

The biggest financial sector deals of
the year

Asia Pacific - 2015

Portfolio Lead Advisory Services



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Table of Contents

	Content	Page
1	Market Update – AsiaPac	4
2	Market Overview – China	8
3	Market Overview – Australia	14
4	Market Overview – Hong Kong	19
5	Market Overview – Japan	24
6	Market Overview – Korea	29
7	Market Overview – Indonesia	35
8	Market Overview – Thailand	40
9	Market Overview – Taiwan	44
10	Market Overview – Philippines	48
11	Market Overview – Vietnam	53
12	Glossary	58
13	Appendix	60
14	Appendix I Other Transactions in AsiaPac	61
15	Appendix II Sub \$50m Transactions in China	63
16	Appendix II Sub \$10m Transactions in AsiaPac	64

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Market Update – AsiaPac

AsiaPac 2015

Deloitte research confirms that financial sector based deal flow in Asia Pac exceeded \$70bn in 2015 with almost 200 transactions brought to market

Market update

The world economy has slowed down significantly. Volatility in China and Europe, high sustained unemployment levels especially in Europe, falling commodity prices and geopolitical issues such as migration, civil conflict and terrorism are all damaging the prospects of a global recovery.

Certain developed countries saw growth improvement in 2015, notably the US, UK and Japan but the economy for each is fragile and continued growth uncertain.

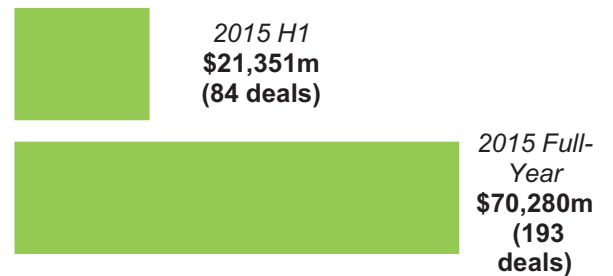
With regards Asia and Australasia, according to The Economist Intelligence Unit, growth remained at 4% in 2015 impacted by the slowdown in China. Notwithstanding the weak demand of key trading partners, growth for the region is forecast to increase to 4.1% in 2016 as many countries are benefiting from lower oil prices and better economic conditions before falling to an average of 3.9% a year through 2017 – 2020 due to lower investment spending.

Despite the softer economic backdrop, 2015 was the busiest year ever for mergers and acquisitions, with global M&A volume surpassing \$5 trillion, according to Dealogic. In this inaugural Deloitte report, we focus on Asia Pacific and, specifically, the financial services sector covering both equity and asset transactions (loan portfolios). The types of businesses covered in our analysis include banks, leasing companies, auto, consumer and micro-finance businesses and credit card companies.

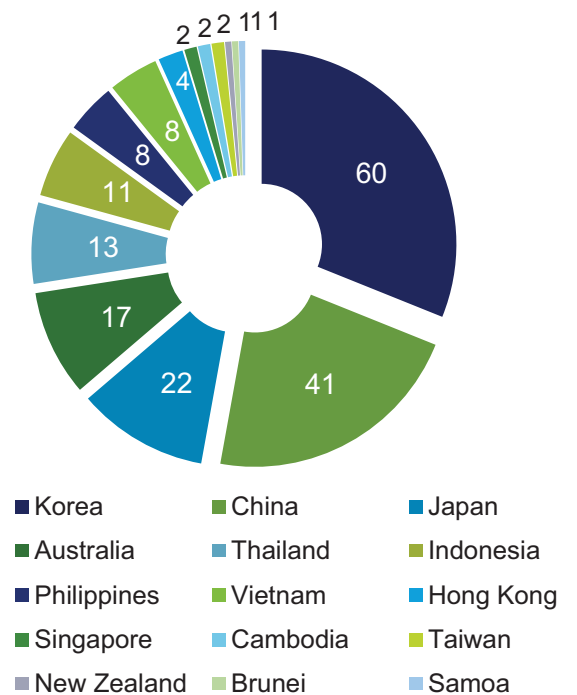
In 2015, we saw almost 200 transactions covering more than \$70bn of deal value brought to market. Most of the markets in AsiaPac saw some financial sector deal activity during the year.

Without doubt, it is the Chinese market where activity has been the most significant (in terms of value), with more than \$22bn of deal value from 41 transactions representing 32% of the region's deal value.

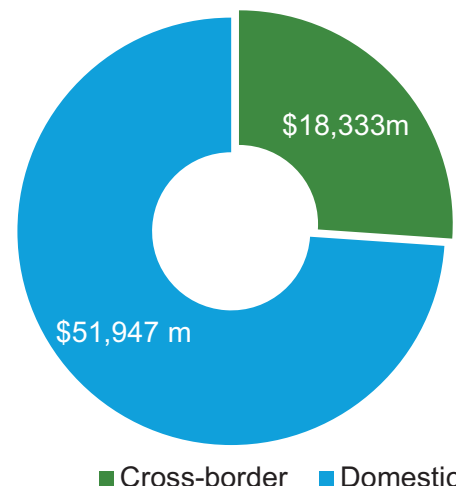
Activity by year (Announced Deals)



Number of announced deals 2015



Activity by type (Deal Value)



Source: Mergermarket, Deloitte research

At the opposite end of the spectrum, we found no reported transactions in Malaysia and only single deals in Brunei, New Zealand and Samoa.

The most common type of transaction was a bank acquisition with \$33.4bn of deal value compared to \$14.7bn of portfolio trades and \$13.5bn relating to leasing assets.

In terms of an attractive market for foreign investors, Indonesia was the most appealing with ten cross border transactions.

We are mindful that not all trades are publicly announced especially in the loan portfolio space and for some disclosed transactions, deal value was not provided. For loan portfolios, we have included data received from clients, market participants and the Deloitte network whereas for equity transactions, our research is limited to Deloitte public research sources (Mergermarket).

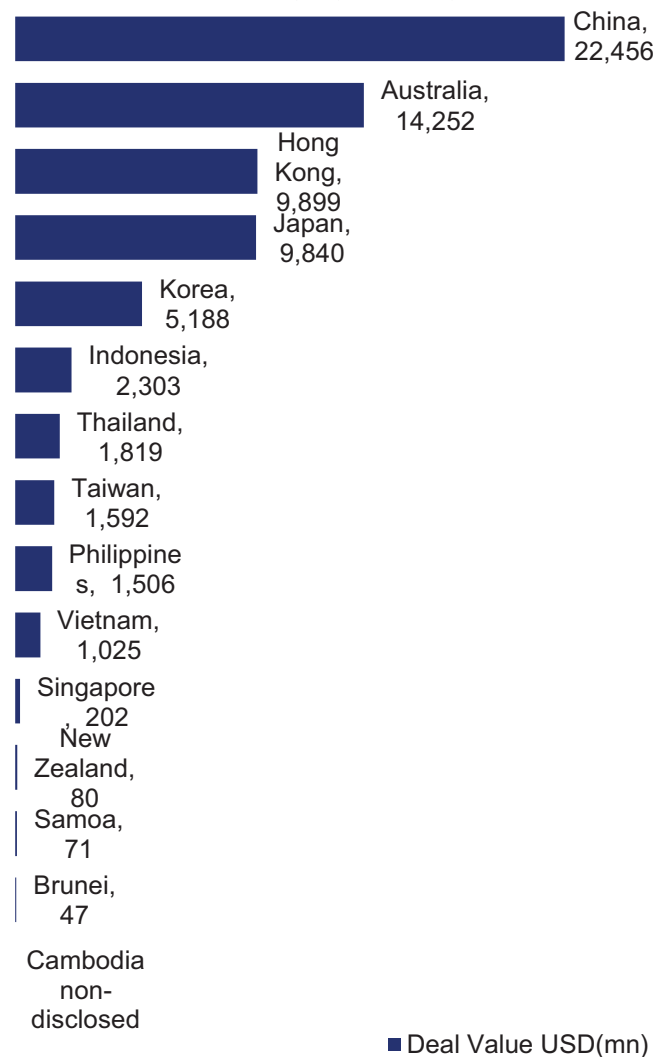
Notwithstanding the continued weakness of the global economy, we expect greater deal flow in 2016 than 2015 as banks search for better returns in a low / negative interest rate environment in the region.

We do not expect significant inward activity from European and US financial institutions into Asia Pacific but anticipate Japanese and Chinese banks continuing to look for strategic investments and Japan-based financial investors seeking investments in NPL books in the region, especially Thailand.

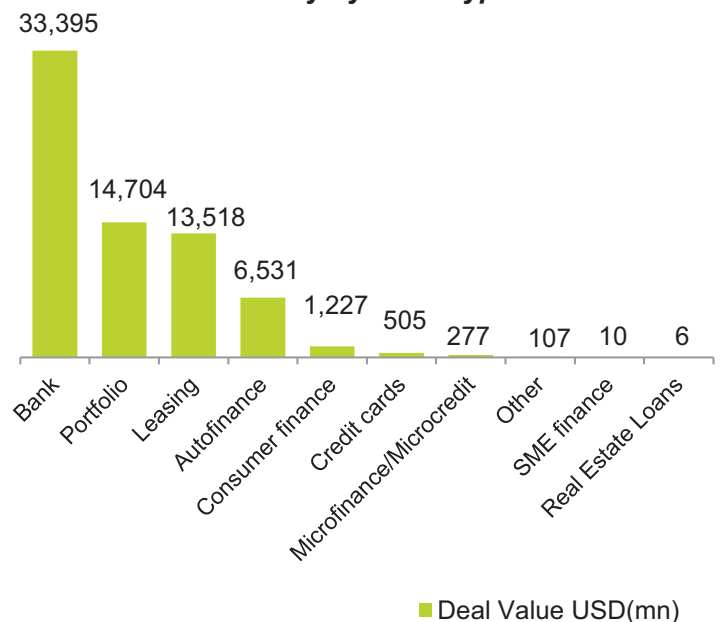
Other countries where we predict further activity, beyond the four largest countries shown opposite, include Indonesia and Philippines, as a result of regulatory change which encourages foreign direct investment into the respective banking sectors.

