31 January 2008 | 7 pages

Yes Bank (YESB.BO)

Target price change ☑
Estimate change ☑

Buy: 3Q08: Strong Growth, Profitability; Raising Earnings, Target

- **3QFY08 profits up 116%, in-line with estimates** — Yes Bank's profits were driven by stable and relatively high margins, continued growth in fees — especially in treasury and a reduction in costs. Overall, it was a strong quarter with Yes consistently delivering revenues, growth and quality ahead of estimates, supported by a benign funding environment.

- **Margins stable, fees driven by treasury** — Yes Bank's NIMs have remained largely stable at 290bps, helped by a stable interest rate and liquidity environment. Continued easy liquidity and lower rates (our near-term view) should be relatively beneficial for Yes' margins. The P&L was also supported by an increase in fees, especially in treasury product sales and transaction fees.

- **High growth quarter with quality focus** — Yes' high pace of asset accretion (14% qoq), with stable margins, nil NPLs (especially commendable given its mid-market exposure) suggests strong management focus on quality. While revenues so far have been ahead of its franchise so far, we believe aggressive distribution capability, franchise expansion and revenue diversification (into wealth management) to be key focus areas for the bank over the medium term.

- **Raising earnings, target price, maintain Buy (1M)** — We are raising our earnings estimates 16-3% over FY08E-10E to factor in recent and proposed capital raising and continued strong growth. We are also raising our EVA-based target price to Rs300 on higher earnings and a lower risk free rate (7.5% vs 8% earlier), implying 4.5x FY09E PBV multiple on our target price.

Buy/Medium Risk	**1M**
Price (30 Jan 08)	Rs244.25
Target price	Rs300.00
from Rs230.00	
Expected share price return	22.8%
Expected dividend yield	0.0%
Expected total return	**22.8%**
Market Cap	Rs72,218M
	US$1,838M

Price Performance (RIC: YESB.BO, BB: YES IN)

Statistical Abstract

Year to 31 Mar	Net Profit (RsM)	Diluted EPS (Rs)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2006A	553	2.35	na	103.7	11.5	14.1	0.0
2007A	944	3.43	45.8	71.2	8.7	13.9	0.0
2008E	1,948	6.55	90.9	37.3	4.4	15.3	0.0
2009E	2,891	9.19	40.2	26.6	3.7	15.2	0.0
2010E	4,218	13.40	45.9	18.2	3.1	18.6	0.0

Source: Powered by dataCentral

Manish Chowdhary, CFA[1]
+91-22-6631-9853
manish.chowdhary@citi.com

Aditya Narain, CFA[1]
+91-22-6631-9879
aditya.narain@citi.com

Himani Shah, CFA[1]
himani.shah@citi.com

See Appendix A-1 for Analyst Certification and important disclosures.

