

Standard Chartered PLC
Full Year 2025 results transcript

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(Amended in places to improve accuracy and readability)

Bill Winters:

Good morning and good afternoon, everyone, and welcome to our full year 2025 results call. I'm joined here in London by Pete Burrill, our Interim Group CFO; and Manus Costello, our Global Head of Investor Relations. We'll take you through our results and outlook before opening up for questions.

Now 2025 was an extraordinary year by any measure. It tested the resilience of the global system and the relevance of institutions operating within it. It was a year shaped by heightened geopolitical tension, tariff announcements and periods of significant financial market volatility across multiple asset classes. But it was also a year that demonstrated something fundamental, that global trade, capital flows and economic connectivity endure and even thrive and that institutions built to support them, responsibly and at scale, matter more than ever.

Now when I spoke to you at our first quarter results in the immediate aftermath of the tariff announcements, I said that we were entering that period of global volatility from a position of strength. Our results for 2025 demonstrate exactly what that strength looks like in practice. Our underlying return on tangible equity for the year was 14.7%. This is not just a financial outcome. It's evidence of a strategy that's working and a franchise that's delivering with consistency.

We delivered record annual income of \$20.9 billion, up 8% year-on-year. That growth was very broad-based. Global Markets and Global Banking both achieved double-digit growth for the year. Our Wealth business grew by 24%, supported by record net new money of \$52 billion. Importantly, this growth was delivered despite interest rate headwinds and a softer fourth quarter for episodic income in markets. It speaks to the depth of our client relationships, the relevance of our capabilities and our ability to deploy them precisely where our clients need us most. And whilst it's early days, we're encouraged by the start of 2026 across the engines of non-NII growth, even against what was the strong first quarter last year.

Our strong capital position allows us to grow while continuing to deliver attractive returns to shareholders. Today, we're announcing a further share buyback of \$1.5 billion, which will start imminently. We're also proposing a full year dividend per share up 65% year-on-year. And as you'd expect, we're stepping up our shareholder distributions while maintaining a full investment programme intended to build on the strong momentum in our business.

The outcomes we delivered in 2025 mean that across income growth, return on tangible equity and shareholder distributions, we've achieved the objectives of our three-year plan, and we've done so a year earlier than initially guided. Our 2025 underlying return on tangible equity was well above the target we set ourselves for 2026 and income met our 2026 guidance a year early. And we did this while achieving strong underlying positive income to

cost jaws in both 2024 and 2025. We've returned significant value to our shareholders by announcing distributions exceeding the \$8 billion target since February 2024.

These results highlight our strong financial performance and the success of our strategy. As we have exceeded our 2024 to 2026 group targets already, we're introducing new guidance for 2026, which we'll set out later. Additionally, going forward, we'll be presenting our results on a reported basis, shifting away from underlying financials. This move has been in the pipeline for some time. We intend for this to provide ever more focus on a single set of financial outcomes. We believe it will provide a clearer and more consistent framework for both our financial disclosures and future guidance.

Our performance is the result of sustained execution over a long period of time. It reflects long-term strategic choices, disciplined focus and an increasingly high-performance culture that prioritises collaboration and delivery across markets, products and sectors. But this plan was only ever a milestone for us. Reaching it sooner is significant because it encourages us to pursue our ambitions with even greater determination.

I want to thank our clients for the trust they place in us. I want to thank our partners for working with us in increasingly integrated ways. And I want to thank our colleagues across the group for their professionalism, resilience and commitment. These results are a direct reflection of their efforts.

2025 marks our fifth consecutive year of improvement in both underlying and statutory return on tangible equity. We've taken advantage of a generally supported business environment with shifts in trade and investment flows working in our favour and growth remaining strong in most of our key markets. But we've amplified these long-term trends by growing our franchise in a focused, disciplined and responsible way, by managing costs and capital rigorously and by communicating clearly and transparently with all of our stakeholders. I am committed to maintaining that focus so that we continue to deliver sustainably higher shareholder value over the long term.

At our event in May, I and our team will set out our strategy and associated medium-term targets in more detail. We'll explain how we see the evolution of the global economy and trading systems, as I set out in the annual report. We'll discuss how these themes affect us and how we intend to build on the momentum that we have created, how Standard Chartered is playing an increasingly distinctive and valuable role in the global financial system, and we are doing so profitably. We'll discuss how our footprint and connectivity, our expertise and our differentiated capabilities position us well, not just to perform, but to lead in the environment ahead.

Pete will now take you through the 2025 performance in more detail and the outlook for 2026. I'll then return to discuss how we continue to support our clients across our business segments, after which, Pete, Manus and I will be happy to take your questions.

Pete, over to you.

Pete Burrill:

Thanks, Bill. Good morning and good afternoon, everyone. I will now take you through our 2025 fourth quarter and full year results. In my remarks, I will be comparing underlying performance year-on-year at constant currency, unless otherwise stated.

Our full year 2025 income was \$20.9 billion, up 6% or 8% excluding notable items. The performance was primarily attributable to our growth drivers of Wealth Solutions, Global Markets and Global Banking. These areas delivered strong results, underlying our ability to capture opportunities in our targeted business segments. Q4 income was broadly flat due to weaker Global Markets, which I will talk about in more detail on the CIB slide.

On a full year basis, costs were up 4%, and we delivered 4% positive income-to-cost jaws. Profit before tax for the year was up 18% to \$7.9 billion, and our underlying return on tangible equity was 14.7%, including around 70 basis points of FVOCI gains from Ventures. Our reported profit before tax was up 18% to \$7 billion in 2025 with a statutory return on tangible equity of 11.9%. Our earnings per share increase of 37% reflects the strong underlying performance and ongoing reduction in share count.

Now let's look at the performance components in detail. Fourth quarter NII came in slightly higher than expected and was up around \$200 million quarter-on-quarter. This is primarily due to the movement in HIBOR during the quarter, where we benefited from both improved CASA pass-through rates and treasury-related timing differences. As a result, our full year NII was \$11.2 billion, up 1% with a negative impact from rates and WRB portfolio actions, offset by volume growth and mix improvement.

In 2026, we expect NII to be broadly flat year-on-year based on several factors. First, as mentioned, NII in Q4 was higher than anticipated due to HIBOR increases. This has already reversed in Q1. Second, we outperformed on pass-through rates during 2025, but we expect these to normalise over time. Third, our currency weighted average rate outlook indicates a 44 basis-point reduction in 2026 and, consequently, we anticipate a continued headwind due to movements in interest rates throughout the year. Lastly, the impact from WRB portfolio actions is expected to be around a 2% headwind to NII this year. These impacts will be mitigated by volume growth, but the pace and extent of volume growth remains uncertain.

