RMB Internationalization Update

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RMB Internationalization Overview

RMB Inflows
- RMB Trade Settlement
- CNH Bond Proceeds
- CNH IPO Proceeds
- CNH Loan Proceeds
- R-QFII

RMB Outflows
- RMB Trade Settlement
- RMB Dividends
- Swap agreements with central banks

Regulatory Reforms

Cross-Border RMB Flow
- RMB Cross-Border Lending

CNH Deposits

The Standard Chartered Renminbi Globalisation Index
The Standard Chartered Renminbi Globalisation Index (RGI)

Index as of August 2013 = 1,148

HK + SG + LDN

HK + SG + LDN + TW

AFP® Annual Conference
Support from Central Banks

RMB bilateral currency swap agreements with 24 central banks totaling over CNY 2.5 trillion
Regulatory Developments

Cross-Border RMB Transaction Simplification for Corporates

- RMB Cross-Border Trade Settlement
- RMB Cross-Border Lending
- RMB Guarantees
- CNH Bond Proceeds
RMB Payment Growth

RMB as a % of World Payment Currencies
October 2011 through August 2013

Source: SWIFT RMB Tracker September 2013.
RMB Cross-Border Lending

Onshore corporates can lend excess RMB to overseas borrowers through onshore banks without having to seek PBOC approval.
Offshore RMB Benchmark Interest Rate

CNH HIBOR Curve

Growing Liquidity in Offshore Hubs

CNH Deposit Base in Offshore Hubs

<table>
<thead>
<tr>
<th>Location</th>
<th>CNH Deposits (Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HK (Aug-13)</td>
<td>709</td>
</tr>
<tr>
<td>Singapore (Jul-13)</td>
<td>140</td>
</tr>
<tr>
<td>Taiwan (Sept-13)</td>
<td>99</td>
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<tr>
<td>London (Dec-12)</td>
<td>5</td>
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RMB Appreciation Continues

Historic Spot Rates (CNY, CNH)

USD-CNY (Onshore RMB)  USD-CNH (Offshore RMB)

CNH premium over CNY (%)

CNH Bond Market Update

CNH New Issue Volumes

Source: Standard Chartered as of 25-Oct-13
Shanghai Free Trade Zone

- FDI Regulation
- Tariffs
- Services
- Financial Services
- RMB Convertibility

Source: The Economist
Thank you!