[1]Citigroup Global Markets India Private Limited

Fiscal year end 31-Mar	2006	2007	2008E	2009E	2010E
Valuation Ratios					
P/E adjusted (x)	103.7	71.2	37.3	26.6	18.2
P/E reported (x)	103.7	71.2	37.3	26.6	18.2
P/BV (x)	11.5	8.7	4.4	3.7	3.1
P/Adjusted BV diluted (x)	11.5	8.7	4.4	3.7	3.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Per Share Data (Rs)					
EPS adjusted	2.35	3.43	6.55	9.19	13.40
EPS reported	2.35	3.43	6.55	9.19	13.40
BVPS	21.21	28.11	56.01	65.19	78.60
Tangible BVPS	21.21	28.11	56.01	65.19	78.60
Adjusted BVPS diluted	21.21	28.11	56.01	65.19	78.60
DPS	0.00	0.00	0.00	0.00	0.00
Profit & Loss (RsM)					
Net interest income	855	1,714	3,459	5,814	9,150
Fees and commissions	419	1,116	2,009	3,113	4,514
Other operating Income	579	891	1,546	2,167	2,925
Total operating income	**1,852**	**3,721**	**7,014**	**11,093**	**16,589**
Total operating expenses	-861	-1,935	-3,611	-5,838	-8,835
Oper. profit bef. provisions	**991**	**1,786**	**3,403**	**5,256**	**7,754**
Bad debt provisions	-73	-254	-370	-766	-1,234
Non-operating/exceptionals	-74	-95	-125	-175	-225
Pre-tax profit	**844**	**1,436**	**2,908**	**4,314**	**6,295**
Tax	-291	-493	-960	-1,424	-2,077
Extraord./Min. Int./Pref. Div.	0	0	0	0	0
Attributable profit	**553**	**944**	**1,948**	**2,891**	**4,218**
Adjusted earnings	553	944	1,948	2,891	4,218
Growth Rates (%)					
EPS adjusted	nm	45.8	90.9	40.2	45.9
Oper. profit bef. prov.	nm	80.1	90.6	54.4	47.5
Balance Sheet (RsM)					
Total assets	**41,626**	**111,034**	**188,371**	**316,621**	**485,666**
Avg interest earning assets	21,982	71,280	141,931	244,061	391,518
Customer loans	24,071	62,897	113,384	198,833	311,523
Gross NPLs	0	0	676	1,568	2,949
Liab. & shar. funds	**41,626**	**111,034**	**188,371**	**316,621**	**485,666**
Total customer deposits	29,104	82,204	140,949	256,304	410,506
Reserve for loan losses	0	0	169	493	1,064
Shareholders' equity	**5,727**	**7,871**	**17,626**	**20,517**	**24,734**
Profitability/Solvency Ratios (%)					
ROE adjusted	14.1	13.9	15.3	15.2	18.6
Net interest margin	3.89	2.40	2.44	2.38	2.34
Cost/income ratio	46.5	52.0	51.5	52.6	53.3
Cash cost/average assets	3.2	2.5	2.4	2.3	2.2
NPLs/customer loans	0.0	0.0	0.6	0.8	0.9
Reserve for loan losses/NPLs	na	na	25.0	31.5	36.1
Bad debt prov./avg. cust. loans	0.5	0.6	0.4	0.5	0.5
Loans/deposit ratio	82.7	76.5	80.4	77.6	75.9
Tier 1 capital ratio	13.8	8.2	9.0	6.6	5.5
Total capital ratio	16.4	13.6	13.0	10.0	8.6

For further data queries on Citigroup's full coverage universe please contact CIR Data Services Asia Pacific at CitiResearchDataServices@citigroup.com or +852-2501-2791

Powered by: dataCentral

Figure 1. Yes Bank Earnings Revision Summary

	Net Profit			EPS			DPS	
	Old	New	% change	Old	New	% change	Old	New
FY08E	1,638	1,948	18.9	5.6	6.6	16.0	0.0	0.0
FY09E	2,454	2,891	17.8	8.2	9.2	12.3	0.0	0.0
FY10E	3,919	4,218	7.6	13.1	13.4	2.6	0.0	0.0

Source: Citi Investment Research

Figure 2. Yes Bank – 3Q08 Results: Key Highlights (Rupees Million, Percent)

