

INDIA

ICICI Bank

30 November 2006

ICICIBC IN Outperform

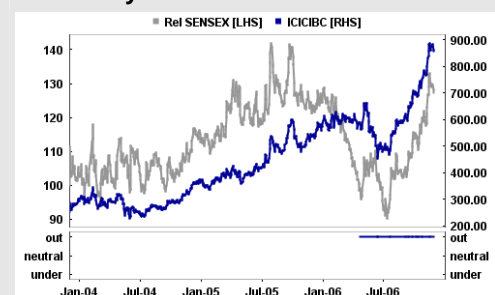
Stock price as of 30 Nov 06	Rs	871.45
12-month target	Rs	1,085.00
Upside/downside	%	+24.5
Valuation	Rs	1,085.00
- Gordon Growth / Sum of Parts		

GICS sector		banks
Market cap	Rs m	778,709
30-day avg turnover	Rs m	307.3
Market cap	US\$m	17,479
Number shares on issue	m	893.6

Investment fundamentals

Year end 31 Mar		2006A	2007E	2008E	2009E
Net interest inc	bn	47.1	67.3	87.3	113.1
Non interest inc	bn	49.8	65.6	84.8	110.8
Reported profit	bn	25.4	33.3	46.3	63.0
EPS adj	Rs	28.54	37.47	51.98	70.84
EPS adj growth	%	4.9	31.3	38.7	36.3
PE adj	x	30.5	23.3	16.8	12.3
ROA	%	1.2	1.2	1.3	1.4
ROE	%	14.6	14.3	17.8	21.3
Price/book	x	3.5	3.2	2.8	2.4

ICICIBC IN rel SENSEX performance, & rec history



Source: Datastream, Macquarie Research, November 2006 (all figures in INR unless noted)

Analysts

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Greater visibility on some key triggers

Event

- Events during the last fortnight have reinforced our positive view on ICICI Bank with more visibility on some key triggers.

Impact

- Greater visibility on capital.** Chanda Kochar (Deputy Managing Director – ICICI Bank) today suggested that with interest rates expected to remain stable at current levels, the bank will raise funds only to boost its Tier-2 capital. This reinforces our view that the bank would bypass equity dilutions and bolster its Tier-2 capital first, given its success in the perpetual bond market and the confirmation of Basel II implementation by FY3/08.
- International branch licenses.** Newspaper reports suggested, and was later confirmed by the US Undersecretary of Commerce Frank Lavin, that ICICI Bank is on course to get branch licenses in the US. With a strong focus on its international business and its successful operations in Canada, ICICI Bank will be on strong footing to expand its international franchise and tap the sizeable expatriate Indian population in the US. Further, in the past fortnight, the bank announced that it is planning to raise an equivalent of US\$1bn in syndicated loan in Japanese yen to meet its funding requirements.
- Home loan rates slightly coming off.** During the week, we spoke with some home loan distributors. Home loan rates have come off slightly by 25bp (some public sector banks had reduced the rates during the festive seasons of October and November) for new home loans. Also, anecdotal evidence suggests that the festive months have seen strong credit growth, and we expect the credit growth to be robust in 3Q FY03/07 and maintain full-year loan growth estimates for ICICI bank at 35%.

Earnings revision

- No change

Price catalyst

- 12-month price target: Rs1,085.00 based on a Gordon Growth / Sum of parts methodology.
- Catalyst: Above-consensus earnings expected in 3Q FY03/07.

Action and recommendation

- The developments during the last fortnight reinforce our positive view on the stock. It is our top pick in the Indian banking sector and we maintain an Outperform rating with a target price of Rs1,085.

Fig 1 Selected ratios

%	2004	2005	2006	2007E	2008E	2009E
GROWTH PROJECTIONS						
Growth in Net Interest Income	18.3	42.9	65.9	42.9	29.6	29.5
Growth in Pre Provision Profit	-3.5	19.2	58.7	43.5	32.7	35.5
Growth in Net Profit	35.4	22.5	26.7	31.3	38.7	36.3
OPERATING EFFICIENCY						
Cost to income	67.1	57.8	55.6	51.7	48.9	46.4
Cost to assets	2.5	2.5	2.6	2.4	2.4	2.3
Overhead ratio	36.7	15.0	15.3	8.9	1.1	-5.0
ASSET ANALYSIS						
Loans to earning assets	54.4	59.0	62.3	63.0	63.6	64.3
Earning assets to Total assets	91.1	92.3	93.4	93.7	94.0	94.2
Loans to Total assets	49.6	54.5	58.1	59.1	59.8	60.6
LOAN ANALYSIS						
Net loan growth	14.7	39.3	57.0	30.9	27.3	28.1
Agriculture loans (to total portfolio)	6.5	7.3	9.9	11.5	13.3	15.0
Retail loans (to total portfolio)	51.7	60.9	62.9	58.3	54.9	50.7
International loans (to total portfolio)	1.6	6.7	8.5	11.0	13.0	15.0
Corporate/SME (to total portfolio)	40.2	25.2	18.7	19.2	18.8	19.3
DEPOSIT ANALYSIS						
Deposit growth	41.4	46.6	65.4	30.6	26.1	28.0
Demand & savings to ttl deposit	23.0	24.3	22.7	24.7	25.2	25.6
Time deposit to total deposit	77.0	75.7	77.3	75.3	74.8	74.4
LIQUIDITY						
LDR	101.4	96.5	89.6	91.6	92.4	92.3
Gilts to Deposits	30.4	25.9	25.2	24.0	23.5	23.0
Earning Assets to deposits	167.6	155.1	142.2	141.5	141.9	140.9
PROVISIONING						
Loan loss reserve to assets	0.8	0.8	0.5	0.8	1.0	1.2
Reserve cover	45.7	52.6	65.0	70.0	75.0	75.0
Provisions to loans	0.7	-0.1	0.5	0.8	0.7	0.7
ASSET QUALITY						
Gross NPLs	4.8	3.0	1.5	1.8	2.1	2.3
Net NPLs	3.2	1.6	0.7	0.6	0.6	0.6
CAPITAL ADEQUACY						
Tier 1 CAR	6.1	7.6	9.2	8.2	7.7	7.8
Total CAR	10.4	11.8	13.4	13.9	11.8	11.3
Equity to assets	6.4	7.5	8.8	7.5	6.7	6.1
CAPITAL MANAGEMENT						
Dividend payout	28.2	31.2	29.8	30.7	29.8	30.3
Dividend yield	0.9	1.0	1.0	1.3	1.8	2.5
EPS	26.6	27.2	28.5	37.5	52.0	70.8
BVPS	130.0	170.3	249.6	274.3	309.3	356.4
PROFITABILITY						
ROA	1.56	1.49	1.30	1.24	1.34	1.44
ROE	21.91	19.51	14.62	14.30	17.81	21.3
Pre provision profit ROE	31.0	23.6	21.1	27.6	32.5	38.2
Non-int. inc. to ttl. inc.	25.4	26.6	25.8	23.4	22.6	22.5
SPREAD ANALYSIS						
Int. rate received on int. E.A.	8.60	7.00	7.35	7.96	8.39	8.71
Int. rate paid on int. bearing liab.	6.46	4.83	4.99	5.57	5.93	6.16
Spread	2.14	2.17	2.35	2.40	2.47	2.55
Net Interest Margin	1.80	1.71	2.02	2.09	2.18	2.28
VALUATION						
PER (x)	32.8	32.0	30.5	23.3	16.8	12.3
PB (x)	6.7	5.1	3.5	3.2	2.8	2.4
PUP (x)	21.7	21.7	16.5	11.5	8.7	6.4

