	2008A	2009E	2010E	2011E	2007A	2008A	2009E	2010E	2011E
Chinatrust FHC	10.5	12.2	5.9	8.1	10.1	0.6	0.8	0.4	0.5	0.7
Chinatrust Comm Bank	11.9	11.2	4.1	6.5	8.9	0.7	0.8	0.3	0.4	0.6
Chinatrust Insurnce Brkr	37.9	41.4	57.0	46.5	39.5	33.5	35.7	52.1	47.4	43.0
Chinatrust Securities	8.5	-5.1	0.3	1.6	2.1	4.1	(2.6)	0.2	0.8	1.0
Chinatrust Bills Finance*	-9.4	-1.9	0.0	0.0	0.0	(0.8)	(0.2)	0.0	0.0	0.0
Chinatrust AMC	6.1	4.9	4.0	3.3	4.4	6.1	4.9	4.0	3.2	4.3

\*Note: Chinatrust Bills Finance is set to be merged into the bank in 2009.

Source: Company data, Macquarie Research, June 2009

Fig 13 Financial statements – Chinatrust FHC

INCOME STATEMENT (NT\$m)	FY07A	FY08A	FY09E	FY10E	FY11E
Interest Income	64,234	58,639	41,506	43,654	56,168
Interest Expense	31,490	28,873	16,690	16,090	26,804
Net Interest Income	32,743	29,767	24,816	27,564	29,364
Fees & Commissions	25,027	22,525	21,186	21,972	23,169
Investment Related Income	-253	1,713	1,821	1,931	1,646
Other non-interest Income	2,245	6,600	5,615	5,582	5,448
Total Non-Interest Income	27,019	30,838	28,623	29,486	30,263
TOTAL REVENUE	59,763	60,605	53,438	57,050	59,626
Operating Expenses	31,498	30,837	28,255	28,552	29,697
Occupancy Costs	0	0	0	0	0
Other Expenses	0	0	0	0	0
Total Operating Expenses	31,498	30,837	28,255	28,552	29,697
Pre-Provision OP	28,264	29,768	25,183	28,498	29,929
Loan Loss Provision Expense	9,736	12,675	14,104	13,545	10,914
OP after Provisioning	18,529	17,093	11,080	14,952	19,016
Associate Profit / (Loss)	0	0	0	0	0
Other non-op Inc. / (Loss)	-963	-731	-1,342	-1,321	-1,347
Exceptional Gain & Loss	0	-65	0	0	0
PROFIT BEFORE TAX	17,565	16,297	9,737	13,632	17,669
Taxation	4,219	1,584	2,065	2,854	3,697
Minority Interests	7	6	6	6	6
Preference Share Dividends	2,482	1,050	1,050	1,050	1,050
NET PROFIT	10,857	13,657	6,617	9,722	12,916
Net Profit (Incl Ext)	10,857	13,657	6,617	9,722	12,916
<b>PER SHARE DATA</b>	<b>FY07A</b>	<b>FY08A</b>	<b>FY09E</b>	<b>FY10E</b>	<b>FY11E</b>
EPS (NT\$)	1.3	1.5	0.73	1.07	1.42
EPS Growth (%)	nmf	16.3	(51.5)	46.9	32.9
PER (X)	14.9	12.8	26.5	18.0	13.6
BVPS (NT\$)	13.5	12.1	12.7	13.6	14.5
Price to Adj Book (X)	1.9	1.6	1.5	1.4	1.3
Dividend Yield (%)	1.0	0.9	0.8	2.8	3.7
Payout Ratio (%)	15.5	11.8	20.0	50.0	50.0
<b>GROWTH DATA (%)</b>	<b>FY07A</b>	<b>FY08A</b>	<b>FY09E</b>	<b>FY10E</b>	<b>FY11E</b>
Net Interest Income	(14.1)	(9.1)	(16.6)	11.1	6.5
Non-interest Income	(8.3)	14.1	(7.2)	3.0	2.6
Total Revenue	(11.5)	1.4	(11.8)	6.8	4.5
Operating Expense	0.8	(2.1)	(8.4)	1.1	4.0
Pre-provision Operating Profit	(22.2)	5.3	(15.4)	13.2	5.0
Pre-tax Profit	nmf	(7.2)	(40.2)	40.0	29.6
Net Profit	nmf	25.8	(51.5)	46.9	32.9
Total Loans to Customers	4.4	5.2	1.5	3.8	9.3
Total Deposits	(2.1)	3.9	6.2	6.7	8.7
Avg. Earning Assets	(1.4)	0.8	3.1	4.2	6.9
Total Interest Bearing Liabilities	(0.6)	0.6	4.1	5.1	7.3
Risk-weighted Assets	7.9	4.2	(4.3)	2.8	8.4

Source: Company data, Macquarie Research, June 2009

Fig 14 Financial statements – Chinatrust FHC

BALANCE SHEET (NT\$m)	FY07A	FY08A	FY09E	FY10E	FY11E
Total Loans to Customers	875,970	921,675	935,054	970,649	1,061,025
Cash & Equivalent	18,058	23,811	12,633	13,376	13,992
Due from CBC, other fin. Inst	148,441	115,741	120,584	125,670	131,009
Marketable Securities	106,662	173,930	183,010	193,754	205,125
Receivables	140,332	115,707	114,958	118,363	125,851
Total Current Assets	413,492	429,189	431,185	451,162	475,978
Long Term Investment	331,923	319,398	356,976	391,364	429,909
Total Earning Assets	1,621,385	1,670,262	1,723,216	1,813,174	1,966,912
Total Fixed Assets	34,105	33,494	33,489	33,495	33,502
Non-Earning Assets	32,264	23,510	25,867	27,441	29,094
TOTAL ASSETS	1,687,754	1,727,266	1,782,571	1,874,111	2,029,508
Total Customer Deposits	1,180,402	1,226,171	1,302,500	1,389,711	1,510,623
Total Current Liabilities	229,113	231,825	225,302	219,474	246,328
Long Term Liabilities	124,136	124,545	105,097	107,031	106,787
Other Liabilities	10,946	4,458	4,369	4,167	3,959
TOTAL LIABILITIES	1,544,597	1,586,999	1,637,268	1,720,382	1,867,697
Common Stock	84,097	90,987	90,987	90,987	90,987
Preferred Stock	7,500	7,500	7,500	7,500	7,500
Reserves	42,268	40,238	41,043	41,863	42,701
Treasury Stock	0	-2,711	-2,711	-2,711	-2,711
Retained Earnings	9,293	4,254	8,485	16,090	23,335
TOTAL SHAREHOLDERS EQUITY	143,157	140,267	145,303	153,728	161,811
Equity attrib to shareholders	113,157	110,267	115,303	123,728	131,811
<b>CORE RATIOS</b>	<b>FY07A</b>	<b>FY08A</b>	<b>FY09E</b>	<b>FY10E</b>	<b>FY11E</b>
ROAA (%)	0.6	0.8	0.4	0.5	0.7
ROAE (%)	10.5	12.2	5.9	8.1	10.1
NPL, Net (%)	1.2	1.5	1.6	1.5	1.4
Coverage Ratio (%)	128.7	97.4	64.5	57.2	64.5
LLR / Total Loans (%)	1.6	1.4	1.1	0.9	0.9
Net Int. Inc. / Rev (%)	54.8	49.1	46.4	48.3	49.2
Fee Base Income / Rev (%)	41.9	37.2	39.6	38.5	38.9
Forex Income / Rev (%)	-0.4	2.8	3.4	3.4	2.8
Cost / Income (%)	52.7	50.9	52.9	50.0	49.8
Rev. per Employee (NT\$m)	5.6	5.9	5.2	5.6	5.8
Net Profit per Branch (NT\$m)	70.0	96.2	49.0	72.0	95.7
Net Interest Spread (%)	1.7	1.5	1.3	1.4	1.4
Net Interest Margin (%)	2.0	1.8	1.5	1.6	1.6
Avg Loans / Avg Earn Assets (%)	54.9	56.4	55.9	54.9	54.7
LDR %	75.1	77.2	75.1	72.1	71.3
Avg Earning Assets / Avg Assets (%)	96.2	96.4	96.7	96.7	96.8
Tier 1 Ratio (%)	9.4	9.5	9.2	9.1	0.0
<b>VALUATION (%)</b>					
CURRENT PRICE	19.25				
	Price (NT\$)	+ / -		Key Assumptions	
TARGET PRICE: Price to Book	15.00	-22.1%	based on:	1.10	2010 PBV
Target Price: PER	16.03	-16.7%	based on:	15.0	2009 PER
Target Price: DDM	13.57	-29.5%	Perp. Growth	2.0	%
FAIR VALUE: ROE-g / COE-g	12.80	-33.5%	ROE	12.8	2009-12E