Moving on to non-NII. In 2025, our non-NII increased 13% year-on-year or 17% excluding notable items. This robust growth was primarily driven by the strong performance in Wealth Solutions, Global Markets and Global Banking. In addition, the year's performance benefited from gains realised on the SOLV transaction. I'll talk to the products performance in more detail when I come to the business segments.

Now turning to expenses. Q4 operating expenses were higher quarter-on-quarter, driven by a number of factors. First, we continue to invest in our people and businesses. Second, we took some regulatory charges related to a pension code change in India and a PRA rule allowing accelerated vesting of shares. Lastly, during the quarter, we had an increase due to the rise in our share price and the associated impact on deferred compensation costs.

In some of our markets, regulatory restrictions such as exchange controls prevent us from settling deferred compensation in the form of shares. In such instances, we settle those awards in cash, and therefore, the material increase in the share price witnessed in 2025 and especially in the last 2 months of the year impacted deferred compensation costs. As a result, full year 2025 operating expenses were up 4% with the increase from business growth and inflation partly offset by Fit for Growth savings.

We delivered 4% positive income-to-cost jaws excluding notable items, and our underlying cost/income ratio improved 80 basis points to 59%. Our Fit for Growth programme continued to progress with over 300 initiatives driving simplification, standardisation and digitisation. We have spent close to \$700 million in cost to achieve, or CTA, since its inception and have achieved over \$700 million in run rate savings. As we have been explicit in the

past, we have remained disciplined on how we spend the CTA, ensuring that we deliver one-for-one return on investment in FFG and finish the programme in 2026.

As we enter the final year of the FFG programme and we reflect on the broader investment opportunities across our business, some of which were not visible at the outset of the programme, we have revised our estimates of both CTA and savings from FFG. We now expect FFG savings and total CTA to be around \$1.3 billion rather than our initial expectation of \$1.5 billion. As a reminder, from 2026, all financial results and guidance will be based on reported figures.

However, to clarify how our costs will evolve this year, we have shown on this page that our 2026 underlying costs would have been \$12.6 billion at constant currency compared to the \$12.3 billion in the previous plan. Two things drive the increase. Our business has demonstrated strong performance, consistently exceeding our established targets, including significantly positive income-to-cost jaws. That gives us confidence to invest into initiatives which will deliver both productivity and growth benefits in the years ahead, such as data infrastructure and AI enablement. This represents the majority of the difference.

The remainder is due to higher performance rated costs, for example, the need to pay our relationship managers for exceptional performance in affluent. As we move toward a reported basis this year, we are now targeting costs to be broadly flat in 2026 at constant currency, which would mean around \$13.3 billion. Credit impairment for 2025 was \$676 million, up around \$100 million as 2024 included significant net recoveries in CIB. The level of impairment in WRB improved year-on-year, reflecting the impact of portfolio optimisation actions, while CIB impairment remained benign at \$4 million.

Our overall loan loss rate of 19 basis points was broadly flat year-on-year. We expect this to normalise towards the historical through-the-cycle 30 to 35 basis points over time. Asset quality remains resilient in the face of a volatile environment and our high-risk assets were down \$1 billion quarter-on-quarter. The \$1.5 billion reduction in early alerts was due to a combination of client upgrades, repayments and a sovereign downgrade from early alerts into stage 3. We continue to monitor our credit portfolio closely, and we are not seeing any significant signs of new stress emerging across the group.

Moving on to the balance sheet. Underlying customer deposits were up 12% in the year with growth in CASA and term deposits across WRB and CIB.

Turning now to capital. Risk-weighted assets were \$258 billion, up 4% in 2025. As previously guided, we took the annual increase in operational risk RWA in the fourth quarter, which we would usually have taken in the first quarter of the following year. This has resulted in 2 increases in operational risk RWA in 2025. Going forward, this will be taken every fourth quarter.

We closed the year with a CET1 ratio of 14.1%. And as Bill mentioned, we are announcing a new \$1.5 billion share buyback, which will take our pro forma CET1 ratio to 13.5%. Since the beginning of 2024, we have announced \$9.1 billion of shareholder distributions, including the buyback and dividends announced today. This exceeds our three-year target of at least \$8 billion ahead of schedule. On a per share basis, we have increased our full year dividend and tangible book value by 65% and 12%, respectively.

Now let's take a look at our business segments. CIB income for the year was \$12.4 billion, up 4%. Global Banking was up 15% driven by strong growth in both origination and distribution. The 7% decline in Transaction Services was a result of lower rates. Global Markets was up 12% as we delivered consistent growth in flow income above our long-term trajectory. Episodic income was a small negative in Q4 and down significantly from last year.

This was due to the timing of large client deals and broad-based market movements across a range of asset classes, which impacted inventory held for client activity towards the end of the year. As we've noted in the past, episodic income is less predictable and can be volatile from quarter-to-quarter. But on a 12-month rolling basis, it continues to be within its historical range and remains a meaningful contributor to our Global Markets income.

Moving to WRB. 2025 income of \$8.5 billion was up 6% driven by consistent strong growth in Wealth Solutions, up 24%. During Q4, we generated \$10 billion in affluent net new money. This contributed to a cumulative total of \$52 billion net new money for 2025, equivalent to 14% growth in affluent AUM, reflecting excellent momentum in the affluent segment. We onboarded 275,000 new-to-bank affluent clients in the year and up-tiered over 300,000 individual clients across the continuum.

As I mentioned earlier, we will be making some changes to our financial disclosures effective from the first quarter of 2026. We will be moving away from presenting our financials on an underlying basis by allocating restructuring and other items from below the line to above the line. We are also going to report our Digital Banks within WRB and SC Ventures will be reported within the Central & other segment. We will publish a data pack showing the representation of financial data on this basis prior to our Q1 results.

So to conclude, we expect 2026 year-on-year income growth to be around bottom end of our historical 5% to 7% range at constant currency with adjusted NII expected to be broadly flat. Our reported costs for 2026 are expected to be broadly flat at constant currency. We will no longer provide underlying cost disclosures. And we are now targeting a statutory return on tangible equity of greater than 12% in 2026. Our medium-term financial framework will be provided at our investor event in May.

With that, I will hand back to Bill to give you an update on our strategic progress. Over to you, Bill.

Bill Winters:

Thank you, Pete. First, let me talk about CIB. At Q1, we told you that our network business, which represents around 60% of our CIB income, is highly diversified, resilient and agile. And that has continued to be the case. Our strength in providing network services in and around China, payments, FX, financing, et cetera, has been a key part of our outperformance as Chinese and international corporates diversify manufacturing and ship their supply chains.

