General Meeting and Conference

Vietcombank announces venue for ABA Planning Committee Meeting

Host organization Vietcombank has finalized the venue for the ABA Planning Committee Meeting in Vietnam on April 8-9, 2016. The Meeting will be held at the Melia Hotel in Hanoi on April 8, 2016. Delegates will leave for Ha Long Bay on the afternoon of April 8 after the meeting, for an ocular inspection of Vin Pearl Ha Long Bay Resort- the proposed venue for the 33rd ABA General Meeting and Conference scheduled in November.

Vietcombank is requesting registered delegates to book early with Melia Hotel in Hanoi and Vin Pearl Resort in Ha Long to avail of the corporate rates. Hanoi City Tour will be offered to delegates who are not joining the trip to Ha Long Bay.

Agenda of the Planning Committee Meeting

To be chaired by ABA Chairman Mr. Daniel Wu, President and CEO of CTBC Financial Holding, the meeting aims to discuss preparations for the 33rd ABA General Meeting and Conference tentatively scheduled sometime in November 2016.

Discussions on Day One (April 8) of the meeting will focus on 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. It will also review the progress of activities under the ABA Work Program for 2016-2017, including the area of policy advocacy.

Vietcombank is currently making arrangements for the meeting participants to call on Mr. Nguyen Van Binh, Governor of the State Bank of Vietnam, the country's central bank, in the afternoon of April 8.

Day Two (April 9) will be the ocular inspection of the proposed Conference venue in Ha Long City.

Melia Hotel

Meliá Hanoi is remarkably located in the heart of Vietnam's capital. Major business, government and diplomatic centers are all within a 5 km radius and Hanoi's Old Quarter, known for the allure of its cultural heritage and shopping, is footsteps away.

The hotel stands a short distance from many key districts and major attractions such as the Hanoi Opera House, Old Quarter, Temple of Literature, and Ho Chi Minh Mausoleum. *Source: www.melia.com/en/hotels/vietnam/hanoi/melia-hanoi/index.html*

Vin Pearl Ha Long Bay Resort

With spectacular views of the limestone pillars stretching across the Gulf of Tonkin, Vinpearl Ha Long Bay Resort is exclusively located on its own private island of Dao Reu. It offers a personal waterfront gateway to the unique UNESCO World Heritage Site, Ha Long Bay.

Vinpearl's Convention Hall has 6 modern meeting venues supported by the latest technology and the dedicated service of a professional conference team, making it a perfect venue for events and conferences. The elegant Grand Ballroom has a capacity from 300 guests (classroom set-up) to 500 guests (theater style).
Source: http://vinpearl.com/

To confirm your attendance to the ABA Planning Committee Meeting, please email the ABA Secretariat at aba@aba.org.tw

Policy Advocacy

Dr. Takagi to speak on ABA Informal Workout Guidelines at Tokyo forum

Dr. Shinjiro Takagi, ABA Adviser on the Promotion of the ABA Informal Workout Guidelines and Model Agreement, has been invited to be a Speaker in the upcoming 2016 Asia-Pacific Forum on Financial Inclusion scheduled to take place on 7-8 April 2016 in Tokyo.

The two-day event is hosted by the Asian Development Bank Institute (ADBI) and co-organized by the APEC Business Advisory Council (ABAC), and the Foundation for Development Cooperation (FDC), in partnership with the Citi Foundation. The Forum brings together participants from the public and private sectors, including financial regulators and policy makers, multilateral institutions, financial institutions and related market players, microfinance institutions, financial inclusion experts, industry organizations and private foundations. By providing a platform for high-level dialogue amongst policy makers and regulators across the region, the Forum aims to strengthen their capacity as well as provide specific points of advice for policy related issues impacting financial inclusion in the region.

Dr. Takagi, who is concurrently Advisor at Nomura Securities Co., Ltd. will speak in Session 8, which will focus on the topic Insolvency: Moving Beyond Stability. He will join other panelists who will examine the need for personal insolvency regimes that respond to growing financial inclusion.

Among the issues they will deliberate on include the following: Some 15 years after the Asian Financial Crisis, which spurred the international community towards an organized and concerted effort to tackle issues of corporate insolvency, do we have a better understanding of the role that sound insolvency systems play in the financial sector? Specifically, where the Crisis prompted a focus on the link between insolvency and financial stability, do we now have a better understanding of the role that sound insolvency systems play in access to finance, growth and entrepreneurship? Moreover, with the commitment by the G20 Group of countries in Antalya in 2015 to focus on insolvency reform as a key driver promoting SME finance, specialized SME insolvency regimes are popping up around the world, including most recently in South Korea.

Dr. Takagi will make a presentation on “How to Finance SMEs and How to Save Troubled SMEs at Earlier Stages”. He will touch on the ABA Informal Workout Guidelines and Model Agreement as a possible instrument that may change business restructuring culture at early stage in the Asia-Pacific region.