Source: Company data, Macquarie Research, June 2009

## Chinatrust Financial Holdings (2891 TT, Underperform, Target price: NT\$15.00)

Quarterly Results					Profit & Loss						
	1Q/09A	2Q/09E	3Q/09E	4Q/09E		2008A	2009E	2010E	2011E		
<b>Net Interest Income</b>	m	5,750	5,789	6,371	6,906	<b>Net Interest Income</b>	m	<b>29,767</b>	<b>24,816</b>	<b>27,564</b>	<b>29,364</b>
+ Loan Fees	m	5,284	4,873	5,297	5,733	+ Loan Fees	m	22,525	21,186	21,972	23,169
+ Trading Income	m	<b>583</b>	<b>455</b>	<b>455</b>	<b>327</b>	+ Trading Income	m	1,713	1,821	1,931	1,646
+ Insurance Income	m	0	0	0	0	+ Insurance Income	m	0	0	0	0
+ Other Income	m	1,690	1,404	1,404	1,118	+ Other Income	m	6,600	5,615	5,582	5,448
<b>Non Interest Income</b>	m	<b>7,557</b>	<b>6,732</b>	<b>7,156</b>	<b>7,178</b>	<b>Non Interest Income</b>	m	<b>30,838</b>	<b>28,623</b>	<b>29,486</b>	<b>30,263</b>
<b>Total Operating Inc</b>	m	<b>13,307</b>	<b>12,521</b>	<b>13,526</b>	<b>14,084</b>	<b>Total Operating Inc</b>	m	<b>60,605</b>	<b>53,438</b>	<b>57,050</b>	<b>59,626</b>
	m										
+ Staff expenses	m	7,248	7,064	7,064	6,879	+ Staff expenses	m	30,837	28,255	28,552	29,697
+ Other expenses	m	0	0	0	0	+ Other expenses	m	0	0	0	0
<b>Total Operating Exp</b>	m	<b>7,248</b>	<b>7,064</b>	<b>7,064</b>	<b>6,879</b>	<b>Total Operating Exp</b>	m	<b>30,837</b>	<b>28,255</b>	<b>28,552</b>	<b>29,697</b>
	m										
<b>Pre-Provision Profit</b>	m	<b>6,059</b>	<b>5,457</b>	<b>6,463</b>	<b>7,205</b>	<b>Pre-Provision Profit</b>	m	<b>29,768</b>	<b>25,183</b>	<b>28,498</b>	<b>29,929</b>
<b>Loan Provisions</b>	m	<b>2,098</b>	<b>3,526</b>	<b>2,821</b>	<b>5,659</b>	<b>Loan Provisions</b>	m	<b>12,675</b>	<b>14,104</b>	<b>13,545</b>	<b>10,914</b>
<b>Post Provision Profit</b>	m	<b>3,961</b>	<b>1,931</b>	<b>3,642</b>	<b>1,546</b>	<b>Post Provision Profit</b>	m	<b>17,093</b>	<b>11,080</b>	<b>14,952</b>	<b>19,016</b>
	m										
Other Profit	m	-6	-336	-336	-665	Other Profit	m	-731	-1,342	-1,321	-1,347
- Amortisation	m	0	0	0	0	- Amortisation	m	0	0	0	0
- Non Recurring Items	m	0	0	0	0	- Non Recurring Items	m	-65	0	0	0
- Associates	m	0	0	0	0	- Associates	m	0	0	0	0
<b>Pre-Tax Profit</b>	m	<b>3,955</b>	<b>1,596</b>	<b>3,306</b>	<b>881</b>	<b>Pre-Tax Profit</b>	m	<b>16,297</b>	<b>9,737</b>	<b>13,632</b>	<b>17,669</b>
- Taxation	m	558	619	619	268	- Taxation	m	1,584	2,065	2,854	3,697
<b>Net Profit After Tax</b>	m	<b>3,397</b>	<b>976</b>	<b>2,687</b>	<b>612</b>	<b>Net Profit After Tax</b>	m	<b>14,713</b>	<b>7,673</b>	<b>10,778</b>	<b>13,972</b>
- Minority Interests	m	2	0	0	3	- Minority Interests	m	6	6	6	6
<b>Reported Profit</b>	m	<b>3,395</b>	<b>976</b>	<b>2,687</b>	<b>609</b>	<b>Reported Profit</b>	m	<b>14,642</b>	<b>7,667</b>	<b>10,772</b>	<b>13,966</b>
<b>Adjusted Profit</b>	m	<b>3,395</b>	<b>976</b>	<b>2,687</b>	<b>-441</b>	<b>Adjusted Profit</b>	m	<b>13,722</b>	<b>6,617</b>	<b>9,722</b>	<b>13,966</b>
<b>Attributable Profit</b>	m	<b>3,395</b>	<b>976</b>	<b>2,687</b>	<b>-441</b>	<b>Attributable Profit</b>	m	<b>13,592</b>	<b>6,617</b>	<b>9,722</b>	<b>13,966</b>
EPS (rep)		0.34	0.10	0.27	0.06	EPS (rep)		1.46	0.78	1.09	1.42
EPS growth pcp (rep)	%	-29.4	-74.4	-37.0	-58.6	EPS growth yoy (rep)	%	6.6	-46.8	40.5	29.7
EPS (adj)		0.34	0.10	0.27	-0.04	EPS (adj)		1.37	0.67	0.99	1.42
EPS growth pcp (adj)	%	-30.4	-74.4	-37.0	nmf	EPS growth yoy (adj)	%	21.3	-50.8	46.9	43.7
DPS		0.00	0.00	0.00	0.15	DPS		0.18	0.15	0.53	0.71
						Payout ratio	%	12.9	21.6	54.1	50.1
						Book Value p.s (wgted)		11.0	11.7	12.6	13.4
						Tangible Book Value p.s (wgted)		11.0	11.7	12.6	13.4
						Weighted average shares	m	10,012	9,849	9,849	9,849
Key Ratios					Key Ratios						
	1Q/09A	2Q/09E	3Q/09E	4Q/09E		2008A	2009E	2010E	2011E		
Interest Spread	%	1.61	1.54	1.62	1.75	Interest Spread	%	4.36	3.27	3.49	3.86
Net Interest Margin	%	1.24	1.23	1.33	1.46	Net Interest Margin	%	3.24	2.62	2.85	2.85
Non Int Inc / Total Inc	%	56.8	53.8	52.9	51.0	Non Int Inc / Total Inc	%	50.5	53.6	51.7	50.8
Cost to Income	%	54.5	56.4	52.2	48.8	Cost to Income	%	50.9	52.9	50.0	49.8
Cost to Assets	%	0.84	0.81	0.81	0.77	Cost to Assets	%	1.79	1.59	1.52	1.46
Provisions / Loans	%	0.44	0.74	0.59	1.20	Provisions / Loans	%	1.36	1.49	1.38	1.02
Tax Rate	%	14.1	38.8	18.7	30.5	Tax Rate	%	9.7	21.2	20.9	20.9
Loan Deposit Ratio (LDR)	%	73.7	72.9	72.1	71.8	Loan Deposit Ratio (LDR)	%	75.2	71.8	69.8	70.2
NPLs	%	1.53	1.57	1.61	1.66	NPLs	%	1.50	1.66	1.54	1.39
Reserve Cover	%	88.5	80.1	72.1	64.5	Reserve Cover	%	97.4	64.5	57.2	64.5
Tier 1 Capital Ratio	%	9.2	9.3	9.3	9.4	Tier 1 Capital Ratio	%	9.2	9.4	9.5	9.2
Total Capital Ratio	%	12.0	12.0	12.0	12.0	Total Capital Ratio	%	12.0	12.0	11.9	11.4
Equity to Assets	%	6.7	6.7	6.7	6.5	Equity to Assets	%	6.4	6.5	6.6	6.5
ROA (ave)	%	0.39	0.11	0.31	-0.05	ROA (ave)	%	0.80	0.38	0.53	0.72
ROE (ave)	%	5.8	1.7	4.7	-0.8	ROE (ave)	%	12.3	5.9	8.1	10.9
ROTE (ave)	%	5.8	1.7	4.7	-0.8	ROTE (ave)	%	12.3	5.9	8.1	10.9
					Growth rates						
						2008A	2009E	2010E	2011E		
					Income Growth	%	1.4	-11.8	6.8	4.5	
					Cost Growth	%	-2.1	-8.4	1.1	4.0	
					Pre-Prov Profit Growth	%	5.3	-15.4	13.2	5.0	
					PBT Growth	%	-7.2	-40.2	40.0	29.6	
					Loan Growth	%	5.2	1.5	3.8	9.3	
					Ave Int Earning Assets	%	3.4	2.9	2.0	6.6	
					Valuation data						
						2008A	2009E	2010E	2011E		
					P/E (rep)	x	13.2	24.7	17.6	13.6	
					P/E (adj)	x	14.1	28.7	19.5	13.6	
					P/B (wgted)	x	1.7	1.6	1.5	1.4	
					P/TB (wgted)	x	1.7	1.6	1.5	1.4	
					Dividend yield	%	0.9	0.8	2.8	3.7	
					Balance Sheet						
						2008A	2009E	2010E	2011E		
					Cash & Equivalent	m	23,811	12,633	13,376	13,992	
					Net Loans to Customer	m	921,675	935,054	970,649	1,061,025	
					Other Interest Earning Assets	m	724,776	775,528	829,150	891,895	
					Other Assets	m	57,004	59,356	60,936	62,596	
					<b>Total Assets</b>	m	<b>1,727,266</b>	<b>1,782,571</b>	<b>1,874,111</b>	<b>2,029,508</b>	
					Customer Deposits	m	1,226,171	1,302,500	1,389,711	1,510,623	
					Other Int Bearing Liab	m	231,825	225,302	219,474	246,328	
					Other Liabilities	m	129,003	109,467	111,197	110,746	
					<b>Total Liabilities</b>	m	<b>1,586,999</b>	<b>1,637,268</b>	<b>1,720,382</b>	<b>1,867,697</b>	
					Ordinary Equity	m	106,013	106,818	107,639	108,476	
					Retained Earnings	m	4,254	8,485	16,090	23,335	
					Reserves	m	0	0	0	0	
					Minority Interests	m	30,000	30,000	30,000	30,000	
					<b>Total S/H's Funds</b>	m	<b>140,267</b>	<b>145,303</b>	<b>153,728</b>	<b>161,811</b>	

All figures in NT\$ unless noted.

