

Risk review and Capital review

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Case study

Broadening our wealth offering across the globe

In February 2025, we opened our first Priority Private Wealth Centre in Dubai, expanding our global wealth offering for high-net-worth clients in the Middle East, Europe and Africa.

The new centre caters to the growing demand of high-net-worth individuals for bespoke, cross-border financial solutions, including a range of international investment opportunities and multi-market lending facilities.

In 2025, we also opened additional Wealth Centres in Mainland China, Hong Kong, Taiwan and Korea, bringing the number to 16.



Read more: sc.com/wealthcentres

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The following parts of the Risk review and Capital review form part of these financial statements and are audited by the external auditors:

- Risk review:** Disclosures marked as 'audited' from the start of Credit risk section (page 233) to the end of other principal risks in the same section (page 286); and
- Capital review:** Tables marked as 'audited' from the start of 'Capital base' to the end of 'Movement in total capital', excluding 'Total risk-weighted assets' (pages 304 and 305).

Enterprise Risk Management Framework

Risk management is at the heart of banking, it is what we do. Managing risk effectively is how we drive commerce and prosperity for our clients and our communities, and it is how we grow sustainably and profitably as an organisation.

Effective risk management is essential in delivering consistent and sustainable performance for all our stakeholders and is a central part of the financial and operational management of the Group. The Group adds value to clients and the communities in which they operate by balancing risk and reward to generate returns for shareholders.

The Enterprise Risk Management Framework (ERMF) enables the Group to manage enterprise-wide risks, with the objective of maximising risk-adjusted returns while remaining within our Risk Appetite (RA). The ERMF is complemented by frameworks, policies and standards which are mainly aligned to the Principal Risk Types (PRTs), and is embedded across the Group, including its branches and subsidiaries.¹ It is reviewed and approved by the Board annually, with the latest version being effective from August 2025.

Risk culture

Risk culture encompasses our general awareness, attitudes, and behaviours towards risk, as well as how risk is managed at enterprise level.

A healthy risk culture is one in which everyone takes personal responsibility to identify and assess, openly discuss, and take prompt action to address existing and emerging risks. We expect our control functions to provide oversight and challenge constructively, collaboratively, and in a timely manner on the risks owned by the first line of defence. This effort is reflected in our valued behaviours and underpinned by our Code of Conduct and Ethics.

The risks we face constantly evolve, and we must always look for ways to manage them as effectively as possible. While unfavourable outcomes will occur from time to time, a healthy risk culture means that we react quickly and transparently. We can then take the opportunity to learn from our experience and improve our framework and processes.

 [Read more on our Code of Conduct and Ethics on page 118](#)

Strategic risk management

The Group's approach to strategic risk management includes the following:

- **Risk identification:** impact analyses of risks that arise from the Group's growth plans, strategic initiatives, and business model vulnerabilities are reviewed. This assesses how existing risks have evolved in terms of relative importance and whether new risks have emerged.

- **Risk Appetite:** impact analysis is performed to assess if strategic initiatives can be achieved within RA and highlight areas where additional RA should be considered.
- **Stress testing:** identified risks are used to develop scenarios for enterprise stress tests.

Roles and responsibilities

Senior Managers Regime²

Roles and responsibilities under the ERMF are aligned to the objectives of the Senior Managers Regime. The Group Chief Risk Officer (GCRO) is responsible for the overall development and maintenance of the Group's ERMF and for identifying material risks which the Group may be exposed to. The GCRO delegates effective implementation of the Risk Type Frameworks (RTF) to Risk Framework Owners (RFO), who provide second line of defence oversight for their respective PRTs.

The Risk function

The Risk function provides independent oversight and challenge on the Group's risk management, ensuring that business is conducted in line with regulatory expectations. The GCRO directly manages the Risk function, which is independent from the origination, trading, and sales functions of the businesses. The Risk function is responsible for:

- proposing the RA for approval by the Board
- maintaining the ERMF, ensuring that it remains relevant and appropriate to the Group's business activities, and is effectively communicated and implemented across the Group
- ensuring that risks are properly assessed, risk and return decisions are transparent and risks are controlled in accordance with the Group's standards and RA
- overseeing and challenging the management of PRTs under the ERMF
- ensuring that the necessary balance in making risk and return decisions is not compromised by short-term pressures to generate revenues.

We have a unified second line of defence, with all the PRTs reporting into the GCRO. The unified second line supports the Group's strategy by building a sustainable ERMF that places regulatory and compliance standards, together with culture of appropriate conduct, at the forefront of the Group's agenda.

¹ The Group's ERMF and system of internal control applies only to wholly controlled subsidiaries of the Group, and not to associates, joint ventures or structured entities of the Group.

² Senior managers refer to individuals designated as senior management functions under the FCA and PRA Senior Managers Regime.

Three lines of defence model

The Group applies a three lines of defence model to its day-to-day activities for effective risk management, and to reinforce a strong governance and control environment. Typically:

- Businesses and functions engaged in or supporting revenue generating activities that own and manage risks constitute the first line of defence.
- Control functions, independent of the first line of defence, that provide oversight and challenge of risk management activities act as the second line of defence.
- Group Internal Audit acts as the third line of defence, providing independent assurance on the effectiveness of controls supporting the activities of the first and second lines of defence.

Each PRT has an RTF which outlines the areas of governance and risk management and is the formal mechanism through which authorities are delegated. Risk management plans, processes, activities, and resource allocations are consistent with the three lines of defence model prescribed by the ERMF.

Risk identification and assessment

Identification and assessment of potentially adverse risk events is an essential first step in managing the risks of any business or activity. To ensure consistency we use PRTs to classify our risk exposures. However, we also recognise the need to maintain a holistic perspective since:

- a single transaction or activity may give rise to multiple types of risk exposure
- risk concentrations may arise from multiple exposures that are closely correlated
- a given risk exposure may change its form from one risk type to another.

There are also sources of risk that arise beyond our own operations, such as the Group's dependency on suppliers for the provision of services and technology.

As the Group remains accountable for risks arising from the actions of such third parties, failure to adequately monitor and manage these relationships could materially impact the Group's ability to operate.

The Group maintains a taxonomy of risks inherent to the strategy and business model, as well as a risk inventory which captures identified risks, including the Topical and Emerging Risks (TERs) which the Group is or might be exposed to. Multiple identification and assessment techniques are used to ensure breadth and depth of understanding of the internal and external risk environment, as well as potential opportunities. A risk assessment of the corporate plan is undertaken annually, supplemented by risk assessments of new initiatives. Risk identification findings inform the related risk oversight process, RA and controls setting, scenario selection and design, and model refinement and development.

The GCRO and the Group Risk Committee (GRC) regularly review reports on the risk profile for the PRTs, adherence to Group RA, stress test results and the risk identification results including TERs.

Risk Appetite and profile

The Group recognises the following constraints which determine the risks that we are willing to take in pursuit of our strategy and the development of a sustainable business:

- Risk capacity is the maximum level of risk the Group can assume, given its current capabilities and resources, before breaching constraints determined by capital and liquidity requirements or the internal operational environment, or otherwise failing to meet the expectations of regulator and law enforcement agencies.
- RA is defined by the Group and approved by the Board. It is the boundary for the risk that the Group is willing to undertake to achieve its strategic objectives and corporate plan. We set our RA to enable us to grow sustainably while managing our risks, giving confidence to our stakeholders. The Group RA is supplemented by risk control tools such as granular level limits, policies, and standards to maintain the Group's risk profile within approved RA.

The Board is responsible for approving the RA Statements, which are underpinned by a set of financial and operational control parameters known as RA metrics and their associated thresholds. These set boundaries for the aggregate risk exposures that can be taken across the Group.

The Group RA is reviewed at least annually to ensure that it is fit for purpose and aligned with strategy, with focus given to new or emerging risks.

Risk Appetite Statement

The Group will not compromise adherence to its RA in order to pursue revenue growth or higher returns.

Read more on the Group's RA Statements on page 221.

Stress testing

The objective of stress testing is to support the Group in assessing that it:

- does not carry excessive risk concentrations that could produce unacceptably high losses under severe but plausible scenarios
- has sufficient financial resources to withstand stress, including under severe but plausible scenarios
- understands key business model risks and considers what kind of event might crystallise those risks – even if extreme and with a low likelihood of occurring – and identifies, as required, actions to mitigate the likelihood or impact of those events
- can meet risk appetite and planned distributions after considering relevant downside scenarios
- has set RA metrics at appropriate levels.

Enterprise stress tests incorporate capital and liquidity adequacy stress tests, including recovery and resolution, as well as reverse stress tests. The Group uses historical, topical, emerging and hypothetical forward-looking scenarios. A common set of scenarios is used across all legal entities complemented in some cases with entity-specific scenarios.

Enterprise Risk Management Framework

Stress tests are performed at the Group, country, business, and portfolio level under a wide range of risks and at varying degrees of severity. Unless specifically set by the regulator, scenario design is a bespoke process that aims to explore risks that can adversely impact the Group.

The Board delegates approval of the Bank of England (BoE) stress test submissions to the Board Risk Committee (BRC), which reviews the recommendations from the GRC. Based on the stress test results, the Group Chief Financial Officer (GCFO) and GCRO can recommend strategic actions to the Board to ensure that the Group's strategy remains within RA.

In addition, analysis is run at the PRT level to assess specific risks and concentrations that the Group may be exposed to.

These include qualitative assessments such as stressing of credit sectors or portfolios, and quantitative assessments such as potential losses from severe but plausible market risk scenarios or internal stressed liquidity metrics. RA for market risk stress losses is set at the Group as well as legal entity level.

Non-financial risk types are also stressed to assess the necessary capital requirements and/or operational resilience under the Operational and Technology RTF.

The Group has also undertaken a number of Climate Risk stress tests, both those mandated by regulators as well as management scenarios.

Principal Risk Types

PRTs are those risks that are inherent in our strategy and business model and have been formally defined in the Group's ERMF. These risks are managed through distinct RTFs which are approved by the GCRO.

The PRTs and associated RA Statements are reviewed annually. The table below shows the Group's current PRTs, their definitions and RA statements.

Principal Risk Types	Definition	Risk Appetite Statement
Credit Risk	Potential for loss due to failure of a counterparty to meet its agreed obligations to pay the Group.	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.
Traded Risk	Potential for market or counterparty credit risk losses resulting from activities undertaken by the Group in fair valued financial market instruments.	The Group should control its financial markets activities to ensure that market and counterparty credit risk losses do not cause material damage to the Group's franchise.
Treasury Risk	Potential for insufficient capital, liquidity, or funding to support our operations, the risk of reductions in earnings or value from movements in interest rates impacting banking book items and the potential for losses from a shortfall in the Group's pension plans.	The Group should maintain sufficient capital, liquidity and funding to support its operations, and an interest rate profile ensuring that the reductions in earnings or value from movements in interest rates impacting banking book items do not cause material damage to the Group's franchise. In addition, the Group should ensure that its pension plans are adequately funded.
Operational and Technology Risk	Potential for loss resulting from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks).	The Group aims to mitigate and control Operational and Technology risks, to seek to ensure that events, including any related to conduct of business matters, do not cause the Group material harm as a result of business disruption, financial loss or reputational damage.
Information and Cyber Security (ICS) Risk	Risk to the Group's assets, operations, and individuals due to the potential for unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and/or information systems.	The Group aims to mitigate and control ICS risks to ensure that incidents do not cause the Group material harm, business disruption, financial loss or reputational damage, recognising that while incidents are unwanted, they cannot be entirely avoided.

Principal Risk Types	Definition	Risk Appetite Statement
Financial Crime Risk¹	Potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to international sanctions, anti-money laundering and anti-bribery and corruption, and fraud.	The Group has no appetite for breaches of laws and regulations related to Financial Crime, recognising that while incidents are unwanted, they cannot be entirely avoided.
Compliance Risk	Potential for penalties or loss to the Group or for an adverse impact to our clients or stakeholders or to the integrity of the markets we operate in through a failure on our part to comply with laws, or regulations.	The Group has no appetite for breaches of laws and regulations related to regulatory non-compliance; recognising that while incidents are unwanted, they cannot be entirely avoided.
Environmental, Social and Governance and Reputational (ESGR) Risk	Potential or actual adverse impact on the environment and/or society, the Group's financial performance, operations, or the Group's name, brand or standing, arising from environmental, social or governance factors, or as a result of the Group's actual or perceived actions or inactions.	The Group aims to measure and manage financial and non-financial risks arising from climate change, reduce emissions in line with our net zero strategy and protect the Group from material reputational damage by upholding responsible conduct and striving to do no significant environmental and social harm.
Model Risk	Potential loss that may occur because of decisions or the risk of misestimation that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models; while accepting some model uncertainty.

ERMF effectiveness reviews

The GCRO is responsible for annually affirming the effectiveness of the ERMF to the BRC via an effectiveness review. This review is based on the principle of evidence-based self-assessments for all the RTFs and relevant policies. A top-down review and challenge of the results is conducted by the GCRO with all RFOs and an opinion on the internal control environment is provided by Group Internal Audit.

The ERMF effectiveness review measures year-on-year progress. The key outcomes of the 2025 review are:

- Continued focus on embedding the ERMF across the organisation.
- Financial risks remain effectively managed, and the Group is continually making progress in embedding non-financial risk management.
- Self-assessments performed in branches and banking subsidiaries reflect the embeddedness of the ERMF. Country and cluster risk committees continue to play an active role in overseeing and managing risks across our footprint markets.

Ongoing effectiveness reviews allow for a structured approach to identify improvement opportunities and build plans to address them.

Executive and Board risk oversight

Overview

The corporate governance and committee structure helps the Group to conduct our business. The Board has ultimate responsibility for risk management and approves the ERMF based on the recommendation of the BRC, which also recommends the Group RA Statement for all PRTs and other risks. In addition to the BRC and Audit Committee, the Culture and Sustainability Committee oversees the Group's culture and key sustainability priorities.

Group Risk Committee

The GRC, which derives its authority from the GCRO, is responsible for ensuring the effective management of risk throughout the Group in support of the Group's strategy. The GCRO chairs the GRC, whose members are drawn from the Group Management Team. The GRC oversees the effective implementation of the ERMF for the Group, including the delegation of any part of its authorities to appropriate individuals or sub-committees.

¹ Fraud forms part of the Financial Crime RA Statement but, in line with market practice, does not apply a zero-tolerance approach.

Enterprise Risk Management Framework

Group Risk Committee sub-committees	Chair	Roles and responsibilities
Group Non-Financial Risk Committee (GNFRC)	Global Head, Operational, Technology and Cyber Risk	Governs the non-financial risks, including Fraud Risk, throughout the Group in support of the ERMF and the Group's strategy.
Group Financial Crime Risk Committee (GFCRC)	Group Head, CFCR	Ensures that the Financial Crime Risk profile (excluding Fraud Risk and Secondary Reputational Risk arising from Financial Crime Risk) is managed within RA and policies.
Group Responsibility and Reputational Risk Committee (GRRRC)	Global Head ERM	Ensures the effective management of Environmental, Social, Governance and Reputational Risk across the Group. This includes providing oversight of matters arising from clients, products, transactions and strategic coverage-related decisions and matters escalated by the respective RFOs.
International Financial Reporting Standards (IFRS) 9 Impairment Committee (IIC)	Co-chaired by the Global Head ERM and Group Head, Central Finance	Ensures the effective management of expected credit loss (ECL) computations, as well as stage allocation of financial assets for quarterly financial reporting.
Model Risk Committee (MRC)	Global Head, Model Risk Management	Supports the Group strategy by ensuring the effective measurement and management of Model Risk in line with internal policies and model RA.
Investment Committee	Global Head of Stressed Assets Risk	Ensures the optimised wind-down of the Group's non-core direct investment activities in equities, quasi-equities (excluding mezzanine), funds and other alternative investments (excluding debt/debt-like instruments).
SC Ventures (SCV) Risk Committee	CRO, SC Ventures & Global Head, Digital Asset Risk	Oversees the effective management of risk throughout SCV and the portfolio of controlled entities operating under SCV.
Regulatory Interpretation Committee (RIC)	Co-chaired by the Global Head ERM and Group Head, Central Finance	Provides oversight of material regulatory interpretations for the Capital Requirements Regulation (as amended by UK legislation), the Prudential Regulatory Authority (PRA) rulebook and other relevant regulations impacting Group regulatory capital calculations and reporting. The areas and risk types in scope are credit risk, traded risk, operational risk, large exposures, leverage ratio and securitisation.
Digital Assets Risk Committee (DRC)	CRO, SC Ventures & Global Head, Digital Asset Risk	Oversees effective risk management of the Digital Assets (DA) Risk profile of the Group. This includes providing subject matter expertise and oversight of DA Risk matters across the PRTs.
Corporate & Investment Banking Financial Risk Committee (CIBFRC)	Co-Heads CRO CIB and CRO, ASEAN & South Asia	Ensures the effective management of financial risk throughout CIB in support of the Group's strategy.
Wealth & Retail Banking Risk Committee (WRBRC)	Chief Risk Officer, WRB & GCNA	Ensures the effective management of risk throughout WRB in support of the Group's strategy.

Group Risk Committee sub-committees

	Chair	Roles and responsibilities
HK & GCNA Risk Committee (HK&GCNA RC)	CRO, Hong Kong & GCNA	These committees ensure the effective management of risk in the clusters in support of the Group's strategy.
SG & ASEAN Risk Committee (SG&ASEAN RC)	CRO, Singapore & ASEAN	
Standard Chartered Bank (SCB) India Country Risk Committee (CRC & CNFRC)	CRO, India & South Asia	
UK & Europe Risk Committee (UK & ERC)	CRO, Europe	
US Risk Committee (URC)	CRO, Americas	
Middle East and Pakistan Risk Committee (MEPRC)	CRO, AME	
Africa Risk Committee	CRO, AME	

Group Asset and Liability Committee

The Group Asset and Liability Committee (GALCO) is chaired by the GCFO. Its members are drawn principally from the Management Team. GALCO is responsible for determining the Group's balance sheet strategy and ensuring that, in executing the Group's strategy, the Group operates within RA and regulatory requirements relating to capital, loss-absorbing capacity, liquidity, leverage, Interest Rate Risk in the Banking Book (IRRBB), Banking Book Basis Risk and Structural Foreign Exchange Risk. GALCO is also responsible for ensuring that internal and external recovery planning requirements are met.

Principal risks

We manage and control our PRTs through distinct RTFs, policies and RA.

 Read more on the Group's PRT definitions and Risk Appetite Statements on page 221

Credit Risk

Mitigation

Segment-specific policies are in place for Corporate & Investment Banking (CIB) and Wealth & Retail Banking (WRB) which set the principles that must be followed for the end-to-end credit process covering initiation, assessment, documentation, approval, monitoring and governance.

The Group also sets out standards for the eligibility, enforceability, and effectiveness of mitigation arrangements. Potential losses are mitigated using a range of tools, such as collateral, netting agreements, credit insurance, credit derivatives and guarantees.

Risk mitigants are carefully assessed for their market value, legal enforceability, correlation, and counterparty risk of the protection provider. Collateral is valued prior to drawdown and monitored regularly thereafter as required, to reflect current market conditions, the probability of recovery and the period of time to realise the collateral in the event of liquidation. The Group also seeks to diversify its collateral holdings across asset classes and markets.

Where guarantees, credit insurance, standby letters of credit or credit derivatives are used as Credit Risk mitigation, the creditworthiness of the protection provider is assessed and monitored using the same credit process applied to the obligor.

Monitoring

The Group regularly monitors credit exposures, portfolio performance, external trends and emerging risks that may impact risk management outcomes. Internal risk management reports that are presented to risk committees contain information on key political and economic trends across major portfolios and countries, portfolio delinquency and loan impairment performance.

In CIB, clients and portfolios are subject to additional review when they display signs of actual or potential weakness; for example, where there is a decline in the client's position within their industry, financial deterioration, a breach of covenants, or non-performance of an obligation within the stipulated period. Such accounts are subject to a dedicated early alert process overseen by the Credit Issues Committee in the relevant countries where client account strategies and credit grades are re-evaluated. In addition, remedial actions can be undertaken, such as exposure reduction, security enhancement or exiting the account. Credit-impaired accounts are managed by the Group's specialist recovery unit, Stressed Asset Group (SAG), which is independent of the Client Coverage/Relationship Managers. Stressed Asset Risk is the second line risk unit and is responsible for the independent challenge, monitoring and approving of the credit risk decisions including stage 3 credit impairment provision of the credit-impaired accounts.

Regular portfolio reviews across industries are conducted. Senior members from the CIB business and Risk participate in more extensive portfolio reviews (known as the 'industry portfolio review') for certain industry groups. In addition to a review of the portfolio information, this industry portfolio review incorporates industry outlook, key elements of the business strategy, RA, credit profile and emerging and horizon risks. A summary of these industry portfolio reviews is also shared with the CIB Financial Risk Committee.

For WRB, exposures and collateral monitoring are performed at the counterparty and/or portfolio level across different client segments to ensure transactions and portfolio exposures remain within RA. Portfolio delinquency trends are also monitored. Accounts that are past due (or perceived as high risk but not yet past due) are subject to collections or recovery processes managed by a specialist independent function. In some countries, aspects of collections and recovery activities are outsourced. For discretionary lending portfolios, similar processes to those of CIB are followed.

Any material in-country developments that may impact sovereign ratings are monitored closely by Country Risk within the ERM function. The Country Risk Early Warning system, a triage-based risk identification system, categorises countries based on a forward-looking view of possible downgrades and the potential incremental risk-weighted assets (RWA) impact.

In addition, an independent Credit Risk review team within the ERM function performs assessments of the Credit Risk profiles at various portfolio levels. They focus on selected countries and segments through deep dives, comparative analysis, and review and challenge of the basis of credit approvals. The review aims to ensure that the evolving Credit Risk profiles of CIB and WRB are well managed within RA and policies. Results of the reviews are reported to the GRC and BRC.

Credit rating and measurement

All credit proposals are subject to a robust credit risk assessment. It includes a comprehensive evaluation of the client's credit quality, including willingness, ability, and capacity to repay. The primary lending consideration for counterparties is based on their credit quality and operating cash flows, while for individual borrowers it is based on personal income or wealth. The risk assessment gives due consideration to the client's liquidity and leverage position.

Where applicable, the assessment includes a detailed analysis of the Credit Risk mitigation arrangements to determine the level of reliance on such arrangements as the secondary source of repayment in the event of a significant deterioration in a client's credit quality leading to default. Client income, net worth, and the liquidity of assets by class are considered for overall risk assessment for wealth lending. Wealth lending credit limits are subject to the availability of qualified collateral.

We implement a standard alphanumeric Credit Risk grade system to differentiate the credit quality of exposures for CIB clients, whereby credit grades (CG) 1 to 12 are assigned to reflect the probability of default of performing clients (CG 1 being the best performing), and credit grades 13 and 14 are assigned to non-performing or defaulted clients.

WRB internal ratings-based portfolios use application and behavioural credit scores that are calibrated to generate a probability of default. The Risk Decision Framework uses a credit rating system to define the portfolio/new booking segmentation, shape and decision criteria for the unsecured consumer business segment.

Advanced Internal Ratings-Based (AIRB) models cover the majority of our exposures and are used in assessing risks at a customer and portfolio level, setting strategy, and optimising our risk-return decisions. The Model Risk Committee (MRC) approves material internal ratings-based risk measurement models. Prior to review and approval, all internal ratings-based models are validated by an independent model validation team. Reviews are also triggered if the performance of a model deteriorates materially against predetermined thresholds, measured through the ongoing model performance monitoring process.

We adopt the AIRB approach under the Basel regulatory framework to calculate Credit Risk capital requirements for the majority of our exposures. The Group has also established a global programme to assess capital requirements necessary to be implemented to meet the latest revised Basel III regulation (referred to as Basel 3.1 or Basel IV).

Credit Concentration Risk

Credit Concentration Risk for CIB is managed through concentration limits covering large exposure limit to a single counterparty or a group of connected counterparties (based on control and economic dependence criteria), or at portfolio level for multiple exposures that are closely correlated. Single name and Portfolio RA metrics are set, where appropriate, by credit grade, industry, products, tenor, collateralisation level, top clients, and exposure to holding companies.

For concentrations that are material at a Group level, breaches and potential breaches are monitored by the respective governance committees and reported to the GRC and BRC.

Credit impairment

For CIB, in line with the regulatory guidelines, Stage 3 expected credit loss (ECL) is considered when an obligor is more than 90 days past due on any amount payable to the Group, or the obligor has symptoms of unlikeliness to pay its credit obligations in full as they fall due. These credit-impaired accounts are managed by SAG.

In WRB, loans to individuals and small businesses are considered credit-impaired as soon as any payment of interest or principal is 90 days overdue or they meet other objective evidence of impairment, such as bankruptcy, debt restructuring, fraud, or death, with unlikely continuation of contractual payments. Financial assets are written off, in the amount that is determined to be irrecoverable, when they meet conditions set such that empirical evidence suggests the client is unlikely to meet their contractual obligations, or a loss of principal is reasonably expected.

Estimating the amount and timing of future recoveries involves significant judgement and considers the assessment of matters such as future economic conditions and the value of collateral, for which there may not be a readily accessible market. The total amount of the Group's impairment provision is inherently uncertain, being sensitive to changes in economic and credit conditions across the markets in which the Group operates.

Underwriting

The underwriting of securities and loans is in scope of the CIB RA. The Underwriting Committee approves individual proposals to underwrite new security issues and loans for our clients in compliance with the RA statement. Additional risk triggers are set based on the type of exposure and credit grade as approved by the GCRO.

Traded Risk

Mitigation

Traded Risk limits are calibrated to ensure that risk exposure is affordable under both BAU and stress conditions. The Traded Risk Policy sets the principles that must be followed for the end-to-end traded risk management process including limit setting, risk capture and measurement, limit monitoring and escalation, risk mitigation and stress testing. Policies are reviewed and approved by the Global Head, Traded Risk Management periodically to ensure their ongoing effectiveness.

Market Risk measurement

The Group uses a VaR model to measure the risk of losses arising from future potential adverse movements in market rates, prices, and volatilities.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcomes.

For day-to-day risk management, VaR is calculated as at the close of business, generally at UK time, for expected market movements over one business day and to a confidence level of 97.5 per cent.

The Group applies two VaR methodologies:

- **Historical simulation:** this involves the revaluation of all existing positions to reflect the effect of historically observed changes in Market Risk factors on the valuation of the current portfolio. This approach is applied for general Market Risk factors and the majority of specific (credit spread) risk factors. The enhanced Volatility Scaling VaR (VSV) model went live in January 2025, where risk factors' returns are scaled to reflect historical volatility. The VSV model is more responsive to volatility changes observed in the market.
- **Monte Carlo simulation:** this methodology is used in conjunction with historical simulations when historical data are not directly available. This approach is applied for the idiosyncratic credit spread risk factor or single name equity risk factor. The simulation is performed by calibrating the model to preserve volatility of risk factors.

Principal risks

As an input to regulatory capital, trading book VaR is calculated for expected movements over 10 business days and to a confidence level of 99 per cent. Some types of market risk are not captured in the regulatory VaR measure and these risks not in VaR are subject to capital add-ons.

Counterparty Credit Risk measurement

A Potential Future Exposure (PFE) model is used to measure the credit exposure arising from the positive mark-to-market of traded products. The PFE model provides a quantitative estimate of future potential movements in market rates, prices, and volatilities at a certain confidence level over different time horizons based on the tenor of the transactions.

The Group applies two PFE methodologies: simulation-based, used for the bulk of FX, interest rates and commodity products, and add-on-based for credit products and residual non-simulation-based products.

Monitoring

Traded Risk Management monitors the overall portfolio risk and ensures that it is within specified limits and therefore RA. Limits are typically reviewed at least once a year.

All material Traded Risks are monitored daily against approved limits. Traded Risk limits apply at all times unless separate intra-day limits have been set.

Treasury Risk Mitigation

The Group develops policies to address material Treasury Risks and aims to maintain its risk profile within RA. In order to do this, metrics are set against Capital Risk, Liquidity and Funding Risk and IRRBB. Where appropriate, RA metrics are cascaded down to clusters and countries in the form of limits and management action triggers.

Capital Risk

In order to manage Capital Risk, strategic business, financial plans and capital plans (Corporate Plan) are drawn up covering a five-year horizon and are approved by the Board annually. The plan ensures that adequate levels of capital, including loss-absorbing capacity, and an efficient mix of the different components of capital, are maintained to support our strategy and business plans. This process considers downside scenarios and the availability of recovery actions to course correct, as appropriate.

Treasury is responsible for the ongoing assessment of the demand for capital and the updating of the Group's capital plan.

RA metrics including capital, leverage, minimum requirement for own funds and eligible liability (MREL) and double leverage are assessed within the Corporate Plan to ensure that the strategy can be achieved within risk tolerances.

Structural Foreign Exchange Risk

The Group's structural FX position results from the Group's non-US dollar investment in the share capital and reserves of subsidiaries and branches. The FX translation gains or losses are recorded in the Group's translation reserves with a direct impact on the Group's Common Equity Tier 1 ratio.

The Group contracts hedges to manage its structural FX position in accordance with the RA, and as a result the Group has taken net investment hedges to partially cover its exposure to certain non-US dollar currencies to mitigate the FX impact of such positions on its CET1 ratio.

Liquidity and Funding Risk

At Group, cluster and entity level we implement various business-as-usual and stress risk metrics to monitor and manage Liquidity and Funding risk. This ensures that the Group maintains an adequate and well-diversified liquidity buffer, as well as a stable funding base, to meet its liquidity and funding regulatory requirements.

The risk management approach and RA are assessed annually through the Internal Liquidity Adequacy Assessment Process. A funding plan, which is part of the Corporate Plan process, is developed for efficient liquidity projections to ensure that the Group is adequately funded to support the business growth and meet its obligations and client funding needs.



[Read more on Liquidity and Funding Risk on page 281](#)

Interest Rate Risk in the Banking Book

This risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities and off-balance sheet items. IRRBB represents an economic and earnings risk to the Group and its capital adequacy. The Group monitors and manages IRRBB using multiple RA metrics.



[Read more on IRRBB on page 285](#)

Pension Risk

Pension Risk is the potential for loss due to having to meet an actuarially assessed shortfall in the Group's pension plans. Pension Risk arises from the Group's contractual or other liabilities with respect to its occupational pension plans or other long-term benefit obligations. For a funded plan, it represents the risk that additional contributions will need to be made because of a future funding shortfall. For unfunded obligations, it represents the risk that the cost of meeting future benefit payments is greater than currently anticipated.

The Pension Risk is monitored against the RA and reported to the GRC. The RA metric is calculated as the total capital requirement (including both Pillar 1 and Pillar 2A capital) in respect of Pension Risk, expressed as a number of basis points of RWA.

Recovery and resolution planning

In line with PRA requirements, the Group maintains a Recovery Plan, which is a live document to be used by management in the event of financial stress in order to restore the Group's financial strength to a stable and sustainable position. The Recovery Plan includes a set of recovery indicators, an escalation framework, and a set of management actions capable of being implemented during a stress. A Recovery Plan is also maintained within each major entity, and all Recovery Plans are subject to periodic fire-drill testing.

As the UK resolution authority, the BoE set a single point of entry bail-in at the ultimate holding company level (Standard Chartered PLC) as the preferred resolution strategy for the Group. In support of this strategy, the Group has a set of capabilities, arrangements, and resources in place to maintain, test and improve resolution capabilities, and continues to meet the required resolvability outcomes on an ongoing basis.

The Resolvability Self-Assessment Report was submitted by the Group to the PRA in October 2023, with an update provided in January 2024. The Group also published its latest resolvability disclosure, as required by the BoE, on 6 August 2024. The next Group Resolvability Self-Assessment Report will be submitted to the BoE/PRA in October 2026.

Monitoring

On a day-to-day basis, Treasury Risk is managed by Treasury, Finance and country CEOs. The Group regularly reports and monitors Treasury Risk inherent in its business activities and those that arise from internal and external events.

Internal risk management reports covering the balance sheet and the capital, liquidity, and IRRBB positions are presented to the relevant country Asset and Liability Committee.

The reports contain key information on balance sheet trends, exposures against RA and supporting risk measures which enable members to make informed decisions around the overall management of the balance sheet. In addition, an independent Treasury CRO team within ERM reviews the prudence and effectiveness of Treasury Risk management.

Pension Risk is managed by the Head of Pensions and Reward Analytics, and monitored by the Treasury CRO on a periodic basis.

Operational and Technology Risk Mitigation

The Operational and Technology RTF sets out the Group's overall approach to the management of Operational and Technology Risk in line with the Group's Operational and Technology RA. This is supported by the Risk and Control Self-Assessment (RCSA), which provides a systematic approach for identification and assessment of operational risks, including design and operation of mitigating controls (applicable to all risks as per the Non-Financial Risk Taxonomy).

The RCSA is used to determine the design and operating effectiveness of each process, and requires:

- the recording of end-to-end processes which deliver our key client journey and business outcomes
- the identification of risks to support the achievement of client and business outcomes
- the assessment of inherent risk on the impact to client and business outcomes, and likelihood of occurrence
- the design and monitoring of key controls to effectively and efficiently mitigate prioritised risks within acceptable levels and
- the assessment of residual risk and timely treatment of elevated risks.

Elevated Residual Risks require treatment plans to address the underlying causes and reduce the risks to within the RA.

We continue to strengthen our commitment to operational resilience through a robust risk management framework which enables the Group to anticipate, prevent, adapt, respond to, recover from, and learn from both internal and external disruptions, supported by ongoing reviews, control testing, and scenario-based assessments aimed at anticipating and reducing the potential impact of operational disruptions. The Group is required to conduct an annual self-assessment to evaluate its operational resilience. This self-assessment reviews the effectiveness of the operational resilience framework, identifies areas for improvement, and ensures compliance with regulatory expectations. These activities support the continuous oversight and improvement of our response and recovery capabilities.

Monitoring

To deliver services to clients and to participate in the financial services sector, the Group runs processes which are exposed to Operational and Technology risks. The Group prioritises and manages risks which are significant to our clients and to the financial services sectors. The control indicators are regularly monitored to determine the Group's exposure to residual risk.

The residual risk assessments and reporting of events form the Group's Operational and Technology Risk profile. The completeness of the Operational and Technology Risk profile ensures appropriate prioritisation and timeliness of risk decisions, including risk acceptances with treatment plans for risks that exceed acceptable thresholds.

The BRC is informed on adherence to Operational and Technology RA through metrics reported for selected risks. These metrics are monitored, and escalation thresholds are devised based on the materiality and significance of the risk. These Operational and Technology RA metrics are consolidated on a regular basis and reported at the relevant Group committees, providing senior management with the relevant information to inform their risk decisions.

 **Read more on Operational and Technology Risk on page 286**

Principal risks

Information and Cyber Security (ICS) Risk Mitigation

ICS Risk is managed through the ICS RTF, comprising a risk assessment methodology and supporting policy, standards, and methodologies. The ICS Policy and standards are aligned to industry best practice models including the National Institute of Standards and Technology Cyber Security Framework, ISO 27001, Payment Card Industry-Data Security Standard (PCI-DSS), Swift Customer Security Controls Framework (CSCF) and Legal, Regulatory and Mandatory (LRM) requirements. We undertake an annual ICS Effectiveness Review to evaluate ICS Risk management practices in alignment with the ERMF.

Monitoring

The Group Chief Information Security Officer (CISO) function monitors the evolving threat landscape covering cyber threats, attack vectors and threat actors that could target the Group. This includes performing a threat-led risk assessment to identify key threats, in-scope applications and key controls required to ensure the Group remains within RA.

The ICS Risk profiles of all businesses, functions and countries are consolidated to present a holistic Group-level ICS Risk profile for ongoing monitoring. During these reviews, the status of each risk is assessed against the Group's controls to identify any changes to impact and likelihood, which affects the overall risk rating.

ICS Board level responsibility and oversight is assured through the BRC. The Board education programme includes updates on the cyber security strategy, which is in place at a Group and Business level to adhere to internal standards and applicable laws and regulations.

ICS Risk Security Testing and External Reviews

The Group assesses its cyber posture through extensive control testing and by executing offensive security testing exercises, including independent vulnerability analysis and testing, code reviews, penetration tests and Red and Purple Team¹ attack simulation testing. This approach constantly tests the Group's defences and approach to cyber security. These show a wider picture of the Group's risk profile, leading to better visibility on potential 'in flight' risks.

We perform independent third-party verification regarding the state of our internal information technology and ICS controls through industry recognised certifications and attestations:

- PCI DSS controls are assessed annually, in line with market regulatory requirements.
- We are System and Organisation Controls 2 type 2 certified, the scope of which covers the digital products and services to financial markets, global banking, cross products, cash management, trade finance, securities services and client services group using the Straight2Bank application suite.
- We undergo assessment based on the requirements stipulated by Swift's Customer Security Programme (CSP) to ensure high compliance.

¹ Red Team focuses on simulating real-world attacks to identify vulnerabilities and test the effectiveness of an organization's defences, acting as adversaries to challenge the security measures. Purple Team enhances collaboration between the Red Team and the Blue Team (defenders) to improve threat detection, response, and overall security posture by sharing insights and strategies from both offensive and defensive perspectives.

² Read more on how we manage financial crime, including sanctions on page 119.

The Group also tracks remediation of security matters identified by external reviews, such as the BoE CBEST Threat Intelligence-Led Assessment and the Hong Kong Monetary Authority's (HKMA) Intelligence-led Cyber Attack Simulation Testing (iCAST).

The CISO and OTCR functions monitor the ICS Risk profile and ensure that breaches of RA are escalated to the appropriate governance committee or authority levels for remediation and tracking.

Financial Crime Risk² Roles and responsibilities

The Group Head, CFCR is the Group's Chief Compliance and Money-Laundering Reporting Officer and performs the Financial Conduct Authority (FCA) Senior Management Control Functions SMF 16 and SMF 17 in accordance with requirements set out by the FCA, including those set out in the Systems and Controls chapter of the FCA Handbook.

Mitigation

The CFCR function is responsible for the establishment and maintenance of policies, standards, and oversight of first line of defence controls to ensure continued compliance with financial crime laws and regulations, and the mitigation of Financial Crime Risk. This includes controls covering key financial crime risks such as money laundering, terrorist financing, sanctions compliance, bribery and corruption, and fraud. We mitigate these risks through core controls such as client due-diligence, sanctions screening and other risk-based measures, supported by ongoing efforts to build awareness and capability across our people. In this, the requirements of the Operational and Technology RTF are followed to ensure a consistent approach to the management of processes and controls.

Financial Crime Risk management is built on a risk-based approach, meaning the risk management plans, processes, activities, and resource allocations are determined according to the level of risk.

Monitoring

The Group monitors enterprise-wide financial crime risks through the Financial Crime Risk Assessment. This is undertaken annually to assess the inherent financial crime risk exposures and the associated processes and controls by which these exposures are mitigated. As part of this, the Group monitors sanctions compliance risk, reflecting changes in global sanctions requirements and developments across an increasingly complex sanctions landscape.

The controls designed to mitigate Financial Crime Risk in business operations are governed in line with the Operational and Technology RTF. The Group has a monitoring and reporting process in place for Financial Crime Risk, which includes escalation and reporting to the CFCR and relevant Country, Business, Senior Management and Board committees.

While not a formal governance committee, the CFCR Oversight Group provides oversight of CFCR risks including the effective implementation of the Financial Crime RTF. It also provides oversight, challenge and direction to CFCR policy owners on material changes and positions taken in CFCR-owned policies, including issues relating to regulatory interpretation and the Group's Financial Crime Risk RA.

Compliance Risk

Roles and responsibilities

The Group Head, CFCR is the Group's Chief Compliance and Money-Laundering Reporting Officer and performs the FCA Senior Management Control Functions SMF 16 and SMF 17 in accordance with requirements set out by the FCA, including those set out in the Systems and Controls chapter of the FCA Handbook.

All activities that the Group engages in must comply with the relevant country/local specific and extraterritorial regulations.

Compliance Risk includes the risks associated with a failure to comply with all regulations that are applicable to the Group regardless of the issuing regulatory authority. Where Compliance Risk arises, or could arise, from failure to manage another PRT, the oversight and management processes for that specific PRT must be followed, to ensure that effective oversight and challenge of the first line of defence can be provided by the appropriate second line of defence function.

Areas of regulation can be broadly divided into two distinct categories: those issued by financial service regulatory authorities and those issued by non-financial service regulators. The Group is exposed to both categories of regulation, and roles and responsibilities differ depending on the category. For regulations issued by financial services regulatory authorities and other regulators that may issue regulations pertaining to Compliance Risk, CFCR identifies new and amended regulations as and when issued and communicates the relevant regulatory obligations to the country RFO. Where regulatory obligations do not relate to risks for which CFCR is the RFO, the respective RTF sets out second line of defence ownership.

Each of the assigned second line of defence functions have responsibilities, including monitoring relevant regulatory developments from non-financial services regulators at both Group and country levels, policy development, implementation, and validation as well as oversight and challenge of first line of defence processes and controls.