Source: Company data, Macquarie Research, November 2006

Fig 2 ICICI Bank - balance sheet

Yr end 31 Mar	2004A	2005A	2006A	2007E	2008E	2009E
(Rs m)						
LIABILITIES						
Equity capital	6,164	7,368	8,898	8,898	8,898	8,898
Share Premium	8,523	39,892	118,175	118,175	118,175	118,175
Reserves	65,418	78,240	94,987	117,051	148,108	190,062
Net worth	80,106	125,500	222,060	244,124	275,182	317,135
Sub bonds/pref cap	94,559	85,589	104,944	140,744	190,744	225,744
Savings deposits	83,720	113,918	209,370	294,998	377,307	488,007
Current deposits	72,591	128,369	165,730	238,004	306,820	401,292
Term deposits	524,775	755,901	1,275,726	1,622,986	2,033,688	2,588,338
Total deposits	681,086	998,188	1,650,826	2,155,988	2,717,815	3,477,637
Borrowings	307,402	335,445	385,219	515,793	669,328	859,656
Other liabilities	89,136	131,873	150,835	197,932	250,928	321,317
Total	1,252,289	1,676,594	2,513,884	3,254,581	4,103,997	5,201,489
ASSETS						
Loans	620,955	914,052	1,461,630	1,923,201	2,455,161	3,151,209
Corp investments	55,491	28,540	18,040	13,530	10,148	7,611
Gilts	300,511	345,196	512,087	641,228	795,979	997,578
Other investments						
- Equity	16,843	19,148	20,579	20,579	20,579	20,579
- Subs	14,237	20,667	28,607	38,107	46,107	51,107
- Others	48,474	91,323	136,161	183,817	238,963	298,703
Cash/equiv	84,706	129,300	170,402	230,030	290,848	372,308
Fixed assets	40,564	40,380	39,807	37,997	35,649	32,765
Other assets	70,508	87,989	126,572	166,093	210,564	269,631
Total	1,252,289	1,676,594	2,513,884	3,254,581	4,103,997	5,201,489

Source: Company data, Macquarie Research, November 2006

Fig 3 ICICI Bank - income statement

Yr end 31 Mar	2004A	2005A	2006A	2007E	2008E	2009E
(Rs m)						
Interest Income	90,024	94,099	143,075	214,920	289,966	381,409
Interest expenses	70,153	65,709	95,974	147,602	202,696	268,353
Net Interest Income	19,871	28,390	47,100	67,318	87,270	113,056
Fees	18,422	28,722	42,797	59,596	81,831	108,359
Net revenues	38,293	57,112	89,898	126,914	169,102	221,415
Operating Expense	25,712	32,992	50,025	65,587	82,759	102,753
- Employee exp	5,461	7,374	10,823	15,477	22,132	30,431
- Other opex	20,252	25,617	39,202	50,110	60,627	72,321
Operating profit	12,581	24,120	39,873	61,328	86,342	118,662
Investment profits	12,227	5,440	7,034	6,000	3,000	2,400
Preprovision profit	24,808	29,560	46,906	67,328	89,342	121,062
Provisions	5,786	4,288	15,941	25,652	28,478	34,711
- Loan loss provisions	4,591	-1,214	7,947	14,652	16,378	21,401
- Investment depreciation	987	5,416	7,767	11,000	12,100	13,310
- Other provisions	208	86	227	0	0	0
PBT	19,022	25,272	30,966	41,676	60,864	86,351
Taxes	2,651	5,220	5,566	8,335	14,607	23,315
PAT	16,371	20,052	25,400	33,341	46,257	63,036
Reported PAT	16,371	20,052	25,400	33,341	46,257	63,036
Dividends	4,598	5,441	6,330	10,233	13,792	19,131

