

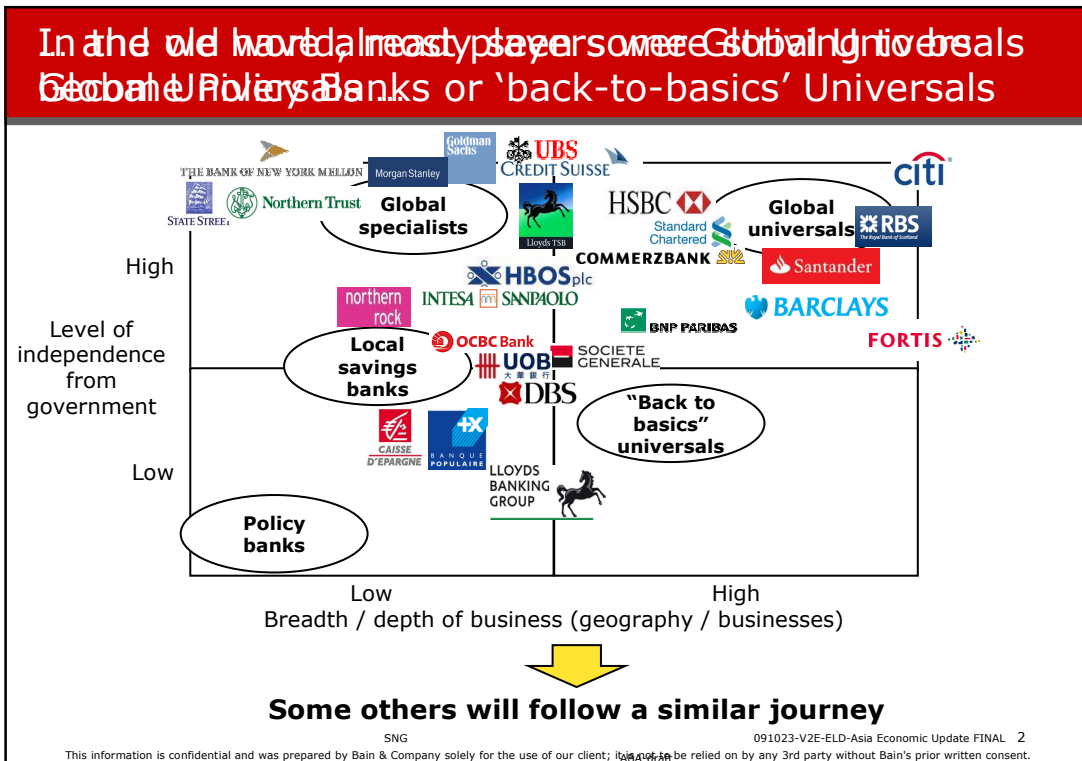


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# The rise of Chinese banks and the implications to Asian banks