	3Q08	3Q07	YoY %	2Q08	QoQ%	Citi Investment Research Comments
Interest Income	3,464	1,624	113.3	3,035	14.1	Strong growth in line with estimates, on the back of higher yields and continued asset growth
Interest Expense	(2,533)	(1,112)	127.9	(2,207)	14.8	
Net Interest Income	930	513	81.5	828	12.4	Slightly higher than estimates on recent capital raising, though margins remain largely stable
Non Interest Income	968	433	123.7	759	27.5	Strong growth in treasury sales, though other sources of revenue remain flat and is a bit of a concern
Operating Income	1,899	945	100.8	1,587	19.6	
Operating Expenses	(889)	(467)	90.6	(913)	-2.6	9% lower than estimates, absolute cost reductions qoq, more of a timing issue; we expect cost pressures to continue given aggressive expansion plans
Pre-Provision Profit	**1,009**	**479**	**110.8**	**674**	**49.8**	**Significantly ahead - 19% ahead of estimates, reflects higher than estimated growth in non-interest incomes and reduction in cost pressures**
Charges for Bad Debts	(157)	(98)	60.7	10	NM	Higher provisioning for the quarter, though asset quality still remains squeaky clean
Operating Profit	852	381	123.6	684	24.5	
Pre-Tax Profit	852	381	123.6	684	24.5	
Tax	(310)	(130)	138.1	(232)	33.8	
Net Profit	**542**	**251**	**116.1**	**453**	**19.8**	**Overall an in-line quarter with continued asset growth and quality; diversification of revenue profile should remain the key focus area**
EPS	1.9	0.9	108.3	1.6	19.8	
Customer Loans	85,980	48,002	79.1	75,159	14.4	A high growth quarter after a relatively slower 1H08; capital raising - both recent and proposed should keep growth momentum strong
Customer Deposits	111,290	54,609	103.8	99,302	12.1	Low cost deposit ratios have improved to about 8% of deposits (7.4% in 2Q08) despite rapid growth in balance sheet size
AIEA	122,422	62,663	95.4	109,680	11.6	
Total Assets	150,330	81,609	84.2	133,262	12.8	
Avg Assets	141,796	72,236	96.3	120,846	17.3	
Shareholders' Funds	12,533	7,562	65.7	8,683	44.3	
Book Value Per Share	45	27	65.7	31	44.3	
Key Ratios (%)	**3Q08**	**3Q07**	**Bps Δ YoY**	**2Q08**	**Bps Δ QoQ**	**Citi Investment Research Comments**
ROAA (annualized)	1.53	1.40	13	1.43	10	Profitability remains higher and relatively stable, supported by a benign funding environment
ROAE (annualized)	20.50	14.60	590	21.40	-90	Slight reduction in ROEs on account of enhanced capital base
Net Interest Margin (bps)	290	300	-10	290	0	Relatively stable margins, we expect easy liquidity and a lower interest rate environment to be margin protective
Other Non-Interest Inc/Op Inc	51.0	45.8	521	47.8	315	Among the highest in the industry with a strong focus on fee incomes
Op. Cost/ Operating Income	46.8	49.3	-251	57.5	-1070	Reduction in costs - a timing issue; we expect cost pressures to continue
Loan-to-Deposit Ratio (LDR)	77.3	87.9	-1064	75.7	157	
NPL/Loan Ratio	0.0	0.0	0	0.00	0	Nil NPA status continues
LLR/NPL Ratio	0	0	0	0	0	

Source: Company Reports and Citi Investment Research

Yes Bank

Company description

Yes Bank was started in FY05 by Mr. Rana Kapoor and Mr. Ashok Kapur, and is the newest private-sector bank in India. Yes Bank has grown rapidly since inception and what it lacks in size currently is made up in our view by its strong growth, quality management, and a rapidly building franchise. The bank currently has 60 branches and management suggests a target of 100 branches by March 2008 and 250 by March 2010. In its second full year of operations (FY07) the bank grew total assets by over 150% to Rs111bn and net profits by 71% to Rs944m.

Investment strategy

We rate Yes Bank with a Buy/ Medium Risk (1M) rating and an EVA-based Rs300 target price. Though relatively young, we believe Yes Bank has strong execution skills. It has built a focused asset portfolio, has strong treasury and advisory income businesses, and has kept risks relatively low. Moreover, we believe the bank offers aggressive growth potential. The key catalysts for the stock's medium-term performance are likely to be a) easing domestic interest rate and liquidity environment - should provide a respite to margins and bolster quarterly performance over the next two to three quarters; b) fresh capital raising - possibly at a premium to prevailing market prices; and c) strong growth in investment banking fees - a potential spin-off of this business could drive stock returns further.

Valuation

We value Yes Bank at Rs300 per share based on our EVA model. Our key assumptions are a) longer-term spreads of 2.2%, slightly lower than most peers given its structurally lower spreads; b) 100bs loan loss provisioning over the longer term, in line with private banks; and c) 45% longer term cost-income ratio, in line with peers. Our EVA valuation is premised on a 7.5% risk free rate, consistent with our assumptions for other Indian banks. We prefer the EVA methodology as we believe it better captures longer-term value of the business, and is in line with our approach to valuing other banks in the sector.

