

UBS Investment Research

Global Bank Crisis

Global

Banks

Market Comment

Forced consolidation?

■ New phase of development

The banking crisis is now entering a new phase of development, one that may require forced consolidation. Lehman Brothers today filed for bankruptcy; Merrill Lynch will be merging with Bank of America while the debt market has been betting against AIG being able to raise capital quickly enough.

■ Business models

We see the road-through as threefold: 1) the broker-dealer model is broken – will remaining brokers need to find strategy partners? 2) What other business models are also under pressure – wholesale funding? 3) Universal banks may be best placed to survive this crisis given diversified income streams and strong retail depository franchises.

■ What next?

The longer the banking crisis continues, the more self-fulfilling the prophecies become, and the higher the systemic risks. The private sector/market solution is key but if this fails, history shows us the end-game may likely be full-scale government intervention: blanket deposit guarantees, special asset management companies, and potentially state-sponsored recapitalisation.

■ Investment strategy

History suggests more bank failures to come, implying further stresses across the sector. As such, we recommend investors avoid banks that are remotely at risk of having to raise capital and/or have high exposure to wholesale funding. Our least preferred list includes Anglo Irish, Banco de Sabadell, Danske, Lloyds, Macquarie, National Australia Bank, M&T, Comerica and Citi.

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Table 1: Global banks least preferred list

	Rating	Market Cap (US\$m)	UBS Adj PE		Price / Book		UBS Adj RoE (%)		Net Div Yield	
			08E	09E	08E	09E	08E	09E	08E	09E
Anglo Irish Bank	Sell	5,473	3.4x	4.8x	0.8x	0.7x	25.2%	15.4%	4.8%	6.0%
Banco Macro	Neutral (CBE)	1,372	7.9x	7.4x	1.4x	1.2x	18.5%	17.6%	4.0%	2.5%
Banco de Sabadell	Sell	9,430	9.3x	8.8x	1.4x	1.3x	15.2%	13.6%	5.4%	6.2%
Bank Mandiri	Sell	5,359	9.2x	8.0x	1.6x	1.4x	17.8%	18.4%	4.3%	5.4%
Citigroup	Neutral	97,799	-ve	8.0x	0.7x	0.6x	-4.3%	12.0%	7.1%	7.1%
Comerica Inc.	Neutral	4,906	49.8x	14.1x	1.0x	1.0x	2.0%	7.0%	6.1%	4.1%
Danske Bank	Sell	18,749	7.5x	7.6x	0.9x	0.8x	11.3%	10.7%	4.8%	4.9%
Lloyds TSB	Sell	29,422	7.1x	6.8x	1.5x	1.3x	19.5%	20.4%	12.5%	8.6%
M&T Bank Corp.	Neutral	8,607	20.0x	16.5x	1.4x	1.3x	6.7%	8.1%	3.7%	3.8%
Macquarie Group Ltd	Neutral	9,792	8.2x	8.4x	1.3x	1.2x	14.2%	13.3%	7.8%	7.8%
National Australia Bank	Neutral	31,682	10.2x	9.6x	1.5x	1.4x	12.3%	12.8%	8.1%	8.1%
Taishin Financial Holding	Sell	1,608	43.2x	11.7x	0.8x	0.8x	1.7%	6.0%	1.2%	2.1%

Source: UBS estimates

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 8.

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Forced consolidation?

The banking crisis is now entering a new phase of development one that may require forced consolidation. LEH has applied for bankruptcy today; MER is merging with BAC; while the debt market has been betting against AIG being able to raise capital quickly enough to cover potential losses arising from its monoline counterparty exposures.

The read through from the latest developments is threefold:

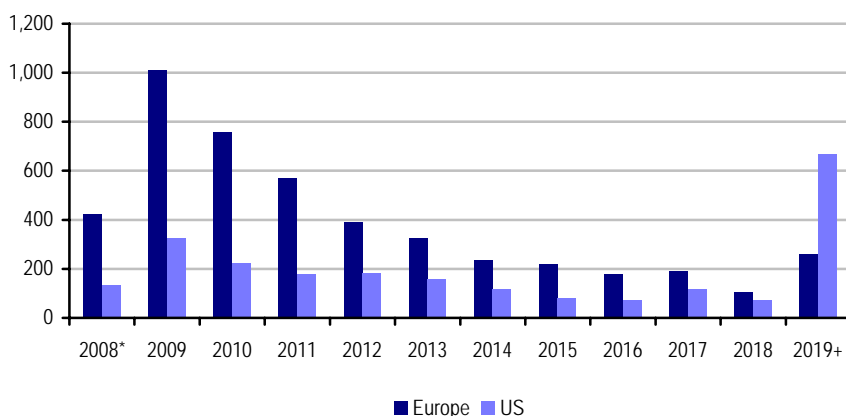
- (1) **The broker-dealer business model is under attack** – capital markets are facing both cyclical and structural challenges while dependency on wholesale funding is a major constraint for future growth. The question is whether the remaining independent brokers (GS and MS) need to find strategic partners to help diversify income streams and funding?

Glenn Schorr, our analyst for US brokers in his piece today (*Capital Markets Update: Now What?* 15 September 2008), argued that GS and MS have major differences to those that have failed in terms of less concentrated risk positions (relative to equity), deeper liquidity pools, better funding duration, strong asset/wealth management franchises, and superior risk management at GS.

However, Glenn also indicated that if the market does punish them, as widening 5-year CDS spreads currently suggest, both financial institutions may need to find strategic partners, either in the form of a commercial bank or maybe even a trust bank.

- (2) **What other business models are broken?** Most obvious is wholesale funding (origination/distribution model - limited access to alternative funding sources) given securitization is clearly shut (and unlikely to re-open any time soon) and bond issuance is harder to come by and a lot more costly.

Chart 1: Banks' bond maturities, US\$ bn



Source: Bloomberg estimates

Moreover, banks also face a significant pipeline of bond maturities over the next two years that could put further stresses on funding/liquidity. Based on Bloomberg, US and European banks have US\$558bn of bond maturing that will

need to be refinanced during the next four months and another US\$1,334bn in 2009 (or 19% of bonds outstanding) and US\$987bn in 2010 (14%). Banks with high levels of loans/deposits include Icelandic banks, Irish banks, domestic Spanish banks and certain UK banks – see Appendix 1: Balance Sheet Strengthen.

- (3) **Universal banking business model appears to be best placed** to get through this crisis. Given current stresses in credit and financials markets, banks with diversified income sources as well as strong retail depository franchises should survive the crisis and potential benefit from market share gains especially in the event of wholesale sector consolidations. We believe this includes HSBC, JPM and CS.

What next?

The Federal Reserve can expand and extend the liquidity support at will; it can change M&A rules and facilitate mergers between stronger and weaker financial institutions. However, in a prolonged downturn scenario that turns into a severe recession, these potential policy initiatives will not likely solve the problem of inadequate capital at banks arising from higher asset write-downs or loan-loss provisions.

During previous banking crises, extreme stresses in the financial system meant that unorthodox government intervention was inevitable once it became apparent that the private sector or markets alone were not able to solve systemic banking problems. Unorthodox state support ultimately involved significant government intervention to sponsor or use taxpayers' money to recapitalise lenders. This was the last refuge for Congress in the 1980s, the Scandinavians and the Japanese and other Asian countries in the late 1990s.

The longer the ongoing banking crisis continues, the more self-filling the problems become, and the higher the systemic risk. The private-market solution could be key but if this fails, history shows that the end game could be full-scale government intervention.

In this scenario, asset prices could potentially go into a downward spiral, raising system-wide losses and solvency risk that, in turn, could even trigger deposit runs. To prevent a wave of bank failures, restore confidence and avert a complete meltdown in the financial markets, government agencies will likely be given new and emergency functions:

- **Blanket deposit guarantees:** Should the current banking crisis deepen further and bank runs become widespread, the US Federal Reserve and/or other central banks may have to consider blanket deposit guarantees (ie, over and above the US\$100,000 deposit ceiling in the US) with new funding for the FDIC to restore confidence and prevent the problem becoming systemic.
- **Establishment of Asset Management Corporations (AMCs) to support asset values:** State action has typically resulted in the establishment of special asset management companies and loan workout units, typically government-owned, to acquire and protect asset values through careful management rather than to destroy value via rapid 'fire sales'; (ie, in today's case, such assets could be AAA-rated residential MBS).

