General Meeting and Conference

Host bank CTBC invites members to the Planning Committee Meeting

CTBC Financial Holding Co., Ltd. led by its President CEO and incumbent ABA Chairman Mr. Daniel Wu, is inviting members to join the ABA Planning Committee Meeting on March 12, 2015 in Taipei.

To be chaired by Mr. Wu, the meeting will have the following primary objectives:

1. To discuss preparations for the 32nd ABA General Meeting and Conference tentatively scheduled on November 12-13, 2015 in Taipei. Discussions will focus on the final dates and venue of the Conference, theme and topics for the Conference, suggested format and program, possible line-up of speakers, and other related matters.

2. To review the progress of activities under the ABA Work Program for 2015-2016, including in the area of policy advocacy.

In his invitation, Mr. Wu called on ABA members to join the meeting to ensure a successful outcome of the discussion. "Your valuable inputs on how we can make this year's annual gathering productive and meaningful for all members would be most appreciated," Mr. Wu said.

CTBC recommends that all participating members stay at The Grand Hyatt Hotel Taipei. Special rates will be offered to members. To register, please email the ABA Secretariat at aba@aba.org.tw. Interested members are strongly encouraged to register before February 16, 2015.

About the host bank

Formerly known as Chinatrust Commercial Bank, CTBC Bank Co. Ltd. was established in 1966 as China Securities Investment Corp. and has been affiliated with CTBC Financial Holding Co., Ltd. since May 17, 2002. Operations include deposits, loans, guarantees, foreign exchange, offshore banking units (OBU), trusts, credit cards, cash cards, securities, bonds, proprietary futures, derivatives, factoring, safe deposit boxes, electronic banking services, and the national lottery.

To maximize operational scope, CTBC Bank merged with Grand Commercial Bank in December 2003, acquired the Fengshan Credit Cooperative in July 2004 and was successful in its bid to purchase Enterprise Bank of Hualien in May 2007. To make our team more effective, CTBC formally merged with the Chinatrust Bills Finance Corporation on April 26, 2008. The acquisition of The Tokyo Star Bank Ltd. was approved on December 20, 2013 at CTBC Holding's extraordinary shareholder meeting. The transfer of 100% shares was completed on June 5, 2014. CTBC Bank is officially the sole shareholder of The Tokyo Star Bank.

CTBC Bank has a total of 147 branches in Taiwan and 100 oversea outlets and a total of 5,184 ATMs located across the island. CTBC Bank boasts NT$1.73 trillion in deposits and NT$2.16 trillion in total assets — the most of any privately-operated bank in Taiwan.

Request for theme and topics suggestions for 32nd ABA Conference

The ABA Secretariat is calling on members to submit suggestions on theme, topics, and speakers for the 32nd ABA General Meeting and Conference scheduled to take place tentatively on November 12-13, 2015 in Taipei, with the CTBC Bank as primary host organization.

Members' suggestions would be much appreciated on current issues which they think are of great concern to members and the banking sector in the region, and should be discussed by members during this year's conference.

Submissions will be compiled and presented at the ABA Planning Committee Meeting to be held on March 12, 2015. Final theme and topics will be finalized on the same day.

For more information or to request for a suggestion form, please email the Secretariat at aba@aba.org.tw

Education and Training

ABA invites members to 11th Annual Private Banking Asia 2015

The ABA has been invited by Terrapinn Pte Ltd, a business media company, to be Supporting Partner of the "11th Annual Private Banking Asia 2015" Conference to be held on March 10-11, 2015 in Singapore.

Terrapinn Pte Ltd, the event organizer, is offering 15% discount to ABA members who are interested in attending the event.

Focusing on the strategies, tools and innovation in managing Asia's growing private wealth, the two-day event will bring together Asia's leading private banks, family offices and independent wealth managers to discuss strategy, investment allocations, changing business models and new business opportunities in the Asian private wealth sector.

With more than 20 years of experience, Terrapinn organizes trade exhibitions, conferences and training solutions and. It also owns a portfolio of B2B brands.

News Updates

ABA admits 3 new members

The ABA continues to expand the total number and geographical scope of its membership with the admission of three new member banks namely: **Tourism Bank Iran**, **National Bank of Abu Dhabi**, and **E.Sun Bank**. The three banks were all endorsed by at least one ABA member bank and underwent an evaluation process by the ABA Executive Committee.

Tourism Bank

The bank started its successful operation on December 2010, under Central Bank of Iran's supervision, with the Initial capital of two thousand billion rials. 60% by direct investment and 40% offered in OTC market and entirely sold out in less than 2 hours in the market. Community of Shareholders has decided to increase the capital to six thousand billion rials for implementing new Islamic banking system in Iran.

Tourism Bank is the first private commercial bank in Iran that targets tourism industry as one of its essential strategies. The bank focuses on tourism industry while practicing all commercial bank's activities. Tourism Bank differentiates from other regional banks by designing and providing unique services to participants in tourism Industry. The bank also takes part in creating new jobs with emphasis on facilitating this unique cultural Business line in Iran.

National Bank of Abu Dhabi

NBAD is among the leading banks in the Middle East. The bank's roots in Abu Dhabi give a deep understanding of the dynamics of the Arab region and its connection to the world's markets.

NBAD is rich in heritage. The bank was founded in 1968 by a decree of the Late Sheikh Zayed Bin Sultan Al Nahyan, the founder of the UAE. Since 2009, NBAD has been ranked one of the World's 50 Safest Banks by Global Finance magazine, which also ranked NBAD the Safest Bank in the Emerging Markets and Middle East. NBAD is rated senior long/short term AA-/A-1+ by S&P, Aa3/P1 by Moody's, AA-/F1+ by Fitch, A+ by R&I Japan and AAA by RAM Malaysia, giving it one of the strongest combined rating of any global financial institution.

E.Sun Bank

In 1989, a group of elite professionals in Taiwan jointed under the leadership of chairman Mr. Yung-Jen Huang, who pledged to be the best. In 1992, E.SUN Commercial Bank was born to realize these high ideals to be a first-class bank. The passage of the Financial Holding Company Law in 2001 paved the way for birth of E.SUN Financial Holding Company Ltd, on January 28, 2002, marking the beginning of new era for E.SUN and expanding the business horizons of E.SUN for insistent commitment of brand name and professional total quality management and service.

