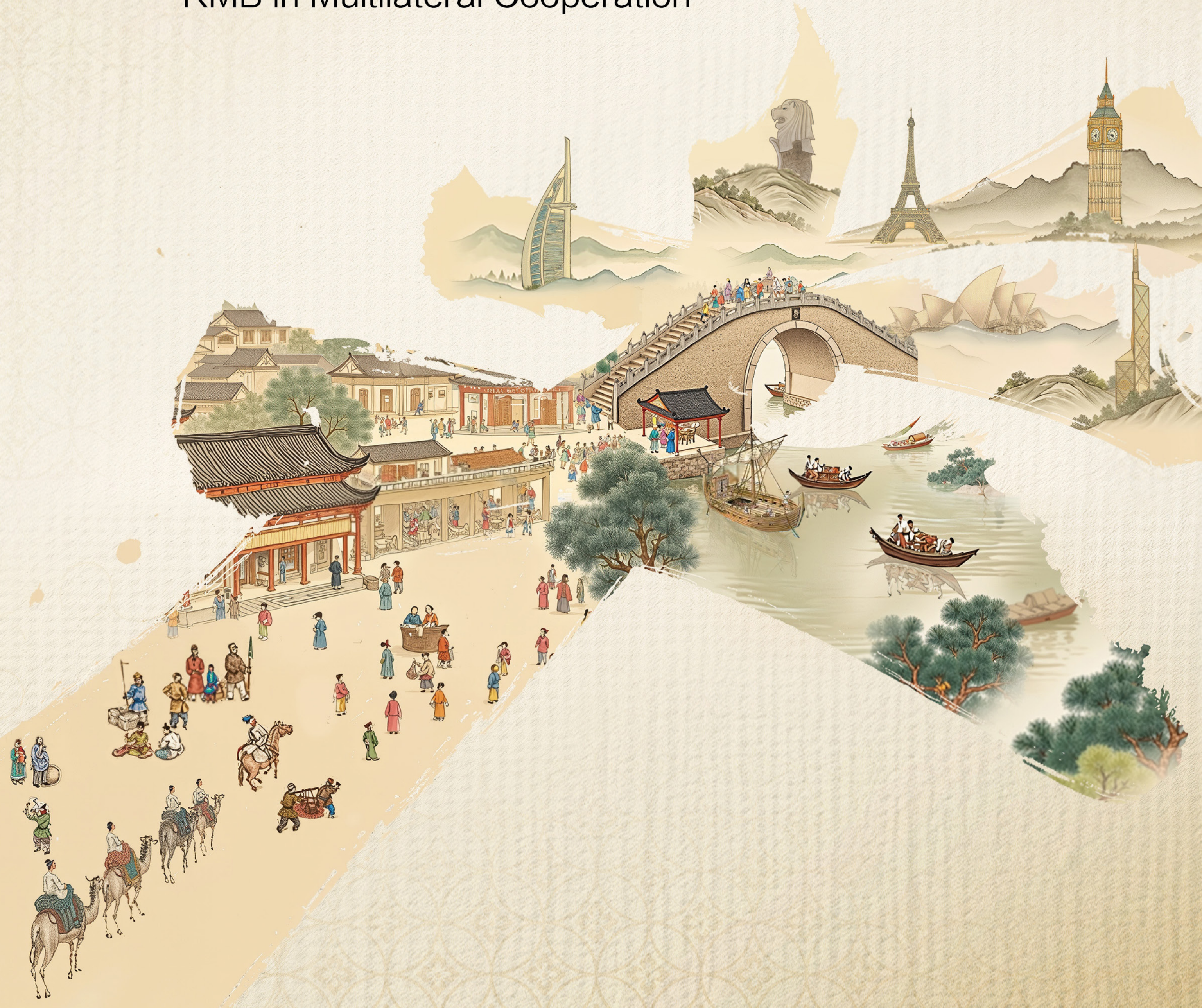
中国银行
BANK OF CHINA

2025

White Paper on RMB Internationalization of Bank of China

— RMB in Multilateral Cooperation



Member of the Writers Team:

Head Office:	Xiong Yuanmeng Xing Xuewen	Wang Min Wang Chun
Shenzhen Branch:	Guo Jingjing	
Suzhou Branch:	Zheng Huaiying	
Fujian Branch:	Fu Yu	
Shanghai Branch:	Ma Zhihao	
Anhui Branch:	Xia Nan	
Bank of China(Hong Kong):	Zhang Hualin Xie Jinming	Yang Yongfeng
London Branch:	Li Zhenlong	

CONTENTS

01

Chapter I

Overview of RMB Internationalization

01

Policy environment

China has continued to push forward the high-standard opening up of its financial sector, further refine relevant policies, enhance both the scale and level of cross-border use of RMB, promote trade and investment facilitation on a broader scale, and more actively contribute to the establishment of a new development pattern.

First, promoting trade and investment facilitation. To strengthen the coordination between domestic and foreign currencies, China has piloted a policy to optimize integrated capital pool for multinational corporations' domestic and foreign currencies in ten provinces and municipalities, including Beijing, Shanghai, Jiangsu, Zhejiang, and Guangdong. This initiative aims to help large multinationals further reduce financing costs, enhance the convenience of cross-border settlement, improve cross-border capital management, and increase the efficiency of capital utilization.

Second, deepening the opening of China's financial market. China has further refined the Swap Connect mechanism by introducing interest rate swap contracts that adopt settlement dates in alignment with international money markets settlement cycles. This alignment with mainstream global trading varieties is intended to meet the diverse risk management needs of both domestic and overseas investors. In parallel, contract compression services and the supporting backdated trade contracts were launched to help participating institutions manage the business scale of outstanding contracts, reduce capital consumption, and stimulate market activity. Additionally, China has revised the *Regulations* *on the Administration of Domestic Securities and Futures Investment Funds by Foreign Institutional Investors* to improve the management of cross-border capital by qualified foreign investors (QFIs). The revisions focus on four key areas: streamlining registration procedures, optimizing account management, enhancing foreign exchange (FX) administration, and improving the oversight of spot FX purchase and sales as well as FX derivatives. Collectively, these measures aim to further facilitate foreign institutional investors' participation in China's futures market.

Third, supporting the development of the offshore RMB market. To improve the RMB liquidity supply mechanism in offshore markets, China has included bonds under the Bond Connect scheme as eligible collateral for the Hong Kong Monetary Authority (HKMA)'s RMB Liquidity Facility. This marks the first time that domestic bonds have been granted collateral status in an offshore market, enabling eligible RMB bonds to serve not only as high-quality investment assets but also as key instruments for liquidity management.

Fourth, promoting infrastructure connectivity. The People's Bank of China (PBC) and the HKMA have signed the Memorandum of Understanding on the Cross-Boundary Linkage of Payment Systems to advance the interconnection of fast payment systems between the Mainland and Hong Kong. In addition, the State Council's executive meeting reviewed and adopted the *Opinions on Further Optimizing Payment Services to Enhance Payment Convenience*, which further improves the accessibility of cross-border mobile payments. With overseas-issued UnionPay cards now fully supporting integration with Alipay and WeChat Pay, foreign visitors to China can enjoy more convenient, inclusive, and user-friendly payment options.

Fifth, strengthening multilateral cooperation to uphold financial stability. China has signed memorandums of understanding with the State Bank of Vietnam and Norges Bank to further expand the scope and scale of bilateral local currency swap arrangements. As of now, the PBC has entered into bilateral local currency swap agreements with the central banks or monetary authorities of 29 countries and regions, with a total swap volume exceeding RMB4 trillion. These arrangements are designed to facilitate cross-border trade and investment and to help safeguard regional financial stability.

02

Market environment

1. Economic growth.

In 2024, the global economy continued to face challenges, including geopolitical tensions and rising protectionism, which led to a slowdown in aggregate demand and a persistently weak recovery. As a result, growth momentum remained insufficient. The International Monetary Fund (IMF) projected global economic growth at 3.2% for the year 2024, marking the second consecutive year below the pre-pandemic average of 3.7% (2000-2019). Despite mounting external pressures and increasing internal challenges, China's economy maintained overall stability and steady progress. Its GDP grew by 5% and surpassed the RMB130 trillion mark for the first time, reflecting the robust resilience and vast potential of the Chinese economy.

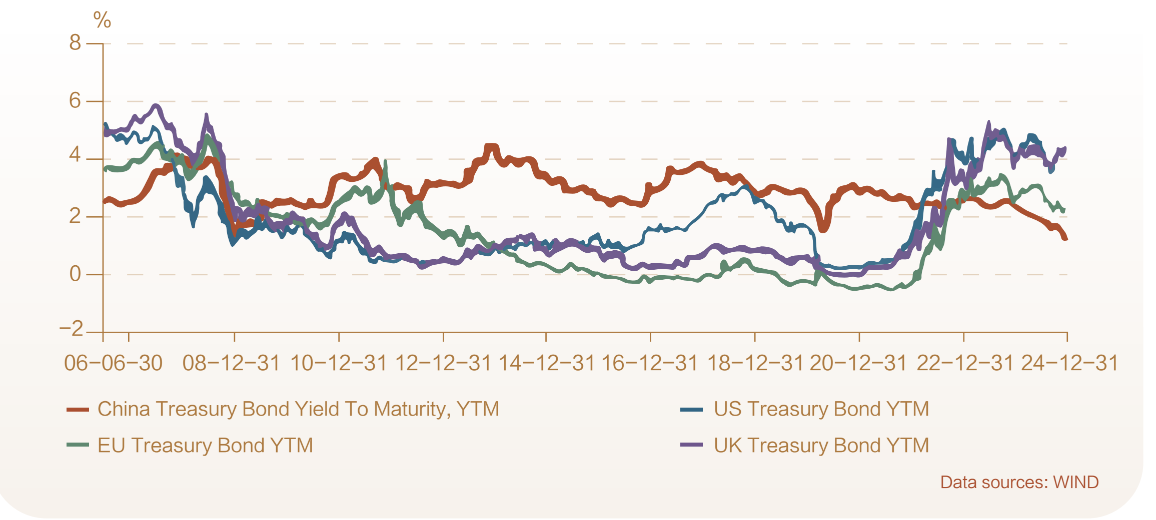
2. Goods trade.

In 2024, the World Trade Organization (WTO)'s global trade barometer index continued its moderate upward trajectory and remained above the level recorded during the same period in 2023, signaling stronger global trade momentum. The value of global merchandise trade grew by 2.2% year-on-year. China's foreign trade maintained steady growth, with total imports and exports of goods increasing by 5% to RMB43.8 trillion. This accounted for 12.5% of global merchandise trade, representing a 0.2 percentage point increase from the previous year. China contributed approximately 21.9% to global trade growth.

3. Interest rate and exchange rate developments.

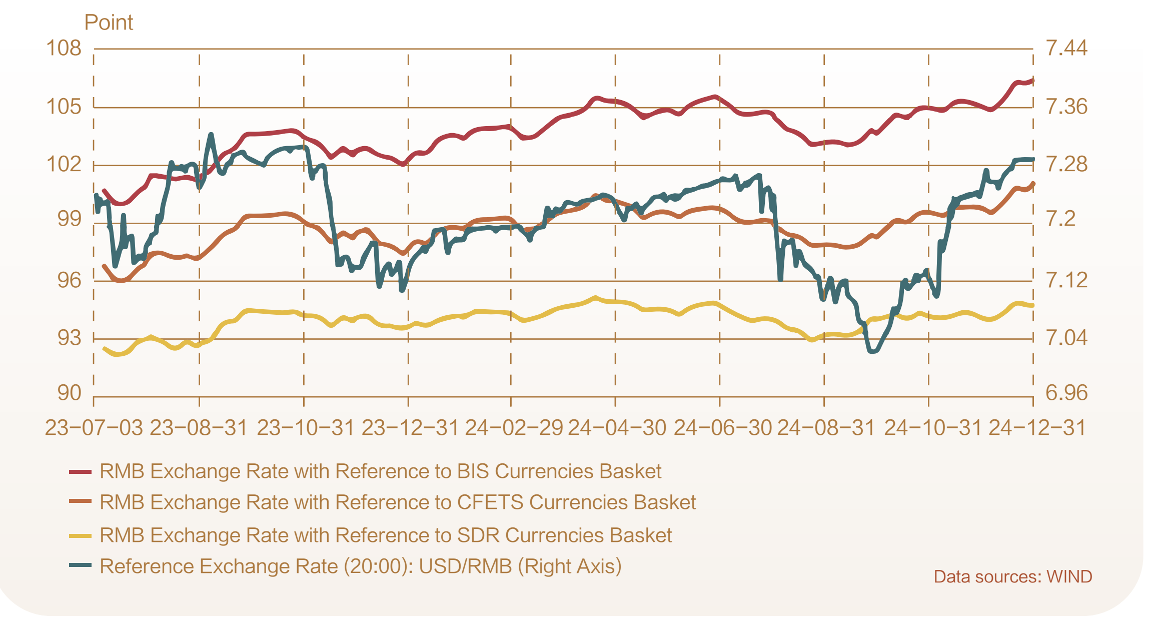
In the second half of 2024, both the core inflation in the US and the harmonized index of consumer prices (HICP) in the Eurozone bottomed out on a monthly year-on-year basis. Consequently, interest rates in US dollar and euro markets remained volatile at relatively high levels. In contrast, China's consumer price index (CPI) remained broadly stable, with year-on-year monthly changes ranging from 0.1% to 0.6%. RMB interest rates continued to decline gradually. The interest rate spread between RMB and the USD remained inverted, with the spread fluctuating between 170 and 300 basis points.

Three-year Yields to Maturity of Central Government Bonds Denominated in Major International Currencies



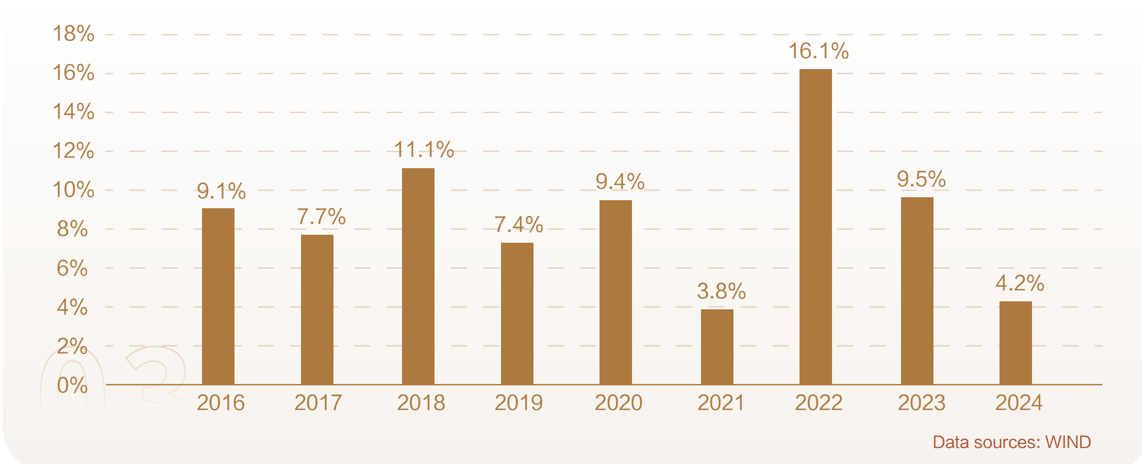
The RMB exchange rate remained generally stable with a slight appreciation trend. Although the RMB depreciated modestly against the US dollar, its exchange rate indices—measured against the CFETS currencies basket, the SDR currencies basket, and the BIS currencies basket—all recorded moderate gains.

USD/CNY Exchange Rates and RMB Exchange Rate Index with Reference to CFETS, BIS, SDR Currencies Basket



The RMB-USD exchange rate continued to exhibit two-way fluctuations, with reduced volatility and fewer extreme movements. In 2024, the annual amplitude of exchange rate fluctuation between RMBand US dollar stood at 4.21%, significantly lower than the 9.5% recorded in 2023. The number of trading days when the intra-day difference between the highest and lowest RMB-USD exchange rates exceeded 300 basis points dropped to 25, a reduction of 66 days from the year 2023.

Annual Volatility Range of the RMB/USD Exchange Rate



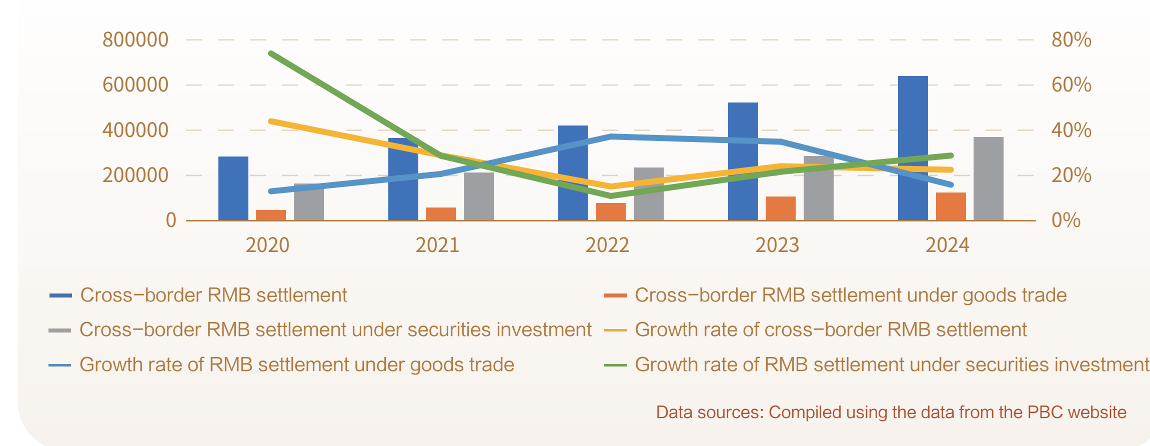
Data sources: WIND

Progress in RMB internationalization

1. Continued expansion of The scale of cross-border RMB settlement expanded.

In 2024, China's total cross-border RMB settlement value reached approximately RMB64.1 trillion, marking a year-on-year increase by 22.5%. Among which, RMB settlements under the current account amounted to RMB16.3 trillion, up by 15.7% from the previous year. Within this category, settlements for goods trade totaled approximately RMB12.4 trillion, reflecting a 15.9% year-on-year increase. RMB settlements under the capital account reached RMB47.8 trillion, a year-on-year rise by 24.9%, including RMB28.7 trillion in securities investment settlements, an increase by 28.8% from the year 2023.

Cross-border RMB Settlement (in RMB100 Million) and Growth Rate



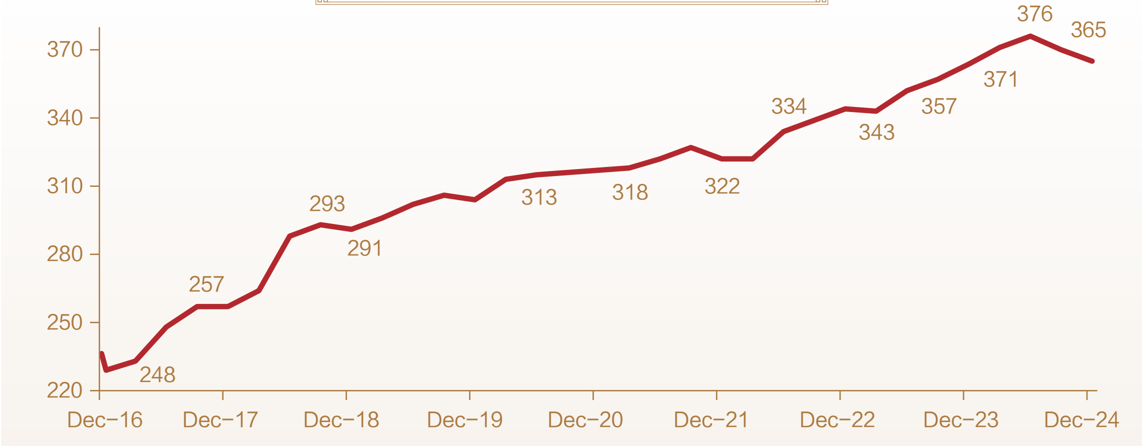
Data sources: Compiled using the data from the PBC website

Cross-border RMB settlements for securities investment accounted for nearly 60% of China's total cross-border RMB settlement value, serving as a major driver of overall growth and resulting in a closely correlated trend between the two indicators.

2. The cross-border use of RMB was continuously active.

The Cross-Border RMB Index (CRI), developed by Bank of China ("BOC" or "the Bank") to track and measure cross-border RMB usage, maintained its upward momentum in 2024, closing the year at 365 points—surpassing the level recorded in the end of previous year. According to SWIFT message data, cross-border RMB payments and receipts occurred in 166 countries and regions, five more than in 2023. This broader coverage of RMB payment network supported the dynamic cross-border use of RMB.