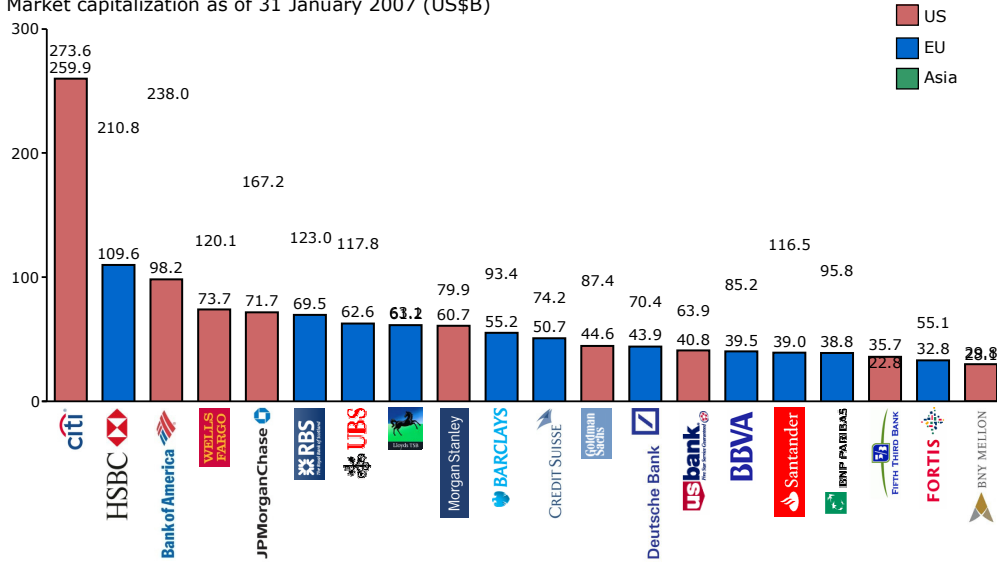
Contact: johnson.chng@bain.com

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# Top 20 Global Banks – a change in the world order

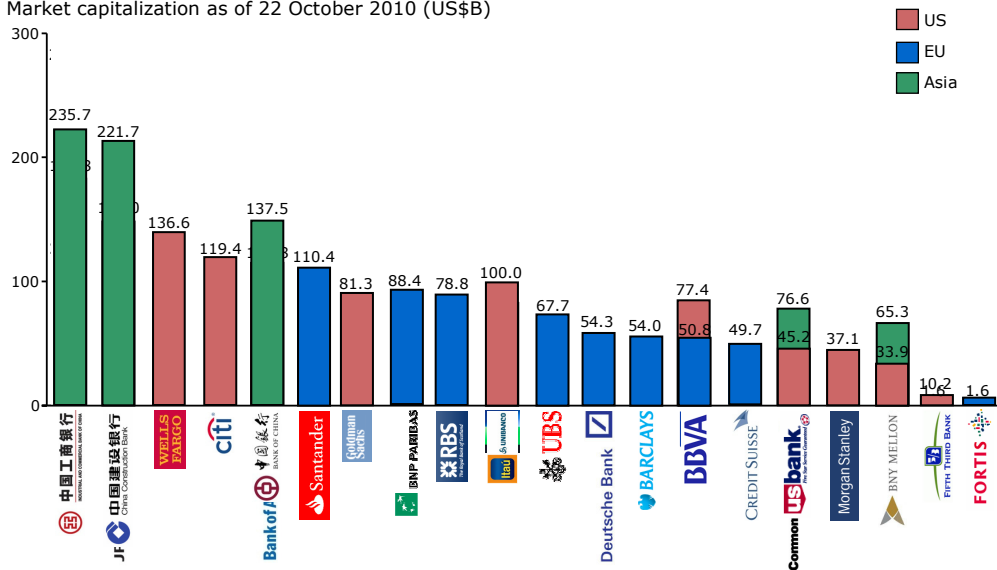
Market capitalization as of 31 January 2007 (US\$B)



Note: Market cap and P/B: For 2001 as of 31<sup>st</sup> Dec; For 2007 as of 31<sup>st</sup> Jan; For 2009 as of 14<sup>th</sup> Oct  
Source: Bloomberg; Bain Analysis

# Top 20 Global Banks – a change in the world order

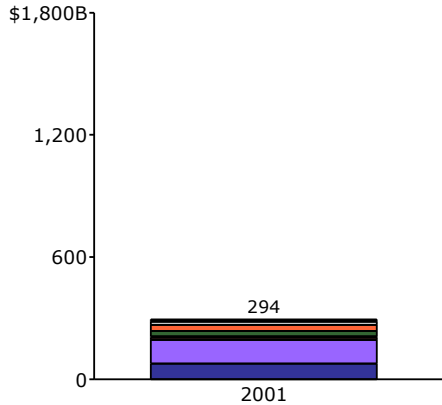
Market capitalization as of 22 October 2010 (US\$B)



