

**Media Release**

**Borrowing Intentions more subdued in North Asia than SE Asia...**

(Sydney – 9<sup>th</sup> June 2003) The survey findings of the latest round of the “Asia Pacific Corporate Banking Quarterly Survey” by East & Partners and JP Morgan shows borrowing intentions are more positive among corporates in SE Asia than their counterparts in the North:

**Borrowing Intentions –**

- Over half (51 percent) of the respondents of North Asia in the survey said they had no plan for new borrowings or extend existing facilities this year, while only about one third (37 percent) of the respondents in SE Asia expressed the same intention.
- About one third (32 percent) of respondents in SE Asia said they plan on taking out new credit or extending existing facilities, while 44 percent of respondents in the North said they would extend credit lines or take out new loans.

**Debt Repayment –**

- The majority (77 percent) of respondents in North Asia said they are not paying down debt this year. Of the respondents saying they had plans to do so, most were thinking about reducing debt levels in 6-12 months. Similarly, most corporates (63 percent) surveyed in SE Asia are not paying down their debt either. However, a higher proportion of respondents in SE Asia (18 percent vs. 5 percent) said they were intending to pay down debts. While only 13 percent said they were planning on paying down over the next 1-6 months, most were looking to pay in 12 months.

**Use of Proceeds -**

- Over half of the respondents in North Asia who said they would take out new facilities are opting for credit lines that are of 3 month or shorter duration, which suggests a large degree of refinancing and working capital facilities, rather than capital expenditures. In fact, only 14 percent are using the proceeds for capital expenditure, 13 percent will use the funding for acquisitions, and 11 percent will use it for working capital purposes.
- There is a more positive investment climate in SE Asia, according to the survey. 36 percent of respondents there said they were borrowing for capital expenditure purposes, while 15 percent said they were drawing down project financing facilities. Only 5 percent of the respondents were drawing down funds for working capital purposes.

## Churn of Bankers -

- Only 35 percent of the respondents in North Asia taking out new or extending existing credit facilities said they would use their primary banker. About a quarter said they would use a new banker. 19 percent said they would use a secondary banker and 15 percent plan to use a panel arrangement.
- In SE Asia, 63 percent of corporates said they would not switch bankers for their new borrowings. Only 13 percent said they would try a new banker, while 12 percent were unsure.

The following table depicts corporate borrowing intention in North and South East Asia:

	<b>North Asia</b> (%)	<b>SE Asia</b> (%)
Up to 1 month facilities	8.0	5.4
1 to 3 month facilities	15.2	6.8
3 to 6 month facilities	9.6	11.0
6 to 12 month facilities	10.2	8.7
No intention to borrow	51.5	36.8
Unsure	5.8	31.3

The table below depicts banks from which corporates in both regions intend to borrow:

	<b>North Asia</b> (%)	<b>SE Asia</b> (%)
Current Primary Banker	35.9	62.6
Other New Provider	24.4	12.9
Unsure	18.6	11.6
Current Secondary Banker	14.7	9.7
Panel Arrangements	6.4	3.2

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