BOC Cross-Border RMB Index(CRI)

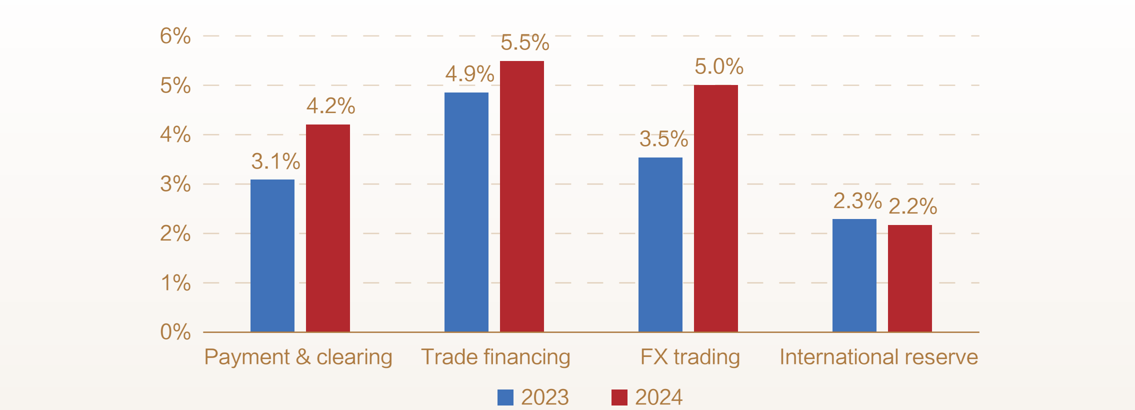


Data sources: WIND

3. The international role of the RMB was further strengthened.

According to data from SWIFT and the IMF, the RMB's global usage in 2024 reached 4.2% in international payments, 5.5% in trade financing, 5.0% in FX trading, and 2.2% in FX reserves—each reflecting varying degrees of improvement compared to 2022. In terms of global rankings, the RMB was the fourth most used currency for payments, third in trade financing, fifth in FX trading, and seventh as a reserve currency.

International Use Share of RMB in Certain Sector



Data sources: Compiled using the data from the Swift Market Insight and the IMF

02

Chapter II

Assessment on the role of RMB as an International Currency

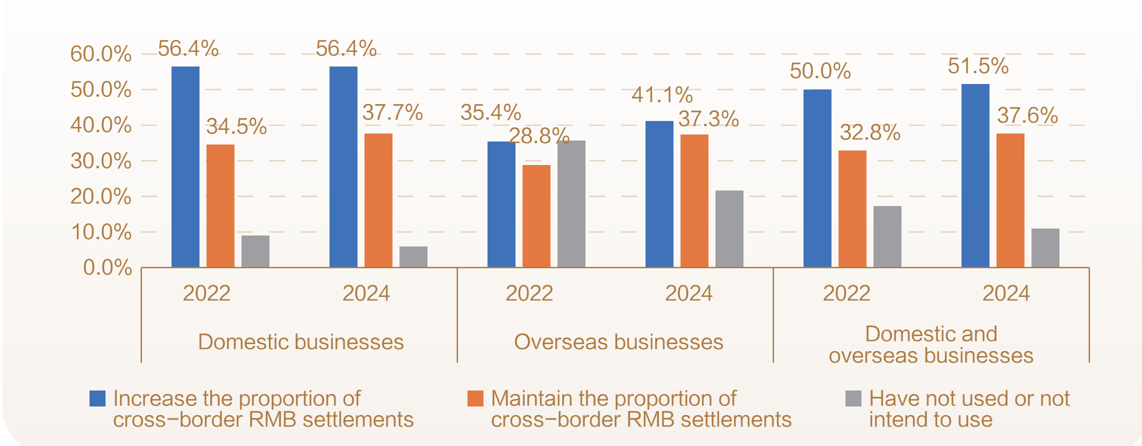
In 2025, the cross-border use of the RMB i produced more significant effects in facilitating trade and investment and better serving the real economy. Both domestic and overseas businesses and financial institutions have given positive assessment on the role of RMB as an international currency from various perspectives, highlighting the growing market recognition of its global role.

01 RMB as a settlement currency

1. The domestic and overseas market entities' intention to use cross border RMB remained positive.

The 2024 market survey revealed that most of the surveyed domestic and overseas market entities planed to maintain or increase the use of RMB for settlement, reflecting continued enthusiasm for RMB settlements for cross-border transactions.

Proportion of the Surveyed Enterprises Maintaining or Increasing Their RMB Use for Settlemen



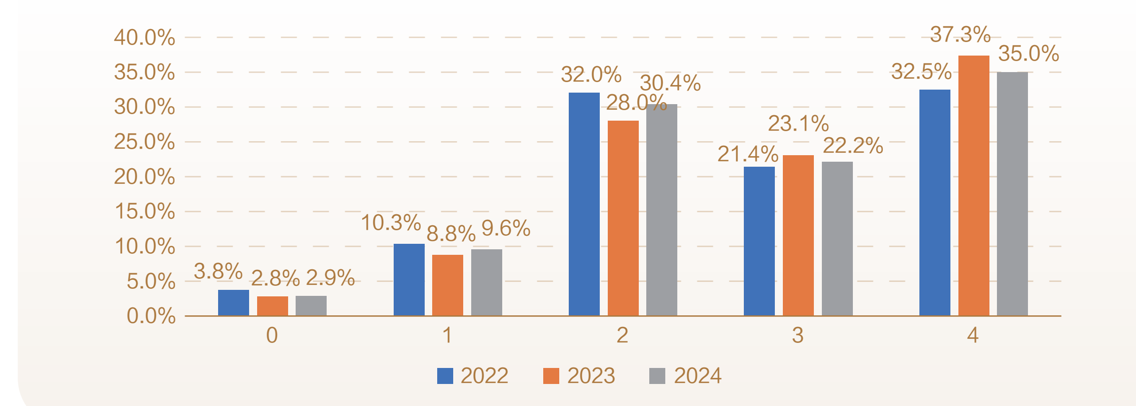
Disaggregated data showed that 94.1% of the domestic enterprises and 78.4% of the overseas enterprises intend to either sustain or expand their RMB settlement activities. These figures remain high and showed represent an improvement over the first survey conducted in 2022, with more notable improvement observed among overseas businesses.

The willingness to use the RMB is particularly pronounced in some key overseas regions. Among ASEAN enterprises surveyed, 85.9% expressed the intention to maintain or increase their RMB settlement usage, 2.4 percentage points higher than the 2022 survey. Among European enterprises surveyed, 75.5% expressed the intention to maintain or increase their RMB settlement usage, 10.3 percentage points higher than the 2022 survey.

2. The acceptance of RMB for settlement by overseas trade partners was at high level.

When asked to rate their foreign trade partners' willingness to accept RMB settlement (on a scale from 0 = completely unwilling to accept RMB, 4 = fully willing to accept RMB), 57.2% of domestic enterprises reported that their partners either fully (4) or mostly (3) accepted RMB settlement. While this figure represents a 3.2 percentage point decline compared to the previous year, it remains at a relatively high level in recent years.

Willingness of Overseas Trade Partners of Domestic Enterprises to Accept RMB



3. The circulation and use of the RMB among countries and regions outside China was continuously active.

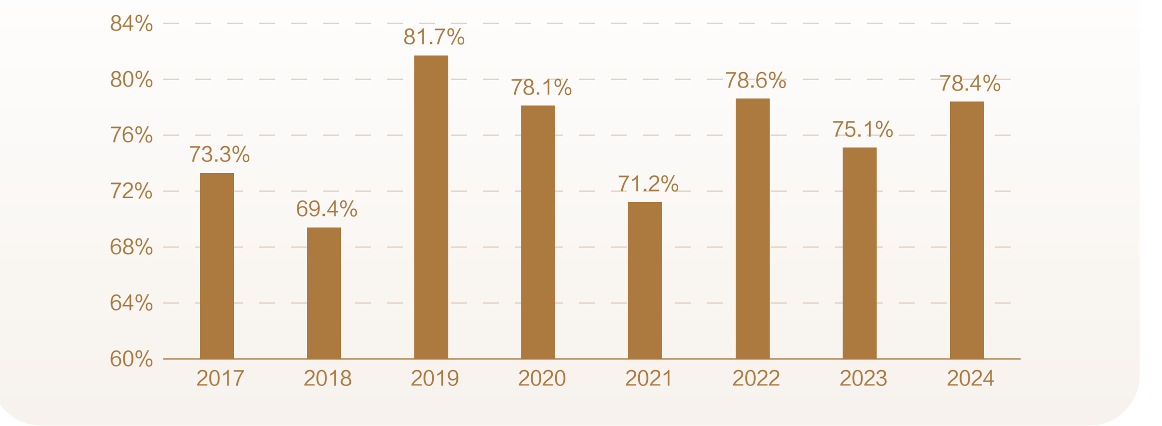
In 2024, 29.6% of the surveyed overseas enterprises reported conducting cross-border RMB settlements with countries and regions outside China. While this figure represents a slight decline by 0.8 percentage point from 2023, it marks an increase by 3.3 percentage points compared to 2022, indicating sustained activity in the RMB's cross-border use over recent years.

The use of the RMB outside China was particularly notable in some key regions. For example, 36.1% of the surveyed ASEAN businesses reported conducting RMB settlements with countries and regions outside China, 6.5 percentage points higher than the overall result for overseas enterprises. Similarly, 34.1% of the surveyed European companies reported using the RMB in countries and regions outside China, 4.5 percentage points above the overall results for overseas respondents.

RMB as a financing currency

The RMB has become a new alternative for overseas market entities to access international liquidity. According to the 2024 survey, 78.4% of the overseas enterprises indicated that, during periods of tight liquidity in international currencies such as the US dollar and Euro, they would increasingly turn to the RMB for financing. This represents a 3.3 percentage point increase from the 2023 survey, with the figure remaining above 75% for the third consecutive year. Furthermore, 71.7% of the surveyed overseas financial institutions stated that they would consider the RMB an important supplement to international liquidity, reflecting a 6.6 percentage point increase compared to 2023.

Proportion of the Surveyed Enterprises Considering Using RMB as a Financing Currency



Box: Cross-Border RMB Bond Financing in 2024

In recent years, cross-border RMB bond financing has been active, highlighting the RMB's growing role as a financing currency. In 2024, both the balance of outstanding offshore RMB bonds and Panda bonds continued to grow at a relatively fast pace, and reached record highs.

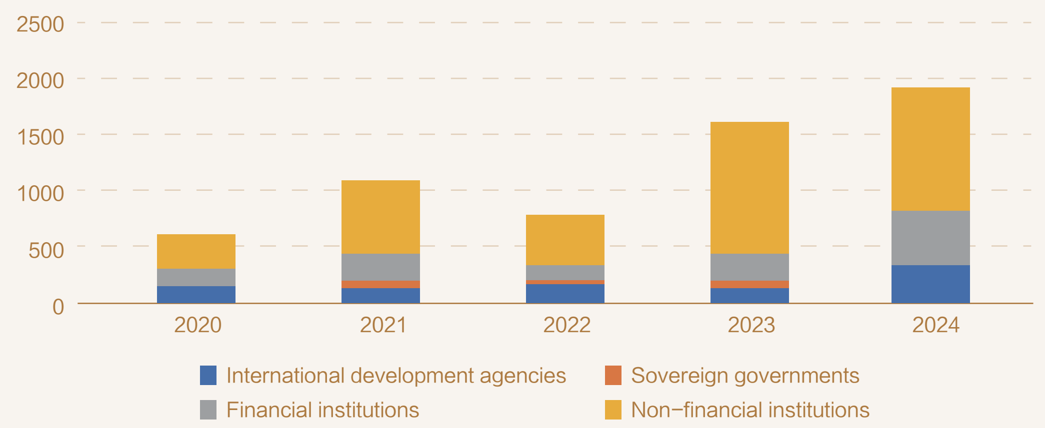
I. Panda bond market

With China's financial markets becoming increasingly open in both directions, overseas institutions have actively issued Panda bonds to raise fresh funds or to raise funds for their operations in China—fueling rapid market growth. The number of newly issued Panda bonds rose from 43 in 2020 to 109 in 2024, while total issuance value surged from RMB58.65 billion to RMB194.8 billion over the same period, marking a 2.3-fold increase. Both the number and the value of issuance set new records in 2024.

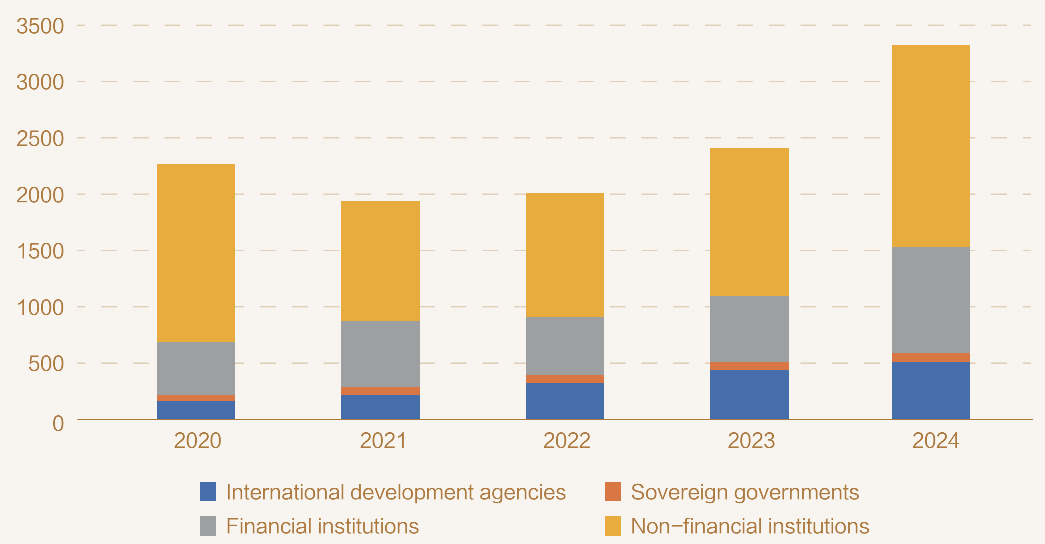
2025 | White Paper on RMB Internationalization of Bank of China

A broad range of overseas market entities actively issued Panda bonds, driving further expansion in the balance of outstanding bonds. As at the end of 2024, there were 197 outstanding Panda bonds with a total balance of RMB319.29 billion—up by 31.1% and 27.1% year-on-year, respectively—both reaching historic highs.

Panda bonds issued by different market entities in recent five years (RMB100 million)



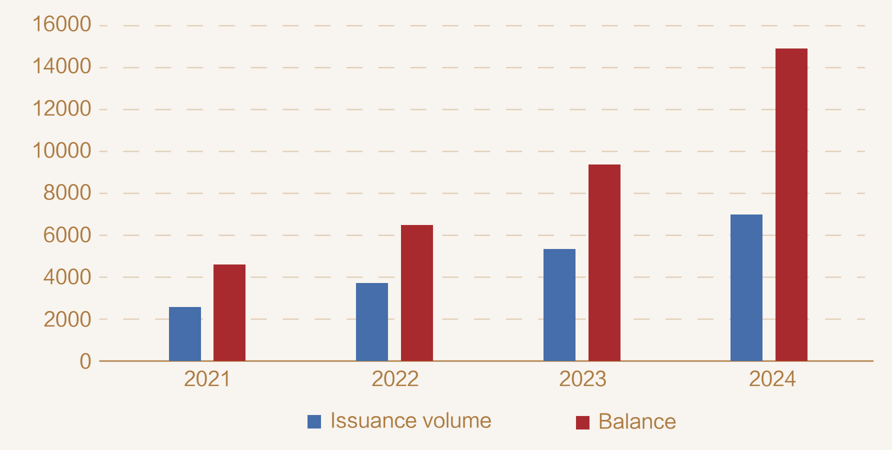
Outstanding Panda bonds by issuer (RMB100 million)



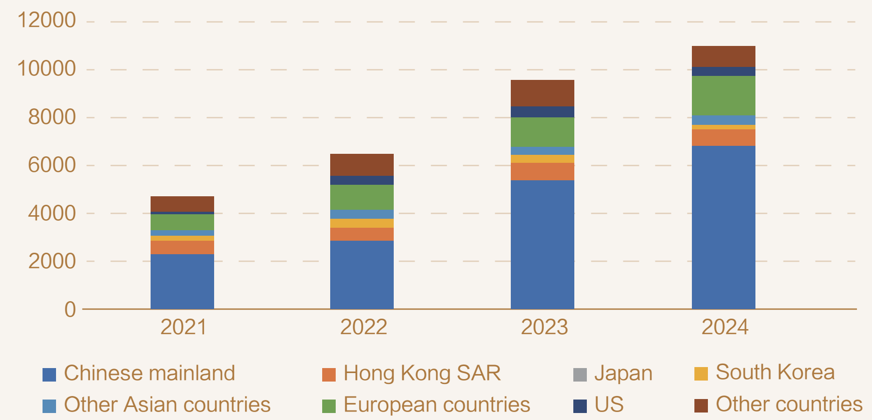
II. Offshore RMB bond market

Bond financing in the offshore RMB market is also highly active in 2024. Compared with the Panda bonds, offshore RMB bonds offer greater flexibility and convenience for cross-border use, making them the preferred option for overseas institutions that seek RMB funding internationally. The People's Bank of China ha continued to issue central bank bills in offshore markets, making the offshore RMB bonds yield curve more complete and market liquidity more adequate. These factors collectively promoted the simultaneous growth of both new issuance and outstanding value in the offshore RMB bond market. In 2024, offshore RMB bond issuance totaled RMB729.3 billion, while the outstanding volume rose to RMB1,466.62 billion—year-on-year increases by 34.0% and 53.9%, respectively. Both figures marked new record highs.

RMB bonds issued in offshore markets and their balances (RMB100 million)



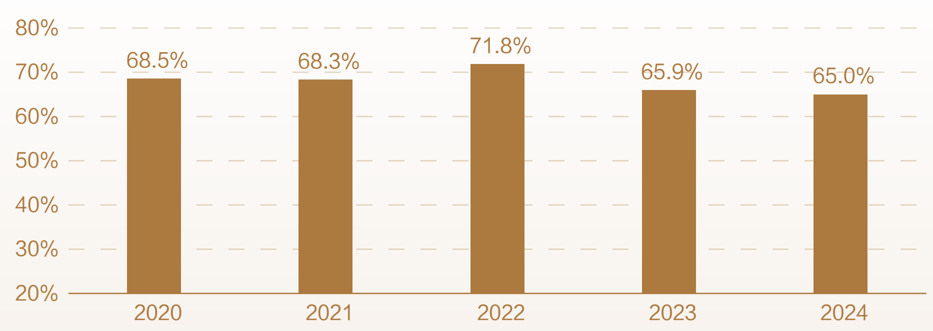
Balances of offshore RMB bonds by country/region of issuer (RMB100 million)



Data sources: BOCI

The willingness to prioritize the RMB for trade financing with China remains strong. Among the surveyed overseas enterprises, 65.0% indicated that they would consider using RMB as the preferred currency for trade financing in transactions with China. This preference is particularly pronounced in key regions. For example, 77.1% of the surveyed ASEAN enterprises expressed willingness to prioritize RMB for trade financing with China—consistent with the 2023 level—while 61.2% of European enterprises indicated the same, up by 3 percentage points from the previous year.

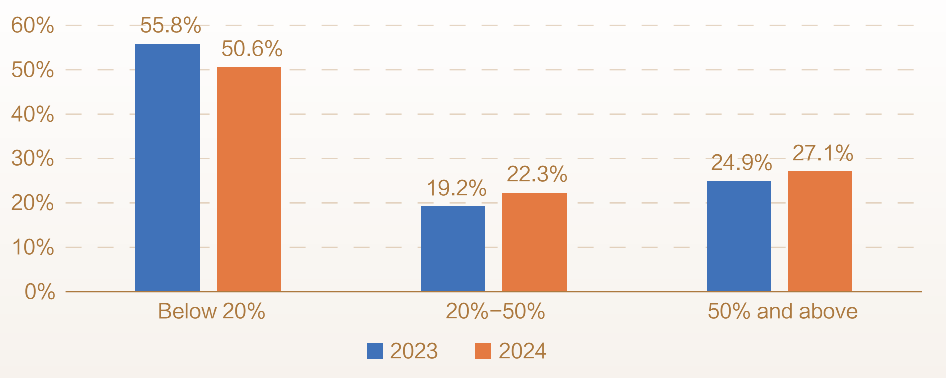
Proportion of Overseas Enterprises Prioritizing RMB for Financing Trade with China



RMB as an investment vehicle currency

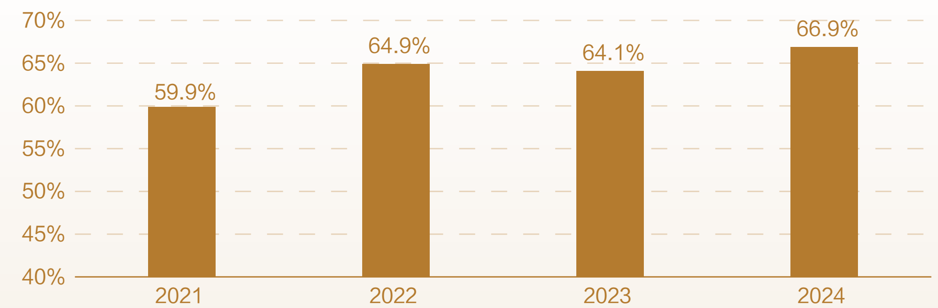
The RMB's role as a vehicle currency for direct investment has further strengthened. Among the surveyed Chinese enterprises going global, 27.1% reported that the RMB accounted for at least 50% of their FDI, representing a 2.2 percentage point increase from 2023. Additionally, 22.3% indicated that the RMB made up at least 20% of their FDI, up by 3.1 percentage points year-on-year. These findings underscore the RMB's growing role as a vehicle currency for foreign direct investment.