SMBC, CTBC Bank, and BAROC Officers discuss Basel Regulations

Representatives from Sumitomo Mitsui Banking Corporation (SMBC) met with officers from CTBC Bank and the Bankers Association of the ROC (BAROC) during their visit to Taipei on February 26.

The two SMBC officers were **Mr. Naoki Tamura**, Managing Director, and **Mr. Takayuki Okada**, General Manager, Global Financial Regulation, and concurrently representing the Japanese Bankers Association. The CTBC Bank representatives included **Ms. Shih-jen Hu**, Department Head, Credit Risk Measurement, IB Credit; **Ms. Tsai-feng Chang**, Department Head, Credit Risk Measurement, RB Credit; **Ms. Melanie Chou**, Lead, Credit Risk Measurement, RB Credit; **Ms. Claudia Kuan**, Department Head, Counterparty Risk Management; and **Ms. Prudence Lin**, Senior Vice President, Risk Management Dept., CTBC Financial Holding and Chairman of the ABA Policy Advocacy Committee. Representing BAROC was **Ms. Wendy Tsao**, Risk Management Committee/Operations Division.

The attendees exchanged views on Basel regulations, particularly on standardized approach to credit risk, market and counterparty risk management, and CVA risk assessment. They also discussed how to build alliance and collaboration in addressing policy issues of common concern in the future.

News Updates

FinanceAsia releases rankings of Asia's Best Finance Ministers 2016

For the second year running, FinanceAsia has ranked the finance ministers of the Asia-Pacific region's 12 largest economies.

FinanceAsia considers several factors when thinking about how to compare the performance of these men over the past 12 months. The role's responsibilities and powers vary between countries but each minister contributes to fiscal policy and the budget, accesses capital markets, regulates financial institutions, and drives reform. Investor perceptions are one way to view how good a job they are doing, particularly when times are tough.

Finance Secretary Cesar Purisima from the Philippines bags Finance Minister of the Year Award

But the hardest criterion is independence. Most finance ministers serve at the pleasure of their prime ministers, presidents, or military dictators. Their ability to get things done requires political deftness, mastery of policy, sway over the bureaucracy, and the will to fight for the public interest.

Asia developed a post-1997 reputation for quality government, a perception now being put to test as the Chinese economy slows and dollar strengthens.

The vast withdrawal of capital from emerging markets makes it all the more imperative for Asia's finance ministers to pursue good governance, sensible structural reform, and sound finances.

Below is the ranking of Asia's Best Ministers for this year:

1. Cesar Purisima, The Philippines
2. Arun Jaitley, India
3. Choi Kyung-hwan, South Korea
4. Bambang Brodjonegoro, Indonesia
5. John Tsang Chun-wah, Hong Kong
6. Heng Swee Keat, Singapore
7. Lou Jiwei, China
8. Scott Morrison, Australia
9. Chang Sheng-ford, Taiwan
10. Taro Aso, Japan
11. Apisak Tantivorawong, Thailand
12. Najib Razak, Malaysia

ASEAN+3 sets up financial surveillance system

The ASEAN+3 has officially put in place a surveillance system in support of the region's $240-billion liquidity facility which serves as buffer against all threats to Asia's financial stability.

ASEAN+3 includes the 10 original members of the trade bloc plus Japan, South Korea and China. In 2014, the regional grouping agreed to establish the ASEAN+3 Macroeconomic Research Office (AMRO) which is a treaty to convert AMRO from a company to an international organization to enable AMRO to function as an independent surveillance unit in the region. The treaty took effect last February 9, 2016.

During the AMRO opening in Singapore on February 20, its director Dr. Yoichi Nemoto, said they will enhance and improve AMRO's surveillance activities in support of the $240-billion Chiang Mai Initiative Multilaterialization (CMIM) Agreement, a currency swap arrangement among the ASEAN+3 countries.

"With the agreement, AMRO can effectively discharge its primary mission of contributing towards ensuring the macroeconomic and financial stability of the ASEAN+3 region," a statement from AMRO, attributing to Nemoto, said.

In 2014, Bangko Sentral ng Pilipinas (BSP) Governor Amando M. Tetangco Jr. was one of the Central Bank chiefs that approved and signed the establishment of AMRO as an organization to promote objective economic monitoring. AMRO was initially created as a company in 2011.

Tetangco said that AMRO will conduct objective surveillance for the region's financial stability as the risk-detecting unit of the CMIM. The Philippines has a $9.1-billion commitment under the CMIM.

AMRO as an international institution has immunities and privileges to allow it to perform its function as a regional surveillance unit and to help implement the CMIM in crisis prevention or resolution.

Last year, the regional central banks, including the BSP, has also renewed a $2-billion ASEAN Swap Arrangement (ASA), its fifth supplemental agreement, and it took effect last November 17.

