Positioned for Growth

Hong Kong Banking Report 2026

KPMG. Make the Difference.

kpmg.com/cn

Contents

Introduction

Jia Ning Song
Head of Banking and Capital Markets
Hong Kong SAR,
KPMG China

Paul McSheaffrey
Senior Banking Partner
Hong Kong SAR,
KPMG China

Welcome to the 2026 edition of the Hong Kong Banking Report, which includes the financial results of banks in 2025 alongside a detailed analysis of the top ten banks in the city. As we reflect on the past twelve months, what is most striking is how quickly the narrative around Hong Kong's banking sector has shifted — from one of cautious recovery this time last year, to one of genuine momentum returning across most parts of the balance sheet.

At the outset of 2025, there were genuine reasons for caution. US tariff hikes and renewed trade tensions unsettled markets early in the year, and many expected the fallout to weigh heavily on regional growth. The reality proved far more encouraging. The Hong Kong economy proved resilient, the Hang Seng Index returned 28% and, perhaps most notably for those of us who have watched the property cycle closely, residential prices reverted to modest growth after three consecutive years of decline.

For Hong Kong's banks, this translated into a noticeable improvement in headline performance. Deposits and balance sheets expanded, loans returned to growth after the previous year's contraction, and credit quality held up well overall. The headline financials are encouraging, and we set them out in detail in the first section of the report.

We have structured this year's report around three themes that we believe will define the sector over the medium term: **Performance, Growth and Trust**.

In **Performance**, we provide our usual analysis of the top ten locally incorporated licensed banks, focusing on margins, costs, loan growth and credit quality.

In **Growth**, we look at where the next wave of opportunity is being created – the SFC–HKMA Roadmap for fixed income and currency markets, Hong Kong's emerging gold hub ambitions, the increasingly commercial case for transition finance, where banks should be focused on private credit, the steady evolution of digital payments, and the opportunities in the family office segment.

In **Trust**, we turn to the operational and reputational dimensions that will determine whether the growth opportunity can actually be captured. We examine where banks are – and are not – translating AI into real enterprise value, how AI-enabled scams are reshaping the financial crime landscape, and why post-quantum cryptography and AI-driven cyber threats need to move up the board agenda sooner than many assume.

We hope you find the report insightful and as always, we would welcome the opportunity to discuss any of the themes in more detail.

01 Performance

Overview of financial results

Hong Kong banks regain loan momentum and strengthen foundations for the future

Benjamin Man
Partner, Financial Services,
Hong Kong SAR
KPMG China

Samuel Luk
Partner, Financial Services,
Hong Kong SAR
KPMG China

In 2025, U.S. tariff hikes and trade tensions caused volatility in the first half of the year, but the global economy gained momentum as the U.S. Federal Reserve implemented interest rate cuts, while significant investments in artificial intelligence (AI), including advances from the Chinese Mainland, drove growth. Robust demand for technology and electronic products, and strong cross-boundary ties between the Chinese Mainland and Hong Kong fuelled a surge in exports, expanding Hong Kong's economy by 3.5%[1], up from 2.5% in 2024.

As the trade landscape stabilised throughout 2025, Hong Kong's Hang Seng Index achieved a stellar 27.8%[1] annual gain, residential property transactions volumes grew by 18%[1] and overall residential property prices reverted to a modest increase of 3% after three consecutive years of declines[1]. Amid a rapidly growing technology sector, the Hong Kong stock market rally lifted business confidence during the second half of 2025, contributing to a 1.7%[1] expansion in private consumption spending, effectively reversing the previous year's contraction.

Within this environment, Hong Kong's banking sector achieved strong overall balance sheet growth in 2025. The total assets of all licensed banks rose by 7.1% to HK$26 trillion, marking an acceleration compared to the previous three years, where year-on-year assets growth averaged 3.0%. Total loans and advances increased 3.3%, reversing three consecutive years of declines, while customer deposits grew by 9.1%, well above their recent average of 2.5% per year between 2022 – 2024.

In line with our prediction in the 2025 Hong Kong Banking Report, the sector continued to be affected by shifts in U.S. monetary policy with net interest margins (NIM) declining by an average of 7 basis points year-on-year.

[1] 2025 Economic Background and 2026 Prospects, Hong Kong SAR Government, February 2025, p.1, 6-7, 11-12, 18-19 https://www.hkeconomy.gov.hk/en/pdf/er_25q4.pdf

Building on the momentum of balance sheet growth, Hong Kong banks grew their operating profit before impairment charges to HK$337 billion in 2025, up 5.5% from the previous year, including a 5.7% growth in non-interest income.

The U.S. Federal Reserve reduced the federal funds rate by a total of 75 basis points in 2025 and has maintained the rate at 3.75% since December. Following this, the HKMA followed suit by lowering the base rate from 4.75% to 4.00% and the 3-month HIBOR dropped from 4.37% in December 2024 to 2.93%[2] in December 2025. The composite interest rate, which is a measure of the average cost of funds for banks, also fell by 88 basis points from 2.24% in December 2024 to 1.36% in December 2025[3].

The Hong Kong (SAR) Government forecasts the economy will grow by 2.5% to 3.5% in 2026, after recording 3.5% growth in 2025. Consumer price inflation is expected to reach 1.7% in 2026, up from 1.1% in 2025[1]. Hong Kong's economy showed strong growth in the first quarter of 2026[4], driven by a surge in electronic product exports, as well as a rise in service exports, supported by robust regional manufacturing activity, sustained global demand for AI-related electronic products (e.g. around data centres), and a recovery in tourism and financial services.

While the global economy is projected to grow steadily in 2026, the outlook is also clouded by multi-sided risks. The AI boom is driving technology investments, yet concerns persist around high debt levels in the AI and other fast-growing sectors, especially if returns fall short. At the same time, ongoing conflicts in the Middle East are pushing up energy and shipping costs. These factors together have disrupted the U.S. disinflation process, dampening market expectations of further interest rate easing.

Notwithstanding these global uncertainties, the outlook for Hong Kong's banking sector for the remainder of 2026 is, on balance positive. Strong global demand for AI-related products and easing trade tensions are expected to fuel export momentum, while enhanced cross-boundary connectivity, alongside supportive policies, is set to stimulate growth in service exports. Rising domestic consumer and business confidence is also expected to drive credit and asset expansion. Banks will nonetheless need to navigate some uncertainties: a rate environment that is not clear on direction, the ongoing pricing and sales downturn in the Chinese Mainland housing market, which may persist, and softness across Hong Kong's commercial real estate sector[5]. Against this backdrop, banks should maintain prudent risk management and actively monitor exposures within highly leveraged real estate portfolios and vulnerable corporate commercial sectors.

In this article, we analyse key metrics for the top ten locally incorporated licensed banks[6] in Hong Kong. While some banks operate a dual entity structure in Hong Kong (e.g. a branch and an incorporated authorised institution), we have not combined their results. The analysis is conducted on a reporting entity basis[7].

---

[2] The Hong Kong Association of Banks - HKD Interest Settlement Rates Highlights https://www.hkab.org.hk/en/rates/hibor

[3] Half-Yearly Monetary and Financial Stability Report, March 2026, p.28, 43, 45, 51 https://www.hkma.gov.hk/media/eng/publication-and-research/bulletin/202603/E_Half-yearly_202603.pdf

[4] First Quarter Economic Report 2026, p.1, 30 https://www.hkeconomy.gov.hk/en/pdf/er_26q1.pdf

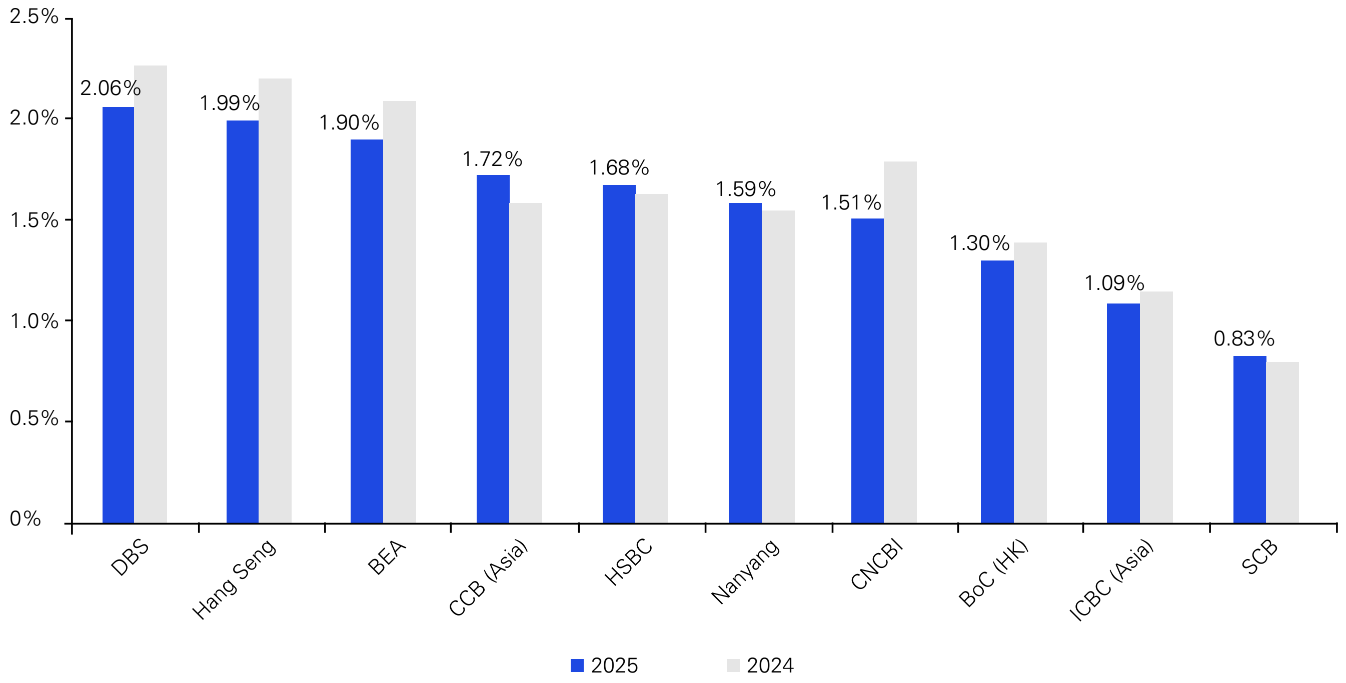
[5] HKMA Annual Report 2025, Economic and Financial Environment, p.61 https://www.hkma.gov.hk/media/eng/publication-and-research/annual-report/2025/AR_2025E.pdf

[6] The top ten locally incorporated licensed banks mentioned in this article are the ten banks with highest total assets among all locally incorporated licensed banks as at 31 December 2025.

[7] The analysis is based on financial institutions registered with the Hong Kong Monetary Authority.

Net interest margin

Net interest margin



Source: Extracted from individual banks' financial and public statements

All surveyed licensed banks saw their average NIM[8] decline by 7 basis points from 2024, reflecting the movement in interest rates over the year. Interest rates remained stable until September 2025, when the U.S. Federal Reserve cut rates.

Despite the minor NIM contraction, total net interest income for all surveyed banks increased by 4.5%, from HK$295 billion in 2024 to HK$308 billion in 2025, in line with the recovery in loan growth. The average NIM for the top ten banks decreased from 1.58% in 2024 to 1.52% in 2025, with six of the top ten recording decreases.

Among these, certain banks were able to record positive performances, notably The Hongkong and Shanghai Banking Corporation Limited (HSBC), Standard Chartered Bank (Hong Kong) Limited (SCB), Nanyang Commercial Bank, Limited (Nanyang) and China Construction Bank (Asia) Corporation Limited (CCB (Asia)), all of which recorded year-on-year NIM improvements, helping to cushion the overall slight decline. Consistent with 2024, DBS Bank (Hong Kong) Limited (DBS), Hang Seng Bank, Limited (Hang Seng) and The Bank of East Asia, Limited (BEA) recorded the three largest NIMs in 2025.

Notably, CCB (Asia) recorded the largest increase of 13 basis points, from 1.59% in 2024 to 1.72%. This growth was driven by a 14.8% increase in net interest income, as the bank continued to capitalise on its cross-boundary banking strengths[9]. Similarly, HSBC's NIM rose modestly from 1.63% in 2024 to 1.68% in 2025, mainly due to lower funding costs[10].

[8] NIM is either quoted from public announcements of financial statements, or calculated based on annualised net interest income and interest-bearing assets or total assets, depending on the availability of information.
[9] CCB (Asia) Annual Report 2025, p.2-3, 66, 211-213 https://vpr.hkma.gov.hk/statics/assets/doc/100015/ar_25/ar_25.pdf
[10] HSBC Annual Report and Accounts 2025, p.16-18, 98 https://vpr.hkma.gov.hk/statics/assets/doc/100002/fd_fin/fd_fin_1225_eng.pdf

DBS's NIM fell from 2.27% in 2024 to 2.06% in 2025, driven by a decrease in net interest income of HK$144 million, or 1.3%, in combination with an 8.5% increase in average total assets. The asset growth stemmed from the redeployment of increased customer deposits into treasury investments and placements with banks.

Hang Seng's NIM fell by 21 basis points, from 2.20% in 2024 to 1.99% in 2025, mainly due to a decline in the contribution from net-free funds, a subdued loan demand and a redeployment of funds to financial investments with lower yields[11].

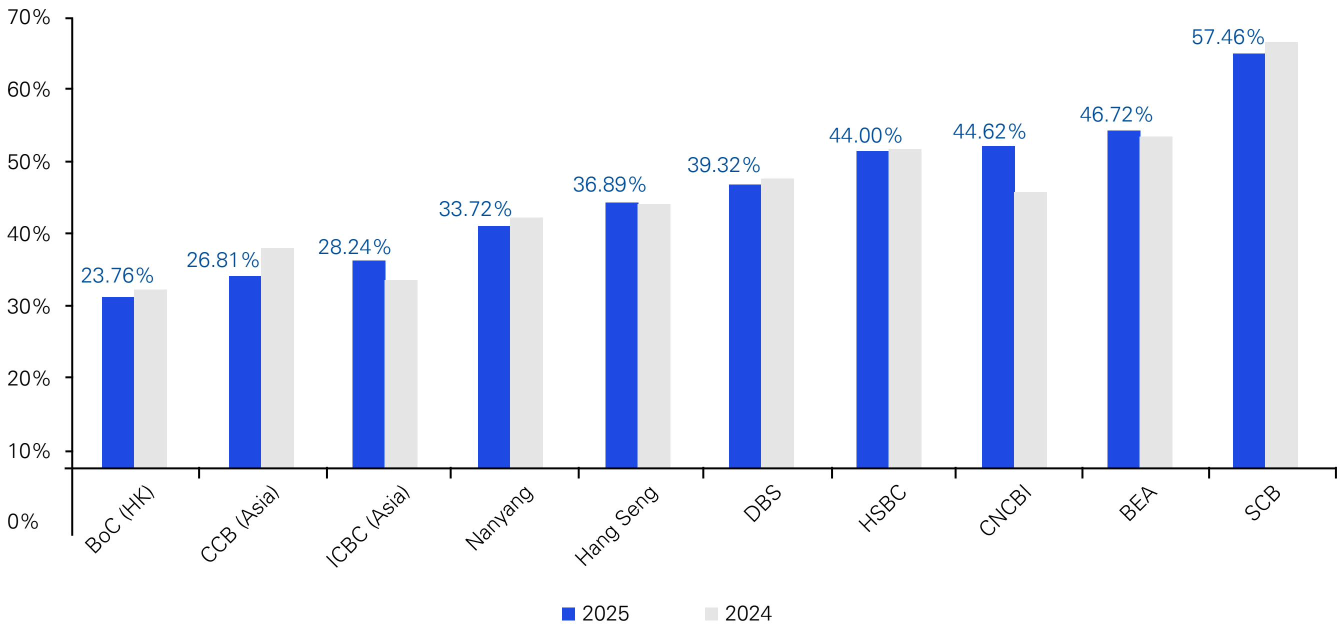
BEA's NIM decreased by 19 basis points, from 2.09% in 2024 to 1.90% in 2025. Net interest income declined by HK$1,207 million, or 7.3%, to HK$15,322 million, mainly due to de-risking of volatile commercial real estate exposures as the bank diversified into other sectors[12].

Excluding Hang Seng, which ceased to report the split of its customer deposits by types in its 2025 annual report, current and savings account (CASA) balances made up 44% of total deposits at surveyed banks by the end of 2025, slightly up from 41% by the end of 2024. Considering the existing interest rate environment and headwinds to interest rate cuts, we do not expect any drastic change in deposit composition.

Looking ahead, with the sector facing structural pressures from a lower-rate environment, we believe Hong Kong banks' profitability in 2026 will depend on their proactive asset-liability management strategies to safeguard their net interest margins.

Costs

Cost-to-income ratios



Source: Extracted from individual banks' financial and public statements

[11] Hang Seng Annual Report 2025, p.19, 55-56
https://vpr.hkma.gov.hk/statics/assets/doc/100057/ar_25/ar_25_eng.pdf

[12] BEA Annual Report 2025, p.20-30, 287, 352-353
https://vpr.hkma.gov.hk/statics/assets/doc/100013/ar_25/ar_25.pdf

Banks in Hong Kong continued to maintain strong cost discipline in 2025, while investing in digital transformation of their banking operations, with AI as a key enabler[13]. At the same time, we observed a strategic pivot toward fee-based income, which, combined with efforts to boost operational efficiencies, helped to reduce the average cost-to-income ratio by 25 basis points from 42.1% in 2024 to 41.9% in 2025.

The improvement came as operating income grew 5.1%, outpacing the 4.4% increase in operating expenses across all surveyed banks. Reflecting ongoing challenges in acquiring and retaining talent across the banking sector, total staff costs increased noticeably by 6.7% in 2025.

Among the top ten surveyed banks, total operating income grew 4.9%, ahead of the 3.6% increase in total operating expenses. Nonetheless, their weighted average cost-to-income ratio rose marginally from 40.9% in 2024 to 41.1% in 2025, mainly due to the jump in cost-to-income ratio of China CITIC Bank International Limited (CNCBI) from 38.4% in 2024 to 44.6% in 2025. We noted that six banks lowered their ratios year-on-year.

Among these, Bank of China (Hong Kong) Limited (BoC (HK)) and SCB continued to record the lowest and highest cost-to-income ratios at 23.8% and 57.5%, respectively. BoC (HK), CCB (Asia) and Industrial and Commercial Bank of China (Asia) Limited (ICBC (Asia)) stood out as the only institutions to achieve cost-to-income ratios below 30%. In contrast, SCB remained alone in having a cost-to-income ratio above 50%.

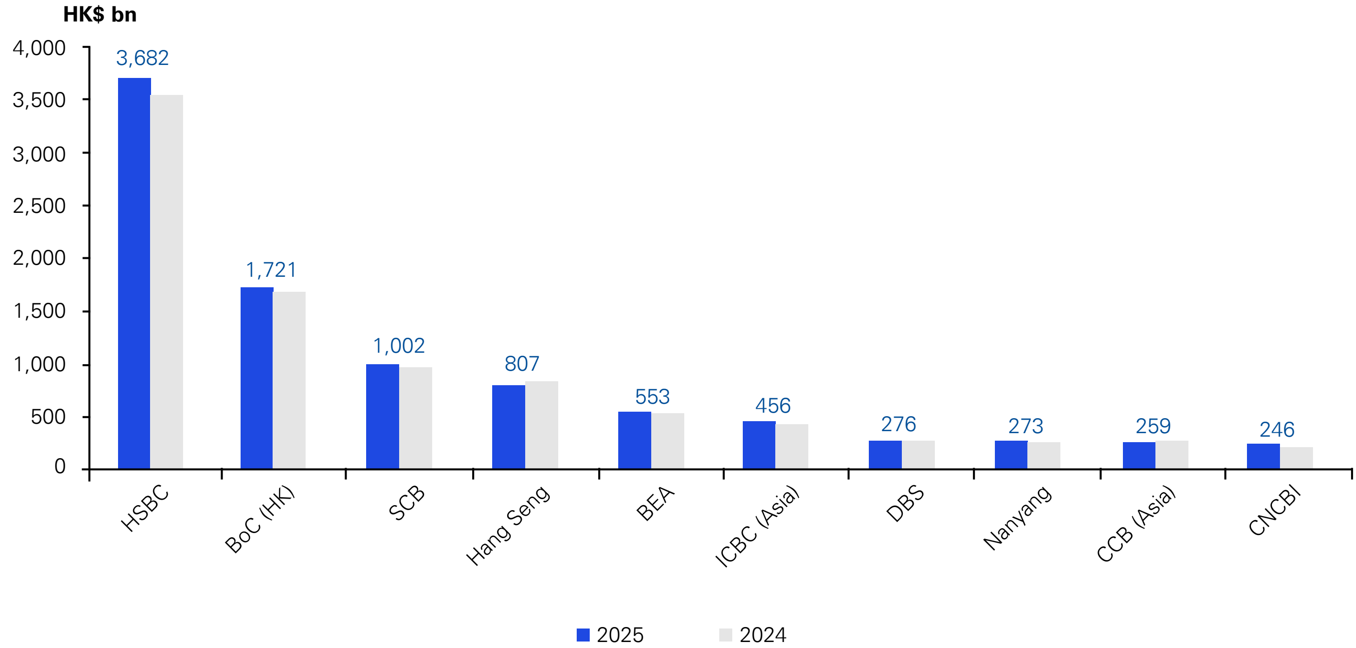
CCB (Asia) recorded the largest reduction among the top ten, with its cost-to-income ratio dropping from 30.4% in 2024 to 26.8% in 2025. Although operating expenses rose by 6.1%, they were outpaced by a jump of 20.3% in operating income, which in turn was primarily driven by large increases in net trading income of 30.7% and net fee and commission income of 17.2%[9].

CNCBI recorded the largest increase in cost-to-income ratio, rising from 38.4% in 2024 to 44.6% in 2025. This was primarily due to a 19.9% increase in operating expenses, mainly driven by a 34.6% rise in staff costs[14], largely outpacing the 3.1% growth in operating income.

[13] Transformation of Hong Kong's Banking Sector under "Fintech 2025"
https://www.hkma.gov.hk/eng/news-and-media/insight/2025/10/20251024

Loans and advances

Loans



Source: Extracted from individual banks' financial and public statements

Total gross loans and advances of all surveyed banks rose by 3.3% to HK$9,820 billion by the end of 2025, following a 2.3% decline in 2024. Early monetary easing stimulated lending in the first half of 2025, before momentum waned as domestic corporate borrowing grew more cautious in the second half of 2025, particularly in the electricity and gas, manufacturing, and wholesale and retail trade sectors[3]. Nonetheless, steady household demand for mortgages and personal credit compensated, reversing the contraction seen in the previous year.

Commercial loans, mortgage lending and loans for use outside Hong Kong continued to dominate loan portfolios, representing 89.0% of total loans in 2025 compared with 89.2% in 2024. Loans for use outside Hong Kong and commercial loans remained the two largest segments, with the former increasing by 99 basis points to 39.8% while the latter decreased 106 basis points to 28.1%.

Among the top ten surveyed banks, gross loans and advances rose by 3.2% to HK$8,469 billion, following a decrease of 2.1% in 2024. This recovery in portfolio growth was seen in eight of the top ten surveyed banks.

CCB (Asia) recorded the largest relative decrease in gross loans, from HK$278 billion to HK$259 billion (down 6.9%) in 2025. This reduction was mainly driven by an 8.0% decline in loans to corporate customers[9].

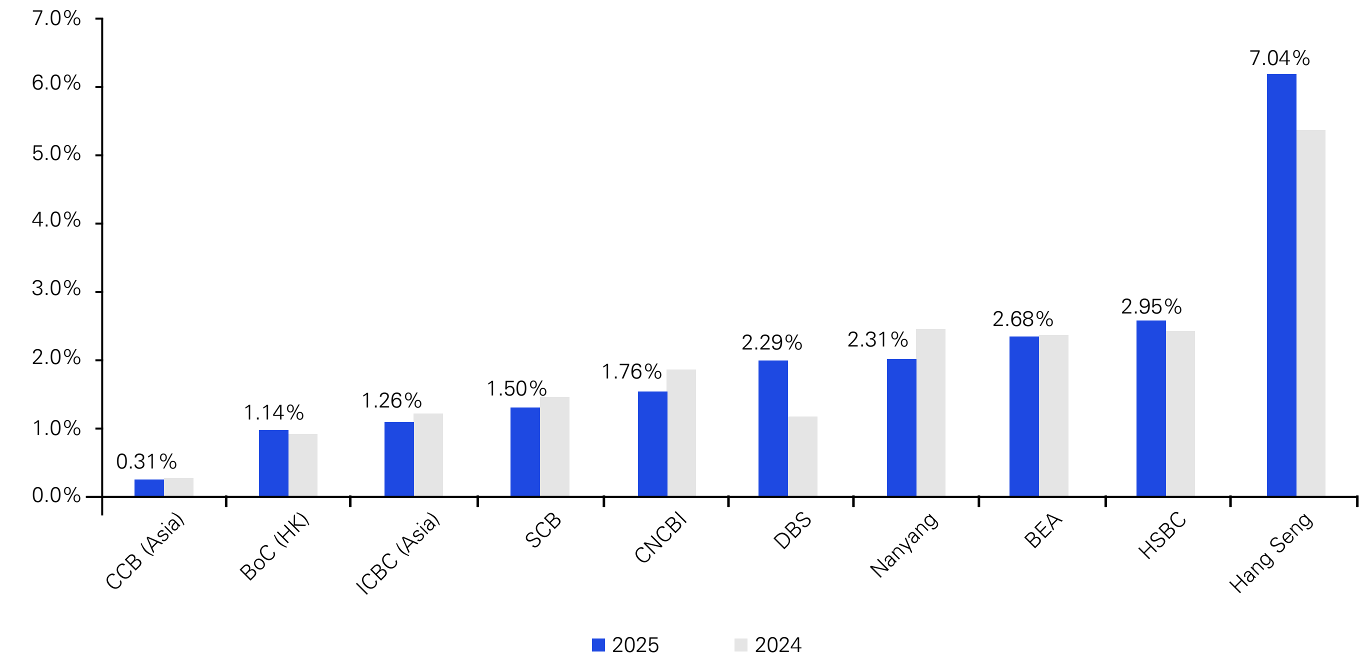
In contrast, CNCBI posted the largest increase, with gross loans rising from HK$229 billion to HK$246 billion (up 7.4%), fuelled by a 22.5% increase in loans to the financial services sector as well as a 15.2% growth in individual loans for the purchase of residential properties[14].

