

Standard Chartered PLC
Q3 2025 results transcript

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(Amended in places to improve accuracy and readability)

Diego De Giorgi:

Good morning, and good afternoon, everyone. Thank you for joining us today. First, I will take you through our third quarter results. After this, I will be joined by Bill, who is dialling in from our Dubai office today, and we will be happy to take your questions. In my remarks, I will be comparing the third quarter underlying performance year-on-year at constant currency unless otherwise stated.

It has been another strong quarter. We delivered the 9% growth in profit before tax on the back of a 5% increase in income. Our growth engines have continued to deliver consistently with a record quarterly performance in Wealth Solutions and Global Banking.

As a result, we are upgrading our 2025 income growth guidance to be towards the upper end of the 5-7% range at constant currency, excluding notable items. We had previously guided this to be at the lower end of the range. And more importantly, we now expect to deliver a return on tangible equity of around 13% in 2025. This exceeds our previous guidance of approaching 13% in 2026 and accelerates our delivery by a year. As Bill set out in the press release this morning, performance has been broad-based and is a testament to our sharper strategic focus on servicing our clients' cross-border and affluent banking needs.

Looking now at the numbers for the quarter. The Group delivered operating income of \$5.1 billion which was up 5%. This was underpinned by the strong performance in Wealth Solutions and Global Banking in the quarter. Operating expenses were up 4% and credit impairment was \$195 million. As a result, profit before tax was up 9% to \$2 billion and our tangible net asset value per share was up 175 cents year-on-year. Now let me take you through the performance drivers in details.

NII was up 1% on a quarter-on-quarter basis, largely driven by volume growth. Lower rates in Singapore led to a reduction in NII, but this was partly offset by improved WRB passthrough rates in Hong Kong as HIBOR rebounded. We have continued to manage our passthrough rates assertively, and although they remain above our medium-term expectations in CIB, we expect the passthrough rates to reduce over time. Putting this all together, we still expect our 2025 NII to be down by a low single-digit percentage year-on-year. As usual, we have updated our currency weighted average interest rate outlook in the appendices to this presentation. This shows that we now expect a 55 basis-point headwind in 2026, slightly higher than the 44 basis points when we last reported.

Our non-NII engines continue to drive strong growth, and I will talk to each product driver in the segment section.

Now turning to expenses. Operating expenses remained well-controlled and were up 4% year-on-year, mainly driven by business growth initiatives and investments which were partly funded by Fit for Growth and efficiency saves. We have achieved \$566 million of run-rate savings from our Fit for Growth program and have taken \$454 million of restructuring charges since inception. Our 2026 total expense guidance remains unchanged at below \$12.3 billion on a constant currency basis, which would be \$12.4 billion at current FX forward rates.

Credit impairment for the quarter was \$195 million with an annualised loan loss rate of 24 basis points. WRB impairment was down in the quarter, largely due to optimisation actions in our unsecured portfolios. In CIB, we took an impairment charge of \$64 million. Included within this is an additional precautionary \$25 million overlay for clients who have exposure to Hong Kong commercial real estate. You will see more details in the appendices as usual, but nothing has materially changed since we last spoke to you. Our high-risk assets were up around \$650 million quarter-on-quarter. This was driven by a sovereign downgrade into early alerts, partly offset by a reduction in the credit grade 12 portfolio. We continue to monitor our credit portfolio closely and we are not seeing any new significant signs of stress emerging across the Group.

Underlying loans and advances to customers were up 1% or \$2 billion quarter-on-quarter, with the increase largely coming from wealth lending and mortgages. We've seen 4% underlying growth year-to-date, driven broadly across Global Banking, wealth lending, and mortgages. We continue to guide to low single-digit percentage growth in underlying customer loans and advances. Underlying customer deposits were up 2% or \$11 billion quarter-on-quarter, with growth largely from WRB.

Turning now to capital. Risk-weighted assets (*RWA*) were down \$1 billion in the quarter. The increase in asset growth and mix was offset by a \$1 billion reduction in market risk RWA and another \$1 billion impact from FX. I would highlight that the annual operational risk RWA increase, which is mechanically calculated from historical income, will take place in Q4 2025 rather than Q1 2026, bringing us into line with most other UK banks. We closed the quarter with a CET1 ratio of 14.2%, up 32 basis points quarter-on-quarter, excluding the impact of the \$1.3 billion share buyback we announced in July this year.

Now, let's look at our business segments. CIB income for the quarter was \$3 billion up 2% year-on-year. This was driven by an impressive performance in Global Banking with income of 23%, supported by strong origination and distribution volumes and a solid performance in our financing, capital markets, and advisory businesses. Transaction Services income was down 6% due to falling rates and margin compression in Payments & Liquidity, although it was up slightly when compared to the second quarter. Within our Global Markets business, flow income was up 12% as we continued to support clients across the footprint. Episodic income was softer due to a lower level of market volatility relative to Q3 last year.

