



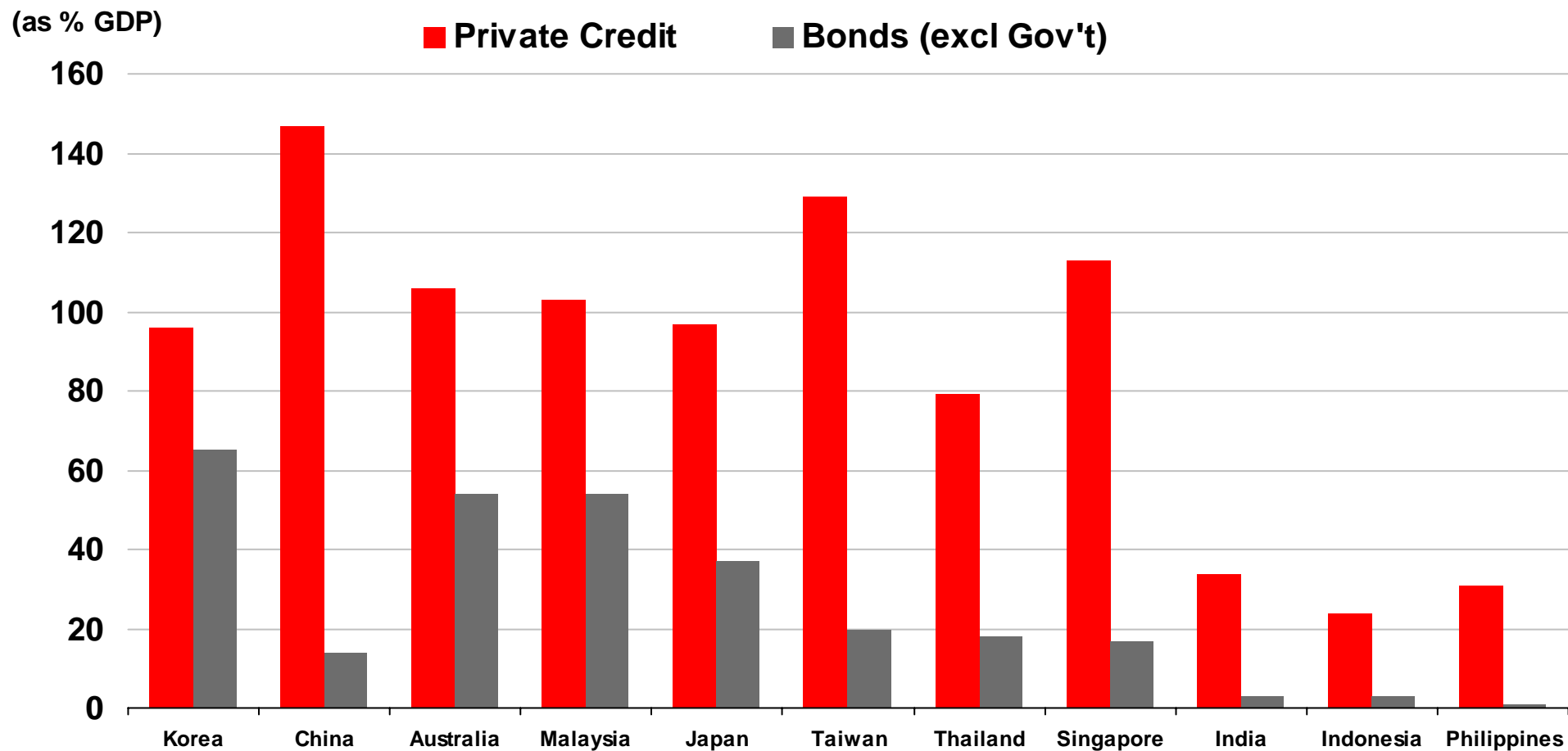
24th ABA General Meeting and Seminar
Plenary Session Two:
What is happening in the Asian Banking Market?

