

HSBC targets rivals' assets in Asia

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HSBC is in advanced talks to buy separate Asian assets being sold by two troubled western financial groups, in a further sign of its rising commitment to expand in the region.

The bank, which is to relocate its chief executive from London to Hong Kong, is a front-runner to acquire the Asian private banking operations being divested by ING, the Dutch lender.

HSBC and OCBC, the Singapore bank, were the strongest contenders to buy the ING assets, which could fetch up to \$1.5bn, with a deal expected to be sealed later this month, people familiar with the matter said.

HSBC has also re-emerged as a serious contender for the Asian retail and commercial assets being sold by Royal Bank of Scotland, according to people familiar with the matter.

Standard Chartered had been in exclusive talks since August to acquire the RBS operations in China, India and Malaysia but the sides failed to agree a price and discussions have been re-opened with other potential buyers. The assets are expected to fetch about \$350m.

"Standard Chartered is not out of it completely but HSBC is now in the best position to acquire the RBS assets," said one person familiar with the matter.

The imminent sale of ING's Asian private banking assets comes as Julius Baer on Wednesday bought the Dutch bank's Swiss private banking operations for SFr520m (\$503m) – its first acquisition since spinning off its fund management business. UBS advised Julius Baer while JPMorgan advised ING.

The acquisition will add SFr15bn in funds under management, consolidating Baer's position as Switzerland's third largest private bank after UBS and Credit Suisse.

The deal will expand Baer's roughly SFr150bn of client assets – reduced since the split with its GAM fund management business – by about 10 per cent and double the size of the bank's presence in Geneva, where ING Switzerland is based.

ING was forced to seek government support last year due to concerns over the quality of US mortgage-backed securities that it holds, which have since been placed under a state guarantee by the Dutch government in addition to the capital injection. RBS was rescued last year by the UK government, which holds a 72 per cent stake.

Financial Times, London, Oct. 7th 2009, Companies, online.