Proportion of RMB in OFDI of Chinese Enterprises Going Global



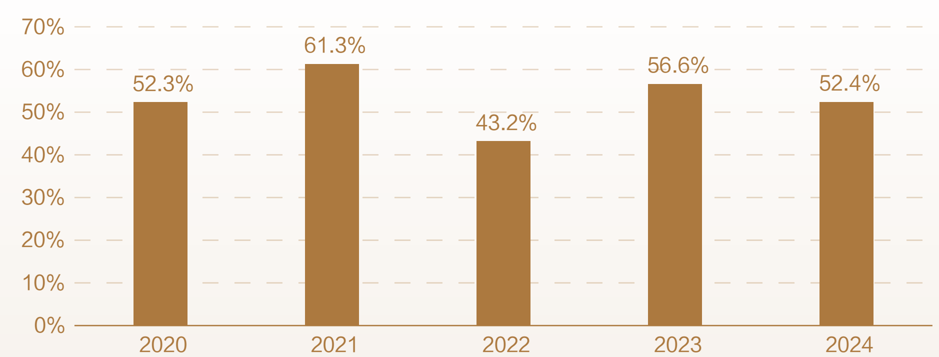
The intention to further increase the use of the RMB in FDI has also strengthened. According to the 2024 market survey, 66.9% of the surveyed domestic enterprises indicated plans to increase RMB use in their overseas investment projects—a 2.8 percentage point increase from 2023 and the highest level recorded in recent years.

Proportion of the Surveyed Domestic Enterprises Planning to Increase the Use of RMB in Their Global Investment Projects



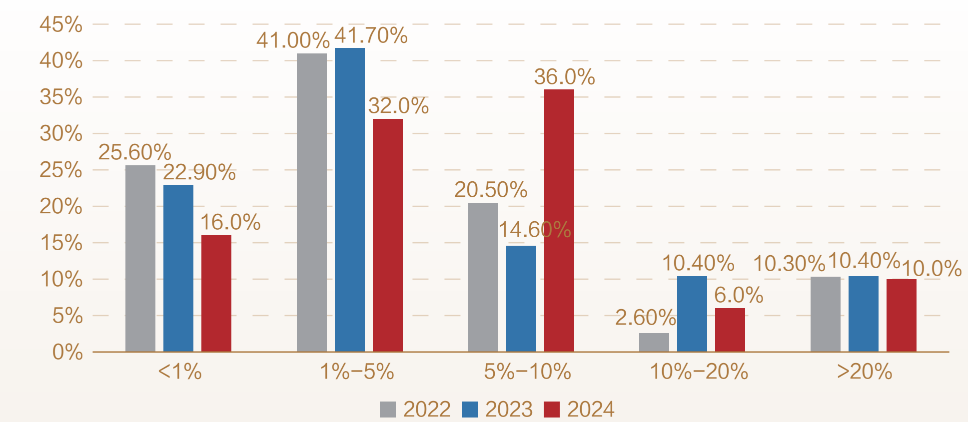
The proportion of overseas financial institutions planning to increase their allocations to RMB financial assets has experienced some fluctuation. In the 2024 survey, 52.4% of respondents expressed an intention to expand their RMB asset holdings, down by 4.2 percentage points from 2023.

Proportion of the Surveyed Overseas financial Institutions Planning to Increase Their Holdings of RMB-denominated Financial Assets



Although the proportion of overseas financial institutions planning to increase their allocation to RMB financial assets declined slightly, those that do intend to increase their allocations have generally shown a tendency to assign a higher weight to RMB assets within their investment portfolios. The 2024 survey results indicate that among the overseas financial institutions planning to increase their allocation to RMB assets, the share of institutions with RMB holdings below 1% or between 1% to 5% of their investable assets declined compared to the previous year. In contrast, the proportion of institutions allocating between 5% and 10% to RMB assets rose by 21.4 percentage points year-on-year, reflecting a stronger intention to increase their investment in RMB financial assets.

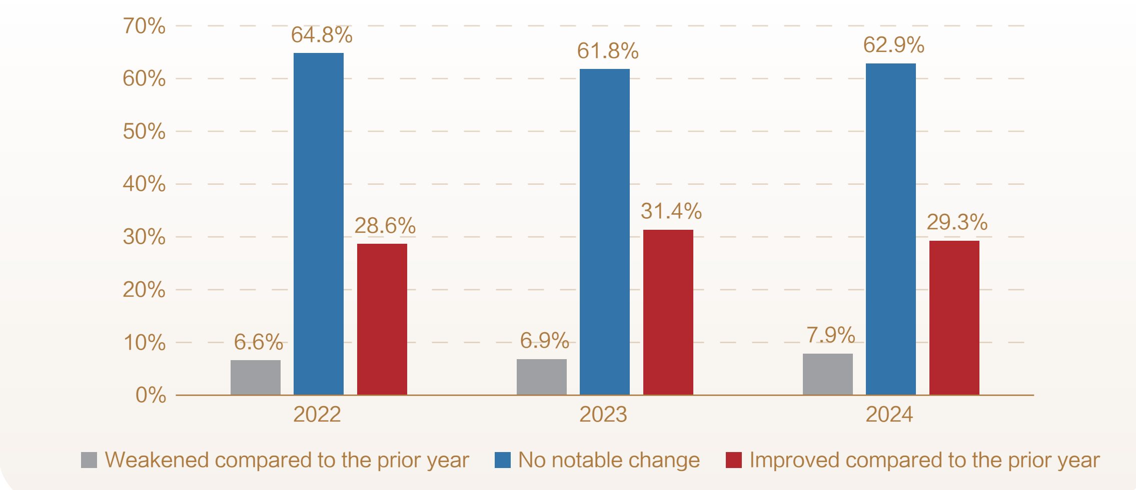
Proportion of RMB Assets Held by the Surveyed Overseas Financial Institutions in Their Investable Assets



RMB as invoice currency

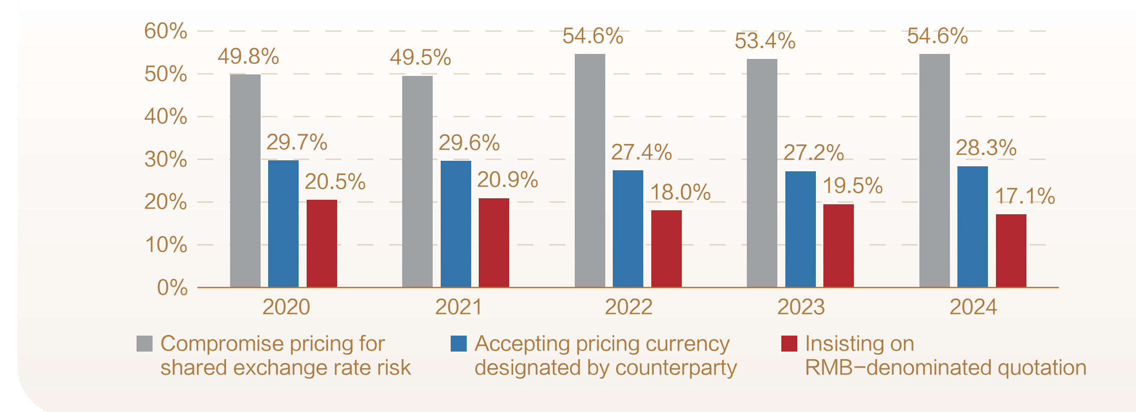
The bargaining power of domestic enterprises has shown some fluctuations. According to the 2024 survey, 7.9% of domestic enterprises reported a weakening of their bargaining position in business negotiations, a slight increase by 1 percentage point from the previous year. Conversely, 29.3% of enterprises indicated that their bargaining position had improved compared to the previous year. Although this marks a small decline by 1.9 percentage points from the 2023 survey, it remains higher than the level observed in 2022. Additionally, 62.9% of domestic enterprises reported no change in their bargaining position, representing a slight increase by 1.1 percentage points from the previous year. Overall, the bargaining position of domestic enterprises remains somewhat weak and fluctuating, there is still significant potential for improvement.

Change to the Bargaining Position of the Surveyed Domestic Enterprises in Business Negotiations



The proportion of enterprises adhering to quotation in RMB has experienced some fluctuations. According to the 2024 survey, 17.1% of domestic enterprises reported that they adhered to quotation in RMB, thereby completely avoiding exchange rate risks. The result is 2.4 percentage points lower than the 2023 survey, marking the relatively low level in recent years. In contrast, the proportion of domestic enterprises that accepted quotation from trade partners, and thus fully bearing the exchange rate risk, increased by 1.2 percentage points compared to 2023.

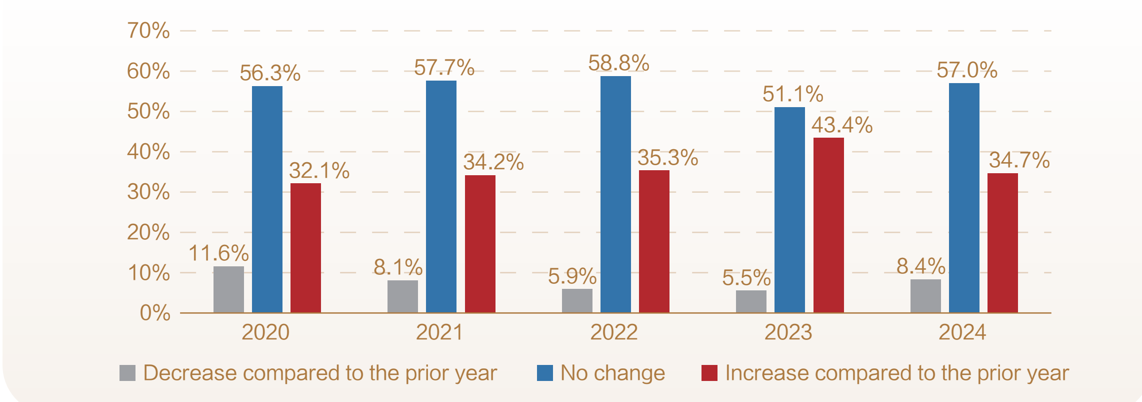
Quoting Strategy of the Surveyed Domestic Enterprises amid Significant RMB Exchange Rate Fluctuations



The fluctuation in the proportion of domestic enterprises insisting on RMB quotation might be caused by several factors. Besides the more direct factor, i.e. the changes in bargaining position, there might be indirect factor i.e. change in the pattern of exchange rate movements. In 2024, the annual amplitude of exchange rate fluctuation of RMB against USD decreased by 55.8% compared to 2023, and the number of trading days with extreme fluctuations in the RMB/USD exchange rate dropped by 72.5% from the previous year. The reduced exchange rate volatility may have weakened the motivation of the enterprises to avoid exchange rate risks by adhering to RMB quotation, as reflected in the variation in the proportion of domestic enterprises insisting on quoting in RMB.

The proportion of enterprises signing RMB invoiced cross-border trade contracts also fluctuated. In the 2024 survey, 34.7% of the surveyed domestic enterprises reported an increase in RMB invoiced trade contracts compared to the previous year, a decrease by 8.7 percentage points from the year 2023 survey. Additionally, 57% of the surveyed domestic enterprises indicated that the proportion of RMB invoiced contracts remained unchanged, marking a 5.9 percentage point increase compared to the 2023 survey. This results may be caused by changes in exchange rate volatility as well. As extreme fluctuations in the RMB/USD exchange rate decreased, the motivation for enterprises to use avoid exchange rate risk has not been further reinforced, the enterprises tend to follow the existing practice in choosing invoice currency for trade contracts.

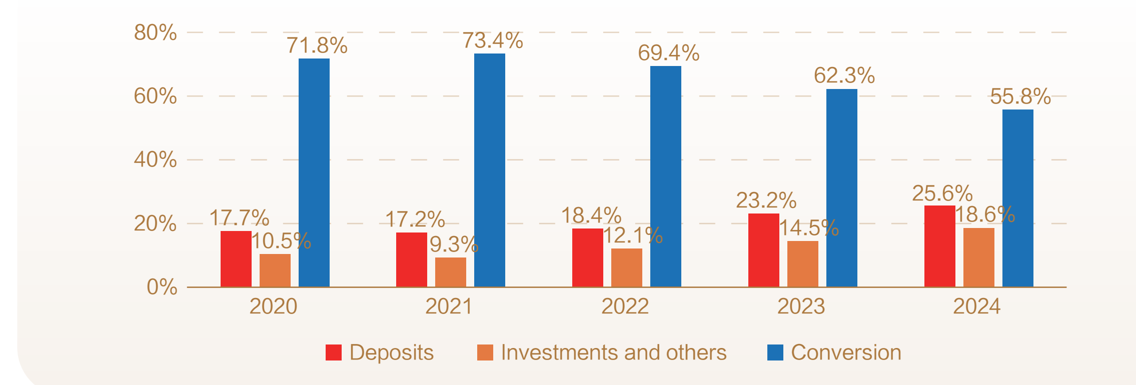
Change to the Proportion of RMB-denominated Contracts Signed by Domestic Enterprises Compared to the Previous Year



05 RMB as a store of value

The function of RMB as a store of value has strengthened significantly, with a growing number of overseas enterprises holding RMB cash or financial assets to preserve purchasing power. According to the 2024 survey, 25.6% of the overseas enterprises under survey reported retaining RMB income in the form of RMB deposits for future trade payments with China, an increase by 2.4 percentage points from 2023. Meanwhile, 18.6% of the surveyed overseas enterprises indicated plans to invest in RMB-denominated financial assets such as bonds—an increase by 8.7 percentage points year-on-year. In contrast, the proportion of overseas enterprises converting RMB income into their local currencies fell by 6.5 percentage points to 55.8%.

Form of RMB Income Held or Invested in by the Surveyed Overseas Enterprises



In 2024, China's CPI recorded a year-on-year increase by 0.2%, unchanged from 2023 and was at the relatively low level among major large economies. Against the backdrop of fluctuating global inflationary pressures, the stability of the purchasing power of RMB has been reaffirmed, attracting more overseas enterprises to hold RMB in the form of deposits or financial assets. The role of RMB, as a general equivalent, has further strengthened its function as store of value.

2025
White Paper on RMB Internationalization of Bank of China

Chapter III

Cross-border RMB Flows between the Chinese Mainland and the Overseas Markets

The cross-border RMB flows between the Chinese mainland and the overseas markets are the origins and foundation of the currency's global circulation. The structure of these flows directly affects the availability of RMB liquidity in other regions, and their regional distribution plays a vital role in shaping and expanding the global RMB circulation network.

Total volume and structure of cross-border RMB flows between the Chinese mainland and the overseas markets

In 2024, cross-border RMB settlements in the Chinese mainland reached approximately RMB64.1 trillion. Structurally, RMB settlements under the current account totaled RMB16.3 trillion, accounting for 25.4% of the total, while settlements under the capital account amounted to RMB47.8 trillion, representing 74.6%. Goods trade and securities investment remained the primary channels for cross-border RMB flows under the current and capital accounts, respectively. Specifically, RMB settlements for cross-border goods trade reached RMB12.4 trillion, making up 76.01% of current account settlements, while RMB settlements for securities investment and financial derivatives totaled around RMB36.9 trillion, accounting for 77.2% of capital account settlements.

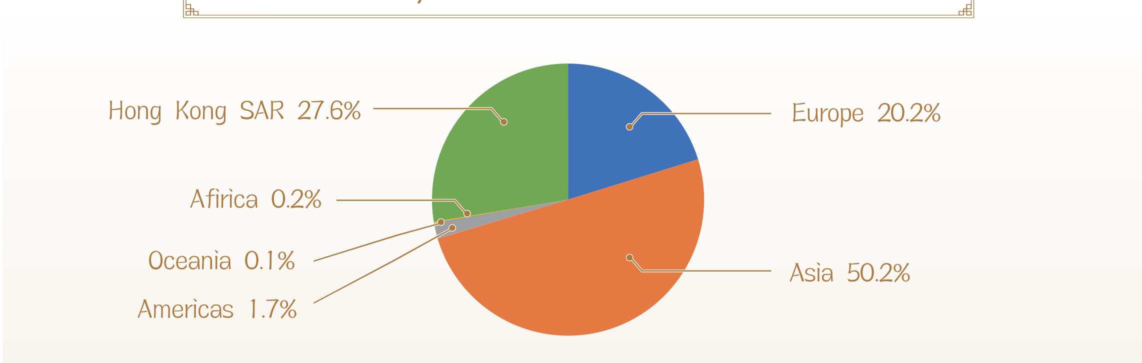
From a regional perspective, the Shanghai International Finance Center plays a dominant role in China's cross-border RMB flows. In 2024, Shanghai recorded approximately RMB29.8 trillion in cross-border RMB settlements, accounting for 46.5% of the national total. This included RMB2.4 trillion in goods trade settlements—representing 19.1% of the national total—and nearly RMB22.5 trillion in securities investment settlements, which took up roughly 60% of the country's total capital account settlements.

Regional distribution of cross-border RMB flows between the Chinese mainland and the overseas markets

1. Asia's share in cross-border RMB settlements has continued to grow.

Globally, China's cross-border RMB settlements in the Chinese mainland in 2024 occurred mainly with three major regions: Hong Kong SAR, other Asian countries and regions (excluding Hong Kong SAR), and Europe. Together, these regions accounted for approximately 98% of all RMB customer remittances in China. Compared with 2023, Asia—including Hong Kong SAR—increased its share by 2.1 percentage points.

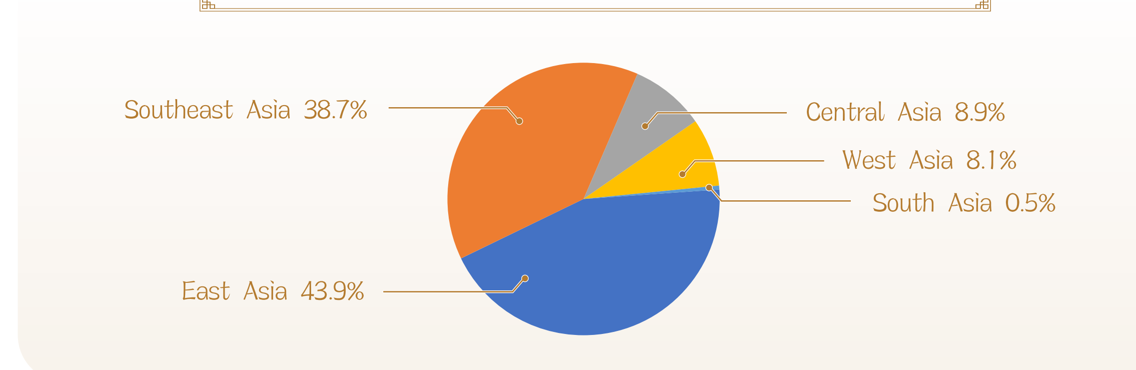
Regional Distribution of Cross-border RMB Remittances Initiated by Clients in the Chinese Mainland



Data sources: Compiled using the SWIFT MT103 data

Among RMB customer remittances between Asia (excluding Hong Kong SAR and Macao SAR) and the Chinese mainland, East Asia retained the largest share, Southeast and Central Asia experienced rapid growth. In 2024, East Asia accounted for 43.9% of RMB customer remittances, down by 6.3 percentage points from the previous year. In contrast, Southeast Asia (ASEAN) and Central Asia saw substantial increases by 35% and 267%, respectively. Their shares in the RMB customer remittances between Asia and the Chinese mainland rose to 38.7% and 8.9%, up by 5.2 and 6.0 percentage points year-on-year.

Regional Distribution of Cross-border RMB Remittances Initiated by Chinese Clients in Asia



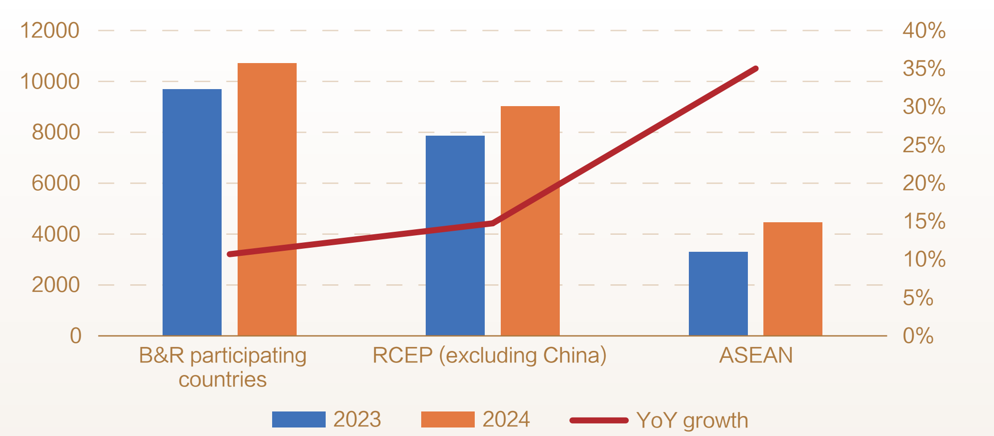
2. Cross-border RMB flows between the Chinese mainland and key regions have continued to grow rapidly.

