

Global RMB Development

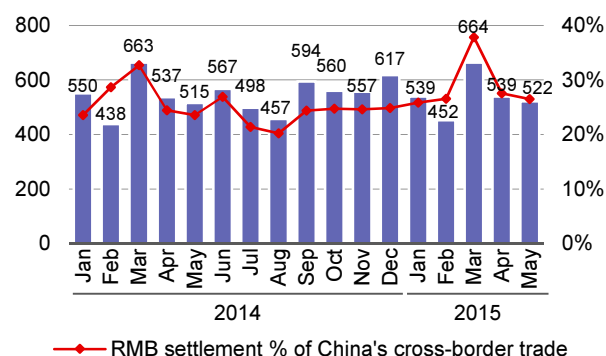
RMB settlements remain strong

In May 2015, the total amount of cross-border RMB trade settlements was RMB 522bn. The average percentage of the RMB used for trade with China YTD 2015 is 29%, showing steady growth from last year's overall average of 25%.

According to SWIFT, RMB further strengthened its position as the fifth-ranked global payment currency in May, and 1,081 financial institutions used RMB for payments with China and Hong Kong, a 22% increase compared to 2 years ago.

As China's "One Belt, One Road" initiative moves forward, it will further boost the usage of RMB, as some of the investments to the infrastructure projects may be denominated in RMB. Additionally, if RMB will be included in IMF's basket of Special Drawing Rights (SDR) this October, it will be a strong factor for the further internationalization of RMB, as it is expected that more investors will consider holding RMB to diversify their assets.

Cross-border RMB settlements (RMB Bn)



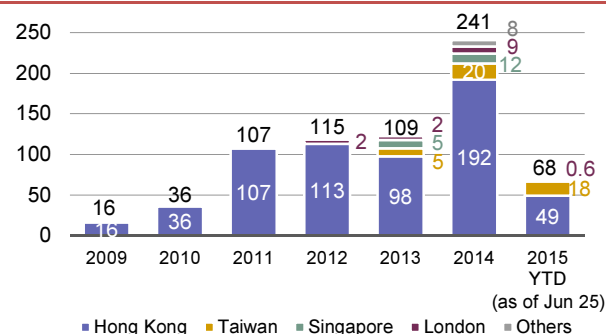
(Source) PBOC, CEIC

Development of the dim sum bond market

The total dim sum bond issuance YTD is RMB 68bn. This month, we have seen issuances from global corporates such as Caterpillar, and Fonterra, the New Zealand based global dairy company. Both companies issued in the amount of RMB 1bn.

Formosa bonds (Foreign currency denominated bonds issued in Taiwan's onshore market) show steady growth with the dim sum bond issuance amount reaching RMB 18bn YTD. The main investors are Taiwanese insurance companies. Last year, Formosa bonds were excluded from the 45% foreign investment limit set for insurance companies. Since then we have seen strong issuance growth in the Taiwanese market. Additionally, Taiwan's RMB deposits reached a historical high of RMB 336bn in May, up 11% from the end of 2014. With a growing RMB liquidity pool, the investor demand for RMB investments is gaining momentum.

Dim sum bond issuances in key offshore RMB centres (RMB Bn)



(Source) Dealogic, MUSHK

BTMU issued the first dim sum bond in the Japanese market

On June 24, 2015, BTMU issued a dim sum bond in the amount of RMB 350M, which became the first offshore RMB bond issuance in the Japanese market. More Japanese companies and financial institutions doing business in China are considering the issuance of dim sum bonds to diversify their sources of funding.

In May 2014, BTMU (China) also issued a dim sum bond in Hong Kong in the amount of RMB 1bn.

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