PRICEWATERHOUSECOOPERS

NPL Asia

Issue 2
April 2003

A review of what is happening in the Asian non-performing loan market

Since our inaugural issue last October, the sale of non-performing loans ("NPLs") remains the primary focus of the major players in the Asian distressed debt market. PricewaterhouseCoopers ("PwC") continues to be at the forefront of many of these deals. In this second issue of NPL Asia, a newsletter aimed at NPL sellers and investors, and the advisers that serve them, we will do our best to report on both major transactions and market developments.

In this issue, we have concentrated upon the most active markets in the region – with particular attention to Taiwan, which remains hot, and Korea. We have also included specific articles on recent developments in China, India, Malaysia and the Philippines, all of which are in various stages of development.

The information in NPL Asia is obtained from various sources in the market, and is believed to be accurate at the time of going to print. In certain cases there has been a need to keep transaction details confidential or to alter the names of the parties involved. We trust you will find NPL Asia useful, and we welcome any comments you may have.

NPL sellers since October 2002

Taiwan:	Chang-Hwa Bank, United World Chinese Commercial Bank, Ji Shun Bank, Landbank, Taiwan Business Bank, Grand Commercial Bank, Chin Fon Bank
Korea:	Korea Exchange Bank Credit Services, Woori Card, Chunbuk Bank, Hyundai Card, Chohung Bank, Kookmin Card, Kyungnam Bank, Samsung Card
China:	China Orient

Taiwan

Recent news

Taiwan is still the hottest NPL market in Asia. In the last five months, Taiwanese banks have held seven auctions disposing of approximately NT84 billion (USD2.6 billion) of NPLs, with an eighth underway. And in what looks like yet another move by the government to boost the resolution of NPLs, the Central Deposit Insurance Company has just cleared the way for a distressed bank to be sold by tender.

In the last quarter of 2002, there were five NPL auctions, four of which involved sellers with significant state interests. It appears that there was no shortage of investor appetite as many investors participated in as many auctions as they could. The auctions were as follows:

- Chang-Hwa Bank NT$23.8 billion portfolio. Winning bidder: Lone Star.
- Land Bank NT$5.4 billion portfolio. Winning bidder: Taiwan Asset Management Co ("TAMCO").
- Taiwan Business Bank NT$18.6 billion portfolio. Winning Bidder: Colony Capital. NT$6.6 billion portfolio. Winning bidder: Lehman Brothers.
- United World Chinese Bank NT$7.9 billion portfolio. Winning bidder: China Development AMC.
- Ji Shun NT$7.4 billion portfolio sale. Winning bidder: China Development AMC.

While 2002 ushered in the era of Taiwan state bank NPL sales, 2003 has seen more activity from the non-state banks. In March, Grand Commercial Bank successfully sold a NT$7.3 billion portfolio to Cerberus in an auction and Chin Fon Bank sold a NT$7.0 billion portfolio to Orix Taiwan. A third auction by Hua Nan of a NT$13.0 billion portfolio is currently underway.

Market overview – major players

Ever since PwC advised First Commercial Bank in its groundbreaking NT$69 billion portfolio sale, approximately NT$231 billion of NPLs have been sold in Taiwan either through public auctions (NT$177 billion) or private negotiations (NT$54 billion). More than 15 investors from around the world have been actively bidding. Although most, if not all, winning prices have not officially been disclosed, local media suggest prices for each deal range from 10-40 cents, most deals falling between 20-30 cents.

A comparison of major players (based upon public information) is detailed in the following tables.

Table 1 Who's selling?