Risks

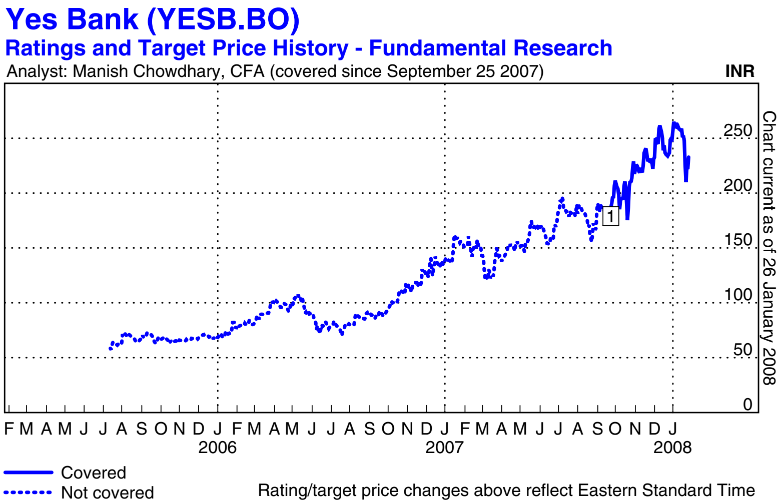
We rate Yes Bank as Medium Risk based on our quantitative risk-rating system, which tracks 260-day historical share price volatility. Key risks that could prevent the shares from reaching our target price include: a) rise in deposit costs due to tighter liquidity or interest rates; b) reversal in loan growth and asset quality environment; c) relatively high capital market linkage in the form of fees from investment banking activities; d) relatively higher portfolio concentration; and e) any further capital raising over the next 12-18 months, which is likely to be returns dilutive.

Appendix A-1

Analyst Certification

Each research analyst(s), strategist(s) or research associate(s) responsible for the preparation and content of all or any identified portion of this research report hereby certifies that, with respect to each issuer or security or any identified portion of the report with respect to an issuer or security that the research analyst, strategist or research associate covers in this research report, all of the views expressed by that research analyst, strategist or research associate in this research report accurately reflect their personal views about those issuer(s) or securities. Each research analyst(s), strategist(s) or research associate(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst, strategist or research associate in this research report.

IMPORTANT DISCLOSURES



#	Date	Rating	Target Price	Closing Price
1:	24 Sep 07	1M	230.00	186.95

*Indicates change.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Yes Bank.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from Yes Bank in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as investment banking client(s): Yes Bank.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Yes Bank.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, non-securities-related: Yes Bank.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability, which includes revenues from, among other business units, the Private Client Division, Institutional Sales and Trading, and Investment Banking.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Investment Research product ("the Product"), please contact Citi Investment Research, 388 Greenwich Street, 29th Floor, New York, NY, 10013, Attention: Legal/Compliance. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at www.citigroupgeo.com. Private Client Division clients should refer to www.smithbarney.com/research. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Investment Research Ratings Distribution

Data current as of 31 December 2007	**Buy**	**Hold**	**Sell**
Citi Investment Research Global Fundamental Coverage (3421)	50%	37%	12%
% of companies in each rating category that are investment banking clients	52%	53%	40%

Guide to Fundamental Research Investment Ratings:
Citi Investment Research's stock recommendations include a risk rating and an investment rating.
Risk ratings, which take into account both price volatility and fundamental criteria, are: Low (L), Medium (M), High (H), and Speculative (S).
Investment ratings are a function of Citi Investment Research's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating.
For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings are: Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).
Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or

other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

Guide to Corporate Bond Research Credit Opinions and Investment Ratings: Citi Investment Research's corporate bond research issuer publications include a fundamental credit opinion of Improving, Stable or Deteriorating and a complementary risk rating of Low (L), Medium (M), High (H) or Speculative (S) regarding the credit risk of the company featured in the report. The fundamental credit opinion reflects the CIR analyst's opinion of the direction of credit fundamentals of the issuer without respect to securities market vagaries. The fundamental credit opinion is not geared to, but should be viewed in the context of, debt ratings issued by major public debt ratings companies such as Moody's Investors Service, Standard and Poor's, and Fitch Ratings. CBR risk ratings are approximately equivalent to the following matrix: Low Risk -- Triple A to Low Double A; Low to Medium Risk -- High Single A through High Triple B; Medium to High Risk -- Mid Triple B through High Double B; High to Speculative Risk -- Mid Double B and Below. The risk rating element illustrates the analyst's opinion of the relative likelihood of loss of principal when a fixed income security issued by a company is held to maturity, based upon both fundamental and market risk factors. Certain reports published by Citi Investment Research will also include investment ratings on specific issues of companies under coverage which have been assigned fundamental credit opinions and risk ratings. Investment ratings are a function of Citi Investment Research's expectations for total return, relative return (relative to the performance of relevant Citi bond indices), and risk rating. These investment ratings are: Buy/Overweight -- the bond is expected to outperform the relevant Citigroup bond market sector index (Broad Investment Grade, High Yield Market or Emerging Market); Hold/Neutral Weight -- the bond is expected to perform in line with the relevant Citigroup bond market sector index; or Sell/Underweight -- the bond is expected to underperform the relevant Citigroup bond market sector index. Performance data for Citi bond indices are updated monthly, are available upon request and can also be viewed at http://sd.ny.ssmb.com/ using the "Indexes" tab.

