

Banknotes
Week ended 28 November 2014



KPMG China's weekly banking news summary

This publication is a summary of publicly reported information, the accuracy of which has not been verified by KPMG.

In the news

Bank of China
China Merchants Bank
Commerzbank AG
Industrial Bank Co., Ltd.
People's Bank of China

News

Commerzbank AG signed an agreement with BOC for direct RMB settlement – Commerzbank AG signed an agreement with **Bank of China (BOC)** to establish a RMB clearing centre for direct settlement of RMB payments in Frankfurt, Germany.

CMB issues RMB bonds in Hong Kong – China Merchants Bank (CMB) agreed to issue two tranches of RMB bonds of 1,000 million each under its medium term note programme. The first tranche will be 3-year bonds with 3.95% coupon due in December 2017 while the second tranche will be 5-year bonds with 4.05% coupon due in December 2019. The net proceeds will be used for working capital and general corporate purposes.

Industrial Bank Co., Ltd. granted approval from CSRC for preferred share private placement – Industrial Bank Co., Ltd. has received approval from the China Securities Regulatory Commission (CSRC) to issue a maximum of 260 million preferred shares under a private placement.

In brief

PBOC plans to launch bank deposit insurance system – People's Bank of China (PBOC) has released details of a draft bank deposit insurance system which will cover mainland bank deposits up to RMB 500,000. The system is seen as an important step towards further reform of the financial sector and paves the way for banks to freely compete for depositors. The plan is expected to go into effect as early as January 2015.

PBOC cuts repurchase agreement rate – For the third time since September 2014 PBOC has cut its 14-day repurchase agreement rate to guide market interest rates lower. This time the rate was lowered by 20 basis points to 3.20%.

PBOC and HKMA renew currency swap agreement – PBOC and Hong Kong Monetary Authority (HKMA) have renewed their currency swap agreement for a term of another three years. The size of the agreement is the same as the previous one, RMB 400 billion.

Sources: Dow Jones Newswires, ET Net News, HKMA, MarketLine, SinoCast Banking Beat, South China Morning Post

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