CITY OF LONDON

THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE

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Executive summary

London's extensive global banking network and deep pool of international investors have consolidated its competitiveness in offshore RMB markets. The 19th edition of the London RMB Business Report shows that, in 2025, London further strengthened its position as the leading offshore RMB centre outside Asia, and continued to serve as a vital gateway connecting Chinese financial markets with Europe and the broader global economy.

London skyline

The Report provides data, policies, commentaries and case studies for readers. In 2025, RMB clearing activity in London strengthened significantly. The total cumulative clearing volume reached RMB¥48.15tn, and the average daily clearing volume increased by 55.33% to RMB¥191.09bn. China–UK RMB cross-border settlement also expanded modestly to RMB¥3.8tn, generating a net inflow of RMB¥91.8bn into the UK. According to SWIFT, in December 2025, the RMB's share of the global trade finance market increased 8.30%, and the UK remained the world's leading offshore centre for RMB foreign exchange transactions.

From the Chinese side, several commercial banks have provided valuable insights on RMB internationalisation, including RMB usage in cross-border trade settlement, offshore RMB clearing operations in the UK and active participation in panda bond underwriting.

The article by Bank of China (BOC) London Branch reviews 2025 developments in London's offshore RMB market, including clearing infrastructure, cross-border trade and commodity financing, capital market activities and liquidity management. Key developments include RMB trade financing for European energy and agricultural firms, structured supply chain finance and panda bonds.

The article by China Construction Bank (CCB) London Branch concentrates on offshore RMB clearing operations. As the institution responsible for 81% of UK RMB clearing activity in 2025, CCB London Branch expanded its support for 11 Global Systemically Important Banks (G-SIBS) by providing a 20-hour cross-border clearing service. This underscores the bank's continued commitment to strengthening offshore RMB infrastructure, operational stability, and service resilience.

The article by the Industrial and Commercial Bank of China London Branch highlights its active role in panda bond underwriting and the launch of the ChinaBond ICBC panda bond Index Series—the first domestic bond index series dedicated specifically to panda bonds. It provides important benchmark references for investors and further supports the institutional development and long-term growth of the panda bond market.

On the UK side, Barclays' panda bond issuances mark the first entry by a UK-incorporated bank into China's domestic bond market. Across three issuances between November 2025 and June 2026, the bank raised RMB¥10.5bn through multiple dual-tranche structures, introducing features such as callable formats and demonstrating the integration of RMB into global funding strategies.

London's offshore RMB market remains a leading destination for global institutions seeking efficient access to RMB products and exposure to China's financial markets. RMB activity is now expanding across trade finance, commodity and supply chain financing, and capital markets. This, alongside increased participation in areas such as panda bond underwriting and index development, demonstrating the growing use of the currency in real-economy and investment flows.

Enhanced clearance capabilities, extended operating hours, and closer integration with global financial institutions are making London's offshore RMB activity more efficient and resilient. Coupled with continued engagement between industry and authorities, these developments position the city as a key partner in shaping the next phase of RMB internationalisation and integration into global financial markets.

The Report strives to foster the healthy and sustainable development of the UK's offshore RMB market by monitoring and providing feedback to regulatory bodies in both countries. We would like to thank to all our esteemed partners who have consistently provided strong support for this Report. This has been instrumental in ensuring its successful publication.

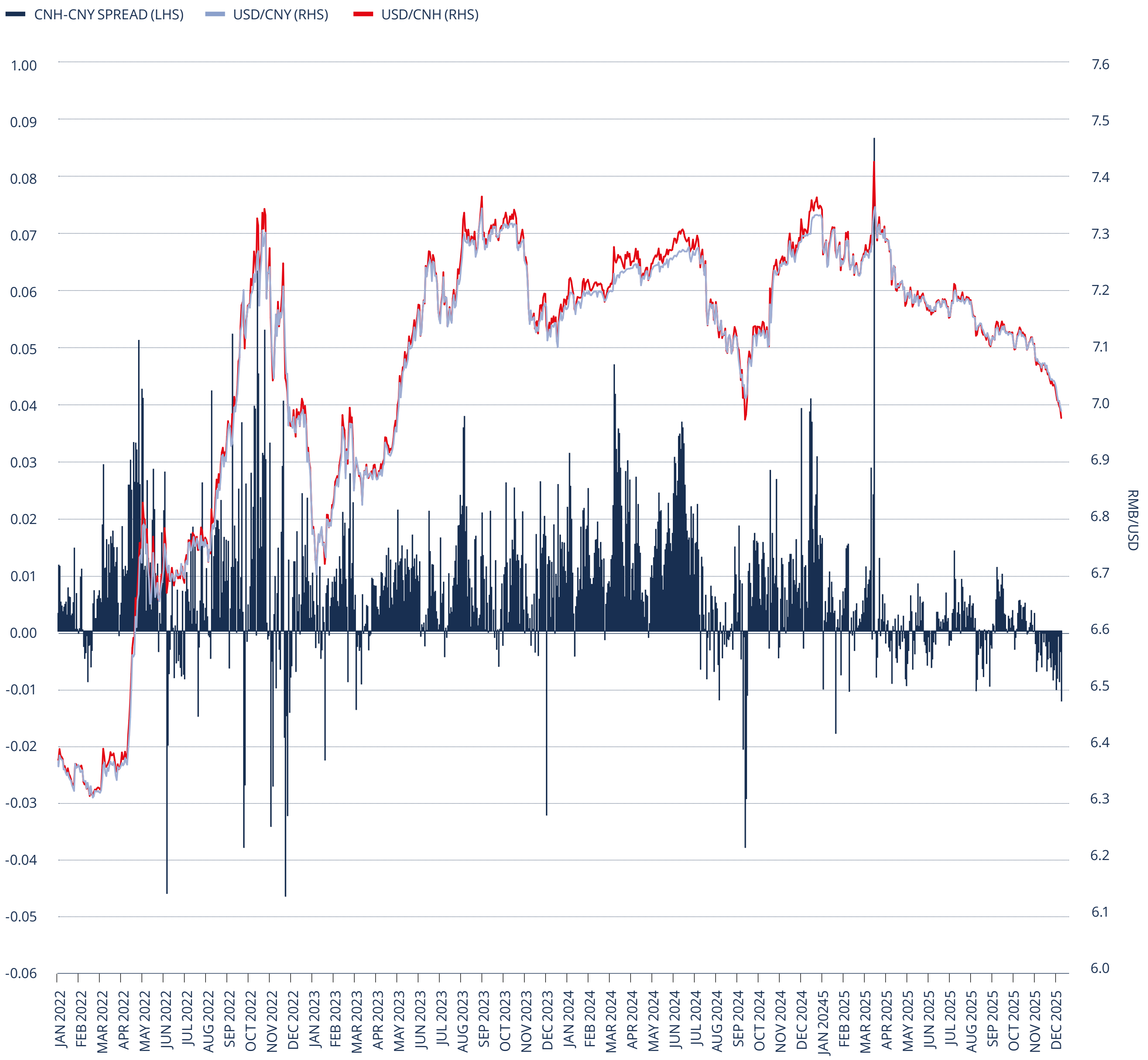
RMB exchange rate

In 2025, the RMB exchange rate against the US dollar experienced a “down-then-up” cycle. USD/CNH reached a yearly high of 7.4257 amid external pressures early in the year, before appreciating steadily to a low of 6.9757 by year-end, supported by easing China-US trade tensions, improving bilateral diplomatic relations, and a weaker USD driven by expectations of Fed rate cuts.

Over the same period, the RMB depreciated against a currency basket. The onshore and offshore RMB exchange rate spreads narrowed significantly, remaining positive for most of the year before turning negative in December, indicating strengthened market expectations for RMB appreciation.

The onshore-offshore exchange rate differential (December 2025)

USD/CNH-USD/CNY FX Spot Rate



Source: Bloomberg, ABC London Branch’