Source: Company data, Macquarie Research, June 2009

## Asia banks valuations

	Bberg code	Price (Icy)	Mkt cap (US\$m)	EPS (Icy cents)		EPS growth (%)		PER (x)		BVPS (Icy)		P/BV (x)		ROE (%)		DPS (Icy)		Div yield (%)		Rating	Target Price (Icy)	Price to TP (%)
				FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E			
<b>China</b>																						
Bank of China	3988 HK	3.79	124,116	26.1	31.7	2.9	21.6	12.8	10.5	2.0	2.2	1.7	1.6	13.8	15.4	0.1	0.2	3.9	4.8	O	4.45	17.4
Bank of Communications	3328 HK	7.80	49,302	52.7	61.8	-9.1	17.3	13.1	11.1	3.4	3.8	2.0	1.8	16.3	17.2	0.2	0.2	2.7	3.1	N	7.00	-10.3
China Citic Bank	998 HK	4.90	24,212	34.7	41.7	1.3	20.2	12.5	10.4	2.7	3.0	1.6	1.4	13.4	14.5	0.1	0.1	2.4	3.4	O	5.15	5.1
China Construction Bank	939 HK	5.33	161,465	41.7	49.2	5.1	18.1	11.3	9.6	2.3	2.5	2.1	1.9	19.6	20.6	0.2	0.2	4.0	4.7	O	5.70	6.9
China Everbright	165 HK	17.98	3,692	101.4	110.2	58.7	8.6	17.7	16.3	10.5	12.3	1.7	1.5	11.1	9.9	0.3	0.3	1.7	1.8	N	16.40	-8.8
China Merchants Bank	3968 HK	16.80	7,501	102.3	116.1	-6.6	13.5	14.5	12.8	5.1	6.3	2.9	2.4	22.0	20.6	0.3	0.4	1.7	2.7	U	12.65	-24.7
ICBC	1398 HK	5.03	216,756	35.3	41.7	6.5	17.9	12.6	10.6	2.0	2.2	2.0	1.8	18.6	19.8	0.2	0.2	4.0	4.7	N	5.20	3.4
<b>Weighted Average</b>				<b>37.8</b>	<b>44.7</b>	<b>4.0</b>	<b>18.6</b>	<b>12.4</b>	<b>10.4</b>	<b>2.3</b>	<b>2.6</b>	<b>2.0</b>	<b>1.8</b>	<b>17.5</b>	<b>18.6</b>	<b>0.2</b>	<b>0.2</b>	<b>3.7</b>	<b>4.5</b>			
<b>Hong Kong</b>																						
Bank of China-HK	2388 HK	13.90	18,960	85.8	94.3	163.1	9.9	16.2	14.7	8.2	8.6	1.7	1.6	10.7	11.3	0.5	0.6	3.6	4.6	O	12.30	-11.5
Bank of East Asia	23 HK	26.40	6,272	81.7	97.4	nmf	19.3	32.3	27.1	19.5	18.2	1.4	1.5	4.2	5.4	0.8	0.8	3.0	3.0	O	30.40	15.2
Dah Sing Financial	440 HK	31.10	1,044	217.6	396.8	-37.3	82.3	14.3	7.8	39.9	44.3	0.8	0.7	5.6	9.5	0.8	1.4	2.4	4.5	N	22.00	-29.3
Hang Seng	11 HK	116.10	28,636	605.1	656.8	-15.9	8.5	19.2	17.7	27.2	28.2	4.3	4.1	22.3	23.7	5.8	6.3	5.0	5.4	N	84.00	-27.6
Wing Hang	302 HK	67.90	2,585	294.1	389.0	-24.7	32.3	23.1	17.5	37.9	40.2	1.8	1.7	8.0	10.0	1.4	1.8	2.1	2.6	O	50.00	-26.4
Hong Kong Exchange	388 HK	129.00	17,905	448.2	513.8	-6.2	14.6	28.8	25.1	7.2	7.7	17.9	16.8	64.2	69.2	4.0	4.6	3.1	3.6	U	105.00	-18.6
HSBC	5 HK	66.75	149,106	51.0	54.4	-61.3	6.7	16.9	15.8	6.6	6.7	1.3	1.3	8.1	8.2	0.3	0.3	3.9	3.9	N	62.00	-7.1
Standard Chartered	2888 HK	157.60	38,550	120.6	156.0	-13.8	29.4	16.9	13.0	11.6	12.4	1.8	1.6	10.7	13.0	0.7	0.7	3.2	3.6	O	147.00	-6.7
<b>Weighted Average</b>				<b>355.7</b>	<b>393.5</b>	<b>44.1</b>	<b>12.6</b>	<b>19.7</b>	<b>17.5</b>	<b>20.8</b>	<b>21.5</b>	<b>2.9</b>	<b>2.8</b>	<b>15.6</b>	<b>16.7</b>	<b>3.2</b>	<b>3.5</b>	<b>4.1</b>	<b>4.7</b>			
<b>India</b>																						
Bank of Baroda	BOB IN	443.55	3,402	5,904	7,418	50.3	25.6	7.5	6.0	308.9	358.8	1.4	1.2	20.6	22.2	15.0	22.0	3.4	5.0	O	515	16.1
Bank of India	BOI IN	335.50	3,710	5,719	6,647	49.7	16.2	5.9	5.0	220.3	280.7	1.5	1.2	29.5	26.5	4.3	5.5	1.3	1.6	O	405	20.7
HDFC	HDFC IN	2,350.00	14,076	8,040	10,808	22.5	34.4	29.2	21.7	472.2	542.5	5.0	4.3	18.0	21.3	30.0	37.5	1.3	1.6	O	2,731	16.2
HDFC Bank	HDFCB IN	1,494.20	13,386	5,400	7,319	20.4	35.5	27.7	20.4	338.5	398.2	4.4	3.8	17.7	19.9	9.0	12.0	0.6	0.8	N	1,500	0.4
ICICI Bank	ICICIB IN	747.80	17,526	3,394	3,582	-9.2	5.5	22.0	20.9	439.5	463.2	1.7	1.6	7.9	7.9	11.0	11.0	1.5	1.5	U	436	-41.7
IDBI	IDBI IN	103.05	1,573	1,113	1,004	10.6	-9.8	9.3	10.3	102.7	110.6	1.0	0.9	11.3	9.4	2.0	2.0	1.9	1.9	U	39	-62.2
IDFC	IDFC IN	137.80	3,759	576	869	0.5	50.8	23.9	15.9	48.3	56.1	2.9	2.5	12.6	16.7	0.8	0.8	0.6	0.6	O	141	2.3
Kotak Mahindra Bank	KMB IN	722.35	5,260	1,673	1,796	-46.5	7.4	43.2	40.2	193.1	204.8	3.7	3.5	9.3	9.0	3.3	6.5	0.4	0.9	U	221	-69.4
Punjab National Bank	PNB IN	632.70	4,201	8,785	6,884	35.2	-21.6	7.2	9.2	414.4	466.7	1.5	1.4	23.2	15.6	14.0	15.0	2.2	2.4	U	362	-42.8
Reliance Capital	RCFT IN	980.60	5,072	3,654	3,001	-12.3	-17.9	26.8	32.7	270.3	285.6	3.6	3.4	14.2	10.8	10.0	12.0	1.0	1.2	N	934	-4.8
State Bank of India	SBIN IN	1,756.75	23,485	14,261	12,098	39.5	-15.2	12.3	14.5	891.5	986.1	2.0	1.8	17.1	12.9	25.0	24.0	1.4	1.4	U	900	-48.8
Syndicate Bank	SNDB IN	76.75	844	1,589	924	-2.2	-41.8	4.8	8.3	86.4	93.7	0.9	0.8	19.8	10.3	3.2	1.8	4.2	2.3	U	41	-46.6
Union Bank of India	UNBK IN	217.65	2,315	3,417	3,373	24.4	-1.3	6.4	6.5	141.1	171.3	1.5	1.3	27.1	23.3	4.0	4.5	1.8	2.1	O	231	6.1
Axis Bank	AXSB IN	749.45	5,672	5,050	6,407	69.3	26.9	14.8	11.7	281.8	334.8	2.7	2.2	19.2	20.8	10.0	10.0	1.3	1.3	O	903	20.5
Power Finance Corp	POWF IN	198.05	4,787	1,181	1,531	12.1	29.6	16.8	12.9	91.2	103.4	2.2	1.9	13.6	15.7	2.8	2.8	1.4	1.4	N	200	1.0
Vijaya Bank	VJYBK IN	44.95	410	611	455	-26.6	-25.5	7.4	9.9	52.5	54.8	0.9	0.8	12.1	8.5	2.0	2.0	4.4	4.4	U	21	-53.3
<b>Weighted Average</b>				<b>6,697</b>	<b>6,922</b>	<b>18.9</b>	<b>10.3</b>	<b>20.0</b>	<b>18.0</b>	<b>444.0</b>	<b>495.7</b>	<b>2.8</b>	<b>2.4</b>	<b>16.0</b>	<b>15.4</b>	<b>14.7</b>	<b>16.3</b>	<b>1.3</b>	<b>1.5</b>			
<b>Indonesia</b>																						
Bank Central Asia	BBCA IJ	3,900	9,558	282.5	324.4	20.2	14.8	13.8	12.0	1,089.0	1,251.2	3.6	3.1	27.7	27.7	141.3	162.2	3.6	4.2	O	4,200	7.7
Bank Danamon	BDMN IJ	4,500	3,705	218.4	324.4	-4.7	48.5	20.6	13.9	1,849.4	2,011.6	2.4	2.2	14.0	16.8	109.2	162.2	2.4	3.6	O	3,750	-16.7
Bank Int'l Indonesia	BNII IJ	410	2,018	8.9	10.5	-11.2	17.5	45.9	39.1	118.0	128.5	3.5	3.2	6.1	8.5	4.5	5.2	1.1	1.3	U	200	-51.2
Bank Mandiri	BMRI IJ	3,475	7,161	269.6	313.8	5.1	16.4	12.9	11.1	1,605.4	1,762.3	2.2	2.0	17.5	18.6	135.2	157.4	3.9	4.5	O	3,700	6.5
Bank Niaga	BNGA IJ	700	1,665	22.9	37.5	-49.5	64.1	30.6	18.7	404.5	430.5	1.7	1.6	5.7	8.9	6.9	11.3	1.0	1.6	N	400	-42.9
Bank Panin	PNBN IJ	670	1,349	39.8	52.2	14.7	31.1	16.8	12.8	435.1	487.3	1.5	1.4	9.6	11.3	11.8	15.6	1.8	2.3	O	800	19.4
Bank Negara Indonesia	BBNI IJ	1,810	2,748	123.8	184.6	54.6	49.2	14.6	9.8	1,218.7	1,451.0	1.5	1.2	11.1	13.8	61.9	92.3	3.4	5.1	O	2,200	21.5
Bank Rakyat Indonesia	BBRI IJ	6,500	7,888	552.8	663.3	13.5	20.0	11.8	9.8	2,102.0	2,433.7	3.1	2.7	28.1	29.2	276.4	331.6	4.3	5.1	N	6,500	0.0
<b>Weighted Average</b>				<b>284.0</b>	<b>344.8</b>	<b>10.6</b>	<b>25.4</b>	<b>16.6</b>	<b>13.2</b>	<b>1,390.4</b>	<b>1,575.1</b>	<b>2.7</b>	<b>2.4</b>	<b>20.2</b>	<b>21.5</b>	<b>141.6</b>	<b>171.7</b>	<b>3.3</b>	<b>4.1</b>			
<b>Korea</b>																						
Daegu Bank	005270 KS	11,200	1,170	1,067	1,186	-46.0	11.2	10.5	9.4	13,204	14,390	0.8	0.8	8.4	8.6	0.0	200.0	0.0	1.8	O	9,000	-19.6
Hana Financial Group	086790 KS	27,350	4,581	1,036	1,322	-55.1	27.6	26.4	20.7	43,060	44,282	0.6	0.6	2.4	3.0	100.0	200.0	0.4	0.7	N	20,000	-26.9
Industrial Bank of Korea	024110 KS	10,500	4,513	1,260	1,321	-34.2	4.8	8.3	7.9	16,823	17,894	0.6	0.6	7.7	7.6	150.0	150.0	1.4	1.4	N	7,600	-27.6
Pusan Bank	005280 KS	8,820	1,246	811	967	-55.6	19.1	10.9	9.1	10,591	11,592	0.8	0.8	8.4	8.7	100.0	200.0	1.1	2.3	N	7,500	-15.0
Woori Finance	053000 KS	10,900	6,946	668	718	-60.1	7.5	16.3	15.2	17,421	18,039	0.6	0.6	3.9	4.1	100.0	100.0	0.9	0.9	N	7,000	-35.8
Shinhan Financial	055550 KS	30,900	11,585	2,862	3,055	-36.2	6.8	10.8	10.1	40,356	43,492	0.8	0.7	7.4	7.3	350.0	350.0	1.1	1.1	O	37,600	21.7
<b>KB Financial Group</b>	<b>105560 KS</b>	<b>41,500</b>	<b>11,692</b>	<b>2,203</b>	<b>2,900</b>	<b>-64.8</b>	<b>31.6</b>	<b>18.8</b>	<b>14.3</b>	<b>43,895</b>	<b>45,795</b>	<b>0.9</b>	<b>0.9</b>	<b>5.1</b>	<b>6.5</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>2.4</b>	<b>2.4</b>	<b>N</b>	<b>37,500</b>	<b>-9.6</b>
<b>Weight</b>																						

