

JPMORGAN CHASE BANK, N.A.

HONG KONG BRANCH

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability

**Key Financial Disclosure Statements
for the year ended December 31, 2025**

SECTION A: BRANCH INFORMATION

I. Unaudited Income Statement

(in millions of Hong Kong Dollars)

	Year ended		Year ended	
	Dec 31, 2025		Dec 31, 2024	
Interest income		4,564		5,768
Interest expense		(2,841)		(3,617)
Other operating income				
Gains less losses arising from trading in foreign currencies		387		2,360
Gains less losses on securities held for trading purposes		90		35
Gains less losses from other trading activities		(52)		(1,573)
Net fees and commission income				
Gross fees and commission income	12,046		10,313	
Gross fees and commission expenses	(638)	11,408	(556)	9,757
Others		(20)		3
Operating income		<u>13,536</u>		<u>12,733</u>
Operating expenses				
Staff costs	(4,726)		(4,524)	
Premises expenses	(507)		(604)	
Equipment expenses	(203)		(279)	
Travel & entertainment expenses	(141)		(123)	
Others	(4,045)	(9,622)	(4,094)	(9,624)
Reversal of impairment losses and provisions for impaired loans and receivables		12		645
Gains less losses from disposal of fixed assets		0		(2)
Profit before taxation		<u>3,926</u>		<u>3,752</u>
Tax expense		(716)		(653)
Profit after taxation		<u><u>3,210</u></u>		<u><u>3,099</u></u>

JPMorgan Chase Bank, N.A., Hong Kong Branch

II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Dec 31, 2025	As at Jun 30, 2025
Due from Exchange Fund	293	1,425
Cash and balances with banks	6,934	8,878
Placements with banks which have a residual contractual maturity of		
Less than or equal to one month	493	536
More than one month but not more than twelve months	136	152
Amount due from overseas offices of the institution	91,108	64,032
Trade bills, net of impairment allowance	703	247
Certificates of deposit held	—	274
Securities held for trading purposes	35	35
Loans and receivables, net of impairment allowance	65,922	76,900
Investment securities	2,894	3,802
Other investments	79	81
Property, plant and equipment and investment properties	2,959	3,228
Total assets	<u>171,556</u>	<u>159,590</u>
Liabilities		
Deposits and balances from banks	4,399	8,985
Deposits from customers		
Demand deposits and current accounts	99,996	82,327
Time, call and notice deposits	18,262	10,356
Amount due to overseas offices of the institution	3,042	2,839
Other liabilities	45,836	55,009
Provisions	21	74
Total liabilities	<u>171,556</u>	<u>159,590</u>

III. Additional Balance Sheet Information

(in millions of Hong Kong Dollars)

(i) Loans and receivables

	As at Dec 31, 2025	As at Jun 30, 2025
Loans and advances to customers	20,504	22,604
Loans and advances to banks	343	945
Accrued interest and other accounts	5,180	8,040
Derivatives receivables	40,034	45,435
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(139)	(124)
	<u>65,922</u>	<u>76,900</u>

Impairment Allowance Policy

JPMorgan Chase & Co.'s allowance for credit losses covers the wholesale and consumer loan portfolios and represents management's estimate of probable credit losses inherent in the JPMorgan Chase & Co.'s loan portfolio as of disclosure date. Management also computes an allowance for wholesale lending-related commitments using a methodology similar to that used for the wholesale loans.

(ii) Gross amount of loans and advances to customers by major country or geographical segments

	As at Dec 31, 2025
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	11,220
China	5,426
	As at Jun 30, 2025
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	14,320
China	4,680

Loans and advances to customers are on-balance sheet exposures of counterparties based on the location of the counterparties.

III. Additional Balance Sheet Information (Continued)

(in millions of Hong Kong Dollars, except ratios)

(iii) Impaired loans and advances to customers

Impaired Loans are identified in accordance with the definitions set out in the Return of Loans and Advances and Provision (Form MA(BS)2A) issued by HKMA, where loans and advances have been classified as “substandard”, “doubtful” and “loss” are reported.