In 2024, RMB customer remittances between the Chinese mainland and overseas markets rose by 3.4%. In particular, RMB remittances between China and ASEAN, Regional Comprehensive Economic Partnership (RCEP) countries, and countries along Belt and Road (B&R) increased by 10.7%, 14.7%, and35.0%, respectively. These growth rates significantly outpaced the overall growth rate of the RMB customer remittance between the Chinese mainland and overseas markets, highlighting the deepening

2025 | White Paper on RMB Internationalization of Bank of China

trade and investment links between the Chinese mainland and these regions and underscoring the accelerating momentum of RMB flows with these key partners.

Client-initiated Cross-border RMB Remittances between the Chinese Mainland and Key Regions and Their Growth Rates



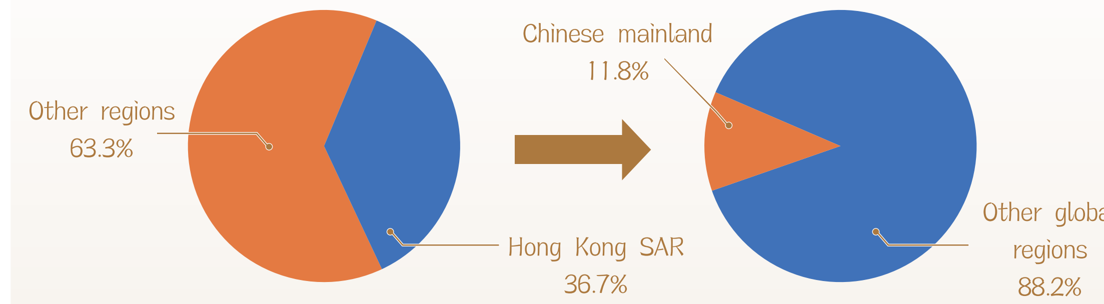
Data sources: Compiled using the SWIFT MT103 data

3. The Hong Kong International Financial Center serves as a key hub for cross-border RMB flows between the Chinese mainland and the regions.

In 2024, RMB customer remittances between the Chinese mainland and Hong Kong SAR accounted for approximately 36.7% of the Chinese Mainland's total RMB cross-border customer remittances. Meanwhile, RMB remittances between the Mainland and Hong Kong made up 11.8% of Hong Kong's total RMB customer remittances. Leveraging its strengths as an international financial center, Hong Kong maintains a leading position in both the value and geographic reach of RMB flows. Over one-third of cross-border RMB funds originating from the Chinese mainland are routed through Hong Kong before being allocated to other global regions, underscoring its critical role in supporting the global circulation of the RMB.

Proportion of Cross-border RMB Remittances Initiated by Hong Kong Clients in the Chinese Mainland

Proportion of Cross-border RMB Remittances Initiated by Chinese Mainland Clients in Hong Kong SAR



Data sources: Compiled using data from SWIFT MT103 Client-initiated remittance messages

Usage evaluation and feedback of the cross-border RMB products and services

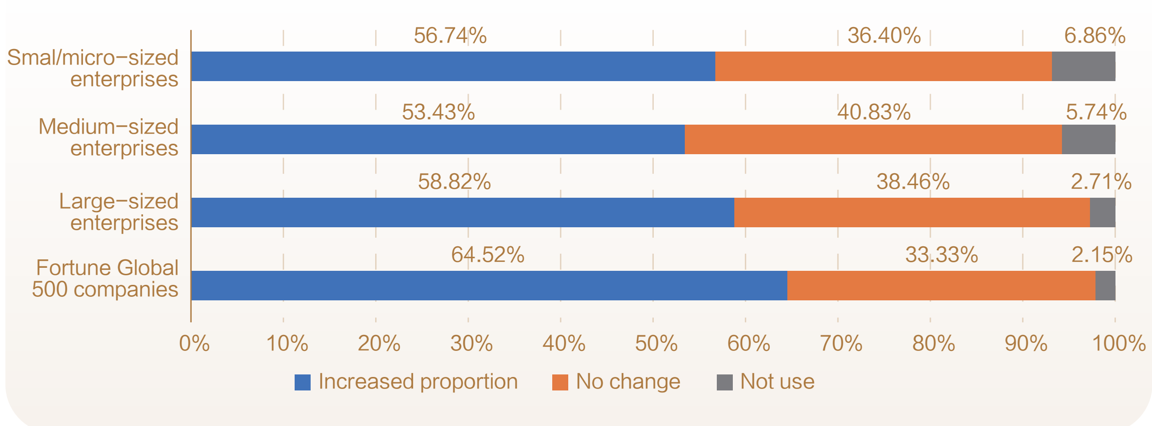
The experience and perception of cross-border RMB products and services by domestic and overseas enterprises—across different sizes, industries, business models, and supply chain position—have micro-level impacts on the quality and efficiency of cross-border RMB flows. The breadness and depth of the coverage of these products and services on market participants are closely related to both the scale and growth potential of cross-border RMB circulation.

1. Large multinational corporations demonstrate a stronger willingness to expand their use of the RMB for settlement.

According to the 2024 survey, 64.5% of the Fortune Global 500 companies and 58.8% of large enterprises indicated plans to increase their RMB-denominated settlements—13.2 and 7.5 percentage points higher, respectively, than general level of all surveyed domestic enterprises. Since

2019, China has steadily streamlined and refined policies that facilitate cash management on local and foreign currencies for multinationals . The policies upgrade the centralized operation of cross-border fund to integrated fund pools covering both RMB and foreign currencies. The consolidation and co-ordination of local and foreign currenciesliquidities has greatly improved the convenience of RMB usage, encouraging more large and super-large multinationals to increase their RMB adoption.

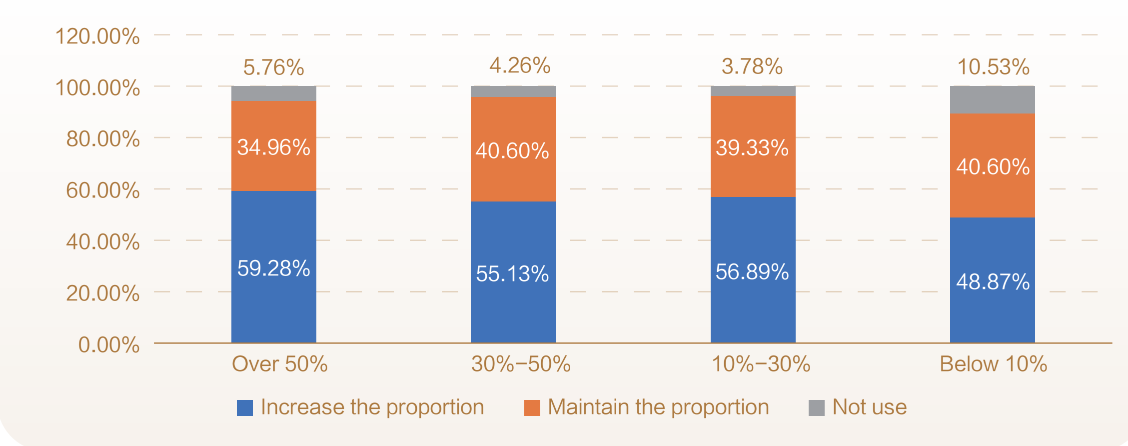
Proportion of Enterprises of Different Sizes Increasing the Cross-border Use of RMB



2. Enterprises with more cross-border business are more inclined to use the RMB for settlement.

The 2024 survey showed a clear positive correlation between a company's intention to increase RMB usage for cross-border settlements and the share of import/export revenue in its total income. Firms with a higher share of import/export revenue in their total income are more likely to increase the use of RMB in their cross-border settlements. In contrast, among companies where import and export trade accounts for less than 10% of total revenue, only 48.9% expressed plans to increase RMB usage, 2.4 percentage points below the general level. Enterprises with higher proportion of imports and exports have a higher demand for trade facilitation, and the cross-border use of RMB has promoting effects on trade facilitation. Therefore, these enterprises show a higher willingness to use RMB across borders.

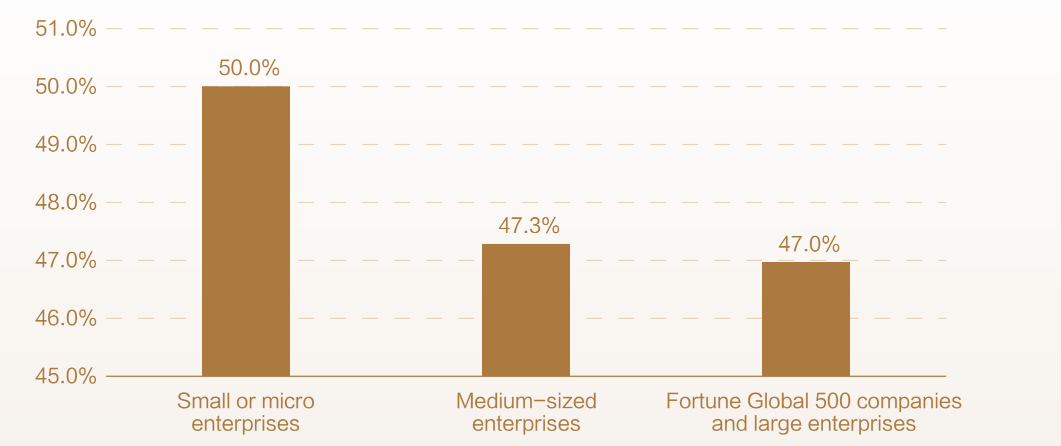
Comparison between the Share of Total Imports and Exports and the Intention to Enhance the Use of RMB in Cross-border Settlement



3. Small and medium-sized enterprises show stronger recognition on the convenience of cross-border RMB settlement.

As to the evaluation of cross-border RMB settlement convenience by enterprises of different sizes, small and micro sized enterprises were more likely to give positive feedback. Among these enterprises, 51% reported no significant difference between RMB and other major international currencies in terms of settlement convenience—about 13 percentage points higher than the that for medium and large sized enterprises. The practical advantages of using the RMB for cross-border settlement—i.e. simple procedures, exemption from currency conversion, and avoidance of exchange rate risks—can deliver tangible benefits to micro, small, and medium-sized foreign trade enterprises.

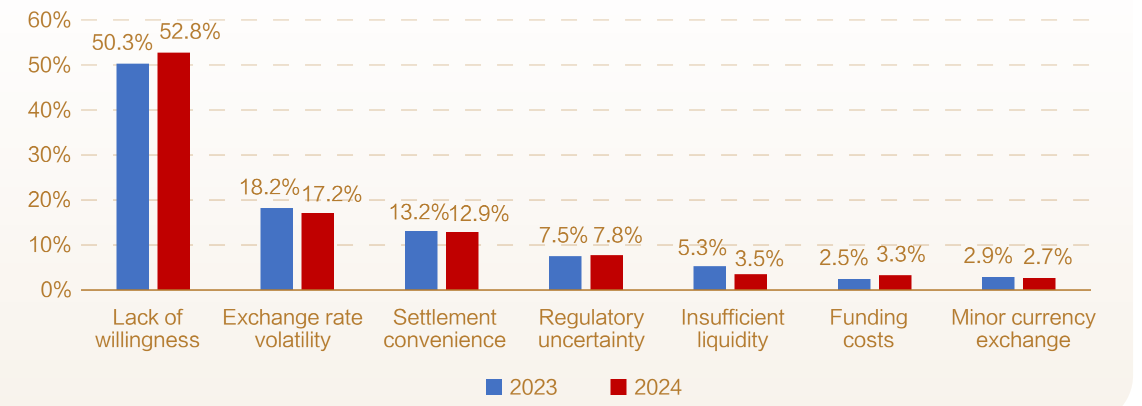
Proportion of the Surveyed Enterprises of Different Sizes that Report No Significant Difference in Settlement Convenience between Using RMB and Other Major International Currencies



4. Counterparties' willingness to accept the RMB remains a key factor influencing the use of RMB in cross-border settlement.

According to the 2024 survey, the barriers faced by domestic enterprises in using the RMB for cross-border settlement remain largely unchanged from the previous year. The most prominent obstacle continues to be the limited willingness of counterparties to accept RMB, reported by 53.8% of the surveyed enterprises—up by 2.5 percentage points from 2023. Although concerns over regulatory uncertainty saw a slight uptick, their overall impact remains limited. In contrast, improvements in the supporting facilities in market mechanism i—such as improved offshore RMB liquidity provison mechanism and smoother conversion with non-major international currencies—have helped ease some of the previous constraints on RMB usage for settlement.

Key Challenges Faced in Using RMB for Cross-border Settlement



The survey results indicate that, toenhance the scale and level of cross border settlements in RMB, continuous efforts will be needed on the offshore end, i.e. further improving market infrastructure, optimizing RMB liquidity provision, strengthening monetary and financial cooperation, and deepening the connectivity between domestic and international financial markets, to consistently foster and and expand overseas demand for the use of RMB in cross-border transactions.

Case: Z Bank's Xiamen and Jakarta Branches Collaborate to Provide Integrated Cross-Border RMB Services, Bringing about More Trade and Investment Facilitation to the enterprises

To meet the diverse needs of Chinese enterprises going global, Z Bank's Xiamen Branch partnered with its Jakarta Branch to deliver integrated cross-border RMB services to Xiamen-based XY Group—one of China's four major commodity supply chain leaders. This cooperation has facilitated XY Group's overseas trade and investment activities and significantly expanded its use of the RMB in cross-border transactions.

2025
White Paper on RMB Internationalization of Bank of China

I. Supporting the group's FDI with RMB services

In response to Indonesia's 2014 ban on laterite nickel ore exports, XY Group established OSS Company in Indonesia to develop an integrated stainless steel smelting industrial park with a total investment for approximately equivalent value of RMB14 billion. Since most of the equipment and construction services were sourced from China, the group opted to contribute the capital in RMB. Z Bank assisted with the Overseas Direct Investment (ODI) registration and handled outbound RMB capital settlement for about RMB4 billion.

II. Providing overseas RMB financing solutions

During the project's construction phase, Z Bank acted as the leading arrangement bank for a syndicated cross border loan for equivalent value of RMB7 billion to OSS Company, . The syndicate included over 10 participating banks across five countries and regions and incorporated three different loan products. To reduce exchange rate risks and financing costs, Z Bank optimized the product portfolio, and structured the syndication primarily around RMB-denominated loans. This approach received endorsement from both the borrower and the participating banks, with RMB financing accounting for over 70% of the total syndicated amount. The financing was executed as a cross-border RMB direct loan, effectively supporting the project's implementation in Indonesia.

3. Facilitating RMB settlement across the supply chain

Following the project's commencement, Z Bank's Xiamen and Jakarta branches continued to work closely to provide cross-border RMB settlement services. Since the project became operational, they have handled cross border RMB settlement for XY Group's sales revenues and the cumulative settlement value amounted to RMB11.4 billion in. Furthermore, they respectively extended RMB1.5 billion and RMB400 million credit lines for the domestic parent company and OSS Company, , to support XY Group's import financing and OSS Company's raw material procurement.

Through Z Bank's integrated cross-border RMB services, XY Group has significantly enhanced trade and investment facilitation enjoyed by the enterprise, whose demand for cross border use of RMB grew rapidly. The proportion of cross-border RMB settlements in its international settlements under current account of XY Group surged from 28.4% to 67.9%.

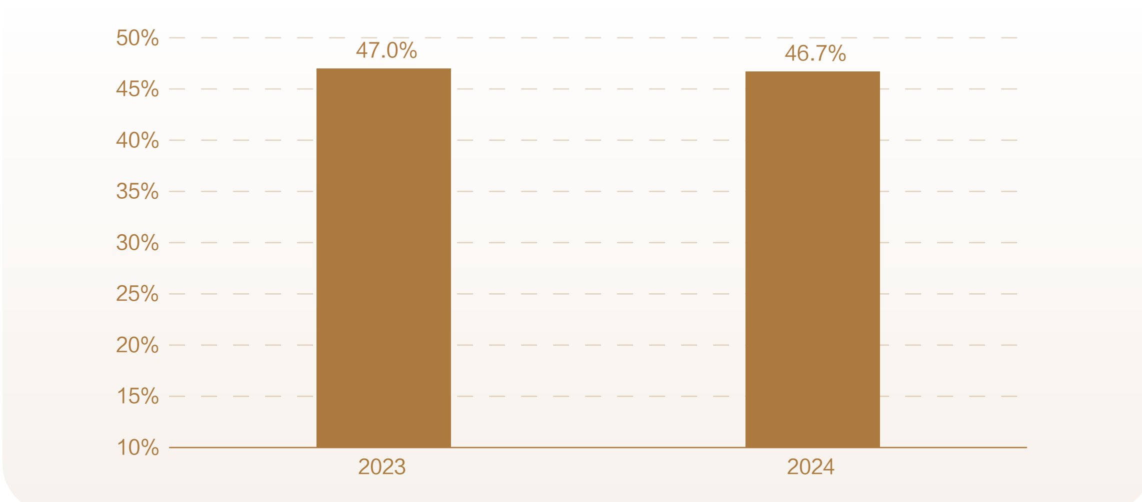
Support for cross-border use of RMB through two-way financial market opening

Enhanced interconnectivity between domestic and international financial markets facilitates smoother and more extensive cross-border circulation of the RMB. It expands the channels for RMB flows and facilitates the optimization of RMB assets allocation. Moreover, the linkage between domestic and overseas markets allows functions of domestic financial infrastructure to extend its reach to overseas markets and provides indirect backing to local cross-border RMB products and services.

1. Stable participation by overseas financial institutions in China's financial market.

According to the 2024 survey, 46.7% of overseas financial institutions reported having participated in or invested in China's financial market—a proportion that remains largely unchanged from 2023. This reflects a generally stable level of engagement by overseas financial institutions in the domestic financial market.

Proportion of Overseas Financial Institutions Investing or Participating in China's Financial Market



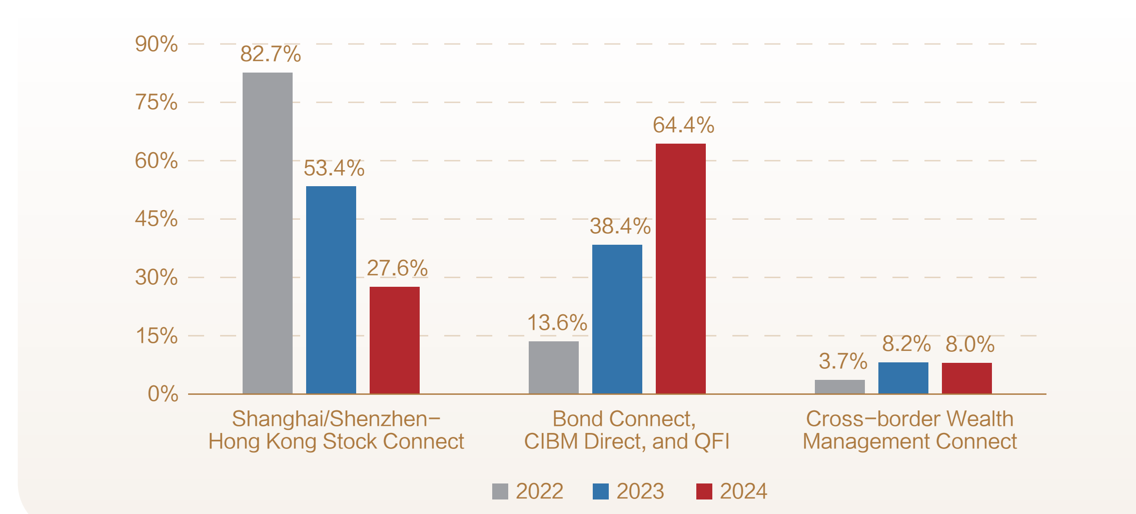
2. More diversified channels adopted by overseas financial institutions participating in China's financial market.

The 2024 survey indicates that overseas financial institutions are accessing China's financial market through increasingly diverse channels. Among the surveyed overseas financial institutions, 26.00% utilized two or more products or channels—i.e. the Shanghai/Shenzhen-Hong Kong Stock Connect, Bond Connect, CIBM Direct, Wealth Management Connect, QFI, or depository receipts—representing an increase by 8.46 percentage points from 2023. This growing use of multiple access reflects the rising diversity of demand for RMB products and services in international markets.

3. More balanced channel preferences among the surveyed overseas enterprises and financial institutions that participate in China's financial market.

As China's level of two-way financial market opening continues to enhance, overseas financial institutions are displaying more balanced preferences across available access channels or products and services. The reliance on the Shanghai/Shenzhen-Hong Kong Stock Connect has gradually declined, while participation through the Bond Connect, CIBM Direct, and QFI schemes has steadily increased. This shift reflects the broader array of accessible options and is contributing to deeper and more diversified engagement by overseas financial institutions in China's financial market.