David Marshall
Managing Director
Financial Institutions, Asia-Pacific
Fitch Ratings

2nd November 2007



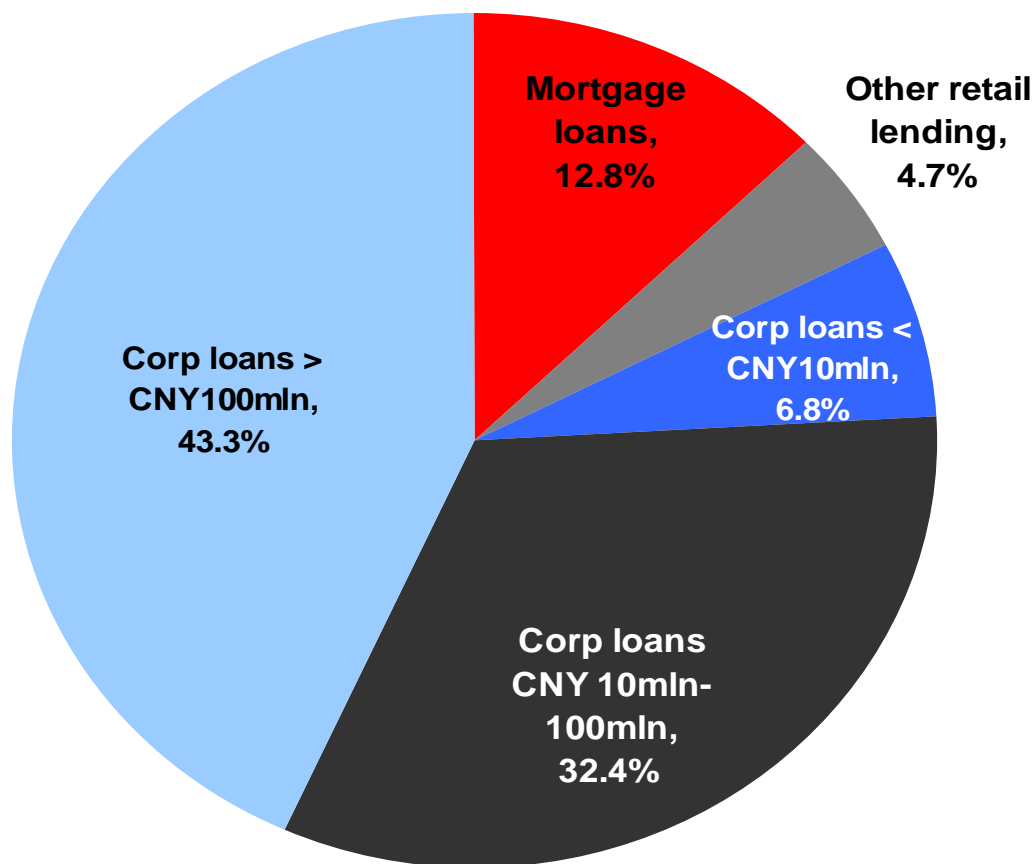