We often play a central role in those shifts as demonstrated in our China corridors to markets across Asia and South Asia, the Middle East and Africa. Trade and investment flows are also picking up pace as regions seek elements of self-sufficiency, in search for more resilient middle power status. Regional and bilateral trade pacts in South Asia, the Middle East, Africa, and ASEAN will support growth in trade and investments across our footprint markets, playing to our core cross-border strengths.

Now as you can see, our network income remains diversified by product. It's not just trade. And despite interest rate headwinds in Transaction Banking, our network business has continued to grow. We also have continued to see growth in income from financial institution clients, and we've made further progress towards our 60% medium-term target. The financial institutions client segment, which generally delivers a higher return on risk-weighted assets, remains an attractive area for Standard Chartered. We stand out in serving financial institution

clients due to our differentiated products, extensive local market and global networks and specialised capabilities in areas like security services, financial markets and financing.

These trends enable us to meet the diverse needs of a wide range of clients, including banks and broker-dealers, investors, sponsors, insurers and sovereign wealth funds. Meanwhile, we've remained disciplined in managing resources within CIB to make sure that we were focusing on serving our top tier clients and doing so more effectively. These are the ones where we can provide more value.

In 2024, we spoke about how we were planning to exit around 3,000 clients by the end of 2025, and I can confirm that we have hit this target with minimal loss to income. Our focus on optimisation does not end here, and we continue to manage our RWAs in order to maximise the returns for shareholders and invest to serve our client needs. Now if I can shift to our wealth and retail business. We announced just over a year ago that we were targeting \$200 billion of net new money over five years. In the first year, we've been ahead of that pace, delivering \$52 billion, which is equivalent to 14% growth of AUM and makes us the fastest-growing wealth manager in Asia.

We also now rank as the number 3 wealth manager overall across Asia with affluent AUM of \$447 billion. Our Wealth Solutions income continues to grow strongly across asset classes. Our product innovation and advisory capabilities, including initiatives in AI, put us in a great position to capture market opportunities and cater to changing client preferences. The growth in Wealth Solutions, combined with the decisions we made to exit single product relationships and the entirety of our retail operations in certain markets, have helped us drive affluent to 70% of WRB income. This is great progress towards our 75% medium-term target.

Turning to Ventures. We have made strong progress across the digital banks. In 2025, Mox continued its strong growth trajectory, achieving a 15% year-on-year increase in customer base and reaching around 750,000 customers. Trust Bank also continued its momentum with customer numbers up 15% year-on-year, reaching over 1 million customers and taking its share of the adult population of Singapore beyond 20%.

Within our SC Ventures portfolio, we're building ecosystems in areas of the future of finance, including digital assets, tokenisation and blockchain settlements as well as data and technology capabilities that will serve our bank and our clients well in future years. We actively manage the portfolio, building ongoing momentum across a number of fronts. You'll recall that we had a successful merger of SOLV India into Jumbotail in the first half of 2025. We've also seen unrealised gains, particularly from our stakes in Ripple and Toss, which have contributed around 70 basis points to our underlying RoTE in 2025.

Now as Pete mentioned earlier, this is the final quarter that we're reporting the Ventures segment separately. We'll be reporting Digital Banks as a product within WRB, reflecting how they're managed within the group and the increasing synergy we see between the Digital Banks and the rest of our WRB business. Given the maturity of the portfolio of investments, SC Ventures will be reported as part of Central & other going forward, but we'll continue to call out key investments, gains and disposals as and when they occur.

Now if you only listen to the noise in the markets, you might think that sustainable and transition finance was going the way of the dodo. This could not be further from the truth. Our clients are sticking with their commitments, and our capabilities continue to improve. We've exceeded our income target of at least \$1 billion in 2025 and see further growth from here. With \$157 billion mobilised in sustainable finance since the beginning of 2021, we're over halfway towards our commitment to mobilise \$300 billion by 2030.

Highlights in the year include our EUR1 billion inaugural green senior bond, and we're proud to be ranked first in the Global Bank Climate Adaptation Assessment 2025, ranking the world's 50 largest commercial banks on their adaptation maturity. Bottom line, we're committed to our sustainable finance agenda, seeking to do the right thing and earn good returns doing that.

So to conclude, 2025 including Q4 was very strong for us, and we're delighted with the outcome even with some noise in the fourth quarter. We completed our 3-year plan in just 2 years, which speaks to our discipline, execution, and momentum. We started the first quarter of 2026 strongly, particularly across our growth engines in CIB and WRB, where we see continued client activity and opportunity. We're announcing a new \$1.5 billion share buyback and a 65% increase in full year dividend per share. This is a clear signal of confidence in our performance today and in the strength of our outlook. We're targeting a statutory RoTE of over 12% in 2026.

Before we move to questions, I want to lift the lens and look ahead a bit. As mentioned earlier and in the annual report, we see a number of major structural trends, long-term shifts that are reshaping global trade, capital flows and growth. These are not short cycle opportunities. They're powerful forces that will play out over many years and will play directly to our strengths. We've already positioned against those trends. And importantly, we continue to invest in and sharpen our focus on our critical and relevant competitive advantages.

Our ambition is clear: to create an ever more distinctive, exciting and high-performing Standard Chartered, one that delivers growth across every dimension that matters for our clients, for our communities, for our top line, our bottom line, and of course, for our shareholders. We'll go into this in much greater detail in May. But the direction of travel is clear. The momentum is real, and we're building a business that is set up for sustained, high-quality growth.

And with that, I'm going to hand you over to the operator, and Pete, Manus and I can take your questions.

Operator:
(Operator instructions)

Joseph Dickerson, Jefferies:

Two questions, if I may. The first, on the investments that you're making in the business, I guess, is the 60,000 per quarter of accounts that you opened in Wealth, is that capacity constrained? And if so, are some of the investments that you intend to make or are making designed to remove processing constraints and effectively increase account opening capacity on the Wealth side?

And then secondly, if I can invite you to comment further on the start to the year on Wealth. Is this coming from the deposit side of the equation? Or the investment side of the equation or both? And I guess do you have an outlook for this year on the deposit side given there is a fair amount of maturities on the Mainland that will be happening this year that could send further flow your direction in Hong Kong?

Bill Winters:

Great. Thanks for the question, Joe. I'm going to start it off, I'm going to pass to Manus for some colour. And first of all, it's a pleasure for me to be sitting here with Manus and Pete, just to call that out, because it's not the same as last time.

So first on the investment in the business. So of course, we're delivering the 60,000 of clients with the current capacity. So, it's not something that we're experiencing any particular constraints. We're significantly adding both tech and RMs. That's the \$1.5 billion programme that we announced last year that we're well on the way to

deploying, and I think we will continue to make those investments, which should not so much increased capacity, it will, of course, but remove bottlenecks along the way.