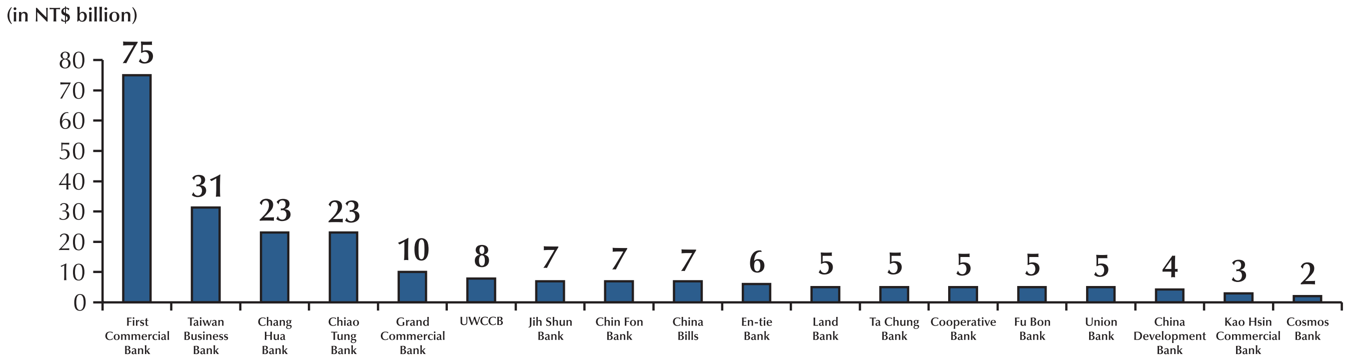


Table 2 Who's buying?

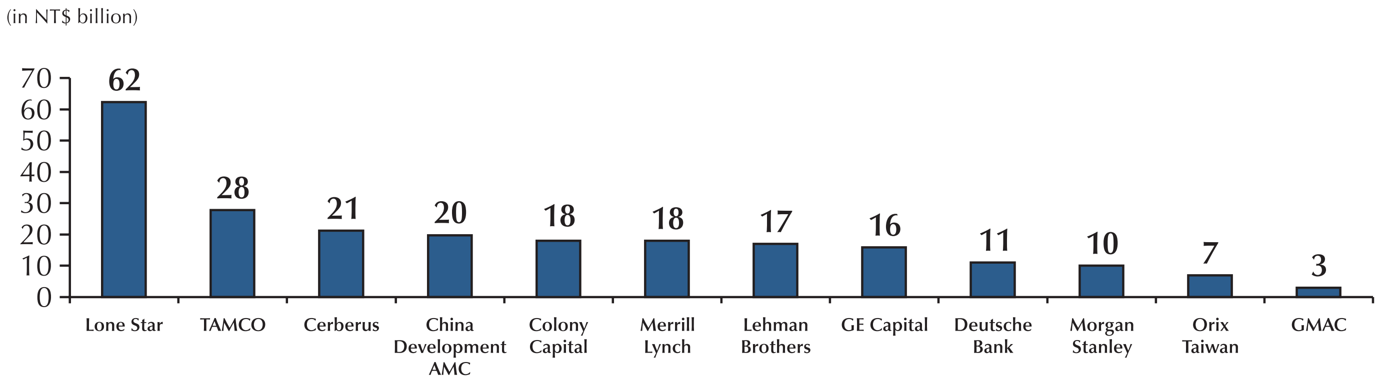
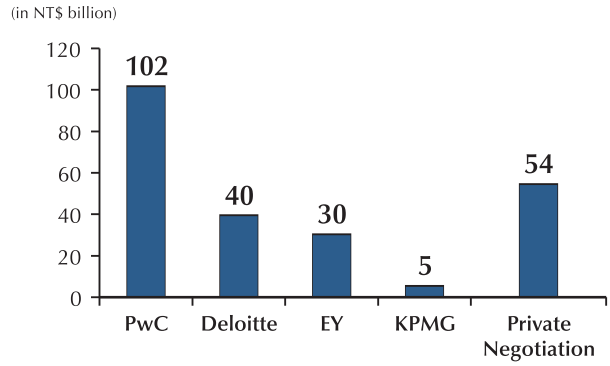
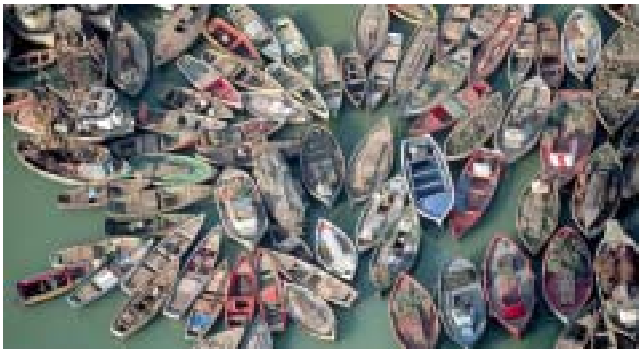


Table 3 Who's advising?