Mitigation

The CFCR function is responsible for the establishment and maintenance of policies, standards, and oversight of the first line of defence controls to ensure compliance with laws and regulations, and the mitigation of Compliance Risk. In this, the requirements of the Operational and Technology RTF are followed to ensure a consistent approach to the management of processes and controls.

Monitoring

The monitoring of controls designed to mitigate the risk of regulatory non-compliance in processes is governed in line with the Operational and Technology RTF. Compliance Risk reporting includes escalation and reporting to the CFCR and relevant Country, Business, Senior Management and BRC.

While not a formal governance committee, the CFCR Oversight Group provides oversight of CFCR risks including the effective implementation of the Compliance RTF, and oversight, challenge and direction to CFCR policy owners on material changes and positions taken in CFCR-owned policies, including issues relating to regulatory interpretation and the Group's Compliance Risk RA. The Regulatory Change Oversight Forum provides visibility and oversight of material and/or complex large-scale regulatory change impacting non-financial risks.

Environmental, Social and Governance and Reputational (ESGR) Risk

Mitigation

The ESGR RTF provides the overall risk management approach for ESGR risks.

The ESG Risk policy outlines the Group's commitment to integrating ESG considerations into its business, operations, and decision-making process. The policy sets out the requirements for identifying, assessing, escalating and managing ESG risks for the Group's operations, clients/transactions and third parties. The Reputational Risk policy outlines the requirements for identifying, assessing, escalating and managing negative shifts in stakeholder perception arising from client onboarding and due diligence, transactions, product design and product features, or strategic coverages such as entry into new markets or investments. Whenever potential for stakeholder concerns is identified, issues are subject to review and decision by both the first and second lines of defence. The policy also sets out the key considerations for mitigating greenwashing risk that can arise during product and/or deal lifecycle, sustainability reporting and disclosures, and external campaigns related to sustainability themes.

Monitoring

Exposure to Reputational Risks arising from transactions, clients, products and strategic coverage is monitored through established triggers to prompt the appropriate risk-based considerations and assessment by the first line of defence and escalations to the second line of defence. Risk acceptance decisions and thematic trends are also reviewed on a periodic basis.

Exposure to ESG Risks is monitored through triggers embedded within the first line of defence processes. The environmental and social risks are considered for clients and transactions via Client Environmental, Social and Governance Risk Assessments (C-ESGRA), Transaction Environmental and Social Risk Assessments (ESRA), Reputational Risk Materiality Assessments (RRMA) and/or Climate Risk Assessments (CRA).

Principal risks

Vendors that are identified as high risk which meet the high-risk category and country combinations based on responses provided by the supplier at onboarding are assessed for modern slavery risk.

Exposure to Climate Risk is monitored in conjunction with other PRTs. We have embedded qualitative and quantitative climate considerations into the Group's Credit Underwriting Principles for Oil and Gas, Mining, Shipping, Commercial Real Estate and Project Finance portfolios. Starting October 2025, we have introduced a client-level Physical Risk Grading Framework in order to identify and monitor key risk hotspots in the CIB portfolio with regard to clients' exposure to extreme weather events. This is in addition to the Transition Risk Grading already in place for CIB clients. We have also expanded coverage of Climate and Credit Risk considerations to physical collateral, as they serve as key risk mitigants, especially in default events. We use available data or proxy methodologies to assess the portfolios within WRB for transition risks particularly consumer mortgage. We assess physical risk concentrations for our WRB portfolio on a quarterly basis and assess the physical risk vulnerabilities of our sites periodically and when new sites are onboarded. We have initiated an evaluation of physical risk vulnerabilities at our primary vendors' delivery sites this year. We are also monitoring the climate risk-related vulnerabilities and readiness of our top corporate liquidity providers, including the concentration of liquidity exposures with clients with high transition and/or high physical risk.

Our Net Zero Climate Risk Working Forum meets at least quarterly to discuss account plans and risk management strategies for high climate risk and net zero divergent clients. We are also enhancing the oversight on any new materially misaligned clients through a mandatory second line review as part of the deal approval process. Stress testing and scenario analysis are used to assess the impact of ESGR-related risks. The impact on capital requirements has been included in the Group Internal Capital Adequacy Assessment Process (ICAAP). Management information is reviewed at a quarterly frequency and any breaches in RA are reported to the GRC and BRC.

Model Risk Mitigation

The Model Risk Policy and Standards define requirements for model development, validation, implementation and use, including regular model performance monitoring and, where required, model risk mitigants.

Model deficiencies identified through the development or validation process, or model performance issues identified through ongoing monitoring, are mitigated through respective model risk mitigants. Mitigants include model overlays as either post-model adjustments (PMAs) or management adjustments, model restrictions and potentially a model recalibration or redevelopment, all of which undergo independent review, challenge, and approval. PMAs are used to address observed deficiencies caused from within the model, by adjusting the model output either directly or indirectly (e.g. adjusting parameters).

Where a PMA is applied as a mitigant for a model used in Pillar 1 or Pillar 2 calculations or models with material impact on financial accounting disclosures (e.g. IFRS 9), the independent review must be performed by Group Model Validation (GMV) with sign-off from the Model Approver prior to implementation. Management adjustments are used to address issues by applying management decisions without adjusting a direct modelling component.

As with all PRTs, operational controls are used to govern all Model Risk-related processes, with regular risk assessments performed to assess appropriateness and effectiveness of those controls, in line with the Operational and Technology RTF, with remediation plans implemented where necessary. Group Model Risk Policy and Standards also define requirements for Deterministic Quantitative Methods (DQMs) that are used as part of an end-to-end modelled process. DQMs are similar in nature to a model, however the processing component is either purely deterministic or has an element of expert judgement. Unlike a model, there is no use of statistical, economic, financial or mathematical theories.

Monitoring

The Group monitors Model Risk via a set of RA metrics. Adherence to Model RA and any threshold breaches are reported to the BRC, GRC and MRC. These metrics and thresholds are reviewed twice per year to ensure that threshold calibration remains appropriate, and the themes adequately cover the current risks.

Models undergo regular performance monitoring based on their level of perceived Model Risk, with monitoring results presented, and breaches escalated to the Model Sponsor, Model Owner, GMV and respective MRC or Individual Delegated Model Approvers. In addition, all models are subject to periodic revalidation, with frequency and intensity of the revalidation work determined by the materiality and uncertainty of the model.

Model Risk management produces Model Risk reports covering the model landscape, which include performance metrics, identified model issues and remediation plans. These are presented for discussion at the Model Risk governance committees on a regular basis.

Credit Risk (audited)

Basis of preparation

Unless otherwise stated, the balance sheet and income statement information presented within this section is based on the booking location. The accounting policy for the presentation of geographic information has been changed from being based on a management view which was principally the location from which a client relationship is managed, to being based on a view reflecting the location in which exposures are financially booked in 2025. Read more in Note 1 to the financial statements. Prior period amounts have been re-presented in line with this change with the impact presented in Note 40 to the financial statements.

Loans and advances to customers and banks held at amortised cost in this 'Risk profile' section include reverse repurchase agreement balances held at amortised cost, per Note 16 'Reverse repurchase and repurchase agreements including other similar secured lending and borrowing'.

Credit risk overview

Credit Risk is the potential for loss due to the failure of a counterparty to meet its contractual obligations to pay the Group. Credit exposures arise from both the banking and trading books.

Impairment model

IFRS 9 mandates an impairment model that requires the recognition of expected credit losses (ECL) on all financial debt instruments held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), undrawn loan commitments and financial guarantees. Read more on the accounting policy on page 342 and the IFRS 9 ECL methodology on page 264.

Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month ECL provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime ECL provision is recognised when there has been a significant change in the Credit Risk compared to what was expected at origination.

The framework used to determine a Significant Increase in Credit Risk (SICR) is set out below.

Stage 1

- 12-month ECL
- Performing

Stage 2

- Lifetime ECL
- Performing but has exhibited SICR

Stage 3

- Credit-impaired
- Non-performing

IFRS 9 ECL principles and approaches

The main methodology principles and approach adopted by the Group are set out in the following table.

Title	Supplementary Information	Page
Approach for determining ECL	• IFRS 9 ECL methodology • Application of lifetime ECL	264 264
Key assumptions and judgements in determining ECL	• Incorporation of forward-looking information • Forecast of key macroeconomic variables underlying the ECL calculation and the impact of non-linearity • Impact of multiple economic scenarios • Judgemental adjustments and management overlays • Sensitivity of ECL calculation to macroeconomic variables	266 266 269 270 271
Significant Increase in Credit Risk (SICR)	• Quantitative and Qualitative criteria	274
Credit-impaired (or defaulted) exposures (Stage 3)	• Expert credit judgement	344
Transfers between stages	• Movement in gross exposures and credit impairment	246
Modified financial assets	• Forborne and other modified loans	254
Governance of PMAs and application of expert credit judgement in respect of ECL	• IFRS 9 Impairment Committee	275

Summary of Credit Risk Performance

Maximum Exposure

The Group's on-balance sheet maximum exposure to Credit Risk increased by \$43.2 billion to \$866.6 billion (31 December 2024: \$823.4 billion). Cash and balances at Central banks increased by \$14.3 billion to \$77.7 billion (31 December 2024: \$63.4 billion) reflecting deposit growth in Greater China and North Asia requiring a corresponding increase in statutory reserve placements, and increased unrestricted balances driven by funding inflows and high-quality liquid asset deployment.

Debt securities (not held at fair value through profit or loss) increased by \$22.2 billion to \$165.8 billion (31 December 2024: \$143.6 billion) due to deployment of excess surplus and liquidity buffer purposes. Loans and advances to customers increased by \$5.8 billion to \$286.8 billion (31 December 2024: \$281.0 billion), which comprises of a \$3.0 billion increase in CIB, \$9.1 billion increase in WRB and Ventures, offset by \$7.1 billion decrease in Central and other items. Fair value through profit and loss increased by \$14.1 billion to \$186.2 billion (31 December 2024: \$172.0 billion), largely due to an increase in treasury bills and in loans to customers in the financing, insurance and non-banking and commercial real estate sectors.

Derivative financial instruments decreased by \$15.7 billion to \$65.8 billion (31 December 2024: \$81.5 billion) mainly due to the weakening of the US dollar. Off-balance sheet instruments increased by \$40.3 billion to \$313.4 billion (31 December 2024: \$273.2 billion), due to an increase in undrawn commitments, financial guarantees and other equivalents driven by client demand.

 Read more on 'Maximum exposure to Credit Risk' on page 236; 'Credit quality by client segment' on page 238

Loans and Advances

The Group continues to focus on high-quality origination with 95 per cent (31 December 2024: 94 per cent) of the Group's gross loans and advances to customers classified as stage 1.

Stage 1 gross loans and advances to customers increased by \$6.0 billion to \$275.1 billion (31 December 2024: \$269.1 billion). CIB gross stage 1 balances increased by \$4.1 billion to \$132.8 billion (31 December 2024: \$128.7 billion) across several sectors including transport, telecom and utilities and commercial real estate. WRB and Ventures gross stage 1 balances increased by \$8.9 billion to \$127.3 billion (31 December 2024: \$118.4 billion), mainly due to a \$5.3 billion increase in the mortgage portfolio across Korea and Singapore and \$5.2 billion increase in secured wealth products due to higher demand in Singapore and Hong Kong. Central and other items, gross stage 1 balances decreased by \$7.0 billion to \$15.0 billion (31 December 2024: \$22.0 billion) primarily due to maturity of placements held with the Monetary Authority of Singapore.

Stage 2 gross loans and advances to customers decreased by \$0.8 billion to \$9.8 billion (31 December 2024: \$10.6 billion). CIB gross stage 2 balances decreased by \$0.8 billion to \$7.9 billion (31 December 2024: \$8.6 billion), largely due to lower balances in the financing, insurance and non-banking sector from a sovereign portfolio upgrade. WRB and Ventures gross stage 2 loans and advances to customers balances remained stable at \$2.0 billion (31 December 2024: \$2.0 billion).

Stage 3 gross loans and advances decreased by \$0.2 billion to \$6.0 billion (31 December 2024: \$6.2 billion) primarily in CIB due to restructuring related write-offs in the China commercial real estate sector offset by a downgrade in the government sector. This also contributed to a reduction in the CIB stage 3 cover ratio before collateral. The total stage 3 cover ratio reduced by 11.8 per cent to 51.8 per cent (31 December 2024: 63.6 per cent) of which around 8 per cent was related to CRE restructuring and 7 per cent was related to downgrades with low levels of coverage, where strong credit mitigants are in place. This was partially offset by other portfolio movements. The total stage 3 cover ratio post tangible collateral decreased to 68.4 per cent (31 December 2024: 77.8 per cent) with some of the downgrades being covered by guarantees and insurance which are not included as tangible collateral. The WRB stage 3 cover ratio after collateral increased to 88.5 per cent (31 December 2024: 83.1 per cent) driven by an increase in credit impairment provisions and collateral values.

 Read more on 'Analysis of financial instruments by stage' on page 237; 'Credit quality by client segment' on page 238; 'Credit quality by industry' on page 258

Analysis of Stage 2

The proportion of CIB exposures in stage 2 due to quantitative factors decreased mainly due to model changes and a sovereign portfolio upgrade. In Central and other items, balances reduced to \$1.7 billion (31 December 2024: \$2.1 billion) primarily due to a sovereign upgrade and portfolio movements.

 Read more on 'Credit quality by client segment' on page 238; 'Analysis of stage 2 balances' on page 253; SICR quantitative and qualitative criteria on page 274

Credit Impairment charges

The Group's ongoing credit impairment was a net charge of \$676 million (31 December 2024: \$557 million).

WRB contributed a net charge of \$595 million (31 December 2024: \$623 million) which is mainly driven by unsecured products as per normalised flow and provisions for stressed assets. The year-on-year decrease was due to portfolio quality improvements and a reduction in unsecured exposures which is in line with our strategic pivot to affluent.

CIB contributed a net charge of \$4 million (31 December 2024: \$120 million release). The increase was mainly due to portfolio movements, higher judgemental overlays, and lower releases compared to 2024. Ventures had a charge of \$59 million (31 December 2024: \$73 million) as delinquency rates have improved following a change in credit underwriting criteria. Central and other items contributed a net charge of \$18 million (31 December 2024: \$19 million release), which included the impact of model updates in 2025.

 Read more on 'Financial review' on page 57; 'Credit impairment charge' on page 254

Commercial Real Estate (CRE)

The Group provides loans to CRE and data centres counterparties of which \$10 billion¹ is to counterparties in the CIB segment where the source of repayment is substantially derived from rental or sale of real estate and is secured by real estate collateral. The remaining CRE loans comprise working capital loans to real estate corporates, loans with non-property collateral, unsecured loans and loans to real estate entities of diversified conglomerates. The average loan-to-value (LTV) ratio of the performing book CRE portfolio remained stable at 54 per cent (31 December 2024: 54 per cent). The proportion of loans with an LTV greater than 80 per cent has increased to 6 per cent (31 December 2024: 4 per cent).

Total on and off-balance sheet exposure to China CRE decreased by \$1.2 billion to \$0.8 billion (31 December 2024: \$2.0 billion) mainly from restructuring related write-offs and exposure reductions which also reduced stage 3 exposure to \$0.4 billion (31 December 2024: \$1.3 billion) and stage 3 provision coverage to 67 per cent (31 December 2024: 87 per cent). The Group continues to hold a judgemental management overlay, which decreased by \$34 million to \$36 million (31 December 2024: \$70 million) due to repayments and utilisation during the year. The Group is further indirectly exposed to China CRE through its associate investment in China Bohai Bank.

The Group's loans and advances to Hong Kong CRE clients decreased by \$1.0 billion to \$1.5 billion (31 December 2024: \$2.5 billion), due to repayments. 32 per cent (31 December 2024: 21 per cent) were in stage 2 and 6 per cent (31 December 2024: nil) in stage 3. Within stage 2, \$0.4 billion (31 December 2024: nil) is rated as CG12. The portfolio is 86 per cent (31 December 2024: 82 per cent) secured with an average LTV of below 50 per cent (31 December 2024: below 40 per cent) and continues to be subject to proactive risk management with close monitoring of valuations and regular stress tests. The Group continues to hold a judgemental management overlay, which decreased by \$11 million to \$47 million (31 December 2024: \$58 million) due to repayments and upgrades.

 Read more on 'Judgemental management overlays' on page 271

High carbon sectors

The Group's high carbon sectors exposure has increased by \$5.4 billion to \$43.1 billion (31 December 2024: \$37.7 billion) due to the oil and gas, CRE and power sectors. High carbon sector exposure is at 12.6 per cent of the Group's maximum exposure (31 December 2024: 11.8 per cent).

Oil and gas exposure has increased by \$2.0 billion to \$9.5 billion (31 December 2024: \$7.4 billion) due to an increase in short-term trade products, increased lending to gas infrastructure projects, and increased Carbon Capture, Utilisation and Storage (CCUS) exposure.

CRE and power exposures have increased by \$3 billion to \$17 billion (31 December 2024: \$14 billion) due to the growth of these sectors. Power continues to show a positive growth in lower carbon generation, through renewables financing, carbon efficient gas and the run-down of coal generation.

The increase in high carbon exposure does not directly translate into higher emissions intensity, as the exposure includes lending to both higher and lower emissions intensity counterparties, including sustainable finance and transition finance lending.

 Read more on the emissions profile of all high carbon sectors on page 92; 'High carbon sectors' exposure on page 260; 2030 targets and progress against those targets on page 91

¹ The Group's CRE net nominal exposure, adjusted for non-property collateral.

Credit Risk (audited)

Maximum exposure to Credit Risk (audited)

The table below presents the Group's maximum exposure to Credit risk for its on-balance sheet and off-balance sheet financial instruments as at 31 December 2025, before and after taking into account any collateral held or other Credit risk mitigation.

 Read more on 'Summary of Credit Risk performance' on page 234

	2025				2024			
	Credit risk management				Credit risk management			
	Maximum exposure \$million	Collateral ⁸ \$million	Master netting agreements \$million	Net Exposure \$million	Maximum exposure \$million	Collateral ⁸ \$million	Master netting agreements \$million	Net exposure \$million
On-balance sheet								
Cash and balances at central banks	77,746	–	–	77,746	63,447	–	–	63,447
Loans and advances to banks ¹	43,901	3,724	–	40,177	43,593	2,946	–	40,647
Of which – reverse repurchase agreements and other similar secured lending	3,724	3,724	–	–	2,946	2,946	–	–
Loans and advances to customers ¹	286,788	134,253	–	152,535	281,032	119,047	–	161,985
Of which – reverse repurchase agreements and other similar secured lending	8,242	8,242	–	–	9,660	9,660	–	–
Investment securities – Debt securities and other eligible bills ^{2,3}	165,753	–	–	165,753	143,562	–	–	143,562
Fair value through profit or loss ⁴	186,173	84,130	–	102,043	172,031	86,195	–	85,836
Loans and advances to banks	2,984	–	–	2,984	2,213	–	–	2,213
Loans and advances to customers	12,355	–	–	12,355	7,084	–	–	7,084
Reverse repurchase agreements and other similar lending	84,130	84,130	–	–	86,195	86,195	–	–
Investment securities – Debt securities and other eligible bills ⁴	86,704	–	–	86,704	76,539	–	–	76,539
Derivative financial instruments ⁵	65,782	14,168	44,712	6,902	81,472	15,005	60,280	6,187
Accrued income	2,631	–	–	2,631	2,776	–	–	2,776
Assets held for sale ⁹	1,042	–	–	1,042	889	–	–	889
Other assets ⁶	36,770	–	–	36,770	34,585	–	–	34,585
Total balance sheet	866,586	236,275	44,712	585,599	823,387	223,193	60,280	539,914
Off-balance sheet⁷								
Undrawn Commitments	199,245	3,513	–	195,732	182,529	2,489	–	180,040
Financial Guarantees and other equivalents	114,193	3,214	–	110,979	90,632	1,807	–	88,825
Total off-balance sheet	313,438	6,727	–	306,711	273,161	4,296	–	268,865
Total	1,180,024	243,002	44,712	892,310	1,096,548	227,489	60,280	808,779

1 Amounts are net of ECL provisions. An analysis of credit quality is set out in the credit quality analysis section (page 239). Further details of collateral held by client segment and stage are set out in the collateral analysis section (page 255). The Group also has credit mitigation through Credit Default Swaps and Credit Linked Notes as set out on page 257.

2 Excludes equity and other investments of \$1,203 million (31 December 2024: \$994 million). Further details are set out in Note 13 financial instruments.

3 The Group has credit insurance over \$4.2 billion (31 December 2024: \$4.03 billion) of other eligible bills.

4 Excludes equity and other investments of \$9,084 million (31 December 2024: \$5,486 million). Further details are set out in Note 13 financial instruments.

5 The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions.

6 Other assets include Hong Kong certificates of indebtedness, cash collateral, and acceptances, in addition to unsettled trades and other financial assets.

7 Excludes ECL provisions of \$224 million (31 December 2024: \$255 million) which are reported under Provisions for liabilities and charges.

8 Adjusted for over-collateralisation, which has been determined with reference to the drawn and undrawn component as this best reflects the effect on the amount arising from expected credit losses.

9 The amount is after ECL provisions. Further details are set out in Note 21 Assets held for sale and associated liabilities.

Analysis of financial instruments by stage (audited)

The table below presents the gross and credit impairment balances by stage for the Group's amortised cost and FVOCI financial instruments as at 31 December 2025.

 Read more on 'Summary of Credit Risk performance' on page 234

	2025											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million
Cash and balances at central banks	76,520	–	76,520	463	(1)	462	773	(9)	764	77,756	(10)	77,746
Loans and advances to banks (amortised cost)	43,608	(6)	43,602	217	(1)	216	90	(7)	83	43,915	(14)	43,901
Loans and advances to customers (amortised cost)	275,062	(528)	274,534	9,823	(446)	9,377	5,964	(3,087)	2,877	290,849	(4,061)	286,788
Debt securities and other eligible bills⁵	164,283	(56)		1,198	(5)		296	(5)		165,777	(66)	
Amortised cost	57,005	(22)	56,983	243	(2)	241	26	–	26	57,274	(24)	57,250
FVOCI²	107,278	(34)		955	(3)		270	(5)		108,503	(42)	–
Accrued income (amortised cost)⁴	2,631		2,631			–			–	2,631	–	2,631
Assets held for sale	1,053	(22)	1,031	8	–	8	8	(5)	3	1,069	(27)	1,042
Other assets⁴	36,769	–	36,769	–	–	–	7	(6)	1	36,776	(6)	36,770
Undrawn commitments³	195,032	(49)		4,208	(33)		5	(2)		199,245	(84)	
Financial guarantees, trade credits and irrevocable letter of credits³	112,091	(26)		1,511	(16)		591	(98)		114,193	(140)	
Total	907,049	(687)		17,428	(502)		7,734	(3,219)		932,211	(4,408)	

1 Gross carrying amount for off-balance sheet refers to notional values.

2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve.

3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a liability and therefore there is no 'net carrying amount'. ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component.

4 Stage 1 ECL is not material.

5 Stage 3 gross includes \$278 million originated credit-impaired debt securities with impairment of \$5 million.

	2024											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million	Gross balance¹ \$million	Total credit impairment \$million	Net carrying value \$million
Cash and balances at central banks	62,597	–	62,597	432	(4)	428	426	(4)	422	63,455	(8)	63,447
Loans and advances to banks (amortised cost)	43,208	(10)	43,198	318	(1)	317	83	(5)	78	43,609	(16)	43,593
Loans and advances to customers (amortised cost)	269,102	(483)	268,619	10,631	(473)	10,158	6,203	(3,948)	2,255	285,936	(4,904)	281,032
Debt securities and other eligible bills⁵	141,862	(23)		1,614	(4)		103	(2)		143,579	(29)	
Amortised cost	54,637	(15)	54,622	475	(2)	473	42	–	42	55,154	(17)	55,137
FVOCI²	87,225	(8)		1,139	(2)		61	(2)		88,425	(12)	
Accrued income (amortised cost)⁴	2,776		2,776			–			–	2,776	–	2,776
Assets held for sale	840	(7)	833	38	–	38	58	(45)	13	936	(52)	884
Other assets⁴	34,585	–	34,585	–	–	–	3	(3)	–	34,588	(3)	34,585
Undrawn commitments³	178,516	(50)		4,006	(52)		7	(1)		182,529	(103)	
Financial guarantees, trade credits and irrevocable letter of credits³	87,991	(16)		2,038	(7)		603	(129)		90,632	(152)	
Total	821,477	(589)		19,077	(541)		7,486	(4,137)		848,040	(5,267)	

1 Gross carrying amount for off-balance sheet refers to notional values.

2 These instruments are held at fair value on the balance sheet. The ECL provision in respect of debt securities measured at FVOCI is held within the OCI reserve.

3 These are off-balance sheet instruments. Only the ECL is recorded on-balance sheet as a liability and therefore there is no 'net carrying amount'. ECL allowances on off-balance sheet instruments are held as liability provisions to the extent that the drawn and undrawn components of loan exposures can be separately identified. Otherwise they will be reported against the drawn component.

4 Stage 1 ECL is not material.

5 Stage 3 gross includes \$59 million originated credit-impaired debt securities with impairment of Nil.

Credit Risk (audited)

Credit quality analysis (audited)

Credit quality by client segment

For CIB, exposures are analysed by credit grade (CG), which plays a central role in the quality assessment and monitoring of risk. All loans are assigned a CG, which is reviewed periodically and amended in light of changes in the borrower's circumstances or behaviour. CGs 1 to 12 are assigned to stage 1 and stage 2 (performing) clients or accounts, while CGs 13 and 14 are assigned to stage 3 (credit-impaired) clients. Consumer and Business Banking portfolios are analysed by days past due and Private Banking by the type of collateral held.

Mapping of credit quality

The Group uses the following internal risk mapping to determine the credit quality for loans.

Credit quality description	Corporate & Investment Banking			Private Banking ¹	Wealth & Retail Banking ⁴
	Internal grade mapping	S&P external ratings equivalent	Regulatory PD range (%)	Internal ratings	Internal grade mapping
Strong	1A to 5B	AAA/AA+ to BBB-/BB+ ²	0 to 0.425	Class I and Class IV	Current loans (no past dues nor impaired)
Satisfactory	6A to 11C	BB to CCC+ ³	0.426 to 15.75	Class II and Class III	Loans past due till 29 days
Higher risk	Grade 12	CCC+ to C	15.751 to 99.999	Stressed Assets Group (SAG) Managed	Past due loans 30 days and over till 90 days

¹ For Private Banking, classes of risk represent the type of collateral held. Class I represents facilities with liquid collateral, such as cash and marketable securities. Class II represents unsecured/partially secured facilities and those with illiquid collateral, such as equity in private enterprises. Class III represents facilities with residential or commercial real estate collateral. Class IV covers margin trading facilities.

² Banks' rating: AAA/AA+ to BB+/BB. Sovereigns' rating: AAA to BB+.

³ Banks' rating: BB to 'CCC+' to C'. Sovereigns' rating: BB+/BB to B-/CCC+.

⁴ Wealth & Retail Banking excludes Private Banking. Medium enterprise clients within Business Banking are managed using the same internal credit grades as CIB.

The table below sets out the gross loans and advances held at amortised cost, ECL provisions and ECL coverage by business segment and stage. ECL coverage represents the ECL reported for each segment and stage as a proportion of the gross loan balance for each segment and stage.

 Read more on 'Summary of Credit Risk performance' on page 234

Loans and advances by client segment (audited)

	2025							
	Customers						Undrawn commitments \$million	Financial Guarantees \$million
Amortised cost	Banks \$million	Corporate & Investment Banking \$million	Wealth & Retail Banking \$million	Ventures \$million	Central & other items \$million	Customer Total \$million		
Stage 1	43,608	132,772	124,657	2,649	14,984	275,062	195,032	112,091
• Strong	31,257	94,399	119,351	2,628	14,228	230,606	176,123	67,184
• Satisfactory	12,351	38,373	5,306	21	756	44,456	18,909	44,907
Stage 2	217	7,859	1,903	61	–	9,823	4,208	1,511
• Strong	42	1,767	1,414	39	–	3,220	1,340	351
• Satisfactory	172	4,984	154	8	–	5,146	2,662	1,052
• Higher risk	3	1,108	335	14	–	1,457	206	108
Of which (stage 2):								
• Less than 30 days past due	–	86	154	8	–	248	–	–
• More than 30 days past due	3	158	335	14	–	507	–	–
Stage 3, credit-impaired financial assets	90	4,201	1,723	38	2	5,964	5	591
Gross balance¹	43,915	144,832	128,283	2,748	14,986	290,849	199,245	114,193
Stage 1	(6)	(128)	(346)	(42)	(12)	(528)	(49)	(26)
• Strong	(2)	(59)	(304)	(39)	(12)	(414)	(28)	(12)
• Satisfactory	(4)	(69)	(42)	(3)	–	(114)	(21)	(14)
Stage 2	(1)	(310)	(114)	(22)	–	(446)	(33)	(16)
• Strong	(1)	(4)	(79)	(13)	–	(96)	(4)	–
• Satisfactory	–	(217)	(12)	(3)	–	(232)	(20)	(9)
• Higher risk	–	(89)	(23)	(6)	–	(118)	(9)	(7)
Of which (stage 2):								
• Less than 30 days past due	–	(9)	(12)	(3)	–	(24)	–	–
• More than 30 days past due	–	(1)	(23)	(6)	–	(30)	–	–
Stage 3, credit-impaired financial assets	(7)	(2,214)	(846)	(25)	(2)	(3,087)	(2)	(98)
Total credit impairment	(14)	(2,652)	(1,306)	(89)	(14)	(4,061)	(84)	(140)
Net carrying value	43,901	142,180	126,977	2,659	14,972	286,788		
Stage 1	0.0%	0.1%	0.3%	1.6%	0.1%	0.2%	0.0%	0.0%
• Strong	0.0%	0.1%	0.3%	1.5%	0.1%	0.2%	0.0%	0.0%
• Satisfactory	0.0%	0.2%	0.8%	14.3%	0.0%	0.3%	0.1%	0.0%
Stage 2	0.5%	3.9%	6.0%	36.1%	0.0%	4.5%	0.8%	1.1%
• Strong	2.4%	0.2%	5.6%	33.3%	0.0%	3.0%	0.3%	0.0%
• Satisfactory	0.0%	4.4%	7.8%	37.5%	0.0%	4.5%	0.8%	0.9%
• Higher risk	0.0%	8.0%	6.9%	42.9%	0.0%	8.1%	4.4%	6.5%
Of which (stage 2):								
• Less than 30 days past due	0.0%	10.5%	7.8%	37.5%	0.0%	9.7%	0.0%	0.0%
• More than 30 days past due	0.0%	0.6%	6.9%	42.9%	0.0%	5.9%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	7.8%	52.7%	49.1%	65.8%	100.0%	51.8%	40.0%	16.6%
• Stage 3 Collateral	–	314	678	–	–	992	–	56
• Stage 3 Cover ratio (after collateral)	7.8%	60.2%	88.5%	65.8%	100.0%	68.4%	40.0%	26.1%
Cover ratio	0.0%	1.8%	1.0%	3.2%	0.1%	1.4%	0.0%	0.1%
Fair value through profit or loss								
Performing	36,580	62,780	2	1	–	62,783	–	–
• Strong	28,277	39,351	2	1	–	39,354	–	–
• Satisfactory	8,303	23,429	–	–	–	23,429	–	–
• Higher risk	–	–	–	–	–	–	–	–
Impaired (CG13-14)	92	14	–	–	–	14	–	–
Gross balance (FVTPL)²	36,672	62,794	2	1	–	62,797	–	–
Net carrying value (incl FVTPL)	80,573	204,974	126,979	2,660	14,972	349,585	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$8,242 million under Customers and of \$3,724 million under Banks, held at amortised cost.

Loans and advances includes reverse repurchase agreements and other similar secured lending of \$50,443 million under Customers and of \$33,689 million under Banks, held at fair value through profit or loss.

Credit Risk (audited)

	2024							
	Customers						Undrawn commitments \$million	Financial Guarantees \$million
Amortised cost	Banks \$million	Corporate & Investment Banking \$million	Wealth & Retail Banking \$million	Ventures \$million	Central & other items \$million	Customer Total \$million		
Stage 1	43,208	128,746	117,015	1,383	21,958	269,102	178,516	87,991
• Strong	31,239	90,725	111,706	1,367	21,540	225,338	162,574	56,070
• Satisfactory	11,969	38,021	5,309	16	418	43,764	15,942	31,921
Stage 2	318	8,643	1,905	48	35	10,631	4,006	2,038
• Strong	8	1,229	1,413	31	–	2,673	994	471
• Satisfactory	125	6,665	155	6	–	6,826	2,862	1,403
• Higher risk	185	749	337	11	35	1,132	150	164
Of which (stage 2):								
• Less than 30 days past due	–	55	155	6	–	216	–	–
• More than 30 days past due	2	7	337	11	–	355	–	–
Stage 3, credit-impaired financial assets	83	4,476	1,617	12	98	6,203	7	603
Gross balance¹	43,609	141,865	120,537	1,443	22,091	285,936	182,529	90,632
Stage 1	(10)	(80)	(383)	(20)	–	(483)	(50)	(16)
• Strong	(7)	(28)	(325)	(18)	–	(371)	(33)	(7)
• Satisfactory	(3)	(52)	(58)	(2)	–	(112)	(17)	(9)
Stage 2	(1)	(303)	(147)	(23)	–	(473)	(52)	(7)
• Strong	–	(41)	(70)	(14)	–	(125)	(10)	–
• Satisfactory	(1)	(218)	(32)	(3)	–	(253)	(32)	(4)
• Higher risk	–	(44)	(45)	(6)	–	(95)	(10)	(3)
Of which (stage 2):								
• Less than 30 days past due	–	(1)	(32)	(3)	–	(36)	–	–
• More than 30 days past due	–	–	(45)	(6)	–	(51)	–	–
Stage 3, credit-impaired financial assets	(5)	(3,178)	(759)	(11)	–	(3,948)	(1)	(129)
Total credit impairment	(16)	(3,561)	(1,289)	(54)	–	(4,904)	(103)	(152)
Net carrying value	43,593	138,304	119,248	1,389	22,091	281,032	–	–
Stage 1	0.0%	0.1%	0.3%	1.4%	0.0%	0.2%	0.0%	0.0%
• Strong	0.0%	0.0%	0.3%	1.3%	0.0%	0.2%	0.0%	0.0%
• Satisfactory	0.0%	0.1%	1.1%	12.5%	0.0%	0.3%	0.1%	0.0%
Stage 2	0.3%	3.6%	7.7%	47.9%	0.0%	4.4%	1.3%	0.3%
• Strong	0.0%	3.3%	5.0%	45.2%	0.0%	4.7%	1.0%	0.0%
• Satisfactory	0.8%	3.3%	20.6%	50.0%	0.0%	3.7%	1.1%	0.3%
• Higher risk	0.0%	5.9%	13.4%	54.5%	0.0%	8.4%	6.7%	1.8%
Of which (stage 2):								
• Less than 30 days past due	0.0%	1.8%	20.6%	50.0%	0.0%	16.7%	0.0%	0.0%
• More than 30 days past due	0.0%	0.0%	13.4%	54.5%	0.0%	14.4%	0.0%	0.0%
Stage 3, credit-impaired financial assets (S3)	6.0%	71.0%	46.9%	91.7%	0.0%	63.6%	14.3%	21.4%
• Stage 3 Collateral	1	297	584	–	–	881	–	46
• Stage 3 Cover ratio (after collateral)	7.2%	77.6%	83.1%	91.7%	0.0%	77.8%	14.3%	29.0%
Cover ratio	0.0%	2.5%	1.1%	3.7%	0.0%	1.7%	0.1%	0.2%
Fair value through profit or loss								
Performing	36,967	58,506	6	–	–	58,512	–	–
• Strong	30,799	38,084	3	–	–	38,087	–	–
• Satisfactory	6,158	20,314	3	–	–	20,317	–	–
• Higher risk	10	108	–	–	–	108	–	–
Impaired (CG13-14)	–	13	–	–	–	13	–	–
Gross balance (FVTPL)²	36,967	58,519	6	–	–	58,525	–	–
Net carrying value (incl FVTPL)	80,560	196,823	119,254	1,389	22,091	339,557	–	–

1 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$9,660 million under Customers and of \$2,946 million under Banks, held at amortised cost.

2 Loans and advances includes reverse repurchase agreements and other similar secured lending of \$51,441 million under Customers and of \$34,754 million under Banks, held at fair value through profit or loss.