Products Through Which the Surveyed Financial Institutions Participate in Two-way Opening of China's Financial Market



05 Cross-border use of e-CNY

Compared with traditional cross-border fund transfers, the use of e-CNY offers three key advantages. **First, enhanced cost-effectiveness**

and operational efficiency. In conventional account systems, there may exist non-synchronization between transmission of remittance information and funds settlement information. Project mBridge, which is based on digital currencies and a distributed ledger architecture, facilitates payment-versus-payment (PvP) settlement without the involvement of correspondent banks. This streamlines the transaction path between payer and payee, reduces intermediary fees and processing delays, and enables real-time settlement. Operating 24/7, digital currency systems further improve the overall efficiency of cross-border payments. **Second, risk diversification.** Growing concerns over long-arm jurisdiction in certain countries have led enterprises to seek alternative payment channels. The use of digital currencies can help ensure that compliant cross-border transactions are settled smoothly. **Third, technological innovation.** Digital currencies are programmable and can be integrated with smart contracts and big data technologies, creating a new paradigm for cross-border payments. For instance, privacy-preserving distributed ledgers enable data sharing while protecting data security, so as to support more effective cross-border regulatory cooperation. This, in turn, more effectively addresses anti-money laundering (AML) and counter-terrorist financing (CTF) issues. Moreover, smart contracts can automate liquidity transfers, helping enterprises reduce liquidity management costs.

Aimed at improving cross-border payments, the cross-border application of e-CNY has been gradually advancing through two key modes: bilateral cooperation and the m-Bridge project.

1. Bilateral cooperation mode.

The bilateral cooperation mode refers to pilot cross-border application s of e-CNY conducted within the framework of cooperation agreements signed between the PBC and overseas central banks or monetary authorities. For instance, under the guidance of regulatory authorities from both the Chinese mainland and the Hong Kong SAR, BOC took the lead in launching cross-border e-CNY trials in Hong Kong. These trials initially established service capabilities for both individual and corporate users in the region.

Case: Z Bank Expands E-CNY Services under the Bilateral Cooperation Mode

In 2024, as a result of bilateral collaboration between the PBC and the HKMA, Hong Kong became the first overseas pilot region for the use of e-CNY. Leveraging on the opportunity presented by supportive regulatory policies and the growing market interest, Z Bank in Hong Kong established a comprehensive e-CNY service framework covering three core areas: personal e-CNY wallets, cross-border merchant acquiring, and corporate cross-border payments via e-CNY.

For personal e-CNY wallets, in 2024, Z Bank launched an e-CNY service module within its proprietary mobile payment app, enabling users to bind and recharge their e-CNY wallets, check balances, and receive promotional red envelopes. This enhanced convenience for Hong Kong users traveling to or consuming within the Chinese Mainland.

As to cross-border merchant acquiring, Z Bank implemented real-time currency quotation and conversion functions, allowing merchants to settle in either HKD or RMB. As at the end of 2024, over 300 local merchants—including those in cosmetics and convenience retail sectors—had adopted Z

Bank's services. The bank also partnered with major local retail chains such as Mannings and SOGO. A notable innovation involved enabling southbound travelers to recharge their Octopus cards using e-CNY, expanding its use to approximately 190,000 acceptance points across Hong Kong.

Regarding corporate cross-border payments via e-CNY, on a pilot basis, Z Bank offered local enterprises a full suite of e-CNY services, including wallet recharge, cross-border payment, redemption, account opening, and inquiry. The Bank successfully processed the first corporate cross-border e-CNY transaction for a bulk commodity purchase. In collaboration with the Shanghai Gold Exchange, Z Bank also completed the first-ever cross-border gold settlement using e-CNY, paving the way for overseas investors to access China's precious metals market via e-CNY.

2. mBridge mode.

The Multi Central Bank Digital Currency Bridge (mBridge) project is a cross-border payment and clearing platform jointly initiated by the Bank of Thailand, the Central Bank of the United Arab Emirates (UAE), the PBC Digital Currency Institute, and the HKMA. Following its first real-value pilot conducted from August to September 2022, mBridge completed a pre-MVP[1] pilot between April and May 2024. On June 5, 2024, it officially entered the MVP stage, launching continuous operations. On the same day, the Saudi Central Bank also announced its formal participation in the initiative.

To date, numerous domestic and overseas banking institutions—including BOC's domestic branches, BOCHK, BOC (Thai), and Abu Dhabi Branch—have actively participated in the mBridge project. These institutions have supported the pioneering cross-border transactions and advanced the application of e-CNY in diverse settlement scenarios.

Case: Cross-Border Trade Settlement via the mBridge Project

In June 2024, an importer in the UAE initiated a payment to an exporter in Yunnan Province, China. Under the traditional SWIFT-based system, the absence of a direct account relationship between the importer's paying bank and the exporter's beneficiary bank would have necessitated routing the transaction through intermediary banks—incurring higher remittance costs and creating uncertainty regarding the timing of fund delivery. However, since both China and the UAE are participants in the mBridge project, the trading parties opted to settle the transaction using central bank digital currencies (CBDCs) via the mBridge platform.

Under the mBridge mode, the importer's bank directly transferred digital currency through the mBridge to the exporter's bank, which then credited the funds to the exporter's account.

Compared with traditional cross-border payment methods, the mBridge-based settlement offered a significantly improved experience. First, it eliminated the need for intermediary correspondent banks, thereby reducing transaction costs. Second, it enabled the simultaneous transfer of funds and transaction information, ensuring greater efficiency, transparency, and timeliness in fund delivery.

[1] MVP is the abbreviation of minimum viable product.

04 Chapter IV

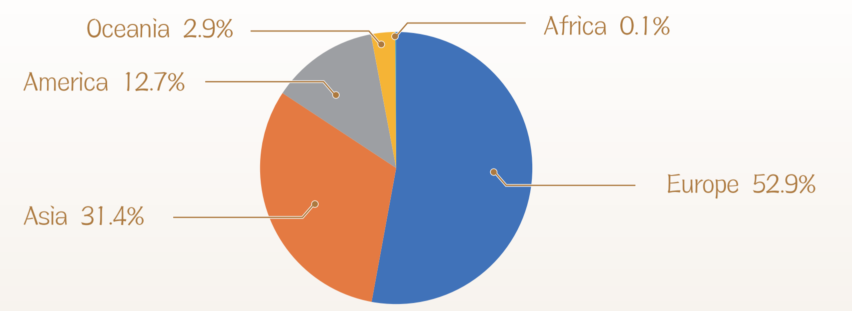
Offshore RMB Market Developments

01 RMB fund flows in offshore markets

1. Expansion in offshore RMB payments and receipts, with Asia's share in overseas RMB customer remittances increasing.

In 2024, total cross-border RMB customer remittances in regions outside China[2] increased by 5.5% year-on-year. While Europe continued to account for more than half of the total volume, its share declined by 4.2 percentage points from the previous year. In contrast, Asia's share rose by 3.9 percentage points year-on-year, surpassing 30%.

Regional Distribution of Cross-Border RMB Customer Remittances Outside China



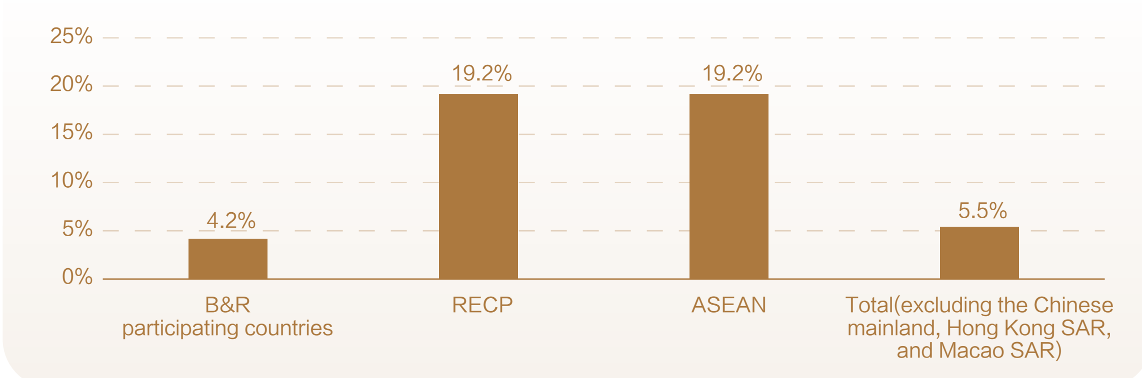
2. Rapid growth in the RMB customer remittances in RCEP and ASEAN countries.

From the perspective of important economic regions, in 2024, customer RMB remittances in RCEP and ASEAN countries both recorded robust year-on-year growth of approximately 19.2%, which is 13.7 percentage points higher than the overall growth rate of RMB customer remittances outside China. This rapid expansion led to an increased share of RMB in total customer remittances within these regions. Specifically, RMB

[2] It includes the Chinese mainland, Hong Kong SAR, Macao SAR, and Taiwan Province.

accounted for 27.8% of remittances in the RCEP region, up by 3.2 percentage points year-on-year, while the share of the ASEAN region reached 18.9%, an increase by 2.2 percentage points from the previous year.

Growth Rates of RMB Remittances Initiated by Clients in Key Overseas Regions



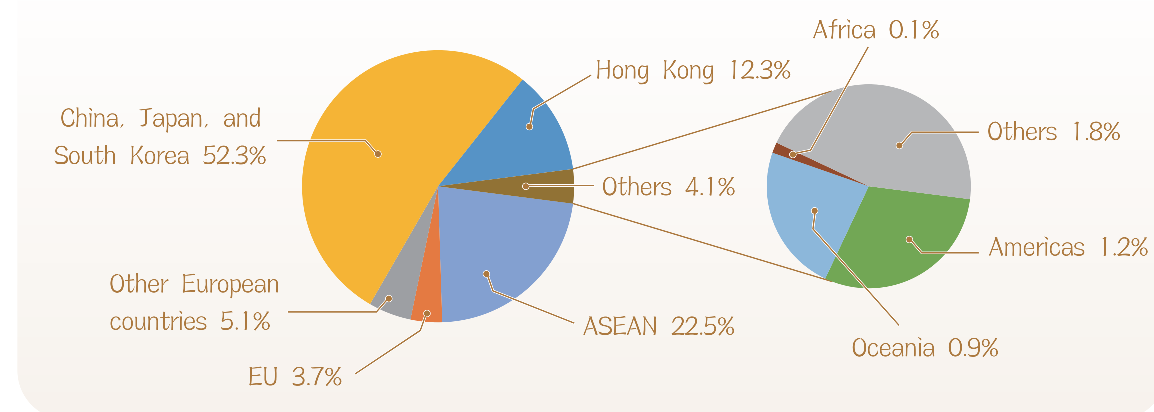
RMB fund flows in key regions

In 2024, the RCEP region and the EU remained the two largest sources of RMB customer remittances in offshore markets, accounting for 27.8% and 26.3% of the total, respectively. These regions serve as key indicators for understanding the overall international use of the RMB.

1. Cross-border use of RMB in the RCEP region

In 2024, RMB customer remittances from the RCEP region reached 56 countries and regions worldwide, with total remittance volume increasing by 19.2% year-on-year. Intra-regional RMB usage remained robust, as RMB customer remittances among RCEP member countries accounted for 75.6% of the region's total. Among non-RCEP countries and regions, Europe ranked second only to Hong Kong SAR in terms of RMB customer remittance value with RCEP countries, making up 8.8% of the total.

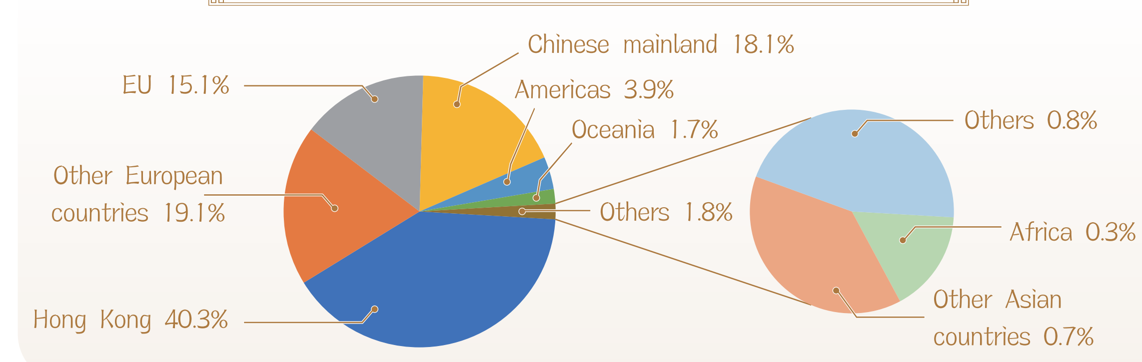
Regional distribution of RMB Remittances Initiated by Clients in RCEP



Hong Kong SAR, the UK, France, Germany, and the Netherlands recorded the relatively large value of RMB fund flows with the RCEP region in 2024, collectively accounting for 77.2% of all RMB customer remittances between non-RCEP and RCEP regions.

As a regional bloc within the RCEP region, ASEAN countries saw active RMB payments and settlements, accounting for 27.0% of total RMB customer remittances within the RCEP region. Notably, intra-ASEAN RMB customer remittances made up 66.8% of ASEAN's total, reflecting robust internal RMB usage and contributing positively to the broader adoption of RMB settlement across the RCEP region.

Distribution of RMB Remittances Initiated by ASEAN Clients to Regions Outside of ASEAN

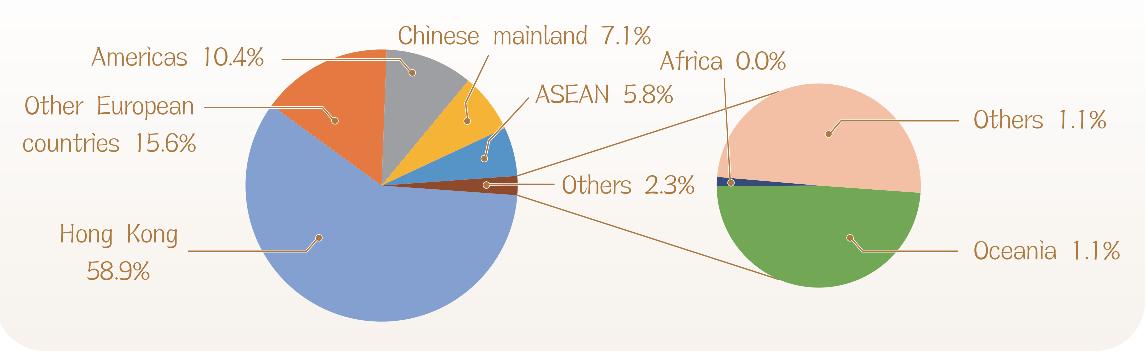


2. Use of RMB in the EU

In 2024, EU-based client-initiated RMB remittances reached 97 countries and regions worldwide, accounting for 75.5% of all RMB remittances in Europe and 26.3% of global RMB remittances outside China. Intra-EU RMB customer remittances made up 32.4% of the EU's total RMB customer remittances, indicating that a larger share of the EU's RMB transactions occurred with non-EU counterparts—a contrast to patterns seen in ASEAN and the broader RCEP region.

Hong Kong SAR, the UK, the US, the Chinese mainland, and Singapore were the EU's top five trading partners by RMB customer remittance value, collectively accounting for 96.8% of the EU's RMB remittances with non-EU countries and regions.

Distribution of RMB Remittances Initiated by EU Clients to Regions Outside of EU

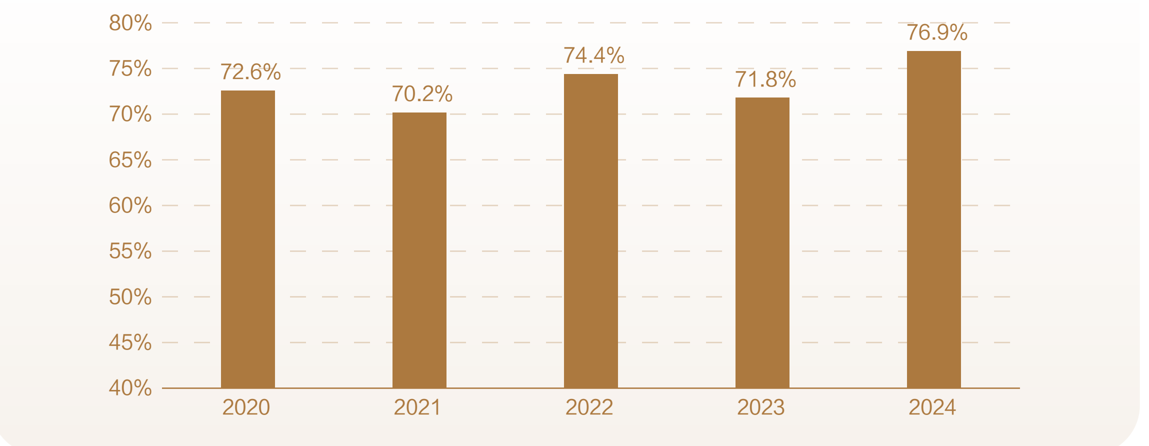


Products and services in offshore RMB markets

1. Wider coverage of cross-border RMB products and services in overseas markets.

According to the 2024 survey, 76.9% of overseas enterprises reported relatively convenient access to RMB products and services in their local markets, marking a 5.1 percentage point increase from 2023. This reflects the enhanced availability and coverage of RMB products and services for overseas corporate clients.

Proportion of the Surveyed Overseas Enterprises Reporting Easy Access to RMB Products and Services in Their Local Markets

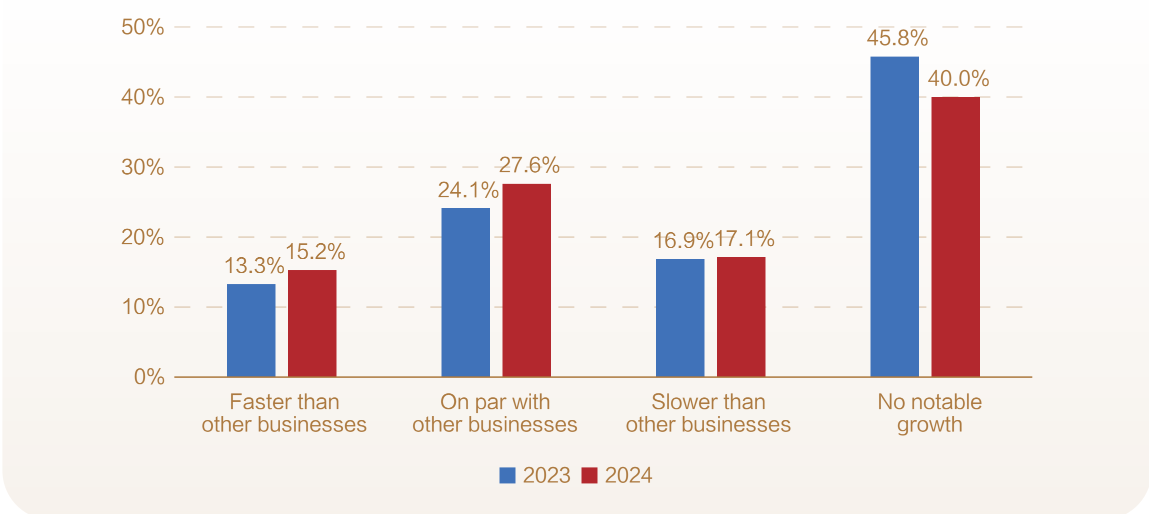


2. Growing demand for cross-border RMB products and services in overseas markets.

The 2024 survey indicates a continued rise in demand for RMB products and services among overseas enterprises. Notably, 15.2% of the surveyed overseas financial institutions reported that their clients' demand for RMB-related products and services is growing faster than for other business segments, representing a 1.9 percentage point increase from 2023. At the same time, the proportion of institutions seeing no significant increase in such demand fell to 40.0%, down 5.8 percentage points year-on-year.

Correspondingly, 65.7% of the surveyed overseas financial institutions indicated plans to further expand their range of cross-border RMB products and services, marking a 5.7 percentage point increase compared to 2023. Driven by robust demand growth, an increasing number of overseas financial institutions are actively seeking to diversify their RMB offerings to better serve the evolving needs of overseas enterprises.

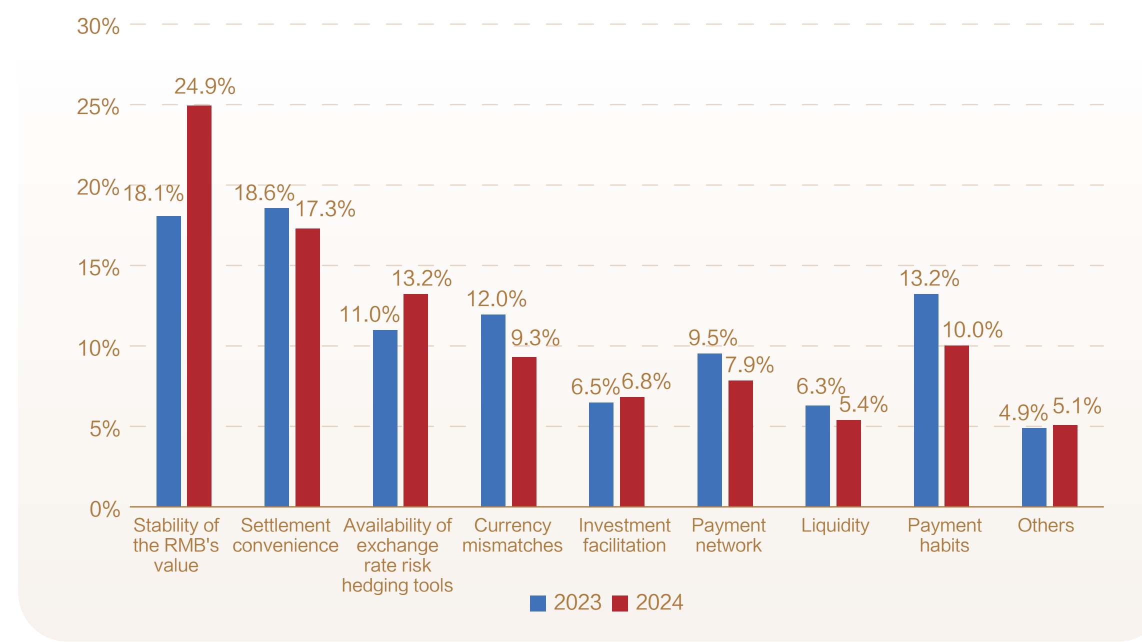
RMB Business Growth Rates of the Surveyed Overseas Financial Institutions



3. Cultivating and expanding demand for RMB products and services among overseas enterprises requires enhanced outreach and coordinated efforts.