Regards,
Jonathan Daniel
Tokyo

Activity by country

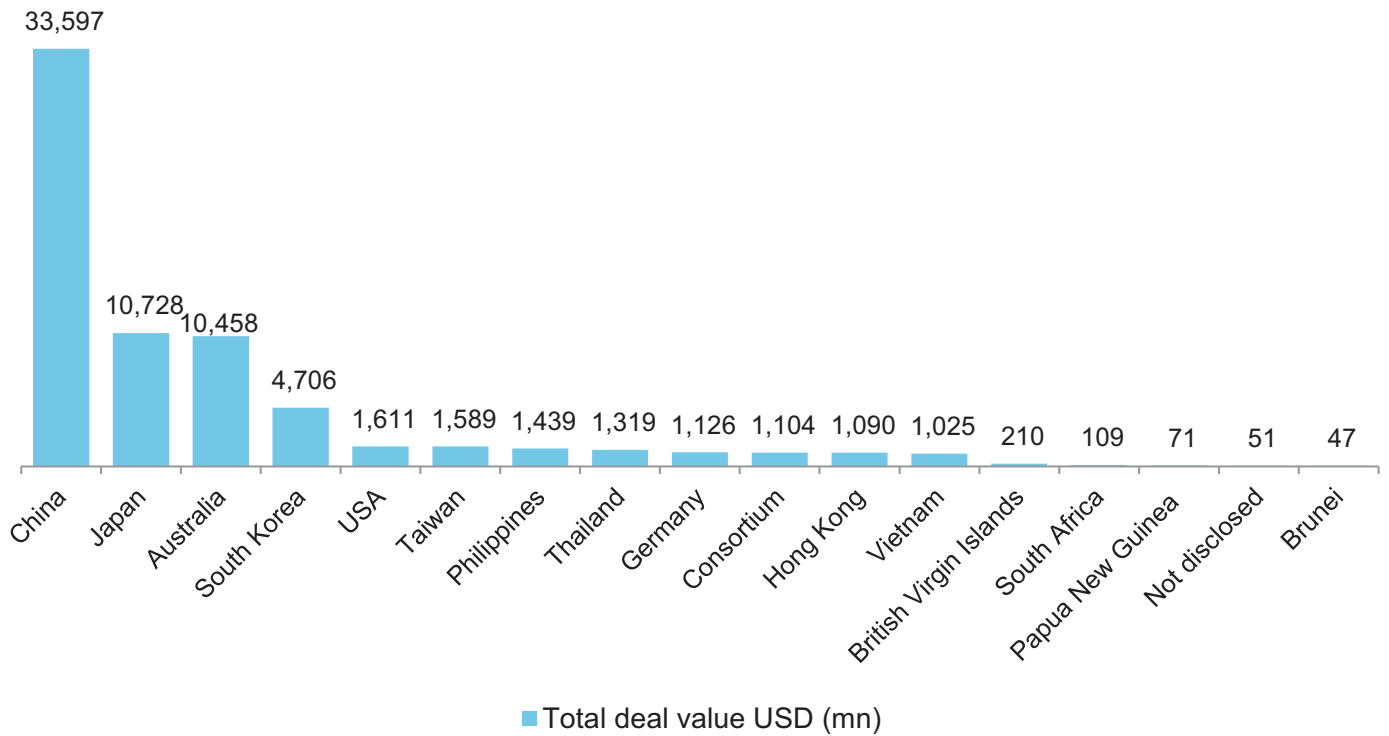


Activity by asset type

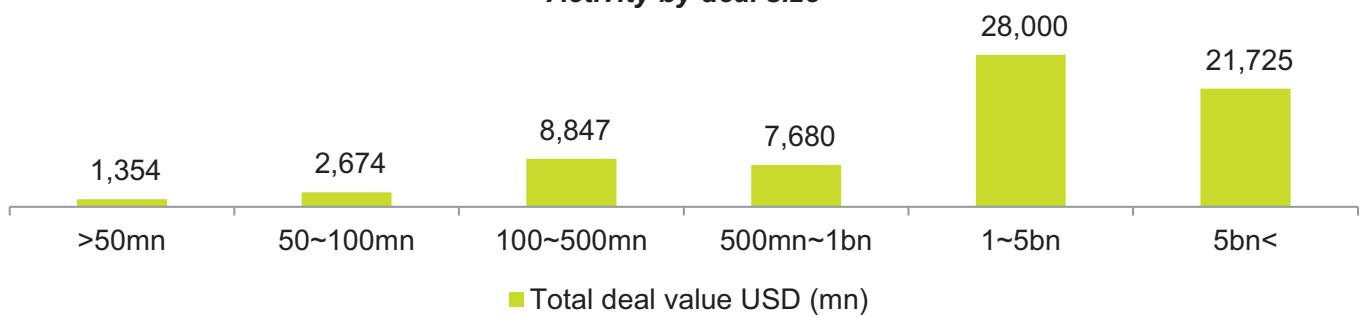


Source: Mergermarket, Deloitte research

Buyers by country



Activity by deal size



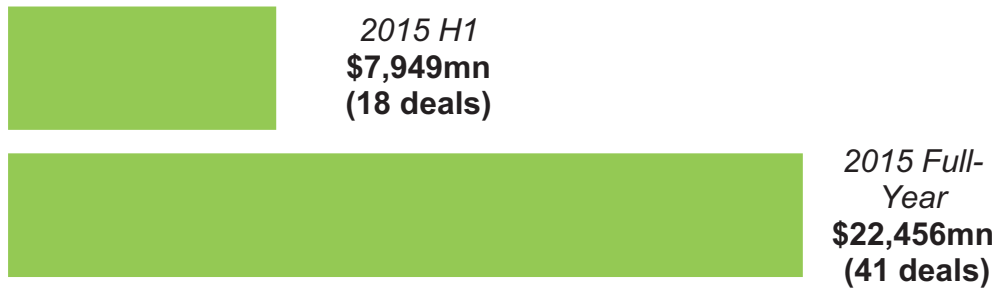
Source: Mergermarket, Deloitte research

Market Overview China

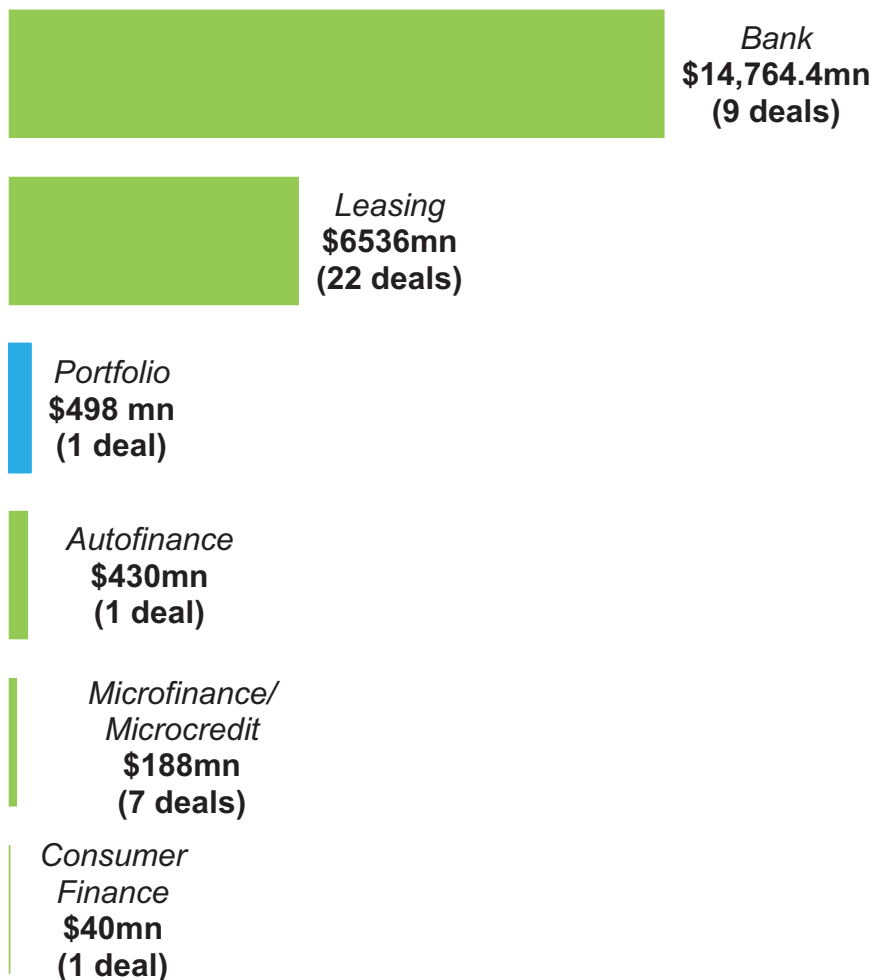
China

China's \$22bn of deals represents almost a third of the total deal value for the region

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

China

Market Overview

Macroeconomic Overview

The fiscal deficit is set to widen as the government tries to stimulate the slowing economy by raising spending. EIU predicts that the economy will expand by an average 5.3% per annum for the period 2016 – 2020. In 2015, annual GDP growth was 6.9% and 6.5% is expected for 2016 as a result of the strong housing market and property development. Consumer spending should slow down in line with lower growth levels and lower wage inflation.

The fiscal position for China will deteriorate in 2016 - 2020 as it seeks to spend its way towards greater growth. Government is targeting annual economic growth of 6.5% - 7% per annum in order to meet the goal of doubling GDP by 2020 over its 2010 level. To achieve this target, the central bank reduced interest rates but this runs the risk of excessive credit growth. The level of outstanding domestic credit grew by 23.7% in 2015 although EIU expects that credit growth will recede in 2018 - 2020.

Inflation of 1.5% in 2015 is expected to increase to 2.1% for 2016 - 2020 due to imported inflation (as the renminbi weakens) and higher commodity prices from beginning around 2017, especially oil which has a big influence on local food and transport costs. Inflation would be even higher if not for the industrial overcapacity.

Unemployment was 4% at the end of 2015 and is expected to remain below 4.5% to 2020. The population of China is 1.4 bn. There is the threat of greater unemployment due to the industrial overcapacity but government will seek to limit redundancies and avoid social unrest.

Housing prices continue to grow in selected cities and contribute to development activity. Housing price growth is being fanned by less stringent mortgage and down payment policies.

Car sales rose sharply in 2015 after the sales tax on small vehicles was lowered.

The implicit government support for its banks and deposit guarantees should protect banks from any collapse notwithstanding increasing NPLs. These NPLs are likely to be corporate positions as household leverage is low.

Banking Industry

Stress in the banking sector will increase in 2016 - 2020 with an increase in NPLs following China's post 2008 lending surge. The NPL ratio was 1.67% at the end of 2015 and totaled \$196.6bn according to a Reuters report although some people consider this to be understated. State owned asset management companies will continue to acquire NPLs from the state owned banks.

The shadow banking market is expected to continue to grow and the regulators will seek to increase their oversight towards this subsector.

The aging population will create opportunities for new savings and pension products to be designed by the banks.

Chinese banks are some of the largest in the world in terms of market capitalization. Much of their lending has been to state owned businesses or local governments and the 2008 - 2012 period saw excessive and aggressive lending. As a result, concerns with the serviceability of such debt in an economy with lower growth now exist. Extend and pretend lending decisions may increase at the expense of hard defaults.

A downturn in real estate prices could hit NPL levels but the government continues to promote real estate prices with its relaxed lending criteria, for example the deposit requirement for first time buyers was reduced from 25% to 20%.

During 2015, the Chinese government announced that it would permit the establishment of more privately owned banks and that it had received more than 40 applications. At the moment, the biggest state owned banks (ICBC, China Construction Bank, the Agricultural Bank of China and Bank of China) effectively operate as a monopoly. Foreign banks are marginal players with the exception of those that have focused on wealth management products.

We expect that there will be greater overseas investment among the Chinese banks than that seen in the first part of the decade.

2015 at a Glance

The Chinese market was the most active of all the countries covered in this report with 41 deals worth \$22.45bn.

The majority of the activity related to leasing businesses but the largest transactions involved banks.

The largest transaction in 2015 was the purchase of a 17% stake in the state-owned China Postal Savings Bank by an investment group led by China Life Insurance Company Limited and including UBS, Temasek, JP Morgan, IFC, DBS and Temasek, among others. China Postal Savings Bank is the 6th largest lender in China (by assets) and is expected to launch an IPO in 2016. It has approximately 40,000 branches, twice that of ICBC, China's largest lender by assets and 490mn customers. The Bank's management advised that "Postal Savings Bank needs to enhance its high-risk management capabilities as it faces complicated global and economic changes". It was reported that JP Morgan would provide support and expertise to the Bank as part of the deal.

Another Chinese insurance company and another bank. PICC Property and Casualty Company Limited bought Deutsche Bank's entire position in Huaxia Bank Co Limited for \$3.973bn. Deutsche had acquired its stake in 2006 but as the Bank began to execute its new strategic agenda, which included approximately 9,000 job redundancies and business divestments in 10 countries, a sale of Hua Xia was considered appropriate. Deutsche advised that China remains a key growth market for the Bank. Hua Xia Bank Co Limited is primarily a retail bank and is focusing on the SME sector.

In addition to Deutsche reducing some of its exposure to China, Spain's second largest bank, BBVA, received \$1.695bn from a property developer for a 4.9% equity stake. The Spanish bank still holds 4.7% in CITIC. In 2013, BBVA owned more than 10% of CITIC but has been reducing its exposure to China (as have other foreign banks, BAML and Goldman Sachs) through this and other sales.

In the leasing sector, the largest transaction involved Tianjin Bohai Leasing (an infrastructure leasing business and reported to be the world's largest container leasing

business) and its acquirer, HNA Capital, a banking, leasing (top 4 in China's aviation industry) and financial services conglomerate.

In December, China Shipping Container Lines, China Shipping Group Company (COSCO) and COSCO Pacific announced a large-scale restructuring and consolidation due to the decelerating economy and stagnation within the container shipping market. The restructuring, which involved four listed companies, seven stocks and 70 asset transactions, will create the world's fourth largest container line company. As part of the transaction CSCL acquired COSCO's 13.67% equity in China Bohai Bank for \$847m. China Bohai Bank is a commercial bank in Tianjin.

With regards to loan portfolio transactions, RBS announced the sale of its Chinese corporate loan portfolio (GBV \$594m) to China Construction Bank for \$498m. The same bank earlier in the year had acquired an Australian loan portfolio from RBS.

China

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	JIC Leasing Co., Ltd. (25%)	Jun-15	Leasing	China Merchants China Direct Investments Limited; Carlyle Asia Growth Partners IV, L.P.		155
Domestic	Huaxia Bank Co Limited (19.99%)	Dec-15	Bank	PICC Property and Casualty Company Limited	Deutsche Bank AG	3,973
	China Shipping Leasing Co., Ltd.	Dec-15	Leasing	China Shipping Container Lines Company Limited	China Shipping (Group) Company	283
	China Shipping Investment Co., Ltd.		Leasing		China Shipping (Group) Company	537
	China Bohai Bank (13.67%)		Bank		China Ocean Shipping (Group) Company	847
	China Shipping Finance Company Limited (40%)		Leasing		China Shipping (Group) Company	79
	Jiangsu Runxing Financing Leasing Co Ltd (75%)		Leasing	Baota Industry Co Ltd	Xie Zhikun (Private Investor)	291
	China Postal Savings Bank (16.92%)	Dec-15	Bank	An investment group led by China Life Insurance Company Limited		7,027
	Bank of Hebei Co., Ltd. (8.78%)	Dec-15	Bank	Nanjing Chixia Development Co., Ltd.	Nanjing Chixia Construction Group	217
	Beijing Jingcheng International Financing and Leasing Co., Ltd. (75%)	Nov-15	Leasing	Beijing Jingcheng Machinery Electric Company Limited	Beijing JingCheng Machinery Electric Holding Co Ltd	58
	Fujia Financing and Leasing Co., Ltd. (75%)	Nov-15	Leasing	Zhejiang Kangsheng Co., Ltd.	Xie Zhikun (Private Investor)	106
	Shenzhen Carle Finance Co Ltd (60%)	Oct-15	Bank	Beijing Kingee Cultural Development Co Ltd	Shenzhen Carle Jewellery Co Ltd	76
	Huazhong Financing and Leasing Co Ltd	Sep-15	Leasing	Jiangsu Fasten Co Ltd	Zhongzhi Capital Management Co., Ltd.; China Profit Investments Limited	332
	CITIC Bank International (China) Limited (100%)	May-15	Bank	CTBC Financial Holding Co., Ltd.	CITIC Bank International Limited	384
	Fenghui Leasing Co Ltd	Apr-15	Leasing	Goldleaf Jewelry Co Ltd	An investor group led by Anhui Shengyun Machinery Co Ltd	1,632
	Bohai Leasing Co Ltd (42.44%)	Apr-15	Leasing	An investment group led by HNA Capital Holding Co Ltd		2,616
	Bank of Shanghai Co Ltd (3.7%)	Apr-15	Bank	TCL Corporation		545
	Bank of Deyang (58.14%)	Mar-15	Bank	China Great Wall Asset Management Corporation		
	Chongqing Auto Finance Co Ltd (80%)	Feb-15	Autofinance	Chongqing Changan Automobile Company Ltd ; China South Industries Group Corporation; China South Industries Group Finance Co Ltd		430
	Anhui Dexin Financing Guarantee Co Ltd; Hefei Deshan Small Claims Loans Co Ltd (55.83%); Anhui Derun Leasing Co Ltd (60.75%); Anhui Dehe Pawnshop Co Ltd (68.86%); Anhui Dezhong Finance Information Services Co Ltd (67.5%)	Jan-15	Leasing	Anhui Chaodong Cement Co Ltd	An investor group led by Anhui Xinli Investment Co Ltd	273
	China CITIC Bank Corporation Ltd. (4.9%)	Jan-15	Bank	Xinhu Zhongbao Co Ltd	Banco Bilbao Vizcaya Argentaria S.A.	1,695
Sub-total						21,556
Deals sub \$50m						402
TOTAL						21,958