Loans and advance analysis by client segment, credit quality and key geography

Credit grade	Regulatory 1 year PD range (%)	S&P external ratings equivalent	2025							
			Corporate & Investment Banking and Central & other items							
			Gross				Credit impairment			
			Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million	Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million
Strong			108,627	1,767	–	110,394	(71)	(4)	–	(75)
1A-2B	0 – 0.045	A+ and above	27,495	71	–	27,566	(14)	–	–	(14)
3A-4A	0.046 – 0.110	A/A- to BBB+/BBB	32,856	428	–	33,284	(3)	–	–	(3)
4B-5B	0.111 – 0.425	BBB to BBB-/BB+	48,276	1,268	–	49,544	(54)	(4)	–	(58)
Satisfactory			39,129	4,984	–	44,113	(69)	(217)	–	(286)
6A-7B	0.426 – 1.350	BB+/BB to BB-	24,871	1,564	–	26,435	(16)	(26)	–	(42)
8A-9B	1.351 – 4.000	BB-/B+ to B	9,738	1,758	–	11,496	(36)	(125)	–	(161)
10A-11C	4.001 – 15.75	B/B- to B-/CCC+	4,520	1,662	–	6,182	(17)	(66)	–	(83)
Higher risk			–	1,108	–	1,108	–	(89)	–	(89)
12	15.751 – 99.999	CCC/C	–	1,108	–	1,108	–	(89)	–	(89)
Credit-impaired			–	–	4,203	4,203	–	–	(2,216)	(2,216)
13-14	100	Impaired	–	–	4,203	4,203	–	–	(2,216)	(2,216)
Total			147,756	7,859	4,203	159,818	(140)	(310)	(2,216)	(2,666)

2024										
Strong			112,265	1,229	–	113,494	(28)	(41)	–	(69)
1A-2B	0 – 0.045	A+ and above	32,160	31	–	32,191	(2)	–	–	(2)
3A-4A	0.046 – 0.110	A/A- to BBB+/BBB	40,712	524	–	41,236	(8)	(33)	–	(41)
4B-5B	0.111 – 0.425	BBB to BBB-/BB+	39,393	674	–	40,067	(18)	(8)	–	(26)
Satisfactory			38,439	6,665	–	45,104	(52)	(218)	–	(270)
6A-7B	0.426 – 1.350	BB+/BB to BB-	24,928	2,677	–	27,605	(21)	(24)	–	(45)
8A-9B	1.351 – 4.000	BB-/B+ to B	9,514	2,618	–	12,132	(20)	(169)	–	(189)
10A-11C	4.001 – 15.75	B/B- to B-/CCC+	3,997	1,370	–	5,367	(11)	(25)	–	(36)
Higher risk			–	784	–	784	–	(44)	–	(44)
12	15.751 – 99.999	CCC/C	–	784	–	784	–	(44)	–	(44)
Credit-impaired			–	–	4,574	4,574	–	–	(3,178)	(3,178)
13-14	100	Impaired	–	–	4,574	4,574	–	–	(3,178)	(3,178)
Total			150,704	8,678	4,574	163,956	(80)	(303)	(3,178)	(3,561)

Credit Risk (audited)

Undrawn commitment and financial guarantees by client segment and credit quality

			2025							
			Corporate & Investment Banking and Central & other items							
Credit grade	Regulatory 1 year PD range (%)	S&P external ratings equivalent	Notional				Credit impairment			
			Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million	Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million
Strong			165,772	1,499	–	167,271	(26)	(1)	–	(27)
1A-2B	0 – 0.045	A+ and above	30,194	344	–	30,538	(2)	–	–	(2)
3A-4A	0.046 – 0.110	A/A- to BBB+/BBB	60,619	453	–	61,072	(5)	–	–	(5)
4B-5B	0.111 – 0.425	BBB to BBB-/BB+	74,959	702	–	75,661	(19)	(1)	–	(20)
Satisfactory			62,472	3,652	–	66,124	(32)	(28)	–	(60)
6A-7B	0.426 – 1.350	BB+/BB to BB-	46,842	1,299	–	48,141	(16)	(3)	–	(19)
8A-9B	1.351 – 4.000	BB-/B+ to B	11,762	1,388	–	13,150	(11)	(16)	–	(27)
10A-11C	4.001 – 15.75	B/B- to B-/CCC+	3,868	965	–	4,833	(5)	(9)	–	(14)
Higher risk			–	292	–	292	–	(16)	–	(16)
12	15.751 – 99.999	CCC+/C	–	292	–	292	–	(16)	–	(16)
Credit-impaired			–	–	583	583	–	–	(100)	(100)
13-14	100	Impaired	–	–	583	583	–	–	(100)	(100)
Total			228,244	5,443	583	234,270	(58)	(45)	(100)	(203)

			2024							
Strong			140,733	1,265	–	141,998	(22)	(6)	–	(29)
1A-2B	0 – 0.045	A+ and above	29,623	280	–	29,903	(1)	–	–	(1)
3A-4A	0.046 – 0.110	A/A- to BBB+/BBB	53,568	492	–	54,060	(4)	–	–	(4)
4B-5B	0.111 – 0.425	BBB to BBB-/BB+	57,542	493	–	58,035	(17)	(6)	–	(23)
Satisfactory			46,394	4,200	–	50,594	(23)	(33)	–	(56)
6A-7B	0.426 – 1.350	BB+/BB to BB-	2,544	1,065	–	3,609	(4)	(6)	–	(10)
8A-9B	1.351 – 4.000	BB-/B+ to B	30,438	1,162	–	31,600	(11)	(16)	–	(27)
10A-11C	4.001 – 15.75	B/B- to B-/CCC+	13,412	1,973	–	15,385	(8)	(11)	–	(19)
Higher risk			–	286	–	286	–	(11)	–	(11)
12	15.751 – 99.999	CCC+/C	–	286	–	286	–	(11)	–	(11)
Credit-impaired			–	–	593	593	–	–	(129)	(129)
13-14	100	Impaired	–	–	593	593	–	–	(129)	(129)
Total			187,127	5,751	593	193,471	(45)	(50)	(129)	(224)

Loans and advances analysis by client segment, credit quality and key geography

	Corporate & Investment Banking and Central & other items																		
	2025																		
	Gross									Credit Impairment									
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3			Total Coverage %
Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million	Defaulted \$million	Total \$million	Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million	Impaired \$million	Total \$million		
Hong Kong	29,977	11,244	41,221	235	1,140	433	1,808	1,181	1,181	(19)	(25)	(44)	–	(78)	(78)	(156)	(424)	(424)	(1.4)%
Corporate Lending	15,933	4,481	20,414	215	1,127	382	1,724	546	546	(16)	(20)	(36)	–	(75)	(78)	(153)	(384)	(384)	(2.5)%
Non Corporate Lending ¹	5,337	2,255	7,592	20	13	51	84	588	588	(1)	(4)	(5)	–	(3)	–	(3)	(39)	(39)	(0.6)%
Banks	8,707	4,508	13,215	–	–	–	–	47	47	(2)	(1)	(3)	–	–	–	–	(1)	(1)	(0.0)%
Singapore	25,585	9,638	35,223	636	962	25	1,623	240	240	(4)	(11)	(15)	(2)	(16)	–	(18)	(170)	(170)	(0.5)%
Corporate Lending	9,996	4,552	14,548	617	849	25	1,491	162	162	(3)	(9)	(12)	(2)	(16)	–	(18)	(159)	(159)	(1.2)%
Non Corporate Lending ¹	11,217	1,198	12,415	–	71	–	71	39	39	(1)	(1)	(2)	–	–	–	–	(8)	(8)	(0.1)%
Banks	4,372	3,888	8,260	19	42	–	61	39	39	–	(1)	(1)	–	–	–	–	(3)	(3)	(0.0)%
China	12,149	1,718	13,867	–	123	12	135	89	89	(2)	(1)	(3)	–	–	–	–	(16)	(16)	(0.1)%
Corporate Lending	4,410	1,196	5,606	–	122	12	134	87	87	(1)	(1)	(2)	–	–	–	–	(14)	(14)	(0.3)%
Non Corporate Lending ¹	4,321	210	4,531	–	–	–	–	–	–	(1)	–	(1)	–	–	–	–	–	–	(0.0)%
Banks	3,418	312	3,730	–	1	–	1	2	2	–	–	–	–	–	–	–	(2)	(2)	(0.1)%
UK	16,597	7,627	24,224	52	1,300	462	1,814	868	868	–	–	–	–	(30)	–	(30)	(371)	(371)	(1.5)%
Corporate Lending	7,136	3,350	10,486	52	1,129	462	1,643	538	538	–	–	–	–	(28)	–	(28)	(346)	(346)	(3.0)%
Non Corporate Lending ¹	7,028	2,188	9,216	–	87	–	87	329	329	–	–	–	–	(2)	–	(2)	(24)	(24)	(0.3)%
Banks	2,433	2,089	4,522	–	84	–	84	1	1	–	–	–	–	–	–	–	(1)	(1)	(0.0)%
US	20,847	3,737	24,584	431	417	–	848	298	298	(2)	(3)	(5)	–	(21)	–	(21)	(53)	(53)	(0.3)%
Corporate Lending	6,629	3,075	9,704	163	367	–	530	298	298	(1)	(3)	(4)	–	(20)	–	(20)	(53)	(53)	(0.7)%
Non Corporate Lending ¹	13,681	171	13,852	258	44	–	302	–	–	(1)	–	(1)	–	(1)	–	(1)	–	–	(0.0)%
Banks	537	491	1,028	10	6	–	16	–	–	–	–	–	–	–	–	–	–	–	0.0%
Others	34,729	17,516	52,245	455	1,214	179	1,848	1,617	1,617	(46)	(33)	(79)	(3)	(72)	(11)	(86)	(1,189)	(1,189)	(2.4)%
Corporate Lending	18,355	13,663	32,018	428	1,108	176	1,712	1,341	1,341	(30)	(25)	(55)	(2)	(65)	(11)	(78)	(997)	(997)	(3.2)%
Non Corporate Lending ¹	4,586	2,788	7,374	14	67	–	81	275	275	(15)	(7)	(22)	–	(7)	–	(7)	(192)	(192)	(2.9)%
Banks	11,788	1,065	12,853	13	39	3	55	1	1	(1)	(1)	(2)	(1)	–	–	(1)	–	–	(0.0)%
Total	139,884	51,480	191,364	1,809	5,156	1,111	8,076	4,293	4,293	(73)	(73)	(146)	(5)	(217)	(89)	(311)	(2,223)	(2,223)	(1.3)%

1 Include financing, insurance and non-banking corporations and governments.

Credit Risk (audited)

	Corporate & Investment Banking and Central & other items																			
	2024																			
	Gross										Credit Impairment									
	Stage 1		Stage 2			Stage 3		Stage 1		Stage 2			Stage 3			Total Coverage %				
Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million	Defaulted \$million	Total \$million	Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million		Impaired \$million	Total \$million		
Hong Kong	29,643	12,079	41,722	230	1,539	64	1,833	1,308	1,308	(8)	(8)	(16)	(33)	(107)	(9)	(149)	(1,157)	(1,157)	(2.9)%	
Corporate Lending	13,230	6,180	19,410	225	1,329	64	1,618	1,296	1,296	(5)	(4)	(9)	(33)	(102)	(9)	(144)	(1,157)	(1,157)	(5.9)%	
Non Corporate Lending ¹	4,526	2,730	7,256	4	206	–	210	12	12	(1)	(3)	(4)	–	(5)	–	(5)	–	–	(0.1)%	
Banks	11,887	3,169	15,056	1	4	–	5	–	–	(2)	(1)	(3)	–	–	–	–	–	–	(0.0)%	
Singapore	34,114	8,762	42,876	500	1,019	35	1,554	337	337	–	(8)	(8)	(4)	(14)	–	(18)	(196)	(196)	(0.5)%	
Corporate Lending	9,545	4,457	14,002	469	658	35	1,162	265	265	–	(6)	(6)	(4)	(14)	–	(18)	(195)	(195)	(1.4)%	
Non Corporate Lending ¹	20,156	1,091	21,247	29	358	–	387	–	–	–	(1)	(1)	–	–	–	–	–	–	(0.0)%	
Banks	4,413	3,214	7,627	2	3	–	5	72	72	–	(1)	(1)	–	–	–	–	(1)	(1)	(0.0)%	
China	10,370	2,744	13,114	49	133	14	196	171	171	(3)	(1)	(4)	–	–	–	–	(86)	(86)	(0.7)%	
Corporate Lending	4,934	2,143	7,077	49	133	14	196	168	168	(1)	(1)	(2)	–	–	–	–	(83)	(83)	(1.1)%	
Non Corporate Lending ¹	3,241	363	3,604	–	–	–	–	–	–	(1)	–	(1)	–	–	–	–	–	–	(0.0)%	
Banks	2,195	238	2,433	–	–	–	–	3	3	(1)	–	(1)	–	–	–	–	(3)	(3)	(0.2)%	
UK	21,555	5,985	27,540	48	1,940	141	2,129	756	756	(10)	(4)	(14)	–	(27)	(6)	(33)	(258)	(258)	(1.0)%	
Corporate Lending	2,331	2,082	4,413	47	1,433	27	1,507	658	658	(9)	(3)	(12)	–	(27)	(6)	(33)	(237)	(237)	(4.3)%	
Non Corporate Lending ¹	17,040	1,753	18,793	1	507	112	620	97	97	(1)	(1)	(2)	–	–	–	–	(21)	(21)	(0.1)%	
Banks	2,184	2,150	4,334	–	–	2	2	1	1	–	–	–	–	–	–	–	–	–	0.0%	
US	15,707	4,400	20,107	92	433	33	558	4	4	(4)	(1)	(5)	(1)	(1)	–	(2)	(3)	(3)	(0.0)%	
Corporate Lending	5,334	2,705	8,039	77	322	–	399	1	1	(3)	(1)	(4)	(1)	(1)	–	(2)	–	–	(0.1)%	
Non Corporate Lending ¹	9,688	123	9,811	15	79	–	94	3	3	(1)	–	(1)	–	–	–	–	(3)	(3)	(0.0)%	
Banks	685	1,572	2,257	–	32	33	65	–	–	–	–	–	–	–	–	–	–	–	0.0%	
Others	32,116	16,437	48,553	318	1,726	681	2,725	2,081	2,081	(10)	(33)	(43)	(3)	(70)	(29)	(102)	(1,483)	(1,483)	(3.1)%	
Corporate Lending	21,909	12,516	34,425	291	1,030	490	1,811	1,883	1,883	(6)	(26)	(32)	(3)	(38)	(28)	(69)	(1,333)	(1,333)	(3.8)%	
Non Corporate Lending ¹	332	2,296	2,628	22	610	41	673	191	191	–	(6)	(6)	–	(31)	(1)	(32)	(149)	(149)	(5.4)%	
Banks	9,875	1,625	11,500	5	86	150	241	7	7	(4)	(1)	(5)	–	(1)	–	(1)	(1)	(1)	(0.1)%	
Total ²	143,505	50,407	193,912	1,237	6,790	968	8,995	4,657	4,657	(35)	(55)	(90)	(41)	(219)	(44)	(304)	(3,183)	(3,183)	(1.7)%	

1 Include financing, insurance and non-banking corporations and governments.

2 Amounts have been re-presented from management view to financial booking basis in line with RNS on Re-Presentation of Financial Information issued on 2 April 2025. Refer to the bridge tables in Note 40 on page 424.

Wealth & Retail Banking and Ventures																				
2025																				
Gross										Credit impairment										
Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3					
Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million	Defaulted \$million	Total \$million	Strong \$million	Satisfactory \$million	Total \$million	Strong \$million	Satisfactory \$million	Higher Risk \$million	Total \$million	Impaired \$million	Total \$million	Total \$million	Coverage %	
Hong Kong	43,564	220	43,784	265	64	39	368	230	230	(74)	(10)	(84)	(32)	(5)	(9)	(46)	(77)	(77)	(0.5)%	
Mortgages	31,375	150	31,525	70	46	12	128	67	67	(1)	–	(1)	–	–	–	–	(3)	(3)	(0.0)%	
Credit cards	4,332	33	4,365	112	18	23	153	19	19	(49)	(5)	(54)	(30)	(5)	(9)	(44)	(16)	(16)	(2.5)%	
Others	7,857	37	7,894	83	–	4	87	144	144	(24)	(5)	(29)	(2)	–	–	(2)	(58)	(58)	(1.1)%	
Singapore	33,327	52	33,379	448	25	32	505	347	347	(63)	(17)	(80)	(7)	(2)	(7)	(16)	(279)	(279)	(1.1)%	
Mortgages	15,809	12	15,821	196	18	11	225	16	16	–	–	–	–	–	–	–	(7)	(7)	(0.0)%	
Credit cards	2,531	25	2,556	18	7	20	45	22	22	(47)	(17)	(64)	(5)	(2)	(7)	(14)	(17)	(17)	(3.6)%	
Others	14,987	15	15,002	234	–	1	235	309	309	(16)	–	(16)	(2)	–	–	(2)	(255)	(255)	(1.8)%	
Korea	19,829	190	20,019	269	7	20	296	190	190	(23)	(2)	(25)	(12)	(2)	(1)	(15)	(78)	(78)	(0.6)%	
Mortgages	15,321	150	15,471	232	6	15	253	88	88	(1)	–	(1)	(1)	–	–	(1)	(3)	(3)	(0.0)%	
Credit cards	16	–	16	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.0%	
Others	4,492	40	4,532	37	1	5	43	102	102	(22)	(2)	(24)	(11)	(2)	(1)	(14)	(75)	(75)	(2.4)%	
Rest of World	25,259	4,865	30,124	471	66	258	795	994	994	(183)	(16)	(199)	(41)	(6)	(12)	(59)	(437)	(437)	(2.2)%	
Mortgages	15,532	2,321	17,853	196	41	149	386	471	471	(4)	(5)	(9)	(2)	–	(1)	(3)	(148)	(148)	(0.9)%	
Credit cards	1,124	15	1,139	95	4	9	108	28	28	(21)	(3)	(24)	(20)	(1)	(2)	(23)	(21)	(21)	(5.3)%	
Others	8,603	2,529	11,132	180	21	100	301	495	495	(158)	(8)	(166)	(19)	(5)	(9)	(33)	(268)	(268)	(3.9)%	
Total	121,979	5,327	127,306	1,453	162	349	1,964	1,761	1,761	(343)	(45)	(388)	(92)	(15)	(29)	(136)	(871)	(871)	(1.1)%	
2024																				
Hong Kong	41,906	320	42,226	288	47	40	375	228	228	(59)	(14)	(73)	(33)	(20)	(4)	(57)	(69)	(69)	(0.5)%	
Mortgages	31,080	265	31,345	55	14	24	93	75	75	–	–	–	–	–	–	–	(7)	(7)	(0.0)%	
Credit cards	4,210	19	4,229	93	30	1	124	14	14	(36)	(11)	(47)	(27)	(19)	(1)	(47)	(14)	(14)	(2.5)%	
Others	6,616	36	6,652	140	3	15	158	139	139	(23)	(3)	(26)	(6)	(1)	(3)	(10)	(48)	(48)	(1.2)%	
Singapore	26,755	52	26,807	441	39	34	514	312	312	(29)	(26)	(55)	(6)	(6)	(6)	(18)	(265)	(265)	(1.2)%	
Mortgages	13,531	12	13,543	160	32	15	207	9	9	–	–	–	–	–	–	–	(4)	(4)	(0.0)%	
Credit cards	2,248	25	2,273	14	5	16	35	16	16	(9)	(26)	(35)	(5)	(5)	(4)	(14)	(19)	(19)	(2.9)%	
Others	10,976	15	10,991	267	2	3	272	287	287	(20)	–	(20)	(1)	(1)	(2)	(4)	(242)	(242)	(2.3)%	
Korea	18,062	220	18,282	378	9	22	409	112	112	(22)	(1)	(23)	(28)	(4)	(1)	(33)	(33)	(33)	(0.5)%	
Mortgages	13,198	171	13,369	250	8	17	275	62	62	–	–	–	–	–	–	–	(2)	(2)	(0.0)%	
Credit cards	36	1	37	1	–	–	1	–	–	(1)	–	(1)	–	–	–	–	–	–	(2.6)%	
Others	4,828	48	4,876	127	1	5	133	50	50	(21)	(1)	(22)	(28)	(4)	(1)	(33)	(31)	(31)	(1.7)%	
Rest of World	26,085	4,998	31,083	338	76	241	655	977	977	(239)	(13)	(252)	(39)	(5)	(18)	(62)	(403)	(403)	(2.2)%	
Mortgages	15,079	2,007	17,086	136	43	141	320	459	459	(4)	(2)	(6)	–	–	(1)	(1)	(124)	(124)	(0.7)%	
Credit cards	1,148	351	1,499	29	12	19	60	40	40	(33)	(1)	(34)	(21)	–	(1)	(22)	(27)	(27)	(5.2)%	
Others	9,858	2,640	12,498	173	21	81	275	478	478	(202)	(10)	(212)	(18)	(5)	(16)	(39)	(252)	(252)	(3.8)%	
Total	112,808	5,590	118,398	1,445	171	337	1,953	1,629	1,629	(349)	(54)	(403)	(106)	(35)	(29)	(170)	(770)	(770)	(1.1)%	

Undrawn commitment and financial guarantees – by client segment credit quality

Amortised cost	Wealth & Retail Banking and Ventures							
	2025							
	Notional				ECL			
	Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million	Stage 1 \$million	Stage 2 \$million	Stage 3 \$million	Total \$million
Strong	70,447	82	–	70,529	(13)	(4)	–	(17)
Satisfactory	467	10	–	477	(2)	(1)	–	(3)
Higher risk	–	22	–	22	–	(1)	–	(1)
Impaired	–	–	4	4	–	–	–	–
Total	70,914	114	4	71,032	(15)	(6)	–	(21)
2024								
Strong	70,595	100	–	70,695	(15)	(3)	–	(18)
Satisfactory	850	11	–	861	(5)	(1)	–	(6)
Higher risk	–	21	–	21	–	(3)	–	(3)
Impaired	–	–	8	8	–	–	–	–
Total	71,445	132	8	71,585	(20)	(7)	–	(27)

Movement in gross exposures and credit impairment for loans and advances, debt securities, undrawn commitments and financial guarantees (audited)

The tables overleaf set out the movement in gross exposures and credit impairment by stage in respect of amortised cost loans to banks and customers, undrawn commitments, financial guarantees and debt securities classified at amortised cost and FVOCI. The tables are presented for the Group and separately for CIB and WRB (which also includes a separate presentation for secured and unsecured exposures).

Methodology

The movement lines within the tables are an aggregation of monthly movements over the year and will therefore reflect the accumulation of multiple trades during the year. The credit impairment charge in the income statement comprises the amounts within the boxes in the table below, less recoveries of amounts previously written off. Discount unwind is reported in net interest income and related to stage 3 financial instruments only.

The approach for determining the key line items in the tables is set out below.

- **Transfers** – transfers between stages are deemed to occur at the beginning of a month based on prior month closing balances.
- **Net remeasurement from stage changes** – the remeasurement of credit impairment provisions arising from a change in stage is reported within the stage that the assets are transferred to. For example, assets transferred into stage 2 are remeasured from a 12-month to a lifetime ECL, with the effect of remeasurement reported in stage 2. For stage 3, this represents the initial remeasurement from specific provisions recognised on individual assets transferred into stage 3 in the year.

- **Net changes in exposures** – new business written less repayments in the year. Within stage 1, new business written will attract up to 12 months of ECL charges. Repayments of non-amortising loans (primarily within CIB) will have low amounts of ECL provisions attributed to them, due to the release of provisions over the term to maturity. In stages 2 and 3, the net change in exposures reflects repayments although stage 2 may include new facilities where clients are on non-purely precautionary early alert, are CG 12.
- **Changes in risk parameters** – for stages 1 and 2, this reflects changes in the probability of default (PD), loss given default (LGD) and exposure at default (EAD) of assets during the year, which includes the impact of releasing provisions over the term to maturity. It also includes the effect of changes in forecasts of macroeconomic variables during the year. In stage 3, this line represents additional specific provisions recognised on exposures held within stage 3.
- **Interest due but not paid** – change in contractual amount of interest due in stage 3 financial instruments but not paid, being the net of accruals, repayments and write-offs, together with the corresponding change in credit impairment.

Changes to ECL models, which incorporate changes to model approaches and methodologies, are not reported as a separate line item as these have an impact over a number of lines and stages.

Movements during the year

Stage 1 gross exposures increased by \$69.4 billion to \$790.1 billion (31 December 2024: \$720.7 billion). CIB exposure increased by \$45.5 billion to \$412.6 billion (31 December 2024: \$367.1 billion), due to an increase in exposures in financial guarantees in the financing, insurance and non-banking sector. WRB exposures increased by \$6.5 billion to \$186.1 billion (31 December 2024: \$179.6 billion), largely driven by mortgages in Korea and Singapore, and increased demand in secured wealth products. Debt securities increased by \$22.4 billion, largely in the Central and other items segment which had also seen a \$7.0 billion reduction in loan balances to customers. Total stage 1 provisions increased by \$83 million to \$665 million (31 December 2024: \$582 million). CIB provisions increased by \$61 million to \$194 million (31 December 2024: \$133 million), due to an increase in management overlays and portfolio movements. WRB provisions reduced by \$41 million to \$351 million (31 December 2024: \$392 million), due to a pivot to affluent clients.

Stage 2 gross exposures decreased by \$1.7 billion to \$17.0 billion (31 December 2024: \$18.6 billion), primarily driven by a net reduction in CIB exposures primarily due to a sovereign upgrade, model changes and portfolio movements. WRB exposures were broadly stable at \$2.0 billion (31 December 2024: \$2.0 billion). Stage 2 provisions decreased by \$36 million to \$501 million (31 December 2024: \$537 million). CIB provisions decreased by \$8 million to \$354 million (31 December 2024: \$362 million), due to portfolio movements and sovereign upgrade. WRB provisions decreased by \$31 million to \$120 million (31 December 2024: \$151 million) mainly driven by improvements from credit remediation actions. Debt securities primarily held in the Central and other items segment decreased by \$416 million, due to sovereign upgrades.

Stage 3 gross exposures remained stable at \$6.9 billion (31 December 2024: \$7.0 billion). CIB exposures decreased by \$0.3 billion to \$4.9 billion (31 December 2024: \$5.2 billion) due to repayments, restructuring related write-offs, which was offset by one downgrade in the government sector. Debt securities classified as purchased or originated credit-impaired instruments (POCI) increased by \$0.2 billion to \$0.3 billion (31 December 2024: \$0.1 billion) due to higher holdings of treasury bills in one defaulted sovereign. WRB exposures remained stable at \$1.7 billion (31 December 2024: \$1.6 billion). CIB provisions decreased by \$1 billion to \$2.3 billion (31 December 2024: \$3.3 billion), due to releases from repayments and restructuring related write-offs. WRB provisions remained stable at \$0.8 billion (31 December 2024: \$0.8 billion). The amount of stage 3 exposures written off in 2025 that remain subject to enforcement activity is \$1.7 billion (31 December 2024: \$1.2 billion).

Credit Risk (audited)

All segments (audited)

Amortised cost and FVOCI	Stage 1			Stage 2			Stage 3 ³			Total		
	Gross balance ³ \$million	Total credit impairment \$million	Net \$million	Gross balance ³ \$million	Total credit impairment \$million	Net \$million	Gross balance ³ \$million	Total credit impairment \$million	Net \$million	Gross balance ³ \$million	Total credit impairment \$million	Net \$million
As at 1 January 2024	723,876	(526)	723,350	22,268	(517)	21,751	8,144	(4,499)	3,645	754,288	(5,542)	748,746
Transfers to stage 1	16,433	(543)	15,890	(16,423)	543	(15,880)	(10)	–	(10)	–	–	–
Transfers to stage 2	(33,301)	128	(33,173)	33,770	(153)	33,617	(469)	25	(444)	–	–	–
Transfers to stage 3	(1,631)	63	(1,568)	(146)	168	22	1,777	(231)	1,546	–	–	–
Net change in exposures	29,928	(173)	29,755	(18,435)	80	(18,355)	(1,383)	622	(761)	10,110	529	10,639
Net remeasurement from stage changes	–	61	61	–	(185)	(185)	–	(203)	(203)	–	(327)	(327)
Changes in risk parameters	–	84	84	–	(242)	(242)	–	(873)	(873)	–	(1,031)	(1,031)
Write-offs	–	–	–	–	–	–	(1,260)	1,260	–	(1,260)	1,260	–
Interest due but unpaid	–	–	–	–	–	–	53	(53)	–	53	(53)	–
Discount unwind	–	–	–	–	–	–	–	135	135	–	135	135
Exchange translation differences and other movements ¹	(14,626)	324	(14,302)	(2,427)	(231)	(2,658)	147	(268)	(121)	(16,906)	(175)	(17,081)
As at 31 December 2024²	720,679	(582)	720,097	18,607	(537)	18,070	6,999	(4,085)	2,914	746,285	(5,204)	741,081
Income statement ECL (charge)/release ⁶		(28)			(347)			(454)			(829)	
Recoveries of amounts previously written off		–			–			279			279	
Total credit impairment (charge)/release⁴		(28)			(347)			(175)			(550)	
As at 1 January 2025	720,679	(582)	720,097	18,607	(537)	18,070	6,999	(4,085)	2,914	746,285	(5,204)	741,081
Transfers to stage 1	17,431	(630)	16,801	(17,429)	630	(16,799)	(2)	–	(2)	–	–	–
Transfers to stage 2	(39,710)	125	(39,585)	40,040	(144)	39,896	(330)	19	(311)	–	–	–
Transfers to stage 3	(170)	1	(169)	(3,038)	255	(2,783)	3,208	(256)	2,952	–	–	–
Net change in exposures	74,970	(221)	74,749	(19,400)	5	(19,395)	(1,558)	502	(1,056)	54,012	286	54,298
Net remeasurement from stage changes	–	73	73	–	(176)	(176)	–	(187)	(187)	–	(290)	(290)
Changes in risk parameters	–	168	168	–	(135)	(135)	–	(1,035)	(1,035)	–	(1,002)	(1,002)
Write-offs	–	–	–	–	–	–	(1,718)	1,718	–	(1,718)	1,718	–
Interest due but unpaid	–	–	–	–	–	–	(159)	159	–	(159)	159	–
Discount unwind	–	–	–	–	–	–	–	102	102	–	102	102
Exchange translation differences and other movements ¹	16,876	401	17,277	(1,823)	(399)	(2,222)	506	(136)	370	15,559	(134)	15,425
As at 31 Dec 2025²	790,076	(665)	789,411	16,957	(501)	16,456	6,946	(3,199)	3,747	813,979	(4,365)	809,614
Income statement ECL (charge)/release ⁶		20			(306)			(720)			(1,006)	
Recoveries of amounts previously written off		–			–			341			341	
Total credit impairment (charge)/release⁴		20			(306)			(379)			(665)	

1 Includes fair value adjustments and amortisation on debt securities.

2 Excludes Cash and balances at central banks, Accrued income, Assets held for sale and Other assets gross balances of \$118,232 million (31 December 2024: \$101,755 million) and Total credit impairment of \$43 million (31 December 2024: \$63 million).

3 The gross balance includes the notional amount of off balance sheet instruments.

4 Reported basis.

5 Stage 3 gross includes \$278 million (31 December 2024: \$59 million) originated credit-impaired debt securities with impairment of \$5 million (31 December 2024: \$Nil).

6 Does not include charge relating to Other assets of \$7 million (31 December 2024: release of \$3 million).

Corporate & Investment Banking (audited)

Amortised cost and FVOCI	Stage 1			Stage 2			Stage 3			Total		
	Gross balance¹ \$million	Total credit impairment \$million	Net \$million	Gross balance¹ \$million	Total credit impairment \$million	Net \$million	Gross balance¹ \$million	Total credit impairment \$million	Net \$million	Gross balance¹ \$million	Total credit impairment \$million	Net \$million
As at 1 January 2024	337,189	(151)	337,038	16,873	(318)	16,555	6,256	(3,651)	2,605	360,318	(4,120)	356,198
Transfers to stage 1	10,390	(245)	10,145	(10,390)	245	(10,145)	–	–	–	–	–	–
Transfers to stage 2	(25,698)	47	(25,651)	25,810	(58)	25,752	(112)	11	(101)	–	–	–
Transfers to stage 3	(186)	(4)	(190)	(186)	22	(164)	372	(18)	354	–	–	–
Net change in exposures	50,866	(50)	50,816	(16,508)	88	(16,420)	(1,063)	607	(456)	33,295	645	33,940
Net remeasurement from stage changes	–	16	16	(4)	(36)	(40)	–	(100)	(100)	(4)	(120)	(124)
Changes in risk parameters²	–	32	32	–	(129)	(129)	–	(324)	(324)	–	(421)	(421)
Write-offs	–	–	–	–	–	–	(321)	321	–	(321)	321	–
Interest due but unpaid	–	–	–	–	–	–	25	(25)	–	25	(25)	–
Discount unwind	–	–	–	–	–	–	–	104	104	–	104	104
Exchange translation differences and other movements²	(5,455)	222	(5,233)	(726)	(176)	(902)	13	(237)	(224)	(6,168)	(191)	(6,359)
As at 31 December 2024	367,106	(133)	366,973	14,869	(362)	14,507	5,170	(3,312)	1,858	387,145	(3,807)	383,338
Income statement ECL (charge)/release²		(2)			(77)			183			104	
Recoveries of amounts previously written off		–			–			26			26	
Total credit impairment (charge)/release		(2)			(77)			209			130	
As at 1 January 2025	367,106	(133)	366,973	14,869	(362)	14,507	5,170	(3,312)	1,858	387,145	(3,807)	383,338
Transfers to stage 1	11,606	(387)	11,219	(11,606)	387	(11,219)	–	–	–	–	–	–
Transfers to stage 2	(30,544)	29	(30,515)	30,795	(48)	30,747	(251)	19	(232)	–	–	–
Transfers to stage 3	(111)	–	(111)	(1,567)	56	(1,511)	1,678	(56)	1,622	–	–	–
Net change in exposures	58,190	(119)	58,071	(17,214)	32	(17,182)	(883)	505	(378)	40,093	418	40,511
Net remeasurement from stage changes	–	4	4	(1)	(16)	(17)	–	(145)	(145)	(1)	(157)	(158)
Changes in risk parameters	–	55	55	–	(79)	(79)	–	(299)	(299)	–	(323)	(323)
Write-offs	–	–	–	–	–	–	(1,075)	1,075	–	(1,075)	1,075	–
Interest due but unpaid	–	–	–	–	–	–	(187)	187	–	(187)	187	–
Discount unwind	–	–	–	–	–	–	–	69	69	–	69	69
Exchange translation differences and other movements	6,343	357	6,700	(1,597)	(324)	(1,921)	431	(365)	66	5,177	(332)	4,845
As at 31 December 2025	412,590	(194)	412,396	13,679	(354)	13,325	4,883	(2,322)	2,561	431,152	(2,870)	428,282
Income statement ECL (charge)/release		(60)			(63)			61			(62)	
Recoveries of amounts previously written off		–			–			54			54	
Total credit impairment (charge)/release		(60)			(63)			115			(8)	

1 The gross balance includes the notional amount of off balance sheet instruments.

2 Business segments have been re-presented in line with the RNS on Re-Presentation of Financial information issued on 2 April 2025.

Credit Risk (audited)

Wealth & Retail Banking (audited)

Amortised cost and FVOCI	Stage 1			Stage 2			Stage 3			Total		
	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million
As at 1 January 2024	190,999	(325)	190,674	2,472	(140)	2,332	1,485	(759)	726	194,956	(1,224)	193,732
Transfers to stage 1	5,126	(288)	4,838	(5,116)	288	(4,828)	(10)	–	(10)	–	–	–
Transfers to stage 2	(7,393)	80	(7,313)	7,525	(80)	7,445	(132)	–	(132)	–	–	–
Transfers to stage 3	(98)	1	(97)	(1,254)	211	(1,043)	1,352	(212)	1,140	–	–	–
Net change in exposures	(3,926)	(89)	(4,015)	(1,505)	21	(1,484)	(431)	–	(431)	(5,862)	(68)	(5,930)
Net remeasurement from stage changes	–	29	29	–	(144)	(144)	–	(44)	(44)	–	(159)	(159)
Changes in risk parameters ²	–	35	35	–	(152)	(152)	–	(531)	(531)	–	(648)	(648)
Write-offs	–	–	–	–	–	–	(808)	808	–	(808)	808	–
Interest due but unpaid	–	–	–	–	–	–	28	(28)	–	28	(28)	–
Discount unwind	–	–	–	–	–	–	–	30	30	–	30	30
Exchange translation differences and other movements ²	(5,128)	165	(4,963)	(92)	(155)	(247)	139	(22)	117	(5,081)	(12)	(5,093)
As at 31 December 2024	179,580	(392)	179,188	2,030	(151)	1,879	1,623	(758)	865	183,233	(1,301)	181,932
Income statement ECL (charge)/release ²		(25)			(275)			(575)			(875)	
Recoveries of amounts previously written off		–			–			253			253	
Total credit impairment (charge)/release		(25)			(275)			(322)			(622)	
As at 1 January 2025	179,580	(392)	179,188	2,030	(151)	1,879	1,623	(758)	865	183,233	(1,301)	181,932
Transfers to stage 1	5,261	(234)	5,027	(5,259)	234	(5,025)	(2)	–	(2)	–	–	–
Transfers to stage 2	(8,822)	92	(8,730)	8,901	(92)	8,809	(79)	–	(79)	–	–	–
Transfers to stage 3	(52)	1	(51)	(1,437)	193	(1,244)	1,489	(194)	1,295	–	–	–
Net change in exposures	6,130	(47)	6,083	(2,291)	(5)	(2,296)	(772)	–	(772)	3,067	(52)	3,015
Net remeasurement from stage changes	–	40	40	–	(155)	(155)	–	(42)	(42)	–	(157)	(157)
Changes in risk parameters	–	50	50	–	(37)	(37)	–	(681)	(681)	–	(668)	(668)
Write-offs	–	–	–	–	–	–	(604)	604	–	(604)	604	–
Interest due but unpaid	–	–	–	–	–	–	28	(28)	–	28	(28)	–
Discount unwind	–	–	–	–	–	–	–	33	33	–	33	33
Exchange translation differences and other movements	3,965	139	4,104	65	(107)	(42)	43	220	263	4,073	252	4,325
As at 31 December 2025	186,062	(351)	185,711	2,009	(120)	1,889	1,726	(846)	880	189,797	(1,317)	188,480
Income statement ECL (charge)/release		43			(197)			(723)			(877)	
Recoveries of amounts previously written off		–			–			287			287	
Total credit impairment (charge)/release		43			(197)			(436)			(590)	

1 The gross balance includes the notional amount of off-balance sheet instruments.

2 Business segments have been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025.

Wealth & Retail Banking – Secured (audited)

Amortised cost and FVOCI	Stage 1			Stage 2			Stage 3			Total		
	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million
As at 1 January 2024	129,798	(33)	129,765	1,827	(16)	1,811	1,062	(525)	537	132,687	(574)	132,113
Transfers to stage 1	3,839	(23)	3,816	(3,836)	23	(3,813)	(3)	–	(3)	–	–	–
Transfers to stage 2	(4,952)	13	(4,939)	5,054	(13)	5,041	(102)	–	(102)	–	–	–
Transfers to stage 3	(43)	–	(43)	(566)	19	(547)	609	(19)	590	–	–	–
Net change in exposures	2,570	(11)	2,559	(917)	8	(909)	(268)	–	(268)	1,385	(3)	1,382
Net remeasurement from stage changes	–	6	6	–	(15)	(15)	–	(7)	(7)	–	(16)	(16)
Changes in risk parameters ²	–	10	10	–	(6)	(6)	–	(123)	(123)	–	(119)	(119)
Write-offs	–	–	–	–	–	–	(114)	114	–	(114)	114	–
Interest due but unpaid	–	–	–	–	–	–	53	(53)	–	53	(53)	–
Discount unwind	–	–	–	–	–	–	–	16	16	–	16	16
Exchange translation differences and other movements ²	(4,496)	(10)	(4,506)	(57)	(31)	(88)	(33)	41	8	(4,586)	–	(4,586)
As at 31 December 2024	126,716	(48)	126,668	1,505	(31)	1,474	1,204	(556)	648	129,425	(635)	128,790
Income statement ECL (charge)/release ²		5			(13)			(130)			(138)	
Recoveries of amounts previously written off		–			–			80			80	
Total credit impairment (charge)/release		5			(13)			(50)			(58)	
As at 1 January 2025	126,716	(48)	126,668	1,505	(31)	1,474	1,204	(556)	648	129,425	(635)	128,790
Transfers to stage 1	4,097	(17)	4,080	(4,095)	17	(4,078)	(2)	–	(2)	–	–	–
Transfers to stage 2	(6,064)	7	(6,057)	6,121	(7)	6,114	(57)	–	(57)	–	–	–
Transfers to stage 3	(3)	–	(3)	(634)	14	(620)	637	(14)	623	–	–	–
Net change in exposures	8,276	(11)	8,265	(1,687)	9	(1,678)	(447)	–	(447)	6,142	(2)	6,140
Net remeasurement from stage changes	–	4	4	–	(32)	(32)	–	(7)	(7)	–	(35)	(35)
Changes in risk parameters	–	(18)	(18)	–	41	41	–	(174)	(174)	–	(151)	(151)
Write-offs	–	–	–	–	–	–	(101)	101	–	(101)	101	–
Interest due but unpaid	–	–	–	–	–	–	53	(53)	–	53	(53)	–
Discount unwind	–	–	–	–	–	–	–	19	19	–	19	19
Exchange translation differences and other movements	3,767	18	3,785	63	(28)	35	10	64	74	3,840	54	3,894
As at 31 December 2025	136,789	(65)	136,724	1,273	(17)	1,256	1,297	(620)	677	139,359	(702)	138,657
Income statement ECL (charge)/release		(25)			18			(181)			(188)	
Recoveries of amounts previously written off		–			–			93			93	
Total credit impairment (charge)/release		(25)			18			(88)			(95)	

1 The gross balance includes the notional amount of off balance sheet instruments.

2 Business segments have been re-presented in line with the RNS on Re-Presentation of Financial Information issued on 2 April 2025.

Credit Risk (audited)

Wealth & Retail Banking – Unsecured (audited)

Amortised cost and FVOCI	Stage 1			Stage 2			Stage 3			Total		
	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million	Gross balance ¹ \$million	Total credit impairment \$million	Net \$million
As at 1 January 2024	61,201	(292)	60,909	645	(124)	521	423	(234)	189	62,269	(650)	61,619
Transfers to stage 1	1,287	(265)	1,022	(1,280)	265	(1,015)	(7)	–	(7)	–	–	–
Transfers to stage 2	(2,441)	67	(2,374)	2,471	(67)	2,404	(30)	–	(30)	–	–	–
Transfers to stage 3	(55)	1	(54)	(688)	192	(496)	743	(193)	550	–	–	–
Net change in exposures	(6,496)	(78)	(6,574)	(588)	13	(575)	(163)	–	(163)	(7,247)	(65)	(7,312)
Net remeasurement from stage changes	–	23	23	–	(129)	(129)	–	(37)	(37)	–	(143)	(143)
Changes in risk parameters	–	25	25	–	(146)	(146)	–	(408)	(408)	–	(529)	(529)
Write-offs	–	–	–	–	–	–	(694)	694	–	(694)	694	–
Interest due but unpaid	–	–	–	–	–	–	(25)	25	–	(25)	25	–
Discount unwind	–	–	–	–	–	–	–	14	14	–	14	14
Exchange translation differences and other movements	(632)	175	(457)	(35)	(124)	(159)	172	(63)	109	(495)	(12)	(507)
As at 31 December 2024	52,864	(344)	52,520	525	(120)	405	419	(202)	217	53,808	(666)	53,142
Income statement ECL (charge)/release		(30)			(262)			(445)			(737)	
Recoveries of amounts previously written off		–			–			172			172	
Total credit impairment (charge)/release		(30)			(262)			(273)			(565)	
As at 1 January 2025	52,864	(344)	52,520	525	(120)	405	419	(202)	217	53,808	(666)	53,142
Transfers to stage 1	1,164	(217)	947	(1,164)	217	(947)	–	–	–	–	–	–
Transfers to stage 2	(2,758)	85	(2,673)	2,780	(85)	2,695	(22)	–	(22)	–	–	–
Transfers to stage 3	(49)	1	(48)	(803)	179	(624)	852	(180)	672	–	–	–
Net change in exposures	(2,146)	(36)	(2,182)	(604)	(14)	(618)	(325)	–	(325)	(3,075)	(50)	(3,125)
Net remeasurement from stage changes	–	36	36	–	(123)	(123)	–	(35)	(35)	–	(122)	(122)
Changes in risk parameters	–	68	68	–	(78)	(78)	–	(507)	(507)	–	(517)	(517)
Write-offs	–	–	–	–	–	–	(503)	503	–	(503)	503	–
Interest due but unpaid	–	–	–	–	–	–	(25)	25	–	(25)	25	–
Discount unwind	–	–	–	–	–	–	–	14	14	–	14	14
Exchange translation differences and other movements	198	121	319	2	(79)	(77)	33	156	189	233	198	431
As at 31 December 2025	49,273	(286)	48,987	736	(103)	633	429	(226)	203	50,438	(615)	49,823
Income statement ECL (charge)/release		68			(215)			(542)			(689)	
Recoveries of amounts previously written off		–			–			194			194	
Total credit impairment (charge)/release		68			(215)			(348)			(495)	

1 The gross balance includes the notional amount of off balance sheet instruments.

Analysis of stage 2 balances

The table below analyses total stage 2 gross on-and off-balance sheet exposures and associated expected credit provisions by the key SICR driver that caused the exposures to be classified as stage 2 as at 31 December 2025 and 31 December 2024 for each segment.