We still have a largely RM-driven business model, and we're increasingly supporting those RMs with technologies and AI and otherwise, which is going really well for us. But we see the RMs as a critical part of the future and as they are an essential part of the present. And any capacity constraints that we've got are bottlenecks, we are going to remove. Anyway, it's not a constraint today.

The start of the year in Wealth has been broad-based as we've seen a reasonably predictable now migration from deposit products into wealth products. And we're seeing that continue into the first part of this year. I won't get too much more detail because, obviously, we're just 7 weeks in or something like that. But the start of the year is both substantial in quantity but also quality. Manus?

Manus Costello:

Thanks, Bill, and thanks, Joe, for the question. I'll note that in the fourth quarter, we actually delivered 72,000 new clients into WRB, into the affluent segment. So, it was actually a very good end of the year. And that momentum has continued into Q1, as Bill said. I think if we look forward, you'll see that in the fourth quarter, we actually delivered a slightly higher mix of wealth versus deposits than we did in the fourth quarter of last year. And we have said that, over time, we do think that we will continue to grow that Wealth business as quickly as possible and likely ahead of the deposit piece. So, we're continuing that momentum. It will change quarter-by-quarter, obviously, but we're confident in how we ended last year and how we started this year.

Jason Napier, UBS:

Bill, Pete and Manus, the first one, just on episodic income. Quite clearly, I think the fourth quarter print, disappointing relative to the bank's expectations sort of as shared earlier in the fourth quarter. I wonder whether you can just provide additional colour on what happened there and whether it actually means anything for the business model or for the approach going forward, what it says about the business as it's being conducted?

And then secondly, somewhat inevitably, and I'm sorry, it's regretful, but the move to stated costs in '26 has prompted some questions from investors as to whether this gives you room to spend more in '27, if you, in consensus, have restructuring expenses going from \$800 million to \$200 million in '27 whether you are actually going to deliver an absolute decline in costs in '27. So, without putting too fine a point on it, I wonder whether you could just talk about without Fit for Growth continuing, whether it would be our expectation, the cost could be flat or perhaps slightly down in '27 in line with existing consensus?

Bill Winters:

Great. Thanks very much, Jason. I'll take the FM question and move to Pete for the cost question. So, as we said a few times as we set up here, we do break out our income between episodic and flow. The flow, it tends to be transactions that are ordinary course coming from our clients, frequently but not exclusively, coming from our transaction banking franchise broadly. But they tend to be operating flows. That flow income has been growing at a pretty steady 10%, plus or minus just a little bit, as was the case in the fourth quarter as well and as we are starting off well in Q1 of 2026.

The episodic is really comprised of two things. First is large customer transactions, so the kind of things that we called out are deal contingent forwards, where there's a possibility for higher profitability, higher returns. There's also the possibility that you can lose money in some cases. The fourth quarter for us in client, these large client transactions was weak. The first 3 quarters of the year were strong. The first half in particular was very strong. So overall, the episodic income for the year is good.

The second component, though, of episodic is gain or losses on risk position. So, we play a very important role in the markets in which we operate, in particular in the emerging markets with less developed underlying currency and hedging instruments. And when we get delivered customer transactions, we warehouse that risk until we can work it out over a period of time. And while we had no large losses in Q4, we had no gains either. And small losses, some small gains, it netted out to approximately zero. So, you had minus \$16 million.

Change in business model? Absolutely not. I mean, we're super happy with the growth of our FM business. Good strong growth year-on-year. Yes, fourth quarter was weak. But this is not a quarter-to-quarter business. We've been building a franchise for the very long term. We have delivered that substantial increase both in profitability levels, both income and bottom-line returns. And it comes from being able to warehouse risk in these markets on behalf of our clients. That's what we're doing. We do it well. 2025 was a good year.

2026 is starting off very well both in flow income and episodic. Absolutely no discomfort with the business model. I can tell you; we have an A-team. The financial markets team that we are running today is as good as any I've seen, and I've been doing this stuff one way or another for 3 decades. It is an excellent, excellent team, very differentiated positions in our market. It doesn't mean we get it right on every trade in every market. But overall, we're super happy with '25.

Pete, do you want to take the cost question?

Pete Burrill:

Thanks, Bill. Thanks, Jason, for the question. Thinking about costs, maybe a couple of thoughts here. First, zooming back on the change from underlying to reported. And I know in the way you phrased your question, you're asking if it gives us more room. We're doing this because this is what shareholders have been asking for. We think it's a positive. The benefit of being able to focus on one set of numbers both internally and externally, we think, is a big benefit.

What we tried to do is, on slide 11, give you the component parts, as you've pointed out, on how to think about costs. So, we provide kind of a onetime bridge on an old underlying basis. And you can see the moving pieces that we've got there. To your point, in '27, while I'm not going to comment on specific direction of travel, you should think that, yes, we will continue to invest in business growth as we see the opportunities in front of us that Bill's already spoken about.

The FFG CTA will go away. There's usually some level of other restructuring, which, obviously, we'll only call out if and when it's material. But I do want to leave two thoughts. We maintain focus on positive jaws, we maintain focus on improving our cost-to-income ratio, and we maintain focus on productivity. So don't read too much into the move to statutory. We think it's just an overall benefit and something our investors have been asking for. And we've tried to give you as much transparency as we can about how we think about costs. But any guidance beyond 2026, you're going to have to wait for our discussions in May.

Bill Winters:

I just want to give a little colour on the accounting change, the presentation change. We're going to find it really useful to have a single set of numbers that our team focuses on. And the idea that there was the above the line, below the line, the suggestion, which was never the way we operated, but nevertheless you wonder, is somebody thinking that below the line doesn't count or I get a freebie or it's not going to affect my bonus pool. It wasn't in my LTIP.

So in theory, I was incentivised to jam stuff below the line as was the previous CFO. The new CFO will not be incentivised that way because we've just got a single measure. It is above the line. Everything is above the line. I just think we're going to get focused. And of course, that's what you, shareholders and analysts, have been encouraging us to do as well. So, I'm glad that we got there.

And on Fit for Growth as well, I want to say, that programme was a success. I mean, we've deployed \$1.3 billion of capital in an accelerated way. Extremely rigorous at the outset in terms of defining the benefit cases and extremely rigorous in terms of tracking whether those benefits are coming through. Two years into the programme, I think we all looked at that and said, yes, first of all, we constrained ourselves in terms of the productivity investments that we're making around a particular set of programme guidelines.

We don't need to have those guardrails in place anymore. We do need to internalise completely that discipline in terms of the way that we both measure and then track our investments. And I think that we can safely say that, that is now BAU for us. So as Pete said, the productivity gains that we've generated through the Fit for Growth programme, we would expect to generate in an accelerating way with future investments into our business.