- **State-sponsored recapitalisation programmes (a la the GSE bailout last week):** If banks' retained earnings were insufficient or not coming through fast enough, and the capital-raising window remained closed and/or sovereign wealth funds were out of reach to most, then a full-scale banking bailout that provides capital injection via government agencies (such as the Reconstruction Finance Corporation during the 1930s) would be the only viable option.

Investment strategy

The bottom-line is that we are now entering the next phase of the crisis, one that may require forced consolidation. History suggests that this may only be the beginning with more bank failures to come, implying continued stresses across the sector.

As such, global banks continue to operate in a very challenging environment. Although MTM write-downs may be coming closer to an end, loan-loss provisions are clearly rising and currently represent the largest single risk factor to sector earnings, in our opinion. As such, earnings visibility could continue to remain poor while macro newsflow will likely get worse before it gets better, weighing on market sentiment.

Given ongoing sector risks, we recommend investors avoid banks that are remotely at risk of having to raise capital and/or have high exposure to wholesale funding. Our least preferred list includes Anglo Irish, Banco de Sabadell, Danske, Lloyds, Macquarie, National Australia Bank, M&T, Comerica and Citi.

Table 2: Global banks least preferred list

	Rating	Market Cap (US\$m)	UBS Adj PE		Price / Book		UBS Adj RoE (%)		Net Div Yield	
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Taishin Financial Holding	Sell	1,608	43.2x	11.7x	0.8x	0.8x	1.7%	6.0%	1.2%	2.1%

Source: UBS estimates

We believe there will be two groups of banks that will emerge in a favourable position after the current turmoil in credit and financial markets: (1) well-capitalised banks with strong retail depository franchises; and (2) banks with appropriate exposure to emerging markets. Our global recommended list reflects this strategy (see table below).

Table 3: Global banks preferred list

	Rating	Market Cap (US\$m)	UBS Adj PE		Price / Book		UBS Adj RoE (%)		Net Div Yield	
			08E	09E	08E	09E	08E	09E	08E	09E
Most preferred										
Bank of Nova Scotia	Buy	44,249	12.0x	11.1x	2.4x	2.2x	21.5%	21.0%	4.0%	4.6%
China Construction Bank	Buy	168,100	10.1x	9.7x	2.4x	2.1x	25.1%	22.7%	3.9%	4.1%
China Merchants Bank	Buy	40,641	10.3x	9.1x	3.1x	2.5x	34.6%	30.6%	2.1%	2.4%
DBS Bank	Buy	18,415	10.9x	9.8x	1.3x	1.2x	12.1%	12.7%	5.1%	5.6%
Intesa SanPaolo	Buy	73,363	9.3x	7.9x	1.0x	1.0x	11.0%	12.5%	7.1%	7.5%
Mizuho Financial Group	Buy	53,975	13.4x	9.5x	1.5x	1.3x	11.0%	14.8%	2.1%	2.6%
National Bank of Greece	Buy	21,391	9.6x	8.0x	2.0x	1.7x	24.0%	24.7%	4.3%	5.1%
Raiffeisen International Bank	Buy	15,001	9.6x	7.5x	1.6x	1.3x	17.4%	19.0%	1.8%	2.3%
State Street	Buy	30,922	13.9x	13.8x	2.1x	1.9x	16.6%	14.6%	1.4%	1.5%
TD Bank Financial Group	Buy	42,165	11.2x	10.4x	1.6x	1.5x	16.4%	14.9%	3.8%	4.0%

