

Figure 18: Current valuation of S&P 500 banks and their fair value under our assumed 7% real CoE

Ticker	Name	DB Rating	EPS			2016 EPS Growth			PE			Book Value Per Share		P/B		ROE			Dividend			Fair Value on Assumed 7% Real CoE			Beta				
			2015 EPS	2016E EPS	2016E EPS with 8% Downside	2016E EPS Growth	2016E EPS with 8% Downside	PE on 2015 EPS	PE on 2016E EPS	PE on 2016E EPS with 8% Downside	Tangible BVPS	Book Value BVPS	Price / Tangible Book	ROE Based on 2015 EPS	ROE Based on 2016E EPS	ROE Based on 2016E EPS with 8% Downside	Indicated DPS	Dividend Yield	Dividend Payout	Dividend with 8% Downside	Fair PE	Fair P/B	Fair Div Yield	5 Year Beta	10 Year Beta	20 Year Beta	10 Year Beta 1997-2006		
BBT-US	BB&T Corp	Hold	2.57	2.99	2.75	16.3%	7.0%	12.4	10.6	11.6	35.0	22.0	0.9	1.4	7.3%	8.5%	7.9%	1.09	3.4%	36%	40%	14.3	1.0	2.8%	1.2	1.4	1.2	0.9	
BAC-US	Bank of America Corp	Buy	1.37	1.51	1.39	9.9%	1.1%	9.5	8.7	9.4	24.7	17.3	0.5	0.8	5.6%	6.1%	5.6%	0.20	1.5%	13%	14%	14.3	0.8	1.0%	1.7	1.9	1.6	1.1	
C-US	Citigroup Inc	Hold	5.39	5.35	4.92	-0.8%	-8.8%	7.5	7.5	8.2	75.1	65.7	0.5	0.6	7.2%	7.1%	6.5%	0.20	0.5%	4%	4%	14.3	1.0	0.3%	1.7	2.0	1.7	1.4	
CMA-US	Comerica Inc	Hold	2.91	3.01	2.77	3.4%	-4.9%	11.8	11.4	12.4	43.1	43.1	0.8	0.8	6.8%	7.0%	6.4%	0.86	2.5%	29%	31%	14.3	1.0	2.2%	1.3	1.5	1.3	1.0	
FITB-US	FIFTH THIRD BANCORP	Hold	2.04	1.58	1.45	-22.8%	-29.0%	7.5	9.8	10.6	20.2	16.1	0.8	1.0	10.1%	7.8%	7.2%	0.52	3.4%	33%	36%	14.3	1.4	2.5%	1.4	1.9	1.5	0.9	
HBAN-US	Huntington Bancshares In-Hold	Hold	0.81	0.87	0.80	7.7%	-1.0%	10.5	9.8	10.6	8.3	7.4	1.0	1.2	9.8%	10.5%	9.7%	0.28	3.3%	33%	35%	14.3	1.4	2.5%	1.4	1.8	1.4	0.9	
JPM-US	JPMorgan Chase & Co	Buy	5.99	6.09	5.60	1.6%	-6.5%	9.6	9.4	10.3	67.6	52.6	0.8	1.1	8.9%	9.0%	8.3%	1.77	3.1%	29%	32%	14.3	1.3	2.2%	1.4	1.6	1.5	1.4	
KEY-US	KEYCORP	Hold	1.06	1.15	1.05	8.1%	-0.5%	10.2	9.4	10.2	12.9	11.5	0.8	0.9	8.2%	8.9%	8.2%	0.30	2.8%	26%	29%	14.3	1.2	2.0%	1.4	1.8	1.4	1.0	
MTB-US	M&T Bank Corp	Buy	7.21	8.48	7.80	17.6%	8.2%	14.7	12.5	13.6	101.3	71.7	1.0	1.5	7.1%	8.4%	7.7%	2.82	2.6%	33%	36%	14.3	1.0	2.5%	1.1	1.2	0.9	0.6	
PNC-US	PNC Financial Services Gr	Buy	7.40	7.47	6.87	0.9%	-7.2%	11.3	11.2	12.2	88.7	66.7	0.9	1.3	8.3%	8.4%	7.7%	2.04	2.4%	27%	30%	14.3	1.2	2.1%	1.2	1.4	1.2	1.0	
PBCT-US	People's United Financial	Hold	0.84	0.92	0.85	9.8%	1.0%	16.9	15.4	16.7	15.6	8.7	0.9	1.6	5.4%	5.9%	5.4%	0.67	4.7%	73%	80%	14.3	0.8	5.6%	0.9	0.9	0.8	0.7	
RF-US	Regions Financial Corp	Hold	0.75	0.84	0.77	12.0%	3.0%	10.4	9.3	10.1	12.5	8.5	0.6	0.9	6.0%	6.7%	6.2%	0.25	3.1%	29%	32%	14.3	0.9	2.2%	1.7	1.8	1.4	0.8	
STI-US	SunTrust Banks Inc	Buy	3.58	3.45	3.17	-3.7%	-11.4%	9.6	10.0	10.9	46.1	31.0	0.7	1.1	7.8%	7.5%	6.9%	0.96	2.8%	28%	30%	14.3	1.1	2.1%	1.5	1.7	1.4	0.9	
USB-US	U.S. BANCORP	Buy	3.16	3.36	3.09	6.4%	-2.1%	12.4	11.7	12.7	26.3	19.1	1.5	2.1	12.0%	12.8%	11.8%	1.03	2.6%	31%	33%	14.3	1.7	2.3%	1.1	1.3	1.1	0.9	
WFC-US	Wells Fargo & Co	Buy	4.15	4.29	3.95	3.4%	-4.9%	11.5	11.1	12.1	37.9	30.2	1.3	1.6	10.9%	11.3%	10.4%	1.46	3.2%	34%	37%	14.3	1.6	2.6%	1.2	1.6	1.3	0.9	
ZION-US	ZIONS BANCORPORATION	Hold	1.20	1.86	1.71	54.8%	42.4%	18.1	11.7	12.7	36.7	31.7	0.6	0.7	3.3%	5.1%	4.7%	0.24	1.1%	13%	14%	14.3	0.5	1.0%	1.4	1.7	1.3	0.8	
CFG-US	Citizens Financial Group	Buy	1.55	1.83	1.68	18.1%	8.7%	12.9	11.0	11.9	35.3	21.3	0.6	0.9	4.4%	5.2%	4.8%	0.40	2.0%	22%	24%	14.3	0.6	1.7%	NA	NA	NA	NA	
Aggregate						3.5%	-4.8%	10.0	9.7	10.5				0.8	1.0	8.0%	8.3%	7.6%		2.4%	24%	26%	14.3	1.1	1.8%	1.3	1.6	1.3	1.0
Average						8.4%	-0.3%	11.6	10.6	11.5				0.8	1.1	7.6%	8.0%	7.4%		2.6%	29%	32%	14.3	1.1	2.2%	1.3	1.6	1.3	0.9
Max						54.8%	42.4%	18.1	15.4	16.7				1.5	2.1	12.0%	12.8%	11.8%		4.7%	73%	80%	14.3	1.7	5.6%	1.7	2.0	1.7	1.4
Min						-22.8%	-29.0%	7.5	7.5	8.2				0.5	0.6	3.3%	5.1%	4.7%		0.5%	4%	4%	14.3	0.5	0.3%	0.9	0.9	0.8	0.6

Source: IBES, Company Reports, Thomson Reuters, Deutsche Bank