Source: Macquarie Research, November 2006

Asia banks valuations

Asia banks valuations

	Bberg code	Price (lcy)	Mkt cap (US\$m)	EPS (lcy cents)		EPS growth (%)		PER (x)		BVPS (lcy)		P/BV (x)		ROE (%)		DPS (lcy)		Div yield (%)		Rating	Target price (lcy)	Price to TP (%)
				FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E			
China																						
Bank of China	3988 HK	3.56	36,755	16.0	21.0	15.0	31.6	22.5	17.1	1.5	1.6	2.4	2.2	13.5	13.7	0.03	0.07	0.8	2.1	U	3.75	5.3
Bank of Communications	3328 HK	6.89	21,028	26.7	33.0	18.0	23.8	26.1	21.1	1.9	2.1	3.7	3.3	14.3	16.6	0.11	0.14	1.6	2.0	O	7.50	8.9
China Construction Bank	939 HK	3.79	117,014	20.6	25.7	-13.8	24.7	18.5	14.9	1.4	1.6	2.7	2.5	15.4	17.4	0.07	0.09	1.8	2.4	O	5.30	39.8
Weighted Average						-4.0	26.0	13.2	10.0			2.8	2.5	14.6	15.7			1.5	2.3			
Hong Kong																						
Bank of China-HK	2388 HK	18.42	25,043	125.7	121.2	-1.5	-3.6	14.7	15.2	7.9	8.2	2.3	2.2	16.3	15.1	0.84	0.86	4.6	4.7	N	18.00	-2.3
Bank of East Asia	23 HK	41.30	8,219	216.4	248.3	18.1	14.7	19.1	16.6	17.1	18.0	2.4	2.3	13.1	14.2	1.43	1.63	3.5	4.0	N	39.00	-5.6
Dah Sing Financial	440 HK	70.80	2,277	543.5	548.1	32.6	0.9	13.0	12.9	38.7	41.4	1.8	1.7	14.4	13.7	2.24	2.80	3.2	4.0	O	77.00	8.8
Hang Seng	11 HK	103.00	25,321	621.5	662.1	4.8	6.5	16.6	15.6	23.1	24.0	4.5	4.3	27.4	28.2	5.48	5.89	5.3	5.7	O	115.00	11.7
Wing Hang	302 HK	78.95	2,987	539.0	588.9	17.5	9.3	14.6	13.4	30.3	33.3	2.6	2.4	18.4	18.5	2.62	2.92	3.3	3.7	O	87.00	10.2
Wing Lung	96 HK	73.00	2,180	622.6	505.3	30.4	-18.8	11.7	14.4	46.2	49.8	1.6	1.5	13.9	10.5	2.87	2.85	3.9	3.9	U	69.00	-5.5
Hong Kong Exchange	388 HK	66.65	9,130	189.9	171.9	50.5	-9.5	35.1	38.8	4.3	4.4	15.6	15.1	45.4	39.7	1.71	1.55	2.6	2.3	U	40.00	-40.0
HSBC	5 HK	142.80	212,359	151.4	165.5	11.8	9.3	12.1	11.1	8.9	9.5	2.1	1.9	17.8	18.2	0.81	0.90	4.4	4.9	O	170.00	19.0
Standard Chartered	2888 HK	222.60	39,617	169.9	191.1	12.2	12.5	17.1	15.2	10.0	11.1	2.9	2.6	17.6	18.0	0.71	0.79	2.5	2.8	O	217.00	-2.5
Weighted Average*						6.4	2.8	15.3	15.0			3.1	3.0	18.4	17.8			4.6	4.9			
India																						
Bank of India	BOI IN	197.60	2,161	1,437.0	1,963.3	106.3	36.6	13.8	10.1	98.9	115.3	2.0	1.7	15.4	18.3	2.00	2.90	1.0	1.5	O	235.00	18.9
ICICI Bank	ICICIBC IN	862.15	17,283	2,854.5	3,746.8	4.9	31.3	30.2	23.0	249.6	274.3	3.5	3.1	14.6	14.3	8.50	11.50	1.0	1.3	O	1,085.00	25.8
HDFC	HDFC IN	1,631.50	9,143	5,038.0	6,042.8	22.1	19.9	32.4	27.0	179.0	214.3	9.1	7.6	30.1	30.7	20.00	25.00	1.2	1.5	O	1,537.00	-5.8
HDFC Bank	HDFCB IN	1,088.10	7,685	2,742.9	3,536.2	27.7	28.9	39.7	30.8	169.2	198.8	6.4	5.5	17.5	19.2	4.00	5.00	0.4	0.5	O	1,100.00	1.1
Punjab National Bank	PNB IN	536.30	3,794	4,569.2	5,252.0	2.2	14.9	11.7	10.2	287.8	341.1	1.9	1.6	17.0	16.7	9.00	19.00	1.7	3.5	O	600.00	11.9
State Bank of India	SBIN IN	1,293.45	15,272	8,380.9	9,433.7	2.5	12.6	15.4	13.7	525.5	637.5	2.5	2.0	17.0	16.6	12.50	14.00	1.0	1.1	O	1,125.00	-13.0
Syndicate Bank	SNDB IN	81.40	953	1,021.3	1,542.7	19.6	51.1	8.0	5.3	50.5	62.5	1.6	1.3	23.0	27.3	2.50	3.10	3.1	3.8	O	95.00	16.7
Union Bank of India	UNBK IN	129.30	1,465	1,336.2	2,201.4	-14.6	64.7	9.7	5.9	81.0	96.6	1.6	1.3	18.7	24.8	3.50	5.80	2.7	4.5	O	185.00	43.1