HSBC's gross loans and advances, which cover its Asia Pacific operations, increased by 4.3% to HK$3,682 billion, mainly due to an increase of 5.8% to HK$1,629 billion in personal lending, alongside an additional growth of 19.8% to HK$362 billion in loans to non-banking financial institutions[10].

BoC (HK)'s gross loan balances rose 2.3% to HK$1,721 billion, driven by a growth in mortgage loans and commercial loans of 5.2% to HK$472 billion and 2.8% to HK$692 billion, respectively[15].

Credit quality

Impaired loan ratio



Source: Extracted from individual banks' financial and public statements

In 2025, Hong Kong's banking credit quality remained manageable as risks from domestic commercial real estate sector were tempered by a recovering residential market. The impaired loan ratio[16] for all surveyed banks decreased marginally from 2.15% to 2.14%, while for the top ten surveyed banks, it increased slightly from 2.07% to 2.14%.

Among the top ten, CCB (Asia) posted the lowest impaired loan ratio at 0.31% in 2025, down from 0.33% in 2024, mainly due to write-offs (albeit to a significantly lesser extent compared with the previous year)[9].

[14] CNCBI Annual Report 2025, p.48, 91, 110-112
https://vpr.hkma.gov.hk/statics/assets/doc/100040/ar_25/ar_25.pdf
[15] BoC (HK) Annual Report 2025, p.163-164
https://vpr.hkma.gov.hk/statics/assets/doc/100072/ar_25/ar_25.pdf
[16] Impaired loan ratio is calculated as impaired loans and advances divided by gross loans and advances to customers.

In contrast, Hang Seng's impaired loan ratio continued to rise from 6.12% in 2024 to 7.04% in 2025, the second largest increase among the top ten, primarily driven by an increase of 11.30% in credit-impaired corporate and commercial loans[11].

DBS recorded the most significant year-on-year increase in its impaired loan ratio, rising from 1.36% to 2.29%. This surge was primarily driven by a 316% spike in impaired loans within the building and construction sector.

Six of the top ten surveyed licensed banks improved their impaired loan ratios in 2025. For Nanyang[17], SCB[18], ICBC (Asia)[19] and CCB (Asia)[9], the reduction was mainly attributed to write-offs of previously impaired loans. Meanwhile, CNCBI[14] and BEA[12] also recorded improvements, driven by both growth in gross loan balances and write-offs. For ICBC (Asia), a decrease in new credit impairments was an additional contributing factor.

While credit conditions remained relatively stable during the initial part of the year, asset quality softened slightly toward the end, as the gross classified loan ratio for the Hong Kong banking sector rose slightly to 2.01% by December 2025, up from 1.97% at the end of June 2025[3]. This downward trend was primarily driven by the commercial real estate sector, which faced persistent headwinds from high vacancy rates, while the retail sector's recovery remained modest. Banks should therefore remain vigilant in managing credit risk and closely monitor the financial health of corporate borrowers operating in these vulnerable sectors.

On the retail side, many banks lowered their best lending rates twice between September and November 2025, reducing rates by a total of 25 basis points to follow the rate cuts by the U.S. Federal Reserve[3].

The turnaround in the residential property market helped drive a significant reduction in the aggregate value of residential mortgage loans in negative equity from HK$195.1 billion at the end of December 2024[20], to HK$105.4 billion by the end of December 2025[21]. The figure had reached HK$156.8 billion at the end of September 2025 around the time when the U.S. Federal Reserve's first rate cut of the year alleviated borrowing costs.

Most negative equity cases involved bank staff housing loans or mortgages under the Mortgage Insurance Programme, which allow higher loan-to-value ratios. This was evident in the mortgage delinquency ratio, which increased slightly from 0.11%[22] in 2024 to 0.14% in 2025[23], though it remains low by historical standards. Banks' residential mortgage loan portfolios continue to present low risk.

Looking ahead through 2026, the credit quality outlook for Hong Kong's banking sector is expected to remain nuanced, balancing external macroeconomic pressures against a stabilising domestic environment. The sector faces prominent headwinds from uncertainties surrounding global trade tensions, complex U.S. tariff risks, future U.S. interest rate movements and geopolitical risks (particularly the military conflicts in the Middle East). While these factors warrant continuous monitoring, they are unlikely to pose immediate concern to systemic stability. The Hong Kong banking sector continues to maintain strong capitalisation and solid liquidity positions, positioning it well to withstand near-term volatility and sustain resilience.

To navigate this landscape successfully and balance growth with stability, banks in Hong Kong must proactively implement stringent risk controls across vulnerable commercial sectors. They should also capitalise on emerging sector-led initiatives, such as the Commercial Data Interchange pioneered by the Hong Kong Monetary Authority, to drive innovation and expansion. At the same time, pursuing strategic portfolio diversification, alongside disciplined capital management and agile pricing strategies, will be essential in ensuring long-term resilience and sustainable performance.

[17] Nanyang Annual Report 2025, p.164-165 https://vpr.hkma.gov.hk/statics/assets/doc/100060/ar_25/ar_25.pdf
[18] SCB Annual Report 2025, p.107-108 https://vpr.hkma.gov.hk/statics/assets/doc/100269/ar_25/ar_25_eng.pdf
[19] ICBC (Asia) Annual Report 2025, p.180 https://vpr.hkma.gov.hk/statics/assets/doc/100077/ar_25/ar_25.pdf
[20] Residential mortgage loans in negative equity: End of December 2024 https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/01/20250128-7/
[21] Residential mortgage loans in negative equity: End of December 2025 https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/01/20260130-8/
[22] Residential Mortgage Survey Results for December 2024 https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/01/20250128-6/
[23] Residential Mortgage Survey Results for December 2025 https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/01/20260130-7/

02 Growth

In brief:

The growth story for Hong Kong's banks is increasingly about positioning for the structural shifts that are currently underway. The common thread is that each of these requires banks to invest and plan ahead of the revenue, embedding conduct and governance early, building credible frameworks around data and risk, and developing the specialist capabilities needed to engage clients as strategic partners.

FICC market development

Ethical standards of conduct need to be embedded alongside new infrastructure from the outset, rather than retrofitted once issues emerge.

Gold hub

Banks should be assessing their readiness to participate across the value chain – from refining and vaulting through to clearing and tokenisation – and considering how Hong Kong's connectivity into the Mainland and ASEAN translates into a credible commercial proposition.

Transition finance

Banks should be focused on building credibility through clear taxonomies, robust assessment of clients' transition plans, and the data infrastructure needed to support ISSB-aligned disclosures.

Private credit

Banks should be refreshing their risk appetite, strengthening look-through diligence and reviewing valuation governance ahead of more prescriptive regulatory requirements.

Family offices

Banks should be looking at how they evolve their proposition from custody and execution towards genuine strategic partnership, and at whether they have the capability to advise on governance, digital assets, commodities, philanthropy and impact investing.

Digital payments

Banks in wait-and-see mode should be using this period to build "muscle memory" - developing teams, governance and technology familiarity so they are ready when adoption accelerates.

02 Growth

FICC market development

As Hong Kong advances its fixed income and currency markets, embedding robust standards of ethical conduct from the outset will be as critical as the new infrastructure being built

Jia Ning Song
Head of Banking and Capital Markets
Hong Kong SAR, KPMG China

Paul McSheaffrey
Senior Banking Partner
Hong Kong SAR, KPMG China

Myles McGuinness
Chief Executive Officer
Financial Markets Standards Board

Christopher Rich
General Counsel
Financial Markets Standards Board

Fixed income and currency (FIC) markets do not exist for their own sake. They exist – to connect issuers with investors, to help corporations manage currency and interest rate risk, to channel financing toward the real economy, and to provide the infrastructure through which Greater China's growth story engages with global capital. The SFC-HKMA Roadmap for the Development of Fixed Income and Currency Markets[24], launched in September 2025, is rooted in that logic: a deeper, more diverse FIC market is ultimately a better market for everyone who depends on it – from Mainland enterprises raising cross-border capital, to regional treasurers managing risk, to international investors seeking access to Asia's growth, and for Hong Kong's continued growth as an IFC.

However, developing new market infrastructure is only part of the story. New platforms, products, clearing arrangements and digital infrastructure will not, on their own, be sufficient to encourage market participants to engage at scale. Institutions also need the confidence that the market operates on the basis of fairness, transparency and sound conduct.

This has been the Financial Markets Standards Board's (FMSB) focus since its inception in the wake of the LIBOR and FX scandals that shook wholesale markets in the 2010s. Its experience over the past decade shows that a collaborative, practitioner-led approach can support Hong Kong's FIC markets as they develop in a way that is fair, effective and connected to the needs of the real economy. FMSB's work sits alongside and complements formal regulation notably in areas of ambiguity and evolving practice in wholesale markets.

FMSB sits in a unique position: practitioner-led, globally respected, and operationally independent of any single regulator or firm. Its Standards and Statements of Good Practice — covering topics from front-office supervision and grey market trading to electronic execution and carbon markets — address precisely the ambiguous areas that regulators find hardest to codify and market participants find most costly to navigate. For more about FMSB, see page 88.

[24] Roadmap for the Development of Fixed Income and Currency Markets
https://www.sfc.hk/-/media/EN/files/ER/FIC/FIC-Roadmap-Booklet-ENG.pdf?rev=42d511eb7090479190cf681636a19255&hash=

The SFC-HKMA Roadmap at a glance

Pillar 1	Pillar 2	Pillar 3	Pillar 4
Primary Market Issuance: Sustain Hong Kong's role as Asia's leading bond issuance hub; deepen the CNH yield curve; attract a broader issuer and investor base including family offices, corporates, and multilaterals.	**Secondary Market Liquidity:** Finalise the OTC FIC derivatives regulatory regime; develop a repo central counterparty (CCP) to unlock balance-sheet efficiency and price discovery.	**Offshore RMB Business:** Broaden direct RMB cross-currency trading; enhance Bond Connect and cross-boundary repo; launch offshore CGB futures as a hedging tool for international investors.	**Next-Generation Infrastructure:** Modernise trading; settlement, and clearing systems; support development of advanced electronic trading platforms; advance tokenisation of FIC products.

Deepening Hong Kong's IFC foundations

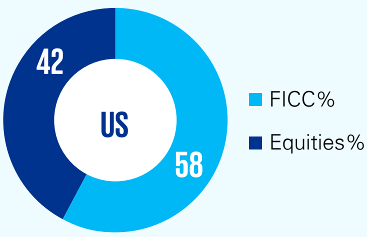
A deeper FIC market gives regional corporates and multinationals a more credible base from which to manage their FX and interest rate exposures out of Hong Kong, supports the financing needs of the Greater Bay Area, and plays to the city's existing strengths in offshore RMB and, increasingly, green and sustainable finance. For banks and investors, FIC is also where a meaningful share of future wholesale revenue is likely to sit.

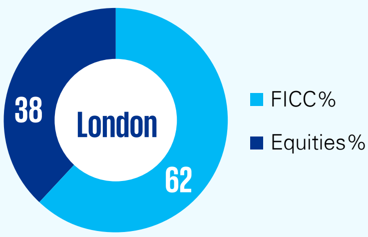
The imperative for Hong Kong to imbed integrity alongside new infrastructure

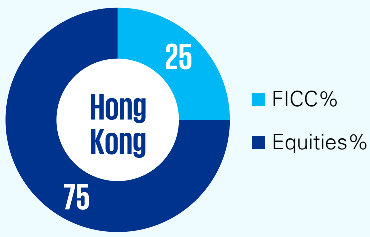
Hong Kong's FIC markets are already demonstrably deep and mature. The city accounts for nearly 30% of Asian international bond issuances and has topped the regional league table for nine of the past ten years[25]. It is the world's fourth-largest FX market[26] by daily turnover and the pre-eminent offshore centre for RMB FX and interest rate derivatives.

Longer term, the ambition for Hong Kong is to have an FIC market that is equivalent or bigger than London and New York. Hong Kong's capital markets are heavily skewed towards equities by comparison, and closing that gap is a clear, long-term, multi-year opportunity that will not happen overnight.

FICC as percentage of total capital markets revenue







Sources: SIFMA, Coalition Greenwich, HKMA

[25] Roadmap for the Development of Fixed Income and Currency Markets https://www.sfc.hk/-/media/EN/files/ER/FIC/FIC-Roadmap-Booklet-ENG.pdf?rev=42d511eb7090479190cf681636a19255&hash=2B589715BC24A6F33C83CF45898E5341

[26] Results of 2025 BIS Triennial Survey of Foreign Exchange and OTC Derivatives Markets Turnover https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/09/20250930-9/

As Hong Kong sets out in its journey to scale its FIC markets and attract a broader, more international investor base, it would be remiss not to draw on the hard-won lessons from the wave of misconduct scandals that engulfed wholesale markets over the past two decades. The manipulation of benchmarks, the abuses uncovered in spot FX trading, and the collusion cases that resulted in record fines globally reflected structural vulnerabilities in how over-the-counter (OTC) markets were designed, governed and supervised. As Hong Kong's FIC ecosystem grows in depth and complexity, these are vulnerabilities that local market participants and regulators need to anticipate rather than react to, and it will be key as the ecosystem grows in a trusted manner.

Lesson one: fair and effective markets begin with robust and enforceable standards

Deep, liquid markets require trust, and trust requires clear, well-understood and consistently applied standards of market practice. As Hong Kong develops new trading venues, expands its repo market and builds out its OTC derivatives regime, there is a genuine opportunity to strengthen conduct standards from the outset – rather than retrofitting them once problems emerge.

The SFC–HKMA Roadmap rightly acknowledges some of these challenges. In making the case for a purpose-built electronic FIC trading platform, it notes that FIC products are primarily transacted OTC, giving rise to bilateral counterparty credit risk, limited centralised price discovery and lower transparency, compounded by fragmented liquidity pools and thin secondary markets.

To address these challenges, firms and their staff must demonstrate strong adherence to consistently applied standards of conduct, and equally important are formal and informal mechanisms that give these standards real weight – ensuring they are not just aspirational but enforceable and meaningful in practice. With global regulators continuing to scrutinise areas such as pre-hedging, block trading and electronic communications, Hong Kong has an opportunity to draw on the experience of other FIC hubs, including through FMSB, to build standards that support growth and innovation while reducing the risks of cross-border regulatory arbitrage.

Lesson two: benchmark integrity cannot be an afterthought

Hong Kong's aspiration to develop a robust CNH yield curve and to lead in offshore RMB price discovery places benchmark integrity at the heart of the FIC roadmap. The painful experience of LIBOR, the FX fix and the gold fixing scandals demonstrated that submission-based or thinly-traded benchmarks can be particularly vulnerable to manipulation.

As CNH benchmarks evolve, governance arrangements, transparent methodologies, broad-based input data and effective oversight of submitters should be priorities rather than afterthoughts. In the same vein, the move toward greater electronification and next-generation infrastructure is a rare chance to design transparency into the system from the start.

Lesson three: the market cannot police itself

Historically, the buy-side has often lacked the tools, incentives or willingness to police sell-side behaviour, and even sophisticated institutional investors can struggle to detect abuse when markets are opaque. That places a particular onus on individual accountability – ensuring that senior managers, traders and other participants are personally responsible for the standards of conduct in their areas, supported by appropriate qualifications, training, surveillance and remuneration structures that genuinely align incentives with long-term value creation.

As Hong Kong expands the scope and ambition of its FIC markets, and as more firms establish trading and treasury operations in the city, there is a strong case for ensuring that the framework for individual accountability keeps pace with the market it governs. The forthcoming work on finalising the OTC derivatives licensing regime is a natural opportunity to embed these expectations from the outset.

Where we are focused

As the FIC roadmap moves into implementation, a handful of practical areas are likely to absorb the industry's attention. KPMG's work with clients is increasingly focused on:

1. **Operational & technology transformation:** As FIC workflows digitize, we assist banks in upgrading legacy systems to handle real-time cross-border settlements, automated risk reporting, and algorithmic execution oversight.
2. **Regulatory & compliance architecture:** We help institutions perform gap analyses, ensuring that banks scale their FIC desks without exposing themselves to operational or reputational risks.
3. **Strategic market entry:** For international banks looking to build an onshore/offshore China FIC desk or domestic firms expanding into Hong Kong, we provide market entry, tax structuring, and target operating model design.

02 Growth

Gold hub

A complete gold value chain in one jurisdiction is Hong Kong's prize to claim – and a strategic opportunity every bank must now consider

Jia Ning Song
Head of Banking and Capital Markets
Hong Kong SAR,
KPMG China

Paul McSheaffrey
Senior Banking Partner
Hong Kong SAR,
KPMG China

The centre of gravity in global gold markets is shifting towards Asia, yet no city in the region currently offers the full infrastructure of a complete gold centre. In our view, Hong Kong has both the ambition and the attributes to fill that gap, and the building blocks are already being laid. But realising the full opportunity will require sustained investment in the clearing infrastructure, digital capability and talent, as well as close collaboration between regulators, banks and the wider market.

China and India together account for more than half of global physical gold coin and bar demand — a figure that reached a 12-year high in 2025, generating a record value of USD154 billion[27]. At the same time, the emergence of tokenised gold points to a market that is becoming not only larger but more sophisticated in how the asset is held, traded and financed.

Building a front-to-back value chain

The single most important differentiator available to Hong Kong is the ability to offer a complete, front-to-back gold value chain within one jurisdiction – from the intake of unrefined metal, through accredited refining, to vaulting, clearing and ultimately financialisation. In our view, no other centre in Asia is better positioned to do this.

One of the most striking inefficiencies in today's gold market is the absence of a vertically integrated value chain in Asia. Switzerland currently supplies approximately one-third of refined gold worldwide[28]. Critically, much of the gold mined across Asia-Pacific — including from Australia and China— is routed through Swiss refineries before being shipped back to Asia for end use. This circuitous route adds cost, time and complexity — including insurance, logistics, documentation, and carbon emissions — that could be substantially reduced if processing took place closer to the source of demand. Recent trade tensions including the United States' imposition of a 39% tariff on Swiss imports in 2025[29], have also highlighted the fragility of global supply chains that rely too heavily on any single refining hub.

[27] Gold Investment Rockets in 2025
https://www.gold.org/news-and-events/press-releases/gold-investment-rockets-2025-setting-new-high-uncertainty-bites
[28] SECO
https://www.seco.admin.ch/seco/de/home/seco/stellungnahmen_medienbeitraege.html#-48072400
[29] Trump tariffs: Did Swiss gold refiners fuel the crisis?
https://www.dw.com/en/trump-tariffs-did-swiss-gold-refiners-fuel-the-crisis/a-73554953

Hong Kong has begun to address this directly, and infrastructure is being developed to support a significant expansion of gold trading, refining and storage with government support including tax incentives[30]. China's biggest courier plans to open a vault near the city's airport in 2026[31], while a major Chinese refiner, is planning to invest USD150 million to expand its footprint in Hong Kong including a facility that's scheduled to begin production in 2026.

More importantly, the establishment of the Hong Kong Precious Metals Central Clearing Company (PMCC) with connectivity to the Shanghai Gold exchange is a critical step in the city's gold hub strategy. The PMCC is expected to become operational in the second half of 2026 and will support over-the-counter spot gold settlement through unallocated accounts, mirroring the mechanism that underpins London's role in wholesale bullion trading[32].

This development is significant because clearing is essential to market depth. Without an effective institutional settlement layer, Hong Kong will struggle to attract the liquidity needed to become a true regional pricing centre. Broad participation from banks, bullion dealers, brokers, refiners, logistics providers and institutional investors will therefore be critical. Hong Kong has also invited a number of central banks with ties to China's Belt & Road project to participate, targeting flows arising from government reserves activity alongside commercial activity.

A liquid futures market will also be important. Futures contracts allow market participants to hedge price risk, establish real-time benchmarks and attract additional liquidity from institutional and speculative investors. Hong Kong's capital markets, combined with its role in supporting two-way financial flows with the Chinese Mainland, provide a strong platform to develop this capability and will help Hong Kong move beyond being a transit hub for physical gold flows and become a centre with genuine regional price-setting influence.

From infrastructure to franchise: five use cases for banks

Infrastructure alone does not create a market; banks do. As the physical and clearing layers take shape, we see five concrete ways in which banks operating in Hong Kong can convert the gold hub build-out into durable franchises.

1 Financing the build-out itself

The expansion of refining capacity, vaulting infrastructure and secure logistics represents a significant capital investment cycle in its own right — and one that banks are naturally positioned to fund. Beyond conventional project and equipment finance for refinery construction and vault development, the sector generates ongoing demand for specialised working-capital solutions: inventory finance for refiners holding metal through the processing cycle, tolling and consignment structures that allow refiners to operate without owning the gold they process, and trade finance for the import of doré and unrefined metal from producing markets across Asia-Pacific. As the value chain localises, the financing of that value chain localises with it — and banks that build sector expertise early will set the terms of a lending market that barely exists in Asia today.

[30] Hong Kong unveils incentives to attract gold refiners and boost global hub plan
https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3345457/hong-kong-unveils-incentives-attract-gold-refiners-and-boost-global-hub-plan

[31] China's biggest courier is set to open a gold vault in Hong Kong
https://www.bloomberg.com/news/articles/2026-05-15/china-s-biggest-courier-is-set-to-open-gold-vault-in-hong-kong

[32] Hong Kong targets July launch for new gold-clearing system
https://www.businesstimes.com.sg/international/global/hong-kong-targets-july-launch-new-gold-clearing-system

Questions for the C-suite

1. Have you assessed your institution's readiness to participate in Hong Kong's emerging gold ecosystem — including clearing membership through PMCC, refining partnerships, and market-making in physical and tokenised gold?
2. Do you have the specialist talent across precious metals operations, digital asset custody, and blockchain-based settlement needed to serve institutional and wealth management clients in this space?
3. Where do you see the greatest commercial opportunity – and what capabilities or partnerships would you need to capture it?

2 Resolving provenance and responsible-sourcing risk through DLT and tokenisation

One of the most persistent compliance challenges in gold banking is upstream: verifying the origin of metal and demonstrating that it has not been associated with conflict financing, environmental harm, money laundering or sanctioned entities. These obligations — embodied in responsible-sourcing frameworks and supervisory expectations on financial crime — have historically relied on paper-based chain-of-custody documentation that is fragmented, slow and difficult to audit. A Hong Kong ecosystem built from the ground up offers the chance to do this differently. Distributed ledger technology can create a tamper-evident digital record for each bar from mine intake through refining, assay, vaulting and ownership transfer, giving banks a verifiable provenance trail rather than a documentary assertion. Tokenisation extends this further: a token backed by allocated metal can carry its provenance data with it, meaning that responsibly sourced gold becomes not just a compliance outcome but a tradeable product attribute. For banks, the prize is twofold — materially lower compliance and reputational risk in physical gold business, and the ability to offer institutional and wealth clients tokenised gold whose backing is verifiable at bar level.

3 Connecting wealth demand to institutional liquidity

Asia's private banking and wealth management clients are among the world's most consistent buyers of gold, across physical holdings, accumulation programmes, discretionary mandates and structured products. Today, much of that demand is hedged and sourced through London, with the associated time-zone, settlement and cost frictions. A local clearing and settlement layer changes the economics: banks can net wealth-driven client flow against their institutional market-making books within Hong Kong's own infrastructure, in Asian hours. The result is a virtuous circle — private wealth demand deepens the institutional liquidity pool, deeper liquidity produces tighter bid-offer spreads and lower hedging costs, and tighter pricing in turn makes gold products more attractive to wealth clients. Banks that combine a meaningful wealth franchise with institutional trading capability are best placed to capture this internalisation benefit, but the spillover — a deeper, cheaper loco-Hong Kong market — accrues to all participants.

4 Gold-backed financing and collateral mobility

Once allocated and unallocated balances exist at scale within a Hong Kong clearing framework, gold becomes usable collateral in the local market. This opens several lines of business: lending to wealth clients against allocated holdings, securities-financing-style gold lending and leasing to refiners, jewellers and traders, and ultimately the development of a local gold lease-rate curve — a missing piece of Asian market infrastructure that today references London. Banks that provide early balance-sheet support to a loco-Hong Kong leasing market will not only earn the associated spread but help establish the reference rates around which the regional market prices.