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Portfolio	RBS Loans	Sep-15	Portfolio	China Construction Bank	RBS	498
TOTAL						498

Source: Mergermarket, Deloitte research

Market Overview Australia

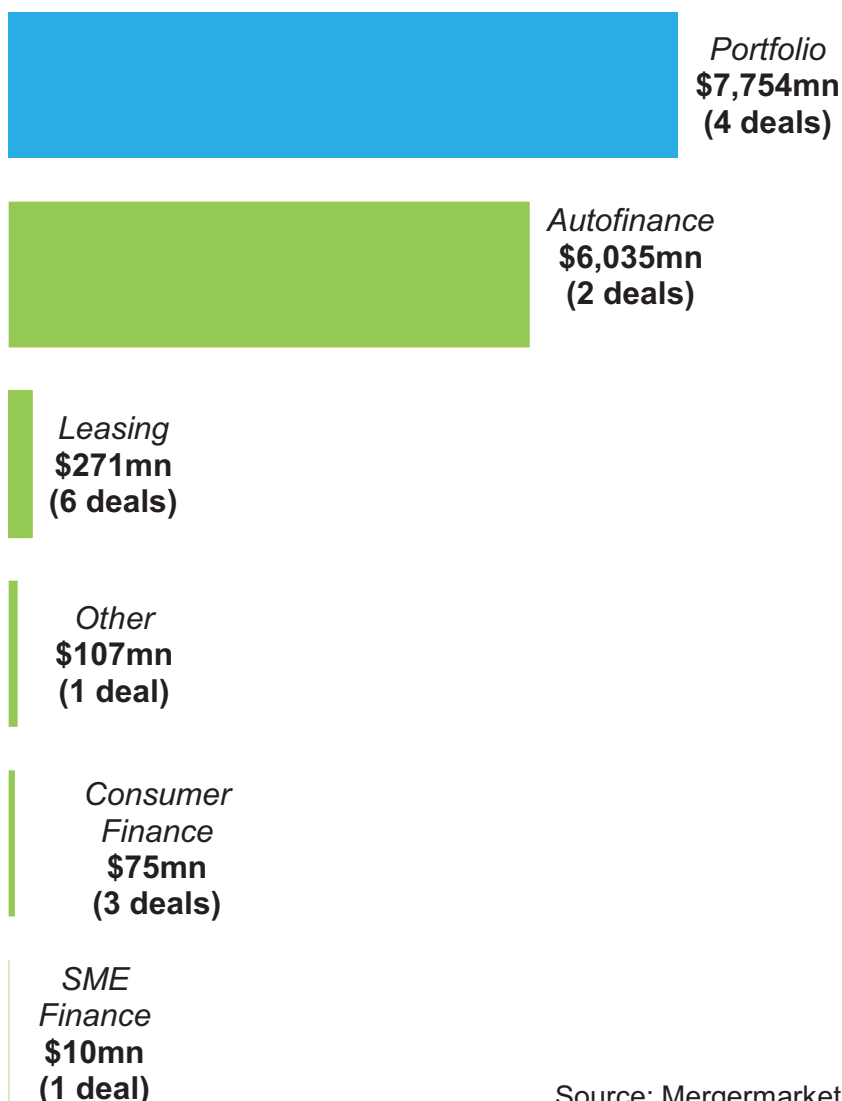
Australia

There were no bank transactions in 2015 and auto finance was a key asset class along with other forms of leasing

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Australia

Market Overview

Macroeconomic Overview

The central bank is likely to keep its official cash rate at 2% until Q1 2017 (it was cut in 2015 by 50 basis points) when EIU expects the bank to begin to tighten monetary policy.

Real GDP growth for 2015 was estimated by EIU to be 2.3%. It is expected to average 2.6% per annum for 2016 - 2020. Consumer and government spending both contributed to the growth.

Unemployment was 5.8% in December 2015 (the population is 23.9mn) and is expected to drop to 5.3% by 2020.

From 2016 - 2020, the mining sector is likely to be a key concern for government as investment in the sector contracts and government revenues decline due to the declining commodity prices of gold, iron ore, copper and liquefied natural gas. The transition from investment in the sector to production and extraction will need to be carefully managed. There have been a number of planned projects cancelled or deferred which has impacted regional employment levels.

The government is trying to control house price increases in Sydney and Melbourne via increased interest rates for real estate investors and those with interest only real estate loans. Real estate investors accounted for 54% of new loans in May 2015 although this has since reduced to 46%. EIU expects house prices to ease in 2016 due to the lower levels of real estate lending and this could impact consumer spending.

Private consumption should still grow in 2016 - 2017 with increased household wealth (largely through house prices) as well as higher wages and lower unemployment promoting greater discretionary spend. Private consumption is expected to grow by 2.8% per annum to 2020, according to EIU.

Banking Industry

The banking sector functions well with domestic and foreign banks both competing for services. The sector employed 3.3% of the labour force as of August 2015 and accounted for almost 9% of GDP.

As of December 2015, there were 157 authorized deposit taking institutions in Australia which include local banks, building societies, credit unions, foreign banks and branches.

The four biggest domestic players are: Commonwealth Bank of Australia, National Australia Bank, Westpac and Australia and New Zealand Bank.

Growth in consumer credit has been driven by a culture for home and car ownership. The level of private sector credit to GDP was 158% in 2014 (up from 109% in 2000 but below the 187% peak in 2009). Consumer lending is expected to grow at an average of 4.5% per annum from 2016 – 2020. In addition to mortgages, credit cards are also widely used as the foreign banks are particularly active.

Corporate borrowing has been less aggressive following the global financial crisis and banks have been reluctant to lend. However, lending to corporates has grown recently and as at December 2015, the outstanding stock of business credit was 6.8% above December 2014 levels.

Exposure to residential lending is a risk for the banks. The big 4 banks cover 80% of mortgage lending and there are concerns of a real estate bubble, especially in Sydney. NPLs are relatively low and the official NPL ratio as of December 2015 was 1%.

2015 at a Glance

The most significant deal in Australia was Macquarie Group's acquisition of Esanda Finance from ANZ. Esanda provides vehicle finance for consumers and businesses. The consideration was \$5.926bn. For ANZ it was deemed a non-core divestment whereas for Macquarie it supplements existing similar businesses. Upon completion, Macquarie Leasing's vehicle finance portfolio will increase from c\$6.5bn to \$12bn.

Macquarie Group invested a further \$4bn in acquiring a leasing portfolio of 90 aircraft from AWAS Aviation Capital Limited.

Other leasing transactions include:-

- Monash Private Capital acquiring Alleasing Pty Ltd for an estimated \$134mn from CHAMP Private Equity. Alleasing focuses on agricultural, healthcare and manufacturing assets.
- SG Fleet Group Limited (a listed fleet management business previously a CHAMP Ventures investment) invested \$109mn in nlc Pty Ltd an autofinance business. SG Fleet manages in excess of 83,000 assets in Australia, New Zealand and UK. Nlc Pty Ltd

In the loan portfolio space, there were some high profile 'non-core' transactions in Australia with four divestments by GE Capital totalling \$9bn of assets according to management and one by RBS.

The RBS portfolio, which was understood to include \$1.5bn of high quality assets, was acquired by China Construction Bank.

The GE Capital books (where disclosed) include; \$6.1bn of credit cards and personal loans in their consumer finance business were acquired for \$0.917bn (a further \$5.35bn of debt acquired in the deal will be securitised) by a consortium including Deutsche, KKR and Varde while the commercial lending and leasing book was sold to Sankaty for \$1.337bn.

We do not expect there to be any sizeable non-core transactions in 2016 as most of the foreign banks that were looking to exit or deleverage have now done so.

Australia

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	nlc Pty Ltd	Nov-15	Autofinance	SG Fleet Group Limited	Lanlow (Pty) Ltd.; NLT (Pty) Ltd.; D Wilson Holdings (Pty) Ltd.; Mfsquared (Pty) Ltd.	109
	Australian Spot Loans Group of companies	Apr-15	Consumer finance	Southern View Finance Ltd		
Domestic	Platform Finance and Leasing Group Pty Ltd (60%)	Dec-15	Leasing	Armidale Investment Company Limited		17
	Bibby Financial Services Australia Pty Ltd	Nov-15	Other	Scottish Pacific Group	Bibby Line Group Limited	107
	Esanda Finance Corporation Limited (Dealer finance business)	Oct-15	Autofinance	Macquarie Group Limited	Australia and New Zealand Banking Group Limited	5,926
	Alleasing Pty Ltd	Oct-15	Leasing	Monash Private Capital Pty Limited	CHAMP Private Equity Pte Ltd	134
	Force Corp	Aug-15	Leasing	Coates Hire Limited		32
	United Financial Services Group	Jul-15	Consumer finance	McMillan Shakespeare Limited		31
	Hofco Oilfield Services Pty. Ltd.	May-15	Leasing	Undisclosed bidder	Titan Energy Services Limited	11
	Cashflow Finance Australia Pty Ltd	Apr-15	SME finance	CML Group Limited		10
	Direct Money Pty Ltd	Mar-15	Consumer finance	Basper Limited		44
	Rentco Pty Ltd	Mar-15	Leasing	Emeco Holdings Limited		63
	CQ Group Heavy Haulage and Cranes Pty Ltd.	Jan-15	Leasing	NQ Group Pty Ltd		14
	Sub-total					
Deals sub \$10m						—
TOTAL						6,498

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Portfolio	General Electric Company (Australian and New-Zealand Commercial Lending and Leasing portfolios)	Nov-15	Portfolio	Sankaty Advisors, LLC	General Electric Company	1,337
	Corporate	Jun-15	Portfolio	CCB International	RBS	1,500
	GE Money Australia & New Zealand	Mar-15	Portfolio	Deutsche Bank AG; Kohlberg Kravis Roberts & Co. L.P.; Varde Partners, Inc.	GE Capital Corporation	917
	AWAS Aviation Capital	Mar-15	Portfolio	Macquarie Group Limited		4,000
TOTAL						7,754

Source: Mergermarket, Deloitte research

Market Overview Hong Kong

Hong Kong

HK had the largest transaction last year with China Cinda AMC paying almost \$9bn for Nanyang Bank

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Hong Kong

Market Overview

Macroeconomic Overview

The Hong Kong economy saw GDP growth of 2.4% for 2015. Services are the main contributor to GDP, predominantly financial services and insurance. Real GDP for 2016 is forecast to be 1.9% according to EIU.

The Chinese government grants Hong Kong preferential access to mainland China for trade and investment. Notwithstanding the reduced investment and trade volumes with China, real GDP still grew in Hong Kong due to strong household consumption in 2015. While China's growth eased, the Chinese economy is still growing and the import of services will continue to support Hong Kong's economy and average annual growth of 2.8% is expected for 2016 - 2020.

The seasonally adjusted unemployment was 3.3% with a population of 7.3mn.

The government is expected to build more public housing and intends to promote more residential housing builds for the next decade. A fall in house prices is forecast for 2016 - 2017 which could put pressure on the government to relax its construction strategy. Regardless of whether government slows down construction, it will face lower receipts from stamp duty and from sales of government land.

The administration also has various large scale infrastructure projects such as a third runway at the airport and a bridge to Macau under development. The construction sector will be more dependent on these public projects as the private residential projects slow down.

The anticipated real estate price fall (estimated at between 10% and 25%) will impact property investment and personal consumption. The fall may lead to reluctance by the banks to provide new credit.

Banking Industry

Hong Kong is one of the world's largest FX trading centers and has the largest concentration of insurers in Asia. The finance industry employed approximately 215,000 people in 2014 and generated more than 16% of the output in 2014. It is one of the world's most sophisticated financial centres.

Bank lending rates are expected to rise from approximately 5% to nearly 9% by 2019 which is in line with US interest rates. The HK dollar is pegged to the US dollar.

Given the low loan to value lending in Hong Kong the expected fall in real estate prices should not significantly impact the banks. Further slowdown in China could, however, have broader implications for the banks and the economy as a whole.

Shanghai is seen by some as a financial centre competitor to Hong Kong but the latter benefits from lower taxes, lighter regulation and a deeper talent pool.

The banks support domestic business in the Special Administrative Region as well as the larger mainland market. Lending to China has increased and was approximately 14.5% of total lending in 2015 compared to around 13% in 2014.

Property development and investment lending covered approximately 25% of the total lending in 2015 and residential mortgages accounted for another 22.5% approximately. Property lending is expected to decline in line with the fall in house prices and the expected increase in interest rates. The Hong Kong regulators also manage the real estate lending closely and in 2015 reduced the LTV ratio and debt servicing ratio to cool the market. As a result, NPLs are not expected to increase significantly.

According to the EIU, bank lending growth is expected to slow to sub 5% levels on an annual basis through 2019 compared to growth of 12.6% in 2014, 16% in 2013 and 9% in 2012.

Most banks are licensed and these include HSBC, Bank of China (Hong Kong), Hang Seng and Standard Chartered. Registered licensed banks and deposit taking companies also exist but with smaller activities.

2015 at a Glance

The largest banking transaction in 2015 was China Cinda Asset Management Co's acquisition of Nanyang Commercial Bank from BOC Hong Kong (Holdings) Limited for \$8.772bn. China Cinda is the Chinese state established asset management company responsible for managing NPLs originated by China Construction Bank. It was listed on the HK stock exchange in 2013 (second biggest IPO that year) with Blackrock, JP Morgan and UBS previously considered to be investors along with the Chinese social security fund which holds 25% of the public float. The Ministry of Finance held 63% as of December 2014. Cinda has since sought to diversify away from NPL management and is involved in securities, trust, leasing, insurance as well as the core NPL management product. BOC Hong Kong stated that they intend to use some of the proceeds to expand into the ASEAN region and the 'One Belt One Road' initiative unveiled by Xi Jinping in 2013.

The COSCO restructuring discussed in our report on China also impacted numerous Hong Kong leasing entities such as China Shipping Nauticgreen Holdings Company Limited, the container leasing business.