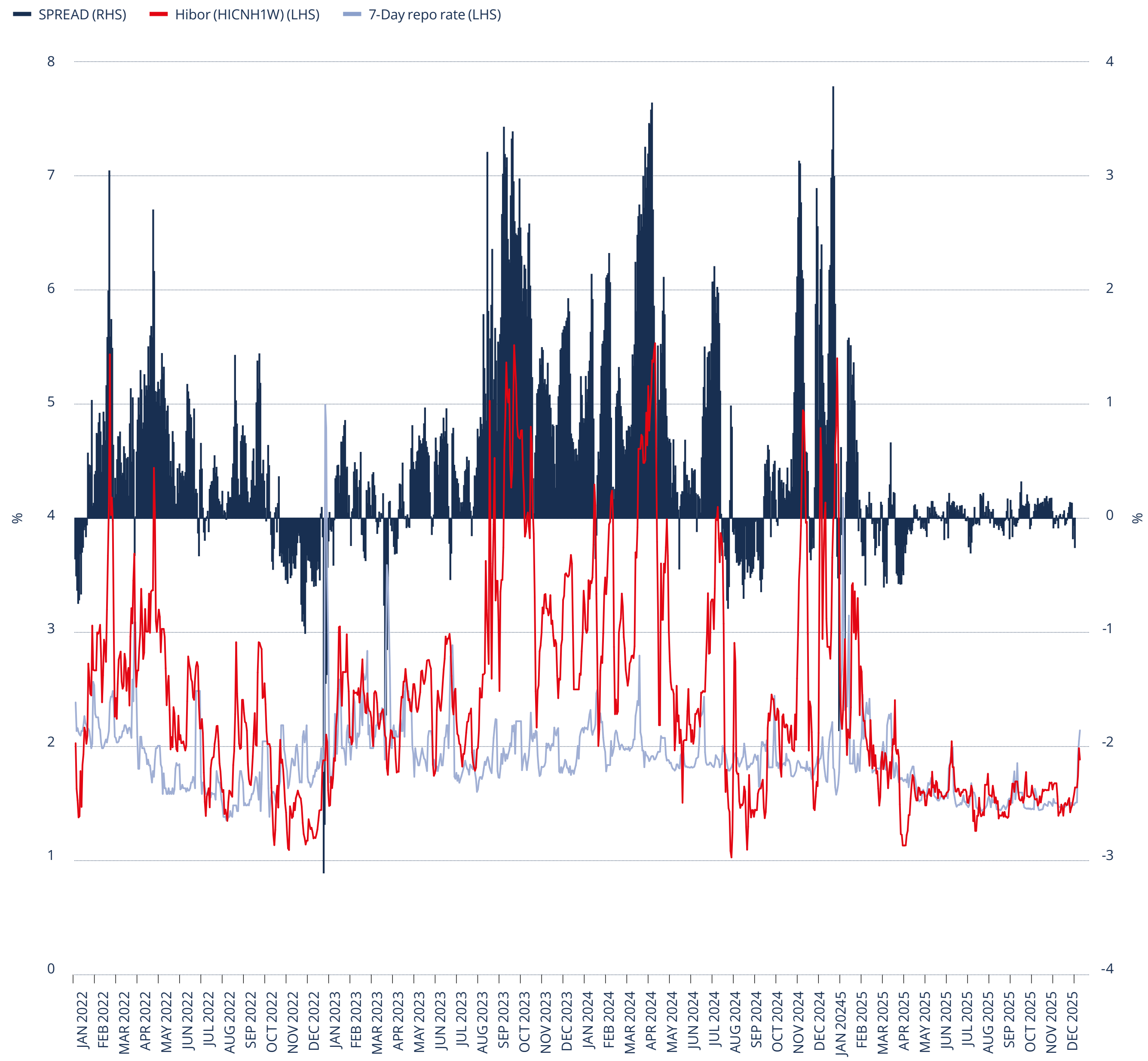
RMB interest rate

The People’s Bank of China (PBOC) delivered a broader round of easing in May 2025. It lowered the seven-day reverse repo rate by 10bp to 1.40% and cut the RRR by 50bp, a move reported to release around RMB¥1tn of long-term liquidity into the banking system. Shortly afterwards, the benchmark lending rates were also reduced, with the one-year LPR cut to 3.00% from 3.10% and the five-year LPR cut to 3.50% from 3.60%. After that May adjustment, the interest rate environment was broadly stable for the rest of the year.

Overall, 2025 saw a more measured easing cycle than 2024. Policy remained supportive, but officials balanced the need to shore up domestic activity against concerns over exchange rate stability, capital flows and already-thin banking sector margins.

The onshore-offshore interest rate spreads (December 2025)

CNH Hibor and 7-Day Repo Rate Spreads



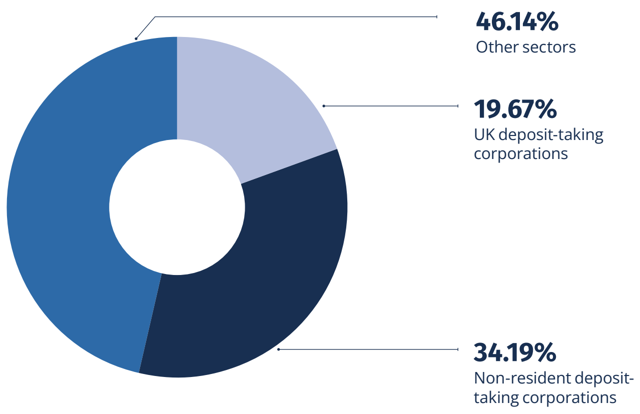
Source: Bloomberg, CCB London Branch

London RMB foreign exchange market

In 2025, the average daily CNH FX trading volume in London stood at GBP£135.5bn, down 21%, declining trend across most counterpart sectors.

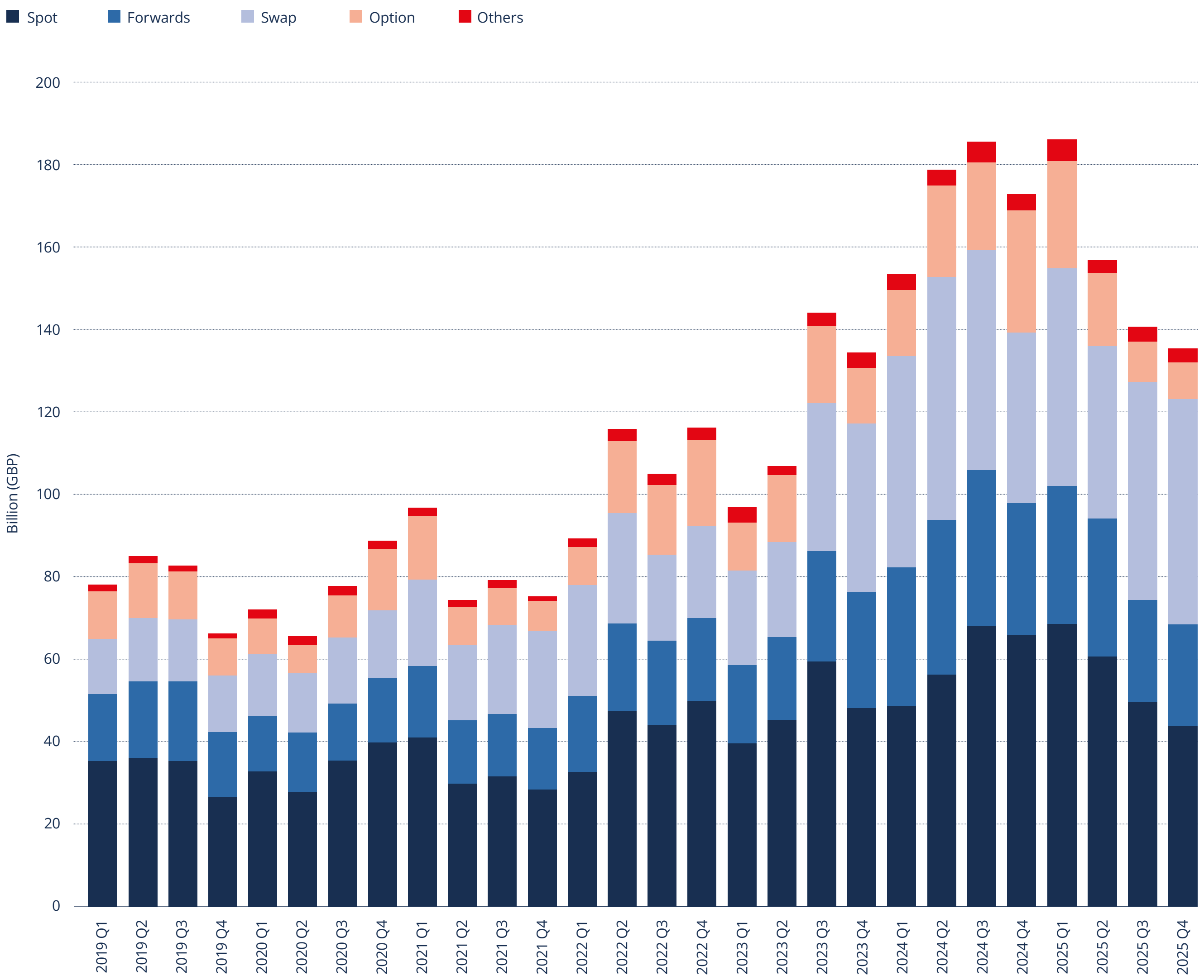
The distribution of RMB FX turnover by counterpart sectors remained broadly stable, with the greatest share being taken by other sectors at 46.14%. This was followed by RMB FX turnover with non-resident deposit-taking corporations at 34.19%. The smallest share belonged to RMB FX turnover with UK deposit-taking corporations, accounting for 19.67%.

RMB FX turnover by counterpart (Q4 2025)



Source: Bank of England (BoE)

Average daily turnover of RMB FX in London (Q4 2025)



Source: Bank of England (BoE)

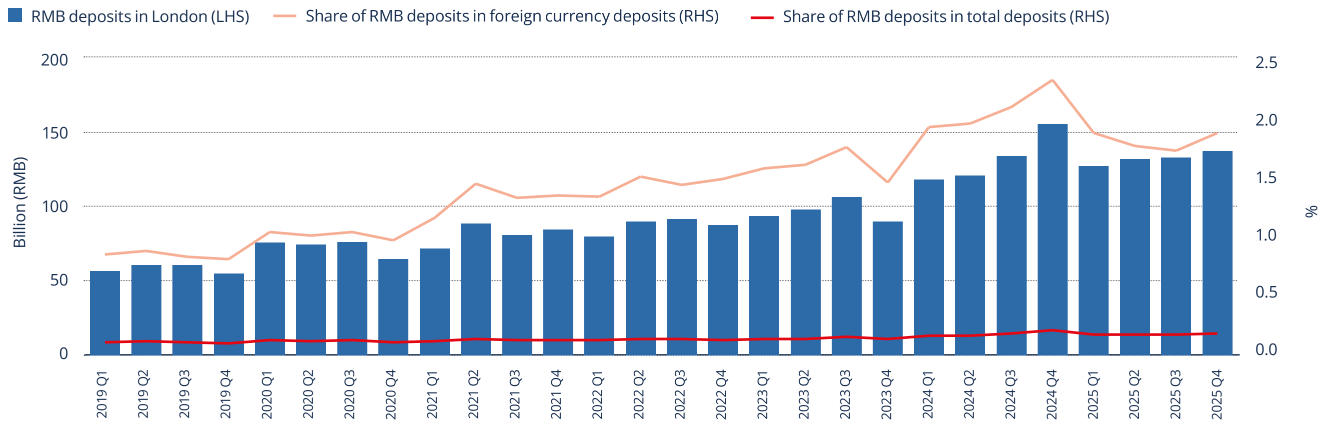
London RMB credit market

The outstanding RMB deposits and loans in London's offshore market both saw a YoY decrease. At the end of 2025, the amount of RMB deposits reached RMB¥137.1bn, down 11.55% YoY. The outstanding amount of RMB loans reached RMB¥113bn, down 4.70% YoY.

