

Group Chief Financial Officer's review



We delivered strong performance in 2025 reflecting sustained successful execution of our cross-border and affluent banking strategy which helped our clients navigate an uncertain external environment. The continued strategic focus on areas of our distinctive competitive advantage helped us deliver an underlying return on tangible equity of 14.7 per cent in 2025, surpassing our 13 per cent underlying return on tangible equity target a year earlier than planned.

Pete Burrill
Interim Group Chief Financial Officer

Summary of financial performance

All 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).

Our operating income grew by 6 per cent to \$20.9 billion or 8 per cent excluding the notable items, driven by record performance in Wealth Solutions and Global Markets and strong double-digit growth in Global Banking. Operating expenses grew by 4 per cent, disciplined cost management enabled us to generate positive income-to-cost jaws of 2 per cent, or 4 per cent excluding the impact of notable items. Credit impairment charges were \$676 million, equivalent to an annualised loan-loss rate of 19 basis points, with asset quality remaining resilient in the face of a volatile global environment. Underlying profit before tax of \$7.9 billion was up 18 per cent, and underlying earnings per share of 229.7 cents, increased 37 per cent benefitting from a reduction in share count as well as the increase in profitability.

The Group remains well capitalised and highly liquid with a strong and diverse deposit base. The liquidity coverage ratio of 155 per cent reflects disciplined asset and liability management. The Common Equity Tier 1 (CET1) ratio of 14.1 per cent is above the Group's target range of 13 per cent to 14 per cent, enabling the Board to announce a further \$1.5 billion share buyback programme to commence imminently.

Net interest income (NII) of \$11.2 billion was up 1 per cent, as the benefit from higher volumes and improved balance sheet mix was partly offset by the impact of lower interest rates leading to margin compression, albeit pass-through rates remain robustly managed.

Non NII of \$9.7 billion increased 13 per cent or 17 per cent excluding the notable items. This was driven by record performance in Wealth Solutions from continued momentum in new clients onboarding and growth in net new money, strong performance in Global Banking from higher origination and distribution volumes and robust growth in Global Markets from client flow income. Ventures realised a \$238 million gain from the Solv India transaction.

Operating expenses of \$12.3 billion increased 4 per cent. This was largely driven by continued investments into business growth initiatives, including strategic hiring of Relationship Managers in Wealth & Retail Banking (WRB) and coverage bankers in Corporate & Investment Banking (CIB) and higher performance related compensation reflecting a combination of strong profitability, share price increases and a change in regulation which enabled the acceleration of deferred bonuses. This was partly offset by efficiency saves, primarily linked to the Fit for Growth programme. The cost-to-income ratio improved by 1 percentage point to 59 per cent.

Credit impairment charge of \$676 million represents a loan loss rate of 19 basis points, in line with the prior year. WRB impairment of \$595 million was down \$28 million, reflecting portfolio optimisation actions. The \$59 million charge in Ventures was down \$14 million year-on-year as delinquency rates improved in Mox. CIB impairment was a net charge of \$4 million, up \$124 million from the non-repeat of prior year releases.

Other impairment of \$42 million decreased by \$546 million year-on-year primarily due to lower software asset write-offs.

Profit from associates and joint ventures was up 42 per cent to \$71 million mainly reflecting higher profits at China Bohai Bank.

Restructuring, FFG, Debit Valuation Adjustment (DVA) and other items totalled \$937 million (2024: \$797 million).

Restructuring of \$320 million reflects the impact of actions to simplify technology platforms and business exits (2024: \$285 million). Charges to structurally improve productivity through the Fit for Growth programme totalled \$531 million (2024: \$156 million). Movements in DVA were a negative \$31 million (2024: negative \$24 million) while Other Items were a \$55 million charge (2024: \$332 million).

Taxation was \$1.9 billion on reported basis, with an underlying effective tax rate of 25.3 per cent down 5.3 per cent year-on-year reflecting a favourable change in the geographic mix of profits, reduced impact of deferred tax not recognised for UK losses and beneficial adjustments for prior period items.