The ASA is a short-term foreign exchange liquidity support for ASEAN member countries that experience balance of payments (BOP) difficulties.

The Philippines has committed $300 million to the swap arrangement which would allow the country to draw up to $600 million if needed.

The Philippines has a strong foreign exchange buffer, boosted by remittances from overseas Filipinos, exports and earnings from the business process outsourcing sector. As of end-January this year, it has a gross international reserves (GIR) amounting to $80.69 billion.

While the BSP just reported a BOP deficit of $813 million in the same month, officials project a full-year BOP surplus of $2 billion.

"Our external position is robust and offers buffers against possible external shocks, with a BOP surplus ($2.6 billion end-2015), healthy level of GIR that could pay for over 10 months worth of imports of goods and services, and remittances through banks from overseas Filipinos that continue to grow year after year," Tetangco told the banking community earlier this year.

"Certainly, we are not immune to adverse external developments (but we) will have to deal with their ramifications, the bumps on the road, so to speak." *Manila Bulletin*

BRICS launch new infrastructure bank

Reports have emerged that a new US$100 billion (A$140 billion) bank for major emerging nations will sign agreements to establish its headquarters in China.

The New Development Bank (NDB), set up by the 'BRICS' nations of Brazil, Russia, India, China and South Africa, has been viewed as a challenge to Washington-based institutions.

The bank's website describes it as an "alternative to the existing US-dominated World Bank and International Monetary Fund."

The formation of NDB comes following the launch in December of the Asian Infrastructure Investment Bank (AIIB), a $100 billion institution led by, and headquartered in Beijing. Despite concerns from the US, several major European countries signed up as members.

Societe Generale China economist Claire Huang told reporters that the new bank will offer loans with fewer strings attached than existing multilateral lenders.

"Borrowing from NDB won't have as many obligations as borrowing from the IMF," she said, saying the institution would act as "a small IMF" and discussions will be more streamlined because of the limited membership.

NDB president K.V. Kamath, however, insisted on February 26 that the institution "will function like a prudent bank should" and offer loans on the basis of the cost of funds and an appropriate margin.

The first approvals are expected in April and he expects 10 to 15 projects to be given the go-ahead this year, he added, more than half of them in green energy.

The bank formally opened last year, but comes with several of its member nations hit by falling oil and commodity prices and global shortfall in demand.

Responding to queries about the downturn facing members, the bank's chairman Anton Siluanov, Russia's finance minister, told reporters "On the contrary, in a period of some difficulties... the bank has become particularly important in terms of raising investment resources." *East and Partners*

Special Feature

Danger signs flashing for global economy, years after crisis

By David McHugh and Paul Wiseman, Associated Press

Eight years after the financial crisis, the world is coming to grips with an unpleasant realization: serious weaknesses still plague the global economy, and emergency help may not be on the way.

Sinking stock prices, flat inflation, and the bizarre phenomenon of negative interest rates have coupled with a downturn in emerging markets to raise worries that the economy is being stalked by threats that central banks — the saviors during the crisis — may struggle to cope with.

Meanwhile, commercial banks are again a source of concern, especially in Europe. Banks were the epicenter of the 2007-9 crisis, which started over excessive loans to homeowners with shaky credit in the United States and then swept the globe into recession.

"You have pretty sluggish growth globally. You don't really have any inflation. And you have a lot of uncertainty," says David Lebovitz, who advises on market strategies for JP Morgan Funds.

In this Feb. 15, 2016 file photo, people walk by an electronic stock board of a securities firm in Tokyo, depicting a world map. The realization is dawning that growth may continue to underperform, and that recent turmoil may be more than just normal market volatility, while in Japan the yield on 10-year bonds briefly turned negative, unfamiliar territory even for this financial crisis. (AP Photo/Koji Sasahara)

Some of the recent tumult may be an overreaction by jittery investors. And the rock-bottom interest rates are partly a result of easy money policies by central banks doing their best to stimulate growth in the years since the crisis.

Unemployment is low in several major economies, 4.9 percent in the United States and 4.5 percent in Germany. The IMF forecasts growth picking up from 3.1 percent last year to 3.4 percent this year.

But that's still far short of the 5.1 percent growth in 2007, before the crisis. The realization is dawning that growth may continue to underperform, and that recent turmoil may be more than just normal market volatility.

In Japan, the yield on 10-year bonds briefly turned negative, meaning bondholders were willing to pay the government for the privilege of being its creditor — for years. In the United States, long-term market rates are sliding again, even though the Federal Reserve has begun pushing them higher. Many government bonds issued by European countries trade at yields that are negative or close to zero.

That's alarming because such low and even negative rates are way out the ordinary. For one thing, they suggest bond investors don't expect enough economic growth for central banks to raise rates.