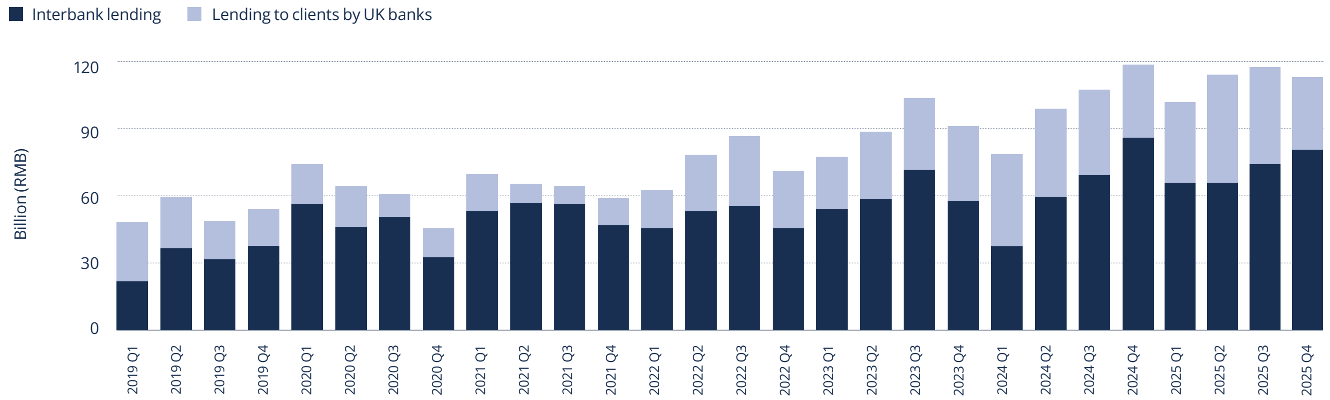
London RMB clearing

In 2025, the total cumulative clearing volume was RMB¥48.15tn and the average daily clearing volume was RMB¥191.09bn, up 55.33% from last report. By the end of Dec 2025, the accumulative total RMB clearing volume climbed to RMB¥174.46tn.

RMB deposits in London (December 2025)

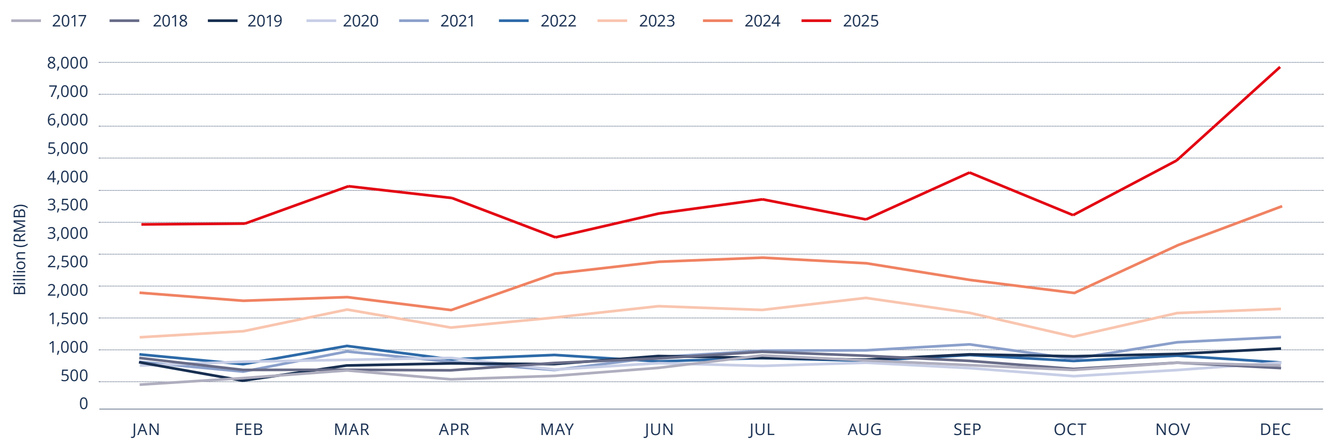


RMB lending in London (December 2025)



Source: Bank of England (BoE)

RMB clearing volume of the designated UK clearing bank (December 2025)

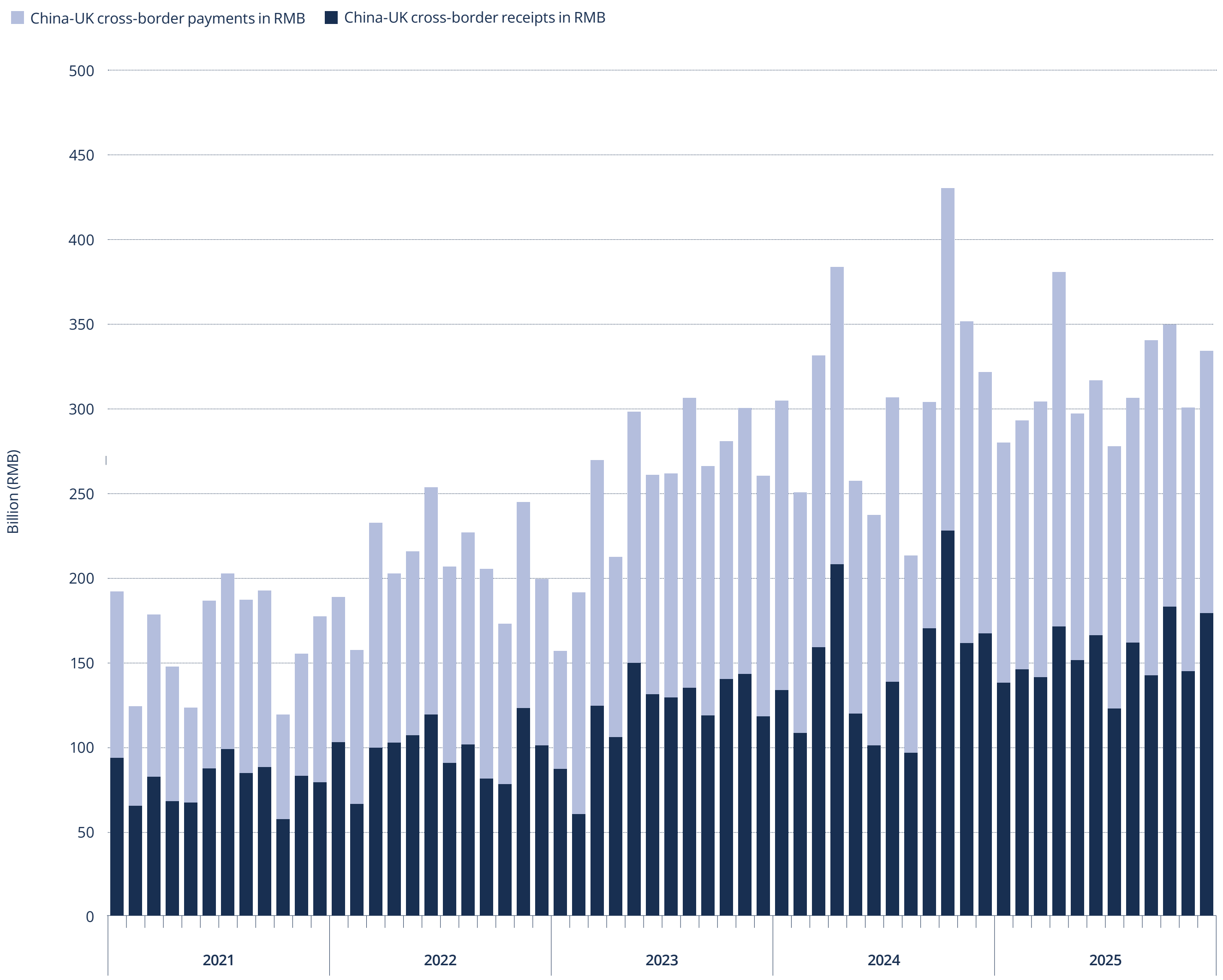


Source: CCB London Branch

China-UK RMB cross-border settlement

In 2025, total cross-border RMB receipts and payments between China and the UK were approximately RMB¥3.8tn, a 2.41% YoY increase. There was a net inflow of approximately RMB¥91.8bn into the UK.

China-UK cross-border RMB payments and receipts (December 2025)

