General Meeting and Conference

32nd ABA Conference carries the theme "Asian Banks: Growing Beyond Borders"

The 32nd ABA General Meeting and Conference to be hosted by CTBC Bank on November 12-13 in Taipei will carry the theme "Asian Banks: Growing Beyond Borders." This year's ABA conference will provide a venue for all member banks to examine how major developments in the global and regional markets will impact the Asian banking sector.

After escaping the worst of the recent global financial crisis, Asian banks have flourished on the back of strong performance of the region's economies. The new cycle of economic growth across the region has provided a greater opportunity for Asian banks to expand from their domestic borders into the regional and international markets.

As some major Western economic buckle under the weight of public debt, growth momentum is shifting East, opening up a chance for Asian businesses. In addition, the ASEAN Economic Community, scheduled to take shape in 2015, has encouraged international investment in both the real and financial sectors across the region. Several Asian financial groups have already positioned themselves as regional banks through aggressive merger and acquisition strategies.

This year's Conference will examine what Asian banks need to do to succeed in new, oftentimes unfamiliar markets. Invited speakers will share their views on the importance for banks to gain a deeper understanding of market trends and customer demands; to be more outward-looking and focused on the market; to respond smartly but, more importantly, speedily to change; and to understand what drives cost and what drives value. Discussions will also focus on the need to empower customers with technology, and for banks to reduce costs, improve service quality and put power into the hands of their customers through innovative deployment of technology.

Plenary Session One: Regional Integration: Implications for Asian Banks

Financial services liberalization is seen as a key component of regional economic integration. A freer regional financial sector is expected to broaden the market landscape and allow banks to pursue growth in emerging markets. Free movement of capital and labor are said to create a regional pool of resources that will allow companies to more efficiently satisfy their funding and staffing needs. Expansion is expected to allow more scale, leading to decreased technology and operations costs.

This session will examine the extent to which regional integration is expected to reduce uncertainty and obstacles for banks when entering a new market; how do banks, particularly those positioned to help their key clients enter new markets or relocate overseas, would stand to gain from such market expansion; what models do banks need to use or have used to expand regionally; and what degree of regulatory harmonization is required for a region-wide integration of the banking market?

Plenary Session Two: Managing a Multi-Cultural and Multi-Generational Customer Base

As they expand their markets, banks are increasingly operating in business environments that are growing ever more diverse – in terms of race, ethnicity, gender, age, sexual orientation, religion, immigration status, language, and nationality. Each of these groups (e.g. traditionalists, baby boomers, Gen X, Gen Y, and more recently, Gen M, referring to those who greatly rely on their mobile phones for their daily activities) possess unique identities and have different values, behaviours and expectations. Uncovering these differences is critical in understanding how to interact with and successfully manage a multi-cultural and multi-generational customer base.

This session will feature speakers who will explore the characteristics of these various groups and share their views on how banks can build successful relationships with each of these groups by applying the appropriate cultural or generational approach and strategies to the marketing process.

Plenary Session Three: Going Digitial: Pursuing Global Opportunities Through Technology

Across the globe, banks are exploring ways to convert to a more digital business model, impacting on the way they service consumers and making it possible to offer banking services around the world 24 hours a day. At the same time, new technology-savvy companies are flooding the market with innovative offers for financial services, customers are becoming more confident in using the full range of e-commerce offerings, and even regulators are reshaping long-established procedures to adapt to new concepts.

In Asia, the rise of digital banking has been attributed to the presence of a much stronger ecosystem to enable digital banking, which includes the rapid increases in Internet and smartphone adoption and growth in e-commerce, resulting in the demand for digital banking moving from early adopters to a broad range of customers. Digital banking has provided multiple delivery channels for the service industry, improving the efficiency of operations and reducing the cost of doing business.

While digital banking can yield a number of benefits from big data analysis for customers and new business opportunities for banks, the dependence on technology for providing the services with the necessary security, and the cross-border nature of transactions, involve additional risks for banks and new challenges for banking regulators and supervisors.

This session will examine various issues – as well as challenges and opportunities - resulting from the development of digital banking and how they are currently being addressed by the banking sector and by regulatory and supervisory authorities.

CEO Forum: Business Strategies to Meet Current Market Challenges

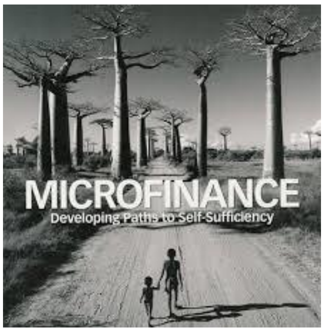
The CEO Forum aims to provide a platform for top executives from both the banking and non-banking sectors to share their knowledge, perspective and experience on key issues affecting global, regional and local markets.

Focusing on the broad theme of "Business Strategies to Meet Current Market Challenges," this year's CEO Forum will feature eminent panelists who will be requested to exchange views with Conference delegates on timely and relevant topics, such as mitigating the impact of currency fluctuations; the rise of the RMB as a major currency in Asia; challenges of more stringent regulations; and corporate social responsibility.