On the next page, we have shown a long-term view of our flow and episodic income trend on a 12-month rolling basis since 2019. As a reminder, flow is a larger part of our Global Markets income and primarily relates to client hedging activity. As such, it tends to be recurrent and programmatic. You will see that our flow income is growing consistently at a double-digit CAGR, as we illustrated at our CIB seminar. This growth has been driven by the investments we have made over the years in digitising and expanding our product and geographical offering, in order to drive future opportunities. Episodic income on the other hand, is less predictable quarter to quarter, as it tends to be event driven. But as you can see from the chart, it has been a meaningful contributor to our Global Markets income over time. Looking forward, flow income will continue to be a larger contributor to our Global Markets income, and we will continue to support our clients episodically as market opportunities present themselves.

Moving to WRB, Q3 income was up 7% to \$2.3 billion with another record quarter in Wealth Solutions, where income was up 27%. This was largely driven by structured products and managed investments, helping to increase Investment Products income by 35%. Bancassurance income was up 5%. Our affluent net new money in Q3 was \$13 billion with a higher proportion of wealth sales than in the previous quarter, as clients showed a higher propensity to buy Wealth Solutions given conducive markets. This brings total net new money year-to-date to \$42 billion and puts us well on track to our \$200 billion medium-term target for net new money. We onboarded 67,000 new-to-bank affluent clients in the quarter, continuing the trend of onboarding over 60,000 clients each quarter.

Our affluent business benefits from our high levels of customer satisfaction, as demonstrated by the fact that we now rank number one in net promoter score across eight of our top nine affluent markets, as we continue to invest heavily within the affluent space.

So to conclude, Q3 was another strong quarter, as we continued to deliver consistently. Q4 has also started positively. We are upgrading our 2025 income growth guidance to be towards the upper end of the 5-7% range at constant currency, excluding notable items. We continue to track towards the upper end of this range for the 2023 to 2026 income CAGR.

We now expect our return on tangible equity in 2025 to be around 13%, reaching our target a year early. But there is still much more to do as we re-invest into our differentiated areas of strength, delivering income growth, and more importantly, improving returns. We will present updated 2026 return on tangible equity guidance at our full year results in February next year, and we will provide more details on our medium-term financial framework at our Investor Seminar in May.

With that, I will hand over to the operator, and Bill and I can take your questions. Thank you.

Operator:

Thank you. (*Operator instructions*)

Joseph Dickerson – Jefferies:

Hi, thank you for taking my question. A great set of results here. Can you just discuss in the wealth business, the type of margin pickup you get on the wealth investments? Because clearly, if you look at the year-on-year attribution of net new money, you're getting about 80% of the year-on-year growth now from wealth. I suppose some of that is, as you say, linked to the markets. But could you discuss the type of margin pickup there?

And then secondly, on capital. I note the reduction in your capital requirement by 22 basis points, I presume that that's not going to change your operating range number, but if you could comment on, still the preference would be to do buybacks I guess, how you think about returning excess capital. And then on the op risk (*operational risk RWA*) point, I guess, linked to that, is the op risk point going to have much of an impact on capital in Q4? Thanks.

Bill Winters:

That's great, Joe. Thanks very much for the questions. I'm going to turn to Diego for both, but just a couple of high points.

First is to note that the wealth business has demonstrated the net new money that comes into the bank by deposits is migrating at more or less the pace that we've always suggested would be the case into wealth products. And that's a good thing. Second is that the deposits themselves are profitable for us. But of course, you're asking about the margin pickup, which we can address in a little bit of detail. And third is that the leading indicators continue to be strong, which is new clients who are bringing new money into the bank. And as Diego mentioned in his opening comments, the fact that we continue to receive top marks in terms of customer satisfaction is a big driver there.

Maybe just quickly before handing to Diego, I'll say I'm in Dubai for, amongst other things, we're hosting what we call a leadership network of about 150 of the wealthiest families in our network. Last year, we did it in Hong Kong, this year in Dubai. Dubai is an up-and-coming booking centre for us and wealth coming out of this region is an incremental driver beyond what has been driving wealth so far, which has been a broad range of our client base. The most specifically, as we call the global Indians and global Chinese.

The growth opportunities for us ahead are very, very strong. And the willingness of people to fly all over the world to spend a couple of days with us is a key indicator of that. So just at the moment, building on some good feelings that's been building up for the past decade or so, feeling very good about this business. But over to Diego to expand on that and also talk to the capital point.

Diego De Giorgi:

Thank you, Bill. So on wealth management and margins, Joe, you will have seen that you are right, our return on assets has picked up a bit this quarter. You will also remember that we had a large conversion from assets under custody to assets under management a few quarters ago in the region of \$40 billion. So a meaningful number on our total of assets under management. And we had signalled at the time that, that would reduce the return on assets for some time as they slowly find their way into Wealth Solutions, that is happening, and hence, that pickup.

I think that as the business continues to shift towards wealth management and as the situation unfolds with highs and lows in the market, return on assets will continue to fluctuate like on many other metrics. I know I sound like a broken record. I always caution not to look at things too much on a simple quarterly basis. But it's true that the trend from that point of view is good, and it's certainly something that we encourage in terms of our actions as much as we can.

