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HSBC COMPLETES FIRST AUSTRALIAN CROSS-BORDER RENMINBI TRANSACTION

HSBC today announced that it completed its first cross-border Renminbi (RMB) trade settlement transaction for aluminium trader PanAsia Group (Australia). HSBC worked with PanAsia to complete an RMB transaction with its supplier in China, who also bank with HSBC in Shenzhen.

This landmark transaction follows a decision in June 2010 by the People's Bank of China, China's central bank, to extend a pilot programme launched in July 2009 that permitted the use of RMB in cross-border trade between designated companies in mainland China and member countries of the Association of Southeast Asian Nations (ASEAN). The program now includes up to a further 20 provinces as well as countries around the world.

Andrew Skinner, Head of Trade and Supply Chain for HSBC Bank Australia, said: "This is an important milestone in the journey towards the RMB becoming one of the top three currencies used in global trade.

"China is one of the most important growth markets for Australian companies and the ability to settle trade and other international payments in RMB provides clients with more flexibility in determining payment terms with their supplier base in China thereby creating more opportunities for expansion into Asia. As a result, we expect to see increases in the volume of RMB denominated trade in Australia as well as growing demand for offshore RMB trade finance and other RMB products."

PanAsia's National General Manager, John Moorcroft, commented: "A global business like ours relies on its financial providers for help in navigating an increasingly complex international business environment and for access to the most up-to-date and innovative financial solutions. We were delighted with HSBC's proposal that we consider RMB trade settlement for this particular transaction."

Key facts

- It's anticipated that within five years, 30 per cent of China's trade will be settled in Renminbi and that it will become one of the top three currencies used in global trade.
- HSBC Commercial Banking in Hong Kong offers a range of RMB services, including trade finance, two-way exchange between RMB and the Hong Kong dollar and other foreign currencies.
- HSBC was the first foreign bank to issue RMB bonds in Hong Kong, the first to undertake a cross-border RMB settlement and the first to establish a RMB trade finance standard rate for reference.
- HSBC was the first bank to conduct RMB denominated trade settlement across all its ASEAN sites under the RMB trade settlement pilot scheme.
- In August 2010 HSBC China became one of the first foreign banks to have completed RMB trade settlement transactions at its eligible branches located in the 20 designated provinces.

HSBC completes first Australian cross-border Renminbi transaction /2

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Notes to editors

HSBC Bank Australia Limited

In Australia, the HSBC Group offers an extensive range of financial services through a network of 35 branches and offices. These services include personal and commercial financial services, financial planning, trade finance, treasury and financial markets, payments and cash management and securities custody. Principal HSBC Group members operating in Australia include HSBC Bank Australia Limited (ABN 48 006 434 162) and The Hongkong and Shanghai Banking Corporation (ABN 65 117 925 970). HSBC is marketed worldwide as 'the world's local bank'.

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