Along with that have come sharp drops in global stocks. The Standard and Poor's 500 index is off 10.5 percent for the year; Japan's Nikkei 225 is down 16 percent; the Shanghai composite index 22 percent; Germany's DAX over 14 percent.

Here are some of the risks that markets have been waking up to.

China

A sharp slowdown in China threatens to remove a pillar of global growth. Slackening demand for raw materials there is hitting producers of oil and metals in other countries. Energy exporter Russia, for instance, slid into recession and its currency has plunged.

German automaker Daimler made a record operating profit of 13.8 billion euros last year, helped by a 41 percent surged in sales in China for its Mercedes-Benz luxury cars. But its shares fell when it announced a cautious outlook for only a slight profit increase for 2016 and "more moderate" growth in China. CEO Dieter Zetsche cautioned that he saw "more risks than opportunities" amid "restrained" global growth.

Emerging Markets, Submerging

Money is flowing out of so-called emerging markets like Brazil, Russia, South Africa and Turkey. Investors pulled US$735 billion out such countries in 2015 — the first year of net outflows since 1988, according to the Institute of International Finance.

And emerging markets aren't so emerging any more: they provide 70 percent of expected global growth.

Central banks led by the U.S. Fed responded to the global recession by slashing interest rates and printing money. That encouraged investors in search of higher returns to place their money in emerging markets.

Now the Fed is trying to push up its interest rates, and those flows have gone into reverse, causing financial markets and currencies in emerging markets to sag. Debt becomes harder to repay.

IMF chief Christine Lagarde has warned of "spillback" effects from emerging markets on more advanced economies.

Stephen Lewis, chief economist at ADM Investor Services, argues the Fed should simply go ahead with raising rates to a more normal level.

"Unless we're going to paralyze monetary policy in the advanced economies forevermore, it is inevitable that the funds that have gone into emerging markets are going to come back out of them," he said.

Uncle Sam

The other pillar of the global economy besides China, the U.S., is also now showing signs of weakness. Maybe not a recession, yet. But growth was a weak 0.7 annually during the fourth quarter. Factory output has declined.

Though unemployment has dropped, wages have not recovered quickly and companies appear to be unsettled by the global jitters.

A rising dollar — a side effect of expected Fed interest rate increases — could hurt exporters. That's one reason the Fed may in fact hold off raising rates again soon.

Banks

Banks stocks have been plunging in the U.S. and Europe.

In the U.S., low oil prices may mean companies involved in expensive drilling and extraction will be unable to repay loans made to dig wells that are no longer profitable.

In Europe, bank shares have been shaken by the bailout of four Italian lenders and fears about 1.2 trillion euros ($1.35 trillion) in bad loans across the 19 country currency union.

John Cryan, co-CEO of Deutsche Bank, had to take the unusual step of publicly reassuring that the bank's finances were "rock-solid" after investors pounded the bank's stock.

The spread of negative interest rates could reduce banks' profitability, since it squeezes the different between the rates at which banks borrow and at which they lend.

Sick banks can choke off credit to companies and dump huge costs on governments, shareholders and creditors.

Return-free Risk

Low rates help people pay mortgages and buy cars. But there's some concern that they suppress spending by savers, and may steer investment to less productive uses. The typical 10 million-yen ($87,900) in savings held by a household with a member over 65 would have earned $3,500 in 1995, but only returns $175 now, estimates Richard Katz, editor at the Oriental Economist.

"We're retired, so it would be nice to see them go up," said 75-year-old Lynne Metcalfe, who was having coffee and reading the morning paper with her husband in a Sydney shopping center.

Metcalfe, a retired teacher, says she is part of a generation that lived frugally and thanks to that she and her husband haven't had to change their savings or investment strategies. And though they'd like to see the rates go up for their own sake, "for our son's sake, no," she says. "Because he has a mortgage."

Out of Bullets?

With interest rates below zero in some cases, it's much harder for central banks to apply more stimulus if needed.

Low rates and stimulus in the form of bond purchases — using some $3.6 trillion in newly printed money in the case of the Fed — have driven up stocks worldwide.

Yet inflation has remained quiescent. U.S. consumer prices fell 0.1 percent in December. European inflation is only 0.4 percent annually, despite massive ECB stimulus.

So markets may be realizing this is one downturn where the central banks can't ride to the rescue as before.