22 basis points on Pillar 2A indeed does not change our calculations in and by itself and the op risk change in terms of moving it to the fourth quarter of this year, neither does that affect us in any way. It's just to get us more in line with how other UK banks are reporting. And the basis for calculation and everything else remains absolutely the same. So it's just a matter of timing. It doesn't impact our numbers in any way.

Thank you, Joe.

Joseph Dickerson – Jefferies:

Great. Thanks.

Kunpeng Ma - China Securities:

Thank you. Thank you for taking the question. Congratulations, just a very strong quarter. I have a relatively long-term question for Bill. When we're looking for the next 5 to 10 years, I think it's going to be quite different, a bit different with the past 5 to 10 years. A lot of things have changed and will continue to change. I think in my mind, the current momentum will continue to be strong.

The extreme volatilities will be less, both geopolitically in each of your business. Bill, could you please give us some of your observations or your thinking about how the future investment or trends for the CIB and wealth management business in 5 or 10 years (*will*) work. I know it's hard to make the final conclusion, but any colour on this kind of future trends will be quite helpful. Thank you.

Bill Winters:

So Kunpeng, thanks very much for the question. You were cutting in and out a bit, but I think we got the gist of it. You're looking for the crystal ball on 5 to 10 years for our bank, China, in particular, and wealth within China more specifically. So it's not an inappropriate question at all because that's actually the kind of stuff that Diego and I and the Board talk about all the time, although we don't get much of a chance to talk about it in earnings calls. We will be talking about exactly that when we get together in May, and we're getting together in May in Greater China, Hong Kong, specifically, with exactly those questions in mind.

So what I can say broadly is that, of course, the world is going to change a lot. There are going to be a few defining, I think, trends and transitions over a 5 to 10 year period. First and probably most relevant for us is the full implementation and incorporation of AI and advanced machine learning into business models at a very structural level. And I think Standard Chartered is very well prepared for that, but we are very early in that game, and there's much to be won and lost. But we, as everyone else, but we're investing heavily, and I think we're on the right track.

Second and more obliquely is the digitisation of money. The digitisation of money will become pervasive, if not ubiquitous. And it will completely redefine the infrastructure supporting finance. This is not something that businesses or individuals are necessarily going to see or be aware of, they're going to be relying on their intermediaries to help them navigate through the changes that are associated with the digitisation of finance. Standard Chartered is at the front, the leading edge in the digitisation of money. And we intend to continue to be at the leading edge of the digitisation of money.

Third is adapting to a multipolar world, and we had the benefit this morning of having former Secretary of State, Kerry, address our family office network, and he spoke to this at some length. My question to him was, is this a good thing or a bad thing for those of us in business. And of course, we could argue it either way. But I think it would appear to us as a bank whose fundamental role is to connect people and markets through periods of change and through periods of growth that the incremental complexity of a multipolar world, but also the incremental opportunity is a huge opportunity for a network bank, which does not have the same degree of home market that many of our competitor banks do, but we do have a real edge in that home market, which is our own, which is the globe and which is the network.

So I'm feeling really, really good about Standard Chartered's positioning for the next 5 to 10 years. Now all sorts of things could happen in the world that we could hypothesise about that could be wonderful. We could have a prolonged period of global peace. And right now, we're sitting in the most peaceful time in human history. It doesn't feel that way when we're thinking about wars in the Middle East and Ukraine, et cetera. But just broadly, we're sitting at a time of extraordinary peace, and we have the possibility that, that could become pervasive. How wonderful will that be, that's really good for business, right? Second is the power of the technology tools that we're developing could be fundamentally transformative. We suspect they will be and that will be a support for our business. And then third, as I mentioned, the ongoing reconfiguring of finance. We're trying to put ourselves at the leading edge there. I think that we are, and we're certainly intending to continue to invest to be there.

So China is an integral part of that. We have a strong position in China. Chinese wealth will accumulate substantially. We intend to manage an increasing proportion of that off of a good base. So all in all, it's a good story. I'd welcome any additional thoughts from Diego.

Diego De Giorgi:

No, I think this is terrific. Thank you.

Aman Rakkar – Barclays:

Good morning Bill. Good morning, Diego. Thanks very much for the chance to ask some questions. I had two, please. I just wanted to interrogate net interest income if I could, please. Your low single-digit expectation for the full year leaves a wide range of potential outcomes for Q4. I think it could be anywhere from down 4% Q-on-Q (*quarter-on-quarter*) to up 1% Q-on-Q. So I don't know if you could help us there in terms of what a more realistic outturn is for Q4? And as part of that drivers, please. I'm interested. I suspect you're not going to give us guidance for 2026, but I'm just interested in what you see as the kind of moving parts on net interest income, particularly the balance of deposit volume momentum versus things like interest rates and passthroughs (*PTRs*), which might be a headwind.

And then the second question was just around Wealth Solutions. Again, a really, really impressive print, not the first quarter. The Investment Products line. I just wondered what element of brokerage sits within that revenue. So clearly, the performance in Q3 in terms of brokerage revenues would have been supported by things like the Hang Seng turnover levels that were elevated. So could you just give us a sense of that element of the kind of revenue print in Q3? It's just to kind of get a clean read on wealth from here, ex the transactional element of it. Thank you so much.