2003 Outlook

Although it appears that the pace may be slowing from the heyday in late 2002, everyone acknowledges Taiwan's NPL problems are far from over, with still more than NT$1 trillion of NPLs yet to be resolved. And for the remainder of 2003 we can be confident that more deals are in the pipeline. According to the Deputy Director of the Bureau of Monetary Affairs:

"We estimate the 2003 NPL market size is around NT$100 billion, a bit smaller than that of 2002. This is mainly because over 40 local banks have already reduced their NPL ratio to below 5% in 2002, while those banks with higher NPL ratios may not have a strong enough capital base to absorb losses from disposing NPLs."

On a new front, in another groundbreaking deal, the Central Deposit Insurance Company appointed PwC to assist in selling Kaohsiung Business Bank ("KBB") by tender. The bank has NT$35.0 billion of NPLs and is expected to be on the market by June. It is widely believed that the sale may well signal a whole new area for investors to consider.

In addition to KBB, Ministry of Finance also plans for a full-scale rehabilitation plan for the domestic financial sector. The Resolution Trust Company recently announced that it will need a further NT$810 billion (in addition to its existing NT$100 billion):

- NT$310 billion to make up the deficit of distressed banks
- NT$350 billion to purchase NPLs from banks with high NPL ratios
- NT$150 billion to inject fresh capital into problem banks

The proposal will go before the country's Legislative Yuan later this month.

Securitisations

In June 2002 the Legislative Yuan of Taiwan passed a "Financial Asset Securitisation Law", allowing financial institutions to bundle performing or non- performing housing loans, credit-card receivables and corporate loans, and to securitise them through a public offering or private placement.

The first performing loan securitisation was concluded in early 2003 by Industrial Bank of Taiwan and collaterised Loan Obligation ("CLO") trust certificates worth NT$35.9 billion were issued. Deals are also expected from First Commercial Bank and China Trust Bank.

Many investors, however, remain highly skeptical, citing Taiwan's limited NPL servicing record and questioning the lack of any credit enhancement in the securitisations. Only time will tell where this market will head.

Korea

The NPL market in Korea has also heated up lately, particularly in the retail credit card sector. So far this year more than ten institutions put an aggregate KRW 5.5 trillion won (USD4.6 billion) of NPL portfolios on the market (includes completed and not yet completed auctions).

Table 4: Korean NPL Auctions Completed in 2003

Seller	Approximate Size (US$ millions)	Winning Bidder	Asset Type (All unsecured)
KorAm Bank	28	Domestic	Credit card loans and personal loans
Chunbuk Bank	92	Domestic	Corporate and personal loans
Hyundai Card	200	Domestic	Credit card loans and receivables
Chohung Bank	161	Goldman Sachs	Credit card loans and receivables and personal loans
Kookmin Card	625	LendLease/ SSB/Merrill Lynch	Credit card loans and receivables
Kyungnam Bank	99	Domestic	Corporate loans, credit card loans and personal loans
Samsung Card	776	Lone Star	Credit card loans and receivables
Korean Exchange Bank Credit Services	308	Lone Star	Credit card loans and receivables
Woori Card	359	Lone Star	Credit card loans and instalment loans

Significant concerns have been raised over the ability of credit card companies in Korea to refinance their debt. Over the last few months interest in asset backed securities issued by the credit card companies in Korea has fallen off significantly. The delinquency rate for the country's eight card companies has reportedly risen to 11.2% as at the end of January. In March, SK Global, the trading arm of one of the country's largest chaebols, announced over KRW1.5 trillion (over US$1.2 billion) of accounting irregularities. As a result, local bond yields have increased dramatically and trading in credit card bonds has slumped. Korean credit card companies are left wondering how they will refinance their debt.