## Asia banks valuations (con't)

	Bberg code	Price (Icy)	Mkt cap (US\$m)	EPS (Icy cents)		EPS growth (%)		PER (x)		BVPS (Icy)		P/BV (x)		ROE (%)		DPS (Icy)		Div yield (%)		Rating	Target Price (Icy)	Price to TP (%)
				FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E	FY09E	FY10E			
<b>Philippines</b>																						
Banco de Oro	BDO PM	34.00	1,645	183	213	85.9	16.4	18.5	15.9	26.1	27.5	1.3	1.2	7.2	8.0	0.8	0.8	2.4	2.4	O	40.00	17.6
Bank Philippine Islands	BPI PM	45.50	3,104	214	235	8.0	9.9	21.3	19.4	20.4	22.8	2.2	2.0	10.7	10.9	1.8	1.8	4.0	4.0	N	42.00	-7.7
China Banking Corp	CHIB PM	350.00	652	2,895	3,356	-18.1	16.0	12.1	10.4	366.3	385.3	1.0	0.9	8.3	8.9	14.0	12.6	4.0	3.6	N	408.00	16.6
Metro Bank	MBT PM	35.50	1,348	293	307	20.4	4.6	12.1	11.6	38.8	41.4	0.9	0.9	7.8	7.7	1.0	1.0	2.8	2.8	O	44.00	23.9
Philippine Nat'l Bank	PNB PM	22.25	310	197	238	17.9	20.8	11.3	9.3	49.6	51.9	0.4	0.4	4.2	4.7	0.0	0.0	0.0	0.0	O	24.00	7.9
Security Bank	SECB PM	42.00	291	493	581	-29.8	18.0	8.5	7.2	48.7	54.5	0.9	0.8	11.3	11.3	2.0	2.0	4.8	4.8	N	41.00	-2.4
UnionBank	UBP PM	26.00	351	254	299	-21.1	17.6	10.2	8.7	44.4	45.6	0.6	0.6	5.9	6.7	1.8	1.8	6.9	6.9	N	22.00	-15.4
<b>Rizal Commercial Bank</b>	<b>RCB PM</b>	<b>16.00</b>	<b>293</b>	<b>209</b>	<b>259</b>	<b>-6.5</b>	<b>23.8</b>	<b>7.7</b>	<b>6.2</b>	<b>32.1</b>	<b>34.4</b>	<b>0.5</b>	<b>0.5</b>	<b>6.9</b>	<b>7.8</b>	<b>0.3</b>	<b>0.3</b>	<b>1.9</b>	<b>1.9</b>	<b>U</b>	<b>8.40</b>	<b>-47.5</b>
<b>Weighted Average</b>				<b>451</b>	<b>514</b>	<b>21.2</b>	<b>12.4</b>	<b>16.6</b>	<b>14.8</b>	<b>56.5</b>	<b>60.2</b>	<b>1.5</b>	<b>1.3</b>	<b>8.7</b>	<b>9.1</b>	<b>2.3</b>	<b>2.2</b>	<b>3.4</b>	<b>3.3</b>			
<b>Singapore</b>																						
DBS Group	DBS SP	12.68	19,864	65.8	72.3	-39.9	9.9	19.3	17.5	10.2	10.6	1.2	1.2	6.0	7.0	0.5	0.5	3.7	3.6	O	14.09	11.1
Hong Leong Finance	HLF SP	2.75	830	19.6	19.6	13.7	0.1	14.0	14.0	3.2	3.3	0.9	0.8	6.2	6.0	0.1	0.1	2.9	3.6	O	3.10	12.7
OCBC	OCBC SP	7.33	15,501	37.4	39.8	-28.3	6.4	19.6	18.4	5.3	5.4	1.4	1.4	7.5	7.8	0.2	0.3	3.3	3.5	N	6.76	-7.8
UOB	UOB SP	15.48	16,198	82.5	87.9	-32.5	6.6	18.8	17.6	10.8	11.2	1.4	1.4	8.1	8.3	0.4	0.5	2.6	3.1	N	14.45	-6.7
Singapore Exchange	SGX SP	7.85	5,762	26.9	31.6	-35.3	17.4	29.1	24.8	0.7	0.8	11.4	10.3	35.3	43.4	0.2	0.2	3.1	3.1	O	8.80	12.1
<b>Weighted Average</b>				<b>61.8</b>	<b>66.7</b>	<b>-33.4</b>	<b>7.7</b>	<b>19.1</b>	<b>17.8</b>	<b>8.8</b>	<b>9.1</b>	<b>1.3</b>	<b>1.3</b>	<b>7.1</b>	<b>7.6</b>	<b>0.4</b>	<b>0.4</b>	<b>3.2</b>	<b>3.4</b>			
<b>Taiwan</b>																						
Bank of Kaohsiung	2836 TT	10.00	160	36.6	105.7	nmf	189.0	27.3	9.5	18.5	19.5	0.5	0.5	2.0	5.6	0.1	0.5	0.9	5.3	U	5.60	-44.0
Chang Hwa Bank	2801 TT	14.40	2,723	7.6	30.7	111.8	302.6	106.2	26.4	10.6	10.9	0.8	0.7	0.7	2.9	0.0	0.1	0.3	0.7	N	5.84	11.1
China Development	2883 TT	8.10	2,770	66.4	71.8	-48.4	8.2	28.1	26.0	12.6	13.2	1.5	1.4	5.8	6.0	0.1	0.4	0.8	2.1	U	9.00	-51.7
Chinatrust	2891 TT	18.65	5,168	66.4	71.8	-48.4	8.2	28.1	26.0	12.6	13.2	1.5	1.4	5.8	6.0	0.1	0.4	0.8	2.1	U	9.00	-51.7
E. Sun Financial	2884 TT	10.45	1,128	53.8	74.3	-16.1	38.1	19.4	14.1	13.9	14.3	0.8	0.7	3.9	5.3	0.4	0.5	3.4	4.7	N	7.78	-25.6
First Financial	2892 TT	18.80	3,529	33.9	85.7	-66.2	153.1	55.5	21.9	16.4	16.6	1.1	1.1	2.1	5.2	0.2	0.4	0.9	2.3	U	13.10	-30.3
Fubon Financial	2881 TT	28.50	7,052	123.2	152.0	-12.6	23.4	23.1	18.8	20.5	20.7	1.4	1.4	6.2	7.4	0.0	1.4	0.0	4.8	O	32.00	12.3
Yuanta Financial	2885 TT	21.75	5,367	78.2	121.6	31.9	55.6	27.8	17.9	14.0	14.7	1.6	1.5	5.7	8.5	0.5	0.8	2.4	3.7	O	23.85	9.7
Hua Nan Financial	2880 TT	20.10	3,728	87.6	113.5	-41.6	29.5	22.9	17.7	15.1	15.9	1.3	1.3	5.9	7.3	0.5	0.7	2.6	3.7	U	13.60	-32.3
Mega Financial	2886 TT	14.65	4,934	62.1	64.5	850.2	4.0	23.6	22.7	16.2	16.3	0.9	0.9	3.8	4.0	0.5	0.5	3.4	3.5	U	8.00	-45.4
Sinopac Financial	2890 TT	9.88	2,103	25.9	42.1	nmf	62.7	38.2	23.4	11.8	12.0	0.8	0.8	2.2	3.5	0.1	0.2	1.3	2.1	U	7.82	-20.9
Ta Chong Bank	2847 TT	5.80	524	30.3	45.6	751.4	50.5	19.1	12.7	8.0	8.5	0.7	0.7	3.9	5.5	0.0	0.0	0.0	0.0	O	6.20	6.9
Taichung Bank	2812 TT	7.75	324	76.1	113.7	44.7	49.3	10.2	6.8	12.3	13.0	0.6	0.6	6.4	9.0	0.4	0.6	4.9	7.3	O	8.00	3.2
Taishin Financial	2887 TT	11.05	1,922	104.3	21.8	nmf	-79.1	10.6	50.6	13.2	13.4	0.8	0.8	9.1	2.0	0.0	0.0	0.0	0.0	O	10.86	-1.7
Taiwan Business Bank	2834 TT	8.20	967	13.2	52.7	448.4	297.9	61.9	15.6	10.3	10.8	0.8	0.8	1.3	5.0	0.0	0.2	0.0	2.6	U	7.20	-12.2
Cathay Financial	2882 TT	48.00	15,424	171.5	194.8	598.7	13.5	28.0	24.6	15.6	17.7	3.1	2.7	11.0	11.4	0.0	0.9	0.0	2.0	O	55.50	15.6
Shinkong Financial	2888 TT	13.60	2,587	24.6	47.6	nmf	93.5	55.3	28.6	13.3	13.7	1.0	1.0	1.9	3.5	0.0	0.0	0.0	0.0	U	3.60	-73.5
<b>Weighted Average</b>				<b>75.0</b>	<b>95.3</b>	<b>145.3</b>	<b>57.4</b>	<b>34.0</b>	<b>24.0</b>	<b>15.9</b>	<b>16.4</b>	<b>1.3</b>	<b>1.3</b>	<b>5.1</b>	<b>6.3</b>	<b>0.2</b>	<b>0.6</b>	<b>1.5</b>	<b>3.2</b>			
Capital Securities	6005 TT	14.25	706	58.7	85.3	nmf	45.2	24.3	16.7	11.1	11.8	1.3	1.2	5.4	7.4	0.1	0.3	1.0	1.8	O	7.80	-45.3
KGI Securities	6008 TT	14.35	1,109	91.0	131.6	23.7	44.6	15.8	10.9	13.4	14.4	1.1	1.0	7.1	9.5	0.5	0.7	3.2	4.6	O	20.15	40.4
Masterlink Securities	2856 TT	11.25	479	38.6	41.5	nmf	7.6	29.2	27.1	12.6	12.9	0.9	0.9	3.1	3.3	0.2	0.2	1.7	1.8	U	5.30	-52.9
Polaris Securities	2854 TT	16.00	1,042	50.7	63.9	nmf	26.0	31.6	25.1	12.3	12.8	1.3	1.3	4.2	5.1	0.2	0.2	1.0	1.2	U	8.00	-50.0
President Securities	2855 TT	17.10	633	80.9	95.1	nmf	17.7	21.1	18.0	15.6	16.1	1.1	1.1	5.4	6.0	0.4	0.5	2.4	2.8	O	10.90	-36.3
<b>Weighted Average</b>				<b>66.7</b>	<b>88.9</b>	<b>6.6</b>	<b>31.1</b>	<b>23.9</b>	<b>18.7</b>	<b>12.9</b>	<b>13.6</b>	<b>1.2</b>	<b>1.1</b>	<b>5.3</b>	<b>6.7</b>	<b>0.3</b>	<b>0.4</b>	<b>1.9</b>	<b>2.6</b>			
<b>Thailand</b>																						
Bangkok Bank	BBL TB	109.00	6,089	9.3	10.7	-12.7	16.0	11.8	10.1	97.9	105.4	1.1	1.0	9.8	10.6	3.0	3.5	2.8	3.2	O	115.00	5.5
Bank of Ayudhya	BAY TB	15.10	2,684	0.9	1.2	12.1	29.5	16.7	12.9	14.6	15.4	1.0	1.0	6.3	7.8	0.4	0.5	2.3	3.0	O	16.00	6.0
Kasikorn Bank	KBANK TB	71.50	5,008	5.1	6.5	-20.2	27.2	14.0	11.0	50.5	55.0	1.4	1.3	10.4	12.3	2.0	2.3	2.8	3.1	O	78.00	9.1
Krung Thai Bank	KTB TB	8.35	2,732	0.8	1.0	-31.0	27.0	11.0	8.7	9.7	10.4	0.9	0.8	8.0	9.6	0.3	0.4	3.6	4.8	N	7.50	-10.2
Siam City Bank	SCIB TB	14.70	909	1.1	1.5	-42.6	31.8	13.1	9.9	19.8	20.7	0.7	0.7	5.7	7.3	0.6	0.7	4.1	4.8	U	12.00	-18.4
Siam Commercial Bank	SCB TB	80.00	7,958	5.6	6.6	-10.4	16.8	14.2	12.1	41.0	45.3	1.9	1.8	14.4	15.3	2.3	2.5	2.8	3.1	N	80.00	0.0
<b>Weighted Average</b>				<b>5.2</b>	<b>6.2</b>	<b>-13.8</b>	<b>21.6</b>	<b>13.4</b>	<b>11.1</b>	<b>49.6</b>	<b>53.8</b>	<b>1.4</b>	<b>1.3</b>	<b>10.6</b>	<b>11.9</b>	<b>1.9</b>	<b>2.2</b>	<b>2.9</b>	<b>3.4</b>			
ACL Bank	ACL TB	5.65	263	0.1	0.2	-49.7	45.1	39.7	27.3	8.0	8.2	0.7	0.7	1.8	2.5	0.0	0.0	0.0	0.0	U	5.00	-11.5
Kiatnakin Bank	KK TB	18.10	277	2.0	2.5	-33.1	25.9	9.1	7.3	33.6	35.1	0.5	0.5	7.1	8.7	1.5	1.5	8.3	8.3	O	19.00	5.0
Thanachart Capital	TCAP TB	13.80	538	2.7	1.4	30.6	-48.3	5.1	9.8	21.8	22.3	0.6	0.6	14.6	6.5	0.9	0.9	6.5	6.5	N	12.00	-13.0
<b>TISCO</b>	<b>TISCO TB</b>	<b>19.30</b>	<b>411</b>	<b>2.1</b>	<b>2.8</b>	<b>-10.8</b>	<b>30.8</b>	<b>9.2</b>	<b>7.0</b>	<b>16.4</b>	<b>18.5</b>	<b>1.2</b>	<b>1.0</b>	<b>13.1</b>	<b>15.8</b>	<b>1.0</b>	<b>1.1</b>	<b>5.2</b>	<b>5.7</b>	<b>O</b>	<b>21.00</b>	<b>8.8</b>
<b>Weighted Average</b>				<b>2.0</b>	<b>1.8</b>	<b>-6.9</b>	<b>3.8</b>	<b>13.1</b>	<b>11.7</b>	<b>20.1</b>	<b>21.1</b>	<b>0.8</b>	<b>0.7</b>	<b>10.6</b>								