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## Asian banks, especially Chinese, have seen significant growth in market capitalisation

Total Banking sector Market Cap (\$B)  
(Publically listed banks)

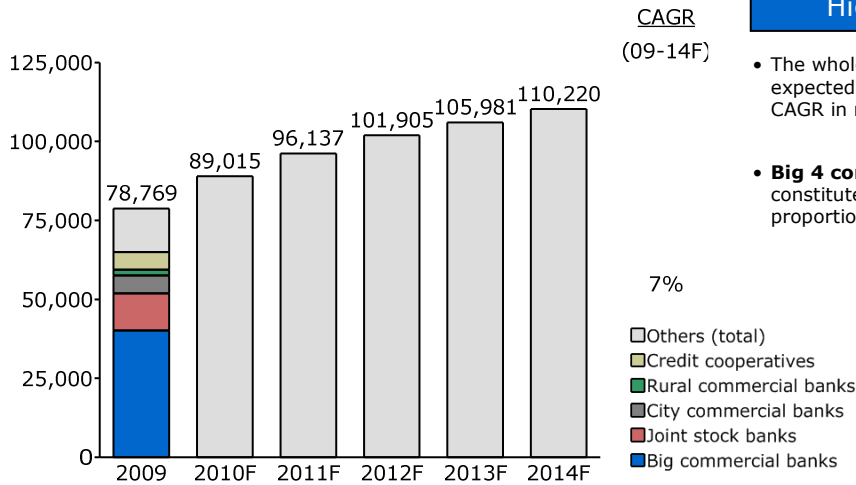


Note: Market cap for 2001 as of 31<sup>st</sup> Dec; Market cap for 2009 as of 4<sup>th</sup> Sept 2009  
 For 2001, # of banks: Aus (7), Japan (84), China (3), India (22), HK (7), Singapore (13), Malaysia (10), Indonesia (14), Taiwan (9), S Korea (13)  
 For 2009, # of banks: Aus (7), Japan (99), China (14), India (38), HK (9), Singapore (13), Malaysia (10), Indonesia (26), Taiwan (12), S Korea (13)  
 Source: Bloomberg; Bain Analysis SNG 091023-V2E-ELD-Asia Economic Update FINAL 5

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## China financial service industry is growing steadily in next 5 years

Total assets of China financial service industry (RMB B)



**DRAFT**

### Highlights

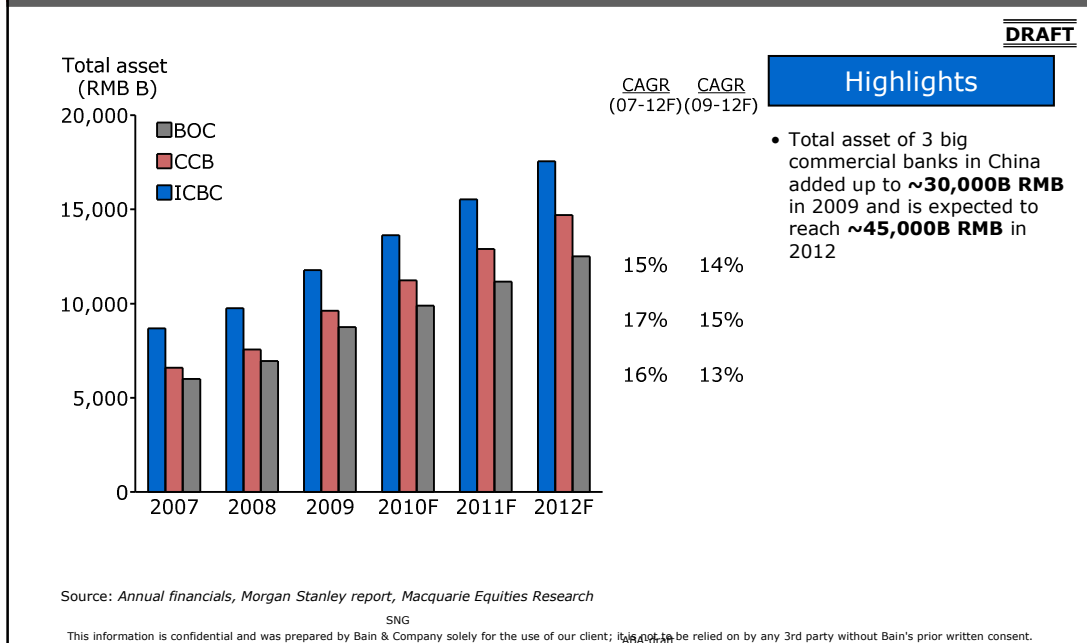
- The whole FS industry is expected to grow at 7% CAGR in next 5 years
- Big 4 commercial banks** constitute the largest proportion of FS industry