Policy Advocacy

ABA extends survey on Asian Banks' Contribution to Microfinance

ABA is extending its survey on Asian Banks' Contribution in the Development of the Microfinance Sector that was started in late 2014. To achieve more meaningful results that will serve as a more solid basis for formulating appropriate policy recommendations, ABA is inviting more member banks to participate in the survey.



Traditionally, microfinance involves the granting of very small loans to the poor to help them undertake new business activities and/or to grow existing ones. However, over time, microfinance has evolved to include a broader range of services apart from credit such as savings, insurance schemes and money transfers targeted at the poor in order to help them achieve a meaningful improvement in their businesses, income levels and standard of living.

Against this backdrop, the main features of microfinance which distinguishes it from other formal financial products are:

1) Borrowers are from the low income segment
2) Loans are taken for a short time period
3) Small loan amounts advanced and/or savings collected
4) Loans are generally given without collateral
5) Simplicity of operational procedures

The survey is aimed at obtaining information on what the stakeholders in ABA member countries – pertinent government authorities, multilateral organizations, and banks and the private sector - have undertaken in promoting the growth and development of the microfinance sector.

From the responses, the ABA hopes to be able to assess the contribution made by Asian banks and the other stakeholders in their respective countries in the development of the microfinance sector. The responses will be of great help in advancing ABA's efforts to promote greater financial inclusion in the Asia-Pacific region.

Please email the ABA Secretariat at aba@aba.org.tw to request for a survey form.

Education and Training

ABA announces venue of RCBC's Microfinance Appreciation Course

The ABA Short-term Training Program to be hosted by the Rizal Commercial Banking Corporation (RCBC) and its microfinance arm RCBC Microbank will be held at the Fairmont Hotel Makati, Philippines on June 22-23, 2015.

The two-day course consists of a lecture on Day 1 of the program and a field exposure visit on Day 2. Ms. Ma. Lourdes Pineda, Rizal Microbank President, will be giving a brief introduction to Microfinance Lending and Microfinance Performance Indicators. She will also talk about the RCBC Microfinance Experience and share how a universal bank like RCBC has gone down the market to serve the "bottom of the pyramid."

Mr. Raymundo C. Roxas, Rizal Microbank FVP, will speak about credit underwriting approaches to know more about the various lending approaches used by lending institutions. His talk will also include understanding why cash flow-based lending is used in microfinance.

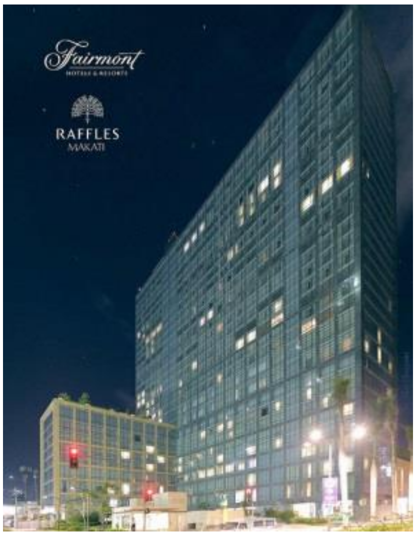
NO PARTICIPATION FEE

There is no participation fee for attending the RCBC program. However, participants shall cover their airfare and hotel accommodation.

Fairmont Hotel's booking form will be sent to delegates who have confirmed their participation. Corporate rates will be extended to all ABA members joining the program.

This program is open to all non-Philippine based member banks.

The ABA encourages member banks to take advantage of this opportunity to learn from the experience of RCBC and RCBC Microbank. To request a registration form, please email the ABA Secretariat at aba@aba.org.tw. Please send in the forms if possible before May 15, 2015.



News Updates

IMF: India, Japan to drive Asia's growth as China's economy slows down

Faster growth under the reformist governments of India and Japan will help cushion the blow to the world economy from a marked slowdown in China, the International Monetary Fund predicted on April 14.

As a whole, the world's most populous region will continue to build up its share of the global economy, the IMF said in its latest World Economic Outlook report.

"Asia's growth is forecast to hold steady in 2015, and the region is expected to continue outperforming the rest of the world over the medium term," it said.

The report comes as China grapples with growth slumping to levels not seen in almost a quarter of a century.

Much of that slowdown from the breakneck growth of years past has been deliberately engineered by Beijing, as the government repositions the economy to a more sustainable path.

But it leaves global expansion more reliant on the likes of India and Japan, with the United States and Europe still struggling to shake off their torpor.

The IMF said that under reforms by India's new business-friendly government of Prime Minister Narendra Modi, the country was expected to expand at a much faster pace than previously expected.

Modi swept to power last year on a pledge to revive India's flagging fortunes, and the IMF said his new broom should sweep in growth of 7.5 percent this year and next — making it the world's fastest growing major economy.

That was a sharp increase on past IMF predictions, which had put growth at 6.3 percent in 2015 and 6.5 percent next year.

It compared with the report's expectation for China's gross domestic product (GDP) to grow 6.8 percent this year and 6.3 percent in 2016.