With that, we will go back to the operator for the next question.

Andrew Coombs, Citigroup:

If I just start with net interest income. You talked about timing benefit in Treasury income and how also the move in HIBOR temporarily improved your pass-through metrics. Perhaps you can just elaborate there on the magnitude of the temporary benefit across those factors. And linked to that, are you kind of alluding to the fact that Q4 is not an appropriate jumping off point from which we should extrapolate? We should be more thinking Q3 rather than Q4?

And then the second question is a more specific one. I was slightly surprised that you called out Ripple and Toss as being a 70 basis-point benefit. I think previously, you talked about \$72 million unrealised gain on that in the first half. So can you just help us how you get to the 70 basis points?

Bill Winters:

Great, Andy, I'm going to turn to Manus for both of those. Just a couple of headline comments for me. First is we're really quite happy. The combination of assertive pass-through rate management and volume growth has allowed us to keep our NII in the zone of flat, including '26 guidance despite some obvious headwinds. We consider that to be a good outcome. And second, of course, the 70 basis-point RoTE benefit of Ripple and Toss is part of the 14.7% RoTE outturn, which is a really good number as far as we're concerned.

But yes, I mean, we want to call out anything that's specific. And as we get into I know this wasn't your question, but as we get into the separation of the Ventures segment into WRB for the Digital Banks, Mox and Trust, and the Central & other for the rest of SC Ventures, we will continue to call out these kinds of things so that you get the same colour that you're getting now while it's separately reported. But Manus, please.

Manus Costello:

Thanks, Bill. Yes, on the NII move and the impact of HIBOR, you should have seen that the majority of the increase quarter-on-quarter was the result of that HIBOR move. It was split between treasury, as you point out, where there were some timing differences between repricing of liabilities and assets. And some of it came through in retail within our deposit and mortgages line as we delivered strong PTRs in that quarter.

As you think about where we go to '26, we're using 2025 as a full year as the base because there were a number of different moves in HIBOR during the course of 2025 in different directions. So, taking any given quarter as a jump-off point, certainly the fourth quarter, would not be the right approach, which is why when you think about how to roll forward NII using our guidance that we provided for you, you should really take the full year '25 and then apply the different metrics that we've given you there. So hopefully, that gives you a bit more colour, Andy.

Bill Winters:

Do you want to comment on the 70 basis points from Ripple and Toss?

Manus Costello:

It's included within the way that we report the underlying RoTE, as we've stated before in the past. It's not included in the statutory RoTE in the way that we talk about it. And clearly, we will continue to call out any gains that we have in the future, but it's not included in the measure of statutory RoTE that we put in for '25 or that we're guiding to in '26.

Bill Winters:

Maybe it's worth noting that while Ripple has observable market prices, we're not fully matched to the last transaction. We form a judgment based on a combination of broker quotes, actual traded volumes in that company, and we have positioned historically conservatively against whatever the last price is. Obviously, cryptocurrencies and XRP in particular, have dropped quite a bit since the last valuation. We still think we're appropriately valued at this point.

Toss is a private company, Toss Bank, in which we helped create that bank in Korea. It's an outstanding bank. It does have a peer that's public, which is KakaoBank. And Toss Bank is performing extremely well. And again, very little observable volume in terms of share transactions. So, these are both judgment calls. I think you've come to understand that we're quite conservative in terms of the way that we assess these things where there's judgement required.

Perlie Mong, Bank of America:

I'm just trying to understand the guidance a little bit better. So, the income guidance is bottom end of the 5% to 7% range. I suppose, firstly, what will make it higher versus lower. And then within that, because NII is relatively flat in the year '26. And that would imply that non-interest income, it's probably double digit and obviously with the SOLV India in '25. So, if you strip that out, it's probably going closer to 14%, 15%.

And I would just love to hear about how you're thinking about the different business lines. So episodic, a bit weaker in Q4, but flow income is up 15%. So, would you expect something similar? Is it 15% across the majority of the main business lines? Or are you expecting something closer to, say, 20% for Wealth, given your comments on how strong the front-end flows are and maybe a little bit more conservative on banking and markets just because of the natural volatility in those lines. So that's number one.

And then number two, just quickly on distribution. Dividend is one of the big beats of today and it's now looking at about 30% payout ratio to reported EPS. Is that roughly, right? So would you expect that to be something that you would continue doing and do more dividends versus buyback?

Bill Winters:

Great. Perlie, thanks for the question. For some reason, your audio quality was quite poor. So, I'm not sure we got everything correct that. I'll try to repeat some of the questions because I'm not sure that others on the line could hear either.

I think your first question was on guidance. I'm going to turn it to Manus in a moment. We're at the lower end of the 5% to 7% range. You note with NII roughly flat, that must mean double-digit growth in the non-NII. That is mathematically correct. And of course, that's what we've been doing for some time, is really strong double-digit growth in non-NII. And maybe to one of your subsequent questions, yes, the early part of the year also supports the early part of 2026 supports that trend, and we're extremely happy with that progress.

I'll go to Manus, just quickly running through the questions, your second was around episodic, which was weaker in Q4. For sure. I commented on that earlier. I'm not sure I mentioned or repeated what we said in the past, which is that the episodic will tend to vary between 0% of income, i.e. where we came out in Q4, and 50%, I was off by \$16 million at the bottom end, it was zero because we obviously lost a little bit of money. Maybe we'll be up by \$16 million in some future quarter, I don't know, at the top end.

But it is volatile. But it's a decreasing percentage of our overall FM income. And you can see from Page 29 in the deck, the steady progression, this sort of 10% compound rate in flow income, not quite a straight line, but pretty close, with the episodic on a rolling 12-month basis being more volatile, a shrinking percentage, but still a meaningful contributor to our business and extremely important for facilitating customer flows. So, we're very happy with the overall mix.

Perlie Mong, Bank of America:

I'm sorry about that. Can you hear me better now? I don't know what happened with my headset.

Bill Winters:

We can hear you better now.

Perlie Mong, Bank of America:

No, I was just going to say, with implied non-interest income looking to be up maybe 15% if you exclude SOLV India, where is that going to come from? Is it more wealth versus more markets and banking? Episodic was a bit weaker, but obviously flows are very strong, still about plus 15% year-on-year. So, are we thinking about maybe 15% across markets as well as wealth? Or are we going to see a bit more from wealth, maybe closer to 20% and maybe a little bit less on markets given the natural volatility in that business?

Bill Winters:

Well, I'm going to let Manus take the details of the question. I think you're right in terms of the sources of growth. I mean, the good news is in 2025, wealth banking, financial markets and key elements of transaction banking, especially when you strip out the interest rate impact, we're all firing. And in fact, our bank is firing on all strategic cylinders. And while we had a weak fourth quarter in episodic income, flow is firing across the board and financial markets year-on-year for the full year is very strong. And that has continued into '26.