Fragile Economic Recovery Faces Major Risks

A report from The World Bank

Following another disappointing year in 2014, developing countries should see an uptick in growth this year, boosted in part by soft oil prices, a stronger U.S. economy, continued low global interest rates, and receding domestic headwinds in several large emerging markets, says the World Bank Group's Global Economic Prospects (GEP) report, released on January 13, 2015.

After growing by an estimated 2.6 percent in 2014, the global economy is projected to expand by 3 percent this year, 3.3 percent in 2016 and 3.2 percent in 2017 [1], predicts the Bank's twice-yearly flagship. Developing countries grew by 4.4 percent in 2014 and are expected to edge up to 4.8 percent in 2015, strengthening to 5.3 and 5.4 percent in 2016 and 2017, respectively.

"In this uncertain economic environment, developing countries need to judiciously deploy their resources to support social programs with a laser-like focus on the poor and undertake structural reforms that invest in people," said World Bank Group President Jim Yong Kim. "It's also critical for countries to remove any unnecessary roadblocks for private sector investment. The private sector is by far the greatest source of jobs and that can lift hundreds of millions of people out of poverty."

Underneath the fragile global recovery lie increasingly divergent trends with significant implications for global growth. Activity in the United States and the United Kingdom is gathering momentum as labor markets heal and monetary policy remains extremely accommodative. But the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger. China, meanwhile, is undergoing a carefully managed slowdown with growth slowing to a still-robust 7.1 percent this year (7.4 percent in 2014), 7 percent in 2016 and 6.9 percent in 2017. And the oil price collapse will result in winners and losers.

Risks to the outlook remain tilted to the downside, due to four factors. First is persistently weak global trade. Second is the possibility of financial market volatility as interest rates in major economies rise on varying timelines. Third is the extent to which low oil prices strain balance sheets in oil-producing countries. Fourth is the risk of a prolonged period of stagnation or deflation in the Euro Area or Japan.

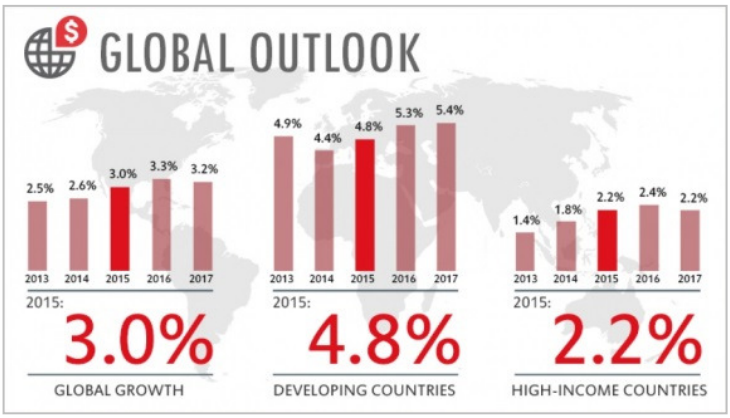
"Worryingly, the stalled recovery in some high-income economies and even some middle-income countries may be a symptom of deeper structural malaise," said Kaushik Basu, World Bank Chief Economist and Senior Vice President. "As population growth has slowed in many countries, the pool of younger workers is smaller, putting strains on productivity. But there are some silver linings behind the clouds. The lower oil price, which is expected to persist through 2015, is lowering inflation worldwide and is likely to delay interest rate hikes in rich countries. This creates a window of opportunity for oil-importing countries, such as China and India; we expect India's growth to rise to 7 percent by 2016. What is critical is for nations to use this window to usher in fiscal and structural reforms, which can boost long-run growth and inclusive development."

On the back of gradually recovering labor markets, less budget tightening, soft commodity prices, and still-low financing costs, growth in high-income countries as a group is expected to rise modestly to 2.2 percent this year (from 1.8 percent in 2014) in 2015 and by about 2.3 percent in 2016-17. Growth in the United States is expected to accelerate to 3.2

percent this year (from 2.4 percent last year), before moderating to 3 and 2.4 percent in 2016 and 2017, respectively. In the Euro Area, uncomfortably low inflation could prove to be protracted. The forecast for Euro Area growth is a sluggish 1.1 percent in 2015 (0.8 percent in 2014), rising to 1.6 percent in 2016-17. In Japan, growth will rise to 1.2 percent in 2015 (0.2 percent in 2014) and 1.6 percent in 2016.

Trade flows are likely to remain weak in 2015. Since the global financial crisis, global trade has slowed significantly, growing by less than 4 percent in 2013 and 2014, well below the pre-crisis average growth of 7 percent per annum. The slowdown is partly due to weak demand and to what appears to be lower sensitivity of world trade to changes in global activity, finds analysis in the report. Changes in global value chains and a shifting composition of import demand may have contributed to the decline in responsiveness of trade to growth.

Commodity prices are projected to stay soft in 2015. As discussed in a chapter in the report, the unusually steep decline in oil prices in the second half of 2014 could significantly reduce inflationary pressures and improve current account and fiscal balances in oil-importing developing countries.



"Lower oil prices will lead to sizeable real income shifts from oil-exporting to oil-importing developing countries. For both exporters and importers, low oil prices present an opportunity to undertake reforms that can increase fiscal resources and help broader environmental objectives," said Ayhan Kose, Director of Development Prospects at the World Bank.

Amongst large middle-income countries that will benefit from lower oil prices is India, where growth is expected to accelerate to 6.4 percent this year (from 5.6 percent in 2014), rising to 7 percent in 2016-17. In Brazil, Indonesia, South Africa and Turkey, the fall in oil prices will help lower inflation and reduce current account deficits, a major source of vulnerability for many of these countries.

However, sustained low oil prices will weaken activity in exporting countries. For example, the Russian economy is projected to contract by 2.9 percent in 2015, getting barely back into positive territory in 2016 with growth expected at 0.1 percent.

In contrast to middle-income countries, economic activity in low-income countries strengthened in 2014 on the back of rising public investment, significant expansion of service sectors, solid harvests, and substantial capital inflows. Growth in low-income countries is expected to remain strong at 6 percent in 2015-17, although the moderation in oil and other commodity prices will hold growth back in commodity exporting low-income countries.