Source: 银监会年报, Business monitor

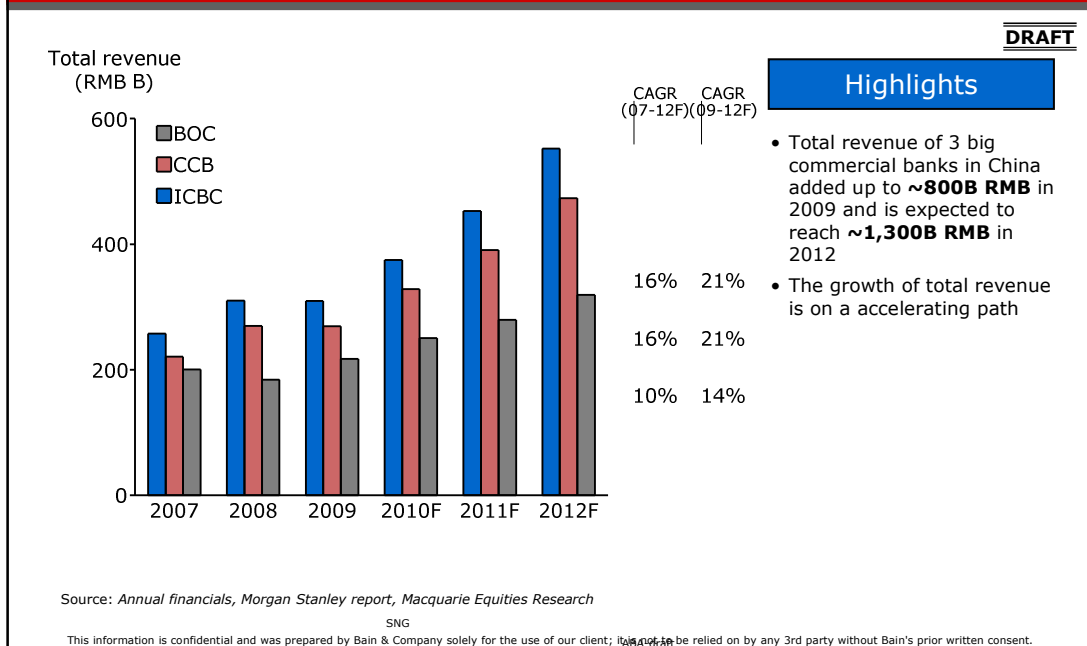
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## Big commercial banks in China enjoys ~15% avg. growth rate in near future

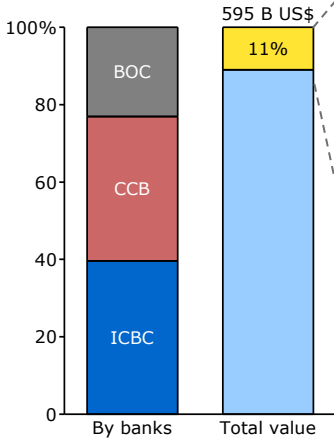


## Revenue of big commercial banks in China is gaining momentum



# The power of the Chinese banks' acquisition currency

Mkt Cap of 3 big commercial banks in China (as of Oct 25, 2010)