Japanese workers on an assembly line of the Mitsubishi Fuso Truck and Bus Corporation (MFTBC) Kawasaki plant in Kawasaki, suburban Tokyo on March 10, 2015. Faster growth under the reformist governments of India and Japan will help cushion the blow to the world economy from a marked slowdown in China, the International Monetary Fund predicted on April 14.

South Korea Stalls

The 2015 rate, which is in line with a projection by economists in an AFP survey, would be the slowest since 1990 when the Chinese economy was hammered by foreign sanctions after the Tiananmen Square crackdown.

However, the IMF said "ongoing implementation of structural reforms and lower commodity prices are expected to expand consumer-oriented activities, partially buffering the slowdown."

The IMF upgraded its view for Japan, but warned that the prospects for a decisive break from years of recession and deflation hinged on deeper structural reforms by Prime Minister Shinzo Abe.

Japan's growth is seen at 1.0 percent this year and 1.2 percent in 2016 — both more than double from the last outlook's forecasts.

But should things turn worse than expected in both China and Japan, that would reverberate worldwide "given these economies' large size and deep trade and financial linkages with other nations."

The risks, it said, were failure to implement crucial reforms in China and Japan not making structural changes.

In South Korea, "momentum has stalled somewhat," the Fund said, adding that this reflected "fragile household and investor sentiment."

Its forecast of 3.3 percent growth this year was based on "the assumption that supportive monetary and macroprudential policies and more favorable terms of trade spur a rebound in aggregate demand."

In Australia a downturn in global commodity prices is "exacerbating the long-anticipated decline in resource-related investment." However, the IMF added that record-low interest rates will help non-resource sectors.

The IMF forecast GDP growth for Australia of 2.8 percent this year and 3.2 percent next, largely in line with previous reports.

Among Southeast Asia's top five economies -- Indonesia, Malaysia, the Philippines, Singapore and Thailand -- GDP growth was seen at 5.2 percent in 2015 and 5.3 percent next year. *Agence France Presse*

WTO slashes '15 trade growth outlook to 3.3%

Global commerce is expected to grow just 3.3 percent this year, the World Trade Organization said on April 10, slashing its previous forecast of 4.0 percent over weak global economic growth and rising geopolitical tensions.

The trade body also said preliminary estimates showed trade had expanded just 2.8 percent last year, missing September's forecast of 3.1 percent.

"Trade growth has been disappointing in recent years due largely to prolonged sluggish growth in GDP following the financial crisis," said WTO chief Roberto Azevedo.

"Looking forward, we expect trade to continue its slow recovery but with economic growth still fragile and continued geopolitical tensions, this trend could easily be undermined," he warned.

Last year was the third consecutive year in which trade grew less than 3 percent.

"With geopolitical growth still fragile and geopolitical tensions ongoing we are cautiously forecasting that trade will continue its slow recovery," Azevedo told reporters.

Trade growth is expected to pick up in 2016 with an expansion of 4.0 percent, according to the WTO.

Trade is a key measure of the health of the global economy which it both stimulates and reflects.

But Azevedo warned that a systemic shift might be underway and that trade expansion would no longer far outstrip overall economic growth as it had largely been doing for decades.

WTO pointed out that "the 2.8 percent rise in world trade in 2014 barely exceeded the increase in world GDP for the year, and forecasts for trade growth in 2015 and 2016 only surpass expected output growth by a small margin."

The World Trade Organization (WTO) logo is seen at the entrance of the WTO headquarters in Geneva on April 9, 2013. Global commerce is expected to grow just 3.3 percent this year, the World Trade Organization said on April 14, slashing its previous forecast of 4.0 percent over weak global economic growth and rising geopolitical tensions.

Azevedo said that the 2015 forecast was based on an assumption that global GDP would expand by nearly 3.0 percent, while the 2016 forecast depended on economic growth reaching over three percent.

A year ago, the WTO was singing a different tune.

Last April, it had forecast that trade would expand 4.6 percent in 2014 and 5.8 percent this year.

But it downgraded those predictions in September.

"Conflict in the Middle East also stoked regional instability, as did an outbreak of Ebola hemorrhagic fever in west Africa," WTO said, also pointing to unusually harsh winter weather in the United States and collapsing world oil prices.

Strong exchange rate fluctuations had also had a negative impact.

"All of these things have effects (and), sometimes destabilizing effects," Azevedo said.

"For trade growth it is important that you have certain elements present in the global economy. One of them is stability, predictability, and those things are not there right now," he warned. *Agence France Presse*

Special Feature

Banks driving the uptake of sustainable business practices

A report from Commerzbank

Rüdiger Geis, Head of Product Management Trade Services and Issues at Commerzbank

A new Commerzbank report entitled Five Drivers of Sustainable Trade found that the banking sector probably has had, and will continue to have, more impact on the uptake of sustainable business practices and strategies than many other sectors. As such, Rüdiger Geis, Head of Product Management Trade Services and Issues at Commerzbank, explains the key factors driving the proliferation of sustainable trade– and looks at the crucial role that banks have to play.

Ensuring the future viability of global trade is vital not only to remain competitive in the banking industry, but also in order to safeguard increasingly scarce natural resources – essential for trade flows and general economic development. While there has been much progress made in terms of sustainable development since the 1990s – when banks first started playing a more active role – the idea is now gathering even more momentum.