"Risks to the global economy are considerable. Countries with relatively more credible policy frameworks and reform-oriented governments will be in a better position to navigate the challenges of 2015," concluded Franziska Ohnsorge, Lead Author of the report.

Regional Highlights:

The **East Asia and Pacific** region continued its gradual adjustment to slower but more balanced growth. Regional growth slipped to 6.9 percent in 2014 as a result of policy tightening and political tensions that offset a rise in exports in line with the ongoing recovery in some high-income economies. The medium-term outlook is for a further easing of growth to 6.7 percent in 2015 and a stable outlook thereafter, reflecting a gradual slowdown in China, which will be offset by a pick-up in the rest of the region in 2016-17. In China, structural reforms, a gradual withdrawal of fiscal stimulus, and continued prudential measures to slow non-bank credit expansion will result in slowing growth to 6.9 percent by 2017 (from 7.4 percent in 2014). In the rest of the region, excluding China, growth will strengthen to 5.5 percent by 2017 (from 4.6 percent in 2014) supported by firming exports, improved political stability, and strengthening investment.

Growth in developing **Europe and Central Asia** is estimated to have slowed to a lower-than-expected 2.4 percent in 2014 as a sputtering recovery in the Euro Area and stagnation in Russia posed headwinds. In contrast, growth in Turkey exceeded expectations despite slowing to 3.1 percent. Regional growth is expected to rebound to 3 percent in 2015, 3.6 percent in 2016 and 4 percent in 2017 but with considerable divergence. Recession in Russia holds back growth in Commonwealth of Independent States whereas a gradual recovery in the Euro Area should lift growth in Central and Eastern Europe and Turkey. The tensions between Russia and Ukraine and the associated economic sanctions, the possibility of prolonged stagnation in the Euro Area, and sustained commodity price declines remain key downside risks for the region.

Following years of turmoil, some economies in the **Middle East and North Africa** appear to be stabilizing, although growth remains fragile and uneven. Growth in oil-importing countries was broadly flat in 2014, while activity in oil-exporting countries recovered slightly after contracting in 2013. Fiscal and external imbalances remain significant. Regional growth is expected to pick up gradually to 3.5 percent in 2017 (from 1.2 percent in 2014). Risks from regional turmoil and from the volatile price of oil are considerable; political transitions and security challenges persist. Measures to address long-standing structural challenges have been repeatedly delayed and high unemployment remains a key challenge. Lower oil prices offer an opportunity to remove the region's heavy energy subsidies in oil-importing countries.

In **South Asia**, growth rose to an estimated 5.5 percent in 2014 from a 10-year low of 4.9 percent in 2013. The upturn was driven by India, the region's largest economy, which emerged from two years of modest growth. Regional growth is projected to rise to 6.8 percent by 2017, as reforms ease supply constraints in India, political tensions subside in Pakistan, remittances remain robust in Bangladesh and Nepal, and demand for the region's exports firms. Past adjustments have reduced vulnerability to financial market volatility. Risks are mainly domestic and of a political nature. Sustaining the pace of reform and maintaining political stability are key to maintaining the recent growth momentum.

Asia-Pacific banks raised US$19.46b in common equity in 2014

From Asian Banking & Finance

Common equity offerings from Asia-Pacific banks fell year over year in 2014, but preferred equity offerings significantly outpaced prior-year totals.

According to a release from SNL Financial, based on data that it compiled, SNL-covered Asia-Pacific banks raised US$19.46 billion in common equity during the year, compared to US$35.72 billion in 2013.

The region's banks raised US$29.03 billion in preferred equity, compared to US$4.44 billion in the prior year.

Banks headquartered in China dominated preferred equity offerings in 2014, accounting for roughly 98% of all preferred equity raised by Asia-Pacific banks. The country did not allow for the issuance of preference shares until regulators unveiled new rules in April 2014.

Bank of China Ltd. became the first Chinese bank to issue such shares when it raised US$6.52 billion in an October 2014 sale of noncumulative offshore preference shares; the bank also raised US$5.23 billion in an issuance of onshore preferred shares in November 2014.

More from SNL Financial:

Common equity offerings were more dispersed than preferred equity offerings, with seven different Asian-Pacific countries seeing banks launch at least five common equity offerings during 2014.

Singapore-based Oversea-Chinese Banking Corp. Ltd.'s US$2.64 billion rights offering, which was completed Sept. 15, 2014, was the largest common equity offering of the year. The bank said proceeds from the offering would be used to strengthen its balance sheet and provide the bank with additional financial flexibility.

Two Malaysian banks had offerings in the top five list for the year. Public Bank Bhd.'s US$1.52 billion rights offering, which was completed July 18, 2014, was the second-largest common equity offering of the year, while CIMB Group Holdings Bhd.'s US$1.07 billion follow-on offering, completed Jan. 22, 2014, ranked fifth. Both banks planned to use the proceeds to bolster working capital and for general business purposes.

Hong Kong & Shanghai Banking Corp. Ltd. took third place with a common stock offering that was completed June 27, 2014, and netted US$1.38 billion, and State Bank of India's Jan. 30, 2014, follow-on offering, which raised US$1.28 billion, rounded out the top five.

On the preferred equity offering front, Chinese banks launched six of the 11 offerings of 2014. The largest preferred offering was Agricultural Bank of China Ltd.'s private placement preferred equity offering, which was completed Nov. 13, 2014, and raised US$6.53 billion. The proceeds were used to replenish Tier 1 capital.

Special Feature

M.BOLD: A NEW CONCEPT IN BANKING GOALS

As part of the 90th anniversary of the establishment of Mongolia's banking industry, the Mongolian Bankers Association (MBA) interviewed Mr. M.Bold, MBA president from 2012-2014 and CEO of Xac Bank on the industry's future development.

What do you think of the software which Mongolian banks use to transfer funds, compared to that used by other countries?

The software already meets the world standard. Any transactions between local banks are currently processed within a day or even within two hours. Until very recently receiving money from abroad took one to three days. Now, Mongolian banks typically use technology which meets global standards.

It has been two decades since Mongolia's banking industry first introduced the SWIFT settlement system, which is still used globally.

Just ten years ago Mongolian customers saw local payment cards for the first time. But today, these cards are being used by nearly all customers. Compared to other countries, at what level do you think that card usage is?

