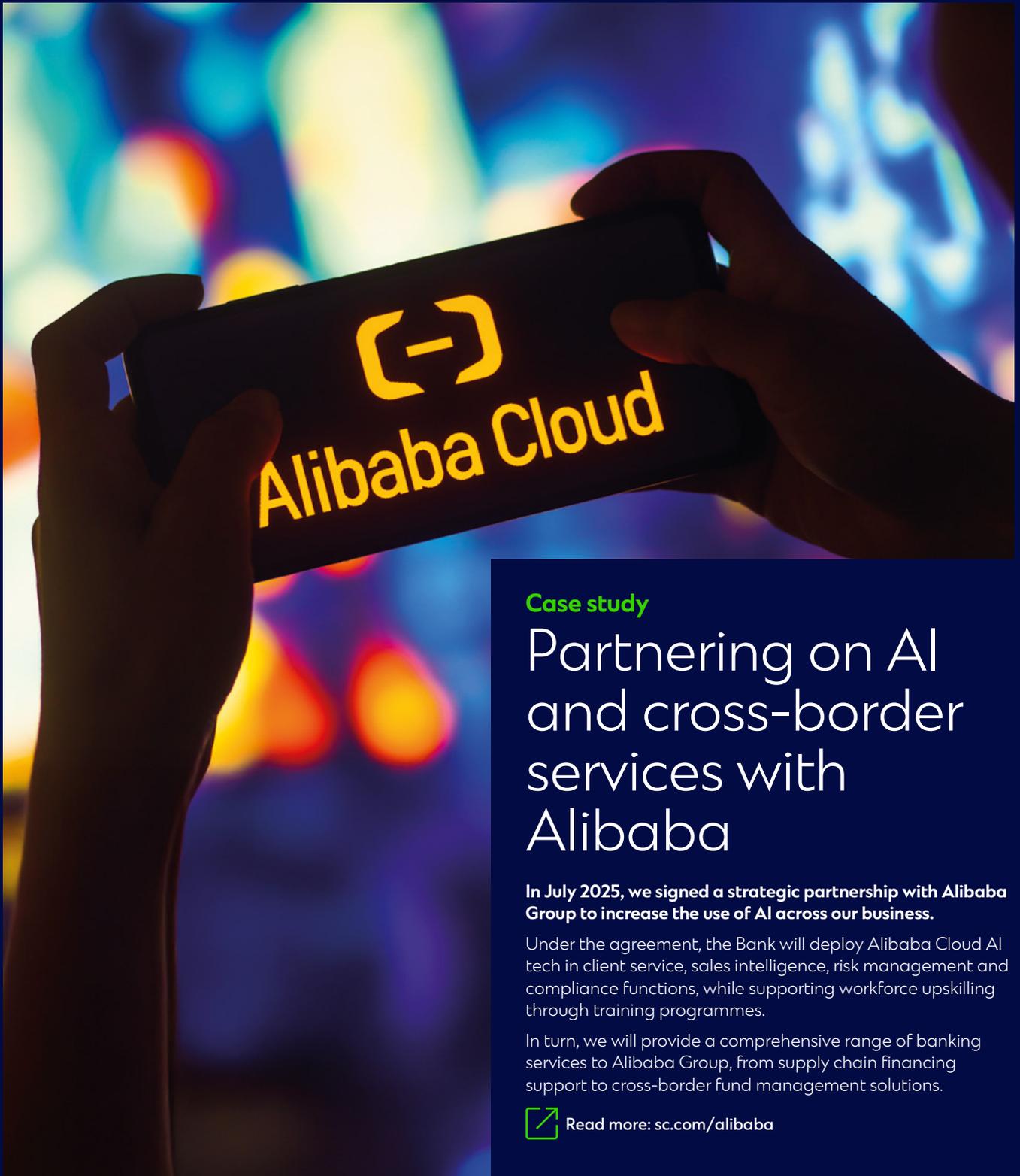


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### Case study

## Partnering on AI and cross-border services with Alibaba

**In July 2025, we signed a strategic partnership with Alibaba Group to increase the use of AI across our business.**

Under the agreement, the Bank will deploy Alibaba Cloud AI tech in client service, sales intelligence, risk management and compliance functions, while supporting workforce upskilling through training programmes.

In turn, we will provide a comprehensive range of banking services to Alibaba Group, from supply chain financing support to cross-border fund management solutions.



Read more: [sc.com/alibaba](https://sc.com/alibaba)

