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# 5 UK banks about to release their latest results

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The Banking sector has been overshadowed by a wide variety of issues over the last 12 months, anything from fraud, rate rigging, PPI claims and high-profile court cases. That's before we even get to the dreaded B word... Brexit! With the UK listed banks heading into earning season we take a look at them now, the outlook and what the potential catalysts for direction could be.

## BARCLAYS - Reporting 21st Feb

There is a strong argument to support the fact that Barclays is possibly one of the cheapest bank stocks in the FTSE, with a forward PE of 7. When you run that PE ratio in comparison to international peers it is certainly an appealing prospect. The price to tangible book ratio is even more compelling and points towards the possibility the share price could easily double from here, given the right catalyst of course. The figures will offer more guidance and direction as to how realistic this is. This is all very bullish, but this hasn't fuelled the move up as strongly as shareholders would expect, largely due to the fact that profitability has remained depressed and Brexit uncertainty weighs heaviest on the domestic banks.

Key Fundamentals	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Revenue (£ m)	36883	32278	31803	27747	27056
Pre-Tax (£ m)	2924	2220	2026	3160	3471
EPS	3.80p	-0.70p	-1.90p	10.40p	-10.30p
PE	71.57	n/a	n/a	24.03	58.11
PEG	n/a	n/a	n/a	n/a	n/a
EPS Growth	n/a	n/a	n/a	n/a	n/a
Dividend Cover	0.58	-0.11	-0.29	3.1	1.17
Dividend Yield	2.39%	2.67%	2.97%	1.34%	1.47%

Ticker			BARC
Average Broker Rating			Strong Buy
Average Target Price			206.75p
05-Feb-19	Numis	Hold	160p
04-Feb-19	Deutsche	buy	207p
06-Dec-18	RBC Capital Markets	Sector perform	220p
29-Nov-18	UBS	Buy	240p



## RBS - Reporting 15th Feb

Being the most embattled UK bank and the one that is still largely held by the UK Government. The state currently owns just over 62%, valuing its holding at about £18.4 billion and plan to exit its shareholding by 2024. A consensus of City analysts is forecasting the bank will see bottom line profits nearly double when it reports and there is a general view that the government will look to sell off more of its stake after the figures. There are also suggestions it could offer them at a discount to counteract any Brexit uncertainty, making for an interesting proposition. That is if the figures read ok. The key numbers to look for in these figures are the continuation of sustainable growth and obviously any words on contingency plans with Brexit.

Key Fundamentals	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Revenue (£ m)	26458	19846	16890	15945	16063
Pre-Tax (£ m)	-8243	2643	-2703	-4082	2239
EPS	-80.30p	-30.10p	-17.20p	-59.50p	6.30p
PE	n/a	788.8	n/a	n/a	43.84
PEG	n/a	n/a	n/a	n/a	n/a
EPS Growth	n/a	n/a	n/a	n/a	n/a
Dividend Cover	n/a	n/a	n/a	n/a	n/a
Dividend Yield	n/a	n/a	n/a	n/a	n/a

Ticker			RBS
Average Broker Rating			Strong buy
Average Target Price			295p
05-Feb-19	Numis	buy	300p
06-Dec-18	RBC Capital Markets	Sector perform	280p
29-Nov-18	UBS	Buy	300p
29-Oct-18	Deutsche	Buy	300p