UTI Bank	UTIB IN	491.00	3,094	1,740.6	2,219.0	42.4	27.5	28.2	22.1	103.5	120.9	4.7	4.1	18.3	19.8	3.50	4.40	0.7	0.9	O	450.00	-8.4
Vijaya Bank	VJYBK IN	52.15	507	292.7	830.5	-87.5	183.8	17.8	6.3	38.5	44.2	1.4	1.2	7.8	20.1	1.00	2.50	1.9	4.8	O	60.00	15.1
Weighted Average						14.0	26.0	20.7	16.4			3.2	2.7	17.3	17.9			1.1	1.5			
Indonesia																						
Bank Central Asia	BBCA IJ	5,150	6,880	346.6	403.5	19.1	16.4	14.9	12.8	1,508	1,738	3.4	3.0	24.9	24.9	173.3	201.7	3.4	3.9	O	5,900	14.6
Bank Danamon	BDMN IJ	6,100	3,262	301.4	451.3	-26.1	49.7	20.2	13.5	1,839	2,139	3.3	2.9	16.8	22.7	150.1	224.8	2.5	3.7	O	7,300	19.7
Bank Int'l Indonesia	BNII IJ	235	1,226	14.1	18.0	-7.1	27.7	16.7	13.1	106	111	2.2	2.1	13.8	16.6	6.1	5.9	2.6	2.5	N	210	-10.6
Bank Mandiri	BMRI IJ	2,625	5,776	97.3	269.5	225.6	177.0	27.0	9.7	1,233	1,479	2.1	1.8	8.2	20.0	47.8	132.3	1.8	5.0	O	3,900	48.6
Bank Panin	PNBN IJ	530	1,150	36.3	48.4	19.6	33.1	14.6	11.0	351	360	1.5	1.5	12.4	14.1	14.8	19.3	2.8	3.6	U	320	-39.6
Bank Rakyat Indonesia	BBRI IJ	5,300	7,009	358.5	433.4	13.7	20.9	14.8	12.2	1,328	1,582	4.0	3.3	29.6	29.8	179.3	216.7	3.4	4.1	O	5,200	-1.9
Weighted Average						57.7	59.9	17.1	11.5			2.9	2.5	18.7	23.1			2.8	4.1			
Korea																						
Daegu Bank	005270 KS	15,250	2,165	2,065	2,143	56.2	3.8	7.4	7.1	9,705	11,223	1.6	1.4	23.1	20.5	625	650	4.1	4.3	O	20,200	32.5
Hana Financial Group	086790 KS	47,350	10,505	5,315	5,179	10.9	-2.6	8.9	9.1	37,160	41,008	1.3	1.2	16.2	13.2	1,330	1,560	2.8	3.3	N	46,800	-1.2
Industrial Bank of Korea	024110 KS	16,600	7,290	2,209	2,405	30.1	8.8	7.5	6.9	12,316	14,170	1.3	1.2	19.5	18.2	550	600	3.3	3.6	O	21,600	30.1
Kookmin Bank	060000 KS	72,000	26,416	8,267	7,861	23.5	-4.9	8.7	9.2	45,043	50,803	1.6	1.4	20.2	16.4	2,100	2,360	2.9	3.3	N	76,200	5.8
Pusan Bank	005280 KS	11,350	1,828	1,421	1,526	16.5	7.4	8.0	7.4	8,878	9,896	1.3	1.1	17.0	16.3	480	540	4.2	4.8	N	12,400	9.3
Woori Finance	053000 KS	20,150	17,707	2,589	2,367	23.6	-8.6	7.8	8.5	14,226	15,770	1.4	1.3	19.7	15.8	650	675	3.2	3.3	O	23,600	17.1
Shinhan Financial	055550 KS	44,500	18,385	5,202	5,691	14.6	9.4	8.7	7.9	28,663	32,417	1.6	1.4	18.5	18.4	1,200	1,200	2.7	2.7	O	56,000	25.8
Weighted Average						21.3	-0.6	8.6	8.2			1.5	1.3	18.6	16.4			3.0	3.3			
Malaysia																						
AMMB Holdings	AMM MK	3.00	1,838	16.9	17.5	56.5	3.3	17.7	17.2	2.3	2.2	1.3	1.4	7.5	8.2	0.05	0.05	1.7	1.7	O	3.65	21.7
Bumiputra-Commerce	CAHB MK	7.60	6,815	44.2	59.1	50.2	33.8	17.5	13.3	4.0	4.5	1.9	1.7	12.3	13.5	0.15	0.15	2.0	2.0	O	7.70	1.3
EON Capital	EON MK	6.65	1,285	41.9	48.4	2.5	15.5	15.9	13.7	4.3	4.7	1.5	1.4	9.9	10.7	0.20	0.25	3.0	3.8	O	7.30	9.8
Hong Leong Bank	HLBK MK	5.45	2,388	36.2	42.2	10.7	16.7	15.0	12.9	2.9	3.1	1.9	1.7	12.5	14.0	0.24	0.24	4.4	4.4	N	5.40	-0.9
Maybank	MAY MK	11.40	11,993	74.3	83.8	9.1	12.8	15.3	13.6	4.4	4.8	2.6	2.4	16.9	18.1	0.85	0.60	7.5	5.3	N	11.80	3.5
Public Bank	PBKF MK	7.55	6,967	49.3	55.1	31.6	11.7	15.3	13.7	2.8	2.9	2.7	2.6	18.6	19.3	0.45	0.50	6.0	6.6	O	7.60	0.7
RHB Capital	RHBC MK	3.50	1,744	23.7	27.1	22.7	14.1	18.7	15.9	2.2	2.3	1.6	1.5	8.9	9.8	0.10	0.10	2.9	2.9	O	3.75	7.1
Weighted Average						25.5	16.8	15.2	12.8			2.3	2.1	14.1	14.8			5.1	4.4			