# Financial summary

## Statement of results

	2025 \$million	2024 \$million	Change <sup>1</sup> %
<b>Underlying performance</b>			
Operating income	20,894	19,696	6
Operating expenses	(12,347)	(11,790)	(5)
Credit impairment	(676)	(557)	(21)
Other impairment	(42)	(588)	93
Profit from associates and joint ventures	71	50	42
Profit before taxation	7,900	6,811	16
Profit attributable to ordinary shareholders <sup>2</sup>	5,360	4,276	25
Return on ordinary shareholders' tangible equity (%)	14.7	11.7	300bps
Cost-to-income ratio (%)	59.1	59.9	80bps
<b>Reported performance<sup>7</sup></b>			
Operating income	20,942	19,543	7
Operating expenses	(13,304)	(12,502)	(6)
Credit impairment	(672)	(547)	(23)
Goodwill & other impairment	(65)	(588)	89
Profit from associates and joint ventures	62	108	(43)
Profit before taxation	6,963	6,014	16
Taxation	(1,866)	(1,972)	5
Profit for the period	5,097	4,042	26
Profit attributable to parent company shareholders	5,085	4,050	26
Profit attributable to ordinary shareholders <sup>2</sup>	4,558	3,593	27
Return on ordinary shareholders' tangible equity (%)	11.9	9.7	220bps
Cost-to-income ratio (%)	63.5	64.0	50bps
Net interest margin (%) <sup>6,9</sup>	2.03	2.06	(3)bps
<b>Balance sheet and capital</b>			
Total assets	919,955	849,688	8
Total equity	54,586	51,284	6
Average tangible equity attributable to ordinary shareholders <sup>2</sup>	38,242	36,876	4
Loans and advances to customers	286,788	281,032	2
Customer accounts	530,161	464,489	14
Risk-weighted assets	258,031	247,065	4
Total capital	53,227	53,091	-
Total capital ratio (%)	20.6	21.5	(86)bps
Common Equity Tier 1	36,440	35,190	4
Common Equity Tier 1 ratio (%)	14.1	14.2	(12)bps
Advances-to-deposits ratio (%) <sup>3</sup>	51.4	53.3	(190)bps
Liquidity coverage ratio (%)	155.4	138.2	1720bps
UK leverage ratio (%)	4.7	4.8	(11)bps
	<b>Cents</b>	Cents	Change <sup>1</sup>
<b>Information per ordinary share<sup>8</sup></b>			
Earnings per share <sup>4</sup> – underlying	229.7	168.1	61.6
– reported	195.4	141.3	54.1
Net asset value per share <sup>5</sup>	2,007	1,781	226
Tangible net asset value per share <sup>5</sup>	1,730	1,541	189
Number of ordinary shares at period end (millions)	2,247	2,408	(7)

1 Variance is better/(worse) other than assets, liabilities and risk-weighted assets. Change is percentage points difference between two points rather than percentage change for total capital ratio (%), Common Equity Tier 1 ratio (%), net interest margin (%), advances-to-deposits ratio (%), liquidity coverage ratio (%), leverage ratio (%), cost-to-income ratio (%) and return on ordinary shareholders' tangible equity (%).

2 Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity.

3 When calculating this ratio, total loans and advances to customers excludes reverse repurchase agreements and other similar secured lending, excludes approved balances held with central banks, confirmed as repayable at the point of stress and includes loans and advances to customers held at fair value through profit and loss. Total customer accounts include customer accounts held at fair value through profit or loss.

4 Represents the underlying or reported earnings divided by the basic weighted average number of shares.

5 Calculated on period end net asset value, tangible net asset value and number of shares.

6 Net interest margin is calculated as adjusted net interest income divided by average interest-earning assets, annualised.

7 Reported performance/results within this annual report means amounts reported under UK-adopted International Accounting Standards and International Financial Reporting Standards.

8 Change is cents difference between the two periods for earnings per share, net asset value per share and tangible net asset value per share. Number of ordinary shares at period end is percentage difference between the two periods.

9 Net interest income has been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025 to reflect the reclassification of funding cost mismatches to non NII.

## Operating income by product

	2025 \$million	2024 <sup>1</sup> \$million	Change %	Constant currency change <sup>2</sup> %
Transaction Services	6,005	6,434	(7)	(7)
Payments & Liquidity	4,155	4,605	(10)	(10)
Securities & Prime Services	648	611	6	7
Trade & Working Capital	1,202	1,218	(1)	(1)
Global Banking	2,229	1,935	15	15
Lending & Financial Solutions	1,905	1,677	14	13
Capital Markets & Advisory	324	258	26	26
Global Markets	3,863	3,450	12	12
Macro Trading	3,116	2,852	9	9
Credit Trading	753	644	17	17
Valuation & Other Adj	(6)	(46)	87	87
Wealth Solutions	3,086	2,490	24	24
Investment Products	2,347	1,827	28	28
Bancassurance	739	663	11	12
Deposits & Mortgages	4,080	4,170	(2)	(2)
CCPL & Other Unsecured Lending	1,080	1,081	–	–
Ventures	415	183	127	125
Digital Banks	195	142	37	36
SCV	220	41	nm	nm
Treasury & Other	136	(47)	nm	nm
<b>Total underlying operating income</b>	<b>20,894</b>	<b>19,696</b>	<b>6</b>	<b>6</b>

<sup>1</sup> Products have been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025 with no change in total income.

<sup>2</sup> Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods.

The operating income by product commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2024 on a constant currency basis, unless otherwise stated. 2024 included items totalling \$295 million (2025: \$1 million loss) relating to gains on revaluation of FX positions in Egypt and a hyperinflationary accounting adjustment in Ghana (the notable items).

**Transaction Services** income decreased 7 per cent as growth in Securities & Prime Services was more than offset by lower Payments & Liquidity and Trade & Working Capital income. Payments & Liquidity income decreased 10 per cent, driven by the impact of lower interest rates and margin compression, albeit passthrough rates continued to be tightly managed and there was strong growth in balances. Securities & Prime Services income grew 7 per cent due to higher fee from increase in custody balances. Trade & Working Capital income was down 1 per cent as growth in fees was offset by lower average volumes and margin compression.

