

# M&A News: Fubon Financial to buy ING's Taiwan unit



After Friday's announcement of a EUR500 million loss, a fall of almost 30% in its share price and the announcement of a sale of

8.5% of the company to the Dutch Government, ING returns to business-as-usual in disposal of a remote operation that is not generating sufficient return on investment. But it's not going to get money for it.

ING announced today that it has reached an agreement with Fubon Financial Holding Co. Ltd. ("Fubon Financial Holding"), to sell its Taiwanese life insurance business for a consideration equivalent to USD 600 million (EUR 447 million).

ING says that the divestment is in line with its strategy "to actively manage its portfolio of businesses, allocating capital to those businesses that generate the highest return."

That's fine - but it's not a sale, and it's not really a "divestment" for ING will not get any money.

In fact, it's a way of using an underperforming asset to take a substantial stake in a Taiwanese financial group. ING's statement says "ING will be paid in shares and subordinated debt securities of Fubon Financial Holding. Upon closing of the transaction ING will be a 5% shareholder of Fubon Financial Holding, which represents a value of approximately EUR165 million based on the closing price of Friday 17 October, 2008."

The transaction will crystallise a loss in ING's books - ING says that will be EUR427.

ING underlines that this is not a withdrawal from the Taiwanese market, much less the greater Asia Pacific region

"ING is committed to realising its growth ambitions in Asia and will continue to assess

opportunities that will allow us to accelerate that growth”, said Hans van der Noordaa, ING’s Executive Board member responsible for Insurance Asia-Pacific. “In addition to our 5% shareholding in Fubon, we remain committed to the Taiwanese market through our funds management, real estate and wholesale banking activities”.

Fubon financial has not published a statement.