* Weighted average excludes HKEx, HSBC and StanChart

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 (%)
				FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	FY06E	FY07E	TP (%)	FY07E	FY06E	FY07E	FY06E	FY07E			
Philippines																						
Banco de Oro	BDO PM	44.00	849	315.8	391.6	12.7	24.0	13.9	11.2	24.2	27.1	1.8	1.6	13.8	15.3	0.79	0.98	1.8	2.2	O	54.00	22.7
Bank Philippine Islands	BPI PM	63.50	3,444	337.9	380.4	-8.1	12.6	18.8	16.7	22.1	23.5	2.9	2.7	15.5	16.7	2.65	2.43	4.2	3.8	O	69.00	8.7
China Banking Corp	CHIB PM	690.00	853	5,558.1	6,198.5	-36.2	11.5	12.4	11.1	385.4	419.6	1.8	1.6	15.0	15.4	25.82	27.79	3.7	4.0	O	840.00	21.7
Equitable PCI Bank	EPCI PM	78.50	1,145	398.9	417.7	7.5	4.7	19.7	18.8	54.2	58.4	1.4	1.3	7.6	7.4	0.00	0.00	0.0	0.0	N	60.00	-23.6
Metrobank	MBT PM	49.50	1,794	315.1	365.9	36.1	16.1	15.7	13.5	36.9	39.8	1.3	1.2	9.3	9.5	0.80	0.80	1.6	1.6	O	48.50	-2.0
Philippine Nat'l Bank	PNB PM	43.50	330	170.4	166.2	57.3	-2.5	25.5	26.2	41.5	43.2	1.0	1.0	nmf	nmf	0.00	0.00	0.0	0.0	U	24.00	-44.8
Weighted Average						5.3	12.7	16.8	14.6			2.1	1.9	11.3	11.6			2.6	2.5			
Singapore																						
DBS Group	DBS SP	20.20	19,668	140.1	137.5	164.2	-1.8	14.5	14.8	11.5	12.3	1.8	1.6	12.5	11.5	0.68	0.76	3.4	3.8	O	22.50	11.4
Hong Leong Finance	HLF SP	3.62	1,020	19.5	19.3	7.4	-0.7	18.6	18.7	3.1	3.0	1.2	1.2	6.3	6.3	0.30	0.30	8.3	8.3	O	4.10	13.3
OCBC	OCBC SP	7.20	14,527	56.4	45.2	36.8	-19.9	13.1	16.4	4.2	4.4	1.7	1.6	13.6	10.2	0.25	0.26	3.4	3.7	N	7.40	2.8
UOB	UOB SP	18.40	18,088	164.6	134.8	51.0	-18.1	11.4	14.0	9.5	10.1	1.9	1.8	16.7	13.5	1.00	0.65	5.4	3.5	O	20.00	8.7
Singapore Exchange	SGX SP	5.10	3,472	17.8	16.8	76.8	-5.3	28.7	30.3	0.6	0.5	9.1	10.8	35.4	33.0	0.16	0.15	3.2	3.0	N	4.75	-6.9
Weighted Average**						88.1	-12.3	12.3	13.6			1.8	1.7	13.7	11.4			4.2	3.7			
Taiwan																						
Bank of Kaohsiung	2836 TT	14.90	229	92.3	78.7	19.0	-14.7	16.1	18.9	21.0	21.3	0.7	0.7	4.4	3.7	0.55	0.47	3.7	3.2	O	17.02	14.2
Chang Hwa Bank	2801 TT	21.80	3,203	170.3	158.9	-126.4	-6.7	12.8	13.7	13.1	14.1	1.7	1.5	13.6	11.7	0.79	0.74	3.6	3.4	O	26.10	19.7
China Development	2883 TT	14.30	4,649	118.7	112.5	27.4	-5.2	12.1	12.7	14.7	15.8	1.0	0.9	8.7	7.3	0.23	0.28	1.6	2.0	O	14.21	-0.6
Chinatrust	2891 TT	26.90	6,549	67.6	203.3	-62.8	200.6	36.0	13.2	15.8	17.9	1.7	1.5	4.3	11.7	0.40	1.14	1.5	4.3	O	27.90	3.7
E. Sun Financial	2884 TT	22.05	2,225	4.5	109.2	-97.0	2,343.8	434.6	20.2	14.5	15.7	1.5	1.4	0.3	7.2	0.03	0.66	0.1	3.0	O	23.55	6.8
First Financial	2892 TT	23.90	4,360	148.8	165.0	1.2	10.9	16.1	14.5	16.4	17.4	1.5	1.4	9.3	9.7	0.67	0.74	2.8	3.1	U	20.88	-12.6
Fubon Financial	2881 TT	30.00	7,074	172.7	229.8	31.7	33.0	17.4	13.1	20.8	21.3	1.4	1.4	8.3	11.0	1.37	1.61	4.6	5.4	N	27.65	-7.8
Mega Financial	2886 TT	23.95	8,172	198.2	218.2	0.0	10.1	12.1	11.0	17.4	18.0	1.4	1.3	11.6	12.3	1.49	1.64	6.2	6.8	N	25.22	5.3
Sinopac Financial	2890 TT	17.20	3,755	79.2	102.0	-2.1	28.9	21.7	16.9	12.7	13.0	1.4	1.3	6.4	8.0	0.35	0.46	2.0	2.7	O	18.23	6.0
Ta Chong Bank	2847 TT	9.91	570	-95.2	91.2	-274.8	-195.8	nmf	10.9	10.6	10.4	0.9	0.9	-9.3	9.0	0.00	0.23	0.0	2.3	O	9.40	-5.1
Taishin Financial	2887 TT	17.25	2,869	50.2	135.5	-199.7	169.7	33.5	12.7	13.3	14.2	1.3	1.2	4.1	9.8	0.19	0.52	1.1	3.0	O	20.40	18.3
Cathay Financial	2882 TT	67.90	18,868	281.6	332.4	12.7	18.0	24.1	20.4	23.0	24.9	2.9	2.7	12.9	13.8	1.41	1.65	2.1	2.4	N	77.00	13.4
Shinkong Financial	2888 TT	30.95	4,434	238.6	210.2	50.5	-11.9	13.0	14.7	17.6	19.0	1.8	1.6	14.3	11.5	0.70	0.75	2.3	2.4	O	39.00	26.0
Weighted Average***						-22.4	121.1	16.3	11.7			0.9	0.9	7.7	10.0			2.0	2.7			
Capital Securities	6005 TT	13.25	567	65.0	106.5	57.2	63.9	20.3	12.4	14.5	15.1	0.9	0.9	4.5	7.2	0.46	0.64	3.5	4.8	O	15.07	13.7
KGI Securities	6008 TT	11.40	884	35.3	58.0	-401.3	64.2	32.3	19.7	11.5	11.9	1.0	1.0	3.1	4.9	0.11	0.17	0.9	1.5	O	11.91	4.5
Masterlink Securities	2856 TT	13.05	549	58.1	99.0	20.7	70.2	22.4	13.2	13.2	13.8	1.0	0.9	4.5	7.3	0.20	0.35	1.6	2.7	O	13.79	5.7
Polaris Securities	2854 TT	15.10	875	49.8	90.3	88.5	81.2	30.4	16.7	13.4	14.8	1.1	1.0	3.8	6.3	0.13	0.23	0.9	1.5	O	14.78	-2.1
President Securities	2855 TT	16.65	578	141.5	169.3	57.3	19.6	11.8	9.8	15.3	15.7	1.1	1.1	9.4	10.9	0.99	1.19	5.9	7.1	N	15.73	-5.5
Yuanta Securities	6004 TT	24.45	2,382	108.9	143.0	182.0	31.3	22.5	17.1	19.0	19.5	1.3	1.3	5.8	7.4	0.72	0.94	2.9	3.9	O	29.20	19.4
Weighted Average						40.0	49.4	22.6	15.8			1.1	1.1	5.2	7.2			2.5	3.5			
Thailand																						
Bangkok Bank	BBL TB	120.00	5,238	9.5	10.1	-10.7	6.4	12.6	11.9	80.1	87.4	1.5	1.4	12.4	12.1	2.25	3.00	1.9	2.5	O	137.00	14.2
Bank of Ayudhya	BAY TB	19.90	1,352	0.2	0.9	-86.0	327.2	62.7	22.6	11.5	12.3	1.7	1.6	1.9	8.6	0.80	0.80	4.0	4.0	N	21.00	5.5
Kasikorn Bank	KBANK TB	69.00	3,954	5.5	5.8	-7.1	6.2	12.6	11.9	37.0	40.8	1.9	1.7	15.6	14.9	3.00	2.00	4.3	2.9	O	80.00	15.9
Krung Thai Bank	KTBB TB	13.10	3,137	1.3	1.3	8.2	1.0	10.4	10.3	8.1	8.9	1.6	1.5	16.2	15.0	1.00	0.50	7.6	3.8	O	15.00	14.5
Siam City Bank	SCIB TB	20.40	1,321	2.2	2.3	-27.4	8.4	9.5	8.8	17.8	18.8	1.1	1.1	12.4	12.7	1.20	1.20	5.9	5.9	O	25.00	22.5
Siam Commercial Bank	SCB TB	68.00	3,100	4.7	5.1	-16.0	8.3	14.6	13.5	31.4	34.1	2.2	2.0	15.5	15.4	4.50	2.50	6.6	3.7	N	68.00	0.0
TMB Bank	TMB TB	3.02	3,101	0.2	0.2	-60.6	17.2	15.0	12.8	3.8	3.7	0.8	0.8	5.9	6.6	0.00	0.00	0.0	0.0	N	3.50	15.9
Weighted Average						-21.1	28.0	12.2	10.4			1.6	1.5	12.8	12.7			4.0	2.9			
ACL Bank	ACL TB	4.28	102	0.5	0.3	-30.2	-37.6	8.4	13.5	7.5	7.8	0.6	0.6	7.1	4.2	0.00	0.00	0.0	0.0	O	5.50	28.5
Kiatnakin Bank	KK TB	30.00	424	3.4	3.5	-13.3	3.7	9.2	8.9	26.8	28.4	1.1	1.1	12.5	12.2	2.30	2.30	7.7	7.7	O	40.00	33.3
Thanachart Capital	TCAP TB	17.30	633	1.5	1.7	-34.9	9.9	11.4	10.4	17.7	18.6	1.0	0.9	8.7	9.2	1.00	0.80	5.8	4.6	O	18.00	4.0
TISCO Bank	TISCO TB	24.80	369	2.1	2.4	-13.0	12.0	11.6	10.4	17.2	17.9	1.4	1.4	12.3	13.6	1.50	1.50	6.0	6.0	O	29.00	16.9
Weighted Average						-23.3	5.5	8.7	8.2			1.1	1.1	10.3	10.0			6.0	5.5			
Asia Banks Weighted Average						19.5	28.9	13.3	11.8			2.1	1.9	14.6	14.4			3.2	3.3			