**Global Banking** income increased 15 per cent as Lending & Financial Solutions grew 13 per cent from strong pipeline execution which led to higher origination and distribution volumes and increased carry income. Capital Market & Advisory income was up 26 per cent on the back of increased bond fees and Mergers & Acquisitions transactions.

**Global Markets** income increased 12 per cent driven by continued strong growth in flow income which grew 15 per cent primarily from Financial Institutions clients and increased Rates and Credit trading volumes. Episodic income grew 3 per cent from higher macro trading income.

**Wealth Solutions** income was up 24 per cent, driven by a 28 per cent increase in Investment Products income and 12 per cent increase in Bancassurance. This was driven by continued momentum in affluent new-to-bank onboarding, with 275,000 clients onboarded in 2025, and \$52 billion of affluent net new money, equivalent to 14 per cent growth of assets under management.

**Deposits & Mortgages** income decreased 2 per cent. The benefit from higher deposit volumes and proactive pricing actions was more than offset by the impact of lower interest rates, while Mortgages income increased year-on-year supported by margin expansion from lower funding cost and higher volumes in a few select markets.

**CCPL & Other Unsecured Lending** income remained flat as an increase in margins was partly offset by lower volumes resulting from portfolio optimisation actions.

**Ventures** income more than doubled year-on-year. Digital Banks income was up \$53 million driven by higher Deposit volumes and fee income as they continue to grow their customer base. SCV income was up \$179 million mainly from a \$238 million gain from the Solv India transaction (see page 340).

**Treasury & other** performance improved by \$183 million as the benefit in Treasury from the repricing of longer dated assets was partly offset by the non-repeat of the notable items.

## Profit before tax by client segment

	2025 \$million	2024 <sup>1</sup> \$million	Change %	Constant currency change <sup>2</sup> %
Corporate & Investment Banking <sup>1</sup>	5,875	5,431	8	9
Wealth & Retail Banking <sup>1</sup>	2,883	2,537	14	14
Ventures	(167)	(385)	57	57
Central & other items <sup>1</sup>	(691)	(772)	10	14
<b>Underlying profit before taxation</b>	<b>7,900</b>	<b>6,811</b>	<b>16</b>	<b>18</b>

1 Underlying profit before taxation has been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025 to reflect the reallocation of Treasury income and certain costs across segments.

2 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods.

The client segment commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2024 on a constant currency basis, unless otherwise stated. 2024 included items totalling \$295 million (2025: \$1 million loss) relating to gains on revaluation of FX positions in Egypt and a hyperinflationary accounting adjustment in Ghana (the notable items).

**Corporate & Investment Banking (CIB)** profit before taxation increased 9 per cent. Income grew 4 per cent with a record performance in Global Markets and strong double-digit growth in Global Banking partly offset by lower Transaction Services. Expenses were 2 per cent higher, mainly from investments in business initiatives, while credit impairment was a net charge of \$4 million compared to a \$120 million net release in 2024. The other impairment decreased by \$284 million year-on-year due to non-repeat of software asset write-offs.

**Wealth & Retail Banking (WRB)** profit before taxation increased 14 per cent. Income grew by 6 per cent, driven by a record performance in Wealth Solutions. Expenses increased 5 per cent, mainly from increased investment spend on business

initiatives including strategic hiring of relationship managers. The credit impairment charge of \$595 million was down \$28 million from portfolio optimisation actions across in unsecured lending portfolios. The other impairment charge decreased \$108 million compared to 2024 due to non-repeat of software asset write-offs.

**Ventures** loss before tax decreased by \$218 million to \$167 million mainly from higher income of \$232 million. Digital Banks income increased by \$53 million driven by continued growth in customers and volumes, while SCV income increased by \$179 million supported by a \$238 million gain from the Solv India transaction. Expenses remained flat as costs were well controlled, while the \$59 million credit impairment charge was down \$14 million year-on-year as delinquency rates have improved in Mox.

**Central & other items (C&O)** loss before tax improved by \$81 million year-on-year. Treasury benefited from the repricing of longer dated assets; this was in part offset by the non-repeat of the notable items. Other impairments were lower by \$159 million reflecting non-repeat of prior year software asset write-offs.

## Adjusted net interest income and margin

	2025 \$million	2024 \$million	Change <sup>1</sup> %
Adjusted net interest income <sup>2</sup>	11,184	11,112	1
Average interest-earning assets	550,930	539,338	2
Average interest-bearing liabilities	581,911	539,787	8
Gross yield (%) <sup>3</sup>	4.60	5.29	(69)
Rate paid (%) <sup>3</sup>	2.43	3.22	79
Net yield (%) <sup>3</sup>	2.17	2.07	10
Net interest margin (%) <sup>3,4</sup>	2.03	2.06	(3)

1 Variance is better/(worse), other than assets and liabilities which is increase/(decrease).

2 Adjusted net interest income has been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025 to reflect the reclassification of funding cost mismatches to non-NII. Adjusted net interest income is reported net interest income less trading book funding cost, Treasury currency management activities, cash collateral and prime services.

3 Change is the basis points (bps) difference between the two periods rather than the percentage change. Net interest margin has been re-presented due to the revision to Adjusted net interest income as outlined in footnote 2.