## Asia banks price and recommendation tracker

	Bloomberg code	Price (Icy)	Absolute performance (%)				Relative to local index (%)				Daily TO (Icy m) (3MMA)	Rating
			1m	3m	6m	YTD	1m	3m	6m	YTD		
<b>China</b>												
Bank of China	3988 HK	3.79	31.6	72.3	50.4	78.8	19.7	9.4	25.0	36.9	1,752.3	Outperform
Bank of Communications	3328 HK	7.80	12.1	70.3	32.7	39.5	1.9	8.2	10.3	6.9	449.0	Neutral
China Citic Bank	998 HK	4.90	17.8	71.3	62.8	84.9	7.1	8.8	35.3	41.6	280.2	Outperform
China Construction Bank	939 HK	5.33	8.8	34.3	9.2	25.4	-1.1	-14.7	-9.2	-4.0	3,444.6	Outperform
China Everbright	165 HK	17.98	11.0	100.0	72.6	88.9	1.0	27.0	43.4	44.6	95.1	Neutral
China Merchants Bank	3968 HK	16.80	26.1	77.3	31.6	52.1	14.7	12.6	9.4	16.5	720.6	Underperform
ICBC	1398 HK	5.03	6.8	54.3	13.0	23.3	-2.9	-2.0	-6.1	-5.6	2,249.9	Neutral
<b>Hong Kong</b>												
Bank of China-HK	2388 HK	13.90	17.8	110.6	43.4	58.3	7.2	33.8	19.2	21.2	386.4	Outperform
Bank of East Asia	23 HK	26.40	7.1	119.7	63.1	79.3	-2.6	39.5	35.6	37.3	205.9	Outperform
Dah Sing Financial	440 HK	31.10	19.6	88.7	72.8	56.4	8.8	19.9	43.6	19.8	18.2	Neutral
Hang Seng	11 HK	116.10	14.4	61.0	6.5	14.2	4.0	2.3	-11.5	-12.6	379.4	Neutral
Wing Hang	302 HK	67.90	24.1	96.2	51.7	52.1	12.9	24.6	26.1	16.5	43.5	Outperform
Hong Kong Exchange	388 HK	129.00	11.0	119.8	66.5	75.3	1.0	39.6	38.3	34.2	1,195.0	Underperform
HSBC	5 HK	66.75	1.0	87.5	-17.4	-2.2	-8.1	19.1	-31.3	-25.1	2,709.4	Neutral
Standard Chartered	2888 HK	157.60	6.5	92.7	71.3	71.1	-3.1	22.4	42.4	31.1	158.9	Outperform
<b>India</b>												
Bank of Baroda	BOB IN	443.55	34.3	141.8	76.3	58.5	3.2	27.6	10.1	-1.1	583.2	Outperform
Bank of India	BOI IN	335.50	42.8	85.9	28.0	16.9	9.7	-1.9	-20.1	-27.1	792.2	Outperform
HDFC	HDFC IN	2,350.00	37.3	87.1	46.3	58.1	5.4	-1.3	-8.7	-1.4	3,420.0	Outperform
HDFC Bank	HDFCB IN	1,494.20	30.9	87.9	63.4	50.4	0.5	-0.8	2.0	-6.2	2,668.6	Neutral
ICICI Bank	ICICIB IN	747.80	42.9	184.4	84.1	66.9	9.7	50.0	14.9	4.1	9,983.5	Underperform
IDBI	IDBI IN	103.05	67.1	146.4	62.5	52.3	28.3	30.0	1.4	-5.0	489.1	Underperform
IDFC	IDFC IN	137.80	60.8	192.1	108.4	106.4	23.4	54.1	30.1	28.7	1,753.6	Outperform
Kotak Mahindra Bank	KMB IN	722.35	63.7	224.1	90.9	102.2	25.7	71.0	19.1	26.1	1,357.1	Underperform
Punjab National Bank	PNB IN	632.70	21.1	107.9	38.7	20.1	-7.0	9.7	-13.4	-25.1	1,098.6	Underperform
Reliance Capital	RCFT IN	980.60	79.3	248.9	99.2	80.9	37.7	84.1	24.4	12.8	7,294.1	Neutral
State Bank of India	SBIN IN	1,756.75	39.6	96.2	46.5	36.3	7.2	3.5	-8.5	-15.0	5,843.9	Underperform
Syndicate Bank	SNDB IN	76.75	35.5	91.6	31.3	22.0	4.0	1.1	-18.0	-23.9	61.8	Underperform
Union Bank of India	UNBK IN	217.65	38.6	87.8	52.1	34.3	6.4	-0.9	-5.0	-16.2	324.2	Outperform
Axis Bank	AXSB IN	749.45	21.3	167.4	64.7	49.1	-6.9	41.1	2.8	-7.0	3,429.5	Outperform
Power Finance Corp	POWF IN	198.05	26.5	53.2	58.6	48.7	-2.8	-19.2	-1.0	-7.3	291.4	Neutral
Vijaya Bank	VJYBK IN	44.95	67.6	118.4	49.8	33.9	28.7	15.3	-6.5	-16.5	163.1	Underperform
<b>Indonesia</b>												
Bank Central Asia	BBCA IJ	3,900	21.9	39.3	31.1	20.0	5.8	-13.2	-18.1	-22.9	56,811.9	Outperform
Bank Danamon	BDMN IJ	4,500	20.8	138.2	100.1	92.1	4.9	48.5	25.0	23.4	64,335.4	Outperform
Bank Int'l Indonesia	BNII IJ	410	-3.5	39.0	5.1	10.8	-16.3	-13.4	-34.4	-28.8	2,255.7	Underperform
Bank Mandiri	BMRI IJ	3,475	27.5	87.8	72.9	71.6	10.7	17.1	7.9	10.3	114,521.1	Outperform
Bank Niaga	BNGA IJ	700	-6.7	75.0	68.7	41.4	-19.0	9.1	5.3	-9.1	4,180.2	Neutral
Bank Panin	PNBN IJ	670	13.6	45.7	4.7	15.5	-1.4	-9.2	-34.6	-25.8	4,464.2	Outperform
Bank Negara Indonesia	BBNI IJ	1,810	23.1	162.3	229.1	166.2	6.9	63.5	105.5	71.1	63,770.0	Outperform
Bank Rakyat Indonesia	BBRI IJ	6,500	10.2	59.5	59.5	42.1	-4.4	-0.6	-0.4	-8.7	99,844.1	Neutral
<b>Korea</b>												
Daegu Bank	005270 KS	11,200	5.2	69.5	49.3	64.9	4.6	34.2	21.0	30.2	10,127.3	Outperform
Hana Financial Group	086790 KS	27,350	-0.9	37.1	25.8	41.3	-1.7	8.3	1.8	11.3	94,498.3	Neutral
Industrial Bank of Korea	024110 KS	10,500	9.2	72.7	13.3	35.9	8.0	36.1	-8.6	6.8	56,905.7	Neutral
Pusan Bank	005280 KS	8,820	7.9	56.4	37.2	57.9	7.2	23.8	11.2	24.7	20,689.6	Neutral
Woori Finance	053000 KS	10,900	-5.2	59.4	49.7	73.2	-5.4	26.8	21.9	37.4	123,844.0	Neutral
Shinhan Financial	055550 KS	30,900	-3.9	33.3	-7.3	8.9	-4.5	5.5	-24.9	-14.0	134,923.9	Outperform
KB Financial Group	105560 KS	41,500	-8.7	30.3	16.9	24.5	-9.3	3.1	-3.1	-1.7	129,289.2	Neutral
<b>Malaysia</b>												
AMMB Holdings	AMM MK	3.36	5.7	38.8	40.0	36.0	-0.1	8.9	11.1	10.0	16.8	Outperform
Bumiputra-Commerce	BCHB MK	9.00	0.0	48.8	47.5	53.8	-5.4	16.7	17.1	24.4	38.5	Neutral
EON Capital	EON MK	4.00	1.0	37.9	33.8	25.0	-4.5	8.2	6.2	1.1	0.8	Underperform
Hong Leong Bank	HLBK MK	5.75	1.8	11.7	15.0	12.7	-3.8	-12.4	-8.7	-8.8	3.4	Neutral
Maybank	MAY MK	5.65	13.5	45.0	16.5	23.4	7.3	13.7	-7.5	-0.3	42.2	Neutral
Public Bank	PBKF MK	8.90	4.7	23.6	12.3	4.6	-1.0	-3.1	-10.8	-15.4	21.1	Outperform
RHB Capital	RHBC MK	4.30	2.4	16.2	13.2	10.3	-3.2	-8.9	-10.2	-10.9	4.4	Underperform
Bursa Malaysia	BURSA MK	7.40	1.4	62.3	38.3	43.7	-4.1	27.3	9.8	16.2	12.6	Underperform