5 Multi-currency and offshore renminbi product innovation

Hong Kong's unique connectivity to the Mainland — through the PMCC's link to the Shanghai Gold Exchange and the city's role as the leading offshore renminbi centre — allows banks to manufacture gold products denominated in CNH and linked to Mainland market dynamics, for distribution to international clients who cannot access onshore markets directly. Dual-currency gold structures, CNH-denominated gold deposits and hedging solutions for corporates with renminbi gold exposure are all products that can be built credibly only in Hong Kong. This is a genuinely differentiated capability relative to any other regional centre.

Taken together, these use cases illustrate the central point: the gold hub is not a single business opportunity but an ecosystem of interlocking ones — and the banks that benefit most will be those that engage across several layers of the value chain rather than one.

02 Growth

Transition finance

As transition finance shifts from a moral discussion to a core commercial opportunity, banks need to build credibility grounded in clear taxonomies and high-quality data

Daisy Shen
Head of ESG,
KPMG China

Angus Choi
Partner, ESG Advisory, Hong Kong SAR, KPMG China

Richard Bernau
Global ESG Banking Lead,
KPMG International

Begoña Ramos
Head of ESG Banking and ESG Strategy Group,
KPMG US

For much of the past decade, transition finance has been framed as a question of values — a moral test for banks navigating the path to net zero. That framing is now changing. Across our conversations with banking clients in Hong Kong SAR, the Chinese Mainland and globally, the transition is increasingly a question of economic or financial benefits as much as a question of values, and two major shifts stand out.

The first is straightforwardly commercial. For the banks that have moved early, transition finance is quickly becoming one of the most significant business lines on the balance sheet. In 2025, banks globally generated more revenue from providing loans and underwriting bond sales for green-related projects than they earned from fossil fuel companies[33], a reversal of the position only four years earlier.

The second is resilience. If a bank does not have a clear view of how transition will play out, it is very hard to argue that it is building a resilient portfolio for the future, or properly managing the risks in the book it has today. Encouragingly, we are increasingly seeing large global banks frame their climate and environmental agenda in the language of resilience — and in this context resilience and value tend to pull in the same direction. Financing and developing a clear understanding of clients' decarbonisation needs is a necessary journey to building a durable future business.

For Hong Kong, this is a real opportunity. As a hub where Chinese and international institutions align on disclosure standards, cross-border financing structures and investor expectations, banks here are well placed to become genuine partners to their customers – particularly those in hard-to-abate sectors – as they navigate the journey from "brown" to "greenish", and ultimately to low-carbon business models. The question is what that partnership actually looks like in practice.

[33] Banks Earn More Fees From Green Bonds Than Big Oil Issuance
https://www.bloomberg.com/news/articles/2025-10-28/banks-earn-more-fees-from-green-bonds-than-from-big-oil-issuance

From counterparty to partner

The most commercially successful banks globally have understood that transition finance is not about lending to green only. It is about supporting customers through the transition journey, with the competitive edge coming from the depth of advisory engagement rather than a preferential rate for green clients. Helping a client structure complex deals, fund new technologies and translate a transition plan into a financeable strategy is where value is now being created.

In Hong Kong the commercial opportunity is substantial but under-tapped. Recent KPMG and DBS research found that only 17% of Hong Kong-listed companies surveyed had leveraged financial instruments to fund their sustainability endeavours. Among them, most of these firms relied on sustainable loans and, to a lesser extent, green bonds[34]. Notably, none of the surveyed companies had yet utilised dedicated transition financing – the instrument specifically designed to help carbon-intensive businesses fund their shift away from fossil fuels. For companies that did disclose green investment detail, only around 1–2% of annual capital was being directed toward green and sustainability-related initiatives. The gap between ambition and deployed capital is precisely the space banks should be moving into.

We are already seeing strong progress on this front. Over the past year several major banks in Hong Kong have begun to provide financing tied to measurable improvements in a client's sustainability performance, rather than to a fixed product category. Similar innovation is appearing across Southeast Asia, with commercial banks in markets such as Vietnam exploring how to bring transition products to their corporate customers.

Questions for the C-suite

1. Is your sustainable finance strategy built around customer transition journeys, or is it still organised around product labels and origination volumes?
2. How are you assessing the credibility of your clients' transition plans, and are those assessments grounded in science-based targets, governance and executive accountability?
3. Are you applying Hong Kong's sustainable finance taxonomy consistently across origination, portfolio management and disclosure?
4. Is your data infrastructure ready to support ISSB-aligned disclosure and robust financed emissions reporting?
5. Do your KPIs and incentive structures measure sustainable finance teams on commercial contribution and real-economy impact, not just volume?
6. How are you communicating your methodology for financing hard-to-abate sectors to regulators, investors and clients to guard against perceptions of greenwashing?

[34] Driving Change: Climate Disclosure of Hong Kong Listed Companies in Key Sectors and the Road Ahead https://kpmg.com/cn/en/insights/2025/02/driving-change-climate-disclosure-of-hk-listed-companies-in-key-sectors-and-the-road-ahead.html

How banks can build credibility

The economic case for transition finance only holds if the underlying lending is credible. And as banks expand their support for hard-to-abate sectors, the risk of being accused of greenwashing rises in parallel. Many institutions have, until recently, remained cautious about financing carbon-intensive clients for precisely this reason. The answer is not to retreat from these sectors — that would simply leave them under-capitalised at the moment they need to transform — but to build the frameworks that allow banks to engage their clients with confidence.

Two areas are particularly important. The first is the assessment of customers' transition plans. Banks need to test whether a client's commitments are science-based, whether targets are backed by appropriate governance, and whether senior management remuneration is genuinely linked to delivery. The second is the consistent application of a clear transition taxonomy. Hong Kong is already among the more advanced jurisdictions globally on this front, with its recently issued Hong Kong Taxonomy for Sustainable Finance[35] aiming to enhance interoperability with the EU and Mainland China taxonomies. A consistently applied taxonomy gives banks an objective basis for labelling transition activity and a clear way of tracking progress against public commitments.

Underpinning all of this is the quality of data. KPMG's 2025 report with DBS[36] found that over half of surveyed consumer good companies had yet to disclose their Scope 3 emissions, mainly due to data challenges. Meanwhile, as banks prepare for ISSB-aligned disclosure, there's growing scrutiny on how financed emissions are calculated. Globally recognised standards such as PCAF (the Partnership for Carbon Accounting Financials) are helping banks by enabling more comprehensive tracking of emissions across a wider range of financial products, but the quality of underlying data remains critical.

The view from the Chinese Mainland

Policy direction in the Chinese Mainland will continue to shape a significant portion of global transition finance demand, with Hong Kong serving as the natural conduit. The 2026 Government Work Report[37], for example, calls for greater financial support from state owned banks for green infrastructure, energy efficiency, carbon reduction, supply chain upgrades and the upgrading of traditional high emitting industries. We can expect these priorities to translate into growing demand for transition oriented financing solutions.

As Mainland regulators channel more capital into technology and green transition, Hong Kong provides the venue where these flows can meet international capital discipline. The city's banks are well placed to set the example for how transition finance should be done: with credible methodologies, transparent communication of risk and rationale to stakeholders, and a clear link between financed emissions and real-economy decarbonisation outcomes.

[35] HKMA Banking Regulatory Document Repository
https://brdr.hkma.gov.hk/eng/doc-ldg/docId/20240503-3-EN
[36] Driving Change: Climate Disclosure of Hong Kong Listed Companies in Key Sectors and the Road Ahead
https://kpmg.com/cn/en/insights/2025/02/driving-change-climate-disclosure-of-hk-listed-companies-in-key-sectors-and-the-road-ahead.html
[37] Government Work Report
https://english.www.gov.cn/2026special/2026npcandcpcc/6979af59c6d00ca5f9a08cd7

Where we are focused

We work with banks to build credible, commercially sustainable transition finance capabilities:

1. **Transition plan assessment:** evaluating whether clients' decarbonisation commitments are science-based and backed by governance and accountability.
2. **Taxonomy application:** consistently applying Hong Kong's Taxonomy for Sustainable Finance across origination, portfolio management and disclosure.
3. **Financed emissions and data infrastructure:** building the foundations for robust emissions calculations and ISSB-aligned reporting.
4. **Stakeholder communication:** articulating the rationale and risk framework for financing carbon-intensive sectors in a way that builds trust.

02 Growth

Private credit

Private credit should be a CRO-level issue for Hong Kong banks, as indirect exposures through NBFI lending and wealth channels grow faster than the due diligence and risk management frameworks surrounding them

Michael Monteforte
Partner, Financial Risk Management
Hong Kong SAR,
KPMG China

Johannes Post
Global Head of Valuations
Partner, Deal Advisory,
KPMG Switzerland

Private credit has become one of the headline growth stories in global finance, with assets under management now rivalling the scale and ambition of the syndicated loan market. While Asia still represents a smaller share of the global picture than the US or Europe, the asset class is firmly on the radar of Hong Kong's regulators[38], risk officers, and boards. Hong Kong banks increasingly need to understand the channels of exposure, frame the risks appropriately, and build the governance and valuation infrastructure that allow the institution – and its clients – to engage with the asset class on a sound footing.

Where traditional bank lending and private credit differ

Traditional bank lending	Private credit exposures
• Operates under strict regulatory capital requirements (Basel III) • Utilises standardised credit scoring models, and maintains direct borrower relationships with transparent pricing mechanisms. • Risk assessment follows established banking protocols with regular regulatory supervision.	• Functions through fund structures mainly through institutional investors, employs bespoke underwriting approaches, and maintains indirect relationships through fund managers. • Pricing includes complexity premiums with less standardised risk assessment methodologies.

[38] HKMA assesses private credit exposure amid growing fears
https://www.thestandard.com.hk/finance/article/326922/HKMA-assesses-private-credit-exposure-amid-growing-fears-Bloomberg

How Hong Kong banks are exposed

1 Indirect exposure

For most banks, exposure to private credit is rarely confined to a single business line. It can manifest directly, where a bank invests into a private credit structure or originates loans that share the characteristics of private credit. More commonly, however, the exposure is indirect. A bank may extend financing to a non-bank financial institution (NBFI) – a private credit fund or an alternative asset manager – that is itself heavily deployed in the space. In such cases, the fundamental question becomes whether the bank truly understands the credit risk embedded within these NBFI lending relationships, particularly when the underlying portfolios may be opaque, illiquid, and concentrated.

2 Reputational exposure

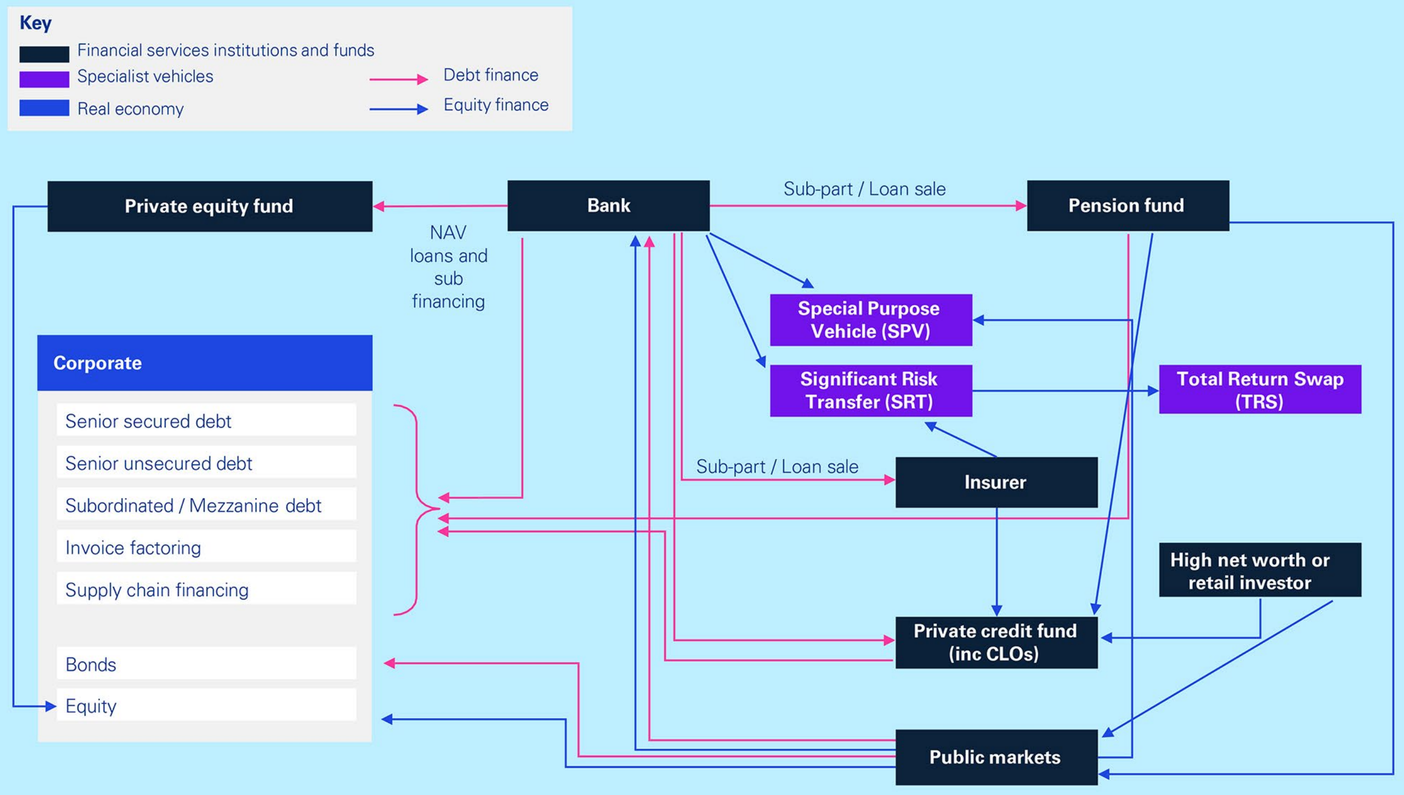
Many banks in Hong Kong operate significant private banking and wealth management businesses. Where these divisions offer third-party private credit products to high-net-worth clients, the bank assumes a layer of reputational and suitability risk that extends well beyond the credit exposure itself. If an investment proves unsuitable, or if liquidity constraints are not adequately communicated at the point of sale, the consequences for client trust and regulatory standing can be material. Banks need to ensure that their private bankers and relationship managers possess a robust understanding of the liquidity profile, risk characteristics, and structural complexity of the products they distribute.

The systemic question

From a broader perspective, while systemic oversight ultimately rests with regulators, Hong Kong banks should remain alert to how the proliferation of private credit could, over time, introduce vulnerabilities into the wider credit and lending ecosystem – particularly as the market in Hong Kong grows in scale and complexity. This isn't just a theoretical issue. If we see private credit flows becoming heavily concentrated in certain sectors or regions – and the current enthusiasm for data centre financing across Asia may be one notable example – a downturn in that area could quickly ripple through the system.

The interconnection between private credit and private equity adds a further layer of complexity. It is not uncommon for private equity funds seeking exits to channel them through private credit structures, creating linkages that may not be immediately visible in a bank's risk reporting. Hidden leverage, interest rate sensitivity, and the potential for redemption pressures in less liquid fund structures all contribute to a risk environment that demands more sophisticated monitoring than many institutions currently have in place.

Mapping interconnections in the private market ecosystem



*Source: Developments in private credit, KPMG UK

How the regulatory landscape is evolving

Hong Kong's regulatory posture on private credit, while not yet prescriptive, is clear in its direction. The HKMA has expressed concerns about the rapid growth in private credit and its potential systemic implications[39]. Recent guidance emphasises the need for enhanced due diligence, enhanced risk management frameworks, and regular stress testing. Banks are expected to maintain adequate capital buffers and demonstrate understanding of underlying exposures. A fund-level view is no longer sufficient; regulators increasingly expect a look-through analysis to the individual exposures beneath.

It is worth noting that regulatory frameworks in other jurisdictions are advancing more quickly. The Prudential Regulation Authority in the United Kingdom, for instance, has challenged banks on their counterparty credit risk management and exposures to private assets, including private credit[40]. Hong Kong banks should be alert to the possibility that enhanced requirements may be introduced in due course, and that such regulations could, in certain circumstances, carry retrospective application.

The converse is also true: global banks with substantial Hong Kong operations should monitor developments in their home jurisdictions closely, as home-country requirements can be applied on a group-wide basis and ripple into their local Hong Kong businesses. In both cases waiting for prescriptive rules before acting would be an imprudent strategy.

What Chief Risk Officers must ask themselves

Review

- Have you refreshed your risk appetite framework to explicitly address both direct and indirect private credit exposures, including illiquidity, valuation uncertainty, concentration, and reputational risks?
- Have you reviewed and strengthened your valuation governance to ensure timely, independent, and reliable assessment of private credit assets?

Evaluate

- Are your due diligence processes robust enough to provide a clear, look-through understanding of NBFI and fund counterparties' underlying portfolio risks?
- Have you implemented key risk indicators for fund or manager concentration, unfunded commitments, and sector or geographic exposures to provide early warning signals?
- Are you conducting stress testing and scenario analysis that reflect the unique risk drivers of private credit exposures?

Prepare

- Are you monitoring regulatory developments and preparing for more prescriptive HKMA and international requirements?
- Have you equipped your front-line teams with the training and resources needed to understand the structure, liquidity, and risk profile of private credit products?
- Have you assessed the strategic and commercial implications of private credit's growth for your bank's traditional business lines?

[39] The financial stability implications of the private credit sector in Asia-Pacific
https://www.hkma.gov.hk/media/eng/publication-and-research/research/research-memorandums/2024/RM05-2024.pdf

[40] Developments in private credit
https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2025/12/developments-in-private-credit.pdf.coredownload.inline.pdf

Building the right risk framework

The practical challenge for many Hong Kong banks is that their existing risk infrastructure was not designed with private credit in mind. Traditional risk appetite statements may not adequately capture the specific characteristics of private credit exposures — the illiquidity, the valuation uncertainty, the concentration dynamics, and the reputational dimensions. A targeted refresh of the risk appetite framework, one that explicitly addresses both direct and indirect private credit exposures, is an important first step.

Equally, banks should consider whether they have appropriate key risk indicators in place. Metrics around concentration in a single fund or manager, unfunded commitment ratios, and sector or geographic exposure provide early warning signals that are currently absent from many institutions' dashboards. Without these, a Chief Risk Officer is operating with an incomplete picture of the institution's true exposure profile.

Accurate valuation remains one of the more persistent challenges. The underlying data environment for private credit is improving — indices from providers such as Cliffwater, expanded Bloomberg coverage, and proprietary databases from managers like StepStone are all contributing to greater transparency — but significant gaps remain. Reported net asset values from funds can lag actual conditions by several months, and the degree to which a bank or its clients can independently validate those valuations varies considerably. For banks whose clients are invested in private credit, or for those with direct exposures on their own books, the question of whether existing valuation governance is fit for purpose deserves serious attention.

Where we are focused

We help banks, insurers and asset managers build the governance, risk and valuation infrastructure to engage with private credit on a sound footing:

1. **Risk framework uplift:** refreshing risk appetite statements and establishing key risk indicators for concentration, unfunded commitments and sector exposure.
2. **Look-through due diligence:** developing processes that see through fund-level views to the granular credit exposures beneath.
3. **Independent valuation:** providing valuation support and assessing whether existing governance over reported NAVs is fit for purpose.
4. **Stress testing and regulatory readiness:** preparing for evolving HKMA and international requirements before prescriptive rules arrive.

02 Growth

Family office

With nearly half of all Asian family offices established in the last five years alone, Hong Kong must meet the needs of a new generation that think more strategically, more internationally, and more long-term than ever before

Karmen Yeung
National Head of Private Enterprise,
KPMG China

Looking at the findings of KPMG's latest Global Family Office Compensation Benchmark Report[41], one observation stands out above all others: the centre of gravity in the family office world is expanding eastward. Nearly half (46%) of all Asian family offices surveyed have been established within the past five years alone – a formation rate that outpaces every other region in the report. And while Singapore has rightly earned much of the spotlight in recent years, I would argue that Hong Kong is entering a defining moment of its own.

Family offices are no longer the quiet, informal structures of a generation ago. They are increasingly sophisticated, professionalised, and globally mobile institutions. Globally, 44% of family offices now operate from two or more locations, the majority are managing assets in the USD 501 million to USD 5 billion range, and wealth preservation has overtaken pure wealth administration as the dominant objective.

These trends matter enormously for Hong Kong. They tell us that the families we serve are thinking more strategically, more internationally, and more long-term than ever before. They are also looking harder than ever at where to base their operations. A more worldly-focused next-generation means less attachment to single jurisdictions in how they structure their family office, and increases the need for fully globalised banking solutions.

That is also why Hong Kong's proposition for family offices must continue to be compelling: the profits tax concession for qualifying single family offices, a trusted common law framework, free movement of capital, and one of the deepest concentration of wealth management talent in Asia are all advantages that need to be built upon with intention.

[41] 2025 Global Family Office Compensation Benchmark Report
https://kpmg.com/xx/en/our-insights/transformation/global-family-office-compensation-benchmark-report.html

A market defined by first-generation dynamism

In recent years, the vast majority of family offices setting up in Hong Kong are an entirely new set up. Many are led by founders who have been extraordinarily successful in building business, but who have not yet had the opportunity – or the impetus – to professionalise the management of their personal and family wealth. For these families, there are multiple entry points, but the Hong Kong profits tax concession for qualifying single family offices – combined with a zero capital gains environment – offers a strong and tangible incentive.

Once established, these families often embark on a journey of professionalism that touches every aspect of their financial lives. They begin to formalise investment governance, review asset allocation, establish reporting frameworks, and – critically – engage more deeply with the financial institutions that hold and manage their capital. They expect their bank to go further and become a strategic discussion partner that uses their expertise to provide deeper insights, provide comprehensive wealth management and add perspective on best-practices within the private wealth ecosystem.

A defining characteristic of Asian family offices is that much of the underlying wealth remains relatively new. Many of today's first and second-generation principals built their fortunes from entrepreneurial beginnings, often in industries tied to Asia's economic opening up. As a result, the families navigating wealth transition today are doing so with a different set of pressures and expectations than their European or North American counterparts, where multi-generational wealth structures and rigid governance frameworks have compounded over decades. It is this demographic reality – wealth that is new, founder led and approaching its first handover – that places governance at the very centre of the agenda.

Governance: the defining test of the generational handover

When wealth is first or at most second generation, the most consequential event on the horizon is the handover from the founding principal to the next generation – and it is precisely this transition for which most family offices are currently least prepared.

Moving from a founder led "kitchen table" operation to a formalised institution requires reconciling two very different operating systems – the emotional and often subjective dynamics of a family, and the logical, objective requirements of a regulated commercial enterprise. Where the two are not aligned deliberately, friction can follow. In our experience that friction tends to concentrate in four areas.

> *Setting up a family office is relatively straightforward; ensuring it survives a multi generational handover is where the true challenge lies.*

Phase of the journey	Friction point	The exposure	The target state
Structural design	Structures that stand up to scrutiny	Amid tightening cross-border tax transparency, CRS reporting, beneficial ownership requirements and economic substance rules, fragmented entity structuring creates accidental permanent establishment issues, tax inefficiencies and compliance failures.	A robust, future-proof legal entity framework – trusts, private trust companies or dedicated fund vehicles – that is tax-efficient, complies cleanly with reporting obligations and isolates liability across diverse asset pools.
Governance architecture	The separation of powers: who decides what	When the lines between ownership (the family), governance (boards and committees) and management (executive staff) are blurred, founders default to treating family office executives as personal assistants rather than corporate officers – driving talent attrition and erratic investment execution.	A clearly articulated delegation of authority framework, setting defined monetary thresholds and strategic parameters for what management can execute independently versus what requires Investment Committee or Family Council approval.
Governance architecture for next generation	Succession beyond bloodline	A succession plan that relies purely on a direct handoff is a single point of failure – particularly where the incoming generation intends to shift the office's mission toward private markets, digital assets or structured philanthropy without the framework or training to do so.	A formalised family constitution and next-generation education pathway, supported by non-family executive backstops and independent directors who bring emotional neutrality and market-tested oversight.
Operational modernisation	Transparency within the family	Conflict rarely stems from a poor investment return; it stems from information asymmetry. Where next-generation stakeholders feel excluded from performance data, or reporting is manually aggregated on fragmented spreadsheets, disputes can follow.	An institutionalised middle and back office producing consolidated, audit-ready reporting that balances absolute privacy from the outside world with appropriate visibility for family stakeholders.

Benchmarking remains a weak spot

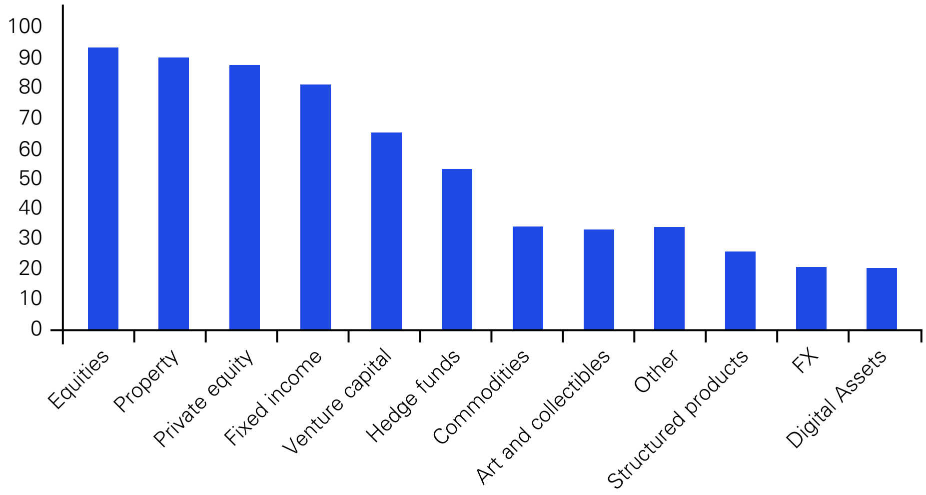
As family offices institutionalise their governance, the same discipline is beginning to reshape how they invest – starting with the basic question of how they measure success. One finding from KPMG's global report that should give the industry pause is that 51% of family offices do not have a return-on-investment benchmark in place. Of the 49% that do, only 38% benchmark against a recognised index.