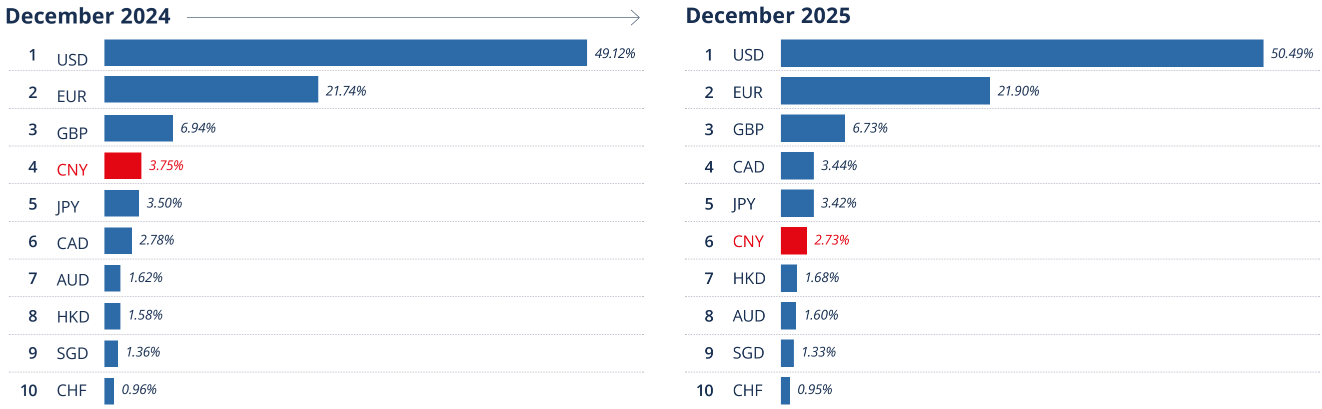


Source: PBOC

The international status of the London offshore RMB market

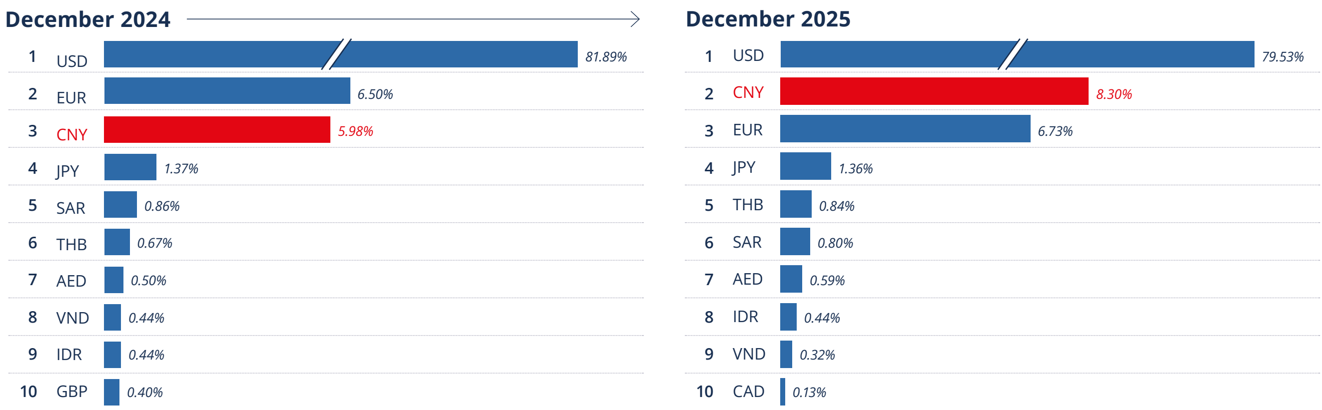
According to SWIFT, RMB's share as a domestic and international payments currency in Dec 2025 was 2.73%, down 1.02% from Dec 2024. The RMB's share of global trade finance was 8.30% in Dec 2025, up 2.32% from Dec 2024. The top three countries doing RMB FX transactions in Dec 2025 were the United Kingdom, the United States and France.

RMB's share of global payments (%)



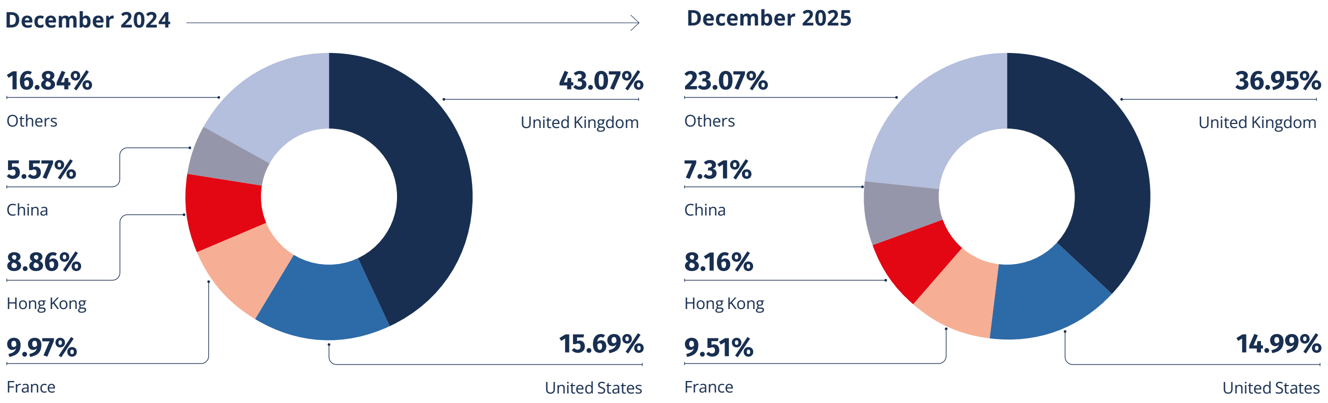
Source: SWIFT

RMB's share of global trade finance (%)



Source: SWIFT

Top economies doing FX spot transactions in RMB



Source: SWIFT

Supporting RMB internationalisation: Barclays pioneers UK entry into China's panda bond market

Barclays

Introduction

The internationalisation of the RMB is increasingly shaped by the active participation of global financial institutions across funding, investment, and client activities. As the first issuance by a UK entity in China's domestic bond market, Barclays' inaugural panda bond issuance is a significant milestone.

This landmark transaction demonstrates how international banks are integrating RMB into their funding strategies while deepening engagement with China's onshore capital markets. It also reflects continued progress in the opening of China's financial system and the increasing connectivity between onshore and offshore RMB ecosystems.

Expanding the global RMB ecosystem

Recent years have seen sustained growth in offshore RMB activity, supported by expanding market infrastructure and increasing participation by international investors and institutions. London remains a key offshore RMB centre, facilitating foreign exchange trading, clearing, and cross-border financing in RMB.

In April 2025, China's Ministry of Finance issued its inaugural CNH denominated RMB¥6bn dual tranche (three- and five-year) Reg S senior unsecured green sovereign bond in London, following the publication of its Sovereign Green Bond Framework earlier that year. The bonds were listed on the London Stock Exchange, underscoring London's role as an international RMB financing hub, and the strength of Sino-UK financial collaboration. Barclays acted as joint bookrunner on the transaction.

At the same time, China has continued to enhance its domestic capital markets and internationally connectivity through initiatives such as QFII and QDII, alongside programmes such as Stock Connect, Bond Connect, and Swap Connect. These developments have improved access and strengthened linkages between onshore and offshore markets, enabling more seamless participation by global institutions.

Within this context, the panda bond market has emerged as an important channel for international issuers to access domestic RMB funding while engaging China's growing institutional investor base.

Barclays' panda bond issuance

Barclays' inaugural panda bond issuance in November 2025 marked a defining step in the participation of UK entities in China's domestic bond market.

The bank raised RMB¥2bn through a dual-tranche structure, comprising:

- a three-year bullet bond, and
- a five-year callable bond, with an issuer call option

Notably, the callable tranche represents a new development in the panda bond market. The introduction of a genuine callable structure is rare in onshore RMB issuance and provides an important reference point for the development of CNY rates derivatives, a market that remains nascent and lacks robust pricing benchmarks. This innovation contributes to the broader evolution of China's fixed income and derivatives ecosystem.

The deal attracted strong demand from over 20 institutional investors in the China market, including banks, asset managers, and securities firms, demonstrating both investor confidence in the issuer and increasing appetite for more diversified high-quality international credit in the onshore market.

Following this, in January 2026, Barclays returned to the panda bond market with a second issuance, further raising RMB¥3.5bn through a dual-tranche structure comprising:

- a RMB¥1.5bn three-year bullet bond, and
- a RMB¥2bn 5NC1+1 annual callable bond

Most recently, Barclays completed its third panda bond issuance, raising RMB¥5bn through a dual-tranche structure comprising:

- a RMB 2.5 billion three-year bullet bond, and
- a RMB 2.5 billion 5NC1+1 fixed callable bond

Over 50 investors participated in the order book, with around 30 accounts receiving allocations.

The transaction highlights several important dimensions in the advancement of RMB internationalisation:

- **Entry of a UK global bank into the panda bond market**
  As the first UK-incorporated issuer, Barclays' participation broadens the diversity of international issuers and reinforces the credibility of the market.
- **Integration of RMB into global funding strategies**
  The issuance demonstrates the growing use of RMB as a funding currency, supporting diversification beyond traditional currencies.

Barclays Bank headquarters in Canary Wharf

- **Product innovation aligned with investor demand**
  The inclusion of a callable structure broadened the appeal of and introduces new functionality into the panda bond market, supporting pricing transparency and the development of associated derivatives markets.
- **Commitment to long-term market development**
  Barclays' issuances demonstrate confidence in China's capital markets and a long-term commitment to supporting the growth of the onshore RMB ecosystem.
- **Driving market awareness through stakeholder engagement**
  Barclays undertook an extensive investor engagement programme, bringing together treasury, investor relations, trading and structuring teams, working closely with the lead underwriter to engage investors across China. This coordinated approach aimed to deepen market understanding, broaden investor participation, and support the continued development of the panda bond market.

Barclays' platform and execution capabilities

The successful execution of the transaction reflects Barclays' broader capabilities across China-related markets and global financing.

The bank's integrated platform enabled:

- End-to-end execution across structuring, distribution and risk management teams
- Strong investor engagement, leveraging established relationships with domestic institutional investors
- Cross-border connectivity, linking onshore issuance with global funding frameworks and risk management capabilities

Barclays' broader franchise includes China market access, foreign exchange and risk management, and structured financing solutions, enabling the bank to support both its own funding needs and client activities involving RMB.

Together with Barclays' role as an active joint bookrunner on China's inaugural offshore RMB sovereign green bond issuance in London, the panda bond activity demonstrates the bank's ability to support RMB market development across both onshore and offshore channels, linking domestic issuance with international distribution, risk management and market infrastructure.

Conclusion

Barclays' panda bond issuances represent an important milestone in the evolution of RMB internationalisation. As the first UK institution to access China's domestic bond market and return as a repeat issuer, the transaction demonstrates both the increasing openness of China's financial system and the willingness of global institutions to participate directly in RMB markets.

Looking ahead, continued market development, expanding investor participation, and closer integration between onshore and offshore ecosystems will further support the global use of RMB in investment and financing activities. In this context, transactions such as Barclays' panda bond issuance serve as practical examples of how RMB is becoming embedded within the international financial system.

Steady progress in advancing the global use of RMB from London

Bank of China London Branch

2025 developments and practical contributions

In 2025, London further consolidated its position as the leading offshore RMB centre outside Asia. Against a backdrop of interest rate divergence, elevated USD funding costs and ongoing geopolitical uncertainty, demand for RMB settlement, financing and risk management services remained broadly stable, with measured expansion in selected segments.

In close coordination with the People's Bank of China (PBOC) and relevant UK authorities, Bank of China (BOC) London Branch focused on strengthening clearing infrastructure, enhancing market functionality and supporting real-economy use of RMB. The progress achieved during the year reflected both incremental institutional improvements and the steady deepening of market participation across multiple sectors.