In response, the Korean government recently announced that credit card companies should raise fresh capital of KRW4.6 trillion (USD 3.7 billion) which is reportedly more than double that which had been previously envisaged. The Ministry of Finance and Economy, the Bank of Korea and the Financial Supervisory Commission have instigated various proposals aimed at bring stability to the market, mainly by addressing short term liquidity. Credit card companies are looking at their options for obtaining fresh capital. If the opportunity to issue securities is no longer there, we are likely to see more NPL sales.

Whether this means bilateral sales or auctions remains to be seen. Some believe there may be a lull for a few months while the government attempts to address the short term liquidity issues referred to above. If auctions begin again we expect to see seasoned buyers more familiar with Korean credit card risk take advantage of sellers in need of new funds.

China

Present strategy frustrating foreign investors

There is no question that international investors are getting increasingly frustrated at the slow pace of NPL disposals from China's four state-owned asset management companies or AMCs. With few reported transactions in 2002, many investors are waiting for signs that the market, considered Asia's largest, will truly open. Exactly when this will happen is anyone's guess, with most commentators in agreement that the slow pace is largely tied to the bigger issue of China's banking sector reform.

So despite high hopes from the international investing community of multiple NPL portfolio sales in 2002, it appears that there was only one significant new transaction involving a foreign investor that closed in China in 2002 – the acquisition by Distressed Asset Consulting of a US$213 million (face value) portfolio from China Orient AMC arranged by U.S. based Chenery Associates, which was basically a replica of the deal that closed between Chenery and COAMC in late 2001. 2001's other big announced deals – Huarong AMC's sales of two portfolios, one to a Morgan Stanley/Salomon Smith Barney led consortium and another to Goldman Sachs, only recently received final regulatory approvals and closed. While there are a few other deals in the works, the only other large deal appears to be the US$700 million portfolio awarded to Goldman Sachs in an auction conducted by Great Wall AMC in 2002, the final details of which are still being negotiated.

Why are things taking so long to heat up? While there is no clear-cut answer to this question, in addition to looming banking reform issues, one reason for the slow pace of AMC deals may be the single digit cents on the dollar prices being offered by foreign investors for NPL portfolios on offer. Such low offers have resulted in heated discussions between the parties over the value of the underlying assets and over what an acceptable internal rate of return for the investors should be. The low offers are reflective of many things, including a poor general level of disclosure, a lack of clearly defined bankruptcy and foreclosure laws, and inadequate contractual remedies under loan sale agreements. Low offers and subsequent arguments over value are not uncommon in new markets, but for some reason – perhaps because of the sheer volume of NPLs that could be sold in China and the significant write-offs that would apply – these and other factors are taking a significant amount of time to resolve.

What is interesting to note is that this classic value-expectation gap does not appear to be as much of a problem with domestic investors, with all four AMCs unofficially reporting disposals of NPL portfolios to mainland Chinese investors, often after sales to international investors on the same portfolios have fallen through. These domestic investors tend to be small consortiums whose members have 'connections' in the specific municipalities of the loans they purchase. Whether these consortiums will be able to use their connections to extract the value they require remains to be seen. However, a number of big-name international investors are known to be holding discussions with such parties about joint venturing going forward.

Despite the lack of recent deal flow, the AMCs are nonetheless actively exploring alternative means of disposing of their NPLs and assets. One popular method that has seen recent development is securitization, an area that lacks clear guidelines in China's present regulatory environment. Notwithstanding this, Cinda AMC and Huarong AMC have both announced plans to move forward in this area, betting that they will ultimately obtain the approvals required. Press reports indicate that Cinda's plan involves partnering up with Deutsche Bank AG to provide for joint handling of US$190 million worth of non-performing assets in the international market, while Huarong's plan involves partnering up with CITIC Trust. To obtain the approvals they need, both organization's securitization models will have to be flexible and responsive vis a vis existing regulatory agencies. But given the over one year approval process for Huarong's two deals, the regulatory authorities would almost certainly scrutinize any proposed securitization transaction, making it unlikely that any such deal would close in the near future.