Swire Capital, a Hong Kong based company engaged in the pawn business, commercial factoring and leasing, invested \$200mn for a 61.2% stake in Sino Credit Holdings Limited. Sino Credit has a similar product offering consisting of a pawn business, financial leasing, money lending and factoring. It is based in Guangzhou and has total assets in excess of \$60mn. Target customers are SMEs, micro-enterprises and retail consumers.

Hong Kong Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Nanyang Commercial Bank	Dec-15	Bank	China Cinda Asset Management Co Ltd	BOC Hong Kong (Holdings) Limited	8,772
	China Shipping Nauticgreen Holdings Company Limited; Dong Fang International Investment Limited; Helen Insurance Brokers Limited	Dec-15	Leasing	China Shipping Container Lines Company Limited	China Shipping (HK) Holdings Co Ltd	726
Domestic	Sino Credit Holdings Ltd. (61.2%)	Dec-15	Leasing	Swire Capital Limited		200
	Hong Kong Leasing Limited	Apr-15	Leasing	China Innovative Finance Group Limited (formerly Heritage International Holdings Limited)	China Hoaver Dragon Group Ltd.	201
Sub-total						9,899
Deals sub \$10m						—
TOTAL						9,899

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Source: Mergermarket, Deloitte research

Market Overview Japan

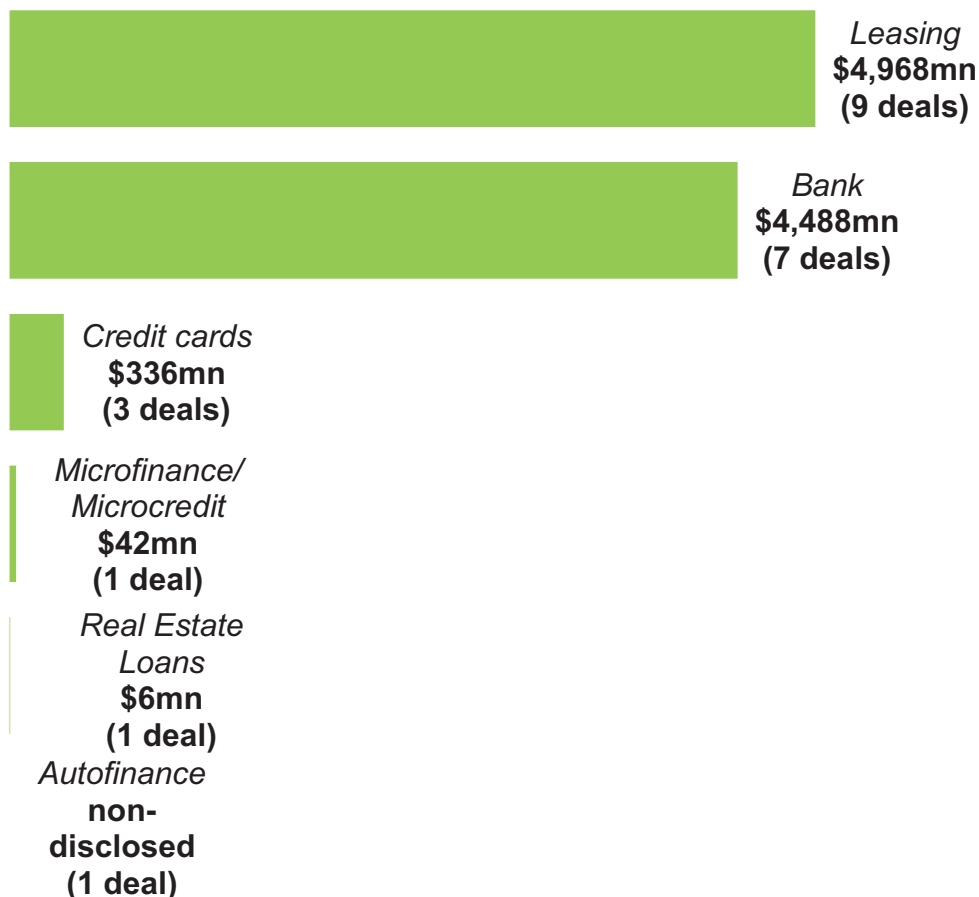
Japan

Almost \$10bn of deals in 2015 with the majority falling in H2. Leasing and bank deals were similar in volume and the largest transaction was the sale of GE's leasing business to Sumitomo Mitsui

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Japan

Market Overview

Macroeconomic Overview

According to the EIU, the GDP annual growth rate for Japan was 0.5% in 2015. Annual growth is forecast to be 0.8% in 2016 and then average 0.7% a year for the period 2017 – 2020. Private consumption represents 60% of overall GDP. Growth is expected to be weakest in 2017 as a result of the planned consumption tax rate increase in April of that year which could lead to consumers making purchases ahead of the increase, potentially in 2016. Towards the end of the decade, the Tokyo 2020 Olympics is expected to boost consumer and business confidence.

Demographic factors, fundamentally the aging population, will be the main constraint on GDP growth. The population of Japan is 126.6mn and the unemployment rate was 3.4% at the end of 2015. This rate is expected to reduce annually and reach 2.8% by 2020.

The Bank of Japan has a target of 2% consumer price inflation but given the low oil prices, strengthening yen and limited growth, this will prove challenging. The inflation rate in 2015 was 0.8% and it is forecast to average 0.3% in 2016.

As stated above, there is a planned increase in the consumption tax rate in April 2017, from 8% to 10%, which should boost revenue collection. That said, there remains the potential for this increase to be deferred.

EIU does not expect the BOJ to increase benchmark interest rates until 2021 at the earliest.

Banking Industry

The banking sector is relatively mature. The sector is largely focused on outward investment, especially Asia, given the widespread use of financial products, narrow interest rate spreads, declining population and slow economic growth in Japan.

According to BOJ data, domestic private sector lending increased by 4.7% year on year to September 2015 on the back of favourable financing terms in the market. Notwithstanding the increased lending, the low domestic interest rates put pressure on margins and the larger banks are focused on overseas lending and investment as evidenced by numerous acquisitions since the global financial crisis including BTMU's investment into Bank of Ayuthaya in 2013, SMBC's investment into BTPN of Indonesia in 2013 and Mizuho into Vietcombank in 2011.

As a result of these and other acquisitions, the level of overseas lending compared to total lending for the three largest Japanese banks was 29.3% as of December 2015 compared to 16.8% in 2008.

The NPL ratio as of March 2015 was 1.1% according to the Financial Services Agency and we expect the ratio to remain stable while interest rates remain at current low levels.

2015 at a Glance

The second half of 2015 was a busy period for domestic transactions in the financial services sector, with all but one of the transactions involving a Japanese buyer. The sole cross-border transaction was comparatively small and related to an existing shareholder, IFCO Systems of Germany, increasing its stake in IFO Japan INC from 22% to 66.7% for \$26m. IFCO Japan Inc leases reusable plastic crates for use in the food distribution sector.

All other transactions were domestic with the sale of General Electric's leasing business to Sumitomo Mitsui Finance & Leasing Company Limited being the largest at almost \$4.8bn. The sale included GE's equipment and asset leasing, small ticket leasing and automotive leasing and is expected to close in Q2 2016.

The other eight leasing transactions were relatively small and all under \$100mn in terms of consideration (where disclosed).

In the banking sector, we noted three bank mergers. This trend has arisen due to the declining market size of Japan's regions as a result of the ageing and declining population. This, along with greater competition, a stagnating economy and the backdrop of low interest rate margins, has led to lower profits. The Bank of Japan's recent decision to impose negative interest rates is expected to have a further negative impact on the regional banks.

The merger between The Higo Bank Limited based in Kyushu (south western Japan) and a local counterpart, The Kagoshima Bank Limited, was the largest merger with an implied value of \$1.450bn and formed Kyushu Financial Group. The Group has assets in the region of \$70bn and is the third-largest lender in Kyushu, following Fukuoka Financial Group Inc. and Nishi-Nippon City Bank.

The Jyo Bank Limited merged with Ashikaga Holdings Co Ltd (parent to Ashikaga Bank) for a similar (\$1.444bn) implied value to that of the Higo Bank deal. Post merger, the bank will have 331 branches (in nine prefectures) which is reputed to be the largest regional bank branch network in Japan although both banks are expected to keep their own brand.

The Bank of Yokohama Limited merged with Tokyo centred Higashi-Nippon Bank Limited. Both institutions are publicly traded and will be held under the newly established Concordia Financial Group Ltd. The implied value of the merger was \$575mn. Management expects to deliver increased efficiencies and synergies to drive shareholder value. Bank of Yokohama Limited has over 4,600 employees and c200 branches compared to Higashi-Nippon Limited with 1,400 or more staff and c80 branches. Management is forecasting just under a \$1bn in profit for the 2020 fiscal year.

Earlier in the year, Sumitomo Mitsui Trust Holdings Inc announced the acquisition of Citi Cards Japan Inc. for \$336mn. In late 2014, Citigroup Japan Ltd announced the sale of their retail banking business to SMBC Trust Bank Limited for \$249mn.

We are aware that loan portfolio transactions do take place in Japan but full counterparty details and values are rarely disclosed. We have also seen the external financing of corporate borrowers, at a discount to par, as a means for a lender to transfer the asset off balance sheet.

Japan

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	IFCO Japan Inc (66.67%)	Aug-15	Leasing	IFCO Systems	Mitsubishi Plastics Inc; Meiji Rubber & Chemical Co Ltd	26
Domestic	Oita Lease Company Limited (53%)	Dec-15	Leasing	The Oita Bank, Ltd.	Investor Group Led by Mitsubishi UFJ Lease &	15
	Citibank Japan Ltd. (Retail banking)		Bank	SMBC Trust Bank Ltd.	Citibank Japan Ltd.	249
	Kirayaka Lease (90%)	Dec-15	Leasing	Jimoto Holdings, Inc.	Showa Leasing Co Ltd	24
	General Electric Company (Leasing Business in Japan)	Dec-15	Leasing	Sumitomo Mitsui Finance and Leasing Company, Limited	General Electric Company	4,773
	Ashikaga Holdings Co Ltd	Nov-15	Bank	The Juyo Bank Ltd.	ORIX Corporation; Nomura Holdings, Inc.	1,444
	Aruhi Lease Corporation	Oct-15	Leasing	Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Aruhi Corporation	
	ShinGinko Tokyo Ltd	Sep-15	Microfinance/Microcredit	Tokyo TY Financial Group	Tokyo Metropolitan Government	42
	Hokuetsu Card Co., Ltd (54.1%)	Sep-15	Credit cards	The Hokuetsu Bank, Ltd.		
	Taisho Bank	Sep-15	Bank	TOMONY Holdings Inc	The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Sampo Japan Insurance Inc; e-sanshin; TOYO PROPERTY Co Ltd	43
	Higashi-Nippon Bank Ltd.	Sep-15	Bank	The Bank of Yokohama Ltd		575
	Hachijuni Shinyo Hosho (95%)	Aug-15	Leasing	The Hachijuni Bank Ltd	Showa Shoji Co Ltd; Choei Corporation; Hachijuni DC CARD Co Ltd; Hachijuni Lease Co Ltd; Nagano Bus Terminal Co Ltd	63
	Ichinen TD Leasing Co., Ltd.	Aug-15	Leasing	Ichinen Holdings Co Ltd	Tokyo Electric Power Company Incorporated	
	Premium Financial Services Co Ltd	Jun-15	Autofinance	AZ-Star	iSigma Capital Co Ltd	
	Sumitomo Mitsui Trust Capital Co.,Ltd. (95.1%)	Apr-15	Bank	Everglory Group Limited	Sumitomo Mitsui Trust Bank, Limited	
	Citi Cards Japan Inc	Mar-15	Credit cards	Sumitomo Mitsui Trust Holdings Inc	Citi	336
	The Kagoshima Bank	Mar-15	Bank	The Higo Bank Ltd		1,450
	Michinoku Lease Co Ltd (75%)	Mar-15	Leasing	Michinoku Bank Ltd	JA Mitsui Leasing, Ltd	16
	Resona Holdings Inc (5.59%)	Feb-15	Bank	Nippon Life Insurance Company; The Dai-ichi Life Insurance Company Limited		727
	Hirogin Hosho (71.4%); Hirogin Card Service Co Ltd (40.3%)	Jan-15	Credit cards	The Hiroshima Bank Ltd	Hiroshima Shinai Real Estate; Hiroshima Action Service Co Ltd	
	V Lease (50%)	Jan-15	Leasing	NTT Finance Corporation	Development Bank of Japan Inc.	51
Sub-total						9,834
Deals sub \$10m						6
TOTAL						9,840

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

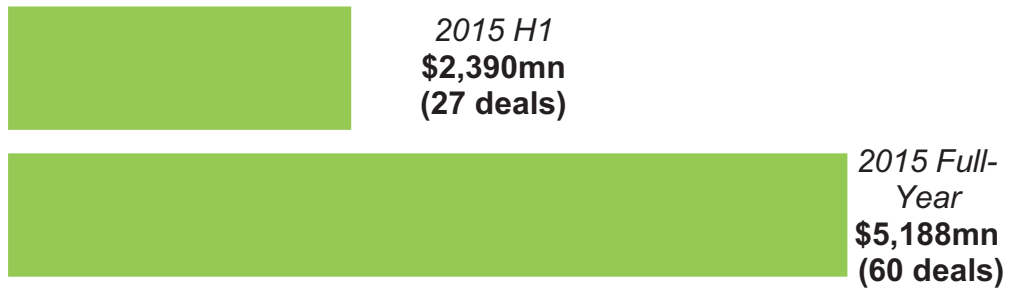
Note: Merger transactions are in BLUE font