** Weighted average excludes SGX, *** Weighted average excludes Cathay Financial and Shinkong Financial

Data as of 28 November 2006

Source: Bloomberg, Macquarie Research, November 2006

Asia banks price and recommendation tracker

Data as of 28 Nov 06	Bloomberg code	Price (Icy)	Absolute performance (%)				Relative to local index (%)				Daily TO (Icy m) (3MMA)	Rating
			1m	3m	6m	YTD	1m	3m	6m	YTD		
China												
Bank of China	3988 HK	3.56	6.6	6.0	na	na	4.6	-2.9	na	na	1,044.9	Underperform
Bank of Communications	3328 HK	6.89	18.6	40.3	39.9	95.5	16.4	28.6	19.8	56.0	474.1	Outperform
China Construction Bank	939 HK	3.79	7.4	12.5	14.0	40.4	5.4	3.1	-2.4	12.0	1,525.3	Outperform
Hong Kong												
Bank of China-HK	2388 HK	18.42	4.4	14.1	22.8	23.6	2.5	4.6	5.2	-1.3	524.6	Neutral
Bank of East Asia	23 HK	41.30	10.1	22.2	36.5	76.1	8.1	12.0	16.9	40.6	142.3	Neutral
Dah Sing Financial	440 HK	70.80	4.4	4.0	10.1	31.4	2.5	-4.7	-5.7	4.8	16.7	Outperform
Hang Seng	11 HK	103.00	4.0	4.7	5.3	1.8	2.1	-4.0	-9.8	-18.8	265.9	Outperform
Wing Hang	302 HK	78.95	6.1	5.3	17.6	41.5	4.2	-3.5	0.7	12.9	20.0	Outperform
Wing Lung Bank	96 HK	73.00	-1.4	-2.4	3.0	21.7	-3.2	-10.6	-11.8	-2.9	14.9	Underperform
Hong Kong Exchange	388 HK	66.65	6.7	26.6	28.9	107.3	4.8	16.0	10.4	65.5	417.5	Underperform
HSBC	5 HK	142.80	-2.7	1.9	5.3	14.7	-4.5	-6.6	-9.8	-8.5	2,237.3	Outperform
Standard Chartered	2888 HK	222.60	1.3	14.3	14.4	28.4	-0.6	4.8	-2.0	2.5	18.6	Outperform
India												
Bank of India	BOI IN	197.60	20.0	37.4	61.2	54.9	13.8	18.3	28.7	7.0	77.2	Outperform
ICICI Bank	ICICIBC IN	862.15	13.7	44.7	51.5	47.5	7.9	24.6	20.9	1.9	221.6	Outperform
HDFC	HDFC IN	1,631.50	11.8	26.5	35.4	35.4	6.1	8.9	8.0	-6.5	299.1	Outperform
HDFC Bank	HDFCB IN	1,088.10	9.1	28.8	43.1	53.8	3.5	10.8	14.2	6.3	111.5	Outperform
Punjab National Bank	PNB IN	536.30	2.7	16.0	24.8	15.0	-2.6	-0.2	-0.4	-20.5	96.7	Outperform
State Bank of India	SBIN IN	1,293.45	18.3	40.4	46.6	42.5	12.3	20.9	17.0	-1.5	487.1	Outperform
Syndicate Bank	SNDB IN	81.40	-3.1	8.5	8.2	-2.3	-8.0	-6.7	-13.7	-32.5	32.3	Outperform
Union Bank of India	UNBK IN	129.30	-0.6	11.5	16.3	5.9	-5.7	-4.1	-7.2	-26.8	34.2	Outperform
UTI Bank	UTIB IN	491.00	17.4	40.9	59.0	71.5	11.4	21.3	26.8	18.5	99.2	Outperform
Vijaya Bank	VJYBK IN	52.15	-8.7	16.1	14.2	-14.3	-13.3	0.0	-8.8	-40.8	17.4	Outperform
Indonesia												
Bank Central Asia	BBCA IJ	5,150	9.0	15.1	27.2	51.5	1.4	-2.5	0.3	4.1	61,115.0	Outperform
Bank Danamon	BDMN IJ	6,100	6.1	27.1	30.5	28.4	-1.3	7.7	2.9	-11.7	28,001.5	Outperform
Bank Int'l Indonesia	BNII IJ	235	11.9	20.5	30.6	51.6	4.1	2.1	3.0	4.2	26,530.0	Neutral
Bank Mandiri	BMRI IJ	2,625	-1.9	22.1	54.4	60.1	-8.7	3.5	21.8	10.0	120,940.0	Outperform
Bank Panin	PNBN IJ	530	6.0	14.0	35.7	30.8	-1.4	-3.4	7.0	-10.1	14,506.4	Underperform
Bank Rakyat Indonesia	BBRI IJ	5,300	8.7	19.8	34.2	75.2	1.1	1.5	5.8	20.5	51,478.1	Outperform
Korea												
Daegu Bank	005270 KS	15,250	-3.1	-1.6	-5.5	0.7	-6.6	-6.8	-11.5	-2.2	10,392.6	Outperform
Hana Financial Group	086790 KS	47,350	6.3	13.7	6.7	2.3	2.6	7.8	-0.1	-0.6	30,836.1	Neutral
Industrial Bank of Korea	024110 KS	16,600	-0.6	-1.5	-2.3	-4.8	-4.1	-6.6	-8.8	-7.8	17,524.8	Outperform
Kookmin Bank	060000 KS	72,000	-7.2	-6.8	-8.7	-5.5	-10.5	-11.7	-14.5	-8.1	101,211.2	Neutral
Pusan Bank	005280 KS	11,350	-3.4	-5.0	-6.1	-13.2	-6.8	-9.9	-12.1	-15.6	8,805.6	Neutral
Woori Finance	053000 KS	20,150	-4.0	9.1	6.3	1.2	-7.4	3.4	-0.5	-1.6	30,510.0	Outperform
Shinhan Financial	055550 KS	44,500	2.5	3.3	1.5	9.5	-1.1	-2.1	-5.0	6.4	54,087.0	Outperform
Malaysia												
AMMB Holdings	AMM MK	3.00	9.5	23.0	17.6	26.6	2.5	10.9	3.3	7.7	11.0	Outperform
Bumiputra-Commerce	CAHB MK	7.60	12.6	18.8	24.6	33.3	5.4	7.1	9.4	13.5	34.1	Outperform
EON Capital	EON MK	6.65	13.7	15.7	5.6	31.7	6.4	4.3	-7.3	12.1	3.6	Outperform
