

Banknotes
Week ended 3 February 2012



KPMG China's weekly banking news summary

This publication is a summary of publicly reported information, the accuracy of which has not been verified by KPMG.

In the news

Agricultural Bank of China

Bank of China

Bank of Communications

China Construction Bank

China Development Bank

China Everbright Bank

China Minsheng Banking Corp.,
Ltd

Dah Sing Bank

Hang Seng Bank

Industrial and Commercial Bank
of China

Land Bank of Taiwan

BOC and BoCom to spend USD 92.3 million on first Taiwan branches – The Taiwan Government has agreed that **Bank of China (BOC)** and **Bank of Communications** can spend a total of USD 92.3 million to establish their first branches in Taiwan. Following the Economic Cooperation Framework Agreement signed in June 2010 between Beijing and Taipei, major Chinese banks have set up representative offices in Taipei. Taiwan's Financial Supervisory Commission (FSC) loosened restrictions on Chinese banks investing in Taiwan and they are now permitted to buy stakes in Taiwanese banks.

China's big four banks issue RMB 300 billion worth of loans in first 28 days of January – **Industrial & Commercial Bank of China (ICBC)**, **China Construction Bank (CCB)**, **Agricultural Bank of China (ABC)** and **BOC** issued about RMB 300 billion worth of new RMB loans in the first 28 days of January. In 2011, the new RMB loans issued amounted to RMB 7.47 trillion.

Hang Seng Bank to launch world's first RMB gold ETF – **Hang Seng Bank** announced its plans to launch the world's first RMB-denominated gold exchange-traded fund (ETF). It is expected to be listed on the Hong Kong Stock Exchange (HKSE) on 14 February 2012.

Dah Sing Bank sells SGD 225 million worth of bonds – **Dah Sing Bank** has sold subordinated bonds valued at SGD 225 million. The bonds were rated at Baa1 and BBB+ by Moody's Investors Service and Fitch Ratings respectively.

Links between Taiwanese and Chinese banks improve – Taiwan’s FSC has approved the **Land Bank of Taiwan** to set up a second mainland branch in Tianjin city. The links between Taiwanese and Chinese banks in China are now agreements to explore future business opportunities rather than stake investments.

China Minsheng Bank to issue RMB 30 billion worth of five-year financial bonds – On 9 February 2012, **China Minsheng Banking Corp., Ltd**, will issue a maximum of RMB 30 billion worth of five-year financial bonds. Haitong Securities Co. Ltd and UBS Securities Ltd have been assigned as joint lead underwriters. All proceeds from the issuance of the bonds will be utilised to provide loans to micro and small enterprises.

ICBC RMB settlements hit a record high in 2011 – RMB settlements for **ICBC** hit a record of RMB 1,350 trillion in 2011, representing a 54 percent increase from 2010. The number of **ICBC** cash management clients reached 660,000 by the end of 2011, which is 30 percent more than in the previous year.

In brief

Monetary statistics released for December 2011 – According to monthly statistics published by the Hong Kong Monetary Authority, total deposits with authorised institutions increased by 0.8 percent in December 2011. HKD deposits and overall foreign currency deposits rose by 0.8 percent and 0.9 percent respectively, while RMB deposits in Hong Kong declined by 6.2 percent. Total loans and advances decreased by 0.7 percent in December.

China to let banks keep more of their profits – China's Central Huijin Investment Corporation has agreed in principle to cut the dividend payout ratio of large-scale banks in 2012 by 5 percentage points. The ratio has already been cut for **ICBC**, **BOC** and **CCB** in 2010 and 2011, to the current level of 40%. The further 5 percentage point cut, to 35 percent, would mean the three banks would be able to retain profits to replenish capital. Huijin holds shares in **ICBC**, **BOC**, **CCB**, **ABC**, **China Development Bank** and **China Everbright Bank**.

Sources: China Economic Review Publishing, Dow Jones & Company, Inc., Globe Telecom, Inc., Hang Seng Bank official site, Haymarket Media Group, HKMA, Reuters Limited, Singapore Press Holdings Limited and SinoCast LLC., 21st Century Business Herald

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