

OCBC BANK NOW ABLE TO SETTLE CROSS-BORDER TRADE TRANSACTIONS IN RENMINBI

China's Renminbi trade settlement pilot programme paves the way for transactions involving 273 eligible Chinese companies



Mr Gan Kok Kim, Head of Global Treasury, OCBC Bank (Malaysia) Berhad

Kuala Lumpur, 8 September 2009 – Corporate customers of OCBC Bank (Malaysia) Berhad may now settle their trade transactions as well as perform telegraphic transfers in Renminbi (RMB) to and from 273 companies in Mainland China that are eligible under the country's RMB trade settlement pilot programme.

Previously, corporate customers could only do so via currencies such as the US Dollar, which inevitably involves forex-related uncertainties.

The range of services involving the RMB trade settlement arrangement includes issuance and payment of letters of credit; advising on and confirming export letters of credit; documentary collection (import and export); payment guarantee for supply of goods; and outbound telegraphic transfers in RMB to eligible trade partners. In addition, OCBC Bank customers may also receive inbound telegraphic transfers in RMB.

According to OCBC Bank's Head of Global Treasury, Mr Gan Kok Kim, the Bank expects a significant number of the 273 companies from China to request their Malaysian trading partners to use RMB as the trade settlement currency.

"In anticipation of the demand for transactions to be denominated in RMB, we look forward to playing our part to help more customers meet this requirement in order to facilitate trading activities.

"The use of RMB in trade with China will provide Malaysian companies with additional flexibility to manage their foreign exchange exposures. As an example, for several of our customers with business operations in China, the ability to settle trade transactions in RMB provides them with a natural hedge to their RMB exposures," he said.

In compliance with China's regulations, the recipient must be a corporation approved by China for this settlement arrangement. Currently there are 273 such approved corporations and the Chinese government is expanding the list in stages to eventually 400 corporations. The list may be viewed at ocbc.com.my or the public may call 1300 88 7000 to obtain

details. There is also a list of frequently asked questions and answers at the Bank's website.

In December 2008, the Chinese government announced the use of RMB for trade settlement between China and its selected trade partners as China seeks to promote RMB as an international currency. For a start, five major cities in China have started using RMB for overseas trade settlement under this pilot programme. These five cities are Shanghai and four cities in the Pearl River Delta – Guangzhou, Shenzhen, Dongguan and Zhuhai. Hong Kong, Macau and Southeast Asia are also included in this pilot programme. The Chinese central government has appointed major Chinese banks as clearing banks for this pilot programme for cross-border RMB trade settlement. On 1 July 2009, the Chinese government announced the RMB trade settlement rules.

Earlier, on 18 May 2009, OCBC Bank became the first locally incorporated foreign bank in Malaysia to quote RMB for retail remittances, allowing individuals to remit RMB to individual beneficiaries in China within 24 hours.

The cost for corporates to wire RMB to Mainland China is fixed at RM25 per telegraphic transfer. However, during the promotion period from now until 30 September 2009, customers need to pay only RM15 per transaction.

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$183 billion and a network of more than 480 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 360 branches and offices in Indonesia operated by OCBC Bank's subsidiary, Bank OCBC NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to treasury and stock-broking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Global Investors is one of the largest asset management companies in Southeast Asia.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

Additional information may be found at www.ocbc.com.