In the early 1990s, Mongolia launched a private sector-based banking system. However, the introduction of private banks globally dates back 400 to 500 years. Foreign banks have already used advanced technologies over a wider time period, and they started using payment cards thirty to forty years ago.

Currently, card usage is sharply increasing among Mongolian customers. However, the usage rate was lagging behind other countries just a few years ago. As Mongolia's market is quite small, the card has become an everyday consumer item, both for individuals and the corporate market.

In addition, internet bank services are increasingly popular among customers, and the frequency of making online payments through mobile phones has increased rapidly in the past two to three years.

The latest technology is even used in the State Bank of Mongolia's clearing. In that regard, Mongolia's banking industry is rapidly embracing the latest advanced technologies.

What is the main criterion to measure banking services? What is its ranking among the world's banking sector according to this criterion?

The banking services are measured by their scope. For example, one of the measurements is the percentage of a country's population who are able to access banking services. According to this criterion, Mongolia ranks high enough in terms of having 13 commercial banks nationwide. The total population of about three million people are able to access banking services through 1,300 bank branches in total.

Besides that, online banking services are gaining popularity among customers - this is referred to as branchless banking. It is a distribution channel strategy used for delivering financial services without relying on bank branches. As a customer, you do not have to be

physically present in a branch in the traditional way. By this criterion, Mongolia also ranks relatively highly among the world's countries.

Mongolians' increasing use of smart phones enables them to have regular access to internet banking services. If Mongolia's banking industry puts its effort on having its full potential, it could possibly approach the world's banking and financial service leaders.

On the other hand, the number of borrowers in Mongolia accounts for 700,000. In common sense, it would mean that almost every household in Mongolia is subject to a loan. From here, we can see that loan distribution and loan availability are relatively high. In addition to this, the number of deposit holders has recently reached 1.2 million.

According to a study by the World Bank, three out of ten adults had deposits at banks some ten years ago. In 2013, this number increased to thirteen out of ten adults. It means that every adult person has deposits at banks and even children have deposits.

There is an advertisement on television that shows a new-born baby who is freely given a savings book by bank staff. This is an example of increasing competition by commercial banks to attract prospective customers. Yet the number of total depositors has reportedly overtaken Mongolia's population. It is now common for Mongolians citizens to have different accounts at different banks.

The legal setting of Mongolia's banking system is considered to be very handy and useful as there is no limitation or restriction in receiving money or assets from abroad. In some countries, such banking services are limited and there are a lot of rules and regulations. Compared to those countries, the banking process is more facilitated in Mongolia.

The banking industry's development shows that there are a number of Mongolian citizens who are subject to loan. But they are hugely indebted, some say, which is not good. As a banker, please explain to us the difference?

In the world's countries, people receive loans from banks by depositing their future revenues. There are two options: to live happily in the future or live happily now. So, receiving a loan refers to the latter option in which the future revenues are deposited at banks.

Everything has its own limit. If you get many loans from the bank that cannot be repaid in the future, there is going to be an issue. This is why Mongolian people commonly say: "an indebted person never gets rich."

From another aspect, loans are an accelerating force for development. If your option is to save your money until you can buy an apartment, this might usually take two to three decades. Another option is that you can have the apartment now and pay later. In this regard, it is up to you as the consumer.

In doing business, you cannot always act in a way that you can first earn enough money to do the business and then start-up. You would need a loan from bank. The greatest strength of the banking system is the way that it works in facilitating development.

Before introducing the banking system to Mongolia, our traditional trade method was the use of our livestock, precious metals or anything which held value at that time. But in modern times, the development has been accelerated through the banking system. This is an important point. People usually forget about the past. There are even some people who say that there is nothing bad which is comparable to a bank.

The bank is a tool which is quite similar to your car. If you drive the car improperly, you might be in trouble. If you do it properly, you can benefit from your car.

At present, Mongolia's banking industry comprises 95 percent of the country's financial sector. Without banks, Mongolia's economy would be unimaginable as the demand of banks seems to be an essential and basic need like water and air.

On what level do you think that Mongolia's banking service is compared to China and Russia? Mongolia is often compared with its two neighbouring countries.

I think that our banking service is not lagging behind the two countries. For example, when transferring money by using a mobile phone, you will be charged MNT 20 by the mobile operator per transfer. If you go to any branch to transfer money, you will be asked to pay at least MNT 100 per transfer. There is the difference in between the two types of transaction. By using internet and mobile banking, you can save your time and money at the same time.

In this regard, Mongolia's commercial banks are moving forwards in their development. From now on, if the banks continue to use advanced technologies efficiently, then the industry has the potential to reach a high level like other countries in the near future.

What is an assessment of banking industry's activities? How many possible indicators are there?

The activities are assessed by the banking service availability and the types of services provided for the private sector. Any bank achieves its goal if it meets the demand of individuals and corporations through its services.

There are some setbacks in the Mongolian banking industry. The banks still cannot invest billions of U.S. dollars that are required in the development. The reason behind this is that the amount of deposited assets that can be used for the large-scale investment purpose is lacking.

However, half the population have deposits at banks, but the total amount of their savings would fall very short to meet the required investments for Mongolia. The banks, therefore, cannot issue billions of U.S. dollar loans for large-scale projects including Oyu Tolgoi and Tavan Tolgoi. Thus, foreign investment is needed. Mongolia's banks are currently doing the best that they can with limited assets.

How do you see the future trend of Mongolia's banking industry?

In modern times, the goal of Mongolian banks refers to a new concept that is based on three milestones: environment, society and benefit. A bank's lifetime would be quite short if it only focuses on profit. If the bank sees everything from the profit aspect, then the environment would be destroyed, people will be indebted, and their payment capacity would be lacking.

A bank is an image which is reflected in a mirror. Therefore, it cannot exist without the environment and society.

An environmentally friendly bank means that it would not finance any project if the project is considered to have an adverse impact on the environment by causing pollution or damage. Nobody can exist without the environment. If our surrounding environment becomes more polluted and is damaged, it would be really hard to survive. Thus, it is more important to support sustainable development. Environmental protection is an activity which is subject to the protection of our long-term interests.

Sustainable finance is the practice of creating economic and social value through financial models, products and markets that are sustainable over time. This is an issue of

preventing customers from receiving loan that cannot be repaid in the future. Banks should act as an assistant and advisor to customers in efficiently using loans for more profits.