Source: UBS estimates

Appendix 1: Balance sheet strength

	Loan :Deposit (%)		Tier 1 Ratio (%)	
	08E	09E	08E	09E
Australia, Canada, US, Japan				
ANZ Banking Group	119.4	117.4	7.1	7.4
Bank of Queensland Limited	126.6	126.6	7.5	7.4
Bendigo Bank Limited	126.4	126.4	7.4	7.4
Commonwealth Bank of Australia	137.0	137.0	7.9	8.3
Macquarie Group Ltd	NA	NA	16.9	15.5
National Australia Bank	122.0	120.2	7.2	7.2
St George Bank	78.7	78.7	6.7	7.6
Westpac Banking Corporation	133.9	133.9	7.3	7.3
Australia	124.9	124.2	7.4	7.6
Bank of Montreal	71.3	71.3	10.2	10.3
Bank of Nova Scotia	85.4	85.4	10.0	10.3
Canadian Imperial Bank of Commerce	75.8	75.8	10.0	10.9
National Bank of Canada	79.9	79.9	10.1	10.6
RBC Financial Group	68.7	68.7	9.6	10.2
TD Bank Financial Group	65.1	65.1	9.7	8.4
Canada	73.2	73.2	9.9	10.0
Mitsubishi UFJ Financial Group	72.6	74.2	7.6	7.7
Chuo Mitsui Trust Holdings	93.2	92.2	9.9	8.9
Mizuho Financial Group	80.8	77.5	6.6	6.9
Resona Holdings	*	*	*	*
Sumitomo Mitsui Financial Group	84.1	85.0	7.1	7.4
Sumitomo Trust & Banking	92.0	93.0	7.1	7.3
Japan	78.9	79.0	7.3	7.5
Goldman Sachs	NA	NA	NA	NA
Lehman Brothers	NA	NA	NA	NA
Merrill Lynch & Co.	NA	NA	NA	NA
Morgan Stanley	170.1	170.1	NA	NA
US Broker Dealer	170.1	170.1	16.9	15.5
Citigroup	93.9	94.0	9.4	9.0
JPMorgan Chase & Co.	71.2	68.4	8.2	8.1
US Universal Banks	80.4	78.9	8.7	8.5
Bank of New York Mellon Corp.	37.2	37.2	9.5	9.3
Northern Trust	47.6	47.6	10.2	10.7
State Street	13.9	13.4	12.5	12.3
US Trust Banks	31.4	31.3	10.6	10.5
Bank of America Corp.	112.5	115.9	7.7	7.7
BB&T Corp.	106.8	106.1	8.9	8.8
Comerica Inc.	121.7	114.6	6.9	7.1
Fifth Third Bancorp	112.4	109.9	8.4	8.7
KeyCorp	119.2	117.7	8.6	8.6
National City Corp.	105.2	105.2	10.8	9.9
PNC Financial Services Group	87.4	90.0	7.9	8.0
SunTrust Banks Inc.	102.7	102.8	7.4	7.1
US Bancorp	123.1	122.8	8.4	8.8
Wachovia Corp.	103.3	100.3	8.9	9.4
Wells Fargo & Co.	118.6	120.2	8.5	8.5
US Super-regional	112.9	114.2	8.2	8.3
First Horizon National Corporation	128.9	117.0	9.3	9.4
Huntington Bancshares	106.5	107.5	9.1	9.0
M&T Bank Corp.	26.6	26.8	7.6	7.5
Marshall & Ilsley Corporation	124.0	NA	5.8	NA
Regions Financial Corp.	109.9	104.6	7.6	7.4
TCF Financial Corp.	188.5	191.8	7.8	7.9
Zions Bancorporation	111.8	109.8	7.6	7.7
US Regional	102.1	96.0	7.6	7.8
United States	93.0	93.0	8.6	8.6
Europe				
Erste Bank	115.9	117.0	8.0	8.4
Raiffeisen International Bank Holding	126.9	130.0	8.9	8.6
Austria	119.6	121.3	8.3	8.5
Commerzbank	176.6	146.2	7.5	7.2
Deutsche Bank	48.9	48.9	9.7	9.8
Deutsche Postbank	0.9	0.9	5.4	6.0
Hypo Real Estate Group	7.8	8.1	8.3	8.5
Germany	73.0	65.9	8.8	8.8