Underlying RoTE increased by 300 basis points to 14.7 per cent reflecting increased profits, a lower underlying effective tax rate, and gains on SC Ventures equity investments recognised through fair value movements in other comprehensive income. Reported RoTE increased 220 basis points to 11.9 per cent from an 18 per cent increase in profit before tax and 6 per cent drop-in tax rate.

Underlying basic earnings per share (EPS) increased 61.6 cents or 37 per cent to 229.7 cents and reported EPS increased 54.1 cents or 38 per cent to 195.4 cents.

A final ordinary dividend per share of 49 cents has been proposed taking the full-year dividend to 61 cents per share, a 65 per cent increase year-on-year. The Group completed a \$1.5 billion share buyback programme during the first half of the year and the \$1.3 billion share buyback programme announced on 31 July 2025 was completed on 26 January 2026. The increased dividend, along with a new share buyback programme of \$1.5 billion to be commenced imminently, takes the total shareholder distributions announced since the full-year 2023 results to \$9.1 billion.

Guidance

In 2026, the Group's reporting will move from an underlying to a reported basis, and our 2026 guidance below is set on this basis:

- Reported operating income growth year-on-year to be around the bottom end of 5-7 per cent range at constant currency.
 - Within which, net interest income¹ expected to be broadly flat year-on-year at constant currency.
- Reported cost to be broadly flat in constant currency including the final year of Fit for Growth charges.
- Statutory RoTE to be greater than 12 per cent.

Pete Burrill

Interim Group Chief Financial Officer

24 February 2026

¹ Net interest income is adjusted for trading book funding cost, treasury currency management activities, and financial guarantee fees on interest earning assets.

Summary of financial performance

	2025 \$million	2024 \$million	Change %	Constant currency change ¹ %
Underlying net interest income ²	11,185	11,096	1	1
Underlying non NII ²	9,709	8,600	13	13
Underlying operating income	20,894	19,696	6	6
Underlying operating expenses	(12,347)	(11,790)	(5)	(4)
Underlying operating profit before impairment and taxation	8,547	7,906	8	9
Credit impairment	(676)	(557)	(21)	(21)
Other impairment	(42)	(588)	93	93
Profit from associates and joint ventures	71	50	42	42
Underlying profit before taxation	7,900	6,811	16	18
Restructuring ⁵	(320)	(285)	(12)	(13)
FFG ⁵	(531)	(156)	nm	nm
DVA	(31)	(24)	(29)	(29)
Other items	(55)	(332)	83	83
Reported profit before taxation	6,963	6,014	16	18
Taxation	(1,866)	(1,972)	5	6
Profit for the year	5,097	4,042	26	29
Net interest margin (%) ^{3,4}	2.03	2.06	(3)	
Underlying return on tangible equity (%) ⁴	14.7	11.7	300	
Underlying basic earnings per share (cents)	229.7	168.1	37	

- 1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods.
- 2 Underlying Net Interest Income (NII) 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.
- 3 Net interest margin has been restated due to the revision of underlying net interest income as outlined in footnote 2.
- 4 Change is the basis points (bps) difference between the two periods rather than the percentage change.
- 5 FFG (Fit for Growth) charge previously reported within Restructuring has been re-presented as a separate item.

Reported financial performance summary

	2025 \$million	2024 \$million	Change %	Constant currency change ¹ %
Net interest income	5,955	6,366	(6)	(6)
Non NII	14,987	13,177	14	14
Reported operating income	20,942	19,543	7	7
Reported operating expenses	(13,304)	(12,502)	(6)	(6)
Reported operating profit before impairment and taxation	7,638	7,041	8	10
Credit impairment	(672)	(547)	(23)	(22)
Other impairment	(65)	(588)	89	89
Profit from associates and joint ventures	62	108	(43)	(43)
Reported profit before taxation	6,963	6,014	16	18
Taxation	(1,866)	(1,972)	5	6
Profit for the year	5,097	4,042	26	29
Reported return on tangible equity (%) ²	11.9	9.7	220	
Reported basic earnings per share (cents)	195.4	141.3	38	

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- 2 Change is the basis points (bps) difference between the two periods rather than the percentage change.