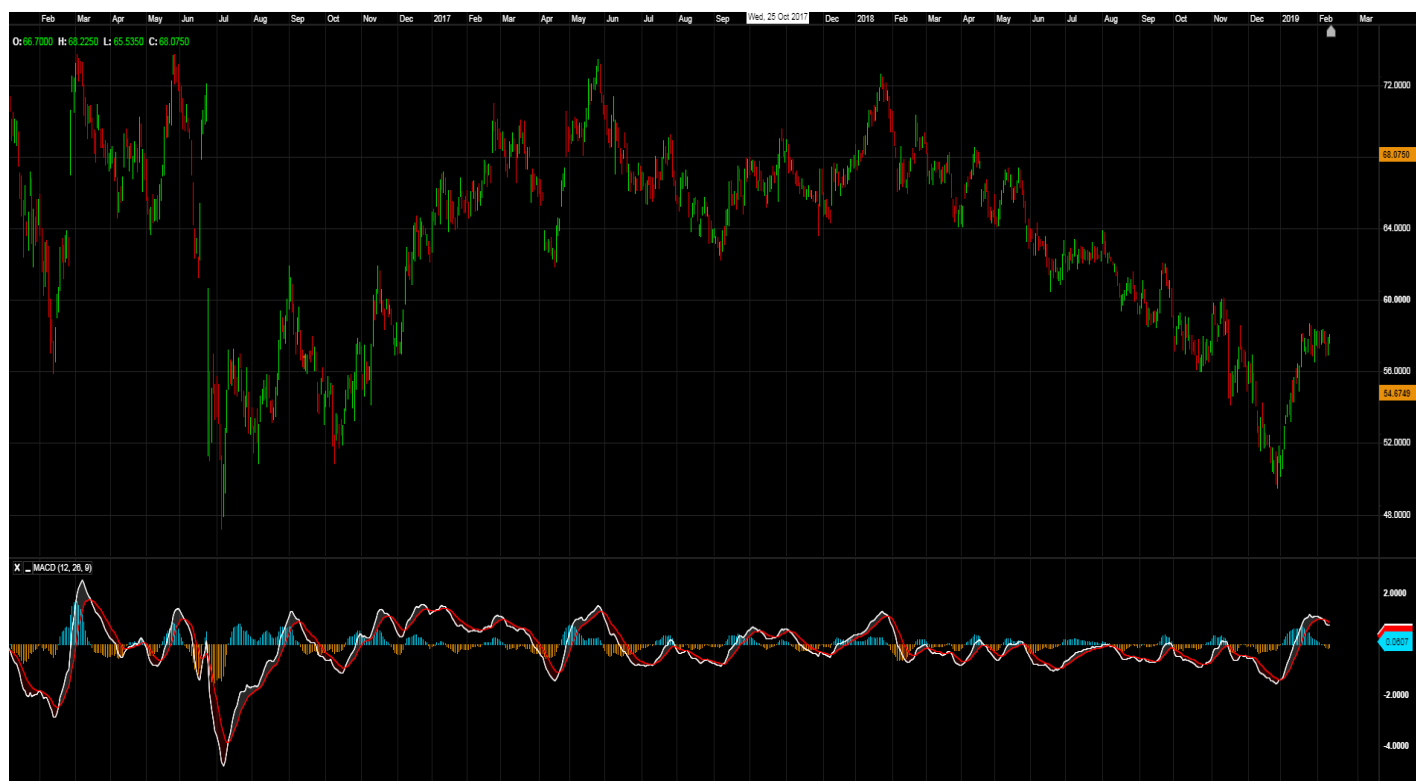


## Lloyds - Reporting 20th Feb

Lloyds return to boring banking has been heralded as a strong stroke of business acumen and once the PPI cash machine has closed it could easily see Lloyds run on from here. Their last figures impressed despite still suffering with a fresh PPI hit of £550m. With pre-tax profits also up 23% it would seem they have set the bar high. Investors will be firmly fixed on the flow of the PPI payments as well as looking to see a continuation of the strength in the pre-tax profits.

Key Fundamentals	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Revenue (£ m)	53195	39845	30889	48313	40713
Pre-Tax (£ m)	415	1762	979	3888	5275
EPS	-1.20p	1.70p	0.80p	2.40p	4.40p
PE	n/a	44.6	91.34	26.05	15.36
PEG	n/a	n/a	-1.73	0.13	0.18
EPS Growth	n/a	n/a	-52.94%	199.18%	83.84%
Dividend Cover	-1.21	2.27	0.29	0.79	1.44
Dividend Yield	1.26%	0.99%	3.76%	4.88%	4.51%

TICKER			LLOY
Average Broker Rating			Strong Buy
Average Target Price			76p
05-Feb-19	Numis	hold	54p
05-Feb-19	RBC Capital Markets	Outperform	80p
29-Nov-18	UBS	Buy	80p
19-Nov-18	Barclays	Overweight	90p



## Standard Chartered - Reporting 26th Feb

Listed in London and Hong Kong and with a stronger global presence you would be forgiven for thinking that growth and upside would be stronger. The Brexit uncertainty however weighs on all UK banks regardless of their overall operations. In previous figures Standard Chartered have pointed towards increased US interest rates boosting revenue, and with the further US interest rate increases this could easily fuel further growth. They have suffered a couple of high-profile legal cases over the last 12 months, from fixing the RAND to the investigation into the potential breach of sanctions for Iran controlled entities. Both faces potentially large fines, which could easily scupper the banks plans to return capital to investors. We feel there is a high probability of this being more detailed in the figures and having the potential to overshadow any positives.

Key Fundamentals	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Revenue (\$ m)	25920	25035	21168	19679	21377
Pre-Tax (\$ m)	5838	3987	-1715	446	2147
EPS	164.40¢	102.20¢	-91.90¢	-14.50¢	23.50¢
PE	13.65	14.7	n/a	n/a	44.12
PEG	-0.78	-0.39	n/a	n/a	n/a
EPS Growth	-17.45%	-37.83%	n/a	n/a	n/a
Dividend Cover	1.91	1.19	-6.71	n/a	1.07
Dividend Yield	3.83%	5.72%	1.64%	n/a	2.12%

Ticker			STAN
Average Broker Rating			Neutral
Average Target Price			765p
01-Feb-19	Berenberg	Buy	800p
29-Nov-18	UBS	neutral	595p
16-Oct-18	JP Morgan	Overweight	900p
29-Oct-18	Deutsche	Buy	300p



## HSBC - Reporting 19th Feb

HSBC, the worlds local bank, a marketing stroke of genius from the Honk Kong and Shanghai Banking Corporation. The company is well positioned globally, but that does not offer total immunity to the tempered view on UK banks over the last 12 months. They offer a good opportunity to have exposure to the growth expected in the Asian economies. This has fuelled them where the UK domestic banks have failed, but it will be interesting to see if the growth can be sustained, especially with the slowdown in Asian economies over the last 12 months. The last set of figures certainly impressed with the firm reporting pre-tax profit increase of 28% thanks to "strong revenue growth and lower operating expenses". They also offer the income investor a decent dividend yield, decent for a bank anyway, however there has been a lot of concerns about slowdowns in china and the main concern here will be how it translates to the figures.

Key Fundamentals	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
Revenue (\$ m)	99854	96963	91617	77683	82012
Pre-Tax (\$ m)	20240	16148	16311	4758	14792
EPS	84.00¢	69.00¢	65.00¢	7.00¢	48.00¢
PE	13.01	13.76	12.21	115.43	21.28
PEG	0.94	-0.77	-2.11	-1.29	0.04
EPS Growth	13.82%	-17.86%	-5.80%	-89.26%	587.59%
Dividend Cover	1.71	1.38	1.27	0.14	0.94
Dividend Yield	4.48%	5.27%	6.43%	6.31%	4.99%

Ticker			HSBA
Average Broker Rating			Neutral
Average Target Price			654.5p
05-Feb-19	Numis	hold	575p
29-Nov-18	UBS	neutral	665p
30-Oct-18	Citigroup	neutral	660p
30-Oct-18	Deutsche	hold	718p



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