Strengthening RMB clearing infrastructure

Throughout 2025, preparations were undertaken to further strengthen BOC London Branch's RMB clearing infrastructure, culminating in an important institutional milestone in early 2026. On 9th February 2026, BOC London Branch was officially authorised by the PBOC to serve as an RMB clearing bank in the UK. This designation provides a stronger institutional foundation for local RMB clearing arrangements and supports the long-term stability of the UK's offshore RMB infrastructure.

RMB clearing volume handled by the BOC London Branch in 2025 exceeded RMB¥5tn. Seventeen regional and international banks opened RMB clearing accounts

February 2026 marked an important milestone

in BOC London Branch, expanding the clearing network and reinforcing the city's role as a European central hub. BOC London Branch facilitated both direct and indirect participation in the Cross-Border Interbank Payment System (CIPS) and provided access to UK sterling payment infrastructure, enabling integrated multi-currency liquidity management.

Operational resilience was further strengthened through system upgrades and participation in both CIPS (Shanghai) and offshore RMB RTGS systems. Notably, BOC London Branch completed several first-of-their-kind cross-border RMB liquidity operations for European financial institutions. These achievements demonstrated improved settlement efficiency, strengthened infrastructure reliability, and operational reliability within London's RMB clearing framework.

Clearing service capabilities and operational features

Offshore RMB 'double direct participating' bank

- Hong Kong CHATS-RTGS Direct
- Shanghai CIPS Direct

These two channels serves as backups to each other, catering to customers in Shanghai, Hong Kong and Macao

Prominent standing in RMB clearing

BOC London Branch is the only Chinese direct participant of GBP-CHAPS

Multi-currency clearing capacity

Aside from GBP and RMB, BOC London Branch has clearing capabilities for an additional 17 currencies

Designated RMB clearing bank

BOC London Branch is officially authorized by the PBOC as the RMB clearing bank in UK

Worldwide Clearing network

- 44 direct participants in CIPS are part of the Bank of China Group
- 20 years of clearing experience
- Settles 70%+ world's RMB clearing

Strong recognition from local institutions in the UK

- "First Chinese settlement Bank" designated by London Clearing House and London Metal Exchange
- Facilitates connectivity with the London Clearing House and offers central counterparty (CPP) Services

Supporting the real economy

RMB usage in cross-border trade and commodity transactions with European counterparties grew steadily in 2025. BOC London Branch processed RMB¥349bn in cross-border payments and RMB¥27bn in trade finance. Corporates want currency diversification and better alignment between settlement and financing.

With high USD funding costs, some multinationals used RMB working capital facilities. BOC London Branch provided loans for commodity trading, inventory management, and supply chain operations, often combined with FX hedging.

Key milestones included first-time RMB trade financing for European energy and agricultural firms, the launch of structured RMB supply chain finance products, and several European corporates adopting RMB for intra-group cash pooling. Following its first RMB CIBM investment in 2024, the Bank significantly grew its RMB bond portfolio in 2025.

Case Study 1:
RMB bond issuance in London

In 2025, BOC London Branch supported two landmark RMB bond issuances, reinforcing London's role as an offshore RMB hub.

MOF green sovereign bonds: BOC London Branch assisted China's Ministry of Finance in issuing RMB¥3bn three-year and RMB¥3bn five-year green sovereign dim sum bonds in London – the first offshore green sovereign bond issuance by the China's Ministry of Finance.

Case Study 2:
First BOC London RMB facility underwritten by Lloyd's of London

BOC London Branch extended a RMB¥140m accounts receivable financing facility to a Chinese enterprise for an overseas telecom project. This marked the first RMB receivables financing arranged by BOC London and underwritten by Lloyd's of London, pioneering a three-party collaboration among a Chinese corporate client, a Chinese bank, and a UK underwriter. It demonstrates how RMB can be integrated with cross-border risk management solutions.

The transaction provided a practical example of how RMB financing, trade receivables and UK insurance market capacity can be combined to support cross-border project execution.

Deepening capital market connectivity

Connectivity between China and international capital markets continued to deepen in 2025. BOC London Branch remained an active participant in panda bond underwriting in China's interbank market, supporting over 20% of new issuance in 2025. Notable transactions included RMB bond issuance by Hungary's inaugural panda bond and the African Export-Import Bank's first RMB issuance as an African multilateral institution. European corporates such as Mercedes-Benz Group AG and Bayer AG remained active in RMB bond markets.

London increasingly functioned as a coordination and advisory centre for these transactions, facilitating communication between international issuers, Chinese regulators and investors.

BOC London Branch supported first-time green panda bond issuances by European corporates, strengthening sustainable finance linkages between China and Europe. These activities contributed to a steady expansion of the international investor base and reinforced London's role in the two-way opening of China's bond market.

Enhancing liquidity and risk management capacity

Demand for RMB foreign exchange hedging and liquidity management services remained stable in 2025. BOC London Branch provided over US$27bn equivalent in RMB-related foreign exchange transactions, including swaps, forwards and spot trades.

RMB liquidity support was extended into later London trading hours, improving time-zone coverage for European institutions and facilitating smoother daily liquidity management in offshore CNH markets. The successful completion of an RMB cash margin payment to the London Metal Exchange further integrated RMB into international commodity market infrastructure.

Two-way cross-border RMB cash pooling arrangements continued to operate steadily, enabling multinational corporates to optimise internal liquidity allocation and reduce currency conversion costs. By year-end, BOC London Branch maintained approximately 8,000 personal RMB accounts and over 300 corporate RMB accounts, reflecting a stable and diversified customer base.

Additional initiatives included targeted advisory services for treasury teams in European corporates, helping them implement RMB cash management strategies and hedging programmes.

Bank of China's panda bond market participation (2025)

Corporate transactions 2025	**Volkswagen** RMB¥2.5bn 2-year Senior unsecured bond underwriter and lead bookrunner	**Bayer Aktiengesellschaft** RMB¥2bn 3-year/5-year Senior unsecured bond Lead underwriter and lead bookrunner	**Mercedes Benz Group AG** RMB¥3bn 3-year/5-year Senior unsecured bond Lead underwriter and lead bookrunner	**Suzano** RMB¥1.4bn 3-year/5-year Senior unsecured bond Lead underwriter and lead bookrunner
SSA transactions 2025	**Government of Sharjah** RMB¥2bn 3-year Senior unsecured bond Lead bookrunner	**Hungary** RMB¥5bn 3-year/5-year Lead underwriter and lead bookrunner	**African Export-Import Bank** RMB¥2.2bn 3-year Senior unsecured bond Lead underwriter and lead bookrunner	**New Development Bank** RMB¥6bn 5-year Senior unsecured bond Lead underwriter and lead bookrunner

Shanghai Skyline

Market development and institutional engagement

Beyond business operations, BOC London Branch placed strong emphasis on policy dialogue, research support and market coordination.

In 2025, BOC London Branch hosted the Global Use of RMB Roadshow in London, bringing together representatives from PBOC, UK authorities, financial institutions, corporates and research organisations to discuss practical RMB applications in trade, investment and financial markets.

Its research department contributed to publications including the *London Offshore RMB Report* and *London RMB Bi-Annual Report*, providing analysis of policy trends, market developments, and practical guidance for corporate treasurers. Client workshops also enhanced operational familiarity with RMB products and China's economic outlook.

International engagement was strengthened through participation in the CIPS Cross-border Bank-Corporate Cooperation Forum in Shanghai, supporting dialogue on clearing and infrastructure cooperation, and broader market dialogue on the global use of RMB.

Outlook

2025 suggests that London's offshore RMB market is entering a phase of structural consolidation and gradual deepening. Growth is increasingly driven by practical demand for settlement efficiency, diversified funding channels and enhanced risk management tools.

The formal designation of BOC London Branch as the UK RMB clearing bank provides an enhanced institutional foundation for the increased development of London's offshore RMB market and supports further market participation over time.

Continued product diversification, improved liquidity arrangements and sustained dialogue between regulators and market participants will support market depth and resilience. Real-economy usage is expected to remain the primary driver of long-term offshore RMB development.

Deepening offshore RMB liquidity and capital market access in the UK

China Construction Bank London Branch

By bridging the world's leading financial centres, China Construction Bank Corporation London Branch (CCB London Branch), has not only achieved significant growth in clearing volume but has also deepened the integration of RMB into global capital markets. It is a leading provider of offshore RMB infrastructure in the UK since its designation as the first RMB clearing bank for the UK in 2014, CCB London Branch has achieved cumulative clearing volumes exceeding RMB¥174tn as of the end of 2025, supporting London's status as the largest RMB clearing hub outside of Asia. Moving forward, CCB London Branch will continue to deliver the infrastructure and innovation needed for the internationalisation of the RMB.

Supporting UK-China economic and financial cooperation

As a key institutional participant in the 11th UK-China Economic and Financial Dialogue (EFD), CCB London Branch contributed to several policy outcomes in early 2025. The first was formal recognition from both the China and UK governments for its contribution as the first-designated RMB clearing bank in the UK. This bilateral governmental support contributes to a shared vision of London as a leading global foreign exchange hub and an innovative offshore RMB market for products such as UK-China over-the-counter (OTC) bonds. 2025 saw greater financial cooperation, characterised by the broader adoption of RMB across UK industries and enhanced reciprocal market access. In line with EFD commitments, CCB London Branch continues to strengthen the UK-China bilateral relationship.

A leader in RMB clearing

As the foremost offshore RMB clearing hub outside of Asia, CCB London Branch saw its annual clearing volume grow to RMB¥48.15tn as of the end of 2025—a 55.30% YoY increase. This growth has pushed London Branch's market share in UK RMB clearing to 81%, reflecting a consistent commitment to infrastructure stability and service resilience amid a more diversified clearing landscape and the complexities of the global macroeconomic environment.

CCB London Branch now serves 11 Global Systemically Important Banks (G-SIBs), demonstrating its ability to handle large fund transfers and high-frequency cross-border settlements. By providing 20-hour continuous coverage across designated teams in London, Beijing, and New York, CCB London Branch offers the liquidity and technical reliability required by G-SIBs. This infrastructure ensures that CCB London Branch remains the primary clearing node in terms of volume in Western markets, facilitating efficient trade and investment across time zones.