Without a benchmark, it is genuinely difficult to assess whether an investment team is adding value, whether compensation tied to performance is being fairly calibrated, or whether the family is being adequately rewarded for the risks it is taking. As family offices in Asia continue to professionalise, we expect benchmarking to become an area of significant focus.

Emerging and niche investment categories

Some of the most interesting data from KPMG's global report sits in the investment categories that the industry has discussed at length, but where allocation figures remain modest. In our view, this is where the next phase of portfolio evolution will play out – and where Hong Kong's supporting ecosystem will play an important role.

Percentage of global family offices investing in each asset class



Source: Global Family Office Compensation Benchmark Report, KPMG Private Enterprise, Agreus

1 Digital assets remain peripheral globally but are growing in Asia

Nearly 80% of family offices globally currently have no allocation to digital assets. However, the expectation is that this will change, particularly in jurisdictions that provide regulatory clarity and appropriate incentives. In Hong Kong 28% of family offices plan to increase digital asset holdings over the next three years[42], driven by next-generation interest and regulatory progress.

The more important point for Hong Kong is what this means in terms of positioning. The HKSAR Government has proposed expanding the scope of qualifying investments for family office tax concessions to include digital assets and precious metals[43]. If implemented, this would place Hong Kong among a small number of jurisdictions offering a coherent regulatory and tax framework for family offices seeking measured exposure to this asset class – a distinction that is likely to matter more as generational wealth accelerates and younger principals bring a different risk appetite to the table.

2 Commodities (including gold) are seeing renewed interest

Commodities (including gold) have seen increased allocations, and, from an inflationary protection perspective, formed part of nearly a third of all family office portfolios. The practical implication is that family offices are increasingly behaving like institutional investors in how they think about inflation protection and portfolio resilience.

[42] Beyond wealth: Advancing Hong Kong's Family Office Ecosystem Through Philanthropy, Impact Investing, and Risk Management https://www.aof.org.hk/docs/default-source/hkimr/applied-research-report/forep.pdf

[43] Hong Kong to expand tax exemptions for family offices, AIIB and pension fund investment https://www.scmp.com/business/companies/article/3345119/hong-kong-expand-tax-exemptions-family-offices-aiib-and-pension-fund-investment

Questions for private banks

1. Are you serving family offices as strategic partners, beyond traditional custody and investment execution?
2. Are you ready to advise on digital assets, commodities, art, and impact investments, where specialist competitors may already have the edge?
3. Can your bank meet the needs of the next generation? Are you integrating philanthropy, ESG, and legacy planning into a cohesive model to engage younger family leaders who consider these core to wealth management?

3 Art and collectibles remain a passion allocation

Roughly a third of family offices report some allocation to art and collectibles. Hong Kong has been deliberately building infrastructure to serve this segment, including the Hong Kong Airport Authority's large-scale artwork storage facility, and the wider ecosystem of auction houses, advisory services and freeport logistics. With Asia's ultra-wealthy increasingly treating art and collectibles as both passion assets and portfolio diversifiers, Hong Kong's integrated infrastructure – from climate-controlled storage to global auction access – provide important infrastructure to attract family office capital.

4 Private social investments: an expanding frontier

A distinctive feature of Hong Kong's family office ecosystem is the growing integration of private social investments into portfolio strategies. Currently, 45% of surveyed family offices and UHNWIs participate in philanthropy and 30% in impact investing. These levels are projected to grow to 64% and 43% respectively over the next three years[44]. Family offices will benefit from banks that can offer personalized advice and assist in creating a philanthropic approach that aligns both current and future generations.

[44] Beyond wealth: Advancing Hong Kong's Family Office Ecosystem Through Philanthropy, Impact Investing, and Risk Management https://www.aof.org.hk/docs/default-source/hkimr/applied-research-report/forep.pdf

For the next generation of family principals, the distinction between financial returns and social impact is less binary than it was for their predecessors. Younger wealth owners increasingly view philanthropy and impact investing not as separate activities from the family office's core mandate, but as extensions of it – vehicles for expressing values, building legacy, engaging the next generation, and generating long-term sustainable returns alongside measurable social outcomes.

The opportunity for banks lies in developing more comprehensive end-to-end solutions to accommodate these needs. Hong Kong is well-positioned with the green and sustainable finance ecosystem maturing rapidly: total government green bond issuances have reached HKD 240 billion[45], the HKSAR Government has issued the world's first tokenised government green bond, and the recently published Taxonomy for Sustainable Finance provides clearer definitions for what qualifies as a sustainable investment.

Where we are focused

We work with family offices to provide customised advice and solutions to assist them to build, operate and develop their family offices, including:

1. **Structural design and tax optimisation:** architecting tailored single or multi family office structures, securing the relevant exemptions, and navigating the cross border legalities of the GBA and international markets – including clean Common Reporting Standard and beneficial ownership compliance.
2. **Governance and accountability architecture:** establishing Family Councils, Investment Committees, delegation of authority and conflict resolution frameworks, and next generation education pathways that secure a seamless transition from founder to the next generation.
3. **Operational modernisation, resilience and cyber:** institutionalising the middle and back office, selecting and integrating wealth platforms, and protecting the family through asset protection strategies, operational resilience and dedicated cyber risk advisory.

[45] Green Bond Report 2025
https://www.hkgb.gov.hk/en/others/documents/FSTB_GreenBond25_eBooklet_EN.pdf

02 Growth

Digital payments

The revenue case for digital money is still emerging – but with global rules now in force and Hong Kong's market infrastructure moving from sandbox to live, real-value settlement, the long-term structural implications for banks are too significant to ignore

Simon Shum
Head of Digital Assets,
Hong Kong SAR,
KPMG China

Antony Ruddenklau
Global Head of Fintech and Innovation

Globally, banks, regulators and corporates are moving beyond experimentation in stablecoins, tokenised deposits, central bank digital currencies (CBDCs), real-world asset (RWA) tokenisation and blockchain-based settlement. What has changed and accelerated this activity over the past year is the foundation beneath it all. The United States enacted its first federal stablecoin law, the GENIUS Act[46], in July 2025; the European Union's Markets in Crypto-Assets Regulation (MiCA)[47] is now fully in force; and the Basel Committee's prudential standard for banks' crypto asset exposures (SCO60)[48], together with its disclosure framework, took effect on 1 January 2026. For the first time, banks have a clear – and capital-aware – basis on which to build.

Hong Kong has moved faster and further than most. Within roughly a year it has set out a whole-of-government strategy in Policy Statement 2.0[49], brought a statutory stablecoin regime into force, granted its first stablecoin licenses, and – critically – taken live market infrastructure from sandbox to real-value settlement. For banks, the question is how to participate on terms that are commercially and prudentially sound.

It's important to be candid about scale. Most digital-asset initiatives remain small relative to traditional banking, payments and capital markets activity. For many banks, the immediate priority should not be to generate significant new revenue, but to build capability, understand the risks, and avoid being left behind as market infrastructure rewires around them. We expect adoption to follow a J-curve, with a steeper acceleration likely between 2030 to 2035 as standards, interoperability and capital treatment mature.

[46] S.1582 - GENIUS Act
https://www.congress.gov/bill/119th-congress/senate-bill/1582/text
[47] Markets in Crypto-Assets Regulation (MiCA)
https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica
[48] Press release: Basel Committee publishes final disclosure framework for banks' cryptoasset exposures and targeted amendments to its cryptoasset standard
https://www.bis.org/press/p240717.htm
[49] Second policy statement on development of digital assets issued to scale Hong Kong to new heights of global digital asset leadership
https://www.hongkong-fintech.hk/en/insights/news/news-2025/second-policy-statement-on-development-of-digital-assets-issued-to-scale-hong-kong-to-new-heights-of-global-digital-asset-leadership/

A common language: what we mean by tokenisation

Tokenisation is the process of digitising a representation of an underlying asset on a distributed-ledger technology (DLT) protocol. KPMG's taxonomy groups tokenised assets into four families. For banks, the two that matter most today are digital money and tokenised financial assets – because that is where regulated infrastructure, real volume and a defensible business case are emerging first.

The KPMG tokenisation taxonomy

Fiat currencies | Real assets | Financial assets | Intangible items

Tokenisation: digitising a representation of the underlying asset on a Distributed Ledger Technology (DLT) protocol

Digital Money
- Regulated stablecoins
- Deposit tokens / tokenized bank deposits
- Central Bank Digital Currencies (CBDC)

Tokenised Real World Assets
- Property
- Artwork
- Physical Commodities

Tokenised financial assets
- Equities
- Bonds
- Derivatives
- Trade Finance

Other tokenized assets
- Carbon credits
- Intellectual property rights
- Identity

*Source: The asset tokenisation and C-suite playbook, KPMG in Singapore

Three forms of digital money co-exist

A key question for banks is which form of digital money will become dominant. On current evidence, none will win outright: stablecoins, tokenised deposits and CBDCs are likely to coexist, each serving different use cases.

Select use cases

Stablecoins	Tokenised deposits	CBDCs
Cross-border payments, trading, merchant payments	Institutional settlements, treasury management, commercial payments	Domestic retail payments, wholesale payments, monetary policy tools

Stablecoins have attracted the most attention, given their role in crypto markets and cross-border digital asset activity, and are now moving into more practical use cases - remittances, treasury operations, merchant payments and business-to-business settlement.

The market is material: total stablecoin supply was close to USD 280 billion by May 2026[50], overwhelmingly USD-pegged, and stablecoin transfer volume reached a record of roughly USD 4.5 trillion in the first quarter of 2026[51]. But banks should read these figures carefully. Most activity remains within the digital-asset ecosystem rather than the real economy, and is dominated by on-chain transfers between holders rather than payments for goods and services[52].

Stablecoin stability will ultimately depend on the quality, liquidity and transparency of the underlying reserves. In periods of stress, questions can arise around de-pegging, redemption, liquidity fragmentation and whether reserves are genuinely available on a one-to-one basis. The new statutory regimes – Hong Kong's Stablecoins Ordinance, GENIUS in the US, and MiCA in the EU – are designed precisely to address these issues through reserve, redemption, governance and disclosure standards.

The practical implication for banks in Hong Kong is that licensing and ongoing compliance will rest on independent assurance over reserve adequacy, redemption and controls. To address this, the Hong Kong Institute of Certified Public Accountants (HKICPA) issued its practice Note 831 in May 2026[53] to provide guidance to auditors on their reporting responsibilities in relation to the independent attestation of reserve assets of licensed stablecoin issuers.

> *Trust in regulated stablecoins will depend not only on Hong Kong's new statutory rules, but also on credible, independent assurance over reserves, redemption arrangements and related controls.*

The need to safeguard stablecoin reserves is also why regulators – and banks – have placed equal weight and attention on tokenised deposits – commercial bank deposits represented on a distributed ledger. They deliver the benefits of tokenisation (programmability, faster settlement and operational efficiency) while keeping money on regulated bank balance sheets. For banks, this is the most natural area of development, particularly for wholesale use cases: interbank settlement, supply-chain and trade finance, corporate treasury and institutional payments - areas where banks already sit at the centre.

[50] Visa Onchain Analytics Dashboard
https://visaonchainanalytics.com/supply
[51] Stablecoin Volume Hits Record $4.5T As Asia Drives Q1 Boom
https://www.forbes.com/sites/digital-assets/2026/04/29/nearly-two-thirds-stablecoins-suddenly-hit-45t-q1-volume-record/
[52] Stablecoin payments: the truth behind the numbers
white-paper-stablecoin-payments-truth-behind-numbers.pdf
[53] Update No.344
https://www.hkicpa.org.hk/en/News/Communications/E-newsletter/Technical-News/20260318

Hong Kong and the world: from policy to live market infrastructure and focus on the real-economy

One of Hong Kong's advantages is that it has assembled the full regulatory and infrastructure stack – from the strategic framework set out in the government's Policy Statement 2.0, through the statutory regime established under the Stablecoins Ordinance to the infrastructure enabled by Project EnsembleTX. Critically, Hong Kong is now moving beyond pilots with real value settlements.

The broad focus is, and will continue to be the real economy: faster cross-border payments, lower settlement frictions and new financing for corporates and SMEs through working-capital, trade and supply-chain finance applications, and atomic settlement that frees up capital otherwise trapped in transaction chains.

Key regulatory and infrastructure milestones in Hong Kong

Aug 2025	**Regulation**	**Stablecoins Ordinance in force[54]** Establishing a mandatory licensing regime for stablecoin issuers operating in Hong Kong.
Oct 2025	**CBDC**	**Completion of e-HKD Phase 2[55]** Involving 11 industry groups, with successful testing of offline payment functionality.
Nov 2025	**Tokenisation**	**Third tranche of the HKD 10 billion Digital Green Bond listed on the Hong Kong Stock Exchange[56]** The world's largest digital bond issuance as of November 2025 with total subscriptions exceeding HKD 130 billion and the world's first digital bond to integrate tokenised central bank money (e-CNY and e-HKD) into settlement
Nov 2025	**Infrastructure**	**Launch of the EnsembleTX live pilot[57]** Involving seven Hong Kong banks and enabling real-value interbank settlement.
Feb 2026	**Infrastructure**	**Announcement of CMU OmniClear[58]** A new digital bond issuance and settlement platform to be operated by the HKMA.
Mar 2026	**Tokenisation**	**Issuance of the first regulated silver real-world asset (RWA) token in Hong Kong[59]**
Apr 2026	**Regulation**	**First stablecoin licences issued to two banks in Hong Kong[60]**
Q4 2026 (Target)	**Infrastructure**	**Central bank money (CeBM) settlement planned to go live on a 24/7 basis, with EnsembleTX and CMU OmniClear operating on a fully integrated basis[61]**

[54] Regulatory Regime for Stablecoin Issuers
https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/stablecoin-issuers/

[55] HKMA completes e-HKD Pilot Programme and outlines future direction of e-HKD
https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/10/20251028-4/

[56] Hong Kong Monetary Authority - HKSAR Government's Third Digital Green Bonds Offering
HKMA announces the new phase of Project Ensemble to support real-value transactions in tokenised deposits and digital assets

[57] https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/11/20251111-6/
The 2026-27 Budget Speech

[58] https://www.budget.gov.hk/2026/eng/budget16.html
Eddid Financial Backs Hong Kong's First Regulated Silver RWA Offering

[59] https://www.prnewswire.com/apac/news-releases/eddid-financial-backs-hong-kongs-first-regulated-silver-rwa-offering-302723074.html

[60] Hong Kong Monetary Authority - Eddie Yue on Robust development of the regulated stablecoin ecosystem in Hong Kong

[61] Hong Kong Monetary Authority - HKMA announces the new phase of Project Ensemble to support real-value transactions in tokenised deposits and digital assets

For banks with regional footprints, Hong Kong's progress also needs to be viewed in a wider Asia-Pacific context. There is currently no harmonised framework for stablecoins or tokenised deposits across Singapore, Japan, the Chinese Mainland and the major Southeast Asian markets. Regulatory frameworks across the region are developing at different speeds, and that is influencing how products are structured, booked, distributed and governed. For regional banks and capital markets firms with multi-jurisdiction footprints, navigating this divergence – and managing the risk of regulatory arbitrage and fragmentation – is a key operational challenge.

The business case for many banks is still emerging

Despite large investments by the bigger banks in Hong Kong, many local and regional banks remain cautious and in wait-and-see mode. That is understandable. Building digital asset capabilities requires investment in technology, talent, governance, legal structuring, risk management, compliance and cybersecurity. In the short term, these investments can look like cost rather than immediate value.

This is a genuine dilemma. Waiting too long risks ceding ground to competitors, fintechs or new market infrastructure providers; moving too fast without a clear business case could risk stranded investment. For banks currently in "wait-and-see" mode, the right posture is to build "muscle memory"– developing the teams, governance, technology knowledge and regulatory familiarity that will be needed to act decisively when adoption accelerates.

Questions for the C-suite

1. Where is the real client value today? Are you focusing on use cases that genuinely improve payments, liquidity, settlement, collateral management, trade finance, treasury or investment access?
2. Is your risk and control framework ready for tokenised finance? Can you manage risks around custody, private keys, smart contracts, AML, sanctions, third parties, operational resilience, liquidity, capital and conduct?
3. How will you build capability before the market reaches scale? Do we have the right talent, governance, partnerships, technology architecture and regulatory engagement model to respond when adoption accelerates?

Risk management must evolve with the market

As they build "muscle memory", banks will also need to adapt their risk management frameworks across several dimensions.

1 Custody risk

For institutional and private banking clients, the custody of digital assets remains one of the less settled areas of the market. Questions of liability where assets are lost or compromised, the structure of sub-custody arrangements, the availability and scope of insurance, and the control and recovery of private keys under insolvency are not yet resolved on a consistent basis. Cross-border arrangements add a further dimension, since a client's rights over a tokenised asset may vary by jurisdiction.

2 Technology and cyber risk

DLT, smart contracts and digital custody introduce new operational and security considerations – wallet infrastructure, private key management, smart contract vulnerabilities, blockchain analytics, transaction monitoring and incident response.

3 Legal and documentation risk

Smart contracts are frequently considered a technology matter, but they also raise unresolved legal questions. As they begin to support securities, derivatives, repo and collateral workflows, banks will need greater certainty on enforceability, settlement finality and responsibility when code, data or infrastructure fails. These issues will be critical to market confidence.

4 Compliance and financial-crime risk

Digital asset activity creates challenges in AML, sanctions screening, fraud monitoring and market conduct. Banks must understand the source of funds, counterparties and transaction patterns across both traditional and on-chain environments – and align with new tax-transparency rules such as OECD’s Crypto-Asset Reporting Framework (CARF).

5 Governance risk

Many banks are beginning their initiatives from the bottom-up through innovation or product teams. As activity grows, banks will need clearer accountability, stronger controls and more consistent decision-making frameworks across the organisation before exposures become material.

Where we are focused

We support banks and financial institutions in building the capability, governance and commercial foundations needed to engage with digital payments and tokenisation as market infrastructure evolves. Our work in this space covers:

1. **Regulatory and licensing support:** Helping institutions navigate licensing frameworks for stablecoins, virtual assets and tokenised deposits across Hong Kong and other relevant markets
2. **Stablecoin reserve assurance:** Supporting licensed stablecoin issuers and banking partners with independent assurance over reserves, redemption arrangements and the controls that underpin market confidence
3. **Risk, controls and governance:** Building fit-for-purpose control frameworks for digital asset activities — covering model governance, AML, chain analytics and custody risk — as institutions move from pilots to production.
4. **Internal audit and board assurance:** Supporting boards and internal audit functions as they are increasingly asked to provide assurance over digital asset risk frameworks, through co-sourced internal audit, model validation for tokenised products and board-level education.

03 Trust

In brief:

The threat landscape is moving faster than most banks' control environments. Banks are facing challenges scaling their own internal AI projects while the very same technology is being weaponised against them, and the work needed to prepare — whether for AI, financial crime or cyber — takes longer than it appears. Getting governance, resilience and security right as technology evolves is essential to maintaining the long-term trust the banking system depends on.

Artificial intelligence

Banks should be looking beyond isolated pilots and considering how data foundations, workflows, decision rights and governance need to be redesigned for AI to deliver at scale.

Financial crime compliance

Banks should be moving from rule-based, periodic controls towards perpetual, intelligence-led monitoring, and engaging more actively in the cross-institutional ecosystem regulators are clearly steering towards.

Cyber security

Banks should be beginning their post-quantum migration work now, starting with cryptographic inventories and the protection of long-lived sensitive data.

03 Trust

Artificial intelligence

As banks move beyond isolated AI pilots, the harder challenge is no longer the technology but the governance, model risk management and accountability needed to scale safely across the enterprise

Stanley Sum
Head of Technology Consulting, Greater Bay Area

Angel Mok
Partner, Technology Consulting, Hong Kong SAR

Simon Benson
Head of AI
KPMG Asia Pacific

Over three-quarters of Hong Kong's banks are already deploying or piloting AI solutions across use cases ranging from credit assessment and risk monitoring to customer engagement[62]. However, discussions with banks across the market reveal that scaling AI into measurable, enterprise-wide value while maintaining clear governance remains elusive for many institutions.

This is consistent with what we see globally. Most banks have allowed AI to diffuse organically. Use cases have sprung up wherever a team had the appetite and the capability to build them – a pattern of growth that has produced a great deal of activity but very little coordination. The concern we increasingly hear at executive and board level is that this looks like the next generation of end-user computing risk: capability spreading across the organisation without central governance, accountability or oversight.

As a result, many of the largest banks are now pulling AI back into a central governance layer, and – importantly – they are fixing their data foundations first, consolidating fragmented silos into an enterprise data layer before attempting to govern AI on top of it. For Hong Kong's banks, the lesson is that the centralisation question cannot be deferred until the infrastructure has already sprawled; the institutions making the most progress globally are those treating enterprise data and central governance as the platform for AI rather than an afterthought.

Moving beyond the pilot phase

The HKMA has run multiple rounds of generative AI sandboxes over the past two years, and the regulator is now clearly signalling that banks need to move beyond pilots and put AI into real production environments. With total banking sector technology spending projected to reach HKD 100 billion annually over the next three years[63], the stakes for getting this right are high. What we hear consistently

[62] Keynote Address at the Hong Kong FinTech Week 2025
https://www.hkma.gov.hk/eng/news-and-media/speeches/2025/11/20251103-1/
[63] Keynote Address at the Hong Kong FinTech Week 2025
https://www.hkma.gov.hk/eng/news-and-media/speeches/2025/11/20251103-1/

from banks is that they have made genuine progress – they have run pilots, proven use cases – but they are struggling to scale that into something that changes performance at a system level. There are a few recurring tensions. First, fragmentation: lots of activity, but not enough coordination across the enterprise, so value does not compound. Second, ROI remains unclear — there is pressure to show results quickly, but the metrics are not always well defined, and that drives the wrong behaviour: more pilots instead of deeper transformation. Underlying all of that are structural blockers — data quality, operating model gaps, and increasingly the regulatory and risk overlay.

> *There's still a strong bias toward quick wins — productivity gains, isolated use cases, tactical deployments. Those things matter, but they don't move the dial structurally. The real value only shows up when AI is embedded end-to-end – when you redesign workflows, decisioning, and service delivery around it. That's harder, slower, and more organisational — but that's where the advantage is being created.*

Model validation: fit for purpose is a moving target, not a one-off

As AI moves into production, a foundational question is not simply whether a model has been validated once, but whether it continues to behave the way it is expected to and produces the results it is supposed to over time. Fit-for-purpose assessment matters more than a one-time validation, because models do not stay still. A model is closer to a perishable good than a fixed asset: something that performs well today may degrade tomorrow or next week as the underlying data and market conditions shift. Treated as a single point-in-time exercise, validation leaves banks exposed to the risk that models quietly drift out of line, become overloaded, or simply go unreviewed. Continuous, periodic re-assessment — concentrated where the risk has genuinely moved — is the basic layer of credible model risk management for AI.

A second layer of complexity comes from the proliferation of models within a single institution. Increasingly, banks are not running one central AI model but many. Different models have different strengths and weaknesses, and as institutions explore which performs best for which task, the number in use can multiply quickly. This makes inventory management essential. Banks need to know how many models are in use, which versions are running, and where each is deployed.

A third and more complex layer arises where banks move beyond using a model "off the shelf" and begin injecting their own proprietary data for the model to work alongside, or to learn from. This raises a distinct set of questions: how does the bank govern the data it has fed into the model, how does it control the model as it evolves, and how does it keep returning to the same fundamental test of whether the output remains fit for purpose? The answer, in every case, is a proper inventory of what is in use, a clear governance process for onboarding and offboarding AI solutions, and a requirement that each is subject to regular validation. This is the practical machinery needed to turn the ambition of central governance into something real.

Questions for the Chief AI Officer

1. Do you have a clear line of sight from your AI pilots to enterprise-wide value creation — and can you articulate how individual initiatives compound into a scalable capability?
2. Do you maintain a complete, current and risk-ranked inventory of every AI model in use across the bank, including version, deployment location, and whether any are being used outside their approved purpose?
3. Do you understand your full chain of AI dependencies — third parties, their sub-providers, open-source components and shared cloud platforms — and the concentration risk this may be creating?
4. Is it clear who owns AI risk in your organisation, and are your data foundations and central governance layer strong enough to bring diffuse AI back under control?

The third-party blind spot

Much of this risk sits outside the bank's own walls. Most banks are deploying AI through third-party vendors and model providers, and the governance questions that come with that – vendor model opacity, contractual accountability and concentration – are too often underweighted. With third-party risk, banks have historically focused on understanding what they themselves outsource. The harder question, and one that is increasingly relevant in AI, is what those vendors in turn outsource to, and whether the bank can map that wider network at all.