A bank which makes a policy to provide advice for its customers, aimed at preventing any possible risks when issuing loans is considered to be a socially responsibly finance or investment.

Recently Mongolia's banks are conscious of these above aspects and are reflecting the aspects in their activities. From January 2015, commercial banks in Mongolia are expected to implement environmentally friendly policies. It means that the banks will not support any project from scratch if the project is not considered to be environmentally friendly. Banks are now preparing to follow such policies.

To clarify this policy for our readers, could you give us an example of any environmentally friendly activities which involved banks?

In partnership with some donor countries, some of Mongolia's banks contributed to the supply of smoke-free stoves for some families in ger (a traditional felt tent) districts, which resulted in twenty to thirty percent reduction in their carbon emission. If the stove is used more efficiently, the emission could be reduced by up to fifty percent. This is an example of how the banks have supported environmentally friendly activities.

Consequently, these banks received an award from the Chicago Climate Exchange (CCX), which is North America's largest and longest running greenhouse gas emission reduction programme. From 2003 through 2010, CCX operated as a comprehensive cap and trade programme with an offsets component. The award funds are being spent for reaching more families who are in need. At CCX, reduced carbon emission is traded and in return, money is paid by the exchange.

Last year, half a million US dollars were granted to Mongolia's banks, in order to finance more eco-friendly projects. Trading at CCX is simple: reduce carbon emissions and get money in return. In this regard, the banking service has deviated from its traditional concept. On the other hand, it represents a brand new investment opportunity for Mongolia from the international market.

Member Personalities

Bangkok Bank appoints Arun Chirachavala as independent director

Bangkok Bank Public Company Limited during its Board Meeting on January 29 appointed Mr. Arun Chirachavala as director effective February 2. Mr. Chirachavala will be taking over from Mr. Kanung Luchai.

Mr. Arun Chirachavala served as Acting President of Bangkok Metropolitan Bank Public Company Limited. He was also the President of Siam City Bank Public Co. Ltd., from December 2004 to August 2006 and the bank's First Senior Executive Vice President of Retail Banking & Branch Network, and Financial & International Banking Group until August 2006.

He was an Advisor to Bangchak Petroleum Public Company Limited from 2000 to 2001. He was also an Executive Committee Member of Bangkok Commercial Asset Management Company Limited from 1998 to 1999. Mr. Chirachavala occupied the position Senior Executive Vice President for Rachasima Bank Project from 1996 to 1997, and later on serving the same post for Bangkok Bank of Commerce Public Company Limited from 1997 to 1998.

He was an Independent Director for United Overseas Bank (Thai) Public Company Limited and an Audit Committee Member of UOB Radanasin Bank Public Company Limited.

Mr. Chirachavala holds a B.S. in Industrial Engineering from Stanford University, U.S.A., in June 1977 and an M.S. in Industrial Engineering from Stanford University, U.S.A., in June 1978.

Among Member Banks

- **BEA China opens new branch in Nanning, Guangxi -** The Bank of East Asia, Limited (BEA) announces that its wholly-owned subsidiary on the Mainland, The Bank of East Asia (China) Limited has opened a new branch in the city of Nanning in the Guangxi Zhuang Autonomous Region on January 28. With the opening of the Nanning Branch, BEA China now operates 29 branches throughout the country. Nanning is the capital of Guangxi and a major city in southern China. In addition to being an important agricultural center and a rich source of natural resources, Guangxi possesses a strong manufacturing sector. With large ports along the northern edge of Gulf of Tonkin, Guangxi has the potential to become a regional hub for trade with member countries of the Association of Southeast Asian Nations (ASEAN). China is a key member of the ASEAN Plus Three Cooperation. *HK Bea News Release*

- **ICICI Bank launches contactless credit and debit cards -** ICICI Bank, India's largest private sector bank, on January 7 announced the launch of the country's first 'contactless' debit and credit cards, enabling its customers to make electronic payments by just waving the cards near the merchant terminal in lieu of dipping or swiping them. These cards are based on the Near Field Communication (NFC) technology, which provides customers the improved convenience of speed as these cards require significantly less time than traditional cards to complete a transaction alongwith enhanced security as they remain in control of the customer. The Bank's 'Coral Contactless Credit Card' and 'Expressions Wave Debit Card' are powered by 'MasterCard contactless' and 'Visa payWave' technologies, respectively. The Bank has introduced these cards in Gurgaon, Hyderabad and Mumbai to begin with. Over 1200 EDC machines capable of accepting contactless payments have been set-up across merchants in these cities. The merchants include quick service restaurants, coffee shops, shopping marts and fuel stations where fast transactions are much required. The Bank plans to shortly extend this facility to other cities as well. *ICICI News Release*

- **BTMU plans to utilize IBM Watson and its technologies to improve financial services -** The Bank of Tokyo-Mitsubishi UFJ, Ltd. announced that BTMU has agreed with IBM Corporation to start the project that will apply IBM's Watson program to transform and and sophisticate its banking and financial services. IBM's Watson is a cognitive system that processes information more like a human by understanding natural language, generating hypotheses based on evidence, and learning as it goes. BTMU has been advancing research efforts on the element technology such as AI and cognitive system, including utilizations of voice recognition and textizing, image analysis and auto-answer while discussing with IBM Corporation on how to apply Watson. BTMU aims to make use of ICT to imporve customer experience in call centers, branch offices and websites, as well as to aid sales personnel to provide better advices with customers. *MUFG News Release*

- **Sumitomo Mitsui Banking Corporation and ProMexico sign MOU on business partnership -** Sumitomo Mitsui Banking Corporation (SMBC) announced on January 26 that it has signed a Memorandum of Understanding (MOU) on business partnership with ProMexico to promote investment in Mexico by Japanese companies. ProMexico is the federal government agency responsible for coordinating strategies aimed at strengthening Mexico's participation in the international economy, supporting the process of exporting firms established in the country and coordinating activities aimed at attracting foreign investment. It has offices in Japan and around the world, promoting and supporting foreign direct investment into Mexico by providing advisory services, including providing information and holding seminars. Mexico is becoming a major car manufacturer and exporter with foreign car manufacturers and suppliers, especially the Japanese companies in recent years, investing in Mexico. *SMBC News Release*