Bill Winters:

Thanks very much for the question, Aman. Diego was really hoping you were going to ask the question on NII. So I'm going to go straight to him, and he can carry through on the wealth question as well.

Diego De Giorgi:

Splendid. Thank you, Aman. So let me help you unpack the near term and the slightly longer term into 2026.

First of all, on 2025. So we get to the end of Q3 and we enter Q4 clearly in a better position on NII than we were expecting only three months ago, right? A number of things. So we never take forecast on rates, et cetera, but we had indicated on the forwards. HIBOR ended up performing a little bit better than what the forwards were indicating. So we get here in a slightly better place. And I appreciate your point that depending on where you put yourselves in that low single-digit guidance range, you get to a substantially different result for your quarter-on-quarter NII number.

What I would tell you is that Bill and I are optimistic about the way that the quarter looks and optimistic about the way that net interest (*income*) is developing. We're optimistic because we are managing it well. I'll come more to it when I talk to you about 2026 in a second. But we're managing it well from a point of view of PTRs because we are focused on it and because the quality of our liabilities matters to us a lot. And it's working well because the world post April 2 became a more liquid world more generally because it is not just us, it's our clients that tend to keep more liquidity. That liquidity is both in dollars and in local currencies. And in a market that where liquidity is high, we can be more discriminating in terms of what deposits we take and what we don't and how we manage our PTRs. So generally speaking, a lot of optimism for Q4 of 2025 still within our guidance that we are giving.

If we unpack 2026, let's start from the top. First and foremost, if you look at page 17 on our currency weighted forward curves, as always, you will see that the rate impact that we are expecting now is a little bit worse than what we were expecting only a quarter ago, not a lot, but 11 basis points. So overall, we have some rate headwinds.

This particular quarter, you have seen that our volume performance has been better than the negative impact of our rates and margin, as you see on page 4 of our presentation. And the question is, what will happen in 2026. We will have, undoubtedly, as rates continue to decrease, we will have a positive impact in terms of volumes. We are up 4% year-to-date in terms of customer loans and advances. So we are somewhat ahead of what we would have expected. Will that continue in 2026? No crystal ball. But so far, things look relatively good from that point of view.

Will we continue to manage PTR assertively? For sure. But as interest rates go down, managing them more assertively becomes more difficult. And we'll see also what happens to the general levels of liquidity in the market. Fourth impact. So rates, PTRs, volumes, fourth impact mix, we continue to remain focused. And we are focused on high-quality liabilities. We are focused on high-quality liabilities coming from WRB over liabilities coming from CIB, and we are very focused on making sure that within those, we are focused on CASA rather than TDs (*term deposits*). Although, as always, I would caution you, we like TDs in wealth management because as Bill said before, they are just the first step in then converting them into net new sales of Wealth Solutions product. And in general, of course, we will continue to privilege deployment into client assets versus deployment in treasury.

Last, more minor point. Remember, the impact of our WRB market exits that we had indicated to you as \$100 million roughly between when we announced them and the end of 2026. So these are the moving pieces for 2026. And we will see, and we will continue to update you as the year starts and progresses.

On Wealth Solutions, yes, it was an impressive print undoubtedly. It was very good to see that as we had signalled in Q2, as Bill said before, money moved from deposits into Wealth Solutions product. I would tell you, it was a pretty broad move. It's true that equity was important, but when you think about equity, don't think that much about equity brokerage. We have mentioned it many times. There is no doubt, there is a component of equity brokerage. But remember that we are laser focused on affluent customers and particularly the globally minded affluent customers. And those customers are long-term savers. They have mortgages with us. They have life insurance with us, and they have investments with us. Those investments tend to be stickier. And so yes, we benefit from a little bit of volatility and from optimism in the market, for sure. But you can see in those trends a large component of structural trends. I hope it's helpful.

Aman Rakkar – Barclays:

Thank you so much.

Andrew Coombs – Citigroup:

Morning. If I can have a follow-up on NII, please, and then one on costs. So on the net interest income, as you say, better than expected result in the third quarter and you've specifically called out the assertive passthrough management on your deposit book. At the same time, you reiterated the medium-term range of 60-75% in CIB and 35-50% in WRB. So can you just provide us some context, what was the passthrough percentage in Q3? Do you then expect that to slightly reverse out in Q4 and 2026? What are the moving parts in your thoughts on deposit pricing? That's the first question.

Second question, Fit for Growth. We're almost two years into the plan now. You've done \$0.6 billion of the \$1.3 billion that you've guided to by end of 2026, \$1.5 billion total. You've taken almost \$0.5 billion of restructuring charges, but a lot of the Fit for Growth is really happening next year. A lot of the additional cost saves, a lot of the additional restructuring charges. So just give us a feel for what's the step change between the last two years and next year in terms of deriving those Fit for Growth cost saves?

Bill Winters:

Thanks, Andy. Straight to Diego.

