

press release

Standard Chartered successfully priced first CLO in China

9 February 2015, Shanghai – Standard Chartered Bank (China) Co., Ltd (“SCB China”) has successfully priced its first Collateralised Loan Obligation (“CLO”), the Zhen Cheng Credit Asset Securitisation 2015-1 Asset-backed Securities, in China last Friday. SCB China is among the first batch of foreign banks to participate in the credit asset securitisation pilot programme in China.

The issuance is approximately RMB 1 billion and consists of two tranches. The senior class bonds worth RMB 780 million are to be traded on the National Interbank Bond Market of China, which is rated AAA by both China Cheng Xin International Credit Rating Co. Ltd. and China Credit Rating Co., Ltd.. The subordinated tranche worth approximately RMB 220 million is unrated and wholly retained by SCB China to provide internal credit enhancement for the senior tranche. All loans in the asset pool were originated by SCB China and are “Normal” under CBRC’s 5-category clarification, and all of them are collateralised. This is the first ABS transaction in China with syndicated loans included in the asset pool.

Ms Jerry Zhang, CEO and Executive Vice Chairman of Standard Chartered China, commented, “Standard Chartered is honoured to be among the first batch of foreign banks to launch asset-backed securities in China. We will continue to champion financial innovation and put our clients at the centre of what we do. By fully leveraging our global network, we have been actively deepening and broadening client relationships, to provide investors with multiple and premium investment channels, and to support the healthy growth of the asset-backed securities market in China.”

Charlie Ye, Head of Financial Markets at Standard Chartered China, said, “Asset-backed securities not only create diversified capital sources for banks, but also tap into idle assets and ultimately support the development of China’s economy. With our international experience and resources in securitisation, we have designed products to meet market demand. We will continue to help our clients with fund raising and we will be more involved in the credit asset securitisation in China.”

During the marketing stage, SCB China, together with Guotai Junan Securities as the lead underwriter, and Hwabao Trust as issuer, actively conducted roadshows in Beijing, Shanghai and other cities in China, and consulted with a wide range of institutional investors to achieve the best pricing and distribution. The Bank received strong commitment from investors across various segments, who actively participated in the bidding process, which helped achieve considerable oversubscription for the issuance and competitive funding costs for SCB China. The senior tranche was priced at 4.92%, i.e. PBOC one year time deposit rate + 2.17%.

Standard Chartered Bank is the leading securitisation house in Asia with rich international and domestic market experience. In recent years, it has successfully closed over 30 securitisation deals in mainland China, Taiwan, Hong Kong, Korea, Singapore Malaysia, Philippines and Indonesia, covering a wide range of asset classes including residential mortgages, corporate loans, auto loans, consumer loans, credit card receivables, and trade receivables. The Bank successfully arranged the first securitisation deals in many Asian jurisdictions including China, Thailand, Indonesia, and the Philippines, and has been actively participating in the development of the securitisation market in China since 2002. Acting as financial advisor, Standard Chartered advised on China's first ever public securitisation deal, the RMB 3 billion RMBS issuance by China Construction Bank in 2005, and seven other securitisation deals (across RMBS, CLOs and leasing receivables) for other prominent Chinese institutions over the years.

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Note to Editors:

Standard Chartered

We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

In China, the Bank set up its first branch in Shanghai in 1858 and has remained in operation throughout the past 155 years. Standard Chartered Bank (China) Limited is one of the first foreign banks to locally incorporate in China in April 2007. This demonstrates the Bank's commitment to the China market, and its leading position as a foreign bank in the banking industry. Standard Chartered has one of the largest foreign bank networks in China – with 27 branches, 78 sub-branches and 1 Village Bank, totally 106 outlets, including the China (Shanghai) Pilot Free Trade Zone Sub-Branch opened in March 2014.

Standard Chartered China has been lauded with a number of awards since 2013, honouring its achievements and endeavours in different areas including “Best Practice of Social Responsibility Award” by China Banking Association, 2014 Corporate Social Responsibility Award by the British Chamber of Commerce in China and the China-Britain Business Council, “Best Performance Award for Loan Syndications in 2014” by the China Banking Association, "China Top 10 Best Trade Finance Provider" by Ministry of Commerce of the People's Republic of China, 2013 "Best Trading for Cross Currency Swap" and "The Best FX Market Maker for Non-CNY Currency Pair" by China Foreign Exchange Trade System, "Best Transaction Bank in China" and "Best Structured Trade Finance Provider in China" by “The Asset”, 2014 “Excellence In Customer Experience” by “Retail Banker”, and the Stars of China 2014 on Best Wealth Management Service, Small Business Lending and Supply Chain Finance by “Global Finance”, the Award for Model Business in Innovation from China (Shanghai) Pilot Free Trade Zone in 2014.

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