- **Maybank offers financial relief program for flood-affected customers -** Maybank has announced that it will offer a 6 month moratorium on installment payment for loans and waiver of certain charges based on a case-to-case basis for customers who are affected by the flood in various states in Malaysia immediately. Maybank's Head of Community Financial Services Malaysia, Hamirullah Boorhan said that the Bank understands the difficulties faced by those who are affected by the flood and that they will require some form of financial relief during the period. "Hence, in line with Maybank's mission is to humanise financial services, we initiate this programme to lessen the burden of our customers. The Bank will provide for relief assistance on a case-to-case basis and applies to both conventional and Islamic facilities. It also includes waiver of charges for affected customers seeking replacement of ATM cards, cheque books and passbooks which have been destroyed in the floods. Credit card customers who are affected by the flood will also be eligible for waivers of late/finance charges and applications to increase their credit limit during this period. In addition, Etiqa, the Group's insurance arm will expedite claims processes from customers who have taken its flood insurance policies. *Maybank News Release*

- **PNB inaugurates Agoo-San Antonio branch -** To better serve clients, Philippine National Bank (PNB) relocated the Agoo Market Branch to its new home at B&D Building, National Highway, San Antonio, Agoo, La Union last January 9, 2015. With the recent move, the branch will now be known as PNB Agoo-San Antonio Branch. Its new location provides increased visibility which will make it easier for clients to visit the branch. Agoo City is considered the educational, trade and commerce hub of La Union's southern area. With the relocation, PNB Agoo-San Antonio Branch now follows the new retail branch design, reflecting a modern look of a centennial brand. It boasts of improved amenities, spacious interiors, and more efficient space layout all intended to give PNB customers a more comfortable and enjoyable banking experience. PNB continuously expands its branch network throughout the country with 656 branches and 850 ATMs nationwide. With a broader distribution network, the new PNB is now in a stronger position to serve its clients' interests better. *PNB News Release*

- **RCBC to open 20-25 new branches this year -** Rizal Commercial Banking Corp. (RCBC) plans to open 20 to 25 new branches this year, and another 25 in 2016 to fully utilize the recently-approved 50 new branch licenses in the former restricted areas. RCBC filed its application with the Bangko Sentral ng Pilipinas (BSP) last year, and received approvals in December. Banks expanding in the former restricted areas — mainly in Metro Manila — spend about P20 million per branch license. Based on first semester 2014 data, the bank's distribution network stood at 443 branches with an ATM network of 1,177. This is a 2.66 branch-to-ATM ratio. RCBC president and chief executive officer Lorenzo V. Tan said the combined cost of the 50 branch licenses is equivalent to resources needed to acquire a medium-sized bank."That is equivalent to buying a medium-sized bank, minus the non-performing loans (NPLs) and other nuances," he said. *Philippine Star*

- **Bank of Taiwan to open 2nd branch in China -** The state-run Bank of Taiwan (BOT) said on January 9 said that it has gained approval to open a second branch in China, after it entered the market there in the second half of 2014. The new branch will be located in the financial district of Tianhe in Guangzhou City, southern China, BOT said, adding that the first one was set up in Shanghai. The China Banking Regulatory Commission has given approval for the establishment of the Guangzhou branch, BOT said, noting that China has been relaxing its restrictions on Chinese yuan-domination services at foreign-funded banks. *Focus Taiwan*

- **Cathay Fin to buy stake in Indonesia Bank Mayapada for $278 mln -** A unit of Cathay Financial Holding Co Ltd has agreed to buy a 40 percent stake in Indonesia's Bank Mayapada Internasional Tbk PT for $278 million, in the Taiwanese group's third overseas deal in the past six months. The purchase of Bank Mayapada by Cathay Life Insurance Co Ltd, Taiwan's biggest life insurer, is part of the Cathay Financial's push to expand out of an overcrowded home market. It will give Cathay Financial a platform to build its insurance and wealth management business in Southeast Asia, Daniel C.Y. Teng, senior executive vice president for Cathay Financial, told reporters on January 5. *Reuters*

- **DBS named most valuable bank brand in ASEAN for second consecutive year -** DBS Bank has been named the most valuable bank brand in ASEAN for the second consecutive year. According to a BrandFinance report, the bank has increased its brand value by 10% to SGD 4.4 billion. Since the inception of the study seven years ago, DBS has been consistently recognised as the most valuable bank brand in Singapore. The bank has also doubled its brand value in the past five years. DBS continues to be the only Singapore and ASEAN bank with a brand value which exceeds SGD 4 billion. Samir Dixit, Managing Director of BrandFinance Asia Pacific said, "While bank brands in ASEAN have done well, DBS has managed to create significant lead over others. DBS has grown from strength to strength over the past five years and their focus on their brand is evident from their brand value, which is nearly double that of any other ASEAN bank." "This year, DBS has also joined the elite list of the top 10 strongest bank brands

in the world as per the brand strength rating. DBS is a great example of the brand driving the business and they should now target to be in the top 50 bank brands globally which is well within their reach," he further added. *DBS News Release*

- **OCBC Bank's acquisition of Wing Hang Bank wins best deal awards -** OCBC Bank's HK$38.7 billion (US$5 billion) acquisition of Wing Hang Bank (WHB), the largest cross-border bank deal within Asia (ex Japan) in the past 10 years, has clinched top accolades by leading financial publications in recognition of the significance and scope of transaction. The deal, also the largest bank acquisition in Hong Kong and the largest cross-border M&A by Singapore banks over the same period, has to date been named: Best M&A Deal- FinanceAsia Achievement Awards 2014, Best Cross Border Deal- The Asset Triple A Regional Awards 2014 and Best Deal in Singapore- The Asset Triple A Country Awards 2014. Mr. Darren Tan, OCBC Bank's Chief Financial Officer said: "OCBC's acquisition of Wing Hang Bank, now renamed OCBC Wing Hang, was completed in a very satisfactory and seamless manner. The deal was well-executed despite the complexities of coordinating across Hong Kong, China, Macau and Singapore, and we completed the deal with 100% ownership of WHB. As such, we are pleased that OCBC's acquisition of Wing Hang Bank is garnering industry accolades. To be selected from a multitude of deals domestically and regionally, is truly an honor." *OCBC News Release*