Bailout in 2003?

The big question on everyone's mind these days regarding the state of China's NPL market is what new banking policy directives will be issued now that the new class of political leaders has taken over in March. The question is not whether there will be a bailout of the big-four state-owned commercial banks – almost all commentators believe that there will be one out of necessity – it is what form the bailout will take and when it will kick-in. Will the government take a "big bang" approach and underwrite a complete bailout of the banks or will it follow a more cautious, 1999-style, partial bailout, which could involve new transfers of NPLs to the AMCs?

As has been outlined by numerous sources-including our April 2002 edition of "Industry Watch", China's big-four commercial banks face a mountain of bad loans, largely due to policy and other directed loans to state-owned enterprises. Official government statistics peg NPLs at 26% of all loans. Most commentators estimate the NPL problem to be much larger, in the range of 40%-50% of all loans. While the big-four commercial banks have recently taken steps to improve internal systems and asset quality, simple arithmetic shows that it will take years perhaps even decades for the slow trickle of "good" new loans to compensate for and ultimately overcome the bad loans sitting on their books. The problem the big-four commercial banks face is that they don't have decades to overcome this problem as by 2007 the market will open up to foreign competitors under China's WTO agreements. So the government faces a dilemma: it must either help the banks to overcome their problems to enable them to compete, or leave them to fend for themselves, largely defenseless to the coming market onslaught.

No one believes the government will sit by idly while its "national" banks face well capitalized and managed foreign competitors, although recently a People's Bank of China official noted that the PBOC has yet to carry out a feasibility study in reducing NPLs, and therefore it is unlikely that China will put specific policies in place within the year towards that objective. In any case, it is unrealistic to assume that a complete bailout from the government will take place in the near future due to the big bucks it would require. A Goldman Sachs specialist pointed out in a recent publication that assuming a 40% NPL ratio and a 25% average recovery rate (both percentages being worse than what government statistics reveal), the total cost to bring the big four merely into shape to attract foreign investment-not to fully recapitalize them-would be at least Rmb2.4 trillion (US$290 billion) or 20% of China's projected 2003 GDP. As such an amount is massive, the government will probably have no choice but to undertake a piecemeal approach to solving the problem, which could include a second tranche transfer of NPLs from the big-four banks to the AMCs. If this were to happen, the AMCs may have to step up their disposals of loans and assets on hand in order to make room for the incoming more recent and therefore higher quality ones. Alternatively, the big-four may finally be allowed to dispose of their NPLs directly to third parties, bypassing the AMCs altogether.

While the merits of either case can be debated, both would hopefully lead to the window of opportunity that NPL investors have been waiting for.

India

In our October 2002 issue, we noted the passing of the June 2002 'Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance' by the Government of India to help resolve NPLs in the banking sector. Substantial developments have subsequently taken place:

- The Ordinance has become an Act – removing initial concerns regarding thwarting of this new law by vested interests.
- The Ministry of Finance ("MOF") has already issued guidelines for acquisition/disposal of the defaulters' assets.
- Guidelines on the functioning of Asset Reconstruction Companies (the local equivalent of an AMC) are expected soon (a revised draft of these guidelines has been sent to MOF for their comments).

So what have lenders been doing since the passing of the Ordinance? Some Indian lenders have already exercised their foreclosure rights under the new law and have taken over the secured assets of their most chronic defaulters (earlier, the lenders had to go through lengthy court proceedings to enforce their security interests) and are seeking investors for these assets. However, lenders are waiting for Supreme Court judgement on a recent case, Mardia Chemicals, before creating third party interest in these assets and moving ahead quickly. Advisers are also being appointed by lenders for assisting them in security enforcement and asset disposal. These steps have caused a large number of borrowers to approach lenders for informal workouts and RBI has recently issued guidelines for the compromise settlement of chronic NPLs for up to Rs.100 million to public sector commercial banks.