 Read more on our criteria for Significant Increase in Credit Risk on page 274

Where multiple drivers apply, the exposure is allocated based on the table order. For example, a loan may have breached the defined IFRS 9 PD thresholds, which is a quantitative trigger, and could also be on non-purely precautionary early alert, a qualitative trigger; in this instance, the exposure is reported under 'Quantitative'. Management overlay ECL is reported separately as the impact is spread across exposures with both quantitative and qualitative drivers.

 Read more on 'Summary of Credit Risk Performance' on page 234

	2025														
	Corporate & Investment Banking			Wealth & Retail Banking			Ventures			Central & other items ¹			Total		
	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %
Quantitative	6,742	131	1.9%	1,291	89	6.9%	60	18	30.0%	297	3	1.0%	8,390	241	2.9%
Qualitative	6,937	101	1.5%	571	10	1.8%	–	–	0.0%	1,373	3	0.2%	8,881	114	1.3%
30 days past due	–	–	0.0%	147	15	10.2%	10	4	40.0%	–	–	0.0%	157	19	12.1%
Management overlay	–	122	0.0%	–	6	0.0%	–	–	0.0%	–	–	0.0%	–	128	0.0%
Total stage 2	13,679	354	2.6%	2,009	120	6.0%	70	22	31.4%	1,670	6	0.4%	17,428	502	2.9%

	2024 ²														
	Corporate & Investment Banking			Wealth & Retail Banking			Ventures			Central & other items ¹			Total		
	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %	Gross \$million	ECL \$million	Coverage %
Quantitative	8,465	112	1.3%	1,366	104	7.6%	48	20	41.7%	154	–	0.0%	10,033	236	2.4%
Qualitative	6,404	93	1.5%	452	6	1.3%	–	–	0.0%	1,970	1	0.1%	8,826	100	1.1%
30 days past due	–	–	0.0%	212	19	9.0%	6	4	66.7%	–	–	0.0%	218	23	10.6%
Management overlay	–	157	0.0%	–	22	0.0%	–	3	0.0%	–	–	0.0%	–	182	0.0%
Total stage 2	14,869	362	2.4%	2,030	151	7.4%	54	27	50.0%	2,124	1	0.0%	19,077	541	2.8%

1 Includes Gross and ECL for Cash and balances at central banks and Assets held for sale.

2 Amounts previously reported as 'Increase in PD' have been reported as Quantitative and all other amounts have been aggregated into and reported as Qualitative.

Credit Risk (audited)

Credit impairment charge (audited)

The table below analyses credit impairment charges or releases of the ongoing business portfolio and restructuring business portfolio for the year ended 31 December 2025.

 Read more on 'Summary of Credit Risk Performance' on page 234

	2025			2024 ¹		
	Stage 1 & 2 \$million	Stage 3 \$million	Total \$million	Stage 1 & 2 \$million	Stage 3 \$million	Total \$million
Ongoing business portfolio						
Corporate & Investment Banking	121	(117)	4	78	(198)	(120)
Wealth & Retail Banking	159	436	595	301	322	623
Ventures	(2)	61	59	10	63	73
Central & other items	18	–	18	(18)	(1)	(19)
Credit impairment charge/(release)	296	380	676	371	186	557
Restructuring business portfolio						
Others	(3)	(1)	(4)	1	(11)	(10)
Credit impairment charge/(release)	(3)	(1)	(4)	1	(11)	(10)
Total credit impairment charge	293	379	672	372	175	547

1 Business segments 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 credit impairment charge.

Problem credit management and provisioning (audited)

Forborne and other modified loans by client segment

A forborne loan arises when a concession has been made to the contractual terms of a loan in response to a customer's financial difficulties.

Net forborne loans increased by \$238 million to \$1,022 million (31 December 2024: \$784 million), of which CIB accounted for \$167 million largely driven by a new performing forborne loan in Hong Kong. WRB increased by \$71 million to \$254 million (31 December 2024: \$183 million) mainly due to higher conversion in Malaysia and introduction of forbearance measures in China.

	2025			2024		
	Corporate & Investment Banking \$million	Wealth & Retail Banking \$million	Total \$million	Corporate & Investment Banking \$million	Wealth & Retail Banking \$million	Total \$million
Amortised cost						
Gross stage 1 and 2 forborne loans	295	61	356	17	36	53
Modification of terms and conditions ¹	90	61	151	17	36	53
Refinancing ²	205	–	205	–	–	–
Impairment provisions	(68)	–	(68)	–	(1)	(1)
Modification of terms and conditions ¹	(8)	–	(8)	–	(1)	(1)
Refinancing ²	(60)	–	(60)	–	–	–
Net stage 1 and 2 forborne loans	227	61	288	17	35	52
Collateral	4	36	40	–	27	27
Gross stage 3 forborne loans	1,295	311	1,606	2,065	258	2,323
Modification of terms and conditions ¹	1,208	311	1,519	1,824	258	2,082
Refinancing ²	87	–	87	241	–	241
Impairment provisions	(754)	(118)	(872)	(1,481)	(110)	(1,591)
Modification of terms and conditions ¹	(727)	(118)	(845)	(1,242)	(110)	(1,352)
Refinancing ²	(27)	–	(27)	(239)	–	(239)
Net stage 3 forborne loans	541	193	734	584	148	732
Collateral	175	25	200	172	55	227
Net carrying value of forborne loans	768	254	1,022	601	183	784

1 Modification of terms is any contractual change apart from refinancing, as a result of credit stress of the counterparty, i.e. interest reductions, loan covenant waivers.

2 Refinancing is a new contract to a borrower in credit stress, such that they are refinanced and can pay other debt contracts that they were unable to honour.

Forborne and other modified loans by key geography

Net forborne loans increased by \$238 million to \$1,022 million (31 December 2024: \$784 million), mainly due to performing forborne loans in Hong Kong.

	2025								2024 ¹							
	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	UK \$million	US \$million	Other \$million	Total \$million	Hong Kong \$million	Korea \$million	China \$million	Singapore \$million	UK \$million	US \$million	Other \$million	Total \$million
Amortised cost																
Performing forborne loans	147	10	–	3	48	–	80	288	2	8	–	3	–	–	39	52
Stage 3 forborne loans	131	24	73	32	103	–	371	734	110	25	85	25	81	1	405	732
Net forborne loans	278	34	73	35	151	–	451	1,022	112	33	85	28	81	1	444	784

¹ Amounts have been re-presented from management view to financial booking basis in line with RNS on Re-Presentation of Financial Information issued on 2 April 2025. Refer to the bridge tables in Note 40 on page 424.

Credit Risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting arrangements, credit insurance and credit derivatives, taking into account expected volatility and guarantees.

The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

 Read more on Credit Risk Mitigation on page 226

Collateral (audited)

A secured loan is one where the borrower pledges an asset as collateral of which the Group is able to take possession in the event that the borrower defaults.

The collateral values in the table below (which covers loans and advances to banks and customers, excluding those held at fair value through profit or loss) are adjusted where appropriate in accordance with our risk mitigation policy and for the effect of over-collateralisation. The extent of over-collateralisation has been determined with reference to both the drawn and undrawn components of exposure as this best reflects the effect of collateral and other credit enhancements on the amounts arising from ECL. The value of collateral reflects management's best estimate and is backtested against our prior experience.

Collateral held on loans and advances

The table below details collateral held against exposures, separately disclosing stage 2 and stage 3 exposure and corresponding collateral.

	2025								
	Net amount outstanding			Collateral			Net exposure		
	Total \$million	Stage 2 financial assets \$million	Credit-impaired financial assets (\$3) \$million	Total ² \$million	Stage 2 financial assets \$million	Credit-impaired financial assets (\$3) \$million	Total \$million	Stage 2 financial assets \$million	Credit-impaired financial assets (\$3) \$million
Amortised cost									
Corporate & Investment Banking ¹	186,081	7,765	2,070	34,122	2,292	314	151,959	5,473	1,756
Wealth & Retail Banking	126,977	1,789	877	99,641	916	678	27,336	873	199
Ventures	2,659	39	13	–	–	–	2,659	39	13
Central & other items	14,972	–	–	4,214	–	–	10,758	–	–
Total	330,689	9,593	2,960	137,977	3,208	992	192,712	6,385	1,968
2024									
Corporate & Investment Banking ¹	181,897	8,657	1,376	36,750	3,052	298	145,147	5,605	1,078
Wealth & Retail Banking	119,248	1,758	858	85,163	891	584	34,085	867	274
Ventures	1,389	25	1	–	–	–	1,389	25	1
Central & other items	22,091	35	98	80	35	–	22,011	–	98
Total	324,625	10,475	2,333	121,993	3,978	882	202,632	6,497	1,451

¹ Includes loans and advances to banks.

² Adjusted for over-collateralisation based on the drawn and undrawn components of exposures.

Credit Risk (audited)

Collateral – Corporate & Investment Banking (audited)

Our underwriting standards encourage taking specific charges on assets and we consistently seek high-quality, investment grade collateral.

Collateral taken for longer-term and sub-investment grade corporate loans increased to 55 per cent (31 December 2024: 49 per cent).

For CIB, the unadjusted market value of collateral across all asset types, without adjusting for over collateralisation, increased to \$412 billion (31 December 2024: \$383 billion) predominantly due to an increase in reverse repos.

84 per cent (31 December 2024: 88 per cent) of tangible collateral excluding reverse repurchase agreements and financial guarantees held comprises physical assets with the remainder held in cash. Overall collateral remained broadly stable at \$34.1 billion (31 December 2024: \$36.8 billion).

Non-tangible collateral, such as guarantees and standby letters of credit, is also held against corporate exposures, although the financial effect of this type of collateral is less significant in terms of recoveries. However, this is considered when determining the loss given default and other credit-related factors. Collateral is also held against off-balance sheet exposures, including undrawn commitments and trade-related instruments.

Corporate & Investment Banking

Amortised cost	2025 \$million	2024 \$million
Maximum exposure	186,081	181,897
Property	9,086	8,504
Plant, machinery and other stock	783	935
Cash	3,034	1,973
Reverse repos	7,816	12,568
AAA	587	–
AA- to AA+	233	938
A- to A+	2,454	8,324
BBB- to BBB+	2,122	1,437
Lower than BBB-	–	95
Unrated	2,420	1,774
Financial guarantees and insurance	7,717	7,075
Commodities	11	33
Ships and aircraft	5,675	5,662
Total value of collateral^{1,2}	34,122	36,750
Net exposure	151,959	145,147

- 1 Adjusted for over-collateralisation based on the drawn and undrawn components of exposures.
- 2 The Group also has credit mitigation through Credit default swaps and Credit Linked Notes as set out on page 257.

Collateral – Wealth & Retail Banking (audited)

In WRB, fully secured products increased to 88 per cent of the total portfolio (31 December 2024: 85 per cent), due to an increase in the mortgage portfolio and higher demand for secured wealth products.

The following table presents an analysis of loans to individuals by product; split between fully secured, partially secured and unsecured.

Amortised cost	2025				2024			
	Fully secured ¹ \$million	Partially secured ¹ \$million	Unsecured \$million	Total ² \$million	Fully secured ¹ \$million	Partially secured ¹ \$million	Unsecured \$million	Total ² \$million
Maximum exposure	111,633	490	14,854	126,977	101,264	536	17,448	119,248
Loans to individuals								
Mortgages	82,128	–	–	82,128	76,696	–	–	76,696
CCPL ⁵	–	–	13,372	13,372	–	–	16,343	16,343
Secured wealth products	27,055	–	–	27,055	21,928	–	–	21,928
Other ^{4,5}	2,450	490	1,482	4,422	2,640	536	1,105	4,281
Total collateral ²				99,641				85,163
Net exposure ³				27,336				34,085
Percentage of total loans	88%	0%	12%		85%	0%	15%	

- 1 Secured loans are fully secured if the fair value of the collateral is equal to or greater than the loan at the time of origination. All other secured loans are considered to be partially secure.
- 2 Collateral values are adjusted where appropriate in accordance with our risk mitigation policy and for the effect of over-collateralisation.
- 3 Amounts net of ECL.
- 4 Includes Auto Loans previously presented separately. Prior period has been represented.
- 5 Prior period has been represented between CCPL and Other for \$463 million under Fully secured to align product classification.

Mortgage loan-to-value ratios by geography (audited)

Loan-to-value (LTV) ratios measure the ratio of the current mortgage outstanding to the current fair value of the properties on which they are secured.

For the majority of mortgage loans, the value of property held as security significantly exceeds the principal outstanding of the loan. The average LTV of the overall mortgage portfolio remains stable at 48.0 per cent (31 December 2024: 48.9 per cent). The decrease in Hong Kong residential mortgage LTV to 55.9 per cent (31 December 2024: 58.6 per cent) was due to an increase in property prices. However, 28.8 per cent of Hong Kong mortgage exposure is backed by credit insurance. Specifically, 94.6 per cent of Hong Kong mortgage exposure with LTV greater than 80 per cent is backed by credit insurance.

An analysis of LTV ratios by geography for the mortgage portfolio is presented in the table below.

	2025					2024				
	Hong Kong % Gross	Singapore % Gross	Korea % Gross	Other % Gross	Total % Gross	Hong Kong % Gross	Singapore % Gross	Korea % Gross	Other % Gross	Total % Gross
Amortised cost										
Less than 50 per cent	42.7	51.8	62.9	46.7	51.0	40.9	52.7	64.1	50.2	51.3
50 per cent to 59 per cent	17.3	19.4	13.3	14.8	16.0	17.6	21.8	13.2	15.4	16.5
60 per cent to 69 per cent	14.5	15.8	13.7	17.2	15.1	12.7	15.6	13.5	17.0	14.3
70 per cent to 79 per cent	5.3	12.7	8.9	14.2	9.5	5.5	9.6	8.3	12.7	8.5
80 per cent to 89 per cent	8.6	0.2	0.9	5.9	4.3	5.1	0.1	0.8	4.1	2.9
90 per cent to 99 per cent	6.7	0.0	0.2	0.7	2.4	8.2	0.0	0.1	0.5	3.0
100 per cent and greater	4.9	0.1	0.1	0.5	1.7	10.1	0.1	0.1	0.2	3.5
Average portfolio loan-to-value	55.9	42.7	41.8	49.9	48.0	58.6	42.5	42.1	48.0	48.9
Loans to individuals – mortgages (\$million)	31,714	16,054	15,808	18,552	82,128	31,506	13,756	13,703	17,731	76,696

Collateral and other credit enhancements possessed or called upon (audited)

The Group obtains assets by taking possession of collateral (such as property, plant and equipment) or calling upon other credit enhancements (such as guarantees). Repossessed properties are sold in an orderly fashion. Where the proceeds are in excess of the outstanding loan balance, the excess is returned to the borrower.

Certain equity securities acquired may be held by the Group for investment purposes and are classified as fair value through profit or loss, and the related loan written off. The carrying value of collateral possessed that is held on the Group's balance sheet as of 31 December 2025 is \$nil (31 December 2024: \$24 million).

Other Credit Risk mitigation (audited)

Other forms of credit risk mitigation are set out below.

Credit default swaps

The Group has entered into credit default swaps for portfolio management purposes, referencing loan assets with a notional value of \$3.5 billion (31 December 2024: \$3.5 billion). These credit default swaps are accounted for as financial guarantees as per IFRS 9 as they will only reimburse the holder for an incurred loss on an underlying debt instrument. The Group continues to hold the underlying assets referenced in the credit default swaps and it continues to be exposed to related Credit Risk and Foreign Exchange Rate Risk on these assets.

Credit linked notes

The Group has issued credit linked notes for portfolio management purposes, referencing loan assets with a notional value of \$22.4 billion (31 December 2024: \$18.6 billion). The Group continues to hold the underlying assets for which the credit linked notes provide mitigation. The credit linked notes of \$1.9 billion (31 December 2024: \$2.0 billion) are recognised as a financial liability at amortised cost on the balance sheet and are adjusted, where appropriate, for reductions in expected future cash flows with a corresponding credit impairment in the income statement.

Off-balance sheet exposures

For certain types of exposures, such as letters of credit and guarantees, the Group obtains collateral such as cash depending on internal Credit Risk assessments, as well as in the case of letters of credit holding legal title to the underlying assets should a default take place.

Credit Risk (audited)

Other portfolio analysis

This section provides maturity analysis by credit quality by industry, and industry and retail products analysis by key geography.

Maturity analysis of loans and advances by client segment

Shorter maturities give us the flexibility to respond promptly to events and rebalance or reduce our exposure to clients or sectors that are facing increased pressure or uncertainty.

Loans and advances in the CIB segment remain predominantly short-term, with \$84.0 billion (31 December 2024: \$91.1 billion) maturing in less than one year. 90 per cent (31 December 2024: 91 per cent) of loans to banks mature in less than one year, with exposures remaining stable at \$43.9 billion (31 December 2024: \$43.6 billion).

The WRB short-term book of one year or less, is broadly stable at 29 per cent (31 December 2024: 27 per cent). The WRB long-term book of over five years, also remained broadly stable at 62 per cent (31 December 2024: 62 per cent).

	2025				2024			
	One year or less \$million	One to five years \$million	Over five years \$million	Total \$million	One year or less \$million	One to five years \$million	Over five years \$million	Total \$million
Amortised cost								
Corporate & Investment Banking	83,996	40,495	20,341	144,832	91,065	33,130	17,670	141,865
Wealth & Retail Banking	36,930	12,317	79,036	128,283	32,252	13,194	75,091	120,537
Ventures	1,917	819	12	2,748	1,001	442	–	1,443
Central & other items	14,723	259	4	14,986	22,085	2	4	22,091
Gross loans and advances to customers	137,566	53,890	99,393	290,849	146,403	46,768	92,765	285,936
Impairment provisions	(3,523)	(443)	(95)	(4,061)	(4,369)	(409)	(126)	(4,904)
Net loans and advances to customers	134,043	53,447	99,298	286,788	142,034	46,359	92,639	281,032
Net loans and advances to banks	39,360	3,946	595	43,901	39,591	3,699	303	43,593

Credit quality by industry

Loans and advances

This section provides an analysis of the Group's amortised cost portfolio by industry on a gross, total credit impairment and net basis.

 Read more on 'Summary of Credit Risk Performance' section on page 234

Amortised cost	2025											
	Stage 1			Stage 2			Stage 3			Total		
	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million
Industry:												
Energy	13,541	(34)	13,507	803	(37)	766	461	(412)	49	14,805	(483)	14,322
Manufacturing	20,599	(14)	20,585	744	(19)	725	598	(320)	278	21,941	(353)	21,588
Financing, insurance and non-banking	37,062	(13)	37,049	506	(10)	496	278	(181)	97	37,846	(204)	37,642
Transport, telecom and utilities	17,893	(11)	17,882	2,281	(43)	2,238	390	(108)	282	20,564	(162)	20,402
Food and household products	8,319	(9)	8,310	295	(17)	278	186	(177)	9	8,800	(203)	8,597
Commercial real estate	13,103	(12)	13,091	2,067	(161)	1,906	706	(418)	288	15,876	(591)	15,285
Mining and quarrying	4,881	(5)	4,876	244	(7)	237	33	(29)	4	5,158	(41)	5,117
Consumer durables	6,279	(7)	6,272	288	(15)	273	239	(230)	9	6,806	(252)	6,554
Construction	2,046	(9)	2,037	353	(1)	352	127	(127)	–	2,526	(137)	2,389
Trading companies & distributors	633	(1)	632	11	–	11	81	(47)	34	725	(48)	677
Government	17,915	(17)	17,898	119	–	119	950	(82)	868	18,984	(99)	18,885
Other	5,485	(8)	5,477	148	–	148	154	(85)	69	5,787	(93)	5,694
Total ²	147,756	(140)	147,616	7,859	(310)	7,549	4,203	(2,216)	1,987	159,818	(2,666)	157,152
Retail Products:												
Mortgage	80,672	(11)	80,661	992	(5)	987	641	(161)	480	82,305	(177)	82,128
Credit Cards	8,077	(129)	7,948	289	(74)	215	64	(53)	11	8,430	(256)	8,174
Personal Loans and other unsecured lending	7,719	(186)	7,533	194	(44)	150	334	(160)	174	8,247	(390)	7,857
Secured wealth products	26,609	(43)	26,566	324	(6)	318	530	(359)	171	27,463	(408)	27,055
Other	4,229	(19)	4,210	165	(7)	158	192	(138)	54	4,586	(164)	4,422
Total	127,306	(388)	126,918	1,964	(136)	1,828	1,761	(871)	890	131,031	(1,395)	129,636
Net carrying value (customers) ¹	275,062	(528)	274,534	9,823	(446)	9,377	5,964	(3,087)	2,877	290,849	(4,061)	286,788
Net carrying value (Banks) ¹	43,608	(6)	43,602	217	(1)	216	90	(7)	83	43,915	(14)	43,901

1 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$8,242 million for customers and \$3,724 million for Banks.

2 Include Central & other items loans and advances to customers balance as set out in the Loans and advances by client segment table on page 239.

	Stage 1			Stage 2			Stage 3			Total		
	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million	Gross balance \$million	Total credit impairment \$million	Net carrying amount \$million
Amortised cost												
Industry:												
Energy	12,147	(9)	12,138	468	(57)	411	870	(559)	311	13,485	(625)	12,860
Manufacturing	19,942	(12)	19,930	840	(16)	824	418	(305)	113	21,200	(333)	20,867
Financing, insurance and non-banking	34,452	(16)	34,436	1,238	(6)	1,232	154	(142)	12	35,844	(164)	35,680
Transport, telecom and utilities	16,099	(11)	16,088	2,309	(32)	2,277	330	(85)	245	18,738	(128)	18,610
Food and household products	8,425	(8)	8,417	267	(8)	259	251	(198)	53	8,943	(214)	8,729
Commercial real estate	12,135	(10)	12,125	1,714	(126)	1,588	1,485	(1,265)	220	15,334	(1,401)	13,933
Mining and quarrying	5,542	(3)	5,539	287	(12)	275	124	(57)	67	5,953	(72)	5,881
Consumer durables	5,988	(6)	5,982	218	(26)	192	292	(259)	33	6,498	(291)	6,207
Construction	1,925	(2)	1,923	528	(5)	523	171	(160)	11	2,624	(167)	2,457
Trading companies & distributors	589	–	589	24	(1)	23	88	(48)	40	701	(49)	652
Government	28,870	–	28,870	441	(12)	429	205	(18)	187	29,516	(30)	29,486
Other	4,590	(3)	4,587	344	(2)	342	186	(82)	104	5,120	(87)	5,033
Total ⁴	150,704	(80)	150,624	8,678	(303)	8,375	4,574	(3,178)	1,396	163,956	(3,561)	160,395
Retail Products:												
Mortgage	75,340	(8)	75,332	896	(2)	894	606	(136)	470	76,842	(146)	76,696
Credit Cards	8,037	(121)	7,916	222	(80)	142	71	(60)	11	8,330	(261)	8,069
Personal Loans and other unsecured lending ³	9,563	(228)	9,335	236	(53)	183	274	(129)	145	10,073	(410)	9,663
Secured wealth products	21,404	(37)	21,367	402	(6)	396	518	(353)	165	22,324	(396)	21,928
Other ^{2,3}	4,054	(9)	4,045	197	(29)	168	160	(92)	68	4,411	(130)	4,281
Total	118,398	(403)	117,995	1,953	(170)	1,783	1,629	(770)	859	121,980	(1,343)	120,637
Net carrying value (customers) ¹	269,102	(483)	268,619	10,631	(473)	10,158	6,203	(3,948)	2,255	285,936	(4,904)	281,032
Net carrying value (Banks) ¹	43,208	(10)	43,198	318	(1)	317	83	(5)	78	43,609	(16)	43,593

1 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$9,660 million for customers and \$2,946 million for Banks.

2 Includes Auto Loans previously presented separately. Prior period has been represented.

3 Prior period has been represented between Personal Loan and other unsecured lending and Other for \$463 million to align product classification.

4 Include Central & other items loans and advances to customers balance as set out in the Loans and advances by client segment table on page 240.

Industry and Retail Products analysis of Loans and advances by key geography

This section provides an analysis of the Group's amortised cost loan portfolio, net of provisions, by industry and geography.

The geographic disclosures below are presented on a booking location basis. As the Group operates a global booking model across CIB and Central and other items, the booking location does not necessarily reflect the country of risk (which is the country that can directly or indirectly put the counterparty at risk for the highest amount of potential financial losses) of the underlying counterparties.

On a country of risk basis, the countries analysed in the table below for CIB and Central and other items would cover approximately 50 per cent (31 December 2024: 53 per cent) of net loans and advances compared to 74 per cent (31 December 2024: 75 per cent) on a reported booking location basis.

Loans and advances to customers in the United Kingdom, Hong Kong and Singapore would be approximately lower by 49 per cent (31 December 2024: 65 per cent), 70 per cent (31 December 2024: 59 per cent) and 39 per cent (31 December 2024: 26 per cent) respectively. Loans and advances to customers in China and United States would be approximately higher by 49 per cent (31 December 2024: 55 per cent) and 6 per cent (31 December 2024: 9 per cent) respectively.

The manufacturing sector group is spread across a diverse range of industries, including automobiles and components, capital goods, pharmaceuticals, biotech and life sciences, technology hardware and equipment, chemicals, paper products and packaging, with lending spread over 3,340 clients.

Corporate & Investment Banking and Central & other items

Amortised Cost	2025							2024 ¹						
	Hong Kong \$million	China \$million	Singapore \$million	UK \$million	US \$million	Other \$million	Total \$million	Hong Kong \$million	China \$million	Singapore \$million	UK \$million	US \$million	Other \$million	Total \$million
Industry:														
Energy	2,254	103	4,005	3,685	1,730	2,545	14,322	1,036	60	3,089	3,666	1,771	3,238	12,860
Manufacturing	4,653	3,311	2,775	848	2,553	7,448	21,588	4,077	4,200	1,655	660	2,307	7,968	20,867
Financing, insurance and non-banking	4,225	4,404	1,959	8,119	14,150	4,785	37,642	3,633	3,486	2,401	12,282	9,900	3,978	35,680
Transport, telecom and utilities	6,125	87	4,337	1,817	1,552	6,484	20,402	5,131	612	3,766	2,596	880	5,625	18,610
Food and household products	341	301	1,489	1,162	1,081	4,223	8,597	1,038	428	1,472	1,151	685	3,955	8,729
Commercial Real estate	4,067	231	1,209	2,000	2,296	5,482	15,285	4,512	334	1,421	1,107	1,575	4,984	13,933
Mining and Quarrying	434	541	401	1,525	101	2,115	5,117	608	606	866	1,644	214	1,943	5,881
Consumer durables	2,416	503	359	308	414	2,554	6,554	2,780	293	504	154	481	1,995	6,207
Construction	179	119	354	198	247	1,292	2,389	318	156	482	96	247	1,158	2,457
Trading Companies & Distributors	47	143	126	31	36	294	677	95	103	106	31	40	277	652
Government	3,993	126	10,557	1,486	2	2,721	18,885	3,836	117	20,266	1,671	4	3,592	29,486
Other	1,594	472	956	720	445	1,507	5,694	1,419	563	816	724	233	1,278	5,033
Net Loans and advances to Customers	30,328	10,341	28,527	21,899	24,607	41,450	157,152	28,483	10,958	36,844	25,782	18,337	39,991	160,395
Net Loans and advances to Banks	13,258	3,731	8,356	4,606	1,044	12,906	43,901	15,058	2,432	7,701	4,337	2,322	11,743	43,593

1 Amounts have been re-presented from management view to financial booking basis in line with RNS on Re-Presentation of Financial Information issued on 2 April 2025 and also to include Central & other items amounts. Refer to the bridge tables in Note 40 on page 424.

Wealth & Retail Banking and Ventures

Amortised Cost	2025					2024 ²				
	Hong Kong \$million	Korea \$million	Singapore \$million	Other \$million	Total \$million	Hong Kong \$million	Korea \$million	Singapore \$million	Other \$million	Total \$million
Mortgages	31,714	15,808	16,054	18,552	82,128	31,506	13,703	13,756	17,731	76,696
Credit Cards	4,424	17	2,529	1,204	8,174	4,262	38	2,252	1,517	8,069
Personal Loans and other unsecured lending ³	996	2,474	332	4,055	7,857	1,057	2,796	301	5,509	9,663
Secured wealth products	6,444	19	14,812	5,780	27,055	5,229	24	10,793	5,882	21,928
Other Retail ^{1,3}	597	2,069	129	1,627	4,422	579	2,153	194	1,355	4,281
Net Loans and advances to Customers	44,175	20,387	33,856	31,218	129,636	42,633	18,714	27,296	31,994	120,637

2 Includes Auto Loans previously presented separately. Prior period has been represented.

3 Prior year has been represented to include Ventures.

4 Prior period has been represented between Personal Loans and other unsecured lending and Other Retail for \$463 million to align product classification.

High carbon sectors

Sectors are identified and grouped as per the International Standard Industrial Classification (ISIC) system and exposure numbers have been updated to include all in-scope ISIC codes used for target setting among the high carbon sectors. The exposure is a mixture of high carbon loans, and lending tagged as sustainable finance such as green buildings in commercial real estate, renewable plants in power, and CCUS in oil and gas.

The maximum exposures shown in the table include loans and advances at amortised cost, Fair Value through profit or loss, and committed facilities available as per IFRS 9 – Financial Instruments.



Read more on 'Summary of Credit Risk Performance' section on page 234

Maximum exposure

	2025						
	Maximum on Balance Sheet Exposure (net of credit impairment) \$million	Collateral \$million	Net On Balance Sheet Exposure \$million	Undrawn Commitments (net of credit impairment) \$million	Financial Guarantees (net of credit impairment) \$million	Net Off Balance Sheet Exposure \$million	Total On & Off Balance Sheet Net Exposure \$million
Industry:							
Automotive manufacturers	4,409	412	3,997	4,712	730	5,442	9,439
Aviation	2,010	1,176	834	1,206	820	2,026	2,860
Steel	1,767	296	1,471	834	237	1,071	2,542
Coal Mining	2	1	1	–	8	8	9
Aluminium	875	39	836	371	93	464	1,300
Cement	781	52	729	693	264	957	1,686
Shipping	6,861	4,300	2,561	2,183	180	2,363	4,924
Commercial Real Estate	9,397	4,406	4,991	3,050	188	3,238	8,229
Oil & Gas	9,462	992	8,470	12,257	8,314	20,571	29,041
Power	7,585	1,180	6,405	6,138	1,548	7,686	14,091
Total^{1,5}	43,149	12,854	30,295	31,444	12,382	43,826	74,121
Total Corporate & Investment Banking²	204,974	27,925	177,049	135,410	105,414	240,824	417,872
Total Group^{3,4}	430,158	137,977	292,181	208,841	114,053	322,894	615,074
2024							
Industry:							
Automotive manufacturers	3,881	69	3,812	3,331	605	3,936	7,748
Aviation	1,829	960	869	842	928	1,770	2,639
Steel	1,526	316	1,210	816	325	1,141	2,351
Coal Mining	25	–	25	–	–	–	25
Aluminium	1,341	32	1,309	354	53	407	1,716
Cement	709	55	654	637	267	904	1,558
Shipping	7,038	5,037	2,001	2,176	397	2,573	4,574
Commercial Real Estate	7,635	3,400	4,235	2,758	684	3,442	7,677
Oil & Gas	7,421	988	6,433	7,928	7,079	15,007	21,440
Power	6,341	1,500	4,841	4,538	1,124	5,662	10,503
Total^{1,5}	37,746	12,357	25,389	23,380	11,462	34,842	60,231
Total Corporate & Investment Banking²	196,823	32,152	164,671	118,106	81,132	199,238	363,909
Total Group^{3,4}	420,117	121,993	298,124	193,115	90,602	283,717	581,841

1 Maximum on balance sheet exposure includes FVTPL amount of High Carbon sector is \$2,202 million (31 December 2024: \$749 million).

2 Includes on balance sheet FVTPL amount of \$62,795 million (31 December 2024: \$ 58,519 million) for Corporate & Investment Banking loans to customers.

3 Total Group includes net loans and advances to banks and net loans and advances to customers held at amortised cost of \$43,901 million (31 December 2024: \$43,593 million) and \$286,788 million (31 December 2024: \$ 281,032 million) respectively and loans to banks and loans and advances to customers held at FVTPL of \$36,673 million (31 December 2024: \$ 36,967 million) and \$62,798 million (31 December 2024: \$ 58,525 million) respectively. Refer to Loans and advances by client segment table on page 239.

4 Agriculture is a further sector for which the Group set a net zero target in 2025 (see net zero section on page 90). The value chain in scope for this sector incorporates from pre-farm production (fertiliser) to post-farm processing (food traders, processors and wholesales). The total outstanding loan exposure to this sector is \$11,239 million (31 December 2024: \$11,531 million) with financial guarantees of \$1,908 million (31 December 2024: \$2,174 million) and undrawn commitments of \$10,977 million (31 December 2024: \$8,791 million) Whilst there is a net zero target on this sector and transition risk is a consideration, the sector is not considered a traditional high carbon sector as it is not linked to heavy industry and the consumption of energy.

5 The ratio of total high carbon sector lending to the Group's total assets is 5.9% (31 December 2024: 5.8%), which is the high carbon sector and agriculture sector balances over the total Group balance sheet.

Maturity and ECL for high-carbon sectors

Sector	2025					2024				
	Loans and advances (Drawn funding) \$million	Maturity Buckets ¹			Expected Credit Loss \$million	Loans and advances (Drawn funding) \$million	Maturity Buckets ¹			Expected Credit Loss \$million
		Less than 1 year \$million	More than 1 to 5 years \$million	More than 5 years \$million			Less than 1 year \$million	More than 1 to 5 years \$million	More than 5 years \$million	
Automotive Manufacturers	4,411	3,137	1,041	233	1	3,883	3,458	369	56	2
Aviation	2,013	329	201	1,483	3	1,833	231	404	1,198	4
Steel	1,790	863	167	760	23	1,598	941	133	524	72
Coal Mining	15	15	–	–	12	38	25	13	–	13
Aluminium	882	731	151	–	8	1,352	1,089	177	86	11
Cement	820	579	241	–	39	724	356	368	–	15
Shipping	6,884	737	2,413	3,734	23	7,053	1,035	2,450	3,568	15
Commercial Real Estate	9,552	5,264	4,081	207	155	7,773	3,880	3,680	213	138
Oil & Gas	9,525	3,483	1,739	4,303	64	7,580	2,601	2,407	2,572	159
Power	7,646	2,079	1,725	3,842	61	6,401	1,700	1,404	3,297	60
Total balance¹	43,538	17,217	11,759	14,562	389	38,235	15,316	11,405	11,514	489

1 Gross of credit impairment.

Sectors of interest

Commercial real estate

	2025						
	Maximum on Balance Sheet Exposure (net of credit impairment) ² \$million	Collateral \$million	Net On Balance Sheet Exposure \$million	Undrawn Commitments (net of credit impairment) \$million	Financial Guarantees (net of credit impairment) \$million	Net Off Balance Sheet Exposure \$million	Total On & Off Balance Sheet Net Exposure \$million
Commercial Real Estate	16,230	6,848	9,382	7,662	244	7,906	17,288
	2024						
Commercial Real Estate	14,037	5,947	8,090	4,932	670	5,602	13,692

2 Includes net loans and advances of \$15,286 million (31 December 2024: \$13,933 million) as detailed in the table below.

Analysis of credit quality of loans and advances of Commercial Real Estate

	2025 Gross \$million	2024 Gross \$million
Amortised costs		
Strong	9,070	7,222
Satisfactory	5,728	6,515
Higher risk	372	112
Credit impaired (stage 3)	706	1,485
Total Gross Balance	15,876	15,334
Strong	(4)	(83)
Satisfactory	(95)	(44)
Higher risk	(73)	(9)
Credit impaired (stage 3)	(418)	(1,265)
Total Credit Impairment	(590)	(1,401)
Total Net of Credit Impairment	15,286	13,933
Strong	0.0%	1.1%
Satisfactory	1.6%	0.7%
Higher risk	19.6%	8.0%
Credit impaired (stage 3)	59.2%	85.1%
Cover Ratio	3.7%	9.1%

An analysis of the net CRE loans and advances by key geography, is set out on page 260.

Debt securities and other eligible bills (audited)

This section provides further detail on gross debt securities and treasury bills.

The credit quality descriptions in the table below align to those used for CIB and Central and other items, as described on page 238. Debt securities held that have a short-term external rating are reported against the long-term rating of the issuer.

For securities that are unrated, the Group applies an internal credit rating, as described under the 'Credit rating and measurement' section on page 226.

Total gross debt securities and other eligible bills increased by \$22.2 billion to \$165.8 billion (31 December 2024: \$143.6 billion) primarily due to an increase in high quality liquidity assets held in stage 1, mainly in Hong Kong and Singapore. Stage 2 balances decreased by \$0.4 billion to \$1.2 billion (31 December 2024: \$1.6 billion) largely due to sovereign upgrades. Stage 3 balances increased by \$0.2 billion to \$0.3 billion (31 December 2024: \$0.1 billion) largely due to higher exposures to previously defaulted sovereigns in Africa.

	2025			2024		
	Gross \$million	ECL \$million	Net ² \$million	Gross \$million	ECL \$million	Net ² \$million
Amortised cost and FVOCI						
Stage 1	164,283	(56)	164,227	141,862	(23)	141,839
• Strong	160,390	(49)	160,341	138,353	(19)	138,334
• Satisfactory	3,893	(7)	3,886	3,509	(4)	3,505
Stage 2	1,198	(5)	1,193	1,614	(4)	1,610
• Strong	68	–	68	562	–	562
• Satisfactory	1,130	(5)	1,125	31	–	31
• High Risk	–	–	–	1,021	(4)	1,017
Stage 3	296	(5)	291	103	(2)	101
Gross balance ¹	165,777	(66)	165,711	143,579	(29)	143,550

- 1 Stage 3 gross includes \$278 million (31 December 2024: \$59 million) originated credit-impaired debt securities with \$5 million impairment (31 December 2024: \$Nil). The Group also has credit insurance over \$4.2 billion (31 December 2024: \$4.03 billion) of other eligible bills.
- 2 FVOCI instruments are not presented net of ECL on the balance sheet. While the presentation is on a net basis for the table, the total net on-balance sheet amount is \$165,753 million (31 December 2024: \$143,562 million). Refer to the Analysis of financial instrument by stage table.

IFRS 9 ECL methodology (audited)

Approach for determining ECL

Credit loss terminology

Component	Definition
Probability of default (PD)	The probability that a counterparty will default, over the next 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2), incorporating the impact of forward-looking economic assumptions that have an effect on Credit Risk, such as unemployment rates and GDP forecasts. The PD estimates will fluctuate in line with the economic cycle. The lifetime (or term structure) PDs are based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.
Loss given default (LGD)	The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cashflows due and those that the bank expects to receive. The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.
Exposure at default (EAD)	The expected balance sheet exposure at the time of default, taking into account expected changes over the lifetime of the exposure. This incorporates the impact of drawdowns of facilities with limits, repayments of principal and interest, and amortisation.

To determine the ECL, these components are multiplied together: PD for the reference period (up to 12 months or lifetime) x LGD x EAD and discounted to the balance sheet date using the effective interest rate as the discount rate.

IFRS 9 ECL models have been developed for the CIB businesses on a global basis, in line with their respective portfolios. However, for some of the key countries, country-specific models have also been developed.

The calibration of forward-looking information is assessed at a country or region level to take into account local macroeconomic conditions.

Retail ECL models are country and product specific, given the local nature of the WRB business.

For less material portfolios, primarily in retail, the Group has adopted less sophisticated approaches based on historical roll rates or loss rates:

- For medium-sized portfolios, a roll rate model is applied, which uses a matrix that gives the average loan migration rate between delinquency states from period to period. A matrix multiplication is then performed to generate the final PDs by delinquency bucket over different time horizons.
- For smaller portfolios, a loss rate approach is applied. These use an adjusted gross charge-off rate, developed using monthly write-off and recoveries over an appropriate historical observation window (typically 12 months, extended to 24 months for certain portfolios where this provides a more stable and representative estimate), and total outstanding balances.
- While the loss rate approaches do not incorporate forward looking information, to the extent that there are significant changes in the macroeconomic forecasts an assessment will be completed on whether an adjustment to the modelled output is required.

For a limited number of exposures, proxy parameters or approaches are used where the data is not available to calculate the origination PDs for the purpose of applying the SICR criteria or for some retail portfolios where a full

history of LGD data is not available, estimates based on the loss experience from similar portfolios are used. The use of proxies is monitored and will reduce over time.

When existing IFRS 9 PD models are redeveloped, where material and without undue cost or effort, origination PDs are recalibrated if there is a change in measurement approach to ensure credit risk is measured on a consistent basis. A change in measurement approach refers to changes in the conceptual or methodological basis of PD estimation that affect comparability of estimates with the previous model.