## Asia banks price and recommendation tracker (con't)

	Bloomberg code	Price (Icy)	Absolute performance (%)				Relative to local index (%)				Daily TO (Icy m) (3MMA)	Rating
			1m	3m	6m	YTD	1m	3m	6m	YTD		
<b>Philippines</b>												
Banco de Oro	BDO PM	34.00	-1.4	65.9	37.4	41.7	-11.8	24.6	4.9	4.8	66.2	Outperform
Bank of Philippine Islands	BPI PM	45.50	-1.1	40.0	15.2	18.2	-11.5	5.2	-12.0	-12.5	86.8	Neutral
China Banking Corp	CHIB PM	350.00	0.0	16.7	-23.9	-11.4	-10.5	-12.3	-41.9	-34.4	8.6	Neutral
Metrobank	MBT PM	35.50	0.0	65.1	52.7	54.3	-10.5	24.1	16.6	14.2	85.4	Outperform
Philippine National Bank	PNB PM	22.25	-1.1	122.5	45.9	58.9	-11.5	67.2	11.4	17.6	26.4	Outperform
Security Bank	SECB PM	42.00	1.2	41.7	57.4	70.0	-9.4	6.4	20.2	25.8	7.7	Neutral
UnionBank	UBP PM	26.00	4.0	30.0	22.4	20.9	-6.9	-2.3	-6.5	-10.5	19.4	Neutral
Rizal Commercial Bank	RCB PM	16.00	-5.9	79.8	64.9	63.3	-15.7	35.1	26.0	20.8	6.2	Underperform
<b>Singapore</b>												
DBS Group	DBS SP	12.68	12.8	83.8	45.9	50.6	2.2	15.7	9.5	10.9	114.6	Outperform
Hong Leong Finance	HLF SP	2.75	3.8	69.8	31.0	33.5	-6.0	6.9	-1.7	-1.7	0.5	Outperform
OCBC	OCBC SP	7.33	8.0	77.9	35.2	46.9	-2.2	12.0	1.5	8.2	60.7	Neutral
UOB	UOB SP	15.48	10.6	82.8	17.3	19.8	0.2	15.1	-12.0	-11.7	84.9	Neutral
Singapore Exchange	SGX SP	7.85	1.9	81.7	49.2	54.5	-7.6	14.4	12.0	13.8	52.4	Outperform
<b>Taiwan</b>												
Bank of Kaohsiung	2836 TT	10.00	9.3	56.3	37.9	44.1	12.3	15.0	-0.8	2.2	28.7	Underperform
Cathay Financial	2882 TT	48.00	-0.6	86.8	29.7	31.5	2.1	37.4	-6.7	-6.7	3,821.3	Outperform
Chang Hwa Bank	2801 TT	14.40	0.7	41.2	13.4	12.5	3.5	3.9	-18.4	-20.2	639.9	Neutral
China Development	2883 TT	8.10	-12.8	34.6	13.3	11.9	-10.4	-1.0	-18.5	-20.6	384.8	Neutral
Chinatrust	2891 TT	18.65	-9.2	68.0	39.2	34.2	-6.8	23.6	0.1	-4.8	2,084.6	Underperform
E. Sun Financial	2884 TT	10.45	-0.9	33.8	10.0	19.7	1.8	-1.6	-20.8	-15.1	281.1	Neutral
First Financial	2892 TT	18.80	-2.6	32.9	13.9	9.0	0.1	-2.3	-18.0	-22.7	1,534.0	Underperform
Fubon Financial	2881 TT	28.50	-10.4	56.6	25.0	19.2	-7.9	15.2	-10.1	-15.4	1,313.7	Outperform
Yuanta Financial	2885 TT	21.75	-14.0	59.3	44.5	48.0	-11.7	17.2	4.0	5.0	1,404.7	Outperform
Hua Nan Financial	2880 TT	20.10	2.0	23.3	12.0	9.2	4.8	-9.3	-19.4	-22.5	416.8	Underperform
Mega Financial	2886 TT	14.65	-4.9	44.3	27.4	27.9	-2.3	6.2	-8.3	-9.2	637.9	Underperform
Shinkong Financial	2888 TT	13.60	-0.7	86.8	48.6	52.8	2.0	37.4	7.0	8.4	1,116.7	Underperform
Sinopac Financial	2890 TT	9.88	-4.1	67.2	31.7	38.2	-1.4	23.0	-5.2	-1.9	598.7	Underperform
Ta Chong Bank	2847 TT	5.80	-0.9	67.6	14.9	30.6	1.9	23.3	-17.4	-7.3	34.0	Outperform
Taichung Bank	2812 TT	7.75	-4.1	41.4	19.4	15.0	-1.5	4.0	-14.1	-18.4	70.2	Outperform
Taishin Financial	2887 TT	11.05	20.6	127.8	89.9	91.2	23.9	67.6	36.6	35.7	1,009.5	Outperform
Taiwan Business Bank	2834 TT	8.20	2.4	29.7	12.9	16.8	5.2	-4.5	-18.7	-17.1	481.2	Underperform
Capital Securities	6005 TT	14.25	-0.3	58.3	68.4	79.5	2.4	16.5	21.2	27.4	335.3	Outperform
KGI Securities	6008 TT	14.35	-7.7	81.6	32.3	35.4	-5.2	33.6	-4.8	-3.9	488.9	Outperform
Masterlink Securities	2856 TT	11.25	-7.8	61.4	45.5	38.4	-5.3	18.7	4.7	-1.8	146.5	Underperform
Polaris Securities	2854 TT	16.00	-9.9	46.8	36.2	38.5	-7.4	8.0	-2.0	-1.7	589.3	Underperform
President Securities	2855 TT	17.10	-6.6	66.8	54.1	52.7	-4.0	22.7	10.9	8.3	147.8	Outperform
<b>Thailand</b>												
Bangkok Bank	BBL TB	109.00	20.1	51.4	56.8	58.0	2.9	0.5	6.6	13.8	472.8	Outperform
Bank of Ayudhya	BAY TB	15.10	24.8	77.6	67.8	62.4	6.9	17.9	14.1	17.0	486.0	Outperform
Kasikorn Bank	KBANK TB	71.50	27.7	73.3	62.5	58.9	9.4	15.0	10.5	14.5	694.8	Outperform
Krung Thai Bank	KTB TB	8.35	26.5	101.7	130.7	119.7	8.4	33.8	56.8	58.3	242.6	Neutral
Siam City Bank	SCIB TB	14.70	5.8	102.8	113.0	108.5	-9.4	34.5	44.8	50.2	118.1	Underperform
Siam Commercial	SCB TB	80.00	19.0	52.4	73.0	65.8	1.9	1.1	17.6	19.5	673.1	Neutral
ACL Bank	ACL TB	5.65	4.6	191.2	197.4	169.0	-10.3	93.2	102.2	93.8	146.9	Underperform
Kiatnakin Bank	KK TB	18.10	7.7	81.0	101.1	77.5	-7.7	20.1	36.7	27.8	19.5	Outperform
Thanachart Capital	TCAP TB	13.80	11.3	72.5	106.0	95.7	-4.6	14.5	40.0	41.0	48.5	Neutral
TISCO Bank	TISCO TB	19.30	26.1	97.9	160.8	119.3	13.1	47.5	113.4	80.5	54.5	Outperform
<b>Japan</b>												
Mitsubishi UFJ Financial	8306 JP	640.00	-4.0	55.2	29.4	17.9	-17.7	3.0	-12.0	-15.1	53,268.4	Underperform
Sumitomo Mitsui Financial	8316 JP	4,300.00	5.3	55.3	28.1	16.5	-9.8	3.1	-12.9	-16.1	41,913.7	Underperform
Mizuho Financial Group	8411 JP	261.00	1.9	50.6	12.8	2.8	-12.7	-0.1	-23.3	-25.9	45,600.1	Underperform

Data as of 10 June 2009

Source: Bloomberg, Macquarie Research, June 2009

**Banks sector performance (%)**

	Absolute performance			Relative to local index			Relative to MSCI Asia Pacific		
	1m	3m	6m	1m	3m	6m	1m	3m	6m
S&P Financials	-6.2	70.3	-4.6	-7.2	30.5	-8.7	-13.4	7.7	-30.5
FTSE Bank	-7.7	71.3	-9.4	-7.1	41.6	-13.1	-14.8	8.3	-34.0
Australia	0.2	27.1	20.0	-2.6	2.1	6.9	-7.5	-19.6	-12.5
HK (ex HSBC, SCB)	9.2	60.8	12.8	-0.6	2.1	-6.3	0.8	1.7	-17.8
HSBC	1.0	87.5	-17.4	-8.1	19.1	-31.3	-6.8	18.5	-39.7
Std Chartered HK	6.5	92.7	71.3	-3.1	22.4	42.4	-1.7	21.8	24.9
China	13.2	41.6	54.4	3.2	5.2	5.7	4.5	-10.5	12.6
India	37.2	126.8	66.2	5.3	19.7	3.7	26.6	43.4	21.2
Indonesia	15.2	60.6	51.1	0.0	0.1	-5.7	6.3	1.6	10.2
Malaysia	4.5	33.6	29.0	-1.2	4.7	2.4	-3.5	-15.6	-5.9
Philippines	-0.6	49.2	23.9	-11.0	12.1	-5.4	-8.3	-5.7	-9.7
Singapore	9.5	81.5	34.0	-0.8	14.3	0.6	1.1	14.7	-2.2
South Korea	0.3	49.1	15.3	-0.3	18.0	-6.6	-7.4	-5.8	-15.9
Taiwan	-4.6	55.7	29.3	-2.0	14.5	-7.0	-12.0	-1.6	-5.7
Thailand	23.7	69.6	72.2	6.0	12.5	17.0	14.2	7.2	25.5
Japan	2.1	37.6	16.0	-3.6	1.4	1.1	-5.8	-13.0	-15.4

Note: Data as of 10 June 2009

Source: Bloomberg, Macquarie Research, June 2009

**Banks research team****Regional**

Ismael Pili  
(+813 3512 5979, [ismael.pili@macquarie.com](mailto:ismael.pili@macquarie.com))

Nick Lord  
(+852 3922 4774, [nick.lord@macquarie.com](mailto:nick.lord@macquarie.com))

Vincent Yam  
(+852 3922 3579, [vincent.yam@macquarie.com](mailto:vincent.yam@macquarie.com))

**Hong Kong/ China**

Nick Lord  
(+852 3922 4774, [nick.lord@macquarie.com](mailto:nick.lord@macquarie.com))

Sarah Wu  
(+852 3922 4068, [sarah.wu@macquarie.com](mailto:sarah.wu@macquarie.com))

Jemmy Huang  
(+852 3922 4762, [jemmy.huang@macquarie.com](mailto:jemmy.huang@macquarie.com))

Vincent Yam  
(+852 3922 3579, [vincent.yam@macquarie.com](mailto:vincent.yam@macquarie.com))

**India**

Seshadri Sen  
(+91 22 6653 3053, [seshadri.sen@macquarie.com](mailto:seshadri.sen@macquarie.com))

Mudit Painuly  
(+91 22 6653 3044, [mudit.painuly@macquarie.com](mailto:mudit.painuly@macquarie.com))

**Indonesia**

Ferry Wong  
(+622 1515 7335, [ferry.wong@macquarie.com](mailto:ferry.wong@macquarie.com))

Yofi Lasini  
(+622 1515 7334, [yofi.lasini@macquarie.com](mailto:yofi.lasini@macquarie.com))