	Loan :Deposit (%)		Tier 1 Ratio (%)			Loan :Deposit (%)		Tier 1 Ratio (%)	
	08E	09E	08E	09E		08E	09E	08E	09E
Agricultural Bank of Greece	83.3	86.4	7.2	6.8	Banco de Sabadell	203.4	207.6	6.8	6.6
Alpha Bank	131.3	141.1	8.9	8.7	Banco Pastor	174.7	179.4	6.5	6.3
EFG Eurobank Ergasias	129.1	131.4	8.3	7.6	Banco Popular	222.3	222.3	7.4	7.6
Marfin Popular Bank	91.4	101.8	8.5	8.0	Banesto	114.6	118.9	6.5	6.4
National Bank of Greece	103.5	112.5	10.4	10.3	Bankinter	177.5	180.7	5.8	5.7
Piraeus Bank	138.2	141.8	9.6	8.7	BBVA	132.3	131.7	7.8	8.3
Greece	115.9	123.3	9.6	9.2	Santander	168.2	176.6	7.9	8.3
Glitnir	327.7	304.9	8.1	8.2	Spain	160.1	164.9	7.7	8.1
Kaupthing Bank	248.8	226.0	11.6	10.5	Credit Suisse Group	5530.8	5639.3	10.4	11.1
Landsbanki	141.0	52.0	10.8	10.9	EFG International	66.0	61.9	14.1	15.6
Iceland	241.6	202.8	10.6	10.0	Julius Baer Holding	56.9	62.4	14.6	17.0
Allied Irish Bank	156.7	155.7	9.3	9.4	St Galler Kantonalbank	141.2	141.2	14.2	14.6
Anglo Irish Bank	124.2	117.0	8.2	8.8	UBS AG	*	*	*	*
Bank of Ireland	160.3	152.5	7.9	7.7	Vontobel	29.2	29.2	18.7	16.8
Irish Life & Permanent	277.4	262.8	5.4	5.3	Switzerland	4254.9	4338.9	11.4	12.4
Ireland	163.1	157.4	8.3	8.4	Alliance & Leicester	159.6	147.2	8.6	8.5
Banca Pop Milano	148.8	152.2	7.6	8.1	Barclays	114.0	115.0	8.5	8.5
Intesa SanPaolo	149.3	150.1	6.3	6.3	Bradford & Bingley	163.4	156.8	9.4	8.4
Unione di Banche Italiane	188.7	192.9	7.3	7.2	HBOS	179.4	173.6	8.9	8.8
Banco Popolare	157.7	156.4	6.5	6.8	HSBC	89.5	86.3	9.0	9.0
Mediobanca	0.0	0.0	12.1	11.8	Lloyds TSB	142.0	142.0	8.7	8.7
MPS	170.5	173.9	5.9	6.0	RBS Group	126.2	125.8	9.1	8.9
UniCredit	164.7	168.5	6.6	6.7	Standard Chartered	81.0	81.0	9.8	8.3
Italy	154.1	156.4	6.8	6.8	United Kingdom	107.2	105.4	9.0	8.8
Danske Bank	217.0	221.1	8.2	8.2	Aggregates				
DnB NOR	190.5	194.1	6.9	6.6	Global Banks	199.6	202.1	8.9	8.9
Swedbank	252.2	247.6	6.8	6.9	Europe	402.2	407.8	8.5	8.5
Nordea	175.1	175.1	7.1	7.0	Europe (ex-UK)	576.0	586.0	8.1	8.3
SEB	139.6	139.6	8.3	8.2	Aggregates (inc non-Banks)				
Svenska Handelsbanken	252.1	252.1	6.0	5.8	Global Financials	199.0	201.5	9.0	9.0
Nordic	197.9	198.6	7.2	7.1	United States Financials	96.3	96.3	8.6	8.6
Banif SGPS	117.0	124.6	5.5	5.4	United States Non-banks	170.1	170.1	NA	NA
BCP	175.4	178.2	7.3	7.2					
Banco Espírito Santo SA	169.3	179.3	7.4	7.1					
BPI	138.6	138.6	7.0	7.0					
Portugal	168.2	173.3	7.3	7.1					

Source: UBS estimates. Note: Aggregates ratios are calculated on a market cap. weighted basis using a "Free Float Factor" to adjust the weighting. Where available, these aggregates have been calculated using factors obtained from MSCI/Factset, and where unavailable, the factors are source UBS. * UBS Investment Bank is currently unable to display forecast data on this company.

■ **Statement of Risk**

Sector forecasts and ratings are subject to developments in the wider economy and the macro environment. Stock prices could be negatively affected by rapid changes in interest rates or a slower-than-expected rebound in the economy, which, among other things, could result in higher loan losses and/or slower loan growth than is currently anticipated.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	57%	38%
Neutral	Hold/Neutral	36%	35%
Sell	Sell	8%	29%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	31%
Sell	Sell	less than 1%	38%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2008.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

EXCEPTIONS AND SPECIAL CASES

UK and European Investment Fund ratings and definitions are :

Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE) : Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Anglo Irish Bank ^{2d, 4b, 5b, 16b}	ANGL.I	Sell	N/A	€5.04	12 Sep 2008
Banco de Sabadell ^{2d, 4c}	SABE.MC	Sell	N/A	€5.42	12 Sep 2008
Banco Macro ^{2d, 4c, 16b, 20}	BMA.BA	Neutral (CBE)	N/A	AP6.26	12 Sep 2008
Bank Mandiri ^{2c}	BMRI.JK	Sell	N/A	Rp2,250	15 Sep 2008
Bank of America Corp. ^{2b, 4b, 5b, 6a, 6b, 6c, 7, 16b, 22}	BAC.N	Neutral	N/A	US\$33.74	12 Sep 2008
Bank of Nova Scotia ^{14, 16b}	BNS.TO	Buy	N/A	C\$47.75	12 Sep 2008
China Construction Bank ^{2d, 4c, 16a, 22}	0939.HK	Buy	N/A	HK\$5.61	15 Sep 2008
China Merchants Bank ^{2b, 3b, 4b, 5b, 16a, 22}	3968.HK	Buy	N/A	HK\$21.55	15 Sep 2008
Citigroup ^{2b, 4b, 5b, 6a, 6b, 6c, 7, 15, 16b, 22}	C.N	Neutral	N/A	US\$17.96	12 Sep 2008
Comerica Inc. ^{2d, 4c, 5b, 16b}	CMA.N	Neutral	N/A	US\$32.49	12 Sep 2008
Credit Suisse Group ^{2b, 4b, 5b, 6a, 13, 15, 16b, 22}	CSGN.VX	Neutral	N/A	CHF52.60	12 Sep 2008
Danske Bank ^{2b, 4b, 16b, 22}	DANSKE.CO	Sell	N/A	DKr140.75	12 Sep 2008
DBS Bank ^{4b, 16b}	DBSM.SI	Buy	N/A	S\$16.46	15 Sep 2008
Goldman Sachs ^{2d, 4c, 6b, 6c, 7, 15, 16b, 18a, 22}	GS.N	Neutral	N/A	US\$154.21	12 Sep 2008
HSBC ^{2b, 3a, 4b, 6a, 13, 16a, 16b, 22}	HSBA.L	Neutral	N/A	883p	12 Sep 2008
Intesa SanPaolo ^{2c, 4b, 5b, 6a}	ISP.MI	Buy	N/A	€3.91	12 Sep 2008
JPMorgan Chase & Co. ^{2b, 4b, 5b, 6b, 6c, 7, 8, 15, 16b, 22}	JPM.N	Neutral	N/A	US\$41.17	12 Sep 2008
Lehman Brothers ^{2b, 4b, 6b, 6c, 7, 16b, 22}	LEH.N	Neutral	N/A	US\$4.22	12 Sep 2008
Lloyds TSB ^{2b, 4b, 12, 16b, 22}	LLOY.L	Sell	N/A	290p	12 Sep 2008
M&T Bank Corp. ^{2b, 4b, 6a, 6b, 7, 16b}	MTB.N	Neutral	N/A	US\$78.17	12 Sep 2008
Macquarie Group Ltd ^{2a, 2b, 4a, 4b, 5a, 13, 22}	MQG.AX	Neutral	N/A	A\$39.46	15 Sep 2008
Merrill Lynch & Co. ^{2b, 4b, 6b, 6c, 7, 15, 16b, 22}	MER.N	Neutral	N/A	US\$17.05	12 Sep 2008
Mizuho Financial Group ^{2c, 4c, 5b, 22}	8411.T	Buy	N/A	¥468,000	12 Sep 2008
Morgan Stanley ^{2d, 4b, 6a, 6b, 6c, 7, 15, 16b, 18b, 22}	MS.N	Neutral	N/A	US\$37.23	12 Sep 2008
National Australia Bank ^{2b, 4b, 5a, 16b, 22}	NAB.AX	Neutral	N/A	A\$22.82	15 Sep 2008
National Bank of Greece ^{2b, 4b, 5b, 6a, 16b}	NBGr.AT	Buy	N/A	€30.30	12 Sep 2008
Raiffeisen International Bank Holding ^{4b}	RIBH.VI	Buy	N/A	€68.23	12 Sep 2008
State Street ^{2b, 4b, 6a, 6b, 7, 16b, 18c}	STT.N	Buy	N/A	US\$71.70	12 Sep 2008
Taishin Financial Holding	2887.TW	Sell	N/A	NT\$8.39	15 Sep 2008
TD Bank Financial Group ^{2e, 16b}	TD.TO	Buy	N/A	C\$62.29	12 Sep 2008

Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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