- **UOB partners National Gallery Singapore to promote modern Southeast Asian art to the world -** National Gallery Singapore and United Overseas Bank Group (UOB) on January 22 announced the formation of a partnership to promote the research and exhibition of the world's largest collection of modern Southeast Asian art. 8,000 Southeast Asian artworks are currently in the gallery's collection, of which more than 400 works will be curated for the first exhibition in the new UOB Southeast Asia Gallery. The UOB Southeast Asia Gallery will span over 2,000 square meters over three levels in the iconic heritage building that was the Singapore Supreme Court. As a founding partner of the gallery, UOB will also have naming opportunity to the UOB City Hall Courtyard, located in the City Hall wing. The support of UOB will enable the gallery to broaden its research efforts to deepen understanding and appreciation of modern Southeast Asian art across the world. Mr. Wee Ee Cheong, Deputy Chairman and Chief Executive Officer, UOB Group, said UOB's partnership with the gallery is a natural extension of the bank's long-term support of Southeast Asian art and commitment to the region. *UOB Group News Release*

Banking and Finance Newsbriefs

Hong Kong banks' deposit, loan growth go sluggish in November

After a strong October performance, the Hong Kong Monetary Authority's (HKMA) November monetary statistics showed slow growth in both loans and deposits in November.

According to a research note from Barclays, system deposits increased 0.4% m/m (October was at 1.2%) while system loans were up 0.1% m/m (October was at 1.0%).

The system loan-to-deposit ratio dropped slightly to 72.3% from 72.5%. Hang Seng Bank is Barclays' top pick among the Hong Kong banks given it is most leveraged to rising interest rates.

Further, it also has a strong deposit franchise and solid risk management record. *Asian Banking and Finance*

Indonesian minister expects rupiah decline to boost exports

The rupiah's current level supports exports and helps narrow Indonesia's current-account deficit, finance minister Bambang Brodjonegoro said, signaling the government is comfortable with the currency's 3 percent drop since October.

"12,500 is already a good rate to maintain our competitiveness," Brodjonegoro, 48, said in an interview with Bloomberg Television on Tuesday, January 27. That level will also help shrink the current-account deficit, he said.

The currency is set for a third month of decline, having weakened 3.1 percent since the end of October to close at 12,477 in Jakarta on January 27, as the US dollar strengthened against the majority of regional exchange rates.

That compares with the Malaysian ringgit's 8.6 percent drop in the same period and the Philippine peso's 1.8 percent gain. *The Jakarta Post*

India makes surprise early rate cut, hints at more

The Reserve Bank of India surprised markets with a 25 basis point reduction in interest rates on January 15 and signaled it could cut further, amid signs of cooling inflation and what it said was a government commitment to contain the fiscal deficit.

While the early move was unexpected, aggressive reductions in rates have been seen as likely over the course of the coming year to help India's economy out of a rut, with growth rates struggling to recover from their weakest levels since the 1980s.

Tumbling oil prices and lower food costs have hardened speculation that more reductions in rates will follow, as recent data showed subdued consumer and wholesale price increases.

Acting ahead of a scheduled RBI policy meeting and the government's annual budget statement in late February, the RBI cut the repo rate - its key lending rate - to 7.75 percent from 8.0 percent, where it had been for the past year. *Reuters*

Yen's fall fails to push exports as expected

Japan's 2014 trade balance shows that the total value of exports did not increase as expected, although the yen's value steadily declined because of drastic monetary-easing implemented as part of Abenomics.

The goal set by the government to regain Japan's status as a strong trading nation, which earns by manufacturing products domestically and selling them overseas, is still far away.

The trade balance — the value of exports minus the value of imports — stood at 12.78 trillion yen in the red, marking the deepest deficit since comparable data became available in 1979.

According to the Finance Ministry trade statistics released on January 27, the total export value rose 4.8 percent from the previous year to 73.11 trillion yen. *The Yomiuri Shimbun*

Bank Negara holds rates, economy seen on steady path

Malaysia's central bank held its key interest rate steady at 3.25% on January 28, saying the economy remained on a steady growth path and inflationary pressures were easing.

Bank Negara Malaysia's decision was widely expected, in the wake of a weaker ringgit currency and slide in global oil prices.

The country is grappling with lower revenues from a drop in oil and commodities' prices which have triggered capital flight and battered the ringgit, the worst performing currency among emerging Asian currencies this year.

The central bank said in a statement its current monetary policy stance remained accommodative and was appropriate given the developments in monetary and financial conditions. Inflationary pressures were also subsiding. *The Malaysian Insider*

The Philippines is Asia's second-fastest growing economy in 2014 after China

The Philippines closed 2014 as Asia's second-fastest growing economy after China, chalking up full-year growth of 6.1 percent as it reversed three quarters of decline in the fourth quarter.

In a news conference on January 29, the country's economic planners reported that gross domestic product grew by a stronger than expected 6.9 percent in the October-December quarter, as the government ramped up spending and higher farm output.

Economists had expected growth in the quarter at 5.8 percent, after a disastrous third quarter when GDP plunged to 5.3 percent as the government grappled with congressional investigations on public spending. *Philippine Daily Inquirer*

Singapore central bank joins monetary-easing club

The Monetary Authority of Singapore said it would slow the Singapore dollar's rise against a basket of currencies, making the city-state the latest country to ease monetary policy as inflation ebbs across much of the world and growth prospects dim.

Singapore on January 28 joined the fray by signaling it would target a slower appreciation of the local dollar against a basket of currencies. The city-state uses a managed exchange rate—rather than interest rates—as its main monetary-policy tool.

The move, which wasn't widely expected by the market or economists, sent the Singapore dollar down 1.4% to S$1.3570 versus the U.S. dollar, its lowest level in more than four years. A weakening currency pushes up import costs, boosting inflation, and helps make exports more competitive on a global stage. *The Wall Street Journal*

Taiwan's economy climbs to 3.51 percent growth last year

Taiwan's economy grew 3.51 percent last year, slightly above the government's earlier forecast of 3.43 percent, according to an advance estimate released by the Directorate General of Budget, Accounting and Statistics (DGBAS) on January 30.

In the fourth quarter of 2014, Taiwan registered a real gross domestic product (GDP) growth of 3.17 percent, beating the DGBAS estimate in November of 2.83 percent, the office said.