Market Overview Korea

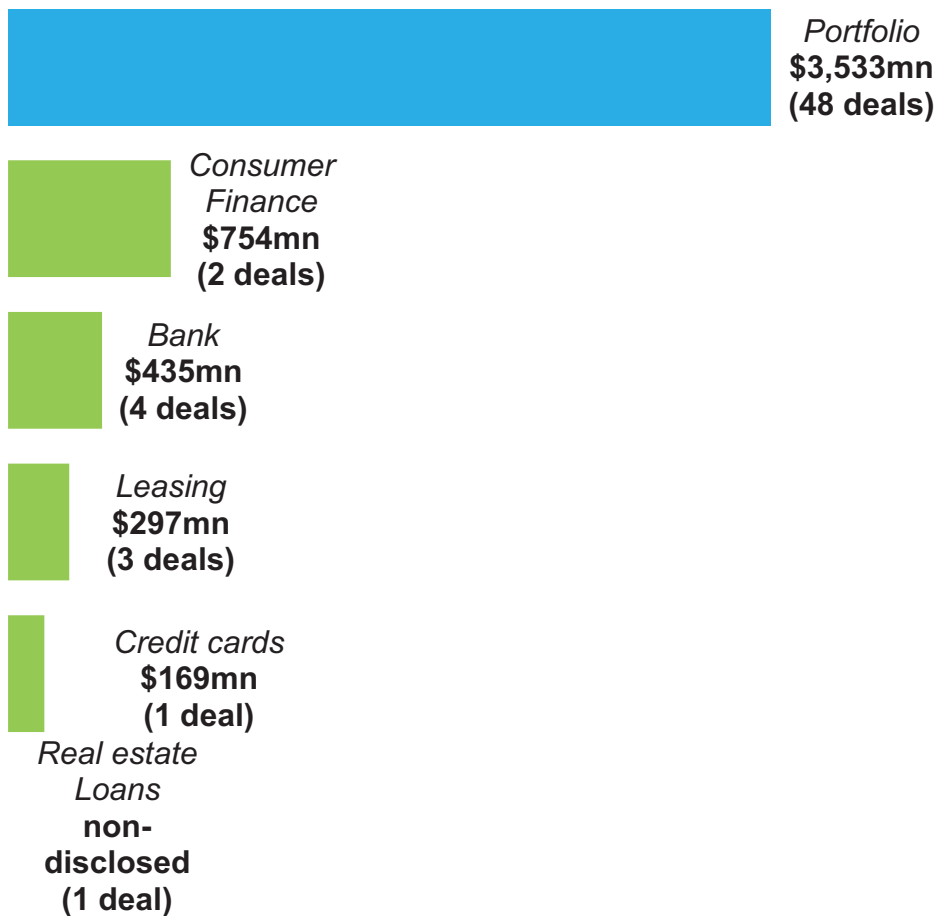
Korea

11 equity deals transacted with a value of \$1.66bn compared to 48 loan portfolio trades and a value of \$3.5bn

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Korea

Market Overview

Macroeconomic Overview

The GDP annual growth rate was 2.6% for 2015 compared to 3.3% for 2014. EIU forecasts that economic expansion will remain sluggish at 2.7% in 2016. Private consumption grew at a relatively subdued rate due to consumer uncertainty.

EIU expects the economy to remain on a low growth projectory in 2016 - 2020, with average annual growth of 2.6%. Private consumption will remain under pressure owing to greater household leverage. Exports will return to growth in 2016 - 2019 as the global economy recovers gradually but will remain muted owing to the slowdown in China's economy, a key trading partner.

Banking Industry

There are six nationwide commercial banks, six regional banks, five government-led banks and 39 foreign bank branches in Korea. Due to a robust banking industry, banks are subject to prescriptive regulations with close supervision and intervention by five major administrative bodies (Ministry of Strategy and Finance, Bank of Korea, Financial Services Commission, Financial Supervisory Service, Korea Deposit Insurance Corporation).

2015 at a Glance

We noted 11 equity transactions in Korea, three of which involved overseas buyers with a total deal value of \$546mn compared to \$1.100bn of domestic deals.

The largest transaction involved GE's holding in Hyundai Capital Services Inc (HCS), the domestic captive finance company of Hyundai Motor Group. At Q3 2015, Hyundai Capital had c\$17bn of assets, almost 80% of which was auto-related and the remainder covering personal and mortgage loans. GE sold 23% of its HCS equity to Hyundai Motor Corporation for \$595mn. GE's intention for its remaining 20% holding in HCS has not been disclosed. The other transaction in the consumer finance sector was the third party allotment of almost 19% equity in JB Financial Group which owns Jeonbuk Bank, Kwangju Bank and JB Woori Capital. The investors were Jubilee Asia, Singwand Holding and Asia Alternatives Malta, (the latter two being Singapore-based investment firms and Jubilee Asia being Netherlands based) which acquired the shares for \$159mn in aggregate.

Other cross border transactions included the US private investment firm, JC Flowers, acquiring a c90% stake in KT Capital for \$274mn. KT Capital provides leasing services to telco businesses. JC Flowers, which has a strong record of investing in financial institutions such as Shinsei Bank, NIBC and OneSavings Bank Plc, also bought Doosan Capital, another leasing firm. The deal was under \$10mn and appears in Appendix II to this report. In January 2016, it was announced that KT Capital had acquired Korea's second largest savings bank, HK Savings Bank, for \$185mn.

The third cross border deal involved Taiwan's Yuanta Commercial Bank acquiring Hanshin Mutual Savings Bank for \$113mn (subject to regulatory approval which is expected in Q1 2016), the first Korean acquisition by a Taiwanese bank. Yuanta cited c\$2bn of Korea/Taiwan cross border investment in 2014 and good growth potential as reasons for the acquisition. If approved, Hanshin will be Yuanta's second overseas investment with Tong Yang Savings Bank in the Philippines, having been acquired earlier this year. The Bank also recently announced the acquisition of Ta Wong Bank (Taiwan) for \$1.73bn.

Another US company, outside of GE, reducing exposure to Korea was Citibank which sold its financial leasing / consumer finance business to Apro Service Group, the credit card and instalment finance business for \$14mn. Citi advised that the transaction is in line with its global strategy of focusing on core sectors where it has a competitive advantage, including its consumer banking business in Korea.

Earlier in the year, BNK Financial Group Inc announced a \$297mn merger with Kyongnam Bank which closed in Q4 2015 and resulted in BNK being Korea's 5th largest domestic financial group.

The loan portfolio market in Korea is very active and deals are often made public. Banks began clearing bad debts via large scale portfolios in 2009 and buyers started generating profits from such investments. While bidding prices for NPL portfolios have increased and buyer profit margins have decreased, supply and demand was still high in 2015. We have identified 48 deals during the year, the total deal value is estimated at approximately \$3.5bn with an average portfolio price of 78.2%.

The market is largely domestic with the most active sellers being Industrial Bank of Korea, Woori Bank and KB Kookmin Bank and the most active buyers were UAMCO, Daishin F&I and MyAsset.

The NPL ratio for the banking sector is 1.5% and we expect the current trend and volumes of the loan portfolio deals to continue for the next few years.

Korea

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	JB Financial Group Co., Ltd. (18.62%)	Oct-15	Consumer finance	Jubilee Asia B.V.; Singwand Holding Pte Ltd.; Asia		159
	Hanshin Mutual Savings Bank	Aug-15	Bank	Yuanta Commercial Bank Company Limited	AON Holdings LLC	113
	KT Capital Corporation (89.55%)	Jun-15	Leasing	J.C. Flowers & Co. LLC	KT Corporation	274
Domestic	Hyundai Capital Services, Inc. (23.3%)	Dec-15	Consumer finance	Hyundai Motor Corporation; Kia Motors Corporation	General Electric Company	595
	Citigroup Capital Korea, Inc.	Dec-15	Leasing	Apro Service Group Co., Ltd.	Citibank Korea Inc	14
	Gongpyung Savings Bank (34%)	Nov-15	Bank	Texcell-NetCom Co., Ltd.	Ask	14
	Union Savings Bank (45.4%)	Oct-15	Bank	Hot-Tech Co Ltd		11
	NT Development 1st Co., Ltd	Apr-15	Real estate Loans	Seoul Luchen Co., Ltd.	Taihan Electric Wire Co., Ltd.	
	KEB HanaCard Co Ltd (10.4%)	Apr-15	Credit cards	Hana Financial Group Inc	SK Telecom Co., Ltd.	169
	Kyongnam Bank (43.03%)	Apr-15	Bank	BNK Financial Group Inc		297
	SC Savings Bank, SC Capital	Jan-15	Bank	Undisclosed bidder	Standard Chartered Bank Korea Ltd	
Sub-total						1,646
Deals sub \$10m						9
TOTAL						1,655

Note: Merger transactions are in BLUE font

Source: Mergermarket, Deloitte research

Korea

Transactions 2015

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Portfolio	Not known	Dec-15	Secured NPL	UAMCO	Confidential	117.8
	Not known	Dec-15	Secured NPL	UAMCO	Confidential	124.3
	Not known	Dec-15	Secured NPL	KDFC	Confidential	63.2
	Not known	Dec-15	Secured NPL	UAMCO	Confidential	118.1
	Not known	Dec-15	Secured NPL	UAMCO	Confidential	66.0
	Not known	Dec-15	Secured NPL	KDFC	Confidential	55.2
	Not known	Dec-15	Secured NPL	Daishin F&I	Confidential	107.6
	Not known	Dec-15	Secured NPL	UAMCO	Confidential	35.9
	Not known	Dec-15	Secured NPL	Myasset	Confidential	49.5
	Not known	Nov-15	Secured NPL	Myasset	Confidential	54.0
	Not known	Nov-15	Secured NPL	RESERVE NOT MET	Confidential	-
	Not known	Nov-15	Secured NPL	Daishin F&I	Confidential	118.1
	Not known	Nov-15	Secured NPL	UAMCO	Confidential	76.2
	Not known	Nov-15	Secured NPL	Myasset	Confidential	53.0
	Not known	Nov-15	Secured NPL	Mirae Asset	Confidential	69.3
	Not known	Oct-15	Secured NPL	Daishin F&I	Confidential	77.2
	Not known	Oct-15	Secured NPL	Woori IB	Confidential	42.9
	Not known	Oct-15	Secured NPL	Eugene Asset Management	Confidential	65.6
	Not known	Sep-15	Secured NPL	Myasset	Confidential	76.2
	Not known	Sep-15	Secured NPL	KEB F&I	Confidential	49.8
	Not known	Aug-15	Secured NPL	Daishin F&I	Confidential	69.8
	Not known	Aug-15	Secured NPL	KB Asset Management	Confidential	86.6
	Not known	Aug-15	Secured NPL	UAMCO	Confidential	76.3
	Not known	Aug-15	Secured NPL	OSB Savings Bank	Confidential	77.9
	Not known	Aug-15	Secured NPL	Daishin F&I	Confidential	76.8
	Not known	Aug-15	Secured NPL	Daishin F&I	Confidential	49.4
	Not known	Jul-15	Secured NPL	Eugene Asset Management	Confidential	36.0
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	144.9
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	123.3
	Not known	Jun-15	Secured NPL	OK Savings Bank	Confidential	75.0
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	63.2
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	73.9
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	53.8
	Not known	Jun-15	Secured NPL	Cyrus	Confidential	188.0
	Not known	Jun-15	Secured NPL	UAMCO	Confidential	98.7
Not known	Jun-15	Secured NPL	KB Asset Management	Confidential	76.7	
Not known	May-15	Secured NPL	Daishin F&I	Confidential	77.1	
Not known	May-15	Secured NPL	Myasset	Confidential	121.2	
Not known	May-15	Secured NPL	Eugene Asset Management	Confidential	27.5	
Not known	May-15	Secured NPL	NH	Confidential	11.6	
Not known	Apr-15	Secured NPL	Daishin F&I	Confidential	54.3	
Not known	Mar-15	Secured NPL	KDFC	Confidential	66.2	
Not known	Mar-15	Secured NPL	KB Asset Management	Confidential	84.8	
Not known	Mar-15	Secured NPL	Daishin F&I	Confidential	68.4	
Not known	Mar-15	Secured NPL	Daishin F&I	Confidential	55.9	
Not known	Mar-15	Secured NPL	KEB F&I	Confidential	56.8	
Not known	Feb-15	Secured NPL	KB Asset Management	Confidential	68.6	
Not known	Feb-15	Secured NPL	KB Asset Management	Confidential	50.7	
TOTAL						3,533.3

Source: Mergermarket, Deloitte research

Market Overview Indonesia

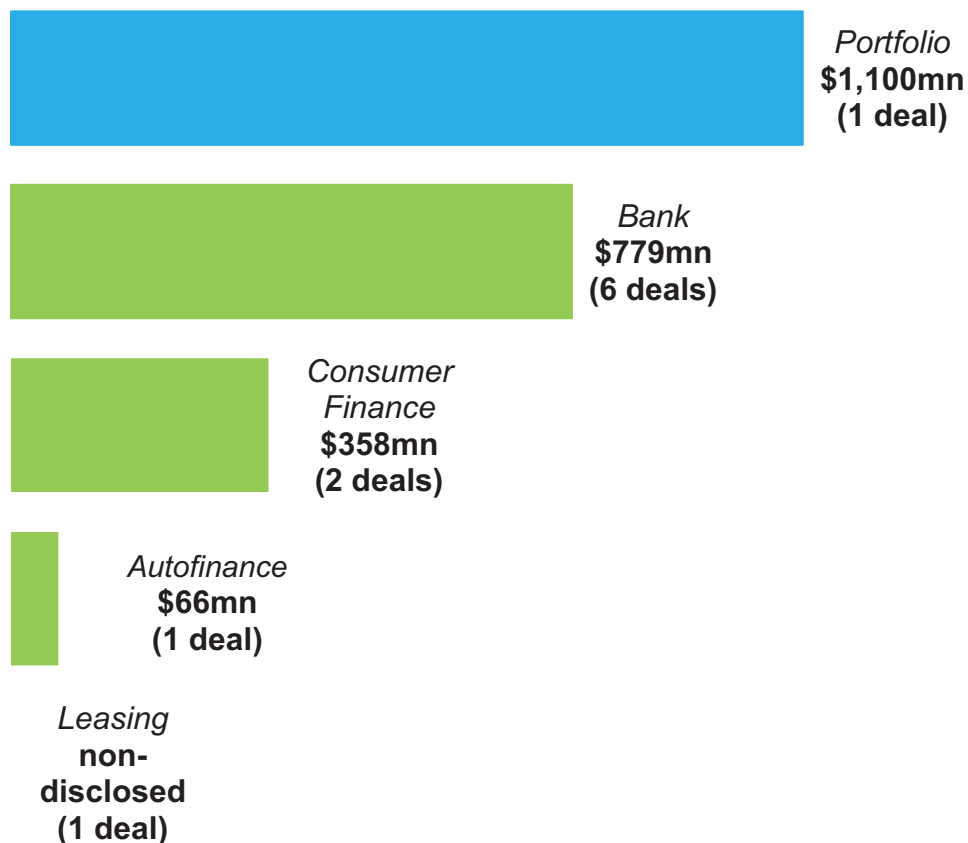
Indonesia

Cross-border banking deals were prevalent in 2015 with Japanese, Korean and Taiwanese banks investing in Indonesian banks

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Indonesia

Market Overview

Macroeconomic Overview

The main contribution to Indonesia's economic growth comes from private consumption which was estimated to be in excess of 50% of nominal GDP and while this slowed in 2015, overall growth was supported by an increase in government spending. The annual GDP growth rate for 2015 was 4.8% according to EIU.