Manus, fill in the gaps?

Manus Costello:

Yes. To carry on from where you left off, Bill, I mean, we had a very strong year in 2025. Wealth was up 24%. Markets was up 12%. Banking was up 15%. As you know, the majority of those businesses is non-interest income, and we're saying that we started the year well. What we're really trying to say is across all of those 3 engines, as Bill said, they're all firing. They're all doing well, and we're comfortable with broad-based growth across all of them.

What you should not take away is that there's anything hidden or any kind of individual element which is driving that guidance to 2026. It just speaks really to our confidence in how we ended last year and how we're coming into this year and how we're set up for the business going forward.

Perlie Mong, Bank of America:

Understood. And my second question was just on distribution because dividend was a lot higher than expected. It will be about 30% payout ratio. Is that something that you would expect to continue? And given the share price has done very well in the last 12 (to) 18 months, would you expect to do more dividends versus buyback? Or how are you thinking about distribution?

Bill Winters:

Thanks again for that. I'll start on this and let Manus finish up. Obviously, we've got quite a healthy buyback as well. \$1.5 billion, I think it's a little bit higher than what the market was probably expecting with a substantial increase in the dividend. And we think we're getting to something like a 30% payout ratio in this environment makes sense. And we have every intention of continuing to grow our earnings and continuing to grow our dividend.

We'll give a little bit more colour on the way we're thinking about capital allocation in the capital markets event in May. But clearly, we've had a substantial increase in dividends, which I think positions us well in a number of regards, together with a big potential share buyback after completing a very robust aggregate investment programme in our business. So, the organic investments have been at record levels for our bank. So, we're really not scrimping on anything at the moment. But Manus, anything to add?

Manus Costello:

Just as you say, we'll talk about it in more detail in May, obviously, about our capital allocation priority, Perlie. I think you should just see the increase that we have delivered so far in total distributions, both dividends and buybacks, as evidence of our confidence in our ability to generate capital and as evidence of our discipline in distributing that capital when we're not using it. We're a business that can deliver strong top line growth and distribute plenty of capital at the same time, and we'll update you more on that in May.

Aman Rakkar, Barclays:

Hopefully, you can hear me fine. I had two and a half questions; I'm going to try. On net interest income, could you just help us with you've referenced this deposit beta catch-up or kind of normalisation of pass-through rates for a number of quarters now, primarily on the CLB, but now presumably in the retail business as well. Could you help us kind of put numbers on this? I know you've given us sensitivities before about 1% shift in pass-through assuming 100 bp cut. Can you just kind of quantify the range of potential outcomes here on this deposit beta catch up, please? Because it just feels like a big source of uncertainty that's very hard to quantify.

The related question on the interest income, the deposit growth, 12% deposit growth, we actually completely glossed over it in the presentation. It's a standout number. And I'm struggling to work out what to do with this data point because it doesn't really seem to be informing any confidence around the NII outlook. And I'm not really sure why. I mean, it's presumably because you're investing in markets and some of it's going to go into Wealth. But can you help us kind of think about quantifying the forward look on this deposit base? How sustainable is that as a growth rate going forward? And what's the benefit to your P&L from deposits. It is major driver of net interest income, and I'm struggling to work out what to do with that.

There was a question on costs around Fit for Growth. I was just kind of reviewing the 2023 full year results update when Diego kind of announced the Fit for Growth plan. And there's a lot of talk around needing to address the inherent complexity and inefficiency in the business. So it is kind of curious that there was an investment envelope that we're not actually putting fully to work.

And just taking a step back from the numbers, I'm just kind of I'm interested in your take around what is it you're telling us about how efficient Standard Chartered is from here that actually we tried to spend this money, but we can't because we're actually we're very efficient or whatever? It'd be good to kind of hear about the kind of approach and philosophy to the kind of the operational makeup of the business.

And my half question was just on Ventures, the \$200 million of cumulative losses. I think you've basically done something like \$170 million to date. So, does that mean there's not much coming from here on in? Or it's going to be very hard for us to kind of assess that going forward? So, if you could just kind of update us on that would be great.

Bill Winters:

Super. I'll just give a couple of editorial comments upfront. I may come back with some colour at the end. I think your two and a half questions was actually three and a half, but that's okay. And you use terms like feeling uncertain, lacking confidence. I'm going to say, what feels uncertain to you just feels good to us. And the lacking confidence, we hope, is a track record that can be evidenced through time so that you can feel very confident about the quality of the business that we're generating, in particular on the deposit side.

But I'm going to turn to Manus on the NII, Pete on the cost, and then maybe I'll add some colour on the NII, and I can comment on Fit for Growth as well if they don't cover it. Manus?

Manus Costello:

Thanks. So, on the NII on the PTRs, the deposit beta as you call it Aman, first of all, it's primarily in the CIB segment that we're talking about this. And you're right that we've said that we are above the ranges that we've guided to in the past for CIB of 60% to 75%, and we expect that to normalise again through 2026. The truth is market is quite conducive. It's been conducive for a while for us to maintain those PTRs at very disciplined levels. We obviously hope that could continue, but we think it's conservative and prudent for us to assume that we come back within the longer-term ranges that we've seen in the past.

I'm not going to quantify it exactly. If you go through the maths of the guidance we've given, you can kind of work out where you think the gap will be that PTRs would fill. But of course, there's give and take about different parts of that guidance. And what I would say on that as well, over time, longer term, and this links to your second question actually, is that we continue to improve the quality of our liabilities, both in CIB, where we're focusing on operating accounts, and across the bank as a whole, where our deposit growth, to segue into that, as you pointed out, was 12% for the year. And the majority of that or a lot of that was driven actually in the WRB business.

I don't think that that necessarily speaks to directly a correlation with NII into the course of 2026. A lot of that deposit growth in wealth is obviously driven as future wealth flows. A lot of money comes into the bank through deposits, which is then converted into wealth. But I do think it speaks about the improving liability mix of the bank overall that we're continuing to attract these deposits, and there could be benefits from a mix perspective going forward.

But all of these, you have to place against the backdrop, of course, of the fact that we do have headwinds within NII from the rate environment, as we've called out, that 44 basis-points. And we do also have a couple of percentage points of headwind from the actions we're taking in WRB. So it all goes into the mix but with an underlying story of a longer-term improvement in liability, Aman.