Despite this, there remains a lack of consensus in the business and finance world on what exactly “sustainable trade” is or what constitutes “sustainable practices”. With such divergence, corporate action and commitment is likely to be constrained and it will almost certainly create challenges for governments wanting to put in place coherent, relevant regulation.

Furthermore, in light of the financial crisis and increased globalisation, global competition factors mean that short-term survival and profitability are likely to remain one of the predominant concerns of some companies, rather than long-term strategy. As such, banks, as key components of the global economy, have a responsibility to take action and encourage companies on a sustainable route.

Factors driving sustainable banking

It can be argued that there are four main factors that help explain why sustainable banking gathering momentum. First is the need to address or pre-empt new regulatory expectations. While many financial institutions in OECD countries now adhere voluntarily to sustainability schemes – such as the UN Principles for Responsible Investment – in countries such as Brazil, for example, the move towards mainstreaming sustainability issues has already moved from ‘guidance’ to being manifested in policy and regulatory frameworks. This is something which banks and businesses around the world will need to be prepared for.

The second factor is closely linked to the first and concerns attempts by banks, individually and collectively, to enhance their reputation. Particularly, following the 2008 financial crisis, the banking industry is keen to enhance its credibility on sustainability issues. Failure in this respect can lead to accusations of malpractice or have incredibly costly repercussions.

Third, and perhaps most importantly, is risk management. Banks now realise that poor sustainable practices on the part of their clients can represent a threat to their business success. Banks therefore have to take into consideration risks relating to the products or industry sector being financed, risks associated with the location of the financing activity, as well as the impact of climate change on corporate clients.

Finally, and perhaps a factor less-well acknowledged by the banking industry, is the fact that sustainability can also offer opportunities to develop products and services that create or respond to new needs among corporate borrowers – for example, the role of the banks in establishing new markets for offsetting carbon.

Of course, banking practices will remain largely driven by commercial considerations around risk and opportunity calculations, but sustainability issues certainly have a growing weight in reaching these assessments.

Role of the banks

Indeed, given that sustainable trade trends in the corporate sector are broadly mirrored in the financial sector, it can be argued that banks probably have more impact on the uptake of sustainable business practices and strategies than many other sectors.

In this respect, there are two key ways in which banks can encourage sustainable business practices. The first simply involves financing sustainable projects and technologies: in relation to renewable energy or water, for instance. The second goes further to include the application of sustainability criteria in financing trade by corporations. This reflects a newer role for banks, whereby they increasingly incorporate consideration of non-financial factors into their decision-making and lending criteria.

At Commerzbank, for example, we have had a sustainable lending criteria in place for many years and regularly decline transactions which fall below our minimum standards – for example, last year alone our respective departments conducted in-depth and intensive checks on 5000 transactions, which resulted in us declining some transactions. In order to assess the merits of a transaction, we have defined a comprehensive range of sensitive areas and we check every single trade-related transaction for environmental, social, governance and ethical considerations. For instance, in the case of timber contracts, Commerzbank always requests the Latin name of the wood. If that timber leads to a risk of deforestation or illegal logging, then the transaction will be declined outright.

Impact on corporate sector

Indeed, with sustainable banking now rising to prominence, it is also having an impact on the corporate sector, pushing businesses to go further into sustainable trade. For example, in order to secure financing, businesses are now obliged to track and evaluate their sustainability performance. What is more, the risk management mandates of banks and insurers will place increasingly stringent requirements on firms engaged in trade to demonstrate sound strategies for sustainability-related risk exposure. However, while progress is being made in this respect, a universally agreed metric for how financial institutions report on sustainability issues related to trade finance does not yet exist.

Certainly, there is still much work to be done. Ultimately, for the advancement of the sustainability drive to really accelerate, some banks will have to become more selective about the transactions they finance, even if that is to the detriment of their short-term profit. For this to happen, more collaboration will be necessary, both among banks, as well as corporations, governments, policy makers, non-governmental organizations and the academic world, in order to establish and fulfil basic sustainability standards.

Rüdiger Geis is Head of Product Management Trade Services and Issues at Commerzbank Financial Institutions. In this role he is responsible for all aspects of trade solutions, including guarantees, letters of credit, buyer's credit and supply chain finance. Throughout his more than 20 years in banking Ruediger has played different functions in the area of international trade and business and has held various assignments within the bank in Frankfurt, Bahrain, and New York.