According to the 2024 survey, a variety of factors influence the willingness of overseas enterprises to adopt the RMB for settlement, each to varying degrees. Key considerations include the stability of the RMB's value, convenience of settlement, availability of exchange rate risk hedging tools, potential currency mismatches between payments and receipts, access to investment channels, payment network coverage, accessibility of RMB funding, and the need to shift away from established payment practices.

Challenges or Concerns Encountered when Using RMB for Settlement



In the 2024 survey, more overseas enterprises expressed concerns regarding the stability of the RMB's value. Compared with major economies and international currencies, China's price level has remained relatively stable, indicating a stable intrinsic value of the RMB. Moreover, the RMB has broadly remained stable or appreciated against a basket of currencies, reflecting its external value stability. These findings highlight the need for enhanced communication efforts to help overseas market participants better understand the fundamentals of the RMB through diverse channels.

The 2023 and 2024 survey results show that the factors influencing corporate RMB usage are relatively evenly distributed, with no single factor emerging as a dominant influence. This suggests that, beyond enhancing outreach, a comprehensive approach is necessary to cultivate and expand demand for RMB products and services. Such an approach should encompass infrastructure development, a broad range of supporting product offerings, and robust liquidity supply.

RMB businesses in major offshore RMB centers

1. Rapid growth in RMB businesses across major offshore RMB centers

In 2024, major offshore RMB centers recorded a general upward trend in RMB business volume, with notable growth in both global RMB payment clearing and RMB-FX trading volume. For example, RMB-FX trading volume in Hong Kong increased by 59.4%, while its RMB payment clearing volume rose by 41.2%. In Singapore, RMB-FX trading grew by 40.6%, and in the UK, RMB payment clearing volume expanded by 45.6%.

Business Scale of Major Offshore RMB Markets

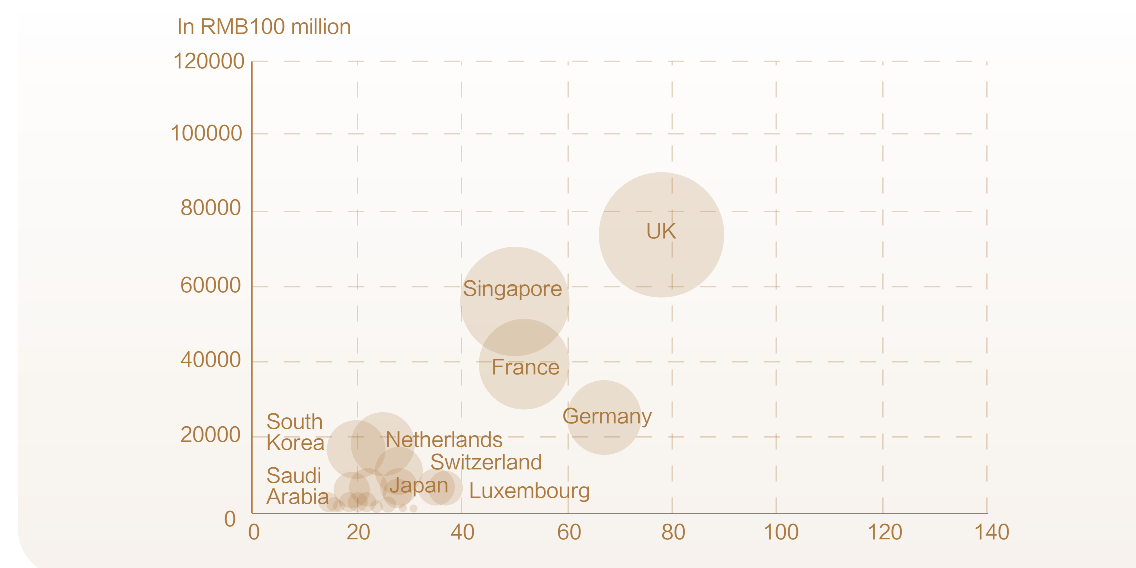
		RMB deposits (RMB100 million)	RMB loans (RMB100 million)	RMB-FX trading (USD1 trillion)	RMB payment clearing (USD1 trillion)
Hong Kong SAR	Volume	9,266	7,235	68.9	224.5
	YOY change	-1.3%	64.0%	59.4%	41.2%
Singapore	Volume	2,760		11.3	9.7
	YOY change	17.4%		40.6%	28.6%
The UK	Volume	1,560	324	100.6	16.1
	YOY change	64.6%	-4.1%	21.0%	45.6%

Data sources: Compiled using data from Swift Marketing Insights, the HKMA, the Monetary Authority of Singapore (MAS), and the Bank of England (BoE)

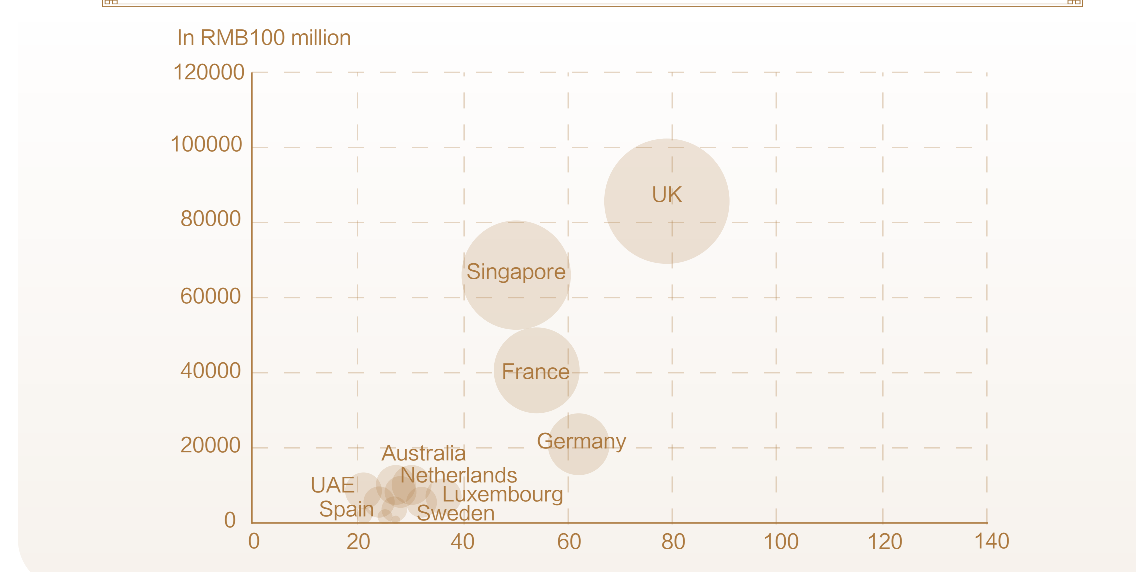
2. RMB flows in the offshore network becoming more concentrated in key nodes.

In 2024, the number of offshore RMB centers that occurred RMB customer remittances with over 20 countries or regions remained steady at 24, indicating no change in the number of key nodes within the offshore RMB network. However, these centers continued to see a further increase in RMB remittance volumes[3].

Client-initiated Cross-border RMB Remittances of Selected Countries in 2023 and the Number of Countries/Regions Involved



Client-initiated Cross-border RMB Remittances of Selected Countries in 2024 and the Number of Countries/Regions Involved



[3] Note: In the related chart, bubble size and vertical position represent remittance volume, while the horizontal position indicates the number of countries or regions involved in remittances.

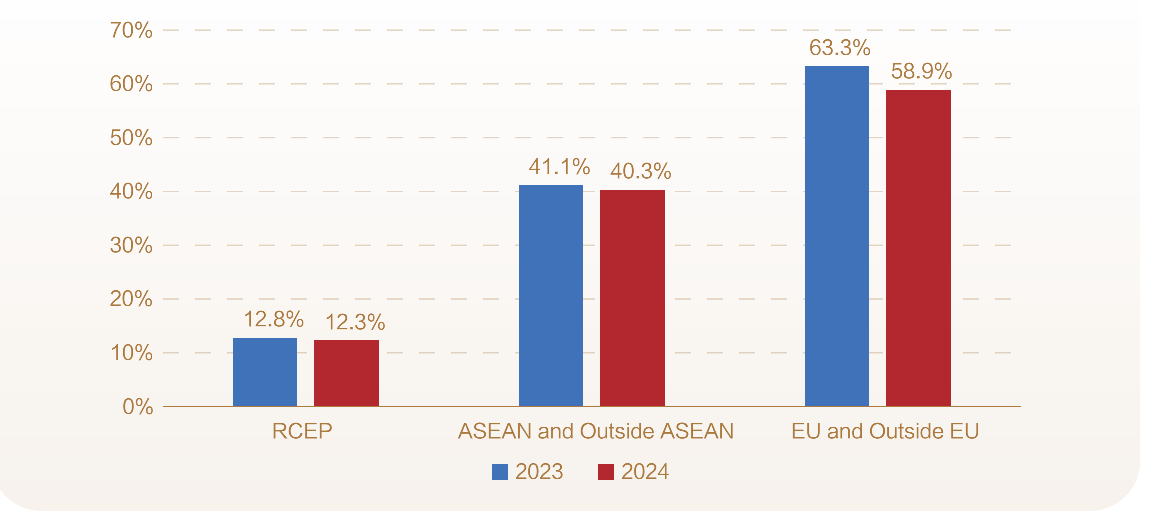
These 24 offshore centers recorded a 6.5% increase in RMB remittance value in 2024, outpacing the overall growth rate of RMB customer remittances outside China by 1 percentage point. Among the top five offshore centers (excluding Hong Kong SAR) ranked by the number of countries or regions involved in RMB remittances, four registered an increase in remittance value. Collectively, these five centers posted a 9.0% growth rate, exceeding the average for the 24 offshore centers. This trend highlights a further concentration of offshore RMB flows toward key nodes within the network.

3. Hong Kong maintaining its central hub status in offshore RMB markets

In 2024, Hong Kong SAR accounted for 50.8% of RMB customer remittances between the RCEP region and non-RCEP regions, 40.3% between ASEAN and non-ASEAN regions, and 58.9% between the EU and non-EU regions. These figures underscore Hong Kong's dominant role in facilitating RMB payments and receipts within and across key regions, reaffirming its position as the central hub in the offshore RMB network.

However, compared with 2023, Hong Kong SAR's share declined slightly in 2024. Under the "one core, multiple nodes" pattern of offshore RMB center distribution, other major centers have expanded their RMB flow volumes. This trend reflects the continued broadening and deepening of the offshore RMB network, signaling enhanced global coverage.

Regional Distribution of RMB Remittances Initiated by Hong Kong Clients to Relevant Regions



Topic

RMB in Multilateral Cooperation

In 2024, multilateral cooperation sustained momentum for robust growth. The XVI BRICS Summit Kazan Declaration issued in October explicitly endorsed the use of local currencies in trade and financial transactions, providing fresh impetus for deepening multilateral collaboration. In parallel with participation in multilateral local currency settlement frameworks, China actively promoted bilateral cooperation, signing new memorandums of understanding with the State Bank of Vietnam and Norges Bank. As of now, the PBC has established bilateral local currency swap agreements with the central banks or monetary authorities of 29 countries and regions, recording a total swap value of over RMB4 trillion.

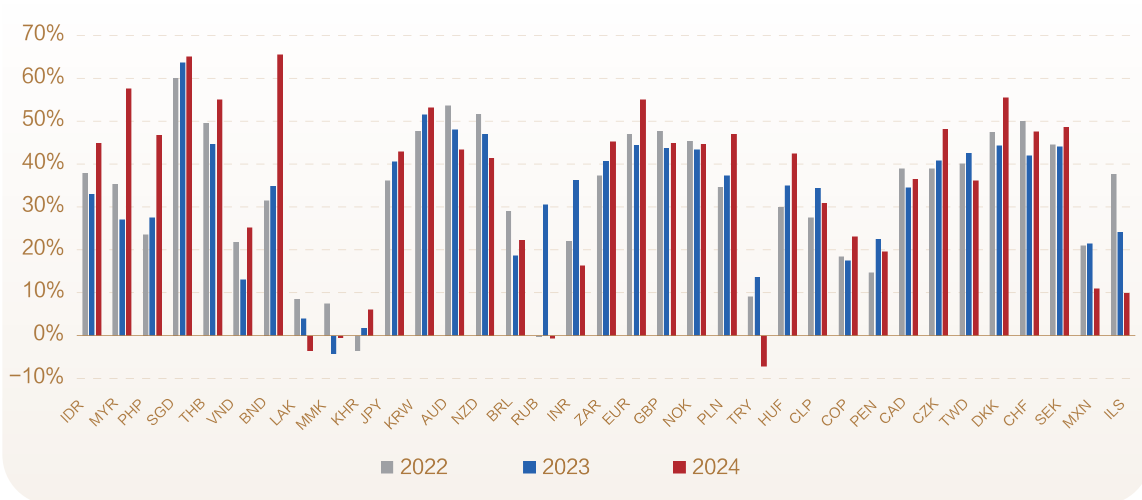
01 Drivers and willingness for multilateral cooperation

1. Stronger correlation in exchange rate movements boosting cooperation incentives.

In 2024, among 35 currencies tracked over a continuous three-year period, 26 showed an increase in the proportion of trading days on which they moved in the same direction as the RMB—a substantial rise of 16 currencies compared to 2023.

When a country's currency against the US dollar moves more synchronously with the RMB against the US dollar, the bilateral exchange rate between the two tends to be more stable. This reduced volatility helps mitigate exchange rate risks in cross-border transactions settled in local currencies, thereby enhancing the appeal of local currency settlements.

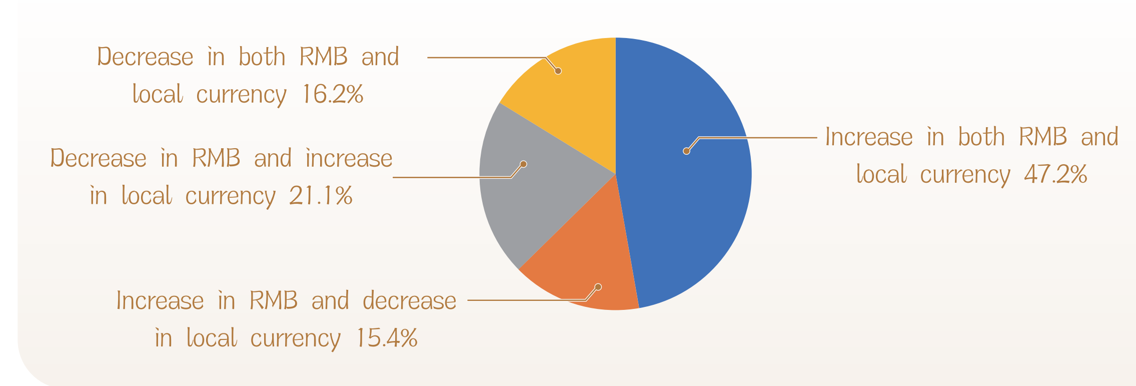
Proportion of Trading Days with Co-directional Movements in Selected Countries' Currencies versus USD and RMB/USD Exchange Rate as % of Total Trading Days in the Year: 2024, 2023, and 2022



2. Positive momentum in multilateral cooperation and strong recognition of local currency settlements.

According to the 2024 survey, over 80% of the surveyed overseas enterprises reported increased use of local currencies settlement compared to the previous year. Notably, more than 40% indicated that both the RMB and their respective local currencies had seen expanded usage in trade settlements. Only 15.4% reported a decline in the share of transactions settled in RMB or local currencies. These findings reflect continued momentum in local currency usage, driven by more refined policy frameworks and growing synchronicity in exchange rate movements.

Change to Local Currency Settlement Volume of the Surveyed Overseas Enterprises



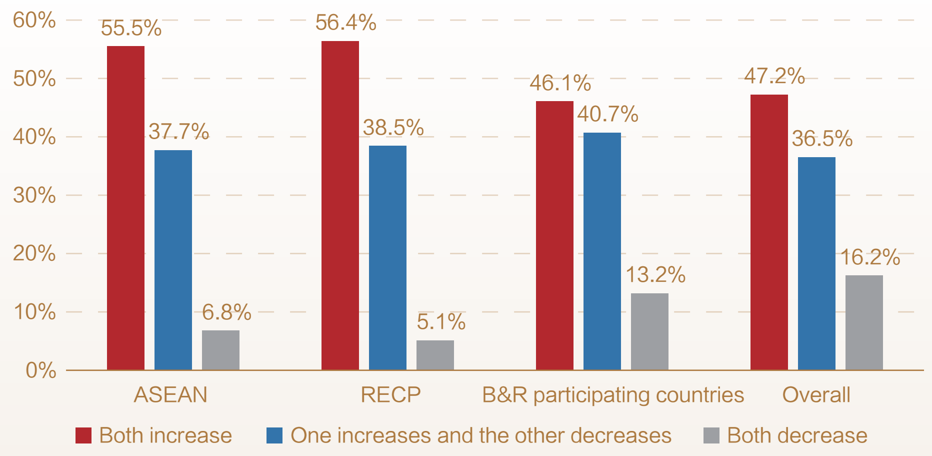
More than 90% of the surveyed domestic and overseas enterprises acknowledged the advantages of local currency settlement. Of these, over one-quarter believed it facilitates bilateral trade, while around 20% highlighted its role in enhancing trade and financial stability, reducing cross-border transaction costs, and mitigating exchange rate risks. This high level of recognition underscores enterprises' strong intention to deepen multilateral cooperation.

3. ASEAN and RCEP well positioned for multilateral cooperation

From the perspective of exchange rate synchronization, nine ASEAN currencies as well as the Japanese yen and South Korean won in 2024 demonstrated improved alignment with the RMB compared to the previous year. Regarding the enhanced adoption of local currencies for settlement, over half of the enterprises in ASEAN and RCEP reported increased usage—8.3 and 9.2 percentage points higher than the overall surveyed average, respectively. The deepening economic integration within ASEAN and RCEP provides a solid foundation for scaling up multilateral cooperation in these regions.

2025 White Paper on RMB Internationalization of Bank of China

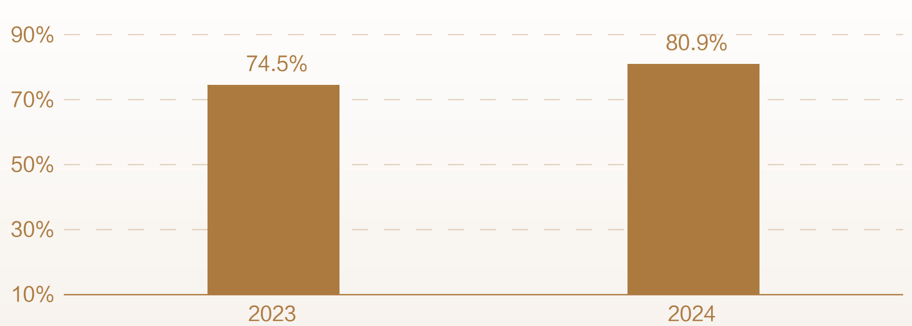
Change to Proportion of RMB or Local Currency Used for Settlement



Supporting products and services for multilateral cooperation

Improved RMB-local currency convertibility. The ease of converting RMB into local currencies is a critical infrastructure that supports multilateral cooperation and a necessary condition for lowering foreign exchange costs. According to the 2024 survey, around 80% of overseas enterprises found RMB-to-local currency conversion relatively convenient—an increase by 6.4 percentage points compared to 2023.

Proportion of the Surveyed Overseas Enterprises Finding RMB-to-Local Currency Conversion Relatively Convenient



Enhanced infrastructure connectivity facilitating local currency settlements. The interconnection of payment and clearing infrastructure between China and neighboring countries has continued to improve. For example, Cambodia implemented WeChat QR code payments in 2023, while Malaysia began supporting QR code payments via WeChat and UnionPay cards in 2024. These developments have made it easier to use local currencies in cross-border business and tourism transactions.

Case: Z Bank Facilitates QR Code Payment Interconnectivity Between China and Malaysia

PayNet (Payments Network Malaysia Sdn Bhd), Malaysia's sole state-owned clearing operator and a key component of the country's financial market infrastructure (FMI), launched the DuitNow QR code payment service in 2019 to promote cashless retail transactions nationwide. Built on the Real-time Retail Payment System (RPP), DuitNow has become central to Malaysia's electronic payments ecosystem, processing 1.5 billion transactions in the first half of 2024 alone.