There were no impaired loans and advances to customers as at December 31, 2025 (June 30, 2025: Nil).

There were no specific provisions made for impaired loans and advances to customers.

There were no collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate.

(iv) Impaired loans and advances to banks

Impaired Loans are identified in accordance with the definitions set out in the Return of Loans and Advances and Provision (Form MA(BS)2A) issued by HKMA, where loans and advances have been classified as “substandard”, “doubtful” and “loss” are reported.

There were no impaired loans and advances to banks as at December 31, 2025 (June 30, 2025: Nil).

There were no specific provisions made for impaired loans and advances to banks.

There were no collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate.

III. Additional Balance Sheet Information (Continued)

(in millions of Hong Kong Dollars)

(v) The breakdown of gross amount of loans and advances to customers by industry sectors

	As at Dec 31, 2025	As at Jun 30, 2025
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	—	393
Stockbrokers	7,665	10,861
Wholesale and retail trade	381	257
Manufacturing	1,332	3
Transport and transport equipment	1	—
Information technology	4,592	4,903
Others	1,042	564
Trade finance	2,700	2,688
Loans and advances for use outside Hong Kong	2,791	2,935
	<u>20,504</u>	<u>22,604</u>

Balance of loans and advances covered by collateral or other security as of December 31, 2025 was HK\$802 million (June 30, 2025 was HK\$1,392 million).

(vi) Overdue loans and advances to customers and banks

There were no overdue loans and advances to customers as at December 31, 2025 (June 30, 2025: Nil).

There were no overdue loans and advances to banks as at December 31, 2025 (June 30, 2025: Nil).

There were no collateral held against overdue loans as at December 31, 2025 (June 30, 2025: Nil).

There were no specific provisions made on such overdue loans and advances as at December 31, 2025 (June 30, 2025: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at December 31, 2025 (June 30, 2025: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at December 31, 2025 (June 30, 2025: Nil).

(ix) There were no repossessed assets held as at December 31, 2025 (June 30, 2025: Nil).

(x) Other liabilities

	As at Dec 31, 2025	As at Jun 30, 2025
Accrued expenses and other accounts	8,842	11,658
Derivatives payables	36,994	43,351
	<u>45,836</u>	<u>55,009</u>

JPMorgan Chase Bank, N.A., Hong Kong Branch

IV. International claims

(in millions of Hong Kong Dollars)

International claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account any risk transfer. The risk transfers have been made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Claims on individual countries and territories or areas, after risk transfer, amounting to 10% or more of the international claims are as follows:

	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at Dec 31, 2025						
United States	92,136	—	17	1,569	—	93,722
Hong Kong	6,343	5	8,556	3,148	1,613	19,665
As at Jun 30, 2025						
United States	63,162	—	1,001	1,942	—	66,105
Hong Kong	6,305	6	7,122	2,392	1,829	17,654
China	3,358	182	631	6,144	—	10,315

JPMorgan Chase Bank, N.A., Hong Kong Branch

V. Non-Bank Mainland Exposures

(in millions of Hong Kong Dollars, excepts ratios)

The analysis of Non-Bank Mainland Exposures are identified in accordance with the definitions set out in MA(BS)20 Return of Mainland Activities issued by the HKMA.

As at Dec 31, 2025

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	812	6,368	7,180
Local governments, local government-owned entities and their subsidiaries and JVs	—	—	—
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,940	5,208	8,148
Other entities of central governments	9	65	74
Other entities of local governments	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	251	105	356
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	5,352	395	5,747
Total	9,364	12,141	21,505
Total assets after provisions	171,535		
On-balance sheet exposures as percentage of total assets	5.46 %		

As at Jun 30, 2025

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	372	7,446	7,818
Local governments, local government-owned entities and their subsidiaries and JVs	—	6	6
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,248	7,185	9,433
Other entities of central governments	—	122	122
Other entities of local governments	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	106	78	184
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	4,917	580	5,497
Total	7,643	15,417	23,060
Total assets after provisions	159,516		
On-balance sheet exposures as percentage of total assets	4.79 %		

The exposures to companies outside Mainland where the funds are for use in Mainland were mainly trade finance facilities and commercial loans.