Pete Burrill:

And to pick up on your questions on FFG in costs, I guess, a few things. FFG was always intended to simplify, standardise and digitise the bank. And we're really happy with the progress that we've made to date. You can see we've got over 300 initiatives in flight, delivering a broad range of benefits. And that's really been the focus that we've had. When it comes to the spending, we wanted to ensure that we kept to a kind of, we were focused on productive spending and that we could keep the 1:1 ratio spend to save. And we also didn't want it to be an everlasting programme. So, it was important to us that FFG as a programme and as a series of programmes comes to a conclusion in 2026.

We will continue to invest in productivity initiatives to simplify the bank from an ongoing basis. And again, made some really good progress. We've got some of our mortgage platforms. The turnaround times have gone from 14 days to 5 days in some of our largest markets. We've significantly reduced the number of applications that we have within the bank. We've taken third-party risk systems from 10 systems to 1 system. So, a lot of really productive investments. We're happy with where it is. I wouldn't take it that we couldn't spend it. I think it was just about discipline and looking beyond 2026 as far as future opportunities.

Bill Winters:

Yes. We're very happy with Fit for Growth, the progress that we've made. And while that programme is going to stop at \$1.3 billion, and we have some big execution still to do in 2026, we've got plenty of other programmes for creating productivity in the bank, including things that are much longer term in duration, so outside of the scope of Fit for Growth. We also, since the time that we announced this programme or started conceiving it two and a half years ago or so, we have had plenty of new information about the things that we should be deploying our shareholder dollars into.

And whether that's into some other longer-term productivity opportunities, whether it's related to AI or other things, where we've got some super interesting and exciting projects underway that will produce productivity type returns that match anything that we could be doing otherwise within a more constrained, heavily guard railed Fit for Growth project. We just said this is the right time to complete the first phase of this productivity agenda, bringing all of that into our business as usual for continuous improvement and then obviously shift some of our resources on the margin to these other longer-term or other projects that will make us much more productive through time.

So no big story here. But I think you would expect us to reflect and adjust our business approach as circumstances change. This one is a success. And we're on to the next one.

The last question you asked, the last half question was on SC Ventures, the \$200 million of losses. Obviously, the bulk of the Venture segment has been the Digital Banks. That's been the biggest single component. And those have always been managed by the WRB management chain, so up into Judy Hsu. We're increasingly looking at and acting on the opportunities between the Digital Banks and the main bank. So, the distinction became a little bit more artificial than has been the case. And those banks are mature. They're doing very well, and we will continue to evolve those. And you'll see them in terms of the breakout within the WRB presentations.

The rest of SC Ventures is a collection of things, including stakes and, as we mentioned earlier, companies like Toss and Ripple, including ventures that we built, like SOLV, which we've merged in Jumbotail but continue to have a stake in the resulting company. And our digital assets businesses, Zodia Markets, Zodia Custody, Libeara, et cetera. And as we reposition that into Central & other, of course, we'll continue to call out anything that's of any note. But you would want us and expect us to invest in things that are leveraging the key strengths that we've got. And you would want us and you would expect us to manage that portfolio actively.

So cutting out either things that aren't working out, which we do regularly. I mean, we've had thousands of ideas that have been killed at different points of gestation, hundreds that we put more than \$20,000 into that we've killed and, of course, the ones that have succeeded we've run with. So, the constraints, I mean the \$200 million is fine. We'll be within that level by almost any measure. But the value of calling that out as a specific metric is just not so relevant anymore.

Ed Firth, KBW:

I have two questions on costs actually. I mean the first one was in Q4. I just wondered what the costs were related to episodic income because you pulled that out on the revenue line, but it doesn't seem to be any mention in the cost line. I would have thought it would have a highly variable cost base related to that. So, I just wondered why that's not the case? Or could you give us some quantum of the sort of costs that go with that revenue and whether or not it is variable? That would be my first question.

And then the second question is back to Jason's question at the beginning. If I look at slide 10 and looking at your Fit for Growth, it looks to me I know you're going to want to talk about this more in May, but I guess we have to fill in numbers before then. You've broadly got about \$600 million of CTA cost dropping away and about \$300 million of savings next year. So am I right that when I look at my '27 cost base to start with, the sort of lumpiness should take just short of \$1 billion out of the cost base.

And that other than that, it should just be there's no other lumpiness that we should know about or think about when we look at '27 costs and beyond? But that is the sort of right base level, somewhere around \$1 billion below the \$13.3 billion, I think you said for this year.

Bill Winters:

Well, again, I'll make a couple of comments upfront and hand to Pete for both questions. On the cost associated with episodic, it's not really the way we run the business. I think what you might have in mind is that traders get paid bonuses that are a function of results. And if they don't make money in trading, their bonuses will go down. That's true. That is a truism, in fact. But cost base the cost the resources supporting the episodic income are the cost of the financial markets. So, we don't allocate the cost between what's flow and what's episodic in any macro way. Pete, you can offer some more colour on that if you have it.

And then on the Fit for Growth, I mean, we're running a business here. And while the productivity investments and then associated savings coming in current in the later periods are material associated with Fit for Growth, we will continue to be investing in productivity-related initiatives, which will continue to produce savings and expense and also produce income in terms of revenue. So, I'm definitely not guiding to \$1 billion out of the cost base. But Pete?

Pete Burrill:

Thanks, Bill. Bill covered most of this when it comes to any cost related to episodic. And when we do look at markets, we look at it on a whole year basis rather than a particular quarter-on-quarter, and markets had a very strong year in 2025. So, I wouldn't read anything into quarterly volatility in that number and no direct read across to the cost base.

When it comes to your question on how to think about 2027 costs, you noted all the downs, and I noticed you kind of somewhat skipped the ups on slide 11. So, there's two areas to think about, right, which is we've called out you called out the FFG CTA going away and the ongoing savings. We will invest and continue to invest in business growth. We see great opportunities and we're going to make sure that we invest into those and lean into those, not least of which in our affluent and wealth space.

And secondly, what we've termed other restructuring in there is kind of our historical run rate of other stuff we don't have below the line anymore. So that will be above the line. But I just want to make sure you're thinking about all the various components rather than just the FFG-specific CTA and savings in 2027. So, I hope that helps.

Bill Winters:

Unless anybody thinks... I was just going to say unless anybody thinks otherwise, we're still very focused on generating positive jaws.

Alastair Warr, Autonomous:

Just a couple of detailed questions really. Could you just say, sticking with this cost point, was there anything you actually pulled the plug on in the Fit for Growth programme, programmes you've been working on, lots of granular stuff you flagged before in the last year or 2. Is there anything that dropped off the list? And then just a couple of things on asset quality. Could you add any colour or anything on the outlook in relation to that sovereign downgrade, anything we should be extrapolating or be concerned about or just one lump?

And finally, a couple of your peers in Singapore, Bank of East Asia saw some movement on Hong Kong property, something you have called out a little bit before but not at this time. Is that just nothing to report here as a topic?