Bond vs Bank Markets in Asia





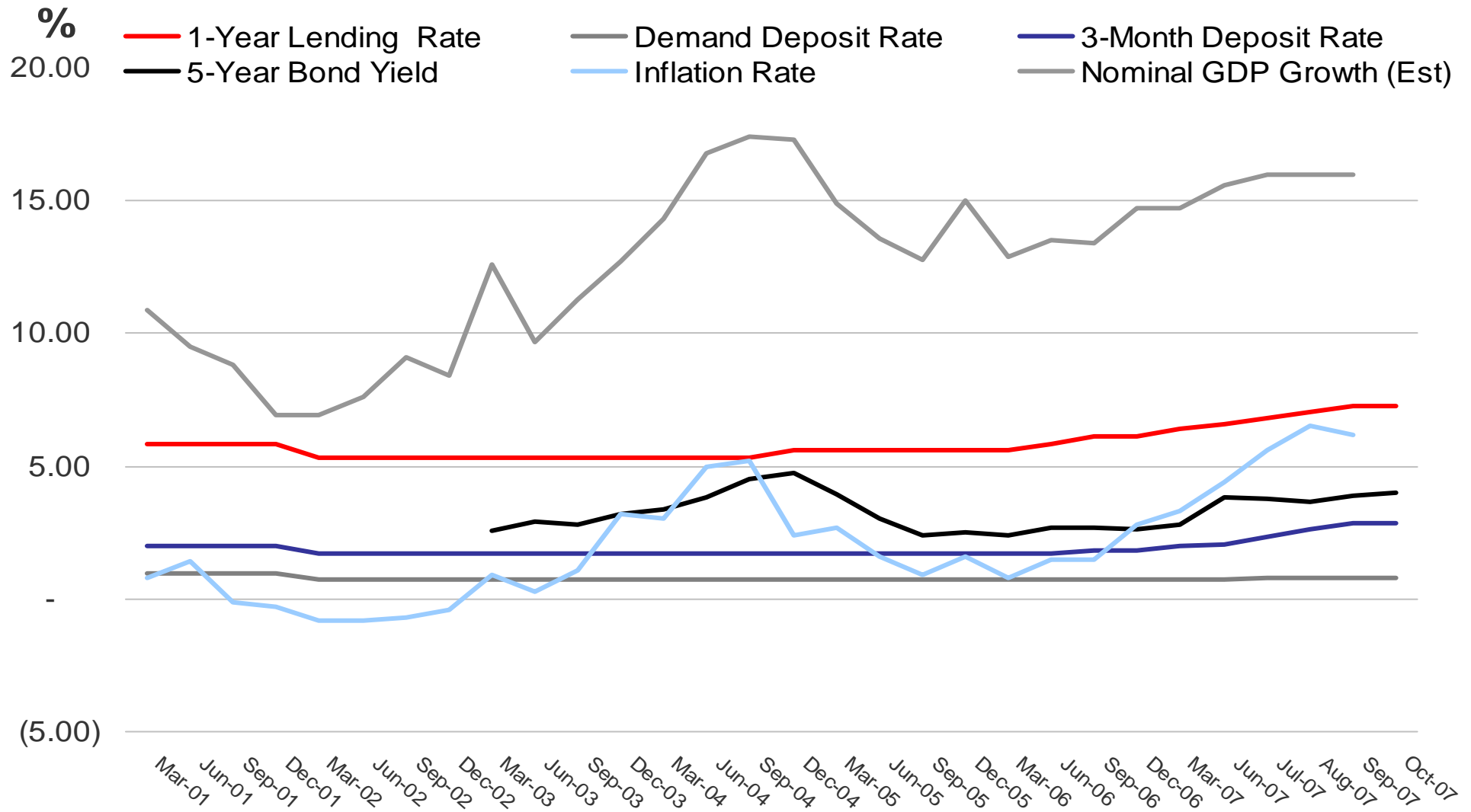
Chinese bank lending remains focused on large corporates