Because so many AI solutions are cloud-based, tracing the chain often reveals further layers, many resting on open-source software. Open source does not always mean free to use; licensing agreements, particularly for commercial use, need careful handling to avoid intellectual property infringement. This network also creates a form of concentration risk that is easy to miss. A bank may have twenty, thirty or even a hundred AI solutions in use, but if they ultimately depend on the same handful of underlying models or cloud platforms, a single failure does not affect one solution in isolation – it can affect the entire stack at once. Many institutions are broadly aware of this in principle, but few have full visibility of where their AI solutions collapse into a single point of failure.

Working with the grain of regulation

As banks scale their AI capabilities, regulators in Hong Kong and elsewhere are actively working through what good AI governance should look like and what banks will be expected to demonstrate. The HKMA has made clear that responsible implementation is non-negotiable, and its work on explainability is a significant area of focus. Through Project Noor – a collaboration with the BIS Innovation Hub Hong Kong Centre and the UK Financial Conduct Authority – the HKMA is prototyping Explainable AI tools that convert complex model logic into plain language and intuitive visuals, so that supervisors can verify transparency, assess fairness and test robustness[64]. Critically, Project Noor does not seek to prescribe fixed standards or take responsibility away from banks: financial institutions retain responsibility for model explainability.

[64] Project Noor: explaining AI models for financial supervision https://www.bis.org/about/bisih/topics/suptech_regtech/noor.htm

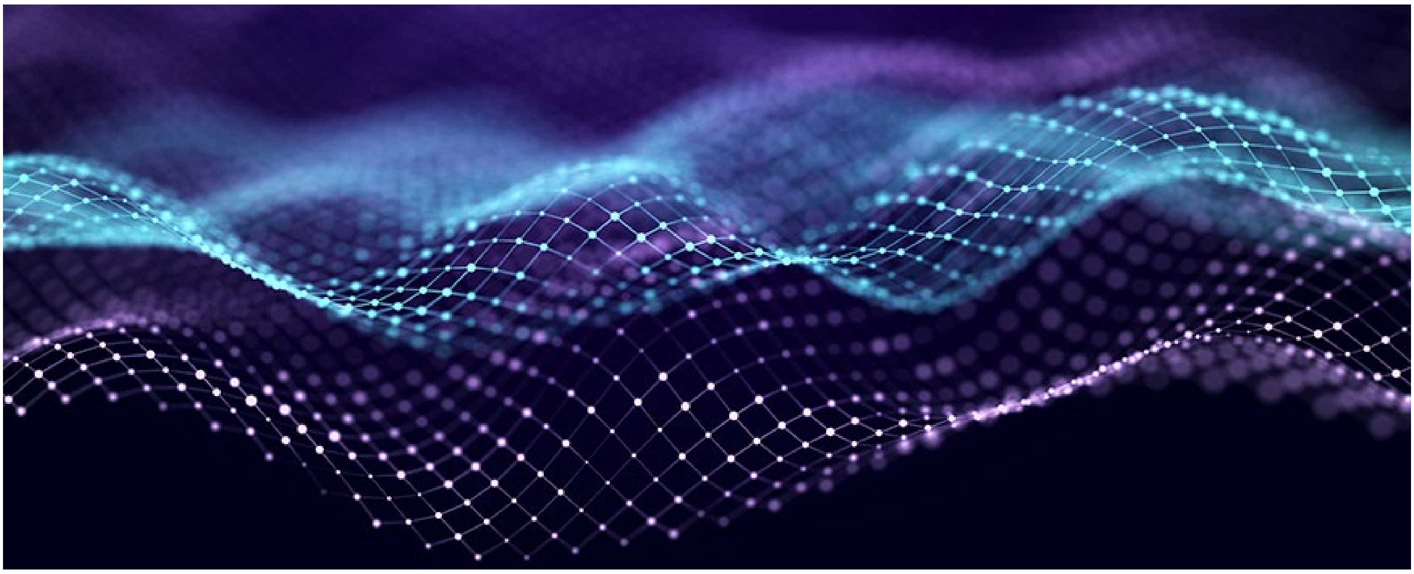
That responsibility matters in practice. When a model drives a credit decision or flags a transaction for review, the bank must be able to show which inputs drove the output, how they were weighted, and why the result is consistent with policy – not the underlying calculation, but a reasoning chain a senior decision-maker can own and defend.

In our view, governance cannot sit outside as a control layer — it has to be engineered into how AI operates day-to-day. The banks that get that right will actually move faster, not slower and banks can expect to see the most traction where governance is built in from day one.

Where we are focused

We are working with clients to help them move from AI activity to AI value — by building trusted foundations, embedding governance, and scaling AI into the flow of work. Our approach centres on four areas:

1. **Strategy-to-value roadmaps:** prioritising the high-value use cases that will drive measurable ROI and defining the transformation office needed to orchestrate delivery and benefits tracking.
2. **Independent AI assurance:** going beyond design to attestation, providing boards and regulators with an independent view on whether AI governance is actually functioning: validating model inventories and ongoing fit-for-purpose assessment, and testing the controls wrapped around AI in production, including third-party and concentration exposures.
3. **Regulatory navigation across jurisdictions:** helping banks map, reconcile and comply with divergent and sometimes incompatible AI and data requirements across markets
4. **Talent and culture transformation:** helping banks restructure incentives, retrain risk and compliance functions, and redesign career paths so that governance is embedded in how people work and adoption sticks, rather than stalling at proof-of-concept or running ahead of control.



03 Trust

Financial crime compliance

Financial crime losses are rising not because banks are doing less, but because fragmented defences cannot keep pace with coordinated, AI-enabled attackers

Chad Olsen
Head of Forensic Services,
Hong Kong SAR

Sue Bradford
Partner, Forensic,
KPMG Australia

When we wrote on financial crime compliance in last year's report, the central message was that threats were outpacing the industry's traditional response and that simply throwing more resources at the problem was no longer a viable response. Twelve months later, scams are becoming increasingly sophisticated, and methods such as authorised push payment (APP) fraud is moving funds out of victim accounts faster than banks can respond.

The number of deception cases in Hong Kong has more than doubled over the past five years[65], despite a modest 3% decline in 2025. Technology-enabled deception – including online shopping scams, investment scams and impersonation of officials – now accounts for the majority of cases reported to the police.

Hong Kong's experience is consistent with the pattern observed in KPMG's Global Banking Scam Survey, which covered 48 banks across 16 countries[66].

Two findings from the survey are particularly important for boards and senior management in Hong Kong. First, 60% of banks have seen scam-related customer complaints rise, with the most common grievances being dissatisfaction with reimbursement decisions, frustration at transactional friction, and a feeling that the bank could be doing more to protect them.

Second, while the use of deepfakes and generative AI in scams is not yet prevalent in case volumes, it is universally expected to increase — and is already showing up in falsified KYC documents, fraudulent bank impersonation websites, multilingual phishing campaigns and deepfake-driven investment scams featuring well-known public figures on social media.

> *The very AI technology the industry is deploying to disrupt financial crime is, in parallel, being weaponised against it.*

[65] Scam Situation in Hong Kong | Anti-Deception Coordination Centre(ADCC)
https://www.adcc.gov.hk/en-hk/statistic.html
[66] KPMG Global Banking Scam Survey 2025
https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2025/kpmg-global-banking-scam-survey-2025.pdf

The regulatory direction of travel

Looking at the direction of travel set by regulators in Hong Kong and globally, three themes stand out.

1 A shift from experimentation to measurable outcomes

After several years in which sandboxes, proofs of concept and isolated pilots have been the dominant mode of engagement with AI in financial crime, the expectation is that banks should now be translating this into demonstrable real-world impact.

2 Embedding of governance and accountability across all lines of defence

As banks deploy AI, and in some cases agentic AI, into customer due diligence, transaction monitoring and risk scoring, supervisors are looking for model governance, explainability and human oversight to be part of the initial design rather than retrofitted after deployment.

3 Transition from rule-based to intelligence-led risk management

Regulators increasingly expect a move away from periodic KYC reviews towards perpetual, signal-driven customer monitoring; and towards greater intelligence sharing between banks, with law enforcement, and across the wider ecosystem.

Taken together, these themes signal that the bar for financial crime compliance is being raised in a specific and deliberate way. Banks that continue to rely primarily on rule-based controls and periodic reviews are likely to find themselves increasingly out of step with both the threat landscape and supervisory expectations.

A checklist for boards and executive committees

1. Have we moved beyond AI pilots? Can we point to AI-enabled scam and financial crime use cases that are in production, measured against defined effectiveness and efficiency metrics, and embedded in the operating model?
2. Is our governance keeping pace with our technology? Do we have clear accountability, model risk controls and explainability standards across every line where AI is influencing decisions?
3. Are we equipped for AI-enabled scams? How are we detecting and disrupting deepfake, voice clone, and synthetic identity-driven fraud, and how is that capability connected to customer education, vulnerable customer identification and reimbursement frameworks?
4. Are we operating as part of an ecosystem? What use cases, typologies and intelligence are we sharing with peers, regulators and law enforcement – and what is stopping us from sharing more?

What an intelligence-led model looks like in practice

Intelligence-led financial crime management is less a single technology choice than a different way of organising the function. Four shifts define what this looks like in practice:

1 Perpetual KYC replacing periodic review

Rather than triggering a full customer refresh every one, three or five years, banks need to continuously monitor signals such as transactional behaviour, changes in digital footprint and network linkages to update risk ratings dynamically. The effect is that effort is concentrated where risk has genuinely moved, rather than spread evenly across a population on a calendar basis. For most banks in Hong Kong, this is a multi-year transition, but it is the single change most likely to improve both effectiveness and efficiency over time.

2 Use of AI to support detection and investigation

Agentic systems can triage alerts, gather context from internal and external sources, draft investigator narratives and escalate cases that genuinely require human judgement. The institutions making the most progress are those that connect these capabilities across onboarding, transaction monitoring, fraud and scam detection, rather than running them as separate point solutions.

3 Real-time, customer-centric intervention in place of purely downstream investigation

The most effective prevention controls identified in our Global Banking Scam Survey were transaction pausing and account freezing, rated effective by 91% and 85% of banks respectively, followed by targeted customer contact at 76%. Generic warnings and pop-up messages, which remain common in digital channels, were rated effective by just 47%. The implication is that intervention needs to happen at the point of risk, not after the funds have left the bank.

4 Operating as part of a wider ecosystem rather than in isolation

Many scam syndicates are cross-institutional and cross-border by design, and no single bank can see the full picture on its own. Addressing them effectively requires shared typologies, consortium data and coordinated action with law enforcement. Hong Kong's financial infrastructure and regulatory environment place it in a strong position to contribute to this kind of ecosystem response, and this is an area where we expect to see meaningful progress over the next two years.

Where we are focused

We help banks move from fragmented, rule-based defences toward integrated, intelligence-led operating models:

1. **Operating model redesign:** shifting from periodic reviews to perpetual, signal-driven monitoring that concentrates effort where risk has genuinely moved.
2. **AI-enabled detection at scale:** deploying AI into production with clear governance, explainability and measurable effectiveness metrics from the outset.
3. **Ecosystem collaboration and real-time intervention:** designing point-of-risk controls and supporting cross-institutional intelligence sharing to address syndicates that operate across boundaries.

03 Trust

Cyber security

Quantum and AI-driven cyber threats are advancing ahead of previously anticipated timelines and banks need the resilience capabilities to recover swiftly and effectively when incidents occur

Lanis Lam
Partner, Technology Risk
Hong Kong SAR,
KPMG China

Motoki Sawada
KPMG ASPAC Cyber Lead

The cyber risks facing Hong Kong's banks in 2026 have advanced significantly from even a year ago. Quantum computing is moving closer to commercial reality, and artificial intelligence continues to change what attackers are capable of. Neither is a problem that can be addressed simply by adjusting existing controls, and in both cases the preparation work needs to begin some way before the risk fully materialises.

From our conversations with banks across Hong Kong and the wider region, three areas are emerging as priorities.

1 Post-quantum cryptography: closer than the headline dates suggest

The discussion around post-quantum cryptography (PQC) has been running for several years, and the often-cited 2035 horizon can give the impression that there is still plenty of time for banks to prepare. In practice, the window for an orderly migration is narrower than it appears, and banks that leave the work until later in the decade are likely to find the exercise more difficult and more costly than it needs to be.

Two recent developments are worth noting. On the technical side, research published by Google Quantum in 2025 suggested that breaking one of the most widely used data encryption standards may require materially less computing power than previously thought[67], and Google has since brought its own internal PQC migration deadline forward to 2029.

On the regulatory side, the G7 issued a coordinated PQC roadmap for the financial sector in January 2026[68], and in Hong Kong PQC now sits within the HKMA's Fintech 2030 roadmap, supported by a new Quantum Preparedness Index intended to benchmark readiness across the sector[69]. Hong Kong banks are beginning to receive questions on how they are identifying quantum-at-risk assets.

---

[67] How to factor 2048 bit RSA integers with less than a million noisy qubits
https://arxiv.org/html/2505.15917v1
[68] G7-CEG-Quantum-Roadmap
https://home.treasury.gov/system/files/136/G7-CEG-Quantum-Roadmap.pdf
[69] HKMA unveils Fintech Promotion Blueprint: From adoption to advancement
https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/02/20260203-3/

For banks, the more important point is what preparation actually involves. In our experience, the most demanding part is understanding where cryptography sits within the business in the first place. Most banks do not yet have a complete picture of which applications, data sets, keys and certificates rely on which forms of encryption, or how those dependencies extend into their third-party relationships.

Questions for the CISO

1. Do you have a sufficiently complete picture of where cryptography sits within your business – including in legacy systems and third-party relationships – and which data assets are most exposed to the risk of being captured now and decrypted later?
2. Do you have a migration plan with clear ownership, realistic timescales and appropriate budget, and is the underlying architecture sufficiently flexible to accommodate changes in cryptographic standards over time?

Building that inventory takes time, and it is a prerequisite for any credible migration plan.There is also a nearer-term consideration that deserves the board and senior management's attention. Sensitive data with a long shelf life such as client records, contracts, certain categories of transaction data, is arguably already exposed, because an adversary could capture it now with a view to decrypting it at a later date. For banks holding long-lived client information, this is a reason to prioritise the protection of the most sensitive data ahead of a broader migration.

2 AI and the changing pace of attack

If quantum is the slower-burning issue, the impact of AI on cyber attacks is more immediate, and recent developments have made the point clearer.

The announcement of Anthropic's Mythos AI model in April 2026 showed that AI is now capable of finding previously unknown security weaknesses and combining them into a working attack in ways earlier generations of technology could not. Instead of a public rollout, Anthropic is limiting access to a small number of organisations to use defensively, allowing them to scan their networks and patch problems before the flaws become public knowledge.

While this controlled deployment highlights the potential for AI to strengthen defences, it also illustrates a troubling trend: the time between a vulnerability being discovered and its active exploitation is shrinking dramatically, from roughly a year in 2021 to something in the order of hours in 2026. The practical implication for banks is that the pace of defence needs to keep up and banks should work on the assumption that similar capability may soon be available to organised criminal groups.

It is worth keeping the picture in perspective. Current AI models remain relatively weak against the operational technology that underpins physical infrastructure, expensive to run at scale, and not especially good at avoiding detection. The direction of travel, however, is clear, and banks need to plan for where the capability is heading rather than where it sits today.

Questions for the CISO

1. Are you continuously monitoring the capabilities of frontier AI models and assessing their potential impact on your security posture?
2. Given the reduced time between vulnerability detection and exploitation, how are you accelerating your patching and remediation processes?

3 AI agents: bringing a new kind of threat inside the control framework

Alongside the external threat picture, banks will also need to think about a development they are, in many cases, introducing themselves: the AI agent. KPMG's Cybersecurity Considerations 2026 report notes that 61% of US companies are not yet comfortable with autonomous agents[70] and will require human-in-the-loop oversight – a useful indication that governance questions are arriving well ahead of full adoption.

Globally, regulators are increasingly taking note of AI agent risk. In its April 2026 letter to the industry, the Australian Prudential Regulation Authority (APRA) identified that identity and access management capabilities have not yet adjusted to non-human actors such as AI agents, and specifically called out controls over agentic and autonomous workflows as an area requiring attention[71]. The reason this matters is that some AI agents can decide which data and which systems to access, which shifts the bank's risk profile in a more fundamental way than most new technologies do. An agent authorised to carry out something as routine as a reconciliation could, if given manipulated inputs, access restricted information, override approval workflows or share confidential data externally — and do so at a speed and scale that would be difficult for a human insider to match. The practical question for banks is how to bring this new category of activity within the control framework that already governs people and systems.

In our view, the answer is to treat AI agents as part of the existing risk and control environment rather than as a separate experiment. That involves maintaining a clear inventory of the agents in use, setting firm boundaries on the actions they are permitted to take, retaining human oversight where decisions carry real consequence, and ensuring that monitoring and incident response are suited to an environment in which a meaningful share of activity is initiated by software rather than by people. Banks that allow agent adoption to run ahead of governance are likely to find themselves retrofitting controls later, which tends to be more difficult than setting sensible guardrails at the outset.

Questions for the CISO

1. Do you maintain a complete inventory of all AI agents currently in use, including their permissions, access rights, and decision-making scope?
2. How are you ensuring that AI agents are subject to the same governance, monitoring, and oversight as human users and traditional systems?

---

[70] Cybersecurity considerations 2026
https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2026/03/cybersecurity-considerations-2026.pdf.coredownload.inline.pdf

[71] APRA Letter to Industry on Artificial Intelligence
https://www.apra.gov.au/apra-letter-to-industry-on-artificial-intelligence-ai

An evolving regulatory response

The HKMA's approach to cyber risk is developing alongside the threat picture. Rather than focusing solely on preventing attacks, the regulator is placing greater emphasis on cyber resilience — recognising that banks need to be able to respond to, contain and recover from incidents as well as defend against them. A new cyber resilience testing framework is in development, drawing on international approaches but adapted for the Hong Kong context, with the HKMA currently engaging the industry to shape how it will operate in practice.

The common thread running through PQC, AI-driven attacks and AI agents is that meaningful preparation takes time. Cryptographic inventories, refreshed vulnerability management programmes, governance frameworks extended to AI agents, and resilience embedded into day-to-day operations are multi-year journeys rather than quick exercises and banks must allocate their investments in a targeted way.

Where we are focused

We help banks prepare for the quantum and AI-driven threat landscape by building resilience beyond traditional perimeter defences:

1. **Post-quantum cryptography readiness:** building cryptographic inventories and developing migration roadmaps that prioritise the most sensitive long-lived data.
2. **AI-driven threat assessment:** accelerating patching and remediation to match the compressed window between vulnerability discovery and exploitation.
3. **Resilience testing and AI agent governance:** designing scenario-based resilience exercises and extending control frameworks to cover autonomous AI agents.

04 Financial results

- **Performance rankings**
- **Licensed banks**
- **Restricted licence banks**
- **Deposit-taking companies**
- **Foreign bank branches**
- **Digital banks**

Performance rankings

Licensed banks

Ranking	Total assets	HK$ million	Ranking	Net profit after tax	HK$ million	Ranking	Costs/income ratio	
1.	Hongkong and Shanghai Banking Corporation Limited (The)	11,683,231	1.	Hongkong and Shanghai Banking Corporation Limited (The)	124,117	1.	Bank of Communications (Hong Kong) Limited	20.4%
2.	Bank of China (Hong Kong) Limited	4,257,196	2.	Bank of China (Hong Kong) Limited	41,310	2.	Bank of China (Hong Kong) Limited	23.8%
3.	Standard Chartered Bank (Hong Kong) Limited	2,900,449	3.	Standard Chartered Bank (Hong Kong) Limited	21,417	3.	China Construction Bank (Asia) Corporation Limited	26.8%
4.	Hang Seng Bank, Limited	1,819,113	4.	Hang Seng Bank, Limited	15,757	4.	Industrial and Commercial Bank of China (Asia) Limited	28.2%
5.	Industrial and Commercial Bank of China (Asia) Limited	992,515	5.	DBS Bank (Hong Kong) Limited	7,748	5.	Nanyang Commercial Bank, Limited	33.7%
6.	Bank of East Asia, Limited (The)	920,993	6.	Industrial and Commercial Bank of China (Asia) Limited	7,312	6.	CMB Wing Lung Bank Limited	34.6%
7.	Nanyang Commercial Bank, Limited	566,452	7.	China Construction Bank (Asia) Corporation Limited	6,724	7.	Shanghai Commercial Bank Limited	36.4%
8.	China Construction Bank (Asia) Corporation Limited	560,487	8.	Bank of Communications (Hong Kong) Limited	6,173	8.	Hang Seng Bank, Limited	36.9%
9.	China CITIC Bank International Limited	550,609	9.	CMB Wing Lung Bank Limited	4,292	9.	DBS Bank (Hong Kong) Limited	39.3%
10.	DBS Bank (Hong Kong) Limited	549,473	10.	Bank of East Asia, Limited (The)	3,532	10.	Chong Hing Bank Limited	40.3%

Restricted licence banks

Ranking	Total assets	HK$ million	Ranking	Net profit after tax	HK$ million	Ranking	Costs/income ratio	
1.	Bank of Shanghai (Hong Kong) Limited	29,340	1.	J. P. Morgan Securities (Asia Pacific) Limited	2,057	1.	Siam Commercial Bank Public Company Limited (The)	94.1%
2.	KDB Asia Limited	29,269	2.	Citicorp International Limited	1,565	2.	Bank of China International Limited	86.0%
3.	Korea Development Bank (The)	21,378	3.	KDB Asia Limited	353	3.	ORIX Asia Limited	75.7%
4.	PT. Bank Mandiri (Persero) TBK	20,845	4.	PT. Bank Mandiri (Persero) TBK	261	4.	J. P. Morgan Securities (Asia Pacific) Limited	72.8%
5.	J. P. Morgan Securities (Asia Pacific) Limited	20,145	5.	Kasikornbank Public Company Limited	196	5.	Habib Bank Zurich (Hong Kong) Limited	65.9%
6.	Kasikornbank Public Company Limited	19,734	6.	Bank of Shanghai (Hong Kong) Limited	80	6.	Goldman Sachs Asia Bank Limited	58.1%
7.	Bank of China International Limited	5,608	7.	Korea Development Bank (The)	67	7.	Citicorp International Limited	53.5%
8.	Habib Bank Zurich (Hong Kong) Limited	4,500	8.	Habib Bank Zurich (Hong Kong) Limited	49	8.	Allied Banking Corporation (Hong Kong) Limited	44.7%
9.	Citicorp International Limited	4,233	9.	Bank of China International Limited	28	9.	Bank of Shanghai (Hong Kong) Limited	37.6%
10.	ORIX Asia Limited	2,975	10.	Goldman Sachs Asia Bank Limited	26	10.	Korea Development Bank (The)	37.5%

Deposit-taking companies

Ranking	Total assets	HK$ million	Ranking	Net profit/(loss) after tax	HK$ million	Ranking	Costs/income ratio	
1.	Kexim Asia Limited	8,402	1.	Woori Global Markets Asia Limited	124	1.	Fubon Credit (Hong Kong) Limited	173.9%
2.	Public Finance Limited	6,001	2.	Kexim Asia Limited	72	2.	Chau's Brothers Finance Company Limited	166.7%
3.	Woori Global Markets Asia Limited	4,643	3.	KEB Hana Global Finance Limited	48	3.	BPI Wealth Hong Kong Limited	89.5%
4.	KEB Hana Global Finance Limited	2,420	4.	Public Finance Limited	21	4.	Corporate Finance (D.T.C.) Limited	77.8%
5.	Vietnam Finance Company Limited	965	5.	BCOM Finance (Hong Kong) Limited	6	5.	Vietnam Finance Company Limited	75.0%
6.	BPI Wealth Hong Kong Limited	475	6.	BPI Wealth Hong Kong Limited	5	6.	Public Finance Limited	64.3%
7.	Fubon Credit (Hong Kong) Limited	341	7.	Vietnam Finance Company Limited	2	7.	Chong Hing Finance Limited	50.0%
8.	Corporate Finance (D.T.C.) Limited	304	8.	Chong Hing Finance Limited	1	8.	KEB Hana Global Finance Limited	32.5%
9.	BCOM Finance (Hong Kong) Limited	296	9.	Corporate Finance (D.T.C.) Limited	1	9.	Kexim Asia Limited	28.8%
10.	Chau's Brothers Finance Company Limited	64	10.	Chau's Brothers Finance Company Limited	(3)	10.	BCOM Finance (Hong Kong) Limited	22.2%

Foreign bank branches

Ranking	Total assets	HK$ million	Ranking	Net profit after tax	HK$ million	Ranking	Costs/income ratio	
1.	Agricultural Bank of China Limited	619,820	1.	Citibank, N.A.	6,436	1.	Commonwealth Bank of Australia	7.9%
2.	Citibank, N.A.	599,630	2.	UBS AG	6,352	2.	First Commercial Bank, Ltd.	8.9%
3.	BNP Paribas	493,574	3.	Agricultural Bank of China Limited	4,076	3.	Agricultural Bank of China Limited	9.0%
4.	Mizuho Bank, Ltd.	362,456	4.	JPMorgan Chase Bank, National Association	3,210	4.	UCO Bank	9.1%
5.	Credit Agricole Corporate and Investment Bank	354,200	5.	Industrial Bank Co., Ltd.	3,082	5.	Hua Nan Commercial Bank, Ltd.	9.8%
6.	Bank of Communications Co., Ltd.	352,402	6.	Bank of Communications Co., Ltd.	2,467	6.	Mega International Commercial Bank Co., Ltd.	10.2%
7.	China Construction Bank Corporation	345,543	7.	MUFG Bank, Ltd.	1,985	7.	Woori Bank	10.7%
8.	UBS AG	330,329	8.	DBS Bank Ltd.	1,897	8.	Chang Hwa Commercial Bank, Ltd.	12.7%
9.	DBS Bank Ltd.	320,384	9.	CTBC Bank Co., Ltd.	1,700	9.	Kookmin Bank	13.0%
10.	Industrial Bank Co., Ltd.	306,306	10.	Mizuho Bank, Ltd.	1,614	10.	E.Sun Commercial Bank, Ltd.	14.1%