Hong Leong Bank	HLBK MK	5.45	2.8	1.9	5.8	6.9	-3.7	-8.2	-7.1	-9.1	3.6	Neutral
Maybank	MAY MK	11.40	0.0	2.7	5.6	2.7	-6.4	-7.4	-7.3	-12.6	45.0	Neutral
Public Bank	PBKF MK	7.55	9.4	12.7	18.9	18.0	2.5	1.6	4.4	0.4	13.1	Outperform
RHB Capital	RHBC MK	3.50	18.6	29.6	36.7	58.4	11.1	16.9	20.1	34.8	6.9	Outperform
Philippines												
Banco de Oro	BDO PM	44.00	-1.1	25.7	20.5	29.4	-3.9	4.2	-1.0	-2.4	71.3	Outperform
Bank of Philippine Islands	BPI PM	63.50	1.6	21.0	22.1	39.8	-1.2	0.2	0.3	5.5	109.2	Outperform
China Banking Corp	CHIB PM	690.00	3.0	-0.7	-1.4	39.1	0.1	-17.7	-19.0	4.9	3.1	Outperform
Equitable PCI Bank	EPCI PM	78.50	9.8	4.7	8.3	33.1	6.8	-13.3	-11.1	0.3	34.5	Neutral
Metrobank	MBT PM	49.50	8.8	32.0	37.5	54.7	5.8	9.4	12.9	16.7	99.6	Outperform
Philippine National Bank	PNB PM	43.50	24.3	29.9	31.8	38.1	20.9	7.6	8.3	4.2	2.3	Underperform
Singapore												
DBS Group	DBS SP	20.20	-4.7	14.1	12.2	22.4	-6.7	0.5	-1.8	3.1	87.2	Outperform
Hong Leong Finance	HLF SP	3.62	4.6	11.0	12.4	0.0	2.5	-2.2	-1.6	-15.8	1.3	Outperform
OCBC	OCBC SP	7.20	2.1	13.4	11.6	7.5	0.0	-0.1	-2.3	-9.5	37.0	Neutral
UOB	UOB SP	18.40	1.1	17.9	21.1	26.0	-1.0	3.9	5.9	6.1	71.2	Outperform
Singapore Exchange	SGX SP	5.10	11.4	28.8	26.9	75.9	9.0	13.4	11.0	48.1	20.5	Neutral
Taiwan												
Bank of Kaohsiung	2836 TT	14.90	-1.0	16.4	1.7	-17.7	-5.8	1.3	-6.0	-27.6	57.1	Outperform
Cathay Financial	2882 TT	67.90	4.3	9.7	-1.7	19.8	-0.7	-4.5	-9.2	5.4	906.1	Neutral
China Development	2801 TT	21.80	7.4	13.8	0.0	32.9	2.2	-0.9	-7.6	16.9	309.9	Outperform
Chang Hwa Bank	2883 TT	14.30	5.5	16.9	17.8	23.3	0.5	1.7	8.9	8.4	309.6	Outperform
Chinatrust	2891 TT	26.90	10.2	25.1	8.8	15.9	4.9	8.9	0.5	1.9	547.0	Outperform
E. Sun Financial	2884 TT	22.05	3.8	16.1	6.1	7.9	-1.2	1.0	-2.0	-5.1	97.4	Outperform
First Financial	2892 TT	23.90	4.8	13.3	2.1	4.2	-0.2	-1.4	-5.7	-8.3	202.0	Underperform
Fubon Financial	2881 TT	30.00	11.1	22.7	4.5	6.4	5.8	6.8	-3.4	-6.4	304.8	Neutral
Mega Financial	2886 TT	23.95	3.0	13.2	1.9	12.2	-1.9	-1.4	-5.8	-1.3	242.7	Neutral
Shinkong Financial	2888 TT	30.95	2.5	9.0	-4.6	28.8	-2.4	-5.1	-11.9	13.3	588.3	Outperform
Sinopac Financial	2890 TT	17.20	3.3	19.4	8.2	8.5	-1.7	4.0	0.0	-4.6	224.8	Outperform
Ta Chong Bank	2847 TT	9.91	-4.3	10.7	20.9	5.2	-8.9	-3.6	11.7	-7.5	72.6	Outperform
Taishin Financial	2887 TT	17.25	1.2	9.9	-15.4	0.3	-3.7	-4.4	-21.9	-11.8	397.2	Outperform
Capital Securities	6005 TT	13.25	3.5	13.8	0.7	5.0	-1.5	-1.0	-7.0	-7.7	28.0	Outperform
KGI Securities	6008 TT	11.40	11.2	21.3	6.5	-5.0	5.9	5.6	-1.6	-16.4	53.2	Outperform
Masterlink Securities	2856 TT	13.05	3.6	10.6	1.1	5.8	-1.4	-3.7	-6.6	-6.9	37.1	Outperform
Polaris Securities	2854 TT	15.10	1.0	16.3	2.0	10.3	-3.9	1.2	-5.7	-3.0	172.5	Outperform
President Securities	2855 TT	16.65	9.5	18.5	9.2	11.0	4.3	3.1	0.9	-2.4	28.4	Neutral
Yuanta Securities	6004 TT	24.45	-0.4	12.4	7.2	7.0	-5.2	-2.2	-0.9	-5.9	211.1	Outperform
Thailand												
Bangkok Bank	BBL TB	120.00	2.6	14.3	12.2	14.3	2.3	7.8	11.3	12.1	555.5	Outperform
Bank of Ayudhya	BAY TB	19.90	7.6	14.4	12.4	33.6	7.3	7.9	11.5	31.1	169.9	Neutral
Kasikorn Bank	KBANK TB	69.00	-2.1	9.5	10.4	-1.4	-2.3	3.3	9.5	-3.3	350.1	Outperform
Krung Thai Bank	KTB TB	13.10	3.2	17.0	23.6	19.1	2.9	10.4	22.6	16.9	263.2	Outperform
Siam City Bank	SCIB TB	20.40	-5.1	6.8	-6.0	-16.0	-5.3	0.8	-6.7	-17.6	101.9	Outperform
Siam Commercial	SCB TB	68.00	4.6	16.2	12.4	29.5	4.4	9.7	11.5	27.1	431.4	Neutral
TMB Bank	TMB TB	3.02	-7.4	-5.0	-18.4	-26.0	-7.6	-10.4	-19.0	-27.4	144.5	Neutral
ACL Bank	ACL TB	4.28	-7.8	-6.6	-4.0	-24.9	-8.0	-11.8	-4.8	-26.3	22.8	Outperform
Kiatnakin Bank	KK TB	30.00	-7.0	1.7	0.0	3.4	-7.2	-4.1	-0.8	1.5	31.2	Outperform
Thanachart Capital	TCAP TB	17.30	13.8	23.6	10.2	29.1	13.6	16.6	9.3	26.7	53.1	Outperform
TISCO Bank	TISCO TB	24.80	-3.7	22.2	3.3	-10.6	-3.9	15.3	2.5	-12.3	40.4	Outperform