OTHER DISCLOSURES

The subject company's share price set out on the front page of this Product is quoted as at 30 January 2008 04:00 PM on the issuer's primary market.

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to Yes Bank. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citigroupgeo.com.)

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the subject company(ies) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Investment Research does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of Citi Investment Research to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in Australia to wholesale clients through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992) and to retail clients through Citi Smith Barney Pty Ltd. (ABN 19 009 145 555 and AFSL No. 240813), Participants of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. The Product is made available in Brazil by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários, BACEN - Brazilian Central Bank, APIMEC - Associação Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBID - Associação Nacional dos Bancos de Investimento. Av. Paulista, 1111 - 11º andar - CEP. 01311920 - São Paulo - SP. If the Product is being made available in certain provinces of Canada by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. The Product may not be distributed to private clients in Germany. The Product is distributed in Germany by Citigroup Global Markets Deutschland AG & Co. KGaA, which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). Frankfurt am Main, Reuterweg 16, 60323 Frankfurt am Main. If the Product is made available in Hong Kong by, or on behalf of, Citigroup Global Markets Asia Ltd., it is attributable to Citigroup Global Markets Asia Ltd., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong.

Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Product is made available in Hong Kong by The Citigroup Private Bank to its clients, it is attributable to Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. The Citigroup Private Bank and Citibank N.A. is regulated by the Hong Kong Monetary Authority. The Product is made available in India by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. The Product is made available in Indonesia through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. If the Product was prepared by Citi Investment Research and distributed in Japan by Nikko Citigroup Limited ("NCL"), it is being so distributed under license. If the Product was prepared by NCL and distributed by Nikko Cordial Securities Inc. or Citigroup Global Markets Inc. it is being so distributed under license. NCL is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. In the event that an error is found in an NCL research report, a revised version will be posted on Citi Investment Research's Global Equities Online (GEO) website. If you have questions regarding GEO, please call (81 3) 6270-3019 for help. The Product is made available in Korea by Citigroup Global Markets Korea Securities Ltd., which is regulated by Financial Supervisory Commission and the Financial Supervisory Service. Hungkuk Life Insurance Building, 226 Shinmunno 1-GA, Jongno-Gu, Seoul, 110-061. The Product is made available in Malaysia by Citigroup Global Markets Malaysia Sdn Bhd, which is regulated by Malaysia Securities Commission. Menara Citibank, 165 Jalan Ampang, Kuala Lumpur, 50450. The Product is made available in Mexico by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, which is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In New Zealand the Product is made available through Citigroup Global Markets New Zealand Ltd. (Company Number 604457), a Participant of the New Zealand Exchange Limited and regulated by the New Zealand Securities Commission. Level 19, Mobile on the Park, 157 Lambton Quay, Wellington. The Product is made available in Poland by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Papierów Wartosciowych i Gield. Bank Handlowy w Warszawie S.A. ul. Senatorska 16, 00-923 Warszawa. The Product is made available in the Russian Federation through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in Singapore through Citigroup Global Markets Singapore Pte. Ltd., a Capital Markets Services Licence holder, and regulated by Monetary Authority of Singapore. 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192. The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Citigroup Global Markets (Pty) Ltd. is incorporated in the Republic of South Africa (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in Taiwan through Citigroup Global Markets Inc. (Taipei Branch), which is regulated by Securities & Futures Bureau. No portion of the report may be reproduced or quoted in Taiwan by the press or any other person. No. 8 Manhattan Building, Hsin Yi Road, Section 5, Taipei 100, Taiwan. The Product is made available in Thailand through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available in United Kingdom by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. This material may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in United States by Citigroup Global Markets Inc, which is regulated by NASD, NYSE and the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by Financial Services Authority. Many European regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to Citi Investment Research's Products can be found at www.citigroupgeo.com. Compensation of equity research analysts is determined by equity research management and Citigroup's senior management and is not linked to specific transactions or recommendations. The Product may have been distributed simultaneously, in multiple formats, to the Firm's worldwide institutional and retail customers. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted. Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST