



# Offshore CNH Market

2015.09.17



中國銀行(香港)  
BANK OF CHINA (HONG KONG)

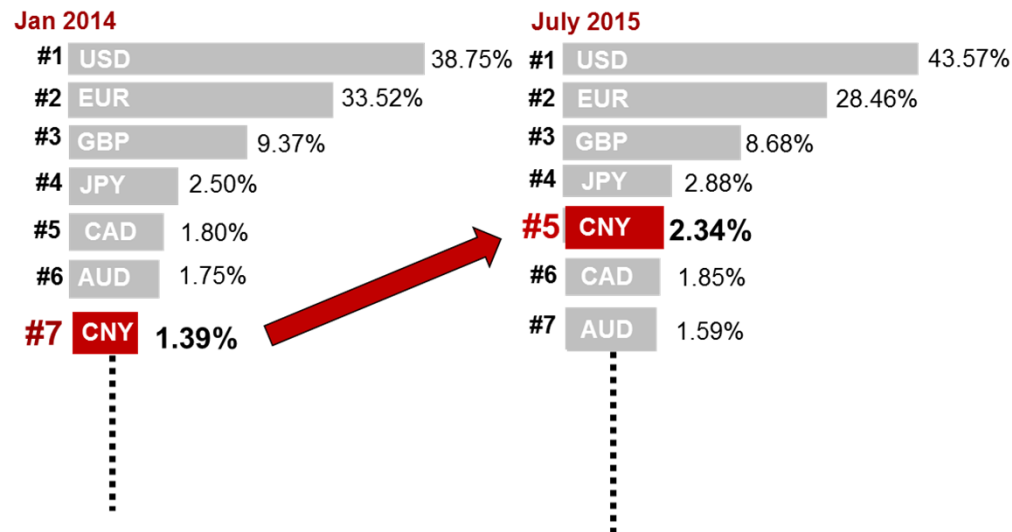
# RMB Internationalization Gathers Pace

- ¥ China continues to accelerate regulatory reforms towards RMB internationalization
- ¥ The global major currency club is refining itself from G3 to G4 by including RMB



- World's second largest economy
- World's largest trading nation

## SWIFT World payments currency ranking & market share



# Global Platform for RMB Services

- ¥ As of Aug 2015, there were more than 220 banks participating in the RMB clearing platform in Hong Kong (over 70 of which are from overseas regions), representing a payment network covering more than 30 countries in 6 continents
- ¥ 17 RMB clearing banks were designated by PBoC, 9 to Bank of China
- ¥ Diverse range of RMB services has been provided



# Major Milestones of the Offshore RMB Market

**2004**

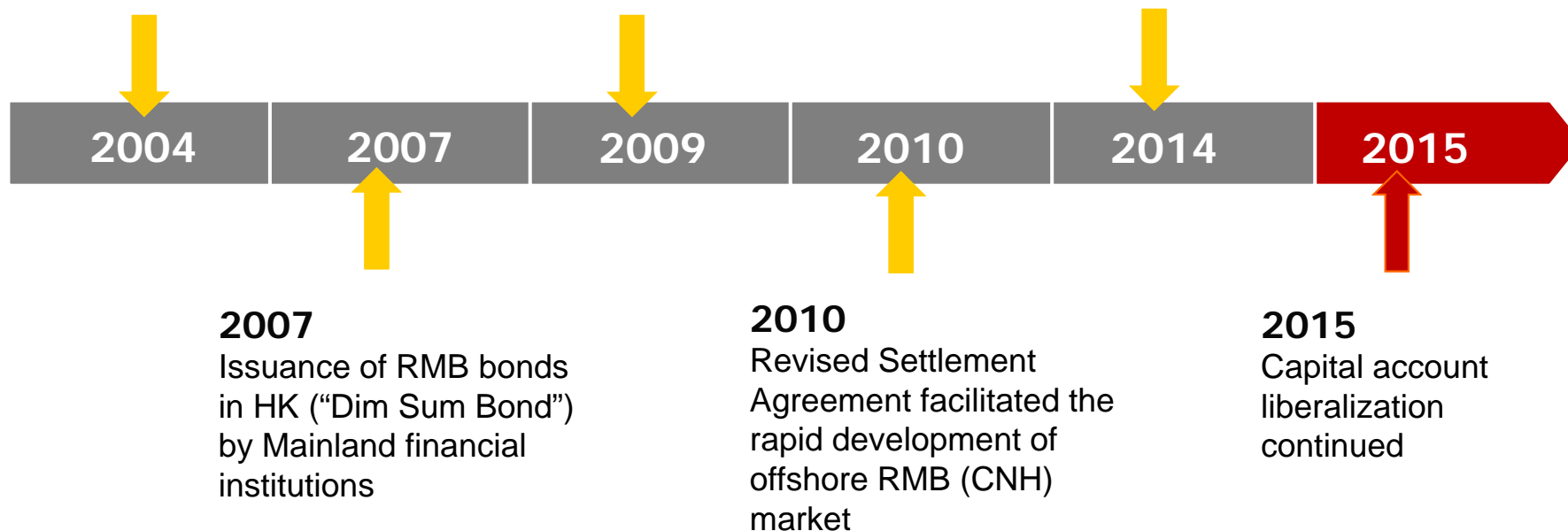
Introduction of RMB business in HK, including deposit-taking, remittance, currency conversion & bank card business

**2009**

Implementation of Pilot scheme of cross-border RMB Trade Settlement

**2014**

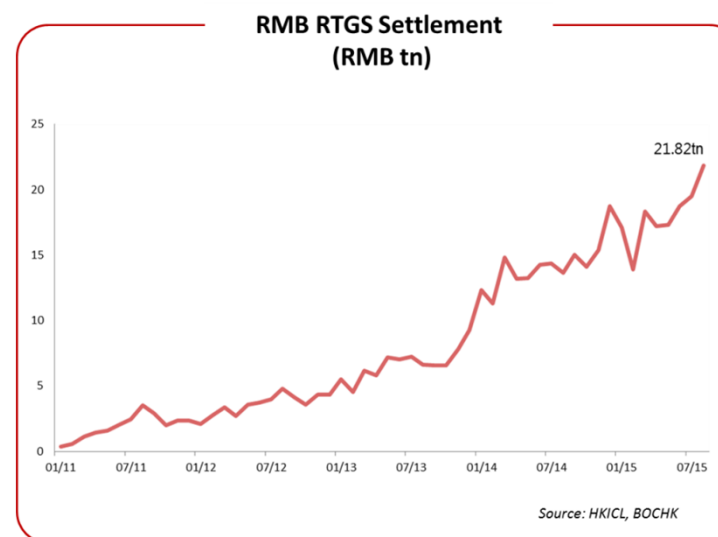
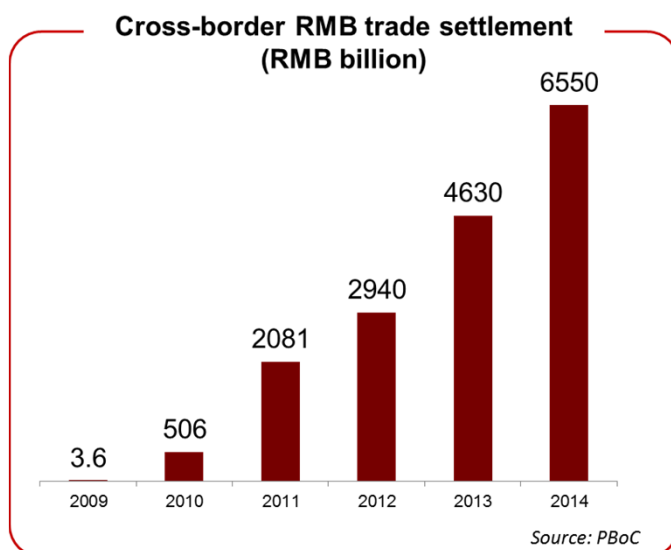
Free Trade Zones & Shanghai-Hong Kong Stock Connect launched



# Rapid Expansion of the Offshore RMB Market

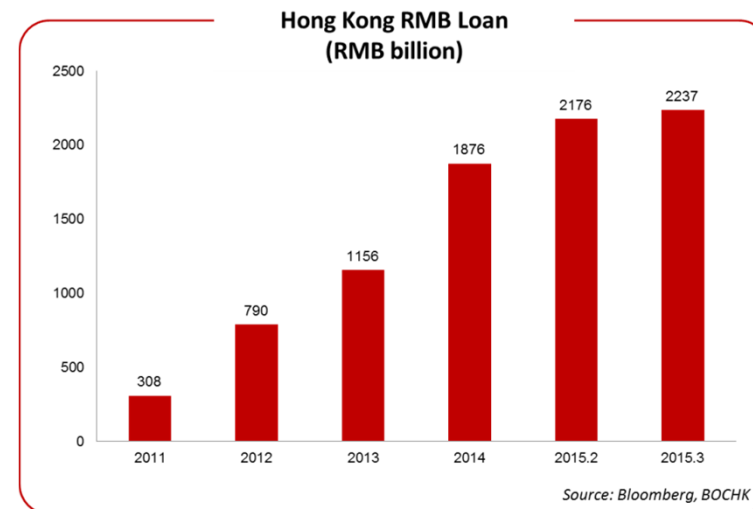
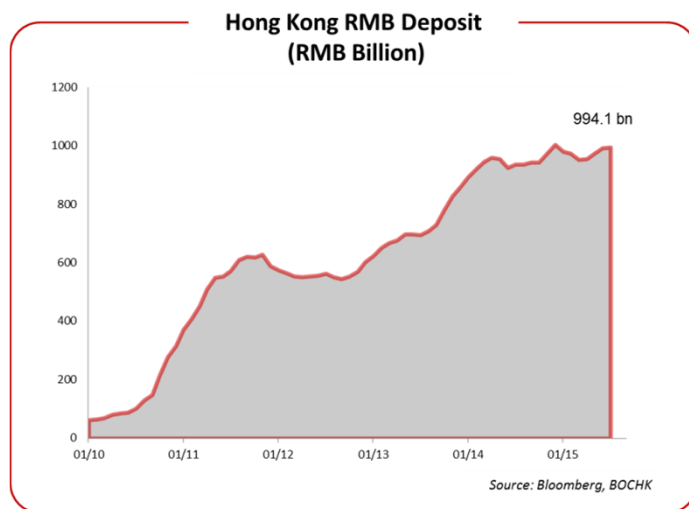
- ¥ More than 90% of RMB cross-border trades were settled via Hong Kong Banks
- ¥ The amount of RMB cross-border trade settlement decreased by 1.6% MoM to RMB 583.6bn in July 2015

- ¥ RTGS turnover increased by 34.4% YoY to RMB 143.9tn for the first eight months
- ¥ The RMB platform in Hong Kong offers the longest operating window and the most extensive RMB clearing network among the world



# Rapid Expansion of the Offshore RMB Market

- ¥ After several years of rapid growth, the peak RMB deposit in Hong Kong has exceeded one trillion
- ¥ RMB deposits in Hong Kong increased by 0.1% MoM to RMB 994.1bn in July
- ¥ Only 22% loan-to-deposit ratio of RMB loans in Hong Kong, there is a greater space for improvement
- ¥ The plurality of cross-border RMB lending policies enhance the domestic demand of offshore RMB loans



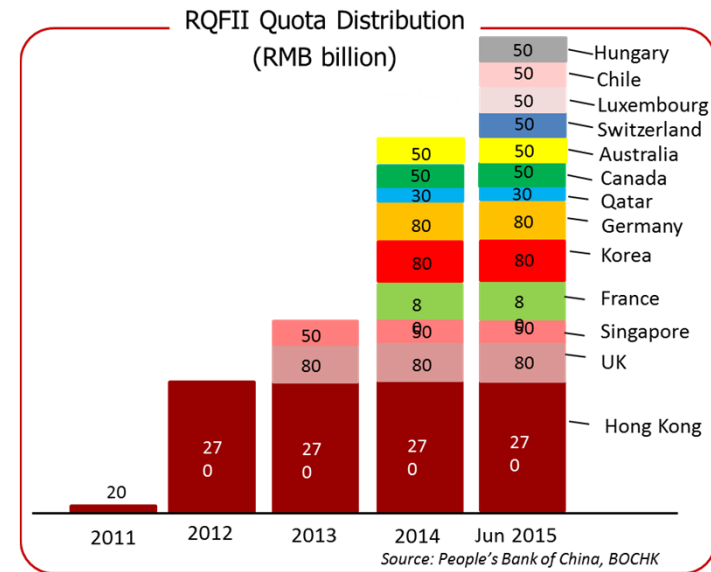
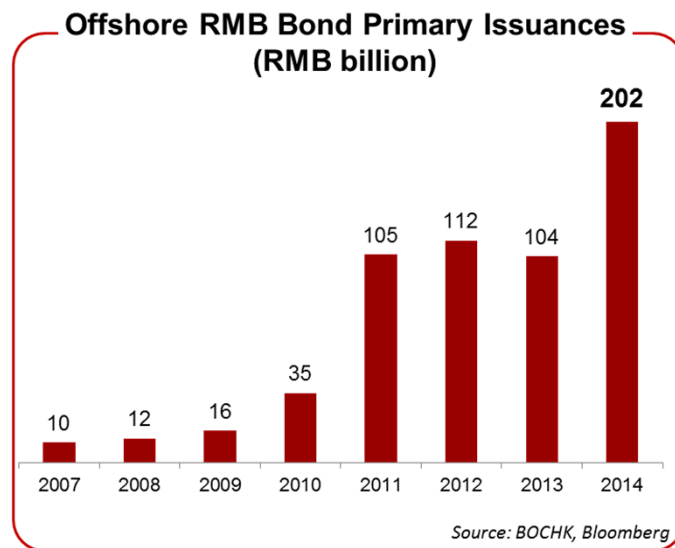
# Widening Investment Channels for Offshore Markets

¥ RMB sovereign bonds and quasi-sovereign bonds together accounted for more than 30% of total offshore RMB bond issuance in 2014

¥ As of June 2015, there were 261 overseas investors in the interbank market, total amount of position was 612 billion

¥ As of June 2015, the total RQFII quota granted has increased to RMB 970bn

¥ Foreign investors mainly hold interest bond, of which government bond and policy financial bond accounted for 38.4% and 40.7% respectively



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