



## 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

China Banking Regulatory Commission  
China Development Bank  
Export-Import Bank of China  
Hang Seng Bank  
The Hong Kong and Shanghai Banking Corporation  
Industrial and Commercial Bank of China  
Postal Savings Bank of China  
People's Bank of China  
Royal Bank of Scotland

### Final results for the year ended 31 December 2014

#### **The Hong Kong and Shanghai Banking Corporation Limited**

- Total assets increased by 7% to HK\$6,877 billion
- Pre-tax profit decreased 23% to HK\$111,189 million, following one-off gains in 2013 on disposal of shareholding in Ping-An and accounting reclassification of Industrial Bank. Excluding these one-off items, pre-tax profit increased by 5% in 2014.
- Return on average shareholders' equity decreased to 16.9%, compared to 25.9% in 2013.
- Net interest Income increased by 9% to HK\$95,109 million
- Loan impairment charges were HK\$4,925, an increase of 39% over the prior year.

#### **Hang Seng Bank Limited**

- Total assets increased by 11% to HK\$1,264 billion
- Pre-tax profit decreased by 37% to HK\$18,049 million, including effects of a one-off gain of HK\$8.5 billion on reclassification in 2013 and an impairment loss of HK\$2.1 billion in 2014 relating to Industrial Bank. Excluding these one-off items, pre-tax profit increased by 0.5% in 2014.
- Return on average shareholders' equity decreased to 13.4%, compared to 25.4% in 2013.

- Net interest income increased by 6.8% to HK\$19,871 million.
- Loan impairment charges increased by 113.4% to HK\$1,144 million.

**CDB to list leasing units – China Development Bank (CDB)**, one of the country's three policy banks, is planning a Hong Kong initial public offering for its two leasing units, which could raise over US\$ 2 billion. **CDB** aims to complete the deals by the end of the year.

**ICBC provides US\$ 100 million to new energy project – Industrial and Commercial Bank of China (ICBC)** signed a financing program agreement with a Pakistan energy company to lend US\$ 100 million for a wind power project, the first agreement signed in the China-Pakistan economic corridor. By the end of 2015, **ICBC** branches in 17 countries will be providing support for 73 overseas projects.

**Postal Savings Bank of China seeks US\$ 25 billion IPO – Postal Savings Bank of China** is seeking to raise up to US\$25 billion through an IPO next year. The bank hopes to increase its capital funds through the flotation and optimise share structure. The Ministry of Finance has approved the flotation.

**Royal Bank of Scotland to exit Hong Kong investment banking operations – Royal Bank of Scotland (RBS)** plans to exit corporate and investment banking operations in a number of locations, including Hong Kong. Within Asia, only Singapore will retain sales and trading operations for the bank and Japan will retain a sales office.

## In brief

**Appointment of new deputy governors at PBOC – The People's Bank of China (PBOC)**, China's central bank, has appointed Fan Yifei and Guo Qingping as vice governors.

**CBRC approves CDB and China Exim Bank to found branches in Kashgar – The China Banking Regulatory Commission (CBRC)** has given approval to **CDB** and **the Export-Import Bank of China (China Exim Bank)** to open branches in Kashgar, a city in the south of Xinjiang province, China.

**Five small banks receive reserve requirement cut – PBOC** has approved five Chinese urban and rural commercial banks to cut their reserve requirement ratio (RRR) by a further 50 basis points as part of their efforts to increase liquidity and fight off an economic slowdown.

Sources: Dow Jones Newswires, Global Banking News, Reuters News, The Wall Street Journal Online, Xinhua's China Economic Information Service, and various banks' and regulators' websites.

Click [here](#) to view previous issues.



**Benjamin Rhys**

Partner  
China and Hong Kong SAR  
Tel. +852 2685 7798  
[benjamin.rhys@kpmg.com](mailto:benjamin.rhys@kpmg.com)

**Zara Morton**

Manager  
China and Hong Kong SAR  
Tel. +852 2143 8748  
[zara.morton@kpmg.com](mailto:zara.morton@kpmg.com)

[kpmg.com/cn](http://kpmg.com/cn)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG, a Hong Kong partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. © 2015 KPMG Advisory (China) Limited, a wholly foreign owned enterprise in China and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.