Among Member Banks

- **BEA launches Kid Master Promotion for the Year of the Monkey -** The Bank of East Asia, Limited (BEA) on February 5 announced the launch of its Kid Master promotion for the Lunar New Year. From now until June 30, 2016, BEA all-in-one account holders who open a new Kid Master Savings Account for their children with an initial deposit of $5,000 or more will receive a welcome reward of up to HK$250 and a LeapFrog Leap Reader Bundle. The Lunar New Year is an ideal time to teach children good savings habits. Kid Master is a comprehensive savings and protection plan for children that includes a Kid Master Savings Account; tailor-made insurance plans including the Top Scholar Savings Insurance Plan, Target Savings Insurance plan, and ProMedical Insurance Plan; premium discounts of up to 10% on selected general insurance plans; and Cyberbanking, BEA's award-winning electronic banking service. *BEA News Release*

- **ICICI Bank launches 'ICICI Appathon', a Mobile App Development Challenge -** ICICI Bank on February 16 announced the launch of a virtual mobile app development challenge, India's largest mobile app development initiative by a bank. Christened 'ICICI Appathon', the program aims to attract developers, technology companies, startups, technopreneurs and students to create the next generation of banking applications on mobile. Hosted on the IBM Bluemix cloud based platform, 'ICICI Appathon' will offer a diverse set of over 50 APIs (Application Programme Interface) from ICICI Bank and its group companies namely ICICI Prudential Life Insurance, ICICI Lombard General Insurance and ICICI Securities. As a first, payment APIs from 'Visa' and the 'Unified Payment Interface' API from NPCI will also be available for the app development challenge. Visa and NPCI are the partners of 'ICICI Appathon.' Using these APIs, participants will have to create innovative working prototypes of mobile applications that provides a superior customer experience. *ICICI News Release*

- **BTMU opens Kaohsiung and Fuzhou Branches -** The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) recently announced that it opened branch in Taiwan's Kaohsiung City and its wholly-owned subsidiary, Bank of Tokyo-Mitsubishi UFJ (China), Ltd. (BTMU China), opened Fuzhou Branch in Fujian, China. Both banks commenced operations on February 25th, 2016. Kaohsiung is Taiwan's second largest city, and is located in the southern area. The city is a key business center for China-Taiwan business and has one of the largest trading ports in Asia (the largest in Taiwan), behind the Port of Hong Kong, Port of Singapore and Port of Shanghai. Recently, Kaohsiung is actively inviting Japanese companies. Fujian has been designated as a target area of China's "One Belt, One Road" national strategy which aims to connect China, Southeast Asia, India, East Africa and Europe, and a Free Trade Zone was established in April 2015. Fuzhou is expected to develop further as its capital city. By establishing the new Branches in the two key cities for China-Taiwan business at the same time, BTMU will be able to meet the various needs of customers, including Japanese companies aiming to expand business in Kaohsiung and Fuzhou and customers considering whether to start business in the two cities. *BTMU News Release*

- **MHBK and SMBC arrange project finance for the concession of Kansai and Osaka International Airports -** Mizuho Bank, Ltd. (MHBK) and Sumitomo Mitsui Banking Corporation (SMBC) have successfully arranged project finance syndicated loans totaling approximately 190 billion yen (including 30 billion yen of the ancillary facilities) as Lead Arrangers and Bookrunners provided to Kansai Airports for the concession of Kansai and Osaka International Airports, the largest airport concession in Japan. A total of thirteen financial institutions including the two Bookrunners have participated in the syndicated loans. MHBK will act as the Facility Agent for the overall administration of the financing while SMBC will act as the Security Agent for the security-related matters. The Concessionaire was established in December 2015 by Orix Corporation and VINCI Airports SAS led consortium in partnership with selected leading companies based in the Kansai region of Japan. It will conduct the integrated operations of both Kansai and Osaka Airports in accordance with the Agreement concernin the implementation of the right to operate public facility etc. entered into with New Kansai International Airport Co, Ltd. *SMBC News Release*

- **BML launches Green Loan to encourage investment in environment-friendly technology -** As part of Bank of Maldives' plan to encourage investment in environment-friendly green technologies, the bank on February 28 launched the "BML Green Loan," a concessional loan product for individuals and businesses. The new loan product, part of BML's Green Fund established last December, was launched by Minister of Environment and Energy, Thoriq Ibrahim, at a ceremony held at V. Felidhoo. The launch coincided with the opening of Maldives' first renewable energy-driven bank branch, BML's new branch in Felidhoo. The Green Loan will be available for individuals and businesses seeking to finance environmentally friendly green technologies such as solar panels for power generation, photovoltaic panels and systems, or energy equipment and appliances. Borrowings can range from MVR 50,000 to MVR 20 million with a maximum tenure of 20 years. In addition to property and vessels, any equipment or assets purchased using this loan can be accepted as collateral. *Bank of Maldives News Release*

- **DBP supports grouper aquaculture project -** The Development Bank of the Philippines (DBP) has granted a P10-million term loan to Kauswagan Sang Isla Sibuyan Enterprise Ltd. to finance the development of a 1.2-hectare modern aquaculture project for the production of quality grouper (lapu-lapu) fingerlings. To be located in the Municipality of Cajidiocan, Sibuyan Island, Romblon, the project will produce grouper fingerlings using "fixed cages in pond" technology for appropriate management and control. It is expected to produce 750,000 grouper fingerlings per year, to be sold to grouper growers in the provinces of Quezon, Pangasinan, and Zambales. *DBP News Release*