The following processes are in place to assess the ongoing performance of the models:

- Quarterly model monitoring that uses recent data to compare the differences between model predictions and actual outcomes against approved thresholds.
- Annual independent validation performed by Group Model Validation (GMV) with the depth of validation determined by the model materiality. Material models would go through a full annual re-validation process, while a less intensive validation process will be performed on non-material models.

Application of lifetime ECL

ECL is estimated based on the period over which the Group is exposed to Credit Risk. For the majority of exposures this equates to the maximum contractual period. For retail credit cards and corporate overdraft facilities, however, the Group does not typically enforce the contractual period, which can be as short as one day. As a result, the period over which the Group is exposed to Credit Risk for these instruments reflects their behavioural life, which incorporates expectations of customer behaviour and the extent to which Credit Risk management actions curtail the period of that exposure. The average behavioural life for retail credit cards is between 3 and 6 years across our footprint markets.

The behavioural life for corporate overdraft facilities is 36 months.

Composition of credit impairment provisions (audited)

The table below summarises the key components of the Group's credit impairment provision balances as at 31 December 2025 and 31 December 2024.

	2025					2024				
	Corporate & Investment Banking \$ million	Wealth & Retail Banking \$ million	Ventures \$ million	Central & other items ⁴ \$ million	Total \$ million	Corporate & Investment Banking \$ million	Wealth & Retail Banking \$ million	Ventures \$ million	Central & other items ⁴ \$ million	Total \$ million
Modelled ECL provisions (base forecast)	375	527	96	63	1,061	337	613	61	37	1,048
Impact of multiple economic scenarios ¹	56	31	3	23	113	24	19	–	–	43
Modelled ECL provisions before management judgements	431	558	99	86	1,174	361	632	61	37	1,091
Includes: Model performance post model adjustments	–	10	–	–	10	–	14	–	–	14
Judgemental post model adjustments ²	–	(10)	(2)	–	(12)	–	(23)	–	–	(23)
Management overlays ³	167	24	–	11	202	179	27	7	–	213
Total modelled provisions	598	572	97	97	1,364	540	636	68	37	1,281
Of which:										
Stage 1	194	351	49	92	686	133	392	30	34	589
Stage 2	354	120	24	5	503	362	151	27	1	541
Stage 3	50	101	24	–	175	45	93	11	2	151
Stage 3 non-modelled provisions	2,272	745	–	27	3,044	3,267	665	–	54	3,986
Total credit impairment provisions	2,870	1,317	97	124	4,408	3,807	1,301	68	91	5,267

1 Includes upwards judgemental post-model adjustment of \$90 million (31 December 2024: \$28 million).

2 Excludes \$90 million upwards judgemental post-model adjustment which is included in 'Impact of multiple economic scenarios'.

3 \$61 million (31 December 2024: \$32 million) is in stage 1, \$128 million (31 December 2024: \$181 million) in stage 2 and \$14 million (31 December 2024: Nil) in stage 3.

4 Includes ECL on cash and balances at central banks, accrued income, assets held for sale and other assets.

Model performance post model adjustments (PMAs)

As part of model monitoring and independent validation processes, where a model's performance breaches the approved monitoring thresholds or validation standards, an assessment is performed to determine whether a model performance PMA is required to temporarily remediate the model issue. Read more on the process for the determination of PMAs in the 'Governance of PMAs and application of expert credit judgement in respect of ECL' section on page 275.

As at 31 December 2025, model performance PMAs have been applied for 4 models out of the total of 110 models. In aggregate, these PMAs increase the Group's impairment provisions by \$10 million (less than one per cent of modelled provisions) compared with a \$14 million increase at 31 December 2024.

In addition to these model performance PMAs, separate judgemental post model and management adjustments have also been applied as set out on page 270.

Credit Risk (audited)

	2025 \$ million	2024 \$ million
Model performance PMAs		
Corporate & Investment Banking	–	–
Wealth & Retail Banking	10	14
Total model performance PMAs	10	14

Key assumptions and judgements in determining ECL

Incorporation of forward-looking information

The evolving economic environment is a key determinant of the ability of a bank's clients to meet their obligations as they fall due. It is a fundamental principle of IFRS 9 that the provisions banks hold against potential future Credit Risk losses should not just depend on the health of the economy today, but should also take into account potential changes to the economic environment. For example, if a bank were to anticipate a sharp slowdown in the world economy over the coming year, it should hold more provisions today to absorb the credit losses likely to occur in the near future.

To capture the effect of changes to the economic environment, the PDs and LGDs used to calculate ECL incorporate forward-looking information in the form of forecasts of the values of economic variables and asset prices that are likely to have an effect on the repayment ability of the Group's clients.

The 'base forecast' of the economic variables and asset prices is based on management's view of the five-year outlook, supported by projections from the Group's in-house research team and outputs from a third-party model that project specific economic variables and asset prices. The research team takes consensus views into consideration, and senior management review projections for some core country variables against consensus when forming their view of the outlook. For the period beyond five years, management utilises the in-house research view and third-party model outputs, which allow for a reversion to long-term growth rates or norms. All projections are updated on a quarterly basis.

Forecast of key macroeconomic variables underlying the ECL calculation and the impact on non-linearity

In the Base Forecast – management's view of the most likely outcome – the pace of growth of the world economy in 2026 is expected to remain broadly unchanged from 2025 at around 3.1 per cent. This compares to the average of 3.7 per cent growth for the 10 years prior to COVID-19 (between 2010 and 2019). Growth in 2025 had been supported by exporters front-loading exports to the US and consumers in key markets remaining resilient. 2026 for many economies is likely to be a year of transition from monetary to fiscal policy, and from export-led to increasingly domestic (particularly investment-led) growth.

The US economy is expected to grow slightly faster in 2026 than the 1.5 per cent growth for last year. The outlook is supported by strong business investment and spending, which will be underpinned by corporate tax cuts and the race for AI adoption. Similarly, the outlook for the Middle East is expected to be slightly better in 2026 as OPEC+ cuts are phased out resulting in the gradual recovery in oil output.

Ongoing diversification and infrastructure programmes will also support investment spending. In Asia growth is expected to remain robust though moderate on the fading effects from the strong front-loading of exports to the US in 2025. Political uncertainty in some countries may also weigh on growth. Africa is expected to remain strong, with the region less exposed than others to trade tensions. In larger economies such as Nigeria and South Africa, reform momentum will provide additional support. In contrast, growth prospects in the Euro area are expected to remain muted around 1 per cent (unchanged from 2025) given trade pressures – both from US tariffs and increasing competition from China – and the uneven picture across economies in the region.

The risks around the economic outlook remain elevated amid persistent trade policy uncertainty, heightened geopolitical tensions, including around disruptions to global international relationships, and fears of financial-market corrections – all of which point to potentially higher probability of adverse outcomes.

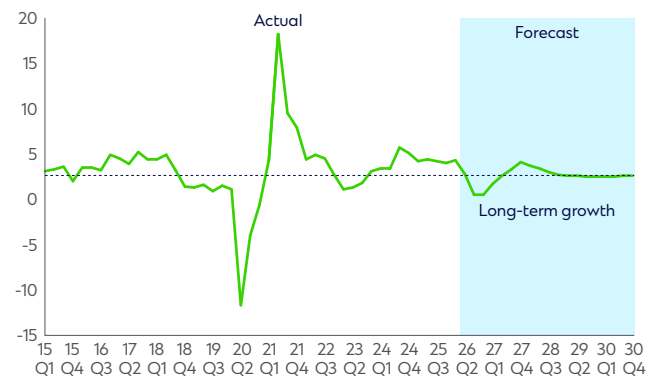
While the quarterly Base Forecasts inform the Group's strategic plan, one key requirement of IFRS 9 is that the assessment of provisions should consider multiple future economic environments. For example, the global economy may grow at a different pace than the Base Forecast, and these variations would have different implications for the provisions that the Group should hold today. As the negative impact of an economic downturn on credit losses tends to be greater than the positive impact of an economic upturn, if the Group sets provisions only on the ECL under the Base Forecast it might maintain a level of provisions that does not appropriately capture the range of potential outcomes. To address the inherent uncertainty in economic forecast, and the property of skewness (or non-linearity), IFRS 9 requires reported ECL to be a probability-weighted ECL, calculated over a range of possible outcomes.

To assess the range of possible outcomes, the Group simulates a set of 50 scenarios around the Base Forecast, calculates the ECL under each of them and assigns an equal weight of 2 per cent to each scenario outcome. These scenarios are generated by a Monte Carlo simulation, which addresses the challenges of crafting many realistic alternative scenarios in the many countries in which the Group operates. The alternative scenarios are modelled while considering the degree of historical uncertainty (or volatility) observed from Q1 1990 to Q3 2025 around economic outcomes, the trends in each macroeconomic variable modelled and the correlation in the unexplained movements around these trends. Collectively, the 50 scenarios explore a range of hypothetical alternative outcomes for the global economy, including scenarios that turn out better than expected and those that amplify anticipated stresses.

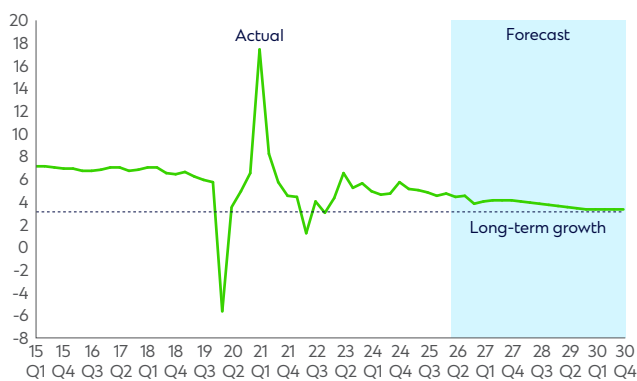
The GDP graphs below illustrate the shape of the Base Forecast for key footprint markets in relation to prior periods' actuals. The long-term growth rates are based on the pace of economic expansion expected for 2030. The tables below provide a summary of the Group's Base Forecast for these markets. The peak/trough amounts show the highest and lowest points within the Base Forecast.

China's GDP growth is expected to ease slightly to 4.3 per cent in 2026 from 4.9 per cent in 2025, reflecting the fading impact from the front-loading of activity last year and the ongoing correction in the property sector. Similarly, GDP growth is expected to moderate in Hong Kong and ease more sharply in Singapore as external demand turns less supportive in 2026. While growth in India is also expected to ease to 6.5 per cent from 6.9 per cent in 2025, it will remain amongst the fastest growing economies in the world. The outlook will be supported by consumption supported by policies such as tax cuts, ample rainfall and low inflation. Korea's GDP growth is expected to accelerate to 2 per cent in 2026 from 1 per cent in 2025 as construction investment turns positive, facility investment stays stable and private consumption strengthens.

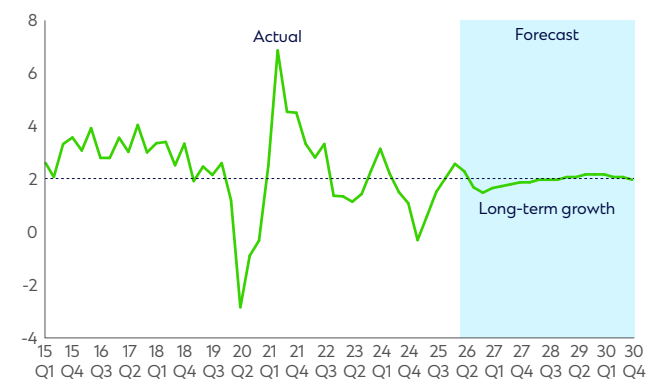
Singapore GDP YoY%



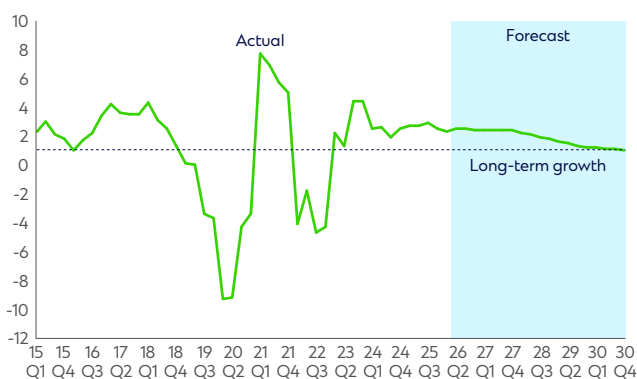
China GDP YoY%



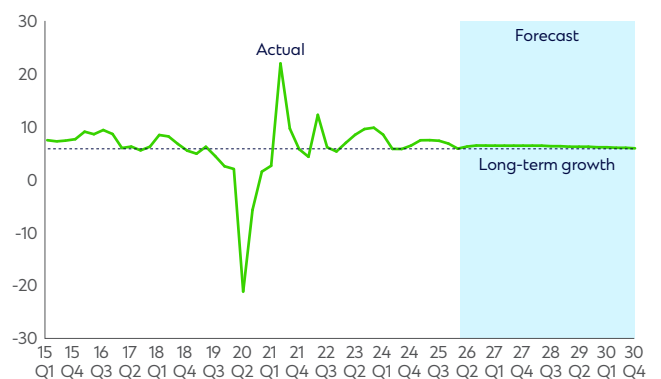
Korea GDP YoY%



Hong Kong GDP YoY%



India GDP YoY%



Credit Risk (audited)

	2025 year-end forecasts							
	China				Hong Kong			
	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices ⁵ (YoY %)	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices ⁸ (YoY %)
Base forecast ¹								
2025	4.9	3.5	1.7	(3.8)	2.8	3.6	3.2	(4.0)
2026	4.3	3.4	1.5	(2.0)	2.5	3.6	3.5	4.2
2027	4.1	3.3	1.4	(1.2)	2.5	3.3	3.5	5.0
2028	3.9	3.3	1.4	(0.3)	2.1	3.2	3.5	4.3
2029	3.5	3.3	1.4	0.9	1.5	3.2	3.5	3.9
5-year average ²	3.8	3.3	1.4	(0.1)	2.0	3.3	3.5	4.2
Quarterly peak	4.7	3.4	1.5	2.3	2.6	3.7	3.5	5.7
Quarterly trough	3.3	3.3	1.4	(2.5)	1.1	3.2	3.5	2.3
Monte Carlo								
Low ³	(6.9)	2.9	(0.3)	(8.3)	(4.3)	1.7	(0.8)	(21.0)
High ⁴	14.3	3.8	3.6	15.4	7.5	5.5	7.4	33.9

	2025 year-end forecasts							
	Singapore				Korea			
	GDP growth (YoY%)	Unemployment ⁶ %	3-month interest rates %	House prices (YoY %)	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices (YoY %)
Base forecast ¹								
2025	4.2	2.9	1.8	3.8	1.0	3.0	2.7	0.1
2026	2.0	3.0	1.1	3.0	2.0	3.2	2.4	0.5
2027	2.9	2.8	2.1	2.6	1.8	3.1	2.3	1.2
2028	3.2	2.8	3.0	2.7	2.0	3.0	2.3	1.7
2029	2.6	2.8	3.0	2.7	2.1	3.0	2.3	1.7
5-year average ²	2.7	2.8	2.4	2.8	2.0	3.1	2.3	1.3
Quarterly peak	4.3	3.0	3.0	3.7	2.6	3.2	2.4	1.7
Quarterly trough	0.5	2.8	1.0	2.6	1.5	3.0	2.3	0.4
Monte Carlo								
Low ³	(5.5)	1.7	(0.4)	(16.8)	(3.4)	1.1	(1.0)	(6.4)
High ⁴	9.8	4.3	6.4	22.5	6.6	5.2	6.3	8.6

	2025 year-end forecasts				
	India				Brent Crude \$ pb
	GDP growth (YoY%)	Unemployment ⁷ %	3-month interest rates %	House prices (YoY %)	
Base forecast ¹					
2025	6.9	NA	5.5	5.0	69.1
2026	6.5	NA	6.0	6.3	63.4
2027	6.5	NA	6.4	6.4	66.9
2028	6.4	NA	6.5	6.3	70.8
2029	6.2	NA	6.5	6.2	72.3
5-year average ²	6.3	NA	6.3	6.3	69.5
Quarterly peak	6.5	NA	6.5	6.5	75.2
Quarterly trough	5.9	NA	5.8	6.1	62.0
Monte Carlo					
Low ³	3.0	NA	1.0	2.0	30.0
High ⁴	10.5	NA	13.7	10.6	146.5

	2024 year-end forecasts							
	China				Hong Kong			
	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices ⁵ (YoY %)	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices ⁸ (YoY %)
5-year average²	4.1	3.3	1.7	(1.3)	2.2	3.1	2.4	3.8
Quarterly peak	5.3	3.5	1.9	2.3	3.5	3.2	2.9	6.8
Quarterly trough	3.2	3.1	1.6	(5.6)	1.5	3.0	2.1	(2.6)
Monte Carlo								
Low ³	(1.0)	2.8	0.6	(10.1)	(1.8)	1.8	0.3	(13.1)
High ⁴	9.3	3.7	3.0	7.8	5.8	5.1	5.3	22.2

	2024 year-end forecasts							
	Singapore				Korea			
	GDP growth (YoY%)	Unemployment ⁶ %	3-month interest rates %	House prices (YoY %)	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices (YoY %)
5-year average²	2.3	2.7	2.0	2.4	2.0	2.8	2.9	2.8
Quarterly peak	3.4	2.8	2.4	3.2	2.2	2.9	3.2	4.8
Quarterly trough	0.6	2.7	1.6	(0.4)	1.5	2.8	2.9	1.9
Monte Carlo								
Low ³	(2.7)	2.0	0.3	(10.5)	(1.3)	2.2	0.8	(4.3)
High ⁴	7.0	3.6	3.9	17.5	5.2	3.5	5.7	9.8

	2024 year-end forecasts				
	India				
	GDP growth (YoY%)	Unemployment %	3-month interest rates %	House prices (YoY %)	Brent crude \$ pb
5-year average²	6.6	NA	6.0	6.4	76.2
Quarterly peak	7.1	NA	6.2	7.3	77.8
Quarterly trough	5.9	NA	6.0	6.0	74.8
Monte Carlo					
Low ³	3.2	NA	1.9	(0.1)	44.5
High ⁴	10.0	NA	10.3	12.6	107.8

- 1 Data presented are those used in the calculation of ECL and presented as average growth for the year. These may differ slightly to forecasts presented elsewhere in the Annual Report as they are finalised before the period end.
- 2 5-year averages covering 20 quarters from Q1 2026 to Q4 2030 for the 2025 annual report. They cover Q1 2025 to Q4 2029 for the numbers reported for the 2024 Annual Report.
- 3 Represents the 10th percentile in the range of economic scenarios used to determine non-linearity.
- 4 Represents the 90th percentile in the range of economic scenarios used to determine non-linearity.
- 5 A judgemental management adjustment is held in respect of the China commercial real estate sector.
- 6 Singapore unemployment rate covers the resident unemployment rate, which refers to citizens and permanent residents.
- 7 India unemployment is not available due to insufficient data.
- 8 A judgemental management adjustment is held for risks relating to the property sector in Hong Kong.

Impact of multiple economic scenarios

The Monte Carlo approach generates many alternative scenarios that cover our global footprint and while the range of scenarios was restricted through the use of ceilings and floors applied to the underlying macroeconomic variables, these were redeveloped in the first half of 2025 to capture a broader range of outcomes.

Given continuing heightened level of geopolitical and trade uncertainty, \$90 million (31 December 2024: \$28 million) judgemental non-linearity PMAs have been applied, comprising \$63 million (31 December 2024: \$13 million) for CIB and Central and other items, and \$27million (31 December 2024: \$15 million) for WRB and Ventures.

The total amount of non-linearity has primarily been estimated by assigning probability weights of 59 per cent, 26 per cent and 15 per cent respectively to the Base Forecast, 'Market Correction' (MC), and 'Bank Capital Stress Test' (BCST) scenarios which are presented on page 273 and comparing this to the unweighted Base Forecast ECL.

At 31 December 2024, probability weights of 68 per cent, 22 per cent and 10 per cent respectively were assigned to the Base Forecast, 'Higher for Longer Commodities and Rates', and 'Global Trade and Geopolitical Tensions' scenarios as disclosed in the 2024 Annual Report.

The judgemental non-linearity PMA represents the difference between the probability weighted ECL calculated using the three scenarios and the probability weighted ECL calculated by the Monte Carlo model together with an adjustment of \$12 million (31 December 2024: \$nil million) primarily to incorporate non-linearity for portfolios under a loss rate approach.

The total amount of non-linearity including these PMAs is \$113 million (31 December 2024: \$43 million). The CIB and Central and other items portfolios accounted for \$79 million (31 December 2024: \$24 million) of the calculated non-linearity, with the remaining \$34 million (31 December 2024: \$19 million) attributable to WRB and Ventures portfolios.

Credit Risk (audited)

The impact of multiple economic scenarios on total modelled ECL is set out in the table below, together with the management overlays and other judgemental adjustments.

	Base forecast \$million	Multiple economic scenarios ¹ \$million	Management overlays and other judgemental adjustments \$million	Total modelled ECL ² \$million
Total modelled expected credit loss at 31 December 2025	1,061	113	190	1,364
Total modelled expected credit loss at 31 December 2024	1,048	43	190	1,281

1 Includes upwards judgemental PMAs of \$90 million (31 December 2024: \$28 million).

2 Total modelled ECL comprises stage 1 and stage 2 balances of \$1,189 million (31 December 2024: \$1,130 million) and \$175 million (31 December 2024: \$151 million) of modelled ECL on stage 3 loans.

The average ECL under multiple scenarios is 11 per cent (31 December 2024: 4 per cent) higher than the ECL calculated using only the most likely scenario (the Base Forecast). Portfolios that are more sensitive to non-linearity include those with greater leverage and/or a longer tenor, such as commercial real estate, project finance and shipping finance portfolios. Sovereign exposures also contributed to increased non-linearity in 2025 as the BCST scenario included a significant decline in equity indices. Other portfolios displayed minimal non-linearity owing to limited responsiveness to macroeconomic impacts for structural reasons, such as significant collateralisation as with the WRB mortgage portfolios.

Stage 3 assets

Credit-impaired assets managed by Stressed Asset Group (SAG) incorporate forward-looking economic assumptions in respect of the recovery outcomes identified and are assigned individual probability weightings per IFRS 9. These assumptions are not based on a Monte Carlo simulation but are informed by the Base Forecast. Read more on the assessment of credit-impaired financial assets in Note 8 to the financial statements on page 344.

Judgemental management adjustments

As at 31 December 2025, the Group held judgemental adjustments for ECL as set out in the table below. All of the judgemental adjustments have been determined after taking account of the model performance PMAs reported on page 265. They are reassessed quarterly and are reviewed and approved by the IFRS 9 Impairment Committee (IIC) and will be released when no longer relevant.

	Corporate & Investment Banking \$million	Wealth & Retail Banking and Ventures				Central & other \$million	Total \$million
		Mortgages \$million	Credit Cards \$million	Other \$million	Total \$million		
31 December 2025							
Judgemental post model adjustments ¹	44	(6)	(3)	23	14	20	78
Judgemental management overlays	167	–	5	19	24	11	202
Total judgemental adjustments	211	(6)	2	42	38	31	280
Judgemental adjustments by stage:							
Stage 1	61	–	(4)	15	11	31	103
Stage 2	150	(6)	4	14	12	–	162
Stage 3	–	–	2	13	15	–	15
31 December 2024							
Judgemental post model adjustments ¹	13	–	9	(17)	(8)		5
Judgemental management overlays	179	–	5	29	34		213
Total judgemental adjustments	192	–	14	12	26		218
Judgemental adjustments by stage:							
Stage 1	27	–	10	(7)	3		30
Stage 2	165	–	5	28	33		198
Stage 3	–	–	(1)	(9)	(10)		(10)

1 Includes upwards judgemental PMAs of \$90 million (31 December 2024: \$28 million) relating to non-linearity. Excluding this judgemental PMAs are \$12 million release (31 December 2024: \$23 million release).

Judgemental PMAs

As at 31 December 2025, judgemental PMAs have been applied to increase ECL by a net \$78 million (31 December 2024: \$5 million increase). \$90 million (31 December 2024: \$28 million) of the increase in ECL related to multiple economic scenarios (see 'Impact of multiple economic scenarios' section on page 269). This was partly offset by a reduction of ECL of \$12 million (31 December 2024: \$23 million) for certain WRB models, primarily to adjust for temporary factors impacting modelled outputs. These will be released when these factors normalise.

Judgemental management overlays

In CIB and Central and other items, judgemental management overlays of \$178 million (31 December 2024: \$179 million) includes:

Hong Kong

The Group's loans and advances to Hong Kong CRE clients were \$1.5 billion as at 31 December 2025 (31 December 2024: \$2.5 billion), with the decrease due to repayments.

The overlay of \$47 million (31 December 2024: \$58 million) in Hong Kong reflects subdued economic activity and increasing commercial property vacancy rates, which contributes to an uncertain outlook that is not yet fully reflected in the credit grades and modelled ECL. During 2025, there has been increased pressure in property prices/valuations, interest serviceability and repayment capacity. The risk of further impairment remains as a result of subdued economic activity in the property sector and the related liquidity constraints faced by counterparties as a result. The overlay has been determined by estimating the impact of a deterioration to certain exposures. The decrease from 31 December 2024 was driven by repayments and upgrades.

China CRE

The Group's loans and advances to China CRE clients decreased by \$1.1 billion to \$0.8 billion (31 December 2024: \$1.9 billion), due to debt restructuring related write-offs and repayments during the year. Heightened risk management continues to be carried out on this portfolio and a management overlay of \$36 million (31 December 2024: \$70 million) has been retained by estimating the impact of further deterioration to exposures in this sector. The \$34 million overlay decrease from 31 December 2024 was primarily driven by repayments and utilisation due to movement to stage 3.

Other

In CIB and Central and other items, additional overlays of \$95 million (31 December 2024: \$51 million) have been taken in Bangladesh together with marginal amounts for climate risks and other items. The overlay in Bangladesh reflects the political situation that has contributed to an increasing level of uncertainty in the macroeconomic outlook as well as the impact of a recent change in the restructuring policy announced by the local regulator and has been determined by estimating the impact of a deterioration to certain exposures.

In WRB and Ventures, judgemental management overlays of \$24 million (31 December 2024: \$34 million) includes \$12 million (31 December 2024: \$21 million) in Korea to cover the risks relating to the failure of two e-commerce payment platforms in 2024, and marginal amounts for climate risks and other items.

Read more on the adjustment for Climate Risk in Note 1 of the 'Notes to the financial statements' on page 332.

Sensitivity of ECL calculation to macroeconomic variables

The ECL calculation relies on multiple variables and is inherently non-linear and portfolio-dependent, which implies that no single analysis can fully demonstrate the sensitivity of the ECL to changes in the macroeconomic variables. The Group has conducted a series of analyses with the aim of identifying the macroeconomic variables which might have the greatest impact on the overall ECL. These encompassed single variable and multi-variable exercises, using simple up/down variation and extracts from actual calculation data, as well as bespoke scenario design assessments.

The primary conclusion of these exercises is that no individual macroeconomic variable is materially influential. The Group believes this is plausible as the number of variables used in the ECL calculation is large. This does not mean that macroeconomic variables are uninfluential; rather, that the Group believes that consideration of macroeconomics should involve whole scenarios, as this aligns with the multi-variable nature of the calculation.

The Group faces downside risks in the operating environment related to the uncertainties surrounding the macroeconomic outlook. To explore this, a sensitivity analysis of ECL was undertaken to explore the effect of slower economic recoveries across the Group's footprint markets. Two downside scenarios are considered. The first scenario explores a modest downturn driven by financial market corrections in the US and other major economies. The second is a roll forward of the 2025 BCST scenario and is characterised by a synchronised and severe downturn across all key markets, global supply side disruptions (including tariffs) and a high commodity price, inflation and interest rate environment.

Credit Risk (audited)

	Baseline		Market Correction		Bank Capital Stress Test	
	Five year average	Peak/Trough	Five year average	Peak/Trough	Five year average	Peak/Trough
China GDP	3.8	4.7/3.3	3.4	4.1/1.9	2.8	4.4/(1.8)
China unemployment	3.3	3.4/3.3	3.5	3.7/3.3	4.4	5.0/3.6
China property prices	(0.1)	2.3/(2.5)	(2.6)	1.8/(10.0)	(4.1)	10.8/(12.4)
Hong Kong GDP	2.0	2.6/1.1	1.4	2.2/0.4	0.2	2.8/(7.0)
Hong Kong unemployment	3.3	3.7/3.2	3.8	4.2/3.2	6.7	8.2/4.3
Hong Kong property prices	4.2	5.7/2.3	3.8	5.3/1.0	(3.1)	7.9/(9.9)
US GDP	1.9	2.1/1.2	1.2	2.5/(0.8)	0.1	1.4/(3.8)
Singapore GDP	2.7	4.3/0.5	2.2	3.7/(1.2)	1.1	3.8/(7.0)
India GDP	6.3	6.5/5.9	5.9	6.3/4.9	4.8	6.2/0.0
Crude oil	69.5	75.2/62.0	67.5	75.2/55.6	109.1	139.2/81.0

Period covered from Q1 2026 to Q4 2030.

	Base (GDP, YoY%)					Market Correction					Difference from Base				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
China	4.3	4.1	3.9	3.5	3.3	2.7	3.5	3.4	3.2	4.0	(1.6)	(0.6)	(0.5)	(0.2)	0.6
Hong Kong	2.5	2.5	2.1	1.5	1.2	1.0	1.8	1.5	1.2	1.4	(1.5)	(0.7)	(0.6)	(0.3)	0.2
US	1.7	1.8	1.9	2.1	2.0	(0.5)	1.0	1.4	1.8	2.4	(2.2)	(0.8)	(0.5)	(0.2)	0.4
Singapore	2.0	2.9	3.2	2.6	2.6	0.2	2.5	2.9	2.4	3.1	(1.8)	(0.5)	(0.3)	(0.2)	0.5
India	6.5	6.5	6.4	6.2	6.1	5.4	6.2	6.1	6.1	6.1	(1.1)	(0.3)	(0.3)	(0.2)	(0.0)

Each year is from Q1 to Q4. For example 2026 is from Q1 2026 to Q4 2026.

	Base (GDP, YoY%)					Bank Capital Stress Test					Difference from Base				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
China	4.3	4.1	3.9	3.5	3.3	0.7	0.6	4.3	4.2	4.0	(3.6)	(3.5)	0.4	0.7	0.7
Hong Kong	2.5	2.5	2.1	1.5	1.2	(3.4)	(3.4)	2.6	2.6	2.6	(5.9)	(5.9)	0.4	1.1	1.4
US	1.7	1.8	1.9	2.1	2.0	(1.4)	(1.9)	1.2	1.3	1.3	(3.1)	(3.8)	(0.7)	(0.8)	(0.8)
Singapore	2.0	2.9	3.2	2.6	2.6	(2.4)	(3.2)	3.5	3.6	3.6	(4.4)	(6.1)	0.3	1.0	1.0
India	6.5	6.5	6.4	6.2	6.1	2.5	3.2	6.2	6.2	6.3	(4.0)	(3.3)	(0.2)	(0.1)	0.3

Each year is from Q1 to Q4. For example 2026 is from Q1 2026 to Q4 2026.

The total modelled stage 1 and 2 ECL provisions (including both on and off-balance sheet instruments) would be approximately \$101 million higher under the 'MC' scenario, and \$498 million higher under the 'BCST' roll-forward scenario than the baseline ECL provisions (which excluded the impact of multiple economic scenarios and management overlays which may already capture some of the risks in these scenarios). Stage 2 exposures as a proportion of stage 1 and 2 exposures would increase from 2.2 per cent in the base case to 2.3 per cent and 3.5 per cent respectively under the 'MC', and 'BCST' roll-forward scenarios. This includes the impact of exposures transferring to stage 2 from stage 1 but does not consider an increase in stage 3 defaults.

Under both scenarios, the majority of the increase in ECL in CIB came from the Corporate, commercial real estate and Sovereign portfolios. For the main corporate portfolios, ECL would increase by \$44 million and \$23 million for 'MC', and 'BCST' roll-forward scenarios respectively and the proportion of stage 2 exposures would increase from 3.6 per cent in the base case to 4.1 per cent and 4.7 per cent respectively.

For the WRB portfolios, most of the increase in ECL came from the unsecured retail portfolios, particularly the credit card portfolios in Hong Kong and Singapore and Private Banking, although Mortgages in Korea and Malaysia were also impacted in the BCST scenario. Under the 'MC', and 'BCST' roll-forward scenarios, credit card ECL would increase by \$7 million and \$51 million respectively, largely in the Singapore and Hong Kong portfolios and the proportion of stage 2 credit card exposures would increase from 2.4 per cent in the base case to 2.7 per cent and 4.6 per cent for each scenario respectively, with the Singapore portfolio most impacted. Mortgages ECL would increase by \$2 million and \$29 million for each scenario respectively, with portfolios in Korea and Malaysia impacted in the 'BCST' scenario and the proportion of stage 2 mortgages would increase from 1.5 per cent in the base case to 1.5 per cent and 1.7 per cent respectively.

There was no material change in modelled stage 3 provisions as these primarily relate to unsecured WRB exposures for which the LGD is not sensitive to changes in the macroeconomic forecasts. There is also no material change for non-modelled stage 3 exposures as these are more sensitive to client specific factors than to alternative macroeconomic scenarios.

The actual outcome of any scenario may be materially different due to, among other factors, the effect of management actions to mitigate potential increases in risk and changes in the underlying portfolio.

	Gross as reported ¹ \$million	ECL as reported ² \$million	ECL Base case \$million	Market Correction \$million	Bank Capital Stress Test \$million
Stage 1 modelled					
Corporate & Investment Banking	412,590	149	127	159	165
Wealth & Retail Banking and Ventures	198,220	404	392	404	420
• Mortgages	82,421	12	11	11	15
• Credit cards	47,125	154	148	148	147
• Other	68,674	238	233	245	258
Central & Other items	179,266	57	34	45	115
Total stage 1 excluding management judgements⁴	790,076	610	553	608	700
Stage 2 modelled					
Corporate & Investment Banking	13,679	232	198	237	410
Wealth & Retail Banking and Ventures	2,079	144	122	129	208
• Mortgages	1,002	13	12	13	37
• Credit cards	299	81	75	82	127
• Other	778	50	35	34	44
Central & Other items	1,199	5	5	5	58
Total stage 2 excluding management judgements⁴	16,957	381	325	371	676
Total Stage 1 & 2 modelled					
Corporate & Investment Banking	426,269	381	325	396	575
Wealth & Retail Banking and Ventures	200,299	548	514	533	628
• Mortgages	83,423	25	23	24	52
• Credit cards	47,424	235	223	230	274
• Other	69,452	288	268	279	302
Central & Other items	180,465	62	39	50	173
Total excluding management judgements⁴	807,033	991	878	979	1,376
Stage 3 exposures excluding other assets	6,946	3,184			
Other financial assets³	118,232	43			
ECL from management judgements⁴		190			
Total financial assets reported as at 31 December 2025	932,211	4,408			

1 Gross balances includes both on- and off- balance sheet instruments; allocation between stage 1 and 2 will differ by scenario.

2 Includes ECL for both on- and off-balance sheet instruments.

3 Includes cash and balances at central banks, Accrued income, Other financial assets; and Assets held for sale.

4 Management judgements are as disclosed on page 270 except for \$90 million relating to non-linearity. The difference between total stage 1 and 2 ECL as reported and the total stage 1 and 2 ECL Base case reflect the total non-linearity of \$113 million.

Significant increase in Credit Risk (SICR) Quantitative criteria

SICR is assessed by comparing the risk of default at the reporting date to the risk of default at origination. Whether a change in the risk of default is significant or not is assessed using quantitative and qualitative criteria. These criteria have been separately defined for each business and where meaningful are consistently applied across business lines.

Assets are considered to have experienced SICR if they have breached both relative and absolute thresholds for the change in the average annualised IFRS 9 lifetime probability of default (IFRS 9 PD) over the residual term of the exposure.

The absolute measure of increase in credit risk is used to capture instances where the IFRS 9 PDs on exposures are relatively low at initial recognition as these may increase by several multiples without representing a significant increase in credit risk. Where IFRS 9 PDs are relatively high at initial recognition, a relative measure is more appropriate in assessing whether there is a significant increase in credit risk, as the IFRS 9 PDs increase more quickly.

The SICR thresholds have been calibrated based on the following principles:

- **Stability** – The thresholds are set to achieve a stable stage 2 population at a portfolio level, trying to minimise the number of accounts moving back and forth between stage 1 and stage 2 in a short period of time.
- **Accuracy** – The thresholds are set such that there is a materially higher propensity for stage 2 exposures to eventually default than is the case for stage 1 exposures.

- **Dependency from backstops** – The thresholds are stringent enough such that a high proportion of accounts transfer to stage 2 due to movements in forward-looking IFRS 9 PDs rather than relying on backward-looking backstops such as arrears.
- **Relationship with business and product risk profiles** – the thresholds reflect the relative risk differences between different products, and are aligned to business processes.

For CIB clients the quantitative thresholds are a relative 100 per cent increase in IFRS 9 PD and an absolute change in IFRS 9 PD of between 50 and 100 bps for investment grade and sub-investment grade assets.

For WRB (excluding Private Banking) clients, portfolio specific quantitative thresholds are across the following portfolios: Credit Cards (Hong Kong, Singapore, Malaysia, UAE), Personal Loans (Taiwan, Korea), Business Client Mortgages (India), and Mortgages (Hong Kong, UAE). In 2025, we have updated SICR for Hong Kong mortgage, UAE mortgage, Singapore Credit Cards and Malaysia Credit Cards. The impact of the threshold changes in 2025 was immaterial. These thresholds capture both relative and absolute increases in IFRS 9 PD, with average lifetime IFRS 9 PD cut-offs. They are further tailored based on customer utilisation bands for credit cards; behavioural score and months on book for personal loans; and maximum delinquency in the last 12 months for business client mortgages. The approach also differentiates between exposures that are current and those that are one to 29 days past due.

The range of thresholds applied are:

Portfolio	Relative IFRS 9 PD increase (%)	Absolute IFRS 9 PD increase (%)	Customer utilisation (%)	Months on book (months)	Average IFRS 9 PD (lifetime %)
Credit cards – Current	70–200	3.4–6.2	85–95	–	4.1–13.5
Credit cards – 1-29 days past due	20–210	2.5–6.1	25–67	–	1.6–9.5
Personal loan – Current	100–250	8.5	–	≥6	–
Personal loan – 1-29 days past due	100–300	8.5	–	≥6	–
Mortgages – Current	100–500	2.7–3.5	–	–	–
Mortgages – 1-29 days past due	100–700	3.5	–	–	–
Business Client Mortgages – Current	100	4.4	–	–	–
Business Client Mortgages – 1-29 days past due	100	7.0	–	–	–

For all other material WRB portfolios (excluding Private Banking) for which a statistical model has been built, the quantitative SICR thresholds applied are a relative threshold of 100 per cent increase in IFRS 9 PD and an absolute change in IFRS 9 PD of between 100 and 350 bps depending on the product. Certain countries have a higher absolute threshold reflecting the lower default rate within their Personal loan portfolios compared with the Group's other personal loan portfolios. The original lifetime IFRS 9 PD term structure is determined based on the original application score or risk segment of the client.

For all Private Banking classes, in line with risk management practice, an increase in credit risk is deemed to have occurred where margining or LTV covenants have been breached. For Class I assets (lending against diversified liquid collateral), if these margining requirements have not been met within 30 days of a trigger, a significant increase in credit risk is assumed to have occurred. For Class I and Class III assets (real-estate lending), a significant increase in credit risk is assumed to have occurred where the bank is unable to 'sell down' the applicable assets to meet revised collateral requirements within five days of a trigger. Class II assets are typically unsecured or partially secured, or secured against illiquid collateral such as shares in private companies. Significant credit deterioration of these assets is deemed to have occurred when any early alert trigger has been breached.

Qualitative criteria

Qualitative factors that indicate that there has been a significant increase in credit risk include processes linked to current risk management, such as placing loans on non-purely precautionary early alert or being assigned a CG12 rating. An account is placed on non-purely precautionary early alert if it exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators could include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances, among other factors.

All client assets that have been assigned a CG12 rating, equivalent to 'Higher risk', are deemed to have experienced a significant increase in credit risk. Accounts rated CG12 are primarily managed by relationship managers in the CIB unit with support from SAG for certain accounts. All CIB clients are placed in CG12 when they are 30 DPD unless they are granted a waiver through a strict governance process.

In WRB, SICR is also assessed for where specific risk elevation events have occurred in a market that are not yet reflected in modelled outcomes or in other metrics. This is applied collectively either to impacted specific products/customer cohorts or across the overall consumer banking portfolio in the affected market.

For less material portfolios, which are modelled based on a roll-rate or loss-rate approach, SICR is primarily assessed through the 30 DPD trigger, supplemented where relevant by qualitative factors.

Backstop

Across all portfolios, accounts that are 30 or more DPD on contractual payments of principal and/or interest that have not been captured by the criteria above are considered to have experienced a significant increase in credit risk.