Advancing offshore RMB market connectivity

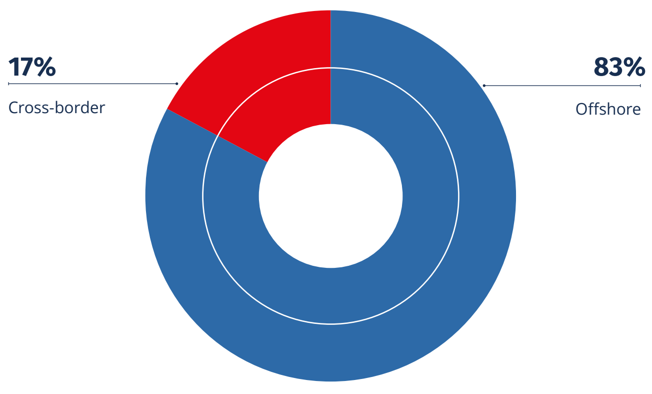
CCB London Branch has significantly deepened offshore RMB integration through a series of capital market initiatives. After initiatives, add: including the OTC China-UK bond business. Then start a new sentence: Launched at the 11th EFD, this pioneering initiative enables international investors to trade and settle RMB bonds directly. This improves access to the China Interbank Bond Market (CIBM) and provides a new layer of liquidity for global institutional investors.

Under the CCB Group's Green, Social, Sustainability, and Sustainability-Linked Bond Framework, CCB London Branch has successfully issued RMB green bonds in London for four consecutive years, with a cumulative issuance volume of RMB¥24.65bn. These issuances provide high-quality green financial assets for broader global offshore markets. In recognition of its pioneering role, in 2025 CCB London Branch was awarded a "Largest Single Green Bond Issuance" by HKQAA alongside a "GSF Grant Scheme" commendation from the Hong Kong Monetary Authority, highlighting its sustained commitment to the global green transition. Leveraging these experiences, CCB London Branch co-hosts a Green Bond Working Group with the City of London Corporation to facilitate RMB green bond issuances in London by the Chinese government, corporate, and financial entities. It also collaborates with the London Stock Exchange Group (LSEG) to enhance the market presence of these instruments.

Empowering the real economy through RMB financing and direct investment

In the corporate sector, CCB London Branch facilitated a RMB¥450m capital injection for a major UK enterprise, providing a successful model for direct investment without the friction of currency conversion. CCB London Branch has further increased its support for the global expansion of Chinese enterprises, notably through its comprehensive financial services for the UK subsidiary of a leading Chinese automotive manufacturer. By integrating domestic and overseas resources, CCB London Branch was able to issue an RMB letter of credit for this subsidiary to a an onshore beneficiary in early 2026. This initiative reinforces the use of RMB in cross-border trade financing and strengthens ties between CCB London Branch and the overseas subsidiaries of leading Chinese industrial groups. Furthermore, CCB London Branch has expanded its reach into the digital and SME space through strategic partnerships with UK-based fintech providers. The cross-border payment service for fintech providers has addressed traditional latency issues associated with smaller-scale transactions.

2025 Clearing Volume by Location



Source: CCB London Branch

Top 4 Recipient Economies in terms of 2025 Clearing Volume

Source: CCB London Branch

By extending the currency's utility into full offshore banking networks, CCB London Branch is diversifying the RMB's use cases beyond institutional finance and into the broader real economy, supporting the EFD's goal of fostering a vibrant and innovative offshore market.

Leading offshore RMB product and business innovation

Innovation remains at the core of CCB London Branch's mission to embed the RMB into global financial infrastructure. Building on the success of 2024, CCB London Branch partnered with an onshore CCB branch to deliver a bespoke cash management solution for a Global Fortune 500 company. By establishing a strategic account in London, CCB London Branch bridged the 13-hour time gap between the client's global operations in Asia and North America, reducing intercontinental transfer times to seconds. CCB London Branch also secured a landmark mandate for a global financial infrastructure group to implement a bespoke cross-border 'two-way' RMB cash pool. By leveraging CCB London Branch's clearing strengths alongside Shanghai's Free Trade Zone (FTZ) policy framework, the solution addresses the issue of fragmented account structures, providing the client with centralised liquidity control and FX risk management.

This commitment to innovation also extends to specialised industrial sectors, where there is an opportunity to improve traditional settlement methods. Recognising the UK's position as a global hub for crude oil, refined products, and LNG trade, CCB London Branch has targeted the international shipping and energy sectors as key entry points for large-value RMB usage. Recently, CCB London Branch executed a landmark RMB¥50m payment for international shipping charter costs via the Cross-Border Interbank Payment System (CIPS). By paying charter fee payments in RMB, CCB London Branch has provided a replicable model that eliminates exchange rate risk and improves capital efficiency across the energy supply chain.

Future developments

Looking forward, CCB London Branch remains committed to advancing the next phase of RMB internationalisation. Harnessing London's global leadership in foreign exchange, capital market and derivatives, CCB London Branch will continue to tailor its offerings to meet the requirements of global institutional investors and multinational corporations, enhancing the depth and liquidity of the RMB and positioning the currency as an option for global asset allocation and risk management.

The UK-China OTC bond business will contribute to this growth by acting as a channel between domestic and international capital markets. To support the expansion of this business, CCB London Branch is developing custody capabilities to provide institutional clients with safekeeping and post-trade service. This evolution will involve scaling transaction volumes, thereby lowering the barrier to entry for a wider spectrum of global institutional investors seeking exposure to RMB-denominated bonds.

CCB London Branch will also expand its efforts to support London as a key strategic global hub for RMB-denominated green finance. By providing end-to-end support—ranging from structural design and underwriting to sophisticated interest rate and FX risk management— CCB London Branch aims to assist more local institutions in accessing the panda bond and green bond markets.

Deepening offshore RMB liquidity and capital market access in the UK

ICBC London Branch

ICBC London provides RMB clearing, cross-border financing and financial markets services to support offshore RMB activity and connectivity with China's domestic markets. Through ICBC's broader international network spanning 69 countries and regions, these activities are supported by integrated RMB clearing infrastructure and 24/7 market connectivity across global time zones.

ICBC in the UK and as an offshore RMB hub

As of end-2025, ICBC's total assets exceeded RMB¥50tn, with RMB-denominated core assets above RMB¥40tn, making it one of the world's largest RMB business platforms.

In London, ICBC plays an active role in supporting offshore RMB activity and cross-border RMB flows between China and international markets.

The Bank operates an extensive RMB clearing network, with official RMB clearing bank mandates in 12 countries and CIPS participation across 42 countries and regions through its overseas institutions, enabling efficient and uninterrupted cross-border RMB settlement.

In capital markets as of 2025, ICBC acts as lead underwriter for over 3,200 RMB-denominated bonds (including panda bonds), with a total underwriting volume of RMB¥2.2tn. ICBC is also a leading RMB market maker, recording approximately US$6.4tn equivalent in onshore FX trading volume (18% market share) and around US$3tn offshore in 2025. It also remains one of the most active liquidity providers in China's interbank bond market through continuous two-way pricing and market-making activities.

From a representative office established in 1995 to a comprehensive financial platform supporting trade, investment, and major infrastructure projects, ICBC's development in the United Kingdom has moved in step with China's reform and opening-up, and the expanding global reach of the country's financial sector. Today, ICBC operates in the UK through three institutions — the ICBC London branch, ICBC (London) plc, and ICBC Standard Bank plc — with total assets exceeding US$58bn, more than 1,000 employees, and clients and counterparties in around 90 countries and regions.

In the UK, ICBC participates in syndicated loans, cross-border financing and financial markets activities between China, the UK and international markets. Through pricing and execution services in foreign exchange, interest rates and commodities, ICBC's UK institutions support financing for infrastructure, energy and cross-border projects, contributing to broader financial connectivity.

They also play an active role in promoting cross-border RMB business, including participation in recent panda bond transactions by UK-based issuers such as Barclays Bank.

Onshore and offshore RMB bond markets

The internationalisation of the RMB has progressed alongside the simultaneous development of the offshore RMB market and the panda bond market, with a combined outstanding balance approaching RMB¥2tn, forming a two-pillar structure that supports cross-border capital flows and currency diversification.

Offshore RMB bond market

The offshore RMB bond market — commonly referred to as the dim sum bond market — emerged in Hong Kong in 2007 and has since expanded to other international financial centres, including London, Singapore and Luxembourg.

The market developed alongside the expansion of RMB trade settlement and cross-border investment channels and continues to facilitate international investor participation in RMB products.

By the end of 2025, the offshore RMB bond market had recorded eight consecutive years of growth, with an outstanding scale of approximately RMB¥1.3tn[1]. Chinese issuers have remained dominant, accounting for approximately 70% of total issuance, while in 2025, 17 global issuers entered the market for their first time.

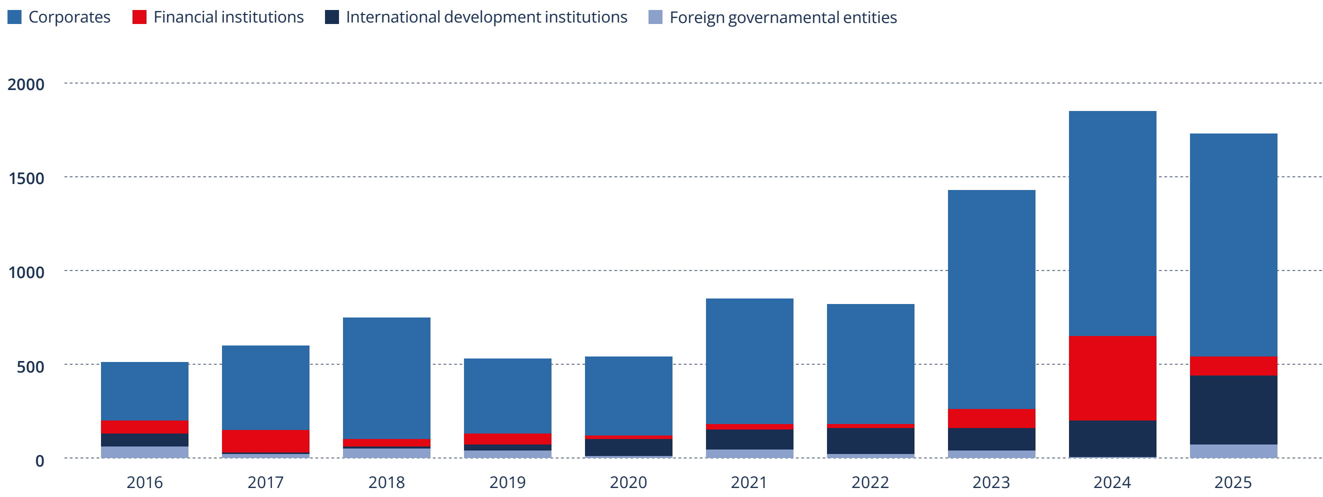
Panda bond market

Panda bonds — RMB-denominated bonds issued in mainland China by foreign entities — have become an important component of China's capital market opening. Market development accelerated from 2016 onwards following the RMB's inclusion in the IMF's SDR basket, supported by continued regulatory coordination and improvements in market infrastructure.