- **RCBC profits jump 15% to P5.1 billion -** Rizal Commercial Banking Corporation (RCBC) posted a 15.2 percent jump in unaudited consolidated net income to R5.1 billion last year from the R4.4 billion earned in 2014. The Bank said core income excluding trading gains and extraordinary income grew robustly by 43 percent. "RCBC clearly demonstrated its resilience in 2015 with Net Income and Core Income posting healthy growth. Steadily, the Bank has bolstered its core businesses by deliberately focusing on recurring and less cyclical sources of revenue," said RCBC president Lorenzo V. Tan. He added that "the Bank's combined Net Interest Income and fee-based income now comprise 87 percent of Gross Income. We will continue to focus on the quality of our earnings and growth as we continue to face a more challenging regulatory, interest rate, and global economic environment in 2016." *Manila Bulletin*

- **Taiwan Business Bank pre-provision revenue to increase -** State-run Taiwan Business Bank aims to increase pre-provision revenue by 15 percent this year on the back of fee incomes and earnings contributions from overseas operations, top executives said on February 25. "Despite a challenging macro-environment, we are seeking to raise the level above the NT$10 billion mark [US$298.59 million]" after achieving record earnings last year, chairman Robert Chu told a news conference. That target suggests a 16.28 increase from the record of NT$8.6 billion last year, a tough task given the economic slowdown and volatile financial markets worldwide. With a focus on lending to small and medium enterprises (SMEs), the bank also invests in government bonds, short-term bills, corporate bonds and financial debentures. In addition, it offers services of remittance, acceptance, guarantee, foreign exchange and letters of credit. *Taipei Times*

- **Vietcombank aims to boost charter capital -** The Joint Stock Commercial Bank for Foreign Trade of Viet Nam (Vietcombank) expects to increase its charter capital this year to become more competitive and prepare for Basel II implementation. The Ha Noi-based bank said it would submit a plan to increase its capital at its shareholders' meeting for approval due on April 15 this year. However, the bank did not reveal the details of the plan. The bank will also present its performance results in 2015 as well as plans for 2016 to its shareholders. Vietcombank currently has charter capital of VND26.650 trillion (US$1.21 billion). Its last capital increase was in the third quarter of 2014. The bank, with total assets worth VND673.910 trillion as of the end of last year, reported pre-tax profit of more than VND6.6 trillion last year. It aims to increase its total assets by 13.5 percent to reach VND765 trillion this year. *Vietnam News*

Banking and Finance Newsbriefs

China frees banks to boost lending, in shift on yuan stance

China's central bank is increasingly finding itself in a bind, balancing its need to continue easing credit to support economic growth against its stated goal of keeping the Chinese currency stable.

On February 29, the People's Bank of China lowered the amount of deposits that banks must hold in reserve by 0.5 percentage point, freeing up an estimated 700 billion yuan ($107 billion) in funds for banks to make loans. The move marks a reversal in the central bank's stance from two months ago, when it resisted using such aggressive easing tools for fear that they could weaken the yuan.

The timing of the easing measure, just after China assured Group of 20 finance chiefs it wouldn't deliberately weaken the yuan, quickly raised eyebrows.

The action "portends further volatility in the yuan as market participants try to fathom the central bank's intentions regarding the yuan and whether yuan depreciation itself will be used as a tool to support growth," said Eswar Prasad, a Cornell University professor and former China head of the International Monetary Fund. *Wall Street Journal*

India unveils pro-poor budget, keeps deficit target

India unveiled a fire-fighting budget on February 28 that seeks to win back support among rural voters for Prime Minister Narendra Modi's government and sustain growth against a grim global backdrop - all without borrowing more.

Finance Minister Arun Jaitley's third budget marked a strategic shift by addressing rural distress in a country of 1.3 billion, where two-fifths of families rely on farming and are reeling from two years of drought.

At the same time it hiked public investment in India's woeful infrastructure by 22.5 percent, while taking further steps to revive corporate investment that Modi needs to create new jobs for India's burgeoning workforce. *Reuters*

Japan sells negative yield 10-year bonds for first time

Japan crossed a "financial rubicon" on March 1 as the country sold new 10-year bonds with a yield below zero for the first time at a government auction.

The sale is the latest sign of a worldwide collapse in borrowing costs which has upended assumptions about the workings of financial markets, as policymakers take ever more drastic steps to stimulate economic growth.

It also highlights the challenge of retaining support for unconventional central bank measures, with Prime minister Shinzo Abe struggling to maintain momentum behind his "Abenomics" growth policies.