VI. Currency Risk

(in millions of Hong Kong Dollars)

The following is the summary of the major foreign currency exposures in accordance with the definitions set out in MA(BS)6 Return of Foreign Currency Position issued by the HKMA.

As at Dec 31, 2025	USD	CNY	AUD	KRW	EUR	JPY	TWD
Currency positions							
Spot assets	127,165	28,751	676	720	2,642	214	308
Spot liabilities	(122,049)	(23,976)	(1,041)	(389)	(3,467)	(1,026)	(271)
Forward purchases	1,941,308	830,115	18,459	13,578	73,732	102,035	308,776
Forward sales	(1,942,149)	(832,395)	(17,508)	(13,603)	(73,509)	(102,056)	(313,410)
Net options position	363	(350)	—	—	(13)	—	—
Net long/(short) position including options	<u>4,638</u>	<u>2,145</u>	<u>586</u>	<u>306</u>	<u>(615)</u>	<u>(833)</u>	<u>(4,597)</u>

As at Jun 30, 2025	USD	JPY	EUR	CNY	TWD
Currency positions					
Spot assets	94,136	1,888	5,270	26,916	12,062
Spot liabilities	(90,595)	(1,633)	(5,992)	(25,209)	(12,114)
Forward purchases	2,022,378	139,398	153,913	888,938	330,436
Forward sales	(2,023,134)	(140,270)	(154,109)	(891,618)	(336,097)
Net options position	447	—	—	(346)	—
Net long/(short) position including options	<u>3,232</u>	<u>(617)</u>	<u>(918)</u>	<u>(1,319)</u>	<u>(5,713)</u>

As at December 31, 2025, USD, CNY, AUD, KRW, EUR, JPY and TWD (June 30, 2025: USD, JPY, EUR, CNY and TWD) constitute 10% or more of the total net position in all foreign currencies.

There were no foreign currency net structural positions as at December 31, 2025 (June 30, 2025: Nil).

Net options position is calculated on the basis of delta-weighted positions of all foreign exchange options contracts.

VII. Derivative Transactions

(in millions of Hong Kong Dollars)

	As at Dec 31, 2025	As at Jun 30, 2025
Notional amounts of derivative transactions		
Exchange rate-related derivative contracts	4,245,194	4,580,562
Interest rate derivative contracts	2,173,051	2,011,178

For derivatives, the contract amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

	As at Dec 31, 2025		As at Jun 30, 2025	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Fair value of derivative transactions				
Exchange rate-related derivative contracts	28,731	29,018	34,934	35,038
Interest rate derivative contracts	11,193	7,690	10,450	8,152
Others <i>(Note 1)</i>	110	286	51	161
	<u>40,034</u>	<u>36,994</u>	<u>45,435</u>	<u>43,351</u>

The contract amounts and fair values of the above derivatives do not take into account the effect of bilateral netting agreements.

Note 1: Includes mark-to-market values arising from embedded derivatives within structured deposits. The notional amounts of structured deposits are reportable on-balance sheet.

VIII. Off-Balance Sheet Exposures

(in millions of Hong Kong Dollars)

	As at Dec 31, 2025	As at Jun 30, 2025
Contingent Liabilities and Commitments		
Direct credit substitutes	1,543	1,512
Trade-related contingencies	2,485	2,726
Other commitments	14,646	18,000

For contingent liabilities and commitments, the contract amounts represent the amount at risk should the contract be fully drawn upon and the client default.

IX. Disclosure on remuneration

Remuneration policy

Governance and Oversight

JPMorgan Chase Bank N.A. – Hong Kong Branch (the “Branch”) is part of the JPMorgan Chase & Co. group of companies (“The Firm”). As part of the Firm, the Branch is governed by the Firmwide compensation philosophy.

The Firm strongly believes that its Firmwide compensation philosophy and its implementation fosters proper governance and regulatory compliance. That philosophy is subject to independent oversight and control by the Compensation and Management Development Committee (“CMDC”), a committee of the Board of JPMorgan Chase & Co..