Potential targets + \$ remained

Region	Company name	Latest Mkt cap (US\$ B)	Total
Taiwan Top 5	Mega Financial Holding Co.	7.36	+ 38.98 B
	Chinatrust Financial Holding Co.	6.47	
	Hua Nan Financial Holdings Co.	4.26	
	First Financial Holding Co.	4.22	
	Taiwan Cooperative Bank	4.17	
	<b>Total</b>	<b>26.47</b>	
Malaysia Top 5	Malayan Banking Bhd	20.22	+ 2.01 B
	CIMB Group Holdings Berhad	19.13	
	Public Bank Berhad	14.19	
	RHB Capital Bhd	5.50	
	Hong Leong Bank Bhd	4.40	
	<b>Total</b>	<b>63.44</b>	
Indonesia Top 5	PT Bank Central Asia Tbk	18.69	+ 3.12 B
	PT Bank Mandiri	16.09	
	PT Bank Rakyat Indonesia Tbk	14.98	
	PT Bank Negara Indonesia Tbk	6.63	
	Bank Danamon Indonesia Tbk PT	5.94	
	<b>Total</b>	<b>62.33</b>	

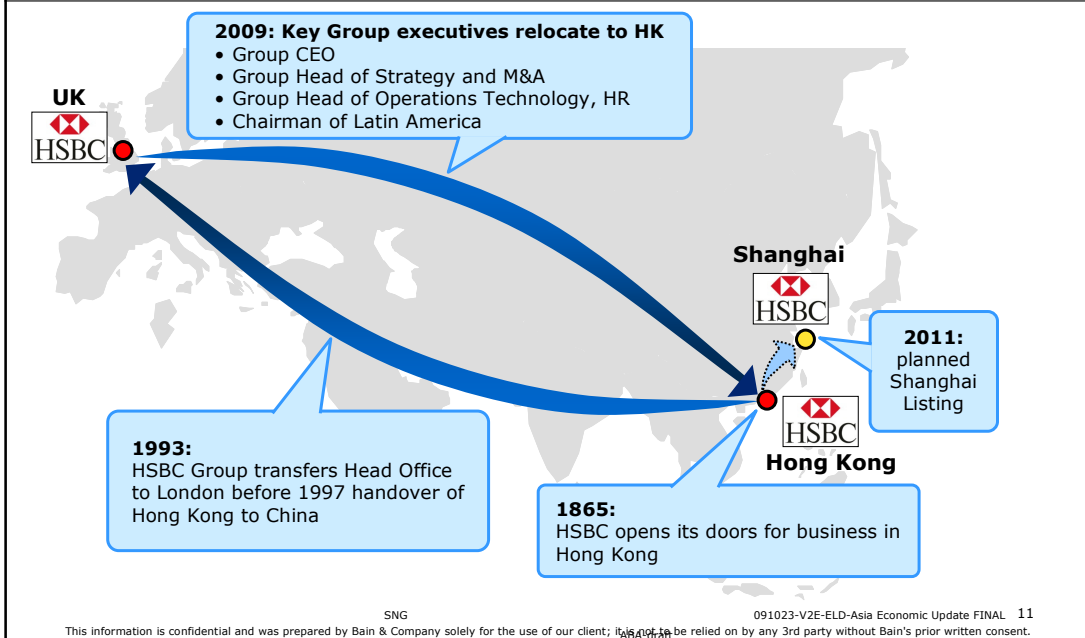
With potential M&A, commercial banks in China are expected to grow oversea business from 2% to 10% in terms of total revenue in next 5 years

Source: Annual financials, CapitalIQ SNG  
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# Competitive landscape hard to predict exactly, but likely fewer global players and more regional/national



# HSBC: Shift in power base from West to East



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