The DGBAS said that despite a series of food safety scares in Taiwan in the fourth quarter, the domestic economy remained stable and continued to grow, beating its forecast.

In the October-December period, Taiwan's exports in electronics, machinery and base metal increased, while outbound sales in gasoline/diesel and plastics/rubber products offset total exports, the data showed. *Central News Agency*

Thai economy 'to grow 3% despite capital market fluctuation'

Thailand’s economy will expand by more than 3 percent this year but the capital market will be full of fluctuations caused by global uncertainties, the Institute of Directors (IOD) was told on January 20.

Thailand's economy should be able to expand at a rate that is better than last year, despite confusion within the global economy and capital markets brought about by a possible deflation situation in Europe, which will affect debtors, lower oil prices that did not really help global capital markets and the expectation of a US hike in interest rates, Supavud Saicheua, managing director of Research Group at Phatra Securities Plc, said at the IOD's Director Briefing.

"Phatra expects government investment to increase by 7 percent in 2015 while the Bank of Thailand expects it to increase by 11 percent. We believe exports will expand by 3 percent mainly from border trade while the central bank expects the sector to grow by only 1 percent in the same period due to an increase of global uncertainty," he said. *The Nation*

Vietnam's Q1 GDP growth to quicken, inflation ease in 2015

Vietnam's economic growth will quicken to an annual rate of 5.4 percent in the first quarter ending March, a government think tank forecast on February 2.

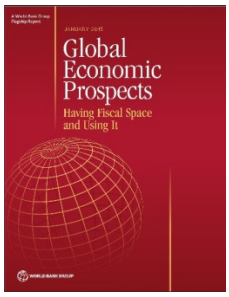
"This trend will continue in the following quarters and the growth target of 6.2 percent for the whole of 2015 is feasible," the National Financial Supervisory Commission said in a report, echoing a government forecast of economic growth for the year.

The forecast compares with gross domestic product growth of 5.06 percent in the first quarter of 2014 from a year before, government data showed.

Vietnam's $184 billion economy will get more exposure as the Southeast Asian nation gears up to sign a slew of international trade deals expected this year, while it is still battling bad debt and the inefficiency of the state sector. *Reuters*

Publications

Global Economic Prospects: Having Fiscal Space and Using It



The global economy is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

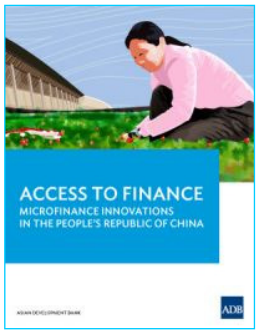
Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6 percent, from 2.5 percent in 2013. Beneath these headline numbers, increasingly divergent trends are at work in major economies.

While activity in the United States and the United Kingdom has gathered momentum as labor markets heal and monetary policy remains extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown. Disappointing growth in other developing countries in 2014 reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

Several major forces are driving the global outlook: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the headwinds to growth in oil-importing developing economies. However, it will dampen growth prospects for oil-exporting countries, with significant regional repercussions.

Contact for details: World Bank Publications
Website: https://publications.worldbank.org

Access to Finance: Microfinance Innovations in the People's Republic of China



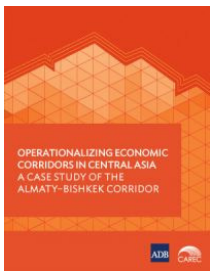
The People's Republic of China has taken a more market-oriented approach and promoted institutional reforms in rural microfinance since 2005.

The People's Republic of China (PRC) has adopted a more market-oriented approach by promoting rural microfinance, pursuing bottom-up innovations such as group lending, various forms of guarantees, new financial products based on purchase orders and insurance policies, and better incentives for agriculture funding from financial institutions. In 2009, the PRC sought the assistance of the Asian Development Bank to study how to optimize policy choices in rural finance using both top-down and bottom-up approaches. This report presents the findings of the rural microfinance study, including valuable lessons learned from several pilot micro lending programs

conducted in selected provinces in the PRC. It then analyzes outstanding issues in the country's rural and microfinance markets that need to be addressed more vigorously.

Contact for details: ADB Publishing
Website: www.adb.org/publications

Operationalizing Economic Corridors in Central Asia: A Case Study of the Almaty-Bishkek Corridor



An economic corridor linking the cities of Almaty and Bishkek has the potential promote trade and generate economic growth in Kazakhstan, the Kyrgyz Republic and the whole of Central Asia.

This report builds on the long-term strategic framework of the Central Asia Regional Economic Cooperation (CAREC) Program to promote economic growth in Central Asia through the development of economic corridors, i.e., initiatives that use physical infrastructure to catalyze and spatially organize economic activities generating productivity and growth. Its two objectives are to

(i) customize the economic corridor development concept to the unique context of the region, and

(ii) identify specific areas where economic corridor development may be piloted.

The study provides a detailed though preliminary exploration of a specific segment of CAREC Corridor 1—the Almaty–Bishkek Corridor—to assess its potential as a pilot for economic corridor development, and outlines steps to be taken over the next 12 months to develop this corridor.

Contact for details: ADB Publishing
Website: www.adb.org/publications

The Asian Bankers Association (ABA) *serves as a forum for advancing the cause of the banking industry and promoting regional economic cooperation. Established in 1981, it provides a venue for an exchange of views and information on banking opportunities in the region; facilitating networking among bankers; and encouraging joint activities that would enhance its members' role in servicing the financial needs of their respective economies and in promoting regional development. With 100 members from 25 Asian countries, the ABA holds annual meetings and conferences on issues of concern to the banking sector, with the view to broadening its members' perspective on the situation and opportunities in the region. For more details, visit http://www.aba.org.tw*

Published monthly by the Secretariat, Asian Bankers Association
Victor C. Y. Tseng, Secretary-Treasurer
Amador R. Honrado, Jr., Editor; Jacqueline Uy, Associate Editor
Wendy Yang, Contributing Editor; Julia Hsu, Assistant Editor
14/F, No. 11, Songgao Road, Taipei 11073, Taiwan; Tel: (886 2) 2725-5663/4; Fax: (886 2) 2725-5665
Email: aba@aba.org.tw; Website: www.aba.org.tw