Diego De Giorgi:

Thank you, Bill. So from the top on NII, I'll give you a little bit more, but I think in the answer to Aman, I gave you already a lot of the moving pieces. So where is our passthrough rate today for CIB? Above our range, undoubtedly and it's inside our range for WRB, by the way.

The impact per percentage point of passthrough rates, roughly speaking, is in the region of \$30 million, okay, in terms of the impact, if you're trying to model it in some way. Where do we go? I think we're reverting to the range is the answer. I did specify before that it's partially our own assertive management of it. It's partially the market conditions and the flush liquidity dollars and otherwise that currently is pervasive around our footprint.

Does that continue into 2026? I don't know. I hope that Bill's long-term views about a better world do come to pass. But in the near term, I do think that we remain in a relatively fragmented and complicated world. So it's possible that, that elevated liquidity remains.

I think if you have to take some assumptions, my assumptions are, as always, look at our long-term trends and think of a reversion to mean because deviations don't last forever, and you have some sense in terms of the sensitivity per point of PTR.

On costs, on Fit for Growth, same guidance as before, really. We are happy with where we are for 2025. We will get to the objectives that we have set ourselves for 2025. We will not spend money in Fit for Growth beyond 2026. There will be no CTA beyond 2026. We are mindful of how we spend. And the bulk, indeed, the bulk of the results will be in 2026, like we've always expected, one year fundamentally to get the program going, one year to get it running and then results accelerate. Some of the impacts, as you mentioned, will be felt beyond 2026. And if I take the question from FFG to the first word you mentioned, i.e., cost, the cost cap will remain exactly the same, \$12.3 billion at constant currency or \$12.4 billion at current FX. Thank you, Andy.

Andrew Coombs – Citigroup:

I guess if I word it in a different way, why have you felt the need to wait two years to implement these big restructuring charges now given that the Fit for Growth program was introduced a couple of years back?

Diego De Giorgi:

So I think we've told you before that the phasing of the spend is far from linear. And although the program is very well spread out over many different sub programs, it's clear that the bigger rocks take more time to be mobilised and more time for the money to be deployed. Nothing in particular there other than an irregular phasing of the spend.

Thank you, Andy.

Kendra Yan – CICC:

Thanks for taking my question. My first question is regarding to CASA ratio. We've seen the CASA ratio of other major banks in Hong Kong actually increased YoY (*year-on-year*) due to foreign interest rate and ample liquidity. However, Standard Chartered CASA ratio appears relatively stable. May I ask the reason for that? And do you have a strategy to increase the CASA ratio amid the medium to high interest rate environment nowadays to lower our future cost of liabilities?

And my second question is regarding to the credit impairment. I see that on the presentation, page 6, it mentions high-risk assets up from sovereign-related exposures. Could you please elaborate on which regions are primarily experiencing these risks? And are there any potential risks behind this change that we should pay special attention to? Thanks.

Bill Winters:

Great. Thanks, Kendra. Just a quick comment from me, and then I'll hand to Diego. Keep in mind that our Hong Kong business is relatively weighted to affluent customers, and the affluent customers, as we've discussed a couple of times in the context of our wealth business, are moving their money out of deposits into Investment Products, which is net-net a good thing.

We're very liquid in Hong Kong. We've been quite disciplined in terms of our deployment of those deposits into the asset side of our balance sheet, including into mortgages. And not only are we not concerned about the quantum of CASA or proportion in our book, but it's something that we're actively managing. But Diego will have more colour on both, I'm sure.

Diego De Giorgi:

Yeah, So definitely two considerations there. First of all, we always have the ambition to reduce the cost of our liabilities, and CASA in Hong Kong plays an important role. Remember that even though deposits in Hong Kong have gone up this quarter, when we attract deposits in Hong Kong, there is a large component of it that is wealth management deposits.

So the fact that we continue to increase deposits and that we like the time deposits that we get from our customers before they get converted into Wealth Solutions is the reason why as long as they continue to grow in general, they are good sources of funding for us.

With the overall objective of increasing CASA, we are very happy with what we have achieved in Hong Kong this quarter and over the course of this year. By the way, it's been an excellent year for our business in Hong Kong, up 16% in terms of revenue this year. So all very good from that point of view.

On your questions on sovereigns, there are obviously sovereigns in our footprint. I would really not read too much into it because we have had sovereign upgrades, and we had sovereign downgrades during this quarter that end up ending in different buckets. Neither of the two are particularly large or overwhelming. And by the way, they don't compound each other, but they offset each other.

I would also tell you, which I think is probably more helpful in terms of broader thinking about sovereign exposures, that sovereign exposures at a time when the dollar is not exactly strong where interest rate in dollars are trending down and where liquidity in dollars is absolutely flush in the financial system, these are all indicators that go against stress in sovereign credit. And in fact, we haven't seen any particular signs of stressing sovereign credit. So to your point, to your final question, is this something that is warranted of special attention. The answer is definitely not. Thank you.