Among Member Banks

- **BEA China signs strategic cooperation agreement with WeBank -** The Bank of East Asia, Limited (BEA) on April 16 announced that its wholly-owned subsidiary, BEA China has entered into a strategic cooperation agreement with WeBank Co., Ltd., a privately owned bank in Qianhai, Shenzhen established by its founding shareholders including Tencent, Baiyeyuan Investment, and Liye Group. In accordance with the strategic agreement, BEA China and WeBank agree to fully explore their respective competitive advantages for mutually beneficial business development. The areas of cooperation include but are not limited to: customer referrals, credit card, micro and personal loans, wealth management, interbank lending, and internet finance. Mr. Brian Li Man-bun, Executive Director & Deputy Chief Executive of BEA, and Director of BEA China said “We are delighted to announce our important partnership with WeBank. Through WeBank’s big data analysis capabilities, BEA China will be able to reach out to its target customers effectively.” *BEA News Release*

- **Saman Bank website earns golden statue award at Iran Web Festival -** Saman Bank earned the golden statue award for having the best website in the banking and insurance system in Iran. The bank’s public relations department quoted Hamid Reza Ahmadi, the host of the 7th Iran’s Web Festival stating “Iran’s Web Festival is among the world’s accredited IT festivals and it is aimed at encouraging and progressing virtual content and services compatible with the Iranian culture.” Moreover he explained, “The applicants paid no fees to be eligible to participate in the contest. The public and the IT experts were the ones who made final decisions and gave votes for the winner.” There were 4500 anonymous voters who chose among 12000 websites and 3000 smartphone applications. Dr. Vaezi, Iran’s minister of communications and information technology presented the award at the ceremony. *Saman Bank News Release*

- **Mizuho seeks to build on No. 1 M&A rank by hiring abroad -** Mizuho Financial Group Inc., which vaulted to the top spot among Japan’s mergers advisers this year by working with Japan Post Holdings Co. and Itochu Corp., plans to build on that position by hiring bankers in the U.S. and Asia. As well as recruiting abroad, the company will consider moving employees from Japan, said Atsushi Yamamoto, who becomes head of M&A advisory at Mizuho Securities Co. on April 1. It will also step up cooperation with HSBC Holdings Plc and Evercore Partners Inc. on cross-border mergers business, he said. Mizuho is seeking to capitalize on Japan Inc.’s increasing appetite for overseas takeovers. Japanese companies have spent $39 billion on acquisitions abroad in 2015, the quickest start to a year on record, as they shrug off a weaker yen to expand in faster-growing markets, data compiled by Bloomberg show. *Bloomberg*

- **Customer service robot debuts at BTMU -** Bank of Tokyo Mitsubishi UFJ (BTMU) took a first step toward employing nonhuman staff on April 20, with the introduction of a customer service humanoid robot at its flagship Tokyo outlet. Standing 58 cm tall and weighing 5.4 kg, the Nao robot will work at reception until April 23 before potentially being rolled out full time, according to the Mitsubishi UFJ Financial Group Inc. unit. It assisted 18 visitors on its first day, the bank said, providing information using gestures. The robot, developed by French company Aldebaran Robotics, a subsidiary of Japanese telecom and technology giant SoftBank Corp., speaks Japanese, English and Chinese.However, it is designed to respond in 19 languages, with the bank mulling its more widespread use for foreign customers ahead of the 2020 Tokyo Olympics. *Japan Times*

- **SMBC invests in Financiera de Desarrollo Nacional S.A. -** Sumitomo Mitsui Banking Corporation (SMBC) and International Finance Corporation (IFC) have entered into a stock purchase agreement, in which SMBC will purchase from IFC 8.8% of the total issued and outstanding shares of Financiera de Desarrollo Nacional S.A. (FDN). SMBC will nominate a director as a member of FDN's Board of Directors. FDN is a development bank created by the Colombian government in 2011 with the objective to manage and stimulate the financing/structuring of the key infrastructure projects in Colombia. While FDN's top priority is to support the fourth generation road concessions program through its services such as financing, guarantee, and advisory, the entity will also focus on other important power and infrastructure projects in the mid-to-long term. SMBC signed a memorandum of understanding on business cooperation with FDN in July 2014. Under the MOU framework, SMBC and FDN have been closely exchanging information, expertise, and personnel in order to develop finance structures suitable to the country's major infrastructure projects and also diversify finance sources. As the private investor of FDN, SMBC will further collaborate with FDN to offer know how in infrastructure finance and bring into the market products/services that will contribute to the country's strong economic and social development. *SMBC News Release*

- **BML announces plans to make loans more accessible -** Bank of Maldives (BML) has announced plans to improve its loan products to help more people fulfill their hopes and dreams and realize their ambitions. Although it already has made loans of some MVR 8 billion to Maldivian individuals and businesses, the Bank wants to support the local economy even more by making its loans more accessible. Commenting on the new changes, CEO and Managing Director Andrew Healy stated, "We are open for business and we will announce over the coming weeks a number of changes to existing loans as well as some new loan types. We will also commit to making the loan application process simpler and turnaround times shorter than before". Details of the changes to existing loan products as well as some new loan products will be announced on a phased basis over the coming weeks. Home loan financing, unsecured personal loans and small business loans will be in the Bank's plans. *Bank of Maldives News Release*