Disruption and uncertainty created by the Bank of Japan's announcement of negative interest rates has left 50 percent of voters dissatisfied with the government's economic policy, according to a Nikkei poll published recently. *Financial Times*

Korean banks eager to join Samsung Pay bandwagon

Korean commercial banks are lining up to do business with Samsung Pay, the nation's largest mobile payment system.

Domestic subscribers to Samsung Pay spent more than 100 billion won ($82.6 million) through the system within two month of its launch in August. In December, the amount rose to 250 billion won, and the number of subscribers surpassed one million in October, according to Samsung Electronics.

Currently, Samsung Pay only works with Woori Bank, but the exclusive contract between the two will expire next month, and now, more institutions are seeking to link up with Samsung Pay.

Samsung Electronics plans to expand a number of its smartphone models that feature the Samsung Pay system. More financial institutions are eager to get involved in this business as subscribers to the system, and the amount they spend, appear to be growing. *Korea Joongang Daily*

Higher capital buffers strengthen six big Malaysian banks

The higher capital buffers reported by Malaysia's (A3 stable) six largest banks for 2015 will enhance their resilience against rising credit risks, particularly in their overseas operations, according to Moody's Investors Service.

The country's six largest banks are Malayan Banking Bhd (Maybank), CIMB Group Holdings Bhd, Public Bank Bhd, RHB Bank Bhd (A3/A3 stable, baa3), Hong Leong Bank and AmBank (M) Bhd (Baa1 stable, baa3).

"Operating conditions have weakened across the region, and the Malaysian banks have in particular seen the quality of their overseas loan books deteriorate," Moody's vice president and senior analyst Simon Chen said in a statement.

"However, slower loan growth, optimization of risk-weighted assets and capital raises have improved the banks' capitalization, a credit positive development that should help them weather the increasing challenges," he added.

Chen was speaking on the release of a new report titled "Banks -- Malaysia: 2015 Results: Rising credit risks balanced by improved capitalization". *The Star*

Philippine central bank scraps offshore borrowing cap for energy-related infra projects

Offshore borrowings for power-related infrastructure projects, even without guarantees either by government or private banks, are no longer capped by ceilings.

The Bangko Sentral ng Pilipinas (BSP) recently liberalized the foreign exchange policy rules on banks' foreign borrowing so long as this will be used to fund energy projects for the benefit of the whole country.

What the BSP did was to remove the previous requirement of acquiring prior BSP approval for the offshore borrowings of "purely private sector" energy-related loans.

"Not all infrastructure projects are exempt," clarified BSP Deputy Governor Diwa C. Guinigundo. "Only those loans for power project financing that are not guaranteed by banks/the public sector can be directly obtained without prior BSP approval."

More importantly, Guinigundo said that "no limits apply for these loans." But, he added, "however the borrowings must subsequently be registered with BSP to allow debt servicing to be funded with FX (foreign exchange) resources of the banking system." *Manila Bulletin*

Singapore bank lending up slightly in January

Singapore bank lending edged up marginally in January from the previous month on little movement in business and consumer loans.

Loans and advances by domestic banks totaled $600.2 billion in January from $599.8 billion in December, data from the Monetary Authority of Singapore released on February 29 showed.

Compared with a year ago, January bank lending was down 1.2 percent from $607.5 billion. This was slightly less than the year-on-year decline of 1.3 percent in December. But it was the longest year-on-year contraction streak since 1999, which saw six consecutive months of business loan declines between November 1999 and April 2000, noted OCBC Bank's head of treasury research and strategy, Ms Selena Ling.

"That said, bank loans actually rose a marginal 0.1 percent month on month in January, which could suggest some stabilisation for now," she said.

Business loans in January stood at $357 billion, largely unchanged from a month ago. In December, the loans fell 1.3 percent. *The Straits Times*

Taiwan dominates second round of foreign bank applications in Myanmar

Eight Taiwanese lenders are among the 13 banks to respond to a request for proposals (RFP) in Myanmar's second round of foreign bank licensing.

Three to five applicants are likely to be chosen by the end of March to open a branch office in Yangon, bank sources said.

The Central Bank of Myanmar received applications from lenders in India, Mauritius, South Korea, Taiwan and Vietnam, according to a February 8 announcement.

Eight of the 13 applicants – State Bank of India, State Bank of Mauritius, South Korea's Kookmin Bank and Shinhan Bank, Taiwan's Cathay United Bank, E.SUN Commercial Bank and First Commercial Bank, and Vietnam's BIDV – were also shortlisted in the first international bidding round, held in 2014.

The other five applicants are all from Taiwan – CTBC Bank, Mega International Commercial Bank, Taiwan Business Bank, Taiwan Cooperative Bank and Taiwan Shin Kong Commercial Bank. *Myanmar Times*

3 Vietnamese banks named among world's most valuable brands

The UK valuation consultancy firm Brand Finance has listed Vietnamese top lenders VietinBank, Vietcombank and BIDV among the world's 500 most valuable banking brands.