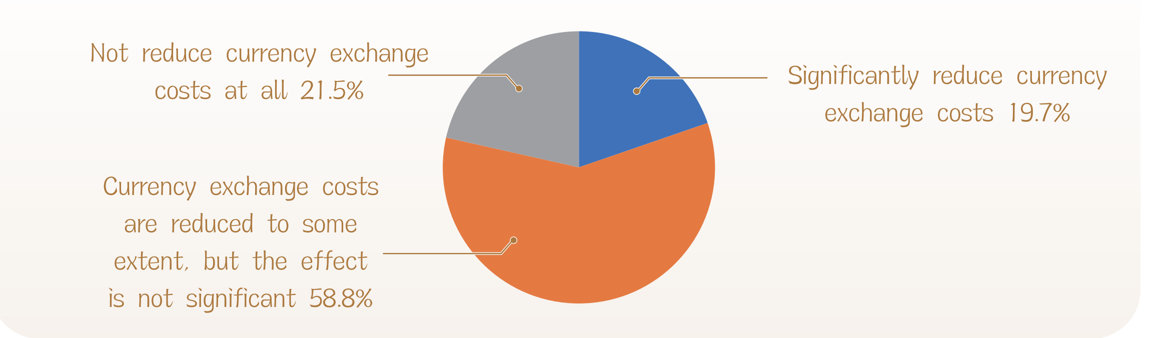
In early 2023, PayNet began working to integrate the RPP with China's electronic payment systems. In 2024, it designated Z Bank's Malaysian Branch as the settlement bank for cross-border QR code payments between China and Malaysia. Following the front-end technical integration with UnionPay and WeChat Pay, Z Bank now provides cross-border fund settlement and related support services, enabling Chinese tourists in Malaysia to scan DuitNow QR codes for payment.

Under the first phase of the project, Chinese visitors can use WeChat Pay or UnionPay QuickPass to scan DuitNow QR codes at Malaysian merchants. Transactions are settled in real time, with the RMB amount debited based on exchange rates quoted by the two Chinese payment platforms and the corresponding MYR amount paid to PayNet. The second phase will expand functionality to allow Malaysian users to scan UnionPay or WeChat merchant QR codes and complete retail payments while visiting China.

This successful cross-border QR code interconnection has established a new local currency settlement channel between China and Malaysia, supporting cashless tourism and cross-border consumption. It also lays the groundwork for broader local currency usage. With other ASEAN countries such as Indonesia (QRIS), Singapore (NETS), and Thailand (PromptPay) having developed similar domestic payment systems, China's continued integration with regional networks will further unlock the potential for local currency settlement cooperation.

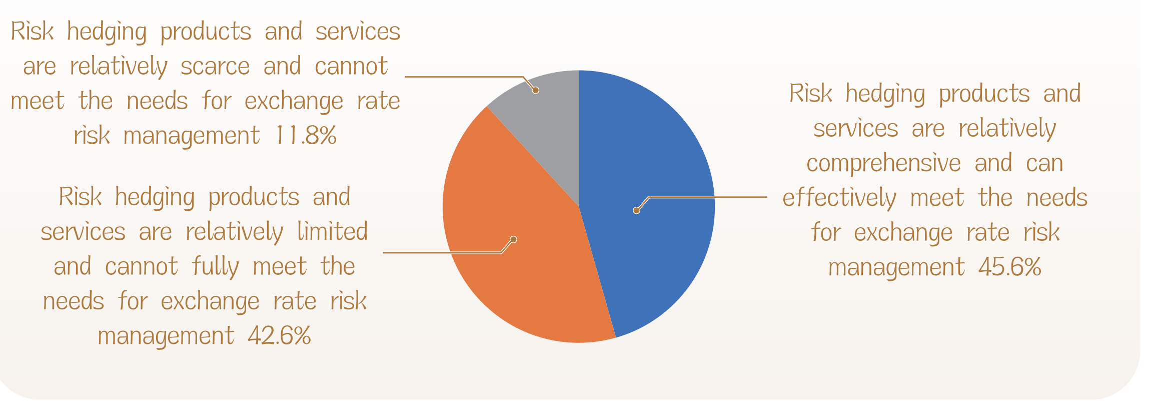
Local currency settlement has shown initial cost-saving advantages, though there remains room for further improvement. According to the 2024 survey, 19.7% of the enterprises reported that direct local currency-to-foreign currency exchange quotes significantly reduced their FX costs. Nearly 60% of respondents indicated that while such quotes helped reduce costs to some extent, the impact was not substantial. Approximately 20% of the enterprises stated that direct exchange quotes did not lead to any cost savings. To fully unlock the cost-saving potential of direct settlement transactions using local currencies, efforts should focus on increasing the volume of direct exchange transactions and narrowing the bid-ask spreads of the local currency exchange quotation.

Degree of Reduction in Costs of Direct Local Currency Exchange



While exchange rate hedging products provide some auxiliary support for local currency settlement, there is significant room for improvement. According to the 2024 survey, only 45.6% of enterprises reported that existing exchange rate risk hedging products adequately met their needs for managing exchange rate risks when using local currencies for settlement.

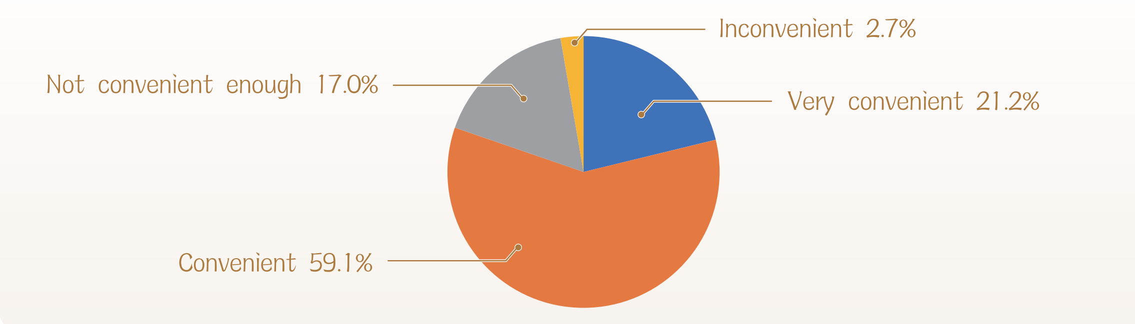
Support from Related Risk Hedging Products when Using Local Currency for Cross-border Transaction Settlement



Meanwhile, 42.6% of respondents felt that these products only partially addressed their risk management needs, while 11.8% believed their requirements were not met at all. This indicates that although current exchange rate risk hedging tools provide some support in managing exchange rate risks associated with local currency settlement, there is a need for further improvement in these instruments.

The convenience of local currency settlement is widely acknowledged, though there is still room for improvement. The 2024 survey revealed that 21.2% of respondents found local currency settlement to be very convenient and 59.1% considered it convenient. Together, these figures underscore the high level of recognition for the convenience of local currency settlement among the surveyed enterprises. However, 17.0% of respondents indicated that local currency settlement remained inconvenient, suggesting that there is still potential to optimize related products and services.

Evaluation of the Convenience of Local Currency Settlement

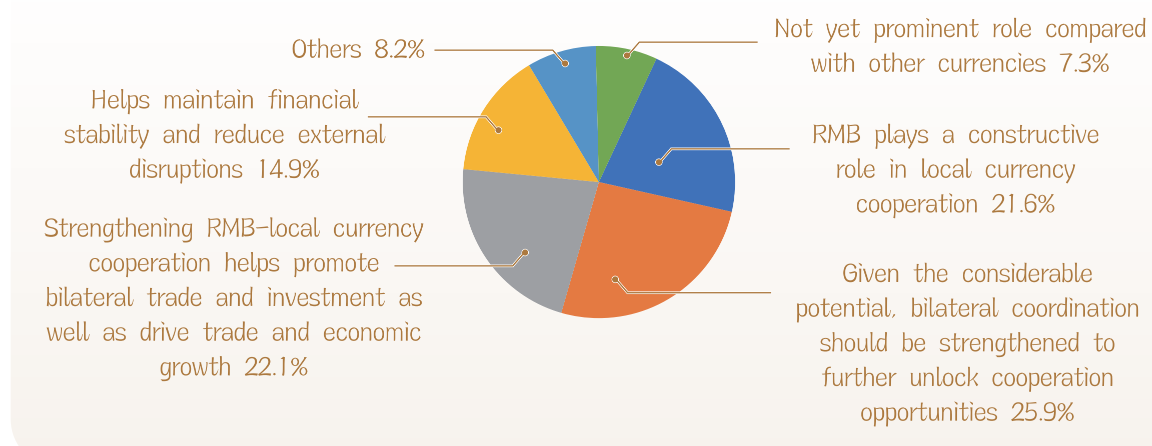


03 The roles and significance of RMB in multilateral cooperation

The role of RMB in multilateral cooperation has been positively received by overseas enterprises. According to the 2024 survey, 47.5% of the respondents acknowledged that the RMB has played a constructive role in facilitating multilateral cooperation and suggested that strengthening bilateral coordination could further unlock future cooperation potential. Additionally, 22.1% believed that deepening RMB-local currency settlement cooperation would support the growth of bilateral trade, investment, and economic development. Furthermore, 14.9% of respondents indicated that enhanced RMB-local currency settlement cooperation would contribute to financial stability and help mitigate the impact of external shocks.

Given China's strong trade ties with many countries and its substantial contribution to global economic and trade growth, multilateral cooperation involving the cross-border use of the RMB is widely viewed as conforming to common interest and has attracted considerable attention and recognition from overseas enterprises.

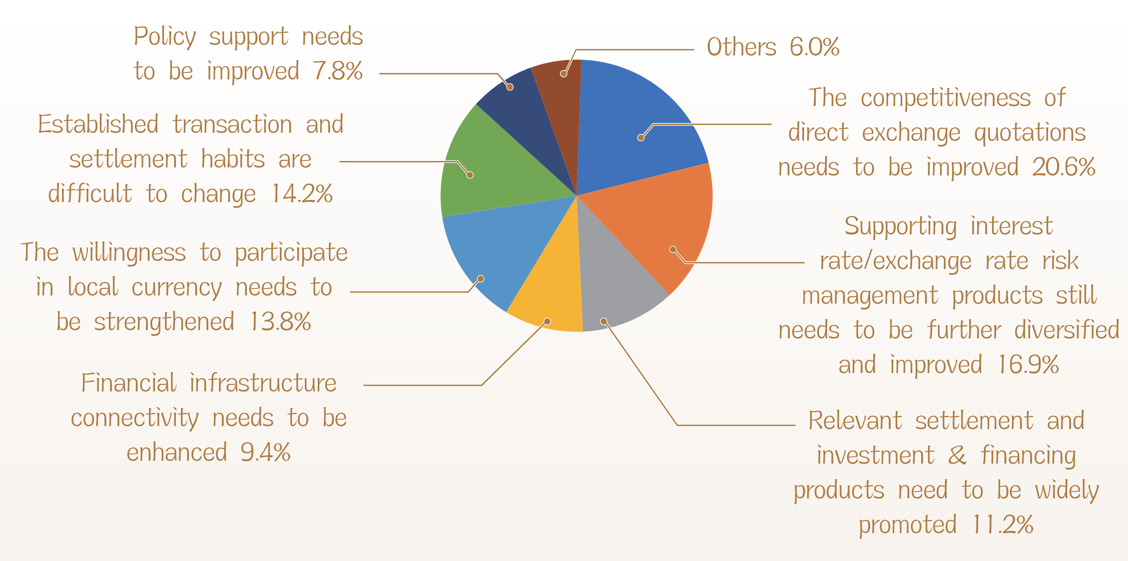
Evaluation by Overseas Enterprises of the Role of RMB in Multilateral Cooperation



Challenges and outlook for multilateral cooperation

Despite the positive momentum in multilateral cooperation and the strong willingness of both domestic and overseas enterprises to participate, the adoption of local currency settlement in cross-border transactions still has significant room for improvement. The expansion and deepening of local currency settlement face several key challenges. According to the 2024 market survey, respondents identified major obstacles such as limited competitiveness of direct exchange rate quotations, insufficient availability of interest rate/exchange rate risk management products, the path dependence on traditional settlement currencies, and the need to further enhance willingness for multilateral cooperation.

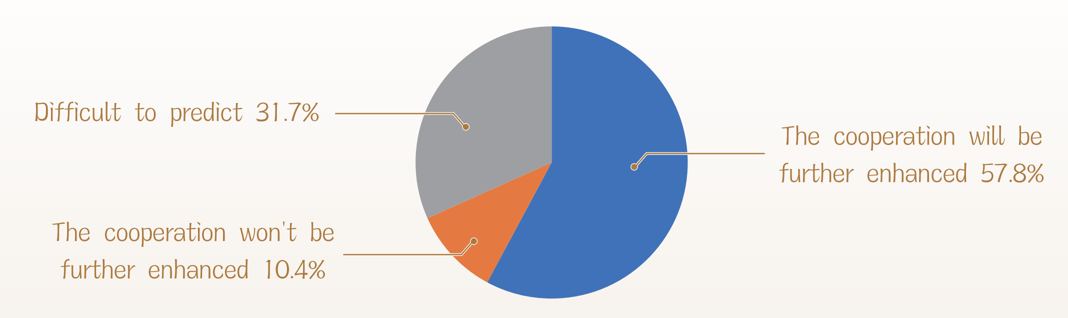
Difficulties and Challenges Faced in Multilateral Cooperation



Overall, addressing these challenges calls for stronger guidance from central banks to emphasize the shared benefits of multilateral cooperation in local currency settlement. At the same time, sustained market-level efforts are essential to continuously enhance the user experience, thereby stimulating demand and fostering a positive supply-demand cycle. To reduce dependency on traditional settlement currencies, it is crucial to seize emerging market opportunities and strengthen the endogenous motivation of the market participants to shift away from such dependency.

Regarding the development trend of multilateral cooperation, both domestic and overseas enterprises have expressed an overall positive outlook. Nearly 60% of respondents indicated that the momentum of multilateral cooperation is expected to strengthen in the future, while only 10% predicted little or no increase in momentum. These survey results reflect a cautiously optimistic attitude among domestic and overseas enterprises toward multilateral cooperation. Generally speaking, the process of multilateral cooperation is already underway, with domestic and overseas enterprises reaching broad consensus on the benefits of local currency settlement. More than 60% of the surveyed enterprises offered optimistic projections for the future of multilateral cooperation, signaling a clear trend toward its gradual expansion and deepening.

Prediction of the Trend of Multilateral Cooperation by the Domestic and Overseas Enterprises



05

Chapter V

Outlook for RMB Internationalization

01

Enhanced quality and efficiency of cross-border RMB use in serving the real economy

First, promoting foreign trade and supporting small and micro-sized enterprises. The 2024 survey results indicate that enterprises actively engaged in import and export are more inclined to adopt RMB for cross-border settlement. Among enterprises whose import and export revenues account for more than 50% of their total operating income, 60% expressed plans to increase the share of RMB in their settlement activities, underscoring the positive role of cross-border RMB use in facilitating trade. Moreover, the survey highlights that small and micro-sized enterprises show a particularly strong recognition for the convenience of using the RMB in cross-border settlement. Streamlined procedures, the exemption from currency conversion, and reduced exposure to exchange rate risks have significantly improved the efficiency of settlement processes for a broad range of small and micro-sized foreign trade businesses.

Second, facilitating two-way investments and supporting "dual circulation" of domestic and international markets. Among Chinese enterprises going global, nearly 50% reported using the RMB for at least 20% of their ODI, representing a 5.3 percentage point increase compared to 2023. A growing number of enterprises are utilizing RMB both to contribute the outbound investments and to purchase domestic goods, thereby fostering a circulation pattern that features RMB outflows from investment under the capital account and RMB inflows from trade under the current account. This mode effectively mitigates exchange rate risks and reduces FX costs on the macro level.

Third, optimizing resource allocation and enhancing economic and financial security. According to the 2024 survey, the RMB's growing role as a financing currency can contribute to more efficient allocation of both domestic and international resources. For instance, offering RMB-denominated trade financing to overseas enterprises can enhance the stability of trade between their home countries and China. As China continues to be a key destination for foreign capital inflows, greater use of the RMB in inbound financing helps reduce currency mismatch risks in the country's external liabilities, thereby strengthening overall economic and financial resilience.

02

Further improvements in the breadth and depth of offshore RMB markets

First, the scale of offshore RMB fund flows has expanded. In 2024, the total volume of cross-border RMB customer remittances outside China increased by 5.5% year-on-year. This growth in cross-border RMB fund flows supported the liquidity needs of offshore RMB markets, to sustain active financial transactions and roll out a more diversified range of products and services.

Second, increased participation of financial institutions in offshore RMB markets. The 2024 survey results show a rising number of institutions reported increased demand for RMB-denominated products and services compared to the previous year. Notably, over 60% of the surveyed overseas financial institutions indicated plans to further expand their offerings of cross-border RMB products and services—an increase by 5.7 percentage points from 2023. In parallel, more overseas enterprises reported improved access to RMB products and services in their local markets. These trends highlight a mutually reinforcing dynamic between supply and demand for cross-border RMB offerings in offshore markets.

Third, improved support for offshore RMB markets and greater diversification of offshore RMB products and services. According to the 2024 survey, key market components—such as the ease of converting RMB into non-USD currencies—have further improved over the past year. Nearly 80% of the surveyed enterprises reported that direct currency conversion helped reduce FX costs to varying degrees. Additionally, under bilateral and multilateral cooperation frameworks, the scale and application scenarios for cross-border use of digital currencies have expanded. The interconnection of payment and clearing infrastructures has also facilitated small-value RMB payments overseas. Offshore RMB products and services have become more diversified.

Fourth, growing influence of offshore RMB centers on other regions. Hong Kong SAR has further solidified its position as the leading offshore RMB center, playing an increasingly vital role in promoting RMB use within ASEAN and RCEP frameworks, as well as in facilitating cross-border RMB fund flows with Europe. At the same time, other major offshore RMB centers have continued to expand in scale, enabling them to provide more comprehensive and in-depth support for the development of offshore RMB markets.

Steadier momentum for RMB regionalization

First, increasing synchronicity in exchange rate movements between regional currencies and the RMB. With deepening economic integration under ASEAN and RCEP frameworks, the exchange rate movements of ASEAN currencies, as well as the Japanese yen and the Korean won, have become more synchronized with the RMB compared to the previous year. This growing correlation has created a more conducive market environment for the regionalization of RMB.

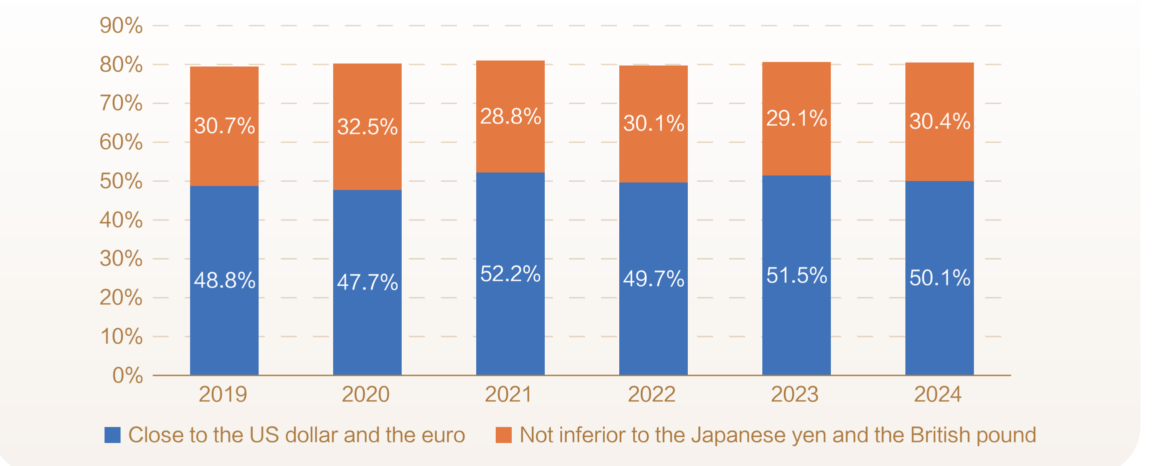
Second, more active intra-regional cross-border use of RMB. In 2024, RMB customer remittances within the RCEP and ASEAN regions rose by nearly 20%, outpacing the average of RMB customer remittances outside China by 13.7 percentage points. Intra-regional RMB usage remained vibrant, with such remittances accounting for 75.6% of total RMB customer remittances in the RCEP region and 66.8% in ASEAN. Furthermore, willingness to use the RMB within the regions was relatively strong. Among the surveyed ASEAN enterprises, 85.9% indicated they would maintain or increase the proportion of RMB settlements—7.5 percentage points higher than the overall overseas respondent average.

Third, a solid foundation for intra-regional multilateral settlement cooperation. The interconnectivity of regional financial infrastructure has continued to improve. For example, Cambodia enabled WeChat QR code payments in 2023, while Malaysia began supporting QR code payments via WeChat and UnionPay cards in 2024. Over half of the enterprises in ASEAN and RCEP reported increased usage—8.3 and 9.2 percentage points higher than the overall surveyed average, respectively.