The CMDC oversees the Firm’s compensation programs throughout the year, which enables the Committee to be proactive in its compensation planning to address both current and emerging developments or challenges. Key committee responsibilities related to the compensation programs include but not limited to:

- Periodically reviewing and approving a statement of the Firm’s compensation philosophy, principles and practices
- Reviewing the Firm’s compensation practices and the relationship among risk, risk management and compensation (including safety and soundness and avoiding practices that could encourage excessive risk-taking)
- Adopting pay practices and approving any necessary formulas, performance metrics or pool calculations in compliance with applicable U.S. and global regulatory, statutory or governance requirements
- Reviewing and approving overall incentive compensation pools (including equity/cash mix)
- Reviewing and approving the design and terms of compensation awards, including recovery/clawback provisions

A Regional Remuneration Committee (the “Committee”) has been established to provide oversight for the design and operation of the Branch’s remuneration policies and system, including overseeing compliance of those policies with applicable remuneration guidelines.

In discharging its primary purpose, the Committee will uphold the interests of the Firm. In so doing, the Committee recognizes that the Firm’s Board CMDC defines the Firm’s compensation philosophy, and reviews and approves its overall incentive compensation pools.

Senior Management & Key Personnel

The Branch’s remuneration policies set out the definition for Senior Management and Key Personnel. According to the remuneration policies, Senior Management are defined as those who are responsible for oversight of the Branch’s firm-wide strategy or activities or those of the Branch’s material business lines. Individuals designated as Senior Management in the Branch include Chief Executive, Alternate Chief Executive, other senior executives as required under local regulations, Managers appointed under Section 72B of the Banking Ordinance, and Principally Responsible Person regime (including Chief Risk Officer and Head of Internal Audit). Key Personnel comprises of all other designated material risk takers.

IX. Disclosure on remuneration (continued)

Compensation philosophy

The Firm's compensation philosophy promotes a fair and well-governed long-term approach to compensation, including pay-for-performance practices that are designed to attract and retain talent from all backgrounds, to be responsive to and aligned with shareholders, to mitigate excessive risk-taking, and to encourage a culture that supports our Purpose, Values, Business Principles and strategic framework.

The Firm's compensation philosophy provides the guiding principles that drive compensation-related decisions. The key tenets of the Firm's compensation philosophy are:

- Paying for performance and aligning with shareholders' interests
- Encouraging a culture of shared success
- Attracting and retaining talent from all backgrounds
- Integrating risk management and compensation
- No special perquisites and non-performance based compensation
- Maintaining strong governance
- Transparency with shareholders

Link between Pay and Performance

The Firm uses a disciplined pay-for-performance framework to make decisions about compensation, so that compensation is commensurate with the overall performance of the Firm, the respective businesses, and individual performance.

In performance year 2025, in accordance with our compensation philosophy, the Firm uses a balanced and holistic approach to assess performance throughout the year against four broad performance dimensions:

- Business Results
- Client/Customer/Stakeholder
- Teamwork & Leadership
- Risk, Controls and Conduct

The Firm has specific expectations under each performance dimension which differ depending on the employee's level and/or role. Demonstrating the expected behaviors consistent with the Firm's Business Principles and Code of Conduct is an important factor in the performance development process and these expectations are generally incorporated into these standard expectations which are available to employees in the Firm's performance development system. Our Purpose and Business Principles and practices should form a significant part of the overall assessment of employees each year. Qualitative performance considerations such as risk, controls and conduct standards should be as expected for the role.

These performance dimensions appropriately consider short-, and medium-term priorities that drive sustained shareholder value, while accounting for risk, controls and conduct objectives. To promote a proper pay-for-performance alignment, the Firm does not assign relative weightings to these dimensions and also considers other relevant factors, including market practices. No single performance dimension in isolation determines total compensation; however, it is possible for a single significant shortcoming in any performance dimension to have a downward impact on variable compensation without limitation.

Remuneration for the Control Functions is determined by reference to independent objectives and the incentive compensation allocations for these groups are managed separately from the Line of Business (LOB) that the Control Functions cover.