Avg. Loan Portfolio of 7 Largest Listed Banks





China: interest rates, inflation & growth





Asia Economic Growth Forecasts

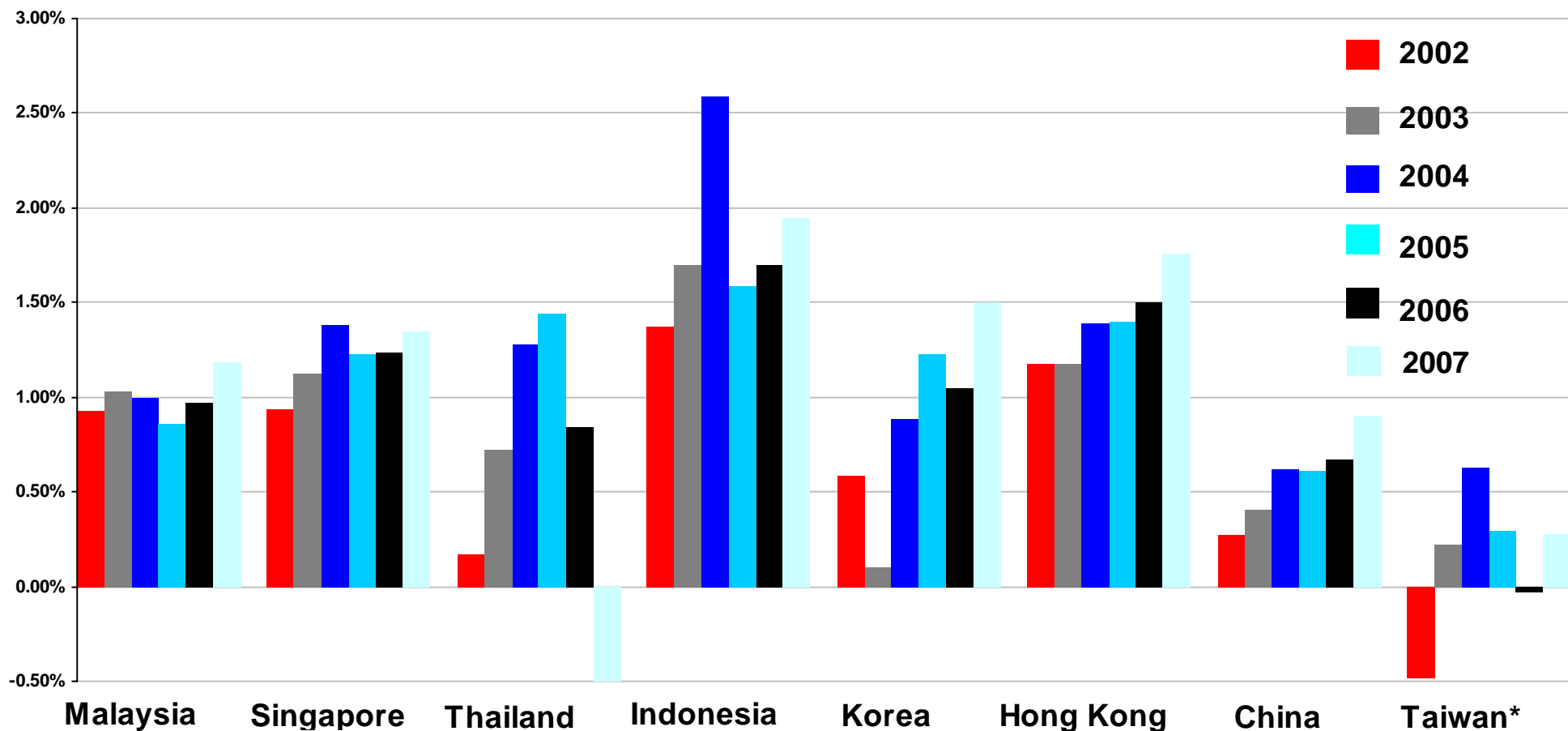
	2006	2007
Australia	2.5	2.9
China	10.7	10.4
Hong Kong	6.8	5.2
India	9.2	8.4
Indonesia	5.5	5.9
Japan	2.2	2.2
Korea	5.0	4.4
Malaysia	5.9	5.0
Mongolia	7.0	6.4

	2006	2007
New Zealand	1.7	2.3
PNG	3.7	4.5
Philippines	5.4	5.3
Singapore	7.9	6.5
Sri Lanka	7.0	6.8
Taiwan	4.6	4.0
Thailand	5.0	3.8
Vietnam	8.2	7.9
Emerging Asia	8.6	8.3