Amit Goel – Mediobanca:

Hi, thank you. Two questions from me. So one, I thought it was good, the reiteration of the positive cost income jaws each year, so for next year, too. When I'm looking at the kind of the \$12.4 billion so it implies a couple of percent of potential cost growth. So I guess, basically, the message there that off of the very strong revenue print, and obviously, notwithstanding the net interest income headwinds, you expect revenue growth next year at least in the kind of low single digits off of this base. So I just wanted to check that. And so obviously, it implies pretty good non net interest income revenue growth.

And then secondly, just on the Fit for Growth. So I guess, I mean, it's still running in terms of actual kind of integration costs -- or sorry, implementation costs a bit below the guide. So I mean is there a bit of a pickup then into Q4? And the 2026 cost guide, it seems to then be fairly independent of that spend. So I just wanted to, again, just probe that a little bit more. Thank you.

Bill Winters:

It's great. Thanks, Amit. And maybe to repeat a little bit, but then I'll hand over to Diego. We've got four key pillars of our earnings growth and earnings driver, which are Banking and Financial Markets, Transaction Banking, and all of these are performing well. As Diego mentioned earlier, the momentum is good.

In each case, obviously, the Transaction Banking is affected by the interest rate trends. But when we look at the underlying operating trends, they're also good. And Banking has been stellar this year. Financial Markets has been very strong. And then Wealth, which obviously continues to be strong.

So with a good base and good momentum in each of those that we think can carry through to next year, we feel obviously in a good position to reiterate our positive jaws. I think we've been cautious as well in terms of some of the guidance that we've offered. But I can tell you, Diego and I and the rest of the team, we're completely focused on meeting; and then if we can, if it's possible for us to exceed that guidance. But for now, we focus on what we can do and focus on performance. But Diego?

Diego De Giorgi:

So very little to add to that. Between what Bill said and the picture you painted, Amit, it's exactly the right picture. It's all within our guidance. And yes, we are committed to both the cost cap and to positive jaws. And you are right that if we flag that with the fact that we have no guidance for 2026 NII, and that we have pointed out all of the five moving parts in the discussion that we had before with Aman, it is true that the non net interest income will grow faster than net interest income. Those are powerful engines of growth as Bill has just expanded on. So no need to say more there.

Yes, you're right, by indicating that we are going to be fine for our targets on Fit for Growth in 2025, we are implying that there is a pickup in Q4. And in terms of the independence of our commitment for 2026, I mean it's difficult to say that they are completely uncorrelated, but it is true that the cost cap is a key commitment, and we are committed to the cost cap at \$12.3 billion on constant currency, \$12.4 billion at current currency. So undoubtedly. Thank you. Thank you very much.

Manus Costello:

Thank you. We have a couple of questions on RoTE (*return on tangible equity*) online. The first comes from Rob Noble. Rob asks.

Robert Noble - Deutsche Bank:

Your guidance is for around a 13% RoTE and to progress thereafter. Should we expect an increase in RoTE specifically in 2026? Or is the progress a more general comment?

Bill Winters:

Quickly, before I hand to Diego, it's a general comment, but one in which we have high conviction, but Diego, you can give the breakdown on, minute by minute on the RoTE progression.

Diego De Giorgi:

We have strong conviction. We are going to give you a return on tangible equity target specifically for 2026 when we give you full year results. And the way to look at it, it's a medium-term comment, but trends remain positive. So stay positive.

Manus Costello:

Thanks so much. Second question on RoTE comes from Gary Greenwood. Gary says.

Gary Greenwood – Mediobanca

You've guided to a RoTE of around 13% for the full year and have delivered an annualised RoTE of 16.5% in the first nine months, which implies you think the Q4 RoTE will be around 3%. So why do you expect such a big reduction in performance in the final quarter?

Bill Winters:

Thanks, Gary. We are singularly focused on building on the momentum coming out of Q3 and that we've indicated a couple of times through the early part of Q4. And to the extent that we can continue to capitalise on that momentum, market allowing and our own performance line, then we would hope to be able to do better. And I can tell you that's a singular focus. But our guidance is our guidance, and I think we want to be cautious in terms of how we adjust our guidance through time and really looking forward to stepping back in February and giving some fully refreshed guidance on 2026. And then a lot more context for the broader business in our May session.

But Diego, any additional thoughts? Most welcome as always.

Diego De Giorgi:

Nothing to add. I'm the cautious CFO, and we are cautious on guidance, and it's all going well. Thank you.

Manus Costello:

We'll go back to phone questions, please.

Perlie Mong - Bank of America:

Hello, good morning. Can I just ask about Ventures? I think your guidance for cumulative loss for 2025 and 2026 is less than \$200 million. But this quarter alone is over \$110 million, if I'm looking at the numbers correctly. And this year so far is already running at \$70 million, including the gain on sale last quarter. So I guess it implies a very large step-up in profitability in Ventures going forward. Just wondering where that's going to come from? Is it going to come from costs? Or is it going to come from maybe some disposals that you have in mind? So that's number one.

And number two is I've just noticed that tax rate has been very low this quarter as well. I think running at about maybe 26%. Half one was also in the mid-20%s. And that seems to be quite a bit below where you previously talked about maybe in the high 20%s. So just wondering how we should think about that going forward?