Further, the Asset Reconstruction Co. (India) Ltd ("ARCIL"), jointly owned by a consortium of banks including ICICI bank, IDBI and State Bank of India (the three largest lenders in India), is reportedly finalising its roll out plan with its first asset acquisitions likely to happen soon. IFCI Ltd, another major lender, is finalising its NPL resolution strategy before finalising the roll out plan for its own AMC called Asset Care Enterprises Ltd.

Some NPL investors are also setting up AMCs, and in doing so are dealing with the restriction on the holding of controlling stakes by a single sponsor. Given the current indications that only a limited number of AMCs will be allowed, the first movers should have an advantage.

The acquisition and consolidation of multiple lenders' stakes in NPLs is a critical success factor for enabling AMCs to improve leverage with the defaulting borrowers to resolve NPLs. AMCs are currently framing policies and putting in place governance structures, which would help to win lenders' confidence for transfer of their stakes to these AMCs.

Other related regulations are also being amended:

- The amended Companies Act includes a new chapter on rehabilitation and provides for constitution of National Company Law Tribunal ("NCLT"). The Government is in the process of staffing NCLT, which shall combine the roles of the Court (in relation to corporate restructuring), Company Law Board and Board of Industrial and Financial Reconstruction (proposed to be repealed) and is expected to simplify and speed up corporate restructuring and insolvency proceedings.
- The Reserve Bank of India has broadened the functioning of its Corporate Debt Restructuring ("CDR") Mechanism (informal work out mechanism) by permitting reference of doubtful (previously only standard and sub-standard) cases to a CDR committee, allowing preferential treatment for lenders who provide finance to troubled companies and providing an exit route for lenders. The process has gained momentum with over 50 cases already approved.

Watch this space – this market is definitely on the move.

Malaysia

NPL resolution is fast becoming a hot topic again in Malaysian banking circles. We have noted that many bankers are now looking towards bulk NPL sales as a means to tackle their NPL problems, with some taking steps to make representations to Bank Negara Malaysia on the benefits of NPL sales and why it should be allowed for Malaysian banks. At present, the only outlet for Malaysian banks to dispose of their NPLs en masse is via the national asset management company Danaharta, which is on target to close in 2005. Many of these banks are presently studying the various NPL disposal models at work in the region with a view to identifying viable alternatives.

While the total amount of NPLs in Malaysia's banking system has dropped in recent times, there remains a sufficient level to prompt banks to explore alternative solutions to resolving their NPL problems. Up to now, banks' options have been limited to either resolving their NPLs on a case-by-case basis or through disposition to Danaharta. Some banks are succeeding more than others but overall progress is slow. Banks are now looking for a solution that is wider reaching and one that can repair their balance sheets within a shorter time-span.

We sense a growing urgency amongst banks to address their NPL problems and the momentum towards NPL sales to third party investors as an option for NPL resolution will only increase as Danaharta winds down its operations.

Philippines

The Philippines NPL market is also moving forward, albeit at a slow pace. The Republic Act (RA) 9182 or *The Special Purpose Vehicle ("SPV") Act of 2002* was signed into law on January 10, 2003. The country appears ready to bring in new money to purchase bad loans, find new uses for foreclosed assets, rehabilitate failed businesses and open wide the lending windows again. With the legislative framework effectively in place, the next step is to see how the disposition process will take shape.

On March 21, 2003, the Congressional Oversight Committee approved the Implementing Rules and Regulations ("IRR") of the SPV law. The IRR defines the rules and procedure on the creation and managements of SPVs, the loan transfer from the selling financial institutions ("FI") to the SPVs as well as the tax incentives under the bill. Not included in the IRR, however, is the capital treatment of the FIs from the loan transfer. The Bangko Sentral ng Pilipinas is expected to issue a separate guidline on this matter in the coming weeks. With the IRR in place, banks are now seriously looking at their respective portfolios of non-performing assets for possible disposal under the SPV scheme.

Bank of the Philippine Island, the country's second largest lender, has already announced its intention to sell Php5 billion (approximately US$94 million) of its Real and Other Properties Owned or Acquired ("ROPOA") in the second quarter.