As of year-end 2025, the panda bond market comprises more than 100 issuers and over 580 bonds, with cumulative issuance approaching RMB¥980bn and an outstanding balance exceeding RMB¥400bn[2]. The issuer base spans sovereign, supranational, financial and corporate sectors.

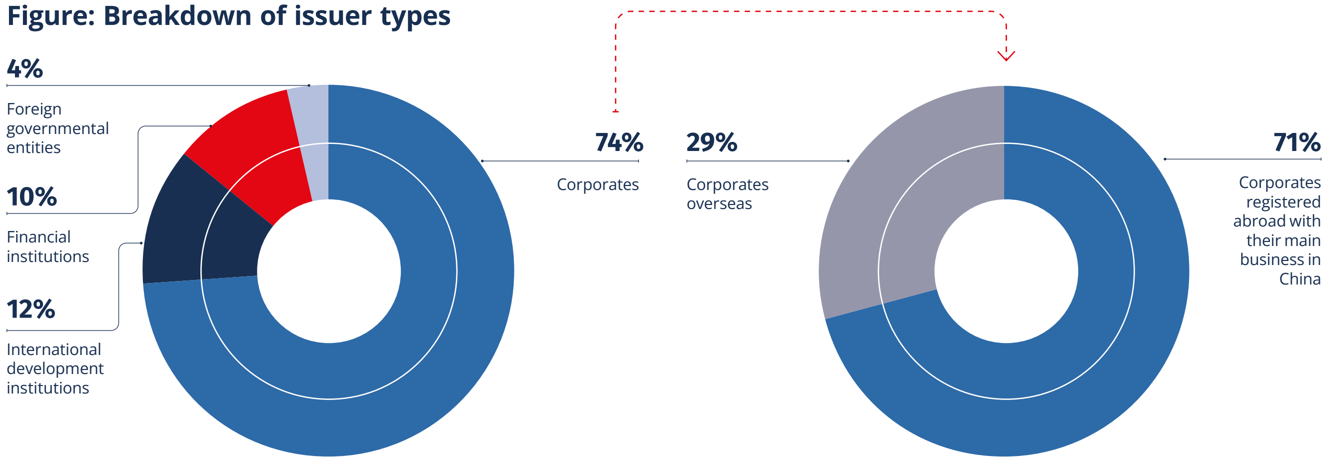
[1] Source: www.hkma.gov.hk
[2] Source: Wind

Figure: Panda bond issuance by year



Source: ICBC London Branch

Figure: Breakdown of issuer types



Source: ICBC London Branch

Market convergence and two-way opening

In recent years, the interaction between offshore and onshore RMB bond markets has deepened. Cross-border investment channels such as Bond Connect and direct access schemes have facilitated two-way flows between international investors and China's domestic bond market. The coexistence of offshore and onshore RMB yield curves provides issuers with diversified funding options and supports broader international participation in RMB markets.

ICBC participation in the panda bond market

ICBC has been among the earliest and most active underwriters in the panda bond market since 2016. To date, ICBC has underwritten 244 panda bonds as lead underwriter, serving 68 overseas issuers. Underwriting volume exceeds RMB¥160bn, representing nearly 50% of total market issuance. In 2025, ICBC acted as the lead underwriter for 46 panda bonds issued by 28 offshore issuers, with a total underwriting amount of RMB¥25.5bn.

Selected transactions in 2025

- The first panda bond issued by a US financial institution — Morgan Stanley
- The first panda bond issued by a UK financial institution — Barclays Bank
- The first panda bond issued by an African multilateral development institution — African Export-Import Bank
- The largest single-tranche and longest-tenor sovereign panda bond issuance — Hungary

In addition to underwriting services, ICBC provides post-issuance support including market making, foreign exchange hedging, interest rate swaps and liquidity management solutions, contributing to secondary market stability and investor confidence.

Case study:

ChinaBond ICBC panda bond Index series

To further support market development and facilitate international investors' understanding and participation in the panda bond market, ICBC and China Central Depository & Clearing Co., Ltd. jointly launched the ChinaBond ICBC panda bond Index series in December 2025. The initiative represented the first domestic bond index series dedicated specifically to panda bonds and was designed to provide transparent market benchmarks for investors and market participants.

The series includes two flagship indices:

ChinaBond ICBC panda bond AAA Index: designed to reflect the overall performance of the panda bond market, with constituent bonds covering approximately 80% of market issuers and all major issuer categories.

ChinaBond ICBC panda bond 30 Index: designed to track representative and more liquid panda bond issuers, selecting bonds from the 30 largest issuers in the market.

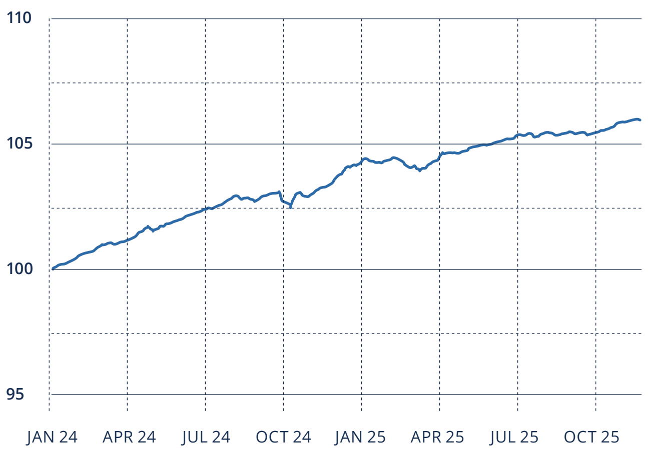
The launch of the index series provided benchmark references and tracking tools for market participants, supporting the continued institutional development of the panda bond market and contributing to greater transparency for international investors.

The index performance shows a sustained upward trend over the past two years. This capital appreciation was driven by declining yields, coupled with steady accrued interest income from high-credit-quality international issuers, in an environment characterized by relative exchange rate stability and comparatively favourable onshore RMB interest rate levels.

The index performance also reflects growing demand among onshore investors for diversified, high-grade RMB-denominated assets, supporting liquidity in the panda bond market and increased participation by international issuers in China's domestic capital markets.

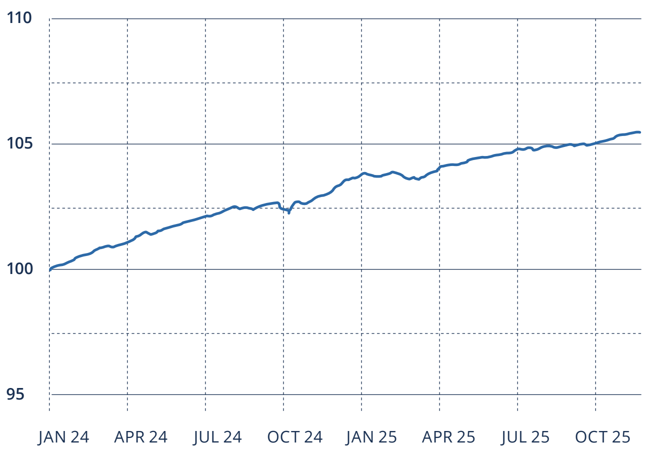
For international issuers, participation in the panda bond market not only enhances RMB funding capability and facilitates China-related business activities, but also provides access to a diversified domestic investor base in China. This enables funding source diversification and more balanced currency allocation.

ChinaBond ICBC panda bond AAA Index



Source: ChinaBond

ChinaBond ICBC panda bond AAA Index



Source: ChinaBond

Subgroup review

Sustainable RMB Market Subgroup review

Co-chairs HSBC and ICBC Standard organised two meetings in 2025. The Subgroup also held follow-up discussions on the RMB as an investment and diversification currency.

Key market observations

- **There is strong momentum to broaden London's offshore RMB product set,** leveraging London's time zone, legal/regulatory framework, and diverse investor base (City of London Corporation).
- **UK government supports** accelerating offshore RMB development as part of competitiveness and growth and continues to engage with Chinese regulators (HM Treasury).
- **Liquidity and access are improving:** Bond Connect Repo and CIBM Repo enhancements (Sep 2025) are viewed as a liquidity "gamechanger" (HSBC).
- **Documentation and operational friction** remain a major blocker, especially for buy-side participation (Investment Association; HSBC).
- **Market infrastructure is evolving but remains constrained:**
  - **Clearing:** LCH currently clears USD/CNY NDFs and is exploring clearing for USD/CNH FX options and CNH spot/forward swaps.
  - **Settlement:** CLS does not yet support CNH. LSEG/LCH are working with HKMA/HKICL on an RTGS-based route, with testing planned in 2026 and go-live targeted for Q4 2026.
  - **Collateral:** A phased roadmap will begin delivering CGB collateral from H1 2026.
- **Issuance and demand signals:**
  - The dim sum bond market grew strongly in 2025; liquidity improved; CNH lending was supported by low costs/weaker USD (ICBC Standard).
  - Offshore RMB issuance in London recovered in Q1 2025 (12 issues, ~GBP£700m equiv.) (LSEG).