Bill Winters:

Thanks for the questions, Perlie. On Ventures, we've seen continually improving operating performance in our digital banks. And of course, we're still in the investment phase, we're rolling out new products and services, including wealth and digital assets and other things, which are going quite well. But we would expect to see just in terms of the narrowing of the gap and the generation of returns from all the things you mentioned. Yes, I'm going to add income growth to the top of the line, we'll have ongoing expense management as we've had. And while lumpy and less predictable in terms of the timing, we'll see gains on sale as well. So we remain committed to our cumulative loss target in Ventures over the planning period.

But Diego, why don't you add any colour you'd like to that one and then pick up the tax rate question.

Diego De Giorgi:

Sure. Nothing to add other than I remind you, Perlie, that Mox and Trust do turn profitable during in 2026, and that is an important part, an important component.

On ETR, one first little caveat, don't look at things too much on a quarter-by-quarter basis, but it's right that we are on a good path. And we are on a good path for a good reason, which is we are driving for a lower ETR. We just can't drive for a lower ETR on a specific quarter-by-quarter basis. This particular quarter, a number of moving pieces, beneficial mix in terms of where we recognise where we had profits, lower unrecognised UK tax losses, lower non-deductibles, some US tax adjustments, lots of different small pieces that end up driving to a lower ETR.

And yes, if I think of the ETR for this year, given we sit already at the end of the third quarter, does one think that within our long-term guidance that we are trying to lower ETRs to the high 20%, we are probably going to be in a good position within that context. The answer is yes.

What you have to take from us is that it's an important priority of ours. It's something where whenever something is under our control, we do something about it. And sometimes, unfortunately, it's not completely under our control, and that's what introduces quarterly volatility, why I suggest to look at it on a relatively slightly longer-term basis.

Perlie Mong - Bank of America:

Thank you.

James Invine - Redburn

Hey, good morning, Bill. Good morning, Diego. I wanted to ask about growth in the affluent business, please, specifically, net new money. So you've done over \$40 billion so far this year. So you're kind of tracking ahead of your \$200 billion target over five years. But you've got this big target to increase the relationship manager numbers by 50% or so. I presume that most of those people aren't even in the door yet. So why is your \$200 billion target still the right one? Why isn't the net new money collection going to steadily increase as all these new relationship managers and the new wealth centres come online?

Bill Winters:

Well, that's a great question because we're certainly optimistic that we can continue to drive in this direction. We also know that the environment at the moment is extremely attractive. We know that the wealth business, like other businesses that we're in, has an element of cyclical, and this cyclical is linked, amongst other things, to optimism about the investment markets and the optimism in investment markets is very high at the moment.

So that's a cyclical trend. But the underlying trends, you're absolutely correct. And we've had a good run this year. We are, as we're finding, as we try to hire and are succeeding in hiring these relationship managers (*RMs*) that we're in an extremely attractive destination for RMs. It's not because we pay a premium. We don't. We pay a fair weight, but we give them a better platform off of which to deal, which obviously means that their math is that they're going to make more money for themselves if they perform well off a platform that's easier to deliver strong results.

And as Diego mentioned early on, the strong Net Promoter Score, the full breadth of products that we offer, the fact that we're an extremely attractive distributor for the world's best manufacturers, asset managers, insurance companies, et cetera is a huge advantage. We don't compete with them because of our open architecture.

So these are all things that are supportive of our ability to achieve the target that we set out, right? And it's not a target actually, it's guidance that we've given, just make the distinction between the two. And is there upside? Yeah, absolutely. It will depend on a lot of things. But the execution part of that is going quite well. The market part of that, we can't control.

But maybe a final note on that is that the diversity of products that we offer and the fact that we're targeted, of course, at the private bank segment, which is growing very well and has generated nice returns for us, our sweet spot is the one notch below the ultra-high net worth. So the affluent, still substantial AUM, but they tend to be less competitive in terms of the number of banks that they have, that they're dealing with. And our products and our advice is highly suited to that client segment and our deployment of technology, AI and otherwise, is also highly suited to that cohort and it's higher margin than the ultra-high net worth segment, which is also attractive, right?

So yeah, I'm kind of answering your question by saying I agree with your proposition, but our guidance is our guidance, and it seems like an appropriate target at the time that we made it. And if we ever choose to update it, you'll be the first to know.

James Invine – Redburn

Lovely. Look forward to it. Thanks, Bill.

Alastair Warr – Autonomous

Good morning, Bill. Good morning, Diego. I've got two questions, please, one on retail and one on the CIB side. In retail, the ECL charge is down quite a bit on the run rate for really the last year or two. So could you just give a little bit of colour there on whether there's some being improving on an underlying business basis that we can extrapolate from or if there's anything that's one-off in the quarter in there? And just on the CIB side, could you give a little bit of colour on what the pipeline is looking at on the originate to distribute business?

Bill Winters:

Yeah, real quick, and I know Diego have colour as well. We have changed the structure of our bank. We've sold a number of our mass market consumer credit businesses. We've also refined our underwriting standards. So especially in markets that have experienced some periods of stress, in Hong Kong and China, for example.

