



KPMG China's weekly banking news summary

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In the news

Asian Infrastructure Investment Bank
Bank of East Asia
China Merchants Bank
People's Bank of China
The Hong Kong Monetary Authority

Final results for the year ended 31 December 2014

China Merchants Bank Co., Ltd

- Net operating income increased by 25.10% to RMB 166,525 million
- Pre-tax profit increased by 7.32% to RMB 73,431 million, including RMB 44,696 million in net fee and commission income
- Total assets increased by 17.81% to RMB 4,731,829 million
- Interest income increased by 28.44% to RMB 222,834 million

News

BEA raises HK \$ 6.57 billion in share placement to Sumitomo Mitsui – Bank of East Asia (BEA) raised HK \$ 6.57 billion in a share placement to Sumitomo Mitsui, increasing its core capital. The deal was initially announced in September 2014. The US Federal Reserve and the Hong Kong Monetary Authority (HKMA) granted regulatory approval for the tie-up.

AIIB receives support from Europeans – Following Britain's decision to join the Asian Infrastructure Investment Bank (AIIB), France, Germany, and Italy agreed to become a member of the Bank, despite strong opposition from the United States. Absentees from the AIIB -- such as Japan, Australia and South Korea -- are still in discussions regarding their participation.

In brief

The HKMA announces the designations of five authorised institutions as (D-SIBs) – HSBC, Bank of China, Hang Seng Bank, Standard Chartered Bank, and BEA have been designated as **domestic systematically important authorised institutions (D-SIBs)** by the **HKMA**. These banks need to gradually increase their Common Equity Tier 1 capital to meet a higher loss absorbency (HLA) requirement. Under the phrase-in provision, the **HKMA** does not expect material impact on these bank's business operations.

China interest-rate swaps decreased the most in six weeks on PBOC easing measures – The People's Bank of China (PBOC) auctioned seven-day reverse-repurchase agreements at 3.65 percent, a decrease from 3.75 percent the previous week . The PBOC rolled over a medium-term lending facility of RMB 350 billion (USD \$ 73 billion) to boost liquidity.

Sources: Bloomberg News, Reuters News, South China Morning Post, the guardian, and various banks' and regulators' websites.

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