Gaps and friction

- **Limited long-dated CNH hedging in London** (beyond the typical 18–24 months) is constraining "real money" investors and swap hedging.
- **There is a repo documentation mismatch:** onshore CIBM repo requires a National Association of Financial Market Institutional Investors (NAFMII) Master Bond Repurchase Agreement, while offshore investors often prefer GMRA.
- **Operational complexity** across infrastructure, documentation and trading/clearing/settlement is deterring asset managers and pension funds.
- **Need for a stronger RMB yield curve offshore** (more long-tenor dim sum issuance, e.g., ten-year).

Consolidated recommendations

1. **Maintain and deepen UK–China regulatory engagement** to unlock connectivity and product expansion via EFD and working groups.
2. **Prioritise CNH derivatives** and longer-dated hedging development in London.
3. **Improve clearing/settlement infrastructure** for CNH, progressing the HKICL RTGS settlement route and expanding cleared CNH products.
4. **Broaden buy-side participation** (asset managers, SWFs, insurers, pension funds) to shape products and remove adoption barriers.
5. **Simplify and align documentation:** liaise with International Capital Market Association (ICMA)/PBOC/NAFMII; consider GMRA adoption or equivalent for repo participation.
6. **Deepen offshore RMB bond markets:** encourage more Chinese issuers in London and build longer-tenor dim sum issuance to support a yield curve.
7. **Expand connectivity channels** (e.g., Swap Connect growth; there is also appetite for interest rate swaps (IRS) linked to the loan prime rate (LPR). Explore CCP recognition/connectivity such as CCP Connect).
8. **Educate around risk and hedging:** CRO network sharing; consider CRO summit / insurer board-level sessions on offshore RMB products.

Latest policies and major events

Latest policies

2025 Q1

On 22 January, the PBOC, the Ministry of Commerce, the National Financial Regulatory Administration (NFRA), the China Securities Regulatory Commission (CSRC), and the SAFE issued the *Opinions on the Trial Alignment of the Financial Sector with High-Standard International Rules in Qualified Pilot Free-Trade Zones (Port) for Greater Institutional Opening-Up.*

On 13 March, the PBOC and the SAFE further expanded the pilot program of integrated RMB and foreign currency cash pooling for multinational corporations.

2025 Q2

On 21 April, the PBOC, the NFRA, the SAFE, and the Shanghai Municipal People's Government jointly issued the *Action Plan for Further Facilitating Cross-Border Financial Services in Shanghai International Financial Centre.*

On 7 May, the PBOC and the CSRC issued the *Announcement on Matters Concerning Supporting the Issuance of Sci-tech Innovation Bonds.*

2025 Q3

On 14 July, the PBOC, the NFRA and the CSRC jointly issued the *Green Finance Endorsed Project Catalogue (2025 Edition)*.

On 26 September, the PBOC, the CSRC and the SAFE jointly issued the *Announcement on Further Supporting Overseas Institutional Investors in Conducting Bond Repurchase Business in China's Bond Market*.

2025 Q4

On 12 October, the PBOC issued *Administrative Measures for Interbank Market Brokerage Business*, effective from January 1, 2026.

On 26 December, the PBOC and the SAFE jointly issued the *Notice on Integrated RMB and Foreign Currency Cash Pooling for Multinational Corporations*, to promote this program nationwide, effective immediately.

On 26 December, the PBOC and the SAFE jointly issued the *Notice on Issues Concerning Capital Management for Overseas Listing of Domestic Enterprises*, which aims to further facilitate efficient fundraising by domestic enterprises in overseas financial markets.

China onshore RMB market

2025 Q1

On 10 February, China Foreign Exchange Trade System (CFETS) launched the offshore repo business under Bond Connect, providing efficient and convenient trading services for overseas investors to use their Northbound Bond Connect bonds as collateral.

On 19 February, the National Association of Financial Market Institutional Investors (NAFMII) refined the mechanism for green bond issuances by overseas institutions in the interbank bond market to streamline and standardize the registration and issuance processes for green panda bonds.

2025 Q2

On 1 April, CFETS exempted trading fees for long-term maturity FX derivatives. The fee waiver will remain in effect for three years.

On 7 May, PBOC and CSRC issued the *Announcement on Matters Concerning Supporting the Issuance of Sci-tech Innovation Bonds* to exempt transaction fees for the bonds.

On 15 May, CFETS, the Shang Hai Clearing House (SHCH), and OTC Clearing Hong Kong Limited (OTC Clear) enriched the product tenors and types under Swap Connect to better meet overseas investors' needs for managing RMB interest rate risk.

On 26 May, CFETS established the Sci-Tech Board section on the CFETS RMB trading system, providing services including market data and trading functions for sci-tech innovation bonds and related products.

2025 Q3

On 21 July, information transition services for interbank market foreign currency transactions were extended to RMB/FX cross currency swaps and G10 currency pairs cross currency swaps.

On 21 August, the SAFE launched a pilot program for green foreign debt financing in 16 provincial-level regions and cities, encouraging non-financial enterprises to use cross-border financing funds for qualified green and low-carbon transition projects.

On 29 September, CFETS broadened trading services channels for overseas institutional investors to trade bond repos and widened the scope of foreign participation.

Beijing Skyline

2025 Q4

On 11 December, CFETS, China Central Depository Trust & Clearing Co, Ltd. (CCDC) and SHCH jointly issued the *Notice on Continuously Optimizing Account Services for Overseas Institutional Investors in the Interbank Bond Market.*

China- UK market events

11 January, 2025: Economic and Financial Dialogue (EFD)

The 11th China-UK EFD was held in Beijing, co-chaired by Chinese Vice Premier He Lifeng and UK Chancellor of the Exchequer Rachel Reeves. The dialogue marked a return to of the mechanism after nearly six years, reflecting joint efforts to stabilize and develop bilateral relations.

The two sides reached 69 outcomes, covering areas such as macroeconomic policy coordination, financial services, trade and investment, energy, and sustainable development. They agreed to strengthen communication on macroeconomic policies and enhance coordination to support global economic stability and growth.

31 January, 2026: Financial Working Group (FWG)

The China-UK FWD held its inaugural meeting in Beijing, marking the launch of a new institutional platform for bilateral financial cooperation. The meeting brought together financial authorities from both countries and delivered tangible cooperation outcomes across multiple areas. Both sides reaffirmed London's position as a leading global foreign exchange trading centre and an important offshore RMB hub.

As an outcome of these joint efforts, HSBC has been authorized to conduct Chinese government bonds futures trading on CFFEX (China Financial Futures Exchange), and BOC London branch has been designated as the UK's second RMB clearing bank. Meanwhile, both sides reached the agreement to work toward signing a memorandum of understanding on central counterparty (CCP) supervision between the PBOC and the Bank of England, aimed at improving regulatory coordination and risk management in financial markets.

Hong Kong Skyline

28 to 31 January 2026: Prime Minister Sir Kier Starmer's visit to China

Prime Minister Sir Kier Starmer's paid an official visit to China marking the first visit by a British prime minister in nearly eight years. The visit was seen as an important step toward stabilising and developing China-UK relations.

Both sides agreed to advance a stable, constructive, and forward-looking relationship, based on mutual respect and equality. They stressed the importance of maintaining dialogue while expanding cooperation in key areas such as economy, finance, trade, energy, and green development.

22-27 March 2026: Lady Mayor Dame Susan Langley's visit to China

The Lady Mayor's visit focused on deepening financial connectivity and expanding cross-border opportunities across three major economic hubs. In Hong Kong, discussions centered on practical mechanisms to boost connectivity, specifically targeting Hong Kong–London dual listings and pilot initiatives under the Mutual Recognition of Funds (MRF) framework to widen offshore investor access to RMB-denominated assets.

In Beijing, the Lady Mayor held high-level meetings with the Mayor of Beijing, the Vice Chairman of the National Financial Regulatory Administration, and senior executives from major institutions including CCB, ICBC, and the Bank of China. She also addressed three major financial forums, highlighting the launch of a new UK-China Green Bond Working Group co-chaired by CCB and the City of London Corporation. Moving to Shanghai, the agenda shifted to advancing bilateral cooperation in offshore and cross-border RMB business, spanning green finance, wealth management, and digital payment solutions.

Appendix

UK RMB business in CIPS

In 2025, CIPS cleared and settled a cumulative volume of RMB¥26.41tn in the UK among which RMB¥16.33tn was paid and RMB¥10.08tn was received.

As of December 2025, CIPS has 27 participants from the UK; five direct and 22 indirect. These are listed in the table below.

No.	Name of institution*
	DIRECT PARTICIPANT
1	CHINA CONSTRUCTION BANK CORPORATION LONDON BRANCH
2	BANK OF CHINA LONDON BRANCH RMB CLEARING CENTER
3	BANK OF COMMUNICATIONS CO., LTD. LONDON BRANCH
4	AGRICULTURAL BANK OF CHINA LIMITED, LONDON BRANCH
5	INDUSTRIAL AND COMMERCIAL BANK OF CHINA, LONDON BRANCH
	INDIRECT PARTICIPANT
1	HSBC UK BANK PLC RE PRIVATE BANK
2	HSBC UK BANK PLC
3	BARCLAYS BANK PLC
4	BANCO DO BRASIL S/A, LONDON BRANCH
5	LLOYDS BANK PLC
6	DEUTSCHE BANK AG (LONDON BRANCH)
7	COMMONWEALTH BANK OF AUSTRALIA, LONDON BRANCH
8	MUFG BANK, LTD., LONDON BRANCH
9	CROWN AGENTS BANK LIMITED
10	OVERSEA-CHINESE BANKING CORPORATION LTD, UK BRANCH
11	BARCLAYS BANK PLC
12	ZENITH BANK (UK) LTD.
13	ICBC STANDARD BANK PLC
14	THE ACCESS BANK UK LIMITED
15	FBN BANK (UK) LTD
16	SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., LONDON BRANCH
17	HSBC BANK PLC, UNITED KINGDOM
18	CHINA MERCHANTS BANK CO., LTD, LONDON BRANCH
19	STANDARD CHARTERED BANK LONDON
20	THE BANK OF EAST ASIA LIMITED, LONDON BRANCH
21	ICBC (LONDON) PLC
22	CHINA CONSTRUCTION BANK (LONDON) LIMITED

*The name of the institution is the name registered when the CIPS participant joined the system.

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