4 Adjusted net interest income divided by average interest-earning assets, annualised.

Adjusted net interest income was up 1 per cent compared to 2024 as the benefit from higher volumes and improved balance sheet mix was partly offset by the impact of lower rates and margins. Net interest margin was 3 basis points lower as the impact of falling rates and margin compression was partially offset by better asset and deposit mix.

Average interest-earning assets were up 2 per cent compared to 2024 driven by growth in Global Banking, Mortgages and Wealth Lending partially offset by reduction in Treasury assets and Trade and Working Capital. Gross yields decreased 69 basis points compared to the prior year due to the fall in benchmark interest rates. Average interest-bearing liabilities increased 8 per cent on the prior year from strong growth in customer accounts, primarily in WRB Term and CASA deposits. The rate paid on liabilities decreased 79 basis points compared with the average in the prior year, reflecting the impact of interest rate movements and improved liability mix.

## Credit risk summary

### Income Statement (Underlying view)

	2025 \$million	2024 \$million	Change <sup>1</sup> %
Total credit impairment charge <sup>2</sup>	676	557	21
Of which stage 1 and 2 <sup>2</sup>	296	371	(20)
Of which stage 3 <sup>2</sup>	380	186	104

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period.

2 Refer to Credit Impairment charge table in the Risk review on page 254 for reconciliation from underlying to reported credit impairment.

### Balance sheet

	2025 \$million	2024 \$million	Change <sup>1</sup> %
<b>Gross loans and advances to customers<sup>2</sup></b>	<b>290,849</b>	285,936	2
Of which stage 1	275,062	269,102	2
Of which stage 2	9,823	10,631	(8)
Of which stage 3	5,964	6,203	(4)
<b>Expected credit loss provisions</b>	<b>(4,061)</b>	(4,904)	(17)
Of which stage 1	(528)	(483)	9
Of which stage 2	(446)	(473)	(6)
Of which stage 3	(3,087)	(3,948)	(22)
<b>Net loans and advances to customers</b>	<b>286,788</b>	281,032	2
Of which stage 1	274,534	268,619	2
Of which stage 2	9,377	10,158	(8)
Of which stage 3	2,877	2,255	28
Cover ratio of stage 3 before/after collateral (%) <sup>3</sup>	52 / 68	64 / 78	(12) / (10)
Credit grade 12 accounts (\$million)	1,111	969	15
Early alerts (\$million) <sup>5</sup>	4,303	5,559	(23)
Investment grade corporate exposures (%) <sup>3</sup>	74	74	–
Aggregate top 20 corporate exposures as a percentage of Tier 1 capital <sup>3,4</sup>	64	61	3

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period.

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$8,242 million (31 December 2024: \$9,660 million).

3 Change is the percentage points difference between the two points rather than the percentage change.

4 Excludes repurchase and reverse repurchase agreements.

5 Includes non-purely precautionary early alert balances.

## Financial summary

Asset quality remained resilient during the year, with an improvement in a number of underlying credit metrics. The Group continues to actively manage the credit portfolio while remaining alert to a volatile and challenging external environment including increased geopolitical tensions and evolving policy changes which may lead to idiosyncratic stress in a select number of geographies and industry sectors.

The credit impairment charge of \$676 million was up \$119 million year-on-year, of which \$95 million relates to debt securities which were a net release of \$57 million in 2024 and a charge of \$38 million in 2025. The loan loss rate of 19 basis points, which by definition excludes debt securities, remained flat year-on-year.

WRB charges of \$595 million were \$28 million lower reflecting the impact of portfolio optimisation actions. The \$59 million charge in Ventures was down \$14 million year-on-year as delinquency rates improved in Mox following a change in underlying credit criteria. There was net charge in CIB of \$4 million, with a non-repeat of prior year net releases. During the year the non-linearity impact increased by \$70 million to \$113 million. This reflects an increased probability weighting of the two downside scenarios from 32 per cent as at 31 December 2024 to 41 per cent while the base forecast probability weighting reduced from 68 per cent as at 31 December 2024 to 59 per cent as at 31 December 2025. The Group retains a China commercial real estate (CRE)

management overlay of \$36 million and a \$47 million overlay for clients who have exposure to the Hong Kong CRE sector. During 2025 the CRE overlays reduced by \$11 million for Hong Kong and \$34 million for China primarily driven by exposure movements and repayments.

Gross stage 3 loans and advances to customers of \$6 billion were 4 per cent lower year-on-year as repayments, client upgrades and write-offs more than offset new inflows. Credit-impaired loans represented 2.1 per cent of gross loans and advances, down from 2.2 per cent in the prior year. The stage 3 cover ratio before collateral of 52 per cent decreased by 12 percentage points mainly due to restructuring and lower provisions on inflows as they are covered by credit mitigants. The cover ratio post collateral at 68 per cent decreased 10 percentage points as some of the stage 3 inflows are now being covered by guarantees and credit insurance which are not classified as tangible collateral.

Early alert exposures at \$4.3 billion reduced by \$1.3 billion year-on-year primarily from migrations into credit grade 12, while credit grade 12 balances remained around \$1 billion as new inflows were largely offset by sovereign client upgrades.

The proportion of investment grade corporate exposures of 74 per cent was broadly stable year-on-year.