Tight monetary policy and high inflation is expected to have a negative impact on private consumption in 2016, however, the medium-term outlook is strong, as the oil price looks set to remain low and the number of formal-sector jobs will continue to rise.

According to the EIU, investment growth is expected to recover to an annual average of 5.4% for 2016-2020, as improvements in the government's approval processes and rising commodity prices encourage investment. Investment will be supported by public infrastructure works that are funded by savings made from cutting fuel subsidies. Government consumption growth will be underpinned by President Jokowi's efforts to improve public services.

The consumer price index is forecast to rise by an average of 4.9% a year from 2016 - 2020. The increase in subsidized fuel costs caused consumer price inflation to accelerate to 6.4% in 2015. However the low international oil costs and the strengthening Rupiah will cause inflation to abate in 2016.

The central bank interest rate was 7.5% for the majority of 2015.

Banking Industry

Foreign banks are expected to continue their involvement in Indonesia despite restrictions on the ownership of local lenders.

Given the market size in Indonesia, there appears to be too many banks and the central bank is pushing for consolidation within the banking sector.

We understand that the government will consider 100% ownership of a domestic bank by a foreign investor (currently capped at 40%) subject to the foreign bank acquiring two banks and then agreeing to merge, thus creating sector consolidation.

EIU forecasts that the loan demand will rise by 14% a year through 2016 – 2020 in local currency rate (8% in real terms) driven by average economic growth of 5.38% (real GDP). The increase in employment and wages also contributes to this rise. Historically, lending increased by 15.66% annually between 2011 – 2015).

Indonesian credit expansion is driven by consumer borrowing of which only 30% of household borrowing is used for housing purchases. Real estate lending in Indonesia remains uncertain as consumers recall the Asian financial crisis which was caused by poor quality real estate lending.

Credit to households from all lenders stood at USD 130 billion at the end of October 2015, an 8.8% increase year on year.

The Central Bank is introducing further regulatory change. Banks must conduct business activities in accordance with their BUKU classification by June 2016. Banks are allowed to stay in their existing BUKU group, however, business activities of BUKU 1 are very limited. Thus, if Banks want to have more flexibility in terms of banking activities, they need to move to higher BUKU levels by injecting core capital. The higher BUKU levels require greater capital and new investors / owners are a potential route to that capital.

2015 at a Glance

Indonesia had 11 transactions in 2015, one of which was a loan portfolio trade and of the 10 equity deals, six related to banks.

Shinhan Bank, the listed bank with c\$200bn of loans, acquired 75% of Centratama Nasional Bank for \$36mn and then increased its equity stake in Bank Metro Express PT from 40% to 98%. The 40% investment cost Shinhan Bank c\$54mn although the cost of the increased position was not disclosed. Both transactions have been approved by OJK. The Shinhan Financial Group also made a further investment with Shinhan Card Co Ltd acquiring a 50% stake in Pt Swadharma Indotama Finance, the Indonesian consumer finance business for \$8mn (appears in Appendix II) .

The largest bank transaction was in February 2015 when Sumitomo Corporation was reported to have acquired a 17.5% stake in the retail bank, BTPN from TPG. TPG retains a c8% holding having acquired c72% in 2008 and Sumitomo Mitsui holds 40%.

The 40% investment in Bank Mayapada Internasional Tbk PT for \$282mn by Cathay Financial Holding Co Ltd shows how attractive the Indonesian market is, with investors coming from Korea, Japan and Taiwan. The listed bank is within the Top 25 of Indonesian banks by total assets with c. \$2.915bn as of December 2015.

Other transactions involving Japanese investors include:

- Itochu Corporation acquiring 50% and Century Tokyo Leasing 20% of the equity in the construction machinery leasing arm of Hitachi. The strategy being to deliver better quality services and boost sales on the back of increased demand for construction and infrastructure. The value of the deal was not disclosed.
- SMBC acquired 35.1% stakes in PT Oto Multiartha and Summit Oto Finance, the autofinance business and motorcycle finance business, respectively, and
- subsequently referred to as Summit OTO Group from Sumitomo Corporation. The deal was reported in the Japanese media to have a value of \$350mn. Sumitomo Corporation will hold 49.9% of the equity in Summit OTO Group.

The sale of a 39% stake in Panin Bank by ANZ was announced during Q3 2015 but has yet to close at the time of writing.

Regarding loan portfolios, RBS completed the sale of \$1.1bn of non-core, performing assets to Deutsche.

BNI was reported to be launching a c\$100mn SME / corporate portfolio but it has not entered the market while Raffeisen Bank of Austria did market a corporate loan portfolio but it failed to trade.

Indonesia

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Panin Bank	Ongoing	Bank	Pending	ANZ	
	Bank Metro Express PT (58%)	Nov-15	Bank	Shinhan Bank		
	PT Oto Multiartha (35.1%); PT Summit Oto Finance (35.1%)	Oct-15	Consumer finance	Sumitomo Mitsui Banking Corporation	Sumitomo Corporation	350
	Sinar Mitra Sepadan	Sep-15	Autofinance	ORIX Corporation	ARIA Investment Partners III	66
	Centratama Nasional	Jun-15	Bank	Shinhan Bank		36
	Bank Tabungan Pensiunan Nasional Tbk, PT (17.5%)	Feb-15	Bank	Sumitomo Corporation	TPG Capital LP	461
	P.T. Hexa Finance	Jan-15	Leasing	Itochu Corporation; Century	Hitachi Construction	
	Bank Mayapada Internasional Tbk PT (40%)	Jan-15	Bank	Cathay Financial Holding Co., Ltd		282
Domestic	PT Bank Antardaerah	Jul-15	Bank	PT. Bank Windu Kentjana		
Sub-total						1,195
	Deals sub \$10m					8
TOTAL						1,203

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Corporate	Jul-15	Portfolio	Deutsche Bank AG	RBS	1,100
TOTAL						1,100

Source: Mergermarket, Deloitte research

Market Overview Thailand

Thailand

No equity transactions occurred during 2015 but there were 13 loan portfolio trades largely consisting of secured residential assets

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Thailand

Market Overview

Macroeconomic Overview

Thailand's GDP annual growth rate for 2015 recovered to 2.8% compared to 0.9% for 2014, resulting from the calmer political situation, higher fiscal budget disbursements, depreciation of Thai Baht and strengthening tourism earnings. Nevertheless, both internal and external risks e.g. high household debt, drought, falling agricultural commodity prices and China's economic slowdown create challenges to economic growth. The EIU forecast 2.5% average growth for 2016 and 2.9% average annual growth for 2017.

According to EIU, CPI showed negative growth of 0.9% at the end of 2015 compared to 0.6% in the previous year due to a decline in energy and food prices which will help raise purchasing power and create favorable conditions for further expansionary monetary policy.

Throughout the second half of 2015, the MPC maintained its main policy rate at 1.50% recognizing that the Thai economy continued to face negative factors, particularly a slowing global economy and higher volatility in the global financial markets. However, monetary conditions, including exchange rate depreciation, remain supportive to the economic recovery.

The Thai unemployment rate is 0.97% according to the BOT and has averaged only 1.51% for the period 2001 - 2015.

Banking Industry

According to the EIU, bank lending fell by 5.6% between December 2015 and December 2014. Lending is expected to grow by an average of 8.3% from 2016 – 2020 largely driven by consumer and SME lending.

NPLs increased from 2.2% at the end of 2014 to 2.8% (of total loans) as of October 2015 according to EIU. A higher proportion of special-mention loans, defined as 30 to 90 days overdue, also indicates that more loans will turn sour in the period ahead. The special-mention loans rose to 4.1% at the end of 2015 from 3.8% (of total loans) at the end of December 2014.

The BOT state that the banks' net profit growth increased 2.2% as of December 2015 compared with 5% growth as of December 2014. The reduced growth was attributed to increased provisions as a buffer to the loan quality deterioration.

According to the World Bank, 78% of the Thai population had an individual or shared bank account at a formal financial institution (up from 73% in 2011). While 50% of those surveyed in 2014 had borrowed money in the previous year, only 15% had received a loan from a financial institution. Further, 81% had saved monies but only 41% did so at a financial institution. Only 6% of those surveyed had a credit card and 11% had a mortgage.

2015 at a Glance

There were no equity transactions in 2015 although the potential sale of Scotiabank's 49% shareholding in Thanachart bank was announced in December 2015 and the government is seeking to sell more than 50% of the equity in iBank, an Islamic bank.

While there was an absence of completed equity deals, there were 13 loan portfolio transactions.

With regards to the completed transactions, one related to a foreign bank exiting the market and the rest related to domestic banks such as TMB, Thanachart Bank and SME Bank. There were seven banks overall which sold loan books in 2015. The portfolios ranged from as little as \$4mn to approximately \$500mn. The overall average was \$140mn. The buyers of the loan portfolios were largely domestic institutions. The total asset size sold in 2015 was \$1.819bn compared to \$1.622bn in 2014.

Unlike Korea, the NPL market is private and counterparty details are rarely disclosed.

In 2016 we have seen five portfolios launched for sale in Q1 suggesting that 2016 could exceed 2015 in terms of deal volume.

Thailand

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Portfolio	13 transactions		Portfolio	Various	Various	1,819
TOTAL						1,819

Source: Mergermarket, Deloitte research

Market Overview Taiwan

Taiwan

There were only 2 transactions in Taiwan during 2015 but the sale of Ta Chong Bank to Yuanta Commercial Bank was the first bank transaction in excess of \$1bn since 2011

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Taiwan

Market Overview

Macroeconomic Overview

The GDP annual growth rate was 0.7% in 2015 with the last two quarters showing negative growth as a result of weaker foreign demand. Reduced exports of goods and services are the key reason for the deterioration in Taiwan's economic fortunes.

Taiwan has developed some high value-added industries, including high-end electronics and has been developing the international reputation of its domestic companies and enhancing its services sector. However, the EIU estimates real GDP growth to average 1.9% annually in 2016 - 2020 due to their exclusion from free-trade agreements, the slowing growth in the largest export market, mainland China, slower productivity and an ageing population (23.4mn total population).

In the long-term, the changing relationship with China will likely be the most influential issue in its performance. As China becomes an all-out competitor, in addition to a key market, Taiwan will have to cope with the new norm of 2% - 3% GDP growth.

As the weakness in global oil constrains price increases, the EIU reported a fall in consumer prices to 0.3% in 2015. Furthermore, EIU estimates the consumer inflation will average 1.5% a year in 2017 - 2020. The depreciation of the New Taiwan Dollar and the moderate strengthening in global commodity prices will put upward pressures on imported inflation in 2016 - 2017. There is also the risk that fluctuations in food prices could cause a short-term spike in inflation.

The CBC cut its benchmark interest rate from 1.875% to 1.75% in September 2015 and to 1.625% in December, due to the stalling economic growth and to improve exports

The New Taiwan dollar will also face downward pressure against the US Dollar following the tightening of financial policy by the Federal Reserve in December 2015.

Banking Industry

Taiwan's financial sector remains fragmented, highly saturated and subject to government involvement (seven of the top 10 banks are state owned). Intense competition for customers has squeezed banks' net interest margins to among the lowest levels in Asia. Moreover, the industry remains relatively small. An increase in the size of the banking sector would allow for more efficient operation and improve the ability of Taiwan's banks

to compete for business in other Asian countries.

Taiwan's government recently passed several financial acts including The Banking Act which stated that the ceilings for both "the total investments made by a bank" and "a bank's investments in non-financial related enterprises" shall be based on 40% of "net worth" from "share capital". These changes have allowed domestic banks to expand their business in international markets through mergers and acquisitions such as Yuanta Commercial Bank's investments into Korea and Philippines.

The government is encouraging domestic banks to improve operating performance and increase economies of scale through mergers and acquisitions following the new regulations. However, these have been gradual as mergers typically have a negative impact on employment levels and there has been resistance from politicians and trade unions.

Given the low net interest margin, domestic banks are expected to look to China and South East Asia for growth

Lending growth level was steady from 2011 - 2015 with annual growth of 5.28% and is expected to continue as the regional economy continues to grow.

Much of the credit growth has been real-estate based, with lending for real estate investment accounting for 45% of the total lending as at June 2015. Such growth creates some concern for future NPL if there is a real estate correction although given the CBC's loan to value policy (capped at 50% for third and subsequent homes) and the current low NPL level of 0.26% for domestic banks, the risk appears manageable.

2015 at a Glance

The largest deal of 2015 was Yuanta Commercial Bank's acquisition of domestic rival Ta Chong for \$1.161bn from Carlyle Private Equity, the first acquisition by a Taiwanese bank in excess of \$1bn since 2011.

The only other transaction in Taiwan related to the Hong Kong based, China CITIC Bank, which made a 3.8% equity investment into CTBC. As part of the transaction, CTBC also invested in CITIC Bank International (China) Limited enabling CTBC to broaden its services into China.