IX. Disclosure on remuneration (continued)

Compensation Structure

The Firm's pay-for-performance framework focuses on Total Compensation — base salary and incentive compensation.

Base Salary: Many factors can influence an employee's base salary, such as the role, experience level, market pay levels, location of the job and available talent. Base salary can be all, or a significant part, of an employee's Total Compensation, depending on the LOB/Corporate Function and the employee's role.

Annual Incentive Compensation: The Firm's Annual Incentive Compensation Plan is a discretionary compensation program that aligns with the key tenets of the Firm's compensation philosophy. The plan serves to motivate and reward employees for delivering sustained results.

Incentive compensation is awarded in cash or a combination of cash and equity. Generally, as employees become more senior or the impact of their role increases, a greater portion of incentive compensation is awarded in equity.

Equity-based awards (i.e., deferred compensation) generally take the form of Restricted Stock Units ("RSUs") that vest over multiple years. Generally, 50% of the RSU portion of the award vests on the second anniversary of the grant date and 50% vests on the third anniversary of the grant date. The Firm believes equity-based awards are important to:

- Align employee compensation with creation of shareholder value
- Support the long-term safety and soundness of the Firm with provisions allowing for cancellation or clawback of awards when warranted

While the Firm expects incentive compensation to be paid and to vest according to terms, the Firm believes strong provisions that reward long-term, sustained value while permitting the recovery of incentive compensation (both cash and equity) under certain circumstances are important to managing the Firm's businesses.

Strong Accountability and Recovery Provisions

The Firm's compensation program is designed to hold employees accountable, when appropriate, for meaningful actions or issues that negatively impact business performance or the Firm's reputation in current or future years. Risk, controls and conduct issues are therefore carefully considered throughout the Firm's performance development and incentive compensation processes.

To hold individuals responsible for taking risks inconsistent with the Firm's risk appetite and to discourage future imprudent behaviour, the Firm has policies and procedures that enable it to take timely and proportionate actions, including:

- Reduce or altogether eliminate annual incentive compensation
- Cancel unvested awards (in full or in part)
- Clawback/Recover previously paid incentive compensation (cash and/or equity)
- Demotion, negative performance rating or other appropriate employment actions; and
- Termination of employment

The Firm has a framework in place that provides for recommended impacts to drive consistency. However, the precise actions the Firm takes with respect to accountable individuals, which may also include coaching and training, are based on the relevant circumstances, including the nature of their involvement, the magnitude of the event, the impact on the Firm and local laws.

IX. Disclosure on remuneration (continued)

Aggregate quantitative information on remuneration for senior management and key personnel for the year ended December 31, 2025 are as follows:

Remuneration amount and quantitative information		Senior Management	Key Personnel
Fixed remuneration	Number of employees	28	13
		US\$'000	US\$'000
	Total fixed remuneration	12,692	5,864
	Of which: cash-based	12,692	5,864
	Of which: deferred	—	—
	Of which: shares or other share-linked instruments	—	—
	Of which: deferred	—	—
	Of which: other forms	—	—
	Of which: deferred	—	—
Variable remuneration	Number of employees	28	12
		US\$'000	US\$'000
	Total variable remuneration	38,822	22,024
	Of which: cash-based	18,457	11,975
	Of which: deferred	—	—
	Of which: shares or other share-linked instruments	20,365	10,049
	Of which: deferred	20,365	10,049
	Of which: other forms	—	—
	Of which: deferred	—	—
Total remuneration		51,514	27,888

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount (US\$'000)	Number of employees	Total amount (US\$'000)	Number of employees	Total amount (US\$'000)
Senior management and Key personnel	—	—	—	—	—	—

IX. Disclosure on remuneration (continued)

Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Senior management	62,977	62,977	—	15,037	22,104
Cash	—	—	—	—	—
Shares	62,977	62,977	—	15,037	22,104
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
Key personnel	34,242	34,242	—	8,623	10,593
Cash	—	—	—	—	—
Shares	34,242	34,242	—	8,623	10,593
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
Total	97,219	97,219	—	23,660	32,697

Notes:

- (1) The amounts described above include remuneration in respect of senior management and key personnel (as defined in the CG-5 Guideline on a Sound Remuneration System issued by the HKMA). Definition of Senior Management and Key Personnel follows the description stated above.
- (2) Senior Management and Key Personnel may have responsibilities beyond Hong Kong and the Branch, as a result, do not perform services exclusively for the Branch.
- (3) The disclosure for Senior Management and Key Personnel has been combined in categories of “guaranteed bonus awarded”, sign-on awards made” and “severance payments awarded and/or made”. If the number of beneficiaries is less than 4, the number will be separately disclosed to HKMA for confidentiality purposes.
- (4) Total amount of outstanding deferred remuneration refers to the outstanding value as of December 31, 2025.
- (5) Total amount of amendment during the year due to ex post implicit adjustments considers the Firm’s stock price movement during the reporting period.

SECTION B: BANK INFORMATION (Consolidated Basis)

(in millions of US Dollars, except ratios)

The information set out below was based on the consolidated accounts of JPMorgan Chase & Co.

I. Capital and Capital Adequacy

	As at Dec 31, 2025	As at Jun 30, 2025
Capital adequacy ratio (Note 2)	17.3%	17.8%
Shareholders' funds	362,438	356,924

Note 2: The capital adequacy ratio of JPMorgan Chase & Co. is calculated based on the US Federal Reserve Board Risk-Based Capital guidelines, which comply with the Capital Accord of the Basel Committee on Banking Supervision ("Basel").

II. Other financial information

	As at Dec 31, 2025	As at Jun 30, 2025
Total assets	4,424,900	4,552,482
Total liabilities	4,062,462	4,195,558
Total loans and advances (net of allowance for loan losses)	1,467,664	1,387,039
Total customer deposits	2,559,320	2,562,380
	Year ended	Year ended
	Dec 31, 2025	Dec 31, 2024
Pre-tax profit	72,595	75,081

Remarks: The annual report of JPMorgan Chase & Co. published on April 6, 2026 has been used for disclosure purpose in this Section. (June 30, 2025: The quarterly earnings report of JPMorgan Chase & Co. published on July 15, 2025 has been used)

SECTION C: LIQUIDITY RISK MANAGEMENT

Liquidity Risk

Liquidity risk is the risk that JPMorgan Chase & Co. (“JPMC”), the Branch, will be unable to meet its contractual and contingent obligations or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity Risk Management

The Firm has a Liquidity Risk Management (“LRM”) function whose primary objective is to provide independent oversight of liquidity risk across the Firm. LRM is responsible for the independent assessment, measuring, monitoring, and control of liquidity risk across the firm. LRM’s responsibilities include, but are not limited to:

- Defining, monitoring and reporting liquidity risk metrics;
- Independently establishing and monitoring limits and indicators, including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing independent review of liquidity risk management processes to evaluate their adequacy and effectiveness;
- Monitoring and reporting internal firmwide and legal entity stress tests and regulatory defined metrics, as well as liquidity positions, balance sheet variances and funding activities; and
- Approving or escalating for review new or updated liquidity stress assumptions.

Risk Governance and Measurement

APAC Asset Liability Management (“ALM”) Risk team which reports into Head of International ALM Risk is responsible for the Liquidity Risk Management for APAC legal entities. Regional liquidity risk oversight in Asia Pacific is governed by the APAC Risk Committee chaired by the APAC Chief Risk Officer.

The Hong Kong Risk/Asset & Liability Committee (“RALCO”), co-chaired by the Senior Financial Officer (SFO) and Chief Risk Officer (CRO), is responsible for providing oversight of liquidity risk at legal entity level and ensuring appropriate governance, controls and limits are in place.

As governed by the Hong Kong RALCO Term of Reference, where required, matters will be escalated from Hong Kong RALCO to Hong Kong Branch Committee or Asia Pacific Capital and Liquidity Committee or Asia Pacific Risk Committee.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

Internal Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for the Branch under a variety of adverse scenarios. Results of stress tests are therefore considered in the formulation of the Branch's funding plan assessment of its liquidity position. Liquidity outflow assumptions are modeled across a range of time horizons and contemplate both market and idiosyncratic stress. Standard stress tests are performed on a regular basis and ad hoc stress tests are performed in response to specific market events or concerns.