Expert credit judgement may be applied in assessing SICR to the extent that certain risks may not have been captured by the models or through the above criteria. Such instances are expected to be rare, for example due to events and material uncertainties arising close to the reporting date.

Governance of PMAs and application of expert credit judgement in respect of ECL

The Group's Credit Policy and Standards framework details the requirements for continuous monitoring to identify any changes in credit quality and resultant ratings, as well as ensuring a consistent approach to monitoring, managing and mitigating credit risks. The framework aligns with the governance of ECL estimation through the early recognition of significant deteriorations in ratings which drive stage 2 and 3 ECL.

The models used in determining ECL are reviewed and approved by the Group Credit Model Assessment Committee (CMAC) or Delegate Model Approver (DMA), which is appointed by the Model Risk Committee. CMAC has the responsibility to assess and approve the use of models and to review all IFRS 9 interpretations related to models. CMAC also provides oversight on operational matters related to model development, performance monitoring and model validation activities, including standards and regulatory matters.

Prior to submission to CMAC for approval, the models are validated by GMV, a function which is independent of the business and the model developers. GMV's analysis comprises review of model documentation, model design and methodology, data validation, review of the model development and calibration process, out-of-sample performance testing, and assessment of compliance review against IFRS 9 rules and internal standards.

Model performance PMAs

The process of PMA identification, calculation and approval are prescribed in the Credit Risk IFRS 9 ECL Model Family Standards, which are approved by the Global Head, Model Risk Management. PMA calculations are reviewed by GMV and submitted to CMAC for approval and will be removed when the estimates return to being within the monitoring thresholds or validation standards. The level of PMAs and remediation plans are regularly tracked at CMAC.

Judgemental adjustments

These comprise judgemental PMAs and judgemental management overlays, and account for events that are not captured in the Base Case Forecast or the resulting ECL calculated by the models. Judgemental adjustments must be approved by the IIC having considered the nature of the event, why the risk is not captured in the model, and the basis on which the quantum of the overlay has been calculated. Judgemental adjustments are subject to quarterly review and re-approval by the IIC, and will be released when the risks are no longer relevant.

The IFRS 9 Impairment Committee:

- Oversees the appropriateness of all Business Model Assessment and Solely Payments of Principal and Interest (SPPI) tests.
- Reviews and approves ECL for financial assets classified as stages 1, 2 and 3 for each financial reporting period.
- Reviews and approves stage allocation rules and thresholds.
- Approves material adjustments in relation to ECL for fair value through other comprehensive income (FVOCI) and amortised cost financial assets.
- Reviews, challenges and approves base macroeconomic forecasts and the multiple macroeconomic scenarios approach that are utilised in the forward-looking ECL calculations.

The IIC consists of senior representatives from Risk and Finance. It meets at least twice every quarter – once before the models are run to approve key inputs into the calculation, and once after the models are run to approve the ECL provisions and any judgemental management overlays that may be necessary.

The IIC is supported by an expert panel which also reviews and challenges the base case projections and multiple macroeconomic scenarios. The expert panel consists of members of Enterprise Risk Management (which includes the Scenario Design team), Finance, Group Economic Research and country representatives of major jurisdictions.

Traded risk

Counterparty Credit Risk

Counterparty Credit Risk is the potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation techniques. The Group's counterparty credit exposures are included in the Credit Risk section.

Derivative financial instruments Credit Risk mitigation

The Group enters into master netting agreements, which in the event of default result in a single amount owed by or to the counterparty through netting the sum of the positive and negative mark-to-market values of applicable derivative transactions.

In addition, the Group enters into collateral agreements with counterparties when collateral is deemed a necessary or desirable mitigant to the exposure. Cash collateral includes collateral called under a variation margin process from counterparties if total uncollateralised mark-to-market exposure exceeds the threshold and minimum transfer amount specified in the CSA. With certain counterparties, the CSA is reciprocal and requires the Group to post collateral if the overall mark-to-market values of positions are in the counterparty's favour and exceed an agreed threshold. To mitigate settlement risk of FX transactions, the Group uses safe settlement processes like Delivery versus Payment (DvP) and Continuously Linked Settlement (CLS). The group also enters into risk-reducing bilateral netting agreements to net payments and receipts of the same currency on the same day.

Market Risk (audited)

Market Risk is the potential for fair value loss due to adverse moves in financial markets.

A summary of our current policies and practices regarding Market Risk management is provided in the 'Principal Risks' section on page 227.

The primary categories of Market Risk for the Group are:

- Interest Rate Risk: arising from changes in yield curves and implied volatilities
- Foreign Exchange Risk: arising from changes in currency exchange rates and implied volatilities
- Commodity Risk: arising from changes in commodity prices and implied volatilities

- Credit Spread Risk: arising from changes in the price of debt instruments and credit-linked derivatives and driven by factors other than the level of risk-free interest rates
- Equity Risk: arising from changes in the prices of equities and implied volatilities

Market Risk movements (audited)

Value at Risk (VaR) allows the Group to manage Market Risk across the trading book and most of the fair valued non-trading books.

Global financial markets generally proved resilient in 2025. The first half of the year was marked by trade concerns due to the US' raising tariffs to the highest levels in a century and causing developed market equities to record a year-to-date fall of 17 per cent in April. The second half of the year saw fiscal and monetary stimulus with all major asset classes delivering positive returns and developed market equities ending the year with a 22 per cent return from the low in April. Highlights included: President Trump's April tariff announcement triggering a two-day \$5 trillion stock market retracement followed by recovery as tariffs were paused and/or negotiated; the Federal Reserve cutting rates three times in 2025, while the European Central Bank cut rates eight times and the Bank of Japan hiked; oil prices reaching \$78/barrel in June after military confrontation between Israel and Iran but falling to \$60/barrel by year-end on increased supply and weakening demand; Big Technology firms spending c\$400 billion on AI infrastructure, raising concerns about the viability of returns; notable defaults in Q4 in the Private Credit market, including First Brands Group and Tricolor Holdings; and the price of gold increasing by 65 per cent as it is increasingly perceived as a safe haven asset.

Trading VaR

The Group's exposure to Market Risk arises predominantly from the Trading book:

- The Group provides clients with access to markets, facilitation of which entails the Group taking moderate Market Risk positions. All trading teams support client activity. There are no proprietary trading teams. Hence, income earned from Market Risk-related activities is primarily driven by the volume of client activity.

The average level of trading VaR in 2025 was \$25.4 million, 20 per cent higher than 2024 (\$21.1 million). The increase in average trading VaR was driven by an increase in market volatility combined with a VaR model enhancement to make the model more responsive to market volatility.

Daily Value at Risk (VaR at 97.5%, one day) (audited)

	2025				2024			
	Average \$million	High \$million	Low \$million	Year end \$million	Average \$million	High \$million	Low \$million	Year end \$million
Trading								
Interest Rate Risk	12.7	19.8	7.9	11.5	12.7	22.0	7.0	12.0
Credit Spread Risk	9.7	13.4	5.4	8.6	6.6	9.6	4.8	5.4
Commodity Risk	9.9	21.7	2.9	6.3	4.8	10.0	2.4	4.3
Foreign Exchange Risk	6.3	12.3	3.1	3.9	9.2	15.0	5.0	7.4
Diversification effect	(13.2)	NA	NA	(12.8)	(12.2)	NA	NA	(8.3)
Total¹	25.4	34.9	15.5	17.5	21.1	33.1	13.0	20.8

¹ The total VaR is non-additive across risk types due to diversification effects, which is measured as the difference between the sum of the VaR by individual risk type or business and the combined total VaR. As the maximum and minimum occur on different days for different risk types or businesses, it is not meaningful to calculate a portfolio diversification benefit for these measures.

Traded risk

The following table sets out how trading VaR is distributed across the Group's businesses:

Trading	2025				2024			
	Average \$million	High \$million	Low \$million	Year end \$million	Average \$million	High \$million	Low \$million	Year end \$million
Macro Trading ²	18.1	28.2	9.9	11.2	17.0	29.9	10.0	17.1
Global Credit	10.9	15.8	6.9	7.2	6.8	11.1	4.3	5.8
Central Funding Desk	9.0	15.6	2.5	6.8	4.1	5.6	2.4	2.8
XVA	3.0	4.9	2.3	2.7	3.3	4.4	2.4	2.4
Diversification effect	(15.6)	NA	NA	(10.4)	(10.1)	NA	NA	(7.3)
Total¹	25.4	34.9	15.5	17.5	21.1	33.1	13.0	20.8

1 The total VaR is non-additive across risk types due to diversification effects, which is measured as the difference between the sum of the VaR by individual risk type or business and the combined total VaR. As the maximum and minimum occur on different days for different risk types or businesses, it is not meaningful to calculate a portfolio diversification benefit for these measures.

2 Macro Trading comprises the Rates, FX and Commodities businesses.

Risks not in VaR

In 2025, the main market risks not reflected in VaR were:

- basis risks for which the historical market price data is limited and is therefore proxied, giving rise to potential proxy basis risk that is not captured in VaR
- deal contingent FX and IR derivatives where the risk of a specific condition not being met, typically the closing of a merger & acquisition transaction, and the derivative being unwound at a loss is not captured in VaR
- potential depeg risk from currencies currently pegged or managed, where the historical one-year VaR observation period may not reflect the possibility of a change in the currency regime or a sudden depegging

Additional capital is set aside to cover such 'risks not in VaR'.

Backtesting

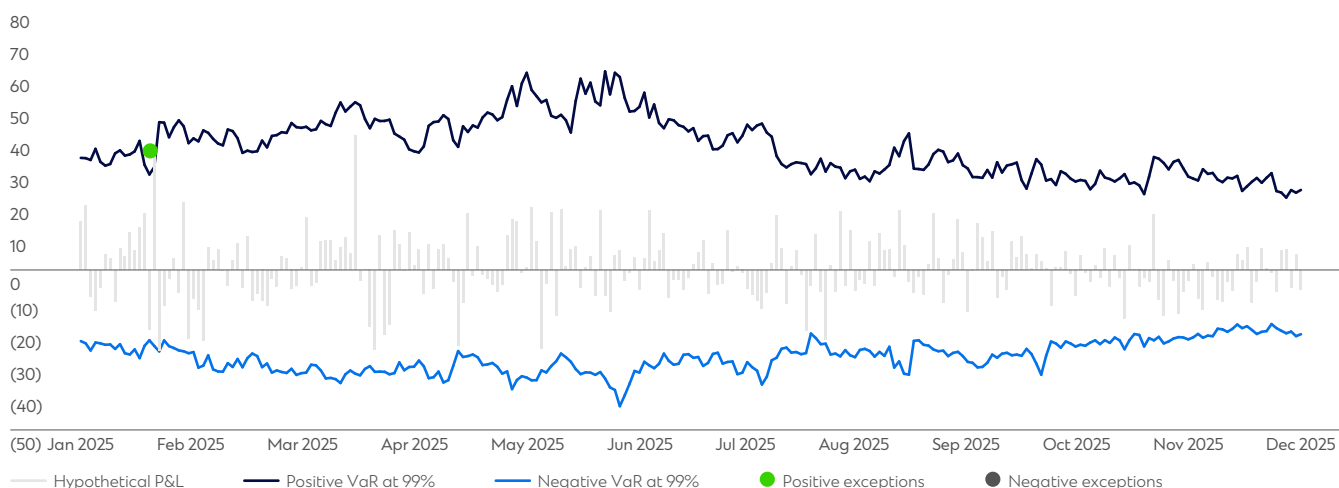
In 2025, there were no regulatory backtesting negative exceptions at Group level.

An enhancement to the VaR model was implemented from January 2025 to increase the model's responsiveness to abrupt upturns in market volatility.

The graph below illustrates the performance of the VaR model used in capital calculations. It compares the 99 percentile profit and loss confidence level given by the VaR model with the hypothetical profit and loss of each day given the actual market movement ignoring any intra-day trading activity.

2025 Backtesting chart

Internal model approach regulatory trading book at Group level
Hypothetical profit and loss (P&L) versus VaR (99 per cent, one day)



Structural foreign exchange exposures

The tables below set out the principal structural foreign exchange exposures (net of investment hedges) of the Group and the net investment hedges using derivative financial instruments to partly cover the Group's exposure to various foreign exchange currencies.

	2025		2024	
	Structural foreign exchange exposure (net of investment hedges) \$million	Net investment hedges \$million	Structural foreign exchange exposure (net of investment hedges) \$million	Net investment hedges \$million
Hong Kong dollar	4,537	5,516	4,232	5,359
Singapore dollar	3,956	–	3,306	–
Chinese Renminbi	2,833	2,558	3,593	1,640
Indian rupee	2,160	3,099	3,480	1,784
Malaysian ringgit	1,637	–	1,539	–
Euro	1,449	–	1,112	–
Taiwanese dollar	1,221	1,135	1,087	1,092
Bangladeshi taka	1,102	–	1,113	–
Korean won	1,010	3,389	1,363	3,048
Thai baht	769	–	763	–
UAE dirham	636	1,852	807	1,470
Pakistani rupee	381	–	392	–
Indonesian rupiah	266	–	230	–
Other	3,848	29	3,407	–
Total	25,805	17,578	26,424	14,393

Changes in the valuation of these positions are taken to translation reserves. For analysis of the Group's capital position and requirements, refer to the 'Capital review' section.

Non-Trading VaR

The Group's exposure to Market Risk also arises from the Non-trading book:

- Treasury is required to hold a liquid assets buffer, much of which is held in high-quality marketable debt securities
- The Group underwrites and sells down loans, and invests in select investment grade debt securities with no trading intent

The average level of non-trading VaR in 2025 was \$47 million, 37 per cent higher than 2024 (\$34.2 million). The increase in average non-trading VaR was driven by an increase in market volatility combined with a VaR model enhancement to make the model more responsive to market volatility and larger US agency bonds inventory in the CIB non-trading portfolio.

Traded risk

Daily Value at Risk (VaR at 97.5%, one day) (audited)

Non-trading ¹	2025				2024			
	Average \$million	High \$million	Low \$million	Year end \$million	Average \$million	High \$million	Low \$million	Year end \$million
Interest Rate Risk	41.7	64.6	23.8	39.7	28.0	35.5	17.4	32.5
Credit Spread Risk	18.8	29.0	13.5	13.9	17.2	24.8	10.0	15.7
Commodity Risk	1.8	4.8	0.8	1.6	1.3	1.8	0.6	0.8
Equity Risk	–	–	–	–	0.4	0.9	–	–
Diversification effect	(15.3)	NA	NA	(12.0)	(12.7)	NA	NA	(10.2)
Total²	47.0	66.6	32.3	43.2	34.2	44.3	28.6	38.8

The following table sets out how non-trading VaR is distributed across the Group's businesses:

Non-trading ¹	2025				2024			
	Average \$million	High \$million	Low \$million	Year end \$million	Average \$million	High \$million	Low \$million	Year end \$million
Treasury	34.3	47.8	26.0	29.3	32.9	40.8	26.9	38.6
Global Credit	24.2	34.1	9.9	24.1	5.0	13.4	2.4	8.8
Macro Trading	1.8	4.8	0.8	1.6	–	–	–	–
Listed Private Equity	–	–	–	–	0.4	0.9	–	–
Diversification effect	(13.3)	NA	NA	(11.8)	(4.1)	NA	NA	(8.6)
Total²	47.0	66.6	32.3	43.2	34.2	43.3	28.6	38.8

1 The non-trading book VaR generally does not include fair value loans.

2 The total VaR is non-additive across risk types due to diversification effects, which is measured as the difference between the sum of the VaR by individual risk type or business and the combined total VaR. As the maximum and minimum occur on different days for different risk types or businesses, it is not meaningful to calculate a portfolio diversification benefit for these measures.

Liquidity and Funding Risk

Liquidity and Funding Risk is the risk that the Group may not have sufficient stable or diverse sources of funding to meet its obligations as they fall due.

The Group's Liquidity and Funding Risk framework requires each country to ensure that it operates within predefined liquidity limits and remains in compliance with Group liquidity policies and practices, as well as local regulatory requirements.

The Group achieves this through a combination of setting Risk Appetite and associated limits, policy formation, risk measurement and monitoring, prudential and internal stress testing, governance and review.

Throughout 2025, the Group retained a robust liquidity position across key metrics. The Group continues to focus on improving the quality and diversification of its funding mix and remains committed to supporting its clients.

Primary sources of funding (audited)

The Group's funding strategy is largely driven by its policy to maintain adequate liquidity at all times, in all countries. This is done to ensure the Group can meet all of its obligations as they fall due. The Group's funding profile is therefore well diversified across different sources, maturities and currencies.

The Group's assets are funded predominantly by customer deposits, supplemented with wholesale funding, which is diversified by type and maturity.

The Group maintains access to wholesale funding markets in all major financial centres in which it operates. This seeks to ensure that the Group has market intelligence, maintains stable funding lines and can obtain optimal pricing when performing cash flow management activities.

In 2025, the Group issued approximately \$10 billion worth of securities from its holding company, Standard Chartered PLC. The issuances included \$2 billion of Additional Tier 1 securities and approximately \$8 billion of senior debt securities across multiple currencies. Over this same period, there were Additional Tier 1 calls of \$1 billion, Tier 2 calls of around \$2.1 billion and senior debt redemptions (calls and maturities) of \$4.9 billion. There is approximately \$7.8 billion of the Group's Additional Tier 1, senior and subordinated debt securities that are either falling due for repayment contractually or callable by the Group before the end of Q4 2026.

Liquidity and Funding Risk metrics

The Group continually monitors key liquidity metrics, both on a country basis and consolidated across the Group.

The following liquidity and funding Board Risk Appetite metrics define the maximum amount and type of risk that the Group is willing to assume in pursuit of its strategy: liquidity coverage ratio (LCR), internal liquidity stress tests, recovery capacity and net stable funding ratio (NSFR). In addition to the Board Risk Appetite, there are further limits that apply at Group and country level to measure and monitor specific risks such as cross currency risk, concentration risk and short term funding risk.

Liquidity coverage ratio (LCR)

The LCR is a regulatory requirement set to ensure the Group has sufficient unencumbered high-quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario.

The Group monitors and reports its liquidity positions under the Liquidity Coverage Ratio (LCR) Part of the PRA Rulebook and has maintained its LCR above the prudential requirement. The Group maintained robust liquidity ratios throughout 2025.

At the reporting date, the Group LCR was 155 per cent (31 December 2024: 138 per cent), with a surplus to both Board-approved Risk Appetite and regulatory requirements.

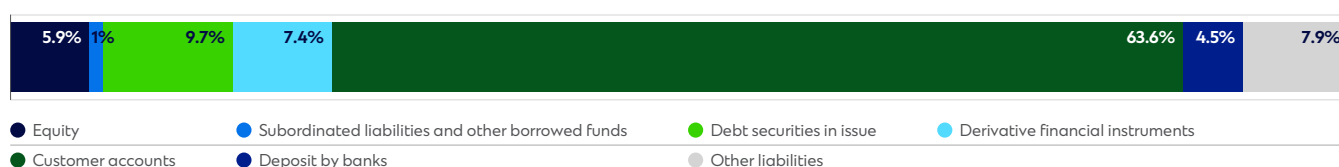
Adequate liquidity was held across our footprint to meet all local prudential LCR requirements where applicable. The Liquidity buffer reported below is after deductions made to reflect the impact of limitations in the transferability of liquidity held at an entity level across the Group. This resulted in an adjustment of \$44 billion to LCR HQLA as at 31 December 2025.

	2025 \$million	2024 \$million
Liquidity buffer	194,827	170,306
Total net cash outflows	125,383	123,226
Liquidity coverage ratio	155%	138%

Stressed coverage

The Group intends to maintain a prudent and sustainable funding and liquidity position, in all countries, such that it can withstand a severe but plausible liquidity stress.

Group's composition of liabilities and equity 31 December 2025



Liquidity and Funding Risk

Our approach to managing liquidity and funding is reflected in the Board-level Risk Appetite Statement which includes the following:

“The Group should have sufficient stable and diverse sources of funding to meet its contractual and contingent obligations as they fall due.”

The Group’s internal liquidity adequacy assessment process (‘ILAAP’) stress testing framework covers the following stress scenarios:

- Standard Chartered-specific – Captures the liquidity impact from an idiosyncratic event affecting Standard Chartered only with the rest of the market assumed to be operating normally.
- Market wide – Captures the liquidity impact from a market-wide crisis affecting all participants in a country, region or globally.
- Combined – Assumes both Standard Chartered-specific and Market-wide events affect the Group simultaneously and hence is the most severe scenario.

All scenarios include, but are not limited to, modelled outflows for retail and wholesale funding, off-balance sheet funding risk, cross-currency funding risk, intraday risk, franchise risk and risks associated with a deterioration of a firm’s credit rating. Concentration risk approach captures single name and industry concentrations.

ILAAP stress testing results show that, as at 31 December 2025, Group and all countries were able to survive for a period of time with positive surpluses as defined under each scenario. The results take into account currency convertibility and portability constraints while calculating the liquidity surplus at Group level.

Standard Chartered Bank’s credit ratings as at 31 December 2025 were A+ with stable outlook (Fitch), A+ with stable outlook (S&P) and A1 with stable outlook (Moody’s). As of 31 December 2025, the estimated contractual outflow of a three-notch long-term ratings downgrade is \$1.3 billion.

Advances-to-deposits ratio

This is defined as the ratio of total loans and advances to customers relative to total customer deposits. An advances-to-deposits ratio below 100 per cent demonstrates that customer deposits exceed customer loans as a result of the emphasis placed on generating a high level of funding from customers.

The Group’s advances-to-deposits ratio has remained stable in 2025 at 51.4 per cent. Deposits from customers as at 31 December 2025 are \$549,575 million (31 December 2024: \$486,261 million).

	2025 \$million	2024 \$million
Total loans and advances to customers ^{1,2}	282,427	259,269
Total customer accounts ³	549,575	486,261
Advances-to-deposits ratio	51.4%	53.3%

1 Excludes reverse repurchase agreement and other similar secured lending of \$8,242 million (31 December 2024: \$9,660 million) and includes loans and advances to customers held at fair value through profit and loss of \$12,355 million (31 December 2024: \$7,084 million).

2 Loans and advances to customers for the purpose of the advances-to-deposits ratio excludes \$8,474 million of approved balances held with central banks, confirmed as repayable at the point of stress (31 December 2024: \$19,187 million).

3 Includes customer accounts held at fair value through profit or loss of \$19,414 million (31 December 2024: \$21,772 million).

Net stable funding ratio (NSFR)

The NSFR is a PRA regulatory requirement that stipulates institutions to maintain a stable funding profile in relation to an assumed duration of their assets and off-balance sheet activities over a one-year horizon. It is the ratio between the amount of available stable funding (ASF) and the amount of required stable funding (RSF). ASF factors are applied to balance sheet liabilities and capital, based on their perceived stability and the amount of stable funding they provide. Likewise, RSF factors are applied to assets and off-balance sheet exposures according to the amount of stable funding they require. The regulatory requirements for NSFR are to maintain a ratio of at least 100 per cent. The average ratio for the past four quarters is 139 per cent.

Liquidity pool

The liquidity value of the Group’s LCR eligible liquidity pool at the reporting date was \$195 billion. The figures in the table below account for haircuts, currency convertibility and portability constraints per PRA rules for transfer restrictions (amounting to \$44 billion as at 31 December 2025), and therefore are not directly comparable with the consolidated balance sheet. A liquidity pool is held to offset stress outflows as defined in the LCR per PRA rulebook.

	2025 \$million	2024 \$million
Level 1 securities		
Cash and balances at central banks	78,290	76,094
Central banks, governments / public sector entities	101,122	74,182
Multilateral development banks and international organisations	10,623	14,386
Other	396	343
Total Level 1 securities	190,431	165,005
Level 2 A securities	3,643	4,367
Level 2B securities	753	934
Total LCR eligible assets	194,827	170,306

Liquidity analysis of the Group’s balance sheet (audited)

Contractual maturity of assets and liabilities

The following table presents assets and liabilities by maturity groupings based on the remaining period to the contractual maturity date as at the balance sheet date on a discounted basis. Contractual maturities do not necessarily reflect actual repayments or cash flows.

Within the tables below, cash and balances with central banks, interbank placements and investment securities that are fair valued through other comprehensive income are used by the Group principally for liquidity management purposes.

As at the reporting date, assets remain predominantly short-dated, with 58 per cent maturing in less than one year.

	2025								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Assets									
Cash and balances at central banks	66,116	–	–	–	–	–	–	11,630	77,746
Derivative financial instruments	15,827	11,627	10,412	5,333	3,983	5,451	8,309	4,840	65,782
Loans and advances to banks ^{1,2}	21,323	21,142	12,878	6,884	5,379	7,437	3,672	1,858	80,573
Loans and advances to customers ^{1,2}	78,546	42,487	20,359	15,298	14,309	41,579	34,064	102,943	349,585
Investment securities ¹	20,439	36,061	19,632	17,255	15,152	33,157	49,952	71,096	262,744
Other assets ¹	18,173	50,528	1,406	994	1,474	388	31	10,531	83,525
Total assets	220,424	161,845	64,687	45,764	40,297	88,012	96,028	202,898	919,955
Liabilities									
Deposits by banks ^{1,3}	32,466	2,001	1,370	690	644	2,105	2,359	4	41,639
Customer accounts ^{1,4}	415,483	42,912	29,297	12,974	13,881	8,931	58,405	3,291	585,174
Derivative financial instruments	16,630	14,829	9,795	5,701	3,534	5,145	8,392	4,178	68,204
Senior debt ⁵	879	1,513	2,665	1,948	1,500	9,190	19,390	22,503	59,588
Other debt securities in issue ¹	2,885	3,412	9,108	5,880	3,725	2,188	1,384	697	29,279
Other liabilities	17,665	40,951	3,453	1,054	1,413	1,485	1,892	4,738	72,651
Subordinated liabilities and other borrowed funds	16	60	25	154	14	1,442	741	6,382	8,834
Total liabilities	486,024	105,678	55,713	28,401	24,711	30,486	92,563	41,793	865,369
Net liquidity gap	(265,600)	56,167	8,974	17,363	15,586	57,526	3,465	161,105	54,586
	2024								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Assets									
Cash and balances at central banks	55,646	–	–	–	–	–	–	7,801	63,447
Derivative financial instruments	22,939	15,556	12,217	7,265	4,328	7,067	7,448	4,652	81,472
Loans and advances to banks ^{1,2}	22,381	21,722	10,588	6,771	4,986	8,407	3,715	1,990	80,560
Loans and advances to customers ^{1,2}	65,688	58,765	25,739	15,479	16,192	31,240	31,766	94,688	339,557
Investment securities ¹	13,016	25,886	21,546	14,789	14,688	32,815	41,423	62,418	226,581
Other assets ¹	12,601	32,130	1,333	381	931	71	64	10,560	58,071
Total assets	192,271	154,059	71,423	44,685	41,125	79,600	84,416	182,109	849,688
Liabilities									
Deposits by banks ^{1,3}	24,293	2,345	1,621	848	571	4,342	1,939	3	35,962
Customer accounts ^{1,4}	379,926	37,502	25,863	10,152	10,123	9,695	47,367	2,635	523,263
Derivative financial instruments	21,680	17,115	11,773	7,018	4,353	6,660	8,144	5,321	82,064
Senior debt ⁵	609	1,755	4,074	2,132	932	7,926	18,784	17,886	54,098
Other debt securities in issue ¹	2,734	2,663	6,550	4,535	5,015	851	1,206	688	24,242
Other liabilities	12,173	43,574	3,020	1,441	155	4,494	682	2,854	68,393
Subordinated liabilities and other borrowed funds	–	64	23	180	13	359	1,978	7,765	10,382
Total liabilities	441,415	105,018	52,924	26,306	21,162	34,327	80,100	37,152	798,404
Net liquidity gap	(249,144)	49,041	18,499	18,379	19,963	45,273	4,316	144,957	51,284

1 Loans and advances, investment securities, deposits by banks, customer accounts and debt securities in issue include financial instruments held at fair value through profit or loss, see Note 13 Financial instruments.

2 Loans and advances include reverse repurchase agreements and other similar secured lending of \$96.1 billion (31 December 2024: \$98.8 billion).

3 Deposits by banks include repurchase agreements and other similar secured borrowing of \$8.5 billion (31 December 2024: \$8.7 billion).

4 Customer accounts include repurchase agreements and other similar secured borrowing of \$35.6 billion (31 December 2024: \$37.0 billion).

5 Senior debt maturity profiles are based upon contractual maturity, which may be later than call options over the debt held by the Group.

Liquidity and Funding Risk

Behavioural maturity of financial assets and liabilities

The cash flows presented in the previous section reflect the cash flows that will be contractually payable over the residual maturity of the instruments. However, contractual maturities do not necessarily reflect the timing of actual repayments or cash flow. In practice, certain assets and liabilities behave differently from their contractual terms, especially for short-term customer accounts, credit card balances and overdrafts, which extend to a longer period than their contractual maturity. On the other hand, mortgage balances tend to have a shorter repayment period than their contractual maturity date. Expected customer behaviour is assessed and managed on a country basis using qualitative and quantitative techniques, including analysis of observed customer behaviour over time.

Maturity of financial liabilities on an undiscounted basis (audited)

The following table analyses the contractual cash flows payable for the Group's financial liabilities by remaining contractual maturities on an undiscounted basis (except for trading liabilities and derivatives not treated as hedging derivatives). The financial liability balances in the table below will not agree with the balances reported in the consolidated balance sheet as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. Derivatives not treated as hedging derivatives are included in the 'On demand' time bucket and not by contractual maturity.

Within the 'More than five years and undated' maturity band are undated financial liabilities, the majority of which relate to subordinated debt, on which interest payments are not included as this information would not be meaningful, given the instruments are undated. Interest payments on these instruments are included within the relevant maturities up to five years.

	2025								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Deposits by banks	32,536	2,012	1,381	704	658	2,137	2,395	4	41,827
Customer accounts	416,850	43,261	29,727	13,247	14,222	9,090	58,627	4,033	589,057
Derivative financial instruments	67,101	13	35	34	51	110	492	512	68,348
Debt securities in issue	4,081	5,139	12,176	8,290	5,590	13,118	24,492	26,510	99,396
Subordinated liabilities and other borrowed funds	35	116	50	164	15	1,529	978	11,934	14,821
Other liabilities	16,179	41,722	3,276	1,044	1,410	1,485	1,892	6,171	73,179
Total liabilities	536,782	92,263	46,645	23,483	21,946	27,469	88,876	49,164	886,628
	2024								
	One month or less \$million	Between one month and three months \$million	Between three months and six months \$million	Between six months and nine months \$million	Between nine months and one year \$million	Between one year and two years \$million	Between two years and five years \$million	More than five years and undated \$million	Total \$million
Deposits by banks	24,303	2,360	1,660	862	589	4,347	1,939	4	36,064
Customer accounts	380,377	37,790	26,277	10,384	10,438	9,937	47,642	3,396	526,241
Derivative financial instruments	80,055	13	12	10	3	216	592	1,163	82,064
Debt securities in issue	3,622	4,551	11,007	7,056	6,319	10,261	23,184	21,337	87,337
Subordinated liabilities and other borrowed funds	19	134	46	206	14	392	2,345	13,800	16,956
Other liabilities	10,421	44,933	2,894	1,408	152	4,433	682	4,802	69,725
Total liabilities	498,797	89,781	41,896	19,926	17,515	29,586	76,384	44,502	818,387

Interest Rate Risk in the Banking Book

The following table provides the estimated impact to a hypothetical base case projection of the Group's earnings under the following scenarios:

- A 50 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves
- A 100 basis point parallel interest rate shock (up and down) to the current market-implied path of rates, across all yield curves

These interest rate shock scenarios assume all other economic variables remain constant. The sensitivities shown represent the estimated change to a hypothetical base case projected net interest income (NII), plus the change in interest rate implied income and expense from FX swaps used to manage banking book currency positions, under the different interest rate shock scenarios.

The base case projected NII is based on the current market-implied path of rates and forward rate expectations. The NII sensitivities below stress this base case by a further 50 or 100bps. Actual observed interest rate changes will likely differ from market expectation. Accordingly, the shocked NII sensitivity does not represent a forecast of the Group's net interest income.

The interest rate sensitivities are indicative stress tests and based on simplified scenarios, estimating the aggregate impact of an unanticipated, instantaneous parallel shock across all yield curves over a one-year horizon. The assessment assumes that the size and mix of the balance sheet remain constant and that there are no specific management actions in response to the change in rates. No assumptions are made in relation to the impact on credit spreads in a changing rate environment.

Significant modelling and behavioural assumptions are made regarding scenario simplification, market competition, pass-through rates, asset and liability re-pricing tenors, and price flooring. In particular, the assumption that interest rates of all currencies and maturities shift by the same amount concurrently, and that no actions are taken to mitigate the impacts arising from this are considered unlikely. Reported sensitivities will vary over time due to a number of factors including changes in balance sheet composition, market conditions, customer behaviour and risk management strategy. Therefore, while the NII sensitivities are a relevant measure of the Group's interest rate exposure, they should not be considered an income or profit forecast.

Net interest income sensitivity (audited)

Estimated one-year impact to earnings from a parallel shift in yield curves at the beginning of the period of:

	2025								Total \$million
	USD bloc \$million	HKD bloc \$million	SGD bloc \$million	GBP bloc \$million	CNY bloc ² \$million	JPY bloc \$million	EUR bloc \$million	Other currency bloc ¹ \$million	
+ 50 basis points	50	60	20	20	–	10	20	80	260
- 50 basis points	(90)	(30)	(20)	(20)	(10)	(10)	(20)	(90)	(290)
+ 100 basis points	90	120	30	50	–	20	30	160	500
- 100 basis points	(170)	(80)	(30)	(50)	(30)	(30)	(40)	(190)	(620)
	2024								Total \$million
	USD bloc \$million	HKD bloc \$million	SGD bloc \$million	GBP bloc \$million	CNY bloc ² \$million	JPY bloc \$million	EUR bloc \$million	Other currency bloc ¹ \$million	
+ 50 basis points	20	30	10	10	20	10	10	100	210
- 50 basis points	(40)	(30)	(20)	(10)	(30)	(10)	(20)	(110)	(270)
+ 100 basis points	30	60	20	20	30	10	30	190	390
- 100 basis points	(90)	(50)	(40)	(30)	(50)	(20)	(40)	(230)	(550)

1 The largest exposures within the Other currency bloc are TWD and KRW.

2 The +50bps and +100bps CNY sensitivities are positive, but round to zero.

As at 31 December 2025, the Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 50 basis points to increase projected NII by \$260 million. The equivalent impact from a parallel decrease of 50 basis points would result in a reduction in projected NII of \$290 million. The Group estimates the one-year impact of an instantaneous, parallel increase across all yield curves of 100 basis points to increase projected NII by \$500 million. The equivalent impact from a parallel decrease of 100 basis points would result in a reduction in projected NII of \$620 million.

The benefit from rising interest rates is primarily from reinvesting at higher yields and from assets re-pricing faster and to a greater extent than deposits. NII sensitivity in falling rate scenarios has increased versus 31 December 2024, due to an increase in balance sheet size, with assets repricing faster than liabilities, and due to lower HIBOR rates. This impact was partially offset by an increase in programmatic hedging.

Over the course of 2025, the notional of interest rate swaps, Hold to Collect (HTC)-accounted bond portfolios and fixed rate commercial assets used to reduce NII sensitivity through the cycle increased from \$80 billion to \$109 billion. As at 31 December 2025, the \$87 billion interest rate swaps and HTC-accounted bond portfolios had a yield of 3.4 per cent and a weighted average maturity of 2.5 years, which reflects the behaviouralised lives of the rate-insensitive deposit and equity balances that they hedge.

Operational and Technology Risk

Operational and Technology Risk profile

Operational and Technology risks remain elevated in areas such as Operational Resilience, Third-Party Risk Management, Change Mismanagement Risk and Transaction Processing Risk, which are being addressed by ongoing processes and system enhancement programmes.

The Group continues to monitor and manage Operational and Technology risks associated with external factors such as geopolitical factors, Nth Party Risk and the risk arising from adoption and use of Artificial Intelligence. This enables the Group to keep pace with new business developments, whilst ensuring that its risk and control frameworks evolve accordingly. The Group continues to enhance its risk management capabilities to understand the full spectrum of risks in the operating environment, strengthen its defences and improve its overall resilience.

Operational and Technology risk events and losses

Operational losses are one indicator of the effectiveness and robustness of our non-financial risk and control environment.

The Group's profile of operational loss events in 2025 and 2024 is summarised in the table below, which shows the distribution of gross operational losses by Basel business line. In 2025, Payments and Settlements is higher due to high value payment related events and Retail Banking due to prior period adjustments.

Distribution of Operational Losses by Basel business line ²	% Loss	
	2025	2024 ¹
Agency Services	8.9%	0.0%
Asset Management	0.0%	0.0%
Commercial Banking	5.2%	1.3%
Corporate Finance	0.0%	0.1%
Corporate Items	8.1%	61.7%
Payment and Settlements	30.6%	7.6%
Retail Banking	42.1%	27.1%
Retail Brokerage	0.0%	0.0%
Trading and Sales	5.1%	2.2%

The Group's profile of operational loss events in 2025 and 2024 is also summarised by Basel event type in the table below. It shows the distribution of gross operational losses by Basel event type.

Distribution of Operational Losses by Basel event type ²	% Loss	
	2025	2024 ¹
Business disruption and system failures	1.9%	1.7%
Clients products and business practices	1.5%	22.9%
Damage to physical assets	0.0%	0.0%
Employment practices and workplace safety	0.0%	0.1%
Execution delivery and process management	78.5%	71.8%
External fraud	12.5%	3.2%
Internal fraud	5.6%	0.3%

Other principal risks

The losses arising from operational failures for other principal and integrated risks are reported as operational losses. Operational losses do not include operational risk-related credit impairments.

¹ Losses in 2024 have been restated to include incremental events recognised in 2025.

² Operational losses for 2024 and 2025 are based on data as of 5 January 2026.

Environmental, Social and Governance and Reputational Risk

Environmental, Social and Governance and Reputational (ESGR) Risk is defined as the risk of potential or actual adverse impact on the environment and/or society, or to the Group's financial performance, operations or the Group's name, brand or standing, arising from environmental, social or governance factors, or as a result of the Group's actual or perceived actions or inactions. ESGR Risk continues to be an area of growing importance, driving a need for strategic transformation across business activities and risk management.

Group ESGR Risk Appetite (RA) Statement and Metrics

Our ESGR RA Statement as set out on page 223 is approved annually by the Board and supported by RA metrics and Management Team Limits¹ (MTLs) across relevant risk types. The RA metrics are approved on an annual basis by the Board and the MTLs by the Group Risk Committee, and any breaches are reported to the Board Risk Committee and the Group Risk Committee.

For Climate Risk, RA and MTL metrics are set across Corporate & Investment Banking (CIB) Credit Risk, Wealth & Retail Banking (WRB) Credit Risk, Country Risk and Traded Risk.

Key metrics are cascaded to all countries that are booked in Entity Risk Appetite Allocation² (ERAA) locations. The country ESGR Risk profile is also reviewed at country-level risk committees for all ERAA markets.

Managing Climate Risk

An environmental (such as climate), social or governance event, or change in condition, if it occurs, could result in actual or potential financial loss or non-financial detriments to the Group.

As such, Climate Risk is identified as a material risk for the Group, which manifests through the Group's businesses and operations and impacts the relevant Principal Risk Types³ (PRTs). The Group is exposed to Climate Risk through our clients, own operations, vendors, suppliers and from the industries and markets that we operate in. Therefore, we focus our disclosures on how climate-related risks are governed, managed and embedded in our business.

We manage Climate Risk according to the characteristics of the relevant PRTs. Risk Framework Owners for the relevant PRTs are responsible for embedding Climate Risk requirements within their respective risk types. In 2025, we have continued to embed Climate Risk into existing risk management frameworks and processes. The Climate Risk identification and assessments across the PRTs span short-, medium- and long-term horizons to enable the right level of monitoring and to inform the decision-making process. Read more on page 108 for more information on the definitions for short-, medium- and long-term horizons. Refer to the Credit Risk – CIB and WRB sections, Operational, Technology and Cyber Risk (OTCR), Country Risk, Traded Risk, Treasury Risk and Model Risk for more information on how Climate Risk impacts the relevant PRTs.

Climate Risk Taxonomy

Climate Risk

The potential for financial loss and non-financial detriments arising from climate change and society's response to it. It manifests through the Group's businesses and operations and may impact a variety of PRTs.

Physical Risk

Risks arising from increasing severity and frequency of climate and weather-related events, which can damage property and other infrastructure, disrupt supply chains and impact food production. This could lead to declining asset valuations and challenges with insurance claims, resulting in greater financial losses. Indirect effects on the macroeconomic environment, such as lower output and productivity, may exacerbate these direct impacts.

Physical Risk: Acute

Specific event-driven weather events, including increased severity of extreme weather events, such as cyclones, hurricanes, floods or wildfires.

Physical Risk: Chronic

Longer-term shifts in climate patterns, such as changing precipitation patterns, sea-level rise and longer-term drought.