Source: Extracted from individual banks' financial and public statements

Licensed banks

Ranking	Return on equity		Ranking	Growth in assets		Ranking	Growth in net profit after tax	
1.	DBS Bank (Hong Kong) Limited	15.7%	1.	Bank of Dongguan International Limited	145.5%	1.	Shanghai Commercial Bank Limited	154.8%
2.	Hongkong and Shanghai Banking Corporation Limited (The)	13.6%	2.	Fubon Bank (Hong Kong) Limited	19.0%	2.	CMB Wing Lung Bank Limited	87.3%
3.	Morgan Stanley Bank Asia Limited	13.5%	3.	CMB Wing Lung Bank Limited	16.2%	3.	OCBC Bank (Hong Kong) Limited	83.2%
4.	Bank of China (Hong Kong) Limited	12.6%	4.	Standard Chartered Bank (Hong Kong) Limited	12.9%	4.	Bank of Dongguan International Limited	75.7%
5.	Citibank (Hong Kong) Limited	12.0%	5.	China CITIC Bank International Limited	12.5%	5.	Fubon Bank (Hong Kong) Limited	51.8%
6.	Standard Chartered Bank (Hong Kong) Limited	10.5%	6.	DBS Bank (Hong Kong) Limited	11.7%	6.	Chiyu Banking Corporation Limited	47.2%
7.	Bank of Communications (Hong Kong) Limited	10.0%	7.	Tai Yau Bank, Limited	11.2%	7.	Standard Chartered Bank (Hong Kong) Limited	29.3%
8.	Hang Seng Bank, Limited	9.2%	8.	Morgan Stanley Bank Asia Limited	10.7%	8.	Morgan Stanley Bank Asia Limited	21.1%
9.	Fubon Bank (Hong Kong) Limited	8.0%	9.	China Construction Bank (Asia) Corporation Limited	7.3%	9.	Dah Sing Bank, Limited	19.2%
10.	Dah Sing Bank, Limited	7.0%	10.	Tai Sang Bank Limited	6.9%	10.	China Construction Bank (Asia) Corporation Limited	13.6%

Restricted licence banks

Ranking	Return on equity		Ranking	Growth in assets		Ranking	Growth in net profit after tax	
1.	Citicorp International Limited	80.1%	1.	PT. Bank Mandiri (Persero) TBK	46.6%	1.	ORIX Asia Limited	400.0%
2.	Korea Development Bank (The)	50.4%	2.	Citicorp International Limited	35.9%	2.	PT. Bank Mandiri (Persero) TBK	102.3%
3.	PT. Bank Mandiri (Persero) TBK	37.3%	3.	Habib Bank Zurich (Hong Kong) Limited	30.4%	3.	J. P. Morgan Securities (Asia Pacific) Limited	30.0%
4.	J. P. Morgan Securities (Asia Pacific) Limited	13.7%	4.	KDB Asia Limited	16.1%	4.	Habib Bank Zurich (Hong Kong) Limited	19.5%
5.	Habib Bank Zurich (Hong Kong) Limited	7.4%	5.	J. P. Morgan Securities (Asia Pacific) Limited	4.5%	5.	Citicorp International Limited	18.4%
6.	Kasikornbank Public Company Limited	7.2%	6.	Korea Development Bank (The)	4.5%	6.	Korea Development Bank (The)	-21.2%
7.	KDB Asia Limited	7.1%	7.	Allied Banking Corporation (Hong Kong) Limited	2.1%	7.	Goldman Sachs Asia Bank Limited	-21.2%
8.	Allied Banking Corporation (Hong Kong) Limited	3.1%	8.	Goldman Sachs Asia Bank Limited	-2.4%	8.	KDB Asia Limited	-28.5%
9.	Goldman Sachs Asia Bank Limited	2.5%	9.	Siam Commercial Bank Public Company Limited (The)	-3.1%	9.	Allied Banking Corporation (Hong Kong) Limited	-28.6%
10.	Bank of Shanghai (Hong Kong) Limited	1.6%	10.	Kasikornbank Public Company Limited	-7.3%	10.	Kasikornbank Public Company Limited	-32.4%

Digital banks

Ranking	Total assets	HK$ million	Ranking	Profit/(loss) before tax	HK$ million	Ranking	Total deposits from customers	HK$ million
1.	Mox Bank Limited	27,047	1.	Livi Bank Limited	21	1.	ZA Bank Limited	22,245
2.	ZA Bank Limited	24,853	2.	ZA Bank Limited	17	2.	Mox Bank Limited	20,988
3.	Fusion Bank Limited	16,233	3.	WeLab Bank Limited	(63)	3.	Fusion Bank Limited	14,718
4.	Ant Bank (Hong Kong) Limited	12,511	4.	Fusion Bank Limited	(194)	4.	PAO Bank Limited	10,470
5.	PAO Bank Limited	12,385	5.	Airstar Bank Limited	(255)	5.	Ant Bank (Hong Kong) Limited	9,171
6.	WeLab Bank Limited	9,487	6.	Ant Bank (Hong Kong) Limited	(263)	6.	WeLab Bank Limited	8,108
7.	Livi Bank Limited	7,055	7.	PAO Bank Limited	(274)	7.	Airstar Bank Limited	3,780
8.	Airstar Bank Limited	4,870	8.	Mox Bank Limited	(484)	8.	Livi Bank Limited	3,475

Foreign bank branches

Ranking	Growth in assets		Ranking	Growth in net profit after tax	
1.	China CITIC Bank Corporation Limited	467.6%	1.	Malayan Banking Berhad	1245.5%
2.	First Abu Dhabi Bank PJSC	291.9%	2.	China Construction Bank Corporation	807.6%
3.	Barclays Bank PLC	138.2%	3.	Oversea-Chinese Banking Corporation Limited	630.3%
4.	CIMB Bank Berhad	98.3%	4.	Indian Overseas Bank	611.8%
5.	Canadian Imperial Bank of Commerce	73.2%	5.	Barclays Bank PLC	600.7%
6.	Natixis	71.0%	6.	LGT Bank AG	548.5%
7.	ING Bank N.V.	67.0%	7.	Ping An Bank Co., Ltd.	438.4%
8.	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt Am Main	55.6%	8.	CIMB Bank Berhad	321.4%
9.	Yuanta Commercial Bank Co., Ltd.	50.1%	9.	Banque Pictet & Cie SA	317.1%
10.	Societe Generale	48.1%	10.	EFG Bank AG	291.8%

Source: Extracted from individual banks' financial and public statements

Licensed banks – Financial highlights

	HK$ million	Year ended	Income statement					
			Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances	Other items
1	Bank of China (Hong Kong) Limited	31-Dec-25	47,651	30,228	18,501	59,378	8,246	(2,050)
2	Bank of Communications (Hong Kong) Limited	31-Dec-25	8,783	1,079	2,015	7,847	333	(182)
3	Bank of East Asia, Limited (The)	31-Dec-25	15,322	5,697	9,821	11,198	5,526	(1,145)
4	China CITIC Bank International Limited	31-Dec-25	7,751	3,158	4,868	6,041	2,804	218
5	China Construction Bank (Asia) Corporation Limited	31-Dec-25	9,287	3,241	3,359	9,169	1,183	30
6	Chiyu Banking Corporation Limited	31-Dec-25	2,187	1,289	1,636	1,840	1,022	(20)
7	Chong Hing Bank Limited	31-Dec-25	3,980	956	1,991	2,945	2,247	23
8	Citibank (Hong Kong) Limited	31-Dec-25	4,678	4,714	6,114	3,278	321	1
9	CMB Wing Lung Bank Limited	31-Dec-25	6,920	4,404	3,914	7,410	3,121	486
10	Dah Sing Bank, Limited	31-Dec-25	5,829	2,086	3,456	4,459	1,746	137
11	DBS Bank (Hong Kong) Limited	31-Dec-25	10,728	6,940	6,947	10,721	1,659	19
12	Fubon Bank (Hong Kong) Limited	31-Dec-25	2,894	434	1,397	1,931	279	(44)
13	Hang Seng Bank, Limited	31-Dec-25	28,844	13,410	15,586	26,668	8,043	(717)
14	Hongkong and Shanghai Banking Corporation Limited (The)	31-Dec-25	128,403	146,348	120,880	153,871	12,793	8,532
15	Industrial and Commercial Bank of China (Asia) Limited	31-Dec-25	10,702	4,737	4,360	11,079	2,334	(344)
16	Nanyang Commercial Bank, Limited	31-Dec-25	8,335	2,637	3,700	7,272	2,741	(630)
17	OCBC Bank (Hong Kong) Limited	31-Dec-25	6,216	2,863	4,893	4,186	980	(86)
18	Public Bank (Hong Kong) Limited	31-Dec-25	1,181	252	961	472	276	(6)
19	Shanghai Commercial Bank Limited	31-Dec-25	4,332	1,840	2,247	3,925	2,668	113
20	Standard Chartered Bank (Hong Kong) Limited	31-Dec-25	22,708	42,878	37,684	27,902	3,295	761
21	Tai Sang Bank Limited	31-Dec-25	12	32	48	(4)	-	3
22	Tai Yau Bank, Limited	31-Dec-25	34	-	17	17	-	-
23	Morgan Stanley Bank Asia Limited	31-Dec-25	421	5,864	3,700	2,585	(1)	-
24	Bank of Dongguan International Limited	31-Dec-25	19	(1)	141	(123)	-	-
	TOTAL[N1]	**2025**	**308,373**	**271,676**	**242,650**	**337,399**	**53,573**	**5,816**
	Total excluding HSBC[N2]	**2025**	**208,814**	**138,738**	**137,356**	**210,196**	**48,823**	**(3,433)**
	Total excluding BOCHK & HSBC[N2]	**2025**	**161,163**	**108,510**	**118,855**	**150,818**	**40,577**	**(1,383)**

* This is Liquidity Coverage Ratio.
\# This is Liquidity Maintenance Ratio.
N1 This does not include Hang Seng Bank, as it is already included in the results of The Hongkong and Shanghai Banking Corporation.
N2 This includes Hang Seng Bank.
N3 ROA is calculated as net profit after tax divided by average total assets.
N4 ROE is calculated as net profit after tax divided by average total equity.

Source: Extracted from individual banks' financial and public statements.

Financial highlights								
		Size and strength measures						
Profit/(loss) before tax	Net profit/(loss) after tax	Total assets	Gross advances to customers	Expected credit loss allowance against customer advances	Total deposits from customers	Total equity	Capital adequacy ratio	Liquidity ratio
49,082	41,310	4,257,196	1,721,354	18,749	2,946,201	339,377	26.0%	184.4% *
7,332	6,173	437,978	200,555	1,891	341,418	62,896	28.5%	182.9% *
4,527	3,532	920,993	552,726	6,047	706,579	105,631	28.2%	182.8% *
3,455	3,048	550,609	246,133	3,386	425,919	59,864	21.5%	185.0% *
8,016	6,724	560,487	258,656	2,985	409,364	105,649	28.7%	137.6% *
798	677	187,741	80,170	828	147,118	18,790	19.4%	179.9% *
721	761	327,259	163,022	2,617	253,660	39,701	21.5%	69.7% #
2,958	2,728	332,626	120,512	424	269,863	21,473	28.9%	74.9% #
4,775	4,292	526,542	217,945	5,867	437,904	68,933	22.3%	158.2% *
2,850	2,482	258,743	142,509	2,230	205,554	36,058	23.1%	61.5% #
9,081	7,748	549,473	276,271	4,810	450,381	48,700	23.3%	187.2% *
1,608	1,377	190,721	72,067	318	162,892	17,846	19.1%	116.9% #
17,908	15,757	1,819,113	806,538	19,189	1,259,003	172,692	27.1%	306.2% *
149,610	124,117	11,683,231	3,682,120	40,368	7,097,003	944,171	23.6%	149.0% *
8,401	7,312	992,515	456,470	11,276	662,733	164,912	27.8%	160.3% *
3,901	3,498	566,452	272,974	4,076	405,709	74,221	21.4%	188.4% *
3,120	2,678	406,163	215,036	4,162	323,733	46,878	25.5%	65.9% #
190	153	40,347	24,965	400	32,777	6,496	28.7%	63.4% #
1,370	1,353	227,504	68,791	1,515	175,133	41,036	30.4%	83.7% #
25,368	21,417	2,900,449	1,002,355	9,801	2,046,841	213,339	25.6%	201.0% *
(1)	1	1,136	171	-	306	722	77.5%	121.1% #
17	14	2,183	1	-	1,323	854	177.9%	119.5% #
2,586	2,173	73,074	44,885	-	46,990	17,221	44.0%	61.0% #
(123)	(123)	2,158	52	-	541	707	77.0%	1,145.3% #
289,642	**243,445**	**25,995,580**	**9,819,740**	**121,750**	**17,549,942**	**2,435,475**	**N/A**	**N/A**
157,940	**135,085**	**16,131,462**	**6,944,158**	**100,571**	**11,711,942**	**1,663,996**	**N/A**	**N/A**
108,858	**93,775**	**11,874,266**	**5,222,804**	**81,822**	**8,765,741**	**1,324,619**	**N/A**	**N/A**

	HK$ million	Year ended	Key ratios: Performance measures: Net customer loan/deposit ratio	Net interest income/ average total assets	Non-interest income/total operating income	Costs/ income ratio	ROA[N3]	ROE[N4]
1	Bank of China (Hong Kong) Limited	31-Dec-25	57.8%	1.3%	38.8%	23.8%	1.0%	12.6%
2	Bank of Communications (Hong Kong) Limited	31-Dec-25	58.2%	2.1%	10.9%	20.4%	1.4%	10.0%
3	Bank of East Asia, Limited (The)	31-Dec-25	77.4%	1.9%	27.1%	46.7%	0.4%	3.3%
4	China CITIC Bank International Limited	31-Dec-25	57.0%	1.5%	28.9%	44.6%	0.6%	5.2%
5	China Construction Bank (Asia) Corporation Limited	31-Dec-25	62.5%	1.7%	25.9%	26.8%	1.2%	6.6%
6	Chiyu Banking Corporation Limited	31-Dec-25	53.9%	1.3%	37.1%	47.1%	0.4%	3.7%
7	Chong Hing Bank Limited	31-Dec-25	63.2%	1.3%	19.4%	40.3%	0.2%	1.9%
8	Citibank (Hong Kong) Limited	31-Dec-25	44.5%	1.4%	50.2%	65.1%	0.8%	12.0%
9	CMB Wing Lung Bank Limited	31-Dec-25	48.4%	1.5%	38.9%	34.6%	0.9%	6.5%
10	Dah Sing Bank, Limited	31-Dec-25	68.2%	2.5%	26.4%	43.7%	1.0%	7.0%
11	DBS Bank (Hong Kong) Limited	31-Dec-25	60.3%	2.1%	39.3%	39.3%	1.5%	15.7%
12	Fubon Bank (Hong Kong) Limited	31-Dec-25	44.0%	1.8%	13.0%	42.0%	0.8%	8.0%
13	Hang Seng Bank, Limited	31-Dec-25	62.5%	2.0%	31.7%	36.9%	0.9%	9.2%
14	Hongkong and Shanghai Banking Corporation Limited (The)	31-Dec-25	51.3%	1.7%	53.3%	44.0%	1.1%	13.6%
15	Industrial and Commercial Bank of China (Asia) Limited	31-Dec-25	67.2%	1.1%	29.4%	28.8%	0.7%	4.6%
16	Nanyang Commercial Bank, Limited	31-Dec-25	66.3%	1.6%	24.0%	33.7%	0.6%	4.8%
17	OCBC Bank (Hong Kong) Limited	31-Dec-25	65.1%	1.6%	31.5%	53.9%	0.7%	5.8%
18	Public Bank (Hong Kong) Limited	31-Dec-25	74.9%	3.1%	17.6%	67.1%	0.4%	2.4%
19	Shanghai Commercial Bank Limited	31-Dec-25	38.4%	2.0%	29.8%	36.4%	0.6%	3.4%
20	Standard Chartered Bank (Hong Kong) Limited	31-Dec-25	48.5%	0.8%	65.4%	57.5%	0.8%	10.5%
21	Tai Sang Bank Limited	31-Dec-25	55.9%	2.1%	72.7%	109.1%	0.0%	0.0%
22	Tai Yau Bank, Limited	31-Dec-25	0.1%	1.7%	0.0%	50.0%	0.7%	1.6%
23	Morgan Stanley Bank Asia Limited	31-Dec-25	95.5%	0.6%	93.3%	58.9%	3.1%	13.5%
24	Bank of Dongguan International Limited	31-Dec-25	9.6%	1.3%	-5.6%	783.3%	-8.1%	-16.0%
	TOTAL[N1]	**2025**	**55.3%**	**N/A**	**46.8%**	**41.9%**	**N/A**	**N/A**
	Total excluding HSBC[N2]	**2025**	**58.4%**	**N/A**	**39.9%**	**39.6%**	**N/A**	**N/A**
	Total excluding BOCHK & HSBC[N2]	**2025**	**58.6%**	**N/A**	**40.2%**	**44.1%**	**N/A**	**N/A**

* This is Liquidity Coverage Ratio.
\# This is Liquidity Maintenance Ratio.
N1 This does not include Hang Seng Bank, as it is already included in the results of The Hongkong and Shanghai Banking Corporation.
N2 This includes Hang Seng Bank.
N3 ROA is calculated as net profit after tax divided by average total assets.
N4 ROE is calculated as net profit after tax divided by average total equity.

Source: Extracted from individual banks' financial and public statements.

Loan asset quality								
Impaired advances (stage 3)					Advances (stage 2)			
Gross impaired advances	Gross impaired advances/ Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/ overdue advances	Gross advances in Stage 2	Expected credit loss allowance made against Stage 2 advances	Stage 2 expected credit loss allowances as a percentage of gross Stage 2 advances	Risk-weighted assets ("RWA")
19,558	1.1%	7,653	39.1%	24,008	63,628	7,081	11.1%	1,231,680
3,249	1.6%	919	28.3%	1,102	56,948	732	1.3%	251,470
14,793	2.7%	4,577	30.9%	8,611	28,728	801	2.8%	362,185
4,335	1.8%	2,343	54.0%	2,379	5,506	581	10.6%	296,426
805	0.3%	475	59.0%	1,027	13,675	1,265	9.3%	374,985
2,209	2.8%	483	21.9%	3,941	5,075	84	1.7%	103,576
3,699	2.3%	1,666	45.0%	2,764	7,641	178	2.3%	207,173
72	0.1%	49	68.1%	21	721	160	22.2%	75,097
2,818	1.3%	1,987	70.5%	8,636	10,638	3,199	30.1%	306,687
4,380	3.1%	872	19.9%	3,323	18,925	969	5.1%	167,176
6,338	2.3%	2,625	41.4%	1,698	28,074	1,392	5.0%	217,698
644	0.9%	156	24.2%	360	3,217	61	1.9%	89,708
56,809	7.0%	15,639	27.5%	45,219	96,160	2,760	2.9%	531,515
108,548	2.9%	30,085	27.7%	79,656	314,007	7,104	2.3%	2,957,912
5,743	1.3%	3,866	67.3%	3,352	20,466	4,261	20.8%	594,182
6,319	2.3%	2,743	43.4%	4,096	10,386	292	2.8%	353,326
7,003	3.3%	2,526	36.1%	5,299	36,482	1,042	2.9%	170,903
636	2.5%	250	39.3%	459	373	43	11.5%	22,085
3,958	5.8%	804	20.3%	6,577	5,688	199	3.5%	134,102
15,067	1.5%	6,022	40.0%	5,653	23,587	1,993	8.4%	816,138
-	N/A	-	N/A	-	-	-	N/A	705
-	N/A	-	N/A	-	-	-	N/A	480
-	N/A	-	N/A	-	-	-	N/A	38,314
-	N/A	-	N/A	-	-	-	N/A	804
210,174	**2.1%**	**70,101**	**33.4%**	**162,962**	**653,765**	**31,437**	**4.8%**	**8,772,812**
158,435	**2.3%**	**55,655**	**35.1%**	**128,525**	**435,918**	**27,093**	**6.2%**	**6,346,415**
138,877	**2.7%**	**48,002**	**34.6%**	**104,517**	**372,290**	**20,012**	**5.4%**	**5,114,735**

Restricted licence banks – Financial highlights

	HK$ million	Year ended	Income statement					
			Net interest income	Non-interest income	Operating expenses	Operating profit before impairment charges	Change in expected credit loss against customer advances	Other items
1	Allied Banking Corporation (Hong Kong) Limited	31-Dec-25	60	16	34	42	7	(10)
2	Bank of China International Limited	31-Dec-25	103	111	184	30	-	1
3	Bank of Shanghai (Hong Kong) Limited	31-Dec-25	264	201	175	290	62	(33)
4	Citicorp International Limited	31-Dec-25	23	3,994	2,150	1,867	-	-
5	Goldman Sachs Asia Bank Limited	31-Dec-25	31	43	43	31	-	-
6	Habib Bank Zurich (Hong Kong) Limited	31-Dec-25	114	71	122	63	7	-
7	J. P. Morgan Securities (Asia Pacific) Limited	31-Dec-25	685	8,518	6,701	2,502	-	-
8	Kasikornbank Public Company Limited	31-Dec-25	210	21	21	210	-	(3)
9	KDB Asia Limited	31-Dec-25	379	258	109	528	113	(8)
10	ORIX Asia Limited	31-Dec-25	156	13	128	41	112	(2)
11	PT. Bank Mandiri (Persero) TBK	31-Dec-25	234	105	34	305	-	-
12	Korea Development Bank (The)	31-Dec-25	116	28	54	90	3	-
13	Siam Commercial Bank Public Company Limited (The)	31-Dec-25	18	(1)	16	1	(1)	-
	TOTAL	**2025**	**2,393**	**13,378**	**9,771**	**6,000**	**303**	**(55)**

This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements

Financial highlights		Size and strength measures						
Profit/(loss) before tax	Net profit/(loss) after tax	Total assets	Gross advances to customers	Expected credit loss allowance against customer advances	Total deposits from customers	Total equity	Capital adequacy ratio	Liquidity ratio #
25	20	1,718	1,057	8	1,025	660	32.0%	160.0%
31	28	5,608	1,305	-	3,727	1,809	81.9%	98.1%
195	80	29,340	17,317	374	16,857	5,114	21.5%	119.7%
1,867	1,565	4,233	-	-	-	2,020	28.7%	207,888.5%
31	26	1,433	-	-	8	1,038	282.2%	160.0%
56	49	4,500	2,810	14	2,484	677	22.9%	54.9%
2,502	2,057	20,145	-	-	-	15,233	91.6%	215.9%
207	196	19,734	205	2	-	810	20.4%	8,339.0%
407	353	29,269	14,871	37	-	5,177	19.0%	114.8%
(73)	(75)	2,975	2,427	54	350	2,235	72.8%	247.6%
305	261	20,845	13,665	-	314	-	20.4%	75.2%
87	67	21,378	9,335	28	8	166	14.2%	59.7%
2	(3)	2,035	19	-	312	-	19.0%	73.7%
5,642	**4,624**	**163,213**	**63,011**	**517**	**25,085**	**34,939**	**N/A**	**N/A**

	HK$ million	Year ended	Key ratios					
			Performance measures					
			Net customer loan/deposit ratio	Net interest income/ average total assets	Non-interest income/total operating income	Costs/income ratio	ROA	ROE
1	Allied Banking Corporation (Hong Kong) Limited	31-Dec-25	102.3%	3.5%	21.1%	44.7%	1.2%	3.1%
2	Bank of China International Limited	31-Dec-25	35.0%	1.8%	51.9%	86.0%	0.5%	1.6%
3	Bank of Shanghai (Hong Kong) Limited	31-Dec-25	100.5%	0.8%	43.2%	37.6%	0.3%	1.6%
4	Citicorp International Limited	31-Dec-25	N/A	0.6%	99.4%	53.5%	42.6%	80.1%
5	Goldman Sachs Asia Bank Limited	31-Dec-25	0.0%	2.1%	58.1%	58.1%	1.8%	2.5%
6	Habib Bank Zurich (Hong Kong) Limited	31-Dec-25	112.6%	2.9%	38.4%	65.9%	1.2%	7.4%
7	J. P. Morgan Securities (Asia Pacific) Limited	31-Dec-25	N/A	3.5%	92.6%	72.8%	10.4%	13.7%
8	Kasikornbank Public Company Limited	31-Dec-25	N/A	1.0%	9.1%	9.1%	1.0%	7.2%
9	KDB Asia Limited	31-Dec-25	N/A	1.4%	40.5%	17.1%	1.3%	7.1%
10	ORIX Asia Limited	31-Dec-25	678.0%	4.6%	7.7%	75.7%	-2.2%	-3.3%
11	PT. Bank Mandiri (Persero) TBK	31-Dec-25	4,351.9%	1.3%	31.0%	10.0%	1.5%	37.3%
12	Korea Development Bank (The)	31-Dec-25	116,337.5%	0.6%	19.4%	37.5%	0.3%	50.4%
13	Siam Commercial Bank Public Company Limited (The)	31-Dec-25	6.1%	0.9%	-5.9%	94.1%	-0.1%	N/A
	TOTAL	**2025**	**249.1%**	**1.5%**	**84.8%**	**62.0%**	**2.9%**	**12.5%**

\# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

	Loan asset quality							
	Impaired advances (stage 3)					Advances (stage 2)		
	Gross impaired advances	Gross impaired advances/ Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/ overdue advances	Gross advances in Stage 2	Expected credit loss allowance made against Stage 2 advances	Stage 2 expected credit loss allowances as a percentage of gross stage 2 advances
	105	9.9%	8	7.6%	135	8	-	0.0%
	-	N/A	-	N/A	-	-	-	N/A
	287	1.7%	(109)	-38.0%	-	105	(29)	-27.6%
	-	N/A	-	N/A	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	32	1.1%	(11)	-34.4%	17	16	-	0.0%
	-	N/A	-	N/A	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	166	1.1%	106	63.9%	-	-	-	N/A
	119	4.9%	25	21.0%	95	174	23	13.2%
	-	N/A	-	N/A	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	709	**1.1%**	**19**	**2.7%**	**247**	**303**	**(6)**	**-2.0%**

Deposit-taking companies – Financial highlights

	HK$ million	Year ended	Income statement					
			Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances	Other items
1	BCOM Finance (Hong Kong) Limited	31-Dec-25	1	8	2	7	-	-
2	BPI Wealth Hong Kong Limited	31-Dec-25	9	48	51	6	-	-
3	Chau's Brothers Finance Company Limited	31-Dec-25	3	-	5	(2)	1	-
4	Chong Hing Finance Limited	31-Dec-25	2	-	1	1	-	-
5	Corporate Finance (D.T.C.) Limited	31-Dec-25	8	1	7	2	1	-
6	Fubon Credit (Hong Kong) Limited	31-Dec-25	21	2	40	(17)	24	-
7	KEB Hana Global Finance Limited	31-Dec-25	54	29	27	56	(1)	-
8	Kexim Asia Limited	31-Dec-25	109	16	36	89	2	(1)
9	Public Finance Limited	31-Dec-25	575	98	433	240	214	-
10	Vietnam Finance Company Limited	31-Dec-25	9	3	9	3	-	-
11	Woori Global Markets Asia Limited	31-Dec-25	123	52	35	140	(8)	(1)
	Total	**2025**	**914**	**257**	**646**	**525**	**233**	**(2)**

\# This is Liquidity Maintenance Ratio.