VietinBank, the country's largest bank with VND799 trillion (US$35.7 billion) worth of assets at the end of 2015, even made the top 400, climbing from 437th to 379th this year. The bank was in the list in 2012, 2013 and 2015.

The Bank for Investment and Development of Vietnam, or BIDV, entered the list for the first time at number 413 while Vietcombank advanced 37 places from last year to stand at 450th.

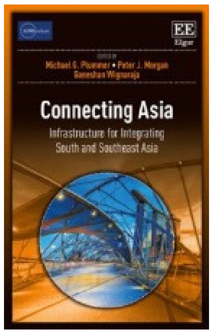
According to the company, the three banks have a brand value of $249 million, $218 million and $189 million respectively.

The three banks last year were also named Forbes' list of 2,000 largest companies in the world.

US bank Wells Fargo continues to top the Brand Finance list with a brand value of $44,170 million, followed by China's ICBC, valued at $36,334 million. *Thanhnien News*

Publications

Connecting Asia: Infrastructure for Integrating South and Southeast Asia



This book analyses how closer regional connectivity and economic integration between South Asia and Southeast Asia can benefit both regions, with a focus on the role played by infrastructure and public policies in facilitating this process.

Connecting Asia: Infrastructure for Integrating South and Southeast Asia analyses how closer regional connectivity and economic integration between South Asia and Southeast Asia can benefit both regions. With a focus on the role played by infrastructure and public policies in facilitating this process, it provides a detailed and up-to-date discussion of issues, innovations, and progress. Country studies of national connectivity issues and policies cover Bangladesh, India, Myanmar, Nepal, Sri Lanka, and Thailand, examining major developments in trade and investment, economic cooperation, the role of economic corridors, and regional cooperation initiatives.

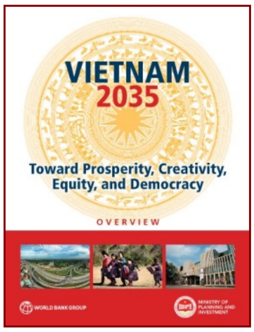
Thematic chapters explore investment in land and sea transport infrastructure, trade facilitation, infrastructure investment financing, supporting national and regional policies, and model-based estimates of the benefits of integration. They also identify significant opportunities for strengthening these integration efforts as a result of the recent opening up of Myanmar in political, economic, and financial terms. For the first time for these regions, the book employs a state-of-the-art computable general equilibrium (CGE) model incorporating heterogeneous firms to estimate the advantages of integration.

Providing perspective on the latest thinking on integration policy, Connecting Asia is an essential resource for academics, policymakers, and business people alike.

Co-published with Edward Elgar.

Contact for details: Edward Elgar Publishing
Website:www.e-elgar.com/shop/connecting-asia

Achieving Skill Mobility in the ASEAN Economic Community: Challenges, Opportunities, and Policy Implications

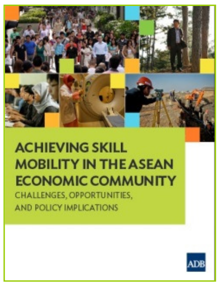


This report examines the challenges ASEAN member states face in achieving the goal of greater mobility for the highly skilled, including hurdles in recognizing professional qualifications, opening up access to certain jobs, and a limited willingness by professionals to move due to perceived cultural, language, and socioeconomic differences. The cost of these barriers is staggering and could reduce the region's competitiveness in the global market

This report launches a multiyear effort by ADB and the Migration Policy Institute to better understand the issues and develop strategies to gradually overcome the problems. It offers a range of policy recommendations that have been discussed among experts in a high-level expert meeting, taking into account best practices locally and across the region.

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

Vietnam 2035: Toward Prosperity, Creativity, Equity, and Democracy



The year 2015 marks 70 years since Vietnam's Declaration of Independence, 40 years since reunification, and just short of 30 years from the launch of Doi Moi reforms, which catapulted the nation from the ranks of the world's poorest to one of the great development success stories. Critical ingredients of success have been visionary leaders, a sense of shared societal purpose, and a focus on the future. Starting in the late 1980s, these elements were fused with the embrace of markets and the global economy, setting the nation on the path to becoming the middle-income country that it is today, raising tens of millions of people out of poverty. Energized by past success but by no means content, Vietnam now aspires, by the year 2035, to modernity, industrialization, and a higher quality of life – aspirations that stand on three major pillars: economic prosperity, balanced with environmental sustainability; equity and social inclusion; and state capacity and accountability. The Vietnam 2035 report – a joint undertaking by experts from Vietnam and the World Bank – evaluates Vietnam's possibilities and options in this endeavor.

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

__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

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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