

*Emerging
opportunities*
Financial Services
M&A in Asia 2011

This flyer looks at the highlights of the survey results for Vietnam, recent transactions, M&A forecasts as well as potential opportunities and barriers for deals in the country.

October 2011

Country Flyer -
Vietnam

Vietnam: Recent transactions

- Financial services M&A in Vietnam during 2010 was worth a total of US\$69m
- This was significantly lower than 2009's total deal value figure of US\$211m, which included HSBC's additional investment in life insurer Bao Viet for US\$105m
- Most FS M&A deals in the first half of 2011 related to sales of equity in securities companies which have suffered significant losses recently as a result of the decline in the local stock market indices and low liquidity levels on the two bourses. One of the largest deals in H1 related to the insurance industry with German insurer Ergo taking a strategic minority stake in GIC, a local general insurance company.
- Whilst most transactions to date in 2011 have been relatively small, various press reports have confirmed that Vietcombank is in advanced discussions with a strategic buyer for a minority stake in the state owned bank, a transaction which would be much larger than those seen to date

Figure 1: Asian FS M&A by deal value 2010, US\$m

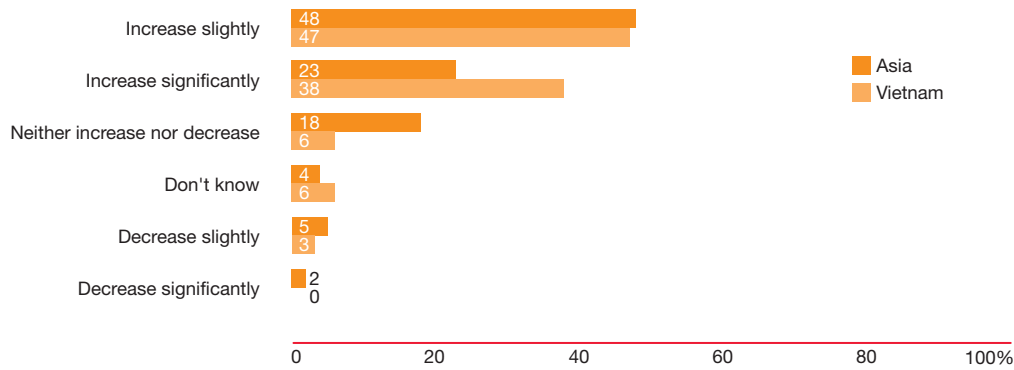
Target Country	No. of Deals	Banking	Securities & capital markets	Mutual funds & asset management	Insurance	Other	Total (US\$m)
China	78	10,823	1,960	2,666	672	613	16,733
Australia	104	258	46	1,654	8,300	185	10,442
Japan	104	1,239	491	67	5,363	1,047	8,207
South Korea	29	4,479	61	28	1,520	426	6,514
Hong Kong	39	1,410	207	327	3,143	366	5,453
India	88	829	254	553	19	399	2,054
Thailand	17	1,122	-	9	-	194	1,326
Malaysia	18	-	-	0	911	1	912
Indonesia	51	704	17	4	44	30	799
Taiwan	15	98	429	6	183	-	716
Singapore	16	-	4	228	313	2	547
Pakistan	8	279	-	-	-	-	279
Philippines	8	181	-	-	-	-	181
Kazakhstan	5	131	-	-	-	-	131
Bangladesh	3	55	-	-	17	32	104
New Zealand	17	-	-	31	2	48	81
Vietnam	23	11	45	3	11	-	69
Uzbekistan	3	17	-	-	-	-	17
Sri Lanka	13	2	3	2	2	-	9
Azerbaijan	2	2	-	-	-	-	2
Total	641	21,640	3,516	5,578	20,498	3,341	54,574

Source: Thomson Reuters, PwC analysis

Vietnam: M&A forecast and appetite

- Vietnamese respondents to the PwC Financial Services M&A in Asia Survey 2011 are strongly positive about the prospects for M&A in their market
- Very few predict a stable deal market, and more than 80% expect financial services M&A in Vietnam to bounce back after a quiet 2010

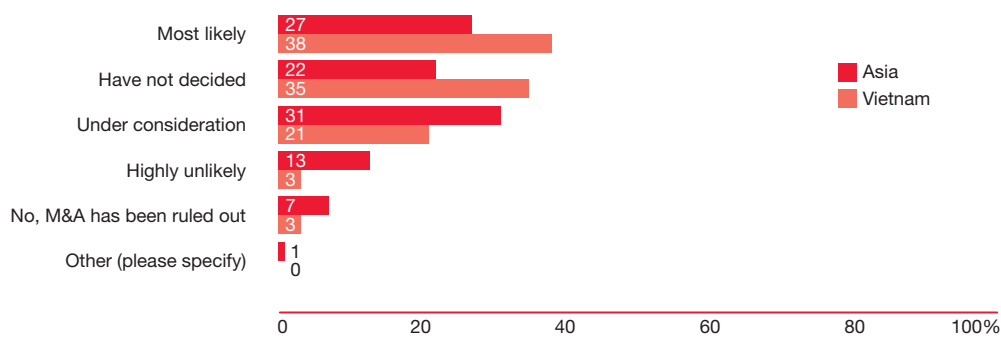
Figure 2: M&A expectations for your market, next 12m



Source: PwC Financial Services M&A in Asia Survey 2011.