- **Philippine National Bank posts Php 5.5 Billion net income in 2014 -** The Philippine National Bank (PNB) posted a net income of Php 5.5 billion in 2014, reflecting a 5% increase from its previous year's level despite the challenging conditions in the local financial markets that caused the Bank's trading gains to decline substantially by 72% to Php1.3 billion. Anticipating these developments, PNB beefed up its income from its growing core business as it took steps to shift marketing focus from large corporates to commercial/SMEs and consumer segments. Thus, interest income on loans and receivables grew by 16% to Php15.2 billion. In addition, PNB successfully decreased its interest expense by 23% to Php3.6 billion as the Bank concentrated on generating low cost funds and paid off high cost liabilities, particularly with the redemption of its Php6.7 billion high interest-bearing Long-Term Negotiable Certificates of Deposits (LTNCDs). As a result, net interest income grew by 23% to Php16.9 billion, accounting for 64% of total operating income in 2014. PNB's operating income increased by 12% to Php26.4 billion, augmented by other income (excluding gains from securities trading) which rose by 33% principally from the sale of PNB's foreclosed assets. *Philippine National Bank*

- **DBS and Manulife form 15-year regional life bancassurance partnership -** DBS Bank Ltd and Manulife Financial Asia Limited announced that they have entered into a 15-year regional distribution agreement covering four mutually significant markets, namely Singapore, Hong Kong, China and Indonesia. The agreement signed on April 8 will take effect on January 1, 2016. This new exclusive life bancassurance partnership will combine DBS' superior Asian banking franchise with the insurance and wealth management expertise of Manulife, a global leader with a long-term commitment to Asia. In the four markets, DBS' large and growing six million retail, wealth and SME customer base will gain access to Manulife's best-in-class suite of life and health insurance solutions, through the bank's extensive network of over 200 branches and its sales force of over 2,000 professionals, as well as via its internet and mobile banking platforms. Leading to the agreement with Manulife, DBS conducted a thorough insurance partner selection process, which attracted strong interest from a number of leading regional and multinational insurers. The process considered a number of factors, including customer focus, expertise, execution track record and potential for long term value creation. *DBS News Release*

- **OCBC Bank is leading social media bank -** In four years, OCBC Bank has established itself as the leading local bank in the social media space by leveraging social media platforms- Facebook, Twitter and HardwareZone Forums- to engage existing and potential customers. OCBC Bank has developed the largest Twitter following amongst local banks with more than 9,900 followers, since the account was created in June 17, 2011. Its Facebook page was started on Sept. 12, 2012. According to Socialbakers, OCBC Bank's corporate Facebook page grew by 40% in 2014 alone, with interaction peaking in August during the promotion of the Juventus vs Singapore football match. In two years, the OCBC Bank Facebook page has amassed more than half a million fans, making it the largest Facebook page of any local bank. *OCBC News Release*

- **UOB and Vietnam's Foreign Investment Agency sign MOU to boost trade between Vietnam and Southeast Asia -** United Overseas Bank (UOB) and Vietnam's Foreign Investment Agency (FIA) on April 19 signed a Memorandum of Understanding (MOU) aimed at increasing foreign direct investments (FDI) and trade between Vietnam and Southeast Asia. The MOU signing was witnessed by Ministers from Singapore and Vietnam- Mr. Lim Hhng Kiang, Singapore's Minister of Trade and Industry of Singapore and Mr. Bui Quang Vinh, Vietnam's Minister of Planning and Investment. The MOU is Vietnam FIA's first such collaboration with a bank. The FIA is the designated agency under Vietnam's Ministry of Planning and Investment that supports FDI into Vietnam and Vietnamese companies venturing overseas. With the signing of the MOU, the FIA will assist UOB customers that are seeking to expand into key investment destinations in Vietnam such as the main cities of Ho Chi Minh City and Hanoi, as well as the fast-developing cities of Da Nang, Phu Quoc, Can Tho and Hai Phong. *UOB News Release*

- **Bangkok Bank co-winner of "Bank of the Year 2015" award -** Bangkok Bank has been named 'Bank of the Year 2015' by Money & Banking magazine, together with Siam Commercial Bank. The Bank has now received this award for eight consecutive years since 2007 due to its outstanding and growing performance. Net profit in 2014 was the third-highest among Thai banks at Baht 36.3 billion, an increase of Baht 426.6 million or 1.19 percent from 2013, representing a net profit of Baht 19.03 per share and a net profit margin of 26.14 percent. The increase in net profit reflects growth in net interest income which rose by Baht 3.1 billion in line with loan growth across every customer segment – Corporate, SME, Consumer and International. In addition to its high profitability, Bangkok Bank is focused on strengthening its financial status as the bank with the highest total allowance for doubtful accounts from loan classification of Baht 89.4 billion, resulting in total loan loss reserves of 5.02 percent. *Bangkok Bank News Release*

Banking and Finance Newsbriefs

For Hong Kong regulator, HSBC presents major challenges

A move by British banking giant HSBC to relocate its headquarters back to Hong Kong would present major challenges to the city's banking watchdog, regulatory experts said.

The Hong Kong Monetary Authority (HKMA) is regarded as one of Asia's leading regulators and has experience with subsidiaries and branches of large banks. But it has never been the primary regulator of a systemically important global financial institution.

HSBC's $2.6 trillion balance sheet is nearly eight times the size of Hong Kong's economic output. So the HKMA would have to scale up its regulatory operations, analysts and regulatory experts said.