Liquidity stress tests assume all of the Branch's contractual obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets;
- Estimated non-contractual and contingent outflows; and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and legal entities such as regulatory, legal, or other restrictions.

Contingency Funding Plan

The Firm's Contingency Funding Plan ("CFP") sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances that make up Liquidity Escalation Points. The CFP also identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities (including the Branch) in a period of stress. The Branch is an integral part of the firmwide CFP framework.

Treasury and Chief Investment Office ("CIO") maintains a country addendum to the firmwide CFP, which is reviewed and approved by the Hong Kong RALCO at least annually.

Liquidity Management

The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix and availability of liquidity sources.

In the context of the Firm's liquidity management, Treasury and CIO is responsible for:

- Analyzing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved limits and indicators, including liquidity risk appetite tolerances;

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

Liquidity Management (Continued)

- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting fund transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralized, global approach in order to:

- Optimize liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a firmwide and legal entity level, where relevant.

I. Liquidity Ratios

	3 month's average of Q4 2025	3 month's average of Q4 2024
Average liquidity maintenance ratio	61.09 %	63.84 %
Average core funding ratio	342.76 %	472.79 %

The Branch was designated as the category 2A institution by the Hong Kong Monetary Authority and thus required to comply with all the calculation and disclosure requirements related to Core Funding Ratio in accordance with the Banking (Liquidity) Rules effective from January 1, 2018.

The Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR") are computed in accordance with Section 97H of the Banking Ordinance. The average LMR and average CFR are the arithmetic mean of the average value for each calendar month of the reporting period in accordance with the Banking (Liquidity) Rules.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars)

II. Maturity Analysis

The table below analyses the Branch's on-and off-balance sheet into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

As at Dec 31, 2025	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets <i>(Note 3)</i>	280,413	911,564	752,511	700,620	318,291	50,197	5,560	171,696
Total Off-balance sheet claims	298	—	—	—	—	—	—	298
Total On-balance sheet liabilities <i>(Note 3)</i>	292,842	911,036	752,827	696,585	320,820	42,620	2,137	171,696
Total Off-balance sheet obligations	4,435	299	—	—	—	—	—	4,734
Contractual maturity mismatch	(16,566)	229	(316)	4,035	(2,529)	7,577	—	
Cumulative contractual maturity mismatch	(16,566)	(16,337)	(16,653)	(12,618)	(15,147)	(7,570)	—	

As at Dec 31, 2024	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets <i>(Note 3)</i>	277,399	720,393	746,606	877,787	301,546	25,605	5,405	209,156
Total Off-balance sheet claims	114	—	—	—	—	—	—	114
Total On-balance sheet liabilities <i>(Note 3)</i>	279,793	721,872	747,706	878,747	300,024	26,121	611	209,156
Total Off-balance sheet obligations	4,377	114	—	—	—	—	—	4,491
Contractual maturity mismatch	(6,657)	(1,593)	(1,100)	(960)	1,522	(516)	—	
Cumulative contractual maturity mismatch	(6,657)	(8,250)	(9,350)	(10,310)	(8,788)	(9,304)	—	

Note 3: Derivative contracts reported under the total column represents fair values not the cash flow as shown in each time bucket.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

III. Source of Funding

Significant funding instruments	As at Dec 31, 2025		As at Dec 31, 2024	
	Total amount	As % of total liabilities	Total amount	As % of total liabilities
Funding raised from banks	4,399	2.56 %	6,737	3.21 %
Funding raised from overseas offices of the institution	3,042	1.77 %	12,681	6.04 %
Deposits from customers	118,258	68.93 %	127,811	60.86 %

There was no concentration limits on collateral pools as of December 31, 2025 (December 31, 2024: Nil).

Remarks: The HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23) as at December 31, 2025 and December 31, 2024 have been used for disclosure purpose for Maturity Analysis. The source of funding was reported based on balance sheet information.