Positive outlook for the RMB as an international currency

According to the 2024 survey, 80.5% of domestic and overseas enterprises believed that the RMB's international currency status would be on par with, or even exceed, that of the Japanese yen or British pound within the next decade. Although this figure declined slightly by 0.1 percentage point from 2023, it remains one of the highest in recent years. This optimistic outlook reflects the ongoing enhancement of the RMB's role as an international currency across multiple dimensions.

Expectation of the Surveyed Domestic and Overseas Enterprises for the Status of RMB as An International Currency



First, strong willingness to use RMB for cross-border settlement. Over 90% of the surveyed enterprises, both domestic and overseas, indicated plans to maintain or increase their use of the RMB in cross-border transactions, reinforcing its role as an international settlement currency.

Second, the steadily expanding scale of RMB financing. Overseas enterprises and financial institutions increasingly regard the RMB as a valuable supplementary source of global liquidity. Interest in using the RMB for financing trade with China remains high, contributing to record levels of cross-border RMB bond financing both in China and abroad. These survey findings, together with market data, underscore the RMB's growing strength as a financing currency. The RMB's appeal as a financing currency is further supported by China's deepening trade ties with the rest of the world, the currency's relatively low interest rates, and its sustained purchasing power.

Third, the enhanced function of the RMB as an investment vehicle. A growing number of Chinese enterprises going global planned to increase the share of RMB in their ODI. Among overseas financial institutions planning to increase their holdings of RMB assets, the share of RMB financial assets relative to their total investable assets continued to rise. These survey findings indicate a strong and growing willingness among enterprises and financial institutions to use the RMB as an investment vehicle.

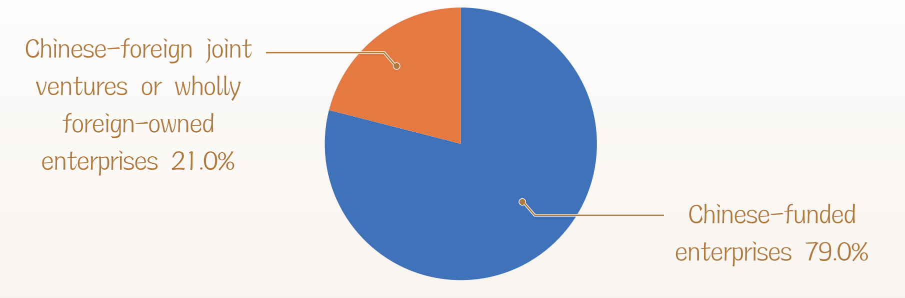
Fourth, the strengthened role of the RMB as a store of value. Survey results over the past five years show a consistent decline in the proportion of overseas enterprises converting RMB income into local currencies. Instead, more companies chose to retain RMB in the form of deposits, bonds, equities, and other financial instruments. More companies choosing to hold RMB cash or assets as a means of value preservation and appreciation has further reinforced the RMB's role as a store of value at the micro level.

The survey was conducted between December 27, 2024, and January 27, 2025, and received a total of 3,379 responses from both domestic and overseas enterprises. Of these, 2,286 responses came from domestic enterprises, including 1,711 from those located within free trade zones (FTZs) and 315 from enterprises going global. The remaining 1,093 responses were submitted by overseas enterprises.

01

Composition of domestic enterprises by ownership type

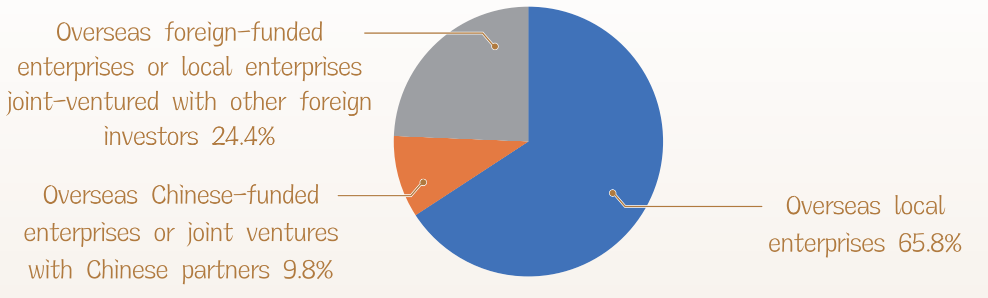
The composition of domestic enterprises by ownership type is as follows



02

Composition of overseas enterprises by ownership type

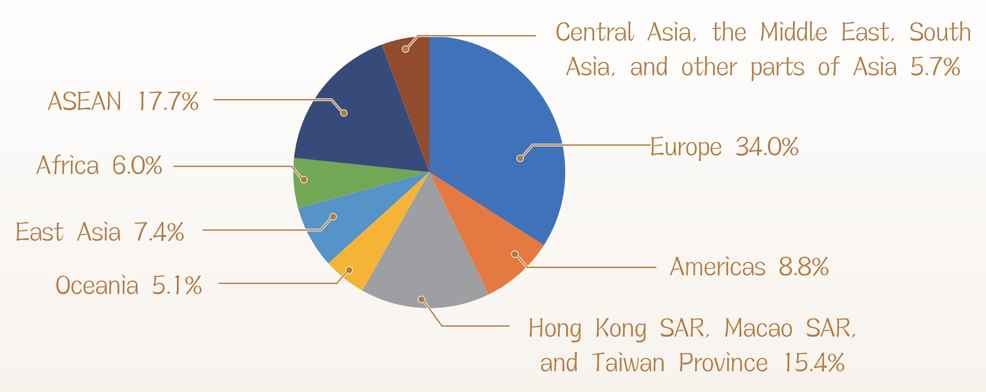
The composition of overseas enterprises by ownership type is as follows



03

Composition of overseas enterprises by region

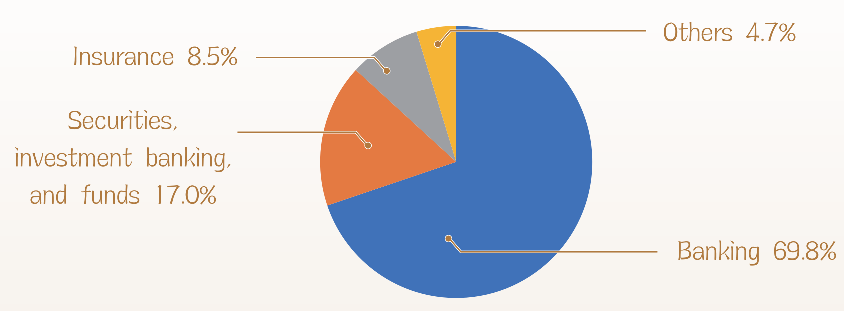
Overseas enterprises are from 53 countries and regions[4] worldwide, with the regional distribution as follows



04

Composition of overseas financial institutions by industry

A total of 106 responses were received from overseas financial institutions. The industry composition of these institutions is as follows



[4] Macao SAR, Hong Kong SAR, and Taiwan Province; Australia and New Zealand; Vietnam, Cambodia, Malaysia, the Philippines, Thailand, Laos, Singapore, Indonesia, and Myanmar; Japan, South Korea, and Mongolia; Angola, Mauritius, Morocco, Kenya, South Africa, and Zambia; Panama, Brazil, Argentina, Canada, Peru, Mexico, and the US; Pakistan, Sri Lanka, the UAE, Qatar, Turkey, and Kazakhstan; France, Poland, Romania, Czech Republic, Belgium, Russia, Germany, Portugal, the Netherlands, the UK, Italy, Switzerland, Serbia, Sweden, Austria, Hungary, and Greece

Asia

• On January 24, 2024, the PBC and the HKMA jointly announced six policy measures to deepen financial cooperation between the Hong Kong SAR and the Chinese mainland. These include: expanding the list of eligible collateral for the HKMA's RMB Liquidity Facility to include RMB bonds issued onshore by the Ministry of Finance of China and the policy banks of China; further opening up the onshore repurchase agreement (repo) market to all overseas institutional investors; releasing the amendments to the Implementation Arrangements for the Cross-border Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA); implementing facilitative measures on the remittances for property purchase by Hong Kong and Macao residents in the Mainland cities in the GBA; promoting the collaboration on cross-border credit referencing to facilitate corporates' cross-border financing activities; and expanding the cross-border e-CNY pilots in Hong Kong.

• On January 30 and September 4, 2024, BOCHK, as a lead underwriter, successfully facilitated the issuance of offshore RMB bonds by Prologis, L.P. (rated "A3" by Moody's and "A" by S&P Global Ratings). The offerings comprised 3-year RMB1.5 billion bonds and 5-year RMB1.35 billion bonds, respectively. As a constituent of the S&P 500 Index, Prologis made its debut in the Hong Kong bond market through these issuances, becoming the first US company in nearly a decade to complete two public RMB bond offerings within a single calendar year.

• In February 2024, BOCHK introduced the "GBA Property Purchase Remittance" facilitation measure to support Hong Kong and Macao residents in purchasing properties within the GBA. The initiative enables clients to remit funds in RMB, HKD, or foreign currencies to GBA cities for property settlement, thereby providing more comprehensive cross-border payment services.

• On February 26, 2024, the newly revised *Implementation Arrangements for the Cross-border Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area* (Cross-border Wealth Management Connect 2.0) officially came into effect. The updated framework introduces a series of optimizations, including reduced investment thresholds, an expanded range of the Southbound Scheme products, and increased individual investment quotas.

• In March 2024, BOCHK Global Markets successfully executed its first RMB futures transaction on Bursa Malaysia Derivatives, serving as a market maker for RMB futures products.

• In April 2024, BOCHK Global Markets and BOCI successfully completed multiple interest rate swap (IRS) transactions, utilizing BOCHK's clearing services as an agent for the London Clearing House (LCH).

• On April 19, 2024, the China Securities Regulatory Commission (CSRC) announced five measures aimed at strengthening capital market cooperation with Hong Kong SAR. These measures include expanding the range of eligible ETF products under the Hong Kong Stock Connect program, integrating REITs into the program, supporting the inclusion of RMB-denominated stock trading counters in the Hong Kong Stock Connect program, optimizing the mutual recognition of funds mechanism, and encouraging leading Mainland enterprises to list in Hong Kong.

• On May 29, 2024, BOCHK, serving as the joint global coordinator and settlement bank, successfully supported the Airport Authority Hong Kong in issuing a 10-year, RMB1.5 billion offshore RMB bond. This marked the authority's first RMB public bond issuance and was the first 10-year RMB public bond in the Greater China region issued by an entity other than the HKSAR Government or the Ministry of Finance of China. The bond featured the lowest coupon rate among offshore RMB non-China government bonds.

• In June 2024, BOCHK served as the sole issuing agent for MTR Corporation's 30-year offshore RMB bonds.

• On September 10, 2024, BOCHK supported the People's Government of Guangdong Province in its inaugural offshore RMB local government bond issuance in Hong Kong, totaling RMB5 billion. Following four consecutive years of successful issuances in Macao, this marked Guangdong's debut in Hong Kong, making it China's first local government to issue bonds in both Hong Kong and Macao.

• In November 2024, BOCHK became the first overseas institution to successfully participate in the inaugural standard IRS transaction on the China Foreign Exchange Trade System platform. The transaction was centrally cleared through BOC Shanghai Branch at the Shanghai Clearing House.

• On December 17, 2024, BOCHK, as the first overseas member of the Shanghai Clearing House for cross-border RMB clearing and settlement of commodity spot transactions, provided cross-border RMB clearing and settlement services to the Hainan International Energy Exchange for a commodity spot transaction. The total transaction amount exceeded RMB33 million, marking the first such transaction conducted in the overseas market.

• On December 23, 2024, Hong Kong announced the extension of cross-border clearing service hours for local RMB clearing banks. Through Hong Kong's RMB real-time payment system and RMB faster payment system, institutions participating in RMB businesses can now access 24-hour real-time cross-border RMB clearing services from Monday to Friday (Hong Kong time).

• On March 15, 2024, BOC Macao Branch successfully completed the full disbursement of an RMB 15 billion offshore syndicated loan for a leading global tissue paper company. This marked the largest offshore RMB syndicated loan in the Asia-Pacific region in recent years. The loan supported an acquisition project valued at approximately HKD28.3 billion, which stands as one of the largest and most high-profile M&A transactions in the Asia-Pacific consumer market in recent years.

• In June 2024, BOC Macao Branch successfully issued the world's first RMB bonds dedicated to sustainable development projects under the Belt and Road Initiative (BRI). This pioneering issuance is expected to encourage Chinese-funded institutions to leverage cross-border RMB funds to finance green projects under the Belt and Road Initiative, thereby facilitating greater mobilization of cross-border RMB resources in support of green development in the B&R participating countries.

• In August 2024, BOC Macao Branch, acting as the sole global coordinator, successfully assisted the People's Government of Guangdong Province in issuing RMB2.5 billion in local government bonds in Macao for the fourth consecutive time, including RMB1.5 billion in green bonds. For the first time, proceeds from the offshore RMB bonds would be used to finance infrastructure development in the Guangdong-Macao In-depth Cooperation Zone in Hengqin, further strengthening collaboration between Guangdong and Macao.

• In October 2024, BOC Macao Branch, acting as joint global coordinator, led the successful pricing and issuance of RMB5 billion in offshore RMB bonds for the Ministry of Finance of China in Macao. This issuance sustained the record for the largest single bond offering in Macao and achieved a subscription multiple of 3.06 times—the highest ever recorded in the region.

• On November 11, 2024, the China-Singapore Joint Council for Bilateral Cooperation held its annual meeting in Singapore, highlighting 25 outcomes of bilateral cooperation. Among them, BOC served as the lead underwriter for the first Panda bond listed on the Singapore Exchange—marking the first time a Panda bond has been listed on an exchange outside of Greater China in Asia.

• In 2024, BOC (Malaysia) was appointed by PayNet —a payment company under Bank Negara Malaysia—as a cross-border payment settlement bank in the country. BOC (Malaysia) successfully launched the cross-border QR code interoperability project between WeChat and the PayNet system.

• In 2024, BOC (Malaysia) processed a total of RMB144.5 billion in RMB clearing through the local clearing system (RENTAS), surpassing the RMB100 billion mark for the first time—a significant milestone. This represents a year-on-year increase of RMB50.8 billion, or 54%, setting a new historical record. BOC (Malaysia) remains the sole RMB settlement bank designated by Bank Negara Malaysia for the RENTAS clearing system.

• On May 21, 2024, Governor Pan Gongsheng of the PBC met with visiting

Governor Sethaput Suthiwartnarueput of the Bank of Thailand to exchange views on bilateral financial cooperation and related topics. Following the meeting, both sides signed the *Memorandum of Understanding between the People's Bank of China and the Bank of Thailand on a Framework for Cooperation to Promote Bilateral Transactions in Local Currencies*.

• In January 2024, BOC Phnom Penh Branch was authorized by the National Bank of Cambodia to serve as the clearing bank for the BAKONG-ALIPAY cross-border QR code payment interoperability initiative. On October 14, the project was officially launched, allowing Alipay users from China to make cross-border RMB payments by scanning KHQR codes.

• In 2024, the annual direct trading volume of the RMB against the Philippine peso under the Philippine RMB Trading Community mechanism surpassed RMB10 billion for the first time. Established in October 2018 and jointly supported by the central banks of China and the Philippines, this mechanism serves as China's first overseas self-regulatory financial liaison platform for RMB-to-local currency transactions.

• In 2024, the agreement for upgrading the Philippines' local RMB transfer system (RTS) to version 2.0 entered its final stage. Once completed, the upgraded system will provide real-time RMB clearing and Payment-versus-Payment (PVP) settlement capabilities for RMB/peso transactions. BOC Manila Branch initially launched the system in 2014 in collaboration with the Philippine Dealing System Holdings Corp. (PDS) to support local RMB fund remittance, transfer, and clearing.

• On May 21, 2024, BOC hosted a cross-border RMB and bilateral local currency settlement roadshow in Jakarta to promote the internationalization of the RMB. The event drew nearly 150 participants, including Deputy Director Ita Vianty from the International Department of Bank Indonesia, officials from the Investment Coordinating Board (BKPM), the Indonesia-China Association of Economic, Social and Cultural Cooperation, the Chinese Embassy in Indonesia, and the China Chamber of Commerce in Indonesia, as well as representatives from enterprises and financial institutions in both countries.

• On September 27, 2024, BOC facilitated a closed-door meeting in Beijing between Bank Indonesia and the PBC on the theme "Further Facilitating the Use of Bilateral Local Currency Settlement Mechanism by Enterprises in China and Indonesia". The meeting was attended by representatives from eight institutions, including China International Capital Corporation (CICC), the Silk Road Fund, and the Jakarta-Bandung High-Speed Railway. Bank Indonesia indicated that it would subsequently revise the regulatory framework to enhance the bilateral local currency settlement mechanism.

• On November 28, 2024, BOC Jakarta Branch launched the "Splendid China: Guangxi" themed card, which can be linked to both WeChat and Alipay. The card enhances the diversity of RMB usage scenarios and offers a range of cardholder benefits, thereby providing Indonesian travelers to China with more convenient payment solutions.

• As at the end of 2024, the cumulative RMB-IDR exchange transaction volume under the local currency settlement (LCS) mechanism surpassed RMB10 billion. A total of 15 Chinese banks and 16 Indonesian banks participated in market trading. The Indonesian rupiah remained the most actively traded regional currency in China for the fourth consecutive year.

• On August 21, 2024, Brunei implemented its first local RMB project financing deal. BOC Brunei Branch, acting as the sole lender, signed a loan agreement with Muara Port Company Sdn Bhd to support the expansion of its container terminal. During the construction period, BOC Brunei Branch will provide a total of BND95 million and RMB400 million in loans over a 13-year term.

• In 2024, the total KZT-RMB exchange trading volume in Kazakhstan reached KZT7,976.9 billion (approximately RMB122.2 billion), marking a year-on-year increase by 79.5%.

Europe

• As at the end of November 2024, the China Europe International Exchange (CEINEX) offered 40 financial products denominated in RMB, EUR, and USD. RMB-denominated products recorded a trading volume of RMB781 million, representing 0.72% of the total trading volume.

• According to German data, in 2024, Germany ranked 11th globally (excluding the Chinese mainland) in RMB usage, accounting for a 0.64% share. It ranked third in Europe, following the UK and France. That year, the German market processed 456,700 RMB clearing transactions, marking a 17% year-on-year increase, with a total clearing volume of RMB12.31 trillion, up by 30% from the previous year.

• On June 7, 2024, BOC Frankfurt Branch, acting as the lead underwriter and bookrunner, successfully assisted BASF in completing its inaugural Panda bond issuance, totaling RMB2 billion with a three-year maturity.

• On August 13, 2024, BOC issued the world's first offshore RMB SGS bonds in Frankfurt, totaling RMB2.5 billion with a two-year maturity. SGS bonds cover sustainability-linked, green, and social loans, and the proceeds will be used to fund ESG-related projects. The bonds attracted active subscriptions from global investors, setting a record for the lowest interest rate on two-year offshore RMB bonds issued by a Chinese bank. This milestone marked significant progress in advancing RMB internationalization and ESG finance. The bonds were officially listed on the Frankfurt Stock Exchange on August 26.

• On September 11, 2024, BOC Frankfurt Branch, in collaboration with BOC Luxembourg Branch, successfully completed a supporting currency swap transaction for Volkswagen Group's RMB1.5 billion three-year Panda bond issuance.

• On January 10, 2024, the National Bank of Serbia appointed BOC as its agent for accessing China's interbank bond market and signed an interbank market service agreement with the Bank.

• On May 8, 2024, Chinese President Xi Jinping and Serbian President Aleksandar Vučić signed a joint statement in Belgrade, expressing support for the early establishment of the Serbian RMB Clearing Bank to facilitate local currency settlement for bilateral trade and investment. On the same day, BOC held an unveiling ceremony for the Serbian RMB Clearing Bank in Belgrade, jointly officiated by BOC Chairman Ge Haijiao and National Bank of Serbia Governor Jorgovanka Tabaković. The Serbian RMB Clearing Bank officially began operations on June 3, providing efficient RMB clearing services to support China-Serbia economic and trade cooperation.

• On June 3, 2024, BOC Serbia Branch became a direct participant in the Cross-border Interbank Payment System (CIPS). On the same day, it successfully completed its first cross-border RMB remittance, transferring RMB2 million on behalf of HBIS Group Serbia's steel plant in Smederevo.

Middle East and Africa

• On March 15, 2024, Ministry of Foreign Affairs of the People's Republic of China released the *Joint Statement on the Establishment of a Comprehensive Strategic Cooperative Partnership between the People's Republic of China and the Republic of Angola*. The statement affirms both sides' commitment to strengthening financial cooperation, supporting financial institutions in offering financing and investment services to enterprises in both countries, promoting greater use of local currencies in trade and investment to lower FX costs, and fostering a favorable policy environment for local currency settlement.

• On September 4, 2024, the PBC and the Bank of Mauritius signed a bilateral local currency swap agreement, with a swap size of RMB2 billion/MUR13 billion and a three-year term, extendable upon mutual agreement.

• On November 23, 2024, the PBC announced its decision to designate Bank of China (Mauritius) Limited as the RMB clearing bank in Mauritius.

Americas

• In June 2024, BOC México was officially approved as a direct participant in the CIPS.

中國銀行
BANK OF CHINA

BANKING | SECURITIES | INSURANCE
www.bankofchina.com/en