"Can HKMA regulate an institution the size of HSBC? They would have to hire in more staff, expand the scope of their coverage and communicate more with other regulators," said Jim Antos, bank analyst at Mizuho Securities Asia Ltd in Hong Kong. *Reuters*

India relaxes rules for exchange currency trading: official

The Reserve Bank of India (RBI) has issued detailed operational guidelines following the March 31 relaxation of restrictions for both foreign portfolio investors (FPIs) and domestic participants in the exchange traded currency derivatives (ETCD) market.

The limit for domestic entities and FPIs to take foreign currency positions- both long and short- in the US dollar/rupee pair, without having to establish the existence of any underlying exposure, has been increased to $15 million per exchange from $10 million. An aggregate limit has been set, equivalent to $5 million per exchange, for euro/rupee, pound/rupee and yen/rupee pairings.

Details of the revision of limits were released by the Securities and Exchange Board of India (SEBI) on April 8.

Additionally, the eligible limit of hedging positions for domestic importers of goods and services has increased from 50% to 100% of their last three years' imports turnover's average, or the previous year's turnover, whichever is higher. *The Corporate Treasurer*

BOJ shouldn't ease further; Yen fell enough: business lobby head

The Bank of Japan (BOJ) shouldn't expand its record monetary stimulus, as such a move would fail to spur growth and make prospects for an eventual exit from the policy harder, the new head of a business lobby said.

The yen has slumped enough on the back of the central bank's asset purchases over the past two years and the currency should stay around 120 per dollar, said Yoshimitsu Kobayashi, who started on April 27 as chairman of the Japan Association of Corporate Executives.

"The BOJ is scattering about 300 trillion yen expanding its monetary base, but the effect hasn't trickled down, and I don't think they can invigorate things with such unnatural actions," Kobayashi, who is also chairman of Mitsubishi Chemical Holdings Corp., said in an interview in Tokyo. "Any exit is growing more distant. It's not sustainable."

Abenomics, Prime Minister Shinzo Abe's three-pronged economic strategy, has yet to convince some business owners to invest in Japan, Kobayashi said. From here, Japan's economic fortunes will depend on whether the premier can spur real growth with regulatory reforms while the BOJ's easing buys time, Kobayashi said. *Bloomberg*

Current interest rate accommodative for banking sector, says Nazir

Malaysia's current interest rate at 3.25 percent, which was raised by Bank Negara Malaysia in July 2014, is accommodative for the Malaysian banking sector.

CIMB Group Chairman Datuk Seri Nazir Razak said the current rate stood at a good level for the banking sector to grow loans at a decent rate.

"I'm a big fan of how Bank Negara has been managing the monetary policy for sure, and I think it always stay ahead of the curve...so I have no issues with the pace, which is moving up and down," he told reporters on the sidelines of Invest Malaysia 2015 Institutional Investor conference on April 23.

However, Nazir said with the high consumer debt to gross domestic product (GDP) ratio, lifting interest rate would be painful for a lot of consumers.

Meanwhile, he said that the government and Malaysian companies should 'go out' and counter the negative news that had been spread about the Malaysian economy, which has impacted the ringgit and investor sentiment in general. *The Star*

Tycoon Lucio Tan puts stake in Philippine insurer on block

Philippine National Bank, the country's fifth-biggest bank by assets, is seeking to sell a stake in its life-insurance business in a deal the billionaire-owned lender hopes will raise as much as $500 million, people with knowledge of the sale process said.

The deal by PNB, which has 656 branches around the Philippines, would involve the lender selling a stake of 40% or more in PNB Life Insurance Inc., the latest insurance asset to come onto the market in Asia.

PNB is looking to sell a stake in the insurance business to raise funds, shoring up its capital base, and because it wants a partner that could help the life business expand, according to people familiar with the matter. One person said the winning bidder could eventually sign a bancassurance deal, giving it exclusive rights to distribute its products via PNB's branch network.

Bancassurance deals can be highly attractive to foreign insurers seeking to gain a foothold in new markets. The first round of bids for the insurer, owned by Lucio Tan, is due at the end of this month, they said. *The Wall Street Journal*

Singapore ranks sixth in financial literacy across Asia Pacific: Mastercard

Singapore has fallen to sixth place for financial literacy, recording the largest decline out of 16 Asia Pacific markets, according to an annual survey by MasterCard.

The key reason for the overall decline in financial literacy here seems to be a fall in consumers' understanding of basic money management, said MasterCard on April 27.

Going by the survey results, people in Singapore are finding it harder to keep up with bills, budget effectively and manage unsecured loans, it added.

Singapore was previously ranked second in the region, sliding four points to score 68 points in MasterCard's Financial Literacy Index. But the struggle to improve financial literacy is taking place throughout the region, said MasterCard.

According to its survey data, progress towards improving basic finance knowledge and skills across the Asia Pacific has stalled as 12 of 16 countries record lower scores in financial literacy. While Singapore's ranking saw the biggest decline, the survey also showed generally disappointing results in Australia, Japan, New Zealand, South Korea and Taiwan. *Straits Times*

Taiwan banks' exposure to mainland China declines

Lending extended by banks operating in Taiwan to China as of the end of December 2014 fell from the end of September, reflecting a decline in deposits placed by local banks in Bank of China's Taipei branch, according to the Central Bank of the Republic of China.