Transition Risk

Risks arising from the adjustment towards a carbon-neutral economy, which will require significant structural changes to the economy. These changes will prompt a reassessment of a wide range of asset values, a change in energy prices and a fall in income and creditworthiness of some borrowers. In turn, this could lead to credit losses for lenders and market losses for investors.

- 1 Management Team Limits (MTLs) complement the Risk Appetite and enable the Management Team and the Risk Framework Owners (RFOs) to fine tune adherence to the RA and performance.
- 2 These are allocated by the Group to booking locations that are selected according to internally defined materiality criteria.
- 3 Refer to the Principal Risks section for more information on the relevant risk types. The strategic impact of Country Risk is considered alongside other Climate Risks.

Disclaimer

For the avoidance of doubt, this ESGR Risk section is subject to the statements included in (i) the 'Forward-looking statements' section; and (ii) the 'Basis of preparation and caution regarding data limitations' section provided under 'Important Notices' on page 467.

The Board committees consider climate-related risks and opportunities when reviewing and guiding strategic decisions. Board-level oversight is exercised through the Board Risk Committee, and regular Climate Risk updates are provided to the Board and the Board Risk Committee. At an executive level, the Group Risk Committee has appointed the Group Responsibility and Reputational Risk Committee (GRRRC), consisting of senior representatives from business, risk and other functions such as Legal, Compliance, Financial Crime and Conduct Risk (CFCR) and Corporate Affairs, Brand and Marketing (CABM), to oversee the effective management of the ESGR Risk Type Framework and ensure that the Climate Risk profile remains within RA.

Key financial regulators across our footprint have proposed or set supervisory expectations on climate and environmental risk management. Those expectations are broadly aligned with the Basel Committee principles for the management of climate-related financial risks, but local implementation varies. We actively engage with industry bodies and regulators to seek consistency in policy making across our markets. Climate Risk-related regulatory developments and obligations set by both financial and non-financial service regulators are tracked at Group and country level, with roles and responsibilities set out in the Group's ESGR Risk Policy.

 **Read more on the Group's governance approach for climate-related risks and opportunities on page 107**

Processes for identifying, assessing, prioritising and monitoring Climate Risks

Climate-related events continue to unfold globally, accompanied by rising regulatory expectations across the various jurisdictions where the Group operates. In response, we apply a structured process to identify, assess, prioritise and monitor climate-related risks across our operations and credit portfolios. Climate Risks are identified through a mix of qualitative and quantitative information, including Climate Risk Assessments (CRAs) and climate scenario analysis. We continue to enhance our existing CRA framework to strengthen the evaluation of a client's exposure to climate-related risks. Ongoing improvements to the questionnaire used for CRAs have been made in 2025 to incorporate more granular climate data, reflecting advances in data quality and availability along with the introduction of a Physical Risk grading. These enhancements support the integration of climate considerations in credit risk analysis and portfolio management. In addition, we also measure the climate risks arising from our own properties, data centres and vendors, enabling the Group to make more informed and forward-looking decisions that are aligned with our sustainability objectives. Various toolkits are used to quantitatively measure climate-related Physical and Transition Risks. These risks can result in impacts to other PRTs.

Stress testing and scenario analysis are used to assess the impact of Climate Risk and this is described in greater detail in the Scenario Analysis section on page 298.

Internal training programmes to better identify and mitigate Climate Risk

To effectively embed climate risks across the Group, we continue to run a comprehensive eight-module role-specific Climate Risk training programme tailored to specific roles. The Climate Risk training includes a core module covering

climate change science, transition scenarios, CRAs and Net Zero targets and alignment calculations, and sector-specific training, focusing on Oil and Gas, Power, Steel, Aluminium, Shipping and Automobile clients. This has augmented our existing foundational sustainability training, which covers Climate Risk at a basic level. We recognise that various countries have been stepping up their regulatory requirements and monitoring in relation to Climate Risk. In response to this trend, Climate Risks are being included as a key topic for discussion in internal knowledge sharing programmes for risk functions and training programmes for new joiners. Periodic training sessions on Climate Risk integration continue to be provided to the first and second line of defence to further strengthen the understanding of Climate Risk and its application within the Group.

Limitations with existing tools and data

We recognise that assessing Climate Risk has its limitations as quantifying approaches are still evolving:

- Data availability and client coverage continue to pose challenges, especially in emerging markets. With the limited coverage of granular client-level information at both Group and entity level, there is reliance on proxies, e.g. sector and regional averages, sovereign heatmaps, and credit grade projections and movements.
- Most tools and modelling approaches present a gross risk profile that often overlooks existing adaptation measures, as well as government policies to protect and build for changing climate. Assumptions in climate modelling also continue to rely on nascent methodologies that do not factor non-linear shifts and complex feedback loops or the social dimension of climate change.
- Over time, sovereigns and policymakers are expected to drive market trends, such as investment in adaptation plans, technological advancements, innovative risk transfer and mitigation approaches to combat the potential impacts of climate change.
- Notwithstanding the above, we continue to observe an improvement in data quality and coverage. We have also streamlined our processes and are continuing to pursue the initiative to have a centralised data store, which enables the Group to capture all sustainability-related data for our clients. This includes monitoring of data quality, which reduces the usage of proxies over time. We continue to refine our evaluations and methodologies progressively as the availability and quality of data improves.

The data that we have captured through various sources has helped us develop our client-level CRAs for existing and new clients, improve our internal climate modelling capabilities and strengthen the risk measurement and monitoring of our portfolios.

Looking ahead

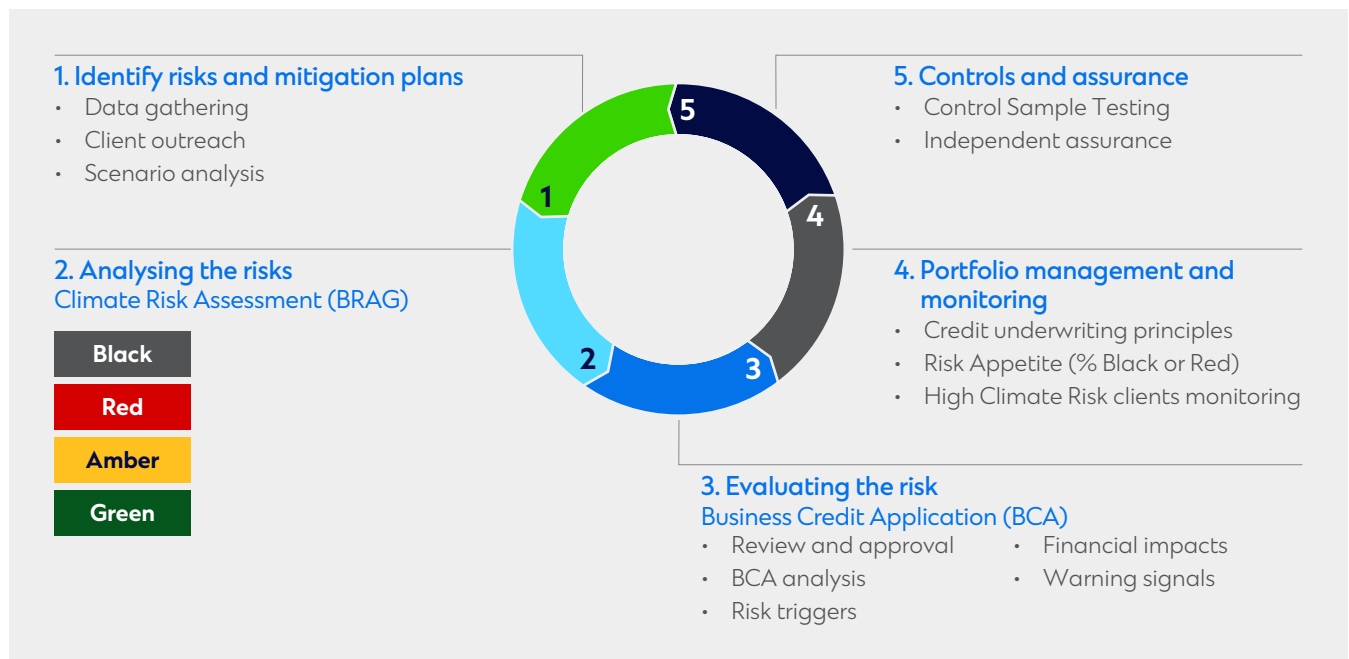
We expect a continuing trend of change in the coming years and therefore we intend to: (i) focus on our Physical Risk measurement capabilities; (ii) improve the assessment of sector-specific nuances for high-risk emitting sectors and better integration in credit decisions; (iii) improve Physical and Transition risk measurement capabilities for a portion of our SME clients portfolio; (iv) finalise the development of an in-house scenario expansion model; (v) expand Climate Risk model coverage; and (vi) continue to support countries with local ESGR-related regulations, stress testing requirements and disclosures.

Climate – Credit Risk

We have continued to enhance our Climate Risk approach, which outlines the approach for a baseline level of effective risk mitigation.

CIB Credit Risk

This section covers details of how we assess Climate Risk for our corporate clients, including insights gained from our client-level assessments and progress made to further strengthen our framework for climate and credit related portfolio and risk management. The figure below outlines our process in assessing Climate Risk.



1. Identify risks and mitigation plans

Our client-level Climate Risk Questionnaire (CRQ) helps assess the potential financial risks from climate change using quantitative and qualitative information. The assessment presents a consolidated view across five pillars of how exposed and ready for transition or adaptation our clients may be. Out of the five pillars, the first one relates to identifying relevant data sources and disclosures and is the only section that is not scored.

Data sources and disclosures	Gross Physical Risk	Physical Risk adaptation	Gross Transition Risk	Credibility of Transition Plans (CTPs)
Reporting • Sources of data • Level of disclosures, Carbon Disclosures Project rating	Exposure to acute and chronic events • Asset locations exposed to Physical Risk events (flood, storms, droughts, etc.) • Model output to assess current and future risk to client's operating locations	Mitigations to acute and chronic events • Assessment of client's adaptation plans • Insurance coverage to protect against Physical Risk	Relative emissions for sector and region • Reliance on fossil fuel/carbon products, net zero trajectory alignment • Policy – environmental impact due to sovereign decarbonisation policy in sector • Potential financial impact from various climate scenarios	Decarbonisation plan, governance and emission targets • Assess client's plans and their credibility to transition their business and supply chain backed by robust governance mechanisms • Emissions reporting targets and plan to achieve them • Capex in low-carbon technologies, internal carbon pricing scenarios

The CRQ helps us to form a view of the overall Climate Risk profile of our clients and supports the underlying themes that feed into our broader scenario analysis, and corporate planning exercises and Net Zero portfolio alignment. In October 2025, we enhanced our CRQ by introducing a client-level Physical Risk BRAG Grading in order to identify and monitor key risk hotspots in the CIB portfolio regarding clients' exposure to extreme weather events. Read more on Analysing the Climate Risk BRAG ratings on page 291.

Coverage of our analysis

As at September 2025, we have completed CRAs for 4,209 clients, representing circa 71 per cent of our corporate client limits. The levels and consistency in the availability of climate information from public disclosures has increased in the last three years. However, this is still a developing aspect in some of our footprint markets where the transition journey is in a nascent stage. The difference between our own ambitions and the nationally determined contributions in some of our markets has further highlighted the importance of engaging with our clients on this topic, so we are able to assess clients across our markets appropriately.



Read more on our Net Zero aspiration on pages 90 to 110

How different markets in our footprint compare

Clients are assessed across the four pillars relating to gross Physical and Transition Risks, as well as their respective mitigation levels, i.e. Physical Risk adaptation and credibility of transition plan, each of which are scored between 0 and 100 per cent. A lower score for risk levels and a higher score for mitigation levels indicates a better result (i.e. lower risk or higher mitigation levels). The average of these scores across all assessed clients by market is shown below.

Client-level Climate Risk Assessment scores by markets

YTD Assessment as of September 2025	Number of clients	Gross Physical score	Physical Risk adaptation	Gross Transition Risk	Credibility of Transition Plan
Asia – Greater China & North Asia (GCNA)	1,638	61%	39%	52%	61%
Asia – ASEAN & South Asia (ASA)	994	61%	33%	52%	53%
Africa & Middle East (AME)	348	67%	18%	53%	38%
Europe & Americas (E&A)	1,229	69%	52%	51%	75%
Total	4,209	64%	40%	52%	61%

- Transition Risk scores remained stable and improved across regions.
 - We continue to see better Credibility of Transition Plan (CTP) and Physical Risk adaptation scores for corporates domiciled in E&A, where disclosure levels are the highest, 2050 Net Zero plans have been committed to, and the plans to effectively manage Climate Risk are being put in place.
 - There has been a slight slowdown in the pace of transition planning at the corporate level given the continued focus on energy security amid increased geopolitical pressures. However, the long-term trend of gradual increase in quantifiable climate change commitments, driven by increasing CTPs numbers across markets, remains intact.
- Physical Risk adaptation continues to be an area of concern for the majority of our markets, with the lowest absolute scores in AME followed by Asia.
- Asia continues to dominate our total volume of clients, with a 63 per cent share of the global client base assessed.

2. Analysing the Climate Risk BRAG ratings

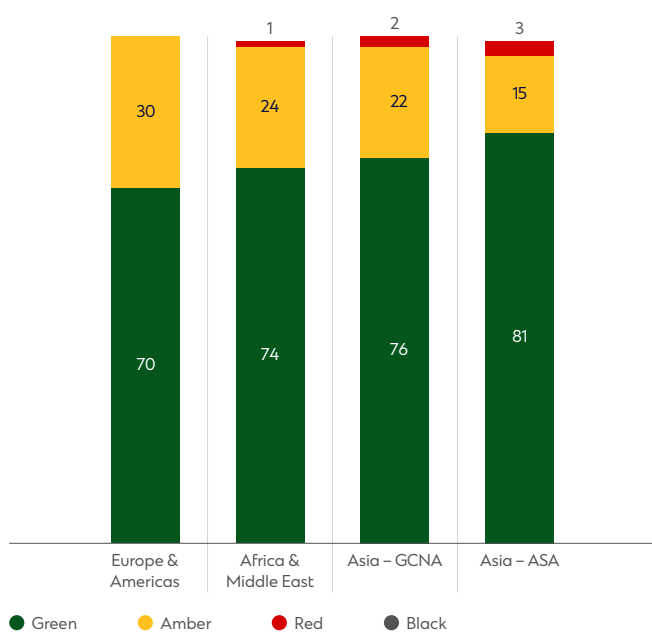
Each client is assigned a colour-coded Climate Risk rating (Black 'B', Red 'R', Amber 'A', Green 'G' BRAG) based on the gross Transition Risk and Transition Risk mitigation.

There are currently four types of BRAG ratings assigned to clients.

Black	Clients are deemed to have very high exposure to Transition Risk with little or no mitigation plans
Red	Clients are deemed to have very high exposure to Transition Risk but with acceptable or good mitigation plans
Amber	Clients are deemed to have high exposure to Transition Risk but with acceptable or good mitigation plans
Green	Clients are deemed to have low or limited exposure to Transition Risk

The chart below shows the portfolio distribution of clients from a Transition Risk BRAG perspective across our markets split by the outstanding exposure as of September 2025. There are no exposures to Black-rated clients.

Portfolio Distribution across key markets (%)



Since October 2025, the Physical Risk BRAG, which is based on the gross Physical Risk and Physical Risk adaptation has been introduced, and we expect to provide more information on the Physical Risk profile of our portfolio in our 2026 Annual Report when all in-scope clients go through a CRQ refresh over the next 12 months. The assessment aims to drive better credit risk decision-making from a Physical Risk perspective, as we embed this into our risk management approach in 2026.

3. Evaluating the risk (linkage to credit process)

Once a Climate Risk grading is assigned to a client, the impacts from climate-related risks are integrated into the existing credit approval process qualitatively and/or quantitatively through inclusion within the business risk analysis and financial modelling. If the risks are deemed material and not adequately represented via the existing credit rating of the client, subjective warning signals may be added to influence the credit rating. Additionally, risk triggers are added to monitor risks that are not adequately mitigated and to seek additional information from the client where applicable.

4. Portfolio management and monitoring

A. Origination stage

We have embedded qualitative and quantitative climate considerations into the Group's credit underwriting principles for Oil and Gas, Metals and Mining, Shipping, Commercial Real Estate (CRE) and Project Finance portfolios. This includes introducing portfolio-level caps for Black- and Red-rated clients and lower preference for emission-intensive transactions. The underlying principles vary depending on the sector and are intended to help steer the portfolio in the desired direction over the medium term, and also consider the Group's 2030 financed emission targets.

B. Exposure monitoring and RA thresholds

Concentration of Black- and Red-rated clients remains within proposed RA thresholds across our portfolio as at September 2025. Our Green-rated clients are concentrated in more developed markets, and this reflects the higher level of Climate Risk disclosures and governance established by companies in these markets. Asia has the highest proportion of exposure which is rated Red. Among the key markets, Bangladesh, Nepal, Vietnam and Indonesia drive this higher risk concentration due to a combination of clients that have fewer disclosures and high Transition Risk, particularly fossil fuel-heavy industries, and some imposition of policies to transition the broader nation. This, combined with weaker transition plans, leads corporates in these markets to be rated as higher Climate Risks.

C. Credit mitigation – collateral

We have expanded coverage of Climate Risk and Credit Risk considerations to assess corporate clients' collateral, given that they serve as key risk mitigants, especially in default events. An internal methodology was launched in November 2024 to identify and monitor Physical Risks for property collateral in CIB. As of September 2025, 351 in scope properties have been assigned a Collateral BRAG grading (199 Green, 143 Amber and 9 Red). We plan to continue analysing the underlying risks in the higher risk collaterals and their mitigants to embed them within our existing processes in 2026.

D. High risk client monitoring

A key strategic focus area is to fully embed Climate Risk and Net Zero targets into business and credit decisions. To enable this, the Net Zero Climate Risk Working Forum (Forum) meets at least quarterly to discuss account plans for high Climate Risk and Net Zero divergent clients. In 2025, 23 client groups have been reviewed across the high emitting sectors such as Oil and Gas (ten), Power (four), Steel (two), Automobile

Manufacturers (two), CRE (one), Aviation (one), Metals and Mining (one), Cement (one), and Aluminium (one). The focus of these meetings is to:

- increase engagement with the selected clients to gain a deeper understanding of their transition commitments and the strategies that they have in place to achieve them
- drive proactive management of exposures primarily in high Transition Risk sectors
- identify opportunities to support clients in their decarbonisation journey through advisory and/or financing services
- request further information from clients on Physical Risk adaptation measures employed where Physical Risk is deemed to be high
- decide on relationship strategies where appropriate.

To further enhance client engagement and risk management, including considerations around refinancing risks, client selection criteria for the Forum is being updated to formally include vulnerable clients identified from climate scenario analysis.

5. Controls and assurance

Independent control checks by the first line of defence and assurance reviews by the second line of defence on integrating Climate Risk within the credit process are carried out quarterly to improve the quality and effectiveness of assessing Climate Risk. The results of the assurance testing and steps to address gaps are periodically shared with impacted stakeholders and as part of governance updates to risk committees.

Assessing ESGR Risks for CIB

We perform additional client-level due diligence for: (i) corporate clients covered by the Group's net zero targets for high-carbon sectors (Oil and Gas, Power, Steel, Aluminium, Cement, Automobiles, Shipping, Aviation, CRE and Agriculture); (ii) clients with a coal nexus; and (iii) those that have been assessed at a client-level as high Climate Risk. The assessment focuses on three pillars covering both client and transaction-level aspects:



The above-mentioned due diligence supplements our existing Environmental and Social (E&S) risk management processes as well as our oversight against our Position Statements and Prohibited Activities list. Reviews are conducted at a client-level through the use of a single ESGR assessment, the CESGRA, which consolidates Reputational and E&S assessments, including those related to our Position Statements, and the adequacy of risk mitigating actions. This includes considerations such as ringfencing of financing and actions by the client to address ESGR-related risks. In cases of non-compliance with the above-mentioned criteria and/or in the case of any elevated reputational risk, such clients are escalated to the relevant CIB Client Review Committee and/or the GRRRC, where transactions and clients can be rejected or approval conditions can be set to ensure that the risks are well managed. Transactions may also be escalated to the Board, where appropriate.

The Group has governance frameworks and standards for Sustainable Finance (SF), which set out the requirements and responsibilities for managing greenwashing risks through the ongoing monitoring of SF products, transactions and clients throughout their lifecycle, from labelling to disclosures. The Green and Sustainable Product Framework, Sustainability Bond Framework and Transition Finance Framework outline how we apply the 'Green', 'Social', 'Sustainable' or 'Transition' labels across products and transactions. In addition, the E&S Risk Management (ESRM) Framework provides an overview of our approach to identifying, assessing and managing the environmental and social risks associated with our client relationships.

SF products are approved by the Sustainable Finance Governance Committee prior to roll out. SF-labelled transactions are approved by SF-empowered approvers (including escalation to ESGR Risk team for sustainability-linked transactions in sensitive sectors or where the SF characteristics require further discussion) or the Transition Finance (TF) Labelling Sub-Committee for TF transactions on a transaction-by-transaction basis. An assessment toolkit has been rolled out to standardise the Group's assessment of SF characteristics of sustainability-linked SF transactions; this serves as the basis for identifying whether escalation to the ESGR Risk team is required. The assessment toolkit has also been digitised in the approval workflows. For post-trade monitoring of SF transactions, all approval SF conditions are required to be monitored and tracked in a timely manner. A new digitised solution has been rolled out to support the effective monitoring of these conditions by the deal teams.

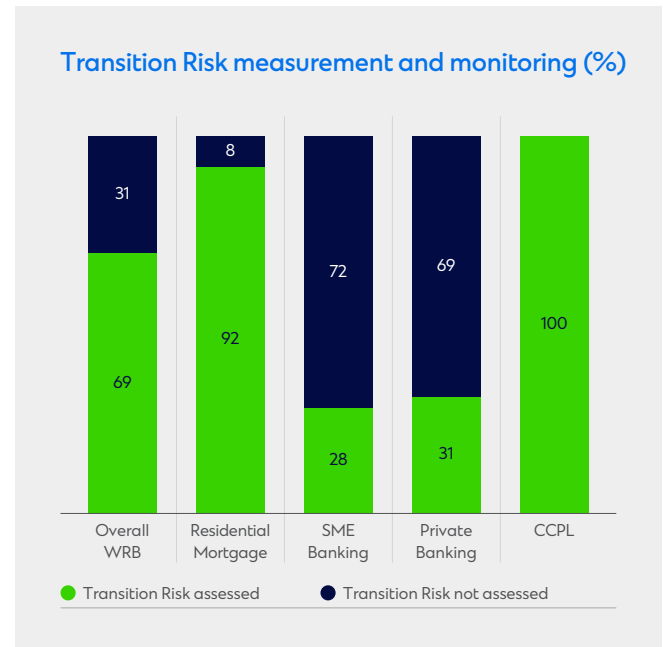
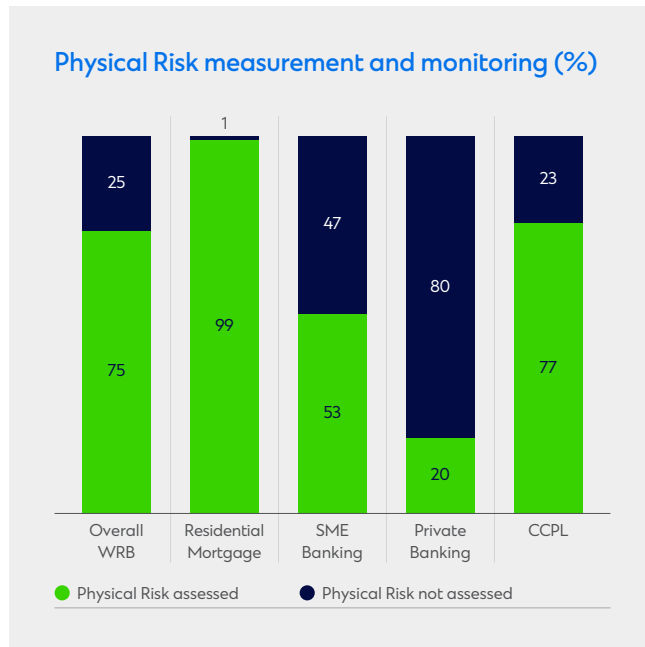
To prevent overconcentration of SF liability products, daily monitoring through an automated dashboard has also been established. We have enhanced these standards and controls to incorporate requirements from emerging regulatory obligations and to address the market integrity and greenwashing concerns from regulators around the sustainability-linked loan market.

The Group manages the potential risk of greenwashing in our marketing and advertising in line with internal guidance defining the requirements for the review and approval of sustainability-related marketing campaigns and communications. These requirements have been set out in the governance standards for segment campaigns, corporate communications and brand management.

Climate – Credit Risk

WRB Credit Risk

In 2025, we continued to enhance our capabilities to embed Climate Risk into our monitoring and risk management across products and segments in the WRB portfolio. In terms of risk assessment coverage, as of September 2025, we have assessed Physical Risk for 75 per cent and Transition Risk for 69 per cent of the overall WRB portfolio.



Outstanding Exposures Assessed (\$bn)

	Of which				
	Overall WRB	Residential Mortgage	SME Banking	Private Banking ¹	Credit Cards Personal Loans (CCPL)
Physical Risk	98.2	79.4	4.7	3.2	10.9
Transition Risk	90.4	68.7 ²	2.5	5.0	14.1

1. Physical Risk management approach for WRB Secured portfolios (backed by residential, commercial or industrial property)

For our portfolios secured against property collateral, Physical Risk assessments are conducted for the underlying residential, commercial or industrial property. We continue to leverage Munich Re's Risk Suite to measure acute and chronic Physical Risks impacting each asset based on their geolocation.

Unsecured portfolios

For our unsecured portfolios, such as credit cards and personal loans, we recognise that Physical Risks have the potential to drive higher credit losses through second-order impacts that affect our clients' ability to repay, rather than impact our clients directly. To estimate this, we employ a proxy methodology to assess the level of Physical Risk inherently present at the regional and country levels.

Risk monitoring and reporting

Our risk management approach for WRB is underpinned by a robust monitoring and escalation process. We assess exposure concentrations within our portfolios that are subject

to high risk across acute and chronic hazards quarterly and report these at Group and country risk management committees. We focus on flood risk and the risk of rising sea levels, due to the inherent physical characteristics of our key operating markets. Throughout 2025, physical risk levels across most products and markets have remained largely stable.

Risk management

To manage and mitigate Physical Risks in our property-collateralised portfolios, our primary strategy continues to rely on the existing credit underwriting process, through the setting of prudent loan-to-value (LTV) limits, supported by careful consideration of locations where we accept collateral, a robust and independent property valuation process, as well as mandating insurance for the life of the loan. To mitigate residual risks, which may begin to materialise especially for our residential mortgages that are subject to sustained exposure to heightened Physical Risk, some markets have established zoning policies that involve the identification of high Physical Risk zones, followed by the implementation of differentiated underwriting policy criteria for mortgages which are located in high risk regions.

In addition, where required, ad hoc analyses are conducted after the occurrence of severe weather events to determine impacts, and whether any portfolio corrective actions are necessary. To ensure Credit Risk in high Physical Risk zones is well managed, we monitor our exposures against a RA set against property collateral that are subjected to high flood risk with high LTV ratios.

- ¹ The level of coverage of Private Banking considers the following: Physical Risk assessment is only conducted for exposures that are backed by property collaterals, while Transition Risk assessment is limited to exposures that are collateralised by stocks and bonds in industries that are deemed to be vulnerable to transition risk.
- ² The proxy Transition Risk assessment for residential mortgages is carried out on an annual basis and has a one-year lag (as at December 2024) due to data dependencies. The increase in coverage (compared to last year) is mainly due to the extension of the assessment to residential mortgages in Korea.

ESGR Risk

In 2025, the Physical Risk profile across products and markets remained stable, even after the recalibration of flood risk scores in late 2024 due to an update in Munich Re's storm surge model. The table below outlines the Physical Risk concentration of our portfolio in key markets, regarding key acute and chronic Physical Risks.

Assessment of acute and chronic Physical Risk for top 10 markets' exposure backed by property collateral, indicating exposure concentration subject to high gross risk (as of September 2025)

Proportion of book	Global			Korea 21%			Hong Kong 36%			Taiwan 9%		
	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend
Flood Risk	12.9%	12.5%	↔	10.8%	10.0%	↓	16.3%	16.6%	↔	11.2%	11.2%	↔
100-year Flood Zones ¹	5.1%	5.0%	↔	4.2%	3.7%	↓	4.7%	5.1%	↑	2.2%	2.2%	↔
Sea-level rise (Year 2100, RCP 8.5)	2.3%	2.3%	↔	0.6%	0.7%	↑	3.6%	3.6%	↔	0.0%	0.0%	↔

Proportion of book	India 5%			Singapore 18%			Malaysia 4%			UAE 2%		
	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend
Flood Risk	17.0%	16.9%	↔	4.4%	4.4%	↔	5.2%	5.3%	↔	5.5%	5.3%	↔
100-year Flood Zones ¹	6.9%	7.0%	↔	2.5%	2.6%	↑	2.4%	2.4%	↔	5.0%	4.9%	↔
Sea-level rise (Year 2100, RCP 8.5)	0.9%	0.8%	↓	0.1%	0.0%	↓	0.3%	0.4%	↑	36.0%	35.4%	↔

Proportion of book	Jersey 2%			Vietnam 1%			China 2%		
	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend	Q3-24	Q3-25	Trend
Flood Risk	19.4%	18.0%	↓	51.0%	53.2%	↔	47.9%	44.8%	↓
100-year Flood Zones ¹	18.4%	17.2%	↓	30.9%	32.4%	↔	34.5%	32.1%	↓
Sea-level rise (Year 2100, RCP 8.5)	0.0%	0.3%	↑	1.5%	1.5%	↔	8.6%	8.4%	↔

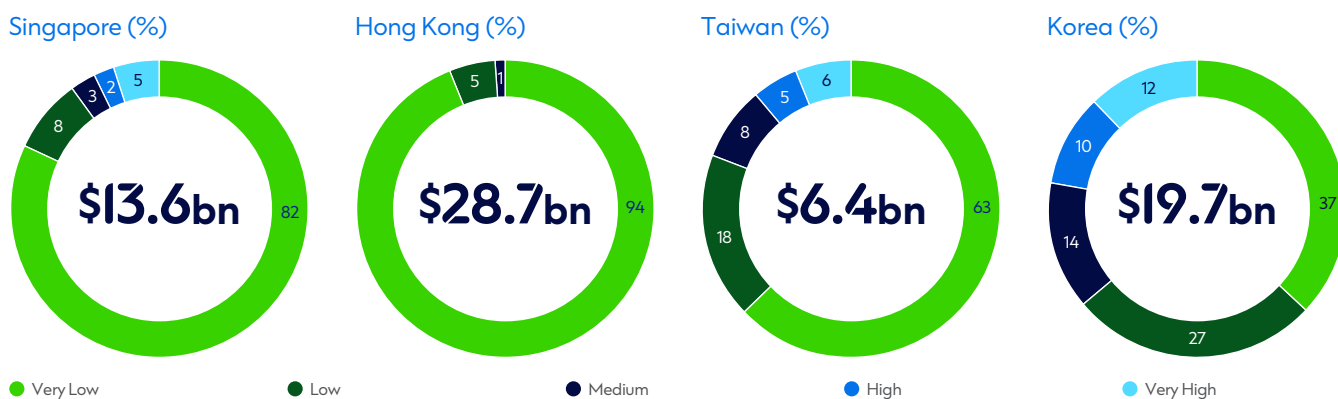
Note: Movements are called out for markets showing a change of more than 5 per cent year-on-year in exposure concentration subject to high Physical Risk.

¹ 100-year flood zones are defined as land areas subject to a one per cent or greater chance of flooding in any given year. Such areas also may be referenced as being subject to the one per cent annual chance flood, the one per cent annual exceedance probability flood, or the 100-year flood.

2. Transition Risk management approach for WRB

While Energy Performance Certificates (EPC) for properties are available across the UK and EU real estate markets, our key residential mortgage markets in Asia and AME continue to have no regulatory requirements around minimum building or unit energy efficiency. As a result, to measure the potential impacts of Transition Risk on our largest WRB portfolio, residential mortgages, we rely on proxy assessment approaches for our residential mortgage portfolios in Hong Kong, Korea, Singapore² and Taiwan. We continue to leverage our internally derived methodology that quantifies the robustness of our clients' disposable income to cope with potential increases in energy spend. Since we started measuring this in 2023, we have observed relatively low Transition Risk levels in our residential mortgage portfolio. We intend to improve upon this early-stage Transition Risk assessment approach with more mature and accurate data points as they become available.

Transition Risk ratings using Group mortgage baselining approach by exposure concentration (as of December 2024)³



² The previous year's figures for Singapore residential mortgage Transition Risk have been recalculated. The total exposure for Singapore in the previous year was \$11.4bn, comprising Very Low (80 per cent), Low (10 per cent), Medium (3 per cent), High (2 per cent) and Very High (5 per cent).

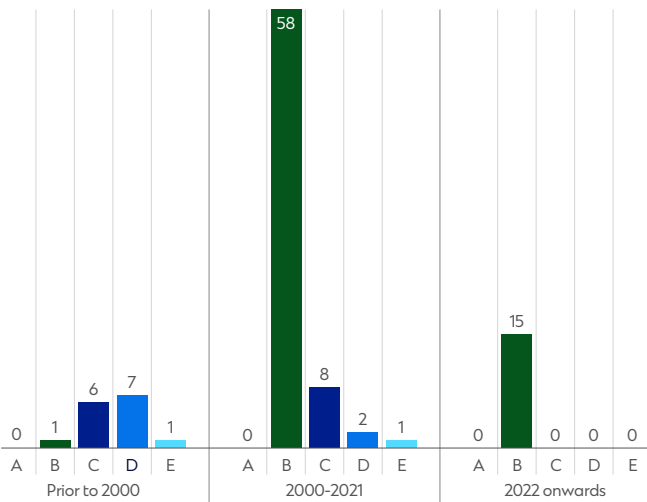
³ The exposures used for transition risk assessments are based on data that take into consideration data quality and normalisation adjustments to enhance consistency and comparability across the portfolio.

For our Jersey residential mortgage portfolio, which largely comprises buy-to-let properties located in the UK, we continue to monitor concentration across EPC ratings.

Transition Risk ratings for residential mortgages in Jersey using EPC ratings by exposure concentration (as of August 2025)



EPC ratings for residential mortgages in Jersey, by count (as of August 2025) (%)



In 2025, we started to progressively introduce CRQs for a portion of our Small and Medium Enterprise (SME) clients that are involved in manufacturing operations and/or operate in sectors which we identify as being exposed to higher Transition Risks.

We anticipate that this will help us understand the extent of our SME clients' exposure to both Physical and Transition Risks, their risk management actions and transition plans, and how we can progressively help them to cope with the impacts of transitioning towards a low-carbon global economy. Looking ahead to 2026, we aim to roll this out to more key markets and implement additional automated features to improve efficiency in the assessment process.

Assessing ESGR Risks for WRB

For WRB clients, beyond the consideration of climate-related credit impacts, the Group identifies and manages ESGR Risks throughout the client onboarding and ongoing review processes. For SME and selected Private Banking lending clients, we perform additional due diligence through E&S Risk Assessments to ensure that our clients are not engaged in certain prohibited activities as defined by the Group's Position Statements. For clients and/or prospective clients that may potentially expose the Group to heightened stakeholder perception risk, we conduct Reputational Risk Materiality Assessments and determine whether further escalation to the WRB Client Committee and/or GRRRC is necessary, to seek approval for onboarding or retention.

In 2025, we enhanced the ESGR risk identification and management processes for Private Banking clients to ensure that our risk management approach remains robust amid the Group's growth strategy focusing on affluent and high-net-worth banking. In 2026 and beyond, we aim to extend enhanced ESGR risk identification and management approaches to other WRB segments, taking a risk-based approach to focus on sub-segments exhibiting higher risks.

For wealth solutions and products offered to WRB clients, a robust governance framework ensures ESGR and greenwashing risks are identified and managed. More information can be found in the Sustainable Finance Frameworks and the ESRM Framework.

Country Risk

The Group uses a set of Physical and Transition Risk rankings to identify the markets that are most vulnerable and least ready to adapt and mitigate climate-related Physical and Transition Risks.

Based on the aggregated Physical and Transition Risk scores, sovereigns are split into decile-based buckets ranging from 1 (low risk) to 10 (high risk). These rankings are used as qualitative and quantitative inputs to our internal Country Risk management process spanning annual sovereign credit grades and limits reviews, inputs to climate-related scenario analysis and RA.

Gross Country Risk (GCR) exposure distribution across the Physical Risk categories (as at 30 September 2025)

Bucket	(Low) 1	2	3	4	5	6	7	8	9	(High) 10
Exposures %	2.16%	19.21%	35.90%	11.55%	19.55%	2.20%	1.53%	6.07%	0.48%	1.36%

GCR exposure distribution across the Transition Risk categories (as at 30 September 2025)

Bucket	(Low) 1	2	3	4	5	6	7	8	9	(High) 10
Exposures %	1.84%	4.39%	22.03%	25.84%	13.59%	7.35%	21.37%	3.03%	0.56%	0.00%

Insights

- For both Physical and Transition Risk, our exposure to high-risk countries (buckets 9 and 10) remains well below RA thresholds.
- The rankings are largely driven by the level of financial risk that countries are exposed to and their ability to absorb these losses. As such, the rankings are largely dependent on countries' development stage, economy-wide diversification, in-country inequalities and gross exposure to Transition and Physical Risk shocks.
- Additionally, we keep close track of Transition Risk events, such as the establishment of the EU's and UK's Carbon Border Adjustment Mechanism (CBAM) and its potential impact on our key portfolios. Other markets with carbon pricing mechanisms (such as Singapore, South Korea and South Africa) are also being monitored as part of Country Risk annual reviews. From a Physical Risk standpoint, the Group continues to monitor extreme weather events in key footprint markets as part of our annual Country Risk reviews.

Limitations

- The computation inputs are based on the latest available data which may be dated. Proxies have been used where data for the sovereign is not available.
- The ranking uses equally spaced decile scores and provides the results in an ordinal manner. While the simplicity helps in adoption and provides the relative position of the sovereigns, other systems may provide more information.

Operational, Technology and Cyber Risk

Climate Risk primarily manifests as an Operational, Technology and Cyber Risk when Physical Risk disrupts our properties, data centres and vendor arrangements.

We evaluate the Physical Risk vulnerabilities of all our sites, both existing and new, on a periodic basis. Across 2025, we focused on sites hosting Important Business Services, especially those vulnerable to extreme Physical Risks, to strengthen resilience. As extreme weather events increase in frequency and severity, we are committed to enhancing our response and recovery strategies through comprehensive response plans.

We have initiated an evaluation of Physical Risk vulnerabilities at our primary suppliers' delivery sites to proactively address potential business disruptions. Across 2026, we aim to develop comprehensive solutions to ensure robust and resilient operations.

Our Transition Risk approach remains in line with our achieved target of Net Zero in our own operations by end-2025 and we intend to maintain this going forward via Power Purchase Agreements and Energy Attribute Certificates in key markets such as Singapore and Taiwan.

As part of the operational risk scenario analysis process, we continue to assess the impact across key countries exposed to extreme flood risk and/or extreme heat stress based on the Representative Concentration Pathway (RCP) 8.5 scenario. We also continue assessing suppliers that are identified as presenting higher risks of Modern Slavery using a risk-based approach. The Group continued to conduct on-site Modern Slavery-related audits for select suppliers, with the number of audits increasing in 2025.

Insights

- From an acute risk perspective, 14 per cent of the Group's locations globally are subject to extreme flood risk, 15 per cent with extreme storm risk and none with extreme risk from wildfire. Given our footprint, a higher proportion of the Group's locations in GCNA (18 per cent for flood; 28 per cent for storm) and ASA (15 per cent for flood; 8 per cent for storm) are subject to extreme acute risks, and 6 per cent of locations in E&A to flood risks.
- In the locations where weather events such as storms or cyclones are frequent, the buildings are built in consideration of these risks to local building standards.
- From a chronic risk perspective, under RCP 8.5, our operating locations' (globally) exposure to heat stress is at 26 per cent (41 per cent for AME; 55 per cent for ASA). Exposure to sea-level rise remains below 5 per cent.
- A broad range of mitigation options are considered, such as property insurance and operating a diversified location strategy to reduce concentration risk.

Assessment of gross Physical Risk at our own operating locations (as of September 2025)

Physical Risk event	Time horizon	Scenario	Asia – GCNA	Asia – ASA	AME	E&A	Global
Flood (Acute)	2025	N/A	18%	15%	6%	6%	14%
Wildfire (Acute)			0%	0%	0%	0%	0%
Storm (Acute)			28%	8%	1%	6%	15%
Sea-level rise (Chronic)	2100	RCP 8.5	1%	1%	4%	0%	2%
Heat Stress (Chronic)	2050	RCP 8.5	0%	55%	41%	3%	26%
Number of operating locations			398	287	195	32	912

Traded Risk

We manage the Climate Risk of Traded Risk exposures through the stress-testing framework. Climate Risks are incorporated in the scenarios monitored against the Traded Risk stress RA, covering all fair value exposures in the trading and banking books.