Other most likely sellers using the SPV scheme are Landbank of the Philippines ("Landbank") and Philippine National Bank ("PNB"). Landbank is a government-owned and controlled bank with NPLs totaling P27 billion and ROPOA totaling P313 billion as of December 2002. The bank is planning to sell 50% of the combined bad assets or roughly P20 billion to an AMC.

PNB plans to sell P15 billion worth of foreclosed assets this year which would bring down bad loans to below 40% of its loan portfolio. A further P3 billion of ROPOA looks to be also up for sale.

While the aforementioned banks are among those with the highest NPL levels, the sector is rife with other players equally heavily saddled with bad debts. As of the second quarter of 2002, the commercial banking system had booked almost P471 billion (approximately US$8.7 billion) in non-performing assets ("NPAs"). Add to that figure the NPAs of other financial institutions such as financing companies, investment houses, government financial institutions and government-owned or controlled corporations and the total would reach P520 billion (US$9.6 billion).

We expect the other banks to come up with more definite plans in cleaning up their books as a result of the SPV Act. The fiscal incentives appear encouraging:

- Documentary Stamp Tax (DST) waived
- Exemption from capital gains tax
- Creditable withholding income tax on transfers of ordinary assets
- Reduction of transfer fees by 50% for registration and filing fees in case of foreclosure initiated by the SPV
- Exemption from income tax on net interest income in the SPV
- Exemption on registration fees on new loans in excess of existing loans in excess of existing loans extended to borrowers with NPLs which have been acquired by the SPV

As the country's banking sector moves forward with the passage of the SPV Act, we await the resulting blueprint of the sale process. There are still issues to be resolved pertaining to the IRR, such as the accounting treatment of loan transfers from the banks to the SPVs. Nonetheless, several banks are already in talks with financial advisers to contemplate the most viable structure. At the end of the day, the challenge is in the SPV's ability to sell these assets.

Our Experience

PricewaterhouseCoopers is a leading adviser to both buyers and sellers of NPLs in Asia.

Some of the more significant transactions in which we have recently been involved in include:

	Seller	Portfolio Size (US$m)	PwC's role
China	Great Wall AMC	700	Financial adviser to seller
		413	Financial adviser to buyer
	China Orient AMC	225	Financial adviser to seller
		265	Financial adviser to seller
		1,629	Financial adviser to seller
		1,385	Financial adviser to seller
		220	Financial adviser to seller
		101	Financial adviser to seller
		212	Financial adviser to seller
	Cinda AMC	2,100	Financial due diligence for prospective buyer
	Huarong AMC	1,300	Financial due diligence for prospective buyer
Taiwan	First Commercial Bank	2,000	Financial adviser to seller
	Taiwan Business Bank	700	Financial adviser to seller
	Chung Shing Bank	3,700	Financial adviser to buyer
	Chinfon Bank	200	Financial adviser to seller
	Chang Hwa Bank	700	Financial adviser to buyer
	Chiao Tung Bank	700	Financial adviser to buyer
	Grand Commercial Bank	300	Financial adviser to buyer
	Hua Nan	400	Financial adviser to buyer
	Ta Chong Bank	160	Financial adviser to buyer
	UWCCB	240	Financial adviser to buyer
Korea	Korea Exchange Bank Credit Services	308	Financial adviser to seller
		420	Financial adviser to seller
	Woori Card	359	Financial adviser to seller
	Chohung Bank	430	Financial adviser to set up JV-CRC
	Korea Development Bank	400	Financial adviser to seller
	KorAm Bank	28	Financial adviser to buyer
	Chohung Bank	161	Financial adviser to buyer
	Kookmin Card	625	Financial adviser to buyer

Experience Highlights

China

- In 2001 China Orient became the first AMC in the PRC to close a deal with full approvals and the first deal to remit realisations to foreign investors. PwC continues to manage the loan servicing process.
- Subsequently, PwC has performed due diligence on eight additional China Orient portfolios with aggregate face value of over US$4 billion.
- Great Wall, advised by PwC, announced the sale of a US$700 million portfolio to Goldman Sachs in 2002. Final details are currently being negotiated.