Source: Extracted from individual companies' financial and public statements

Financial highlights									
		Size and strength measures							
Profit/(loss) before tax	Net profit/(loss) after tax	Total assets	Risk-weighted assets ("RWA")	Gross advances to customers	Expected credit loss allowance against customer advance	Total deposits from customers	Total equity	Capital adequacy ratio	Liquidity ratio #
7	6	296	N/A	-	-	1	295	N/A	N/A
6	5	475	224	3	-	278	181	80.5%	730.0%
(3)	(3)	64	N/A	18	2	-	64	199.6%	341.7%
1	1	51	N/A	-	-	-	51	N/A	N/A
1	1	304	N/A	117	5	197	106	N/A	N/A
(41)	(41)	341	N/A	232	10	-	70	N/A	N/A
57	48	2,420	914	2,271	2	-	717	78.1%	1,060.3%
86	72	8,402	7,712	4,181	13	-	1,483	19.4%	225.5%
26	21	6,001	4,063	5,240	140	4,370	1,489	37.0%	77.9%
3	2	965	N/A	12	-	8	141	N/A	N/A
147	124	4,643	4,331	2,214	28	-	1,376	32.1%	123.0%
290	**236**	**23,962**	**17,244**	**14,288**	**200**	**4,854**	**5,973**	**N/A**	**N/A**

	HK$ million	Year ended	Key ratios					
			Performance measures					
			Net customer loan/deposit ratio	Net interest income/ average total assets	Non-interest income/total operating income	Costs/ income ratio	ROA	ROE
1	BCOM Finance (Hong Kong) Limited	31-Dec-25	0.0%	0.3%	88.9%	22.2%	2.0%	2.1%
2	BPI Wealth Hong Kong Limited	31-Dec-25	1.1%	2.0%	84.2%	89.5%	1.1%	2.8%
3	Chau's Brothers Finance Company Limited	31-Dec-25	N/A	4.5%	0.0%	166.7%	-4.5%	-4.6%
4	Chong Hing Finance Limited	31-Dec-25	N/A	4.0%	0.0%	50.0%	2.0%	2.0%
5	Corporate Finance (D.T.C.) Limited	31-Dec-25	56.9%	2.6%	11.1%	77.8%	0.3%	0.9%
6	Fubon Credit (Hong Kong) Limited	31-Dec-25	N/A	7.7%	8.7%	173.9%	-15.0%	-45.3%
7	KEB Hana Global Finance Limited	31-Dec-25	N/A	2.5%	34.9%	32.5%	2.2%	6.9%
8	Kexim Asia Limited	31-Dec-25	N/A	1.4%	12.8%	28.8%	0.9%	5.0%
9	Public Finance Limited	31-Dec-25	116.7%	9.7%	14.6%	64.3%	0.4%	1.4%
10	Vietnam Finance Company Limited	31-Dec-25	150.0%	1.0%	25.0%	75.0%	0.2%	1.4%
11	Woori Global Markets Asia Limited	31-Dec-25	N/A	2.8%	29.7%	20.0%	2.9%	9.5%
	Total	**2025**	**290.2%**	**4.1%**	**21.9%**	**55.2%**	**1.0%**	**4.0%**

This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

	Loan asset quality							
	Impaired advances (stage 3)					Advances (stage 2)		
	Gross impaired advances	Gross impaired advances/ Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/ overdue advances	Gross a dvances in Stage 2	Expected credit loss allowance made against Stage 2 advances	Stage 2 expected credit loss allowances as a percentage of gross stage 2 advances
	-	N/A	-	N/A	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	1	5.6%	1	100.0%	-	-	-	N/A
	-	N/A	-	N/A	-	-	-	N/A
	5	4.3%	5	100.0%	-	-	-	N/A
	10	4.3%	10	100.0%	-	-	-	N/A
	-	N/A	-	N/A	-	94	-	0.0%
	-	N/A	-	N/A	-	-	-	N/A
	92	1.8%	43	46.7%	21	54	25	46.3%
	-	N/A	-	N/A	-	-	-	N/A
	41	1.9%	15	36.6%	33	-	-	N/A
	149	**1.0%**	**74**	**50.3%**	**54**	**148**	**25**	**16.9%**

Foreign bank branches – Financial highlights

	HK$ million	Year ended	Income statement: Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances
1	Agricultural Bank of China Limited	31-Dec-25	4,105	2,384	581	5,908	1,123
2	First Abu Dhabi Bank PJSC	31-Dec-25	(165)	384	110	109	(1)
3	Australia and New Zealand Banking Group Limited	30-Sep-25	809	876	917	768	(77)
4	Banco Santander, S.A.	31-Dec-25	94	1,105	996	203	1
5	Bangkok Bank Public Company Limited	31-Dec-25	636	94	185	545	134
6	Bank J. Safra Sarasin AG	31-Dec-25	14	896	645	265	-
7	Bank Julius Baer & Co. Ltd.	31-Dec-25	70	2,968	1,874	1,164	-
8	Bank of America, National Association	31-Dec-25	762	1,954	1,657	1,059	(219)
9	Bank of China Limited	31-Dec-25	20	739	137	622	-
10	Bank of Communications Co., Ltd.	31-Dec-25	4,601	151	1,670	3,082	136
11	Bank of India	31-Mar-25	50	37	40	47	17
12	Bank of Montreal	31-Oct-25	(17)	344	288	39	(1)
13	Bank of New York Mellon (The)	31-Dec-25	533	750	479	804	-
14	Bank of Nova Scotia (The)	31-Oct-25	145	13	171	(13)	-
15	Bank of Singapore Limited	31-Dec-25	223	1,668	1,111	780	-
16	Bank of Taiwan	31-Dec-25	221	5	37	189	8
17	Bank Sinopac	31-Dec-25	740	358	260	838	(18)
18	Barclays Bank PLC	31-Dec-25	638	3,179	2,592	1,225	(1)
19	BDO Unibank, Inc.	31-Dec-25	107	18	59	66	(5)
20	BNP Paribas	31-Dec-25	2,639	6,087	6,965	1,761	250
21	CA Indosuez (Switzerland) SA	31-Dec-25	81	464	371	174	-
22	Canadian Imperial Bank of Commerce	31-Oct-25	52	303	203	152	1
23	Cathay Bank	31-Dec-25	44	23	63	4	(33)
24	Cathay United Bank Company, Limited	31-Dec-25	254	26	283	(3)	237
25	Chang Hwa Commercial Bank, Ltd.	31-Dec-25	291	31	41	281	47
26	China Construction Bank Corporation	31-Dec-25	2,083	535	663	1,955	604
27	China Development Bank	31-Dec-25	1,684	-343	245	1,096	200
28	China Everbright Bank Co., Ltd.	31-Dec-25	426	916	411	931	853
29	China Merchants Bank Co., Ltd.	31-Dec-25	2,638	580	484	2,734	976
30	China Minsheng Banking Corp., Ltd.	31-Dec-25	1,507	1,595	508	2,594	1,114
31	China Zheshang Bank Co., Ltd.	31-Dec-25	782	321	246	857	263
32	CIMB Bank Berhad	31-Dec-25	140	128	96	172	(16)
33	Citibank, N.A.	31-Dec-25	10,266	6,989	9,036	8,219	491
34	China CITIC Bank Corporation Limited	31-Dec-25	18	5	65	(42)	78
35	Commonwealth Bank of Australia	30-Jun-25	996	99	87	1,008	-
36	Coöperatieve Rabobank U.A.	31-Dec-25	621	258	566	313	(17)

* Some branches hold impairment allowances of head of office

This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

Financial highlights							
			Size and strength measures				
Other items	Profit/(loss) before tax	Net profit/(loss) after tax	Total assets	Gross advances to customers	Expected credit loss allowance against customer advances *	Total deposits from customers	Liquidity ratio #
80	4,865	4,076	619,820	219,624	2,619	212,837	90.2%
-	110	71	72,827	4,762	5	21,738	126.0%
-	845	689	142,955	31,817	242	71,351	53.7%
-	202	152	203,472	16,677	5	74,781	51.4%
-	411	344	85,496	11,065	2,709	16,977	52.1%
-	265	223	18,079	8,173	88	15,619	58.2%
-	1,164	992	70,885	40,112	1	57,690	45.7%
-	1,278	1,060	90,984	23,239	705	52,557	64.3%
(1)	621	511	224,165	-	-	-	535.1%
(68)	2,878	2,467	352,402	92,953	2,334	123,035	225.4%
-	30	30	16,123	5,273	100	2,229	115.8%
-	40	40	49,162	1,220	-	2,764	321.1%
-	804	669	34,547	777	-	156	1,747.6%
-	(13)	(24)	16,277	9,874	-	5,355	39.5%
-	780	651	29,235	8,290	-	14,509	73.2%
-	181	181	14,448	1,606	27	7,402	93.9%
(50)	806	676	47,582	12,557	150	41,305	84.3%
-	1,226	1,030	42,563	30	-	17,528	97.8%
-	71	58	10,398	2,305	2	8,668	136.1%
1	1,512	1,123	493,574	119,445	2,178	362,929	52.2%
-	174	146	16,177	4,740	-	9,254	47.1%
-	151	124	39,339	3,488	2	8,906	87.5%
-	37	37	4,450	2,508	38	2,040	59.1%
-	(240)	(204)	31,403	11,923	131	24,285	65.1%
-	234	187	19,769	6,587	99	10,403	84.5%
-	1,351	1,071	345,543	116,904	2,406	137,419	60.5%
-	896	819	237,118	67,368	3,635	35,583	83.8%
-	78	44	170,305	68,575	1,785	89,443	88.5%
-	1,758	1,302	164,780	36,591	863	119,880	119.0%
(206)	1,274	941	243,857	123,788	1,328	176,723	70.8%
-	594	566	72,803	35,156	55	35,072	88.1%
-	188	295	39,509	4,286	2	33,578	120.1%
-	7,728	6,436	599,630	133,608	685	429,333	41.7%
3	(117)	(117)	14,405	12,083	(78)	-	558,876.0%
14	1,022	989	24,555	19,095	92	110	265.8%
-	330	267	64,852	24,710	55	14,713	57.8%

	HK$ million	Year ended	Income statement				
			Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances
37	Credit Agricole Corporate and Investment Bank	31-Dec-25	(499)	3,336	1,557	1,280	(13)
38	Crédit Industriel et Commercial	31-Dec-25	69	84	81	72	5
39	CTBC Bank Co., Ltd.	31-Dec-25	1,725	1,028	676	2,077	72
40	DBS Bank Ltd.	31-Dec-25	1,808	1,542	937	2,413	142
41	Deutsche Bank Aktiengesellschaft	31-Dec-25	1,130	3,716	3,758	1,088	6
42	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt Am Main	31-Dec-25	196	47	194	49	(9)
43	E.Sun Commercial Bank, Ltd.	31-Dec-25	1,015	517	216	1,316	35
44	East West Bank	31-Dec-25	486	86	174	398	11
45	EFG Bank AG	31-Dec-25	(46)	713	118	549	-
46	Erste Group Bank AG	31-Dec-25	121	42	79	84	(2)
47	Far Eastern International Bank	31-Dec-25	92	8	41	59	(3)
48	First Commercial Bank, Ltd.	31-Dec-25	502	39	48	493	13
49	HDFC Bank Limited	31-Mar-25	49	21	26	44	(2)
50	Hua Nan Commercial Bank, Ltd.	31-Dec-25	530	20	54	496	46
51	Hua Xia Bank Co., Limited	31-Dec-25	826	673	309	1,190	605
52	ICICI Bank Limited	31-Mar-25	227	358	135	450	(28)
53	Indian Overseas Bank	31-Mar-25	45	145	36	154	33
54	Industrial and Commercial Bank of China Limited	31-Dec-25	522	197	329	390	51
55	Industrial Bank Co., Ltd.	31-Dec-25	2,460	2,340	774	4,026	210
56	Industrial Bank of Korea	31-Dec-25	186	30	40	176	(5)
57	ING Bank N.V.	31-Dec-25	379	232	462	149	(8)
58	Intesa Sanpaolo S.p.A.	31-Dec-25	1,014	(112)	136	766	63
59	JPMorgan Chase Bank, National Association	31-Dec-25	1,723	11,813	9,622	3,914	(12)
60	KBC Bank N.V.	31-Dec-25	75	24	70	29	(6)
61	KEB Hana Bank	31-Dec-25	212	139	50	301	(5)
62	Kookmin Bank	31-Dec-25	277	170	58	389	(1)
63	Land Bank of Taiwan Co., Ltd.	31-Dec-25	102	14	29	87	6
64	LGT Bank AG	31-Dec-25	443	2,861	2,805	499	-
65	Malayan Banking Berhad	31-Dec-25	123	-7	189	-73	77
66	Mashreq Bank - Public Shareholding Company	31-Dec-25	182	44	92	134	(7)
67	Mega International Commercial Bank Co., Ltd.	31-Dec-25	688	37	74	651	15
68	Mitsubishi UFJ Trust and Banking Corporation	31-Mar-25	83	8	56	35	-
69	Mizuho Bank, Ltd.	31-Mar-25	1,282	1,488	892	1,878	(4)
70	MUFG Bank, Ltd.	31-Mar-25	2,328	1,069	1,261	2,136	(194)
71	Natixis	31-Dec-25	(380)	3,175	2,205	590	(29)
72	O-Bank Co., Ltd.	31-Dec-25	318	146	171	293	55

* Some branches hold impairment allowances of head of office
# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

Financial highlights

Other items	Profit/(loss) before tax	Net profit/(loss) after tax	Size and strength measures: Total assets	Gross advances to customers	Expected credit loss allowance against customer advances *	Total deposits from customers	Liquidity ratio #
(18)	1,275	1,063	354,200	35,027	145	217,923	64.5%
-	67	54	25,906	11,805	14	7,990	48.9%
(10)	1,995	1,700	126,109	29,727	261	103,628	106.0%
-	2,271	1,897	320,384	110,968	586	72,945	41.1%
-	1,082	819	210,296	24,795	134	137,928	63.7%
-	58	58	46,560	14,877	36	229	323.0%
(2)	1,279	1,058	69,751	20,214	351	59,586	63.0%
-	387	323	20,794	8,954	90	18,021	54.2%
-	549	525	21,110	11,351	-	17,203	62.4%
-	86	76	20,790	-	-	-	95.4%
-	62	54	4,525	1,052	25	3,957	63.6%
-	480	399	21,515	7,564	89	16,818	73.9%
-	46	37	4,563	2,448	28	2,338	141.0%
-	450	371	22,297	4,056	112	17,667	95.4%
-	585	403	130,986	80,432	636	75,604	64.5%
-	478	411	10,149	1,778	30	3,495	43.1%
-	121	121	12,298	3,981	42	2,651	54.9%
-	339	248	198,987	64,444	298	-	78.1%
-	3,816	3,082	306,306	135,680	1,319	171,352	56.6%
-	181	148	19,568	6,443	23	1,952	92.8%
-	157	130	129,021	30,030	856	66,825	49.5%
-	703	571	82,640	15,756	5	6,936	50.7%
-	3,926	3,210	171,556	21,207	139	118,258	61.1%
-	35	31	6,530	1,715	3	1,664	54.6%
(2)	304	267	15,099	6,224	21	7,505	100.0%
-	390	284	27,894	16,119	59	682	57.7%
-	81	65	8,713	3,168	33	2,448	73.4%
-	499	441	74,021	15,312	-	59,550	63.7%
2	(148)	(148)	42,936	16,432	119	21,853	42.9%
-	141	116	25,261	22,222	8	2,855	67.5%
1	637	525	41,193	6,769	70	37,959	72.8%
-	35	35	21,056	-	-	4,793	139.0%
-	1,882	1,614	362,456	86,141	573	152,195	74.0%
(30)	2,300	1,985	275,621	122,037	1,280	131,822	47.3%
-	619	514	115,828	41,582	58	63,383	67.2%
-	238	192	18,751	11,047	146	18,111	53.3%

	HK$ million	Year ended	Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances
			Income statement				
73	Oversea-Chinese Banking Corporation Limited	31-Dec-25	928	535	588	875	1,128
74	Ping An Bank Co., Ltd.	31-Dec-25	495	715	284	926	22
75	PT. Bank Negara Indonesia (Persero) Tbk.	31-Dec-25	117	19	38	98	18
76	Qatar National Bank (Q.P.S.C.)	31-Dec-25	194	37	96	135	5
77	Royal Bank of Canada	31-Oct-25	111	563	732	(58)	-
78	Shanghai Commercial & Savings Bank, Ltd. (The)	31-Dec-25	205	89	56	238	126
79	Shanghai Pudong Development Bank Co., Ltd.	31-Dec-25	821	869	521	1,169	892
80	Shinhan Bank	31-Dec-25	159	178	65	272	-
81	Societe Generale	31-Dec-25	(209)	2,623	1,905	509	(20)
82	State Bank of India	31-Mar-25	458	135	141	452	36
83	State Street Bank and Trust Company	31-Dec-25	513	1,935	1,929	519	-
84	Sumitomo Mitsui Banking Corporation	31-Mar-25	1,045	576	773	848	85
85	Sumitomo Mitsui Trust Bank, Limited	31-Mar-25	(849)	1,009	108	52	-
86	Taipei Fubon Commercial Bank Co., Ltd.	31-Dec-25	1,329	181	255	1,255	17
87	Taishin International Bank Co., Ltd	31-Dec-25	351	134	190	295	5
88	Taiwan Business Bank, Ltd.	31-Dec-25	143	9	39	113	10
89	Taiwan Cooperative Bank, Ltd.	31-Dec-25	150	4	34	120	2
90	Taiwan Shin Kong Commercial Bank Co., Ltd.	31-Dec-25	162	13	56	119	3
91	UBS AG	31-Dec-25	2,715	22,513	17,805	7,423	(56)
92	UCO Bank	31-Mar-25	183	15	18	180	-
93	Union Bancaire Privée, UBP SA	31-Dec-25	297	416	621	92	-
94	United Overseas Bank Ltd.	31-Dec-25	3,157	1,560	1,145	3,572	4,171
95	Wells Fargo Bank, National Association	31-Dec-25	32	648	632	48	-
96	Woori Bank	31-Dec-25	279	68	37	310	(6)
97	Yuanta Commercial Bank Co., Ltd.	31-Dec-25	49	15	33	31	8
98	Banque Pictet & Cie SA	31-Dec-25	282	488	591	179	-
99	China Bohai Bank Co., Ltd.	31-Dec-25	140	6	135	11	7
100	China Guangfa Bank Co., Ltd.	31-Mar-25	96	342	132	306	60
101	Bank of Dongguan Co., Ltd.	31-Dec-25	368	(113)	131	124	-
102	Nonghyup Bank	31-Dec-25	48	15	44	19	(10)
103	KGI Bank Co., Ltd.	31-Dec-25	5	-	26	(21)	-
	Total	**2025**	**72,175**	**107,580**	**91,056**	**88,699**	**13,765**

* Some branches hold impairment allowances of head of office
\# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

Financial highlights							
			Size and strength measures				
Other items	Profit/(loss) before tax	Net profit/(loss) after tax	Total assets	Gross advances to customers	Expected credit loss allowance against customer advances *	Total deposits from customers	Liquidity ratio #
-	(253)	(241)	142,031	65,694	2,364	64,866	62.8%
-	904	743	104,257	65,222	824	64,545	83.6%
-	80	75	10,399	8,261	-	431	162.0%
-	130	108	131,592	4,594	31	98,603	66.5%
-	(58)	(58)	50,025	1,727	-	13,337	203.0%
-	112	69	9,379	1,983	185	8,732	51.8%
-	277	229	247,833	111,530	691	157,447	57.9%
-	272	243	22,099	11,583	23	6,209	89.9%
1	530	471	134,131	23,443	16	38,506	73.0%
-	416	346	128,019	42,193	339	4,737	100.7%
-	519	441	80,205	1	-	17,088	189.3%
(8)	755	625	209,914	61,021	62	112,488	64.9%
-	52	27	50,161	9,293	-	27,428	72.1%
(1)	1,237	1,029	93,692	17,484	221	72,151	43.9%
1	291	234	42,473	11,038	46	36,632	64.4%
2	105	85	7,736	2,831	(45)	4,409	53.8%
-	118	98	7,615	1,835	35	5,823	60.4%
-	116	95	11,257	2,578	27	10,119	100.3%
-	7,479	6,352	330,329	96,733	555	271,899	83.6%
5	185	170	14,799	4,950	79	1,985	80.6%
-	92	69	26,410	7,495	-	20,228	115.2%
-	(599)	(508)	250,873	156,263	4,784	99,296	43.6%
-	48	41	1,148	174	-	-	1,900.3%
5	321	259	34,489	16,741	69	1,996	83.2%
-	23	23	4,354	428	4	3,301	59.4%
-	179	171	65,922	7,401	-	7,157	85.6%
-	4	4	21,719	11,392	29	4,359	137.4%
31	277	215	67,162	20,745	473	25,905	117.7%
(37)	87	66	28,303	10,276	99	4,696	300.3%
-	29	24	8,543	7,210	11	-	102.2%
-	(21)	(21)	2,495	-	-	2,122	115.6%
(287)	**74,647**	**62,085**	**10,428,523**	**3,054,685**	**40,774**	**5,050,793**	**N/A**

Foreign bank branches – Financial highlights

(Continued)