Taiwan

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	CTBC Financial Holding Co Ltd (3.8%)	May-15	Bank	China CITIC Bank Corporation Limited		431
Domestic	Ta Chong Bank	Aug-15	Bank	Yuanta Financial Holdings Co Ltd	The Carlyle Group	1,161
Sub-total						1,592
Deals sub \$10m						—
TOTAL						1,592

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Note: Merger transactions are in BLUE font

Source: Mergermarket, Deloitte research

Market Overview Philippines

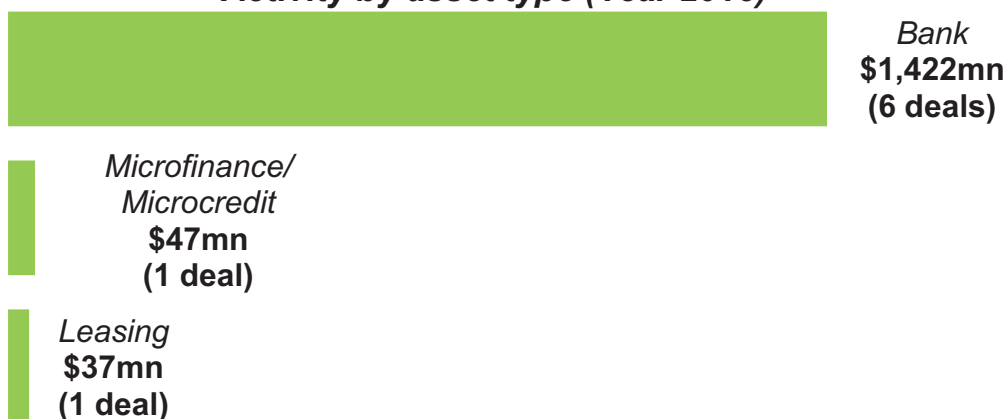
Philippines

There were eight transactions worth \$1.5bn in 2015, the majority of which related to bank acquisitions

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Philippines

Market Overview

Macroeconomic Overview

According to EIU, Philippines annual GDP growth was 5.8% for 2015 (6.1% for 2014) and has shown positive growth at similar levels for the past few years. Growth for 2015 was achieved as a result of further increases in private investment and higher private and public expenditures. The government expenditure helped the tourism, agriculture and manufacturing sectors. Forecasts predict a marginal increase to 6.1% during 2016 and annual growth to average 5.9% for the period 2016 – 2020 due to strong private consumption achieved from strong cash remittance inflows, lower unemployment and low inflation.

Unemployment is running at 6.3% (slightly down compared to 6.8% in 2014) and core inflation is running at 1.4%.

In 2015, the main policy interest rates, overnight repurchase (repo) rate and reverse repo rate, were unchanged at 6% and 4% respectively, as economic growth held steady and inflation was subdued.

Banking Industry

The BSP allows foreign banks to acquire 100% of an existing bank, or 100% of a new banking subsidiary or to establish a branch.

With regards to rural banks and thrift banks, foreign investors are only allowed up to 60% of voting stock.

Of the 37 universal and commercial banks, 17 are foreign bank branches or subsidiaries including BTMU, Mizuho and SMBC.

As at 2014, about 30% of adults had a bank account at a formal financial institution, and over 20% had a debit card, according to the World Bank's Global Financial Inclusion Database. Only c15% of adults had saved money in an account with a financial institution in the past year, while just over 9% had used community-based savings method (such as a savings club). Although almost 70% of adults had borrowed money in the past year, just under 12% had used a formal financial institution, while almost 49% of adults borrowed from family and friends. Only about 5% of Filipinos had an outstanding mortgage in 2014 and only 3% had a credit card according to EIU.

Total loan portfolio and deposit liabilities have grown by a CAGR of 12.8% and 11.4%, respectively, between 2010 and 2015, and 14.4% and 8.7% for 2015 in local currency terms according to BSP.

According to the EIU, the expected growth in loans will average 11% a year for the period 2016-2020. It is also expected that bank deposits will grow at a similar pace to loans in 2016-2020, expanding by 10.9% a year in local-currency terms. As a result, the loan-deposit ratio will hold steady during the forecast period.

Given the relatively stable economy, the attractiveness of the retail banking sector, and the fact that foreign investors can own 100% of commercial and universal banks, we believe that there will be more bank acquisitions and / or investments in 2016.

2015 at a Glance

The banking sector in the Philippines was particularly active with six of the eight announced deals involving banks.

Regulatory changes allowing foreign institutions to invest in Philippine banks were introduced during 2014 and, so far, one Taiwanese bank has been quick to acquire. Yuanta Commercial Bank acquired Tong Yang bank for \$10m.

The Gaisano family sold a 51% stake in the thrift bank subsidiary, Wealth Development Bank Corp., to Woori Bank of South Korea for an estimated \$20mn. Cebu-based retailer Vicsal Development Corp., the parent firm of Wealth Development, announced an "investment agreement" with Woori Bank, creating a "strategic alliance" between the foreign bank and one of the country's leading thrift banks with \$150mn of assets, 16 branches and approximately 300 employees. "It is a strategic initiative in response to the liberalization of the country's banking sector," according to WealthBank and the deal was expected to increase the net worth of the thrift bank by threefold, strengthen its balance sheet as well as deepen its market reach and product offerings. Under the partnership, WealthBank plans to leverage the world-class facilities and expertise of Woori Bank. It also targets to serve 1.2 million Korean tourists who visit the Philippines each year as well as the 100,000-strong Korean expatriate community in the country. Woori Bank is the oldest and one of the largest banks in Korea. It has the largest Korean bank overseas network with a footprint in 18 countries. "The number of Woori Bank's overseas branches is expected to reach 230 in February next year, when the stake investment in the savings bank is expected to be

finalized," said Sohn Tae-seung, head of Woori Bank's global business unit. "Our goal is to operate 300 overseas branches by the end of 2016 by entering other markets such as India, China and Indonesia."

Four other foreign banks had obtained central bank approval for expansion in the Philippines; SMBC, Industrial Bank of Korea and Shinhan Bank (Korea) and Taiwan's Cathay United Bank. SMBC opened a branch in Manila in Q3 2015.

All of the cross border transactions in the financial services sector in 2015 were relatively small, although in January 2016 we saw Bank of Tokyo Mitsubishi invest \$773mn for a 20% stake in Security Bank.

In terms of domestic transactions, BDO Unibank (the largest bank in the Philippines) and Philippine Business Bank acquired One Network Rural Bank Inc and Insular Bank Inc respectively. The BDO deal was for \$628mn and was considered to be strategically important for BDO as it enabled them to acquire a bank with a branch network of 105 offices and to diversify into the southern part of Philippines.

The potential sale of United Coconut Planters Bank has received significant market commentary. The Philippine government is planning to sell its c74% stake in the bank for in the region of \$350mn. Interested parties are said to include domestic banks, Taiwanese and Malaysian banks as well as interest from US private equity funds. The process was launched in Q1 2015 but was delayed in Q3 2015 when the Supreme Court granted an injunction to suspend the sale. This was reported as being lifted in October 2015 although there appears to have been little tangible progress with the sale.

Philippines

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Wealth Development Bank Corp. (51%)	Dec-15	Bank	Woori Bank		20
	Tong Yang Bank	Jun-15	Bank	Yuanta Commercial Bank		10
	BPI Leasing Corporation (49%)	Jan-15	Leasing	Century Tokyo Leasing Corporation	Bank of the Philippines Islands	37
Domestic	Insular Bank, Inc.	Jun-15	Bank	Philippine Business Bank, Inc.		12
	AG Finance, Incorporated	Apr-15	Microfinance/Microcredit	RYM Business Management Corporation	Mr. Tony O. King (Private Investor)	47
	Rizal Commercial Banking Corporation (20%)	Apr-15	Bank	Cathay Life Insurance Co., Ltd	International Finance Corporation; Hegaon Investment Holdings Limited	402
	One Network Rural Bank Inc.	Mar-15	Bank	BDO Unibank, Inc.	DMCI Holdings, Inc.	628
	United Coconut Planters Bank	Ongoing	Bank	Bank of Commerce		350
Sub-total						1,506
Deals sub \$10m						—
TOTAL						1,506

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Source: Mergermarket, Deloitte research

Market Overview Vietnam

Vietnam

The transactions in Vietnam were largely a mix of traditional domestic bank mergers and bank nationalisations

Activity by date (Year 2015)



Activity by asset type (Year 2015)



Source: Mergermarket, Deloitte research

Vietnam

Market Overview

Macroeconomic Overview

Vietnam's economic recovery is continuing apace, with GDP annual growth rate of 6.7% as at December 2015.

EIU forecasts the economy is expected to expand by 6.8% on average for 2016 and 6.9% on average for 2017. Underpinning this rate of expansion will be faster private consumption growth which will be grounded in stable price conditions and an increase in wage growth.

Increases in government spending will likely slow as the authorities make progress on reforming state-owned enterprises, but we expect that the overall investment activity will be spurred by the government's policies to liberalize regulations and further integrate with the global economy.

A further loosening of monetary policy in the near term will also help to support an acceleration in GDP growth. Meanwhile, foreign investment, especially in the export-oriented electronics sector, is expected to continue to gather momentum, driving an average annual increase of 10.4% in total exports in 2015 - 2019 according to EIU.

In general, although the average annual rate of inflation is expected to accelerate in 2016 – 2020 to 3.9%, this is modest compared to the recent average annual inflation rate of 8% (2011 – 2015).

Unemployment in Vietnam is currently 2.44% having averaged 2.4% from 1998 - 2015 and the population is 93.4mn.

Banking Industry

The Vietnamese banking industry is comprised of a diverse mix of players, ranging from relatively large state-owned commercial banks to small privately held banks.

Even though having a significant impact on the overall economy, the sector is facing numerous challenges due to the overheated credit growth in previous years. The rise in bad debts has effected the real economy. Credit growth is sluggish by historical standards, with many companies struggling for finance and banks have been reluctant to make new loans.

The NPL ratio has experienced a downward trend from 2012 to 2015. The SBV stated that the uptick in NPLs in recent years was partly due to the implementation of more stringent rules regarding

provisioning. However, there is still a difference between NPL figures provided by the government and those calculated by international organizations.

The banking sector is characterized by its small size in terms of deposits and loans, and by the relatively large number of banks, both domestic and foreign. With the instability of the banking system, coupled with the slow credit growth and high level of non-performing loans, mergers and acquisitions are a solution to keep small and medium-scale banks in existence and operate efficiently. The government is also keen to encourage consolidation in the banking sector, and reduce the high level of non-performing loans.

Demand for financial services (mainly consisting of banking services) will continue to expand, reflecting rising income and increasing competition in the sector.

Government actions to restore macroeconomic stability are expected to bring positive impacts on the financial sector in 2016-2019.

EIU expects credit growth to have averaged 19.1% (real 18.2%) in 2015 and 17.55% a year in 2016 - 2019, up from an average 7.7% recorded between 2010 - 2014.

Demand for personal financial services such as home loans, car loans and credit cards, is expected to increase in 2016 - 2019. Banks and financial institutions have largely ignored such demand in the past because of the low levels of personal wealth and income prevailing in Vietnam. However, attention is now turning towards the development of mortgages and consumer finance.

Debit and credit cards are becoming increasingly popular in Vietnam, and their use is expanding rapidly from a low base. According to the World Bank's survey, 26.5% of those surveyed had a debit card in 2014, up from 14.6% in 2011.

There are already numerous foreign investors with shareholdings in domestic Vietnamese banks such as MUFG, Mizuho and SMBC.

2015 at a Glance

The Vietnamese banking sector was active in slightly less conventional ways compared to other countries in this report. In the banking sector we saw four bank mergers and three bank nationalisations.

The Sacombank (Saigon Thuong Tin Commercial JSB) merged with Southernbank (also known as Phuong Nam Bank) which was valued at an estimated \$256mn in October 2015. The government has been keen to consolidate the banking sector, reduce cross-ownership and reduce bad debts / NPLs.

In the same month, Military Bank announced the intention to merge with SongDa Finance and would acquire 89% of its equity from the government. The implied equity value of the deal was \$22mn and Military Bank will remain the sixth largest bank in terms of capital and total assets, post acquisition. SongDa Finance had total assets of c\$54mn.

The largest merger was that between Maritime Bank and Mekong Bank which took place in August 2015 with an estimated value of \$585mn. The new bank trades under the name of Maritime Bank and has over \$5bn of assets, c5,000 staff and approximately 3000 outlets.

The three bank nationalisations were not exactly transactions but did see a change in control with the State Bank of Vietnam becoming the new owner of 100% of the equity in each bank. The mandatory acquisitions were made due to (for Ocean Bank and GP Bank) the operational weaknesses, losses, negative equity and ineffective management. All three banks are to be managed by Vietinbank.