So part of this is the deliberate shifting in the nature of the business. And that comes from a basic business model call, frankly, we've got too much good stuff going on to feel the need to like bet on black or bet on red in terms of the overall consumer credit sentiment. I mean we don't want to play beta in these markets. We want to play alpha in everything that we do.

And we found it hard to generate alpha in unsecured consumer credit. And as I say, we would rather liberate the beta capital and deploy it into things where we can play alpha. So there's an element of structural to it, for sure, which reflects the decisions that we've taken in terms of where we position our business. And we're seeing, I'd say, a slight improvement across our markets in terms of the market-wide credit losses like beta in the markets where we operate. Diego, feel free to -- you can contradict me on this one because we now had that specific discussion in the last 16 hours.

Diego De Giorgi:

No contradiction at all. It's deliberate management actions and you see it quarter by quarter. You see it also across our network. It's detuning some of the CCPL ventures in China, for example, at times, selling a portfolio of credit cards in India. It's deliberate and it's in action.

Bill Winters:

And the CIB pipeline, the CIB pipeline is looking really good. We've said for several years now that we intend to significantly increase our pace of origination, and we have, that we intend to distribute the bulk of that, and we have, hence, the very active RWA management. You've seen the results in Banking in the first three quarters of this year, which are very strong, and the pipeline continues very strong.

So that's public capital markets. It's private capital markets. It's O2D (*originate to distribute*). It's very important partnerships we've got in private credit, which we're continuing to expand on. It's the ongoing growth in our sustainable finance business, which is setting new records every quarter. Despite the shift in sentiment in some parts of the world, the bulk of the markets where we operate continue to be very focused on financing a transition to a low carbon economy, and they see us as a very natural place to turn to for that kind of business. So pipeline is good in short answer to your question.

Ed Firth – KBW:

Yeah, morning everybody. Thanks for taking my question. I just had two also. The first one was just about revenue guidance for this year because if I take your -- I think you said towards the upper end, but actually, if I just take the upper end of 7%, then unless my math is wrong, that's about \$20.7 billion, which would imply -- I mean you've done \$16 billion already. So that would imply sub \$5 billion for Q4, which, I mean, I think I have to go back to 2023 to see a quarter as poor as that. And yet, all your talk on the call is about a strong start, a great pipeline, everything going well. So I'm just checking, should we just broadly ignore that as a guidance because it doesn't seem to really fit with anything else you're saying? So that would be my first question.

And then the second question, in terms of some RWAs. So I get that right, too early in the morning. I think you're saying again, single-digit growth for this year. But I think you're already up 5%. And I think you said op risk is going to come into Q4 as well. So are we -- is that like an ex-op risk? Or are we going to get a big reduction in market risk, risk-weighted assets in Q4 as we've had in the past? Is that the way we should think of it? So those are two questions, if that's all right. Thanks.

Bill Winters:

Thank you, Ed. And you're quite sharp for such an early time in the morning. So you should never ignore Diego, but you can listen to me as well, which is to say that we feel very good about the momentum in our business. We've had a good start to Q4. Our guidance is our guidance, and I think we've tended to err on the side of caution.

But I can tell you, when we exit this call and go back to work, we're not focused on the guidance we've given or the corporate plan or the budget or what's implied in our share price. We're focusing on how to take a really good business with a really good pipeline and make a lot more money. And we feel quite good about that. So you'll put that into the pipe and decide which parts of it you want to smoke and which parts you want to leave in the ashtray.

And -- I'll just turn it over to Diego since you laid into them directly, and we'll pick it up from there.

Diego De Giorgi:

So I'm going to say nothing else because my CEO has come to my help, and I am grateful for that on the first question. Nothing else to say there. On RWA, let me say, it's something that is that I think is important. Once again, no -- the guidance is guidance, but do not read -- do not exaggerate the reading into what it moves. But do take care of two factors.

One, we will deploy risk-weighted assets in the place where it makes us the highest return on tangible equity, so a matter that we think of reducing market risk-weighted assets in the next quarter or we think this is a very organic management. We have accelerated the velocity of capital in the bank, and we continue to do that, and we manage that very actively, so actively that at times, and you've seen this in Q1 and Q2 and you're seeing it again in Q3, there are quarters where we deploy risk-weighted assets in order to propel our business and there are quarters in which we don't need it. And instead, we deploy leverage, or we do it in other ways or we do it through fees.

So it's difficult to forecast where do we go. I think that low single digits remained a good guidance for the course of this year. And if I can only put in one very minor cautionary point in all of this while maintaining the sunny outlook that Bill has so eloquently put out, I would point out that Q4 is seasonally the weakest quarter of any bank, and it's a weaker quarter for us. Again, not much to read into that other than history at work. Thank you, Ed.

Ed Firth – KBW:

Thanks so much.

Bill Winters:

Great. Thanks very much, everybody, as well. I know it's a super busy day, and thank you for preparing for the call, but then asking some very good and helpful questions. Thanks for the ongoing support. I think we'll wrap it up one hour in on time, on budget, and look forward to seeing you next time.