India

- PwC is currently advising on what looks to be the first NPL acquisition in India.
- In 2001, PwC has reviewed a US$4 billion loan portfolio of IFCI Ltd, one of the largest lenders in India.
- In an engagement for the World Bank, PwC has reviewed the functioning of Debt Recovery Tribunals in India.

Indonesia

- PwC acted as lead adviser to the Indonesian Bank Restructuring Agency ("IBRA") on the disposal of a US$630 million portfolio of NPLs in 2001.
- PwC acted as financial adviser to a prospective purchaser in relation to an IBRA disposal of a US$200 million NPL portfolio.
- Recently PwC has been appointed financial adviser to assist Bank Indonesia with the disposal of a US$370 million NPL portfolio held by a subsidiary operating in Amsterdam and Hong Kong.

Japan

- PwC has been involved as financial adviser for major Japanese banks (sell side) and international institutional investors (buy side) in over 20 NPL related assignments.

Korea

- Over the last three years PwC has acted as financial adviser on either buy side or sell side over 30 NPL portfolios held by 16 different financial institutions.

Taiwan

- PwC was appointed sell side adviser for the first and to date the largest (over US$2 billion) NPL sale in Taiwan, being First Commercial Bank.
- PwC has been appointed financial adviser for a range of institutional buyers on more than 14 portfolios in Taiwan during the last twelve months.
- Recently PwC has been given the exclusive mandate to sell Kaohsiung Business Bank on behalf of the Central Deposit Insurance Company.

Thailand

- PwC has been appointed financial adviser for a range of institutional buyers on more than 40 portfolios in Thailand during the last four years.
- PwC is the lead financial adviser to the Thai Asset Management Company.

Vietnam

- PwC was appointed financial adviser to both the Government and a number of State owned financial institutions on the establishment of AMCs and NPL management frameworks.

Our NPL related services

Throughout Asia, PwC has partners and staff experienced in delivering a complete range of NPL related services, including:

Sell-side services
We act as the lead financial adviser in relation to all facets of NPL sales including complete management of the disposal process:

- Preparation for sale: Portfolio review, classification and stratification; Pooling and packaging sub-portfolios to maximise their potential value; Advising on appropriate form of investor review files; Advising on appropriate marketing and disposal strategies; Preparation of confidential information memoranda; Co-ordination and management of third party service providers such as lawyers and Asset Appraisers.
- Investor sourcing: Identifying potential investors for bilateral deals or public tenders; Targeting specialist investors for specific sub-portfolios/tranches.
- Execution/completion of sale: Management of the entire portfolio sales process; Transaction structuring; Designing appropriate bidding/sales procedures; Overseeing investor contact, including investor invitation and investor qualification; Evaluation of investment proposals; Negotiating detailed terms; Co-ordinating the involvement of legal and other advisers.

Buy-side services

We offer complete advisory services tailored to meet investor requirements:

- Advising on appropriate deal structures for proposed negotiated transactions;
- Advising on accounting/tax implications of proposed structures;
- Advising on the nuances of the Government approval process (if applicable);
- Assisting in the deal completion process, including assistance in securing requisite government approvals;
- Identifying potential portfolio investment opportunities;
- Due diligence and negotiation support: portfolio review and valuation.

Post-deal services

- Portfolio Management: Portfolio strategy advice and implementation; Managing the loan collection process; Advising on loan servicing set-up issues; Advising on issues that impact the collection process.

Dedicated Website

For more regular updates on NPL activity in Asia check our website:

www.pwcloansalesasia.com

Our Contacts

Across Asia, we have experienced partners and directors that can assist you with your NPL related needs in any of the following territories. In addition, PwC has a dedicated regional NPL advisory group that can act as an overall co-ordinator for Asia Pacific NPL mandates and opportunity identification. Through this group, both buyers and sellers of NPLs can receive consistent, seamless, service across the region, integrated with territory specific knowledge and expertise:

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