### Restructuring, FFG, DVA and Other items

	2025					2024				
	Restructuring \$million	FFG \$million	DVA \$million	Net loss on businesses disposed of/ held for sale \$million	Other items \$million	Restructuring <sup>1</sup> \$million	FFG <sup>1</sup> \$million	DVA \$million	Net loss on businesses disposed of/ held for sale <sup>2</sup> \$million	Other items <sup>3</sup> \$million
Operating income	(24)	-	(31)	(10)	113	103	-	(24)	(232)	-
Operating expenses	(289)	(510)	-	-	(158)	(456)	(156)	-	-	(100)
Credit impairment	4	-	-	-	-	10	-	-	-	-
Other impairment	(2)	(21)	-	-	-	-	-	-	-	-
Profit from associates and joint ventures	(9)	-	-	-	-	58	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>(320)</b>	<b>(531)</b>	<b>(31)</b>	<b>(10)</b>	<b>(45)</b>	<b>(285)</b>	<b>(156)</b>	<b>(24)</b>	<b>(232)</b>	<b>(100)</b>

1 FFG (Fit for Growth) charge previously reported within Restructuring has been re-presented as a separate item.

2 Net loss on businesses disposed of/ held for sale 2024 includes \$172 million primarily relating to recycling of FX translation losses from reserves into P&L on the sale of Zimbabwe, \$26 million loss on sale of Angola, \$19 million loss on Sierra Leone and \$15 million loss on the Aviation business disposal.

3 Other items 2024 include \$100 million charge relating to Korea equity-linked securities (ELS) portfolio.

The Group's reported performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by-period.

Restructuring charges of \$320 million, reflect the impact of actions to transform the organisation to improve productivity, primarily additional redundancy charges, simplifying technology platforms and business exits.

During 2025 charges related to the Fit for Growth programme totalled \$531 million. Movements in the Debit Valuation Adjustment (DVA) were a negative \$31 million driven by the tightening of the Group's asset swap spreads.

Other items charge of \$45 million reflect mainly a \$113 million gains on the sale of property, charges booked for the participation in a compensation scheme recommended by the Korean Financial Supervisory Service and the settlement of a legal case relating to section 90A of the UK Financial Service Market Act.

## Balance sheet and liquidity

	2025 \$million	2024 \$million	Increase/ (Decrease) \$million	Increase/ (Decrease) %
<b>Assets</b>				
Loans and advances to banks	43,901	43,593	308	1
Loans and advances to customers	286,788	281,032	5,756	2
Other assets	589,266	525,063	64,203	12
<b>Total assets</b>	<b>919,955</b>	<b>849,688</b>	<b>70,267</b>	<b>8</b>
<b>Liabilities</b>				
Deposits by banks	30,846	25,400	5,446	21
Customer accounts	530,161	464,489	65,672	14
Other liabilities	304,362	308,515	(4,153)	(1)
<b>Total liabilities</b>	<b>865,369</b>	<b>798,404</b>	<b>66,965</b>	<b>8</b>
<b>Equity</b>	<b>54,586</b>	<b>51,284</b>	<b>3,302</b>	<b>6</b>
<b>Total equity and liabilities</b>	<b>919,955</b>	<b>849,688</b>	<b>70,267</b>	<b>8</b>
<b>Advances-to-deposits ratio (%)<sup>1</sup></b>	<b>51.4</b>	<b>53.3</b>		
<b>Liquidity coverage ratio (%)</b>	<b>155</b>	<b>138</b>		

<sup>1</sup> The Group excludes \$8,474 million held with central banks (31 December 2024: \$19,187 million) that has been confirmed as repayable at the point of stress. Advances exclude repurchase agreement and other similar secured lending of \$8,243 million (31 December 2024: \$9,660 million) and include loans and advances to customers held at fair value through profit or loss of \$12,355 million (31 December 2024: \$7,084 million). Deposits include customer accounts held at fair value through profit or loss of \$19,414 million (31 December 2024: \$21,772 million).

## Financial summary

The Group's balance sheet remains strong, liquid and well diversified:

Loans and advances (L&A) to customers increased 2 per cent, or \$6 billion, to \$287 billion as at 31 December 2025. Excluding a \$7 billion increase from currency translation and the \$14 billion reduction in Treasury and securities backed loans held to collect, the underlying growth was \$13 billion or 5 per cent. The underlying growth is primarily driven by Global Banking in CIB and Wealth Lending and Mortgages in WRB.

Customer accounts of \$530 billion increased by \$66 billion or 14 per cent. Excluding a \$8 billion increase from currency translation, customer accounts increased by \$58 billion, or 12 per cent. This was primarily driven by a \$31 billion increase in WRB term and CASA deposits from targeted campaigns and a focus on attracting new to bank affluent clients and net new money. There was also a \$13 billion increase in Transaction Services from CASA inflows and a \$7 billion increase in corporate term deposits from Treasury management activities. Deposit from banks increased by 21 per cent reflecting balance sheet management activities across a number of markets.

Other assets increased by \$64 billion from 31 December 2024, with a \$14 billion increase in cash and balances with central banks, a \$22 billion increase in investment securities primarily debt securities, a \$22 billion increase in non-financial assets mainly an increase in precious metals inventory and price, and a \$18 billion increase in financial assets held at fair value through profit or loss. The increases were partly offset by a \$16 billion reduction in derivative financial instruments.