Source: Fitch



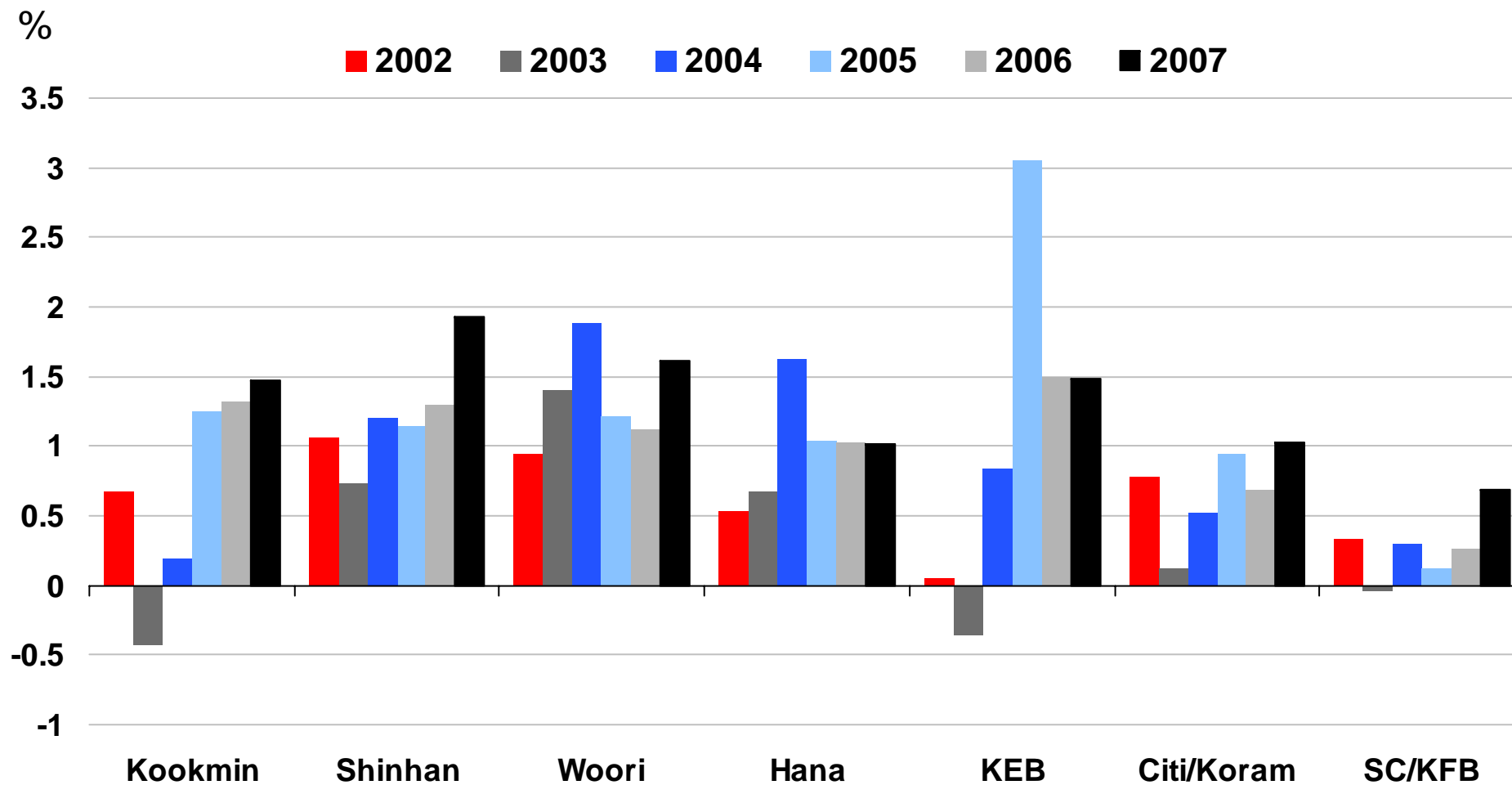
Asia: Return on Assets Trend by country



Source: Fitch, banks, central banks
Note: * before tax



Korean Banks' performance comparison (ROA Trend)





Key Issues for Asia Banks

- > **Slower global growth – mitigated for Asia by China and India?**
- > **Strong growth in some markets producing warning signs – India, Korea, Australia, China?**
- > **Asian banks performing well – but face strategic challenges and choices.**
- > **Capital market development – disintermediation.**
- > **Risk management and capital management – economic and regulatory.**
- > **Consolidation and competition.**
- > **Corporate Governance.**



Fitch Ratings
www.fitchratings.com

London
101 Finsbury Pavement
London, EC2A 1RS
+44 207 417 4222

New York
One State Street Plaza
New York, NY 10004
+1 212 908 0500
+1 800 75 FITCH

Singapore
7 Temasek Blvd.
Singapore 038987
+65 6336 6801