**Korea**

Taesung Kim  
(+822 3705 4953, [taesung.kim@macquarie.com](mailto:taesung.kim@macquarie.com))

**Malaysia**

Chin Seng Tay  
(+65 6231 2837, [chinseng.tay@macquarie.com](mailto:chinseng.tay@macquarie.com))

**Philippines**

Nadine Javellana  
(+63 2 857 0890, [nadine.javellana@macquarie.com](mailto:nadine.javellana@macquarie.com))

**Singapore**

Chin Seng Tay  
(+65 6231 2837, [chinseng.tay@macquarie.com](mailto:chinseng.tay@macquarie.com))

**Taiwan**

Matthew Smith  
(+88 62 2734 7514, [matthew.smith@macquarie.com](mailto:matthew.smith@macquarie.com))

Jemmy Huang  
(+852 3922 4762, [jemmy.huang@macquarie.com](mailto:jemmy.huang@macquarie.com))

**Thailand**

Alastair Macdonald  
(+66 2 694 7741, [alastair.macdonald@macquarie.com](mailto:alastair.macdonald@macquarie.com))

Apichet Kiatworakun  
(+66 2 694 7724, [apichet.kiatworakun@macquarie.com](mailto:apichet.kiatworakun@macquarie.com))

**Japan**

Ismael Pili  
(+813 3512 5979, [ismael.pili@macquarie.com](mailto:ismael.pili@macquarie.com))

Ryosuke Tanaka  
(+813 3512 5978, [ryosuke.tanaka@macquarie.com](mailto:ryosuke.tanaka@macquarie.com))

## Important disclosures:

<p><b>Recommendation definitions</b></p> <p><b>Macquarie - Australia/New Zealand</b>          Outperform – return &gt;5% in excess of benchmark return          Neutral – return within 5% of benchmark return          Underperform – return &gt;5% below benchmark return</p> <p><b>Macquarie – Asia/Europe</b>          Outperform – expected return &gt;+10%          Neutral – expected return from -10% to +10%          Underperform – expected return &lt;-10%</p> <p><b>Macquarie First South - South Africa</b>          Outperform – expected return &gt;+10%          Neutral – expected return from -10% to +10%          Underperform – expected return &lt;-10%</p> <p><b>Macquarie - Canada</b>          Outperform – return &gt;5% in excess of benchmark return          Neutral – return within 5% of benchmark return          Underperform – return &gt;5% below benchmark return</p> <p><b>Macquarie - USA</b>          Outperform (Buy) – return &gt;5% in excess of benchmark return (Russell 3000)          Neutral (Hold) – return within 5% of benchmark return (Russell 3000)          Underperform (Sell)– return &gt;5% below benchmark return (Russell 3000)</p> <p><b>Recommendations</b> – 12 months</p> <p><b>Note:</b> Quant recommendations may differ from Fundamental Analyst recommendations</p>	<p><b>Volatility index definition*</b></p> <p>This is calculated from the volatility of historical price movements.</p> <p><b>Very high–highest risk</b> – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.</p> <p><b>High</b> – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.</p> <p><b>Medium</b> – stock should be expected to move up or down at least 30–40% in a year.</p> <p><b>Low–medium</b> – stock should be expected to move up or down at least 25–30% in a year.</p> <p><b>Low</b> – stock should be expected to move up or down at least 15–25% in a year.</p> <p>* Applicable to Australian/NZ/Canada stocks only</p>	<p><b>Financial definitions</b></p> <p>All "Adjusted" data items have had the following adjustments made:          Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives &amp; hedging, IFRS impairments &amp; IFRS interest expense          Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends &amp; minority interests</p> <p><b>EPS</b> = adjusted net profit / <math>efpowa^*</math>  <b>ROA</b> = adjusted ebit / average total assets  <b>ROA Banks/Insurance</b> = adjusted net profit / average total assets  <b>ROE</b> = adjusted net profit / average shareholders funds  <b>Gross cashflow</b> = adjusted net profit + depreciation  <math>^*</math>equivalent fully paid ordinary weighted average number of shares</p> <p>All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).</p>																												
<p><b>Recommendation proportions – For quarter ending 31 March 2009</b></p> <table border="1"> <thead> <tr> <th></th> <th>AU/NZ</th> <th>Asia</th> <th>RSA</th> <th>USA</th> <th>CA</th> <th>EUR</th> </tr> </thead> <tbody> <tr> <td>Outperform</td> <td>40.44%</td> <td>49.55%</td> <td>44.83%</td> <td>38.49%</td> <td>67.19%</td> <td>43.84%</td> </tr> <tr> <td>Neutral</td> <td>38.60%</td> <td>15.57%</td> <td>39.66%</td> <td>46.43%</td> <td>28.12%</td> <td>39.04%</td> </tr> <tr> <td>Underperform</td> <td>20.96%</td> <td>34.88%</td> <td>15.52%</td> <td>15.08%</td> <td>4.69%</td> <td>17.12%</td> </tr> </tbody> </table>				AU/NZ	Asia	RSA	USA	CA	EUR	Outperform	40.44%	49.55%	44.83%	38.49%	67.19%	43.84%	Neutral	38.60%	15.57%	39.66%	46.43%	28.12%	39.04%	Underperform	20.96%	34.88%	15.52%	15.08%	4.69%	17.12%
	AU/NZ	Asia	RSA	USA	CA	EUR																								
Outperform	40.44%	49.55%	44.83%	38.49%	67.19%	43.84%																								
Neutral	38.60%	15.57%	39.66%	46.43%	28.12%	39.04%																								
Underperform	20.96%	34.88%	15.52%	15.08%	4.69%	17.12%																								

**Analyst Certification:** The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research receives compensation based on overall revenues of Macquarie Group Ltd ABN 94 122 169 279 (AFSL No. 318062)(MGL) and its related entities (the Macquarie Group) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

**Disclaimers:** Macquarie Securities (Australia) Ltd; Macquarie Capital (Europe) Ltd; Macquarie Capital Markets Canada Ltd; Macquarie Capital Markets North America Ltd; Macquarie Capital (USA) Inc; Macquarie Capital Securities Ltd; Macquarie Capital Securities (Singapore) Pte Ltd; Macquarie Securities (NZ) Ltd; and Macquarie First South Securities (Pty) Limited are not authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia), and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or MGL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of any of the above mentioned entities. MGL provides a guarantee to the Monetary Authority of Singapore in respect of the obligations and liabilities of Macquarie Capital Securities (Singapore) Pte Ltd for up to SGD 35 million. This research has been prepared for the general use of the wholesale clients of the Macquarie Group and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this research in any way. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader. Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Macquarie Group accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

**Other Disclaimers:** In Canada, securities research is prepared, approved and distributed by Macquarie Capital Markets Canada Ltd, a participating organisation of the Toronto Stock Exchange, TSX Venture Exchange & Montréal Exchange. Macquarie Capital Markets North America Ltd., which is a registered broker-dealer and member of FINRA, accepts responsibility for the contents of reports issued by Macquarie Capital Markets Canada Ltd in the United States and to US persons and any person wishing to effect transactions in the securities described in the reports issued by Macquarie Capital Markets Canada Ltd should do so with Macquarie Capital Markets North America Ltd. Securities research is issued and distributed by Macquarie Securities (Australia) Ltd (AFSL No. 238947) in Australia, a participating organisation of the Australian Securities Exchange; Macquarie Securities (NZ) Ltd in New Zealand, a licensed sharebroker and New Zealand Exchange Firm; Macquarie Capital (Europe) Ltd in the United Kingdom, which is authorised and regulated by the Financial Services Authority (No. 193905); Macquarie Capital Securities Ltd in Hong Kong, which is licensed and regulated by the Securities and Futures Commission; Macquarie Capital Securities (Japan) Limited in Japan, a member of the Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co. Ltd, and JASDAQ Securities Exchange, Inc. (Financial Instruments Firm, Kanto Financial Bureau (kin-sho) No. 231, a member of Japan securities Dealers Association and Financial Futures Association of Japan); Macquarie First South Securities (Pty) Limited in South Africa, a member of the JSE Limited and in Singapore, Macquarie Capital Securities (Singapore) Pte Ltd (Company Registration Number: 198702912C), a Capital Markets Services licence holder under the Securities and Futures Act to deal in securities and provide custodial services in Singapore. Pursuant to the Financial Advisers (Amendment) Regulations 2005, Macquarie Capital Securities (Singapore) Pte Ltd is exempt from complying with sections 25, 27 and 36 of the Financial Advisers Act. Clients should contact analysts at, and execute transactions through, a Macquarie Group entity in their home jurisdiction unless governing law permits otherwise. Macquarie Capital (USA) Inc., which is a registered broker-dealer and member of FINRA, accepts responsibility for the content of each research report prepared by one of its non-US affiliates when the research report is distributed in the United States by Macquarie Capital (USA) Inc. Macquarie Capital (USA) Inc. affiliate research reports and affiliate employees are not subject to the disclosure requirements of FINRA rules. Any persons receiving this report directly from Macquarie Capital (USA) Inc. and wishing

to effect a transaction in any security described herein should do so with Macquarie Capital (USA) Inc. The information contained in this document is confidential. If you are not the intended recipient, you must not disclose or use the information in this document in any way. If you received it in error, please tell us immediately by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person. MGL has established and implemented a conflicts policy at group level (which may be revised and updated from time to time) (the "Conflicts Policy") pursuant to regulatory requirements (including the FSA Rules) which sets out how we must seek to identify and manage all material conflicts of interest. Disclosures with respect to the issuers, if any, mentioned in this research are available at [www.macquarie.com/research/disclosures](http://www.macquarie.com/research/disclosures). © Macquarie Group

<b>Auckland</b> Tel: (649) 377 6433	<b>Bangkok</b> Tel: (662) 694 7999	<b>Calgary</b> Tel: (1 403) 218 6650	<b>Hong Kong</b> Tel: (852) 2823 3588	<b>Jakarta</b> Tel: (62 21) 515 1818	<b>Johannesburg</b> Tel: (2711) 583 2000	<b>Kuala Lumpur</b> Tel: (60 3) 2059 8833
<b>London</b> Tel: (44 20) 3037 4400	<b>Manila</b> Tel: (63 2) 857 0888	<b>Melbourne</b> Tel: (613) 9635 8139	<b>Montreal</b> Tel: (1 514) 925 2850	<b>Mumbai</b> Tel: (91 22) 6653 3000	<b>Perth</b> Tel: (618) 9224 0888	<b>Seoul</b> Tel: (82 2) 3705 8500
<b>Shanghai</b> Tel: (86 21) 6841 3355	<b>Singapore</b> Tel: (65) 6231 1111	<b>Sydney</b> Tel: (612) 8232 9555	<b>Taipei</b> Tel: (886 2) 2734 7500	<b>Tokyo</b> Tel: (81 3) 3512 7900	<b>Toronto</b> Tel: (1 416) 848 3500	<b>New York</b> Tel: (1 212) 231 2500

Available to clients on the world wide web at [www.macquarie.com/research](http://www.macquarie.com/research) and through Thomson Financial, FactSet, Reuters and Bloomberg.