			Key ratios			
			Performance measures			
	HK$ million	Year ended	Net customer loan/deposit ratio	Net interest income/average total assets	Non-interest income/total operating income	Costs/income ratio
1	Agricultural Bank of China Limited	31-Dec-25	102.0%	0.7%	36.7%	9.0%
2	First Abu Dhabi Bank PJSC	31-Dec-25	21.9%	-0.4%	175.3%	50.2%
3	Australia and New Zealand Banking Group Limited	30-Sep-25	44.3%	0.5%	52.0%	54.4%
4	Banco Santander, S.A.	31-Dec-25	22.3%	0.1%	92.2%	83.1%
5	Bangkok Bank Public Company Limited	31-Dec-25	49.2%	0.8%	12.9%	25.3%
6	Bank J. Safra Sarasin AG	31-Dec-25	51.8%	0.1%	98.5%	70.9%
7	Bank Julius Baer & Co. Ltd.	31-Dec-25	69.5%	0.1%	97.7%	61.7%
8	Bank of America, National Association	31-Dec-25	42.9%	0.8%	71.9%	61.0%
9	Bank of China Limited	31-Dec-25	N/A	0.0%	97.4%	18.1%
10	Bank of Communications Co., Ltd.	31-Dec-25	73.7%	1.3%	3.2%	35.1%
11	Bank of India	31-Mar-25	232.1%	0.3%	42.5%	46.0%
12	Bank of Montreal	31-Oct-25	44.1%	0.0%	105.2%	88.1%
13	Bank of New York Mellon (The)	31-Dec-25	498.1%	1.4%	58.5%	37.3%
14	Bank of Nova Scotia (The)	31-Oct-25	184.4%	0.7%	8.2%	108.2%
15	Bank of Singapore Limited	31-Dec-25	57.1%	0.8%	88.2%	58.8%
16	Bank of Taiwan	31-Dec-25	21.3%	1.6%	2.2%	16.4%
17	Bank Sinopac	31-Dec-25	30.0%	1.7%	32.6%	23.7%
18	Barclays Bank PLC	31-Dec-25	0.2%	2.1%	83.3%	67.9%
19	BDO Unibank, Inc.	31-Dec-25	26.6%	1.2%	14.4%	47.2%
20	BNP Paribas	31-Dec-25	32.3%	0.6%	69.8%	79.8%
21	CA Indosuez (Switzerland) SA	31-Dec-25	51.2%	0.5%	85.1%	68.1%
22	Canadian Imperial Bank of Commerce	31-Oct-25	39.1%	0.2%	85.4%	57.2%
23	Cathay Bank	31-Dec-25	121.1%	1.0%	34.3%	94.0%
24	Cathay United Bank Company, Limited	31-Dec-25	48.6%	0.8%	9.3%	101.1%
25	Chang Hwa Commercial Bank, Ltd.	31-Dec-25	62.4%	1.7%	9.6%	12.7%
26	China Construction Bank Corporation	31-Dec-25	83.3%	0.7%	20.4%	25.3%
27	China Development Bank	31-Dec-25	179.1%	0.8%	-25.6%	18.3%
28	China Everbright Bank Co., Ltd.	31-Dec-25	74.7%	0.2%	68.3%	30.6%
29	China Merchants Bank Co., Ltd.	31-Dec-25	29.8%	1.8%	18.0%	15.0%
30	China Minsheng Banking Corp., Ltd.	31-Dec-25	69.3%	0.7%	51.4%	16.4%
31	China Zheshang Bank Co., Ltd.	31-Dec-25	100.1%	1.1%	29.1%	22.3%
32	CIMB Bank Berhad	31-Dec-25	12.8%	0.5%	47.8%	35.8%
33	Citibank, N.A.	31-Dec-25	31.0%	1.7%	40.5%	52.4%
34	China CITIC Bank Corporation Limited	31-Dec-25	N/A	0.2%	21.7%	282.6%
35	Commonwealth Bank of Australia	30-Jun-25	17,275.5%	4.2%	9.0%	7.9%
36	Coöperatieve Rabobank U.A.	31-Dec-25	167.6%	0.9%	29.4%	64.4%

* Some branches hold impairment allowances of head of office

\# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

	Loan asset quality				
	Impaired advances (stage 3)				
ROA	Gross impaired advances	Gross impaired advances/Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/overdue advances
0.7%	-	N/A	-	N/A	-
0.2%	-	N/A	-	N/A	-
0.4%	-	N/A	-	N/A	-
0.1%	-	N/A	-	N/A	-
0.4%	324	2.9%	324	100.0%	-
1.4%	88	1.1%	88	100.0%	-
1.5%	-	N/A	-	N/A	-
1.1%	389	1.7%	389	100.0%	-
0.2%	-	N/A	-	N/A	-
0.7%	2,173	2.3%	2,101	96.7%	52
0.2%	36	0.7%	31	86.1%	8
0.1%	-	N/A	-	N/A	-
1.8%	-	N/A	-	N/A	-
-0.1%	-	N/A	-	N/A	-
2.4%	-	N/A	-	N/A	-
1.3%	-	N/A	-	N/A	-
1.5%	17	0.1%	9	52.9%	-
3.4%	-	N/A	-	N/A	-
0.6%	-	N/A	-	N/A	-
0.2%	3,341	2.8%	1,488	44.5%	1,428
0.9%	-	N/A	-	N/A	-
0.4%	-	N/A	-	N/A	-
0.9%	36	1.4%	-	0.0%	36
-0.6%	-	N/A	-	N/A	-
1.1%	124	1.9%	29	23.4%	15
0.4%	2,111	1.8%	1,906	90.3%	-
0.4%	3,952	5.9%	3,635	92.0%	262
0.0%	2,350	3.4%	1,342	57.1%	1,838
0.9%	-	N/A	-	N/A	-
0.4%	962	0.8%	751	78.1%	-
0.8%	-	N/A	-	N/A	-
1.0%	-	N/A	-	N/A	-
1.1%	117	0.1%	(62)	-53.0%	31
-1.4%	-	N/A	-	N/A	-
4.2%	-	N/A	-	N/A	-
0.4%	21	0.1%	17	81.0%	21

	HK$ million	Year ended	Key ratios: Performance measures: Net customer loan/deposit ratio	Net interest income/average total assets	Non-interest income/total operating income	Costs/income ratio
37	Credit Agricole Corporate and Investment Bank	31-Dec-25	16.0%	-0.2%	117.6%	54.9%
38	Crédit Industriel et Commercial	31-Dec-25	147.6%	0.3%	54.9%	52.9%
39	CTBC Bank Co., Ltd.	31-Dec-25	28.4%	1.5%	37.3%	24.6%
40	DBS Bank Ltd.	31-Dec-25	151.3%	0.6%	46.0%	28.0%
41	Deutsche Bank Aktiengesellschaft	31-Dec-25	17.9%	0.6%	76.7%	77.5%
42	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt Am Main	31-Dec-25	6,480.8%	0.5%	19.3%	79.8%
43	E.Sun Commercial Bank, Ltd.	31-Dec-25	33.3%	1.5%	33.7%	14.1%
44	East West Bank	31-Dec-25	49.2%	2.4%	15.0%	30.4%
45	EFG Bank AG	31-Dec-25	66.0%	-0.2%	106.9%	17.7%
46	Erste Group Bank AG	31-Dec-25	N/A	0.5%	25.8%	48.5%
47	Far Eastern International Bank	31-Dec-25	26.0%	2.0%	8.0%	41.0%
48	First Commercial Bank, Ltd.	31-Dec-25	44.4%	2.5%	7.2%	8.9%
49	HDFC Bank Limited	31-Mar-25	103.5%	1.2%	30.0%	37.1%
50	Hua Nan Commercial Bank, Ltd.	31-Dec-25	22.3%	2.4%	3.6%	9.8%
51	Hua Xia Bank Co., Limited	31-Dec-25	105.5%	0.7%	44.9%	20.6%
52	ICICI Bank Limited	31-Mar-25	50.0%	2.0%	61.2%	23.1%
53	Indian Overseas Bank	31-Mar-25	148.6%	0.4%	76.3%	18.9%
54	Industrial and Commercial Bank of China Limited	31-Dec-25	N/A	0.3%	27.4%	45.8%
55	Industrial Bank Co., Ltd.	31-Dec-25	78.4%	0.9%	48.8%	16.1%
56	Industrial Bank of Korea	31-Dec-25	328.9%	0.9%	13.9%	18.5%
57	ING Bank N.V.	31-Dec-25	43.7%	0.4%	38.0%	75.6%
58	Intesa Sanpaolo S.p.A.	31-Dec-25	227.1%	1.3%	-12.4%	15.1%
59	JPMorgan Chase Bank, National Association	31-Dec-25	17.8%	0.9%	87.3%	71.1%
60	KBC Bank N.V.	31-Dec-25	102.9%	1.1%	24.2%	70.7%
61	KEB Hana Bank	31-Dec-25	82.7%	1.4%	39.6%	14.2%
62	Kookmin Bank	31-Dec-25	2,354.8%	0.9%	38.0%	13.0%
63	Land Bank of Taiwan Co., Ltd.	31-Dec-25	128.1%	1.2%	12.1%	25.0%
64	LGT Bank AG	31-Dec-25	25.7%	0.6%	86.6%	84.9%
65	Malayan Banking Berhad	31-Dec-25	74.6%	0.3%	-6.0%	162.9%
66	Mashreq Bank - Public Shareholding Company	31-Dec-25	778.1%	0.8%	19.5%	40.7%
67	Mega International Commercial Bank Co., Ltd.	31-Dec-25	17.6%	1.7%	5.1%	10.2%
68	Mitsubishi UFJ Trust and Banking Corporation	31-Mar-25	0.0%	0.4%	8.8%	61.5%
69	Mizuho Bank, Ltd.	31-Mar-25	56.2%	0.4%	53.7%	32.2%
70	MUFG Bank, Ltd.	31-Mar-25	91.6%	0.8%	31.5%	37.1%
71	Natixis	31-Dec-25	65.5%	-0.4%	113.6%	78.9%
72	O-Bank Co., Ltd.	31-Dec-25	60.2%	1.7%	31.5%	36.9%

* Some branches hold impairment allowances of head of office
\# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

	Loan asset quality				
	Impaired advances (stage 3)				
ROA	Gross impaired advances	Gross impaired advances/Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/overdue advances
0.3%	211	0.6%	145	68.7%	66
0.2%	-	N/A	-	N/A	-
1.5%	350	1.2%	98	28.0%	231
0.6%	2,021	1.8%	308	15.2%	1,731
0.4%	769	3.1%	61	7.9%	349
0.2%	58	0.4%	36	62.1%	-
1.6%	37	0.2%	7	18.9%	48
1.6%	-	N/A	-	N/A	-
2.8%	-	N/A	-	N/A	-
0.3%	-	N/A	-	N/A	-
1.2%	-	N/A	-	N/A	-
2.0%	-	N/A	-	N/A	-
0.9%	-	N/A	-	N/A	-
1.7%	-	N/A	-	N/A	-
0.3%	495	0.6%	278	56.2%	168
3.6%	-	N/A	-	N/A	-
1.0%	27	0.7%	9	33.3%	-
0.1%	103	0.2%	104	101.0%	-
1.1%	425	0.3%	348	81.9%	309
0.7%	-	N/A	-	N/A	-
0.1%	1,182	3.9%	828	70.1%	1,182
0.7%	470	3.0%	406	86.4%	56
1.7%	-	N/A	-	N/A	-
0.5%	3	0.2%	3	100.0%	-
1.8%	-	N/A	-	N/A	-
0.9%	-	N/A	-	N/A	-
0.8%	-	N/A	-	N/A	-
0.6%	-	N/A	-	N/A	-
-0.3%	982	6.0%	91	9.3%	705
0.5%	-	N/A	-	N/A	-
1.3%	-	N/A	-	N/A	-
0.2%	-	N/A	-	N/A	-
0.5%	612	0.7%	573	93.6%	-
0.6%	-	N/A	-	N/A	-
0.6%	118	0.3%	33	28.0%	25
1.0%	342	3.1%	33	9.6%	325

	HK$ million	Year ended	Key ratios			
			Performance measures			
			Net customer loan/deposit ratio	Net interest income/average total assets	Non-interest income/total operating income	Costs/income ratio
73	Oversea-Chinese Banking Corporation Limited	31-Dec-25	97.6%	0.6%	36.6%	40.2%
74	Ping An Bank Co., Ltd.	31-Dec-25	99.8%	0.5%	59.1%	23.5%
75	PT. Bank Negara Indonesia (Persero) Tbk.	31-Dec-25	1,916.7%	1.1%	14.0%	27.9%
76	Qatar National Bank (Q.P.S.C.)	31-Dec-25	4.6%	0.2%	16.0%	41.6%
77	Royal Bank of Canada	31-Oct-25	12.9%	0.2%	83.5%	108.6%
78	Shanghai Commercial & Savings Bank, Ltd. (The)	31-Dec-25	20.6%	2.2%	30.3%	19.0%
79	Shanghai Pudong Development Bank Co., Ltd.	31-Dec-25	70.4%	0.4%	51.4%	30.8%
80	Shinhan Bank	31-Dec-25	186.2%	0.7%	52.8%	19.3%
81	Societe Generale	31-Dec-25	60.8%	-0.2%	108.7%	78.9%
82	State Bank of India	31-Mar-25	883.6%	0.4%	22.8%	23.8%
83	State Street Bank and Trust Company	31-Dec-25	0.0%	0.7%	79.0%	78.8%
84	Sumitomo Mitsui Banking Corporation	31-Mar-25	54.2%	0.5%	35.5%	47.7%
85	Sumitomo Mitsui Trust Bank, Limited	31-Mar-25	33.9%	-1.4%	630.6%	67.5%
86	Taipei Fubon Commercial Bank Co., Ltd.	31-Dec-25	23.9%	1.5%	12.0%	16.9%
87	Taishin International Bank Co., Ltd	31-Dec-25	30.0%	1.0%	27.6%	39.2%
88	Taiwan Business Bank, Ltd.	31-Dec-25	65.2%	2.0%	5.9%	25.7%
89	Taiwan Cooperative Bank, Ltd.	31-Dec-25	30.9%	2.1%	2.6%	22.1%
90	Taiwan Shin Kong Commercial Bank Co., Ltd.	31-Dec-25	25.2%	1.4%	7.4%	32.0%
91	UBS AG	31-Dec-25	35.4%	0.8%	89.2%	70.6%
92	UCO Bank	31-Mar-25	245.4%	1.2%	7.6%	9.1%
93	Union Bancaire Privée, UBP SA	31-Dec-25	37.1%	1.1%	58.3%	87.1%
94	United Overseas Bank Ltd.	31-Dec-25	152.6%	1.3%	33.1%	24.3%
95	Wells Fargo Bank, National Association	31-Dec-25	N/A	2.4%	95.3%	92.9%
96	Woori Bank	31-Dec-25	835.3%	0.8%	19.6%	10.7%
97	Yuanta Commercial Bank Co., Ltd.	31-Dec-25	12.8%	1.4%	23.4%	51.6%
98	Banque Pictet & Cie SA	31-Dec-25	103.4%	0.4%	63.4%	76.8%
99	China Bohai Bank Co., Ltd.	31-Dec-25	260.7%	0.7%	4.1%	92.5%
100	China Guangfa Bank Co., Ltd.	31-Mar-25	78.3%	0.2%	78.1%	30.1%
101	Bank of Dongguan Co., Ltd.	31-Dec-25	216.7%	1.4%	-44.3%	51.4%
102	Nonghyup Bank	31-Dec-25	N/A	0.5%	23.8%	69.8%
103	KGI Bank Co., Ltd.	31-Dec-25	0.0%	0.2%	0.0%	520.0%
	Total	**2025**	**59.7%**	**0.7%**	**59.8%**	**50.7%**

* Some branches hold impairment allowances of head of office
# This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements.

	Loan asset quality				
	Impaired advances (stage 3)				
ROA	Gross impaired advances	Gross impaired advances/Advances to customers	Stage 3 expected credit loss allowance made against impaired advances	Stage 3 expected credit loss allowance as a percentage of gross impaired advances	Collaterals for impaired/overdue advances
-0.2%	1,685	2.6%	1,049	62.3%	-
0.8%	-	N/A	-	N/A	-
0.7%	124	1.5%	52	41.9%	73
0.1%	-	N/A	-	N/A	-
-0.1%	-	N/A	-	N/A	-
0.7%	761	38.4%	154	20.2%	-
0.1%	-	N/A	-	N/A	-
1.1%	-	N/A	-	N/A	-
0.4%	50	0.2%	3	6.0%	50
0.3%	-	N/A	-	N/A	-
0.6%	-	N/A	-	N/A	-
0.3%	687	1.1%	62	9.0%	379
0.0%	-	N/A	-	N/A	-
1.2%	16	0.1%	16	100.0%	-
0.6%	-	N/A	-	N/A	-
1.2%	-	N/A	-	N/A	-
1.3%	-	N/A	-	N/A	-
0.8%	-	N/A	-	N/A	-
1.9%	2,311	2.4%	555	24.0%	1,756
1.2%	-	N/A	-	N/A	-
0.3%	-	N/A	-	N/A	-
-0.2%	8,130	5.2%	852	10.5%	5,728
3.1%	-	N/A	-	N/A	-
0.8%	-	N/A	-	N/A	-
0.6%	-	N/A	-	N/A	-
0.2%	-	N/A	-	N/A	-
0.0%	-	N/A	-	N/A	-
0.4%	255	1.2%	255	100.0%	-
0.2%	-	N/A	-	N/A	-
0.3%	-	N/A	-	N/A	-
-0.8%	-	N/A	-	N/A	-
0.6%	**38,265**	**1.3%**	**18,407**	**48.1%**	**16,872**

Digital banks – Financial highlights

	HK$ million	Year ended	Financial highlights – Income statement: Net interest income	Non-interest income	Operating expenses	Operating profit/(loss) before impairment charges	Change in expected credit loss against customer advances	Other items	Profit/(loss) before tax	Net profit/(loss) after tax
1	Airstar Bank Limited	31-Dec-25	81	9	342	(252)	3	-	(255)	(255)
2	Ant Bank (Hong Kong) Limited	31-Dec-25	172	8	330	(150)	111	(2)	(263)	(263)
3	Fusion Bank Limited	31-Dec-25	132	15	314	(167)	27	-	(194)	(195)
4	Livi Bank Limited	31-Dec-25	232	95	254	73	49	(3)	21	21
5	PAO Bank Limited	31-Dec-25	223	2	361	(136)	137	(1)	(274)	(274)
6	Mox Bank Limited	31-Dec-25	678	41	850	(131)	382	29	(484)	(484)
7	WeLab Bank Limited	31-Dec-25	889	53	633	309	369	(3)	(63)	(60)
8	ZA Bank Limited	31-Dec-25	669	223	693	199	181	(1)	17	17
	Total	**2025**	**3,076**	**446**	**3,777**	**(255)**	**1,259**	**19**	**(1,495)**	**(1,493)**

This is Liquidity Maintenance Ratio.

Source: Extracted from individual banks' financial and public statements

							Key ratios					
Size and strength measures							Performance measures					
Total assets	Gross advances to customers	Expected credit loss allowance against customer advances	Total deposits from customers	Total equity	Capital adequacy ratio	Liquidity ratio #	Net customer loan/deposit ratio	Net interest income/ average total assets	Non-interest income/ total operating income	Costs/ income ratio	ROA	ROE
4,870	2,203	15	3,780	957	36.9%	163.2%	57.9%	2.0%	10.0%	380.0%	-6.3%	-30.8%
12,511	2,025	67	9,171	2,663	61.3%	131.7%	21.3%	2.0%	4.4%	183.3%	-3.0%	-16.2%
16,233	3,176	27	14,718	1,377	27.5%	268.6%	21.4%	1.1%	10.2%	213.6%	-1.6%	-18.4%
7,055	2,943	58	3,475	1,775	61.6%	129.6%	83.0%	3.6%	29.1%	77.7%	0.3%	1.2%
12,385	3,755	147	10,470	1,257	57.3%	325.2%	34.5%	2.5%	0.9%	160.4%	-3.1%	-26.4%
27,047	14,523	364	20,988	2,614	16.5%	75.6%	67.5%	2.8%	5.7%	118.2%	-2.0%	-20.3%
9,487	5,922	301	8,108	1,043	20.3%	176.8%	69.3%	10.0%	5.6%	67.2%	-0.7%	-5.8%
24,853	5,809	254	22,245	2,134	24.3%	109.8%	25.0%	2.8%	25.0%	77.7%	0.1%	0.8%
114,441	**40,356**	**1,233**	**92,955**	**13,820**	**N/A**	**N/A**	**42.1%**	**2.7%**	**12.7%**	**107.2%**	**-1.3%**	**-10.8%**

Appendix

About the Financial Markets Standards Board

The Financial Markets Standards Board (FMSB) is an independent, practitioner-led body established in 2015 in the wake of the conduct scandals – including LIBOR manipulation and FX benchmark abuses – that demonstrated the need for clearer standards of behaviour in wholesale financial markets. FMSB's mission is to identify areas of ambiguity and poor practice in those markets, and to develop clear, practical standards and guidance that market participants can apply consistently. Its mandate is built around four core objectives: scanning the horizon for emerging risks where standards could be strengthened; addressing uncertainty in specific trading practices; promoting adherence to standards and sharing good practice on governance and controls across FICC business lines; and contributing to international convergence of standards.

Outputs. FMSB publishes Standards, Statements of Good Practice and Spotlight Reviews covering topics including: pre-hedging; front-office supervision; electronic trading; and algorithmic trading. These outputs are designed to be jurisdiction-agnostic and applicable across the major global FICC centres, allowing market participants to adopt them regardless of where they operate.

Membership. FMSB's membership spans the wholesale market ecosystem: global banks, asset managers, pension funds, interdealer brokers, trading platforms and infrastructure providers. Members include some of the world's largest financial institutions – collectively representing a substantial share of global FICC market activity – drawn from across Europe, North America and Asia-Pacific.

Regulatory relationships. FMSB maintains formal relationships with a number of statutory regulators and public bodies, including the Bank of England, the Financial Conduct Authority (FCA), the Australian Securities and Investments Commission (ASIC), the New Zealand Financial Markets Authority (NZ FMA), the Autorité des marchés financiers (AMF) and the UK Debt Management Office. These arrangements, through Memoranda of Understanding and Consultation Agreements, provide regulators with visibility of FMSB's outputs and help ensure they are consistent with regulatory expectations. In Asia-Pacific, FMSB has been engaged in dialogue with the Securities and Futures Commission (SFC) in Hong Kong, and sees potential for its standards to further contribute to conduct norms across the region's major FICC markets.

IOSCO Affiliate Membership. FMSB is an Affiliate Member of the International Organization of Securities Commissions (IOSCO), the global body whose membership includes regulators from over 130 jurisdictions. Affiliate Membership provides FMSB with greater international visibility, a formal channel for dialogue with the global regulatory community, and recognition within the international regulatory architecture as a credible voice on wholesale market conduct standards.

About KPMG

KPMG China operates across 31 cities, employing more than 14,000 partners and staff. These locations include: Beijing, Changchun,Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. This extensive presence enables the firm to deploy experienced professionals efficiently, ensuring consistent delivery of high-quality services to clients.

The firm's journey began in 1945 with its establishment in the Hong Kong market. In 1983, KPMG opened its first Mainland office in Beijing, laying the foundation for a strong national network. In 1992, KPMG became the first international accounting network to obtain a joint venture licence in the Chinese Mainland. Later, on 1 August 2012, it became the first among the Big Four to convert from a joint venture to a special general partnership, solidifying its roots in the region. Over the past 80 years, KPMG has continually expanded its operations in China while gaining significant expertise across 21 industries, including finance, energy, manufacturing, state-owned enterprises, and capital markets.

KPMG China provides a range of services, including audit and assurance, tax, and advisory. These services cover all major phases of an organisation's lifecycle. The firm's deep understanding of industries is supported by dedicated teams focusing on specific sectors, which enables delivery of targeted insights and solutions tailored to client needs. Through combining local market knowledge with global expertise, KPMG delivers actionable recommendations in areas such as emerging trends, risk management, and capital strategies.

KPMG's values—Integrity, Excellence, Courage, Together, and For Better—drive every aspect of its operations. These principles align with its goal of promoting greater efficiency, inclusiveness, and equality. Moving forward, KPMG China remains committed to supporting sustainable economic and social development. By fostering a people-oriented culture, the firm seeks to contribute meaningfully to long-term prosperity while helping clients navigate emerging challenges and opportunities in an evolving business environment.

Contact us

Paul McSheaffrey
Senior Banking Partner
Hong Kong SAR, KPMG China
paul.mcsheaffrey@kpmg.com

Jia Ning Song
Head of Banking and Capital Markets
Hong Kong SAR, KPMG China
jianing.n.song@kpmg.com

Benjamin Man
Partner, Financial Services
Hong Kong SAR, KPMG China
benjamin.man@kpmg.com

Samuel Luk
Partner, Financial Services
Hong Kong SAR, KPMG China
samuel.luk@kpmg.com

Daisy Shen
Head of ESG
KPMG China
daisy.shen@kpmg.com

Angus Choi
Partner, ESG Advisory
Hong Kong SAR, KPMG China
angus.choi@kpmg.com

Richard Bernau
Global ESG Banking Lead
KPMG International
Richard.Bernau@kpmg.co.uk

Begoña Ramos
Head of ESG Banking and ESG Strategy Group
KPMG US
bramosjusto@kpmg.com

Michael Monteforte
Partner, Financial Risk Management
Hong Kong SAR, KPMG China
michael.monteforte@kpmg.com

Johannes Post
Global Head of Valuations
KPMG Switzerland
jpost@kpmg.com

Karmen Yeung
National Head of Private Enterprise
KPMG China
karmen.yeung@kpmg.com

Simon Shum
Head of Digital Assets
Hong Kong SAR, KPMG China
simon.shum@kpmg.com

Antony Ruddenklau
Global Head of Fintech & Innovation
KPMG Singapore
antonyruddenklau@kpmg.com.sg

Stanley Sum
Head of Technology Consulting, Greater Bay Area
KPMG China
stanley.sum@kpmg.com

Angel Mok
Partner, Technology Consulting
Hong Kong SAR, KPMG China
angel.mok@kpmg.com

Simon Benson
Head of AI
KPMG Asia Pacific
sbenson@kpmg.com.au

Chad Olsen
Head of Forensic Services
Hong Kong SAR, KPMG China
chad.olsen@kpmg.com

Sue Bradford
Partner, Forensic
KPMG Australia
suebradford@kpmg.com.au

Lanis Lam
Partner, Technology Risk
Hong Kong SAR, KPMG China
lanis.lam@kpmg.com

Motoki Sawada
KPMG ASPAC Cyber Lead
Motoki.Sawada@jp.kpmg.com

kpmg.com/cn/socialmedia

kpmg.com/cn/banking

For a list of KPMG China offices, please scan the QR code or visit our website:
https://kpmg.com/cn/en/home/about/office-locations.html

Publication number: 1779932501608

Publication date: June 2026