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PBC Decides to Cut RMB Benchmark Loan and Deposit Interest Rates and Reduce Reserve Requirement Ratio

The PBC has decided to cut RMB benchmark loan and deposit interest rates for financial institutions as of August 26, 2015 to further reduce the financing cost of the corporate sector. The one-year RMB benchmark loan interest rate and deposit interest rate will both be lowered by 0.25 percentage points, to 4.6 percent and 1.75 percent, respectively. Adjustments are made correspondingly to benchmark interest rates on deposits and loans of other maturities, and to deposit and loan interest rates on personal housing provident fund. Furthermore, the upper limit of the floating range of the interest rate of time deposit with a maturity of more than one year is lifted while the upper limit of the floating range of the interest rate of time deposit with a maturity of less than one year and that of demand deposit remain unchanged.

Effective from September 6, 2015 onward, the RMB deposit reserve requirement ratio of financial institutions will be lowered by 0.5 percentage points to maintain adequate liquidity in the banking system and guide the stable and reasonable growth of money and credit. Meanwhile, in order to enhance the capacity of financial institutions to support the agricultural sector, rural area and the farmers, and the small and micro-enterprises, the deposit reserve requirement ratio will be cut by an additional 0.5 percentage points for the county-level rural commercial banks, rural cooperative banks, rural credit cooperatives, and township and village

banks; the deposit reserve requirement ratio of financial leasing companies and auto finance companies will be cut by an additional 3 percentage points to support its role in boosting consumption.

Adjustments to RMB Benchmark Deposit and

Loan Interest Rates

Percent

	Interest rate (after adjustment)
Household and corporate deposits	
Demand deposits	0.35
Time deposits of lump-sum deposit and withdrawal	
3 months	1.35
6 months	1.55
1 year	1.75
2 years	2.35
3 years	3.00

Loans	
1 year or less	4.60
Over 1 year and up to 5 years	5.00
Over 5 years	5.15
Personal housing provident fund loans	
5 years or less	2.75
Over 5 years	3.25

Date of last update AUG. 26, 2015