Other liabilities decreased 1 per cent or \$4 billion from 31 December 2024, with a \$14 billion decrease in derivative balances partly offset by an increase of \$4 billion in financial liabilities held at fair value through profit and loss and a \$8 billion increase in debt securities in issue.

The advances-to-deposits ratio dropped around 2 percentage points year-on-year to 51.4 per cent. The point-in-time LCR of 155 per cent increased 17 percentage points year-on-year due to balance sheet growth and ongoing Treasury liquidity management actions. It remains well above the minimum regulatory requirement of 100 per cent.

### Risk-weighted assets

	2025 \$million	2024 <sup>1</sup> \$million	Change <sup>1</sup> \$million	Change <sup>1</sup> %
<b>By risk type</b>				
Credit risk	192,145	189,303	2,842	2
Operational risk	35,223	29,479	5,744	19
Market risk	30,663	28,283	2,380	8
<b>Total RWAs</b>	<b>258,031</b>	<b>247,065</b>	<b>10,966</b>	<b>4</b>

<sup>1</sup> Variance is increase/(decrease) comparing current reporting period to prior reporting periods.

Total risk-weighted assets (RWA) of \$258 billion increased \$11 billion or 4 per cent in comparison to 31 December 2024.

Credit risk RWA increased by \$2.8 billion to \$192.1 billion. This was driven by an increase of \$6.4 billion in asset growth, quality and mix, a \$1.0 billion increase in derivatives and a \$3.9 billion increases from foreign currency translation. The increase was partly offset by a decrease of \$7.4 billion from optimisation actions and \$1.1 billion reduction from model changes.

Operational risk RWA increased by \$5.7 billion to \$35.2 billion driven by an increase in average income as measured over a rolling three-year time horizon. 2025 includes a \$3.1 billion increases relating to average income for the years 2022 to 2024 and a \$2.6 billion increase relating to the average income for the years 2023 to 2025 as the Group is now performing the annual operational risk RWA computation in the fourth quarter of the current year rather than the first quarter of the following year.

Market risk RWA increased by \$2.4 billion to \$30.7 billion driven mainly by increase in specific interest rate risk from higher credit trading.

## Capital base and ratios

	2025 \$million	2024 \$million	Change <sup>1</sup> \$million	Change <sup>1</sup> %
CET1 capital	36,440	35,190	1,250	4
Additional Tier 1 capital (AT1)	7,509	6,482	1,027	16
<b>Tier 1 capital</b>	<b>43,949</b>	41,672	2,277	5
Tier 2 capital	9,278	11,419	(2,141)	(19)
<b>Total capital</b>	<b>53,227</b>	53,091	136	–
CET1 capital ratio (%) <sup>2</sup>	14.1	14.2		(12)
<b>Total capital ratio (%)<sup>2</sup></b>	<b>20.6</b>	21.5		(86)
<b>Leverage ratio (%)<sup>2</sup></b>	<b>4.7</b>	4.8		(11)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods.

2 Change is percentage points difference between two points rather than percentage change.

The Group's CET1 ratio of 14.1 per cent was 12 basis points lower year-on-year and is 3.9 percentage points above the Group's latest regulatory minimum requirement. The Group's Pillar 2A reduced in 2025 post a supervisory review resulting in a 22-basis points reduction in the Group's CET1 requirement.

There was 206 basis points of CET1 accretion from underlying profits, and a further 19 basis points uplift primarily from fair value gains on other comprehensive income, FX, software intangibles and regulatory capital adjustments. This was partly offset by 46 basis points drop from an increase in RWAs.

The Group completed the \$1.5 billion share buyback programme announced with the full year 2024 results on 30<sup>th</sup> July 2025, purchasing 98.2 million shares. The Group subsequently announced a \$1.3 billion share buyback programme on 31 July 2025 concurrently with the half year 2025 results, and as of 31 December 2025, the Group had spent \$1.1 billion purchasing 53.1 million ordinary shares. Whilst the \$1.3 billion share buyback was completed on 26 January 2026 purchasing 62.2 million shares, the entire \$1.3 billion is deducted from CET1 in the reporting period. The 2025 share buybacks reduced the CET1 ratio by 113 basis points.

The Board has recommended a final dividend of 49 cents per share or \$1,092 million resulting in a total 2025 ordinary dividend of 61 cents a share or \$1.38 billion. This, combined with the payments due to AT1 and preference shareholders cost approximately 78 basis points.

The Board has announced a share buyback for up to a maximum consideration of \$1.5 billion to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The terms of the buyback will be published, and the programme will start shortly and is expected to reduce the Group's CET1 ratio in the first quarter of 2026 by 58 basis points.

The Group's UK leverage ratio of 4.7 per cent remains significantly above its minimum requirement of 3.7 per cent.

# Underlying versus reported results reconciliations

Reconciliations between underlying and reported results are set out in the tables below:

## Operating income by client segment

Reconciliation of underlying versus reported operating income by client segment set out in note 2 Segmental information on page 336.

