

24 March 2011

HSBC PIONEERS OFFSHORE RMB BOND INDEX

****Provides the most representative offshore RMB bond benchmark available in the market****

****Allows HSBC's global customer base to better harness RMB opportunities****

HSBC Global Research today announced the launch of the HSBC Offshore Renminbi (RMB) Bond Index (CNH Index). The index provides HSBC's global customer base with the most representative offshore RMB bond benchmark available in the market, catering specifically to investors holding RMB-denominated and RMB-settled bonds and Certificate of Deposits (CDs).

The launch of HSBC's CNH Index will further support the rapid development of the offshore RMB bond market. In 2010, the offshore RMB bond market doubled in total issuance value, year-on-year. HSBC forecasts that by the end of 2011, the offshore RMB bond market will cross RMB100 billion in outstanding amount.

Anita Fung, Group General Manager, Head of Global Banking and Markets, Asia-Pacific, said: "China's evolving economic connectivity, propelled by its position as the world's leading exporter and the fifth largest foreign direct investor, is supporting the international transition of the RMB. As the internationalisation of the RMB becomes a greater reality, it is inevitable that investors, businesses and customers globally will grasp its potential. In launching the most representative offshore RMB index in the market, HSBC now provides an accurate and transparent benchmark for our customers to facilitate informed decisions and seize opportunities."

The benchmark index tracks the total return performance of RMB fixed-income instruments issued outside of the People's Republic of China. The index's constituents are selected mechanistically and follow strict eligibility criteria, comprising of a broad cross-section of RMB-denominated and RMB-settled bonds and CDs. As of March 2011, the CNH Index covers 57 per cent of the total outstanding RMB-denominated and RMB-settled bonds in the offshore market, and 76 per cent of total institutional issuance.

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HSBC Launches Offshore RMB Bond Index/ 2

HSBC launches the CNH Index as a standalone benchmark in the first quarter of 2011. From April 2011, the index will also become part of the HSBC Asian Local Bond Index (ALBI). The CHN Index will account for one per cent of the ALBI's overall weighting, and slightly over 10 per cent of its China sector upon integration.

The CNH Bond Index is open to all HSBC's trading clients and is available on Bloomberg HSLI page under the China sector. The index is updated daily around 6pm Hong Kong Time. A daily summary of the index is available on the HSBC Global Research website:

<http://www.hsbcnet.com/research/offshore-renminbi-bond-index>

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Media enquiries:

Annie Cheng	+852 2822 4938	anniecheng@hsbc.com.hk
Jerome Tam	+852 2822 2481	jeromegtam@hsbc.com.hk

Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding and a principal member of the HSBC Group which, with around 7,500 properties in 87 countries and territories and assets of US\$2,455 billion at 31 December 2010, is one of the world's largest banking and financial services organisations.

HSBC Global Research

HSBC Global Research is a division of Global Banking and Markets, has over 500 staff in 20 countries both developed and emerging. HSBC Global Research specialise in four core product areas – currency, economics, equities and fixed income – with a particular emphasis on emerging markets and climate change.

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