Source: Bloomberg, Macquarie Research, November 2006

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	0.1	6.1	7.9	-0.6	-0.4	-0.4	-3.9	-5.8	-3.6
FTSE Bank	-3.6	3.1	5.3	-2.0	-0.6	0.3	-7.4	-8.4	-5.8
Australia	-1.4	4.7	4.6	-2.3	-1.9	-1.2	-5.3	-7.0	-6.5
HK (ex HSBC, SCB)	3.0	8.5	12.5	1.1	-0.6	-3.6	-1.1	-3.7	0.6
HSBC	-2.7	1.9	5.3	-4.5	-6.6	-9.8	-6.6	-9.5	-5.8
Std Chartered HK	1.3	14.3	14.4	-0.6	4.8	-2.0	-2.7	1.5	2.3
China	17.1	47.4	42.6	2.5	19.3	18.5	12.4	30.9	27.5
India	11.5	37.6	39.4	5.8	18.4	11.2	7.1	22.2	24.6
Indonesia	6.1	24.9	38.4	-1.3	5.8	9.2	1.9	10.9	23.8
Malaysia	13.9	14.1	18.6	6.6	2.8	4.2	9.4	1.3	6.1
Philippines	3.3	12.1	9.6	0.4	-7.1	-10.0	-0.8	-0.4	-2.0
Singapore	-0.3	13.7	15.7	-2.4	0.2	1.3	-4.2	1.0	3.5
South Korea	-1.9	2.1	0.5	-5.3	-3.3	-5.9	-5.8	-9.4	-10.1
Taiwan	4.5	14.8	2.4	-0.5	-0.1	-5.4	0.4	2.0	-8.4
Thailand	0.9	11.7	6.8	0.7	5.4	5.9	-3.1	-0.8	-4.5

Note: Data as of 28 November 2006

Source: Bloomberg, Macquarie Research, November 2006

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<p>Recommendation definitions</p> <p>Macquarie Australia/New Zealand Outperform – return >5% in excess of benchmark return (>2.5% in excess for listed property trusts) Neutral – return within 5% of benchmark return (within 2.5% for listed property trusts) Underperform – return >5% below benchmark return (>2.5% below for listed property trusts)</p> <p>Macquarie Asia Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%</p> <p>Recommendations – 12 months</p> <p>Note: Quant recommendations may differ from Fundamental Analyst recommendations</p> <p>Recommendation proportions</p> <table border="0"> <tr> <td colspan="2">Macquarie Australia/New Zealand</td> </tr> <tr> <td>Outperform</td> <td>42.81%</td> </tr> <tr> <td>Neutral</td> <td>44.60%</td> </tr> <tr> <td>Underperform</td> <td>12.59%</td> </tr> <tr> <td colspan="2">Macquarie Asia</td> </tr> <tr> <td>Outperform</td> <td>57.12%</td> </tr> <tr> <td>Neutral</td> <td>26.36%</td> </tr> <tr> <td>Underperform</td> <td>16.52%</td> </tr> </table> <p>For quarter ending 30 September 2006</p>	Macquarie Australia/New Zealand		Outperform	42.81%	Neutral	44.60%	Underperform	12.59%	Macquarie Asia		Outperform	57.12%	Neutral	26.36%	Underperform	16.52%	<p>Volatility index definition*</p> <p>This is calculated from the volatility of historic price movements.</p> <p>Very high–highest risk – 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>High – 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>Medium – stock should be expected to move up or down at least 30–40% in a year.</p> <p>Low–medium – stock should be expected to move up or down at least 25–30% in a year.</p> <p>Low – stock should be expected to move up or down at least 15–25% in a year.</p> <p>* Applicable to Australian/NZ stocks only</p>	<p>Financial definitions</p> <p>All "Adjusted" data items have had the following adjustments made: Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests</p> <p>EPS = adjusted net profit / efpowa* ROA = adjusted ebit / average total assets ROA Banks/Insurance = adjusted net profit /average total assets ROE = adjusted net profit / average shareholders funds Gross cashflow = adjusted net profit + depreciation *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>
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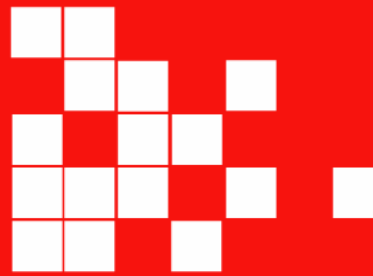
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