## Net interest income and Non NII

	2025				2024			
	Underlying \$million	Restructuring \$million	Adjustment for Trading book funding cost and Others \$million	Reported \$million	Underlying <sup>1</sup> \$million	Restructuring \$million	Adjustment for Trading book funding cost and Others <sup>1</sup> \$million	Reported \$million
Net interest income	11,185	(1)	(5,229)	5,955	11,096	16	(4,746)	6,366
Non NII	9,709	49	5,229	14,987	8,600	(169)	4,746	13,177
<b>Total income</b>	<b>20,894</b>	<b>48</b>	<b>-</b>	<b>20,942</b>	<b>19,696</b>	<b>(153)</b>	<b>-</b>	<b>19,543</b>

1 Underlying net interest income has been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025 to reflect the reclassification of funding cost mismatches to Underlying Non NII.

## Profit before taxation (PBT)

Reconciliation of underlying versus reported Profit/(loss) before taxation is set out in note 2 Segmental information on page 335.

## Profit before taxation (PBT) by client segment

Reconciliation of underlying versus reported Profit/(loss) before taxation by client segment set out in note 2 Segmental information on page 336.

## Return on tangible equity (RoTE)

	2025 \$million	2024 \$million
Average parent company shareholders' equity	45,755	44,478
Less: Average preference share capital and share premium	(1,494)	(1,494)
Less: Average intangible assets	(6,019)	(6,108)
<b>Average ordinary shareholders' tangible equity</b>	<b>38,242</b>	<b>36,876</b>
<b>Profit for the year attributable to equity holders</b>	<b>5,097</b>	<b>4,042</b>
Non-controlling interests	(12)	8
Dividend payable on preference shares and AT1 classified as equity	(527)	(457)
<b>Profit for the year attributable to ordinary shareholders</b>	<b>4,558</b>	<b>3,593</b>
<b>Items normalised<sup>1</sup>:</b>		
Restructuring	320	285
FFG	531	156
DVA	31	24
Ventures FVOCI unrealised gains net of tax	269	39
Net loss on sale of businesses	10	232
Other items	45	100
Tax on normalised items	(135)	(114)
<b>Underlying profit for the year attributable to ordinary shareholders</b>	<b>5,629</b>	<b>4,315</b>
<b>Underlying Return on Tangible Equity (%)</b>	<b>14.7</b>	<b>11.7</b>
<b>Reported Return on Tangible Equity (%)</b>	<b>11.9</b>	<b>9.7</b>

1 Refer to note 2 Segmental information on page 335.

	2025					2024				
	Corporate & Investment Banking %	Wealth & Retail Banking %	Ventures %	Central & other items %	Total %	Corporate & Investment Banking %	Wealth & Retail Banking %	Ventures %	Central & other items %	Total %
Underlying RoTE	15.8	25.5	nm	(17.3)	14.7	14.9	20.7	nm	(15.7)	11.7
Restructuring <sup>1</sup>										
Of which: Income	(0.1)	-	-	(0.3)	(0.1)	0.3	0.3	-	0.3	0.3
Of which: Expenses	(1.8)	(5.4)	nm	(0.9)	(2.5)	(1.5)	(2.8)	nm	(0.4)	(1.7)
Of which: Credit impairment	-	-	-	0.1	-	-	-	-	-	-
Of which: Other impairment	-	(0.1)	-	(0.3)	(0.1)	-	-	-	(0.2)	-
Of which: Profit from associates and joint ventures	-	-	-	-	-	0.2	-	nm	-	0.2
DVA <sup>1</sup>	(0.1)	-	-	-	(0.1)	(0.1)	-	-	-	(0.1)
Net gain/(loss) on businesses disposed/held for sale <sup>1</sup>	-	-	-	(0.3)	-	-	-	-	(5.4)	(0.6)
Other items <sup>1</sup>	-	-	-	3.1	0.3	-	(1.2)	-	-	(0.3)
Ventures FVOCI Unrealised gains/(losses)	-	-	nm	-	(0.7)	-	-	nm	-	(0.1)
Tax on normalised items	0.3	0.9	nm	(0.6)	0.4	0.3	0.8	nm	0.1	0.3
<b>Reported RoTE</b>	<b>14.1</b>	<b>20.9</b>	<b>nm</b>	<b>(16.5)</b>	<b>11.9</b>	<b>14.1</b>	<b>17.8</b>	<b>nm</b>	<b>(21.3)</b>	<b>9.7</b>

<sup>1</sup> Refer to note 2 Segmental information on page 336.

## Net charge-off ratio

	2025			2024		
	Credit impairment (charge)/ release for the year/ period \$million	Net average exposure \$million	Net Charge-off Ratio %	Credit impairment (charge)/ release for the year/ period \$million	Net average exposure \$million	Net Charge-off Ratio %
Stage 1	41	314,590	(0.01)	22	314,092	(0.01)
Stage 2	(310)	11,871	2.61	(368)	10,176	3.62
Stage 3	(383)	2,266	16.90	(244)	2,550	9.57
<b>Total exposure</b>	<b>(652)</b>	<b>328,727</b>	<b>0.20</b>	<b>(590)</b>	<b>326,818</b>	<b>0.18</b>