- Respondents from Vietnam are also upbeat on their own organizations' deal appetites
- Although more than a third say their firm's strategic direction has not been decided, nearly 40% see a material M&A transaction as being 'most likely' during the coming year

Figure 3: Likelihood of involvement in M&A, next 12m

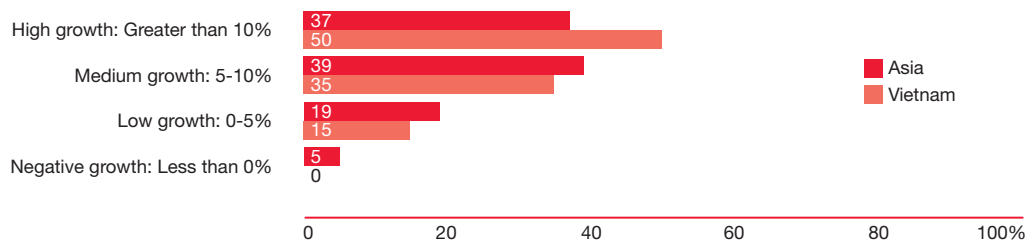


Source: PwC Financial Services M&A in Asia Survey 2011.

Vietnam: Potential opportunities

- Vietnamese respondents are among the most confident in Asia when it comes to their organizations' domestic growth prospects
- This underlines the attractions of Vietnam for foreign entrants. The banking sector offers outstanding growth potential, and tighter capital regulations could represent an opportunity for targeted inbound investment

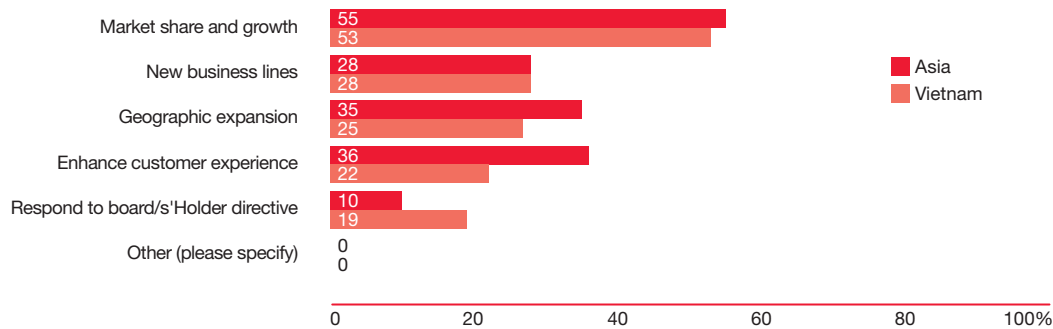
Figure 4: Domestic business growth, next 12m



Source: PwC Financial Services M&A in Asia Survey 2011.

- Those surveyed highlight the importance of market share growth. This is a reminder of the fragmented local banking sector and its strong potential for consolidation

Figure 5: Primary motives for M&A

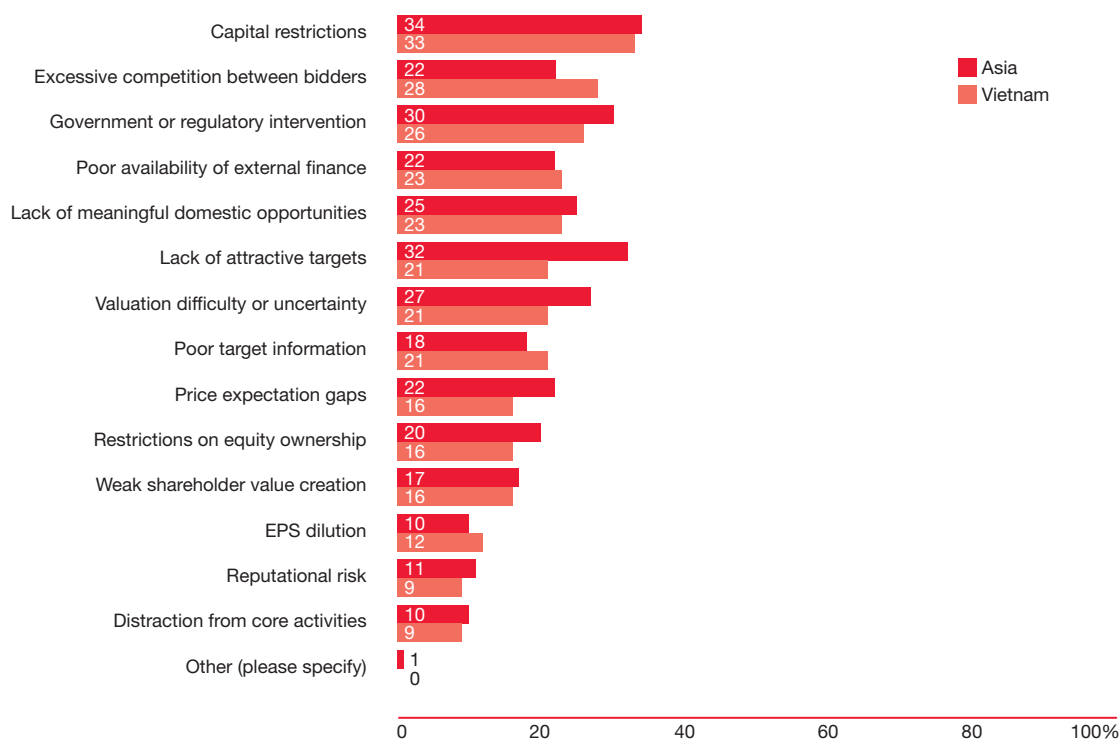


Source: PwC Financial Services M&A in Asia Survey 2011.

Vietnam: Obstacles and barriers

- Increasing supervisory demands for stronger solvency mean that capital restrictions are seen as the primary obstacle to financial services M&A in Vietnam
- Excessive competition between bidders is also seen as a significant barrier to deal-making, reflecting the relative paucity of deal opportunities in Vietnam
- The impact of government and regulatory intervention is also a leading concern

Figure 6: Principal obstacles to undertaking M&A



Source: PwC Financial Services M&A in Asia Survey 2011.

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