Still, China remained the largest debtor to Taiwan's banks, the central bank's statistics showed.

The bank said that outstanding international claims by Taiwanese banks to China on a direct risk basis as of the end of December totaled US$49.14 billion (NT$1.53 trillion), down 4.3 percent from a quarter earlier.

On an ultimate risk basis, which calculates a country's consolidated debts after risk transfers, Taiwanese banks' exposure to China as of the end of December also fell 7.7 percent from the end of September to US$84.16 billion, the data indicated. The central bank said Taiwanese banks assigned more funds to buy Chinese yuan-denominated bonds issued in the local market, which have been dubbed "Formosa bonds," and other financial instruments. *The China Post*

A better year expected for Thai banking sector

Thailand's loan growth is expected to recover this year but the low interest environment will pressure Thai banks' interest income, said an analysis by TMB Analytics.

The economic team of TMB Bank expected the outstanding loans to show an increase of 7-8 percent from last year, or with the net amount of about Bt800 billion.

In 2014, the loan growth was only 5 percent, the lowest in five years. In the preceding four years, the growth rate was 11-15 percent.

TMB Analytics forecast 5 percent growth in deposit or a net amount of Bt600 billion.

However, Thai banks may need to boost non-interest income in light of the low interest environment. After the Bank of Thailand's decision in March to lower the policy rate to 1.75 percent, it is unlikely that the interest rate would rise in the near future. *The Nation*

Vietnamese banks plan merger

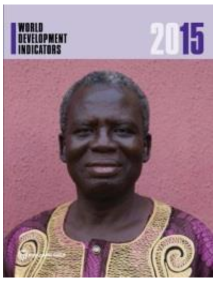
Vietnam Joint Stock Commercial Bank for Industry and Trade, better known as VietinBank, said its shareholders approved a plan to merge with the unlisted Petrolimex Group Commercial Joint Stock Bank, the latest step in Vietnam's effort to shore up its banking system.

VietinBank, one of the largest lenders in Vietnam, is more than 60% owned by the government. It said the merger will enable it to expand its client base, including with Vietnam National Petroleum Group, which holds a 40% stake in Petrolimex Group Commercial Joint Stock Bank and accounts for more than 50% of Vietnam's retail market for transport fuels.

"The shareholders have approved the merger plan, but we still need to wait for the approval from the State Bank of Vietnam and the government for the merger to take place," VietinBank Chief Executive Officer Le Duc Tho said. Mr. Tho said he expects the merger to take place this year. *The Wall Street Journal*

Publications

World Development Indicators 2015



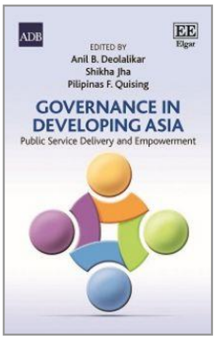
The primary World Bank collection of development indicators, compiled from officially-recognized international sources. It presents the most current and accurate global development data available, and includes national, regional and global estimates.

This edition of World Development Indicators uses the latest available data and forecasts to show whether the goals have been achieved and highlights some of the differences between countries and regions that underlie the trends. Figures and data are also available online at http://data.worldbank.org/mdgs.

It retains the structure of previous editions: World view, people, environment, economy, states and markets, and global links. New data include the average growth in income of the bottom 40 percent of the population, an indicator of shared prosperity presented in World View, and indicator of statistical capacity in States and markets. World view also includes a new snapshot of progress toward the Millennium Development Goals, and each section includes a map highlighting an indicator of special interest.

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

Governance in Developing Asia



Governance is central to mass prosperity since it affects both the prospects for enhanced and sustained income growth as well as non-income indicators of human development.

This publication provides an overview of the role that better governance and citizen empowerment can play in improving public service delivery in developing Asia. The World Development Report 2004 set a framework for public service delivery in terms of the short and long roads to accountability of service providers to citizens. More than a decade on, this book revisits the issue and departs from the WDR framework, highlighting its shortcomings and offering alternative solutions.

Presenting fresh evidence on the relationship between governance and development outcomes, including growth and indicators of living standards, contributors argue that the Asia-Pacific region must do better in delivering essential public services if it wishes to continue improving the quality of life for millions of its people. Quantity and quality of public services in a country can be improved if the government actively solicits citizen involvement in service delivery.

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Website: www.adb.org/publications

Myanmar Long-term Scenarios for Sustained Macroeconomic Growth

Simulation results from the use of a dynamic economic forecasting model to evaluate Myanmar's growth drivers suggest a broad horizon of opportunity for promoting rapid and inclusive economic growth.

Increasing agricultural productivity, for example, will not only benefit the country's rural poor majority, but it will also release labor resources to facilitate industrial and service sector development. Conversely, industrial and urban development will facilitate agrifood supply chains, improving market access and real rural incomes. Public commitments to improving infrastructure, education, and public health will also be essential to realizing Myanmar's vast economic potential.

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