## Underlying versus reported results reconciliations

### Earnings per ordinary share (EPS)

	2025							Reported \$ million
	Underlying \$ million	Restructuring <sup>1</sup> \$ million	FFG <sup>1</sup> \$ million	DVA <sup>1</sup> \$ million	Net loss on sale of businesses <sup>1</sup> \$ million	Other items <sup>1</sup> \$ million	Tax on normalised items \$ million	
Profit/(loss) for the year attributable to ordinary shareholders	5,360	(320)	(531)	(31)	(10)	(45)	135	4,558
Basic – Weighted average number of shares (millions)	2,333							2,333
Basic earnings per ordinary share (cents)	229.7							195.4
	2024							
	Underlying \$ million	Restructuring <sup>1</sup> \$ million	FFG <sup>1</sup> \$ million	DVA <sup>1</sup> \$ million	Net loss on sale of businesses <sup>1</sup> \$ million	Other items <sup>1</sup> \$ million	Tax on normalised items \$ million	Reported \$ million
Profit/(loss) for the year attributable to ordinary shareholders	4,276	(285)	(156)	(24)	(232)	(100)	114	3,593
Basic – Weighted average number of shares (millions)	2,543							2,543
Basic earnings per ordinary share (cents)	168.1							141.3

1 Refer to note 2 Segmental information on page 336.

# Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The following are key alternative performance measures used by the Group to assess financial performance and financial position.

**Advances-to-deposits/customer advances-to-deposits**

**(ADR) ratio:** The ratio of total loans and advances to customers relative to total customer accounts, excluding approved balances held with central banks, confirmed as repayable at the point of stress. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers.

**Average interest earning balance:** Daily average of the interest earning assets and interest-bearing liabilities balances excluding the daily average cash collateral balances in other assets and other liabilities that are related to the Global Markets trading book.

**Constant currency basis:** A performance measure on a constant currency basis is presented such that comparative periods are adjusted for the current year's functional currency rate. The following balances are presented on a constant currency basis when described as such: 1. Operating income, 2. Operating expenses, 3. Profit before tax and 4. RWAs or risk-weighted assets.

**Cost-to-income ratio (CIR):** The proportion of total operating expenses to total operating income.

**Cover ratio:** The ratio of impairment provisions for each stage to the gross loan exposure for each stage.

**Cover ratio after collateral/cover ratio including collateral:** The ratio of impairment provisions for stage 3 loans and realisable value of collateral held against these non-performing loan exposures to the gross loan exposure of stage 3 loans.

**Gross yield:** Reported interest income divided by average interest earning assets.

**Income return on risk weighted assets (IRoRWA):** Annualised Income excluding Debit Valuation Adjustment as a percentage of Average RWA.

**Jaws:** The difference between the rates of change in revenue and operating expenses. Positive jaws occurs when the percentage change in revenue is higher than, or less negative than, the corresponding rate for operating expenses.

**Loan loss rate:** Credit Impairment Profit & Loss on Loans & Advances to Banks & Customers over Gross Average Loans and Advances to Banks and Customers excluding FVTPL loans.

**Net charge-off ratio:** The ratio of net credit impairment charge or release to average outstanding net loans and advances.

**Net tangible asset value per share:** Ratio of net tangible assets (total tangible assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.

**Net yield:** Gross yield on average assets less rate paid on average liabilities.

**NIM or Net interest margin:** Reported net interest income adjusted for trading book funding cost, cash collateral and prime services on interest earning assets, divided by average interest-earning assets excluding financial assets measured at fair value through profit or loss.

**Non NII:** Reported Non NII is a sum of net fees and commission, net trading income and other operating income

**Rate paid:** Reported interest expense adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest-bearing liabilities.

**RoTE or Return on ordinary shareholders' tangible equity:**

The ratio of the current year's profit available for distribution to ordinary shareholders to the average tangible equity, being ordinary shareholders' equity less the average intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods.

**TSR or Total shareholder return:** The total return of the Group's equity (share price growth and dividends) to investors.

**Underlying net interest income:** Reported net interest income normalised to an underlying basis adjusted for trading book funding cost, treasury currency management activities, and financial guarantee fees on interest earning assets. In prior periods, underlying net interest income included treasury currency management activities.

**Underlying/Normalised:** A performance measure is described as underlying/normalised if the statutory result has been adjusted for restructuring and other items representing profits or losses of a capital nature; DVA; amounts consequent to investment transactions driven by strategic intent, excluding amounts consequent to Ventures transactions, as these are considered part of the Group's ordinary course of business; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period, and items which management and investors would ordinarily identify separately when assessing performance period-by-period. Restructuring includes impacts to profit or loss from businesses that have been disclosed as no longer part of the Group's ongoing business, redundancy costs, costs of closure or relocation of business locations, impairments of assets and other costs which are not related to the Group's ongoing business. Restructuring in this context is not the same as a restructuring provision as defined in IAS 37.

A reconciliation between underlying/normalised and statutory performance is contained in Note 2 to the financial statements. The following balances and measures are presented on an underlying basis when described as such: 1. Operating income, 2. Operating expenses, 3. Profit before tax and 4. Earnings per share (basic and diluted) 5. CIR 6. Jaws and 7. RoTE.

**Underlying Non NII:** Reported Non NII normalised to an underlying basis adjusted for trading book funding cost, treasury currency management activities, and financial guarantee fees on interest earning assets. In prior periods, Underlying Non NII did not include treasury currency management activities.

**Underlying RoTE:** The ratio of the current year's underlying profit attributable to ordinary shareholders plus fair value on OCI equity movement relating to Ventures segment to the weighted average tangible equity, being ordinary shareholders' equity less the intangible assets for the reporting period.