Vietnam

Transactions 2015

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Domestic	Song Da	Dec-15	Bank	Military Bank		22
	Southern	Sep-15	Bank	Sacombank		256
	GPBank	Jul-15	Bank	State Bank		
	Oceanbank	May-15	Bank	State Bank		
	VNCB	May-15	Bank	State Bank		
	Mekong Housing Bank	Apr-15	Bank	Joint Stock Commercial Bank for Investment and Development of Vietnam		159
	Mekong Bank	Mar-15	Bank	Maritime bank		585
Sub-total						1,022
Deals sub \$10m						3
TOTAL						1,025

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Note: Merger transactions are in BLUE font

Source: Mergermarket, Deloitte research

Glossary

ACRONYMS	Meaning
ANZ	Australia New Zealand Bank
ASEAN	Association of Southeast Asian Nations
AsiaPac	Asia Pacific
BAML	Bank of America Merrill Lynch
BBVA	Banco Bilbao Vizcaya Argentaria
BNI	Bank Negara Indonesia
BOC Hong Kong	Bank of China Hong Kong
BOJ	Bank of Japan
BOT	Bank of Thailand
BSP	The Bangko Sentral ng Pilipinas
BTMU	Bank of Tokyo Mitsubishi UFJ
BTPN	PT Bank Tabungan Pensiunan Nasional Tbk.
BUKU	Classification of Indonesian banks
CBC	Central Bank of Taiwan
EIU	Economist Intelligence Unit
FX	Foreign Exchange
GBV	Gross Book Value
GDP	Gross Domestic Product
GE	General Electric
HK	Hong Kong
HSBC	The Hongkong and Shanghai Banking Corporation Limited
IFC	International Finance Corporation
IPO	Initial Public Offering
LTV ratio	Loan-To-Value Ratio
MPC	Monetary Policy Committee
MUFG	Mitsubishi UFJ Financial Group
NPL	Non-performing Loans
RBS	Royal Bank of Scotland
SBV	The State Bank of Vietnam
SME	Small-Medium Enterprises
SME Finance	Small-Medium Enterprises Finance
SMBC	Sumitomo Mitsui Banking Corporation
SOEs	State-owned Enterprises

ACRONYMS	Meaning
Telco	Telecommunications
TMB	Thai Military Bank
FY	Fiscal Year
H1	First Half of the Year
H2	Second Half of the Year
mn	Million
bn	Billion
Q1~Q4	Quarter one ~ four
\$'m	Million USD
USD	US dollars

Appendix

APPENDIX I : Other Transactions in AsiaPac Transactions 2015

SINGAPORE

Equity Transactions

Deal Type	Target/Asset Type	Date	Target/Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Huatong Holdings Pte. Ltd. (49%)	Jun-15	Leasing	Mitsui & Co. (Asia Pacific) Pte. Ltd; JA Mitsui Leasing Singapore Pte. Ltd.		28
	Hap Seng Capital Pte Ltd	Mar-15	Leasing	Lei Shing Hong Limited	Hap Seng Consolidated Berhad	174
Sub-total						202
Deals sub \$10m						—
TOTAL						202

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

NEW ZEALAND

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Telecom Rentals Limited	Mar-15	Leasing	FlexiGroup Limited	Spark New Zealand Limited	80
TOTAL						80

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

SAMOA

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Westpac Banking Corporation (Samoa, Cook Islands, and Tonga banking operations in Pacific Island)	Jan-15	Bank	Bank of South Pacific Limited	Westpac Banking Corporation	71
Sub-total						71
Deals sub \$10m						—
TOTAL						71

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Source: Mergermarket, Deloitte research

BRUNEI

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Domestic	UOB Bandar Seri Begawan Branch	Oct-15	Bank	Baiduri Bank Berhad	United Overseas Bank Limited	47
Sub-total						47
Deals sub \$10m						—
TOTAL						47

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

CAMBODIA

Equity Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	CamKo Bank	Ongoing	Bank	Mitsui & Co. (Asia Pacific) Pte.	KDIC	
	Phnom Penh	Ongoing	Bank	Pending	SBI Savings	
Sub-total						—
Deals sub \$10m						—
TOTAL						—

Loan Portfolio Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
TOTAL						—

Source: Mergermarket, Deloitte research

APPENDIX II : Sub \$50m Transactions in China

Transactions 2015

CHINA

Sub \$50mn Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Shanghai Nanlang Finance Lease Limited (51%)	Dec-15	Leasing	Jinheng Automotive Safety Technology Holdings Limited	Mighty Great Limited; Universal Capital Group Limited	9
	Herald International Financial Leasing Co. Ltd.	Nov-15	Leasing	BMW AG	PAG Capital	
	Beijing Ever Grand International Finance Lease Co., Ltd. (51.39%)	Jul-15	Leasing	PME Group Limited	Wong Lik Ping (Private Investor)	28
	Dalian Lugang Logistics Company Limited (60%)	Jun-15	Leasing	Huajun Holdings Limited	Zhang Yu (Private Investor)	10
	Jiaming Financial Leasing (Shanghai) Co Ltd (75%)	May-15	Leasing	Hon Hai Precision Industry Co Ltd		23
	Dongkui Financial Leasing (Shanghai) Co. Ltd. (45.41%)	Mar-15	Leasing	Dowell Property Holdings Ltd.		23
Domestic	Shenzhen Jinying Car Leasing Co., Ltd. (98%)	Dec-15	Leasing	Guangdong Rising Assets Management Co., Ltd.	Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	16
	United Financial Club (51%); Uf Micro Loan (51%)	Nov-15	Microfinance/Microcredit	Shenzhen Haoningda Meters Co., Ltd.	Shenzhen Zhongyu Xintang Trading Co., Ltd.; United Financial Holdings	40
	Ever Fortune Financial Leasing Co., Ltd. (53%)	Sep-15	Leasing	Shanghai Dasheng Agriculture Finance Technology Co., Ltd.	Hebei Aowei Group Co., Ltd; Hebei Aowei Industrial Group Co., Ltd.	8
	Jiashi (Xiamen) Finance Lease Limited	Aug-15	Leasing	Differ Group Holding Company Limited	Mr. Su Xing Zhao; Mr. Liu Defang	16
	Highsun Small-Loan Co Ltd (30%)	Aug-15	Microfinance/Microcredit	Guangdong Highsun Group Co., Ltd.	Guangzhou Highsun Industrial Group Co Ltd	7
	Zhuji Haibo Microfinance Co Ltd (30%)	Aug-15	Microfinance/Microcredit	Zhejiang Hailiang Co., Ltd.	An investor group led by Shanghai Wanzhengxiang Metal Material Co Ltd	48
	Ji'an County Changyun Micro Credit Co Ltd (40%)	Jul-15	Microfinance/Microcredit	Ju'an Jufeng Concrete Co Ltd	Jiangxi Changyun Co Ltd	8
	Deqing Jin Hui Micro-finance Co., Ltd (96.93%)	Apr-15	Microfinance/Microcredit	Zuoli Kechuang Micro-finance Company Limited	Deqing Jinyin Gao Ke Qiang Ci Co., Ltd	42
	Zhuji Great Southeast Micro Credit Co Ltd (30%)	Apr-15	Microfinance/Microcredit	China Zhejiang Great Southeast Group Corporation	Zhejiang Great Southeast Co Ltd	22
	Shenzhen Huajun Financial Leasing Limited (30%)	Apr-15	Leasing	Harbin He Zhong Hui Li Economic and Trading Co Ltd		15
	Suzhou Wuzhong District Dongshan Agricultural Microfinance Co., Ltd. (40%)	Mar-15	Microfinance/Microcredit	Suzhou Huifang Tongda Information Technology Co., Ltd.	Jiangsu Wuzhong Jiaye Group Co., Ltd.	21
	Mercedes-Benz Leasing Co., Ltd. (35%)	Mar-15	Leasing	BAIC Motor Corporation Limited		26
	Aixuedai com	Jan-15	Consumer finance	Undisclosed bidder		40
	TOTAL					

Source: Mergermarket, Deloitte research

APPENDIX III: Sub \$10m Transactions in AsiaPac

Transactions 2015

JAPAN

Sub \$10mn Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Domestic	GFA Co Ltd (35.32%)	Oct-15	Real Estate Loans	Craft Corporation Co Ltd		6

KOREA

Sub \$10mn Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Domestic	Dongbu Capital Co., Ltd. (50%)	Feb-15	Leasing	Dongbu Insurance Co Ltd	Dongbu Steel Co Ltd	9

INDONESIA

Sub \$10mn Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Cross-border	Pt Swadharna Indotama Finance (50%)	Aug-15	Consumer finance	Shinhan Card Co Ltd	Salim Group Inc	8
TOTAL						8

VIETNAM

Sub \$10mn Transactions

Deal Type	Name	Date	Asset Type	Buyer	Seller	Value (\$'m)
Domestic	Southern bank	Apr-15		Sacombank		3
TOTAL						3

Note: Merger transactions are in BLUE font

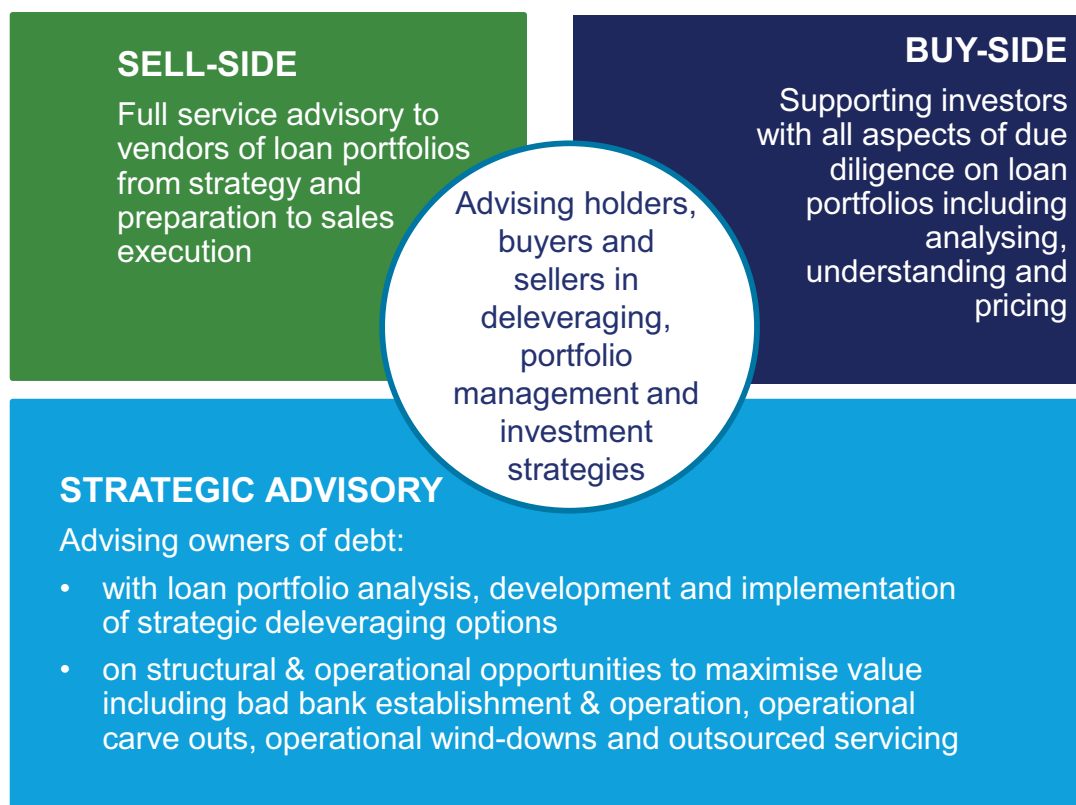
Source: Mergermarket, Deloitte research

Portfolio Lead Advisory Services

Portfolio Lead Advisory Services

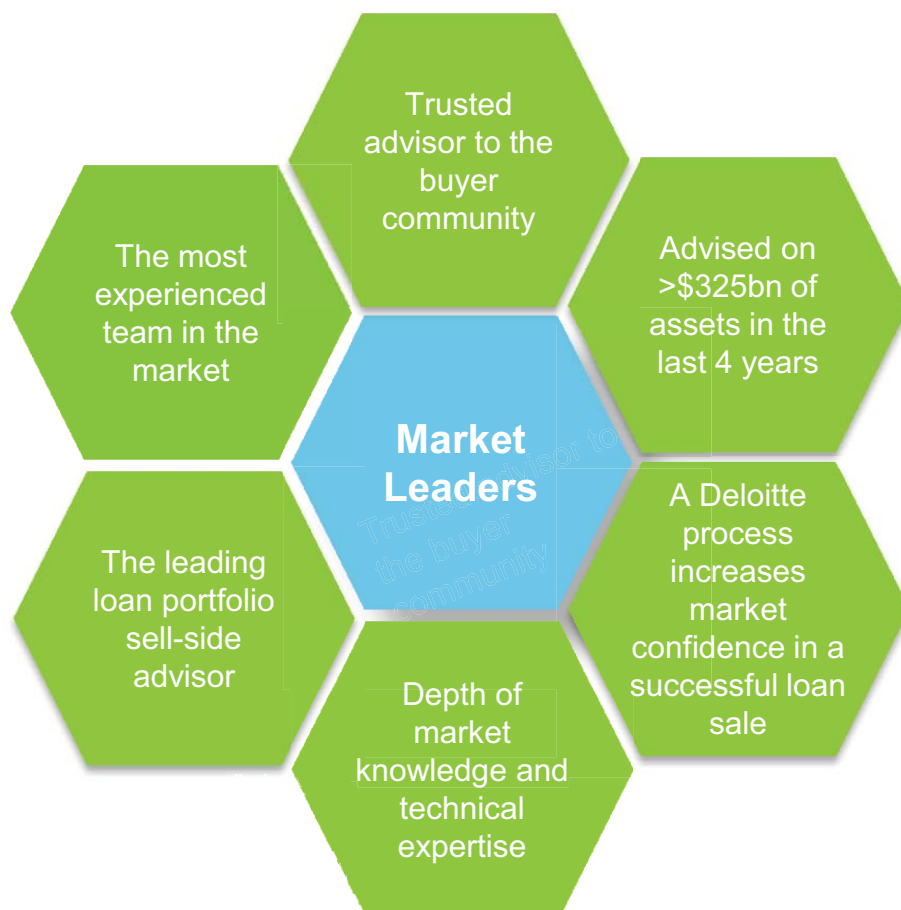
The team is a recognized leader in global loan portfolio advisory projects covering all aspects of non-core deleveraging from strategy to execution

- The PLAS team members are recognised leaders in loan portfolio advisory projects covering deleveraging advice, buy and sell side mandates.
- The core senior team has advised governments, financial institutions, regulatory authorities and global private equity firms on deleveraging and loan portfolio transactions across every major asset class covering billions of dollars of assets.
- Jonathan Daniel, a Chartered Accountant, Member of the Securities & Investment Institute and qualified banker, is based in Tokyo. He supports Japanese financial institutions with their strategic investments and Tokyo-based financial investors in their acquisition of stressed and problematic loan portfolios.
- Jonathan has 30 years of banking and advisory experience, as both an advisor and a principal investor in loans, bringing a unique perspective to advising clients on portfolio acquisition and divestment.



Portfolio Lead Advisory Services

The team is a recognized leader in global loan portfolio advisory projects covering all aspects of non-core deleveraging from strategy to execution



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