Climate-related stress scenarios are designed to include Transition Risk effects from climate change policies and shocks to markets due to supply and demand disruption from physical climate events. Three scenarios are currently in place: two physical and one transitional. The assumptions and results are subject to internal governance. In 2024, a new transition scenario, where the US unexpectedly participates in the CBAM, was approved and we aim to replace the current transition scenario in 2026. We continue to address gaps related to market risk factors and shorter-term shocks.

Our Climate Risk management for Traded Risk exposures is evolving and we are working closely with industry bodies and academics to better assess and monitor climate-related risks and opportunities.

Treasury Risk

From a capital perspective, Climate Risk considerations are part of our Internal Capital Adequacy Assessment Process (ICAAP) submissions. Our approach for assessing Climate Risk impact on capital adequacy has improved from qualitative judgements to quantitative simulations across a range of scenarios with the availability of tools and greater understanding of our portfolio. We consider Climate Risk in our ICAAP across Credit Risk, OTCR and Traded Risk.

From a liquidity risk perspective, we continue to monitor Climate Risk-related vulnerabilities and readiness of our top corporate liquidity providers, leveraging the client outreach and data-gathering exercise undertaken on the asset side. The most recent exposure concentration in the Red Climate Risk rating is broadly comparable with what we see for our top corporate client exposures on the asset side. The results of the analysis have been considered as part of our Internal Liquidity Adequacy Assessment Process.

We periodically monitor the concentration of our High-Quality Liquid Assets (HQLA) in countries with high Climate Risk from both transition and physical risk perspectives. Countries classified in Buckets 1 to 5 are deemed low risk, while those in Buckets 9 to 10 are considered high risk. Less than 2 per cent of HQLA are held in a high Climate Risk country as at September 2025.

Model Risk

Since 2022 we have been building our internal Climate Risk modelling capabilities to assess impacts from Climate Risk to gradually reduce our reliance on vendor models. We have developed six sector-specific Transition Risk Probability of Default (PD) models for Corporates, including Oil and Gas, Mining, Steel, Power, Shipping and Automotive. In 2025, we enhanced the granularity for the Power model by considering different energy types to better capture sub-sector risk drivers and expanded the Climate Risk model scope to assess Transition Risk for Specialised Lending (including Project Finance and Shipping Finance) scorecards. We also developed Physical Risk Loss Given Default (LGD) models for Retail Mortgages to improve Physical Risk assessments in IFRS 9 ECL and for Climate Risk stress testing purposes. The Sovereign climate PD model has been further enhanced to align with the redeveloped underlying IFRS 9 model. The development of internal Climate Risk models has reduced our reliance on external vendor models, and we plan to continue enhancing our internal capabilities by extending model coverage (e.g. to develop models to cover more portfolios, or to develop more granular sector-specific models) and incorporating model enhancements recommended by internal and external stakeholders.

All the Climate Risk models are independently validated by the second line of defence and approved by the Credit Model Assessment Committee. The models were used to estimate climate impact on ECL for IFRS 9 and for stress testing purposes. The Climate Risk models are governed by the Group Model Risk Policy, Group Model Risk Standard and Climate Risk Model Family Standard, which have been enhanced to align with the more stringent model governance as outlined by the Prudential Regulation Authority (PRA) supervisory statement (SS) 1/23.

Key priorities for 2026 include our aim to expand model coverage to capture Physical Risk LGD for Corporates and to incorporate client transition plans into existing Transition Risk PD models.

Assessing the resilience of our strategy using scenario analysis

We use scenario analysis to assess climate-related risks and opportunities in the short, medium and long term and to evaluate how risks and opportunities may evolve under different situations. Our approach considers the Group's global nature of operations combined with the emerging markets footprint and covers both the CIB business, with a focus on corporates, and the WRB business, with a focus on residential mortgages.

Our Climate Risk stress testing and scenario analysis capabilities are supported by a dedicated team with expertise in scenario planning, climate and financial data analytics, and regulatory compliance. The team, spread across geographies, is responsible for conducting scenario analysis for both the Group and country-specific exercises. Continuous training, participation in climate forums, vendor engagement and partnerships with key organisations help us benchmark our capabilities, build further on our capabilities and make informed strategic decisions for effective risk mitigation.

In 2025, we have continued to further strengthen our scenario analysis capabilities, by adopting phase 4 of the Network for Greening the Financial System (NGFS) scenarios, expanding the coverage of internal models, progressing in the implementation of climate models within the strategic stress testing platforms, and developing our infrastructure further to incorporate Climate Risk into data, modelling and analysis. The scenario analysis is executed as part of our annual Climate Risk Management Stress Test (MST) exercise, based on our exposures as of December 2024.

The results from scenario analysis serve multiple use cases, including as one of the inputs to CIB clients' Climate Risk grading (BRAG) assessment, which is integrated into the existing credit approval process. This integration is key to informing the overall Climate Risk management process. Quarterly refresh of the scenario analysis for CIB monitors expected stressed losses from Climate Risks against predefined thresholds over a five-year horizon. High-risk clients identified through scenario analysis are disseminated for further consideration and discussion in key forums. The results are used for assessment of Pillar 2A capital add-on as part of ICAAP for CIB and WRB segments, and for assessing credit impairment due to Climate Risk with a focus on CIB sectors with interim 2030 targets, as part of corporate planning.

In addition to executing the annual internal Climate Risk MST and scenario analysis, we have also participated in several regulatory Climate Risk stress tests in 2025, including those conducted by the Monetary Authority of Singapore, Bank of Mauritius, Bank Negara Malaysia, Otoritas Jasa Keuangan (OJK) and Central Bank of the UAE.

The Scenario Analysis Process

Executing scenario analysis requires a coordinated effort across multiple workstreams with data gathered from various sources – both internal and external. Publicly available climate scenarios covering a broad range of risks are leveraged and, where required, these scenarios are expanded further for key climate and macroeconomic variables using vendor models. These scenario variables are used by the Climate Risk models to assess the impact on the credit portfolio, focusing on potential changes in asset quality, non-performing assets and loan losses across different business lines and geographic regions.

In line with growing expectations from stakeholders and for prudential risk management purposes, the Group has developed internal models for CIB business, to assess the changes to counterparties' credit profiles due to climate related risks, for high priority sectors. These models, focused on Transition Risks, apply microeconomic elasticity theory of supply and demand as a core quantitative approach. The approach is an industry standard for climate stress testing and is based on climate transition costs including the impact of rising carbon prices, technology investment costs and changes in carbon intensities (covering Scope 1, 2 and 3 emissions). The client financials used in these models are based on internal data, but the emissions profile is sourced from vendors and external sources. Key attributes related to transition plans and Physical Risk scores sourced from CRAs and Physical and Transition Risk rankings defined as part of Country Risk are used as inputs to the scenario analysis process.

For Physical Risk assessment of properties in the WRB business, we rely on Munich Re's Risk Suite to understand the exposure of properties to different hazards. This is combined with internal data capturing property details that help to estimate mitigant capabilities of the properties to Physical Risks. We also gather data from internal sources on current insurance practices in our key markets to improve our estimation of stress losses.

These results are subject to internal governance, including review and challenge by an expert panel, and are also tabled at the Group Risk Committee and the Board Risk Committee. The results are also shared with the first and the second line of defence for portfolio monitoring and to guide risk management strategies.

Scenarios used by the Group

The table below summarises the Climate Risk scenarios used internally by the Group across risk types for scenario analysis and ICAAP assessments. These scenarios have been selected as they cover a broad range of Physical and Transition Risks covering different plausible futures. The scenarios are not forecasts but rather serve as tools to explore risks and understand impacts in a range of climate future states of the world.

Risk types	Scenario family	Number of scenarios	Risk measure	Refer page no
Credit Risk – CIB	NGFS Phase 4	4	Stressed ECL	300
Credit Risk – WRB	Intergovernmental Panel on Climate Change's (IPCC) RCP ¹ scenario	1	Stranded Assets Loss Estimate	301
OTCR	IPCC RCP scenario	1	Physical Risk concentration	296
Traded Risk	Bespoke (two Physical scenarios and one Transition scenario)	3	Stressed Loss	297

Key Scenario Features

The table below details key features of different scenarios used. While certain scenarios focus on Transition (T) risks, others focus on Physical (P) risk. Current Policies and Fragmented World scenarios are hybrid scenarios with a focus on both Transition (T) and Physical (P) risks.

Scenario family	Scenario name	Key features
NGFS (Phase 4)	Net Zero 2050 (T)	Global warming limited to 1.5°C through stringent climate policies and innovation. Global net zero CO ₂ emissions around 2050 in alignment with the Paris Agreement.
	Delayed Transition (T)	Strong policies will be needed to limit warming to below 2°C. Annual emissions do not decrease until 2030.
	Current Policies (P+T)	No additional policies beyond those currently implemented, along with slow technology change. Global temperature rises close to 3°C by 2100.
	Fragmented World (P+T)	The Fragmented World scenario assumes delayed and divergent climate policy ambition globally, leading to high Physical and Transition Risks.
IPCC (2050, 2100)	RCP 2.6 (P) RCP 4.5 (P) RCP 8.5 (P)	Pathways of Greenhouse Gas (GHG) emissions and atmospheric concentrations, air pollutant emissions and land use to project their consequences for the climate system. Current and projected hazard scores across a range of hazards such as tropical cyclones, river flood, sea level rise, heat stress, precipitation stress, wildfire and drought stress from Munich Re's Risk Suite are used.

Scenarios used for CIB Corporates

The scenarios used for CIB clients, as listed below, are characterised by different levels of Transition and Physical Risk, driven by various features in each scenario.

Key Scenario Variables		Net Zero 2050	Delayed Transition	Current Policies	Fragmented World
Temperature rise	2100	1.4°C	1.7°C	2.9°C	2.3°C
Carbon price (\$2010/tCO ₂)	2030	187	9	9	9
	2050	590	350	8	132
Oil price (\$2010/GJ)	2030	13	14	14	14
	2050	15	17	19	19
Gas price change (vs 2020, %)	2030	39	17	17	17
	2050	11	6	45	42
GDP baseline change (vs 2020, %)	2030	34	37	37	37
	2050	108	110	117	114
GDP change with high chronic Physical Risk damage (vs 2020, %)	2030	31	34	34	34
	2050	96	95	101	95

Scenarios Assumptions

The NGFS scenarios highlight a fundamental trade-off between managing Transition Risk and mitigating Physical Risk. The scenarios themselves depict **policy implementation**, with the (shadow) carbon prices in different scenarios reflective of the stringency of policies and regulations and how technology costs might evolve. The Net Zero 2050 scenario is an orderly scenario with coordinated and ambitious climate policies introduced early on, with a secular increase in carbon prices. The Delayed Transition scenario shows a delayed policy response with disproportionately higher transition costs. Carbon prices in disorderly scenarios (Delayed Transition), which become dominant from 2030, are typically higher for a given temperature outcome, compared to orderly transition scenarios. The Fragmented World scenario is reflective of delayed and uncoordinated policy action with both higher transition costs and Physical Risks. The Current Policies scenario assumes a Hot House world with insufficient global efforts, reflecting lower carbon prices, to halt significant global warming.

¹ RCPs are scenarios that describe future concentrations of GHGs and aerosols in the atmosphere.

The scenarios recognise that policy responses will be unevenly distributed, with significant regional variation. Moreover, prices are generally lower in emerging economies due to lower policy stringency and a greater availability of low-cost abatement options. The Net Zero 2050 scenario largely shows coordinated global policy action with moderate regional variation. In contrast, the Delayed Transition and Fragmented World scenarios exhibit greater regional disparity. In the Delayed Transition scenario, by 2050, carbon prices reach more than \$500 per ton of CO₂ for EU and US, but are lower than \$300 per ton of CO₂ for Asia and Africa; whereas in the Fragmented World scenario, carbon prices reach more than \$300 per ton of CO₂ in the EU and US but are lower than \$100 per ton of CO₂ in Asia and practically non-existent in Africa. This is directly relevant to the Group given our footprint across these regions.

The NGFS scenarios include a wide range of macroeconomic variables, capturing structural relationships between key aggregates such as the GDP growth, unemployment and inflation that differ across regions. The macroeconomic implications vary dramatically across these pathways; while strong early action requires significant upfront investment and shifts in sectoral activity, the economic gains (likely to materialise beyond 2050) from avoided climate damages ultimately make it the least costly path. Across scenarios, GDP baseline is projected to rise in the range of 108 per cent to 117 per cent by 2050 compared to 2020, when chronic Physical Risk damages are not considered. However, when such damages are factored in, the GDP rise is significantly impacted and projected to increase in the range of 95 per cent to 101 per cent.

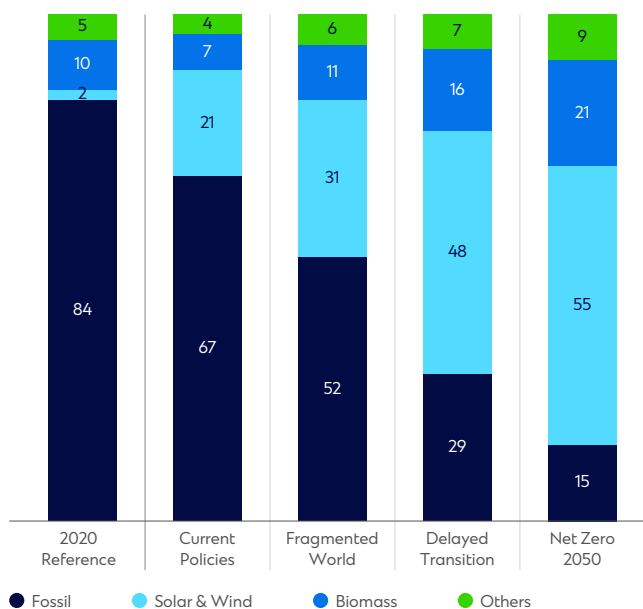
In addition to the publicly available macroeconomic variables for the NGFS scenarios, a more thorough impact on the macroeconomy is captured through the expansion of macroeconomic variables, which are provided by an external vendor. The model combines emissions, abatement, and climate damages with an economic module to represent the implications of the latest climate science and climate policy on economic activity and produces the macroeconomic variables at the industry and regional level, among others.

The scenarios also provide nuanced insights into energy systems and incorporate the latest trends in renewable energy technologies such as solar and wind, as well as key mitigation technologies. For instance, the capital costs for solar photovoltaic energy are projected to decrease rapidly, resulting in higher adoption of these technologies. This is reflected in the Net Zero 2050 scenario variables where the use of solar and wind energy, which was 4EJ/year and 6EJ/year in 2020, is projected to reach 170EJ/year and 94EJ/year by 2050, respectively. Orderly scenarios assume a rapid and significant shift in the energy mix away from fossil fuels toward renewables, biomass and increased electrification, coupled with substantial improvements in energy efficiency. This reduced demand of fossil fuels,¹ as captured in the chart below, is projected to decline by 85 per cent by 2050 in the Net Zero 2050 scenario. Additionally, based on recent industry experience, the scenarios also account for the limited availability of Carbon Dioxide Removal and Carbon Capture

and Storage technologies. Ultimately, the scenarios serve as a tool for exploring these complex interdependencies rather than as a predictive forecast.

Scenario Assumptions

Energy Mix by 2050, across scenarios (%)



Scenario analysis results for CIB

In 2025, we assessed the impact of climate-related risks on our corporate, sovereign and financial institution clients, covering 98 per cent of CIB exposures as at December 2024. This assessment, across the four NGFS scenarios, is primarily reflective of the gross Transition Risks, and limited impact from Physical Risks. While client-level transition plans were not factored into the modelling, they were referenced to draw additional insights for climate sensitive sectors. We have used enhanced Transition Risk models, which are internally developed and better capture the climate scenario narratives when compared to the first-generation models used in 2024.

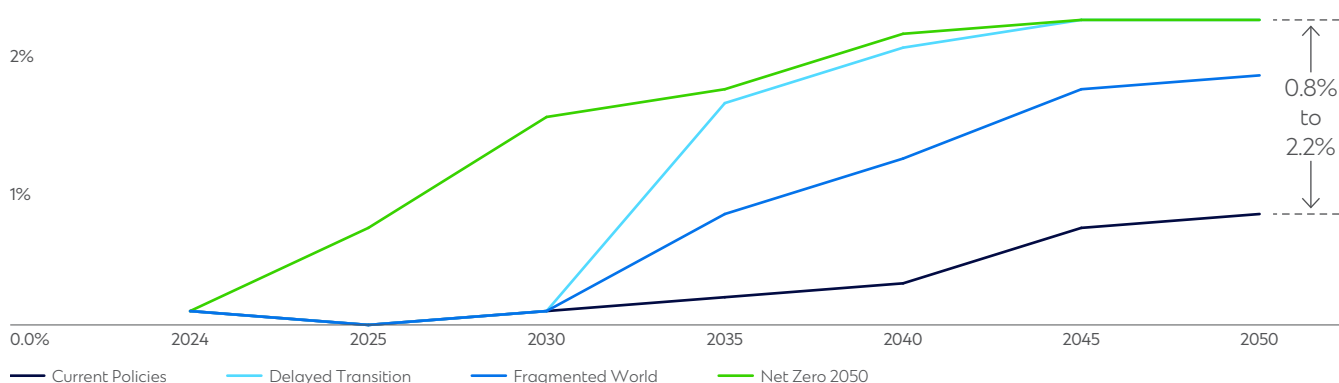
The cumulative Loan Impairment (LI) intensity measures the level of incremental ECL against the Exposure At Default (EAD). We expect this metric to enable us to assess the relative size of our exposure subject to potential losses from Climate Risks. As the graph below illustrates, cumulative LI intensities do not go beyond 3 per cent during the forecast horizon for the climate scenarios considered in our scenario analysis. We expect the cumulative LI intensity to rise the most in the Net Zero 2050 and Delayed Transition scenarios, followed by Fragmented World scenario, primarily driven by corporates.

The high LI intensity in the Net Zero 2050 scenario is reflective of the high Transition Risks noted by higher carbon prices, coupled with the need for greater investment to move to a low-carbon economy. The high LI intensity in the Delayed Transition scenario illustrates that delayed transition will be equally disruptive due to a lower level of innovation that limits the ability to decarbonise effectively, and rising carbon prices that squeeze profit margins.

¹ Fossil fuels include Coal, Oil and Gas. Others include Hydro, Nuclear and Geothermal.

The moderately high LI intensity observed for the Fragmented World scenario is driven by sharp regional divergence, with cumulative LI intensity in 2050 observed to be the highest for AME, followed by Asia and E&A. These results are driven by differences in the capacity to execute transition plans, exposure to Physical Risks, combined with uncoordinated carbon policies across regions. Relatively lower LI intensity observed in the NGFS Current Policies scenario reflects the nascent modelling capabilities to incorporate second-order impacts on supply chain and for assessing the Physical Risk impact to client asset locations.

Cumulative LI Intensity Trajectory for CIB – Corporates



Cumulative LI Intensity is calculated as gross ECL over EAD

For corporate clients, we focused on the sectors in the table below that have been identified as more vulnerable to potential climate impacts. Sectors such as Oil and Gas, Utilities, and Automobiles and Components are most impacted, primarily due to the rise in carbon prices in the scenarios and to some extent by the consequent macroeconomic changes. It is assumed that clients with credible transition plans in climate sensitive sectors are less affected as they are better able to identify opportunities arising from climate change. The change in LI intensities compared with previous disclosures is largely due to heightened severity of NGFS Phase 4 scenarios and the enhancement in internal models.

Cumulative LI intensities for key corporate sectors

Long Term – 2050	EAD Y0 (%)	Net Zero 2050	Delayed Transition	Current Policies	Fragmented World
Automobiles & Components	3	High	High	Medium	High
Building Products, Construction & Engineering	5	Medium	Medium	Medium	Medium
Consumer Durables & Apparel	5	Low	Low	Medium	Medium
CRE	8	Low	Low	Low	Medium
Metal & Mining	3	Medium	Medium	Low	Medium
Oil & Gas	8	High	High	Low	High
Telecommunication Services	1	Low	Low	Low	Low
Transportation & Storage	8	Medium	Medium	Low	Medium
Utilities	5	High	High	High	High
Others	54	Low	Low	Low	Low
Total portfolio	100	Medium	Medium	Low	Medium

EAD data is as of December 2024.

Scenario analysis results for WRB

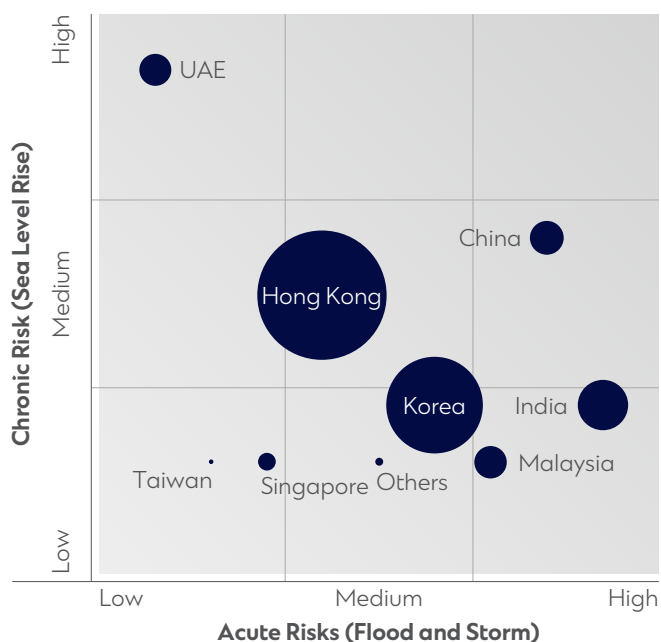
Stranded assets analysis is conducted to evaluate the residential mortgages portfolio, to account for extreme Physical Risk. Due to the higher materiality of residential mortgages portfolio, and the greater relevance and impact of Physical Risk on this portfolio, it has been selected for scenario analysis. We define stranded assets as properties that are expected to become uninhabitable and/or unusable due to increased frequency and intensity of Physical Risk events from acute and chronic risks. These stranded assets are expected to see a complete erosion to the value of the property.

The stranded assets analysis is both data and expert-judgement driven. The following chart illustrates the stranded asset losses for 2050 across key residential mortgage markets under the RCP8.5 scenario, based on Munich Re's Risk Suite. We examined exposure concentration in key markets subject to the extreme risk of floods and storms to assess the acute Physical Risk, and sea-level rise to assess the chronic Physical Risk. This analysis also considered additional details, such as age and type of the property and inbuilt flood defence mechanism for the acute risk and distance to coast for the chronic risk, subject to data availability.

Markets such as Hong Kong, Korea, India, Malaysia and China exhibit a higher level of potential losses as more properties in these markets will be exposed to flood and storm risks while properties in UAE exhibit a higher level of sea-level rise risk by the year 2050. We have considered insurance benefits in markets such as Hong Kong, China, UAE and Korea, where there is mandatory coverage against flood and storm risks. However, given the potential issues around affordability and availability of insurance in the longer term, these benefits are considered only in the short term until 2030 with an appropriate level of haircut. For markets where data limitations exist, we were not able to consider the application of mitigating factors against stranded assets, such as property age and property type, in our analysis this year. We aim to address these limitations in future iterations where feasible. We have established zoning policies to ringfence against properties subject to high Physical Risk in Korea where the homeowners' insurance coverage does not fully mitigate residual Physical Risk. These measures will help to ensure that the Group remains resilient to the adverse climate conditions. Additionally, it is also worth noting that the analysis does not consider the level of adaptation measures enforced by government policies.

Our peak ECL intensities for 2050 across the range of climate scenarios, after incorporating stranded asset overlay, are minimal relative to the counterfactual base scenario without climate impacts. We plan to continue to refine our approach to ensure its effectiveness. Overall, the results indicate that the risks are manageable as we continue to actively manage the portfolio to mitigate Physical Risk build-up.

Expected Losses due to Stranded Assets for Residential Mortgages by 2050



The size of the bubble is indicative of the stranded asset losses assessed for residential mortgages portfolio.

Others includes Vietnam, Jersey, Bangladesh, Brunei, Kenya, Pakistan and Sri Lanka.

Group's resilience demonstrated

While further enhancements to our modelling and risk assessment capabilities are ongoing, the results of scenario analysis for both CIB and WRB have provided further validation to the actions the Group is taking in terms of our Net Zero ambitions and strategy. Additionally, it aligns with our management initiatives aimed at improving the data quality and building in-house modelling expertise. Overall, we believe that the level of potential credit losses can be mitigated by continuing to take actions across sectors as part of our Net Zero roadmap, engaging with our clients on this topic and supporting clients on their transition journey.

Recent events in countries like India, Pakistan and the South China Sea region have highlighted the increasing frequency, intensity and unexpected nature of natural disasters. In India, extreme rainfall in states like Punjab and Himachal Pradesh caused widespread flooding and significant damage to infrastructure and agriculture. Uttarakhand also experienced landslides, cloud bursts and flash floods. In Pakistan, intense monsoon rainfall in Punjab and Khyber Pakhtunkhwa resulted in severe urban flooding, affecting vulnerable communities. Typhoon Ragasa severely affected areas of Philippines and Taiwan, and impacted South China, Hong Kong and Macau. These events underscore the vulnerabilities due to climate change. Despite recent challenges, the Group has exhibited significant resilience, attributable to its robust balance sheet and risk management practices.

Limitations and next steps

Reliance on emerging methodologies, dependencies on nascent models undergoing continuous refinements, and varying data limitations across markets, such as the availability of uniform and consistent data points for Physical Risk assessment, further impacting expected loss calculation, are some challenges that underpin the scenario analysis. Many of these limitations are shared across the industry. Given the complexities of climate modelling, it should also be noted that the results do not include the real-world aspects, such as the non-linear shifts and complex feedback loops. As more climate science literature and solution providers become available and banks start to use them extensively to build internal understanding and capabilities, the transparency and sophistication of modelling methodologies and assumptions will increase. The continuous refinements in models and methodologies is expected to be an ongoing process.

Nonetheless, the current results provide a strategic direction of the sense of portfolio concentrations subject to potential climate losses. These results are used to inform portfolio oversight and opportunity identification with clients on their transition and adaptation pathways.

Additionally, considerable developments have been made in building capability from a people, process and technology perspective to support stress tests and scenario analysis at both Group and country level. As we look ahead, we plan to expand the scope of internal models used for scenario analysis, leverage the enhanced internal climate adjusted sovereign models, and use the newly built climate aware LGD stress models among others. We also plan to conclude integrating internal Climate Risk models within the Group's infrastructure.

Capital review

The Capital review provides an analysis of the Group's capital and leverage position, and requirements.

Capital summary

The Group's capital, leverage and minimum requirements for own funds and eligible liabilities (MREL) position is managed within the Board-approved risk appetite. The Group is well capitalised with low leverage and high levels of loss-absorbing capacity.

Capital ratios

	2025	2024
CET1 capital	14.1%	14.2%
Tier 1 capital	17.0%	16.9%
Total capital	20.6%	21.5%
Leverage ratio	4.7%	4.8%
MREL ratio	33.5%	34.2%
Risk-weighted assets (RWA) \$million	258,031	247,065

The Group's capital, leverage and MREL positions were all above current requirements and Board-approved risk appetite. For further detail see the Capital section in the Standard Chartered PLC Pillar 3 Disclosures for FY 2025. The Group's CET1 capital was 12 basis points lower than 2024. Profits, movements in other comprehensive income and FX translation reserves were offset by RWA growth, increase in regulatory deductions and distributions (including ordinary share buybacks of \$2.8 billion during the year).

The PRA updated the Group's Pillar 2A requirement during Q3 2025. As at 31 December 2025, the Group's Pillar 2A was 3.3 per cent of RWA, of which at least 1.9 per cent must be held in CET1 capital. The Group's minimum CET1 capital requirement was 10.3 per cent at 31 December 2025.

The Group CET1 capital ratio as at 31 December 2025 reflects the share buyback of \$2.8 billion during the year. The CET1 capital ratio also includes an accrual for the FY 2025 dividend. The Board has recommended a final dividend for FY 2025 of \$1,092 million or 49 cents per share resulting in a full year 2025 dividend of 61 cents per share, a 65 per cent increase on the 2024 dividend per share. In addition, the Board has announced a further share buyback of \$1.5 billion, the impact of which will reduce the Group's CET1 capital by around 58 basis points in the first quarter of 2026.

The Group expects to manage CET1 capital dynamically within our 13-14 per cent target range, in support of our aim of delivering future sustainable shareholder distributions.

The Group's MREL leverage requirement as at 31 December 2025 was 28.4 per cent of RWA. This is composed of a minimum requirement of 24.5 per cent of RWA and the Group's combined buffer (comprising the capital conservation buffer, the G-SII buffer and the countercyclical buffer). The Group's MREL ratio was 33.5 per cent of RWA and 9.2 per cent of leverage exposure at 31 December 2025.

During 2025, the Group successfully raised \$9.9 billion of MREL eligible securities from its holding company, Standard Chartered PLC. Issuance includes \$2.0 billion of Additional Tier 1 and \$7.9 billion of callable senior debt.

The Group raised an additional \$0.6 billion of Additional Tier 1 and \$3.7 billion in senior securities post the balance sheet date, i.e. not included in the FY 2025 MREL position.

The Group is a G-SII, with a 1.0 per cent G-SII CET1 capital buffer.

 The Standard Chartered PLC G-SII disclosure is published at sc.com/financial-results

Capital base¹ (audited)

	2025 \$million	2024 \$million
CET1 capital instruments and reserves		
Capital instruments and the related share premium accounts	5,120	5,201
Of which: share premium accounts	3,989	3,989
Retained earnings	24,528	24,950
Accumulated other comprehensive income (and other reserves)	10,406	8,724
Non-controlling interests (amount allowed in consolidated CET1)	262	235
Independently audited year-end profits	5,100	4,072
Foreseeable dividends	(1,377)	(923)
CET1 capital before regulatory adjustments	44,039	42,259
CET1 regulatory adjustments		
Additional value adjustments (prudential valuation adjustments)	(693)	(624)
Intangible assets (net of related tax liability)	(6,145)	(5,696)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(15)	(31)
Fair value reserves related to net losses on cash flow hedges	(315)	(4)
Deduction of amounts resulting from the calculation of excess expected loss	(599)	(702)
Net gains on liabilities at fair value resulting from changes in own credit risk	412	278
Defined-benefit pension fund assets	(149)	(149)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(70)	(97)
Exposure amounts which could qualify for risk weighting of 1250%	(25)	(44)
Total regulatory adjustments to CET1	(7,599)	(7,069)
CET1 capital	36,440	35,190
Additional Tier 1 capital (AT1) instruments	7,529	6,502
AT1 regulatory adjustments	(20)	(20)
Tier 1 capital	43,949	41,672
Tier 2 capital instruments	9,308	11,449
Tier 2 regulatory adjustments	(30)	(30)
Tier 2 capital	9,278	11,419
Total capital	53,227	53,091
Total risk-weighted assets (unaudited)	258,031	247,065

1 Capital base is prepared on the regulatory scope of consolidation.

Movement in total capital (audited)

	2025 \$million	2024 \$million
CET1 at 1 January	35,190	34,314
Ordinary shares issued in the period and share premium	–	–
Share buyback	(2,800)	(2,500)
Profit for the period	5,100	4,072
Foreseeable dividends deducted from CET1	(1,377)	(923)
Difference between dividends paid and foreseeable dividends	(557)	(469)
Movement in goodwill and other intangible assets	(449)	432
Foreign currency translation differences	931	(525)
Non-controlling interests	26	18
Movement in eligible other comprehensive income	283	636
Deferred tax assets that rely on future profitability	16	10
Decrease/(increase) in excess expected loss	101	52
Additional value adjustments (prudential valuation adjustment)	(69)	106
IFRS 9 transitional impact on regulatory reserves including day one	–	2
Exposure amounts which could qualify for risk weighting	18	–
Fair value gains arising from the institution's own Credit Risk related to derivative liabilities	27	19
Others	–	(54)
CET1 at 31 December	36,440	35,190
AT1 at 1 January	6,482	5,492
Net issuances (redemptions)	1,026	1,015
Foreign currency translation difference and others	1	(25)
AT1 at 31 December	7,509	6,482
Tier 2 capital at 1 January	11,419	11,935
Regulatory amortisation	(227)	1,189
Net issuances (redemptions)	(2,175)	(1,517)
Foreign currency translation and fair value differences	251	(191)
Tier 2 ineligible minority interest	10	(3)
Others	–	6
Tier 2 capital at 31 December	9,278	11,419
Total capital at 31 December	53,227	53,091

The main movements in capital in the period were:

- CET1 capital increased by \$1.2 billion as retained profits of \$5.1 billion, movement in other comprehensive income of \$0.5 billion and foreign currency translation impact of \$0.9 billion were partly offset by share buyback of \$2.8 billion, distributions paid and foreseeable of \$1.9 billion, and an increase in regulatory deductions and other movements of \$0.5 billion.
- AT1 capital increased by \$1.0 billion following the issuance of \$1.0 billion of 7.63 per cent securities and \$1.0 billion of 7.00 per cent securities partly offset by the redemption of \$1.0 billion of 6.00 per cent securities.
- Tier 2 capital decreased by \$2.1 billion due to the redemption of \$2.2 billion of Tier 2 during the year partly offset by the reversal of regulatory amortisation and foreign currency translation impact.

Risk-weighted assets by business

	2025			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate & Investment Banking	125,366	23,842	26,713	175,921
Wealth & Retail Banking	45,075	11,707	–	56,782
Ventures	4,352	475	76	4,903
Central & other items	17,352	(801)	3,874	20,425
Total risk-weighted assets	192,145	35,223	30,663	258,031

	2024 ¹			
	Credit risk \$million	Operational risk \$million	Market risk \$million	Total risk \$million
Corporate & Investment Banking	124,635	19,987	24,781	169,403
Wealth & Retail Banking	47,764	9,523	–	57,287
Ventures	2,243	142	21	2,406
Central & other items	14,661	(173)	3,481	17,969
Total risk-weighted assets	189,303	29,479	28,283	247,065

Movement in risk-weighted assets

	Credit risk							
	Corporate & Investment Banking \$million	Wealth & Retail Banking \$million	Ventures \$million	Central & other items \$million	Total \$million	Operational risk \$million	Market risk \$million	Total risk \$million
At 1 January 2024	116,621	50,771	1,885	22,146	191,423	27,861	24,867	244,151
Assets growth & mix	11,616	(491)	358	(5,176)	6,307	–	–	6,307
Asset quality	(2,472)	(316)	–	(384)	(3,172)	–	–	(3,172)
Model updates	1,620	(1)	–	–	1,619	–	(400)	1,219
Methodology and policy changes	38	39	–	–	77	–	(1,300)	(1,223)
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign currency translation	(2,788)	(1,397)	–	(691)	(4,876)	–	–	(4,876)
Other, Including non-credit risk movements	–	(841)	–	(1,234)	(2,075)	1,618	5,116	4,659
At 31 December 2024¹	124,635	47,764	2,243	14,661	189,303	29,479	28,283	247,065
Assets growth & mix	(1,712)	(3,361)	2,109	1,919	(1,045)	–	–	(1,045)
Asset quality	1,343	(483)	–	567	1,427	–	–	1,427
Model updates	(1,265)	198	–	–	(1,067)	–	63	(1,004)
Methodology and policy changes	–	–	–	–	–	–	–	–
Acquisitions and disposals	(293)	(92)	–	(19)	(404)	–	–	(404)
Foreign currency translation	2,658	1,049	–	224	3,931	–	–	3,931
Other, Including non-credit risk movements	–	–	–	–	–	5,744	2,317	8,061
At 31 December 2025	125,366	45,075	4,352	17,352	192,145	35,223	30,663	258,031

¹ RWA balances are now presented to reflect the RNS on Presentation of Financial Information issued on 2 April 2025. Prior periods have been re-presented and there is no change in total RWA.

Movements in risk-weighted assets

RWA increased by \$11.0 billion, or 4.4 per cent, from 31 December 2024 to \$258.0 billion. This was due to the increase in Credit Risk RWA of \$2.8 billion, Market Risk RWA of \$2.4 billion and Operational Risk RWA of \$5.7 billion.

Corporate & Investment Banking

Credit Risk RWA increased by \$0.7 billion, or 0.6 per cent, from 31 December 2024 to \$125.4 billion due to:

- \$2.7 billion increase from foreign currency translation
- \$1.3 billion increase mainly due to deterioration in asset quality from sovereign downgrades and other client grade moves
- \$1.7 billion decrease from changes in asset growth and mix
 - \$5.0 billion decrease from optimisation actions
 - \$3.3 billion increase from asset growth
- \$1.3 billion decrease from industry-wide regulatory changes to align IRB model performance
- \$0.3 billion decrease from exit of business in Cameroon.

Wealth & Retail Banking

Credit Risk RWA decreased by \$2.7 billion, or 5.6 per cent, from 31 December 2024 to \$45.1 billion mainly due to:

- \$3.4 billion decrease from changes in asset growth and mix
- \$0.5 billion decrease mainly due to improvement in asset quality
- \$0.1 billion decrease from exit of business in Gambia
- \$1.0 billion increase from foreign currency translation
- \$0.2 billion increase from industry-wide regulatory changes to align IRB model performance

Ventures

Ventures is comprised of Mox Bank Limited, Trust Bank and SC Ventures. Credit Risk RWA increased by \$2.1 billion, or 94.0 per cent from 31 December 2024 to \$4.4 billion from asset balance growth from Mox Bank Limited and SC Ventures.

Central & other items

Central & other items RWA mainly relate to the Treasury Market's liquidity portfolio, equity investments and current and deferred tax assets.

Credit Risk RWA increased by \$2.7 billion, or 18.4 per cent, from 31 December 2024 to \$17.4 billion mainly due to:

- \$1.9 billion increase from changes in asset growth and mix
- \$0.6 billion increase due to deterioration in asset quality mainly from sovereign downgrades and other client grade moves
- \$0.2 billion increase from foreign currency translation.

Market Risk

Total Market Risk RWA increased by \$2.4 billion, or 8.4 per cent, from 31 December 2024 to \$30.7 billion mainly due to a \$2.1 billion increase in Standardised Approach (SA) Specific Interest Rate Risk RWA due primarily to increases in the Credit Trading Portfolio.

Operational Risk

Operational Risk RWA increased by \$5.7 billion, or 19.5 per cent, from 31 December 2024 to \$35.2 billion, primarily driven by an increase in average income measured over a rolling three-year time horizon. The Group has brought forward the annual refresh of Operational Risk RWA with RWA increase recognised in Q4'25 rather than Q1'26, as earlier guided, resulting in two operational risk RWA increases in 2025.

Capital review

Leverage ratio

The Group's leverage ratio, which excludes qualifying claims on central banks, was 4.7 per cent at FY 2025, which was above the current minimum requirement of 3.7 per cent. The leverage ratio was 11 basis points lower than FY 2024. Leverage exposure increased by \$69.8 billion from the increase in Loans and advances and other assets of \$85.2 billion, an increase in Derivatives of \$3.7 billion partly offset by decrease in claims on central banks of \$16.9 billion, decrease in Off-balance sheet items of \$1.3 billion, and decrease in asset amounts deducted in determining Tier 1 capital (Leverage) of \$0.8 billion. Tier 1 capital increased by \$2.3 billion as CET1 capital increased by \$1.2 billion and AT1 capital increased by \$1.0 billion following the issuance of \$2.0 billion partly offset by the redemption of \$1.0 billion AT1 securities.

Leverage ratio

	2025 \$million	2024 \$million
Tier 1 capital (end point)	43,949	41,672
Derivative financial instruments	65,782	81,472
Derivative cash collateral	12,868	11,046
Securities financing transactions (SFTs)	96,096	98,801
Loans and advances and other assets	745,209	658,369
Total on-balance sheet assets	919,955	849,688
Regulatory consolidation adjustments ¹	(96,565)	(76,197)
Derivatives adjustments		
Derivatives netting	(51,827)	(63,934)
Adjustments to cash collateral	(10,011)	(10,169)
Net written credit protection	2,604	2,075
Potential future exposure on derivatives	58,062	51,323
Total derivatives adjustments	(1,172)	(20,705)
Counterparty risk leverage exposure measure for SFTs	6,715	4,198
Off-balance sheet items	117,341	118,607
Regulatory deductions from Tier 1 capital	(8,084)	(7,247)
Total exposure measure excluding claims on central banks	938,190	868,344
Leverage ratio excluding claims on central banks (%)	4.7%	4.8%
Average leverage exposure measure excluding claims on central banks	949,214	894,296
Average leverage ratio excluding claims on central banks (%)	4.6%	4.7%
Countercyclical leverage ratio buffer	0.1%	0.1%
G-SII additional leverage ratio buffer	0.4%	0.4%

¹ Includes adjustment for qualifying central bank claims and unsettled regular way trades.