Bill Winters:

That's great. Thanks, Al. I'm going to turn to Pete for all of those. Certainly, the headline on the second set of questions, there's nothing to call out. We're just in good shape all around. The sovereign downgrade is what it is. It's a sovereign downgrade you've seen not associated with any material ECL that you can fill in the blanks there. Pete?

Pete Burrill:

Thanks. So, focusing on the first one on FFG, yes, of course. I mean, it was a dynamic portfolio. I think important, if you look at the types of areas that we've laid out on slide 10, those are broadly the similar proportion as what we laid out originally that we thought we had a hypothesis. But of course, you test and learn, and you try some. They don't work out and you stop them. So yes, it was a very dynamic portfolio. 343 initiatives currently in the pipeline that we're focused on executing in 2026. But yes, there were some that came in and out of that portfolio over time.

On asset quality, I mean, Bill gave the headlines. We've provided a bit more detail in some of our slides with regards to Hong Kong and China CRE, where the overall view is things have gotten slightly better. It's not a major issue. We've still got overlays. So, we feel quite comfortable with that. When it comes to the sovereign downgrade, as Bill mentioned, no significant ECL in Q4 as a result of that downgrade. So, it moves the numbers

as far as what we call high-risk accounts. But we feel quite comfortable and confident and no significant areas to point out that we're concerned about heading into 2026. Thanks for the question.

Amit Goel, Mediobanca:

So two kind of follow-ups from me. But firstly, just on the income guidance for '26 to be around the bottom end of the kind of 5% to 7% growth range. Just want to double check, is 5% kind of like the floor? So, you would expect to be 5% or better? Or are you thinking that the income depending on obviously external variables, it could actually be a touch below the 5% as well as being potentially above the 5%?

And then secondly, again, just following up on the costs. So obviously, a large part of the delta was the investment into initiatives in terms of cost of '26 underlying. Would you mind just giving me a little bit more colour in terms of what those investments initiatives were and how that will help productivity and growth in the future? So, what's the kind of payoff or what exactly have you invested in there?

Bill Winters:

Great. I'll turn to Manus on the guidance question and Pete on cost. But let me say, I'm pretty sure that our bankers, RMs, traders don't pay a lot of attention to the guidance that we're discussing on this call. They don't shoot for 5.0% and then take the rest of the day off. These guys are, all of them, ladies and gentlemen, are very focused on generating growth. Super excited about the growth that we've generated so far, which has been well ahead of the guidance that we set out. And I can tell you, every undertaking will be to continue to do the same. Then we get into levels of precision that are probably not so meaningful given what's going on in the rest of the world. Manus?

Manus Costello:

Yes. I'm not going to add those levels of precision either. I would just say the guidance is around 5%. It's neither a floor nor a ceiling. It's how we see things at the moment. We'll obviously update you during the course of the year on how that progresses. But that you shouldn't take it as either a floor or a ceiling specifically, Amit.

Bill Winters:

And Pete, do you want to talk about the change in investments?

Pete Burrill:

Yeah. Thanks for the question. When looking at '26 and the business investments, it's a variety of things, as you pointed out, both productivity and growth oriented. So, on the growth side, we've been talking about our investments into wealth management and affluent. And those, we want to continue. And so those are a key component of that. On the productivity and growth side, you've got enabling technologies as well as data infrastructure and AI initiatives to really take advantage both to grow as well as to become more efficient. So that's a few types of examples of the things that we're leaning into in 2026 with the confidence that we've got in the business momentum.

Chen Li, China Securities:

The first question about the credit cost. Although through the cycle, credit costs are 30 to 35 bps, but it has remained at around 20 bps in the past few years. So, what is your outlook for the credit cost trend in 2026?

And the second question is about Global Markets. Since Global Markets revenue tends to fluctuate significantly with market conditions, so what about the trend of the net interest comp about the Global Markets in 2026?

Bill Winters:

Great. Thanks for the question, Chen Li. I'm going to turn to Pete on the credit question, but I'll just again give a little bit of a high level first pass. The 30 to 35 basis points is what we estimate are through the cycle credit cost to be. Of course, we've not been operating at that level for some time. And we see nothing in the portfolio today that gives us any particular cause for concern. We've also substantially improved the credit quality of the portfolio over the past, call it, 10 years, but I think continuing over the past, call it, the post-COVID environment, with over 70% of our portfolio being investment grade, et cetera, with much lower concentrations than we've had at times in the past.

So none of this is to say that our guidance of 30 to 35 basis points is inaccurate. It's just we haven't been tested in a down credit cycle with our current portfolio. I guess kind of it's a truism. But I will say that I think we've managed our capital allocation quite carefully. So, I would hope that we can demonstrate an outperformance relative to the guidance that we've given. But we can't prudently suggest anything other than what our data analysis would suggest we should be prudently guiding towards.

And I think we covered it before on the financial markets. The flow income is not that volatile. It's actually quite steady. It's been growing 10% year after year after year after year after year, including 2025 and into the start of 2026. That's 70% pushing to 75% or, possibly over some period of time, 80% of financial markets income. The remainder is volatile. But it's tended to be volatile above zero. And you can give us a big old knock for being \$16 million negative in the fourth quarter of 2025, still a good overall episodic year for the full year 2025. Volatile but positive and with the underlying core of the business being very stable and growing quite nicely. Pete, do you want to add anything on either of those?

Pete Burrill:

I think you covered the Global Markets. On the credit cost, just a couple of data points. If you look at our CIB portfolio, we actually had only \$4 million of credit cost this year and a net recovery last year. We don't see anything concerning on the radar screen. But we're just cautious that expecting net recoveries or virtually zero, we want to be aware that situations can change. But read into that along through the cycle rather than anything specific looking at 2026. So, (we)feel comfortable with where we are there.

Bill Winters:

Good. I think we've exhausted the questions for this morning. And thank you enormously for the time that you spent with us. I know it's been a long earnings season, and no doubt, you've got a lot to do for the rest of the week. But I really appreciate the focus and attention.

Just a couple of parting thoughts for me just in case you didn't pick it up from our earlier answer or the presentation. We feel super good about the franchise right now. It is firing on all cylinders. Really anything that matters strategically, we're doing well. We're investing in the things that are producing those kinds of results. We have an excellent team, of course, starting with the gentlemen on either side of me. But the rest of the management team, as I've said, is as good as any team, I'll say better, than any team I've ever worked with. And that's the team that's generated these results.

So we are full speed ahead. I personally am full speed ahead. I may not look like it, but I definitely am. And I look forward to future outings where we can continue to talk about the great progress that we're making on our cross-border and affluent strategy. Thanks.