## Asia Research

### Head of Equity Research

Stephen O'Sullivan (852) 3922 3566

### Automobiles/Auto Parts

Kenneth Yap (Indonesia) (6221) 515 7343  
Clive Wiggins (Japan) (813) 3512 7856  
Dan Lucas (Japan) (813) 3512 6050  
Eunsook Kwak (Korea) (822) 3705 8644  
Linda Huang (Taiwan) (8862) 2734 7521

### Banks and Non-Bank Financials

Ismael Pili (Asia) (813) 3512 5979  
Nick Lord (Asia) (852) 3922 4774  
Sarah Wu (China) (852) 3922 4068  
Jemmy Huang (Hong Kong, Taiwan) (852) 3922 4762  
Seshadri Sen (India) (9122) 6653 3053  
Ferry Wong (Indonesia) (6221) 515 7335  
Chin Seng Tay (Malaysia, S'pore) (65) 6231 2837  
Nadine Javellana (Philippines) (632) 857 0890  
Matthew Smith (Taiwan) (8862) 2734 7514  
Alastair Macdonald (Thailand) (662) 694 7741

### Chemicals/Textiles

Jal Irani (India) (9122) 6653 3040  
Christina Lee (Korea) (822) 3705 8670  
Sunaina Dhanuka (Malaysia) (603) 2059 8993

### Conglomerates

Gary Pinge (Asia) (852) 3922 3557  
Leah Jiang (China) (8621) 2412 9020  
Kenneth Yap (Indonesia) (6221) 515 7343

### Consumer

Mohan Singh (Asia) (852) 3922 1111  
Jessie Qian (China, Hong Kong) (852) 3922 3568  
Unmesh Sharma (India) (9122) 6653 3042  
Toby Williams (Japan) (813) 3512 7392  
Heather Kang (Korea) (822) 3705 8677  
HongSuk Na (Korea) (822) 3705 8678  
Edward Ong (Malaysia) (603) 2059 8982  
Alex Pomento (Philippines) (632) 857 0899  
Linda Huang (Taiwan) (8862) 2734 7521

### Emerging Leaders

Jake Lynch (Asia) (8621) 2412 9007  
Minoru Tayama (Japan) (813) 3512 6058  
Robert Burghart (Japan) (813) 3512 7853  
Heather Kang (Korea) (822) 3705 8677

### Industrials

Inderjeetsingh Bhatia (India) (9122) 6653 3166  
Christopher Cintavey (Japan) (813) 3512 7432  
Janet Lewis (Japan) (813) 3512 7475  
Michael Na (Korea) (822) 2095 7222  
Sunaina Dhanuka (Malaysia) (603) 2059 8993  
David Gambrell (Thailand) (662) 694 7753

### Insurance

Mark Kellock (Asia) (852) 3922 3567  
Seshadri Sen (Asia) (9122) 6653 3053  
Makarim Salman (Japan) (813) 3512 7421

### Media

Jessie Qian (China, Hong Kong) (852) 3922 3568  
Shubham Majumder (India) (9122) 6653 3049  
Prem Jearajasingam (Malaysia) (603) 2059 8989  
Alex Pomento (Philippines) (632) 857 0899

## Sales

### Regional Heads of Sales

Peter Slater (Boston) (1 617) 598 2502  
Thomas Renz (Geneva) (41) 22 818 7712  
Ajay Bhatia (India) (9122) 6653 3200  
Andrew Mouat (India) (9122) 6653 3200  
Gino C Rojas (Philippines) (632) 857 0761  
Greg Norton-Kidd (New York) (1 212) 231 2527  
Luke Sullivan (New York) (1 212) 231 2507  
Scot Mackie (New York) (1 212) 231 2848  
Sheila Schroeder (San Francisco) (1 415) 835 1235  
Giles Heyring (ASEAN) (65) 6231 2888  
Angus Kent (Thailand) (662) 694 7601

### Oil and Gas

David Johnson (Asia) (852) 3922 4691  
Jal Irani (India) (9122) 6653 3040  
Polina Diyachkina (Japan) (813) 3512 7886  
Christina Lee (Korea) (822) 3705 8670  
Edward Ong (Malaysia) (603) 2059 8982  
Sunaina Dhanuka (Malaysia) (603) 2059 8993

### Pharmaceuticals

Abhishek Singhal (India) (9122) 6653 3052  
Naomi Kumagai (Japan) (813) 3512 7474  
Christina Lee (Korea) (822) 3705 8670

### Property

Matt Nacard (Asia) (852) 3922 4731  
Eva Lee (China, Hong Kong) (852) 3922 3573  
Chris Cheng (China, Hong Kong) (852) 3922 3581  
Unmesh Sharma (India) (9122) 6653 3042  
Chang Han Joo (Japan) (813) 3512 7885  
Hirosaki Okubo (Japan) (813) 3512 7433  
Tuck Yin Soong (Singapore) (65) 6231 2838  
Elaine Cheong (Singapore) (65) 6231 2839  
Corinne Jian (Taiwan) (8862) 2734 7522  
Patti Tomatrichitr (Thailand) (662) 694 7727

### Resources / Metals and Mining

Andrew Dale (Asia) (852) 3922 3587  
Xiao Li (China) (852) 3922 4626  
YeeMan Chin (China) (852) 3922 3562  
Rakesh Arora (India) (9122) 6653 3054  
Adam Worthington (Indonesia) (65) 6231 2981  
Polina Diyachkina (Japan) (813) 3512 7886  
Christina Lee (Korea) (822) 3705 8670

### Technology

Warren Lau (Asia) (852) 3922 3592  
Dohoon Lee (Hong Kong) (852) 3922 1119  
Patrick Yau (Hong Kong) (852) 3922 1264  
Zona Chen (Hong Kong) (852) 3922 3578  
Damian Thong (Japan) (813) 3512 7877  
David Gibson (Japan) (813) 3512 7880  
George Chang (Japan) (813) 3512 7854  
Yukihiko Goto (Japan) (813) 3512 5984  
Michael Bang (Korea) (822) 3705 8659  
Chia-Lin Lu (Taiwan) (8862) 2734 7526  
Daniel Chang (Taiwan) (8862) 2734 7516  
James Chiu (Taiwan) (8862) 2734 7517  
Nicholas Teo (Taiwan) (8862) 2734 7523

### Telecoms

Tim Smart (Asia) (852) 3922 3565  
Bin Liu (China) (852) 3922 3634  
Shubham Majumder (India) (9122) 6653 3049  
Kenneth Yap (Indonesia) (6221) 515 7343  
Nathan Ramler (Japan) (813) 3512 7875  
Prem Jearajasingam (Malaysia) (603) 2059 8989  
Ramakrishna Maruvada (Philippines, Singapore, Thailand) (65) 6231 2842

### Transport & Infrastructure

Gary Pinge (Asia) (852) 3922 3557  
Anderson Chow (Asia) (852) 3922 4773  
Jonathan Windham (Asia) (852) 3922 5417  
Wei Sim (China, Hong Kong) (852) 3922 3598  
Winnie Guo (China, Hong Kong, Singapore) (852) 3922 4625  
Janet Lewis (Japan) (813) 3512 7475  
Eunsook Kwak (Korea) (822) 3705 8644  
Heather Kang (Korea) (822) 3705 8677  
Sunaina Dhanuka (Malaysia) (603) 2059 8993

### Utilities

Adam Worthington (Asia) (65) 6231 2981  
Carol Cao (China, Hong Kong) (852) 3922 4075  
Kakutoshi Otori (Japan) (813) 3512 7296  
Prem Jearajasingam (Malaysia) (603) 2059 8989  
Alex Pomento (Philippines) (632) 857 0899

### Commodities

Jim Lennon (4420) 3037 4271  
Adam Rowley (4420) 3037 4272  
Max Layton (4420) 3037 4273  
Bonnie Liu (8621) 2412 9008  
Henry Liu (8621) 2412 9005  
Rakesh Arora (9122) 6653 3054

### Data Services

Andrea Clohessy (Asia) (852) 3922 4076  
Eric Yeung (852) 3922 4077

### Economics

Bill Belchere (Asia) (852) 3922 4636  
Rajeev Malik (ASEAN, India) (65) 6231 2841  
Richard Gibbs (Australia) (852) 3922 3935  
Paul Cavey (China) (852) 3922 3570  
Richard Jerram (Japan) (813) 3512 7855

### Quantitative

Martin Emery (Asia) (852) 3922 3582  
Viking Kwok (Asia) (852) 3922 4735  
George Platt (Australia) (612) 8232 6539  
Tsumugi Akiba (Japan) (813) 3512 7560

### Strategy/Country

Tim Rocks (Asia) (852) 3922 3585  
Daniel McCormack (Asia) (852) 3922 4073  
Desh Peramunetilleke (Asia) (852) 3922 3564  
Mahesh Kedia (Asia) (852) 3922 3576  
Michael Kurtz (China) (8621) 2412 9002  
Seshadri Sen (India) (9122) 6653 3053  
Ferry Wong (Indonesia) (6221) 515 7335  
David Gibson (Japan) (813) 3512 7880  
Peter Eadon-Clarke (Japan) (813) 3512 7850  
Chris Hunt (Korea) (822) 3705 4970  
Prem Jearajasingam (Malaysia) (603) 2059 8989  
Edward Ong (Malaysia) (603) 2059 8982  
Alex Pomento (Philippines) (632) 857 0899  
Tuck Yin Soong (ASEAN, Singapore) (65) 6231 2838  
Daniel Chang (Taiwan) (8862) 2734 7516  
Alastair Macdonald (Thailand) (662) 694 7741

### Find our research at

Macquarie: [www.macquarie.com.au/research](http://www.macquarie.com.au/research)  
Thomson: [www.thomson.com/financial](http://www.thomson.com/financial)  
Reuters: [www.knowledge.reuters.com](http://www.knowledge.reuters.com)  
Bloomberg: MAC GO  
Factset: <http://www.factset.com/home.aspx>  
Email [macresearch@macquarie.com](mailto:macresearch@macquarie.com) for access

### Regional Heads of Sales cont'd

Michael Newman (Tokyo) (813) 3512 7920  
Charles Nelson (UK/Europe) (44) 20 3037 4832  
Rob Fabbro (UK/Europe) (44) 20 3037 4865  
Nick Ainsworth (Generalist) (852) 3922 2010

### Sales Trading

Adam Zaki (Asia) (852) 3922 2002  
Mike Keen (Europe) (44) 20 3037 4905  
Mona Lee (Hong Kong) (852) 3922 2085  
Brendan Rake (India) (9122) 6653 3204  
Mario Argyrides (Korea) (822) 3705 8610  
Edward Robinson (London) (44) 20 3037 4902

### Sales Trading cont'd

Matthew Ryan (Singapore) (65) 6231 2888  
Robert Risman (New York) (1 212) 231 2555  
Isaac Huang (Taiwan) (8862) 2734 7582  
Jon Omori (Tokyo) (813) 3512 7838

### Alternative Strategies

Convertibles - Roland Sharman (852) 3922 2095  
Depository Receipts - Robert Ansell (852) 3922 2094  
Derivatives - Wayne Edelist (852) 3922 2134  
Futures - Tim Smith (852) 3922 2113  
Structured Products - Andrew Terlich (852) 3922 2013